

MONTHLY BUSINESS REVIEW

OF THE

FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	September	August	Increase or Decrease
Bank debits to individual accounts (at 17 cities).....	\$981,231,000	\$911,879,000	Inc. 7.6%
Department store sales.....			Inc. 30.7%
Reserve bank loans to member banks at end of month.....	\$ 34,112,983	\$ 47,600,240	Dec. 28.3%
Reserve bank ratio at end of month.....	60.7%	54.2%	Dec. 6.5 points
Building permit valuation at larger centers.....	\$ 6,465,678	\$ 8,384,950	Dec. 22.9%
Commercial failures (number).....	38	50	Dec. 24.0%
Commercial failures (liabilities).....	\$ 315,886	\$ 817,829	Dec. 61.4%
Oil production (barrels).....	27,299,250	28,500,100	Dec. 4.2%
Lumber orders at pine mills (per cent of normal production).....	79%	91%	Dec. 12 points

A sharp decline in the business mortality rate in the Eleventh District and a rapid liquidation of indebtedness at the Federal Reserve Bank were important developments in this district during the past month. As compared to the previous month there was a reduction of 24 per cent in the number of failures and a decline of 61 per cent in the amount of indebtedness involved. The number of defaults with one exception was fewer than in any month of the current year and the liabilities of insolvent firms were smaller than in any month in more than two years. Federal Reserve Bank loans to member banks rose to a seasonal peak of \$48,761,167 on September 7, but the subsequent rapid liquidation carried these loans down to \$29,959,355 on October 15, and on the latter date they were only \$1,032,940 larger than a year ago. While the decline in loans was seasonal in character, it was in marked contrast to developments last fall when loans remained at a high level until the latter part of the year. The daily average of combined net demand and time deposits of member banks rose from \$860,552,000 in August to \$892,636,000 in September. Coincident with the liquidation of loans and the rise in deposits, there has been a heavy demand for bankers' acceptances and commercial paper. Debits to individual accounts at banks in larger centers reflected a gain of 8 per cent as compared to the previous month and were 5 per cent greater than a year ago.

The distribution of merchandise in both wholesale and retail channels during September reflected a slowing down as compared to the strong demand evident during the two preceding months. While department store sales showed a seasonal increase of 31 per cent as compared to the previous month, they were 3 per cent smaller than in September, 1928. Wholesale distribution reflected a noticeable decline as compared to August, but in a majority of reporting lines,

sales were larger than a year ago. This let-up in trade was occasioned in part by the unseasonable temperatures prevailing throughout the month and the unsatisfactory returns from crops in some areas.

The agricultural situation showed no marked change from a month ago. The September rains were very beneficial to some crops which showed a material improvement, but other crops continued to decline as they were too far advanced to be benefited by the rains or conditions remained unfavorable for proper maturity. The crops most adversely affected were cotton and grain sorghums. On the basis of the October 1 estimates of the Department of Agriculture, the production of cotton in the Eleventh District this year will be smaller than in any year since 1923 and the prospective production of grain sorghums is the lowest since 1925. Farmers have made good progress with the harvesting of crops due to the long period of open weather. A heavy general rain is needed throughout the district to enable farmers to proceed with the seeding of small grains and with fall plowing. The physical condition of ranges and livestock showed some improvement during September, but the October 1 condition was considerably below that of a year ago. Live-stock prices have evidenced a further recession.

The valuation of building permits issued at principal centers reflected a decline of 23 per cent as compared to the previous month, but was 2 per cent larger than a year ago. The operation of pine mills in this district showed a substantial recession from both the previous month and the same month last year. The production and shipments of cement remained near the high level of August and reflected a large gain over a year ago.

CROP CONDITIONS

The rains over a considerable portion of the Eleventh District during September afforded some relief from drouthy conditions and were beneficial to some growing crops. In other instances, however, crops showed a further deterioration due to the lack of moisture or to the fact that the rains came too late to offset the bad effects of the drouth. In some portions of West and Northwest Texas, where sufficient rain has fallen, farmers have made good progress in the seeding of small grains and reports indicate that wheat and oats are coming up to a good stand. In other portions, numerous complaints are to the effect that the ground is too dry for seeding operations. In practically all sections of the district a heavy general rain is needed to enable the farmers to proceed with fall plowing and the seeding of wheat, oats, barley, and rye.

According to the figures derived from the October 1 estimates of the Department of Agriculture, the production of corn in the Eleventh District will total 100,956,000 bushels as against a prospective yield of 95,627,000 bushels on September 1 and an actual yield of 114,742,000 bushels in 1928. The higher total, as compared to September 1, was due largely to the improved prospects for the state of Texas, where the indications now point toward an average yield of 18.2 bushels, or a total production for the state of 86,796,000 bushels. The crop in much of South Texas and in scattered localities elsewhere was very good, but in other portions of the state the crop ranges from poor to fair. The grain sorghums in New Mexico and Oklahoma showed an improvement during September, but the condition of the Texas crop continued to deteriorate. The decline in Texas was due to the fact that the September rains were not general in the heavy producing sections of the state. Average per-acre yield in the state will be reduced about 45 per cent as compared with the 1928 yields. There is a decided shortage in the United States production of grain sorghums this year as the output in practically every producing state is smaller than a year ago. The total production for the country is estimated as equivalent to 93,074,000 bushels as compared with 142,533,000 bushels last year and an average of nearly 123,000,000 bushels during the previous five years. The indicated production for tame hay on October 1 was greater than a month earlier and substantially larger than the actual production in 1928.

There was a further decline in the indicated yield of cotton for this district. Figures derived from the October estimates of the Department of Agriculture indicate a yield of 4,889,000 bales as against a forecast of 5,034,000 bales on September 1, and an actual production of 5,946,000 bales in 1928. The indicated production for Texas was reduced 157,000 bales during September and is 1,156,000 bales below the actual production for 1928. The per-acre yield for the state is estimated by the Department of Agriculture as 108 pounds as against a per-acre yield of 138 pounds in 1928. The Bureau of Census reported that ginnings prior to October 1 were 2,130,000 bales, or 55 per cent of the estimated production. The Department of Agriculture reported that the development of the crop in Texas and Oklahoma has brought to light the small size of the open bolls and also the small number of bolls on the plants which could benefit from rains that occurred early in September. About three-fourths of the crop in the Southern half of Texas has been picked and one-third of that in the Northern portion.

Very little top crop is expected and many farmers are plowing under the stalks to stop the increase of insects. Yields this year have been very irregular as the season was one of excessive rains followed by drought and extreme insect activity. The department reported that only 40 out of 219 cotton growing counties in Texas are exceeding last year's production.

Weather conditions for the harvesting of the Texas rice crop were very favorable and the yield is turning out better than was expected. Practically all of the early varieties have been threshed, the yield being generally satisfactory and the quality of the grain good. The October 1 condition, as reported by the Department of Agriculture, was 90 per cent of normal, which indicates a production of 6,707,000 bushels as compared to prospects for 6,486,000 bushels on September 1.

While the sweet potato crop showed a decided improvement in some areas of Texas following the September rains, the crop as a whole deteriorated and the indicated yield on October 1 was 6,136,000 bushels as compared to a forecast of 7,245,000 bushels a month earlier. The crop in Oklahoma and Louisiana, likewise, deteriorated during September, but the October 1 estimate for the latter state was larger than the production in 1928. The prospective yield of white potatoes on October 1 was greater than a month earlier in every state attached to this district, but the yield in Texas, Oklahoma, and Louisiana was smaller than a year ago.

The condition of peanuts in Texas reflected a noticeable improvement, the indicated yield on October 1 being 85,747,000 pounds as compared to an estimated yield of 77,708,000 pounds on September 1. This crop did well despite the long duration of the drought and fair yields are expected in that portion of the crop not yet matured. Harvesting is well advanced in the South and is now under way in other sections. The Department of Agriculture reported that the nuts are of good quality. The September rains were very beneficial to the citrus fruits in the Rio Grande Valley. The crop is practically mature and the fruit of excellent quality. The fruit will soon begin to move in quantity.

LIVESTOCK

Following the beneficial rains during September, range and livestock conditions in the Eleventh Federal Reserve District showed some improvement. Nevertheless, conditions are somewhat spotty as there are localities in practically every section of the district where rainfall has been insufficient to revive the ranges, and conditions in those localities are poor to only fair. In the major portion of the district moisture conditions are adequate for present needs and ranges are fair to excellent. Heavy general rains are needed to insure ample winter pasturage and to replenish the supply of stock water. In those areas where ranges have been good, many cattle are fat and the movement to market is becoming brisk, but there is a tendency to hold young stock and desirable breeding stock. There is no general tendency, however, to restock the ranges. In those localities where range grass is short and the feed supply inadequate, cattlemen are culling herds closely in order to avoid buying feed to carry cattle during the winter in the face of uncertainties as to the future trend of prices. Trading on the ranges is unusually dull for this season of the year.

The Department of Agriculture reported that the condition of cattle ranges in Texas on October 1 was 81 per cent of normal as compared to 76 per cent a month earlier and 89 per cent on the corresponding date in 1928. While sheep and goat ranges showed an improvement of 4 points during September, the October 1 condition of 79 per cent was much below the excellent condition of a year ago when it was reported at 98 per cent. The condition of Texas cattle on October 1 was reported at 83 per cent of normal, which was the same as a month earlier and compares with 89 per cent on October 1, 1928. The condition of sheep and goats was 84 and 87 per cent, respectively, which represents a gain of 2 points during the month in each instance. On October 1, 1928, the condition of sheep was reported as 95 per cent of normal and that of goats as 94 per cent.

Movements and Prices

Receipts of cattle at the Fort Worth market during September, while greater than for the previous month, were considerably smaller than for the same month of 1928. The arrivals of calves and sheep, however, showed a good gain over both months. The receipts of hogs for the month were slightly smaller than for either the previous month or September, 1928.

Following the rains early in September, the receipts of cattle declined somewhat and the demand showed some improvement with the result that cattle prices were a little firmer. Subsequently, however, prices on all classes of cattle evidenced a downward trend until the second week of October, when the market on most classes reflected a slight stiffening. The hog market reflected a downward trend throughout the six-week period. Prices for sheep and lambs followed an uneven course, but were slightly higher in the middle of October than six weeks earlier.

FORT WORTH LIVESTOCK RECEIPTS

	Sept. 1929	Sept. 1928	Loss or Gain	August 1929	Loss or Gain
Cattle.....	68,315	87,415	L 19,100	60,865	G 7,450
Calves.....	44,228	37,536	G 6,692	32,091	G 12,137
Hogs.....	25,909	27,960	L 2,051	27,031	L 1,122
Sheep.....	45,675	32,028	G 13,647	35,409	G 10,266

COMPARATIVE TOP LIVESTOCK PRICES

	September 1929	September 1928	August 1929
Beef steers.....	13.00	13.50	13.75
Stocker steers.....	11.50	13.25	12.50
Butcher cows.....	9.00	9.75	9.00
Stocker cows.....	6.25	8.75	5.75
Calves.....	12.00	13.50	12.75
Hogs.....	10.90	12.30	11.35
Sheep.....	8.50	8.50	9.00
Lambs.....	12.75	14.00	13.00

Cotton Movements

The September receipts and exports of cotton through the ports of Houston and Galveston reflected a large seasonal increase as compared to the previous month, but were smaller

than for the corresponding month last year. The September exports from all United States ports totaled 725,876 bales as compared to 226,018 bales in August and 809,953 bales in September, 1928. The domestic consumption of cotton, while slightly smaller than in the previous month, showed a substantial gain over September last year. The consumption of cotton during the first two months of the current season was 8.4 per cent greater than during the same period of the previous season.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	September 1929	September 1928	August 1 to This Season	September 30 Last Season
Receipts.....	266,556	477,014	318,768	549,611
Exports.....	134,579	183,971	169,644	241,942
Stocks, September 30.....			224,719	391,255

GALVESTON STOCK STATEMENT

	September 30, 1929	September 30, 1928
For Great Britain.....	10,200	13,500
For France.....	8,100	15,200
For other foreign ports.....	42,200	72,700
For coastwise ports.....	5,500	5,000
In compresses and depots.....	158,719	284,855
Total.....	224,719	391,255

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	September 1929	September 1928	August 1 to This Season	September 30 Last Season
Receipts.....	447,389	460,916	538,870	578,017
Exports.....	205,529	229,014	256,704	296,831
Stocks, September 30.....			393,000	393,435

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

	August 1 to This Season	September 30 Last Season
Receipts.....	1,820,376	1,609,431
Exports: Great Britain.....	136,596	104,241
France.....	102,318	87,951
Continent.....	525,247	519,992
Japan-China.....	122,204	166,095
Mexico.....	1,332	230
Total foreign ports.....	885,697	878,509
Stocks at all United States ports, September 30.....	1,214,205	1,065,734

SPOT COTTON PRICES—(Middling Basis)

	September, 1929 High	Low	October 15, 1929
New York.....	19.55	18.40	18.35
New Orleans.....	19.33	18.08	17.98
Dallas.....	18.55	17.50	17.20
Houston.....	19.20	18.45	18.10
Galveston.....	19.25	18.45	18.25

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	Sept., 1929	Sept., 1928	August 1 to This Season	Last Season	Sept., 1929	Sept., 1928	August 1 to This Season	Last Season
Cotton Consumed.....	423,058	381,012	851,440	784,443	545,649	492,307	1,103,762	1,018,647
Cotton on hand September 30:								
(a) In consuming establishments.....			522,591	409,243			792,028	720,108
(b) In public storage and compresses.....			3,050,608	2,549,467			3,224,859	2,637,683

COTTONSEED PRODUCTS

The receipts of cottonseed at Texas mills reflected a large seasonal increase as compared to the previous month, but were smaller than in September last year. The production of cottonseed products at Texas mills during the first two months of the current season reflected a decline as compared to the same period a year ago, but the production at all United States mills was larger. The decline from a year ago at Texas mills is largely accounted for by the smaller ginnings of cotton in this state. Stocks of cottonseed products on hand at both Texas mills and all United States mills were larger at the close of September than on that date a year ago.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to September 30	August 1 to September 30	August 1 to September 30	August 1 to September 30
	This Season	Last Season	This Season	Last Season
Cottonseed received at mills (tons).....	425,514	555,584	1,159,856	1,041,334
Cottonseed crushed (tons).....	235,420	251,590	610,714	495,478
Cottonseed on hand (tons).....	210,209	317,188	590,747	567,828
Crude oil produced (pounds).....	68,956,203	72,943,886	184,841,061	147,701,004
Cake and meal produced (tons).....	111,873	118,369	271,974	220,829
Hulls produced (tons).....	62,774	69,265	166,424	138,146
Linters produced (running bales).....	49,733	49,502	125,693	98,588
Stocks on hand September 30:				
Crude oil (pounds).....	19,708,820	14,262,641	47,305,339	42,249,720
Cake and meal (tons).....	24,337	20,730	83,778	61,411
Hulls (tons).....	41,414	38,009	89,245	72,882
Linters (running bales).....	39,250	33,709	101,583	86,589

TEXTILE MILLING

Activities at Textile mills in the Eleventh District declined in September as compared to August but were on a larger scale than in the corresponding month last year. There were 2,959 bales of raw cotton consumed as compared to 3,494 bales in August and 2,497 bales in September, 1928. Production of cloth was 15.6 per cent less than in the previous month but 25.8 per cent above that in the same period of the previous year. Orders on hand September 30 were slightly larger than a month earlier and a year ago while stocks were smaller than at both previous periods.

TEXTILE MILLING STATISTICS

	September 1929	September 1928	August 1929
Number bales consumed.....	2,959	2,497	3,494
Number spindles active.....	96,516	96,516	96,516
Number of pounds of cloth produced.....	1,255,675	998,451	1,488,290

WHOLESALE TRADE

The distribution of merchandise at wholesale, after showing considerable expansion during the two preceding months, reflected a decline in September. Groceries was the only line in which sales were greater than in the previous month, but the sales of drugs, hardware, and farm implements were larger than in September, 1928. Consumer demand during the past month was retarded to some extent by the unusually warm weather, while buying in some sec-

RETAIL TRADE

The sales of department stores in larger centers of the Eleventh District reflected a further seasonal expansion of 30.7 per cent as compared to the previous month, but were 2.9 per cent less than in the corresponding month last year. Although the smaller volume of business this year was due in part to the unusually warm weather prevailing during September which retarded the movement of fall merchandise, it should be remembered that business was unusually active a year ago.

tions was reduced by reason of the small returns from crops. Reports indicate that retailers are adhering closely to the policy of limiting purchases to well defined needs. Some dealers report that business during the first half of October was generally satisfactory. Collections in most lines reflected a substantial increase over the previous month.

The sales of wholesale dry goods firms during September reflected a decline of 9.5 per cent as compared to the previous month and were 5.0 per cent less than in the corresponding month last year. The unseasonable temperatures prevailing during the month retarded the buying of fall merchandise and the uncertainty regarding the course of the raw cotton market caused some hesitation on the part of retailers in the buying of cotton goods. Collections showed a substantial increase over the preceding month.

The distribution of farm implements at wholesale, while 6.2 per cent less than in the previous month, showed a gain of 32.1 per cent as compared to September, 1928. Sales during the third quarter averaged 25.3 per cent greater than for the same period a year ago. Reports indicate that buying of some types of implements is very good, but the demand for others is poor. Collections showed a large seasonal increase. Prices remained generally firm.

The sales of reporting wholesale hardware firms were 2.8 per cent less than in the previous month but showed a slight increase of 0.8 per cent as compared to the corresponding month last year. Sales during the past three months have averaged 8.0 per cent greater than in the same period last year. Collections showed a substantial gain during the month.

While the sales of reporting wholesale grocery firms showed an increase of 1.2 per cent over the previous month, they were 5.1 per cent less than in September of last year. While buying is reported to be somewhat spotty, dealers report that trade generally is fairly satisfactory. Prices remained generally firm.

The demand for drugs at wholesale showed a decline of 5.0 per cent as compared to the previous month, but was 1.9 per cent greater than a year ago. Sales during the third quarter averaged 5.2 per cent greater than for the corresponding period last year. Collections showed no material change from the previous month.

CONDITION OF WHOLESALE TRADE DURING SEPTEMBER, 1929
Percentage of increase or decrease in:

	Net Sales September, 1929 compared with Sept. 1928		Net Sales July 1 to date compared with same period last year		Stocks Sept., 1929 compared with Sept., 1928		Ratio of collections during Sept. to accounts and notes outstanding August 31.	
	Sept. 1928	Aug. 1929	last year	last year	Sept. 1928	Aug. 1929	Aug. 31.	Aug. 31.
Groceries.....	- 5.1	+ 1.2	+ .5	- 1.6	+ 4.6	71.0		
Dry Goods.....	- 5.0	- 9.5	- 5.6	-11.0	- 9.7	27.1		
Farm Implements.....	+32.1	- 6.2	+25.3	+33.0	+18.5	16.5		
Hardware.....	+ .8	- 2.8	+ 8.0	+ 4.1	+ .5	41.4		
Drugs.....	+ 1.9	- 5.0	+ 5.2	+ 8.0	- 1.3	40.8		

Stocks on hand at the close of September showed a seasonal increase of 10.6 per cent over those a month earlier and were practically the same as a year ago. The rate of stock turnover during the first nine months of 1929 was 2.18 as against 2.08 during the same period in 1928.

Collections showed some improvement. The ratio of September collections to accounts receivable on September 1 was 33.7 per cent as compared to 32.7 per cent in August and 33.0 per cent in September, 1928.

BUSINESS OF DEPARTMENT STORES

Total Sales (Percentage):	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
September, 1929, compared with September, 1928.....	+ 8.3	+ 6.2	+ 9.0	+ 9.1	+ 5.8	+ 2.9
September, 1929, compared with August, 1929.....	+39.5	+24.3	+28.5	+33.1	+23.3	+30.7
January 1 to date compared with same period last year.....	+ 4.8	- 2.4	- 1.3	- 3.2	- .5	+ .2
Credit Sales (Percentage):						
September, 1929, compared with September, 1928.....	+13.6	+ 1.2	- 7.1	- 2.8	- 3.7	+ 2.4
September, 1929, compared with August 1929.....	+47.0	+35.8	+41.4	+44.4	+25.2	+39.8
January 1 to date compared with same period last year.....	+ 7.3	+ 1.3	0.0	- .4	+ 3.0	+ 3.2
Stocks (Percentage):						
September, 1929, compared with September, 1928.....	+ 3.4	- 2.2	+ 2.3	- .4	- 3.3	+ .1
September, 1929, compared with August, 1929.....	+ 6.8	+ 9.0	+13.7	+16.8	+11.4	+10.6
Stock Turnover (Rate):						
Rate of stock turnover in September, 1928.....	.26	.20	.29	.31	.21	.25
Rate of stock turnover in September, 1929.....	.28	.19	.26	.29	.21	.24
Rate of stock turnover January 1 to September 30, 1928.....	2.10	1.79	2.24	2.43	1.96	2.08
Rate of stock turnover January 1 to September 30, 1929.....	2.28	1.80	2.37	2.54	1.97	2.18
Ratio of September collection to accounts receivable outstanding September 1, 1929.....	33.0	31.5	35.4	37.0	33.1	33.7

FINANCIAL

Debits to individual accounts at banks in larger centers of the Eleventh Federal Reserve District showed a gain of 7.6 per cent in September over August and were 5.3 per cent larger than in the corresponding month last year. The aggregate for the month was \$981,231,000 as against \$911,879,000 in the previous month and \$931,756,000 in September, 1928.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	Sept. 1929	Sept. 1928	Increase or Decrease	August 1929	Increase or Decrease
Abilene.....	\$ 9,986	\$ 10,046	- .6	\$ 9,312	+ 7.2
Austin.....	22,928	23,963	- 4.3	21,266	+ 7.8
Beaumont.....	26,792	24,362	+10.0	27,638	- 3.1
Corsicana.....	7,640	7,056	+ 8.3	6,500	+17.5
Dallas.....	267,390	263,239	+ 1.6	237,562	+12.6
El Paso.....	35,645	33,675	+ 5.9	37,951	- 6.1
Fort Worth.....	108,732	107,243	+ 1.4	113,478	- 4.2
Galveston.....	42,892	50,636	-15.3	35,514	+20.8
Houston.....	221,892	203,932	+ 8.8	203,648	+ 9.0
Port Arthur.....	13,479	9,349	+44.2	12,002	+12.3
Roswell.....	4,257	3,954	+ 7.7	3,855	+10.5
San Antonio.....	87,391	81,027	+ 7.9	89,205	- 2.0
Shreveport.....	54,723	41,100	+33.2	43,032	+27.2
Texarkana.....	16,428	16,452	- .1	15,222	+ 7.9
Tucson.....	10,409	8,442	+23.3	10,197	+ 2.1
Waco.....	24,467	22,682	+ 7.9	18,171	+34.6
Wichita Falls.....	26,180	24,598	+ 6.4	27,326	- 4.2
Total.....	981,231	931,756	+ 5.3	911,879	+ 7.6

*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 amounted to \$6,390,833 on September 30, reflecting a sub-

stantial seasonal expansion of \$3,121,180 as compared to August 31. Acceptances of these banks executed against import and export transactions rose from \$1,441,123 on August 31 to \$2,304,440 on September 30 and those based on the domestic shipment and storage of goods increased from \$1,828,530 on the former date to \$4,086,393 on the latter date.

Condition of
Member Banks
in Selected
Cities

A rather large increase in loans on securities, which brought the total to the highest level since April, and a substantial gain in all other loans (largely commercial) was noted in reports received from banks in principal cities of the Eleventh District in September. Investments of these banks were smaller than four weeks earlier. Loans on securities increased from \$95,207,000 on September 4 to \$104,658,000 on October 2, and all other loans (largely commercial) rose from \$261,591,000 on the former date to \$270,757,000 on the latter date. As compared to October 3 of last year, loans on securities and all other loans were higher by \$541,000 and \$25,193,000, respectively. Investments in United States securities on October 2, amounting to \$76,756,000, which was \$2,618,000 below the volume on September 4, more than offset a slight gain of \$410,000 shown in their holdings of other stocks and bonds. Net demand deposits increased \$7,655,000 during the four-week period, but time deposits declined \$1,470,000. Reserves of these banks with the Federal Reserve Bank declined \$1,675,000 and their bills payable and rediscounts with this bank were reduced \$10,456,000.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	October 2, 1929	September 4, 1929	October 3, 1928
1. Number of reporting banks.....	42	42	44
2. United States securities owned.....	\$ 76,756,000	\$ 79,374,000	\$ 81,700,000
3. All other stocks, bonds and securities owned.....	42,246,000	41,836,000	41,812,000
4. Loans on securities.....	104,658,000	95,207,000	104,117,000
5. All other loans.....	270,757,000	261,591,000	245,564,000
6. Total loans.....	375,415,000	356,798,000	349,681,000
7. Net demand deposits.....	286,890,000	279,235,000	304,178,000
8. Time deposits.....	141,102,000	142,572,000	130,750,000
9. Reserve with Federal Reserve Bank.....	31,948,000	33,623,000	33,804,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	23,581,000	34,037,000	21,023,000

OCTOBER DISCOUNT RATES

Prevailing Rates¹

	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.....	6-7	6-8	6-8	6	5-6	6-8
Rate charged on loans to other banks secured by bills receivable.....	6	5-6	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.....	6-8	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	6-7	6-8	6½	6-8	6½-8
Rate on cattle loans.....	6-7	6-8	7-8	7-8	4-8	7-8

Savings Deposits

Reports from banks in the Eleventh District that operate a savings department show that savings deposits aggregating \$152,027,053 on September 30 were 0.8 per cent larger

than on August 31 and 7.7 per cent greater than a year ago. There were 304,942 savings accounts carried at 81 of these banks at the close of September as against 298,494 a month earlier and 275,032 on the corresponding date of 1928.

SAVINGS DEPOSITS

	Number of Reporting Banks	September 30, 1929		September 30, 1928		Increase or Decrease	August 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*	5,676	\$ 2,569,748	5,439	\$ 2,530,011	+ 1.6	5,663	\$ 2,592,593	— .9
Dallas.....	6	64,396	25,352,176	57,479	23,859,505	+ 6.3	63,809	25,437,371	— .3
El Paso.....	2	15,389	5,814,889	14,362	5,838,125	— .4	15,364	5,820,814	— .1
Fort Worth.....	3	24,016	8,742,172	22,530	8,031,043	+ 8.9	23,910	8,802,997	— .7
Galveston.....	3	13,811	8,867,295	13,746	9,565,228	— 7.3	13,923	8,853,142	+ .2
Houston.....	13*	74,031	34,902,794	68,078	32,868,988	+ 6.2	73,789	34,960,349	— .2
San Antonio.....	7*	32,517	22,832,437	22,920	19,042,099	+19.9	28,098	22,591,625	+ 1.1
Shreveport.....	4*	21,236	11,505,772	22,491	12,226,105	— 5.9	21,144	11,199,003	+ 2.7
Waco.....	4	10,023	6,846,127	9,214	6,298,072	+ 8.7	9,981	6,924,021	— 1.1
Wichita Falls.....	2	4,215	1,613,342	4,189	1,511,166	+ 6.8	4,241	1,585,340	+ 1.8
All others.....	41*	39,632	22,980,301	34,584	19,388,388	+18.5	38,572	22,097,793	+ 4.0
Total.....	89	304,942	\$152,027,053	275,032	\$141,158,730	+ 7.7	298,494	\$150,865,048	+ .8

*Only 3 banks in Beaumont, 11 banks in Houston, 6 banks in San Antonio, 3 banks in Shreveport and 38 banks in "All others" reported the number of savings depositors.

Deposits of Member Banks

The daily average of net demand and time deposits of member banks in the Eleventh District, which amounted to \$892,636,000 in September, reflected a seasonal increase of \$32,084,000 as compared to August. Net demand deposits increased from a daily average of \$629,909,000 in August to \$658,520,000 in September and the daily average of time deposits rose from \$230,643,000 to \$234,116,000. On October 10, last year, actual net demand and time deposits of these banks amounted to \$946,071,000.

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	\$229,004	\$132,908	\$446,105	\$92,880
Feb., 1929.....	733,901	227,359	291,979	130,680	441,922	96,679
March, 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	360,317	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
Sept., 1929.....	658,520	234,116	266,795	136,950	391,725	97,166

Operations of the Federal Reserve Bank

Loans to member banks in the Eleventh District, which stood at \$47,600,240 on August 31, rose to a seasonal peak at \$48,761,167 on September 7, but reflected a rapid decline during the following three weeks and amounted to \$34,112,983 at the close of the month. Borrowings of reserve city banks were considerably less at the end of September than a month earlier and accommodations to banks in rural sections, as a result of the movement of the cotton crop, likewise, showed a sharp reduction. In many instances banks completely retired their lines with the Federal Reserve Bank, particularly so with those banks located in the Southern and Central parts of Texas. The reduction in loans to member banks during the current month was more pronounced than during the same period of 1928. In September last year loans to reserve city banks, contrary to the usual seasonal trend, reflected an increase which practically offset the decline in accommodations to country banks. On October 15 total loans amounted to \$29,959,355, reflecting a further decline of \$4,153,628 as compared to September 30 and was only \$1,032,940 greater than a year ago. There were 192 borrowing banks on September 30 as against 263 on August 31 and 158 on the corresponding date of 1928.

Due to the decline in loans to member banks, total bills held were reduced from \$53,973,240.08 on August 31 to \$45,443,352.07 on September 30, distributed as follows:

Member banks' collateral notes secured by U. S. Government obligations.....	\$11,529,750.00
Rediscounts and other loans to member banks.....	22,583,232.90
Discounts for non member banks.....	142,564.68
Open market purchases (Bankers' Acceptances).....	11,187,804.49
Total bills held.....	\$45,443,352.07

Federal Reserve notes in actual circulation amounting to \$51,656,970 on September 30 reflected a further seasonal expansion of \$3,268,570 during the month and were \$8,147,435 above actual circulation on the same date of 1928. The daily average of reserve deposits amounted to \$62,780,088 during September as compared to \$61,167,552 in August and \$65,533,390 in the same month last year.

FAILURES

A marked improvement was shown in the business mortality rate in the Eleventh Federal Reserve District in September. The indebtedness involved in failures, amounting to \$315,886, was the smallest of any previous month since July, 1927 and compares with \$817,829 in August and \$533,137 in the corresponding month last year. The number of defaults in September was 38 as against 50 in the previous month and 41 during the same period of 1928.

PETROLEUM

With all major regions sustaining losses, except North Texas, total production of crude oil in the Eleventh Federal Reserve District declined from a record output of 28,500,100 barrels in August to 27,299,250 barrels in September. The decline in some areas was due in part to the shorter month while in others it was due partly to a strict adherence to proration rules. As reflected in the number of completions, there was less activity in field work with a consequent decline being shown in initial output of new wells. There were 718 completions during the month of which 368 were oil producers, yielding 173,864 barrels of new production as compared to 998 completions in August of which 558 were oil producers with an initial flow of 247,071 barrels of oil.

CRUDE OIL PRICES

	October 15 1929	October 16 1928
Texas Coastal Grade "A".....	\$1.30	\$1.20
North and Central Texas and North Louisiana (52 gr and above).....	1.85	1.76

The daily average flow of Texas fields declined from 882,726 barrels in August to 872,937 barrels in September, Central West and Southwest Texas reporting declines more than sufficient to offset increases shown in the other districts. Despite the restriction of output in Gray county, North Texas registered a further gain in daily average yield. In Central West Texas most of the field work and output of oil were confined to Winkler and Pecos Counties with a spread of development work being reported in the Northern and Eastern sections of the latter county. Although a further reduction was shown in total yield of the Salt Flat field in Southwest Texas, the rate of decline since peak production was reached in June was considerably slower than is usual in fault line areas. Deep drilling, particularly in the Barbers Hill territory, occupied the attention of operators in

the Gulf Coastal area in September. In North Louisiana total production amounted to 1,111,150 barrels which was 24,450 barrels less than in the previous month.

SEPTEMBER DRILLING RESULTS

	Com- pletions	Pro- ducers	Gas Wells	Failures	Initial Production
North Texas.....	217	130	15	72	31,803
Central West Texas.....	206	111	11	84	90,299
East Texas.....	6	6
Southwest Texas.....	95	47	18	30	9,032
Texas Coastal.....	95	57	2	36	33,710
Texas Wild-Cats.....	49	8	2	39	2,034
Total Texas.....	668	353	54	261	166,878
North Louisiana.....	50	15	19	16	6,986
September totals, district...	718	368	73	277	173,864
August totals, district.....	998	558	90	350	247,071

OIL PRODUCTION

	September		August		Increase or Decrease	
	Total	Daily Average	Total	Daily Average	Total	Daily Average
North Texas.....	6,802,500	226,750	6,704,350	216,269	Inc. 98,150	Inc. 10,481
Central West Texas.....	12,615,150	420,505	13,611,650	439,086	Dec. 996,500	Dec. 18,581
East Central Texas.....	533,400	17,780	543,400	17,529	Dec. 10,000	Inc. 251
Texas Coastal.....	4,008,150	133,605	4,105,750	132,444	Dec. 97,600	Inc. 1,161
Southwest Texas.....	2,228,900	74,297	2,399,350	77,398	Dec. 170,450	Dec. 3,101
Total Texas.....	26,188,100	872,937	27,364,500	882,726	Dec. 1,176,400	Dec. 9,789
North Louisiana.....	1,111,150	37,038	1,135,600	36,632	Dec. 24,450	Inc. 406
Total District.....	27,299,250	909,975	28,500,100	919,358	Dec. 1,200,850	Dec. 9,383

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

LUMBER

A decline in the output and shipments and a sharp reduction in new orders for lumber were reflected in the operations of pine mills in the Eleventh District in September. Production during the month was at a rate of 87 per cent of normal as compared to 90 per cent in August and 84 per cent in September last year. Shipments amounted to 80 per cent of normal production which was not only 5 points less than in the previous month, but 16 points below those during the same period of 1928. Orders declined from 91 per cent of normal production in August to 79 per cent in Sep-

tember and in the latter month were 24 points under a year ago. Stocks rose to a high level for the year at 12 points above normal on September 30. Unfilled orders for lumber at 44 mills amounted to 48,222,608 feet at the close of September as against 43,217,550 feet recorded at 36 establishments on August 31.

BUILDING

Following a substantial increase in August, the valuation of building permits issued at principal cities in the Eleventh District reflected a 22.9 per cent decline in September, but showed a gain of 2.2 per cent over the corresponding month last year. Building permits issued at these centers during September were valued at \$6,465,678 as compared to \$8,384,950 in August and \$6,325,734 in September, 1928. It will be observed that although the combined total was greater in valuation during September this year than last, only five centers reported increases; but with only one exception the gain in each case was large. As compared to the same period of 1928, the valuation of permits issued during the nine months of the current year was 2.9 per cent smaller.

SEPTEMBER PINE MILL STATISTICS

Number of reporting mills.....	44
Production.....	79,894,314 feet
Shipments.....	73,708,359 feet
Orders.....	72,407,351 feet
Unfilled orders September 30.....	48,222,608 feet
Normal production.....	91,721,365 feet
Stocks September 30.....	262,477,888 feet
Normal stocks.....	234,861,727 feet
Shipments below normal.....	18,013,006 feet—20%
Actual production below normal.....	11,827,051 feet—13%
Orders below normal production.....	19,314,014 feet—21%
Stocks above normal.....	27,616,161 feet—12%

(Lumber statistics compiled by the Southern Pine Association.)

BUILDING PERMITS

	Sept., 1929		Sept., 1928		Increase or Decrease	Aug., 1929		Increase or Decrease	Nine Months				Increase or Decrease
	No.	Valuation	No.	Valuation		No.	Valuation		1929		1928		
									No.	Valuation	No.	Valuation	
Amarillo	53	\$ 69,165	72	\$ 124,585	— 44.5	57	\$ 154,470	— 55.2	441	\$ 1,411,388	767	\$ 2,651,768	— 46.8
Austin	102	220,083	114	210,829	+ 4.4	101	205,404	+ 7.1	796	2,582,216	674	2,058,916	+ 25.4
Beaumont	167	186,140	146	252,939	— 26.4	160	218,814	— 15.0	1,580	2,216,406	1,531	2,914,939	— 24.3
Corpus Christi	78	282,245	89	224,585	+ 25.7	83	99,410	+183.9	604	1,837,958	741	4,824,153	— 61.9
Dallas	303	768,367	309	835,144	— 8.0	263	501,331	+ 53.3	2,628	7,057,383	2,973	6,474,693	+ 9.0
El Paso	111	264,977	70	97,355	+172.2	114	628,529	— 57.8	1,009	2,715,473	714	1,274,946	+113.0
Fort Worth	231	1,411,397	321	922,143	+ 53.1	242	427,731	+230.0	2,743	9,327,914	3,479	11,003,480	— 15.2
Galveston	161	99,363	208	144,899	— 31.4	219	1,671,227	— 94.1	1,660	3,432,000	1,782	2,245,464	+ 52.8
Houston	530	1,622,669	415	1,904,054	— 14.8	470	2,369,429	— 31.5	4,195	23,928,949	4,666	25,092,193	— 4.6
Port Arthur	165	213,665	124	121,311	+ 76.1	173	490,213	— 56.4	1,192	2,333,821	1,077	1,717,152	+ 35.9
San Antonio	376	806,040	328	847,082	— 4.8	380	949,650	— 15.1	3,240	13,802,370	3,100	12,234,454	+ 12.8
Shreveport	232	313,909	272	406,505	— 22.8	255	380,451	— 17.5	2,335	3,007,400	2,324	3,304,832	— 9.0
Waco	40	119,110	27	143,100	— 16.8	40	103,446	+ 15.1	401	2,048,096	295	1,785,347	+ 14.7
Wichita Falls	27	88,548	39	91,203	— 2.9	24	184,845	— 52.1	309	935,227	465	1,343,521	— 30.4
Total	2,576	\$ 6,465,678	2,534	\$ 6,325,734	+ 2.2	2,581	\$ 8,384,950	— 22.9	23,133	\$76,636,601	24,588	\$78,925,858	— 2.9

CEMENT

Production of cement in September at Portland cement mills in Texas was maintained at the same level as in August, but shipments showed a decline. The output of 707,000 barrels in September, which was the same as in the previous month, reflected an increase of 30.0 per cent as compared with September last year. While shipments declined from 786,000 barrels in August to 680,000 barrels in September, in the latter month they exceeded shipments during the

same period of 1928, by 156,000 barrels. As a result of the spread between production and shipments, stocks on hand at the close of the month increased 5.8 per cent over those on August 31 and were 75.4 per cent larger than a year ago. During the nine months of the current year, production increased 12.9 per cent and shipments rose 9.5 per cent, compared to the same period of the previous year.

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

	September 1929	September 1928	Increase or Decrease	August 1929	Increase or Decrease	Nine Months		Increase or Decrease
						1929	1928	
Production at Texas mills.....	707,000	544,000	+30.0	707,000	None	5,338,000	4,727,000	+12.9
Shipments at Texas mills.....	680,000	524,000	+29.8	786,000	-13.5	5,368,000	4,904,000	+9.5
Stocks at end of month at Texas mills.....	493,000	281,000	+75.4	466,000	+5.8			

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Industrial activity increased less in September than is usual at this season. Production during the month continued above the level of a year ago, and for the third quarter of the year it was at a rate approximately 10 per cent above 1928. There was a further decline in building contracts awarded. Bank loans increased between the middle of September and the middle of October, reflecting chiefly growth in loans on securities.

PRODUCTION

Output of iron and steel declined further in September, contrary to the seasonal tendency. There was a sharp decrease in output of automobiles and automobile tires, and a smaller than seasonal increase in activity in the textile and shoe industries, which continued to produce at a high rate in comparison with the preceding year. Meat packing plants were more active than in August. Factories increased the number of their employees during September and payrolls were also slightly larger. Output of coal showed a substantial increase from August and the average daily production of copper mines was somewhat larger. Iron ore shipments declined seasonally, and petroleum output was reduced for the first time in several months. For the first half of October, reports indicate a further reduction in steel plant operations, a continued increase in production of bituminous coal and some increase in petroleum output following a moderate decrease during September. Building contracts awarded in September declined seasonally from August and were substantially below the corresponding months in any year since 1924. For the third quarter the volume of contracts was six per cent less than a year ago. During the first three weeks of October, contracts continued substantially below the level of last year. October estimates by the Department of Agriculture indicate a cotton crop of 14,915,000 bales, 3 per cent larger than last year; a corn crop of 2,528,000,000 bushels, 11 per cent smaller than the crop of a year ago, and 8 per cent below the five-year average; and a total wheat crop of 792,000,000 bushels, 12 per cent below last year but only slightly under the five year average.

DISTRIBUTION

Freight car loading increased by slightly less than the

usual seasonal amount in September, and continued to be larger than a year ago. In the first two weeks of October car loadings were smaller than in the corresponding weeks of 1928. Department store sales in leading cities increased seasonally during the month of September and were 2 per cent larger than a year ago. For the third quarter, as a whole, sales of the reporting stores exceeded those of the third quarter of last year by 3 per cent.

PRICES

Wholesale prices showed little change from August to September, according to the Index of the Bureau of Labor Statistics. Prices of meats and livestock declined considerably, while prices of grains advanced. The prices of raw silk, cotton, and cotton goods were higher in September, and the prices of coal increased, while prices of iron and steel products, tin, gasoline, and cement were lower. During the first three weeks of October prices declined for a considerable number of commodities, including wheat, flour, hides, steel, tin, cotton, silk, and wool.

BANK CREDIT

Between the middle of September and the middle of October there was a slight increase in the volume of loans and investments of member banks in leading cities. The banks' loans on securities increased rapidly while all other loans, including loans for commercial and agricultural purposes, declined somewhat after reaching a seasonal peak on October 2. Security holdings of the reporting banks continued the decline which has been almost uninterrupted for more than a year. At the Reserve banks there was little change in the volume of credit outstanding during the four-week period ending October 19. Further increase in the holdings of acceptances by the Federal reserve banks was accompanied by a decline in discounts for member banks, largely at the Federal Reserve Bank of New York.

Open market rates on bankers' acceptances and on prime commercial paper were unchanged during the last half of September and the first three weeks of October. On October 23 rates on bankers' acceptances declined by one-eighth per cent to a 5 per cent level for the principal maturities. Rates on demand and time loans on securities declined during the first half of October.