

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

	July	June	Inc. or Dec.
Bank debits to individual accounts (at 16 cities).....	\$672,901,000	\$675,129,000	Dec. .3%
Department store sales.....			Dec. 27.4%
Reserve Bank loans to member banks at end of month.....	\$ 10,448,587	\$ 6,220,655	Inc. 68.0%
Reserve Bank ratio at end of month.....	58.8%	63.3%	Dec. 4.5 points
Building permit valuations at larger centers.....	\$ 6,774,882	\$ 8,252,819	Dec. 17.9%
Commercial failures (number).....	27	59	Dec. 54.2%
Commercial failures (liabilities).....	\$ 273,924	\$ 1,555,260	Dec. 82.4%
Oil production (barrels).....	20,506,806	20,158,851	Inc. 1.7%
Lumber orders at pine mills (per cent of normal production).....	72%	67%	Inc. 5 points

The marked rise in the price of cotton during the past thirty days was the overshadowing development in business and industry in this district. The increased value of the district's principal commodity together with the prospects for the largest feed crop produced in several years indicates that the returns from this year's crops will be larger than in either of the two preceding years and will provide the district's farmers with a large debt-paying and purchasing power. The corn, grain sorghum, and hay crops promise a substantially larger yield than in 1926, and the indicated production of several of the minor crops is likewise above that of a year ago. The condition of the cotton crop is irregular with some fields indicating the best yields in several years but with others promising only a very small production. As a general rule the old cotton has fruited well but the young cotton has been seriously injured by the insects. A very large portion of the district's cotton territory is heavily infested with weevils and other insects and their activity is rapidly increasing. Root rot has already taken a heavy toll in some sections and appears to be spreading. These factors together with the lateness of the crop in certain sections render the outcome of the crop very uncertain.

The rains which fell over the major portion of the district's range territory during the past month brought about a further improvement in the physical condition of ranges and livestock. There is now ample pasturage on most of the ranges and many classes of cattle are fat and moving to market. Market prices are being sustained at near the high level reached in July.

Despite the fact that the period is at hand when loans

usually reach a peak, the demand for credit continues light, deposits have been well sustained and there has been an easing in money rates. Deposits of member banks declined only \$5,561,000 between June 22nd and July 27th, and on the latter date were \$26,633,000 greater than on July 28, 1926. While Federal Reserve Bank loans to member banks on August 15th were \$4,528,148 larger than a month earlier they were \$7,703,795 less than on the corresponding date last year. Effective August 12th, the Federal Reserve Bank of Dallas reduced its discount rate from 4 per cent to 3½ per cent.

The business mortality rate in this district reflected a marked improvement during July, the number of failures being the smallest in more than seven years. There was only one month during this period in which the indebtedness of defaulting firms was smaller.

The July distribution of merchandise in wholesale channels reflected a seasonal expansion as compared to the previous month but continued on a smaller scale than a year ago. Late reports indicate that business during the first half of August has shown a considerable improvement and that merchants are optimistic regarding fall trade. Midsummer quietude was evident in department store trade, there being a substantial decline in sales as compared to both the previous month and the same month last year.

Construction activity as gauged by the valuation of permits issued at fourteen principal cities reflected a further marked decline as compared to both the previous month and the same month last year and reached the lowest level since last November. While the production of lumber and cement was less than in June, shipments were slightly larger.

CROP CONDITIONS

Timely rains during the past month have benefited growing crops over a large area of the district and resulted in a considerable improvement in crop conditions in some sec-

tions. Prospects now point toward a fair to good yield for most crops and with a higher level of agricultural prices, obtaining, indications are that the net returns to the farmers

this year will be greater than during either of the past two years.

While the corn crop in South Texas and in scattered localities elsewhere deteriorated somewhat from the lack of rainfall, improvement in this crop occurred over a large area of the district with the result that prospects on August 1, pointed toward a larger yield than was indicated a month earlier. The crop in most sections is now practically matured. The average condition of the Texas crop on August 1, was reported as 84 per cent of normal and indicated a yield of 114,931,000 bushels which is the largest production in any year since 1922.

The condition of tame hay in Texas did not show the usual seasonal decline and on August 1, the indicated yield was 1,491,000 tons as against a production of 1,240,000 tons in 1926. Although much of the grain sorghum was planted late, the crop generally is making good progress and promises a satisfactory yield. The indicated production of the Texas crop on August 1, was 67,376,000 bushels as against a production of 48,276,000 bushels last year.

The development of the cotton crop has varied considerably in several sections of the district. In South Texas the dry weather forced early maturity and picking is in full swing. Weevils became active earlier than usual and have increased rapidly in some localities. Yields generally are falling short of earlier expectations. In North West Texas the crop, although late, is making good progress. As a rule, stands are fair and the fields are well cultivated. The rains which have fallen during the month have greatly benefited the crop and some counties promise better yields than in several years. However, due to the lateness of the crop, an early freeze would materially reduce the yield. In other sections of the district, conditions are irregular. As a general rule the early planted cotton has fruited well but the late cotton has suffered considerably from the depredations of the weevils and other insects. In Central Texas and parts of North Texas the root rot has taken a heavy toll and is increasing. There have been numerous complaints regarding shedding which resulted from the high temperatures as the wet weather had prevented the development of taproots and the plant was unable to withstand the hot weather. The August 1, report of the Department of Agriculture stated that the weevil infestation was the greatest since 1923, and there has been considerable activity of the boll worm and leaf worm. Recent reports indicate that the damage resulting from insect activity was greatly increased during the first half of August. While it is yet too early to determine the outcome of the crop, it must be borne in mind that the insect activity constitutes a real menace.

LIVESTOCK

Light to heavy rains fell over practically all of the district's range territory during the past thirty days with the result that both ranges and livestock are now improving steadily. There are only a few scattered localities which have not been favored with moisture. The drouthy condition which existed in much of New Mexico and Western Texas has been relieved, the supply of stock water has been replenished, ranges are mostly green and livestock are gaining in flesh in response to the better pasturage. Reports now indicate that livestock generally are in fair to excellent condition with many classes now fat. With a few more rains in those sections which have suffered from dry weather there will be an abundance of pasturage and winter

feed throughout the district. There seems to be a strong tendency to cull out dry cows and to hold young heifers and calves for restocking purposes.

Movements and Prices Receipts of all classes of livestock at the Fort Worth market during July were considerably smaller than in the previous month but the arrivals of calves and hogs were in larger volume than a year ago.

Cattle prices, after reaching the highest level of the year during the second week in July reacted somewhat during the third week but regained some of the loss toward the close of the month. Prices at the end of July on most classes of cattle were higher than a month earlier. Slightly lower values, however, obtained during the first half of August. Following the low levels recorded during June, hog prices have reflected a steady advance. Since the passing of the heavy marketing season for sheep and lambs, prices have been firm and are gradually working to higher levels.

FORT WORTH LIVESTOCK RECEIPTS

	July 1927	July 1926	Loss or Gain	June 1927	Loss or Gain
Cattle	71,312	81,844	L 10,532	80,990	L 9,678
Calves	19,109	15,221	G 3,888	21,577	L 2,468
Hogs	17,865	11,929	G 5,936	21,349	L 3,484
Sheep	24,802	42,303	L 17,501	45,231	L 20,429

COMPARATIVE TOP LIVESTOCK PRICES

	July 1927	July 1926	June 1927
Beef steers	\$11.25	\$ 9.90	\$11.00
Stocker steers	8.25	8.20
Butcher cows	7.10	6.25	7.00
Stocker cows	5.60	5.50
Calves	11.00	9.00	10.75
Hogs	10.90	14.20	9.30
Sheep	8.00	7.75	8.00
Lambs	12.50	13.50	13.00

Cotton Movements

Receipts and exports of cotton at the ports of Houston and Galveston during July were on a smaller scale than in the same month last year. For the season just closed however, both receipts and exports showed a very large increase over those of the previous season and stocks on hand at these ports on July 31, were smaller than a year ago. Foreign exports of cotton (including linters) during the past season totaled 11,183,938 bales, reflecting an increase of 37 per cent over those of the previous season. The domestic consumption of cotton during the past season amounted to 7,202,724 bales as against 6,455,852 bales during the previous season.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	July 1927	July 1926	August 1 to July 31 This Season	July 31 Last Season
Receipts	34,982	37,891	3,846,641	3,070,634
Exports	134,984	154,887	3,848,964	2,967,126
Stocks July 31.....	146,029	149,926

GALVESTON STOCK STATEMENT

	July 31 1927	July 31 1926
For Great Britain.....	600	200
For France	900	500
For other foreign ports.....	6,900	2,200
For coastwise ports.....	500
In compresses and depots.....	137,129	147,026
Total	146,029	149,926

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	July 1927	July 1926	August 1 to July 31 This Season	August 1 to July 31 Last Season	July 1927	July 1926	August 1 to July 31 This Season	August 1 to July 31 Last Season
	Cotton consumed.....	415,278	343,434	5,194,160	4,500,243	569,250	461,743	7,202,724
Cotton on hand July 31:								
(a) In consuming establishments.....			881,885	624,345			1,404,358	1,096,647
(b) In public storage and compresses.....			1,498,572	1,708,461			1,822,671	1,985,913

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	July 1927	July 1926	August 1 to July 31 This Season	August 1 to July 31 Last Season
Net receipts	16,701	18,332	3,580,290	2,617,929
Exports	64,370	75,843	2,636,185	1,830,867
Stocks July 31.....			179,825	226,636

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

	August 1 to July 31	
	This Season	Last Season
Receipts	12,902,055	10,037,603
Exports: Great Britain	2,582,638	2,285,585
France	1,021,562	916,412
Continent	5,488,776	3,511,512
Japan-China	1,859,128	1,246,261
Mexico	18,147	48,197
Total foreign ports.....	10,970,251	8,007,967
Stocks at all U. S. ports July 31.....	923,420	688,961

SPOT COTTON PRICES (Middling Basis)

	July, 1927		August 15 1927
	High	Low	
New York	18.95	17.05	19.40
New Orleans	18.61	16.67	18.64
Dallas	18.15	16.20	18.20
Houston	18.75	16.80	19.00
Galveston	18.85	16.90	19.05

COTTONSEED PRODUCTS

While the movement of cottonseed products from reporting cottonseed oil mills in this district was small in July the average prices received for these products reached the highest level of any month this year. Crude oil sold at an average price of \$.0813 per pound as compared to \$.0777 per pound in June, and hulls at \$5.63 per ton as against \$5.00 per ton in the previous month. The average price received for linters increased from \$.0245 per pound in June to \$.0268 per pound in July. With the exception of April

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to July 31 This Season	August 1 to July 31 Last Season	August 1 to July 31 This Season	August 1 to July 31 Last Season
Cottonseed received at mills (tons)....	1,941,811	1,393,307	6,374,694	5,558,350
Cottonseed crushed (tons)	1,913,958	1,403,047	6,301,911	5,558,243
Cottonseed on hand (tons)	33,015	11,353	88,895	23,249
Crude oil produced (lbs.).....	537,048,264	394,454,000	1,886,836,168	1,611,689,000
Cake and meal produced (tons)	883,219	657,000	2,838,104	2,588,000
Hulls produced (tons)	570,698	395,000	1,852,408	1,541,000
Linters produced (500-lb. bales).....	314,303	267,000	1,037,084	1,043,000
Stocks on hand July 31:				
Crude oil (lbs.)....	2,562,217	547,000	4,347,177	1,903,000
Cake and meal (tons).....	15,007	23,000	64,937	152,000
Hulls (tons).....	50,550	42,000	164,903	98,000
Linters (500-lb. bales).....	10,191	10,000	49,127	68,000

during which month a small decline occurred, the average price received for cake and meal has shown a steady monthly increase since January and amounted to \$32.39 per ton in July as against \$32.14 per ton in the previous month. In comparison with July, 1926, the average prices received for products shipped in that month are as follows: Crude oil \$.1268 per pound; cake and meal \$28.42 per ton; hulls \$8.11 per ton; and linters \$.0370 per pound.

COTTONSEED PRODUCTS SHIPPED AND AVERAGE PRICE RECEIVED

	July, 1927	
	Products Shipped	Average price F. O. B. Mill
Crude oil	2,761,050 lbs.	\$.0813 per lb.
Cake and meal.....	6,138 tons	32.39 per ton
Hulls	2,802 tons	5.63 per ton
Linters	2,035,712 lbs.	.0268 per lb.

TEXTILE MILLING

There were 2,943 bales of raw cotton consumed at textile mills in this district in July, as compared to 3,242 bales in June and 2,640 bales in July, 1926. Spindle activity was the same as in the previous month but greater than in the same month last year and production of cloth at these mills, although less than in June, showed an increase over July a year ago. Orders on hand at the close of the month were slightly larger than a month earlier and substantially above those recorded a year ago. Stocks on hand on July 31st were less than on both June 30th this year and July 31, 1926.

TEXTILE MILLING STATISTICS

	July, 1927	July, 1926	June, 1927
Number bales consumed.....	2,943	2,640	3,242
Number of spindles active.....	75,020	71,020	75,020
Number pounds cloth produced.....	1,233,729	1,103,863	1,505,609

WHOLESALE TRADE

Seasonal expansion in the demand for merchandise in wholesale channels of distribution was evident during the past month. Sales in all lines except groceries were larger than in June, ranging from 1.6 per cent in the case of drugs to 34.2 per cent in the case of farm implements. Dry goods, however, was the only line in which sales exceeded those of the corresponding month of a year ago. Late reports indicate that business during the first half of August has shown considerable expansion and that merchants generally are looking forward to good fall business. Despite this optimism, however, merchants are proceeding cautiously and in most instances, are awaiting more definite information regarding the outcome of the cotton crop before making commitments in excess of nearby needs.

Renewed activity in the demand for dry goods at wholesale was noticeable during July and the first half of August. The July sales were 26.0 per cent greater than in June and 13.0 per cent larger than in July a year ago. The opening of the fall marketing season at the principal distri-

buting centers early in August brought many merchants to the markets and buying is reported to be heavy. While merchants are buying a considerable volume of merchandise for forward delivery due to the improved outlook for fall business and the rising market on cotton goods, they are following a conservative buying policy and are limiting commitments well within the prospective demand. While collections have continued slow, considerable improvement is expected as soon as the cotton crop begins to move in substantial volume.

Sales of farm implements reflected a gain of 34.2 per cent as compared to the previous month and were only 10.5 per cent less than in July last year. Despite the recent improvement in sales, business generally remains considerably below normal as dealers and farmers are withholding purchases until more definite information regarding the outcome of the cotton crop becomes available. Nevertheless, a spirit of optimism prevails in most sections and business is expected to show considerable improvement during the fall months. Prices remain generally steady.

The demand for hardware showed a gain of 9.5 per cent as compared to the preceding month but was 8.4 per cent less than in the same month last year. The improvement appeared to be fairly general over the district. Collections remained generally slow.

Sales of reporting wholesale drug firms during July reflected a gain of 1.6 per cent as compared to the previous month but were 4.8 per cent less than in the same month last year. Dealers report that business generally has been slow but the trade is becoming optimistic and that the outlook for fall trade is encouraging. Collections were less than in either the previous month or the same month last year. Prices showed no material changes.

The July sales of groceries were 5.9 per cent less than in June and 7.6 per cent less than in the corresponding month

last year. The buying demand was reported to be fair for this season, and the outlook generally is for fair to good business during the fall months. Collections showed a marked decline as compared to the previous month. Prices continue steady.

CONDITION OF WHOLESALE TRADE DURING JULY, 1927
Percentage of Increase or Decrease in:

	—Net Sales—		—Stocks—	
	July, 1927 compared with July, 1926 June, 1927		July, 1927 compared with July, 1926 June, 1927	
Groceries	-7.6	-5.9	-10.8	+16.9
Dry Goods	+13.0	+26.0	-1.1	+16.9
Farm Implements	-10.5	+34.2	-3.8	-5.3
Hardware	-8.4	+9.5	+ .9	+ 4.3
Drugs	-4.8	+ 1.6	-8.9	- .9

RETAIL TRADE

Summer quietude in department store trade was evident during July. Sales reflected a seasonal decline of 27.4 per cent as compared to the previous month and were 7.7 per cent less than in the corresponding month last year. Sales during the first seven months of the year have averaged 1.0 per cent less than during the corresponding period last year.

Stocks on hand at the close of July were 5.3 per cent less than a month earlier and 7.0 per cent less than a year ago. The percentage of sales to average stocks during the first seven months of 1927, was 156.4 as compared to 147.8 during the same period last year.

The ratio of outstanding orders to last year's purchases at the end of July was 9.3 as compared to 4.0 at the end of June and 8.5 at the close of July, 1926.

Collections showed practically no change as compared to previous month but were slightly less than a year ago. The ratio of July collections to accounts receivable on July 1st was 33.5 as against 33.7 in June and 35.6 in July last year.

BUSINESS OF DEPARTMENT STORES

Total Sales:	Dallas	Fort Worth	Houston	All Others	Total District
July, 1927, compared with July, 1926.....	-18.1	- 3.5	+ .9	- 4.0	- 7.7
July, 1927, compared with June, 1927.....	-27.8	-20.5	-31.2	-28.8	-27.4
January 1 to date, compared with same period last year.....	- 7.8	+ 3.9	+ 2.8	+ 1.7	- 1.0
Credit Sales					
July, 1927, compared with July, 1926.....	-17.2	+ .6	+ 5.6	- 1.6	- 6.8
July, 1927, compared with June, 1927.....	-29.4	-25.3	-41.1	-30.9	-31.8
January 1 to date, compared with same period last year.....	- 9.4	+ 3.7	+ 5.9	+ 2.1	- 2.0
Stocks:					
July, 1927, compared with July, 1926.....	-15.9	- 9.6	+ 5.1	+ 1.1	- 7.0
July, 1927, compared with June, 1927.....	- 8.7	- 5.0	- 2.5	- 2.7	- 5.3
Percentage of sales to average stocks in:					
July, 1926	15.8	17.1	21.9	18.9	17.8
July, 1927	14.8	17.6	21.2	17.8	17.3
Percentage of sales to average stocks:					
January 1 to July 31, 1926.....	136.4	133.0	180.7	157.7	147.8
January 1 to July 31, 1927.....	146.0	148.3	190.9	156.7	156.4
Ratio of outstanding orders to last year's purchases.....	10.1	7.0	9.8	8.8	9.3
Ratio for July collections to accounts receivable, due and outstanding July 1, 1927.....	29.4	30.6	36.5	40.1	33.5

FINANCIAL

Midsummer dullness in business and industry was reflected in debits to individual accounts at banks located in sixteen principal cities of this district in July. July charges to depositors' accounts reflected a slight decline as compared to June and were 4.2 per cent less than in the same month last year. The decline from a year ago was the first shown since last January. It will be observed, however, that the decline was not altogether general as eight

cities showed increases over the previous month and six reported gains over the same month last year.

Acceptance Market After decreasing in May and June the volume of acceptances executed by accepting banks of this district and outstanding at the end of the month showed an increase at the end of July and were almost twice as great as those outstanding a year ago. As compared to \$2,684,951 on June 30, and \$1,926,055 on July 31, 1926, acceptances outstanding at the end of July this year totaled \$3,600,971 representing increases over the two previous dates of \$916,020 and

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	July 1927	July 1926	Inc. or Dec.	June 1927	Inc. or Dec.
Abilene	\$ 9,172	\$ 8,905	+ 3.0	\$ 10,348	-11.4
Austin	14,868	16,584	-10.3	17,343	-14.3
Beaumont	23,664	20,226	+17.0	23,883	+ 1.2
Corsicana	5,400	6,338	-14.8	4,891	+10.4
Dallas	185,981	196,298	- 5.3	188,284	- 1.2
El Paso	32,123	28,945	+11.0	32,037	+ .3
Fort Worth	93,604	92,287	+ 1.4	92,314	+ 1.4
Galveston	38,467	41,129	- 6.5	37,639	+ 2.2
Houston	159,242	168,046	- 5.2	157,667	+ 1.0
Port Arthur	9,858	9,859	None	10,478	- 5.9
Roswell	2,786	2,760	+ .9	2,970	- 6.2
Shreveport	37,926	41,047	- 7.6	35,952	+ 5.5
Texarkana	10,040	10,291	- 2.4	10,185	- 1.4
Tucson	8,308	8,625	- 3.7	8,846	- 6.1
Waco	15,052	14,353	+ 4.9	14,937	+ .8
Wichita Falls.....	26,410	36,499	-27.6	27,855	- 5.2
Total 11th District..	\$672,901	\$702,192	- 4.2	\$675,129	- .3

Condition of
Member Banks
in Selected
Cities

The loans and investments of member banks in selected cities of this district reflected a decline of \$2,899,000 during the four-week period ending August 3rd. Investments in United States securities de-

clined \$900,000 but investments in other stocks and bonds increased \$209,000, making a net reduction during the period of \$691,000. Loans secured by corporate securities were reduced \$524,000 and commercial loans showed a decline of \$1,686,000. The net demand deposits of these banks reflected a further decline of \$2,050,000 but time deposits showed a further gain of \$629,000. While their reserve deposits with the Federal Reserve Bank on August 3rd were \$304,000 less than a month earlier, they were \$2,214,000 greater than a year ago. Their bills payable and rediscounts with the Federal Reserve Bank amounted to \$6,104,000 on August 3rd as compared to \$2,179,000 on July 6 and \$6,875,000 on August 4, 1926. As compared to a year ago, loans and investments were \$20,616,000 greater, representing an increase of \$14,735,000 in investments and \$5,881,000 in loans. During the year, net demand deposits have risen \$11,795,000 and time deposits \$10,363,000.

\$1,674,916 respectively. Acceptances executed by these banks against import and export transactions amounted to \$2,063,291 on July 31, an increase of \$933,132 over June 30, while those based on the domestic shipment and storage of goods stood at \$1,537,680 at the close of the month which was only \$17,112 less than a month earlier.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	August 3, 1927	July 6, 1927	August 4, 1926
1. Number of reporting banks.....	45	45	48
2. U. S. securities owned.....	\$ 62,868,000	\$ 63,768,000	\$ 53,194,000
3. All other stocks, bonds and securities owned.....	28,234,000	28,025,000	23,178,000
4. Loans secured by U. S. Government obligations.....	2,937,000	2,935,000	4,409,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	75,537,000	76,061,000	71,011,000
6. All other loans.....	230,233,000	231,919,000	227,406,000
7. Net demand deposits.....	265,709,000	267,753,000	253,908,000
8. Time deposits.....	110,025,000	109,396,000	99,662,000
9. Reserve with Federal Reserve Bank.....	29,575,000	29,879,000	27,361,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	6,104,000	2,179,000	6,875,000
11. Ratio of loans* to net demand deposits.....	88%	88%	91%

*Loans include only items 4 and 6.

Savings
Deposits

Reports from 93 banks in this district, which operate a savings department, show that savings deposits of these banks amounting to \$122,979,687 on July 31st, were 0.4 per cent less than a month earlier but were 10.4 per cent greater than on July 31, 1926. This was the first decline shown by re-

porting banks as compared to the same day of the previous month since November 30, 1926. There were 267,701 accounts carried at these banks at the close of July as compared to 266,910 on June 30, and 241,901 on July 31st a year ago.

SAVINGS DEPOSITS

	July 31, 1927			July 31, 1926			Inc. or Dec.	June 30, 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*	4,313	\$ 2,454,283	4,086	\$ 2,291,752	+ 7.1	4,257	\$ 2,427,622	+1.1	
Dallas	6	51,508	20,197,419	38,119	16,506,596	+22.4	51,849	20,358,867	- .8	
El Paso	3	15,133	5,111,671	16,121	5,937,153	-13.9	14,899	5,139,384	- .5	
Fort Worth	3	20,650	6,592,490	19,463	6,172,774	+ 6.8	20,768	6,668,532	-1.1	
Galveston	3	13,343	9,882,236	12,735	8,595,831	+15.0	13,280	9,699,999	+1.9	
Houston	13*	62,435	29,069,984	55,658	26,538,281	+ 9.5	61,871	29,228,519	- .5	
San Antonio	6	28,441	13,060,411	26,078	11,998,177	+ 8.9	28,392	13,053,747	+ .1	
Shreveport	3	23,619	9,934,515	20,675	9,427,106	+ 5.4	23,571	9,621,857	+3.2	
Waco	4	8,431	5,622,068	8,162	4,922,349	+14.2	8,298	5,645,253	- .4	
Wichita Falls.....	2	3,948	2,091,758	5,264	2,470,038	-15.3	3,988	2,656,235	+21.3	
All others	46*	35,882	18,962,802	35,540	16,502,466	+14.9	35,737	18,922,910	+ .1	
Total.....	93	267,701	\$122,979,687	241,901	\$111,362,523	+10.4	266,910	\$123,422,925	- .4	

*Only 2 banks in Beaumont, 11 banks in Houston, and 43 bank in "all other" reported the number of savings depositors.

Deposits of
Member Banks

Combined deposits of member banks in this district which amounted to \$781,680,000 on July 27th were \$5,561,000 less than on June 22nd but were \$26,633,000 greater than a year ago. The net demand deposits of these banks declined \$3,384,000 during the five-week period ending July

27th and time deposits dropped \$2,177,000. Banks located in cities of less than 15,000 population reported the heavier decline in net demand deposits, whereas, the greater portion of the reduction in time deposits occurred in cities of over 15,000 population.

AUGUST 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	4¼-5	8	5-8	5-6	4¼-6	6-8
Rate charged on loans to other banks, secured by bills receivable	5	6	5-6	5	4½-8	5-6
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
(a) demand	5-6	8	6-8	5-6	6-8	6-8
(b) time	5-6	8	6-8	5-6	6-8	6-8
Rate on commodity paper secured by warehouse receipts, etc.	5-6		5-6	5-7	7-8	6-8
Rate on cattle loans	6-7	6-8	6-8	6-8	4-8	8

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
	July 28, 1926	589,748	165,299	262,499	45,628	327,249
Aug. 25, 1926	584,463	165,277	257,886	45,407	326,577	119,870
Sept. 22, 1926	612,834	165,732	275,780	45,640	337,054	120,092
Oct. 27, 1926	626,554	164,972	281,080	42,998	345,474	121,974
Nov. 24, 1926	635,704	165,713	287,413	44,194	348,291	121,519
Dec. 29, 1926	632,391	161,503	281,721	41,290	350,670	120,213
Jan. 26, 1927	633,208	166,919	282,875	43,791	350,333	123,128
Feb. 23, 1927	650,879	176,503	290,385	44,869	360,494	131,634
March 23, 1927	645,449	176,130	278,998	46,021	366,451	130,109
April 27, 1927	632,818	175,836	272,254	46,624	360,564	129,212
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
July 27, 1927	603,312	178,368	261,809	47,666	341,503	130,702

Operations of the Federal Reserve Bank

Loans to member banks increased considerably during July, amounting to \$10,443,587 at the close of the month, as against \$6,220,655 a month earlier. A

further increase in loans was noted during the early days of August, reaching a peak for the year at \$12,109,691 on the 6th of the month, but subsequently declined and stood at \$11,480,168 on August 15th. On the latter date they were \$7,703,795 less than on the corresponding date a year ago. While borrowings of country banks increased steadily between June 30th and August 15th, the greater portion of the increase during the last four weeks of the period came from banks located in reserve cities. On August 15th loans were almost equally distributed between the two classes of banks, whereas, last year on this date, borrowings of reserve city banks constituted only 39 per cent of total loans. There were 210 banks borrowing from the Federal Reserve Bank on July 31, as compared to 174 on June 30th and 343 on July 31, 1926.

Due entirely to the increase in loans to member banks, total bills held increased from \$16,277,818.58 on June 30th to \$18,975,249.37 on July 31, distributed as follows:

Member bank collateral notes secured by U. S. Government obligations	\$ 4,351,400.00
Rediscounts and all other loans to member banks	6,097,186.73
Open market purchases (Bankers' Acceptances)	8,526,662.64

Total bills held.....\$18,975,249.37

The volume of Federal reserve notes in actual circulation showed a seasonal increase during July. The amount of these notes in actual circulation totaled \$36,520,155 at the close of the month, as against \$34,505,115 on June 30th and \$37,939,115 on July 31, 1926. The daily average reserve deposits of member banks which amounted to \$58,795,984 in July, represented an increase of \$299,527 as compared to June and was \$2,610,559 greater than the daily average during July, 1926.

FAILURES

Statistics compiled by R. G. Dunn & Company reflect a marked improvement in the business mortality rate in this district during the past month. There were fewer failures in July than in any month since May, 1920, and there was only one month (July, 1924) in which the volume of indebtedness of defaulting firms was smaller. While failures were rather large during the closing months of 1926 and the early months of 1927, it appears that a large percentage of the weaker firms have been weeded out and that due in a large measure to the inauguration of sounder business policies, the business structure generally in this district is in a sound condition. There were 27 defaults in July with an indebtedness of \$273,924 as compared to 59 failures during June with liabilities of \$1,555,260 and 72 insolvencies in July, 1926, which owed \$969,986.

PETROLEUM

Total production of crude oil in the Eleventh District was greater in July than in June but due to the longer month the daily average output showed a decline of 10,435 barrels. Production during the month amounted to 20,506,806 barrels of oil as compared to 20,158,351 barrels in the previous month and 14,192,770 barrels in July last year. Completions in July numbered 586 of which 319 were producers of oil and 33 were gas wells, as compared to 536 completions in June including 294 producers of oil and 25 gas wells. Initial production amounted to 132,723 barrels of oil representing an increase of 46,664 barrels over the previous month.

The daily average production of crude oil in Texas declined from 623,814 barrels in June to 607,650 barrels in

July, all fields except Central West Texas reporting declines in production. A substantial increase in total output was noted in Crane and Upton counties in Central West Texas, and the Spindle Top field, Gulf Coast area, while initial production in each of the fields doubled that in June. Drilling activities in the Panhandle region of North Texas subsided further and new production during July dropped to a lower level. There were 1,669,660 barrels of oil produced in North Louisiana as compared to 1,443,930 barrels in the previous month representing an increase of 5,729 barrels in daily average output. Although the number of new producers were only six greater than in June initial production increased considerably, amounting to 17,162 barrels as against 1,441 barrels in the previous month.

OIL PRODUCTION

	July		June		Inc. or Dec.	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	6,722,740	216,863	6,815,990	227,200	Dec.	93,250
Central-West Texas.....	5,933,620	193,020	5,427,841	180,927	Inc.	555,779
East-Central Texas.....	1,062,370	34,270	1,151,210	38,374	Dec.	88,840
Texas Coastal.....	4,074,556	131,437	4,300,520	143,351	Dec.	225,964
Southwest Texas.....	993,860	32,060	1,018,860	33,962	Dec.	25,000
Total, Texas	18,837,146	607,650	18,714,421	623,814	Inc.	122,725
North Louisiana.....	1,669,660	53,860	1,443,980	43,131	Inc.	225,730
Total, District	20,506,806	661,510	20,158,351	671,945	Inc.	348,455

JULY DRILLING RESULTS

Field—	Comple- tions	Pro- ducers	Gas Wells	Fail- ures	Initial Production
North Texas.....	211	121	8	82	19,465
Central-West Texas.....	224	139	8	77	70,584
East-Central Texas.....	2	1	0	1	45
Texas Coastal.....	47	27	2	18	24,719
Southwest Texas.....	12	3	6	3	280
Texas wildcats.....	49	4	0	45	468
Total Texas	545	295	24	226	115,561
North Louisiana.....	41	24	9	8	17,162
July totals, District..	586	319	33	234	132,723
June totals, District..	536	294	25	217	86,059

CRUDE OIL PRICES

	August 10 1927	August 11 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 August 10, 1926, not available on a comparable basis.
(Oil Statistics Compiled by The Oil Weekly, Houston, Texas)

LUMBER

A slight improvement was noted in the operation of pine mills in this district in July, orders and shipments of lum-

ber showing small increases over the previous month, while production was sustained at near the level of that in June. July shipments of lumber were 27 per cent below normal production which was 3 points greater than shipments in June and orders increased from 67 per cent of normal production in June to 72 per cent in July. Production during the month amounted to 79 per cent of normal as compared to 80 per cent in the previous month. Stocks on hand July 31, increased 4 points over those a month earlier and stood at 91 per cent of normal at the close of the month. Unfilled orders on the books of 45 reporting mills on July 31, amounted to 42,833,448 feet of lumber as compared with 45,845,586 feet recorded at 51 mills on June 30.

JULY PINE MILL STATISTICS

Number of reporting mills.....	45
Production.....	81,423,380 feet
Shipments.....	75,914,007 feet
Orders.....	74,160,591 feet
Unfilled orders July 31.....	42,833,448 feet
Normal production.....	103,338,213 feet
Stocks July 31.....	276,966,714 feet
Normal stocks.....	303,591,412 feet
Shipments below normal production.....	27,424,206 feet—27%
Actual production below normal.....	21,914,833 feet—21%
Orders below normal production.....	29,177,622 feet—28%
Stocks below normal.....	26,624,693 feet—9%

Lumber statistics compiled by the Southern Pine Association.

BUILDING

The valuation of building permits issued at principal cities of this district declined in July to the lowest level reached since November last year. The aggregate value of permits issued during the month amounted to \$6,774,882, which was 17.9 per cent less than in June and 28.5 per cent below July a year ago. Of the fourteen reporting cities it will be noted that only five showed increases as compared

to the previous month while nine reported declines. The total value of permits issued during the current year at these cities reflected a decline of 23.7 per cent as compared to the previous year while the number of permits issued was only 11.1 per cent less, indicating that the decline this year has been in commercial rather than residential construction.

BUILDING PERMITS

	July, 1927		July, 1926		Inc. or Dec.	June, 1927		Inc. or Dec.	Seven Months				
	No.	Valua- tion	No.	Valua- tion		No.	Valua- tion		1927		1926		Inc. or Dec.
							No.	Valuation	No.	Valuation			
Amarillo.....	88	\$ 797,406	332	\$1,490,818	— 46.5	96	\$ 609,040	+ 30.9	1,309	\$ 6,304,547	1,524	\$ 6,997,856	— 35.0
Austin.....	63	154,594	25	71,840	+115.2	47	267,071	— 42.1	273	704,431	302	757,397	— 7.0
Beaumont.....	125	152,488	153	147,074	+ 3.7	181	447,712	— 65.9	1,229	3,347,735	1,225	1,033,866	+223.8
Corpus Christi.....	75	118,985	72	119,346	— 3	53	428,075	— 72.2	406	1,805,855	403	1,203,501	+ 50.1
Dallas.....	246	673,837	275	960,288	— 29.8	260	1,466,225	— 54.0	2,223	5,475,723	2,591	11,692,872	— 53.2
El Paso.....	60	76,344	41	39,855	+ 91.6	55	93,986	— 18.8	410	484,520	465	669,734	— 27.7
Fort Worth.....	277	908,883	245	1,351,503	— 32.8	363	1,206,487	— 24.7	2,228	8,221,963	2,455	12,104,852	— 32.1
Galveston.....	214	115,470	231	1,128,830	— 89.8	206	202,161	— 42.9	1,598	2,144,632	1,858	2,384,573	— 10.1
Houston.....	459	2,119,433	501	1,937,613	+ 9.4	519	1,726,731	+ 22.7	3,663	16,667,490	3,476	18,526,048	— 10.0
Port Arthur.....	114	127,158	109	89,192	+ 42.6	118	124,646	+ 2.0	820	857,107	877	905,782	— 5.4
San Antonio.....	320	933,436	282	728,760	+ 28.1	269	1,067,695	— 12.6	2,107	8,987,837	2,145	9,497,804	— 5.4
Shreveport.....	208	283,111	230	533,979	— 47.0	160	219,140	+ 29.2	1,326	2,176,277	1,842	2,619,948	— 16.9
Waco.....	31	126,465	25	85,190	+ 48.5	25	111,190	+ 13.7	210	759,339	280	805,865	— 5.8
Wichita Falls.....	53	187,267	117	786,585	— 76.2	78	282,660	— 33.7	571	2,277,159	1,232	6,967,832	— 67.3
Total	2,333	\$6,774,882	2,638	\$9,470,873	— 28.5	2,430	\$8,252,819	— 17.9	13,373	\$60,214,620	20,675	\$78,867,930	— 23.7

CEMENT

Production of Portland cement at Texas mills in July was below that in June and less than in the corresponding month a year ago but shipments from these mills showed an increase as compared to both periods. There were 458,000 barrels of cement produced in July, as compared to 469,000 barrels in June and 459,000 barrels in July, 1926, while shipments during the month amounted to 472,000 barrels as against 454,000 barrels in the previous month and 464,

000 barrels shipped in the corresponding month last year. Due to the increase in shipments over production, stocks on hand at the close of the month declined and were 4.2 per cent less than a month earlier and 33.1 per cent below those carried on July 31, 1926. As compared to the same period last year production of cement during the seven months of the current year reflected an increase of 6.4 per cent and shipments 6.9 per cent.

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

	July	July	Inc. or Dec.	June	Inc. or Dec.	Seven Months		Inc. or Dec.
	1927	1926		1927		1926		
Production at Texas Mills.....	458,000	459,000	— .2	469,000	— 2.3	3,102,000	2,915,000	+ 6.4
Shipments from Texas mills.....	472,000	464,000	+ 1.7	454,000	+ 4.0	3,202,000	2,995,000	+ 6.9
Stocks at end of month at Texas mills..	316,000	472,000	—33.1	330,000	— 4.2			

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Industrial production declined in July to a level below that of a year ago, while the Department of Labor's index of wholesale prices advanced for the first time since last autumn. Demand for bank credit showed a seasonal increase, but easy conditions prevailed in the money market.

PRODUCTION

Output of manufacturers declined in July and was in practically the same volume as a year ago, and the production of minerals which was further reduced during the month, was at the lowest level since early in 1926, when the anthracite strike was in progress. Iron and steel production in July was in the smallest volume since 1925, and continued at practically the same level during the first three weeks of August. Automobile output for July and the early weeks of August was considerably below that of the corresponding month of last year; production of rubber tires, non-ferrous metals and food products and activity of woolen mills were smaller in July than in the preceding month. Cotton consumption was smaller than in June, but continued unusually large for this season of the year. Production of leather, shoes, and lumber increased in July as compared with June. Factory employment and payrolls showed seasonal decreases in July and were smaller than in any month since 1924. Employment in coal mining has been reduced in recent months, and reports indicate some unemployment in certain of the building trades owing to the decline in the construction of houses. Building contract awards in July and in the first three weeks of August continued larger than a year ago, the increase reflecting chiefly a growth in awards for engineering projects. The August 1 cotton report of the Department of Agriculture indicated a production of 13,492,000 bales or 25 per cent less than the record yield of last year. The indicated production of corn, though considerably larger than the expectation in July, was 262,000,000 bushels lower than the harvested crop of 1926. The August estimate of 851,000,000 bushels of wheat indicated an increase of 18,000,000 bushels over the 1926 crop yield.

TRADE

Distribution of merchandise at wholesale and retail showed about the usual seasonal decline in July. Com-

pared with a year ago sales of wholesale firms and department stores were slightly smaller, owing largely to the fact that there was one less business day in July of this year than in July, 1926. Sales of mail order houses and chain stores were somewhat larger than a year ago. Inventories of department stores continued to decline in July and at the end of the month were slightly smaller than a year ago, and wholesale stocks also continued smaller than last year. Shipments of commodities by freight decreased, contrary to the usual seasonal trend, and were smaller in July and in the first two weeks of August than in the same period of last year.

PRICES

The Bureau of Labor Statistics index of wholesale prices advanced slightly in July, reflecting chiefly increases in the price of corn, livestock, cotton, and leather, while prices of wheat, silk, metals, and building materials declined. Since the latter part of July prices of corn, cotton, and cattle have continued upward and those of wheat, non-ferrous metals, and rubber have also advanced while hogs, lumber, and hides have declined.

BANK CREDIT

There was an increase in the volume of commercial loans at member banks in leading cities between July 20 and August 17, as is usual at the beginning of the crop-moving season. Loans on securities, as well as commercial loans, increased, while investment holdings declined, and total loans and investments were about \$60,000,000 larger than a month earlier. Total borrowings of member banks at the reserve banks increased slightly between July 20 and August 24; there was a growth of discounts at the Federal Reserve Bank of New York, partly offset by declines in other districts. There was little change in the system's holdings of acceptances and a growth in the portfolio of United States securities.

Money rates on all classes of paper in the open market declined sharply in August, and were at a lower level than a year ago. Discount rates at eight Federal Reserve Banks were reduced from 4 to 3½ per cent.