

MONTHLY BUSINESS REVIEW

OF THE

FEDERAL RESERVE BANK OF DALLAS

C. C. WALSH,
Chairman and Federal Reserve Agent

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

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DISTRICT SUMMARY

THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	August	July	Inc. or Dec.
Bank debits to individual accounts (at 17 cities).....	\$819,871,000	\$794,590,000	Inc. 3.2%
Department store sales.....			Inc. 10.5%
Reserve Bank loans to member banks at end of month.....	\$ 30,544,230	\$ 25,965,605	Inc. 17.6%
Reserve Bank ratio at end of month.....	47.1%	54.5%	Dec. 7.4 points
Building permit valuations at larger centers.....	\$ 8,872,278	\$ 6,278,491	Inc. 41.3%
Commercial failures (number).....	41	54	Dec. 24.1%
Commercial failures (liabilities).....	\$ 628,000	\$ 1,072,213	Dec. 41.4%
Oil production (barrels).....	22,135,450	23,156,700	Dec. 4.4%
Lumber orders at pine mills (per cent of normal production).....	107%	104%	Inc. 3.0 points

The August volume of merchandise distribution in both wholesale and retail channels reflected a substantial improvement. The sales of department stores in larger cities were 11 per cent larger than a month earlier and were slightly larger than a year ago. Distribution at wholesale showed a large seasonal increase as compared to the previous month and was substantially larger than in the corresponding month last year. While conservatism is still the ruling policy of merchants, there is an undertone of confidence in the soundness of business and evidence is accumulating that the volume of trade will be well sustained during the fall. Debits to individual accounts were 3 per cent larger than a month earlier and exceeded those of a year ago by 8 per cent.

While banking conditions in the Southwest continue generally sound, it must be borne in mind that the credit situation is being seriously affected by the abnormal conditions in the Eastern money and stock market. A substantial amount of the district's funds is being employed in the call market in New York and there is a marked trend toward the centralization of financing by large Southwestern corporations in this district. Many of these concerns which ordinarily obtain their working funds in the East, either directly from New York banks or through borrowing in the open market, are now turning to their local banks for funds due to the high level of interest rates prevailing in the North and East. This situation has created a strong demand for funds at the Federal Reserve Bank of Dallas whose loans to member banks reached a seasonal peak of \$32,746,613 on August 24th, as against \$16,079,113 in 1927. Since the cotton crop has begun to move in volume, however, these loans are showing a substantial reduction.

The past month witnessed a substantial improvement in the business mortality rate in the Eleventh District. Both

the number of failures and the amount of indebtedness involved reflected a sharp decline from the previous month and were smaller than a year ago.

Unfavorable weather conditions prevailing during the past thirty days have reduced the prospects for the district's agricultural production, yet the current forecasts, which indicate that the production of most crops will exceed the good yields of a year ago, augur well for business during the coming months. The yield of feed crops, which are practically matured, is good in most sections of the district and farmers generally are assured of an ample supply of feed with which to make 1929 crops. The production of most minor crops has also been good and is serving to augment the farmers income. Despite the fact that the farmers' net equity in this year's crops has been reduced by the higher production costs caused by excessive replanting operations, the volume of purchasing power should be sustained at or above the level of the past year.

While the lack of moisture has caused a considerable deterioration of ranges in some portions of the district, the physical condition of both ranges and livestock in the major grazing areas has been steadily improving and the outlook for fall and winter pasturage is good. Trading on the ranges has been active and the scarcity of cattle is sustaining prices at a high level.

The volume of building operations, as reflected by the valuations of permits issued at principal cities, showed a gain of 41 per cent over the previous month but was 13 per cent less than a year ago. The production, shipments, and new orders for lumber exceeded those of the previous month and were substantially larger than last year. The production and shipments of cement also showed a large gain over a year ago.

CROP CONDITIONS

Weather conditions over a large area of the district have been unfavorable to growing crops during the past thirty

days. Considerable deterioration has taken place in some of the crops but with the exception of corn and oats, the

production of all major field crops will exceed that during the previous year.

The Department of Agriculture estimated the condition of the cotton crop in Texas, as of September 1, as 61 per cent of normal, which indicated a production of 5,100,000 bales, but the crop has deteriorated somewhat since that date. The condition of the crop showed rapid improvement during the early part of August but toward the middle of the month the crop began to deteriorate due to the hot, dry winds over a large portion of the older cotton territory. Root rot has spread very rapidly in practically all sections of the State except Northwest, West, and West Center. The boll worms, boll weevils, and in some sections the cotton hopper and leaf worms, have done considerable damage and may tend to reduce further the prospects of this year's production. Furthermore, the dry weather over a very large area has caused premature opening of the bolls which is also reducing earlier expectations. The cotton in all of the older cotton territory is opening very rapidly and should rainy weather set in it would mean that there would be a large amount of low grade cotton this year. Ginnings in Texas prior to September 1, were 842,654 bales as against 925,960 bales in 1927. The crop in North Louisiana and Southeastern Oklahoma has likewise shown a considerable deterioration due to dry weather and insect activity.

While the earlier prospects for feed crops have been reduced somewhat, most sections will produce a sufficient supply of next year's needs. The corn crop in Texas on the basis of the 74 per cent condition on September 1, indi-

cates a yield of 101,871,000 bushels as compared to 104,724,000 bushels a month earlier and 119,347,000 bushels in 1927. The crop has been helped in the Northwest section by the frequent rains but the lack of moisture and hot winds have reduced earlier prospects of the young crop in other sections of the State. Grain sorghums in Texas promise a yield of only 51,274,000 bushels as against prospects of 64,344,000 bushels on August 1. In some portions of Northwest Texas, the crop has been damaged by too much rain while elsewhere it has been affected by the dry weather. Corn and sorghum crops in New Mexico are reported to be in fair to good condition. Tame hay crops showed rapid deterioration during the latter part of August but rains in some of the drier areas have improved the situation somewhat. Condition of the crop is reported as 79 per cent of normal on September 1, which indicates a yield of 1,173,000 tons as against a production of 1,013,000 tons last year. Reports indicate that the production of all major feed crops in Louisiana will show a substantial increase over that in 1927.

The sowing of fall wheat has begun in the Northwest portion of Texas and prospects are that the acreage seeded this year will exceed the 2,629,000 acres sown last fall. Weather conditions generally have been very favorable for the wheat land preparation and early seeding operations.

No change was reported in the condition of the Texas rice crop which indicated a production of 6,092,000 bushels. While the yield per acre in some sections was reduced somewhat by the water shortage in July and August, the yield in other sections is turning out well.

LIVESTOCK

The general condition of ranges and livestock in the Eleventh Federal Reserve District was well sustained during August but deterioration is noticeable in some sections due to dry weather. In Northwest, West, and West Center Texas, New Mexico, and Southeastern Arizona, conditions are fair to excellent, with ranges in some sections in a better condition than in many years. In this area rains have been plentiful, grass has grown rapidly and there is an ample supply of stock water. Pasturage will be sufficient in most of these sections to carry the stock through the winter. In the South and Coast sections of Texas, ranges are very dry, grass is short and stock water is low. In these sections prospects for winter pasturage are very poor but reports indicate that there is sufficient feed available for stock on hand. Cattle are being sold off very closely due to the poor condition of the ranges. While more rain is needed in most portions of East and Central Texas to provide adequate fall and winter feed, hay and feed crops generally are plentiful in those localities where rain has been sufficient. In those sections where range conditions are good, there is an active demand for all classes of livestock and the market continues strong. Surplus cattle generally are scarce and all offerings are finding a ready market. In the drier sections, although prices are generally good, trading has been inactive.

The condition of cattle ranges in Texas on September 1st was 86 per cent of normal as compared to 87 per cent a month earlier and 82 per cent a year ago. The condition of sheep and goat ranges which was 87 per cent of normal on September 1st was 3 points higher than in the previous month and 6 points above that of a year ago. The condition of livestock showed no change during the month.

Movements and Prices

The receipts of cattle and sheep at the Fort Worth market showed a loss as compared to the previous month but were larger than a year ago. The arrivals of calves, while substantially larger than in the previous month were slightly smaller than in August, 1927. The receipts of hogs were larger than in the previous month or the same month last year.

The cattle market followed an uneven course during August but the general trend of prices was upward. Toward the middle of the month beef steer prices reached \$14.00, the highest price paid in recent months. During the greater part of the month, the demand for cattle was good and all choice arrivals cleared to a good advantage. The hog market reflected an upward trend during August and

FORT WORTH LIVESTOCK RECEIPTS

	August 1928	August 1927	Loss or Gain	July 1928	Loss or Gain
Cattle	84,765	80,377	G 4,388	92,965	L 8,200
Calves	40,824	42,598	L 1,774	34,389	G 6,435
Hogs	25,955	18,322	G 7,633	24,484	G 1,471
Sheep	29,238	22,872	G 6,366	36,214	L 6,976

COMPARATIVE TOP LIVESTOCK PRICES

	August 1928	August 1927	July 1928
Beef steers	\$14.00	\$10.00	\$13.75
Stocker steers	13.00	9.00	12.75
Butcher cows	9.85	6.75	9.75
Stocker cows	8.00	6.00	8.50
Calves	13.00	12.50	13.75
Hogs	12.25	11.10	11.30
Sheep	9.00	8.00	8.75
Lambs	14.50	12.00	14.75

the first half of September, the net increase being approximately \$1.00. The sheep and lamb market remained generally steady.

Cotton Movements

There was a seasonal increase in receipts of cotton at the ports of Houston and Galveston during August as compared to the previous month but they were considerably smaller than a year ago. Exports reflected a sharp decline from July, although the shipments from Galveston were slightly larger than in August last year. Exports from all United States ports were materially smaller than in either the previous month or the same month last year. The domestic consump-

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	August 1928	August 1927	August 1 to This Season	August 31 Last Season
Receipts	72,597	100,661	72,597	100,661
Exports	57,971	56,212	57,971	56,212
Stocks, August 31			98,212	190,478

GALVESTON STOCK STATEMENT

	August 31, 1928	August 31, 1927
For Great Britain.....	2,000	1,400
For France	3,200	8,200
For other foreign ports.....	19,200	15,000
For coastwise ports.....	2,500	1,500
In compresses and depots.....	71,312	164,378
Total.....	98,212	190,478

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	August 1928	August 1927	August 1 to This Season	August 31 Last Season	August 1928	August 1927	August 1 to This Season	August 31 Last Season
Cotton consumed	403,888	464,530	403,888	464,530	526,729	634,520	526,729	634,520
Cotton on hand August 31								
(a) In consuming establishments.....			428,605	670,421			782,068	1,120,784
(b) In public storage and compresses.....			1,088,949	1,866,166			1,188,861	2,172,945

COTTONSEED PRODUCTS

The movement of cottonseed is increasing very rapidly and a large percentage of the cottonseed oil mills in the Southwest have resumed crushing operations. There were 160,649 tons received at Texas mills during August as compared to 23,923 tons in July and 185,575 tons in August, 1927. From the attached table it will be noted that most of the receipts and crushing shown for United States mills during August this year was at Texas mills, while a year ago such was not the case as the cotton crop in other states

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	—Texas—		—United States—	
	August 1 to August 31 This Season	Last Season	August 1 to August 31 This Season	Last Season
Cottonseed received at mills (tons)....	160,649	185,575	169,498	275,505
Cottonseed crushed (tons)	65,238	96,579	73,795	159,856
Cottonseed on hand (tons)	108,453	122,927	117,484	205,433
Crude oil produced (pounds)			20,863,435	46,157,477
Cake and meal produced (tons).....			34,760	72,264
Hulls produced (tons)			20,497	45,334
Linters produced (running bales)			13,948	24,789
Stocks on hand August 31:				
Crude oil (pounds)			15,345,913	25,735,836
Cake and meal (tons)			19,794	44,142
Hulls (tons)			26,601	145,084
Linters (running bales)			40,103	28,658

tion of cotton which amounted to 526,729 bales in August was 31 per cent larger than in July but fell 24 per cent below August, 1927.

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	August 1928	August 1927	August 1 to This Season	August 31 Last Season
Receipts	117,101	223,104	117,101	223,104
Exports	67,817	101,973	67,817	101,973
Stocks, August 31			188,116	281,000

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

	August 1 to August 31 This Season	August 31 Last Season
Receipts	283,336	513,908
Exports: Great Britain	37,545	46,024
France	22,256	28,047
Continent	155,405	204,723
Japan—China	47,279	41,606
Mexico	100	79
Total foreign ports.....	262,585	320,479
Stocks at all United States ports, August 31	475,228	1,059,968

SPOT COTTON PRICES (Middling Basis)

	August, 1928	September 15, 1928
	High	Low
New York	\$20.40	\$18.55
New Orleans	20.16	18.27
Dallas	19.45	17.60
Houston	19.75	18.10
Galveston	20.10	18.15

is much later than it was a year ago. Due largely to this fact the production of cottonseed products during August this year reflected a heavy decline from a year ago.

Stocks of all products except linters on hand at the end of August were less than a year ago and those of cake and meal, hulls, and linters were less than at the end of the previous month.

TEXTILE MILLING

Operations of Textile mills in the Eleventh District in August were somewhat greater than in July but were below a year ago. There were 3,022 bales of raw cotton consumed as compared to 2,130 bales in the previous month and 3,441 bales in August last year. Production of cloth was 54.0 per cent larger than in July but 1.8 per cent below the output in the corresponding month of 1927. The volume of orders on hand on August 31st was not as large as a month earlier or a year ago but stocks showed an increase over both periods. Prices on most classes of cotton goods reflected a downward trend in sympathy with the movement of raw cotton prices. Due to the uncertainty surrounding the raw cotton market, there has been a tendency for buyers to withhold forward orders until the outcome of the current crop becomes more definite.

TEXTILE MILLING STATISTICS

	August 1928	August 1927	July 1928
Number bales consumed.....	3,022	3,441	2,130
Number spindles active.....	81,564	83,564	81,564
Number pounds cloth produced.....	1,476,275	1,503,196	958,403

WHOLESALE TRADE

A broad demand for merchandise in wholesale channels of distribution was in evidence during the past month. Sales reflected a large seasonal gain over the previous month and were substantially larger than a year ago. The promising outlook for agriculture has created a strong undertone of confidence in the soundness of business which is being reflected in the growing optimism among retailers and the increased volume of buying. Yet merchants appear to be adhering to the conservative policies followed for some time past and are showing no disposition to overload their shelves. Collections in most lines have shown considerable improvement.

Coincident with the opening of the fall buying season at principal market centers early in August, there was a heavy increase in the buying of dry goods at wholesale. The August sales reflected a seasonal increase of 89.2 per cent as compared to the previous month but fell 6.9 per cent below those in the corresponding month last year. While retailers generally have taken a rather wide assortment of merchandise, they have bought in very small quantities due to the uncertainty of the trend of raw cotton prices. The recent downward trend of prices on cotton goods is also retarding current purchases. Dealers generally are optimistic regarding the volume of business during the fall.

The past month witnessed a strong demand for drugs at wholesale. Sales of reporting firms reflected a seasonal increase of 25.5 per cent as compared to the previous month and exceeded those in August, 1927, by 6.0 per cent. The expansion in demand appeared to be fairly general over the

district. Collections showed some improvement. Prices remained generally steady. The outlook for fall business is reported to be good.

The sales of reporting farm implement firms reflected a further seasonal decline as compared to the previous month yet they exceeded those of the same month last year by 26.2 per cent. Sales of implements are usually slow at this season of the year as farmers are busy with the harvesting of crops. Due to the improvement in the agricultural situation in this district, the outlook for the distribution of implements during the fall and winter is generally good. Prices show no material change.

A further improvement in the demand for hardware was in evidence during the past month. Sales of reporting firms were 2.3 per cent larger than in July and were 8.9 per cent greater than in the corresponding month last year. The improvement was fairly general over the district. Collections were larger than in the previous month. Prices continued generally steady. Reports indicate that the outlook for fall business is very promising.

The sales of groceries at wholesale during August reflected a seasonal increase of 12.4 per cent as compared to the previous month and were 9.7 per cent larger than in the corresponding month last year. Business in most sections of the district is good with collections showing a substantial improvement except in a few localities where the condition of the cotton crop is poor. Dealers generally are optimistic over the outlook for fall trade. Prices remained fairly steady.

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

	—Net Sales— August, 1928 Compared with		—Net Sales— January 1 to Date Compared with	—Stocks— August, 1928 Compared with		Ratio of Collec- tions During August to Accounts and Notes Outstanding
	August 1927	July 1928	Same Period Last Year	August 1927	July 1928	July 31, 1928
Groceries.....	+ 9.7	+12.4	+10.8	+ 5.4	+ 7.3	57.8
Dry Goods.....	+ 6.9	+89.2	+ 6.7	+ 3.9	+11.2	30.4
Farm Implements.....	+26.2	+ 9.2	+29.6	+22.6	+ 7.4	14.8
Hardware.....	+ 8.9	+ 2.3	+13.0	+10.0	+ .7	33.7
Drugs.....	+ 6.0	+25.5	+ 3.8	+ .7	None	44.4

RETAIL TRADE

While the distribution of merchandise in retail channels during August reflected the effects of summer dullness, the sales of department stores in larger cities showed a gain of

10.5 per cent over the previous month and were 0.5 per cent greater than in the corresponding month last year. Late reports indicate that the early fall buying has been very

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	All Others	Total District
Total Sales:						
August, 1928, compared with August, 1927.....	+ 1.5	+ 1.5	- 1.2	- 3.1	+ 2.8	+ .5
August, 1928, compared with July, 1928.....	+19.8	+ 3.0	- 2.4	+15.6	+17.4	+10.5
January 1 to date compared with same period last year.....	- .8	+ 3.3	+ .4	- 1.2	+ 2.8	+ .7
Credit Sales:						
August, 1928, compared with August, 1927.....	+10.4	+12.5	- 1.3	+ 3.1	+11.4	+ 7.9
August, 1928, compared with July, 1928.....	+27.1	+ 9.5	+ 2.3	+19.1	+29.7	+18.8
January 1 to date compared with same period last year.....	+ 8.2	+ 9.1	+ 1.7	+ 2.9	+ 6.3	+ 6.0
Stocks:						
August, 1928, compared with August, 1927.....	-10.4	+ 2.0	- .4	-17.8	+ 4.1	- 4.6
August, 1928, compared with July, 1928.....	+15.3	+14.2	+15.4	+11.0	+14.9	+14.5
Rate of stock turnover in August, 1927.....	.19	.17	.20	.20	.20	.19
Rate of stock turnover in August, 1928.....	.21	.17	.20	.25	.20	.20
Rate of stock turnover, January 1 to August 31, 1927.....	1.64	1.54	1.91	1.86	1.72	1.72
Rate of stock turnover, January 1 to August 31, 1928.....	1.80	1.60	1.90	2.13	1.72	1.81
Ratio of August collections to accounts receivable and outstanding August 1, 1928.....	29.6	32.3	35.2	35.2	33.4	32.3

satisfactory.

Reflecting the receipts of fall merchandise, stocks on hand showed a seasonal gain of 14.5 per cent as compared to a month earlier but were 4.6 per cent less than a year ago. The rate of stock turnover during the first eight months of 1928 was 1.81 as compared to 1.72 in 1927. This improvement is due principally to the smaller stocks being carried this year as sales have shown only a small gain.

The ratio of August collections to accounts outstanding on August 1, was 32.3 per cent as against 34.3 per cent in July, and 30.9 per cent in August, 1927.

FINANCIAL

Charges to individual accounts at principal cities located in the Eleventh Federal Reserve District showed a seasonal increase in August of 3.2 per cent over July and were 7.8 per cent larger than in the corresponding month last year. Debits at banks in these cities aggregated \$819,871,000 as compared to \$794,590,000 in the previous month and \$760,371,000 in August, 1927.

DEBITS TO INDIVIDUAL ACCOUNTS (In thousands of dollars)

	August 1928	August 1927	Inc. or Dec.	July 1928	Inc. or Dec.
Abilene	\$ 9,527	\$ 9,851	- 3.3	\$ 9,569	- .4
Austin	16,249	17,033	- 4.6	15,044	+ 8.0
Beaumont	23,384	22,022	+ 6.2	23,085	+ 1.3
Corsicana	5,131	4,854	+ 5.7	5,093	+ .7
Dallas	211,025	189,293	+11.5	203,320	+ 3.8
El Paso	32,478	30,496	+ 6.5	29,243	+11.0
Fort Worth	99,875	82,788	+20.6	104,937	- 4.8
Galveston	37,832	38,994	- 3.0	31,336	+20.7
Houston	179,165	170,202	+ 5.3	178,531	+ .4
Port Arthur	9,430	10,198	- 7.5	8,469	+11.3
San Antonio	83,608	89,352	- 6.4	76,794	+ 8.9
Roswell	4,059	3,089	+31.4	4,165	- 2.5
Shreveport	42,444	34,712	+22.3	41,062	+ 3.4
*Texarkana	14,168	13,045	+ 8.6	13,008	+ 8.9
Tucson	10,639	7,706	+38.8	9,019	+18.6
Waco	15,752	15,051	+ 4.7	15,862	- .7
Wichita Falls	25,045	21,685	+15.5	26,048	- 3.9
Total	\$819,871	\$760,371	+ 7.8	\$794,590	+ 3.2

*Includes the figures of two banks in Texarkana, Arkansas, located in the Eighth District.

Acceptance Market Acceptances executed by accepting banks in this district and outstanding at the close of the month showed an increase at the end of August over those a month earlier but were be-

low the volume outstanding on the corresponding date last year. Acceptances executed and outstanding on August 31st amount to \$3,712,845 as compared to \$2,507,776 a month earlier and \$5,919,001 on August 31, 1927. The amount of acceptances executed against import and export transactions increased from \$657,557 on July 31st to \$1,468,636 on August 31, and those based on the domestic shipment and storage of goods rose from \$1,850,219 to \$2,244,209 between the same dates.

Condition of Member Banks in Selected Cities

A shifting of funds from investment to commercial channels was reflected in reports received from member banks located in leading cities of the Eleventh District in August. Investments in

United States securities declined from \$85,786,000 on August 1st to \$80,778,000 on September 5th and holdings in other stocks and bonds were reduced \$1,630,000. Loans on Government securities amounting to \$2,339,000 and loans on corporate securities aggregating \$85,509,000 on September 5th were \$1,361,000 and \$579,000, respectively, less than five weeks earlier. Commercial loans, however, rose from \$243,968,000 on August 1st to \$248,666,000 on September 5th, which more than offset the decline in loans on Government and corporate securities and reflected largely the seasonal demand for funds for use in connection with the movement of crops and the expansion of business activity. Net demand deposits rose \$10,093,000 during the month but time deposits declined \$3,576,000. Although combined deposits increased, the reserves of these banks with the Federal Reserve Bank declined \$892,000, indicating a narrowing of surplus reserves carried with this Bank. Their bills payable and rediscounts with this Bank amounted to \$19,233,000 which was \$280,000 less than five weeks earlier but \$11,411,000 greater than on September 7, 1927. Ratio of loans to net demand deposits was 86 per cent as compared to 88 per cent on both August 1st, this year, and September 7th, last year.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Sept. 5, 1928	Aug. 1, 1928	Sept. 7, 1927
1. Number of reporting banks.....	44	44	45
2. U. S. securities owned.....	\$ 80,778,000	\$ 85,786,000	\$ 58,337,000
3. All other stocks, bonds and securities owned.....	38,492,000	40,122,000	29,862,000
4. Loans secured by U. S. Government obligations.....	2,339,000	3,700,000	2,941,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	85,509,000	86,088,000	78,873,000
6. All other loans.....	248,666,000	243,968,000	239,777,000
7. Net demand deposits.....	291,179,000	281,086,000	275,563,000
8. Time deposits.....	128,358,000	131,934,000	110,982,000
9. Reserve with Federal Reserve Bank.....	32,533,000	33,425,000	30,346,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	19,233,000	19,513,000	7,822,000
11. Ratio of loans* to net demand deposits.....	86%	88%	88%

*Loans include only items 4 and 6.

SEPTEMBER 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	8	5-8	5½-6	5-8	6-8
Rate charged on loans to other banks secured by bills receivable	5	6	5-6	5-5½	5-6	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	6-7	6-8	6-8	5½-6	5-8	6-8
(b) Time	6-7	6-8	6-8	5½-6	5-8	6-8
Rate charged on commodity paper secured by warehouse receipts, etc.	5½-6	7-8	6-8	6-7	6-8	6-7
Rate on cattle loans.....	6	6-8	6-8	7-8	4-8	7-8

Savings Deposits

Reports from banks located in the Eleventh District and operating a savings department show that savings deposits of these banks which amounted to \$135,250,698 on August 31, were .3 per cent larger than a month earlier

and 10.0 per cent greater than on the corresponding date last year. There were 282,115 accounts carried at 82 of these banks at the close of the month as compared to 281,504 on July 31, and 262,772 on August 31, 1927.

SAVINGS DEPOSITS

		August 31, 1928			August 31, 1927			Inc. or Dec.	July 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*	6,199		\$ 2,556,697	5,824	\$ 2,477,249	+ 3.2		6,166	\$ 2,501,721	+2.2	
Dallas	6	58,944		23,599,783	51,518	19,592,280	+20.5		58,922	23,616,722	— .1	
El Paso	2	14,334		5,936,948	12,964	4,753,000	+24.9		14,271	5,800,934	+2.3	
Fort Worth	3	22,573		7,901,406	20,658	6,616,564	+19.4		22,518	7,939,419	— .5	
Galveston	3	13,638		9,181,143	13,468	9,916,366	— 7.4		13,672	9,346,283	— 1.7	
Houston	13*	70,037		32,701,008	64,496	29,323,699	+11.5		69,589	32,195,588	+1.6	
San Antonio	6*	24,201		14,317,782	23,148	13,315,366	+ 7.5		24,099	14,423,419	— .7	
Shreveport	4*	22,369		11,491,407	23,644	10,940,827	+ 5.0		22,350	11,563,767	— .6	
Waco	4	9,180		6,404,657	8,498	5,598,939	+14.4		9,122	6,472,084	— 1.0	
Wichita Falls	2	4,190		1,493,461	3,796	2,092,122	—28.6		4,214	1,427,793	+4.6	
All others	42*	36,450		19,666,406	34,758	18,300,971	+ 7.4		36,581	19,576,797	+ .5	
Total	89	282,115		\$135,250,698	262,772	\$122,927,383	+10.0		281,504	\$134,864,527	+ .3	

*Only 3 banks in Beaumont, 12 banks in Houston, 5 banks in San Antonio, 3 banks in Shreveport and 39 banks in "All Others" reported the number of saving depositors.

Deposits of Member Banks

Combined deposits of member banks in the Eleventh District which amounted to \$869,195,000 on August 8th showed a recession of \$15,406,000 from those four weeks earlier, yet they were \$74,584,000 greater than on August 24th last year. The net demand deposits of these banks declined \$11,636,000 during the four-week period ending August 8th, and time deposits were reduced \$3,770,000. As compared to a year ago net demand deposits increased \$45,269,000 and time deposits rose \$29,315,000.

on July 31, and 229 on August 31, 1927.

Due to the increase, both in open market purchases and loans to member banks, total bills held rose from \$36,628,276.67 on July 31 to \$42,587,846.73 on August 31, distributed as follows:

Member banks' collateral notes secured by United States Government obligations	\$15,168,400.00
Rediscounts and all other loans to member banks	15,375,829.97
Open market purchases (Bankers' Acceptances)	12,043,616.76

Total bills held.....\$42,587,846.73

Federal reserve notes in actual circulation which amounted to \$34,216,870 at the close of August, reflected a seasonal expansion of \$4,605,865 over those on July 31, but they were \$6,074,845 less than a year earlier. The daily average reserve deposits of member banks amounted to \$62,476,956 in August as compared to \$65,777,383 in July and \$58,346,753 in the same month last year.

FAILURES

Improvement in both the number and liabilities of defaulting firms was noted in the business mortality rate in the Eleventh District in August. Failures during the month numbered 41, the smallest number of any month this year, and compared with 54 in the previous month and in August last year. Liabilities involved in August failures amounted to \$628,000 as compared to \$1,072,213 in July and \$645,620 in the corresponding month of 1927. During the eight months of this year there have been 470 failures with liabilities of \$10,087,785 as against 562 defaults with indebtedness of \$11,167,261 during the same period last year.

PETROLEUM

Total production of crude oil in the Eleventh Federal Reserve District which amounted to 22,135,450 barrels in August reflected a reduction of 1,021,250 barrels as compared to July but exceeded the output in the corresponding month of last year by 1,469,725 barrels. There were 656 completions during the month of which 377 were producers of oil yielding 699,879 barrels of new production as against 540 completions in the previous month that netted 296 oil producers with an initial flow of 366,953 barrels. Initial pro-

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
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	139,356
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
July 11, 1928	668,723	215,878	291,827	55,012	376,896	160,866
Aug. 8, 1928	657,087	212,108	292,045	55,593	365,042	156,515

Operations of the Federal Reserve Bank

The demand for credit of member banks from the Federal Reserve Bank increased further in August and continued larger than a year ago. Loans to member banks amounted to \$30,544,230 on August 31, as compared to \$25,965,605 on July 31, and \$14,077,145 on the corresponding date last year. Reflecting the final needs of farmers in the completion of this year's crop, accommodations to country banks showed a substantial gain in August which accounted for the increase in total loans over those a month earlier. Liquidation began, however, early in September and the reduction in loans to banks located in rural sections lowered total borrowings of member banks to \$27,192,857 on September 15, which was \$3,351,373 less than on August 31. As compared to a year ago, total loans on the former date were \$16,450,074 larger. There were 186 borrowing banks at the close of the month as against 180

duction in August reached a new high level and was due primarily to the completion of large wells in Central West Texas.

The daily average output of crude oil in Texas fields amounted to 673,863 barrels which was 29,260 barrels less than in July. North Texas reported a decline of 26,353 barrels in daily average production and Central West Texas showed a recession of 3,297 barrels. Only a slight variation was noted in production of each of the East Central, Texas Coastal, and Southwest Texas sections, the net difference of the three regions being only 390 barrels larger in daily average output than in July. A gradual decline in field work in Winkler county, Central West Texas, occurred throughout the month. While an increase in allowable production in the Yates area, also located in Central West Texas, was granted during the past thirty days the yield is still below available pipe line facilities. In North Texas activity was centered around the Greyback pool in Wilbarger county. Total output in North Louisiana declined from 1,359,900 barrels in July to 1,245,700 barrels in August.

AUGUST DRILLING RESULTS

Field—	Comple- tions	Pro- ducers	Gas Wells	Fail- ures	Initial Production
North Texas	180	109	11	60	27,662
Central West Texas	319	198	10	111	651,590
East Texas	1	—	—	1	—
Southwest Texas	31	17	3	11	3,445
Texas Coastal	53	39	1	13	14,136
Texas Wildcats	41	6	1	34	2,670
Total Texas	625	369	26	230	699,503
North Louisiana	31	8	12	11	376
August Totals, District	656	377	38	241	699,879
July Totals, District	540	296	41	203	366,953

CRUDE OIL PRICES

	Sept. 11, 1928	Sept. 13, 1927
Texas Coastal Grade "A"	\$1.20	\$1.20
North and Central Texas and North Louisiana (52 gravity and above)	1.76	1.60

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

OIL PRODUCTION

	August		July			Increase or Decrease	
	Total	Daily Average	Total	Daily Average		Total	Daily Average
North Texas	3,863,100	124,616	4,680,050	150,969	Dec.	816,950	Dec. 26,353
Central-West Texas	12,279,700	396,119	12,381,900	399,416	Dec.	102,200	Dec. 3,297
East-Central Texas	674,900	21,772	672,100	21,682	Inc.	2,800	Inc. 90
Texas Coastal	3,282,900	105,900	3,285,300	105,977	Dec.	2,400	Dec. 77
Southwest Texas	789,150	25,456	777,450	25,079	Inc.	11,700	Inc. 377
Total, Texas	20,889,750	673,863	21,796,800	703,123	Dec.	907,050	Dec. 29,260
North Louisiana	1,245,700	40,184	1,359,900	43,868	Dec.	114,200	Dec. 3,686
Total, District	22,135,450	714,047	23,156,700	746,991	Dec.	1,021,250	Dec. 32,946

LUMBER

Shipments of lumber from pine mills in the Eleventh District exceeded production in August by a substantial margin and were the heaviest of any previous month in recent years. August shipments amounted to 6 per cent above normal production which was 9 points larger than in July and 19 points in excess of shipments in the corresponding month last year. Production was 95 per cent of normal as compared to 92 per cent in July and 83 per cent in August, 1927. Orders received rose from 104 per cent of normal production in July to 107 per cent in August and exceeded those of a year ago by 20 points. Stocks held at the close of the month were reduced to below normal for the first time since last December and amounted to 99 per cent of normal on August 31, as compared to 6 per cent

above normal a month earlier and 3 per cent below normal a year previous. Unfilled orders for lumber at 45 mills aggregated 63,491,312 feet at the close of the month as against 57,784,832 feet recorded at 40 mills on July 31.

AUGUST PINE MILL STATISTICS

Number of reporting mills	45
Production	89,547,604 feet
Shipments	99,662,094 feet
Orders	100,682,926 feet
Unfilled orders August 31	63,491,312 feet
Normal production	94,051,158 feet
Stocks August 31	235,084,327 feet
Normal stocks	236,754,980 feet
Shipments above normal	5,610,936 feet—6%
Actual production below normal	4,503,554 feet—5%
Orders above normal production	6,631,768 feet—7%
Stocks below normal	1,670,653 feet—1%

(Lumber statistics compiled by the Southern Pine Association)

CEMENT

Shipments of Portland cement from Texas mills increased further in August, in fact, the movement was the heaviest of any previous month in recent years. There were 623,000 barrels shipped as compared to 603,000 barrels in July and 561,000 barrels in the corresponding month last year. Production of cement, which amounted to 519,000 barrels, showed an increase of 4.6 per cent over August last year but was 7.5 per cent below the output in July. Stocks on

hand at the close of the month were reduced from 314,000 barrels on July 31 to 211,000 barrels on August 31, reflecting the excess in shipments over production. As compared to a year ago stocks held on August 31, this year, were 15.9 per cent smaller. Production of cement during the eight months of the current year showed an increase of 16.3 per cent over the same period last year and shipments were 16.4 per cent larger.

PRODUCTION, SHIPMENTS AND STOCKS OF PORTLAND CEMENT (Barrels)

	August 1928	August 1927	Inc. or Dec.	July 1928	Inc. or Dec.	Eight Months 1928	Eight Months 1927	Inc. or Dec.
Production at Texas mills	519,000	496,000	+ 4.6	561,000	— 7.5	4,183,000	3,598,000	+16.3
Shipments from Texas mills	623,000	561,000	+11.0	603,000	+ 3.3	4,380,000	3,763,000	+16.4
Stocks at end of month at Texas mills	211,000	251,000	—15.9	314,000	—32.8	—	—	—

BUILDING

A substantial increase in building operations at principal cities of the Eleventh District over the previous month was shown in the valuation of permits issued at these centers during August. The permits issued were valued at \$8,872,278, which was 41.3 per cent larger than in July. As compared to August, 1927, however, in which month

the aggregate was the second highest for that year, the volume in August this year was 13.1 per cent less. At the end of the eight months during the current year, eight cities showed increases over the same period in 1927 and six reported declines. The combined cumulative total of all cities was 3.1 per cent larger than last year.

BUILDING PERMITS

	August, 1928		August, 1927		Inc.	July, 1928		Inc.	Eight Months						Inc.
	No.	Valuation	No.	Valuation		or Dec.	No.		Valuation	or Dec.	1928		1927		
											No.	Valuation	No.	Valuation	
Amarillo.....	63	\$ 100,590	78	\$ 517,150	— 80.5	66	\$ 153,990	— 34.7	695	\$ 2,527,183	1,387	\$ 6,823,697	— 63.0		
Austin.....	75	126,868	82	245,793	— 48.4	77	106,891	+ 18.7	560	1,848,087	355	950,224	+ 94.5		
Beaumont.....	148	866,605	224	610,221	+ 42.0	139	299,584	+189.3	1,385	2,662,000	1,453	3,957,956	— 32.7		
Corpus Christi.....	88	458,902	67	250,135	+ 83.5	104	303,750	+ 51.1	652	4,599,568	473	2,055,990	+123.7		
Dallas.....	240	750,544	344	770,975	— 2.7	350	877,892	— 14.5	2,664	5,639,549	2,567	6,246,703	— 9.7		
El Paso.....	91	214,530	70	301,021	— 28.7	68	99,748	+115.1	644	1,177,591	480	785,541	+ 49.9		
Fort Worth.....	342	777,329	357	1,161,610	— 33.1	347	539,097	+ 44.2	3,158	10,081,337	2,585	9,383,573	+ 7.4		
Galveston.....	186	253,315	224	176,376	+ 43.6	167	157,945	+ 60.4	1,574	2,100,565	1,822	2,321,008	— 9.5		
Houston.....	463	2,256,131	466	2,788,440	— 19.1	482	2,236,467	— 9	4,251	23,188,139	4,129	19,455,930	+ 19.2		
Port Arthur.....	117	846,988	152	312,636	+170.9	112	153,492	+451.8	953	1,595,841	972	1,169,743	+ 36.4		
San Antonio.....	358	1,676,100	358	1,236,548	+ 35.5	298	827,471	+102.6	2,772	11,387,372	2,465	10,224,385	+ 11.4		
Shreveport.....	303	339,498	292	921,332	— 63.2	248	280,900	+ 20.9	2,052	2,898,327	1,618	3,097,609	— 6.4		
Waco.....	33	106,688	46	579,827	— 81.6	35	121,981	— 12.5	268	1,642,247	256	1,338,666	+ 22.7		
Wichita Falls.....	42	98,190	67	337,580	— 70.9	41	119,283	— 17.7	426	1,252,318	638	2,614,739	— 52.1		
Total.....	2,549	\$8,872,278	2,827	\$10,209,144	— 13.1	2,534	\$6,278,491	+ 41.3	22,054	\$72,600,124	21,200	\$70,425,764	+ 3.1		

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Volume of industrial and trade activity increased in August and there was a further advance in wholesale commodity prices. Reserve bank credit outstanding increased in September reflecting in part seasonal demands for currency and credit. Money rates remained firm.

PRODUCTION

Production of both manufacturers and minerals increased considerably in August, the output of manufacturing plants being larger than at this season of any earlier year. Automobile production was in record volume in August, and available information indicates that output was maintained by many producers at a high level during September. Iron and steel production continued large in August and September, and output of non-ferrous metals increased between July and August. Textile mill activity, which had been somewhat reduced in recent months, also showed a substantial increase. Factory employment and payrolls have increased since mid-summer and in August were close to the levels of a year ago. In the building industry there was evidence of recession in a sharp decline after the early summer in contracts awarded, which were in smaller volume during August than in the corresponding month of any year since 1924. In the first three weeks of September, however, awards were somewhat larger than last year. Estimates of the Department of Agriculture for September 1, indicate that yields of principal crops will be larger than last year and above the average for the preceding five years.

TRADE

Distribution of commodities showed seasonal increases in August although sales in most lines of wholesale and retail trade did not equal the unusually large sales of August, 1927. Department store stocks increased as usual in August but continued smaller than a year ago, while inventories in

several lines of wholesale trade were somewhat larger than last year. Freight car loadings were in about the same volume in August as a year earlier. Shipments of miscellaneous commodities and grains were larger and those of coal, livestock, and forest products, smaller than last year.

PRICES

The general level of commodity prices increased in August and the Bureau of Labor Statistics index, as 98.9 per cent of the 1926 average, was the highest in nearly two years. Increases in August were chiefly in the prices of livestock and livestock products which are now higher than at any time since 1920. There were also small increases in fuels, metals, and building materials. Grains and cotton showed sharp declines, and there were decreases also in hides and skins and wool. Since the first of September there have been some declines in livestock and meats, and a further sharp decrease in cotton, while prices of pig iron, copper, and petroleum have advanced.

BANK CREDIT

Between the middle of August and the middle of September there was a considerable increase in the loans and investments of member banks in leading cities. Part of the increase was in loans on securities and part reflected a seasonal increase in other loans. Deposits of the member banks also increased during the period. Volume of reserve bank credit outstanding increased during the four weeks ending September 19, in response to seasonal demands for currency and growth in member bank reserve requirements. The increase in total bills and securities was largely in holdings of acceptances and in discounts for member banks. During the same period there were further increases in open market rates on collateral loans and on commercial paper while rates on bankers acceptances were reduced from 4½ per cent to 4½ per cent.