

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

	January	December	Inc. or Dec.
Bank debits to individual accounts (at 16 cities).....	\$800,005,000	\$821,423,000	Dec. 2.6%
Department store sales.....			Dec. 48.8%
Reserve Bank loans to member banks at end of month.....	\$7,447,961	\$4,006,902	Inc. 85.9%
Reserve Bank ratio at end of month.....	54.2%	48.7%	Inc. 5.5 points
Building permit valuations at larger centers.....	\$9,483,498	\$9,763,536	Dec. 2.9%
Commercial failures (number).....	108	49	Inc. 120.4%
Commercial failures (liabilities).....	\$1,457,716	\$608,088	Inc. 139.7%
Oil production (barrels).....	12,142,980	12,667,264	Dec. 4.1%
Lumber orders at pine mills (per cent of normal production).....	86%	81%	Inc. 5 points

A record-breaking volume of building activity and a marked improvement in the agricultural situation and outlook were important features of January developments. Winter rains and snows left an excellent season in the ground and greatly benefited grain crops and ranges. Since the reappearance of fair weather, small grains have made good growth and farmers have progressed rapidly with the preparation of the soil for the 1926 crops.

The favorable outlook in the agricultural and livestock industries is gradually strengthening the sentiment in the business community, but actual results are not yet visible. The January distribution of merchandise at wholesale reflected a seasonal gain over December, but a considerable decline from a year ago. However, when considering the comparison with last year it must be borne in mind that trade at that time was at a high level. Reports indicate that both consumers and retailers in the rural sections are making purchases on a conservative basis pending a clearer view of the future, with special reference to the agricultural outlook. Department store trade, on the other hand, continued relatively large. Sales of reporting firms reflected a seasonal decline of 49 per cent but were slightly larger than in January, 1925.

The past month witnessed a sharp upturn in the district's business mortality rate, failures being more numerous than in any month since December, 1923. The liabilities of the

defaulting firms were substantially greater than in either the previous month or the corresponding month last year. While a heavier mortality rate is a normal development at this season, the increase this year was larger than usual.

Banking conditions showed no significant changes or definite trend during the month. During the early days of January member bank borrowings at the Federal Reserve Bank increased sharply, reaching a high point at \$9,274,000, on January 7th, but there has been a gradual decline since that date. On February 15th these loans amounted to \$5,219,000, as compared to \$2,375,000 on the corresponding date in 1925. While the deposits of member banks reflected a seasonal decline of \$4,896,000 during January, they were \$5,712,000 greater than a year ago. As a general rule the member banks have been able to maintain large cash and secondary reserves and are in a position to extend customers the credit necessary to finance the spring planting operations out of their own resources.

Building activity continued at a high level. While the valuation of permits issued at principal cities was 3 per cent below the large total for December, it was 36 per cent greater than in January last year. In fact, the month's total was the largest for any January on record. The production and shipments of lumber and cement were considerably below December, but the production and shipments of cement showed a sizable increase over January, 1925.

CROP CONDITIONS.

The farmers of this district made good progress with farm work during the past thirty days and field operations are now well advanced. Although operations were retarded to some extent by the cold wave accompanied by rain and snow during the latter part of January, the generally fair weather and moderate temperatures during the first half of February enabled the farmers to proceed rapidly with plowing operations. Reports indicate that there is a good season in the ground in all sections of the district and that

the soil is in excellent condition for spring planting operations.

Winter wheat and oats throughout the district are in fair to excellent condition. Sufficient snow fell during the latter part of January to protect these crops from the freeze and with the reappearance of fair weather they have made rapid growth. Some spring oats are being sown in Texas and Louisiana.

THE YEAR'S CROP RESULTS

According to estimates given out by the United States Department of Agriculture, the yields of the principal crops in the Eleventh District for the years 1924 and 1925 were as follows:

COMPARATIVE PRODUCTION AND VALUE OF TEXAS FARM PRODUCTS
COMPILED BY U. S. DEPARTMENT OF AGRICULTURE

Commodity—	Quantity		Increase or Decrease	Value		Increase or Decrease
	1925	1924		1925	1924	
Peanuts	35,855,000 lbs.	33,750,000 lbs.	+ 2,105,000 lbs.	\$ 1,219,000	\$ 1,519,000	\$- 300,000
Sweet Potatoes	6,132,000 bu.	3,990,000 bu.	+ 2,142,000 bu.	8,707,000	6,304,000	+ 2,403,000
Potatoes	1,378,000 bu.	1,875,000 bu.	- 297,000 bu.	3,307,000	2,848,000	+ 459,000
Rice	6,048,000 bu.	6,526,000 bu.	- 478,000 bu.	9,012,000	8,158,000	+ 854,000
Oats	13,419,000 bu.	49,470,000 bu.	-36,051,000 bu.	8,454,000	29,187,000	- 20,733,000
Wheat	6,552,000 bu.	26,252,000 bu.	-19,700,000 bu.	10,156,000	32,575,000	- 22,419,000
Corn	26,809,000 bu.	63,088,000 bu.	-36,279,000 bu.	29,490,000	69,397,000	- 39,907,000
Cotton	4,100,000 bales	4,949,000 bales	- 849,000 bales	379,250,000	554,311,000	-175,061,000
Grain Sorghum.....	30,875,000 bu.	28,600,000 bu.	+ 2,275,000 bu.	23,465,000	24,882,000	- 1,417,000
Hay (tame and wild).....	748,000 tons	1,182,000 tons	- 434,000 tons	13,844,000	19,364,000	- 5,520,000
Total value ten crops.....				\$486,904,000	\$748,545,000	-\$261,641,000

Note: Similar data for other states partially embraced in the Eleventh District are not available at this time.)

FINAL CROP REPORT
ELEVENTH FEDERAL RESERVE DISTRICT
ESTIMATES OF THE DEPARTMENT OF AGRICULTURE

	1925	1924
Corn (bushels)	40,050,000	74,722,000
Total wheat (bushels).....	6,820,000	26,390,000
Oats (bushels)	15,451,000	51,712,000
Hay (tons)	1,157,000	1,661,000
Potatoes (bushels)	2,117,000	2,256,000
Cotton (bales)	5,126,000	5,654,000

According to the Department's estimate, Texas, in 1925, produced 4,100,000 bales of cotton, valued at \$379,250,000, as against the 1924 crop of 4,949,000 bales valued at \$554,311,000, the comparison showing a decrease of 16.8 per cent in volume and a decline of 31.5 per cent in value. The sharp reduction in the market value of the state's output in 1925, as compared to the previous crop, is attributable partly to the severe drouth and early freezes which adversely affected the crop both in quality and quantity, and also to the drop in market prices which followed the production of a relatively large American cotton crop. For, while the Texas crop was smaller than in 1924, the United States crop of 15,603,000 bales showed an increase of 14 per cent over the previous year. This condition is in contrast with that of 1924 when Texas produced an exceptionally large crop and prices were higher, partly by reason of the partial failure of the crop that year in other Southern States.

A state-wide organization of Texas bankers and business men has launched a campaign in behalf of "better cotton on fewer acres, and more feed on more acres." Avowedly the primary purpose of this movement is to bring about a more rationally balanced program of production as between cotton and home supplies of food and feed. Although this movement might be construed as an indirect method of reducing the state's cotton acreage, the primary emphasis which it places upon an adequate feed and food supply seems to differentiate it from the ordinary acreage reduction campaigns of the past, whose sole purpose was to advance the price of cotton.

The Federal Reserve Bank of Dallas does not undertake to suggest what changes, if any, should be made this year in the cotton acreage of Texas or the Eleventh District. It does subscribe to the belief, however, that any movement looking either to an increase or a decrease in the acreage should take into account two important principles of agricultural economics: (1) A community suffers a distinct and unnecessary loss when it grows cotton merely

for the purpose of selling it and using the proceeds to purchase food and feed which it can successfully produce for itself; (2) When a community, in an effort to balance its production program, cuts down its cotton acreage to provide for increased food and forage crops, such acreage reduction can only prove successful in accomplishing its purpose where each acre allotted to cotton, through some intensive method of cultivation and crop protection, is made to increase its yield, not only in proportion to the reduction made, but with ample allowance for a sufficient margin to cover the hazards of weather conditions, insect damage and market fluctuations.

LIVESTOCK

Ranges and livestock throughout the Eleventh Federal Reserve District remain in good condition. The rainfall and snows during January left ample moisture in the ground and were of great benefit to the ranges. Winter weeds are starting and as the grass on the ranges will begin to green soon, early pasturage is in prospect. Due to the snows and cold wet weather during January, livestock shrank considerably, but the shrinkage was less than usual at this season. While some feeding has been done in various sections of the district, as a rule a minimum of feeding has been found necessary so far this winter.

A generally good feeling prevails among stockmen. With a good season in the ground, the prospect for early pasturage, winter losses only nominal, a good demand for all classes of stock and favorable market prices, and a heavy calf, lamb, and kid crop in prospect, the outlook for the industry is very encouraging.

The appended table shows the Department of Agriculture's estimate of the number and value of livestock on farms in Texas as of January 1, 1925 and 1926.

NUMBER AND VALUE OF LIVESTOCK ON FARMS—
1925 AND 1926

	Number		Total Value	
	1926	1925	1926	1925
Horses	827,000	857,000	\$ 39,696,0	\$ 46,342,000
Mules	1,052,000	1,042,000	78,444,000	84,562,000
All Cattle	5,900,000	6,275,000	132,412,000	136,795,000
Swine	1,062,000	1,250,000	12,956,000	12,500,000
Sheep	3,465,000	3,465,000	27,374,000	25,641,000

Movements
and Prices

The January receipts of cattle and calves at the Fort Worth market reflected a substantial decline from the previous month but were greater than in January last year. The hog arrivals

were slightly larger than in December but showed an unusually large decline from a year ago. There was only a small supply of sheep, receipts showing a large decline from both the previous month and same month last year. In fact the January receipts were smaller than for any similar month since 1919.

The cattle market was somewhat irregular but conditions were generally satisfactory. Toward the close of the month most classes showed strength due to the lighter receipts. The outstanding feature during the month was the upward trend of hog prices. This upward movement, which began during the latter part of December, continued throughout January and at the close the best sold for \$13.50 as compared \$12.00 at the close of December. Sheep prices were generally steady.

FORT WORTH LIVESTOCK RECEIPTS

	January 1926	January 1925	Loss or Gain	December 1925	Loss or Gain
Cattle	89,704	75,530	G 14,174	100,744	L 11,040
Calves	16,032	15,055	G 977	34,330	L 18,298
Hogs	20,462	50,941	L 30,479	16,486	G 3,976
Sheep	9,235	30,451	L 21,216	28,720	L 19,485

COMPARATIVE TOP LIVESTOCK PRICES

	January 1926	January 1925	December 1925
Beef Steers	\$ 9.00	\$ 8.50	\$ 9.00
Stocker Steers	8.25	7.25	8.00
Butcher Cows	6.00	5.50	6.00
Stocker Cows	4.50	3.75	4.00
Calves	9.00	7.60	8.60
Hogs	13.50	11.25	12.50
Sheep	9.50	11.25	8.50
Lambs	15.50	16.75	15.50

Cotton Movements The receipts and exports of cotton during January at Houston and Galveston again fell considerably below those for the corresponding month during the previous year.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	January 1926	January 1925	Aug. 1st to Jan. 31st This Season	Last Season
Net receipts	267,061	342,220	2,526,858	3,056,674
Exports	360,506	395,178	1,914,144	2,546,256
Stocks, Jan. 31st			666,651	573,268

GALVESTON STOCK STATEMENT

	Jan. 31, 1926	Jan. 31, 1925
For Great Britain	19,600	20,488
For France	14,300	23,100
For other foreign ports	50,800	64,300
For coastwise ports	5,000	5,000
In compresses and depots	576,951	460,380
Total	666,651	573,268

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

	This Season	Last Season
Receipts since August 1st	7,460,891	7,306,711
Exports:		
Great Britain	1,576,255	1,879,558
France	617,095	630,910
Continent	2,290,033	2,157,984
Japan-China	712,787	598,691
Mexico	31,890	17,380
Total foreign ports	5,228,060	5,284,523
Stocks at all U. S. ports, Jan. 31st	1,590,787	1,488,627

HOUSTON COTTON MOVEMENTS

	January 1926	January 1925	Aug. 1st to Jan. 31st This Season	Last Season
Receipts—gross	358,471	447,197	4,140,730	4,071,767
Receipts—net	161,502	237,680	2,381,078	2,290,962
Exports	141,857	234,147	1,311,301	1,304,533
Stocks, Jan. 31st			731,436	602,729

SPOT COTTON PRICES (Middling Basis)

	January 1926		Feb. 15, 1926
	High	Low	
New York	21.90	20.40	20.60
New Orleans	20.78	19.82	19.82
Dallas	20.15	19.20	19.25
Houston	20.95	20.20	20.05
Galveston	21.05	20.35	20.25

COTTONSEED PRODUCTS

Reports from 60 cottonseed oil mills in this district indicate that the average price received for crude oil and hulls shipped during January was slightly higher than in December. The average price received for crude oil was \$.0861 per pound as compared to \$.0845 per pound in December, and the average price received for hulls was \$.960 per ton as compared to \$.907 per ton during the previous month. The average price received for cake and meal declined from \$32.90 per ton in December to \$31.63 in January. These mills purchased 32,380 tons of cottonseed during January at an average price of \$36.03 per ton as compared to 97,072 tons in December at an average price of \$35.30 per ton.

COTTONSEED PRODUCTS SHIPPED AND AVERAGE PRICE RECEIVED

	January, 1926	
	Products Shipped	Average Price F. O. B. Mill
Crude oil	19,224,783 lbs.	\$.0861 per lb.
Cake and meal	30,523 tons	31.63 per ton
Hulls	23,471 tons	9.60 per ton
Linters	6,888,534 lbs.	.0385 per lb.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	Aug. 1st to Jan. 31st This Season	Last Season	Aug. 1st to Jan. 31st This Season	Last Season
Cottonseed received at mills (tons)	1,274,000	1,452,000	4,878,000	4,132,000
Cottonseed crushed (tons)	1,016,000	1,126,000	3,808,597	3,248,452
Cottonseed on hand (tons)	279,000	334,000	1,099,371	900,899
Crude oil produced (pounds)	285,781,000	323,778,000	1,094,651,531	972,922,234
Cake and meal produced (tons)	479,000	523,000	1,769,148	1,482,494
Hulls produced (tons)	286,000	325,000	1,048,000	926,000
Linters produced (500-lb. bales)	192,000	211,000	712,000	619,316
Stocks on hand Jan. 31st:				
Crude oil (pounds)	21,720,000	30,580,000	69,508,000	91,873,000
Cake and meal (tons)	75,000	36,000	316,357	195,900
Hulls (tons)	75,000	76,000	185,000	214,000
Linters (500-lb. bales)	50,000	46,000	187,000	168,162

TEXTILE MILLING

The month of January witnessed some increase in the activity of cotton mills in this district. There were 2,439 bales consumed by reporting mills as compared to 2,225

during the previous month, and 2,155 bales during the corresponding month last year. These mills produced 1,081,118 pounds of cloth in January as compared to 1,004,213 pounds in December and 1,028,479 in January, 1925. Orders on hand at the end of January were about the same as at the end of the previous month but less than a year ago. Stocks on hand at the end of the month showed a further increase. Some mills report that there has been some improvement in business for immediate delivery but that there is practically no business for forward delivery.

TEXTILE MILLING STATISTICS

	January 1926	January 1925	December 1925
Number bales cotton consumed.....	2,489	2,155	2,225
Number spindles active.....	60,584	60,584	60,584
Number pounds cloth produced.....	1,081,118	1,028,479	1,004,213

WHOLESALE TRADE

Seasonal expansion in the distribution of merchandise in wholesale channels was a characteristic feature of the trade situation during the opening month of the new year. While the month's sales in every line reflected a decline from the corresponding month of the previous year, it will be remembered that trade during the closing months of 1924 and the early months of 1925 was at a high level. Reports indicate that consumers, particularly in those sections where the 1925 crop returns were disappointing, are limiting purchases largely to actual necessities until such a time as the outlook for 1926 becomes more definite and retailers, likewise, are moving cautiously and are holding their commitments well within the prospective consumer demand. Nevertheless, there seems to be a gradual improvement in sentiment among both consumers and merchants as the spring approaches with a favorable outlook for agriculture.

The sales of reporting wholesale dry goods firms during January registered a seasonal increase of 51.3 per cent over those for December, but were 12.9 per cent less than those in January, 1925. While larger scale buying is noticeable in many sections of the district, as a general rule, the retailers in those sections where the 1925 crop results were somewhat disappointing, are deferring purchases until the consumptive demand can be more accurately gauged. Throughout the trade there seems to be a disposition among retailers to limit commitments to well defined needs. The opening of the spring buying season in many centers about the first of February stimulated buying generally and late reports indicate that business is proving quite satisfactory.

The January distribution of farm implements reflected an increase of 56.8 per cent over the previous month, but was 29.7 per cent below that during the corresponding month last year. While the implement business is showing some

improvement from month to month it is falling considerably below normal for this season of the year. Late reports indicate that the demand in February is fairly active in some sections but buying is still on a small scale in that part of West Texas which was seriously affected on account of the early freeze last fall and in the drouth section of Central Texas. The fact that there is a good season in the ground in practically every section of the district makes the outlook more promising and should weather conditions continue favorable, an improvement in demand is expected.

Following the seasonal lull during December, the January business of wholesale grocery firms reflected a sizable expansion. Sales were 6.1 per cent greater than in the previous month but were 0.3 per cent less than in January last year. The demand for groceries appears to be holding up fairly well in most sections of the district and the outlook is reported to be from fair to good. Prices remained generally firm.

The sales of wholesale drug firms during January showed an increase of 3.1 per cent over the previous month, but a decline of 11.9 per cent from a year ago. Retailers appear to be operating on a conservative basis and are making purchases largely for immediate delivery. City business as a rule seems to be holding up well, but country buying is reported to be slower than usual at this season. Some firms report that February business is proving satisfactory. Prices remained generally unchanged.

The January sales of reporting wholesale hardware firms were 7.3 per cent less than in December and 0.5 per cent less than in January a year ago. The demand appears to be somewhat spotted, being fairly good in some sections of the district but poor in others. Most dealers report that the outlook is encouraging.

CONDITION OF WHOLESALE TRADE DURING JANUARY, 1926

Percentage of Increase or Decrease in

	—Net Sales— Jan., 1926 compared with		—Stocks— Jan., 1926 compared with	
	Jan., 1925	Dec., 1925	Jan., 1925	Dec., 1925
Groceries	— .3	+ 6.1	— 5.0	+ 11.7
Dry Goods	—12.9	+51.3	+ .2	+18.4
Farm Implements	—29.7	+56.8	— .6	— 2.1
Drugs	—11.9	+ 3.1	+ 6.3	+ 4.2
Hardware	— .5	— 7.3	+ 2.8	+ 9.2

RETAIL TRADE

The January sales of department stores reflected a seasonal decline of 48.8 per cent from December but were 0.4 per cent greater than those in the corresponding month last year. Reports indicate that the January clearance sales were well patronized and were generally satisfactory. The generally fair weather during February stimulated interest in spring merchandise.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	All Others	Total District
Total Sales					
Jan. 1926, compared with Jan. 1925.....	+ 6.3	+10.8	+ 3.4	—11.8	+ .4
Jan. 1926, compared with Dec. 1925.....	—48.9	—58.6	—51.6	—46.6	—48.8
Credit Sales					
Jan. 1926, compared with Jan. 1925.....	+20.5	+19.0	+ 5.0	— 6.2	+ 9.1
Jan. 1926, compared with Dec. 1925.....	—38.5	—57.5	—49.5	—45.1	—44.7
Stocks					
Jan. 1926, compared with Jan. 1925.....	— 1.1	+ 5.7	+ 1.2	— .4	+ .7
Jan. 1926, compared with Dec. 1925.....	— 1.3	+ 6.9	— 7.9	+ .7	+ .1
Percentage of sales to average stocks in					
Jan. 1925	18.6	13.8	23.6	23.4	19.8
Jan. 1926	19.7	14.4	23.7	21.1	19.6
Ratio of outstanding orders to last year's purchases.....	8.0	6.2	5.3	6.4	7.0
Ratio of Jan. collections to accounts receivable due and outstanding Jan 1, 1926	37.2	35.4	39.5	42.8	38.9

Stocks on hand at the close of January showed but little change from those at the end of December and the end of January a year ago. The percentage of sales to stocks in January 1926 was practically the same as that for the same month last year.

The percentage of outstanding orders to last year's pur-

chases at the close of January was 7.0 as compared to 5.6 at the end of December and 11.2 at the close of January 1925.

The ratio of January collections to accounts receivable on January 1st was 38.9 as compared to 39.3 in December and 42.6 in January last year.

FINANCIAL

The volume of public spending during January as measured by charges to depositors' accounts at banks in sixteen principal cities of this district reflected a slight decrease as compared to both the previous month and the same month last year. The total for the month amounted to \$800,005,000 which represents a decrease of 2.6 per cent from December and 0.4 per cent from January a year ago.

DEBITS TO INDIVIDUAL ACCOUNTS

	January 1926	January 1925	Inc. or Dec.	December 1925	Inc. or Dec.
Albuquerque	\$10,740,000	\$11,016,000	- 2.5	\$11,074,000	- 3.0
Austin	21,181,000	25,851,000	-18.1	19,252,000	+10.0
Beaumont	19,080,000	18,912,000	+ .9	19,408,000	- 1.7
Corsicana	10,430,000	11,441,000	- 8.8	9,370,000	+11.3
Dallas	254,109,000	236,899,000	+ 7.3	255,396,000	- .5
El Paso	34,761,000	35,127,000	- 1.0	40,379,000	-13.9
Fort Worth	85,363,000	91,940,000	- 7.2	90,102,000	- 5.3
Galveston	50,957,000	58,018,000	-12.2	53,479,000	- 4.7
Houston	151,975,000	151,414,000	+ .4	160,947,000	- 5.6
Roswell	3,583,000	2,994,000	+19.7	4,181,000	-14.3
San Antonio	40,041,000	40,528,000	- 1.2	40,143,000	- .3
Shreveport	43,045,000	42,171,000	+ 2.1	42,908,000	+ .3
Texarkana	11,612,000	10,904,000	+ 6.5	10,136,000	+14.6
Tucson	9,242,000	9,255,000	- .1	11,356,000	-18.6
Waco	20,029,000	25,474,000	-21.4	20,034,000	None
Wichita Falls	33,857,000	31,649,000	+ 7.0	33,258,000	+ 1.8
Total, 11th District	\$800,005,000	\$803,593,000	- .4	\$821,423,000	- 2.6

with \$3,015,299.28 on December 31st. The amount executed against import and export transactions declined from \$1,901,545.34 on December 31st to \$1,238,018.65 on January 31st but those based on the domestic shipment and storage of goods increased from \$1,113,753.94 on the former date to \$1,961,393.60 on the latter date.

Condition of Member Banks in Selected Cities
The deposits of member banks in selected cities reflected a gain of \$4,875,000 during the past month, there being an increase of \$908,000 in their net demand deposits and \$3,967,000 in time deposits. Loans on the other hand showed a decline. While loans secured by corporate securities increased \$1,789,000, there was a decrease of \$513,000 in loans secured by U. S. Government obligations and \$2,267,000 in all other loans (largely commercial). The investments of these banks on February 3rd were \$1,639,000 greater than on January 6th. Their bills payable and rediscounts with the Federal Reserve Bank were \$4,735,000 on the former date as compared to \$6,981,000 on the latter date.

Acceptance Market
The volume of acceptances executed by accepting banks and which were outstanding at the close of January was slightly greater than that at the end of December. These acceptances totaled \$3,199,412.25 on January 31st as compared

When the statement of these banks as of February 3, 1926, is compared with that for February 4, 1925, the following items are significant: investments increased \$3,265,000; loans increased \$14,269,000; total deposits increased \$4,100,000; and borrowing at the Federal Reserve Bank increased \$2,636,000.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Feb. 3, 1926	Feb. 4, 1925	Jan. 6, 1926
1. Number of reporting banks	49	49	49
2. U. S. securities owned	\$50,268,000	\$49,152,000	\$48,934,000
3. All other stocks, bonds and securities owned	23,426,000	21,277,000	23,121,000
4. Loans secured by U. S. Government obligations	3,093,000	3,710,000	3,606,000
5. Loans secured by stocks and bonds other than U. S. Government obligations	80,868,000	67,384,000	79,079,000
6. All other loans	237,054,000	235,652,000	239,321,000
7. Net demand deposits	280,785,000	283,065,000	279,377,000
8. Time deposits	100,305,000	93,925,000	96,338,000
9. Reserve with Federal Reserve Bank	30,114,000	31,154,000	28,958,000
10. Bills payable and rediscounts with Federal Reserve Bank	4,735,000	2,099,000	6,981,000
11. Ratio of loans* to net demand deposits	86%	85%	87%

*Loans include only items 4 and 6.

Savings Deposits
There was an increase of 1.6 per cent in the amount of savings deposits at the end of January reported by 96 banks of this district which operate savings departments over their savings deposits at the close of the previous month, and an

increase of 12.9 per cent as compared to those on January 31, 1925. The reporting banks carried 237,527 savings accounts on January 31st as compared to 233,405 on December 31st and 219,003 on January 31st last year.

SAVINGS DEPOSITS

	Number of Reporting Banks	January 31, 1926		January 31, 1925		Inc. or Dec.	December 31, 1925		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	3*	2,067	945,952	1,925	1,002,957	- 5.7	2,045	922,601	+ 2.5
Dallas	7	47,781	16,604,073	42,350	14,452,518	+14.9	46,797	16,393,612	+ 1.3
El Paso	3	16,968	5,568,625	15,724	5,900,691	- 5.6	16,713	5,700,710	- 2.3
Fort Worth	4	19,172	5,933,017	18,774	5,101,911	+16.3	18,451	4,920,699	+20.6
Galveston	3	12,914	8,828,067	13,274	7,913,549	+11.6	12,937	8,019,405	+10.1
Houston	13*	44,536	25,084,851	37,695	21,723,691	+15.5	43,714	25,238,427	- .6
San Antonio	6*	20,244	11,792,530	18,188	11,159,395	+ 5.7	19,725	11,843,205	- .4
Shreveport	3	20,958	9,831,851	19,892	8,160,753	+20.5	20,739	10,053,071	- 2.2
Waco	5	8,096	4,839,891	7,627	4,105,473	+17.9	7,847	4,876,592	- .8
Wichita Falls	3	7,033	2,889,033	6,608	1,536,814	+88.0	7,014	2,499,464	+15.6
All Others	46*	37,753	17,504,568	36,946	16,235,831	+ 7.8	37,423	17,649,520	- .8
Total	96	237,527	109,822,458	219,003	97,294,083	+12.9	233,405	108,117,307	+ 1.6

*Only 2 banks in Beaumont, 11 banks in Houston, 5 banks in San Antonio, and 41 banks in all others reported the number of savings depositors.

FEBRUARY 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.....	4½-6	5½-8	4½-6	5-6	5-8	5-7
(b) running 4-6 months.....	4½-6	6-8	4½-6	5-6	5-8	5-8
Rate charged on loans to other banks, secured by bills receivable.....	4-6	6-8	5-6	5-6	5-8	5-6
Rate on ordinary commercial loans running 30-60-90 days secured by Liberty Bonds and Certificate of Indebtedness (not including loans to enable purchase of bonds).....	4-7	6-8	5-6	5-6	5-8	6
Rate on loans secured by prime stock exchange or other current collateral:						
(a) demand.....	6-7	8	6-8	5-6	5-8	4¼-7
(b) time.....	6-1	6-8	6-8	5-6	6-8	7-8
Rate on commodity paper secured by warehouse receipts, etc.....	4½-8	8	6-8	5-6	6-8	6-8
Rate on cattle loans.....	6-8	8-9	6-8	6-8	7-8

Deposits of Member Banks The total deposits of member banks which amounted to \$827,143,000 on January 27, 1926 reflected a seasonal decline of \$4,896,000 as compared to those on December 23, 1925, but a gain of \$5,712,000 over those on January 23, 1925. As compared to the previous month, net demand deposits decreased \$8,936,000 but time deposits increased \$4,040,000.

Following the heavy demand for currency during the holiday season, Federal reserve notes in actual circulation reflected a sharp decline, being \$40,976,385 on January 31st as compared to \$47,436,585 on the last day of December. The reserve deposits of member banks totaled \$63,701,680 at the close of January or a decrease of \$2,501,114 from those at the end of the previous month.

DEPOSITS OF MEMBER BANKS

	Total		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
Jan. 28, 1925.....	660,847	160,584	320,086	44,219	340,811	116,365
Feb. 25, 1925.....	680,428	166,895	321,650	45,834	358,778	121,061
Mar. 25, 1925.....	662,862	163,780	304,459	45,132	358,403	118,648
Apr. 22, 1925.....	635,576	165,531	292,385	47,963	343,191	117,568
May 27, 1925.....	605,626	166,006	277,145	48,771	328,481	117,235
June 24, 1925.....	588,601	167,218	267,143	47,978	321,458	119,240
July 29, 1925.....	581,038	168,600	261,957	47,643	319,081	120,957
Aug. 26, 1925.....	590,664	168,110	268,000	47,585	322,664	120,525
Sept. 23, 1925.....	632,784	169,415	296,777	48,393	336,007	121,022
Oct. 28, 1925.....	667,413	166,601	318,302	45,861	349,111	120,740
Nov. 25, 1925.....	674,507	166,821	322,213	46,190	352,294	120,631
Dec. 23, 1925.....	668,749	163,290	316,643	44,446	352,106	118,844
Jan. 27, 1926.....	659,813	167,330	308,899	44,722	350,914	122,608

Operations of Federal Reserve Bank Federal Reserve Bank loans to member banks amounted to \$7,447,961 on January 31st as compared to \$4,006,902 on the last day of December. These loans reflected a sharp upward movement after the opening of the new year, reaching a peak on January 7th at \$9,273,538, but have shown a gradual decline since that date. On February 15th they amounted to \$5,219,136. The decline in loans is due to the fact that the reserve city banks which have been the large borrowers during the past three months are now liquidating their lines. While some banks in the agricultural sections have begun to borrow at the Federal Reserve Bank, the volume of such borrowing is still small and has not been sufficient to offset the liquidations of reserve city banks. There were 69 borrowing banks on January 31st as compared to 42 on December 31st. It will be recalled that only 38 banks were indebted to us on January 31, 1925 and the amount of loans to them was \$2,705,670.

Due to the large reduction in our investments in bankers' acceptances, the total volume of bills held by this bank declined from \$32,877,483.04 on December 31st to \$24,497,745.04 on January 31st, distributed as follows:

Member bank collateral notes secured by U. S. Government obligations.....	\$ 1,080,200.00
Rediscounts and all other loans to member banks.....	6,367,761.18
Open market purchases (Bankers' Acceptances).....	17,049,783.86
Total bills held.....	\$24,497,745.04

FAILURES

The business mortality rate in this district reflected a sharp increase during January, the number of failures being the largest since December, 1923. There were 108 defaults during the month with a total indebtedness of \$1,457,716 as against 49 failures in December with liabilities amounting to \$608,088, and 78 insolvencies in January, 1925, with an aggregate indebtedness of \$1,312,836.

PETROLEUM

The production of crude oil in the Eleventh District continued in January the decline in daily average production which has been in progress since last summer. There were 12,142,980 barrels of crude oil produced in the district during January as compared to 12,667,264 barrels during the previous month. Daily average production in January amounted to 391,709 barrels, while in December the daily average was 408,621 barrels, which represents a decrease of 16,912 barrels. Despite the inclement weather, drilling operations were carried forward speedily and a large number of new wells were completed but failed to net enough new production to cover the decline of the old wells. There were 554 wells completed in January of which 351 were successful and yielded a flush production of 61,550 barrels of oil, while in December only 525 wells were completed of which 315 were producers and netted 68,657 barrels of oil.

In Texas there were 10,784,250 barrels of oil produced during January, representing a decline of 483,800 barrels from December production of 11,268,050 barrels and a net decrease of 15,606 barrels in daily average production. All fields in Texas registered decreases in production with the exception of Central-West and South-West Texas, where the Reagan and Coleman County fields and the Mirando field furnished the bulk of the increases. Field work is active in the Texas Panhandle, with Hutchinson County occupying the center of interest at present. Daily average production of crude oil in Louisiana during January declined 1,306 barrels as compared to the previous month.

Crude Oil Prices
Price changes on crude oil were posted at all Eleventh District fields except the Gulf Coast during the period from January 13th to February 10th. Prices on North and Central Texas,

Caddo, Bull Bayou, and De Soto crudes were advanced 25 cents per barrel, Homer was increased 20 cents, and Haynesville 30 cents per barrel.

OIL PRODUCTION

	January			December			Increase or Decrease	
	Total	Daily	Avg.	Total	Daily	Avg.	Total	Daily
North Texas.....	2,597,180	83,780		3,123,100	100,745		Dec. 525,920	Dec. 16,965
Central-West Texas.....	2,398,470	77,370		2,155,545	69,534		Inc. 242,925	Inc. 7,836
East-Central Texas.....	2,067,160	66,682		2,225,720	71,797		Dec. 158,560	Dec. 5,115
Texas Coastal.....	2,394,770	77,251		2,550,900	82,287		Dec. 156,130	Dec. 5,086
Southwest Texas.....	1,326,670	42,796		1,212,785	39,122		Inc. 113,885	Inc. 3,674
Total, Texas.....	10,784,250	347,879		11,268,050	363,485		Dec. 483,800	Dec. 15,606
North Louisiana.....	1,358,730	43,830		1,399,214	45,136		Dec. 40,484	Dec. 1,306
Total, District.....	12,142,980	391,709		12,667,264	408,621		Dec. 524,284	Dec. 16,912

JANUARY DRILLING RESULTS

Field—	Completions	Producers	Failures	Initial Production
North Texas.....	301	191*	110	13,871
Central-West Texas.....	96	61**	35	11,739
East-Central Texas.....	5	4	1	215
Texas Coastal.....	61	50	11	29,327
East Texas.....	11	9***	2	140
Southwest Texas.....	16	10	6	2,580
Texas Wildcats.....	29	2	27	2,500
Totals, Texas.....	519	327	192	60,372
North Louisiana.....	35	24****	11	1,178
Jan. Totals, District.....	554	351	203	61,550
Dec. Totals, District.....	525	315	210	68,657

*One gas well. **Eight gas wells. ***Five gas wells. ****Five gas wells.

LUMBER

The operations of the Eleventh District pine mills during January failed to show the usual beginning of the year activity. Both shipments and production reflected a decline from the previous month. The January production was 14 per cent below normal as compared to 8 per cent in December and the month's shipments were 18 per cent below normal production as compared to 12 per cent in the previous month. New orders at the mills, however, showed an increase being equivalent to 86 per cent of normal production in January as against 81 per cent in December.

Unfilled orders on the books of 44 mills at the end of January amounted to 55,634,898 feet as compared to 54,503,543 feet on the books of 47 mills at the close of December.

JANUARY PINE MILL STATISTICS

Number of reporting mills.....	44
Production.....	86,003,463 feet
Shipments.....	82,591,068 feet
Orders.....	86,759,982 feet
Unfilled orders, January 31st.....	55,634,898 feet
Normal production.....	100,565,488 feet
Stocks, January 31st.....	254,960,007 feet
Normal stocks.....	298,361,148 feet
Shipments below normal production.....	17,974,380 feet=18%
Actual production below normal.....	14,561,980 feet=14%
Orders below normal production.....	13,805,466 feet=14%
Stocks below normal.....	43,401,141 feet=15%

CRUDE OIL PRICES

	Feb. 10, 1926	Feb. 13, 1925
TEXAS		
Texas Coastal.....	\$1.50	\$1.75
North and Central Texas (44 gr. and above).....	2.68	*
*Prices for Feb. 13, 1925, not available on a comparable basis.		
	Feb. 10, 1926	Feb. 13, 1925
LOUISIANA—		
Caddo (38 gr. and above).....	\$2.20	\$1.80
Bull Bayou (38 gr. and above).....	2.00	1.60
Homer (35 gr. and above).....	1.95	1.55
Haynesville (33 gr. and above).....	1.85	1.45
De Soto crude.....	2.05	1.65

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

BUILDING

Building projects launched during January at the twelve reporting centers of the Eleventh Federal Reserve District failed to show the usual increase incident to the opening of the new year. However, it must be borne in mind that the total during December was unusually heavy. The estimated valuation of permits issued at reporting centers

during January was \$9,483,498, a decrease of 2.9 per cent from the \$9,763,536 estimated valuation of the December permits, but there was an increase of 36.3 per cent over the \$6,958,217 total valuation of permits issued during January, 1925.

BUILDING PERMITS

	January 1926		January 1925		Inc. or Dec.	December 1925		Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation	
Austin.....	52	126,408	45	67,175	+ 88.2	31	582,999	- 76.3
Beaumont.....	126	102,641	137	202,158	- 49.2	80	51,354	+ 99.9
Dallas.....	343	1,265,509	474	2,903,070	- 56.4	351	1,284,445	- 1.5
El Paso.....	58	139,280	57	49,955	+178.8	33	66,165	+110.5
Fort Worth.....	411	1,422,436	190	690,299	+106.1	150	568,760	+150.1
Galveston.....	213	191,516	250	85,029	+125.2	211	107,589	+ 78.0
Houston.....	390	3,509,543	444	1,298,866	+170.2	324	5,948,203	- 41.0
Port Arthur.....	90	94,245	124	58,580	+ 60.9	156	76,166	+ 23.7
San Antonio.....	329	1,563,216	312	604,470	+158.6	223	541,737	+188.6
Shreveport.....	293	440,437	268	356,395	+ 23.6	236	387,868	+ 13.6
Waco.....	26	44,775	75	278,810	- 83.9	28	74,205	- 39.7
Wichita Falls.....	123	583,492	90	363,410	+ 60.6	128	124,045	+370.4
Total.....	2454	9,483,498	2466	6,958,217	+ 36.3	1951	9,763,536	- 2.9

CEMENT

The January production and shipments of cement at Texas mills reflected a sharp decline from the previous month but a substantial increase over January, 1925. The month's production was 330,000 barrels as compared to 393,000 barrels in December and 304,000 barrels in the corresponding month of last year. January shipments were

9.9 per cent less than in December but 10.0 per cent greater than in January a year ago. Stocks on hand at these mills on January 31st were 4.8 per cent greater than at the close of December and 32.5 per cent greater than on January 31, 1925.

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

	January 1926	January 1925	Inc. or Dec.	December 1925	Inc. or Dec.
Stocks at end of month at Texas Mills.....	330,000	304,000	+ 8.6	393,000	-16.0
Shipments from Texas Mills.....	308,000	280,000	+10.0	342,000	- 9.9
Production at Texas Mills.....	502,000	379,000	+32.5	479,000	+ 4.8

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board, as of February 24, 1926)

Industrial activity in January was in slightly smaller volume than in December, and the distribution of commodities showed a seasonal decline. The level of prices remained practically unchanged.

PRODUCTION

The Federal Reserve Board's index of production in selected basic industries was about one per cent lower in January than in December. The output of iron and steel, copper, and zinc increased, while activity in the woolen and petroleum industries declined, and mill consumption of cotton, the cut of lumber, and bituminous coal production increased less than is usual at this season of the year. Automobile production, not included in the index was slightly smaller than in December, but considerably larger than in January, 1925. Factory employment changed but little in January, but the earnings of workers decreased considerably owing to the closing of plants in most industries at the opening of the year for inventory taking and repairs. The volume of building contracts awarded in January, although seasonally less than in December, exceeded that of any previous January on record. Contracts awarded were particularly large in the New York and Atlanta districts.

TRADE

Sales of department stores and mail order houses showed more than the usual seasonal decline in January, but were larger than in January of last year. Wholesale trade declined considerably and was in smaller volume than a year ago. Stocks at department stores showed more than the usual increase in January and were about 11 per cent larger than at the end of January, 1925. Freight car loadings declined in January and the daily average for the month was approximately the same as a year earlier.

PRICES

Wholesale prices, as measured by the index number of the Bureau of Labor Statistics, remained practically unchanged from December to January. By groups of commodities, prices of grain, coke and paper and pulp increased, while dairy products, cotton goods, bituminous coal and rubber declined. In the first three weeks of February there was a decline in the prices of grains and following the settlement of the strike in the anthracite region, a drop in the prices of bituminous coal and coke. Price advances were shown for refined sugar, copper, and petroleum.

BANK CREDIT

At member banks in leading cities the seasonal decline in the demand for credit, which began at the turn of the year, came to an end toward the close of January and in the early part of February the volume of loans and investments at these banks increased considerably. The increase was largely in loans for commercial purposes, which after declining almost continuously from their seasonal peak early in October advanced by more than \$50,000,000 in February. The growth in the commercial demand for credit throughout the country, together with some increase in currency requirements, was reflected in a withdrawal of funds from the New York money market and was a factor in the increase in the demand for reserve bank credit after the end of January. Reserve bank holdings of bills and securities increased by about \$66,000,000 between January 27 and February 17. As the result of the withdrawal of funds from New York, the rates on call loans became somewhat firmer in February but commercial paper rates were slightly lower.