

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

(Compiled February 15, 1929)

Volume 14, No. 1

Dallas, Texas, March 1, 1929

This copy is released for publication in afternoon papers

March 2

DISTRICT SUMMARY

THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	January	December	Increase or Decrease
Bank debits to individual accounts (at 17 cities).....	\$1,018,260,000	\$1,091,490,000	Dec. 6.7%
Department store sales.....			Dec. 59.4%
Reserve bank loans to member banks at end of month.....	\$ 19,881,403	\$ 11,161,445	Inc. 78.1%
Reserve bank ratio at end of month.....	55.1%	63.4%	Dec. 8.3 points
Building permit valuations at larger cities.....	\$ 6,248,108	\$ 9,755,378	Dec. 36.0%
Commercial failures (number).....	58	52	Inc. 11.5%
Commercial failures (liabilities).....	\$ 1,079,739	\$ 839,808	Inc. 28.6%
Oil production (barrels).....	24,249,900	23,339,700	Inc. 3.9%
Lumber orders at pine mills (per cent of normal production).....	103%	77%	Inc. 26 points

An active demand for merchandise at wholesale and sustained buying in retail channels were characteristics of the business situation during the past month. Sales of department stores in larger cities reflected a seasonal decline of 52 per cent as compared to the heavy December volume, but were practically the same as in the corresponding month last year. The volume of wholesale distribution showed a substantial seasonal expansion and was larger than a year ago. While reports indicate that merchants in most lines of trade are buying freely, there is a strong disposition to hold commitments well within prospective demand. Debits to individual accounts at principal cities evidenced a seasonal decline of 7 per cent as compared to December, but were 16 per cent greater than in January, 1928.

Despite the normal return flow of currency to the Federal Reserve Bank during the past six weeks, there has been a substantial increase in the use of Federal Reserve Bank credit and the gold holdings of this bank have been materially reduced. Federal reserve notes in actual circulation declined from \$48,584,840 on December 31 to \$39,671,000 on February 15, and the net circulation on the latter date compared with \$38,195,935 on the corresponding date in 1928. Although Federal Reserve Bank loans to members stood at \$11,161,445 at the close of 1928, there was a large increase during the first week of the new year and the daily average volume of these loans during the first six weeks of the year amounted to \$20,658,843 as compared to \$4,298,620 during the same period in 1928. The gold holdings of this bank, which amounted to \$71,067,147 on December 31, declined to \$54,632,888 on January 31, but had risen to \$61,342,546 on February 15. The daily average of net demand and time deposits of member banks amounted to \$970,897,000 in January, which compares with actual de-

posits of \$974,968,000 on December 12 and \$932,172,000 on February 8, 1928.

The business mortality rate in the Eleventh District reflected a seasonal increase in January due to the credit strain incident to annual settlements, yet the increase was smaller than usual at this season, and both the number of failures and the amount of indebtedness involved were smaller than in any January since 1920.

Weather conditions have been unfavorable for plowing operations over much of the Eastern half of the district. Rains at frequent intervals have kept the ground wet and farmers have been able to prepare only a small percentage of the land for spring planting. It is becoming evident that unless dry, sunshiny weather obtains for some time, the planting of early crops may be delayed beyond the usual seeding dates. The delay in land preparation is partially compensated by the excellent surface and subsoil season in the ground, which will be a sustaining factor for crops during the summer months. In the Western half of the district plowing operations have advanced normally. Small grains are in good condition and the prospects for these crops at the present are better than in several years. Livestock and their ranges have reflected the normal seasonal decline but livestock generally have wintered well.

The volume of construction work in this district reflected a sharp decline in January. The valuation of building permits issued at principal cities showed a decline of 36 per cent as compared to December and was 23 per cent less than in the corresponding month last year. The production, shipments and new orders for lumber reflected a sharp seasonal gain during January.

CROP CONDITIONS

The intermittent rains during the past six weeks have greatly retarded plowing operation over a large area of the

district. This has been particularly true in North, Northeast, East, and parts of Central Texas, and portions of North

Louisiana and Southern Oklahoma. In some portions only a very small percentage of the land has been prepared for spring planting and farmers in some localities are as much as four weeks behind with field work. With the soil already wet and with the persistence of frequent rains in these sections it is probable that planting operations of the earlier crops will be delayed beyond the usual planting time. In South Texas, however, farmers are practically up with their work, with a large percentage of the plowing completed. In the lower Rio Grande Valley some corn has already been planted and part of it is above the ground. A good surface and subsoil season is now in the ground in all portions of the district except in a few localities in West and Southwest Texas and the most urgent need of farmers in most sections is dry, sunny weather.

Small grains in most portions of the district have grown rapidly and are now in good condition. Reports from the winter wheat areas indicate that this crop has an exceptionally good root system, and with the excellent season in the ground prospects point toward heavy yields this year unless untoward developments occur later in the season. The growth and development of the winter oat crop has also been very favorable.

Truck crops in the Rio Grande Valley section of Texas have made good growth due to the excellent condition of the soil and the generally favorable weather. The shipments of winter vegetables from this section during the current season have shown a considerable increase over those of the previous season, but the wet and cold weather early in February has had a tendency to temporarily reduce the movement of vegetables. The shipments of citrus fruits have also been large.

LIVESTOCK

While the physical condition of the district's ranges and livestock have shown the usual seasonal decline, livestock generally are going through the winter in good condition. Due to the mildness of the winter prior to early February, losses from exposure and starvation have been comparatively light. The low temperatures which prevailed over most of the range territory during the early part of February affected stock adversely and in some instances considerable shrinkage occurred, yet the suffering of livestock generally was not severe. In some localities considerable feeding has been necessary. Reports indicate that there is ample moisture in the ground in all sections of the district except a few localities in West and Southwest Texas where rain is urgently needed to assure good spring grazing.

The Department of Agriculture estimated the condition of cattle ranges in Texas as 82 per cent of normal on February 1, which compares to 84 per cent a month earlier, and 78 per cent a year ago. Sheep and goat ranges declined 3 points during January, but on February 1 were 6 points higher than on the same date in 1928. The condition of cattle on Texas ranges was reported as 84 per cent of normal on February 1 as against 86 per cent on January 1, and 80 per cent on February 1, 1928. The condition of sheep declined 3 points during January and that of goats declined 1 point. The Department reports that prospects are good for large calf, lamb and kid crops.

The table appended presents the Department of Agriculture's estimate of the number and value of livestock on farms in Texas, Louisiana and New Mexico as of January 1, 1928 and 1929. The outstanding features are: (1) The

heavy increase in the value of cattle. (2) The increase in the number of milch cows. (3) The large increase in the number and value of sheep. (4) The sharp reduction in the number and value of swine. The cattle industry during 1928 was more prosperous than in any year since the war period due largely to the satisfactory range conditions and the high market price. Trading on the ranges was active during the first eight months of the year at rising prices, but slowed down considerably toward the end of the year and prices receded somewhat. The program of diversification among farmers of the district has given an impetus to the dairy industry and the establishment of milk and cheese factories and milk stations which furnish an outlet for dairy products is causing an expansion in the number of dairy cattle. The high price for sheep and wool has brought about a further expansion in the sheep industry. The Department of Agriculture estimated the number of sheep and lambs on farms in Texas January 1, 1929, as 5,052,000 head, or an increase of 10 per cent during the year. It also stated that this was the first time since 1892 that the number of sheep in Texas had exceeded five million. The wool production in Texas during 1928 was estimated at 35,591,000 pounds as compared to 32,725,000 pounds in 1927. The Texas mohair production during 1928 was estimated as 12,330,000 pounds as compared to 11,312,000 pounds during the previous year. The sharp recession in the price of swine which set in in the fall of 1927 brought about a heavy liquidation of these animals. Due to the fact that swine prices failed to show a sustained upward movement during 1928, farmers showed a tendency to reduce the number of swine on hand.

NUMBER AND VALUE OF LIVESTOCK ON FARMS AS OF
JANUARY 1, 1929, AND 1928

TEXAS	Number		Value	
	1929	1928	1929	1928
Horses.....	780,000	780,000	\$ 36,252,000	\$ 35,390,000
Mules.....	1,021,000	1,021,000	72,070,000	72,015,000
Milk cows.....	955,000	936,000	58,255,000	53,352,000
All cattle.....	5,607,000	5,607,000	236,664,000	210,870,000
Swine.....	1,210,000	1,375,000	11,699,000	15,782,000
Sheep.....	5,052,000	4,593,000	45,060,000	38,790,000
Goats.....	2,824,000	2,544,000	14,944,000	13,696,000
LOUISIANA				
Horses.....	102,000	107,000	5,398,000	5,566,000
Mules.....	167,000	167,000	14,844,000	14,183,000
Milk cows.....	208,000	204,000	10,192,000	7,344,000
All cattle.....	585,000	579,000	18,675,000	13,711,000
Swine.....	437,000	460,000	4,434,000	4,426,000
Sheep.....	110,000	107,000	365,000	322,000
NEW MEXICO				
Horses.....	163,000	168,000	5,811,000	5,152,000
Mules.....	30,000	31,000	1,491,000	1,394,000
Milk cows.....	65,000	65,000	4,355,000	3,705,000
All cattle.....	1,017,000	1,070,000	47,320,000	41,593,000
Swine.....	73,000	77,000	779,000	800,000
Sheep.....	2,362,000	2,362,000	24,415,000	21,136,000

Movements and Prices

The January receipts of cattle at the Fort Worth market showed a heavy decline as compared to both the previous month and the corresponding month last year. Calf receipts, while considerably less than in December, were slightly larger than a year ago. The arrivals of hogs reflected a heavy gain over the previous month and were in practically the same volume as a year ago. The number of sheep yarded in January showed a moderate increase over both December and January, 1928.

Despite the small receipts during January and the first half of February, the market price for cattle has shown a downward trend. The outlet for beef steers has been narrow

and prices in this division have shown a persistent decline. While there was a weakness in the market for cows, the shipments of good to choice quality, which have been relatively scarce, have usually cleared readily at satisfactory prices. The market on calves was fairly well sustained. After showing a decline for three consecutive months, the hog market turned upward in January, reaching a top price of \$9.70 as compared to \$8.95 in December. In the sheep and lamb division, there was a broad demand, with trading active at higher prices. The best woolled lambs notched \$16.00 late in the month, which was the highest mark reached since June, 1928. Woolled wethers reached a top at \$10.50.

FORT WORTH LIVESTOCK RECEIPTS

	January 1929	January 1928	Loss or Gain	December 1928	Loss or Gain
Cattle.....	46,119	71,367	L 25,248	55,085	L 8,966
Calves.....	17,096	16,474	G 622	23,432	L 6,336
Hogs.....	40,037	43,152	L 115	29,234	G 10,803
Sheep.....	20,233	18,369	G 1,864	18,165	G 2,068

COMPARATIVE TOP LIVESTOCK PRICES

	January 1929	January 1928	December 1928
Beef Steers.....	12.00	13.10	13.00
Stocker steers.....	12.50	11.85	12.25
Butcher cows.....	9.00	9.50	8.75
Stocker cows.....	7.75	7.50	8.00
Calves.....	12.25	12.25	11.25
Hogs.....	9.70	8.80	8.65
Sheep.....	10.50	8.75	9.00
Lambs.....	16.00	13.00	14.00

Cotton
Movements

The January receipts and exports of cotton through the ports of Houston and Galveston reflected a seasonal decline as compared to the previous month, but exceeded those during the corresponding month of 1928 by a sizable margin. Stocks of cotton on hand at these ports on January 31 were slightly smaller than those a month earlier, but were larger than a year ago. The total foreign exports of cotton, which amounted to 788,645 bales in January, reflected a large seasonal decline as compared to the previous month, but were 11 per cent larger than a year ago. Exports during the first half of the current season totaled 5,589,117 bales, which was 24 per cent greater than during the corresponding period of the previous season. The domestic consumption of cotton, which totaled 668,389 bales, showed a gain of 14 per cent over the previous month and was 25 per cent larger than in January, 1928. In fact, consumption in January was larger than in

any month since March, 1927. The increase in January, however, was not sufficient to offset the small consumption in the earlier months of the current season, the total for this season being 5 per cent smaller than in the same period of the previous season.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	January 1929	January 1928	August 1 to This Season	January 31 Last Season
Receipts.....	274,739	194,131	2,564,535	1,927,327
Exports.....	333,170	264,765	2,034,859	1,571,524
Stocks, January 31.....			613,262	501,832

GALVESTON STOCK MARKET

	January 31, 1929	January 31, 1928
For Great Britain.....	17,000	17,000
For France.....	10,500	11,000
For other foreign ports.....	54,700	41,500
For Coastwise ports.....	6,000	2,000
In compresses and depots.....	525,062	480,332
Total.....	613,262	501,832

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	January 1929	January 1928	August 1 to This Season	January 31 Last Season
Receipts.....	230,537	133,735	2,568,851	2,243,982
Exports.....	198,592	183,278	1,642,274	1,245,077
Stocks, January 31.....			908,364	889,484

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

	August 1 to This Season	January 31 Last Season
Receipts.....	8,018,980	6,858,364
Exports: Great Britain.....	1,353,420	714,570
France.....	579,808	630,400
Continent.....	2,482,766	2,417,252
Japan—China.....	1,035,725	713,552
Mexico.....	12,205	14,468
Total foreign ports.....	5,462,924	4,490,242
Stocks at all United States ports, January 31.....	2,312,866	2,383,297

SPOT COTTON PRICES—Middling Basis

	January, 1929	February 15 1929
	High	Low
New York.....	20.55	19.95
New Orleans.....	19.53	18.79
Dallas.....	19.05	18.35
Houston.....	19.55	18.95
Galveston.....	19.75	19.15

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	January 1929	January 1928	August 1 to This Season	January 31 Last Season	January 1929	January 1928	August 1 to This Season	January 31 Last Season
Cotton consumed.....	508,537	442,330	2,642,024	2,689,420	668,389	586,142	3,451,363	3,627,494
Cotton on hand January 31:								
(a) In consuming establishments.....			1,321,852	1,172,326			1,767,742	1,708,646
(b) In public storage and compresses.....			4,411,348	4,708,249			4,615,337	5,013,611

COTTONSEED PRODUCTS

Receipts of cottonseed at cottonseed oil mills during January reflected a sharp seasonal decline as compared to December, but were considerably larger than a year ago. The amount of cottonseed crushed showed a sizable increase as compared to both the previous month and the same month last year. Due to the smaller receipts and larger crushings,

stocks of seed on hand at the mills on January 31 showed a heavy decline. Production of all classes of cottonseed products was larger than in either December or January, 1928. The amount of crude oil passing into consumptive channels was in larger volume than in December, but the increase was not sufficient to offset the larger production and mills'

stocks stood at 89,277,632 pounds on January 31 as against 85,334,962 pounds a month earlier. At the close of January, 1928, mills' stocks of crude oil amounted to 138,980,608 pounds. The stocks of cake and meal, hulls and linters on January 31 were considerably larger than on December 31, indicating that January production was larger than consumption.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to January 31 This Season	Last Season	August 1 to January 31 This Season	Last Season
Cottonseed received at mills (tons).....	1,605,453	1,444,862	4,696,521	4,251,921
Cottonseed crushed (tons).....	1,311,675	1,220,222	3,716,517	3,580,215
Cottonseed on hand (tons).....	306,572	258,571	999,136	760,990
Crude oil produced (pounds).....	385,435,042	360,235,314	1,157,382,415	1,118,997,136
Cake and meal produced (tons).....	612,607	563,942	1,666,224	1,594,389
Hulls produced (tons).....	356,398	346,061	1,003,470	1,017,325
Linters produced (running bales).....	269,140	228,637	777,525	658,056
Stocks on hand, January 31:				
Crude oil (pounds).....	35,565,139	49,522,517	89,277,632	138,980,608
Cake and meal (tons).....	57,208	40,950	237,067	176,416
Hulls (tons).....	75,996	73,889	162,958	185,872
Linters (running bales).....	62,392	53,707	215,618	155,972

TEXTILE MILLING

As reflected in the consumption of raw cotton and the production of cloth, activities at textile mills in the Eleventh District increased in January over December. There were 3,782 bales consumed as compared to 3,172 bales in the previous month and 3,615 bales in January last year. Production of cloth was 16.9 per cent greater than in December and 7.3 per cent above the output during the same period of 1928. The number of spindles active was the same as in the month previous but slightly less than in the corresponding month last year. Orders on hand at the close of January were larger than a month earlier, or a year ago, and stocks showed an increase over both previous dates.

TEXTILE MILLING STATISTICS

	January 1929	January 1928	December 1928
Number of bales consumed.....	3,782	3,615	3,172
Number of spindles active.....	102,776	103,172	102,776
Number pounds cloth produced.....	1,788,800	1,666,543	1,530,453

WHOLESALE TRADE

Seasonal expansion in the demand for merchandise in wholesale channels of distribution was in evidence during January. All reporting lines of trade reflected an increase over the previous month ranging from 3.3 per cent in the case of drugs to 85.7 per cent for farm implements. In two lines, hardware and dry goods, sales were considerably smaller than in the corresponding month last year. While reports indicate that buying is active in most lines of trade and that retailers generally are optimistic regarding the trade situation, nevertheless there seems to be no departure from the prudent policy to keep commitments well in line with prospective consumer demand. Collections during January were good in some lines, but slow in others.

The distribution of dry goods at wholesale reflected a large seasonal expansion of 61.8 per cent as compared to December, but was 15.9 per cent smaller than in January, 1928. Buying appeared to be somewhat spotty, with business good in some sections and slow in others. The opening of the spring buying season at principal markets drew a large number of buyers and reports indicate that merchants have been buying freely. Nevertheless, there is a disposition

among retailers to hold commitments well within the limits of prospective demand. Collections reflected a noticeable decline during the month.

Despite the unusually heavy volume of buying in December, the demand for drugs at wholesale reflected a further expansion in January. Sales for the month showed a gain of 3.3 per cent as compared to the previous month and were 11.3 per cent larger than in January last year. This increased buying appeared to be fairly general over the district. Collections showed a marked improvement during January. The ratio of collections during January to accounts and notes outstanding on December 31 was 50.3 per cent as compared to 43.9 per cent in December.

A further broad expansion in the demand for farm implements was in evidence during January. Sales of reporting firms were 85.7 per cent greater than in the previous month and exceeded those in the corresponding month last year by 46.8 per cent. These increases are all the more impressive in view of the fact that buying was very active during January, 1928. Reports indicate that the improvement in buying demand is general except in a few localities which have not received a sufficient supply of moisture. Due to the good returns received from last year's crops and the excellent season in the ground in most localities, farmers are showing a disposition to replace old and worn implements with up-to-date machinery. Prices remained generally firm.

The demand for hardware at wholesale reflected a seasonal increase of 7.2 per cent over that in December but a decline of 7.8 per cent as compared to the corresponding month last year. The unusually warm weather prevailing during January retarded the movement of seasonal items. Collections reflected a substantial decline in January, the ratio of collections during the month to accounts and notes outstanding on the first of the month being 37.8 as compared to 41.7 in December.

Sales of groceries at wholesale during January reflected a seasonal expansion of 6.7 per cent as compared to the previous month and 11.4 per cent as compared to the corresponding month last year. Reports indicate that business was active through most of the district. Prices remained generally steady. Collections were somewhat slow.

CONDITION OF WHOLESALE TRADE DURING JANUARY, 1929

Percentage of increase or decrease in:

	Net Sales January, 1929 compared with		Stocks January, 1929 compared with		Ratio of collec- tions during Jan. to accounts and notes outstanding on December 31
	Jan. 1928	Dec. 1928	Jan. 1928	Dec. 1928	
Groceries.....	+ 6.7	+11.4	+ 9.8	+ 1.8	77.9
Dry Goods.....	-15.9	+61.8	-12.9	+24.1	34.4
Farm implements.....	+46.8	+85.7	- 6.2	- 1.0	15.0
Hardware.....	- 7.8	+ 7.2	+ 5.8	+ 9.2	37.8
Drugs.....	+11.3	+ 3.3	+ 4.0	+ 5.2	50.3

RETAIL TRADE

The January distribution of merchandise at retail reflected the usual seasonal decline of 52.4 per cent as compared to the previous month but was well sustained as compared to a year ago. Buying of winter goods in January was retarded to some extent by the warm weather, but the cold weather in February has been a stimulating factor in the clearance of this merchandise.

Stocks on hand at the close of January were 1.2 per cent less than at the end of December and was 5.7 per cent less

than on January 31, 1928. The rate of stock turnover in January was .25 as compared to .24 in the same month last year.

The ratio of January collections to accounts receivable on January 1 was 37.6 per cent as compared to 37.3 per cent in December and 36.3 per cent in January, 1928.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total Sales: (Percentage)						
January, 1929, compared with January, 1928	+ 1.0	+ 2.1	— .9	— 1.4	+ 2.2	+ .6
January, 1929, compared with December, 1928	—50.1	—61.2	—51.2	—46.6	—52.6	—52.4
Credit Sales: (Percentage)						
January, 1929, compared with January, 1928	+ 1.9	+ 6.4	— 8.1	+ 2.3	— 5.2	— .6
January, 1929, compared with December, 1928	—46.9	—60.3	—49.2	—45.3	—53.3	—50.4
Stocks: (Percentage)						
January, 1929, compared with January, 1928	— 9.8	— .4	— 4.9	—16.2	— 3.2	— 5.7
January, 1929, compared with December, 1928	— 1.6	+ 3.4	—11.3	0.0	+ 5.2	— 1.2
Stock turnover: (Rate)						
Rate of stock turnover in January, 1928	.24	.19	.26	.27	.22	.24
Rate of stock turnover in January, 1929	.27	.19	.27	.31	.22	.25
Ratio of January collections to accounts receivable and outstanding January 1, 1929	35.2	35.1	40.1	38.4	43.4	37.6

FINANCIAL

Charges to depositors' accounts at banks in principal cities of the Eleventh District reflected a seasonal reduction of 6.7 per cent as compared to December, but they exceeded those of the corresponding month last year by 16.4 per cent. Charges in January aggregated \$1,018,260,000 as against \$1,091,490,000 in the previous month and \$874,575,000 in January, 1928. With only one exception, all cities showed increases over the same month of last year.

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	Jan. 1929	Jan. 1928	Increase or Decrease	Dec. 1928	Increase or Decrease
Abilene	\$ 12,983	\$ 12,127	+ 7.0	\$ 14,102	— 7.9
Austin	21,984	17,336	+26.8	21,792	+ .9
Beaumont	31,822	27,279	+16.7	29,587	+ 7.6
Corsicana	7,949	8,570	— 7.2	7,664	+ 3.7
Dallas	287,306	236,595	+21.4	297,946	— 3.6
El Paso	41,361	33,489	+23.5	42,860	— 3.5
Fort Worth	121,720	103,983	+17.1	141,205	—13.8
Galveston	44,552	39,887	+11.7	51,446	—13.4
Houston	206,281	185,725	+11.1	239,800	—14.0
Port Arthur	10,969	9,418	+16.5	10,308	+ 6.4
Roswell	4,610	3,745	+23.1	6,183	—25.4
San Antonio	93,676	82,075	+14.1	94,567	— .9
Shreveport	47,300	41,717	+13.4	49,956	— 5.3
Texarkana*	18,403	17,982	+ 2.3	17,904	+ 2.8
Tucson	13,412	10,809	+24.1	13,192	+ 1.7
Waco	21,481	18,167	+18.2	21,612	— .6
Wichita Falls	32,461	25,671	+26.4	31,366	+ 3.5

Total.....\$1,018,260 \$874,575 +16.4 \$1,091,490 — 6.7

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

Acceptance
Market

The volume of acceptances executed by accepting banks in the Eleventh District and outstanding at the close of January amounted to \$5,649,552, showing a decline of \$2,504,059 from a month earlier. Acceptance liability of these banks based on import and export transactions declined from \$2,565,792 on December 31 to \$1,969,346 on January 31, and that on the domestic shipment and storage of goods from \$5,587,819 to \$3,680,206.

Condition of
Member Banks
in Selected
Cities

Investments of member banks in selected cities in the Eleventh District increased in January and total loans reflected a gain during the same period. Investments in United States securities rose from \$90,382,000 on January 2 to \$91,851,000 on February 6, and their holdings in other stocks and bonds, amounting to \$41,896,000 on the latter date, were \$3,344,000 larger than five weeks earlier. Total loans aggregated \$367,749,000 and compared with \$362,270,000 on January 2. Standing at \$501,496,000 on February 6, combined loans and investments exceeded those on January 2 by \$10,292,000 and were \$58,044,000 above the total on February 8, 1928. While net demand deposits of these banks showed a further decline of \$3,266,000, time deposits continued to increase, showing a gain in January of \$1,421,000. Their reserves with the Federal Reserve Bank were reduced \$380,000 during the five-week period, but were \$107,000 greater than a year ago. Their bills payable and rediscounts with this bank amounted to \$20,387,000 on February 6 as against \$15,062,000 on January 2 and \$1,693,000 on February 8, 1928.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	February 6, 1929	January 2, 1929	February 8, 1928
1. Number of reporting banks	43	43	45
2. United States securities owned	\$ 91,851,000	\$ 90,382,000	\$ 71,742,000
3. All other stocks, bonds and securities owned	41,896,000	38,552,000	29,794,000
4. Loans on securities	127,648,000	111,582,000	110,437,000
5. All other loans	240,101,000	250,688,000	231,479,000
6. Total loans	367,749,000	362,270,000	341,916,000
7. Net demand deposits	312,838,090	316,104,000	314,087,000
8. Time deposits	143,016,000	141,595,000	117,671,000
9. Reserve with Federal Reserve Bank	35,554,000	35,934,000	35,447,000
10. Bills payable and rediscounts with Federal Reserve Bank	20,387,000	15,062,000	1,693,000

Deposits of Member Banks The combined daily average of net demand and time deposits of member banks in the Eleventh Federal Reserve District amounted to \$970,397,000 in January. Net demand deposits of these banks showed a daily average of \$745,109,000 during the month and time deposits \$225,788,000. On December 12 and February 8, 1928, combined deposits of member banks

aggregated \$974,968,000 and \$932,172,000, respectively.

NOTE: Beginning in January, 1929, in this issue of the Review, and continuing until further notice, figures of net demand and time deposits will be compiled on a daily average monthly basis instead of for a particular date in each month, as heretofore.

Savings Deposits

Savings deposits of 91 reporting banks in the Eleventh District which operate a savings department amounted to \$149,639,884 on January 31, representing an increase of 1 per cent over

those a month earlier and a gain of 11.2 per cent as compared to a year ago. There were 295,435 savings accounts carried at 82 of these banks as against 289,558 on December 31 and 273,229 on January 31, 1928.

SAVINGS DEPOSITS

	Number of Reporting Banks	January 31, 1929		January 31, 1928		Increase or Decrease	December 31, 1928		Increase or Decrease
		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*	6,098	\$ 2,572,052	6,418	\$ 2,417,931	+ 6.4	6,639	\$ 2,603,272	- 1.2
Dallas.....	6	59,308	24,667,627	52,831	21,253,794	+16.1	58,731	24,700,128	- .1
El Paso.....	2	14,742	6,017,342	13,397	5,337,009	+12.7	14,580	6,292,617	- 4.4
Fort Worth.....	3	23,281	8,753,098	21,979	7,124,779	+22.9	21,653	7,500,164	+16.7
Galveston.....	3	13,817	9,820,361	13,498	9,805,901	+ .1	13,902	9,963,263	- 1.4
Houston.....	13*	71,818	33,668,785	64,833	30,703,745	+ 9.7	71,241	33,926,593	- .8
San Antonio.....	9*	34,088	21,520,858	31,628	19,422,799	+10.8	33,546	21,417,635	+ .5
Shreveport.....	4*	21,259	12,276,229	22,236	10,962,411	+12.0	21,100	12,062,301	+ 1.8
Waco.....	4	9,746	7,143,953	8,826	6,434,779	+11.0	9,767	6,991,406	+ 2.2
All others.....	2	4,172	1,553,137	4,272	2,101,463	-26.1	4,150	1,549,698	+ .2
Wichita Falls.....	41*	36,556	21,646,442	33,311	18,954,604	+14.2	34,240	21,157,689	+ 2.3
Total.....	91	295,435	\$149,639,884	273,229	\$134,519,215	+11.2	289,558	\$148,164,766	+ 1.0

*Only 3 banks in Beaumont, 11 banks in Houston, 8 banks in San Antonio, 3 banks in Shreveport and 37 banks in "All others" reported the number of savings depositors.

FEBRUARY DISCOUNT RATES

Prevailing Rates

	Dallas	E Paso	Fort Worth	Houston	San Antonio	Waco
Rates charged customers on prime commercial paper such as is now eligible for rediscount under the Federal Reserve Act.....	5½-6	8	5½-8	5-6	6	6-8
Rate charged on loans to other banks secured by bills receivable.....	6	6	5-6	5½-6	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.....	5½-7	6-8	6-8	5-6	6-8	6-8
(b) Time.....	6-8	6-8	6-8	5-6	6-8	6-8
Rate charged on commodity paper secured by warehouse receipts, etc....	6	7-8	6-8	6	6-7	6-7
Rate on cattle loans.....	6	6-8	6-8	7-8	4-8	6-8

Operations of the Federal Reserve Bank

Total loans to member banks amounted to \$19,881,403 on January 31, which represents an increase of \$8,719,958 over those on December 31 and a gain of \$14,344,561 as compared to the corresponding date last year. A sharp increase occurred during the opening week of the year and throughout most of the remainder of the month, borrowings of member banks were maintained above the 20 million level. At the close of January accommodations to reserve city banks had almost doubled those of a month earlier and loans to country banks also showed a sizable increase. As in recent months, banks in reserve cities continued as borrowers of a very large percentage of the Reserve Bank loans. On February 15 total loans to member banks aggregated \$17,283,053, which was \$13,511,830 greater than a year ago. There were 61 borrowing banks on January 31 as compared to 35 at the close of December and 26 on January 31, 1928.

Due to the increase in loans to member banks, total bills held rose from \$36,581,011.45 on December 31 to \$40,283,995.96 on January 31, distributed as follows:

Member banks' collateral notes secured by United States Government obligations.....	\$15,591,700.00
Rediscounts and other loans to member banks.....	4,289,702.99
Open market purchases (Bankers' Acceptances).....	20,402,592.97
Total bills held.....	\$40,283,995.96

Federal Reserve notes in actual circulation, which amounted to \$40,924,615 on January 31, reflected a seasonal contraction of \$7,660,225 from the net circulation on December 31. As compared to the same date of 1928, Federal Reserve notes in actual circulation at the close of the current month were \$642,655 larger. Reserve deposits of member banks averaged \$71,802,905 in January and compares with \$72,170,760 in December and a daily average of \$68,829,314 in the corresponding month of 1928.

FAILURES

The business mortality rate in the Eleventh District increased in January, which is normal at this season of the year; however, both the number and amount of failures were the smallest of any previous January since 1920. Indebtedness of defaults aggregated \$1,079,739 as compared to \$839,808 in December and \$1,767,713 in January last year. The number of failures during the month was 58 as against 52 in December and 104 in the corresponding period of 1928.

PETROLEUM

Continuing its upward trend which shattered all previous records four times in 1928, production of crude oil in the Eleventh District showed a further increase in January. Amounting to 24,249,900 barrels, the total output exceeded that of the previous month by 910,200 barrels. Sporadic increases in drilling operations were reported throughout the district despite the decline in crude oil prices, however, a noticeable let up was reflected in new wildcat operations. There were 782 completions during the month of which 445 were producers of oil, yielding 450,006 barrels of new production as compared to 602 completions in December that netted 316 oil producers with an initial flow of 242,376 barrels of oil.

The daily average production of crude oil in Texas rose from 715,561 barrels in December to 746,618 barrels in January which was accounted for by substantial increases in Central West Texas, the Texas Coastal, and Southwest Texas fields. Drilling operations declined in the Hendricks area of Central West Texas while activities in the Winkler field, of the same region, increased. Luling and Salt Flat fields were the principal producing units in Southwest Texas and Spindle Top continued to lead in the Texas Coastal district.

Crude oil stocks in North Texas which have been drawn upon since last February showed a further reduction in January. The daily average yield in North Louisiana declined 1,695 barrels from 37,332 barrels in December.

Effective January 24 in North Texas and January 26 in North Louisiana, reductions in prices per barrel of crude oil on a differential basis from 3 to 6 cents was posted on

CRUDE OIL PRICES

	Feb. 12, 1929	Feb. 15, 1928
Texas Coastal Grade "A".....	\$1.20	\$1.20
North and Central Texas and North Louisiana (52 gr. and above).....	1.44	1.60

all grades, except Panhandle grades. The reduction lowered the price of crude oil (52 gr. and above) from \$1.76 per barrel to \$1.44.

JANUARY DRILLING RESULTS

	Com- pletions	Pro- ducers	Gas Wells	Fail- ures	Initial Production
North Texas.....	196	135	5	56	23,067
Central West Texas.....	328	183	12	133	376,316
East Texas.....	10	8	2
Southwest Texas.....	82	58	12	12	18,024
Texas Coastal.....	76	57	3	16	31,868
Texas Wild-Cats.....	51	6	1	44	320
Total Texas.....	743	439	41	263	449,595
North Louisiana.....	39	6	21	12	411
January Totals, District....	782	445	62	275	450,006
December Totals, District...	602	316	42	244	242,376

OIL PRODUCTION

	January		December		Increase or Decrease	
	Total	Daily Average	Total	Daily Average	Total	Daily Average
North Texas.....	4,630,250	149,363	4,659,250	150,298	Dec. 2,900	Dec. 935
Central West Texas.....	12,996,500	419,242	12,326,050	397,615	Inc. 670,450	Inc. 21,627
East Central Texas.....	652,150	21,037	662,050	21,356	Dec. 9,900	Dec. 319
Texas Coastal.....	3,540,000	114,194	3,477,900	112,190	Inc. 62,100	Inc. 2,004
Southwest Texas.....	1,326,250	42,782	1,057,150	34,102	Inc. 269,100	Inc. 8,680
Total Texas.....	23,145,150	746,618	22,182,400	715,561	Inc. 962,750	Inc. 31,057
North Louisiana.....	1,104,750	35,637	1,157,300	37,332	Dec. 52,550	Dec. 1,695
Total District.....	24,249,900	782,255	23,339,700	752,893	Inc. 910,200	Inc. 29,362

(Oil statistics compiled by The Oil Weekly, Houston, Texas.)

LUMBER

The increase in activities at pine mills in the Eleventh District was larger in January than normally in the opening month of previous years. Shipments of lumber rose from 81 per cent of normal production in December to 99 per cent in January and showed an increase over the previous four years. Production increased to less than 1 per cent of normal and was larger than the output in the same month of several years. Orders amounted to 3 per cent above nor-

mal production, and although slightly less than the high figure in January, 1928, they were larger than in 1925, 1926, and 1927. Following the year-end reduction, stocks held on January 31, amounting to 97 per cent of normal, showed a seasonal increase of 6 points from those a month earlier, but were 13 points below stocks on hand a year ago. Unfilled orders for lumber at 42 mills amounted to 50,835,268 feet as compared to 55,073,590 feet recorded at 44 establishments on December 31.

JANUARY PINE MILL STATISTICS

Number of reporting mills.....	42
Production.....	81,200,478 feet
Shipments.....	80,454,208 feet
Orders.....	84,094,641 feet
Unfilled orders, January 31.....	50,835,268 feet
Normal production.....	81,496,851 feet
Stocks, January 31.....	202,604,804 feet
Normal stocks.....	208,680,837 feet
Shipments below normal.....	1,042,643 feet—1%
Actual production below normal.....	296,378 feet—0%
Orders above normal production.....	2,597,790 feet—3%
Stocks below normal.....	6,076,033 feet—3%

BUILDING

A sharp decline was noted in the building program at principal cities of the Eleventh District in January. The valuation of permits issued at these centers aggregated \$6,248,103, the smallest of any month since November, 1926, and compares with \$9,755,378 in December and \$8,067,741 in January, 1928. Despite the large decline from the previous month in the total, exactly half of the reporting cities showed increases over that month and five reported gains over January last year.

BUILDING PERMITS

	January, 1920		January, 1928		Increase or Decrease	December, 1928		Increase or Decrease
	Number	Valuation	Number	Valuation		Number	Valuation	
Amarillo.....	38	114,742	89	307,675	-82.7	11	45,900	+150.0
Austin.....	78	190,445	59	591,923	-67.8	55	1,811,280	-89.5
Beaumont.....	132	237,739	160	204,429	+16.3	130	918,352	-74.1
Corpus Christi.....	72	213,630	56	389,820	-45.2	40	97,085	+120.0
Dallas.....	306	880,453	335	619,389	+42.1	186	521,790	+68.7
El Paso.....	80	149,420	60	101,236	+47.6	103	362,774	-58.8
Fort Worth.....	277	611,110	350	1,099,278	-44.4	195	498,576	+22.6
Galveston.....	144	165,591	170	165,352	+1	106	250,796	-34.0
Houston.....	418	2,002,870	568	2,342,717	-14.5	309	3,848,211	-48.0
Port Arthur.....	98	64,399	114	59,994	+7.3	63	57,727	+11.6
San Antonio.....	335	1,058,053	374	1,137,371	-7.0	275	644,830	+64.1
Shreveport.....	209	284,220	182	594,052	-52.2	201	343,103	-17.2
Waco.....	38	128,278	34	232,632	-44.9	38	224,152	-42.8
Wichita Falls.....	29	147,153	56	221,873	-33.7	37	130,793	+12.5
Total.....	2,254	\$6,248,103	2,607	\$8,067,741	-22.6	1,749	\$9,755,378	-36.0

CEMENT

While production of Portland cement at Texas mills was smaller in January than in December, shipments showed a considerable increase over the previous month and were larger than in January, 1928. There were 466,000 barrels of cement produced during the month as compared to 472,000 barrels in December and 463,000 barrels in the corre-

sponding month last year. Shipments amounted to 459,000 barrels as against 375,000 barrels in the previous month and 447,000 barrels during January a year ago. A further increase was shown in stocks, which amounted to 530,000 barrels on January 31, the largest of any month-end since March, 1926.

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

	January, 1929	January, 1928	Increase or Decrease	December, 1928	Increase or Decrease
Production at Texas mills.....	466,000	463,000	+ .6	472,000	- 1.3
Shipments at Texas mills.....	459,000	447,000	+ 2.7	375,000	+22.4
Stocks at end of month at Texas mills.....	530,000	423,000	+25.3	522,000	+ 1.5

SUMMARY OF NATIONAL BUSINESS CONDITION

(As Compiled by the Federal Reserve Board as of February 26, 1929)

Manufacturing and mining increased in January and the first part of February, while building continued to decline. Wholesale commodity prices rose slightly. Reserve bank credit declined between the middle of January and the middle of February reflecting chiefly a reduction in reserve balances of member banks.

PRODUCTIONS

Industrial production increased in January and continued to be larger than a year ago. Output of pig iron, steel ingots, and automobiles was in record volume for January. The high rate of steel activity reflected large purchases from automobile manufacturers and also increased demand from railroads. Domestic output of refined copper, while continuing in large volume, was somewhat lower in January than in December. Activity of textile mills increased considerably in January. In the mineral group, output of copper ore, bituminous coal, and petroleum was exceptionally large, and anthracite coal and tin also increased. In the first part of February primarily reports indicate the maintenance of a high level of industrial activity. Steel plants operated at a high percentage of capacity; the output of coal continued large and employment in Detroit factories increased. The production of petroleum, however, declined slightly in the middle of February. Building activity declined in January for the third successive month, reflecting primarily a large reduction in awards for residential building, while commercial building awards increased somewhat. The volume of building contracts let during the first six weeks of the year was substantially lower than in the corresponding period of either 1928 or 1927.

TRADE

Shipments of freight by rail increased during January and the first two weeks of February and were larger than a year ago. The increase during January reflected primarily larger shipments of coal and coke and livestock. Sales by wholesale firms were seasonally larger in January and above

the level of a year ago. Department store sales declined less than is usual at this season and were considerably larger than in January, 1928.

PRICES

The general level of wholesale prices rose somewhat in January. Prices of grains, livestock, and meats advanced and there were also price advances in steel, automobiles, and copper. A decrease in the group index for building materials reflected reductions in the prices of lumber and brick, and prices of pig iron, silk, cotton, and petroleum also declined. Among the raw materials, rubber advanced sharply in price, while silk, cotton, and hides declined. During the first half of February, the price of copper advanced to a new high level, and the price of rubber continued to rise. Among the agricultural commodities, prices of wheat, corn and hogs rose, while sugar and cattle declined slightly.

BANK CREDIT

On February 20 total loans and investments of member banks in leading cities were nearly \$90,000,000 smaller than in the middle of January, owing chiefly to reduction in the banks' investment holdings. After the first week in February security loans declined, while all other loans, largely commercial, increased somewhat in February. During the five weeks ending February 20 a decline in the reserve balances of member banks, together with a considerable inflow of gold from abroad and some further decline in the demand for currency, were the chief factors accounting for a decline of \$173,000,000 in the volume of reserve bank credit in use. A large decline in reserve bank holdings of acceptances and U. S. securities was offset in part by a small increase in the volume of member bank borrowing. Open market rates on bankers acceptances and commercial paper advanced while rates on collateral loans showed little change.