

# MONTHLY BUSINESS REVIEW

OF THE

## FEDERAL RESERVE BANK OF DALLAS

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### DISTRICT SUMMARY

#### THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	August 1931	Change From July
Bank debits to individual accounts (at 17 cities).....	\$529,128,000	-12.6%
Department store sales.....		+12.3%
Reserve bank loans to member banks at end of month.....	\$ 14,057,332	+13.4%
Reserve bank ratio at end of month.....	56.4%	+ .3 points
Building permit valuation at larger centers....	\$ 2,774,145	-14.9%
Commercial failures (number).....	81	+35.0%
Commercial failures (liabilities).....	\$ 1,094,300	+ 4.2%
Oil production (barrels).....	36,588,600	+ 5.0%

The drastic decline in the price of cotton and a further moderate recession in the price of many other agricultural commodities greatly reduced the farmers' purchasing and debt paying power, which was reflected in the poor consumer demand for merchandise in rural sections and in smaller than usual purchases at wholesale establishments. Sales in a majority of wholesale lines, from which reports are received by the Federal Reserve Bank, failed to show the usual seasonal expansion in August, and distribution in all reporting lines reflected a large decline from a year ago. Merchants continue to buy very cautiously, orders being for small quantities to cover mostly immediate needs. While retail distribution in larger centers, as evidenced by sales of department stores, was 16 per cent smaller than in August last year, the decline was smaller than in July, and sales reflected a gain of 12 per cent over the low July volume which was more than seasonal.

After declining for three consecutive months, the business mortality rate turned upward in August. The number of commercial failures was considerably larger than in either the previous month or the corresponding month last year. The indebtedness of defaulting firms was only slightly larger than in July and showed a smaller increase over the corresponding month last year than was the case in the previous month.

Tempering to some extent the effect of the decline in the price of agricultural commodities is the larger prospective production of the district's principal crops. On the basis of September 1 estimates of the Department of Agriculture, the indicated production of practically all crops for this district showed an increase over that a month earlier and in most instances greatly exceeds the actual production in 1930. The improved outlook for food and feed crops is particularly encouraging as ample supplies are assured for use during the coming season. Weather conditions have been very favorable for harvesting and good progress has been made with most crops. Cotton picking has proceeded slowly due in part to the lateness of the crop. Livestock and their ranges are in fair to good condition in most sections of the district.

Federal Reserve Bank loans to member banks rose from \$13,355,000 on August 15 to a seasonal peak of \$14,268,000 on September 4, and then showed a steady decline to \$13,651,000 on September 15. This latter figure compares with \$13,339,000 on the same date in 1930. The loans of reserve city banks increased slightly between August 12 and September 9, but their investments were reduced considerably. The daily average of combined net demand and time deposits of member banks, which amounted to \$746,063,000 in August, reflected a further decline of \$17,098,000 as compared to July, and was \$74,298,000 lower than in the corresponding month last year. There was a heavy demand for the United States securities issued on September 15. Subscriptions to the one year  $1\frac{1}{8}$  per cent Treasury Certificates totaled \$33,706,500 but allotments of only \$2,088,000 were made. On the other hand, allotments of \$49,985,150 were made against the \$57,075,150 subscriptions to the 24-year 3 per cent Treasury Bonds.

The volume of building reflected a further decline. The valuation of permits issued at principal cities was 15 per cent less than in July, and 61 per cent below August, 1930. The production and shipments of cement reflected a decline as compared to the previous month, but shipments were moderately larger than a year ago.

### BUSINESS

The demand for merchandise in wholesale channels of distribution was very sluggish during August. Although this season usually witnesses a large expansion in wholesale trade, it was

not in evidence this year. While sales in two reporting lines were larger than in July, they were appreciably smaller in three lines. In the case of all lines, decreases from last year were recorded both in August and combined July and August

Wholesale  
Trade

usually witnesses a large expansion in wholesale trade, it was

sales. Both wholesalers and retailers are exerting an effort to keep their inventories under control and to operate on a scale well within the demands of current business. Contrary to seasonal tendency, there was a general decrease in collections.

Following the opening of the fall buying season at leading centers early in August, there was a seasonal increase of 57.0 per cent in the business of wholesale dry goods firms during the month. This increase over July, however, was much smaller than usual. August sales, which were 38.0 per cent less than a year ago, reflected the desire of merchants to keep their orders in close alignment with the fluctuations in consumer demand. Collections showed a decrease of 6.0 per cent as compared to the preceding month.

The sales of farm implements at wholesale during August were 19.6 per cent larger than in the previous month, partly because of the small volume of sales in July. As compared to the month of August, 1930, distribution reflected a decrease of 6.3 per cent, and for the period from July 1 to August 31, it showed a decline of 27.2 per cent. Inventories were reduced somewhat during the month. As compared to the previous month, August collections registered a substantial decline.

Contrary to the usual tendency at this time of the year, the volume of business transacted by wholesale hardware firms in this district during August reflected a further decrease of 7.1 per cent from the preceding month, and it was 32.5 per cent under that of August, 1930. Demand for hardware and equipment in East Texas continued brisk despite the shut-down in petroleum production during the latter part of the month. Total August collections were 14.7 per cent less than the July figure.

The August sales of wholesale drug firms failed to reflect the usual seasonal increase over the preceding month. Instead, there was a general decline of 7.8 per cent from the July volume, and distribution was 25.1 per cent less than in August last year. Total sales in July and August were 18.3 per cent below the volume of the same two months in 1930. Collections reflected a perceptible reduction as compared to July.

Although the demand for groceries at wholesale in the Eleventh District usually shows an expansion in August, there was a decrease of 3.8 per cent this year. Sales were also 18.5 per cent less than in the same month last year. Distribution in the Southeastern part of Texas held up better than in other sections. Reports indicate that there was a continued weakness in prices. There was only a slight decline in collections.

CONDITION OF WHOLESALE TRADE DURING AUGUST, 1931  
Percentage of increase or decrease in—

	Net Sales August, 1931 compared with		Net Sales July 1 to date compared with same period last year	Stocks August, 1931 compared with		Ratio of collections during August to accounts and notes outstanding on July 31
	Aug. 1930	July 1931		Aug. 1930	July 1931	
Groceries.....	-18.5	-3.8	-14.8	-9.5	+1.3	61.6
Dry goods.....	-38.0	+57.0	-34.4	-32.9	-2.2	23.3
Farm implements..	-6.3	+19.6	-27.2	-2.5	-4.2	3.4
Hardware.....	-32.5	-7.1	-28.1	-14.0	-1.6	27.7
Drugs.....	-25.1	-7.8	-18.3	-7.9	+1.4	34.9

### Retail Trade

Retail trade in larger cities reflected some improvement during August. Sales of department stores were 12.3 per cent larger than in July, and while they were 16.2 per cent lower than a year ago, the decline was smaller than in the previous month. While business during the first half of September was retarded somewhat by the prevailing warm weather, the opening of schools and featuring of fall goods at low prices were a stimulus to activity. Distribution during the period January through August, 1931, was 11.9 per cent less than in the same period of 1930.

Inventories of merchandise held on August 31 reflected a seasonal increase of 10.3 per cent, but were 11.6 per cent below a year ago. The rate of stock turnover during the first eight months of 1931 was 1.88 as compared to 1.86 in the corresponding period of 1930.

Collections declined considerably during the month, being the lowest in many years. The ratio of August collections to accounts outstanding on August 1 was only 28.1 per cent as against 31.7 per cent in July, and 29.9 per cent in August, 1930.

### BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
<b>Total Sales (Percentage):</b>						
August, 1931, compared with August, 1930.....	-10.9	-19.0	-11.8	-29.2	-17.9	-16.2
August, 1931, compared with July, 1931.....	+31.8	-3.2	+4.6	-1.5	+12.0	+12.3
January 1 to date, compared with same period last year.....	-11.7	-6.2	-13.7	-10.5	-16.7	-11.9
<b>Credit Sales (Percentage):</b>						
August, 1931, compared with August, 1930.....	-11.4	-18.8	-7.1	-25.7	-11.9	-13.9
August, 1931, compared with July, 1931.....	+39.7	+2.6	+14.2	+3.1	+24.4	+22.0
January 1 to date, compared with same period last year.....	-13.9	-6.8	-13.8	-13.8	-16.8	-13.4
<b>Stocks (Percentage):</b>						
August, 1931, compared with August, 1930.....	-12.1	+4.0	-15.5	-10.4	-20.5	-11.6
August, 1931, compared with July, 1931.....	+10.8	+6.4	+10.0	+14.9	+11.4	+10.3
<b>Stock Turnover (Rate):</b>						
Rate of stock turnover in August, 1930.....	.23	.19	.20	.32	.18	.22
Rate of stock turnover in August, 1931.....	.24	.15	.19	.25	.19	.21
Rate of stock turnover January 1 to August 31, 1930.....	1.91	1.55	1.90	2.48	1.63	1.86
Rate of stock turnover January 1 to August 31, 1931.....	1.90	1.53	1.93	2.55	1.72	1.88
Ratio of August collections to accounts receivable outstanding August 1, 1931.....	27.9	26.0	31.8	27.4	28.0	28.1

### Commercial Failures

While the business mortality rate during August was 35 per cent higher than in the previous month, the average liability of insolvent firms showed a further material decrease and their combined indebtedness was only slightly larger than in July. According to the report compiled by R. G. Dun & Company,

there were 81 commercial failures in the Eleventh District during August, as against 60 in July, and 48 in August a year ago. Total liabilities of defaulting firms amounted to \$1,094,300 in August, as compared to \$1,050,406 in the previous month, and \$890,025 in the same month last year.

## AGRICULTURE

*Crop Conditions*

Despite a deficiency in rainfall in some localities, weather and growing conditions were generally favorable for crops in the Eleventh District during the past month. According to the September 1 report of the Department of Agriculture, the estimated production of practically all crops in the states attached to this district is larger than a month earlier or a year ago. Fields are well cultivated and conditions have been favorable for harvesting.

The figures on cotton production for the Eleventh District, derived from the September 1 estimates of the Department of Agriculture, indicate a yield of 6,077,000 bales as compared to 4,849,000 bales harvested in 1930. In Texas, Oklahoma, and New Mexico, the prospective production on September 1 was higher than a month earlier, while it was only slightly smaller in Louisiana and Arizona. In Texas, the condition figure of 67 per cent on September 1 indicated a per acre yield of 154 pounds as compared with an actual production of 114 pounds in 1930. Total production for the State was placed at 5,094,000 bales, whereas only 4,038,000 bales were harvested last year. The Department of Agriculture estimated that the abandonment of acreage since July 1 is only 1.7 per cent as against 3.3 per cent last year. The Department stated that the Southern district is the only one where the condition is lower than a year ago, and that in Northwestern, West-Central, North, and Northeast districts the condition ranges from 20 to 36 points higher than a year ago. Substantial increases in production are also indicated for Louisiana and Oklahoma, but in New Mexico and Arizona it will be smaller than last year. Picking and ginning have proceeded slowly due in part to the lateness of the crop. Reports indicate, however, that since the first of September the high temperatures have caused the cotton to open rapidly. The Bureau of Census reported that the ginnings in Texas, prior to September 1, amounted to 353,023 bales, the smallest since 1920, and compare to 1,120,125 bales ginned prior to that date in 1930.

The corn crop throughout the district made good progress during the month and the estimated yields on September 1 were considerably higher than a month ago. The figures for the Eleventh District, as compiled from the Department of Agriculture's September 1 estimates, indicated a production of 128,274,000 bushels as compared to 121,571,000 bushels on August 1, and an actual production of 96,478,000 bushels in 1930. The Texas production was estimated at 112,203,000 bushels as against an actual production of 86,710,000 bushels last year. The production of tame hay in this district was estimated at 1,056,000 tons as compared to 901,000 tons a year ago. The prospects for grain sorghums have likewise improved considerably. In the four States attached to this district which produce this crop, the estimated production on September 1 totaled 104,086,000 bushels as against 94,325,000 bushels on August 1, and a harvest of 63,629,000 bushels in 1930. The Texas crop on September 1 was rated at 73 per cent of normal condition which indicates a yield of 71,346,000 bushels, whereas only 46,816,000 bushels were produced last year. The increased production is accounted for to a large extent by the excellent crop in the heavy producing area of Northwest Texas, where a poor crop was harvested last fall. In New Mexico the prospective production was placed at 5,434,000 bushels, whereas only 1,689,000 bushels were produced in 1930.

The condition of the Texas peanut crop was rated at 69 per cent of normal on September 1, which indicates a total

production of 92,400,000 pounds, or approximately 75 per cent more than was produced last year. In Louisiana the indicated production on September 1 was 9,010,000 pounds as compared to a yield of 6,225,000 pounds in 1930. A substantial increase was also indicated for Oklahoma. The per acre yield for sweet potatoes in Texas was placed at 87 bushels, indicating a total production of 6,003,000 bushels as compared with 3,570,000 bushels harvested last year. The Louisiana crop was estimated at 7,654,000 bushels as against an output of 5,412,000 bushels in 1930. Increased yields were also forecasted for other states attached to this district. A larger production is in prospect for Irish potatoes in Texas, Oklahoma, Louisiana, and New Mexico. The condition of the Texas rice crop rose to 86 per cent of normal on September 1, and the prospective yield was placed at 9,456,000 bushels as compared with a production of 8,463,000 bushels last year. While the prospects for the Texas pecan crop declined considerably during the month, the indicated production on September 1 was 32,000,000 pounds, whereas the production last year was only 11,900,000 pounds.

The Department of Agriculture in its report on farmers' intentions to sow winter wheat as of August 5, 1931, indicates a material reduction in all States attached to this district. The intended acreage for each state in percentage of the amount sown in 1930 is as follows: Texas, 86; Oklahoma, 89; New Mexico, 75; Arizona, 85.

*Livestock*

Although seasonal declines in the condition of ranges and livestock occurred in some portions of the Eleventh District during August, conditions generally are very good. In Texas the condition of cattle ranges was rated by the Department of Agriculture at 79 per cent of normal on September 1, as compared to 82 per cent a month earlier, and 67 per cent a year ago. Sheep and goat ranges declined from 88 per cent on August 1 to 82 per cent on September 1, but on the latter date the condition figure was 14 points higher than a year ago. All sections of the State show declines, except the Northwest portion, where the Northern two-thirds received rains early in August. On the lower plains, however, some areas are extremely dry. The Department stated that for the State as a whole winter feed prospects are very good. Ranges in New Mexico showed a gain of 4 points during the month, and in Arizona the 95 per cent condition of ranges reported on September 1 was 10 points higher than a month earlier. Livestock throughout the district have held up well, although the drouthy condition in some localities is causing concern. The condition of cattle in Texas was reported as 84 per cent of normal on September 1, which was 3 points lower than a month earlier, but 6 points higher than a year ago. Although the condition of sheep declined 4 points during the month, the Department of Agriculture reported that animals are mostly fat and that losses this year have not been heavy. In both New Mexico and Arizona, the condition of sheep and cattle showed a noticeable improvement during the month. In New Mexico range feed is reported to be good and in Arizona the recent rains have supplied ample stock water and have given winter weeds an excellent start. Reports indicate that prospects are very promising in Arizona.

*Movements and Prices*

Receipts of cattle and calves at the Fort Worth market during August were in larger volume than in July, but were considerably under those in August last year. The arrivals of hogs reflected only a slight decline from July, but a marked

reduction from a year ago. While the number of sheep yarded was moderately smaller than in July, arrivals again greatly exceeded those in the corresponding month in 1930. During the first half of September, receipts of all classes of livestock were considerably smaller than in the same period last year.

While the cattle market was irregular at times, the general trend during the past six weeks has been downward. The hog market, which reached a peak late in July, declined

sharply during August. After the low point was reached during the last week of the month, prices rebounded moderately and remained generally steady in the first half of September. Sheep and lamb prices followed an irregular course, but the market at the middle of September was a shade higher than six weeks earlier.

FORT WORTH LIVESTOCK RECEIPTS  
(Number)

	August 1931	August 1930	Change over Year	July 1931	Change over Month
Cattle.....	55,343	59,619	- 4,276	50,162	+ 5,181
Calves.....	23,866	38,701	-14,835	13,670	+10,196
Hogs.....	10,664	15,864	- 5,200	11,493	- 829
Sheep.....	64,283	18,150	+46,133	66,510	- 2,227

COMPARATIVE TOP LIVESTOCK PRICES  
(Dollars per hundred-weight)

	August 1931	August 1930	July 1931
Beef steers.....	\$ 8.25	\$ 8.50	\$ 7.00
Stocker steers.....	5.25	6.00	5.15
Butcher cows.....	4.50	5.50	4.65
Stocker cows.....	.....	3.25	.....
Calves.....	6.50	10.00	6.75
Hogs.....	8.00	10.55	8.50
Sheep.....	3.75	4.00	4.00
Lambs.....	5.85	8.25	6.00

## FINANCE

### Operations of the Federal Re- serve Bank

Member bank borrowings at the Federal Reserve Bank of Dallas reflected only moderate changes during the past month. Total loans on September 15 amounted to \$13,651,000, which was \$296,000 greater than on August 15, and \$312,000 larger than on the corresponding date in 1930. Loans reflected a gradual expansion during the last half of August and the early days of September, reaching a seasonal peak on September 4 at \$14,268,000. Since that time, scattered liquidation has occurred but it has been slow due to the poor progress being made with cotton picking. On September 15, there were 248 banks borrowing from the Federal Reserve Bank, as compared to 252 banks on August 15. Holdings of bills bought in the open market rose from \$3,735,000 on August 15 to \$5,290,000 on September 15, but on the latter date, they were \$3,415,000 less than on the corresponding date in 1930. Investments in United States Government securities were reduced \$5,011,000 during the thirty-one day period. Total earning assets stood at \$44,084,000 on September 15, as compared to \$47,284,000 on August 15, and \$51,283,000 on September 15, 1930. The reserve deposits of member banks reflected only a slight decline during the month. While Federal reserve notes in actual circulation showed a seasonal increase of \$3,173,000 between August 15 and September 15, the total of \$30,227,000 on the latter date was \$4,722,000 smaller than on September 15, 1930.

CONDITION OF THE FEDERAL RESERVE BANK  
(In thousands of dollars)

	Sept. 15, 1931	Aug. 15, 1931	Sept. 15, 1930
Total cash reserves.....	\$ 51,357	\$ 45,850	\$ 54,795
Discounts for member banks.....	13,651	13,355	13,339
Other bills discounted.....	6	6	4
Bills bought in open market.....	5,290	3,735	8,705
United States securities owned.....	25,130	30,141	29,228
Other investments.....	7	47	7
Total earning assets.....	44,084	47,284	51,283
Member bank reserve deposits.....	51,945	52,191	61,632
Federal reserve notes in actual circulation.....	30,227	27,054	34,949

### Condition of Member Banks in Selected Cities

A further decline in the loans and investments of member banks in selected cities occurred between August 12 and September 9, due entirely to the reduction of \$10,401,000 in United States Government securities owned. Other stocks and bonds owned by these banks were increased \$1,443,000 during the period and were

\$15,446,000 greater than on September 10, 1930. Total loans, which amounted to \$292,978,000 on September 9, rose \$1,291,000 during the four-week period but were still \$38,738,000 lower than a year ago. The increase during the month was accounted for by a gain of \$191,000 in loans on securities and \$1,100,000 in "all other" loans (largely commercial). The net demand deposits of these banks amounted to \$265,997,000 on September 9, as compared to \$269,119,000 on August 12, and \$278,636,000 on September 10, 1930. Time deposits declined \$2,835,000 during the four-week period, and were \$10,708,000 smaller than a year ago. Their borrowings at the Federal Reserve Bank dropped to \$664,000 on September 9, as compared to \$1,119,000 four weeks earlier, and \$2,357,000 on the corresponding date last year.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES  
(In thousands of dollars)

	Sept. 9, 1931	Aug. 12, 1931	Sept. 10, 1930
United States securities owned.....	\$ 58,983	\$ 69,384	\$ 59,920
All other stocks, bonds, and securities owned.....	60,646	59,203	45,200
Loans on securities.....	89,481	89,290	98,736
All other loans.....	203,497	202,397	232,980
Total loans.....	292,978	291,687	331,716
Net demand deposits.....	265,997	269,119	278,636
Time deposits.....	137,980	140,815	148,688
Reserve with Federal Reserve Bank.....	33,322	31,539	34,835
Bills payable and rediscounts with Federal Reserve Bank.....	664	1,119	2,357

### Deposits of Member Banks

Daily average deposits of member banks in this district during August reflected a further recession as compared to the previous month and amounted to \$746,063,000, being \$17.

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
Aug., 1930.....	\$579,092	\$241,269	\$256,176	\$141,075	\$322,916	\$99,594
Sept., 1930.....	592,530	237,595	262,310	139,940	330,220	97,655
Oct., 1930.....	593,126	237,945	265,782	141,153	327,344	96,792
Nov., 1930.....	598,534	239,453	266,796	142,250	321,738	97,203
Dec., 1930.....	574,904	235,119	262,124	139,900	312,780	95,219
Jan., 1931.....	565,388	232,966	258,313	141,257	307,075	91,709
Feb., 1931.....	576,803	236,250	264,844	143,681	311,959	92,569
Mar., 1931.....	567,468	234,767	263,123	143,080	304,345	91,687
April, 1931.....	567,009	234,141	269,207	142,589	297,802	91,552
May, 1931.....	563,222	233,653	267,010	140,362	296,212	93,291
June, 1931.....	543,155	231,880	254,063	139,890	289,092	91,990
July, 1931.....	537,233	225,028	257,244	135,499	279,989	90,429
Aug., 1931.....	523,797	222,266	255,584	133,568	268,213	88,698

998,000 less than in July, and \$74,298,000 below the level of August last year. Average net demand deposits amounted to \$523,797,000 in August, as against \$537,233,000 in July, and time deposits last month averaged \$222,266,000, as compared to \$225,928,000 in the preceding month. The heaviest decline occurred in net demand deposits of country banks.

**Acceptance Market**  
While the volume of acceptances executed by member banks in the Eleventh District against import and export transactions continued its steady decline which began last February, the amount of acceptances based on domestic shipment and storage of goods increased slightly during August and resulted in a small net gain. On the last day of August, total acceptances outstanding amounted to \$1,369,626, as against \$1,233,571 at the close of July, and \$5,891,431 on August 31, 1930.

**Debits to Individual Accounts**  
Charges to depositors' accounts during August at banks in leading cities in this district, which totaled \$529,128,000, showed a reduction of 12.6 per cent from the previous month, and were 28.4 per cent smaller than in August, 1930. This is the fifth consecutive month in which a decline from both the preceding month and the corresponding month last year has been registered. The decrease from a year ago was larger than in any other month since November, 1930.

	August 1931	August 1930	Percentage change over Year	July 1931	Percentage change over Month
Abilene.....	\$ 4,379	\$ 6,884	-36.4	\$ 5,290	-17.2
Austin.....	15,867	16,786	-5.5	17,463	-9.1
Beaumont.....	16,123	22,045	-26.9	18,491	-12.8
Corsicana.....	2,775	4,625	-40.0	4,283	-35.2
Dallas.....	136,404	190,588	-28.4	154,639	-11.8
El Paso.....	21,115	33,063	-36.1	23,119	-8.7
Fort Worth.....	58,982	82,660	-28.6	67,162	-12.2
Galveston.....	20,392	28,813	-29.2	25,960	-21.4
Houston.....	129,504	174,736	-25.9	144,748	-10.5
Port Arthur.....	7,003	10,627	-34.1	7,376	-5.1
Roswell.....	2,160	3,434	-37.1	3,653	-40.9
San Antonio.....	55,614	78,203	-28.9	59,924	-7.2
Shreveport.....	23,017	32,794	-29.8	27,939	-17.6
Texarkana*.....	7,847	11,893	-34.0	8,957	-12.4
Tucson.....	7,769	8,214	-5.4	10,196	-23.8
Waco.....	10,346	13,839	-25.2	12,400	-16.6
Wichita Falls....	9,831	20,098	-51.1	14,025	-29.9
Total.....	\$529,128	\$739,302	-28.4	\$605,625	-12.6

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

**Savings Deposits**  
A slight further reduction of 0.9 per cent in the savings deposits of 85 member banks in the Eleventh Federal Reserve District brought the total amount to \$145,110,275 on August 31, as compared to \$146,421,437 on the last day of July, and \$153,427,999 at the close of August, 1930. Savings deposits at Beaumont, Houston, and Port Arthur showed a gain over the previous month, and those at Galveston, Port Arthur, and San Antonio were in larger volume than a year ago.

	August 31, 1931			August 31, 1930			July 31, 1931		
	Number of Reporting Banks	Number of Savings Depositors	Amount of Savings Deposits	Number of Savings Depositors	Amount of Savings Deposits	Percentage Change Over Year in Savings Deposits	Number of Savings Depositors	Amount of Savings Deposits	Percentage Change Over Month in Savings Deposits
Beaumont.....	4*	5,605	\$ 2,625,781	5,765	\$ 2,674,076	- 1.8	5,599	\$ 2,623,786	+ 1.1
Dallas.....	4	63,014	24,519,232	68,194	26,943,450	- 9.0	63,143	24,648,037	- .5
El Paso.....	2	15,391	5,311,498	16,329	5,929,358	-10.4	15,474	5,429,618	-2.2
Fort Worth.....	2	21,027	7,382,415	18,926	7,760,054	- 4.9	21,069	7,429,167	- .6
Galveston.....	3	12,777	8,166,965	13,109	8,141,279	+ .3	12,784	8,181,593	- .2
Houston.....	11*	73,812	34,463,377	72,187	35,470,149	- 2.8	74,149	34,353,815	+ .3
Port Arthur.....	2	4,677	1,905,476	4,879	1,790,085	+ 6.4	4,665	1,885,005	+1.1
San Antonio.....	7	40,627	23,945,246	37,902	23,045,480	+ 3.0	40,824	24,169,673	- .9
Shreveport.....	4*	21,019	11,195,014	20,960	13,082,545	-14.4	21,065	11,750,913	-4.7
Waco.....	4	10,494	6,257,256	10,638	7,004,852	-10.7	10,573	6,352,917	-1.5
Wichita Falls.....	2	3,442	1,413,920	3,746	1,664,854	-15.1	3,483	1,460,903	-3.2
All others.....	40*	37,092	17,924,095	38,893	19,921,937	-10.0	37,383	18,136,010	-1.2
Total.....	85	308,977	\$145,110,275	311,528	\$153,427,999	- 5.4	310,211	\$146,421,437	- .9

\*Only 3 banks in Beaumont, 10 in Houston, 3 in Shreveport, and 36 in "All others" reported the number of savings depositors.

	Dallas	El Paso	Fort Worth	Houston	San Antonio	Waco
Rate charged customers on prime commercial paper such as is now eligible for rediscount under the Federal Reserve Act.....	3-6	6-8	4-8	5-6	5-8	6-8
Rate charged on loans to other banks secured by bills receivable.....	5-6	5-6	5-6	4½-5	5-6	5-6
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
Demand.....	4½-6	6-8	6-8	5-6	6-8	6-8
Time.....	5-8	6-8	6-8	5-6	6-8	6-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	2¾-6	8	6-8	5	6-8	6-7
Rate on cattle loans.....	5-7	6-8	6-8	7-8	7-8	7

INDUSTRY

**Cottonseed Products**  
With the current cotton crop somewhat later than usual, the volume of ginnings during August was very small. As a result, receipts and crushings of cottonseed at both Texas and United States mills showed a relatively small seasonal

increase over the previous month, a sharp decline from a year ago, and were the lowest for any August in many seasons. Production of cottonseed products during the month also evidenced substantial declines as compared with the corresponding month of 1930. Supplies of cake and meal,

hulls, and linters on hand at the close of August at United States mills were less than those a month earlier, but were in excess of those a year ago.

#### STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to August 31 This Season	Last Season	August 1 to August 31 This Season	Last Season
Cottonseed received at mills (tons).....	70,277	197,612	94,569	335,071
Cottonseed crushed (tons).....	43,787	89,708	59,148	164,339
Cottonseed on hand (tons).....	40,376	124,625	60,241	216,166
Crude oil produced (pounds).....			17,196,420	48,833,994
Cake and meal produced (tons).....			28,206	76,058
Hulls produced (tons).....			16,078	45,020
Linters produced (running bales).....			8,369	28,446
Stocks on hand August 31:				
Crude oil (pounds).....				
Cake and meal (tons).....			106,358	43,073
Hulls (tons).....			44,274	29,763
Linters (running bales).....			160,254	136,086

#### Textile Milling

An expansion during August in activity at Eleventh District textile mills was reflected by increases in the consumption of cotton and the production of cloth over both the previous month and the corresponding month last year. On the other hand, the demand for textile products, as evidenced by orders held at the close of the month, showed a noticeable decline as compared to the preceding month. There were 1,493 bales of raw cotton consumed by reporting mills during August as against 1,390 bales in July, and 1,444 bales in August, 1930. Production of cloth totaled 710,512 pounds which was 28.0 per cent greater than a month earlier, and 3.5 per cent above the same month of 1930.

The domestic consumption of cotton during August failed to register the usual seasonal increase over the previous month, but for the third successive month exceeded that of the corresponding month of the previous season by a substantial margin. During August 425,819 bales of cotton were consumed by American mills as compared to 450,518 bales in July, and 352,626 bales in August, 1930. Stocks of cotton on hand at consuming establishments on August 31 were materially under those a month earlier and a year ago.

#### TEXTILE MILLING STATISTICS—TEXAS

	August 1931	August 1930	July 1931
Number bales consumed.....	1,493	1,444	1,390
Number spindles active.....	52,608	59,544	53,904
Number pounds of cloth produced.....	710,512	686,404	555,121

#### COTTON CONSUMED AND ON HAND (Bales)

	August		August 1 to August 31	
	1931	1930	This Season	Last Season
Cotton growing states:				
Cotton consumed.....	341,542	284,035	341,542	284,035
On hand Aug. 31 in—				
Consuming establishments.....			545,561	651,438
Public storage and compresses.....			4,071,521	3,108,018
United States:				
Cotton consumed.....	425,819	352,626	425,819	352,626
On hand Aug. 31 in—				
Consuming establishments.....			839,850	1,014,818
Public storage and compresses.....			4,426,154	3,456,371

#### Cotton Movements

With marketing of the current cotton crop proceeding slowly, receipts of cotton at the ports of Houston and Galveston during August were much smaller than a year ago, and at the

latter port the usual seasonal increase over the previous month was not in evidence. Exports during August at both ports reflected declines as compared to the previous month and the corresponding month last year. Stocks of cotton on hand on August 31 were less than those a month earlier, but continued above those a year ago.

During August, total foreign exports of cotton from all United States ports reflected a decline as compared to the previous month, and for the first time since last January were below the corresponding month of 1930. There were only 211,030 bales of cotton exported during the month as against 259,059 bales in July, and 366,036 bales in August, 1930. While exports to the United Kingdom, France, and Germany were exceptionally small for August, takings by Japan and China continued high.

#### COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON (Bales)

	August		August 1 to August 31	
	1931	1930	This Season	Last Season
Receipts.....	5,466	49,553	5,466	49,553
Exports.....	22,056	31,317	22,056	31,317
Stocks August 31.....			384,472	203,488

#### COTTON—GALVESTON STOCK STATEMENT (Bales)

	August 31, 1931	August 31, 1930
For Great Britain.....	500	1,800
For France.....	500	1,200
For other foreign ports.....	6,000	6,800
For coastwise ports.....	500	800
In compresses and depots.....	376,972	192,888
Total.....	384,472	203,488

#### COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON (Bales)

	August		August 1 to August 31	
	1931	1930	This Season	Last Season
Receipts.....	47,298	238,210	47,298	238,210
Exports.....	81,527	95,386	81,527	95,386
Stocks August 31.....			686,682	653,183

#### SEASON'S RECEIPTS, EXPORTS AND STOCKS OF COTTON AT ALL UNITED STATES PORTS—(Bales)

	August 1 to August 31	
	This Season	Last Season
Receipts.....	203,899	681,964
Exports: United Kingdom.....	7,068	55,444
France.....	5,964	56,773
Italy.....	22,083	21,707
Germany.....	21,432	125,405
Other Europe.....	33,440	51,615
Japan.....	53,116	37,119
All other countries.....	67,927	17,973
Total foreign ports.....	211,030	366,036
Stocks at all United States ports August 31.....	2,738,367	1,882,931

#### SPOT COTTON PRICES—(Middling Basis) (Cents per pound)

	August, 1931		Sept. 15, 1931
	High	Low	
New York.....	8.15	6.50	6.70
New Orleans.....	8.01	6.34	6.41
Dallas.....	7.60	5.95	6.00
Houston.....	7.95	6.35	6.50
Galveston.....	8.05	6.40	6.55

**Petroleum**

Petroleum production in the Eleventh Federal Reserve District continued to increase, and for the month of August amounted to 36,588,600 barrels. This is a new high record for any month, and compares with an output of 34,850,900 barrels in the previous month and a yield of 28,272,000 barrels in August a year ago. Drilling activity reflected an upturn after a decline in the previous month. Of the 541 wells completed in August, 425 were producers with an initial output of 2,810,574 barrels, whereas the number of new wells completed in July was 480, of which 357 were producers yielding 2,470,834 barrels flush production.

During the first three weeks in August, production figures in Texas continued their steady and rapid increase. On August 18, the enforcement of a shut-down order, by the declaration of martial law in four East Texas counties, caused the daily output in this State to drop to 585,050 barrels for the week ending August 29. For the entire month, the average yield was 1,106,493 barrels, reflecting an increase of 58,512 barrels over the daily average of July, and a gain of 280,087 barrels as compared to August, 1930. All major producing areas of Texas, except the East Central section, registered substantial decreases from each of the comparative months. Daily production in New Mexico increased somewhat, while in North Louisiana it showed a further material reduction.

On August 22, upward revisions in the schedule of posted

OIL PRODUCTION—(Barrels)

	August, 1931		Increase or Decrease Over July, 1931	
	Total	Daily Avg.	Total	Daily Avg.
	North Texas.....	3,508,050	113,163	- 115,850
Central West Texas.....	7,055,550	227,598	- 46,150	- 1,489
East Central Texas.....	17,921,250	578,105	+2,147,200	+69,265
Texas Coastal.....	4,043,050	130,421	- 144,850	- 4,673
South Texas.....	1,773,400	57,206	- 26,450	- 854
<b>Total Texas.....</b>	<b>34,301,300</b>	<b>1,106,493</b>	<b>+1,813,900</b>	<b>+58,512</b>
New Mexico.....	1,345,150	43,392	+ 25,800	+ 832
North Louisiana.....	942,150	30,392	- 102,000	- 3,290
<b>Total District.....</b>	<b>36,588,600</b>	<b>1,180,277</b>	<b>+1,737,700</b>	<b>+56,054</b>

prices were announced. Texas Coastal oil, 35 gravity and above, was advanced from 51 cents to 66 cents per barrel, and in North Texas and North Louisiana the price of petroleum, 40 gravity and above, was increased from 42 cents to 70 cents per barrel.

AUGUST DRILLING RESULTS

	Com-pletions	Pro-ducers	Gas Wells	Fail-ures	Initial Production
North Texas.....	34	15	3	16	635
Central West Texas.....	26	11	2	13	3,990
East Central Texas.....	406	376	1	29	2,785,675
South Texas.....	24	10	1	13	8,852
Texas Coastal.....	35	11	..	24	9,810
<b>Total Texas.....</b>	<b>525</b>	<b>423</b>	<b>7</b>	<b>95</b>	<b>2,808,962</b>
New Mexico.....	..	..	..	..	..
North Louisiana.....	16	2	7	7	1,612
August totals, district.....	541	425	14	102	2,810,574
July totals, district.....	480	357	14	109	2,470,834

\*Figures not available.

CRUDE OIL PRICES

	Sept. 8, 1931	Sept. 9, 1930
Texas Coastal (35 gr. and above).....	\$ .66	\$1.15*
North Texas and North Louisiana (40 gr. and above).....	.70	1.57**

\*Price paid for Texas Coastal, grade "A".  
\*\*Price paid for oil, 44 gr. and above.

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

**Building**

Construction activity in the Eleventh Federal Reserve District continued at a low level during August. The aggregate valuation of building permits issued at 14 centers amounted to \$2,774,145, as compared to \$3,259,703 in July, and \$7,169,706 in August, 1930. Despite the 14.9 per cent decline in dollar volume from the preceding month, the number of building permits reflected an increase of 5.6 per cent over July. The cities of Amarillo, Corpus Christi, and San Antonio showed substantial gains in valuation over both the previous month and the same month a year ago.

BUILDING PERMITS

	Aug., 1931		Aug., 1930		Percentage Change Valuation Over Year	July, 1931		Percentage Change Valuation Over Month	Eight Months				Percentage Change Valuation Over Period
	No.	Valuation	No.	Valuation		1931			1930				
						No.	Valuation		No.	Valuation			
Amarillo.....	44	\$ 363,387	44	\$ 103,114	+252.4	45	\$ 161,599	+124.9	391	\$ 2,323,289	464	\$ 1,577,362	+47.3
Austin.....	116	124,188	71	169,722	- 22.7	106	218,045	- 43.0	768	1,662,904	766	2,765,768	-39.9
Beaumont.....	80	75,726	158	182,452	- 58.5	67	71,792	+ 5.5	822	940,256	1,152	1,596,534	-41.1
Corpus Christi..	42	61,950	42	45,015	+ 37.6	52	34,455	+ 79.8	417	416,730	443	907,363	-54.1
Dallas.....	270	293,005	273	941,165	- 68.9	251	274,245	+ 6.8	2,538	3,434,605	2,617	6,446,261	-46.7
El Paso.....	60	80,193	90	183,972	- 56.4	62	69,390	+ 15.6	563	841,791	904	2,196,695	-61.7
Fort Worth.....	147	403,223	162	3,207,531	- 87.4	161	353,668	+ 14.0	1,525	3,456,133	1,932	8,059,884	-57.1
Galveston.....	127	56,092	93	87,478	- 35.9	112	82,562	- 32.1	999	1,796,842	961	907,842	+97.9
Houston.....	335	812,185	310	1,342,092	- 39.5	305	1,331,521	- 39.0	2,578	8,826,094	2,644	12,179,972	-27.5
Port Arthur.....	64	14,876	94	427,636	- 96.5	64	278,829	- 94.6	487	855,032	872	2,487,569	-65.6
San Antonio.....	244	361,033	253	245,870	+ 46.8	246	238,239	+ 51.5	1,821	2,033,554	2,234	5,656,340	-64.0
Shreveport.....	170	85,647	152	94,544	- 9.4	137	52,495	+ 63.2	1,194	762,391	1,384	1,329,874	-42.7
Waco.....	22	29,060	24	111,240	- 73.9	22	33,760	- 13.9	217	1,650,156	271	878,242	+87.9
Wichita Falls..	12	13,580	28	36,875	- 63.2	11	64,103	- 78.3	91	134,105	189	862,440	-84.5
<b>Total.....</b>	<b>1,733</b>	<b>\$2,774,145</b>	<b>1,794</b>	<b>\$7,169,706</b>	<b>- 61.3</b>	<b>1,641</b>	<b>\$3,259,703</b>	<b>- 14.9</b>	<b>14,411</b>	<b>\$29,133,882</b>	<b>16,833</b>	<b>\$ 47,852,146</b>	<b>-39.1</b>

**Cement**

After having shown five consecutive monthly increases, the production of portland cement in Texas during August turned slightly downward and amounted to 644,000 barrels, as compared to 646,000 barrels in July, and 697,000 barrels in August a year ago. Shipments from Texas mills, which totaled 667,000 barrels in August, were 4.2 per cent less than in the

previous month but 5.2 per cent higher than a year ago. In the case of both production and shipments, the cumulative comparison with 1930 was more favorable than it was a month ago. Total stocks on August 31, which amounted to 603,000 barrels, were smaller than either a month or a year earlier.

PRODUCTION, SHIPMENTS AND STOCKS OF PORTLAND CEMENT  
(In thousands of barrels)

	August 1931 Number	Percentage Change Over		Jan. 1 through Aug. 31 Number	Percentage Change Over Year
		Month	Year		
Production at Texas mills.....	644	-.3	-7.6	4,206	-11.0
Shipments from Texas mills.....	667	-4.2	+5.2	4,405	-10.3
Stocks at end of month at Texas mills.....	603	-3.7	-3.8	.....	.....

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board as of September 24, 1931)

Volume of industrial production and factory employment, which usually increases at this season, showed little change from July to August and the Board's seasonally adjusted indexes consequently declined. The general level of wholesale prices remained in August at about the same level as in the two preceding months, but declined somewhat in the first three weeks of September.

### PRODUCTION AND EMPLOYMENT

Industrial production, as measured by the Board's seasonally adjusted index, declined from 83 per cent of the 1923-1925 average in July to 80 per cent in August, which compares with the previous low level of 82 per cent for December, 1930. Output of steel, which ordinarily increases in August, declined further to 31 per cent of capacity, reflecting in part curtailment in automobile production; lumber output also decreased, contrary to seasonal tendency. Activity at textile mills and shoe factories showed about the usual seasonal changes and production in these industries continued to be in substantially larger volume than a year ago. In the latter part of August, output of crude petroleum decreased 30 per cent, the reduction being in East Texas following earlier curtailment in Oklahoma fields; in the middle of September production increased somewhat. Volume of factory employment, which usually increases at this season, showed little change from the middle of July to the middle of August. The number employed in the clothing and shoe industries and in canning factories increased, while employment at steel mills, automobile plants, foundries, and car-building shops declined. The value of building contracts awarded, as reported by the F. W. Dodge Corporation, continued to decline in August, and for the first eight months of 1931 was 31 per cent less than in the corresponding period of 1930, reflecting decreases of 18 per cent in contracts for residential building, 30 per cent for public works and utilities, 54 per cent for factories, and 56 per cent for commercial building.

Department of Agriculture crop estimates, based on September 1 conditions, were about the same as estimates made a month earlier. High yields per acre and large crops were indicated for cotton, winter wheat, and tobacco, while crops of spring wheat and hay were expected to be unusually small chiefly on account of dry weather. The corn crop was estimated at 2,715,000,000 bushels, 600,000,000 bushels larger than last year, but 50,000,000 bushels smaller than the five-year average.

### DISTRIBUTION

Daily average freight-car loadings declined somewhat in

August, contrary to the seasonal movement, while department store sales increased but by an amount slightly smaller than is usual in August.

### PRICES

The general level of wholesale prices increased from 70.0 per cent of the 1926 average in June and July to 70.2 per cent in August, according to the Bureau of Labor Statistics, reflecting increases in the prices of livestock, meats, dairy products, and petroleum, offset in large part by decreases in the prices of grains, cotton, and cotton textiles. During the first three weeks of September, prices of livestock, meats, hides, and cotton declined, while prices of dairy products continued to increase.

### BANK CREDIT

Volume of reserve bank credit, which had increased by \$240,000,000 during the month of August, increased further by \$70,000,000 in the first part of September, and in the week ending September 19 averaged \$1,265,000,000. The demand for the additional reserve bank credit arose chiefly from an increase of \$295,000,000 in the volume of currency outstanding; there were also further transfers to the reserve banks by foreign correspondents of funds previously employed in the acceptance market, offset in large part by a growth of \$60,000,000 in the country's stock of monetary gold. Following the suspension of the gold standard act by Great Britain more than \$100,000,000 in gold was added to the amount held by the Federal reserve banks under earmark for foreign account and there was a corresponding decrease in the country's stock of monetary gold. Loans and investments of reporting member banks in leading cities, after declining in July and the first half of August, showed little change in the three-week period ending September 9. There was a further decline in loans on securities, while the banks' holdings of investments increased somewhat. In the following week, the banks added \$227,000,000 to their holdings of United States Government securities when an issue of \$800,000,000 of United States Government bonds were brought out, while holdings of other securities were reduced by \$40,000,000. Loans on securities continued to decline and all other loans were also reduced, contrary to the usual seasonal tendency. Money rates in the open market continued at low levels. On September 22 the rate on bankers' acceptances advanced from  $\frac{7}{8}$  of one per cent to 1 per cent. Yields on high-grade bonds increased during the last half of August and the first part of September.