



BUSINESS REVIEW

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ECONOMIC ADVANCE THROUGH MID-1962

The growth of the Nation's economy over the past 12 months demonstrated resilience and capacity for expansion, as business recovered from a shallow, short-lived recession. By mid-1962, most of the more important economic indicators had reached record levels; in the past year, the broad measure of gross national product showed an advance of more than 6 percent. The domestic economy showed real progress when it is recognized that, by mid-1962, the Nation's industrial output had risen more than 6 percent above the previous cyclical peak, that a new record in plant and equipment expenditures was in prospect, and that, from a year earlier, there had been a gain in civilian employment of more than 1 million persons and a 6-percent advance in personal income in an atmosphere of virtually stable prices.

Nevertheless, there has been criticism of the rate of economic advance, and much current discussion centers upon means of stimulating the economy to a higher rate of growth, fuller employment, and greater utilization of resources. These criticisms have concentrated upon the slower rate of growth in the first half of 1962 than in the last half of 1961 and the interpretation of current data as reflecting a further slowing of the economic advance.

The failure of business and the economy to reach satisfactory growth rates probably encompassed the results of a multitude of problems and created additional ones. The unutilized plant capacity and the unsatisfactory level of unemployment were symptomatic of the insufficiency of the economic advance. The investors' dilemma placed many "on the side lines" to await

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS

clarification of trends. With inflationary prospects dampened, expectations of capital gains through stock purchases were limited; and with doubts as to the adequacy of longer-term profit margins, a re-examination of price-earnings relationships probably influenced equity prices.

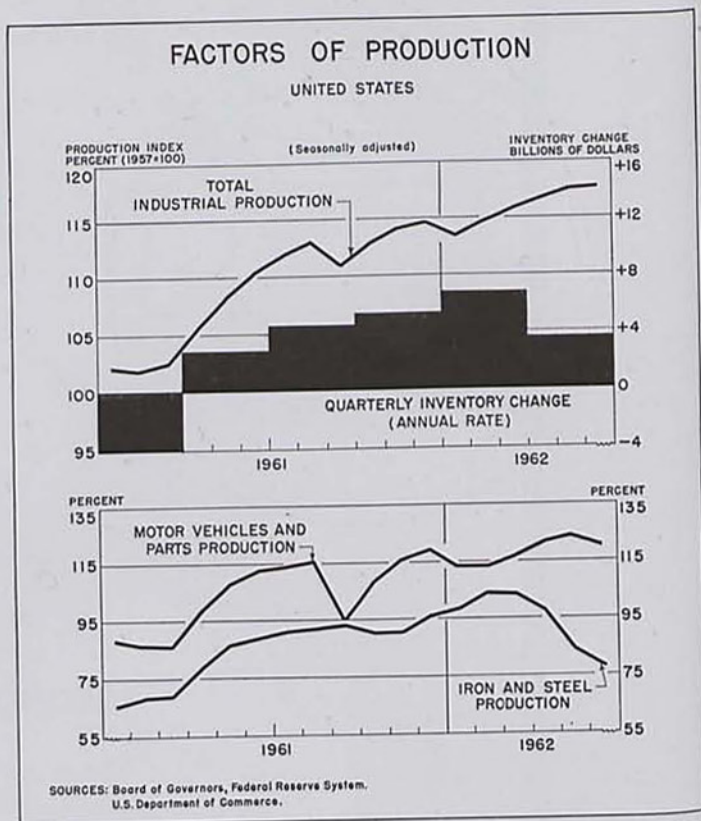
Further complicating the near-term outlook were a rising budget deficit, improved liquidity in virtually all types of financial institutions, and a lack of vigorous demand for bank loans. Even beyond the domestic uncertainties lay the difficult balance-of-payments problems and the role of this Nation in international political, financial, and trade relationships.

These and other factors generated an atmosphere of caution in business. The psychological reaction to the Government's role in the steel labor settlement and the subsequent abortive steel price increase, coupled with the effects of the equity price declines, left some businessmen in an uncertain mood. This indecisiveness was communicated to investors and other segments of the economy.

Part of this picture of mounting uncertainties in the domestic and international scene was perhaps a measure of the degree to which people judge events by expectations and anticipations. As the economy moved upward in late 1961, opinion was widespread that the advance during 1962 could easily reach an 8-percent to 10-percent rate. Although the failure of these expectations may have had a sobering effect, a realistic appraisal of the economy would have to conclude that there was material progress. Ever since the initial surge in the recovery in 1961, there has been further growth in most measures of economic activity.

Domestic Economic Scene

The year 1962 began in an auspicious manner, with high expectations on the part of most businessmen and consumers and, in fact, the majority of professional observers of the economy. The official forecasts of the Council of Economic Advisers and many private economists indicated an expectation of strong growth in the economy, with some expecting a new boom. Against this background of expectations, the economic growth in the first 6 months of 1962 was disappointing. The dominant features of the domestic economic picture in early 1962 centered around the uncertainties with respect to labor contract negotiations in the steel industry. Part of the anticipation of an unusually strong economy in the first half of 1962 stemmed from a



projected large-scale inventory buildup, stimulated by the possibilities of a steel strike in midsummer. By March, however, it was apparent that the steel labor contract would be signed without a strike, and when the actual settlement came, it was hailed by many as a major breakthrough in eliminating the destabilizing effects which had attended the labor negotiations of this industry in previous years.

The nondisruptive settlement of the steel contract brought an early end to the stimulus that hedge buying of steel had provided to the economy. Steel output, which had reached 82 percent of capacity in the week ended February 17, receded to a level of about 50 percent by June, as steel users curtailed orders and began to liquidate inventories. Despite the marked reduction in steel output and the resultant shift in steel inventories from accumulation to liquidation, widespread gains in other industries brought further advances in total factory output. The gains were particularly important in the automobile industry, where an advance in production brought the total output in the first half of 1962 to one-third higher than a year earlier, or to a level of 3.6 million units.

Other important increases in factory output occurred in the fabricated metal, machinery, clay, glass, and

lumber, and chemical industries. Most of the 3-percent gain in total industrial production during the first half of 1962 occurred in durable goods industries, although a small, steady advance also developed in the nondurable goods categories. If the countermovements in steel and automobile production are excluded, there was a healthy, though slow, advance in the remaining industrial output.

The advance in industrial production was stimulated by an improvement in final demand for a wide range of both durable and nondurable goods. Total business sales moved consecutively higher during the first half of 1962, although new orders to manufacturers declined following the settlement of the steel contract.

In the construction industry, events of early 1962 reflected a marked divergence between public and private activity, with cumulative private spending moving up nearly 8 percent over a year earlier but public spending advancing less than 1 percent. Private residential construction exceeded the year-earlier total by nearly 14 percent, although public housing declined quite sharply. In the private sector, after an early lag caused principally by adverse weather and other temporary disruptions, housing starts moved to near-record levels in April and May, reflecting mainly an advanced rate of apartment construction; in June, the number of starts declined to 1,389,000. The availability of mortgage money, increased competition among financial institutions for new mortgages, and the relatively slow pace of residential construction in previous years were all major factors in supporting the improvement in the residential construction segment during the first half of 1962.

Of great importance to the long-term health of the economy and to the sustainability of the current economic expansion is the level of private capital spending. Although current expectations still reflect an 8-percent increase in private capital spending during 1962, there have been some marked internal changes — notably, sharp declines in the steel and automobile industries. Among the factors causing a slower rate of advance have been the continued margin of unutilized capacity, prospects for accelerated depreciation, the outlook on profit margins, and the tax picture.

With the broad advance in the economy, total employment in the first half of 1962 also registered a significant gain relative to the year-earlier pattern. On a seasonally adjusted basis, there was an advance of more than 800,000 in total employment, with all

of the increase developing in the nonagricultural segment. Manufacturing employment rose about 475,000, with the durable goods sector showing the largest advance, though the number of workers at nondurable goods plants increased more than 100,000. Among the other employment sectors, the principal gain was evident in government workers, with a year-to-year advance of nearly 350,000 persons. Despite the general rise in construction activity, employment in this industry generally averaged below that in the first half of 1961.

As employment increased, unemployment declined, with the total moving from a seasonally adjusted rate of 5.8 percent of the civilian labor force in January to 5.5 percent in June; the actual number unemployed declined more than 1.2 million workers during the first half of 1962. Some progress was made toward reducing the number of long-term unemployed, but, even in June, those out of work 6 months or more totaled 584,000. The ranks of the unemployed showed a further concentration of young unskilled workers and those structurally unemployed. Insufficient pressure upon the expanded capacity of productive facilities, together with technological advances and increasing automation, retarded the demand for additional workers, and unemployment remained at a higher than desirable level.

One interesting change in the employment pattern of the Nation was the virtual stability in the civilian labor force. An increase in the number of persons in the armed services accounted for part of the lack of growth, but substantial withdrawals from the labor force must have occurred and probably were partly responsible for the decline in unemployment.

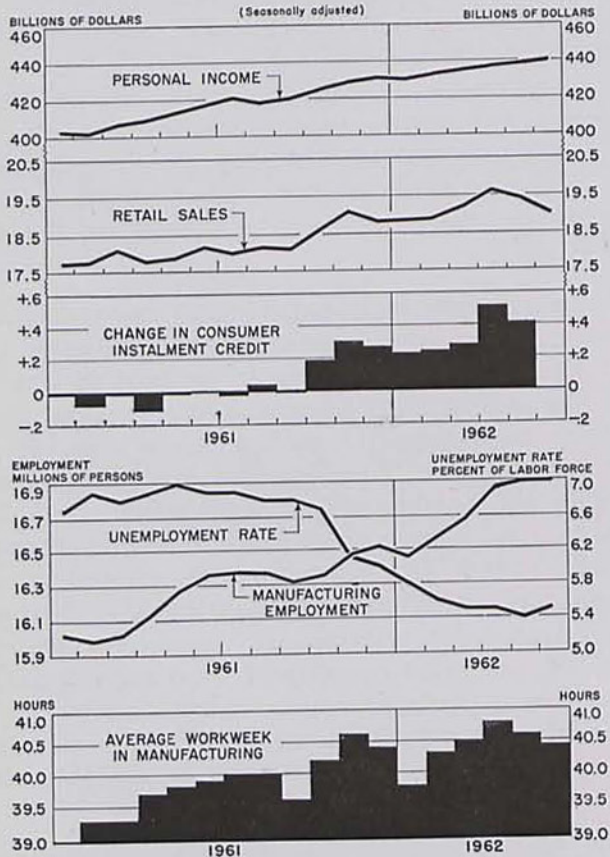
With the employment increase and a rise in the total average workweek in manufacturing to more than 40 hours per week, personal income rose sharply and in June reached a new record of \$440.4 billion for a gain of about \$23 billion over a year earlier. Most of the improvement occurred in the labor income sector, although there were increases in proprietors' income, dividends, and personal interest income. Wage increases in selected industries and higher interest payments by financial institutions also contributed to the over-all advance in personal income.

The gain in personal income was augmented by a further advance in consumer credit extensions during early 1962. Consumer instalment credit showed a marked rise in the second quarter of 1962, in line

FACTORS OF CONSUMPTION

UNITED STATES

(Seasonally adjusted)



SOURCES: Board of Governors, Federal Reserve System.
U.S. Department of Commerce.
U.S. Department of Labor.

with the increased sales of consumer durables, and total consumer credit outstanding at the end of May was more than \$3 billion higher than a year earlier. The steady, small rise in consumer instalment credit repayments was clearly outweighed by the large extensions, especially from February through May.

With the improvement in the consumer's ability to purchase and despite a rising level of savings, there was an advance in retail trade. Although the total slipped back from the record April level in May and June, retail sales averaged 7 percent above the first half of 1961. The improvement in retail trade occurred at both durable and nondurable goods outlets, with the latter showing a steadier advance. Among the durable goods, one of the strong gains occurred in sales of new automobiles, which reached almost 3.5 million units in the first half of 1962 for a 25-percent advance over a year earlier. Increased sales of consumer appliances were also noticeable during the year, partly

reflecting the higher levels of residential construction. Among nondurable goods outlets, increases were widespread but were especially noteworthy for apparel stores, gasoline service stations, and general merchandise stores. Department store sales through June were 5 percent ahead of the year-earlier pace.

The general wholesale price level remained stable, and increases in consumer prices were less than in other recent periods. All major categories of wholesale prices were little changed from January to June 1962. Some price declines occurred in industrial crude materials and farm products. At the consumer level, food and service prices advanced, while other prices held steady. The consumer price index rose less than 1 percent in this 6-month period. It is apparent from the foregoing that the domestic economy improved during the first half of 1962 at a moderate pace and without inflationary pressures.

Domestic Financial Pattern

For a period of economic advance such as that which the Nation experienced over the past year, the financial picture was different than might have been expected. The financial markets of the United States featured a large availability of credit, a slow growth in the demand for bank credit accommodation, and reasonable interest rate stability over most of the first half of 1962. One factor influencing banking was the increased competition for deposits, which was made possible by the higher rate on time and savings deposits permitted under the change in regulation Q of the Federal Reserve System. The higher interest costs for these deposits caused banks to reappraise their loan and investment policies. As a result, some banks made shifts in their basic investment portfolios, tending to move toward longer-term, tax-exempt municipal securities and to lengthen the maturities of Government security holdings. At the same time, banks reviewed their interest charges on loans, and some made upward adjustments where feasible. Possibilities of increased direct mortgage loans were also explored by many banks.

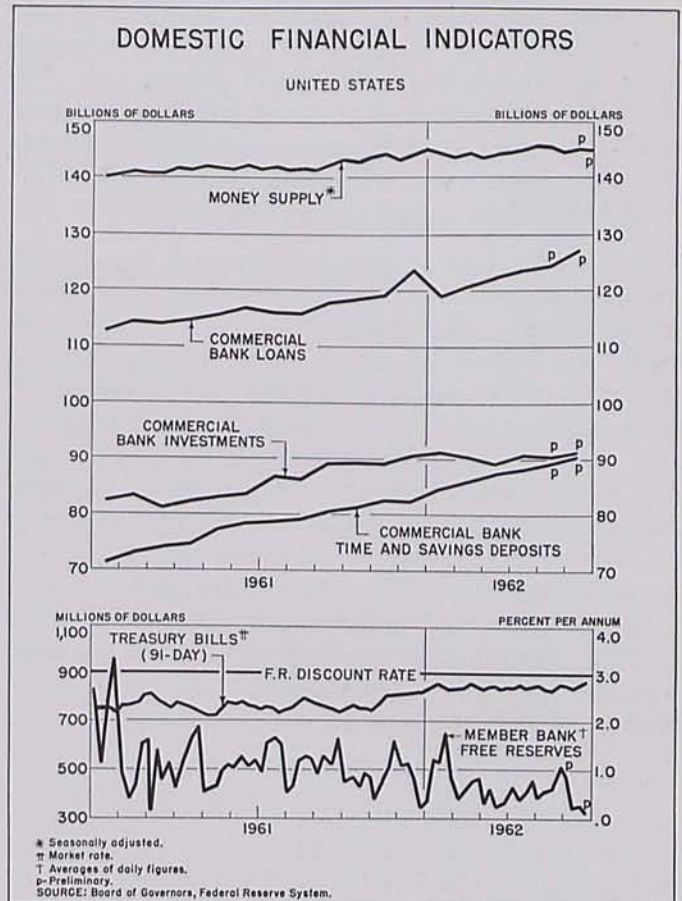
It is difficult to appraise the impact of the change in interest rates for time and savings deposits. There was some attraction of additional funds into the banking system and pressure for a higher rate of earnings, but these funds may have provided a liquidity to the banking system, which normally is curtailed in periods of economic expansion. The change also affected reserves of the banking system, inasmuch as there was some shifting from demand to time accounts, which have substantially lower reserve requirements.

The supply of reserves to the banking system was augmented by the relatively easy monetary policy during the first half of 1962. All major financial indicators reflected this policy of monetary ease. Free reserves of the banking system remained generally between \$400 million and \$500 million until June 1962, and borrowings were at nominal levels, rising only during tax periods or for other special circumstances.

While it is not possible, in this article, to provide a detailed explanation of the basic factors causing this policy of ease, it should be noted that the growth of the domestic economy was insufficient to bring into production the available capacity in labor and capital equipment. Thus, policy was designed, in part, to help contribute to the achievement of a higher rate of growth, and this fostered an easier policy. On the other hand, the System took into account in its policy considerations the complicated balance-of-payments situation. This factor encouraged a higher level of short-term rates. Thus, the System's monetary policy was designed to provide the liquidity for an expanding domestic economy while taking into consideration the problems created by the Nation's balance-of-payments deficit.

One complicating factor in the System's policy determination was the continual, large-scale Treasury financings conducted in the first half of 1962. In this period, the Treasury refunded nearly \$30 billion of securities and undertook new financings for cash of more than \$5.9 billion. Most of the financing operations of the Treasury were concentrated in the short-term area, with a large portion occurring in the weekly Treasury bill issues, which were increased from \$1.7 billion to \$2 billion. In fact, only \$2.4 billion of securities were issued with maturities in excess of 10 years, and all of these were reopenings during refundings. Treasury financing operations generally found a favorable market, partly because of the heavy emphasis upon the short-term area and the use of the auction feature for Treasury bills. The Treasury also was successful in further advance refundings. Thus, the Nation's budget deficit was financed largely by short-term issues through the banking system and financial institutions. However, it should be noted that a desire to support short-term rates for balance-of-payments reasons was a factor in some of the debt management moves toward short-term financing.

The municipal bond market during early 1962 was exceptionally strong, as banks sought to cover part of



their increased interest payments for time and savings deposits by purchasing long-term, tax-exempt municipal securities. Some of this strength spilled over to the corporate market. By spring, however, the municipal market began to soften somewhat, as banks reached their desired level of holdings, and a large number of new municipal issues were floated by states and municipalities seeking to capitalize upon the lower interest rates. Total new municipal issues in the first half of 1962 amounted to about \$4.9 billion, or 7 percent above the corresponding total in 1961. In contrast, the new corporate issues in this period reached about \$5.1 billion, compared with \$6.5 billion in the previous year.

One of the major complicating factors in this broad financial picture throughout the first half of 1962 was the weak market for equities. The widely quoted Dow Jones industrial average declined more than 200 points by late June, reaching its lowest level since 1958. The impact of the stock market decline upon business and consumer confidence is difficult to appraise, although there have been some indications that the cautioning influence may have had some effect on

consumer and business decisions. To some extent, these influences were reinforced by the public emphasis upon the slower than anticipated growth rate. The financial markets reacted to these influences with increasing caution, and investors evidenced a greater desire for short-term investments than would be expected in relation to their liquidity positions.

Toward the end of the second quarter, some shifts in financial markets occurred, as free reserves declined in late June to an average of less than \$350 million under the impact of a rise in bank loan demand for tax and dividend payments and the convergence of market factors absorbing reserves. Treasury bill rates rose nearly 30 basis points during late June and early July to an auction level of 2.98 percent in mid-July, partly because of the continued additions to the weekly auction by the Treasury and some selling pressure associated with the June tax date. These forces, coupled with market consideration of the impact of some unsettling factors in the international area and domestic economic prospects, also brought a decline in intermediate- and longer-term security prices.

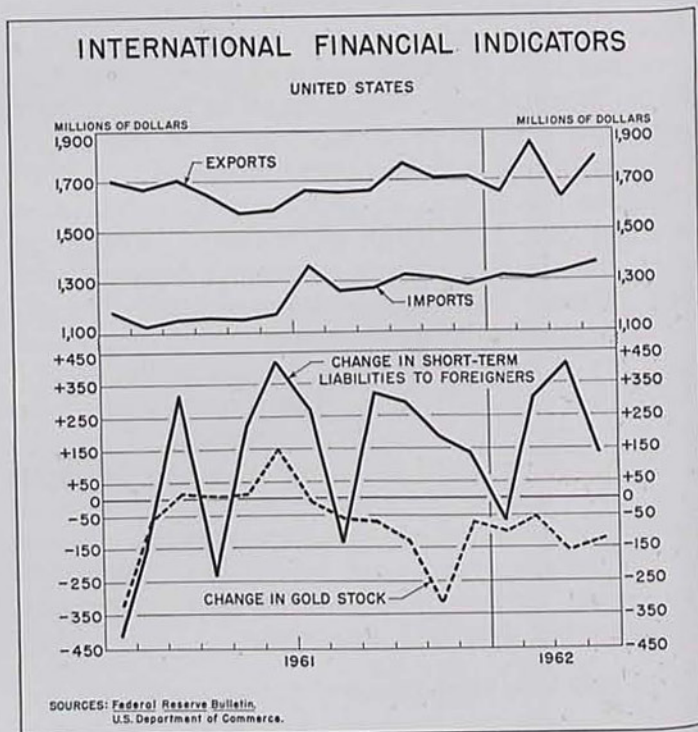
International Financial Problems

To a considerable extent, some of the basic trends in the domestic economic and financial situation are related to the impact of the Nation's foreign relationships over the past few years. The continuing deficits in the United States balance of payments have occasioned sizable outflows of gold and an increasing volume of short-term dollar claims against the United States held by foreign private concerns and governments. The outflow of gold has directly reduced reserves of the domestic banking system. Also, the United States found itself in a more difficult position with regard to competition in the world market for many manufactured goods, partly because of an increase in costs reflected in higher prices and partly because of the steady improvement in the technological base of foreign manufacturing facilities. During the past year, many of these same forces were at work, though the over-all rate of deficit declined.

With the improvement in the domestic economic situation, imports during January-May 1962 increased by more than 17 percent above a year earlier, while exports rose about 5 percent. Thus, the trade surplus of the United States narrowed somewhat in the first half of 1962 but, for the January-May period, still amounted to an annual rate of \$4.75 billion. Moreover, there was an increase in the outflow of long-term

investment funds, as foreign borrowers floated a number of new corporate and official bond and equity issues in the United States market. Offsetting these developments were a reduction in the rate of outflow of short-term funds from the United States, a lessening of capital outflows for investment in foreign plants, and some improvement resulting from the special actions taken by the United States Government. Along with other factors, these actions resulted in a number of foreign nations assuming part of the burden of aid to underdeveloped nations and centering more of their basic military expenditures in the United States. Additional prepayments of debts by foreign governments and a marked inflow of funds developing out of the pressures on the Canadian currency also helped to reduce the deficit in the Nation's balance of payments.

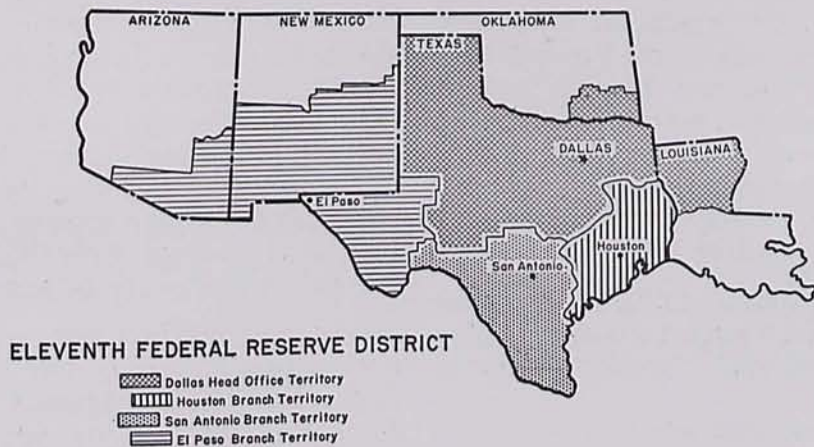
Important factors in the international financial posture of the Nation were the disturbing shifts in the rates of exchange and the currency problems of two of the Nation's closest allies. Thus, over the past year, the moves undertaken by the United Kingdom and Canada were of great importance. In mid-summer 1961, the United Kingdom adopted a severe austerity program and a package of special financial actions which were designed to reduce the British balance-of-payments deficit. By early 1962, these actions had taken effect, enabling Great Britain to repay more than half of its drawing against the International Monetary



Fund, to improve its foreign reserve position, and to mitigate, by successive cuts in the Bank rate, its stringent monetary policy. These moves reduced the short-term rates in England and, thus, their attractiveness for United States investors.

The Canadian situation, however, deteriorated sharply in 1962, and, after a fixed rate of exchange was established on May 2, intensified speculative pressures developed so that over the spring period Canada lost about one-half of its foreign reserves in defending the rate. Thus, Canada was forced to draw against a consortium of financial organizations in the amount of \$1,050 million. Repatriation of funds from Canada during this speculative raid first brought pressure against the Canadian dollar and then against the American dollar, since this latter currency was used as a vehicle to withdraw European funds from the Canadian market.

To offset the general international financial market unsettlement and the continuing large-scale shifts of funds between nations during early 1962, a number of special arrangements were accepted by the United States and Western European nations. Noteworthy among these was the increased intercentral bank cooperation. The Federal Reserve System completed currency swaps with five other nations amounting to \$450 million by early July. These exchanges enabled the Federal Reserve to obtain foreign currencies for the purpose of protecting the American dollar against temporary or speculative pressures in the exchange market. Other areas of cooperation included the new International Monetary Fund borrowing power and the increasing United States participation in the Organization for Economic Cooperation and Development and its special working parties for monetary and fiscal policy.



BUSINESS REVIEW

BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Seasonally adjusted department store sales in the Eleventh District declined 1 percent in June but were 10 percent above a year earlier. Cumulative

monthly sales for the first 6 months of 1962 were 8 percent above the corresponding period of 1961.

June automobile registrations in four major Texas markets declined 7 percent from May. Cumulative registrations through June this year were 22 percent above the first 6 months in 1961.

In the 4 weeks ended July 18, the weekly reporting member banks in the Eleventh District showed increases in investments but reductions in loans and deposits. Free reserves moved upward at country banks during the 4 weeks ended July 4 but declined at reserve city banks.

Daily average crude oil production in the Eleventh District increased fractionally in June but declined slightly in early July. District refinery operations advanced during the period, but drilling activity decreased.

Full-scale farming operations prevailed throughout the District during most of July. Hot, dry weather has boosted cotton growth; plantings for this year's crop in the District states are slightly below a year ago. Compared with 1961 outturns, decreases are also indicated for the 1962 crops of winter wheat, corn, oats, barley, hay, flaxseed, and Irish potatoes; increases are reported for rice and sweet potatoes.

The Texas industrial production index and employment in the District states both reached all-time highs in June. Construction contracts were at a new high for the month of May.



Seasonally adjusted department store sales in the Eleventh Federal Reserve District in June declined 1 percent from May but were 10 percent above June a

year ago. The index of June sales, seasonally adjusted, was 107 percent of the 1957-59 average, compared with 108 for May and 97 for June 1961.

The unadjusted dollar volume of District department store sales for June was 10 percent less than in May but 11 percent above June 1961. The month-to-month

decline was due, in part, to the fact that there was one less trading day in June than in May. Cumulative monthly sales for the first 6 months of 1962 were 8 percent above the same period last year. Sales in the first half of July were fairly strong, rising 13 percent above the corresponding period in 1961. The seasonally adjusted index of District department store inventories in June, at 114 percent of the 1957-59 average, was unchanged from May but 14 percent above June 1961.

June registrations of new cars in four major Texas markets rose 22 percent over June 1961 but were 7 percent below the May figures. Cumulative data for the first half of 1962 indicate an increase of 35 percent above the corresponding period in 1961. In the individual markets during June, only San Antonio showed an increase over May registration figures, with a 2-percent gain; Fort Worth was down 4 percent, and both Houston and Dallas were 8 percent lower. Compared with a year ago, June sales advanced in all four major Texas markets, with Houston gaining 15 percent and Dallas increasing 17 percent. Fort Worth and San Antonio registrations rose 37 percent and 43 percent, respectively.

DEPARTMENT STORE SALES
(Percentage change in retail value)

Area	June 1962 from		6 months, 1962 from 1961
	May 1962	June 1961	
Total Eleventh District.....	-10	11	8
Corpus Christi.....	4	3	-2
Dallas.....	-15	8	7
El Paso.....	-19	3	8
Fort Worth.....	-11	30	19
Houston.....	-10	14	12
San Antonio.....	-9	19	11
Shreveport, La.....	-11	15	14
Waco.....	-6	14	9
Other cities.....	-10	6	6

ANNOUNCEMENT

The Federal Reserve Bank of Dallas has revised the indexes of department store sales and stocks for the Eleventh Federal Reserve District for 1919 to date. The features of the revisions are: (1) The indexes have been adjusted upward to reflect changes indicated by the Census of Business between 1954 and 1958; (2) the base period of reference for the indexes has been changed from 1947-49 to 1957-59; and (3) seasonal adjustment factors have been reviewed for 1955 to date and have been revised, where necessary, to reflect shifts in the consumer buying pattern. Revisions also have been made of district indexes by the other Federal Reserve banks and of the national indexes by the Board of Governors of the Federal Reserve System. Indexes of department store sales and stocks hereafter will be published by this Bank for the Eleventh District on the 1957-59 base period only, except for the 1-month overlap shown in the table below.

For the convenience of those who may wish to maintain indexes of department store sales and stocks on the 1947-49 base, this Bank will furnish, upon request, such revised indexes from January 1919 through June 1962, as well as a factor which may be used to convert indexes on the 1957-59 base to the 1947-49 base. Pamphlets presenting detailed information on the revisions and adjustments may be obtained from the Research Department of the Federal Reserve Bank of Dallas.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS Eleventh Federal Reserve District

Date	SALES (Daily average)		STOCKS (End of month)	
	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted
1957-59 = 100				
1961: June.....	87	97	94	100
1962: April.....	103	104	114	111
May.....	104	108	112	114
June.....	96	107	107p	114p
1947-49 = 100				
1961: June.....	148r	161r	167	179r
1962: April.....	178	187	206	198
May.....	179	179	202	204
June.....	166	181	194p	208p

r — Revised.
p — Preliminary.



Farming activities in the District were in full swing during most of July as a result of the generally hot, open weather, although scattered rains and thundershowers at midmonth temporarily delayed field work. Soil moisture was depleted rapidly by the high temperatures and dry winds, and additional moisture will be needed to maintain pasture and feed conditions.

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The hot, dry July weather boosted cotton growth throughout the major producing areas of the Southwest. Harvesting is under way in the Lower Rio Grande Valley of Texas, and the crop is maturing rapidly in the Coastal Bend, upper coast, and south-central Texas; insect damage in these areas is much lighter than usual. Cotton is blooming in the Plains, and farmers are watering and cultivating the crop.

The acreage planted to 1962-crop cotton in the District states is estimated, as of July 1, at 8.9 million acres, or 1 percent below the 1961 acreage and 17 percent less than the 10-year (1951-60) average. Compared with a year ago, cotton plantings are down 2 percent in both Louisiana and Oklahoma and 1 percent in Texas; Arizona and New Mexico show gains of 3 percent and 2 percent, respectively. The national cotton seedings are placed at 16.4 million acres, which is 1 percent less than the acreage seeded last year and 17 percent below the 1951-60 average.

Combines have operated long hours to move the grain sorghum harvest northward into south-central Texas. Combining is nearing completion in the Lower Valley, is well advanced in the Coastal Bend, and is under way in south-central Texas. The Blacklands crop has ripened rapidly in the hot, open weather. Sorghums are heading in the Southern High Plains and Low Rolling Plains and are in the boot stage in the Northern High Plains.

Early peanuts are making good growth in the Cross Timbers, but additional moisture will be needed to complete the crop in both this area and south Texas. The seasonally hot weather brought hay harvest to a peak in the eastern part of Texas, and the third cutting of alfalfa is under way in the Low Rolling Plains.

CROP ACREAGE

(In thousands of acres)

Crop	TEXAS			FIVE SOUTHWESTERN STATES ¹		
	For harvest 1962	Harvested		For harvest 1962	Harvested	
		1961	Average 1951-60		1961	Average 1951-60
Cotton.....	7,000	7,080	8,501	8,900	8,988	10,782
Winter wheat....	2,731	3,690	2,697	6,783	8,645	7,425
Corn.....	904	1,063	1,702	1,303	1,519	2,614
Oats.....	806	1,074	1,132	1,210	1,603	1,808
Barley.....	210	421	208	990	1,401	697
Rye.....	28	23	25	102	89	112
Rice.....	458	409	478	953	867	998
Sorghums.....	5,804	5,804	7,314	7,139	7,125	9,351
Hay.....	1,882	1,869	1,701	4,111	4,100	4,026
Peanuts (alone)...	306	312	373	434	437	516
Flaxseed.....	20	140	64	20	140	64
Irish potatoes....	18	20	19	35	39	39
Sweet potatoes..	13	14	23	76	67	104

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

CROP PRODUCTION

(In thousands of bushels)

Crop	TEXAS			FIVE SOUTHWESTERN STATES ¹		
	1962, estimated July 1	1961	Average 1951-60	1962, estimated July 1	1961	Average 1951-60
Winter wheat....	49,158	84,870	38,874	126,982	205,664	118,333
Corn.....	26,216	31,890	35,558	39,502	48,044	56,075
Oats.....	19,344	28,998	26,256	28,030	45,182	42,614
Barley.....	3,990	10,104	4,338	22,614	42,599	20,884
Rice ²	14,656	11,452	13,456	29,258	24,963	26,179
Hay ³	2,358	2,424	1,875	6,812	7,108	5,572
Flaxseed.....	190	1,610	485	190	1,610	485
Irish potatoes ⁴ ...	2,452	2,776	1,763	5,296	6,108	4,011
Sweet potatoes ⁴ ..	1,040	770	1,150	5,240	4,431	5,864

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

² In thousands of bags containing 100 pounds each.

³ In thousands of tons.

⁴ In thousands of hundredweight.

SOURCE: United States Department of Agriculture.

Combining of early rice varieties has started in Texas and Louisiana. The hot weather dried south Texas corn, and harvest is under way. Compared with last year's production, decreases in outturns for the District states are indicated for the 1962 crops of winter wheat, corn, oats, barley, hay, flaxseed, and Irish potatoes. In contrast, increases are reported for rice and sweet potatoes.

Harvesting of potatoes and onions in the High Plains of Texas was active during July, and a fairly good volume of cantaloupes and watermelons was available from northern and eastern counties. Gathering of cantaloupes is under way in the Trans-Pecos counties, but shipments from this area will be relatively light because of hail losses early in the season. Tomatoes, peas, squash, and okra are available for local markets and roadside stands in north and east Texas. Sweet potatoes have made satisfactory growth in east Texas, but rain would be beneficial. Seeding of fall-crop vegetables is under way in the important south Texas commercial areas.

Pasture and feed conditions in the Southwest remain generally adequate. Although pastures are browning from the high July temperatures, ample grass is available in most areas as a result of the late June rains. Cattle are mainly in good condition except in the Edwards Plateau and Trans-Pecos areas of Texas and in sections of New Mexico.

Loans, investments, and time and savings deposits advanced at the Nation's weekly reporting member banks during the 4 weeks ended July 11, but demand deposits adjusted declined. The money market maintained a firmer tone, as money market banks remained



under pressure and free reserves declined moderately.

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	July 18, 1962	June 20, 1962	July 19, 1961
ASSETS			
Commercial and industrial loans.....	11,751,192	1,745,282	1,508,179
Agricultural loans.....	47,258	41,750	39,062
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities.....	274	16,277	311
Other securities.....	52,051	65,735	54,295
Other loans for purchasing or carrying:			
U. S. Government securities.....	2,485	2,442	4,735
Other securities.....	1,180,699	175,373	230,909
Loans to domestic commercial banks.....	41,501	74,321	29,462
Loans to foreign banks.....	93	133	128
Loans to other financial institutions:			
Sales finance, personal finance, etc.....	185,854	89,922	88,438
Savings banks, mtge. cos., ins. cos., etc.....	1,188,743	186,253	155,288
Real-estate loans.....	263,032	259,965	221,268
All other loans.....	1,837,600	843,927	777,752
Gross loans.....	3,450,782	3,501,380	3,109,827
Less reserves and unallocated charge-offs..	62,364	61,611	55,990
Net loans.....	3,388,418	3,439,769	3,053,837
Treasury bills.....	118,523	110,399	99,115
Treasury certificates of indebtedness.....	61,913	58,999	72,449
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year.....	278,205	265,957	243,716
After 1 but within 5 years.....	652,741	654,731	608,960
After 5 years.....	444,771	445,063	459,239
Other securities.....	471,930	465,439	401,114
Total investments.....	2,028,083	2,000,588	1,884,593
Cash items in process of collection.....	564,736	576,469	492,097
Balances with banks in the United States.....	475,458	530,832	486,428
Balances with banks in foreign countries.....	2,322	2,558	1,695
Currency and coin.....	60,531	59,277	56,527
Reserves with Federal Reserve Bank.....	583,136	594,071	539,623
Other assets.....	202,232	200,423	184,642
TOTAL ASSETS.....	7,304,916	7,403,987	6,699,442
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits			
Individuals, partnerships, and corporations....	3,024,079	3,068,576	2,954,181
Foreign governments and official institutions, central banks, and international institutions..	3,432	3,045	2,686
United States Government.....	133,645	173,535	62,184
States and political subdivisions.....	238,128	231,569	186,541
Banks in the United States, including mutual savings banks.....	1,068,164	1,106,142	995,942
Banks in foreign countries.....	13,490	14,326	12,055
Certified and officers' checks, etc.....	51,282	54,708	52,929
Total demand deposits.....	4,532,220	4,651,901	4,266,518
Time and savings deposits			
Individuals, partnerships, and corporations			
Savings deposits.....	943,755	922,482	779,686
Other time deposits.....	693,895	697,377	548,167
Foreign governments and official institutions, central banks, and international institutions..	2,511	2,507	6
U. S. Government, including postal savings...	6,617	6,617	7,102
States and political subdivisions.....	252,946	271,113	286,355
Banks in the United States, including mutual savings banks.....	6,421	6,567	9,557
Banks in foreign countries.....	2,350	2,350	900
Total time and savings deposits.....	1,908,495	1,909,013	1,631,773
Total deposits.....	6,440,715	6,560,914	5,898,291
Bills payable, rediscounts, etc.....	135,400	102,150	122,000
All other liabilities.....	95,464	107,356	86,240
Capital accounts.....	633,337	633,567	592,911
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	7,304,916	7,403,987	6,699,442

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

under pressure and free reserves declined moderately. The Federal funds rate held generally between 2³/₄ percent and 3 percent, but Treasury bill rates moved up sharply, as the Treasury continued to add \$200

NEW MEMBER BANKS

The Guaranty National Bank and Trust of Corpus Christi, Corpus Christi, Texas, a conversion of the Guaranty Trust Company, Corpus Christi, Texas, located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, opened for business July 2, 1962, as a member of the Federal Reserve System. The new member bank has capital of \$300,000, surplus of \$100,000, and undivided profits of approximately \$128,000. The officers are: L. H. Gross, President and Senior Trust Officer; A. K. Adams, Executive Vice President and Trust Officer; D. C. Brickley, Vice President and Loan Officer; F. W. Hoepfner, Trust Officer; E. G. Horne, Trust Officer; J. A. Lipscomb, Jr., Trust Officer; Mark A. Welsh, Trust Officer; William L. Tagliabue, Cashier; and Edwina E. Bonnet, Assistant Cashier and Assistant Trust Officer.

The North Hill 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 July 23, 1962, as a member of the Federal Reserve System. The new member bank has capital of \$250,000, surplus of \$150,000, and undivided profits of \$106,250. The officers are: Col. C. E. Brand, Chairman of the Board; Clifford L. Hagy, Sr., President; E. G. Pegues, Executive Vice President; Richard J. Beck, Cashier; and B. C. Moore, Assistant Vice President.

million to each weekly auction, and dealer holdings of Government securities receded significantly. Thus, despite a good bank and nonbank demand for Treasury bills, the auction rate on 91-day bills advanced from 2.721 percent on June 21 to 2.930 percent on July 19. Rates on bankers' acceptances, prime commercial paper, and finance company paper also increased.

Prices of intermediate- and long-term Government securities declined in a market dominated by uncertainties in the outlook for monetary and fiscal policy, talk of deficit financing and a tax cut, and the possibility of higher interest rates. Other factors influencing market conditions included the implications of the Canadian currency problem on the United States balance of payments and a further gold outflow, recent increases in London gold prices, reports suggesting that the Treasury might issue a long-term bond for cash, and the reduction of common stock margin requirements.

Investments advanced at the weekly reporting member banks in the Eleventh Federal Reserve District during the 4 weeks ended July 18, but loans and deposits declined. Both cash accounts and total assets receded during the period.

Gross loans (excluding interbank loans) decreased \$17.8 million at the weekly reporting member banks in the District, primarily reflecting a \$24.3 million reduction in loans for purchasing or carrying securities. Commercial and industrial loans advanced moderately, as increases in loans to firms engaged in mining, trade, and nondurable goods manufacturing more than offset decreases in loans to concerns engaged in durable goods manufacturing and transportation, communication, and other public utilities. Loans for services and construction were virtually unchanged. In the corresponding period a year earlier, gross loans declined \$1.8 million, with reductions in "all other loans" and commercial and industrial loans more than counterbalancing advances in loans for purchasing or carrying securities and loans to nonbank financial institutions.

Total investments at the District weekly reporting member banks rose \$27.5 million during the 4 weeks ended July 18, as holdings of both Government and non-Government securities expanded. The advance in Government holdings centered in the short-term area. In the comparable period of 1961, total investments receded \$53.3 million, as Government security holdings moved significantly lower.

In the 4-week period, demand deposits at the District's weekly reporting member banks declined \$119.7 million, largely as a result of reductions in deposits of individuals, partnerships, and corporations, United States Government deposits, and deposits of commercial banks. Time and savings deposits were virtually unchanged, as an increase in deposits of indi-

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended July 4, 1962	5 weeks ended June 6, 1962	4 weeks ended July 5, 1961
RESERVE CITY BANKS			
Total reserves held.....	602,653	592,786	568,905
With Federal Reserve Bank....	561,900	552,802	529,819
Currency and coin.....	40,753	39,984	39,086
Required reserves.....	596,575	582,916	559,358
Excess reserves.....	6,078	9,870	9,547
Borrowings.....	1,461	29	107
Free reserves.....	4,617	9,841	9,440
COUNTRY BANKS			
Total reserves held.....	539,612	539,467	513,211
With Federal Reserve Bank....	432,844	435,411	413,951
Currency and coin.....	106,768	104,056	99,260
Required reserves.....	476,218	476,856	445,829
Excess reserves.....	63,394	62,611	67,382
Borrowings.....	2,023	3,457	740
Free reserves.....	61,371	59,154	66,642
ALL MEMBER BANKS			
Total reserves held.....	1,142,265	1,132,253	1,082,116
With Federal Reserve Bank....	994,744	988,213	943,770
Currency and coin.....	147,521	144,040	138,346
Required reserves.....	1,072,793	1,059,772	1,005,187
Excess reserves.....	69,472	72,481	76,929
Borrowings.....	3,484	3,486	847
Free reserves.....	65,988	68,995	76,082

viduals, partnerships, and corporations was offset by a reduction in deposits of states and political subdivisions. In the comparable period for the preceding year, demand deposits and time and savings deposits decreased \$224.5 million and \$3.3 million, respectively.

Total reserves of the District member banks moved moderately upward during the 4 weeks ended July 4, primarily because of an increase at reserve city banks. Excess reserves receded, however, as an advance at country banks was more than counterbalanced by a decline at reserve city banks. Borrowings also showed mixed trends, rising at reserve city banks but decreasing at country banks. As a result of these changes, free reserves expanded moderately at country banks but declined significantly at reserve city banks.



Noteworthy among recent developments in the Nation's petroleum industry has been a reduction of 9 million barrels in crude oil stocks during June and

early July to a level of 245 million barrels. Crude oil runs to national refinery stills expanded significantly in June, and this level was sustained in early July. New supplies of crude oil were little changed, as a fractional decline in domestic output was offset by an increase in crude oil imports.

The strength of the crude oil market, however, was somewhat overshadowed by less favorable refined product markets in June, but there was some improvement as gasoline and light fuel oil demand revived in early July. The seasonally adjusted index of demand for the four major petroleum products decreased to 106 percent of the 1957-59 average in June, principally because of a reduction in gasoline and kerosene demand.

NATIONAL PETROLEUM ACTIVITY INDICATORS

(Seasonally adjusted indexes, 1957-59 = 100)

Indicator	June 1962p	May 1962p	June 1961
CRUDE OIL RUNS TO REFINERY STILLS (daily average).....	111	107	102
DEMAND (daily average)			
Gasoline.....	104	107	104
Kerosene.....	154	177	145
Distillate fuel oil.....	116	109	101
Residual fuel oil.....	92	93	82
Four refined products.....	106	108	101
STOCKS (end of month)			
Gasoline.....	106	101	104
Kerosene.....	114	114	116
Distillate fuel oil.....	108	110	100
Residual fuel oil.....	83	82	88
Four refined products.....	104	102	101

p — Preliminary.

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

MARKETED PRODUCTION OF NATURAL GAS

Area	In millions of cubic feet			Seasonally adjusted index (1957-59 = 100)		
	First quarter 1962	Fourth quarter 1961	First quarter 1961	First quarter 1962	Fourth quarter 1961	First quarter 1961
Louisiana....	898,200	889,800	809,300	144	162	130
New Mexico..	233,000	241,300	206,300	118	128	104
Oklahoma...	262,200	239,700	228,900	142	149	124
Texas.....	1,578,500	1,524,800	1,580,000	111	110	111
Total.....	2,971,900	2,895,600	2,824,500	122	126	116

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

Seasonally adjusted refined product stocks increased in June to 104 percent of the 1957-59 base, but, in early July, the advance was less than anticipated. Gasoline and heating oil prices were holding firm in the Middle West in mid-July. Along the eastern seaboard, gasoline prices increased, but there was little change in prices for heating oil.

Petroleum activity showed mixed trends in the District. Daily average crude oil production increased fractionally in June to 2,943,800 barrels, but a slight decline occurred in early July. Daily average output during August is expected to be little changed, since Louisiana, New Mexico, and Texas have retained their July allowables. Processing of crude oil by District refineries rose slightly in June and early July, but District drilling activity weakened. Total well completions decreased 4 percent during the 5 weeks ended July 7 as compared with the previous 5-week period, and total footage drilled declined 5 percent. Further pipeline separations were authorized in areas where deviated wells have been discovered. The Texas Railroad Commission's investigation has been extended into some southeast Texas counties. The number of rotary rigs active in the District during June declined slightly, but there was little change in the Nation.



The Texas industrial production index rose 1 point during June to a record 113 percent of the 1957-59 average. Gains were registered in durable and non-

durable goods manufacturing, while mining output remained unchanged. Increased output of transportation equipment, machinery, and petroleum products was especially influential in the month-to-month advance. As compared with a year ago, significant increases in durable and nondurable goods manufacturing and a slight gain in mining output resulted in a 6-point rise in the index. All except one of the 21 elements which

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change June 1962 from	
	June 1962e	May 1962	June 1961r	May 1962	June 1961
	Total nonagricultural wage and salary workers..	4,545,400	4,531,900	4,475,700	0.3
Manufacturing.....	794,500	785,400	778,900	1.2	2.0
Nonmanufacturing.....	3,750,900	3,746,500	3,696,800	.1	1.5
Mining.....	240,000	240,200	244,400	-.1	-1.8
Construction.....	299,600	295,800	301,300	1.3	-6
Transportation and public utilities.....	385,700	379,600	393,600	1.6	-2.0
Trade.....	1,095,100	1,089,500	1,082,700	.9	1.1
Finance.....	229,700	227,000	223,800	1.2	2.6
Service.....	620,000	617,700	602,700	.4	2.9
Government.....	880,800	896,700	848,300	-1.8	3.8

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

e — Estimated.

r — Revised.

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

comprise the index were higher in June 1962 than a year earlier.

Nonagricultural employment in the five southwestern states increased slightly during June to a new high of 4,545,400 persons. A moderate decrease in government employment — mainly associated with the ending of the regular school year — and a fractional decline in the number of mining workers were more than offset by gains in all of the other categories. As compared with June 1961, nonagricultural employment this year was 2 percent greater, as employment declines in transportation and public utilities, mining, and construction were outweighed by gains in all other sectors. Unemployment in Texas increased to 186,600 persons, or 5.0 percent of the civilian labor force as compared with 4.2 percent in May. The usual influx of students seeking summer positions was mainly responsible for the in-

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes)

Area and type of index	June 1962p	May 1962	April 1962	June 1961
TEXAS (1957-59=100)				
Total industrial production.....	113	112	110	107
Manufacturing.....	124	122	122	115
Durable.....	118	115	116	109
Nondurable.....	128	127	127r	119
Mining.....	99	99	95	97
UNITED STATES (1957=100)				
Total industrial production.....	118	118	117	110
Manufacturing.....	118	118	117	111
Durable.....	114	114	113r	105
Nondurable.....	124	123	123r	117
Mining.....	102	100	101	98
Utilities.....	141	140	137r	131

p — Preliminary.

r — Revised.

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

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	May 1962p	April 1962	May 1961	January—May	
				1962p	1961
FIVE SOUTHWESTERN STATES ¹	385	376	340	1,800	1,676
Residential building.....	173	190	161	799	691
Nonresidential building....	134	90	114	562	521
Public works and utilities...	78	97	65	439	464
UNITED STATES.....	4,009	3,860	3,501	17,180	14,639
Residential building.....	1,819	1,816	1,553	7,524	6,207
Nonresidential building....	1,275	1,102	1,105	5,420	4,779
Public works and utilities...	915	943	843	4,236	3,652

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

p — Preliminary.

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

SOURCE: F. W. Dodge Corporation.

crease in unemployment. In June 1961, the Texas unemployment rate was 6.1 percent.

The value of construction contracts in the five southwestern states increased 2 percent during May to a new high of \$385 million for the month, as records were attained in both residential and nonresidential building. Nonresidential building advanced substantially from the reduced April level and more than offset a moderate decline in residential construction and a significant decrease in public works and utilities activity. The value of contracts awarded for the first 5 months of 1962 totaled \$1,800 million, more than 7 percent above a year ago, as gains in residential and nonresidential building — both at record levels — offset a decline in public works and utilities.

REVISED BOOKLET AVAILABLE

A booklet entitled *An Economic Fact Book*, prepared by the Research staff of this Bank and initially published in February 1958, has been revised and updated. This publication contains statistical data for the Eleventh District states, mostly by 10-year intervals through 1950 and annually from 1950 through the latest year for which data are available. No analysis or interpretation of the data is presented. Single copies may be obtained, free of charge, upon direct request to the Research Department of the Federal Reserve Bank of Dallas.

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

(Dollar amounts in thousands)

Area	Debits to demand deposit accounts ¹			Demand deposits ¹			
	June 1962	Percent change from		June 30, 1962	Annual rate of turnover		
		May 1962	June 1961		June 1962	May 1962	June 1961
ARIZONA							
Tucson.....	\$ 426,535	6	60	\$ 173,365	30.6	29.8	23.3
LOUISIANA							
Monroe.....	87,544	-9	5	54,695	19.8	21.7	19.9
Shreveport.....	315,693	-7	-9	177,048	21.7	23.0	23.6
NEW MEXICO							
Roswell.....	57,802	-3	22	38,433	17.8	17.9	16.1
TEXAS							
Abilene.....	113,116	-5	11	76,754	18.0	19.3	17.6
Amarillo.....	233,434	-2	4	118,243	24.1	24.5	22.9
Austin.....	261,786	-19	16	149,560	21.6	27.1	17.8
Beaumont.....	177,733	-3	12	101,809	21.2	21.7	19.3
Beaumont.....	203,873	-4	7	108,611	22.1	21.8	21.7
Corpus Christi.....	15,761	-7	-3	19,529	9.7	10.4	10.2
Corpus Christi.....	3,321,909	-7	4	1,291,108	31.0	33.1	32.3
Dallas.....	323,448	-12	-6	183,701	21.8	24.2	24.6
El Paso.....	863,931	2	4	398,798	26.6	26.3	26.2
Fort Worth.....	93,847	-8	4	63,752	18.1	19.7	17.2
Galveston.....	3,015,629	-9	10	1,440,642	25.7	28.3	25.7
Houston.....	32,893	-7	18	25,300	15.7	16.7	15.6
Laredo.....	193,561	-5	13	122,656	19.1	19.9	18.6
Lubbock.....	64,820	-6	2	42,303	18.1	18.6	17.5
Port Arthur.....	53,385	-10	-2	47,247	13.7	14.9	14.0
San Angelo.....	685,894	-4	7	396,453	20.9	21.5	20.3
San Antonio.....	26,873	5	21	17,317	18.8	18.1	15.8
Texarkana.....	97,602	-3	13	63,399	18.8	19.2	17.3
Tyler.....	128,841	9	16	68,335	22.3	20.3	19.6
Waco.....	118,285	-3	0	96,893	14.8	15.1	14.6
Wichita Falls.....							
Total—24 cities.....	\$10,914,195	-6	7	\$5,275,951	25.2	26.8	25.0

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

² These figures include only two banks in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including one bank located in the Eighth District, amounted to \$58,074,000 for the month of June 1962.

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	June 27, 1962	May 30, 1962	June 28, 1961
ASSETS			
Loans and discounts.....	5,784	5,649	5,112
United States Government obligations.....	2,789	2,798	2,663
Other securities.....	1,048	1,048	912
Reserves with Federal Reserve Bank.....	963	957	853
Cash in vault.....	168	161	160
Balances with banks in the United States.....	1,123	1,076	1,199
Balances with banks in foreign countries.....	3	3	2
Cash items in process of collection.....	590	486	534
Other assets.....	304	256	347
TOTAL ASSETS.....	12,772	12,434	11,782
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,271	1,175	1,248
Other demand deposits.....	6,892	6,684	6,533
Time deposits.....	3,286	3,251	2,756
Total deposits.....	11,449	11,110	10,537
Borrowings.....	89	98	40
Other liabilities.....	146	138	191
Total capital accounts.....	1,088	1,088	1,014
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	12,772	12,434	11,782

o — 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
1960: June.....	7,473	3,726	3,747	2,191	1,098	1,093
1961: June.....	7,752	3,829	3,923	2,745	1,380	1,365
1962: February.....	8,234	3,965	4,269	3,107	1,577	1,530
March.....	8,099	4,034	4,065	3,125	1,596	1,529
April.....	8,148	3,963	4,185	3,234	1,625	1,609
May.....	7,973	3,923	4,050	3,266	1,654	1,612
June.....	8,144	4,062	4,082	3,267	1,651	1,616

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	July 18, 1962	June 20, 1962	July 19, 1961
Total gold certificate reserves.....	596,999	674,375	703,730
Discounts for member banks.....	55,850	2,180	5,974
Other discounts and advances.....	840	2,979	0
U. S. Government securities.....	1,172,721	1,187,956	1,079,068
Total earning assets.....	1,229,411	1,193,115	1,085,042
Member bank reserve deposits.....	958,115	989,888	908,634
Federal Reserve notes in actual circulation.....	866,628	846,126	838,688

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	Percent change from				
	June 1962p	May 1962p	June 1961		
ELEVENTH DISTRICT.....	2,943.8	2,931.9	2,902.2	0.4	1.4
Texas.....	2,546.9	2,535.1	2,510.6	.5	1.4
Gulf Coast.....	473.4	468.8	450.9	1.0	5.0
West Texas.....	1,148.0	1,136.5	1,143.0	1.0	.4
East Texas (proper).....	125.9	125.2	126.2	.6	-2
Panhandle.....	104.0	104.2	109.8	-2	-5.3
Rest of State.....	695.6	700.4	680.7	-7	2.2
Southeastern New Mexico.....	269.9	270.8	262.8	-3	2.7
Northern Louisiana.....	127.0	126.0	128.8	.8	-1.4
OUTSIDE ELEVENTH DISTRICT.....	4,306.9	4,329.6	4,200.6	-.5	2.5
UNITED STATES.....	7,250.7	7,261.5	7,102.8	-.2	2.1

p — Preliminary.

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

BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	NUMBER		VALUATION		Percent change		
	June 1962	6 mos. 1962	June 1962	6 mos. 1962	June 1962 from 1961	6 months, 1962 from 1961	6 months, 1962 from 1961
ARIZONA							
Tucson.....	746	4,824	\$ 2,867	\$ 18,184	11	-39	-26
LOUISIANA							
Shreveport.....	269	1,834	1,027	10,228	-73	-64	-52
TEXAS							
Abilene.....	146	848	1,566	12,053	-27	-33	43
Amarillo.....	312	1,792	4,495	20,807	66	-27	4
Austin.....	346	2,104	3,563	34,576	-51	-19	18
Beaumont.....	329	1,835	1,336	9,375	-36	-29	20
Corpus Christi.....	283	1,850	2,469	10,526	45	36	6
Dallas.....	3,036	15,133	44,790	128,618	147	265	22
El Paso.....	564	3,067	4,799	25,518	7	-6	-30
Fort Worth.....	659	3,981	2,935	25,773	-8	-50	-18
Galveston.....	198	1,379	926	11,965	-25	200	297
Houston.....	1,762	16,827	34,648	185,215	0	27	42
Lubbock.....	188	1,554	2,273	20,399	-43	-5	-13
Midland.....	112	727	3,031	10,341	74	184	38
Odessa.....	91	538	1,196	5,054	91	-49	-32
Port Arthur.....	141	926	368	2,547	-6	-44	-38
San Antonio.....	1,363	7,867	3,992	30,710	-30	-27	13
Waco.....	221	1,387	968	8,907	-35	37	-9
Wichita Falls.....	125	853	1,069	7,216	-38	-14	-39
Total—19 cities.....	10,891	69,326	\$118,318	\$578,012	19	33	11

