

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

	September	August	Inc. or Dec.
Bank debits to individual accounts (at 16 cities).....	\$804,173,000	\$666,554,000	Inc. 20.6%
Department store sales.....			Inc. 32.1%
Reserve Bank loans to member banks at end of month.....	\$ 5,639,057	\$ 14,077,145	Dec. 59.9%
Reserve Bank ratio at end of month.....	65.1%	59.0%	6.1 points
Building permit valuations at larger centers.....	\$ 9,219,080	\$ 10,209,144	Dec. 9.7%
Commercial failures (number).....	58	54	Inc. 7.4%
Commercial failures (liabilities).....	\$ 1,053,715	\$ 896,603	Inc. 17.5%
Oil production (barrels).....	20,124,420	20,665,725	Dec. 2.6%
Lumber orders at pine mills (per cent of normal production).....	87.0%	87.0%	None

The heavy liquidation of indebtedness at both banks and mercantile establishments, the rising tide of bank deposits, the increasing volume of public spending and the large volume of funds seeking an investment outlet were the outstanding developments during the past month. Federal Reserve Bank loans to member banks declined from a peak of \$16,079,113 on September 2nd to \$5,976,857 on October 15th, and on the latter date were \$11,624,600 less than on the corresponding date of 1926. The deposits of member banks which amounted to \$850,985,000 on September 28th were \$56,374,000 greater than on August 24th and were \$72,419,000 larger than those on September 22, 1926. Reports from many sections of the district are to the effect that the farmers are paying off as rapidly as possible both old and current indebtedness and that the banks by reason of the heavy liquidation of loans and increasing deposits are seeking an investment outlet for their funds. There is a growing demand on the part of the district's banks for liquid, short time investments such as bankers' acceptances and prime commercial paper, which will provide a safe secondary reserve and which can be readily liquidated to meet the withdrawal of deposits and the demand for credit in the coming months. Such a development greatly strengthens the district's banking situation and places the individual banks in a position to meet the legitimate demands of their customers out of their own resources. The volume of spending in September as measured by debits to individual accounts was 21 per cent greater than in August and 2 per cent above the same month in 1926.

There was an active demand for merchandise in both wholesale and retail channels. Distribution reflected large seasonal gains and compares favorably with September a year ago. Department store sales reflected a seasonal gain of 32 per cent over the previous month but were 4 per cent less than in September, 1926. Most lines of wholesale trade

reflected a seasonal expansion and, while, in some instances, sales are falling short of a year ago, the outlook for the future is encouraging. The distribution of merchandise in many instances has been retarded by the desire of consumers and retailers to liquidate old indebtedness before making extended purchases, which in turn is strengthening the foundation of the business structure.

With all crops practically matured, it is now evident that this district will harvest large feed crops which will be sufficient not only to supply the needs with respect to making next year's crops but also to provide a surplus for the market. A number of the most important minor crops are likewise turning out well. While there was a further reduction in the estimated yield of cotton, production this year compares favorably with the average for the preceding five years and the higher prices being obtained this year, together with the farmers large equity in the crop will provide a large net return. The livestock situation has shown considerable improvement and present indications are that livestock will go into the winter in good condition and that there will be an abundance of winter pasturage and feed in practically all sections of the district. There is an unusually heavy demand for stocker cattle and prices are the highest in several years. There is a good demand for cattle at market centers and the trend of prices is upward.

Construction activity, as measured by the valuation of permits issued at principal cities, reflected a decline of 10 per cent as compared to August but was 9 per cent larger than in September, 1926. The production, shipments and new orders for lumber remained practically the same as in the previous month and were larger than a year ago. While the production and shipments of cement were less than in August, they were substantially above those in September last year.

CROP CONDITIONS

Weather conditions during the past thirty days have been generally favorable to growing crops although the heavy rains during the latter part of September and the early days of October delayed the picking of cotton and lowered the grades of this staple. Row crops are maturing rapidly and good progress is being made with harvesting. Seeding of winter wheat is nearing completion and the seeding of oats is in full progress. Indications are that the acreage sown to winter wheat and oats in Texas this fall will be large.

The picking and ginning of cotton has proceeded rapidly and reports indicate that practically all of the remaining crop in North Louisiana, Southeastern Oklahoma and the Eastern two-thirds of Texas is already open and that picking will be practically completed by the end of October, provided, favorable weather obtains. In South Texas the crop is practically all harvested. Stock is being turned in the fields and the land is being prepared for the next crop. Yields in this section were very unsatisfactory, due to the heavy infestation of the boll weevils and leafworms and the destruction by root rot. There were 2,300,773 bales ginned in Texas prior to October 1st as compared to 2,004,363 bales prior to that date in 1926. Ginnings in Louisiana total 342,141 bales as compared to 360,700 bales prior to October 1, 1926. There is presented below a comparative statement showing the yield per acre and total production for the years 1926 and 1927 for those States part or all of which are attached to the Eleventh District:

State	Yield per Acre		Production in thousands of 500 pounds gross-weight bales		
	1926 Pounds	Oct. 1, 1927 Pounds	Crop 1926	Indicated 1, 1927	Oct. Crop
Texas	147	180	5,628	4,430	
Louisiana	200	157	829	510	
Oklahoma	181	129	1,173	990	
New Mexico	299	331	75	70	
Arizona	349	316	122	92	

From the above it will be noted that in every state, except New Mexico, there will be a substantial reduction in both the yield per acre and in total production. Whether the Texas crop reaches the October 1st estimate depends in a large measure upon the crop over the Western third of the State as much of that acreage is late and the outturn is contingent upon the date of the first hard frost. A fair yield is possible provided frost does not occur until late October. On the cap rock a considerable percentage of the crop will not begin to open before the end of October. Yields in the West and Northwest will range from near failure to a bale per acre.

The Department of Agriculture estimated the production of the Texas corn crop at 113,932,000 bushels as compared to 106,863,000 bushels in 1926. While the yield per acre this year averaged 22.8 bushels as compared to 27.8 bushels in 1926, the larger production is accounted for by the increased acreage. Although the early crop was poor over much of South Texas and other localities where the spring was dry, an almost full crop has been made in those sections where conditions were favorable. It is estimated that practically half of the crop has already been gathered and stored. Hay crops have yielded well. Grain sorghums have been grown more extensively than ever before and the results have been generally satisfactory. In numerous localities the

crop has been shocked or headed but in Northwest Texas that part of the crop which was late planted will not mature until the latter part of October.

There was no change in the condition or indicated production of the Texas rice crop. The weather has been ideal for harvesting and threshing and this work has been completed much earlier than usual. Yields have been generally satisfactory and the quality good but prices are low. The sweet potato crop was greatly benefitted by the September rains and a production of 11,300,000 bushels is expected provided the frost is late enough to permit the crop to mature and be harvested. The rains have likewise been beneficial to the peanut crop and a production of 82,584,000 pounds is indicated.

LIVESTOCK

The heavy general rains which fell over practically all of the Eleventh District during the past thirty days have relieved the drouth, which was becoming acute in some sections, have greatly improved the condition of the ranges, and have practically assured an ample supply of winter feed and water in practically all of the district's range territory. While in some instances the rains came too late for the grass to mature before frost and while more rain is needed in some portions of West Texas and Southeastern New Mexico, the large acreage of winter wheat and the abundance of bundle feed will largely offset the shortage of range grass. Since the improvement in the outlook for winter pasturage there has been considerable local trading in all classes of cattle and prices have advanced well above those of recent years. In practically all sections there is an unusually strong demand for all classes of stockers, especially heifers and young cows. Due to the small supply available to meet the increasing demand, prices have advanced and are higher than those offered for cattle at market centers.

The condition of cattle ranges in Texas on October 1st was 83 per cent of normal which was one point higher than a month earlier but 7 points lower than a year ago. The condition of cattle was 87 per cent of normal, the same as reported on September 1st and 5 points lower than last year. The condition of sheep and goat ranges improved 3 points during September to 84 per cent of normal and stood at the same figure a year earlier. Since the rains the weeds and winter grasses have started and with favorable conditions an abundance of winter feed will be available. The condition of sheep declined one point to 87 per cent of normal and was 3 per cent less than a year ago but goats improved 5 points to 92 per cent, the same as reported a year ago. The shearing of goats is about completed and while the clip is turning out light it is clean and of good quality and strength. The shearing of sheep is now under way but the clip will be small as not many sheep will be shorn because the market for short wool is unsatisfactory.

Movements and Prices

The receipts of cattle and calves at the Fort Worth market in September were slightly less than in the previous month but greater than in the corresponding month a year ago. The supply of hogs was moderately greater than in either the previous month or the same month last year. Receipts of sheep were substantially larger than a month earlier and moderately larger than a year ago.

The cattle market during September was steady and higher and during the greater part of the month there was a good outlet for quality cattle. Throughout the month there was a good demand for calves and during the last week the best

quality moved at \$13.00 the highest price during the current year. There was a broad demand for stocker steers and cows and during most of the month the supply was insufficient to meet the demand. The hog market showed a further upward trend during the first half of September reaching a top at \$12.10 but subsequently declined and at the close prices were only slightly higher than at the close of the previous month. Prices on sheep and lambs ruled generally steady.

FORT WORTH LIVESTOCK RECEIPTS

	September 1927	September 1926	Loss or Gain	August 1927	Loss or Gain
Cattle	78,298	74,132	G 4,166	80,197	L 1,899
Calves	40,601	27,286	G 13,315	42,741	L 2,140
Hogs	23,843	14,048	G 9,795	18,254	G 5,589
Sheep	58,545	48,543	G 5,002	22,707	G 30,838

COMPARATIVE TOP LIVESTOCK PRICES

	Sept. 1927	Sept. 1926	Aug. 1927
Beef steers	\$10.75	\$ 8.50	\$10.00
Stocker steers	9.40	7.75	9.00
Butcher cows	7.50	6.00	6.75
Stocker cows	6.25	5.00	6.00
Calves	13.00	10.50	12.50
Hogs	12.10	15.00	11.10
Sheep	8.25	8.00	8.00
Lambs	13.10	13.75	12.00

Cotton Movements

Exports of cotton through the ports of Galveston and Houston during August reflected a substantial increase as compared

to the previous month but were considerably less than a year ago. Receipts at all United States ports for the first two months of the current season were slightly less than during the corresponding period of the previous season. The foreign exports of cotton at all United States ports during the current season have averaged 18.1 per cent less than during the same period last year. The domestic consump-

tion of cotton during September amounted to 627,321 bales as compared with 570,570 bales during the same month last year.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	Sept. 1927	Sept. 1926	Aug. 1 to Sept. 30 This Season	Last Season
Receipts	346,125	438,917	446,786	506,673
Exports	137,218	246,016	193,430	418,756
Stocks, September 30			399,395	327,843

GALVESTON STOCK STATEMENT

	Sept. 30 1927	Sept. 30 1926
For Great Britain	16,500	27,300
For France	13,500	22,000
For other foreign ports	70,200	72,700
For coastwise ports	5,000	18,000
In compresses and depots	294,195	187,843
Total	399,395	327,843

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	Sept. 1927	Sept. 1926	Aug. 1 to Sept. 30 This Season	Last Season
Net receipts	532,681	507,833	755,735	671,740
Exports	216,382	259,760	318,355	339,838
Stocks, September 30			550,559	349,254

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

	August 1 to September 30 This Season	Last Season
Receipts	1,930,393	2,022,207
Exports:		
Great Britain	122,230	235,062
France	103,313	115,201
Continent	623,083	688,461
Japan-China	114,743	99,937
Mexico	381	282
Total foreign ports	968,800	1,138,943
Stocks at all U. S. ports Sept. 30	1,727,026	1,288,259

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	Sept. 1927	Sept. 1926	August 1 to Sept. 30 This Season	Last Season	Sept. 1927	Sept. 1926	August 1 to Sept. 30 This Season	Last Season
Cotton consumed	462,213	411,213	926,411	770,707	627,321	570,570	1,260,755	1,070,823
Cotton on hand September 30:								
(a) In consuming establishments			732,313	569,296			1,118,776	936,441
(b) In public storage and compresses			3,672,929	3,110,225			3,964,630	3,287,285

SPOT COTTON PRICES (Middling basis)

	September, 1927		Oct. 15, 1927
	High	Low	
New York	23.90	20.55	21.50
New Orleans	23.50	20.09	21.09
Dallas	22.55	19.55	20.40
Houston	23.65	20.40	21.05
Galveston	23.65	20.40	21.15

COTTONSEED PRODUCTS

The average price paid for cottonseed by reporting cottonseed oil mills during the week ending October 8th was \$42.85 per ton as compared to \$41.31 during the week ending September 10th. During this period the average price received for cottonseed oil advanced from \$.0961 per pound to \$.0973 per pound and linters rose from \$.0344 per pound to \$.0403 per pound. On the other hand, the price received for cake and meal declined from \$35.15 per ton to \$34.47 per ton and hulls from \$6.45 per ton to \$6.14 per ton.

The figures compiled by the Bureau of Census show that

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	Aug. 1 to Sept. 30 This Season	Last Season	Aug. 1 to Sept. 30 This Season	Last Season
Cottonseed received at mills (tons)	585,805	456,553	1,297,683	1,114,459
Cottonseed crushed (tons)	317,575	220,842	742,513	550,873
Cottonseed on hand (tons)	802,161	247,064	664,954	586,835
Crude oil produced (pounds)	90,966,951	57,972,000	224,229,349	160,316,369
Cake and meal produced (tons)	145,971	98,000	331,344	249,443
Hulls produced (tons)	90,843	59,000	212,301	153,205
Linters produced (500 lb. bales)	54,413	36,000	127,413	97,344
Stocks on hand September 30th:				
Crude oil (pounds)	22,909,281	10,559,000	58,837,669	31,504,000
Cake and meal (tons)	32,171	25,000	109,591	127,409
Hulls (tons)	71,958	63,000	184,711	148,668
Linters (500 pound bales)	27,957	16,000	79,066	78,979

there has been a good demand for cottonseed products.

While the production of cake and meal during July and August this year was approximately 82,000 tons greater than during the corresponding period last year, stocks on hand September 30th were 18,000 tons less than a year ago. The production of linters this year was 20,000 bales greater than last year, while stocks are practically the same as last year. The disappearance of cottonseed oil and hulls has likewise been greater.

TEXTILE MILLING

The consumption of raw cotton in September at textile mills of this district though less than in August was greater than in September, 1926, while spindle operations showed an increase over both periods. There were 2,818 bales of raw cotton consumed during the month as compared to 3,093 bales in August and 2,733 bales in September, 1926. Production of cloth was below that of August and slightly less than in the corresponding month of last year. Unfilled orders on hand at the end of September showed an increase over those a year ago but were less than a month earlier. Stocks on hand at the close of the month were larger than on August 31st and September 30, 1926.

TEXTILE MILLING STATISTICS

	Sept. 1927	Sept. 1926	Aug. 1927
Number bales consumed.....	2,818	2,733	3,093
Number of spindles active.....	77,284	76,784	76,784
Number pounds cloth produced....	1,247,593	1,290,144	1,324,911

WHOLESALE TRADE

The past month witnessed a further seasonal expansion in the distribution of merchandise in wholesale channels. Sales in all reporting lines except dry goods were substantially larger than in August and only the sales of groceries and drugs were less than in the corresponding month last year. The comparison with a year ago presents a favorable comparison as it will be recalled that the falling off in business did not set in until the latter part of September and the early part of October. While buying in some sections has been slow due to the short cotton crop and to the disappointment over the reaction in the cotton market, the consumer demand generally appears to be showing a steady expansion. Although the increase in buying has not come up to expectations in some quarters, it should be borne in mind that there is a strong disposition on the part of both consumers and merchants to liquidate old indebtedness rather than to make extended purchases of merchandise. This liquidation is reflected in loans at banks and in the increased collections of wholesale establishments. This policy has greatly strengthened the financial and business structure of this district and is placing business concerns in position to reap the benefits of increasing prosperity. Conservatism continues to be the ruling policy of business concerns as they show no disposition to depart from the policy of holding commitments to well defined needs. Business leaders generally are facing the future with confidence and state that the outlook for business is promising.

While the sales of reporting wholesale dry goods firms reflected a decline of 13.8 per cent as compared to the large August volume they were 8 per cent greater than in September a year ago. Sales during the third quarter of this year averaged 11.8 per cent greater than during the corresponding period of 1926. Recent reports indicate that business during October has been holding up well. Stocks in the hands of wholesalers on September 30th were 9.3 per cent less than a month earlier and 3.7 per cent less than a

year ago. While there has been a substantial amount of orders placed for future delivery, reports indicate that buying has been well within prospective demand. There has been a large increase in collections.

September sales of farm implement firms were 5.9 per cent larger than in August and 4.6 per cent greater than in September last year. While the demand is still below normal reports indicate that it is increasing and that the outlook for the coming year is greatly improved.

There was a seasonal expansion of 6.3 per cent in the sales of drugs at wholesale but there was a decline of 1.2 per cent as compared to September a year ago. Reports from some sections indicate that business has been retarded by the reaction in the cotton market. Collections have shown a material improvement. Some dealers report that there has been a considerable increase in the demand for holiday goods. Reports generally are to the effect that business is improving and that the outlook for the future is more encouraging than for sometime past.

Distribution of groceries at wholesale reflected an increase of 11.2 per cent as compared to the previous month but was 6.2 per cent less than in the corresponding month last year. While business is somewhat spotted, the buying demand generally appears to be very good and collections have shown a marked improvement. Prices have shown no material change. The outlook is reported to be generally good.

There was a further expansion of 27 per cent in the sales of reporting hardware firms during September as compared to the previous month and 4.5 per cent as compared to September a year ago. Sales during the past quarter have averaged only slightly less than during the same period last year. Collections were materially larger than a month ago.

CONDITION OF WHOLESALE TRADE DURING SEPT. 1927

Percentage of Increase or Decrease in:

	Net Sales		Net Sales July 1 to date compared with same period last year	Stocks	
	Sept. 1927 compared with Sept. 1926	Aug. 1927		Sept. 1927 compared with Sept. 1926	Aug. 1927
Groceries	6.2	+11.2	- 5.5	- 2.6	+ 7.8
Dry Goods	+ 8.0	-13.8	+11.8	- 3.7	- 9.3
Farm Implements.....	+ 4.6	+ 5.9	- 7.2	-10.4	+ 2.2
Hardware	+ 4.5	+27.0	- .5	- 1.6	- 1.3
Drugs	- 1.2	+ 6.3	- 5.1	- 9.6	- 4.6

RETAIL TRADE

Distribution of merchandise at retail reflected a large seasonal increase during the past month. The September sales of reporting department stores were 32.1 per cent greater than in August and while they were 4.1 per cent less than in the corresponding month last year, it will be recalled that trade in that month was very active. The unusually warm weather prevailing during the greater part of September retarded the buying of fall merchandise but the cooler weather prevailing since the latter part of September has stimulated buying.

Stocks on hand at the close of September were 9.3 per cent greater than a month earlier but were 4.5 per cent less than a year ago. The percentage of sales to average stocks during the first nine months of 1927 was 197.8 as compared to 188.1 during the corresponding period of 1926.

Collections during September reflected a slight gain as compared to August but were slightly less than those during September a year ago. The ratio of September collections to accounts receivable on September 1st was 32.1 as compared to 30.9 in August and 32.8 in September, 1926.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	All Others	Total District
Total Sales:					
September, 1927, compared with September, 1926.....	-13.5	- 1.5	+12.3	- 3.4	- 4.1
September, 1927, compared with August, 1927.....	+30.1	+28.0	+43.3	+30.8	+32.1
January 1 to date compared with same period last year.....	- 9.7	+ 2.7	+ 4.1	- 2.2	- 2.8
Credit Sales:					
September, 1927, compared with September, 1926.....	-11.7	+ 1.7	+16.3	- 2.4	- 3.1
September, 1927, compared with August, 1927.....	+36.2	+39.9	+65.3	+41.2	+42.6
January 1 to date compared with same period last year.....	-10.7	+ 2.6	+ 7.2	- 2.4	- 3.8
Stocks:					
September, 1927, compared with September, 1926.....	- 8.5	- 2.4	- 2.1	- 2.4	- 4.5
September, 1927, compared with August, 1927.....	+ 8.7	+10.1	+ 7.4	+10.2	+ 9.3
Percentage of sales to average stocks in:					
September, 1926.....	23.6	21.1	23.9	24.0	23.3
September, 1927.....	21.5	20.9	27.6	23.9	23.1
Percentage of sales to average stocks:					
January 1 to September 30, 1926.....	179.1	171.0	219.8	195.6	188.1
January 1 to September 30, 1927.....	184.5	185.6	236.4	202.2	197.8
Ratio of outstanding orders to last year's purchases.....	6.0	3.9	9.5	5.8	6.1
Ratio of September collections to accounts receivable and outstanding September 1, 1927.....	28.9	30.7	34.7	36.1	32.1

FINANCIAL

A seasonal increase was reflected in debits to individual accounts at banks located in sixteen principal cities of this district during September. Charges at these centers during the month amounted to \$804,173,000 which was 20.6 per cent larger than in August and 2.3 per cent greater than in September, 1926. Fourteen cities showed increases over the previous month and nine reported gains over the corresponding month of last year.

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	Sept. 1927	Sept. 1926	Inc. or Dec.	August 1927	Inc. or Dec.
Abilene	\$ 11,461	\$ 11,903	- 3.7	\$ 9,851	+16.3
Austin	22,054	20,177	+ 9.3	17,033	+29.5
Beaumont	22,616	23,639	- 4.3	22,022	+ 2.7
Corsicana	7,398	6,943	+ 6.6	4,854	+52.4
Dallas	243,714	225,144	+ 8.2	189,293	+28.7
El Paso	29,465	28,017	+ 5.2	30,496	- 3.4
Fort Worth	90,537	88,064	+ 2.8	82,788	+ 9.4
Galveston	46,838	53,200	-12.0	38,994	+20.1
Houston	211,210	205,236	+ 2.9	170,202	+24.1
Port Arthur	10,002	9,357	+ 6.9	10,198	- 1.9
Roswell	3,118	2,985	+ 4.5	3,089	+ 1.0
Shreveport	39,228	40,798	- 3.8	34,712	+13.0
Texasarkana	10,053	10,605	- 5.2	8,580	+17.2
Tucson	8,346	8,459	- 1.3	7,706	+ 8.3
Waco	23,971	20,066	+19.5	15,051	+59.3
Wichita Falls	24,162	31,140	-22.4	21,685	+11.4
Total, 11th District.....	\$804,173	\$735,733	+ 2.3	\$666,554	+20.6

Acceptance Market

A further increase was reflected in the volume of acceptances executed by accepting banks of the Eleventh District and outstanding at the close of the month. Acceptances executed by these banks and which were outstanding on September 30th amounted to \$8,255,253 and were larger than at the close of any previous month. Acceptances executed against import and export transactions and outstanding at the close of September amounted to \$1,383,163 as compared to \$1,242,371 a month earlier while those based on the domestic shipment and storage of goods rose from

\$4,676,630 on August 31st to \$6,872,090 on September 31st.

Condition of Member Banks in Selected Cities

The investments of member banks in selected cities of this district rose \$7,377,000 during the four-week period ending October 5th. Investments in United States securities increased \$6,522,000 and those in other stocks and bonds gained \$1,355,000. While there was a slight decline of \$291,000 in loans secured by United States Government obligations, loans on corporate securities increased \$4,186,000 and "all other loans" (largely commercial) rose \$2,664,000. This latter increase reflected the demand for credit in connection with the expansion of business and the financing of the movement of cotton. It is significant to note that during the past year, the investments of these banks have increased \$18,450,000 and loans have risen \$7,743,000. The increase in loans has been due entirely to the demand for funds for speculative purposes as loans on corporate securities increased \$11,122,000, whereas, loans for other purposes actually declined \$3,374,000. While the time deposits of these banks declined \$869,000 during the month, their net demand deposits increased \$14,947,000. Total deposits on October 5th were \$32,583,000 in excess of those on the corresponding date in 1926. The reserve deposits of these banks with the Federal Reserve Bank were \$1,486,000 greater than a month earlier and \$3,912,000 larger than a year ago. Their bills payable and rediscounts with the Federal Reserve Bank on October 5th amounted to \$1,956,000 as compared to \$7,822,000 on September 7th and \$11,235,000 on October 6, 1926. The heavy liquidation of indebtedness at the Federal Reserve Bank was occasioned by the heavy early movement of cotton to concentration points, whereas, at this time a year ago the movement of the crop was later than usual. The ratio of loans to net demand deposits stood at 84 per cent as compared to 88 per cent on September 7th and 93 per cent on October 6, 1926.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Oct. 5, 1927	Sept. 7, 1927	Oct. 6, 1926
1. Number of reporting banks.....	45	45	48
2. U. S. securities owned.....	\$ 64,859,000	\$ 58,337,000	\$ 53,048,000
3. All other stocks, bonds and securities owned.....	30,717,000	29,362,000	24,083,000
4. Loans secured by U. S. Government obligations.....	2,650,000	2,941,000	3,968,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	83,059,000	78,373,000	71,937,000
6. All other loans.....	242,441,000	239,777,000	244,497,000
7. Net demand deposits.....	290,510,000	275,563,000	268,015,000
8. Time deposits.....	110,113,000	110,982,000	100,025,000
9. Reserve with Federal Reserve Bank.....	31,832,000	30,346,000	27,920,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	1,956,000	7,822,000	11,235,000
11. Ratio of loans* to net demand deposits.....	84%	88%	93%

*Loans include only items 4 and 6.

Savings Deposits

Reports from 91 banks in this district, which operate a savings department, show that savings deposits amounting to \$126,112,008 on September 30th were 0.4 per cent larger than a

month earlier and 8.8 per cent greater than a year ago. There were 269,433 savings accounts carried at 84 of these banks at the close of the month as compared to 268,192 on August 31st and 243,756 on September 30, 1926.

SAVINGS DEPOSITS

	September 30, 1927			September 30, 1926			August 31, 1927		
	Number of Reporting Banks	Number of Savings Depositors	Amount of Savings Deposits	Number of Savings Depositors	Amount of Savings Deposits	Inc. or Dec.	Number of Savings Depositors	Amount of Savings Deposits	Inc. or Dec.
Beaumont	4*	6,039	\$ 2,490,278	5,923	\$ 2,309,379	+ 7.8	5,914	\$ 2,477,429	+ .5
Dallas	6	51,708	20,517,301	38,780	16,874,336	+21.6	51,509	20,324,535	+ .9
El Paso	3	15,042	5,126,104	16,788	5,899,950	-13.1	15,045	5,088,585	+ 1.7
Fort Worth	3	20,710	6,737,285	19,872	6,317,784	+ 6.6	20,651	6,616,564	+ .8
Galveston	3	13,525	9,687,321	12,870	8,654,445	+11.9	13,468	9,916,366	- 2.3
Houston	12*	63,845	29,089,669	56,093	26,501,046	+ 9.8	63,554	29,162,536	+ 2.8
San Antonio	6*	23,248	13,875,238	21,538	12,531,491	+10.7	23,147	13,785,174	+ 1.7
Shreveport	4*	23,761	11,121,547	20,704	11,223,295	- 1.0	23,634	10,940,827	+ 1.7
Waco	2	7,544	4,139,189	7,319	3,874,139	+ 6.8	7,507	4,118,613	+ .5
Wichita Falls	2	4,029	2,092,682	5,286	2,709,932	-22.8	3,796	2,092,122	None
All others	46*	39,982	21,235,394	38,583	19,918,885	+11.7	39,967	21,148,352	+ .4
Total	91	269,433	\$126,112,008	243,756	\$115,919,682	+ 8.8	268,192	\$125,671,103	+ .4

*Only 3 banks in Beaumont, 11 banks in Houston, 5 banks in San Antonio, three banks in Shreveport, and 43 banks in "all others" reported the number of savings depositors.

OCTOBER DISCOUNT RATES

Prevailing rates

	Dallas	El Paso	Fort Worth	Houston	San Antonio	Waco
Rate charged customers on prime commercial paper such as is now eligible for rediscount under the Federal Reserve Act	4½-6	8	5-8	5-6	4½-6	5½-7
Rate charged on loans to other banks, secured by bills receivable	5-6	6	5-6	5	5-6	5½
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
(a) demand	5-7	6-8	5-8	5-6	6-7	6-7
(b) time	5-7	6-8	5-7	5-6	6-8	6-7
Rate on commodity paper secured by warehouse receipts, etc.	5-6	7-8	6-8	5-6	6-8	6-8
Rate on cattle loans	6-7	6-8	6-8	7-8	7-8	7-8

Deposits of Member Banks

A substantial seasonal increase was shown in combined deposits of member banks in the Eleventh District during the five week period ending September 28th. Total deposits of these banks amounted to \$850,985,000 on September 28th, as compared to \$794,611,000 on August 24th and \$778,566,000 on September 22, 1926. Net demand deposits increased \$56,036,000 over those five weeks earlier and time deposits rose \$338,000. The net demand deposits of banks located in cities of less than 15,000 population were increased 13.9 per cent while those of banks located in cities of 15,000 population and over showed a gain of 5.5 per cent.

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
Sept. 22, 1926	612,834	165,732	275,780	45,640	237,054	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	613,186	178,895	265,858	47,618	347,278	131,277
June 22, 1927	606,696	180,545	263,313	48,119	342,883	132,426
July 27, 1927	603,312	178,368	261,309	47,666	341,503	130,702
Aug. 24, 1927	611,318	182,798	266,790	48,343	345,028	134,450
Sept. 28, 1927	667,854	183,131	303,977	49,023	363,877	134,108

Operations of the Federal Reserve Bank

The past month witnessed a heavy liquidation of indebtedness by member banks at the Federal Reserve Bank. Loans on September 30th amounted to \$5,639,057 as compared to \$14,077,145 on August 31st and \$24,283,180 on September 30, 1926. The liquidation of indebtedness by country banks which set in during the last days of August continued at a rapid rate throughout September. The city

banks, on the other hand, increased their lines at the Federal Reserve Bank during the first week in September due largely to the financing of the heavy movement of cotton to concentration points. Since that time their lines have been rapidly retired. On October 15th loans to member banks stood at \$5,976,857 having remained relatively steady since the close of September and were \$11,624,600 less than on October 15, 1926. That a large number of banks have completely retired their lines at the Reserve Bank is indicated by the reduction in the number of borrowing banks from 229 on August 31st to 133 on September 30th.

Due entirely to the reduction in member bank borrowings, total bills held declined from \$20,475,566.36 on August 31st to \$16,651,428.15 on September 30th, distributed as follows:

Member bank collateral notes secured by United States Government obligations	\$ 1,332,250.00
Rediscounts and all other loans to member banks	4,306,806.71
Open market purchases (Bankers' Acceptances)	11,012,371.44
Total bills held	\$16,651,428.15

A further seasonal increase was noted in Federal reserve notes in actual circulation during the month. The net circulation of these notes amounted to \$47,918,170 on September 30th, as compared to \$40,291,715 on August 31st, and \$49,287,055 on September 30, 1926. The daily average reserve deposits of member banks amounted to \$61,689,031 as against \$58,346,753 during August.

FAILURES

There was a further moderate increase in the business mortality rate in the Eleventh Federal Reserve District during September. There were 53 failures in September with liabilities amounting to \$1,053,715 as compared to 54 defaults in August with an indebtedness of \$896,603 and 44 insolvencies in September last year owing \$431,900. Defaults during the third quarter of 1927 numbered 139 with an indebtedness of \$2,224,242 as compared to 166 failures with liabilities of \$2,083,972 during the same period in 1926.

PETROLEUM

Total production of crude oil in the Eleventh District, which amounted to 20,124,420 barrels in September, was 541,305 barrels less than in August but due to the 30-day month an increase was shown in daily average output. Completions during the month increased but on the other hand initial production showed a decline. Although the number of completions was above that in August, field operations are still being curtailed because of adverse market conditions. In some instances new production has been held below capacity. There were 547 completions during the month of which 273 were producers of oil with an initial flow of 142,859 barrels, as compared to 458 completions in the previous month of which 234 were successful and yielded 149,134 barrels of new production. Increased activity in wildcat operations, particularly in Central-West Texas, was

noted in September.

The daily average production of oil in Texas amounted to 616,819 barrels as against 602,951 barrels in August, representing an increase of 13,868 barrels. Important extensions were made in Pecos, Crane, and Winkler counties in Central-West Texas during the month which boosted production gains in these localities to a substantial figure. Field operations in the Spindle Top field of the Gulf Coast area increased and a moderate gain in initial output and total production was shown by that particular field. Activities in North Texas were practically the same as in the previous month but a further decline occurred in the daily average production. After increasing for three consecutive months the daily average yield of crude oil in North Louisiana declined and amounted to 53,995 barrels in September as compared to 63,685 barrels in August.

OIL PRODUCTION

	September		August		Dec.	Inc. or Dec.	
	Total	Daily Avg.	Total	Daily Avg.		Total	Daily Avg.
North Texas.....	5,828,400	194,280	6,371,070	205,518	Dec.	542,670	Dec. 11,238
Central-West Texas.....	7,046,070	234,869	6,477,180	208,941	Inc.	568,890	Inc. 25,928
East-Central Texas.....	925,600	30,853	1,022,955	32,999	Dec.	97,355	Dec. 2,146
Texas Coastal.....	3,797,250	126,575	3,832,110	123,616	Dec.	34,860	Dec. 2,959
Southwest Texas.....	907,250	30,242	988,190	31,877	Dec.	80,940	Dec. 1,635
Total, Texas	18,504,570	616,819	18,691,505	602,951	Dec.	186,935	Inc. 13,868
North Louisiana.....	1,619,850	53,995	1,974,220	63,685	Dec.	354,370	Dec. 9,690
Total, District	20,124,420	670,814	20,665,725	666,636	Dec.	541,305	Inc. 4,178

SEPTEMBER DRILLING RESULTS

Field—	Comple- tions	Pro- ducers	Gas Wells	Fail- ures	Initial Production
North Texas.....	153	76	14	63	12,717
Central-West Texas.....	183	120	7	56	83,165
East-Central Texas.....	*				
East Texas.....	7	2	5	0	5,036
Texas Coastal.....	67	45	1	21	33,870
Southwest Texas.....	15	9	2	4	3,257
Texas Wildcats.....	51	5	7	39	635
Total Texas	476	257	36	183	138,680
North Louisiana.....	71	16	16	39	4,179
Sept. Totals, District	547	273	52	222	142,859
Aug. Totals, District	458	234	43	181	149,134

*Included in Texas Wildcats.

CRUDE OIL PRICES

	Oct. 12, 1927	Oct. 13, 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 October 12, 1926, not available on a comparable basis.

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

LUMBER

The production rate of the Eleventh District pine mills during September reflected a slight gain as compared to both the previous month and the same month last year. Production of lumber increased from 83 per cent of normal in the previous month to 85 per cent in September while shipments, which amounted to 14 per cent below normal production, were only 1 point less than in August. Orders amounted to 87 per cent of normal production, the same as

in the previous month. Stocks at the close of the month showed a slight decline amounting to 95 per cent of normal on September 30th as compared to 97 per cent a month earlier. Unfilled orders on hand at the end of September at 43 reporting mills were for 42,359,304 feet of lumber, as against 45,772,560 feet recorded at 45 mills on August 31.

SEPTEMBER PINE MILL STATISTICS

Number of reporting mills.....	43
Production.....	83,692,174 feet
Shipments.....	84,893,314 feet
Orders.....	85,790,938 feet
Unfilled orders, September 30.....	42,359,304 feet
Normal production.....	98,480,489 feet
Stocks, September 30.....	261,647,203 feet
Normal stocks.....	276,255,219 feet
Shipments below normal production.....	13,587,175 feet—14%
Actual production below normal.....	14,788,315 feet—15%
Orders below normal production.....	12,689,551 feet—13%
Stocks below normal.....	14,608,016 feet—5%

Lumber statistics compiled by the Southern Pine Association.

CEMENT

The September production and shipments of Portland cement at Texas mills while less than in August, reflected a gain over the same month last year. Production amounted to 487,000 barrels as against 496,000 barrels in the previous month and 437,000 barrels in September, 1926. Shipments were 16.9 per cent smaller than in August but were 6.4 per cent greater than in the corresponding month a year ago. Although stocks on hand at the close of September were 8.4 per cent larger than a month earlier, they were 34.8 per cent less than on September 30, 1926.

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

	September 1927	September 1926	Inc. or Dec.	August 1927	Inc. or Dec.	Nine Months		Dec. Inc. or
						1927	1926	
Production at Texas Mills.....	487,000	437,000	+ 11.4	496,000	- 1.8	4,085,000	3,792,000	+ 7.7
Shipments from Texas mills.....	466,000	438,000	+ 6.4	561,000	-16.9	4,229,000	3,927,000	+ 7.7
Stocks at end of month at Texas mills..	272,000	417,000	-34.8	251,000	+ 8.4			

BUILDING

Activity in building, as measured by the valuation of permits issued at principal cities in this district, though less in

September than in August was greater than in the corresponding month a year ago. There were 2,459 permits granted at these centers during the month aggregating \$9,219,080 as compared to 2,827 valued at \$10,209,144 in the previous month and 2,580 issued in September, 1926, totaling \$8,470,866. The decline from the previous month was

general as only two cities reported increases. As compared to the same period last year the valuation of permits issued during the nine months of the current year was 17.4 per cent less. The cities which show a larger volume of building this year than in 1926 are Beaumont, Corpus Christi, Port Arthur, San Antonio and Waco.

BUILDING PERMITS

	September 1927		September 1926		Inc. or Dec.	August 1927		Inc. or Dec.	Nine Months				Inc. or Dec.
	No.	Valua- tion	No.	Valua- tion		No.	Valua- tion		1927		1926		
									No.	Valuation	No.	Valuation	
Amarillo.....	103	\$2,250,235	261	\$1,325,976	+ 69.7	78	\$ 517,150	+335.1	1,490	\$ 9,078,932	2,125	\$12,600,562	- 28.0
Austin.....	50	68,937	35	61,919	+ 11.3	82	245,793	- 72.0	405	1,019,161	393	1,021,659	- 2.2
Beaumont.....	200	228,884	170	228,342	- 2.0	224	610,221	- 63.3	1,653	4,181,840	1,530	1,392,457	+200.3
Corpus Christi.....	91	114,670	59	124,733	- 8.1	67	250,135	- 54.2	564	2,170,560	544	1,600,724	+ 35.6
Dallas.....	229	2,198,659	289	496,392	+342.9	344	770,975	+185.2	2,796	8,445,362	3,273	13,737,135	- 38.5
El Paso.....	67	77,636	49	140,405	- 44.7	70	301,021	- 74.2	547	863,177	565	1,007,959	- 14.4
Fort Worth.....	283	1,060,934	315	1,245,363	- 14.8	357	1,161,610	- 8.7	2,868	10,444,507	3,005	14,335,003	- 27.1
Galveston.....	176	84,676	228	329,138	- 74.3	224	176,376	- 52.0	1,998	2,405,684	2,339	2,923,003	- 17.7
Houston.....	429	1,402,437	461	1,741,665	- 19.5	466	2,788,440	- 49.7	4,558	20,858,367	4,428	22,446,292	- 7.1
Port Arthur.....	136	171,205	124	79,254	+116.0	152	312,636	- 45.2	1,108	1,340,948	1,103	1,088,545	+ 23.2
San Antonio.....	357	1,051,632	210	466,093	+125.6	358	1,236,548	- 15.0	2,822	11,276,017	2,593	10,568,377	+ 6.7
Shreveport.....	255	252,182	230	1,676,484	- 85.0	292	921,332	- 72.6	1,873	3,349,791	2,305	4,769,987	- 29.8
Waco.....	28	74,490	27	68,247	+ 9.1	46	579,827	- 87.1	284	1,413,156	349	971,122	+ 45.5
Wichita Falls.....	55	187,603	122	486,855	- 61.5	67	337,580	- 44.4	693	2,802,342	1,505	7,971,256	- 64.8
Total.....	2,459	\$9,219,080	2,580	\$8,470,866	+ 8.8	2,327	\$10,209,144	- 9.7	23,659	\$79,644,844	26,057	\$96,434,081	- 17.4

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by Federal Reserve Board as of October 25, 1927)

Industrial and trade activity increased less in September than is usual at this season of the year and continued to be in smaller volume than a year ago. The general level of wholesale commodity prices showed a further rise, reflecting chiefly price advances for agricultural commodities.

Production

The Federal Reserve Board's index of both manufacturing and mineral production, in which allowance is made for usual seasonal variations, decreased between August and September. Production of iron and steel was in smaller volume in September than in any month since 1925. There were also decreases from August to September in the output of non-ferrous metals, automobiles and rubber tires, while the textile and shoe and leather industries continued active. The production of bituminous coal showed about the usual seasonal increase in September and October, but continued in smaller volume than during the same period of other recent years. The output of anthracite was considerably reduced during September and the first half of October, following an increase in August and the weekly output of crude petroleum has decreased slightly since the early part of August. The value of building contracts awarded continued somewhat smaller during September and the first three weeks of October than during the corresponding period of 1925 or 1926: Declines occurred in contracts for residential, commercial, industrial and educational buildings, while contracts for public works and public utilities were larger in September than in the corresponding month of any previous year.

Crop conditions improved in September and the Department of Agriculture's estimate for October 1 indicate larger yields of grain crops than were expected a month earlier. The estimate for the corn crop was increased by 146,000,000 bushels and was only 43,000,000 bushels smaller than the yield in 1926. Wheat production is expected to be 34,000,000 bushels larger than last year, while the estimated cotton crop of 12,678,000 bales is more than 5,000,000 bales below last year's yield.

Distribution

Trade of wholesale and retail firms increased in September by somewhat less than the usual seasonal amount. Compared with a year ago sales of wholesale firms in nearly all lines, except shoes and drugs, were smaller. Sales of department stores were in about

the same volume, and those of mail order houses and chain stores were somewhat larger. Inventories of merchandise carried by reporting wholesale firms in leading lines were reduced in September and continued smaller than last year. Stocks of department stores on the other hand, increased slightly more than is usual in September and at the end of the month were somewhat larger than a year ago.

Freight car loadings were in smaller volume during September and the first week of October than in the corresponding period of last year for all groups of commodities except grain and grain products of which loadings were larger than in the same period of any previous year since 1924.

Wholesale commodity prices advanced in September for the fourth consecutive month and the Bureau of Labor Statistics "all commodities" index rose to the highest level since last January. There were large increases between August and September in the prices of live stock, meats and cotton and small advances in the prices of leather, coal, and chemicals while prices of grains, building materials, and rubber declined. During the first three weeks in October the prices of spring wheat, corn, cotton, coal, and iron and steel declined, while prices of live stock, raw wools, and rubber advanced.

Bank Credit

Total loans and investments of member banks in leading cities showed a further increase for the four weeks ending October 19 and on that date were about \$660,000,000 larger than in midsummer. Of this growth in member bank credit, about \$325,000,000 represented an increase in commercial loans a considerably smaller increase than for the same period last year, and about \$335,000,000 an increase in investments and loans on securities.

At the reserve banks total bills and securities increased during the four weeks ending October 19 as is usual at this season, but were on the average about \$60,000,000 below the level of the corresponding period last year. The increase, which was largely in the form of additions to the banks' holdings of acceptances, reflected chiefly an increase in member bank reserve requirements and an export demand for gold.

Some seasonal firmness in the money market in October was reflected in an increase from 3½ to 3¾ per cent in rates on 90 day bankers' acceptances. The rate on commercial paper remained unchanged at 4 per cent.