

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

	October	September	Inc. or Dec.
Bank debits to individual accounts (at 16 cities).....	\$834,216,000	\$788,417,000	Inc. 5.8%
Department store sales.....			Inc. 16.3%
Reserve Bank loans to member banks at end of month.....	\$ 19,709,858	\$ 24,283,180	Dec. 18.8%
Reserve Bank ratio at end of month.....	59.5%	55.7%	Inc. 3.8 points
Building permit valuations at larger centers.....	\$ 8,221,006	\$ 7,020,157	Inc. 17.1%
Commercial failures (number).....	68	44	Inc. 54.5%
Commercial failures (liabilities).....	\$ 1,181,400	\$ 431,900	Inc. 173.5%
Oil production (barrels).....	20,287,676	17,962,600	Inc. 12.9%
Lumber orders at pine mills (per cent of normal production).....	80%	80%	None

A sharp reduction in the volume of merchandise purchased at wholesale following in the wake of the drastic decline of the cotton market was a development of primary importance in the business situation of the Eleventh Federal Reserve District during the past month. Sales in the reporting lines of wholesale trade reflected a large decline as compared to both the previous month and the same month a year ago at a period when fall activity usually reaches a peak. Concurrent with the decline in the merchandise movement there was a noticeable falling off in collections. Department store sales showed a further seasonal increase of 16 per cent but fell 4 per cent below those for the same month last year. Charges to depositors accounts showed less than the usual seasonal increase and were slightly less than a year ago. Southwestern car loadings of merchandise in less-than-carload lots declined during the month.

With a large portion of the season already passed it is becoming increasingly apparent that the liquidation of indebtedness at both banks and mercantile establishments has not progressed as rapidly as usual. Wholesalers have reduced their accounts outstanding but little and the liquidation of indebtedness at banks in rural sections has been slow. Although deposits of member banks rose \$13,000,000 in October, the increase was less than is usual at this season and on October 27 they were \$42,500,000 less than a year ago. Federal Reserve Bank loans to member banks amounted to \$17,309,879 on November 15, which was practically the same as a month earlier but approximately \$8,100,000 greater than on the same date in 1925.

As against these unfavorable factors there are certain compensating features. Increased yields of feed crops assure a reduction in 1927 in purchases of feed, an important item in the cost of agricultural operations. The domestic consumption and exports of cotton so far this season have exceeded those for the same period last year and it is possible that the low price of cotton will further stimulate consumption. Plans for withdrawing a large portion of the

surplus cotton from the market are under way and efforts are being made to bring about a large reduction of the cotton acreage and the diversification of crops. The farm population is adopting the policy of rigid economy in order to recuperate losses sustained from this year's operations. Last, but not least, financial conditions are generally sound even though the credit situation is somewhat tighter than for several year. The soundness of the situation can best be visualized by a comparison with the situation that existed in the fall of 1920 when a similar drop in the price of cotton occurred. At that time we had just passed through a period of wild speculation; merchants had their shelves heavily loaded with merchandise and a large volume of goods bought for future delivery, all of which were purchased at high prices and on which they sustained heavy losses by reason of the almost perpendicular drop in the price level; credit extended to customers was enormous; the credit situation was the tightest since the panic of 1907; banks were overextended, having exhausted their own resources and then called upon the Federal Reserve Bank (at the period of greatest strain) for \$118,000,000. On the other hand, the decline in the price of cotton in 1926 occurred after the price level had shown a steady decline for a year; merchandise stocks generally were not in excess of requirement for a normal season; banks generally are in far better condition than they were in 1920, and many of them will be in a position to take care of their customers' requirements during the next year out of their own resources.

The production of crude oil in this district reached the highest level on record during October and drilling operations are being pushed forward at a rapid pace. The expanding operations are creating a heavy demand for labor and materials and are releasing a large volume of funds in this district.

Building operations, as measured by the valuation of permits issued at principal cities, were 17 per cent larger than in September but 41 per cent below a year ago. The pro-

duction of cement declined but shipments showed an increase. The production, shipments, and new orders for lumber showed but little change from September but were considerably below a year ago.

CROP CONDITIONS

Harvesting operations and field work during the past thirty days have made generally fair progress, but the continued rains have retarded this work in some parts of the district. This has been true particularly in Southeastern Oklahoma and in parts of North, Northeast and Northwest Texas. The scarcity of labor has been a retarding factor throughout the district. The sowing of winter wheat and oats has been carried on as rapidly as possible and in some sections seeding operations are nearing completion but in other sections this work is progressing slowly. The early sown wheat and oats are up to a good stand and are growing rapidly.

The corn crop in Texas and North Louisiana is largely harvested. Progress has been slow in Southeastern Oklahoma due to the almost continuous rains. The estimate of the crop in Texas on November 1 indicated a yield of 107,836,000 bushels which is the best outturn per acre since 1919. The Oklahoma crop will also greatly exceed that for 1925 but the probable yield in Louisiana will fall slightly under that for 1925. This year's production of grain sorghums in Texas and Oklahoma is the largest since 1921, and the outturn in New Mexico and Arizona compares favorably with production in recent years. The indicated yield for Texas on November 1 was 48,276,000 which is approximately 49 per cent of the indicated production in the entire United States. The labor shortage and heavy rains interfered with the harvest in the Northwestern counties of Texas and a considerable part of the crop suffered weather damage.

The threshing of the Texas rice crop is practically completed and as a rule the quality of this season's crop was very good. Production amounted to 6,142,000 bushels.

The Department of Agriculture on November 14 estimated the production of cotton in Texas at 5,800,000 bales which is approximately 850,000 bales larger than any crop previously produced. The cotton is now practically all open and farmers, despite the retarding effects of the heavy rains and labor shortage, are making fairly good progress with picking. The Bureau of Census reported that there had been ginned in the state 4,027,159 bales prior to November 14, which compared to ginning for the same period of 3,154,319 bales in 1925, and 4,125,325 bales in 1924. This leaves approximately 1,800,000 bales of open cotton in the field subject to damage from wind and rain. In sections of the state some cotton has been blown out on the ground and almost everywhere the grade has been lowered. This reduced further the already unsatisfactory price being received for the staple. In Southeastern Oklahoma the yield this year will fall considerably short of a year ago and picking has progressed slowly on account of the heavy rains. The yield of cotton in North Louisiana will, likewise, fall below that for 1925 but picking has made generally fair progress.

LIVESTOCK

The October rains greatly improved the condition of Southwestern ranges and present prospects indicate that the

winter feed supply will be the best in years. Ranges in parts of Central-West and South Texas and Southeastern New Mexico which suffered from a lack of moisture earlier in the season have almost completely recovered since the rains during the past two months. Range forage is abundant throughout the district and in addition there is an ample supply of bundle-feed and stalk fields. In the Texas Panhandle early wheat is up and doing well and in a short time should furnish considerable pasturage. The water supply is abundant throughout the district. Reflecting the excellent condition of the ranges livestock have shown an improvement and are now generally fat. In many sections of the district ranges are lightly stocked. While there is a tendency on the part of some to restock, the fact that stockers are high as compared to fat cattle is retarding the restocking movement.

The condition of cattle ranges in Texas rose three points during October to 93 per cent of normal and the condition of cattle rose one point. Sheep and goat ranges showed a remarkable improvement, having risen from 84 per cent of normal on October 1 to 94 per cent on November 1. The condition of sheep gained 3 points and that of goats 2 points.

Movements and Prices The October receipts of all classes of livestock at the Fort Worth market showed a gain over the corresponding month last year and receipts of all classes except sheep were larger than in September.

The cattle market generally fluctuated within a narrow range during the past month. The market for cows after declining during the second and third weeks strengthened somewhat toward the close. Beef steers worked gradually to a lower level. Calf prices were somewhat uneven but at the close were lower than a month earlier. The market for hogs after showing an advance during the first week declined steadily during the remainder of the month. Sheep and lamb prices showed but little change.

FORT WORTH LIVESTOCK RECEIPTS

	October 1926	October 1925	Loss or Gain	September 1926	Loss or Gain
Cattle	86,066	84,092	G 1,974	74,900	G 11,166
Calves	37,689	33,039	G 4,650	26,418	G 11,271
Hogs	20,182	14,610	G 5,572	13,867	G 6,315
Sheep	44,857	32,343	G 12,514	48,980	L 4,123

COMPARATIVE TOP LIVESTOCK PRICES

	October 1926	October 1925	Sept. 1926
Beef steers	\$ 9.00	\$ 7.75	\$ 8.50
Stocker steers	7.75	7.85	7.75
Butcher cows	6.00	6.00	6.00
Stocker cows	5.00	3.35	5.00
Calves	11.25	10.00	10.50
Hogs	14.70	13.65	15.00
Sheep	8.25	8.75	8.00
Lambs	13.25	14.00	13.75

Cotton Movements The October receipts and exports of cotton at the ports of Houston and Galveston showed a substantial increase as compared to both the previous month and the corresponding month last year. Exports from all United States ports for the three months August 1 to October 31 this season, exceeded those for the same period last year by 8.3 per cent.

HOUSTON COTTON MOVEMENTS

	October 1925	October 1925	Aug. 1 to Oct. 30 This Season	Last Season
Receipts—net	724,460	548,223	1,396,200	1,326,281
Exports	305,710	281,064	695,548	650,592
Stocks, October 30.....			693,906	598,092

GALVESTON STOCK STATEMENT

	October 30, 1926	October 30, 1925
For Great Britain.....	47,400	41,700
For France	28,100	20,300
For other foreign ports.....	63,700	58,500
For coastwise ports.....	11,000	11,000
In compresses and depots.....	477,143	362,568
Total.....	627,343	494,068

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	October 1926	October 1925	August 1 to October 30 This Season	Last Season
Net receipts	710,481	581,214	1,191,959	1,080,645
Exports	474,550	252,527	858,317	638,676
Stocks, October 30.....			627,343	494,068

SPOT COTTON PRICES
(Middling Basis)

	October, 1926 High	Low	Nov. 15, 1926
New York	14.30	12.45	13.00
New Orleans	13.50	12.15	12.61
Dallas	12.80	11.20	11.60
Houston	13.75	12.20	12.60
Galveston	13.80	12.30	12.60

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	Oct. 1926	Oct. 1925	August 1 to Oct. 31 This Season	Last Season	Oct. 1926	Oct. 1925	August 1 to Oct. 31 This Season	Last Season
Cotton consumed	404,216	366,222	1,175,183	1,001,018	568,532	544,097	1,640,289	1,470,415
Cotton on hand Oct. 31								
(a) in consuming establishments.....			842,937	895,086			1,215,873	1,216,571
(b) in public storage and compresses.....			5,269,231	4,409,069			5,469,809	4,500,938

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

	August 1 to October 30 This Season	Last Season
Receipts since August 1.....	4,502,087	4,252,081
Exports: Great Britain	577,572	576,949
France	239,778	216,033
Continent	1,254,622	1,159,944
Japan-China	306,638	243,856
Mexico	1,904	1,965
Total foreign ports.....	2,380,514	2,198,747
Stocks at all U. S. ports, October 30.....	2,393,752	1,386,010

COTTONSEED PRODUCTS SHIPPED AND AVERAGE PRICE
RECEIVED

	October, 1926	
	Products Shipped	Average Price F. O. B. Mill
Crude oil	27,493,409 lbs.	\$.0804 per lb.
Cake and meal	49,329 tons	24.20 per ton
Hulls	17,914 tons	5.07 per ton
Linters	6,326,073 lbs.	.0319 per lb.

COTTONSEED PRODUCTS

Heavy shipments of all classes of cottonseed products were made by the 71 reporting mills of this district during October, however, the average price received for each product continued to decline and, with the exception of linters, reach the lowest level of the year. The average price received for crude oil declined from \$.1031 per pound in September to \$.0804 per pound in October. Cake and meal sold for \$24.20 per ton, as against \$26.51 per ton in September, while the average price received for hulls during October was \$5.07 per ton, as compared to \$5.20 per ton in September. Linters declined from an average price of \$.0383 per pound in the previous month to \$.0319 per pound in October. There were 185,923 tons of cottonseed purchased by these mills in October at an average of \$23.36 per ton, as compared to 116,654 tons purchased in September for which an average price of \$29.39 per ton was paid.

STATISTICS ON COTTONSEED AND COTTONSEED
PRODUCTS

	Texas		United States	
	August 1 to Oct. 31 This Season	Last Season	August 1 to Oct. 31 This Season	Last Season
Cottonseed received at mills (tons)	846,000	711,000	2,601,000	2,652,000
Cottonseed crushed (tons)	487,000	412,000	1,477,000	1,411,000
Cottonseed on hand (tons)	369,000	321,000	1,147,000	1,273,000
Crude oil produced (pounds)	137,951,000	114,725,000	440,340,000	409,351,000
Cake and meal produced (tons)	226,000	194,000	664,000	653,000
Hulls produced (tons)	141,000	116,000	417,000	390,000
Linters produced (500-lb. bales)	85,000	76,000	256,000	266,000
Stocks on hand Oct. 31:				
Crude oil (pounds)	20,579,000	14,418,000	62,721,000	48,298,000
Cake and meal (tons)	31,000	50,000	173,000	168,000
Hulls (tons)	94,000	54,000	236,000	147,000
Linters (500-lb. bales)	37,000	20,000	141,000	89,000

TEXTILE MILLING

There was a decline during October in the activity at textile mills in the Eleventh Federal Reserve District. The reporting mills consumed 2,024 bales of cotton as compared to 2,329 in the previous month and 2,255 in the same month last year. These mills produced 937,130 pounds of cloth as against 1,095,877 pounds in September, and 1,001,853 in October, 1925. Cotton goods prices fell to a lower level in sympathy with the raw cotton market. Orders on hand have

declined somewhat while stocks on hand are tending to increase.

TEXTILE MILLING STATISTICS

	October 1926	October 1925	Sept. 1926
Number bales cotton consumed.....	2,024	2,255	2,329
Number spindles active.....	66,076	66,760	66,076
Number pounds cloth printed.....	937,130	1,001,853	1,095,877

WHOLESALE TRADE

A marked recession in trade at a period when fall activity usually reaches a peak characterized trade developments in the wholesale channels during October. Sales in every reporting line of trade reflected a substantial decline as compared to both the previous month and the same month last year. The declines from the previous month ranged from 7.7 per cent for drugs to 28.9 per cent in the case of farm implements and those from a year ago ranged from 3.3 per cent for groceries to 39.5 per cent for farm implements. As soon as it became definitely known that an exceedingly large cotton crop would be harvested again this year cotton prices dropped to the lowest level since 1921 and thereby greatly reduced the power of the farmer to pay his obligations and to purchase merchandise. The effect upon trade was immediate and drastic. The farmers reduced their purchases to a minimum and retailers have been bending their efforts toward cutting down inventories rather than toward increasing commitments. Thus business at wholesale has been limited largely to fill-in orders. Collections in all lines have been slow. Yet despite the temporary depression in trade an undertone of confidence still persists and with the appearance of more seasonable temperature dealers report that improvement in business is becoming noticeable.

The distribution of dry goods at wholesale during October reflected a further decline of 28.0 per cent as compared to the previous month and was 27.7 per cent less than in the corresponding month last year. Buying has been limited principally to fill-in orders as merchants are buying only such items as are necessary to take care of consumer demand. Collections have been slow. Prices of cotton goods declined to a lower level.

The demand for groceries at wholesale reflected a noticeable decline as compared to both the previous month and the same month last year. Sales of reporting firms were 13.2 per cent less than in September and 3.3 per cent less than in October, 1925. The decline was general throughout the district and reports indicate that country buying has been only poor to fair. Some dealers state that city buying remains fair to good. Prices on some items remained sta-

tionary, while those on other items reflected a downward trend. Collections during October showed an improvement over those for September.

Contrary to the usual seasonal trend, the October sales of drugs at wholesale reflected a decline of 7.7 per cent as compared to September and were also 3.5 per cent below those for October, 1925. Retail merchants in the rural sections are limiting purchases to actual needs. Christmas goods are moving slowly as merchants are awaiting the development of consumer demand before making commitments. Collections are slow, there being a decline in October, as compared to September.

There was a further sharp decline in the demand for farm implements. Sales of reporting firms were not only 28.9 per cent less than in September but were 39.5 per cent below those for the corresponding month last year. The volume of October business was the smallest of any similar month since 1920. The drastic decline in the price of cotton placed a large portion of farmers in the position of being unable to completely liquidate their indebtedness and consequently they have reduced their purchases of implements to a minimum. Collections were reported to be slow.

The wholesale hardware trade reflected a substantial decline during October, sales of reporting firms being 13.9 per cent less than in September and 8.7 per cent below those for the corresponding month last year. Trade, however, is somewhat irregular as some sections reflect sustained activity while others are experiencing a marked falling off. Collections generally are fairly good. October payments were substantially larger than in September.

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

	—Net Sales— Oct., 1926 compared with		—Net Sales— July 1 to Date, Same Period Last Year		—Stocks— Oct., 1926 compared with	
	Oct. 1925	Sept. 1926	Same Period Last Year		Oct. 1925	Sept. 1926
Groceries	3.3	-13.2	+ .8		+13.2	+ 7.5
Dry Goods	-18.2	-28.0	- 8.6		- 2.7	- 7
Farm Implements	-39.5	-28.9	+ 8.1		+ 2.1	None
Drugs	3.5	- 7.7	+ 6.1		+ 4.3	+ 3.0
Hardware	8.7	-13.9	+ 5.1		+ 6.6	- 3.8

RETAIL TRADE

The October volume of retail distribution in larger cities, as reflected by department store sales, disclosed a further seasonal increase of 16.3 per cent as compared to September but was 3.9 per cent smaller than in October a year ago.

This was the first month since April that sales for the current month were less than in the corresponding month of the previous year. The unusually warm weather prevailing during October retarded to some extent the movement of

BUSINESS OF DEPARTMENT STORES

Total Sales	Dallas	Fort Worth	Houston	All Others	Total District
October, 1926, compared with October, 1925.....	- 6.8	+ 2.2	- 5.3	- 3.1	- 3.9
October, 1926, compared with Sept., 1926.....	+20.8	+18.2	+ 9.9	+13.7	+16.3
Jan. 1 to date, compared with same period last year.....	+ 2.4	+12.0	+ 4.1	+ 1.3	+ 3.9
Credit Sales:					
October, 1926, compared with October, 1925.....	-14.4	+ 6.9	- 5.8	- 5.2	- 7.7
October, 1926, compared with Sept., 1926.....	+15.2	+24.5	+10.7	+12.8	+15.0
Jan. 1 to date, compared with same period last year.....	+ 2.1	+19.6	+ 3.2	+ 4.3	+ 5.0
Stocks:					
October, 1926, compared with October, 1925.....	-12.3	- 1.9	- 1.9	- 9.9	- 8.1
October, 1926, compared with Sept., 1926.....	+ 1.5	+ 2.0	+ .5	+ 5.0	+ 2.5
Percentage of sales to average stocks in					
October, 1925	25.7	19.8	27.2	23.0	23.8
October, 1926	27.6	20.7	25.7	25.4	25.2
Percentage of sales to average stock					
January 1 to October 31, 1925.....	189.6	209.2	210.2	197.5	198.2
January 1 to October 31, 1926.....	207.0	210.1	226.0	217.8	213.8
Ratio of outstanding orders to last year's purchases	5.4	4.8	8.1	4.4	5.4
Ratio of October collections to accounts receivable due and outstanding October 1, 1926	36.9	37.1	40.0	40.3	38.3

seasonal merchandise. The effect was noticeable in the following departments in which sales for the month were considerably smaller than a year ago: Women's coats, women's suits, furs, Misses' ready-to-wear, juniors and girls ready-to-wear, gloves, knit underwear and men's clothing.

Stocks on hand at the close of October were 2.5 per cent greater than at the end of September but were 8.1 per cent less than a year earlier. The percentage of sales to average stocks during the period January 1 to October 31 this year was 213.8 as compared to 198.2 during the same period in 1925.

Collections showed a substantial increase during October. The ratio of October collections to accounts receivable due and outstanding on October 1 was 38.3 as compared to 32.8 in September.

FINANCIAL

The decline in the activity of trade during October was reflected in the volume of debits to individual accounts. While checks charged to depositors accounts at banks in

DEBITS TO INDIVIDUAL ACCOUNTS (In Thousands of Dollars)

	October 1926	October 1925	Inc. or Dec.	Sept. 1926	Inc. or Dec.
Austin	\$ 22,704	\$ 20,986	+ 8.2	\$ 20,056	+13.2
Beaumont	23,991	18,600	+29.0	23,499	+ 2.1
Corsicana	6,656	8,094	-17.8	6,908	- 3.6
Dallas	236,903	265,837	-10.9	223,840	+ 5.8
El Paso	31,572	36,805	-14.2	27,799	+13.6
Fort Worth	91,981	89,524	+ 2.7	87,384	+ 5.3
Galveston	62,763	57,940	+ 8.3	52,797	+18.9
Houston	184,154	165,009	+11.6	178,351	+ 3.3
Port Arthur	9,487	8,836	+ 7.4	9,306	+ 1.9
Roswell	3,755	4,083	- 8.0	2,985	+25.8
San Antonio	43,135	41,215	+ 4.7	44,796	- 3.7
Shreveport	41,907	46,097	- 9.1	40,798	+ 2.7
Texarkana	10,319	10,054	+ 2.6	10,536	- 2.1
Tucson	9,371	9,971	- 6.0	8,459	+10.8
Waco	21,736	21,833	- .7	19,953	+ 8.9
Wichita Falls	33,782	32,264	+ 4.7	30,950	+ 9.2
Total, 11th District.....	\$834,216	\$837,198	- .4	\$788,417	+ 5.8

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Nov. 3, 1926	Oct. 6, 1926	Nov. 4, 1925
1. Number of reporting banks.....	47	48	48
2. U. S. securities owned.....	\$ 53,107,000	\$ 53,043,000	\$ 54,316,000
3. All other stocks, bonds and securities owned.....	25,381,000	24,083,000	25,509,000
4. Loans secured by U. S. Government obligations.....	4,013,000	4,168,000	3,125,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	73,276,000	71,957,000	78,748,000
6. All other loans.....	243,515,000	244,497,000	233,245,000
7. Net demand deposits.....	272,266,000	268,015,000	283,766,000
8. Time deposits.....	100,769,000	100,025,000	95,915,000
9. Reserve with Federal Reserve Bank.....	28,639,000	27,920,000	32,181,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	14,775,000	10,462,000	8,763,000
11. Ratio of loans* to net demand deposits.....	91%	93%	83%

*Loans include only items 4 and 6.

NOVEMBER DISCOUNT RATE

	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	5-6	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	5½-6	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	6-7	5-6	6-8	6-7
Rate on commodity paper secured by warehouse receipts, etc.	5-7	7-8	5-8	5-6	6-8	6-8
Rate on cattle loans.....	6	6-10	6-8	7-8	4-8	

Savings Deposits

Reports from 94 banks in this district which operate a savings department reflected a gain of 2.4 per cent in the amount of savings deposits over those on September 30 and 9.3 per cent

sixteen principal cities of the Eleventh Federal Reserve District during the month showed a gain of 5.8 per cent over September due to seasonal influences, they were 0.4 per cent less than in October last year. It will be noted, however, that the increase over the previous month was considerably smaller than is usually known at this season.

Acceptance Market

For the fourth consecutive month acceptances executed by accepting banks of this district and which were outstanding at the close of the month have shown a steady increase. The volume of these acceptances outstanding on October 31 totaled \$5,110,722.45, as compared to \$3,870,064.49 on September 30, and \$4,371,668.62 on October 31, 1925. Acceptances executed against import and export transactions reflected a further decline amounting to \$853,056.65 on October 31, as against \$1,200,091.21 a month earlier. On the other hand, acceptances based on the domestic shipment and storage of goods rose from \$2,669,973.28 on September 30 to \$4,257,665.80 on October 31.

Condition of Member Banks in Selected Cities

The deposits of member banks in selected cities reflected a further seasonal increase during the four-week period ending November 3. Demand deposits rose \$4,251,000 and time deposits gained \$744,000, reflecting a net increase of \$4,995,000 in total deposits. Commercial loans and loans secured by government securities decline \$1,137,000 but loans on corporate securities were increased \$1,319,000. The investments of these banks were increased \$1,362,000. As compared to the corresponding date in 1925, it will be noted that total loans and investments have increased \$4,349,000, while deposits have shown a net decline of \$6,646,000. The volume of bills payable and rediscounts with the Federal Reserve Bank on November 3 stood at \$14,775,000, which was \$4,313,000 greater than on October 6 and \$6,012,000 greater than on November 4, 1925.

over those on October 31, 1925. There were 251,722 savings depositors on October 31, 1926, as compared to 249,523 on September 30 and 234,682 on October 31, 1925.

SAVINGS DEPOSITS

	Number of Reporting Banks	October 31, 1926		October 31, 1925		Inc. or Dec.	September 30, 1926		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*	5,606	\$ 2,317,687	5,144	\$ 2,281,049	+ 1.6	5,599	\$ 2,309,379	+ .4
Dallas	6	48,998	17,848,046	45,487	15,168,553	+ 17.7	48,733	16,681,936	+ 7.0
El Paso	2	8,669	3,250,791	8,247	3,011,556	+ 7.9	8,572	3,212,195	+ 1.2
Fort Worth	3	14,448	5,862,462	13,869	5,101,570	+ 14.9	14,449	5,572,647	+ 5.2
Galveston	3	13,190	8,668,807	12,751	8,225,157	+ 5.4	12,870	8,654,445	+ .2
Houston	13*	62,223	26,889,432	54,512	24,697,262	+ 8.9	61,701	26,654,233	+ .9
San Antonio	6	27,192	12,821,890	24,276	11,702,161	+ 9.6	26,394	12,581,491	+ 2.3
Shreveport	3	20,827	10,336,793	20,607	9,813,475	+ 5.3	20,704	10,180,736	+ 1.5
Waco	5	8,177	4,988,665	7,885	4,677,388	+ 6.7	8,153	4,902,613	+ 1.8
Wichita Falls	2	5,334	2,636,865	5,152	2,184,221	+ 20.7	5,284	2,671,669	+ 1.3
All Others	47*	37,058	18,678,801	36,752	17,757,166	+ 5.2	37,064	18,242,668	+ 2.4
Total	94	251,722	\$114,300,239	234,682	\$104,619,558	+ 9.3	249,523	\$111,614,012	+ 2.4

*Only 3 banks in Beaumont, 12 banks in Houston and 42 banks in "All others" reported the number of savings depositors.

Deposits of Member Banks The net demand deposits of member banks reflected a gain of \$13,720,000 during October, but time deposits declined \$760,000. Their combined deposits on October 27 were \$12,960,000 greater than on September 22, but \$42,488,000 less than on October 28, 1925.

on October 13. After reaching the low point for the month on the latter date loans again turned upward and stood at \$19,709,858 on October 30, or \$4,573,322 less than on the last day of September. Loans on November 15 amounted to \$17,309,879. The reduction in loans during the six-week period from September 30 to November 15, which amounted to \$6,973,301, has been due entirely to liquidations from country banks, as the borrowing of reserve city banks on the latter date were practically the same as those on the former date. The number of borrowing banks on October 31 totaled 221, as compared to 328 on September 30 and 97 on October 31, 1925.

The volume of bills held by this bank declined from \$37,289,866.04 on September 30 to \$34,475,897.71 on October 31, distributed as follows:

Member bank collateral notes secured by U. S. Government obligations	\$ 5,633,350.00
Rediscounts and all other loans to member banks	14,076,507.95
Open market purchases (Bankers' Acceptances)	14,766,039.76
Total bills held	\$34,475,897.71

Federal reserve notes in actual circulation on October 31 amounted to \$50,349,715, which was \$1,062,660 greater than on September 30 and \$2,726,570 greater than on the same date in 1925. The reserve deposits of member banks averaged \$59,025,442 during October, as compared to \$56,527,559 in September.

FAILURES

A sharp upward movement in the district's business mortality rate was noted during October. The number of failures was the highest recorded in three months, there being 68 insolvencies during the month, as compared to 44 defaults in September and 55 failures in October last year. Fol-

lowing the steady decline in the volume of indebtedness of defaulting firms since June there was an increase in October amounting to \$1,181,400, as against \$431,900 in September and \$590,436 in the corresponding month last year.

PETROLEUM

A new high record was established in oil production for the Eleventh Federal Reserve District during October, when 20,287,676 barrels of crude oil were produced, as compared to 17,962,600 barrels in September and 19,342,590 barrels in November, 1923, the latter figure being the largest monthly output on record prior to this month. Drilling operations resulted in increases, both in the number of completions and initial production. There were 1,068 wells completed, of which 726 were producers, netting a flush production of 259,703 barrels, as compared to 380 completions in September, of which 604 were successful, yielding an initial flow of 204,694 barrels.

The month's output in Texas fields amounted to 18,510,446 barrels, as against 16,266,850 barrels in September and 13,715,852 barrels in October of last year. Field work continued at a high rate in all Texas fields during the month. Although both Central-West Texas and Gulf Coast areas showed substantial gains in production, the bulk of the state's increase was contributed by the North Texas district. As a result of heavy operations in the Panhandle field new production and completions reached a peak for the year in the North Texas area. Production of this district rose from 6,163,500 barrels in September to 7,657,780 barrels in October. The upward swing of production in

the Gulf Coast district was made possible by renewed activity in the Spindletop field. Several large producers were registered in the Crane-Upton County field of Central-West Texas. After declining for four consecutive months, production of oil in North Louisiana turned upward in October, reflecting a gain of 81,480 barrels over September figures.

Crude Oil Prices During the past month there was posted a revision in crude oil prices at the North and Central Texas fields, changing the differential between the different gravity grades to five cents per barrel. This revision resulted in lowering the price on the grade (52 gravity and above) \$.87 per barrel. There was also posted a general revision of the gravity schedule and price of crude oil at the various fields in North Louisiana, thereby placing the crude oil at these fields on the same basis as that at North and Central Texas fields. The downward revision in crude oil prices is due to the increased output of oil at the time when the usual seasonal recession in the consumption of gasoline is beginning.

OCTOBER DRILLING RESULTS

Field—	Completions	Producers	Gas Wells	Failures	Initial Production
North Texas	514	385	4	125	115,142
Central West Texas.....	279	186	5	88	32,195
East Central Texas.....	30	22	...	8	7,255
East Texas	3	1	2	...	10
Texas Coastal	88	71	...	17	94,100
Southwest Texas	29	20	9	...	2,403
Texas Wildcats	47	3	8	36	7
Total, Texas	990	688	28	274	251,112
North Louisiana	78	38	11	29	8,591
October Totals, District 1,068		726	39	303	259,703
Sept. Totals, District.....	880	604	34	242	204,694

CRUDE OIL PRICES

	Nov. 12, 1925	Nov. 6, 1925
Texas Coastal (Grade "A")	\$1.40	\$1.50
North and Central Texas and North Louisiana (52. gr. and above).....	2.70	*

*Prices for November 12, 1925, not available on a comparable basis.

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

OIL PRODUCTION

	October		September		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	7,657,780	247,025	6,163,500	205,450	Inc.	1,494,280
Central-West Texas.....	2,824,720	91,120	2,604,285	86,810	Inc.	220,435
East-Central Texas.....	1,727,196	55,716	1,903,125	63,438	Dec.	175,929
Texas Coastal.....	4,933,340	159,140	4,202,080	140,068	Inc.	731,260
Southwest Texas.....	1,867,410	44,110	1,893,860	46,462	Dec.	26,450
Total, Texas	18,510,446	597,111	16,266,850	542,228	Inc.	2,243,596
North Louisiana.....	1,777,230	57,330	1,695,750	56,525	Inc.	81,480
Total, District.....	20,287,676	654,441	17,962,600	598,753	Inc.	2,325,076

LUMBER

Activities at the pine mills of this district during October continued at about the same rate as in September, the tendency being towards slightly increased production and shipments of lumber. Actual production at these mills was 15 per cent below normal, as compared to 16 per cent below normal in September, while shipments in October amounted to 13 per cent below normal production, as against 15 per cent below normal in the preceding month. As in September, orders received during October were 20 per cent below normal production. Unfilled orders on the books of 49 reporting mills at the close of October amounted to 55,406,502 feet, as compared to 64,251,058 feet recorded at 52 mills at the end of September. Stocks on hand October 31

were 25 per cent below normal, as against 26 per cent on September 30.

OCTOBER PINE MILL STATISTICS

Number of reporting mills.....	49
Production	97,606,396 feet
Shipments	98,827,630 feet
Orders	91,308,024 feet
Unfilled orders, October 31.....	55,406,502 feet
Normal production	114,232,844 feet
Stocks, October 31.....	243,157,433 feet
Normal stocks	323,966,453 feet
Shipments below normal production.....	15,405,214 feet—13%
Actual production below normal.....	16,626,448 feet—15%
Orders below normal production.....	22,924,820 feet—20%
Stocks below normal.....	80,809,020 feet—25%

CEMENT

Production of Portland cement at Texas mills during October declined as in each of the two preceding months. October shipments, however, were above those in September and were substantially greater than in the same month a year ago. There were 428,000 barrels of cement produced in October, as compared to 437,000 barrels in September

and 429,000 barrels in October last year. Shipments of cement from these mills during the month were 1.4 per cent greater than those in September and 32.5 per cent above shipments made during the corresponding month of last year. Stocks held at the close of October were 3.8 per cent less than stocks on hand at the end of September but were 5 per cent larger than on October 31, 1925.

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

	October, 1926	October, 1925	Inc. or Dec.	September 1926	Inc. or Dec.	Ten Months		Inc. or Dec.
						1926	1925	
Production at Texas Mills.....	428,000	429,000	— 2	437,000	— 2.1	4,220,000	4,014,000	+ 5.1
Shipments from Texas mills.....	444,000	335,000	+32.5	438,000	+ 1.4	4,299,000	4,022,000	+ 6.9
Stocks at end of month at Texas mills.....	401,000	382,000	+ 5.0	417,000	— 3.8			

BUILDING

The volume of building at principal cities in the Eleventh district, after showing a steady decline for four months, turned upward during October but failed by a wide margin

to reach the large total of October last year. The valuation of permits issued at twelve principal cities amounted to \$8,221,006 which reflects a gain of 17.1 per cent over Sep-

tember but a decrease of 40.8 per cent from October 1925. During the early months of the year the volume of construction at these cities greatly exceeded that of the previous year but the margin has been gradually reduced since March. At the end of October, the valuation of permits

issued in 1926 exceeded that for the corresponding period in 1925 by only 3.6 per cent. Construction activity in 1926 at Fort Worth, San Antonio, Galveston and Wichita Falls is considerably greater than in 1925.

BUILDING PERMITS

	BUILDING PERMITS														
	Oct., 1926		Oct., 1925		Inc. or Dec.	Sept., 1926		Inc. or Dec.	Ten Months						Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation		1926		1925				
									No.	Valuation	No.	Valuation			
Austin	43	\$ 64,175	51	\$ 541,395	— 88.1	35	\$ 61,919	+ 3.6	436	\$ 1,085,834	473	\$ 1,604,194	— 32.3		
Beaumont	171	252,272	195	159,170	+ 58.5	170	228,342	+ 10.5	1,701	1,644,729	1,674	1,414,646	+ 16.3		
Dallas	324	1,424,046	361	2,239,490	— 36.4	289	496,392	+ 186.9	3,597	15,161,181	4,731	24,244,623	— 37.5		
El Paso	44	52,238	72	107,107	— 51.2	49	140,405	— 62.8	609	1,060,197	666	2,040,578	— 48.0		
Fort Worth	342	904,595	190	540,430	+ 67.4	315	1,245,363	— 27.4	3,347	15,239,598	2,280	7,884,837	+ 93.3		
Galveston	259	126,235	306	102,288	+ 23.4	228	329,138	— 61.6	2,598	3,049,238	2,920	1,486,254	+ 105.2		
Houston	418	2,068,147	536	8,572,730	— 75.9	461	1,741,665	+ 18.7	4,846	24,514,439	5,482	28,020,515	— 12.5		
Port Arthur	119	88,799	145	66,200	+ 34.1	124	79,254	+ 12.0	1,222	1,177,344	1,361	977,399	+ 20.5		
San Antonio	238	2,256,125	340	694,454	+ 224.9	210	466,093	+ 384.1	2,831	12,824,502	3,288	7,997,226	+ 60.4		
Shreveport	265	242,952	293	294,794	— 17.6	230	1,676,484	— 85.5	2,570	5,012,939	2,547	4,799,297	+ 4.5		
Waco	33	57,000	46	102,318	— 44.3	27	68,247	— 16.5	382	1,028,122	595	1,729,534	— 40.6		
Wichita Falls	143	684,422	170	473,976	+ 44.4	122	486,855	+ 40.6	1,648	8,655,678	1,400	5,070,217	+ 70.7		
Total	2,399	\$8,221,006	2,705	\$13,894,352	— 40.8	2,260	\$7,020,157	+ 17.1	25,787	\$90,453,801	27,417	\$87,269,320	+ 3.6		

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Industrial activity continued in large volume in October, while the general level of prices declined slightly. Notwithstanding the seasonal increase in borrowing for commercial purposes, the volume of bank credit outstanding declined in recent weeks reflecting the continued liquidation of loans on securities.

PRODUCTION

Production in basic industries, as measured by the Federal Reserve Board's index, which makes allowance for the usual seasonal variations, showed little change in October as compared with September. Textile mill activity and the daily average output of iron and steel was maintained during October but in November there was a decrease in steel production. The output of bituminous coal was stimulated by export and bunker demand and attained new high records in October and November and petroleum production was also large. There was a sharp decline in automobile production and the output of cars was smaller in October than in any month since January.

The volume of building activity as indicated by the value of contracts awarded has declined for the past three months, as is usual at this season of the year, and has been throughout the period at a slightly lower level than during the exceptionally active autumn season of 1925. Residential contracts during the same period have been smaller than a year ago, while those for engineering projects and public works have been larger.

TRADE

Distribution of commodities at wholesale declined in October, contrary to the usual trend for that month and was in smaller volume than in October of any year since 1922. Sales of department stores showed the usual seasonal growth in October but owing partly to less favorable weather conditions and to a smaller number of trading days, were at a somewhat lower level than in the same month of last year. Sales of mail order houses were also smaller than a year ago. Stocks of merchandise carried by wholesale firms

were slightly smaller than a year ago, while department store stocks increased more than is usual in September and October and at the end of October were larger than in 1925. Freight car loadings were in record volume in October and November, because of unusually large shipments of coal and ore and a continued heavy movement of other commodities.

PRICES

Wholesale prices of nearly all groups of commodities declined in October and November. Prices of bituminous coal, however, advanced sharply as the result of foreign demand caused by the British coal strike, but recently there has been some decline in coal prices. The price of raw cotton, after falling rapidly in September and early October, has been steady in recent weeks. Prices of non-agricultural commodities as classified in the Bureau of Labor Statistics price indexes declined slightly between September and October, while those of agricultural products declined about 2 per cent to the lowest level since the summer of 1924.

BANK CREDIT

Seasonal growth in loans for commercial and agricultural purposes at member banks in leading cities has been accompanied by continued liquidation of loans on securities, with the consequence that the total volume of loans and investments of these banks in the middle of November was considerably smaller than a month earlier. At the reserve banks the decline in the volume of member bank credit has been reflected in a reduction of the total bills and securities to a level \$37,000,000 below the corresponding date in 1925. Discounts for member banks were in about the same volume as a year ago, while holdings of acceptances and of United States securities were smaller.

Easier conditions prevailed in the money market in November. Rates on prime commercial paper decline from $4\frac{1}{2}$ - $4\frac{3}{4}$ per cent in October to $4\frac{1}{2}$ per cent in November, and there was also a reduction of $\frac{1}{8}$ per cent in the rates on Bankers Acceptances.