MONTHLY BUSINESS REVIEW

OF THE

FEDERAL RESERVE BANK OF DALLAS

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(Compiled July 15, 1928)

Volume 13, No. 6 | Dallas, Texas, August 1, 1928 | This copy is released for publication in morning papers | July 28

DISTRICT SUMMARY

THE SITUATION AT A GLANCE
Eleventh Federal Reserve District

	June	May	Inc. or Dec.	
Bank debits to individual accounts (at 16 cities)	$764,313,000	$736,888,000	Inc.	3.7%
Department store sales			Dec.	14.7%
Reserve Bank loans to member banks at end of month	$ 9,326,563	$ 11,209,326	Dec.	16.8%
Reserve Bank ratio at end of month	68.3%	66.9%	Inc.	1.4 points
Building permit valuations at larger centers	$ 7,203,620	$ 10,962,660	Dec.	34.3%
Commercial failures (number)	46	66	Dec.	30.3%
Commercial failures (liabilities)	$ 539,916	$ 2,214,149	Dec.	75.6%
Oil production (barrels)	21,131,900	22,224,600	Dec.	4.9%
Lumber orders at pine mills (per cent of normal production)	90%	93%	Dec.	3 points

A sharp reduction in the business mortality rate and a sustained demand for merchandise in both wholesale and retail channels of distribution were prominent developments in the business and industrial situation in the Eleventh Federal Reserve District during June. As compared to the previous month, the number of commercial failures was 30 per cent smaller and the indebtedness of defaulting firms declined 76 per cent. Both the number and liabilities of failures were likewise substantially smaller than in June, 1927. Sales of department stores in larger cities showed a seasonal decline of 15 per cent as compared to May, but were 4 per cent larger than in the corresponding month last year. Wholesale distribution was smaller than in the previous month, yet the declines were less than usual at this season and sales were substantially larger than a year ago. Retailers continue to follow conservative merchandising and credit policies which in turn are maintaining business on a sound basis. While the poor outlook for crops in a few instances is causing a curtailment of purchases in some localities, signs of improvement in the trade situation are noticeable in the greater portion of the district and dealers generally are optimistic regarding future business. Debits to individual accounts at banks in larger cities were 4 per cent greater than a month earlier and 13 per cent above those in June, 1927. Southwestern car loadings during June were 5 per cent greater than a year ago.

Weather conditions during the last half of June had an adverse effect on crops but a considerable improvement has occurred during the past two weeks except in a few sections where dry weather is causing crops to deteriorate. Farmers have made rapid progress with the cultivation of crops, and with few exceptions fields are generally clean. While the cotton crop over the major portion of the district has made good growth, prospective production has been reduced in portions of South and West Texas on account of the lack of moisture. An important feature in connection with the prospective cotton production this year is the heavy increase in acreage not only in the Eleventh District but throughout the cotton growing territory. The corn crop is practically made and indications are that this district will harvest another large crop which will provide the farmers with ample feed to make the 1929 crops. The prospective yield of wheat is larger than was indicated a month earlier and substantially above that produced last year. Furthermore, the quality of the grain is reported to be excellent. Range and livestock conditions have shown a further improvement and are in good condition except in portions of West Texas, Southeastern New Mexico and Arizona where moisture is urgently needed.

The past month witnessed a heavy withdrawal of deposits and an increased demand for funds. Deposits of member banks which amounted to $867,357,000 on June 13th were $24,771,000 less than a month earlier but $80,116,000 greater than a year ago. Federal Reserve Bank loans to member banks rose to $14,262,129 on July 14th which was $4,080,131 greater than on June 15th and $7,310.109 above those on July 15, 1927. The cash subscriptions to the July 15th United States Treasury 3⅜% notes which amounted to $13,248,850 and against which allotments of $6,472,450 were made, indicate that there is still a large volume of funds in this district seeking an investment outlet.

Construction activity reflected a sharp decline during June, the valuation of building permits issued at principal cities being 34 per cent less than in May and 13 per cent less than in the corresponding month last year. The production, shipments, and new orders for lumber in June reflected a decline from the previous month but were substantially greater than a year ago. Production and shipments of cement exceeded those of June, 1927, by a wide margin.

CROP CONDITIONS

The agricultural situation in the Eleventh District appears to be somewhat spotted. The heavy rains in the North, Northeast, and Eastern portions during the last half of June delayed farming operations and caused a rapid growth of weeds and grass. On the other hand, the high temperatures and hot, dry winds in portions of Northwest, West, South, and Central Texas caused a rapid evaporation of the moisture and did considerable damage to growing crops. The recent rains in some localities of these sections have improved the situation but good soaking rains are needed to stimulate the growth of crops.

The cotton crop in the eastern half of Texas has shown considerable improvement during the past two weeks as the farmers have made rapid progress in ridding the fields of grass and the ample moisture has sustained plant growth. In Northwest Texas, with the exception of a few counties, the crop is in good condition but the soil is drying out rapidly due to the fact that there is no reserve of subsoil moisture. In portions of West, South, and Southwest Texas progress has been poor to only fair due to the lack of moisture. In practically all sections of the State the crop is late as the matter of bringing the crop to a stand this year has been very difficult. Considerable replanting from the effects of excessive rains, severe hail and wind storms and a wide infestation of lice, has been necessary and has entailed the expenditure of a great deal of extra labor and money, thus increasing the cost of producing this year's crop. In Southeastern Oklahoma the crop is making fair to good progress but the lateness of the plant subjects it to the hazards of weevil damage. While the condition of the Louisiana crop is fair, the crop is late and the excessive rains have made it difficult for the farmers to clean the fields. An important feature in connection with this year's cotton crop is the heavy increase in acreage, there being an increase in every state. The average increase for the United States as a whole was 11.4 per cent. The acreage figures for the states attached to the Eleventh District are as follows:

	Acreage 1928	Per Cent of 1927	Acreage 1927
Texas	18,366,000	109	16,850,000
Oklahoma	4,899,000	117	4,187,000
Louisiana	1,886,000	119	1,585,000
New Mexico	114,000	114	100,000
Arizona	200,000	143	140,000

Present prospects point toward the production of another large corn crop in this district. In Texas most of the early crop is already made but some of the late planted acreage will need more moisture. The Department of Agriculture estimated that the condition of the crop in Texas on July 1st was 80 per cent of normal which indicates a production of about 98,450,000 bushels as compared to a production of 119,347,000 bushels in 1927. The condition of the crop in Southeastern Oklahoma is generally good and production will compare favorably with a year ago. Corn in New Mexico is earing but rain is needed.

The harvesting of small grains in Texas is nearing completion and threshing is well under way. Wheat harvesting in Northwest Texas was delayed on account of weather conditions and the lateness of maturity. Yields have varied greatly with some sections reporting a near failure and with others showing large yields. The Department of Agriculture estimated that the prospective production on July 1st was 22,176,000 bushels as compared to a yield of 17,945,000 bushels in 1927. The per-acre-yield is estimated at 11 bushels as against 9.7 bushels last year. The estimated yield of the Texas oat crop is 35,751,000 bushels as against a production of 42,063,000 bushels in 1927. It should be borne in mind, however, that the acreage of oats harvested was only 70 per cent of that harvested last year as much of the fall sown oat acreage was abandoned due to the freezing temperatures in January. The average yield per acre is estimated at 25.5 bushels this year as compared to 21 bushels last year.

The Texas rice crop is in good condition with present prospects pointing toward 90 per cent of normal production.

There is shown below the acreage of the important crops (except cotton) in Texas for 1928, with 1927 comparisons:

	Acreage 1928	Per Cent of 1927	Acreage 1927
Corn	4,826,000	93	5,189,000
Winter wheat	2,016,000	109	1,850,000
Oats	1,402,000	70	2,003,000
Rye	15,000	104	14,000
Barley	136,000	70	195,000
Potatoes	33,000	94	35,000
Sweet potatoes	113,000	85	133,000
Tame hay	826,000	103	805,000
Grain sorghums	2,681,000	101	2,654,000
Rice	161,000	100	161,000
Peanuts	144,000	95	152,000
Broom corn	11,000	90	12,000

LIVESTOCK

Range and livestock conditions in most sections of the Eleventh District showed a further improvement during the past month. The lack of rain, together with high temperatures and hot, dry winds, however, has caused grass to deteriorate in portions of South and West Texas, in Southeastern New Mexico and Southeastern Arizona. In some portions of these sections stock water is becoming scarce. Despite the deterioration in the ranges, cattle in these drier portions have held up well so far but have recently shown signs of losing flesh. While some rain has fallen in some localities of the drier sections recently, it has not been sufficient and a heavy general rain is needed to revive the grass and to insure an ample supply of stock water. With the exception of these dry areas, grass has grown rapidly and ranges are in unusually good condition. As the result of good pasturage, livestock are putting on flesh. The calf crop generally this year has been good and losses have been small. Calves, outside of the dry areas, have grown vigorously. While the demand for stocker cattle continued strong in some sections, trading has slowed down considerably in others due to the poor range conditions, high range prices, and the scarcity of cattle.

The condition of cattle ranges in Texas on July 1, was reported as 88 per cent of normal which represents a gain of 1 point during the month. The condition of cattle advanced two points during the month to 89 per cent of normal on July 1st and on that date was the same as on the corresponding date of the previous year. The condition of sheep and goat ranges in Texas was reported at 95 per cent of normal on July 1st as compared to 93 per cent a month earlier and 89 per cent a year ago. The condition of sheep and goats was 93 per cent of normal, an advance of one point during the month. It will be noted that sheep and goats are in unusually good condition, as are their ranges. Lambs are reported to be getting fat and many of them have been contracted for future delivery. Lamb and kid crops are reported light in some sections but good in others.

Movements and Prices The receipts of cattle at the Fort Worth market during June were substantially greater than in the previous month but slightly less than in June, 1927. The receipts of calves were less than in either the previous month or the same month a year ago. While the arrivals of sheep and hogs showed a heavy decline as compared to the previous month, they were substantially larger than in June last year.

While price movements in the cattle division have been somewhat erratic, prices on most classes of cattle at the close of the month were generally steady to slightly higher than a month earlier. Calves during the greater part of the month cleared to good advantage and prices worked steadily upward. The hog market after declining during May, showed a steady advance during June and the first half of July. At the middle of July the best were clearing at $11.15 as against $9.55 at the close of May. Sheep and lamb prices showed considerable strength early in June but subsequently declined. Part of the decline, however, was regained during the last days of the month.

FORT WORTH LIVESTOCK RECEIPTS

	June 1928	June 1927	Loss or Gain	May 1928	Loss or Gain
Cattle	80,602	82,305	L 1,703	72,850	G 7,752
Calves	20,030	21,806	L 1,776	22,977	L 2,947
Hogs	29,753	21,410	G 8,343	45,571	L 15,818
Sheep	59,124	45,235	G 13,889	82,123	L 22,999

COMPARATIVE TOP LIVESTOCK PRICES

	June 1928	June 1927	May 1928
Beef steers	$13.50	$11.00	$13.50
Stocker steers	12.25	8.20	13.00
Butcher cows	10.00	7.00	9.75
Stocker cows	7.25	5.50	8.75
Calves	13.50	10.75	13.25
Hogs	10.60	9.30	9.90
Sheep	10.00	8.00	11.00
Lambs	16.00	13.00	17.50

Cotton Movements The June receipts and exports of cotton through the ports of Galveston and Houston reflected a seasonal decline as compared to the previous month but were larger than in the corresponding month last year. Stocks on hand at these ports were considerably less than a month earlier and slightly less than on June 30, 1927. Exports from all United States ports showed a slight decline as compared to June last year. The domestic consumption of cotton amounted to 510,565 bales in June as compared to 577,710 bales in May and 659,841 bales in June a year ago. Consumption of cotton during the eleven-month-period ending June 30th was 3.4 per cent less than during the same period of the previous season.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	June 1928	June 1927	August 1 to June 30 This Season	August 1 to June 30 Last Season
Receipts	66,825	49,662	2,552,446	3,811,659
Exports	163,461	107,414	2,531,874	3,713,980
Stocks, June 30	....	....	179,037	247,605

GALVESTON STOCK STATEMENT

	June 30, 1928	June 30, 1927
For Great Britain	6,000	3,800
For France	5,000	4,200
For other foreign ports	27,300	39,200
For coastwise ports	2,000	2,500
In compresses and depots	138,737	197,905
Total	179,037	247,605

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	June 1928	June 1927	August 1 to June 30 This Season	August 1 to June 30 Last Season
Receipts	26,613	23,207	2,524,752	3,563,589
Exports	114,364	94,670	1,962,262	2,571,815
Stocks, June 30	....	....	277,427	287,585

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

	August 1 to June 30 This Season	August 1 to June 30 Last Season
Receipts	8,393,147	12,685,710
Exports: Great Britain	1,404,707	2,537,630
France	866,974	1,000,032
Continent	3,957,281	5,247,826
Japan and China	1,016,020	1,773,098
Mexico	17,593	17,560
Total foreign ports	7,262,575	10,576,146
Stocks at all United States ports, June 30	876,552	1,267,514

SPOT COTTON PRICES
(Middling Basis)

	June, 1928 High	June, 1928 Low	July 14, 1928
New York	23.10	20.65	22.00
New Orleans	22.80	20.10	21.58
Dallas	22.05	19.60	21.00
Houston	22.65	20.05	21.60
Galveston	22.75	20.15	21.65

COTTON CONSUMED AND ON HAND

	Cotton Growing States: June 1928	June 1927	August 1 to June 30 This Season	August 1 to June 30 Last Season	United States: June 1928	June 1927	August 1 to June 30 This Season	August 1 to June 30 Last Season
Cotton consumed	392,089	457,958	4,782,038	4,778,077	510,565	659,841	6,393,946	6,619,820
Cotton on hand June 30:								
(a) In consuming establishments	....	....	734,452	1,037,107	....	....	1,158,531	1,594,475
(b) In public storage and compresses	....	....	1,460,919	1,846,117	....	....	1,645,971	2,181,509

COTTONSEED PRODUCTS

The volume of cottonseed received at mills located in both Texas and the United States was larger in June than in May but was considerably smaller than in the corresponding month last year. On the other hand, cottonseed crushed at these mills was in smaller volume than in either of the two comparable periods. Cottonseed on hand declined to a low level for the year at 7,645 tons at Texas mills and 30,194 tons at all mills in the United States. Production of crude oil in Texas was 39.9 per cent less than in May and 75.8 per cent smaller than in the corresponding month of 1927. Sharp declines were also shown in the output of cake and meal and hulls as compared to the previous month and to last year at mills in both the United States and Texas.

On June 30th stocks on hand at Texas mills of all classes of products had declined considerably from a month earlier and a year ago, particularly that of crude oil which at all United States mills was in larger volume than a year ago. Other products on hand at United States mills, however, were below those of last year.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to June 30		August 1 to June 30	
	This Season	Last Season	This Season	Last Season
Cottonseed received at mills (tons)	1,516,738	1,904,164	4,562,237	6,325,409
Cottonseed crushed (tons)	1,543,024	1,874,836	4,621,327	6,238,114
Cottonseed on hand (tons)	7,645	34,490	30,194	103,407
Crude oil produced (pounds)	463,284,413	526,083,279	1,465,250,911	1,865,342,849
Cake and meal produced (tons)	717,172	866,295	2,079,358	2,801,062
Hulls produced (tons)	440,508	559,404	1,311,852	1,832,429
Linters produced (running bales)	297,367	306,896	869,808	1,026,812
Stocks on hand June 30:				
Crude oil (pounds)	5,703,767	2,611,247	28,814,104	12,259,510
Cake and meal (tons)	17,380	22,115	45,387	101,748
Hulls (tons)	18,841	54,471	45,641	190,960
Linters (running bales)	21,470	17,864	59,957	81,105

TEXTILE MILLING

There were 3,124 bales of raw cotton consumed by reporting Textile mills in the Eleventh District in June as compared to 3,212 bales in May and 4,203 bales consumed in the corresponding month last year. Operation of spindles was the same as in May but less than in June a year ago. While production of cloth was below that in June last year, it was slightly larger than the output in May. Orders on hand at the close of the month were below those a month earlier and a year ago and stocks showed increases over both periods.

TEXTILE MILLING STATISTICS

	June 1928	June 1927	May 1928
Number of bales consumed	3,124	4,203	3,212
Number of spindles active	90,572	95,572	90,572
Number pounds cloth produced	1,590,100	1,901,462	1,558,215

WHOLESALE TRADE

Seasonal recession in the demand for merchandise in wholesale channels of distribution was evident during June yet the volume of business was substantially larger than in the corresponding month a year ago in every reporting line except dry goods. The tabulation of sales for the half year discloses that distribution in every reporting line exceeded that for a like period in 1927, ranging from 3.3 per cent in the case of dry goods to 72.6 per cent in farm implements. During the first quarter of the year there was a heavy demand for merchandise and the volume of sales in all reporting lines was substantially greater than a year earlier. During the spring months, however, the unseasonable weather had an adverse effect upon crop conditions and retarded business generally. With the improvement in the agricultural situation toward the middle of May, the demand for merchandise began to broaden and to date has been well sustained in practically all sections of the district. Nevertheless, there is a well defined policy among retailers to keep their commitments in alignment with consumer demand. Furthermore, merchants generally are following conservative credit policies. While business in some sections is being curtailed due to the dry weather and poor crop conditions, dealers generally report that the outlook for the coming months is encouraging.

Between season dullness was evident in the wholesale dry goods trade during June. Sales reflected a decline of 7.4 per cent as compared to the previous month and were 9.1 per cent less than in the corresponding month a year ago. Distribution for the half year, however, was 3.3 per cent larger than in the same period of the previous year. The unseasonable weather prevailing throughout the spring months greatly curtailed the demand for most lines of dry goods and retail merchants have exerted their efforts to reducing inventory and fill-in orders at wholesale establishments generally have been smaller than usual. Dealers generally, however, are optimistic regarding fall trade.

The June distribution of drugs at wholesale reflected a seasonal decline of 1.5 per cent as compared to the previous month but was 4.0 per cent greater than in June, 1927. While the demand in some of the larger cities has slackened somewhat, business generally has been well sustained and dealers report that the outlook for fall trade is very encouraging.

A further improvement in the demand for farm implements occurred during the past month. Sales of reporting firms were 14.6 per cent greater than in May and were 112.9 per cent larger than in June, 1927. In fact, sales during June were larger than in that month for any year since 1920. Sales for the first half of the current year exceeded those of the corresponding period a year ago by 72.6 per cent. The buying of implements was on a small scale during the latter part of 1926 and the greater part of 1927. While the demand for implements has been improving throughout the current year, the gains are due largely to the heavy replacement needs and the favorable outlook for crops in most sections of the district. Dealers report that the future outlook is fair to good. Prices remained generally firm. Collections have shown some improvement.

The demand for groceries was well sustained during June. While sales were 3.7 per cent less than in the previous month they were 7.0 per cent greater than in the corresponding month a year ago. Business during the first half of the year exceeded that for the same period of 1927 by 8.2 per cent. While buying is reported to be light in a few sections, it has been good over the major portion of the district. Prices remained generally steady.

CONDITION OF WHOLESALE TRADE DURING JUNE, 1928
Percentage of Increase or Decrease In

	Net Sales June, 1928 Compared with		Net Sales	Stocks June, 1928 Compared with		Ratio of Collections During June to Accounts and Notes Outstanding
	June, 1927	May, 1928	Jan. 1 to date Compared with Same Period Last Year	June, 1927	May, 1928	May 31, 1928
Groceries	+ 7.0	— 3.7	+ 8.2	+ 2.7	—10.0	61.1
Dry Goods	— 9.1	— 7.4	+ 3.3	+ 5.7	+ 4.6	25.3
Farm Implements	+112.9	+14.6	+72.6	—21.9	— 8.4	17.0
Hardware	+ 13.3	— 8.9	+23.0	+14.0	— .3	39.0
Drugs	+ 4.0	— 1.5	+ 7.6	— 2.7	— 1.9	43.7

While the distribution of hardware at wholesale showed a seasonal recession as compared to the previous month it exceeded that for a year ago by a wide margin. Sales were 8.9 per cent less than in May but 13.3 per cent larger than in June, 1927. They were 23.0 per cent greater in the first half of 1928 than in the same period of the previous year. The gain over a year ago was general over the district. While the outlook is reported to be good, the dry weather in some sections is beginning to retard buying.

RETAIL TRADE

Retail distribution as reflected by sales of department stores in larger cities showed a seasonal decline of 14.7 per cent as compared to the previous month but was 4.4 per cent larger than in June, 1927. During recent weeks the hot weather has stimulated the movement of summer merchandise and reports indicate that business has been holding up well for the summer season.

Stocks on hand at the close of June were 8.5 per cent less than a month earlier and were 8.1 per cent less than in June last year. Due to the increase in sales and the reduction in inventories the ratio of stock turnover was greater this year than a year ago. During the first half of 1928 the rate of stock turnover was 1.44 as compared to 1.36 in the same period of 1927.

Collections showed some improvement during June. The ratio of June collections to accounts outstanding on June 1st was 36.1 per cent as compared to 35.9 per cent in May and 33.7 per cent in June, 1927.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total Sales:						
June, 1928, compared with June, 1927	+ 4.9	+ 2.7	+ 3.3	+ 7.7	+ 3.7	+ 4.4
June, 1928, compared with May, 1928	—16.7	—16.1	— 7.5	— 1.6	—29.1	—14.7
January 1 to date compared with same period last year	+ 1.8	— .1	+ .1	— .7	+ 3.4	+ 1.0
Credit Sales						
June, 1928, compared with June, 1927	+10.1	+ 5.3	+ 5.9	+14.9	+ 6.5	+ 8.7
June, 1928, compared with May, 1928	—16.2	—21.2	— 4.9	— 2.1	—32.7	—15.9
January 1 to date compared with same period last year	+ 6.5	+ 9.1	+ 2.1	+ 3.1	+ 6.2	+ 5.4
Stocks:						
June, 1928, compared with June, 1927	—14.2	— 2.8	— 1.5	—17.9	— 3.0	— 8.1
June, 1928, compared with May, 1928	— 7.0	— 6.4	— 8.4	—20.3	— 4.9	— 8.5
Rate of stock turnover in June, 1927	.19	.20	.26	.26	.20	.22
Rate of stock turnover in June, 1928	.23	.20	.27	.34	.21	.24
Rate of stock turnover January 1 to June 30, 1927	1.31	1.22	1.53	1.47	1.35	1.36
Rate of stock turnover January 1 to June 30, 1928	1.46	1.26	1.50	1.69	1.36	1.44
Ratio of June collections to accounts receivable and outstanding June 1, 1928	32.9	35.5	37.9	41.9	38.3	36.1

FINANCIAL

Debits to individual accounts in June at banks located in principal cities of the Eleventh District showed an increase of 3.7 per cent over May and were 12.6 per cent greater than in the corresponding month last year. Charges during the month aggregated $764,313,000 as compared to $736,888,000 in May and $678,581,000 in June, 1927.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	June 1928	June 1927	Inc. or Dec.	May 1928	Inc. or Dec.
Abilene	$ 9,655	$ 10,348	— 6.7	$ 9,509	+ 1.5
Austin	19,106	17,343	+10.2	17,800	+ 7.3
Beaumont	25,275	23,383	+ 8.1	25,274	None
Corsicana	5,155	4,891	+ 5.4	4,884	+ 5.5
Dallas	212,089	188,284	+12.6	213,708	— .8
El Paso	35,466	32,037	+10.7	35,451	None
Fort Worth	103,566	92,314	+12.2	103,130	+ .4
Galveston	34,582	37,639	— 8.1	33,953	+ 1.9
Houston	194,740	157,667	+23.5	171,866	+13.3
Port Arthur	9,314	10,478	—11.1	9,738	— 4.4
San Antonio*	95,997	....	....	90,041	+ 6.6
Roswell	3,993	2,970	+34.4	4,030	— .9
Shreveport	41,411	35,952	+15.2	39,566	+ 4.7
Texarkana x	15,085	13,637	+10.6	14,533	+ 3.8
Tucson	12,446	8,846	+40.7	11,747	+ 6.0
Waco	15,602	14,937	+ 4.5	15,858	— 1.6
Wichita Falls	26,828	27,855	— 3.7	25,841	+ 3.8
Total	$764,313	$678,581	+12.6	$736,888	+ 3.7

*San Antonio figures not included in total.
xIncludes the figures of two banks in Texarkana, Arkansas, located in the Eighth District.

Acceptance Market

In contrast to the movement in the past several years, acceptances executed by accepting banks in this district and outstanding at the close of June, this year, reflected an increase over those a month earlier and continued larger than a year ago. The volume of acceptances outstanding on June 30th totaled $4,195,919 as compared to $3,411,153 on May 31st, and $2,684,951 on June 30, 1927. Acceptances executed against import and export transactions rose from $1,403,406 on May 31st to $1,544,996 on June 30th, and those based on the domestic shipment and storage of goods increased from $2,007,747 to $2,650,923 between the same dates.

Condition of Member Banks in Selected Cities

Following a decline in April and May, loans and investments of member banks located in selected cities of this district turned upward in June, the increase over last month being due principally to increased investments and a rise in loans on corporate securities. Investments in United States securities increased from $76,130,000 on June 6th to $80,853,000 on July 3rd and those in other stocks and bonds rose from $33,326,000 to $38,272,000. Loans on government securities increased $205,000. Corporate loans after declining in May reflected a gain of $1,987,000 in June and amounted to $86,366,000

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	July 3, 1928	June 6, 1928	July 6, 1927
1. Number of reporting banks	44	45	45
2. U. S. securities owned	$ 80,853,000	$ 76,130,000	$ 63,768,000
3. All other stocks, bonds and securities owned	38,272,000	33,326,000	28,025,000
4. Loans secured by U. S. Government obligations	3,705,000	3,500,000	2,935,000
5. Loans secured by stocks and bonds other than U. S. Government obligations	86,366,000	84,379,000	76,061,000
6. All other loans	241,876,000	241,193,000	231,919,000
7. Net demand deposits	286,640,000	289,664,000	267,753,000
8. Time deposits	130,061,000	125,784,000	109,396,000
9. Reserve with Federal Reserve Bank	32,225,000	32,638,000	29,879,000
10. Bills payable and rediscounts with Federal Reserve Bank	6,935,000	7,606,000	2,179,000
11. Ratio of loans* to net demand deposits	86%	84%	88%

*Loans include only items 4 and 6.

on July 3rd. All other loans (largely commercial) aggregating $241,876,000 were only $683,000 above those a month earlier, however, they were $9,957,000 greater than a year ago. While net demand deposits showed a seasonal decline of $3,024,000, time deposits rose $4,277,000. Reserves of these banks with the Federal Reserve Bank declined $413,000. Their bills payable and rediscounts with this Bank amounted to $6,935,000 which was $671,000 less than on June 6th but $4,756,000 larger than a year ago. The ratio of loans to net demand deposits was 86 per cent as compared to 84 per cent on June 6th, and 88 per cent on July 6, 1927.

Savings Deposits Savings deposits of banks located in the Eleventh District which operate a savings department, amounted to $134,789,524 on June 30th and represents an increase of 1.6 per cent over May 31, and 11.1 per cent over those on the corresponding date last year. There were 281,258 savings accounts carried at 81 of these banks at the close of the month as compared to 281,020 a month earlier and 261,895 on June 30, 1927.

SAVINGS DEPOSITS

	June 30, 1928			June 30, 1927			May 31, 1928		
	Number of Reporting Banks	Number of Savings Depositors	Amount of Savings Deposits	Number of Savings Depositors	Amount of Savings Deposits	Inc. or Dec.	Number of Savings Depositors	Amount of Savings Deposits	Inc. or Dec.
Beaumont	4*	5,157	$ 2,492,117	4,657	$ 2,428,961	+ 2.6	5,139	$ 2,451,031	+ 1.7
Dallas	6	59,093	24,064,063	52,658	19,662,481	+22.4	59,536	22,801,495	+ 5.5
El Paso	2	14,084	5,933,615	12,695	4,800,298	+23.6	13,869	5,660,730	+ 4.8
Fort Worth	3	22,367	8,125,723	20,744	6,668,532	+21.9	22,296	7,948,749	+ 2.2
Galveston	3	13,603	9,428,100	13,280	9,723,999	— 3.0	13,599	10,043,205	— 6.1
Houston	13*	67,423	32,639,767	60,799	29,228,820	+11.7	67,337	32,173,565	+ 1.4
San Antonio	6*	29,573	14,442,162	28,289	13,053,523	+10.6	29,501	14,307,445	+ .9
Shreveport	3	22,266	10,231,591	23,569	9,621,857	+ 6.3	22,170	10,115,236	+ 1.2
Waco	4	9,084	6,565,906	8,302	5,706,838	+15.1	8,973	6,402,242	+ 2.6
Wichita Falls	2	4,154	1,972,158	3,988	2,656,235	—25.8	4,164	2,116,113	— 6.8
All others	42*	34,454	18,894,322	32,914	17,739,589	+ 6.5	34,436	18,652,842	+ 1.3
Total	88	281,258	$134,789,524	261,895	$121,291,133	+11.1	281,020	$132,672,653	+ 1.6

*Only 3 banks in Beaumont, 12 banks in Houston, 5 banks in San Antonio and 38 banks in "All Others" reported the number of savings depositors.

JULY 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	5-6	6-8	5-8	5-6	5-6	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	8	5-8	5-6	6-7	6-7
(b) Time	5-7	6-8	5-8	5-6	6-8	6-7
Rate charged on commodity paper secured by warehouse receipts, etc.	5-6	6-8	6-8	5	6-8	6-8
Rate on cattle loans	6	8	6-8	7-8	4-8	7-8

Deposits of Member Banks Combined deposits of member banks located in this district which amounted to $867,357,000 on June 13th reflected a seasonal decline of $24,771,000 from those on May 9, however, they were $80,116,000 greater than on June 22nd last year. Their net demand deposits declined $24,583,000 during the month and time deposits $188,000. While the reduction in net demand deposits was nearly equally divided between banks located in cities of less than 15,000 population, and in cities of over 15,000 population, the entire decline in time deposits was reported by banks in cities of the former size.

DEPOSITS OF MEMBER BANKS

	Total Demand	Total Time	Banks in cities with a population of less than 15,000		Banks in cities with a population of over 15,000	
			Demand	Time	Demand	Time
June 22, 1927	606,696	180,545	263,813	48,119	342,883	394,786
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	137,473	135,479
Jan. 11, 1928	720,401	189,298	329,418	49,942	390,983	139,356
Feb. 8, 1928	736,338	195,834	336,953	52,836	399,385	143,998
March 7, 1928	710,432	193,819	317,918	53,698	392,514	140,121
April 11, 1928	689,155	199,178	302,586	53,334	386,569	145,844
May 9, 1928	689,329	202,799	303,986	54,878	385,343	147,921
June 13, 1928	664,746	202,611	290,164	54,635	374,582	147,976

Operations of the Federal Reserve Bank Loans to member banks in the Eleventh District showed a decline at the end of June as compared to a month earlier but turned upward during the first half of July and more than doubled those a year ago on July 15th. Total loans to member banks aggregated $14,262,129 on July 15th as compared to $9,326,563 on June 30th and $11,209,326 on May 31st this year, and $6,952,020 on July 15th last year. Borrowings of both reserve city and country banks from this bank followed an irregular course throughout the six-week period. The majority of loans during the current period was to member banks in reserve cities, whereas, last year the bulk of loans was to country banks. As reflected in the number of borrowing banks which was 137 on June 30th as against 108 on May 31, accommodations was more general than a month earlier but not so great as on June 30, a year ago, when loans on that date was extended to 174 banks.

Due to the reduction in loans to member banks and in bankers' acceptances total bills held declined from $26,511,713.33 on May 31st to $23,296,148.52 on June 30th, distributed as follows:

Member banks' collateral notes secured by United States Government obligations	$ 3,148,950.00
Rediscounts and all other loans to member banks	6,177,612.72
Open market purchases (Bankers' Acceptances)	13,969,585.80
Total bills held	$23,296,148.52

Federal Reserve notes in actual circulation declined from $31,280,550 on May 31st to $30,351,545 on June 30th and on the latter date were 4,153,570 below the net circulation on June 30, 1927. The daily average reserve deposits of member banks amounted to $64,090,854 in June as compared to $64,928,116 in May and $58,496,457 during June last year.

FAILURES

Considerable improvement was noted in the business mortality rate in the Eleventh Federal Reserve District in June. There were 46 failures during the month with liabilities of $539,916 as compared to 66 failures in May with indebtedness of $2,214,149 and 59 defaults in June, 1927, which owed $1,555,260. The liabilities involved in failures during the current month were less than in any previous month since July last year and the number of defaults was the smallest since October, 1927.

PETROLEUM

Direct results of proration was shown in the production of crude oil in the Eleventh Federal Reserve District in June. The total output which amounted to 21,131,900 barrels was 1,092,700 barrels less than in May and 1,990,600 barrels below total production in April. The enforcement of the proration plan in principal fields of West Texas and further withdrawals from crude oil stocks in North Texas were strengthening factors in the oil industry during the past thirty days. There were 486 completions during the month of which 243 were producers of oil and 47 were gas wells, as compared to 556 completions in May that netted 250 oil producers and 47 gas wells. Although the number of new producers of oil was smaller than in the previous month initial production rose from 236,040 barrels in May to 286,238 barrels in June, indicating larger sized wells.

The daily average output of crude oil in Texas declined from 673,319 barrels in May to 661,783 barrels in June. All sections of the State showed declines in total production and, with the exception of North Texas whose daily average yield increased as a result of the shorter month, all registered declines in daily average output. Considerable falling off in field work and a reduction of 246,100 barrels in total yield of oil was reported in the Texas Coastal region. Production of oil in Central-West Texas which amounted to 10,963,900 barrels reflected a further decline of 632,550 barrels in total production. Crude oil stocks in North Texas were drawn upon for the fourth consecutive month while activity in that area in other respects was normal. Total yield of oil in North Louisiana amounted to 1,278,400 barrels as compared to 1,351,700 barrels in May.

CRUDE OIL PRICES

	July 17, 1928	July 19, 1927
Texas coastal grade "A"	$1.20	$1.20
North and Central Texas and North Louisiana (52 gr. and above)	1.76	1.60

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

OIL PRODUCTION

	June		May		Increase or Decrease			
	Total	Daily Average	Total	Daily Average		Total		Daily Average
North Texas	4,311,000	143,700	4,385,350	141,463	Dec.	74,350	Inc.	2,237
Central-West Texas	10,963,900	365,463	11,596,450	374,079	Dec.	632,550	Dec.	8,616
East-Central Texas	665,650	22,188	708,350	22,850	Dec.	42,700	Dec.	662
Texas Coastal	3,221,850	107,395	3,467,950	111,869	Dec.	246,100	Dec.	4,474
Southwest Texas	691,100	23,037	714,800	23,058	Dec.	23,700	Dec.	21
Total, Texas	19,853,500	661,783	20,872,900	673,319	Dec.	1,019,400	Dec.	11,536
North Louisiana	1,278,400	42,613	1,351,700	43,603	Dec.	73,300	Dec.	990
Total, District	21,131,900	704,396	22,224,600	716,922	Dec.	1,092,700	Dec.	12,526

JUNE DRILLING RESULTS

Field—	Completions	Producers	Gas Wells	Failures	Initial Production
North Texas	157	85	13	59	10,702
Central West Texas	219	123	15	81	266,490
Southwest Texas	2	1	....	1	120
Texas Coastal	39	27	....	12	8,631
Texas Wildcats	38	6	....	32	260
Total Texas	455	242	28	185	286,203
North Louisiana	31	1	19	11	35
June Totals, District	486	243	47	196	286,238
May Totals, District	556	250	47	259	236,040

LUMBER

A seasonal decline was noted in the operation of pine mills located in the Eleventh District in June. Production of lumber declined from slightly less than one per cent of normal in May to 8 per cent below normal in June, however, it was 12 points greater than the output in June a year ago. Although June shipments, amounting to 90 per cent of normal production was 15 points less than in May, the decline was not as pronounced as in the corresponding month last year. Orders for lumber amounted to 90 per cent of normal production as compared to 93 per cent in May and 67 per cent in the corresponding month of 1927. Stocks on hand at the close of the month were 13 per cent above normal, a one point increase over those a month earlier, and were 26 points larger than a year ago. Unfilled orders for lumber amounted to 52,249,727 feet at 40 reporting mills on June 30th as against 48,370,257 feet recorded at 45 mills on May 31st.

JUNE PINE MILL STATISTICS

Number of reporting mills	40
Production	84,402,748 feet
Shipments	81,783,571 feet
Orders	82,180,237 feet
Unfilled orders, June 30	52,249,727 feet
Normal production	91,306,790 feet
Stocks, June 30	259,570,198 feet
Normal stocks	229,846,582 feet
Shipments below normal	9,523,219 feet—10%
Actual production below normal	6,904,042 feet— 8%
Orders below normal production	9,126,553 feet—10%
Stocks above normal	29,723,616 feet—13%

(Lumber statistics compiled by the Southern Pine Association)

BUILDING

Construction activity in June this year as reflected in the valuation of permits issued at principal cities in the Eleventh District was below that in the same month in the past several years. Permits issued at these centers during the month were valued at $7,203,620 as compared to $8,252,819 in the same month of 1927, and $12,338,376 in June, 1926. As compared to May the valuation of permits issued during the current month was 34.3 per cent smaller. The heavy decline as compared to the corresponding month in 1927, lowered the increase shown this year over last year in the valuation of permits to 7.5 per cent.

BUILDING PERMITS

	June, 1928		June, 1927		Inc. or	May, 1928		Inc. or	Six Months 1928		Six Months 1927		Inc.
	No.	Valuation	No.	Valuation	Dec.	No.	Valuation	Dec.	No.	Valuation	No.	Valuation	or Dec.
Amarillo	129	$ 187,165	96	$ 609,040	—69.3	111	$ 930,446	—79.9	566	$ 2,272,603	1,221	$ 5,507,141	— 58.7
Austin	76	99,478	47	267,071	—62.8	56	118,037	—15.7	408	1,614,328	210	549,837	+193.6
Beaumont	157	211,362	181	447,712	—52.8	212	296,377	—28.7	1,098	1,496,811	1,104	3,195,247	— 53.2
Corpus Christi	92	285,985	53	428,075	—33.2	83	879,810	—67.5	460	3,836,916	331	1,686,870	+127.5
Dallas	293	781,701	260	1,466,225	—46.7	378	579,550	+34.9	2,074	4,011,113	1,977	4,801,891	— 16.5
El Paso	99	163,352	55	93,986	+73.8	91	167,387	— 2.4	485	863,313	350	408,176	+111.5
Fort Worth	368	730,180	363	1,206,487	—39.5	357	774,502	— 5.7	2,469	8,764,911	1,951	7,313,080	+ 19.9
Galveston	216	308,345	206	202,161	+52.5	244	602,597	—48.8	1,221	1,689,305	1,384	2,029,162	— 16.7
Houston	449	2,440,361	519	1,726,731	+41.3	611	2,888,300	—15.5	3,306	18,695,541	3,204	14,548,052	+ 28.5
Port Arthur	128	83,332	118	124,646	—33.1	127	103,913	—19.8	724	595,361	706	729,949	— 18.4
San Antonio	321	1,236,909	269	1,067,695	+15.8	368	2,937,488	—57.9	2,116	8,883,801	1,787	8,054,401	+ 10.3
Shreveport	317	385,459	160	219,140	+75.9	286	388,318	— .7	1,501	2,277,929	1,118	1,893,166	+ 20.3
Waco	25	99,981	25	111,190	—10.1	29	124,985	—20.0	200	1,413,578	179	632,874	+123.4
Wichita Falls	51	190,010	78	282,660	—32.8	52	170,950	+11.1	343	1,034,845	518	2,089,892	— 50.4
Total	2,721	$7,203,620	2,430	$8,252,819	—12.7	3,005	$10,962,660	—34.3	16,971	$57,450,355	16,040	$53,439,738	+ 7.5

CEMENT

While shipments of Portland cement from Texas mills declined in June from the high level reached in May they were still comparatively high and exceeded shipments in June last year by 26.2 per cent. There were 573,000 barrels shipped during the month as compared to 610,000 barrels in May, and 454,000 barrels in June, 1927. Production in June was 1.7 per cent larger than in May and 15.1 per cent greater than in the corresponding month last year. The excess shipments over production was reflected in stocks which declined from 389,000 barrels on May 31st to 356,000 barrels on June 30th. As compared to the same period last year, production and shipments of cement during the first half of this year showed increases of 17.4 per cent and 15.5 per cent, respectively.

PRODUCTION, SHIPMENTS AND STOCKS OF PORTLAND CEMENT (Barrels)

	June 1928	June 1927	Inc. or Dec.	May 1928	Inc. or Dec.	Six Months 1928	Six Months 1927	Inc. or Dec.
Production at Texas mills	540,000	469,000	+15.1	531,000	+ 1.7	3,103,000	2,644,000	+17.4
Shipments from Texas mills	573,000	454,000	+26.2	610,000	— 6.1	3,154,000	2,730,000	+15.5
Stocks at end of month at Texas mills	356,000	330,000	+ 7.9	389,000	— 8.5			

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board, as of July 27, 1928)

Industrial production and the distribution of commodities in June were in smaller volume than in May and the general level of wholesale prices following a sharp advance in April and May also declined. Member bank credit was in record volume early in July and indebtedness at the Reserve banks was larger than at any time in the past six years.

PRODUCTION

Production activity of manufacturing industries declined slightly in June, and there was a decrease of about six per cent in the output of minerals owing to declines in the production of coal. The manufacture of iron and steel decreased in June by somewhat more than the usual seasonal amount, but there are indications that there were no further declines in July and the industry was somewhat more active than a year ago. Production of flour and activity of cotton and wool mills also declined in June. Automobile production showed considerably less than the usual seasonal decline in June, and weekly employment figures for Detroit indicate that operations of automobile plants were well maintained during the first three weeks of July. The manufacture of agricultural implements and machine tools continued in June at the high level reached last spring. Production of lumber, copper, and shoes, and activity of silk mills increased in June. Contracts awarded for new building continued large in June and total awards for the first half of the year exceeded those for any previous corresponding period. There were increases over last year in contracts for residential, industrial, public, and educational building. Awards during the first three weeks in July were in somewhat smaller volume than for the corresponding period of last year. The July estimates of the Department of Agriculture indicate a yield of wheat of 800,000,000 bushels, a decrease of 8 per cent from the harvested yield of 1927, and a yield of corn of 2,736,000 bushels, a reduction of 2 per cent. The production of oats, barley, white potatoes, and tobacco is expected to be larger than last year. The acreage of cotton in cultivation on July 1, was estimated at 46,695,000 acres, an increase of 11 per cent as compared with that of a year ago.

TRADE

Merchandise distribution at retail and wholesale was seasonably smaller in June than in May. Sales of department stores declined by about the usual seasonal amount, while the declines in sales of chain stores were smaller. Sales of wholesale firms in most lines of trade showed a more than usual seasonal decline. Compared with a year ago sales of department stores and chain stores were larger and those of wholesale firms were smaller. Stocks of wholesale firms were in about the same volume at the end of June as a year ago and those of department stores were smaller. Freight car loadings for practically all classes of commodities declined in June and continued in smaller volume than a year ago. During the first two weeks of July, however, owing to increases in loadings of grains and miscellaneous commodities, total loadings were larger than in the corresponding period of 1927, but continued below the high level of 1926.

PRICES

The general level of wholesale commodity prices declined in June and the Bureau of Labor Statistics index, which had advanced from 96 per cent of the 1926 average in March, the low point for the year, to 98.6 per cent in May, declined in June to 97.6 per cent. The decline in the all-commodities index reflected decreases in those groups which had advanced most rapidly in previous months—farm products, foods, and hides and leather products. Prices of livestock and meats, which are included in these groups, however, showed further advances in June, and there was also an increase in the prices of building materials, while prices of silk and rayon, fertilizer materials, house furnishings, and automobile tires, declined. During the first three weeks in July there were declines in the prices of wheat and cotton, and advances in those of cattle and hogs.

BANK CREDIT

Member bank credit, after rising to a record volume early in July, declined somewhat during the two following weeks and on July 18, total loans and investments of reporting banks in leading cities were about $160,000,000 smaller than four weeks earlier. The decrease was largely the result of reduction by about $125,000,000 in the banks' investment holdings but reflected also a decline in the volume of loans on securities following a temporary increase over the mid-year. Contrary to the usual seasonal trend, loans largely for commercial purposes were in record volume during the period. Member bank borrowings at the Reserve banks showed a decline following the mid-year settlement period, but the volume on July 25, at slightly more than $1,000,000,000, was somewhat larger than five weeks earlier. Holdings of acceptances and United States securities declined during the period. In July there were further advances in open market rates for commercial paper and bills, and discount rates at seven of the Federal Reserve Banks were raised from 4½ to 5 per cent.