

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

	June	May	Inc. or Dec.
Bank debits to individual accounts (at 17 cities).....	\$725,397,000	\$715,200,000	Inc. 1.4%
Department store sales.....			Dec. 15.4%
Reserve Bank loans to member banks at end of month.....	\$ 6,220,655	\$ 6,282,212	Dec. 1.0%
Reserve Bank ratio at end of month.....	63.3%	64.4%	Dec. 1.1 points
Building permit valuations at larger centers.....	\$ 8,252,819	\$ 9,459,467	Dec. 12.8%
Commercial failures (number).....	59	51	Inc. 15.7%
Commercial failures (liabilities).....	\$ 1,555,260	\$ 1,220,408	Inc. 27.4%
Oil production (barrels).....	20,158,351	20,684,558	Dec. 2.5%
Lumber orders at pine mills (per cent of normal production).....	67%	85%	Dec. 18 points

The marked improvement in crop conditions and the upward trend of prices for agricultural commodities have generated a spirit of optimism and have created a brighter outlook for business and industry in this district. The general rains greatly benefited growing crops and present indications are that yields will be satisfactory. The district's corn crop which is now nearing maturity will be the largest in several years and other feed crops are in good condition. While the yield of small grain is considerably less than a year ago, the trend of prices during the harvesting period this year has been upward, whereas, a year ago there was a sharp reaction and the higher prices being received this year will to some extent offset the lower yield. The cotton plant has made rapid growth and many sections report that the plant is fruiting well, yet in some localities reports are to the effect that plant growth has taken place at the expense of fruitage. In a few sections root rot is again causing considerable damage. Another disquieting factor is the presence of the boll weevil in increasing numbers in a large area of the cotton territory which acts as a potential danger to the growing crop. Should weather conditions continue favorable to the propagation of the weevil considerable damage may result.

A betterment has likewise occurred in the district's range and livestock conditions. While there are a few localities which are still suffering from the lack of moisture, there is ample pasturage and stock water in the major portion of the range territory and livestock are fattening. The demand for all classes of stocker cattle continues strong with offerings few and prices firm. The market prices for cattle in June reached the highest level of the current year.

Seasonal recession in the distribution of merchandise in both wholesale and retail channels was in evidence during June. Department store sales reflected a decline of 15 per cent as compared to the previous month and fell 8 per cent below those of June a year ago. Wholesale distribution was

likewise less than in either the previous month or the same month last year. In considering the declines from a year ago, however, it should be borne in mind that in June, 1926, there was an unusually strong demand for merchandise. Lower distribution this year is in part accounted for by the fact that retailers and consumers generally are limiting purchases to actual requirements and are showing a strong disposition to await further crop developments before making large commitments. Yet, there is a firm undertone of confidence and both wholesalers and retailers are optimistic regarding fall trade.

The financial situation has shown only minor changes. Deposits remained relatively steady and the demand for credit continued light. Federal Reserve Bank loans to member banks on July 15, which amounted to \$6,952,020, were only \$669,808 greater than on May 31, and were \$8,468,420 less than on July 15, 1926. The combined deposits of member banks reflected a slight decline of \$4,790,000 between May 25 and June 22, and on the latter date were \$32,339,000 greater than on the corresponding date last year. The member banks of this district are carrying a large cash and secondary reserve which place them in position to take care of every legitimate need of their customers.

There was a moderate increase in both the number of insolvencies and in the amount of indebtedness involved as compared to the previous month and to the same month last year, yet the current business mortality rate shows a considerable improvement over that obtaining during the opening months of the year.

The volume of building as measured by the valuation of permits issued at principal cities reflected a further decline of 13 per cent as compared to the previous month and was 33 per cent less than in the same month last year. Production, shipments and new orders for lumber reflected a sharp decline from the previous month and were materially less than in the same month last year.

CROP CONDITIONS

A marked improvement has occurred in the agricultural situation in this district as a result of the general rainfall during the past six weeks. Growing crops were materially benefited and the former drouth area was able to complete planting operations. Despite the rains, the farmers have made good progress with the cultivation of crops and in most sections the fields are generally clean.

The district is now assured of another large feed crop. The rain came in time to save the corn crop and that crop is now practically matured in the Southern half of Texas and is rapidly maturing elsewhere. The indicated yield of the corn crop in Texas on July 1, was estimated by the Department of Agriculture to be 106,186,000 bushels as compared to a production of 106,863,000 bushels during 1926. The yield in the Eleventh Federal Reserve District (as compiled by the Federal Reserve Board from the Department of Agriculture's reports) is placed at 164,711,000 bushels as against 121,782,000 bushels in 1926, or an increase of 35 per cent. Reports also indicate that the production of tame hay this year in most sections of the district will exceed that of a year ago and grain sorghums generally are in good condition. It is practically certain, therefore, that this district will not only have a sufficient supply of feed with which to make 1928 crops but it will have a surplus to place upon the market. The strategic position of this district's farmers will be realized when it is stated that the Department of Agriculture's July 1st estimate of the 1927 corn production in the United States indicates the smallest yield in 26 years.

The harvesting of small grains has been completed and threshing operations are well under way. Reports indicate that the yield in many sections of the district is proving more satisfactory than was indicated six weeks ago. The Department of Agriculture reported that the indicated yield of wheat in Texas was 17,829,000 bushels as compared to an indicated yield of 15,842,000 on June 1, and a production of 32,796,000 bushels in 1926. While the acreage sown to wheat last fall was 25 per cent greater than in the previous year, the abandonment was unusually heavy and on July 1, it was indicated that the acreage harvested would exceed the 1926 acreage by only 2 per cent. The indicated yield of the Texas oat crop on July 1, was 45,804,000 bushels as compared to 83,666,000 bushels harvested in 1926.

There is appended below a table showing an estimate of the probable production of five crops in 1927 and the actual production in 1926, in the Eleventh Federal Reserve District. These figures were compiled by the Federal Reserve Board from the July estimates, by states, made by the Department of Agriculture.

ESTIMATED PRODUCTION OF FIVE CROPS IN THE ELEVENTH FEDERAL RESERVE DISTRICT		
	Estimated Yield July 1, 1927	Yield in 1926
Corn (bushels)	164,711,000	121,782,000
Winter wheat (bushels).....	18,107,000	34,596,000
Spring wheat (bushels).....	257,000	264,000
Oats (bushels)	47,682,000	86,680,000
Tame hay (tons)	1,852,000	1,757,000
Potatoes (bushels)	3,300,000	2,819,000

The cotton crop, although in all stages of development ranging from very small plants in West and in Northwest Texas to a matured crop with picking in progress in the Rio Grande Valley, is in generally good condition. While the fields became grassy following the general rains in the first half of June, the farmers during the early days of

July were able to again clean their fields so that at the present time the fields generally are in a good state of cultivation in all sections except parts of South Central and South Texas. The stands of the Texas crop on July 1, were reported as 85 per cent of perfect as compared to 88 per cent on that date in 1926. In some sections there are numerous complaints to the effect that there has been a rapid growth of plant at the expense of fruitage and that a good tap root has not developed which in turn will make the plant susceptible to damage from drouth should it occur later in the season. In a number of the South Central counties reports indicate that root rot is developing. The weevils have appeared in increasing numbers considerably earlier than usual and, while no material damage has been reported as yet, their presence in such large numbers is disquieting and acts as a potential danger to the present crop. The Department of Agriculture in its July 1, report places the reduction in cotton acreage in the states attached to this district as follows: Texas 11 per cent, Louisiana 18 per cent, New Mexico 15 per cent and Arizona 17 per cent.

The condition of the Texas rice crop on July 1, was estimated as 94 per cent of normal as compared to 84 per cent on this same date last year. The indicated yield was placed at 6,129,000 bushels as against the production of 6,142,000 bushels in 1926.

LIVESTOCK

Range and livestock conditions throughout the major portion of the district's range territory reflected a marked improvement during the past month. The general rains broke the drouth in all sections except in portions of Western Texas. In the latter section the ranges are very dry as there have been but few scattered showers in several months. In some instances it has been necessary to feed cows with young calves due to the shortage of grass. While stock has not suffered greatly to date the continuance of dry weather will cause a considerable shrinkage in cattle and prevent the normal growth of calves. In the Plains, West Center and Southern sections of Texas, the rains effectively broke the drouth and both ranges and stock are improving rapidly and prospects point toward fair to good summer and fall pasturage. There are a few localities where the rainfall has been insufficient and more is needed to insure grass and to replenish the water supply. In the Central, East and Coast sections of Texas conditions are reported to be excellent with ample pasturage available and with cattle generally fat and moving to market. In Southeastern New Mexico the rains temporarily relieved the drouth and brought about considerable improvement but recent reports indicate that ranges are again deteriorating. While the lack of rainfall affected adversely conditions in Southwestern New Mexico during June, local showers early in July have brought about some improvement. Conditions of range and livestock in Southeastern Arizona are generally good.

The average condition of cattle ranges in Texas was reported as 88 per cent of normal on July 1, an improvement of five points during the month and the condition of cattle advanced one point to 89 per cent of normal. The condition of sheep and goat ranges was placed at 89 per cent on July 1, as compared to 86 per cent a month earlier. The condition of sheep and goats was reported as 93 per cent and 94 per cent respectively. The Department of Agriculture reports that the largest calf crop in Texas in recent history of the industry is being saved this year with the greater proportion in excellent condition. In view of the fact that

many ranges are understocked the number of cattle going to market this year is expected to be less than usual.

Movements and Prices Receipts of cattle and sheep at the Fort Worth market during June reflected a

sharp falling off as compared to both the previous month and the same month last year. The receipts of calves were slightly larger than in May and were considerably larger than in June, 1926. There was a decline in the receipts of hogs as compared to the previous month but a substantial gain as compared to the corresponding month last year.

Following the reaction early in June, cattle prices again turned upward and some of the best prices of the year were recorded. Choice steers notched \$11.00 and good cows reached \$7.00. During the greater part of the month, there was a good demand for all quality offerings. During the last days of June and the first days of July, the market reacted somewhat, due to the heavy receipts during that period. Prices again strengthened during the second week of July. Hog prices during the second week of June reached the lowest level since 1924, but during the last half of June and the first half of July prices strengthened somewhat. During part of the time receipts were below requirements and packers were forced to bring in supplies from other markets. Despite the smaller receipts prices of sheep and lambs worked to lower levels.

FORT WORTH LIVESTOCK RECEIPTS

	June 1927	June 1926	Loss or Gain	May 1927	Loss or Gain
Cattle	80,990	94,669	L 13,679	92,740	L 11,750
Calves	21,577	12,043	G 9,534	19,647	G 1,930
Hogs	21,349	16,004	G 5,345	29,913	L 8,564
Sheep	45,231	98,374	L 53,143	100,359	L 55,128

COMPARATIVE TOP LIVESTOCK PRICES

	June 1927	June 1926	May 1927
Beef Steers	\$11.00	\$ 8.50	\$10.25
Stockier steers	8.20	8.10	9.15
Butcher cows	7.00	6.50	8.00
Stockier cows	5.50	5.25	6.00
Calves	10.75	10.35	10.25
Hogs	9.30	15.30	9.85
Sheep	8.00	8.50	8.75
Lambs	13.00	15.75	14.00

Cotton Movements

Receipts and exports of cotton at the ports of Houston and Galveston reflected a seasonal decline as compared to the previous month but exports continued to show a gain as compared to the same month last year. Stocks on hand at these ports on June 30, were smaller than on the same date in 1926. Foreign exports of cotton (including linters)

amounted to 481,943 bales as compared to 628,132 bales in May and 346,533 bales in June last year. The domestic consumption of cotton in June, which amounted to 662,630 bales, exceeded the May consumption by 4.7 per cent and was 27.8 per cent larger than in the same month last year. The combined domestic consumption and exports of cotton during the eleven-month period ending June 30, was 26.4 per cent greater than during the same period of the previous season.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	June 1927	June 1926	August 1 to June 30 This Season	Last Season
Net receipts	49,662	52,450	3,811,659	3,032,743
Exports	107,414	103,912	3,713,980	2,812,239
Stocks, June 30			247,605	272,076

GALVESTON STOCK STATEMENT

	June 30, 1927	June 30, 1926
For Great Britain	3,800	1,400
For France	4,200	1,600
For other foreign ports	39,200	8,700
For coastwise ports	2,500	2,600
In compresses and depots	197,905	257,876
Total	247,605	272,076

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	June 1927	June 1926	August 1 to June 30 This Season	Last Season
Net receipts	23,207	16,397	3,563,589	2,599,697
Exports	94,670	68,687	2,571,815	1,755,024
Stocks, June 30			287,585	319,677

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

	August 1 to June 30 This Season	Last Season
Receipts	12,601,765	10,459,011
Exports: Great Britain	2,537,630	2,245,158
France	1,000,032	892,088
Continent	5,247,826	3,312,342
Japan-China	1,773,098	1,146,840
Mexico	17,560	45,296
Total foreign ports	10,576,146	7,641,724
Stocks at all U. S. ports, June 30	1,267,514	676,437

SPOT COTTON PRICES (Middling Basis)

	June, 1927 High	Low	July 15 1927
New York	17.10	16.35	18.00
New Orleans	16.75	15.85	17.65
Dallas*	16.30	15.00	17.30
Houston	16.80	15.90	17.95
Galveston	16.90	16.20	17.95

*Basis for quotation changed from 7/8-inch staple to 15/16-inch staple on June 27, 1927.

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	June 1927	June 1926	August 1 to June 30 This Season	Last Season	June 1927	June 1926	August 1 to June 30 This Season	Last Season
Cotton consumed	474,577	365,782	4,778,882	4,165,809	662,630	518,607	6,633,474	5,994,109
Cotton on hand June 30:								
(a) In consuming establishments			1,036,747	746,190			1,607,676	1,286,707
(b) In public storage and compresses			1,828,821	2,171,512			2,164,108	2,410,261

COTTONSEED PRODUCTS

With the exception of linters, which remained the same as in May, the average prices received for all classes of cottonseed products shipped by reporting mills in this district were greater in June than in the previous month. The aver-

age price received for crude oil increased from \$.0743 per pound in May to \$.0777 per pound in June; cake and meal from \$29.33 per ton to \$32.14 per ton; and hulls from \$4.34 per ton to \$5.00 per ton. As in the previous month, the average price received for linters in June was \$.0245 per pound. There were 4,449 tons of cottonseed purchased by

34 reporting mills in June at an average price of \$30.68 per ton, as compared to 2,600 tons bought for an average price of \$26.29 per ton by 30 mills in May.

COTTONSEED PRODUCTS SHIPPED AND AVERAGE PRICE RECEIVED

	June, 1927	
	Products Shipped	Average price F. O. B. Mill
Crude oil	5,343,582 lbs.	\$.0777 per lb.
Cake and meal.....	6,408 tons	32.14 per ton
Hulls	4,741 tons	5.00 per ton
Linters	1,971,241 lbs.	.0245 per lb.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to June 30 This Season	Last Season	August 1 to June 30 This Season	Last Season
Cottonseed received at mills (tons)....	1,903,081	1,388,016	6,321,349	5,535,838
Cottonseed crushed (tons)	1,875,588	1,398,410	6,236,070	5,518,623
Cottonseed on hand (tons)	32,655	10,699	101,391	40,357
Crude oil produced (lbs.)	526,083,279	391,956,000	1,864,773,403	1,597,833,000
Cake and meal produced (tons)	866,295	650,000	2,801,085	2,567,000
Hulls produced (tons)	559,404	392,000	1,834,317	1,529,000
Linters produced (500-lb. bales).....	306,896	264,000	1,027,668	1,035,000
Stocks on hand June 30:				
Crude oil (lbs.)....	2,611,247	684,000	10,411,064	4,338,000
Cake and meal (tons)	22,115	45,000	102,595	232,000
Hulls (tons)	54,471	52,000	188,138	126,000
Linters (500-lb. bales)	17,864	22,000	80,743	109,000

TEXTILE MILLING

Reports from textile mills in the Eleventh District show that cotton consumption and spindle activity were greater in June than in the same month last year and only slightly less than in May. There were 3,244 bales of cotton consumed during June, as compared to 3,295 bales in the previous month and 2,600 bales consumed in June, a year ago. Production of cloth, which amounted to 1,505,858 pounds, was 25.5 per cent greater than in the corresponding month of last year and 6.0 per cent larger than in May. Orders on hand at the close of June were greater than a month earlier and were considerably above those recorded a year ago, while stocks on June 30, were less than at the end of May and below those carried on June 30, 1926.

TEXTILE MILLING STATISTICS

	June 1927	June 1926	May 1927
Number of bales consumed.....	3,244	2,600	3,295
Number of spindles active.....	79,764	75,764	80,272
Number pounds cloth produced.....	1,505,858	1,199,951	1,420,099

WHOLESALE TRADE

Quietude prevailed in wholesale channels of distribution during the past month. Sales reflected a seasonal decline as compared to the previous month and were considerably below June a year ago, ranging from 3.7 per cent in the case of groceries to 23.8 per cent in the case of farm implements. In considering the decline from a year ago, however, it should be remembered that trade in June, 1926, was unusually active for that month. It will be noted that while sales in every reporting line for the first six months of 1927 have fallen below the same period of 1926, the decline in each line except farm implements has been of moderate proportion and indicates that buying has held up remarkably well under the circumstances. Stocks of both wholesalers

and retailers are less than a year ago and this fact evidences an element of strength in the current trade situation. Buying in small lots and to cover only current requirements continues as conservatism in buying remains the ruling factor in the retailer's policy. Nevertheless, as the season advances optimism regarding the future is becoming more general by reason of the improved crop conditions and the rising prices of agricultural products.

The past month witnessed a seasonal decline in the demand for dry goods at wholesale but the slackening was less than usual for this season. While the sales were 10.4 per cent less than in the corresponding month last year, the decline is not surprising in view of the fact that the distribution of dry goods was exceedingly heavy during the latter month. Sales for the first half of 1927 averaged 4.9 per cent less than during the same period of 1926. Dealers report that the demand for merchandise is already showing some improvement and that the outlook for fall business is favorable. While merchants generally are still limiting commitments to current requirements, the volume of forward orders is increasing.

The distribution of farm implements continued on a small scale. Sales during June were 25.2 per cent less than during the previous month and were 23.8 per cent less than in the corresponding month last year. While sales during the first six months of 1927 have averaged 40.3 per cent less than during the corresponding period of 1926, it should be noted that the spread between 1927 and 1926 sales has been gradually diminishing and the decline of the current month's sales from those of the corresponding month of the previous year was smaller than in any month since September, 1926. Dealers report that due to the improved crop conditions there is a better outlook for fall trade and optimism is becoming more general.

June sales of reporting wholesale drug firms reflected a decline of 4 per cent as compared to the previous month and 3.8 per cent as compared to the same month last year. Retailers continue to limit orders to actual requirements. Some dealers report that the demand has been good for staple articles. Prices have shown practically no change.

The demand for groceries at wholesale during the past month was sustained at near the same level as in the previous month but was 3.7 per cent less than in the same month last year. Buying appeared to be somewhat spotted. Some dealers report that the city trade has been good while the demand from the country trade has been poor. Prices remained generally steady.

CONDITION OF WHOLESALE TRADE DURING JUNE, 1927

Percentage of Increase or Decrease in:

	—Net Sales— June, 1927 compared with June 1926		—Net Sales— Jan. 1 to date compared with same period last year		—Stocks— June, 1927 compared with June 1926	
	June 1926	May 1927	June 1926	May 1927	June 1926	May 1927
Groceries	3.7	— .7	— 5.0	— 8.4	— 3.3	— 3.3
Dry Goods	10.4	— 4.4	— 4.9	— 4.8	— 4.8	— 12.1
Farm Implements	23.8	— 25.2	— 40.3	— 4.6	— 4.6	— 4.6
Hardware	8.6	— 4.8	— 8.5	— 18.8	— 1.4	— 1.4
Drugs	3.8	— 4.0	— 5.1	— 6.5	— 1.3	— 1.3

RETAIL TRADE

The volume of retail distribution in the larger cities as measured by department store sales reflected a seasonal decline of 15.4 per cent as compared to the previous month and was 7.9 per cent below the corresponding month of 1926. While the midsummer dullness in buying at department

stores was in evidence during the latter part of June and the first half of July, buying has been stimulated to some extent by widespread clearance sales.

Stocks on hand at the end of June were 7.5 per cent less than a month earlier and were 7.7 per cent below those carried on June 30, 1926. The percentage of sales to average

stocks during the first half of 1927, was 136.6 as compared to 126.8 during the same period of 1926.

Collections reflected a further decline during June. The ratio of June collections to accounts receivable due and outstanding on June 1, was 33.7 as compared to 35.2 in May and 36.2 in June last year.

BUSINESS OF DEPARTMENT STORES

Total Sales:	Dallas	Fort Worth	Houston	All Others	Total District
June, 1927, compared with June, 1926.....	-13.5	-2.7	-4.0	-7.8	-7.9
June, 1927, compared with May, 1927.....	-19.9	-11.4	-3.7	-19.5	-15.4
January 1 to date, compared with same period last year.....	-6.5	+4.9	+2.8	-.9	-1.2
Credit Sales					
June, 1927, compared with June, 1926.....	-13.7	+1.1	-3.6	-10.4	-8.9
June, 1927, compared with May, 1927.....	-21.3	-14.9	-.8	-25.1	-18.5
January 1 to date, compared with same period last year.....	-8.6	+8.1	+5.9	-1.6	-2.0
Stocks:					
June, 1927, compared with June, 1926.....	-14.4	-8.4	+5.6	-4.7	-7.7
June, 1927, compared with May, 1927.....	-5.8	-5.3	-10.1	-9.4	-7.5
Percentage of sales to average stocks in:					
June, 1926.....	19.2	20.3	30.6	22.7	21.9
June, 1927.....	19.1	20.9	28.6	22.2	21.8
Percentage of sales to average stocks:					
January 1 to June 30, 1926.....	119.9	115.6	156.4	129.5	126.8
January 1 to June 30, 1927.....	143.7	180.2	167.8	133.8	136.6
Ratio of outstanding orders to last year's purchases.....	4.0	13.1	2.8	5.6	4.0
Ratio of June collections to accounts receivable due and outstanding June 1, 1927.....	29.7	32.6	38.3	37.8	33.7

FINANCIAL

The volume of public spending as measured by checks charged to depositors' accounts at banks in seventeen principal cities of the Eleventh District reflected a gain as compared to both the previous month and the same month last year. The total volume of debits to individual accounts at these cities during June amounted to \$725,398,000 which was 1.4 per cent greater than in May and 2.6 per cent greater than in June last year.

Acceptance
Market

The volume of outstanding acceptances executed by accepting banks in this district reflected a further seasonal decline during June. Acceptances outstanding on June 30, totaled \$2,684,951 as compared to \$3,061,039 on May 31. The amount of outstanding acceptances executed against import and export transactions increased from \$834,957 on May 31, to \$1,130,159 on June 30, but this increase was more than offset by the decline of those based on the domestic shipment and storage of goods which amounted to \$1,554,792 on June 30, as against \$2,226,082 on May 31.

Condition of
Member Banks
in Selected
Cities

Reports from member banks in selected cities reflected a further increase in investments but a decline in loans during the five-week period ending July 6, 1927.

During this period their investments in United States securities rose \$2,459,000 and those in other

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	June 1927	June 1926	Inc. or Dec.	May 1927	Inc. or Dec.
Abilene	\$ 10,348	\$ 8,500	+21.7	\$ 10,971	-5.7
Austin	17,343	19,835	-12.6	18,292	-5.2
Beaumont	23,383	20,005	+16.9	23,780	-1.7
Corsicana	4,891	6,437	-24.0	5,224	-6.4
Dallas	188,284	189,309	-.5	181,433	+3.8
El Paso	32,037	29,846	+7.3	30,299	+5.7
Fort Worth	92,314	79,318	+16.4	88,869	+4.5
Galveston	37,639	33,921	+11.0	38,624	-2.6
Houston	157,667	159,126	-.9	165,150	-4.5
Port Arthur	10,478	9,647	+8.6	9,952	+3.3
Roswell	2,970	2,757	+7.7	2,875	+3.3
San Antonio	50,269	42,541	+18.2	46,331	+8.5
Shreveport	35,952	38,117	-5.7	35,599	+1.0
Texarkana	10,185	10,966	-7.1	9,424	+8.1
Tucson	8,846	9,824	-10.0	8,988	-1.6
Waco	14,937	14,089	+6.0	14,759	+1.2
Wichita Falls	27,855	33,114	-15.9	25,130	+10.8
Total, 11th District.....	\$725,398	\$707,852	+2.6	\$715,200	+1.4

stocks and bonds increased \$335,000, making a total increase of \$2,794,000. Commercial loans were expanded \$2,910,000 but this increase was more than offset by a decline of \$4,163,000 in loans secured by corporate securities. The net demand deposits of these banks reflected a decline of \$5,715,000 but time deposits rose \$1,218,000. Their bills payable and rediscounts with the Federal Reserve Bank amounted to \$2,179,000 on July 6, as compared to \$2,825,000 on June 1, and \$4,210,000 on July 7, 1926. It will be noted that the ratio of loans to net demand deposits rose three points during the month but was two points lower than a year earlier.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	July 6, 1927	June 1, 1927	July 7, 1926
1. Number of reporting banks.....	45	45	48
2. U. S. securities owned.....	\$ 63,768,000	\$ 61,309,000	\$ 53,715,000
3. All other stocks, bonds and securities owned.....	28,025,000	27,690,000	21,958,000
4. Loans secured by U. S. Government obligations.....	2,985,000	2,900,000	3,975,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	76,061,000	80,224,000	70,708,000
6. All other loans.....	231,919,000	229,044,000	223,050,000
7. Net demand deposits.....	267,753,000	273,468,000	251,195,000
8. Time deposits.....	109,396,000	108,178,000	105,826,000
9. Reserve with Federal Reserve Bank.....	29,879,000	30,114,000	26,933,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	2,179,000	2,825,000	4,210,000
11. Ratio of loans* to net demand deposits.....	88%	85%	90%

*Loans include only items 4 and 6.

Savings
Deposits

Savings deposits of banks located in this district, operating a savings department, reflected an increase of 2.2 per cent on June 30, as compared to May 31, and were 10.2 per cent

greater than a year ago. There were 259,495 accounts carried at these banks at the close of June as against 257,967 a month earlier and 232,632 on June 30, 1926.

SAVINGS DEPOSITS

	June 30, 1927			June 30, 1926			Inc. or Dec.	May 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*	5,632	\$ 2,428,960	5,367	\$ 2,253,153	+ 7.8		5,607	\$ 2,383,624	+ 1.9	
Dallas	6	51,848	20,358,947	38,187	16,905,525	+20.4		51,746	19,637,941	+ 3.7	
El Paso	2	12,695	4,800,298	13,238	5,619,370	-14.6		12,529	4,620,439	+ 3.9	
Fort Worth	3	20,744	6,668,532	19,506	6,432,017	+ 3.7		20,739	6,545,972	+ 1.9	
Galveston	3	13,280	9,723,999	12,697	8,559,681	+13.6		13,223	9,859,182	- 1.4	
Houston	13*	61,746	29,228,819	54,795	26,751,225	+ 9.3		60,717	28,386,822	+ 3.0	
San Antonio	6*	23,116	13,469,918	21,920	12,249,540	+10.0		23,378	13,280,715	+ 1.4	
Shreveport	3	23,569	9,621,857	20,386	9,533,397	+ .9		23,502	9,627,062	- .1	
Waco	4	8,302	5,645,254	7,512	4,359,226	+29.5		8,260	5,449,988	+ 3.6	
Wichita Falls	3	5,930	3,245,389	7,074	3,324,246	- 2.4		5,907	3,267,970	- .7	
All others	39*	32,633	16,933,754	31,950	14,829,890	+14.2		32,359	16,423,579	+ 3.1	
Total	86	259,495	\$122,125,727	232,632	\$110,817,270	+10.2		257,967	\$119,483,294	+ 2.2	

*Only 3 banks in Beaumont, 12 banks in Houston, 5 banks in San Antonio and 36 banks in "all others" reported the number of savings depositors.

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

Deposits of Member Banks The net demand deposits of member banks in this district reflected a decline of \$6,440,000 between May 25, and June 22, but time deposits increased \$1,650,000 during the same period so that the net decline in combined deposits amounted to only \$4,790,000. The decline this year compares with a net decline of \$8,680,000 during the corresponding period in 1926. The decline in demand deposits this year occurred principally at banks in cities with a population of 15,000 to 100,000, whereas, the major portion of the decline last year occurred at banks in cities of less than 5,000 population. The combined deposits of member banks on June 22, amounted to \$787,241,000 as compared to \$792,031,000 on May 25, and \$754,902,000 on June 23, 1926.

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
June 23, 1926	588,075	166,327	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	257,386	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
May 25, 1927	613,136	178,895	265,858	47,618	347,278	131,277
June 22, 1927	606,696	180,545	263,813	48,119	342,883	132,426

Operations of the Federal Reserve Bank Federal Reserve Bank loans to member banks amounted to \$6,220,655 on June 30, as compared to \$6,282,212 on May 31, representing a slight decline of \$61,557.

These loans remained relatively steady throughout the month as the liquidation received from day to day was sufficient to offset the volume of new loans, but, during the greater part of the month, there was a shifting of loans from reserve city banks to country banks. During the last days of the month, however, loans to reserve city banks again increased while those to country banks declined somewhat. During

the first fifteen days of July our loans reflected an expansion of \$731,375 and the increase was fairly well distributed between reserve city banks and the country banks. There were 174 borrowing banks on June 30, as compared to 157 on May 31, reflecting the wider distribution of loans.

Due to the decline in the volume of bills purchased in the open market, total bills held declined from \$18,737,749.89 on May 31, to \$16,277,818.58 on June 30, distributed as follows:

Member bank collateral notes secured by U. S. Government obligations	\$ 980,450.00
Rediscounts and all other loans to member banks	5,240,205.38
Open market purchases (Banker's Acceptances)	10,057,163.20
Total bills held	\$16,277,818.58

Federal reserve notes in actual circulation, which amounted to \$34,505,115 on June 30, reflected a further seasonal decline of \$972,480 during the month, and were \$1,210,290 less than on June 30, 1926. The daily average reserve deposits of member banks amounted to \$58,496,457 during June as compared to \$59,740,881 during the preceding month and \$56,563,580 during the corresponding month last year.

FAILURES

The past month witnessed a moderate increase in both the number of failures and the amount of indebtedness involved, yet May was the only month of the current year in which the number of failures was less and smaller liabilities were reported only in March and May. There were 59 failures during June with an indebtedness of \$1,555,260 as compared to 51 defaults in May with liabilities amounting to \$1,220,408 and 39 insolvencies in June, 1926, with aggregate liabilities of \$1,034,020. During the first half of 1927 there were 481 failures as compared to 441 during the same period of 1926 but the indebtedness of defaulting firms during the half year of 1927, was \$10,247,717 as compared to \$5,489,391 during the same period of 1926. It will be noted, therefore, that while the number of failures showed an increase of only 9.1 per cent the indebtedness involved increased 86.7 per cent, indicating that the size of the firms defaulting in 1927, was larger than in 1926.

PETROLEUM

Field operations in June in the Eleventh Federal Reserve District reflected a further decrease and completions dropped to the lowest level reached since February, 1926. Total production of crude oil in June amounted to 20,158,351 barrels as compared to 20,684,558 barrels in May representing a decrease of 526,207 barrels in total output. Due to the shorter month, however, there was an increase of 4,701 barrels in daily average yield. There were 536 completions during the month of which 294 were producers of oil and 25 were gas wells which represents a decline of 81 completions, 88 producers of oil, but an increase of 5 in the number of gas wells. Initial production declined further, amounting to 86,059 barrels in June as against 154,066 barrels in May.

The daily average production of crude oil in Texas amounted to 623,814 barrels as compared to 619,796 barrels in May, representing an increase of 4,018 barrels. A decline in drilling operations was noted in all major fields of the state. Although the heaviest reduction in field work occurred in the Central West Texas and Gulf Coast districts, the daily average yield of these two areas increased substantially and accounted for the increase shown by the state. Spindle Top field, located in the Gulf Coast region, reflected an increase in total production over the previous month for the first time since December. Activities in Cen-

tral West Texas were centered around Brown County, which reported a further gain in production and in Pecos County, where new development was begun in June. Total output in North Louisiana amounted to 1,443,930 barrels, as compared to 1,470,888 barrels in the previous month, or an increase of 683 barrels in daily average production.

JUNE DRILLING RESULTS

Field—	Comple- tions	Pro- ducers	Gas Wells	Fail- ures	Initial Production
North Texas	232	152	5	75	19,711
Central-West Texas....	153	100	5	48	44,108
East-Central Texas	7	1	2	4	16
Texas Coastal	38	20	0	18	20,573
Southwest Texas	6	1	4	1	25
Texas wildcats	54	2	2	50	185
Total Texas	490	276	18	196	84,618
North Louisiana	46	18	7	21	1,441
June totals, District..	536	294	25	217	86,059
May totals, District....	617	382	20	215	154,066

CRUDE OIL PRICES

	July 6 1927	July 7 1926
Texas—		
Texas Coastal (Grade "A").....	\$1.20	\$1.60
North and Central Texas and North Louisiana (52 gr. and above).....	1.60	*

*Prices for July 6, 1926, not available on a comparable basis.

OIL PRODUCTION

	June		May		Inc. or Dec.	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	6,815,990	227,200	7,280,850	234,866	Dec.	464,860
Central-West Texas.....	5,427,841	180,927	5,428,385	175,109	Dec.	544
East-Central Texas.....	1,151,210	38,374	1,254,065	40,454	Dec.	102,855
Texas Coastal.....	4,300,520	143,351	4,146,095	138,745	Inc.	154,425
Southwest Texas.....	1,018,860	33,962	1,104,275	35,622	Dec.	85,415
Total, Texas	18,714,421	623,814	19,213,670	619,796	Dec.	499,249
North Louisiana.....	1,443,930	48,131	1,470,888	47,448	Dec.	26,958
Total, District.....	20,158,351	671,945	20,684,558	667,244	Dec.	526,207

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

LUMBER

Seasonal influences were reflected in the operation of pine mills in this district in June. Shipments of lumber declined from 87 per cent of normal production in May to 70 per cent in June, which was the lowest level reached since last December. Production amounted to 80 per cent of normal, as compared to 84 per cent in the previous month, while orders received at these mills dropped from 15 per cent

below normal production in May to 33 per cent in June. Stocks on hand at the close of the month continued to decrease and amounted to 87 per cent of normal on June 30, as compared to 90 per cent a month earlier. Unfilled orders on the books of 51 reporting mills at the end of June amounted to 45,845,586 feet of lumber, as against orders for 51,779,756 feet recorded on May 31.

CEMENT

After increasing steadily for five consecutive months, shipments of Portland cement from Texas mills declined in June and were 20.8 per cent less than in May. Shipments in June amounted to 454,000 barrels or the same as in the corresponding month of last year. On the other hand, production increased 1.5 per cent over the previous month and was 12.7 per cent greater than in June, 1926. Stocks on hand on June 30, were 5.1 per cent larger than on May 31, but were 31.0 per cent below those carried on the same date a year ago. Production of cement during the first half of

JUNE PINE MILL STATISTICS

Number of reporting mills.....	51
Production	90,990,094 feet
Shipments	78,842,089 feet
Orders	75,770,497 feet
Unfilled orders June 30.....	45,845,586 feet
Normal production	113,294,089 feet
Stocks, June 30.....	285,705,145 feet
Normal stocks	324,631,995 feet
Shipments below normal production.....	34,452,000 feet—30%
Actual production below normal.....	22,303,995 feet—20%
Orders below normal production.....	37,523,592 feet—33%
Stocks below normal.....	41,926,850 feet—13%

Lumber statistics compiled by the Southern Pine Association.

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

	June 1927	June 1926	Inc. or Dec.	May 1927	Inc. or Dec.	Six Months		Inc. or Dec.
						1927	1926	
Production at Texas Mills.....	469,000	416,000	+12.7	462,000	+1.5	2,644,000	2,456,000	+ 7.7
Shipments from Texas mills.....	454,000	454,000	None	573,000	-20.8	2,757,000	2,459,000	+12.1
Stocks at end of month at Texas mills..	330,000	478,000	-31.0	314,000	+ 5.1			

the current year reflected an increase of 7.7 per cent over the same period of 1926, and shipments were 12.1 per cent larger.

BUILDING

Construction activity as measured by the valuation of building permits issued at the principal cities of the district reflected a decline of 12.8 per cent as compared to the previous month and was 33.4 per cent less than in June, 1926. June was the tenth consecutive month that the volume of building for a current month has fallen below that for the corresponding month of the previous year and it will be

noted that the decline in June, with one exception (October, 1926), was the largest during that period. The valuation of permits issued during June at the cities of Austin, Beaumont, El Paso and Waco showed a substantial gain as compared to both the previous month and the same month last year.

The combined valuation of permits issued at all reporting cities for the first six months of 1927, amounted to \$53,439,738 as compared to \$69,397,056 during the same period of 1926, representing a decline of 23 per cent. It will be noted that the cities of Beaumont, Corpus Christi and Galveston were the only ones to show an increase in 1927, as compared to 1926.

BUILDING PERMITS

	Six Months												Inc. or	
	June, 1927		June, 1926		Inc. or	May, 1927		Inc. or	1927		1926			Inc. or
	No.	Valuation	No.	Valuation		Dec.	No.		Valuation	Dec.	No.	Valuation		
Amarillo.....	96	\$ 609,040	337	\$ 2,649,462	— 77.0	136	\$ 464,467	+ 31.1	1,221	\$ 5,507,141	1,192	\$ 8,207,037	— 32.9	
Austin	47	267,071	43	167,540	+ 59.4	46	96,194	+177.6	210	549,837	277	685,557	— 19.8	
Beaumont	181	447,712	156	112,620	+297.5	192	340,664	+ 31.4	1,104	3,195,247	1,072	886,792	+260.3	
Corpus Christi.....	53	428,075	66	323,160	+ 32.5	69	644,065	— 33.5	331	1,686,870	331	1,084,155	+ 55.6	
Dallas	260	1,466,225	349	2,292,352	- 36.0	371	733,423	+ 99.9	1,977	4,801,891	2,316	10,732,584	- 55.3	
El Paso	55	93,986	68	76,543	+ 22.8	61	63,515	+ 48.0	350	408,176	424	629,879	- 35.2	
Fort Worth	363	1,206,487	286	2,208,054	- 45.4	289	1,262,133	- 4.4	1,951	7,313,080	2,210	10,753,349	- 32.0	
Galveston	206	202,161	285	433,221	- 53.3	247	199,994	+ 1.1	1,384	2,029,162	1,627	1,255,743	+ 61.6	
Houston	519	1,726,731	555	1,761,946	- 2.0	477	1,993,332	- 13.4	3,204	14,548,052	2,975	16,588,435	- 12.3	
Port Arthur	118	124,646	127	101,107	+ 23.3	109	132,240	- 5.7	706	729,949	768	816,590	- 10.6	
San Antonio	269	1,067,695	251	633,265	+ 68.6	262	2,935,470	- 63.6	1,787	8,054,401	1,863	8,769,044	- 8.1	
Shreveport	160	219,140	256	282,963	- 22.6	186	386,820	- 43.3	1,118	1,893,166	1,612	2,085,969	- 9.2	
Waco	25	111,190	40	100,965	+ 10.1	18	41,085	+170.6	179	632,874	255	720,675	- 12.2	
Wichita Falls	78	282,660	184	1,245,139	- 77.3	69	166,065	+ 70.2	518	2,089,892	1,115	6,181,247	- 66.2	
Total	2,430	\$8,252,819	3,003	\$12,388,337	- 33.4	2,532	\$9,459,467	- 12.8	16,040	\$53,439,738	18,037	\$69,397,056	- 23.0	

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board as of July 26, 1927)

The output of industry declined substantially in June to a level close to that of a year ago, reflecting reduced activity both in mines and in factories. The value of building contracts awarded was the largest for any month on record. The general level of prices remained practically unchanged.

PRODUCTION

Production of iron and steel and automobiles declined considerably in June and curtailment in these industries continued during the early part of July. There were also decreases in June silk deliveries, sugar refining, and production of lumber, copper and anthracite coal. Cotton and woolen mills continued active for this season of the year, and consumption of raw cotton was larger than in any previous June on record. Meat packing, shoe production, and the manufacture of building materials showed increases. Production of manufactures, as a group, was slightly larger in June than in the same month of 1926, but output of minerals, owing largely to decreased production of coal, was in smaller volume than a year ago. The value of building contracts awarded in June was larger than in any previous month on record, owing chiefly to the steady increase within recent months of contracts for public works and public utilities. Awards were particularly large, as compared with previous months of this year and with June of last year, in the New York and Chicago Federal Reserve districts. Contracts were awarded during the first half of July in practically the same volume as in the corresponding period of last year. On the basis of conditions on July 1, forecasts of the Department of Agriculture indicate increases as compared with the 1926 harvested production in the output of wheat, oats, barley, rye, hay and potatoes, and decreases in corn, tobacco, and the principal fruit crops. Cotton for which no production estimate was given, shows a decrease of 12 per cent in acreage planted, while the total area planted to all crops shows a reduction of two per cent. A reduction of 371,000,000 bushels in the estimated production of corn, compared with 1926, indicates the smallest crop since 1901.

TRADE

Wholesale trade in most leading lines increased slightly between May and June, while retail trade showed less than the customary seasonal decline. Sales of department stores were in about the same volume as a year ago while those of mail order houses and chain stores were larger. Sales of meat, dry goods, and hardware at wholesale were smaller than in June of last year while sales of

groceries, shoes and drugs were about the same in volume. Inventories of department stores declined further to a level about 3 per cent below that of June, 1926. Stocks carried by wholesale firms showed no change for the month and were smaller than a year ago.

Daily average freight car loadings failed to show the customary seasonal increase between May and June and were in smaller volume for early in May to the middle of July than during the corresponding period of last year. Shipments of almost all groups of commodities have been smaller than a year ago. The largest declines occurred in the shipments of coal and coke.

PRICES

The general level of wholesale commodities prices, according to the Bureau of Labor Statistics index, continued practically the same in June as in the two preceding months. The prices of agricultural commodities as a group declined slightly while the average for the non-agricultural group remained practically unchanged. There were declines between May and June in the prices of silk, iron and steel, non-ferrous metals, building materials, and rubber and advances in grains, cotton, hides, skins, and anthracite coal. During the first three weeks of July prices of wheat, bituminous coal, iron and steel, and rubber declined while those of livestock, cotton, wool, copper, and hides advanced.

BANK CREDIT

The demand for member bank credit decreased from the latter part of June to the middle of July and on July 20, the loans and investments of member banks in leading cities were more than \$200,000,000 lower than a month before. The decline was principally in the banks' investment holdings and in loans secured by stocks and bonds. Loans for commercial, agricultural and industrial purposes decreased by about \$45,000,000 and for reserve bank credit in connection with settlements at the end of the fiscal year and increased currency requirements over the holiday period carried total discounts for member banks on July sixth to the highest level since the first of the year. Thereafter, largely in consequence of the return flow of currency from circulation, there was a decreased demand for member bank accommodation and on July 20, total discounts were in somewhat smaller volume than four weeks earlier. Holdings of U. S. securities showed a slight increase during July. Conditions in the money market, after seasonal firmness at the end of June, were easier in July.