

# 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

	January	December	Inc. or Dec.
Bank debits to individual accounts (at 16 cities).....	\$869,541,000	\$892,013,000	Dec. 2.5%
Department store sales.....			Dec. 53.0%
Reserve Bank loans to member banks at end of month.....	\$ 5,536,842	\$ 877,792	Inc. 530.8%
Reserve Bank ratio at end of month.....	60.2%	57.9%	Inc. 2.3 points
Building permit valuations at larger centers.....	\$ 8,067,741	\$ 8,668,751	Dec. 6.9%
Commercial failures (number).....	104	96	Inc. 8.3%
Commercial failures (liabilities).....	\$ 1,767,713	\$ 1,010,587	Inc. 74.9%
Oil production (barrels).....	21,044,000	21,846,100	Dec. 3.7%
Lumber orders at pine mills (per cent of normal production).....	110%	72%	Inc. 38 points

The breaking of the winter drouth by the recent general rains and snows which fell over the major portion of the Eleventh Federal Reserve District was the outstanding development during the past thirty days affecting agricultural and business interests. The rains came in time to save the winter wheat and oat crops, which were suffering severely from the lack of moisture. They were also beneficial to other growing crops and the livestock ranges, and in conditioning the soil for spring planting. The rains, however, were light over Western Texas and Southeastern New Mexico, where moisture was most urgently needed. A good subsoil season is lacking over a large area of the district and considerably more rain is needed to supply this moisture, which is the sustaining factor in crop growth during the summer months. The open weather during January, however, enabled the farmers to make rapid progress with plowing operations and the seeding of spring grains. While the grass in some portions of the district is short, livestock have wintered well, as there has been an ample supply of feed and the winter has been generally mild. Cattle prices were sustained at a high level and the demand for stockers and feeders has continued brisk.

The distribution of merchandise in both wholesale and retail channels has been on a large scale. The demand for merchandise at wholesale was not only seasonably greater than in December, but exceeded that of a year ago by a wide margin. Retail merchants in the rural sections are buying more freely and in many instances are taking a greater variety and a better grade of merchandise. Yet there is no evidence that merchants are overstocking their shelves, as

they appear to be holding commitments well in line with consumer demand. Sales of department stores in larger cities reflected a seasonal decline of 53 per cent as compared to the December volume, but were 2 per cent greater than a year ago. The high level of distribution as compared to a year ago is likewise reflected in charges to depositors' accounts at principal cities and in the larger loadings of merchandise shipped in less-than-carload lots.

Financial conditions reflected but little change during the month. Federal Reserve Bank loans to member banks rose from \$877,792 on December 31 to \$3,771,223 on February 15, due largely to the demand for funds by the reserve city banks, and on the latter date were \$579,507 greater than on the same date last year. While the combined deposits of member banks in this district, which amounted to \$909,699,000 on January 11, were \$5,618,000 less than on December 7, they were \$109,572,000 above those on January 26, a year ago. The Federal Reserve Bank of Dallas raised its discount rate from 3½ to 4 per cent, effective February 8.

The commercial failure rate in this district reflected a further sharp increase over the previous month, but was substantially less than in the opening month of 1927.

The activity of building, as measured by the valuation of permits issued at principal cities, while 7 per cent less than in December, was 2 per cent larger than in January of last year. It is significant to note that construction work in the majority of reporting cities is expanding. The production, shipment and new orders for lumber and the shipments of cement reflected a large increase as compared to both the previous month and the same month last year.

### CROP CONDITIONS

The generally fair weather and moderate temperatures which prevailed throughout the district during January enabled the farmers to make rapid progress with plowing

operations and the seeding of spring oats and barley. In fact, reports indicate that farmers in many sections of the district have about completed the preparation of the soil for

spring planting. Due to the subnormal rainfall during the fall and winter months, however, there is a deficiency of moisture over a large area of the district. While the general rains during the first half of February partially relieved the drouthy condition, a good subsoil season is lacking particularly in the western third of Texas and in Southeastern New Mexico. A heavy general rain would be beneficial in every section of the district.

Small grains made poor to only fair progress generally during January as a result of the dry weather, but reports indicate that these crops are taking on new life since the recent rains. The damage to these crops resulting from freeze in late December was considerably spotted, and while the injury was not as great as was at first reported, growth generally was retarded and extensive reseeding in some localities has been necessary. Reports indicate that a sizable acreage will be sown to spring oats and barley and that this work is progressing satisfactorily.

The Texas spinach crop recovered rapidly from the effects of the December freeze and is now moving to market in heavy volume. Reports are to the effect that the movement is now considerably larger than a year ago. The Texas crop of Bermuda onions is in good condition and indications are that the first cars will move around the middle of March. The indicated area planted to this crop in Southern Texas is 15,000 acres, or one-third more than a year ago, and compares to a ten-year average of 11,575 acres. The growers of grapefruit in Southern Texas have had a very profitable season, as production has been large and prices generally satisfactory.

LIVESTOCK

Rainfall was general over the district's range territory during the first half of February and was very beneficial to the ranges, as the ground was becoming dry and the grass was growing short. The rainfall was light, however, in the western third of Texas and Southeastern New Mexico, where it was urgently needed. In practically all sections, subsoil moisture is lacking and considerably more rain will be needed to give the grass and weeds an early start. Despite the shortage of pasturage in many sections, cattle have wintered well and are in fair to good condition, as the winter has been mild and there has been an ample supply of rough feeds and concentrates. Many early calves are coming, with prospects good for a large crop.

The condition of cattle ranges in Texas was 78 per cent of normal on February 1st, which represents a decline of 4 points as compared to a month earlier, and 10 points as compared to a year ago. The condition of cattle declined 5 points during January and was 9 points below that of last year. The February 1st condition of sheep and goat ranges was 79 per cent of normal as compared to 84 per cent on January 1st and 93 per cent a year ago. The condition of sheep remained unchanged at 88 per cent of normal during January and goats reflected an improvement of 1 point to 83 per cent.

The appended table shows the Department of Agriculture's estimate of the number and value of livestock on farms in Texas, Louisiana and New Mexico as of January 1, 1927 and 1928. It is significant to note that the number of cattle on farms on January 1, 1928, showed a substantial reduction as compared to a year earlier, but the value was considerably greater, reflecting the diminishing supply of cattle and the rapidly rising market prices. There was an

increase in both the number and value of sheep. This was particularly true in Texas, where the sheep industry has undergone a rapid expansion during the past few years. The number of swine in Texas and New Mexico on January 1, 1928, was considerably larger than a year ago, but in Texas the total value was smaller, as the increased number was not sufficient to overcome the rapid decline in price during the closing months of 1927.

NUMBER AND VALUE OF LIVESTOCK ON FARMS AS OF JANUARY 1, 1928, AND 1927				
	Number		Value	
	1928	1927	1928	1927
<b>Texas:</b>				
Horses .....	748,000	788,000	\$33,922,000	\$34,996,000
Mules .....	1,000,000	1,031,000	70,359,000	71,485,000
Milch cows .....	936,000	936,000	56,160,000	42,120,000
All cattle .....	5,607,000	5,841,000	225,058,000	168,803,000
Swine .....	1,375,000	1,250,000	16,500,000	18,500,000
Sheep .....	4,593,000	4,065,000	39,039,000	81,930,000
Goats .....	2,544,000	2,292,000	13,696,000	11,264,000
<b>Louisiana:</b>				
Horses .....	114,000	120,000	5,923,000	5,895,000
Mules .....	167,000	176,000	14,152,000	13,862,000
All cattle .....	579,000	616,000	16,268,000	13,420,000
Swine .....	460,000	511,000	4,370,000	4,854,000
Sheep .....	107,000	102,000	322,000	308,000
<b>New Mexico:</b>				
Horses .....	170,000	170,000	5,225,000	5,691,000
Mules .....	31,000	34,000	1,394,000	1,520,000
All cattle .....	1,070,000	1,189,000	44,960,000	36,908,000
Swine .....	77,000	64,000	924,000	915,000
Sheep .....	2,362,000	2,250,000	20,922,000	19,667,000

Movements and Prices

The January receipts of cattle and calves at the Fort Worth market reflected a substantial decline from the previous month, but were larger than in the same month of 1927. The number of hogs yarded was considerably in excess of those in either December or January a year ago. The arrivals of sheep, while smaller than in December, were in about the same volume as in the corresponding month last year.

The market prices for all classes of cattle reflected an upward trend throughout January. While the daily top prices on steers fell slightly under those for December, a larger percentage of offerings in the different classes commanded more attractive values than have prevailed for some time. While cattle values reacted somewhat during the first week in February, the top price for steers during the second week of the month equaled the high price of December, 1927. The hog market showed a further downward trend and during the second week in February prices declined to the lowest point reached in three years. While there was not sufficient trading in the sheep division to really test the market, values were reported as generally steady.

FORT WORTH LIVESTOCK RECEIPTS					
	January 1928	January 1927	Loss or Gain	December 1927	Loss or Gain
Cattle .....	71,433	59,576	G 11,857	90,578	L 19,145
Calves .....	16,596	12,220	G 4,376	29,036	L 12,440
Hogs .....	39,821	29,547	G 10,274	24,916	G 14,905
Sheep .....	18,224	17,841	G 383	29,260	L 11,036

COMPARATIVE TOP LIVESTOCK PRICES			
	January 1928	January 1927	December 1927
Beef steers .....	\$13.10	\$ 9.25	\$13.50
Stocker steers .....	11.85	8.00	11.25
Butcher cows .....	9.50	6.60	8.00
Stocker cows .....	7.50	5.25	7.40
Calves .....	12.25	10.75	11.50
Hogs .....	8.80	12.40	8.85
Sheep .....	8.75	8.50	8.00
Lambs .....	13.00	12.25	13.75

**Cotton Movements**

The January receipts and exports of cotton through the ports of Houston and Galveston reflected a seasonal decline as compared to the previous month and continued in considerably smaller volume than in the corresponding month a year ago. The total foreign exports of cotton (including linters) from all United States ports showed a slight decline as compared to December and fell considerably short of that exported in January, 1927. Exports for the current season have averaged 31 per cent smaller than in the same period of the previous season. While the domestic consumption of cotton was slightly larger than in December, it was smaller than in January, 1927.

**COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON**

	January 1928	January 1927	August 1 to This Season	January 31 Last Season
Receipts .....	133,735	329,048	2,243,982	2,960,800
Exports .....	183,278	282,978	1,245,077	1,682,769
Stocks, Jan. 31.....			889,484	988,899

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

	August 1 to This Season	January 31 Last Season
Receipts .....	6,668,038	9,657,427
Exports: Great Britain.....	714,570	1,669,888
France .....	630,400	712,697
Continent .....	2,417,252	3,120,561
Japan—China .....	713,552	986,028
Mexico .....	14,468	6,294
Total foreign ports.....	4,490,242	6,495,468
Stocks at all United States ports, Jan. 31	2,383,297	2,945,003

**COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON**

	January 1928	January 1927	August 1 to This Season	January 31 Last Season
Receipts .....	194,131	430,833	1,927,327	2,924,780
Exports .....	264,765	420,773	1,571,524	2,335,592
Stocks, Jan. 31.....			501,832	739,114

**GALVESTON STOCK STATEMENT**

	January 31, 1928	January 31, 1927
For Great Britain.....	17,000	18,300
For France .....	11,000	11,100
For other foreign ports.....	41,500	72,100
For coastwise ports.....	2,000	12,000
In compresses and depots.....	430,332	625,614
Total.....	501,832	739,114

**SPOT COTTON PRICES (Middling Basis)**

	January, 1928		February 15, 1928
	High	Low	
New York .....	19.85	17.95	18.45
New Orleans .....	19.55	17.46	18.00
Dallas .....	18.80	16.80	17.30
Houston .....	19.50	17.20	17.80
Galveston .....	19.60	17.50	17.85

**COTTON CONSUMED AND ON HAND**

	COTTON GROWING STATES				UNITED STATES			
	January 1928	January 1927	Aug. 1 to Jan. 31 This Season	Last Season	January 1928	January 1927	Aug. 1 to Jan. 31 This Season	Last Season
Cotton consumed.....	438,977	437,779	2,689,734	2,477,322	582,417	603,242	3,625,385	3,429,158
Cotton on hand January 31:								
(a) In consuming establishments.....			1,170,909	1,271,577			1,706,893	1,852,074
(b) In public storage and compresses.....			4,708,667	5,831,228			5,014,029	6,158,508

**COTTONSEED PRODUCTS**

The volume of cottonseed received at Texas mills reflected a seasonal decline during the past month, and was considerably smaller than in January a year ago. Cottonseed on hand at the close of January amounted to 260,549 tons as compared to 354,580 tons a year earlier. While the stocks

**STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS**

	Texas		United States	
	Aug. 1 to Jan. 31 This Season	Last Season	Aug. 1 to Jan. 31 This Season	Last Season
Cottonseed received at mills (tons)....	1,444,210	1,655,644	4,251,507	5,277,668
Cottonseed crushed (tons) .....	1,217,592	1,310,041	3,577,438	4,262,775
Cottonseed on hand (tons) .....	260,549	354,580	763,353	1,035,766
Crude oil products (pounds).....	360,235,314	366,726,935	1,117,378,354	1,268,202,188
Cake and meal produced (tons) .....	563,942	603,059	1,594,004	1,905,695
Hulls produced (tons) .....	346,061	384,367	1,017,341	1,235,100
Linters produced (running bales)....	228,637	211,359	656,937	693,189
Stocks on hand January 31:				
Crude oil (pounds).....	49,522,517	37,168,670	137,931,006	115,466,241
Cake and meal (tons) .....	40,950	30,266	177,118	147,144
Hulls (tons).....	73,889	86,049	186,583	238,760
Linters (running bales).....	53,707	70,631	157,959	224,897

of crude oil and cake and meal on January 31st were larger than on that date a year ago, stocks of hulls and linters were considerably smaller.

The average price paid for cottonseed by mills reporting to the Federal Reserve Bank during the week ending February 4th amounted to \$45.41 per ton as against an average price of \$42.16 during the week ending January 14th. While the price received by these mills for crude cottonseed oil and linters declined during the period, hulls, and cake and meal advanced.

**TEXTILE MILLING**

Improvement was noted in the operation of textile mills in the Eleventh District in January as compared with the previous month. There were 2,945 bales of raw cotton consumed by these mills during the month as compared with 2,750 bales in December and 3,100 bales in January of last year. Production of cloth was 4.1 per cent greater than in the previous month and only one-tenth of 1 per cent less than during the corresponding period of 1927. The volume of orders on hand at the end of January, though less than a year ago, was larger than those a month earlier. Stocks held at the close of the month were greater than on December 31 or January 31, 1927. The trend of prices has been downward, due to the sharp decline in the raw cotton market.

## TEXTILE MILLING STATISTICS

	Jan., 1928	Jan., 1927	Dec., 1927
Number of bales consumed .....	2,945	3,100	2,750
Number of spindles active.....	84,084	84,584	82,084
Number pounds cloth produced.....	1,352,904	1,354,454	1,299,050

## WHOLESALE TRADE

An active demand for merchandise characterized the situation in the wholesale channels of distribution during January. Sales in all lines except hardware reflected a substantial seasonal expansion as compared with the previous month, and sales in all lines were heavier than a year ago, ranging from 3.8 per cent in the case of groceries to 50.7 per cent in dry goods. The increased buying at wholesale has been due largely to the expanding consumer demand and the improved outlook for spring trade. Despite the fact that the merchants are increasing their commitments somewhat, indications are that they are showing no disposition to depart from the policy of keeping orders aligned with current and prospective consumer demand. With bank deposits at record level and with a substantial portion of old indebtedness liquidated, the farmers in this district have a large potential purchasing power, and with the increasing demand for merchandise becoming evident, dealers generally are optimistic regarding the future outlook.

The demand for dry goods at wholesale reflected a large increase during January which was more than seasonal in character. Sales were not only 66.2 per cent greater than in December, but were 50.7 per cent larger than in January a year ago. In fact, they were larger than in any January of recent years. Although buying has been seasonably heavy, indications are that merchants are limiting purchases largely to well defined needs and are showing no disposition to overstock their shelves. The opening of the spring buying season in wholesale centers early in February brought many merchants to the market and reports are to the effect that buying has continued on an extensive scale. Dealers report that the outlook for spring business is favorable.

The past month witnessed a further large expansion in the demand for farm implements. Sales were 32.7 per cent greater than in December and 45.7 per cent larger than in January last year. With the economic position of the farmer greatly improved and with weather conditions favorable for farm operations, farmers have been buying more heavily than for some time past. The larger portion of the demand has been for tillage implements. Prices have remained generally firm. Dealers report that the outlook for future business is fair to good.

Sales of wholesale drug firms during January were 6.3 per cent larger than in the previous month and 4.8 per cent larger than in the corresponding month last year. The improvement in trade has been fairly general throughout the district and reports indicate that the prospects for future business are good. Collections were well sustained during January. Prices remained steady.

While the demand for hardware showed a decline of 13.5 per cent as compared to December, it was 5.3 per cent above January, 1927. Buying appeared to be somewhat spotted and the distribution of seasonal goods was retarded somewhat by the mild weather. The outlook for the future is generally fair.

The January sales of wholesale grocery firms were 8.4 per cent greater than in the previous month and 3.8 per cent larger than in January, 1927. While the demand is generally good in most sections of the district, some firms report that business has been somewhat quiet. Collections during January showed a substantial decline as compared to the previous month. Prices reflected no material change. The outlook is reported to be fairly good.

CONDITION OF WHOLESALE TRADE DURING JANUARY, 1928  
Percentage of Increase or Decrease in:

	—Net Sales—		—Stocks—	
	January, 1928 compared with January 1927		January, 1928 compared with January 1927	
Groceries .....	+ 3.8	+ 8.4	+ 3.1	+ 7.7
Dry Goods .....	+50.7	+66.2	+22.0	+34.8
Farm Implements .....	+45.7	+32.7	-14.5	- 1.8
Hardware .....	+ 5.3	-13.5	- 5.3	-16.2
Drugs .....	+ 4.8	+ 6.3	- 9.2	+ 2.5

## RETAIL TRADE

Retail distribution, as measured by department store sales in the larger cities, reflected a seasonal decline of 53 per cent as compared to the heavy December volume, but was 2 per cent larger than in January a year ago. The January "clearance sales" were generally satisfactory in the disposition of winter goods and the demand for spring merchandise has been stimulated by the prevalence of generally fair weather.

Stocks on hand at the close of January were slightly larger than a month earlier, but were 1.8 per cent less than at the close of January a year ago.

The ratio of January collections to accounts receivable on January 1, was 36.3 per cent as compared to 37 per cent in December, and 36 per cent in January, 1927.

## BUSINESS OF DEPARTMENT STORES

Total Sales:	Dallas	Fort Worth	Houston	San Antonio	All Others	Total District
January, 1928, compared with January, 1927.....	+ .9	+ 4.3	+ .5	- 1.2	+ 6.6	+ 2.0
January, 1928, compared with December, 1927.....	-50.6	-63.5	-50.5	-46.6	-52.8	-53.0
Credit Sales:						
January, 1928, compared with January, 1927.....	+ 3.1	+10.1	+ 4.7	+ 1.9	+ 7.4	+ 4.7
January, 1928, compared with December, 1927.....	-46.7	-62.7	-44.2	-45.9	-51.6	-49.7
Stocks:						
January, 1928, compared with January, 1927.....	- 3.3	- 2.4	+ 2.3	- 8.7	+ 3.1	- 1.8
January, 1928, compared with December, 1927.....	- 1.9	+ 5.0	- 6.5	+ 3.6	+ 5.2	+ .3
Rate of stock turnover in January, 1927.....	.23	.19	.34	.25	.22	.24
Rate of stock turnover in January, 1928.....	.24	.21	.35	.27	.23	.25
Ratio of January collections to accounts receivable due and outstanding January 1, 1928.....	32.9	32.5	38.8	42.7	40.9	36.3

FINANCIAL

The January volume of public spending, as measured by charges to depositors' accounts at banks located in sixteen principal cities in the Eleventh District, reflected a seasonal decline of 2.5 per cent as compared to the previous month, but were 10.5 per cent greater than in the corresponding month a year ago. It will be noted that debits have shown a gradual improvement since last summer and in January the increase of the current month over the corresponding month of the previous year was the largest since August, 1926.

DEBITS TO INDIVIDUAL ACCOUNTS  
(In Thousands of Dollars)

	January 1928	January 1927	Inc. or Dec.	December 1927	Inc. or Dec.
Abilene	\$ 12,128	\$ 8,069	+50.3	\$ 13,180	- 7.6
Austin	17,336	19,522	-11.2	23,432	-26.0
Beaumont	27,278	27,212	+ .2	25,179	+ 8.3
Corsicana	8,569	8,614	- .5	8,086	+ 6.0
Dallas	236,595	223,308	+ 6.0	269,485	-12.2
El Paso	33,489	33,301	+ .6	36,672	- 8.7
Fort Worth	103,983	90,302	+15.1	120,003	-13.4
Galveston	39,887	55,352	-27.9	47,187	-15.5
Houston	185,725	192,992	- 3.8	217,302	-14.5
Port Arthur	9,419	9,499	- .8	10,303	- 8.6
San Antonio	82,075*			90,230*	- 9.0
Roswell	3,745	3,240	+15.6	4,920	-23.9
Shreveport	41,717	41,352	+ .9	44,399	- 6.0
Texarkana	12,948	11,274	+14.8	10,292	+25.8
Tucson	10,811	9,997	+ 8.1	12,422	-13.0
Waco	18,167	18,825	- 8.5	21,145	-14.1
Wichita Falls	25,671	33,812	-24.1	28,056	- 8.5
Total, 11th District	\$869,541	\$786,671	+10.5	\$892,013	- 2.5

\*San Antonio figures not included in totals.

Acceptance Market

The volume of acceptances executed by accepting banks in the Eleventh District and outstanding at the close of the month reflected a decline from those a month earlier, but were greater than on the corresponding date a year ago. Acceptances outstanding on January 31st totaled \$5,496,602 as compared to \$8,292,930 on December 31st and \$4,063,211

on January 31, 1927. While acceptances executed against import and export transactions increased from \$1,395,927 on December 31st to \$1,432,014 on January 31st, this increase was more than offset by a decline in those based on the domestic shipment and storage of goods which were reduced from \$6,897,003 on the former date to \$4,064,588 on the latter date.

Condition of Member Banks in Selected Cities

A general increase was shown in loans of member banks located in selected cities of the Eleventh District in January and a slight gain was reflected in investments. Commercial loans increased from \$246,247,000 on January 4th to \$249,629,000 on February 1st, largely in response to seasonal requirements of merchants in preparation for spring trade. Loans on Government obligations increased \$577,000, while those against corporate securities, which reached a new high level at \$88,990,000, were \$4,287,000 greater than four weeks earlier. Investments of these banks in United States securities increased \$1,067,000; however, this increase was partially offset by a decline of \$861,000 in their investments in other stocks and bonds. As compared to a year ago, total loans and investments reflected an expansion of \$54,269,000 and amounted to \$444,018,000 on February 1st, the majority of the increase being in loans on corporate securities and investments in Government obligations. Net demand deposits amounted to \$312,576,000, representing an increase of \$7,548,000 during the month and \$42,355,000 over those a year ago. Time deposits rose \$787,000 in January. Reserves of these banks with the Federal Reserve Bank increased \$2,651,000 and their bills payable and rediscounts with this Bank gained \$995,000. The ratio of loans to net demand deposits was 81 per cent, as compared to 82 per cent on January 4th, and 90 per cent on February 2, 1927.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Feb. 1, 1928	Jan. 4, 1928	Feb. 2, 1927
1. Number of reporting banks	45	45	46
2. U. S. securities owned	\$ 71,773,000	\$ 70,706,000	\$ 48,412,000
3. All other stocks, bonds and securities owned	30,152,000	31,013,000	22,696,000
4. Loans secured by U. S. Government obligations	3,474,000	2,897,000	2,115,000
5. Loans secured by stocks and bonds other than U. S. Government obligations	88,990,000	84,708,000	74,719,000
6. All other loans	249,629,000	246,247,000	241,807,000
7. Net demand deposits	312,576,000	305,028,000	270,221,000
8. Time deposits	115,386,000	114,599,000	103,223,000
9. Reserve with Federal Reserve Bank	35,544,000	32,893,000	28,720,000
10. Bills payable and rediscounts with Federal Reserve Bank	4,345,000	3,850,000	2,218,000
11. Ratio of loans* to net demand deposits	81%	82%	90%

\*Loans include only items 4 and 6.

Savings Deposits

Reports from 93 banks in the Eleventh District, which operate a savings department, show that savings deposits amounting to \$133,500,735 on January 31, were 12.2 per cent greater than on the same date last year, and 2 per cent

above those a month earlier. There were 276,764 savings accounts carried at 85 of these banks as compared to 262,209 a year ago, and 273,802 accounts on December 31, 1927.

SAVINGS DEPOSITS

	January 31, 1928			January 31, 1927			December 31, 1927		
	Number of Reporting Banks	Number of Savings Depositors	Amount of Savings Deposits	Number of Savings Depositors	Amount of Savings Deposits	Inc. or Dec.	Number of Savings Depositors	Amount of Savings Deposits	Inc. or Dec.
Beaumont	4*	6,218	\$ 2,414,565	5,686	\$ 2,319,255	+ 4.1	6,117	\$ 2,498,765	- 3.4
Dallas	6	52,884	21,991,309	48,631	18,455,125	+19.2	53,283	21,621,352	+ 1.7
El Paso	3	15,193	5,611,846	14,637	5,230,500	+ 7.3	14,948	5,731,067	- 2.1
Fort Worth	3	21,979	7,124,789	20,241	6,392,556	+11.5	20,810	5,831,055	+22.2
Galveston	3	13,498	9,805,901	13,271	9,324,486	+ 5.2	13,515	9,755,294	+ .5
Houston	12*	65,483	30,508,493	60,212	27,172,646	+12.3	63,906	30,073,892	+ 1.4
San Antonio	6*	23,649	14,133,735	22,984	12,494,571	+13.1	23,529	14,101,833	+ .2
Shreveport	4*	22,236	10,959,737	23,090	10,844,534	+ 1.1	23,809	11,157,321	- 1.8
Waco	4	8,830	6,434,778	8,308	5,153,034	+24.9	8,725	6,272,276	+ 2.6
Wichita Falls	2	4,155	2,101,463	5,384	2,634,195	-20.2	4,135	1,928,624	+ 9.0
All others	46*	42,639	22,414,119	39,765	18,927,323	+18.4	41,025	21,958,134	+ 2.1
Total	93	276,764	\$133,500,735	262,209	\$118,948,225	+12.2	273,802	\$130,909,663	+ 2.0

\*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.

	FEBRUARY DISCOUNT RATES				Prevailing Rates	
	Dallas	El Paso	Fort Worth	Houston	San Antonio	Waco
Rate charged customers on prime commercial paper such as is now eligible for rediscount under the Federal Reserve Act	4½-6	8	5-8	5-6	4¼-6	5½-7
Rate charged on loans to other banks, secured by bills receivable	5	6	5-6	5	5-6	5½-6
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
(a) demand	5-7	6-8	5-8	5-6	6-8	6-7
(b) time	6-7	6-8	5-8	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	6-7	6-8	6-8	7-8	4-8	7-8

**Deposits of Member Banks** Combined deposits of member banks in the Eleventh District, which amounted to \$909,699,000 on January 11, were \$5,618,000 less than on December 7, but showed an increase of \$109,572,000 over those on January 26, 1927. The net demand deposits of these banks declined \$8,812,000 during the five-week period, which was partially offset by a gain of \$3,194,000 in their time deposits.

Due to the fact that the expansion in loans to member banks more than offset the reduction in open market purchases, total bills held increased from \$23,688,566.91 on December 31 to \$23,858,257.56 on January 31, distributed as follows:

Member banks' collateral notes secured by U. S. Government obligations.....	\$ 2,756,050.00
Rediscounts and all other loans to member banks.....	2,780,792.13
Open market purchases (Bankers' Acceptances).....	18,321,415.43
<b>Total bills held.....</b>	<b>\$23,858,257.56</b>

	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
Jan. 26, 1927.....	633,203	166,919	282,875	43,791	350,333	123,128
Feb. 23, 1927.....	650,379	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.....	632,318	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	134,786
July 27, 1927.....	603,312	178,368	261,309	47,666	341,503	136,933
Aug. 24, 1927.....	611,818	182,793	266,790	48,343	345,028	132,426
Sept. 23, 1927.....	667,854	183,131	303,977	49,023	363,877	130,702
Oct. 26, 1927.....	698,939	185,366	322,579	49,887	376,360	134,450
Nov. 9, 1927.....	721,728	185,415	333,579	48,482	388,149	134,108
Dec. 7, 1927.....	729,213	186,104	334,427	48,631	387,473	135,479
Jan. 11, 1928.....	720,401	189,298	329,413	49,942	390,983	139,356

**Operations of the Federal Reserve Bank** After reaching a low level on December 31st at \$877,792, loans to member banks in the Eleventh District reflected a gradual expansion during the first three weeks of January and reached the high point of the year at \$6,715,422 on January 20. Subsequent to that date, loans have followed an irregular course, amounting to \$5,536,842 on January 31 and \$3,771,223 on February 15. While loans to country banks have shown some expansion since the first of the year, the movement in loans has been influenced primarily by the borrowings of reserve city banks. The trend of loans to member banks in 1928 has been considerably different to that in 1927. During the latter year, loans after rising during the first week reflected an almost steady decline until the middle of February and the liquidation was by both country banks and reserve city banks, whereas in 1928 the movement of loans has been erratic, due largely to the variations in the amounts of borrowings by reserve city banks. It will be noted that loans on February 15, 1928, were \$579,507 greater than on the corresponding date of the previous year. In fact, loans during the current year have been running higher than a year ago since the middle of January. Although loans to member banks are larger, the distribution of funds is not as great as is indicated by the fact that there were 48 borrowing banks on January 31, as against 84 on that date in 1927.

A seasonal decline was reflected in the net circulation of Federal reserve notes, which amounted to \$40,281,960 at the close of the month as compared to \$47,472,380 on December 31, and \$43,742,460 on the corresponding date of 1927. The daily average reserve deposits of member banks amounted to \$68,329,314, representing a decline of \$191,076 from that of the previous month.

### FAILURES

The business mortality rate in the Eleventh Federal Reserve District reflected a further sharp increase in January as compared to the previous month, but it was considerably lower than in January a year ago. While the number of failures and the amount of liabilities have shown an increase each month since last October, the upward trend is not surprising in view of the fact that the year-end settlements almost invariably disclose a larger number of insolvencies. The comparison with a year ago shows that the credit situation has considerably improved during the year and that the firms remaining in business are in a stronger position. There were 104 failures in January, with liabilities of \$1,767,713 as compared to 96 insolvencies in December with an indebtedness of \$1,010,587 and 134 defaults in January, 1927, which owed \$2,348,320.

### PETROLEUM

A decline was shown in the production of crude oil in the Eleventh Federal Reserve District in January as compared to December. Despite the reduction however, the yield was maintained at a comparatively high level, as the production in December was the largest of any month during 1927. There were 21,044,000 barrels of crude oil produced during the month as compared with 21,846,100 barrels in December, representing a decline of 802,100 barrels in total output and a reduction of 25,874 barrels in the daily average yield. As compared with last year, the total production in January of this year was 624,210 barrels less. Field activities in some portions of the district increased during the current month, while in others the usual slackening in field operations at this season of the year was noted.

The daily average yield of Texas fields amounted to 633,563 barrels of oil, which was 23,952 barrels below that of

the previous month and 12,462 barrels less than in the corresponding month of last year. Production declined in all areas of the State with the exception of Central-West Texas, whose output in January exceeded that of the remaining fields of Texas combined. The bulk of the activity in this section of the State was centered in Crane and Winkler Counties. Gray County, in the Panhandle region, was the only active area in North Texas, field work generally throughout that part of Texas being held up pending better crude oil prices. Crude stocks in the Panhandle, after declining in November and December, were increased in January as a result of trunk line facilities being held below capacity. Production in North Louisiana amounted to 1,403,550 barrels of oil as compared to 1,463,150 barrels in the previous month and represents a decline of 1,922 barrels in the daily average yield.

JANUARY DRILLING RESULTS

Field—	Comple- tions	Pro- ducers	Gas Wells	Fail- ures	Initial Production
North Texas .....	106	61	5	40	11,170
Central West Texas .....	172	112	9	51	293,977
East Texas .....	13	2	11	.....	30
Texas Coastal .....	37	27	.....	10	16,166
Southwest Texas .....	16	4	5	7	600
Texas Wildcats .....	26	2	.....	24	860
<b>Total Texas .....</b>	<b>370</b>	<b>208</b>	<b>30</b>	<b>132</b>	<b>322,803</b>
North Louisiana .....	47	14	19	14	1,227
Jan. Totals, District.....	417	222	49	146	324,030
Dec. Totals, District.....	553	268	62	223	382,478

CRUDE OIL PRICES

	Feb. 15, 1928	Feb. 16, 1927
Texas Coastal (Grade "A").....	\$1.20	\$1.40
North and Central Texas and North Louisiana (52 gravity and above).....	1.60	2.70

(Prices for Feb. 15, 1927, not available on a comparative basis)  
(Oil statistics compiled by the Oil Weekly, Houston, Texas)

OIL PRODUCTION

	January		December		Total	Inc. or Dec.		
	Total	Daily Avg.	Total	Daily Avg.		Total	Daily Avg.	
North Texas.....	4,652,700	150,087	5,005,200	161,458	Dec.	352,500	Dec.	11,371
Central-West Texas.....	10,037,250	323,782	9,925,450	320,176	Inc.	111,800	Inc.	3,606
East-Central Texas.....	801,900	25,868	840,750	27,122	Dec.	38,850	Dec.	1,254
Texas Coastal.....	3,425,300	110,494	3,835,700	123,732	Dec.	410,400	Dec.	13,238
Southwest Texas.....	723,300	23,332	775,850	25,027	Dec.	52,550	Dec.	1,695
<b>Total, Texas .....</b>	<b>19,640,450</b>	<b>633,563</b>	<b>20,382,950</b>	<b>657,515</b>	<b>Dec.</b>	<b>742,500</b>	<b>Dec.</b>	<b>23,952</b>
North Louisiana.....	1,403,550	45,276	1,463,150	47,193	Dec.	59,600	Dec.	1,922
<b>Total, District.....</b>	<b>21,044,000</b>	<b>678,839</b>	<b>21,846,100</b>	<b>704,713</b>	<b>Dec.</b>	<b>802,100</b>	<b>Dec.</b>	<b>25,874</b>

LUMBER

A substantial, seasonal increase was reflected in the operation of pine mills in the Eleventh Federal Reserve District in January. Production of lumber increased from 75 per cent of normal in December to 91 per cent in January. Shipments from these mills, which were 96 per cent of normal production, were the largest of any month since May, 1926, and orders increased to 10 per cent above normal production, the highest point reached in several years. Stocks held at the close of January were 10 per cent above normal as compared to 14 per cent below normal a month earlier. Unfilled orders for lumber at 47 mills on January 31st

aggregated 60,139,516 feet, which compares with 33,455,072 feet recorded at 43 reporting mills on December 31st.

JANUARY PINE MILL STATISTICS

Number of reporting mills.....	47
Production .....	90,581,286 feet
Shipments .....	96,486,541 feet
Orders .....	110,486,809 feet
Unfilled orders, January 31.....	60,139,516 feet
Normal production .....	100,037,975 feet
Stocks, January 31.....	277,582,504 feet
Normal stocks .....	251,825,594 feet
Shipments below normal production.....	3,551,434 feet—4%
Actual production below normal.....	9,456,689 feet—9%
Orders above normal production.....	10,448,334 feet—10%
Stocks above normal .....	25,756,910 feet—10%

(Lumber statistics compiled by Southern Pine Association)

BUILDING

Building activity in January in the Eleventh Federal Reserve District, as measured by the valuation of permits issued at fourteen of its principal cities, was 6.9 per cent less than in December, but 1.5 per cent greater than in the corresponding month of last year. The valuation of these permits aggregated \$8,067,741 as compared to \$8,668,751 in the previous month and \$7,944,784 in January, 1927. The building situation in a majority of the reporting cities ap-

pears to be improving. As compared to a year ago there were ten cities which reported increases, most of which were large, but the declines reported in other cities materially lowered the average for the district. It will be noted that as compared to the previous month, the sharp decline in four cities more than offset the heavy gains in other cities and accounted for the decrease in the total valuation of permits issued at all cities.

BUILDING PERMITS

	January, 1928		January, 1927		Inc. or Dec.	December, 1927		Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation	
Amarillo.....	89	\$ 307,675	271	\$1,022,340	— 69.9	46	\$ 148,268	+ 107.5
Austin.....	59	591,923	27	27,150	+2080.2	34	38,271	+1446.7
Beaumont.....	160	204,429	147	187,919	+ 8.8	131	189,449	+ 7.9
Corpus Christi.....	56	389,820	60	111,755	+248.8	36	97,760	+298.8
Dallas.....	335	619,389	327	412,624	+ 50.1	187	352,525	+ 75.7
El Paso.....	60	101,236	49	32,485	+211.6	57	106,419	+ 4.9
Fort Worth.....	350	1,099,278	299	912,271	+ 20.5	285	3,891,744	+ 71.8
Galveston.....	170	165,352	171	586,662	+ 71.8	138	172,485	+ 4.1
Houston.....	568	2,342,717	517	3,213,316	+ 27.1	304	1,923,316	+ 21.3
Port Arthur.....	114	59,994	115	92,904	+ 35.4	75	44,035	+ 36.2
San Antonio.....	374	1,137,371	258	805,746	+ 41.2	300	740,970	+ 53.5
Shreveport.....	182	594,052	205	210,400	+182.3	154	214,404	+177.1
Waco.....	34	232,632	37	109,085	+113.4	23	43,300	+437.3
Wichita Falls.....	56	221,873	83	220,177	+ .8	123	705,805	+ 68.6
<b>Total.....</b>	<b>2,607</b>	<b>\$8,067,741</b>	<b>2,566</b>	<b>\$7,944,784</b>	<b>+ 1.5</b>	<b>1,898</b>	<b>\$8,668,751</b>	<b>— 6.9</b>

## CEMENT

A considerable increase over both the previous month and the same month of last year was noted in the shipments of Portland cement from Texas mills in January. There were 447,000 barrels shipped during the month, which was 24.9 per cent larger than in December and 22.5 per cent over those in the corresponding month of 1927. Production showed a decline for the fourth consecutive month and amounted to 463,000 barrels in January, which was 9.9 per cent less than in the previous month. As compared to a year ago, however, production of cement in January this year was

20.9 per cent larger. Stocks on hand at the close of the month were 3.9 per cent above those a month earlier, but were 8.2 per cent below stocks held on January 31, 1927.

PRODUCTION, SHIPMENTS AND STOCKS OF PORTLAND CEMENT (Barrels)					
	January 1928	January 1927	Inc. or Dec.	Dec. 1927	Inc. or Dec.
Production at Texas mills	463,000	383,000	+20.9	514,000	- 9.9
Shipments from Texas mills	447,000	365,000	+22.5	358,000	+24.9
Stocks at end of month at					
Texas mills.....	423,000	461,000	- 8.2	407,000	+ 3.9

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Industrial production and shipments of commodities by railroads increased considerably in January from the low point reached at the end of 1927. The general level of wholesale commodity prices showed a slight decline.

### PRODUCTION

The increase of 6 per cent industrial production from December to January reflected a larger output of manufactures, particularly of iron and steel and automobiles. Daily average production of steel ingots increased by over 25 per cent in January, the largest monthly increase since 1924. Buying of steel products by the railroads, and by the automobile and construction industries was also active in January, and notwithstanding the large volume of production and shipments, unfilled orders showed an increase during the month. Since the first of February production of steel products has continued active with new orders and shipments more nearly in balance than in previous months. Automobile production, which in December was in the smallest volume since 1922, increased considerably in January and was only slightly smaller than in the same month of the preceding year. Cotton consumption showed about the usual seasonal increase in January following substantial curtailment in December, and the woolen and silk industries were somewhat more active than in December. Production of minerals, after adjustment for customary seasonal changes, was in practically the same volume in January as in December. Building contracts awarded in January exceeded those for the corresponding month of last year and awards during the first half of February were in practically the same volume as a year ago.

### TRADE

Sales of department stores showed more than the usual seasonal decline in January from the high levels reached in December and averaged slightly smaller than in January of last year. Sales of mail order houses, on the other hand, were about 6 per cent larger than a year ago. Wholesale trade in nine leading lines averaged larger than in January of last year. Stocks of groceries and hardware carried by wholesale firms were smaller than a year ago, but reports in other lines indicated that stocks were somewhat larger.

Freight car loadings for all groups of commodities were larger in January than in December, the increase being particularly large for miscellaneous commodities. Compared with January of last year, however, loadings of all classes of commodities, except live stock, were smaller.

### PRICES

The Bureau of Labor Statistics index number of wholesale commodity prices declined from 96.8 per cent of the 1926 average in December to 96.3 per cent in January. Prices of farm and hide and leather products increased while prices of meats and dairy products, textiles, fuels, nonferrous metals and rubber declined. During the first two weeks of February prices of grains, cotton, silk, and wool advanced, while those of cattle, sugar, and rubber declined.

### BANK CREDITS

For the four weeks ending February 15, total loans and investments of member banks in leading cities showed a decline of more than \$200,000,000, the decline being almost entirely in loans on securities. From the peak at the turn of the year this class of loans decreased by nearly \$460,000,000. Loans for commercial purposes, after a further decline in January showed a seasonal increase in the first two weeks of February. The decline in the volume of loans since the first of the year has been accompanied by a corresponding decline in net demand deposits, while time deposits have continued to increase. At the reserve banks the total volume of member bank borrowing declined seasonally during the opening weeks of the year and reached a low point on January 25, but increased by about \$70,000,000 between that date and February 21. This increase in discounts accompanied smaller reductions in the reserve bank holdings of United States securities and acceptances, and the total volume of reserve bank credit in use showed an increase for the four weeks. During the four weeks ending February 21, a firmer tendency in the money market was indicated by increased rates on call and time loans and by a further increase from 3 $\frac{3}{8}$  per cent to 3 $\frac{1}{2}$  per cent in the rate on 90 day bankers' acceptances. Between January 25th and February 21st discount rates at eleven Federal reserve banks were advanced from 3 $\frac{1}{2}$  to 4 per cent.