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THE ROLE OF PIPELINES IN THE ECONOMY OF THE SOUTHWEST

The profitable exploitation of crude oil and natural gas reserves and much of the industrial strength of the Southwest are dependent upon a large network of pipelines, which provide the cheapest and most reliable method of overland transportation of liquid and gaseous materials yet devised by man. Natural gas, crude oil, and major refined petroleum products are "exported" from the Southwest through pipelines to consumption centers all over the Nation, and principal southwestern industries receive their fuels and substantial quantities of industrial chemicals through pipelines.

Great technical improvements in pipeline construction and operation have enabled the pipeline industry to grow very rapidly in recent years until, today, the total mileage substantially exceeds total railroad track mileage. In 1957, there were 660,000 miles of petroleum and natural gas pipelines in the United States, compared with 390,000 miles of railroad tracks; in the Eleventh District states, pipeline mileage was over six times the number of track miles. Although both petroleum pipelines and railroads are generally common carriers, pipelines usually serve only a single industry. Crude oil lines, for instance, ordinarily connect only petroleum producers and refiners.

The petroleum and natural gas industries are particularly dependent upon pipelines, and they have constructed the vast majority of the pipelines operating in the United States. In 1956, 75 percent of all crude oil received by refineries and 17 percent of refined petroleum products were shipped via pipelines. Practically all natural gas is gathered, transported, and distributed through pipelines.

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS

History of Petroleum Pipelines in the Southwest

The pipeline industry has developed at differing rates of growth among the southwestern states. Although the first line in Texas was built in response to the discovery of oil at Spindletop in 1901 and ran from Spindletop to a refinery at Port Arthur, 20 miles away, the Texas pipeline industry developed slowly because only short pipelines were required to bring crude oil from the east Texas fields to the refineries located near the Gulf Coast. In contrast, Oklahoma oil producers and refiners, without easy access to the gulf, were immediately dependent upon long-distance pipelines to move their products to eastern and northern markets. In 1905, a pipeline from Oklahoma to Chicago was completed; and in 1908, a line connected Tulsa with the gulf. By 1910, pipelines had been constructed from the gulf to the northeastern states, so that Oklahoma and Texas crude oil found markets throughout the major northern consuming areas. Following the discovery of large oil reserves in west Texas and New Mexico in the 1920's, that area was also linked by pipelines to the gulf and midcontinent markets.

During the 1920's, the location of new refineries near market areas — many miles from major producing oil fields — encouraged a flurry of pipeline construction. By 1930, there were 88,728 miles of interstate pipelines in the United States, although most were small-diameter and relatively high-cost lines compared with modern pipelines. Several larger lines were laid and techniques of pipeline construction were substantially improved in the 1930's, but it remained for the famed Big Inch (24-inch) and Little Inch (20-inch) pipelines, constructed by the Government during World War II, to demonstrate the economies of large-diameter, long-distance lines. Following World War II, many new pipelines were constructed, and the industry rapidly replaced old multiple small-diameter crude oil lines with single large-diameter lines.

The majority of the existing products pipelines have been laid since World War II; during the 1930's, however, several significant small-diameter products lines were constructed in the Southwest, and techniques were improved to allow batching of various products in the same line without excessive mutual contamination. Since 1945, products pipelines have been constructed to connect refineries with most major cities.

The development of products pipelines has affected both the size and the location of refineries, as such lines allow a single refinery to serve several market areas efficiently. They also tend to encourage the location of refineries at intermediate points between crude-producing and products-consuming areas, which reduces the transportation facilities needed to serve a market area.

History of Gas Pipelines in the Southwest

The natural gas industry moved to the Southwest following the depletion of northern fields and the discovery of rich natural gas fields in Oklahoma and Texas. The first compressor station in the Southwest was completed in 1910 in a project that supplied Fort Worth and Dallas with natural gas. By 1930, after the introduction of high-strength seamless pipe, natural gas lines had been constructed from the Southwest to as far as Atlanta, St. Louis, Kansas City, and Denver; and in 1931, separate lines reached Chicago and Muncie, Indiana.

From 1931 to 1945, the natural gas pipeline industry developed rather slowly, although a 1,265-mile 24-inch line was laid during World War II from south Texas to West Virginia and was subsequently extended to New England. In the postwar period, expansion has been very rapid, with west Texas natural gas fields linked by a 26-inch line to southern California and the first 34-inch pipe being used for a long-distance line from the Southwest to San Francisco. By 1951, separate lines connected Texas with Michigan, Ohio, two cities in Illinois, and New York; and a natural gas pipeline reached the Pacific Northwest in 1956.

The Pipeline Industry Today in the Southwest

In 1957, there were 75,603 miles of petroleum pipelines and 118,140 miles of natural gas pipelines in the District states. In that year, the District states accounted for 52 percent and 23 percent, respectively, of the total petroleum and natural gas pipeline mileages in the United States. The accompanying tables indicate the distribution of pipeline mileage among the District states and the general types of pipelines included in the totals. Because of its large area and extensive oil and gas production and processing facilities, Texas dominates the totals for the District states. It is estimated that well over $1 billion is invested in pipelines in this State.

Most southwestern crude oil is delivered to refineries through pipelines, with the proportion so distributed varying from 99 percent in Oklahoma to 69 percent in Louisiana. The greater use of water transportation accounts for the lower rate in Louisiana. Refiners located outside the District receive about one-third of

MAJOR SOUTHWESTERN CRUDE OIL PIPELINES

SOURCE: The Oil and Gas Journal.

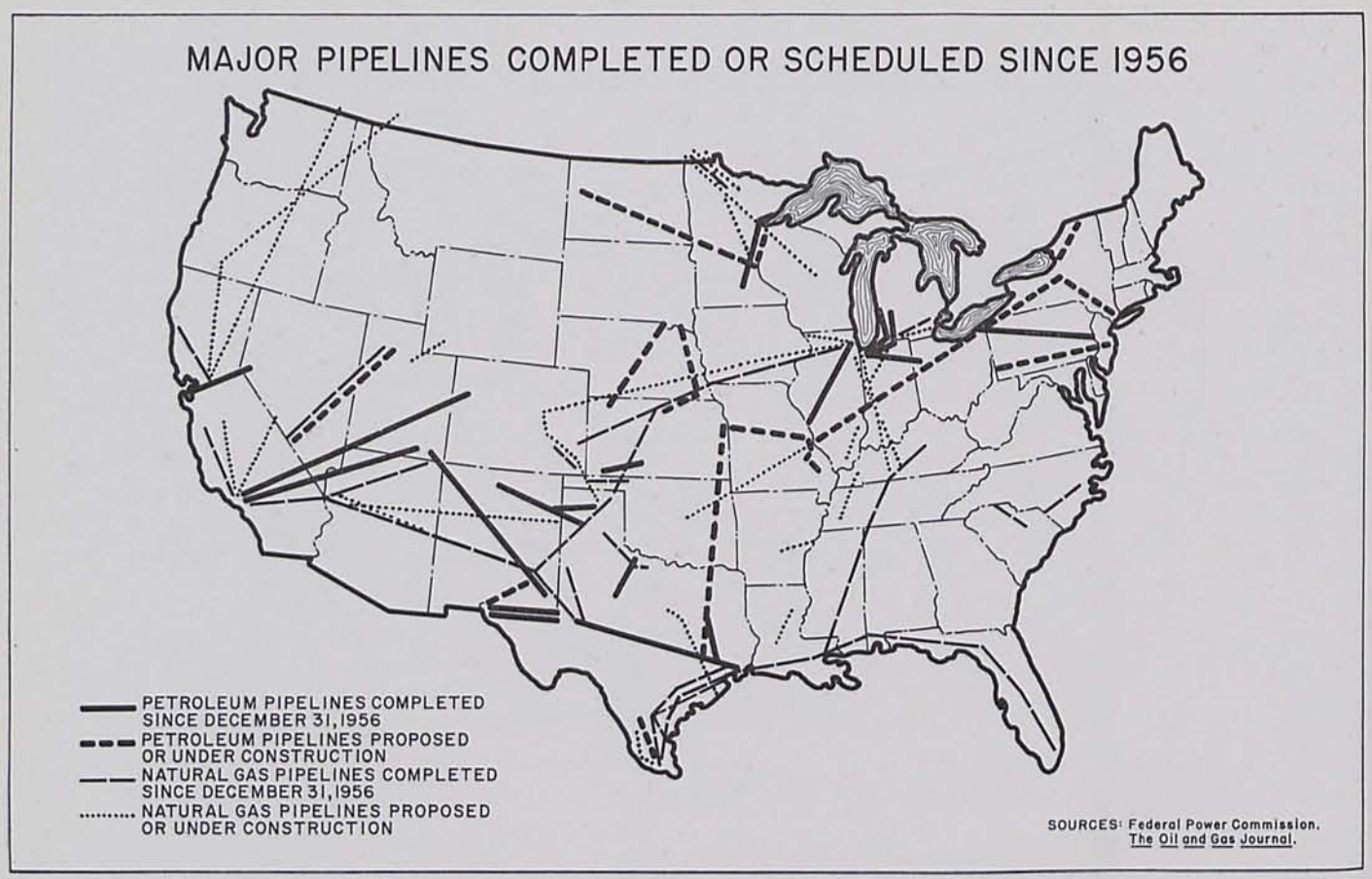
their crude oil from District states, the bulk of which is delivered through pipelines.

The availability of inexpensive natural gas has been a multiple blessing to the Southwest. Because pipeline transportation charges are based mainly upon distance and over 50 percent of the Nation's reserves are located here, southwestern consumers enjoy a considerable cost advantage over fuel purchasers in most other parts of the Nation. This availability has been a particularly important economic incentive to industrial location in the Southwest. Nevertheless, pipeline transportation charges are still low enough to allow the profitable export of southwestern petroleum and natural gas to most other areas in the country.

Petroleum and natural gas pipelines crisscross much of the Southwest, although Texas, Oklahoma, and Louisiana have the greatest concentrations. The map above illustrates that crude oil produced in the District states generally flows to southwestern refining centers, to the coast for water shipment, or to midwestern refineries. West Texas crude oil, for instance, flows to several major refining centers, including the El Paso area, the Gulf Coast, and those in the midcontinent and Great Lakes states. East Texas crude mainly flows to the gulf, although some is piped to the northeastern part of the Nation. Southern Louisiana crude oil flows to the gulf, but much northern Louisiana crude moves northward.

Because the Southwest is an important refining center, it is also the origin of many major refined products pipelines. Refined products are shipped from the Houston-Baytown area by pipelines to northern states and to major consuming areas in the Southwest. El Paso refineries ship products via pipelines to New Mexico and Arizona, while refineries located near Amarillo distribute to parts of central Texas, Colorado, and the Midwest. Wichita Falls, another north Texas refining center, is the origin of several products pipelines. Gasoline is the most important refined product transported by southwestern pipelines, but large quantities of distillate fuel oil and lesser amounts of kerosene, liquefied petroleum gases, and other fuels are carried too.

The Southwest is also the origin of major natural gas pipelines, with natural gas flowing from west Texas to



California and from east and south Texas into the Eastern Gulf States. In addition, significant quantities of natural gas flow from many parts of Texas and Louisiana to midwestern and northeastern states. Texas is the largest exporter of natural gas among the states, followed by Louisiana, New Mexico, Oklahoma, and Kansas.

Pipelines have contributed greatly to the spectacular growth of the gulf coast chemical industry. Since World War II, about 75 petrochemical plants, most of which receive raw materials through pipelines, have been constructed in the Texas-Louisiana gulf coast area. The availability of industrial chemicals and fuels via pipelines has been a major industry attraction of the gulf coast area. Although low-cost natural gas is the most important product supplied to the chemical industry by pipelines, liquefied petroleum gas, ethylene, butylene, chlorine, hydrogen, acetylene, and other chemicals are carried by pipelines between 32 major plants and 7 storage salt domes in the Houston Ship Channel area.

Moreover, the pipeline industry is important to the Southwest as an employer, taxpayer, and purchaser of materials. Because of the high ratio of capital investment to manpower, direct employment by pipeline companies is very low relative to other companies of equal size, but southwestern pipeline companies still employ approximately 12,000 persons. As major purchasers of the goods and services of other firms, pipeline companies are the chief customers of over a dozen large and many small pipeline contractors and of several manufacturers of pipe, fittings, and other construction materials.

Pipeline Construction and Operation

Remarkable advances in construction and operating techniques highlight the history of the pipeline industry. From 1953 to 1958, the cost of shipping a barrel of crude oil 100 miles decreased from 2.7 cents to 2.5 cents because of automation of operation and larger-diameter lines. Despite a 28-percent gain in traffic during these years, the number of pipeline employees declined 10 percent. Pipeline tariffs are now significantly lower than during the 1930's and are sometimes one-third lower than the charges made by other types of transportation.

PETROLEUM PIPELINES, BY TYPE, DECEMBER 31, 1957[1]

Five Southwestern States and United States

(In miles)

Area	Gathering lines	Trunk lines		Total
		Crude oil	Refined oil	
Arizona	—	—	567	567
Louisiana	1,491	2,392	973	4,856
New Mexico	2,084	680	389	3,153
Oklahoma	6,001	5,934	2,398	14,333
Texas	22,703	25,025	4,966	52,694
Total	32,279	34,031	9,293	75,603
United States	52,077	61,379	31,780	145,236

[1] For reporting companies only.
SOURCE: Interstate Commerce Commission.

In recent years, major advances in pipe quality, coatings, ditching equipment, and laying equipment have improved efficiency, thus offsetting the general rise in other pipeline construction costs. Pipeliners have proved that high-strength, thin-walled pipe, properly coated, is able to withstand high operating pressures and the forces of abrasion and corrosion. Modern electric, diesel, and turbine-powered pumps are used to increase the capacity of existing pipelines; when combined with large-diameter pipes, they provide several times the operating capacity of pipelines used only a few years ago.

The application of electronics has been particularly important in the development of the pipeline industry. Techniques for fully automatic gauging and delivery of crude oil from leases directly into pipeline systems have been developed. Some major crude lines now receive up to 50 percent of their crude "directly from the wellhead" via automatically controlled gathering systems. In addition, electronic computers currently are being installed by major pipeline companies to perform the job of over-all control of pipeline operations. Computers are more accurate and efficient than human operators in handling the complicated problems of pressure control and traffic scheduling.

NATURAL GAS PIPELINES, BY TYPE, DECEMBER 31, 1957

Five Southwestern States and United States

(In miles)

Area	Type of lines			Total
	Field and gathering	Transmission	Distribution	
Arizona	0	3,570	4,300	7,870
Louisiana	2,180	10,480	7,990	20,650
New Mexico	4,480	3,400	2,280	10,160
Oklahoma	3,320	6,230	7,910	17,460
Texas	7,220	25,040	29,740	62,000
Total	17,200	48,720	52,220	118,140
United States	50,020	157,540	307,400	514,960

SOURCE: American Gas Association.

The natural gas pipeline industry has also experienced remarkable technical development in recent years. A major improvement in the long-distance transmission of natural gas has been the use of underground storage facilities near consumption areas, which allow pipelines to operate at more uniform rates and more profitably throughout the year. Furthermore, the industry has invested heavily in high-capacity compressors, which enable pipelines to transport natural gas economically over long distances and which compensate for reduced wellhead pressures.

Financial and Operating Characteristics of Pipelines

The dominant features of the financial structure of petroleum pipeline companies are a heavy investment in fixed assets and substantial long-term indebtedness. On December 31,1957, investments in carrier property comprised 80 percent of the total assets of interstate petroleum pipeline companies, and long-term funded debt accounted for 47 percent of the capitalization of these concerns.

After all taxes and interest payments, interstate common-carrier petroleum pipelines earned $155 million in 1957, which represented returns of 7.3 percent on their net assets and 16.3 percent on stockholder equity. Earnings of natural gas transmission companies have not been as large as those of petroleum pipeline companies but compare reasonably well with earnings of other industries. Net earnings of natural gas transmission companies in 1957 were 6.5 percent of net assets and 11.2 percent of stockholder equity.

Both petroleum and natural gas pipelines are government-regulated industries. Interstate petroleum pipelines have common-carrier status under the regulation of the Interstate Commerce Commission, and most natural gas pipelines are public utilities regulated by the Federal Power Commission. In addition, various state agencies regulate pipeline practices. As common carriers, petroleum pipeline companies are required to transport all properly offered production which is connected to their lines or to prorate pipeline space if offerings exceed capacity. Generally, crude oil pipelines are not required to connect with producers unless they desire to do so, although a pipeline in Texas may be required to connect with local producers if there are no other pipelines in the area.

As common carriers, petroleum pipelines have their tariffs regulated by the ICC and by various state regulatory bodies. However, petroleum pipelines usually

are not built to earn revenue as common carriers. Most crude oil and products lines have been built by major petroleum companies to connect producing, refining, and consuming areas. Crude oil gathering lines and connecting trunk lines afford refiners substantial competitive advantages in purchasing crude oil and a means of low-cost transportation from wellhead to refinery. The products pipelines provide low-cost access to consumption areas.

About 90 percent of the crude oil transported by pipelines is carried in lines controlled by integrated oil companies. Small companies have been slow to build pipelines because of high construction and operating costs, and small refiners make little use of common-carrier facilities since the refiners are frequently located near producing areas and generally serve only local markets. On the other hand, major oil companies are increasing their utilization of available common-carrier facilities, and their long-distance shipments of crude oil or products often travel over several interconnected pipeline systems.

There appears to be a trend toward the construction of large joint-interest petroleum pipelines to take full advantage of the impressive scale economies of pipeline construction and operation and to reduce the cash investment and risk of individual companies. It is estimated that the lowest costs in crude oil transportation are generally achieved in pipelines with capacities in excess of 400,000 barrels per day, but no single refinery or group of refineries owned by an individual company in a particular area can use 400,000 barrels per day. Uncertainties of common-carrier business and management problems have spurred the construction of joint-interest pipelines.

Major natural gas pipelines have been built either by large distributors of natural gas who are desirous of secure sources of production or, more commonly, by companies which specialize in the purchase of natural gas at the wellhead for sale to distant distribution companies. Natural gas transmission companies are not common carriers, although large utilities sometimes purchase natural gas directly in the field and contract for transmission by established pipeline companies. However, the control of natural gas pipelines is generally more complete than the regulation of petroleum pipelines. Permission must be secured from the FPC to build natural gas pipelines by demonstrating that their construction is in the public interest, and a new company usually must establish the availability of a

PIPELINE MILEAGE OPERATED AT CLOSE OF YEAR

Five Southwestern States

(In miles)

Area	1947	1949	1951	1953	1955	1957
			NATURAL GAS TRANSMISSION LINES			
Arizona	—	1,730	2,450	2,810	3,000	3,570
Louisiana	—	4,340	6,500	7,450	8,850	10,480
New Mexico	—	2,160	2,500	2,700	3,180	3,400
Oklahoma	—	4,890	5,190	5,500	5,710	6,230
Texas	—	15,010	18,290	21,000	23,050	25,040
Total	—	28,130	34,930	39,460	43,790	48,720
			CRUDE OIL TRUNK LINES[1]			
Arizona	—	—	—	—	—	—
Louisiana	2,370	2,459	2,476	2,304	2,437	2,392
New Mexico	403	594	515	640	593	680
Oklahoma	7,552	8,447	6,940	6,909	6,494	5,934
Texas	24,144	26,409	25,916	26,710	26,928	25,025
Total	34,469	37,909	35,847	36,563	36,452	34,031
			REFINED OIL TRUNK LINES[1]			
Arizona	—	—	—	—	—	567
Louisiana	460	544	694	528	694	973
New Mexico	—	—	—	—	225	389
Oklahoma	681	1,137	1,314	1,057	1,919	2,398
Texas	1,185	2,625	2,474	2,480	3,221	4,966
Total	2,326	4,306	4,482	4,065	6,059	9,293

[1] For reporting companies only.
SOURCES: American Gas Association.
Interstate Commerce Commission.

20-year supply of natural gas reserves. Natural gas pipeline companies also are restricted as to the price that they may pay at the wellhead for natural gas and the price at which they may sell natural gas to distributing companies. The FPC does not regulate intrastate sales of natural gas nor the prices received by transmission companies on interstate sales made directly to industrial or commercial users.

The Future of Pipelines

It appears that the rate of expansion of crude oil and refined products pipelines is slowing markedly. Few major new petroleum pipelines are currently under construction; 4,127 miles of new oil pipelines were constructed in 1958, compared with 5,014 miles in 1957 and an average of 5,456 miles in 1952-56. Some additional gathering lines and local trunk lines are likely to be constructed in the future to market the crude oil produced from extensions of existing oil fields and the development of newly discovered fields, but a substantial mileage of new long-distance crude oil pipelines from the Southwest to major market areas is not expected without the discovery of large new low-cost crude oil reserves. The capacity of the present interstate pipeline system, allowing for gradual modernization and limited additions, will probably be sufficient to transport projected petroleum shipments from the Southwest to northern markets. Perhaps additional refined products lines will be needed to improve the

distribution of products and to provide for the anticipated rise in consumption.

In contrast to the outlook for petroleum pipelines, the current boom in the construction of natural gas pipelines may continue for several years. Over 10,000 miles of natural gas lines are scheduled for construction in 1959 at a cost of nearly $1.5 billion, and capital spending on transmission facilities in 1959-62 may be as much as 27.5 percent greater than in 1955-58.

The future may also hold additional advances in pipeline technology which may render many existing petroleum and natural gas pipeline systems obsolete, and further use of pipelines in the transportation of chemicals, ores, and other materials is indicated. Recently, a major chemical company announced plans for an 800-mile pipeline to carry solvents from the Gulf Coast to eastern markets. Progress is also being made in the transportation of wood pulp through pipelines, and Canada is experimenting with pipelines to transport wheat. Greater quantities of liquefied petroleum gases are likely to be shipped via pipelines, and in-transit processing is being studied.

The future of pipelines, however, is not completely free of problems. Pipelines still remain very long-term investments, subject to the risks of changing economic conditions and obsolescence. Petroleum pipelines face the rise of natural gas as a major competitor, and both pipeline industries may be affected by technical advances made by competing forms of transportation. For instance, recently developed large plastic, nonrigid cargo tanks promise both lower-cost rail and barge transportation of some petroleum products. In addition, increased tanker deliveries of Middle Eastern and Venezuelan crude oil to eastern refineries could substantially reduce the demand for southwestern crude oil and products in much of the northeastern portion of the Nation.

Established southwestern pipelines also face the eventual depletion of connected producing wells. Declining production rates in many old fields result in underutilization of pipeline capacity, which is reflected in higher unit costs of operation. In general, crude oil gathering fees are reasonably uniform without regard to rates of flow so that declining pipeline traffic is not offset by higher tariffs. Nevertheless, because pipelines provide the most economical transportation of a wide range of products, they should continue to show growth with respect to the number of industries served and the total tonnage transported.

THEODORE R. ECK
General Economist

BUSINESS REVIEW

BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS

Substantial improvement in sales of consumer durables, together with the enthusiastic response to summer clearance sales and prefall promotions of wearing apparel, boosted Eleventh District department store sales to a new seasonally adjusted record in August. Seasonally adjusted inventories remained at the July level and were still well above a year earlier. Total new car registrations during August in the four most populous areas in the District registered both month-to-month and year-to-year gains.

Declining demand for petroleum products and further increases in crude runs to refinery stills have augmented the already large stocks of petroleum products. Prices of gasoline and distillate and residual fuel oils have declined; further reductions in crude oil production have been scheduled. Although imports of refined products were substantially lower during August and the first part of September than a year earlier, greater quantities of crude oil were imported.

Construction awards in the District states turned downward in July, led by a reduction in nonresidential building. A further decrease was indicated by August building permits.

Strikes continued to dominate changes in nonfarm employment in the District states. The return of construction workers to jobs in Arizona and normal seasonal increases raised total employment by mid-August, despite new and continuing strikes in other areas. Later in the month, several thousand workers were idled by the copper strike. Industrial production in Texas also increased during August.

Cotton and sorghum harvesting dominated District agricultural activity during the past month. Cotton prospects declined but remain above those of last year. The excellent grain sorghum crop being combined may exceed the record 1958 output. Prospective outturns of rice and peanuts are promising but are somewhat below estimates a month earlier. Livestock conditions are good in most sections.

Investment accounts at weekly reporting member banks in the District declined sharply in late August and early September, reflecting bank liquidation of recently acquired Treasury bills and the reduction in bank holdings of Government notes and bonds. Cash accounts registered a sizable increase, while loans and deposits rose moderately. The reserve positions of country banks tightened during August, but the city banks' reserve positions eased.

Customers of the District's department stores responded well to summer clearance sales and early promotions of fall merchandise during the month of August. As a result, sales scored a more than seasonal rise of 13 percent over July and were 10 percent above a year ago. The seasonally adjusted department store sales index rose to a new high of 189, compared with 174 in July and 172 a year earlier. During the first 2 weeks in September, sales continued strong and showed an 8-percent gain over the corresponding period last year. Cumulative sales through August were 9 percent higher than those during the comparable 1958 period.

Year-to-year sales gains were recorded in all of the major metropolitan areas in the District. The largest percentage gains were registered in the Houston and

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

Eleventh Federal Reserve District

(1947-49 = 100)

Date	SALES (Daily average)		STOCKS (End of month)	
	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted
1958: August.....	160	172	163	163
1959: June.....	160	176	169	181
July.....	155	174	171	180
August.....	176	189	180p	180p

p — Preliminary.

DEPARTMENT STORE SALES AND STOCKS

(Percentage change in retail value)

Area	NET SALES Aug. 1959 from July 1959	NET SALES Aug. 1959 from Aug. 1958	NET SALES 8 mos. 1959 comp. with 8 mos. 1958	STOCKS (End of month) Aug. 1959 from July 1959	STOCKS (End of month) Aug. 1959 from Aug. 1958
Total Eleventh District	13	10	9	5	11
Corpus Christi	24	1	2	7	1
Dallas	13	14	12	4	16
El Paso	19	1	5	11	4
Fort Worth	10	1	8	7	7
Houston	8	18	13	4	25
San Antonio	14	7	5	2	—1
Shreveport, La.	10	3	7	—2	6
Waco	11	6	10	6	2
Other cities	20	13	11	8	7

Dallas areas, where sales rose 18 percent and 14 percent, respectively. Substantial month-to-month gains also occurred in all the metropolitan areas, as is shown in the accompanying table. Outstanding were increases of 24 percent in Corpus Christi and 19 percent in El Paso.

Year-to-year sales increases over August 1958 were reflected in all of the major departments at the District stores that report separate data on sales by type of goods. Consumer durable goods sales, in contrast with the pattern in recent months, showed the largest gains. Sales of radios, television sets, and musical equipment rose 42 percent above a year earlier; and sales of domestic floor coverings and major household appliances rose 28 percent and 21 percent, respectively. Wearing apparel sales were higher than in August last year, but the increases were generally smaller than those in the hard goods lines. The larger gains occurred in sales of women's and misses' dresses, which were up 16 percent, and sales of men's clothing, which advanced 9 percent.

Inventories at the District's department stores at the end of August rose seasonally from July and were 11 percent higher than a year ago. Orders outstanding were below those at the end of July, as usual, but remained well above a year earlier. New orders continued to show a year-to-year increase and also registered a contra-seasonal 11-percent rise over July. The rise between the 2 months this year may indicate that, in view of their success in August, merchants are revising upward their sales expectations for this fall and are preparing to meet the expected demand.

New car registrations during August in the four most populous areas in the District were 2 percent greater than in July and were 61 percent above August 1958. Dallas registrations scored the largest gains, rising 20 percent above July and over 80 percent above a year earlier. Substantial year-to-year gains ranging from 43 percent to 66 percent were recorded in the Fort Worth, Houston, and San Antonio areas. Compared with July, registrations in San Antonio showed a 19-percent gain, but month-to-month decreases of 9 percent and 12 percent, respectively, were reported in Fort Worth and Houston. Total cumulative registrations at the end of August were 38 percent greater than in the same period in 1958.

Harvesting of cotton and sorghums highlighted agricultural activity during the past month. Periodic rainfall generally has been a nuisance and has slowed harvesting in eastern sections of the District. However, many western areas remain dry as the growing season approaches an end. Wheat planting increased in the High Plains, and seeding of oats and other winter pasture crops is under way in southeastern and eastern sections of the District.

Cotton harvesting in the District, as a whole, is about one-fourth complete. Recent rains delayed harvest in Louisiana and in the Coastal Bend and central Texas areas. In the Lower Valley, cotton stalks have been destroyed, and harvest is about four-fifths complete in south Texas and the Coastal Bend. In the Blacklands, growers have made good progress in defoliating and stripping the crop, and harvest is estimated to be about one-fifth complete. The movement of cotton to gins in the South Plains is increasing in tempo as lack of moisture has hastened opening in dry-land fields.

CROP PRODUCTION

Texas and Five Southwestern States

(In thousands of bushels)

Crop	TEXAS Estimated Sept. 1, 1959	TEXAS 1958	TEXAS Average 1948-57	FIVE SOUTHWESTERN STATES[1] Estimated Sept. 1, 1959	FIVE SOUTHWESTERN STATES[1] 1958	FIVE SOUTHWESTERN STATES[1] Average 1948-57
Cotton[2]	4,525	4,308	3,956	6,525	5,953	5,962
Corn	41,366	42,973	41,073	68,311	70,560	70,487
Winter wheat	56,440	73,040	35,358	150,771	196,780	103,644
Oats	24,156	53,130	24,373	38,636	77,823	38,987
Barley	6,884	10,143	2,206	29,586	35,848	13,757
Rye	135	338	223	1,025	1,679	853
Rice[3]	13,136	11,938	13,013	25,820	23,158	25,360
Sorghum grain	276,912	273,066	113,524	309,110	305,047	132,824
Flaxseed	385	336	753	455	361	1,023
Hay[4]	2,409	2,487	1,753	6,576	6,773	5,156
Peanuts[5]	229,100	224,110	193,061	361,750	371,060	297,879
Irish potatoes[6]	2,620	2,285	[7]1,513	5,852	5,192	[7]3,543
Sweet potatoes[6]	1,680	1,210	[7]1,351	6,639	6,107	[7]6,366
Pecans[5]	26,000	26,000	35,040	71,900	60,000	73,180

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
[2] In thousands of bales.
[3] In thousands of bags containing 100 pounds each.
[4] In thousands of tons.
[5] In thousands of pounds.
[6] In thousands of hundredweight.
[7] Average, 1949-57.
SOURCE: United States Department of Agriculture.

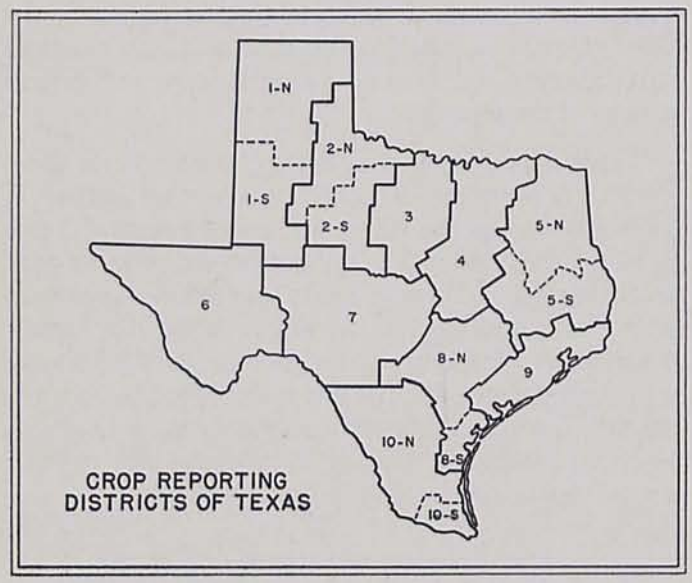
COTTON PRODUCTION

Texas Crop Reporting Districts

(In thousands of bales — 500 lb. gross wt.)

Crop reporting district	1959 Indicated Sept. 1	1958	1957	1959 as percent of 1958
1-N – Northern High Plains	500	530	379	94
1-S – Southern High Plains	1,450	1,502	1,196	97
2-N – Red Bed Plains	285	261	217	109
2-S – Red Bed Plains	315	282	263	112
3 – Western Cross Timbers	25	19	17	132
4 – Black and Grand Prairies	475	425	424	112
5-N – East Texas Timbered Plains	60	43	70	140
5-S – East Texas Timbered Plains	75	54	72	139
6 – Trans-Pecos	300	289	272	104
7 – Edwards Plateau	50	34	21	147
8-N – Southern Texas Prairies	155	99	115	157
8-S – Southern Texas Prairies	145	172	115	84
9 – Coastal Prairies	165	156	156	106
10-N – South Texas Plains	65	47	36	138
10-S – Lower Rio Grande Valley	460	395	279	116
State	4,525	4,308	3,632	105

SOURCE: United States Department of Agriculture.



The cotton crop in the District states is estimated, as of September 1, at 6,525,000 bales, or one-tenth greater than the outturn in 1958. The indicated production in each of the District states exceeds that of last year. In Texas, production is placed at 4,525,000 bales, or 5 percent below the month-earlier estimate but 5 percent more than a year ago. Outturns in all of the Texas crop reporting districts are expected to surpass those in 1958, except in the Northern and Southern High Plains and the Southern Texas Prairies.

Combining of the State's prospective record-high grain sorghum crop is continuing in the Southern High Plains, and harvesting operations in the District have about reached the halfway mark. In earlier sections of the Blacklands and in south Texas, harvesting has virtually ceased, and most stalk fields have been plowed. Grain sorghum production in the District states is placed at slightly above 309 million bushels, or 4 million bushels larger than the previous record crop in 1958.

The peak in rice harvesting has been passed, in spite of interruptions due to rain. Rice production declined during August as a result of poor growing conditions but, as of September 1, remained 11 percent higher than output a year earlier. Corn picking is well advanced in most sections of the District, and record yields have maintained production within 3 percent of last year's crop, despite the decline in harvested acreage. Conditions in late peanut areas have generally been unsatisfactory, and the most recent forecast indicates that output has declined 6 percent from early-season estimates and is now placed at 3 percent below the outturn in 1958.

Generally good progress in south Texas commercial vegetable areas was made during the past month, despite interruptions from rain. Plantings of winter vegetables in the Lower Valley are being stepped up, and seedbeds for later transplanting are developing nicely. Early seedings of broccoli and cauliflower in the Winter Garden area are making good growth, and harvesting of cucumbers and eggplant is under way. Cantaloupe harvest continues in a few Panhandle areas; and fall-crop carrots and lettuce are making good growth, although ear worms have damaged some fields of lettuce.

The condition of range feed in most sections of the District is improved as compared with a year earlier. Rain is needed in most western sections of the District to promote continued development of forage supplies. In Arizona and New Mexico, widespread August rains freshened cured feed, encouraged new growth of grasses and weeds, and replenished stock-water supplies. The outlook for fall and winter grazing in these states is now well above average. In the western half of Texas south of the Canadian River, ranges and pastures are especially in need of rain. In eastern areas of the State, forage supplies remain ample.

Prices received by southwestern farmers and ranchers (as evidenced by the midmonth index of prices received by Texas farmers) during January-August averaged 3 percent higher than in the same period of 1958. Prices for crops were up 3 percent, and those for livestock and livestock products were 2 percent greater.

CASH RECEIPTS FROM FARM MARKETINGS

Five Southwestern States and United States

(Dollar amounts in thousands)

Area	January—June 1959	January—June 1958	Percentage change
Arizona	$ 207,483	$ 215,845	—4
Louisiana	123,265	123,138	0
New Mexico	71,081	56,645	25
Oklahoma	227,027	227,305	0
Texas	773,566	855,552	—10
Total	$ 1,402,422	$ 1,478,485	—5
United States	$13,906,403	$13,957,939	0

SOURCE: United States Department of Agriculture.

Investment accounts of weekly reporting banks in the District declined $105 million as the banks sold appreciable amounts of bills acquired in recent Treasury cash financings and, to a lesser extent, liquidated note and bond holdings during the 4 weeks ended September 16. This change was reflected in a large increase in cash balances and more moderate gains in loans and deposits.

Gross loans (excluding interbank loans) at the reporting banks, continuing to recover from a lull recorded earlier in the summer, rose $13 million between August 19 and September 16, which compares with an increase of $7 million during the corresponding period in 1958. Loans to nonbank financial institutions registered the largest gain during the 4 weeks. Business loans advanced a modest $3.7 million, as sizable net repayments of construction firms were offset by increases in the borrowings of commodity dealers, trade firms, and manufacturers of metal, petroleum, and chemical products. Reductions in business loans in the latter part of August were more than offset by gains during the first half of September.

For the first time in almost a year, a decline ($3.1 million) occurred in consumer-type lending. The decrease, however, was less than that registered in the comparable 1958 period. A rise in real-estate advances was somewhat more than offset by decreases in agricultural loans and loans for purchasing or carrying securities.

Demand deposits at the weekly reporting banks, rising $51.8 million during the 4-week period, were approximately 2 percent above the year-earlier level. Large gains in the demand accounts of individuals, businesses, and banks were partially offset by a sizable decrease in United States Government balances. Time deposits again declined, the decreases occurring in the accounts of individuals, businesses, and state and local governments. On September 16, time deposits were 5 percent less than a year ago.

The reserve positions of country banks in the District tightened in August. Although changes in their reserve

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Sept. 16, 1959	Aug. 19, 1959	Sept. 17, 1958
ASSETS			
Commercial and industrial loans	$1,507,386	$1,503,709	$ —
Agricultural loans	34,930	40,545	41,214
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities	738	768	20,352
Other securities	12,085	15,353	
Other loans for purchasing or carrying:			
U. S. Government securities	10,892	7,611	182,343
Other securities	179,929	183,713	
Loans to nonbank financial institutions:			
Sales finance, personal finance, etc.	136,293	129,849	—
Savings banks, mtge. cos., ins. cos., etc.	125,067	115,655	—
Loans to foreign banks	59	34	18,939
Loans to domestic commercial banks	29,480	22,588	
Real-estate loans	219,344	213,406	231,429
All other loans	715,330	718,409	—
Gross loans	2,971,533	2,951,640	2,707,612
Less reserves and unallocated charge-offs	51,031	50,763	45,818
Net loans	2,920,502	2,900,877	2,661,794
Treasury bills	54,836	147,743	69,433
Treasury certificates of indebtedness	50,696	47,698	199,877
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year	41,313	52,593	1,193,408
After 1 but within 5 years	845,532	842,873	
After 5 years	296,859	301,725	
Other securities	333,712	335,466	323,127
Total investments	1,622,948	1,728,098	1,785,845
Cash items in process of collection	548,464	500,644	480,907
Balances with banks in the United States	519,544	487,408	543,247
Balances with banks in foreign countries	1,816	1,610	1,444
Currency and coin	50,877	50,383	49,220
Reserves with Federal Reserve Bank	591,286	537,964	576,190
Other assets	167,528	162,320	175,892
TOTAL ASSETS	6,422,965	6,369,304	6,274,539
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits			
Individuals, partnerships, and corporations	3,007,607	2,937,955	2,931,438
United States Government	137,875	250,177	69,283
States and political subdivisions	169,180	190,516	143,661
Banks in the United States	1,042,977	938,728	1,127,875
Banks in foreign countries	16,634	19,811	15,924
Certified and officers' checks, etc.	79,547	64,827	68,917
Total demand deposits	4,453,820	4,402,014	4,357,098
Time deposits			
Individuals, partnerships, and corporations	1,059,366	1,068,379	1,073,360
United States Government	7,035	7,035	7,455
Postal savings	421	421	421
States and political subdivisions	166,517	173,430	221,291
Banks in the U. S. and foreign countries	7,774	2,873	7,070
Total time deposits	1,241,113	1,252,138	1,309,597
Total deposits	5,694,933	5,654,152	5,666,695
Bills payable, rediscounts, etc.	128,956	119,606	34,250
All other liabilities	65,555	60,513	82,927
Capital accounts	533,521	535,033	490,667
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	6,422,965	6,369,304	6,274,539

NOTE.—Effective July 1, 1959, this series was revised. The revised form includes several new items, the most important of which is loans to financial institutions, previously reported against other loan categories. Comparable year-earlier figures for the new items will be shown when they become available.

balances and required reserves were moderate, the banks more than doubled their borrowings from the Federal Reserve Bank. The net result was a decline of $11.3 million in average free reserves at country banks. On the other hand, reserve city banks eased their reserve positions as they substantially curtailed borrowings from the Federal Reserve Bank. Average net borrowed reserves of the city banks were reduced $19.5 million in August.

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	August 1959	July 1959	August 1958
RESERVE CITY BANKS			
Reserve balances	$ 554,607	$549,242	$ 573,062
Required reserves	546,277	543,855	560,155
Excess reserves	8,330	5,387	12,907
Borrowings	21,128	37,699	3,616
Free reserves	—12,798	—32,312	9,291
COUNTRY BANKS			
Reserve balances	445,604	447,624	441,295
Required reserves	404,443	407,525	379,787
Excess reserves	41,161	40,990	61,508
Borrowings	22,446	10,054	1,037
Free reserves	18,715	30,045	60,471
MEMBER BANKS			
Reserve balances	1,000,211	996,866	1,014,357
Required reserves	950,720	951,380	939,942
Excess reserves	49,491	45,486	74,415
Borrowings	43,574	47,753	4,653
Free reserves	5,917	—2,267	69,762

Earning assets of the Federal Reserve Bank of Dallas declined $7.3 million during the 4 weeks ended September 16. A decrease in member bank discounts was only partially offset by enlarged holdings of Government securities. The Bank's gold certificate reserves showed a substantial increase of $64.3 million. Federal Reserve notes in actual circulation rose $12.3 million and, on September 16, were 6.8 percent above the level on September 17, 1958.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Sept. 16, 1959	August 19, 1959	Sept. 17, 1958
Total gold certificate reserves	$ 736,948	$ 672,604	$ 741,684
Discounts for member banks	20,810	34,110	6,150
Other discounts and advances	36	0	0
U. S. Government securities	1,063,419	1,057,452	975,940
Total earning assets	1,084,265	1,091,562	982,090
Member bank reserve deposits	983,307	926,778	966,613
Federal Reserve notes in actual circulation	804,072	791,746	752,772

The Treasury raised $400 million of new funds in the latter part of August by increasing its weekly 91-day bill offerings. However, the proposal to raise another $100 million in this manner apparently has been canceled.

Discount rates at all Federal Reserve banks were advanced from 3½ percent to 4 percent in September. At the Federal Reserve Bank of Dallas, the higher rate became effective on September 11.

On September 22 the President signed a bill to permit the issuance of Series E and H United States savings bonds at interest rates above the existing maximum. If held to maturity, new E and H bonds with issue dates of June 1, 1959, and after will earn 3.75 percent, instead of the former 3.26 percent. All outstanding E and H bonds purchased prior to June 1, 1959, will earn at least one-half of 1 percent more than before from now to next maturity, with lesser improvement in yields if redeemed earlier.

NEW MEMBER BANKS

The First National Bank of Kermit, Kermit, Texas, a newly organized institution located in the territory served by the El Paso Branch of the Federal Reserve Bank of Dallas, opened for business September 11, 1959, as a member of the Federal Reserve System. The new member bank has capital of $100,000, surplus of $100,000, and undivided profits of $50,000. The officers are: J. M. Waddell, President; W. R. (Bob) Garner, Executive Vice President and Cashier; and Fayne A. Mullen, Vice President.

The Gateway National Bank of Beaumont, Beaumont, Texas, a newly organized institution located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, opened for business September 12, 1959, as a member of the Federal Reserve System. The new member bank has capital of $250,000, surplus of $150,000, and undivided profits of $100,000. The officers are: O. Eugene Davis, President and Chairman of the Board; Ivan E. Brown, Executive Vice President; and Ed Watson, Vice President and Cashier.

NEW PAR BANK

The Fairbanks State Bank of Houston, Houston, Texas, an insured nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, September 1, 1959. The officers are: George J. Knigge, President; Richard G. Honea, Executive Vice President; G. C. Evans, Cashier; and Mrs. Helen G. Elliott, Assistant Cashier.

Demand for the major petroleum products declined contraseasonally during August and the first part of September and averaged about 3 percent lower than a year earlier. Gasoline demand, which was relatively

strong earlier this year, recently has been only 2 percent higher than a year ago. Demand for distillate oils decreased 3 percent during the 5 weeks ended September 11, contrasted with a normal seasonal rise of 5 to 10 percent. Expectations of further declines in distillate fuel oil prices may explain much of the buyers' disinterest in current offerings and why demand has recently averaged 14 percent lower than a year ago. Demand for residual fuel oil, which advanced less than seasonally during August and early September because of the steel strike, was 5 percent less than in September last year.

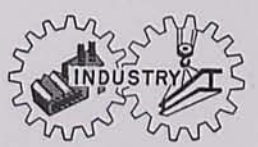
Stocks of the major products advanced seasonally during the first part of September and, at 443,634,000 barrels on September 11, were 6 percent higher than a year earlier. Gasoline stocks, which rose contraseasonally during early September, also were 6 percent more than a year ago. Gasoline prices were firm during July and much of August but have drifted lower under the influence of rising gasoline stocks and seasonally declining demand. Stocks of both kerosene and distillate fuel oils have been rising seasonally and, in early September, were considerably higher than a year ago. As a result, kerosene and distillate fuel oil prices have been depressed to the lowest levels in several years, although latest reports indicate some improvement in light heating oil prices in the Southwest. Despite rapid additions, stocks of residual oils were 14 percent below the September 1958 level, and prices held remarkably well.

Imports of both crude oil and refined products increased during the 5 weeks ended September 11. Imports in July were below the year-earlier total because July was the first month of a 6-month quota allocation period, but crude oil imports during August and September rose sharply to a level 21 percent higher than a year ago. Imports of refined products continued to run substantially lower than in 1958. Rapidly rising crude oil imports from Canada, which are exempt from quota control, accounted for a significant portion of the total gain in crude oil imports.

Crude runs to refinery stills in the United States advanced during early September and averaged 5 percent greater than a year ago. District crude runs, at 2,313,000 barrels daily, rose 3 percent during September and were 6 percent higher than in September 1958. Although District crude runs normally decline about 3 percent during the month, part of the rise in September production was due to the gradual increase in runs at a strike-bound Texas City refinery which was being operated by supervisory employees. On September 12, crude oil stocks in the United States, totaling 249,155,000 barrels, were 4 percent higher than a year earlier, and stocks of District origin were 5 percent higher.

Crude oil production in the Nation in the first part of September was 4 percent lower than in September 1958, but District production was 12 percent lower. With Texas production limited to 9 days and New Mexico allowables less than earlier this year, daily crude oil production in the District averaged about 2,860,000 barrels during the first half of September, compared with 2,818,000 barrels in August and 3,245,000 barrels a year ago.

Although both large and small Texas crude oil purchasers favored 10 production days during October, the Texas Railroad Commission has set a 9-day limit, which should reduce daily output by 2 percent. The commission's action probably reflects (1) industry concern over mounting stocks of refined products, (2) a United States Bureau of Mines prediction that crude oil demand will decline in October, and (3) recent price reductions for crude oil from the Four Corners area and California. October marks the fourth consecutive month that Texas crude oil production allowables have been limited to 9 days. Allowable crude oil production in Louisiana during October remains at the September level, except for increases to cover the output of new wells. In response to a substantial increase in purchasers' nominations, October production allowables in southeastern New Mexico have risen 6 percent.



The influence of strikes continued to obscure the basic seasonal and cyclical changes in nonfarm employment in the District states during August. Strike settlements in the Arizona construction industry and normal seasonal increases, mainly in trade and service employment, raised the 5-state employment total by 5,000 workers to a mid-August level of 4,290,100, or 1.8 percent higher than in August 1958. By mid-August, more than 10,000 construction workers had returned to their jobs in Arizona; however, about 4,000 steelworkers — plus a smaller number of workers in petroleum refining and other industries — remained on strike in the region, and over 2,000 construction workers had left their jobs because of a new labor dispute in Texas. In addition, new labor disputes idled nearly

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States[1]

Type of employment	Number of persons			Percent change Aug. 1959 from	
	August 1959p	July 1959	August 1958r	July 1959	Aug. 1958
Total nonagricultural wage and salary workers	4,290,100	4,285,100	4,215,100	0.1	1.8
Manufacturing	775,300	779,200	760,200	—.5	2.0
Nonmanufacturing	3,514,800	3,505,900	3,454,900	.3	1.7
Mining	256,200	258,600	252,700	—.9	1.4
Construction	324,000	315,800	312,300	2.6	3.7
Transportation and public utilities	399,400	399,500	400,400	.0	—.2
Trade	1,047,400	1,043,200	1,033,500	.4	1.3
Finance	192,200	192,600	187,800	—.2	2.3
Service	509,100	508,000	499,100	.2	2.0
Government	786,500	788,200	769,100	—.2	2.3

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
p — Preliminary.
r — Revised.
SOURCE: State employment agencies.

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1947-49 = 100)

Area and type of index	August 1959p	July 1959	June 1959	August 1958
TEXAS				
Total industrial production	170	168	171	164r
Total manufactures	210	206	209	192r
Durable manufactures	246	236	250	222r
Nondurable manufactures	193	192	189r	178r
Minerals	132	132	135	138r
UNITED STATES				
Total industrial production	149	153	155	136
Total manufactures	152	157	158	138
Durable manufactures	159	168	172	144
Nondurable manufactures	146	146	144r	133
Minerals	119	120	125	120

p — Preliminary.
r — Revised.
SOURCES: Board of Governors of the Federal Reserve System.
Federal Reserve Bank of Dallas.

15,000 workers in the region's copper industry during the second and third weeks of August.

Thus far this year, employment in several categories has expanded at a lower rate than might have been anticipated in view of the long-term trend. Perhaps the greatest weakness has been in trade employment, which in August was only 1.3 percent higher than a year ago. Government is another major category that appears to have registered below-normal growth during this period. Prior to the steel strike, manufacturing had reflected the greatest employment strength of all industries, increasing considerably more than usual during the first 7 months of the year.

The unemployment level in Texas continued to improve, declining 7,900 workers in August to a level of 152,900, which is only 4.2 percent of the State's civilian labor force. New and continuing claims for unemployment insurance benefits in the State reflected a further reduction of 7 percent by mid-September.

The seasonally adjusted Texas industrial production index during August rose 2 points from the revised July level to reach 170, despite continued weakness in petroleum production and the influence of the steel strike. Durable goods production showed a sharp recovery from July, when output was depressed by extended vacations, especially in machinery industries; gains were fairly general outside the primary metals and transportation equipment industries. Nondurables output also increased. However, by mid-September the steel strike was beginning to have significant secondary effects in a number of areas.

The August index of Texas industrial production is still below the peak reached earlier in the year. The major industries accounting for the decline over this period include — in addition to crude petroleum production — petroleum refining, transportation equipment manufacturing, and food processing. In contrast, strong gains were registered by chemicals production and, up to the time of the steel strike, by primary metals manufacturing and most other metal-fabricating industries.

Compared with a year earlier, Texas industrial production in August was up 4 percent. Electric power production in the region showed a stronger year-to-year gain of about 11 percent in August and was running 12 percent higher than a year ago during early September.

The value of construction contract awards in the District states turned downward in July to a level 18 percent less than a year earlier. Residential awards fell to 5 percent below a year ago, while total nonresidential contracts were down nearly 27 percent. Cumulative awards during the first 7 months of 1959 reflected a gain of 3 percent, with residential awards up 23 percent and "all other" awards down 10 percent. However, the current rate of decline in contract awards is particularly severe in Texas, where nonresidential building contract awards in July were 47 percent lower than in July 1958 and total contract awards were 25 percent lower. Reports on building permits issued in various District cities during August indicate a further reduction in building authorizations.

BANK DEBITS, END-OF-MONTH DEPOSITS AND ANNUAL RATE OF TURNOVER OF DEPOSITS

(Dollar amounts in thousands)

Area	Debits to demand deposit accounts[1]	Percentage change from		Demand deposits[1]	Annual rate of turnover		
	August 1959	July 1959	Aug. 1958	August 31, 1959	Aug. 1959	July 1959	Aug. 1958
ARIZONA							
Tucson	$ 198,102	—14	16	$ 129,418	18.6	21.4	19.4
LOUISIANA							
Monroe	74,499	—10	8	53,031	17.0	17.5	16.6
Shreveport	310,207	—2	20	191,382	19.2	19.2	17.4
NEW MEXICO							
Roswell	35,782	—10	23	29,759	14.8	15.8	12.6
TEXAS							
Abilene	91,700	—10	12	64,265	17.2	19.1	16.4
Amarillo	232,899	—3	29	118,563	23.6	23.8	18.5
Austin	220,212	4	31	149,775	17.0	16.1	15.8
Beaumont	149,726	—8	12	98,994	18.1	19.4	15.6
Corpus Christi	196,310	—3	5	113,980	20.8	21.6	20.2
Corsicana	16,981	7	8	20,087	10.1	9.4	8.5
Dallas	2,564,792	—3	19	1,120,992	27.4	28.0	24.5
El Paso	318,799	—4	13	171,153	22.8	24.5	22.3
Fort Worth	752,732	—10	12	379,040	24.1	27.0	22.0
Galveston	81,391	—12	—6	65,684	15.2	17.3	15.2
Houston	2,418,234	—7	11	1,218,574	23.5	24.8	21.8
Laredo	24,191	—12	5	21,703	13.2	14.6	12.8
Lubbock	169,192	—5	16	110,527	18.7	19.9	17.3
Port Arthur	62,119	—9	0	42,776	17.3	18.7	16.4
San Angelo	52,399	—12	12	45,628	13.8	15.7	13.2
San Antonio	597,551	—8	16	401,084	18.0	19.7	16.2
Texarkana[2]	21,578	—6	18	15,572	16.7	17.6	13.4
Tyler	83,957	—8	10	61,059	16.7	18.1	14.8
Waco	105,832	—5	12	67,472	19.1	19.8	16.9
Wichita Falls	119,333	—8	22	103,717	13.8	14.6	10.9
Total—24 cities	$8,898,518	—6	15	$4,794,235	22.2	23.4	20.3

[1] Deposits of individuals, partnerships, and corporations and of states and political subdivisions.
[2] These figures include only one bank in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including one bank located in the Eighth District, amounted to $48,701,000 for the month of August 1959.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	July 1959	June 1959	July 1958	January—July 1959	January—July 1958
FIVE SOUTHWESTERN STATES[1]	$ 361,783	$ 410,911	$ 443,419	$ 2,470,884	$ 2,397,155
Residential	164,854	160,310	174,119	1,156,982	938,552
All other	196,929	250,601	269,300	1,313,902	1,458,603
UNITED STATES	3,656,537	3,638,289	3,607,056	22,511,353	20,369,554
Residential	1,689,833	1,756,870	1,557,443	10,569,533	8,057,400
All other	1,966,704	1,881,419	2,049,613	11,941,820	12,312,154

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
SOURCE: F. W. Dodge Corporation.

CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	August 1959[1]	July 1959[1]	August 1958[2]	Change from July 1959	Change from August 1958
ELEVENTH DISTRICT	2,817.6	2,857.5	3,102.2	—39.9	—284.6
Texas	2,453.4	2,484.0	2,731.3	—30.6	—277.9
Gulf Coast	456.0	462.8	514.1	—6.8	—58.1
West Texas	1,065.9	1,094.2	1,187.4	—28.3	—121.5
East Texas (proper)	129.2	128.7	155.4	.5	—26.2
Panhandle	109.6	106.9	106.6	2.7	3.0
Rest of State	692.7	691.4	767.8	1.3	—75.1
Southeastern New Mexico	249.9	258.2	256.7	—8.3	—6.8
Northern Louisiana	114.2	115.3	114.2	—1.1	.0
OUTSIDE ELEVENTH DISTRICT	3,992.2	3,981.4	3,837.0	10.8	155.2
UNITED STATES	6,809.8	6,839.0	6,939.2	—29.2	—129.4

SOURCES: [1] Estimated from American Petroleum Institute weekly reports.
[2] United States Bureau of Mines.

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Aug. 26, 1959	July 29, 1959	Aug. 27, 1958
ASSETS			
Loans and discounts	$ 4,765	$ 4,746	$ 4,364
United States Government obligations	2,585	2,532	2,732
Other securities	815	821	749
Reserves with Federal Reserve Bank	939	930	971
Cash in vault[e]	146	144	136
Balances with banks in the United States	954	890	1,057
Balances with banks in foreign countries[e]	2	3	1
Cash items in process of collection	502	464	412
Other assets[e]	268	282	244
TOTAL ASSETS[e]	10,976	10,812	10,666
LIABILITIES AND CAPITAL			
Demand deposits of banks	1,062	991	1,181
Other demand deposits	6,678	6,561	6,425
Time deposits	2,124	2,132	2,108
Total deposits	9,864	9,684	9,714
Borrowings[e]	112	135	11
Other liabilities[e]	86	83	93
Total capital accounts[e]	914	910	848
TOTAL LIABILITIES AND CAPITAL[e]	10,976	10,812	10,666

e—Estimated.

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

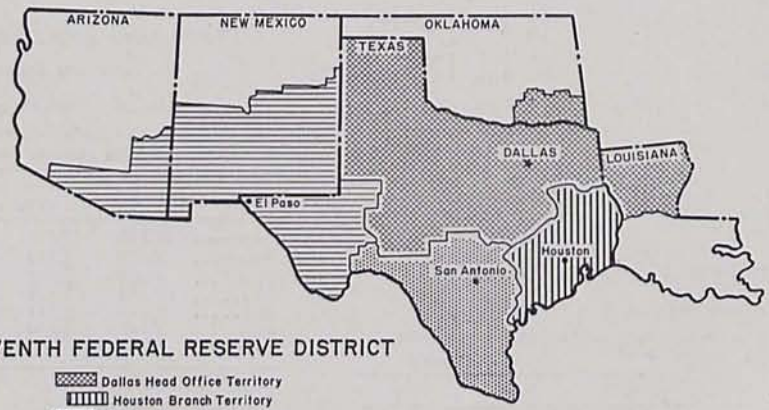
Eleventh Federal Reserve District

(Averages of daily figures. In millions of dollars)

Date	GROSS DEMAND DEPOSITS Total	Reserve city banks	Country banks	TIME DEPOSITS Total	Reserve city banks	Country banks
1957: August	$7,258	$3,539	$3,719	$1,639	$ 884	$ 755
1958: August	7,612	3,799	3,813	2,105	1,160	945
1959: April	7,800	3,797	4,003	2,151	1,133	1,018
May	7,674	3,751	3,923	2,156	1,125	1,031
June	7,678	3,771	3,907	2,177	1,135	1,042
July	7,662	3,760	3,902	2,159	1,122	1,037
August	7,643	3,770	3,873	2,125	1,099	1,026

BUILDING PERMITS

Area	NUMBER Aug. 1959	NUMBER 8 mos. 1959	VALUATION (Dollar amounts in thousands) Aug. 1959	VALUATION 8 mos. 1959	Percentage change Aug. 1959 from July 1959	Aug. 1959 from Aug. 1958	8 mos. 1959 comp. with 8 mos. 1958
ARIZONA							
Tucson	696	5,280	$ 2,740	$ 24,378	—54	172	122
LOUISIANA							
Shreveport	477	3,744	2,883	18,952	1	—48	—13
TEXAS							
Abilene	236	1,941	2,312	20,972	—38	33	62
Amarillo	486	2,629	4,373	27,089	62	92	49
Austin	337	2,607	5,050	39,024	30	148	24
Beaumont	346	2,950	1,385	13,966	—61	—70	—7
Corpus Christi	89	701	1,084	15,328	—78	—40	—13
Dallas	2,196	18,264	14,155	123,710	—22	4	16
El Paso	821	5,090	7,200	43,372	23	—8	—2
Fort Worth	647	6,556	4,446	42,211	—63	—19	16
Galveston	111	920	1,116	3,043	437	466	16
Houston	1,266	12,270	14,308	142,723	—29	—36	—7
Lubbock	302	2,824	3,595	42,463	—44	—5	60
Port Arthur	189	1,558	841	7,308	17	143	—9
San Antonio	1,117	11,738	3,771	42,508	—44	—41	0
Waco	269	1,840	730	11,463	—39	—44	7
Wichita Falls	260	1,495	613	10,730	—41	—34	116
Total—17 cities	9,845	82,407	$70,602	$629,240	—29	—13	11



ELEVENTH FEDERAL RESERVE DISTRICT

Dallas Head Office Territory
Houston Branch Territory
San Antonio Branch Territory
El Paso Branch Territory