

# 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

	April	March	Inc. or Dec.
Bank debits to individual accounts (at 17 cities).....	\$758,555,000	\$801,621,000	Dec. 6.0%
Department store sales.....			Inc. 4.1%
Reserve Bank loans to member banks at end of month.....	\$ 4,080,510	\$ 3,844,584	Inc. 6.1%
Reserve Bank ratio at end of month.....	68.1%	71.3%	Dec. 3.2 points
Building permit valuations at larger centers.....	\$ 8,185,882	\$ 11,547,210	Dec. 29.1%
Commercial failures (number).....	75	59	Inc. 27.1%
Commercial failures (liabilities).....	\$ 1,685,229	\$ 1,415,400	Inc. 19.1%
Oil production (barrels).....	19,871,810	20,954,935	Dec. 5.2%
Lumber orders at pine mills (per cent of normal production).....	82%	87%	Dec. 5.0 points

An increased volume of merchandise distribution at retail in the larger cities and a general improvement in the wholesale trade situation were important developments in the Eleventh Federal Reserve District during April. Department store sales reflected a gain of 4 per cent over the previous month and were 6 per cent larger than in the corresponding month last year. While wholesale distribution declined seasonally as compared to the previous month, the April volume was larger than in the previous year. The stocks being carried by both retail and wholesale merchants generally are less than those carried a year ago and there appears to be a well defined policy among retailers to keep purchases closely aligned with consumer demand. Business generally has been well sustained under the existing circumstances and optimism is becoming more general. A further indication of the large volume of public spending is shown by the fact that charges to depositors' accounts at banks in seventeen principal centers were 5 per cent larger than a year ago.

Financial conditions generally remain sound and the demand for bank credit continues light. Federal Reserve Bank loans to member banks amounted to \$4,367,629 on May 16, which reflects a net gain of only \$523,045 over those on March 31. Furthermore, they were \$4,787,309 less than on the corresponding date of the previous year. The light demand for Federal Reserve Bank credit is due principally to the fact that most farmers have an ample supply of feed, are raising a large share of their living at home, and hiring less labor to cultivate crops. As a result of these conditions, both the demand for bank credit and the seasonal decline in bank deposits have been unusually light. While member bank deposits declined \$12,925,000 between March 23 and April 27, the decline during the corresponding period last

year amounted to \$35,038,000. On April 27 this year, deposits were \$37,141,000 greater than on April 28, 1926.

The business mortality rate again turned sharply upward in April and indicates that readjustments in business are still taking place. Both the number of failures and the amount of indebtedness were substantially greater than in either the previous month or the corresponding month last year.

The past month has witnessed a material change in the crop situation. The excessive rains and floods in some sections and dry weather in other sections have had an adverse effect on growing crops and have hindered farm work generally. Small grains have deteriorated rapidly and present prospects point toward less than a normal yield. Planting operations have progressed slowly and grass and weeds have grown rapidly in the wetter areas. While the crop outlook is not altogether encouraging, yet it must be borne in mind that the present handicap can, to a large extent, be overcome in a short time should favorable weather prevail. The physical condition of ranges and livestock continues good except in the dry sections where the grass is short and livestock are beginning to shrink.

Construction activity, as measured by the valuation of permits issued at principal cities, reflected a decline of 29 per cent as compared to March and was 33 per cent less than in April, 1926. The decline from a year ago was the largest recorded since last October. The production, shipments and new orders for lumber were less than in either March this year or April last year. On the other hand, the production and shipments of cement were slightly larger than in the previous month and substantially larger than in April, 1926.

### CROP CONDITIONS

The crop situation has changed considerably during the past six weeks. The dry weather in some sections and the

excessive rains in others have affected crops adversely and have greatly retarded plowing and planting operations.

Excessive rainfall has occurred in the Northeastern fourth of Texas and Southeastern Oklahoma. In North Louisiana 14 out of the 26 parishes attached to this district have either been partially overflowed or are now under water. Crops in the inundated areas have been completely destroyed and great loss has occurred to farm buildings and improvements, livestock and personal property. On the other hand, moisture is urgently needed in Northwestern and parts of West Central and South Texas, and in Eastern and Southeastern New Mexico.

Small grains have shown a marked deterioration caused by the dry weather in Northwestern and Western Texas and Eastern New Mexico and by the red rust and green bugs in North, Northeastern and part of Central Texas and Southeastern Oklahoma. The condition of the Texas wheat crop was reduced 13 points during April and on May 1 stood at 75 per cent of normal which is indicative of an average yield of 12 bushels per acre and a probable production of 27,600,000 bushels. It is estimated that the abandonment will probably be not less than 5.5 per cent of the fall sown acreage and in case rain does not occur soon, the abandonment in many of the Northwestern and West-Central counties will be much heavier. The condition of the Texas oat crop dropped from 85 per cent on April 1 to 69 per cent on May 1. The crop in Central and North Texas is nearing maturity and reports indicate the damage resulting from the red rust and green bug infestation is very heavy. Many complaints are being received to the effect that oats are falling to the ground before ripening. More rain is urgently needed in the drier sections, while in the wetter sections sunshine is needed.

Although late, corn is up to a good stand and is doing well in most sections of the district. While heavy and, in some instances, almost continuous rains have interfered with planting and will probably result in a smaller acreage than was intended earlier in the season, some planting still continues. Hay is growing vigorously although somewhat weedy where the rainfall has been excessive. The lack of rainfall in the western part of Texas has retarded the planting of grain sorghums but where this crop has come up it seems to be doing well.

Cotton in the southern half of Texas is up to a good stand and progress is being made with the chopping and cultivation of this crop. Planting operations in April were greatly retarded in North and Northeastern Texas, Southeastern Oklahoma and North Louisiana, on account of the heavy rainfall. Grass and weeds have grown rapidly and much hard work will be needed to clean the fields. In some instances replanting was necessary and much of the land had to be rebudded following the washing rains. The recent rainfall in Central Texas has greatly benefited the crops. A good surface and subsoil moisture now exists in the major portion of the cotton territory. A matter of serious concern is the heavy emergence of the boll weevil and other insects. Reports indicate that the emergence this year is probably much larger than during any year since 1921 and should weather conditions be conducive to the propagation of insects, considerable damage to the crop might result.

It is now evident that the March freeze did considerably more damage to the peach crop than was expected a month ago. It appears that not more than a third of the crop will be harvested. The outlook for apples, pears and plums is somewhat better, and the blackberry and dewberry crops

are reported as fair to good. Spraying has been largely ineffective this year on account of the heavy rains.

The farm labor supply in Texas on May 1 was estimated at 104 per cent of demand as compared to 114 per cent a month earlier, and 98 per cent a year ago.

## LIVESTOCK

Although the continued dry weather has caused ranges to deteriorate rapidly in some sections, conditions remain exceptionally good over the major portion of the district's range territory. Rain is urgently needed in East-Central and Southeast New Mexico and in several West Texas counties where a drouth of serious proportions has developed. Likewise, there are a few counties in South Texas that are suffering from dry weather. In the dry sections grass is short and livestock are shrinking. In other sections, however, there is ample pasturage and livestock are improving. Cows with young calves are in good shape and are giving plenty of milk. Calves are fat and growing rapidly with losses at a minimum.

Range conditions in Texas advanced one point to 92 per cent of normal and the condition of cattle remained stationary. Sheep and goat ranges, however, declined 7 points to 93 per cent of normal. The condition of sheep declined 3 points but that of goats advanced 1 point. Contracting of lambs for fall delivery has been very active. Wool shearing is well under way.

*Movements and Prices* The April receipts of all classes of livestock except hogs, reflected a gain as compared to the previous month. As compared to a year ago, the receipts of cattle and calves were slightly smaller, but those of sheep and hogs were substantially larger.

Following the upward trend during the first three months of the year, cattle prices drifted to lower levels during April and the first half of May. The decline was most noticeable in the case of beef steers. Good cows and calves met with a fair demand and prices remained relatively steady. Hog prices again worked to lower levels. Prices on sheep and lambs, after showing considerable strength during the first half of April, reacted sharply.

### FORT WORTH LIVESTOCK RECEIPTS

	April 1927	April 1926	Loss or Gain	March 1927	Loss or Gain
Cattle .....	78,709	81,189	L 2,480	59,018	G 19,691
Calves .....	13,421	14,335	L 914	12,113	G 1,308
Hogs .....	43,015	17,087	G 25,928	47,289	L 4,274
Sheep .....	68,464	34,622	G 33,842	33,115	G 35,349

### COMPARATIVE TOP LIVESTOCK PRICES

	April 1927	April 1926	March 1927
Beeg steers .....	\$ 9.50	\$ 9.15	\$10.00
Stocker steers .....	9.15	8.50	8.50
Butcher cows .....	7.25	6.25	7.00
Stocker cows .....	6.15	5.00	6.40
Calves .....	10.25	10.25	10.00
Hogs .....	11.70	13.50	12.00
Sheep .....	9.50	8.75	9.00
Lambs .....	16.50	15.50	15.00

*Cotton Movements* While the receipts and exports of cotton through the ports of Galveston and Houston during April reflected a substantial decline as compared to the previous month, they continued to show a considerable increase as compared to the same month a year ago. The exports of cotton (including lint-

ers) from all United States ports during April amounted to 855,449 bales as compared to 1,129,537 during March and 516,494 bales in April, 1926. Exports during the nine-month period ending April 30, were 37.8 per cent larger than during the same period of the previous season. The domestic consumption of cotton reflected a decline of 10.8 per cent from the record consumption in March but was 7.2 per cent larger than in the same month last year. Cotton on hand on April 30 in consuming establishments was less than a month earlier but was considerably larger than on April 30, 1926.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	April 1927	April 1926	August 1 to April 30 This Season	August 1 to April 30 Last Season
Net receipts	142,513	111,480	3,661,911	2,925,893
Exports	269,382	164,477	3,397,152	2,536,802
Stocks, April 30			414,685	390,663

GALVESTON STOCK STATEMENT

	April 30 1927	April 30 1926
For Great Britain	13,700	4,600
For France	8,900	3,600
For other foreign ports	56,900	10,200
For coastwise ports	2,500	4,500
In compresses and depots	332,685	367,763
Total	414,685	390,663

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	April 1927	April 1926	August 1 to April 30 This Season	August 1 to April 30 Last Season	April 1927	April 1926	August 1 to April 30 This Season	August 1 to April 30 Last Season
Cotton consumed	447,111	404,864	3,848,020	3,437,040	619,140	577,678	5,337,820	4,959,126
Cotton on hand April 30:								
(a) in consuming establishments			1,275,888	987,626			1,894,993	1,637,062
(b) in public storage and compresses			3,304,429	3,303,956			3,676,083	3,529,350

COTTONSEED PRODUCTS

A weakening in the market on cottonseed products was noted in April. Reports from cottonseed oil mills in this district show that the average prices received for all classes of products, with the exception of linters, were less than in the previous month. Crude oil declined from an average price of \$ .0732 per pound in March to \$ .0728 per pound in April; cake and meal from \$27.96 per ton to \$26.84 per ton; and hulls from \$5.36 per ton to \$4.62 per ton. The average price received for linters increased slightly, amount-

ing to \$ .0266 per pound in April as compared to \$ .0235 per pound in March. During April there were 9,080 tons of cottonseed purchased by 41 reporting mills for which an average price of \$29.07 per ton was paid, as against 28,993 tons bought at an average price of \$28.94 per ton by 53 mills in March.

COTTONSEED PRODUCTS SHIPPED AND AVERAGE PRICE RECEIVED

	April, 1927	
	Products Shipped	Average price F. O. B. Mill
Crude oil	13,000,090 lbs.	\$ .0728 per lb.
Cake and meal	18,456 tons	26.84 per ton
Hulls	11,052 tons	4.62 per ton
Linters	4,617,354 lbs.	.0266 per lb.

TEXTILE MILLING

Although production of goods and consumption of cotton at textile mills in this district were less in April than in March, they were maintained in appreciable volume and were greater than a year ago. There were 3,026 bales of raw cotton consumed in April as compared to 3,132 bales in March and 2,757 bales in April of last year. Production was 3.3 per cent less than in the previous month but 12.6 per cent greater than in the corresponding month of 1926. Orders on hand at the end of the month showed an increase over those at the end of both the previous month and the same month of last year. Stocks on April 30 were greater

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to April 30 This Season	August 1 to April 30 Last Season	August 1 to April 30 This Season	August 1 to April 30 Last Season
Cottonseed received at mills (tons)	1,874,053	1,376,796	6,204,455	5,439,387
Cottonseed crushed (tons)	1,761,657	1,370,075	5,910,200	5,310,004
Cottonseed on hand (tons)	117,768	27,814	310,577	152,525
Crude oil produced (lbs.)	493,885,000	383,631,000	1,763,254,322	1,538,380,810
Cake and meal produced (tons)	814,000	639,000	2,655,365	2,480,772
Hulls produced (tons)	525,000	383,000	1,730,944	1,474,603
Linters produced (500 lb. bales)	287,000	260,000	972,859	1,000,214
Stocks on hand April 30:				
Crude oil (lbs.)	20,983,000	4,853,000	82,085,000	23,242,000
Cake and meals (tons)	38,000	76,000	181,938	306,754
Hulls (tons)	69,000	68,000	239,154	155,433
Linters (500-lb. bales)	45,000	42,000	165,801	175,629

COTTON MOVEMENT THROUGH THE PORT OF HOUSTON

	April 1927	April 1926	August 1 to April 30 This Season	August 1 to April 30 Last Season
Net receipts	101,260	46,139	3,477,799	2,547,933
Exports	163,062	99,871	2,312,089	1,601,752
Stocks, April 30			604,242	513,974

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

	August 1 to April 30	
	This Season	Last Season
Receipts	12,030,366	9,940,317
Exports: Great Britain	2,342,411	2,055,826
France	917,435	816,838
Continent	4,583,852	2,977,771
Japan—China	1,599,912	992,541
Mexico	15,797	44,650
Total foreign ports	9,459,407	6,887,626
Stocks at all U. S. ports, April 30	2,034,329	959,167

SPOT COTTON PRICES (Middling Basis)

	April, 1927		May 16 1927
	High	Low	
New York	15.35	14.30	15.70
New Orleans	14.95	14.02	15.16
Dallas	14.30	13.10	14.45
Houston	15.10	14.00	15.40
Galveston	15.15	14.05	15.70

than on March 31, but were below stocks on April 30, 1926.

#### TEXTILE MILLING STATISTICS

	April 1927	April 1926	March 1927
Number bales consumed.....	3,026	2,757	3,132
Number of spindles active.....	76,316	73,524	75,816
Number pounds cloth produced.....	1,381,606	1,281,766	1,423,910

#### WHOLESALE TRADE

While the distribution of merchandise at wholesale reflected a seasonal slowing down during April, the declines were less than usual at this season and the comparisons with a year ago were much more favorable than was the case in the earlier months of the year. It should be noted that sales of three out of five reporting lines exceeded those of the corresponding month last year. Merchants are following a very conservative policy in buying and a cautious attitude prevails among the trade generally; yet there is a noticeable strengthening in sentiment, and confidence in the soundness of the business situation is rapidly returning. Stocks in the hands of both wholesalers and retailers are low and commitments are being limited to well defined needs. Merchants generally are finding that business is holding up surprisingly well and there seems to be a consensus of opinion that should the crop outlook become more favorable the consumer demand will show a gradual expansion. The fact that the farmers are raising their living largely at home and, in many instances are obtaining a cash income from their activities besides, is a reassuring phase of the current situation and will enable the farmers to obtain a larger net return out of this year's crop.

While collections continue generally slow, many dealers report that the results have been fairly good under present circumstances.

The April sales of reporting wholesale dry goods firms reflected a seasonal decline of 4.9 per cent as compared to March but were 9.2 per cent greater than during April, 1926. It should be noted that this is the first time that the sales of a current month have exceeded those of the same month of the previous year since last September. Sales for the first four months of this year have averaged 5.9 per cent less than during the same period of 1926. Stocks on hand at the close of April, while slightly greater than a month earlier, were 13.3 per cent less than at the close of April, 1926. Retailers continue to buy on a hand-to-mouth basis and appear to be holding their orders to such amounts as can readily be disposed of to the consumer. Dealers report that, while the average amount of each invoice is very low, the number of orders is very large and that the volume of business bulks large in the aggregate. Collections showed some improvement over the previous month.

#### RETAIL TRADE

Department store trade reflected a further expansion during April. Sales of reporting firms were 4.1 per cent larger than in the previous month and exceeded those of the same month last year by 6.3 per cent. This is the first time this year that a current month's sales have exceeded those of the corresponding month of the previous year. Business fell off perceptibly during the first two months of the year but has been showing considerable improvement since that time.

While the distribution of farm implements was 1.5 per cent less than in March and 30.7 per cent less than in April, 1926, the decline from a year ago was the smallest recorded in several months. Demand continues very light and reports indicate that the buying of tillage implements is being held to a minimum. The poor progress with the planting and cultivation of crops has retarded to some extent the sale of implements as farmers are delaying their purchases as long as possible. An interesting feature of this year's business has been the large sales of incubators, cream separators and kindred lines, which is a further indication that the farmers are giving more attention to those lines which will enable them to raise their living at home. Prices remained generally steady.

The sales of reporting wholesale drug firms during April reflected a seasonal decline of 4 per cent as compared to the previous month but were 1 per cent larger than in the same month last year. Business, however, appears to be somewhat spotted as the demand continues slow in those sections where the crop outlook is poor and is reported as fairly good where crop progress has been favorable. Collections showed a substantial increase in April but some dealers report a slowing down since the first of May. Prices reflected a slightly downward trend.

Following the large March volume, sales of reporting hardware firms reflected a sharp decline during April. Sales were 15.6 per cent less than in the previous month, yet they exceeded those of the same month last year by 1.7 per cent. Sales during the first four months of the current year were only slightly less than during the same period last year. Stocks carried by these firms on April 30 were not only 2.9 per cent less than at the close of March but 10.2 per cent less than those carried a year earlier.

The demand for groceries at wholesale reflected a slowing down during April. Sales were 4.9 per cent less than in March and were 7.5 per cent less than in the corresponding month last year. The falling off in demand appears to have been fairly general over the district and due largely to seasonal influences. Some dealers report that the buying demand has continued good in the cities but poor in the rural districts. Collections were reported as generally poor. Prices evidenced a slightly downward trend.

#### CONDITION OF WHOLESALE TRADE DURING APRIL, 1927

Percentage of Increase or Decrease in:

	—Net Sales— April, 1927 compared with April 1926		—Net Sales— Jan. 1 to date compared with same period last year		—Stocks— April, 1927 compared with March 1927	
	1927	1926	1927	last year	1926	1927
Groceries.....	- 7.5	- 4.9	- 6.5	- 5.1	- 5.1	- 4.2
Dry Goods.....	+ 9.2	- 4.9	- 5.9	-13.3	+ 1.6	+ 1.6
Farm Implements.....	-30.7	- 1.5	-43.7	+ 3.1	- 5.0	- 5.0
Drugs.....	+ 1.0	- 4.0	- 6.2	- 9.5	- 2.2	- 2.2
Hardware.....	+ 1.7	-15.6	- 5	-10.2	- 2.9	- 2.9

Stocks on hand at the close of April were practically the same as a month earlier but were 10.9 per cent less than at the end of April, 1926. The percentage of sales to average stocks during the period January 1 to April 30 this year was 89.9 as compared to 82.5 during the same period last year.

The ratio of April collections to accounts receivable due and outstanding on April 1 was 37.2 as compared to 36.9 in March and 38.6 in April, 1926.

BUSINESS OF DEPARTMENT STORES

Total Sales:	Dallas	Fort Worth	Houston	All Others	Total District
April, 1927, compared with April, 1926.....	- 3.8	+19.6	+ 9.6	+ 7.8	+ 6.3
April, 1927, compared with March, 1927.....	- 5.6	+ 8.8	+10.3	+ 8.3	+ 4.1
January 1 to date, compared with same period last year.....	- 8.6	+ 8.6	+ 5.5	- 9	- 9
<b>Credit Sales:</b>					
April, 1927, compared with April, 1926.....	+ 7.2	+23.1	+13.2	+ 8.0	+11.1
April, 1927, compared with March, 1927.....	-17.7	+12.5	+ 9.4	+12.1	+ 2.0
January 1 to date, compared with same period last year.....	+10.5	+10.4	+ 7.1	- 1.8	+ 5.2
<b>Stocks:</b>					
April, 1927, compared with April, 1926.....	-15.9	- 9.6	- 3.6	- 9.1	-10.9
April, 1927, compared with March, 1927.....	+ 1.6	+ 2.6	+ 3.7	- 2.7	+ 9
<b>Percentage of sales to average stocks in:</b>					
April, 1926.....	19.2	18.4	25.5	20.2	20.2
April, 1927.....	21.1	24.4	28.7	23.4	23.5
<b>Percentage of sales to average stocks:</b>					
January 1 to April 30, 1926.....	82.2	72.2	98.4	82.3	82.5
January 1 to April 30, 1927.....	87.4	85.6	109.7	86.5	89.9
<b>Ratio of outstanding orders to last year's purchases.....</b>	3.7	2.1	5.3	2.4	3.4
<b>Ratio of April collections to accounts receivable due and outstanding April 1, 1927.....</b>	33.6	34.5	41.1	40.6	37.2

FINANCIAL

Charges to depositors' accounts at banks located in principal cities in the Eleventh District reflected a seasonal decline in April from the previous month, but were greater than in the corresponding month a year ago. The total for April amounted to \$753,555,000 as compared to \$801,621,000 in March and \$715,116,000 in April, 1926. Port Arthur, Texarkana, and Waco, Texas, and Roswell, New Mexico were the only cities to show increases over the previous month.

DEBITS TO INDIVIDUAL ACCOUNTS  
(In Thousands of Dollars)

	April 1927	April 1926	Inc. or Dec.	March 1927	Inc. or Dec.
Abilene.....	\$ 10,637	\$ 10,282	+ 3.5	\$ 12,431	-14.4
Austin.....	20,064	20,797	- 3.5	24,264	-17.3
Beaumont.....	25,206	20,165	+25.0	26,665	- 5.5
Corsicana.....	5,629	6,742	-16.5	7,450	-24.4
Dallas.....	203,980	192,282	+ 6.1	211,214	- 3.4
El Paso.....	30,338	31,730	- 4.4	32,274	- 6.0
Fort Worth.....	90,840	75,229	+20.8	96,728	- 6.1
Galveston.....	40,992	37,028	+10.7	48,648	-15.7
Houston.....	164,490	165,733	- 8	177,548	- 7.4
Port Arthur.....	10,372	9,389	+10.5	10,290	+ 8
Roswell.....	3,142	2,762	+13.8	2,941	+ 6.8
San Antonio.....	43,019	38,222	+12.6	43,128	- 3
Shreveport.....	40,801	39,359	+ 3.7	41,360	- 1.4
Texarkana.....	10,027	10,230	- 2.0	9,989	+ 4
Tucson.....	9,236	9,170	+ 7	9,994	- 7.6
Waco.....	15,543	14,586	+ 6.6	14,598	+ 6.5
Wichita Falls.....	29,239	31,410	- 6.9	32,099	- 8.9
Total, 11th District.....	\$753,555	\$715,116	+ 5.4	\$801,621	- 6.0

Acceptance Market

In contrast to the usual seasonal tendency, the volume of acceptances executed by accepting banks in this district and outstanding at the close of the month have shown a third consecutive increase.

The volume of acceptances of these banks executed and outstanding on April 30 amounted to \$3,501,810 which represents an increase of \$904,499 over those on March 31. Acceptances executed against import and export transactions declined from \$1,045,670 on March 31 to \$957,540 on April 30, while those based on the domestic shipment and storage of goods increased from \$1,551,641 on the former date to \$2,544,270 on the latter date.

**Condition of Member Banks in Selected Cities** A further decrease in loans for commercial purposes was reflected in reports received from member banks located in selected cities of this district in April. This decline, however was partially offset by a net increase in investments and a moderate gain in loans secured by U. S. and other securities, resulting in a reduction of only \$462,000 in total loans and investments. Holdings in U. S. government obligations declined \$642,000 between April 6 and May 4, but all other stocks and bonds owned increased \$1,209,000. Loans against corporate and U. S. government securities increased \$2,429,000 during the month, whereas, commercial loans decreased \$3,458,000, representing a net reduction of \$1,029,000 in total loans. However, as compared to last year, combined loans on May 4 this year reflected a gain of \$13,228,000. There was a decline of \$489,000 in net demand deposits in April and \$57,000 in time deposits. Reserves with the Federal Reserve Bank decreased \$1,321,000 while their bills payable and rediscounts at the Federal Reserve Bank increased \$159,000. The ratio of loans to net demand deposits stood at 85 per cent on May 4, as against 86 per cent on April 6, and 89 per cent on May 5, 1926.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	May 4, 1927	April 6, 1927	May 5, 1926
1. Number of reporting banks.....	45	45	48
2. U. S. securities owned.....	\$ 59,047,000	\$ 59,689,000	\$ 58,611,000
3. All other stocks, bonds and securities owned.....	27,324,000	26,115,000	24,189,000
4. Loans secured by U. S. Government obligations.....	2,788,000	2,502,000	2,989,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	81,031,000	78,838,000	73,854,000
6. All other loans.....	236,990,000	240,448,000	230,688,000
7. Net demand deposits.....	280,505,000	280,994,000	263,280,000
8. Time deposits.....	107,132,000	107,189,000	100,106,000
9. Reserve with Federal Reserve Bank.....	29,923,000	31,244,000	29,041,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	2,025,000	1,866,000	4,671,000
11. Ratio of loans* to net demand deposits.....	85%	86%	89%

\*Loans include only items 4 and 6.

Operations of the Federal Reserve Bank

Federal Reserve Bank loans to member banks on May 16 amounted to \$4,367,630 as compared to \$3,844,584 on March 31, reflecting a net gain of \$533,046 during this period. During the first half of April loans remained relatively steady but subsequently increased to \$5,636,713 on April 23. This increase, however, was due almost en-

tirely to the temporary borrowings of reserve city banks and as these borrowings were liquidated our loans again receded to around the \$4,000,000 level. Toward the middle of May, however, a slight increase in demand occurred. While there has been a relatively small increase in loans, there has been a broader distribution as is evidenced by the fact that there were 137 borrowing banks on April 30, as

compared to 110 on March 31. On April 30, 1926, there were 198 borrowing banks owing us \$9,985,308.

Due principally to the increase in open market purchases total bills held increased from \$12,989,667.16 on March 31 to \$14,221,442.38 on April 30, distributed as follows:

Member bank collateral notes secured by U. S. Government obligations.....	\$ 1,627,250.00
Rediscounts and all other loans to member banks.....	2,453,259.97
Open market purchases (Bankers' Acceptances).....	10,140,932.41
<b>Total bills held.....</b>	<b>\$14,221,442.38</b>

The net circulation of Federal reserve notes declined further in April, amounting to \$37,192,295 on April 30, as compared to \$39,086,850 on March 31, and \$35,935,480

on April 30, 1926. While the reserve deposits of member banks on April 30 were only \$791,911 less than on March 31, the daily average of these deposits in April amounted to \$60,946,451 as compared to \$62,190,130 in the previous month.

### Savings Deposits

The volume of savings deposits of 94 reporting banks in this district which operate a savings department, reflected a slight increase of 0.1 per cent on April 30, as compared to March 31, and were 7.3 per cent greater than on April 30 last year. There were 271,800 savings accounts carried at these banks at the close of the month as against 271,137 on March 31 and 253,458 on April 30, 1926.

### SAVINGS DEPOSITS

	April 30, 1927			April 30, 1926			Inc. or Dec.	March 31, 1927			Inc. or Dec.
	Number of Reporting Banks	Number of Savings Depositors	Amount of Savings Deposits	Number of Savings Depositors	Amount of Savings Deposits	Number of Savings Depositors		Amount of Savings Deposits			
Beaumont .....	4*	5,764	\$ 2,380,410	5,334	\$ 2,247,876	+ 5.9	5,781	\$ 2,317,747	+2.7		
Dallas .....	6	51,689	19,317,637	47,408	17,110,688	+12.9	51,601	18,985,437	+1.7		
El Paso .....	3	14,607	4,800,570	16,338	6,057,908	-20.8	14,582	5,162,145	-7.0		
Fort Worth .....	2	14,986	5,745,485	14,461	5,367,631	+ 7.0	14,854	5,575,399	+3.1		
Galveston .....	3	13,269	9,864,787	12,756	8,602,665	+14.7	13,363	10,033,510	-1.7		
Houston .....	13*	67,862	28,457,718	57,931	26,377,024	+ 7.9	67,406	28,264,721	+ .7		
San Antonio .....	6	28,537	13,203,652	25,783	12,015,372	+ 9.9	28,447	13,218,894	- .1		
Shreveport .....	4*	23,510	10,508,932	21,533	10,609,601	- .9	23,373	10,577,210	- .6		
Waco .....	4	8,346	5,448,278	8,108	4,779,893	+14.0	8,340	5,248,915	+3.8		
Wichita Falls.....	2	3,939	2,773,431	5,245	2,783,541	- .4	3,966	3,045,877	-3.9		
All others .....	47*	39,291	20,385,387	38,561	18,495,554	+ 9.9	39,474	20,329,338	None		
<b>Total.....</b>	<b>94</b>	<b>271,800</b>	<b>\$122,836,287</b>	<b>253,458</b>	<b>\$114,447,753</b>	<b>+ 7.3</b>	<b>271,137</b>	<b>\$122,759,193</b>	<b>+ .1</b>		

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

### MAY DISCOUNT RATES

### Prevailing rates

	Dallas	El Paso	Fort Worth	Houston	San Antonio	Waco
Rate charged customers on prime commercial paper such as is now eligible for rediscount under the Federal Reserve Act .....	4½-6	8	5-7	5-6	6	6-8
Rate charged on loans to other banks, secured by bills receivable .....	5	6	5-6	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 .....	5-6	8	6-7	5-6	6-8	6-8
(b) time .....	6	8	6-7	5-6	6-8	6-8
Rate on commodity paper secured by warehouse receipts, etc. ....	5-6	7-8	6-8	5-7	6-8	6-8
Rate on cattle loans.....	6	6-8	6-8	8	4-8	8

**Deposits of Member Banks** Combined deposits of member banks, which stood at \$808,654,000 on April 27, were \$12,925,000 less than on March 23, but \$37,141,000 greater than on April 28, 1926. During the five-week period ending April 27, the demand deposits of these banks declined \$12,631,000 and their time deposits decreased \$294,000.

April, the liabilities involved exceeding those in the corresponding month of each of the four preceding years. Defaults in April totaled 75 and the indebtedness aggregated \$1,685,229. This compares to 59 insolvencies in March with liabilities amounting to \$1,415,400 and 66 failures in April, 1926, involving liabilities of \$716,438.

### PETROLEUM

For the fourth consecutive month the daily average production of crude oil in the Eleventh Federal Reserve District showed a decline from the previous month. Total production during April amounted to 19,871,810 barrels of crude oil as compared to 20,954,935 barrels in March, representing a decline of 13,572 barrels in daily average output. Drilling operations increased in April, as in March, and failed to show the let up that might have been expected following the lowering of crude oil prices. Of the 905 completions in April, 551 were producers of oil yielding 203,256 barrels of new production and 46 were gas wells. This compares to 740 completions in March of which 467 were oil producers netting 109,942 barrels of flush production and 23 were gas wells. An unusually large number of wildcat wells were completed during the month.

Daily average production of crude oil in Texas fields declined from 624,153 barrels in March to 610,833 barrels in April, all major fields sharing in the decline with the

### 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
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	120,914
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
March 23, 1927.....	645,449	176,130	278,998	46,021	366,451	130,109
April 27, 1927.....	632,818	175,836	272,254	46,624	360,564	129,212

### FAILURES

After showing a decrease in March, the number and liabilities of defaulting firms in this district turned upward in

exception of the Central-West Texas area. The Church and Fields area in Crane County contributed a large amount of new production for the West Texas district in April. While total production in North Texas reflected a further decline during the month, field work became more active

with the appearance of favorable weather. Despite the flood conditions the daily average output of crude oil in North Louisiana showed only a slight decline amounting to 51,560 barrels in April as against 51,812 barrels in March.

OIL PRODUCTION

	April		March		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	6,727,060	224,235	7,343,385	236,883	Dec.	12,648
Central-West Texas.....	5,106,160	170,205	5,087,310	164,107	Inc.	6,098
East-Central Texas.....	1,256,940	41,898	1,344,825	43,381	Dec.	1,483
Texas Coastal.....	4,121,880	137,396	4,415,435	142,433	Dec.	5,037
Southwest Texas.....	1,112,970	37,099	1,157,810	37,349	Dec.	250
Total, Texas.....	18,325,010	610,833	19,348,765	624,153	Dec.	13,320
North Louisiana.....	1,546,800	51,560	1,606,170	51,812	Dec.	252
Total, District.....	19,871,810	662,393	20,954,935	675,965	Dec.	13,572

APRIL DRILLING RESULTS

Field—	Comple-tions	Pro-ducers	Gas Wells	Fail-ures	Initial Production
North Texas.....	404	274	17	113	66,771
Central-West Texas.....	285	188	8	89	84,883
East-Central Texas.....	2	1	0	1	90
East Texas.....	1	0	1	0	
Texas Coastal.....	58	50	0	8	40,264
Southwest Texas.....	22	12	10	0	620
Texas Wildcats.....	65	4	2	59	5,520
Total Texas.....	837	529	38	270	198,148
North Louisiana.....	68	22	8	38	5,108
April totals, District.....	905	551	46	308	203,256
March totals, District.....	740	467	23	250	109,942

CRUDE OIL PRICES

	May 11 1927	May 12 1926
Texas—	1.927	1.926
Texas Coastal (Grade "A").....	\$1.20	\$1.50
North and Central Texas and North Louisiana (52 gr. and above).....	1.60	

\*Prices for May 11, 1926, not available on a comparable basis

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

LUMBER

Declining activity was noted in the lumber industry in

this district during April. Production of reporting mills declined from 89 per cent of normal in March to 84 per cent in April. Lumber shipments continued smaller than a year ago, and in April amounted to 83 per cent of normal production which was 7 points less than in March. Orders received during the month were 18 per cent below normal production as compared to 13 per cent in the previous month. Unfilled orders on the books of 49 mills on April 30 totaled 56,933,425 feet of lumber, as against 66,229,884 feet on record at 54 mills on March 31. Stocks at the end of the month declined after increasing for six consecutive months and were 10 per cent below normal at the close of April as compared to 7 per cent at the end of March.

APRIL PINE MILL STATISTICS

Number of reporting mills.....	49
Production.....	93,898,279 feet
Shipments.....	92,635,522 feet
Orders.....	91,193,905 feet
Unfilled orders, April 30th.....	56,933,425 feet
Normal production.....	111,606,902 feet
Stocks, April 30th.....	287,133,378 feet
Normal stocks.....	318,359,527 feet
Shipments below normal production.....	18,971,380 feet—17%
Actual production below normal.....	17,708,623 feet—16%
Orders below normal production.....	20,412,997 feet—18%
Stocks below normal.....	31,226,149 feet—10%

Lumber statistics compiled by the Southern Pine Association.

BUILDING

Activity in building operations as measured by the valuation of permits issued at principal cities in this district, declined in April and for the ninth consecutive month showed a decline from the corresponding month a year

ago. The valuation of permits issued in April amounted to \$8,185,882, as compared to \$11,547,210 in March and \$12,121,018 in April, 1926. Six cities showed increases over the previous month and five gained over the same month last year.

BUILDING PERMITS

	April, 1927		April, 1926		Inc. or Dec.	March, 1927		Inc. or Dec.	Four Months				
	No.	Valuation	No.	Valuation		No.	Valuation		1927		1926		Inc. or Dec.
							No.	Valuation	No.	Valuation			
Amarillo.....	174	\$ 667,290	236	\$ 2,003,409	- 66.7	316	\$ 2,002,670	- 66.7	989	\$ 4,433,634	555	\$ 3,528,568	+ 25.6
Austin.....	37	31,742	42	116,087	- 72.7	27	86,855	- 63.5	117	186,572	206	485,202	- 61.5
Beaumont.....	205	761,598	265	278,231	+173.7	202	575,290	+ 32.4	731	2,406,871	719	657,846	+265.9
Dallas.....	300	576,703	428	1,405,687	- 59.0	392	1,083,994	- 46.8	1,346	2,602,243	1,653	6,731,211	- 61.3
El Paso.....	52	100,578	75	109,350	- 8.0	98	96,712	+ 4.0	234	250,675	292	428,815	- 41.5
Fort Worth.....	349	1,386,431	400	1,799,505	- 23.0	387	1,085,473	+ 27.7	1,299	4,844,460	1,578	6,778,955	- 23.5
Galveston.....	207	681,963	314	148,417	+359.5	329	141,298	+382.6	931	1,627,007	1,054	732,314	+122.2
Houston.....	580	2,005,829	545	3,232,324	- 38.0	634	3,961,796	- 49.4	2,208	10,827,989	1,933	11,814,752	- 8.4
Port Arthur.....	124	117,611	137	71,677	+ 64.1	133	122,489	- 4.0	479	478,063	494	635,442	- 25.6
San Antonio.....	355	906,635	296	771,152	+ 17.6	317	1,669,665	- 45.7	1,256	4,051,236	1,301	5,618,490	- 27.9
Shreveport.....	175	497,774	271	235,214	+111.6	193	267,682	+ 86.0	772	1,237,206	1,108	1,467,732	- 12.3
Waco.....	45	155,335	63	204,342	- 24.0	31	140,244	+ 10.8	146	480,599	165	464,647	+ 3.4
Wichita Falls.....	96	296,393	207	1,745,123	- 83.0	107	313,042	- 5.3	371	1,641,167	733	4,287,901	- 61.7
Total.....	2,699	\$8,185,882	3,279	\$12,121,018	- 32.5	3,166	\$11,547,210	- 29.1	10,879	\$35,112,722	11,791	\$43,631,875	- 19.5

CEMENT

Production and shipments of Portland cement at Texas mills were slightly greater in April than in March and were considerably larger than in the corresponding month of

last year. In April 469,000 barrels of cement were produced representing an increase of .9 per cent over March and 13.8 per cent over April, 1926. April shipments

amounted to 491,000 barrels as compared to 492,000 barrels in the previous month and 447,000 barrels shipped in April last year. Stocks at the end of the month continued to decline, being 5.1 per cent less on April 30 than on March 31, and 15.2 per cent below those at the close of the same month in 1926. Production for the first four

months of 1927 was 8.0 per cent greater than during the same period of last year and shipments were 11.0 per cent larger. It will be noted that shipments of cement for the four months of the current year exceeds that of production, a condition in contrast to the figures obtaining a year ago.

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

	April 1927	April 1926	Inc. or Dec.	March 1927	Inc. or Dec.	Four Months 1927	Four Months 1926	Inc. or Dec.
Production at Texas Mills.....	469,000	412,000	+13.8	465,000	+	1,713,000	1,586,000	+ 8.0
Shipments from Texas mills.....	491,000	447,000	+ 9.8	492,000	+	1,730,000	1,558,000	+11.0
Stocks at end of month at Texas mills.....	425,000	501,000	-15.2	448,000	-	5.1		

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board as of May 24, 1927)

Industrial output declined in April reflecting reduced activity both in mines and in factories. Distribution of commodities by railroads and retail trade increased, and the level of prices showed a further slight decline.

### PRODUCTION

Decreased output of industry in April, as compared with March, was due chiefly to the coal miners' strike, which caused a large decline in the production of bituminous coal. Among manufacturing industries, which as a whole were somewhat less active in April than during the previous month when allowance is made for usual seasonal changes, reductions were reported in the iron and steel, and textile industries, as well as in meat packing and in the production of building materials. The manufacture of motor cars, though it showed the usual seasonal increase in April, continued at a lower level than a year ago. Petroleum production continued in record volume, notwithstanding large stocks and declining prices. Value of building contracts awarded declined slightly in April from the record high figure in March, but was larger than last year. The decline in building between March and April reflected reduced activity in the construction of commercial, industrial, and educational buildings, while contracts for residential and public buildings increased. On the basis of conditions on May 1, the Department of Agriculture forecasts a winter wheat crop of 594,000,000 bushels, or about 5 per cent less than in 1926. Continued wet cold weather over much of the corn belt and also in the spring wheat areas has retarded the planting of spring crops.

### TRADE

Commodity distribution at retail was larger in April than at the same season of any previous year, owing in part to the lateness of the Easter holiday. Department store sales were approximately 7 per cent larger than in April of last year, and sales of mail order houses and chain stores were also in large volume. Wholesale trade showed about the usual decrease between March and April and continued smaller than in the corresponding month of last year. Inventories of merchandise carried by department stores were in about the same volume at the end of April as in March,

while stocks of wholesale firms were smaller.

Railroad car loadings were larger in April than is usual at that season of the year, reflecting chiefly large shipments of iron ore, coke, grain and grain products but also increased movement of miscellaneous freight and of merchandise in less-than-carload-lots. Coal shipments were 25 per cent smaller in April than in the preceding month.

### PRICES

In April there was a further slight recession in the general level of wholesale prices, as measured by the index of the Bureau of Labor Statistics, but in the first three weeks of May price conditions were firmer. The decline in April reflected chiefly a decrease in the price of petroleum, lumber and several of the non-ferrous metals. There was little change in the level of agricultural prices which have been fairly constant since the beginning of the year. During the first three weeks of May prices of grains, cotton, iron and steel, petroleum, lumber, and hides advanced, while those of livestock, coke and non-ferrous metals declined.

### BANK CREDIT

Volume of credit of weekly reporting member banks, as measured by their total loans and investments, increased by more than \$300,000,000 during the month ending May 18, and was on that date at the highest level on record. This growth represented for the most part an increase in the banks holdings of investments and in the volume of their loans on stocks and bonds, while commercial loans showed relatively little change. At the reserve banks there was a decrease during the month in total volume of credit outstanding, owing to the receipt of a considerable amount of gold from abroad, in addition to the purchase abroad by these banks of about \$60,000,000 of gold that is now held earmarked with a foreign correspondent. The banks holdings of acceptances and of Government securities declined about \$85,000,000 while discounts for member banks increased by about \$45,000,000 apparently in response to the increased reserve requirements arising from the growth in the member bank deposits. Conditions in the money market were comparatively stable during the first three weeks of May and there were no changes in rates quoted on prime commercial paper and on acceptances.