

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

	October	September	Inc. or Dec.
Bank debits to individual accounts (at 16 cities).....	\$876,656,000	\$804,173,000	Inc. 9.0%
Department store sales.....			Inc. 22.7%
Reserve Bank loans to member banks at end of month.....	\$ 11,077,419	\$ 5,639,057	Inc. 96.4%
Reserve Bank ratio at end of month.....	57.1%	65.1%	Dec. 8 points
Building permit valuations at larger centers.....	\$ 7,066,856	\$ 9,219,080	Dec. 23.3%
Commercial failures (number).....	38	58	Dec. 34.5%
Commercial failures (liabilities).....	\$ 554,653	\$ 1,053,715	Dec. 47.4%
Oil production (barrels).....	20,805,070	20,124,420	Inc. 3.4%
Lumber orders at pine mills (per cent of normal production).....	88%	87%	Inc. 1 point

The rise in the gross deposits of member banks in the Eleventh Federal Reserve District, as of the call report of October 10th, to the billion dollar level for the second time in history, and the rise in both net demand and time deposits on October 26th to the highest point on record, are recent developments of more than passing significance and evidence the remarkable recuperative powers of the district. The increase in deposits has been made possible by reason of the fact that farmers have followed the policy of crop diversification, have raised their living at home, have reduced the cost of production, and have been able to market a large proportion of the cotton crop at or near the 20-cent level. Coincident with the rise in deposits has been the heavy liquidation of indebtedness at both banks and mercantile establishments. While Federal Reserve Bank loans to member banks on November 15th, which amounted to \$6,375,000, were slightly greater than a month earlier, these loans represented largely the borrowings of reserve city banks in connection with the movement of cotton to concentration points, as loans to country banks on that date amounted to approximately \$1,250,000. That the large volume of surplus funds is seeking an investment outlet is evidenced by the fact that cash subscriptions to the November 15th, 3 $\frac{1}{8}$ per cent United States Treasury Certificates of Indebtedness totaled \$42,714,700.00, against which allotments of \$18,559,500 were made. A further evidence of the improvement in the district's business and financial structure was the marked reduction in the business mortality rate. Both the number of failures and the volume of indebtedness were substantially less than in either the previous month or the corresponding month last year.

The past month witnessed a marked improvement in the agricultural situation. The unusually favorable weather prevailing during the month hastened the maturity of crops and enabled the farmers to proceed rapidly with harvesting and

plowing operations and to complete the seeding of small grains. The picking of cotton has been nearly completed in all sections except in West and Northwest Texas. Likewise, the harvesting of corn, grain sorghums and hay is nearing completion in most sections of the district. Except in a few localities, the physical condition of ranges and livestock showed a further improvement during the past month, and reports indicate that stock will be able to go through the winter with a minimum of feeding. Shipments of cattle to market centers have been heavy and prices have risen to a higher level. The strong market demand for livestock continues to be an outstanding factor in sustaining the business situation, especially in the Western half of the district.

The volume of retail trade in the larger centers, as evidenced by department store sales, showed a seasonal expansion of 23 per cent but was 3 per cent less than a year ago. While the distribution of merchandise at wholesale reflected a decline as compared to the previous month, it was substantially larger than in October last year. Although distribution in some lines has not come up to early expectations the trade situation is gradually improving and the outlook generally is reported to be satisfactory. Charges to depositors' accounts at banks in the principal cities of this district were 9 per cent larger than in the previous month and were 3 per cent larger than a year ago.

Construction activity in this district during the past month reflected a marked decline. The valuation of building permits issued at principal cities declined 23 per cent as compared to the previous month and was 29 per cent less than a year ago. While the production of lumber slightly declined, shipments and new orders increased. The production and shipments of cement showed large increases, as compared to both the previous month and the same month last year.

CROP CONDITIONS

Farmers made rapid progress during the past thirty days with the harvesting of crops, with the seeding of small grains and with fall plowing, with the result that the agricultural situation is now much better than it was a year ago. A large proportion of corn, grain sorghums and hay has been harvested and the farmers have practically completed the seeding of a large acreage of small grains. While in most sections the small grains are up to a good stand and making fair growth, more moisture is needed in many localities. Due to the early harvesting of crops, favorable weather and the ample labor supply farmers have been able to proceed rapidly with fall plowing operations.

The picking and ginning of cotton has continued at a rapid rate and the gathering of this crop is nearing completion in all sections of the district except the Western third of Texas. Ginning prior to November 1st in Texas amounted to 3,396,000 bales as compared to 3,565,000 bales during the same period last year. The Department of Agriculture in its November 1st report estimated the Texas crop at 4,300,000 bales or 130,000 bales less than the estimate a month earlier and the Arizona crop was reduced 4,000 bales. On the other hand, the Louisiana crop was increased 15,000 bales and the Oklahoma crop 60,000 bales. Due to the favorable weather throughout the fall most of the cotton has been picked and ginned in good condition. Although a considerable portion of the crop in the Western third of Texas was planted late, most of it matured well due to the favorable growing season and the lateness of a general killing frost. It is estimated that the Northwest section of Texas will produce 900,000 bales this year as against 1,381,000 bales last year. As the labor supply is generally ample a large proportion of the cotton is being picked and will be of a high grade, whereas, a year ago most of the crop was of a low grade.

The November 1st estimate of the Texas corn crop was 114,931,000 bushels which was approximately 100,000 bushels greater than the October 1st estimate and approximately 8,100,000 bushels greater than the production in 1926. Most of the corn has been gathered and a considerable amount has been shelled and shipped. Weevils have been active and have damaged a considerable percentage of the grain in the fields and the rats have over-run large areas with the result that material quantities have either been consumed or injured.

Due to the lateness of frost most of the grain sorghums matured well and most of the crop is being harvested in good condition and with a minimum of loss. It is estimated that the grain equivalent of the Texas crop will amount to 69,192,000 bushels or an average yield of 24 bushels per acre. It is estimated that 63 per cent of the 1926 crop was harvested for grain and 37 per cent for forage but this year a somewhat greater forage percentage and a smaller percentage of grain will result.

The Texas rice crop has been threshed and housed much earlier and in better condition than usual and very little of the crop was lost in the fields. It is estimated that the average yield was 39 bushels per acre, making the Texas production 6,279,000 bushels as against an estimate of 6,129,000 bushels a month earlier and a production of 6,142,000 bushels last year.

The probable yield of sweet potatoes in Texas is 90 bushels per acre with a total production of 11,970,000 bushels as compared to 8,556,000 bushels last year. As a

rule, the yield has been good except where the hot, dry summer was too prolonged. The production of peanuts is estimated at 83,200,000 pounds this year as compared to 49,345,000 pounds a year ago. While the 1926 pecan crop in Texas was the largest harvest on record it is estimated that less than 23 per cent of a full crop will be harvested this year. In only a limited number of localities is there a fair crop this season.

LIVESTOCK

Range and livestock conditions throughout the major portion of the Eleventh District showed a further slight improvement during the past month and are generally fair to good in all sections except portions of West Texas and Southeastern New Mexico. Owing to the late season most of the range grass has matured and prospects are good for wintering stock with a minimum of feed. More moisture is needed, however, over much of the district to keep the winter weeds and grasses growing and to fill water tanks. Shipments of cattle to market centers and to feed lots have been heavy and the local demand for stockers has been steadily increasing. Due to the heavy demand for stockers throughout the fall, the number available has diminished rapidly and prices have advanced to the highest level in several years.

The condition of cattle ranges in Texas on November 1st was 85 per cent of normal which compares to 83 per cent a month earlier and 93 per cent a year ago. Due to the improving ranges and favorable weather, the condition of cattle advanced two points during the month to 89 per cent of normal. The November 1st condition of sheep and goat ranges was 89 per cent of normal as compared to 84 per cent on October 1st and 94 per cent on November 1, 1926. The condition of sheep was 92 per cent of normal as compared to 87 per cent a month earlier and 92 per cent a year ago. Fall shearing has been practically completed and the wool clip is turning out better than expected. The mohair clip was lighter than usual but of good quality and length of staple.

Movements and Prices

The October receipts of cattle and calves at the Fort Worth market showed a substantial gain as compared to both the previous month and the same month last year. While the receipts of hogs were slightly less than in September, they were larger than in October, 1926. The arrivals of sheep showed a heavy loss as compared to both the previous month and the same month a year ago.

Despite the heavier receipts of cattle during the past six

FORT WORTH LIVESTOCK RECEIPTS

	October 1927	October 1926	Loss or Gain	September 1927	Loss or Gain
Cattle	94,153	81,839	G 12,314	78,298	G 15,855
Calves	53,316	35,191	G 18,125	40,601	G 12,715
Hogs	21,505	19,676	G 1,829	23,843	L 2,338
Sheep	22,076	36,510	L 14,434	53,545	L 31,469

COMPARATIVE TOP LIVESTOCK PRICES

	Oct. 1927	Oct. 1926	Sept. 1927
Beef steers	\$10.50	\$ 9.00	\$10.75
Stocker steers	10.00	7.75	9.40
Butcher cows	8.00	6.00	7.50
Stocker cows	6.75	5.00	6.25
Calves	11.75	11.25	13.00
Hogs	11.75	14.70	12.10
Sheep	10.75	8.25	8.25
Lambs	13.25	13.25	13.10

weeks, the trend of prices has been upward. During the second week in September some of the best prices of the year were paid for beef steers. Throughout the period there has been a strong demand for all classes of stocker cattle and prices have worked to higher levels. The hog market after showing some strength the first three weeks of October turned downward with the result that a substantial decline was recorded during the last week in October and the first two weeks in November. Sheep and lamb prices have ruled generally steady.

Cotton Movements The receipts and exports of cotton at the ports of Houston and Galveston during October reflected a large seasonal increase as compared to the previous month but were smaller than in October, 1926. The domestic consumption of cotton during October was slightly less than in September but 7.8

per cent greater than in October a year ago. The consumption during the three-month period ending October 31st was 14.3 per cent greater than during the same period last year. On the other hand, the foreign exports of cotton (including linters) during this period averaged 18 per cent less than in the same period a year ago.

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	October 1927	October 1926	August 1 to This Season	October 31 Last Season
Net receipts	597,608	724,460	1,353,843	1,396,200
Exports	304,733	305,710	623,088	695,548
Stocks, Oct. 31.....			784,944	693,906

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

	August 1 to This Season	October 31 Last Season
Receipts	3,708,901	4,600,584
Exports: Great Britain	267,203	662,849
France	266,740	275,882
Continent	1,182,878	1,344,884
Japan-China	328,010	311,738
Mexico	394	1,904
Total foreign ports	2,045,225	2,597,257
Stocks at all U. S. ports Oct. 31.....	2,301,614	2,269,434

SPOT COTTON PRICES
(Middling Basis)

	October, 1927	Nov. 15, 1927
	High	Low
New York	21.80	19.90
New Orleans	21.60	19.68
Dallas	20.65	19.00
Houston	21.60	19.65
Galveston	21.70	19.80

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	October 1927	October 1926	August 1 to This Season	October 31 Last Season
Receipts	521,571	738,695	968,357	1,335,134
Exports	357,864	439,561	551,294	858,317
Stocks, Oct. 31.....			563,092	501,361

GALVESTON STOCK STATEMENT

	Oct. 31, 1927	Oct. 31, 1926
For Great Britain	18,200	24,100
For France	25,100	1,000
For other foreign ports.....	60,400	8,800
For coastwise ports.....	7,500	4,000
In compresses and depots	451,892	463,461
Total	563,092	501,361

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	Oct. 1927	Oct. 1926	August 1 to This Season	Oct. 31 Last Season	Oct. 1927	Oct. 1926	August 1 to This Season	Oct. 31 Last Season
Cotton consumed.....	449,040	404,196	1,375,451	1,174,903	612,935	568,362	1,873,690	1,639,184
Cotton on hand October 31:								
(a) In consuming establishments.....			971,909	841,027			1,327,095	1,213,199
(b) In public storage and compresses.....			5,146,462	5,270,930			5,433,129	5,471,533

COTTONSEED PRODUCTS

The average price paid for cottonseed during the week ending November 12th was \$44.03 per ton as compared to \$42.35 per ton during the week ending October 8th. While

the average price received for cottonseed oil declined from \$.0973 per pound on the latter date to \$.0925 per pound on the former date, the average price received for cake and meal rose from \$34.47 per ton to \$37.83 per ton; hulls from \$6.14 per ton to \$6.38 per ton; and linters from \$.0403 per pound to \$.0415 per pound.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas Aug. 1 to Oct. 31 This Season Last Season		United States Aug. 1 to Oct. 31 This Season Last Season	
Cottonseed received at mills (tons)	990,137	858,492	2,580,308	2,616,590
Cottonseed crushed (tons)	602,298	493,196	1,619,143	1,458,516
Cottonseed on hand (tons)	421,770	375,573	1,050,949	1,153,247
Crude oil produced (pounds)	175,138,000	137,951,000	496,776,580	442,721,964
Cake and meal produced (tons)	278,000	226,000	722,381	667,445
Hulls produced (tons)	174,000	141,000	462,951	419,183
Linters produced (500-lb. bales).....	107,000	85,000	284,233	255,254
Stocks on hand October 31:				
Crude oil (pounds).....	35,576,000	20,579,000	101,269,000	62,721,000
Cake and meal (tons)	49,000	31,000	186,997	170,324
Hulls (tons)	103,000	94,000	250,888	237,541
Linters (500-lb. bales)	49,000	37,000	136,117	138,626

TEXTILE MILLING

Increased activity in the textile industry over both the previous month and the same month last year was reflected in combined reports received from mills in this district in October. Cotton consumption and cloth production increased and a moderate gain was shown in the volume of new orders on hand at the close of the month. There were 3,149 bales of raw cotton consumed in October, as compared to 2,989 bales in September and 2,789 bales in October, 1926. Production of cloth was 13.9 per cent larger than in

TEXTILE MILLING STATISTICS

	Oct. 1927	Oct. 1926	Sept. 1927
Number of bales consumed.....	3,149	2,789	2,989
Number of spindles active.....	76,740	78,740	79,240
No. of pounds cloth produced.....	1,453,111	1,275,539	1,321,213

the corresponding month of last year and 10 per cent greater than in the previous month. Stocks on hand at the close of October showed an increase over those a month earlier and on October 31, 1926.

WHOLESALE TRADE

The volume of distribution at wholesale reflected a decline as compared to the previous month but was substantially larger than in October, 1926. While sales in all reporting lines except hardware were smaller than in September, they were larger than in October, 1926, in all lines except groceries. The unusually warm weather prevailing throughout October and the reactionary trend of the cotton market which has occasioned a delay in the marketing of a portion of the crop were factors affecting the distribution of merchandise in both wholesale and retail channels. While the volume of business generally during the fall months has fallen short of earlier expectations the consensus of opinion seems to be that the business structure is being placed upon a sound basis and both wholesalers and retailers are moderately optimistic regarding the outlook during the coming year. While collections in some instances have been less satisfactory than was anticipated earlier in the season, liquidation has been on a large scale and both wholesalers and retailers in most lines have been able to greatly reduce the volume of outstanding accounts. Conservative policies which have been followed during the past year are being continued and as inventories in most instances are low, merchants are in a position to keep their purchases in close alignment with consumer demand. It will be noted that stocks on October 31st in all reporting wholesale lines were substantially less than a year ago.

Sales of reporting wholesale dry goods firms reflected a further decline of 20.5 per cent as compared to the previous month yet they were 19.5 per cent larger than in October, 1926. Sales during the four-month period ending October 31, averaged 13.5 per cent greater than during the same period in 1926. Stocks on hand at the close of October were 5 per cent less than a month earlier and 6.4 per cent less than a year ago. Collections were 39.5 per cent greater than in September and 32.9 per cent larger than a year ago. Buying continues on a conservative basis and the outlook is reported to be satisfactory.

The distribution of farm implements was practically the same in October as in the previous month and was 46.0 per cent larger than in the corresponding month last year. While buying continues generally light, late reports indicate that the demand is steadily improving and that the outlook is

substantially better than it was a year ago.

The past month witnessed a falling off in the demand for groceries and the decline was fairly general throughout the district. Sales were 9.4 per cent less than in the previous month and 1.8 per cent less than a year ago. While collections reflected a slight decline during the month it should be remembered that they were very large during August and September. The volume of accounts outstanding on October 31, were substantially less than a year ago. Prices remained generally steady.

The demand for drugs did not show the usual seasonal expansion during October. Sales were 6.0 per cent less than in September but slightly above those of October, 1926. While the demand has not come up to earlier expectations it has been reasonably good and dealers are optimistic regarding the future. Collections showed a slight increase over both the previous month and the same month last year. The volume of accounts outstanding at the close of October was materially lower than a year ago.

The demand for hardware at wholesale reflected a further large increase during October. Sales were 10.4 per cent greater than in September and 8.4 per cent larger than in October last year. Business has shown a marked improvement during the past sixty days and dealers report that the outlook for the future is encouraging. Collections showed a large increase over the previous month and were slightly larger than a year ago.

CONDITION OF WHOLESALE TRADE DURING OCTOBER, 1927

Percentage of Increase or Decrease in:

	Net Sales October, 1927 compared with Oct. 1926		Net Sales July 1 to date compared with same period last year		Stocks October, 1927 compared with Oct. 1926	
	Sept. 1927		last year		Sept. 1927	
Groceries	-1.8	-9.4	-4.3	-1.4	+8.8	
Dry Goods	+19.5	-20.5	+13.5	-6.4	-5.0	
Farm Implements	+46.0	-5	+7.9	-10.1	+4	
Hardware	+8.4	+10.4	-4.4	-6.2	-2.6	
Drugs	+6	-6.0	-3.7	-9.8	+7	

RETAIL TRADE

Retail distribution in the larger cities as reflected by department store sales showed a further seasonal increase of 22.7 per cent as compared to the previous month but was 2.9 per cent less than in October a year ago. The continuance of unusually warm weather retarded sales in some lines.

Stocks on hand at the close of October showed a slight increase of 1.6 per cent as compared to the previous month but were 6 per cent less than a year ago. The percentage of sales to average stocks during the first ten months of

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	All Others	Total District
Total Sales:					
October, 1927, compared with October, 1926.....	+6.3	+1.7	-5.9	-1.0	-2.9
October, 1927 compared with September, 1927.....	+30.8	+21.9	+16.8	+16.9	+22.7
January 1 to date compared with same period last year.....	-9.2	+2.5	-3.3	-2.0	-3.9
Credit Sales:					
October, 1927, compared with October, 1926.....	+2.7	+6.2	-1.8	-.5	+1.8
October, 1927 compared with September, 1927.....	+33.9	+17.3	+14.7	+16.7	+23.4
January 1 to date compared with same period last year.....	-9.0	+6.8	+.4	-2.3	-3.5
Stocks:					
October, 1927, compared with October, 1926.....	-9.3	-1.4	-8.7	-4.2	-6.0
October, 1927 compared with September, 1927.....	+.5	+2.7	-.3	+2.7	+1.6
Percentage of sales to average stocks in:					
October, 1926	27.6	24.5	19.8	25.5	25.5
October, 1927	27.1	24.4	20.4	25.9	25.5
Percentage of sales to average stocks:					
January 1 to October 31, 1926.....	210.1	195.7	192.7	216.2	207.7
January 1 to October 31, 1927.....	214.5	210.5	194.4	224.0	215.0
Ratio of outstanding orders to last year's purchases.....	6.5	5.1	6.2	4.6	5.8
Ratio of October collections to accounts receivable and outstanding October 1, 1927.....	33.2	37.6	43.1	42.7	37.7

1927 was 215.0 as compared to 207.7 during the corresponding period of 1926.

Collections during the month reflected a large seasonal increase. The ratio of October collections to accounts receivable on October 1st amounted to 37.7 as compared to 32.1 in the previous month of 38.3 in the corresponding month last year.

FINANCIAL

Charges to depositors' accounts at sixteen principal cities in the Eleventh District reflected a further increase in October and were larger than in the corresponding month of last year. Debits to these accounts aggregated \$876,656,000 which was 9 per cent larger than during September and 3.3 per cent greater than in October, 1926. It will be observed that with only one exception the increase over the previous month was general throughout the district.

DEBITS TO INDIVIDUAL ACCOUNTS (In Thousands of Dollars)

	Oct. 1927	Oct. 1926	Inc or Dec.	Sept. 1927	Inc. or Dec.
Abilene	\$ 13,122	\$ 14,549	- 9.8	\$ 11,461	+14.5
Austin	22,621	23,172	- 2.4	22,054	+ 2.6
Beaumont	23,227	24,404	- 4.8	22,616	+ 2.7
Corsicana	7,214	6,799	+ 6.1	7,898	- 2.5
Dallas	268,064	241,947	+10.8	248,714	+10.0
El Paso	34,054	32,351	+ 5.3	29,465	+15.6
Fort Worth	103,871	93,997	+10.5	90,537	+14.7
Galveston	57,137	64,044	-10.8	46,838	+22.0
Houston	213,366	214,507	- .5	211,210	+ 1.0
Port Arthur	10,065	9,662	+ 4.2	10,002	+ .6
San Antonio	81,365	.....	.....	77,482	+ 5.0
Roswell	4,592	3,755	+22.3	3,118	+47.2
Shreveport	42,820	42,753	+ .2	39,228	+ 9.2
Texarkana	11,685	10,494	+11.4	10,053	+16.2
Tucson	9,961	9,564	+ 4.2	8,346	+19.4
Waco	26,649	22,157	+20.3	23,971	+11.2
Wichita Falls	28,208	34,483	-18.2	24,162	+16.7
Total 11th District.....	\$876,656	\$848,638	+ 3.3	\$804,173	+ 9.0

* Not included in total.

Acceptance Market

After showing large increases for three consecutive months, the volume of acceptances executed by accepting banks in the

Eleventh District and outstanding at the end of the month showed a slight decline at the close of October. Outstanding acceptances on October 31, executed by these banks amounted to \$8,135,445 which was \$119,808 less than a month earlier. Acceptances executed against import and export transactions increased from \$1,383,163 on September 30th to \$1,616,233 on October 31, but on the other hand, those based on the domestic shipment and storage of goods declined from \$6,872,090 on the former date to \$6,519,212 on the latter date.

Condition of Member Banks in Selected Cities

Reports of member banks in selected cities reflected a further substantial increase during the past month in the demand for funds for industrial and commercial purposes. The item "all other

loans" (largely commercial) increased \$10,724,000 during October and on November 2, was \$9,650,000 greater than a year ago. Loans secured by corporate securities after showing a rapid expansion during August and September reflected an increase of only \$52,000 during October. Loans secured by Government securities declined \$132,000. The investments of these banks reflected a gain of \$169,000 represented by an increase of \$30,000 in Government securities and \$139,000 in other stocks and bonds. Their net demand deposits increased \$6,874,000 during October and time deposits rose \$2,058,000. Their combined deposits on November 2, were \$36,520,000 greater than on the same date a year ago. The bills payable and rediscounts of these banks with the Federal Reserve Bank amounted to \$9,100,000 on November 2, as compared to \$1,956,000 on October 5, and \$14,775,000 on November 3, 1926. The ratio of loans to net demand deposits was 86 per cent on November 2, as compared to 84 per cent a month earlier and 91 per cent on that date a year ago.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Nov. 2, 1927	Oct. 5, 1927	Nov. 3, 1926
1. Number of reporting banks.....	45	45	47
2. U. S. securities owned.....	\$ 64,889,000	\$ 64,859,000	\$ 53,107,000
3. All other stocks, bonds and securities owned.....	30,856,000	30,717,000	25,381,000
4. Loans secured by U. S. Government obligations.....	2,782,000	2,650,000	4,013,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	83,111,000	83,059,000	73,276,000
6. All other loans.....	253,165,000	242,441,000	243,515,000
7. Net demand deposits.....	297,384,000	290,510,000	272,266,000
8. Time deposits.....	112,171,000	110,113,000	100,769,000
9. Reserve with Federal Reserve Bank.....	32,956,000	31,832,000	28,639,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	9,100,000	1,956,000	14,775,000
11. Ratio of loans* to net demand deposits.....	86%	84%	91%

*Loans include only items 4 and 6.

Savings Deposits

Savings deposits of 91 reporting banks in this district, which operate a savings department, amounted to \$126,398,026 on October 31st, representing an increase of 1.8 per cent over those on September 30th and 8.5 per cent over October 31,

1926. There were 268,461 accounts carried at 84 of these banks at the close of the month as against 266,428 a month earlier and 252,331 accounts on the corresponding date of last year.

SAVINGS DEPOSITS

	October 31, 1927			October 31, 1926			September 30, 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	3*	2,683	\$ 1,119,132	2,785	\$ 1,039,403	+ 7.7	2,766	\$ 1,093,917	+ 2.3
Dallas	7	52,368	21,003,742	47,986	17,848,217	+17.7	51,737	20,517,301	+ 2.4
El Paso	3	15,298	5,186,632	16,704	5,943,568	-12.7	15,042	5,126,104	+ 1.2
Fort Worth	3	20,891	6,916,237	19,816	6,514,146	+ 6.2	20,759	6,737,285	+ 2.7
Galveston	3	13,493	9,772,176	13,190	8,668,307	+12.7	13,525	9,687,321	+ .9
Houston	12*	64,157	29,426,331	56,675	26,741,634	+10.0	63,717	29,089,668	+ 1.2
San Antonio	6*	23,336	13,529,613	22,238	12,349,889	+ 9.6	23,248	13,375,437	+ 1.2
Shreveport	4*	23,887	11,329,348	20,827	11,408,429	- .7	23,761	11,124,244	+ 1.8
Waco	3	7,629	4,254,044	7,325	3,907,562	+ 8.9	7,546	4,155,010	+ 2.4
Wichita Falls	2	4,185	2,005,804	5,334	2,636,865	-23.9	4,029	2,092,683	- 4.2
All others	45*	40,534	21,854,967	39,506	19,456,589	+12.3	40,298	21,128,164	+ 3.4
Total.....	91	268,461	\$126,398,026	252,331	\$116,515,169	+ 8.5	266,428	\$124,127,134	+ 1.8

*Only 2 banks in Beaumont, 11 banks in Houston, 5 banks in San Antonio, 3 banks in Shreveport, and 42 banks in "all others" reported the number of savings depositors.

NOVEMBER 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	4¼-6	5½-7
Rate charged on loans to other banks, secured by bills receivable	5	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	5-8	5-6	6-7	6-7
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	6-8	6-8	7-8	6-8	7-8

Deposits of Member Banks Combined deposits of member banks in the Eleventh District, which amounted to \$881,572,000 on October 26, reflected a further increase of \$30,587,000 over those of a month earlier and were \$90,046,000 greater than a year ago. An increase of \$25,933,000 was shown in the net demand deposits of these banks during the four-week period ending October 26th and their time deposits rose \$4,654,000. While banks located in cities of less than 15,000 population reported the larger increase in net demand deposits, the expansion in time deposits occurred largely at banks situated in cities of over 15,000 population.

508,031.96 on October 31st, distributed as follows:

Member bank collateral notes secured by United States Government obligations	\$ 6,460,500.00
Rediscounts and all other loans to member banks	4,616,918.76
Open market purchases (Banker's Acceptances)	17,430,613.20
Total bills held	\$28,508,031.96

Federal reserve notes in actual circulation amounted to \$50,753,140 at the close of October, which represents a further expansion of \$2,834,970 during the month and compares with \$50,349,715 in actual circulation on October 31, 1926. The daily average reserve deposits of member banks rose from \$61,689,031 in September to \$64,834,386 in October, or an increase of \$3,145,355.

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
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	278,993	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
Sept. 28, 1927	667,854	183,131	303,977	49,023	363,877	134,108
Oct. 26, 1927	693,787	187,785	322,579	49,887	371,208	137,898

Operations of the Federal Reserve Bank Liquidation at the Federal Reserve Bank continued during the early days of October and member bank loans reached a low point at \$4,496,561 for the fall season on October 10th. Subsequent to that date, however, loans rose rapidly and on the last day of the month amounted to \$11,077,419, which was \$5,438,362 greater than those a month earlier. After remaining relatively steady during the first eight days of November, loans again turned downward and on November 15th had declined to \$6,375,142 as compared to \$17,309,879 on November 15, 1926. The increase in loans during the last three weeks of October was due entirely to the heavy borrowings of reserve city banks which was occasioned by the financing of the movement of cotton to concentration centers. The liquidation of loans by country banks continued throughout October and the first half of November. That a number of banks have completely retired their lines with the Reserve Bank is indicated by the reduction in the number of borrowing banks from 133 on September 30th to 81 on October 31st.

Due to the large increase in loans to member banks and bills purchased the total volume of bills held by this bank increased from \$16,651,428.15 on September 30th to \$23,

FAILURES

The past month witnessed a marked improvement in the business mortality rate of the Eleventh Federal Reserve District. With the exception of July, both the number of failures and the amount of liabilities were lower than in any month during the current year. During the month there were 38 failures with liabilities totaling \$554,653 as compared to 58 insolvencies in September with an indebtedness of \$1,053,715 and 68 defaults in October, 1926, which owed \$1,181,400.

PETROLEUM

There were 20,805,070 barrels of crude oil produced in the Eleventh Federal Reserve District in October, as compared to 20,124,420 barrels in September, representing an increase of 670,650 barrels in total output. This increase was due in part to the maintenance of production of old wells at a high level and to the completion of new wells with a large initial yield. On the other hand, field activities reflected a sharp decline reaching the lowest level of any month in several years. Declining production in some portions of the district because of adverse market conditions, resulting in a correspondingly lowering of the local supply, has served to strengthen the market situation in those sections. In some instances stocks have been drawn upon to meet demands of local refineries. There were 435 completions during the month of which 207 were producers of oil yielding 122,162 barrels of new production, as compared to 547 completions in September of which 273 were successful and yielded 142,859 barrels of initial production.

A further increase was shown in the daily average production of crude oil in Texas, amounting to 619,848 barrels in October as compared to 616,819 barrels in the previous month. The substantial increase in the Central West Texas field was more than sufficient to offset the declines which were reported in all other areas of the State. Production in Central West Texas increased from 7,046,070 barrels in

September to 8,030,650 barrels in October due primarily to the new peak levels reached in production in Crane, Upton, and Winkler counties. A further decline occurred in the yield of the North Texas area during October. An important development during the past three months has been the displacement of the North Texas region by Central-West Texas as the principal producing area in the State. The total output of crude oil in North Louisiana declined from 1,619,850 barrels in September to 1,589,770 barrels in October.

OCTOBER DRILLING RESULTS

Field—	Comple- tions	Pro- ducers	Gas Wells	Fail- ures	Initial Production
North Texas	143	69	15	59	12,800
Central-West Texas	142	92	8	42	78,390
East-Central Texas	6	5	.....	1	1,225
East Texas	9	.....	9	.....	.....
Texas Coastal	40	27	.....	13	28,572
Southwest Texas	4	2	.....	2	75
Texas wildcats	47	1	5	41	200
Total Texas	391	196	37	158	121,262
North Louisiana	44	11	18	15	900
Oct. Totals, District.....	435	207	55	173	122,162
Sept. Totals, District.....	547	273	52	222	142,859

OIL PRODUCTION

	October		September		Inc. or Dec.	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	5,672,950	182,998	5,828,400	194,280	Dec.	155,450
Central-West Texas.....	8,030,650	259,053	7,046,070	234,869	Inc.	984,580
East-Central Texas.....	896,650	28,924	925,600	30,853	Dec.	28,950
Texas Coastal.....	3,783,050	122,034	3,797,250	126,575	Dec.	14,200
Southwest Texas.....	832,000	26,839	907,250	30,242	Dec.	75,250
Total, Texas	19,215,300	619,848	18,504,570	616,819	Inc.	710,730
North Louisiana.....	1,589,770	51,283	1,619,850	53,995	Dec.	30,080
Total, District.....	20,805,070	671,131	20,124,420	670,814	Inc.	680,650

CRUDE OIL PRICES

	Nov. 16, 1927	Nov. 17, 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 November 16, 1926, not available on a comparable basis.

Oil statistics compiled by the "Oil Weekly," Houston, Texas

LUMBER

While production of lumber at pine mills in the Eleventh District was less in October than in September, shipments of lumber reflected an increase and were the largest of any month during the current year. Production during the month amounted to 82 per cent of normal as compared to 85 per cent in September and shipments of lumber totaled 87 per cent of normal production as against 86 per cent in the previous month. Orders during October which amounted to 88 per cent of normal production showed a

slight gain of one point over those in September, and compares with 80 per cent in the corresponding month of 1926. Stocks on hand at the close of October, which amounted to 95 per cent of normal, showed no change over those a month earlier. Unfilled orders at 49 reporting mills totaled 49,745,440 feet of lumber as compared to orders for 42,359,304 feet, unfilled, at 43 mills on September 30.

OCTOBER PINE MILL STATISTICS

Number of reporting mills.....	49
Production	94,796,187 feet
Shipments	100,687,970 feet
Orders	102,081,700 feet
Unfilled orders, October 31.....	49,745,440 feet
Normal production	115,909,649 feet
Stocks, October 31.....	292,644,347 feet
Normal stocks	307,439,255 feet
Shipments below normal production.....	15,221,679 feet—13%
Actual production below normal.....	21,113,462 feet—18%
Orders below normal production.....	13,827,949 feet—12%
Stocks below normal.....	14,794,908 feet—5%

CEMENT

The production of cement at Texas mills during October reached a new high record being 9.2 per cent greater than in the previous month and 24.3 per cent greater than in the corresponding month last year. Shipments from these mills which amounted to 535,000 barrels were 14.8 per cent

greater than in September and 20.5 per cent larger than in October, 1926. Stocks on hand on October 31, were slightly less than a month earlier and 33.5 per cent below those of a year ago.

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

	Oct. 1927	Oct. 1926	Inc. or Dec.	Sept. 1927	Inc. or Dec.	1927	Ten Months 1926	Inc. or Dec.
Production at Texas Mills.....	532,000	428,000	+24.3	487,000	+ 9.2	4,617,000	4,220,000	+ 9.4
Shipments from Texas mills.....	535,000	444,000	+20.5	466,000	+14.8	4,764,000	4,371,000	+ 9.0
Stocks at end of month at Texas mills..	270,000	406,000	-33.5	272,000	- .7			

BUILDING

A further decline in building operations was reflected in the valuation of permits issued at principal cities in the district in October. The valuation of permits issued at these centers amounted to \$7,066,856 as compared to \$9,219,080 in September and \$9,943,643 in October, 1926. It will be

observed that the number of permits issued during the month was greater than in September and only slightly less than in the corresponding month of last year, which would seem to indicate that an increase occurred in residential construc-

tion. There have been 26,384 permits issued during the 711,700 as compared to 28,847 permits aggregating \$106,- ten months of the current year with a valuation of \$86,- 377,724 issued during the corresponding period of 1926.

BUILDING PERMITS

	Ten Months												Inc. or		
	October, 1927		October, 1926		Inc. or	September, 1927		Inc. or	1927		1926			Inc. or	
	No.	Valuation	No.	Valuation		No.	Valuation		Dec.	No.	Valuation	No.			Valuation
Amarillo.....	101	\$ 570,466	329	\$1,535,817	— 62.9	103	\$2,250,235	— 74.6	1,591	\$ 9,644,398	2,454	\$ 14,136,379	— 31.8		
Austin	70	60,058	43	64,175	— 6.4	50	68,937	— 12.9	475	1,079,219	436	1,085,834	— .6		
Beaumont	186	265,803	171	252,272	+ 5.4	200	223,884	+ 18.7	1,839	4,447,643	1,701	1,644,729	+170.4		
Corpus Christi.....	81	187,330	80	186,820	+ .3	91	114,570	+ 63.5	645	2,357,890	624	1,787,544	+ 31.9		
Dallas	266	451,704	324	1,424,046	— 68.3	229	2,198,659	— 79.5	3,062	8,897,066	3,579	15,161,181	— 41.3		
El Paso	72	206,190	44	52,238	+294.7	67	77,636	+165.6	619	1,069,367	609	1,060,197	+ .9		
Fort Worth	332	1,114,003	342	904,595	+ 23.1	283	1,060,934	+ 5.0	3,200	11,558,510	3,347	15,239,598	— 24.2		
Galveston	267	155,925	259	126,235	+ 23.5	176	84,676	+ 84.1	2,265	2,561,609	2,598	3,049,238	— 16.0		
Houston	520	2,317,929	418	2,068,147	+ 12.1	429	1,402,437	+ 65.3	5,078	23,176,296	4,846	24,514,439	— 5.5		
Port Arthur.....	125	274,161	119	88,799	+208.7	136	171,205	+ 60.1	1,233	1,615,109	1,222	1,177,344	+ 37.2		
San Antonio	368	948,488	238	2,256,125	— 58.0	357	1,051,632	— 9.8	3,190	12,224,505	2,831	12,824,502	— 4.7		
Shreveport	239	252,537	265	242,952	+ 3.9	255	252,182	+ .1	2,112	3,602,328	2,570	5,012,939	— 23.1		
Waco	29	62,010	33	57,000	+ 8.8	23	74,490	— 16.8	813	1,475,166	882	1,028,122	+ 43.5		
Wichita Falls	69	200,252	143	684,422	— 70.7	55	187,603	+ 6.7	762	3,002,594	1,648	8,655,678	— 65.3		
Total	2,725	\$7,066,856	2,808	\$9,943,643	— 28.9	2,459	\$9,219,080	— 23.3	26,384	\$86,711,700	28,847	\$106,377,724	— 18.5		

SUMMARY OF NATIONAL BUSINESS CONDITIONS

Compiled by the Federal Reserve Board as of November 25, 1927

Industry and trade were less active in October than in the preceding month and were in smaller volume than a year ago. The general level of wholesale commodity prices showed a further slight advance.

PRODUCTION

Production of manufacturers declined in October contrary to the usual seasonal tendency, while the output of minerals remained in practically the same volume as in September. In October and November activity of iron and steel mills and of automobile plants was smaller than at any previous period of the year. There were also decreases during October in cotton consumption and in the production of building materials, crude petroleum, and boots and shoes. The output of bituminous coal and the number of hogs and cattle slaughtered increased by less than the usual seasonal amount. Production of flour, copper and anthracite coal showed increases in October. Building contracts awarded increased considerably owing to unusually large awards in New York and Chicago in the last week of the month. The increases were largest in contracts for residential and commercial buildings.

Unusually favorable weather during October in agricultural states resulted in increased yield for late fall crops. The indicated production of corn, according to the November crop report of the Department of Agriculture was placed at 2,753,000,000 bushels an increase of 150,000,000 bushels over the estimate of the previous month and 106,000,000 bushels over the yield of a year ago. Larger yields, as compared with the previous month's estimates were also indicated for cotton, tobacco, and potatoes.

TRADE

Trade at wholesale and retail showed less than the usual seasonal increase in October compared with October a year ago. Wholesale trade in all leading lines, except meats and drugs, was smaller. Department store sales were approximately 3 per cent smaller than in October, 1926, while those of mail order houses and chain stores were somewhat larger. Inventories of merchandise carried by wholesale firms were smaller in all reporting lines at the end of the month than in September. Compared with a year ago, stocks were smaller in all lines except drugs. Stocks of department stores increased in

October in anticipation of the growth in sales that usually occurs in November and December, but at the end of the month they were no larger than a year ago.

Freight car loadings declined in October and the first part of November and were smaller than in the corresponding period of last year for all classes of freight except grain and grain products.

PRICES

Wholesale commodity prices increased slightly in October, continuing the advance which began early in the summer and the Bureau of Labor Statistics index for October was higher than for any previous month of this year. The advance in the average was higher than for any previous month of this year. The advance in the average for all commodities from September to October reflected increases in the prices of livestock, meats, and dairy products. Prices of corn, cotton, coal, metals, paint materials, and automobile tires, on the other hand, declined. During the first three weeks in November there were increases in the prices of grains, cattle, copper, hides, and rubber and decreases in hogs, cotton, silk, coal, petroleum, and iron and steel.

BANK CREDIT

Total loans and investments of member banks in leading cities increased by nearly \$300,000,000 during the latter part of October and the first half of November and on November 16, were the highest ever reported.

Investments increased by more than \$200,000,000 reflecting in large part purchases of Treasury Certificates Issue on November 15, and loans on securities increased by about \$125,000,000. Loans chiefly for commercial and agricultural purposes declined during the period from the seasonal peak reached early in October. There was a continued increase in the demand for reserve bank credit between October 19, and November 23, arising chiefly out of further exports of gold. Discounts from member banks declined somewhat, while acceptances and holdings of United States Government securities increased. Conditions in the money market remained moderately easy in November. Call loan rates remained at the level reached in the latter part of October, and rates on prime commercial paper and bankers, acceptances were unchanged.