

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

	February	January	Inc. or Dec.
Bank debits to individual accounts (at 16 cities).....	\$726,134,000	\$792,849,000	Dec. 8.4%
Department store sales.....			Dec. 1.0%
Reserve Bank loans to member banks at end of month.....	\$ 3,636,552	\$ 3,763,169	Dec. 3.4%
Reserve Bank ratio at end of month.....	74.0%	69.8%	Inc. 4.2 points
Building permit valuations at larger centers.....	\$ 7,546,601	\$ 7,833,029	Dec. 3.7%
Commercial failures (number).....	103	134	Dec. 23.1%
Commercial failures (liabilities).....	\$ 2,023,000	\$ 2,348,320	Dec. 13.9%
Oil production (barrels).....	18,945,330	21,668,210	Dec. 12.6%
Lumber orders at pine mills (per cent of normal production).....	80%	87%	Dec. 7 points

Increased bank deposits, rising livestock values, and a larger volume of public spending at principal cities than a year ago were outstanding features of the business and industrial situation of this district during the past month. The fact that charges to depositors' accounts at sixteen principal cities, which is the best available measure of public spending, were 6 per cent larger in February than in the same month last year is a significant development under present conditions, and indicates that this district is becoming less dependent upon cotton, its principal product. While department store sales were 6 per cent less than in February a year ago, it should be noted that credit sales of these firms were 12 per cent less, disclosing that more goods are being bought for cash than was the case a year ago. Wholesale distribution reflected a seasonal decline from the previous month and continued to fall considerably short of the same month last year.

The return to prosperity of the livestock industry has served to offset to some extent the unfavorable features of the agricultural situation. It has impressed upon the farmer the wisdom of raising his own meat and of extending his operations to include livestock as a portion of the products of the farm. The physical condition of the livestock industry is now better than at any time since 1919 and market values for livestock have turned sharply upward. There is a broad demand for stockers at steadily rising prices. The presence of these factors makes the outlook for the industry exceedingly favorable.

The deposits of member banks rose \$27,255,000 between January 26 and February 23, and on the latter date were \$2,355,000 greater than on the corresponding date in 1926. It is significant to note that this was the first time in seven

months that deposits for the current month exceeded those of the corresponding month of the previous year. The credit situation has shown no material change. The demand for credit continued relatively light and it is evident that there are ample funds with which to finance the legitimate needs of business and industry. Borrowings at the Federal Reserve Bank reflected a slight decline during the six week period ending March 15, and on the latter date were approximately \$2,500,000 less than on the same date in 1926. A factor of more than passing interest was the heavy subscriptions to the United States Treasury March 15th issues of $3\frac{1}{8}$ and $3\frac{1}{4}$ per cent Certificates of Indebtedness, disclosing that there is still a large volume of funds in this district seeking an investment outlet. Despite the low yield, subscriptions to these issues amounted to \$37,000,000 against which allotments to the extent of \$15,427,000 were made. While the business mortality rate reflected a seasonal decline as compared to January, it was considerably higher than a year ago.

Farming operations are still behind schedule, yet there is an excellent season in the ground throughout the district and should favorable weather obtain during the next few weeks, the handicap of a late start can be largely overcome. Small grains are doing well and fair progress has been made with the planting of corn. The planting of cotton is well under way in the southern part of Texas and is gradually extending northward.

Construction activity, as measured by the valuation of permits issued at principal cities, was 17 per cent less than in the corresponding month last year. Production, shipments, and new orders for lumber reflected a decline but the production and shipments of cement were slightly larger.

CROP CONDITIONS

Although farmers generally have made progress during the past six weeks with farming operations, they have not

completed as much of this work as is usual at this time. In the Rio Grande Valley and the Coast section of Texas, and

in localities elsewhere, plowing has been practically completed, yet in many sections of the district much of this work remains to be done.

The seeding of corn has been general throughout the district and much of it is now completed, although progress has not been as rapid as is usual. Early reports indicate that the acreage planted in corn this year will be considerably larger than a year ago. In the southern part of Texas the planting of cotton has made considerable headway and the new crop is coming up to a good stand, although growth has been slow on account of the cool weather. An excellent surface and subsoil moisture now obtains in every section of the district and with the appearance of weather favorable for the completion of planting and plowing operations, this year's crops will begin their growth under excellent conditions.

Early reports indicate that farmers are showing a disposition to plant a larger acreage to gardens, and are milking more cows and raising more poultry than in many years. There is also a noticeable disposition to raise a sufficient number of hogs on the farm to provide meat for their families. This, together with the large supply of feed on the district's farms, should enable the farmers to live cheaply and to produce this year's crops at a minimum of expense, and thereby reduce the demand for credit. Indications also point to the fact that farmers will carry out programs of diversification to a greater extent than heretofore. According to the report just released by the United States Department of Agriculture, the planting intentions of Texas farmers, expressed in percentage of acreage grown for harvest in 1926, are as follows: Corn, 135%; Oats, 115%; Barley, 200%; Rice, 86% Grain Sorghums, 90%; Tame Hay, 101% Peanuts, 200%; Potatoes, 155%; Sweet Potatoes, 200%.

The small grain crops have made good growth. The acreage sown to winter wheat was the largest since 1919 and present prospects point toward another large crop. The acreage sown in oats last fall was much larger than usual and there has been a considerable amount of spring oats sown. In North Texas some damage to the grain crops is reported from the activities of the green bugs. While as yet no considerable damage has been done, some concern is being felt regarding the future activities of this pest. The supplies of grains on Texas farms as of March 1st were the largest in several years. The Department of Agriculture estimated that 2,296,000 bushels of wheat remained on Texas farms March 1st as compared to 328,000 bushels in 1926. Out of the 1926 crop it is estimated that 22,957,000 bushels were shipped out of the counties where grown. This represents 70 per cent of the total crop as compared to 50 per cent in 1925 and a ten year average of 51 per cent. There were 25,936,000 bushels of oats remaining on Texas farms which represents 31 per cent of the total production during the year 1926. Shipments of oats out of the counties where grown amounted to 37 per cent of the 1926 production or 30,956,000 bushels. Out of the 106,863,000 bushels of corn produced in Texas in 1926, 50,226,000 bushels remained on farms on March 1st. This is the largest amount of corn held on farms at this date in any year since 1922. The percentage of corn that was of merchantable quality was estimated at 89 per cent as compared to 40 per cent in 1925 and 69 per cent for the ten year average.

The Department of Agriculture estimated that the farm

labor supply on March 1st was 92 per cent of normal as against a demand of 81 per cent. This compares with a supply of 94 per cent and demand of 83 per cent on March 1, 1926.

LIVESTOCK

It is now evident that livestock have passed through the winter in excellent condition, and with the spring ranges opening up several weeks earlier than usual and with prices of livestock showing an upward trend, the outlook for the industry is exceptionally bright. It appears that the livestock industry is now in a better position than at any time since 1919. In some sections the condition of livestock has shown steady improvement through the winter and in most other sections declines have been small. Reports indicate that fat cattle are already in evidence in some sections and that the spring movements to market will soon begin. Prospects point toward large calf, lamb and kid crops and due to excellent condition of livestock the calves should be strong and healthy. Early lambing in small flocks is about completed and in range flocks it is getting well under way. Shearing of goats is making good progress but the clip is reported to be light as shedding has appeared in some instances. There is a strong demand for all classes of stockers but young steers and cows are in greatest demand. Due to the fact that ranges generally are understocked, the supply of stock for sales for restocking purposes has not been sufficient to meet the demand with the result that prices have been bid up to a high level and are now well above those obtaining a year ago.

Movements and Prices Receipts of cattle and calves at the Fort Worth market during February reflected a decline as compared to both the previous month and the same month last year. Hog receipts were moderately larger than in January and were substantially greater than in February, 1926. The movement of sheep while less than in the previous month was greater than a year ago.

FORT WORTH LIVESTOCK RECEIPTS

	February 1927	February 1926	Loss or Gain	January 1927	Loss or Gain
Cattle	48,027	58,592	L 10,565	60,087	L 12,060
Calves	8,729	11,824	L 3,095	12,510	L 3,781
Hogs	37,511	22,458	G 15,053	29,464	G 8,047
Sheep	11,674	8,753	G 2,921	18,244	L 6,570

Strength in the market prices for practically all classes of cattle characterized the trade during February and the first half of March. After the first week in February values worked steadily upward and on some classes the highest prices of the year were recorded. The best demand has been for beef steers, fat cows and calves. There was a strong demand for fat cows and during a greater portion of the period the supply was insufficient to meet the demand. Practically the only weak spot in the market has been the

COMPARATIVE TOP LIVESTOCK PRICES

	Feb. 1927	Feb. 1926	Jan. 1927
Beef steers	\$ 9.25	\$ 8.60	\$ 9.25
Stocker steers	8.60	8.35	8.00
Butcher cows	6.60	6.25	6.60
Stocker cows	6.60	5.25	5.25
Calves	9.50	10.00	10.75
Hogs	12.70	13.60	12.40
Sheep	9.00	9.50	8.50
Lambs	12.65	15.00	12.25

poor market for canner and cutter cows. An outstanding feature of the market was the exceptionally broad demand for stocker steers and cows, and at times they brought prices equally as high as fat cattle. Hog prices have shown a declining tendency. Due to the fact that receipts have been heavier, packers have been able to fill their requirements out of local supplies. Prices on sheep and lambs have worked to higher levels.

Cotton Movements The February receipts and exports of cotton through the ports of Houston and Galveston, while seasonally less than in January, continued to reflect substantial increases as compared to the same month a year ago. Exports of cotton

(including linters) from the United States during February amounted to 1,010,507 bales as compared to 1,115,792 bales in January and 556,185 bales in February last year.

COTTON MOVEMENT THROUGH THE PORT OF HOUSTON

	Feb. 1927	Feb. 1926	Aug. 1 to Feb. This Season	Aug. 1 to Feb. Last Season
Net receipts	288,182	175,313	3,212,962	2,711,247
Exports	394,040	257,336	2,729,632	2,225,511
Stocks, February 28.....			633,256	537,308

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

	Aug. 1 to February 28 This Season	Aug. 1 to February 28 Last Season
Receipts	10,572,094	9,092,307
Exports: Great Britain	1,896,623	1,775,793
France	787,870	706,046
Continent	3,576,295	2,548,654
Japan-China	1,155,097	807,916
Mexico	14,207	41,781
Total foreign ports	7,430,092	5,880,190
Stocks at all U. S. ports, February 28.....	2,790,684	1,391,468

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	Feb. 1927	Feb. 1926	Aug. 1 to Feb. This Season	Aug. 1 to Feb. Last Season
Net receipts	202,672	97,801	3,163,472	2,428,879
Exports	210,714	99,169	1,893,483	1,400,792
Stocks, February 28.....			633,256	537,308

GALVESTON STOCK STATEMENT

	Feb. 28 1927	Feb. 28 1926
For Great Britain.....	15,400	1,200
For France	9,600	700
For other foreign ports.....	76,300	17,800
For coastwise ports	10,500	8,000
In compresses and depots.....	521,456	509,608
Total	633,256	537,308

SPOT COTTON PRICES
(Middling Basis)

	February, 1927 High	February, 1927 Low	March 15, 1927
New York	14.50	13.65	14.05
New Orleans	14.21	13.34	13.75
Dallas	13.40	12.40	12.90
Houston	14.20	13.20	13.75
Galveston	14.20	13.25	13.80

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	Feb. 1927	Feb. 1926	Aug. 1 to Feb. This Season	Aug. 1 to Feb. Last Season	Feb. 1927	Feb. 1926	Aug. 1 to Feb. This Season	Aug. 1 to Feb. Last Season
Cotton consumed	425,442	396,640	2,903,740	2,592,338	590,447	565,118	4,024,487	3,745,552
Cotton on hand February 28:								
(a) in consuming establishments.....			1,310,937	1,129,520			1,933,077	1,832,655
(b) in public storage and compresses.....			5,068,744	4,523,320			5,443,820	4,740,450

COTTONSEED PRODUCTS

A further strengthening of the market on all classes of cottonseed products was reflected in reports received from 63 cottonseed oil mills in this district during February. The average price received for crude oil advanced from \$.0686 per pound in January to \$.0711 per pound in February and cake and meal increased from \$24.48 per ton in the former month to \$26.11 per ton in the latter month. Hulls sold at an average price of \$4.52 per ton in February as compared to \$4.32 per ton in the previous month. The average price received for linters amounted to \$.0208 per pound as against \$.0188 per pound in January. These mills

purchased 54,342 tons of cottonseed during the month at an average price of \$25.97 per ton, as compared to 81,112 tons bought in January at an average price of \$22.12 per ton.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas August 1 to February 28 This Season Last Season		United States August 1 to February 28 This Season Last Season	
Cottonseed received at mills (tons).....	1,765,233	1,332,068	5,752,931	5,192,843
Cottonseed crushed (tons)	1,502,622	1,172,577	4,951,671	4,478,441
Cottonseed on hand (tons)	267,982	180,584	818,528	744,246
Crude oil produced (lbs.)	419,452,328	329,407,000	1,471,752,045	1,283,200,195
Cake and meal produced (tons)	694,403	551,000	2,218,245	2,074,697
Hull produced (tons)	444,426	331,000	1,442,861	1,230,000
Linters produced (500-lb. bales).....	243,804	222,000	806,087	836,000
Stocks on hand Feb. 28:				
Crude oil (pounds).....	80,354,526	13,017,000	95,393,521	57,709,000
Cake and meals (tons)	33,522	87,000	153,639	357,416
Hulls (tons)	76,889	72,000	226,521	179,000
Linters (500-lb. bales)	57,414	48,000	194,356	198,000

COTTONSEED PRODUCTS SHIPPED AND AVERAGE PRICE RECEIVED

	February, 1927	
	Products Shipped	Average price F. O. B. Mill
Crude oil	29,728,268 lbs.	\$.0711 per lb.
Cake and meal.....	43,504 tons	26.11 per ton
Hulls	34,112 tons	4.52 per ton
Linters	11,376,694 lbs.	.0208 per lb.

TEXTILE MILLING

Reports from mills in this district indicate a continuation of improvement in the textile industry during February. Consumption of cotton amounted to 2,304 bales as compared to 2,222 bales in January and 2,369 bales in February a year ago. Spindle activity was greater than in either the previous month or the same month last year. Production showed an increase over January and was only slightly below that in February, 1926. Unfilled orders on hand at the close of the month were substantially greater than last year and were slightly above those on hand at the end of the previous month. Stocks on hand on February 28, were smaller than either last month or a year ago.

TEXTILE MILLING STATISTICS

	February 1927	February 1926	January 1927
Number bales consumed.....	2,304	2,369	2,222
Number spindles active.....	64,336	64,268	62,268
Number pounds cloth produced.....	1,069,401	1,100,005	1,025,097

WHOLESALE TRADE

Distribution of merchandise at wholesale reflected a seasonal recession as compared to the previous month and was considerably below that for the same month a year ago. Sales in every reporting line of trade reflected a decline from February last year, ranging from 7.3 per cent in the case of groceries to 49.6 per cent in farm implements. Business since the beginning of the year has been retarded to some extent by the bad weather and dealers state that as fair weather has made its appearance buying has increased. Retailers have not deviated from the policy of limiting purchases to actual requirements and reports indicate that conservatism in certain quarters has increased, yet the disposition on the part of the retailers to keep commitments closely aligned with consumer demand is a prudent and reassuring policy.

Sales of reporting dry goods firms reflected a large seasonal increase of 35.6 per cent as compared to the previous month but fell 14.2 per cent under those for the corresponding month last year. Buying in February was stimulated by the opening of the spring buying season at the principal distributing centers. Consumer demand in the rural sections continued light during February due in part to the

unfavorable weather but reports indicate that with the appearance of fair weather, buying is showing a tendency to increase. As retailers are limiting purchases to actual needs the increased consumer demand is being quickly reflected in wholesale channels. Collections continued slow.

The demand for farm implements remained at a very low level. Sales of reporting firms were not only 12.2 per cent less than in January but were 49.6 per cent less than during the same month last year. Wherever possible, the farmers are repairing old implements rather than buying new ones and are, therefore, limiting purchases to actual necessities. Prices remained generally steady.

The distribution of groceries at wholesale reflected a decline of 2.4 per cent as compared to January and was 7.3 per cent less than in February a year ago. While buying is somewhat spotted, dealers report that the buying demand generally is fair. Collections showed an improvement over those of the previous month. Prices reflected no material change.

The wholesale drug trade remained generally quiet during February. Sales reflected a further decline of 8.6 per cent from the previous month and were 13.6 per cent less than in the same month last year. Retailers have continued to limit orders to immediate needs but some dealers report that with the appearance of clear weather business has shown indications of increasing. Collections have continued slow.

Sales of reporting hardware firms reflected a further decline of 5.4 per cent as compared to the previous month and were 12.1 per cent less than in February, 1926. The demand for light hardware has been slow. Collections have continued slow.

CONDITION OF WHOLESALE TRADE DURING FEB. 1927
Percentage of Increase or Decrease in:

	—Net Sales—		—Net Sales—		—Stocks—	
	Feb. 1927	Jan. 1 to date	Feb. 1927	Jan. 1 to date	Feb. 1927	Jan. 1 to date
	1926	1927	1926	1927	1926	1927
Groceries	7.3	-2.4	-7.8	-5.9	+1.0	
Dry Goods	14.2	+35.6	-14.2	-11.3	-2.6	
Farm Implements	49.6	-12.2	-47.6	+2.0	+3.3	
Drugs	13.6	-8.6	-11.0	-2.4	-1.4	
Hardware	12.1	-5.4	-7.2	-7.7	+3.8	

RETAIL TRADE

Department store sales reflected a further slight decline of 1.0 per cent as compared to the previous month and were

5.8 per cent less than in the corresponding month last year. The unseasonal weather has had a tendency to restrict sales,

BUSINESS OF DEPARTMENT STORES

Total Sales	Dallas	Fort Worth	Houston	All Other	Total District
February, 1927, compared with February, 1926.....	-13.2	+7.7	+4.1	-7.3	-5.8
February, 1927, compared with January, 1927.....	-2.2	+17.3	-9.4	-6.0	-1.0
January 1 to date, compared with same period last year.....	-14.0	+3.8	+3.2	-4.5	-6.0
Credit Sales:					
February, 1927, compared with February, 1926.....	-22.5	+10.4	+2.9	-9.5	-11.6
February, 1927, compared with January, 1927.....	-12.1	+22.0	-11.9	-6.0	-5.8
January 1 to date, compared with same period last year.....	-19.5	+6.3	+1.5	-5.9	-9.9
Stocks:					
February, 1927, compared with February, 1926.....	-17.4	-9.4	-.8	-8.7	-11.5
February, 1927, compared with January, 1927.....	+15.0	+15.4	+2.8	+6.5	+10.8
Percentage of sales to average stock in:					
February, 1926	20.2	15.6	18.6	20.1	19.1
February, 1927	20.6	19.0	19.7	20.2	20.1
Percentage of sales to average stock					
January 1, to February 28, 1926.....	41.9	31.4	40.9	39.5	39.0
January 1, to Feb. 28, 1927.....	42.5	36.9	42.4	40.6	40.8
Ratio of outstanding orders to last year's purchases.....	7.9	4.0	9.6	7.3	7.1
Ratio of February collections to accounts receivable due and outstanding February 1, 1927.....	31.9	32.9	40.8	38.9	35.1

but with the appearance of fair weather trade is improving.

Reflecting the purchases of spring merchandise, stocks on hand at the end of February were 10.8 per cent larger than a month earlier but were 11.5 per cent below those carried at the close of February last year. The percentage of sales to average stocks during the first two months of 1927 was 40.8 as compared to 39.0 during the corresponding period of 1926, reflecting a slightly better turnover of stocks.

The ratio of February collections to accounts receivable on February 1 was 35.1 as compared to 36.0 in January, and 36.7 in February, 1926.

FINANCIAL

Due to the short month and to seasonal influences, charges to depositors' accounts at banks located in the sixteen principal cities of this district were 8.4 per cent less than in January, but were 6.3 per cent greater than in the corresponding month of last year. The aggregate for the month was \$726,134,000 as compared to \$792,849,000 in January and \$682,846,000 in February, 1926.

DEBITS TO INDIVIDUAL ACCOUNTS (In Thousands of Dollars)

	February 1927	February 1926	Inc. or Dec.	January 1927	Inc. or Dec.
Austin	\$ 17,993	\$ 19,588	- 8.1	\$ 19,522	- 7.8
Beaumont	22,944	21,035	+ 9.1	27,212	-15.7
Corsicana	6,261	6,942	- 9.8	8,614	-27.3
Dallas	196,631	207,691	- 5.3	223,308	-11.9
El Paso	28,602	33,714	-15.2	33,301	-14.1
Ft. Worth	82,947	73,873	+12.3	90,302	- 8.1
Galveston	46,659	35,500	+31.4	55,352	-17.7
Houston	170,383	124,867	+36.5	162,505	+ 4.8
Port Arthur	9,001	8,773	+ 2.6	9,499	- 5.2
Roswell	2,813	2,743	+ 2.6	3,240	-13.2
San Antonio	38,410	37,070	+ 3.6	44,734	-14.1
Shreveport	36,939	38,808	- 4.8	41,352	-10.7
Texarkana	12,257	9,902	+23.8	11,274	+ 8.7
Tucson	8,379	8,612	- 2.7	9,997	-16.2
Waco	16,989	16,134	+ 5.3	18,825	- 9.8
Wichita Falls	28,926	37,594	-23.1	33,812	-14.4
Total, 11th District	\$726,134	\$682,846	+ 6.3	\$792,849	- 8.4

Acceptance Market

A further decline was registered in the volume of acceptances executed by accepting banks of this district and which were outstanding on February 28th. Acceptances of these banks outstanding at the close of February amounted to \$2,092,730.14 as compared to \$4,063,210.97 at the end of January. The amount of acceptances executed against import and export transactions declined from \$2,102,997.37 on January 31 to \$1,180,405.88 on February 28, while those based on domestic shipment and storage of goods decreased from \$4,063,210.97 on the former date to \$2,092,730.14 on the latter date.

Condition of Member Banks in Selected Cities

Substantial increases in loans, investments and net demand deposits were shown in reports from member banks in selected cities during the four-week period ending March 2. Investments in U. S. securities increased \$3,151,000 and there was a gain of \$1,265,000 in investments in other securities. Reflecting the seasonal demand for credit incident to the spring requirements of business and industry, commercial loans increased from \$241,807,000 on February 2 to \$249,290,000 on March 2, and loans on corporate securities rose \$357,000 during the same period. It should be noted that commercial loans on March 2 were \$13,892,000 greater than a year earlier, while loans on corporate securities were \$6,287,000 less, indicating that during the past year there has been a shifting of funds from speculative to commercial channels. The net demand deposits of these banks during the past month increased \$11,245,000 and time deposits rose \$3,473,000. As compared to a year ago, net demand deposits on March 2 were \$2,343,000 greater and time deposits were \$8,596,000 larger. Due to the increase in deposits necessitating larger reserves, the reserve deposits of these banks showed a gain of \$3,982,000 during the month. Their bills payable and rediscounts with the Federal Reserve Bank amounted to \$866,000 on March 2 as compared to \$2,213,000 on February 2 and \$6,030,000 on March 3, 1926.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	March 2, 1927	Feb. 2, 1927	March 3, 1926
1. Number of reporting banks.....	45	44	48
2. U. S. securities owned.....	\$ 51,563,000	\$ 48,412,000	\$ 51,241,000
3. All other stocks, bonds and securities owned.....	23,961,000	22,696,000	24,227,000
4. Loans secured by U. S. Government obligations.....	2,492,000	2,115,000	3,078,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	75,076,000	74,719,000	81,363,000
6. All other loans.....	249,290,000	241,807,000	235,398,000
7. Net demand deposits.....	281,466,000	270,221,000	279,123,000
8. Time deposits.....	106,696,000	103,223,000	98,100,000
9. Reserve with Federal Reserve Bank.....	32,702,000	28,720,000	29,823,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	866,000	2,213,000	6,030,000
11. Ratio of loans* to net demand deposits.....	89%	90%	85%

*Loans include only items 4 and 6.

MARCH DISCOUNT RATES

Prevailing rates

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

Savings Deposits

Savings deposits of 91 banks in this district operating a savings department reflected an increase of 1.2 per cent on February 28, as compared to January 31, and were 9.7 per cent greater than

on the same date a year ago. There were 241,364 savings accounts carried on the books of these banks at the close of February as against 240,493 on January 31 and 226,403 on February 28, 1926.

SAVINGS DEPOSITS

	February 28, 1927			February 28, 1926			January 31, 1927		
	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*	5,632	\$ 2,295,988	5,240	\$ 2,227,630	+ 3..	5,576	\$ 2,319,255	- 1.0
Dallas	6	51,209	18,685,460	46,793	14,498,904	+28.9	50,571	18,411,253	+ 1.5
El Paso	2	12,105	4,862,284	12,965	5,070,311	- 4.1	12,032	4,789,442	+ 1.5
Fort Worth	2	14,812	5,520,915	15,983	5,206,504	+ 6.0	14,698	5,616,988	- 1.7
Galveston	3	13,359	9,410,321	12,863	8,784,254	+ 7.1	13,273	9,324,486	+ .9
Houston	12*	55,650	25,826,443	49,731	23,796,551	+ 8.5	54,959	25,174,981	+ 2.6
San Antonio	6*	23,225	13,002,288	20,250	11,877,048	+ 9.5	23,065	12,930,171	+ .6
Shreveport	4*	23,296	10,544,853	21,127	10,551,329	- .1	23,091	10,844,534	- 2.8
Waco	3	7,434	4,038,096	7,310	3,788,840	+ 6.6	7,447	4,058,589	- .5
Wichita Falls	2	3,946	2,974,595	4,204	2,128,356	+39.8	5,384	2,634,195	+12.9
All others	47*	30,696	17,907,880	29,937	17,006,819	+ 5.3	30,397	17,585,048	+ 1.8
Total	91	241,364	\$115,069,123	226,403	\$104,936,546	+ 9.7	240,493	\$113,688,940	+ 1.2

*Only 3 banks in Beaumont, 11 banks in Houston, 5 banks in San Antonio, 3 banks in Shreveport, and 41 banks in "all others" reported the number of savings depositors.

Deposits of Member Banks Net demand deposits of member banks in this district shows a further gain of \$17,671,000 during the past month and time deposits rose \$9,584,000 during the same period. Combined deposits of these banks amounted to \$827,382,000 on February 23 as compared to \$800,127,000 on January 26 and \$825,027,000 on February 24, 1926.

banks. There were 95 banks borrowing from the Federal Reserve Bank on February 28 as compared to 84 on January 31 and 99 in February, 1926.

Due principally to the reduction of open market purchases, the total amount of bills held declined from \$16,926,623.33 on January 31 to \$13,447,382.40 on February 28, distributed as follows:

DEPOSITS OF MEMBER BANKS

	Total		Banks in cities with a population of less than 15,000		Banks in cities with a population of over 15,000	
	Demand	Time	Demand	Time	Demand	Time
Feb. 24, 1926.....	654,003	171,024	303,350	45,557	350,653	125,467
March 24, 1926.....	637,892	169,159	287,084	45,178	350,808	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
Feb. 23, 1927.....	650,879	176,503	290,385	44,869	360,494	131,634

Member bank collateral notes secured by U. S. Government obligations\$ 1,499,600.00
 Rediscounts and all other loans to member banks..... 2,136,951.65
 Open market purchases (Bankers' Acceptances)..... 9,810,830.75
 Total bills held..... 13,447,382.40

The seasonal decline in the circulation of Federal reserve notes continued in February and on the last day of the month the actual circulation of these notes, which amounted to \$41,882,090, was \$1,860,370 less than on January 31 but was \$2,715,480 greater than on the corresponding date of last year. The reserve deposits of member banks increased from \$59,816,933 on January 31 to \$64,271,698 on the last day of February. That the increase of deposits was steady throughout the month is evidenced by a gain of \$1,717,793 in the daily average deposits during February as compared to January.

Operations of the Federal Reserve Bank The demand for Federal Reserve Bank credit in this district continued light and fluctuated within narrow limits during the month of February. Standing at \$3,763,169 on January 31, borrowings of member banks increased to \$4,037,034 on February 21 and subsequently declined to \$3,636,552 on February 28 and on that date were \$126,617 less than at the close of the previous month. Loans to member banks showed only a slight change during the first two weeks of March and on the 15th of the month amounted to \$3,602,754 and on that date were \$2,523,566 less than on the same date in 1926. During the six week period there was a substantial decline in borrowings by reserve city banks but there was a gradual expansion in loans to country

FAILURES

An improvement in the business mortality rate in the Eleventh Federal Reserve District was noticeable during February. Such improvement, however, usually occurs at this season due to the passing of the strain of annual settlements in the opening month of the year. Yet, as compared to the same month last year both the number of failures and the indebtedness involved showed a considerable increase. There were 103 insolvencies during the month with an indebtedness of \$2,023,000 as compared to 134 defaults in January with total liabilities \$2,348,320, and 62 failures in February a year ago whose indebtedness aggregated \$669,997.

PETROLEUM

A further decline was noted in the production of crude oil in the Eleventh Federal Reserve District during February. There were 18,945,330 barrels of crude oil produced in February, as compared to 21,668,210 barrels in January, representing a decline of 22,355 barrels in daily average production. Field operations slackened but little, there

being 702 completions during February of which 427 were producers and yielded a flush production of 113,526 barrels of oil, as compared to 706 completions during January of which 448 were successful and netted 119,260 barrels of new production.

The daily average yield of Texas fields declined from

646,025 barrels in January to 623,704 barrels in February, all fields sharing in the decline with the exception of Central-West Texas area. The increase in this area was due primarily to a further gain in total output in Upton County and renewed activity in the shallow oil fields of Brown County. As a result of the heavy decline in production in the Spindletop field, total output and daily average production of the Gulf Coastal area were below that in February. A decline of 1,078,275 barrels in total yield was registered in the North Texas field, due in part to the falling off in flush production. A slight decline was shown in the daily average yield of oil in the North Louisiana fields during February, the total output for the month amounting

to 1,481,620 barrels as compared to 1,641,420 barrels in January or a decrease of 34 barrels in daily average.

Crude Oil Prices

Sharp reductions in the posted price of crude oil effective at the principal fields of this district, occurred during the past 30 days. The price of crude oil (52 gr. and above) in North and Central Texas and North Louisiana was reduced 39 cents per barrel on February 22, and on March 4, a further reduction of 36 cents per barrel was announced, which lowered the price of this grade to \$1.95 per barrel. Texas Coastal crude oil ("Grade 'A'") was reduced 10 cents per barrel, effective March 7.

OIL PRODUCTION

	February		January			Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.		Total	Daily Avg.
North Texas.....	6,755,700	241,275	7,833,975	252,709	Dec.	1,078,275	Dec. 11,434
Central-West Texas.....	4,108,050	146,717	3,803,540	122,695	Inc.	304,510	Inc. 24,022
East-Central Texas.....	1,412,440	50,444	1,685,885	52,770	Dec.	273,445	Dec. 2,326
Texas Coastal.....	4,102,340	146,512	5,511,970	177,805	Dec.	1,409,630	Dec. 31,293
Southwest Texas.....	1,085,180	38,756	1,241,420	40,046	Dec.	156,240	Dec. 1,290
Total, Texas.....	17,463,710	623,704	20,026,790	646,025	Dec.	2,563,080	Dec. 22,321
North Louisiana.....	1,481,620	52,915	1,641,420	52,949	Dec.	159,800	Dec. 34
Total, District.....	18,945,330	676,619	21,668,210	698,974	Dec.	2,722,880	Dec. 22,355

FEBRUARY DRILLING RESULTS

Field—	Comple- tions	Pro- ducers	Gas Wells	Fail- ures	Initial Production
North Texas.....	310	210	6	94	23,652
Central-West Texas.....	226	145	2	79	52,075
East-Central Texas.....	2	2	0	0	475
East Texas.....	1	0	0	1
Texas Coastal.....	61	41	0	20	27,854
Southwest Texas.....	14	4	8	2	710
Texas Wildcats.....	29	2	1	26	6,680
Total Texas.....	643	404	17	222	111,446
North Louisiana.....	59	23	12	24	2,080
Feb. Totals, District..	702	427	29	246	113,526
Jan. Totals, District..	706	448	26	232	119,260

CRUDE OIL PRICES

	March 9, 1927	March 10, 1926
Texas Coastal (Grade "A").....	\$1.30	\$1.50
North and Central Texas and North Louisiana (52 gr. and above).....	1.95

*Prices for March 9, 1926 not available on a comparable basis.

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

LUMBER

Both production and shipments of lumber at the District's pine mills declined in February, the decrease being in part

A further increase was noted in the production of Portland cement at Texas mills during February. There were 396,000 barrels of cement produced at these mills during the month, as compared to 383,000 barrels in January and 393,000 barrels in February of last year. Shipments of cement showed an increase of 4.7 per cent over the previous month but were 4.5 per cent below shipments in the same

accounted for by the short month. The output in February was 26 per cent below normal production as compared to 23 per cent in January and shipments during the month were 72 per cent of normal production as against 73 per cent in the previous month. Although February orders exceeded shipments they were considerably below those in the previous month, declining from 87 per cent of normal production in January to 80 per cent in February. Stocks increased to 8 per cent below normal as compared to 9 per cent below normal in January. Unfilled orders continued to accumulate and on February 28 totaled 63,809,728 feet on the books of 53 reporting mills, which compares to 58,616,191 feet on record at 52 mills at the end of January.

FEBRUARY PINE MILL STATISTICS

Number of reporting mills.....	53
Production.....	98,046,449 feet
Shipments.....	88,664,052 feet
Orders.....	94,958,068 feet
Unfilled orders, February 28th.....	63,809,728 feet
Normal production.....	119,305,189 feet
Stocks, February 28th.....	308,428,200 feet
Normal stocks.....	334,860,341 feet
Shipments below normal production.....	30,641,137 feet—26%
Actual production below normal.....	21,258,740 feet—18%
Orders below normal production.....	24,347,121 feet—20%
Stocks below normal.....	26,432,141 feet—8%

CEMENT

month a year ago. Stocks continued to increase and at the end of February were 3.0 per cent greater than at the close of January. For the two months of the current year, production of cement increased 7.7 per cent over last year and shipments reflected an increase of 5.5 per cent during the same period.

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

	February 1927	February 1926	Inc. or Dec.	January 1927	Inc. or Dec.	Two Months 1927	Two Months 1926	Inc. or Dec.
Production at Texas Mills.....	396,000	393,000	+ .8	383,000	+ 3.4	779,000	723,000	+ 7.7
Shipments from Texas mills.....	382,000	400,000	— 4.5	365,000	+ 4.7	747,000	708,000	+ 5.5
Stocks at end of month at Texas mills..	475,000	495,000	— 4.0	461,000	+ 3.0

BUILDING

After increasing in January, the value of building contracts awarded in 13 principal cities of this district declined in February and was considerably less than in the corresponding month of last year. The aggregate value of permits issued at these centers amounted to \$7,546,601 as com-

pared to \$7,833,029 in January and \$9,059,043 in February a year ago. As compared to the same period last year, the valuation of contracts awarded during January and February this year reflected a decrease of 18.5 per cent.

BUILDING PERMITS

	Two Months												Inc. or	
	Feb. 1927		Feb. 1926		Inc. or	Jan. 1927		Inc. or	1927		1926			Inc. or
	No.	Valuation	No.	Valuation		No.	Valuation		No.	Valuation	No.	Valuation		
Amarillo.....	228	\$ 741,334	106	\$ 372,400	+ 99.1	271	\$1,022,340	- 27.5	499	\$ 1,763,674	185	\$ 701,135	+151.5	
Austin	26	40,825	59	83,887	- 51.3	27	27,150	+ 50.4	53	67,975	111	210,295	- 67.7	
Beaumont	177	882,064	150	113,771	+675.3	147	187,919	+369.4	324	1,069,983	276	216,412	+894.4	
Dallas	327	528,922	449	1,937,580	- 72.7	327	412,624	+ 28.2	654	941,546	792	3,203,089	- 70.6	
El Paso.....	35	20,900	50	34,426	- 39.3	49	32,485	- 35.7	84	53,385	108	173,706	- 69.3	
Fort Worth	264	1,460,285	401	1,350,387	+ 8.1	299	912,271	+ 60.1	563	2,372,556	812	2,772,823	- 14.4	
Galveston	224	217,084	259	251,120	- 13.6	171	586,662	- 63.0	395	803,746	472	442,636	+ 81.6	
Houston.....	477	1,647,048	441	1,940,183	- 15.1	517	3,213,316	- 48.7	994	4,860,364	831	5,449,726	- 10.8	
Port Arthur.....	107	140,059	127	105,534	+ 32.7	115	92,904	+ 50.8	222	232,963	217	199,779	+ 16.6	
San Antonio.....	326	669,190	330	1,608,420	- 58.4	258	805,746	- 16.9	584	1,474,936	659	3,171,636	- 53.5	
Shreveport.....	199	311,350	253	340,579	- 8.6	205	210,400	+ 48.0	404	521,750	546	781,016	- 33.2	
Waco.....	33	75,985	36	106,160	- 28.4	37	109,035	- 30.3	70	185,020	62	150,935	+ 22.6	
Wichita Falls	85	811,555	201	814,596	- .4	83	220,177	+268.6	168	1,031,782	324	1,398,088	- 26.2	
Total	2,508	\$7,546,601	2,862	\$9,059,043	- 16.7	2,506	\$7,833,029	- 3.7	5,014	\$15,379,630	5,395	\$18,871,276	- 18.5	

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Industrial output increased further in February and was slightly larger than a year ago, and distribution of commodities by the railroads was larger than for the corresponding period of any previous year. The general level of wholesale prices continued to decline and was in February at the lowest level since the summer of 1924.

PRODUCTION

Production of manufacturers increased in February for the second consecutive month, and the output of minerals, after declining in January advanced once more in February to the record level reached last December. Factory production and employment, however, continued smaller than during the corresponding month of last year. Production of iron and steel has increased steadily since December and reports indicate that operations of steel mills in March were at almost the same high rate as in March, 1926. Automobile production increased from 234,000 cars in January to 298,000 cars in February and weekly figures of employment in Detroit factories indicate some further additions to production in March, but output has continued much smaller than a year ago. Daily average consumption of cotton by mills in February was larger than in any previous month on record, but activity of woolen and silk mills decreased as compared with January. Production of bituminous coal has been maintained in large volume, while that of anthracite has been considerably reduced. The output of building materials was smaller during the first two months of this year than in the corresponding period of 1926. The value of building contracts awarded in February was 3 per cent smaller than in the same month of last year, but awards for the first three weeks in March were in approximately the same volume as in 1926. Contracts in Southeastern and Northwestern states have been considerably smaller than a year ago, while those in the central west have been much larger.

TRADE

Retail trade showed less than the seasonal decline between January and February. Sales of department stores and chain stores were larger than in February of last year, while those of mail order houses were smaller. Wholesale firms reported a smaller volume of business in February than a year ago, and this decline occurred in nearly all leading lines. Inventories of department stores increased in February in anticipation of the usual expansion in spring trade

but the growth was less than is customary at this season and at the end of the month stocks were slightly smaller than a year ago. Stocks of merchandise carried by wholesale firms also increased in February but they were generally smaller than in the corresponding month of last year. Railroad shipments of commodities have increased steadily since January by more than the usual seasonal amount and have exceeded those for the same period last year, owing to larger shipments of coal, of miscellaneous commodities, and of merchandise in less-than-carload lots.

PRICES

Wholesale prices, according to the index of the Bureau of Labor Statistics, continued to decline in February. Among non-agricultural products decreases occurred in the prices of coal, petroleum, iron and steel, non-ferrous metals, and lumber, and the index for non-agricultural prices as a group was at the lowest post-war level. Prices of livestock and livestock products and of clothing advanced materially in February. During the first three weeks of March there were decreases in prices of grains, livestock, sugar, silk, wool, coal, petroleum and gasoline, while prices of potatoes, pig iron, hides and rubber advanced.

BANK CREDIT

Demand for commercial credit at member banks in leading cities increased seasonally between the middle of February and the middle of March. There was also growth in the volume of funds used in the security market as indicated by increases in loans to brokers and dealers in securities. Consequently total loans of the reporting banks at the end of the period were close to the level of last Autumn. Financial operations of the U. S. Treasury around the middle of March, with disbursements temporarily in excess of receipts, resulted in a temporary abundance of funds which was reflected at member banks in leading cities in a growth of deposits, in reduced indebtedness at the Reserve Banks, and in increased holdings of securities. At the Reserve Banks, following changes in holdings of bills and securities accompanying the financial operations of the Treasury, the total volume of credit outstanding on March 23 was somewhat larger than four weeks earlier. Conditions in the money market in March were slightly firmer than in February. Rates on prime commercial paper advanced from 4 per cent to 4½ per cent and call money was also higher, while rates on acceptances declined somewhat.