business review

january 1963

FEDERAL RESERVE BANK OF DALLAS

Annual Report Issue

contents *nineteen hundred and sixty-two*

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The Nation's economy began the year 1962 on a highly optimistic note. To a large extent, this favorable outlook was based on an expected continuation of the upturn during the latter portion of 1961 from the shallow and short-lived 1960-61 contraction. An anticipated resurgence of construction activity and the expectation that Government purchases and consumer buying, especially of durables, would move upward sharply were additional factors contributing to the high expectations for 1962.

By midyear, most of the broader measures of business activity had risen markedly to record or near-record levels. After midyear, however, the rate of advance slackened, and the economy moved along a high-level plateau until the final months, when signs of renewed strength were observed.

economic conditions

Although the economy failed to attain the levels expected by many individuals early in 1962, overall gains last year were noteworthy. Consumer income and buying reached new highs; output of mines and factories increased appreciably; and the modernization and expansion of existing productive facilities permitted a large outflow of final products with stable prices. Gross national product, the broadest measure of economic activity, rose about $35 billion, or 7 percent, during 1962 to a new high of around $555 billion. Such a gain is well above the 3-percent increase registered during 1961 and exceeds the annual advances noted in all but 3 years since 1950. Especially meaningful is the fact that, in constant dollars, gross national product rose nearly 6 percent.

Business investment, principally in the stockpiling of steel, played a strategic role in prompting the marked gains registered during the first quarter of 1962. Throughout most of the period, steel users were faced with the possibilities of a work stoppage in the steel industry and steel price increases and with the potential impact of stockpiling on future production schedules.

Inventory accumulation, $6.7 billion on an annual-rate basis in the first quarter of the year, boosted industrial production, with corresponding increases in employment, hours worked, and final income. The consumer utilized his increased buying potential to expand his purchases. This demand, especially for nondurable goods and services, and the high-level peacetime outlays for defense purposes provided the basic support for the continuation of the expansion into the second quarter of the year.

In the spring, a new labor agreement was reached by steel producers and their employees without an interruption in work schedules. This agreement and subsequent events affecting the industry contributed to a slackening of inventory accumulation, which exerted its influence on the economy. Nevertheless, economic activity continued to increase through midyear, but some observers felt that business confidence was beginning to wane. The sharp downturn in stock prices in late May added another element to the uncertainty that was developing as to the economy's strength. During the summer months, most of the broad economic measures moved only within narrow limits at their advanced levels. The level of unemployment and the less than full utilization of plant capacity continued to cause concern. By late summer, there was mention of a recession in late 1962 or early 1963, and discussion increased about the possibility of a tax cut to provide a stimulant to the economy.

In the early fall, the Treasury revised depreciation schedules, and Congress granted a tax credit to business as an investment stimulant. In addition, the Administration announced that it would not seek a reduction in taxes during 1962. A short time later, the possibility of direct military involvement arose with regard to Cuba. The impact of this crisis on the economy could have been great. Fortunately, the potentially dangerous situation eased quickly. Both scare buying and the shifting of resources from peacetime uses to the output of war goods were minimal.

New orders for defense requirements, nevertheless, strengthened late in the year. In addition, widespread acceptance of the new-model automobiles contributed to the fourth-quarter advance; automobile sales during the period were at or near a record. Consumer spending for other durable goods continued at high levels, and buying of nondurables just prior to the year-end holiday season exceeded seasonal expectations.

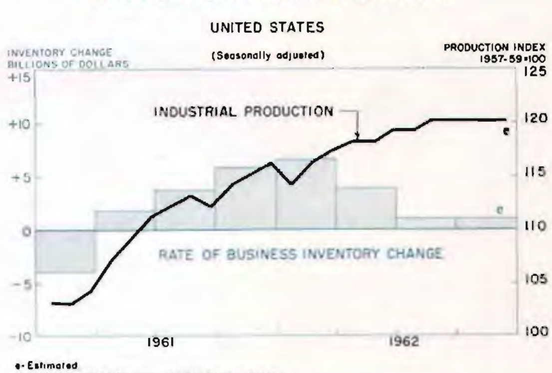
Certain elements of aggregate demand—e.g., state and local government spending and various consumer purchases, mainly in the service and nondurables sectors—have reinforced the Nation's economy during recent years regardless of the tone of business. Such factors contributed to last year's increases. Spending by state and local governments increased at an annual rate of about 9 percent during the 1950's and early 1960's, including 1962. Consumer purchases of services increased around 7 percent annually during the 1953-62 period. Nondurable goods acquisitions by individuals also have tended to rise at a fairly constant rate — 4 percent — and last year was no exception.

In addition to the contribution made to the economy in 1962 by the sectors that have continued to trend upward, advances were recorded in the cyclically sensitive areas of economic endeavor. These more volatile areas include changes in business inventories, consumer purchases of durable goods, and certain types of construction.

Business sales generally trended upward during 1962 and at the end of the year were well in excess of the 1961 monthly average of about \$61.5 billion. Inventory accumulation usually is closely related to sales activity; throughout most of 1962, inventories were held at low levels relative to sales. During the first quarter of 1962, however, the possibility of a steel strike stimulated stockpiling. Stock accumulation during the first quarter amounted to an annual rate of \$6.7 billion, and inventories grew at a rate of \$4.0 billion in the April-June period. During the latter half of the year, inventory accumulation slackened as stocks again were closely keyed to near-term sales requirements.

Industrial production advanced about 8 percent during 1962, but most of the gain occurred in the first half of the year. Manufacturing of nondurable goods continued its secular growth; and output of chemicals showed special strength,

PRODUCTION AND INVENTORIES



e- Estimated
SOURCES: Board of Governors, Federal Reserve System.
U.S. Department of Commerce.

although declining prices of some major chemicals affected segments of the industry. A more rapid rate of increase was attained in durable goods industries. The transportation equipment, machinery, fabricated metals, and furniture industries were among those that enjoyed high-level production throughout most of 1962.

Steel output showed varying trends last year. Output was at an annual rate of about 120 million tons early in the year when rapid stockpiling occurred, but the rate diminished to about 75 million tons following the labor agreement. After bottoming in the summer, steel production edged upward; and toward the end of the year, the industry reached an operating rate of over 95 million tons.

Automobile output in 1962, at almost 7.0 million units, was around one-fourth higher than in the previous year and was second only to the record output of 7.9 million units in 1955. Retail deliveries, including about 300,000 foreign-produced cars, approximated 7 million units; and inventories of motor vehicles at the beginning of 1963 were at low levels in relation to dealers' sales.

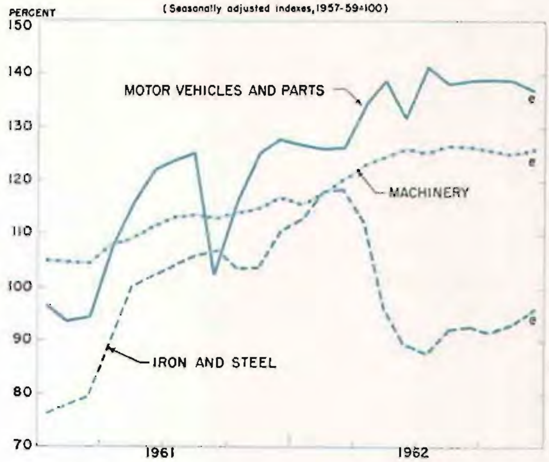
Production of machinery advanced appreciably in 1962, as domestic machine tool bookings exceeded the previous year's total by about 20 percent. Foreign buying in some lines diminished, however, since overseas producers were able to reduce their order backlogs and shorten the time required for delivery.

On the average, producers of major materials operated between 75 percent and 85 percent of capacity during 1962. Nevertheless, commensurate with the increase in output was an expansion in plant and equipment, with new investment for producers' durable equipment rising over 10 percent. Expenditures for all plant and equipment, at an estimated $37.4 billion, were about one-tenth above 1961. For many of the firms enjoying output growth sufficient to approach existing capacity, increased outlays were

OUTPUT OF SELECTED KEY INDUSTRIES

UNITED STATES

(Seasonally adjusted indexes, 1957-59=100)



e-Estimated

realized. Some firms whose output failed to advance appreciably, however, were forced to modernize in order to compete with both foreign and domestic firms. Expenditures for modernization accounted for about 70 percent of all plant and equipment outlays last year.

Total new construction expenditures of about $61 billion in 1962 were up approximately 7 percent from 1961 and provided a strong stimulus to the economy. Spending for residential building expanded more rapidly than for the other construction categories, with private nonfarm housing starts—at over 1.4 million units—one-tenth greater. Building of individual homes increased; the average price of homes moved upward; and a smaller proportion of new starts was made under the Government-insured and -guaranteed programs than in 1961. Expenditures for additions and alterations of existing property, as in the past few years, trended upward; and construction of multifamily units was maintained at a rapid pace.

Outlays for commercial and industrial building rose about 5 percent last year. The growth in residential areas encouraged the construction of shopping centers and office space, and spending for new industrial facilities also contributed to total commercial and industrial expenditures. Construction outlays by Federal, state, and local governments for highways, educational and recreational facilities, office buildings, and the like moved to higher levels; but the gain in this type of spending was less than the increases registered in the residential and commercial and industrial construction categories.

Purchases of goods and services by all levels of government rose again last year. Net expenditures of the Federal Government, as indicated in the administrative budget, advanced nearly one-tenth during 1962 to approximately $92 billion. Outlays for the military functions of the Department of Defense, the military assistance portion of the mutual security program, atomic energy, and other defense-related activities accounted for more than one-half of the total. Such expenditures, which reflect the international political environment, rose significantly over 1961. Gains also were recorded in other types of Federal Government expenditures, such

EMPLOYMENT AND EARNINGS

UNITED STATES

(Seasonally adjusted)

e-Estimated.
SOURCES: U S Department of Commerce
U S Department of Labor

as those for public works and highways in 1962, and state and local spending maintained its secularly upward movement.

Production increases stimulated hirings of factory workers in 1962, principally during the first half of the year; manufacturing employment leveled off during the second half, as the tempo of industrial activity moderated and the effect of laborsaving devices was felt. Total employment was generally higher throughout most of the year; however, the civilian labor force also edged upward, and the seasonally adjusted rate of unemployment failed to decline below 5 percent, fluctuating between 5 percent and 6 percent of the civilian labor force. Although some improvement was shown in the unemployment pattern of married males, which is especially strategic because of family dependence, many teen-agers and women workers had difficulty, at times, in finding employment. The unemployment total also was expanded by persistent pockets of unemployment. A retraining program was implemented recently in an attempt to reduce extended unemployment and to provide industrial mobility. Nevertheless, the general level of unemployment continues to be a problem.

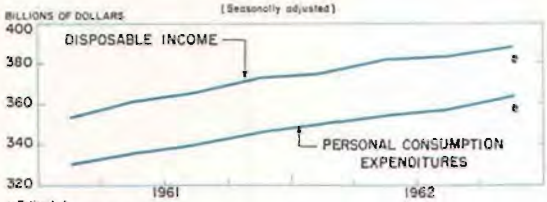
Manufacturers' payrolls moved to higher levels in 1962 as a result of increased employment, an extension of the factory workweek, and greater hourly earnings. The average workweek rose to almost 41 hours in April but receded to slightly lower levels later in the year. Average hourly pay, fluctuating within a fairly narrow range and attaining a new high, averaged about 3 percent above 1961.

Personal income advanced 6 percent during 1962 to approximately $440 billion. Pacing the 1962 income gain were labor income; rents, interest, and dividends; and nonfarm proprietors' receipts. Despite additional veterans' payments and higher social security benefits, Government transfer payments advanced only moderately, while farmers received slightly less

CONSUMER INCOME AND SPENDING

UNITED STATES

(Seasonally adjusted)



e-Estimated
SOURCE: U.S. Department of Commerce

income than in the prior year. With this additional buying potential, consumers expended more for goods and services last year. In addition to the increase in spending for nondurable goods and services, consumer outlays for durable goods were up almost one-tenth — centered principally in automobile acquisitions.

Prices of final goods and services advanced slightly in 1962, with most of the rise centered in the service area. Wholesale prices rose only fractionally in 1962, while average prices of industrial goods were little changed. Sensitive material prices trended downward throughout 1962.

financial developments

The supply of loanable funds advanced steadily during 1962 and was fully adequate to meet credit demands in the economy. With the volume of reserves available to the commercial banking system being sufficient throughout the year to support further expansion of credit and the money supply, bank reserve positions were generally easy. Savings flowed into commercial bank time and savings accounts at a record rate, partially reflecting changes in permissible interest rates payable on time and savings deposits; and substantial cash inflows were recorded at nonbank financial institutions.

Borrowings at commercial banks moved significantly higher during the year, with consumer-type loans and loans for real estate purposes increasing appreciably. Although commercial and industrial loans moved only slightly higher during the first three quarters of the year, notable strength was evident in the final quarter. Demands for long-term funds increased moderately, with much of the impetus stemming from mortgage credit requirements. State and municipal governments borrowed a record amount, and offerings of long-term Treasury issues were of substantial proportions. Corporate requirements for external funds were significantly reduced.

Total loans at all commercial banks in the United States increased about $15 billion during 1962 and approached a level of $140 billion by the end of the year. About one-half of the advance occurred in real estate and consumer-type loans. Commercial and industrial loans were paced by the credit requirements of trade and service establishments and accounted for about one-third of total loan expansion. Loans for purchasing or carrying securities declined during the first half of the year — a development which was related, in part, to the sharp downward movement of prices in the stock market. After midyear, however, loans to brokers and dealers rebounded somewhat under the stimulus of rising stock market prices, reductions in margin requirements, and expanded financing needs of Government securities dealers. Loans to nonbank financial institutions showed little change over the 12 months.

Total investments at commercial banks in the Nation advanced approximately $4 billion during 1962 to a level of almost $95 billion. Holdings of municipal bonds increased about $5 billion, and average maturities of investment portfolios were lengthened, as banks placed greater emphasis upon return. To an increasing extent, acquisitions of municipal issues were extended to include medium-grade securities.

Commercial banks reduced their holdings of Government securities during 1962, with notable reductions in Treasury bills. The desire to offset rising operating and interest costs was among the considerations inducing smaller short-term Government holdings. Average maturities of Government portfolios were lengthened during the year.

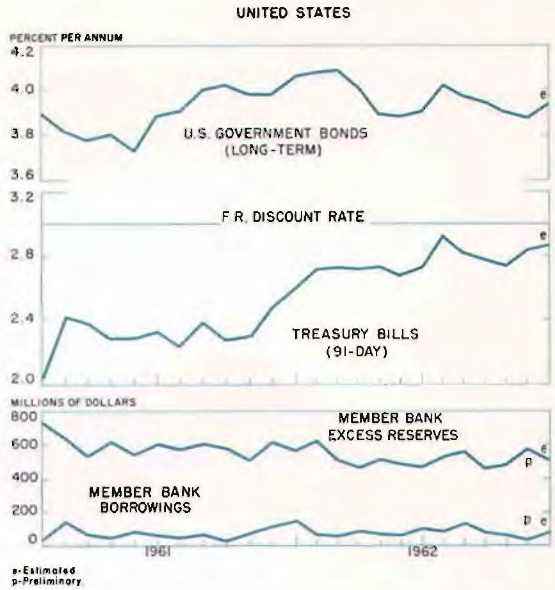
Reserve positions of member banks were comfortable during 1962 as free reserves ranged from a low of $256 million to a high of $657 million, based on weekly averages of daily figures, and averaged over $400 million during the year. Borrowings from Federal Reserve banks were nominal during the year, exceeding $100 million in only 3 months. Moreover, only on infrequent occasions did the money market banks in the 37 major financial centers have a net borrowed reserve position.

Public ownership of liquid financial assets advanced significantly during the year. Higher interest rates paid on savings deposits and expanding personal income encouraged savers to build up their holdings of time deposits at commercial banks, savings and loan shares, and time deposits at mutual savings banks. Time deposits adjusted at commercial banks (total time deposits less time deposits of banks and the Government) increased approximately $14 billion during the year, compared with an expansion of $10 billion in 1961. Banks in major financial centers added significantly to their negotiable time certificates of deposit in an effort to attract more corporate and public funds, and a secondary market for these certificates developed during the year.

Savings and loan shares at all operating savings and loan associations advanced only about $6 billion during 1962, this growth being about 4 percent less than in 1961. Time deposits at mutual savings banks moved up about $2 billion during the year, or at an annual rate of approximately 5 percent.

While commercial bank credit advanced in 1962, the effective money supply (demand deposits adjusted plus currency in the hands of the public) declined in the first half of the year and expanded only slightly during the last half. For the year as a whole, the money supply ad-

SELECTED FINANCIAL INDICATORS



vanced almost 2 percent, compared with a 3-percent growth in 1961. The decrease in the money supply during the first 6 months of the year reflected a reduction in the demand deposit component, which was related, in part, to a shift of funds from demand deposits to time and savings accounts. After midyear, the rate of growth of time deposits slackened, and demand deposits adjusted increased moderately. The currency component of the money supply expanded steadily during 1962, growing slightly over $1 billion. Viewing the money supply in a broader context by including time and savings deposits at commercial banks, the growth during 1962 was 7 percent, compared with 6 percent in 1961.

The demand for mortgage funds expanded during the year, mainly in response to increased private construction activity. Adequate funds were available, however, as most mortgage lenders were actively seeking outlets. Total mortgage debt outstanding in the United States approached $250 billion by the end of 1962, or almost $25 billion above the amount outstanding at the beginning of the year. Rates on conventional, FHA-insured, and VA-guaranteed mortgages declined slightly during the year; while fees, commissions, and charges as a percentage of loan value moved lower. Less stringent credit requirements and smaller downpayments also gained in importance. Foreclosures increased during 1962 but remained a relatively small percentage of total mortgage debt outstanding.

State and local government borrowings reached about $8.5 billion during 1962, or approximately the same as in 1961. This debt financing continued to reflect capital outlays for public improvements, as well as the increased pressures upon general property taxes as a source of funds. Interest in new municipal issues was especially notable at commercial banks.

The Federal Government, in financing its cash deficit during the year, was a significant borrower of long-term funds in 1962. The Treasury raised around $7 billion through sales of marketable securities, with issues having original maturities of 5 years and beyond expanding about $3 billion. Treasury accent on long-term borrowing had the effect of raising the average maturity of marketable public debt by about 6 months to a level of approximately 5 years at the close of December.

The Treasury also raised substantial amounts in the short-term maturity area through new issues of bills. Refundings and advance refundings of $50 billion were effected during 1962, with long-term issues usually included in the exchange offerings. The Treasury was successful in placing a large portion of its new issues outside the banking system.

Corporate securities offered for cash during 1962 reached a level of around $10.4 billion, or $2.8 billion below the 1961 level. About $2.1 billion of the decline in offerings centered in common stock sales, with the remainder occurring principally in the issuance of debt obligations. Increased earnings and depreciation allowances permitted corporations to meet a growing proportion of capital financing needs internally.

Throughout most of 1962, uncertainties in stock prices prevailed, and corporate sales of common stock were inhibited. The marketing of corporate bonds also declined as some enterprises reached what they considered maximum debt levels with respect to corporate liquidity, interest expense coverage, and an optimum debt-equity structure. Refundings in advance of maturity were infrequent since coupons on outstanding corporate bonds were generally favorable in comparison with prevailing market rates.

Interest rate movements during 1962 responded to market demand and supply developments and to official action aimed at limiting international flows of funds, which are induced by interest rate differentials between U. S. and foreign centers. Relatively moderate demands on the capital markets, reflecting the pace of economic recovery, combined with substantial increases in the supply of funds to reverse the upward movement in long-term rates that developed early in the year. As a consequence, long-term interest rates in the Government, corporate, and municipal markets all closed the year near their 1962 lows. After being relatively stable in the first half of the year, short-term rates moved noticeably higher, partially reflecting a significant increase in the supply of Treasury bills. These additions were partly in response to official concern over short-term interest rate differentials between the United States and financial centers abroad. Upward pressures on domestic short-term interest rates, combined with relatively stable long-term interest rates, led to narrowing yield differentials between maturities during 1962.

Federal Reserve operations in the money and credit markets during 1962 were conducted with a view to furthering domestic economic growth and, at the same time, moderating near-term balance-of-payments pressures partially arising from capital movements of a speculative nature. In response to domestic economic developments, the System sought to stimulate and then support an expansion of credit by supplying the banking system with reserves through open market operations.

Economic and financial conditions prompted the Board of Governors to change three of its regulations. As a result of a change in regulation Q, member banks were permitted, effective January 1, 1962, to increase interest rates paid on time and savings deposits to a maximum of 4 percent. Legislation enacted during 1962 suspended for a 3-year period the restrictions of regulation Q pertaining to foreign official time deposits. Effective in July, margin requirements were reduced from 70 percent to 50 percent. In October, reserve requirements on time and savings deposits were changed from 5 percent to 4 percent. However, it should also be noted that the discount rate remained at 3 percent throughout 1962 — unchanged since the third quarter of 1960.

Continuing a trend evident for the past few years, economic relations between the United States and the rest of the world gained in importance during 1962. The necessity of moderating or eliminating persistent deficits in the Nation's balance of payments and maintaining the strength of the international position of the dollar is now generally recognized. More importantly, efforts designed to assist in the accomplishment of these ends assumed a more significant place in economic policy. In an effort to reduce the balance-of-payments deficit, Government expenditures abroad were limited wherever possible, and the countries of western Europe were encouraged to shoulder a greater proportion of the military and economic aid burden of the free world. Government efforts to expand exports received increased attention, and legislation was adopted which reduces the tax incentives to invest in developed foreign countries.

Although foreign central banks have long intervened in foreign exchange markets to protect their currencies against speculative disturbances, the Federal Reserve has refrained from such operations for many years. In 1962, however, for the first time since the early 1930's, the Federal Reserve System undertook operations in the foreign exchange markets for its own account. These operations supplemented those of the Treasury and were aimed at maintaining orderly conditions in the foreign exchange markets, contributing to the maintenance of confidence in free-world currencies, and facilitating an orderly flow of international trade and payments.

The cooperative arrangements among western European central banks which were of such importance following the German and Dutch revaluations were strengthened in 1962. Arrangements were made among monetary authorities of leading industrial countries to prevent conditions in the London gold market from becoming disorderly.

The Nation's balance of payments showed a modest improvement in 1962. Responding to the increase in domestic income levels attending economic recovery, imports expanded approximately 11 percent over 1961, more than offsetting the favorable effects of a high level of exports. The net result was a surplus on trade that was almost $1.0 billion below that recorded for 1961. A reduction in the recorded net outflow of short-term private capital, however, was a significant plus factor in the balance of payments during 1962. The improvement in this sector resulted principally from a reduction in short-term loans.

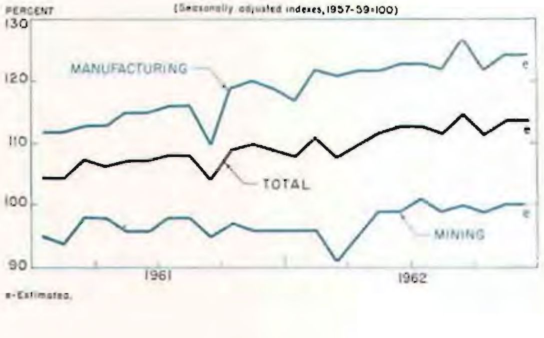
The deterioration and subsequent recovery of the Canadian dollar had substantial repercussions on the international payments position of the United States. The effects of the Canadian experience were observable in virtually every type of transaction and significantly influenced the quarter-by-quarter movements in the U. S. balance of payments. Certain special transactions, notably prepayments of loans, had a particularly favorable effect on the balance of payments during 1962. The overall deficit last year approximated \$2.0 billion, compared with \$2.5 billion in the previous year. About 40 percent of the deficit was settled in gold, compared with 30 percent in 1961; and the remainder, through a buildup in foreign short-term claims on the United States.

district developments

A favorable economic climate prevailed in the Southwest during 1962. Some measures of southwestern business performance expanded markedly last year, and even those indicators that moved up slightly were at record or near-record levels. Similar to the Nation, the southwestern states (Arizona, Louisiana, New Mexico, Oklahoma, and Texas) showed greater economic strength in the first half of 1962, especially in industrial output, employment, and earnings.

A broadly based expansion was experienced in southwestern industrial output last year, as most types of manufacturing firms boosted production from the 1961 levels. The rate of gain in industrial production, however, was only about one-half as large as in the Nation, principally because mining production (which accounts for about one-half of total industrial activity in the Southwest) edged up about 1 percent. The national advance was only slightly greater, but mining output accounts for less than 10 percent of the Nation's output. The Texas industrial production index, which basically represents District production trends, rose about 4 percent during 1962, with gains centered principally in the manufacturing area. Output increases of about 6 percent were recorded for both durable and nondurable goods — gains that compare favorably with those in the Nation. Thus, despite the expansion of factory output, the rate of gain in total production was limited in the Southwest by the slight advance in the heavily weighted mining segment.

INDUSTRIAL PRODUCTION



e-Estimated.

Crude oil processing in both the District and the Nation rose moderately during 1962 in response to an expanded demand for refined petroleum products. Crude oil output in the Nation rose about 2 percent, and imports of both crude oil and refined products advanced appreciably. However, District crude oil production — which accounts for about one-third of the national total — failed to share in last year's demand increase. Output, at 2,965,000 barrels daily, was little changed in the region in 1962; while allowable schedules of Texas producers were restricted to a new low of 97 days, or 4 days less than in 1961. The District drilling picture, nevertheless, was brightened by increases in the number of wells completed and total footage drilled. In part, this improvement came as a consequence of industry efforts to develop offshore properties. The trend toward the use of less, but more effective, equipment was extended last year since more and deeper wells were completed with fewer rigs.

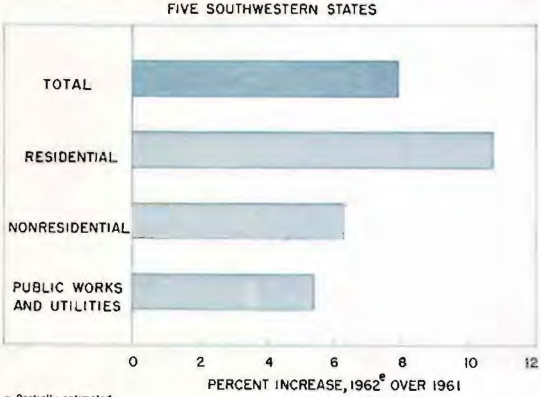
Agriculture's contribution to the District's economy in 1962 was fairly well sustained as compared with 1961. Agricultural production in the five southwestern states failed to attain the record level achieved in the previous year, as a slight gain in the output of livestock and livestock products was more than offset by a small crop outturn. However, average prices received by southwestern farmers and ranchers last year were slightly above those in 1961, and Government payments were somewhat higher as a result of increased participation of farmers in acreage diversion programs. As a consequence, total cash income of southwestern farmers and ranchers in 1962 will compare favorably with the all-time high of $4.4 billion reached in the previous year.

Construction was an especially strong element in the southwestern advance during 1962. Strength in all three major construction categories (residential building, nonresidential building, and public works and utilities) had pushed the value of total contracts to a new high during 1961, and the 1962 level exceeded this record by about 8 percent, reaching about $4.3 billion. Both residential building and nonresidential construction were stimulated by relatively low interest rates and the availability of mortgage funds, but such other factors as income and population also contributed to the expansion.

The largest increase among the major construction categories in 1962 occurred in residential building. Contracts for such construction were valued at over one-tenth higher than in the previous year. Inventories of new homes were not overly excessive since most builders were able to move houses shortly after their completion. While foreclosure rates were held at comparatively low levels, foreclosures were high in a few areas. Erection of multi-unit dwellings, including luxury apartments, continued to show strength; and the vacancy rate during 1962 was, for the most part, little changed from the preceding year.

VALUE OF CONSTRUCTION CONTRACTS

FIVE SOUTHWESTERN STATES



e-Partially estimated
SOURCES: F.W. Dodge Corporation
Federal Reserve Bank of Dallas.

As in the Nation, major industries in the Southwest responded to output advances by expanding outlays for plant and equipment. In addition, plant and commercial building increases, which were about 8 percent greater last year, reflected the overall growth of the southwestern economy; and outlays for equipment partly represented efforts to acquire cost savings through automation and modernization.

Government-supported highway programs and continued growth of public utilities in the area also boosted public works and utilities construction. The beginning of new subdivisions in major cities not only generated a demand for shopping centers but created a need for highway and utilities construction. The value of contracts for this type of activity last year was an estimated 5 percent above the previous year.

Employment trends in the Southwest in 1962 basically mirrored the overall movement of economic activity. Total employment in the five states increased slightly to a new high of about 4.5 million, and unemployment was reduced. The number of jobless workers in Texas averaged 4.8 percent of the State's labor force — below the 5.6-percent rate recorded for 1961, less than the national level, and the lowest annual rate since 1959. Only one major labor market had a substantial labor surplus at the end of 1962, but a few other smaller markets faced "long-term unemployment" problems.

Total nonagricultural employment in the southwestern states expanded slightly in 1962, averaging about 2 percent higher than in 1961; however, in line with long-term trends, the number of workers in agriculture receded to a somewhat lower total. Government employment — principally at the state and local levels — expanded more than any other major nonagricultural category, although finance and service employment rose appreciably.

Employment in mining, construction, and transportation and public utilities, however, declined during the year, with mining employment receding to the lowest level in 8 years in the five states. The higher outlays for construction were not directly reflected in an increase in the number of workers engaged in the building trades. Construction employment was reduced to the lowest total since 1957. The 1962 decline in construction employment is part of a longer-term trend that has been under way for several years. Laborsaving techniques, coupled with a greater use of fabricated components, have played an important role in the decline. In addition, the construction of more expensive buildings, with an accent on luxury appointments, has boosted total construction outlays without providing a comparable stimulus to employment.

The number of southwestern manufacturing employees advanced slightly last year, with the gain being less than in the Nation. The increase in southwestern manufacturing employment, an expansion in the average workweek of manufacturing employees, and a 3-percent advance in hourly earnings contributed to a moderate rise in income received by southwesterners. Personal income in the District states rose about in line with that in the Nation — largely because of gains in wages and salaries. Nevertheless, most of the other major income components increased.

Commensurate with the rise in individual income and an expansion in consumer credit, consumer buying in the Eleventh District increased significantly during 1962, with the gain centered principally in durable goods purchases. Total retail sales of durables may have been around one-fifth larger than in 1961, while the steadily growing sales of nondurables likely rose somewhat less than 5 percent.

Similar to the national picture, automobile buying contributed appreciably to 1962 gains. New automobile registrations in Dallas, Fort Worth, Houston, and San Antonio were about one-third greater than in 1961 and exceeded the record established in 1955. Other durable goods which showed sales strength included furniture, household appliances, and lumber and building materials. This pattern of sales was consistent with the higher level of construction in the Southwest.

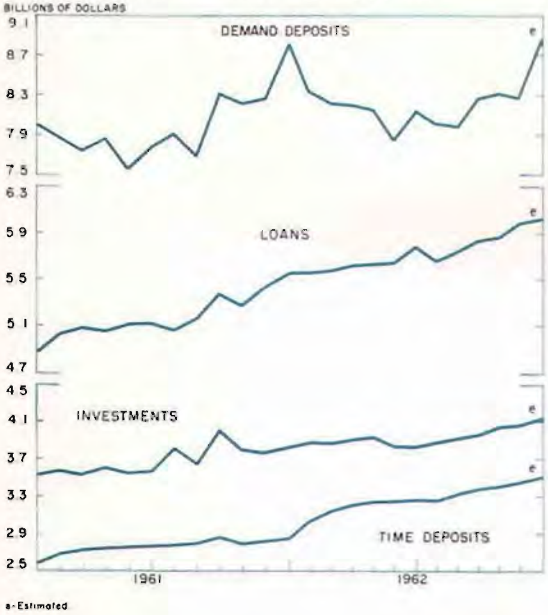
Among retail outlets for nondurables, gasoline service stations and general merchandise group stores showed the largest sales gains. Department store sales in the District during 1962 registered the largest annual advance in 3 years, with most of the increase occurring during the third quarter. The rise in the number of service employees last year indicates that consumer spending for these activities expanded. In addition, the growth of tourism in certain parts of the Southwest provided added stimulus to the 1962 expansion.

Banking in the District during 1962 generally followed a course similar to that in the Nation. Loan demand expanded, reflecting the improvement in District business activity, and a large increase in time and savings deposits augmented the supply of loanable funds. Commercial banks lengthened average maturities of their investment portfolios last year, as considerable purchases of long-term obligations contributed to a moderate rise in total security holdings.

Real estate, consumer-type, and commercial and industrial loans paced an 8-percent increase in total loans outstanding at the District member banks during 1962. Country banks accounted for approximately 75 percent of the advance in total District member bank loans,

MEMBER BANK DEPOSITS, LOANS, AND INVESTMENTS

ELEVENTH FEDERAL RESERVE DISTRICT



although these institutions account for less than one-half of total loans outstanding.

Loans for real estate purposes at all the member banks advanced significantly at a stable rate; and consumer-type borrowings moved moderately upward, despite reductions during the summer months. The rates of increase in District real estate and consumer-type loans, however, were smaller than in the Nation. During the first three quarters of 1962, commercial and industrial loans were little changed from the end of 1961. However, such loans showed marked increases in the final 3 months of 1962 and at the year-end were about 6 percent above a year earlier. Loans for purchasing or carrying securities and loans to nonbank financial institutions rose in 1962, primarily during the second half of the year.

Investments at District member banks rose approximately 6 percent during 1962, with an advance of about 17 percent occurring in municipal bond portfolios. Reserve city banks increased their holdings of municipal obligations significantly and added moderately to their Government security portfolios. Country banks, on the other hand, augmented their municipal portfolios somewhat but made little change in their Government security holdings. Both reserve city and country banks lengthened the average maturities of their Government and municipal portfolios in an effort to increase income and cover higher operating and interest costs.

Total deposits increased approximately 6 percent at member banks in the District during 1962; time and savings deposits advanced about one-fourth, but gross demand deposits were virtually unchanged. About 56 percent of the gain in savings-type accounts occurred at country banks. Most banks in District financial centers raised their rates on time and savings deposits to the maximum permissible limits, and the movement of funds from demand to time and savings accounts was more noticeable at these institutions than at country banks.

Reserve positions of commercial banks in the District remained comfortable during 1962, with the major portion of excess reserves usually held by country banks. Borrowing from the Federal Reserve bank was nominal, as reserve pressures on member banks were modest. Banks in major financial centers continued to engage actively in money market transactions, with District banks on balance being net purchasers of Federal funds.

District bank participation in Treasury financing operations was relatively small last year, except when the "tax and loan" feature was present in offerings. Shorter-term issues usually generated the greatest interest. The lengthening of Government security portfolios by banks was accomplished both through subscriptions to new securities and through secondary market acquisitions.

new member banks

The First National Bank of Stinnett, Stinnett, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business December 1, 1962, as a member of the Federal Reserve System. The new member bank has capital of $100,000, surplus of $50,000, and undivided profits of $50,000. The officers are: John C. Bergner, Chairman of the Board; Bill King, President; B. C. Drinkard, Vice President; and John A. Harris, Cashier.

The Stonewall National Bank of Corpus Christi, Corpus Christi, 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 December 15, 1962, as a member of the Federal Reserve System. The new member bank has capital of $200,000, surplus of $100,000, and undivided profits of $50,000. The officers are: Robert H. Flato, Chairman of the Board and President, and J. D. Nelson, Executive Vice President and Cashier.

The American National Bank of Killeen, Killeen, 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, 1963, as a member of the Federal Reserve System. The new member bank has capital of $200,000, surplus of $200,000, and undivided profits of $100,000. The officers are: C. W. Duncan, Chairman of the Board; W. E. Curlee, President; K. R. Cook, Vice President and Cashier; and Colonel A. H. Hopkins, Vice President.

new par banks

The Security State Bank, Farwell, Texas, an insured nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the Par List on January 1, 1963. The officers are: G. D. Anderson, President; R. W. Anderson, Vice President; L. S. Pool, Cashier; Mrs. Nina Glasscock, Assistant Cashier; Joe W. Jones, Assistant Cashier; and Irene Dyer, Assistant Cashier.

The University State Bank, Denton, Texas, an insured nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, January 9, 1963. The officers are: Thos. E. Noel, Chairman of the Board; Byron R. Smith, President; and James H. Little, Vice President and Cashier.

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Annual Report

FEDERAL RESERVE BANK OF DALLAS

1962

To the Member Banks in the

Eleventh Federal Reserve District:

The Statement of Condition and the earnings and expenses of the Federal Reserve Bank of Dallas for the year 1962, with comparative figures for 1961, are shown herein. Lists of the directors and officers of the Bank and its branches as of January 1, 1963, are also included.

A review of economic and financial developments in the Nation and the District during 1962 is being presented in the January 1963 Annual Report Issue of the *Business Review* of this Bank.

Additional copies of these publications may be obtained upon request to the Research Department, Federal Reserve Bank of Dallas, 400 South Akard Street, Dallas 2, Texas.

Sincerely yours,

Watrous H. Irons

WATROUS H. IRONS
President

Statement of Condition

	Dec. 31, 1962	Dec. 31, 1961
ASSETS		
Gold certificate account	$ 540,732,347	$ 587,255,476
Redemption fund for Federal Reserve notes	39,527,686	35,465,071
Total gold certificate reserves	580,260,033	622,720,547
Federal Reserve notes of other Banks	19,473,000	29,552,100
Other cash	9,532,888	14,952,121
Discounts and advances	56,000	870,000
U. S. Government securities		
Bills	99,256,000	129,694,000
Certificates	535,780,000	69,028,000
Notes	435,604,000	811,684,000
Bonds	168,138,000	156,202,000
Total U. S. Government securities	1,238,778,000	1,166,608,000
Total loans and securities	1,238,834,000	1,167,478,000
Cash items in process of collection	309,128,280	296,084,087
Bank premises	12,579,815	13,272,512
Other assets	15,897,075	9,899,098
TOTAL ASSETS	2,185,705,091	2,153,958,465
LIABILITIES		
Federal Reserve notes in actual circulation	910,744,385	869,105,320
Deposits		
Member bank — reserve accounts	960,203,849	931,949,007
U. S. Treasurer — general account	34,752,085	23,508,674
Foreign	14,560,000	15,370,000
Other	4,009,754	3,382,891
Total deposits	1,013,525,688	974,210,572
Deferred availability cash items	178,701,992	233,680,479
Other liabilities	2,537,026	2,248,744
TOTAL LIABILITIES	2,105,509,091	2,079,245,115
CAPITAL ACCOUNTS		
Capital paid in	26,732,000	24,904,450
Surplus	53,464,000	49,808,900
TOTAL CAPITAL ACCOUNTS	80,196,000	74,713,350
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	$2,185,705,091	$2,153,958,465

Earnings and Expenses

	1962	1961
CURRENT EARNINGS		
Discounts and advances	$ 269,378	$ 62,758
U. S. Government securities	42,036,531	37,950,208
Foreign currencies	196,133	—
All other	18,072	19,096
TOTAL CURRENT EARNINGS	42,520,114	38,032,062
CURRENT EXPENSES		
Current operating expenses	8,933,333	8,530,969
Assessment for expenses of Board of Governors	374,700	359,200
Federal Reserve currency		
Original cost, including shipping charges	142,635	380,172
Cost of redemption, including shipping charges	33,146	32,595
Total	9,483,814	9,302,936
Less reimbursement for certain fiscal agency and other expenses	936,767	935,083
NET EXPENSES	8,547,047	8,367,853
PROFIT AND LOSS		
Current net earnings	33,973,067	29,664,209
Additions to current net earnings		
Profit on sales of U. S. Government securities (net)	80,701	140,482
All other	129,938	94
Total additions	210,639	140,576
Deductions from current net earnings	82,713	1,979
Net additions	127,926	138,597
Net earnings before payments to U. S. Treasury	34,100,993	29,802,806
Dividends paid	1,573,112	1,454,690
Paid U. S. Treasury (interest on F. R. notes)	28,872,781	25,547,016
Transferred to surplus	3,655,100	2,801,100
Surplus, January 1	49,808,900	47,007,800
Surplus, December 31	53,464,000	49,808,900

Directors

FEDERAL RESERVE BANK OF DALLAS

ROBERT O. ANDERSON *(Chairman and Federal Reserve Agent), President, Hondo Oil & Gas Company, Roswell, New Mexico*
MORGAN J. DAVIS *(Deputy Chairman), Chairman of the Board, Humble Oil & Refining Company, Houston, Texas*
LAMAR FLEMING, JR., *Member, Board of Directors, Anderson, Clayton and Company, Inc., Houston, Texas*
D. A. HULCY, *Chairman of the Board, Lone Star Gas Company, Dallas, Texas*
J. EDD MCLAUGHLIN, *President, Security State Bank & Trust Company, Ralls, Texas*
J. B. PERRY, JR., *President and General Manager, Perry Brothers, Inc., Lufkin, Texas*
RALPH A. PORTER, *Executive Vice President, The State National Bank of Denison, Denison, Texas*
ROY RIDDEL, *President, First National Bank at Lubbock, Lubbock, Texas*
H. B. ZACHRY, *President and Chairman of the Board, H. B. Zachry Company, San Antonio, Texas*

EL PASO BRANCH

FLOYD CHILDRESS, *Vice Chairman of the Board, The First National Bank of Roswell, Roswell, New Mexico*
ROGER B. CORBETT, *President, New Mexico State University, University Park, New Mexico*
DYSART E. HOLCOMB, *Director of Research, El Paso Natural Gas Products Company, El Paso, Texas*
JOSEPH F. IRVIN, *President, Southwest National Bank of El Paso, El Paso, Texas*
WILLIAM R. MATHEWS, *Editor and Publisher, "The Arizona Daily Star," Tucson, Arizona*
CHARLES B. PERRY, *President, First State Bank, Odessa, Texas*
DICK ROGERS, *President, First National Bank in Alpine, Alpine, Texas*

HOUSTON BRANCH

DONALD B. CAMPBELL, *Works Manager, Sabine River Works, E. I. du Pont de Nemours & Company, Orange, Texas*
J. A. ELKINS, JR., *President, First City National Bank of Houston, Houston, Texas*
M. M. GALLOWAY, *President, First Capitol Bank, West Columbia, Texas*
JOHN E. GRAY, *President, First Security National Bank of Beaumont, Beaumont, Texas*
EDGAR H. HUDGINS, *Ranching — Partner in Hudgins Division of J. D. Hudgins, Hungerford, Texas*
MAX LEVINE, *President, Foley's, Houston, Texas*
J. W. MCLEAN, *President, Texas National Bank of Houston, Houston, Texas*

SAN ANTONIO BRANCH

G. C. HAGELSTEIN, *President and General Manager, Union Stock Yards San Antonio, San Antonio, Texas*
HAROLD D. HERNDON, *Independent Oil Operator, San Antonio, Texas*
DONALD D. JAMES, *Vice President, The Austin National Bank, Austin, Texas*
MAX A. MANDEL, *President, The Laredo National Bank, Laredo, Texas*
FORREST M. SMITH, *President, National Bank of Commerce of San Antonio, San Antonio, Texas*
JOHN R. STOCKTON, *Professor of Business Statistics and Director of Bureau of Business Research, The University of Texas, Austin, Texas*
DWIGHT D. TAYLOR, *President, Pan American State Bank, Brownsville, Texas*

FEDERAL ADVISORY COUNCIL MEMBER

JAMES W. ASTON, *President, Republic National Bank of Dallas, Dallas, Texas*

Officers

FEDERAL RESERVE BANK OF DALLAS

WATROUS H. IRONS, *President*

P. E. COLDWELL, *First Vice President*

ROY E. BOHNE, *Vice President*
JAMES L. CAUTHEN, *Vice President*
J. L. COOK, *Vice President*
RALPH T. GREEN, *Vice President*
T. A. HARDIN, *Vice President*
CARL H. MOORE, *Vice President*
G. R. MURFF, *Vice President and Secretary of the Board*
JAMES A. PARKER, *Vice President*
T. W. PLANT, *Vice President and Cashier*
W. M. PRITCHETT, *Vice President*
THOMAS R. SULLIVAN, *Vice President*

ARTHUR H. LANG, *General Auditor*
GEORGE F. RUDY, *General Counsel*
ROBERT H. BOYKIN, *Assistant Counsel and Assistant Secretary of the Board*
J. Z. ROWE, *Director of Research*
JAMES O. RUSSELL, *Chief Examiner*
LEON W. COWAN, *Assistant Vice President*
E. H. BERG, *Assistant Cashier*
FREDRIC W. REED, *Assistant Cashier*
E. A. THAXTON, JR., *Assistant Cashier*
E. W. VORLOP, JR., *Assistant Cashier*

EL PASO BRANCH

ROY E. BOHNE, *Vice President in Charge*

T. C. ARNOLD, *Cashier*
FORREST E. COLEMAN, *Assistant Cashier*

HOUSTON BRANCH

J. L. COOK, *Vice President in Charge*

B. J. TROY, *Cashier*

W. C. HARTUNG, *Assistant Cashier*
RASCO R. STORY, *Assistant Cashier*

SAN ANTONIO BRANCH

CARL H. MOORE, *Vice President in Charge*

A. E. MUNDT, *Cashier*

ALVIN E. RUSSELL, *Assistant Cashier*
FREDERICK J. SCHMID, *Assistant Cashier*

STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

January 1963

FEDERAL RESERVE BANK
OF DALLAS

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Dec. 26, 1962	Nov. 28, 1962	Dec. 27, 1961
ASSETS			
Commercial and industrial loans	1,847,096	1,827,848	1,747,090
Agricultural loans	49,110	54,429	51,692
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities	40,274	19,734	45,174
Other securities	52,864	48,819	60,589
Other loans for purchasing or carrying:			
U. S. Government securities	2,791	2,230	6,470
Other securities	206,667	192,700	164,495
Loans to domestic commercial banks	113,755	129,798	102,140
Loans to foreign banks	1,269	1,275	931
Loans to other financial institutions:			
Sales finance, personal finance, etc.	106,808	97,551	92,460
Savings banks, mtge. cos., ins. cos., etc.	213,130	195,448	184,619
Real estate loans	278,156	283,660	237,549
All other loans	839,101	832,846	765,624
Gross loans	3,751,021	3,686,338	3,458,833
Less reserves and unallocated charge-offs	60,581	61,326	53,655
Net loans	3,690,440	3,625,012	3,405,178
Treasury bills	157,491	154,929	138,737
Treasury certificates of indebtedness	105,586	105,581	67,615
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year	182,276	185,955	200,520
After 1 but within 5 years	662,781	660,709	778,183
After 5 years	466,649	477,995	357,898
Other securities	533,227	516,678	421,851
Total investments	2,108,010	2,101,847	1,964,804
Cash items in process of collection	668,653	557,653	702,280
Balances with banks in the United States	552,703	482,836	550,201
Balances with banks in foreign countries	3,252	2,280	2,013
Currency and coin	68,952	65,860	68,100
Reserves with Federal Reserve Bank	571,059	559,896	630,070
Other assets	222,029	200,605	217,929
TOTAL ASSETS	7,885,098	7,595,989	7,540,575
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits			
Individuals, partnerships, and corporations	3,285,678	3,092,909	3,306,934
Foreign governments and official institutions, central banks, and international institutions	5,706	3,328	4,707
U. S. Government	135,487	117,526	133,671
States and political subdivisions	261,024	315,460	220,525
Banks in the United States, including mutual savings banks	1,160,402	1,081,670	1,259,020
Banks in foreign countries	15,644	15,228	15,481
Certified and officers' checks, etc.	54,607	47,555	69,082
Total demand deposits	4,918,548	4,673,676	5,009,420
Time and savings deposits			
Individuals, partnerships, and corporations			
Savings deposits	994,149	982,003	811,908
Other time deposits	745,322	733,251	551,741
Foreign governments and official institutions, central banks, and international institutions	2,509	2,508	3,005
U. S. Government, including postal savings	6,487	6,637	7,317
States and political subdivisions	287,493	278,279	308,326
Banks in the United States, including mutual savings banks	7,250	5,415	4,485
Banks in foreign countries	2,150	2,350	1,200
Total time and savings deposits	2,045,360	2,010,443	1,687,982
Total deposits	6,963,908	6,684,119	6,697,402
Bills payable, rediscounts, etc.	140,775	140,900	105,914
All other liabilities	126,229	119,098	127,998
Capital accounts	654,186	651,872	609,261
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	7,885,098	7,595,989	7,540,575

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Dec. 26, 1962	Nov. 28, 1962	Dec. 27, 1961
Total gold certificate reserves	695,043	581,580	692,440
Discounts for member banks	9,090	8,000	10,100
Other discounts and advances	56	56	870
U. S. Government securities	1,196,214	1,221,743	1,169,504
Total earning assets	1,205,360	1,229,799	1,180,474
Member bank reserve deposits	919,947	923,151	1,010,341
Federal Reserve notes in actual circulation	908,973	886,312	873,978

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended Dec. 5, 1962	5 weeks ended Nov. 7, 1962	5 weeks ended Dec. 6, 1961
RESERVE CITY BANKS			
Total reserves held	595,095	616,540	595,684
With Federal Reserve Bank	551,615	574,856	554,751
Currency and coin	43,480	41,684	40,933
Required reserves	590,901	612,717	588,477
Excess reserves	4,194	3,823	7,207
Borrowings	786	1,214	829
Free reserves	3,408	2,609	6,378
COUNTRY BANKS			
Total reserves held	530,858	540,888	538,793
With Federal Reserve Bank	418,581	432,143	432,860
Currency and coin	112,277	108,745	105,933
Required reserves	475,609	483,373	471,608
Excess reserves	55,249	57,515	67,185
Borrowings	6,800	7,652	891
Free reserves	48,449	49,863	66,294
ALL MEMBER BANKS			
Total reserves held	1,125,953	1,157,428	1,134,477
With Federal Reserve Bank	970,196	1,006,999	987,611
Currency and coin	155,757	150,429	146,866
Required reserves	1,066,510	1,096,090	1,060,085
Excess reserves	59,443	61,338	74,392
Borrowings	7,586	8,866	1,720
Free reserves	51,857	52,472	72,672

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In millions of dollars)

	GROSS DEMAND DEPOSITS			TIME DEPOSITS		
Date	Total	Reserve city banks	Country banks	Total	Reserve city banks	Country banks
1960: November..	7,879	3,933	3,946	2,426	1,229	1,197
1961: November..	8,322	4,058	4,264	2,806	1,409	1,397
1962: June	8,144	4,062	4,082	3,267	1,651	1,616
July	8,111	4,032	4,079	3,291	1,638	1,653
August	8,021	3,967	4,054	3,538	1,646	1,892
September	8,194	4,096	4,098	3,357	1,666	1,691
October	8,337	4,170	4,167	3,398	1,688	1,710
November	8,370	4,113	4,257	3,435	1,701	1,734

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Nov. 28, 1962	Oct. 31, 1962	Nov. 29, 1961
ASSETS			
Loans and discounts	5,994	5,862	5,442
U. S. Government obligations	2,911	2,897	2,812
Other securities	1,141	1,136	975
Reserves with Federal Reserve Bank	923	909	928
Cash in vault[e]	181	167	171
Balances with banks in the United States	1,140	1,123	1,193
Balances with banks in foreign countries[e]	3	3	3
Cash items in process of collection	621	636	588
Other assets[e]	273	323	255
TOTAL ASSETS[e]	13,187	13,056	12,367
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks	1,305	1,298	1,303
Other demand deposits	6,985	7,015	6,965
Time deposits	3,456	3,405	2,822
Total deposits	11,746	11,718	11,090
Borrowings[e]	148	68	63
Other liabilities[e]	161	146	159
Total capital accounts[e]	1,132	1,124	1,055
TOTAL LIABILITIES AND CAPITAL ACCOUNTS[e]	13,187	13,056	12,367

e — Estimated.

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]			
		Percent change from			Annual rate of turnover		
	November 1962	Oct. 1962	Nov. 1961	Nov. 30, 1962	Nov. 1962	Oct. 1962	Nov. 1961
ARIZONA							
Tucson	$ 337,453	—5	2	$ 161,042	26.0	28.4	27.5
LOUISIANA							
Monroe	88,824	—17	—8	52,470	20.8	25.3	21.8
Shreveport	324,021	—8	0	176,332	22.4	24.6	22.3
NEW MEXICO							
Roswell	58,495	—1	11	38,906	17.9	18.4	16.3
TEXAS							
Abilene	106,043	—9	—4	71,393	17.5	18.8	18.6
Amarillo	242,359	—4	2	122,660	23.4	24.8	24.1
Austin	276,039	4	20	157,605	21.0	20.6	17.5
Beaumont	167,957	—8	—5	104,268	19.4	21.4	20.3
Corpus Christi	201,759	2	—4	109,455	21.8	21.4	21.7
Corsicana	18,539	—2	—1	20,885	10.6	11.2	11.0
Dallas	3,403,424	2	10	1,301,199	31.4	31.0	29.8
El Paso	359,792	0	—5	186,524	23.4	23.6	25.1
Fort Worth	806,542	—4	0	388,896	24.7	25.8	24.7
Galveston	91,661	—6	2	60,685	17.9	18.8	16.7
Houston	3,066,747	—8	7	1,447,778	25.7	27.8	25.4
Laredo	33,919	—2	27	26,142	15.8	16.4	14.3
Lubbock	252,257	20	—7	127,067	24.4	21.4	26.3
Port Arthur	62,881	—1	—1	45,537	16.4	17.0	16.6
San Angelo	53,222	—12	—2	47,636	13.4	15.2	13.2
San Antonio	671,420	—7	4	422,358	19.4	21.4	19.6
Texarkana[2]	26,520	—8	10	17,535	18.1	18.7	16.8
Tyler	96,814	—4	4	63,557	18.1	18.8	17.8
Waco	112,003	—9	3	75,463	18.1	20.5	18.4
Wichita Falls	117,864	—4	—3	93,950	15.1	15.6	14.6
Total—24 cities	$10,976,555	—3	5	$5,319,343	24.8	25.9	24.5

[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 $58,851,000 for the month of November 1962.

DEPARTMENT STORE SALES

(Percentage change in retail value)

Area	November 1962 from		11 months, 1962 from 1961
	October 1962	November 1961	
Total Eleventh District	14	5	7
Corpus Christi	12	—2	—4
Dallas	14	1	6
El Paso	9	12	9
Houston	10	4	9
San Antonio	20	11	9
Shreveport, La.	15	0	9
Waco	8	4	9
Other cities	15	7	8

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

Eleventh Federal Reserve District

(1957-59 = 100)

Date	SALES (Daily average)		STOCKS (End of month)	
	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted
1961: November	120	104	119r	105r
1962: June	96	107	108	115
July	102	112	109	114
August	108	107	115	112
September	109	113	117	110
October	102	100	127	113
November	125	109	127p	111p

r — Revised.
p — Preliminary.

NATIONAL PETROLEUM ACTIVITY INDICATORS

(Seasonally adjusted indexes, 1957-59 = 100)

Indicator	November 1962p	October 1962p	November 1961
CRUDE OIL RUNS TO REFINERY STILLS (Daily average)	108	108	107
DEMAND (Daily average)			
Gasoline	107	111	108
Kerosene	147	142	125
Distillate fuel oil	112	110	104
Residual fuel oil	90	93	97
Four refined products	106	108	105
STOCKS (End of month)			
Gasoline	108	106	105
Kerosene	112	113	114
Distillate fuel oil	101	104	104
Residual fuel oil	86	86	77
Four refined products	103	103	101

p — Preliminary.
SOURCES: American Petroleum Institute.
U. S. Bureau of Mines.
Federal Reserve Bank of Dallas.

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	November 1962p	October 1962p	November 1961	Percent change from	
				October 1962	November 1961
ELEVENTH DISTRICT	2,932.2	2,922.4	2,929.6	0.3	0.1
Texas	2,524.2	2,516.3	2,527.2	.3	—.1
Gulf Coast	478.8	471.8	458.7	1.5	4.4
West Texas	1,125.3	1,118.2	1,124.6	.6	.1
East Texas (proper)	113.0	113.2	128.1	—.2	—11.8
Panhandle	102.8	104.4	107.2	—1.5	—4.1
Rest of State	704.3	708.7	708.6	—.6	—.6
Southeastern New Mexico	267.1	266.7	274.9	.1	—2.8
Northern Louisiana	140.9	139.4	127.5	1.1	10.5
OUTSIDE ELEVENTH DISTRICT	4,413.6	4,412.8	4,263.9	.0	3.5
UNITED STATES	7,345.8	7,335.2	7,193.5	.1	2.1

p — Preliminary.
SOURCES: American Petroleum Institute.
U. S. Bureau of Mines.
Federal Reserve Bank of Dallas.

BUILDING PERMITS

Area	NUMBER		VALUATION (Dollar amounts in thousands)				
					Percent change		
					Nov. 1962 from		11 months, 1962 from 1961
	Nov. 1962	11 mos. 1962	Nov. 1962	11 mos. 1962	Oct. 1962	Nov. 1961	
ARIZONA							
Tucson	613	8,181	$ 4,265	$ 38,413	75	1	—10
LOUISIANA							
Shreveport	242	3,235	1,503	18,646	86	42	—37
TEXAS							
Abilene	140	1,514	964	18,996	—47	18	24
Amarillo	248	3,079	4,628	34,630	94	74	—8
Austin	303	3,813	8,944	60,370	183	39	10
Beaumont	249	3,403	932	15,345	—39	—83	—31
Corpus Christi	276	3,250	3,252	24,424	—22	124	4
Dallas	2,071	26,762	18,222	233,936	—21	49	26
El Paso	317	5,029	4,021	38,079	109	16	—36
Fort Worth	490	7,063	1,945	38,256	—12	—4	—18
Galveston	123	2,173	724	19,309	—43	94	203
Houston	1,401	25,280	24,578	316,425	—14	59	34
Lubbock	169	2,496	1,970	35,581	3	—23	—9
Midland	115	1,208	3,088	16,694	441	110	20
Odessa	68	909	468	10,122	—77	—29	—14
Port Arthur	102	1,614	1,128	6,605	220	164	—9
San Antonio	1,143	14,422	4,488	56,784	24	—1	14
Waco	208	2,490	1,049	13,216	77	28	—2
Wichita Falls	69	1,397	1,455	11,244	64	66	—46
Total—19 cities	8,347	117,318	$87,624	$1,007,075	5	30	10

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	November 1962p	October 1962	September 1962	November 1961
TEXAS				
Total industrial production	114	112	115	109
Manufacturing	124	122	127	120
Durable	117	117	122	114
Nondurable	130	126	130	124
Mining	100	99	100	96
UNITED STATES				
Total industrial production	120	120	120	115
Manufacturing	120	120	121r	115
Durable	119	119	120	113
Nondurable	121	121	121	118
Mining	106	107	106	105
Utilities	134	134	132r	127

p — Preliminary.
r — Revised.
SOURCES: Board of Governors of the Federal Reserve System.
Federal Reserve Bank of Dallas.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States[1]

Type of employment	Number of persons			Percent change Nov. 1962 from	
	November 1962p	October 1962	November 1961r	Oct. 1962	Nov. 1961
Total nonagricultural wage and salary workers	4,587,000	4,581,700	4,504,100	0.1	1.8
Manufacturing	795,700	794,600	782,900	.1	1.6
Nonmanufacturing	3,791,300	3,787,100	3,721,200	.1	1.9
Mining	232,900	234,100	240,700	—.5	—3.2
Construction	292,800	301,000	288,400	—2.7	1.5
Transportation and public utilities	388,400	387,300	387,900	.3	.1
Trade	1,106,400	1,096,200	1,092,400	.9	1.3
Finance	229,900	229,500	223,600	.2	2.8
Service	623,600	626,400	606,600	—.4	2.8
Government	917,300	912,600	881,600	.5	4.0

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
p — Preliminary.
r — Revised.
SOURCE: State employment agencies.

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	November 1962p	October 1962	November 1961	January—November 1962p	January—November 1961
FIVE SOUTHWESTERN STATES[1]	327	396	343	4,039	3,720
Residential building	143	165	127	1,734	1,544
Nonresidential building	87	104	124	1,198	1,151
Public works and utilities	96	127	92	1,106	1,025
UNITED STATES	3,188	3,425	3,008	38,149	34,461
Residential building	1,361	1,610	1,306	16,895	15,006
Nonresidential building	1,066	1,075	1,095	12,108	11,246
Public works and utilities	761	740	607	9,147	8,209

[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.

CITRUS FRUIT PRODUCTION

(In thousands of boxes)

State and crop	Indicated 1962	1961	Average 1951–60
ARIZONA			
Oranges	1,050	1,440	1,089
Grapefruit	1,900	2,270	2,496
LOUISIANA			
Oranges	15	255	164
TEXAS			
Oranges	80	2,300	1,740
Grapefruit	200	2,700	2,900

SOURCE: U. S. Department of Agriculture.

WINTER WHEAT

Area	ACREAGE SEEDED (In thousands of acres)			PRODUCTION (In thousands of bushels)		
	Crop of 1963	Crop of 1962	Crops of 1952–61	Crop of 1963[1]	Crop of 1962	Crops of 1952–61
Arizona	29	29	52	1,044	1,008	1,632
Louisiana	88	80	[2]69	880	720	[2]762
New Mexico	295	268	390	4,425	4,200	2,639
Oklahoma	4,871	4,349	5,230	97,420	71,953	82,418
Texas	3,673	3,498	4,312	62,441	43,696	45,567
Total	8,956	8,224	10,053	166,210	121,577	133,018

[1] Indicated December 1, 1962.
[2] Short-time average.
SOURCE: U.S. Department of Agriculture.