

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

	August	July	Increase or Decrease
Bank debits to individual accounts (at 17 cities).....	\$911,879,000	\$918,468,000	Dec. 0.7%
Department store sales.....			Inc. 12.5%
Reserve bank loans to member banks at end of month.....	\$ 47,600,240	\$ 37,479,423	Inc. 27.0%
Reserve bank ratio at end of month.....	54.2%	54.8%	Dec. 0.6 points
Building permit valuation at larger centers.....	\$ 8,384,950	\$ 6,500,938	Inc. 29.0%
Commercial failures (number).....	50	39	Inc. 28.2%
Commercial failures (liabilities).....	\$ 817,829	\$ 1,975,746	Dec. 58.6%
Oil production (barrels).....	28,500,100	27,405,200	Inc. 4.0%
Lumber orders at pine mills (per cent of normal production).....	91%	78%	Inc. 13 points

The continuance of a strong demand for merchandise in both wholesale and retail channels of distribution in the face of the severe drouth in the major portion of the district was a factor of outstanding importance in the business and industrial situation in the Eleventh Federal Reserve District during August. Department store sales reflected a gain of 13 per cent as compared to the previous month which was larger than usual at this season and were 4 per cent greater than in the corresponding month in 1928. Distribution of merchandise at wholesale reflected a large seasonal gain as compared to the previous month and in most lines of trade it exceeded that of August a year ago. Reports from some sections most severely affected by the drouth, however, are to the effect that buying was slow. Debits to individual accounts at banks in larger cities were practically the same as in the previous month but exceeded those of August, 1928, by 11 per cent.

Financial statistics reflected largely the effect of seasonal factors. The daily average of net demand and time deposits of member banks declined from \$870,868,000 during July to \$860,552,000 in August. The latter figure compares with actual deposits of \$902,978,000 on September 12, 1928. Federal Reserve bank loans to member banks, due to the demand for credit in connection with the completion of crop cultivation and the gathering and marketing of the district's cotton crop, rose from \$37,479,423 on July 31 to a seasonal peak of \$48,761,167 on September 7, but had declined to \$45,855,522 on September 15, as a result of the liquidation from country banks from the returns of the cotton crop. Despite the heavy demand for credit, subscriptions to the September 16 issue of United States Treasury Certificates of Indebtedness bearing 4⁷/₈ per cent interest, amounted to \$62,721,000

against which allotments of \$27,814,000 were made.

The past month witnessed a further sharp increase in the number of commercial failures, there being a considerable increase as compared to both the previous month and the corresponding month last year. The indebtedness of insolvent firms, however, showed a large decline as compared with the previous month, but was larger than a year ago.

The valuation of building permits issued at principal cities reflected a further increase of 29 per cent as compared with the previous month but was 6 per cent less than in the corresponding month last year. The production, shipments, and new orders for lumber, while larger than in July were smaller than a year ago. The production and shipments of cement rose to a new high level during the month.

The severe drouth over the major portion of the district during the past month caused a substantial reduction in the prospective yield of practically all growing crops. The most serious injury was to the cotton crop as the drouth, together with insect activity in the Southern portion of the district resulted in the Department of Agriculture reducing the estimated yield of the Texas cotton crop 691,000 bales between August 1 and September 1, the estimate on the latter date being 1,000,000 bales less than the actual production in 1928. The heavy general rains during the first half of September, however, stopped deterioration of growing crops and in those instances where the crops have not matured, the rains will be of considerable benefit. The physical condition of ranges and livestock likewise deteriorated during August as a result of the drouth, but since the rains, reports indicate that conditions are showing a material improvement.

CROP CONDITIONS

Practically all growing crops in the Eleventh District deteriorated during the past month as a result of the severe

drouth which covered the major portion of the district. The heavy rains which have fallen over a large portion of

the district since September 1, however, have in most instances effectively broken the drouth and will be of material benefit to those crops which have not yet reached maturity. The rains were of particular benefit in Northwestern Texas where they were needed for the maturity of late row crops and for the preparation of wheatlands and the seeding of small grains. According to the Department of Agriculture the sowing of fall wheat has already begun in Northwest Texas and it is expected that the acreage this fall will exceed the 2,576,000 acres sown a year ago.

The Department of Agriculture estimated the prospective yield of cotton in Texas on September 1 as 4,107,000 bales as compared to an indicated production of 4,798,000 bales on August 1 and an actual production of 5,106,000 bales in 1928. The 46 per cent of normal condition forecasts a per acre yield of 112 pounds as compared to 138 pounds per acre in 1928. The extremely high temperatures and the lack of moisture caused deterioration in the crop seldom equalled in rapidity or severity; in addition to this, many portions of the Southern half of Texas have sustained severe losses as the result of insect activity, many fields being infested with every insect known to the farmer. In many instances, poisoning has had little or no effect. In fact, there are many fields which will yield practically nothing. In portions of West, West-Center, Central, East and South Texas root rot has taken a heavy toll. In the Northern half of Texas insect activity has caused very little damage but the high temperatures and dry weather stunted the growth of the plant and caused premature opening of the bolls. Owing to the unusually large percentage of late planted cotton, abandonment has been heavy and the plants have fruited poorly. Reports indicate that bolls generally are small and the staple short. The general rains which fell over the state during the first half of September relieved the drouthy condition but the consensus of opinion is that they caused very little improvement in the crop. While the moisture will tend to cause unopened bolls to mature more normally and some of the cotton which was still blooming will mature additional bolls, the damp weather will undoubtedly increase the activity of insects which in many instances will preclude the maturing of a top crop. Picking in most sections has advanced rapidly, the Bureau of Census reporting that there had been 812,000 bales ginned prior to September 1, as compared to 843,000 bales in 1928. In Louisiana, the drouth greatly reduced the threat of weevil damage, and did not affect plant growth so adversely as in Texas. While the condition of the crop in Oklahoma showed a decline greater than the average, the weevil damage was not as great as earlier expected. According to the Government estimate, the prospective yield in both Louisiana and Oklahoma on September 1 was greater than a month earlier.

The Department of Agriculture reported that the condition of the Texas corn crop was 60 per cent of normal on September 1, as compared to 74 per cent a year ago. The estimated production was placed at 81,550,000 bushels, which represents a decline of 5,246,000 during the month. The prospective production of corn in Louisiana, however, showed a slight increase as compared to a month ago. While this crop suffered somewhat from dry weather in portions of New Mexico, late reports indicate that the crop is in generally good condition. On September 1 the condition of grain sorghums in Texas was estimated as 50 per cent of normal, which compares with 68 per cent a month earlier

and 75 per cent a year ago. The indicated production was reduced from 54,131,000 bushels on August 1 to 41,224,000 bushels on September 1. The estimated production in Oklahoma on September 1 was 20,101,000 bushels and that of New Mexico was 3,189,000 bushels and in each instance represents a decline from the August 1 estimate. The condition of tame hay in Texas dropped from 77 per cent on August 1 to 67 per cent on September 1 and the indicated production on the latter date was placed at 695,000 tons, which represents a reduction of 103,000 tons during the month. Wild hay is yielding at approximately the same rate as a year ago.

The Texas rice crop remained in good condition throughout the month. Harvesting and threshing operations have proceeded under generally favorable conditions. The indicated production was estimated by the Department of Agriculture as 6,486,000 bushels as compared to 7,308,000 bushels a year ago. Peanuts were reported at 58 per cent of normal condition, with an indicated yield of 77,708,000 pounds. The condition of sweet potatoes suffered a severe decline during August and the 54 per cent of normal conditions on September 1 indicated a yield of 7,245,000 bushels as against an indicated production of 8,731,000 bushels a month earlier. Apples were hurt by the dry weather during the month, but citrus fruits are in good condition.

LIVESTOCK

The extremely dry weather during August over North, Northwest, and West Texas and some of the Southeastern counties of New Mexico, brought about rapid deterioration in the condition of ranges. Range grasses were becoming dry and browned and feed was getting short; stock water was scarce in many localities. In most other sections of the district, however, there had been sufficient moisture to sustain the growth of grass during the dry weather. The heavy general rains during the first half of September relieved the drouth in practically all sections except localities in Southeastern New Mexico and scattered localities elsewhere. Since the rains, reports indicate that ranges are beginning to green and that prospects point toward fair to good pasturage for fall and winter grazing. While cattle and sheep in some portions of the district had begun to shrink toward the later part of August, livestock generally held up fairly well. Livestock in most of Arizona and New Mexico are reported to be in good condition.

The condition of cattle ranges in Texas on September 1 was 76 per cent of normal as compared to 85 per cent a month ago and 86 per cent a year ago. The condition of sheep and goat ranges declined from 88 per cent on August 1 to 75 per cent on September 1 and on the latter date was 12 points less than a year ago. The September 1 condition of cattle was reported at 83 per cent of normal, which represents a decline of 5 points during the month and 6 points as compared with a year ago. The condition of sheep declined 5 points during August and that of goats declined 6 points.

Movements and Prices

The receipts of cattle at the Fort Worth market reflected a noticeable decline as compared to the previous month and were substantially smaller than in August, 1928. The arrivals of calves while larger than a month earlier were

fewer than a year ago. The number of hogs yarded was greater than in either the previous month or the corresponding month last year. The receipts of sheep showed a considerable decline as compared to July but were larger than a year ago.

The cattle market during August and the first week in September was uneven and draggy with the trend of prices toward lower levels. Practically all classes of cattle suffered a decline in price but there was usually a good outlet for choice offerings at fair prices. Following the rains early in September there was a reduced volume of receipts, an improvement in demand and a slightly upward tendency in prices. Hog, sheep, and lamb prices worked to lower levels.

FORT WORTH LIVESTOCK RECEIPTS

	August 1929	August 1928	Loss or Gain	July 1929	Loss or Gain
Cattle.....	60,865	85,998	L 25,133	68,505	L 7,640
Calves.....	32,091	40,732	L 8,641	25,304	G 6,787
Hogs.....	27,031	26,175	G 856	23,001	G 3,430
Sheep.....	35,409	29,142	G 6,267	45,075	L 10,266

COMPARATIVE TOP LIVESTOCK PRICES

	August 1929	August 1928	July 1929
Beef steers.....	\$13.75	\$14.00	\$14.75
Stocker steers.....	12.50	13.00	12.25
Butcher cows.....	9.00	9.85	9.50
Stocker cows.....	5.75	8.00	.....
Calves.....	12.75	13.00	14.25
Hogs.....	11.35	12.25	11.85
Sheep.....	9.00	9.00	9.00
Lamb.....	13.00	14.50	13.25

Cotton Movements

The August receipts of cotton at the ports of Houston and Galveston reflected a seasonal gain as compared to the previous month but were smaller than a year ago. Exports of cotton through these ports were smaller than in either the previous month or the corresponding month last year. There was likewise a further decline in exports from all United States ports. The domestic consumption of cotton during August amounted to 558,113 bales as compared to 546,457 bales in July and 526,340 bales in August, 1928.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	August 1929	August 1928	August 1 to August 31 This Season	Last Season
Receipts.....	52,212	72,597	52,212	72,597
Exports.....	35,065	57,971	35,065	57,971
Stocks, August 31.....	.....	.....	92,742	98,212

GALVESTON STOCK STATEMENT

	August 31, 1929	August 31, 1928
For Great Britain.....	3,900	2,000
For France.....	3,500	3,200
For other foreign ports.....	16,700	19,200
For coastwise ports.....	3,000	2,500
In compresses and depots.....	65,642	71,312
Total.....	92,742	98,212

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	August 1929	August 1928	August 1 to August 31 This Season	Last Season
Receipts.....	91,481	117,101	91,481	117,101
Exports.....	51,175	67,817	51,175	67,817
Stocks, August 31.....	.....	.....	174,291	188,116

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

	August 1 to August 31 This Season	Last Season
Receipts.....	452,811	316,168
Exports: Great Britain.....	24,165	37,545
France.....	19,752	22,256
Continent.....	157,289	155,405
Japan-China.....	27,001	47,279
Mexico.....	147	100
Total foreign ports.....	228,354	262,585
Stocks at all United States ports August 31.....	653,548	475,228

SPOT COTTON PRICES—(Middling Basis)

	August, 1929		Sept., 14 1929
	High	Low	
New York.....	19.35	17.95	18.70
New Orleans.....	19.20	17.99	18.26
Dallas.....	18.65	17.30	17.70
Houston.....	19.05	17.85	18.50
Galveston.....	19.15	17.90	18.45

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	Aug., 1929	Aug., 1928	August 1 to August 31 This Season	Last Season	Aug., 1929	Aug., 1928	August 1 to August 31 This Season	Last Season
Cotton Consumed.....	428,382	403,431	428,382	403,431	558,113	526,340	558,113	526,340
Cotton on hand August 31:								
(a) In consuming establishments.....	.....	.....	496,365	428,537	.....	.....	802,200	781,470
(b) In public storage and compresses.....	.....	.....	1,199,902	1,042,850	.....	.....	1,387,187	1,141,283

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to August 31 This Season	Last Season	August 1 to August 31 This Season	Last Season
Cottonseed received at mills (tons).....	149,417	166,400	239,538	175,643
Cottonseed crushed (tons).....	72,113	65,559	121,769	74,116
Cottonseed on hand (tons).....	97,153	114,035	159,109	123,499
Crude oil produced (pounds).....	.....	.....	35,453,136	20,913,907
Cake and meal produced (tons).....	.....	.....	56,311	35,101
Hulls produced (tons).....	.....	.....	32,310	20,372
Linters produced (running bales).....	.....	.....	26,369	14,030
Stocks on hand, August 31:				
Crude oil (pounds).....	.....	.....	51,727	18,715
Cake and meal (tons).....	.....	.....	58,051	27,013
Hulls (tons).....	.....	.....	55,357	41,069
Linters (running bales).....	.....	.....	.....	.....

COTTONSEED PRODUCTS

Seasonal expansion in the operation of cottonseed oil mills was in evidence during August. With the harvesting of the cotton crop well under way, mills have begun to purchase seed in volume and a large percentage of the mills have resumed operation. The receipts and crushings of cottonseed and the production of cottonseed products showed a substantial increase as compared to a year ago.

TEXTILE MILLING

A substantial increase over both the previous month and the same month last year was shown in the consumption of cotton and production of cloth at Textile mills in the

Eleventh District in August, but orders, although greater at the close of the month than on August 31 last year, were materially less than a month earlier. There were 4,173 bales of raw cotton consumed at these mills during the current month as compared to 3,286 bales in July and 3,488 bales in August last year. The output of cloth was 27.0 per cent above that in July and exceeded production in the same period of 1928 by 6.4 per cent. Stocks on hand on August 31 were below those a month earlier and a year ago.

TEXTILE MILLING STATISTICS

	August 1929	August 1928	July 1929
Number bales consumed.....	4,173	3,488	3,286
Number spindles active.....	105,756	102,756	104,756
Number pounds cloth produced.....	1,831,689	1,722,251	1,442,630

WHOLESALE TRADE

A further seasonal expansion in the demand for merchandise at wholesale occurred during the past month. Sales in all reporting lines reflected an increase as compared with the previous month and with the exception of dry goods were in larger volume than in August, 1928. The increase over a year ago is more impressive by reason of the fact that sales in these lines were unusually active in August last year. Business in some lines, however, is reported to be somewhat spotty as the severe drouth affected crops adversely, which in turn tended to reduce buying. While reports indicate that retailers generally have been restricting purchases to well defined needs, the large volume of consumer buying has had the effect of increasing wholesale distribution. Collections in most lines reflected a substantial increase as compared to the previous month.

Reflecting the heavy buying coincident with the opening of the fall buying season in principal centers, sales of reporting wholesale dry goods concerns reflected an increase of 77.2 per cent as compared with the previous month, but fell 11.1 per cent below those in August, 1928. Retailers generally have bought very conservatively this year in view of the uncertainty regarding the outcome of the cotton crop. Collections showed a substantial increase as compared with the previous month.

The sales of farm implements at wholesale during August reflected a further slight gain as compared with the previous month and were 29 per cent greater than in the corresponding month a year ago. The demand for implements has been very active in those sections where the outlook for crops was generally favorable, but poor in some sections where crops were adversely affected by the drouth. Prices remained generally firm. Collections showed a decline as compared with the previous month.

The distribution of drugs at wholesale reflected a large increase of 25 per cent as compared with the previous month and was 6.8 per cent greater than in the same month a year ago. The increased demand appeared to be fairly general over the district, but there are a few sections where buying has been slow. Collections showed a slight increase.

The demand for hardware at wholesale reflected a further large increase during August. The sales of reporting firms were 5.0 per cent greater than in the previous month and exceeded those of August, 1928, by 13.8 per cent. While the poor outlook for crops in some sections has restricted buying to some extent, buying generally has been on a large scale. Collections reflected a moderate increase.

The August sales of reporting wholesale grocery firms were 4.8 per cent larger than in July, and 0.3 per cent greater than in the corresponding month of 1928. Buying generally has been rather spotty as the demand from transient laborers in some sections has been considerably smaller than usual. Buying in some sections, however, has been unusually good. Prices remained generally steady. Collections showed a substantial increase as compared with the previous month.

CONDITION OF WHOLESALE TRADE DURING AUGUST, 1929

Percentage of increase or decrease in:

	Net Sales August, 1929 compared with August, 1928		Net Sales July 1 to date compared with same period last year		Stocks August, 1929 compared with August, 1928		Ratio of Collec- tions during Aug. to account and notes outstanding July 31	
	1928	1929	1928	1929	1928	1929		
Groceries.....	-0.3	+4.8	+4.9	-1.0	+3.8	67.2		
Dry Goods.....	-11.1	+77.2	-8.6	-6.9	-6.4	29.5		
Farm Implements.....	+29.0	+9	+22.3	+26.3	+7	12.2		
Hardware.....	+13.8	+5.0	+10.2	.8	+1.1	37.9		
Drugs.....	+6.8	+25.0	+7.0	+5.8	+2.2	43.9		

RETAIL TRADE

The past month witnessed a strong demand for merchandise at retail in the larger centers of the Eleventh District. Sales of reporting department stores were 12.5 per cent greater than in July and exceeded those during the cor-

responding month a year ago by 4.1 per cent. Buying was especially active at some centers. Distribution during the first eight months of the current year was 0.8 per cent larger than in the same period of 1928. Buying during the early

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total Sales: (Percentage)						
August, 1929, compared with August, 1928.....	+8.4	-2.2	+10.8	-1.9	+1.1	+4.1
August, 1929, compared with July, 1929.....	+20.3	+4.4	+12.4	+9.1	+11.0	+12.5
January 1 to date compared with same period last year.....	+4.3	-1.9	-0.0	-1.7	+4	+8
Credit Sales: (Percentage)						
August, 1929, compared with August, 1928.....	+8.8	+4.6	+19.7	+1.7	+5.9	+8.4
August, 1929, compared with July, 1929.....	+25.6	+14.4	+23.9	+12.4	+21.6	+21.1
January 1 to date compared with same period last year.....	+6.3	+2.5	+1.2	+8	+4.2	+3.6
Stocks: (Percentage)						
August 31, 1929, compared with August 31, 1928.....	+2.6	-3.4	-3.7	-6.5	-6.6	-2.8
August 31, 1929, compared with July 31, 1929.....	+19.8	+13.3	+16.1	+6.1	+11.7	+14.5
Stock Turnover: (Rate)						
Rate of stock turnover in August, 1928.....	.21	.17	.20	.24	.18	.20
Rate of stock turnover in August, 1929.....	.23	.17	.23	.24	.19	.21
Rate of stock turnover January 1 to August 31, 1928.....	1.85	1.60	1.96	2.10	1.74	1.83
Rate of stock turnover January 1 to August 31, 1929.....	2.00	1.62	2.05	2.27	1.76	1.92
Ratio of August collections to accounts receivable outstanding August 1, 1929.....	30.5	32.1	34.2	37.5	32.7	32.7

part of September was retarded somewhat by the warm weather but recent reports indicate that sales are improving following the recent cool weather.

Stocks on hand at the close of August reflected a seasonal increase of 14.5 per cent due to the accumulation of fall and winter merchandise, yet they were 2.8 per cent smaller than on August 31, 1928. The rate of stock turnover during the first eight months of the current year was 1.92 as compared to 1.83 during the corresponding period last year.

Collections reflected a seasonal decline during the month. The ratio of August collection to accounts outstanding on August 1 was 32.7 per cent as compared to 35.4 per cent in July and 32.3 per cent in August, 1928.

FINANCIAL

Debits to individual accounts at banks in principal cities of the Eleventh District showed a slight decline of 0.7 per cent in August as compared to July but reflected a gain of 11.2 per cent over the same month last year. Charges to

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	August 1929	August 1928	Increase or Decrease	July 1929	Increase or Decrease
Abilene	\$ 9,312	\$ 9,527	- 2.3	\$ 9,283	+ .3
Austin	21,266	16,249	+30.9	18,670	+13.9
Beaumont	27,638	23,384	+18.2	27,201	+ 1.6
Corsicana	6,500	5,131	+26.7	5,863	+10.9
Dallas	237,562	211,025	+12.6	223,645	+ 6.2
El Paso	37,951	32,478	+16.9	39,242	- 3.3
Fort Worth	113,478	99,875	+13.6	130,836	-13.3
Galveston	35,514	37,832	- 6.1	31,179	+13.9
Houston	203,648	179,165	+13.7	210,800	- 3.4
Port Arthur	12,002	9,430	+27.3	12,847	- 6.6
Roswell	3,855	4,059	- 5.0	4,757	-19.0
San Antonio	89,205	83,608	+ 6.7	88,606	+ .7
Shreveport	43,032	42,444	+ 1.4	41,137	+ 4.6
Texarkana*	15,222	14,168	+ 7.4	16,039	- 5.1
Tucson	10,197	10,699	- 4.7	10,435	- 2.3
Waco	18,171	15,752	+15.4	16,737	+ 8.6
Wichita Falls	27,326	25,045	+ 9.1	31,191	-12.4
Total	\$911,879	\$819,871	+11.2	\$918,468	- .7

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

individual accounts at these banks amounted to \$911,879,000 during the month as against \$918,468,000 in July and \$819,871,000 in August, 1928.

Acceptance Market

The volume of acceptances executed by accepting banks in the Eleventh District and outstanding at the close of the month amounted to \$3,269,653 on August 31, representing an increase of \$308,648 over the volume a month earlier but a decline of \$443,192 as compared to a year ago. While acceptances executed against import and export transactions declined from \$1,464,332 on July 31 to \$1,441,123 on August 31, the reduction was more than offset by the increase in acceptances based on the domestic shipments and storage of goods which rose from \$1,496,673 on the former date to \$1,828,530 on the latter date.

Condition of Member Banks in Selected Cities

Reflecting the increase in business activity and the financing of the movement and storage of agricultural commodities, funds of banks in selected cities of the Eleventh District were shifted from investment to commercial channels. Investments of these banks in United States securities declined from \$33,058,000 on August 7 to \$29,374,000 on September 4, more than offsetting the increase in their holding of other stocks and bonds which amounted to \$41,836,000 on the latter date as compared to \$40,673,000 on the former date. Loans on securities, amounting to \$95,207,000, were reduced \$8,170,000 during the period. All other loans (largely commercial) reflected a sharp increase of \$12,534,000 and stood at \$261,591,000 on September 4. On this date, total loans and investments aggregated \$478,008,000 as against \$476,165,000 on August 7 and \$453,784,000 on September 5, 1928. While net demand deposits increased \$1,781,000 during the month, time deposits declined \$555,000. Their reserves with the Federal Reserve Bank rose \$1,331,000 and their bills payable and rediscounts with this bank showed a further gain of \$8,723,000.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Sept. 4, 1929	August 7, 1929	Sept. 5, 1928
1. Number of reporting banks	42	43	44
2. United States securities owned	\$ 79,374,000	\$ 83,058,000	\$ 80,778,000
3. All other stocks, bonds and securities owned	41,836,000	40,673,000	38,492,000
4. Loans on securities	95,207,000	103,377,000	103,848,000
5. All other loans	261,591,000	249,057,000	230,666,000
6. Total loans	356,798,000	352,434,000	334,514,000
7. Net demand deposits	279,235,000	277,454,000	291,179,000
8. Time deposits	142,572,000	143,127,000	128,358,000
9. Reserve with Federal Reserve Bank	33,623,000	32,292,000	32,533,000
10. Bills payable and rediscounts with Federal Reserve Bank	34,037,000	25,314,000	14,359,000

SEPTEMBER 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	5-6	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	6-7	6-8	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	7-8	7-8	6½	7-8	6½-8
Rate on cattle loans	6-7	6-8	7-8	7-8	7-8	7-8

Savings Deposits Savings deposits of 89 banks in the Eleventh District that operate a savings department amounted to \$149,434,137 on August 31, representing an increase of 0.5 per cent over those on July 31 and a gain of 7.1 per cent as compared to

August 31, 1928. There were 298,404 savings accounts carried at 81 of these banks at the close of August as against 297,401 a month earlier and 273,892 on the corresponding date last year.

SAVINGS DEPOSITS

	Number of Reporting Banks	August 31, 1929		August 31, 1928		Increase or Decrease	July 31, 1929		Increase or Decrease
		Number of Depositors	Amount of Deposits	Number of Depositors	Amount of Deposits		Number of Depositors	Amount of Deposits	
Beaumont.....	4*	5,663	\$ 2,592,593	5,481	\$ 2,556,698	+ 1.4	5,635	\$ 2,602,297	- .4
Dallas.....	6	63,503	25,437,371	58,903	23,597,430	+ 7.8	63,648	25,407,230	+ 1
El Paso.....	2	15,364	5,820,814	14,334	5,936,948	- 2.0	15,264	5,857,073	- .6
Fort Worth.....	3	23,910	8,800,725	22,573	7,901,406	+11.4	23,898	8,806,528	- .1
Galveston.....	3	13,923	8,853,142	13,638	9,181,143	- 3.6	13,934	8,922,754	- .8
Houston.....	13*	74,089	34,992,154	66,867	32,703,620	+ 7.0	73,108	34,201,792	+ 2.3
San Antonio.....	8*	30,639	21,818,626	24,395	19,783,483	+10.3	30,557	21,684,722	+ .6
Shreveport.....	4*	21,143	11,198,277	22,369	11,491,407	- 2.6	21,195	11,341,310	- 1.3
Waco.....	4	9,983	6,924,071	9,192	6,404,658	+ 8.1	9,962	7,003,462	- 1.1
Wichita Falls.....	2	4,241	1,585,340	4,190	1,493,461	+ 6.2	4,281	1,551,310	+ 2.2
All others.....	40*	35,946	21,411,024	31,950	18,460,111	+16.0	35,919	21,382,580	+ 1
Total.....	89	298,404	\$149,434,137	273,892	\$139,510,365	+ 7.1	297,401	\$148,761,058	+ .5

*Only 3 banks in Beaumont, 11 banks in Houston, 7 banks in San Antonio, 3 banks in Shreveport and 37 banks in "All others" reported the number of savings depositors.

Deposits of Member Banks The daily average of combined deposits of member banks in the Eleventh District declined \$10,316,000 in August. The net demand deposits averaged \$629,909,000 during the month which was \$10,125,000 less than in July and time deposits aggregating \$230,643,000 in daily average reflected a slight reduction of \$191,000. Actual deposits of these banks amounted to \$902,978,000 on September 12, 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	230,955	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
Aug., 1929.....	629,909	230,643	260,019	137,174	369,890	93,469

Operations of the Federal Reserve Bank A further seasonal increase was shown in loans to member banks in the Eleventh District in August. Aggregating \$47,600,240 at the close of the month, total loans to member banks were \$10,120,817 in excess of those a month earlier and \$17,056,010 greater than a year ago. After increasing to \$48,761,167 on September 7, which was the highest level reached in any previous year since 1923, these loans subsequently declined to \$45,800,522 on September 15 but were \$27,192,857 larger than on the corresponding date of last year. The demand for funds created by the seasonal expansion of business and industry and by the movement of the cotton crop together with the movement and storage of other commodities was reflected in the increased borrowings of reserve city banks. Loans to banks in rural sections showed a further expansion during August in response to the needs of farmers for use in connection with the completion of crop cultivation and to the needs of banks for the initial movement of cotton but the gradual liquidation in the Southern portion of the district partially offset the demand in other sections. As the picking and ginning of cotton became general over the district during the last days of August and early September, loans to country banks showed a decline. There were 263 borrowing banks on August 31 as compared to 247 on July 31 and 186 on August 31, 1928.

Due entirely to the increase in loans to member banks, total bills held rose from \$44,481,988.93 on July 31 to

\$53,973,240.08 on August 31, distributed as follows:

Member banks' collateral notes secured by United States Government obligations.....		\$16,433,500.00
Rediscunts and other loans to member banks.....		31,166,740.39
Discounts for non-member banks.....		443,914.63
Open market purchases (Bankers' Acceptances).....		5,929,985.06
Total Bills held.....		\$53,973,240.08

Reflecting a seasonal expansion of \$5,349,200 during August, Federal Reserve notes in actual circulation amounted to \$48,388,400 at the close of the month and compared with \$34,216,870 on the same date last year. The daily average reserve deposits of member banks amounted to \$61,167,552 in August, representing an increase of \$1,297,904 as compared to July but a decline of \$1,309,404 from the daily average in August, 1928.

FAILURES

While the number increased, the indebtedness involved in failures in the Eleventh District after increasing considerably in July, showed a sharp reduction in August. As compared to the same period last year, however, both the number and liabilities of failures were higher. The indebtedness of defaulting firms amounted to \$817,829 in August as compared to \$1,975,746 in July and \$628,000 in the same month last year. The number of failures was 50 as against 39 in the previous month and 41 in the corresponding period of 1928.

PETROLEUM

Continuing its upward trend, which began last May, total production of crude oil in the Eleventh District showed a further gain of 1,094,900 barrels in August. The total amount of crude oil produced during the month amounted to 28,500,100 barrels which compared with 27,405,200 barrels in July and 22,135,450 barrels in the corresponding month last year. Drilling was at a high rate, the number

AUGUST DRILLING RESULTS

	Completions	Producers	Gas Wells	Failures	Initial Production
North Texas.....	373	246	21	106	108,869
Central West Texas.....	259	145	20	94	55,141
East Texas.....	9	.....	7	2	20
Southwest Texas.....	68	40	4	24	10,285
Texas Coastal.....	141	97	6	38	64,753
Texas Wild-Cats.....	70	4	1	65	3,156
Total Texas.....	920	532	59	329	242,224
North Louisiana.....	78	26	31	21	4,847
August totals, district.....	998	558	90	350	247,071
July totals, district.....	659	336	69	254	104,970

of completions being 998 of which 558 were producers of oil and 90 were gas wells as compared to 659 completions in July that netted 336 oil and 69 gas wells. The quantity of initial production rose from 104,970 barrels in July to 247,071 barrels in the current month. A material increase was noted in wild cat operations.

The daily average output in Texas fields aggregated 882,726 barrels and represented a gain of 34,615 barrels over July. A phenomenal increase was shown in the production of North Texas whose total for the month exceeded that of July by 1,218,850 barrels. Due, however, to the steadily rising output in Gray county, the largest single producing unit in North Texas, agreement was reached and effected in August whereby the yield in the former area would be restricted until October 1st. Central West Texas reported a

decline of 215,000 barrels which resulted in an increase in proration allowance being granted to those sections showing the heaviest declines. Production in Salt Flat field which has been gradually declining since early summer showed a further reduction in August. A moderate increase was reflected in the yield of the Texas Coastal region but East Central and South West Texas reported declines. In North Louisiana, the total output was 21,850 barrels above that in July.

CRUDE OIL PRICES

	Sept. 11, 1929	Sept. 12, 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

	August		July		Increase or Decrease	
	Total	Daily Average	Total	Daily Average	Total	Daily Average
North Texas.....	6,704,350	216,269	5,485,500	176,952	Inc. 1,218,850	Inc. 39,317
Central West Texas.....	13,611,650	439,086	13,826,650	446,021	Dec. 215,000	Dec. 6,935
East Central Texas.....	543,400	17,529	549,450	17,724	Dec. 6,050	Dec. 195
Texas Coastal.....	4,105,750	132,444	3,967,900	127,996	Inc. 137,850	Inc. 4,448
Southwest Texas.....	2,399,350	77,398	2,461,950	79,418	Dec. 62,600	Dec. 2,020
Total Texas.....	27,364,500	882,726	26,291,450	848,111	Inc. 1,073,050	Inc. 34,615
North Louisiana.....	1,135,600	36,632	1,113,750	35,927	Inc. 21,850	Inc. 705
Total District.....	28,500,100	919,358	27,405,200	884,038	Inc. 1,094,900	Inc. 35,302

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

LUMBER

While operations of pine mills in the Eleventh District were greater in August than in July, they were on a smaller scale than in the corresponding month of last year. Production of lumber amounted to 90 per cent of normal as compared to 88 per cent in July and 95 per cent in August, 1928. Shipments increased from 77 per cent of normal production in the previous month to 85 per cent in August but were 21 points below those in the same period last year. Orders, amounting to 91 per cent of normal production, rose 13 points during the month but showed a reduction of 16 points from a year ago. Stocks on hand on August 31 were 106 per cent of normal as compared to 101 per cent a month earlier and 99 per cent a year previous. Unfilled

orders for lumber at 36 mills were recorded at 43,217,550 feet at the close of the month as against 39,045,496 feet on the books of 38 establishments on July 31.

AUGUST PINE MILL STATISTICS

Number of reporting mills.....	36
Production.....	69,659,870 feet
Shipments.....	65,812,475 feet
Orders.....	70,742,477 feet
Unfilled orders August 31.....	43,217,550 feet
Normal production.....	77,319,642 feet
Stocks August 31.....	209,423,414 feet
Normal stocks.....	197,984,675 feet
Shipments below normal.....	11,507,167 feet—15%
Actual production below normal.....	7,659,772 feet—10%
Orders below normal production.....	6,577,165 feet—9%
Stocks above normal.....	11,438,739 feet—6%

(Lumber statistics compiled by Southern Pine Association)

BUILDING

Construction activity in the Eleventh Federal Reserve District reflected a further improvement during August. The valuation of building permits issued at principal centers

amounted to \$8,384,950 which represents a gain of 29.0 per cent as compared to the July volume. While the above amount was 5.5 per cent less than that in the corresponding

BUILDING PERMITS

	August, 1929		August, 1928		Increase or Decrease	July, 1929		Increase or Decrease	Eight Months				Increase or Decrease
	No.	Valuation	No.	Valuation		No.	Valuation		1929		1928		
								No.	Valuation	No.	Valuation		
Amarillo.....	57	\$ 154,470	63	\$ 100,590	+ 53.6	41	\$ 145,948	+ 5.8	388	\$ 1,342,223	695	\$ 2,527,183	- 46.9
Austin.....	101	205,404	75	126,808	+ 61.9	114	468,375	- 56.1	694	2,362,133	560	1,848,087	+ 27.8
Beaumont.....	160	218,814	148	866,605	- 74.8	174	278,469	- 21.4	1,413	2,030,266	1,385	2,662,000	- 23.7
Corpus Christi.....	83	99,410	88	458,902	- 78.3	51	182,137	- 45.4	526	1,555,713	652	4,599,568	- 66.2
Dallas.....	263	501,331	240	750,544	- 33.2	312	416,940	+ 20.2	2,325	6,289,016	2,664	5,639,549	+ 11.5
El Paso.....	114	628,529	91	214,530	+193.4	155	316,984	+ 98.3	898	2,450,496	644	1,177,591	+108.1
Fort Worth.....	242	427,731	342	777,329	- 45.0	288	685,664	- 37.6	2,507	7,916,517	3,158	10,081,337	- 21.5
Galveston.....	219	1,671,227	186	253,315	+559.7	181	559,735	+198.6	1,499	3,332,637	1,574	2,100,565	+ 58.7
Houston.....	470	2,369,429	463	2,256,131	+ 5.0	418	1,634,308	+ 45.0	3,665	22,306,280	4,251	23,188,139	- 3.8
Port Arthur.....	173	490,213	117	846,988	- 42.1	101	76,759	+538.6	1,027	2,120,156	953	1,595,841	+ 32.9
San Antonio.....	350	949,650	358	1,676,100	- 43.3	327	833,112	+ 14.0	2,864	12,996,330	2,772	11,387,372	+ 14.1
Shreveport.....	255	330,451	303	339,498	+ 12.1	261	303,309	+ 25.4	2,103	2,693,481	2,052	2,898,327	- 7.1
Waco.....	40	103,446	33	106,688	- 3.0	51	531,700	- 80.5	361	1,928,986	268	1,642,247	+ 17.5
Wichita Falls.....	24	184,845	42	98,190	+ 88.3	27	67,498	+173.9	282	846,679	426	1,252,318	- 32.4
Total.....	2,551	\$ 8,384,950	2,549	\$ 8,872,278	- 5.5	2,501	\$ 6,500,938	+ 29.0	20,552	\$70,170,913	22,054	\$72,600,124	- 3.3

month of 1928, it was the largest for any month since April. Of the fourteen reporting cities there were nine which showed increases as compared to the previous month and seven which showed a gain over a year ago. The total value of permits issued during the first eight months of 1929 was \$70,170,913, which was 3.3 per cent less than the value of permits issued during the same period of 1928.

CEMENT

Operations of cement mills in Texas were on a larger scale in August than in any previous month on record. Production, amounting to 707,000 barrels, showed a gain

of 0.9 per cent over the output in July and was 36.2 per cent greater than during August last year. Shipments exceeded production and amounted to 786,000 barrels which was 18.0 per cent larger than in the previous month and 26.2 per cent above those in the same period of 1928. Stocks on hand on August 31 were 14.7 per cent less than a month earlier but showed a large increase of 120.9 per cent over a year ago. Production during the eight months of the current year was 10.7 per cent greater than during the same period of 1928 and a gain of 7.0 per cent was reflected in shipments.

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

	August 1929	August 1928	Increase or Decrease	July 1929	Increase or Decrease	Eight Months 1929	Eight Months 1928	Increase or Decrease
Production at Texas mills	707,000	519,000	+36.2	701,000	+ .9	4,631,000	4,183,000	+10.7
Shipments at Texas mills	786,000	623,000	+26.2	666,000	+18.0	4,688,000	4,380,000	+ 7.0
Stocks at end of month at Texas mills	466,000	211,000	+120.9	546,000	-14.7	.....	.....	.....

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Production in basic industries increased somewhat in August as compared with July, but the increase was less than is usual at this season, with the consequence that the Board's index of industrial production, which makes allowance for usual seasonal changes, showed a decline. Wholesale prices declined slightly. Credit extended by member banks increased between the middle of August and the middle of September, reflecting chiefly a growth in commercial loans.

PRODUCTION

During the month of August there was a reduction in the output of iron and steel and copper, and a slight decline in the production of automobiles. Meat packing establishments were also somewhat less active during the month, while seasonal increases were reported in the production of textiles and shoes, coal and cement, flour and sugar, and petroleum output continued to expand. A slight increase in the number of workers employed in factories was accompanied by a substantial increase in payrolls. This increase was especially notable in industries manufacturing products for the autumn retail trade, such as clothing and furniture. For the first two weeks of September reports indicate a further decline in steel operations; reduction in lumber output resulting in part from the Labor Day holiday; and a continued seasonal rise in coal production. In the construction industry, contracts awarded in August were 25 per cent less than in July, reflecting a sharp decline in the residential group as well as in contracts for public works and utilities which were unusually large in July. As compared with last year contracts were 5 per cent lower in August, but in the first two weeks of September they were in approximately the same volume as in 1928.

The September report of the Department of Agriculture indicates a corn crop of 2,456,000,000 bushels, 13 per cent less than in 1928 and 11 per cent under the five year average. The estimated wheat crop of 786,000,000 bushels is substantially below last year, but only slightly less than the five year average. Cotton production, estimated on August 1 at 15,543,000 bales, is now expected to total 14,825,000 bales, slightly above last year.

DISTRIBUTION

Freight car loadings increased seasonally in August, as a

consequence of larger shipments of all classes of freight except grains, which moved in smaller volume than in July, when shipments of wheat were unusually large. In comparison with 1928, total car loadings showed an increase of 5 per cent.

Sales of department stores in leading cities were larger than in July and about 5 per cent above the total of August, 1928.

PRICES

Wholesale prices showed a slight downward movement in August, according to the index of the United States Bureau of Labor Statistics. This reflected chiefly declines in the prices of farm products, especially grains and flour, and live stock and meats. Woolens and worsteds also decreased in price, while silk and rayon materials were higher. There was a decline in prices of iron and steel and automobiles, and a further decrease in prices of petroleum and its products, especially gasoline. Coal prices advanced during the month. In the middle of September the prices of grains, beef, raw sugar, silk, and coal were higher than at the end of August, while prices of hogs, pork, and cotton were somewhat lower.

BANK CREDIT

Between the middle of August and the middle of September there was a further rapid increase in loans for commercial and agricultural purposes at member banks in leading cities. Security loans also increased, while investments continued to decline. During the first half of September the volume of reserve bank credit outstanding was about \$120,000,000 larger than in the middle of the year. The increase was for the most part in the reserve banks' acceptance holdings and reflected chiefly growth in the demand for currency, partly seasonal in character. Discounts for member banks, following the increase over the holiday period early in September, declined at the time of the Treasury financial operations around the middle of the month, and on September 18 were at a lower level than at any time since last June. Open market rates on prime commercial paper increased from a range of 6-6 $\frac{1}{4}$ per cent to a prevailing level of 6 $\frac{1}{4}$ per cent during the first week in September, while acceptance rates remained unchanged.