

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, JUNE 26, 1929

No. 5

THE MONTH

Business and industry in Texas during May held at the very high level which has characterized the situation over the past four or five months. Measured by volume, business made a rather remarkable record and profits in many industries are reported above average. Expansion in many lines is still under way although the present rate of activity can not be maintained indefinitely. It would not be surprising, therefore, to witness some industrial curtailment over the next few months. In fact a small seasonal curtailment was noted towards the end of the month in some industries. Confidence continues to dominate business but a few unfavorable influences are developing which will have an adverse effect later on. The discouraging outlook for agriculture and the unhealthy credit conditions are cause for most concern. Immediate business prospects remain optimistic.

Few complaints are heard of unemployment. At this time of the year, the small number of workers who are "laid off" at industrial plants find ready employment on farms. As a result, total employment remained at a high level. There was a seasonal decline of .8 per cent in the number of workers on the payrolls of 364 comparable firms of Texas on May 15 as compared to April 15. Large gains were shown by firms in Austin, Galveston, Waco and San Antonio, while losses occurred in Dallas, Houston, Beaumont, and a number of the smaller centres. Average wage per worker for all reporting firms was slightly lower than the April figure.

Some improvement was made in the credit situation—a very desirable feature. Interest rates averaged lower than in the previous month for the first time in nearly a year. Moreover, the high point has possibly been reached for the time being and a downward trend is expected. Checks cashed in the Dallas Federal Reserve District for the 4 weeks ending May 29 totaled \$829,000,000 compared to \$709,000,000 for the same period of 1928, a gain of 17 per cent. Member bank

borrowings at the Dallas Federal Reserve Bank show a seasonal decline as did loans and discounts at member banks. The 5 per cent rediscount remained in effect in the Dallas District.

Wholesale prices fell to lower levels, farm products being especially weak. Wholesale and retail trade was less active, sales of 71 department stores located in 24 cities of the State amounting to \$5,389,000 compared to \$5,496,000 in May, 1928. Commercial failures show a sharp gain over the month previous. A large number of new corporations were chartered during the month,

continuing the upward trend which has been in evidence since the beginning of the year.

Freight car movement is running ahead of that of last year at this time but gains in the past few weeks are smaller than they were a few months ago. Carloadings in the first half of May were but .9 per cent above shipments in the first two weeks of May last year, according to the Southwest Shippers Advisory Board. Exports of cotton and grains are dwindling.

Cement mills continued operations at capacity rates. On the other hand, the lumber industry reflects a seasonal curtailment. The build-

ing industry made rather a poor showing compared to April. Permits in 32 cities of the State totaled \$9,407,000 against \$13,707,000 in May, 1928. Conditions in agriculture show little or no improvement but the outlook for most phases of the livestock industry are rather promising.

WOLESALE PRICES

Wholesale prices worked lower. Agricultural products, especially, declined. Wheat and sugar fell to the lowest levels in 15 years. Rubber, textiles, meats, wool, dairy products, most metals, and livestock feeds were also down from April. A few groups such as petroleum and petroleum products advanced. The Annalist weekly index fell from 143.0 in the first week of May to 142.7 in the

There were no unusual developments in business and industry during May which materially affected the situation one way or the other. Industrial activity was maintained at about the same high level as has been the case over the past five or six months and the volume of business transacted was very large. Labor is fairly well employed and payrolls show very little shrinkage. Credit showed some signs of easing but it will take considerable more improvement before normal conditions obtain. Bank debits increased sharply over those in May a year ago. Speculation in the stock market was less active. The outlook for agriculture is less hopeful but prospects for the livestock industry are rather promising. Definite signs of a business depression are still lacking.

final week of the month and Professor Fisher's index fell from 96.7 to 95.6 in the 30-days. Dun's averaged 185.9 on June 1, compared to 189 on May 1, while Bradstreet's fell to 12.46, the lowest point since July 1927. The Bureau of Labor Statistics all commodity index based on 1926 as equal to 100 decreased from 96.8 in April to 95.8 in May. In May 1928, this index stood at 98.6.

FINANCIAL

Recent developments in the money market indicate that the credit situation is a little easier for the time being. However, credit conditions are far from favorable and the outcome through July and again during the active fall months is rather uncertain. That the credit situation is still unfavorable is emphasized by the June 15 Government short term financing. These short term notes carry a 5½ per cent rate, the highest rate the Treasury Department has been forced to pay since the depression period of 1921. This compares with a rate of 4½ per cent for the last Government quarterly financing.

Interest rates generally were lower. Call money on the New York Stock Exchange renewed on most days at 6 per cent to 7 per cent and was quoted at levels above these figures on but a few occasions at the beginning of the month. This compares with a high of 16 per cent in April and 20 per cent in March. Time rates declined from 8½ per cent in April to 8½ per cent in May. Bankers acceptances remained about unchanged at 5½ per cent while rates on commercial paper held at 5½ per cent to 6 per cent all during May. The decline in interest rates is a desirable feature but the downward trend is

likely to be checked soon in view of heavy demands for funds over the next few weeks. No change was made in the 5 per cent rediscount rate at the Dallas Federal Reserve Bank.

Bank debits in the 11th Federal Reserve District show a small seasonal decrease compared to April but were 17 per cent above those in May, 1928. Checks cashed in the district for the 4 weeks ending May 29 according to the Dallas Federal Reserve Bank, totaled \$829,000,000 compared to \$844,000,000 in April and \$709,000,000 in May a year ago. It appears that a large part of these funds are going into the stock market because retail and wholesale trade is under that of last year and industrial expansion is not great enough to account for the increase. Member bank borrowings at the Dallas Federal Reserve Bank declined from \$16,000,000 at the end of April to \$15,000,000 at the end of May. At the end of May a year ago, these loans were but \$8,000,000.

Demand deposits were lower again, declining from \$297,000,000 in April to \$286,000,000 in May as compared with \$290,000,000 in May 1928. The downward trend has been in evidence since last December. On the other hand, time deposits remained unchanged over the month at \$141,000,000. Member banks reduced their holdings of Government securities by \$1,000,000, bringing the total held on June 1, to \$93,000,000. Total loans at member banks amounted to \$342,000,000, a decline of \$6,000,000 from the month previous but considerably above the \$273,000,000 reported for the same date of 1928. A further seasonal decline in these loans is to be expected over the next few months.

FINANCIAL STATISTICS FOR THE DALLAS FEDERAL RESERVE DISTRICT*

	May 1929	April 1929	May 1928
Bank Debits (four weeks).....	\$ 829,000,000	\$ 844,000,000	\$ 709,000,000
Government securities owned, end of month.....	93,000,000	94,000,000	77,000,000
Member bank borrowings, end of month.....	15,000,000	16,000,000	8,000,000
Demand deposits, end of month.....	286,000,000	297,000,000	290,000,000
Time deposits, end of month.....	141,000,000	141,000,000	123,000,000

*From the Federal Reserve System.

CHARTERS

The upward trend in the number of new corporations receiving charters which began early in the year continued in May. During the month, 273 corporations capitalized at \$9,779,000, were granted charters by the Secretary of

TEXAS CHARTERS

	May 1929	April 1929	May 1928
Number	273	262	218
Capitalization	\$ 9,779,000	\$24,471,000	\$15,642,000
Foreign permits.....	41	9	43
Classification of new corporations:			
Oil	29	18	11
Public service.....	10	13	4
Manufacturing.....	44	53	19
Banking — Finance	13	11	11
Real estate — Building	39	25	23
General	138	142	150

State compared to 218 companies having capital of \$15,642,000 in May 1928. The very large number of new

industrial enterprises indicates that business generally is optimistic regarding the future outlook. However, it must be noted that most of the corporations are small, the average company being capitalized at \$36,000 compared to \$93,000 in April and \$72,000 in May last year.

There were 39 real estate and building firms organized in May against 23 in May 1928 while financial institutions increased from 11 to 13. Ten public service corporations received charters and 44 manufacturing concerns were organized compared to only 19 in May a year ago. New oil companies increased from 11 in May 1928 to 29 in May 1929, reflecting the improvement in the oil industry. Permits were granted to 41 outside companies to operate within the State.

COMMERCIAL FAILURES

An unusually sharp increase is reflected in the business mortality rate in Texas during May. Not only was the number of failures the largest since January but liabilities were the highest since April a year ago. Normally there is an increase in failures from April to May, but the gain this year of 14 between the two months is the largest since 1926.

During May, 51 commercial failures with liabilities of \$1,262,000 were reported in the State compared to 37 defaults with liabilities, involving \$414,000 in April. Last year in May, 53 bankruptcies having liabilities of \$2,226,000 were reported.

Failing companies were larger in contrast to the downward trend which has been in evidence for nearly a year. Liabilities per failure averaged \$24,700 in May compared to \$11,200 in April and \$19,300 in January, 1929. The upward trend is an unfavorable development because it indicates that many of the larger companies are finding it more difficult to make profits.

No bank failures were reported in May.

COMMERCIAL FAILURES*

	May 1929	April 1929	May 1928
Number	51	37	53
Liabilities	\$ 1,262,000	\$ 414,000	\$ 2,226,000
Assets	688,000	254,000	1,149,000

*From D. G. Dun & Co.

STOCK PRICES

During the greater part of May, the stock market was a rather listless affair with prices drifting somewhat lower. This was especially true of the industrials. The

tight credit situation coupled with the uncertain political outlook caused many traders to withdraw from the market until conditions are more normal. However the favorable decision in the O'Fallons railway case coming rather unexpectedly in the latter part of the month stimulated trading in rails resulting in a sharp bidding up of many of these issues.

Six of the seven issues comprising the Bureau of Business Research industrial index declined and one remained unchanged during May so that the index fell 8 points to 263, the lowest level so far this year and only 3 points above that of May 1928. The rail index advanced 8 points and averaged 217 for the month. This compares with 216 in January of this year and 199 in May 1928. All of the issues except two Gulf, Mobile and Northern and St. Louis and Southwestern, advanced. An extreme gain of 27 points was registered by Atchison.

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 INDUSTRIAL STOCKS

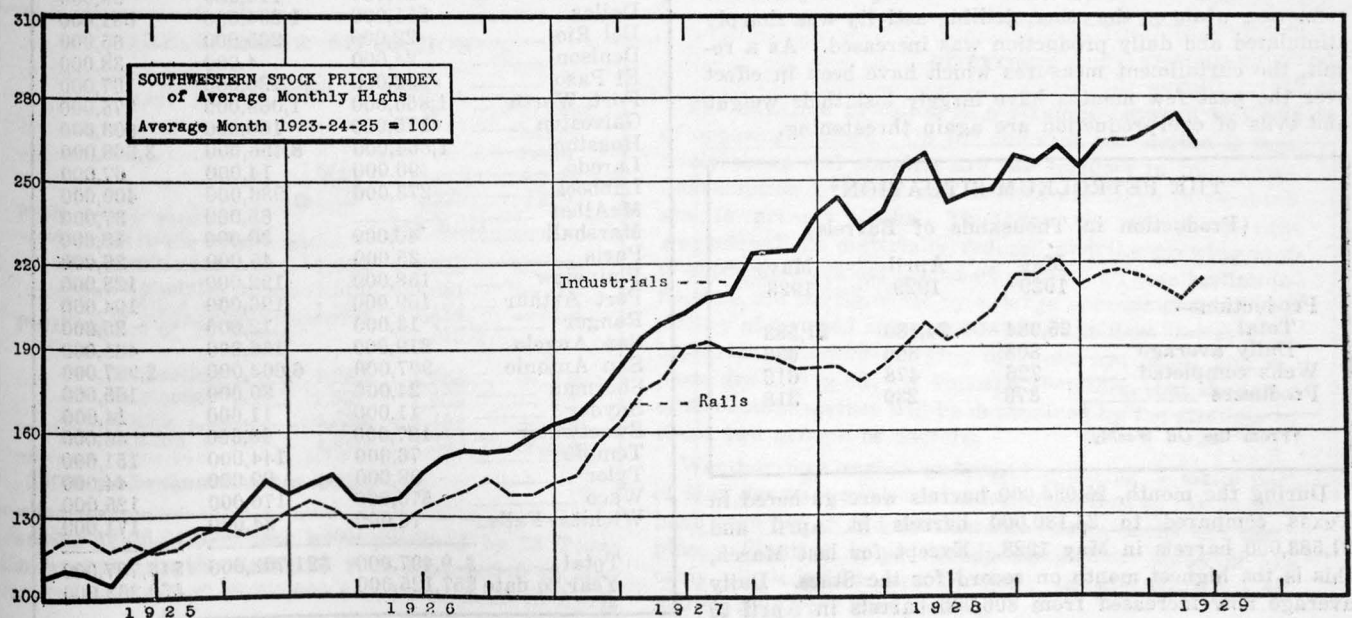
Average High 1923-24-25=100

	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	—	243	203	146	120
July	—	246	208	151	124
August	—	247	210	154	127
September	—	259	224	153	126
October	—	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	—	193	190	133	117
July	—	197	192	136	119
August	—	203	190	140	125
September	—	215	189	144	126
October	—	215	186	138	124
November	—	221	182	139	126
December	—	212	183	143	133



DEPARTMENT STORE SALES

Wholesale and retail trade made only a fair showing when allowance is made for the generally active business conditions. Despite the fact that May sales recorded a small seasonal gain over those in April, the volume was below the total in May 1928. Sales of 71 department stores located in 24 cities of the State amounted to \$5,389,000 compared to \$5,496,000 in May a year ago, or a decline of 1.9 per cent. Compared to May, 1928, 14 cities report losses against gains in 10, most of the losses occurring in the smaller cities. Cumulative sales of the 71 stores to date are but 0.6 per cent above those of the first 5 months of last year.

Department store sales for the entire United States in May were 2.4 per cent greater than in May 1928, according to the Federal Reserve System. Eight of the districts show gains while 4 report losses.

MAY TENDENCIES IN TEXAS DEPARTMENT STORE SALES

	No. of Stores	Percentage change from May, 1928 April, 1929	
Austin	4	+ 9.9	+22.4
Beaumont	5	+ 3.8	+ 9.4
Dallas	6	+ 1.4	- 2.0
El Paso	3	-18.6	-26.7
Fort Worth	8	+ 1.3	+13.7
Galveston	3	- 3.0	- 3.1
Houston	7	- 1.4	+ 4.2
San Antonio	9	- 7.0	+ 8.3
Tyler	3	+ 2.5	-24.8
All others*	23	-12.0	+ 3.8
State	71	- 1.9	+ 4.8
Sales of 71 comparable stores—		1929	1928
May		\$ 5,389,000	\$ 5,496,000
Year to date		24,437,000	24,303,000

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

PETROLEUM

Developments in the petroleum situation during May were rather confusing. On the one hand, crude prices were advanced and stocks were reduced by heavy runs to refineries, while on the other, drilling activity was sharply stimulated and daily production was increased. As a result, the curtailment measures which have been in effect over the past few months have largely lost their weight and evils of overproduction are again threatening.

THE PETROLEUM SITUATION*
(Production in Thousands of Barrels)

	May 1929	April 1929	May 1928
Production—			
Total	25,034	24,180	21,583
Daily average	808	806	696
Wells completed	726	478	616
Producers	373	239	318

*From the Oil Weekly.

During the month, 25,034,000 barrels were gathered in Texas compared to 24,180,000 barrels in April and 21,583,000 barrels in May 1928. Except for last March, this is the highest month on record for the State. Daily average flow increased from 806,000 barrels in April to

808,000 barrels in May against 696,000 barrels in May a year ago.

Field work was also much more active. A total of 726 new wells were completed of which 373 were producers. This compares with 616 completions and 318 successful wells in May last year. Crude prices were advanced on practically all grades and further advances have been mentioned although additional increases are likely to be small. Gasoline prices were also higher but markets weakened at the month end.

BUILDING

The building industry made a rather poor showing in comparison to the excellent record of both April and May a year ago. In this connection, it must be noted that the building industry has been very active so far this year, and a falling off is to be expected in view of the uncertain business outlook over the next few months. Moreover, building costs have advanced and the floor space already available is ample for present needs in most localities.

During the month, building permits in 32 cities of the State amounted to 9,407,000 compared to \$21,702,000 in April and \$13,707,000 in May 1928, or a decrease of 56.7 per cent and 31.4 per cent respectively. Twenty cities show losses against gains in twelve. Large gains occurred in Austin, Fort Worth, Marshall, Tyler, and Waco, while Amarillo, Corpus Christi, Houston, San Antonio, and Sherman showed losses. Engineering and construction projects let in Texas in May, according to the F. W. Dodge Corporation, had a value of \$22,000,000 against \$27,000,000 in May last year. Contemplated projects were larger.

BUILDING PERMITS

	May 1929	April 1929	May 1928
Abilene	\$ 297,000	\$ 157,000	\$ 369,000
Amarillo	62,000	156,000	930,000
Austin	674,000	338,000	118,000
Beaumont	207,000	324,000	296,000
Brownsville	109,000	45,000	95,000
Brownwood	65,000	163,000	389,000
Cleburne	39,000	47,000	22,000
Corpus Christi	149,000	171,000	884,000
Corsicana	35,000	114,000	59,000
Dallas	551,000	1,294,000	581,000
Del Rio	22,000	205,000	65,000
Denison	24,000	4,000	38,000
El Paso	292,000	120,000	167,000
Fort Worth	1,866,000	1,065,000	775,000
Galveston	175,000	166,000	603,000
Houston	1,864,000	8,456,000	3,368,000
Laredo	90,000	14,000	67,000
Lubbock	273,000	936,000	409,000
McAllen		65,000	37,000
Marshall	40,000	33,000	18,000
Paris	25,000	45,000	26,000
Plainview	158,000	192,000	128,000
Port Arthur	169,000	196,000	104,000
Ranger	13,000	12,000	25,000
San Angelo	319,000	156,000	481,000
San Antonio	907,000	6,604,000	2,937,000
Sherman	24,000	30,000	165,000
Snyder	11,000	11,000	14,000
Sweetwater	127,000	90,000	46,000
Temple	76,000	144,000	151,000
Tyler	98,000	89,000	44,000
Waco	570,000	176,000	125,000
Wichita Falls	76,000	84,000	171,000
Total	\$ 9,407,000	\$21,702,000	\$13,707,000
Year to date	\$57,125,000		\$60,263,000

CEMENT

The statistical position of the Portland Cement industry in the State was weakened considerably during May. Production was increased materially while shipments declined sharply resulting in the accumulation of stocks whereas there should have been a fairly large seasonal decline. In contrast to a reduced output of 6.7 per cent compared to May 1928 for the entire United States, Texas production was increased by 23.3 per cent.

A total of 655,000 barrels were turned out in May by Texas mills against 622,000 barrels in April and 531,000 barrels in May 1928. Shipments were 563,000 barrels compared to loadings of 625,000 barrels in April and 510,000 barrels in May a year ago. Stocks on June 1, were reported at 535,000 barrels against only 389,000 barrels on the same date last year, or a gain of 37½ per cent.

Prices were the same as those obtaining over the past few months, the basic price on June 1 being \$2.25* per barrel in Dallas and \$2.35* in Houston. Ten cents a barrel is allowed for cash and 40 cents for cloth sacks where returnable.

THE CEMENT SITUATION*

(In Thousands of Barrels)

	May 1929	April 1929	May 1928
Production	655	622	531
Shipments	563	625	610
Stocks	535	443	389

*From the United States Department of Commerce.

LUMBER

Further curtailment was witnessed in the lumber industry due largely to seasonal factors although demand slackened somewhat. Fewer mills were operating in May than in April and additional plants are expected to shut down in the near future. Production was increased slightly while shipments fell off resulting in a gain of 3.3 per cent in average stocks. Average unfilled orders remained about unchanged.

THE LUMBER SITUATION*

(In Thousands of Feet)

	May 1929	April 1929	Per cent change from April 1929
Preliminary report of 143 mills in the Southwest—		143 Mills	
Av. production	1,485	1,530	— 2.9
Av. shipments	1,521	1,681	— 9.5
Av. unfilled orders	1,298	1,474	—11.9
Final report of 23 Texas Mills—		35 Mills	
Av. production	1,985	1,950	+ 1.6
Av. shipments	1,837	1,969	— 6.7
Av. stocks	4,639	4,491	+ 3.3
Av. unfilled orders	1,345	1,349	No change

*From the Southern Pine Association.

A total of 45,647,000 feet were produced by 23 Texas mills reporting to the Southern Pine Association in May compared to a cut of 68,241,000 feet by 35 mills in April.

Average output per mill increased 1.6 per cent or from 1,950,000 feet in April to 1,985,000 feet in May. Average shipments amounted to 1,837,000 feet compared to 1,969,000 feet in April, a decline of 6.7 per cent while stocks averaged 4,639,000 feet, or a gain of 3.3 per cent from the month previous. Unfilled orders remained about unchanged at 1,345,000 feet. Prices were about unchanged to lower but markets displayed some signs of weakening.

COTTON MANUFACTURING

Textile mills in most cases continued to operate at capacity rates but there is some evidence that curtailment is likely to take place within the next week or two. Manufacturing margins were improved again in May and the recent weakness in raw cotton prices will further assist spinners, provided yarn quotations hold at present levels. Cloth markets are rather weak.

The 21 Texas mills reporting to the Bureau of Business Research used 8,892 bales of cotton and produced 6,691,000 yards of cloth in May compared to the consumption of 7,198 bales and an output of 6,174,000 yards in May 1928. Cotton goods sales amounted to 3,475,000 yards against 5,279,000 yards in May a year ago. Unfilled orders declined from 17,119,000 yards in April to 13,229,000 yards in May. This compares with 10,135,000 yards in May last year. At the present rate of output, bookings are equal to about 2 months run—a very good showing.

TEXAS COTTON MANUFACTURERS REPORT

	May 1929	April 1929	May 1928
Mills reporting	21	21	20
Bales of cotton used	8,892	9,015	7,198
Yards of cloth—			
Produced	6,691,000	6,732,000	6,174,000
Sales	3,475,000	4,886,000	5,279,000
Unfilled orders (end of period)	13,229,000	17,119,000	10,135,000
Active spindles	196,000	205,000	194,000
Spindle hours	48,336,000	59,949,000	65,369,000

COTTON

The situation in cotton is a struggle between two sets of opposing factors. On the one side, raw cotton is relatively cheap and supplies are the smallest in four years. Consumption is heavy and exports are large in comparison to present stocks. Then too, the carryover next August will be materially reduced and the growing crop is entering a critical period of growth. These bullish influences are partly offset by a large acreage and the possibility of reduced consumption over the next few months. Moreover, spinners margins of profit are small and exports are falling off. It appears, therefore, that the trend of the cotton market will be determined by the stronger of these two groups of factors.

Weather was rather unfavorable during a large part of May due to excessive rains but conditions so far in June have been better and considerable improvement has taken place. Planting is practically completed. Many of the early planted fields are fruiting. Insects are more numerous this year than last.

A total of 668,000 bales were used during May compared to 578,000 bales in May 1928. Prices were slightly lower. July New York futures closed on June 16 at 18.42 cents compared to 18.70 cents a month earlier.

SPINNERS MARGIN

Spinners margin increased another 2 points during May bringing the ratio to 152, or to a level 8 points below normal (160). The advance is a continuation of the upward trend which began in the latter part of March. The ratio has been below normal since September 1927 indicating that the spinners have been in an unfavorable position on a replacement basis during the entire 21-month period. For that reason the gain of 4 points in the ratio over the past two months is a very encouraging feature and additional gains would be desirable.

During May, American middling cotton in Liverpool averaged 10.20d and 32-twist cotton yarn in Manchester averaged 15.53d compared to 10.58d for cotton and 15.85d for yarn in April. The relative decline of cotton was greater than that of yarn resulting in a gain of 2 points in the spinners margin. The ratio stood at 152 in May against 150 in April and 149 in May a year ago. Moreover, the position of the spinners has been further im-

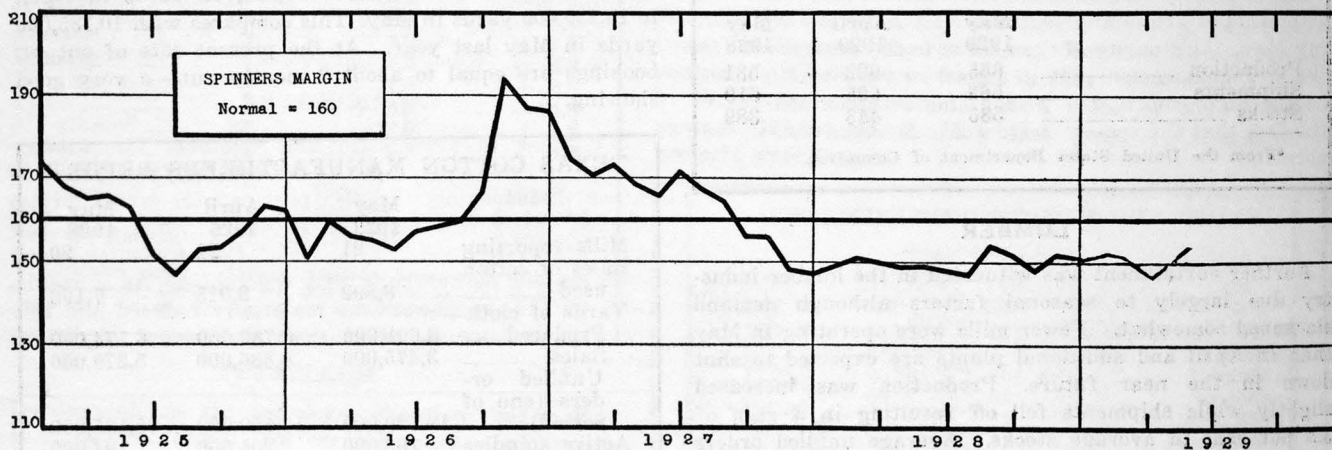
proved so far in June, so that raw cotton markets should be improved.

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% 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	---	148	172	157
July	---	147	167	158
August	---	154	164	160
September	---	152	156	166
October	---	148	156	194
November	---	152	148	187
December	---	151	147	186

Normal=160.



COTTON BALANCE SHEET

On June 1, the indicated supply of cotton in the United States was reduced to 3,935,000* bales compared to 4,447,000 bales on June 1, 1928 and a seven year average on that date of 3,971,000 bales. During May, 668,000 bales were consumed in the United States and 313,000 bales were exported making a total reduction of 981,000 bales. While this is somewhat below the disappearance in May 1928, it must be remembered that supplies are also smaller. In the two remaining months of the 1928 cotton year, 950,000 bales were used and 852,000 bales were exported, or a total disappearance of 1,802,000 bales. If this amount is consumed and exported in the same period this year, the carryover on August 1 will be about 2,125,000 bales. This is possibly a little high because consumption is higher than it was last year at this time.

The supply of cotton in the United States on June 1, was 512,000 bales below that on June 1, 1928. In the

*This balance is obtained by adding the sum of the Census carryover on August 1 and the imports since that time to the final ginnings as reported by the Census Bureau, and subtracting the exports plus consumption. Linters are not included.

past seven years, on June 1, changes in the supply have totaled 10,332,000 bales and price changes have amounted to 3,492 deflated points, or a change of 33.8 points for each change of 100,000 bales in the supply. At the same ratio, a decrease of 512,000 bales should be accompanied by an increase of 170 deflated points in the price. Based on United States supplies alone, New Orleans spots should be about 20.80 cents, or more than 2 cents a pound above present quotations (June 15). Moreover, this calculated price is adjusted for the low spinners margin. In other words, on a replacement basis, cotton is 2 cents too low in relation to present supplies. Cotton has not advanced, as it has always done under similar conditions because the trade is discounting a large acreage and yarn and cloth markets continue weak. It is but a question of time until actual prices will be adjusted to the calculated price.

European stocks of American cotton are also lower than they were last year so that the price should be even higher. On May 31, stocks in and cotton afloat to Europe amounted to 1,504,000 bales compared to 1,789,000 bales on the same date of 1928, or a decline of 285,000 bales.

Applying the ratio of 33.8 points to this decrease and allowing for changes in the price level and the low spinners margin, there should be an increase of an additional 80 points. Based on world supplies, therefore, the New Orleans spots should be about 21½ cents. Moreover, this price is on a replacement basis.

The May report of the Cotton Textile Merchants of New York City was rather unfavorable again. Production of

cloth totaled 341,000,000 yards and sales were 278,000,000 yards, or only 81.5 per cent of output while shipments fell 4.5 per cent below production. There was an increase of stocks of 4.3 per cent, or from 352,000,000 yards in April to 367,000,000 yards in May. Unfilled orders declined from 430,000,000 yards to 383,000,000 yards, or 11.1 per cent in the 30-day period. At the present rate of output bookings are equal to less than 5 weeks run.

COTTON BALANCE SHEET AS OF JUNE 1 IN THE UNITED STATES

(In Thousands of Running Bales)

Year	Carry-over August 1	Imports since August 1*	Final Ginnings*	Total	Consumption since August 1	Exports since August 1	Total	Balance
1922-1923	2,832	451	9,762	13,045	5,661	4,541	10,202	2,843
1923-1924	2,325	273	10,128	12,726	4,984	5,234	10,218	2,508
1924-1925	1,556	284	13,628	15,468	5,215	7,600	12,815	2,653
1925-1926	1,610	290	16,104	18,004	5,471	7,358	12,829	5,175
1926-1927	3,543	331	17,911	21,785	5,971	10,187	16,158	5,627
1927-1928	3,762	298	12,950	17,010	5,884	6,679	12,563	4,447
1928-1929	2,532	410	14,478	17,420	5,982	7,503	13,485	3,935

*In 500-pound bales.

The cotton year begins on August 1.

FRUIT AND VEGETABLE SHIPMENTS

An unusually large seasonal decrease is reflected in the shipments of fruits and vegetables from Texas farms during May. Ordinarily May or June is the peak month for the spring movement but it appears now that April will be the high month this year. This is accounted for by the fact that the season is from 2 to 3 weeks earlier than normal.

FRUIT AND VEGETABLE SHIPMENTS*

(In Carloads)

	May 1929	April 1929	May 1928
Mixed vegetables	422	1,584	591
Spinach	—	139	4
Cabbage	102	1,302	123
Grapefruit	10	60	—
Sweet potatoes	41	45	10
Strawberries	16	226	22
Onions	2,504	3,921	3,042
Tomatoes	1,611	20	899
Potatoes	434	1,179	1,259
Green Peas	—	—	1
String beans	23	236	100
Cucumbers	123	134	218
Watermelons	120	—	—
Cantaloupes	7	—	1
Carrots	351	843	139
Total	5,764	9,689	6,409
Year to date	34,337	—	30,888

*From the United States Department of Agriculture.

A total of 5,764 cars of fruits and vegetables were loaded in May compared to 9,689 cars in April and 6,409 cars in May last year. Shipments of mixed vegetables, cabbage, strawberries, onions, potatoes, string beans, and cucumbers were very much smaller while loadings of grapefruits, sweet potatoes, tomatoes, and watermelons were heavier. It is interesting to note that 120 cars of watermelons were shipped in May, whereas the first car moved on June 2, last year.

Prices declined steadily as might be expected at this time of the year. Potatoes dropped more than \$1 per hundred pounds for new stock and tomatoes declined \$2 per box. Losses were also recorded for corn, carrots, string beans, cucumbers and onions.

AGRICULTURE

Conditions in agriculture are favorable for a large harvest of most crops but the outlook for farm prices is rather discouraging. In the past month, wheat prices touched the lowest point in 15 years, while corn and other grains declined in sympathy. Cotton also averaged lower as did many fruits and vegetables. As a result, farm purchasing power was materially reduced and this situation is sure to affect general business conditions later on.

TEXAS CROP REPORT AS OF JUNE 1*

	Condition June 1		Production (000)	
	1929	1928	1929	1928
Winter wheat	72	56	31,013	22,176
Spring wheat	—	—	—	—
Oats	70	61	—	35,751
Barley	72	65	—	3,276
Rye	80	76	224	180
Hay, tame	86	76	—	637
Hay, wild	86	72	—	208
Pasture	89	77	—	—
Apples	65	40	—	216
Peaches	67	52	1,932	1,612
Pears	75	55	526	390

*From U. S. Department of Agriculture.

Although crop prospects were reduced somewhat during May, due to excessive moisture, actual damage was rather small and the setback can be overcome with a few more weeks of warm dry weather. Cotton planting is practically completed and most fields have been chopped. A good stand is reported in most cases and plants are doing well. A record wheat crop is being rapidly harvested. Fruits and vegetables are moving out in very large vol-

ume; quality is excellent this year but prices are declining seasonally. Right now an upward trend in farm prices would be a most desirable development but it appears that the downward course is likely to be carried further before an adjustment is forthcoming.

LIVESTOCK

The livestock industry continued generally satisfactory. Generous rains in May in practically all sections of the State improved ranges and insures good pasture well into the summer at least. Then too, water tanks were well filled so that ample water will be available for some time to come. Range animals have responded to the excellent pastures and are putting on flesh rapidly. Moreover, the lamb and calf crops are among the largest on record and the young animals are growing unusually fast. Right now, the only unfavorable features in the outlook for the livestock industry are the rather poor markets for wool and the slowing up in range trading even at lower prices. Shipments of all classes of animals show a seasonal decline as compared with April.

Ranges in many areas of the State are excellent, being above the average in most cases. Cattle ranges on June 1 according to the United States Department of Agriculture were rated at 93 per cent of normal compared to 90 per cent last month and a 5-year average of 88 per cent. Grass is abundant and soil moisture is sufficient to keep pastures green for some weeks to come. Cattle were placed at 90 per cent up 2 points from the month previous and 3 points above the condition a year ago on June 1. Although the calf crop is a little late, losses have been small and the young animals are doing well. Range prices of cattle and calves declined somewhat over the month and trading was less active. The movement of grass-fat cattle should increase from now on.

Sheep and goats were rated at 94 per cent, or a gain of 6 points in the 30-day period. This compares with 93 per cent on June 1, 1928 and a 5-year average of 91 per cent. Sheep ranges were placed at 92 per cent, the same as last year, while goat ranges were rated 93 per cent compared to 92 per cent a year ago. A very large lamb and kid crop was saved this year. Sheep shearing was delayed somewhat in May due to heavy rains but good progress has been made in the past few weeks and

is completed in some sections. The clip is of good quality and is expected to establish a new high record. Considerable wool has been contracted at prices similar to those obtaining in April. Range trading is very quiet and prices declined.

Demand for poultry and eggs was well sustained. Ordinarily by June 1 the poultry market is fairly well defined and the price trend determined for the first part of the season at least. This year conditions are quite the reverse. Egg prices are 2 cents to 3 cents a dozen above quotations last year at this time and the seasonal decline has not materialized. Poultry prices are also above those of a year ago. Cold storage holdings of both eggs and poultry are not excessive so that markets are expected to be slow in declining.

Receipts at Fort Worth were below those of April and nearly 20 per cent under unloadings in May 1928. Shipments for the month according to the Fort Worth Stock Yards Company, amounted to 179,561 head against 265,668 head in April and 228,729 head in May 1928. Cattle declined 8.7 per cent, calves 16.1, hogs 31.6 and sheep 23.9 per cent. For the year to date, receipts are 1.7 per cent below those of 1928 for the same period.

Prices were about unchanged to slightly higher. Prime beef steers on the Fort Worth market for the week ending June 15 went mostly at 13½ cents to 14 cents, up ½ cent from the month previous while best calves were unchanged at 13½ cents to 14 cents. Hogs remained about the same, the handyweight class clearing at 10½ cents. Best lambs went at 13½ cents, or at prices similar to those of last month and muttons brought 8½ cents, down nearly ½ cent in the 30 days.

LIVESTOCK RECEIPTS AT FORT WORTH*

	May 1929	April 1929	May 1928
Cattle	66,306	97,067	72,597
Calves	19,429	19,809	23,165
Hogs	31,294	54,931	45,772
Sheep	62,532	93,861	82,195
Total	179,561	265,668	228,729
Year to date	833,024		847,004

*From the Fort Worth Stock Yards Company.

Those wishing the Texas Business Review regularly will receive it without charge upon application