

# 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

	May	April	Inc. or Dec.	
Bank debits to individual accounts (at 17 cities).....	\$715,200,000	\$753,554,000	Dec.	5.1%
Department store sales.....			Dec.	.1%
Reserve Bank loans to member banks at end of month.....	\$ 6,282,212	\$ 4,080,510	Inc.	54.0%
Reserve Bank ratio at end of month.....	64.4%	68.1%	Dec.	3.7 points
Building permit valuations at larger centers.....	\$ 9,459,467	\$ 8,537,537	Inc.	10.8%
Commercial failures (number).....	51	75	Dec.	32.0%
Commercial failures (liabilities).....	\$ 1,220,408	\$ 1,685,229	Dec.	27.6%
Oil production (barrels).....	20,684,558	19,871,810	Inc.	4.1%
Lumber orders at pine mills (per cent of normal production).....	85%	82%	Inc.	3.0 points

The breaking of the severe drouth which covered an extensive area of this district was the outstanding development during the past thirty days and places a decidedly brighter outlook upon agricultural and business prospects. Extensive areas in South and West Texas and Eastern New Mexico had received little worthwhile rainfall since last October. In these sections, small grain crops had deteriorated rapidly, the planting and growth of row crops was retarded, and ranges and livestock were suffering. The rains revived the ranges, replenished the supply of stock water and enabled the farmers to proceed with agricultural operations. Widespread improvement should be noticeable in a short time. In other parts of the district, the rains came in time to save the corn crop and stimulated the growth of other crops. Fair to good feed crops are now practically assured and the condition of cotton in the old cotton territory is generally good. Due to the light rainfall during May, the farmers were able to make rapid progress with planting and cultivation and have to a large extent overcome the handicaps of a late start. Harvesting of small grains is well under way and indications are that the yield this year will be light, as the rains came too late to be of much benefit.

The distribution of merchandise at wholesale and retail reflected largely the effects of seasonal influences. Department store sales were three per cent greater than in April and were practically the same as during May, 1926. The volume of wholesale trade declined seasonally as compared to April and continued to fall short of that during the same month of last year. While business appears to be somewhat spotted, confidence in the soundness of the business structure is evident and wholesalers and retailers generally are optimistic regarding the future prospects. Debits to individual accounts at seventeen centers were 5 per cent less than in the previous month but exceeded those in May, 1926,

by 6 per cent.

The past month witnessed a heavy withdrawal of deposits and an increase in the demand for credit. The deposits of member banks declined \$16,623,000 between April 27, and May 25, but on the latter date they were \$28,449,000 greater than on May 26, 1926. Federal reserve bank loans to member banks increased \$1,661,437 between April 30, and June 15, due to the heavier demand for credit incident to the financing of agricultural operations as evidenced by the fact that the increase was due entirely to the borrowings of country banks. At the reserve city banks, a decrease occurred in both loans and borrowings from the Federal Reserve Bank. That a large volume of funds in this district is seeking an investment outlet is shown by the fact that the cash subscriptions to the June 15, issue of 3 $\frac{3}{8}$  per cent United States Treasury Bonds sold at 100 $\frac{1}{2}$  amounted to \$23,858,000 against which allotments to the extent of \$11,318,400 were made. Exchanges at the close of business on June 17 totaled \$5,082,550.

The business mortality rate reflected a distinct improvement during May. The number of failures was not only smaller than during either the previous month or the same month last year but was the smallest of any month since last September. While the indebtedness of defaulting firms was substantially larger than in May last year, it was the smallest reported for any month during the current year.

Construction activity as measured by the valuation of permits issued at principal cities was 11 per cent greater than in the previous month but 26 per cent less than in the corresponding month last year. Although shipments and new orders for lumber were slightly greater than in April, they were substantially below those for May, 1926. The production of cement reflected only minor changes but shipments of cement were the heaviest recorded in several years.

#### CROP CONDITIONS

Rainfall during May was considerably below normal throughout a large portion of the district and the drouth in

South, West, and Northwest Texas and Eastern New Mexico became acute. In North and Northwest Texas and Eastern

New Mexico the planting of row crops was delayed and small grains deteriorated rapidly, and in South Texas the dry weather caused a sharp deterioration of all crops. The rains during the first half of June broke the drouth in a large portion of the dry area and permitted the resuming of planting operations, yet there are some sections where no relief has been obtained and more rain will be needed shortly in a large portion of the former dry area. In other sections the rain came in time to save the feed crops and has greatly benefited the cotton crop. Conditions are now expected to improve rapidly. As a result of the dry weather the farmers in many sections were able to make rapid progress with the cultivation of crops and when the rains came the fields were generally clean. The situation in North Louisiana continues to reflect the effects of the flood. Replanting of crops in the flooded areas is going forward as rapidly as conditions will permit.

The harvesting of small grains is now well under way and reports indicate that yields will vary considerably. In some sections the crop is a total failure while in others the yields will be very good. In many instances, grains have been cut for hay. The Department of Agriculture reported that the condition of the Texas wheat crop declined from 75 per cent of normal on May 1, to 41 per cent on June 1, and that on the latter date the indicated production was only 15,870,000 bushels as against an estimate of 27,600,000 bushels a month earlier. The rains came too late to be of much benefit to the crop and, in some instances, have interfered with harvesting. Reports indicate that that portion of the crop sown early and on well prepared land has produced fair yields. The condition of the oat crop was reported as 47 per cent of normal on June 1, which represents a decline of 22 points during the month. A large portion of the crop is too poor to be harvested for grain and is being cut and baled for hay.

In the drier portions of the district corn and sorghum suffered greatly from the lack of rainfall and high winds but in other sections these crops did fairly well. While corn had begun to suffer to some extent, the recent rains have practically assured a fair to good corn crop in most sections as corn was largely in the tassel stage of development and moisture was needed only to fill out the ears. While the condition of tame hay declined to 75 per cent of normal on June 1 the recent rains greatly improved the situation and good crops now seem probable. The first cutting of alfalfa has been made and the cane crop is doing well except in the dry areas. Wild hay is reported to be from fair to good in the heavy producing sections.

The condition of the cotton crop in the old cotton territory in Texas and Southeastern Oklahoma is from fair to good. The crop is somewhat earlier than a year ago; the fields generally are clean and an unusually large proportion of the crop has been chopped to a stand. In portions of South Texas the dry weather has materially affected the crop. In West and Northwest Texas, while a considerable amount of cotton was planted dry, planting of a portion of the crop was delayed and much of that which was up made only poor progress. Factors which may affect the cotton production this year are the large increase of boll weevil infestation in all weevil territory and the reduction of about 40 per cent in the amount of fertilizer being used.

The Texas rice crop has made better progress than usual and on June 1, the condition of this crop was reported as 94 per cent of normal. The condition has been further improved by the recent rains. Stands generally are reported to

be good, particularly in the early sown fields.

Farm labor supply in Texas on June 1, was estimated at 116 per cent of demand as compared to 104 per cent a month earlier.

## LIVESTOCK

The past month witnessed a sharp deterioration in range and livestock conditions throughout a considerable portion of the district's range territory. The drouth in South, West and Northwest Texas and Eastern New Mexico had become acute and livestock was suffering from the serious shortage of range feed and the lack of stock water. In some instances stock was moved to better pasturage and in others feeding had been resorted to. In parts of Eastern New Mexico practically all of the stock had been shipped out and the remaining portion is in poor condition. While ranges have deteriorated rapidly in West and Northwest Texas, livestock has been holding up well under the circumstances. In Southeastern Arizona, Western New Mexico and that portion of Texas not affected by the drouth, range and livestock conditions are generally good. The general rains have extended over a considerable portion of the dry area, partially relieving the extended drouth and conditions are now expected to improve materially.

The average condition of cattle ranges in Texas was reported as 84 per cent of normal on June 1, representing a decline of 8 points during the month and 15 points from the average condition a year ago. Condition of cattle declined 4 points to 88 per cent of normal during the month. The adverse range conditions have affected sheep and goats less than cattle. The condition of sheep was 92 per cent of normal on June 1, a decline of 2 points during the month, and goats were 94 per cent, a decline of only 1 point. There have been unusually heavy losses of lambs from the screw worms. Shearing is practically completed and the wool clip was of extra good quality. The Department of Agriculture reported that the majority of the clip has been sold, the average price varying from 31 to 35 cents for short wool and 35 to 41 cents for long wool.

**Movements and Prices** The receipts of cattle, calves, and sheep at the Fort Worth market during May reflected a substantial increase over those of the previous month but the arrivals of cattle and sheep were less than in May last year. While the receipts of hogs showed a further large decline from April, they were considerably larger than a year ago.

Cattle prices during May followed an uneven course. During the early part of the month prices worked to lower levels and then turned upward about the middle of the

FORT WORTH LIVESTOCK RECEIPTS

	May 1927	May 1926	Loss or Gain	April 1927	Loss or Gain
Cattle .....	92,740	106,877	L 14,137	78,709	G 14,031
Calves .....	19,647	18,194	G 6,453	13,421	G 6,226
Hogs .....	29,913	17,209	G 12,704	43,015	L 13,602
Sheep .....	100,359	105,419	L 5,060	68,464	G 31,895

COMPARATIVE TOP LIVESTOCK PRICES

	May 1927	May 1926	April 1927
Beef steers .....	\$10.25	\$ 9.10	\$ 9.50
Stocker steers .....	9.15	8.35	9.15
Butcher cows .....	8.00	6.25	7.25
Stocker cows .....	6.00	5.25	6.15
Calves .....	10.25	10.25	10.25
Hogs .....	9.85	14.50	11.70
Sheep .....	8.75	8.65	9.50
Lambs .....	14.00	15.75	16.50

month. Toward the end of the month and during the early part of June the market was again reactionary. However, about the middle of June prices strengthened and some of the best prices of the year were paid for fed cattle. Hog prices reflected an almost steady decline and quotations reached the lowest level recorded in more than two years. Sheep and lamb values also declined.

**Cotton Movements** The May receipts and exports of cotton through the ports of Houston and Galveston again reflected a substantial increase as compared to the corresponding month last year. While the exports of cotton (including linters) during May from all United States ports were 26.6 per cent less than in April,

they were 49.7 per cent greater than in May, 1926. Exports for the ten months of the current season were 38.6 per cent greater than during the same period last year.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	May 1927	May 1926	August 1 to May 31	
			This Season	Last Season
Net receipts	100,086	54,400	3,761,997	2,980,293
Exports	209,414	121,525	3,606,566	2,708,327
Stocks, May 31			305,357	323,538

GALVESTON STOCK STATEMENT

	May 31, 1927	May 31, 1926
For Great Britain	5,700	3,000
For France	3,900	1,600
For other foreign ports	33,400	14,900
For coastwise ports	1,000	1,000
In compresses and depots	261,357	303,038
<b>Total</b>	<b>305,357</b>	<b>323,538</b>

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	May 1927	May 1926	August 1 to May 31	
			This Season	Last Season
Net receipts	62,583	35,267	3,540,382	2,583,200
Exports	165,056	84,588	2,477,145	1,686,337
Stocks, May 31			435,271	434,810

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

	This Season	Last Season
Receipts	12,396,036	10,270,282
Exports: Great Britain	2,464,926	2,160,293
France	968,065	855,813
Continent	4,965,877	3,150,267
Japan-China	1,708,002	1,086,142
Mexico	16,949	44,981
Total foreign ports	10,123,819	7,297,496
Stocks at all U. S. ports, May 31	1,637,445	826,196

SPOT COTTON PRICES (Middling Basis)

	May, 1927		June 15, 1927
	High	Low	
New York	17.05	15.45	16.95
New Orleans	16.59	15.09	16.65
Dallas	15.75	14.35	15.60
Houston	16.65	15.15	16.70
Galveston	16.95	15.20	16.65

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	May 1927	May 1926	August 1 to May 31 This Season	August 1 to May 31 Last Season	May 1927	May 1926	August 1 to May 31 This Season	August 1 to May 31 Last Season
Cotton consumed	456,285	362,987	4,304,305	3,800,027	633,024	516,376	5,970,844	5,475,502
Cotton on hand May 31:								
(a) in consuming establishments			1,190,521	863,638			1,794,284	1,448,739
(b) in public storage and compresses			2,516,311	2,725,488			2,868,947	2,965,447

COTTONSEED PRODUCTS

The average price received for crude oil and for cake and meal by reporting cottonseed oil mills during May showed an increase as compared to the previous month but that received for hulls and for linters was less. There has been a heavy demand for cake and meal throughout the current season. Although the production of cake and meal during the current season has exceeded that of the previous season

by 30 per cent, stocks on hand on May 31, were 50 per cent less than a year ago. Crude oil sold at an average price of \$.0743 per pound in May as compared to \$.0728 per pound in April, and cake and meal at \$29.33 per ton as compared to \$26.84 per ton; on the other hand, the average price received for hulls declined from \$4.62 per ton in April to \$4.34 per ton in May and linters from \$.0266 per pound to \$.0245 per pound.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to May 31 This Season	August 1 to May 31 Last Season	August 1 to May 31 This Season	August 1 to May 31 Last Season
Cottonseed received at mills (tons)	1,887,602	1,378,543	6,265,847	5,484,681
Cottonseed crushed (tons)	1,827,951	1,388,703	6,108,554	5,451,173
Cottonseed on hand (tons)	64,843	10,933	173,435	56,650
Crude oil produced (lbs.)	511,454,680	389,728,000	1,826,909,116	1,583,942,335
Cake and meal produced (tons)	840,344	647,000	2,740,437	2,549,115
Hulls produced (tons)	549,109	389,000	1,800,255	1,518,336
Linters produced (500-lb. bales)	298,160	263,000	1,018,803	1,028,008
Stocks on hand May 31:				
Crude oil (lbs.)	9,511,609	487,000	41,680,738	8,257,000
Cake and meal (tons)	31,305	63,000	149,467	285,307
Hulls (tons)	64,065	59,000	219,784	143,023
Linters (500-lb. bales)	28,575	37,000	122,094	147,915

COTTONSEED PRODUCTS SHIPPED AND AVERAGE PRICE RECEIVED

	May, 1927	
	Products Shipped	Average price F. O. B. Mill
Crude oil	6,194,340 lbs.	\$.0743 per lb.
Cake and meal	4,966 tons	29.33 per ton
Hulls	5,630 tons	4.34 per ton
Linters	2,992,877 lbs.	.0245 per lb.

TEXTILE MILLING

Activity in the textile industry in this district was well sustained in May and mills generally reported a more favorable outlook. Raw cotton consumed in May at these mills amounted to 3,257 bales as compared to 3,101 bales in May last year, and 2,996 bales in the previous month. Production during the month amounted to 1,367,616 pounds as compared to 1,375,871 pounds in April and 1,382,205

pounds in May, 1926. Orders on hand on May 31, were considerably larger than those at the end of April and at the close of May last year. Stocks held on May 31, were greater than on April 30, but below those carried on the same date a year ago.

#### TEXTILE MILLING STATISTICS

	May 1927	May 1926	April 1927
Number of bales consumed.....	3,257	3,101	2,996
Number of spindles active.....	75,520	70,020	76,020
Number pounds cloth produced.....	1,867,616	1,882,205	1,375,871

#### WHOLESALE TRADE

A further seasonal recession in the distribution of merchandise in wholesale channels was noticeable during May. Although the volume for the month was slightly below that for the same month last year, the decline was relatively small and sales of dry goods and groceries were larger than a year ago. Buying appears to be somewhat spotted and retailers are keeping their purchases closely aligned to consumer demand, yet the trade generally seems to be optimistic regarding fall business. Factors which seem to strengthen the present situation are that farmers have inaugurated a more diversified program of farming, are producing the current year's crops at a minimum of expense and are holding their borrowings at both banks and retail establishments, to a low level which in turn will tend to increase the farmers margin of profit. Furthermore, over a large area of the district fair to good feed crops are practically assured and the cotton crop is doing well.

While the sales of dry goods at wholesale were 6.4 per cent less than in April, due largely to seasonal influences, they were 2.7 per cent larger than in the corresponding month last year. The volume of distribution during the first five months of the current year has averaged only 3.3 per cent less than that for the same period of 1926. There appears to be a strengthening of sentiment and retailers generally are becoming more optimistic regarding the outlook for fall business. Although retailers in the main are still adhering to the hand-to-mouth policy of buying, some dealers report that forward orders in moderate amounts are be-

ing received. In line with the rising quotations on raw cotton, the prices of cotton goods have strengthened.

Following the decline in April the sales of wholesale grocery firms reflected a gain of 5.2 per cent as compared to the previous month and were 2.6 per cent greater than in May, 1926. Sales from January 1 to May 31, were 5.0 per cent less than in the same period last year. Prices were reported as generally steady.

Although some improvement in the farm implement trade was noticeable, business is still considerably below normal. The May sales were 19.4 per cent greater than in the previous month but 31.1 per cent less than a year ago. The demand for harvesting machinery has been fair but the demand for tillage implements continues slow. The fact that this year's crops have been less difficult to cultivate than usual has enabled the farmers to get along with a minimum of new implements.

A further seasonal decline of 2.6 per cent as compared to the previous month was registered in the May sales of wholesale drug firms. Business appears to be somewhat spotted. Some dealers report that the buying demand is slow, while others report that business is improving. While retailers generally are becoming more optimistic, the hand-to-mouth policy of buying is still in evidence throughout the trade.

The volume of distribution of wholesale hardware firms reflected a further decline of 1.9 per cent as compared to the previous month and was 11.1 per cent less than a year ago. While the decline from May last year is rather large, it should be remembered that business was unusually active in the latter month. The falling off in sales was general throughout the district.

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

Percentage of Increase or Decrease in:

	—Net Sales— May, 1927 compared with May 1926		—Net Sales— Jan. 1 to date compared with same period last year		—Stocks— May, 1927 compared with April 1927	
	May 1926	April 1927	same period last year	May 1926	April 1927	
Groceries .....	+ 2.6	+ 5.2	- 5.0	- 6.8	- 5.5	
Dry Goods .....	+ 2.7	- 6.4	- 3.8	-10.8	- .1	
Farm Implements .....	-31.1	+19.4	-41.6	+ 5.1	- 4.4	
Hardware .....	-11.1	- 1.9	- 2.7	- 8.8	- 4.5	
Drugs .....	- 1.3	- 2.6	- 5.3	- 8.8	+ .9	

#### RETAIL TRADE

Retail distribution during May in the larger cities, as measured by sales of department stores, reflected a gain of 2.5 per cent as compared to the large April volume and was practically the same as in May, 1926. The warm and generally clear weather during the month stimulated the sale of

seasonable merchandise.

Stocks on hand at the end of May were 3.3 per cent less than at the close of April and 9.7 per cent less than a year earlier. The percentage of sales to average stocks from January 1 to May 31, this year was 110.9 as compared to

#### BUSINESS OF DEPARTMENT STORES

Total Sales	Dallas	Fort Worth	Houston	All Others	Total District
May, 1927, compared with May, 1926.....	+ 4.6	- .3	- 2.1	+ 5.0	- .1
May, 1927, compared with April, 1927.....	+ 2.0	- 6.5	- 1.4	+ 9.5	+ 2.5
January 1 to date, compared with same period last year.....	- 5.2	+ 6.5	None	+ .4	- .5
Credit Sales:					
May, 1927, compared with May, 1926.....	- 4.9	+ 6.1	+11.4	+ 4.8	+ 1.8
May, 1927, compared with April, 1927.....	- .1	- 7.0	+ 1.0	+ 8.8	+ 2.0
January 1 to date, compared with same period last year.....	- 7.7	+ 9.5	+ 4.1	- .3	+ 2.0
Stock:					
May, 1927, compared with May, 1926.....	-16.3	- 6.5	- 4.4	- 5.7	- 9.7
May, 1927, compared with April, 1927.....	- 5.7	- 1.5	- 2.6	- 2.0	- 3.3
Percentage of sale to average stocks in:					
May, 1926.....	20.3	21.3	20.5	23.3	21.5
May, 1927.....	22.5	22.6	21.7	26.5	23.9
Percentage of sales to average stocks					
January 1 to May 31, 1926.....	100.1	84.9	103.3	105.5	101.2
January 1, to May 31, 1927.....	110.8	108.7	106.5	113.5	110.9
Ratio of outstanding orders to last year's purchases.....	2.5	.9	1.9	2.1	2.0
Ratio of May collections to accounts receivable, due and outstanding May 1, 1927.....	30.5	33.9	42.4	40.6	35.2

101.2 during the same period last year, indicating that department stores are obtaining a better rate of stock turnover.

The volume of outstanding orders continued to decline. The ratio of outstanding orders to last year's purchases at the close of May was 2.0 as compared to 3.4 at the end of April and 3.9 at the close of May last year.

Collections reflected a seasonal decline. The ratio of May collections to accounts outstanding on May 1, was 35.2 as compared to 37.2 in April and 37.5 in May a year ago.

FINANCIAL

The volume of checks charged to depositors' accounts at banks located in principal cities of this district during May reflected a further decline of 5.1 per cent as compared to the previous month but an increase of 6.4 per cent over a year ago. The May volume amounted to \$715,200,000, as

compared to \$753,554,000 in April and \$672,165,000 in May, 1926.

**Acceptance Market** After increasing for three consecutive months the volume of outstanding acceptances, which were executed by accepting banks in this district, declined in May. The amount of these acceptances outstanding on May 31, amounted to \$3,061,039, as against \$3,501,811 on April 30. Outstanding acceptances executed against import and export transactions declined from \$957,540 on April 30, to \$834,957 on May 31, and those based on the domestic shipment and storage of goods dropped from \$2,544,271 on the former date to \$2,226,082 on the latter date.

**Condition of Member Banks in Selected Cities** The investments of member banks in selected cities reflected a gain of \$2,628,000 during May but this increase was more than offset by a decline of \$8,591,000 in loans. Investments in United States securities increased \$2,262,000 and investments in other

stocks and bonds increased \$366,000. Loans on corporate securities declined \$807,000 and commercial loans were reduced \$7,946,000 but loans on Government securities rose \$162,000. While total loans and investments on June 1, were \$5,963,000 less than on May 4, they were \$19,701,000 greater than on June 2, 1926. The net demand deposits of these banks declined \$7,037,000 during May but time deposits showed a gain of \$1,046,000. The combined deposits of these banks on June 1, were \$17,553,000 larger than a year ago. Despite the decline in deposits during May, the reserves of these banks with the Federal Reserve Bank gained \$191,000. Their bills payable and rediscounts with the Federal Reserve Bank amounted to \$2,825,000 on June 1, as compared to \$2,025,000 on May 4, and \$3,637,000 on June 2, 1926.

DEBITS TO INDIVIDUAL ACCOUNTS  
(In Thousands of Dollars)

	May 1927	May 1926	Inc. or Dec.	April 1927	Inc. or Dec.
Abilene .....	\$ 10,971	\$ 10,551	+ 4.0	\$ 10,687	+ 3.1
Austin .....	18,292	16,571	+10.4	20,064	- 8.8
Beaumont .....	23,780	19,675	+20.9	25,207	- 5.7
Corsicana .....	5,224	5,945	-12.1	5,629	- 7.2
Dallas .....	181,433	180,898	+ .3	203,981	-11.1
El Paso .....	30,299	30,742	- 1.4	30,388	- .1
Fort Worth .....	88,369	73,338	+20.5	90,839	- 2.7
Galveston .....	38,624	31,040	+24.4	40,991	- 5.8
Houston .....	165,150	149,708	+10.3	164,490	+ .4
Port Arthur .....	9,952	8,966	+11.0	10,372	- 4.0
Roswell .....	2,875	2,752	+ 4.5	3,142	- 8.5
San Antonio .....	46,331	39,949	+16.0	43,019	+ 7.7
Shreveport .....	35,599	36,986	- 3.8	40,801	-12.7
Texarkana .....	9,424	10,650	-11.5	10,027	- 6.0
Tucson .....	8,988	9,071	- .9	9,239	- 2.7
Waco .....	14,759	12,872	+14.7	15,542	- 5.0
Wichita Falls .....	25,130	32,451	-22.6	29,236	-14.0
Total, 11th District.....	\$715,200	\$672,165	+ 6.4	\$753,554	- 5.1

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	June 1, 1927	May 4, 1927	June 2, 1926
1. Number of reporting banks.....	45	45	48
2. U. S. securities owned.....	\$ 61,309,000	\$ 59,047,000	\$ 52,262,000
3. All other stocks, bonds and securities owned.....	27,690,000	27,324,000	23,623,000
4. Loans secured by U. S. Government obligations.....	2,900,000	2,738,000	4,040,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	80,224,000	81,031,000	72,245,000
6. All other loans.....	229,044,000	236,990,000	229,296,000
7. Net demand deposits.....	273,468,000	230,505,000	264,002,000
8. Time deposits.....	108,178,000	107,132,000	100,091,000
9. Reserve with Federal Reserve Bank.....	30,114,000	29,923,000	29,020,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	2,825,000	2,025,000	3,637,000
11. Ratio of loans* to net demand deposits.....	85%	85%	88%

\*Loans include only items 4 and 6.

**Savings Deposits** Reports from 90 banks of this district which operate a savings department reflect an increase of 1.9 per cent in savings deposits between April 30, and May 31. Savings deposits on the

latter date were 10.9 per cent greater than on May 31, 1926. There were 264,894 savings accounts carried at these banks at the close of the month as against 267,222 on April 30, and 238,762 on May 31, a year ago.

SAVINGS DEPOSITS

	May 31, 1927			May 31, 1926			Inc. or Dec.	April 30, 1927		
	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	Inc. or Dec.	
Beaumont .....	4*	5,722	\$ 2,388,624	5,312	\$ 2,176,203	+ 9.5	5,722	\$ 2,380,410	+ .1	
Dallas .....	6	51,847	19,637,941	38,193	16,249,713	+20.9	51,769	19,318,203	+ 1.7	
El Paso .....	2	12,528	4,620,439	13,154	5,598,790	-17.5	12,435	4,416,360	+ 4.6	
Fort Worth .....	3	20,740	6,526,473	19,587	6,286,827	+ 4.6	20,605	6,529,270	None	
Galveston .....	3	13,223	9,859,182	12,657	8,033,572	+22.7	13,269	9,864,787	- .1	
Houston .....	13*	64,769	28,746,823	53,221	26,386,314	+ 8.9	67,462	28,449,982	+ 1.0	
San Antonio .....	6*	23,378	13,321,715	20,973	11,901,178	+11.9	23,425	13,204,172	+ .9	
Shreveport .....	3	23,504	10,227,062	21,492	9,468,668	+ 8.0	23,510	9,489,455	+ 7.8	
Waco .....	3	7,352	4,129,852	6,671	3,268,601	+26.3	7,446	4,130,798	None	
Wichita Falls.....	2	3,969	2,668,544	5,250	2,747,966	- 2.8	3,939	2,773,431	- 3.8	
All others .....	45*	37,862	19,776,189	37,252	17,889,613	+10.5	37,640	19,014,036	+ 4.0	
Total.....	90	264,894	\$121,897,844	238,762	\$109,957,440	+10.9	267,222	\$119,570,904	+ 1.9	

\*Only 3 banks in Beaumont, 12 banks in Houston, 5 banks in San Antonio and 41 banks in "all others" reported the number of savings depositors.

JUNE DISCOUNT RATES

Prevailing 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	4¾-6	5-6	4½-6	6-8
Rate charged on loans to other banks, secured by bills receivable	5	6	5-6	5	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	6-8	5-6	6-7	6-8
(b) time	5-7	8	6-8	5-6	6-7	6-8
Rate on commodity paper secured by warehouse receipts, etc.	5-7	7-8	6-8	5-7	6-8	6-8
Rate on cattle loans	6	6-8	6-8	6-8	4-8	8

**Deposits of Member Banks** A further decline was reflected in the volume of combined deposits of member banks in this district in May. Total deposits on May 25 amounted to \$792,031,000 as compared to \$808,654,000 on April 27, and \$763,582,000 on May 26, 1926. While the net demand deposits of these banks decreased \$19,682,000 during the month, they were \$14,653,000 greater than a year ago. Time deposits on May 25, were \$3,059,000 greater than on April 27, and \$13,796,000 larger than on May 26, 1926. The heaviest decline in demand deposits occurred at banks located in cities with a population of more than 100,000.

tural operations, loans to country banks have shown a gradual expansion. While our loans on June 15, were \$540,265 less than on May 31, the reduction was due entirely to the liquidation of borrowings by reserve city banks as the borrowings of country banks continued to increase. There were 157 borrowing banks on May 31, as compared to 137 at the close of April and 264 on May 31, 1926.

Due to the increase in both loans and open market purchases, total bills held increased from \$14,221,442.36 on April 30 to \$18,737,749.89 on May 31, distributed as follows:

Member bank collateral notes secured by U. S. Government obligations	\$ 2,364,750.00
Rediscounts and all other loans to member banks	8,917,462.33
Open market purchases (Bankers' Acceptances)	12,455,537.56

Total bills held.....\$18,737,749.89

There was a further reduction of \$1,714,700 in the actual circulation of Federal reserve notes during May, having declined from \$37,192,295 on April 30, to \$35,477,595 on May 31. The daily average of reserve deposits of member banks amounted to \$59,740,881 in May as compared to \$60,946,451 in April, representing a decrease of \$1,205,570.

FAILURES

There was some improvement in the number and indebtedness of defaulting firms in the Eleventh District in May as compared to the previous month. The number of failures which amounted to 51, as compared with 75 in April and 91 in May last year, was the smallest number of any month since September, 1926. Liabilities involved in these failures aggregated \$1,220,408 as compared to \$1,685,229 in April and \$802,029 in May, 1926. Although somewhat larger than in the corresponding month a year ago, the indebtedness of defaulting firms in May was the lowest for the current year.

PETROLEUM

Although field work declined sharply in May, total production of crude oil in this district exceeded that of April by 812,748 barrels and showed the first increase in daily average production over the previous month since December. The total output in May amounted to 20,684,558 barrels as compared to 19,871,810 barrels in April. Curtail-

ment of drilling activity was noted in practically every field in the district including those where production continued to increase. The total number of wells completed in May was 617 of which 382 were producers of oil and 20 were gas wells, as compared to 905 in April of which 551 were oil producers and 46 producers of gas. Initial production from

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
	May 26, 1926	598,483	165,099	265,613	45,085	332,870
June 28, 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	584,468	165,277	257,886	45,407	326,577	119,870
Sept. 22, 1926	612,834	165,732	275,780	46,640	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	131,684
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
May 25, 1927	618,136	178,895	265,858	47,618	347,278	131,277

**Operations of the Federal Reserve Bank** While loans to member banks increased materially during May the demand for credit was considerably lighter than a year ago.

Loans outstanding on May 31, amounted to \$6,282,212 as compared to \$4,080,510 on April 30, and \$10,492,814 on May 31, 1926. Due to the increased demand for credit in connection with the financing of agricul-

OIL PRODUCTION

	May		April		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas	7,280,850	234,866	6,727,060	224,235	553,790	Inc.
Central-West Texas	5,428,385	175,109	5,106,160	170,205	322,225	Inc.
East-Central Texas	1,254,065	40,454	1,256,940	41,898	2,875	Dec.
Texas Coastal	4,146,095	133,745	4,121,880	137,396	24,215	Dec.
Southwest Texas	1,104,275	35,622	1,112,970	37,099	8,695	Dec.
Total, Texas	19,213,670	619,796	18,325,010	610,833	888,660	Inc.
North Louisiana	1,470,880	47,448	1,546,800	51,560	75,912	Dec.
Total, District	20,684,558	667,244	19,871,810	662,393	812,748	Inc.

new wells declined from 203,256 barrels in April to 154,066 barrels in May.

Daily average production of crude oil in Texas fields amounted to 610,833 barrels in May which represents an increase of 8,963 barrels over that in April. North Texas, Central West, and Gulf Coast fields showed increases in total output, whereas, East Central and Southwest Texas reported declines. Drilling activity in all districts with the exception of the Gulf Coast area reflected a noticeable decrease. Although the biggest decline in the number of completions occurred in North Texas, this area reported the largest increase in production of any field, accounted for by the initial large flush production. The daily average production of crude oil in North Louisiana declined from 51,560 barrels in April to 47,448 barrels in May.

MAY DRILLING RESULTS

Field—	Comple-tions	Pro-ducers	Gas Wells	Fail-ures	Initial Production
North Texas .....	245	180	5	60	58,100
Central-West Texas....	212	126	6	80	42,332
East-Central Texas ....	7	5	0	2	305
Texas Coastal .....	69	47	0	22	50,837
Texas Wildcats .....	34	2	2	30	520
<b>Total Texas .....</b>	<b>567</b>	<b>360</b>	<b>13</b>	<b>194</b>	<b>152,094</b>
North Louisiana .....	50	22	7	21	1,972
May totals, District....	617	382	20	215	154,066
April totals, District	905	551	46	308	203,256

CRUDE OIL PRICES

Texas—	June 8	June 9
Texas Coastal (Grade "A").....	\$1.20	\$1.60
North and Central Texas and North Louisiana (52 gr. and above).....	1.60	*

\*Prices for June 8, 1926, not available on a comparable basis.

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

LUMBER

Some improvement was reflected in the operation of pine mills in this district in May. Shipments of lumber exceeded

production and orders increased. As in April, production in May was 84 per cent of normal, while shipments of lumber which amounted to 87 per cent of normal production were 4 points greater than in April. Orders received at these mills increased from 18 per cent below normal production in April to 15 per cent in May. Unfilled orders for lumber were recorded as 51,779,756 feet at 51 reporting mills on May 31, as against 56,933,425 feet on the books of 49 mills on April 30. Stocks at the close of May, as at the end of April, were 10 per cent below normal.

MAY PINE MILL STATISTICS

Number of reporting mills.....	51
Production .....	94,677,963 feet
Shipments .....	98,282,226 feet
Orders .....	95,266,766 feet
Unfilled orders, May 31.....	51,779,756 feet
Normal production.....	112,424,156 feet
Stocks, May 31.....	291,002,690 feet
Normal stocks .....	323,759,254 feet
Shipments below normal production.....	14,141,930 feet—13%
Actual production below normal.....	17,746,193 feet—16%
Orders below normal production.....	17,157,390 feet—15%
Stocks below normal.....	32,756,564 feet—10%

Lumber statistics compiled by the Southern Pine Association.

BUILDING

Building activity in May as measured by the valuation of permits issued at principal cities in this district while greater than in April, was considerably below that in May, 1926. The valuation of permits issued during the month amounted to \$9,459,467, as compared to \$8,537,537 in April, and \$12,833,537 in May a year ago. In some cities, the volume of new construction appears to be on the increase while in others there is a sharp decline.

The combined volume of all reporting cities for the first five months of the year was 20.7 per cent less than during the corresponding period of 1926. It will be noted that only three cities have reported a greater volume for the current year than for the previous year, but in these instances the increases have been large.

BUILDING PERMITS

	May, 1927		May, 1926		Inc. or Dec.	April, 1927		Inc. or Dec.	Five Months				Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation		1927		1926		
									No.	Valuation	No.	Valuation	
Amarillo.....	136	\$ 464,467	300	\$ 2,029,007	— 77.1	174	\$ 667,290	— 30.4	1,125	\$ 4,898,101	855	\$ 5,557,575	— 11.9
Austin .....	46	96,194	28	32,815	+193.1	37	31,742	+203.0	163	282,766	234	518,017	— 45.4
Beaumont .....	192	340,664	197	116,326	+192.9	205	761,598	— 55.3	923	2,747,535	916	774,172	+254.9
Corpus Christi.....	69	644,065	61	217,687	+195.9	57	351,655	+ 83.2	278	1,258,795	265	760,995	+ 65.4
Dallas .....	371	733,423	314	1,709,021	— 57.1	300	576,703	+ 27.2	1,717	3,335,666	1,967	8,440,232	— 60.5
El Paso .....	61	63,515	64	124,521	— 49.0	52	100,578	— 36.9	295	314,190	356	553,336	— 43.2
Fort Worth .....	289	1,262,133	346	1,766,340	— 28.5	349	1,386,431	— 9.0	1,588	6,106,593	1,924	8,545,295	— 28.5
Galveston .....	247	199,994	288	90,208	+121.7	207	681,963	— 70.7	1,178	1,827,001	1,342	822,522	+122.1
Houston .....	477	1,993,332	487	3,011,737	— 33.8	580	2,005,829	— .6	2,685	12,821,321	2,420	14,826,489	— 13.5
Port Arthur.....	109	132,240	147	80,041	+ 65.2	124	117,611	+ 12.4	588	605,303	641	715,483	— 15.4
San Antonio .....	262	2,935,470	311	2,517,289	+ 16.6	355	906,635	+223.8	1,518	6,986,706	1,612	8,135,779	— 14.1
Shreveport .....	186	386,820	248	335,275	+ 15.4	175	497,774	— 22.3	958	1,674,026	1,356	1,803,007	— 7.2
Waco .....	18	41,085	50	155,063	— 73.5	45	155,335	— 73.6	164	521,684	215	619,710	— 15.8
Wichita Falls .....	69	166,065	198	648,207	— 74.4	96	296,393	— 44.0	440	1,807,232	931	4,936,108	— 63.4
<b>Total .....</b>	<b>2,532</b>	<b>\$9,459,467</b>	<b>3,039</b>	<b>\$12,833,537</b>	<b>— 26.3</b>	<b>2,756</b>	<b>\$8,537,537</b>	<b>+ 10.8</b>	<b>13,620</b>	<b>\$45,186,919</b>	<b>15,034</b>	<b>\$57,008,720</b>	<b>— 20.7</b>

CEMENT

Shipments of Portland cement from Texas mills reflected a substantial gain in May and were the largest of any month in several years. Shipments during the month amounted to 573,000 barrels as compared to 491,000 barrels in April and 447,000 barrels in the same month last year. Production of cement was 1.5 per cent less than in the previous month but was 1.8 per cent greater than in May a year ago.

As a result of the excess in shipments over production, stocks on hand at the close of the month declined and were 26.1 per cent less than a month earlier and 39.0 per cent below stocks on May 31, 1926. Production and shipments of cement for the first five months of 1927 reflected increases of 6.6 per cent and 14.9 per cent, respectively, as compared to the same period in 1926.

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

	May	May	Inc. or Dec.	April	Inc. or Dec.	Five Months		Inc. or Dec.
	1927	1926		1927		1927	1926	
Production at Texas Mills.....	462,000	454,000	+ 1.8	469,000	- 1.5	2,175,000	2,040,000	+ 6.6
Shipments from Texas mills.....	573,000	447,000	+28.2	491,000	+16.7	2,303,000	2,005,000	+14.9
Stocks at end of month at Texas mills..	314,000	515,000	-39.0	425,000	-26.1			

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Industrial production increased in May and continues at a higher level than a year ago, while distribution of commodities was in smaller volume than last year. The general level of wholesale commodity prices has changed but little in the past two months.

### PRODUCTION

Output of manufacturers increased considerably in May, while production of minerals was maintained at the April level. Increased activity was shown in cotton and woolen mills, in meat packing, and in the production of lumber; the output of iron and steel, non-ferrous metals, automobiles, and building materials, after allowance for usual seasonal variations, was maintained at practically the same level as in April. Since the latter part of May, however, production of steel and automobiles has declined. The total value of building contracts awarded continued slightly larger in May and in the first two weeks of June than in the corresponding period of last year. Production of winter wheat was estimated by the Department of Agriculture on the basis of June 1, condition at 537,000,000 bushels, or 90,000,000 bushels less than last year. The indicated rye production was placed at 48,600,000 bushels, which is 20 per cent larger than the crop in 1926.

### TRADE

Sales of retail stores in May showed more than the usual seasonal decline from the high April level. Compared with May of last year, department store sales were about 4 per cent smaller, while those of mail order houses were slightly larger. Value of wholesale trade of all leading lines, except groceries and meats, was smaller in May than in April and in the corresponding month of 1926. Inventories of merchandise carried by department stores showed slightly more than the usual seasonal decline in May and at the end of the month were somewhat smaller than a year ago. Stocks

of wholesale firms were also smaller than last year. Freight car loadings increased in May by less than the usual seasonal amount, and for the first time in over a year daily average loadings were in smaller volume than in the corresponding month of the preceding year. Loadings of all classes of commodities except livestock, ore, and miscellaneous products were smaller than last year.

### PRICES

The general level of wholesale commodity prices has remained practically unchanged since the middle of April. Prices of grains, cotton, and hides and skins have advanced, but these advances have been offset in the general index by declines in the prices of livestock, wool, silk, metals, and rubber.

### BANK CREDIT

Demand for bank credit to finance trade and industry remained at a constant level between the middle of May and the middle of June, and the growth in the volume of credit extended by member banks in leading cities during the period was in holdings of securities and in loans on stock and bonds. Loans to brokers and dealers in securities by reporting member banks in New York City increased rapidly and on June 15 were in larger volume than at any previous time covered by the reports.

At the Federal Reserve Banks there was little net change in the volume of bills and securities between May 25 and June 22, the fluctuations during the period reflecting largely the effects of treasury operations. Discounts for member banks toward the end of June were in about the same volume as a month earlier, while there was a decline in the reserve banks' holdings of acceptances and an increase in their portfolio of United States securities. Conditions in the money market were fairly stable throughout the period, with slight advances in the rates on commercial paper and more recently on bankers' acceptances.