

# 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

	February	January	Inc. or Dec.
Bank debits to individual accounts (at 16 cities).....	\$708,364,000	\$869,541,000	Dec. 18.5%
Department store sales.....			Dec. 1.3%
Reserve Bank loans to member banks at end of month.....	\$ 2,646,794	\$ 5,536,842	Dec. 52.2%
Reserve Bank ratio at end of month.....	70.2%	60.2%	Inc. 10 points
Building permit valuations at larger centers.....	\$ 8,405,500	\$ 8,067,741	Inc. 4.2%
Commercial failures (number).....	47	104	Dec. 54.8%
Commercial failures (liabilities).....	\$ 1,637,036	\$ 1,767,713	Dec. 7.4%
Oil production (barrels).....	19,850,250	21,044,000	Dec. 5.7%
Lumber orders at pine mills (per cent of normal production).....	93%	110%	Dec. 17 points

The continuance of an active demand for merchandise in both wholesale and retail channels of distribution was an important feature of the business situation during the past month. While distribution in some lines of wholesale trade was slightly smaller in February than during January, due to the shorter month, sales in all lines showed a large increase as compared to the corresponding month of the previous year. Reports indicate that there is a growing spirit of optimism among both consumers and retailers and that the consumer demand for merchandise is gradually expanding as the season advances. While the large purchasing power of the district's population, together with the improved outlook for agriculture, presents an encouraging outlook for trade, retailers generally are holding to conservative merchandising policies and show no disposition to make purchases in excess of well defined prospective needs. Retail distribution in the larger centers, as reflected by department store sales, was seasonably smaller than in January but exceeded that of February a year ago by 2 per cent. Debits to individual accounts, while 19 per cent less than in the previous month, were 2 per cent greater than in the corresponding month a year ago.

A considerable improvement has likewise taken place in the agricultural situation as the general rains and snows in February and March furnished ample moisture in most sections for current needs. It should be borne in mind however, that a good subsoil season is still lacking in some sections of the district and considerably more moisture will be needed as the crops advance to sustain growth. Progress of small grains was very good but the general condition is somewhat spotted. The planting of corn has become gen-

eral throughout the district and cotton planting is making good progress in Southern Texas. A significant feature of the agricultural situation is that according to the farmers' March 1st intentions to plant (see page 2 for details) the prospective acreage of feed crops in Texas is considerably larger than the acreage planted in 1927.

Statistics compiled by this Bank continue to reflect the strong financial position of the Southwest. Deposits of member banks on February 8, amounted to \$932,172,000 which was \$22,473,000 greater than a month earlier, and \$104,790,000 greater than on February 23, 1927. Federal Reserve Bank loans to member banks totaled \$3,788,089 on March 15, as compared to \$5,536,842 on January 31, and \$3,602,754 on the corresponding date a year ago. Commercial banks continue to carry heavy cash and secondary reserves and there is a strong demand for short time investments as is evidenced by the fact that subscriptions to the March 15th issue of Treasury Certificates bearing  $3\frac{1}{4}$  and  $3\frac{3}{8}$  per cent totaled \$28,749,000, against which allotments of \$17,482,000 were made. The strong position of business concerns in this District is reflected by the sharp decline in commercial failures during February, the number being smaller than in that month in any year since 1920.

The valuation of building permits issued at principal cities reflected an increase of 4 per cent over that of the previous month and was 11 per cent greater than in the corresponding month of last year. While the demand for lumber was less than in January, it was considerably above that of February, 1927. The production and shipment of cement also showed large gains as compared to a year ago.

### CROP CONDITIONS

The agricultural situation was greatly improved during the past month as the result of the general rains and snows which fell over practically all of this district. While there is plenty of top moisture in most sections for plowing and

planting a subsoil season is still lacking over a large area of the district due to the dry winter and considerably more moisture will be needed as the season progresses to sustain crop growth. Plowing operations have been practically

completed and the planting of cotton and corn is under way. Cotton planting is making good progress in the Southern part of Texas and is gradually extending northward. While the planting of corn was delayed somewhat by the cold, wet weather during February, it has now become general in most sections of the district and reports indicate that this work will be completed early in April.

The early sown wheat is reported to be in generally good condition but the late sown was injured considerably by the cold weather in December and January and growth since that time has been only fair. Rains during February, however, did much to help the crop and the outlook is much more promising than it was thirty days ago. The Department of Agriculture estimated that the area sown to winter wheat in Texas last fall was 2,629,000 acres which on the basis of the average yield for the past 10 years, should produce, under favorable conditions during the spring, about 20,000,000 bushels. The fall sown oats were considerably damaged by the low temperatures and much reseeding was necessary. Since the February rains, however, that part of the crop that was left has shown fair to good growth. Most of the spring oats are up to a good stand and are making satisfactory growth.

The Department of Agriculture estimated that on March 1, the total farm stocks of wheat in Texas amounted to 6 per cent of the previous season's crop as compared to 7 per cent a year earlier. The farm stocks of oats represent 21 per cent of last year's production, or 8,000,000 bushels, which is approximately one-third of that remaining on farms a year ago. It is estimated that the corn remaining on Texas farms amounted to 46,545,000 bushels of the 119,347,000 bushels harvested last year and compares with 50,000,000 on farms on March 1, 1927. While the quality of the 1927 corn crop was not as high as that of the preceding year, it ranked higher than the average. More than the usual amount of corn was shipped out of the counties where grown as the production last year was heavy and the carryover at the end of the season was much larger than usual.

The ratio of the supply of farm labor to demand on March 1, was 116 per cent as compared to 114 per cent in 1927, 112 per cent in 1926, 103 per cent in 1925, and 94 per cent in 1924. The increase during the past year has been due in part to the generally mild winter and in part to the fact that the farmers are showing a disposition to do as much of their own work as possible in order to produce crops at a minimum of expense.

According to a report issued by the Department of Agriculture, the expressed planting intentions of farmers in Texas in per cent of acreage grown for harvest in 1927 are as given below:

Crop	Per Cent
Wheat .....	108
Corn .....	106
Oats .....	86
Barley .....	96
Rice .....	92
Grain Sorghums .....	107
Tame Hay .....	105
Peanuts .....	115
Potatoes .....	125
Sweet Potatoes.....	110

The report made the following statement regarding acreage in Texas:

"The prospective acreage of the ten crops reported, including winter wheat, makes a total of 14,195,000 acres

compared with the 1927 harvested area of 13,142,000 acres, an increase of 8%. There is a considerable acreage of new land being brought into cultivation this year, as well as much land that lay idle last season."

### LIVESTOCK

Range conditions in the Eleventh Federal Reserve District reflected a considerable improvement during the past thirty days as a result of the general rains and snows. The rainfall in Western Texas and Southeastern New Mexico, however, was light and in some areas the range is still very dry and grass is growing short. In other sections there is ample season in the ground to start grass and weeds but more moisture will be needed within the next thirty or sixty days in order to sustain growth. All classes of livestock have wintered exceptionally well considering the dry range conditions but considerable feeding has been necessary in numerous instances. Feeding is now beginning to lighten up as the ranges are beginning to green. Local trading in all classes of livestock has continued at advancing prices and reports indicate that many contracts for future delivery are being made for steers, unborn calves and lambs, and unshorn wool and mohair.

The condition of cattle ranges in Texas improved three points during February and on the first of March stood at 81 per cent of normal as compared to 89 per cent a year ago. The March 1, condition of cattle on Texas ranges was reported at 82 per cent of normal as compared with 80 per cent a month earlier and 88 per cent a year ago. The condition of sheep and goat ranges remained unchanged at 79 per cent of normal on March 1, and compared with 92 per cent on that date last year. Since the recent rains grass and weeds are growing rapidly and will furnish an abundance of grazing in the next few weeks. The prospects, although excellent at present, will depend largely upon the amount of rainfall during the next two months. The March 1 condition of sheep was placed at 83 per cent and goats at 85 per cent, representing a decline of 5 points in the case of sheep and 3 points for goats.

*Movements and Prices* The receipts of all classes of livestock at the Fort Worth market reflected an increase as compared to February a year ago but cattle and calves were in smaller volume than in the previous month. The receipts of hogs were in larger volume than in any February since 1922.

The demand for cattle slackened somewhat in February and the trend of prices during the greater part of the month was downward. During the closing days of the month, however, the demand became more active and choice steers sold up to \$14.25, the highest price recorded in several years. There was an active demand for calves during the greater part of the month and prices worked to slightly higher levels. The hog market reflected a further slight decline and during the third week of the month the top price fell below the \$8.00 level for the first time in more than three years. During the past month there was a more active demand for sheep and lambs and prices worked to a higher level. During the closing days of the month the best woolled slaughter lambs cleared at \$15.75.

#### FORT WORTH LIVESTOCK RECEIPTS

	February 1928	February 1927	Loss or Gain	January 1928	Loss or Gain
Cattle .....	55,771	47,895	G 7,876	71,433	L 15,662
Calves .....	9,319	8,981	G 338	16,596	L 7,277
Hogs .....	46,898	37,625	G 9,273	39,821	G 7,077
Sheep .....	22,473	11,742	G 10,731	18,224	G 4,249

COMPARATIVE TOP LIVESTOCK PRICES

	February 1928	February 1927	January 1928
Beef steers .....	\$14.25	\$ 9.25	\$13.10
Stocker steers .....	12.50	8.60	11.85
Butcher cows .....	8.60	6.60	9.50
Stocker cows .....	8.25	6.60	7.50
Calves .....	13.00	9.50	12.25
Hogs .....	8.35	12.70	8.80
Sheep .....	10.00	9.00	8.75
Lambs .....	15.75	12.65	13.00

**Cotton Movements** The receipts and exports of cotton through the ports of Houston and Galveston during February continued considerably smaller than a year ago. The February exports of cotton (including linters) from all United States ports amounted to 634,890 bales as against 1,010,507 in the corresponding month

of 1927. The exports during the seven months ending February 29, were 31 per cent less than in the same period of the previous season. The domestic consumption of cotton during February was smaller than in January and for the third consecutive month was less than in the corresponding month last year.

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	February 1928	February 1927	Aug. 1 to Feb. 29 This Season	Last Season
Receipts .....	87,904	202,672	2,331,886	3,160,320
Exports .....	188,274	210,714	1,433,351	1,893,483
Stocks, Feb. 29 .....			745,889	878,524

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

	February 1928	February 1927	Aug. 1 to Feb. 29 This Season	Last Season
Receipts .....			7,081,204	10,572,094
Exports: Great Britain .....			897,281	1,896,623
France .....			695,769	787,870
Continent .....			2,706,063	3,576,295
Japan-China .....			758,579	1,155,097
Mexico .....			15,583	14,207
Total foreign ports .....			5,073,275	7,430,092
Stocks at all United States ports, Feb. 29 .....			2,117,107	2,790,684

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	February 1928	February 1927	Aug. 1 to Feb. 29 This Season	Last Season
Receipts .....	178,692	288,182	2,106,019	3,212,962
Exports .....	247,266	394,040	1,818,790	2,729,632
Stocks, Feb. 29 .....			433,258	633,256

GALVESTON STOCK STATEMENT

	February 29, 1928	February 28, 1927
For Great Britain .....	10,000	15,400
For France .....	8,000	9,600
For other foreign ports .....	50,000	76,800
For coastwise ports .....	3,000	10,500
In compresses and depots .....	362,258	521,456
Total .....	433,258	633,256

SPOT COTTON PRICES (Middling Basis)

	February, 1928		March 15, 1928
	High	Low	
New York .....	19.05	17.45	19.20
New Orleans .....	18.62	17.02	18.72
Dallas .....	18.05	16.25	18.20
Houston .....	18.50	16.65	18.80
Galveston .....	18.60	16.90	18.95

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	February 1928	February 1927	Aug. 1 to Feb. 29 This Season	Last Season	February 1928	February 1927	Aug. 1 to Feb. 29 This Season	Last Season
Cotton consumed .....	428,713	425,164	3,119,447	2,902,486	573,810	589,513	4,199,195	4,018,671
Cotton on hand February 29:								
(a) In consuming establishments .....			1,124,955	1,309,215			1,668,650	1,931,794
(b) In public storage and compresses .....			3,998,439	5,078,237			4,312,929	5,453,313

COTTONSEED PRODUCTS

The amount of cottonseed received and crushed at Texas mills during February reflected a seasonal decline as compared to January and was considerably smaller than in the corresponding month last year. Cottonseed on hand at the end of February at Texas mills amounted to 159,281 tons

as against 260,549 tons on January 31, and 267,987 tons at the close of February, 1927. Cottonseed on hand at all United States mills on February 29, totaled 489,955 tons as against 818,715 tons on that date a year ago. The production of crude oil in Texas during the first seven months of the current season was 3.7 per cent less than during the same period a year ago and the production at all United States mills declined 14.3 per cent. Stocks of crude oil and cake and meal at both Texas mills and all United States mills were larger on February 29, this year, than on that date a year ago but stocks of hulls and linters were smaller.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	Aug. 1 to Feb. 29 This Season	Last Season	Aug. 1 to Feb. 29 This Season	Last Season
Cottonseed received at mills (tons) .....	1,485,648	1,764,701	4,428,736	5,751,008
Cottonseed crushed (tons) .....	1,360,298	1,502,086	4,028,065	4,949,561
Cottonseed on hand (tons) .....	159,281	267,987	489,955	818,715
Crude oil produced (pounds) .....	403,774,298	419,452,328	1,262,036,719	1,473,253,608
Cake and meal produced (tons) .....	628,026	694,403	1,796,268	2,215,770
Hulls produced (tons) .....	386,752	444,426	1,143,133	1,442,344
Linters produced (running bales) .....	257,267	243,804	747,092	804,683
Stocks on hand February 29:				
Crude oil (pounds) .....	42,353,468	30,354,526	128,015,070	95,146,633
Cake and meal (tons) .....	39,454	33,522	170,827	152,147
Hulls (tons) .....	57,623	76,889	151,091	229,307
Linters (running bales) .....	50,609	57,414	155,307	192,848

TEXTILE MILLING

There were 3,100 bales of raw cotton consumed at reporting textile mills in the Eleventh District in February as compared to 3,467 in January and 3,431 bales consumed in February, 1927. Production of cloth was 5 per cent below that in the previous month and 11.6 per cent less than in the corresponding month of last year. Orders on hand at the close of February were slightly below those on January 31, and were considerably smaller than a year ago. Stocks held at the end of the month continued to accumulate and on February 29, were larger than a month earlier and greater than the aggregate on February 28, 1927.

## TEXTILE MILLING STATISTICS

	Feb., 1928	Feb., 1927	Jan., 1928
Number of bales consumed.....	3,100	3,481	3,467
Number of spindles active.....	95,620	100,620	97,620
Number pounds cloth produced....	1,490,487	1,686,696	1,569,660

## WHOLESALE TRADE

The heavy demand for merchandise in wholesale channels of distribution which was noticeable during January continued throughout February. While sales in some lines were seasonably smaller than in the previous month, they exceeded those of the corresponding month of the previous year by a wide margin, the increases ranging from 6.2 per cent for groceries to 76.8 per cent for farm implements. Since the first of the year, the consumer demand for merchandise has been gradually expanding in most sections of the district and reports indicate that consumers are now beginning to spend more freely than for some time past. While retailers in some instances are carrying heavier stocks and a wider distribution of merchandise, they do not seem to be disposed to over-stock their shelves. Reflecting the heavier current and prospective demand a large percentage of the wholesalers are carrying heavier stocks than a year ago. The collection situation showed a material improvement during February. Dealers generally, state that the current outlook is promising.

Although the February sales of wholesale dry goods firms usually show an increase over January, they were 4.4 per cent smaller this year. February sales, however, were 7.0 per cent greater than in February, 1927, and for the first two months of the year they were 27.7 per cent larger than in the corresponding period a year ago. The decline from the previous month was accounted for in part by the inclement weather and the uncertainty regarding price situation. Furthermore, the volume of January business was larger than is usual in that month. Reports from the rural sections indicate that the demand for merchandise is showing a substantial improvement as the season advances and that there is a disposition to buy a better quality of goods. Collections reflected a noticeable decline from the previous month. Dealers state that the outlook is generally good.

Sales of reporting wholesale hardware firms during February exceeded those of the previous month 0.9 per cent and were 26.9 per cent larger than in the corresponding month a year ago. Reports indicate that there has been an improvement in buying in the rural sections and that the outlook for the future is considerably improved. Collections during February reflected a substantial increase as compared to the previous month.

The February sales of reporting wholesale drug firms reflected a seasonal decline of 5.1 per cent as compared to the previous month but showed a gain of 15.7 per cent as compared to the corresponding month a year ago. Sales during the first two months averaged 13.5 per cent larger than in the same period of 1927. Collections were practically the same as those during the previous month. Buying since the turn of the year has reflected a substantial improvement and the outlook is reported to be favorable.

The demand for groceries reflected a seasonal decline of 1.9 per cent as compared to the previous month but an increase of 6.2 per cent as compared to the corresponding month of the previous year. Buying is on a larger scale than a year ago in practically all sections of the district and the outlook is reported to be from fair to good. Prices are generally stationary with a slightly upward trend on some items. Collections showed some improvement over the previous month.

Contrary to the usual seasonal trend, the sales of farm implements in February were 6.6 per cent greater than in January and exceeded those of the corresponding month last year by 76.8 per cent but fell below February sales of 1926, 1925, and 1924. Sales during the first two months of 1928 were 60.2 per cent larger than in the same period of 1927. The February rains and snows left the soil in good condition for spring planting and the better moisture conditions stimulated the buying of implements to proceed with planting operations. While buying has shown a substantial improvement, reports indicate that farmers generally are limiting purchases to well defined needs. Collections showed a substantial increase in February. Prices remained firm. The outlook is reported to be fairly good.

## CONDITION OF WHOLESALE TRADE DURING FEBRUARY, 1928

	Net Sales		Net Sales		Stocks	
	February, 1928 Compared with February 1927	January 1928	Jan. 1 to Date Compared with Same Period Last Year	February, 1928 Compared with February 1927	January 1928	1928
Groceries .....	+ 6.2	- 1.9	+ 5.3	+ 5.4	+ 4.5	
Dry Goods.....	+ 7.0	- 4.4	+ 27.7	+ 22.7	- 1.0	
Farm Implements	+ 76.8	+ 6.6	+ 60.2	- 20.7	- 4.2	
Hardware .....	+ 26.9	+ .9	+ 22.8	+ 7.7	+ 4.9	
Drugs .....	+ 15.7	- 5.1	+ 13.5	- 5.4	+ 1.7	

## RETAIL TRADE

The distribution of merchandise at retail, as measured by department store sales at larger centers, reflected a decline of 1.3 per cent as compared to January due to the shorter month, but was 2.3 per cent larger than in February, 1927. Sales during the first two months of 1928 exceeded

## BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	All Others	Total District
<b>Total Sales:</b>						
February, 1928, compared with February, 1927.....	+ 4.0	+ 4.3	+ .3	- 4.2	+ 5.8	+ 2.3
February, 1928, compared with January, 1928.....	None	+ 17.8	- 7.7	- 8.6	- 5.6	- 1.3
January 1 to date compared with same period last year.....	+ 2.5	+ 4.3	+ 3.0	- 2.6	+ 6.2	+ 2.7
<b>Credit Sales:</b>						
February, 1928, compared with February, 1927.....	+ 14.7	+ 10.8	+ 2.7	- .6	+ 9.0	+ 8.6
February, 1928, compared with January, 1928.....	- 2.1	+ 27.9	- 8.1	- 10.5	- 1.9	- .9
January 1 to date compared with same period last year.....	+ 3.6	+ 10.9	+ 4.3	+ .6	+ 7.4	+ 6.7
<b>Stocks:</b>						
February, 1928, compared with February, 1927.....	- 6.1	+ .2	+ 2.6	- 13.4	+ 11.5	- 1.7
February, 1928, compared with January, 1928.....	+ 11.5	+ 18.1	+ 8.2	+ 8.0	+ 9.0	+ 11.1
Rate of stock turnover in February, 1927.....	.20	.20	.22	.21	.20	.21
Rate of stock turnover in February, 1928.....	.21	.21	.22	.23	.20	.22
Rate of stock turnover January 1 to February 28, 1927.....	.43	.39	.54	.46	.43	.44
Rate of stock turnover January 1 to February 29, 1928.....	.46	.42	.43	.50	.43	.45
Ratio of February collections to accounts receivable and outstanding February 1, 1928 .....	33.1	34.0	37.8	43.7	38.6	36.1

those of the same period of last year by 2.7 per cent. Sales of all items in the piece goods departments declined as compared to a year ago, except silk and velvets which showed a substantial increase. Sales of women's coats, misses' coats and suits, and Juniors' and girls' wear, were less than a year ago, but women's suits, women's and misses' dresses, furs, and waists and blouses were larger. Sales showed a gain in most of the ready-to-wear accessories department.

Due to the heavy receipts of spring merchandise, stocks at the end of February were 11.1 per cent greater than a month earlier, but 1.7 per cent less than a year ago. The rate of stock turnover was practically the same as a year ago.

Collections reflected only a slight change. The ratio of February collections to accounts outstanding on February 1st was 36.1 per cent as compared to 36.3 per cent in January and 35.1 per cent in February, 1927.

FINANCIAL

Due in part to the shorter month debits to individual accounts at principal cities in the Eleventh District declined 18.5 per cent in February from those in January, however, they were 1.6 per cent greater than in the corresponding month of last year. Charges to depositors' accounts at these centers aggregated \$708,364,000 as compared to \$869,541,000 in the previous month and \$696,949,000 in January, 1927.

DEBITS TO INDIVIDUAL ACCOUNTS  
(In Thousands of Dollars)

	February		Inc. or Dec.	January		Inc. or Dec.
	1928	1927		1928	1927	
Abilene	\$ 11,227	\$ 8,497	+32.1	\$ 12,128	- 7.4	
Austin	17,097	17,992	- 5.0	17,336	- 1.4	
Beaumont	22,829	22,942	- .5	27,278	-16.3	
Corsicana	5,577	6,260	-10.9	8,569	-34.9	
Dallas	214,279	196,631	+ 9.0	236,595	- 9.4	
El Paso	33,822	28,602	+18.3	33,489	+ 1.0	
Fort Worth	89,759	82,946	+ 8.2	103,983	-13.7	
Galveston	39,139	46,658	-16.1	39,887	- 1.9	
Houston	164,464	172,876	- 4.9	185,725	-11.4	
Port Arthur	9,161	9,000	+ 1.8	9,419	- 2.7	
*San Antonio	77,767	.....	.....	82,075	- 5.2	
Roswell	3,255	2,714	+19.9	3,745	-13.1	
Shreveport	37,114	35,578	+ 4.3	41,717	-11.0	
Texasarkana	10,460	12,256	-14.7	12,948	-19.2	
Tucson	9,320	8,081	+15.3	10,811	-13.8	
Waco	16,091	16,990	- 5.3	18,167	-11.4	
Wichita Falls	24,770	28,926	-14.4	25,671	- 3.5	
Total, 11th District	\$708,364	\$696,949	+ 1.6	\$869,541	-18.5	

\*San Antonio figures not included in totals.

**Acceptance Market** After declining in January the volume of acceptances executed by accepting banks in this district and outstanding at the end of the month reflected a sizable gain during February. These acceptances aggregated \$6,582,646 at the close of the month as compared to \$5,496,602 on January 31, and \$2,092,730 on the corresponding date a year ago. Acceptances executed against import and export transactions showed an increase for the third consecutive month and amounted to \$1,611,132 on February 29, as compared with \$1,432,014 on January 31, and those based on the domestic shipment and storage of goods rose from \$4,064,588 on the latter date to \$4,971,514 on the former date.

**Condition of Member Banks in Selected Cities** A decline was shown in loans and investments of member banks in selected cities of the Eleventh District during the five-week period ending March 7. Investments in United States securities declined from \$71,773,000 on February 1 to \$70,104,000 on March 7, and holdings in other stocks and bonds from \$30,152,000 to \$29,518,000. Commercial loans amounted to \$245,316,000 representing a decline of \$4,313,000 as compared to those a month earlier. Loans on Government securities reflected a reduction of \$91,000 from those in February. While loans on corporate securities which totaled \$87,692,000 were \$1,298,000 less than five weeks previous, the volume remains comparatively high and on March 7, were \$13,515,000 greater than on the same date of last year. All other classes of investments and loans were likewise larger than a year ago with the exception of commercial loans which were \$5,182,000 less. Net demand deposits declined seasonably, amounting to \$307,697,000 on March 7, or \$4,879,000 less than on February 1, but showed an increase of \$19,247,000 over those on the corresponding date a year ago. Their time deposits rose \$2,007,000 and were \$3,733,000 greater than on March 9, 1927. Reserves of these banks with the Federal Reserve Bank declined \$884,000 during the month and their bills payable and rediscounts with this bank were reduced \$2,317,000. The ratio of loans to net demand deposits was 81 per cent, the same as on February 1, but was 7 points below the ratio on March 9, 1927.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	March 7, 1928	Feb. 1, 1928	March 9, 1927
1. Number of reporting banks	45	45	45
2. U. S. securities owned	\$ 70,104,000	\$ 71,773,000	\$ 52,879,000
3. All other stocks, bonds and securities owned	29,518,000	30,152,000	24,832,000
4. Loans secured by U. S. Government obligations	3,383,000	3,474,000	2,553,000
5. Loans secured by stocks and bonds other than U. S. Government obligations	87,692,000	88,990,000	74,177,000
6. All other loans	245,316,000	249,629,000	250,498,000
7. Net demand deposits	307,697,000	312,576,000	288,450,000
8. Time deposits	117,393,000	115,386,000	106,356,000
9. Reserve with Federal Reserve Bank	34,660,000	35,544,000	30,927,000
10. Bills payable and rediscounts with Federal Reserve Bank	2,028,000	4,345,000	679,000
11. Ratio of loans* to net demand deposits	81%	81%	88%

\*Loans include only items 4 and 6.

MARCH DISCOUNT RATES

Prevailing Rates

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

**Savings Deposits** Savings deposits of 89 banks in this District operating a savings department reflected an increase of 10.5 per cent on February 29, as compared to a year ago and were 0.8 per cent

greater than a month earlier. There were 274,461 accounts carried at 83 of these banks at the close of the month as against 272,770 on January 31, and 259,811 carried on February 28, 1927.

## SAVINGS DEPOSITS

	February 29, 1928			February 28, 1927		Inc. or Dec.	January 31, 1928		Inc. or Dec.
	Number of Reporting Banks	Number of Savings Depositors	Amount of Savings Deposits	Number of Savings Depositors	Amount of Savings Deposits		Number of Savings Depositors	Amount of Savings Deposits	
Beaumont	4*	6,564	\$ 2,394,466	6,025	\$ 2,326,038	+ 2.9	6,539	\$ 2,414,565	- .8
Dallas	6	53,041	22,410,355	50,132	18,684,805	+19.9	52,864	21,992,570	+ 1.9
El Paso	3	15,354	5,559,028	14,726	5,303,342	+ 4.8	15,193	5,611,847	- .9
Fort Worth	3	22,148	7,187,430	20,357	6,280,903	+14.4	21,979	7,124,789	+ .9
Galveston	3	13,492	9,670,435	13,359	9,944,321	- 2.8	13,498	9,805,901	- 1.4
Houston	12*	66,247	30,978,071	60,799	27,738,510	+11.7	65,424	30,508,493	+ 1.5
San Antonio	5	23,760	7,161,547	23,225	6,707,888	+ 6.8	23,648	7,106,735	+ .8
Shreveport	4*	22,261	11,133,971	23,296	10,544,853	+ 5.6	22,236	10,962,411	+ 1.6
Waco	3	8,842	6,448,679	8,289	5,195,745	+24.1	8,879	6,418,835	+ .5
Wichita Falls	2	4,150	1,946,619	3,946	2,964,595	-34.3	4,155	2,101,463	- 7.4
All others	44*	38,602	19,768,473	35,657	17,092,193	+15.6	38,355	19,596,705	+ .9
Total	89	274,461	\$124,654,074	259,811	\$112,788,193	+10.5	272,770	\$123,644,314	+ .8

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

**Deposits of Member Banks** Total deposits of member banks in the Eleventh District increased during the four-week period ending February 8, and exceeded those of the previous year by a wide margin. Combined deposits aggregated \$932,172,000, representing an increase of \$22,473,000 as compared to January 11, and were \$104,790,000 larger than those on February 23, 1927. The net demand deposits of these banks increased \$15,937,000 between January 11 and February 8, and their time deposits rose \$6,536,000.

from \$23,858,257.56 on January 31 to \$15,561,016.27 on February 29, distributed as follows

Member banks' collateral notes secured by United States Government obligations	\$ 933,650.00
Rediscounts and all other loans to member banks	1,713,143.55
Open market purchases (Bankers' Acceptances)	12,914,222.72
Total bills held	\$15,561,016.27

A further decline was shown in the volume of Federal reserve notes in actual circulation in February. The net circulation of these notes amounted to \$37,330,545.00 at the close of the month as compared to \$40,281,960.00 on January 31, and \$41,882,090.00 in actual circulation on February 28, 1927. The daily average deposits of member banks rose from \$68,829,314 in the previous month to \$69,314,815 in February.

## FAILURES

The past month witnessed a substantial improvement in the business mortality rate of the Eleventh Federal Reserve District. There were 47 failures in February which was the smallest number in that month for any year since 1920 and compares to 104 defaults in January and 103 insolvencies in February, 1927. The liabilities of firms defaulting in February aggregated \$1,637,036 as compared to an indebtedness of \$1,767,713 in January and liabilities of \$2,023,100 in the corresponding month of the previous year.

## PETROLEUM

A further decline was shown in the total production of crude oil in the Eleventh Federal Reserve District in February but due to the shorter month the daily average output increased. There were 19,850,250 barrels of crude oil produced during the month as compared to 21,044,000 barrels in January representing a decline of 1,193,750 barrels in total yield but an increase of 5,652 barrels in the daily average production. Field work showed increases in the major producing areas of the district while in other sections activities were sustained at practically the same level as in January.

Due entirely to the gain in the daily average production of Central West Texas which was more than sufficient to offset the declines shown in all other fields of the State, the daily average output of crude oil in Texas increased from 633,563 barrels in January to 639,178 barrels in February. The completion of large producers in Pecos and Winkler counties and the further high level reached in daily average production of these two fields were notable developments in

## 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
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	175,835	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	261,809	47,666	341,503	136,933
Aug. 24, 1927	611,818	182,793	266,790	48,343	345,028	132,426
Sept. 28, 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	329,418	49,942	390,983	139,856
Feb. 8, 1928	736,333	195,834	336,953	52,836	399,385	143,998

**Operations of the Federal Reserve Bank** Loans to member banks in the Eleventh District which amounted to \$2,646,794 at the close of February were \$2,890,048 less than on January 31, and \$989,757 below those on the corresponding date of last year. Although less than a year ago at the close of the month, borrowings of member banks throughout February this year were larger daily, with but three exceptions, than those in the same month of 1927. Loans to reserve city banks fluctuated widely and were considerably less on February 29, than a month earlier while accommodations to country banks showed less activity and reflected only a slight decline at the end of the month. Total loans, however, turned upward during the first two weeks of March, amounting to \$3,738,089 on March 15, representing an increase of \$185,335 over those on the corresponding date of the previous year. There were 58 borrowing banks on February 29, as against 48 on January 31, and 95 on February 28, 1927.

Due to the decline in member bank loans and the large reduction in open market purchases total bills held declined

Central West Texas in February. While field operations in North Texas increased, total production was below that of the previous month. A further decline was registered in the daily average output of the Gulf Coast region which in February amounted to 10,031 barrels. After declining for five consecutive months the daily average yield of crude oil in North Louisiana, amounting to 45,313 barrels in February, showed a slight increase of 37 barrels over that in the previous month.

**Crude Oil Prices** On February 21, changes were posted in the price of crude oil in North and Central Texas and North Louisiana, affecting both

CRUDE OIL PRICES

	March 7, 1928	March 9, 1927
Texas Coastal (Grade "A").....	\$1.20	\$1.40
North and Central Texas and North Louisiana (52 gravity and above).....	1.76	1.95

the price and gravity of the oils included. The changes resulted in a reduction of about 14 cents per barrel on the lower gravities but meant an increase of about 16 cents per barrel on the higher gravities.

FEBRUARY DRILLING RESULTS

Field—	Comple-tions	Pro-ducers	Gas Wells	Fail-ures	Initial Production
North Texas .....	128	76	5	47	9,909
Central West Texas.....	198	118	13	67	197,210
East Texas .....	7	2	4	1	98
Texas Coastal .....	39	31	.....	8	16,291
Southwest Texas .....	3	1	2	.....	30
Texas Wildcats .....	50	4	3	43	865
Total, Texas.....	425	232	27	166	224,403
North Louisiana.....	38	9	10	19	542
Feb., Totals, District....	463	241	37	185	224,945
Jan. Totals, District....	417	222	49	146	324,030

OIL PRODUCTION

	February		January		Increase or Decrease	
	Total	Daily Average	Total	Daily Average	Total	Daily Average
North Texas.....	4,250,250	146,560	4,652,700	150,087	Dec. 402,450	Dec. 3,527
Central-West Texas.....	10,005,850	345,029	10,037,250	323,782	Dec. 31,400	Inc. 21,247
East-Central Texas.....	700,300	24,148	801,900	25,868	Dec. 101,600	Dec. 1,720
Texas Coastal.....	2,913,400	100,463	3,425,300	110,494	Dec. 511,900	Dec. 10,031
Southwest Texas.....	666,350	22,978	723,300	23,332	Dec. 56,950	Dec. 854
Total, Texas .....	18,536,150	639,178	19,640,450	633,563	Dec. 1,104,300	Inc. 5,615
North Louisiana.....	1,314,100	45,313	1,403,550	45,276	Dec. 89,450	Inc. 37
Total, District.....	19,850,250	684,491	21,044,000	678,839	Dec. 1,193,750	Inc. 5,652

(Oil statistics compiled by the Oil Weekly, Houston, Texas)

LUMBER

Although less than in January, activities at pine mills in the Eleventh District in February continued to exceed operations during the corresponding month of the previous year. February shipments of lumber was 93 per cent of normal production as compared to 96 per cent the month before and 74 per cent in February of last year. Production increased from 91 per cent of normal in January to 95 per cent in February which was the nearest approach to normal since May, 1926. Orders declined from 10 per cent above normal production in January to 7 per cent below normal production during the current month, however, they were 13 points in excess of orders in February, 1927. Stocks continued to accumulate despite the high level reached in the previous month and at the close of the current month were 11 per cent above normal, a one point increase over

those a month earlier and 19 points above those a year ago. Unfilled orders on hand on February 29, amounted to 62,599,185 feet of lumber as compared to 60,139,516 feet on record at 47 mills on January 31, 1928.

FEBRUARY PINE MILL STATISTICS

Number of reporting mills.....	50
Production .....	96,676,957 feet
Shipments .....	94,859,174 feet
Orders .....	94,457,468 feet
Unfilled orders, February 29.....	62,599,185 feet
Normal production .....	101,600,951 feet
Stocks, February 29.....	285,092,866 feet
Normal stocks .....	255,760,074 feet
Shipments below normal production.....	6,741,777 feet—7%
Actual production below normal.....	4,923,994 feet—5%
Orders below normal production.....	7,143,483 feet—7%
Stocks above normal.....	29,332,792 feet—11%

(Lumber statistics compiled by Southern Pine Association)

BUILDING

A substantial increase over both the previous month and the same month last year was shown in the valuation of

permits issued at principal cities in the Eleventh District in February. The valuation of permits issued at these centers

BUILDING PERMITS

	February, 1928		Inc.	January, 1928		Inc.	Two Months						
	No.	Valuation		No.	Valuation		1928		1927		Inc.		
			or Dec.			No.	Valuation	No.	Valuation	or Dec.			
Amarillo.....	76	\$ 344,495	228	\$ 741,334	— 53.5	89	\$ 307,675	+ 12.0	165	\$ 652,170	499	\$ 1,763,674	— 63.0
Austin.....	67	153,380	26	40,825	+ 275.7	59	591,923	— 74.1	126	745,303	53	67,975	+ 996.4
Beaumont.....	149	256,486	177	82,064	— 70.9	160	204,429	+ 25.5	309	460,915	324	1,069,983	— 56.9
Corpus Christi.....	75	1,370,635	36	59,425	+ 2206.5	56	389,820	+ 251.6	131	1,760,455	96	171,180	+ 928.4
Dallas.....	251	473,434	527	528,922	— 10.5	335	619,389	— 23.6	586	1,092,823	654	941,546	+ 16.1
El Paso.....	60	115,144	35	20,900	+ 450.9	60	101,236	+ 13.7	120	216,880	84	53,385	+ 305.3
Fort Worth.....	364	1,203,384	264	1,460,285	— 17.6	350	1,099,278	+ 9.5	714	2,302,662	563	2,872,556	— 2.9
Galveston.....	193	180,262	224	217,084	— 17.0	170	165,352	+ 9.0	363	345,614	395	803,746	— 57.0
Houston.....	580	2,129,657	477	1,647,048	+ 29.3	568	2,342,717	— 9.1	1,148	4,472,374	994	4,860,364	— 8.0
Port Arthur.....	98	114,048	107	140,059	— 18.6	114	59,994	+ 90.1	212	174,042	222	232,963	— 25.3
San Antonio.....	354	1,222,429	326	669,190	+ 82.7	374	1,137,371	+ 7.5	728	2,359,800	534	1,474,936	+ 60.0
Shreveport.....	201	246,962	199	311,350	— 20.7	182	594,052	— 58.4	383	841,014	404	521,750	+ 61.2
Waco.....	31	443,450	33	75,985	+ 483.6	34	232,632	+ 90.6	65	676,082	70	185,020	+ 265.4
Wichita Falls.....	68	151,734	85	811,555	— 81.3	56	221,873	— 31.6	124	373,607	163	1,031,732	— 63.5
Total.....	2,567	\$8,405,500	2,544	\$7,606,026	+ 10.5	2,607	\$8,097,741	+ 4.2	5,174	\$16,473,241	5,110	\$15,550,810	+ 5.9

aggregated \$8,405,500 as compared to \$8,067,741 in January and \$7,606,026 in January, 1927, representing increases of 4.2 per cent and 10.5 per cent, respectively. It will be observed that the majority of the increases reported by the various cities over the same month last year were large. An

increase of 5.9 per cent over last year was reflected in the valuation of permits issued during the first two months of the current year, contrasting the condition existing in 1927 when the valuation of permits issued during the same period was 18 per cent below that of 1926.

### CEMENT

Although production and shipments of Portland cement at Texas mills showed a decline in February as compared to the previous month they were considerably larger than in February last year. There were 460,000 barrels of cement produced during the month as compared to 463,000 barrels in January and 396,000 barrels produced in February, 1927. Shipments, amounting to 423,000 barrels, were the largest of any February in several years and exceeded those of the

previous year by 10.7 per cent. As compared to January however, shipments were 5.4 per cent less. Stocks on hand at the close of the month were 8.7 per cent greater than a month earlier but were 3.2 per cent below stocks held on the same date in 1927. Production and shipments during the two months of the current year were larger than in the same period of last year by 18.5 per cent and 16.5 per cent, respectively.

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

	February 1928	February 1927	Inc. or Dec.	January 1928	Inc. or Dec.	—Two Months— 1928      1927		Inc. or Dec.
Production at Texas mills.....	460,000	396,000	+16.2	463,000	— .6	923,000	779,000	+18.5
Shipments from Texas mills.....	423,000	382,000	+10.7	447,000	—5.4	870,000	747,000	+16.5
Stocks at end of month at Texas mills.....	460,000	475,000	— 3.2	423,000	+8.7			

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board as of March 26, 1928)

Production and distribution of commodities increased further in February while wholesale commodity prices remained practically unchanged. Commercial loans of member banks showed a larger increase in February and the first half of March than at the same season in other recent years.

### PRODUCTION

Production of manufactures in February as indicated by the Federal Reserve Board's index, increased 3 per cent over January and was 2 per cent larger than a year ago, while production of minerals declined slightly and continued to be substantially smaller than last year. Factory employment and payrolls showed a seasonal increase in February but continued at a lower level than a year ago. Output of iron and steel, automobiles, and agricultural machinery has increased considerably since the first of the year. Daily average production of steel ingots in February was larger than in any other month since last March, and current reports indicate that output was sustained in the first three weeks in March. Production of non-ferrous metals also increased in February. Activity in the textile industries has shown little change since the first of the year. Production of bituminous coal and crude petroleum which decreased in February increased slightly in the first half of March. Building contracts awarded were larger in February than in the corresponding months of any previous year reflecting chiefly a large volume of awards for residential construction in the New York and Chicago districts. Contracts let in the first two weeks of March were in approximately same volume as in the corresponding period of last year.

### TRADE

Sales of wholesale firms in leading lines increased in February and were slightly larger than a year ago, while sales of department stores after allowance for the customary seasonal changes were in about the same volume as in January and somewhat smaller than a

year ago. Stocks of merchandise carried both by wholesale firms and by department stores showed a seasonal increase in February. Freight car loadings have shown somewhat more than the usual seasonal increase since the beginning of the year, but have continued to be in smaller volume than in the corresponding period last year, owing chiefly to much smaller shipments of coal. Loadings of merchandise in less than car load lots and of miscellaneous commodities have been less than in the corresponding period of the last two years, while loadings of livestock and grain products have been larger.

### PRICES

The general level of wholesale commodity prices as indicated by the Bureau of Labor Statistics index remained practically unchanged in February at approximately 96 per cent of the 1926 average. There were decreases in the prices of cotton, sugar, non-ferrous metals, chemicals, and rubber, as well as a seasonal decline of dairy products. Increases occurred in prices of grains, metals, hides and leather products, and steel. In the first two weeks in March, prices of grains, hogs, and cotton advanced while those of cattle and rubber showed further declines.

### BANK CREDIT

From the middle of February to the middle of March the loans and investments of member banks in leading cities increased by \$200,000,000 reflecting a growth in the banks commercial loans. The banks' loans on securities and investments showed little change for the period. The volume of reserve bank credit outstanding increased somewhat from February to March, chiefly in consequence of increased borrowings by member banks, which in part reflected further withdrawals of gold for export. During the four weeks ending March 21 conditions in the money market were firmer, the rate on prime commercial paper increased from 4 to 4¼ per cent and there were advances in time rates on security loans.