

# 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

	August	July	Inc. or Dec.
Bank debits to individual accounts (at 16 cities).....	\$696,388,000	\$696,721,000	Inc. None
Department store sales.....			Inc. 13.0%
Reserve Bank loans to member banks at end of month.....	\$ 26,380,617	\$ 18,266,258	Inc. 44.4%
Reserve Bank ratio at end of month.....	51.8%	51.1%	Inc. 0.7 points
Building permit valuations at larger centers.....	\$ 7,246,065	\$ 7,860,709	Dec. 7.8%
Commercial failures (number).....	50	72	Dec. 30.6%
Commercial failures (liabilities).....	\$ 682,086	\$ 969,986	Dec. 29.7%
Oil production (barrels).....	17,552,483	14,292,770	Inc. 22.8%
Lumber orders at pine mills (per cent of normal production).....	98%	95%	Inc. 3 points

A strong seasonal demand for merchandise at wholesale and increased industrial activity were important developments during the past month. The August volume of distribution at wholesale registered a large increase over that for July and was substantially above that for the corresponding month last year. While debits to individual accounts remained at practically the same level as in the previous month, they exceeded those of August, 1925, by 13 per cent. Department store sales reflected a gain of 13 per cent, as compared to July, and 17 per cent as compared to the same month last year.

Further employment increases were noted in many of the district's industries with some going on a full time schedule. Due to the falling off in construction activity, a general surplus of building craftsmen still exists. While there is a surplus of common laborers in some of the larger cities, the shortage of cotton pickers which exists in practically every section of the district is gradually absorbing this surplus.

With the exception of cotton, principal crops made satisfactory progress, and on September 1st, the indicated yield was greater than that a month earlier. The cotton crop showed rapid deterioration during August and the early days of September. According to a survey made by this bank, the results of which will be found elsewhere in the Review, the crop is very spotted and is from two to four weeks late. Insect activity has been increasing and root-rot is unusually bad, both of which have taken a heavy toll from the crop. The cotton market, which showed a substantial rise during the last half of August, again turned

downward and by September 15th, had declined to a point below that obtaining a month earlier.

The expansion of business and industry and the lateness of the cotton crop created a heavy demand for credit. Federal Reserve Bank loans to member banks increased \$8,114,000 during August, and on the last day of the month they amounted to \$26,381,000 which was the highest point reached in nearly three years. While member bank deposits declined \$5,307,000 during the month and on August 25th were \$9,034,000 less than on the corresponding date in 1925, the difference between the maturity dates of the cotton crop this year and last year largely accounts for the declines. That there is still a large volume of funds in this district seeking an investment outlet is shown by the fact that the subscriptions to the September 15th issue of 3½ per cent Treasury Certificates of Indebtedness amounted to \$37,000,500, allotments to which totaled \$13,384,500.

A substantial improvement was noted in the district's business mortality rate. The number of failures in August and the amount of indebtedness involved were considerably less than in either the previous month or the same month last year.

For the third consecutive month, the valuation of building permits issued at principal cities reflected a decline and for the first time in a year the total for the current month was less than in the corresponding month of the previous year. The production and shipment of lumber remained at about the same level as in July but new orders received increased. While the production of cement declined, shipments showed a substantial gain.

### CROP CONDITIONS

Weather conditions in this district the past month have not been altogether favorable for crops, as some sections have had too much rain while others have suffered from high temperatures and the lack of moisture. Yet, with the

exception of cotton which has shown considerable deterioration, the principal crops have made satisfactory progress.

The condition of the Texas corn crop advanced two points to 94 per cent on September 1 and present indications

point to a production for the state of 107,564,000 bushels. This is the greatest volume produced since 1922 when the total yield amounted to 114,580,000 bushels. In New Mexico the crop is maturing rapidly and is mostly in good condition although some of the crop has fired as a result of heat and dry weather. Grain sorghums are in a generally good condition throughout the district. In the eastern counties of New Mexico the crop is maturing and harvesting has begun. The weather has been favorable for the Texas crop and the 94 per cent condition on September 1 indicates a production of 51,852,000 bushels for the state. The September 1 estimate of the 1926 production of the small grains in Texas is as follows: Wheat 34,200,000 bushels; oats, 83,700,000 bushels; and barley, 7,700,000 bushels.

While the rains have interfered with the cutting and curing of hay, the production this year will be much higher than last year. Most of the farmers will have a surplus of hay this year.

The present condition of the Texas rice crop promises a yield of 6,067,000 bushels which is slightly higher than the 1925 production.

### SURVEY OF THE TEXAS COTTON CROP

Reports from approximately 1200 banks in the cotton-growing counties of Texas indicate that the crop this year is very spotted. It appears that in most sections, the cotton on the bottom land, which normally makes the largest yield, will produce only a small amount this year. Most of the cotton on this land has grown very rank and has fruited very little. Insect damage was reported in every section of the state, ranging from slight in some sections to very great in others. Poisoning has been general with varying effects. Control of the insects has been difficult, as the almost continuous rains during the past thirty days, in some sections, have washed off the poison as soon as applied, and have made additional applications difficult. In some instances, it has been difficult to obtain sufficient amounts of poison in time to bring the insects under control, while in others the farmers delayed poisoning too long and allowed the insects to destroy a large portion of the crop before making any attempt to bring them under control. Furthermore, weather conditions have been conducive to the rapid propagation of insects. Reports state that in many fields the stalks have already been almost completely stemmed by the leaf worm. In the older cotton producing sections, there is an unusually large percentage of dead cotton, and, as most of it died before maturing any bolls, that portion of the crop is an almost complete loss this year. There is given below a summary of reports, by districts:

*Northwest* While the crop in this section is somewhat spotted, the condition, generally, ranges from fair to excellent. In several counties, the leaf and boll worms have done considerable damage, but, over the district as a whole, it appears that the damage has been lighter than in other sections of the state. The crop, generally, is earlier than last year.

*North* Cotton in this section ranges mostly from poor to fair. Insect activity and root-rot have been very bad. Some bolls at the bottom of the stalk

are beginning to rot. The crop is very spotted and is from fifteen to thirty days later than a year ago. The yield on bottom land will be light but much of the cotton on the higher land will produce as much or more than last year.

*Northeast* The cotton ranges from poor to fair. Insect activity has been unusually heavy, and the crop has deteriorated rapidly. There is a large area of dead cotton. In some localities the cotton appears to be shedding all young fruit. The crop is from two to three weeks late.

*West and West-Center* The crop in this section is very spotted, particularly in the west-center section. In the extreme west, the crop appears to be from fair to good with prospects that the production will probably reach the last year's figure. In the west-center section the crop is mostly from poor to fair. Insects are very active and have done considerable damage.

*Center* Condition of the crop ranges from poor to good, and, as conditions were unusually adverse last year, production this year will greatly exceed that of 1925. Insects have been very active throughout the growing season, and despite heavy poisoning, they have taken a heavy toll from the cotton crop. Another adverse factor is the very large amount of dead cotton which died before there was any fruit on it. The crop is very spotted, reports indicating that some fields will make a very heavy yield, while other fields will make practically nothing. The crop is about thirty days late.

*East* The crop ranges mostly from fair to good. Insects have been active, and have destroyed a considerable amount of the crop. Cotton is beginning to open rapidly, but the recent rains have retarded picking.

*South* Condition of the crop is very spotted, ranging from poor to excellent. Root-rot has been very bad, and in some counties has taken a very heavy toll. Picking is well advanced, but considerable difficulty is being experienced in obtaining pickers, and in some counties farmers are required to pay very high prices for picking.

*Southeast* Condition of the crop is from poor to fair. The root-rot has done much damage, and insects have been very active. The scarcity of pickers and recent rains have greatly retarded picking operations.

### LIVESTOCK

The condition of ranges and livestock throughout practically all of the Eleventh Federal Reserve District is from fair to excellent. The rains during the past thirty days have been generally beneficial and fall and winter grass is practically assured. Livestock for the most part are fat. Reports indicate that in some sections a greater number of livestock will be retained on the ranges this year than usual as the heavy liquidation last year left some of the ranges understocked.

**Movements and Prices** Livestock movements to the Fort Worth market during August were on a more restricted scale than in the months immediately preceding and were less than a year ago. Receipts of cattle and sheep were substantially lower than in July and receipts of cattle and calves showed a heavy decline from last year.

The cattle market was irregular, but on the whole prices tended toward lower levels. At times the market developed some strength but the gains could not be maintained. Calves were in good demand during the greater part of the month and prices gradually worked to higher levels. Following the decline during July, the hog market turned upward in August and on the last day of the month the best were selling at \$15.00. Sheep prices reflected a decline but lambs cleared to a slightly better advantage.

**FORT WORTH LIVESTOCK RECEIPTS**

	August 1926	August 1925	Loss or Gain	July 1926	Loss or Gain
Cattle	58,823	108,277	L 49,454	81,933	L 23,110
Calves	20,268	46,918	L 26,645	15,078	G 5,190
Hogs	12,247	13,094	L 847	11,882	G 365
Sheep	21,372	23,447	L 2,075	41,453	L 20,081

**COMPARATIVE TOP LIVESTOCK PRICES**

	August 1926	August 1925	July 1926
Beef Steers	\$ 8.10	\$ 9.75	\$ 9.00
Stocker steers	7.25	6.80	7.60
Butcher cows	7.00	5.50	6.00
Stocker cows	5.00	3.25	5.25
Calves	10.75	9.00	10.50
Hogs	15.00	14.20	15.25
Sheep	8.50	8.50	8.50
Lambs	14.00	13.00	12.50

**Cotton Movements** The August exports of cotton from Houston and Galveston were substantially greater than those for the corresponding month last year. Exports from all United States ports were considerably under those for August, 1925.

**COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON**

	August 1926	August 1925	August 1 to August 31 This Season	August 1 to August 31 Last Season
Net receipts	146,485	123,943	146,485	123,943
Exports	120,579	105,347	120,579	105,347
Stocks, August 31			175,835	70,168

**GALVESTON STOCK STATEMENT**

	August 31, 1926	August 31, 1925
For Great Britain	7,400	700
For France	9,500	300
For other foreign ports	37,600	3,700
For coastwise ports	2,000	500
In compresses and depots	119,335	64,968
Total	175,835	70,168

**HOUSTON COTTON MOVEMENTS**

	August 1926	August 1925	August 1 to August 31 This Season	August 1 to August 31 Last Season
Receipts—net	163,907	248,835	163,907	248,835
Exports	130,078	117,325	130,078	117,325
Stocks, August 31			205,525	169,472

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

	August 1 to August 31 This Season	August 1 to August 31 Last Season
Receipts	427,721	481,091
Exports: Great Britain	46,274	59,123
France	29,407	41,484
Continent	183,687	217,303
Japan-China	32,355	14,153
Mexico	57	2
Total foreign ports	291,780	332,065
Stocks at all U. S. ports, August 31	669,076	312,323

**SPOT COTTON PRICES (Middling Basis)**

	August, 1926		Sept. 15 1926
	High	Low	
New York	19.20	17.70	17.25
New Orleans	18.74	17.17	16.31
Dallas	18.30	16.60	15.75
Houston	18.50	16.75	16.40
Galveston	18.55	16.70	16.50

**COTTONSEED PRODUCTS**

After strengthening somewhat in July, the market on all classes of products shipped from 50 reporting cottonseed oil mills in the Eleventh District, declined in August. Crude oil sold at an average price of \$.1073 per pound in August, as against \$.1268 in July, while the average price received for cake and meal declined from \$28.42 per ton in July to \$26.76 in August. Hulls brought \$7.85 per ton, as compared to \$8.11 in the previous month, and linters dropped from an average price of \$.0370 per pound in July to \$.0298 per pound in August.

**COTTONSEED PRODUCTS SHIPPED AND AVERAGE PRICE RECEIVED**

	August, 1926	
	Products Shipped	Average Price F. O. B. Mill
Crude oil	2,093,740 lbs.	\$.1073 per lb.
Cake and meal	7,655 tons	26.76 per ton
Hulls	2,725 tons	7.85 per ton
Linters	2,095,059 lbs.	.0298 per lb.

**TEXTILE MILLING**

Some improvement in the textile situation was noted during August. The reporting mills consumed 2,131 bales of cotton in August, as compared to 2,074 in July, and 1,732 in August last year. The August production reflected an increase of 10 per cent over the previous month and was 2.6 per cent larger than in the corresponding month last year. While the volume of buying has been fairly good, it has been mostly for immediate delivery. Stocks and unfilled orders on hand at the end of August were considerably below those at the end of both the previous month and the same month last year.

**TEXTILE MILLING STATISTICS**

	August 1926	August 1925	July 1926
Number bales cotton consumed	2,131	1,732	2,074
Number spindles active	68,996	65,204	64,996
Number pounds cloth produced	943,771	867,729	919,955

**WHOLESALE TRADE**

A broad demand for merchandise in the wholesale channels of distribution was the outstanding feature of trade reports for August. Although the summer slackening was

less marked than usual, early fall buying has been on a large scale. Sales during the past month reflected a large seasonal expansion over the previous month and exceeded those of the corresponding month of last year by a wide margin. Yet, reports indicate that merchants, as a rule, are operating on a conservative basis and are keeping commitments closely aligned with consumer demand. Dealers in some lines state that September business has been good. Collections so far have not been up to normal but the lateness of the cotton crop has retarded payments to some extent. The outlook for the immediate future is promising.

Coincident with the opening of the fall buying season in leading centers, there was a heavy demand for dry goods at wholesale. Sales of reporting firms were 93.4 per cent greater than in July but were 3.2 per cent less than in August last year. While business in the aggregate is large, merchants are buying cautiously and are holding commitments well in line with consumer demand. Reports indicate that buying so far in September compares favorably with that for August and that the outlook for fall trade is good.

The demand for farm implements during August was well sustained. While sales were 2.5 per cent less than during July, they were 45.6 per cent greater than in August, 1925. The combined sales for July and August this year averaged 53.7 per cent larger than during the corresponding months last year. The satisfactory progress of crops during the summer and the increasing evidence that the returns from this year's crops will exceed those of last year, are being reflected in the heavier volume of implement purchases. While implement purchases during the past two months have exceeded those during any similar period in several years it should be remembered that purchases since 1920 have generally been below normal. Prices remained generally steady.

A strong demand for drugs at wholesale was in evidence during August. The sales of reporting firms reflected a further increase of 25.1 per cent, as compared to the previous month and were 19.2 per cent larger than in August, 1925. That the improvement in business is general throughout the district is shown by the fact that sales of every reporting firm were greater than in either the previous month or the corresponding month last year. Reports indicate that the demand is steadily improving and that the outlook for fall trade is good. Prices remained generally steady.

For the third consecutive month the sales of reporting grocery firms have shown an increase over the previous month and have been slightly higher than in the same months of the previous year. August sales were 9.4 per cent greater than in July and 0.7 per cent above those for August, 1925. Reports indicate that the demand continues generally good.

A renewed demand for hardware at wholesale was noticeable during August following the seasonal recession in June and July. Sales of reporting firms were not only 18.5 per cent larger than in the previous month, but exceeded those for the corresponding month last year by 10.0 per cent. The increased demand appeared to be general throughout the district.

CONDITION OF WHOLESALE TRADE DURING AUGUST, 1926  
Percentage of Increase or Decrease in

	—Net Sales— August, 1926 compared with		—Net Sales— July 1 to Date, Compared with Same Period Last Year	—Stocks— Aug., 1926 compared with	
	August 1925	July, 1926	August 1925	August 1925	July, 1926
Groceries	+ .7	+ 9.4	+ .7	+16.0	+3.8
Dry Goods	- 3.2	+93.4	- 3.0	-12.0	-8.7
Farm implements	+45.6	- 2.5	+53.7	- 2.4	-1.8
Drugs	+19.2	+25.1	+11.0	- 1.0	-3.4
Hardware	+10.0	+18.5	+ 6.2	None	-2.8

### RETAIL TRADE

While summer inactivity was noticeable in department store trade, buying in a good volume for this season was in evidence. Sales of reporting stores were 12.7 per cent larger than in July and were 16.5 per cent greater than in the corresponding month last year. Late reports indicate that buying during the first half of September has been very satisfactory.

Stocks on hand at the end of August were 8.0 per cent greater than a month earlier, but were 6.6 per cent less than at the end of August last year. The percentage of sales to average stocks during the first eight months of 1926 was 162.5, as compared to 152.8 during the corresponding period in 1925.

The ratio of outstanding orders at the close of August to total purchases during 1925 was 9.8, as compared to 8.5 at the end of July and 11.0 at the close of August last year.

The ratio of August collections to accounts receivable on August 1st was 32.4, as compared to 35.6 in July and 33.7 in August, 1925.

BUSINESS OF DEPARTMENT STORES

Total Sales	Dallas	Fort Worth	Houston	All Others	Total District
August, 1926, compared with August, 1925	+12.4	+25.1	+10.8	+ 6.2	+16.5
August, 1926, compare with July, 1926	+ 9.7	+ 4.7	+ 2.9	+ 6.3	+12.7
Jan. 1 to date, compared with same period last year	+ 5.3	+13.1	+ 6.6	+ 1.5	+ 5.2
Credit Sales:					
August, 1926, compared with August, 1925	+16.9	+51.8	+ 9.8	+ 7.7	+21.0
August, 1926, compare with July, 1926	+18.1	+15.2	+15.9	+12.5	+22.9
Jan. 1 to date, compared with same period last year	+ 9.0	+21.6	+ 7.1	+ 4.8	+ 7.7
Stocks:					
August, 1926, compared with August, 1925	+ 5.5	+16.7	+ 3.7	- 9.1	- 6.6
August, 1926, compare with July, 1926	+14.3	+ 5.4	+17.6	+11.5	+ 8.0
Percentage of sales to average stocks in					
August, 1925	17.8	14.4	22.1	16.5	15.6
August, 1926	19.0	14.9	25.5	19.0	19.3
Percentage of sales to average stock					
January 1 to August 31, 1925	182.2	129.1	216.6	166.2	152.8
January 1 to August 31, 1926	180.3	129.5	236.2	174.8	162.5
Ratio of outstanding orders to last year's purchases	13.2	8.9	12.6	9.2	9.8
Ratio of August collections to accounts receivable, due and outstanding August 1, 1926	27.5	30.7	33.0	36.3	32.4

FINANCIAL

The sustained activity in trade and industry during August was reflected in the volume of checks charged to depositors accounts at banks in sixteen principal cities of the Eleventh Federal Reserve District. Debits to individual accounts for the month amounted to \$696,388,000 which was practically the same as in July but 12.8 per cent greater than in August, 1925.

DEBITS TO INDIVIDUAL ACCOUNTS  
(In Thousands of Dollars)

	August 1926	August 1925	Inc. or Dec.	July 1926	Inc. or Dec.
Austin	\$ 14,692	\$ 15,899	- 7.6	\$ 16,339	-10.1
Beaumont	22,109	16,282	+35.8	19,895	+11.1
Corsicana	6,472	6,741	- 4.0	6,242	+ 3.7
Dallas	185,910	168,769	+10.2	193,105	- 3.7
El Paso	27,564	27,479	+ .3	28,456	- 3.1
Fort Worth	88,988	67,987	+31.0	90,843	- 2.0
Galveston	46,795	37,038	+26.3	40,387	+15.9
Houston	146,994	136,542	+ 7.7	139,984	+ 5.0
Port Arthur	9,160	8,701	+ 5.3	9,859	- 7.1
Roswell	3,824	3,260	+17.3	2,684	+42.5
San Antonio	42,881	35,684	+20.2	40,087	+ 7.1
Shreveport	37,964	36,590	+ 3.8	40,401	- 6.0
Texarkana	9,639	9,165	+ 5.2	10,170	- 5.2
Tucson	7,661	7,209	+ 6.3	8,494	- 9.8
Waco	14,538	14,804	- 1.8	14,104	+ 3.1
Wichita Falls	31,197	25,956	+20.2	35,721	-12.7
Total, 11th District	\$696,388	\$618,056	+12.8	\$696,721	None

Acceptance Market

The past month witnessed a further large increase in the volume of acceptances executed by accepting banks in this district.

*Condition of Member Banks in Selected Cities* Reports from member banks in selected cities disclosed a slight decline in investments during August but a substantial increase in loans. Their investments in United States Government securities declined \$1,769,000 but this was partially offset by an increase of \$1,307,000 in investments in other securities. Loans secured by Government and corporate securities reflected a decline of \$1,823,000 but commercial loans showed an increase of \$6,468,000, making a net gain of \$4,640,000 in total loans. The net demand deposits of these banks rose \$1,532,000 during the four-week period but time deposits declined \$557,000. Their bills payable and rediscounts with the Federal Reserve Bank amounted to \$12,823,000 on September 1, as compared to \$6,875,000 on August 4 and \$3,012,000 on September 2, 1925. The ratio of loans to net demand deposits was 93 per cent on September 1, as against 91 per cent on August 4 and 84 per cent on September 2, 1925.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Sept. 1, 1926	Aug. 4, 1926	Sept. 2, 1925
1. Number of reporting banks	48	48	48
2. U. S. securities owned	\$ 51,425,000	\$ 53,194,000	\$ 50,274,000
3. All other stocks, bonds and securities owned	24,480,000	23,173,000	22,137,000
4. Loans secured by U. S. Government obligations	3,983,000	4,409,000	3,182,000
5. Loans secured by stocks and bonds other than U. S. Government obligations	69,609,000	71,011,000	77,595,000
6. All other loans	233,874,000	227,406,000	209,081,000
7. Net demand deposits	255,440,000	253,908,000	253,901,000
8. Time deposits	99,105,000	99,662,000	94,660,000
9. Reserve with Federal Reserve Bank	27,201,000	27,361,000	28,425,000
10. Bills payable and rediscounts with Federal Reserve Bank	12,823,000	6,875,000	3,012,000
11. Ratio of loans* to net demand deposits	93%	91%	84%

\*Loans include only items 4 and 6.

Savings Deposits

Reports from 97 banks in this district which operate a savings department, showed that the savings deposits of these banks on August 31 amounted to \$109,686,432 which was 0.6 per cent

greater than on July 31, and 7.1 per cent greater than on August 31, 1925. There were 253,730 savings depositors on August 31, as compared to 250,518 on July 31 and 237,418 on the last day of August last year.

SAVINGS DEPOSITS

	Number of Reporting Banks	Aug. 31, 1926		Aug. 31, 1925		Inc. or Dec.	July 31, 1926		Inc. or Dec.
		Number of Depositors	Amount of Savings Deposits	Number of Depositors	Amount of Savings Deposits		Number of Depositors	Amount of Savings Deposits	
Beaumont	3*	2,301	1,017,264	2,115	961,613	+ 5.8	2,091	1,016,226	+ .1
Dallas	7	48,702	16,820,656	43,976	15,618,060	+ 7.7	48,471	16,721,573	+ .6
El Paso	3	17,163	5,891,362	16,536	5,514,201	+ 6.8	17,129	5,937,153	- .8
Fort Worth	3	14,483	5,483,484	13,994	4,965,102	+10.4	14,318	5,418,545	+ 1.2
Galveston	3	12,781	8,455,669	13,478	8,373,510	+ 1.0	12,735	8,595,832	- 1.6
Houston	13*	60,190	26,692,238	53,382	24,245,656	+10.1	58,300	26,538,262	+ .6
San Antonio	6	26,214	12,081,921	23,930	11,530,241	+ 4.8	26,078	11,942,893	+ 1.2
Shreveport	3	20,763	9,779,898	20,218	8,434,776	+15.9	20,665	9,454,290	+ 3.4
Waco	5	8,179	4,897,548	7,871	4,634,292	+ 5.7	8,169	4,930,350	- .7
Wichita Falls	3	7,118	3,367,517	6,915	3,077,436	+ 9.4	7,107	3,229,051	+ 4.3
All Others	48*	35,836	15,198,880	35,003	15,063,362	+ .9	35,455	15,201,694	None
Total	97	253,730	\$109,686,432	237,418	\$102,418,249	+ 7.1	250,518	\$108,985,869	+ .6

\*Only 2 banks in Beaumont, 12 banks in Houston and 45 banks in "all other" reported the number of savings depositors.

Deposits of Member Banks

The deposits of member banks in this district on August 25 amounted to \$749,740,000 which was \$5,307,000 less than on July 28 and \$9,034,000 less than on August 25, 1925. The decline occurred in the net demand deposits of these banks as their time deposits showed practically no change. The

explanation for these declines is found in the fact that the heavy early marketing of cotton in 1925 caused a considerable rise in deposits during August last year, whereas, further withdrawals were necessary in August this year due to the lateness of the cotton crop.

## SEPTEMBER DISCOUNT RATES

Prevailing rates

	Dallas	El Paso	Fort Worth	Houston	San Antonio	Waco
Rate charged customers on prime commercial paper such as is now eligible for rediscount under the Federal Reserve Act	4½-6	8	5-6	5-6	5-8	5½-7
Rate charged on loans to other banks, secured by bills receivable	5	6-7	5-6	5	5-6	5-6
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
(a) demand	6-7	8	6-8	5-6	6-8	6-7
(b) time	6-7	8	6-8	5-6	6-8	6-8
Rate on commodity paper secured by warehouse receipts, etc.	5-7	8	5-8	5-7	6-8	6-8
Rate on cattle loans	6	6-8	6-8	7-8	4-8	

**Operations of the Federal Reserve Bank** A further rapid expansion in the demand for Federal Reserve Bank credit occurred during August. This heavy demand for funds was due largely to the lateness of the cotton crop and the activity of business and industry. Federal Reserve Bank loans to member banks rose from \$18,266,258 on July 31 to \$26,380,617 on August 31, or a net increase during the month of \$8,114,359. Loans on the last day of August not only reached the highest point for the current year but the highest since August 1923. Since the first of September, loans have fluctuated within narrow limits, averaging about \$25,000,000. There were 364 banks owing the Federal Reserve Bank on August 31, as compared to 343 banks on July 31, and 249 on August 31, 1925.

The total volume of bills held by this bank rose from \$27,525,242.91 on July 31 to \$37,843,510.33 on August 31, distributed as follows:

Member bank collateral notes secured by U. S. Government obligations	\$ 4,359,400.00
Rediscounts and all other loans to member banks	22,021,217.17
Open market purchases (Bankers' Acceptances)	11,462,893.16
Total bills held	\$37,843,510.33

## FAILURES

A substantial improvement in the business mortality rate was noted during August when the number of defaults and the amount of indebtedness involved were less than in either the previous month or the corresponding month in 1925.

There were 50 defaults with a combined indebtedness of \$682,086, as compared to 72 failures in July with liabilities aggregating \$969,986, and 66 insolvencies in August, 1925, owing \$1,039,183.

## PETROLEUM

The production of crude oil in the Eleventh Federal Reserve District which has been steadily gaining since May this year, reflected a still further increase during August. There were 17,552,483 barrels of oil produced during the month, as compared to a production of 14,292,770 barrels in July, which represents the largest production of crude oil for any month since November, 1923. Although there were fewer wells completed this month than in July, yet initial production increased approximately 24,000 barrels. Of 849 completions in August, 558 were successful yielding an

initial flow of 217,230 barrels which compared to 183,671 barrels of new production contributed by the 601 producers obtained from the 1,035 completions in July.

All Texas fields showed increased production during the current month, their combined yield amounting to 15,798,350 barrels, as compared to 12,456,350 barrels in July. This represents an increase of 3,342,000 barrels in total output and 107,806 barrels in daily average production. The Panhandle region of the North Texas area continued to lead all fields in drilling operations and in total production. With

## OIL PRODUCTION

	August		July		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas	5,623,690	181,409	4,533,880	146,254	Inc.	35,155
Central-West Texas	2,620,540	84,533	2,218,170	71,554	Inc.	12,979
East-Central Texas	1,746,850	56,350	1,649,500	53,210	Inc.	3,140
Texas Coastal	4,389,095	141,584	2,808,600	90,600	Inc.	50,984
Southwest Texas	1,418,175	45,748	1,246,200	40,200	Inc.	5,548
Total, Texas	15,798,350	509,624	12,456,350	401,818	Inc.	107,806
North Louisiana	1,754,133	56,585	1,836,420	59,239	Dec.	2,654
Total, District	17,552,483	566,209	14,292,770	461,057	Inc.	105,152

## DEPOSITS OF MEMBER BANKS

	Total Demand	Total Time	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
Aug. 26, 1925	590,664	168,110	268,000	47,643	319,081	120,957
Sept. 23, 1925	632,784	169,415	296,777	47,585	322,664	120,525
Oct. 28, 1925	667,413	166,601	318,302	48,393	336,007	121,022
Nov. 25, 1925	674,507	166,821	322,213	45,861	349,111	120,740
Dec. 23, 1925	668,749	163,290	316,643	46,190	352,294	120,631
Jan. 27, 1926	659,813	167,330	308,899	44,446	352,106	118,844
Feb. 24, 1926	654,003	171,024	303,350	44,722	350,914	122,608
March 24, 1926	637,392	169,159	287,084	45,557	350,653	125,467
April 28, 1926	605,845	165,668	272,389	45,178	350,308	123,981
May 26, 1926	598,483	165,099	265,613	44,633	333,456	121,035
June 23, 1926	588,075	166,827	259,630	45,085	332,870	120,014
July 28, 1926	589,748	165,299	262,499	44,937	328,445	121,890
Aug. 25, 1926	584,463	165,277	257,886	45,407	326,577	119,870

the completion of 117 wells of which 111 were producers yielding 73,690 barrels of new production, the total output rose to 2,898,870 barrels for the month. The Spindletop field, whose yield increased from 600,780 barrels in July to 2,141,325 barrels in August, was responsible for the heaviest monthly output in several years for the Gulf Coast district. Total production of crude oil of the North Loui-

siana area reflected a further decrease during the month.

**Crude Oil Prices** With the exception of a reduction of twenty cents per barrel in the posted price of Texas Coastal Grade "A" crude, prices of crude oil at the various fields in this district remained stationary between August 9th and September 12th.

AUGUST DRILLING RESULTS

Field—	Completions	Producers	Gas Wells	Failures	Initial Production
North Texas	424	306	3	115	86,129
Central-West Texas	203	115	8	80	14,919
East-Central Texas	31	10	—	21	17,220
East Texas	5	1	—	3	30
Texas Coastal	59	42	—	17	82,930
Southwest Texas	41	39	—	—	12,973
Texas Wildcats	21	—	—	21	—
<b>Total, Texas</b>	<b>784</b>	<b>513</b>	<b>14</b>	<b>257</b>	<b>214,203</b>
North Louisiana	65	45	11	9	3,027
<b>August totals, district</b>	<b>849</b>	<b>558</b>	<b>25</b>	<b>266</b>	<b>217,230</b>
July totals, district	1,035	601	39	395	183,671

CRUDE OIL PRICES

TEXAS—	Aug. 31, 1926	Aug. 28, 1925
Texas Coastal (Grade "A")	\$1.40	\$1.50
North and Central Texas (44 gr. and above)	3.57	*
Texas Panhandle (39 gr. and above)	1.90	
*Prices for August 31, 1925, not available on a comparable basis.		
LOUISIANA	Aug. 31, 1926	Aug. 28, 1925
Caddo (38 gr. and above)	\$2.45	\$2.20
Bull Bayou (38 gr. and above)	2.25	2.00
Homer (35 gr. and above)	2.20	1.95
Haynesville (33 gr. and above)	2.10	1.85
De Soto Crude	2.30	2.05

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

LUMBER

The activity of pine mills in this district during August remained at about the same level as in July. August production of lumber was 10 per cent below normal and shipments were 6 per cent below normal production which compares to the same percentages, respectively, in July. New orders received at the mills were 98 per cent of normal production, as compared to 95 per cent in the previous month, while stocks on hand at the end of the month reflected a decline of 2 points from those held at the close of July.

Unfilled orders on the books of 52 reporting mills on August 31, amounted to 69,776,882 feet of lumber, as com-

pared to orders for 65,948,253 feet recorded at 51 mills on July 31.

AUGUST PINE MILL STATISTICS

Number of reporting mills	52
Production	105,519,277 feet
Shipments	109,448,692 feet
Orders	114,207,080 feet
Unfilled orders, August 31	69,776,882 feet
Normal production	116,926,917 feet
Stocks, August 31	251,692,622 feet
Normal stocks	328,988,735 feet
Shipments below normal production	7,478,225 feet= 6%
Actual production below normal	11,407,640 feet=10%
Orders below normal production	2,719,837 feet= 2%
Stocks below normal	77,296,113 feet=23%

BUILDING

A further slowing down in the volume of building at principal cities in this district was in evidence during August, and for the first time since July, 1925, a decline was registered over the corresponding month of the previous year. The valuation of permits issued at these cities aggregated \$7,246,065 in August, as compared to \$7,860,709 in

July and \$9,519,535 for August of last year. For the eight months of the current year 21,128 permits have been issued representing building operations valued at \$75,212,638, while during the same period of 1925 there were 21,968 permits granted having a total cost of \$64,990,766, or an increase of 15.7 per cent for the year.

BUILDING PERMITS

	August 1926		August 1925		Inc. or Dec.	July, 1926		Inc. or Dec.	Eight Months							
	No.	Valuation	No.	Valuation		No.	Valuation		1926		1925		Inc. or Dec.			
									No.	Valuation	No.	Valuation				
Austin	56	\$ 202,343	31	\$ 401,827	-	49.6	25	\$ 71,840	+181.6	358	\$ 959,740	357	\$ 993,142	-	3.4	
Beaumont	135	130,249	168	120,735	+	7.9	153	147,074	-	11.4	1,860	1,164,115	1,342	1,156,040	+	.7
Dallas	393	1,547,871	365	1,496,753	+	3.4	275	960,288	+	61.2	2,984	13,240,743	3,886	19,393,929	-	31.7
El Paso	51	197,820	55	142,335	+	39.0	41	39,855	+	396.3	516	867,554	524	1,133,243	-	23.4
Fort Worth	235	984,788	212	556,355	+	77.0	245	1,351,503	-	27.1	2,690	13,089,640	1,845	6,207,122	+	110.9
Galveston	253	209,292	315	136,446	+	53.4	231	1,128,830	-	81.5	2,111	2,593,865	2,314	1,236,054	+	101.7
Houston	491	2,178,579	501	4,460,884	-	51.2	501	1,937,613	+	12.4	3,967	20,704,627	4,426	17,471,462	+	18.5
Port Arthur	102	103,509	111	61,051	+	69.5	109	89,192	+	16.1	979	1,009,291	1,078	828,261	+	21.9
San Antonio	233	604,480	325	831,152	-	27.3	282	728,760	-	17.1	2,383	10,102,284	2,622	6,695,797	+	50.9
Shreveport	233	473,555	255	715,274	-	33.8	230	533,979	-	11.3	2,075	3,093,503	1,993	4,169,969	-	25.8
Waco	42	97,010	53	193,610	-	49.9	25	85,190	+	13.9	322	902,875	510	1,554,526	-	41.9
Wichita Falls	151	516,569	141	403,113	+	28.1	117	786,585	-	34.3	1,383	7,484,401	1,071	4,101,221	+	82.5
<b>Total</b>	<b>2,380</b>	<b>\$7,246,065</b>	<b>2,532</b>	<b>\$9,519,535</b>	<b>-</b>	<b>23.9</b>	<b>2,234</b>	<b>\$7,860,709</b>	<b>-</b>	<b>7.8</b>	<b>21,128</b>	<b>\$75,212,638</b>	<b>21,968</b>	<b>\$64,990,766</b>	<b>+</b>	<b>15.7</b>

CEMENT

The August production of Portland cement at Texas mills reflected a decline as compared to the previous month and to August of last year. There were 440,000 barrels of cement produced during August, as compared to a production of 459,000 barrels in July and 481,000 barrels in August, 1925. Shipments for the month were substantially

increased, being 6.5 per cent more than in July and 9.3 per cent greater than in the corresponding month of last year. Due to the heavy shipments, stocks on hand at the close of August declined 11.4 per cent from those held at the end of the previous month but were 59.5 per cent larger than on that date last year.

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

	August	August	Inc. or	July	Inc. or	Eight Months		Inc. or
	1926	1925		Dec.		1926	Dec.	
Production at Texas Mills.....	440,000	481,000	- 8.5	459,000	- 4.1	3,355,000	3,186,000	+5.3
Shipments from Texas mills.....	494,000	452,000	+ 9.3	464,000	+ 6.5	3,417,000	3,315,000	+3.1
Stocks at end of month at Texas mills..	418,000	262,000	+59.5	472,000	-11.4			

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board as of September 25, 1926)

Industrial activity and distribution of commodities continued in large volume in August at a level higher than a year ago. The general level of wholesale prices receded further in August, reflecting price declines for agricultural commodities.

### PRODUCTION

The index of production in basic industries, which is adjusted for the usual seasonal variation, declined slightly in August, but this decline was accounted for by the fact that there were five Sundays in August as against four in July. Textile mill activity and production of steel ingots, zinc, and petroleum increased, while the output of pig iron, lumber, coal, copper, cement, and sugar was smaller than in the month before. Automobile production increased considerably in August and was larger than in any month since April. Factory employment and payrolls, after declining in July, increased in August, as is usual at this season of the year. Building activity, as measured by contract awards in 37 states east of the Rocky Mountains, was in larger volume in August than in July or in any other previous month with the exception of August, 1925. In eastern and southeastern states the volume of building was smaller in August than a year ago, while in the middle west contracts awarded were larger. Contracts for residential structures were smaller than last year, while those for industrial buildings and for public works and public utilities were substantially larger.

Crop conditions improved in August, according to a statement by the Department of Agriculture. September forecasts of yields of corn, barley, hay, tobacco, and most fruit and vegetable crops were above those made in August, while expected yields of oats and spring wheat were slightly less. A cotton crop of 15,810,000 bales was indicated on the basis of the condition of the crop at the middle of September. The crop, however, is later than last year and ginnings up to September 16 amounted to only 2,511,000 bales, compared with 4,282,000 bales prior to September 16, 1925.

### TRADE

Volume of wholesale trade and of sales at department stores increased in August and retail sales were larger than a year ago. Stocks of dry goods and shoes carried by wholesale firms were smaller at the end of August than last

year, while those of groceries and hardware were larger. Inventories of department stores increased in preparation for fall trade, but this increase was less than is usual at this season, and at the end of the month stocks were smaller than a year ago. Freight car loadings in August continued higher than in the corresponding months of previous years, and for the weeks of August 28 and September 4 exceeded all previous weekly records. Loadings of grain continued large and shipments of merchandise in less-than-car-load lots, miscellaneous commodities, ore and coke, were considerably larger than in the corresponding period of previous years.

### PRICES

Wholesale commodity prices according to the index of the Bureau of Labor Statistics, declined by over one per cent in August reflecting largely price decreases for grains, livestock and meat products. Prices of clothing materials, fuels, and metals increased between July and August, while prices of cotton, wool, sugar, building materials, and rubber showed little change. In the first half of September prices of grains, cattle, sugar, bituminous coal, and coke advanced, while prices of raw cotton, silver, and bricks declined.

### BANK PRICES

Increased demand for bank credit in connection with the harvesting and marketing of crops and autumn trade together with an increase in loans on securities was reflected in a considerable growth between the middle of August and the middle of September in loans of member banks in leading cities. The banks' holdings of investments also increased though there was a decrease in investments at banks in New York City and total loans and investments on September 15 were larger than at any previous time.

The volume of reserve bank credit increased by about \$90,000,000 between August 18 and September 22, partly in response to seasonal demands for currency. Discounts for member banks rose in September to the highest figure for the year and acceptance holdings also increased, while United States securities declined by about \$55,000,000.

Money rates continued to rise in September. Rates on commercial paper advanced by one-fourth per cent to 4 $\frac{1}{2}$ -4 $\frac{3}{4}$  per cent and rates on security loans also averaged higher than in August.