



BUSINESS REVIEW

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AGRICULTURE IN 1960

The 1960 peak in the harvesting of crops and marketing of livestock in the five southwestern states of Arizona, Louisiana, New Mexico, Oklahoma, and Texas has passed, and preparations for a new season are well advanced. Estimates of this year's output of many important crop and livestock products point to a total southwestern agricultural output almost 5 percent larger than the all-time high achieved in 1959 and around one-fifth larger than the 1947-49 average. Lower average agricultural product prices, however, may place total farm income 4 or 5 percent below last year's levels.

As would be expected in an area as large and diverse as the Southwest, the variation in output and income among different sections ranged from disappointing to exceptional. Weather was the most important single factor affecting total production, as well as the variation in output among different sections. Moisture conditions in most areas of the Southwest generally were favorable during the late summer and early fall of 1959, although portions of Arizona and New Mexico and the Trans-Pecos and southern areas of Texas did not receive significant precipitation until late spring.

An early freeze in November 1959 was the forerunner of a series of cold, damp periods that blanketed much of the Southwest during the ensuing winter months. The winter was particularly severe on livestockmen because the damp, cold weather retarded growth of forage and made it necessary to feed livestock supplemental hay and concentrates for long periods. During the summer

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS

and fall of this year, growing conditions were mixed. Relatively cool temperatures and intermittent rains resulted in fairly favorable range and pasture conditions but intensified the problems of insect and disease control.

Total Crop Output Rises

Total crop production may exceed the 1959 level by around 5 percent, despite a reduction in planted acreages. The acreage planted to 11 major crops in the Southwest in 1960 totaled almost 37 million acres, or 2 percent below the seeded acreage of the crops in 1959. These 11 crops account for approximately 85 percent of the cash income from crops in the five Eleventh District states. The major part of the decline in the acreage planted to these crops resulted from smaller seedings of grain sorghums, although significant decreases also occurred in the acreages of corn and oats. Cotton, barley, flaxseed, and rice were the only crops with higher planted acreages than last year.

Part of the decline in the total acreage seeded probably resulted from the poor winter and spring weather conditions, which limited some plantings of oats and corn, particularly in eastern sections of the District. Probably a more important factor affecting seedings has been the Conservation Reserve Program. Around 755,000 acres of additional cropland in the Southwest were withdrawn from cultivation in 1960 as a result of new signups under the program; these accounted for about 12 percent of the new acreage contracted for in the Nation. Well over half of the new 1960 Conservation Reserve participation in the District

PLANTED ACREAGE OF CROPS

Five Southwestern States¹

(In thousands of acres)

Crop	1960	1959	Percent change
Cotton	8,790	8,547	3
Corn	2,274	2,484	-8
Wheat	9,813	9,799	0
Oats	3,172	3,420	-7
Barley	1,655	1,452	14
Rice	885	880	1
Sorghums	9,749	10,384	-6
Flaxseed	123	41	200
Peanuts	430	445	-3
Sweet potatoes	94	115	-18
Beans, dry edible	13	16	-19
Total	36,998	37,583	-2

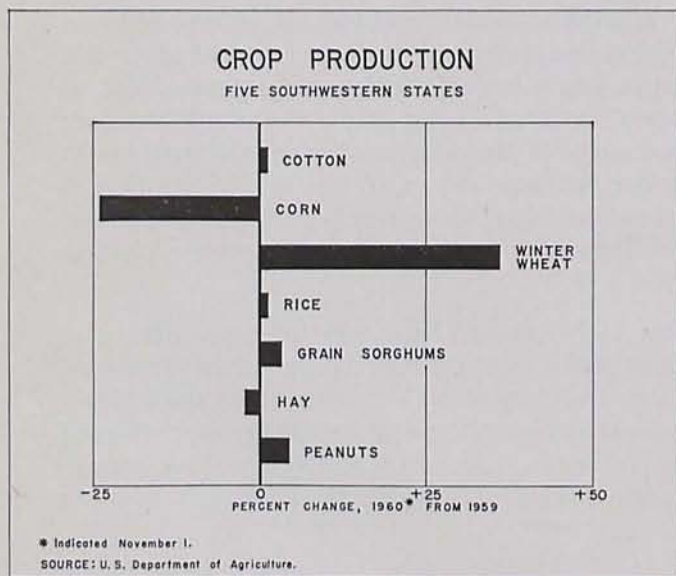
¹ Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
SOURCE: United States Department of Agriculture.

states was in Texas — mainly in the dry-land areas of the High Plains, where wheat and grain sorghums are important crops. Since the beginning of the Conservation Reserve Program in 1956, almost 6.2 million acres of southwestern cropland have been taken out of cultivation, and about 96 percent of this acreage has been devoted to grassland uses.

Inasmuch as the acreage devoted to major crops in 1960 was slightly below a year earlier, higher per acre yields for some of the more important crops accounted for most of the gain in total southwestern crop production. Cotton and corn are exceptions, however, as per acre yields are expected to average below 1959. Rice yields have been virtually unchanged, but yields have been higher for wheat, oats, barley, grain sorghums, and peanuts.

Yields of crops seeded last fall for harvest this year reflected the favorable moisture conditions of the winter and spring. Winter wheat yields, at 24 bushels per acre, were 26 percent larger than in 1959 and were almost equal to the all-time high achieved in 1958. Wheat output this year increased more than one-third over last year's production and was double the 10-year (1949-58) average. The reduction in acreage planted to oats and the subsequent acreage abandonment because of freeze and green bug damage were offset by higher yields, so that oat production was virtually equal to that in 1959. Barley outturn rose as a result of advances in both acreage planted and yields.

Among the 1960 spring-planted crops, cotton, grain sorghums, rice, peanuts, and corn were the most important in the Southwest in terms of acreage and value. Acreage controls continued for cotton, peanuts, and rice. The planted acreages of grain sorghums, corn, and peanuts were below a year ago, while those for cotton



and rice were slightly higher. As a result of the changes in acreages and yields for the major spring-planted crops, the indicated output of corn decreased significantly from 1959; production of rice and cotton may be slightly larger; and the outturn of grain sorghums and peanuts is expected to be moderately higher than last year.

Total commercial vegetable production for both the fresh and the processed markets in the Southwest may be only slightly higher this year, but output of citrus fruits, peaches, pears, and pecans is likely to be considerably larger than in 1959.

In terms of the utilization of southwestern crop acreage, cotton is third in importance, following grain sorghums and wheat; but in terms of value, cotton is the leading commodity, accounting for about one-half of the total cash income from crops in recent years. Consequently, cotton production and income play an important part in determining over-all productivity and income trends in southwestern agriculture.

The national acreage allotment for 1960-crop cotton was set at the minimum permitted by law. The portion of the national allotment for the District states amounted to about 8.7 million acres for both upland and extra-long staple cotton — not quite 30,000 acres below the 1959 allotment. The "Choice A" and "Choice B" programs in effect during 1959 were in operation this year. Producers who selected the Choice B program were permitted to increase the acreage devoted to cotton by as much as 40 percent over the regular acreage allotment. Support for cotton produced under Choice B, however, was 15 percent of parity below that for cotton produced under the regular, or Choice A, program.

Approximately 662,000 acres of additional cotton acreage were provided to producers in the Southwest who elected the Choice B option, or 55 percent of the Choice B acreage in the Nation and 150,000 acres more than the 1959 Choice B acreage in the Southwest. Election of the Choice B program increased the acreage available for planting cotton in all of the District states, but participation was by far the greatest in Arizona and New Mexico, where high yields are obtained by irrigation.

With the slight gain in acreage planted to cotton and with per acre yields only slightly lower than in 1959, the 1960 cotton crop in the District states is estimated to be 6,370,000 bales, or 1 percent more than

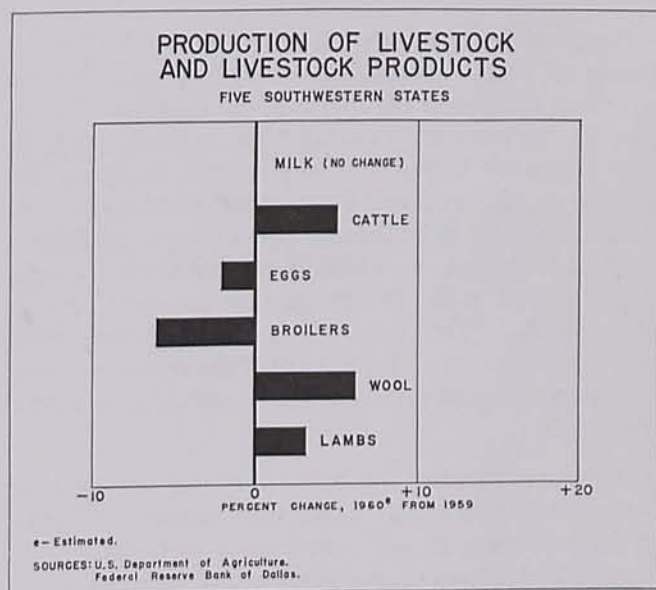
last year and 5 percent larger than the 10-year average. Compared with 1959, the increases in expected outturns of cotton in Arizona and Oklahoma would more than offset the decreases indicated for Louisiana, New Mexico, and Texas. In Texas the cotton crop in western sections was relatively good, while only a fair to poor outturn was realized in other areas of the State.

Over-All Livestock Production Increases

The output of all livestock products in the Southwest advanced moderately this year, although divergent trends were evident for some types of production. The production of cattle, sheep, wool, mohair, and turkeys increased; while that of hogs, poultry, and eggs declined somewhat. Output of dairy products showed little change from the 1959 levels, although the shift toward greater fluid milk utilization continued.

The number of all cattle and calves on farms and ranches was at a record high as of the first of this year in both the Southwest and the Nation, and inventories have continued to rise in both areas during 1960, the third consecutive year in which numbers have risen. In the District states, the number of all cattle on hand at the beginning of this year totaled 17,096,000 and was 8 percent above a year earlier — somewhat above the national increase. Southwestern milk cattle numbers rose only fractionally, but beef cattle inventories were one-tenth larger.

Reflecting the increased size of the breeding herd, the calf crop in the Southwest during 1960 totaled slightly more than 7.7 million, or 5 percent more than a



year earlier. The calf crop would have been larger in view of the gain in numbers of cows and heifers, but the calving rate declined in each of the District states and showed a 2-percent decrease for the entire Southwest.

Although still relatively unimportant in the Southwest as compared with the production of stocker and feeder cattle, commercial cattle feeding is increasing in importance. The numbers of cattle and calves fed out this year advanced significantly over the year-earlier levels. Much of the rise in feeding in the past few years has been the result of the establishment of several large commercial feeding operations.

Sheep and lamb numbers in the Southwest also increased, further extending the trend that began during 1957 — a year earlier than in the case of cattle inventories. At the beginning of 1960, there were almost 9 percent more sheep and lambs in the Southwest than at the same time in 1959, and indications point to a further slight increase during the year. Similarly, the number of goats, continuing the upward trend which began in 1953, was 6 percent larger on January 1 of this year, and an additional minor gain probably occurred during 1960.

The upward trends in sheep and goat inventories have resulted in moderate gains in lamb, wool, and mohair output this year. Shorn wool production in the Southwest is estimated at 6 percent above that in 1959 and the largest since 1950. A slight decline in the average weight per fleece was more than offset by the increase in the number of sheep shorn.

Poor weather conditions in some parts of the District during the lambing season partially accounted for the 5-percent decline in the lambs saved this year. Consequently, the lamb crop during 1960 is estimated to be only 3 percent larger than a year ago. Similarly, inclement weather reduced the number of kids saved, but mohair output may be around 5 percent greater than in 1959. Lamb feeding, which is carried out on a relatively modest scale in the Southwest, was not as extensive this year, and lamb marketings may show only a small increase. Thus, most of the output advance for sheep and goat products will be centered in animal fibers.

Although numbers of milk cattle of all ages on southwestern farms and ranches were fractionally higher at the beginning of this year than a year earlier, the number of milk cows was smaller and by June was 1

percent fewer than in June 1959. Despite the smaller milking herd, the trend toward higher output per cow apparently is continuing, and total milk output in the District states in 1960 may be about the same as in the previous year.

Unlike the anticipated 1960 outturn of many livestock products, the output of hogs and poultry products (except turkeys) is expected to be below the year-earlier levels. The relatively low prices received for hogs and most poultry products last year have been a major factor in the reduced outturn of these products during the current season. On the other hand, the stronger prices that have resulted from the reduced output this year, both nationally and in the Southwest, may encourage producers to expand output next year.

Hog prices declined to fairly low levels in 1959 and into January of this year. As the outlook for hog prices darkened, farrowings were reduced, and the 1960 spring pig crop in the Southwest was almost one-fifth smaller than the spring pig crop a year earlier. Consequently, marketings during the latter part of this year have decreased, and prices have risen moderately above 1959 levels. For the year as a whole, the 1960 output of pork in the District states may average one-tenth below last year.

Somewhat similar price trends have affected the output of eggs and broilers. Persistently low prices were a factor in the 12-percent reduction in the number of layers raised on southwestern farms and ranches this year, as compared with 1959, and the consequent decline in egg production. Producers also have kept a relatively tight rein on broiler output this year in order to avoid the large price-depressing supplies that have occurred at times in the past. Broiler chick placements through November in the major broiler-producing states in the District were 6 percent less than in the comparable period last year. On the other hand, southwestern turkey growers may produce 7 percent more birds in 1960.

Farm Income Decreases Slightly

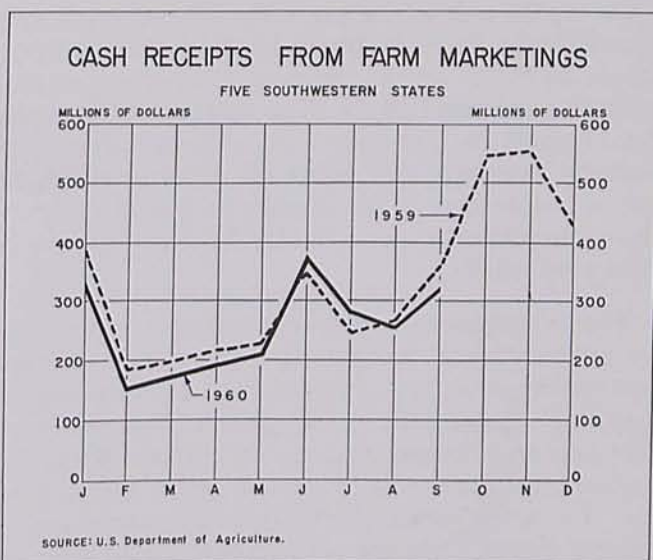
Prices, production, and costs all are important in determining the net income of farmers. The adjustments farmers have made in the production of various types of crops and livestock indicate the strong influence of prices upon management decisions. Changes in the supplies of and the demand for agricultural products, as well as the effects of governmental programs, determine the level of prices for farm commodities. The prices received by Texas farmers (which are represen-

tative of price trends in the Southwest as a whole) during the first 10 months of this year averaged 8 percent below the comparable period in 1959. Prices received for crops were 4 percent lower, and those for livestock and livestock products were 12 percent less. Of the major commodity groups, only potatoes, commercial vegetables, dairy products, and poultry and eggs showed higher prices than a year earlier.

In the 10-month period, the greatest decline — 17 percent — occurred in prices for meat animals, reflecting the large marketings of hogs early this year and the increasing supply of cattle and calves. Fruits, cotton, feed grains and hay, oilseed crops, and food grains were the most significant contributors to the over-all decline in prices for crops.

Prices of most of the major crops and some of the important livestock products are influenced by governmental price support programs. The 1960 dollars-and-cents support levels for 3 of 19 commodities produced in the Southwest were lower as compared with a year earlier, 10 were unchanged, and 6 were slightly higher. Support prices for wheat, corn, and upland cotton were less than in 1959, while those for rice, peanuts, extra-long staple cotton, butterfat, milk for manufacturing, and honey were higher.

Despite the slightly larger agricultural output expected in the Southwest this year, the lower prices are likely to reduce cash farm income to below the \$4.1 billion total for 1959. During the first 9 months of 1960, cash receipts from farm marketings in the District states were trailing the January-September period last year



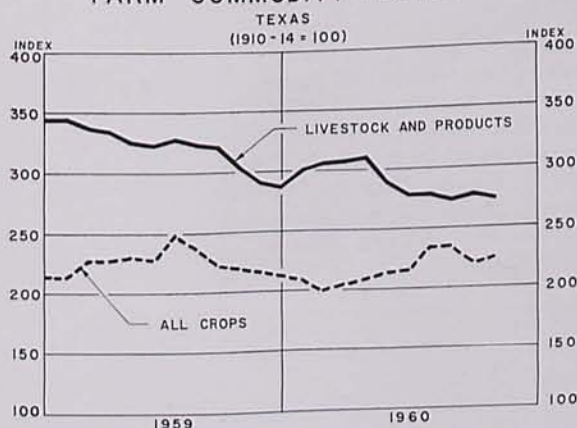
by 5 percent. The peak marketing period for crops and livestock is in the final quarter of the year, and the lower cotton prices and the seasonal decline in cattle prices are apt to hold cash receipts below a year ago despite the higher prices expected to be received for some commodities, notably hogs and eggs.

The rather persistent upward climb in the costs of items purchased by farmers over the past several years has been a factor depressing net farm income. These cost pressures continued in 1960 but moderated somewhat as compared with the past few years. The index of prices paid by farmers in the Nation (no comparable index is available for the Southwest) averaged almost 1 percent higher during the first 10 months of this year than in the corresponding period in 1959, or slightly below the rise that occurred between 1958 and 1959. This moderation in cost pressures is heartening; but with lower prices for farm and ranch products, net income to farmers this year is expected to decline more than cash farm income.

Growth in Equities Slackens

Although it is not likely to match the record levels of 1958 and 1959, the prospective level of cash farm income in the Southwest this year may be the third highest of record. Nevertheless, the decline that has occurred in cash farm income since 1958, coupled with the persistent rise in production costs, has maintained pressure on farmers and ranchers to adjust their operations. These pressures have been particularly severe on farmers who are operating small, low-volume farming units and those whose equity position is thin.

FARM COMMODITY PRICES



During the past several years, the value of assets and equities of the Nation's farmers has risen quite sharply, but in 1959 the rate of increase in asset and equity values slowed significantly. Although specific data are not available for the Southwest, a comparable trend probably occurred. A leveling off of farm real-estate values and declines in the inventory value of livestock and crops primarily accounted for the slower growth in farm asset values.

The indebtedness of southwestern farmers and ranchers remains fairly moderate; but some increase over year-earlier levels has occurred, and equity positions may have shown little or no growth. Nonreal-estate debt held by principal lenders in the Southwest at the beginning of 1960 was 13 percent larger than a year ago. Farm real-estate mortgage indebtedness was 6 percent higher. Data are not available for all types of lenders for 1960, but partial data suggest that borrowings by farmers have remained above 1959 levels. In the Eleventh Federal Reserve District, outstanding non-real-estate loans to farmers held by commercial banks at mid-June were 8 percent above June 10, 1959, and loans on farm real estate were 7 percent greater.

Summary and Outlook

The current financial condition of the majority of the commercial farmers and ranchers in the Southwest ap-

pears relatively sound. However, a few recent developments affecting future farm incomes merit careful study. If the recent slackening in the rise in southwestern farm land values continues during the next few years, appreciation in land values cannot be depended upon to provide additional security to loans secured by real estate. Furthermore, the cattle industry is in the expanding numbers phase of the cattle cycle, and the consensus of most observers is that somewhat lower cattle prices are likely. Little headway has been made in reducing stocks of wheat and feed grains; but the inventory position of cotton has improved considerably, and an increase in acreage allotments has been announced for 1961.

Many of the factors dominating the current agricultural picture in the Southwest are likely to remain important influences during the next few years. Barring extremely poor growing conditions, the inherent productivity of the Nation's agriculture is such that the potential supply of food and fiber products may continue to present problems of oversupply. The capital requirements of southwestern agriculture will remain high, and the necessity of tailoring credit to fit the needs and abilities of each farmer and rancher is likely to become increasingly important.

J. Z. ROWE
Senior Economist

NEW MEMBER BANK

The Main Bank and Trust, San Antonio, Texas, located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, became a member of the Federal Reserve System on November 25, 1960. The new member bank has capital of \$500,000, surplus of \$430,000, undivided profits of \$246,000, and total resources of \$9.9 million. The officers are: Roy H. Schultz, President; Alvin W. Cowles, Vice President and Cashier; J. A. Potts, Vice President; James F. Stroker, Vice President; John Catto Stradley, Assistant Vice President; Mrs. Alberta Mischer, Assistant Cashier; and Roger Word, Assistant Cashier.

BUSINESS REVIEW

BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



A significant easing in reserves and an increase in deposits enabled the Eleventh District weekly reporting member banks to improve their liquidity

positions during the 4 weeks ended November 16. Short-term investments and cash accounts showed marked expansion, loans moved moderately higher, and average borrowings from the Federal Reserve Bank of Dallas declined.

Freezing temperatures in November ended the 1960 growing season in the northern part of the District. Crop harvesting has been active in western sections but has been delayed by rains in eastern areas. Soil moisture is excellent in wheat areas, and the crop in the High Plains is considerably ahead of grazing. Most of the 1960 cotton and grain sorghum crop has been harvested.

District department store sales in October rose more than seasonally over September but were less than in October 1959. Year-to-year sales declines were recorded in most of the major departments. Department store inventories continued above a year ago, but new orders and orders outstanding were



Department store sales in the District rose more than seasonally during October but were 4 percent under a year ago. Most of the year-to-year decline resulted from there being one less business day in the

month this year. The seasonally adjusted index of department store sales reached 172 percent of the 1947-49 average in October — up from 166 in September and only slightly below the 173 recorded for October last year. Cumulative sales for 1960 through October 31 were 2 percent lower than in the first 10 months of 1959.

Comparisons of sales of the various types of goods handled by department stores also reflect the smaller number of business days in October this year. Year-to-

lower. New car registrations in the four major markets in Texas also showed a good gain over September but failed to equal those in October 1959.

The combination of a rise in daily average crude oil production in the District and a moderate reduction in crude runs to refinery stills resulted in a slight increase in crude oil stocks of District origin during early November. The Texas Railroad Commission has increased the State's December allowable schedule to 9 days from the 8-day schedule in effect during the preceding 7 months. Refined product demand advanced seasonally, and product inventories declined slightly.

The total value of construction contracts in the District states in September was down 7 percent from August but up 23 percent from a year ago. Residential awards rose slightly over August, while "all other" construction contracts were sharply lower.

The seasonally adjusted index of Texas industrial production remained at 173 during October and was 4 points above the October 1959 level. Nonagricultural employment in the District states advanced during October, but unemployment in Texas, estimated at 172,100, rose contraseasonally.

DEPARTMENT STORE SALES

(Percentage change in retail value)

Area	October 1960 from		10 months, 1960 from 1959
	September 1960	October 1959	
Total Eleventh District	10	-4	-2
Corpus Christi	23	-9	-6
Dallas	8	-6	1
El Paso	16	-13	-13
Fort Worth	12	-9	-5
Houston	13	4	0
San Antonio	10	-6	-4
Shreveport, La.	6	-6	-3
Waco	13	-11	-7
Other cities	7	-3	2

year declines were recorded in most of the major departments at District stores which report breakdowns of sales by type of goods. A few examples were the 10-percent declines in sales of both women's and misses' dresses and men's clothing; the 7-percent decrease for

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
1959: October.....	177	173r	203	185
1960: August.....	165	169	192	192
September.....	159	166	201	189
October.....	176	172	209p	190p

r—Revised.
p—Preliminary.

radios, television sets, and musical equipment; and the 19-percent reduction for major household appliances.

Preliminary data on inventories at the department stores in the District indicate that stocks on hand rose a little more than seasonally during October and were slightly higher at the end of the month than at the same time last year. On the other hand, both orders outstanding and new orders placed during the month declined in October and were well below the October 1959 levels.

New car registrations rose substantially during October in each of the four most populous areas in the District; for the four areas combined, total registrations were up 17 percent from September. In comparison with a year earlier, however, registrations were 8 to 10 percent lower in Dallas, Fort Worth, and San Antonio. The only year-to-year gain occurred in the Houston area, where registrations were 6 percent higher. Cumulative registrations in the four areas through the end of October continued to be 5 percent below the comparable period in 1959.

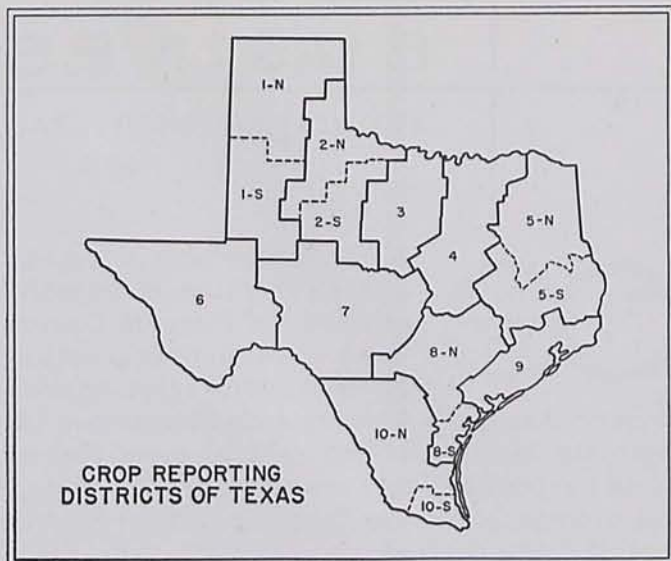


Freezing temperatures in the second week of November ended the 1960 growing season in the northern part of the District.

Harvesting of crops has been active, in clear autumn weather, throughout most western areas, but showers have delayed activity in eastern sections.

Soil moisture is excellent in virtually all wheat areas of the District, and seeding of the crop for harvest in 1961 is in the final stages. Some Northern High Plains wheat is boot-top high and is keeping well ahead of grazing. Fall oat seedings are nearing completion; however, wet fields have delayed flax planting in south and south-central Texas counties.

Cotton harvesting has progressed rapidly throughout most of the District, and the major portion of the 1960 crop has been gathered. The hard November freeze



defoliated plants, resulting in the opening of bolls in areas missed by earlier, light freezes.

Grain sorghum combining is nearing completion in the High Plains. The killing frosts helped to reduce the high moisture content which had delayed harvest north of the Canadian River. Most of the peanut crop in the Cross Timbers region has been dug, but harvesting of the south Texas crop was delayed by intermittent showers.

Wet weather conditions have slowed harvesting of winter vegetables in both south Texas and the Winter Garden area. In the Lower Valley, cabbage harvesting is under way, and peppers are moving in good volume; fair quantities of corn, cucumbers, field peas, and squash are available.

COTTON PRODUCTION

Texas Crop Reporting Districts

(In thousands of bales — 500 pounds gross weight)

Area	1960, indicated November 1	1959	1958	1960 as percent of 1959
1-N — Northern High Plains.....	480	472	530	102
1-S — Southern High Plains.....	1,475	1,424	1,502	104
2-N — Red Bed Plains.....	300	266	261	113
2-S — Red Bed Plains.....	340	333	282	102
3 — Western Cross Timbers.....	20	19	19	105
4 — Black and Grand Prairies.....	440	475	425	93
5-N — East Texas Timbered Plains....	50	54	43	93
5-S — East Texas Timbered Plains....	70	70	54	100
6 — Trans-Pecos.....	285	277	289	103
7 — Edwards Plateau.....	65	58	34	112
8-N — Southern Texas Prairies.....	110	159	99	69
8-S — Southern Texas Prairies.....	155	146	172	106
9 — Coastal Prairies.....	110	159	156	69
10-N — South Texas Plains.....	50	59	47	85
10-S — Lower Rio Grande Valley.....	350	445	395	79
State.....	4,300	4,416	4,308	97

SOURCE: United States Department of Agriculture.

CROP PRODUCTION
(In thousands of bushels)

Crop	TEXAS			FIVE SOUTHWESTERN STATES ¹		
	1960, estimated Nov. 1	1959	Average 1949-58	1960, estimated Nov. 1	1959	Average 1949-58
Cotton ²	4,300	4,416	4,072	6,370	6,327	6,072
Corn.....	29,876	42,728	41,318	54,562	72,139	69,317
Winter wheat....	87,728	59,850	36,751	214,090	157,687	107,189
Oats.....	28,730	26,473	28,388	42,716	42,764	43,937
Barley.....	8,572	5,752	3,045	35,115	29,598	16,278
Rye.....	198	190	236	1,322	1,188	968
Rice ³	12,927	13,136	13,050	26,209	26,046	25,356
Sorghum grain....	283,520	277,666	133,416	319,304	311,098	154,380
Flaxseed.....	1,160	357	655	1,185	435	821
Hay ⁴	2,077	2,340	1,846	6,364	6,463	5,349
Peanuts.....	213,125	206,635	185,392	364,325	351,435	288,687
Irish potatoes ⁵ ..	2,547	2,562	1,591	6,286	5,565	3,708
Sweet potatoes ⁶ ..	1,320	1,495	1,337	5,174	6,615	6,341
Pecans ⁶	37,000	32,000	31,970	87,500	66,400	69,827

¹ Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

² In thousands of bales.

³ In thousands of bags containing 100 pounds each.

⁴ In thousands of tons.

⁵ In thousands of pounds.

⁶ In thousands of hundredweight.

SOURCE: United States Department of Agriculture.

Ranges in the western part of the District are going into the winter with above-average grass cover. Stocker cattle are in demand to utilize the surplus small-grain pasture, and fall calving is approaching a peak level in the Edwards Plateau.



During the 4 weeks ended November 16, the District weekly reporting member banks showed a noticeably improved liquidity position. Marked gains in reserves and deposits enabled the banks to reduce borrowings while making substantial increases in short-term investments and cash accounts and a moderate extension of new loans. The ratio of loans to deposits declined, and total assets showed the greatest expansion of the year.

Gross loans (excluding interbank loans) grew \$9.9 million in this 4-week period, largely as a result of increases in loans to nonbank financial institutions and commercial and industrial loans. In the comparable period in 1959, loans rose \$7.3 million, mainly because of expanded commercial and industrial loans. Total investments were \$91.3 million higher; holdings of all maturities of United States Government securities increased, with Treasury bill holdings expanding \$61.4 million. A year earlier, total investments declined \$65 million.

Total deposits grew \$210 million during the 4 weeks, with demand deposits advancing \$180 million. Substantial increases were recorded in demand deposits of the United States Government, states and political subdivisions, and domestic commercial banks. Time

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Nov. 16, 1960	Oct. 19, 1960	Nov. 18, 1959
ASSETS			
Commercial and industrial loans.....	1,550,473	1,547,007	1,526,528
Agricultural loans.....	33,336	33,384	33,363
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities.....	274	3,274	743
Other securities.....	21,284	21,681	11,810
Other loans for purchasing or carrying:			
U. S. Government securities.....	6,295	8,793	10,301
Other securities.....	180,272	174,751	188,215
Loans to nonbank financial institutions:			
Sales finance, personal finance, etc.....	95,309	98,410	127,396
Savings banks, mtge. cos., ins. cos., etc.....	135,516	122,368	117,663
Loans to foreign banks.....	287	505	159
Loans to domestic commercial banks.....	92,510	26,131	43,465
Real-estate loans.....	208,230	206,211	210,288
All other loans.....	748,273	753,250	710,678
Gross loans.....	3,072,059	2,995,765	2,980,609
Less reserves and unallocated charge-offs..	54,775	55,208	50,243
Net loans.....	3,017,284	2,940,557	2,930,366
Treasury bills.....	116,377	54,987	45,913
Treasury certificates of indebtedness.....	32,557	30,821	39,749
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year.....	117,621	109,537	65,812
After 1 but within 5 years.....	783,150	777,271	791,246
After 5 years.....	341,263	323,281	319,506
Other securities.....	352,436	356,169	344,614
Total investments.....	1,743,404	1,652,066	1,606,840
Cash items in process of collection.....	588,618	519,291	504,818
Balances with banks in the United States.....	499,599	564,765	480,176
Balances with banks in foreign countries.....	1,923	2,179	2,417
Currency and coin.....	52,073	52,431	50,267
Reserves with Federal Reserve Bank.....	572,758	518,510	558,789
Other assets.....	208,863	196,827	205,460
TOTAL ASSETS.....	6,684,522	6,446,626	6,339,133
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits			
Individuals, partnerships, and corporations....	2,927,797	2,953,850	2,901,691
United States Government.....	157,827	72,108	107,490
States and political subdivisions.....	213,257	178,949	226,276
Banks in the United States.....	1,126,455	1,050,521	1,031,198
Banks in foreign countries.....	17,399	21,505	16,449
Certified and officers' checks, etc.....	60,212	45,461	67,536
Total demand deposits.....	4,502,947	4,322,394	4,350,640
Time deposits			
Individuals, partnerships, and corporations....	1,181,983	1,154,083	1,055,898
United States Government.....	9,913	9,913	6,255
Postal savings.....	394	394	421
States and political subdivisions.....	228,295	226,525	168,941
Banks in the U. S. and foreign countries.....	10,355	10,395	7,484
Total time deposits.....	1,430,940	1,401,310	1,238,999
Total deposits.....	5,933,887	5,723,704	5,589,639
Bills payable, rediscounts, etc.....	45,934	50,169	97,764
All other liabilities.....	134,781	109,447	108,913
Capital accounts.....	569,920	563,306	542,817
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	6,684,522	6,446,626	6,339,133

deposits rose \$29.6 million, primarily because of the \$27.5 million gain in deposits of individuals, partnerships, and corporations. In the corresponding period last year, total deposits declined \$60.8 million, as demand deposits fell markedly and time deposits increased only slightly.

In the 4 weeks ended November 2, total reserves of all member banks in the District increased, but the expansion in required reserves absorbed over two-thirds

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended Nov. 2, 1960	4 weeks ended Oct. 5, 1960	Month of Oct. 1959
RESERVE CITY BANKS			
Total reserves held.....	565,590	550,574	550,340
With Federal Reserve Bank....	555,455	541,010	—
Cash allowed as reserves.....	10,135	9,564	—
Required reserves.....	557,902	546,005	543,199
Excess reserves.....	7,688	4,569	7,141
Borrowings.....	72	8,000	26,422
Free reserves.....	7,616	-3,431	-19,281
COUNTRY BANKS			
Total reserves held.....	459,514	451,938	447,438
With Federal Reserve Bank....	429,992	422,923	—
Cash allowed as reserves.....	29,522	29,015	—
Required reserves.....	396,573	392,765	408,144
Excess reserves.....	62,941	59,173	39,294
Borrowings.....	9,762	13,176	18,913
Free reserves.....	53,179	45,997	20,381
ALL MEMBER BANKS			
Total reserves held.....	1,025,104	1,002,512	997,778
With Federal Reserve Bank....	985,447	963,933	—
Cash allowed as reserves.....	39,657	38,579	—
Required reserves.....	954,475	938,770	951,343
Excess reserves.....	70,629	63,742	46,435
Borrowings.....	9,834	21,176	45,335
Free reserves.....	60,795	42,566	1,100

NOTE. — Regulations permitting member banks to count part of their vault cash in meeting reserve requirements became effective in December 1959, and on January 1, 1960, the reserve computation period for country member banks was changed to a biweekly basis. Therefore, monthly data comparable to year-earlier material are not available.

of this reserve gain. Borrowings, however, declined markedly, as borrowings by reserve city banks fell below \$1 million. As a result of these factors, the reserve position of reserve city banks improved considerably, and free reserves reached their highest level to date. Indeed, this marks only the third time in 1960 that reserve city banks have shown a net free reserve position. Country banks also increased their free reserves, thereby maintaining a comfortable reserve position.

The Federal Reserve Bank of Dallas showed an expansion of \$29.2 million in total earning assets between October 19 and November 16. This net increase resulted from a growth of \$33.5 million in holdings of United States Government securities and a decline of \$4.3 million in member bank discounts. Federal Reserve notes in circulation rose \$5.5 million during this period to a level \$15.3 million above a year earlier. Gold certificate reserves expanded \$64.4 million during the 4 weeks ended November 16 and were \$57.8 million less than a year ago.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Nov. 16, 1960	Oct. 19, 1960	Nov. 18, 1959
Total gold certificate reserves.....	711,509	647,121	769,290
Discounts for member banks.....	6,100	10,419	10,750
Other discounts and advances.....	1,276	1,276	348
U. S. Government securities.....	1,112,495	1,079,017	1,060,678
Total earning assets.....	1,119,871	1,090,712	1,071,776
Member bank reserve deposits.....	970,534	902,644	999,625
Federal Reserve notes in actual circulation.....	822,526	817,069	807,210



Recognizing the improved statistical position of the petroleum industry and allowing for projected seasonal requirements, the Texas Railroad Commission has

approved a 9-day schedule for crude oil production in the State in December. For the preceding 7 months, the flow from prorated wells in Texas had been limited to an all-time low of 8 days in an attempt to adjust supply conditions to demand. Similarly, other prorating states severely restricted output; however, as inventories were brought under control and demand improved slightly, allowable production was permitted to advance. The December allowable for southeastern New Mexico will be the same as in November, when the allowable was raised for the first time since May.

During the current adjustment period, spot crude oil has been virtually unavailable, and the price of crude oil has firmed at an average of \$3 per barrel. Both District and national crude oil stocks have been significantly lower than the year-earlier levels; however, steady crude oil output, reduced crude runs to refinery stills, and increased crude oil imports east of California permitted crude oil inventories of District and national origin to advance slightly during October and early November.

The improved tone of the industry also spread to the drilling phase. Although the average number of rotary rigs active in the District declined slightly during October, both total footage drilled and well completions rose significantly, indicating more intensive utilization of drilling equipment. All barometers of drilling activity, however, remained well below a year ago.

Refined product demand advanced seasonally during October, and product inventories declined slightly. The expected decrease in gasoline demand failed to occur, and stocks fell moderately, although remaining somewhat greater than a year earlier. Distillate fuel oil demand rose less than seasonally as temperatures across the Nation for the month of October averaged 20 percent warmer than in October 1959. Kerosene

MARKETED PRODUCTION OF NATURAL GAS

(In millions of cubic feet)

Area	Second quarter 1960	First quarter 1960	Second quarter 1959
Louisiana.....	658,300	804,500	573,000
New Mexico.....	198,200	223,800	165,400
Oklahoma.....	180,000	199,700	165,800
Texas.....	1,418,200	1,579,200	1,336,300
Total.....	2,454,700	2,807,200	2,240,500

SOURCE: United States Bureau of Mines.

demand, supported by increasing use of commercial jet fuel oil, continued to advance significantly. Larger residual fuel oil imports failed to meet the increased demand, and stocks declined. The United States Department of the Interior has set residual import allowables for the first quarter of 1961 at 530,000 barrels daily, or 91,000 barrels per day more than the 1957 base.



In September the total value of construction contracts in the five southwestern states amounted to \$318 million, down 7 percent from August but 23 percent

above September 1959. Residential awards increased moderately during September, while "all other" contracts were sharply below the previous month. The latter decline occurred because of a substantial cutback in nonresidential building awards; public works and utilities, the other major segment of "all other" awards, showed a moderate gain.

The value of construction contracts in the District states during the first 9 months of 1960 totaled almost \$3 billion, or 3 percent below the comparable 1959 period. This decline occurred wholly in the residential sector, which was 17 percent under January-September 1959; however, the 10-percent gain in the "all other" sector, which includes heavy engineering and nonresidential building awards, limited, to a large degree, the decline in the total value of southwestern construction contracts.

Residential construction accounted for over one-half of the value of all new construction in the Southwest during the 1950's. The recently released 1960 Census

of Housing indicates that, of the 1.3 million housing units constructed in the five District states during the 1950's, 1.2 million units were built in cities with populations of 10,000 or more. The 23 largest cities in the five southwestern states accounted for almost 800,000 of the 1.2 million urban units constructed. There are approximately 5.7 million housing units in the five states, representing about 10 percent of the Nation's total.

The seasonally adjusted index of Texas industrial production during October remained at the revised September level of 173, or 4 points above October 1959. Total manufacturing increased slightly over September as a result of strength in nondurable goods manufacturing and was 11 points above a year earlier. Nondurable goods output rose because of advances in petroleum products, food, and apparel industries. Durable goods production held steady, with strength evident in transportation equipment, electrical machinery, and fabricated metal products industries. Mining declined slightly as there was a small reduction in crude petroleum output.

Nonfarm employment in the District states rose to 4,450,800 during October, with seasonal increases in government, services, and trade more than offsetting declines in mining, construction, and transportation and public utilities. Manufacturing employment, which accounts for about one-fifth of total nonfarm employment, held steady during the month but was fractionally above a year ago. Unemployment in Texas rose slightly in October to 172,100, or 4.7 percent of the nonfarm labor force. Average weekly insured unemployment, representing 35 to 40 percent of total unemployment in the State, was substantially above a year earlier.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change Oct. 1960 from	
	October 1960e	September 1960	October 1959r	Sept. 1960	Oct. 1959
Total nonagricultural					
wage and salary workers..	4,450,800	4,437,200	4,385,400	0.3	1.5
Manufacturing.....	782,300	782,300	780,400	.0	.2
Nonmanufacturing.....	3,668,500	3,654,900	3,605,000	.4	1.8
Mining.....	240,700	244,500	248,700	-1.6	-3.2
Construction.....	316,300	320,900	309,300	-1.4	2.3
Transportation and public utilities.....	403,100	403,400	408,000	-.1	-1.2
Trade.....	1,101,500	1,097,400	1,082,700	.4	1.7
Finance.....	202,500	202,500	194,500	.0	4.1
Service.....	551,300	547,500	535,500	.7	3.0
Government.....	853,100	838,700	826,300	1.7	3.2

¹ Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

e — Estimated.

r — Revised.

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

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1947-49 = 100)

Area and type of index	October 1960p	September 1960	August 1960	October 1959
TEXAS				
Total industrial production....	173	173	174	169
Total manufactures.....	217	216	219	206
Durable manufactures.....	252	252	250	243
Nondurable manufactures....	201	200	204	190
Mining.....	129	131	130	132
UNITED STATES				
Total industrial production....	162	162	165	155r
Total manufactures.....	160	161	163	154r
Durable manufactures.....	165	166	169	155
Nondurable manufactures....	159	160	162	157r
Mining.....	126	126	129r	120
Utilities.....	294	294	293r	272r

p — Preliminary.

r — Revised.

SOURCES: Board of Governors of the Federal Reserve System.
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 ¹			Demand deposits ¹			
	October 1960	Percent change from		Annual rate of turnover			
		Sept. 1960	Oct. 1959	Oct. 31, 1960	Oct. 1960	Sept. 1960	Oct. 1959
ARIZONA							
Tucson.....	\$ 212,610	-7	-6	\$ 126,057	20.6	22.4	20.3
LOUISIANA							
Monroe.....	81,356	-2	0	52,744	19.2	19.9	18.6
Shreveport.....	319,537	-2	0	180,413	21.4	21.8	20.3
NEW MEXICO							
Roswell.....	43,796	1	1	31,693	17.3	18.0	17.3
TEXAS							
Abilene.....	100,770	4	0	69,269	18.1	17.9	18.7
Amarillo.....	225,901	6	-1	117,085	23.4	22.6	23.6
Austin.....	206,261	3	-2	140,990	17.6	16.8	17.2
Beaumont.....	157,942	4	0	99,117	19.4	19.0	19.0
Corpus Christi.....	179,660	-7	-7	109,129	20.2	21.6	20.8
Corsicana.....	19,470	5	6	19,835	12.1	12.0	10.8
Dallas.....	2,698,518	-4	2	1,165,360	27.8	29.3	27.7
El Paso.....	333,952	3	-12	169,813	24.2	24.1	27.1
Fort Worth.....	754,844	-2	-3	389,398	24.0	25.2	24.8
Galveston.....	94,579	21	1	60,313	19.0	15.8	18.2
Houston.....	2,495,627	-2	-2	1,271,720	23.5	24.4	24.8
Laredo.....	26,575	-1	-3	21,610	14.9	15.1	15.0
Lubbock.....	207,158	13	-10	104,828	23.2	20.4	25.6
Port Arthur.....	67,148	9	-2	43,208	18.8	17.5	19.3
San Angelo.....	55,565	0	-2	46,949	14.3	14.2	14.9
San Antonio.....	582,223	-3	-4	374,892	18.7	19.7	19.2
Texarkana ²	24,128	5	4	17,259	16.9	16.4	18.1
Tyler.....	82,742	0	3	58,846	17.2	17.5	16.1
Waco.....	110,140	3	-12	70,472	19.0	18.7	22.0
Wichita Falls.....	112,335	2	-7	97,132	13.9	13.8	13.9
Total—24 cities.....	\$9,192,837	-1	-2	\$4,838,132	22.9	24.0	23.4

¹ Deposits of individuals, partnerships, and corporations and of states and political subdivisions.

² 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 \$54,455,000 for the month of October 1960.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	September 1960	August 1960	September 1959	January—September	
				1960	1959
FIVE SOUTHWESTERN STATES¹					
Residential.....	318,214	341,070	296,575	2,988,411	3,082,205
All other.....	136,495	132,709	146,562	1,213,533	1,467,504
UNITED STATES.....	181,719	208,361	150,013	1,774,878	1,614,701
Residential.....	3,118,775	3,277,246	3,058,055	27,500,005	28,605,092
All other.....	1,277,343	1,428,730	1,465,957	11,620,701	13,572,701
Total.....	1,841,432	1,848,516	1,592,098	15,879,304	15,032,391

¹ 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				
	October 1960 ¹	September 1960 ¹	October 1959 ²	September 1960	October 1959
ELEVENTH DISTRICT.....	2,781.5	2,825.2	2,907.1	-1.6	-4.3
Texas.....	2,415.5	2,461.3	2,527.9	-1.9	-4.5
Gulf Coast.....	436.5	447.6	460.2	-2.5	-5.2
West Texas.....	1,075.0	1,082.6	1,136.8	-7	-5.4
East Texas (proper).....	121.2	123.9	134.2	-2.2	-9.7
Panhandle.....	101.8	108.0	107.7	-5.8	-5.5
Rest of State.....	681.0	699.2	689.0	-2.6	-1.2
Southeastern New Mexico.....	255.5	253.3	250.0	.9	2.2
Northern Louisiana.....	110.5	110.6	129.2	-1	-14.5
OUTSIDE ELEVENTH DISTRICT.....	4,036.3	4,034.1	4,004.1	.1	.8
UNITED STATES.....	6,817.8	6,859.3	6,911.2	-.6	-1.4

SOURCES: ¹ Estimated from American Petroleum Institute weekly reports.

² United States Bureau of Mines.

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Oct. 26, 1960	Sept. 28, 1960	Oct. 28, 1959
ASSETS			
Loans and discounts.....	4,953	4,944	4,743
United States Government obligations.....	2,553	2,426	2,562
Other securities.....	850	821	845
Reserves with Federal Reserve Bank.....	959	908	944
Cash in vault ^e	156	153	150
Balances with banks in the United States.....	1,057	1,047	1,016
Balances with banks in foreign countries ^e	2	2	3
Cash items in process of collection.....	522	520	499
Other assets ^e	296	283	304
TOTAL ASSETS^e.....	11,348	11,104	11,066
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,159	1,172	1,112
Other demand deposits.....	6,628	6,393	6,709
Time deposits.....	2,386	2,332	2,098
Total deposits.....	10,173	9,897	9,919
Borrowings ^e	48	99	105
Other liabilities ^e	160	146	116
Total capital accounts ^e	967	962	926
TOTAL LIABILITIES AND CAPITAL ACCOUNTS^e.....	11,348	11,104	11,066

^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
1958: October...	7,615	3,744	3,871	2,105	1,149	956
1959: October...	7,782	3,820	3,962	2,099	1,078	1,021
1960: June.....	7,473	3,726	3,747	2,191	1,098	1,093
July.....	7,421	3,772	3,649	2,184	1,104	1,080
August.....	7,506	3,745	3,761	2,280	1,143	1,137
September	7,577	3,814	3,763	2,317	1,170	1,147
October...	7,699	3,875	3,824	2,368	1,198	1,170

BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	NUMBER		Percent change			
	Oct. 1960	10 mos. 1960	Oct. 1960	10 mos. 1960	Sept. 1960 from Oct. 1959	10 months, 1960 from 1959
ARIZONA						
Tucson.....	725	8,614	\$ 3,482	\$ 32,736	29	-21
LOUISIANA						
Shreveport....	386	4,552	1,238	21,770	-52	-22
TEXAS						
Abilene.....	91	1,599	2,907	20,266	-27	131
Amarillo.....	252	3,178	2,185	29,000	6	-23
Austin.....	256	2,909	3,069	37,591	5	-39
Beaumont.....	353	3,075	1,794	15,190	6	-50
Corpus Christi.....	239	775	705	9,920	-30	-11
Dallas.....	1,908	21,460	11,359	119,045	4	1
El Paso.....	477	5,719	2,978	39,233	-37	-39
Fort Worth.....	498	6,508	3,232	40,089	-27	-24
Galveston.....	106	1,304	135	5,648	-80	-41
Houston.....	884	12,010	29,196	260,058	-10	-7
Lubbock.....	183	2,282	1,698	32,452	-24	-64
Port Arthur....	156	1,842	356	8,862	-71	-38
San Antonio....	1,161	11,927	2,575	49,691	-63	-25
Waco.....	183	2,346	1,645	14,622	59	-47
Wichita Falls..	247	2,452	2,306	23,724	109	114
Total—17 cities..	8,105	92,552	\$70,860	\$759,897	-14	-16

Annual Report

FEDERAL RESERVE BANK OF DALLAS

1960

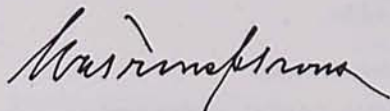
To the Member Banks in the
Eleventh Federal Reserve District:

The Statement of Condition and the Earnings and Expenses of the Federal Reserve Bank of Dallas for the year 1960, with comparative figures for 1959, are shown herein.

A review of economic and financial developments in the Nation and the District during 1960 is being presented in the January 1961 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, 1960	Dec. 31, 1959
ASSETS		
Gold certificate account	\$ 731,394,963.80	\$ 713,196,271.55
Redemption fund for Federal Reserve notes	32,693,136.17	31,036,856.17
Total gold certificate reserves	764,088,099.97	744,233,127.72
Federal Reserve notes of other Banks	24,646,600.00	33,442,100.00
Other cash	15,265,157.01	16,519,287.39
Discounts and advances	814,000.00	8,910,000.00
U. S. Government securities		
Bills	116,877,000.00	104,007,000.00
Certificates	365,108,000.00	419,376,000.00
Notes	502,996,000.00	439,465,000.00
Bonds	102,486,000.00	99,137,000.00
Total U. S. Government securities	1,087,467,000.00	1,061,985,000.00
Total loans and securities	1,088,281,000.00	1,070,895,000.00
Due from foreign banks	825.03	748.48
Cash items in process of collection	259,467,958.26	294,453,959.80
Bank premises	13,900,431.99	11,338,918.76
Other assets	8,620,432.64	10,599,025.81
TOTAL ASSETS	2,174,270,504.90	2,181,482,167.96
LIABILITIES		
Federal Reserve notes in actual circulation	835,972,900.00	815,894,820.00
Deposits		
Member bank — reserve accounts	971,083,292.56	973,362,268.70
U. S. Treasurer — general account	53,390,099.41	44,230,629.95
Foreign	12,412,000.00	18,096,000.00
Other	3,423,107.94	11,902,615.30
Total deposits	1,040,308,499.91	1,047,591,513.95
Deferred availability cash items	226,450,052.54	249,555,498.97
Other liabilities	1,027,352.45	959,280.32
TOTAL LIABILITIES	2,103,758,804.90	2,114,001,113.24
CAPITAL ACCOUNTS		
Capital paid in	23,503,900.00	22,322,450.00
Surplus	47,007,800.00	44,644,900.00
Other capital accounts	—	513,704.72
TOTAL CAPITAL ACCOUNTS	70,511,700.00	67,481,054.72
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	\$2,174,270,504.90	\$2,181,482,167.96

Earnings and Expenses

	1960	1959
CURRENT EARNINGS		
Discounts and advances	\$ 1,210,594.35	\$ 1,281,935.17
U. S. Government securities	43,466,853.37	34,008,358.32
All other	55,372.15	16,251.49
TOTAL CURRENT EARNINGS	44,732,819.87	35,306,544.98
CURRENT EXPENSES		
Current operating expenses	8,041,579.73	7,467,476.47
Assessment for expenses of Board of Governors	376,500.00	337,600.00
Federal Reserve currency		
Original cost, including shipping charges	291,479.00	300,509.00
Cost of redemption, including shipping charges	31,025.00	25,401.00
Total	8,740,583.73	8,130,986.47
Less reimbursement for certain fiscal agency and other expenses	960,036.00	1,130,417.00
NET EXPENSES	7,780,547.73	7,000,569.47
PROFIT AND LOSS		
Current net earnings	36,952,272.14	28,305,975.51
Additions to current net earnings		
Profit on sales of U. S. Government securities (net)	97,523.33	7,509.34
Transferred from reserves for contingencies	513,704.72	5,002,666.30
All other	686.83	856.80
Total additions	611,914.88	5,011,032.44
Deductions from current net earnings	1,713.83	4,408.52
Total deductions	1,713.83	4,408.52
Net additions	610,201.05	5,006,623.92
Net earnings before payments to U. S. Treasury	37,562,473.19	33,312,599.43
Dividends paid	1,380,653.36	1,307,562.25
Paid U. S. Treasury (interest on F. R. notes)	33,818,919.83	30,796,436.54
Transferred to surplus	2,362,900.00	1,208,600.64

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*

P. E. COLDWELL, *Vice President*

J. L. COOK, *Vice President*

T. A. HARDIN, *Vice President*

CARL H. MOORE, *Vice President*

G. R. MURFF, *Vice President and Acting Secretary of the Board*

JAMES A. PARKER, *Vice President*

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

L. G. PONDROM, *Vice President*

W. M. PRITCHETT, *Vice President*

*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*

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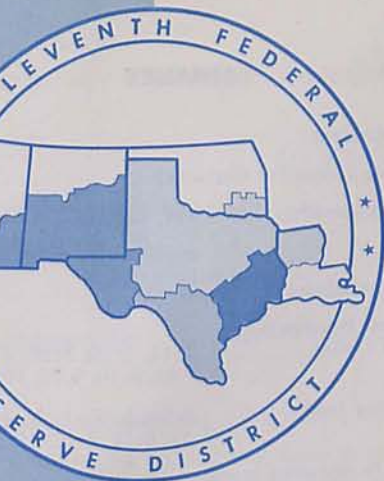
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