

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

	December	Change from November
Bank debts to individual accounts (17 cities) ..	\$1,005,183,000	— 0.6%
Department store sales		+ 38.7%
Reserve bank loans to member banks at end of month	\$ 13,290,916	— 57.0%
Reserve bank ratio at end of month	63.6%	+ 6.2 points
Building permit valuation at larger centers	\$ 7,151,906	+ 34.7%
Commercial failures (number)	39	+ 5.4%
Commercial failures (liabilities)	\$ 1,035,110	+ 136.6%
Oil production (barrels)	26,844,750	+ 1.1%
Lumber orders at pine mills (per cent of normal production)	76%	+ 11.0 points

Orderly readjustments in finance, business, and industry were the outstanding developments in the Eleventh Federal Reserve District during December. Most notable among the readjustments was the one in financial quarters. Member bank borrowings at the Federal Reserve Bank, which during the current year reached the highest point since 1922, were reduced from \$30,876,816 on November 30 to \$13,290,916 on December 31. While there was a temporary increase after the turn of the year, Federal Reserve Bank loans had fallen to \$12,943,005 on January 15, and on that date were \$7,353,579 less than on the same date in 1929. The high level of these loans during the fall months which consisted principally of borrowings of reserve city banks resulted from the cumulative effects of financial developments in Eastern markets. The easing of money rates in these centers, the increased demand for commercial paper and bankers' acceptances, and the improved bond market enabled these banks to rearrange their portfolios, to reduce their indebtedness at the Federal Reserve Bank and to place themselves in a position to meet the normal demands for credit during the coming year. It must be borne in mind, however, that member bank deposits reflected a further slight decline in December and were considerably smaller than a year ago.

Since early fall it has been increasingly apparent that the district's agricultural income would be materially lower than in either of the two preceding years due to the smaller volume of production but the situation was accentuated by the gradually declining price of the district's principal commodity—cotton. The immediate effect of these factors was seen in the reduced consumer demand which in turn had a reflex action upon distribution at wholesale. The retailers in rural sections have directed their attention to the disposal of excess merchandise with the result that new purchases at wholesale have represented nearby requirements. Furthermore, reports indicate that this policy is being adhered to more closely at present than for some time past, which will tend to maintain the soundness of business. Consumers, due to the smaller income, are restricting purchases more largely to necessities rather than showing a preference for luxury goods. On the other hand, retail buying in larger cities, as measured by department store sales, remained at a high level throughout the period even though the volume in December was considerably below that for the same month of 1928. Despite the fact that the readjustment period coincided with the period of financial strain incident to year-end settlements, commercial failures reflected an increase which was smaller than usual at this season. During the last four months of the year both the number of defaults and the volume of indebtedness involved were materially below those for any corresponding period in ten years.

There was a further curtailment of production in the district's industries to prevent the accumulation of stocks and to make possible a better alignment between demand and output. The volume of construction activity, as evidenced by the valuation of building permits issued at principal cities, was larger than in November but was considerably below December last year.

BUSINESS

Wholesale Trade

A recession in the distribution of merchandise in wholesale channels which was more than seasonal in character was in evidence during the closing month of 1929. Sales in all reporting lines were smaller than in the corresponding month of 1928 and farm implements was the only line to

show a larger volume than in the previous month. This year-end decline apparently represented the culmination of the irregularity which has characterized trade at wholesale throughout the year 1929. There was a broad demand for merchandise during the opening months of the year due to the spirit of optimism engendered by the generally satisfac-

tory returns from crops in 1928 but this period was followed by considerable fluctuations in the volume of distribution reflecting largely the varying prospects of agricultural production. While restricted buying in rural sections was evident to some extent early in the fall, it was most pronounced in November and December when the full effect of the reduced agricultural income, together with the hesitation resulting from the Eastern financial disturbances, manifested itself. While these factors were largely responsible for the year-end decline, it was accentuated by the desire of merchants to close the year with small inventories and to make the necessary readjustments in business to meet the conditions created by the materially smaller returns from the district's principal commodities.

For the fourth consecutive month the sales of dry goods at wholesale showed a decline as compared to both the previous month and the same month last year. While the small demand may be attributable in part to the in-between-season dullness, the hesitation in purchases of cotton goods on account of the declining price of raw cotton, the desire of retailers to clean their shelves of excess merchandise, and the close adherence to the policy of hand-to-mouth buying were important factors. Collections during the month were generally slow.

The distribution of farm implements reflected an increase of 15.2 per cent as compared to the previous month but was 6.6 per cent less than in the corresponding month last year. Sales during the last half of 1929 averaged 19.3 per cent larger than during the same period of the previous year. Reports indicate that the demand is poor from those sections most adversely affected by the reduction in agricultural income. Prices remained generally steady.

The sales of reporting wholesale drug firms declined 6.0 per cent as compared to November and were 14.9 per cent less than in the closing month of 1928. While distribution during the last half of the year averaged slightly smaller than in the same period of the previous year, the decline was insufficient to offset the favorable showing during the first half of the year. The demand in most sections reflected a noticeable recession during the past two months but there are some localities in which it continued on a satisfactory scale. Collections generally were fairly well sustained.

A further sharp recession of 17.4 per cent in the sales of

reporting wholesale grocery firms as compared to the previous month and a decline of 2.8 per cent from a year ago was in evidence during December. Business, however, was somewhat spotty as the demand was good in some sections but poor in others. Collections generally were slow.

A general recession in the demand for hardware was in evidence during December. Sales of reporting firms were 22.2 per cent less than in November and 6.5 per cent below those of a year ago. Sales during the year, however, averaged somewhat higher than those during 1928. Prices showed no material changes. Collections from most sections were slow.

CONDITION OF WHOLESALE TRADE DURING DECEMBER, 1929
Percentage of Increase or Decrease in:

	Net Sales December, 1929 compared with Dec. 1928	Net Sales July 1 to date compared with same period last year	Stocks Dec., 1929 compared with Dec. 1928	Ratio of collec- tions during Dec. to accounts and notes outstanding on November 30
Groceries.....	- 2.8	-17.4	- 1.6	0.0 - 6.3
Dry goods.....	-15.9	-49.3	- 9.1	-13.2 - 9.4
Farm implements.....	- 6.6	+15.2	+19.3	+41.3 - 2
Hardware.....	- 6.5	-22.2	+ 4.4	- 2.6 - 2.9
Drugs.....	-14.9	- 6.0	- 1.7	+12.8 - 7.2

Retail Trade

The sales of department stores in the larger centers of the Eleventh Federal Reserve District reflected a further seasonal increase of 38.7 per cent as compared to the previous month but were 4.9 per cent less than in the closing month of 1928. While business was generally satisfactory, the demand from consumers in certain quarters was curtailed as a result of the recent economic changes and the more than usual uncertainty regarding future developments. Sales for the year were 0.4 per cent smaller than in the previous year.

Stocks on hand at the close of December were 21.1 per cent lower than on November 30 but were 2.4 per cent greater than at the close of December, 1928. The rate of stock turnover during 1929 was 3.19 as compared to 3.13 in the previous year.

Collections reflected a decline during the month. The ratio of December collections to accounts outstanding on December 1 was 36.1 per cent as compared to 38.8 per cent in November and 37.3 per cent in December last year.

BUSINESS OF DEPARTMENT STORES

Total Sales (Percentage)	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
December, 1929, compared with December, 1928.....	- 2	- 8.8	- 6.9	- 3.9	- 6.7	- 4.9
December, 1929, compared with November, 1929.....	+36.3	+43.6	+38.8	+36.6	+39.8	+38.7
January 1 to date compared with same period last year.....	+ 4.3	- 3.1	- 2.2	- 3.2	- 1.1	- .4
Credit Sales (Percentage):						
December, 1929, compared with December, 1928.....	+ 4.2	+ .5	+ .3	+ .2	+ 1.2	+ 1.8
December, 1929, compared with November, 1929.....	+28.9	+32.7	+25.8	+33.1	+44.4	+32.1
January 1 to date compared with same period last year.....	+ 7.1	+10.0	+ 1.0	+ .8	+ 2.9	+ 4.5
Stocks (Percentage):						
December, 1929, compared with December, 1928.....	+11.6	+ 1.7	- .3	+ 1.7	- 6.1	+ 2.4
December, 1929, compared with November, 1929.....	-16.4	-29.0	-20.6	-20.1	-21.5	-21.1
Stock Turnover (Rate):						
Rate of stock turnover in December, 1928.....	.47	.44	.49	.52	.39	.44
Rate of stock turnover in December, 1929.....	.45	.41	.45	.51	.39	.42
Rate of stock turnover January 1 to December 31, 1928.....	3.24	2.69	3.31	3.69	2.93	3.13
Rate of stock turnover January 1 to December 31, 1929.....	3.33	2.67	3.39	3.71	2.94	3.19
Ratio of December collections to accounts receivable and outstanding December 1, 1929..	33.3	34.6	38.7	40.2	38.5	36.1

Commercial Failures

The business mortality rate in the Eleventh Federal Reserve District increased in December, as usually occurs at the year-end, and the indebtedness involved was greater than in the same month of 1927 or 1928. The number of firms involved, however, was fewer than in the correspond-

ing period of the past three years which indicates that defaults in the current month included some of the larger enterprises. There were 39 failures during the month as compared to 37 in November and 52 in the same period last year while the indebtedness in December amounted to \$1,-

035,110 as against \$437,535 in November, and \$839,808 in the closing month of 1928.

The commercial failure record was decidedly more favorable in the Eleventh District in 1929 than in recent years.

AGRICULTURE

Crop Conditions The rains and snows during the past month were beneficial to growing crops and in most sections of the District have left a good surface and subsoil season in the ground. There are some portions in West Texas, however, where the lack of moisture is retarding the germination and growth of winter wheat. While farmers in most sections have made fair progress with field work and winter plowing, this work in some sections has been retarded by cold weather and wet soil.

The fall sown grains generally have done well but reports from some localities indicate that the hard freezes during the latter part of December and the first half of January have damaged oats to a considerable extent. Wheat and oats in parts of West Texas have made poor to only fair progress on account of the dry weather. The Department of Agriculture estimated that the acreage sown to winter wheat in Texas in the fall of 1929 totaled 2,927,000 acres, which represents an increase of 8 per cent over that sown in the fall of 1928. The fall seeding of wheat in New Mexico was 5 per cent larger and that in Arizona was 10 per cent above that in the previous fall. The rye acreage in Texas was increased 5 per cent.

The low temperatures with sleet and snow, followed by frost, did considerable damage to truck crops in the Rio Grande Valley. Most of the tender vegetables were killed and other vegetables received a setback. This caused a slowing down in shipments during the last week in December but fruits and vegetables were again moving in heavy volume toward the middle of January. According to the Federal State Market News Service, shipments of fruits and vegetables for the season to January 11, 1930, totaled 6,771 cars as compared to 4,087 cars during the same period of the previous season.

Value of Texas crops declined in 1929 The appended table shows the estimates given out by the Department of Agriculture on the yield and value (based on

December 1 farm price) of the principal crops in Texas for the years 1928 and 1929. According to

The liabilities of defaulting firms, amounting to \$9,661,808, were the lowest of any previous year since 1924 and the number of failures, which was 525, was fewer than since 1920.

these figures the hypothetical value of all crops in Texas for 1929 amounted to \$615,351,000 as compared to \$754,359,000 in 1928. From the table it will be observed that wheat, oats, barley, and hay crops were the only ones in which there was an increase in both quantity and value. The small grain crops fared well during 1929 due to the favorable growing conditions during the winter and spring and timely rains in the late spring which insured proper maturity. The production of wheat, which totaled 37,800,000 bushels, was only slightly below the record crop of 1919. The decline in the production of grain sorghums, sweet potatoes, peanuts, and, to some extent, corn was brought about by the dry weather during the critical part of the growing season. The lower output of rice and potatoes resulted entirely from the reduced acreage but in each instance the value of the crop was greater than in the previous year as the higher price more than offset the smaller production. The major portion of the decline in the value of Texas crops was accounted for in the receipts from the cotton crop. The estimated production of 3,950,000 bales represents a decline of 1,156,000 bales in total production as compared to 1928 despite the increase in acreage, as the yield per acre dropped to 106 pounds in 1929 from 138 pounds in the previous year. Not only is the actual production the smallest since 1922 but the price has been lower than at any time since the middle of 1927. The difference between the farm price on December 1, 1929, and on that date in 1928, together with the smaller yield accounts for \$125,413,000 drop in the value of the lint.

The severe decline in the value of Texas crops, attributable so largely to cotton, emphasizes the need for greater crop diversification which is gradually gaining headway in some portions of the State. The extension of diversification has come largely through the dairy and poultry industries which are enabling farmers in many localities to obtain an income more evenly distributed throughout the year.

COMPARATIVE PRODUCTION AND VALUE OF TEXAS FARM PRODUCTS AS COMPILED BY THE UNITED STATES DEPARTMENT OF AGRICULTURE

Commodity	QUANTITY			VALUE Based on December 1 Farm Price		
	1929	1928	Increase or Decrease in Quantity	1929	1928	Increase or Decrease in Value
Cotton.....	3,950,000 bales	5,106,000 bales	- 1,156,000 bales	\$303,044,000	\$428,457,000	-\$125,413,000
Corn.....	86,127,000 bushels	99,162,000 bushels	-13,035,000 bushels	73,208,000	77,346,000	- 4,138,000
Wheat.....	37,800,000 bushels	22,176,000 bushels	+15,624,000 bushels	39,690,000	24,394,000	+ 15,296,000
Oats.....	47,096,000 bushels	35,751,000 bushels	+11,345,000 bushels	24,020,000	18,233,000	+ 5,787,000
Barley.....	5,075,000 bushels	3,276,000 bushels	+ 1,799,000 bushels	3,146,000	2,391,000	+ 755,000
Grain sorghums.....	40,921,000 bushels	69,000,000 bushels	-22,079,000 bushels	32,844,000	41,400,000	- 8,556,000
Rice.....	7,524,000 bushels	8,096,000 bushels	- 572,000 bushels	7,298,000	7,134,000	+ 164,000
Hay (tame and wild).....	990,000 tons	941,000 tons	+ 49,000 tons	12,642,000	11,881,000	+ 761,000
Broom corn.....	1,200 tons	1,400 tons	- 200 tons	134,000	150,000	- 16,000
Potatoes (white).....	2,393,000 bushels	2,690,000 bushels	- 297,000 bushels	3,590,000	2,690,000	+ 900,000
Potatoes (sweet).....	7,384,000 bushels	8,284,000 bushels	- 900,000 bushels	7,753,000	8,284,000	- 531,000
Peanuts.....	71,050,000 pounds	81,900,000 pounds	-10,850,000 pounds	2,629,000	3,112,000	- 483,000
Total value of twelve crops.....				\$509,998,000	\$625,472,000	-\$115,474,000
Hypothetical value of all crops.....				\$615,351,000	\$754,359,000	-\$139,008,000

Livestock The condition of ranges in the Eleventh District during the past month reflected the usual seasonal decline but conditions in Southeastern

Arizona and the Southern half of New Mexico are considerably better than a year ago. Range feed in these areas is reported to be plentiful and the recent snows have insured

an ample supply of stock water. In Texas, while the rains and snows were beneficial to ranges and left an ample supply of moisture in the soil, the cold weather during December and the first half of January held back the growth of range vegetation and as old range feed was short in certain areas, some feeding was necessary. Clear and warmer weather is needed in most areas to permit the growth of range vegetation.

While cattle suffered some shrinkage during the cold waves, they have remained in good flesh generally and losses were light. The Department of Agriculture reported that the condition of cattle in Texas on January 1, 1930, was 82 per cent of normal as compared to 81 per cent on December 1, 1929, and 86 per cent on January 1, 1929. The condition of cattle in New Mexico and Arizona was reported slightly lower than a month earlier but considerably above that of a year ago. The condition of sheep declined during December in all three states.

Movements and Prices While the December receipts of cattle, calves, and sheep at the Fort Worth market were on a considerably smaller scale than in November, they were larger than in December, 1928. The arrivals of hogs showed a substantial gain over the previous month but were less than a year ago.

The cattle market followed an uneven course during the past six weeks but there has been a firmer undertone with quotations slightly higher at the middle of January than at

the end of November. The most noticeable showing of strength was in the calf division where a broad demand developed during the second week in January. While the hog market was irregular at times, slightly higher prices prevailed toward the middle of January than six weeks earlier. The sheep and lamb trade was fair to good at most times with prices working to a higher level.

PORT WORTH LIVESTOCK RECEIPTS
(Number)

	December 1929	December 1928	Change over Year	November 1929	Change over Month
Cattle.....	58,465	55,085	+3,380	73,204	-14,739
Calves.....	28,160	23,432	+4,728	48,805	-20,645
Hogs.....	26,291	29,234	-2,943	21,073	+ 5,218
Sheep.....	25,504	18,165	+7,339	31,455	- 5,951

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars Per Hundred Weight)

	December 1929	December 1928	November 1929
Beef steers.....	\$14.00	\$13.00	\$13.00
Stocker steers.....	11.00	12.25	11.00
Butcher cows.....	8.25	8.75	8.00
Stocker cows.....	6.25	8.00	7.50
Calves.....	11.25	11.25	10.75
Hogs.....	9.75	8.95	9.75
Sheep.....	9.00	9.00	7.75
Lambs.....	13.00	14.00	12.75

FINANCIAL

Operations of the Federal Reserve Bank A sharp reduction occurred in loans to member banks in the Eleventh Federal Reserve District in December, the total receding from \$30,876,816 on November 30 to \$13,290,916 on December 31. On the latter date, however, total borrowings of member banks were \$2,129,471 above those at the close of the previous year. While loans to banks in rural sections showed a fairly steady decline throughout the month, most of the reduction in member bank indebtedness at the Federal Reserve Bank occurred during the first half of December when increased deposits at reserve city banks enabled them to retire their lines at a rapid rate. Loans to member banks increased after the turn of the year but at a slower rate than a year ago and subsequently declined to \$12,943,005 on January 15, which was \$7,353,579 less than on the same date in 1929. Borrowings of country banks were further reduced during the first half of January while those of banks in reserve cities after fluctuating somewhat were at about the same level as on December 31. There were 59 banks borrowing from the Federal Reserve Bank at the close of the year as compared to 96 on November 30, and 35 on December 31, 1928.

Due to a decline in both loans to member banks and open market purchases, total bills held receded from \$41,466,334.96 on November 30 to \$22,499,979.02 on December 31, distributed as follows:

Member banks' collateral notes secured by United States	
Government obligations.....	\$ 3,263,500.00
Rediscounts and other all loans to member banks.....	10,027,415.84
Open market purchases (Bankers' acceptances).....	9,209,063.18
Total bills held.....	\$22,499,979.02

The net circulation of Federal reserve notes declined from \$50,129,320 on November 30 to \$46,947,290 on December 31, being \$1,637,550 less on the latter date than they were a year previous. The daily average reserve de-

posits of member banks amounted to \$64,411,506 in December as compared to \$65,166,040 in November and \$72,170,760 in the corresponding month of 1928.

Condition of Member Banks in Selected Cities

A growth in loans on securities and a further decline in commercial loans were shown in reports from member banks located in principal cities of the Eleventh District in December. The reduction in commercial loans more than offset the increase in loans on securities which, together with a decline in investments, lowered the volume of member bank credit in use by \$8,232,000. Reflecting a liquidation in loans for productive purposes and to some extent a shift in borrowing from banks to the open market, all other loans (largely commercial) declined from \$269,183,000 on December 4 to \$257,044,000 on January 8. During the same period loans on securities rose from \$104,177,000 to \$113,194,000. Investments of these banks in United States securities amounted to \$63,828,000, representing a decline of \$3,754,000 during the five-week period and their holdings in other stocks and bonds which aggregated \$40,400,000 on January 8, were reduced \$1,356,000. Total loans and investments amounted to \$474,466,000 as compared to \$482,698,000 on December 4 and \$495,424,000 on January 9, 1929. The net demand deposits of these banks, after showing a large increase during the first two weeks of the month, turned downward and stood at \$291,022,000 on January 8. The latter figure, however, was \$4,541,000 greater than that on December 4. Time deposits dropped \$1,722,000 during the period. The reduction in the bills payable and rediscounts of these banks at the Federal Reserve Bank from \$24,286,000 on December 4 to \$11,936,000 on January 8 was made possible as a result of the higher level of deposits and a falling off in loans and investments.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES (In Thousands of Dollars)

	January 8, 1930	December 8, 1929	January 9, 1929
Number of reporting banks.....	39	40	43
United States securities owned.....	\$ 63,828	\$ 67,582	\$ 94,105
All other stocks, bonds, and securities owned.....	40,400	41,756	40,319
Loans on securities.....	113,194	104,177	115,000
All other loans.....	257,044	269,183	246,000
Total loans.....	370,238	373,360	361,000
Net demand deposits.....	291,022	286,481	322,902
Time deposits.....	135,889	137,611	140,369
Reserve with Federal Reserve Bank.....	33,333	32,427	37,394
Bills payable and rediscounts with Federal Reserve Bank.....	11,936	24,286	16,300

Deposits of Member Banks The combined daily average of net demand and time deposits of member banks in the Eleventh Federal Reserve District declined from \$891,591,000 in November to \$883,950,000 in December. The daily average of net demand deposits amounting to \$663,839,000 showed a decline of \$4,979,000 from the previous month and that of time deposits aggregating \$220,111,000 reflected a reduction of \$2,662,000. Actual deposits of these banks on December 12, 1928, totaled \$974,968,000.

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	\$299,004	\$132,908	\$446,105	\$92,880
Feb., 1929.....	733,901	227,359	291,979	130,680	441,922	96,679
Mar., 1929.....	718,066	230,965	292,149	132,987	425,917	97,978
April, 1929.....	693,137	231,507	287,987	135,064	405,150	96,443
May, 1929.....	673,097	230,791	280,294	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
Sept., 1929.....	658,520	234,116	266,795	136,950	391,725	97,166
Oct., 1929.....	674,587	225,673	282,630	134,198	391,957	91,475
Nov., 1929.....	668,818	222,773	281,609	132,235	387,209	90,538
Dec., 1929.....	663,839	220,111	279,611	131,879	384,228	88,232

Debts to Individual Accounts The volume of debts to individual accounts at banks located in principal cities of the Eleventh District declined 0.6 per cent in December from November and was 7.9 per cent less than in December, 1928. The aggregate

for the month was \$1,005,183,000 as compared to \$1,011,487,000 in the previous month and \$1,091,490,000 in December last year.

DEBITS TO INDIVIDUAL ACCOUNTS (In Thousands of Dollars)

	December 1929	December 1928	Percentage change over Year	November 1929	Percentage change over Month
Abilene.....	\$ 10,525	\$ 14,102	-25.4	\$ 10,342	+ 1.8
Austin.....	22,153	21,792	+ 1.7	24,343	- 9.0
Beaumont.....	28,447	29,587	- 3.9	28,632	- .6
Corsicana.....	8,673	7,664	+13.2	6,711	+29.2
Dallas.....	293,043	297,946	- 1.4	283,886	+ 3.6
El Paso.....	45,769	42,880	+ 6.8	44,008	+ 4.0
Fort Worth.....	122,709	141,205	-13.1	120,625	+ 1.7
Galveston.....	40,324	51,446	-21.6	41,896	- 3.8
Houston.....	204,887	239,800	-14.6	223,169	- 8.2
Port Arthur.....	12,759	10,308	+23.8	12,749	+ .1
Roswell.....	5,510	6,183	-10.9	6,314	-12.7
San Antonio.....	87,186	94,567	- 7.8	87,055	+ .2
Shreveport.....	49,618	49,956	- .7	45,158	+ 9.9
Texarkana.....	14,618	17,904	-18.4	16,115	- 9.3
Tucson.....	12,833	13,192	- 2.7	12,660	+ 2.2
Waco.....	18,416	21,612	-14.8	20,584	-10.5
Wichita Falls.....	27,113	31,366	-13.6	27,840	- 2.6
Total.....	\$ 1,005,183	\$ 1,091,490	- 7.9	\$ 1,011,487	- .6

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

Acceptance Market

Acceptances executed by accepting banks in the Eleventh District that were outstanding on December 31 amounted to \$11,040,545, which was \$2,072,595 below the volume a month previous but \$2,886,934 greater than at the close of 1928. The amount of acceptances based on import and export transactions was \$2,991,355 on December 31 as compared to \$3,510,544 on November 30 and those executed against the domestic shipment and storage of goods totaled \$8,049,190 on the former date as compared to \$9,602,596 on the latter date.

Savings Deposits

Savings deposits of 87 banks located in the Eleventh District that operate a savings department, amounted to \$149,545,691 on December 31, which was 0.6 per cent less than on November 30 but 1.2 per cent greater than a year ago. There were 310,897 savings accounts carried at 81 of these banks at the end of the year as compared to 310,629 a month previous and 284,063 on December 31, 1928.

SAVINGS DEPOSITS

	Number of Reporting Banks	December 31, 1929		December 31, 1928		Percentage Change Over Year in Savings Deposits	November 30, 1929		Percentage Change Over Month in Savings Deposits
		Number of Depositors	Amount of Deposits	Number of Depositors	Amount of Deposits		Number of Depositors	Amount of Deposits	
Beaumont.....	4*	5,651	\$ 2,472,328	5,532	\$ 2,601,433	- 5.0	5,688	\$ 2,494,127	- .9
Dallas.....	4	69,041	25,264,763	59,177	24,700,182	+ 2.3	71,053	25,257,051	0.0
El Paso.....	2	15,912	6,322,109	14,580	6,292,617	+ .5	15,823	6,225,166	+ 1.6
Fort Worth.....	3	23,477	7,612,919	21,967	7,500,164	+ 1.5	22,702	8,886,983	-14.3
Galveston.....	3	13,633	8,128,276	13,902	9,963,263	-18.4	13,656	8,223,176	- 1.2
Houston.....	12*	72,987	34,042,148	71,971	33,926,498	+ .3	71,993	33,889,866	+ .4
Port Arthur.....	3	5,141	1,722,836	4,639	1,901,095	- 9.4	5,198	1,711,825	+ .6
San Antonio.....	7*	30,867	22,737,070	22,923	20,745,326	+ 9.6	30,946	22,291,773	+ 2.0
Shreveport.....	4*	21,391	11,310,899	21,100	12,062,301	- 6.2	21,502	11,306,389	0.0
Waco.....	4	10,033	7,166,018	9,774	6,991,405	+ 2.5	9,988	6,966,816	+ 2.9
Wichita Falls.....	2	3,685	1,518,161	4,150	1,617,909	- 6.2	3,680	1,550,603	- 2.1
All others.....	39*	39,079	21,248,164	34,348	19,448,572	+ 9.3	38,400	21,637,621	- 1.8
Total.....	87	310,897	\$149,545,691	284,063	\$147,750,765	+ 1.2	310,629	\$150,441,396	- .6

*Only 3 banks in Beaumont, 11 banks in Houston, 6 banks in San Antonio, 3 banks in Shreveport and 37 banks in "All others" reported the number of savings depositors.

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

INDUSTRY

Cottonseed Products

The past month witnessed a further seasonal slackening in the operations of cottonseed oil mills at both Texas and all

United States mills. Likewise, operations were on a smaller scale than in December last year. The receipts of seed during the first five months of the current season were in smaller volume than in the same period of the previous season. The mill stocks of cake and meal and linters on December 31 at Texas mills were only slightly larger than a month earlier but considerably larger than a year ago. Stocks of hulls declined during the month but were slightly larger than a year ago.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to December 31 This Season	Last Season	August 1 to December 31 This Season	Last Season
Cottonseed received at mills (tons).....	1,129,021	1,477,980	3,976,671	4,282,245
Cottonseed crushed (tons).....	875,237	1,050,843	2,911,711	2,969,144
Cottonseed on hand (tons).....	273,899	439,931	1,106,566	1,333,733
Crude oil produced (pounds).....	254,801,290	308,368,288	898,517,993	920,522,359
Cake and meal produced (tons).....	408,325	490,428	1,292,827	1,328,327
Hulls produced (tons).....	235,647	284,666	798,372	801,213
Linters produced (running bales).....	185,365	213,576	601,027	612,932
Stocks on hand December 31:				
Crude oil (pounds).....	30,342,276	31,819,869	74,304,151	85,334,062
Cake and meal (tons).....	68,738	42,755	203,554	182,771
Hulls (tons).....	76,400	72,903	154,517	151,114
Linters (running bales).....	73,507	49,318	232,275	189,709

Textile Milling

There was a decline in the consumption of cotton and production of cloth at reporting textile mills in the Eleventh District in December. The number of bales of raw cotton consumed during the month was 2,709 as compared to 3,111 bales in November, and 3,049 bales in December last year. Production of cloth declined 13.5 per cent from November and was 17.8 per cent below the output in the corresponding month of 1928. Orders on hand on December 31 showed a reduction from those a month earlier and a year ago, while stocks held at the close of the month were larger than at both previous periods.

TEXTILE MILLING STATISTICS

	December 1929	December 1928	November 1929
Number bales consumed.....	2,709	3,049	3,111
Number spindles active.....	103,192	102,786	103,192
Number pounds cloth produced.....	1,246,087	1,515,369	1,440,645

Cotton Movements

There was a further seasonal slowing down in the receipts and exports of cotton at the ports of Houston and Galveston during December. Movements were also considerably smaller than in the corresponding month last year. The domestic consumption of cotton, which totaled 453,892 bales in December, reflected a further sharp decline from the previous month and was considerably less than in the same month of 1928. The total for the current season, however, is still 20 per cent larger than in the corresponding period of the previous season. Foreign exports of cotton

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	December 1929	December 1928	August 1 to December 31 This Season	Last Season
Receipts.....	270,685	435,863	1,565,762	2,289,796
Exports.....	309,451	444,195	1,132,595	1,701,689
Stocks, December 31.....			508,762	671,693

(excluding linters) amounted to 910,321 bales in December as compared to 1,048,760 bales in November, and 1,057,075 bales in December, 1928.

GALVESTON STOCK STATEMENT

	Dec. 31, 1929	Dec. 31, 1928
For Great Britain.....	12,900	16,000
For France.....	10,200	17,500
For other foreign ports.....	50,500	55,600
For coastwise ports.....	1,000	8,000
In compresses and depots.....	434,162	574,593
Total.....	508,762	671,693

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	December 1929	December 1928	August 1 to December 31 This Season	Last Season
Receipts.....	383,072	362,216	2,289,995	2,338,314
Exports.....	272,668	324,192	1,141,714	1,443,632
Stocks, December 31.....			1,169,256	919,193

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

	August 1 to December 31 This Season	Last Season
Receipts.....	6,929,658	7,206,171
Exports:		
United Kingdom.....	799,599	1,096,461
France.....	535,859	500,696
Italy.....	399,601	346,278
Germany.....	1,115,016	1,260,144
Other Europe.....	490,696	536,484
Japan.....	609,168	817,514
All other countries.....	212,336	231,417
Total foreign ports.....	4,162,275	4,788,944
Stocks at all United States ports, December 31.....	2,727,680	2,453,484

SPOT COTTON PRICES—(Middling Basis)
(Cents Per Pound)

	December, 1929		January 15, 1930
	High	Low	
New York.....	17.55	17.00	17.45
New Orleans.....	17.38	16.68	17.06
Dallas.....	16.60	15.95	16.45
Houston.....	17.50	16.85	17.30
Galveston.....	17.60	16.95	17.40

COTTON CONSUMED AND ON HAND

	December 1929	December 1928	August 1 to December 31 1929	1928
Cotton growing states:				
Cotton consumed.....	353,971	404,807	2,122,572	2,130,110
On hand December 31 in—				
Consuming establishments.....			1,422,238	1,329,025
Public storage and compresses.....			5,700,912	5,068,948
United States:				
Cotton consumed.....	453,892	533,301	2,742,602	2,279,359
On hand December 31 in—				
Consuming establishments.....			1,844,248	1,733,930
Public storage and compresses.....			5,914,422	5,236,722

Petroleum

Daily average production of crude oil in the Eleventh Federal Reserve District declined further in December but the longer month increased the total yield to 279,700 barrels above that in November. Total production for the month amounted to 26,844,750 barrels as compared to 26,565,050 barrels in the previous month and 23,339,700 barrels in the closing month of 1928. There was a slight increase in field work, which was most noticeable in the flush areas, but the output of new wells was lower. An increase in wildcat activity in all directions from

the discovery well, was reported in the new Van field of East Texas.

With the exception of North and East Central Texas, all fields in Texas showed declines in daily average output which lowered the average for the State to 827,243 barrels, a reduction of 19,540 barrels from November. North Texas showed a gain of 1,143 barrels in daily average production and East Central Texas an increase of 5,077 barrels while Central West, Texas Coastal, and Southwest Texas registered declines, respectively, of 18,145 barrels, 7,904 barrels, and 1,359 barrels. In North Texas chief interest was centered on efforts to apply a more rigid restriction to operators in Gray County where production has shown a steady increase in recent months. Winkler County reflected a sharp decline in production which lowered the yield in Central West Texas. Crude oil output in the Salt Flat field of Southwest

Texas likewise showed a decline in December. Decidedly favorable developments in field work in the completion of large size producers was reported at Barber's Hill in the Gulf Coastal region. Production in North Louisiana aggregated 1,200,250 barrels and represented an increase of 1,648 barrels in the daily average run from that area.

CRUDE OIL PRICES

	January 14, 1930	January 15, 1929
Texas Coastal grade "A".....	\$1.30	\$1.20
North and Central Texas and North Louisiana (52 gr. and above).....	1.85	1.76

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

Building

A substantial increase in the volume of building occurred at principal cities in the Eleventh Federal Reserve District in December but the level reached was below that of a year ago. Permits issued at these centers were valued at \$7,151,906 as compared to \$5,308,963 in November and \$9,755,378 in December, 1928. While the dollar value of permits issued during the current month was 34.7 per cent greater than in November, the number of permits involved was 14.1 per cent smaller and is representative of an increase in industrial rather than residential construction. The valuation of permits issued during 1929 was 6.7 per cent less than in 1928; six cities reported increases over the previous year and eight showed declines. In both years, construction work was on a broader scale during the first half of the year than in the last half.

OIL PRODUCTION—(Barrels)

	December, 1929		Increase or Decrease Over November, 1929	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	5,990,950	193,256	+227,550	+ 1,143
Central West Texas.....	12,415,800	400,510	-143,850	-18,145
East Central Texas.....	671,600	21,665	+173,950	+ 5,077
Texas Coastal.....	4,321,200	139,394	-97,750	- 7,904
Southwest Texas.....	2,244,950	72,418	+ 31,650	- 1,359
Total Texas.....	25,644,500	827,243	+191,550	-21,188
North Louisiana.....	1,200,250	38,718	+ 83,150	+ 1,648
Total District.....	26,844,750	865,961	+279,700	-19,540

Crude oil figures subject to change.

BUILDING PERMITS

	December, 1929		December, 1928		Percentage Change Valuation Over Year	November, 1929		Percentage Change Valuation Over Month	Twelve Months				Percentage Change Valuation Over 12 Months' Period
	No.	Valuation	No.	Valuation		No.	Valuation		1928		1929		
									No.	Valuation	No.	Valuation	
Amarillo.....	32	\$ 162,411	11	\$ 45,900	+253.8	32	\$ 90,035	+ 80.4	575	\$ 1,845,021	868	\$ 2,896,036	- 36.3
Austin.....	50	931,860	55	1,811,280	- 48.6	62	85,788	+986.2	997	3,793,169	889	4,213,425	- 10.0
Beaumont.....	85	80,115	130	918,352	- 91.3	148	188,721	- 57.5	1,972	2,659,323	1,954	4,346,406	- 38.8
Corpus Christi.....	42	46,401	40	97,085	- 52.2	65	341,045	- 86.4	840	2,308,105	925	5,231,613	- 55.9
Dallas.....	279	532,714	186	521,799	+ 2.1	263	531,217	+ .3	3,538	9,776,788	3,682	8,366,760	+ 16.9
El Paso.....	124	476,789	103	362,774	+ 31.4	137	948,915	- 49.8	1,403	4,386,957	993	2,050,183	+114.0
Fort Worth.....	183	341,243	195	498,576	- 31.6	193	931,497	- 63.4	3,377	11,733,295	4,285	12,868,992	- 8.8
Galveston.....	85	37,424	106	250,796	- 85.1	104	91,692	- 59.2	2,018	3,659,970	2,280	2,781,817	+ 34.0
Houston.....	276	1,177,951	309	3,848,211	- 69.4	308	1,152,084	+ 2.2	5,249	29,526,630	5,845	35,530,353	- 16.9
Port Arthur.....	98	86,537	63	57,727	+ 49.9	69	52,153	+ 65.9	1,494	2,702,352	1,328	1,889,922	+ 43.0
San Antonio.....	340	3,111,380	275	644,830	+382.5	422	568,400	+447.4	4,425	18,078,230	4,034	15,408,046	+ 17.3
Shreveport.....	145	74,728	201	343,103	- 78.2	204	185,760	- 59.8	2,992	3,457,917	3,066	4,916,018	- 29.6
Waco.....	26	84,247	38	224,152	- 62.4	26	93,004	- 9.4	486	2,666,037	394	2,291,345	+ 16.4
Wichita Falls...	12	8,106	37	130,793	- 93.8	27	48,652	- 83.3	419	1,012,297	586	1,907,116	- 46.9
Total.....	1,769	\$7,151,906	1,749	\$9,755,378	- 26.7	2,060	\$5,308,963	+ 34.7	29,785	\$97,606,091	31,129	\$104,647,532	- 6.7

Lumber

A seasonal slowing down in activities occurred at pine mills in the Eleventh District in December, the output and shipments of lumber reaching a level lower than that for the same month in several years. Production declined from 75 per cent of normal in November to 70 per cent in December and shipments

were reduced from 70 per cent of normal production in the former month to 66 per cent in the latter month. New orders for lumber amounted to 76 per cent of normal production and represented an increase of 11 points from the previous month but a decline of 1 point from last year. Stocks on hand on December 31 were 10 points above normal as compared to 30 points above normal on November 30. Unfilled orders for lumber aggregated 38,002,520 feet at 38 mills at the close of the year as compared to 46,180,296 feet recorded on the books of 52 establishments a month earlier.

Cement

A seasonal decline in the volume of shipments and production of Portland cement was shown at Texas mills in December but both output and shipments during the month, as in the previous six months, exceeded those in the corresponding period of the previous year. Total production of cement amounted to 593,000 barrels which was 25.6 per cent greater than in December last year but 10.3 per cent under the output of November.

DECEMBER PINE MILL STATISTICS

Number of reporting mills.....	38
Production.....	53,062,502 feet
Shipments.....	50,358,034 feet
Orders.....	57,389,638 feet
Unfilled orders December 31.....	38,002,520 feet
Normal production.....	75,797,558 feet
Stocks December 31.....	215,506,553 feet
Normal stocks.....	195,087,227 feet
Shipments below normal.....	25,439,524 feet—34%
Actual production below normal.....	22,735,056 feet—30%
Orders below normal production.....	18,407,920 feet—24%
Stocks above normal.....	20,419,326 feet—10%

Lumber statistics compiled by the Southern Pine Association, New Orleans, La.

Shipments aggregated 450,000 barrels, or 14.0 per cent less than in the previous month but 20.0 per cent over those in December, 1928. Stocks on hand on December 31 rose to the highest level of any previous month-end in several years, showing an increase of 22.3 per cent over November 30 and a 55.7 per cent gain during the twelve months. Production in 1929 was 16.1 per cent greater than in 1928 and shipments were 12.8 per cent larger.

PRODUCTION, SHIPMENTS AND STOCKS OF PORTLAND CEMENT
(Barrels in Thousands)

	December, 1929			Jan. thru Dec., 1929	
	Number	Percentage Over Month	Change Over Year	Number	Percentage Change Over Year
Production.....	593	-10.3	+25.6	7,369	+16.1
Shipments.....	450	-14.0	+20.0	7,084	+12.8
Stocks, end of month.....	813	+22.3	+55.7

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board as of January 23, 1930)

Industrial activity declined further in December. There was little change in commodity prices and conditions in the money market continued easy.

PRODUCTION AND EMPLOYMENT

Industrial production, as measured by the Federal Reserve Board's index, which is adjusted for seasonal variations, declined by 6 per cent in December, following upon a decline of 9 per cent for the preceding month. Nearly all industries reported larger than seasonal reductions in December, except for food industries, which showed little change, and coal, in which output increased. The largest declines in December, as in earlier months, were in automobiles and iron and steel. Production in the textile, shoe, lumber and the nonferrous metals industries also decreased considerably. Stocks of cotton textiles, copper, zinc, and lumber increased in December. In the first three weeks in January, steel plants increased their operations somewhat from the low rate prevailing at the holiday season but were considerably less active than in January, 1928, or 1929. There were further decreases in the output of copper and lumber, while production of crude petroleum increased. Employment in factories in December declined more than the usual amount in the automobile, steel, textile, clothing, and lumber industries. Little change was reported for the food industries and car repair shops, while at meat packing plants and in the paper and printing industries there was some increase in employment. Building contracts awards also declined further in December. Residential contracts continued to be in small volume and there were large decreases in awards for commercial buildings and public works and utilities. During the first half of January awards were larger on a daily average basis than in December.

DISTRIBUTION

Freight-car loadings in December, as in the preceding month, showed more than the usual seasonal decline. The decline occurred principally in shipments of merchandise and lumber products, while loadings of coal and grain were larger than in November. Sales at department stores in leading cities were about 3 per cent smaller than in December, 1928, according to reports to the Federal Reserve System. Decreases in sales were reported for ten Federal Reserve

Districts, an increase of 20 per cent for the Richmond District and little change for the San Francisco District.

WHOLESALE PRICES

During December wholesale prices of commodities fluctuated rather narrowly. Grain, livestock, meat, and bituminous coal prices increased somewhat, while prices of hides and leather products, textiles, petroleum, and pig iron declined. In the first half of January there was little further change in prices.

BANK CREDIT

Member bank credit increased less than usual over the year-end and in January continued to reflect the liquidation which began early in November. On January 15, total loans and investments of member banks in leading cities were \$478,000,000 below the level of December 11, 1929. This decline occurred both at banks in New York City and outside and was in "all other loans" apparently reflecting a seasonal decrease in interbank loans together with a decreased demand for credit by commercial borrowers. Investments and loans on securities increased slightly during the period. Reserve bank credit outstanding increased during the latter half of December in response to seasonal demands for currency and gold exports, but declined in January as currency returned from circulation. Between the week ending December 14 and the week ending January 18, there was a net decline of \$277,000,000 in currency in circulation, and also a decline of \$37,000,000 in member bank reserve balances. Of the funds thus released \$64,000,000 served to offset a loss in the monetary gold stock of country and \$244,000,000 was used to retire Reserve bank credit. Reserve bank holdings of Government securities showed an increase of \$90,000,000 for the period. Acceptances showed little change, while discounts for member banks declined by \$347,000,000. Money rates in the short term open markets firmed somewhat over the year-end but eased early in January, and throughout the first half of the month remained generally at the lowest levels since the spring of 1928. The discount rate at the Federal Reserve Bank of Philadelphia was lowered on January 16 from 5 to 4½ per cent, the rate prevailing at six other Federal reserve banks.