

FIFTEENTH ANNUAL REPORT  
*of the*  
**Federal Reserve Bank**  
*of Dallas*

FOR THE YEAR ENDED  
DECEMBER 31,  
1929



ELEVENTH FEDERAL RESERVE DISTRICT

FIFTEENTH ANNUAL REPORT  
*of the*  
**Federal Reserve Bank**  
*of Dallas*

FOR THE YEAR ENDED  
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ELEVENTH FEDERAL RESERVE DISTRICT

**LETTER OF TRANSMITTAL**

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January 23, 1930

Gentlemen:

I have the honor to submit herewith the Fifteenth Annual Report of the Federal Reserve Bank of Dallas covering the year ended December 31, 1929.

Respectfully,

C. C. WALSH,

Federal Reserve Agent

Federal Reserve Board,  
Washington, D. C.

**DIRECTORS AND OFFICERS**  
of the  
**FEDERAL RESERVE BANK OF DALLAS**  
1930

**DIRECTORS**

|   |  |
|---|--|
| <p style="text-align:center">CLASS A</p> J. H. FROST, San Antonio, Texas<br>J. P. WILLIAMS, Mineral Wells, Texas<br>W. H. PATRICK, Clarendon, Texas | <p style="text-align:center">CLASS B</p> A. S. CLEVELAND, Houston, Texas<br>J. R. MILAM, Waco, Texas<br>J. J. CULBERTSON, Paris, Texas |
| <p style="text-align:center">CLASS C</p> C. C. WALSH, Dallas, Texas<br>S. B. PERKINS, Dallas, Texas<br>E. R. BROWN, Dallas, Texas                   |  |

**MEMBER FEDERAL ADVISORY COUNCIL**

B. A. MCKINNEY, Dallas, Texas

**OFFICERS**

|   |   |
|---|---|
| C. C. WALSH, Chairman and Federal Reserve Agent<br>S. B. PERKINS, Deputy Chairman<br>CHAS. C. HALL, Assistant Federal Reserve Agent and Secretary<br>W. J. EVANS, Assistant Federal Reserve Agent<br>W. P. CLARKE, General Auditor<br>C. C. TRUE, Assistant Auditor | LYNN P. TALLEY, Governor<br>R. R. GILBERT, Deputy Governor<br>R. B. COLEMAN, Deputy Governor<br>FRED HARRIS, Cashier<br>W. O. FORD, Assistant Deputy Governor<br>E. B. AUSTIN, Assistant Cashier<br>L. G. PONDROM, Assistant Cashier<br>R. O. WEBB, Assistant Cashier |
|---|---|

CHAS. C. HUFF, General Counsel

LOCKE, LOCKE, STROUD & RANDOLPH, Counsel

**EL PASO BRANCH**

**DIRECTORS**

|   |  |
|---|--|
| A. J. CRAWFORD, Carlsbad, N. M., Chairman   |  |
| A. P. COLES, El Paso, Texas<br>GEORGE D. FLORY, El Paso, Texas<br>J. L. HERMANN, El Paso, Texas | E. M. HURD, El Paso, Texas<br>A. F. JONES, Portales, N. M.<br>C. M. NEWMAN, El Paso, Texas |

**OFFICERS**

J. L. HERMANN, Managing Director  
ALLEN SAYLES, Cashier

**HOUSTON BRANCH**

**DIRECTORS**

|   |   |
|---|---|
| E. A. PEDEN, Houston, Texas, Chairman   |   |
| GUY M. BRYAN, Houston, Texas<br>FRED W. CATTERALL, Galveston, Texas<br>R. M. FARRAR, Houston, Texas | W. D. GENTRY, Houston, Texas<br>N. E. MEADOR, Houston, Texas<br>J. C. WILSON, Beaumont, Texas |

**OFFICERS**

W. D. GENTRY, Managing Director  
C. B. MENDEL, Cashier  
H. R. DeMOSS, Assistant Cashier

**SAN ANTONIO BRANCH**

**DIRECTORS**

|   |  |
|---|--|
| J. M. BENNETT, San Antonio, Texas, Chairman   |  |
| FRANK G. CROW, McAllen, Texas<br>M. CRUMP, San Antonio, Texas<br>FRANZ C. GROOS, San Antonio, Texas | REAGAN HOUSTON, San Antonio, Texas<br>R. T. HUNNICUTT, Del Rio, Texas<br>ERNEST STEVES, San Antonio, Texas |

**OFFICERS**

M. CRUMP, Managing Director  
W. E. EAGLE, Cashier  
T. E. PARKS, Assistant Cashier

# FEDERAL RESERVE BANK OF DALLAS

## COMPARATIVE STATEMENT OF CONDITION

(In Thousands of Dollars)

### RESOURCES

|  | Dec. 31,<br>1929 | Dec. 31,<br>1928 | Dec. 31,<br>1927 |
|--|------------------|------------------|------------------|
| Gold with Federal Reserve Agent.....           | 40,723           | 27,480           | 35,804           |
| Gold redemption fund with U. S. Treasury.....  | 1,459            | 2,785            | 1,839            |
| Gold held exclusively against F. R. Notes..... | 42,182           | 30,265           | 37,643           |
| Gold settlement fund with F. R. Board.....     | 15,826           | 33,518           | 14,742           |
| Gold and gold certificates held by bank.....   | 8,795            | 7,284            | 7,427            |
| Total gold reserves.....                       | 66,803           | 71,067           | 59,812           |
| Reserves other than gold.....                  | 4,346            | 5,537            | 9,391            |
| Total reserves.....                            | 71,149           | 76,604           | 69,203           |
| Non-reserve cash.....                          | 4,286            | 3,410            | 3,189            |
| Bills discounted:                              |                  |                  |                  |
| Secured by U. S. Government obligations.....   | 3,267            | 9,001            | 611              |
| Other bills discounted.....                    | 10,024           | 2,160            | 267              |
| Total bills discounted.....                    | 13,291           | 11,161           | 878              |
| Bills bought in open market.....               | 9,209            | 25,420           | 22,811           |
| U. S. Government securities:                   |                  |                  |                  |
| Bonds.....                                     | 9,464            | 7,813            | 18,107           |
| Treasury notes.....                            | 5,761            | 2,175            | 2,671            |
| Certificates and bills.....                    | 9,653            | 20               | 11,211           |
| Total U. S. Government securities.....         | 24,878           | 10,008           | 31,989           |
| Other securities.....                          | .....            | 6,500            | .....            |
| Total bills and securities.....                | 47,378           | 53,089           | 55,678           |
| Due from Foreign Banks.....                    | 24               | 25               | 17               |
| Uncollected items.....                         | 28,017           | 27,587           | 29,964           |
| Bank premises.....                             | 1,876            | 1,920            | 1,785            |
| All other resources.....                       | 359              | 427              | 501              |
| Total resources.....                           | 153,089          | 163,062          | 160,337          |

### LIABILITIES

|  |         |         |         |
|--|---------|---------|---------|
| F. R. notes in actual circulation.....   | 46,947  | 48,585  | 47,472  |
| Deposits:  |         |         |         |
| Member bank—reserve account.....   | 63,697  | 71,017  | 70,970  |
| Government.....  | 1,321   | 1,111   | 774     |
| Foreign banks.....   | 185     | 228     | 162     |
| Other deposits.....  | 63      | 92      | 103     |
| Total deposits.....  | 65,266  | 72,448  | 72,009  |
| Deferred availability items.....   | 26,871  | 28,654  | 27,798  |
| Capital paid in.....   | 4,453   | 4,329   | 4,263   |
| Surplus.....   | 8,935   | 8,690   | 8,527   |
| All other liabilities.....   | 617     | 356     | 268     |
| Total liabilities.....   | 153,089 | 163,062 | 160,337 |
| Ratio of total reserves to deposit and F. R. note liabilities combined (per cent)..... | 63.4    | 63.3    | 57.9    |
| Contingent liability on bills purchased for foreign correspondents.....                | 18,040  | 11,306  | 8,007   |

**FIFTEENTH ANNUAL REPORT  
OF THE  
FEDERAL RESERVE BANK OF DALLAS**

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**Resume of Business Conditions**

Business and industry followed an uneven course during the year 1929, yet the volume of production and distribution in most lines compared favorably with that for 1928. There was a noticeable recession during the closing months of the year reflecting the effects of reduced agricultural income, together with the repercussion from Eastern financial disturbances. Distribution in both wholesale and retail channels for the year was in about the same volume as in the previous year. The business mortality rate evidenced a further improvement. The number of failures was the lowest since 1920 and the indebtedness of defaulting firms reflected a sharp decline from 1928. Coincident with this improvement in the financial condition of trade, there was a sharp decrease in the number of bank failures occurring in this district, the total for the year being 11, as compared with 24 in 1928. Construction activity as measured by the valuation of permits issued in principal cities was on a smaller scale. Petroleum production in this district set a new high record in 1929 as a result of the extensive and widespread drilling operations and the sustained output in certain major fields. The heavy production, despite the extension of proration rules, together with slightly higher prices, was conducive to more profitable operations. Mining output in the Western portion of the district was on a large scale and the high prices received for products made operations very profitable.

Due almost entirely to the unsatisfactory conditions prevailing in many sections of Texas, the volume of agricultural production fell considerably under that for 1928. While the output of some of the minor crops was in smaller volume, the major portion of the reduction occurred in the State's three major crops—cotton, corn, and grain sorghums. The smaller production of these crops together with the larger amount of low grade cotton and the lower price materially reduced agricultural income. The farmers' net equity in their crops was again affected by the higher production costs resulting from the excessive replanting operations made necessary by devastating winds and floods during the latter part of the planting season. Crop diversification was extended further during 1929 in many areas but it was insufficient to overcome the drastic decline in the production of cotton.

Although somewhat spotty, the physical condition of the district's ranges and livestock ranged from fair to good in most sections throughout the first half of 1929. The drought during July and August, however, brought about a sharp decline in the condition of both ranges and livestock and in many sections of Texas it has not fully recovered. In New Mexico and South-eastern Arizona the condition generally at the end of the year was fair to excellent and in some sections was in marked contrast with the poor condition that obtained at the close of 1928. Livestock prices, after reaching a high level during the spring, showed an almost steady decline during the remainder of the year. Trading on the ranges was slow, due in part to the unfavorable range conditions in some sections and in part to the uncertainty of the future trend of prices. The production of wool and mohair was in large volume but prices were unsatisfactory, especially during the last half of the year.

Financial operations during 1929 were marked by the heavy borrowing at local banks by large corporations of the district which ordinarily obtain funds in the open market. This change in the method of financing, brought about by high interest rates in Eastern markets, threw a heavy burden on the larger banks of the district, which was evidenced by heavy borrowing at the Federal Reserve Bank of Dallas throughout the greater part of 1929. This situation was aggravated to some extent by the larger-than-usual withdrawal of deposits in the first eight months of the year and by a smaller increase in deposits than normally occurs during the remainder of the year. These abnormal movements of the district's deposits were attributable, either directly or indirectly, to the disturbing effects of operations in the Eastern stock markets. Due largely to these factors, member bank borrowing at the Federal Reserve Bank was larger than in any year since 1923.

The volume of transactions handled by the Federal Reserve Bank of Dallas during 1929 was substantially larger than in the previous year, yet operating expenses were only slightly larger, and, due to a further increase in the efficiency of the personnel, the departments of the bank as a whole functioned with fewer employees than in 1928.

FEATURES OF OPERATIONS, YEARS 1929 AND 1928

|   | 1929               |               | 1928               |               |
|---|--------------------|---------------|--------------------|---------------|
|   | Number<br>of Items | Amount        | Number<br>of Items | Amount        |
| <b>Loans, Rediscounts and Investments:</b>                                    |                    |               |                    |               |
| Notes discounted and rediscounted for member banks.....                       | 28,560             | 870,413,816   | 26,094             | \$737,651,383 |
| Bills bought for our own account.....   | 11,481             | 106,704,882   | 12,367             | 122,759,739   |
| Bills bought for other than our own account.....                              | 7,743              | 72,051,100    | 5,271              | 55,972,021    |
| Purchase and sale of securities for own account.....                          | 188                | 173,289,750   | 464                | 101,158,700   |
| Purchase and sale of securities other than own account.....                   | 2,499              | 109,748,000   | 1,818              | 79,023,930    |
| <b>Currency and Coin:</b>   |                    |               |                    |               |
| Bills received and counted.....   | 61,413,328         | 268,659,153   | 51,124,742         | 223,263,259   |
| Coin received and counted.....  | 48,039,272         | 7,891,444     | 43,351,370         | 7,441,471     |
| <b>Check Collections:</b>   |                    |               |                    |               |
| Checks collected.....   | 40,552,860         | 8,595,941,894 | 38,761,035         | 8,225,957,960 |
| Collection items handled.....   | 132,734            | 249,900,328   | 128,674            | 218,336,519   |
| Return items.....   | 1,096,159          | 41,197,719    | 1,063,800          | 39,479,959    |
| U. S. Government checks paid.....   | 1,084,756          | 122,267,598   | 1,038,308          | 115,553,879   |
| U. S. Government coupons paid.....  | 363,540            | 7,648,592     | 492,956            | 5,625,002     |
| <b>Transfers:</b>   |                    |               |                    |               |
| Transfers of funds other than five per cent fund of national<br>banks.....    | 117,782            | 5,437,542,087 | 108,691            | 5,043,449,840 |
| Transfer of funds for five per cent fund of national banks....                | 17,787             | 59,982,310    | 17,957             | 48,503,053    |
| <b>Fiscal Agency:</b>   |                    |               |                    |               |
| U. S. Securities issued, converted, redeemed, canceled, and<br>exchanged..... | 57,360             | 234,882,415   | 126,680            | 268,791,180   |
| <b>Custody of Securities:</b>   |                    |               |                    |               |
| Number of pieces received from outside sources.....                           | 20,681             |               | 36,899             |               |
| Number of pieces received inter-departmental transactions..                   | 10,232             |               | 51,546             |               |
| Number of pieces delivered other than inter-departmental....                  | 30,328             |               | 34,761             |               |
| Number of pieces delivered inter-departmental transactions..                  | 10,120             |               | 51,681             |               |

## EARNINGS AND EXPENSES

The gross earnings of the bank in 1929 were \$2,496,029, as compared with \$2,119,666 in 1928, an increase of \$376,363 or 17.8 per cent. Of this amount \$615,799, or 24.7 per cent, resulted from the purchase of bills, as compared with \$680,663 or 32.1 per cent in 1928; \$1,301,049 or 52.1 per cent resulted from the discount and rediscount of paper, as compared with \$669,514 or 31.6 per cent in 1928.

Current net earnings in 1929 were \$1,111,154, as compared with \$874,187 in 1928, an increase of \$236,967 or 27.1 per cent. The annual rate of current net earnings to paid-in capital was 25.0 per cent in 1929, compared with 20.3 per cent in 1928.

Current expenses in 1929 were \$1,384,875, as compared with \$1,245,479 in 1928, an increase of \$139,396 or 11.2 per cent. The 1929 figure, however, includes \$113,532, representing the cost of Federal Reserve Currency as compared with \$9,516 in 1928.

On December 31, 1928, after adjustments necessary in closing the books for the year had been made, the bank's capital was \$4,328,900 and surplus \$8,690,201. Semi-annual dividends were paid to member banks on June 30 and December 31, 1929, at the rate of six per cent per annum. After making provision for reserves and sundry adjustments \$259,361 was paid to the United States Government as a Franchise tax and \$244,416 was transferred to surplus, making the account \$8,934,617 on December 31, 1929.

## OPEN MARKET OPERATIONS

At the beginning of the year 1929 holdings of United States Government securities were \$10,007,850. We were not participating in purchases made for the System by the Open Market Investment Committee, having discontinued our participation on December 24, 1928, at which time our participation in the account was taken over by the other participating banks.

During the year United States Government securities amounting to \$86,557,350, excluding participation in System purchases, were purchased in the open market from member banks and others, while securities aggregating \$86,722,400 matured or were sold, representing a decrease in our independent holdings of \$165,050, and leaving our independent holdings of securities \$9,842,800 on December 31, 1929.

On March 18 we resumed participation in the System's purchases and at that time took over our pro rata share of System's holdings amounting to \$2,279,000. Our participation was gradually reduced to \$1,048,500 on June 26 from which figure it was increased to \$15,035,000 on December 31, 1929, which

was the maximum for the year. Our total holdings of Government securities on December 31, 1929 amounted to \$24,877,800.

The average yield on our holdings of Government securities was about  $3\frac{5}{8}$  per cent for the year.

At the beginning of the year holdings of bankers' acceptances amounted to \$25,419,565, which was the maximum for the year. This amount was gradually reduced to the minimum of \$5,015,194 on August 13. From this figure holdings were increased to \$16,046,925 on October 24.

During the year bankers' acceptances amounting to \$106,704,882 were purchased in the open market, from other Federal reserve banks, and member banks and dealers in this district. Bills amounting to \$122,915,384 matured or were sold during the year. Our holdings on December 31, 1929 amounted to \$9,209,063.

At the beginning of the year buying rates on bankers' acceptances ranged from  $4\frac{3}{8}$  to  $4\frac{7}{8}$  per cent, rising to a range of from 5 to  $5\frac{3}{4}$  per cent during the first half of the year, and declining from time to time during the last half of the year. The range at the close of the year was from 4 to  $4\frac{1}{2}$  per cent. The average yield on our holdings of bankers' acceptances for the year was about 5.05 per cent.

During the year we purchased debentures from the Federal Intermediate Credit Bank of Houston amounting to \$1,250,000 which were retired during the year.

## DISCOUNT OPERATIONS

The volume of paper discounted and rediscounted during 1929, including \$490,000 rediscounted for the Federal Intermediate Credit Bank of Houston, was \$870,413,816 compared with \$737,651,383 in 1928, an increase of \$132,762,433 or 18 per cent.

Of the total advances to member banks during the year, 96 per cent was to national banks and 4 per cent was to state banks, as compared with 99 per cent to national banks and 1 per cent to state banks in 1928.

Loans were at the minimum on March 19, 1929, at which time they were \$9,100,400, gradually increasing from this figure to \$49,205,081 on September 7, which was the maximum for the year and on December 31 amounted to \$13,290,915.

Of the total paper discounted in 1929, \$551,651,000 or 63 per cent consisted of notes secured by United States Government obligations as compared with \$589,613,000 or 80 per cent in 1928, a decrease in this class of borrowing of \$37,962,000 or 6 per cent.

**CLASSIFICATION AND DISPOSITION OF NOTES  
SUBMITTED BY MEMBER BANKS  
DURING 1929**

|                                     |                  |                            |
|-------------------------------------|------------------|----------------------------|
| Number and amount of items received | Number<br>34,840 | Amount<br>\$166,610,654.05 |
|-------------------------------------|------------------|----------------------------|

**CLASSIFICATION**

|               |                   |                  |
|---------------|-------------------|------------------|
| Farming       | \$ 23,813,804.62* |                  |
| Commercial    | 139,408,219.63    |                  |
| Miscellaneous | 3,388,629.80      | \$166,610,654.05 |

**REASONS FOR RETURN OF PAPER, SHOWING PERCENTAGE  
RETURNED TO TOTAL RECEIVED**

|                              | Amount                  | Percentage    | Items         | Percentage    |
|------------------------------|-------------------------|---------------|---------------|---------------|
| Ineligibility                | \$ 2,712,091.13         | 1.63          | 272           | .78           |
| Technical Defects            | 746,622.78              | .45           | 335           | .96           |
| Insufficient Cr. Information | 1,264,875.51            | .76           | 217           | .62           |
| Credit Showing               | 2,359,206.86            | 1.41          | 1,152         | 3.31          |
| Miscellaneous                | 82,460.14               | .05           | 54            | .15           |
| <b>Total Returned</b>        | <b>\$ 7,165,256.42</b>  | <b>4.30</b>   | <b>2,030</b>  | <b>5.82</b>   |
| <b>Total Accepted</b>        | <b>159,445,397.63</b>   | <b>95.70</b>  | <b>32,810</b> | <b>94.18</b>  |
| <b>Total</b>                 | <b>\$166,610,654.05</b> | <b>100.00</b> | <b>34,840</b> | <b>100.00</b> |

**AVERAGE DAILY OUTSTANDING BORROWINGS FROM THE  
FEDERAL RESERVE BANK OF DALLAS AND BRANCHES  
DURING THE YEAR 1929, SEGREGATED AS TO  
BANKS IN GROUPS 1, 2 AND 3**

|         | Secured by Gov-<br>ernment Securities | Otherwise<br>Secured | Total               |
|---------|---------------------------------------|----------------------|---------------------|
| Group 1 | \$ 8,548,000                          | \$10,405,000         | \$18,953,000        |
| Group 2 | 2,281,000                             | 3,208,000            | 5,489,000           |
| Group 3 | 459,000                               | 1,270,000            | 1,729,000           |
|         | <b>\$11,288,000</b>                   | <b>\$14,883,000</b>  | <b>\$26,171,000</b> |

**CONTRIBUTION OF MEMBER BANKS TO THE CAPITAL STOCK  
OF THE FEDERAL RESERVE BANK OF DALLAS AND  
BRANCHES, SEGREGATED AS TO BANKS  
IN GROUPS 1, 2 AND 3**

|              |                    |
|--------------|--------------------|
| Group 1      | \$2,434,800        |
| Group 2      | 1,344,000          |
| Group 3      | 674,100            |
| <b>Total</b> | <b>\$4,452,900</b> |

**PERCENTAGES OF AVERAGE DAILY BORROWINGS FROM THE  
FEDERAL RESERVE BANK OF DALLAS AND BRANCHES  
OF EACH GROUP TO ITS CAPITAL STOCK PAYMENT**

|         |      |
|---------|------|
| Group 1 | 778% |
| Group 2 | 408% |
| Group 3 | 256% |

\*Does not include advances to The Federal Intermediate Credit Bank of Houston, aggregating \$1,740,875.

## RESERVE POSITION

For the first six months of the year the reserve position of the bank ranged between a maximum ratio of 74.6 per cent on June 19 (the highest of the year as of weekly reporting periods) when total cash reserves were \$75,762,000, to a minimum of 54.2 per cent on February 6, when total cash reserves were \$61,605,000.

During the latter half of the year the ratio fluctuated between a maximum of 70.0 per cent on July 3, when total cash reserves were \$73,481,000, to a minimum of 52.4 per cent on August 14, when total cash reserves were \$56,897,000.

## CLEARING OPERATIONS

The volume of checks handled during the year 1929 totaled 41,638,000, amounting to \$8,718,209,000, an increase of 1,838,000 in number and value of \$376,698,000 over 1928. The volume during the last three months of 1929 was exceptionally heavy, which is the seasonal trend due to utilization of funds realized through the marketing of fall crops. The daily average number of checks handled during this period was 146,013, as compared with 151,432 during 1928, and 139,000 during 1927. The maximum number of items handled in any one day was 242,635 on October 14, 1929.

The privilege of routing checks direct to other Federal Reserve Banks for credit on the books of this bank was availed of by 162 member banks in 1929. Notwithstanding the number of banks availing themselves of the direct routing privilege which eliminates the handling of items in our office and in many instances enables the direct sending member to receive quicker credit, the year just ended witnessed a larger increase in the number of checks which actually passed through our Transit Department.

During the year 1,096,159 checks were returned for various reasons, a ratio of one check returned for every 38 items handled. During 1928 the ratio was one to 37.

Clearings through our Reserve City Clearing House during the year aggregated \$1,219,161,185, as compared with \$1,216,222,111 during 1928.

Non-cash collection items handled in 1929 totaled 132,734 amounting to \$249,900,000 as compared with 128,674, amounting to \$218,336,000 in 1928.

The salary expense of the Transit Department was reduced 9 per cent in 1929 over 1928 at the Head Office.

## MOVEMENT OF MEMBERSHIP

On January 1, 1929 the total number of national banks in the district was 700. During the year nine national banks were chartered; 38 were dropped through liquidation, mergers and other causes, making a net decrease of 29, or a total on December 31, 1929 of 671.

On January 1, 1929 the total state bank membership was 95. During the year three state banks were admitted to membership. The membership of 13 state banks was terminated through liquidation, consolidations and other causes, making a net reduction of ten, or a total state bank membership on December 31, 1929 of 85.

The total membership, by states, on December 31, 1929, was:

|                 | National | State | Total |
|-----------------|----------|-------|-------|
| Arizona .....   | 4        | 1     | 5     |
| Louisiana ..... | 15       | 1     | 16    |
| New Mexico..... | 18       | 1     | 19    |
| Oklahoma .....  | 17       | 1     | 18    |
| Texas .....     | 617      | 81    | 698   |
|                 | <hr/>    | <hr/> | <hr/> |
| Total.....      | 671      | 85    | 756   |

## DEMAND FOR CURRENCY

The average amount of Federal reserve notes in circulation during 1929 was approximately \$5,600,000 larger than in 1928. The following table shows the average, maximum and minimum circulation for 1929 as compared with 1927 and 1928:

|               | 1929         | 1928         | 1927         |
|---------------|--------------|--------------|--------------|
| Average ..... | \$44,052,000 | \$38,418,000 | \$42,320,000 |
| Maximum ..... | 53,533,000   | 50,811,000   | 51,596,000   |
| Minimum ..... | 36,527,000   | 29,498,000   | 34,194,000   |

The minimum circulation of \$36,527,000 in 1929 was in May, while the minimum in 1928 of \$29,498,000 was in July. In 1929 the maximum circulation of \$53,533,000 was reached October 19, while the 1928 maximum of \$50,811,000 was reached December 24.

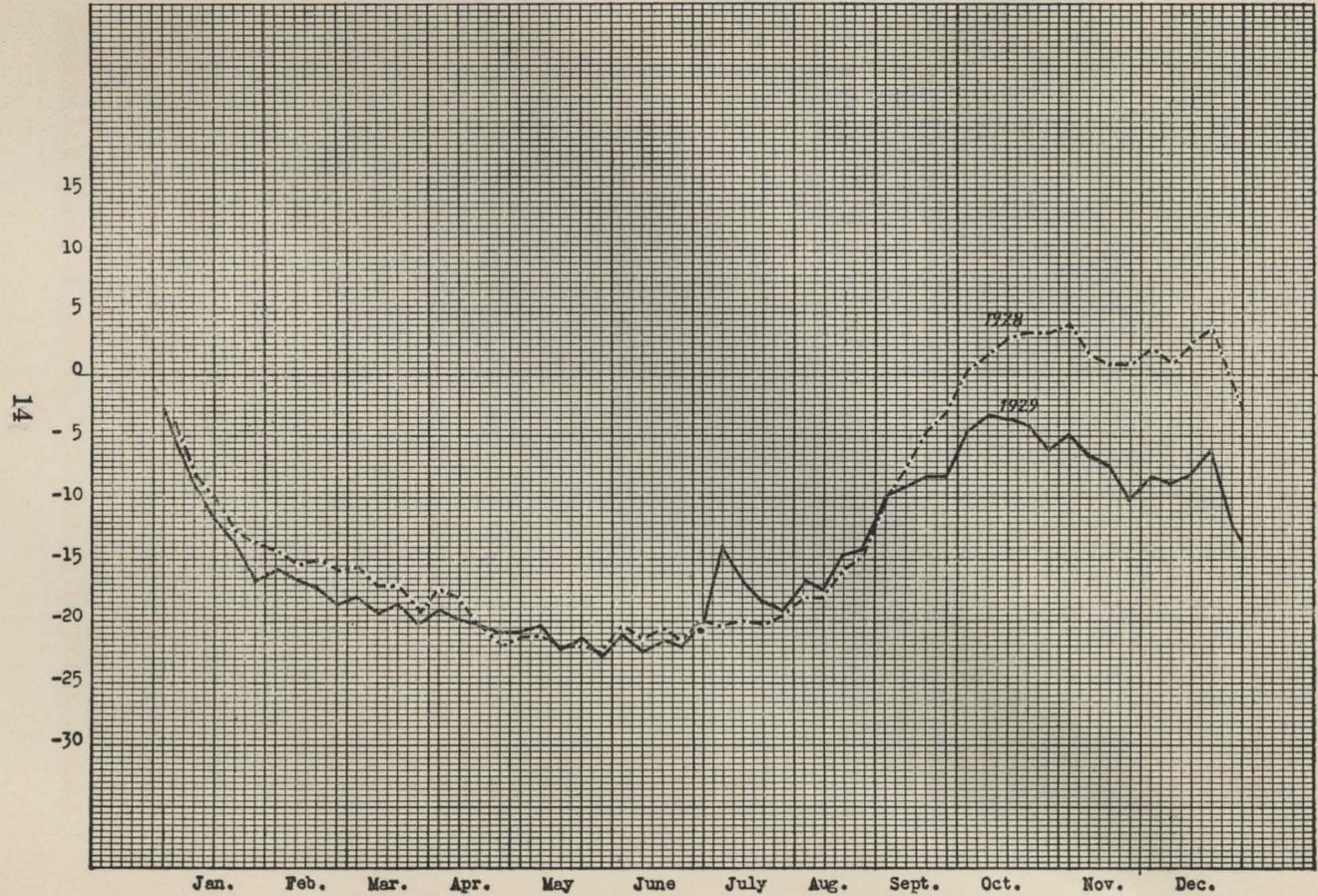
While both the average and maximum Federal reserve note circulation were greater in 1929 than in 1928, there was only an increase from minimum circulation in 1929 of \$17,000,000, while the increase from minimum in 1928 was \$21,000,000.

The increase in both the average and maximum circulation can be attributed to the change in size of currency which took place during 1929.

The accompanying chart showing the demand for all classes of currency in this district for the year 1929 as compared with the year 1928 reflects an increase in demand of about \$8,100,000 from June 26 to July 10, 1929, which was occasioned by the introduction of the new-size currency in July, 1929.

The demand for all forms of currency incident to the autumn shipping season began to lessen during the week of October 9, while in 1928 the demand was well sustained until the week of November 7. The amount of increase from July 31 to the autumn peak in 1929 was \$15,900,000 and in 1928 \$24,000,000. The fact that the demand for currency during the shipping season of 1929 lessened about a month earlier than in 1928 and that the increase from July 31 to the autumn peak in 1929 was \$8,000,000 less than in 1928 can be accounted for by the early short crop and lower prices in 1929.

# DEMAND FOR CURRENCY Years 1928-1929



## **BANK EXAMINATIONS**

Our practice of making regular annual examinations of member state banks was suspended during the year 1929, pending action by Congress on proposed legislation looking to the repeal of that part of the Federal Reserve Act which requires that the expense of such examination be borne by the banks examined. In some of the states embraced in this district we found it possible to accept the examinations made by the state authorities. In one state, where the form of examination reports was not satisfactory, we arranged with the state authorities to use our own forms. The field work of our Examination Department was confined to three examinations made in connection with applications for membership in the System and three special examinations made at the request of member banks in connection with applications for rediscount accommodations.

## **BANK AND PUBLIC RELATIONS**

The principal feature of the year's work in connection with bank relations was a marked increase in the number of visitations to member banks made by our officers and branch managers, as compared with the number of such visits made during the previous year. Including these visits, the officers and field representatives made a total of 807 regular visitations to member banks, 252 to non-members, and handled 26 special missions for various departments of the bank. The grand total for the year was 1085 visitations, an increase of 37 over the total for 1928. The policy of visiting all member banks at least once during the year was continued with gratifying results, and marked interest and appreciation were shown by the member banks in the visits paid them by our officers and branch managers. Activities of the Bank Relations Department included four investigations of applications to organize national banks. In the field of public relations the staff furnished speakers for a total of 42 gatherings and also delivered 12 radio addresses on educational topics. During the year our officers or representatives attended a total of 45 meetings and conventions.

## **STOCKHOLDERS MEETING**

On June 13, 1929, the Stockholders Association held its third annual meeting in Dallas, attended by 171 representatives of 138 member banks. The attendance showed a moderate increase over that of the previous year's meeting. Interesting discussions followed the reports of the several special committees appointed at the 1928 meeting to study and submit

reports on Reserve Requirements, Eligibility of Paper, Collection System, Disposition of Earnings, Stockholders Representation on Federal Reserve Board, Procedure in the Election of Class A and Class B Directors, Open Market Operations, Rediscount Rates and Membership Requirements. Resolutions were adopted advocating various changes in the law and regulations governing matters covered in the reports of the special committees.

## **INSOLVENT BANKS DEPARTMENT**

Three member banks (two national and one state) in this district suspended business in 1929, of which one was indebted to this bank. One of the national banks which suspended business later resumed operations under the same charter. During the year the indebtedness of two banks was liquidated without any loss to this bank.

While there are now fourteen banks indebted to us no liability of insolvent banks is carried as an asset on our books, as the indebtedness of each had previously been charged to funds reserved for losses.

The personnel of the department, consisting of two regular employees, has been assigned to other departments.

## **INTERNAL ORGANIZATION AND PERSONNEL**

The Board of Directors held eleven meetings in 1929, with an average attendance of seven.

There was no change in the personnel of the board in 1929.

At its meeting on January 7, 1929, the board re-elected B. A. McKinney, Vice President of the American Exchange National Bank of Dallas, as the representative on the Federal Advisory Council for the Eleventh District, and re-designated W. E. Connell, President of the First National Bank of Fort Worth, as alternate.

In the regular annual election in November, J. P. Williams, President of the First National Bank of Mineral Wells, Texas, was elected Class A director, Group 2, succeeding Howell E. Smith, and J. J. Culbertson, of Paris, Texas, was re-elected Class B director, Group 3, for three-year terms, beginning January 1, 1930.

On December 17 the Federal Reserve Board announced the redesignation of C. C. Walsh as Chairman of the Board and Federal Reserve Agent for 1930.

On December 18 the Federal Reserve Board announced the appointment of E. R. Brown, of Dallas, as a Class C director for the three-year term beginning January 1, 1930, succeeding Clarence E. Linz, and the designation of S. B. Perkins as Deputy Chairman of the Board for 1930.

There were no changes in the personnel of the directorates of the El Paso, Houston and San Antonio Branches during 1929.

On December 31, 1929, the total number of officers and employees at the head office and branches was 425, a decrease of eight since December 31, 1928.

### FISCAL AGENCY OPERATIONS

The volume of business handled as fiscal agent of the United States during the year 1929 showed a substantial decrease over the year 1928.

During the year 1929 five new issues of Government securities were floated, as compared with ten issues in 1928, and there were seven maturing issues, as compared with seven in 1928.

There was a substantial reduction in the volume of interest coupons handled for payment during the year 1929, as compared with 1928, and a slight increase in the number of Government checks and warrants paid.

On December 31, 1928, there were seventeen regular employees and one temporary employee in the department at an annual salary rate of \$35,760, while on December 31, 1929, there were eighteen employees at an annual salary rate of \$37,540.

### OPERATION OF BRANCHES

The volume of business handled at the El Paso Branch in 1929, compared with that handled in 1928, is reflected in the following table:

|   | —Number—  |           | —Amount—      |               |
|---|-----------|-----------|---------------|---------------|
|   | 1929      | 1928      | 1929          | 1928          |
| Notes discounted and rediscounted ..... | 749       | 640       | \$ 28,777,623 | \$ 11,976,903 |
| Bills received and counted .....        | 4,828,629 | 4,292,550 | 28,454,550    | 25,208,250    |
| Coin received and counted .....         | 2,779,557 | 3,430,559 | 1,012,510     | 1,185,790     |
| Transfer of funds .....                 | 9,990     | 9,839     | 246,756,727   | 225,146,067   |
| Check collections .....                 | 2,831,537 | 2,752,084 | 447,853,646   | 422,913,114   |
| Treasury warrants .....                 | 177,360   | 169,980   | 19,481,020    | 18,292,027    |
| Non-cash collections .....              | 13,392    | 13,196    | 10,653,252    | 10,578,290    |
| Return items .....                      | 61,082    | 58,057    | 3,370,865     | 3,245,372     |

At the beginning of the year thirty-eight member banks (thirty-six national banks and two state banks) were attached to the branch. During the year, the membership of one national bank was terminated by consolidation. The membership attached to the branch on December 31, 1929 was thirty-seven, consisting of thirty-five national banks and two state banks.

The expense of operation, excluding furniture and equipment, was \$112,013 as against \$110,677 in 1928.

The personnel of the branch on December 31, 1929 comprised two officers and thirty-four employees, a decrease of one employee since December 31, 1928.

The volume of business handled at the Houston Branch in 1929, compared with that handled in 1928, is reflected in the following table:

|   | —Number—   |            | —Amount—      |               |
|---|------------|------------|---------------|---------------|
|   | 1929       | 1928       | 1929          | 1928          |
| Notes discounted and<br>rediscouted ..... | 1,977      | 812        | \$141,802,419 | \$146,774,494 |
| Bills received and<br>counted .....       | 13,469,890 | 11,003,124 | 58,724,328    | 45,713,051    |
| Coin received and<br>counted .....        | 16,333,511 | 14,569,378 | 1,672,149     | 1,438,404     |
| Transfer of funds.....                    | 30,401     | 27,806     | 1,781,179,586 | 1,638,732,616 |
| Check collections .....                   | 6,738,104  | 6,251,590  | 1,801,019,206 | 1,659,729,632 |
| Treasury warrants ..                      | 202,306    | 185,329    | 25,482,667    | 22,454,401    |
| Non-cash collections                      | 38,370     | 37,441     | 74,601,607    | 58,700,349    |
| Return items .....                        | 159,796    | 156,317    | 6,847,522     | 6,202,204     |

At the beginning of the year ninety member banks (eighty national banks and ten state banks) were attached to the branch. During the year one state bank was admitted to membership while two national banks consolidated with other institutions, leaving a total membership of eighty-nine on December 31, 1929.

The expense of operation, excluding furniture and equipment and repairs and alterations, was \$160,661, as compared with \$149,896 in 1928.

The personnel of the branch on December 31, 1929, comprised three officers and fifty-three employees, the same staff as on December 31, 1928.

The volume of business handled at the San Antonio Branch in 1929, compared with that handled during 1928, is reflected in the following table:

|   | —Number—   |           | —Amount—      |               |
|---|------------|-----------|---------------|---------------|
|   | 1929       | 1928      | 1929          | 1928          |
| Notes discounted and<br>rediscouted _____ | 1,528      | 843       | \$ 56,350,235 | \$ 20,782,621 |
| Bills received and<br>counted _____       | 11,300,595 | 9,240,831 | 50,343,250    | 40,258,808    |
| Coin received and<br>counted _____        | 6,010,759  | 4,820,730 | 1,502,809     | 1,310,526     |
| Transfer of funds...                      | 15,467     | 14,373    | 467,306,778   | 421,228,447   |
| Check collections ...                     | 5,594,068  | 5,210,087 | 1,067,301,313 | 1,026,920,324 |
| Treasury warrants..                       | 175,087    | 160,856   | 27,086,805    | 24,834,928    |
| Non-cash collections                      | 16,172     | 14,087    | 20,054,613    | 17,362,878    |
| Return items .....                        | 126,476    | 113,158   | 6,264,536     | 6,088,601     |

At the beginning of the year ninety-nine member banks (eighty-seven national banks and twelve state banks) were attached to the branch. Included in this number was one national bank which consolidated with a state member bank in 1927, one national bank which consolidated with a national bank in 1928, and one national bank which went into voluntary liquidation in 1928, the capital stock of which had not been surrendered. During the year one national bank closed, one national bank converted into a state non-member bank, one national bank consolidated with a national bank, one state bank member consolidated with a state bank non-member, and one state bank member consolidated with a state bank member. During the same period one new national bank and one state bank were admitted to membership, leaving total membership of ninety-three active members and one member, the capital stock of which had not been surrendered on December 31, 1929.

The expense of operation, excluding furniture and equipment, was \$135,202 as compared with \$129,452 in 1928.

The personnel of the branch on December 31, 1929 comprised two officers and fifty employees, compared with two officers and forty-nine employees on December 31, 1928.

