

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 73-234

September 20, 1973

CONDITION OF MEMBER BANKS, JUNE 30, 1973 ELEVENTH FEDERAL RESERVE DISTRICT

To All Member Banks

in the Eleventh Federal Reserve District:

Total assets of District member banks rose by only \$344 million, or about 1 percent, in the first half of 1973. The composition of the assets changed considerably, however, as banks sold U.S. Government securities and some other investments to help provide loans to businesses and consumers during the strong economic expansion. The composition of bank liabilities also changed as total deposits declined somewhat and increases in borrowings were required to meet loan demands.

Total loans at member banks rose by \$1.03 billion, or 5.7 percent, in the first six months of this year. A \$266 million increase in real estate loans accounted for more than a quarter of this change, as construction activity in the District continued at a high level. Although increases in loans secured by farmland and residential property contributed to the strength in real estate loans, the major increase was a 16.5-percent gain in loans secured by business property. With the rapid pace of economic activity in the District, commercial and industrial loans rose by 10.9 percent. Some of this increase in business loans can be attributed to the fact that increases in prime lending rates at banks lagged behind the market interest rates on alternative sources of funds to businesses.

Loans to farmers and to other individuals for household and other personal expenditures rose \$386 million with most of the increases representing various types of instalment loans. Loans to purchase automobiles and mobile homes were particularly strong. The only significant decline in a major loan category was in loans to financial institutions, as a 17.7-percent decrease in the first half of this year partially offset an extraordinary 55.5-percent increase in the previous six-month period. The inclusion of Federal funds sold makes this loan category subject to the somewhat erratic changes.

Member banks increased their investments in the obligations of state and local governments by \$348 million, at least in part due to the increase in the deposits of governmental units which must be secured by eligible categories of securities. But in order to meet the heavy loan demand of businesses and consumers in the face of declining total deposits, banks sold \$185 million of U.S. Treasury securities and \$153 million of other securities, decreasing their investments in these securities by 7.8 percent and 10.8 percent, respectively.

Total deposits at member banks declined \$336 million during the period, reflecting, in part, normal seasonal patterns. Individuals and businesses typically require smaller demand deposit balances in midsummer than in late December. Demand deposit balances of individuals, partnerships, and corporations declined \$843 million, or 7.6 percent. Interbank deposits also decreased substantially, reflecting the high interest rates available to banks for alternative uses of such funds. Time deposits of individuals, partnerships, and corporations at member banks rose 7.4 percent, to \$10.4 billion. More than half of the increase was in large negotiable certificates of deposit as banks bid aggressively for additional funds. With sales tax and income tax revenues continuing to rise in the strong economic expansion, U.S. Government deposits increased approximately 10 percent as did the deposits of states and political subdivisions. Revenue sharing payments, which began last December, also contributed to the rise in deposits of state and local governments. Under the tightening conditions in credit markets, member bank borrowings at the Federal Reserve Bank increased \$21 million, or more than 50 percent, while borrowing from other sources increased \$377 million, or 14.9 percent.

Yours very truly,

P. E. Coldwell

President

**COMPARATIVE STATEMENT OF CONDITION OF MEMBER BANKS
ELEVENTH FEDERAL RESERVE DISTRICT**

(Amounts in thousands of dollars)

Item	June 30, 1973p	Dec. 31, 1972	June 30, 1972
Loans (gross), including overdrafts ¹	19,074,300	18,043,657	15,637,590
U.S. Treasury securities.....	2,204,101	2,389,335	2,165,661
Obligations of states and political subdivisions.....	4,771,949	4,423,667	4,103,945
Other securities (including trading account securities).....	1,257,575	1,410,519	1,192,251
TOTAL LOANS (GROSS) AND INVESTMENTS	27,307,925	26,267,178	23,099,447
Cash and balances due from banks.....	5,072,960	5,919,961	5,085,837
TOTAL ASSETS	33,628,345	33,284,151	29,195,635
Individual — Demand deposits.....	10,191,505	11,034,652	9,333,672
Individual — Time deposits.....	10,352,871	9,642,206	8,808,190
Deposits of U.S. Government.....	461,935	420,377	379,904
Deposits of states and political subdivisions.....	4,036,312	3,642,022	3,347,020
Deposits of banks.....	1,902,544	2,406,511	1,938,730
Certified and officers' checks, etc.	251,715	387,548	230,347
TOTAL DEPOSITS	27,196,882	27,533,316	24,037,863
TOTAL CAPITAL ACCOUNTS	2,363,556	2,222,533	2,127,374
Borrowings from Federal Reserve Bank.....	62,582	41,335	200
All other borrowings.....	2,908,713	2,531,273	2,039,377
Ratio of loans to total deposits.....	70.1%	65.5%	65.1%
Ratio of cash and balances due from banks to total deposits.....	18.7%	21.5%	21.2%
Ratio of total capital accounts to risk assets (total assets less Government securities and cash assets).....	9.0%	8.9%	9.7%
Number of member banks.....	639	633	632

¹ Includes Federal funds sold.
p — Preliminary

**PRINCIPAL ASSET AND LIABILITY ITEMS OF MEMBER BANKS
AS OF SELECTED CALL DATES
ELEVENTH FEDERAL RESERVE DISTRICT**

(In thousands of dollars)

Date	Total Deposits	Total Loans (Gross) ¹	Total Investments	Total Loans (Gross) and Investments	Total U.S. Treasury Securities	Total Capital Accounts
June 30,						
1964	13,131,582	7,351,208	4,078,522	11,429,730	2,564,231	1,238,498
1965	14,026,491	8,292,375	4,169,763	12,462,138	2,418,691	1,359,843
1966	14,958,226	² 8,856,218	² 4,454,270	13,310,488	2,282,741	1,436,338
1967	15,761,181	9,383,796	4,705,175	14,088,971	2,266,988	1,511,731
June 29,						
1968	17,148,944	10,246,381	5,172,916	15,419,297	2,393,234	1,601,550
June 30,						
1969	18,505,827	11,597,414	5,304,234	16,901,648	2,111,304	1,717,697
1970	18,446,197	11,848,383	5,353,022	17,201,405	1,949,988	1,809,987
1971	21,488,589	13,701,508	6,677,975	20,379,483	2,246,757	1,951,947
1972	24,037,863	15,637,590	7,461,857	23,099,447	2,165,661	2,127,374
1973p	27,196,882	19,074,300	8,233,625	27,307,925	2,204,101	2,363,556

¹ Includes Federal funds sold.

² Commodity Credit Corporation certificates of interest and Export-Import Bank participations are henceforth included in "Total Investments," rather than "Total Loans (Gross)."

p — Preliminary.