

TEXAS BUSINESS REVIEW

A Monthly Summary of Business and Economic Conditions in Texas and the Southwest

Bureau of Business Research

The University of Texas

Entered as second-class matter on May 7, 1928, at the postoffice at Austin, Texas, under the Act of August 24, 1912.

VOL. III

AUSTIN, TEXAS, NOVEMBER 29, 1929

No. 10

THE MONTH

General business and industrial conditions in Texas and the Southwest continued on about the same level as in September. A feeling of hesitancy characterizes the situation and some apprehension has been expressed regarding the business outcome over the next few months. The severest decline in the history of the stock exchange, coupled with the fact that industry is curtailing at a time when it should be expanding, is sure to be reflected in business generally. However, the decline is expected to be of but a few months' duration, and it is not likely to carry much below the recession of 1927.

Possibly the most favorable developments during the past month are the lowering of interest rates and the easing of credit. Interest rates fell to the lowest levels this year, and brokers' loans have decreased more than 30 per cent. Call rates on the New York Stock Exchange have held under 5 per cent in recent sessions, whereas the renewal rate was 8 per cent to 10 per cent a month ago. Time rates were quoted at 6 per cent for all maturities, and brokers' acceptances fell to 4½ per cent. Bank debits increased seasonally and were considerably above those in October, 1928. Checks cashed in the district for the four weeks ending November 2, according to the Dallas Federal Reserve Bank, totaled \$1,022,000,000, compared with \$940,000,000 in the same period last year, a gain of 8.7 per cent. Member bank borrowings at the Dallas Federal Reserve Bank increased slightly over the month. Loans at member banks gained during the month as did demand deposits. On the other hand, time deposits declined to the lowest level so far this year.

Labor and employment conditions in the State are satisfactory, although demand, especially for unskilled labor, is slackening. Not only was the number of workers on the payrolls of 470 firms reporting increased over the month, but also the average weekly wage advanced. There was a gain of 1.5 per cent in the number employed by the 470 comparable firms located in fifty-six cities on October 15 compared to September 15. Average weekly

wage per worker advanced from \$27.68 in September to \$27.80 in October. Austin, Beaumont, Galveston, Fort Worth, and many of the smaller towns recorded large gains in the number employed, while Houston and San Antonio showed losses.

There was an unusually large increase in the number of new corporations organized in October, a rather unexpected feature in the face of the uncertain business outlook. Commercial failures also show a sharp gain over the month. Wholesale prices declined steadily and reached the lowest point since last May. Farm products were especially weak. Trade at wholesale and retail made a fairly good showing. Sales of eighty department

stores in twenty-four cities were \$6,983,000 in October against \$6,859,000 in October, 1928, a gain of 1.8 per cent.

Movement of freight in this territory is diminishing as is to be expected at this season of the year. Traffic in this district for the two weeks ending November 2 was 4.3 per cent above that in the same two weeks a year ago. Loadings of agricultural products, livestock, and cement were heavy. Exports of cotton and wheat made large gains.

Production of Portland cement established a new high record when mills of the State

turned out 777,000 barrels. Developments in the petroleum industry were of a constructive nature—both production and stocks of crude fell off. Field work was less active. The building industry recovered from the slump of the previous three months. Permits in thirty-four cities amounted to \$9,037,000 in October, compared with \$8,468,000 in October, 1928. Some improvement is indicated in the statistical position of the lumber industry. Textile mills were operating at about the same rate as they were in September, although some slackening was indicated towards the end of the month.

Agricultural conditions are less encouraging than they were a month ago. Farm prices fell and several of the major crops are smaller. Farmers were able to do considerable fall work, and early planted crops are doing better since the recent rains. During October, there were

Trade and industrial reports indicate that business and industry are making some progress despite the numerous unfavorable influences which have come into the situation over the past two or three months. While it is true that the usual fall gain in business has not taken place, it must be remembered that the present rate of activity is at a high level in comparison to previous years at this time. Credit conditions are easier and financial conditions are sound. However, there is sufficient evidence to indicate that no sustained rise in the business trend is likely over the next few months and some further slowing up is highly probable.

696 cars of fruits and vegetables loaded in the State, whereas only 225 cars were shipped in October last year. Further gains are expected.

Changes in the livestock industry over the month were relatively small. Possibly the least hopeful feature is the decline of prices for all classes of livestock. Ranges generally are poor and animals are not gaining as they should at this season of the year. Markets for dairy products were rather unsettled, but poultry producers experienced a fairly good month. Receipts of livestock at Fort Worth were above those in September and just about equal to unloadings in October last year.

WHOLESALE PRICES

Wholesale prices declined all during the month and reached the lowest levels since last May. All grains, livestock, cotton, sugar, coffee, rubber, and numerous other agricultural products were lower. Metals and fuels were also down. The ANNALIST index fell from 145.9 in the first week of October to 143.6 the beginning of November, and Fisher's index declined 1 point to 93.7. Dun's and Bradstreet's remained about unchanged at 192.2 and 12.70 respectively. The Bureau of Labor Statistics all commodity index based on 1926 as equal to 100 averaged 96.3 in October, compared to 97.5 in September and 97.8 in October, 1928.

FINANCIAL

Lower interest rates coupled with a marked improvement in the money situation are possibly the most encouraging features in the general business structure. Several weeks ago, the Federal Reserve System began a policy of increasing purchases of bills and acceptances at a rate of 5½ per cent while the rediscount rate at the New York Federal Reserve Bank was raised to 6 per cent. This method of procedure was intended to check the use of funds for speculation and at the same time to furnish cheaper credit for commercial purposes. The policy has been highly successful so far but the full effect will not be realized until later on when complete adjustment is made from the recent stock market crash.

In the meantime, interest rates have fallen to the lowest levels in more than a year and brokers' loans have declined over 30 per cent in the past month. Call rates

on the New York Exchange have held around 6 per cent in recent sessions whereas the renewal rate was 8 per cent to 10 per cent a month ago. Time rates declined to 6 per cent for all maturities against a high of 9½ per cent in September. Bankers acceptance rates fell to 4½ per cent, a decline of ¾ per cent from the high of September. The rediscount rate at the New York Federal Reserve Bank was reduced to 5 per cent on October 1, making the rate uniform in all twelve Districts. It appears now, that a period of easier credit and lower interest rates is under way.

Bank debits showed about the usual large seasonal gain over September and were considerably above those in October, 1928. Checks cashed in this District for the four weeks ending November 2, according to the Dallas Federal Reserve Bank amounted to \$1,022,000,000 against \$940,000,000 in the same period last year, or a gain of 8.7 per cent. Apparently some of the funds were used to replenish impaired margins in connection with the stock market decline because actual business needs were smaller.

Member bank borrowings at the Dallas Federal Reserve Bank on November 2 stood at \$25,000,000 or a gain of \$1,000,000 over the month previous and nearly 50 per cent above the \$17,000,000 reported on the corresponding date last year. Borrowings are expected to fall off over the next few months. Demand deposits increased seasonally from \$279,000,000 on October 2 to \$298,000,000 on November 2. Last year on the same date, these deposits totaled \$313,000,000. On the other hand, time deposits decreased from \$143,000,000 to \$139,000,000 or to the lowest point for any month this year.

Loans at member banks on November 2 were reported at \$386,000,000, a gain of \$11,000,000 from last month and \$23,000,000 above the \$363,000,000 recorded on the same date of 1928. At the beginning of November, member banks held \$74,000,000 in Government bonds against \$79,000,000 on October 2, and \$83,000,000 on November 3, 1928. Banks have been reducing their holdings of Government securities since early in March. Moreover, further reductions are likely.

The 5 per cent rediscount rate remained unchanged at the Dallas Federal Reserve Bank.

FINANCIAL STATISTICS FOR THE DALLAS FEDERAL RESERVE DISTRICT*

	October 1929	September 1929	October 1928
Bank Debits (four weeks).....	\$1,022,000,000	\$ 792,000,000	\$ 940,000,000
Government securities owned, end of month.....	74,000,000	79,000,000	83,000,000
Member bank borrowings, end of month.....	25,000,000	24,000,000	17,000,000
Demand deposits, end of month.....	298,000,000	279,000,000	313,000,000
Time deposits, end of month.....	139,000,000	143,000,000	131,000,000

*From the Federal Reserve System.

COMMERCIAL FAILURES

An unusually sharp increase is reflected in the mortality rate of commercial concerns in Texas during October. A total of 50 firms having liabilities of \$630,000 went into bankruptcy during the month, or the largest number for any month since last May and the highest number for any October in the past three years. This

compares with 29 failures with liabilities of \$128,000 in September and 39 insolvencies having liabilities of \$407,000 in October, 1928. Normally, a seasonal increase in the number of failures occurs from September to October, but the gain this year of nearly 75 per cent is the largest on record.

Many of the defaulting firms were larger than has been the case so far this year. The average failure had

liabilities amounting to \$12,600 in October, whereas liabilities per bankruptcy averaged but \$5,100 in September and \$10,400 in October last year. A further increase in business failures is to be expected over the next three months.

COMMERCIAL FAILURES*

	October 1929	September 1929	October 1928
Number	50	29	39
Liabilities	\$630,000	\$128,000	\$407,000
Assets	242,000	64,000	177,000

*From R. G. Dun & Co.

TEXAS CHARTERS

There were 248 new corporations organized in Texas during October, compared to 173 in September and 192 in October, 1928. While a seasonal gain from September to October is the normal trend, the increase of 75 new corporations is by far the largest on record. This is a rather unexpected development, coming, as it did, in the midst of a downward trend in general business. Apparently, it is a temporary movement. Most of the gain in the real estate group is accounted for by the extension of irrigation systems in the Valley.

A larger number of the new companies were small, many of them having capitalization under \$5,000. Moreover, only 4 of the new enterprises were capitalized at over \$250,000. Capitalization of the 248 companies totaled \$7,535,000 against \$6,210,000 in September and \$24,386,000 in October a year ago.

Thirty-two oil companies were chartered in October, 8 more than in October, 1928, while new public service corporations declined from 8 to 6. There were 19 manufacturing concerns organized, or double those in October a year ago; financial institutions remained unchanged at 12. New real estate firms totaled 35 against 15 in October last year and the general list showed a large increase. Permits were granted to 32 outside corporations, or 4 less than in October, 1928.

TEXAS CHARTERS

	October 1929	September 1929	October 1928
Number	248	173	192
Capitalization	\$7,535,000	\$6,210,000	\$24,386,000
Foreign Permits	32	19	36
Classification of new corporations:			
Oil	32	20	24
Public Service	6	2	8
Manufacturing	19	30	8
Banking-Finance	12	9	12
Real estate-building	35	18	15
General	144	94	125

BUILDING

Final figures on the building industry of the State in October are much more encouraging than the preliminary reports indicated. Total permits were above those in October a year ago and the largest for any month since last May. However, it must be noted that most of the

increase came in four or five of the larger cities of the State, whereas many of the smaller towns show big losses. But, regardless of localized activity, the building industry for the State as a whole made a good showing.

Permits in thirty-four cities for October totaled \$9,037,000 compared to \$7,259,000 in September and \$8,468,000 in October, 1928. Compared to October last year, losses were reported in nineteen cities while fifteen recorded gains. According to the F. W. Dodge Corporation, construction and engineering contracts let in Texas during October amounted to \$19,000,000, a gain of 35 per cent over the figure reported in October, 1928. Contemplated work also showed a large gain. Building costs were slightly reduced.

BUILDING PERMITS

	October 1929	September 1929	October 1928
Abilene	\$ 32,000	\$ 43,000	\$ 127,000
Amarillo	181,000	69,000	97,000
Austin	193,000	220,000	216,000
Beaumont	174,000	186,000	314,000
Brownsville	15,000	50,000	98,000
Brownwood	109,000	85,000	141,000
Cleburne	30,000	9,000	23,000
Corpus Christi	83,000	282,000	122,000
Corsicana	4,000	27,000	3,000
Dallas	1,651,000	768,000	556,000
Del Rio	15,000	71,000	85,000
Denison	6,000	2,000	4,000
El Paso	246,000	265,000	161,000
Eastland	3,000	73,000	12,000
Fort Worth	1,133,000	1,411,000	851,000
Galveston	99,000	99,000	105,000
Houston	3,268,000	1,624,000	3,225,000
Jacksonville	4,000	19,000	20,000
Laredo	15,000	18,000	30,000
Lubbock	66,000	167,000	174,000
McAllen	60,000	50,000	26,000
Marshall	17,000	158,000	18,000
Paris	12,000	13,000	10,000
Plainview	35,000	44,000	337,000
Port Arthur	230,000	214,000	51,000
Ranger	1,000	8,000	2,000
San Angelo	141,000	74,000	340,000
San Antonio	596,000	806,000	823,000
Sherman	20,000	31,000	19,000
Snyder	10,000	16,000
Sweetwater	26,000	25,000	60,000
Temple	144,000	119,000	142,000
Tyler	76,000	22,000	49,000
Waco	322,000	119,000	105,000
Wichita Falls	20,000	89,000	106,000
Total	\$ 9,037,000	\$ 7,259,000	\$ 8,468,000

DEPARTMENT STORE SALES

Trade at wholesale and retail held up fairly well in the face of the stock market collapse. Some falling off was noted in luxury lines but general trade was not affected to any appreciable extent. Sales of 80 department stores located in 24 cities of the State amounted to \$6,983,000 in October against \$6,859,000 in October, 1928, or a gain of 1.8 per cent. Losses and gains were about evenly divided among the cities but the decreases in most cases were small. Sales for the year-to-date are .6 per cent above those for the first 10 months of 1928. Retail trade in October for the entire United States was 3 per

cent above the volume reported in October a year ago, according to the Federal Reserve System. All of the districts except four showed gains.

OCTOBER TENDENCIES IN TEXAS DEPARTMENT STORE SALES

	No. of Stores Re- porting	Percentage change		
		Oct., 1929 from Oct., 1928	Oct., 1929 from Sept., 1929	Year- to-date 1929 from Year- to-date 1928
Abilene	4	- 4.8	+19.7	- 4.6
Austin	4	+ 7.7	+ 8.7	+11.1
Beaumont	6	+ 3.2	+11.2	+ 6.0
Dallas	6	+ 7.3	+23.6	+ 5.1
El Paso	5	+ 4.4	+26.8	+ 0.2
Fort Worth	8	+ 2.4	+23.4	+ 0.6
Galveston	3	- 4.9	+14.0	+ 6.4
Houston	8	+ 1.4	+ 2.6	+ 1.4
San Antonio	11	- 6.5	+13.4	- 4.6
Tyler	3	- 3.2	+38.3	+ 0.8
All others*	22	- 2.2	+23.8	- 7.5
State	80	+ 1.8	+17.5	+ 0.6

Sales of 80 comparable

Stores—	1929	1928
October	\$ 6,983,000	\$ 6,859,000
September	5,945,000	
Year-to-date	54,345,000	54,023,000

*All others include: Amarillo, Brownwood, Cleburne, Corpus Christi, Corsicana, Del Rio, Denison, Marshall, Paris, San Angelo, Sherman, Temple, Waco, and Wichita Falls.

CEMENT

A gain of 10 per cent is reflected in the production of Portland cement in Texas mills during October. This is the largest amount that has ever been turned out in any month in the State, but in making comparisons allowance should be made for production from new plants put into operation during the past summer. Moreover, a seasonal gain from September to October is the normal trend of production in Texas. In contrast to this increase, the industry for the entire United States shows a decline between the two months.

THE CEMENT SITUATION*

(In Thousands of Barrels)

	October 1929	September 1929	October 1928
Production	777	707	617
Shipments	743	680	552
Stocks	527	492	346

*From the United States Department of Commerce.

A total of 777,000 barrels was produced by Texas mills in October, against 707,000 barrels in September and 617,000 barrels in October, 1928. Shipments gained nearly 10 per cent, or from 680,000 barrels in September to 743,000 barrels in October. Last year in October, 552,000 barrels were loaded. Stocks increased seasonally from 492,000 barrels on October 1 to 527,000 barrels on November 1. Even though stocks made but a moder-

ate gain during the month, they are nearly double those of last year at this time.

No improvement was noted in demand for cement over the month and markets weakened a little. Prices remained unchanged. The basic price on November 1 was \$2.15* per barrel in Dallas and \$2.25* per barrel in Houston. Ten cents per barrel discount is allowed for cash and 40c for cloth sacks where returnable.

*Prices quoted through the courtesy of the Lone Star Cement Company Texas.

PETROLEUM

Developments over the past month or two have materially improved the outlook for the petroleum industry. Curtailment measures in Oklahoma and California have reduced daily production and a further downward revision is expected as Texas follows suit; already output in the State is on the decline. However, it will take several months of sharply reduced production for present stocks of crude to be appreciably reduced.

During October, 27,342,000 barrels of petroleum were gathered in Texas, compared to 26,970,000 barrels in September and 22,603,000 barrels in October, 1928. Daily average flow declined from 899,000 barrels in September to 882,000 barrels in October. This is a decrease of 24,000 barrels from the high record of 906,000 barrels in August. A further decline is likely over the next few months.

Field work continued active. There were 893 new wells completed in October, of which 476 were producers. This compares with 587 completions and 351 successful wells in October, 1928. It is interesting to note that the percentage of producers is much smaller in October this year than last.

Crude prices remained unchanged after the recent sharp reductions in California. Gasoline prices were reduced in a few localities but the general situation was not affected.

THE PETROLEUM SITUATION*

(Production in Thousands of Barrels)

	October 1929	September 1929	October 1928
Production—			
Total	27,342	26,970	22,603
Daily average	882	899	729
Wells completed	893	662	587
Producers	476	343	351

*From the Oil Weekly.

STOCK PRICES

The longest bull market in the history of the country finally ended in a crash. Except for a few minor setbacks, stocks advanced steadily from early in 1924 and reached a high for all time in the first part of September of this year. The market then declined slowly for the remainder of September and the first three weeks of October, only to crash in the final week of the month. Exchanges were demoralized as selling orders poured in and stocks were dumped overboard without regard

to price. The orgy of selling ended with the trading in of nearly 16½ million shares in one session, a record almost unbelievable.

Six of the seven industrials comprising the index of the Bureau of Business Research declined and one advanced slightly during October, resulting in a loss of 8 points in the index. The index averaged 261 in October

against 269 in September and 257 in October, 1928. The rail index also declined 8 points during October and stood at 230. This compares with 238 in September and 215 in October a year ago. Full effect of the decline is not reflected in the two indexes because the slump came in the final week of October, whereas during the first three weeks quotations held at recent high levels.

INDEX OF INDUSTRIAL STOCKS

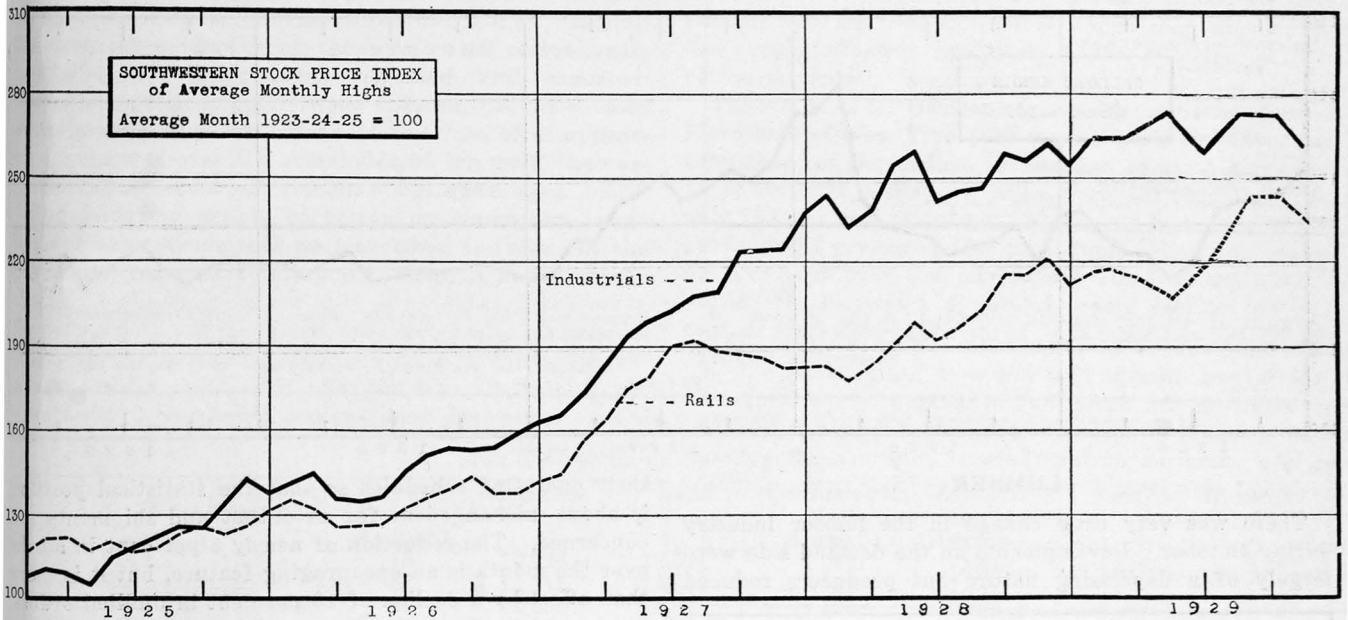
Average High 1923-24-25=100

	1929	1928	1927	1926	1925
January	264	245	167	142	108
February	265	233	174	146	112
March	269	239	184	136	110
April	271	255	194	135	106
May	263	260	199	137	116
June	256	243	203	146	120
July	267	246	208	151	124
August	270	247	210	154	127
September	269	259	224	153	126
October	261	257	225	154	135
November	—	262	226	159	144
December	—	255	238	164	139

INDEX OF RAILROAD STOCKS

Average High 1923-24-25=100

	1929	1928	1927	1926	1925
January	216	183	145	136	118
February	218	178	157	133	123
March	216	183	164	125	123
April	209	191	175	126	118
May	217	199	179	127	122
June	218	193	190	133	117
July	238	197	192	136	119
August	239	203	190	140	125
September	238	215	189	144	126
October	230	215	186	138	124
November	—	221	182	139	126
December	—	212	183	143	133



COTTON MANUFACTURING

Textile mills of the State were operating at a little higher rate in October than they were in September and on about the same schedule as was maintained in October, 1928. Night shifts were operated by some mills while others were running at about half capacity.

During October, 18 mills used 6,289 bales of cotton and manufactured 4,622,000 yards of cloth compared to the consumption of 6,176 bales and an output of 4,653,000 yards of cloth in October a year ago. Cotton goods sales amounted to 4,010,000 yards against 4,441,000 yards in October, 1928. Unfilled orders on November 1, totaled 5,821,000 yards, or about the same as those of the month previous but considerably above the 4,622,000 yards reported on November 1, 1928. At the present rate of output bookings are equal to about five weeks' run.

TEXAS COTTON MANUFACTURERS REPORT

	October 1929	September 1929	October 1928
Mills reporting	18	18	18
Bales of cotton used	6,289	5,412	6,176
Yards of cloth—			
Produced	4,622,000	4,425,000	4,653,000
Sales	4,010,000	5,145,000	4,441,000
Unfilled orders (end of period)	5,821,000	5,897,000	4,622,000
Active spindles	143,000	159,000	155,000
Spindle hours	48,830,000	32,715,000	39,787,000

SPINNERS MARGIN

Spinners margin gained one point during October in contrast to a loss of 3 points in September. While the upward trend is an encouraging feature, the slight increase is rather insignificant in view of the fact that the ratio has been below normal for more than two years. It has been pointed out many times before in this section of the REVIEW that a sustained rise in raw cotton prices was unlikely as long as spinners were operating on an unfavorable basis. This situation continues to be the major bearish influence in the cotton market.

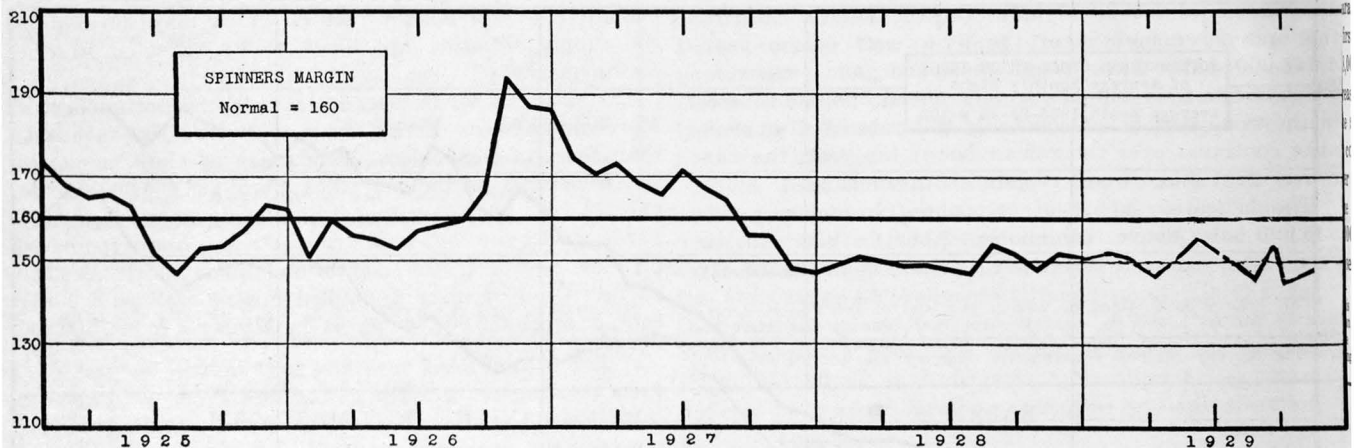
American middling cotton in Liverpool averaged 10.10d in October and 32-twist cotton yarn in Manchester averaged 15.08d compared to 10.40d for cotton and 15.42d for yarn in September. Yarn declined relatively a little less than cotton resulting in an advance of the spinners margin from 148 in September to 149 in October. Last year in October, the ratio averaged 148 and in October, 1927, it stood at 156. At present levels, the ratio is considerably below normal, indicating that spinners are likely to hold their purchases of raw cotton at a minimum.

Spinners Margin refers to the ratio between the price of American 32-twist cotton yarn in Manchester and the Liverpool price of middling American cotton. Normally, the price of 32-twist should be 60 per cent above the spot price of American middling cotton. If prices change so that the ratio increases, the spinners margin of profit is increased and thereby the demand for cotton is strengthened. On the other hand, when the ratio decreases, the spinners margin is also relatively decreased, and then the demand for cotton falls.

SPINNERS MARGIN

	1929	1928	1927	1926
January	152	149	174	150
February	151	151	179	160
March	148	150	173	156
April	150	149	168	155
May	152	149	165	153
June	151	148	172	157
July	148	147	167	158
August	151	154	164	160
September	148	152	156	166
October	149	148	156	194
November	—	152	148	187
December	—	151	147	186

Normal = 157.



LUMBER

There was very little change in the lumber industry during October. Developments on the demand side were largely of a depressing nature but producers reduced

THE LUMBER SITUATION*
(In Thousands of Feet)

	October 1929	Sept. 1929	Per cent change from Sept. 1929
Preliminary report of 144 mills in the Southwest—		149 Mills	
Av. production	1,461	1,491	— 2.0
Av. shipments	1,436	1,426	+ 0.7
Av. unfilled orders....	1,118	1,055	+ 5.9
Final report of 37 Texas Mills—		30 Mills	
Av. production	1,847	1,858	— 0.6
Av. shipments	1,726	1,747	— 1.2
Av. stocks	5,489	5,772	— 4.9
Av. unfilled orders....	841	940	—10.5

*From the Southern Pine Association.

their operating schedules so that the statistical position is about unchanged as far as output and shipments are concerned. The reduction of nearly 5 per cent in stocks over the month is an encouraging feature, but it is more than offset by a decline of 10 per cent in unfilled orders. Prices ruled about the same as those in the previous month and were slightly below those in October last year.

Total output of 37 Texas mills reporting to the Southern Pine Association was 68,000,000 feet, compared to a cut of 63,000,000 feet by 30 mills in September. Production per mill averaged 1,847,000 feet against 1,858,000 feet in September, a decline of .6 per cent. Average shipments declined 1.2 per cent, or from 1,747,000 feet in September to 1,726,000 feet in October, while stocks averaged 5,489,000 feet, a drop of 4.9 per cent for the month. Unfilled orders averaged 841,000 feet per mill, a decrease of 10.5 per cent in the 30 days—considerably more than can be accounted for by seasonal factors.

COTTON

It is quite evident that the September rains came too late to materially improve the cotton crop in Texas, and the full effect of the summer drought is only now being

felt. The November 1 estimate of the United States Department of Agriculture for the State remained unchanged at 3,950,000 bales, compared to a harvest of 5,106,000 500-pound bales in 1928. A decline of more than 1,000,000 bales is a serious loss to cotton growers. A total of 3,143,000 running bales had been ginned in the State prior to November 1, indicating that the crop is more than likely to equal the estimate.

During October, 641,000 bales were used in the United States compared to 546,000 bales in September and 619,000 bales in October, 1928. Prices moved steadily downward over the entire month, each slight rise being met by increased selling and renewed liquidation. December New York futures closed on November 15 at 17.12c, compared to 18.19c a month earlier.

COTTON BALANCE SHEET

On November 1, the indicated supply of cotton in the United States amounted to 13,343,000 bales, compared to 12,807,000 bales on November 1, 1928 and a seven-year average on that date of 12,814,000 bales. In October 641,000 bales were used in the United States and 1,251,000 bales were exported, which makes a total disappearance of 1,892,000 bales for the month. During the first three months of the present cotton year, 4,048,000 bales have been consumed and exported, whereas domestic supplies were reduced 3,930,000 bales in the same period last year. If this rate of disappearance continues over the remainder of the year, the carryover next August will remain about unchanged.

The indicated supply of cotton on November 1 was 536,000 bales above that on November 1, 1928. In the past seven years on November 1, changes in the supply

*This balance is obtained by adding the sum of the Census carryover on August 1 and the imports since that time to the latest estimate of the United States Department of Agriculture, and subtracting the exports plus consumption. Linters are not included.

have totaled 16,966,000 bales and deflated price changes have amounted to 4,781 points, or a change of 28.2 points for each change of 100,000 bales in the supply. At the same ratio, an increase of 536,000 bales in the supply should be accompanied by a decrease of 150 points from last year's price. On this basis and allowing for price changes, New Orleans spots should have been about 17.35c on November 1. This price is not adjusted for the low spinners margin. Based on replacement costs and on last year's price, New Orleans spots should be about 16½c. The actual price last year at this time was practically in line with the calculated price so that present quotations appear to be about right relative to indicated supplies.

On a world basis, the price should be somewhat higher. At the beginning of November, stocks in and cotton afloat to Europe amounted to 1,283,000 bales against 1,405,000 bales on the corresponding date of 1928, or a decline of 122,000 bales. Applying the ratio of 28.2 points to this decrease and allowing for price changes, New Orleans spots on a world basis should be about 16.85c, or practically in line with current quotations, November 14. It appears that present prices are low enough and any bullish factors which may develop in the supply situation are likely to be reflected in the cotton market.

The statistics for October released by the Cotton Textile Merchants of New York City were a little less favorable than those of September. Production of cloth amounted to 283,000,000 yards and sales were 222,000,000 yards, only 78.5 per cent of output. Shipments were 265,000,000 yards, or 6.2 per cent under production. Stocks increased 5.1 per cent over the month and stood at 363,000,000 yards. On November 1 unfilled orders declined 9.9 per cent, or from 439,000,000 yards on October 1 to 396,000,000 yards on November 1.

COTTON BALANCE SHEET AS OF NOVEMBER 1 IN THE UNITED STATES

(In Thousands of Running Bales)

Year	Carry-over August 1	Imports since August 1	Estimate Nov. 1	Total	Consumption since August 1	Exports since August 1	Total	Balance
1923-1924	2,325	18	10,248	12,591	1,521	1,695	3,216	9,375
1924-1925	1,556	32	12,816	14,404	1,329	1,949	3,278	11,126
1925-1926	1,610	36	15,298	16,944	1,475	2,478	3,953	12,991
1926-1927	3,543	53	17,918	21,514	1,641	2,534	4,175	17,339
1927-1928	3,762	75	12,842	16,679	1,874	2,084	3,958	12,721
1928-1929	2,532	72	14,133	16,737	1,638	2,292	3,930	12,807
1929-1930	2,313	69	15,009	17,391	1,745	2,303	4,048	13,343

The cotton year begins on August 1.

Imports in 500-pound bales.

AGRICULTURE

Agricultural conditions failed to show any improvement during October, and, if anything, the farm situation is less encouraging than it was last month. Farm prices in many cases dipped to new low levels for the season despite the fact that several of the major crops are smaller than last year's harvest. Lower prices coupled with smaller crops are bound to reduce farm income.

Meanwhile, farmers have been able to do considerable fall work, especially since the recent rains. Acreage planted to fall grains has been materially increased and

the young plants are doing much better than was the case a month ago. Shipments of fruits and vegetables are gaining, and it looks now as if loadings will establish new high records again this winter and early spring.

FRUIT AND VEGETABLE SHIPMENTS

As expected, shipments of fruits and vegetables reflect a sharp gain over those in September. Moreover, loadings should continue to increase over the next few months and reach the peak in April or May. The showing in October is exceptionally good in comparison to the poor month of September and is much better than the record of last October.

During the month, 696 cars of fruits and vegetables were shipped from Texas farms against 90 cars in September and 225 cars in October, 1928. This is the best October for which the Bureau has records. If the present rate of increase continues, 1929 will establish a new high record for this industry in the State. Most of the gain is due to the large increase in shipments of grapefruit, although the volume of many of the smaller vegetables was materially increased. There were 572 cars of grapefruit loaded in October, compared to 102 cars in October, 1928, and 26 cars of mixed citrus fruit went out, or 2 more than in October last year. In October, 1927, but 88 cars of grapefruit were shipped. The large gain since that time indicates the expansion of citrus fruit growing in Texas.

Markets did not experience the usual fall activity and prices in many cases were lower. Potatoes was the exception. Prices advanced sharply and are now the highest in several years.

TEXAS FRUIT AND VEGETABLE SHIPMENTS*

(In Carloads)

	October 1929	September 1929	October 1928
Mixed Vegetables	11	1	2
Spinach	6	-----	-----
Grapefruit	572	-----	102
Sweet Potatoes	57	40	71
Onions	-----	1	2
Tomatoes	14	1	2
Oranges	2	-----	11
Potatoes	-----	1	-----
Mixed Citrus	26	-----	24
Watermelons	-----	34	1
Cantaloupes	-----	2	-----
Peppers	1	-----	-----
Pears	-----	3	10
Apples	1	7	-----
Eggplants	6	-----	-----
Total	696	90	225

*From the United States Department of Agriculture.

LIVESTOCK

Developments in October were not of sufficient importance to change the outlook for the livestock industry one way or the other. Possibly the least hopeful feature is a continued drop in prices for all classes of livestock and many livestock products. However, it appears now that price declines have about discounted all unfavorable factors and any further decreases from this level should be small.

Even though rain fell generally over the State during September and October, ranges failed to improve as expected. The growth of grasses and weeds has been unusually slow in many districts and the fall wheat has been too short in most cases for grazing purposes. As a result, animals have not gained in flesh as they usually do at this season of the year and they will go into the winter in the poorest condition in many years. Cattle ranges on November 1 were rated at 80 per cent of normal by the United States Department of Agriculture compared to 81 per cent a month earlier and 86 per cent on November 1 a year ago. The condition of cattle was

placed at 83 per cent, the same as last month but 5 points under the rating on November 1, 1928. Range trading is practically at a standstill and herds have been culled rather closely this fall. Feeding for market is likely to be smaller this year than last due to higher feed costs and lower beef prices.

Sheep and goat ranges were rated at 83 per cent, up 5 points from last month, but 11 points under the condition on November 1, last year. Ranges have improved somewhat over the past week or two so that the report next month may be more favorable. Sheep gained 1 point over the month and were placed at 85 per cent of normal; last year on November 1, they were rated at 94 per cent. On the other hand, goats declined 1 point, or from 87 per cent on October 1 to 86 per cent on November 1. This compares with 95 per cent on November 1, 1928, and a 5-year average on that date of 93 per cent. Local trading in both sheep and goats continues unusually dull, indicating that expansion is slowing up. Fall movement has been heavy and feeding is expected to be about on the same scale as it was last year.

Dairy markets were rather unsettled over the month. Butter and cheese prices declined further and the huge stocks of these products in storage constitute a problem of growing concern to the trade. Confidence prevails in the poultry and egg markets. Cold storage holdings of eggs are below those of a year ago; and receipts, while on the increase, are not excessive relative to demand. The turkey season has started and it appears that supplies are above those of last year. Prices generally are lower this year.

Receipts of all classes of livestock at Fort Worth increased seasonally over those in September and were practically equal to those of last October. Unloadings for the month totaled 206,459 head, according to the Fort Worth Stock Yards Company. This compares with 184,327 head in September and 206,910 head in October, 1928. Slight increases were recorded for calves and sheep, while receipts of cattle and hogs were smaller.

Prices in most cases were lower, quotations for some classes of animals reaching the lowest levels so far this year. Prime beef steers on the Fort Worth market for the week ending November 16 went mostly at 8½c against 8½c for the bulk and 12½c for tops a month ago, and best calves brought 8¾c to 10c, down ½c in the thirty days. The handy weight class of hogs cleared at 9c to 9½c, or a decline of ½c from the same week in October. Best lambs fell off more than a cent and sold at 10c to 10½c while muttons were quoted at 6½c to 7½c, or ¼c under prices a month ago.

LIVESTOCK RECEIPTS AT FORT WORTH*

	October 1929	September 1929	October 1928
Cattle	87,341	67,824	91,211
Calves	53,471	44,281	46,894
Hogs	23,201	25,914	27,162
Sheep	42,446	46,308	41,643
Total	206,459	184,327	206,910

*From the Fort Worth Stock Yards Company.