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 industrial developments during May were similar to those of recent months, that is, most of them were somewhat depressing and yet contained elements of optimism. Low money rates still dominate the financial situation but demand for funds is so light that lenders are willing to reduce interest charges in order to encourage borrowing. Agricultural prices declined further and no improvement was noted in the outlook for the livestock industry. Trade at retail and wholesale made a poor showing and the decline in freight car loadings indicates a decrease in the volume of commodities moving into consumption channels. Wholesale prices were erratic with a tendency towards lower levels but at a slower rate than in recent months.

General business and industry in Texas and the Southwest continued on a moderately low level during May. Comparison with last year, of course, makes a rather poor showing, but compared with previous years, the record is less discouraging. Wholesale prices fell to new low levels and the downward trend is expected to continue for some months yet. Business appears to be in a waiting attitude, and the fact that the situation is not growing materially worse is a hopeful sign. However, conditions are still far from normal, and any sustained rise is unlikely for several months yet.

That money rates are expected to remain low for some months is indicated by the June 15 financing of the United States Treasury Department. The issue amounting to $400,000,000 carried a rate of 2⅞%, whereas the corresponding issue last year had a rate of 5⅛%. Call rates on the New York Stock Exchange renewed on most days at 3% and were available in the outside market at 2½%. Bankers acceptances fell from 3⅛% to 3% at the end of April to 2⅜% to 2¼% early in June. Time loans were quoted around 3% to 3½% in the latter part of May against 9% to 9½% in the corresponding period of last year. Commercial paper rates were 3½% to 3¾% compared with 3¾% to 4% last month. The 4% rediscount rate was unchanged at the Dallas Federal Reserve Bank.

Bank debits showed about the usual seasonal decline from April. Checks cashed in the District for the four weeks ending May 28, according to the Dallas Federal Reserve Bank, totaled $729,000,000 against $835,000,000 in May, 1929, a decline of 12.7% but considerably above the amount reported in May, 1928. Loans at member banks on May 28 were $344,000,000 against $352,000,000 a month earlier, while Government securities held by these banks declined from $67,000,000 to $65,000,000. Demand deposits were lower. On May 28, these deposits at member banks in leading cities were $283,000,000, or a decline of $4,000,000 for the month. On the other hand, time accounts gained, totaling $151,000,000, a new high record for the District. Member bank borrowings at the Dallas Federal Reserve Bank remained unchanged at $1,000,000.

More than the usual seasonal gain is reflected in the number of new corporations receiving charters from the Secretary of State in May. Charters were granted to 227 companies having capitalization of $5,562,000 compared with 273 corporations capitalized at $9,779,000 in May, 1929. Failures, however, were lower. During the month, 46 defaults having liabilities of $1,509,000 were reported, whereas there were 51 bankruptcies with liabilities involving $1,262,000 in May last year.

The employment and labor situation in the State was a little less encouraging. There was a decline of 1.8% in the number of workers on the payrolls of 632 comparable Texas firms on May 15, compared to April 15, and a loss of 1.6% from May, 1929. Average weekly wages per worker increased from $27.13 in April to $27.22 in May, indicating a little less part time work.

Trade at both retail and wholesale was slow most of the time. Sales of 89 department stores located in 26 cities of the State were $6,151,000 in May compared with $6,726,000 in May, 1929, a decline of 8.6%. Freight car movement is running substantially below that of the past two years at this season of the year. Exports of cotton are down, but about the same amount of wheat has cleared through the Gulf ports as was shipped last year.

Building slumped. Building permits in 35 cities totaled only $6,319,000 in May compared to $9,485,000 in May a year ago. Construction and engineering projects fell off sharply also. Statistically, the lumber industry weakened a little. Production and stocks increased, while shipments and unfilled orders were lower. Operating schedules at cement plants were sharply curtailed. Stocks increased again and demand for cement was slow. The petroleum industry is still threatened with overproduction, but recent price slashes for crude are causing some "shutting in" of producing wells and curtailment in drilling.

Agriculture is still on an unfavorable basis and the outlook over the next few months is not particularly encouraging. Crop prospects were improved by recent rains, but the condition generally is below normal. Farm work is about up to schedule. Shipments of fruits and vegetables in May totaled 10,637 cars, the highest month on record. This compares with 5,764 cars in May last year. Farm prices made further declines.

General soaking rains improved conditions in the livestock industry. After the rains came, ranges improved rapidly an animals gained in flesh. Death losses were smaller than expected, especially among mature animals. The calf and lamb crops were rather disappointing. Prices in most cases trended downward.

WHOLESALE PRICES

Wholesale prices moved downward again in May and reached the lowest levels in 15 years. Farm products including all grains, cotton, and sugar broke into new low ground while livestock and metals continued the decline. The *Annalist* index fell from 132.3 in the early part of May to 129.7 in the second week of June, and Professor Fisher's index stood at 87.8 in the first week of June, or 2 points under the same week of May. Dun's fell to 176.2 and Bradstreet's averaged 10.77 on June 1, both at new low points in almost a decade. The Bureau of Labor Statistics all-commodity index based on 1926 as equal to 100 stood at 89.1 in May against 90.7 in April and 95.8 in May last year.

FINANCIAL

Conditions in the financial situation still favor easy money. Commercial demand for money is on such a restricted basis compared to the supply of loanable funds that lenders are willing to accept very low interest rates in order to keep surplus funds employed. Moreover, trading on the stock market is extremely light so that demand for loans in that quarter is limited. It appears, therefore, that interest rates are likely to remain low until business recovery generally is well under way.

That money rates are expected to continue low for some months is indicated by the June financing of the United States Treasury Department. The issue amounting to $400,000,000 carried a rate of 2⅞%. Call rates on the New York Stock Exchange renewed on most days at 3% and were available in the outside market at 2½%. Bankers acceptances fell from 3⅛–3% at the end of April to 2⅜–2¼% early in June. Time loans were quoted around 3–3½% in the early part of May against 9–9½% in the corresponding period last year. Commercial paper rates fell to 3½–3¾%, compared with 3¾–4% last month. The 4% rediscount rate remained in effect at the Dallas Federal Reserve Bank.

Check transactions showed about the usual seasonal decline from April. Debits in the district for the four weeks ending May 28, according to the Dallas Federal Reserve Bank, amounted to $729,000,000 against $835,000,000 in May, 1929, a decline of 12.7%. However, the volume of checks cashed is considerably above the amount reported at this time in 1928.

Total loans at member banks amounted to $344,000,000 for the week ending May 28, against $352,000,000 a month earlier. This is about in line with seasonal influences. These loans are likely to decline further over the next few months. Member banks reduced their holdings of Government securities from $67,000,000 in April to $65,000,000 in May. Last year in May, member banks held $93,000,000 in Governments. This is the second consecutive month in which banks have reduced their holdings of Government securities.

Demand deposits were lower again. On May 28, demand deposits at member banks amounted to $283,000,000 against $287,000,000 a month earlier, and $286,000,000 in the last week of May a year ago. On the other hand, time accounts increased, totaling $151,000,000, which is a new high record for this district. Member bank borrowings remained unchanged at $1,000,000, whereas borrowings on the same date last year were $15,000,000. As long as commercial transactions are on a small scale, borrowing at the Federal Reserve Banks will be limited.

FINANCIAL STATISTICS FOR THE DALLAS FEDERAL RESERVE DISTRICT*

	May 1930	April 1930	May 1929
Bank debits (4 weeks)	$729,000,000	$743,000,000	$835,000,000
Government securities owned, end of month	65,000,000	67,000,000	93,000,000
Member bank borrowings, end of month	1,000,000	1,000,000	15,000,000
Demand deposits, end of month	283,000,000	287,000,000	286,000,000
Time deposits, end of month	151,000,000	150,000,000	141,000,000

*From the Federal Reserve System.

TEXAS CHARTERS

More than the usual seasonal increase is reflected in the number of new corporations receiving charters from the Secretary of State in May. This was to be expected in view of the poor showing in April. Charters were granted to 227 companies capitalized at $5,562,000 in May against 168 companies having capitalization of $3,637,000 in April and 273 companies capitalized at $9,779,000 in May, 1929. Most of the companies were small again, as they have been for almost a year.

There were only 16 new oil companies organized against 29 in April and 3 public utilities compared to 5 last month. Only 4 financial institutions were chartered compared with 7 in April and 13 in May last year. On the other hand, new manufacturing concerns increased from 17 in April to 23 in May, while real estate firms went up from 12 to 21. The unusually large number of new gins is an interesting feature of the month.

Permits were granted 39 outside corporations to operate in the State.

TEXAS CHARTERS

	May 1930	April 1930	May 1929
Number	227	168	273
Capitalization	$5,562,000	$3,637,000	$9,779,000
Foreign Permits	39	22	41
Classification of new corporations:			
Oil	16	29	29
Public Service	3	5	10
Manufacturing	23	17	44
Banking-Finance	4	7	13
Real estate-bldg.	21	12	39
General	160	98	138

STOCK PRICES

The stock market has drifted into a waiting position. Even the low money rate has lost its bullish influence and the great majority of stocks have declined to the lowest levels this year. Business has failed to improve as was hoped for, and the market appears to be discounting the situation.

All of the industrials comprising the Bureau of Business Research index declined resulting in a loss of 10 points, or from 264 in April to 254* in May. Declines in the latter part of the month were especially rapid. Seven of the issues making up the rail index were lower, and 2 advanced, so that this index recorded a loss of 7 points. The index averaged 199 in May against 206 in April and 217 in May, 1929. The trend has continued downward so far in June. Trading is very light and largely of a professional nature.

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.

*The industrial index has been revised to allow for certain stock dividends.

INDEX OF INDUSTRIAL STOCKS

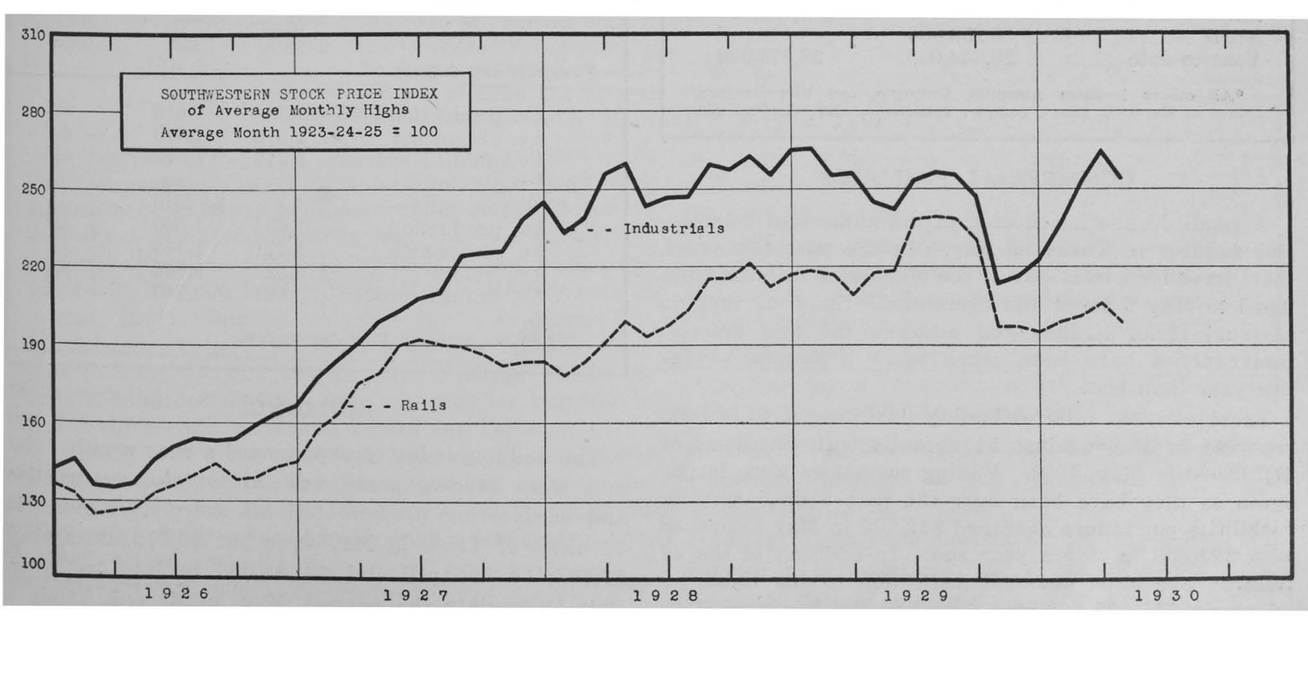
Average High 1923–24–25=100

	1930	1929	1928	1927	1926
January	225	264	245	167	142
February	236	265	233	174	146
March	252	255	239	184	136
April	264	256	255	194	135
May	254	245	260	199	137
June	......	242	243	203	146
July	......	253	246	208	151
August	......	256	247	210	154
September	......	255	259	224	153
October	......	247	257	225	154
November	......	213	262	226	159
December	......	217	255	238	164

INDEX OF RAILROAD STOCKS

Average High 1923–24–25=100

	1930	1929	1928	1927	1926
January	195	216	183	145	136
February	199	218	178	157	133
March	201	216	183	164	125
April	206	209	191	175	126
May	199	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



DEPARTMENT STORE SALES

Trade at both retail and wholesale was slow most of the month, although at times merchandise moved rather freely. Sales of 89 department stores located in 26 cities of the State totaled $6,151,000 in May against $6,726,000 in May last year, a decline of 8.6%. The decline from April amounted to 1.7%, whereas a seasonal gain of about ½% is the normal trend. However, April sales were above normal due to Easter buying. Total sales of the 89 comparable stores for the year-to-date are 6.7% under those in the same period of 1929. A small part of this loss is due to lower prices.

Department store sales for the entire United States in May were 1% under those in May, 1929, according to the Federal Reserve system. Eight districts showed losses ranging from 1% to 10%, while only four recorded small gains.

MAY TENDENCIES IN TEXAS DEPARTMENT STORE SALES

	No. of Stores Reporting	Percentage Change in Sales: May, 1930 from May, 1929	May, 1930 from April, 1930	Year to date 1930 from Year to date 1929
Abilene	4	—13.9	— 9.3	—16.7
Austin	6	— 7.6	— 1.6	— 3.8
Beaumont	6	—13.6	—14.7	— 9.9
Corpus Christi	3	—16.9	— 5.9	—14.1
Corsicana	3	—15.9	—12.5	—10.3
Dallas	7	— 2.6	— 1.8	— 2.9
El Paso	3	—25.3	+ 1.8	— 8.7
Fort Worth	8	—15.3	+ 4.6	—10.9
Galveston	3	—15.9	—11.1	—16.5
Houston	8	— 4.7	— 2.5	— 5.8
San Angelo	3	+ 2.4	+ 0.5	+ 0.6
San Antonio	11	— 4.8	— 0.9	— 7.9
Tyler	3	—16.8	—28.2	—12.6
Waco	4	— 3.4	+ 3.7	Data Incomplete
All others*	15	—13.6	— 3.6	— 7.8
State	89	— 8.6	— 1.7	— 6.7

Sales of 89 Comparable Stores:	1930	1929
May	$ 6,151,000	$ 6,726,000
April	6,258,000	
Year-to-date	26,744,000	28,675,000

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

COMMERCIAL FAILURES

A small decline is reflected in the number of commercial failures in Texas in May. In the past ten years, there have been increases in the number of failures from April to May 5 times and decreases 5 times, so that no seasonal trend is indicated between the two months. Bankruptcies have been much more numerous so far this year than last.

There were 46 failures having liabilities of $1,509,000 reported in May against 51 defaults with liabilities of $1,262,000 in May, 1929. Failing companies were larger again as they have been over the past 6 or 8 months. Liabilities per failure averaged $32,700 in May compared with $24,800 in May a year ago. In addition to the 46 failures, one large financial institution having liabilities of nearly $15,000,000 was placed in the hands of a receiver. For comparison purposes, this failure is not included in the table.

No bank failures were reported for the month.

COMMERCIAL FAILURES*

	May 1930	April 1930	May 1929
Number	46	52	51
Liabilities	$1,509,000	$1,795,000	$1,262,000
Assets	284,000	905,000	688,000
Bank Failures:			
Number		2	
Liabilities		$8,433,000	

*From R. G. Dun & Co.

LUMBER

The statistical position of the lumber industry was further weakened in May. This is particularly true of Texas mills. Production showed a small gain, whereas shipments and unfilled orders fell off. Furthermore, markets for lumber continued dull and prices weakened.

Production of 32 Texas mills reporting to the Southern Pine Association for the four weeks ending May 17 totaled 54,106,000 feet against a cut of 56,159,000 feet in the previous four-week period. Output per mill averaged 1,691,000 feet, or a gain of 1.9% from the previous four weeks, while average shipments declined 4.8%, or from 1,545,000 to 1,471,000 feet. Stocks averaged 6,327,000 feet per mill compared with 5,956,000 feet in April. Average unfilled orders declined 14.1%, or from 940,000 feet in April to 807,000 feet for the week ending May 17. Bookings are the smallest since last January. However, part of the decline is due to a seasonal downward trend.

THE LUMBER SITUATION*
(In Thousands of Feet)

	Four Weeks May 1930	April 1930	Per cent change from May 1929
Preliminary report of 132 mills in the Southwest—		146 Mills	
Av. production	1,383	1,513	— 8.6
Av. shipments	1,314	1,379	— 4.7
Av. unfilled orders	1,010	1,072	— 5.8
Final report of 32 Texas mills—		34 Mills	
Av. production	1,691	1,660	+ 1.9
Av. shipments	1,471	1,545	— 4.8
Av. stocks	6,327	5,956	+ 6.2
Av. unfilled orders	807	940	—14.1

*From the Southern Pine Association.

BUILDING

The building industry experienced a poor month. Not only were building permits down, but also construction and engineering projects fell off sharply. Permits in 34 cities of Texas in May were but $6,319,000 against $7,795,000 in April and $9,485,000 in May last year. This is possibly the poorest May on Record. Only 9 cities reported small gains, while 25 cities recorded large losses.

Construction and engineering projects let in the State during May, as reported by the F. W. Dodge Corporation, amounted to $14,000,000 against $23,000,000 in May last year, a decline of 39%. Contemplated work totaled $29,000,000, whereas contemplated projects amounted to $50,000,000 in May, 1929.

BUILDING PERMITS

	May 1930	April 1930	May 1929
Abilene	$ 49,000	$ 37,000	$ 297,000
Amarillo	217,000	286,000	62,000
Austin	772,000	168,000	674,000
Beaumont	149,000	144,000	207,000
Brownsville	47,000	23,000	109,000
Brownwood	30,000	55,000	65,000
Cleburne	8,000	249,000	39,000
Corpus Christi	116,000	55,000	149,000
Corsicana	72,000	23,000	35,000
Dallas	570,000	270,000	551,000
Del Rio	7,000	76,000	22,000
Denison	4,000	5,000	24,000
Eastland	14,000	15,000	5,000
El Paso	276,000	525,000	292,000
Fort Worth	640,000	845,000	1,866,000
Galveston	213,000	86,000	175,000
Houston	1,100,000	2,801,000	1,864,000
Jacksonville	54,000	27,000	58,000
Laredo	43,000	18,000	90,000
Lubbock	114,000	89,000	273,000
McAllen	23,000	18,000	15,000
Marshall	----------	24,000	40,000
Paris	14,000	18,000	25,000
Plainview	25,000	132,000	158,000
Port Arthur	148,000	902,000	169,000
Ranger	1,000	1,000	13,000
San Angelo	75,000	40,000	319,000
San Antonio	1,271,000	371,000	907,000
Sherman	6,000	69,000	24,000
Snyder	8,000	----------	11,000
Sweetwater	43,000	17,000	127,000
Temple	28,000	32,000	76,000
Tyler	61,000	68,000	98,000
Waco	37,000	189,000	570,000
Wichita Falls	84,000	117,000	76,000
Total	$6,319,000	$7,795,000	$9,485,000

CEMENT

A decrease of 16.7% is reflected in the production of Portland cement at Texas mills during May. The relative decline is even larger because a small seasonal gain is the normal trend from April to May. A total of 630,000 barrels was produced in May by mills in the State compared with 757,000 barrels in April and 655,000 barrels in May, 1929. Shipments declined 20%, or from 775,000 barrels in April to 620,000 barrels in May. Last year in May, 563,000 barrels were loaded. Stocks on June 1, totaled 836,000 barrels. Except for last March, this is the highest month on record for Texas.

Demand was rather dull over the month, but prices remained unchanged. The basic price on June 1, delivered f.o.b. cars on the job was $2.20* a barrel in Dallas and $2.30* a barrel in Houston. Ten cents a 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)

	May 1930	April 1930	May 1929
Production	630	757	655
Shipments	620	775	563
Stocks	836	825	535

*From the United States Department of Commerce.

COTTON MANUFACTURING

Curtailment was general in the textile industry. Only 4,314 bales of cotton were used, and 3,573,000 yards of cloth were produced by 18 Texas mills in May, compared to the consumption of 7,080 bales of cotton and an output of 4,879,000 yards of goods by the same mills in May, 1929. Cotton goods sales amounted to 2,549,000 yards, whereas 3,015,000 yards were sold in May last year. Unfilled orders fell from 4,400,000 yards on May 1, to 3,351,000 yards on June 1. This compares with 10,064,000 yards on June 1 a year ago. At the present rate of production, unfilled orders are equal to less than one month's run, the smallest amount for any month this year.

TEXAS COTTON MANUFACTURERS REPORT

	May 1930	April 1930	May 1929
Mills reporting	18	18	18
Bales cotton used	4,314	4,909	7,080
Yards of cloth—			
Produced	3,573,000	3,791,000	4,879,000
Sales	2,549,000	3,780,000	3,015,000
Unfilled orders (end of period)	3,351,000	4,400,000	10,064,000
Active spindles	154,000	146,000	155,000
Spindle hours	32,945,000	35,720,000	39,573,000

PETROLEUM

Production of crude petroleum in Texas made a material gain during May. This is rather unfavorable because the trend had been downward since last August as a result of the curtailment program put into effect at that time. The increase offsets all the progress made in the past six months.

Output in May totaled 26,877,000 barrels against 25,350,000 barrels in April and 25,034,000 barrels in May, 1929. Daily flow averaged 867,000 barrels, an increase of 22,000 barrels from April and compares with 808,000 barrels in May last year.

Drilling was a little more active but completions were considerably below those of last year. During the month, 562 wells were completed, of which 299 were producers compared to 726 completions and 373 successful wells in May, 1929.

Crude prices were slashed in California and slightly reduced in Pennsylvania, but Texas quotations were unchanged. Motor gasoline prices were reduced ¼c to ½c a gallon in Oklahoma and in the Panhandle district of Texas.

THE PETROLEUM SITUATION*
(Production in Thousands of Barrels)

	May 1930	April 1930	May 1929
Production—			
Total	26,877	25,350	25,034
Daily Average	867	845	808
Wells completed	562	531	726
Producers	299	283	373

*From the *Oil Weekly*.

SPINNERS MARGIN

Spinners margin remained unchanged at 148 during May. At 148, the ratio compares with 152 in May last year and a normal of 157. Spinners margin has been running consistently below normal for almost three years. As a result, spinners have been operating on an unfavorable basis. This situation accounts largely for the decline in textile mill shares. Moreover, very little strength can be expected in the cotton market until the spinners position is improved.

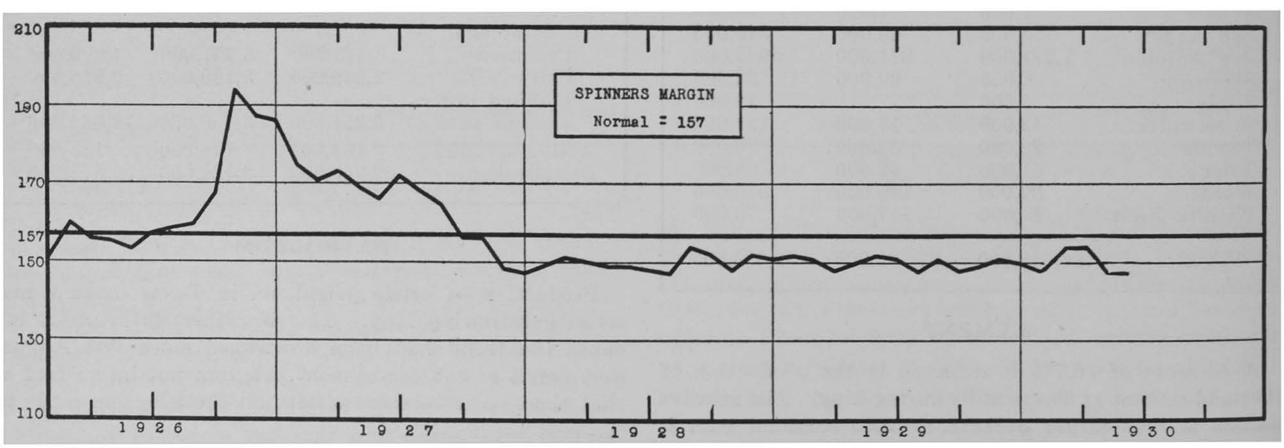
During May, American middling cotton averaged 8.55d in Liverpool and 32-twist cotton yarn averaged 12.67d in Manchester, against 8.68d for cotton and 12.85d for yarn in April. The relative decline of both cotton and yarn was about the same, so that the ratio remained unchanged. It will be noted that the spinners ratio is based on spot cotton and current yarn prices, and that present spot cotton prices are considerably out of line relative to new crop future months. If cotton prices were in a normal relationship, that is, if current futures were at a discount rather than at a premium over distant futures, the spinners ratio would be normal or above. It appears, therefore, that the July option which carries a premium over the new crop months, must be out of the way before spinners can look for any improvement in manufacturing profits unless price adjustments can be made before that time.

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	154	151	151	179	160
March	154	148	150	173	156
April	148	150	149	168	155
May	148	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

Weather conditions in May were not entirely favorable to the cotton crop although plants generally made good growth. Excessive moisture fell in many areas causing considerable washing and grassy fields. In the past few weeks, drier weather has obtained, which has given farmers a chance to clean up their fields. Right now, the crop is doing nicely. The crop is pretty well made in the lower Rio Grande Valley and picking has already started. Yields so far are above those of last year in that area.

A total of 474,000 bales of cotton was used in the United States during May against 533,000 bales in April and 668,000 bales in May last year, or the fewest for any May since 1924. Prices moved sharply downward during the month and reached the lowest levels for the season. July New York futures closed on June 16 at 13.34c against 16.40c on the same date in May.

COTTON BALANCE SHEET

The indicated supply of cotton in the United States on June 1 was 5,840,000* bales against 3,935,000 bales on June 1, last year, and a 7-year average on that date of

***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.**

4,312,000 bales. This is the largest indicated supply at the beginning of June since the crop of 1920–1921. The relative increase since last month is due to a falling off in consumption and in exports. During May, the supply was reduced but 683,000 bales, whereas in May last year, disappearance amounted to 981,000 bales. Total disappearance for the first 10 months of the present cotton year is 1,825,000 bales under that in the same period of the year previous. The carryover, therefore, on August 1 is likely to show a material increase.

On June 1, the indicated supply of cotton in the United States was 1,905,000 bales larger than that on June 1, 1929. Changes in the supply on June 1 in the past seven years have totaled 6,850,000 bales, and price changes have amounted to 2,545 points, or a change of 37.2 points for each change of 100,000 bales in the supply. At this ratio, an increase in the supply of 1,905,000 bales should be accompanied with a decline of 708 points from last year's price. On this basis, New Orleans spots should be about 12.53c. This price is not corrected for the low spinners margin and changes in the general price level. On a replacement basis and allowing for price changes, New Orleans spots should be about 10.83c. However, last year's actual price was 2c under our calculated price based on supplies. When the 2c is added, New Orleans spots based on United States supplies alone should be about 12.83c.

European stocks of American cotton are smaller this year so that somewhat higher prices are warranted. On June 1, stocks in and cotton afloat to Europe were 279,000 bales smaller than they were last year on the same date. Applying the ratio of 37.2 points and allowing for price changes, New Orleans spots on a world basis should be about 13.72c, or over 1c above present quotations (June 18).

In this connection, it is interesting to note that actual prices in the previous month or two have been above the calculated price. During the past 30 days, this situation has been corrected, and prices have over-discounted the supply. This is due largely to the business depression and to the influence of the growing crop.

Statistics released by the Cotton Textile Merchants of New York City for May were rather unfavorable, as expected. Production amounted to 276,000,000 yards of cloth, and sales were but 184,000,000 yards, or 66.9% of output. Shipments were 97.9% of production, while stocks increased 1.3% to 450,000,000 yards. Unfilled orders fell off 23.9% or from 357,000,000 yards on May 1 to 272,000,000 yards on June 1.

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
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
1929–1930	2,313	359	14,828	17,500	5,331	6,329	11,660	5,840

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

AGRICULTURE

Agriculture is still on an unfavorable basis and the outlook over the next few months is not particularly encouraging. Crop prospects were considerably improved by heavy general rains early in the month, but even with this improvement the condition of most crops is below that of last year and the 10-year average at this time. Then, too, the decline in farm prices has not been checked and no change of consequence is likely before fall at least.

TEXAS CROP REPORT AS OF JUNE 1*

Crop	Condition 1930	Condition 10-yr. Av.	Production (in thousands of bushels) Indicated 1930	Production (in thousands of bushels) Harvested 1929
Winter Wheat	55%	70%	25,200	20,944
Rye	58	76	81	240
Oats	65	72	---------	---------
Barley	55	74	---------	---------
Apples	38	68	---------	---------
Pears	42	56	325	437
Peaches	31	52	800	1,674
Early Potatoes	70	---------	---------	---------

*From the United States Department of Agriculture.

Farm work is about up to schedule but some complaint is heard of grassy cotton fields due to excessive moisture. Harvesting of wheat is well under way; yields in many cases are disappointing. Early sales have been made at 90c to 95c a bushel to the producer. Prospects for cotton are excellent, but such crops as apples, pears, and peaches are poor. Shipments of truck crops are on a very large scale, and they are expected to continue large for the next month or two.

FRUIT AND VEGETABLE SHIPMENTS

A new high record was established in May when 10,637 cars of fruits and vegetables were shipped from Texas farms. The nearest approach to this record was in April last year when 9,689 cars were loaded. This unusually large gain for May makes total loadings for the year-to-date ahead of those for the first five months of 1929. May is likely to be the peak for the year because the normal seasonal trend is downward from now until October.

Onion shipments again accounted for a large part of the loadings, with 3,401 cars. This compares with 2,504 cars in May last year. Tomatoes came second with 2,832 cars, while potatoes were third with 2,716 cars. A total of 703 cars of cucumbers was loaded against only 123 in May a year ago, and 87 cars of string beans went out, or nearly 4 times as many as were shipped in May last year. On the other hand, but 12 cars of watermelons rolled out, whereas 120 cars moved in May, 1929, and 250 cars of carrots were loaded, which is a decline of 100 cars compared to May a year earlier. No sweet potatoes nor grapefruits were shipped in May this year, whereas both were being loaded a year ago.

Prices generally were lower. Cabbage, lettuce, green peas, onions, tomatoes, carrots, beets, and cucumbers all declined, while cauliflower and string beans recorded slight increases. Markets in the larger centers were rather dull all during the month; demand was only fair.

TEXAS FRUIT AND VEGETABLE SHIPMENTS*

(In carloads)

	May 1930	April 1930	May 1929
Mixed vegetables	441	1,605	442
Spinach	-------	502	-------
Cabbage	162	815	102
Sweet Potatoes	-------	10	41
Strawberries	10	90	16
Onions	3,401	2,305	2,504
Lettuce	-------	1	-------
Tomatoes	2,832	4	1,611
Potatoes	2,716	1,708	434
Green Peas	1	-------	-------
String Beans	87	401	23
Cucumbers	703	83	123
Watermelons	12	-------	120
Cantaloupes	16	-------	7
Deciduous Fruit	6	-------	-------
Carrots	250	573	351
Grapefruit	-------	-------	10
Total	10,637	8,178	5,764

*From U. S. Department of Agriculture.

LIVESTOCK

The most important development in the livestock situation during May was the general soaking rains followed by improvement in the condition of range animals. Before the rains fell, droughty conditions had assumed such proportions that serious death loss threatened. With the rains, ranges improved rapidly and losses were confined largely to calves, lambs, and kids, although some mature animals were also lost. At the present time, animals are doing unusually well.

Cattle ranges on June 1 were rated at 86% of normal by the United States Department of Agriculture. This compares with 77% on May 1 and a 5-year average of 88%. Ranges improved very rapidly over the month and are now in the best condition for almost a year. Cattle were rated at 86%, up 7 points from last month and equal to the 5-year average. Shipments of cattle to market fell off sharply but large numbers were sent to pastures out of the State. Out-of-state movement has declined since the rains. Flies and screw worms are causing some trouble in a few areas but complaints have not yet become general. Range trading in stock animals continues at a standstill.

Sheep and goat ranges were rated at 86%, up 15 points from last month and equal to the 5-year average. Sheep improved 9 points over the month and were placed at 86% compared to 92% last year on June 1 and a 5-year average of 91%. Goats were rated at 85% against 77% last month and 93% a year ago. Despite the improvement, sheep and goats generally are far under the normal condition for this season of the year. The drought coming after a severe winter caused deterioration and considerable death loss among mature animals. Moreover, the lamb and kid crops are below average, while the wool and mohair clips were light. Very little wool and mohair is left unsold. Sheep trading on the range is showing some activity, but prices are too low to encourage selling on a large scale. Lambing is about over for the season.

Poultry and dairy markets were rather dull during the month and prices moved to slightly lower levels. Production of butter and eggs is fairly large and cold storage holdings of these products continue at record levels. Markets for both live and dressed poultry were dull.

Receipts of live stock at Fort Worth fell off sharply due to poor range conditions. Then, too, prices were not such as to encourage shipments. Unloadings for the month, according to the Fort Worth Livestock Company totaled 138,284 head against 179,561 head in May, 1929, a decrease of 23.3%. Receipts of all classes of animals were smaller.

Prices averaged lower. Prime beef steers on the Fort Worth market for the week ending May 14 were bringing 9½c–10c, against 10c last month, and best calves were about unchanged at 10c. Hogs went mostly at 9½c–9¾c for the handy-weight class, or practically unchanged for the month. Top lambs fell off 2c and cleared at 8c–9c, while muttons declined 1½c, or from 6½c in the middle of April to 4c–5c in the middle of May. Lamb and mutton prices are the lowest for this season of the year in a long time.

LIVESTOCK RECEIPTS AT FORT WORTH*

	May 1930	April 1930	May 1929
Cattle	42,257	54,034	66,306
Calves	16,500	16,948	19,429
Hogs	27,220	37,559	31,294
Sheep	52,307	41,159	62,532
Total	138,284	149,700	179,561

*From the Fort Worth Stock Yards Company.

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