

FEDERAL RESERVE BANK OF DALLAS  
DALLAS, TEXAS 75222

Circular No. 75-173  
November 12, 1975

**CONDITION OF MEMBER BANKS, JUNE 30, 1975**  
**ELEVENTH FEDERAL RESERVE DISTRICT**

**To All Member Banks**  
**in the Eleventh Federal Reserve District :**

Total credit at member banks in the Eleventh District grew only moderately in the first half of 1975 as the economy registered one of its deepest declines of the postwar period. Bank loans increased marginally, and banks acquired municipal securities at a rate only one-third as fast as in the same period in 1974. However, holdings of U.S. Government securities expanded rapidly through midyear. Total deposits declined slightly, and member banks increased their borrowings, primarily in the Federal funds market, in order to finance the growth in total credit.

Total loans rose 1.9 percent in the first half of 1975 — even less than the modest 2.7 percent increase for the same period in 1974. Business loans rose only slightly. Loan demand was generally weaker, and somewhat more restrictive lending policies were in effect at many banks in the first half of 1975. More attractive conditions in bond and equity markets permitted some large corporations to shift a sizable portion of their short-term bank borrowing into long-term market debt. In addition, curtailments in plant and equipment expenditures and sharp cuts in inventories allowed businesses to further reduce their need for bank loans.

Real estate loans declined 1.0 percent, reflecting further weakening in construction activity in the District. Mortgage rates remained high throughout the period, especially on residential construction mortgages. Consumer loans were about unchanged as concern over continuing inflation and uncertainty over the future of the economy led consumers to exercise considerable caution in borrowing and spending. Automobile sales slackened markedly following the end of the cash rebate plans in late February, and sales of other durable goods strengthened only moderately as a result of the spring tax refunds and cash rebates.

With relatively weak loan demand and the desire to improve liquidity positions, member banks in the District substantially increased their holdings of U.S. Treasury securities in the first six months of 1975. Moreover, sales of Government issues were attractively priced as the volume of such debt coming to market rose sharply during this period. Holdings of Treasury securities increased 24.5 percent, but holdings of municipal securities advanced only 3.8 percent.

Total deposits declined slightly in the first half of the year, mainly because of a sharp reduction in interbank deposits. Demand deposits of individuals and businesses rose less than 1 percent. Time deposits of individuals and businesses rose 3.7 percent as declining money market rates on alternative investments increased the attractiveness of such deposits. In addition, some of the tax refunds and rebates, as well as the bonus Social Security checks, were deposited in savings accounts — at least temporarily. With the small decline in total deposits, however, District member banks relied primarily on the Federal funds market to finance the growth in assets.

Sincerely yours,

Ernest T. Baughman

President

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

(Amounts in thousands of dollars)

Item	June 30, 1975	Dec. 31, 1974	June 30, 1974
Loans (gross), including overdrafts <sup>1</sup> .....	22,308,585	21,897,329	21,423,061
U. S. Treasury securities.....	2,522,597	2,026,000	2,029,553
Obligations of states and political subdivisions.....	5,963,645	5,744,738	5,543,596
Other securities (including trading account securities).....	1,455,450	1,467,245	1,391,422
<b>TOTAL LOANS (GROSS) AND INVESTMENTS</b> .....	<b>32,250,277</b>	<b>31,135,312</b>	<b>30,387,632</b>
Cash and balances due from banks.....	6,029,087	7,141,099	5,615,633
<b>TOTAL ASSETS</b> .....	<b>40,072,897</b>	<b>39,794,541</b>	<b>37,405,411</b>
Individual — Demand deposits.....	12,202,157	12,159,295	11,132,553
Individual — Time deposits.....	12,957,845	12,496,891	11,764,406
Deposits of U. S. Government.....	207,328	255,625	315,234
Deposits of states and political subdivisions.....	4,645,548	4,642,418	4,497,329
Deposits of banks.....	2,434,954	2,849,047	1,963,138
Certified and officers' checks, etc. ....	286,037	379,295	311,452
<b>TOTAL DEPOSITS</b> .....	<b>32,733,869</b>	<b>32,782,571</b>	<b>29,984,112</b>
<b>TOTAL CAPITAL ACCOUNTS</b> .....	<b>2,918,196</b>	<b>2,765,183</b>	<b>2,656,277</b>
Borrowings from Federal Reserve Bank.....	489	23,100	148,616
All other borrowings.....	3,046,354	2,917,492	3,318,942
Ratio of loans to total deposits.....	68.2%	66.8%	71.4%
Ratio of cash and balances due from banks to total deposits.....	18.4%	21.8%	18.7%
Ratio of total capital accounts to risk assets (total assets less Government securities and cash assets).....	9.3%	9.0%	8.9%
Number of member banks.....	663	658	650

<sup>1</sup> Includes Federal funds sold.

**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) <sup>1</sup>	Total Investments	Total Loans (Gross) and Investments	Total U.S. Treasury Securities	Total Capital Accounts
June 30, 1966	14,958,226	8,856,218	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
1973	27,196,817	19,074,334	8,233,601	27,307,935	2,204,081	2,363,583
1974	29,984,112	21,423,061	8,964,571	30,387,632	2,029,553	2,656,277
1975	32,733,869	22,308,585	9,941,692	32,250,277	2,522,597	2,918,196

<sup>1</sup> Includes Federal funds sold.

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