

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

	July	June	Increase or Decrease
Bank debits to individual accounts (at 17 cities).....	\$918,468,000	\$860,969,000	Inc. 6.7%
Department store sales.....			Dec. 22.9%
Reserve bank loans to member banks at end of month.....	\$ 37,479,423	\$ 15,742,529	Inc. 138.1%
Reserve bank ratio at end of month.....	54.8%	74.3%	Dec. 19.5 points
Building permit valuation at larger centers.....	\$ 6,500,938	\$ 6,142,138	Inc. 5.8%
Commercial failures (number).....	39	27	Inc. 44.4%
Commercial failures (liabilities).....	\$ 1,975,748	\$ 710,082	Inc. 178.2%
Oil production (barrels).....	27,405,200	25,422,150	Inc. 7.8%
Lumber orders at pine mills (per cent of normal production).....	78%	65%	Inc. 13 points

A strong demand for merchandise in both wholesale and retail channels was an important development in the Eleventh Federal Reserve District during the past month. Although department store sales reflected a seasonal decline of 23 per cent as compared to the previous month, they were 2 per cent larger than in July a year ago. Distribution at wholesale not only showed a substantial seasonal gain as compared to the previous month but was considerably larger than in July, 1928, a month in which business was very active. This increased demand appeared to be general throughout the district. Reports indicate that while retailers are continuing conservative buying policies consumer demand is improving. Debits to individual accounts at banks in larger cities were 7 per cent larger than in June and 16 per cent larger than a year ago.

The past month witnessed a rapid expansion in Federal Reserve Bank loans to members in response to the demand from agricultural regions and from trade and industry. These loans rose from \$15,742,529 on June 30 to \$42,659,959 on August 15 and on the latter date were \$13,022,350 greater than on that date in 1928. The daily average of net demand and time deposits of member banks amounted to \$870,868,000 during July as compared to \$869,148,000 during June. On August 8, 1928, the actual amount of these deposits was \$869,195,000.

The business mortality rate in the Eleventh District turned sharply upward in July, there being a substantial increase in both the number of defaults and the amount of indebtedness involved. While the liabilities of the insolvent firms

were larger than in any month in more than a year, the number of failures was fewer than in any month of the current year except June.

Construction activity reflected some improvement during the past month. The valuation of building permits issued at principal cities was 6 per cent larger than in the previous month and exceeded that of the corresponding month a year ago by 4 per cent. The production, shipments, and new orders for lumber and the production and shipments of cement were in excess of those in both the previous month and the same month of 1928.

Crop conditions throughout the district have been affected in varying degrees by the continued drouth in some sections and persistent showers in others. In the drier sections practically all crops have deteriorated but in those areas where there has been ample moisture most crops except cotton have improved. The cotton crop over a very large area of the district has been adversely affected by weather conditions. In those areas which have suffered from a deficiency of moisture, plant growth has been stunted and there are many complaints of excessive shedding and premature opening of bolls. On the other hand, persistent showers in some areas have greatly increased insect activity and rendered poisoning operations ineffective. While range conditions have deteriorated in some portions of the district due to the lack of moisture, recent rains over a considerable portion of the strictly range territory have greatly improved the situation. The condition of livestock has been well sustained as pasturage generally has been ample.

CROP CONDITIONS

The continued deficiency of moisture in much of the Northern half of Texas, Southeastern Oklahoma, and portions of North Louisiana, had an adverse effect on growing crops. The frequent showers in the Southern third of Texas,

while beneficial to some crops, were detrimental to cotton. On the other hand, the heavy rains recently in portions of Northwest and West Texas, the Southern half of New Mexico and Southeastern Arizona, and scattered localities elsewhere

have brought about a considerable improvement of crops in those sections. More rain, however, is needed in some portions.

The corn crop has improved in those sections which have had sufficient moisture but has deteriorated somewhat in the drier areas. The Department of Agriculture placed the condition of the Texas crop at 65 per cent of normal on August 1 as compared to 67 per cent a month earlier and 79 per cent a year ago. This year's production was estimated at 86,796,000 bushels, which was 5,317,000 bushels greater than on July 1 and compares with an actual production of 99,162,000 bushels in 1928. The crop is exceptionally good in most of the Southern area but poor in some of the drier sections. According to the report of the Department of Agriculture, the prospective yield in Louisiana is 18,863,000 bushels as compared to a harvest of 21,114,000 bushels in 1928. The rains have been very beneficial to this crop in New Mexico and reports indicate that prospects are very favorable. The August 1 condition of grain sorghums in Texas was reported as 68 per cent of normal as compared to 80 per cent on that date a year ago. The estimated production was placed at 54,131,000 bushels which compares with an actual production of 69,000,000 bushels last year. This crop in some of the Northwestern counties was injured somewhat by dry weather but the recent rains were very beneficial to the crop in some portions. In South Texas and scattered localities elsewhere, where moisture conditions have been favorable a good crop has matured. Grain sorghums in most portions of the Southern half of New Mexico have made favorable progress. The Department of Agriculture reported that the condition of tame hay in Texas declined from 82 per cent of normal on July 1 to 77 per cent on August 1 and that the latter figure indicated a yield of 796,000 tons, exclusive of sorghum hay, which compares with a production of 733,000 tons on a smaller acreage in 1928. The lack of moisture, except in South Texas, during the summer months has reduced yields but rains in the drier areas would increase production. Wild hay is better than usual and promises well. Prospects point toward reduced yields of both tame and wild hay in Louisiana. The third cutting of alfalfa is progressing favorably in the South-Central district of New Mexico.

Despite the increase in the acreage planted to cotton this year in states, all or part of which are attached to the Eleventh Federal Reserve District, indications are that the production will be less than a year ago. Figures compiled by the Federal Reserve Board from the estimates made by the Department of Agriculture as of August 1 show the indicated production of the Eleventh District as 5,672,000 bales as against an actual production of 5,946,000 bales in 1928. The detailed figures by states are as follows:

State	Acres of Harvest (000)	Condition		Production (Bales)	
		1928 %	1929 %	1928 (000)	1929 (000)
Texas	17,968	70	64	5,106	4,798
Louisiana	2,134	66	69	691	715
Oklahoma	4,371	71	72	1,205	1,275
New Mexico	116	85	86	88	91
Arizona	221	87	86	149	153

From the above figures it will be noted that Texas is responsible for the decline, the Department estimating this year's production at 4,798,000 bales as compared to a yield of 5,106,000 bales a year ago. The crop in the Southern third of the state was affected adversely by the persistent

showers which produced conditions favorable for the incessant activity of bollworms, weevils, and leafworms. Furthermore, the frequent showers made poisoning operations ineffective. Rootrot is also bad in places. In the Northern portion of the state the continuance of dry weather while checking insect activity has stunted plant growth and has caused excessive shedding and premature opening of bolls. In Northwest Texas recent rains over a considerable area benefited the crop but there are portions which are badly in need of moisture. In some other areas the crop is being damaged either by the lack of moisture or insect activity. Picking is progressing rapidly in the Southern portion of the state and first bales are being reported all the way to the Northern border. The lack of moisture is also causing deterioration of the crop in Southeastern Oklahoma and portions of Northern Louisiana. The heavy rains in New Mexico and Southeastern Arizona during the first half of August have been favorable to insect activity but reports indicate that the crop is in good condition.

The excessive rainfall during July was not altogether favorable to the Texas rice crop but it is well advanced generally. Some of the early crop was harvested early in August. The Department of Agriculture estimated the condition on August 1 as 88 per cent of normal with a prospective yield of 6,486,000 bushels as compared to a production of 7,308,000 bushels on a larger acreage in 1928. Peanuts were reported at 73 per cent of normal condition, which indicates a per acre yield of 584 pounds as compared to a production of 650 pounds last year. The Department estimated the production of sweet potatoes at 8,736,000 bushels as against 8,284,000 bushels a year ago. Citrus fruits in South Texas are reported to be in good condition with prospects for a considerable increase in production due to the large number of young orchards coming into bearing. Shipments of cantaloupes, apples, pears, and tomatoes in volume from Southern New Mexico are reported.

LIVESTOCK

The condition of ranges and livestock in the Eleventh Federal Reserve District was well sustained during the past month although there are some sections and many localities which are suffering from the effects of dry weather. Light to heavy rains have fallen over Southeastern Arizona, most of the Southern half of New Mexico and portions of Northwest, West, South, and Southeast Texas and these sections are in good condition except in those localities which failed to receive rain. In the other sections of the district, ranges generally are dry and the grass has begun to burn except in a few localities where rain has relieved the situation. In these dry areas rain is urgently needed as both ranges and livestock are beginning to suffer from the continued dry weather. Stock water is becoming depleted in some areas. The condition of livestock has been well sustained as the heavy rains early in the season produced a good crop of grass which has provided ample pasturage during the summer. Rains, however, are now needed to revive the ranges.

The Department of Agriculture reported that the condition of cattle ranges in Texas on August 1 was 85 per cent of normal as compared to 87 per cent a month earlier and a year ago. Sheep and goat ranges, however, rose to 88 per cent of normal, which represents a gain of 3 points during the month and 4 points as compared to a year ago. The condition of cattle was reported as 88 per cent of normal on August 1 as compared to 89 per cent on July 1, this year

and August 1, 1928. The condition of sheep was shown as 87 per cent of normal, which represents a decline of 1 point as compared to that a month earlier and 2 points as compared to a year ago. The condition of goats on the other hand rose 2 points during the month to 91 per cent of normal on August 1 and was 1 point higher than a year ago.

Movements and Prices The July receipts of cattle and calves at the Fort Worth market reflected a substantial increase over the previous month but were materially smaller than a year ago. The arrivals of hogs were smaller than in either the previous month or the corresponding month last year. While the number of sheep yarded showed a heavy decline from June, it was considerably larger than in July, 1928.

The cattle market, after showing some strength during the first week of July, reflected an almost steady decline to the middle of August. Practically all classes shared in the decline. Hog prices showed a good advance during the first two weeks of July, reaching a top of \$11.85 but the market turned weak and at the middle of August a considerable portion of the gain had been lost. The sheep and lamb market remained generally steady.

FORT WORTH LIVESTOCK RECEIPTS

	July 1929	July 1928	Loss or Gain	June 1929	Loss or Gain
Cattle.....	68,505	93,233	L 24,728	63,651	G 4,854
Calves.....	25,304	34,699	L 9,395	18,660	G 6,644
Hogs.....	23,601	24,878	L 1,277	27,430	L 3,829
Sheep.....	45,675	36,411	G 9,264	64,575	L 18,900

COMPARATIVE TOP LIVESTOCK PRICES

	July 1929	July 1928	June 1929
Beef steers.....	\$14.75	\$13.75	\$14.40
Stocker steers.....	12.25	12.75	13.00
Butcher cows.....	9.50	9.75	10.25
Stocker cows.....	8.50	8.50	7.15
Calves.....	14.25	13.75	14.50
Hogs.....	11.85	11.30	11.00
Sheep.....	9.00	8.75	8.75
Lambs.....	13.25	14.75	13.50

Cotton Movements The July receipts of cotton at the ports of Houston and Galveston were larger than in the previous month but those at Galveston were smaller than a year ago. Exports from these ports during July reflected a further decline as compared to the previous month and were smaller than in the corresponding month last year. Total foreign exports during the season just closed amounted to 8,221,733 bales as compared to 7,539,945 bales during the previous season, representing a gain of 9 per cent. The principal importing countries which

increased their takings were Great Britain, Japan, Italy, Holland, and China. On the other hand, Germany, France, Belgium, Russia and Spain imported a smaller amount of cotton than in the previous season. The domestic consumption of cotton in July reflected a seasonal decline as compared to the previous month but was considerably larger than a year ago. Consumption during the current season was 4 per cent larger than in the previous season.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	July 1929	July 1928	August 1 to July 31 This Season	Last Season
Receipts.....	32,031	49,183	3,012,649	2,601,629
Exports.....	84,553	132,016	3,020,467	2,663,890
Stocks, July 31.....			75,595	83,586

GALVESTON STOCK STATEMENT

	July 31, 1929	July 31, 1928
For Great Britain.....	2,500	1,000
For France.....	1,100	600
For other foreign ports.....	8,700	3,100
For coastwise ports.....	100	500
In compresses and depots.....	63,195	78,386
Total.....	75,595	83,586

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	July 1929	July 1928	August 1 to July 31 This Season	Last Season
Receipts.....	23,706	18,460	2,869,213	2,543,212
Exports.....	72,163	90,759	2,429,196	2,053,021
Stocks, July 31.....			152,044	163,659

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

	August 1 to July 31 This Season	Last Season
Receipts.....	9,557,256	8,594,863
Exports: Great Britain.....	1,862,345	1,439,771
France.....	800,339	889,302
Continent.....	3,787,592	4,149,943
Japan—China.....	1,517,782	1,088,384
Mexico.....	34,638	17,780
Total foreign ports.....	8,002,696	7,595,180
Stocks at all United States ports July 31.....	534,810	586,718

SPOT COTTON PRICES—(Middling Basis)

	July, 1929		August 15, 1929
	High	Low	
New York.....	19.45	18.00	18.00
New Orleans.....	19.43	18.13	17.99
Dallas.....	18.95	17.50	17.30
Houston.....	19.35	18.00	17.85
Galveston.....	19.45	18.00	17.90

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	July, 1929	July, 1928	August 1 to July 31		July, 1929	July, 1928	August 1 to July 31	
			This Season	Last Season			This Season	Last Season
Cotton Consumed.....	409,057	332,724	5,400,890	5,113,842	546,457	439,821	7,098,946	6,834,063
Cotton on hand July 31:								
(a) In consuming establishments.....			691,055	618,760			1,051,535	1,011,721
(b) In public storage and compresses.....			745,250	1,036,369			986,439	1,189,751

COTTONSEED PRODUCTS

From the appended table it will be noted that the production and distribution of cottonseed products was considerably greater in the season just closed than in the previous

season. The increased output was relatively greater at Texas mills than in other states due to the larger supply of raw material. Stocks of cake and meal, hulls, and linters on

July 31, while materially larger than a year ago, are much smaller than the difference between production this season and last season, indicating a substantial gain in consumption. The domestic consumption of cottonseed oil reflected a large increase as is shown by the fact that production showed a heavy gain, exports were considerably smaller, and the combined stocks of crude and refined oil were only slightly larger than a year ago.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to July 31 This Season	Last Season	August 1 to July 31 This Season	Last Season
Cottonseed received at mills (tons).....	1,727,629	1,534,997	5,082,051	4,586,705
Cottonseed crushed (tons).....	1,720,591	1,555,734	5,058,744	4,654,017
Cottonseed on hand (tons).....	19,832	13,194	41,340	21,972
Crude oil produced (pounds).....	512,247,599	466,822,459	1,603,352,111	1,476,609,401
Cake and meal produced (tons).....	810,157	722,950	2,280,894	2,093,354
Hulls produced (tons).....	468,519	442,558	1,367,325	1,320,066
Linters produced (running bales).....	358,316	298,528	1,084,644	875,121
Stock on hand, July 31:				
Crude oil (pounds).....	3,795,791	3,910,621	10,939,944	13,966,554
Cake and meal (tons).....	14,702	13,817	80,914	32,648
Hulls (tons).....	27,885	13,466	65,444	29,291
Linters (running bales).....	20,622	15,515	74,040	43,994

TEXTILE MILLING

Consumption of cotton and production of cloth at Textile mills in the Eleventh District were less in July than in June but both continued to show an increase over the same month last year. There were 2,885 bales of raw cotton consumed during the month as compared to 3,204 bales in June and 2,197 bales in the corresponding month of 1928. The output of cloth in July was 9.7 per cent less than during the previous thirty days but was 29.5 per cent greater than in the same period a year ago. While orders on hand at the close of the month were below those on June 30, they were greater than on the same date in 1928. Stocks held on July 31 showed a decline as compared to the same date last year and to June 30, this year.

TEXTILE MILLING STATISTICS

	July 1929	July 1928	June 1929
Number bales consumed.....	2,885	2,197	3,204
Number spindles active.....	98,516	96,892	98,516
Number pounds cloth produced.....	1,266,056	977,818	1,401,735

WHOLESALE TRADE

An active demand for merchandise in wholesale channels of distribution was in evidence during July. Due in part to seasonal influences, sales in all reporting lines reflected large gains as compared to the previous month, ranging from 6.9 per cent in the case of groceries to 21.5 per cent in dry goods. As compared to July, 1928, dry goods was the only line in which sales were smaller. The increase over a year ago is significant in view of the fact that business was very active at that time. While retailers are reported to be adhering to the policy of keeping purchases closely aligned to prospective demand, consumer buying has been improving in most sections. Collections in some lines are slow but this is not unusual at this season of the year.

The demand for farm implements reflected a substantial increase during July. Sales of reporting firms were 18.3 per cent greater than in June and were 16.2 per cent above those in the corresponding month last year. Buying has been generally active in those sections where crop conditions

are good. Prices remained generally steady. Collections showed some improvement.

The sales of dry goods at wholesale during July reflected a seasonal increase of 21.5 per cent as compared to the previous month but were 3.1 per cent less than in the corresponding month last year. The increase over June was general throughout the district. The opening of the fall buying season in some of the leading centers attracted many buyers and late reports indicate that purchases for early fall business were in large volume. Collections during July showed some improvement.

After showing a decline for two months, the sales of reporting grocery firms reflected an increase of 6.9 per cent as compared to the previous month and were 9.7 per cent greater than in the corresponding month last year. While demand is slow in some of the drier sections it is generally good in most sections. Collections showed a decline as compared to the previous month. Prices were reported as steady to slightly higher.

The buying of drugs at wholesale showed a substantial improvement in July, the sales of reporting firms being 8.1 per cent larger than in the previous month and 7.0 per cent greater than those in the corresponding month in 1928. Reports indicate that the improvement was general over the district. Collections showed an improvement over the previous month.

The past month witnessed a strong demand for hardware at wholesale following the declines in May and June. The sales of reporting firms reflected a gain of 17.2 per cent over the previous month and were 8.1 per cent greater than in the same month of 1928. While buying was slow in some sections where crops have been adversely affected, reports are to the effect that buying generally has been active. Collections showed a decline. Prices remained generally steady.

CONDITION OF WHOLESALE TRADE DURING JULY, 1929

Percentage Increase or Decrease in

	Net Sales July, 1929 compared with		Stocks July, 1929 compared with		Ratio of Collec- tions during July to accounts and notes outstanding on June 30
	July 1928	June 1929	July 1928	June 1929	
Groceries.....	+ 9.7	+ 6.9	- .6	- 6.5	66.0
Dry goods.....	- 3.1	+21.5	- 8.8	+10.2	29.1
Farm implements.....	+16.2	+18.3	+16.2	+ 1.7	16.6
Hardware.....	+ 8.1	+17.2	- 1.6	- 1.7	36.4
Drugs.....	+ 7.0	+ 8.1	+16.8	+ 8.4	43.5

RETAIL TRADE

The demand for merchandise at retail in larger cities was generally active during July. Sales of reporting firms while showing a seasonal decline of 22.9 per cent from the previous month, were 2.0 per cent larger than in the corresponding month a year ago even though business in July, 1928, was fairly active. Furthermore, the decline from the previous month was less than usual at this season. The persistence of unusually hot weather together with the attractive offerings through summer "clearance sales" greatly augmented the distribution of strictly summer merchandise and reports indicate that merchants have been able to make substantial reductions in stocks of summer goods.

Stocks of merchandise on hand at reporting department stores were 5.4 per cent less than a month earlier and were 2.6 per cent less than at the end of July, 1928. The rate of

stock turnover during the first seven months of the year was 1.72 as compared to 1.65 in the same period a year ago.

Collections showed but little change during the month.

The ratio of July collections to accounts outstanding on July 1 was 35.4 per cent as compared to 35.0 per cent in June and 34.3 per cent in July, 1928.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total Sales (Percentage):						
July, 1929, compared with July, 1928	+ 8.0	- 3.5	- 3.8	+ 4.0	+ 4.5	+ 2.0
July, 1929, compared with June, 1929	-22.9	-23.1	-24.3	-32.9	-12.3	-22.9
January 1 to date compared with same period last year	+ 3.8	- 1.9	- 1.2	- 2.9	+ .3	+ .2
Credit Sales (Percentage):						
July, 1929, compared with July, 1928	+10.1	- .6	- 1.6	+ 7.8	+ 9.4	+ 5.7
July, 1929, compared with June, 1929	-23.7	-27.1	-34.1	-36.8	-12.9	-26.4
January 1 to date compared with same period last year	+ 6.0	+ 2.3	- .8	- .3	+ 3.8	+ 2.9
Stocks (Percentage):						
July, 1929, compared with July, 1928	+ .6	- 2.7	- 4.5	- 2.1	- 5.2	- 2.6
July, 1929, compared with June, 1929	- 3.6	- 3.7	- 6.2	- 2.8	- 9.2	- 5.4
Stock Turnover (Rate):						
Rate of stock turnover in July, 1928	.18	.18	.22	.21	.16	.19
Rate of stock turnover in July, 1929	.20	.17	.22	.23	.17	.20
Rate of stock turnover January 1 to July 31, 1928	1.65	1.44	1.77	1.91	1.56	1.65
Rate of stock turnover January 1 to July 31, 1929	1.80	1.46	1.83	2.03	1.57	1.72
Ratio of July collections to accounts receivable outstanding July 1, 1929	33.1	33.8	38.9	38.1	36.2	35.4

FINANCIAL

Following a decline in June, charges to individual accounts at banks in principal cities of the Eleventh District increased 6.7 per cent in July over the previous month and were 15.6 per cent greater than in the same month of 1928. Debits to individual accounts at these banks aggregated \$918,468,000 as compared to \$860,969,000 in June and \$794,590,000 in the corresponding month last year.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	July 1929	July 1928	Increase or Decrease	June 1929	Increase or Decrease
Abilene	\$ 9,283	\$ 9,569	- 3.0	\$ 9,909	- 6.3
Austin	18,670	15,044	+24.1	19,217	- 2.8
Beaumont	27,201	23,085	+17.8	26,818	+ 1.4
Corsicana	5,863	5,093	+15.1	5,523	+ 6.1
Dallas	223,645	203,320	+10.0	217,138	+ 3.0
El Paso	39,242	29,248	+34.2	38,829	+ 1.1
Fort Worth	130,836	104,937	+24.7	106,258	+23.1
Galveston	31,179	31,336	- .5	29,072	+ 7.2
Houston	210,800	178,531	+18.1	188,829	+11.6
Port Arthur	12,847	8,469	+51.7	12,575	+ 2.2
Roswell	4,757	4,165	+14.2	4,337	+ 9.7
San Antonio	88,606	76,794	+15.4	93,883	- 5.6
Shreveport	41,137	41,062	+ .2	37,286	+10.3
Texarkana*	16,039	13,008	+23.3	16,690	- 3.9
Tucson	10,435	9,019	+15.7	12,690	-17.8
Waco	16,737	15,802	+ 5.5	15,468	+ 8.2
Wichita Falls	31,191	20,048	+19.7	26,447	+17.9
Total	\$918,468	\$794,590	+15.6	\$860,969	+ 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 the month which amounted to \$2,961,005 on July 31 reflected a sharp decline

of \$2,141,376 from those a month previous but were \$453,229 greater than a year ago. Acceptances executed against import and export transactions declined from \$1,877,179 on June 30 to \$1,464,332 on July 31 while those based on the domestic shipment and storage of goods receded from \$3,225,202 to \$1,496,673.

Condition of Member Banks in Selected Cities A substantial seasonal increase over both the previous month and the same month last year was shown in loans (all other) of member banks in selected cities of the Eleventh District in July. All other loans,

largely commercial, rose from \$239,086,000 on July 3 to \$249,057,000 on August 7, due principally to the financing in connection with the movement and storage of one of the district's largest wheat crops together with the seasonal requirements of merchants in preparation for fall trade. Loans on securities which amounted to \$103,377,000 were \$740,000 less than five weeks earlier. Investments of these banks in United States securities declined from \$86,065,000 on July 3 to \$83,058,000 on August 7 but their holdings in other stocks and bonds increased slightly from \$39,939,000 on the former date to \$40,673,000 on the latter date. Total loans and investments aggregated \$476,165,000 as against \$469,207,000 on July 3 and \$459,561,000 on August 8, 1928. Net demand deposits reflected a further decline of \$3,289,000 during the month but time deposits rose \$196,000. Reserves with the Federal Reserve Bank, following the trend of deposits, were reduced \$459,000 while their bills payable and rediscounts with this bank showed a gain of \$14,126,000.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	August 7, 1929	July 3, 1929	August 8, 1928
1. Number of reporting banks	43	43	44
2. United States securities owned	\$ 83,058,000	\$ 86,065,000	\$ 86,184,000
3. All other stocks, bonds and securities owned	40,673,000	39,939,000	37,847,000
4. Loans on securities	103,377,000	104,117,000	107,183,000
5. All other loans	249,057,000	239,086,000	228,347,000
6. Total loans	352,434,000	343,203,000	335,530,000
7. Net demand deposits	277,454,000	280,743,000	283,489,000
8. Time deposits	143,127,000	142,831,000	129,660,000
9. Reserve with Federal Reserve Bank	32,292,000	32,751,000	32,277,000
10. Bills payable and rediscounts with Federal Reserve Bank	25,314,000	11,188,000	22,978,000

Savings Deposits Savings deposits of 88 banks in the Eleventh District that operate a savings department amounted to \$150,471,826 on July 31, which was 1.9 per cent smaller than a month earlier but 7.6

per cent in excess of those a year ago. There were 301,423 savings accounts carried at 80 of these banks at the close of July as compared to 301,318 on June 30 and 276,118 on July 31, 1928.

SAVINGS DEPOSITS

	Number of Reporting Banks	July 31, 1929		July 31, 1928		Increase or Decrease	June 30, 1929		Increase or Decrease
		Number of Depositors	Amount of Deposits	Number of Depositors	Amount of Deposits		Number of Depositors	Amount of Deposits	
Beaumont.....	4*	5,635	\$ 2,601,885	5,453	\$ 2,501,722	+ 4.0	5,615	\$ 2,618,518	- .6
Dallas.....	6	63,635	25,407,230	58,876	23,624,375	+ 7.5	63,816	26,050,780	-2.5
El Paso.....	2	15,264	5,857,073	14,271	5,800,934	+ 1.0	15,224	6,173,434	-5.1
Fort Worth.....	3	23,898	8,806,534	22,018	7,925,040	+11.1	23,929	9,341,649	-5.7
Galveston.....	3	13,934	8,922,754	13,631	9,346,283	- 4.5	13,881	9,157,834	-2.6
Houston.....	13*	73,858	35,004,498	66,298	32,210,468	+ 8.7	73,628	35,098,040	- .3
San Antonio.....	8*	30,561	21,685,692	24,349	19,688,250	+10.1	30,844	22,047,472	-1.6
Shreveport.....	4*	21,195	11,341,310	22,350	11,563,767	- 1.9	21,211	11,596,508	-2.2
Waco.....	4	9,956	6,993,766	9,114	6,472,083	+ 8.1	9,965	7,066,944	-1.0
Wichita Falls.....	2	4,281	1,551,310	4,214	1,427,793	+ 8.7	4,150	1,600,171	-3.1
All others.....	39*	39,206	22,299,774	35,544	19,307,438	+15.5	39,055	22,709,408	-1.8
Total.....	88	301,423	\$150,471,826	276,118	\$139,868,153	+ 7.6	301,318	\$153,460,758	-1.9

*Only 3 banks in Beaumont, 11 banks in Houston, 7 banks in San Antonio, 3 banks in Shreveport and 36 banks in "All others" reported the number of savings depositors.

AUGUST DISCOUNT RATES

Prevailing Rates'

	Dallas	El 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.....	6-6½	6-8	6-8	6	6	6-8
Rate charged on loans to other banks secured by bills receivable.....	6	6	5-6	5½-6	6	6
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
(a) Demand.....	6	6	6-8	6-7	6-8	7-8
(b) Time.....	6-8	6-8	6-8	6-7	6-8	7-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	6-7	6-10	6-8	6	6-8	7-8
Rate on cattle loans.....	6-7	6-8	6-8	7	4-8	7-8

Deposits of Member Banks The combined daily average of net demand and time deposits of member banks in the Eleventh District reflected a slight increase in July. Net demand deposits declined from a daily average of \$643,038,000 in June to \$640,034,000 in July but this reduction was more than offset by an increase in time deposits which rose from a daily average of \$226,110,000 in the former month to \$230,834,000 in the latter month. Combined deposits of member banks aggregated \$869,195,000 on August 8, 1928.

DAILY AVERAGE DEPOSITS OF MEMBER BANKS
(In thousands of dollars)

	Combined Total		Reserve City Banks		Country Banks	
	Net demand deposits	Time deposits	Net demand deposits	Time deposits	Net demand deposits	Time deposits
Jan., 1929.....	\$745,109	\$225,788	\$299,004	\$132,908	\$446,105	\$ 92,880
Feb., 1929.....	733,901	227,359	291,979	130,680	441,922	96,679
Mar., 1929.....	718,066	230,965	292,149	132,987	425,917	97,978
April, 1929.....	693,137	231,507	287,987	135,064	405,150	96,443
May, 1929.....	673,097	230,791	280,284	133,018	392,813	97,773
June, 1929.....	643,038	226,110	260,317	129,412	382,721	96,698
July, 1929.....	640,034	230,834	270,274	138,357	369,760	92,477

Operations of the Federal Reserve Bank Rising from \$15,742,529 on June 30 to \$37,479,423 on July 31, total loans to member banks in the Eleventh District were \$11,513,818 greater on the latter date than they were a year ago. Borrowings of both reserve city and country banks showed a material increase during the month. The increase in loans to banks in rural sections was primarily due to customary seasonal requirements of farmers during the period immediately preceding the harvesting of the District's cotton crop, whereas, the increased demand from banks in reserve cities resulted largely from financial needs incident to the movement and storage of this year's wheat crop and to the requirements of business and industry. On August 15, total loans to member banks amounted to \$42,659,959, showing a further gain of \$5,180,536 over July 31, and \$13,022,350 increase as compared to the corresponding date last year. There were 287 borrowing banks

at the close of the month as against 187 a month earlier and 180 on July 31, 1928.

Reflecting the increase in loans to member banks, total bills held rose from \$23,246,920.27 on June 30 to \$44,481,988.93 on July 31, distributed as follows:

Member banks' collateral notes secured by United States Government obligations.....	\$13,571,200.00
Rediscounts and other loans to member banks.....	23,908,223.46
Open market purchases (Bankers' Acceptances).....	6,508,753.47
Discounts for non-member banks.....	493,812.00
Total bills held.....	\$44,481,988.93

Federal reserve notes in actual circulation amounting to \$43,039,200 at the close of July showed an expansion of \$5,017,190 during the month and were \$13,428,195 larger than a year ago. This increase, while due in part to seasonal influences, occurred largely as a result of the introduction of the new small sized currency. The daily average reserve deposits of member banks amounted to \$62,465,456 during July as compared to \$63,321,219 in June and \$65,777,383 in July, 1928.

FAILURES

A sharp upward trend in the business mortality rate in the Eleventh Federal Reserve District occurred during the past month. While the number of failures rose from 27 in June to 39 in July, the figure for the latter month was smaller than in any month of the current year prior to June and compares with 54 defaults in July, 1928. Due to the occurrence of some larger failures, however, the liabilities of defaulting firms totaled \$1,975,746 as against \$710,032 in the previous month and were larger than in any month since May, 1928.

PETROLEUM

A further large increase was shown in the production of crude oil in the Eleventh Federal Reserve District in July. With all areas showing gains except East Central Texas, the total production of oil rose to 27,405,200 barrels which was 1,983,050 barrels in excess of the output in June and 4,248,500 barrels greater than in July last year. Field work

increased in the major fields of the district. There were 659 completions in July of which 336 were producers of oil and 69 were gas wells as compared to 604 completions in June of which 315 were oil producers and 54 were gas wells. The new production added from producers completed in July totaled 104,970 barrels as against 160,023 barrels of initial production in June.

The daily average output of oil in Texas rose from 811,140 barrels in June to 848,111 barrels in July. Central West and North Texas ranked first and second, respectively, as the largest contributors to the gain. Gray County of North Texas reflecting the results of an active drilling campaign during the past few months, increased its production to a new high level. Due to a lack of proven territory, drilling in the Hendricks field of Central West Texas has shown a gradual decline, new field work now being confined mostly to inside locations. On the other hand, Pecos fields of the same district offer better possibilities and field work continued active in these areas. Boosted by new production from extension wells, Barbers Hill during the latter part of July rose to third place among Texas Coastal fields in daily average production. The total output of crude oil in North

Louisiana was increased from 1,087,950 barrels in June to 1,113,750 barrels in July.

JULY DRILLING RESULTS

	Com-pletions	Pro-ducers	Gas Wells	Fallures	Initial Production
North Texas.....	232	143	8	81	36,061
Central West Texas.....	171	88	11	72	34,060
East Texas.....	9	.....	6	3	.....
Southwest Texas.....	75	37	11	27	6,765
Texas Coastal.....	86	54	6	26	26,652
Texas Wild-Cats.....	39	5	.....	34	325
Total Texas.....	612	327	42	243	103,863
North Louisiana.....	47	9	27	11	1,107
July totals, district.....	659	336	69	254	104,970
June totals, district.....	604	315	54	235	160,023

CRUDE OIL PRICES

	Aug. 6, 1929	Aug. 7, 1928
Texas Coastal Grade "A".....	\$1.30	\$1.20
North and Central Texas and North Louisiana (52 gr and above).....	1.85	1.76

OIL PRODUCTION

	July		June		Increase or Decrease	
	Total	Daily Average	Total	Daily Average	Total	Daily Average
North Texas.....	5,485,500	176,952	5,053,050	168,435	Inc. 432,450	Inc. 8,517
Central West Texas.....	13,826,650	446,021	12,492,750	416,425	Inc. 1,333,900	Inc. 29,596
East Central Texas.....	549,450	17,724	574,800	19,160	Dec. 25,350	Dec. 1,436
Texas Coastal.....	3,967,900	127,996	3,816,800	127,227	Inc. 151,100	Inc. 769
Southwest Texas.....	2,461,950	79,418	2,396,800	79,893	Inc. 65,150	Dec. 475
Total Texas.....	26,291,450	848,111	24,334,200	811,140	Inc. 1,957,250	Inc. 36,971
North Louisiana.....	1,113,750	35,927	1,087,950	36,265	Inc. 25,800	Dec. 338
Total District.....	27,405,200	884,038	25,422,150	847,405	Inc. 1,983,050	Inc. 36,633

Oil statistics compiled by the Oil Weekly, Houston, Texas.

LUMBER

An increase in production and shipments of lumber and a material gain in orders was noted in the operations of pine mills in the Eleventh District in July. Production of lumber increased from 75 per cent of normal in June to 88 per cent in July and shipments rose from 72 per cent of normal production in the former month to 77 per cent in the latter month. Orders amounted to 78 per cent of normal production, which was 13 points higher than in the previous month. The increase in production over shipments was reflected in stocks on hand which rose to 1 point above normal on July 31. Unfilled orders for lumber amounted to 39,045,496 feet at 38 mills at the close of July as compared to 41,143,550

feet on record at 40 establishments on June 30.

JULY PINE MILL STATISTICS

Number of reporting mills.....	38
Production.....	71,061,901 feet
Shipments.....	61,987,819 feet
Orders.....	62,465,307 feet
Unfilled orders July 31.....	39,045,496 feet
Normal production.....	80,539,045 feet
Stocks July 31.....	206,981,848 feet
Normal stocks.....	206,228,279 feet
Shipments below normal.....	18,551,226 feet—23%
Actual production below normal.....	9,477,144 feet—12%
Orders below normal production.....	18,073,738 feet—22%
Stocks above normal.....	753,569 feet—1%

(Lumber statistics compiled by Southern Pine Association)

CEMENT

Activities at Portland cement mills in Texas increased considerably in July, the volume of output and shipments of cement reaching the highest level of any previous month on record. Production amounted to 701,000 barrels, reflecting a gain of 147,000 barrels over June and 140,000 barrels over the corresponding month last year. There were 666,000 barrels of cement shipped in July, which was 87,000 barrels

greater than during the previous 30 days and 63,000 barrels above shipments in July, 1928. Stocks on hand at the close of the month showed a further gain of 7.1 per cent over those a month earlier and were 73.9 per cent greater than on the same date last year. Production during the 7 months of the current year increased 7.1 per cent over the same period of 1928 and shipments gained 3.9 per cent.

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

	July 1929	July 1928	Increase or Decrease	June 1929	Increase or Decrease	Seven Months 1929	Seven Months 1928	Increase or Decrease
Production at Texas mills.....	701,000	561,000	+25.0	554,000	+20.5	3,924,000	3,664,000	+7.1
Shipments at Texas mills.....	666,000	603,000	+10.4	579,000	+15.0	3,902,000	3,757,000	+3.9
Stocks at end of month at Texas mills.....	546,000	314,000	+73.9	510,000	+7.1	.....	.....	.....

BUILDING

Following a decline in the two previous months, the valuation of permits issued at principal cities of the Eleventh District increased in July and showed a gain over last year. Permits were issued at these centers with a valuation of \$6,500,938, which was 5.8 per cent greater than in June and

3.5 per cent larger than in the corresponding month of 1928. As compared to the same period last year, the valuation of permits issued at all centers during the seven months of this year were 3.0 per cent smaller.

BUILDING PERMITS

	July, 1929		July, 1928		Increase or Decrease	June, 1929		Increase or Decrease	Seven Months				Increase or Decrease
	No.	Valuation	No.	Valuation		No.	Valuation		1929		1928		
									No.	Valuation	No.	Valuation	
Amarillo.....	41	\$ 145,948	66	\$ 153,990	- 5.2	50	\$ 222,715	- 34.5	331	\$ 1,187,753	632	\$ 2,426,593	- 51.1
Austin.....	114	468,375	77	106,801	+338.2	68	135,473	+245.7	593	2,156,729	485	1,721,219	+ 25.3
Beaumont.....	174	278,469	139	299,584	- 7.0	163	169,051	+ 64.7	1,253	1,811,452	1,237	1,796,395	+ .8
Corpus Christi.....	51	182,137	104	303,750	- 40.0	59	356,710	- 48.9	443	1,456,303	564	4,140,666	- 64.8
Dallas.....	312	416,940	350	877,892	- 52.5	262	469,550	- 11.2	2,062	5,787,685	2,424	4,889,005	+ 18.4
El Paso.....	155	316,984	68	99,748	+217.8	95	258,546	+ 22.6	784	1,821,967	553	963,061	+ 89.2
Fort Worth.....	288	685,664	347	539,097	+ 27.2	290	1,400,703	- 51.0	2,265	7,488,786	2,816	9,304,008	- 19.5
Houston.....	181	559,735	167	157,945	+254.4	228	184,019	+204.2	1,280	1,661,410	1,388	1,847,250	- 10.1
Galveston.....	418	1,634,308	482	2,236,467	- 26.9	427	1,590,465	+ 2.8	3,195	19,936,851	3,788	20,932,008	- 4.8
Port Arthur.....	101	76,759	112	153,492	- 50.0	110	165,775	- 53.7	854	1,629,943	836	748,853	+117.7
San Antonio.....	327	833,112	298	827,471	+ .7	349	684,125	+ 21.8	2,484	12,046,680	2,414	9,711,272	+ 24.1
Shreveport.....	261	303,309	248	280,900	+ 8.0	271	310,143	- 2.2	1,848	2,313,030	1,749	2,558,829	- 9.6
Waco.....	51	531,700	35	121,981	+335.9	55	136,763	+288.9	321	1,825,540	235	1,535,559	+ 18.9
Wichita Falls.....	27	67,498	41	119,283	- 43.4	29	58,100	+ 16.2	258	661,834	384	1,154,128	- 42.7
Total.....	2,501	\$ 6,500,938	2,534	\$ 6,278,491	+ 3.5	2,456	\$ 6,142,138	+ 5.8	17,971	\$61,785,963	19,505	\$63,728,846	- 3.0

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board as of August 24, 1929)

Industrial production decreased slightly during July, but continued at a higher level than in other recent years. Wholesale commodity prices increased further during the month, reflecting chiefly higher prices of agricultural products. Loans for commercial and agricultural purposes by reporting member banks increased during July and the first half of August.

PRODUCTION

Output of manufactures decreased in July, while mineral production increased. Average daily output of automobiles, copper, tin, zinc and cotton and wool textiles decreased and there was a small decline in the production of iron and steel. In all of these industries, however, output was larger than in the same month in earlier years. Activity increased during July in silk and shoe factories and in meat packing plants, and there was also a larger output of bituminous coal and crude petroleum than in June. Reports for the first half of August indicate sustained activity in the iron and steel and automobile industries and a further increase in the output of coal and petroleum. Employment in manufacturing industries decreased in July by less than one per cent while a somewhat greater decrease in payrolls was reported. At this level, factory employment and payrolls, as in earlier months, were larger than in any other year since 1926. Value of construction contracts awarded in July was higher than in the preceding month or in July, 1928, reflecting chiefly a sharp increase in contracts for public works and utilities. For the first half of August, however, total contracts declined to a level below the corresponding period a year ago. The August estimate of the Department of Agriculture indicates a wheat crop of 774,000,000 bushels, slightly below the five year average and 128,000,000 bushels below last year's production, and a corn crop approximately equal to the five year average crop of about 100,000,000 bushels smaller than in 1928. The cotton crop is estimated at 15,543,000 bales, 7 per cent larger than last year.

DISTRIBUTION

Freight car loadings increased seasonally during July and the first two weeks of August, reflecting chiefly increased

loadings of coal, grain, and ore, while shipments of miscellaneous freight continued in about the same volume as in June. Sales of department stores declined seasonally from June and on a daily basis were about the same as in July a year ago.

PRICES

Wholesale prices in July continued the rise which began in June, according to the index of the Bureau of Labor Statistics, reflecting chiefly higher prices for farm products and their manufactures, particularly livestock and meats, grains and flour and potatoes. Prices of hides and leather also increased. Wool, rayon, and textile products declined slightly in price. There was a marked advance in the price of sugar and rubber prices also rose somewhat. Prices of petroleum and gasoline declined and prices of iron and steel were somewhat lower. During the first three weeks in August there were declines in the prices of cotton, petroleum, beef, sugar, oats, rubber and tin and marked fluctuations in prices of pork and wheat.

BANK CREDIT

Loans for commercial purposes by reporting member banks increased to new high levels during the four weeks ending August 14, while security loans, after increasing further during the latter part of July, declined during the first two weeks in August. Member bank borrowing at the reserve banks averaged \$45,000,000 less during the week ending August 17 than in the week ending July 20, reflecting increased sales of acceptances to the reserve bank and further imports of gold. Open market rates on call and time loans of securities were firmer during the last half of July and the first week of August. During the second week of August rates on call loans declined while rates on commercial paper in the open market advanced from 6 to 6¼ per cent. On August 8 the discount rate of the Federal Reserve Bank of New York was increased from 5 to 6 per cent and the buying rate on bankers acceptances was reduced from 5¼ to the market rate of 5½ per cent.