

MONTHLY BUSINESS REVIEW

OF THE FEDERAL RESERVE BANK OF DALLAS

C. C. WALSH,
Chairman and Federal Reserve Agent

CHAS. C. HALL—W. J. EVANS,
Assistant Federal Reserve Agents

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DISTRICT SUMMARY

THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	November	October	Inc. or Dec.
Bank debits to individual accounts (at 16 cities).....	\$823,691,000	\$876,660,000	Dec. 6.0%
Department store sales.....			Dec. 4.4%
Reserve Bank loans to member banks at end of month.....	\$ 6,783,963	\$ 11,077,419	Dec. 38.8%
Reserve Bank ratio at end of month.....	53.5%	57.1%	Dec. 3.6 points
Building permit valuations at larger centers.....	\$ 7,843,869	\$ 7,066,856	Inc. 11.0%
Commercial failures (number).....	68	38	Inc. 78.9%
Commercial failures (liabilities).....	\$ 818,200	\$ 554,653	Inc. 47.5%
Oil production (barrels).....	20,209,350	20,805,070	Dec. 2.9%
Lumber orders at pine mills (per cent of normal production).....	82%	88%	Dec. 6 points

A further improvement in the agricultural and livestock industries and in the financial situation was in evidence during the past month. Deposits of member banks which amounted to \$907,143,000 on November 9th established a new high level, being \$22,838,000 greater than on October 26th and \$105,726,000 greater than on November 24, 1926. Federal Reserve Bank loans to member banks on December 15th amounted to \$5,632,396 which was \$742,747 less than a month earlier and \$3,057,446 less than on the corresponding date a year ago. The decline in these loans has been due entirely to the liquidation of indebtedness by country banks as loans to reserve city banks have increased. The large increase in deposits has created a heavy demand for commercial paper, bankers' acceptances, and other forms of short term investments to serve as secondary reserves for these banks. Despite the heavy allotments of the Treasury issue of November 15th subscription to the December 15th issue of $3\frac{1}{4}$ per cent Treasury Certificates of Indebtedness rose to \$47,345,500 against which allotments of \$13,381,500 were made.

The trade situation during November was affected by seasonal influences and the unusually warm weather. Department store sales showed a decline of 4 per cent as compared to the previous month and were slightly less than a year ago. In the majority of the reporting wholesale lines, sales were smaller than in either the previous month or the same month last year. Reports indicate, however, that during the first two weeks in December the demand for merchandise at retail has shown a considerable expansion due to the heavy volume of Christmas buying and the movement of winter goods as the result of the cold wave. Present indications are that the volume of retail trade in December will be very heavy. Debits to individual accounts showed a seasonal decline of 6 per cent as compared to the previous month but were 7.6 per cent larger than a year ago.

Failures in this district were more numerous than in the previous month as is usual at this season but were considerably smaller than a year ago.

The volume of building which reflected a steady decline during the two previous months, showed a substantial increase in November. The valuation of permits issued at principal cities was 11 per cent larger than in October and was 27 per cent greater than a year ago. The production and shipments of cement were practically the same as in the previous month but were substantially larger than in November, 1926.

The general rains which fell over the major portion of the Eleventh District during the first half of December relieved the drouth and were very beneficial to small grains and ranges. Dry weather prevailing prior to that time had retarded the growth of wheat and oats and in some instances the plants were dying. Furthermore, in some sections the ground was becoming too dry for farmers to continue with winter plowing. The dry weather, however, enabled the farmers to complete the harvesting of crops in good condition and much earlier than usual. Fall plowing is well advanced. With the harvesting of crops virtually completed and with the most of them either marketed or stored, it is evident that the returns from this year's crops have been exceedingly large. The farmers not only have ample feed for use in connection with the cultivation of crops in 1928, but they have also derived large cash returns from the money crops. While the physical conditions of the district's ranges and livestock deteriorated somewhat during November, the recent rains have revived the ranges and livestock in most sections will enter the winter in good condition. Reports indicate that there is ample feed to carry them through the winter. Despite the fact that the market receipts of cattle during November and the early part of December were the heaviest in several years, cattle prices rose to higher levels. Trading on the ranges has been active at high prices.

CROP CONDITIONS

The open weather prevailing throughout the Eleventh Federal Reserve District during the past thirty days enabled farmers to practically complete the harvesting of crops and to make rapid progress with plowing operations. The deficiency of moisture, however, retarded the growth of small grains and reseeding in some instances will be necessary. In some localities the winter grains had sufficient subsoil moisture to keep the plants growing but in others the plants suffered considerably. The recent rains which have covered a large area of the district, have revived the small grains and have been valuable for conditioning the soil for spring planting.

The Department of Agriculture in its final report on cotton production on December 1st estimated the cotton crop in Texas at 4,280,000 (500-lb. gross weight) bales. There had been ginned in Texas 3,882,000 running bales prior to December 1st, which constituted 93 per cent of the estimated production. It was estimated that 4 per cent of the acreage in cultivation on July 1st was abandoned. The weather has been very favorable for picking and pickers have been plentiful. In all sections of the district except Northwest Texas picking is about completed except the final scrapings. In the Rio Grande Valley and in scattered localities elsewhere there is some top crop as well as some late plantings still to be picked. The crop has been gathered unusually early. In Northwest Texas most of the cotton below the cap rock has been picked. As the result of the low temperatures there will be more bollies than was expected early in November.

Because of the open weather during the fall most of the crop has graded very high, some localities averaging strict middling. The staple, however, has not been so good as in years of more rainfall and less insect activity. Weevils have been more numerous than in any year since 1921 and large numbers have gone into hibernation but a hard winter would serve to reduce this menace to next year's crop prospects.

Shipments of citrus fruit from the Rio Grande Valley are in full swing and are reported to be unusually large. Spinach, tomatoes, and mixed vegetables are also moving in sizable quantities.

LIVESTOCK

The continuance of dry weather during November and the early part of December had an adverse effect upon range and livestock conditions in practically every section of the district. Grain pastures have suffered considerably from the deficiency of moisture and stock in many instances have been taken from the fields. Winter weeds and grasses have made good feed but they have been held back by the dry weather. The recent rains, however, have relieved the situation over a large area of the district. The most unfavorable condition prevails in West Texas and Southeastern New Mexico. In most of these sections there has been a deficiency of moisture since early summer and the prolonged drouth has caused a shortage of grasses and other feed stuff. Ranges are generally poor in these areas and in most instances are lightly stocked. Shipments to market from nearly all sections of the district have been large but the movement from West Texas has been the heaviest. Local trading has been active in almost every section. The heavy

demand for stocker cattle is still in evidence and reports indicate that buyers are taking the bulk of offerings at good prices.

The condition of cattle ranges in Texas declined 3 points during November to 82 per cent of normal and was 10 points below the condition on December 1, 1926. While the condition of cattle declined 2 points as compared to that obtaining a month earlier, reports indicate that cattle are in fair to excellent condition to start the winter. The sheep and goat ranges were 83 per cent of normal on December 1st which represents a decline of 6 points during November but the condition of sheep declined only 3 points during the month. Winter lambs are coming now and reports indicate that prospects are good for a large crop. Most of the fall wool clip has been sold at prices higher than those prevailing a year ago.

Movements and Prices

The receipts of cattle and calves at the Fort Worth market during November reflected a large increase as compared to both the previous month and the same month last year. In fact, cattle receipts were the largest of any month during the past three years and those of calves were the largest since October, 1922. While the arrivals of hogs and sheep were less than the previous month, they were larger than a year ago.

Despite the heavy receipts there has been a broad outlet for cattle of all classes and prices rose to the highest level in several years. During the second week of December a shipment of corn fed steers topped the market at \$12.25. There has been a strong demand for stocker cattle and prices have risen to a higher level. The hog market, which turned downward in October, continued to decline during November and the first half of December even though receipts have been smaller. Sheep trading was restricted owing to the scarcity of receipts but the market was generally steady. Lamb prices have advanced, some choice spring lambs selling as high as \$14.00.

FORT WORTH LIVESTOCK RECEIPTS

	November 1927	November 1926	Loss or Gain	October 1927	Loss or Gain
Cattle	119,391	89,254	G 30,137	94,153	G 25,238
Calves	57,502	39,855	G 17,647	53,316	G 4,186
Hogs	20,871	20,072	G 799	21,505	L 634
Sheep	18,883	17,732	G 1,151	22,076	L 3,193

COMPARATIVE TOP LIVESTOCK PRICES

	Nov. 1927	Nov. 1926	Oct. 1927
Beef steers	\$11.75	\$ 8.75	\$10.50
Stocker steers	11.50	7.65	10.00
Butcher cows	7.50	6.00	8.00
Stocker cows	6.80	5.00	6.75
Calves	11.25	9.75	11.75
Hogs	10.00	13.50	11.75
Sheep	8.00	8.00	10.75
Lambs	14.00	13.25	13.25

*Cotton**Movements*

Receipts and exports of cotton through the ports of Houston and Galveston during November showed a heavy decline as compared to the corresponding month last year. The domestic consumption of cotton during November, which amounted to 625,680 bales, reached a new high level for that month. It represents a gain of 2.1 per cent as compared to the previous month and 7.2 per cent as compared to November, 1926. Consumption during the four-month period this season was 12.4 per cent greater than during the corresponding period last season.

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	Nov. 1927	Nov. 1926	August 1 to Nov. 30 This Season	August 1 to Nov. 30 Last Season	Nov. 1927	Nov. 1926	August 1 to Nov. 30 This Season	August 1 to Nov. 30 Last Season
Cotton consumed.....	468,596	426,129	1,844,047	1,601,032	625,680	583,746	2,499,370	2,222,930
Cotton on hand Nov. 30:								
(a) In consuming establishments.....			1,131,456	1,041,437			1,551,336	1,493,013
(b) In public storage and compresses.....			5,668,551	6,291,086			5,969,418	6,516,502

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	November 1927	November 1926	August 1 to Nov. 30 This Season	August 1 to Nov. 30 Last Season
Receipts	464,190	620,850	1,432,547	1,955,984
Exports	450,150	526,177	956,444	1,384,494
Stocks, Nov. 30....			622,132	721,416

GALVESTON STOCK STATEMENT

	Nov. 30, 1927	Nov. 30, 1926
For Great Britain.....	16,300	32,500
For France	19,000	25,000
For other foreign ports.....	65,400	91,000
For coastwise ports.....	4,500	2,000
In compresses and depots.....	516,932	570,916
Total	622,132	721,416

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	November 1927	November 1926	Aug. 1 to Nov. 30 This Season	Aug. 1 to Nov. 30 Last Season
Receipts	489,790	706,345	1,843,133	2,101,316
Exports	244,228	393,421	867,316	1,088,969
Stocks, Nov. 30.....			972,052	901,109

COTTONSEED PRODUCTS

The average price paid for cottonseed by reporting cottonseed oil mills declined slightly during the past month, being \$43.12 per ton during the week ending December 10th, as compared to \$44.08 during the week ending November 12th. The average price received for oil declined from \$.0925 per pound on the latter date to \$.0873 on the former date; linters declined from \$.0415 per pound to \$.0384 per pound. The average price received for cake and meal and hulls, on the other hand, advanced. Cake and meal sold for \$39.27 per ton during the week ending December 10th, as against \$37.83 per ton during the week ending November 12th. Hulls advanced from \$6.38 per ton to \$6.81 per ton.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	Aug. 1 to Nov. 30 This Season	Last Season	Aug. 1 to Nov. 30 This Season	Last Season
Cottonseed received at mills (tons).....	1,241,254	1,250,687	3,429,014	3,841,077
Cottonseed crushed (tons)	848,314	778,175	2,401,824	2,470,078
Cottonseed on hand (tons)	426,871	481,539	1,113,974	1,391,922
Crude oil produced (lbs.)	248,633,700	219,104,000	744,299,605	740,413,222
Cake and meal produced (tons)	389,510	358,000	1,066,972	1,105,615
Hulls produced (tons)	242,915	226,000	681,737	705,834
Linters produced (running bales)	154,896	128,000	431,359	410,297
Stocks on hand November 30:				
Crude oil (lbs.).....	44,049,818	26,988,000	117,129,884	86,614,000
Cake and meal (tons).....	46,591	32,000	205,008	176,103
Hulls (tons)	107,263	106,000	259,948	266,601
Linters (running bales)	55,088	55,000	151,048	192,846

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

	August 1 to November 30 This Season	Last Season
Receipts	5,220,385	6,746,185
Exports: Great Britain	431,663	1,031,867
France	415,787	451,810
Continent	1,692,393	1,926,496
Japan-China	501,154	523,578
Mexico	6,702	3,156
Total foreign ports.....	3,047,699	3,936,907
Stocks at all U. S. ports Nov. 30.....	2,644,376	2,914,536

SPOT COTTON PRICES
(Middling Basis)

	November 1927	Dec. 15, 1927
	High	Low
New York	21.30	19.30
New Orleans	21.10	19.04
Dallas	20.40	18.40
Houston	21.10	19.20
Galveston	21.20	19.20

TEXTILE MILLING

Activity in the textile industry declined in November; production of cloth was in smaller volume than in the previous month and mills, generally, reported a downward movement in prices. There were 2,466 bales of raw cotton consumed, as compared to 2,889 bales in October and 2,571 bales in November, 1926. Cloth production was 3.2 per cent less than in the previous month and 12.9 per cent below that in the corresponding month of last year. Orders on hand at the close of November declined and were less than a month earlier and a year ago, while stocks showed an increase over both periods.

TEXTILE MILLING STATISTICS

	November 1927	November 1926	October 1927
Number bales consumed.....	2,466	2,571	2,889
Number spindles active.....	75,184	77,784	74,784
No. of pounds cloth produced.....	1,158,606	1,196,610	1,329,696

WHOLESALE TRADE

The distribution of merchandise in wholesale channels reflected a seasonal decline as compared to the previous month and in the majority of reporting lines it was smaller than a year ago. The continuance of unusually warm weather throughout November retarded buying at both wholesale and retail. Reports indicate, however, that following the cold wave early in December an active demand for merchandise at retail developed which in turn stimulated the demand at wholesale. Some lines reported that business in December has been holding up exceedingly well. Collections in most lines in November reflected a material decline as compared to the previous month. While the liquidation of accounts did not come up to earlier expectations, the situation is much more favorable than it was a year ago. Conservatism is still the ruling policy of both wholesalers and retailers and business generally is in posi-

tion to benefit from the improved financial situation of the district's population. The consensus of opinion seems to be that trade conditions are gradually improving and that the outlook for the future is considerably improved.

The demand for drugs at wholesale was well sustained during November. While sales reflected a slight seasonal decline of 1.5 per cent as compared to the previous month they were 4.5 per cent greater than in November, 1926. While buying appears to be somewhat quiet in some sections, it is reported to be active in others. Collections showed a further slight increase but prices generally remained steady. Reports indicate that the outlook is good.

Following the active demand for hardware during October, buying reflected a seasonal decline in November. Sales were 6.6 per cent less than in the previous month and were 2.6 per cent less than a year ago. It should be recalled, however, that buying during November, 1926, was active. Some dealers report that conditions in the trade are showing a noticeable improvement and that the outlook for the future is favorable. Collections reflected a substantial decline as compared to the previous month.

There was a further seasonal falling off in the demand for groceries during the past month. November sales were 11.4 per cent less than in October and were 2.8 per cent below those for November, 1926. Collections showed a material decline as compared to the previous month. Prices have shown no material changes. Dealers report that the outlook is fairly good.

The past month witnessed a substantial increase in the distribution of farm implements. Sales during November reflected a gain of 4.2 per cent as compared to October and were 137.8 per cent larger than in November, 1926. Sales during the five-month period ending with November were 21.7 per cent larger than in the corresponding period last year. With the harvesting of crops practically completed and with plowing operations in full progress the demand for implements is showing improvement. It should be recalled that the distribution of implements during the past year has been very small as farmers made only such replacements as were actually necessary for the cultivation of crops. This, together with the improved financial condition of the farmer, greatly improves the outlook for the distribution of implements during the coming year.

The distribution of dry goods at wholesale was materially affected during the past month by the unseasonal weather. Sales reflected a decline of 28.8 per cent as compared to the previous month and were 15.1 per cent less than in November, 1926. The decline was fairly general

throughout the district. Distribution during the five-month period ending November 30, was 8.8 per cent larger than during the corresponding period last year. The cold wave early in December, however, together with Christmas shopping, has greatly stimulated the demand for merchandise at retail and this has been reflected in increased buying at wholesale establishments. Dealers report that the outlook for the new year is favorable.

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

	Net Sales Nov., 1927 compared with Nov. 1926		Net Sales July 1 to date compared with same period last year		Stocks Nov., 1927 compared with Nov. 1926	
	Nov. 1926	Oct. 1927	Nov. 1926	Oct. 1927	Nov. 1926	Oct. 1927
Groceries	2.8	-11.4	-4.0	+1.8	+2.0	-2.0
Dry Goods	15.1	-28.8	+8.8	+5.4	-9.6	-9.6
Farm Implements	137.8	+4.2	+21.7	-15.0	-3.7	-3.7
Hardware	2.6	-6.6	-7.0	-7.6	-2.6	-2.6
Drugs	+4.5	-1.5	-2.2	-8.9	-2.8	-2.8

RETAIL TRADE

Retail distribution during November as reflected by department store sales in larger cities reflected a seasonal decline of 4.4 per cent as compared to the previous month but was slightly less than in the corresponding month last year. While the high temperatures prevailing throughout the month retarded to some extent the movement of winter merchandise, the cold weather during the first half of December greatly stimulated buying. Reports indicate that the volume of Christmas shopping is heavy. Departments in which November sales showed a large increase as compared to a year ago include the following: Women's coats; women's dresses; misses' ready-to-wear; waists and blouses; sweaters; silks and velvets; toilet articles, drugs; silverware, jewelry, umbrellas; leather goods; draperies, lamps, shades; and, musical instruments and radios. Among the departments showing decreases were the following: Woolen dress goods; cotton dress goods; linens and blankets; domestics; small wares; handkerchiefs; women's skirts; juniors' and girls' ready-to-wear; and knit underwear.

Stocks on hand at the end of November, while practically the same as a month earlier, were 2.9 per cent less than a year ago. The percentage of sales to average stocks during the eleven months of 1927 was 240.3 as compared to 232.0 during the same period last year.

Collections showed an improvement over both the previous month and the same month last year. The ratio of November collections to accounts outstanding on November 1st was 39.0 as compared to 37.7 in October and 36.9 in November, 1926.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	All Others	Total District
Total Sales:					
November, 1927, compared with November, 1926.....	+ 5.7	+ .3	-10.2	- 4.4	- .5
November, 1927, compared with October, 1927.....	- 4.9	+ .1	- 3.1	- 6.9	- 4.4
January 1st to date as compared with same period last year.....	- 7.4	+ 2.3	- 4.1	- 2.0	- 3.3
Credit Sales:					
November, 1927, compared with November, 1926.....	+12.9	+10.5	- 7.0	- 2.9	+ 5.2
November, 1927, compared with October, 1927.....	- 3.5	+ .6	- 3.1	- 6.9	- 3.9
January 1st to date as compared with same period last year.....	- 6.7	+ 7.0	- .2	None	- 1.8
Stocks:					
November, 1927, compared with November, 1926.....	- 4.0	+ 2.7	- 6.3	- 4.2	- 2.9
November, 1927, compared with October, 1927.....	+ 1.5	+ 3.1	- 1.5	- 3.1	None
Percentage of sales to average stocks in:					
November, 1926.....	23.6	25.0	21.1	24.6	24.0
November, 1927.....	25.8	24.1	20.4	24.4	24.4
Percentage of sales to average stocks:					
January 1 to November 30, 1926.....	234.0	221.4	214.6	241.0	232.0
January 1 to November 30, 1927.....	241.6	235.0	215.1	249.2	240.3
Ratio of outstanding orders to last year's purchases.....	4.5	2.5	4.9	2.7	3.8
Ratio of November collections to accounts receivable and outstanding November 1, 1927.....	35.3	37.6	45.0	43.4	39.0

FINANCIAL

Although debits to individual accounts at principal cities in the Eleventh District reflected a decline in November as compared to October, they were substantially larger than in the corresponding month of last year. November charges aggregated \$823,691,000 which was 6 per cent less than in October, but 7.6 per cent greater than during November, 1926.

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	Nov. 1927	Nov. 1926	Inc or Dec.	Oct. 1927	Inc. or Dec.
Abilene	\$ 12,781	\$ 14,104	- 9.4	\$ 13,122	- 2.6
Austin	20,372	22,346	- 8.8	22,621	- 9.9
Beaumont	21,634	22,058	- 1.9	23,228	- 6.9
Corsicana	6,124	6,486	- 5.6	7,214	-15.1
Dallas	258,992	221,227	+17.1	268,064	- 3.4
El Paso	35,098	32,632	+ 7.6	34,054	+ 3.1
Fort Worth	106,374	91,057	+16.8	103,872	+ 2.4
Galveston	53,920	52,844	+ 2.0	57,138	- 5.6
Houston	183,817	183,492	+ .2	213,366	-13.8
Port Arthur	9,632	9,169	+ 5.0	10,066	- 4.3
San Antonio*	79,096			81,365	- 2.8
Roswell	5,255	3,904	+34.6	4,592	+14.4
Shreveport	38,465	37,155	+ 3.5	42,821	-10.2
Texarkana	12,472	8,700	+43.4	11,685	+ 6.7
Tucson	9,336	9,704	- 3.8	9,961	- 6.3
Waco	23,454	18,655	+25.7	26,648	-12.0
Wichita Falls	25,965	32,254	-19.5	28,208	- 8.0
Total 11th District.....	\$823,691	\$765,787	+ 7.6	\$876,660	- 6.0

* San Antonio figures not included in totals.

Acceptance
Market

The volume of acceptances executed by accepting banks in this district and outstanding at the close of the month reflected a further slight decline on November 30. Acceptances executed and outstanding at the end of the month aggregated \$7,755,284 which was \$380,161 less than a month earlier. While acceptances of these banks executed against import and export transactions increased from \$1,616,233

on October 31st to \$1,687,855 on November 30th those based on the domestic shipment and storage of goods declined from \$6,519,212 on the former date to \$6,067,429 on the latter date.

Condition of
Member Banks
in Selected
Cities

A decline was reflected in the loans of member banks located in selected cities of the Eleventh District during November. However, this decrease was more than offset by an increase in investments, resulting in a moderate gain of \$3,164,000 being shown in total loans and investments on November 30th over those four weeks earlier. Total loans and investments of these banks aggregated \$437,967,000 at the close of November as compared to \$434,803,000 on November 2nd, and \$394,269,000 on December 1, 1926. Commercial loans declined from \$253,165,000 on November 2nd to \$252,400,000 on the 30th and loans against government obligations receded \$32,000 during the same period. After increasing for three consecutive months, loans on corporate securities declined \$174,000 during November. Investments of these banks in United States securities rose \$3,576,000 and were \$17,078,000 greater than a year ago, while their holdings in other stocks and bonds were expanded \$559,000 during the month. Net demand deposits increased \$3,234,000 and time deposits rose \$1,276,000. Combined deposits on November 30th were \$47,880,000 above those on the corresponding date of last year. Their bills payable and rediscounts with the Federal Reserve Bank amounted to \$5,877,000 on November 30th as compared to \$9,100,000 on November 2nd and \$11,211,000 on December 1, 1926. The ratio of loans to net demand deposits was 83 per cent on November 30th, as compared to 86 per cent on November 2nd, and 91 per cent on December 1, 1926.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Nov. 30, 1927	Nov. 2, 1927	Dec. 1, 1926
1. Number of reporting banks.....	45	45	47
2. U. S. securities owned.....	\$ 68,465,000	\$ 64,889,000	\$ 51,387,000
3. All other stocks, bonds and securities owned.....	31,415,000	30,856,000	25,254,000
4. Loans secured by U. S. Government obligations.....	2,750,000	2,782,000	4,188,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	82,937,000	83,111,000	71,784,000
6. All other loans.....	252,400,000	253,165,000	241,661,000
7. Net demand deposits.....	305,618,000	297,384,000	271,370,000
8. Time deposits.....	113,447,000	112,171,000	99,815,000
9. Reserve with Federal Reserve Bank.....	33,857,000	32,956,000	30,282,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	5,877,000	9,100,000	11,211,000
11. Ratio of loans* to net demand deposits.....	83%	86%	91%

*Loans include only items 4 and 6.

Savings
Deposits

Reports from 89 banks in this district, which operate a savings department, show that savings deposits amounting to \$128,251,065 on November 30th were 1.1 per cent greater than a

month earlier and 10.1 per cent above those of a year ago. There were 271,875 accounts carried at 83 of these banks on November 30th, as compared to 270,738 on October 31, and 256,852 on November 30, 1926.

SAVINGS DEPOSITS

	November 30, 1927			November 30, 1926			October 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*	5,770	\$ 2,494,853	6,170	\$ 2,312,743	+ 7.9	5,991	\$ 2,508,451	- .5
Dallas	6	52,581	21,583,635	48,300	18,039,475	+19.6	52,410	20,998,550	+ 2.8
El Paso	3	15,717	5,435,279	16,741	5,726,133	- 5.1	15,298	5,186,632	+ 4.8
Fort Worth	2	15,279	6,300,596	14,459	5,861,923	+ 7.5	15,162	6,161,641	+ 2.3
Galveston	3	13,432	9,439,604	13,158	8,605,541	+ 9.7	13,493	9,772,176	- 3.4
Houston	12*	64,403	29,877,786	56,596	26,793,818	+11.5	64,104	29,426,332	+ 1.5
San Antonio	6	28,713	13,630,705	27,490	12,405,763	+ 9.9	28,602	13,529,614	+ .7
Shreveport	4*	23,911	11,213,186	22,533	11,412,945	- 1.8	23,887	11,329,348	- 1.0
Waco	3	7,637	4,329,213	7,334	3,954,334	+ 9.5	7,625	4,254,044	+ 1.8
Wichita Falls	2	4,235	2,034,685	5,313	2,698,081	-24.6	4,185	2,005,804	+ 1.4
All others	44*	40,197	21,911,523	38,758	18,718,878	+17.1	39,981	21,722,123	+ .9
Total.....	89	271,875	\$128,251,065	256,852	\$116,529,629	+10.1	270,738	\$126,889,715	+ 1.1

*Only 3 banks in Beaumont, 11 banks in Houston, 3 banks in Shreveport, and 41 banks in all others reported the number of savings depositors

DECEMBER 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	4¼-6	8	5-8	5-6	4¼-6	5½-7
Rate charged on loans to other banks, secured by bills receivable	5	6	5-6	5-5½	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	6-7	5-6	6-7	6-7
(b) time	5-7	6-8	6-7	5-6	6-7	6-7
Rate on commodity paper secured by warehouse receipts, etc.	5	7-8	6-8	5-7	6-8	5-8
Rate on cattle loans	6	6-8	6-8	7-8	6-8	8

Deposits of Member Banks A further substantial increase was shown in combined deposits of member banks in the Eleventh District during the two-week period ending November 9th. On this date, total deposits of these banks aggregated \$907,143,000 as compared to \$884,305,000 on October 26th and \$801,417,000 on November 24, 1926. Net demand deposits increased \$22,789,000 and time deposits rose \$49,000.

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
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	290,885	44,869	360,494	131,634
March 23, 1927	645,449	176,130	278,998	46,021	366,451	130,109
April 27, 1927	632,818	175,836	272,254	46,624	360,564	129,212
May 25, 1927	613,136	178,895	265,858	47,618	347,278	131,277
June 22, 1927	606,696	180,545	263,813	48,119	342,883	132,426
July 27, 1927	603,312	178,368	261,809	47,666	341,508	130,702
Aug. 24, 1927	611,318	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	698,939	185,366	322,579	49,887	376,360	135,479
Nov. 9, 1927	721,728	185,415	333,579	48,482	388,149	136,933

Operations of the Federal Reserve Bank While the loans of the Federal Reserve Bank of Dallas to member banks showed considerable variation during the past six weeks, there was a net decline of \$4,293,455 in these loans during November and a further decline of \$1,151,567 during the first half of December. There was a steady decline in the borrowings of country banks throughout the six-week period. Loans to reserve city banks, however, were somewhat erratic; after declining during the first half of November, they showed a substantial increase during the last half of the month and then declined during the first two weeks of December. On December 15th

loans to these banks were approximately \$600,000 greater than a month earlier. Total loans to member banks on December 15th amounted to \$5,632,396 as compared to \$11,077,419 on October 31st and \$8,689,842 on December 15, 1926. There were only 45 borrowing banks on November 30th as compared to 81 on October 31st and 134 on November 30, 1926.

Due to the decline in loans to member banks, total bills held declined from \$28,508,031.96 on October 31st to \$25,198,170.80 on November 30th, distributed as follows:

Member bank collateral notes secured by United States Government obligations	\$ 2,686,500.00
Rediscounts and all other loans to member banks	4,097,463.35
Open market purchases (Bankers' Acceptances)	18,414,207.45
Total bills held	\$25,198,170.80

Federal reserve notes in actual circulation reflected a decline in November and amounted to \$48,770,660 at the close of the month, as compared to \$50,753,140 on October 31st, and \$49,310,490 on November 30, 1926. The daily average reserve deposits of member banks amounted to \$67,668,422 in November, representing an increase of \$2,334,036 over the previous month and \$8,090,980 as compared to November last year.

FAILURES

The business mortality rate in the Eleventh Federal Reserve District during November reflected a sharp increase as compared to the previous month but it was substantially lower than in the corresponding month last year. The increase over October, however, is not surprising in view of the fact that failures almost invariably become more numerous during the closing months of the year. There were 68 failures during the month with liabilities totaling \$818,200 as compared to 38 defaults in October with an indebtedness of \$554,653 and 95 insolvencies in November, 1926, which owed \$1,543,071.

PETROLEUM

A decline was shown in total production of crude oil in the Eleventh District in November as compared to October, but due to the shorter month the daily average yield increased. There were 20,209,350 barrels of oil produced during the month as against 20,805,070 barrels in October, representing a decline of 595,720 barrels in total production. Further withdrawals on stocks in some parts of the district and the heavy flush production of new wells were major developments in the oil industry during November. Completions totaled 476 wells of which 236 were producers of oil and 43 were gas wells as compared to 435 completions in October of which 207 were successful and 55 were gas wells. Initial production amounted to 171,575 barrels, an increase of 49,413 barrels over that in the previous month.

The daily average yield of oil in Texas amounted to 624,

223 barrels as against 619,848 barrels during October, representing a gain of 4,375 barrels. A substantial increase was shown in the daily average output of Central West Texas and there was a slight rise in that of the Gulf Coast area, but production in all other fields of the State declined. The completion of large producers in Crane and Winkler counties and the extension of the Yates field were important features in the activities in Central West Texas and were responsible for the gain in the output of that area. Heavy withdrawals on crude stocks in the Panhandle field indicate further improvement of the oil situation in that locality. Activities in the Spindle Top field, the principal producing area in the Gulf Coast region, were held at practically the same level as in October. Total production in North Louisiana declined from 1,589,770 barrels in October to 1,482,650 barrels in November.

OIL PRODUCTION

	November		October		Inc. or Dec.	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	5,251,050	175,036	5,672,950	182,998	Dec.	421,900
Central-West Texas.....	8,174,600	272,486	8,030,650	259,053	Inc.	143,950
East-Central Texas.....	848,350	28,278	896,650	28,924	Dec.	48,300
Texas Coastal.....	3,674,100	122,470	3,783,050	122,034	Dec.	108,950
Southwest Texas.....	778,600	25,953	832,000	26,839	Dec.	53,400
Total, Texas.....	18,726,700	624,223	19,215,300	619,848	Dec.	488,600
North Louisiana.....	1,482,650	49,422	1,589,770	51,283	Dec.	107,120
Total, District.....	20,209,350	673,645	20,805,070	671,131	Dec.	595,720

NOVEMBER DRILLING RESULTS

Field—	Comple- tions	Pro- ducers	Gas Wells	Fail- ures	Initial Production
North Texas.....	151	72	10	69	6,856
Central-West Texas.....	162	99	11	52	146,109
East Texas.....	5	1	4	37
Texas Coastal.....	38	32	6	11,600
Southwest Texas.....	8	4	3	1	211
Texas Wildcats.....	43	5	1	37	235
Total Texas.....	407	213	29	165	165,048
North Louisiana.....	69	23	14	32	6,527
Nov. Totals, District.....	476	236	43	197	171,575
Oct. Totals, District.....	435	207	55	173	122,162

CRUDE OIL PRICES

	Dec. 14, 1927	Dec. 15, 1926
Texas Coastal (Grade "A").....	\$1.20	\$1.40
North and Central Texas and North Louisiana (52 gr. and above).....	1.60	*

*Prices for December 14, 1926, not available on a comparative basis.

Oil Statistics Compiled by the Oil Weekly, Houston, Texas

LUMBER

The production of lumber at Eleventh District pine mills

amounted to 81 per cent of normal as compared to 82 per cent in the previous month, while shipments of lumber which amounted to 87 per cent of normal production were the same as in October. Although not as pronounced as in 1925 and 1926, orders during the month declined, due in part to the usual tendency of retail establishments to reduce stocks before the close of the year. Orders amounted to 82 per cent of normal production, a decline of 6 points from those in October. Stocks at the close of the month amounted to 8 per cent below normal as compared to 5 per cent in the previous month. Unfilled orders for lumber as reported by 49 mills totaled 43,825,056 feet on November 30, as against orders for 49,745,440 feet on October 31.

NOVEMBER PINE MILL STATISTICS

Number of reporting mills.....	49
Production.....	93,232,230 feet
Shipments.....	99,975,234 feet
Orders.....	94,444,122 feet
Unfilled orders, November 30.....	43,825,056 feet
Normal production.....	115,515,953 feet
Stocks, November 30.....	284,464,518 feet
Normal stocks.....	309,033,132 feet
Shipments below normal production.....	15,540,719 feet—13%
Actual production below normal.....	22,283,723 feet—19%
Orders below normal production.....	21,071,831 feet—18%
Stocks below normal.....	24,568,614 feet—8%

Lumber statistics compiled by the Southern Pine Association

BUILDING

After declining in September and October, the valuation of building permits issued at principal cities in the Eleventh District increased in November and was larger than during the corresponding month a year ago. The valuation of permits issued at these centers aggregated \$7,843,869, as compared to \$7,066,856 in October and \$6,170,517 in November, 1926. An interesting occurrence was the heavy increases

reported by Austin, El Paso, Fort Worth, and Galveston in November, the volume of permits issued at each city more than doubling that in the corresponding month of 1926. The decline in the valuation of permits granted during the current year as compared to the same period of last year was reduced to 16 per cent in November.

BUILDING PERMITS

	November, 1927		November, 1926		Inc. or Dec.	October, 1927		Inc. or Dec.	Eleven Months				Inc. or Dec.
	No.	Valua- tion	No.	Valua- tion		No.	Valua- tion		1927		1926		
									No.	Valuation	No.	Valuation	
Amarillo.....	83	\$ 680,063	267	\$1,567,925	— 56.6	101	\$ 570,466	+ 19.2	1,674	\$10,324,461	2,721	\$ 15,704,304	— 34.3
Austin.....	81	254,076	27	28,084	+ 804.7	70	60,058	+ 323.0	556	1,333,295	463	1,113,918	+ 19.7
Beaumont.....	189	309,395	164	233,224	+ 32.7	186	265,803	+ 16.4	2,028	4,757,038	1,865	1,877,953	+ 153.3
Corpus Christi.....	67	173,210	75	142,185	+ 21.8	81	187,330	— 7.5	712	2,531,100	699	1,929,729	+ 31.2
Dallas.....	283	524,932	379	478,834	+ 9.6	266	451,704	+ 16.2	3,345	9,421,998	3,976	15,640,015	— 39.8
El Paso.....	68	133,205	60	39,303	— 238.9	72	206,190	— 35.4	687	1,202,572	669	1,099,500	+ 9.4
Fort Worth.....	273	1,661,836	278	805,400	+ 106.3	332	1,114,003	+ 49.2	3,473	13,220,346	3,620	16,044,998	— 17.6
Galveston.....	203	243,639	234	93,962	— 159.3	267	155,925	+ 56.3	2,468	2,805,248	2,332	3,143,200	— 10.8
Houston.....	488	2,226,863	461	1,530,253	+ 45.5	520	2,317,929	— 3.9	5,566	25,403,159	5,307	26,044,692	— 2.5
Port Arthur.....	100	79,912	107	66,758	+ 19.7	125	274,161	— 70.9	1,333	1,695,021	1,329	1,244,102	+ 36.2
San Antonio.....	411	937,486	279	484,135	+ 93.6	368	948,488	— 1.2	3,601	13,161,991	3,110	13,308,637	— 1.1
Shreveport.....	209	215,623	217	194,521	+ 10.8	239	252,537	— 14.6	2,321	3,817,951	1,787	5,207,460	— 26.7
Waco.....	27	55,175	24	43,418	+ 27.1	29	62,010	— 11.0	340	1,530,341	406	1,071,540	+ 42.8
Wichita Falls.....	71	348,454	110	462,515	— 24.7	69	200,252	+ 74.0	833	3,351,048	1,758	9,118,193	— 63.2
Total.....	2,553	\$7,843,869	2,677	\$6,170,517	+ 27.1	2,725	\$7,066,856	+ 11.0	28,937	\$94,555,569	30,542	\$112,548,241	— 16.0

CEMENT

While the production of Portland cement at Texas mills declined slightly in November from the high record reached in October, it was substantially higher than in the same

month of last year. There were 525,000 barrels of cement produced which was 1.3 per cent less than in October but 30.6 per cent greater than during the corresponding period

a year ago. November shipments aggregated 543,000 barrels as compared to 535,000 barrels in the previous month and 427,000 barrels in November, 1926. Stocks on hand at the close of the month continued downward and at the close of November were 6.7 per cent less than a month

earlier and 33.9 per cent below those a year ago. As compared to the same period of 1926, production of cement during the eleven months of the current year showed an increase of 11.3 per cent and shipments were 10.6 per cent larger.

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

	Nov. 1927	Nov. 1926	Inc. or Dec.	Oct. 1927	Inc. or Dec.	Eleven 1927	Months 1926	Inc. or Dec.
Production at Texas mills.....	525,000	402,000	+30.6	532,000	- 1.3	5,142,000	4,622,000	+11.3
Shipments from Texas mills.....	543,000	427,000	+27.2	535,000	+ 1.5	5,307,000	4,798,000	+10.6
Stocks at end of month at Texas mills..	252,000	381,000	-33.9	270,000	- 6.7			

SUMMARY OF NATIONAL BUSINESS CONDITIONS

Compiled by the Federal Reserve Board as of December 23, 1927

Industrial activity and freight carloadings declined further in November, while retail trade showed more than the usual seasonal increase. The general level of wholesale commodity prices after advancing for four months remained practically unchanged in October and November.

PRODUCTION

Output of manufacturers and minerals was reduced in November and the combined index of production, after adjustments for customary seasonal variations, fell below the 1923-1925 average for the first time since 1924. The largest decline was in the output of automobiles owing largely to preparation for production of new models. Iron and steel production has also declined further and in November was the lowest since 1924. In December, however, inquiries for iron and steel increased. Textile mill activity was slightly curtailed in November but continued at a higher level than in previous years. There were decreases in the production of coal, building materials, and leather and shoes. Building contract awards showed seasonal declines in November and the first two weeks of December and were slightly smaller than in the corresponding period of last year. The total value of about fifty crops in 1927 is estimated by the Department of Agriculture at \$3,430,000,000 an increase of \$635,000,000 over 1926. The greatest increases in value were shown for cotton, corn, barley, and oats, while the largest decrease for any individual crop was shown for potatoes. The physical quantity of production of the seventeen principal crops was about two per cent less than last year, but three per cent above the average of the last ten years.

TRADE

Retail trade increased slightly more than is usual in November. Compared with a year ago, retail trade of department stores, mail order houses, and chain stores was larger, while wholesale trade continued in slightly smaller volume in nearly all reporting lines. Freight car loadings

declined during November and in the early part of December were smaller than in the corresponding period for the past four years. There were large decreases in loadings of all classes of commodities.

PRICES

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, after a continuous advance since early in the summer, remained at practically the same level in November as in October. Changes were relatively small in all groups, increases occurring in foods, and hides and leather, and decreases in farm products, textiles, fuels, and building materials. In the first two weeks of December prices of wheat, cattle, hogs, cotton, pig iron, and soft-wood lumber declined, while those of silk, woolen goods, hides, and sole leather advanced.

BANK CREDIT

Between the middle of November and the middle of December total loans and investments of member banks in leading cities showed a considerable increase reflecting continued growth in the volume of loans on securities and in the banks' investment holdings. In the same period loans chiefly for commercial purposes, which reached a seasonal peak in October, showed a further slight decline. At Federal reserve banks the seasonal increase in currency requirements and the continued demand for gold for export during the four weeks ending December 21st were reflected in a growth in member bank borrowing. At the end of this period the total volume of reserve bank credit in use was larger than on any other date in the past six years.

Somewhat firmer conditions in the money market in December were reflected in the increased rate on call money. Rates on prime commercial paper and bankers' acceptances remained unchanged during the month.