

# MONTHLY BUSINESS REVIEW

## OF THE FEDERAL RESERVE BANK OF DALLAS

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### DISTRICT SUMMARY

#### THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	September	August	Inc. or Dec.
Bank debits to individual accounts (at 17 cities).....	\$931,756,000	\$819,871,000	Inc. 13.6%
Department store sales.....			Inc. 40.1%
Reserve Bank loans to member banks at end of month.....	\$ 28,452,358	\$ 30,544,230	Dec. 6.8%
Reserve Bank ratio at end of month.....	52.3%	47.1%	Inc. 5.2 points
Building permit valuations at larger centers.....	\$ 6,325,734	\$ 8,872,278	Dec. 28.7%
Commercial failures (number).....	41	41	None
Commercial failures (liabilities).....	\$ 533,137	\$ 628,000	Dec. 15.1%
Oil production (barrels).....	22,504,100	22,135,450	Inc. 1.7%
Lumber orders at pine mills (per cent of normal production).....	103%	107%	Dec. 4 points

The strong demand for merchandise at retail in the larger cities of the Eleventh District was the outstanding development in the business situation during the past month. The heavy buying which was evident in every reporting city carried department store sales to 40 per cent above those of the previous month and 7 per cent above those in September, 1927. On the other hand, distribution at wholesale reflected a noticeable slowing down, with sales in a majority of lines being less than in either the previous month or the corresponding month last year.

The credit situation continues to reflect the heavy demand for funds for use in connection with the movement or storage of the district's principal commodities and for the financing of the fall expansion of trade and industry. The loans of banks in reserve cities for commercial purposes amounted to \$263,564,000 on October 3rd, which was \$14,898,000 greater than four weeks earlier and \$21,123,000 larger than on that date a year ago. Federal Reserve Bank loans to member banks totaled \$28,926,415 on October 15, as compared to \$30,544,230 on August 31st and \$5,976,857 on the corresponding date in 1927. While the borrowings of country banks have shown a substantial reduction, those of reserve city banks have increased. The combined deposits of member banks, which amounted to \$902,978,000 on September 12, were \$33,783,000 greater than on August 8, and \$51,993,000 larger than on September 28, 1927. A factor of considerable importance in the financial situation is the strong demand for short time investments. Subscriptions to the October 15th United States Treasury 4¾% Certificates of Indebtedness totaled \$38,174,000 against which allotments to the extent of \$20,306,000 were made. The dis-

trict's banks have purchased a large volume of bankers' acceptances and commercial paper.

The business mortality rate in the Eleventh District reflected a further improvement. While failures in September were as numerous as in the previous month, they were substantially less than in the same month last year and the liabilities of defaulting firms were smaller than in any month since July, 1927.

According to the report of the Department of Agriculture as of October 1, the estimated production of major crops in this district shows but little variation from the estimates a month earlier. Weather conditions generally have been favorable for the maturity of crops and farmers have been proceeding rapidly with harvesting operations. Heavy rains in some sections of the district have supplied the needed moisture for the maturity of crops and have enabled farmers to proceed with fall plowing and the seeding of small grains. In other sections, however, the continuance of dry weather is reducing the prospective yield of crops and retarding farm work. With few exceptions, the physical condition of the district's ranges and livestock has shown further improvement and is now generally good.

Construction activity at principal cities reflected a sharp decline during September. The valuation of building permits issued was 29 per cent less than in August and was 31 per cent less than in the corresponding month last year. The production, shipments, and new orders for lumber were in a smaller volume than in August but were larger than in September, 1927. The production and shipments of cement were likewise greater than a year ago.

### CROP CONDITIONS

Weather conditions generally have been favorable for the maturity of crops and farmers have made good progress with harvesting operations. While the heavy rains which fell over the Southern half of Texas during September were very beneficial, the dry weather in Northwest, Northeast,

and the Northern portion of Central-West Texas, reduced the prospective yield on some crops.

The picking and ginning of cotton made rapid progress during the past six weeks. According to the Bureau of Census there had been ginned in Texas prior to October 1st,



2,429,000 bales as compared to 2,300,530 bales prior to that date in 1927. Ginnings to October 1st represent nearly one-half of the estimated production for the current year. Weather conditions generally have been favorable for the picking of cotton in most sections of the district but heavy rains in portions of East, Southeast, South, and the Southern portion of West-Center Texas retarded operations somewhat and caused some loss of cotton. The Department of Agriculture estimated the condition of the Texas crop at 58 per cent of normal on October 1st, which, according to the Department, indicated a yield of 5,050,000 of 500-lb. gross weight bales or an average yield of 137 pounds of lint per acre. This compares to an estimated yield of 5,100,000 bales on September 1st and an actual production of 4,352,000 bales in 1927. During September, insects have been active in most sections of Texas, Louisiana, and Southeastern Oklahoma and in many sections they have materially reduced the yield, particularly on the late planted acreage. During September, the prospective production in New Mexico and Arizona was reduced but it was raised in Oklahoma and Louisiana. Picking and ginning have made good progress in Arizona, Oklahoma, and Louisiana, but have been slow in New Mexico.

The indicated production of corn in Texas, according to the Government's estimate, showed a further slight reduction during the past month, the condition on October 1st being 72 per cent of normal which indicated a yield of 101,462,000 bushels. Most of the corn is now matured and reports are to the effect that the late planted fields are doing well. Farmers generally are making good progress with harvesting operations. The cutting of corn in the Southern half of New Mexico is nearly completed. The production of grain sorghums in Texas was estimated by the Department of Agriculture at 57,910,000 bushels on October 1st as against a yield of 55,734,000 bushels in 1927. Conditions are somewhat spotted due to the drouth in some areas and too much rain in others. While the early crop is practically matured and promises fair to good yields, the late planted is mostly poor to fair and is in danger of being damaged by an early freeze. This crop is being harvested in New Mexico. While good yields from hay crops have been obtained where moisture conditions have been favorable, these crops have been adversely affected in many localities by dry weather. The Texas production is officially estimated at 991,000 tons this year as compared to 1,013,000 tons last year.

Farmers generally have made good progress with the preparation of the soil for the seeding of fall grains with some of the acreage already sown and up. In Northwest Texas, the principal wheat growing section, the ground has been too dry for seeding operations and the proper germination of the seed.

The Texas production of peanuts is estimated by the Bureau at 67,599,000 pounds this year as against 70,200,000 pounds in 1927. The rains during September improved the crop in South and lower portion of Central-West Texas but the dry weather injured the crop in the Northern portion. The probable production of sweet potatoes in Texas was placed at 8,588,000 bushels on October 1st and compares with a yield of 11,970,000 bushels last year. On the basis of the revised estimate of the area sown to rice, the production of this crop is estimated at 7,221,000 bushels as against a revised estimate of 8,039,000 bushels in 1927.

#### LIVESTOCK

Range conditions over the major portion of the Eleventh

Federal Reserve District reflected an improvement during the past month. In Northeast, Northwest, and West-Center Texas, and Eastern New Mexico, ranges have deteriorated somewhat due to the lack of moisture but they have improved elsewhere. Heavy rains in the South and Coast sections of Texas broke the drouth and conditions are much improved as grasses and weeds are greening and there is plenty of feed available for stock in most areas. In Southwestern New Mexico and Southeastern Arizona, the supply of stock water and the condition of ranges have been greatly improved by heavy rainfall. Range conditions in West Texas are exceptionally good, reports indicating that they are the best in several years with cattle fat and moving to market. The demand for cattle continues strong with trading active where surplus cattle are available but the surplus cattle in most sections are becoming scarce.

The Department of Agriculture reported that the average condition of ranges in Texas on October 1st was 89 per cent of normal which represents a gain of 3 points over that a month earlier and 6 points over a year ago. There was no change in the average condition of cattle during the month. Sheep and goats and their ranges reflected a marked improvement during September. The condition of sheep gained 6 points and goats improved 4 points. The condition of their ranges was estimated as 98 per cent of normal on October 1st as against 87 per cent on September 1st and 84 per cent on October 1, 1927. Many sheep and lambs are already fat and are moving to market. The shearing of sheep is now well under way and the fall shearing of goats is practically completed with the clip generally heavy and of good quality.

#### Movements and Prices

The receipts of cattle and hogs at the Ft. Worth market during September reflected a gain as compared to both the previous month and the same month last year. The arrivals of sheep were slightly greater than in August but were considerably less than in September a year ago, while those of calves were slightly less than in either of the above months.

The cattle market was uneven during the most of September with prices tending toward lower levels. The most noticeable decline occurred in the beef steer division. The prices on the average run of cows and calves held about steady. Most classes suffered declines during the first half of October. Hog prices showed strength during the first half of September reaching a top at \$12.30, but following this advance a reaction set in and prices declined steadily thereafter, with the best going at only \$9.75 at the middle

#### FORT WORTH LIVESTOCK RECEIPTS

	September 1928	September 1927	Loss or Gain	August 1928	Loss or Gain
Cattle .....	87,292	78,385	G 8,907	84,765	G 2,527
Calves .....	37,405	40,669	L 3,264	40,824	L 3,419
Hogs .....	27,787	24,045	G 3,742	25,955	G 1,832
Sheep .....	31,805	53,514	L 21,709	29,238	G 2,567

#### COMPARATIVE TOP LIVESTOCK PRICES

	September 1928	September 1927	August 1928
Beef steers .....	\$13.50	\$10.75	\$14.00
Stocker steers .....	13.25	9.40	13.00
Butcher cows .....	9.75	7.50	9.85
Stocker cows .....	8.75	6.25	8.00
Calves .....	13.50	13.00	13.00
Hogs .....	12.30	12.10	12.25
Sheep .....	8.50	8.25	9.00
Lambs .....	14.00	13.10	14.50



of October. Sheep and lamb prices remained generally steady during September but a slight weakness developed during the second week of October.

### Cotton Movements

The September receipts of cotton at the ports of Houston and Galveston reflected a large seasonal gain as compared to the previous month, and the receipts at Galveston were larger than a year ago. Exports at both of these ports showed a large increase over August and were greater than a year ago. Total foreign exports of cotton (including linters) during September amounted to 814,569 bales as compared to 631,041 bales in the same month last year. The domestic consumption of cotton totaled 492,221 bales in September as

compared to 526,729 bales in the previous month and 627,784 bales in September, 1927.

### COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	September 1928	September 1927	August 1 to This Season	September 30 Last Season
Receipts .....	460,916	532,631	578,017	755,735
Exports .....	225,014	216,382	296,831	318,355
Stocks, Sept. 30..			393,435	550,559

### SPOT COTTON PRICES (Middling Basis)

	September, 1928	October 15 1928
	High	Low
New York .....	19.60	17.65
New Orleans .....	18.95	16.91
Dallas .....	18.30	16.40
Houston .....	18.90	17.05
Galveston .....	19.05	17.20

### COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	September 1928	September 1927	August 1 to This Season	September 30 Last Season
Receipts .....	477,014	346,125	549,611	446,786
Exports .....	183,971	137,218	241,942	193,430
Stocks, Sept. 30..			391,255	399,395

### GALVESTON STOCK MARKET

	September 30 1928	September 30 1927
For Great Britain.....	13,500	16,500
For France .....	15,200	13,500
For other foreign ports.....	72,700	70,200
For coastwise ports.....	5,000	5,000
In compresses and depots.....	284,855	294,195
Total.....	391,255	399,395

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

	August 1 to This Season	September 30 Last Season
Receipts .....	1,609,431	1,930,393
Exports: Great Britain .....	104,241	122,280
France .....	87,951	103,313
Continent .....	519,992	623,083
Japan-China .....	166,095	114,743
Mexico .....	230	381
Total foreign ports.....	878,509	963,800
Stocks at all United States ports, Sept. 30	1,065,734	1,727,026

### COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	September 1928	September 1927	Aug. 1 to Sept. 30 This Season	Sept. 30 Last Season	September 1928	September 1927	Aug. 1 to Sept. 30 This Season	Sept. 30 Last Season
Cotton consumed .....	381,025	462,378	784,913	926,908	492,221	627,784	1,018,950	1,262,304
Cotton on hand September 30.....			409,143	730,312			719,981	1,116,093
(a) In consuming establishments.....			2,556,263	3,672,864			2,645,977	3,964,615
(b) In public storage and compresses.....								

### COTTONSEED PRODUCTS

The past month witnessed a sharp seasonal expansion in the operation of cottonseed oil mills but the receipts of cottonseed and the production of cottonseed products were considerably smaller than a year ago. Stocks of cottonseed products (except linters) on hand at the mills on September 30th were considerably smaller than on the same date in 1927.

The market price of cottonseed and cottonseed products

### STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to Sept. 30 This Season	September 30 Last Season	August 1 to Sept. 30 This Season	September 30 Last Season
Cottonseed received at mills (tons).....	555,584	588,867	1,039,236	1,306,919
Cottonseed crushed (tons) .....	251,590	317,170	494,678	745,131
Cottonseed on hand (tons) .....	317,188	305,628	556,530	651,572
Crude oil produced (pounds) .....	72,943,886	90,966,951	147,447,154	225,117,934
Cake and meal produced (tons) .....	118,369	145,971	220,483	332,374
Hulls produced (tons) .....	69,265	90,843	137,989	214,066
Linters produced (running bales).....	49,502	54,413	98,447	127,763
Stocks on hand September 30:				
Crude oil (pounds) .....	14,262,641	22,909,281	42,249,720	58,337,669
Cake and meal (tons) .....	20,730	32,171	61,350	103,610
Hulls (tons) .....	33,009	71,958	72,572	185,681
Linters (running bales) .....	33,709	27,957	86,521	80,321

reflected an upward trend. During the week ending October 13th, the mills in this district reporting to the Federal Reserve Bank paid an average price of \$39.62 per ton as against \$34.59 a ton during the week ending September 15th. The average prices received by these mills for cottonseed products sold were as follows:

	Week Ending October 13, 1928	September 15, 1928
Oil (per pound).....	\$ .0810	\$ .0821
Cake and meal (per ton).....	37.75	34.27
Hulls (per ton).....	7.87	6.88
Linters (per pound).....	.0495	.0377

### TEXTILE MILLING

There were 2,706 bales of raw cotton consumed at reporting Textile mills in the Eleventh District in September, which was 660 bales less than in August and 933 bales below consumption in the corresponding month last year. The number of spindles active showed only a slight variation as compared to the previous month but was less than in September, 1927. Production of cloth reflected a decline as compared to both the previous month and to September a year ago. Although slightly less than on the

### TEXTILE MILLING STATISTICS

	September 1928	September 1927	August 1928
Number bales consumed.....	2,706	3,639	3,566
Number spindles active.....	90,148	93,072	90,156
Number pounds cloth produced.....	1,381,987	1,592,000	1,667,753



corresponding date of 1927, orders on hand at the close of September this year were 16.3 per cent larger than a month earlier. Stocks held at the end of the month were above those a year ago but were less than on August 31.

### WHOLESALE TRADE

The distribution of merchandise in wholesale channels reflected a slowing down as compared to the previous month and was smaller than a year ago. Groceries and hardware were the only lines to show a gain in sales over August and in all reporting lines except farm implements, sales were smaller than a year ago. The declines in most instances, however, were small. The unseasonable weather which retarded the movement of fall goods and the spotted agricultural conditions have served to hold in check consumer buying in rural sections, and as merchants are keeping purchases well aligned with consumer demand, buying at wholesale has been slow. Dealers generally, however, are looking forward to an improvement in trade with the advent of cooler weather. Collections in most lines showed a considerable increase during the month.

The demand for dry goods at wholesale reflected a noticeable decline during September. Sales of reporting firms were 14.4 per cent less than a month earlier and 10.2 per cent below those in September, 1927. The falling off was general throughout the district. Consumer buying has been retarded somewhat by the unusually warm weather for this season and merchants in turn are limiting commitments to near by needs, due to the slowness of retail demand and the uncertainty regarding the trend of raw cotton prices. Collections during the month were substantially greater than in the previous month and were slightly larger than a year ago.

The sales of wholesale drug firms during September reflected a slight decline as compared to both the previous month and the corresponding month last year. Reports

indicate that business in most sections was slower during September than was anticipated but that business recently has shown some improvement. Dealers generally are optimistic regarding future prospects. Prices remained generally steady. Collections showed some improvement.

The sales of farm implements at wholesale reflected a further decline of 8.4 per cent as compared to the previous month but were 1.5 per cent greater than in September, 1927. Distribution during the third quarter averaged 7.0 per cent larger than in the same period last year. The deterioration of the cotton crop in some parts of the district and the uncertainty regarding the price movement of this commodity have retarded buying to some extent as the spirit of conservatism is still prevalent among most buyers. Prices show no material change from those prevailing for several months past. Dealers generally are optimistic over prospects for fall and winter trade.

The sales of wholesale grocery firms reflected a further seasonal gain of 6.9 per cent as compared to the previous month but were slightly less than in the corresponding month last year. Conditions over the district are somewhat spotted, with trade good in some sections but slow in others. In most sections, however, the outlook is reported to be from fair to good. Prices remained generally steady during the month. Collections reflected a substantial increase over the previous month and the gain was general over the district.

A further seasonal increase of 9.3 per cent in the demand for hardware as compared to the previous month was registered in September but it fell short of the corresponding month in 1927 by 0.3 per cent. Sales for the third quarter of the year averaged 11.9 per cent larger than in the same period last year. While the demand generally has been fair to good, the buying of seasonable goods has been slow due to the warm weather. Prices remained firm. Collections have shown a considerable improvement.

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

	—Net Sales— September, 1928 Compared with		—Net Sales— July 1 to Date Compared with Same Period Last Year	—Stocks— September, 1928 Compared with		Ratio of Collec- tions During Sept. to Accounts and Notes Outstanding Sept. 30, 1928
	September 1927	August 1928		September 1927	August 1928	
Groceries.....	— 3	+ 6.9	+ 6.0	+ 8.7	+ 6.7	71.9
Dry Goods.....	—10.2	—14.4	— 8.0	— 4.9	— 9.7	29.7
Farm Implements.....	+ 1.5	— 8.4	+ 7.0	—14.8	+12.5	18.9
Hardware.....	— 3	+ 9.3	+11.9	+ 5.8	— 3.4	38.3
Drugs.....	— 8	— 5	+ 2.2	— 7	— 3.9	42.6

### RETAIL TRADE

A broad demand for merchandise at retail in the larger cities was evident during September. Sales of reporting department stores reflected a seasonal gain of 40.1 per cent as compared to the previous month and were 7.0 per cent

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	All Others	Total District
Total Sales:						
September, 1928, compared with September, 1927.....	+ 9.0	+ 2.7	+10.9	+ 6.2	+ 3.8	+ 7.0
September, 1928, compared with August, 1928.....	+39.6	+29.6	+55.0	+43.8	+31.9	+40.1
January 1 to date compared with same period last year.....	— 2.0	+ 3.2	+ 1.7	— 3	+ 3.0	+ .8
Credit sales:						
September, 1928, compared with September, 1927.....	+14.2	+ 9.5	+13.6	+10.5	+ 7.3	+11.7
September, 1928, compared with August, 1928.....	+40.8	+39.3	+82.1	+51.0	+36.3	+47.7
January 1 to date compared with same period last year.....	+ 9.0	+ 9.4	+ 3.3	+ 3.8	+ 6.4	+ 6.8
Stocks:						
September, 1928, compared with September, 1927.....	—12.5	— 3.0	— 4.4	—18.8	+ 1.6	— 7.4
September, 1928, compared with August, 1928.....	+ 6.1	+ 7.7	+ 4.1	+ 9.7	+ 6.9	+ 7.2
Rate of stock turnover in September, 1927.....	.20	.20	.22	.23	.23	.21
Rate of stock turnover in September, 1928.....	.26	.20	.28	.31	.23	.25
Rate of stock turnover January 1 to September 30, 1927.....	1.86	1.73	2.15	2.07	1.94	1.93
Rate of stock turnover January 1 to September 30, 1928.....	2.01	1.79	2.19	2.43	1.95	2.05
Ratio of September collections to accounts receivable and out- standing September 1, 1928.....	29.9	34.1	35.3	34.1	36.5	33.0



larger than in September, 1927. In fact, the increase in sales of the current month over those of a year ago was the largest shown this year. Sales for the nine months of 1928 have averaged 0.8 per cent over those for the same period of 1927. Some of the departments showing gains over a year ago were as follows: Silks and velvets, linens, neckwear and scarfs, handkerchiefs, gloves, hosiery, small leather goods, children's shoes, women's coats and suits, junior's and girls' wear, waists, blouses and sweaters, men's clothing, and boys' wear.

Stocks on hand at the end of September were 7.2 per cent greater than a month earlier but were 7.4 per cent less than on the same date last year. The rate of stock turnover during the first nine months of 1928, was 2.05 as compared to 1.93 during the same period in 1927.

The ratio of September collections to accounts outstanding on September 1st was 33.0 per cent as compared to 32.3 per cent in August, and 32.1 per cent in September last year.

## FINANCIAL

The volume of check payment in September as reflected in charges to individual accounts at banks located in principal cities of the Eleventh District was 13.6 per cent greater than in August and 4.9 per cent larger than in the corre-

sponding month last year. Total charges at banks in these cities amounted to \$931,756,000 as compared to \$819,871,000 in the previous month and \$887,911,000 in September, 1927.

*Acceptance Market*

Acceptances executed by accepting banks in the Eleventh District and outstanding at the close of the month, amounting to \$7,622,605 on September 30th, reflected a seasonal increase of \$3,909,760 over those a month earlier but they were \$632,648 less than on the corresponding date last year. Acceptances executed against import and export transactions rose from \$1,468,636 on August 31st to \$2,086,010 on September 30th and those based on the domestic shipment and storage of goods advanced from \$2,244,209 on the former date to \$5,536,595 on the latter date.

*Condition of Member Banks in Selected Cities*

A substantial increase in loans and a moderate gain in investments was shown in September in reports received from member banks located in selected cities of the Eleventh Federal Reserve District. Investments in United States securities rose from \$80,778,000 on September 5th to \$81,700,000 on October 3rd and their holdings in other stocks and bonds which amounted to \$41,812,000 on the latter date, showed a gain of \$3,320,000 during the same period. Loans on corporate securities amounted to \$85,754,000 which was \$245,000 larger than four weeks earlier. Commercial loans which increased from \$248,666,000 on September 5th to \$263,564,000 on October 3rd reflected the financing of the movement of cotton to concentration points and the fall expansion in business and industry. Combined deposits rose \$15,391,000, of which \$12,999,000 was in net demand deposits and \$2,392,000 in time deposits. As a result of the upward movement of deposits, reserves of these banks with the Federal Reserve Bank increased \$1,271,000. Their bills payable and rediscounts with this Bank amounted to \$21,023,000, representing an increase of \$1,790,000 over those four weeks previous and were \$19,067,000 greater than on the corresponding date last year. Ratio of loans to net demand deposits was 87 per cent as compared to 86 per cent on September 5th and 84 per cent on October 5, 1927.

DEBITS TO INDIVIDUAL ACCOUNTS  
(in thousands of dollars)

	September 1928	September 1927	Inc. or Dec.	August 1928	Inc. or Dec.
Abilene	\$ 10,046	\$ 11,461	-12.4	\$ 9,527	+ 5.4
Austin	23,963	22,054	+ 8.7	16,249	+47.5
Beaumont	24,362	22,616	+ 7.7	23,384	+ 4.2
Corsicana	7,056	7,398	-4.6	5,131	+37.5
Dallas	263,289	243,714	+ 8.0	211,025	+24.7
El Paso	33,675	29,465	+14.3	32,478	+ 3.7
Fort Worth	107,243	90,537	+18.5	99,875	+ 7.4
Galveston	50,636	46,838	+ 8.1	37,832	+33.8
Houston	203,932	211,210	- 3.4	179,165	+13.8
Port Arthur	9,349	10,002	- 6.5	9,430	- 9.9
San Antonio	81,027	77,482	+ 4.6	83,608	- 3.1
Roswell	3,954	3,118	+26.8	4,059	- 2.6
Shreveport	41,100	39,228	+ 4.8	42,444	- 3.2
Texarkana*	16,452	16,309	+ .9	14,168	+16.1
Tucson	8,442	8,346	+ 1.2	10,699	-21.1
Waco	22,682	23,971	- 5.4	15,752	+44.0
Wichita Falls	24,598	24,162	+ 1.8	25,045	- 1.8
Total	\$931,756	\$887,911	+ 4.9	\$819,871	+13.6

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

## CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	October 3, 1928	September 5, 1928	October 5, 1927
1. Number of reporting banks	44	44	45
2. U. S. securities owned	\$ 81,700,000	\$ 80,778,000	\$ 64,859,000
3. All other stocks, bonds and securities owned	41,812,000	38,492,000	30,717,000
4. Loans secured by U. S. Government obligations	2,363,000	2,339,000	2,650,000
5. Loans secured by stocks and bonds other than U. S. Government obligations	85,754,000	85,509,000	83,059,000
6. All other loans	263,564,000	248,666,000	242,441,000
7. Net demand deposits	304,178,000	291,179,000	290,510,000
8. Time deposits	130,750,000	128,358,000	110,118,000
9. Reserve with Federal Reserve Bank	33,804,000	32,533,000	31,832,000
10. Bills payable and rediscounts with Federal Reserve Bank	21,023,000	19,233,000	1,956,000
11. Ratio of loans* to net demand deposits	87%	86%	84%

\*Loans include only items 4 and 6.

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



**Savings Deposits** Savings deposits of 93 reporting banks in the Eleventh District, which operate a savings department, amounted to \$143,183,194 on September 30th and represented an increase of 1.3 per cent over those on August 31st and 12.4 per cent

over those on the corresponding date last year. There were 288,993 savings accounts carried at 84 of these banks as compared to 287,195 a month earlier and 267,264 on September 30, 1927.

## SAVINGS DEPOSITS

	September 30, 1928			September 30, 1927			Inc. or Dec.	August 31, 1928			Inc. or Dec.
	Number Reporting Banks	Number Savings Depositors	Amount Savings Deposits	Number Savings Depositors	Amount Savings Deposits			Number Savings Depositors	Amount Savings Deposits		
Beaumont .....	3	6,562	\$ 1,822,656	6,339	\$ 1,835,677	— .7		6,604	\$ 1,842,343	—1.1	
Dallas .....	6	59,080	23,859,510	51,587	19,745,903	+20.8		59,098	23,597,430	+1.1	
El Paso .....	2	14,482	5,837,326	13,124	4,802,558	+21.5		14,334	5,936,948	—1.7	
Fort Worth .....	3	22,524	7,978,182	20,710	6,756,178	+18.1		22,573	7,901,406	+1.0	
Galveston .....	3	13,746	9,565,228	13,525	9,687,321	— 1.3		13,638	9,181,143	+4.2	
Houston .....	13*	68,730	32,879,056	62,220	29,266,323	+12.3		67,831	32,687,361	+ .6	
San Antonio .....	9*	27,735	20,552,222	25,255	17,765,419	+15.7		27,415	20,339,552	+1.0	
Shreveport .....	4*	22,491	12,226,105	23,761	11,124,244	+ 9.9		22,369	11,491,407	+6.4	
Waco .....	4	9,209	6,298,073	8,538	5,675,068	+11.0		9,133	6,404,658	—1.7	
Wichita Falls .....	2	4,189	1,511,166	4,029	2,092,683	—27.8		4,190	1,493,461	+1.2	
All others .....	44*	40,245	20,653,670	38,176	18,666,242	+10.6		39,960	20,497,256	+ .8	
Total .....	93	288,993	\$143,183,194	267,264	\$127,417,616	+12.4		287,195	\$141,372,965	+1.3	

\*Only 11 banks in Houston, 7 banks in San Antonio, 3 banks in Shreveport, and 40 banks in "All Others" reported the number of savings depositors.

**Deposits of Member Banks** Combined deposits of member banks in the Eleventh Federal Reserve District amounting to \$902,978,000 on September 12th reflected a seasonal expansion of \$33,783,000 over those on August 8th and were \$51,993,000 larger than on September 28, 1927. Net demand deposits rose \$34,906,000 during the five week period of this year but time deposits declined \$1,123,000.

on September 30, as compared to 186 a month earlier, and 133 on the same date in 1927.

Due to the increase in open market purchases, total bills held rose from \$42,587,746.73 on August 31st to \$45,519,226.35 on September 30, distributed as follows:

Member banks' collateral notes secured by United States Government obligations.....	\$16,333,270.00
Rediscount and all other loans to member banks.....	12,119,099.25
Open market purchases (bankers' acceptances).....	17,066,868.10

Total bills held.....\$45,519,226.35

Federal reserve notes in actual circulation, which amounted to \$43,509,535 at the close of September, reflected a further seasonal increase of \$9,292,665 as compared to August 31st but were \$4,408,635 below the net circulation on the corresponding date a year ago. The daily average reserve deposits amounted to \$65,533,390 in September as against \$62,476,956 in August and \$61,689,031 in September, 1927.

## FAILURES

According to the statistics compiled by R. G. Dun & Company, commercial failures in the Eleventh Federal Reserve District during September totaled 41, which was the same number of firms that defaulted in August and compares with 58 insolvencies in September, 1927. The liabilities of firms failing in September which amounted to \$533,137 was the smallest of any month since July, 1927, and compares with \$628,000 in August and \$1,053,715 in September last year.

## PETROLEUM

Following a decline in August, total production of crude oil in September in the Eleventh Federal Reserve District amounting to 22,504,100 barrels exceeded the yield in the previous month by 368,650 barrels. Although the general trend in the majority of the fields was downward, there was a sufficient gain in the total output of the North Texas area to bring about an increase for the district. As compared to August, field work in September showed a decline in most of the areas. There were 548 completions during the month of which 292 were producers of oil and 41 were gas wells as compared to 656 completions in August that netted 377 oil producers and 38 gas wells. Initial production amounted to 668,681 barrels, which was 31,198 barrels less than in the previous month.

The daily average output of crude oil in Texas amounted to 711,105 barrels and represented an increase of 37,242

## 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
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	394,786	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
Sept. 12, 1928.....	691,993	210,985	305,977	55,154	386,016	155,831

**Operations of the Federal Reserve Bank** Federal Reserve Bank loans to member banks showed a rather wide fluctuation during the past six weeks. Standing at \$30,544,230 on August 31, these loans rose to \$33,794,111 on September 4th and then reflected a steady decline until the low point of the month was reached at \$25,835,473 on September 18. During the following week, however, they again rose to \$32,271,746 but by October 10, they had declined to \$22,846,700. On October 15, these loans amounted to \$28,926,415, which was slightly higher than on September 30, but \$1,617,815 less than on August 31. These loans on October 15, 1927, amounted to only \$5,976,857. The erratic fluctuation in loans was caused largely by the borrowings of reserve city banks, as loans to country banks reflected a steady decline during the greater portion of the period. The heavy borrowings of the reserve city banks was occasioned by the demand for funds in connection with the movement of cotton and the fall expansion in business and industry. The demand is heavier than usual this year in view of the fact that many concerns which ordinarily obtain funds in the East are this year turning to local banks. There were 158 borrowing banks



barrels over that in the previous month. All fields contributed to the increase in the daily average yield which, with the exception of North Texas, was due entirely to the shorter month as declines were shown in their total production. In North Texas, however, a gain was reflected not only in daily average production but also in total output. Increased production in Wilbarger and Gray counties was largely responsible for the showing made in North Texas. While the total yield of Central West Texas reflected a decline, it is still comparatively high and amounted

to 12,080,350 barrels in September. Winkler and Pecos counties remained the high spots in Texas. Total production of crude oil in North Louisiana amounted to 1,170,950 barrels and reflected a further decline which, in September, amounted to 74,750 barrels.

## CRUDE OIL PRICES

	Oct. 9 1928	Oct. 12 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

	September		August		Increase or Decrease	
	Total	Daily Average	Total	Daily Average	Total	Daily Average
North Texas.....	4,601,400	153,380	3,863,100	124,616	Inc.	28,764
Central-West Texas.....	12,080,350	402,678	12,279,700	396,119	Dec.	6,559
East-Central Texas.....	670,950	22,365	674,900	21,772	Dec.	593
Texas Coastal.....	3,210,150	107,005	3,282,900	105,900	Dec.	1,105
Southwest Texas.....	770,300	25,677	789,150	25,456	Dec.	221
Total, Texas.....	21,333,150	711,105	20,889,750	678,863	Inc.	37,242
North Louisiana.....	1,170,950	39,031	1,245,700	40,184	Dec.	1,153
Total, District.....	22,504,100	750,136	22,135,450	714,047	Inc.	36,089

## LUMBER

After increasing in July and August, activities of pine mills in the Eleventh District declined in September. In September, however, as in all the previous months of the current year, operations of reporting mills continued on a larger scale than in the corresponding month last year. Shipments of lumber declined from 106 per cent of normal production in August to 96 per cent in September. Actual production of lumber which was 84 per cent of normal was 11 points below the output in the previous month. New orders for lumber amounted to 3 per cent above normal production and reflected a four point decline from those in the month previous. Stocks on hand at the close of September were 4 per cent below normal as compared to 1 per

cent below normal a month earlier. Unfilled orders for lumber at 42 mills amounted to 54,701,650 feet as against 63,491,312 feet on record at 45 mills on August 31.

## SEPTEMBER PINE MILL STATISTICS

Number of reporting mills.....	42
Production.....	76,330,875 feet
Shipments.....	86,869,017 feet
Orders.....	87,931,449 feet
Unfilled orders September 30.....	54,781,650 feet
Normal production.....	90,514,401 feet
Stocks September 30.....	219,501,468 feet
Normal stocks.....	227,851,902 feet
Shipments below normal.....	3,645,384 feet—4%
Actual production below normal.....	14,183,526 feet—16%
Orders above normal production.....	2,582,952 feet—3%
Stocks below normal.....	8,350,439 feet—4%

(Lumber statistics compiled by the Southern Pine Association)

## BUILDING

After increasing in August, building activity in the Eleventh District as reflected in the valuation of permits issued at its principal cities, declined in September and was considerably less than in the corresponding month of 1927. The valuation of building permits issued at these centers amounted to \$6,325,734 as compared to \$8,872,278 in the previous month and \$9,219,080 in September last year. It

will be observed that the decline from the previous year was due principally to the sharp reduction in the building program at two cities as other declines were small and in the majority of instances increases were reported over a year ago. As compared to the same period of 1927, the valuation of permits issued during the nine months of the current year showed a reduction of 0.9 per cent.

## BUILDING PERMITS

	September, 1928		September, 1927		Inc. or Dec.	August, 1928		Inc. or Dec.	Nine Months				
	No.	Valuation	No.	Valuation		No.	Valuation		1928		1927		Inc. or Dec.
									No.	Valuation	No.	Valuation	
Amarillo.....	72	\$ 124,585	103	\$2,250,235	— 94.5	63	\$ 100,590	+23.9	767	\$ 2,651,768	1,490	\$9,073,932	— 70.8
Austin.....	114	210,829	50	68,937	+205.8	75	126,868	+66.2	674	2,058,916	405	1,019,161	+102.0
Beaumont.....	146	252,939	200	223,884	+ 13.0	148	866,605	—70.8	1,531	2,914,939	1,653	4,181,840	— 30.8
Corpus Christi.....	89	224,585	91	114,570	+ 96.0	88	458,902	—51.1	741	4,824,153	564	2,170,560	+122.3
Dallas.....	309	835,144	229	2,198,659	— 62.0	240	750,544	+11.3	2,973	6,474,693	2,796	8,445,362	— 23.2
El Paso.....	70	97,355	67	77,636	+ 25.4	91	214,530	—54.6	714	1,274,946	547	863,177	+ 47.7
Fort Worth.....	321	922,143	283	1,060,934	— 13.1	342	777,329	+18.6	3,479	11,003,480	2,868	10,444,507	+ 5.4
Galveston.....	208	144,899	176	84,676	+ 71.1	186	253,315	—42.8	1,782	2,245,464	1,998	2,405,684	— 6.7
Houston.....	415	1,904,054	429	1,402,437	+ 35.8	463	2,256,181	—15.6	4,666	25,092,193	4,558	20,858,367	+ 20.3
Port Arthur.....	124	121,311	136	171,205	—29.1	117	846,988	—85.7	1,077	1,717,152	1,108	1,340,948	+ 28.1
San Antonio.....	328	847,082	357	1,051,632	— 19.5	358	1,676,100	—49.5	3,100	12,234,454	2,822	11,276,017	+ 8.5
Shreveport.....	272	406,505	255	252,182	+ 61.2	303	339,498	+19.7	2,324	3,804,832	1,873	3,349,791	+ 1.3
Waco.....	27	143,100	28	74,490	+ 92.1	33	106,688	+34.1	295	1,785,347	284	1,413,156	+ 26.3
Wichita Falls.....	39	91,203	55	187,603	— 51.4	42	98,190	— 7.1	465	1,343,521	693	2,802,342	— 52.1
Total.....	2,584	\$6,325,734	2,459	\$9,219,080	— 31.4	2,549	\$8,872,278	—28.7	24,588	\$78,925,858	23,659	\$79,644,844	— 0.9



## CEMENT

Shipments of Portland cement from Texas mills which amounted to 524,000 barrels in September was 15.9 per cent below those in August but were 12.4 per cent larger than shipments in the corresponding month last year. Production of cement exceeded shipments in September and was 4.8 per cent greater than in the previous month and

11.7 per cent above the output in September, 1927. Stocks on hand at the close of the month were 9.5 per cent larger than a month earlier but showed a decline from a year ago of 15.1 per cent. As compared to the same period in 1927, production of cement during the nine months of the current year showed an increase of 15.7 per cent and shipments were 16.0 per cent larger.

PRODUCTION, SHIPMENTS AND STOCKS OF PORTLAND CEMENT (Barrels)

	September 1928	September 1927	Inc. or Dec.	August 1928	Inc. or Dec.	Nine Months		
						1928	1927	
Production at Texas mills.....	544,000	487,000	+11.7	519,000	+ 4.8	4,727,000	4,085,000	+15.7
Shipments from Texas mills.....	524,000	466,000	+12.4	623,000	-15.9	4,904,000	4,229,000	+16.0
Stocks at end of month at Texas mills.....	231,000	272,000	-15.1	211,000	+ 9.5			

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Volume of production and distribution of commodities increased seasonally in September and was larger than a year ago. There was a further advance in the general price level. Loans of member banks in leading cities increased in September and October in response to the seasonal demand for commercial credit.

## PRODUCTION

Industrial production increased further in September, and the output of manufacturers was in larger volume than in any previous month. Factory employment and payrolls also increased. Production of iron and steel and automobiles was unusually large during September and October although there has recently been some curtailment of operations in these industries. There were also increases in September in the activity of the textile, meat-packing, and tire industries and in the output of coal, petroleum, and copper, while lumber production showed a decline. Building contracts awarded, after declining in volume for three months, increased considerably in September and exceeded all previous records for that month. The increase was due chiefly to certain large contracts for industrial plants and subway construction. During the first three weeks of October, awards exceeded those for the same period last year, the excess being especially large in the Eastern districts.

Department of Agriculture estimates of this year's crop yields indicate that the production of all crops in the aggregate will exceed last year's output by about 5 per cent. The corn crop is estimated at 2,903,000,000 bushels, or 5 per cent above last year's production. The October estimate indicated a cotton crop of 13,993,000 bales, or 446,000 bales less than was forecast on September 8, compared with a yield of 12,955,000 bales in 1927.

## TRADE

Department store sales increased considerably in September and were larger than a year ago, reflecting in part the influence of cooler weather. Inventories of department stores at the end of the month

were smaller than on the same date of last year. Wholesale distribution in all leading lines except meats was somewhat smaller than in September, 1927. Freight-car loadings showed more than a seasonal increase in September and continued large in October. Shipments of miscellaneous commodities in recent weeks have continued in larger volume than in previous years.

## PRICES

Wholesale commodity prices increased further in September and the Bureau of Labor Statistics index advanced to 100.1 per cent of the 1926 average. Increases, which were largest in farm products and foods, occurred in nearly all groups except hides and leather, and textiles, which showed slight declines.

Since the latter part of September there have been decreases in the prices of livestock and meats, grains, wool, and hides, and increases in cotton, silk, rubber, and iron and steel.

## BANK CREDIT

Demand for bank credit for commercial purposes increased between the middle of September and the middle of October reflecting seasonal activity in trade and marketing of crops. There was also a growth in loans to brokers and dealers in securities, though total loans on securities of reporting member banks showed little change.

During the four weeks ending on October 24, a growth of about \$40,000,000 in the total volume of reserve bank credit in use was due chiefly to continued increase in the demand for currency, offset in part by a small inflow of gold from abroad. Reserve bank holdings of acceptances increased by about \$140,000,000 during the period, while the volume of discounts for member banks declined by about \$100,000,000. United States security holdings remained practically unchanged. Open market rates on commercial paper and on bank acceptances remained unchanged between the middle of September and the latter part of October, while rates on security loans declined in October.