TEXAS BUSINESS REVIEW

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

Bureau of Business Research
The University of Texas

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THE MONTH

> Business and industry receded a little further during January. However, the decline was less severe than it was in the three preceding months, and it appears that the low point in the current business recession has been reached and possibly passed. Already certain industries are showing some recovery, while others appear to have reached bottom. The credit situation is very much improved. Distribution of merchandise is on a smaller scale than it was last year, and foreign trade reflects considerable shrinkage. Agriculture is still causing concern, and the outlook for the livestock industry is somewhat discouraging. The business recession has possibly about run its course, and any change from now on is likely to be for the better, although improvement may be rather slow.

January witnessed a further recession in business throughout Texas and the Southwest. Industry generally was curtailed and the distribution of all commodities, as measured by car loadings, was considerably smaller than it was last year in January. Agriculture suffered by a further weakening of prices, and the livestock situation is no better. Possibly the most encouraging feature in the business outlook is the improved credit situation. Then, too, the recession appears to be near bedrock, and recovery is likely to begin shortly. The outlook for business during the summer and fall months is much brighter than present conditions seem to indicate.

Employment fell off somewhat in January, due partly to seasonal influences and partly to a smaller volume of business. There was a decline of 4 per cent in the number of workers on the payrolls of 515 comparable Texas firms on January 15 compared to December 15. Aside from Houston, which reported a gain of 2 per cent, practically all of the other 54 cities and towns showed losses. On the other hand, wages increased. The average weekly wage paid by the 515 firms increased from $26.76 in December to $27.14 in January, the first gain in several months.

Money markets were easier and member banks liquidated a large portion of their indebtedness at the Federal Reserve Bank. Call money in New York City was quoted around 4 per cent to 4½ per cent and time rates averaged 4½ per cent to 4¾ per cent. Commercial paper held around 4¾ per cent, and bankers acceptances declined to 3⅞ per cent.

Bank debits in this district, according to the Dallas Federal Reserve Bank for the four weeks ending January 29, amounted to $852,000,000, or a decline of 7 per cent from the same period of 1929. Loans at member banks decreased seasonally and were well below those in January a year ago, while member bank borrowings fell to $8,000,000, the smallest amount in about two years. Demand deposits decreased again, but time accounts made a small gain.

A moderate gain is reflected in the number of new corporations organized in January. Charters were granted to 241 companies having capitalization of $6,103,000, compared to 336 new corporations capitalized at $101,063,000 in January, 1929. The commercial failure rate shows about the usual seasonal gain. There were 59 defaults with liabilities of $757,000 reported in January, whereas 61 companies having liabilities of $1,181,000 went into bankruptcy in January a year ago.

A further shrinkage of freight car movement was reported in January. Total loadings in this district for the two weeks ending January 25 were 11.8 per cent below those in the same two weeks of 1929. Foreign trade decreased and coastal traffic was rather dull. Both retail and wholesale trade was slow. January sales of 82 department stores of the State amounted to $4,246,000 as against $4,773,000 in January, 1929, a loss of 11 per cent.

Production of crude petroleum decreased slightly to an average daily flow of 848,000 barrels and field work was much less active. The building industry experienced the poorest month on record. Permits in 35 cities were only $5,917,000 against $8,005,000 in January last year. Textile mills made a good recovery, but the lumber industry continued on a curtailed basis. Cement output was at the lowest level since January, 1925.

Agricultural conditions grew somewhat worse and immediate prospects for recovery are not encouraging. Farm work lagged due to cold weather, and considerable damage was suffered in the truck-crop areas from severe frosts. Farm prices generally were lower. A total of 5,066 cars of fruits and vegetables was shipped from

Texas farms in January against 5,417 cars in January a year ago.

The livestock industry received a setback. Prices for all classes of animals, except hogs, declined, and many livestock products are selling at the lowest quotations in years. Range animals lost flesh, and considerable loss occurred during the cold weather.

WHOLESALE PRICES

Wholesale prices fell to the lowest levels since early in 1922. Farm products were especially weak while the livestock group, textiles, fuels, metals, and many miscellaneous commodities declined sharply. The *Annalist* index fell from 140.2 in the first week of January to 138.4 in the first week of February. Bradstreet's stood at 11.51 on February 1, the lowest point in 8 years and Dun's fell to 184.4. The Bureau of Labor Index averaged 93.4 in January against 94.2 in December and 97.2 in January, 1929. For some unaccountable reason, Fisher's index advanced from 93 in the initial week of January to 93.3 in the first week of February.

FINANCIAL

Easier money markets and liquidation of member bank borrowings at the Federal Reserve Banks were the outstanding developments in the financial situation during January. Not only were money markets easier in the United States, but also interest rates declined in all European banking centers. The Federal Reserve Banks have about offset the decline in member bank borrowings by purchases of bills in the open market so that the amount of Federal Reserve credit outstanding is about the same as it was a month ago. Gold movement, either in or out of the country, was rather small last month.

Call money in New York City renewed on most days at 4½ per cent and fell to 4 per cent on several occasions. Time rates averaged 4½ per cent to 4¾ per cent, or about the same as in December, while commercial paper rates fell from 5 per cent to 4½ per cent to 4¾ per cent. Bankers' acceptances were quoted at 3⅞ per cent, down ⅛ per cent from the month previous. The New York Federal Reserve Bank reduced its rediscount rate to 4 per cent early in February, and the Dallas Federal Reserve Bank followed with a reduction from 5 per cent to 4½ per cent.

Bank debits fell under those in December and were 7.1 per cent under the volume in January, 1929. Checks cashed in the District for the four weeks ending January 29 according to the Dallas Federal Reserve Bank totaled $852,000,000 against $917,000,000 for the same period of last year. This is the second consecutive month in which debits were below those in the corresponding period of 1929, and emphasizes the extent of the business recession.

Total loans at member banks declined seasonally and were below those in January last year. Loans in this district on January 29 were reported at $359,000,000, compared to $375,000,000 a month earlier and $364,000,000 on the corresponding date of 1929. Member banks increased their holdings of Government securities from $63,000,000 on January 1 to $64,000,000 on February 1. This is the first gain in this item for more than a year and is in line with the general policy of the Federal Reserve System.

Demand deposits were lower again. On January 29, these deposits totaled $286,000,000 or $7,000,000 under those of last month and $27,000,000 under the amount reported on the same date last year. On the other hand, time deposits increased $1,000,000 and stood at $139,000,000 at the beginning of February. Member bank borrowings at the Dallas Federal Reserve Bank fell to $8,000,000, the smallest amount in more than a year. Moreover, further declines are likely because it is not profitable for member banks to rediscount when interest rates on call loans and commercial loans are no higher than the rediscount rate. A period of low interest rates seems definitely assured for the next few months at least.

FINANCIAL STATISTICS FOR THE DALLAS FEDERAL RESERVE DISTRICT*

	January 1930	December 1929	January 1929
Bank debits (4 weeks)	$852,000,000	$872,000,000	$917,000,000
Government securities owned, end of month	64,000,000	63,000,000	93,000,000
Member bank borrowings, end of month	8,000,000	9,000,000	19,000,000
Demand deposits, end of month	286,000,000	293,000,000	313,000,000
Time deposits, end of month	139,000,000	138,000,000	143,000,000

*From the Federal Reserve System.

CHARTERS

A moderate seasonal gain is reflected in the number of new corporations organized in January. There were 241 new enterprises receiving charters from the Secretary of State in January compared to 162 in December and 336 in January, 1929, or the fewest for that month since 1927. Usually, January is the high month of the year, the exceptions being in 1924 and 1927, when business recessions were under way. In those years, the trend was steadily upward and somewhat in advance of business improvement. It appears that 1930 is likely to follow a similar upward course.

Capitalization of 241 new companies totaled $6,103,000 whereas the 336 corporations were capitalized at $101,063,000 in January, 1929. Practically all of the new corporations were small concerns.

There were 14 new oil companies organized against 21 in January a year ago, and public utilities declined from 9 in January, 1929, to 4 in the past month. New manufacturing concerns fell from 50 in January a year ago to 22 in the month just passed, while financial institutions declined from 22 to 17 in the same period. New real estate firms numbered 20 against 39 in January of the previous year, and the general list was also considerably smaller.

Permits were granted to 32 outside companies, or 14 less than in January, 1929.

TEXAS CHARTERS

	Jan. 1930	Dec. 1929	Jan. 1929
Number	241	162	336
Capitalization	$6,103,000	$8,423,000	$101,063,000
Foreign Permits	32	26	46
Classification of new corporations:			
Oil	14	15	21
Public Service	4	1	9
Manufacturing	22	16	50
Banking-Finance	17	9	22
Real estate-bldg.	20	14	39
General	164	107	195

COMMERCIAL FAILURES

Fifty-nine commercial failures were reported in Texas during January, or the fewest for any January since 1920 when 33 defaults were reported. This compares with 47 insolvencies in December and 61 in January, 1929. Normally, January is the high month of the year, as far as failures are concerned, so that the gain of 12 defaults from December is about in line with seasonal influences. There was an increase of 7 failures from December to January last year, and two years ago there was a gain of 24 between the two months.

Liabilities of the 59 bankruptcies totaled $757,000 against $1,181,000 for the 61 failures in January a year ago. Many of the failing companies were small concerns, the average liabilities amounting to but $13,000 compared to $20,000 in January, 1929.

COMMERCIAL FAILURES*

	Jan. 1930	Dec. 1929	Jan. 1929
Number	59	47	61
Liabilities	$757,000	$1,185,000	$1,181,000
Assets	357,000	582,000	655,000

*From R. G. Dun & Co.

BUILDING

As expected, the building industry made a poor showing. Building permits in January were the smallest for any month for which the Bureau has records. Moreover contemplated work was smaller. Permits in 35 cities of the State were but $5,917,000 against $8,785,000 in December and $8,005,000 in January, 1929. Compared to January, 1929, twenty-four cities reported losses, one was unchanged, and 10 recorded small gains.

Engineering and construction projects let in Texas, according to the F. W. Dodge Corporation, totaled $18,000,000, an increase of 14 per cent over the January, 1929, record. Contemplated work fell 23 per cent below the amount reported in December but was 11 per cent above the work planned in January a year ago. Construction costs were slightly lower. This situation coupled with lower interest rates should encourage increased building and construction later on in the year.

BUILDING PERMITS

	January 1930	December 1929	January 1929
Abilene	$ 36,000	$ 596,000	$ 127,000
Amarillo	92,000	162,000	115,000
Austin	367,000	932,000	190,000
Beaumont	446,000	80,000	238,000
Brownsville	33,000	5,000	46,000
Brownwood	392,000	12,000	167,000
Cleburne	14,000	72,000	365,000
Corpus Christi	312,000	46,000	214,000
Corsicana	57,000	5,000	45,000
Dallas	536,000	533,000	883,000
Del Rio	21,000	12,000	45,000
~~Denison~~	10,000	3,000	13,000
El Paso	221,000	447,000	149,000
~~Eastland~~	4,000	63,000	12,000
Fort Worth	478,000	341,000	611,000
Galveston	66,000	37,000	166,000
Houston	1,096,000	1,177,000	2,003,000
~~Jacksonville~~	11,000	43,000	11,000
Laredo	16,000	17,000	14,000
Lubbock	91,000	16,000	453,000
McAllen	24,000	10,000	28,000
Marshall	19,000	17,000	54,000
Paris	26,000	86,000	4,000
~~Plainview~~	13,000	26,000	126,000
Port Arthur	138,000	87,000	64,000
Ranger	....	3,000	2,000
San Angelo	78,000	441,000	96,000
San Antonio	734,000	3,111,000	1,058,000
Sherman	8,000	26,000	15,000
~~Snyder~~	....	8,000	33,000
Sweetwater	20,000	29,000	84,000
Temple	50,000	114,000	213,000
Tyler	267,000	106,000	86,000
Waco	149,000	84,000	128,000
Wichita Falls	92,000	8,000	147,000
Total	$ 5,917,000	$ 8,785,000	$ 8,005,000

STOCK PRICES

The stock market recovered rather rapidly after the unusually dull month of December. Possibly the chief bullish factors were cheaper money and the somewhat improved outlook for the steel industry. Sales were small at the beginning of the month, and price changes were narrow; but as the month advanced trading increased and prices gained. Industrials made a much better showing than the rails.

Five of the issues comprising the Bureau of Business Research industrial index were higher and 2 declined, resulting in a gain of 10 points in the index. The index averaged 237 in January against 227 in December and 264 in January, 1929. On the other hand, the rail index declined 2 points, or from 197 in December to 195 in January. Six of the issues included in this index were lower in January and three were higher. Cheaper money coupled with the somewhat improved business sentiment is likely to exert a bullish influence in the stock market.

In constructing this index of rail and industrial stock prices, the Bureau of Business Research aimed to select companies which are representative of conditions in Texas and other Southern States and at the same time listed on the New York Stock Exchange where quotations are available for a number of years back. The average weekly high for the years 1923-24-25 is the base equal to 100. Included in the industrial stock index are Coca Cola, Freeport-Texas, Gulf States Steel, Tennessee Copper and Chemical, Texas Company, Texas Pacific Coal and Oil, and Texas Gulf Sulphur. The railroads used in the index are the Atchison, Topeka & Santa Fe; Chicago, Rock Island & Pacific; Gulf, Mobile & Northern; Missouri, Kansas & Texas; Missouri Pacific; New Orleans, Texas & Mexico; St. Louis & Southwestern; Southern Pacific; and Texas Pacific.

INDEX OF RAILROAD STOCKS

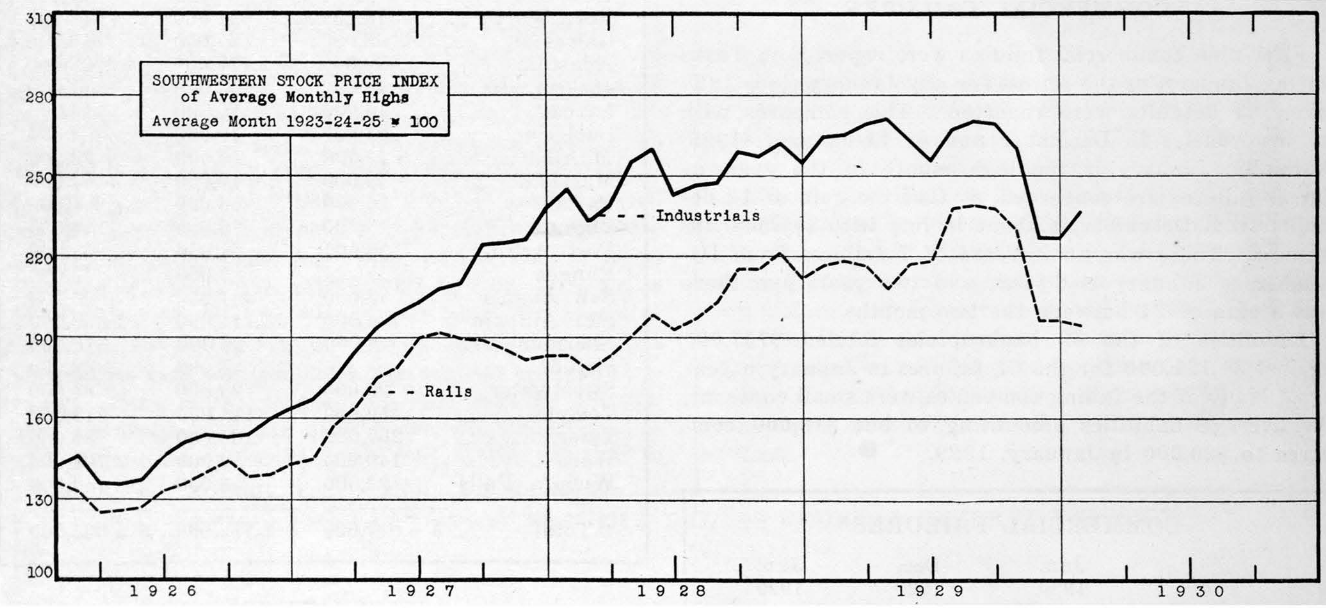
Average High 1923-24-25=100

	1930	1929	1928	1927	1926
January	195	216	183	145	136
February	.....	218	178	157	133
March	.....	216	183	164	125
April	.....	209	191	175	126
May	.....	217	199	179	127
June	.....	218	193	190	133
July	.....	238	197	192	136
August	.....	239	203	190	140
September	.....	238	215	189	144
October	.....	230	215	186	138
November	.....	197	221	182	139
December	.....	197	212	183	143

INDEX OF INDUSTRIAL STOCKS

Average High 1923-24-25=100

	1930	1929	1928	1927	1926
January	237	264	245	167	142
February	.....	265	233	174	146
March	.....	269	239	184	136
April	.....	271	255	194	135
May	.....	263	260	199	137
June	.....	256	243	203	146
July	.....	267	246	208	151
August	.....	270	247	210	154
September	.....	269	259	224	153
October	.....	261	257	225	154
November	.....	227	262	226	159
December	.....	227	255	238	164



PETROLEUM

Possibly the outstanding development in the petroleum industry during January was the sweeping reductions in the prices of crude. Effective January 15, prices of Texas crude were cut 25c to 41c per barrel, bringing quotations to new low levels. Production has fallen off somewhat since the cut, but the output is still in excess of present needs. However, the lower prices are exercising a sobering effect on expansion, and prospects for curtailment in output are more promising than has been the case for more than a year.

During the month, a total of 26,288,000 barrels was gathered in Texas against 23,671,000 barrels in January, 1929. Daily flow averaged 848,000 barrels, a decline of 2,000 barrels from December, but 85,000 barrels above the flow in January a year ago.

Field work was also less active. There were 504 new wells completed in January, of which 274 were producers. This compares with 624 completions and 252 successful wells in January, 1929.

THE PETROLEUM SITUATION*

(Production in Thousands of Barrels)

	January 1930	December 1929	January 1929
Production—			
Total	26,288	26,353	23,671
Daily average	848	850	763
Wells completed	504	575	624
Producers	274	299	352

*From the *Oil Weekly.*

Markets for gasoline were rather dull during the month and prices were reduced further. It appears now that quotations are somewhere near bottom because the season of increased consumption is approaching, and runs to stills have been lighter in recent weeks.

DEPARTMENT STORE SALES

Trade at retail and wholesale slumped. Department stores especially; experienced one of the worst months in several years. Sales of 82 department stores located in 24 cities of the State amounted to $4,246,000 in January against $4,773,000 in January, 1929, a loss of 11 per cent. The decrease of 55.4 per cent from December is a little more than the usual seasonal decline. Every city, except one, recorded a loss.

Retail sales in the entire United States in January fell 2 per cent below those in January a year ago. Nine of the 12 districts reported losses whereas only 3 showed gains. Atlanta with a loss of 16 per cent made the poorest showing while Boston with a gain of 7 per cent made the best record.

JANUARY TENDENCIES IN TEXAS DEPARTMENT STORE SALES

	No. of Stores Reporting	Percentage Change in Sales: Jan. 1930 from Jan. 1929	Jan. 1930 from Dec. 1929
Abilene	4	—27.5	—54.3
Austin	4	—10.6	—59.8
Beaumont	6	— 8.1	—57.5
Corpus Christi	3	Incomplete data	—55.4
Corsicana	3	Incomplete data	—60.3
Dallas	6	—10.9	—55.0
El Paso	5	— 7.2	—50.3
Fort Worth	8	—10.7	—61.2
Galveston	3	— 9.8	—51.9
Houston	8	—10.7	—55.3
San Angelo	3	—10.0	—51.4
San Antonio	10	—13.1	—50.6
Tyler	3	—24.9	—49.9
All others*	16	— 9.2	—53.2
State	82	—11.0	—55.4
Sales of 82 comparable stores—		1930	1929
January		$4,246,000	$4,773,000
December		9,525,000	

*All others includes Amarillo, Cleburne, Del Rio, Denison, Lubbock, Marshall, Paris, Temple, Texarkana, Waco, and Wichita Falls.

LUMBER

About the usual seasonal gain in operations was noted in the lumber industry. Demand gave some evidence of improvement, but it is likely to be some months yet before the industry is back on a normal basis. The gain in unfilled orders, coupled with the fact that production and shipments are well balanced, is a strengthening influence.

Production of 36 Texas mills reporting to the Southern Pine Association for the four weeks ending January 25 was 47,785,000 feet, and shipments were 47,386,000 feet, or practically the same as output. Production per mill averaged 1,327,000 feet and shipments were 1,316,000 feet. Stocks on January 25 average 5,576,000 feet, or almost the same as at the beginning of the month. Unfilled orders increased somewhat over the month, and averaged 912,000 feet per mill on January 25. This is the highest average in several months.

THE LUMBER SITUATION*
(In Thousands of Feet)

	Jan. 1930	Dec. 1929	Per cent change from Dec. 1929
Preliminary report of 136 mills in the Southwest—		145 Mills	
Av. production	1,396	1,216	+14.8
Av. shipments	1,262	1,082	+16.6
Av. unfilled orders	1,192	1,076	+10.8
Final report of 36 Texas mills—			
Av. production	1,327**		
Av. shipments	1,316		
Av. stocks	5,576		
Av. unfilled orders	912		

*From the Southern Pine Association.
**Four weeks.

CEMENT

Only 321,000 barrels of cement were produced by Texas mills in January, compared to 593,000 barrels in December. This is a decrease of 46 per cent, by far the largest on record. Such a large drop is not surprising, when it is remembered that the industry curtailed only slightly during the fall months and stocks have accumulated to unwieldy proportions.

Shipments fell from 450,000 barrels in December to 317,000 barrels in January. As a result, stocks gained slightly and were reported at 817,000 barrels on February 1. Now that production has been brought more nearly in line with shipments, it appears that stocks are likely to be reduced over the next few months.

No price changes were made during the month. The basic price on February 1 delivered f. o. b. cars on the job was $2.20* per barrel in Dallas and $2.30* per barrel in Houston. Ten cents per barrel is allowed for cash and 40c for cloth sacks where returnable.

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

THE CEMENT SITUATION*
(In Thousands of Barrels)

	January 1930	December 1929	January 1929
Production	321	593	466
Shipments	317	450	459
Stocks	817	813	530

*From the United States Department of Commerce.

SPINNERS MARGIN

Spinners margin declined another two points in January, making the second month in which the ratio has decreased. As a result, manufacturing margins were further impaired, even though raw cotton prices trended downward over the entire month. While it is true that cotton was weak, yarn quotations declined even more rapidly. Despite the present low cotton prices, yarn is relatively cheaper. It appears, therefore, that the yarn market must improve before any sustained rise in cotton prices takes place.

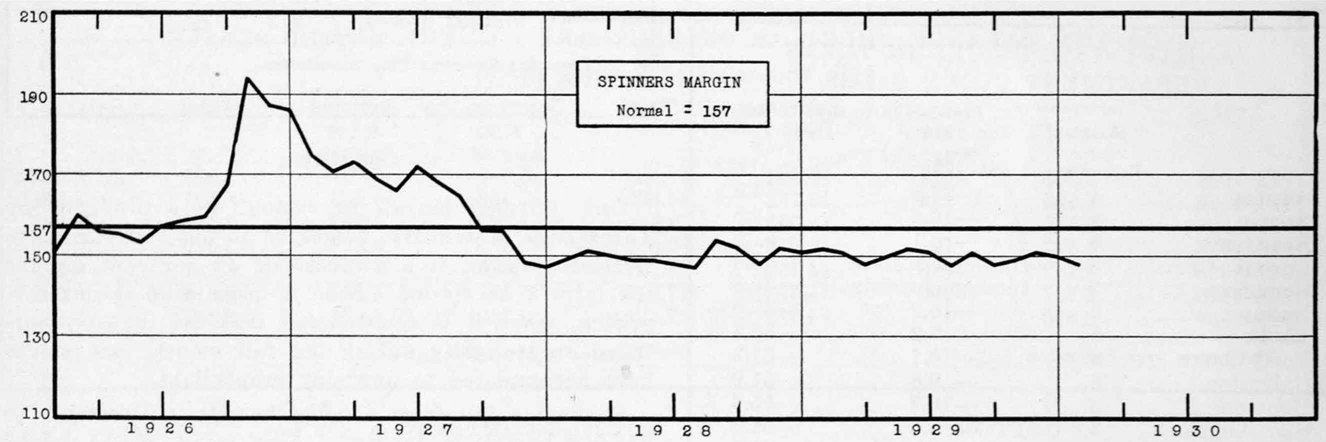
American middling cotton in Liverpool averaged 9.43d and 32-twist cotton yarn in Manchester averaged 13.94d during January, against 9.45d for cotton and 14.18d for yarn in December. Yarn declined relatively more than cotton, resulting in a decline of 2 points in the spinners margin. The ratio averaged 148 in January, compared to 150 in December, and 152 in January, 1929.

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

	1930	1929	1928	1927	1926
January	148	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	----	151	152	148	187
December	----	150	151	147	186

Normal = 157.



COTTON MANUFACTURING

The textile industry of the State made a fairly good showing in comparison to the unusually poor month of December. During January, 21 mills used 7,166 bales of cotton, compared to 5,795 bales in December and 9,118 bales in January, 1929. While a gain from December to January is the normal trend, the increase of nearly 25 per cent between the two months this year is the largest on record.

TEXAS COTTON MANUFACTURERS REPORT

	Jan. 1930	Dec. 1929	Jan. 1929
Mills reporting	21	21	21
Bales cotton used	7,166	5,795	9,118
Yards of cloth—			
Produced	6,319,000	5,052,000	6,957,000
Sales	4,984,000	3,382,000	4,250,000
Unfilled orders (end of period)	6,891,000	7,032,000	6,397,000
Active spindles	187,000	188,000	206,000
Spindle hours	43,664,000	45,845,000	72,817,000

Production of cotton cloth amounted to 6,319,000 yards against an output of 6,597,000 yards in January a year ago and cotton goods sales totaled 4,984,000 yards, whereas 4,250,000 yards were sold in January, 1929. Unfilled orders declined from 7,032,000 yards on January 1 to 6,891,000 yards on February 1. In this connection, it should be noted that unfilled orders have been declining steadily since March, 1929. At the present rate of output, bookings are equal to a little over a month's run.

COTTON BALANCE SHEET

The indicated supply of cotton in the United States on February 1 was 9,212,000* bales, against 8,093,000 bales a year ago and a seven-year average on that date of 8,455,000 bales. During January, 577,000 bales were consumed in the United States and 729,000 bales were exported, or a total reduction in the supply of 1,306,000 bales. In the first half of the present cotton year, supplies have been reduced 8,211,000 bales, whereas disappearance in the same period of the previous year amounted

*This balance is obtained by adding the sum of the Census carry-over 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.

to 9,018,000 bales. The smaller disappearance in the first half of this year is accounted for largely by the decline in exports, although consumption shows some reduction. Then, too, the crop was larger this year, while imports are practically the same.

On February 1, the indicated supply of cotton in the United States was 1,119,000 bales above that on February 1, 1929. Changes in the supply on February 1 in the past seven years have totaled 13,913,000 bales and changes in price have amounted to 4,116 points, or a change of 29.6 points for each change of 100,000 bales in the supply. At this ratio, with an increase of 1,119,000 bales, there should be a decline of 330 points from last year's price. On this basis and allowing for general price changes, New Orleans spots should be about 15.57c. This price is not adjusted for the low spinners margin. On a replacement basis and allowing for price changes since last February, New Orleans spots should be about 14.75c. Last year's actual price on February 1 was practically in line with our calculated price.

European supplies of American cotton were considerably smaller on February 1 than they were last year, so that prices should be proportionately higher. On February 1, stocks in and cotton afloat to Europe totaled 1,797,000 bales, compared with 2,252,000 bales a year ago, or a decrease of 445,000 bales. Applying the ratio of 29.6 points and allowing for general price changes and the low spinners margins, New Orleans spots, on a world basis, should be about 15.85c, or ½c above present quotations (February 18). Current prices have more than discounted increased supplies and the market from now on is likely to show more strength than weakness.

Statistics for January released by the Cotton Textile Merchants of New York City were about in line with expectations. Production amounted to 323,000,000 yards and sales were 292,000,000 yards, or 90.3 per cent of output. Shipments were 331,000,000 yards, while stocks increased 1.8 per cent and totaled 453,000,000 yards on February 1. Unfilled orders declined 9.2 per cent, or from 431,000,000 yards on January 1 to 392,000,000 yards on February 1.

COTTON BALANCE SHEET AS OF FEBRUARY 1 IN THE UNITED STATES

(In Thousands of Running Bales)

Year	Carry-over August 1	Imports since August 1	Estimate Dec. 1	Total	Consumption since August 1	Exports since August 1	Total	Balance
1923–1924	2,325	118	10,081	12,524	3,096	3,831	6,927	5,597
1924–1925	1,556	154	13,153	14,863	2,952	5,345	8,297	6,566
1925–1926	1,610	151	15,603	17,364	3,176	5,383	8,559	8,805
1926–1927	3,543	191	18,618	22,352	3,435	6,587	10,022	12,330
1927–1928	3,762	186	12,789	16,737	3,626	4,531	8,157	8,580
1928–1929	2,532	206	14,373	17,111	3,451	5,567	9,018	8,093
1929–1930	2,313	191	14,919	17,423	3,320	4,891	8,211	9,212

The cotton year begins on August 1. Imports in 500-pound bales.

COTTON

Chief interest in the cotton situation at this time is centered on the prospective acreage to be planted this spring. Acreage in the United States has been increasing steadily for a number of years until at the present time even a small yield per acre assures a relatively large crop attended by low prices. Therefore, Government and many private agencies are advocating a large reduction in planting this spring.

Very little field work has been done so far in most sections of the State except in the southern part where planting is making good headway. The unusually low temperatures of December and January possibly destroyed large numbers of insects but the full effect will not be known until later on.

During January, 577,000 bales were used in the United States against 454,000 bales in December and 668,000 bales in January, 1929. Prices of raw cotton declined all during the month and reached the lowest levels of the season. May New York futures closed on February 15 at 16.03c against 17.57c on January 15.

AGRICULTURE

Farm operations during January were practically at a standstill. Cold weather obtained most of the month and ended in one of the worst freezes on record. Frosts extended to the coast in the Lower Rio Grande Valley, killing all the more tender crops and injuring many others. Most of the citrus crop was harvested before the frost, but a large number of the younger trees were killed or injured. Replanting is quite general so that acreage of most crops is expected to be nearly as large as it was before the freeze.

Shipments of fruits and vegetables fell off following the frosts and are just now getting back to normal. Winter wheat made good progress, the condition of the crop being far above average. Acreage is much larger this year. Winter precipitation has been only slightly below normal so far this winter, and there is good season in the soil in most cases. The most discouraging feature in the whole farm situation is the continued decline of prices. An upward trend would go a long way towards bringing about "farm relief."

FRUIT AND VEGETABLE SHIPMENTS

Damage to the fruit and vegetable industry of Texas due to heavy frosts in December and January is indicated by a falling off in loadings. Many crops that escaped the December freeze were killed outright by the extremely cold weather about the middle of January. Moveover, many of the early planted tomatoes, corn, beans, and other tender crops were killed and replanting was necessary. As a result, acreage is expected to be reduced in many cases.

During January, 5,066 cars of fruits and vegetables were loaded in Texas, compared to 3,008 in December and 5,417 cars in January, 1929. The decline from January, 1929, is even more striking when it is noted that shipments of many vegetables were reduced more than 50 per cent, while citrus fruit loadings were increased nearly 300 per cent.

There were 1,167 cars of mixed vegetables loaded against 1,903 cars in January last year and shipments of spinach were reduced nearly 50 per cent to 924 cars. A total of 1,133 cars of cabbage went out, a slight gain over the 1,068 cars in January, 1929. Sweet potatoes numbered 178 cars, or a gain of 100 cars in the 12 months. Loadings of cauliflower, lettuce, and potatoes were smaller. On the other hand, shipments of carrots were increased.

Prices held about the same as they were in December until near the middle of the month when the frost damage occurred. After that, quotations advanced sharply, and the trend has continued upward.

TEXAS FRUIT AND VEGETABLE SHIPMENTS*

(In carloads)

	January 1930	December 1929	January 1929
Mixed vegetables	1,167	655	1,903
Spinach	924	855	1,743
Cabbage	1,133	159	1,068
Grapefruit	1,021	859	313
Sweet Potatoes	178	169	78
Cauliflower	35	34	107
Onions			3
Lettuce	1	1	17
Tomatoes		51	3
Oranges	60	33	7
Potatoes	10	4	45
String Beans		12	1
Mixed Citrus	146	150	42
Carrots	391	26	87
Total	5,066	3,008	5,417

*From U. S. Department of Agriculture.

LIVESTOCK

No improvement was noted in the livestock industry during January. In fact, the situation is even less encouraging than it was at the turn of the year. Range animals deteriorated sharply in flesh, and considerable death loss resulted due to the extremely cold weather during most of January. Moreover, it should be remembered that animals went into the winter in poor flesh and were in no condition to withstand the cold wet weather of the past month. It appears, therefore, that winter loss is likely to be heavy this year. Most of the winter weeds and grasses were killed early in January. As a result, feeding has been necessary in practically all parts of the State. Feed is becoming scarce. Prices for livestock and many livestock products fell to still lower levels. Recovery in the industry is expected to be slow.

Cattle ranges on February 1 were rated at 71 per cent of normal by the United States Department of Agriculture. This compares with 77 per cent on January 1 and 82 per cent on February 1, 1929. Practically all range feeds were killed by the recent extended cold weather. Cattle were placed at 74 per cent of normal, down 7 points during the month and 10 points under the rating on February 1 last year. Most cattlemen are feeding at least part of their animals and many have been forced to feed their entire herds. Loss has been unusually heavy in some districts. Range trading is practically negligible.

Sheep and goat ranges declined 11 points and were rated at 69 per cent compared to 85 per cent on February 1 a year ago. These ranges are in a poorer condition than has been the case in many years. Sheep deteriorated 6 points and were placed at 77 per cent of normal against 87 per cent on February 1, a year ago. Goats were rated at 76 per cent, down 6 points in the month and 13 points under the rating a year ago. Feeding is general in nearly all producing sections and losses have been rather heavy. Prospects of large lamb and kid crops were materially reduced. Wool and mohair prices suffered further declines in world markets bringing quotations to the lowest levels in over 20 years.

Poultry and dairy producers experienced a poor month. Despite the cold weather, butter and eggs declined sharply due to larger receipts and increased cold storage holdings. The full effect of increaesd farm flocks is just now making its appearance in heavy receipts of eggs. As a result, markets are expected to show further weakness.

Movement of animals to market is on a larger scale this year than last. Unloadings of cattle, calves, and sheep show large gains in January over those in January, 1929. On the other hand, hog receipts were smaller. In January, a total of 136,999 head were shipped to the Fort Worth market, according to the Fort Worth Stock Yards Company. This compares with 138,645 head in December and 123,963 head in January a year ago. The gain of 41 per cent in sheep unloadings is rather unusual.

Prices declined, cattle and sheep quotations reaching the lowest level for several years. Prime beef steers on the Fort Worth market for the week ending February 15 were bringing 9c to 9¼c against 9½c a month ago, and calves were selling at 9½c to 10c, down 1c in the thirty days. Top lambs slumped 2c and went mostly at 8½c to 9c, and sheep cleared mostly at 6c to 7c, or a loss of 1½c from the month previous. Hog prices moved upward, the handy-weight class going at 9¾c to 10c against 9c to 9¼c last month.

LIVESTOCK RECEIPTS AT FORT WORTH*

	Jan. 1930	Dec. 1929	Jan. 1929
Cattle	51,716	58,600	46,070
Calves	22,884	28,126	17,057
Hogs	28,584	26,538	40,381
Sheep	33,815	25,381	20,455
Total	136,999	138,645	123,963

*From the Fort Worth Stock Yards Company.