

MONTHLY BUSINESS REVIEW

OF THE

FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	December	November	Inc. or Dec.
Bank debits to individual accounts (at 15 cities).....	\$780,027,000	\$710,153,000	Inc. 9.8%
Department store sales.....			Inc. 49.4%
Reserve Bank loans to member banks at end of month.....	\$ 2,713,179	\$ 3,134,554	Dec. 13.4%
Reserve Bank ratio at end of month.....	61.0%	63.6%	Dec. 2.6 points
Building permit valuations at larger centers.....	\$ 6,922,981	\$ 5,712,377	Inc. 21.2%
Commercial failures (number).....	52	68	Dec. 23.5%
Commercial failures (liabilities).....	\$ 368,159	\$ 904,820	Dec. 59.3%
Oil production (barrels).....	13,645,052	12,943,205	Inc. 5.4%
Lumber orders at pine mills (per cent of normal production).....	80%	98%	Dec. 18 points

The largest December volume of retail distribution obtained in recent years and the well sustained distribution in wholesale channels were the outstanding features of the business situation during the past month. The December sales of reporting department stores reflected an increase of 49 per cent over the previous month, were 9 per cent greater than in December, 1923, and closely approximated the large sales during December 1919-1920. Some lines of wholesale trade failed to show the usual year-end declines and in other lines the decreases were less than normal. All reporting lines showed large gains over December a year ago. Further evidence of active business is found in the heavy volume of debits to individual accounts. The December debits were not only 7 per cent above the corresponding month of 1923, but were the largest of any December since 1919.

Building operations continued active during December, there being a substantial increase in the valuation of new projects launched both as compared to the previous month and the same month last year. However, the usual year-end decline occurred in the production and shipments of cement and lumber.

The maintenance of a low business mortality rate in this district gives evidence of the soundness of the financial structure of business concerns and presents a marked contrast to conditions existing in some other sections of the United States where the number of defaulting firms and the volume of indebtedness involved continues heavy.

The district's banking situation showed but little change during the month. There was a further increase of \$28,000,000 in deposits of member banks, but the demand for credit at commercial banks continued light. Member bank borrowing at the Federal Reserve Bank remained near the low level established early in December. The December 31st condition reports of member banks showed that these banks were carrying large cash reserves. While a large volume of funds has been placed in commercial paper, the banks are still experiencing difficulty in finding a desirable outlet for surplus funds.

The severe cold wave during the past month resulted in considerable damage to the grain and other growing crops, but some benefit was derived from the rain, sleet, and snow. The freeze pulverized the soil and left it in good condition for plowing and planting. Furthermore, the low temperatures have destroyed a large portion of the boll weevil which in turn lessens the probable insect damage to the 1925 crops.

While a small surplus of unskilled labor exists throughout the district, employment conditions are reported to be generally satisfactory. Many industrial establishments reported an increase in working forces, while others showed slightly smaller forces. However, the demand for industrial labor appears to be well balanced by the supply. There is a surplus of building tradesmen in some sections, due to weather conditions and the influx of workers from outside cities.

CROP CONDITIONS

The severe cold wave accompanied by rain, sleet, and snow which prevailed throughout the greater part of the past month and which extended over the entire district slowed up farm operations and did considerable damage to winter wheat and oats, fruits, and vegetables. On the

other hand, the precipitation was of material benefit to the growing vegetation and the hard freeze pulverized the soil. However, many sections report the continuance of dry weather or that more rain is needed. Wherever possible farmers have been actively engaged in preparing the soil

for the 1925 crops but field work has been greatly hampered and some sections report that very little progress has been made.

The Department of Agriculture estimated that there were 1,822,000 acres sown to wheat in Texas during the fall of 1924 which is an increase of 24 per cent over the 1,469,000 acres sown in the fall of 1923. The acreage sown to oats in the fall of 1924 was considerably less than the acreage sown during the previous fall. The seeding of oats was retarded on account of the dry weather and the acreage sown has felt the effects of the limited rainfall. Both wheat and oats have made generally poor progress during the past month except in the northwest and favored sections elsewhere. Recent reports indicate that grain crops have suffered considerably from the severe weather. In the sections where the snow was heaviest little damage was reported, but since the ground has thawed many other sections report serious damage.

There is only a small percentage of the cotton crop which remains to be gathered. The census report showed that 4,760,565 running bales had been ginned in Texas prior to January 16, 1925. An interesting feature of the Department of Agriculture report was that while the production of the 1924 cotton crop was 10 per cent greater than the 1923 crop, the farm price averaged only 74 per cent of the 1923 price, with the result that the returns from last year's crop were somewhat less than those from the 1923 crop.

The acreage planted to truck crops in the Rio Grande Valley during the past season showed a large increase and considerable gains have been noted in the shipments of vegetables from the Valley. While the losses from the recent freeze were not so great as were first estimated, late reports indicate that the beet, cauliflower, eggplant, okra, pepper, and squash crops were practically a total loss. The estimated loss to the cabbage crop was about 25 per cent of the young plants. The citrus fruits were also damaged to some extent.

Cotton Movements The exports of cotton through Houston and Galveston during December showed a large gain over the corresponding month of last year. It will be noted that stocks on hand at these

ports on December 31st were substantially greater than on the same date last year.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	December 1924	December 1923	Aug. 1st to Dec. 31st	
			This Season	Last Season
Net receipts.....	557,021	372,481	2,697,879	2,242,652
Exports.....	515,504	428,737	2,047,557	1,986,812
Stocks, Dec. 31st.....			697,493	288,221

GALVESTON STOCK STATEMENT

	Dec. 31, 1924	Dec. 31, 1923
	For Great Britain	28,483
For France	19,300	1,100
For other foreign ports.....	62,200	20,900
For coastwise ports	6,000	3,000
In compresses and depots.....	581,510	262,461
Total	697,493	288,221

HOUSTON COTTON MOVEMENTS

	December 1924	December 1923	Aug. 1st to Dec. 31st	
			This Season	Last Season
Receipts—Gross	686,059	381,250	3,624,570	2,934,433
Receipts—Net	367,200	160,304	2,053,432	1,581,662
Exports	233,856	166,778	1,064,971	816,273
Stocks, Dec. 31st.....			683,299	330,593

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

	This Season	Last Season
	Receipts since Aug. 1st.....	6,294,030
Exports: Great Britain	1,460,834	1,216,289
France	521,881	455,382
Continent	1,762,063	1,252,227
Japan-China	470,434	347,270
Mexico	14,319	4,207
Total foreign ports.....	4,229,031	3,275,375
Stocks at all United States ports, Dec. 31st	1,703,844	995,975

SPOT COTTON PRICES (Middling basis)

	December, 1924		Jan. 15, 1925
	High	Low	
New York	24.90	23.15	24.15
New Orleans	24.60	23.00	23.75
Dallas	24.10	21.95	23.15
Houston	24.70	22.80	23.80
Galveston	24.70	22.80	23.80

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	December 1924	December 1923	Aug. 1st to Dec. 31st		December 1924	December 1923	Aug. 1st to Dec. 31st	
			This Season	Last Season			This Season	Last Season
Cotton consumed	355,662	308,466	1,627,844	1,681,251	582,047	463,789	2,349,580	2,517,899
Cotton on hand at end of month:								
(a) in consuming establishments.....			867,960	1,032,677			1,319,265	1,627,628
(b) in public storage and compresses.....			4,351,023	3,206,714			4,623,863	3,512,577

COTTONSEED PRODUCTS

A stronger demand for cotton oil was evident during the past month. Reports from 73 cottonseed oil mills in this district showed that they shipped 27,844,729 pounds of oil for which an average price of \$.09 per pound was received. This compares to an average price of \$.0863 per pound received during November. There were 43,604 tons of cake and meal shipped at an average price of \$35.42 per ton, which represents a slight decline from the price received for shipments made during the previous month. The average price received for linters during December

was \$.0445 per pound as against \$.0434 per pound received during November.

COTTONSEED PRODUCTS SHIPPED AND AVERAGE PRICE RECEIVED

	DECEMBER	
	Products Shipped	Av. Price F.O.B. Mill
Crude oil	27,844,729 lbs.	.0900 per lb.
Cake and meal.....	43,604 tons	\$35.41 per ton
Hulls	27,040 tons	8.83 per ton
Linters	9,189,693 lbs.	.0445 per lb.

COTTONSEED RECEIVED AT THE MILLS

	December	November
Cottonseed received at reporting mills (tons).....	107,116	148,688
Average price per ton paid for seed (including freight)	\$41.07	\$37.99

STATISTICS OF COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	Aug. 1st to Dec. 31st	Aug. 1st to Dec. 31st	Aug. 1st to Dec. 31st	Aug. 1st to Dec. 31st
	This Season	Last Season	This Season	Last Season
Cottonseed received at mills (tons).....	1,339,000	1,190,000	3,752,000	2,728,000
Cottonseed crushed (tons).....	900,000	827,000	2,543,000	1,997,000
Cottonseed on hand (tons).....	443,000	371,000	1,224,000	742,000
Crude oil produced (pounds).....	259,993,000	231,193,644	760,849,000	586,666,586
Cake and meal produced (tons).....	418,000	383,555	1,161,000	912,669
Hulls produced (tons).....	261,000	243,564	725,000	568,286
Linters produced (500-lb. bales).....	168,000	159,647	495,000	402,965
Stocks on hand Dec. 31st.....				
Crude Oil (pounds).....	22,726,000	31,425,620	68,938,000	104,505,092
Cake and meal (tons).....	29,000	55,995	166,000	218,009
Hulls (tons).....	85,000	88,474	213,000	186,038
Linters (500-lb. bales).....	42,000	49,557	157,000	161,189

LIVESTOCK

The district's ranges received considerable benefit from the rain, sleet, and snow which fell during the latter half of December and the early days of January. However, spotted conditions still exist. Some improvement was noted in range conditions in southeastern Arizona and stock water has been replenished. Sheep and cattle ranges in New Mexico showed a further deterioration during the past month, and was reflected in a decline in the condition of cattle and sheep. Heavy precipitation occurred in part of New Mexico which partially offset the dry fall, but other parts are still suffering from drouthy conditions, particularly in the southeast and portions of the southwest. The condition of Texas ranges on January 1st was estimated at 74 per cent of normal as compared to 70 per cent on December 1st and 89 per cent on January 1, 1924. However, more rain is needed for the ranges and much feeding has been necessary.

While the condition of cattle has shown some improvement and sheep have about held their own, the past month has been generally unfavorable. Losses from exposure

were heavy in the coast section, but only nominal elsewhere. Cattle were reported to be in poor to fair condition and indications are that they will be late in going to market.

Movements and Prices The heavy movement of cattle to the Fort Worth market continued during December when receipts totaled 113,972 head, or only 7,402 head less than the large number yarded during the previous month. While calf receipts were considerably less than in November, they were almost double those of a year ago. The supply of hogs showed a substantial increase, being the largest of any month since March, but was slightly less than the supply offered in December last year. Sheep receipts were more liberal than in either the previous month or the corresponding month last year.

Despite the heavy receipts, the cattle market showed some improvement. Heavy calves of good quality gained about \$3.00 over the November close, and the best light grades advanced to the extent of \$2.00 to \$2.50. The hog market at the close of the month showed an advance of \$1.40 to \$1.50 over the previous month's close, the top price of \$11.10 on the last day being the highest recorded since October. The receipts were never sufficient to meet the demand and packers were continually drawing supplies from other centers. Sheep and lamb values reached higher levels during December. Lambs sold as high at \$14.25, while good wool wethers brought \$9.75.

FORT WORTH LIVESTOCK RECEIPTS

	December 1924	December 1923	Loss or Gain	November 1924	Loss or Gain
Cattle	113,972	65,924	G 48,048	121,374	L 7,402
Calves	37,278	19,648	G 17,630	50,697	L 13,419
Hogs	41,956	43,754	L 1,798	26,185	G 15,771
Sheep	20,632	12,452	G 8,180	16,956	G 3,676

COMPARATIVE TOP LIVESTOCK PRICES

	December 1924	December 1923	November 1924
Beef steers	\$ 8.00	\$ 7.75	\$ 6.50
Stocker steers	7.00	7.10	6.35
Butcher cows	5.50	5.25	5.00
Stocker cows	3.25	4.00	3.25
Calves	7.35	7.25	6.75
Hogs	11.10	7.70	10.25
Sheep	9.75	7.50	8.50
Lambs	14.25	12.00	13.50

TEXTILE MILLING

The textile industry is slowly but steadily emerging from the inactivity experienced during the past year. The demand for goods is broadening and prices are generally firm with an upward tendency.

The reporting mills consumed 1,686 bales of cotton during December as compared to 1,475 bales in November and 1,615 bales in December last year. The production of these mills amounted to 806,875 pounds in December as against 795,603 pounds in the previous month and 874,664 pounds during the corresponding month of the previous year. Or-

ders on hand at the close of December were slightly larger than those on hand at the close of November and stocks on hand were somewhat smaller.

TEXTILE MILLING STATISTICS

	December 1924	November 1924	December 1923
Number bales cotton consumed.....	1,686	1,475	1,615
Number spindles active.....	60,148	60,148	59,284
Number pounds cloth produced.....	806,875	795,603	874,664

WHOLESALE TRADE

The year-end quietude which ordinarily develops during December in the wholesale channels of distribution was less marked than usual this year. Stimulated by the heavy

Christmas shopping and the severe weather during the latter part of the month, the December distribution in most lines of trade greatly exceeded the earlier expectations

and presented a marked contrast to the slow movement of goods during the two previous months. Every reporting line of trade showed a large gain over the corresponding month of the previous year and two lines,—farm implements and hardware—evidenced a gain over November. This heavy year-end movement enabled wholesalers generally to clear out their stocks of seasonal merchandise which they had been unable to move earlier in the season and to close the year with lighter stocks than was anticipated.

The orders received at wholesale establishments during the month represented largely fill-in orders for immediate delivery as the unexpectedly heavy buying in retail channels found the retailers with inadequate stocks to supply their needs. While there has been a disposition among some retailers to anticipate their needs a short distance ahead, the general tendency is to continue to buy as the need for goods arises and to operate on a conservative basis. Nevertheless there seems to be a strengthening of confidence in the general situation and as stocks are generally low as was evidenced by the heavy fill-in orders at the close of the year, wholesalers are anticipating an active business during the early months of 1925.

Confidence in the general situation is augmented by the general price situation which has either showed a firmness or a tendency to advance. While the ability to obtain goods immediately after the order has been placed has had a material effect upon the buying policy of the retailers, another cause of the conservative buying policy has been the irregularity in business and the uncertainty of price trends. Therefore, with the development of a general firmness of prices and a material improvement in the business situation there is a tendency among retailers to adopt a more positive and aggressive buying policy, which in itself will likely add to the stability of business.

There was also an improvement in the year-end collection situation. While some sections reported that collections are still slow, they are generally satisfactory and increased payments are being received as the cotton still in the hands of the farmers is being marketed.

While the distribution of dry goods at wholesale reflected a large year-end decline, it greatly exceeded that during December last year. Despite the fact that the demand represented mostly fill-in orders called forth by the heavy Christmas shopping, and the appearance of cold weather, the volume of business was fairly large for this season of the year and enabled the merchants to dispose of much of the goods which it had previously seemed necessary for them to carry over. Purchases are still being made on a conservative basis, but some indications of forward buying are beginning to become evident. Prices have remained firm with advances being quoted on some items.

The strength in the raw wool market is causing the prices on woolen goods to show an upward trend. Cotton goods have also strengthened. Collections were reported to be generally satisfactory. Dealers state that the outlook for the immediate future appears to be encouraging.

The demand for drugs was well maintained during the past month and sales evidenced a heavy increase over those of the corresponding month of a year ago. Not only was the buying good in December but reports state that since the inventory period many merchants have been ordering briskly to replenish their stocks. Prices remained generally firm. Collections were reported to be about average for the month of December.

The sales of reporting grocery firms showed a further decline from the previous month, but reflected a substantial increase over December, 1923. The buying demand for immediate delivery continues very good, but demand for goods to cover future requirements has been on a small scale. Prices remained generally firm. While some items have shown an advance others have evidenced a weakness. Collections continue good in some sections but slow in others.

December witnessed an improved demand for hardware. A portion of the increased sales, however, was attributed to the heavy demand for seasonal goods in which the distribution during the fall months was relatively light, and which was stimulated by the cold weather. While the demand for items in the building lines and heavy hardware has been good, the movement of shelf hardware and farm supplies has been slow. Due to the advance in prices on iron and steel products, hardware prices are firm with advances being quoted on some items.

The sales of reporting farm implement firms reflected a large increase over the previous month and a sizable gain over the same month last year. However, it must be remembered that the movement so far this season has not been up to expectations and that the demand for implements has not been as good as the general conditions would seem to warrant. Some encouragement has been received from the recent improvement but dealers state that the outlook is only from fair to good.

CONDITION OF WHOLESALE TRADE DURING DECEMBER, 1924					
Percentage of Increase or Decrease in					
	Net Sales Dec., 1924 compared with		Net Sales July 1st to date compared with same period last year:	Stocks Dec., 1924 compared with	
	Dec. 1923	Nov. 1924		Dec. 1923	Nov. 1924
Groceries	+14.3	- 3.9	+ 5.2	+ 2.8	-17.6
Dry goods.....	+18.6	-48.5	+ 3.2	-31.1	- 5.5
Farm implements.....	+ 8.2	+60.3	+10.6	+ 1.1	+ 4.5
Hardware	+35.4	+ 4.6	+ 7.5	-10.6	- 1.6
Drugs	+21.3	- 1.1	+ 7.4	+ 1.7	- 2.7

RETAIL TRADE

A heavy demand for merchandise in the retail channels of distribution developed during December due to the large volume of Christmas shopping and the unusually cold weather which stimulated the movement of winter goods. The latter also enabled the merchants to dispose of a large volume of goods which they had been unable to move earlier on account of the warm weather which prevailed throughout the fall. The sales of twenty-three department stores reflected an increase of 49.4 per cent over the previous month, and were 8.9 per cent greater than those of

December, 1923. In fact the sales during the past month were the largest of any December since the post war period of 1919-1920, and even closely approximated sales during the closing month of those years. Good results were also obtained from the year-end clearance sales.

The heavy December sales enabled the department stores to greatly reduce their stocks during the month. The stocks on hand at the close of December were 21.1 per cent less than those at the close of November, and six-tenths of one per cent less than those on hand at the close of year 1923.

The ratio of stocks to sales for the last six months of 1924 was 421.2 per cent as compared to 415.3 during the same period of 1923.

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

5.4 per cent at the close of November, and 7.8 per cent at the close of December, 1923.

The ratio of December collections to accounts receivable on December 1st was 41.1 per cent as compared to 40.6 per cent during the same month last year.

BUSINESS OF DEPARTMENT STORES

	Dallas	Ft. Worth	Houston	All Others	Total District
Total Sales—					
Dec., 1924, compared with Dec., 1923.....	+ 10.3	+ 6.6	+ 8.0	+ 9.3	+ 8.9
Dec., 1924, compared with Nov., 1924.....	+ 48.4	+ 58.1	+ 58.5	+ 42.5	+ 49.4
July 1st to date compared with same period last year.....	+ 2.9	+ 2.0	+ 5.0	+ 6.2	+ 4.2
Credit Sales—					
Dec., 1924, compared with Dec., 1923.....	+ 8.0	+ 12.7	+ 13.6	+ 20.0	+ 13.0
Dec., 1924, compared with Nov., 1924.....	+ 50.4	+ 54.5	+ 53.2	+ 53.0	+ 52.1
July 1st to date compared with same period last year.....	+ 2.2	+ 7.4	+ 8.1	+ 9.9	+ 5.8
Stocks—					
Dec., 1924, compared with Dec., 1923.....	+ 1.5	+ 3.6	- 1.0	- 1.7	- .6
Dec., 1924, compared with Nov., 1924.....	- 20.4	- 25.3	- 19.4	- 21.1	- 21.1
Ratio of stocks to sales.....	434.2	485.8	371.7	398.2	421.2
Ratio of outstanding orders to last year's purchases.....	7.5	8.0	6.1	6.3	7.2
Ratio of December collections to accounts receivable, due and outstanding December 1, 1924.....	38.2	39.9	40.4	46.8	41.1

FINANCIAL

The volume of business as measured by debits to individual accounts reflected an increase of 9.8 per cent in December as compared to November, and 7.3 per cent as compared to the same month last year. The aggregate for the month of December amounted to \$780,027,000, which was the largest for any month, except October, during 1924, and the largest for any December since 1919. The total debits at fifteen cities for the year 1924 reflected a decrease of 6.0 per cent as compared to those of 1923.

CHARGES TO DEPOSITORS' ACCOUNTS

	December 1924	December 1923	Inc. or Dec.	November 1924	Inc. or Dec.
Albuquerque ..	\$ 10,396,000	\$ 9,975,000	+ 4.2	\$ 11,140,000	- 6.7
Austin	22,355,000	23,766,000	- 5.9	20,380,000	+ 9.7
Beaumont	16,561,000	15,634,000	+ 5.9	15,231,000	+ 8.7
Corsicana	12,103,000	12,639,000	- 4.2	8,308,000	+ 45.7
Dallas	248,773,000	226,674,000	+ 9.7	211,367,000	+ 17.7
El Paso	38,268,000	34,185,000	+ 11.9	33,399,000	+ 14.6
Fort Worth ..	85,410,000	86,041,000	- .7	82,617,000	+ 3.4
Galveston	63,061,000	57,409,000	+ 9.8	65,411,000	- 3.6
Houston	156,713,000	141,381,000	+ 10.8	148,283,000	+ 5.7
Roswell	3,610,000	2,587,000	+ 39.5	3,463,000	+ 4.2
San Antonio ..	36,315,000	33,380,000	+ 8.8	37,881,000	- 4.1
Shreveport ..	40,487,000	39,352,000	+ 2.9	34,457,000	+ 17.5
Texas	11,872,000	10,215,000	+ 16.2	6,642,000	+ 78.7
Tucson	10,115,000	8,793,000	+ 15.0	9,697,000	+ 4.3
Waco	23,988,000	24,960,000	- 3.9	21,877,000	+ 9.6
Total, 11th District.....	\$780,027,000	\$726,994,000	+ 7.3	\$710,153,000	+ 9.8

Acceptance Market Reports from accepting banks in this district as of December 31st reflect an increase in the volume of outstanding acceptances of \$137,386.20 as compared to those outstanding on the

last day of November. The amount of these acceptances which were based on import and export transactions rose from \$2,496,313.60 on November 30th to \$3,133,770.80 on December 31st, while those based on domestic shipment and storage of goods decreased from \$1,397,894.43 on November 30th to \$847,823.43 on the last day of December.

The investments of the Federal Reserve Bank in bankers' acceptances increased from \$19,905,646.49 on November 30th to \$26,196,674.03 on December 31st.

Condition of Member Banks In Selected Cities Reports from 50 banks in selected cities as of December 31st reflected an increase in net demand deposits of \$23,759,000 over those on December 3rd, and a gain of \$41,534,000 during the past year. Time deposits decreased \$2,168,000 during December, but were \$7,605,000 greater than a year ago. All classes of loans on December 31st showed an increase as compared to those reported on December 3rd. Loans secured by U. S. Government obligations increased \$541,000, loans on corporate securities \$2,849,000, and all other loans \$9,693,000. Holdings of U. S. securities and all other stocks and bonds decreased slightly during the month. The reserves with the Federal Reserve Bank increased \$4,440,000, and bills payable and rediscounts rose \$317,000. The ratio of loans to deposits was 82 per cent on December 31st as compared to 86 per cent on December 3rd.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Dec. 31, 1924	Jan. 2, 1924	Dec. 3, 1924
1. Number of reporting banks.....	50	50	50
2. U. S. securities owned.....	\$46,394,000	\$58,701,000	\$ 46,873,000
3. All other stocks, bonds and securities owned.....	20,599,000	13,405,000	20,617,000
4. Loans secured by U. S. Government obligations.....	3,870,000	3,143,000	3,329,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	67,397,000	62,853,000	64,548,000
6. All other loans.....	233,834,000	213,180,000	224,141,000
7. Net demand deposits.....	288,585,000	247,051,000	264,826,000
8. Time deposits.....	89,330,000	81,725,000	91,498,000
9. Reserve with Federal Reserve Bank.....	32,785,000	24,413,000	28,345,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	2,067,000	1,539,000	1,750,000
11. Ratio of loans* to net demand deposits.....	82%	88%	86%

*Loans include only items 4 and 6.

Operations of the Federal Reserve Bank Member bank borrowing at the Federal Reserve Bank continued relatively light during December. After reaching the low point at \$2,672,056.40 on December 5th,

loans evidenced a slight upward trend, but at the close of the year they had again declined to \$2,713,179.74. There were only 37 banks served during December as against 52 during November and 92 in December last year. On the

last day of 1924, 36 banks were owing the Federal Reserve Bank of Dallas as compared to 98 banks on December 31, 1923.

The total amount of all classes of bills held by this bank increased from \$23,050,200.56 on November 30th to \$28,909,853.77 on December 31st, distributed as follows:

Member banks' collateral notes (secured by U. S. Government obligations).....	\$ 201,000.00
Rediscounts and all other loans to member banks.....	2,512,179.74
Open market purchases (Bankers' Acceptances).....	26,196,674.03
Total bills held.....	\$28,909,853.77

Federal reserve notes in actual circulation at the close of December amounted to \$55,640,950 as compared to \$57,366,475 on November 30th and \$52,802,006 on December 31, 1923. The reserve deposits of member banks totaled \$65,828,199 on December 31st, representing an increase of \$5,050,467.29 over those on November 30th, and \$7,712,995.32 over those at the close of December, 1923.

Deposits of Member Banks The deposits of member banks showed a further increase of \$28,269,000 during December. The total deposits of these

banks on December 24th were not only \$37,192,000 greater than those on December 26th last year, but were \$30,483,000 greater than the highest point reached in 1923.

DEPOSITS OF MEMBER BANKS

	All Member Banks		Banks in Cities with a population of less than 15,000		Banks in Cities with a population of over 15,000	
	Demand	Time	Demand	Time	Demand	Time
Dec. 26, 1923.....	646,691	144,711	324,079	38,765	322,612	105,946
Jan. 23, 1924.....	624,577	151,263	311,615	40,931	312,962	110,332
Feb. 27, 1924.....	594,482	157,225	294,406	42,161	300,076	115,124
Mch. 26, 1924.....	568,800	155,257	276,019	43,430	292,751	111,827
Apr. 23, 1924.....	549,057	156,696	265,613	46,326	283,444	110,370
May 23, 1924.....	522,820	154,885	250,732	45,837	272,088	108,243
June 25, 1924.....	512,565	157,153	244,723	46,329	267,842	110,824
July 23, 1924.....	502,763	157,714	237,982	47,006	264,781	110,708
Aug. 27, 1924.....	510,092	160,201	242,995	46,387	267,097	113,814
Sept. 24, 1924.....	562,283	160,260	276,886	46,029	285,397	114,231
Oct. 29, 1924.....	609,594	159,889	303,481	44,983	306,113	114,906
Nov. 26, 1924.....	641,603	158,722	315,786	43,967	325,817	114,755
Dec. 24, 1924.....	670,487	158,107	322,361	41,676	348,126	116,431

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

JANUARY DISCOUNT RATES

Prevailing Rates

	Dallas	El Paso	Ft. 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	5-6	5-6	6-8	5-7
(b) Running 4-6 months.....	4-6	8	5-6	5-6	6-8	5-7
Rate charged on loans to other banks, secured by bills receivable.....	5-6	6-8	5-6	4-5	6	5-5½
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).....	5-6	8	6-8	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	6-7
(b) Time.....	6-8	8	6-8	5-6	6-8	6-7
Rate on commodity paper secured by warehouse receipts, etc.....	5-6	8	6-8	5-6	6-8	6-8
Rate on cattle loans.....	6-7	8	6-8	7-8	8

Savings Deposits The savings deposits as of December 31st of 106 banks in this district which operate a savings department were practically the same as those on November 30th, but were 6.4 per cent

greater than on December 31st last year. The number of depositors of 100 banks totaled 234,229 on December 31, 1924, as compared to 233,151 at the close of the previous month, and 209,258 on December 31, 1923.

SAVINGS DEPOSITS

	Number of Reporting Banks:	December 31, 1924		December 31, 1923		Inc. or Dec.	November 30, 1924		Inc. or Dec.
		Number of Savings Depositors	Amount of Savings Deposits	Number of Savings Depositors	Amount of Savings Deposits		Number of Savings Depositors	Amount of Savings Deposits	
Beaumont.....	*4	4,714	2,398,243	4,198	2,225,806	+ 7.5	4,260	2,261,809	+ 5.8
Dallas.....	6	42,429	12,892,654	34,798	11,014,079	+17.1	41,751	12,961,325	- 5
El Paso.....	3	15,559	6,205,318	14,721	6,292,684	- 1.4	17,520	6,686,917	- 7.2
Fort Worth.....	3	8,855	3,624,418	8,372	3,129,668	+ 1.6	8,821	3,586,101	+ 1.1
Galveston.....	3	12,950	7,804,331	10,654	6,937,499	+12.5	13,046	7,710,545	+ 1.2
Houston.....	13	57,256	21,612,824	50,485	19,781,289	+ 9.3	56,585	21,492,397	+ .6
San Antonio.....	*6	17,786	10,689,773	14,983	9,787,668	+ 9.2	17,150	10,813,848	+ 3.6
Shreveport.....	*5	21,683	9,681,819	20,121	11,308,795	-14.4	21,585	9,723,370	+ 4.9
Waco.....	5	6,165	3,321,078	5,485	2,686,221	+23.6	6,033	3,165,378	+ 4.9
All Others.....	*58	46,832	20,512,771	45,441	19,605,700	+ 4.6	46,450	20,883,832	- 1.8
Total.....	106	234,229	98,738,229	209,258	92,769,409	+ 6.4	233,151	98,785,522	None

*Only 3 banks in Beaumont, 5 banks in San Antonio, 4 banks in Shreveport, and 55 banks in all others reported the number of savings depositors.

FAILURES

The December commercial failure record reflected a marked improvement as compared to both the previous month and the corresponding month last year. There were 52 defaults during the month with liabilities aggregating

\$368,159 as compared to 68 failures during November with an indebtedness of \$904,820, and 148 insolvencies in December, 1923, with liabilities amounting to \$2,046,743.

It is interesting to compare the trend of failures in the

Eleventh District with that for the United States as a whole. During the year 1924 the number of insolvencies in the Eleventh District declined 44.5 per cent and the total indebtedness of defaulting firms declined 72.3 per cent. The failure record in the United States for 1924 showed that there was not only an increase over the previous year of 10.1 per cent in the number of defaults, but that the ratio of failures to the number of business concerns increased from .94 in 1923 to 1.01 in 1924. There was only a slight increase in the indebtedness of insolvent firms.

COMMERCIAL FAILURES

	Eleventh Federal Reserve District		1923	
	No.	Amount	No.	Amount
January	68	\$1,170,988	117	\$1,524,107
February	57	1,280,548	91	2,104,595
March	74	950,677	91	2,474,504
April	56	881,236	93	8,874,897
May	58	720,652	78	3,779,959
June	50	765,071	97	1,293,018
July	40	242,424	81	2,576,000
August	52	988,431	68	1,020,596
September	34	580,455	79	1,757,766
October	46	543,300	111	2,417,470
November	68	904,820	127	4,445,724
December	52	368,159	148	2,046,743
Total	655	9,346,761	1,181	\$34,315,380

PETROLEUM

Although the production of crude oil in the Eleventh District during December showed an increase as compared with production during the previous month, the increase in daily average production was less than that during November. There were 13,645,052 barrels of crude oil produced as compared to 12,943,205 barrels during November, which

represented an increase of 8,723 barrels in daily average production as compared to an increase of 13,103 barrels in daily average production during November. There were 401 wells completed during December, of which 271 were successful and yielded a flush production of 86,049 barrels, which compares to 372 completions during November of which 238 were producing wells and netted 70,581 barrels of initial production.

There were 11,754,358 barrels of crude oil produced in Texas during December, as compared to 10,990,205 barrels during November, representing an increase of 764,653 barrels in total production and 12,849 barrels in daily average production. The Wortham field was the center of interest during the month. Completions in this field were rapid and by January 6th the daily average production was more than 100,000 barrels. The Archer County field reached a new peak of production during December. All Texas fields showed increased production during December with the exception of the Gulf Coast field. Activity in the East Texas gas fields continued to be marked, and 27 successful wells were completed during the month.

Crude oil production in Louisiana declined from 1,953,000 barrels during November to 1,890,194 barrels during December, a decrease of 4,126 barrels in daily average production. There were 45 wells completed in Louisiana during December, of which 15 added a flush production of 2,495 barrels of oil, and 19 were successful gas wells.

Crude Oil Prices Prices on all crude oils produced in this district in December were the same as those prevailing during November. However, the market is reported to be on a firmer basis.

OIL PRODUCTION

Field	DECEMBER			November		Increase or Decrease	
	Total	Daily Average		Total	Daily Average	Total	Daily Avg.
North Texas	2,800,394	90,335		2,530,310	81,344	Inc.	270,084
Central-West Texas	5,293,380	170,754		4,853,365	161,779	Inc.	440,015
Texas Coastal	2,066,134	66,650		2,172,080	72,402	Dec.	105,946
Miscellaneous fields	1,594,950	51,450		1,434,450	47,815	Inc.	160,500
Total, Texas	11,754,858	379,189		10,990,205	366,340	Inc.	764,653
North Louisiana	1,890,194	60,974		1,953,000	65,100	Dec.	62,806
Total, 11th District	13,645,052	440,163		12,943,205	431,440	Inc.	701,847

DECEMBER DRILLING RESULTS

Field	Completions	Producers	Failures	Initial Production
North Texas	194	128	66	17,720
Central-West Texas	81	49	32	57,415
Texas Coastal	39	29	10	6,254
East Texas	*28	*28	25
Miscellaneous fields	2	2	2,100
Texas wildcats	12	1	11	40
Totals, Texas	356	237	119	83,554
North Louisiana	45	**34	11	2,495
December totals, District	401	271	130	86,049
November totals, District	372	238	134	70,581

*Includes 27 gas wells. **Includes 19 gas wells.

CRUDE OIL PRICES

TEXAS—	Jan. 16, 1925	Jan. 19, 1924
Corsicana light	\$1.25	\$1.40
Corsicana heavy	.90	.50
Texas Coastal	1.50	1.50
Mexia	1.25	1.40
Currie	1.25	1.50
North Texas (36 gravity and above)	1.25	1.40
LOUISIANA—	Jan. 16, 1925	Jan. 19, 1924
Caddo (38 gravity and above)	\$1.35	\$1.35
Bull Bayou (38 gravity and above)	1.15	1.30
Homer (35 gravity and above)	1.10	1.35
Haynesville (33 gravity and above)	1.00	1.25
DeSoto Crude	1.20	1.35

(Oil Statistics Compiled by The Oil Weekly, Houston, Texas)

LUMBER

The December production of lumber at the pine mills of the Eleventh Federal Reserve District increased slightly, but large decreases were registered in orders received at the mills and shipments made. Shipments from the mills during December were 1 per cent below production as compared to 18 per cent above production in November. Orders received during December called for only 80 per cent

of normal production as compared to orders for 98 per cent of normal production during November. Production of lumber during December was 18 per cent below normal as against 20 per cent below normal in November. The stocks of lumber on hand declined to 30 per cent below normal stocks in December, as compared to 28 per cent below normal in November.

Unfilled orders on the books of the 48 reporting mills at the close of 1924 called for 50,365,528 feet of lumber, while those at the close of November called for 57,086,640 feet.

DECEMBER PINE MILL STATISTICS

Number of reporting mills.....	48
Production	86,878,247 feet
Shipments	86,154,140 feet
Orders	85,488,043 feet
Unfilled orders, Dec. 31st.....	50,365,528 feet
Normal production	106,208,763 feet
Stocks, Dec. 31st.....	221,236,267 feet
Normal stocks	317,225,043 feet
Shipments below production.....	724,107 feet=1%
Actual production below normal.....	19,325,516 feet=18%
Orders below normal production.....	20,715,720 feet=20%
Stocks below normal.....	95,988,776 feet=30%

BUILDING

Building projects launched during December in the Eleventh District, as measured by permits issued at twelve of the larger cities, were on a large scale, as evidenced by the fact that their estimated valuation amounted to \$6,922,981 as compared to a valuation of \$5,712,377 in November, an increase of 21.2 per cent, and increased 32 per cent over the valuation of \$5,243,968 reported in December, 1923. However, there were only 1,875 permits issued in December as against 2,478 in November and 1,720 in December last year.

During the year 1924 there were 32,083 permits issued at the reporting centers having a total estimated valuation of \$87,602,305, while in 1923 there were 32,148 permits issued which had a valuation of only \$80,562,724, an increase in valuation of 8.7 per cent during 1924.

BUILDING PERMITS

	December, 1924		December, 1923		Inc. or Dec.	November, 1924		Inc. or Dec.	TWELVE MONTHS				
	No.	Valuation	No.	Valuation		No.	Valuation		1924		1923		Inc. or Dec.
									No.	Valuation	No.	Valuation	
Austin.....	25	25,405	27	473,023	- 94.6	39	205,785	- 87.7	482	1,445,615	592	1,970,076	-26.6
Beaumont.....	125	113,039	111	73,078	+ 54.7	166	152,061	- 25.7	2,455	2,540,374	2,138	2,689,372	- 5.5
Dallas.....	307	940,110	251	1,128,902	- 16.7	379	1,047,468	- 10.2	4,810	26,538,224	4,586	20,987,819	+26.4
El Paso.....	41	88,979	50	77,635	+ 14.6	43	125,690	- 29.2	753	1,603,997	990	2,101,980	-23.7
Fort Worth.....	117	2,026,050	128	671,029	+201.9	185	450,417	+349.8	2,421	11,408,208	2,876	8,405,264	+35.7
Galveston.....	221	81,666	217	49,797	+ 64.0	263	110,668	- 26.2	3,489	2,606,188	3,931	1,892,812	+37.7
Houston.....	373	1,319,456	313	1,345,542	- 1.9	489	1,195,302	+ 10.4	6,747	17,210,769	6,570	19,052,403	- 9.7
Port Arthur.....	127	626,359	110	118,830	+427.1	167	82,129	+662.7	1,915	1,958,930	2,273	2,917,065	-32.8
San Antonio.....	268	757,249	187	277,700	+172.7	384	1,305,685	- 42.0	4,062	9,601,859	3,766	8,047,546	+19.3
Shreveport.....	156	441,692	235	773,977	- 42.9	218	719,827	- 38.6	3,285	8,069,487	3,361	9,467,882	-14.8
Waco.....	54	354,154	48	130,410	+171.6	60	126,000	+181.1	741	2,271,119	534	1,283,772	+76.9
Wichita Falls.....	61	148,822	43	124,045	+ 20.0	85	191,342	- 22.2	923	2,347,535	531	1,747,233	+34.4
Total.....	1,875	6,922,981	1,720	5,243,968	+ 32.0	2,478	5,712,377	+ 21.2	32,083	87,602,305	32,148	80,562,724	+ 8.7

CEMENT

Shipments of Portland cement from Texas mills in December declined 27.9 per cent as compared to shipments during November, but were 38 per cent greater than those during December, 1923. There were 372,000 barrels of cement produced at these mills during December as compared to 384,000 barrels in November and only 227,000 barrels in December last year. Stocks of cement on hand at the mills at the close of December totaled 356,000 barrels as compared to 242,000 barrels on hand on November 30th,

an increase of 47.1 per cent, and 294,000 barrels on hand December 31, 1923, an increase of 21.1 per cent.

During the year 1924 there were 4,566,000 barrels of Portland cement produced in Texas, which represents an increase in production during the year of 9.2 per cent over the 4,180,000 barrels of cement produced in 1923. Shipments of cement amounted to 4,448,000 barrels during 1924 as compared to 4,075,000 barrels in 1923, an increase of 10.1 per cent.

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

	December		Per Cent Inc. or Dec.	November, 1924		Per Cent Inc. or Dec.	Twelve Months		Per Cent Inc. or Dec.
	1924	December 1923		1924	Inc. or Dec.		1924	1923	
Production of Texas Mills.....	372,000	227,000	+63.9	384,000	- 3.1	4,566,000	4,180,000	+ 9.2	
Shipments from Texas Mills.....	258,000	187,000	+38.0	358,000	-27.9	4,488,000	4,075,000	+10.1	
Stocks at end of the month at Texas Mills.....	356,000	294,000	+21.1	242,000	+47.1				

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board, as of January 24, 1925.)

Production and employment in December continued the increase which began in the autumn and wholesale prices advanced further to the highest level for the year. Railroad shipments of goods continued in large volume, and trade, both at wholesale and retail, was larger than a year ago.

PRODUCTION

The index of production in basic industries advanced about 10 per cent in December to a point 25 per cent higher than last summer, but was still below the level of the opening months of 1924. Practically all of the twenty-two industries included in the index shared in the advance, and the increases were particularly large in iron and steel, cotton manufacturing, coal mining, and meat packing. Among the industries not represented in the index the output of automobiles declined in December, and was the smallest for any month in more than two years. Increased industrial activity was accompanied by an advance of about 2 per cent in factory employment, with larger increases in the metal and textile industries, and by a growth of nearly 5 per cent in total factory pay rolls. Volume of building, as measured by contracts awarded, was less in December than in November, but continued unusually large for the season of the year.

TRADE

Distribution of goods was greater in December than in the same month of 1923, as indicated by larger railroad shipments and increases in the volume of wholesale and retail trade. Christmas trade at department stores was greater than in the previous year, and sales by mail order houses and chain stores were the largest on record. Wholesale trade was seasonally less than in November, but in practically all lines was larger than a year ago. Marketing of agricultural products was greater than for the corresponding month of any recent year.

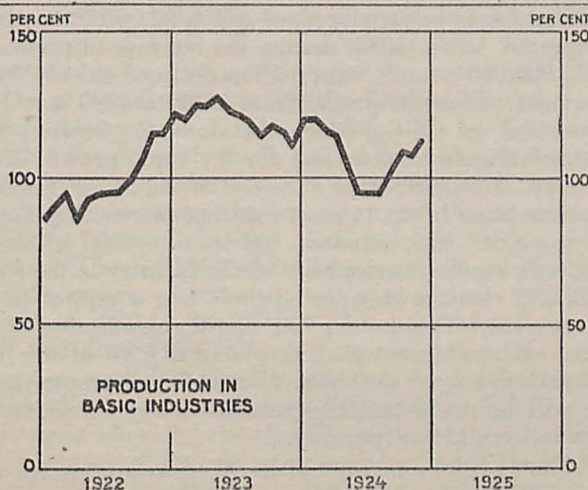
PRICES

A further advance of more than 2 per cent in the Bureau of Labor Statistics index of wholesale prices carried the av-

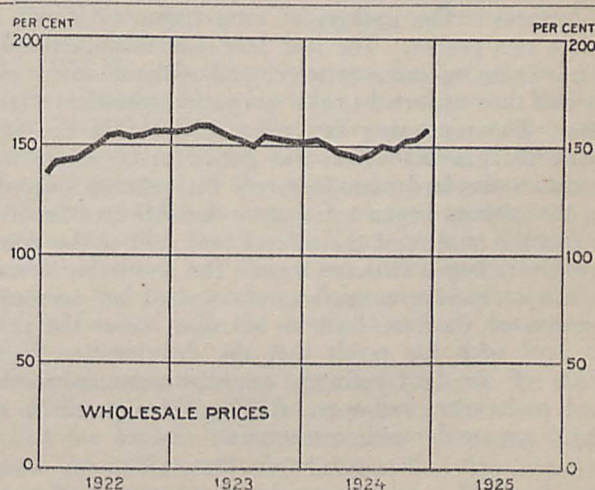
erage in December 8 per cent above the low point of June, and to the highest level since April, 1923. Prices of all groups of commodities were higher, the principal increases being in farm products and foods. In the first half of January prices of grains, wool, coal, and metals increased further, while sugar, dairy products, silk, coke, and rubber declined.

BANK CREDIT

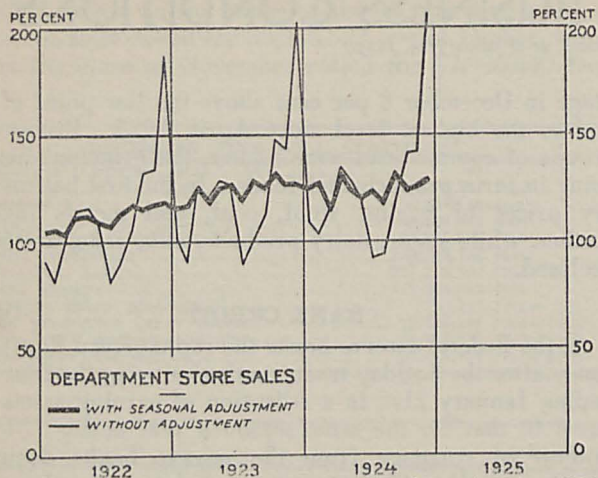
At the Federal reserve banks the rapid return flow of currency after the holiday trade resulted, during the four weeks ending January 21st, in a reduction of earning assets about equal to that for the same season a year earlier. The net outflow of currency from the reserve banks during the month preceding Christmas amounted to more than \$200,000,000, and the return flow after the Christmas peak, reflected both in the increase in reserves and in the decline of Federal reserve note circulation, was in excess of \$300,000,000. Fluctuations in the earning assets of the reserve banks during the past two months have reflected chiefly these seasonal changes in the demand for currency. The decline in discounts brought their total on January 21st to a smaller volume than at any time in 1924, and acceptances also showed a seasonal decrease. Holdings of United States securities, which have declined for more than two months, were about \$175,000,000 below the level of last autumn, and in about the same amount as at the middle of 1924. Net exports of gold, which gave rise to a demand for reserve bank credit, amounted to \$30,000,000 in December and were in larger volume during the first three weeks in January. The growth of demand deposits at member banks in leading cities during the three weeks ending in the middle of January which has been greater than the increase in their total loans and investments, has reflected the return of currency from circulation. In the same period there was some increase in commercial loans and a continued growth in loans secured by stocks and bonds. Holdings of investment securities have decreased somewhat since the middle of November, particularly at the banks in New York City. Firmer conditions in the money market in December and the first few days in January were followed later in the month by declines in rates on commercial paper to 3½ per cent.



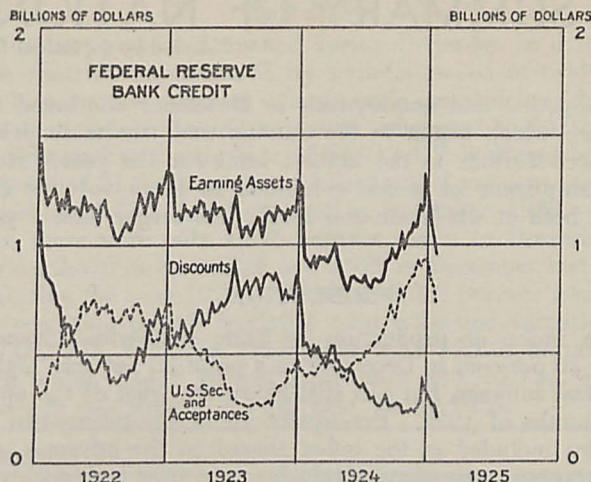
Index of 22 basic commodities corrected for seasonal variations (1919=100). Latest figure—December 117.



Index of U. S. Bureau of Labor Statistics. (1913=100, base adopted by Bureau.) Latest figures—December 157.



Index of sales of 333 stores in 117 cities (1919=100). Latest figures—December 207.



Weekly figures for 12 Federal Reserve Banks. Latest figure, January 21.

COTTONSEED PRODUCTS INDUSTRY

(NOTE:—The following is the fifth 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.)

FOREIGN TRADE IN COTTONSEED OIL

The foreign trade in cottonseed oil has exerted a far-reaching influence upon the growth and development of the cottonseed oil industry. In the beginning of the industry interest was centered in the export trade. This foreign demand increased with each successive year, and soon became the chief support of the new industry. In fact, it will be noted from the accompanying chart in the years just prior to 1880 that exports were closely approximating production. During the period between 1870 and 1880 certain factors were coming into play which were destined to bring about a new era for cottonseed oil.

A process for the manufacturing of margarine was discovered in 1869 and was perfected in the following years. The Franco-Prussian War, which depleted the European supply of fats, gave an impetus to the margarine industry and created a heavy demand for animal fats from abroad. This demand was met by the meat packing industry in the United States. The packers at once began to divide the lard into two grades. The leaf lard was manufactured in such a way as to make it sweet and without any cooked flavor and then exported to the margarine manufacturers in Europe. The remaining fats were rendered in the usual way and the product which was called prime steam lard, was sold to the lard manufacturers for refining purposes. When the packers began to separate the leaf lard from the other fats the quality of the refined lard sold to the domestic consumers began to deteriorate. The increasing demand from the margarine manufacturers caused an increasing proportion of the leaf lard to be taken from the prime steam lard with the result that the deterioration in the products of the lard refining establishments was more marked each year, and was bringing these products into disrepute among domestic consumers.

Such a situation demanded immediate attention. Consequently, in 1879 experiments were made in the refining of lard by the use of fuller's earth, which resulted in a marked

improvement in the quality of the product. The possibilities offered by fuller's earth in refining were so great that it was pressed into use for refining cottonseed oil. The use of fuller's earth purified cottonseed oil to a degree unknown before and the value of cottonseed oil as an edible oil was enormously increased. Cottonseed oil, therefore, was soon pressed into use as an adulterant of lard in the manufacture of lard compounds.

The effect of the discovery was to create an enormous domestic demand for cottonseed oil. The expansion in the demand for cottonseed oil following 1880 was so great that it practically absorbed the entire output of the then existing mills and foreign trade dwindled to insignificant proportions, due primarily to the active domestic competition rather than lessened demand from abroad. The transformation which took place in the cottonseed oil trade is reflected in the fact that in 1880 there were 70,000,000 pounds of cottonseed oil produced, of which 52,000,000 pounds was exported, but in 1883, despite the increase in production to 118,000,000 pounds, exports had declined to only 3,000,000 pounds. Thus the period from 1880 to 1890 may be characterized as one in which the domestic demand was the stimulating force necessary for the rapid growth of the industry. However, toward the end of the decade the domestic consumption began to show evidence of reaching the saturation point. This situation led to a reversal of the forces stimulating the development of the industry in the following decade. During this period there was a revival in the export trade. Despite the fact that the production of cottonseed oil was almost tripled, practically all of this increase went into export channels. From the accompanying chart it will be noted that the production curve and the export curve were almost parallel.

The discovery in 1899 of the Wesson process for refining cottonseed oil set another new standard for this product. A plant for the manufacture of oil by the new process was

put into operation the following year. When the improved product was placed upon the market the effect was soon noticeable. New capital was attracted to the industry with the result that there was a further expansion in milling capacity and a growth in cottonseed oil production. However, during the years immediately following 1890 there was a decline in exports.

The Trend of Production

In studying the trend of production of cottonseed oil it should be noted from the accompanying chart that prior to 1905 there was a steady growth in the volume of cottonseed oil produced. In some years the increase was moderate, but in other years it reached enormous proportions. However, in 1905 the industry had about reached the point where the total available supply of seed was being crushed. In other words, the time had come when the volume of production could not be increased in response to a heavy demand, but was regulated by the size of the previous year's cotton crop. Consequently, in the years following there has been considerable irregularity in the volume of oil produced, due largely to the fluctuations in volume of seed available for manufacture. Thus it will be noted that following the years of 1906, 1908, 1910, 1911, 1914 and 1920, which were years of heavy cotton production, there were enormous increases in the volume of oil produced. In fact, from 1905 to date the fluctuations in the production of cottonseed oil have closely approximated those in the production of cotton. It must be remembered, however, that in the earlier years of this period an increasing proportion of the seed produced became available for manufacture, due to (1) the improvement in transportation and storage facilities; (2) a curtailment in the use of seed for fertilizer and feeding purposes; (3) increased milling capacity; and (4) the gradually increasing value of the seed, which caused the surplus seed held by the farmers to be marketed.

The Effect of Price Fluctuations Upon Foreign Demand

One of the most outstanding features in connection with the export trade in cottonseed oil has been the sensitiveness of foreign demand to price fluctuations. Prior to 1890 the effect of price changes upon foreign trade was not so noticeable as in later years. During the early years when the foreign demand absorbed such a large proportion of the production, a considerable portion of the oil exported was used as an adulterant of olive oil and the mixture went into trade channels under the name of pure olive oil. This product brought a high price and consequently the producers were able to pay a high price for cottonseed oil. One of the principal reasons why the foreign demand was not so sensitive to price changes during 1880 to 1890 was the fact that the domestic trade was able to absorb such a large proportion of production. But as production increased and the domestic consumption began to reach the saturation point, foreign demand became more responsive to price fluctuations. Thus in 1890 when there was a sharp decline in prices the exports of cottonseed oil jumped from 20,000,000 pounds in 1889 to 100,000,000 pounds in the following year. It was during the following decade that prices evidenced a downward trend and in response the foreign trade in cottonseed oil made such enormous gains. The lower prices, brought about by the steadily increasing production and the constancy of domestic consumption, made the trade in cottonseed oil profitable to the soap and margarine manufacturers of Europe. However, with the discovery of the Wesson process of refining cottonseed oil, the domestic

demand increased by leaps and bounds, the immediate effect being a sharp upturn in the cottonseed oil market. But the rising prices again curtailed foreign demand. The improved market brought more new capital to the industry and consequently greater milling capacity and larger production. This, together with the lessened foreign demand in a few years resulted in a reaction in the cottonseed oil market. Thus in 1905 the recession in the cottonseed oil prices was reflected in an enormous expansion of exports. In succeeding years when the total available supply of seed was being crushed and when production could not be materially augmented by increased milling capacity, the price of cottonseed oil became even more sensitive to supply and demand. Therefore, from that date until the present time the volume of exports has shown an irregular trend, due largely to price fluctuations. Whenever there was a marked recession in the price of crude oil it was reflected in greatly increased exports, but as soon as prices turned upward and passed the point where the foreign marginal buyers could absorb the oil, foreign demand receded. From the appended chart it will be noted that in 1905, 1909, 1912, 1915 and 1921 high points in the exportation of cottonseed oil were reached, following sharp declines in the price of cottonseed oil.

Where Our Exports Go

Another interesting feature in connection with our foreign trade in cottonseed oil has been the changes in distribution of exports among the importing countries. Between 1890 and 1900, France and Holland combined were taking about one-half of the total quantity exported. France was taking large quantities of low-grade oils for refining or for use in the manufacture of soap and also some high grades for various edible purposes. On the other hand, Holland was importing chiefly high grades of summer yellow for the manufacture of margarine. During the earlier years, Holland's takings were about treble in quantity the amount taken by France. In the later years, although both countries had greatly increased their imports, the quantity taken by France increased to such an extent that by 1900 France was absorbing about one-third of our total exports, while Holland had dropped to about one-fifth or one-sixth of total exports. At this time the three next important consumers of our oils were Austria-Hungary, Germany, and the United Kingdom, each country taking about equal quantities, and the combined consumption being about 30 per cent of our exports. Other important importing countries were Italy, Belgium, and Mexico.

By 1906 the takings of various foreign countries had changed considerably. Germany was then the heavy importing nation, taking in that year approximately one-third of our exports. France, although holding second place, had again dropped to the point where she was importing only about one-fifth or one-sixth of our exportations. The amounts imported by Austria-Hungary, the United Kingdom and Holland had shown but little change. Considerable gains had been made by Belgium and Mexico and the trade in Canada and the South American countries was gaining.

Other important changes had taken place in the distribution of our exports by 1912, the year in which our exports reached the highest point on record. Germany had decreased her takings to such an extent that they represented only a small percentage of our exports. Holland had regained first place among importing nations, and in the year mentioned above absorbed such an enormous quantity that

it amounted to nearly 25 per cent of the large amount of oil exported. The United Kingdom was the other heavy importing nation, taking from 17 to 20 per cent of exports. The other important importing nations, listed according to the volume taken, were: Italy, Mexico, France, Germany and Canada, the combined takings of these countries being about one-third of total exports. There had been further gains in the South American countries.

During the war period our exports to European countries showed heavy declines, but the trade with Canada and the South American countries showed a tendency to increase. Although the quantity of oil taken by European countries in 1919 and 1920 increased somewhat, the trade with them was greatly curtailed both on account of the exceedingly high prices and the lack of transportation facilities. However, in 1921 the enormous price declines and the improvement in transportation facilities stimulated foreign demand with the result that exports evidenced a sharp increase. Exports to practically all European countries reflected a con-

siderable gain. There is shown below a comparative statement of exports of cottonseed oil to the eight leading importing countries for the fiscal years ending June 30, 1920, and 1921.

	Pounds	
	1920	1921
Netherlands	8,015,000	119,738,000
Canada	52,320,000	38,578,000
Italy	17,511,000	28,179,000
United Kingdom	7,498,000	24,482,000
Norway	17,027,000	10,359,000
Denmark	3,205,000	9,413,000
France	11,661,000	8,089,000
Germany	1,072,000	8,563,000

Since 1921 exports to practically every nation have shown a marked decline. This feature will be discussed in an article which will appear in the next issue of the Review dealing with "The tariff on cottonseed oil and competing oil and its effect on the foreign trade in cottonseed oil."

THE YEARLY PRODUCTION AND EXPORTATION OF COTTONSEED OIL - 1875 TO 1924

