

MONTHLY BUSINESS REVIEW

OF THE

FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	December	November	Inc. or Dec.
Bank debits to individual accounts (at 16 cities).....	\$825,403,000	\$786,995,000	Inc. 4.9%
Department store sales.....			Inc. 47.5%
Reserve Bank loans to member banks at end of month.....	4,772,409	13,967,570	Dec. 65.8%
Reserve Bank ratio at end of month.....	67.9%	66.0%	Inc. 1.9 points
Building permit valuations at larger centers.....	6,842,613	4,460,407	Inc. 53.4%
Commercial failures (number).....	114	95	Inc. 20.0%
Commercial failures (liabilities).....	1,815,600	1,548,071	Inc. 17.7%
Oil production (barrels).....	22,132,276	20,548,710	Inc. 7.7%
Lumber orders at pine mills (per cent of normal production).....	60%	72%	Dec. 12 points

Mixed trends in business and industry in the Eleventh Federal Reserve District were disclosed during the closing month of 1926. Retail buying in the large cities, as reflected by department store sales, was maintained at a level three per cent higher than a year earlier and checks charged to depositors accounts were slightly larger. Wholesale trade, however, which is an index to country buying, reflected more than the usual seasonal decline from November and was less than a year ago. The small volume of business is due in part to the fact that merchants are adhering strictly to the policy of buying in small lots and for well defined needs. While wholesalers and country merchants are feeling keenly the effects of the adjustment in business to the new situation, a compensating feature is found in the fact that stocks generally are not unduly burdensome which places them in a position to take advantage through lower replacement costs of any increase in consumptive demand. This condition presents a marked contrast to that which obtained in 1920.

Reflecting the unsatisfactory trade conditions and the slow liquidation of indebtedness, the district's mortality rate developed a further marked increase during December. The number of failures was the largest of any month since December, 1923, and in only one month during the three-year period was the volume of indebtedness higher.

According to the United States Department of Agriculture, the volume of the district's agricultural production in 1926 was the largest since 1919 and despite the decline in the price of cotton, the total value of the district's farm output exceeded that of the previous year, as the increased value of grain and feed crops more than offset the decline

in the value of cotton. The situation created by the low price of cotton has again demonstrated the exigency of more diversified farming, and indications that such a program is being planned for 1927 are accumulating. According to the estimate of the Department of Agriculture, the area sown to winter grains is substantially larger than in the previous year and the condition of these grains is generally good. There is a good season in the ground in practically every portion of the district.

The physical condition of the district's ranges and livestock is exceptionally good. Livestock generally are in good flesh and there is an abundance of pasturage and other feed to carry them through the winter. The weather so far has been favorable to livestock and losses have been light.

There was a further liquidation of bank borrowings. Federal Reserve loans to member banks were reduced \$9,195,161 during December, reaching a low point on the 31 at \$4,772,409. While these loans had risen to \$6,077,809 on January 15, they were \$1,118,534 less than on that date in 1926. Deposits of member banks reflected a decline during the month and on December 29 they were \$38,145,000 less than a year ago.

A further seasonal recession in the volume of employment was noted and a surplus of labor now exists in many lines of industry. While there were additions to working forces in some lines, the increase was more than offset by the reductions elsewhere. The heavy decline in building during the closing months of 1926 created a considerable surplus of building tradesmen. The supply of farm labor now exceeds the demand in most sections of the district.

CROP CONDITIONS

Field work in the Eleventh Federal Reserve District during December was greatly retarded by rain, sleet, snow, and cold weather. Plowing operations have progressed slowly

throughout the fall and while in portions of the Coast and Rio Grande Valley sections of Texas and in a few localities elsewhere this work is nearing completion, in most sections

of the district it is reported to be backward. The clear, dry, and generally warm weather during the first half of January, however, enabled farmers to make fair progress with farm work. In practically all portions of the district, there is a good season in the ground which furnishes the foundation for good planting conditions in the spring.

The condition of winter wheat and oats is generally good throughout the district, although growth was somewhat slow during December due to the cold weather. The acreage sown to these crops in the fall of 1926 was substantially larger than in 1925. The Department of Agriculture estimated that the area sown to winter wheat in Texas was 2,322,000 acres as compared to 1,858,000 in 1925 or an increase of 25 per cent.

Truck crops in the Rio Grande are reported to be in

good condition, and heavy shipments of citrus fruits and vegetables were made during the past thirty days. The frost which extended to the coast on the 30th of December did some damage to tomatoes, beans and tender truck but did not materially affect the hardier truck.

Cotton picking has progressed slowly and there is yet much unpicked cotton in West and Northwest Texas. Prior to January 16 there had been ginned in Texas 5,170,714 bales as compared to 4,858,287 bales prior to December 13 and an estimated yield of 5,900,000 bales.

THE YEAR'S CROP RESULTS

According to estimates given out by the United States Department of Agriculture, the yields of the principal crops in Texas for the years 1925 and 1926 were as follows:

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

COMMODITY—	—Quantity—			—Value—		
	1926	1925	Inc. or Dec.	1926	1925	Inc. or Dec.
Barley.....	7,700,000 bu.	885,000 bu.	+ 6,865,000 bu.	\$ 4,081,000	\$ 752,000	+ \$ 3,329,000
Corn.....	106,863,000 bu.	25,134,000 bu.	+81,729,000 bu.	64,118,000	27,647,000	+ 36,471,000
Cotton.....	5,900,000 bales	4,165,000 bales	+ 1,735,000 bales	305,413,000	368,095,000	- 62,682,000
Hay (tame and wild).....	1,517,000 tons	844,000 tons	+ 673,000 tons	17,650,000	15,649,000	+ 2,001,000
Kafirs.....	48,276,000 bu.	30,875,000 bu.	+17,401,000 bu.	26,552,000	23,465,000	+ 3,087,000
Oats.....	83,666,000 bu.	13,419,000 bu.	+70,247,000 bu.	31,793,000	8,454,000	+ 23,339,000
Peanuts.....	49,345,000 lbs.	32,825,000 lbs.	+16,520,000 lbs.	2,220,000	1,116,000	+ 1,104,000
Irish potatoes.....	2,100,000 bu.	1,378,000 bu.	+ 722,000 bu.	3,885,000	3,807,000	+ 78,000
Sweet potatoes.....	8,556,000 bu.	6,132,000 bu.	+ 2,424,000 bu.	8,128,000	8,707,000	- 579,000
Rice.....	6,142,000 bu.	6,216,000 bu.	- 74,000 bu.	6,756,000	9,262,000	- 2,506,000
Wheat.....	32,796,000 bu.	6,552,000 bu.	+26,244,000 bu.	39,355,000	10,156,000	+ 29,199,000
Total value eleven crops.....				\$509,951,000	\$476,610,000	+ \$33,341,000

LIVESTOCK

The livestock situation in the Eleventh Federal Reserve District at the opening of the new year was generally favorable, with livestock in good condition and with ample pasturage and other feed. Ranges in Texas and Southeastern Arizona showed a slight improvement during December while the condition in New Mexico showed practically no change. Except in a few localities where dry weather has prevailed, cattle generally are in good flesh. Even in those localities where feeding is necessary there is an abundance of cheap feed. Cattle throughout the district are in a better condition than a year ago. The winter so far has been favorable for cattle, and losses have been light. Reports indicate that there is a strong local demand for stocker cattle in some sections of Texas. The condition of sheep in Texas showed a marked improvement having risen from 91 per cent of normal on December 1 to 97 per cent on January 1. Reports state that prospects point toward a large lamb crop.

Movements and Prices The receipts of livestock at the Fort Worth market reflected a considerable decline during December. The supply of cattle, calves and sheep was materially less than in either November or in December of the previous year. The receipts of hogs, however, were larger than in the previous month or the same month of 1925.

The cattle market was somewhat weak at the beginning of the month, but due to the dwindling supplies and the stronger demand, prices strengthened during the last three weeks of December and the first half of January. Hog

prices again reflected a downward trend. Despite the meager receipts sheep and lamb prices declined to lower levels.

COMPARATIVE TOP LIVESTOCK PRICES

	Dec. 1926	Dec. 1925	Nov. 1926
Beef steers	7.50	\$ 9.00	\$ 8.75
Stocker steers	7.75	8.00	7.65
Butcher cows	6.00	6.00	6.00
Stocker cows	5.00	4.00	5.00
Calves	9.00	8.60	9.75
Hogs	12.25	12.50	13.50
Sheep	7.50	8.50	8.00
Lambs	12.00	15.50	13.25

Cotton Movements The movement of cotton through the ports of Houston and Galveston showed a seasonal decline as compared to November but both receipts and exports during December greatly exceeded those for the corresponding month the previous year. The foreign exports of cotton from all United States ports during December established a new high record and greatly exceeded those for the corresponding month in 1925.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	Dec. 1926	Dec. 1925	Aug. 1 to Dec. 31 This Season	Last Season
Net receipts	537,963	489,125	2,493,947	2,266,892
Exports	530,325	427,854	1,914,819	1,653,260
Stocks, December 31.....			729,054	758,442

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	Dec. 1926	Dec. 1925	Aug. 1 to Dec. 31 This Season	Last Season
Net receipts	528,353	365,061	2,631,486	2,169,576
Exports	310,467	245,542	1,399,436	1,169,444
Stocks, December 31.....			1,028,806	776,011

FORT WORTH LIVESTOCK RECEIPTS

	Dec. 1926	Dec. 1925	Loss or Gain	Nov. 1926	Loss or Gain
Cattle	71,107	100,744	L 29,637	88,386	L 17,279
Calves	25,468	34,330	L 8,862	39,894	L 14,426
Hogs	22,344	16,486	G 5,858	19,789	G 2,555
Sheep	9,463	28,720	L 19,257	17,591	L 8,128

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	Dec. 1926	Dec. 1925	August 1 to This Season	December 31 Last Season	Dec. 1926	Dec. 1925	August 1 to This Season	December 31 Last Season
	Cotton consumed.....	439,837	400,590	2,040,510	1,784,046	605,217	576,216	2,829,456
Cotton on hand December 31								
(a) in consuming establishments.....			1,227,582	1,105,600			1,776,392	1,720,696
(b) in public storage and compresses.....			6,192,532	5,365,470			6,478,998	5,584,016

GALVESTON STOCK STATEMENT

	Dec. 31, 1926	Dec. 31, 1925
For Great Britain	33,000	30,700
For France	17,300	21,300
For other foreign ports	84,000	59,100
For coastwise ports.....	9,000	6,500
In compresses and depots.....	585,754	640,842
Total.....	729,054	758,442

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

	Aug. 1 to Dec. 31	
	This Season	Last Season
Receipts	8,485,945	7,710,143
Exports: Great Britain	1,374,774	1,374,219
France	610,757	550,616
Continent	2,580,397	2,051,120
Japan-China	794,040	589,443
Mexico	5,279	19,986
Total foreign ports.....	5,365,247	4,583,382
Stocks at all U. S. ports Dec. 31.....	3,056,464	1,658,204

SPOT COTTON PRICES (Middling Basis)

	Dec. 1926		Jan. 15, 1927
	High	Low	
New York	13.10	12.15	13.55
New Orleans	12.75	11.63	13.30
Dallas	12.00	10.80	12.45
Houston	12.75	11.70	13.20
Galveston	12.85	11.80	13.25

COTTONSEED PRODUCTS

The volume of cottonseed products shipped from reporting cottonseed oil mills of this district continued heavy during December. The market was practically steady, however, only slight variances being noted in the average price received for the different classes of products. Crude oil sold at an average price of \$.0696 per pound in December as compared to \$.0734 per pound in November, while the average price received for cake and meal in December was \$23.51 per ton, as compared to \$23.42 per ton in the previous month. Hulls sold at an average price of \$3.86 per

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to December 31		August 1 to December 31	
	This Season	Last Season	This Season	Last Season
Cottonseed received at mills (tons).....	1,476,000	1,183,000	4,659,000	4,412,000
Cottonseed crushed (tons)	1,049,000	815,000	3,390,000	3,026,000
Cottonseed on hand (500-lb. bales)	438,000	389,000	1,292,000	1,416,000
Crude oil produced (pounds)	294,938,000	228,393,000	1,111,664,000	\$67,219,000
Cake and Meal produced (tons)	486,000	384,000	1,519,000	1,400,000
Hulls produced (tons)	305,000	231,000	972,000	829,000
Linters produced (500-lb. bales)	171,000	153,000	555,000	564,000
Stocks on hand Dec. 31:				
Crude oil (pounds)	33,898,000	18,706,000	106,215,000	64,699,000
Cake and meal (tons)	33,000	53,000	167,000	259,000
Hulls (tons)	100,000	78,000	262,000	202,000
Linters (500-lb. bales)	67,000	44,000	220,000	157,000

ton as against \$3.85 per ton in November and linters for \$.0222 per pound in December as compared to an average price of \$.0243 per pound in the previous month. These mills purchased 97,802 tons of cottonseed in December for which an average price of \$21.08 per ton was paid as compared to 171,024 tons purchased in November at an average of \$21.41 per ton.

COTTONSEED PRODUCTS SHIPPED AND AVERAGE PRICE RECEIVED

	December, 1926	
	Products Shipped	Average price F. O. B. Mill
Crude oil	27,785,298 lbs.	\$.0696 per lb.
Cake and meal.....	49,083 tons	23.51 per ton
Hulls	35,263 tons	3.86 per ton
Linters	7,377,723 lbs.	.0222 per lb.

TEXTILE MILLING

Following the increased activity of cotton mills in this district during November, there was a decline during December. There were 1,962 bales of cotton consumed during the past month as compared to 2,350 bales in the previous month and 2,058 bales in the corresponding month last year. Production for the month which amounted to 925,209 pounds reflected a decline of 13.6 per cent from November and 4.3 per cent from December, 1925. Orders on hand at the end of December were considerably below those on hand a month earlier but were slightly greater than a year ago.

TEXTILE MILLING STATISTICS

	Dec. 1926	Dec. 1925	Nov. 1926
Number bales consumed.....	1,962	2,058	2,350
Number spindles active.....	52,280	53,180	52,280
Number pounds cloth produced.....	925,209	967,023	1,071,418

WHOLESALE TRADE

A recession in the distribution of merchandise at wholesale which was more than seasonal was disclosed during the closing month of 1926. Sales in all reporting lines of trade were smaller than in December of the previous year and in all lines except farm implements, they were less than in the previous month. The year-end decline represents the cumulative effects of adjustment in business to the new condition created by the decline in the price of the district's principal commodity. This adjustment was brought about through the interworkings of the following forces: (1) the restriction of the consumptive demand from the farm population, pending a clearer perspective of the future, (2) the desire of the retailer to close the year with an inventory as small as possible, and (3) the policy of retailers in buying in small lots and to cover only well-defined needs. The moderate stocks which are now being carried by the retailers generally fortify them against undue inventory depreciation and enables them to reap the benefits of quick turnover. The most unfavorable factor in the situation is the slow liquidation of accounts which

means that the trade must finance a large volume of carry-over indebtedness.

It will be noted that the stocks carried by the wholesalers on December 31 were considerably lower than at the close of November or at the end of December, 1925.

Quietude prevailed in the wholesale dry goods trade during December. Sales during the month reflected a decline of 46.2 per cent as compared to the previous month and 1.4 per cent from the corresponding month last year. Buying in small lots and for immediate delivery continues as the ruling policy of the trade. Collections were generally slow during December.

The demand for drugs at wholesale during December showed a further decline. Sales of reporting firms were 8.2 per cent less than in November and were 2.6 per cent below those for December, 1925. Sales during the six month-period ending December 31 were 4.7 per cent greater than during the same period of the previous year. Dealers report that buying is being limited largely to immediate needs and represents chiefly staple goods. Prices showed no important changes. Collections are still below normal but are considered to be generally fair under present circumstances.

The wholesale farm implement business continued extremely dull during December. In fact the volume of business during the final quarter was smaller than in any similar period since 1921. While sales during December were 15.6 per cent greater than in November, they were 63.4

per cent less than in December last year. The disappointment over the returns from the cotton crop and the slow progress with field work are the major factors which have served to reduce the demand for farm implements. Prices remained generally firm.

The demand for hardware at wholesale showed a decline during December. Sales were 11.4 per cent less than in November, and were 5.6 per cent less than in the corresponding month last year. Distribution during the last half of 1926 averaged 1.8 per cent larger than in the same period of 1925. The demand is reported to be holding up well in some sections but it is poor in others.

The December sales of wholesale grocery firms reflected a further decline of 10.2 per cent as compared to the previous month and were 7.2 per cent below December a year ago. While the decline appeared to be general throughout the district, some dealers report that the outlook for the new year is fair.

CONDITION OF WHOLESALE TRADE DURING DEC., 1926 Percentage of increase or decrease in

	—Net Sales—		—Net Sales—	—Stocks—	
	Dec. 1926	July 1 to Date	Dec. 1926	Dec. 1926	Nov. 1926
	compared with same period last year.		compared with same period last year.		
Groceries	7.2	-10.2	-1.3	-1.7	-11.1
Dry Goods	1.4	-46.2	-10.3	-20.2	-15.6
Farm implements	63.4	+15.6	-18.6	3.6	+
Drugs	2.6	-8.2	+4.7	-1.3	-9.9
Hardware	5.6	-11.4	+2.7	-15.0	-6

RETAIL TRADE

A large seasonal increase in the volume of retail buying was evidenced by department store sales during December. The month's business was 47.8 per cent larger than in November and 3.4 per cent larger than in December of the previous year. The total volume of business for the year 1926 averaged 4.1 per cent more than in 1925.

Stocks on hand at the close of December reflected a decline of 20.4 per cent from those at the close of the previous month and were 11.9 per cent less than a year ago.

The percentage of sales to average stocks for the year 1926 was 281.5 as compared to 257.4 in 1925. The more rapid turnover of stocks was due both to increased sales and the smaller average stocks carried.

The ratio of outstanding orders at the end of December to last year's purchases was 4.3 as compared to 5.0 at the end of November and 5.6 at the close of December, 1925.

The ratio of December collections to accounts receivable on December 1 was 39.4 as compared to 36.9 in November.

BUSINESS OF DEPARTMENT STORES

Total Sales:	Dallas	Fort Worth	Houston	All Other	Total District
December, 1926, compared with December, 1925.....	- 4.4	+13.2	+11.3	+ 2.7	+ 3.4
December, 1926, compared with November, 1926.....	+50.3	+55.3	+49.0	+40.5	+47.8
Jan. 1 to date, compared with same period last year.....	+ 1.2	+13.1	+ 6.4	+ 1.9	+ 4.1
Credit Sales:					
December, 1926, compared with December, 1925.....	- 5.7	+14.5	+13.1	+ 1.8	+ 1.8
December, 1926, compared with November, 1926.....	+42.6	+51.2	+36.3	+36.9	+40.7
Jan. 1 to date compared with same period last year.....	+ .7	+18.7	+ 5.1	+ 4.7	+ 4.5
Stocks:					
December, 1926, compared with December, 1925.....	-16.1	-14.6	- 6.1	- 8.1	-11.9
December, 1926, compared with November, 1926.....	-17.4	-26.0	-18.2	-21.7	-20.4
Percentage of sales to average stocks in:					
December, 1925	35.5	36.3	43.7	35.1	36.6
December, 1926	40.2	45.4	50.9	39.4	42.3
Percentage of sales to average stocks					
January 1 to December 31, 1925.....	247.4	266.0	278.9	255.7	257.4
January 1 to December 31, 1926.....	271.0	276.1	307.4	284.0	281.5
Ratio of outstanding orders to last year's purchases.....	4.8	2.1	6.1	3.7	4.3
Ratio of December collections to accounts receivable due and outstanding December 1, 1926.....	37.3	38.4	41.4	42.1	39.4

FINANCIAL

The value of checks charged to depositors accounts at banks in sixteen principal cities of the Eleventh District reflected a seasonal increase of 4.9 per cent in December, as compared to the previous month and an increase of 0.6

per cent less than in December last year. The disappointment over the returns from the cotton crop and the slow progress with field work are the major factors which have served to reduce the demand for farm implements. Prices remained generally firm.

Acceptance Market

A further increase was registered during December in the volume of acceptances executed by accepting banks of this district and which were outstanding at the end of the month. The total volume of acceptances executed during December was

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	Dec. 1926	Dec. 1925	Inc. or Dec.	Nov. 1926	Inc. or Dec.
Austin	\$ 22,275	\$ 19,252	+15.7	\$ 22,814	- 2.4
Beaumont	24,599	19,408	+26.7	22,471	+ 9.5
Corsicana	8,965	9,370	- 4.3	6,629	+35.2
Dallas	231,336	255,396	- 9.4	226,271	+ 2.2
El Paso	34,506	40,379	-14.5	33,409	+ 3.3
Fort Worth	97,287	90,102	+ 8.0	93,075	+ 4.5
Galveston	58,205	53,479	+ 8.8	54,125	+ 7.5
Houston	176,226	160,947	+ 9.5	162,073	+ 8.7
Port Arthur	9,970	9,728	+ 2.5	9,344	+ 6.7
Roswell	3,758	4,181	-10.1	3,904	- 3.7
San Antonio	43,987	40,143	+ 9.8	42,783	+ 2.8
Shreveport	42,134	42,908	- 1.8	39,272	+ 7.3
Texarkana	10,302	10,136	+ 1.6	8,895	+15.8
Tucson	9,690	11,356	-14.7	9,897	- 2.1
Waco	18,255	20,034	- 8.9	19,076	- 4.3
Wichita Falls	33,908	33,258	+ 2.0	32,957	+ 2.9
Total, 11th District	825,403	820,077	+ .6	786,995	+ 4.9

the domestic shipment and storage of goods rose from \$1,884,050.24 on the former date to \$4,828,133.33 on the latter date.

Condition of Member Banks in Selected Cities During the closing month of the year, there was a marked decline in the loans and investments of member banks in selected cities. Investments in United States securities declined \$2,827,000 and investments in other stocks and bonds declined \$1,030,000. Loans for commercial purposes declined \$2,715,000 and loans on government securities declined \$1,805,000 but loans on corporate securities reflected a slight increase of \$357,000. The net decrease in the loans and investments of these banks amounted to \$8,020,000. Their net demand deposits on January 5, 1927 remained at practically the same level as a month earlier but time deposits rose \$1,671,000 due principally to the crediting of the semi-annual interest. Bills payable and rediscounts with the Federal Reserve Bank declined from \$11,211,000 on December 1, 1926 to \$3,952,000 on January 5, 1927.

31 amounted to \$5,763,025.01, as compared to \$5,395,091.04 on November 30. Acceptances executed against import and export transactions declined from \$3,511,040.80 on November 30 to \$934,891.68 on December 31 but those based on

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Jan. 5, 1927	Dec. 1, 1926	Jan. 6, 1926
1. Number of reporting banks	46	47	48
2. U. S. securities owned	\$ 48,560,000	\$ 51,387,000	\$ 48,984,000
3. All other stocks, bonds and securities owned	24,224,000	25,254,000	23,104,000
4. Loans secured by U. S. Government obligations	2,378,000	4,183,000	3,606,000
5. Loans secured by stocks and bonds other than U. S. Government obligations	72,141,000	71,784,000	78,988,000
6. All other loans	238,946,000	241,661,000	238,603,000
7. Net demand deposits	271,353,000	271,370,000	278,868,000
8. Time deposits	101,486,000	99,815,000	95,945,000
9. Reserve with Federal Reserve Bank	29,945,000	30,282,000	28,843,000
10. Bills payable and rediscounts with Federal Reserve Bank	3,952,000	11,211,000	6,981,000
11. Ratio of loans* to net demand deposits	89%	91%	87%

*Loans include only items 4 and 6.

Savings Deposits Savings deposits of 90 banks in this district which operate a savings department amounted to \$111,198,045 on December 31, representing an increase of 8.4 per cent over December 31,

1925, and 0.1 per cent over November 30, 1926. There were 233,706 savings accounts at these banks on December 31 as compared to 207,188 a year ago and 232,364 at the close of the previous month.

SAVINGS DEPOSITS

	December 31, 1926			December 31, 1925			November 30, 1926			Inc. or Dec.
	Number of Reporting Banks	Number of Depositors	Amount of Savings Deposits	Number of Depositors	Amount of Savings Deposits	Inc. or Dec.	Number of Depositors	Amount of Savings Deposits		
Beaumont	3*	2,698	\$ 1,081,608	2,072	\$ 922,602	+11.8	2,522	\$ 1,052,840	- 2.0	
Dallas	6	49,559	18,107,261	36,103	15,310,297	+18.3	49,218	18,039,474	+ .4	
El Paso	2	8,878	3,453,263	8,887	3,210,187	+ 7.6	8,746	3,311,982	+ 4.3	
Fort Worth	2	10,555	3,675,822	10,101	3,132,445	+17.3	10,995	4,558,623	-19.4	
Galveston	3	13,117	8,344,720	12,937	8,019,405	+ 4.1	13,158	8,575,540	- 2.7	
Houston	11*	50,721	24,927,115	45,426	23,054,822	+ 8.1	50,792	24,637,552	+ 1.2	
San Antonio	6*	22,793	13,058,548	19,725	11,842,830	+10.3	22,547	12,851,762	+ 1.6	
Shreveport	4*	23,407	11,714,610	20,739	11,291,774	+ 3.7	22,533	11,412,943	+ 2.6	
Waco	5	8,252	5,073,749	7,943	4,874,154	+ 4.1	8,180	5,042,302	+ .6	
Wichita Falls	2	5,324	2,510,108	5,185	2,022,526	+24.1	5,313	2,698,079	- 7.0	
All others	46*	38,416	19,301,741	38,570	18,923,200	+ 2.0	38,360	18,868,205	+ 2.8	
Total	90	233,706	\$111,198,045	207,188	\$102,604,242	+ 8.4	232,364	\$111,049,302	+ .1	

*Only 2 banks in Beaumont, 10 banks in Houston, 5 banks in San Antonio, 3 banks in Shreveport and 43 banks in "all others" reported the number of savings depositors.

JANUARY 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	4 1/2-6		7-8	5-7	5-6	6-8
Rate charged on loans to other banks, secured by bills receivable	5		6	5-6	5	5-8
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
(a) demand	5-7		8	6-8	5-6	6-8
(b) time	5-7		8	6-8	5-6	6-8
Rate on commodity paper secured by warehouse receipts, etc.	5-6		7-8	5-8	5-6	6-8
Rate on cattle loans	6-7		6-8	7-8	6-8	8

Deposits of Member Banks The net demand deposits of member banks on December 29 were \$3,313,000 less than on November 24 and time deposits were \$4,210,000 less, representing a decline in the combined deposits of \$7,523,000. The total on December 29 was \$38,145,000 less than on the same date in 1925.

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
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
Feb. 24, 1926.....	654,003	171,024	303,350	45,557	350,653	125,467
March 24, 1926.....	637,392	169,159	287,084	45,178	350,308	123,981
April 28, 1926.....	605,846	165,668	272,389	44,633	333,456	121,035
May 26, 1926.....	598,483	165,099	265,613	45,085	332,870	120,014
June 23, 1926.....	588,075	166,827	259,630	44,937	328,445	121,890
July 28, 1926.....	589,748	165,299	252,499	45,628	327,249	119,671
Aug. 25, 1926.....	584,463	165,277	257,886	45,407	326,577	119,870
Sept. 22, 1926.....	612,834	165,732	275,780	45,640	337,054	120,092
Oct. 27, 1926.....	626,554	164,972	281,080	42,998	345,474	121,974
Nov. 24, 1926.....	635,704	165,713	287,413	44,194	348,291	121,519
Dec. 29, 1926.....	632,391	161,503	281,721	41,290	350,670	120,213

Operations of the Federal Reserve Bank The year-end decline in the demand for Federal Reserve Bank credit was reflected in the reduction of loans to member banks from \$13,967,570 on November 30 to \$4,772,409 on December 31. These loans on December 31, 1925, amounted to \$4,006,902. The decline during Decem-

ber 1926 amounted to \$9,195,161 as compared to a decline of \$6,845,849 in December 1925. There were 88 banks borrowing from the Federal Reserve Bank on December 31, 1926, as compared to 134 on November 30, and 42 on December 31, 1925. Following the opening of the new year, there was an increase in our loans and on the 15th of the month they stood at \$6,077,809.

Due to the large reduction in loans to member banks, the total volume of bills held declined from \$28,005,238.62 on November 30 to \$20,698,917.73 on December 31, distributed as follows:

Member bank collateral notes secured by U. S. Government obligations.....	\$ 1,488,050.00
Rediscounts and all other loans to member banks.....	3,284,358.61
Open market purchases (Bankers' Acceptances).....	15,926,509.12
Total bills held.....	20,698,917.73

FAILURES

Insolvencies in the Eleventh District during December were more numerous than in the preceding months of 1926 and the defaulted indebtedness was heavier than in any other month of the year. There were 114 failures reported with liabilities totaling \$1,815,600, as compared to 95 defaults in November owing \$1,543,071 and 49 insolvencies in December 1925, with an indebtedness of \$608,088. During the year 1926 there were 884 failures with liabilities aggregating \$12,113,434 as compared to 695 defaults in 1925 with a total indebtedness of \$10,947,609.

PETROLEUM

For the third consecutive month, production of crude oil in the Eleventh Federal Reserve District during December exceeded all previous monthly records. There were 22,132,276 barrels of oil produced during the month, as compared to 20,548,710 barrels in November, representing an increase of 1,583,566 barrels in total production, or an increase of 28,987 barrels in daily average production. Drilling operations continued at practically the same rate as in November, however, a substantial increase was noted in initial production. There were 835 completions in December of which 590 were producers of oil yielding 193,659 barrels of new production and 40 were gas wells. This compares to 867 completions in November of which 566 were successful netting 174,604 barrels of initial production and 41 were gas wells.

Daily average production of oil in the Texas fields rose from 627,634 barrels in November to 658,084 barrels in December. Increased activity and new production in Shackelford, Crane, and Upton counties of Central-West Texas were largely responsible for the bulk of this increase. A decline in field operations was noted in the North Texas area due in part to cold weather and for the first time since February this area reflected a decline in daily average yield. Production of oil in North Louisiana amounted to 1,731,660 barrels in December, as compared to 1,719,690

barrels in November representing an increase of 11,970 barrels in total production but due to the longer month a decline was registered in daily average yield.

During the early months of the year production of crude oil in this district reflected a steady decline reaching a low level at 11,723,490 barrels in April. Since that month however, production has been increasing from month to month, ascending to a peak in December. The total yield for the year amounted to 184,861,463 barrels as compared to 171,544,864 barrels in 1925, representing an increase of 13,316,579 barrels in total production. The rapid development of the Panhandle section of North Texas which is the most extensive area in this district and the prolific deep sand extension in Spindletop field were largely responsible for the year's increase. Drilling operations during the year, also, were on a broad scale, the number of completed wells totaling 9,466 of which 5,967 were producers, as compared to 7,115 completions in 1925 of which 4,584 were successful.

CRUDE OIL PRICES

	Jan. 12, 1926	Jan. 13, 1926
Texas Coastal (Grade "A").....	\$1.40	\$1.50
North and Central Texas and North Louisiana (52 gr. and above).....	2.70	*

*Prices for January 12, 1926, not available on a comparable basis.

OIL PRODUCTION

	December		November		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	8,126,644	262,150	8,004,190	266,806	Inc.	122,454
Central-West Texas.....	4,005,610	129,213	3,001,180	100,039	Inc.	1,004,420
East-Central Texas.....	1,704,070	54,970	1,697,220	56,574	Inc.	6,850
Texas Coastal.....	5,292,940	170,740	4,848,490	161,617	Inc.	444,450
Southwest Texas.....	1,271,352	41,011	1,277,940	42,598	Dec.	6,588
Total, Texas.....	20,400,616	658,084	18,829,020	627,634	Inc.	1,571,596
North Louisiana.....	1,731,660	55,860	1,719,690	57,323	Inc.	11,970
Total, District.....	22,132,276	713,944	20,548,710	684,957	Inc.	1,583,566

DECEMBER DRILLING RESULTS

Field—	Comple- tions	Pro- ducers	Gas Wells	Fail- ures	Initial Production
North Texas	383	280	3	100	50,197
Central-West Texas.....	270	187	7	76	39,165
East-Central Texas.....	4	3	0	1	645
East Texas	3	1	2
Texas Coastal	71	57	0	14	97,164
Southwest Texas.....	18	14	4	0	1,725
Texas Wildcats.....	31	2	1	28	170
Total Texas.....	780	543	16	221	189,066
North Louisiana.....	105	47	24	34	4,593
Dec. Totals, District....	885	590	40	255	193,659
Nov. Totals, District....	867	566	41	260	174,604

(Oil statistics compiled by the Oil Weekly, Houston, Texas)

LUMBER

Due largely to seasonal factors, both orders and shipments of lumber from Eleventh District pine mills during December reflected sharp declines from the previous month. Shipments for the month were 61 per cent of normal production as compared to 81 per cent in November, while orders declined from 28 per cent below normal production

The valuation of building permits issued at principal centers of this district during December reflected a large increase over the previous month but was considerably below the total shown for December last year. Permits issued during the month were valued at \$6,842,613 which reflects a gain of 53.4 per cent over November and a decrease of 29.9 per cent from December 1925.

A substantial increase was shown in the valuation of per-

mits issued during the first quarter of 1926 over that of the same period of 1925. This margin however, has been gradually diminishing since that time and the volume for the year 1926 reflected a decline of 1.1 per cent from that of the previous year. It will be noted that considerable activity was evidenced in the cities of Beaumont, Fort Worth, Galveston, San Antonio, and Wichita Falls during the year, although these increases were not sufficient to offset the declines in other cities of the district.

DECEMBER PINE MILL STATISTICS

Number of reporting mills.....	50
Production	92,734,584 feet
Shipments	67,037,953 feet
Orders	66,381,059 feet
Unfilled orders, December 31.....	42,039,402 feet
Normal production	110,159,114 feet
Stocks, December 31.....	263,413,942 feet
Normal stocks	317,641,264 feet
Shipments below normal production.....	43,121,161 feet—39%
Actual production below normal.....	17,424,530 feet—16%
Orders below normal production.....	43,828,055 feet—40%
Stocks below normal.....	54,227,322 feet—17%

BUILDING

BUILDING PERMITS

	Dec., 1926		Dec., 1925		Inc. or Dec.	Nov. 1926		Inc. or Dec.	Twelve Months				Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation		1926		1925		
									No.	Valuation	No.	Valuation	
Austin	13	\$ 10,240	31	\$ 532,999	— 98.1	27	\$ 23,084	— 63.5	476	\$ 1,124,158	533	\$ 2,324,468	—51.6
Beaumont	165	574,008	80	51,854	+1017.7	164	233,224	+146.1	1,970	2,451,961	1,865	1,638,871	+49.6
Dallas	234	374,260	351	1,284,445	— 70.9	379	478,834	— 21.8	4,210	16,014,275	5,444	27,356,175	—41.5
El Paso	55	64,157	33	66,165	— 3.0	60	39,303	+ 63.2	724	1,163,657	765	2,188,332	—46.8
Fort Worth	239	977,468	150	568,760	+ 71.9	273	805,400	+ 21.4	3,859	17,022,446	2,640	8,847,837	+92.4
Galveston	173	69,841	211	107,589	— 35.1	234	93,962	— 25.7	3,005	3,213,041	3,423	1,707,371	+88.2
Houston	330	2,467,118	324	5,948,203	— 58.5	461	1,530,253	+ 61.2	5,637	23,511,810	6,199	35,285,098	—19.2
Port Arthur	67	32,423	156	76,166	+ 8.2	107	66,758	+ 23.5	1,396	1,326,525	1,636	1,091,714	+21.5
San Antonio	220	1,159,890	223	541,737	+ 114.1	279	484,135	+139.6	3,380	14,468,527	3,813	9,428,043	+53.5
Shreveport	182	149,343	236	387,868	— 61.5	217	194,521	— 23.2	1,969	5,356,803	3,051	5,492,018	— 2.5
Waco	14	23,135	28	74,205	— 68.8	24	43,418	— 46.7	420	1,094,675	654	1,890,296	—42.1
Wichita Falls	148	890,730	128	124,045	+ 618.1	110	462,515	+ 92.6	1,906	10,008,923	1,678	5,622,541	+78.0
Total	1,780	\$6,842,613	1,951	\$9,763,536	— 29.9	2,335	\$4,460,407	+ 53.4	28,900	\$101,756,821	31,701	\$102,872,764	— 1.1

CEMENT

Shipments of Portland cement from Texas mills during December reflected a sharp decline as compared to the previous month and were below those in December a year ago. December shipments amounted to 316,000 barrels as compared to 427,000 barrels in November and 342,000 barrels in December, 1925. Production at these mills also declined in December, as in each of the four preceding

months and reached the lowest level since January this year. Stocks on hand at the close of the month were 16.5 per cent greater than stocks held at the end of November but were 6.7 per cent below those on December 31, 1925. Both production and shipments during 1926 reflected an increase over 1925 being, respectively, 4.1 per cent and 7.3 per cent greater.

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

	December	December	Inc. or Dec.	November	Inc. or Dec.	Twelve Months		Inc. or Dec.
	1926	1925				1926	1925	
Production at Texas Mills.....	379,000	393,000	— 3.6	402,000	— 5.7	5,001,000	4,803,000	+ 4.1
Shipments from Texas mills.....	316,000	342,000	— 7.6	427,000	— 26.0	5,042,000	4,701,000	+ 7.3
Stocks at end of month at Texas mills..	444,000	476,000	— 6.7	381,000	+16.5			

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board as of January 25, 1927)

Volume of output of industry decreased further in December to the lowest level in more than a year, and wholesale prices continued to decline. Easier conditions in the money market in January reflected the usual seasonal liquidation after the turn of the year.

PRODUCTION

In December for the third consecutive month, there was a decrease in industrial production, and the Board's new index, with adjustment for seasonal variations, was 105 on the basis of the average for 1923, 1924, and 1925 as 100. This compares with 113 in September the high point of the year and with 108 a year ago. The decline since the recent high point has been entirely in the manufacturing industries, as the output of minerals was at a record high level in November and showed only a slight decline in December. By far the greatest recession of recent months has been in the automobile industry, output of passenger cars and trucks in the U. S. decreasing from 425,000 in August to 165,000 in December. Reduction in the manufacture of automobiles is usual at the end of the year, when plants close for inventory taking and repairs, but in December 1926, the decline was considerably larger than usual. Production of iron and steel has also been sharply reduced since the middle of August and activity in the woolen and worsted and silk industries has been somewhat curtailed. Production of lumber, cement, and other building materials has reflected the usual winter decrease in demand. Cotton consumption, on the other hand, was larger than in any previous December. Factory employment and payrolls declined further in December reflecting decreases in nearly all industries except cotton goods, clothing, foundries, machine shops, and printing and publishing. The value of building contracts awarded in December, as in November, was larger than in the corresponding period a year earlier but for the first three weeks of January contracts were in smaller volume than during the same weeks of 1926.

TRADE

Retail sales during the holiday trade in December exceeded all previous records. Sales of department stores were approximately four per cent larger than in December of last year and sales of mail order houses while slightly

smaller than in 1925 were larger than in the corresponding month of any other year. Sales at wholesale, on the other hand, declined in December and were smaller than a year ago in practically all leading lines except shoes. Merchandise stocks carried by Department stores were reduced slightly more than is usual in December and were somewhat smaller at the end of the month than in 1925 and wholesale stocks were also slightly smaller than a year ago.

PRICES

Wholesale prices declined further in December and the Bureau of Labor Statistics index at 147 for that month was at the lowest level since the middle of 1924. Prices of agricultural products, which declined considerably in October and November increased slightly owing to advances in prices of grains and cattle. In January iron and steel prices were slightly reduced and there were further declines in bituminous coal and non-ferrous metals, while prices of cotton goods and coke advanced.

BANK CREDIT

At the reserve banks during the four weeks following the peak of the seasonal currency demand there was a return flow of Federal reserve notes and other cash from circulation amounting in the aggregate to about \$400,000,000. This return flow of currency was in about the same volume as a year ago and together with substantial gold imports, was reflected in a reduction of the volume of reserve bank credit in use to a level on January 19 lower than at any time since the summer of 1925. Loans and investments of member banks in leading cities after increasing to a record level at the end of the year, declined sharply in January. Commercial loans which had reached their seasonal peak in November were in the middle of January about \$200,000,000 below the maximum figure but still more than \$300,000,000 above the level of a year ago. Loans on securities of the reporting banks also declined after the turn of the year, following a large increase in December and were slightly smaller than in January of last year. Easier money conditions prevailed in the money market in January and rates on prime commercial paper declined from $4\frac{1}{2}$ to $4\frac{1}{4}$ per cent and those on bankers acceptances from $3\frac{7}{8}$ to a range of $3\frac{5}{8}$ — $3\frac{3}{4}$ per cent.