

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

	August	July	Inc. or Dec.	
Bank debits to individual accounts (at 16 cities).....	\$666,554,000	\$672,903,000	Dec.	.9%
Department store sales.....			Inc.	14.3%
Reserve Bank loans to member banks at end of month.....	\$ 14,077,145	\$ 10,448,587	Inc.	34.7%
Reserve Bank ratio at end of month.....	59.0%	58.8%	Inc.	2 points
Building permit valuations at larger centers.....	\$ 10,209,144	\$ 6,774,882	Inc.	50.7%
Commercial failures (number).....	54	27	Inc.	100.0%
Commercial failures (liabilities).....	\$ 896,603	\$ 273,924	Inc.	227.3%
Oil production (barrels).....	20,665,725	20,506,806	Inc.	.8%
Lumber orders at pine mills (per cent of normal production).....	87%	72%	Inc.	15 points

Despite the violent fluctuations that have occurred in the price of cotton during the past thirty days, the moderate net gain scored by cotton during that period has served to strengthen confidence in the business situation and to increase returns from the district's major crop. Returns from the cotton crop have already been reflected in the liquidation of indebtedness at both banks and mercantile establishments and to some extent in the expansion of trade. The distribution of merchandise at wholesale has shown a marked seasonal increase but in some lines of trade it is still falling short of a year ago. The decline from a year ago may be accounted for by the fact that business was exceedingly active during August and the early part of September, 1926. Furthermore, due to the low price obtained for cotton last fall, there was a heavy carryover of indebtedness and farmers are showing a disposition to liquidate their indebtedness before making extended purchases. An outstanding feature of the present situation is that farmers, during the past year, have raised their living largely at home and have paid out relatively small amounts for labor in the cultivation of crops with the result that they have a large equity in their crops and owe less money for this year's living expenses. A large portion of the money from the current crop, therefore, will be available for the liquidation of old indebtedness and for current expenditures. Thus, while the full force of the new purchasing power has not made its appearance, business is working into the soundest position experienced in several years.

Growing crops over a large area of the district have been affected adversely by the dry weather during the past thirty days. In those sections where rain has fallen crops have grown rapidly but have deteriorated elsewhere. Feed crops in the dry area, however, were largely matured when the drouth set in and the prospective yields have not been materially reduced. The cotton crop has shown a marked deterioration in nearly all sections due to the drouth, the heavy infestation of weevils and other insects, and the root

rot, yet the Department of Agriculture's September 1st estimate of the Texas crop is above the average production during the preceding five years. Much of the cotton has opened prematurely and the picking and marketing of the crop is proceeding at a rapid rate.

The condition of a considerable portion of the district's ranges has likewise deteriorated, but livestock have held up fairly well. Due to the favorable condition of the ranges earlier in the summer, large numbers of livestock are already fat and moving to market. In those sections where the outlook for fall and winter pasturage is good there is a strong demand for stocker steers and cows.

While the loans of both commercial banks and the Federal Reserve Bank reflected a considerable expansion during August, the demand for credit was relatively light for this season of the year. Federal Reserve Bank loans to member banks reached a seasonal peak this year at \$16,079,113 as against a peak of \$26,380,617 last year. During the first half of September there was a rapid liquidation of indebtedness and on the 15th of the month, Reserve bank loans had declined to \$10,742,783. The deposits of member banks which amounted to \$794,611,000 on August 24th, were \$12,931,000 greater than a month earlier and were \$44,871,000 greater than on the corresponding date of 1926. The large volume of funds in this district seeking an investment outlet was reflected in the heavy subscriptions to the September 15th issues of 3½ per cent Treasury Notes and the 3 per cent Treasury Certificates of Indebtedness. The combined subscriptions to these issues amounted to \$47,414,850 against which allotments of \$15,346,100 were made. While the business mortality rate was higher than in the previous month it was lower than in any month during the current year prior to July.

The past month witnessed a considerable increase in construction activity. The valuation of permits issued at principal cities was 51 per cent greater than in July and 12 per cent larger than in August, 1926. The production,

shipments and new orders for lumber and the production and shipments of cement reflected a substantial increase as compared to the previous month.

CROP CONDITIONS

The continuance of dry weather over a large area of this district is having an adverse effect upon growing crops. The drouth is becoming serious in all sections of Texas except in the Panhandle and portions of West Texas and scattered localities elsewhere. Where rain has fallen late corn and minor crops are doing well but in the dry sections all crops are deteriorating. In the Texas Panhandle the preparation of the soil for the seeding of winter wheat is progressing favorably.

The cotton crop in all sections of this district, except in the Panhandle and portions of West Texas, has shown marked deterioration during the past six weeks. The Department of Agriculture in its report of September 1st estimated the condition of the Texas crop at 56 per cent of normal and the Louisiana crop at 55 per cent of normal. This compares with a condition of 69 and 64 per cent respectively as of August 1st. The indicated production in Texas was placed at 4,700,000 bales against a production of 5,627,000 bales last year and the indicated production for Louisiana was 487,000 bales as compared to a production of 829,000 bales in 1926. There were 928,000 bales ginned in Texas prior to September 1st as against 488,000 prior to that date last year. This represents 20.2 per cent of the year's indicated production. Bolls are opening rapidly and picking and ginning are making good progress. In most sections labor is generally sufficient to gather the crop. Reports indicate that most of the cotton is being sold as soon as ginned and that only a small amount is being withheld from the market. In the older cotton sections of Texas the drouth has caused severe shedding and a premature opening of the bolls. Widespread damage has resulted from root rot in the black land belt but the extent of the damage from this source varies considerably from locality to locality. Weevil infestation is reported to be the heaviest since 1921 and an unusual amount of damage has also resulted from the activity of bollworms and leafworms. In most sections a considerable portion of the late planted cotton has been stripped of foliage by the leafworms. In practically all sections reports are to the effect that the cotton has discontinued blooming as the weevils are puncturing the forms as rapidly as they are put on. In much of the Southern sections of Texas picking is nearing completion and in some instances fields are being pastured or cleaned. Indications are that in the Rio Grande Valley the crop will not average much more than a third of last year's production. In Northwest Texas much of the crop was planted late, but due to favorable weather conditions it has grown rapidly. While the crop in this section is still doubtful a good crop of open cotton and bollies can be made under favorable conditions. Nevertheless, should a hard frost occur before late October considerable damage would result. Furthermore, as a large portion of the crop is late planted, it is susceptible to the depredations of the leafworm.

The condition of the Texas corn crop declined slightly during August, being 81 per cent of normal on September 1st as compared to 84 per cent a month earlier. The indicated production on September 1st was 114,546,000 bushels or a reduction of 385,000 bushels. The probable production of tame hay was reduced from 1,491,000 tons

on August 1st to 1,381,000 tons on September 1st. There was no change in condition or indicated production of grain sorghums.

The condition of the Texas rice crop remained at 90 per cent of normal with an indicated production of 6,086,000 bushels. Due to the favorable weather, rice threshing has made rapid progress and is now nearing completion.

LIVESTOCK

A marked deterioration in range conditions over a large area of the range territory in Texas occurred during the past six weeks due to the prolonged drouth. While moderate to heavy showers occurred in some localities during the first week in September, ranges in practically all districts in Texas except on the plains are suffering from the lack of moisture. Deterioration has been most pronounced in South-Central, and part of Central-West and West Texas. The drouth is becoming critical in some of the Western counties but the situation would be relieved by general rains during September. Livestock, however, are holding up well with large numbers fat and moving to market. The Department of Agriculture in its report of September 1st estimated the average condition of cattle ranges in Texas at 82 per cent of normal which represents a decline of 5 points during the month and a 11 point decline from a year ago. The condition of cattle dropped only 2 points during the month. There was a decline of 12 points in the condition of sheep ranges and 5 points in the condition of sheep and goats. In Southeastern New Mexico ranges began to deteriorate during the latter part of August and while some rain fell early in September, more will be needed to make an ample supply of fall and winter grass. In Southwestern New Mexico and Southeastern Arizona ranges and livestock are in good condition with an ample supply of stock water and pasturage available and with livestock fat and moving to market. In those sections of the district where grass and feed are plentiful, there is an increasing tendency to hold stockers and breeders of the better grade on the ranges. There appears to be a good demand for stocker cattle. Fall shearing has begun in Texas but the clip of both wool and mohair is expected to be light.

Movements and Prices The August receipts of cattle and calves at the Fort Worth market were substantially greater than in either the previous month or the corresponding month of last year. Hog receipts while only slightly greater than in July, were materially larger than in August, 1926. The arrivals of sheep were less than in the previous month, but slightly greater than a year ago.

FORT WORTH LIVESTOCK RECEIPTS

	August 1927	August 1926	Loss or Gain	July 1927	Loss or Gain
Cattle	80,197	58,990	G 21,207	71,312	G 8,885
Calves	42,741	20,701	G 22,040	19,109	G 23,632
Hogs	18,254	12,455	G 5,799	17,865	G 389
Sheep	22,707	22,106	G 601	24,802	L 2,095

The cattle market was generally steady during the past month. While prices on beef steers and cows declined somewhat toward the middle of the month, the greater portion of the loss was regained during the last week. There was usually a broad market for lightweight calves of good to choice quality and during the third week of the month some of the best prices within recent years were obtained. Some of the gain, however, was lost during

the last days of the month. The hog market reflected a further advance during August with the best prices of the month being paid at the close. A further advance was recorded during the first two weeks of September and prices reached the highest level recorded since March this year. Sheep and lamb prices remained generally steady.

COMPARATIVE TOP LIVESTOCK PRICES

	August 1927	August 1926	July 1927
Beef Steers	\$10.00	\$ 8.10	\$11.25
Stocker steers	9.00	7.25	8.25
Butcher cows	6.75	7.00	7.10
Stocker cows	6.00	5.00	5.60
Calves	12.50	10.75	11.00
Hogs	11.10	15.00	10.90
Sheep	8.00	8.50	8.00
Lambs	12.00	14.00	12.50

Cotton Movements

The August exports of cotton through the ports of Houston and Galveston fell considerably short of those during the corresponding month of 1926. Due to the heavy early movements of cotton, stocks at the ports of Houston and Galveston, as well as at all United States ports, were considerably in excess of those on hand August 31, 1926. The August consumption of cotton amounted to 633,434 bales as compared to 500,553 bales during the corresponding month last year.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	August 1927	August 1926	August 1 to August 31 This Season	August 1 to August 31 Last Season
Receipts	100,661	157,756	100,661	157,756
Exports	56,212	172,740	56,212	172,740
Stocks August 31.....			190,478	134,942

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES		UNITED STATES	
	August, 1927	August, 1926	August, 1927	August, 1926
Cotton consumed.....	464,198	359,494	633,434	500,553
Cotton on Hand August 31:				
(a) In consuming establishments.....	670,554	495,024	1,122,059	916,786
(b) In public storage and compresses.....	1,866,166	1,536,720	2,172,945	1,715,371

COTTONSEED PRODUCTS

The past month has witnessed a considerable increase in the price paid for cottonseed by cottonseed oil mills and in the price received for cottonseed products sold. The reporting mills during the week ending September 10th paid an average price of \$41.31 per ton for cottonseed as against an average price of \$32.27 per ton during the week ending August 13th. The average prices received for cottonseed products sold during the respective periods were as follows: Crude oil \$.0969 per pound during the week ending September 10th as against \$.0858 per pound during the week ending August 13th; cake and meal, \$35.15 per ton as compared to \$30.89; hulls, \$6.45 per ton as against \$4.63 per ton; and linters, \$.0344 per pound as compared to \$.0347 per pound.

TEXTILE MILLING

Activity in the Textile industry in August, as reflected in reports received from mills in this district, was sustained at near the level of that in July and was greater than in the corresponding month of last year. There were

GALVESTON STOCK STATEMENT

	Aug. 31 1927	Aug. 31 1926
For Great Britain.....	1,400	300
For France	8,200	500
For other foreign ports.....	15,000	5,600
For coastwise ports.....	1,500	3,500
In compresses and depots.....	164,378	125,042
Total.....	190,478	134,942

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	August 1927	August 1926	August 1 to August 31 This Season	August 1 to August 31 Last Season
Net Receipts	223,104	163,907	223,104	163,907
Exports	101,973	130,078	101,973	130,078
Stocks August 31.....			281,000	205,525

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

	August 1 to August 31 This Season	August 1 to August 31 Last Season
Receipts	513,908	450,982
Exports: Great Britain	46,024	72,439
France	28,047	42,815
Continent	204,723	231,582
Japan-China	41,606	32,355
Mexico	79	69
Total foreign ports.....	320,479	379,250
Stocks at all U. S. ports August 31.....	1,059,968	605,645

SPOT COTTON PRICES (Middling Basis)

	August, 1927		Sept. 15 1927
	High	Low	
New York	23.25	17.00	21.40
New Orleans	22.75	16.41	21.00
Dallas	22.15	15.95	20.40
Houston	22.95	16.80	21.50
Galveston	23.00	16.85	21.30

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to August 31 This Season	August 1 to August 31 Last Season	August 1 to August 31 This Season	August 1 to August 31 Last Season
Cottonseed received at mills (tons).....	192,425	107,855	290,422	188,164
Cottonseed crushed (tons)	98,328	53,909	161,423	74,731
Cottonseed on hand (tons)	127,112	65,299	217,894	86,682
Crude oil produced (pounds).....			46,211,512	20,688,595
Cake and meal produced (tons)			72,659	35,113
Hulls produced (tons)			45,359	20,939
Linters produced (500 lb. bales).....			25,041	12,758
Stocks on hand August 31:				
Crude oil (pounds)....			26,321,965	9,935,586
Cake and meal (tons)			45,116	89,711
Hulls (tons)			143,960	86,283
Linters (500 pound bales)			29,532	46,961

2,998 bales of raw cotton consumed as compared to 2,984 bales in the previous month and 2,602 bales in August, 1926. Although slightly less than in July, production

of cloth during the month was substantially greater than in the same month a year ago. Orders on hand at the close of the month showed an increase over those twelve months previous but were less than on July 31. Stocks declined and on August 31st they were reported less than on July 31, 1927, and August 31, 1926. The price of cotton goods has moved upward in sympathy with the raw cotton market. Reports indicate that the demand has improved somewhat and that a considerable portion of purchases is for nearby delivery.

TEXTILE MILLING STATISTICS

	August 1927	August 1926	July 1927
Number bales consumed.....	2,998	2,602	2,984
Number spindles active.....	75,284	78,284	78,284
Number pounds cloth produced.....	1,279,185	1,169,460	1,288,277

WHOLESALE TRADE

A pronounced seasonal gain in the demand for merchandise in wholesale channels was noticeable during August and the early part of September. Sales in all reporting lines of trade, except farm implements, reflected a large increase as compared to July and the sales of dry goods and groceries were greater than the large volume in August, 1926. With the continued rise in the price of cotton, optimism is becoming more general, but there is a distinct tendency toward conservatism. Retailers appear to be limiting commitments largely to well defined needs and are making replacement orders as consumer demand develops. The heavy marketing of cotton has brought about considerable liquidation of both current and carryover indebtedness and this has been reflected in a substantial improvement in the collections of wholesale establishments.

The demand for dry goods at wholesale reflected a marked expansion during the past month. August sales were 97.5 per cent greater than in July and were 14.8 per cent larger than in the corresponding month last year. Sales during July and August averaged 14.2 per cent larger than in the same period of 1926. Stocks on hand at the close of August were 7.6 per cent less than a month earlier and were practically the same as a year ago. Although the volume of distribution is large, dealers report that merchants generally are buying conservatively. While there has been a substantial amount of forward buying, commitments appear to be well within prospective demand. Collections have shown a considerable improvement. Prices on cotton goods have advanced in response to the higher market for raw cotton. Dealers report that the outlook points toward good fall business.

The sales of reporting grocery firms reflected a gain of 22.7 per cent as compared to the previous month and were 0.3 per cent above the corresponding month a year ago. With the picking of cotton progressing rapidly, the increased demand for groceries has become general throughout the district. Prices have shown no material changes. Collections reflected a substantial improvement over the previous month, but are still slightly below a year ago. The outlook for fall trade is reported to be very good.

The distribution of farm implements continued on a small scale. Sales were 6.4 per cent less than in July and were 14.2 per cent below those of August, 1926. While the buying of implements has been extremely light during the past year, dealers report that the outlook for the future is considerably improved. Prices are generally steady.

While the demand for drugs at wholesale during August reflected a substantial seasonal gain, it was considerably smaller than a year ago. Sales were 19.3 per cent greater than in July, but 9.3 per cent less than in August, 1926. Reports indicate that since cotton has begun to move in substantial volume, the demand has shown some improvement. While collections continued generally slow during August, they have improved considerably since the first of September. Prices remained generally steady. The trade is optimistic regarding fall business.

The August sales of reporting wholesale hardware firms reflected a gain of 15.6 per cent as compared to the previous month, but were 10.1 per cent less than in the corresponding month last year. Although collections during August continued slow, they have shown some improvement recently.

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

	Net Sales		Net Sales		Stocks	
	Aug., 1927 compared with Aug. 1926	July 1927 compared with July same period last year	July 1 to date compared with same period last year	Aug., 1927 compared with Aug. 1926	July 1927 compared with July 1926	Aug., 1927 compared with Aug. 1926
Groceries	+ .3	+22.7	- 3.6	-10.2	+ 4.4	+ 4.4
Dry Goods	+14.8	+97.5	+14.2	None	- 7.6	- 7.6
Farm Implements	-14.2	- 6.4	-12.3	- 5.0	- 8.0	- 8.0
Hardware	-10.1	+15.6	- 9.5	- 1.6	- 2.5	- 2.5
Drugs	- 9.3	+19.3	- 7.3	- 7.8	- 2.1	- 2.1

RETAIL TRADE

The August sales of reporting department stores were 14.3 per cent greater than in July, but were 6.2 per cent less than in the corresponding month last year. The aggregate sales during the first eight months of the year were 1.5 per cent less than in the same period a year ago. While the sales in some lines of fall merchandise have shown a

BUSINESS OF DEPARTMENT STORES

Total Sales:	Dallas	Fort Worth	Houston	All Others	Total District
August, 1927, compared with August, 1926.....	-19.4	- 1.3	+ 2.7	+ 8.3	- 6.2
August, 1927, compared with July, 1927.....	+26.3	+ 7.2	+ 5.9	+13.2	+14.3
January 1 to date, compared with same period last year.....	- 9.2	+ 3.3	+ 2.9	+ 1.9	- 1.5
Credit Sales:					
August, 1927, compared with August, 1926.....	-18.7	+ .8	+ 3.7	+ 1.6	- 7.4
August, 1927, compared with July, 1927.....	+31.8	+ 9.8	+ 7.8	+15.1	+18.9
January 1 to date, compared with same period last year.....	-10.5	+ 7.1	+ 5.7	+ 2.0	- 1.9
Stocks:					
August, 1927, compared with August, 1926.....	-10.0	- 5.6	- .7	None	- 4.9
August, 1927, compared with July, 1927.....	+12.1	+10.0	+11.1	+11.7	+11.4
Percentage of sales to average stocks in:					
August, 1926	20.7	17.7	20.8	19.0	19.6
August, 1927	18.5	18.0	21.5	19.4	19.1
Percentage of sales to average stocks:					
January 1 to August 31, 1926.....	156.2	150.3	199.6	175.7	166.6
January 1 to August 31, 1927.....	163.5	165.5	211.1	175.1	174.6
Ratio of outstanding orders to last year's purchases.....	8.4	5.0	13.2	8.9	8.7
Ratio of August collections to accounts receivable and outstanding August 1, 1927	27.4	28.6	34.4	36.0	30.9

gain over a year ago, distribution generally has been retarded by the continuance of warm weather.

While stocks on hand at the close of August were 11.4 per cent greater than a month earlier, they were 4.9 per cent less than a year ago. The percentage of sales to average stocks during the first eight months of 1927 was 174.6 as compared to 166.6 during the same period in 1926.

There was a further slowing down in collections during the past month. The ratio of August collections to accounts receivable on August 1st was 30.9 as compared to 33.5 in July and 32.4 in August, 1926.

FINANCIAL

The volume of public spending in August as measured by debits to individual accounts at banks located in sixteen principal cities of the Eleventh District was only 0.9 per cent less than in July and 0.6 per cent below that in the corresponding month of last year. Charges during the month aggregated \$666,554,000 as compared to \$672,903,000 in the previous month and \$670,257,000 in August, 1926.

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	Aug. 1927	Aug. 1926	Inc. or Dec.	July 1927	Inc. or Dec.
Abilene	\$ 9,851	\$ 9,649	+ 2.1	\$ 9,174	+ 7.4
Austin	17,033	14,327	+18.9	14,868	+14.6
Beaumont	22,022	21,637	+ 1.8	23,664	- 6.9
Corsicana	4,854	6,341	-23.5	5,400	-10.1
Dallas	189,293	181,413	+ 4.3	185,981	+ 1.8
El Paso	30,496	26,856	+13.6	32,123	- 5.1
Fort Worth	82,738	86,864	- 4.7	93,604	-11.6
Galveston	38,994	45,649	-14.6	38,467	+ 1.4
Houston	170,202	165,973	+ 2.5	159,242	+ 6.9
Port Arthur	10,198	9,009	+13.2	9,858	+ 3.4
Roswell	3,089	3,748	-17.6	2,786	+10.9
Shreveport	34,712	37,318	- 7.0	37,926	- 8.5
Texasarkana	8,580	9,447	- 9.2	10,040	-14.5
Tucson	7,706	7,622	+ 1.1	8,308	- 7.2
Waco	15,051	14,177	+ 6.2	15,052	None
Wichita Falls	21,685	30,227	-28.3	26,410	-17.9
Total, 11th District	\$666,554	\$670,257	- .6	\$672,903	- .9

Acceptance Market

The volume of acceptances executed by accepting banks of this district and outstanding at the end of August was substantially larger than those a month earlier or a year ago. Acceptances of these banks executed and outstanding on August 31, amounted to \$5,919,001 as compared to \$3,600,971 on July 31, and \$3,784,417 on August 31, 1926. While acceptances executed against import and export transactions which amounted to \$1,242,371 at the close of the month, were \$820,920 less than on July 31, those based on the domestic shipment and storage of goods rose \$3,138,950 during the period and stood at \$4,676,630 on August 31.

Condition of Member Banks in Selected Cities

There was an increase in commercial loans of member banks in leading cities of this district during the five-week period ending September 7th, due to the demand for credit in connection with the movement of the cotton crop and the increased activity of business and industry. Standing at \$239,777,000 on September 7th "all other loans" (largely commercial) were \$9,544,000 greater than on August 3rd and were \$6,623,000 above those of a year ago. Loans on corporate securities increased \$3,336,000 between August 3rd and September 7th, and a slight gain of \$4,000 was noted in loans against United States Government securities. Investments in United States Government obligations declined \$4,531,000 while those in other stocks and bonds increased \$1,128,000 representing a net reduction of \$3,403,000 in total investments. The net demand deposits of these banks gained \$9,860,000 during the five weeks and time deposits rose \$957,000. Their reserve with the Federal Reserve Bank was \$771,000 greater than on August 3rd and \$3,590,000 above that on September 8, 1926. Their bills payable and rediscounts with the Federal Reserve Bank which amounted to \$7,822,000 on September 7th were \$1,718,000 greater than a month earlier but were \$1,961,000 lower than on the corresponding date of last year. Ratio of loans to net demand deposits was 88 per cent, the same as on August 3rd, and four points lower than on September 8, 1926.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Sept. 7, 1927	Aug. 3, 1927	Sept. 8, 1926
1. Number of reporting banks	45	45	48
2. U. S. securities owned	\$ 58,337,000	\$ 62,868,000	\$ 51,614,000
3. All other stocks, bonds and securities owned	29,362,000	28,284,000	24,680,000
4. Loans secured by U. S. Government obligations	2,941,000	2,937,000	3,937,000
5. Loans secured by stocks and bonds other than U. S. Government obligations	78,873,000	75,537,000	70,688,000
6. All other loans	239,777,000	230,233,000	283,154,000
7. Net demand deposits	275,563,000	265,703,000	257,693,000
8. Time deposits	110,932,000	110,025,000	98,824,000
9. Reserve with Federal Reserve Bank	30,346,000	29,575,000	26,756,000
10. Bills payable and rediscounts with Federal Reserve Bank	7,822,000	6,104,000	9,783,000
11. Ratio of loans* to net demand deposits	88%	88%	92%

*Loans include only items 4 and 6.

SEPTEMBER 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	4-6	8	5-8	5-6	4½-6	6-8
Rate charged on loans to other banks, secured by bills receivable	5	6	5-6	5	5-6	5-6
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
(a) demand	5-6	6-8	5-8	5-6	6-7	6
(b) time	5-6	6-8	5-8	5-6	6-8	6-8
Rate on commodity paper secured by warehouse receipts, etc.	5-6	7-8	6-8	5-7	6-8	5-8
Rate on cattle loans	6-7	6-8	6-8	6-8	7-8	None

Savings Deposits

Savings deposits of 91 reporting banks in this district which operate a savings department amounted to \$123,220,834 on August 31st, representing an increase of 0.6 per cent

over those a month earlier and 9.8 per cent over August 31, 1926. There were 269,756 savings accounts carried at 86 of these banks at the close of the month, as against 268,000 on July 31st and 246,849 on August 31, 1926.

SAVINGS DEPOSITS

	August 31, 1927			August 31, 1926		Inc. or Dec.	July 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*	5,825	\$ 2,477,429	5,573	\$ 2,280,901	+ 8.6	5,781	\$ 2,454,687	+ .9
Dallas	6	51,497	20,322,033	38,596	16,487,925	+23.3	51,425	20,197,327	+ .6
El Paso	3	15,045	5,088,584	17,083	5,891,707	-13.6	15,133	5,111,521	- .4
Fort Worth	3	20,658	6,616,564	19,775	6,225,721	+ 6.3	20,247	6,592,489	+ .4
Galveston	3	13,468	9,916,366	12,781	8,455,669	+17.3	13,343	9,882,286	+ .3
Houston	13	65,347	29,337,219	59,393	26,692,238	+ 9.9	64,041	29,069,985	+ .9
San Antonio	6	23,375	13,785,671	26,157	12,413,923	+11.1	28,433	13,540,299	+ 1.8
Shreveport	4*	23,629	11,124,124	20,650	10,671,283	+ 4.2	23,617	10,988,411	+ 1.2
Waco	3	7,530	4,134,832	7,328	3,904,315	+ 2.9	7,465	4,166,148	- .8
Wichita Falls	2	3,796	2,092,122	5,266	2,612,203	-19.9	3,948	2,091,758	None
All others	44*	34,586	18,325,890	34,247	16,569,331	+10.6	34,567	18,366,451	- .2
Total	91	269,756	\$123,220,834	246,849	\$112,205,216	+ 9.8	268,000	\$122,461,362	+ .6

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

Deposits of Member Banks

A seasonal increase was noted in the deposits of member banks in this district during the four-week period ending August 24th. Combined deposits of these banks amounted to \$794,611,000 on August 24th as compared to \$781,680,000 a month earlier and \$749,740,000 on the corresponding date a year ago. Their net demand deposits increased \$8,506,000 during the month and time deposits rose \$4,425,000.

against \$23,377,179 on that date a year ago. There were 229 borrowing banks on August 31, as compared to 210 a month earlier and 364 on the corresponding date of 1926. On September 15th the number of borrowing banks had been reduced to 197.

Due entirely to the increase in loans to member banks total bills held rose from \$18,975,249.37 on July 31st to \$20,475,566.36 on August 31st distributed as follows:

Member bank collateral notes secured by United States Government obligations	\$ 4,014,900.00
Rediscounts and all other loans to member banks	10,062,245.21
Open market purchases (Bankers' Acceptances)	6,398,421.15

Total bills held \$20,475,566.36

Federal reserve notes in actual circulation reflected a further seasonal increase and amounted to \$40,291,715 on August 31st, as compared to \$36,520,155 on July 31st and \$41,701,130 on August 31, 1926. The daily average reserve deposits of member banks aggregated \$58,346,753 during the month which was \$449,231 less than in July.

FAILURES

While the business mortality rate in this district during August was substantially higher than in July and was slightly greater than in the corresponding month last year, it continued at a comparatively low level. There were 54 failures in August as against 27 in the previous month and 50 defaults in August a year ago. The indebtedness of the firms involved aggregated \$896,603, the second lowest figure recorded during the current year, and compares with \$273,924 in July and \$682,086 in the corresponding month of 1926.

PETROLEUM

Although the number of wells completed in August in this district was the smallest of any month since December, 1925, an increase was shown in total output due to the completion of larger producers and to the yield of older wells being maintained at a high level. Production of crude oil in August amounted to 20,665,725 barrels as compared to 20,506,806 barrels in July, representing an increase of 5,126 barrels in the daily average yield. Initial production, which amounted to 149,134 barrels of oil, was 16,411 barrels greater than in the previous month. Completions during the month numbered 458, of which 234 were producers of oil and 43 were gas wells, and compares with 586 completions in the previous month that netted 319 oil producers and 33 gas wells.

The daily average yield of crude oil in Texas amounted

DEPOSITS OF MEMBER BANKS

	Total Demand	Total Time	Banks in cities with a population of less than 15,000		Banks in cities with a population of over 15,000	
			Demand	Time	Demand	Time
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	123,123
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
Aug. 24, 1927	611,818	182,793	266,790	48,343	345,028	134,450

Operations of the Federal Reserve Bank

A further seasonal increase was reflected in loans to member banks in the Eleventh District during August, total borrowings amounting to \$14,077,145 at the close of the month which was \$3,628,558 greater than on July 31. Loans to country banks increased steadily throughout August, incident to the demand for funds to complete the cultivation of crops and in connection with the marketing of cotton. By September 1st, however, liquidation was exceeding new borrowings and loans to country banks declined rapidly. In the Southern part of the district a number of banks have now completely retired their lines. On the other hand, borrowings of reserve city banks in August remained practically steady but with the increased demand in business and industry together with the movement of the crop to marketing centers accommodations to these banks during the first week of September increased considerably but subsequently declined. Total loans to member banks reached a seasonal peak at \$16,079,113 on September 3rd this year as against a peak of \$26,380,617 on August 31st last year. Loans on September 15th amounted to \$10,742,783 as

to 602,951 barrels as against 607,650 barrels in July and represents a decline for the second consecutive month. Drilling activities in North Texas reacted further to the weak market and total production continued to decline. While field operations in the Spindle Top field slackened considerably the total output during the month was only slightly less than in July. Contrasting the decline in all other fields of the State production of oil in Central West Texas, which began its upward trend in the early fall of last year, showed a further increase and, for the first time

in its history this area, in August was the heaviest contributor of oil of any region in the State. The 15,921 barrel increase in daily average yield, however, was not sufficient to offset the declines shown in the other Texas fields.

Total production of crude oil in North Louisiana amounted to 1,974,220 barrels, as compared to 1,669,660 barrels in July, representing a gain of 9,825 barrels in daily average output and accounts for the increase shown for the district. The completion of 53 wells was the largest number recorded for any month since July, 1926.

OIL PRODUCTION

	August		July		Inc. or Dec.	Inc. or Dec.	
	Total	Daily Avg.	Total	Daily Avg.		Total	Daily Avg.
North Texas.....	6,371,070	205,518	6,722,740	216,863	Dec.	351,670	Dec. 11,345
Central-West Texas.....	6,477,180	208,941	5,983,620	193,020	Inc.	493,560	Inc. 15,921
East-Central Texas.....	1,022,955	32,999	1,062,370	34,270	Dec.	39,415	Dec. 1,271
Texas Coastal.....	3,832,110	123,616	4,074,556	131,437	Dec.	242,446	Dec. 7,821
Southwest Texas.....	988,190	31,877	993,860	32,060	Dec.	5,670	Dec. 183
Total, Texas.....	18,691,505	602,951	18,837,146	607,650	Dec.	145,641	Dec. 4,699
North Louisiana.....	1,974,220	63,685	1,669,660	53,860	Inc.	304,560	Inc. 9,825
Total, District.....	20,665,725	666,636	20,506,806	661,510	Inc.	158,919	Inc. 5,126

AUGUST DRILLING RESULTS

Field—	Comple- tions	Pro- ducers	Gas Wells	Fail- ures	Initial Production
North Texas.....	154	76	13	65	10,761
Central-West Texas.....	163	105	6	52	114,533
East-Central Texas.....	2	2	0	0
East Texas.....	7	1	6	0
Texas Coastal.....	30	22	0	8	15,391
Southwest Texas.....	8	7	1	0	366
Texas Wildcats.....	41	1	4	36	20
Total Texas.....	405	214	30	161	141,071
North Louisiana.....	53	20	13	20	8,063
August totals, District.....	458	234	43	181	149,134
July totals, District.....	586	319	33	234	132,723

CRUDE OIL PRICES

	Sept. 7, 1927	Sept. 8, 1926
Texas—		
Texas Coastal (Grade "A").....	\$1.20	\$1.40
North and Central Texas and North Louisiana (52 gr. and above).....	1.60	*

*Prices for September 7, 1926, not available on a comparable basis.

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

LUMBER

Increased activity was reflected in the operation of pine mills in the Eleventh Federal Reserve District in August. Shipments exceeded production and unfilled orders at the close of the month were 7 per cent above those on July 31. Production in August amounted to 83 per cent of normal as compared to 79 per cent in July while shipments of lumber were 37 per cent of normal production as against 73 per cent in the previous month. Orders amounted to 87 per cent of normal production or an increase of 15 points as compared to those in July and stocks on hand

at the close of the month were only 3 per cent below normal which was the nearest approach to normal in several years. There were 45,772,560 feet of lumber recorded as "unfilled orders" on the books of 45 reporting mills on August 31, as compared to 42,833,448 feet a month earlier.

AUGUST PINE MILL STATISTICS

Number of reporting mills.....	45
Production.....	91,477,088 feet
Shipments.....	95,399,382 feet
Orders.....	95,823,202 feet
Unfilled orders August 31.....	45,772,560 feet
Normal production.....	109,881,577 feet
Stocks August 31.....	284,589,879 feet
Normal stocks.....	294,066,652 feet
Shipments below normal production.....	14,482,195 feet—13%
Actual production below normal.....	18,404,489 feet—17%
Orders below normal production.....	14,058,375 feet—13%
Stocks below normal.....	9,476,773 feet—3%

Lumber statistics compiled by the Southern Pine Association.

CEMENT

Production and shipments of Portland cement at Texas mills showed substantial increases in August over both the previous month and the same month last year and stocks dropped to a lower level. The output in August amounted to 496,000 barrels, the largest production of cement of any month this year, and represents an increase of 8.3 per cent over July and 12.7 per cent over August, 1926. There were 561,000 barrels of cement shipped as compared to 472,000 barrels in the previous month and 494,000 barrels in the corresponding month a year ago. Stocks on August 31st were 20.6 per cent less than a month earlier and were 40.0 per cent below those of last year. An increase of 7.2 per cent in production and 7.9 per cent in shipments was shown in the cumulative totals of these mills for the current year as compared to the eight month period in 1926.

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

	August 1927	August 1926	Inc. or Dec.	July 1927	Inc. or Dec.	Eight Months 1927		Inc. or Dec.
						1927	1926	
Production at Texas Mills.....	496,000	440,000	+12.7	458,000	+ 8.3	3,598,000	3,355,000	+ 7.2
Shipments from Texas mills.....	561,000	494,000	+13.6	472,000	+18.9	3,763,000	3,489,000	+ 7.9
Stocks at end of month at Texas mills.....	251,000	418,000	-40.0	316,000	-20.6			

BUILDING

For the first time this year the valuation of building permits issued at principal centers of this district in August showed an increase over the corresponding month a year

ago, and exceeded those in July by a wide margin. The valuation of permits granted during the month amounted to \$10,209,144, the second largest total reported for the

year, and represents increases over the previous month and over August, 1926, of 50.7 per cent and 12.2 per cent respectively. It will be observed that with but one exception the increase over the past month was general. The

decline in total valuation of permits issued during the current year as compared to the same period of 1926 was reduced to 19.9 per cent.

BUILDING PERMITS

	August, 1927		August, 1926		Inc. or Dec.	July, 1927		Inc. or Dec.	Eight Months				Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation		1927		1926		
									No.	Valuation	No.	Valuation	
Amarillo.....	78	\$ 517,150	340	\$1,576,730	- 67.2	88	\$ 797,406	- 35.1	1,387	\$ 6,823,697	1,864	\$11,274,586	- 39.5
Austin	82	245,798	56	202,348	+ 21.5	63	154,594	+ 59.0	355	950,224	358	959,740	- 1.0
Beaumont	224	610,221	135	180,249	+368.5	125	152,488	+300.2	1,453	3,957,956	1,360	1,164,115	+240.0
Corpus Christi.....	67	250,135	82	272,490	- 8.2	75	118,985	+110.2	473	2,055,990	485	1,475,991	+ 39.3
Dallas	344	770,975	393	1,547,871	- 50.2	246	673,837	+ 14.4	2,567	6,246,703	2,984	13,240,743	- 52.8
El Paso	70	301,021	51	197,820	+ 52.2	60	76,344	-294.3	480	785,541	516	867,554	- 9.5
Fort Worth	357	1,161,610	235	984,788	+ 18.0	277	908,883	+ 27.8	2,585	9,383,573	2,690	13,089,640	- 28.3
Galveston	224	176,376	253	209,292	- 15.7	214	115,470	+ 52.7	1,822	2,321,008	2,111	2,593,865	- 10.5
Houston	466	2,788,440	491	2,178,579	+ 28.0	459	2,119,438	+ 31.6	4,129	19,455,930	3,967	20,704,627	- 6.0
Port Arthur	152	812,636	102	103,509	+202.0	114	127,158	-145.9	972	1,169,743	979	1,009,291	+ 15.9
San Antonio	358	1,236,548	238	604,480	+104.6	320	333,436	+ 32.5	2,465	10,224,385	2,383	10,102,284	+ 1.2
Shreveport	292	921,332	233	473,555	+ 94.6	208	283,111	-225.4	1,618	3,097,609	2,075	3,093,503	+ 1.1
Waco	46	579,327	42	97,010	+497.2	31	126,465	+358.1	256	1,338,666	322	902,375	+ 48.3
Wichita Falls	67	337,580	151	516,569	- 34.6	53	187,267	+ 80.3	638	2,614,739	1,383	7,484,401	- 65.1
Total	2,827	\$10,209,144	2,802	\$9,095,285	+ 12.2	2,333	\$6,774,882	+ 50.7	21,200	\$70,425,764	23,477	\$87,963,215	- 19.9

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Industrial production increased in August, reflecting a growth in the output of mines, and the distribution of commodities, both at wholesale and retail, increased by more than the usual seasonal amount. The general level of wholesale commodity prices rose about one per cent, owing chiefly to advances in the prices of farm products.

PRODUCTION

Production of anthracite and bituminous coal which showed a considerable decline early in the season, increased sharply in August and the early weeks of September and this rise was reflected in an advance in the Board's index of mineral output from 98 per cent of the 1923-1925 average in July, to 106 per cent in August. The index of manufactures as a whole showed practically no change for the month. The iron and steel industry continued during August and September with little change in demand or in production, and the output of newsprint, lumber, and cement showed only customary seasonal changes in August. Consumption of cotton remained unusually large for this season of the year, and there was an increase in the production of automobiles, which, however, remained below the output of August of last year. Output of shoes and rubber tires increased from July to August by less than the customary seasonal amount. Factory employment was in practically the same volume in August as in July, and both employment and production were smaller than a year ago. The volume of building contracts awarded in August was smaller than in August, 1926, which was a month of unusually large awards. The largest decreases, as compared with last year were in the Boston, New York, and Chicago Federal Reserve Districts. In the first half of September awards were in practically the same volume as in the corresponding period of last year.

The Department of Agriculture's estimate of corn production on the basis of September 1st condition was 2,457,000,000 bushels compared with 2,647,000,000 harvested in 1926. The total yield of wheat is expected to be somewhat larger than a year ago. The forecast of the yield of cotton was 12,692,000 bales, representing a reduction of 800,000 bales from the August estimate and of over 5,000,000 bales from last year's crop.

TRADE

Distribution of merchandise at wholesale and retail increased more than is usual in August, and sales were generally larger than in August of last year. Sales of wholesale firms in most leading lines

were larger than a year ago. Inventories of department stores showed less than the usual seasonal increase in August and at the end of the month were in about the same dollar volume as a year ago. Stocks carried by wholesale firms continued in August generally smaller than last year. Freight car-loadings of nearly all types of commodities increased considerably in August and the early part of September but with the exception of grains and miscellaneous products, loadings for all groups continued in smaller volume than in the same period of last year.

PRICES

Wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, increased from 145 in July to 147 in August. There were large increases in the prices of farm products and of clothing materials, while most of the other groups showed only slight changes. The price of raw cotton advanced from 17½ cents a pound on August 1 to over 23 cents on September 8, but since that date has declined by about three cents a pound. Prices of cotton goods, cattle, hogs and sugar also increased during August and the first three weeks of September while those of grain declined. Recently there have been reductions in the prices of some iron and steel products.

BANK CREDITS

Total loans and investments of member banks in leading cities between August 17 and September 21 increased by \$400,000,000 to the largest figure on record. There were increases in loans on securities and in investments as well as the usual seasonal growth in loans for agricultural and commercial purposes.

The volume of reserve bank credit increased during the month ending September 21, reflecting the seasonal growth in the demand for currency and an export of gold. The increase was entirely in the holdings of acceptances and United States securities as there was little change in discounts for member banks.

In the open money markets rates on security loans increased slightly during September while rates on commercial paper and 90 day bankers' acceptances remained unchanged at the lowest level of the year. Discount rates at the Federal Reserve Banks of Philadelphia, Chicago, San Francisco and Minneapolis were reduced during September from 4 to 3½ per cent, the rate prevailing in the other eight districts.