



# BUSINESS REVIEW

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## DISTRICT COMMERCIAL BANK PARTICIPATION IN 1961 TREASURY FINANCINGS

Commercial banks in the Eleventh Federal Reserve District were active participants in the Government securities market during 1961, both as underwriters of several large new Treasury financings and as direct purchasers for their own accounts. The District banks purchased \$2.5 billion of the \$149 billion of new Treasury offerings, accounting for about 5 percent of the Nation's commercial bank acquisitions. These large acquisitions were instrumental in increasing member bank holdings of Government securities by 10 percent within both the Nation and the District. During the year ended December 27, 1961, total member bank holdings advanced \$5.1 billion in the Nation and \$260 million in the District, attaining levels of \$54.2 billion and \$2.9 billion, respectively. Approximately \$168 million, or 64.6 percent, of these new holdings in the District centered in the country banks.

In order to obtain the requisite funds, the Treasury operated throughout the whole spectrum of the securities market during 1961. The Treasury appeared to be faced with the following difficult, and sometimes conflicting, considerations: (1) to issue sufficient securities to provide the funds for increased Government expenditures; (2) to redeem or refund the large amounts of maturing securities; (3) to extend the average maturity of the public debt; (4) to support short-term interest rates because of their influence on the outflow of short-term funds to foreign markets; and (5) to hold down long-term interest rates in order to stimulate capital expenditures and reduce interest charges on the

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



public debt. Whenever the Treasury entered the market, these considerations had to be weighed and evaluated, but its ultimate decision was also tempered by the prevailing tone of the market and expectations as to the uncharted course of future economic and financial trends.

The Treasury, however, was not alone in attempting to strike a balance of alternatives. The suppliers of funds were also confronted with numerous alternatives, even though differing considerably in nature and magnitude from those facing the Treasury. The suppliers' world revolves around the present and future expectations of safety, liquidity, and income in uncounted variations of composition and form. This task is especially complex for commercial banks, which must consider the additional factors of seasonal, cyclical, and random changes in loans, deposits, and other investments. These alternatives and factors were brought into clear perspective by the decisions of the commercial banks in the Eleventh District during 1961.

A large majority of the commercial banks in the District struck a balance on the side of increased liquidity during the past year. This was achieved through both the purchase of short- and intermediate-term securities with new resources and the shifting of funds obtained by liquidation of longer-dated issues into short- and intermediate-term securities. Prime considerations that guided these actions were the prospective need for funds to meet anticipated loan demands, expectations of changes in interest rates, the shifting yield spreads between investments of varying maturities, and the cash and reserve positions of the banks.

The reduction in holdings of long-term investments in the portfolios of District banks eliminated the possibility of capital loss from future liquidation of these securities. The shortening of investment maturities when bond prices approach the expected high of their cyclical movement, as well as the lengthening of these maturities when bond prices seem to reach their low, gives the flexibility in bank portfolio management which will provide liquidity at the proper time and maximize returns over the course of an interest rate cycle. Commercial banks in the District generally acted in concert with this ideal over the past year; their actions were strengthened by the apparent belief that, even if the prophesied upturn in loan demand did not materialize, these funds would still be available for reinvestment in longer-term securities at expected higher rates of interest. It was anticipated that these higher rates would more than compensate for the income sacrificed by holding short-term securities in the transition period.

# COMMERCIAL BANK PARTICIPATION IN TOTAL TREASURY OFFERINGS, 1961 AND 1960

Eleventh Federal Reserve District

(Dollar amounts in millions)

Item	1961	1960
Total Treasury offerings <sup>1</sup> .....	\$148,700	\$142,000
Total purchases by commercial banks, Eleventh District.....	\$2,977	\$2,273
As percent of national total.....	2.0	1.6
Average ranking among 12 Federal Reserve districts.....	8	9

<sup>1</sup> Includes refundings, advance refundings, and new cash offerings.

Both reserve city banks and country banks in the District were active participants in Treasury financing operations during 1961, even though they sometimes pursued divergent courses of action. The reserve city banks generally refrained from more than nominal participation in Treasury offerings unless credit to Tax and Loan Accounts was permitted or unless the pricing of the particular issue was exceptionally favorable. When securities with a Tax and Loan Account feature were acquired, these banks generally sold them far in advance of maturity. In many instances, the reserve city banks acted upon a "feel of the market" in order to obtain short-term capital gains.

Since loans are generally more profitable than investments (with the possible exception of tax-exempt municipal bonds), the size and composition of reserve city bank investment portfolios were significantly affected by an intensification of loan demands. Usually, short-term Government securities are liquidated to accommodate loan demands since these securities possess the highest marketability and the lowest current yield. In a number of instances, continued favorable customer relations necessitated such transfers, even if they were not justified upon a profitability basis.

The investment holdings of the District's reserve city banks were concentrated in Government securities. A small but increasing proportion of total investments was accounted for by municipal obligations, while corporate bonds continued to be sparsely held. Reserve city banks concentrated upon short- and intermediate-term securities in their municipal bond portfolios; longer maturities attained greater importance toward the end of 1961, when banks began to seek cover for their increased interest payments to savings and time deposit customers.

Compared with the reserve city banks, country banks in the District generally obtained a larger percentage of their total income from investment portfolios because loan opportunities were more limited. With significant



proportions of their deposits residing in less volatile accounts, country banks concentrated upon investing in securities of longer maturities and higher yields, thus reducing securities turnover. The country banks generally are not in a position to be aware of the feel of the market, as are the reserve city banks, and are content to place greater reliance upon yield to maturity than upon short-term capital appreciation. These banks also maintained considerable excess reserves, in sharp contrast with reserve city banks, thereby obtaining increased liquidity and safety at the expense of maximization of returns. The country banks usually purchased new issues of Treasury bills through noncompetitive bidding, seldom purchasing more than nominal amounts. With respect to other Government issues, these banks retained such securities for extended periods of time.

Since the country banks engaged in relatively small and stable purchases of new Treasury securities, the size and volatility of the District's participation were dependent upon the reserve city banks. Nevertheless, because of greater retention periods and purchases through secondary market channels, country banks in the District showed a larger increase in Government securities holdings during 1961.

With a majority of their bids noncompetitive in nature, District banks were not active participants in the Treasury's weekly bill offerings, although there was a weekly increase of \$100 million in such offerings during the year. In 1961 the District's commercial banks purchased \$764 million of 91-day bills and \$198 million of 182-day bills for weekly averages of approximately \$14.7 million and \$3.8 million, respectively. Among the 12 Federal Reserve districts, the highest rankings the Eleventh District reached in any weekly bill offering were fifth in the 91-day securities and sixth in the 182-day securities. The average ranking of the District for these issuances was ninth and eighth, respectively. District commercial banks purchased less than one-half of 1 percent of these weekly offerings. It should be noted, however, that the New York, Chicago, and San Francisco districts combined accounted for over 86 percent of the weekly bill purchases in 1961.

The commercial banks in the District also demonstrated a lack of interest in the four 1-year bills issued by the Treasury during 1961. The District accounted for \$60.5 million, or less than 1 percent, of the \$7.5 billion total, ranking tenth in three of the offerings and eighth in the other. The absence of Tax and Loan

Account credit and the relatively long maturity dates, which were only partially compensated for by higher yields, encouraged District banks to concentrate their purchases in other types of securities. An additional restraining factor was the lower than anticipated auction yields. Only in the April 15 issue, when there was an improved yield differential between the weekly bills and the 1-year bill, did the District banks participate actively.

In all bill offerings where credit to Tax and Loan Accounts was permitted, District banks were exceptionally active. Of the three Tax Anticipation bills issued during 1961, the District banks purchased \$696 million, or more than 9 percent of the \$7.5 billion total; the District ranked fourth on two of the occasions and third on the other. These purchases were concentrated at the larger reserve city banks, with the securities being retained for relatively short periods of time.

Tax and Loan Account credits were also allowed in one of the two "strip" bill offerings during the year. This \$1.8 billion issue attracted \$157 million from District banks for a District ranking of fourth in the Nation. The other strip of bills, totaling \$800 million, was marketed near the conclusion of 1961, but District banks purchased less than \$1 million and the District ranked twelfth in the Nation. Reserve city banks demonstrated a complete lack of interest in the issue, partly because sales of excess reserves in the Federal funds market were a profitable alternative and partly because loan demands were rising and fewer investment funds were available.

The very active bidding by District banks on securities issued under Tax and Loan Account privileges was influenced by some of the following factors: (1) the percentage applicable to Treasury Tax and Loan Accounts; (2) the expected time period before the Treasury would draw down the enlarged balance; (3) the desire for an improvement in deposit positions before a bank statement date; (4) the size, price, and relative yield of the new issue; and (5) the ease and cost of meeting increased required reserves either through the sale of securities or by means of borrowings from commercial banks or the Federal Reserve bank.

During the year, a \$2 billion note also was issued under a Tax and Loan covenant, but this issue encountered a passiveness among District banks, which purchased only \$90 million. Accounting for this lack of interest were the facts that pricing of the issue was not considered exceptionally favorable, the Tax and Loan



# COMMERCIAL BANK PARTICIPATION IN TREASURY OFFERINGS OF CERTIFICATES, NOTES, AND BONDS, 1961

Eleventh Federal Reserve District

(Dollar amounts in thousands)

Treasury offerings					Purchases by commercial banks, Eleventh District				
Issue date	Coupon rate (Percent)	Year of maturity	Size of issue	Total	Certificates	Notes	Bonds	As percent of national total	Ranking among 12 Federal Reserve districts
February 15.....	3 1/4	1962	\$7,324,440	\$ 7,324,440		\$120,661		1.6	9
March 15.....	3 3/8	1966	2,441,835	6,047,356			\$130,797	5.4	5
	3 3/8	1967	3,605,521				140,266	3.9	5
May 15.....	3	1962	5,506,570	8,260,775	\$118,694	65,657		2.2	8
	3 1/4	1963	2,754,205					2.4	9
August 1.....	3 1/4	1962	6,077,000	11,842,000		57,562		.9	9
	3 3/4	1964	5,019,000			79,295		1.6	9
	3 3/8	1968	746,000				24,798	3.3	7
September 15.....	3 1/2	1980	1,274,472	3,757,594			33,865	2.7	4
	3 1/2	1990	1,296,446				32,760	2.5	6
	3 1/2	1998	1,186,676				23,895	2.0	5
October 11.....	3 1/4	1963	2,294,529	2,294,529		89,743		3.9	8
November 15.....	3 1/4	1963	3,641,676	6,542,023		95,339		2.6	9
	3 3/4	1966	2,382,979				74,122	3.1	9
	3 3/8	1974	517,368				2,532	.5	10
December 15.....	3 3/8	1968	320,315	320,315			9,942	3.8	12
				\$46,389,032	\$118,694	\$508,257	\$472,977		
Total Treasury offerings of certificates, notes, and bonds.....							\$46,389,032		
Total purchases of certificates, notes, and bonds by commercial banks, Eleventh District.....							\$1,099,928		
As percent of national total.....							2.4		
Average ranking (unweighted) among 12 Federal Reserve districts.....							7.8		

<sup>1</sup>Of this total, approximately \$3.2 billion was new funds, and the remainder was exchange offerings or advance refundings.

credit was only partial, the funds were expected to be used by the Treasury in a short period of time, and there was a relatively high Federal funds rate.

There were eight Treasury offerings, totaling \$46.4 billion, outside the bill area during 1961. As shown in the accompanying table, wide variances in the rate of participation by District banks characterized these offerings as banks evaluated the many alternatives of cost and return, as well as their individual liquidity and reserve positions.

Although determining their rate of participation in Treasury financings on the basis of self-interest, the District banks were a part of the necessary underwriting effort which markets Treasury securities. Purchases for their own account and for customers and correspondent banks brought the District's larger banks into both the new and the secondary market and, thus, provided a sustaining demand for Government securities and a means of profitably investing otherwise idle funds.

LEONARD JAY SANTOW  
Financial Economist



## OPERATIONS OF THE FEDERAL RESERVE BANK OF DALLAS IN 1961

The changes in earnings, expenses, and the financial condition of the Federal Reserve Bank of Dallas are a partial reflection of economic and financial developments in the Eleventh Federal Reserve District and the Nation. The recession in economic activity which began in 1960 reached its low point early in 1961, and a somewhat unique period of economic recovery followed. Unlike most periods of recovery, there was a singular lack of inflationary pressure; as a result, monetary policy remained easy throughout the year, though special moves were occasioned by the international financial problems of the Nation. Interest rates displayed exceptional stability over the year, with average rates somewhat below those of 1960.

Other factors, including a strongly developing internal shift toward automation and the impact of the move into new or completely remodeled quarters in late 1960, also influenced the Bank's financial condition. High lights for the year for the Dallas Federal Reserve Bank encompassed not only the developments described above but also the impact of the new Texas sales tax upon cash shipments, the effects of a hurricane and other severe weather upon check collections, the handling of a heavy volume of Treasury financing, and special emphasis upon System monetary policy problems.

In order to handle the ever-expanding volume of checks, the Federal Reserve Bank of Dallas has continued to work with the member banks in this area toward the goal of eventual magnetic imprinting of all checks. Most departments of the Bank have been preparing to shift to more-automated methods of operation, which will be made possible by the introduction early this year of an electronic computer. The computer will serve to improve the operating efficiency of the Bank and will be a valuable addition to its research facilities.

The total number of all types of checks and collection items handled by the Transit Department of the Bank rose 4 percent in 1961, or at about the same rate as in previous years. The volume of coin payments to banks by the Cash Department also increased noticeably, with a substantial portion of the gain accounted for by an increase in the need for pennies associated with the new Texas sales tax.

The heavy participation in the Federal funds market by the District's member banks was demonstrated by

the enlarged number of transfers of funds handled by the Federal Reserve Bank of Dallas. The number of such transfers advanced 3 percent during 1961, while the dollar volume rose almost 7 percent.

In connection with its role as fiscal agent for the United States Government, the Federal Reserve handles the purchase, sale, and redemption of securities issued by the United States Treasury. The total dollar volume of marketable United States Government securities issued, exchanged, and redeemed by the Fiscal Agency Department of this Bank during 1961 increased 23 percent, but the number of pieces involved in such transactions declined approximately 3 percent.

All of these developments and events had a direct or indirect effect upon the Bank's earnings and expenses. The expansion in economic activity and the easy monetary policy induced considerable improvement in commercial bank earning assets, but these factors and the stable interest rate pattern caused net earnings of the Federal Reserve Bank of Dallas to be reduced nearly one-fifth during 1961.

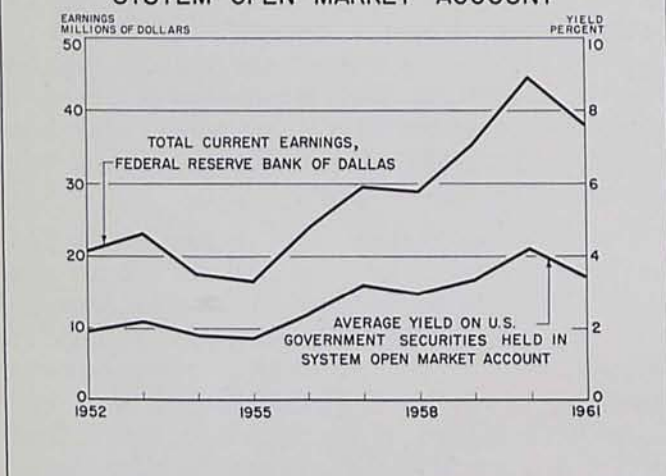
The most important source of income for the Federal Reserve Bank of Dallas arises from interest earnings on United States Government securities. Increases or decreases in earnings from this source account for virtually all of the changes in total current earnings. The extent to which each Federal Reserve bank participates in the holdings of securities in the System Open Market Account, and the earnings therefrom, is determined each year on the basis of the bank's share of the daily average total assets of the System for the 12 months ending the last day of February. During 1961, there was an increase in the total amount of Government securities held by the Federal Reserve Bank of Dallas as a result of an expansion in the total holdings of the Federal Reserve System and the Bank's somewhat higher participation ratio due to the faster growth in total assets at the Federal Reserve Bank of Dallas relative to other Federal Reserve banks.

Another important factor influencing income from securities holdings occurred in February 1961, when the Federal Open Market Committee modified its policy of dealing in bills preferably and extended operations to the full range of maturities. The effect of this policy can be seen in the composition of holdings of Government securities by the Federal Reserve Bank of Dallas. Holdings of Treasury notes rose 61 percent



over the year, and holdings of United States Government bonds increased 52 percent. Treasury certificates, on the other hand, declined 81 percent; increased issues of longer-dated Treasury bills have generally reduced the need for certificates, and only one issue of Treasury certificates remains outstanding. Despite the higher level of total holdings of Government securities by this Bank and the larger proportion of higher-yielding, longer-dated securities, earnings from the securities portfolio decreased 12.7 percent, reflecting the lower average yield on the System's portfolio during 1961. The average yield in 1961 amounted to 3.42 percent, down from 4.11 percent in 1960.

EARNINGS OF FEDERAL RESERVE BANK OF DALLAS  
AND AVERAGE YIELD ON HOLDINGS IN  
SYSTEM OPEN MARKET ACCOUNT



The only other significant source of income to the Federal Reserve Bank of Dallas is its earnings on discounts and advances to member banks. The earnings which the Bank derives from this source depend upon the amount and cost of such borrowing, and the extent to which the member banks utilize the discount window depends largely upon their reserve positions and the relative cost of alternative sources of funds. The member banks in the Eleventh District were in a comfortable reserve position throughout 1961. The reserve accounts held at the Federal Reserve Bank declined slightly from the high levels reached in December 1960, but the effect of this reduction was partially offset by an increase in member bank vault cash holdings, all of which were allowed as reserves in late 1960. The ability of the member banks to extend loans was further improved by a more rapid growth in time

deposits than in demand deposits, since the reserve requirement on time deposits is substantially lower.

The discount rate (or the interest cost to member banks borrowing from the Reserve bank) was maintained at 3 percent throughout 1961, averaging somewhat lower than in the previous year. The maintenance of the discount rate at such a relatively high level in a period of recession and early recovery is in sharp contrast to recent cyclical patterns. The discount rate was relatively high compared with short-term market rates, a fact which encouraged the member banks to rely heavily upon Federal funds transactions to make reserve adjustments. The number and amount of notes discounted and advances made by the Federal Reserve Bank of Dallas for member banks declined substantially in 1961, with the number of banks receiving such loans decreasing from 94 to 33. The dollar volume of average daily borrowings declined to about \$1.8 million during 1961 from more than \$31 million in 1960. As a result of the reduced amount of borrowing from the Federal Reserve and the lower average level of discount rates during 1961, the earnings of the Bank on discounts and advances were sharply reduced. In summary, with decreases in earnings from both the securities portfolio and discounts and advances, total current earnings declined to \$38.0 million, or 15 percent below 1960.

Total current expenses rose moderately to \$9,302,935 in 1961, or 6.4 percent over 1960, continuing the secular expansion which has been evident for some years. The growth in expenses came largely from higher employee salaries, increased depreciation on the new building, and an accounting entry on repairs and alterations connected with the completion of the Dallas building program. Among other expenses, the original cost of Federal Reserve currency, including shipping charges, showed a relatively sharp expansion. This resulted from the larger amounts of currency which were printed and shipped to the Federal Reserve Bank of Dallas in response to increased demands for Federal Reserve notes; Federal Reserve notes issued by this Bank and in actual circulation reached a new all-time high of \$874 million on December 20, 1961, up \$33 million from the previous high reached on December 22, 1960.

The result of the decline in earnings but increase in expenses was the reduction of the Bank's net earnings to a level of \$29,802,806, compared with \$37,562,473 in 1960. After the expenses of each Federal Reserve



bank have been paid or provided for, the member banks receive an annual cumulative dividend of 6 percent on the paid-in capital stock. Each bank which is a member of the Federal Reserve System must subscribe to the capital stock of the Federal Reserve bank in its district in an amount equal to 6 percent of the member bank's capital and surplus. (The member bank's paid-in subscription equals 3 percent, and an additional 3 percent is subject to call.) Consequently, as the capital accounts of the member banks expand, these banks purchase additional stock in the Federal Reserve bank in order to maintain their paid-in subscriptions at 3 percent, and the paid-in capital of the Federal Reserve bank rises. Moreover, an expansion in paid-in capital is paralleled by an increase in the dividends paid by a Federal Reserve bank; in 1961 the dividends paid by the Dallas Bank increased 5.4 percent. Furthermore, since it is the policy for each Federal Reserve Bank to maintain its surplus account at a level equal to twice the paid-in capital, this Bank's surplus, paid-in capital, and dividends all showed approximately the same relative expansion.

After the expenses have been discharged, the dividends have been fully met, and the surplus has been

brought into the desired relationship with the paid-in capital, the remaining net earnings are paid to the United States Treasury. Last year, the Federal Reserve Bank of Dallas paid approximately \$25.5 million to the Treasury, or almost one-fourth less than in the previous year, reflecting the effect of the lower level of net earnings in 1961, the further increase in dividends, and the additional expansion in capital accounts.

The total assets of the Federal Reserve Bank of Dallas showed only a minor change in 1961. An increase in securities holdings was more than offset by a decline in discounts and advances and a substantial reduction in gold certificate reserves. For the year as a whole, the Federal Reserve Bank of Dallas and its three branches in El Paso, Houston, and San Antonio handled a larger volume of work with approximately the same number of employees as in 1960. During the coming year, additional improvements in operating functions are anticipated, both by the use of new data-processing equipment and by the results of continued cooperation between this Bank and the member banks of the Eleventh Federal Reserve District.

WILLIAM N. GRIGGS  
Financial Economist





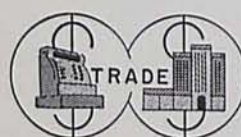
# BUSINESS REVIEW

BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Department store sales in December were the largest in total dollar volume ever recorded in the Eleventh Federal Reserve District for any month. Department store sales in 1961 were approximately 2 percent above 1960 and were about the same as the 1959 record. The seasonally adjusted index of sales rose from 178 percent of the 1947-49 average in November to 185 in December. New car registrations in December in the four major Texas markets combined were above November 1961 and December 1960.

The Texas industrial production index remained at 178 in December. Estimated nonagricultural employment in the five District states reached a record 4,551,500 during the month. The value of construction contracts in the five states increased substantially during November.



The rise in Eleventh District department store sales in December was substantially above the usual seasonal gain for the month, lifting the seasonally adjusted index from 178 percent of the 1947-49 average in November to 185 in December, compared with 171 in December 1960.

Despite the fact that there was one less business day than a year earlier, sales in December were the largest in total dollar volume ever recorded in this District for any month, exceeding the previous high, in December 1960, by 4 percent. For the full year 1961, department store sales were approximately 2 percent above 1960 and were about the same as the record achieved in 1959.

District department store sales continued above a year ago in the first week of January 1962 but declined substantially in the second week because of the extremely adverse weather throughout the District. As a consequence, the unadjusted dollar volume of sales in

The most severe cold weather of record was the dominant feature of the District's agricultural situation during January. Losses of vegetables and citrus fruits were especially great as a result of the sub-freezing temperatures, and livestock shrinkage was heavy. Cash receipts from farm marketings in the District states during the first 11 months of 1961 were slightly larger than a year earlier.

District crude oil production and drilling activity rose moderately in December and early January. Refinery operations declined somewhat in December but expanded in early January.

Loans, investments, and time and savings deposits advanced at the weekly reporting member banks in the District during the 4 weeks ended January 17, but demand deposits declined. Time and savings deposits increased noticeably, perhaps in response to changes in regulation Q.

the 2 weeks ended January 13 was 8 percent below the comparable 2 weeks in 1961.

New passenger car sales registered in four major Texas markets in December reached the highest total for any month in 1961, rising 6 percent above November — the 1961 month with the second highest total — and 21 percent above December 1960. In Dallas and Fort Worth, the December 1961 gains over a year earlier were 36 percent and 20 percent, respectively. Registrations in San Antonio rose 15 percent over

## DEPARTMENT STORE SALES

(Percentage change in retail value)

Area	December 1961 from		12 months, 1961 from 1960
	November 1961	December 1960	
Total Eleventh District.....	53	4	2
Corpus Christi.....	66	-8	-5
Dallas.....	54	5	1
El Paso.....	50	-2	-5
Fort Worth.....	56	8	3
Houston.....	58	9	6
San Antonio.....	51	5	4
Shreveport, La.....	42	13	7
Waco.....	52	1	0
Other cities.....	47	-1	0



# 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: December.....	293	171	170r	182
1961: October.....	177	174	213r	193r
November.....	206	178	217	197
December.....	317	185	178p	191p

r — Revised.  
p — Preliminary.

December 1960, and Houston showed an increase of 13 percent. Despite the gains in the last quarter, however, total 1961 registrations in the four markets combined trailed those of 1960 by 10 percent.



The most severe and extensive cold weather of record dominated District agricultural developments during January. The subfreezing temperatures re-

sulted in considerable damage to winter vegetables, citrus fruits, flax, and some small grains and clovers. Livestock shrinkage was heavy, but deaths were limited mostly to newborn calves and lambs. Little precipitation accompanied the norther, and moisture continues to be inadequate over much of the Plains and western and southern areas of Texas.

In the south Texas commercial vegetable region, losses from the January freeze are estimated by the United States Department of Agriculture to be in excess of \$8 million, excluding any expenses for replanting of damaged crops. Virtually all of the sweet corn, potatoes, tomatoes, green peppers, and other spring crops that were up to a stand will have to be replanted.

Citrus fruit losses in the Lower Rio Grande Valley of Texas are indicated to be around \$9.5 million; however, fruit salvaged for processing will reduce the losses somewhat. Citrus fruit remaining for harvest at the time of the freeze was estimated at 4.3 million boxes of grapefruit and 2.4 million boxes of oranges. Although young citrus trees (those under 5 years of age) suffered the greatest damage, bark splitting occurred on older trees and twigs were frozen back 18 to 24 inches. In addition, nurseries sustained heavy losses of citrus tree stocks.

Cattle, sheep, and goats survived the inclement weather remarkably well, as supplemental feeding had been stepped up prior to the cold front and livestock were generally in good condition. Increasing numbers

of cattle were taken off wheat fields in the Texas Panhandle when grazing became limited on dormant fields.

Prices received by Texas farmers and ranchers for all farm products in 1961 averaged 4 percent above the preceding year. Prices for crops were up 6 percent, and those for livestock and livestock products were 2 percent higher. In the major crop categories, strength was centered in prices for cotton and oil-bearing crops. In the livestock and livestock products group, prices for meat animals and wool and mohair showed increases, while those for dairy products and poultry and eggs were lower.

Cash receipts from farm marketings in the District states during January-November 1961 amounted to \$3.6 billion, or 2 percent larger than in the corresponding period of 1960. A gain in receipts from livestock and livestock products accounted for virtually all of the 2-percent increase, as crop receipts were about unchanged.

The Department of Agriculture has announced the 1962 price-support levels on a number of farm commodities. Rates for most of the commodities are the same as those for 1961; exceptions are increases for wheat, flaxseed, and mohair and decreases for cottonseed and soybeans.



During the 4 weeks ended January 10, loans and time and savings deposits expanded at the Nation's weekly reporting member banks, but investments and total demand deposits declined. There was an unusually large increase in time and savings deposits, perhaps reflecting the response to the higher interest rates offered by commercial banks following the revisions in regulation Q. The money market displayed an easier tone during the 4-week period, as money market banks were under less reserve pressure. Market factors provided substantial reserves, and the financing needs of dealers were reduced to more comfortable levels. The effective rate on Federal funds generally ranged from 2 percent to 2¾ percent during this period.

Activity in the Government securities market was significantly affected by the Treasury's January financings, as well as anticipations of the sizable refunding operation to be carried out during February. In addition, a note of caution was injected into the market by continued signs of business improvement, discussion regarding the credit policy implications of recent business gains, reports of the near-term possibility of an



increase in the prime lending rate of commercial banks, and the President's statement that he would ask Con-

gress to raise the debt ceiling. The yield on 91-day Treasury bills moved up 11 basis points from December 20 to reach 2.71 percent on January 19.

# CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Jan. 17, 1962	Dec. 20, 1961	Jan. 18, 1961
<b>ASSETS</b>			
Commercial and industrial loans.....	1,760,598	1,732,755	1,551,631
Agricultural loans.....	53,223	48,017	32,092
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities.....	274	17,274	28,247
Other securities.....	60,048	62,464	21,402
Other loans for purchasing or carrying:			
U. S. Government securities.....	4,677	3,838	8,456
Other securities.....	1170,681	163,936	194,108
Loans to domestic commercial banks.....	84,087	99,327	47,937
Loans to foreign banks.....	150	79	101
Loans to other financial institutions:			
Sales finance, personal finance, etc.....	191,203	91,155	98,335
Savings banks, mtge. cos., ins. cos., etc.....	1169,286	182,763	124,557
Real-estate loans.....	242,930	241,591	219,238
All other loans.....	1770,828	759,256	742,147
Gross loans.....	3,407,985	3,402,455	3,068,251
Less reserves and unallocated charge-offs..	62,197	53,663	57,076
Net loans.....	3,345,788	3,348,792	3,011,175
Treasury bills.....	145,654	136,816	130,629
Treasury certificates of indebtedness.....	54,132	58,116	48,295
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year.....	227,728	195,324	146,617
After 1 but within 5 years.....	769,375	786,883	733,436
After 5 years.....	347,816	356,071	369,430
Other securities.....	419,250	415,278	385,686
Total investments.....	1,963,955	1,948,488	1,814,093
Cash items in process of collection.....	610,840	614,510	532,810
Balances with banks in the United States.....	497,557	559,482	509,017
Balances with banks in foreign countries.....	2,518	2,057	2,157
Currency and coin.....	58,742	61,641	54,961
Reserves with Federal Reserve Bank.....	595,323	589,365	588,370
Other assets.....	217,427	218,441	223,077
<b>TOTAL ASSETS.....</b>	<b>7,292,150</b>	<b>7,342,776</b>	<b>6,735,660</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
<b>Demand deposits</b>			
Individuals, partnerships, and corporations....	3,101,359	3,200,787	2,946,137
Foreign governments and official institutions, central banks, and international institutions..	2,659	3,357	
United States Government.....	61,899	114,612	64,352
States and political subdivisions.....	227,819	215,506	227,934
Banks in the United States, including mutual savings banks.....	1,179,698	1,228,463	1,156,817
Banks in foreign countries.....	12,787	14,927	14,562
Certified and officers' checks, etc.....	76,876	61,229	49,468
Total demand deposits.....	4,663,097	4,838,881	4,459,270
<b>Time and savings deposits</b>			
Individuals, partnerships, and corporations			
Savings deposits.....	842,188	805,700	
Other time deposits.....	604,552	544,971	1,235,707
Foreign governments and official institutions, central banks, and international institutions..	3,005	3,005	
U. S. Government, including postal savings...	7,317	7,317	12,907
States and political subdivisions.....	325,153	307,810	262,738
Banks in the United States, including mutual savings banks.....	6,321	4,487	
Banks in foreign countries.....	1,200	1,200	10,254
Total time and savings deposits.....	1,789,736	1,674,490	1,521,606
Total deposits.....	6,452,833	6,513,371	5,980,876
Bills payable, rediscounts, etc.....	108,116	96,050	58,025
All other liabilities.....	113,676	125,742	124,643
Capital accounts.....	617,525	607,613	572,116
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....</b>	<b>7,292,150</b>	<b>7,342,776</b>	<b>6,735,660</b>

In the 4 weeks ended January 17, loans, investments, and time and savings deposits advanced at the District's weekly reporting member banks, but total demand deposits declined. Cash accounts and total assets both decreased.

Gross loans (excluding interbank loans) rose \$20.1 million, primarily as a result of gains in commercial and industrial loans and consumer-type loans, which reflected improved business conditions and larger consumer purchases of durable goods. The expansion in commercial and industrial loans was centered in loans to trade concerns and businesses engaged in transportation, communications, and public utilities. During the comparable period in 1961, gross loans declined \$43.1 million because of decreases in loans to brokers and dealers and loans to nonbank financial institutions.

Total investments at the District's weekly reporting member banks advanced \$15.5 million during the 4 weeks ended January 17, with increased holdings of

## ANNUAL BANK DEBITS AND ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS

(Dollar amounts in thousands)

Area	Debits to demand deposit accounts <sup>1</sup>			Demand deposits <sup>1</sup>	
	1961	1960	Percent change	Annual rate of turnover	
<b>ARIZONA</b>					
Tucson.....	\$3,165,487	\$2,780,810	14	22.6	20.9
<b>LOUISIANA</b>					
Monroe.....	1,023,114	989,826	3	19.6	19.0
Shreveport.....	3,973,601	3,970,017	0	21.9	21.3
<b>NEW MEXICO</b>					
Roswell.....	578,531	500,128	16	15.9	16.4
<b>TEXAS</b>					
Abilene.....	1,218,093	1,180,360	3	17.6	18.6
Amarillo.....	2,726,646	2,637,535	3	23.1	22.9
Austin.....	2,789,660	2,561,638	9	18.1	17.9
Beaumont.....	2,012,809	1,927,758	4	19.8	19.5
Corpus Christi.....	2,360,622	2,290,904	3	21.5	21.3
Corsicana.....	203,354	203,665	0	10.3	10.6
Dallas.....	37,429,400	34,681,621	8	30.8	30.1
El Paso.....	4,193,468	4,139,361	1	23.7	24.8
Fort Worth.....	9,552,312	9,294,782	3	25.0	25.0
Galveston.....	1,101,135	1,068,055	3	17.5	17.3
Houston.....	32,968,719	30,913,925	7	24.7	24.3
Laredo.....	336,758	338,912	-1	15.3	15.4
Lubbock.....	2,556,851	2,585,722	-1	21.9	22.7
Port Arthur.....	773,585	766,405	1	17.6	17.9
San Angelo.....	646,812	640,720	1	13.6	13.9
San Antonio.....	7,607,684	7,220,697	5	19.6	19.5
Texarkana <sup>2</sup> .....	271,842	276,093	-2	15.8	16.5
Tyler.....	1,046,039	1,010,381	4	17.0	17.3
Waco.....	1,310,447	1,282,783	2	18.8	18.7
Wichita Falls.....	1,404,788	1,406,894	0	14.1	14.2
<b>Total—24 cities.....</b>	<b>\$121,251,757</b>	<b>\$114,668,992r</b>	<b>6</b>	<b>24.1</b>	<b>23.8</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 \$615,583,000 during 1961 and \$603,676,000 during 1960.

r—Revised.

<sup>1</sup> Because of reclassifications, these data are not strictly comparable with year-earlier data.

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.



Government securities accounting for \$11.5 million of the gain. Holdings of Treasury bills and of Treasury notes and Government bonds maturing within 1 year moved upward, more than counterbalancing declines in Treasury certificates and in Treasury notes and Government bonds due after 1 year. In the corresponding period last year, total investments expanded \$70.6 million, as holdings of both Government and non-Government securities increased.

In the 4 weeks ended January 17, the weekly reporting member banks in the District experienced a \$175.8 million decrease in total demand deposits. A significant portion of this decline was in deposits of individuals, partnerships, and corporations; deposits of the United States Government and domestic commercial banks also moved downward. Time and savings deposits were up \$115.2 million, with the predominant increase occurring in deposits of individuals, partnerships, and corporations. During the comparable period in the preceding year, total demand deposits declined \$107.4 million, while time and savings deposits rose only \$46.5 million.

Total reserves at the District member banks increased moderately during the 4 weeks ended January 3. Excess reserves moved slightly lower, as decreases occurred at both reserve city banks and country banks. Borrowings expanded sharply from the low early-December level at reserve city banks, while country banks reduced their borrowings. As a result, reserve city banks showed net borrowed reserves, but free reserves declined only moderately at country banks.

#### RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended Jan. 3, 1962	5 weeks ended Dec. 6, 1961	4 weeks ended Jan. 4, 1961
<b>RESERVE CITY BANKS</b>			
Total reserves held.....	606,917	595,684	588,396
With Federal Reserve Bank....	563,882	554,751	547,007
Currency and coin.....	43,035	40,933	41,389
Required reserves.....	600,663	588,477	576,412
Excess reserves.....	6,254	7,207	11,984
Borrowings.....	8,969	829	1,098
Free reserves.....	—2,715	6,378	10,886
<b>COUNTRY BANKS</b>			
Total reserves held.....	544,133	538,793	517,358
With Federal Reserve Bank....	436,089	432,860	415,593
Currency and coin.....	108,044	105,933	101,765
Required reserves.....	481,269	471,608	439,738
Excess reserves.....	62,864	67,185	77,620
Borrowings.....	341	891	1,189
Free reserves.....	62,523	66,294	76,431
<b>ALL MEMBER BANKS</b>			
Total reserves held.....	1,151,050	1,134,477	1,105,754
With Federal Reserve Bank....	999,971	987,611	962,600
Currency and coin.....	151,079	146,866	143,154
Required reserves.....	1,081,932	1,060,085	1,016,150
Excess reserves.....	69,118	74,392	89,604
Borrowings.....	9,310	1,720	2,287
Free reserves.....	59,808	72,672	87,317

#### NEW MEMBER BANKS

The Gateway National Bank of Fort Worth, Fort Worth, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business January 2, 1962, as a member of the Federal Reserve System. The new member bank has capital of \$400,000, surplus of \$300,000, and undivided profits of \$100,000. The officers are: J. D. Gamel, President and Chairman of the Board; D. A. Brogoitti, Executive Vice President; Jack S. Hart, Vice President and Cashier; and Barton Sandlin, Assistant Cashier.

The Valley-Hi National Bank of San Antonio, San Antonio, Texas, a newly organized institution located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, opened for business January 8, 1962, as a member of the Federal Reserve System. The new member bank has capital of \$250,000, surplus of \$250,000, and undivided profits of \$100,000. The officers are: Pat Legan, Chairman; H. B. Kaulbach, Vice Chairman; W. E. Eagle, President; B. O'Neal Hillin, Executive Vice President; Jud Watson, Cashier; C. R. Headen, Assistant Cashier; Chester Allen, Assistant Cashier; and I. W. Ellison, Assistant Cashier.

#### NEW PAR BANKS

The First State Bank of Hitchcock, Hitchcock, Texas, an insured nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, January 3, 1962. The officers are: George O. Gillespie, President; Lawrence Henckel, Vice President; and Marvin W. Briggs, Cashier.

The Southside State Bank, Houston, Texas, an insured nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, January 10, 1962. The officers are: Henry M. Dudley, Jr., I, President; James N. Fowler, Vice President and Cashier; and Thomas C. Willis, Assistant Cashier.

The First State Bank, Premont, Texas, a nonmember bank located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, opened for business on January 2, 1962, and was added to the Par List on January 12, 1962. The officers are: C. Woodrow Laughlin, Chairman and President (Inactive); Arlin Yeager, Executive Vice President; Otis E. Scales, Vice President; and Mrs. Jean Brown, Cashier.





District crude oil production rose moderately during December to a level of over 3 million barrels daily, the highest total since April 1961. The upward production

trend continued in early January, though at a slower rate. Louisiana and New Mexico have retained their January allowables for February, but the Texas allowable schedule has been reduced to 8 producing days from 9 days a month earlier. Daily average output in the District should decline only slightly, however, as February has fewer days.

District refinery activity declined slightly in December, partially because of a work stoppage at a major Texas Gulf Coast refinery; but the plant has since resumed normal operations. Crude oil runs to District refinery stills rose in early January.

Drilling operations in the District advanced moderately in December and early January. The total number of wells completed rose about 4 percent during the 5 weeks ended January 6, and total footage drilled advanced 7 percent. The number of active rotary rigs increased 3 percent in the District during December. This rise in drilling equipment utilization reflects the likelihood of future expansion in District well completions.

National crude oil output and imports expanded in December and early January. Nevertheless, this increase in new supplies was offset by a rise in crude oil demand, and inventories showed little change. Crude oil stocks in the Nation in early January were about 3 percent above a year ago.

The seasonally adjusted index of demand for the four major refined products declined significantly in

#### NATIONAL PETROLEUM ACTIVITY INDICATORS

(Seasonally adjusted indexes, 1957-59 = 100)

Indicator	December 1961p	November 1961p	December 1960
CRUDE OIL RUNS TO REFINERY			
STILLS (daily average).....	105	105	101
DEMAND (daily average)			
Gasoline.....	102	109	103
Kerosene.....	107	118	113
Distillate fuel oil.....	102	105	110
Residual fuel oil.....	92	93	97
Four refined products.....	101	105	105
STOCKS (end of month)			
Gasoline.....	103	103	104
Kerosene.....	117	110	113
Distillate fuel oil.....	109	104	99
Residual fuel oil.....	84	79	82
Four refined products.....	104	101	100

p — Preliminary.

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

## ANNOUNCEMENT

Beginning with this issue of the **Business Review**, seasonally adjusted indexes of marketed production of natural gas by quarters will be published, in addition to actual production figures, as they become available. The indexes have been computed for the first quarter in 1951 through the third quarter in 1961 and may be obtained by addressing a request to:

**Research Department**  
**Federal Reserve Bank of Dallas**  
**400 South Akard Street, Dallas 2, Texas**

#### MARKETED PRODUCTION OF NATURAL GAS

Area	In millions of cubic feet			Seasonally adjusted index (1957-59 = 100)		
	Third quarter 1961	Second quarter 1961	Third quarter 1960	Third quarter 1961	Second quarter 1961	Third quarter 1960
Louisiana.....	710,800	739,700	699,700	142	147	140
New Mexico..	183,600	189,600	194,800	109	111	115
Oklahoma...	170,500	183,500	161,400	114	107	108
Texas.....	1,382,800	1,446,400	1,389,000	107	111	107
Total.....	2,447,700	2,559,200	2,444,900	116	119	116

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

December, as substantial reductions were recorded in gasoline and kerosene consumption. In early January, however, refined product demand strengthened, paced by significant improvements in the consumption of both light and heavy fuel oils. Heating oil use was especially strong because of the very low temperatures registered in most of the sections of the Nation which use heating oil; prices of these products firmed as inventory levels declined. Gasoline demand in early January decreased as anticipated; stock accumulation began, and price discounting was noted in several areas of the country.



The Texas industrial production index in December remained at 178 but was significantly above the 171 registered in December 1960. The month-to-month increase in mining output, with special strength apparent in crude petroleum production, offset declines in both durable and nondurable manufactures. The advance over December 1960 was shared by all manufacturing industries except lumber and wood products, fabricated metal products, petroleum and coal products, and "other" durable goods. Compared with a year earlier, mining showed a slight rise, as gains in crude petroleum and natural gasoline production offset reductions in



# INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1947-49 = 100)

Area and type of index	December 1961p	November 1961	October 1961	December 1960
<b>TEXAS</b>				
Total industrial production.....	178	178	180	171
Total manufactures.....	223	226	229	210
Durable manufactures.....	261	268	271	237
Nondurable manufactures.....	205	207	209	197
Mining.....	135	132	133r	133
<b>UNITED STATES</b>				
Total industrial production.....	175	173	171	156
Total manufactures.....	173	172	170	154
Durable manufactures.....	179	177	174	156
Nondurable manufactures.....	172	170	169	156
Mining.....	132	132	131	129
Utilities.....	319	317	318	287r

p — Preliminary.  
r — Revised.

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

natural gas and metal, stone, and earth minerals production.

Estimated nonagricultural employment in the District states reached a record 4,551,500 in December 1961, or 1 percent more than the year-earlier total. Substantial employment increases in trade and government during the month and smaller gains in transportation and mining offset sizable employment declines in construction and manufacturing and slight reductions in finance and services. Unemployment in Texas during December increased 10,200 to 190,200, or 5.2 percent of the labor force. This rate compares with 4.9 percent in November and 5.5 percent in December 1960. The increase in unemployment was largely due to inclement weather, which slowed outdoor activity.

The value of construction contracts in the District states increased 10 percent during November 1961 and, at \$343 million, was more than 40 percent above any previous November of record. Residential building declined, as is normal during this month, but was above any previous November. The month-to-month decrease

# NONAGRICULTURAL EMPLOYMENT

Five Southwestern States<sup>1</sup>

Type of employment	Number of persons			Percent change Dec. 1961 from	
	December 1961e	November 1961	December 1960r	Nov. 1961	Dec. 1960
Total nonagricultural					
wage and salary workers..	4,551,500	4,516,800	4,520,900	0.8	0.7
Manufacturing.....	772,200	778,700	774,600	— .8	— .3
Nonmanufacturing.....	3,779,300	3,738,100	3,746,300	1.1	.9
Mining.....	240,500	240,200	243,400	.1	— 1.2
Construction.....	271,300	288,100	272,400	— 5.8	— .4
Transportation and public utilities.....	392,900	388,100	402,400	1.2	— 2.4
Trade.....	1,152,700	1,107,900	1,145,800	4.0	.6
Finance.....	222,800	223,100	218,700	— .1	1.9
Service.....	611,000	611,100	599,700	.0	1.9
Government.....	888,100	879,600	863,900	1.0	2.8

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

e — Estimated.

r — Revised.

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

in residential construction was more than offset by significant increases in nonresidential building and public works and utilities. The sharp advance in contracts during November placed the total for the first 11 months in 1961 at an all-time high of \$3,720 million, or more than 7 percent above the comparable total in 1960; cumulative contracts increased for every major sector.

# VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	November 1961p	October 1961	November 1960	January—November	
				1961p	1960
<b>FIVE SOUTHWESTERN STATES<sup>1</sup></b>					
Residential building.....	343	313	225	3,720	3,475
Nonresidential building....	127	156	103	1,544	1,418
Public works and utilities...	124	87	76	1,151	1,052
	92	71	45	1,025	1,005
<b>UNITED STATES</b>	3,008	3,291	2,886	34,461	33,643
Residential building.....	1,306	1,498	1,253	15,006	14,249
Nonresidential building....	1,095	1,005	916	11,246	11,258
Public works and utilities...	607	787	717	8,209	8,136

<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.



# 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>			
	December 1961	Percent change from		Dec. 31, 1961	Annual rate of turnover		
		Nov. 1961	Dec. 1960		Dec. 1961	Nov. 1961	Dec. 1960
ARIZONA							
Tucson.....	\$ 343,754	4	42	\$ 160,337	26.6	27.5	21.6
LOUISIANA							
Monroe.....	90,579	-6	13	61,595	19.1	21.8	17.6
Shreveport.....	326,732	0	-6	204,941	20.6	22.3	21.5
NEW MEXICO							
Roswell.....	53,526	1	23	39,235	16.3	16.3	16.4
TEXAS							
Abilene.....	108,862	-1	3	77,168	17.6	18.6	19.3
Amarillo.....	232,979	-2	6	126,304	22.9	24.1	22.0
Austin.....	250,840	9	23	160,915	18.7	17.5	16.1
Beaumont.....	184,400	4	8	112,331	20.3	20.3	19.2
Corpus Christi.....	212,308	1	9	119,170	22.0	21.7	21.7
Corsicana.....	18,399	-2	2	21,986	10.4	11.0	10.8
Dallas.....	3,840,387	24	8	1,437,547	34.3	29.8	34.3
El Paso.....	398,804	6	5	193,283	25.7	25.1	26.8
Fort Worth.....	852,798	6	1	418,753	25.3	24.7	25.4
Galveston.....	104,595	16	10	68,291	18.7	16.7	19.2
Houston.....	3,163,989	10	8	1,548,396	26.2	25.4	26.0
Laredo.....	30,784	15	2	24,451	15.7	14.3	16.7
Lubbock.....	307,002	13	0	137,368	27.8	26.3	30.2
Port Arthur.....	64,511	1	-3	43,687	17.2	16.6	18.4
San Angelo.....	53,842	-1	1	51,137	12.7	13.2	13.4
San Antonio.....	663,912	3	6	413,242	19.7	19.6	19.7
Texarkana <sup>2</sup> .....	25,123	4	9	17,648	17.3	16.8	16.1
Tyler.....	89,747	-4	9	68,371	16.6	17.8	16.7
Waco.....	119,702	10	8	73,682	19.8	18.4	18.5
Wichita Falls.....	118,760	-2	-6	107,836	13.8	14.6	15.0
Total—24 cities.....	\$11,656,335	12	7	\$5,687,674	25.8	24.5	25.7

<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 \$54,965,000 for the month of December 1961.

## CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Jan. 17, 1962	Dec. 20, 1961	Jan. 18, 1961
Total gold certificate reserves.....	685,652	655,209	721,174
Discounts for member banks.....	16,159	200	100
Other discounts and advances.....	1,509	0	522
U. S. Government securities.....	1,154,381	1,176,136	1,084,537
Total earning assets.....	1,172,049	1,176,336	1,085,159
Member bank reserve deposits.....	996,315	966,225	971,441
Federal Reserve notes in actual circulation.....	853,797	874,233	822,631

## DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	Percent change from				
	December 1961p	November 1961p	December 1960	November 1961	December 1960
ELEVENTH DISTRICT.....	3,042.4	2,929.6	2,950.4	3.9	3.1
Texas.....	2,640.3	2,527.2	2,581.9	4.5	2.3
Gulf Coast.....	472.0	458.7	459.6	2.9	2.7
West Texas.....	1,199.1	1,124.6	1,177.1	6.6	1.9
East Texas (proper).....	135.8	128.1	138.7	6.0	-2.1
Panhandle.....	107.6	107.2	108.4	.4	-7
Rest of State.....	725.8	708.6	698.1	2.4	4.0
Southeastern New Mexico.....	272.3	274.9	236.5	-1.0	15.1
Northern Louisiana.....	129.8	127.5	132.0	1.8	-1.7
OUTSIDE ELEVENTH DISTRICT.....	4,317.0	4,263.9	4,199.7	1.2	2.8
UNITED STATES.....	7,359.4	7,193.5	7,150.1	2.3	2.9

p — Preliminary.

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

## CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Dec. 27, 1961	Nov. 29, 1961	Dec. 28, 1960
ASSETS			
Loans and discounts.....	5,554	5,442	5,157
United States Government obligations.....	2,853	2,812	2,593
Other securities.....	984	975	867
Reserves with Federal Reserve Bank.....	1,010	928	868
Cash in vault.....	173	171	164
Balances with banks in the United States.....	1,299	1,193	1,251
Balances with banks in foreign countries.....	3	3	2
Cash items in process of collection.....	775	588	579
Other assets.....	344	255	313
TOTAL ASSETS.....	12,995	12,367	11,794
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,494	1,303	1,373
Other demand deposits.....	7,317	6,965	6,745
Time deposits.....	2,855	2,822	2,504
Total deposits.....	11,666	11,090	10,622
Borrowings.....	107	63	22
Other liabilities.....	165	159	170
Total capital accounts.....	1,057	1,055	980
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	12,995	12,367	11,794

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
1959: December..	8,052	3,904	4,148	2,099	1,077	1,022
1960: December..	8,044	4,030	4,014	2,482	1,263	1,219
1961: August....	7,759	3,820	3,939	2,774	1,396	1,378
September.....	7,889	3,910	3,979	2,787	1,404	1,383
October.....	8,174	4,069	4,105	2,788	1,398	1,390
November.....	8,322	4,058	4,264	2,806	1,409	1,397
December.....	8,505	4,179	4,326	2,839	1,421	1,418

## BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	NUMBER						Percent change	
	Dec. 1961			12 mos. 1961			Dec. 1961 from	
	Dec. 1961	12 mos. 1961	Dec. 1961	12 mos. 1961	Nov. 1961	Dec. 1960	12 months, 1961 from	1960
ARIZONA								
Tucson.....	627	10,373	\$ 1,960	\$ 44,536	-54	-64		10
LOUISIANA								
Shreveport....	141	11,790	506	30,516	-52	-66		27
TEXAS								
Abilene.....	125	1,448	1,030	16,293	26	68		-27
Amarillo.....	219	3,321	3,207	41,008	21	141		28
Austin.....	242	4,022	2,651	57,331	-59	-56		24
Beaumont.....	242	3,574	1,062	23,409	-81	-33		25
Corpus Christi..	231	3,919	1,101	24,504	-24	77		114
Dallas.....	1,376	26,227	8,240	194,182	-32	-32		38
El Paso.....	387	6,738	7,134	67,075	105	-46		17
Fort Worth.....	484	7,319	2,042	48,616	0	-12		5
Galveston.....	218	2,046	705	7,069	89	349		15
Houston.....	958	20,325	12,667	248,933	-18	-6		-14
Lubbock.....	103	2,660	5,264	44,266	105	230		21
Port Arthur.....	244	2,904	390	7,655	-9	-8		-23
San Antonio.....	845	13,954	4,248	54,276	-6	-17		-6
Waco.....	201	3,127	2,117	15,555	158	196		-6
Wichita Falls..	114	3,026	732	21,663	-17	-8		-20
Total—17 cities..	6,757	126,773	\$55,056	\$946,887	-15	-18		7