

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

	December	November	Inc. or Dec.
Bank debits to individual accounts (at 16 cities).....	\$892,013,000	\$823,691,000	Inc. 8.3%
Department store sales.....			Inc. 55.9
Reserve Bank loans to member banks at end of month.....	\$ 877,792	\$ 6,783,963	Dec. 87.1%
Reserve Bank ratio at end of month.....	57.9%	53.5%	Inc. 4.4 points
Building permit valuations at larger centers.....	\$ 8,668,751	\$ 7,843,869	Inc. 10.5%
Commercial failures (number).....	96	68	Inc. 41.2%
Commercial failures (liabilities).....	\$ 1,010,587	\$ 818,200	Inc. 23.5%
Oil production (barrels).....	21,846,100	20,209,350	Inc. 8.1%
Lumber orders at pine mills (per cent of normal production).....	72%	82%	Dec. 10 points

The large volume of buying at retail establishments and the heavy liquidation of Federal Reserve Bank credit which carried loans to member banks to the lowest level reached since the pre-war period were important developments during the past month. The sales of department stores in larger cities reflected a seasonal gain of 56 per cent over those of the previous month and exceeded those of December, 1926, by 6 per cent. The distribution of merchandise in wholesale channels, while seasonably smaller than in November, was in a larger volume than in the corresponding month of the previous year. The conservative merchandising and credit policies which were pursued during the past year are being continued and merchants are in a much stronger financial position than they were a year ago. Due to the growing confidence in the business structure and the large purchasing power of the district's population leaders are becoming more optimistic regarding the outlook for the coming year. In fact, reports from some quarters indicate that a considerable improvement in business was noted during the first two weeks of January. The volume of public spending in December as measured by charges to depositors' accounts at banks in the larger cities reflected a gain of 8 per cent over the previous month and were 6 per cent larger than in the corresponding month a year ago.

Financial statistics gave further evidence of growing strength and stability. The combined net demand and time deposits of member banks rose to \$915,317,000 on December 7, reflecting a gain of \$3,174,000 over those a month earlier and were \$121,423,000 larger than on December 29, 1926. Federal Reserve Bank loans to member banks declined from \$6,783,963 on November 30, to \$877,792 on December 31. While these loans had increased to \$3,914,875 on January 14, due to seasonal influences, they were

\$1,708,718 less than on the corresponding date in 1927. Commercial banks are carrying large cash and secondary reserves and there is still an active demand for commercial paper and bankers' acceptances as an investment outlet for surplus funds. While the number of commercial failures and the volume of indebtedness reflected a further sharp increase during December, they were substantially less than a year ago. The increase at this season, however, is not unusual as the strain of year-end settlements almost invariably discloses a larger number of insolvencies. It will be noted that the defaults this year were largely among the smaller concerns.

Weather conditions were not altogether favorable to agriculture. While the rains benefited growing crops and left a good season in the ground in most sections, they retarded harvesting operations and winter plowing. The low temperatures did considerable injury to small grains and some reseeding will be necessary. The rains likewise stimulated the growth of winter weeds and grasses on the ranges, yet there are a few sections where more moisture is urgently needed. Livestock withstood the cold weather unusually well and in most sections are in fair to good condition. Market prices for cattle reflected a further upward trend and during the first half of January reached the highest level in several years.

Construction activity as measured by the valuation of permits issued at principal cities showed a further gain of 11 per cent as compared to the previous month and was 12 per cent greater than in December last year. The production, shipments, and new orders for lumber and the production and shipment of cement reflected the usual year-end decline but were larger than a year ago.

CROP CONDITIONS

The wet and cold weather prevailing during the greater part of the past month prevented the completion of harvesting operations and greatly retarded winter plowing. The rains which fell over a large portion of the district have relieved the drouth in practically all sections of the district except portions of West Texas and Southeastern New Mexico. While the rains toward the middle of January partially relieved the situation in the latter sections, more rain is urgently needed. The extremely low temperatures prevailing during the latter part of December had an adverse effect upon small grains as the plants in many instances had been weakened as the result of the long period of dry weather and the rains in December had not sufficiently revived the plants to enable them to withstand the cold weather. Reports indicate that a considerable portion of the oat crop has been either killed or the stand reduced. In some instances damage to the wheat crop has likewise been reported. With a good season in the ground, however, some of the acreage will be reseeded.

The Department of Agriculture in its report of December 1, indicated that the acreage sown to wheat in the fall of

1927 totaled 2,629,000 acres, which was 8 per cent greater than the acreage sown in the fall of 1926. The condition of the wheat crop on that date was 73 per cent of normal as compared to 85 per cent on December 1, 1926. The acreage of winter wheat in New Mexico was reported as 20 per cent greater than in the previous year and the condition on December 1, was 62 per cent of normal as against 78 per cent a year earlier.

The preliminary estimate of spinach plantings in Texas was placed at 23,650 acres, which was fully 4,000 acres greater than in the previous season and about 9,000 acres greater than the average for the last four years. While the shipments of spinach were heavy during the early part of December, the cold wave which reduced the yield in some sections and practically killed the crop in others, has considerably reduced shipments. A substantial portion of the acreage which was killed by the cold wave, however, will be replanted. Frost damage to vegetables in the lower Rio Grande Valley was not very extensive but shipments were temporarily reduced.

THE YEAR'S CROP RESULTS

According to the estimates given out by the United States Department of Agriculture, the yields of the principal crops

in Texas for the years 1926 and 1927, were as follows:

COMPARATIVE PRODUCTION AND VALUE OF TEXAS FARM PRODUCTS COMPILED BY THE UNITED STATES DEPARTMENT OF AGRICULTURE

Commodity	QUANTITY		Inc. or Dec.	VALUE		Inc. or Dec.
	1927	1926		1927	1926	
Barley.....	3,120,000 bu.	6,090,000 bu.	Dec.	2,970,000 bu.	\$ 2,184,000	Dec. \$ 1,044,000
Corn.....	119,347,000 bu.	106,863,000 bu.	Inc.	12,484,000 bu.	77,576,000	Inc. 13,458,000
Cotton.....	4,280,000 bales	5,628,000 bales	Dec.	1,348,000 bales	413,020,000	Inc. 109,108,000
Hay—tame.....	1,232,000 tons	1,392,000 tons	Dec.	160,000 tons	13,968,000	Dec. 2,182,000
Grain sorghums.....	34,178,000 bu.	48,276,000 bu.	Dec.	14,098,000 bu.	22,216,000	Dec. 4,386,000
Oats.....	42,063,000 bu.	83,666,000 bu.	Dec.	41,603,000 bu.	19,770,000	Dec. 12,023,000
Peanuts.....	70,200,000 lbs.	45,440,000 lbs.	Inc.	24,760,000 lbs.	2,457,000	Inc. 412,000
Irish potatoes.....	2,310,000 bu.	2,100,000 bu.	Inc.	210,000 bu.	3,812,000	Dec. 388,000
Sweet potatoes.....	11,970,000 bu.	8,556,000 bu.	Inc.	3,414,000 bu.	8,978,000	Inc. 850,000
Rice.....	6,279,000 bu.	6,142,000 bu.	Inc.	137,000 bu.	5,400,000	Dec. 1,356,000
Wheat.....	17,945,000 bu.	32,796,000 bu.	Dec.	14,851,000 bu.	21,713,000	Dec. 17,642,000
Total value of eleven crops.....					\$591,094,000	\$506,237,000 Inc. \$ 84,857,000

From the above table it will be noted that there was a decrease in both the production and value of all grain and feed crops with the exception of corn. In the latter instance there was a substantial increase in both production and value. In the case of the other feed crops, while the price in every instance except hay was higher than in the previous year, the increased price was not sufficient to offset the smaller yield. While the production of cotton was 24 per cent less than in the previous year, the value of this crop was 36 per cent greater. The agricultural situation at the close of 1927 was considerably better than a year earlier.

LIVESTOCK

Beneficial rains fell over practically all of the Eleventh District during the past thirty days relieving the drouth in most sections, stimulating the growth of winter weeds and grass, and replenishing the supply of stock water. While some rain was reported in most of West Texas and Southeastern New Mexico it was insufficient to overcome the effects of the long period of dry weather and more moisture is urgently needed. In these sections, range conditions are generally poor but elsewhere they are reported in fair to good condition. While livestock shrank somewhat during the period of extremely low temperatures, they have been holding up well and due to the absence of storms during the

During the year 1927 greater diversification was practiced and more farmers made their living at home than has been the case in several years. The heavy production of corn, together with the satisfactory yields of other feed crops, has provided most farmers with ample feed for use in connection with the making of 1928 crops and in many instances has provided a surplus for the market. The large returns from the cotton crop have enabled farmers to liquidate their indebtedness and to enter the new year with surplus funds.

cold weather practically no losses were reported. Livestock in most sections are wintering well although some feeding has been necessary.

Movements and Prices

While receipts of cattle and calves at the Fort Worth market showed a marked decline from the heavy receipts during November they were considerably larger than in December a year ago. The receipts of hogs and sheep were substantially larger than in either the previous month or the same month last year.

The cattle market showed a further upward trend during

December. Prices reacted somewhat toward the middle of the month due to the heavy receipts but with the sharp decline in shipments during the last half of December and the early part of January prices again turned upward and reached a new high level. Hog prices showed a further downward movement. While trading in the sheep division was restricted owing to receipts, prices remained generally steady.

during the five months of the current season were 30.7 per cent less than during the previous season. The domestic consumption of cotton showed a further decline as compared to the previous month and for the first time in more than a year, the consumption for the current month fell below that for the corresponding month of the previous year.

FORT WORTH LIVESTOCK RECEIPTS

	December 1927	December 1926	Loss or Gain	November 1927	Loss or Gain
Cattle	90,460	71,542	G 18,918	119,391	L 28,931
Calves	29,083	24,379	G 4,704	57,502	L 28,419
Hogs	24,973	22,721	G 2,252	20,871	G 4,102
Sheep	29,336	9,664	G 19,672	18,883	G 10,453

COMPARATIVE TOP LIVESTOCK PRICES

	Dec. 1927	Dec. 1926	Nov. 1927
Beef steers	\$13.50	\$ 7.50	\$11.75
Stocker steers	11.25	7.75	11.50
Butcher cows	8.00	6.00	7.50
Stocker cows	7.40	5.00	6.80
Calves	11.50	9.00	11.25
Hogs	8.85	12.25	10.00
Sheep	8.00	7.50	8.00
Lambs	13.75	12.00	14.00

Cotton Movements

Receipts and exports of cotton through the ports of Houston and Galveston during December reflected a seasonal decline

as compared to the previous month and were considerably less than in the corresponding month of 1926. Exports of cotton (including linters) from all United States ports were 49.9 per cent less than in December last year and exports

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	Dec. 1927	Dec. 1926	August 1 to This Season	December 31 Last Season
Receipts	300,649	537,963	1,733,196	2,493,947
Exports	350,315	530,325	1,306,759	1,914,819
Stocks, Dec. 31			572,466	729,054

GALVESTON STOCK STATEMENT

	Dec. 31, 1927	Dec. 31, 1926
For Great Britain	13,200	33,000
For France	13,000	17,300
For other foreign ports	67,400	84,000
For coastwise ports	8,500	9,000
In compresses and depots	470,366	585,754
Total	572,466	729,054

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	Dec. 1927	Dec. 1926	August 1 to This Season	December 31 Last Season
Receipts	267,114	528,055	2,110,247	2,629,371
Exports	194,483	310,467	1,061,799	1,399,436
Stocks, Dec. 31			987,945	1,028,306

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

	August 1 to This Season	December 31 Last Season
Receipts	6,109,061	8,485,945
Exports: Great Britain	548,938	1,374,774
France	537,708	610,757
Continent	2,094,120	2,580,397
Japan—China	615,968	794,140
Mexico	11,945	5,179
Total foreign ports	3,808,679	5,365,247
Stocks at all U. S. ports Dec. 31	2,615,397	3,056,485

SPOT COTTON PRICES (Middling Basis)

	December, 1927 High	December, 1927 Low	Jan. 16, 1928
New York	\$20.15	\$18.60	\$19.25
New Orleans	19.92	18.36	18.72
Dallas	19.05	17.65	18.00
Houston	19.85	18.40	18.80
Galveston	19.90	18.40	18.85

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	Dec. 1927	Dec. 1926	August 1 to This Season	December 31 Last Season	Dec. 1927	Dec. 1926	August 1 to This Season	December 31 Last Season
Cotton consumed	406,710	438,511	2,250,757	2,029,543	543,598	602,986	3,042,968	2,825,916
Cotton on hand December 31:								
(a) In consuming establishments			1,206,411	1,225,121			1,707,326	1,763,739
(b) In public storage and compresses			5,349,369	6,261,791			5,655,736	6,548,257

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	Aug. 1 to This Season	December 31 Last Season	Aug. 1 to This Season	December 31 Last Season
Cottonseed received at mills (tons)	1,348,982	1,483,465	3,912,295	4,695,812
Cottonseed crushed (tons)	1,037,534	1,054,402	3,007,030	3,413,054
Cottonseed on hand (tons)	345,379	438,090	992,049	1,303,681
Crude oil produced (pounds)	305,998,472	294,938,000	936,356,134	1,017,816,168
Cake and meal produced (tons)	478,708	486,000	1,335,729	1,528,270
Hulls produced (tons)	294,629	305,000	856,263	980,403
Linters produced (running bales)	191,341	171,000	545,145	557,687
Stocks on hand December 31:				
Crude oil (pounds)	45,656,444	33,898,000	127,716,322	106,215,000
Cake and meal (tons)	39,407	33,000	190,354	167,000
Hulls (tons)	90,500	100,000	228,904	262,000
Linters (running bales)	51,119	67,000	152,382	220,000

COTTONSEED PRODUCTS

A further slight decline was noted in the average price paid for cottonseed during the past month by reporting cottonseed oil mills. The price averaged \$42.16 during the week ending January 14 as against \$43.12 during the week ending December 10. The average price received for cottonseed products sold during the month showed a mixed trend. Cottonseed oil brought \$.0843 per pound during the week ending January 14, as compared to \$.0873 per pound during the week ending December 10. During the period, cake and meal advanced from \$39.27 per ton to \$42.22 per ton, hulls rose from \$6.81 per ton to \$8.71 per ton, and linters from \$.0384 per pound to \$.0410.

TEXTILE MILLING

Operations of Textile mills in the Eleventh District continued in December at near the same rate as during the pre-

ceding month. There were 3,019 bales of raw cotton consumed as compared to 3,116 bales in November and 3,265 bales in the same month of last year. Production of cloth was only 1.2 per cent below that in the previous month and less than one per cent below the output in December, 1926. As compared to a month earlier, orders on hand on December 31, declined and were slightly less than a year ago. Stocks continued to increase and were larger at the close of December than on November 30, and December 31, 1926.

TEXTILE MILLING STATISTICS

	December 1927	December 1926	November 1927
Number of bales consumed.....	3,019	3,265	3,116
Number of spindles active.....	85,540	88,040	85,440
Number pounds cloth produced.....	1,424,111	1,437,780	1,440,937

WHOLESALE TRADE

Midseason quietude prevailed in most lines of wholesale trade during the month of December. While in most lines sales reflected a substantial seasonal decline as compared to the previous month they were noticeably larger than a year ago in three reporting lines and the decline in the other line was small. While sales in all reporting lines during 1927 fell below those of the previous year, it should be noted that business generally is now in a much stronger position than it was a year ago. The demand for merchandise during the first eight months of the year was slow in all lines of trade but as soon as the farmers were able to definitely gauge the outcome of 1927 crops business began to improve. While buying was not as heavy during the fall as merchants generally anticipated, there was a heavy liquidation of indebtedness at both retail and wholesale establishments. Throughout the year merchants operated on a conservative basis and in most instances limited buying largely to actual needs. Thus, with stocks in only moderate amounts and with a substantial portion of the carryover indebtedness liquidated, the merchants are entering the new year in a considerably stronger financial position. With a large proportion of the indebtedness liquidated and with bank deposits at the highest point on record, and with sufficient feed in the hands of the farmers for use in connection with the making of 1928 crops, it will be seen that the population of this district has a large purchasing power and the potential demand is sufficiently large to warrant optimism during the year 1928.

Sales of reporting wholesale grocery firms reflected a further decline of 6.6 per cent as compared to the previous month and were 1.5 per cent less than in December, 1926. The demand appeared to be somewhat spotted as business in some sections was active and slow in others. Collections were slightly smaller than in the previous month. Prices remained generally steady. Dealers report that the outlook for the future is fair to good.

The demand for drugs at wholesale during December reflected a seasonal decline of 5.7 per cent as compared to November but was 7.4 per cent larger than in the corresponding month a year ago. Sales during the last half of 1927 were practically the same as those during the same period of 1926. For the last three months of the year business has shown a gradually increasing margin over the previous year and dealers state that the outlook for the new year is much more favorable than it was at the beginning of 1927. While collections were less than in the previous month, they were substantially greater than in the corresponding month last year. Prices were reported as gener-

ally steady.

The past month witnessed a further increase in the demand for farm implements. Sales were not only 24.5 per cent greater than in the previous month but were 156.0 per cent larger than in December, 1926. Although buying during the first eight months of the year fell considerably under that for the corresponding months of the previous year, it has shown a remarkable improvement since the beginning of September, at which time the farmers were able to gauge fairly accurately the outcome of the 1927 crops. Sales during the last half of the year averaged 36.4 per cent greater than in the last half of 1926. The outlook for the future is considerably improved. Prices were reported as generally firm.

The sales of reporting dry goods firms reflected a further seasonal decline of 39.9 per cent as compared to the previous month but showed a gain of 13.4 per cent as compared to the corresponding month last year. Although December is usually a quiet month in the wholesale dry goods trade, the cold weather prevailing during December stimulated the demand for merchandise at retail with the result that wholesalers received a large volume of 'fill-in' orders. Reports indicate that there has been an increased volume of buying during the first half of January and dealers state that the outlook for the new year is favorable.

Sales of reporting hardware firms showed a slight decline as compared to both the previous month and the corresponding month a year ago. The demand, however, appeared to be somewhat spotted as sales in certain districts reflected a gain while those in other districts reflected a decline. The cold weather in December stimulated the demand for seasonal goods. Collections showed an improvement over those of the previous month.

CONDITION OF WHOLESALE TRADE DURING DEC. 1927

Percentage of Increase or Decrease in:

	Net Sales		Net Sales		Stocks	
	Dec. 1927	Nov. 1927	July 1 to date compared with same period last year	Dec. 1927	Nov. 1927	Dec. 1927 compared with Nov. 1926
Groceries	1.5	-6.6	-3.6	+7.6	-10.9	
Dry Goods	+13.4	-39.9	+12.4	+8.2	-6.8	
Farm Implements.....	+156.0	+24.5	+36.4	-14.0	+1.5	
Hardware	2.1	-4.0	-18.2	-3.0	+1.1	
Drugs	+7.4	-5.7	.8	-6.3	-4.6	

RETAIL TRADE

The heavy consumer demand for merchandise, stimulated by the cold weather and Christmas shopping, was the outstanding feature of the retail trade situation. Sales of department stores located in larger cities reflected a gain of 55.9 per cent over those of a month earlier and were 5.6 per cent larger than in the closing month of 1926. The gain over a year ago is more significant when it is recalled that buying in December last year was very active. Since midsummer the decline of the current month as compared to the corresponding month of the previous year gradually diminished and sales in November were only slightly less than in the previous year. The sales for the full year 1927 averaged only 1.0 per cent less than in 1926. Since the first of the year, department stores have been featuring "clearance sales" to reduce the stocks of winter merchandise in preparation for the receipt of spring goods.

Stocks at the end of the year were 24.2 per cent less than at the close of November and 5.8 per cent less than a year

ago. The ratio of sales to average stocks during 1927 was 300.5 per cent as compared to 285.0 per cent in 1926, indicating that the department stores obtained a more rapid turnover of stocks during the past year.

Collections reflected a slight decline during the past month. The ratio of December collections to accounts receivable was 37.0 per cent as compared to 39.0 per cent in November and 39.4 per cent in December last year.

BUSINESS OF DEPARTMENT STORES

Total Sales:	Dallas	Ft. Worth	Houston	San Antonio	All Others	Total District
December, 1927, compared with December, 1926	+ 3.4	+ 6.8	+ 6.3	+ 5.0	+ 8.1	+ 5.6
December, 1927, compared with November, 1927	+ 47.1	+ 64.1	+ 65.6	+ 54.5	+ 55.8	+ 55.9
January 1st to date as compared with same period last year	- 6.0	+ 3.0	+ 4.7	- .2	- 1.5	- 1.0
Credit Sales:						
December, 1927, compared with December, 1926	+ 7.2	+ 11.4	+ 10.6	+ 8.2	+ 9.5	+ 9.0
December, 1927, compared with November, 1927	+ 35.4	+ 54.8	+ 55.6	+ 52.5	+ 51.8	+ 46.4
January 1st to date as compared with same period last year	- 4.9	+ 7.6	- 14.1	+ 1.0	- 2.0	- 3.5
Stocks:						
December, 1927, compared with December, 1926	- 8.6	- 4.0	+ .2	- 13.4	- .5	- 5.8
December, 1927, compared with November, 1927	- 21.1	- 32.1	- 23.4	- 24.9	- 21.2	- 24.2
Percentage of sales to average stocks in:						
December, 1926	40.1	45.8	50.1	40.2	40.9	42.7
December, 1927	43.3	47.9	52.7	45.7	44.8	46.3
Percentage of sales to average stocks:						
January 1 to December 31, 1926	274.1	268.1	328.6	308.9	275.5	285.0
January 1 to December 31, 1927	287.1	286.3	348.3	305.8	298.7	300.5
Ratio of outstanding orders to last year's purchases	5.4	2.6	5.1	8.3	5.4	5.0
Ratio of December collections to accounts receivable and outstanding December 1, 1927	33.0	37.5	39.7	44.0	39.7	37.0

FINANCIAL

The volume of public spending in December, as measured by charges to depositors' accounts at banks located in sixteen principal cities in the Eleventh District, showed substantial increases over both the previous month and the same month last year. Debits to accounts at banks in these cities amounted to \$892,013,000 representing an increase of 8.3 per cent over November and 6.3 per cent over those in December, 1926.

close of the month amounted to \$8,292,930 as compared to \$7,755,284 a month earlier and \$5,763,025 on December 31, 1926. Acceptances executed against import and export transactions declined from \$1,687,855 on November 30 to \$1,395,927 on December 31, whereas, those based on the domestic shipment and storage of goods rose from \$6,067,429 on the former date to \$6,897,003 on the latter date.

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	Dec. 1927	Dec. 1926	Inc. or Dec.	Nov. 1927	Inc. or Dec.
Abilene	\$ 13,130	\$ 14,196	- 7.5	\$ 12,781	+ 2.7
Austin	23,432	22,554	+ 3.9	20,372	+15.0
Beaumont	25,179	25,053	+ .5	21,634	+16.4
Corsicana	8,086	9,244	-12.5	6,124	+32.0
Dallas	269,485	235,902	+14.2	258,992	+ 4.1
El Paso	36,672	35,048	+ 4.6	35,098	+ 4.5
Fort Worth	120,003	98,696	+21.6	106,374	+12.8
Galveston	47,187	59,149	-20.2	53,920	-12.5
Houston	217,802	208,587	+ 4.2	183,817	+18.2
Port Arthur	10,303	10,080	+ 2.2	9,632	+ 7.0
San Antonio*	90,230	79,096	+14.1
Roswell	4,920	3,817	+28.9	5,255	- 6.4
Shreveport	44,399	42,964	+ 3.3	38,465	+15.4
Texarkana	10,292	10,513	- 2.1	12,472	-17.5
Tucson	12,422	9,888	+25.6	9,336	+33.1
Waco	21,145	18,602	+13.7	23,454	- 9.8
Wichita Falls	28,056	34,520	-18.7	25,965	+ 8.1
Total 11th District	\$892,013	\$838,813	+ 6.3	\$823,691	+ 8.3

*Not included in total.

Condition of Member Banks in Selected Cities As is usual at this season of the year, commercial loans of member banks in selected cities showed a further decline during December. These loans, which amounted to \$246,247,000 on January

4th were \$6,153,000 less than a month earlier but were \$7,301,000 greater than on January 5, 1927. Loans on corporate securities after declining during November rose \$1,766,000 during December and were \$12,562,000 greater than a year ago. Investments in United States securities showed a further increase of \$2,241,000 while investments in other stocks and bonds declined \$402,000. Total loans and investments of these banks stood at \$435,566,000 on January 4th, which reflects a decline of \$2,401,000 as compared to November 30, 1927, but a gain of \$49,317,000 as compared to a year ago. While the net demand deposits of these banks showed a slight decline of \$590,000 during December, time deposits rose \$1,152,000. As compared to a year ago, demand deposits increased \$33,675,000 and time deposits showed a gain of \$13,113,000. Their bills payable and rediscounts with the Federal Reserve Bank amounted to \$3,350,000 on January 4th as compared to \$5,877,000 on November 30, 1927, and \$3,952,000 on January 5, 1927.

Acceptance Market After declining in November the volume of acceptances executed by accepting banks in the Eleventh District and outstanding at the close of the month increased in December reaching the highest point in several years on December 31. The volume of acceptances executed and outstanding at the

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Jan. 4, 1928	Nov. 30, 1927	Jan. 5, 1927
1. Number of reporting banks	45	45	46
2. U. S. securities owned	\$ 70,706,000	\$ 68,465,000	\$ 48,560,000
3. All other stocks, bonds and securities owned	31,013,000	31,415,000	24,224,000
4. Loans secured by U. S. Government obligations	2,897,000	2,750,000	2,378,000
5. Loans secured by stocks and bonds other than U. S. Government obligations	84,703,000	82,937,000	72,141,000
6. All other loans	246,247,000	252,400,000	238,946,000
7. Net demand deposits	305,028,000	305,618,000	271,353,000
8. Time deposits	114,599,000	113,447,000	101,486,000
9. Reserve with Federal Reserve Bank	32,893,000	33,857,000	29,945,000
10. Bills payable and rediscounts with Federal Reserve Bank	3,350,000	5,877,000	3,952,000
11. Ratio of loans* to net demand deposits	82%	83%	89%

*Loans include only items 4 and 6.

Savings Deposits Savings deposits of 91 reporting banks in the Eleventh District which operate a savings department amounted to \$131,156,713 on December 31, representing an increase of 1.6 per cent over those on November 30, and 11.6 per cent over

December 31, 1926. There were 273,110 accounts carried at 84 of these banks at the close of the month as compared to 272,663 on November 30, and 253,234 on the corresponding date a year ago.

SAVINGS DEPOSITS

	December 31, 1927			December 31, 1926			November 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	4*	6,365	\$ 2,498,765	6,226	\$ 2,322,537	+ 7.6	6,277	\$ 2,495,150	+ .1
Dallas	6	52,538	21,594,830	48,440	18,032,256	+19.4	52,550	21,583,436	+ 1.1
El Paso	3	14,948	5,731,068	14,959	5,784,578	.9	15,072	5,435,280	+ 5.4
Fort Worth	3	20,850	7,165,668	19,418	5,609,250	+27.7	21,019	7,085,546	+ 1.1
Galveston	3	13,515	9,755,294	13,117	8,344,721	+16.9	18,432	9,439,604	+ 3.3
Houston	12*	64,678	30,169,489	57,146	27,130,016	+11.2	64,328	29,877,859	+ 1.0
San Antonio	6*	23,529	14,531,833	18,893	12,874,567	+12.9	23,718	14,010,705	+ 3.7
Shreveport	4*	23,809	11,161,598	23,401	11,714,062	- 4.7	23,911	11,213,086	.5
Waco	3	7,706	4,634,518	7,398	3,975,119	+16.6	7,643	4,329,216	+ 7.1
Wichita Falls	2	4,135	1,928,624	5,324	2,510,109	-23.2	4,235	2,034,685	+ 5.2
All others	45*	41,037	21,985,031	38,912	19,163,570	+14.7	40,478	21,525,330	+ 2.1
Total	91	273,110	\$131,156,713	253,234	\$117,510,765	+11.6	272,663	\$129,029,897	+ 1.6

*Only 3 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.

JANUARY 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	5-7	5-6	4 1/4-6	5 1/2-7
Rate charged on loans to other banks, secured by bills receivable	5	6	5-6	5	5-6	5 1/2
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	5-7	5-6	6-8	6-7
(b) time	5-7	6-8	5-7	5-6	6-8	6-7
Rate on commodity paper secured by warehouse receipts, etc.	5-6	7-8	6-8	5-7	6-8	5-8
Rate on cattle loans	6	6-8	6-8	7-8	4-8	8

Deposits of Member Banks Total deposits of member banks located in the Eleventh Federal Reserve District increased further during the four-week period ending December 7th and were considerably greater than a year ago. Amounting to \$915,317,000 on December 7th, total deposits of these banks reflected an increase of \$8,174,000 over those on November 9th and \$121,423,000 over December 29, 1926. As compared to a month earlier, net demand deposits increased \$7,485,000 and time deposits rose \$689,000. While banks located in cities of less than 15,000 population reported an increase in deposits the major portion of the increase in both demand and time deposits occurred at banks in cities of over 15,000 population.

loans was due almost entirely to the liquidation of indebtedness of reserve city banks and at the close of the month total borrowings were almost equally divided between the two classes of banks. With the opening of the new year, however, loans again turned upward amounting to \$3,914,875 on January 14, as compared to \$5,623,593 on the corresponding date a year ago.

Due to the reduction of loans to member banks total bills held declined from \$25,198,170.80 on November 30, to \$23,688,566.91 on December 31, distributed as follows:

Member banks collateral notes secured by United States Government obligations	\$ 609,500.00
Rediscounts and all other loans to member banks	263,292.33
Open market purchases (Bankers' Acceptances)	22,810,774.58
Total bills held	\$23,688,566.91

A further decline was shown in the net circulation of Federal reserve notes during the month. On December 31, Federal reserve notes in actual circulation amounted to \$47,472,380 as against \$48,770,660 on November 30, and \$48,803,275 on the corresponding date a year ago. Reserve deposits of member banks increased further, the daily average amounting to \$69,020,390 in December representing an increase of \$1,351,969 over November and \$8,244,032 over the daily average in December, 1926.

FAILURES

The closing month of the year witnessed a further upward trend in the business mortality rate of the Eleventh Federal Reserve District, yet it was considerably below that for the corresponding month of 1926. There were 96 failures during the month with total liabilities of \$1,010,587 as compared to 68 insolvencies in November with indebtedness of \$818,200 and 114 defaulting firms in December, 1926, which owed \$1,815,000. There were 822 failures during the year of 1927 with an indebtedness of \$14,855,399 as compared to 884 defaults in 1926 with liabilities aggregating \$12,113,434. Following the decline in the price of cotton in the fall of 1926, both the number of failures and the amount of indebtedness increased rapidly and continued heavy during the first six months of 1927. Since that time, however, failures have been on a more moderate scale.

DEPOSITS OF MEMBER BANKS

	Total		Banks in cities with a population of less than 15,000		Banks in cities with a population of over 15,000	
	Demand	Time	Demand	Time	Demand	Time
Dec. 29, 1926	632,391	161,503	281,721	41,290	350,670	120,213
Jan. 26, 1927	633,203	166,919	282,875	43,791	350,333	123,123
Feb. 23, 1927	650,879	176,503	290,385	44,869	360,494	131,634
March 23, 1927	645,449	176,130	278,998	46,021	366,451	130,109
April 27, 1927	632,818	175,836	272,254	46,624	360,564	129,212
May 25, 1927	613,136	178,895	265,858	47,618	347,278	131,277
June 22, 1927	606,696	180,545	263,813	48,119	342,883	132,426
July 27, 1927	603,312	178,368	261,809	47,666	341,503	130,702
Aug. 24, 1927	611,818	182,793	266,790	48,343	345,028	134,450
Sept. 23, 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
Dec. 7, 1927	729,213	186,104	334,427	48,631	394,786	137,473

Operations of the Federal Reserve Bank After showing considerable fluctuation during the first three weeks of December, loans to member banks during the remainder of the month reflected a downward trend in accordance with the usual year-end tendency and on December 31, member bank borrowings had declined to the lowest level reached since the pre-war period. Borrowings of these banks amounted to only \$877,792 on December 31, as compared to \$6,783,963 on November 30, and \$4,772,409 on December 31, 1926. Although a further reduction occurred in loans to country banks the decline in total

PETROLEUM

Despite the unfavorable weather conditions prevailing during the latter part of the month, activities in the oil industry in December in the Eleventh District showed an increase over those in the previous month and total production of crude oil was considerably higher. There were 21,846,100 barrels of crude oil produced in December as compared to 20,209,350 barrels in November, representing an increase of 1,636,750 barrels in total production and 31,068 barrels in the daily average output. Although the number of producers was only slightly greater than in November initial production was more than doubled. Of 553 completions, 268 were producers of oil and 62 were gas wells as against 476 completions in November of which 236 were oil producers and 43 were gas wells. On the other hand, initial production rose from 171,575 barrels in the previous month to 382,478 barrels in December.

The daily average output of crude oil in Texas increased 33,292 barrels, total production amounting to 20,382,950 barrels in December as against 18,726,700 barrels in the previous month. Field activities in Central-West Texas increased, and the completion of large producers in Howard, Winkler, Crane, and Pecos counties boosted the total yield of that area to a new high level. A further moder-

ate gain was reflected in the output of the Gulf Coast fields. Stocks of crude petroleum in the Panhandle area at the close of the month showed the effects of further withdrawals and decreased production. A further decline was shown in the output of oil in the North Louisiana district.

Production of crude oil in the Eleventh District in 1927 reached the record total of 246,440,665 barrels, as compared to 184,861,563 barrels in 1926 and 171,544,884 barrels in 1925. In only two months did the monthly output fall below the twenty-million barrel level, a record unsurpassed in previous years. However, weakened market conditions followed as a result of the heavy monthly yields and widespread efforts to curtail production, particularly in North Texas, were begun in the early fall. As a result field activities declined in most areas of the district, however, this effect was offset by the steadily rising production and the large potential supply of oil in Central-West Texas. Due in part to the adverse market, completions during the year declined and amounted to 7,263 of which 4,106 were producers of oil, as compared to 9,466 completions in 1926 of which 5,957 were oil producers. Despite this decline, however, initial production for 1927 exceeded that of the preceding year by 122,580 barrels emphasizing the greater initial flow of new wells.

OIL PRODUCTION

	December		November		Inc. or Dec.			
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.		
North Texas.....	5,005,200	161,458	5,251,050	175,036	Dec.	245,850	Dec.	13,578
Central-West Texas.....	9,925,450	320,176	8,174,600	272,486	Inc.	1,750,850	Inc.	47,690
East-Central Texas.....	840,750	27,122	848,350	28,278	Dec.	7,600	Dec.	1,156
Texas Coastal.....	3,835,700	123,732	2,674,100	122,470	Inc.	1,161,600	Inc.	1,262
Southwest Texas.....	775,850	25,027	778,600	25,953	Dec.	2,750	Dec.	926
Total, Texas.....	20,382,950	657,515	18,726,700	624,228	Inc.	1,656,250	Inc.	33,292
North Louisiana.....	1,463,150	47,198	1,482,650	49,422	Dec.	19,500	Dec.	2,224
Total, District.....	21,846,100	704,713	20,209,350	673,645	Inc.	1,636,750	Inc.	31,068

DECEMBER DRILLING RESULTS

Field—	Comple- tions	Pro- ducers	Gas Wells	Fail- ures	Initial Production
North Texas.....	150	66	6	78	11,827
Central-West Texas.....	216	147	10	59	344,794
East Texas.....	20	15	5
Texas Coastal.....	51	34	1	16	24,258
Southwest Texas.....	21	2	6	13	70
Texas Wildcats.....	38	2	2	34	236
Total Texas.....	496	251	40	205	381,185
North Louisiana.....	57	17	22	18	1,293
Dec. Totals, District.....	553	268	62	223	382,478
Nov. Totals, District.....	476	236	43	197	171,575

CRUDE OIL PRICES

	Jan. 10, 1928	Jan. 11, 1927
Texas Coastal Grade "A".....	\$1.20	\$1.40
North and Central Texas and North Louisiana (52 gr. and above).....	1.60	2.70

Prices for January 10, 1927, not available on a comparable basis.

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

LUMBER

Production, shipments, and new orders for lumber at pine mills in the Eleventh District, in accordance with the usual year-end tendency, reflected a considerable decline in December as compared to the preceding month. Shipments of lumber declined from 87 per cent of normal production in November to 75 per cent in December; production from 81 per cent of normal to 75 per cent; and new orders received which amounted to 72 per cent of normal production were ten points less than in the previous month. Stocks on hand

at the close of December were 14 per cent below normal as compared to 8 per cent a month earlier. Unfilled orders for lumber on the books of 43 mills amounted to 33,455,072 feet as against 43,825,056 feet recorded at 49 mills on November 30.

DECEMBER PINE MILL STATISTICS

Number of reporting mills.....	43
Production.....	69,735,880 feet
Shipments.....	70,099,011 feet
Orders.....	67,678,595 feet
Unfilled orders, December 31.....	33,455,072 feet
Normal production.....	93,505,087 feet
Stocks, December 31.....	232,988,465 feet
Normal stocks.....	269,479,717 feet
Shipments below normal production.....	23,406,076 feet—25%
Actual production below normal.....	23,769,207 feet—25%
Orders below normal production.....	25,826,492 feet—28%
Stocks below normal.....	36,491,252 feet—14%

(Lumber Statistics Compiled by the Southern Pine Association)

BUILDING

The valuation of permits issued at principal cities in the Eleventh District which amounted to \$8,668,751 in December reflected an increase of 10.5 per cent over the previous month and were 11.6 per cent greater than in December, 1926. There were 1,898 permits granted during the month as compared to 2,553 in November and 2,064 issued in the same month last year.

During the first seven months of 1927 the valuation of permits issued each month fell below that of the corresponding month of the previous year and at the close of July the total volume for 1927 had declined to 23.7 per cent below that for the same period of 1926. Since July, however, an increase was shown each month over the same month of last

year, with the exception of October, but the margin of increase was insufficient to offset the heavy declines in the earlier months and at the close of December the total valuation for 1927 was 14.2 per cent less than in 1926. There

were 30,835 permits issued with a valuation of \$103,225,320 as against 32,605 in the previous year having a valuation of \$120,313,989. Seven cities showed increases over 1926 and seven reported declines.

BUILDING PERMITS

	December, 1927		December, 1926		Inc. or Dec.	November, 1927		Inc. or Dec.	Twelve Months				Inc. or Dec.
	No.	Valuation	No.	Valuation		1927			1926				
						No.	Valuation		No.	Valuation			
Amarillo.....	46	\$ 148,268	223	\$ 771,825	- 80.8	83	\$ 680,063	- 78.2	1,720	\$ 10,472,729	2,944	\$ 16,476,129	- 36.4
Austin	34	88,271	13	10,240	+273.7	81	254,076	- 84.9	590	1,372,566	476	1,124,158	+ 22.1
Beaumont	131	189,449	105	574,008	- 67.0	189	309,395	- 38.8	2,159	4,946,487	1,970	2,451,961	+101.7
Corpus Christi.....	36	97,760	61	151,310	- 35.4	67	173,210	- 43.6	748	2,628,860	760	2,081,039	+ 26.3
Dallas	187	352,525	234	874,260	- 5.8	283	524,932	- 32.8	3,532	9,774,523	4,210	16,014,275	- 39.0
El Paso	57	106,419	55	64,157	+ 65.9	68	133,205	- 20.1	744	1,308,991	724	1,163,657	+ 12.5
Fort Worth	285	3,891,744	239	977,468	+298.1	273	1,661,836	+134.2	3,758	17,112,090	3,853	17,022,466	+ .5
Galveston	138	172,485	173	69,841	+147.0	203	243,639	- 29.2	2,606	2,977,733	3,005	3,213,041	- 7.3
Houston	304	1,923,316	330	2,467,118	- 22.1	438	2,226,863	- 13.6	5,870	27,326,475	5,637	28,511,810	- 4.2
Port Arthur.....	75	44,035	67	82,423	- 46.6	100	79,912	- 44.9	1,408	1,739,056	1,396	1,326,535	+ 31.1
San Antonio	300	740,970	220	1,159,890	- 36.1	411	937,486	- 21.0	3,901	13,902,961	3,330	14,468,527	- 3.9
Shreveport	154	214,404	182	149,343	+ 43.6	209	215,623	- .6	2,475	4,032,355	1,969	5,356,803	- 24.7
Waco	23	43,300	14	23,135	+ 87.2	27	55,175	- 21.5	363	1,573,641	420	1,094,675	+ 43.8
Wichita Falls	128	705,805	148	890,730	- 20.8	71	348,454	+102.6	961	4,056,853	1,906	10,008,923	- 59.5
Total	1,898	\$8,668,751	2,064	\$7,765,748	+ 11.6	2,553	\$7,843,869	+ 10.5	30,835	\$103,225,320	32,605	\$120,313,989	- 14.2

CEMENT

Although the activities of Portland cement mills in Texas were on a smaller scale than in the preceding month, they were substantially greater than in December, 1926. Production was only 2.1 per cent less than in November but was 35.6 per cent greater than in the corresponding month a year ago. While shipments of cement fell 34.1 per cent below those in the previous month, they showed an increase

of 13.3 per cent over shipments in December, 1926. Stocks on hand at the close of the month increased as a result of excess production over shipments and were 61.5 per cent larger on December 31 than a month earlier, yet they were 8.3 per cent less than on the same date last year. Production and shipments of cement in 1927 exceeded those in 1926 by 13.1 per cent and 10.8 per cent, respectively.

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

	Dec.		Inc. or Dec.	Nov.		Inc. or Dec.	Twelve Months		Inc. or Dec.
	1927	1926		1927	1926		1927	1926	
Production at Texas mills.....	514,000	379,000	+35.6	525,000	- 2.1	5,656,000	5,001,000	+13.1	
Shipments from Texas mills.....	358,000	316,000	+13.3	543,000	-34.1	5,665,000	5,114,000	+10.8	
Stocks at end of month at Texas mills..	407,000	444,000	- 8.3	252,000	+61.5				

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board as of January 25, 1928)

Industrial activity continued in December at a relatively low level and railroad distribution of commodities declined further, while the general level of prices remained unchanged. Holiday trade at retail stores was in somewhat larger volume than in the previous year.

PRODUCTION

Production of manufactures remained in practically the same volume in December as in November, while output of minerals, when allowance is made for usual seasonal changes, showed a slight increase. Activity in the textile, shoe, and tobacco industries was reduced in December, while the output of steel, non-ferrous metals and petroleum increased. Production of automobiles continued in small volume during December, but increased considerably in January and within recent weeks there has been also a further increase in the activity of steel mills. Building contract awards were slightly larger in December than in November, but smaller than in December of the two preceding years. Total awards for the year 1927 in 37 Eastern states as reported by the F. W. Dodge Corporation, were valued at about \$6,300,000,000 which is slightly less than the 1926 total of \$6,380,000,000. December awards for residential and commercial buildings were larger than in December, 1926, while those for industrial buildings and public works were smaller. During the first three weeks of January contract awards were in approximately the same volume as during the corresponding weeks of last year.

TRADE

Retail sales of department stores and mail order houses increased slightly more than is usual in December and were somewhat larger than a year ago. Inventories of merchandise carried by department stores were reduced in December and at the end of the year were slightly smaller than at the end of 1926. Wholesale trade in nine leading lines continued smaller than in the corresponding month of last year. Stocks of groceries, shoes, hardware, and furniture carried by wholesale firms were smaller at the end of December than a year

earlier and stocks of dry goods and drugs were slightly larger. Freight car loadings declined further in December and were in smaller volume during that month and the early part of January than at any time in four years. The decrease in loadings occurred in practically all groups of commodities.

PRICES

The Bureau of Labor Statistics index of wholesale commodity prices remained practically unchanged in December and was at the end of the year about 1 per cent lower than a year ago. Prices of grains, hide and leather products, non-ferrous metals, and rubber increased in December, while prices of livestock, cotton, and lumber declined. In the first three weeks of January, there were increases in prices of iron and steel, grains and wool, while prices of cattle, hogs, and cotton declined.

BANK CREDIT

At the reserve banks the seasonal demand for currency after reaching its peak on December 24, was followed by a return flow of money from circulation, which amounted to about \$440,000,000 between December 24 and January 18. This decline in the demand for currency, which was approximately the same as a year ago, was reflected in a decrease for the same period of about \$360,000,000 in bills and securities of the reserve banks. Loans and investments of member banks in leading cities declined during the first half of January, but were still at a higher level than at any time last year. The decline of about \$200,000,000 between January 4 and January 18, reflected a decrease of about \$280,000,000 in the volume of loans on securities, offset in part by a considerable increase in the banks investment holdings. Call loan rates showed the usual seasonal decline at the turn of the year but other money rates were slightly firmer. The rate on bankers' acceptances increased during the second week of January from 3¼ to 3½ per cent and there was also a slight advance in rates on time money in the open market.