



# BUSINESS REVIEW

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## BASIC METALS MANUFACTURING IN THE DISTRICT

Scattered over a wide area, from Ajo, Arizona — beyond the Papago Indian Reservation, almost to California — to the Gulf of Mexico and to the town of Lone Star in the “Piney Woods” of northeast Texas, are the less than one dozen major basic metals factories that are the foundation of the important primary metals industry in the Eleventh Federal Reserve District. These few large establishments and a host of generally smaller primary metalworking plants, which together comprise the District’s primary metals industry, are significant both in the employment and income they generate directly and in the indirect support they provide for industrial activity. Available data indicate that in the Southwest (the five states lying wholly or partly within the District) the primary metals manufacturing industry in 1957 contributed more than \$434 million in the value added by manufacturing, employed over 41,000 workers, and represented about 6 percent of total manufacturing activity, whether measured by the value added or payrolls.

Mere size of employment or production cannot measure fully the importance of this industry to a regional economy. The existence of primary metals production can provide local metal supplies to facilitate industrialization or, through direct exports, can be another source of basic income to generate higher levels of over-all economic activity within a region. The District’s industry has been important in both respects.

The primary metals industry in the Southwest has not reached the relative importance it has in the Nation and accounts for only

about 3.5 percent of the nationwide industry. The level of local demands for primary metals production, as measured by the size of the metal-consuming industries in the Southwest, likewise has not reached its full potential. The value added by this group in 1957 was only about 3.5 percent of the corresponding national total — the same proportion as the region's share of primary metals manufacturing. Southwestern factories account for approximately 4 percent of the Nation's industrial use of primary steel, 3 percent of primary aluminum use, and only 1 percent of primary copper consumption. Based on the Southwest's share of personal income (8 percent) and total manufacturing (5 percent), it appears that the region could support further expansion of its metal-fabricating industries and provide greater local demands for primary metals.

**VALUE ADDED BY PRIMARY METAL INDUSTRIES AND BY TOTAL MANUFACTURES, 1947, 1954, AND 1957**

Five Southwestern States and United States

(Dollar amounts in thousands)

Industry group and area	1947	1954	1957	Percent change	
				1947-57	1954-57
<b>PRIMARY METAL INDUSTRIES</b>					
Arizona.....	\$ 24,991	\$ 36,266	\$ 36,196	45	0
Louisiana.....	2,458	47,014	69,663	2,734	48
New Mexico <sup>1</sup> ..	—	—	—	—	—
Oklahoma.....	16,442	25,494	24,406	48	-4
Texas.....	58,337	210,214	304,249	422	45
Total.....	\$ 102,228	\$ 318,988	\$ 434,514	325	36
United States	\$ 5,733,028	\$ 9,746,784	\$ 13,063,386	128	34
<b>TOTAL MANUFACTURES</b>					
Arizona.....	\$ 83,829	\$ 192,497	\$ 309,542	269	61
Louisiana.....	694,062	1,181,649	1,491,514	115	26
New Mexico...	32,136	126,326	166,457	418	32
Oklahoma.....	341,149	580,633	727,043	113	25
Texas.....	1,727,476	3,501,706	4,768,477	176	36
Total.....	\$ 2,878,652	\$ 5,582,811	\$ 7,463,033	159	34
United States	\$ 74,290,475	\$ 116,912,526	\$ 144,518,305	95	24

<sup>1</sup> Data withheld to avoid disclosing figures for individual companies.  
SOURCE: United States Bureau of the Census.

The Southwest has shown rapid growth during the postwar period. Personal income in the five-state region rose sharply over the period to a 1958 total of nearly \$30 billion. Reflecting the region's industrialization, the value added by all its manufactures advanced even more rapidly to reach about \$7.5 billion in 1957. Over the 1947-57 decade, the value added in the Southwest by primary metals manufacturing increased 325 percent and led both total manufacturing in the region and the national industry. It should be noted, however, that this lead narrowed from 1954 to 1957, and the region's primary metals industry appears to have lagged behind the other manufacturing groups since 1957.

A wide variety of primary metals is manufactured in the District and the Southwest: copper, steel, aluminum, zinc, lead, magnesium, tin, cadmium, and antimony. Some of the minor metals are very important in terms of national totals for the particular industries. However, the "Big Three" — copper, steel, and aluminum — are foremost in value of production, and the remainder of this report is limited to these three metals and their basic manufacture within the boundaries of the Eleventh District.

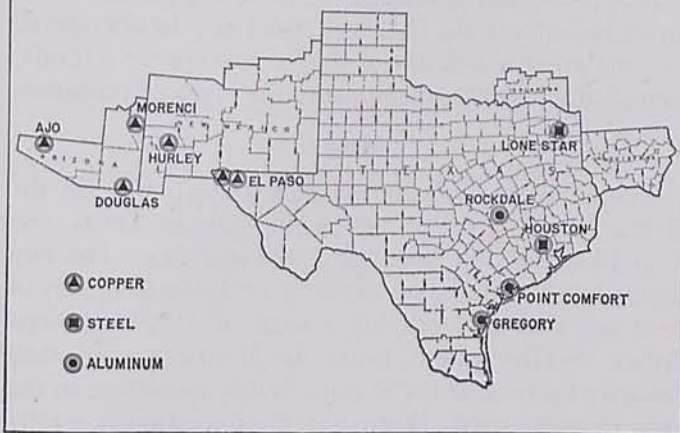
**Copper**

The copper smelting and refining industry continues to be the leading basic metal industry of the District, with a slight margin over its steel and aluminum rivals in value of production, and the District is a major supplier of the Nation's copper. Located within this region are five copper smelters and one electrolytic refinery, representing three major national companies. Total capacity of the smelters amounts to approximately 424,000 tons of copper per year, or roughly one-third of the new copper production of all primary smelters in the Nation. The annual capacity of the refinery, which is one of the largest of its kind, is about 307,500 tons, or nearly one-fifth of the national total. Total manufacturing employment at these six plants was around 2,900 workers as of mid-1959; moreover, another 6,500 workers were employed in the company mines and ore-processing mills, and additional workers are employed at the more than 100 other copper mines in the District.

Four of the smelters are operated in connection with company-owned open-pit mines and are located at Hurley, New Mexico, and Ajo, Douglas, and Morenci, Arizona. The fifth, at El Paso, smelts both lead and copper, mainly on a custom basis. The electrolytic refinery, also at El Paso, serves principally the southern Arizona smelters. Primary copper production, started in 1880, is one of the oldest manufacturing industries in the District. The newest plant began operating in 1950.

The District smelters mainly produce copper for shipment to the El Paso refinery and to electrolytic refineries on the East Coast. None of the smelter or refinery production of the District is sold directly to users within the region. Wire and brass mills process nearly all of the copper, and major final uses are in electrical equipment and other machinery, electric and telephone lines, automobiles, and plumbing and other building components.

MAJOR BASIC METALS MANUFACTURING PLANTS  
IN THE ELEVENTH FEDERAL RESERVE DISTRICT



Copper smelting by the major producers is often integrally related to their mining and ore-milling processes in one location or within a fairly small geographic area. The open-pit mines, which are cone-shaped holes having giant steps or benches, are worked with large power shovels, with the ore and waste materials being removed from the pits by trucks and trains. The ores are predominantly low-grade copper sulfides that are concentrated in the mills by a flotation process.

The copper concentrate, being about 30 percent copper, is the raw material for the smelter. It is first placed, along with limestone, into a large gas-fired furnace. Iron, sulfur, and other impurities are decreased but not completely eliminated in this first smelting process. The copper material is then poured into other furnaces, along with silica, and air is blown into the furnaces; this process removes most of the remaining iron and sulfur and produces relatively pure copper. This generally is put into a refining furnace; here, after further oxidation, carbon — in the form of green hardwood poles — is introduced to remove the excess oxygen. The resulting copper has a purity of about 99.75 percent or greater. It is cast into anode form for shipment to an electrolytic refinery, especially if it contains silver and gold, or may be cast as fire-refined copper for the market.

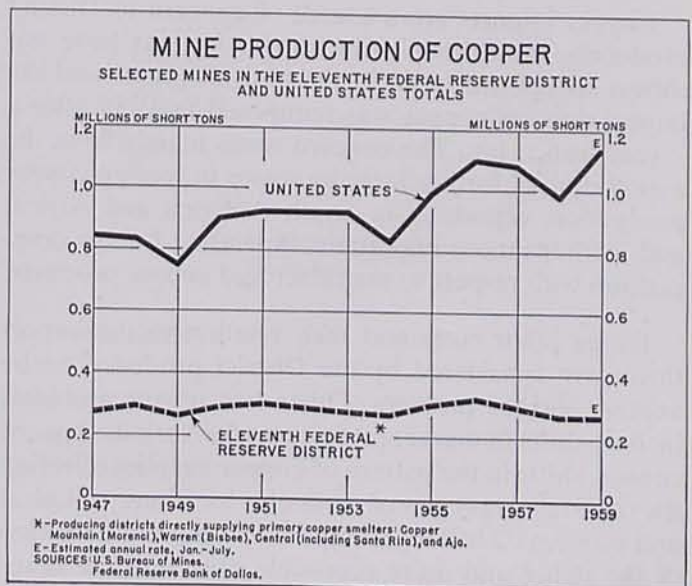
At the electrolytic refinery, the copper anodes are placed in tanks or cells, and electricity is passed through the cells to separate the copper from gold, silver, and other impurities. The process recovers valuable by-products and improves the electrical conductivity of the copper.

The District's supply of copper ores for its smelters and refinery is reported to be generally adequate for a number of years to come. Other raw materials required in copper processing — such as scrap iron (used in some copper recovery operations), limestone, silica, carbon, and sulfuric acid (used in electrolytic refining) — generally constitute only a minor supply problem since they are used in small amounts.

The investment in copper smelting and refining facilities in the District would be difficult to determine precisely, but it represents a large and growing value, probably well above \$100 million at current replacement prices. The significant expansion of the copper industry during the past two decades was promoted, to some extent, by various types of Government defense programs, such as wartime Defense Plant Corporation projects and postwar Government purchase guarantees and rapid tax amortization certificates.

Following the Korean War, from 1954 to the first part of 1959, District copper production showed characteristic variability, but its trend line was level. Primary smelter output during the first half of 1959 was about equal to the 1954 rate in both the District and the Nation. Over the past 5 years, employment in District copper smelting and refining has decreased slightly, as against sharp gains for other manufacturing employment in Arizona and New Mexico.

Although other types of industry are advancing rapidly in the District, copper continues to be very important to the region's economy. The total value of



smelter output in periods of high production amounts to over \$200 million per year. The smelters and refinery have a combined annual payroll of about \$13 million, and total expenditures for transportation, power, gas, and supplies would be several times this amount. There is an even larger total expenditure in the mining and milling operations, and the copper industry provides a significant share of the tax revenues in Arizona and New Mexico.

In the first half of 1959, before strikes shut down all but one of the basic copper manufacturing plants in the District, the industry was operating at a high level. The recovery in demand that began in 1958 raised domestic copper prices from the 1958 low of 25 cents per pound to over 30 cents per pound during the second half of 1959. Settlement of the copper and steel strikes should permit some further cyclical gain in output.

Looking beyond the immediate future, some companies are expanding District mining and milling operations, but the major producers are not planning any significant changes in smelting and refining capacities and expect their relatively level output to be a declining proportion of the increasing world supply. In fact, there may be actual curtailments at existing producers in the next year or two, partly because of competition from two new large copper mines in South America. The total United States share of world copper production has reflected a secular decline over the past 50 years, and the Nation has been a large net importer of copper since the beginning of World War II.

Copper imports are a source of concern to District producers, even though raw copper imports have not shown an upward trend in the past few years and the import duty on copper was reimposed in 1958 after a 7-year suspension. The concern stems mainly from the expectation of further large increases in foreign copper production, especially in South America and Africa, and, perhaps more important, expanding foreign competition with respect to manufactured copper products.

Rising labor costs and their relation to the import threat are considered by the District producers to be another serious problem. Other less urgent problems include shifts in market preferences for various types of copper, shifts in the pattern of copper supplies affecting the relative advantages of particular locations, technical and economic challenges imposed by normal depletion of the richer and more accessible ores, and the obso-

lescence and high cost of replacement of plant and equipment.

It appears that, although the basic copper manufacturing industry in the District cannot now be considered a strong growth industry, it should continue as a fundamental and important support to the regional economy.

### Steel

There are two major integrated steel mills in the District, both of which are in the State of Texas; one is at Houston and the other, at Lone Star. The two plants have a combined capacity of 1,800,000 tons of steel per year and employ a total of 7,500 workers. Other smaller plants bring the District's total steel capacity up to 2,381,450 tons. While important to the area in many ways, District steel production is a relatively small part of the national industry, accounting for less than 2 percent of total productive capacity.

The mills produce primarily for a specialized market — the petroleum industry; and ordinarily, all but a fraction of their sales are within the Southwest. Major products are cast-iron and steel pipe, plates, bars, tubes, structurals, tank heads, nails, and wire. Perhaps half the production is sold in the form of pipes and tubing directly to the oil and construction industries. Most of the remainder is sold to a large number of other companies for further manufacture, with many of these products going ultimately to the oil industry.

Steelmaking in the District is basically similar to processes used elsewhere. The integrated mills have their own blast furnaces using mainly ore, coke, and limestone to produce iron, which is converted, in combination with scrap metal, into steel in open-hearth furnaces. The ratio of scrap to iron consumed in the steelmaking process at District mills is higher than the national average. In addition to open-hearth furnaces, major steel facilities in the region include electric furnaces; semifinishing rolling mills; pipe and tube mills, including new stretch-reducing facilities; bar, rod, and wire mills; structural mills; and plate mills.

The Texas steel mills secure most of their iron ore, limestone, and scrap from within the State but import some ore from Mexico and South America. Coal is obtained from Oklahoma mines, with additional amounts shipped from Alabama. Although new sources of coal are being investigated, the existing sources of all these basic raw materials are considered adequate for potential requirements.

The location of the two integrated steel mills within the District was determined by a number of factors. Major considerations that prompted Government agencies to assist the initial development of the Houston steelworks in 1941 and 1942 were the availability of necessary scrap and other supplies and the strategic location away from the principal industrial centers. Defense considerations also were important in the Government's decision to build the original coking and iron-making facilities in northeast Texas in 1946. Further development of the industry by private business was predicated largely upon the regional market provided by the oil and gas industry. By 1959, a total of about \$165 million had been invested in the major plants.

The specific locations within the region were selected because of supply considerations. The Houston plant is located adjacent to deepwater shipping and can receive supplies at cheap water rates, while the Lone Star plant is located adjacent to its own iron ore mines and within a relatively short distance of the company's Oklahoma coal mines. Other locational advantages considered were the potentially favorable processing costs and adequate water supplies.

#### STEEL PRODUCTION CAPACITY, 1947-59

Texas and United States

(Annual capacities. In net tons of raw steel)

January 1	Texas	United States	Texas as percent of United States
1947	488,320	91,241,250	0.5
1948	582,320	94,233,460	.6
1949	598,320	96,120,930	.6
1950	785,660	99,393,000	.8
1951	862,320	104,230,000	.8
1952	1,072,320	108,588,000	1.0
1953	1,269,720	117,547,470	1.1
1954	1,789,900	124,330,410	1.4
1955	1,789,900	125,828,000	1.4
1956	1,824,350	128,363,090	1.4
1957	1,976,850	133,459,150	1.5
1958	2,239,750	140,742,570	1.6
1959	2,381,450	147,633,670	1.6

SOURCE: American Iron and Steel Institute.

The industry has grown rapidly during its brief history, and the steelmaking capacity of all plants in Texas has increased from about 1,790,000 ingot tons in 1954—the first full year of integrated operations at the Lone Star plant—to over 2,380,000 ingot tons at the present time. This 33-percent increase compares with the national expansion of 19 percent. The value of steel production in the State rose 68 percent from 1954 to 1957, compared with a 36-percent increase in the value added by all manufacturing in Texas.

The District steel industry is important to the economy of the Southwest in a number of ways. It provides for a significant share of the existing steel requirements of the region and, to some extent, facilitates the growth of other industries through its impact upon regional income and by providing local steel supplies. The total value of steel produced by the two major plants reached an estimated annual rate of slightly more than \$200 million during the first half of 1959, and the area payroll of the two companies amounted to an annual rate of nearly \$60 million, or approximately 3 percent of the total manufacturing payroll in Texas. Current expenses other than wages and salaries provide still other income for the region.

During the first part of 1959, prior to the steel strike which shut down the Houston mill, the local steel industry was operating at over 90 percent of capacity—compared with about 50 percent in the first half of 1958, when the petroleum industry adjustment caused declining demands for oil field equipment, structural steel, and other metal products. With the steel strike at least temporarily halted, the District mills are expected to resume high-level operations.

The industry is not without problems, however. Oil imports already have had an impact upon the market for steel; despite oil import controls, the pressure of foreign competition may be a moderating influence on the growth of the region's oil industry and, consequently, the market for domestic steel. A more recent, but growing, threat to the local steel producers is the rise in imports of foreign steel products. An increasing supply of foreign barbed wire, structural steel, reinforcing bars, pipe, rods, nails, and plate is being received in the Houston port. Estimated at one-fifth of all steel imports in the Nation, the volume entering the Houston port during the first half of 1959 was nearly 250 percent above a year earlier, although anticipation of the steel strike probably caused some of this rise.

Despite these problems, it is expected that the District's steel industry will continue to grow at a healthy rate. The general expansion of industry within the region is providing growth in the number of metal fabricators and an expansion of the steel market.

The principal District producers have not revealed plans for any major increases in capacity, but new, more efficient production methods are continually under study. An oxygen injection technique for open-hearth furnaces was introduced recently, and a "direct reduc-

tion" plant which would use available gas, instead of coal, in making iron is reportedly under consideration.

Meanwhile, there are a number of proposals for new iron and steel plants in the western areas of the District, such as the plans to build a \$3.2 million, 48,000 ton-per-year steel mill near El Paso to utilize steel scrap. Another company has announced plans for a \$15 million, 500 ton-per-day steel mill in Arizona at Clarkdale; while this town is outside the District, the plant could have a beneficial effect on the District economy since it would make steel from the iron in waste copper slag, some of which probably would be purchased from points within the District. In addition, there are other proposals for iron and steel plants in Arizona and New Mexico to utilize the magnetite iron ore of the area.

### Aluminum

Primary aluminum production in the District began in 1950, with the industry being attracted by raw material and power supplies and power cost considerations. Three primary aluminum reduction plants (or smelters), all located in Texas, make the State the second largest producer in the Nation. These plants have a combined capacity of 375,000 tons of aluminum, or about 15 percent of the national total, and employ 2,650 workers. Closely allied with the aluminum smelters are two plants which produce alumina, the major raw material used in the production of the metal. The alumina plants employ a total of 950 workers and account for 28 percent of national capacity.

District reduction plants are located near Corpus Christi; at Rockdale, in central Texas; and at Point Comfort, on the coast near Port Lavaca. The two alumina plants are located adjacent to the reduction works near Corpus Christi and Point Comfort. In addition to the plants within the District proper, there are two reduction works and two alumina refineries in Arkansas and one reduction plant and three alumina establishments in southern Louisiana.

All three District smelters produce pig and ingot aluminum, most of which is shipped to out-of-District company or independent mills for further processing. At present, the major consuming industries of primary aluminum are construction and related manufacturing, the aircraft industry and other types of transportation equipment manufacturing, consumer durables production, and the electric utility industry. However, increasing use is being made of aluminum in a wide variety of

fabricated metal products and machinery and in such "growth" lines as packaging, boats, and bridges. Although only a small part of the national market for aluminum is in the Southwest, regional output of aluminum products has risen during the past few years.

Primary aluminum production processes require several steps, the first being the refining of alumina from bauxite ores. About 2 tons or more of the bauxite are required per ton of alumina, and it is important that this stage of production be close to the ore or accessible to imports via cheap ocean shipment. The ores received at the Texas refineries are mainly from Jamaica, the Dominican Republic, and Surinam (Dutch Guiana). Also required in the production of alumina are soda ash and lime, both of which are obtained from local sources by the District producers.

The aluminum metal is extracted from the alumina in an electrolytic process requiring carbon, which is obtained mainly from Texas and California petroleum coke and Ohio coal tar pitch, and synthetic cryolite shipped from east St. Louis and plants in Arkansas. The production of each ton of the metal consumes about 2 tons of alumina, two-thirds of a ton of carbon, and fractional amounts of the other raw materials. The various sources of supply for District plants are all considered adequate for future requirements.

Electric power is an important item in the production process; about 20,000 kilowatt-hours of energy are required for each ton of primary aluminum. Low-cost electricity attracted the Nation's earlier smelters to the hydroelectric sites, but as the better hydroelectric sites were utilized, the newer aluminum plants sought other low-cost power sources. Two of the Texas plants use natural gas to generate electricity, while the third uses low-grade lignite coal strip-mined in an area close to the smelter.

The Texas aluminum plants are located favorably with respect to the cost of transporting raw materials; however, their power costs probably exceed the hydroelectric-power costs of plants in the Pacific Northwest, and they are far removed from the aluminum-processing centers in the north-central and northeastern parts of the United States. Nevertheless, the total production costs at the Texas plants probably are competitive with costs of most existing plants in other regions.

Aluminum production is characterized by large capital expenditures by a few major companies, with more

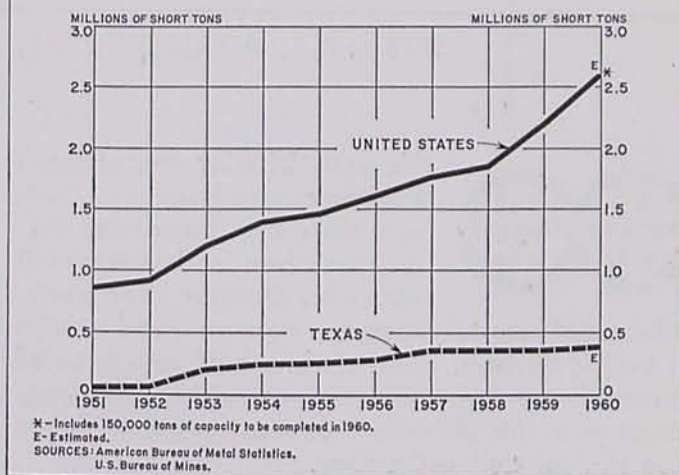
than \$360 million being invested in aluminum and alumina facilities in the District. Federal Government encouragement for a portion of this investment was provided by defense certificates for rapid amortization and by Government purchase guarantees. The companies spend sizable sums in the region for current expenses, including an annual payroll of almost \$20 million.

The District aluminum industry has shown rapid growth, despite production cutbacks during the recent recession. As a result of declines in both prices and output, the total value of District aluminum production during 1958 and the annual-rate value for the first half of 1959 were both below the 1957 rate of about \$200 million. Employment also has been reduced over the past few years, but District aluminum tonnage increased about one-third from 1954 to early 1959, or approximately the same as the industry's national rate of gain.

By the summer of 1959, the three smelters were operating at about 85 percent of capacity, and nearly full-capacity operations are expected after the economy recovers from the steel strike. Like the copper and steel industries, the aluminum producers reduced output sharply during the 1958 recession, and a major expansion program was halted during that year. With improved operations, the building program was subsequently resumed and was completed recently.

The aluminum companies operating within the District expect continued profitable operations of their District facilities but, despite forecasts of strong growth in national demand, do not anticipate any significant expansion of District facilities, except for the possibility of a further increase in local alumina capacity. Expectation of a long-term rise in the price of natural gas for electricity generation is one limiting factor to future District aluminum expansion. Smelting plants are being constructed in the Ohio River Valley to take advantage of new developments in the use of local coal supplies to generate low-cost electricity, and some additional expansion is indicated for the Pacific Northwest also. Thus, the District's share of total aluminum production

### PRIMARY ALUMINUM PRODUCTION CAPACITY TEXAS AND UNITED STATES



capacity, after declining from 21 percent in 1956 to 15 percent at present, is expected to decrease further during the next several years.

The problems confronting the aluminum industry are about the same as those affecting the copper and steel industries. A large volume of imports has come from Canada for a number of years, and the amount from other countries is beginning to increase. The new St. Lawrence Seaway is expected to encourage foreign imports to processing mills in north-central industrial centers. Sales of surplus aluminum by Russia have had a depressing effect on domestic prices in recent periods, while costs of labor and new capital equipment continue upward. Within the region, uncertainties regarding the state tax structure in Texas are causing additional worries.

The dominant fact regarding the national aluminum industry, however, is not its problems but its strong growth trend. This will tend to cushion otherwise difficult adjustments and to support the level of operations at the existing District plants.

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Industrial Economist

# BUSINESS REVIEW

BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Eleventh District department store sales and inventories both rose more than seasonally during October and were well above the October 1958 levels.

Substantial year-to-year gains were recorded in sales of major durable goods, while soft goods sales showed somewhat smaller increases. New car registrations in the District's four most populous areas rose sharply during October.

Industrial production in Texas edged downward in October under the impact of weakness in petroleum refining and curtailments stemming from steel shortages.

Construction contract awards in the District states decreased further in September, as a slowdown in residential building led a general decline in construction activity.

November marked the fifth consecutive month that the Texas crude oil producing schedule was set at 9 days, and District production averaged 7 percent lower than a year ago. District refinery output advanced 5 percent in the first half of November but also remained lower than a year earlier. Crude

oil stocks are in good balance with industry requirements, but stocks of gasoline and distillate fuel oils continue to depress market prices.

Freezing temperatures during the early part of November ended the 1959 growing season in the District. Although the freeze was ahead of schedule in many areas, little damage resulted. Late-season forecasts of major crops continue favorable. Farm commodity prices have weakened as marketings have increased.

Nonagricultural employment in the District states achieved another small seasonal rise in October, led by further increases in government and trade employment. Unemployment in Texas showed a slight decline.

Commercial and industrial loans at weekly reporting member banks in the District expanded moderately in the 4 weeks ended November 18, but all other types of loans declined. Investment accounts decreased in response to bank sales of securities acquired in recent Treasury financings, and deposits moved lower as a result of withdrawals by the Federal Government and by individuals and businesses. Bank reserve positions in October were approximately unchanged from September.



Department store sales in the District during October rose more than seasonally from September and were 7 percent greater than in October 1958.

The seasonally adjusted sales index was 170 percent of the 1947-49 average in October, compared with 167 in September and 159 a year ago. Cumulative sales for the first 10 months of 1959 were 8 percent above those in the same period last year.

As in recent months, year-to-year gains were recorded during October in each of the major hard goods lines, with large increases of 20 percent, 19 percent, and 18 percent, respectively, for sales of domestic floor

coverings, major household appliances, and radios, television sets, and musical equipment at the reporting stores in the District. Sales of furniture and bedding rose 8 percent. Part of the increased sales of major

## 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: October.....	165	159	186r	169r
1959: August.....	176	189	182	182
September....	160	167	192	182
October.....	177	170	206p	187p

r — Revised.  
p — Preliminary.



## DEPARTMENT STORE SALES AND STOCKS

(Percentage change in retail value)

Area	NET SALES			STOCKS (End of month)	
	Oct. 1959 from		10 mos. 1959 comp. with 10 mos. 1958	Oct. 1959 from	
	Sept. 1959	Oct. 1958		Sept. 1959	Oct. 1958
Total Eleventh District.....	15	7	8	7	10
Corpus Christi.....	23	0	2	7	1
Dallas.....	16	14	12	7	16
El Paso.....	17	-1	3	6	3
Fort Worth.....	18	3	6	7	4
Houston.....	8	10	12	5	20
San Antonio.....	20	2	4	8	3
Shreveport, La.....	7	5	7	3	8
Waco.....	17	-1	7	4	1
Other cities.....	14	9	10	10	10

household appliances (including stoves, refrigerators, and washing machines) is probably due to recent publicity about a possible scarcity of these items because of strike-induced steel shortages. Wearing apparel sales were also strong, with gains over a year ago of 18 percent in sales of women's and misses' dresses and 5 percent in sales of men's clothing.

Department store inventories in the District also rose more than seasonally during October and were 10 percent above the year-earlier level. Orders outstanding declined seasonally, reflecting the usual rise in receipts of goods for pre-Christmas sale, while new orders placed decreased 7 percent from the preceding month. The placement of orders for goods during October was 11 percent above a year ago, and end-of-month outstanding orders were 17 percent higher than in October 1958, evidencing merchants' expectations of strong consumer demand in the spring of 1960.

The introduction of the 1960 automobiles in October boosted new car registrations to 10 percent over September in the four most populous areas in the District — Dallas, Fort Worth, Houston, and San Antonio. Partly reflecting the generally earlier introductions this year, substantial gains were scored over a year ago, ranging from 37 percent in Fort Worth to 62 percent in Houston. Total registrations in October for the four areas rose 48 percent above a year earlier. For the first 10 months of 1959, cumulative registrations were 40 percent above the comparable 1958 period and were larger than in any previous year except 1955.



A rapidly moving dry norther pushed into the Southwest during the first week in November, plummeting temperatures and bringing the 1959 growing season to a close in most sections. The low temperatures

were about on schedule in the Southern Low Rolling Plains of Texas but were about 3 weeks early for south-central areas and 6 weeks early for extreme south Texas. Following the early-November freeze, weather conditions have been cool and generally damp and disagreeable because of a series of recurring cool fronts.

Most of the wheat seeded this fall for harvest in 1960 is making excellent growth as a result of favorable moisture conditions. Very little acreage remains to be planted. In many parts of the northwestern section of the District, cattle are increasingly being turned in to graze on the succulent wheat forage. In eastern sections, most of the intended oat acreage also has been planted, and early fields in the central Blacklands are 4 to 6 inches in height. In areas of the south-central and Plateau counties of Texas and in Louisiana, wet fields have delayed seeding of some grain. Flax planting is under way in south-central and southern counties of Texas.

The low temperatures halted cotton growth throughout most of the late sections in the District. As soon as the plants are defoliated, full-scale machine harvest will permit completion of harvesting operations. Virtually all of the cotton in the Blacklands and northeastern sections has been harvested, and more than two-thirds of the crop in the Southern High Plains has been ginned. In Arizona and New Mexico, cotton harvest is well advanced, and many fields are near the scrapping stage.

Cotton production in the District states is estimated, as of November 1, at 6,533,000 bales, which is one-tenth greater than both a year ago and the 1948-57 average. This figure is only about 45,000 bales smaller than the month-earlier estimate. The latest forecasts for each of the District states place this year's production substantially above the outturn last year. The Texas cotton crop is estimated at 4,570,000 bales, or about 30,000 bales below the month-earlier forecast but 6 percent larger than in 1958. This is the largest crop since the all-time high in 1949, and the indicated yield of 348 pounds per acre is the second highest of record.

Virtually all of the record grain sorghum crop has been combined, with only a few fields remaining in the extreme northern part of the High Plains of Texas and in New Mexico. Latest estimates of grain sorghum production in the District states are up almost 20 million bushels from early-season forecasts and, at 326 million bushels, are 7 percent larger than last year's bumper crop.

**CROP PRODUCTION**  
Texas and Five Southwestern States  
(In thousands of bushels)

Crop	TEXAS			FIVE SOUTHWESTERN STATES <sup>1</sup>		
	Estimated Nov. 1, 1959	1958	Average 1948-57	Estimated Nov. 1, 1959	1958	Average 1948-57
Cotton <sup>2</sup> .....	4,570	4,308	3,956	6,533	5,953	5,962
Corn.....	43,708	42,973	41,073	73,449	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	38,937
Barley.....	6,884	10,143	2,206	29,586	35,848	13,757
Rye.....	135	338	223	1,025	1,679	853
Rice <sup>3</sup> .....	13,136	11,938	13,013	26,046	23,158	25,360
Sorghum grain... <sup>4</sup>	292,296	273,066	113,524	325,867	305,047	132,824
Flaxseed..... <sup>5</sup>	385	336	753	455	361	1,023
Hay <sup>6</sup> .....	2,359	2,487	1,753	6,541	6,773	5,156
Peanuts <sup>7</sup> .....	221,200	224,110	193,061	357,700	371,060	297,879
Irish potatoes <sup>8</sup> ...	2,620	2,285	71,513	5,852	5,192	73,543
Sweet potatoes <sup>9</sup> ..	1,680	1,210	71,351	6,815	6,107	76,366
Pecans <sup>10</sup> .....	23,000	26,000	35,040	61,900	60,000	73,180

<sup>1</sup> Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

<sup>2</sup> In thousands of bales.

<sup>3</sup> In thousands of bags containing 100 pounds each.

<sup>4</sup> In thousands of tons.

<sup>5</sup> In thousands of pounds.

<sup>6</sup> In thousands of hundredweight.

<sup>7</sup> Average, 1949-57.

SOURCE: United States Department of Agriculture.

Harvesting of late peanuts continues to be hampered by inclement weather; low temperatures damaged some unharvested crops. Soybeans are being combined in the High Plains and Blacklands. Output of pecans in the four major producing states of the District is placed at nearly 62 million pounds, which is 3 percent above last year's production.

Considering the earliness and severity of the freeze the first week in November, damage to vegetables was relatively light. Harvesting of lettuce in the Panhandle area was ended by the low temperatures, and shipments of onions, potatoes, and carrots have slackened. In the Winter Garden and Eagle Pass areas, heavy frosts damaged tender vegetables, such as beans, peppers, eggplants, and tomatoes. Cabbage is available in volume, and other hardy vegetables are making good growth. In the Lower Valley, winter vegetables are in satisfactory condition, and shipments of some vegetables are increasing.

Cold, damp weather caused considerable shrinkage of unprotected livestock; however, the abundant feed and forage supplies and the generally excellent condition of the animals greatly reduced the effects of the weather. The bulk of the fall calf and lamb crop has been shipped or contracted. Range feed conditions in the major range states of the District are above average and compare favorably with the exceptional range forage situation last year.

The index of prices received by Texas farmers and ranchers for all farm commodities declined 3 percent

during the month ended October 15, 1959. At 266 percent of the 1910-14 average, the index was 7 percent below a year ago. The all-crops index was 1 percent lower than the month-earlier level, and the livestock and livestock products index was down 5 percent.



Lending activity at weekly reporting member banks in the District increased during the 4 weeks ended November 18, and gross loans (excluding domestic interbank loans) expanded \$7.3 million. This gain, although small, represented a reversal of the preceding downward movement. Commercial and industrial loans, which rose \$18.4 million between October 21 and November 18, more than accounted for the over-all loan increase. Consumer-type loans, real-estate loans, securities loans, and loans to nonbank financial institutions registered individual declines ranging between \$1 million and \$5 million, while agricultural loans showed only a nominal decrease. Total loan expansion during the 4-week period was smaller than the \$23.4 million gain posted during the comparable weeks of 1958.

Investment accounts at the District's weekly reporting banks moved lower between October 21 and November 18, as banks liquidated a portion of the securities acquired in recent Treasury financings. Treasury bill holdings decreased \$67.2 million, and this decline was accompanied by a reduction of \$5.9 million in certificates of indebtedness and a decrease of \$540,000 in non-Government investments. These declines were partially offset by an expansion in holdings of Treasury notes and bonds, however, and total investments were reduced \$64.7 million.

Both individuals and businesses and the Federal Government made substantial demand deposit withdrawals during the 4 weeks ended November 18, but

**NEW PAR BANK**

The Cove State Bank, Copperas Cove, Texas, an insured nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, November 21, 1959. The officers are: W. C. Hooper, President and Chairman of the Board, and B. J. Averitt, Vice President and Cashier.

**CONDITION STATISTICS OF WEEKLY REPORTING  
MEMBER BANKS IN LEADING CITIES**

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Nov. 18, 1959	Oct. 21, 1959	Nov. 19, 1958
<b>ASSETS</b>			
Commercial and industrial loans.....	\$1,526,528	\$1,508,147	\$ —
Agricultural loans.....	33,363	33,428	38,547
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities.....	743	743	19,904
Other securities.....	11,810	12,288	
Other loans for purchasing or carrying:			
U. S. Government securities.....	10,301	12,622	178,767
Other securities.....	188,215	188,584	
Loans to nonbank financial institutions:			
Sales finance, personal finance, etc.....	127,396	128,527	—
Savings banks, mtge. cos., ins. cos., etc.....	117,663	119,039	—
Loans to foreign banks.....	159	138	6,998
Loans to domestic commercial banks.....	43,465	51,150	—
Real-estate loans.....	210,288	211,236	231,821
All other loans.....	710,678	715,111	—
Gross loans.....	2,980,609	2,981,013	2,730,101
Less reserves and unallocated charge-offs..	50,243	50,299	45,891
Net loans.....	2,930,366	2,930,714	2,684,210
Treasury bills.....	45,913	113,091	64,851
Treasury certificates of indebtedness.....	39,749	45,658	163,031
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year.....	65,812	36,625	—
After 1 but within 5 years.....	791,246	818,457	1,199,618
After 5 years.....	319,506	312,545	—
Other securities.....	344,614	345,154	326,635
Total investments.....	1,606,840	1,671,530	1,754,135
Cash items in process of collection.....	504,818	492,356	469,571
Balances with banks in the United States.....	480,176	467,544	464,144
Balances with banks in foreign countries.....	2,417	2,218	1,789
Currency and coin.....	50,267	50,500	48,262
Reserves with Federal Reserve Bank.....	558,789	547,269	569,909
Other assets.....	205,460	188,087	194,333
<b>TOTAL ASSETS.....</b>	<b>6,339,133</b>	<b>6,350,218</b>	<b>6,186,353</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
<b>Demand deposits</b>			
Individuals, partnerships, and corporations....	2,901,691	2,973,959	2,918,342
United States Government.....	107,490	210,460	68,096
States and political subdivisions.....	226,276	168,391	177,966
Banks in the United States.....	1,031,198	972,420	1,006,305
Banks in foreign countries.....	16,449	15,965	16,934
Certified and officers' checks, etc.....	67,536	71,922	54,956
Total demand deposits.....	4,350,640	4,413,117	4,242,599
<b>Time deposits</b>			
Individuals, partnerships, and corporations....	1,055,898	1,053,581	1,054,242
United States Government.....	6,255	6,255	7,480
Postal savings.....	421	421	421
States and political subdivisions.....	168,941	169,510	224,015
Banks in the U. S. and foreign countries.....	7,484	7,453	6,691
Total time deposits.....	1,238,999	1,237,220	1,292,849
Total deposits.....	5,589,639	5,650,337	5,535,448
Bills payable, rediscounts, etc.....	97,764	76,822	50,600
All other liabilities.....	108,913	87,019	104,117
Capital accounts.....	542,817	536,040	496,188
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS</b>	<b>6,339,133</b>	<b>6,350,218</b>	<b>6,186,353</b>

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.

weekly reporting banks gained demand funds from correspondent banks and state and local governments. Total demand deposits declined \$62.5 million, reaching a level 2.5 percent above the year-earlier amount. Time deposits, which had decreased persistently in earlier months, showed a small 4-week increase of \$1.8 million. Virtually all of the gain in time accounts repre-

**RESERVE POSITIONS OF MEMBER BANKS**

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	October 1959	September 1959	October 1958
<b>RESERVE CITY BANKS</b>			
Reserve balances.....	\$550,340	\$549,249	\$556,318
Required reserves.....	543,199	545,675	549,964
Excess reserves.....	7,141	3,574	6,354
Borrowings.....	26,422	22,143	9,574
Free reserves.....	-19,281	-18,569	-3,220
<b>COUNTRY BANKS</b>			
Reserve balances.....	447,438	444,820	436,191
Required reserves.....	408,144	405,348	391,307
Excess reserves.....	39,294	39,472	44,884
Borrowings.....	18,913	21,868	7,162
Free reserves.....	20,381	17,604	37,722
<b>MEMBER BANKS</b>			
Reserve balances.....	997,778	994,069	992,509
Required reserves.....	951,343	951,023	941,271
Excess reserves.....	46,435	43,046	51,238
Borrowings.....	45,335	44,011	16,736
Free reserves.....	1,100	-965	34,502

sented an increase in the deposits of individuals and businesses.

The reserve positions of member banks in the District changed little from September to October. Average reserve balances rose slightly during October, and required reserves showed a nominal increase. Average daily borrowings from the Federal Reserve Bank, at \$45.3 million, were approximately the same as the September level. Divergent movements in the reserve positions of country banks and reserve city banks occurred during the month, even though aggregate measures of bank reserve positions showed little change. Country banks gained reserves and reduced their borrowings from the Reserve Bank, while reserve drains caused reserve city banks to resort to increased borrowings during October.

**CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS**

(In thousands of dollars)

Item	Nov. 18, 1959	Oct. 21, 1959	Nov. 19, 1958
Total gold certificate reserves.....	\$ 769,290	\$ 701,895	\$ 751,254
Discounts for member banks.....	10,750	24,235	22,600
Other discounts and advances.....	348	296	68
U. S. Government securities.....	1,060,678	1,052,293	994,971
Total earning assets.....	1,071,776	1,076,824	1,017,639
Member bank reserve deposits.....	999,625	950,849	973,471
Federal Reserve notes in actual circulation.....	807,210	803,509	773,634

Earning assets of the Federal Reserve Bank of Dallas declined \$5.0 million in the 4 weeks ended November 18. The Bank's holdings of Government securities increased moderately, but the gain in this category was more than offset by a decline in discounts for member banks. Gold certificate reserves of the Bank rose \$67.4 million during the 4-week period, reaching a level slightly higher than the year-earlier amount. Seasonal

influences on currency movements were apparent in late October and early November, causing the Dallas Bank's Federal Reserve notes in circulation to expand an additional \$3.7 million.



Crude oil production in the Eleventh District averaged only 2,885,000 barrels daily during the first part of November, or 7 percent lower than a year ago.

November marked the fifth consecutive month that Texas producing schedules were set at 9 days, and the State's crude oil production averaged 224,000 barrels below a year earlier — contrasted with a 127,000 barrel-per-day increase for the rest of the Nation. Nevertheless, daily average production in the District rose 1 percent from October to November because of the shorter month and the expansion of new-discovery allowables. Despite the comparatively low level of District production, crude oil remains in good supply in the Southwest and the Nation. Total stocks of crude oil in the United States amounted to 253,948,000 barrels on November 14, or 1 percent under a year ago.

Imports of crude oil declined rather sharply in October and early November and averaged slightly lower than in the comparable period last year. Imports of refined products rose moderately in the 5 weeks ended November 13 but remained 17 percent below a year ago. Total imports of crude oil and refined products averaged 1,567,000 barrels, compared with 1,705,000 barrels a year earlier.

District crude runs to refinery stills advanced 5 percent in the first half of November to average 2,180,000 barrels daily. However, at the current level, District refinery output was slightly lower than a year ago. Although a prolonged strike has depressed production at a major Texas City refinery, refined products have been in persistent surplus on the Gulf Coast for some time. Total United States refinery production in the first part of November rose 2 percent but averaged less than 1 percent higher than a year earlier.

Although the new supply of refined products increased slightly during October and early November, sales rose over 4 percent seasonally. Colder weather brought sharp seasonal gains in demand for kerosene and distillate fuel oils, and the resumption of steel production recently has stimulated demand for residual fuel oil. Nevertheless, demand for major products in the 5 weeks ended November 13 averaged 3 percent

#### NATURAL GAS: MARKETED PRODUCTION

(In millions of cubic feet)

Area	Second quarter 1959	First quarter 1959	Second quarter 1958
Louisiana.....	573,000	643,400	480,200
New Mexico.....	165,400	187,400	168,800
Oklahoma.....	165,800	177,700	176,600
Texas.....	1,336,300	1,416,400	1,256,200
Total.....	2,240,500	2,424,900	2,081,800

SOURCE: United States Bureau of Mines.

below the comparable period last year. The year-to-year loss in demand was particularly severe for residual and distillate fuel oils, which had been most affected by the steel strike.

Despite a slight decline in the first half of November, stocks of major refined products continue to exceed industry requirements. Stocks of the four major products totaled 446,002,000 barrels on November 13, compared with 433,110,000 barrels a year earlier. However, additions to stocks of distillate fuel oils accounted for much of the total year-to-year increase in refined products stocks. The cold weather which prevailed over much of the Nation in the first half of November significantly strengthened demand for heating oils and, thus, improved prices. Nevertheless, the petroleum industry remains burdened with mounting gasoline stocks, and pressure on wholesale and retail gasoline prices continues.

Crude oil production in the District will show a marked gain in December. In response to modest improvement in the level of refined products stocks and higher United States Bureau of Mines and industry estimates of crude oil demand, the Texas allowable producing schedule in December has been increased to 10 days. Crude oil output in Texas is expected to average nearly 6 percent greater than in November but 8 percent lower than in December 1958. Although December crude oil production allowables in Louisiana will remain at the November level, southeastern New Mexico output should rise about 3 percent.



Employment of nonfarm workers in the District states reflected another small seasonal rise of 3,900 workers to reach an October total of 4,305,900. Further seasonal gains in government and trade employment were the major factors in the October rise, while construction registered the largest decline. Manufacturing and mining employment continued to be depressed

**NONAGRICULTURAL EMPLOYMENT**  
Five Southwestern States<sup>1</sup>

Type of employment	Number of persons			Percent change Oct. 1959 from	
	October 1959 <sup>e</sup>	September 1959	October 1958 <sup>r</sup>	Sept. 1959	Oct. 1958
Total nonagricultural wage and salary workers..	4,305,900	4,302,000	4,258,300	0.1	1.1
Manufacturing.....	773,100	776,900	763,100	-.5	1.3
Nonmanufacturing.....	3,532,800	3,525,100	3,495,200	.2	1.1
Mining.....	244,000	248,200	247,600	-1.7	-1.5
Construction.....	310,300	320,600	309,600	-3.2	.2
Transportation and public utilities.....	398,000	399,100	398,400	-.3	-1.1
Trade.....	1,057,800	1,051,700	1,040,500	.6	1.7
Finance.....	191,100	191,400	187,100	-.2	2.1
Service.....	508,500	507,700	502,700	.2	1.2
Government.....	823,100	806,400	809,300	2.1	1.7

<sup>1</sup> Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

<sup>e</sup> — Estimated.

<sup>r</sup> — Revised.

SOURCES: State employment agencies.  
Federal Reserve Bank of Dallas.

**INDUSTRIAL PRODUCTION**

(Seasonally adjusted indexes, 1947-49 = 100)

Area and type of index	October 1959 <sup>p</sup>	September 1959	August 1959	October 1958
<b>TEXAS</b>				
Total industrial production....	169	170	170	165
Total manufactures.....	207	210	210	195 <sup>r</sup>
Durable manufactures.....	244	249	248	224 <sup>r</sup>
Nondurable manufactures....	190	192	192	181 <sup>r</sup>
Minerals.....	132	132	131 <sup>r</sup>	136 <sup>r</sup>
<b>UNITED STATES</b>				
Total industrial production....	148	149	149	138
Total manufactures.....	151	152	152	140
Durable manufactures.....	157	158	158	146
Nondurable manufactures....	146	147	146	134
Minerals.....	117	116	117	122

<sup>p</sup> — Preliminary.

<sup>r</sup> — Revised.

SOURCES: Board of Governors of the Federal Reserve System.  
Federal Reserve Bank of Dallas.

by the copper strike, and factory employment also remained depressed by the steel strike. The steel strike suspension in early November will permit some strengthening of manufacturing employment and activity, although secondary effects probably will continue to have some impact for several weeks.

Texas unemployment showed a slight seasonal decline of 600 workers to an October total of 146,900, which is 4.1 percent of the civilian labor force in the State. However, the number of claims for unemployment compensation in Texas in mid-November was up 2.5 percent from the mid-October level.

The Texas industrial production index for October was down slightly from September, mainly because of weakness in petroleum refining and curtailments stemming from steel shortages. Major curtailments included a complete shutdown in one automobile assembly plant and reduced hours at another, both in the Dallas-Fort Worth area. It should be noted, however, that the reduction in activity resulting from steel shortages has been less than earlier expectations.

A decline in the value of military prime contracts awarded in the District states — which in 1957 was equal to one-fourth of total manufacturing value added and one-half of all construction contracts awarded in the region — probably was an important depressant on employment and production trends in early 1959. However, these awards rose 28 percent from the preceding quarter to reach about \$485 million during the second quarter. The year-to-year comparison still showed a 24-percent decline, but this was an improvement compared with the year-to-year loss of 31 percent registered in the first quarter. Defense orders to District firms during the past few weeks include contracts totaling nearly \$25 million to Dallas aircraft manufacturers.

Construction contracts awarded in the District states reflected a further decrease in September to a level 7 percent below August and 4 percent under a year earlier. Residential building accounted for the largest month-to-month decline, but "all other" construction also decreased. Uncertainty of steel deliveries reportedly is causing some deferment of nonresidential projects. The number of FHA applications for proposed residential construction in the District states increased about 500 units to a level of over 4,900 in September, as against a slight decline in the Nation. Interest rates on conventional first mortgages continued to rise, reaching an average of 6.1 percent in the region on October 1. Major nonresidential building contracts awarded during September and October included \$11 million for an office and bank building in Fort Worth, \$7.9 million for a Federal office building in Houston, and \$6.5 million for a chemical plant near Minden, Louisiana.





# Annual Report

FEDERAL RESERVE BANK OF DALLAS

1959

To the Member Banks in the  
Eleventh Federal Reserve District:

The Statement of Condition and the Earnings and Expenses of the Federal Reserve Bank of Dallas for the year 1959, with comparative figures for 1958, are shown herein.

A review of economic and financial developments in the Nation and the District during 1959 is being presented in the January 1960 Annual Report Issue of the *Business Review* of this Bank.

Additional copies of these publications may be obtained upon request to the Research Department, Federal Reserve Bank of Dallas, 400 South Akard Street, Dallas 2, Texas.

Sincerely yours,



WATROUS H. IRONS  
President



# Statement of Condition

	Dec. 31, 1959	Dec. 31, 1958
<b>ASSETS</b>		
Gold certificate account . . . . .	\$ 713,196,271.55	\$ 721,519,040.41
Redemption fund for Federal Reserve notes . . . . .	31,036,856.17	29,844,811.17
Total gold certificate reserves . . . . .	744,233,127.72	751,363,851.58
Federal Reserve notes of other Banks . . . . .	33,442,100.00	28,332,800.00
Other cash . . . . .	16,519,287.39	14,687,218.53
Discounts and advances . . . . .	8,910,000.00	1,680,800.00
U. S. Government securities		
Bills . . . . .	104,007,000.00	88,152,000.00
Certificates . . . . .	419,376,000.00	730,529,000.00
Notes . . . . .	439,465,000.00	112,325,000.00
Bonds . . . . .	99,137,000.00	97,292,000.00
Total U. S. Government securities . . . . .	1,061,985,000.00	1,028,298,000.00
Total loans and securities . . . . .	1,070,895,000.00	1,029,978,800.00
Due from foreign banks . . . . .	748.48	754.79
Cash items in process of collection . . . . .	294,453,959.80	242,746,905.33
Bank premises . . . . .	11,338,918.76	7,786,446.96
Other assets . . . . .	10,599,025.81	5,917,036.29
<b>TOTAL ASSETS</b> . . . . .	<b>2,181,482,167.96</b>	<b>2,080,813,813.48</b>
<b>LIABILITIES</b>		
Federal Reserve notes in actual circulation . . . . .	815,894,820.00	798,612,775.00
Deposits		
Member bank — reserve accounts . . . . .	973,362,268.70	969,769,135.15
U. S. Treasurer — general account . . . . .	44,230,629.95	30,629,942.35
Foreign . . . . .	18,096,000.00	12,220,000.00
Other . . . . .	11,902,615.30	2,778,528.67
Total deposits . . . . .	1,047,591,513.95	1,015,397,606.17
Deferred availability cash items . . . . .	249,555,498.97	196,450,758.56
Other liabilities . . . . .	959,280.32	709,588.74
<b>TOTAL LIABILITIES</b> . . . . .	<b>2,114,001,113.24</b>	<b>2,011,170,728.47</b>
<b>CAPITAL ACCOUNTS</b>		
Capital paid in . . . . .	22,322,450.00	20,683,700.00
Surplus . . . . .	44,644,900.00	43,436,299.36
Other capital accounts . . . . .	513,704.72	5,523,085.65
<b>TOTAL CAPITAL ACCOUNTS</b> . . . . .	<b>67,481,054.72</b>	<b>69,643,085.01</b>
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS</b>	<b>\$2,181,482,167.96</b>	<b>\$2,080,813,813.48</b>

# Earnings and Expenses

	1959	1958
<b>CURRENT EARNINGS</b>		
Discounts and advances . . . . .	\$ 1,281,935.17	\$ 168,848.30
U. S. Government securities . . . . .	34,008,358.32	28,717,892.12
All other . . . . .	16,251.49	15,805.73
<b>TOTAL CURRENT EARNINGS . . . . .</b>	<b>35,306,544.98</b>	<b>28,902,546.15</b>
<b>CURRENT EXPENSES</b>		
Current operating expenses . . . . .	7,467,476.47	7,249,300.70
Assessment for expenses of Board of Governors . . . . .	337,600.00	308,700.00
Federal Reserve currency		
Original cost, including shipping charges . . . . .	300,509.00	181,027.00
Cost of redemption, including shipping charges . . . . .	25,401.00	26,161.00
<b>Total . . . . .</b>	<b>8,130,986.47</b>	<b>7,765,188.70</b>
Less reimbursement for certain		
fiscal agency and other expenses . . . . .	1,130,417.00	1,137,382.38
<b>NET EXPENSES . . . . .</b>	<b>7,000,569.47</b>	<b>6,627,806.32</b>
<b>PROFIT AND LOSS</b>		
Current net earnings . . . . .	28,305,975.51	22,274,739.83
Additions to current net earnings		
Profit on sales of U. S. Government securities (net) . . . . .	7,509.34	6,490.32
Transferred from reserves for contingencies (net) . . . . .	5,002,666.30	—
All other . . . . .	856.80	63,295.09
<b>Total additions . . . . .</b>	<b>5,011,032.44</b>	<b>69,785.41</b>
Deductions from current net earnings		
Reserves for contingencies . . . . .	—	16,869.99
All other . . . . .	4,408.52	855.33
<b>Total deductions . . . . .</b>	<b>4,408.52</b>	<b>17,725.32</b>
Net additions . . . . .	5,006,623.92	52,060.09
Net earnings before payments to U. S. Treasury . . . . .	33,312,599.43	22,326,799.92
Dividends paid . . . . .	1,307,562.25	1,196,810.00
Paid U. S. Treasury (interest on F. R. notes) . . . . .	30,796,436.54	18,620,110.49
Transferred to surplus . . . . .	1,208,600.64	2,509,879.43

# Officers

## FEDERAL RESERVE BANK OF DALLAS

WATROUS H. IRONS, *President*

HARRY A. SHUFORD, *First Vice President*

HOWARD CARRITHERS, *Vice President*

JAMES L. CAUTHEN, *Vice President*

J. L. COOK, *Vice President*

T. A. HARDIN, *Vice President*

CARL H. MOORE, *Vice President*

G. R. MURFF, *Vice President*

JAMES A. PARKER, *Vice President*

T. W. PLANT, *Vice President and Cashier*

L. G. PONDROM, *Vice President*

MORGAN H. RICE, *Vice President and  
Secretary of the Board*

\*CHARLS E. WALKER, *Vice President and  
Economic Adviser*

ARTHUR H. LANG, *General Auditor*

GEORGE F. RUDY, *General Counsel and  
Assistant Secretary of the Board*

ROBERT H. BOYKIN, *Assistant Counsel*

W. M. PRITCHETT, *Assistant Vice President*

THOMAS R. SULLIVAN, *Assistant Vice President*

E. H. BERG, *Assistant Cashier*

ROY E. BOHNE, *Assistant Cashier*

HERMAN W. KILMAN, *Assistant Cashier*

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# BUSINESS REVIEW

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