



# BUSINESS REVIEW

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## PERSONAL INCOME IN THE SOUTHWEST

A study of the state personal income estimates for 1960 which were published recently by the United States Department of Commerce shows a general continuation of broad trends that have been under way in the Southwest but some specific changes in the past year, mainly from the impact of the recession upon economic development in this region. The year 1960 became one of economic disappointment; despite early expectations of a rapid advance in almost all areas of the southwestern economy, a recession appeared about midyear and lowered production, employment, and income levels. On balance, however, virtually all economic indicators showed some advance in 1960, and personal income was no exception.

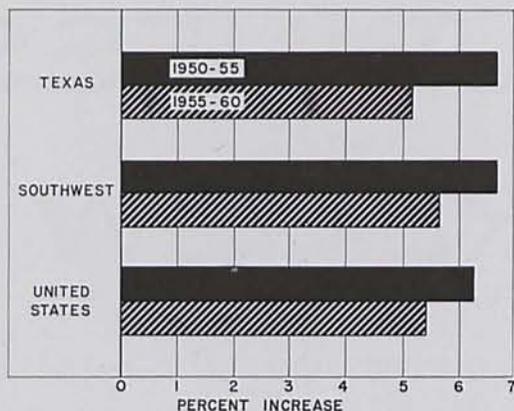
Total personal income in the five southwestern states — Arizona, Louisiana, New Mexico, Oklahoma, and Texas — rose from a 1959 level of \$31,382 million to a 1960 total of \$32,445 million, or about 3 percent, with most of the improvement occurring early in the year. In contrast, the Nation's gain during 1960 amounted to nearly 5 percent, reflecting continued high-level operations in the first half of 1960 and income stability through the support of government payments, unemployment compensation, and similar factors during the latter part of the year.

While the relatively slower rate of income growth in the Southwest than in the Nation may have been a result of recessionary tendencies aggravated by a continuing reduced level of petroleum activity and no advance in agricultural income, some of the causes of the region's slow growth rate in 1960 have been evident for

**FEDERAL RESERVE BANK OF DALLAS**  
DALLAS, TEXAS

## GROWTH IN PERSONAL INCOME

(Average annual rates)



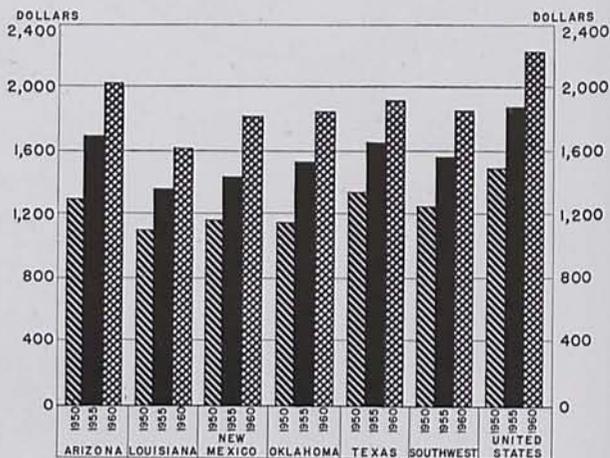
SOURCE: U.S. Department of Commerce.

a number of years. In fact, the annual rate of increase in personal income has slowed markedly in the past 5 years as contrasted to the rate of the previous 5 years. The factors important to this reduced rate of growth have included not only curtailments in petroleum activity and stability in agricultural income but also cutbacks in aircraft production, the slowing rate of industrialization, and, to some extent, the problem of international competition for products manufactured in the Southwest.

Per capita income during the 1950-60 period showed the greatest expansion in Arizona, Oklahoma, and New

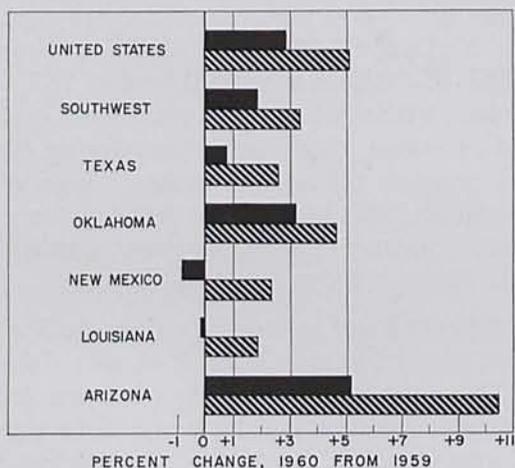
Mexico. Greater stability, but still substantial growth, was evident in Louisiana and Texas. From 1959 to 1960, however, per capita income actually declined in New Mexico and Louisiana. In New Mexico, the reduction in farm proprietors' income slowed the total income advance, and the small gain did not offset the rise in population. In Louisiana, the reduction in income from construction, a further slowdown in offshore drilling, and the decline in wages paid to farm labor were the primary deterrents.

## PER CAPITA PERSONAL INCOME



SOURCE: U.S. Department of Commerce.

## PER CAPITA PERSONAL INCOME AND TOTAL PERSONAL INCOME



SOURCE: U.S. Department of Commerce.

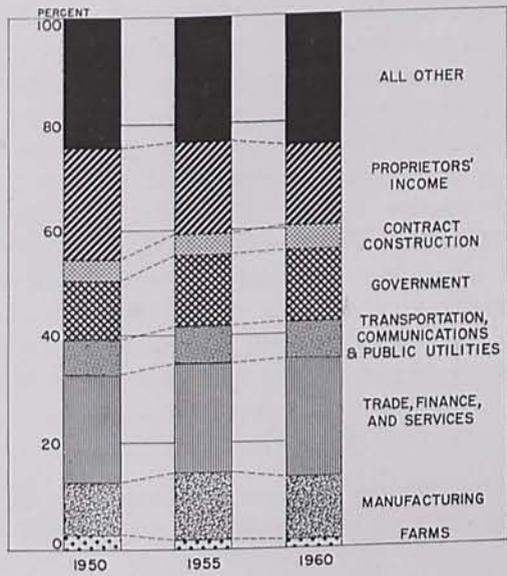
The level of per capita income continues to be lower in the Southwest than in the Nation as a whole; in fact, the margin of difference widened from 1959 to 1960. The 1960 margin of \$369 between national and southwestern per capita personal income was considerably greater than the \$300 difference in 1955 and the \$242 differential in 1950. In other words, the rate of personal income growth on a per capita basis has been slower in the southwestern states. One explanation for this lag has been the in-migration to this area. Others believe that the absence of a strong, high-paying durable goods manufacturing segment is partly responsible. Still another reason advanced has been the general structure of the Southwest's economy, which features finance, government, trade, services, and mining rather than manufacturing. Whatever the reason, no single state in the Southwest during 1960 had a per capita income as high as that in the Nation.

While the slowdown in personal income advances in the Southwest probably can be attributed to many of

the factors cited above, during 1960 there was also evidence of a southwestern response to a cyclical decline somewhat similar to that in the Nation, though perhaps with a little less vigor than was shown at the national level. Although economic diversification and industrialization have proceeded in the Southwest, the area's economy continues to be strongly influenced by emphasis on certain individual industries, such as petroleum, defense, chemicals, and electronics. Thus, in 1960 the total growth in personal income in the Southwest, amounting to \$1,063 million, contrasted with an average annual growth of \$1,484 million since 1950.

### PERSONAL INCOME, BY MAJOR SOURCE

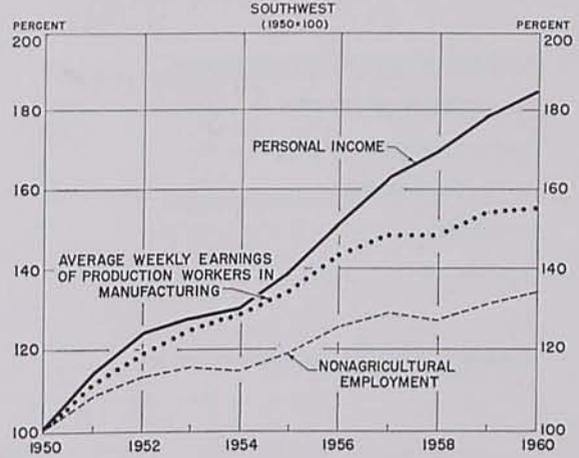
SOUTHWEST



SOURCE: U.S. Department of Commerce

Among the major sources of personal income, the wage and salary sector, which has been the most dynamic over the decade of the 1950's, slowed markedly in 1960. Although industrial production for the year increased almost 2 percent in the Southwest, this gain was sharply lower than the average advance in the area during the previous 10 years and failed to meet the rate of gain established for the Nation as a whole. Within the industrial production sector, the electronics and chemical industries continued to supply an upward impetus, while declines were reported in transportation equipment, lumber, and stone, clay, and glass manufacturing and most other durable goods industries. Total nonagricultural employment showed a slight increase in the Southwest during 1960, but the average

### PERSONAL INCOME, AVERAGE WEEKLY EARNINGS, AND NONAGRICULTURAL EMPLOYMENT

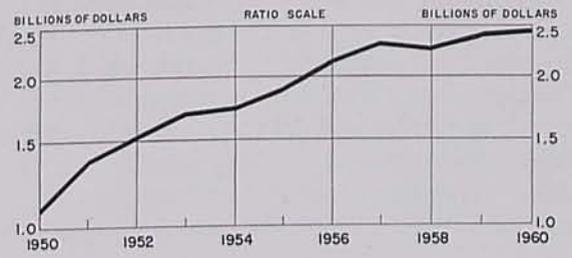


SOURCES: State employment agencies, U.S. Department of Commerce, U.S. Department of Labor.

weekly earnings of production workers in manufacturing rose only fractionally. Average weekly hours decreased slightly during the year; and with unemployment increasing, wages and salaries paid to factory workers advanced only 2 percent, contrasted with an average annual gain of about 8 percent since 1950.

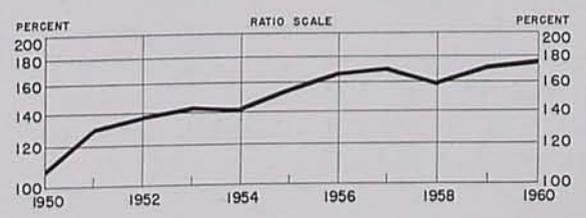
Farm income in the Southwest was virtually stable during 1960, even though total production advanced

### WAGES AND SALARIES OF TEXAS MANUFACTURING WORKERS



### TEXAS INDUSTRIAL PRODUCTION

(Annual averages, 1947-49=100)

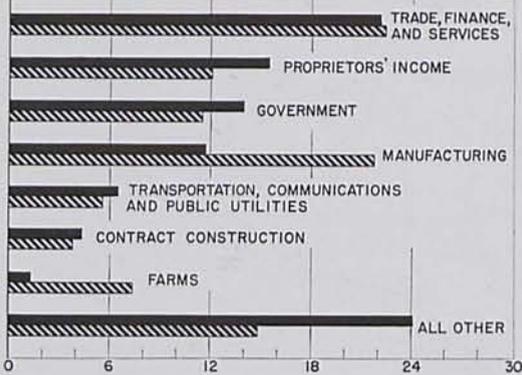


SOURCES: U.S. Department of Commerce, Federal Reserve Bank of Dallas.

## PERSONAL INCOME, BY MAJOR SOURCE

SOUTHWEST AND UNITED STATES - 1960

(Percent of total)



SOURCE: U.S. Department of Commerce.

SOUTHWEST  
UNITED STATES

further over the high level reached in 1959. Certain crops failed to meet the output levels of the previous year, mainly because of further limitations due to national acreage allotments and land retirement programs. On the other hand, output of such major crops as cotton, peanuts, rice, and wheat advanced to near-record highs, and the inventories of cattle and sheep rose again. In contrast with these output advances, however, prices for many agricultural commodities declined; and with increases in costs, the amount of income earned by farmers showed only a minor rise. Wages and salaries paid to agricultural workers actually decreased; as a consequence, the total contribution of the agricultural industry to personal incomes in the Southwest was almost unchanged. Many of these changes in 1960 continued the trends which had been in evidence since 1950. As the number of agricultural workers has decreased, total wage and salary payments to these employees have declined steadily. With output advances being countered by cost increases, total farm proprietors' incomes have fluctuated toward a lower level.

Another major source of personal income in the Southwest, and one which has shown a considerable secular advance, is wage and salary payments to government employees. The gain in this area during 1960 occurred primarily because of an increase in the number of government employees. Other trends in government payments, however, were somewhat contradictory. Spending for major defense establishments declined as activity at a number of major bases was curtailed. Transfer payments, though, reflecting mainly

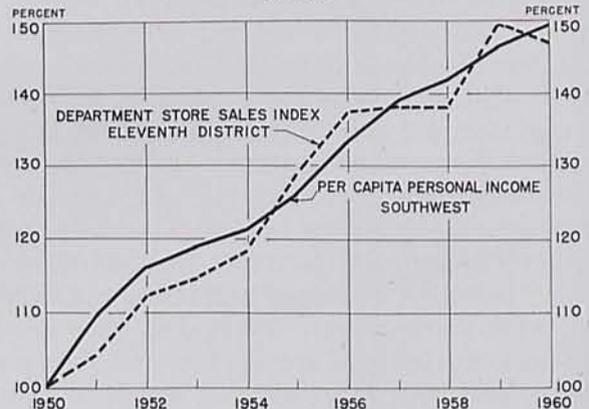
the increased level of unemployment compensation, showed a marked advance during 1960. Government payments over the 1950-60 decade increased steadily, and the 1959-60 rise reflects an extension of this pattern.

Personal income from the construction industry in the Southwest generally followed the pattern evident in the Nation during 1960. Certain major offsets within the Southwest were noted in construction trends; but, on the whole, the industry's total income payments to construction workers in 1960 were only slightly more than in 1959. The residential sector of the industry suffered most because a large inventory of unsold new houses developed in many of the major markets and, with a rapid rise in new apartment construction, vacancy rates increased sharply. On a broader scale, the residential construction industry of the Southwest has had to contend with the possibility that the rapid rate of home construction in the early 1950's may have largely satisfied present needs for new housing. Increases in industrial and commercial construction limited the decline in the total value of construction contracts during 1960 to only 3 percent, as rather substantial advances in contracts for new chemical plants continued to provide support for this sector of the industry. The lack of strength in the construction industry's contribution to personal income in the Southwest during 1960 was one important reason for the lower rate of gain in the total income picture.

Personal income payments to employees in wholesale and retail trade establishments showed only a

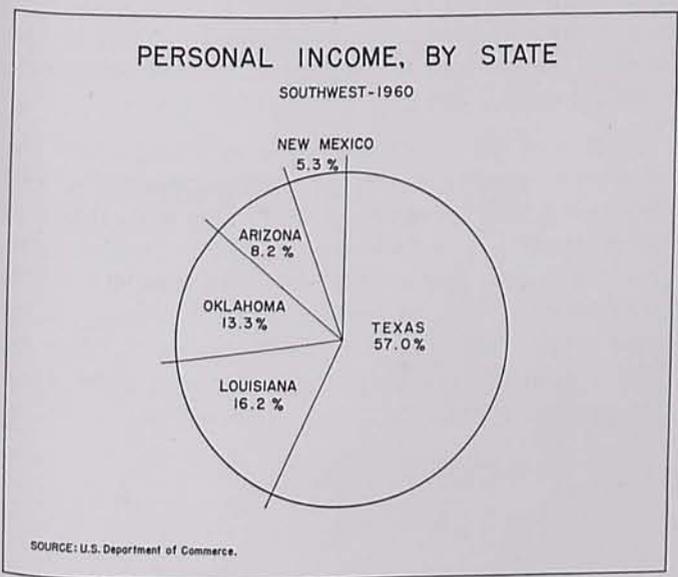
## PER CAPITA PERSONAL INCOME AND DEPARTMENT STORE SALES INDEX

(1950=100)

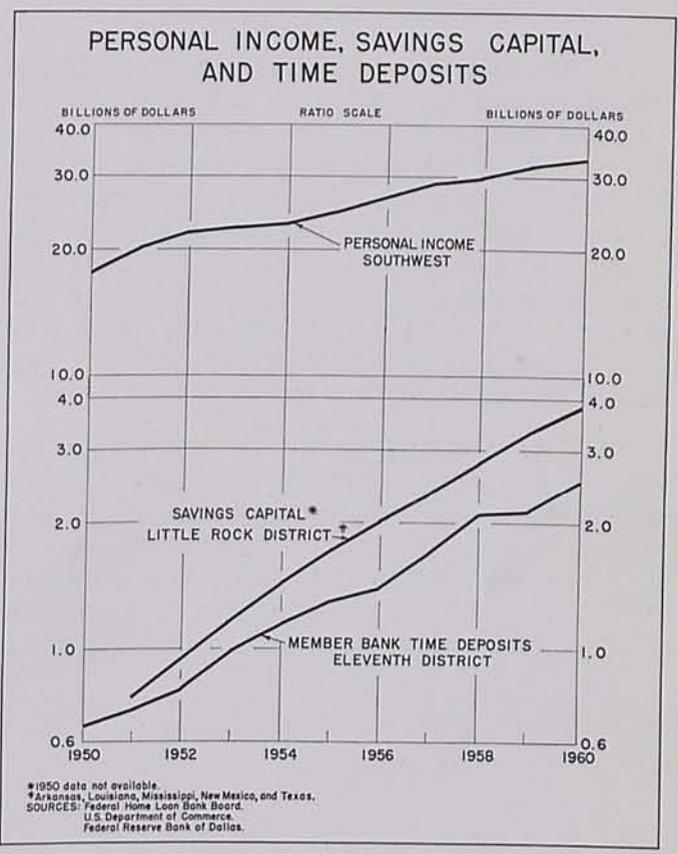


SOURCES: U.S. Department of Commerce.  
Federal Reserve Bank of Dallas.

minor increase in 1960 in the Southwest, largely reflecting the fact that retail sales declined nearly 2 percent from the previous year. During 1960, the most prominent sales declines were noticeable for automobile establishments, stores selling other consumer durable goods, and dealers in farm equipment. Sales increases were noted in certain consumer goods sectors, such as apparel, food, and general merchandise. The trend toward further suburbanization of retail functions may have offset some of the downward pressure from the total trade decline, but the recent impetus toward discount-house operations has reduced the retailers' margin and markedly curtailed their need for labor to handle a given volume of sales. The change in 1960 probably also reflects additional evidence of the vertical integration of trade concerns in the Southwest and the concentration of the wholesaling function, particularly in the apparel and durable goods industries.



activities declined significantly. The impact of the decline in drilling activity was particularly important because of the ramifications into drilling equipment manufacturing, contract drilling, and lease and royalty payments. Although refinery operations actually increased, the income generated is more specifically related to wages and salaries paid to refinery employees, rather than having the broad income impact which is derived from other segments of the petroleum industry. Moreover, the mechanization of refinery operations has considerably improved productivity.



The decline in proprietors' income as a percentage of total income in the Southwest during the 1955-60 period aids in explaining the slackening in personal income growth rates during the past 5 years. Part of the reason for this decline apparently stems from the reduced level of petroleum activity. The petroleum industry vitally affects income received by many southwesterners, as lease and royalty payments to individuals and income to many manufacturing and service establishments are dependent on the level of drilling, production, and refinery activities. Continued restraint in petroleum production limited income generation in this important sphere during the 5-year period, and drilling

Another important explanation of the decline in proprietors' income may stem from the change in the agricultural situation mentioned previously. With costs persistently trending upward, farm proprietors' incomes have generally decreased. Still another possible explanation might be the more recent slowing in the rate of real-estate price advances, especially in farm areas. Real-estate transfers had accounted for a marked proportion of profits to individuals and corporations in previous years; in the past 2 years, however, such profits were reduced, and, in certain instances, real-estate transfers occasioned a loss. In terms of its pro-

portion of total personal income in the Southwest, proprietors' income in 1960 accounted for only 15.5 percent, in contrast to 20.8 percent in 1950.

Despite the slowing rate of personal income gains, it is interesting to note the rise in time deposits at member banks in the Eleventh Federal Reserve District and the increasing level of savings capital at savings and loan institutions in the region. The further growth in these two types of savings as opposed to the slower rate of personal income advances in this region may reflect, in part, the shift in preferences of individuals and corporations in the handling of their cash balances.

The economic decline that began in the Southwest and the Nation in the latter part of 1960 continued into 1961; however, at the end of the first quarter of 1961, many economic indicators began to advance. Increases in government spending, construction, inventory accumulation, and industrial production provided the foundation for a broadly based national recovery. The Southwest has shared in this recovery, though perhaps to a lesser degree than regions where the recession-hit durable goods industries account for a more significant portion of total factory output.

The Texas industrial production index advanced to a record 177 in July 1961, with machinery, primary metals, stone, clay, and glass products, and chemicals leading the way. The value of construction contracts for the five southwestern states during the first 7 months of 1961 was about 4 percent above the comparable 1960 period, as gains in residential and nonresidential

building offset a decline in public works and utilities construction. Southwestern employment edged upward slightly to a level of 4.5 million, and unemployment trends became more favorable. Preliminary indications of personal income paid to southwesterners reflect an increase for the first 6 months of 1961, with only one state failing to share in the rise. The advance in personal income in the Southwest approximates that of the Nation.

One unusual factor that will influence income payments to southwesterners in the latter part of 1961 will be the reconstruction of certain areas affected by the hurricane and other adverse weather conditions. Crop damage may reduce the amount of income available to farmers, but renewed construction activity to repair homes, commercial establishments, municipal and utility facilities, and industrial plants and the replacement of inventories by business firms should stimulate income payments. In fact, the probable gains in income may easily exceed the losses sustained because of the interruption of work by the hurricane and tornadoes, although capital losses will be substantial.

In view of the recent expansion in the length of the workweek, wage increases, new defense spending, and the possibilities of renewed growth in the petrochemical and electronics industries, the advance in southwestern personal income during 1961 may well surpass the rate established in 1960. In the longer run, however, the income growth rate may not return to that of the early 1950's until current industrialization and diversification programs take effect.

# BUSINESS REVIEW

BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



The Texas industrial production index advanced to a new high of 179 in August, as a moderate gain in mining offset a slight decline in manufacturing.

Nonfarm employment in the Eleventh District states was reduced fractionally to 4,481,500, reflecting primarily reductions in the government and services sectors. Unemployment in Texas in August decreased to 5.4 percent of the State's civilian labor force. July construction contracts in the District states totaled \$338 million, or significantly below a month earlier but slightly above July 1960.

Daily average crude oil production advanced in early September, following a moderate rise in August. Crude runs to District refinery stills were reduced in early September by the effects of the hurricane. After moving upward in August, drilling activity presented an indecisive picture.

Field work was interrupted and crop damage occurred throughout a large part of the District during September as a result of Hurricane Carla. The rice crop suffered the most severe damage. Death

losses and shrinkage of livestock ranged from light to heavy in coastal areas. Cotton production in the Southwest, as of September 1, is estimated to be more than in 1960, while grain sorghum output is expected to be lower.

Seasonally adjusted department store sales in the District rose to a record high during August, but sales in early September were adversely affected by the severe weather conditions associated with Hurricane Carla. Cumulative sales through mid-September showed no change from the corresponding 1960 period. Department store inventories rose more than seasonally during August but at the end of the month were slightly below a year ago. Similarly, new car registrations in four major Texas market areas during August were higher than in July but lower than in August 1960.

In the 5 weeks ended September 20, loans and demand deposits increased, but investments and time deposits declined at the District's weekly reporting member banks. Member bank reserves decreased in the 5 weeks ended September 6 but remained at a comfortable level.

Department store sales in the Eleventh Federal Reserve District reached a record high during August, rising 24 percent over July and 10 percent over

because of the severe weather which accompanied Hurricane Carla across Texas during the latter part of this period. Cumulative sales for the year through September 16 showed no change from the corresponding 1960 period.

## DEPARTMENT STORE SALES

(Percentage change in retail value)

Area	August 1961 from		8 months, 1961 from 1960
	July 1961	August 1960	
Total Eleventh District.....	24	10	1
Corpus Christi.....	23	0	-6
Dallas.....	28	7	0
El Paso.....	26	-2	-6
Fort Worth.....	38	29	2
Houston.....	17	14	3
San Antonio.....	25	11	3
Shreveport, La.....	23	10	3
Waco.....	23	9	0
Other cities.....	23	7	0

August 1960. The seasonally adjusted sales index rose to 185 percent of the 1947-49 average in August, up from 178 in July and 169 a year ago. Part of the gains may have been accounted for by buyers' attempts to complete sales transactions before the Texas sales tax became effective on September 1. Moreover, the year-to-year gain should be interpreted in relation to the recession-reduced levels of 1960.

The August gains at District department stores failed to carry through into September, and sales for the 2 weeks ended September 16 were 7 percent lower than a year ago. A portion of this decline probably occurred

## 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
1960: August.....	165	169	192	192
1961: June.....	149	162	167	180
July.....	158	178	173	182
August.....	182	185	187p	187p

p — Preliminary.

District department store inventories rose more than seasonally during August but at the end of the month were 2 percent lower than in August 1960. The adjusted index of stocks was 187 percent of the 1947-49 average at the end of August, compared with 182 in July and 192 a year earlier. Orders outstanding at the end of August were 5 percent higher than at the same time last year, and new orders placed during the month were substantially greater than in August 1960.

New car registrations in the four major Texas market areas combined rose 8 percent from July to August but were 4 percent lower than in August 1960. August registrations in the Dallas area were 1 percent above a year earlier, but decreases were recorded in Fort Worth, Houston, and San Antonio. Although there were month-to-month gains of over 10 percent in Dallas and Houston, the Fort Worth and San Antonio markets reflected declines. Cumulative registrations in the four markets for the first 8 months of 1961 were 15 percent less than in the comparable period last year.



The interruption of field work and the damage by Hurricane Carla dominated the agricultural situation in a major portion of the District during September.

Hurricane-force winds, driving rains, and flooding inflicted heavy damage upon coastal areas of Louisiana and Texas, as well as many inland regions. The rice crop suffered the most severe loss, although there was significant damage to cotton, pecans, and vegetables. Harvesting operations over a wide part of the District were halted as a result of the moderate to heavy rains accompanying the hurricane. Death losses and shrinkage of livestock in coastal areas ranged from light to heavy in low, unprotected areas. Pastures in these sections were covered with salt water and will deteriorate further unless rains are received soon.

Approximately one-third of the District's cotton crop has been harvested, with ginning under way in the

Texas High Plains and in western irrigated valleys of Arizona and New Mexico. In Coastal Bend regions, most of the crop has been baled. Hurricane damage occurred primarily in upper coastal counties, where only two-thirds of the cotton had been harvested. In other eastern parts of the District, most of the losses will result from a reduction in grade. Based on September 1 conditions (prior to the hurricane), cotton production in the District states is estimated at 6.6 million bales, or 3 percent above the 1960 outturn. As of that date, increases were indicated for Louisiana, New Mexico, and Texas, while decreases were reported for Arizona and Oklahoma.

The rice crop in Texas was about 40 percent combined at the time of the hurricane, and that in Louisiana was one-third harvested. On September 1, the rice crop in Texas and Louisiana was estimated to be 27.4 million bags, or 5 percent higher than 1960 production. The United States Department of Agriculture has indicated that the hurricane loss to the Texas crop probably will be about 4 million bags.

The pecan crop in the District states is placed at 8 percent below that in 1960, but high winds resulted in significant damage in south-central and coastal areas of Texas. Also, corn stalks were badly whipped by high winds, and much of the remaining crop will need to be pulled by hand.

Virtually all of the grain sorghums in the eastern portion of the District had been harvested prior to the hurricane. In western sections, cool weather has delayed maturity of the grain, and only about 20 percent

### CROP PRODUCTION

(In thousands of bushels)

Crop	TEXAS			FIVE SOUTHWESTERN STATES <sup>1</sup>		
	1961, estimated Sept. 1	1960	Average 1950-59	1961, estimated Sept. 1	1960	Average 1950-59
Cotton <sup>2</sup> .....	4,600	4,346	3,910	6,645	6,445	5,894
Corn.....	26,264	27,522	38,502	41,464	44,456	61,366
Winter wheat....	86,856	78,826	32,891	208,042	206,434	104,031
Oats.....	26,190	24,492	26,202	43,600	39,623	42,034
Barley.....	9,528	9,518	3,549	39,706	37,184	18,239
Rye.....	368	310	240	1,103	1,285	933
Rice <sup>3</sup> .....	13,657	12,927	13,331	27,397	26,209	25,846
Sorghum grain....	229,635	258,552	149,134	261,271	297,623	171,361
Flaxseed.....	1,610	1,112	501	1,610	1,135	580
Hay <sup>4</sup> .....	2,306	2,166	1,821	6,782	6,631	5,408
Peanuts <sup>5</sup> .....	222,300	223,725	173,368	385,700	392,161	278,320
Irish potatoes <sup>6</sup> ..	2,738	2,465	1,662	6,263	5,572	3,817
Sweet potatoes <sup>6</sup> ..	1,190	1,200	1,246	4,632	4,531	6,307
Pecans.....	39,000	31,000	32,270	87,700	95,000	69,367

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

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

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

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

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

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

SOURCE: United States Department of Agriculture.

of the High Plains crop has been combined. Grain sorghum output in the Southwest is placed at slightly more than 261 million bushels, or 12 percent below last year. The decrease reflects participation in the feed grain program, since yields are expected to be higher than in 1960. Commercial vegetable activity in the Lower Rio Grande Valley was checked by excessive rains, and some damage occurred to cabbages and other young crops. In western areas, tomato and lettuce harvest continues active.

Pastures are in average or above-average condition in most areas of the District except some far western sections and isolated areas in south Texas and along the coast. Other than in the areas severely affected by the hurricane, livestock are in good to excellent condition.



During the 5 weeks ended September 13, loans, investments, and deposits expanded at the Nation's weekly reporting member banks. The money market was

generally easy in late August and the first 3 weeks of September, with a firming tendency apparent in the final week. On most days, the rate on Federal funds ranged between 1¼ percent and 2¾ percent.

Developments in the Government securities market were dominated by the expectation and announcement by the Treasury of a "senior" advanced refunding and the continued signs of improved business conditions. Activity was light except in the 2½-percent "tap" area and longer-term issues. The auction rate on 91-day Treasury bills rose from 2.366 percent on August 10 to 2.519 percent on August 17 but, declining thereafter, stood at 2.262 on September 21.

Loans and demand deposits expanded at the Eleventh District's weekly reporting member banks in the 5 weeks ended September 20. On the other hand, investments and time deposits declined. Cash accounts and total assets moved to higher levels.

Gross loans (excluding interbank loans) rose \$50.0 million as increases in commercial and industrial loans, "loans to other financial institutions," and real-estate loans exceeded reductions in consumer-type loans and loans for purchasing or carrying securities. In the comparable period a year earlier, gross loans advanced \$43.0 million, with expansion in commercial and industrial loans and loans for purchasing or carrying securities offsetting a decrease in "loans to other financial institutions."

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

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Sept. 20, 1961	Aug. 16, 1961	Sept. 21, 1960
<b>ASSETS</b>			
Commercial and industrial loans.....	1,577,858	1,545,313	1,510,152
Agricultural loans.....	39,049	33,186	33,569
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities.....	20,326	33,322	35,274
Other securities.....	61,407	55,074	20,082
Other loans for purchasing or carrying:			
U. S. Government securities.....	4,674	4,672	10,161
Other securities.....	229,063	227,043	175,324
Loans to domestic commercial banks.....	81,042	61,343	100,568
Loans to foreign banks.....	362	174	360
Loans to other financial institutions:			
Sales finance, personal finance, etc.....	90,422	81,973	103,885
Savings banks, mtg. cos., ins. cos., etc.....	157,741	150,007	126,841
Real-estate loans.....	233,499	223,806	203,918
All other loans.....	760,381	770,165	757,053
Gross loans.....	3,255,824	3,186,078	3,077,187
Less reserves and unallocated charge-offs..	54,993	55,756	55,166
Net loans.....	3,200,831	3,130,322	3,022,021
Treasury bills.....	105,208	156,028	70,760
Treasury certificates of indebtedness.....	55,564	48,573	37,150
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year.....	228,995	212,866	105,283
After 1 but within 5 years.....	663,136	673,094	805,355
After 5 years.....	444,588	449,565	307,779
Other securities.....	420,901	422,106	338,199
Total investments.....	1,918,392	1,962,232	1,664,526
Cash items in process of collection.....	531,811	525,213	517,388
Balances with banks in the United States.....	534,406	476,212	577,124
Balances with banks in foreign countries.....	2,457	1,918	1,832
Currency and coin.....	59,890	55,674	51,660
Reserves with Federal Reserve Bank.....	555,084	538,814	556,018
Other assets.....	182,077	178,875	180,371
<b>TOTAL ASSETS.....</b>	<b>6,984,948</b>	<b>6,869,260</b>	<b>6,570,940</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
<b>Demand deposits</b>			
Individuals, partnerships, and corporations....	3,030,947	2,932,400	2,943,518
Foreign governments and official institutions, central banks, and international institutions..	3,236	5,787	
United States Government.....	124,817	173,352	145,886
States and political subdivisions.....	191,923	176,644	199,898
Banks in the United States, including mutual savings banks.....	1,105,168	1,046,833	1,056,433
Banks in foreign countries.....	13,432	13,682	15,934
Certified and officers' checks, etc.....	51,004	59,568	40,861
Total demand deposits.....	4,520,527	4,408,266	4,402,530
<b>Time and savings deposits</b>			
Individuals, partnerships, and corporations			
Savings deposits.....	780,811	779,922	1,119,496
Other time deposits.....	560,727	561,657	
Foreign governments and official institutions, central banks, and international institutions..	1,008	8	
U. S. Government, including postal savings..	7,077	7,077	10,239
States and political subdivisions.....	293,680	306,994	221,370
Banks in the United States, including mutual savings banks.....	6,425	5,765	7,790
Banks in foreign countries.....	1,200	900	
Total time and savings deposits.....	1,650,928	1,662,323	1,358,895
Total deposits.....	6,171,455	6,070,589	5,761,425
Bills payable, rediscounts, etc.....	126,750	116,000	153,219
All other liabilities.....	89,755	85,733	96,250
Capital accounts.....	596,988	596,938	560,046
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....</b>	<b>6,984,948</b>	<b>6,869,260</b>	<b>6,570,940</b>

NOTE.—As a result of changes in call report instructions, additional information is available, effective April 26, 1961, on the deposit structure of member banks. Comparable year-earlier figures will be shown when they become available.

Total investments at the District's weekly reporting banks declined \$43.8 million in the 5-week period. Holdings of Government securities declined \$42.6 mil-

## NEW PAR BANK

The Central Bank and Trust Company, Farmers Branch, Texas, an insured nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, September 15, 1961. The officers are: H. N. Mallon, Chairman of the Board; Shelby L. Richardson, President; and Eddie W. Smith, Vice President and Cashier.

lion as decreases in holdings of Treasury bills and of Treasury notes and Government bonds maturing in more than 1 year offset increases in holdings of Treasury certificates and of Treasury notes and Government bonds maturing within 1 year. Non-Government security holdings moved slightly lower. In the corresponding period a year earlier, total investments fell only \$15.1 million, with virtually all of the decline occurring in holdings of non-Government securities. Major District banks were heavy purchasers of the new Tax Anticipation bills auctioned September 20, 1961. In fact, the District ranked third among all Reserve districts in the volume of such purchases.

In the 5 weeks ended September 20, total demand deposits expanded \$112.3 million at the weekly reporting member banks in the District. Significant gains were posted in demand deposits of individuals, partnerships, and corporations and of domestic banks; conversely, United States Government deposits moved

### RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	5 weeks ended Sept. 6, 1961	4 weeks ended Aug. 2, 1961	5 weeks ended Sept. 7, 1960
<b>RESERVE CITY BANKS</b>			
Total reserves held.....	571,397	569,471	550,086
With Federal Reserve Bank....	531,993	529,536	546,065
Currency and coin.....	39,404	39,935	4,021
Required reserves.....	563,882	560,420	542,873
Excess reserves.....	7,515	9,051	7,213
Borrowings.....	0	178	0
Free reserves.....	7,515	8,873	7,213
<b>COUNTRY BANKS</b>			
Total reserves held.....	510,771	517,583	446,639
With Federal Reserve Bank....	409,127	415,272	430,324
Currency and coin.....	101,644	102,311	16,315
Required reserves.....	449,125	447,878	394,217
Excess reserves.....	61,646	69,705	52,422
Borrowings.....	3,176	886	12,647
Free reserves.....	58,470	68,819	39,775
<b>ALL MEMBER BANKS</b>			
Total reserves held.....	1,082,168	1,087,054	996,725
With Federal Reserve Bank....	941,120	944,808	976,389
Currency and coin.....	141,048	142,246	20,336
Required reserves.....	1,013,007	1,008,298	937,090
Excess reserves.....	69,161	78,756	59,635
Borrowings.....	3,176	1,064	12,647
Free reserves.....	65,985	77,692	46,988

NOTE.— Beginning November 24, 1960, all currency and coin held by member banks allowed as reserves; during the period December 1, 1959-November 23, 1960, only part of such holdings was allowed.

noticeably lower. Time and savings deposits decreased \$11.4 million, primarily as a result of a reduction in deposits of states and political subdivisions. Time and savings deposits of individuals, partnerships, and corporations were virtually unchanged.

Total reserves declined at the District member banks in the 5 weeks ended September 6. Excess reserves decreased at both reserve city banks and country banks. On a daily average basis, there were no borrowings at reserve city banks, but borrowings increased at country banks. As a result, free reserves were reduced at both types of banks, though reserve positions remained at a comfortable level.



Daily average crude oil production in the Eleventh District increased slightly in early September, following a 3-percent rise in August. Partly because of the hurricane, however, Texas crude oil output declined during the week ended September 15, especially in the Gulf Coast area. Nationally, production trends were similar to those of the District. Texas allowables during October have been set, for the sixth consecutive month, at 8 producing days. New Mexico and Louisiana have also retained their September allowables, but a slight decline is expected for daily average output in the District during October because of the greater number of calendar days.

Indicators of District drilling activity were mixed in August and early September. After rising moderately in August, the number of active rotary rigs declined slightly in early September. However, the total number of wells completed and the total footage drilled advanced significantly in early September, reversing their August declines.

### NATIONAL PETROLEUM ACTIVITY INDICATORS

(Seasonally adjusted indexes, 1957-59 = 100)

Indicator	August 1961p	July 1961p	August 1960
<b>CRUDE OIL RUNS TO REFINERY</b>			
STILLS (daily average).....	106	106	103
<b>DEMAND (daily average)</b>			
Gasoline.....	105	103	106
Kerosene.....	197	151	175
Distillate fuel oil.....	126	114	113
Residual fuel oil.....	98	100	94
Four refined products.....	109	105	106
<b>STOCKS (end of month)</b>			
Gasoline.....	106	107	106
Kerosene.....	107	113	106
Distillate fuel oil.....	96	99	99
Residual fuel oil.....	80	89	79
Four refined products.....	99	102	100

p — Preliminary.

SOURCES: American Petroleum Institute.  
United States Bureau of Mines.  
Federal Reserve Bank of Dallas.

District and national crude runs to refinery stills rose 3 percent during August but were curtailed sharply in early September as a result of the hurricane. Crude runs to Texas Gulf Coast refinery stills declined more than 50 percent during the week ended September 15, and national runs were reduced about 1.2 million barrels. Throughput of national refinery stills averaged 7,887,000 barrels during early September, compared with 8,419,000 barrels a month ago. Most refineries were back on stream by September 20, although dock and wharf damage was still hampering shipments in certain areas. Imports of crude oil declined in August and early September, and crude stocks in the Nation in mid-September were moderately below the July 1961 level.

After an August advance, the demand for the four major petroleum products declined in early September but was slightly above a year ago. Stocks of these products rose, as decreases in gasoline and residual fuel oil inventories failed to offset significant increases in light heating oil stocks. Refined product price discounting was noted in certain parts of the country; but along the Gulf Coast, light and heavy fuel oil prices strengthened in mid-September.



The seasonally adjusted Texas industrial production index advanced slightly during August to a new high of 179 percent of the 1947-49 base, compared with

174 a year ago. Mining registered a moderate gain, but total manufacturing decreased fractionally from the July level. An increase in durable goods output failed to offset a decline in nondurable goods production. Output for both manufacturing and mining exceeded year-earlier levels. The early-September hurricane interrupted operations at major chemical, aluminum, and

#### INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1947-49 = 100)

Area and type of index	August 1961p	July 1961	June 1961	August 1960
<b>TEXAS</b>				
Total industrial production....	179	177	174	174
Total manufactures.....	224	225	219r	219
Durable manufactures.....	258	257	255	250
Nondurable manufactures....	209	210	203r	204
Mining.....	134	131	130	130
<b>UNITED STATES</b>				
Total industrial production....	171	170	168	165
Total manufactures.....	170	169	166	163
Durable manufactures.....	176	174	171	169
Nondurable manufactures....	168	167	165	162
Mining.....	130	129	129	129
Utilities.....	310	311	306r	292r

p — Preliminary.  
r — Revised.

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

#### NONAGRICULTURAL EMPLOYMENT

Five Southwestern States<sup>1</sup>

Type of employment	Number of persons			Percent change Aug. 1961 from	
	August 1961e	July 1961	August 1960r	July 1961	August 1960
Total nonagricultural					
wage and salary workers..	4,481,500	4,487,100	4,483,400	-0.1	-0.1
Manufacturing.....	772,000	774,800	786,500	-4	-1.9
Nonmanufacturing.....	3,709,500	3,712,300	3,696,900	-1	.3
Mining.....	244,300	245,800	247,400	-6	-1.3
Construction.....	308,900	304,600	326,300	1.4	-5.3
Transportation and public utilities.....	393,100	393,500	404,000	-1	-2.7
Trade.....	1,104,800	1,101,900	1,103,700	.3	.1
Finance.....	223,500	224,300	216,100	-4	3.4
Service.....	604,000	607,400	587,500	-6	2.8
Government.....	830,900	834,800	811,900	-5	2.3

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

e — Estimated.

r — Revised.

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

petroleum refining plants, but nearly all were back in operation within 2 weeks.

Nonagricultural employment in the District states was reduced fractionally in August to an estimated 4,481,500, or almost the same as the year-earlier total. The month-to-month decline of 5,600 reflected primarily reductions in the government and services sectors. Advances in construction and trade employment were recorded, while slight declines were registered in the other major categories. Compared with August 1960, the work force was higher in all employment groups except manufacturing, mining, construction, and transportation and public utilities. Insured unemployment in Texas declined each successive week during August and early September. Continued claims were reduced, but initial claims rose slightly during the week ended September 13. Total unemployment decreased 16,800 in August to 200,400, or 5.4 percent of the State's civilian labor force, compared with 4.9 percent in August 1960.

The value of construction contracts in the District states totaled \$338 million in July, which is 18 percent below a month earlier but 2 percent above July 1960. On a month-to-month basis, contracts for public works and utilities were unchanged; but a significant decline occurred in nonresidential building, and residential contracts decreased slightly. During the first 7 months of this year, the total value of construction contracts was \$2,420 million, or 4 percent above the comparable 1960 period. Nonresidential building contracts were 18 percent larger, and those for residential buildings were 3 percent greater; on the other hand, public works and utilities contracts declined 8 percent.

### 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>			
	August 1961	Percent change from		August 31, 1961	Annual rate of turnover		
		July 1961	Aug. 1960		Aug. 1961	July 1961	Aug. 1960
<b>ARIZONA</b>							
Tucson.....	\$ 239,110	-2	10	\$ 135,110	21.2	21.5	21.0
<b>LOUISIANA</b>							
Monroe.....	89,776	16	7	48,388	21.4	18.1	19.9
Shreveport.....	324,931	4	3	174,933	22.1	21.2	21.0
<b>NEW MEXICO</b>							
Roswell.....	46,110	0	7	34,606	16.0	16.0	17.9
<b>TEXAS</b>							
Abilene.....	98,470	2	1	66,622	17.5	16.7	18.6
Amarillo.....	235,875	-3	8	114,363	24.1	24.0	23.0
Austin.....	262,607	25	16	150,876	20.8	16.3	18.8
Beaumont.....	165,296	-5	3	98,301	20.2	21.1	20.0
Corpus Christi.....	215,718	16	4	112,251	23.5	21.1	23.3
Corsicana.....	17,220	14	7	18,967	10.9	9.5	10.4
Dallas.....	3,062,777	7	6	1,182,335	30.5	28.2	30.2
El Paso.....	357,328	2	3	166,799	25.6	25.1	25.1
Fort Worth.....	809,945	0	6	377,038	25.6	25.2	24.8
Galveston.....	101,831	7	11	59,654	20.2	18.1	18.4
Houston.....	2,908,727	11	11	1,313,265	26.4	24.0	25.0
Laredo.....	26,406	0	1	21,766	14.5	14.6	14.6
Lubbock.....	173,539	3	-3	109,074	19.0	18.4	20.4
Port Arthur.....	65,469	3	2	44,061	17.8	17.2	18.5
San Angelo.....	55,241	9	-2	48,422	13.8	13.1	14.3
San Antonio.....	678,010	12	6	387,244	20.4	18.4	20.9
Texarkana <sup>2</sup> .....	22,971	3	-3	16,806	16.3	16.0	17.2
Tyler.....	88,677	6	0	60,624	17.4	16.3	18.7
Waco.....	105,271	2	-3	68,757	18.4	18.2	19.1
Wichita Falls.....	115,671	1	-5	99,082	13.9	13.7	15.0
<b>Total—24 cities.....</b>	<b>\$10,266,976</b>	<b>7</b>	<b>7</b>	<b>\$4,909,344</b>	<b>24.8</b>	<b>23.0</b>	<b>24.2</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 \$52,784,000 for the month of August 1961.

### CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	August 30, 1961	July 26, 1961	August 31, 1960
<b>ASSETS</b>			
Loans and discounts.....	5,175	5,084	4,934
United States Government obligations.....	2,713	2,884	2,445
Other securities.....	946	934	818
Reserves with Federal Reserve Bank.....	913	939	918
Cash in vault <sup>e</sup> .....	164	158	150
Balances with banks in the United States.....	1,024	1,070	970
Balances with banks in foreign countries <sup>e</sup> .....	3	3	2
Cash items in process of collection.....	500	538	490
Other assets <sup>e</sup> .....	271	220	371
<b>TOTAL ASSETS<sup>e</sup>.....</b>	<b>11,709</b>	<b>11,830</b>	<b>11,098</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Demand deposits of banks.....	1,142	1,134	1,061
Other demand deposits.....	6,560	6,777	6,336
Time deposits.....	2,790	2,759	2,305
<b>Total deposits.....</b>	<b>10,492</b>	<b>10,670</b>	<b>9,702</b>
Borrowings <sup>e</sup> .....	77	56	306
Other liabilities <sup>e</sup> .....	111	93	130
<b>Total capital accounts<sup>e</sup>.....</b>	<b>1,029</b>	<b>1,011</b>	<b>960</b>
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS<sup>e</sup>.....</b>	<b>11,709</b>	<b>11,830</b>	<b>11,098</b>

e — Estimated.

### VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	July 1961p	June 1961	July 1960	January—July	
				1961p	1960
<b>FIVE SOUTHWESTERN</b>					
STATES <sup>1</sup> .....	338	410	330	2,420	2,330
Residential building.....	139	141	114	969	944
Nonresidential building.....	94	165	130	779	658
Public works and utilities.....	104	104	85	671	730
<b>UNITED STATES.....</b>	<b>3,529</b>	<b>3,602</b>	<b>3,597</b>	<b>21,730</b>	<b>21,148</b>
Residential building.....	1,502	1,558	1,329	9,260	8,922
Nonresidential building.....	1,154	1,221	1,152	7,135	6,940
Public works and utilities.....	873	823	1,116	5,335	5,286

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

p — Preliminary.

NOTE. — Details may not add to totals because of rounding.

SOURCE: F. W. Dodge Corporation.

### BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	NUMBER				Percent change		
	Aug. 1961	8 mos. 1961	Aug. 1961	8 mos. 1961	Aug. 1961 from		8 months, 1961 from 1960
					July 1961	Aug. 1960	
<b>ARIZONA</b>							
Tucson.....	921	7,275	\$ 2,758	\$ 33,437	-55	-30	26
<b>LOUISIANA</b>							
Shreveport....	1,052	10,222	3,210	26,509	49	86	48
<b>TEXAS</b>							
Abilene.....	147	981	1,992	11,366	108	79	-15
Amarillo.....	232	2,251	6,586	29,732	115	117	20
Austin.....	413	2,800	6,354	40,284	40	86	27
Beaumont.....	334	2,470	1,244	10,018	30	-63	-14
Corpus Christi.....	359	2,512	7,414	19,176	308	661	134
Dallas.....	2,759	18,631	19,274	143,554	2	31	48
El Paso.....	635	4,748	5,795	47,483	9	49	51
Fort Worth.....	640	4,990	2,906	38,084	-23	18	18
Galveston.....	214	1,108	396	4,281	-55	95	-11
Houston.....	1,854	11,495	23,295	179,624	-9	-12	-9
Lubbock.....	246	1,842	3,622	29,585	38	6	4
Port Arthur.....	234	1,669	668	5,566	-19	24	-24
San Antonio.....	1,338	9,654	6,045	35,839	122	-21	-11
Waco.....	305	2,134	641	11,007	12	-46	-8
Wichita Falls..	373	2,388	1,477	15,767	-42	-34	-22
<b>Total—17 cities..</b>	<b>12,056</b>	<b>87,170</b>	<b>\$93,677</b>	<b>\$681,312</b>	<b>12</b>	<b>16</b>	<b>12</b>

### CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Sept. 20, 1961	Aug. 16, 1961	Sept. 21, 1960
Total gold certificate reserves.....	664,128	667,148	705,244
Discounts for member banks.....	4,195	4,245	12,123
Other discounts and advances.....	58	0	1,044
U. S. Government securities.....	1,113,228	1,107,996	1,063,199
Total earning assets.....	1,117,481	1,112,241	1,076,366
Member bank reserve deposits.....	911,537	906,346	934,281
Federal Reserve notes in actual circulation.....	850,216	847,353	810,358

### DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	Percent change from				
	August 1961p	July 1961p	August 1960	July 1961	August 1960
<b>ELEVENTH DISTRICT.....</b>	<b>2,887.2</b>	<b>2,816.8</b>	<b>2,839.5</b>	<b>2.5</b>	<b>1.7</b>
Texas.....	2,504.7	2,450.4	2,454.4	2.2	2.0
Gulf Coast.....	457.7	445.8	442.6	2.7	3.4
West Texas.....	1,112.1	1,117.1	1,089.5	-4	2.1
East Texas (proper).....	127.7	122.8	129.5	4.0	-1.4
Panhandle.....	106.8	106.8	104.8	0	1.9
Rest of State.....	700.4	657.9	688.0	6.5	1.8
Southeastern New Mexico.....	271.3	255.0	255.4	6.4	6.2
Northern Louisiana.....	111.2	111.4	129.7	-1	-14.3
<b>OUTSIDE ELEVENTH DISTRICT.....</b>	<b>4,164.6</b>	<b>4,138.8</b>	<b>4,100.7</b>	<b>.6</b>	<b>1.6</b>
<b>UNITED STATES.....</b>	<b>7,051.8</b>	<b>6,955.6</b>	<b>6,940.2</b>	<b>1.4</b>	<b>1.6</b>

p — Preliminary.

SOURCES: American Petroleum Institute, United States Bureau of Mines, Federal Reserve Bank of Dallas.