

# MONTHLY BUSINESS REVIEW

## OF THE

# FEDERAL RESERVE BANK OF DALLAS

C. C. WALSH,  
Chairman and Federal Reserve Agent

CHAS. C. HALL—W. J. EVANS,  
Assistant Federal Reserve Agents

(Compiled February 15, 1927)

Volume 12, No. 1

Dallas, Texas, March 1, 1927

This copy released for publication in afternoon papers

March 1

## DISTRICT SUMMARY

### THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	January	December	Inc. or Dec.
Bank debits to individual accounts (at 16 cities).....	\$792,849,000	\$840,348,000	Dec. 5.7%
Department store sales.....			Dec. 51.6%
Reserve Bank loans to member banks at end of month.....	\$ 3,763,169	\$ 4,772,409	Dec. 21.1%
Reserve Bank ratio at end of month.....	69.8%	67.9%	Inc. 1.9 points
Building permit valuations at larger centers.....	\$ 7,833,029	\$ 7,614,438	Inc. 2.9%
Commercial failures (number).....	134	114	Inc. 17.5%
Commercial failures (liabilities).....	\$ 2,348,320	\$ 1,815,600	Inc. 29.3%
Oil production (barrels).....	21,668,210	22,132,276	Dec. 2.1%
Lumber orders at pine mills (per cent of normal production).....	87%	60%	Inc. 27 points

The continuance of the upward trend in the price of cotton which began early in December was an important development during the past thirty day. An important factor in the situation has been the heavy domestic and foreign demand for cotton. Exports during December and January exceeded those of the same two months a year ago by 51 per cent and domestic consumption was 5 per cent greater. For the first six months of the current season the combined exports and domestic consumption was 17 per cent larger than during the same period of the previous season.

Weather conditions have seriously retarded farm work during the past thirty days and farmers generally have made very slow progress during the winter with the preparation of the soil for planting this year's crops. Yet the abundance of rainfall has left an excellent season in the ground. Fear is being expressed in certain quarters lest the deep subsoil moisture is laying the foundation for another heavy per acre yield of cotton that might bring about a serious situation should the rise in price of the staple deter farmers from carrying out the contemplated reduction in acreage. Small grains have made rapid growth. The excellent condition of ranges and livestock together with the improvement in the market prices of the latter, places this industry in the most advantageous position experienced in several years.

Financial conditions generally are sound even though there are some weak spots in the situation occasioned by poor collections. While the district's commercial failure rate rose sharply during January, both the number of defaults and the amount of indebtedness involved reaching the highest level in more than two years, it was due in part to the strain incident to making annual settlements. Re-

ports indicate that merchants are making a determined effort to put their financial house in order by reducing merchandise stocks and inaugurating more stringent credit policies. The demand for bank credit has been relatively light. Federal Reserve Bank loans to member banks declined from \$6,077,809 on January 15 to \$3,191,716 on February 15 and on the latter date they were \$2,027,420 less than on the same date in 1926. The deposits of member banks, contrary to the usual trend, reflected a slight increase in January and the reserves of these banks with the Federal Reserve Bank have been steadily increasing.

While the distribution of merchandise reflected largely the effects of seasonal influences, it should be noted that the volume was smaller than a year ago. Wholesale trade increased substantially as compared to the previous month, but was considerably less than a year ago. Department store sales were 52 per cent less than the large December volume and were 5 per cent less than in January a year ago. Debits to individual accounts evidenced the usual decline from December and were slightly less than a year ago.

Construction activity as measured by the valuation of permits issued at principal cities, while slightly greater than in the previous month, was 20 per cent less than in January last year. The production and shipments of cement reflected a gain as compared to both the previous month and the same month a year ago. Increased activity was noted at the district's pine mills as compared to December but operations were on a smaller scale than in January, 1926.

A further reduction in the volume of employment was noticeable during January due to the curtailed activities at

the majority of the district's principal industries. A surplus of both skilled and unskilled laborers exists in many

sections of the district, and there is a pronounced surplus of common laborers in some sections.

### CROP CONDITIONS

Farmers have progressed slowly with plowing operations. Due to the shortage of farm labor, the urgency of harvesting 1926 crops, and the adverse weather particularly in December, the farmers had been unable to do much plowing prior to the opening of the new year. While this work progressed rapidly during the first half of January, the intermittent rains since that time have greatly retarded farm operations. However, with the reappearance of fair weather the farmers should make rapid progress with farm work. The good season in the ground which obtains in practically every section of the district augurs well for excellent planting conditions

in the spring.

A large acreage has been planted to small grains and these crops are making good growth throughout the district. The abundance of rainfall during the winter, which has left the soil in excellent condition, has laid the foundation for good growing conditions during the spring.

Vegetation was advanced abnormally in the southern portion of Texas due to the generally mild temperatures. Shipments of truck from the Rio Grande Valley have been unusually large.

### LIVESTOCK

#### Movements and Prices

The January receipts of cattle and calves reflected a substantial decline as compared to both the previous month and the same month last year. On the other hand, receipts of hogs and sheep were materially above those of either December or January, 1926.

The cattle market reflected a considerable improvement during the past month, prices on practically all classes showing a gain as compared to the previous month. At times the supply was insufficient to meet the demand. Hog prices gradually worked to higher levels. Sheep and lamb prices showed but little change.

The physical condition of the district's ranges and livestock continues excellent. The winter has been unusually favorable, feed and grazing has been abundant and losses have been light. In fact, livestock have been better cared for this winter than in many years. While some shrinkage in livestock has been noted, it has been at a minimum this year. Due to the abundance of cheap feed, larger numbers of cattle are being fattened in the feed lots of the Southwest which in turn will make for a better quality of shipments in the spring. In many sections, owners are showing a tendency to restock and there appears to be a good demand for young stockers. Indications point toward a good calf crop and already a considerable number of early calves have dropped. Likewise, a heavy lamb and kid crop is expected as a result of the good season prevailing since last spring. Shearing of sheep and goats is under way and indications are that the spring clip will be heavy.

The appended table shows the Department of Agriculture's estimate of the number and value of livestock on farms in Texas, Louisiana and New Mexico as of January 1, 1926 and 1927.

NUMBER AND VALUE OF LIVESTOCK ON FARMS AS OF JANUARY 1, 1926 AND 1927.					
Texas:					
	—Number—		—Value—		
	1927	1926	1927	1926	
Horses .....	848,000	848,000	\$38,160,000	\$40,704,000	
Mules .....	1,073,000	1,052,000	74,037,000	78,900,000	
All cattle .....	6,136,000	5,900,000	174,876,000	135,700,000	
Swine .....	1,250,000	1,000,000	18,375,000	12,200,000	
Sheep .....	2,242,000	3,535,000	33,511,800	28,810,250	
Louisiana:					
Horses .....	120,000	126,000	5,895,000	6,929,000	
Mules .....	176,000	176,000	13,862,000	15,774,000	
All cattle .....	616,000	648,000	13,420,000	13,030,000	
Swine .....	511,000	496,000	4,854,000	4,464,000	
Sheep .....	102,000	105,000	308,000	312,000	
New Mexico:					
Horses .....	166,000	175,000	5,586,000	6,432,000	
Mules .....	34,000	34,000	1,520,000	1,819,000	
All cattle .....	1,189,000	1,213,000	36,887,000	31,933,000	
Swine .....	54,000	47,000	772,000	611,000	
Sheep .....	2,490,000	2,184,000	21,789,000	20,740,000	

FORT WORTH LIVESTOCK RECEIPTS					
	Jan. 1927	Jan. 1926	Loss or Gain	Dec. 1926	Loss or Gain
Cattle .....	60,087	88,802	L 28,715	71,542	L 11,455
Calves .....	12,510	15,779	L 3,269	24,379	L 11,869
Hogs .....	29,464	20,356	G 9,108	22,721	G 6,743
Sheep .....	18,244	9,248	G 8,996	9,664	G 8,580

#### COMPARATIVE TOP LIVESTOCK PRICES

	Jan. 1927	Jan. 1926	Dec. 1926
Beef steers .....	\$ 9.25	\$ 9.00	\$ 7.50
Stocker steers .....	8.00	8.25	7.75
Butcher cows .....	6.60	6.00	6.00
Stocker cows .....	5.25	4.50	5.00
Calves .....	10.75	9.00	9.00
Hogs .....	12.40	13.50	12.25
Sheep .....	8.50	9.50	7.50
Lambs .....	12.25	15.50	12.00

#### Cotton Movement

The January receipts and exports of cotton at Houston and Galveston, while seasonably less than in December, exceeded those of the same month last year by a considerable margin. The foreign exports of cotton from all United States ports for the period August 1 to January 31 this season were 23 per cent higher than those during the same period of the previous season.

#### COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	Jan. 1927	Jan. 1926	Aug. 1 to Jan. 31 This Season	Last Season
Net receipts .....	430,883	269,042	2,924,780	2,535,934
Exports .....	420,773	314,915	2,335,592	1,968,175
Stocks—January 31 .....			739,114	603,696

#### COTTON MOVEMENT THROUGH THE PORT OF HOUSTON

	Jan. 1927	Jan. 1926	Aug. 1 to Jan. 31 This Season	Last Season
Net receipts .....	329,314	161,502	2,960,800	2,331,078
Exports .....	282,978	132,179	1,682,769	1,801,623
Stocks—January 31 .....			988,899	731,436

## COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	Jan. 1927	Jan. 1926	August 1 to January 31 This Season	August 1 to January 31 Last Season	Jan. 1927	Jan. 1926	August 1 to January 31 This Season	August 1 to January 31 Last Season
Cotton consumed .....	437,788	411,652	2,478,298	2,195,698	604,584	582,315	3,434,040	3,180,434
Cotton on hand January 31:								
(a) in consuming establishments.....			1,272,021	1,123,416			1,852,987	1,815,232
(b) in public storage and compresses.....			5,742,740	4,949,597			6,070,020	5,180,988

## GALVESTON STOCK STATEMENT

	Jan. 31, 1927	Jan. 31, 1926
For Great Britain.....	18,300	1,500
For France .....	11,100	1,500
For other foreign ports.....	72,100	13,700
For Coastwise ports.....	12,000	6,500
In compresses and depots.....	625,614	580,496
Total.....	739,114	603,696

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

	Aug. 1 to Jan. 31	
	This Season	Last Season
Receipts .....	9,657,417	8,514,438
Exports: Great Britain .....	1,669,888	1,605,842
France .....	712,697	642,185
Continent .....	3,120,565	2,329,540
Japan-China .....	986,028	719,832
Mexico .....	6,294	31,890
Total foreign ports.....	6,495,468	5,329,289
Stocks at all U. S. ports, January 31	2,945,003	1,514,438

SPOT COTTON PRICES  
(Middling Basis)

	Jan. 1927		Feb. 15, 1927
	High	Low	
New York .....	13.70	12.80	14.20
New Orleans .....	13.40	12.53	13.94
Dallas .....	12.55	11.70	12.95
Houston .....	13.35	12.58	13.75
Galveston .....	13.40	12.60	13.85

## COTTONSEED PRODUCTS

Reports from 68 cottonseed oil mills in this district reflected a sustained demand for cottonseed products during January. The average prices received for hulls, cake and meal increased, while the prices for crude oil and linters were slightly less than those received in December. Crude oil sold at an average price of \$.0686 per pound in January as compared to \$.0696 in December; cake and meal sold for \$24.48 per ton as against \$23.51 per ton, and hulls brought \$4.32 per ton as against \$3.86 per ton. Linters sold at an average price of \$.0188 in January as compared to \$.0222 per pound received in December. There were 81,112 tons of cottonseed products purchased by these mills

## COTTONSEED PRODUCTS SHIPPED AND AVERAGE PRICE RECEIVED

	January, 1927	
	Products Shipped	Average price F. O. B. Mill
Crude oil .....	26,512,606 lbs.	\$.0686 per lb.
Cake and meal.....	52,259 tons	24.48 per ton
Hulls .....	42,698 tons	4.32 per ton
Linters .....	10,316,534 lbs.	.0188 per lb.

in January at an average price of \$22.12 per ton, as compared to 97,802 tons bought in December for which an average price of \$21.08 per ton was paid.

## STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to January 31 This Season	August 1 to January 31 Last Season	August 1 to January 31 This Season	August 1 to January 31 Last Season
Cottonseed received at mills (tons).....	1,650,498	1,271,135	5,266,741	4,884,817
Cottonseed crushed (tons) .....	1,307,271	1,013,727	4,260,344	3,816,300
Cottonseed on hand (tons) .....	354,580	278,501	1,029,646	1,098,364
Crude oil produced (pounds) .....	366,726,935	285,781,000	1,267,693,849	1,094,651,531
Cake and Meal produced (tons).....	603,059	479,000	1,904,721	1,769,148
Hulls produced (tons) .....	384,367	286,000	1,234,649	1,048,000
Linters produced (500-lb. bales) .....	211,359	192,000	695,650	712,000
Stocks on hand Jan. 31:				
Crude oil (pounds).....	37,168,670	21,720,000	115,552,582	69,508,000
Cake and meal (tons) .....	30,266	75,000	147,250	316,357
Hulls (tons) .....	86,049	75,000	235,800	185,000
Linters (500-lb. bales) .....	70,631	50,000	221,200	187,000

## TEXTILE MILLING

Improvement in the textile industry, following the rise in the price of raw cotton, was reflected in milling operations during January. Mills generally, reported a broader demand for goods and firmer prices with an upward tendency. There were 3,327 bales of cotton consumed by reporting mills during the month, as compared to 2,964 bales in December and 3,154 bales in January last year. Production showed an increase of 13.4 per cent over December and was 10.6 per cent greater than a year ago. Stocks on hand at the close of the month showed an increase over those at the end of December but were less than stocks on January 31, 1926. Orders at the close of January exceeded those of the previous month and the same month last year.

## TEXTILE MILLING STATISTICS

	January 1927	January 1926	December 1926
Number bales consumed.....	3,327	3,154	2,964
Number Spindles active.....	64,228	64,436	64,228
Number pounds cloth produced.....	1,522,843	1,376,541	1,342,860

## WHOLESALE TRADE

The distribution of merchandise in wholesale channels during January reflected a seasonal expansion as compared to the previous month, but it continued to fall short of a year ago. While consumer demand has not increased materially, factors of considerable importance have been the inclement weather, and the bad roads which have made traveling difficult in the rural sections. Reports indicate that merchants are showing a tendency to operate on a more

conservative basis. They are adopting stricter policies, not only with regard to limiting purchases to actual or well defined needs which in turn will reduce the volume of credit needed for current operations and increase the return on capital invested, but, also, in the matter of dispensing credit. Many merchants have switched from a credit to a cash basis while others are using more discretion in granting credit.

While there was a seasonal expansion in the demand for dry goods at wholesale, business continued on a smaller scale than a year ago. The January sales of reporting firms were 50.0 per cent greater than in December but 14.2 per cent less than in January, 1926. Merchants are following the policy of making small purchases to cover only actual requirements. Collections continue generally slow.

Quietude prevailed in the wholesale drug trade during January. Sales of reporting firms were 1.6 per cent less than in December and were 8.3 per cent less than in January last year. Retailers are buying to cover only immediate requirements and reports indicate that consumer demand has been light. Prices have shown no material change. Collections have been generally slow.

The January sales of reporting wholesale grocery firms were 2.7 per cent larger than those in December but reflected a decline of 8.7 per cent as compared to a year ago. While the demand has increased somewhat in certain sections, very little improvement is noted in other sections. Collections

are still slow in most sections. Prices evidenced a slightly downward trend.

While the demand for farm implements during January was on a broader scale than during the closing months of 1926, it is still considerably under a year ago. The January sales of reporting firms were 133.2 per cent greater than in December but fell 45.6 per cent below those for January, 1926. Farmers appear to be holding their purchases of implements to a minimum. Prices remained generally steady.

Sales of hardware at wholesale during January registered a further substantial decline from the previous month and were 0.9 per cent less than in the same month last year. The recession in demand appeared to be general throughout the district. Collections continue slow.

#### CONDITION OF WHOLESALE TRADE DURING JANUARY, 1927 Percentage of increase or decrease in

	Net Sales		Stocks	
	January, 1927 compared with		January, 1927 compared with	
	Jan. 1926	Dec. 1926	Jan. 1926	Dec. 1926
Groceries .....	8.7	+ 2.7	- 1.7	+12.3
Dry Goods .....	14.2	+ 50.0	-14.7	+20.7
Farm Implements .....	45.6	+133.2	- 2.8	- 1.2
Drugs .....	8.3	- 1.6	- 1.8	+ 4.9
Hardware .....	.9	- 16.1	- 8.3	+ 5.0

#### RETAIL TRADE

Seasonal recession in the volume of distribution of merchandise by department stores in larger centers marked the course of retail trade during January. Sales were 51.6 per cent less than the large December volume and 5.0 per cent less than in January a year ago. Widespread "clearance sales" were featured during the month and while these sales met with generally good success, buying was retarded to some extent by the warm and rainy weather.

Stocks on hand at the close of January were 5.4 per cent

less than a month earlier and 13.9 per cent less than a year ago.

The ratio of outstanding orders to last year's purchases was 8.9 on January 31 as compared to 4.3 on December 31, and 7.0 on January 31, 1926.

The ratio of January collections to accounts outstanding on January 1 was 36.0 as against 39.4 in December and 38.9 in January last year.

#### BUSINESS OF DEPARTMENT STORES

Total Sales:	Dallas	Fort Worth	Houston	All Other	Total District
January, 1927, compared with January, 1926.....	-14.8	- .5	+ 6.9	- 1.4	- 5.0
January, 1927, compared with December, 1926.....	-49.4	-62.6	-47.6	-48.8	-51.6
Credit Sales:					
January, 1927, compared with January, 1926.....	-16.7	+ 1.6	+ 5.7	- 2.2	- 7.7
January, 1927, compared with December, 1926.....	-44.5	-62.3	-44.5	-47.5	-48.5
Stocks					
January, 1927, compared with January, 1926.....	-20.7	-13.7	- 8.7	- 8.2	-18.9
January, 1927, compared with December, 1926.....	- 8.1	+ 3.0	- 6.5	- 6.4	- 5.4
Percentage of sales to average stocks in:					
January, 1926 .....	22.2	16.3	25.1	20.8	21.1
January, 1927 .....	22.7	19.5	28.0	21.7	22.5
Ratio of outstanding orders to last year's purchases.....	8.8	6.5	8.9	6.0	8.9
Ratio of January collections to accounts receivable due and outstanding January 1, 1927.....	33.1	31.2	40.2	40.6	36.0

#### FINANCIAL

The volume of public spending as measured by checks charged to depositors' accounts at banks in sixteen principal cities of the Eleventh Federal Reserve District reflected a seasonable decline of 5.7 per cent as compared with the previous month and was 0.7 per cent less than during the corresponding month of the previous year.

#### Acceptance Market

The volume of acceptances executed by accepting banks in this district and which were outstanding at the close of January

showed a substantial reduction from those outstanding at the end of the previous month. Acceptances outstanding on January 31, 1927, amounted to \$4,063,210.97 as compared to \$5,763,025.01 on December 31, 1926. Acceptances executed against export and import transactions increased from \$934,891.68 on December 31 to \$2,102,997.37 on January 31, while those based on the domestic shipment and storage of goods decreased from \$4,828,133.33 on the former date to \$1,960,213.60 on the latter date.

DEBITS TO INDIVIDUAL ACCOUNTS  
(In Thousands of Dollars)

	Jan. 1927	Jan. 1926	Inc. or Dec.	Dec. 1926	Inc. or Dec.
Austin .....	\$ 19,522	\$ 21,181	- 7.8	\$ 22,553	-13.4
Beaumont .....	27,212	19,080	+42.6	25,053	+ .9
Corsicana .....	8,614	10,430	-17.4	9,243	- 6.8
Dallas .....	223,308	254,109	-12.1	235,902	- 5.3
El Paso .....	33,301	34,761	- 4.2	35,048	- 5.0
Fort Worth .....	90,302	85,363	+ 5.8	98,694	- 8.5
Galveston .....	55,352	50,957	+ 8.6	59,148	- 6.4
Houston .....	162,505	151,975	+ 6.9	179,632	- 9.5
Port Arthur .....	9,499	9,194	+ 3.3	10,080	- 5.8
Roswell .....	3,240	3,583	- 9.6	3,819	-15.2
San Antonio .....	44,734	40,041	+11.7	44,690	- .1
Shreveport .....	41,352	43,045	- 3.9	42,965	- 3.8
Texarkana .....	11,274	11,612	- 2.9	10,513	+ 7.2
Tucson .....	9,997	9,242	+ 8.2	9,888	+ 1.2
Waco .....	18,825	20,029	- 6.0	18,602	+ 1.2
Wichita Falls .....	33,812	33,857	- .1	34,518	- 2.0
Total, 11th District .....	\$792,849	\$798,459	- .7	\$840,348	- 5.7

Condition of  
Member Banks  
in Selected  
Cities

The past month witnessed a decline in the investments of member banks in selected cities and a substantial increase in loans. Investments in U. S. Government Securities declined \$148,000 and investments in other stocks and bonds declined \$1,528,000. Loans secured by corporate securities reflected a gain of \$2,578,000 and the item "all other loans" (largely commercial) rose \$2,861,000. Total loans and investments showed a net gain of \$3,500,000. The net demand deposits of these banks on February 2 were \$1,132,000 less than on January 5 but time deposits rose \$1,737,000 during the same period. Their reserve with the Federal Reserve Bank declined \$1,225,000. Their bills payable and rediscounts with the Federal Reserve Bank amounted to \$2,213,000 on February 2 as compared to \$3,952,000 on January 5 and \$4,735,000 on February 3, 1926.

## CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Feb. 2, 1927	Jan. 5, 1927	Feb. 3, 1926
1. Number of reporting banks.....	46	46	48
2. U. S. securities owned.....	\$ 48,412,000	\$ 48,560,000	\$ 50,268,000
3. All other stocks, bonds and securities owned.....	22,696,000	24,224,000	23,408,000
4. Loans secured by U. S. Government obligations.....	2,115,000	2,378,000	3,093,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	74,719,000	72,141,000	80,775,000
6. All other loans.....	241,807,000	238,946,000	236,351,000
7. Net demand deposits.....	270,221,000	271,353,000	279,799,000
8. Time deposits.....	103,223,000	101,486,000	99,928,000
9. Reserve with Federal Reserve Bank.....	28,720,000	29,945,000	29,995,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	2,213,000	3,952,000	4,735,000
11. Ratio of loans* to net demand deposits.....	90%	89%	86%

\*Loans include only items 4 and 6.

Savings  
Deposits

Reports from 94 banks in this district which operate a savings department reflected an increase of 5.0 per cent in the amount of savings deposits on January 31 as compared to January 31, 1926, and .1 per cent over those on December 31, 1926.

There were 252,515 accounts carried by these banks at the close of the month, as against 222,773 accounts on the same date last year and 249,232 accounts at the close of the previous month.

## SAVINGS DEPOSITS

	January 31, 1927			January 31, 1926			December 31, 1926			
	Number of Reporting Banks	Number of Savings Depositors	Amount of Savings Deposits	Number of Savings Depositors	Amount of Savings Deposits	Inc. or Dec.	Number of Savings Depositors	Amount of Savings Deposits	Inc. or Dec.	
Beaumont .....	4*	5,586	\$ 2,319,255	5,250	\$ 2,243,190	+ 3.4	5,660	\$ 2,323,005	— .2	
Dallas .....	6	50,555	18,411,253	35,427	15,547,687	+18.4	49,878	18,131,706	+ 1.5	
El Paso .....	2	12,032	4,789,442	11,878	5,119,401	— 6.4	12,011	5,239,408	— 8.6	
Fort Worth .....	2	14,698	5,616,988	14,160	5,268,004	+ 6.6	13,904	5,266,034	+ 6.7	
Galveston .....	3	13,273	9,324,486	12,914	8,828,069	+ 5.6	13,117	8,344,721	+11.7	
Houston .....	12*	55,890	24,997,888	49,563	23,055,180	+ 8.4	54,716	25,081,961	— .3	
San Antonio .....	6	28,099	12,929,571	25,213	11,792,031	+ 9.6	27,765	13,058,567	— 1.0	
Shreveport .....	4*	23,090	10,844,534	20,958	11,051,655	— 1.9	23,407	11,835,410	— 8.4	
Waco .....	4	7,445	4,058,587	6,652	3,840,889	+ 5.7	7,393	3,990,620	+ 1.7	
Wichita Falls .....	1	1,180	505,839	1,106	459,921	+10.0	1,176	455,483	+11.1	
All others .....	49*	40,667	17,519,831	39,652	18,781,195	— 6.7	40,205	17,443,781	+ .4	
Total.....	93	252,515	\$11,317,674	222,773	\$105,987,222	+ 5.0	249,232	\$11,170,696	+ .1	

\*Only 3 banks in Beaumont, 11 banks in Houston, 3 banks in Shreveport and 46 banks in "all others" reported the number of savings depositors.

## FEBRUARY DISCOUNT RATES

## Prevailing rates

	Dallas	El Paso	Fort Worth	Houston	San Antonio	Waco
Rate charged customers on prime commercial paper such as is now eligible for rediscount under the Federal Reserve Act	4-6	8	5-7	5-6	6-8	6-7
Rate charged on loans to other banks, secured by bills receivable	5	6	5-6	5	5-8	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	8	6-8	5-6	6-8	6-7
(b) time	5-7	8	6-8	5-6	6-8	6-7
Rate on commodity paper secured by warehouse receipts, etc.	5-6	7-8	6-8	5-6	6-8	6-8
Rate on cattle loans	6-7	6-8	7-8	8	4-8	8

**Deposits of Member Banks** Contrary to the usual seasonal trend the net demand deposits of member banks showed a slight increase of \$817,000 during January. Time deposits reflected a gain of \$5,416,000 during the same period. The combined deposits of these banks which amounted to \$800,127,000 on January 26 were \$27,016,000 less than on January 27, 1926.

#### 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
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.....	605,845	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	262,499	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
Jan. 26, 1927.....	633,208	166,919	282,875	43,791	350,333	123,128

**Operations of the Federal Reserve Bank** Following the rapid decline in the volume of Federal Reserve Bank loans to member banks during December which reduced these loans to \$4,772,409 on the last day of that month, there was a noticeable increase during the first week of January, reaching the high point of the year on January 7th at \$7,598,937. Since that date, however, there was a steady decline in these loans. On January 31, they amounted to \$3,763,169, reflecting a net decline of \$1,009,240 during the month and during the first half of February there was a further decline of \$571,453. There were 84

After showing an increase for eight consecutive months, production of crude oil in this district declined slightly in January from the high level reached in December. Production during the month amounted to 21,668,210 barrels of oil as compared to 22,132,276 barrels in the previous month representing a decrease of 14,970 barrels in daily average production. Drilling operations subsided further in January and initial production fell below that in December. The decline in activities was general throughout the district and was due principally to excessive rain and cold weather during the latter half of the month. There were 706 completions during the month of which 443 were producers which compares to 835 completions in December of which 590 were successful. Initial production declined from 193,659 barrels in December to 119,260 barrels in January.

With the exception of the Gulf Coast area all Texas fields registered declines in production, the combined daily average output of all fields being 12,059 barrels less than in December. Extremely inclement weather in January was

borrowing banks on January 31 as compared to 88 banks on December 31 and 69 banks on January 31, 1926.

Due to the reduction both in our loans to member banks and purchases of bankers' acceptances, the total volume of bills held by this bank declined from \$20,698,917.73 on December 31, to \$16,926,623.33 on January 31, distributed as follows:

Member bank collateral notes secured by U. S. Government obligations.....	\$ 813,750.00
Rediscounts and all other loans to member banks.....	2,949,418.91
Open market purchases (Bankers' Acceptances).....	13,163,454.42
Total bills held.....	\$16,926,623.33

There was a sharp recession in our Federal reserve note circulation during January which was brought about by the return flow of currency following the Christmas holidays. The actual circulation of these notes on January 31 amounted to \$43,742,460 as compared to \$48,803,275 on December 31 or a net reduction of \$5,060,815 during the month. The reserve deposits of member banks declined from \$62,898,068 on December 31, to \$59,816,933 on January 31. The daily average of these deposits during January, however, was practically the same as that during the previous month.

#### FAILURES

There was a further marked increase in the business mortality rate in the Eleventh Federal Reserve District during January. While there is usually a higher failure rate in January due to the strain of annual settlements, the increase in failures during the past month was very large. There were 134 defaults during the month with liabilities aggregating \$2,348,320 as compared to 114 failures in December with an indebtedness of \$1,815,600 and 108 insolvencies in January, 1926, owing \$1,457,716.

#### PETROLEUM

the chief factor in curtailing operations in Hutchinson County field, the principal producing area of the state, resulting in a further decrease in production in that locality. In contrast to other important producing areas, production in Crane and Upton Counties showed an increase but the gain was not sufficient to offset the decline in the other fields of the Central West Texas area. The Spindletop field registered only a slight decline in production although new completions and initial production were considerable less than in December. Production of oil in January in North Louisiana amounted to 1,641,420 barrels, as compared to 1,731,660 barrels in the previous month or a decrease of 2,911 barrels in daily average production.

#### CRUDE OIL PRICES

	Feb. 11, 1927	Feb. 12, 1926
Texas Coastal (Grade "A").....	\$1.40	\$1.50
North and Central Texas and North Louisiana (52 gr. and above).....	2.70	*
*Prices for Feb. 11, 1926, not available on a comparable basis.		

#### OIL PRODUCTION

	January		December		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	7,833,975	252,709	8,126,644	262,150	Dec. 292,669	Dec. 9,441
Central-West Texas.....	3,803,540	122,695	4,005,610	129,213	Dec. 202,070	Dec. 6,518
East-Central Texas.....	1,635,885	52,770	1,704,070	54,970	Dec. 68,185	Dec. 2,200
Texas Coastal.....	5,511,970	177,805	5,292,940	170,740	Inc. 219,030	Inc. 7,065
Southwest Texas.....	1,241,420	40,046	1,271,352	41,011	Dec. 29,932	Dec. 965
Total, Texas.....	20,026,790	646,025	20,400,616	658,084	Dec. 373,826	Dec. 12,059
North Louisiana.....	1,641,420	52,949	1,731,660	55,860	Dec. 90,240	Dec. 2,911
Total, District.....	21,668,210	698,974	22,132,276	713,944	Dec. 464,066	Dec. 14,970

## JANUARY DRILLING RESULTS

Field—	Comple- tions	Pro- ducers	Gas Wells	Fail- ures	Initial Production
North Texas.....	314	223	5	86	34,796
Central-West Texas.....	221	141	5	75	39,228
East-Central Texas.....	3	2	0	1	.....
Texas Coastal.....	63	49	1	13	43,656
Southwest Texas.....	5	1	4	0	35
Texas Wildcats.....	41	2	3	36	55
Total Texas.....	647	418	18	211	117,770
North Louisiana.....	59	30	8	21	1,490
Jan. Totals, District.....	706	448	26	232	119,260
Dec. Totals, District.....	885	590	40	255	193,659

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

## LUMBER

Following the year-end lull, considerable improvement was noted in the operations of pine mills in this district during January. Orders received exceeded both production and shipments of lumber, being 87 per cent of normal production and were the largest since August last year. Shipments of lumber increased from 61 per cent of normal production

in December to 77 per cent in January. Production continued steady, amounting to 83 per cent of normal, as compared to 84 per cent in the two preceding months. Stocks on hand at the close of the month were only 9 per cent below normal which is the nearest they have approached normal since September 1925, at which time they were of the same percentage. Unfilled orders on the books of 52 reporting mills on January 31 called for 58,616,191 feet of lumber as compared to orders for 42,039,402 feet recorded at 50 mills on December 31.

## JANUARY PINE MILL STATISTICS

Number of reporting mills.....	52
Production.....	98,042,194 feet
Shipments.....	89,930,613 feet
Orders.....	101,228,567 feet
Unfilled orders, January 31.....	58,616,191 feet
Normal production.....	116,219,586 feet
Stocks, January 31.....	295,282,403 feet
Normal stocks.....	325,259,864 feet
Shipments below normal production.....	26,288,973 feet—23%
Actual production below normal.....	20,177,392 feet—17%
Orders below normal production.....	14,991,019 feet—13%
Stocks below normal.....	29,977,461 feet—9%

## BUILDING

Increased activity in building, as measured by the valuation of permits issued at thirteen principal cities of the Eleventh District, was reflected during the opening month of the year. The valuation of permits issued at these centers in January amounted to \$7,833,029 exceeding December valuation by 2.9 per cent. In comparison with January of last year however, awards this year showed a decrease of

20.2 per cent but it will be remembered that the volume in January 1926, was exceedingly heavy. A sharp increase will be noted in the number of projects begun in January representing an increase in residential construction. As compared to the previous month eight cities showed increases and five showed decreases in valuation of permits issued.

## BUILDING PERMITS

	January, 1927		January, 1926		Inc. or Dec.	December, 1926		Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation	
Amarillo.....	271	\$1,022,340	79	\$ 328,735	+211.0	223	\$ 771,825	+ 32.5
Austin.....	27	27,150	52	126,408	— 78.5	13	10,240	+165.1
Beaumont.....	147	187,919	126	102,641	+ 83.1	105	574,008	— 67.3
Dallas.....	327	412,624	343	1,265,509	— 67.4	234	374,260	+ 10.3
El Paso.....	49	32,485	58	139,280	— 76.7	55	64,157	— 49.4
Fort Worth.....	299	912,271	411	1,422,436	— 35.9	239	977,468	— 6.7
Galveston.....	171	586,662	213	191,516	+206.3	173	69,841	+740.0
Houston.....	517	3,213,316	390	3,509,543	— 8.4	330	2,467,118	+ 30.2
Port Arthur.....	115	92,904	90	94,245	— 1.4	67	82,423	+ 12.7
San Antonio.....	253	805,746	329	1,563,216	— 48.5	220	1,159,890	— 30.5
Shreveport.....	205	210,400	293	440,437	— 52.2	182	149,343	+ 40.9
Waco.....	37	109,035	26	44,775	+143.5	14	23,135	+371.3
Wichita Falls.....	83	220,177	123	583,492	— 62.3	148	890,730	— 75.3
Total.....	2,506	\$7,833,029	2,533	\$9,812,233	— 20.2	2,003	\$7,614,438	+ 2.9

## CEMENT

After declining for five consecutive months production of Portland cement at Texas mills showed a slight increase in January and was 16.1 per cent greater than production in the same month last year. Shipments of cement after declining in November and December reflected a considerable increase over both the previous month and the same month last year. Shipments from the mills during January amounted to 365,000 barrels of cement as compared to 316,000 barrels in December and 308,000 barrels in January 1926, representing increases of 15.5 per cent and 18.5 per cent,

respectively. Stocks on hand at the close of January were 3.8 per cent greater than stocks held at the end of December but were 8.2 per cent less than those on hand January 31, 1926.

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

	Jan. 1927	Jan. 1926	Inc. or Dec.	Dec. 1926	Inc. or Dec.
Production at Texas mills.....	383,000	330,000	+16.1	379,000	+ 1.1
Shipments from Texas mills.....	365,000	308,000	+18.5	316,000	+15.5
Stocks at end of month at Texas mills.....	461,000	502,000	— 8.2	444,000	+ 3.8

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Industrial activity has been slightly larger since the turn of the year than at the close of 1926. Seasonal liquidation of reserve bank credit has been in usually large volume owing chiefly to the inflow of gold from abroad, and conditions in the money market have been easy. Wholesale prices have continued to decline.

### PRODUCTION

Output of factories was larger in January than in December, but smaller than in January, 1926 or 1925. Mineral production, though somewhat below the December level, continued in unusually large volume, reflecting the maintenance of production of bituminous coal, crude petroleum, and copper. Manufacture of iron and steel, which was sharply curtailed in December, increased in January and February. Automobile output was increased considerably from the unusually low level of production reached last December, but the number of passenger cars produced since the beginning of the year has been smaller than for the corresponding period of the past four years. The textile industries have continued active since December without, however, showing the usual seasonal increase. Building contracts awarded in 37 states during the first seven weeks of the year were smaller in value than those for the same period of 1926. Decreases have been largest in New York and the New England, Southeastern and Northwestern states, while increases occurred in the Middle Atlantic and Central Western states. By types of building, contracts awarded for residential and industrial building in January showed large reductions as compared with December and with January, 1926, while contracts for commercial buildings were larger than a month or a year ago.

### TRADE

Retail trade showed more than the usual seasonal decline between December and January. Sales of department stores were in about the same volume as a year ago, while those of mail order houses were 7 per cent smaller. Wholesale trade declined in nearly all leading lines in January and was considerably smaller than a year ago. Inventories of department stores were reduced less than is customary and at the end of the month were in about the same volume as in January, 1926. Stocks of merchandise carried by whole-

sale firms increased slightly, but continued in smaller volume than in the corresponding month of the previous year. Freight carloadings declined by somewhat more than the usual seasonal amount between December and January, but, owing chiefly to heavier shipments of coal this year, weekly loadings since the beginning of the year were larger than for the same period of 1926. Shipments of merchandise in less-than-carload lots were also slightly larger than last year; but those of most basic commodities were smaller.

### PRICES

The general level of wholesale prices declined fractionally in January, according to the index of the Bureau of Labor Statistics, considerable advances in prices of livestock, being somewhat more than offset in the total by decreases in nearly all other commodity groups included in the index. Prices of non-agricultural products, as a group, declined to the lowest level since early in 1922. In February there were decreases in the price of iron and steel, non-ferrous metals, bituminous coal, grains, and hides, while prices of cattle, sheep, cotton, and gasoline increased.

### BANK CREDIT

Commercial loans of member banks in leading cities, continued to decline during the four weeks ending February 16, although at a less rapid rate than in earlier weeks and in the middle of February the volume of these loans was about \$270,000,000 below the seasonal peak reached in the middle of November, though about \$200,000,000 above last year's level. Loans on securities also declined during the period, while the banks investment holdings increased somewhat. The volume of reserve bank credit remained during the four weeks ending February 23 near the low level reached at the end of January. Liquidation of reserve bank credit since the high point of last December has been in excess of \$500,000,000, the usual extent of this reduction being due chiefly to the large inflow of gold from abroad. Total bills and securities of the reserve banks on February 23 were about \$200,000,000 smaller than on the corresponding date of last year. Easier money conditions in February were reflected in a decline in the rate on prime commercial paper from  $4\frac{1}{2}$  to 4 per cent after the first week of the month.