



# BUSINESS REVIEW

JANUARY 1960  
Vol. 45, No. 1

## ANNUAL REPORT ISSUE

This analysis of economic and financial conditions replaces the comparable material formerly presented in the Annual Report of the Federal Reserve Bank of Dallas.

### A YEAR OF GROWTH AND LABOR UNREST

The closing year of the 1950 decade provided more than its share of unusual economic and financial developments but generally showed improvement over 1958, both in standards of living and in total output of goods and services at fairly stable prices. Moving out of the 1957-58 recession, the economy entered 1959 on a buoyant note, with more favorable prospects for economic growth and progress than in nearly 3 years. The long-range outlook for economic advances in the "Fabulous Sixties" seemed to reinforce this optimistic atmosphere of early 1959.

As the first quarter rolled by with sharp gains in nearly all major economic indicators, confidence broadened and speculative commitments were more prevalent. However, one underlying question was continually in the minds of most observers: Would there be a steel strike, and, if so, how long would it last? In fact, the entire business and financial community began to question how much of

FEDERAL RESERVE BANK OF DALLAS  
DALLAS, TEXAS



the boom could be attributed to prestrike inventory accumulations, which were artificially boosting production, employment, and income.

However, there were several basic factors supplying significant support to the over-all economic advance. Chief among these were the growing level of consumer purchases, both on a cash and a credit basis; the moderate expansion of plant and equipment expenditures; and substantial gains in construction activities, especially in the early part of the year. Also pushed into the background by prestrike considerations were the gains being made in industries not connected with steel or its substitutes.

When the strike actually developed in mid-1959, the impact appeared much more slowly and less significantly than had been expected, since steel inventories proved adequate for nearly 4 months of operations. During the early weeks of the 117-day strike, businessmen and consumers generally maintained an optimistic outlook, tending to view the strike as a mere interruption in the basic upward march of the economy. However, as the weeks lengthened into months and with other strikes developing in the copper industry and at the docks, confidence lessened, and the possibilities of an economic downturn were given more consideration. After the Taft-Hartley injunction suspended the strike for 80 days, some measure of optimism returned, although there was still caution in many quarters over the longer-term outlook because of the potential renewal of the steel strike in early 1960 and the possibilities of strikes in other areas.

The central issues in labor-management disputes this past year included the usual pressures for wage and fringe benefit increases which have become very common in other recent years. Problems of the measurement of labor productivity; the proper shares of labor, consumers, and stockholders in the fruits of increased output; and the extent of management responsibility for workers' welfare and fringe benefits were all subjects of major consideration. In addition, though, the "work rules" issue was a significant point of dispute, not only in the steel strike but in others as well. Management's plea for flexibility in job assignments and in the introduction of labor-saving machinery or techniques met with labor's insistence that work rule changes threaten the worker's job security and are really an attempt to destroy the union's control of its members. At this writing, no solution had yet been reached, although the Kaiser settlement provides for a tripartite committee to

study the distribution of gains from increased productivity and another committee to study the work rules question.

The broad impact of the strikes can be shown by reference to the changes in gross national product. Quarterly changes during 1959 were gains of \$13.1 billion and \$14.3 billion in the first half, followed by a decline of \$5.9 billion and an advance of approximately \$8 billion in the second half. Gross national product averaged about \$480 billion for the full year, or \$38 billion over 1958. Of this total expansion in gross national product, net inventory accumulation provided \$8 billion, and rising consumption expenditures netted \$18 billion; other gains amounted to \$3 billion in producers' durable equipment, \$4 billion in construction, and \$5 billion in government spending.

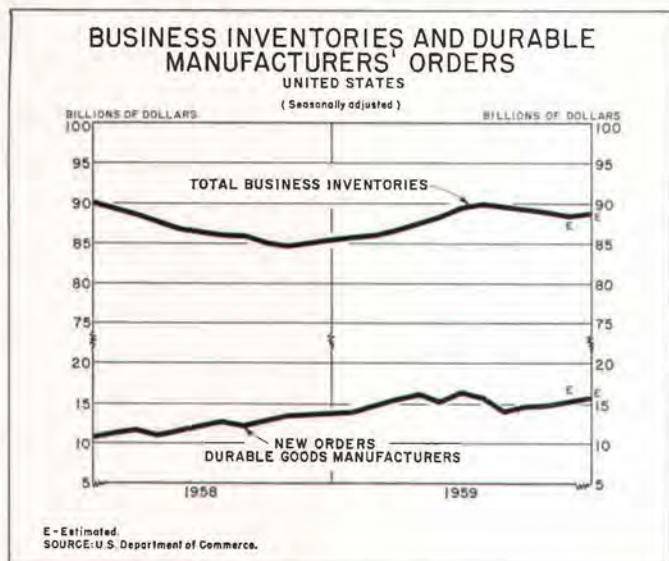
#### Labor Unrest and Its Effects

As might be inferred from the above, the principal disturbing element in the 1959 economic picture was the prevalence of labor unrest. Man-hour losses from strikes during 1959 were the largest since 1946. There were evidences of strike impact in nearly all major economic indicators, but perhaps the most vivid example was the shift in business inventories. The steel labor dispute was well publicized in early 1959; and manufacturers, wholesalers, and retailers began to stockpile steel or its semifinished or finished equivalent. About 13 million tons of steel were placed into inventories from January 1 through July 15, and many durable goods producers increased their finished product stocks. For example, automobile manufacturers produced enough cars to meet the rising demand and still enlarge new car inventories in dealers' hands to more than 900,000 units. Apparently, many manufacturers of consumer durable goods stockpiled steel or finished products as, despite rising sales, there was an ample supply on dealers' shelves even in late November.

Total business inventories increased at an annual rate of \$6 billion in the first quarter and \$10 billion in the second quarter, with durable goods producers accounting for a large part of the total advance. After the strike started, inventory liquidation in the third quarter reached an annual rate of \$1.5 billion, although the rate of liquidation was restrained by stock accumulation by firms showing sales declines because of the falling output of steel-using industries. By the fourth quarter, with steel mills reopening on November 7, inventory shifts were about offsetting so that the total for the year showed a \$5 billion rate of accumulation.



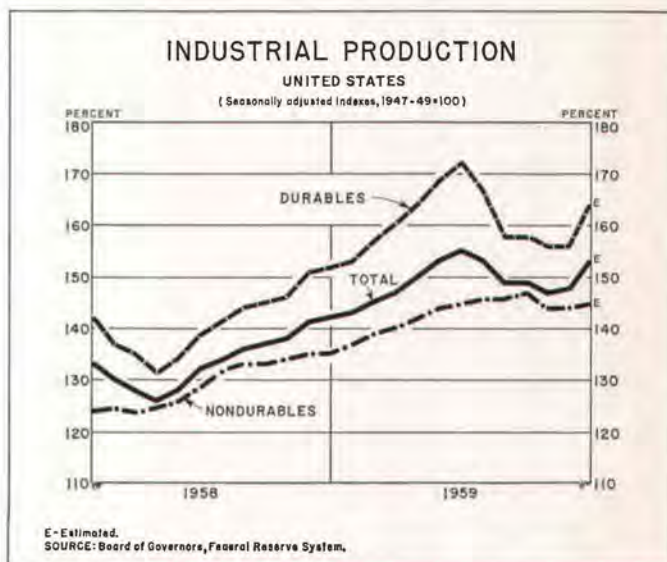
These tremendous swings in inventories had marked effects upon both the total economy and individual manufacturers; however, the rate of industrial production was less severely affected than might be supposed. For the whole year, the industrial production index averaged 149, or 11 percent above the 1958 level, with output gains of 14 percent for durable goods, 10 percent for nondurable goods, and 5 percent for minerals.



The rapid growth of industrial production to a new record in June reflected mainly the advancing levels of primary and fabricated metal, automobile, and machinery production, but broad gains were noticeable in most other manufacturing areas. The steel industry operated at near-optimum levels of 90 percent of capacity for much of the first half of 1959; then, the strike cut operations to about 13 percent of capacity from July 15 to November 1. After the injunction, rapid recovery to new weekly records in December brought the yearly output to about 95 million tons, or 10 percent over the 1958 figure.

Automobile companies produced over 4 million cars before model shutdowns, but output was curtailed by steel shortages, especially during November and early December. The favorable reception of the new models, particularly the "compact" cars, and the end of the steel strike resulted in heavy production in late December and an annual output of about 5.5 million units. With inventories reduced to relatively low seasonal levels, high production is expected for some months to come.

In other areas of industrial production, steady gains brought nondurable goods output to new records, with good advances in paper and printing, chemical, textile, and apparel industries. However, defense contract cancellations reduced aircraft production, and declining levels of home building slowly cut output of building materials. Minerals production reflected crosscurrents of severe reductions (because of strikes) at iron ore and copper mines and moderate gains in cement, clay products, and oil mining operations.



Strike effects in the construction industry were perhaps less important than other economic and financial developments. Although total construction in 1959 was almost 11 percent above 1958, the peak activity was early in the year, with a noticeable tapering commencing in the spring. This pattern was especially prominent in residential building; private nonfarm dwelling starts reached a peak annual rate of 1,434,000 in April, followed by moderate reductions for the remainder of the year to a level of about 1,200,000 units and a full-year average of nearly 1,325,000 units, or 16 percent over the previous year. Steel shortages were important in limiting apartment building in the fourth quarter, but general residential construction also reacted to the somewhat tighter mortgage markets, the reduced volume of VA and FHA mortgage commitments, and the slowly growing overhang of unsold new and old homes.

Highway construction, hampered by reduced availability of Federal funds for the interstate network and



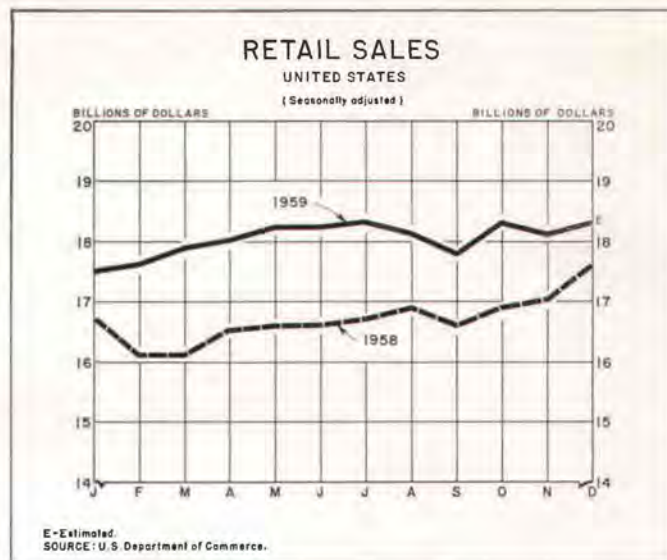
by steel shortages in late 1959, still turned in a creditable performance, advancing 5 percent over 1958. Non-residential building and industrial construction, both curtailed by steel shortages, were 1 percent and 18 percent, respectively, below the year-earlier totals.

Strike effects on employment were less noticeable, partly because the striking workers were counted as employed. Nevertheless, the rate of gain in early 1959 slowed markedly; and, for the year as a whole, employment averaged only 2.5 percent over 1958. Unemployment in the fall reflected the secondary effects of the strikes; however, with the sharp reductions early in the year, the 1959 average of 3,835,000 unemployed was well below the 4,681,000 level of 1958. Long-term structural unemployment — aggravated by work force reductions at coal mines, railroads, and automobile plants — was particularly important in certain limited areas.

Personal income figures reflected a slower rate of growth due to the strike, but reductions in wage and salary income were offset by increases in other types of income, especially personal interest income and unemployment compensation payments. Moreover, net additions to consumer credit were made in substantial volume throughout the year, averaging almost \$525 million per month. Total consumer credit increased an estimated \$6.3 billion to reach \$51.9 billion, with installment credit advances accounting for \$5.4 billion of the increase.

Reflecting the continued gain in personal income, the availability of consumer credit, and the generally optimistic attitude of consumers, retail sales rose more than 8 percent in 1959 and furnished substantial support to the entire economy. Increased buyer attention upon consumer durable goods (automobile sales, especially, advanced almost 30 percent over a year earlier) mainly accounted for the rise in consumer installment credit. Personal consumption expenditures for non-durable goods and services also remained at high levels.

As a result of the continued growth in final demand, total business sales also advanced, although at an irregular pace, as steel buying influenced sales by durable goods manufacturers and wholesalers. The rising sales levels and improved economic outlook shaped an environment conducive to improved levels of private capital investment. Plant and equipment expenditures rose more than 6 percent over 1958 despite slowdowns due to steel shortages, some precautionary deferments, and



the restraining effects of the reduced availability of long-term funds.

General price stability at both wholesale and retail levels marked most of 1959 and provided a basis for "real" gains in personal income. To some extent, however, this stability was deceptive: Farm and food price declines more than offset the increases in industrial prices at wholesale levels. Consumer prices advanced about 1.5 percent, but food price reductions partially offset steady increases in prices for rent, transportation, and services.

#### Southwestern Economic Conditions

With the pattern of national economic conditions strongly influenced by the steel strike, one might suppose that every region in the country would show a similarly marked effect, but this was not true for the Southwest in 1959. The strike of a few thousand workers at steel mills, layoffs at major steel-using companies, and some slowdowns at other metalworking plants were the principal effects of the steel strike in the Southwest.

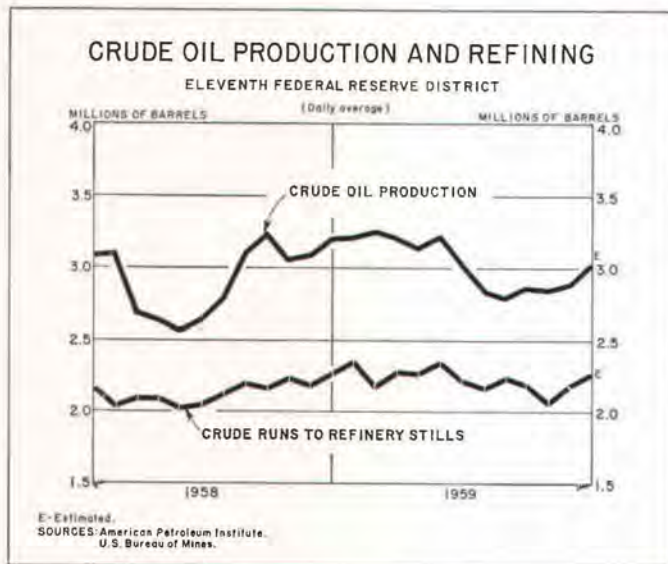
Much more important to the general level of economic activity in this area were the recurring problems of the oil industry, the copper strike, the cancellation of some large defense contracts, and the slowdown in Federal spending for the interstate highway system. These forces slowed the rate of growth in the southwestern economy and, indeed, caused a leveling during the latter two-thirds of the year.

The petroleum industry of the District showed some improvement over the recession lows of 1958, but its



recovery was limited by excessive inventories of major refined products. District well completions rose 6 percent and footage drilled increased 26 percent, but these gains were heavily weighted by gas well completions and development drilling. Wildcat drilling declined 2 percent from 1958 and 26 percent from 1957.

Similarly, District crude oil production, at 3,061,000 barrels per day, was 5 percent above the 1958 level but 9 percent below the average output in 1957. Although some improvement in production was registered early in 1959, cutbacks were ordered in the spring, and a reduced level of output was maintained throughout the summer and fall, with only modest improvement in the final month of the year. Texas bore the major share of the curtailment, as the number of allowable producing days was held to 123 for the year, compared with 122 days in 1958.



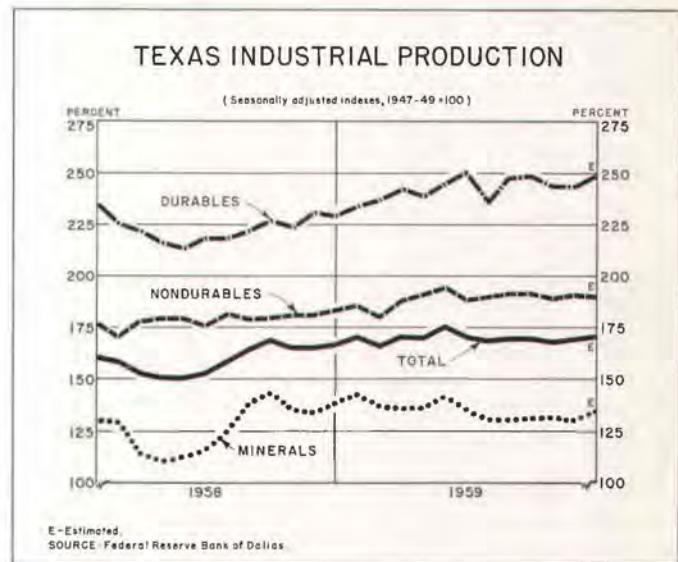
The nationwide demand for petroleum products rose about 5 percent during 1959. Nevertheless, with growing stocks of refined products, high-level imports, and a 5-percent increase in national refinery output, pressures developed which forced production cutbacks and encouraged price cutting of crude oil and a wide range of petroleum products, especially gasoline. District refinery operations were 6 percent over the 1958 level but were 1 percent below the 1957 rate.

The copper strike was of greater importance to the Southwest than to the Nation. With nearly one-third of all domestically mined copper coming from the Southwest, there was an immediate impact on the localities

where the metal is produced; and about 15,000 workers were idled, mainly in New Mexico and Arizona.

Another restraining force in the District economy was the cancellation of major aircraft contracts and the reduction in Federal Government spending for a number of projects. The impact of contract cancellations caused a decline of nearly 8,000 in aircraft employment during 1959. More than offsetting this decline were large employment advances in electronics, metals, machinery, building materials, and furniture, as well as more modest but continuing gains in nondurable goods output. Thus, manufacturing employment in 1959 rose 1.4 percent, and Texas industrial production increased 7 percent.

Total nonagricultural employment in the District states rose 1.5 percent to average 4,285,000 workers, with the government, construction, trade, and manufacturing segments showing the largest gains. Mining and transportation and utilities employment actually declined. Unemployment in Texas averaged about 4.6 percent of the civilian labor force during 1959, contrasted with 5.3 percent in 1958.



Construction activity in the District states reflected some of the same influences affecting the national pattern, especially the strikes in Arizona and Texas. For the year as a whole, though, the value of construction contracts awarded in the District states totaled an estimated \$3.9 billion, or only about 1 percent below the record 1958 total. Awards for residential building, the major expansive force in the construction industry dur-



ing the year, increased 7 percent to about \$1.8 billion — a new high. Home building was at a record level in every month during the first half of 1959, but year-to-year losses occurred in residential contract awards during the final 6 months. Nonresidential construction decreased from 1958, with the largest declines in public works and utilities construction. Total nonresidential construction tended to strengthen as the year progressed, however, despite some apparent slowdown in highway construction in mid-1959. A part of the improvement could be attributed to the rising trend in commercial and industrial building activity.

The agricultural situation in the District states during 1959 generally was satisfactory as measured by most indicators. The physical volume of production exceeded the record achieved in 1958 by about 2 percent, as crop output remained nearly the same and livestock output increased 5 percent. The expiration of the Acreage Reserve Program, which released approximately 3.8 million acres in the District states in 1959, was a factor in maintaining high-level crop output.

Weather conditions sharply influenced the output of many important crops in the District. Lack of adequate moisture during the fall and winter of 1958 severely reduced the output of spring-harvested small grains, with winter wheat output down 20 percent from a year ago and oat production off 45 percent. Barley and rye production were 17 percent and 29 percent, respectively, below the 1958 levels. By late spring, however, weather conditions improved, and spring-planted crops generally made rapid and favorable development. Except for isolated areas, favorable growing conditions prevailed in major crop areas until harvesttime, when inclement weather slowed harvesting and damaged the grades or quality of some crops. Nevertheless, the output of most spring-planted crops exceeded the year-earlier levels.

Sorghum grain production in the District states was about 2 percent larger than in 1958; cotton output, 8 percent higher; and the rice crop, 17 percent larger. Increases in output also were noted for corn, flaxseed, citrus fruits, and some vegetables. Minor decreases occurred in the outturn of hay and peanuts, mainly as a result of poor harvesting conditions.

Cattle and calf numbers in the Southwest, following the trend established during 1958, continued upward during 1959; thus, beef production increased, and breeding herd numbers rose. Similarly, sheep and goat

numbers continued to expand, with consequent gains in the output of wool and mohair. Paced by an exceedingly high rate of lay per hen and larger laying flocks, total egg production in the District in 1959 increased about 3 percent. On the other hand, the persistently low level of broiler prices encouraged growers to reduce chick placements, and total broiler output in the Southwest was about one-tenth smaller than the very high output in the previous year.

As a consequence of high-level output of livestock and crops in both the Nation and the District in 1959 and the large stocks of farm commodities, prices received by southwestern farmers during the peak fall marketing period were 7 percent under a year earlier. The 5-percent decline in crop prices and the 9-percent drop in livestock prices offset the increase in fall marketings, and cash receipts from farm marketings in 1959 are expected to be slightly below the approximately \$4 billion received in 1958. Total cash farm income also fell below the year-earlier level, as Government payments declined because of the expiration of the Acreage Reserve Program. Net income of southwestern farmers and ranchers probably declined an even greater amount, since farm production costs in the Southwest continued upward.

#### MAJOR SOUTHWESTERN ECONOMIC INDICATORS, 1959 AND 1958

Indicator and unit	1959 <sup>a</sup>	1958	Percent change
<b>ELEVENTH FEDERAL RESERVE DISTRICT</b>			
Crude oil production (Barrels per day).....	3,061,000	2,920,000	4.8
Crude runs to refinery stills (Barrels per day).....	2,256,000	2,136,000	5.6
Well completions.....	22,716	21,359	6.4
Index of department store sales (1947-49=100)...	172	159	8.1
<b>FIVE SOUTHWESTERN STATES<sup>1</sup></b>			
Nonagricultural employment.....	4,285,050	4,220,700	1.5
Value of construction contracts awarded (\$1,000)...	3,922,000	3,945,287	—6
Cash receipts from farm marketings (\$1,000).....	3,900,541	4,028,819	—3.2
Crop production:			
Cotton (1,000 bales).....	6,457	5,953	8.5
Winter wheat (1,000 bushels).....	157,687	196,780	—19.9
Rice (1,000 bags).....	26,046	22,182	17.4
Grain sorghums (1,000 bushels).....	311,098	305,087	2.0

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

<sup>a</sup> — Estimated.

SOURCES: American Petroleum Institute.  
F. W. Dodge Corporation.  
State employment agencies.  
The Oil and Gas Journal.  
United States Bureau of Mines.  
United States Department of Agriculture.  
World Oil.

Despite the problems and difficulties faced by the Southwest during 1959, the income of her people and their purchasing continued upward. While personal income probably rose less than 4 percent, retail trade increased about 7 percent over a year earlier. The southwestern consumers concentrated their increased spend-



ing at automobile, eating and drinking, apparel, and general merchandise outlets.

District department store sales rose 8 percent over 1958, as increased consumer buying at the larger number of stores combined to improve the department store share of total retail trade, especially in suburban areas. Credit sales rose in about the same proportion as the change in total sales, but collections improved slightly.

Inventory build-up at the District's department stores lagged behind the rise in sales but advanced steadily throughout the spring to a record high in June. After that, seasonally adjusted inventories remained at about the same level, except for a slight rise in October and November. The end-of-year stock index, at 174 percent of the 1947-49 average, showed an 8-percent increase over a year earlier.

### Financial Conditions

The impact of economic expansion upon money and credit markets was clearly discernible in 1959, demonstrating once again the close interrelationships between economic activity and financial conditions. In contrast with most of 1958, when demands for credit were relatively sluggish, 1959 witnessed a convergence of credit demands from virtually every sector of the private economy. These demands alone were sufficient to exert increasing pressures on credit markets during the year, but adding to the strain were the unusually large credit demands of the Federal, state, and local governments. Thus, aggregate demands for credit reached an all-time high.

Breadth, as well as strength, was a characteristic of the demand for credit in 1959. In the business sector of the economy, the steady advance of borrowings was related to rising sales, payrolls, inventories, production, and capital spending. In the consumer sector, the heavy credit demands were stimulated primarily by enlarged purchases of consumer durables. Indicative of the extent to which these purchases added to pressures in credit markets was the estimated \$6.3 billion expansion in consumer credit outstanding — an increase approximately matching the unusually large gain recorded in 1955.

Banks, finance companies, and others have been increasing the quantity, and extending the terms, of consumer credit they offer through a number of new devices, such as check-loan accounts, charge-it plans, universal credit cards, and other types of revolving credit.

While these new forms of credit extensions have not been sufficiently tested to allow a firm judgment of their permanent value or effect upon consumer equities, it is apparent that many of these devices make it even easier for a consumer to obtain new loans and, in a period of credit restraint, may enlarge the consumer's portion of available credit.

The recent increases in consumer credit have been unusually large. There may be explanations for this development, but a continuously increasing rate of extensions has unfavorable implications. Under such circumstances, relaxation of terms (as to maturity or creditworthiness, or both) and the perhaps questionable broadening of the use of consumer credit present problems that should not be disregarded. Of particular importance is the recent trend toward providing consumer credit for a wider array of consumption items, a development which may be somewhat inconsistent with the long-established purposes of consumer credit. The basic purpose of providing consumer credit for the purchase of major items of expenditure without an immediate full cash settlement is being stretched to include credit for small and recurring expenditures. This expansion in the use of consumer credit may further erode consumer equities.

Of equal importance to the growth of credit demands in 1959 was the acceleration of private residential construction activity, which produced a parallel increase in the volume of mortgage credit demands. State and local government bond flotations also expanded in 1959; and, although declining from the previous year's level,





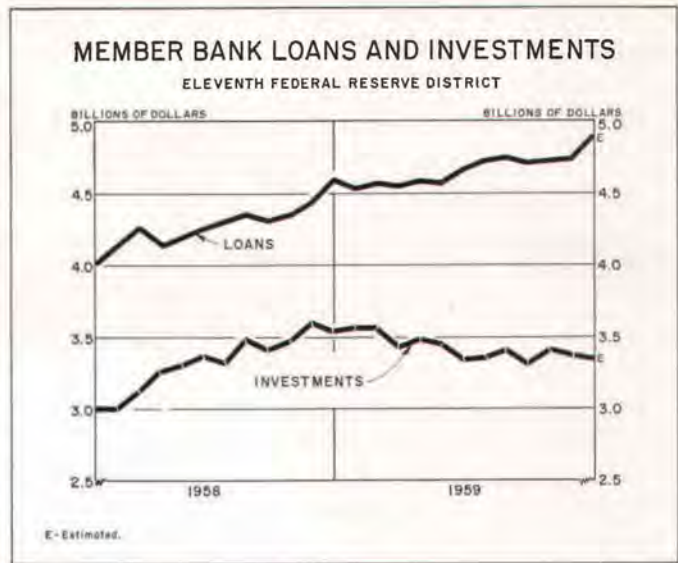
corporate security issues remained large. Despite the large amounts of credit required by the groups of borrowers listed above, however, the greatest single influence was the heavy credit needs of the Federal Government.

The extent to which the commercial banking system was called upon to meet the expanding credit requirements was reflected in the behavior of bank loans. As the recovery movement gained momentum, loan applications at commercial banks rose sharply, particularly in the real-estate and consumer loan categories. In the first quarter, when business and securities loans customarily show seasonal declines, loan accounts remained relatively stable as a result of the strong upward movement in real-estate and consumer credit extensions. Continuing strength in these loans coincided with a large increase in business loans during the second quarter, and by midyear the rate of loan increase at commercial banks had reached an all-time high.

Because part of the strength in business loan demand was related to the prestrike build-up of inventories, loan demand was widely expected to moderate in the third quarter; but, despite liquidation of inventories during that quarter, both the volume of loan demand and the rate of loan growth continued close to the midyear rate. Not until early in the final quarter of the year did the economic effects of the steel strike find reflection in a temporary moderation of loan demand. Subsequently, the delayed impact of the strike upon credit demands was obscured, as strong seasonal and nonseasonal demands emerged to boost the year-end loan total to a new peak. For the year as a whole, loan expansion at commercial banks reached approximately \$12 billion — an increase slightly exceeding the previous record gain of 1955.

Within the framework of a relatively constant supply of reserve funds, commercial banks financed the \$12 billion loan increase by drawing down cash accounts and liquidating approximately \$9.5 billion of investments. As a result, commercial bank liquidity declined, and bank reserve positions were subject to mounting pressures. These developments, paralleled by continued strength in the volume of loan applications, caused commercial banks to adopt more selective lending policies and prompted increases in the prime lending rate from 4 percent to 4½ percent in May and from 4½ percent to 5 percent in September.

In the District, as in the Nation, strong credit demands were the dominant influence on banking activity.



Loan applications at District banks, which had risen sharply throughout most of 1958, continued to expand in early 1959. Consumer and real-estate loans provided much of the impetus to the rising loan volume, but business loans also expanded rapidly. Sales finance companies, trade establishments, and public utilities were particularly heavy borrowers during the first half of the year.

After midyear, loan expansion in the District moderated somewhat, influenced in part by a reversal of the upward movement in real-estate loans and by a slackening in the rate of increase in the consumer loan category. Continuing efforts of the banks to apply more selective lending policies and their attempts to reschedule loan maturities in order to obtain funds were additional factors in explaining the slower rate of loan growth. For the year as a whole, total loans at member banks rose an estimated \$300 million, or about 6 percent over a year earlier.

In contrast with 1958, when bank deposits in the District rose sharply (partially in response to the monetary policy of credit ease), deposit expansion in 1959 was slight. Despite a continuation of the upward movement in time deposits, total deposits at member banks in the District followed a generally declining trend during the first 7 months of the year. This downward movement, which conformed to the seasonal deposit pattern, was reversed in August; and for the remainder of the year, total deposits expanded, although time accounts drifted downward. Preliminary estimates indicate that year-end total deposits of District member banks, at



\$10.7 billion, were approximately unchanged from the previous year's level.

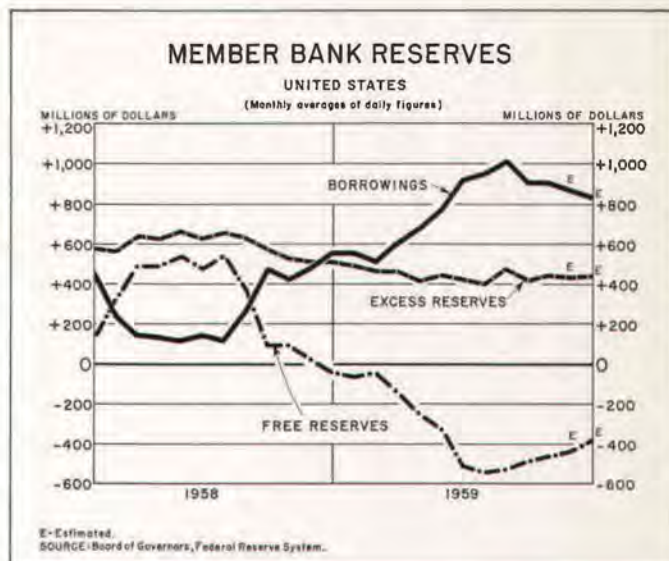
In financing the \$300 million loan expansion in 1959, District banks relied heavily upon the liquidation of approximately \$200 million of investments. Sales and redemptions of certificates of indebtedness accounted for most of the liquidation, but other investment accounts also showed decreases. The remaining \$100 million of loan growth was financed largely by reducing cash accounts and increasing borrowings.

At the national level, the presence of heavy credit demands operated to provide an expansive influence on the money supply throughout 1959. However, a rapid rate of monetary expansion would have undermined the soundness of the economic growth. Consequently, a major objective of Federal Reserve policy in 1959 was to limit monetary growth to a rate which, while supporting the economy's sound growth requirements, would not contribute to the development of economic excesses and imbalances.

Federal Reserve credit policy, which had shifted from ease to mild restraint in response to changes in economic and credit conditions in 1958, became slightly more restrictive in the early part of 1959. System sales and redemptions of \$1 billion in Government securities during January and February prevented a seasonal build-up in reserve funds. Although the System purchased almost \$700 million of Government securities between the end of February and the end of June, these purchases only matched the reserve drain caused by the continued outflow of gold, and credit policy shifted toward greater restraint. Average borrowings rose steadily from a level of \$508 million in February to \$921 million in June. Similarly, the banking system's net borrowed reserves moved from a level of around \$50 million in January and February to \$513 million in June.

In line with the move toward greater restraint, discount rates at the Reserve banks were advanced from 2½ percent to 3 percent in early March and, as keen competition for funds continued to push market rates to higher levels, to 3½ percent in late May.

In the last half of the year, with the economic picture clouded by work stoppages, pressures on bank reserve positions were generally maintained at the June levels. Average borrowings continued to fluctuate around \$1 billion, and net borrowed reserves held fairly stable at around \$500 million until late November. Under the force of mounting credit demands and declining liqui-



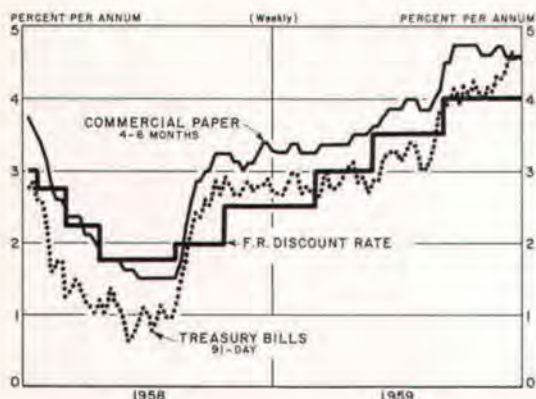
dity in the banking system, however, the money market tightened, interest rates (including the "prime rate") rose, and then Reserve bank discount rates were advanced from 3½ percent to 4 percent.

The recovery-inspired private demands for credit, coupled with the Treasury requirements and those of state and local governments, exerted increasing pressure upon the available supply of funds. With banks already heavily committed in loans and with only a small buffer of secondary reserves, this pressure was quickly reflected in rising interest rates. While an easier credit policy would have enlarged the total supply of available bank reserves, such a move would have stimulated credit expansion with further inflationary pressures.

In the short-term sector of the market, rates on 91-day Treasury bills rose from around 2.80 percent in January to about 3.25 percent in June and to a level of around 4.50 percent in December. Prices on intermediate- and long-term Government securities also gave ground steadily. Average yields on 3- to 5-year Government securities, which had held fairly stable at around 3.86 percent during the first 3 months of the year, advanced to 4.45 percent in July and to about 4.75 percent in December. In part, the sharp ascent of yields in this sector of the market during the last half of the year reflected a concentration of new Treasury offerings in the 3- to 5-year range. Yields on long-term Governments showed a much slower rate of advance, moving from 3.90 percent in January to 4.09 percent in June and to approximately 4.15 percent in December.



## SHORT-TERM MONEY RATES



erally confined its financing operations to the short end of the market.

As interest rates continued to rise as a result of the excessive demand for capital funds, the problem concerning long-term financing was aggravated. The market, reacting to the forces of demand and supply, soon placed the yield on long-term instruments above the 4¼-percent ceiling imposed, by the Second Liberty Bond Act, on Treasury securities with a maturity of more than 5 years. Despite intensive efforts on the part of the Treasury during the 1959 Session, Congress did not see fit to remove or raise this ceiling; consequently, new issues beyond the 5-year maturity range could not be offered in the last half of the year.

Recognition of this situation by the market, together with the even larger volume of short-term financing which could be anticipated, and recognition that such short-term financing might be expected to be absorbed by the banks both added to the pressure on short-term rates. Moreover, in financing the budget deficit, many of the new financings had been placed in short-term instruments which had been purchased by nonfinancial corporations as a temporary investment until additional funds were needed. One of the major and continuing problems of the Treasury has been to place this debt into the hands of more permanent investors.

Among the most powerful forces operating in the direction of higher interest rates and stronger money market pressures in 1959 were the magnitude of the Federal Government's credit requirements and the concentration of short-term maturity issues. Although a modest amount of funds was raised in January by a 21-year bond and again in March by the reopening of a 10½-year bond, later cash offerings were limited to securities having maturities of less than 5 years. Of the \$27 billion in new cash raised during the year (\$3.4 billion of which was to meet attrition on refundings), almost \$18 billion represented the sale of issues maturing in less than 1 year.

In refunding \$38 billion of securities maturing in 1959, the Treasury issued almost \$20 billion of obligations maturing in 1 year or less, an additional \$10 billion maturing in 12½ months, and almost \$9 billion of securities maturing in 3 to 5 years. In addition to these offerings, the Treasury, using its new advance refunding privilege, provided for the optional exchange of approximately \$1.6 billion of Series F and G savings bonds into 4¾-percent notes maturing in May 1964.

During 1959, interest rates rose sharply in response to developments influencing the forces of credit demand and supply. As noted above, demands for credit from virtually all segments of the economy mounted rapidly to record levels, placing additional pressure upon available supplies of loanable funds. This pressure, in turn, was translated into higher interest rates, particularly in the short-term area, where the largest volume of new Treasury issues was concentrated.

The developing pressures which influenced the short-term market did not appear as quickly or strongly in the long-term market. However, the growing plant and equipment expenditures of business, the credit needs of a booming residential construction industry, and the capital requirements of state and municipal governments brought increasing demands into the long-term area as the year progressed.

The Treasury problems this past year were born partly of a \$12.5 billion deficit for fiscal 1959 and the seasonal deficit in the final 6 months of the calendar year, which had to be financed in a strongly competitive market; partly from the attrition in refundings; and partly from the steady passage of time, which had shortened the average maturity of the public debt and, consequently, brought the Treasury into the market for refundings more often than before. Since the Treasury must compete with other borrowers for the available supply of funds — paying the going rate, whatever it may be — and since the demand for long-term funds was very heavy, the Treasury had an increasingly difficult time in entering the long-term area and, thus, gen-



# BUSINESS REVIEW

BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



A more than seasonal rise carried Eleventh District department store sales to a record November level. Various durable goods items scored substantial year-to-year gains, but wearing apparel sales provided the major area of strength. Department store inventories also rose more than seasonally from October to reach another new high at the end of November. Influenced by inadequate dealers' stocks, new car registrations in the District's four most populous areas were below October but were still greater than in November 1958.

District oil operations improved during early December under the impetus of more than seasonal gains in demand. Crude oil production in the District rose 4 percent to 2,997,000 barrels per day, and crude runs to refinery stills increased 3 percent. Allowable producing days for Texas in January have been held at the 10-day December level, while Louisiana and New Mexico allowables have been raised 2 percent and 3 percent, respectively.

General rains during mid-December were beneficial, particularly to small grains and winter forage. Harvesting of 1959 crops is virtually complete, and

good progress has been made in preparing for the 1960 season. Prospects for winter vegetables and citrus fruits continue good, and production is expected to be larger than a year earlier.

Employment of nonfarm workers in the District states showed a substantial seasonal gain in November, led by increases in trade and manufacturing employment. However, unemployment rose because of steel shortages and cutbacks in aircraft manufacture.

Industrial production in Texas was up slightly in November as a result of the resumption of steel production and general gains in nondurables output.

Construction contracts awarded in the District states advanced more than seasonally in October, with strength in nonresidential construction more than offsetting a further decline in residential awards.

Loans, deposits, and investments expanded at the District's weekly reporting member banks during the 4 weeks ended December 16. Seasonal factors provided the major stimulant to deposits and loans. Member bank reserve positions eased moderately in November, and average borrowings from the Federal Reserve Bank declined.



Department store sales in the Eleventh District rose more than seasonally from October to reach a record November level that was 9 percent above the previous November high a year ago. The seasonally adjusted sales index was 182 percent of the 1947-49 average, compared with 170 in October and 167 in November 1958. Christmas-season sales continued strong in early December, scoring a 2-percent gain over the first 2 weeks in December 1958 and topping the high level in the corresponding period in 1956. Cumulative sales for the 11 months ended November 30 were 9 percent greater than in the comparable 1958 period.

Department store sales in most of the major metropolitan areas in the District during November showed good gains from a year earlier. The Houston and Dallas

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: November.....	190	167 <sup>r</sup>	189 <sup>r</sup>	172
1959: September....	160	167	192	182
October.....	177	170	203	185
November.....	208	182	206 <sup>p</sup>	187 <sup>p</sup>

<sup>r</sup> — Revised.  
<sup>p</sup> — Preliminary.



## DEPARTMENT STORE SALES AND STOCKS

(Percentage change in retail value)

Area	NET SALES			STOCKS (End of month)	
	Nov. 1959 from		11 months, 1959 from 1958	Nov. 1959 from	
	Oct. 1959	Nov. 1958		Oct. 1959	Nov. 1958
Total Eleventh District . . . . .	4	9	9	1	9
Corpus Christi . . . . .	-2	8	3	4	3
Dallas . . . . .	1	14	12	0	15
El Paso . . . . .	-1	-3	3	-2	0
Fort Worth . . . . .	7	5	6	1	2
Houston . . . . .	7	16	12	2	21
San Antonio . . . . .	2	8	5	0	2
Shreveport, La. . . . .	12	5	6	4	2
Waco . . . . .	0	5	7	0	1
Other cities . . . . .	7	9	10	3	5

areas recorded the largest increases — 16 percent and 14 percent, respectively — while the gains in most of the other areas were 5 percent or better. However, El Paso sales were down 3 percent from November 1958. All areas recorded advances for the year as a whole, but sales in the larger areas scored the greatest increases, reflecting in part the influence of the opening of new stores in these cities during the year. Cumulative sales gains in individual metropolitan areas ranged from 3 percent in Corpus Christi and El Paso to 12 percent in Dallas and Houston.

Year-to-year comparisons of November sales by type of goods at the District's department stores reflected a fairly wide degree of variance. In the hard goods departments, sales of radios, television sets, and musical equipment and sales of domestic floor coverings both advanced more than 20 percent, but sales of major household appliances were 6 percent below a year ago. In the soft goods departments, sales of women's and misses' coats and suits rose 17 percent, and sales of men's clothing gained 15 percent. Sales of women's and misses' accessories also were good, rising 10 percent above a year earlier.

Inventories at District department stores at the end of November were up 1 percent from the end of October and exceeded the year-earlier level by 9 percent. The seasonally adjusted stock index rose slightly to 187 percent of the 1947-49 average, which is well above the 172 figure for November 1958. Orders outstanding at the end of November also were substantially above a year earlier, after rising 4 percent over the previous month.

New car registrations during November in the four most populous areas in the District dropped 16 percent below the preceding month, as depleted dealers' stocks were generally inadequate to meet demand. Registra-

tions during the month were still 12 percent more than in November 1958 in the four areas; and for the year to date, cumulative registrations were 37 percent greater than in the comparable 1958 period.



Agricultural activity throughout most of the District is seasonally slow. General rains during mid-December were quite beneficial in most areas, although harvesting of crops in late sections was delayed. The precipitation was especially helpful to wheat and other small grains. The moisture should promote the rapid growth of small grains and winter grasses and reduce hazards of grass fires. Harvesting of cotton in northwestern sections of Texas and the irrigated regions of Arizona and New Mexico is in the scrapping stage. Flax planting is under way in south Texas, particularly in a few areas where seedings had been delayed until moisture conditions improved.

Harvesting of winter vegetables is active, and preparation for planting of spring crops is under way in south Texas. Most onions have been transplanted in the Laredo area and are well advanced in other sections. Blight has appeared in some carrot fields in the Lower Valley, and mildew has occurred in some cabbage and lettuce fields. The acreage of winter vegetables for fresh market in Texas is estimated to be 15 percent above 1958 but 16 percent below the 1949-58 average. The outlook for citrus fruits continues favorable; 1959 production in Texas is placed at 38 percent above a year earlier, and that in the District is 47 percent greater.

The December precipitation sharply boosted grazing prospects throughout virtually all sections of the District. In parts of New Mexico, heavy snows were a problem in some livestock areas, but losses are expected to be relatively light. Current moisture conditions, coupled with warm weather, should promote the rapid

### CITRUS FRUIT PRODUCTION

(In thousands of boxes)

State and crop	Indicated 1959-60	1958-59	Average of 10 seasons ended 1948-57
ARIZONA			
Oranges . . . . .	1,450	610	1,072
Grapefruit . . . . .	2,800	1,870	2,604
LOUISIANA			
Oranges . . . . .	245	220	186
TEXAS			
Oranges . . . . .	3,200	2,300	1,676
Grapefruit . . . . .	5,800	4,200	3,800

SOURCE: United States Department of Agriculture.



development of small grains and furnish good winter grazing. Despite periods of inclement weather, most livestock have remained in good condition. Range feed conditions prior to the mid-December rains in most of the District states were below a year earlier but were considerably better than the 10-year (1948-57) average.

The index of prices received by Texas farmers and ranchers for all farm products declined 2 percent during the month ended November 15. At 262 percent of the 1910-14 average, the index was 8 percent below the year-earlier level. Crop prices were 2 percent higher than a month earlier but were 3 percent below the corresponding date in 1958. Prices for livestock and livestock products were down 4 percent from the mid-October figure and 12 percent from a year ago.



Stimulated largely by seasonal influences, loan volume expanded further at weekly reporting member banks in the District. Gross loans (excluding domestic inter-

bank loans) rose \$29.9 million in the 4 weeks ended December 16, compared with a gain of \$45.4 million in the corresponding weeks of 1958. In the recent period, gains were concentrated in commercial and industrial loans and consumer-type loans, which were up \$11.3 million and \$13.6 million, respectively. Loans to non-bank financial institutions (principally sales finance companies) also showed a sizable increase of \$10.0 million. On the other hand, agricultural loans, real-estate loans, and loans to finance securities transactions declined moderately.

Investment accounts at the District's weekly reporting banks advanced \$49.3 million during the 4-week period. Treasury bill holdings rose moderately, but the largest gains occurred in non-Government investments and in holdings of Treasury notes and bonds maturing within 1 year.

Seasonal influences on total deposits were apparent in late November and early December. Demand balances at the reporting banks showed a substantial 4-week increase of \$164.8 million, largely reflecting the build-up in balances of individuals and businesses. Much smaller gains occurred in government balances and interbank balances. Time deposits continued to decline, however, as these accounts came under the contractive influence of withdrawals by state and local governments. On December 16, total deposits at the District's weekly

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

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Dec. 16, 1959	Nov. 18, 1959	Dec. 17, 1958
<b>ASSETS</b>			
Commercial and industrial loans.....	1,537,854	1,526,528	—
Agricultural loans.....	31,825	33,363	46,081
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities.....	5,298	743	
Other securities.....	12,439	11,810	23,632
Other loans for purchasing or carrying:			
U. S. Government securities.....	8,942	10,301	
Other securities.....	183,645	188,215	181,106
Loans to nonbank financial institutions:			
Sales finance, personal finance, etc.....	142,085	127,396	—
Savings banks, mtge. cos., ins. cos., etc.....	113,011	117,663	—
Loans to foreign banks.....	440	159	14,068
Loans to domestic commercial banks.....	52,215	43,465	—
Real-estate loans.....	207,211	210,288	230,012
All other loans.....	724,252	710,678	—
Gross loans.....	3,019,217	2,980,609	2,782,558
Less reserves and unallocated charge-offs..	49,774	50,243	45,872
Net loans.....	2,969,443	2,930,366	2,736,686
Treasury bills.....	58,852	45,913	76,573
Treasury certificates of indebtedness.....	39,568	39,749	169,553
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year.....	99,168	65,812	
After 1 but within 5 years.....	776,550	791,246	1,186,056
After 5 years.....	320,853	319,506	
Other securities.....	361,152	344,614	333,044
Total investments.....	1,656,143	1,606,840	1,765,226
Cash items in process of collection.....	538,627	504,818	504,994
Balances with banks in the United States.....	515,669	480,176	527,059
Balances with banks in foreign countries.....	1,953	2,417	2,326
Currency and coin.....	52,600	50,267	53,424
Reserves with Federal Reserve Bank.....	546,917	558,789	571,767
Other assets.....	219,829	205,460	202,069
<b>TOTAL ASSETS.....</b>	<b>6,501,181</b>	<b>6,339,133</b>	<b>6,363,551</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
<b>Demand deposits</b>			
Individuals, partnerships, and corporations....	3,010,552	2,901,691	3,052,546
United States Government.....	127,834	107,490	73,481
States and political subdivisions.....	237,064	226,276	166,213
Banks in the United States.....	1,049,768	1,031,198	1,067,968
Banks in foreign countries.....	16,100	16,449	18,272
Certified and officers' checks, etc.....	74,085	67,536	60,196
Total demand deposits.....	4,515,403	4,350,640	4,438,676
<b>Time deposits</b>			
Individuals, partnerships, and corporations....	1,056,733	1,055,898	1,057,739
United States Government.....	6,255	6,255	7,130
Postal savings.....	421	421	421
States and political subdivisions.....	158,797	168,941	219,163
Banks in the U. S. and foreign countries.....	6,612	7,484	6,416
Total time deposits.....	1,228,818	1,238,999	1,290,869
Total deposits.....	5,744,221	5,589,639	5,729,545
Bills payable, rediscounts, etc.....	93,253	97,764	18,300
All other liabilities.....	123,006	108,913	111,875
Capital accounts.....	540,701	542,817	503,831
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS</b>	<b>6,501,181</b>	<b>6,339,133</b>	<b>6,363,551</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.

reporting member banks were almost unchanged from the year-earlier level.

Pressures on member bank reserve positions moderated somewhat in November, and member banks in the District reduced their borrowings from the Federal Reserve Bank. On a daily average basis, reserve bal-



### RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	November 1959	October 1959	November 1958
<b>RESERVE CITY BANKS</b>			
Reserve balances.....	552,632	550,340	566,483
Required reserves.....	546,512	543,199	556,306
Excess reserves.....	6,120	7,141	10,177
Borrowings.....	21,254	26,422	9,406
Free reserves.....	-15,134	-19,281	771
<b>COUNTRY BANKS</b>			
Reserve balances.....	461,903	447,438	449,166
Required reserves.....	414,061	408,144	400,461
Excess reserves.....	47,842	39,294	48,705
Borrowings.....	9,976	18,913	4,645
Free reserves.....	37,866	20,381	44,060
<b>ALL MEMBER BANKS</b>			
Reserve balances.....	1,014,535	997,778	1,015,649
Required reserves.....	960,573	951,343	956,767
Excess reserves.....	53,962	46,435	58,882
Borrowings.....	31,230	45,335	14,051
Free reserves.....	22,732	1,100	44,831

ances in November were \$16.8 million above the October average. Slightly more than one-half of the reserve gain was absorbed by an increase in required reserves, which reflected deposit expansion in the District, but average excess reserves also rose \$7.5 million. As they gained funds, member banks reduced their average indebtedness at the Federal Reserve Bank by \$14.1 million. Improvement in bank reserve positions occurred at both reserve city banks and country banks, but gains were concentrated at country banks.

Late in November, the Board of Governors announced that, effective December 1, 1959, country banks having vault cash in excess of 4 percent of their net demand deposits would be permitted to count the excess as part of their required reserves. Effective December 3, 1959, banks classified as reserve city and central reserve city banks were permitted to count vault cash in excess of 2 percent of their net demand deposits.

Earning assets of the Federal Reserve Bank of Dallas advanced \$36.1 million during the 4 weeks ended December 16. Increased holdings of Government securities, reflecting System purchases to provide funds to the market on a seasonal basis, accounted for \$22.6 million of the expansion. Discounts for member banks

also rose. On December 16, the Bank's Federal Reserve notes in actual circulation reached a record high of \$821.4 million, or almost 3 percent above a year earlier.

### NEW MEMBER BANK

The Northgate National Bank of El Paso, El Paso, 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 December 14, 1959, as a member of the Federal Reserve System. The new member bank has capital of \$200,000, surplus of \$200,000, and undivided profits of \$100,000. The officers are: W. L. Sibley, President; Harold W. Ensey, Vice President; and Norman L. Callahan, Cashier.



Crude oil production in the District advanced seasonally by nearly 4 percent during the first half of December, as allowables in both Texas and New Mexico were increased from the November levels; however, the production rate of 2,997,000 barrels daily was 7 percent below a year earlier. Crude oil production outside the District rose only 1 percent in December but averaged 4 percent greater than a year ago. Imports of both crude oil and refined products registered sharp seasonal advances in November and early December. In the 5 weeks ended December 11, imports of refined products rose 41 percent and averaged 7 percent more than a year earlier. Crude oil imports increased 7 percent from November to about the same level as a year ago. Total imports registered a year-to-year advance of 3 percent.

District refinery operations showed a seasonal rise of 3 percent during the first part of December, with crude runs to stills averaging 2,274,000 barrels daily — which is virtually unchanged from the December 1958 level. Refinery operations outside the District increased less than seasonally but also equaled the year-earlier level. Crude oil stocks during early December, at about 252,600,000 barrels, were relatively stable and in good balance with seasonal requirements but were 2 percent lower than a year ago.

Demand for major petroleum products advanced more than seasonally during November and the first half of December. Below-normal temperatures in major heating areas during November precipitated sharp increases in sales of kerosene and distillate fuel oils. In addition, industrial users, rapidly recovering from the

### CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Dec. 16, 1959	Nov. 18, 1959	Dec. 17, 1958
Total gold certificate reserves.....	711,271	769,290	745,628
Discounts for member banks.....	24,305	10,750	15,450
Other discounts and advances.....	260	348	328
U. S. Government securities.....	1,083,313	1,060,678	1,026,057
Total earning assets.....	1,107,878	1,071,776	1,041,835
Member bank reserve deposits.....	959,739	999,625	966,864
Federal Reserve notes in actual circulation.....	821,355	807,210	799,501



steel strike, purchased unseasonably large quantities of residual fuel oils. Refinery and bulk terminal deliveries of major petroleum products in the 5 weeks ended December 11 averaged 8,636,000 barrels daily, or 2 percent greater than a year earlier.

Stocks of major petroleum products at the middle of December were in considerably better balance with industry requirements than in previous months. Although refinery production in the United States rose slightly less than seasonally in November and the first half of December, stocks of kerosene and distillate and residual fuel oils declined rapidly at all levels, principally because of unseasonably high sales. As a result, heating oil prices rose sharply during November and approached the year-earlier levels. Warmer weather during the first part of December halted the rise in heating oil prices, although prices remained firm. Gasoline prices were seasonally weak, particularly in the Midwest.

The improved inventory position of the petroleum industry and estimates by both purchasers and the United States Bureau of Mines of rising crude oil demand have encouraged regulatory agencies to increase allowable production in January. Louisiana allowables, unchanged since the middle of 1958, have been raised 2 percent, and crude oil production in southeastern New Mexico is scheduled for another 3-percent gain. Allowable output in Texas will continue on a 10-day schedule, but production is expected to increase slightly because of added production from discovery wells.



Nonagricultural employment in the District states, after a moderate seasonal increase in October, showed a larger seasonal rise of 13,200 workers in November to

reach a total of 4,323,500. The largest November increases were in trade and manufacturing employment. The rise in manufacturing employment reflected both normal seasonal gains and the suspension of the steel strike, partially offset by cutbacks in the automobile and other industries as a result of continued steel shortages.

Unemployment in Texas increased 15,200 workers, or more than seasonally, in November to reach 162,100, which is 4.5 percent of the civilian labor force.

Industrial production in Texas was up slightly in November. The major factors accounting for the gain were the return of striking steelworkers and the general

### INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1947-49 = 100)

Area and type of index	November 1959 <sup>p</sup>	October 1959	September 1959	November 1958
<b>TEXAS</b>				
Total industrial production....	169	168	170	165
Total manufactures.....	209	206	210	197 <sup>r</sup>
Durable manufactures.....	244	243	249	231 <sup>r</sup>
Nondurable manufactures....	192	189	192	181 <sup>r</sup>
Minerals.....	130	131	132	134 <sup>r</sup>
<b>UNITED STATES</b>				
Total industrial production....	148	147	149	141
Total manufactures.....	150	150	152	143
Durable manufactures.....	156	156	158	151
Nondurable manufactures....	144	144	147	135
Minerals.....	123	117	116	123

<sup>p</sup> — Preliminary.

<sup>r</sup> — Revised.

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

expansion in nondurable goods production, which more than offset production losses in transportation equipment manufacturing and in crude oil mining. The automobile assembly plant in the Dallas-Fort Worth area that had closed in late October resumed operations on December 9, and there were indications of recovery in other steel-using industries during December.

Construction contract awards in the District states turned upward in October by 8 percent, or more than seasonally, as strength in nonresidential construction more than offset a further decline in residential awards. Total contract awards for the first 10 months of the year amounted to \$3.4 billion, or 1.5 percent lower than in the same period of 1958. Residential awards showed an 11-percent gain, while "all other" awards were down 11 percent. Indicating the continuation of the recent downtrend in residential building, FHA applications for proposed new home construction in the District states decreased about 400 units to a level of approximately 4,500 in October.

### NONAGRICULTURAL EMPLOYMENT

Five Southwestern States<sup>1</sup>

Type of employment	Number of persons			Percent change Nov. 1959 from	
	November 1959 <sup>e</sup>	October 1959	November 1958 <sup>r</sup>	Oct. 1959	Nov. 1958
Total nonagricultural wage and salary workers.	4,323,500	4,310,300	4,276,900	.3	1.1
Manufacturing.....	779,300	774,500	772,600	.6	.9
Nonmanufacturing.....	3,544,200	3,535,800	3,504,300	.2	1.1
Mining.....	242,800	243,400	248,500	-.2	-2.3
Construction.....	306,100	309,000	314,600	-.9	-2.7
Transportation and public utilities.....	398,600	398,300	395,400	.1	.8
Trade.....	1,065,600	1,057,100	1,047,800	.8	1.7
Finance.....	190,900	190,900	186,600	.0	2.3
Service.....	514,700	512,900	501,800	.4	2.6
Government.....	825,500	824,200	809,600	.2	2.0

<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.



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

(Dollar amounts in thousands)

Area	Debits to demand deposit accounts <sup>1</sup>			Demand deposits <sup>1</sup>		
	November 1959	Percent change from		Nov. 30, 1959	Annual rate of turnover	
		Oct. 1959	Nov. 1958		Nov. 1959	Oct. 1959
<b>ARIZONA</b>						
Tucson.....	\$ 220,691	-3	22	\$ 144,057	18.6	20.3
<b>LOUISIANA</b>						
Monroe.....	83,218	3	22	53,695	18.7	18.6
Shreveport.....	301,337	-6	11	196,938	18.7	20.3
<b>NEW MEXICO</b>						
Roswell.....	42,531	-2	28	32,798	16.1	17.3
<b>TEXAS</b>						
Abilene.....	97,282	-3	19	64,718	18.1	18.7
Amarillo.....	233,034	2	22	119,005	23.6	23.6
Austin.....	203,740	-3	27	154,321	16.1	17.2
Beaumont.....	148,522	-6	1	111,300	16.9	19.0
Corpus Christi.....	174,639	-9	1	108,603	19.1	20.8
Corsicana.....	17,425	-5	1	20,006	10.3	10.8
Dallas.....	2,683,062	2	17	1,133,720	28.2	27.7
El Paso.....	370,692	-2	18	168,306	26.3	27.1
Fort Worth.....	732,206	-5	8	380,125	23.3	24.8
Galveston.....	90,602	-3	9	63,767	17.4	18.2
Houston.....	2,409,053	-6	13	1,265,747	23.0	24.8
Laredo.....	26,468	-4	10	22,176	14.3	15.0
Lubbock.....	255,712	11	20	121,829	26.5	25.6
Port Arthur.....	58,584	-15	-4	44,120	16.2	19.3
San Angelo.....	52,231	-8	10	45,437	13.8	14.9
San Antonio.....	574,743	-5	13	374,120	18.6	19.2
Texarkana <sup>2</sup> .....	20,842	-10	6	16,306	15.6	18.1
Tyler.....	81,880	2	1	59,532	16.4	16.1
Waco.....	98,977	-21	4	68,581	17.2	22.0
Wichita Falls.....	120,068	0	19	105,435	13.7	13.9
<b>Total—24 cities.....</b>	<b>\$9,097,539</b>	<b>-3</b>	<b>14</b>	<b>\$4,874,642</b>	<b>22.6</b>	<b>23.4</b>

<sup>1</sup> Deposits of individuals, partnerships, and corporations and of states and political subdivisions.

<sup>2</sup> These figures include only two banks in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including one bank located in the Eighth District, amounted to \$46,041,000 for the month of November 1959.

**VALUE OF CONSTRUCTION CONTRACTS AWARDED**

(In thousands of dollars)

Area and type	October 1959	September 1959	October 1958	January—October	
				1959	1958
<b>FIVE SOUTHWESTERN STATES<sup>1</sup></b>					
Residential.....	317,309	294,402	359,459	3,397,341	3,450,752
All other.....	139,029	146,562	178,605	1,606,533	1,442,746
<b>UNITED STATES.....</b>	<b>3,134,500</b>	<b>3,032,490</b>	<b>3,309,024</b>	<b>31,714,027</b>	<b>30,279,846</b>
Residential.....	1,514,953	1,455,917	1,595,041	15,077,614	12,534,797
All other.....	1,619,547	1,576,573	1,713,983	16,636,413	17,745,049

<sup>1</sup> Arizona, Louisiana, New Mexico, Oklahoma, and Texas.  
SOURCE: F. W. Dodge Corporation.

**DAILY AVERAGE PRODUCTION OF CRUDE OIL**

(In thousands of barrels)

Area	Change from				
	November 1959 <sup>1</sup>	October 1959 <sup>1</sup>	November 1958 <sup>2</sup>	November 1959	
				October 1959	November 1958
<b>ELEVENTH DISTRICT.....</b>	<b>2,894.1</b>	<b>2,849.8</b>	<b>3,098.3</b>	<b>44.3</b>	<b>-204.2</b>
Texas.....	2,527.0	2,484.5	2,744.2	42.5	-217.2
Gulf Coast.....	467.8	459.9	517.6	7.9	-49.8
West Texas.....	1,126.5	1,092.0	1,219.0	34.5	-92.5
East Texas (proper).....	133.5	130.2	152.1	3.3	-18.6
Panhandle.....	107.1	108.0	106.7	-0.9	.4
Rest of State.....	692.1	694.4	748.8	-2.3	-56.7
Southeastern New Mexico.....	253.5	252.0	242.9	1.5	10.6
Northern Louisiana.....	113.5	113.3	111.2	.2	2.3
<b>OUTSIDE ELEVENTH DISTRICT.....</b>	<b>4,036.8</b>	<b>4,003.1</b>	<b>3,885.6</b>	<b>33.7</b>	<b>151.2</b>
<b>UNITED STATES.....</b>	<b>6,930.9</b>	<b>6,852.9</b>	<b>6,983.9</b>	<b>78.0</b>	<b>-53.0</b>

SOURCES: <sup>1</sup> Estimated from American Petroleum Institute weekly reports.  
<sup>2</sup> United States Bureau of Mines.

**CONDITION STATISTICS OF ALL MEMBER BANKS**

Eleventh Federal Reserve District

(In millions of dollars)

Item	Nov. 25, 1959	Oct. 28, 1959	Nov. 26, 1958
<b>ASSETS</b>			
Loans and discounts.....	4,755	4,743	4,441
United States Government obligations.....	2,535	2,562	2,795
Other securities.....	850	845	804
Reserves with Federal Reserve Bank.....	975	944	1,032
Cash in vault <sup>e</sup> .....	141	150	139
Balances with banks in the United States.....	1,063	1,016	1,080
Balances with banks in foreign countries <sup>e</sup> .....	3	3	3
Cash items in process of collection.....	542	499	507
Other assets <sup>e</sup> .....	319	304	286
<b>TOTAL ASSETS<sup>e</sup>.....</b>	<b>11,183</b>	<b>11,066</b>	<b>11,087</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Demand deposits of banks.....	1,167	1,112	1,133
Other demand deposits.....	6,719	6,709	6,874
Time deposits.....	2,096	2,098	2,076
<b>Total deposits.....</b>	<b>9,982</b>	<b>9,919</b>	<b>10,083</b>
Borrowings <sup>e</sup> .....	122	105	17
Other liabilities <sup>e</sup> .....	134	116	124
Total capital accounts <sup>e</sup> .....	945	926	863
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS<sup>e</sup>.....</b>	<b>11,183</b>	<b>11,066</b>	<b>11,087</b>

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			TIME DEPOSITS		
	Total	Reserve city banks	Country banks	Total	Reserve city banks	Country banks
1957: November.....	7,327	3,524	3,803	1,644	879	765
1958: November.....	7,828	3,832	3,996	2,090	1,131	959
1959: 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
September.....	7,779	3,858	3,921	2,113	1,087	1,026
October.....	7,782	3,820	3,962	2,099	1,078	1,021
November.....	7,919	3,823	4,096	2,100	1,077	1,023

**BUILDING PERMITS**

VALUATION (Dollar amounts in thousands)

Area	Percent change					
	NUMBER			Nov. 1959 from		
	Nov. 1959	11 mos. 1959	Nov. 1959	11 mos. 1959	Oct. 1959	Nov. 1958
<b>ARIZONA</b>						
Tucson.....	718	7,667	\$ 2,849	\$ 36,562	-35	205
<b>LOUISIANA</b>						
Shreveport.....	549	5,345	2,167	25,951	36	0
<b>TEXAS</b>						
Abilene.....	143	2,429	1,832	26,040	45	-3
Amarillo.....	228	3,455	1,931	33,733	-32	38
Austin.....	213	3,430	2,546	53,934	-50	-40
Beaumont.....	243	3,886	1,320	20,321	-63	37
Corpus Christi.....	54	890	798	18,426	1	-32
Dallas.....	1,747	24,360	10,454	158,470	-7	-9
El Paso.....	566	6,757	5,041	60,991	3	7
Fort Worth.....	609	8,730	6,108	55,845	43	49
Galveston.....	85	1,253	98	3,622	-57	-85
Houston.....	1,024	15,882	14,030	204,734	-55	-28
Lubbock.....	202	3,562	2,844	53,063	-39	-34
Port Arthur.....	143	2,074	413	9,232	-28	-44
San Antonio.....	1,000	15,555	2,635	55,272	-23	-43
Waco.....	187	2,502	967	16,457	-69	54
Wichita Falls.....	76	1,915	346	12,989	-68	-56
<b>Total—17 cities.....</b>	<b>7,787</b>	<b>109,692</b>	<b>\$56,379</b>	<b>\$845,642</b>	<b>-33</b>	<b>-12</b>