

business review



march 1963

**FEDERAL RESERVE
BANK OF DALLAS**

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negotiable time certificates of deposit

Negotiable time certificates of deposit in the amount of approximately \$600 million were outstanding at selected member banks in the Eleventh District in December 1962. This volume reflects a gain of about 48 percent during the year, compared with an advance of 24 percent during 1961. More than one-half of the certificates outstanding at the District banks were in denominations of \$500,000 or over. These findings were yielded by a recent survey of 45 District member banks reporting on their outstanding negotiable time certificates of deposit in denominations of less than \$100,000, \$100,000 to \$499,999, and \$500,000 and over.

Negotiable time certificates of deposit — marketable instruments issued by banks to evidence deposits of funds — have been issued by District banks for many years, but a secondary market for these securities was very limited and virtually inactive until February 1961. Information from this market indicates, however, that most District time certificates are not actively traded, with a considerable portion of the obligations being redeemed by the original depositors. Nevertheless, time certificates are often issued to nationwide companies or firms domiciled outside the District, and it is not uncommon for out-of-District investors to redeem a certificate originally given to a District investor by a large bank. In addition to local redemptions, 11 of the larger District banks permit their certificates to be redeemed at specified banks in major financial centers.

Only five banks in the District survey issue certificates in bearer form, the remaining institutions giving depositors order paper. The larger banks are the principal issuers of bearer secur-

ities, with these obligations usually being the most actively traded in the District. It is generally believed that an order form slightly inhibits the marketability of the certificates since some secondary market investors prefer not to have their names appear as an endorsee.

Time certificates have been issued by District banks in order to accommodate depositors who also carry large demand deposit balances. In addition, interim-term corporate and municipal funds have been attracted that otherwise would have been invested in money market instruments or Government securities. In some instances, time certificate requests have been rejected if a bank believes that the certificate will be sold in the secondary market for a quick profit or if the depositor is a competitive-type institution seeking a short-term investment until more profitable outlets appear. Time certificate holders who have sold certificates in the secondary market almost immediately after acquisition and later returned to the same issuer for another certificate often have been refused.

Rates to depositors on time certificates issued by District banks differ, depending upon certificate size, customers' relationships with bank, the need of issuing banks for funds, covenants in security indentures, and prevailing rates on competitive investment outlets. Maximum rates for certificates maturing in 1 year or more generally have approximated 3½ percent, but some certificates have been issued at rates of up to 4 percent. Banks usually space time certificate maturities in order to minimize concentrated deposit drains. Funds obtained by banks from depositors are often invested in earning

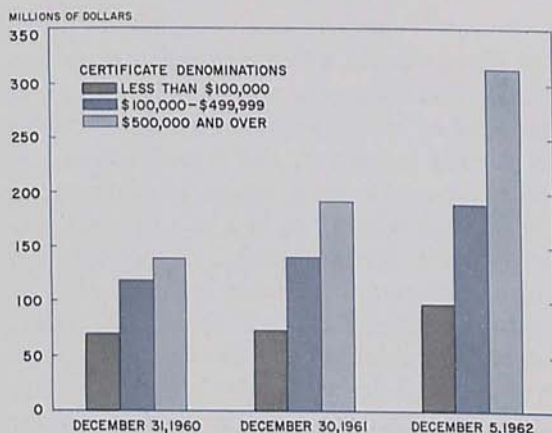
assets with longer maturities than bank-issued time certificates, but regular inflows of deposit funds and spacing of investment maturities reduce potential reserve pressures. Short-term investment yields, however, are generally inadequate to cover interest costs on time certificates.

Almost all of the \$600 million of time certificates issued at the surveyed District banks had original maturities of 6 months or more, with over \$250 million having maturities of 1 year or longer. Large banks offering sizable obligations usually provided the longest maturity dates. The most distant due date reported for an individual certificate was 40 months, while the average due date among the longest maturities issued by each of the respondent banks was 14 months.

Approximately 70 percent of time certificates outstanding at the District banks were acquired originally by corporations and other businesses. The remaining obligations are divided principally between states and political subdivisions and personal accounts. Time certificates issued to foreign and international institutions represent a small proportion of the District total.

NEGOTIABLE TIME CERTIFICATES OF DEPOSIT OUTSTANDING AT 45 MEMBER BANKS

ELEVENTH FEDERAL RESERVE DISTRICT



NEGOTIABLE TIME CERTIFICATES OF DEPOSIT OUTSTANDING AT 45 MEMBER BANKS, BY CITIES

Eleventh Federal Reserve District

(Percentage of total dollar volume)

Area	Dec. 31, 1960	Dec. 30, 1961	Dec. 5, 1962
Dallas	49.2	53.0	48.4
Houston	15.9	19.3	26.3
Austin	9.5	4.0	7.0
Fort Worth	8.9	9.4	5.6
San Antonio	3.2	4.5	3.0
Waco	5.8	2.1	3.0
Midland	3.1	3.3	2.2
Other cities	4.4	4.4	4.5
Total	100.0	100.0	100.0

Banks in the two largest cities in the District issued approximately three-fourths of all time certificates outstanding at the 45 institutions at the time of the survey. Banks in Dallas negotiated about one-half of the District total, this proportion having remained virtually unchanged since the end of 1960. Although Dallas banks maintained almost the same proportion of District certificates issued over this 2-year period, the absolute amount of growth reported in time certificates was greater than for any other District city. Surveyed banks in Houston reported a faster rate of growth in time certificates than Dallas banks and accounted for approximately one-fourth of District time certificates.

When the respective populations of the cities and their banking facilities are compared with dollar amounts of local time certificates outstanding, banks in Austin and Midland show disproportionately large amounts of certificates outstanding. The notable magnitude of time certificates issued by Austin banks reflects, in part, the weight of state and local government accounts and public trust funds in the deposit structure of banks in that city, while the relatively large volume of certificates negotiated by Midland banks is related to the city's importance as a petroleum center.

LEONARD JAY SANTOW
Financial Economist

balance-of-payments accounting

Few subjects have generated as much interest in recent years as the U. S. balance of payments. While a portion of the increased attention reflects a growing concern with economic matters generally, the persistent deficits in this country's balance of payments have graphically demonstrated the importance of international transactions. The U. S. balance of payments has shown a deficit in every year except 1957, the year of the Suez crisis, for over 10 years. The large size of recent deficits and the gold losses associated with them apparently have caused the American public to recognize this problem as one of general concern. It is extremely difficult, however, to assess the causes of our balance-of-payments deficits and suggest appropriate remedial action without some knowledge of the purposes and procedures of balance-of-payments accounting. Accordingly, the following discussion provides a brief review of the balance of payments as an accounting entity.

The balance of payments is a record of what the United States spends, lends, invests, and gives to foreigners compared with what foreigners spend, lend, invest, and give to the United States. A deficit arises when the combined payments and gifts to foreigners arising from these transactions exceed the amount of receipts to the United States from similar payments and gifts made by foreigners. The converse is true in the case of a surplus. The balance of payments presents, therefore, a relatively complete picture of this country's international transactions during a particular period of time and provides an important indicator of those problems originating both internally and externally which influence the international economic position of the United States.

By dividing the balance of payments into several major categories (such as trade, services, and capital), greater insight can be gained with regard to the nature of the transactions actually involved. The items may be broken down or combined in various ways, but, ideally, the particular categories chosen and the way in which they are presented should permit a meaningful examination of the components and facilitate the usage of these important economic aggregates.

The Office of Business Economics of the U. S. Department of Commerce has the primary responsibility for gathering and publishing the data reflected by the balance of payments. In addition to the data gathered by the Office of Business Economics, a number of other Government agencies provide information. Data on certain types of capital movements are collected by the Federal Reserve System for the Treasury Department. The information obtained from these various sources often requires adjustments to make it conform with balance-of-payments concepts, to avoid double counting, and to insure the consistency of the data. After the data have been collected and the necessary adjustments made, the information is entered in the balance-of-payments account.

Balance-of-payments accounting is based on the well-known principle of double-entry bookkeeping. In such an accounting system, each transaction requires both a debit and a credit entry of exactly the same amount. Since the debit entries just equal the credit entries, the balance of payments must always be in balance. This somewhat idealized conception cannot, however, be achieved fully in actual practice.

U. S. BALANCE-OF-PAYMENTS TRANSACTIONS

	1962 preliminary estimate (In billions of dollars)
A. CURRENT ACCOUNT	
1. Trade:	
a. <i>Exports</i> . — Includes the value of all goods transferred from U. S. to foreign ownership, with the exception of military goods provided under grant programs. Shipments abroad under various foreign assistance programs are included.	+20.6
b. <i>Imports</i> . — Includes the value of all goods brought into the United States.	<u>-16.2</u>
Balance on trade	+4.4
2. <i>Services</i> . — Comprises a heterogeneous group of items, such as transactions arising from international transportation of goods and passengers, tourist expenditures in foreign countries, and numerous miscellaneous services. The services category also includes earnings on foreign investments.	<u>+2.7</u>
Balance on current account	+7.1
B. PRIVATE UNILATERAL TRANSFERS. — Consists of gifts or other noncommercial transactions between individuals, institutions, and religious organizations which do not require payment. Included are such items as a gift from an American citizen to a relative abroad or goods transferred to a foreign country by CARE.	
	-9
C. PRIVATE CAPITAL ACCOUNT. — Contains both short- and long-term investment items. Included are direct investments by U. S. companies in foreign branches and subsidiaries and the acquisition of foreign businesses by U. S. citizens; flotation of new foreign securities in the U. S. capital market, including sales of international organizations; trading in foreign securities where a change between domestic and foreign ownership results; shifts in long-term claims on foreigners of U. S. banks or commercial concerns, with the U. S. banks' participations in Export-Import Bank loans a particularly important item; retirement of foreign securities held by U. S. citizens; and changes in U. S. private short-term claims on foreigners (primarily bank loans). Direct and long-term portfolio investments by foreigners in the United States are included (except for investments in U. S. Government securities), as are grants and advances to U. S. businesses by foreigners (less repayments).	
	-2.7
D. U. S. GOVERNMENT ACCOUNT. — Includes military expenditures abroad; loans and credits of the U. S. Government, with a maturity of over 1 year, to foreign governments, less repayments of loans and credits previously extended; and U. S. Government outright grants to foreign residents and foreign governments, excluding military grants.	
	-5.2
E. ERRORS AND OMISSIONS. — Represents the difference between the settlement items category which follows and the deficit or surplus on the recorded transactions listed above. Indeed, this category is sometimes referred to as "unrecorded items."	
	<u>-5</u>
Net deficit (-) or surplus (+)	-2.2
F. SETTLEMENT ITEMS. — Consists of gold purchases or sales (the latter being treated as a plus item) by the United States to foreign governments and monetary authorities; changes in foreign holdings of U. S. bank accounts, holdings of short-term dollar instruments, and foreign holdings of U. S. Government securities of any maturity; minus changes in U. S. Government holdings of convertible foreign currencies.	
	+2.2

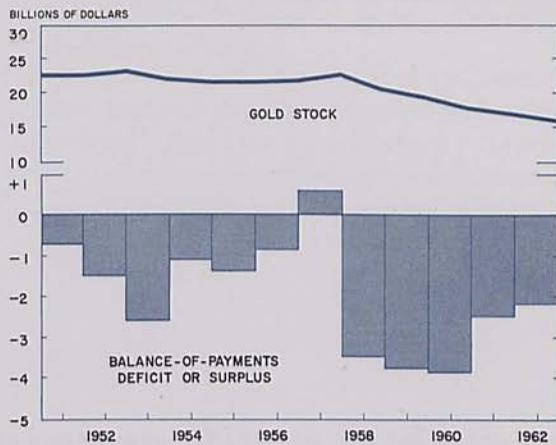
Gaps in the data and the fact that information on debits and credits is gathered independently combine to cause discrepancies between debits and credits. These gaps can be traced to a number of sources, such as incorrect reporting, conceptual problems, and the inability, in some cases, to identify the exact nature or origin of a transaction. For these and other reasons, it is not possible to balance the two sides of the account exactly, and a residual item "errors and omissions" must be added to provide the missing net credits or debits.

Recent experience indicates that the errors and omissions item is subject to rather sharp movements. A considerable proportion of the fluctuations in this category probably results from unrecorded capital movements, but it would be hazardous to attribute the changes to any one type of international transaction. Moreover, it is less certain whether these variations are necessarily of a short-run nature, as is often supposed.¹

The accompanying presentation on U. S. balance-of-payments transactions breaks the account into five major categories: current account, private unilateral transfers, private capital account, U. S. Government account, and errors and omissions. "Settlement items," which indicates how the balance of payments is settled, is also included. The categories chosen emphasize the general sources of the payments and receipts, as well as the specific types of transactions included in each category. The various receipts and payments forming these breakdowns are summed algebraically so that only a net receipts or net payments figure appears in the table.

¹ The distinction between short-term and long-term capital is sometimes misunderstood in analyzing the balance of payments. Stocks and fixed-interest securities having an original maturity of over 1 year are considered long-term assets. The fact that such assets may actually mature in less than 1 year from the time of purchase does not alter the long-term designation. Loans of over 1 year in maturity are treated in a similar manner.

Persistent deficits in U. S. balance of payments reflected in a declining gold stock . . .



SOURCE: U.S. Department of Commerce.

Preliminary estimates for 1962 reveal that, while the United States recorded sizable net receipts on current account, the remaining categories all showed net payments, and a deficit approximating \$2.2 billion resulted. Private unilateral transfers—for example, gifts by individuals to relatives living abroad—are usually heavily outward, as might be expected for the country with the highest standard of living in the world. There was a substantial outflow of funds on capital account in 1962, both on a long-term and on a short-term basis. The military and economic aid burden borne by the United States is reflected in the large net payments figure indicated for the U. S. Government account. The errors and omissions category also was a negative item of relatively large proportions.

The resulting deficit represents the amount by which this country's transfers to foreigners exceeded transfers by foreigners to this country. The settlement items reflect the means of paying for the deficit arising from these international transactions. A deficit in the balance of payments of the United States can be settled in only three ways: by gold sales, by a buildup in claims on

the United States, or by some combination of the two. Changes in U. S. holdings of convertible foreign currencies must, of course, be netted out of the settlement items.

No clear indications of cause and effect relationships are apparent from this brief examination of the balance of payments. However, a general knowledge of the items included in the various categories, together with an understanding of the accounting principles followed, per-

mits one to infer such relationships with more confidence. An understanding of movements in the various categories of transactions which give rise to payments and receipts by the United States is essential, of course, to an appreciation of the resultant gains and losses reflected in the settlement items: gold and short-term claims of foreigners.

WILLIAM N. GRIGGS
Financial Economist

member bank earnings and expenses in 1962

Member banks in the Eleventh Federal Reserve District recorded net income of \$90.5 million in 1962, reflecting a year-to-year gain of 2 percent and an improved earnings performance compared to the slight decline reported for 1961. The increase in net income stemmed principally from an advance of almost 13 percent in current operating revenue, inasmuch as current operating expenses and most other charges against earnings rose during the year. Noncurrent revenue items — recoveries, transfers from valuation reserves, and profits from sales or redemptions of securities — declined sharply, while Federal and state taxes on net income were slightly lower.

All major sources of current earnings contributed to the advance in operating revenue, with the dollar gains in interest and discount on loans and interest and dividends on U. S. Government obligations being especially notable. A substantial increase in revenue was also provided by expanded earnings from interest and

dividends on non-Government securities, service charges to customers, and trust department income.

Earnings from interest and discount on loans rose \$37 million, or 12.2 percent, in 1962. Loan expansion, especially the advances in real estate, consumer, and business loans, contributed heavily to this improvement in earnings. Loans increased 9 percent during the year and, since these earning assets account for about 45 percent of member bank total resources, represented the major source of gain in current operating revenue. However, the substantial growth in loans during 1962 was not sufficient to absorb fully a large inflow of time deposits, and banks were encouraged to seek other outlets for a large proportion of these funds.

Member banks invested heavily in non-Government securities, especially municipals, during 1962. Total holdings of these issues rose 20.2 percent, and interest earnings from this

source rose \$4.5 million. Investments in Government securities, which usually decline in a period of economic expansion, were unchanged in 1962. Earnings from Treasury issues, however, increased \$11.5 million, principally reflecting noteworthy lengthening of average maturities and higher yields on Treasury bills. Interest earnings on all securities combined increased 15 percent during the year, and the dollar gain of \$16 million equaled almost one-half of the income growth attributable to loans.

Trust department earnings rose 15.5 percent in 1962 to a level of \$12.6 million and provided 2.4 percent of all current operating revenue. The increase in trust department earnings continues a trend evident for a number of years and reflects the growing importance of trust services in the operations of District member banks.

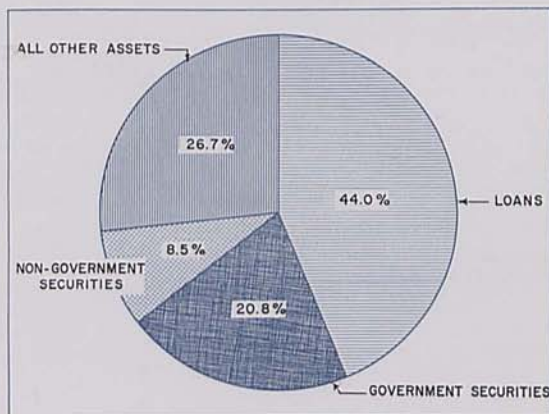
The advance in current operating earnings during 1962 was accompanied by an even greater relative expansion — 16.5 percent — in current operating expenses. Interest paid on time and savings deposits rose sharply and accounted for approximately two-thirds of the year-to-year growth in total operating charges. The expansion in these payments by District member banks resulted from a gain of \$673 million in time and savings deposits and upward adjustments in rates paid on these funds.

The rising level of personal income contributed appreciably to the increase in individual time and savings deposits during 1962, and the higher rates of return generally offered to savers following the change in Federal Reserve Board Regulation Q further stimulated the heavy flow. Considerable shifting of funds occurred during the first half of the year as a result of the upward adjustments in rates, with a substantial volume of demand deposits being transferred to time accounts and savers showing increased preference for time deposits at commercial banks.

The favorable liquidity position of corporations encouraged the movement of substantial

MEMBER BANK ASSETS, 1962

ELEVENTH FEDERAL RESERVE DISTRICT



amounts of corporate funds into time deposits, including negotiable time certificates of deposit — an increasingly important money market instrument. The inflow of time and savings deposits was by far the most important source of funds to District member banks, but the funds accruing to banks from this source represented relatively expensive additions.

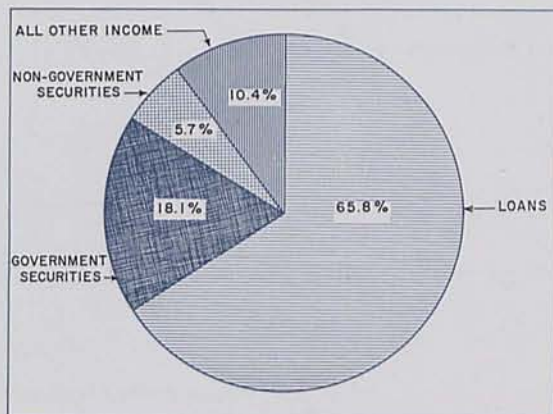
Salary and salary-related items moved up \$7.6 million in 1962 and accounted for 16 percent of the increase in member bank operating expenses. All other expense items also moved higher, with interest and discount on borrowed money and charges for furniture and equipment showing rather large percentage gains.

Member banks reported decreases in 1962 in recoveries, transfers from valuation reserves, and profits on securities which were sold or redeemed. On the other hand, total losses, charge-offs, and transfers to valuation reserves increased, principally because of transfers to valuation reserves on loans. As a result of these changes, the gain in net income before taxes was reduced by \$8.3 million.

After giving effect to all earnings and expense items in 1962, member banks reported a gain in net income before taxes of one-half of 1 percent.

MEMBER BANK INCOME, 1962

ELEVENTH FEDERAL RESERVE DISTRICT



Earnings results for the year required provision of \$58.2 million for state and Federal taxes on income, or \$1.0 million less than in 1961.

Despite the increase in member bank earnings last year, the rate of return on capital was somewhat lower than in 1961. The ratio of net in-

come after taxes to capital accounts declined from 8.6 percent in 1961 to 8.0 percent in 1962. District member banks, however, paid out \$44.2 million in dividends last year, which reflects a 4.7-percent rise over the previous year.

Earnings data for all District member banks conceal an important difference between the experiences of reserve city banks and those of country banks. While the increases in current operating revenue were not greatly different between these two categories of banks, expenses rose at a considerably faster rate at reserve city banks. The difference is largely attributable to the fact that interest expenses advanced substantially more at reserve city banks than at country banks. As a consequence, net income after taxes actually declined 1.7 percent at reserve city banks but increased 6.5 percent at country banks.

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Financial Economist

new member bank

The Texas National Bank of Temple, Temple, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business February 25, 1963, as a member of the Federal Reserve System. The new member bank has capital of \$300,000, surplus of \$300,000, and undivided profits of \$150,000. The officers are: T. A. Norman, President; J. Howard Shelton, Vice President; Jimmie R. Holder, Vice President and Cashier; and Louis J. Kohutck, Assistant Cashier.

new par banks

The Bank of Almeda, Houston, Texas, an insured nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, February 15, 1963. The officers are: George Gentry, President; David R. Burnham, Vice President; Ernest A. Jordan, Cashier; and L. K. Del'Homme, Jr., Assistant Cashier.

The Texas State Bank, San Angelo, 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, February 16, 1963. The officers are: Douglas Pond, President, and Ralph E. Hargrave, Vice President and Cashier.

district highlights

Recent information obtained from a survey of 95 member banks in the Eleventh District indicates that the upward adjustments made in January 1962 in maximum rates payable on time and savings deposits, as permitted by changes in regulation Q, generally have been maintained. Although a few of the institutions reported selective downward revisions in some categories during the course of the year, most banks indicated that their current maximum rates are unchanged from those established in early 1962. Actually, the number of banks reporting increases in maximum rates payable is slightly larger than the number reporting decreases — a result which probably reflects the delayed response of some institutions in reviewing their rate structures in the light of changes made by others.

Over two-thirds of the 95 respondent banks reported a current maximum rate of 3½ percent for both regular savings accounts and other time deposits held for less than 12 months. For time and savings deposits held for 12 months or longer, more than one-half of the surveyed banks indicated that their maximum rates are at the permissible level of 4 percent. It may be noted, however, that some of the larger banks which reported no change in current stated maximum rates indicated that actual going rates were reduced in the latter portion of 1962, especially on "other time deposits." These survey results are based on contacts made in February with all District member banks having total deposits of \$50 million or more and a 10-percent random sample of banks in each of the three deposit-size categories of less than \$5 million, \$5 million to \$10 million, and \$10 million to \$50 million.

Final demand continues to be a bright spot in the District economic picture, with consumer

spending exceeding year-earlier levels. As in the Nation, automobile buying has been particularly strong. New passenger-automobile registrations for four major Texas market areas in January reached a record for the month, exceeding the previous high set in January 1962 by 14 percent. Automobile buying, as reflected by new car registrations, was especially favorable in the Dallas, Houston, and San Antonio areas. District department store sales during the 8 weeks ended February 23 were 2 percent above the corresponding 1962 period, but sales in the first 3 weeks of February were 3 percent less than in the comparable weeks last year.

District petroleum activity also expanded in early February, reflecting strength in both domestic and foreign product demand. Production and processing of crude oil increased, and drilling operations strengthened. Crude oil production in the District rose 3 percent during the first 15 days of February to an average of over 3 million barrels daily. District crude oil output is expected to decline fractionally in March, principally because of a reduction in Texas oil allowables. The Texas allowable — calculated on the basis of 28 percent of full production from prorated wells — has been set at slightly over 2.8 million barrels daily, or about 60,000 barrels daily below the February level. Louisiana has raised its March allowable by 16,000 barrels daily, while the New Mexico allowable is little changed.

Refineries located in the Eleventh Federal Reserve District boosted national processing of crude oil. Crude oil runs to District stills during the first 2 weeks of February were 7 percent above the early-January level and 8 percent higher than a year ago. District drilling activity was expanded in late January and early February. Both total well completions and total

footage drilled in the District during the 4 weeks ended February 9 were 40 percent higher than in the prior 4-week period. The number of rotary rigs active in the District in early February, however, held at the early-January average.

Contract awards during February indicate that near-term construction activity may be strengthened further in the District states. A substantial portion of the contracts awarded in early February was for public works construction, including several for educational facilities. Three multimillion-dollar projects, totaling over \$25 million, are especially noteworthy; these contracts are for the building of a new county courthouse in Dallas, the erection of a Post Office and Federal building in Austin, and the construction of a main aqueduct between Sanford and Amarillo.

A further prospective gain in beef output in the Southwest is indicated by recent data on cattle numbers. The inventory of cattle and calves on farms and ranches in the District states at the beginning of this year totaled an all-time high of 18.1 million — up 4 percent from a year earlier. The cattle population has been increasing each year since the drought ended in 1957. All of the gain has been in beef cattle, since milk cattle numbers have shown steady decreases during the past decade. However, the upward trend in production per milk cow has offset the reduced herd size. The potential expansion in beef output lies in the size of the basic breeding herd, as the inventory of cows of calving age was 6 percent above a year ago. In contrast to the expansion in the cattle population, sheep numbers in the Southwest were 3 percent lower at the start of 1963, showing the second successive annual decline.

STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

March 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	Feb. 20, 1963	Jan. 23, 1963	Feb. 21, 1962
ASSETS			
Commercial and industrial loans.....	1,809,290	1,831,428	1,755,764
Agricultural loans.....	50,599	48,400	48,892
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities.....	10,274	274	274
Other securities.....	47,959	46,950	59,236
Other loans for purchasing or carrying:			
U. S. Government securities.....	2,113	2,113	4,565
Other securities.....	208,299	213,350	171,791
Loans to domestic commercial banks.....	83,713	75,590	93,220
Loans to foreign banks.....	1,359	1,395	216
Loans to other financial institutions:			
Sales finance, personal finance, etc.....	96,721	91,778	83,374
Savings banks, mtge. cos., ins. cos., etc.....	210,603	213,920	159,880
Real estate loans.....	289,357	284,441	245,861
All other loans.....	841,589	834,566	767,538
Gross loans.....	3,651,876	3,644,205	3,390,611
Less reserves and unallocated charge-offs...	68,952	68,203	62,681
Net loans.....	3,582,924	3,576,002	3,327,930
Treasury bills.....	162,837	161,784	141,260
Treasury certificates of indebtedness.....	135,831	105,997	85,936
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year.....	152,398	191,589	263,489
After 1 but within 5 years.....	647,284	640,088	736,540
After 5 years.....	521,967	499,224	348,096
Other securities.....	538,854	537,200	413,270
Total investments.....	2,159,171	2,135,882	1,988,591
Cash items in process of collection.....	570,979	612,718	581,163
Balances with banks in the United States.....	489,102	498,976	478,799
Balances with banks in foreign countries.....	4,955	2,568	2,224
Currency and coin.....	59,892	63,570	57,322
Reserves with Federal Reserve Bank.....	555,913	569,168	574,477
Other assets.....	228,633	227,996	200,616
TOTAL ASSETS.....	7,651,569	7,686,880	7,211,122
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits			
Individuals, partnerships, and corporations....	3,022,028	3,174,528	3,055,909
Foreign governments and official institutions, central banks, and international institutions..	3,784	3,787	2,293
U. S. Government.....	131,191	84,388	105,477
States and political subdivisions.....	291,840	268,394	262,549
Banks in the United States, including mutual savings banks.....	1,070,017	1,105,598	1,048,607
Banks in foreign countries.....	14,617	16,354	13,635
Certified and officers' checks, etc.....	52,384	55,866	41,717
Total demand deposits.....	4,585,861	4,708,915	4,530,187
Time and savings deposits			
Individuals, partnerships, and corporations			
Savings deposits.....	1,017,380	1,009,135	863,105
Other time deposits.....	804,680	769,691	650,580
Foreign governments and official institutions, central banks, and international institutions..	1,510	1,509	3,005
U. S. Government, including postal savings...	6,287	6,287	6,967
States and political subdivisions.....	329,662	316,885	326,143
Banks in the United States, including mutual savings banks.....	4,763	4,553	4,266
Banks in foreign countries.....	2,350	2,150	2,200
Total time and savings deposits.....	2,166,632	2,110,210	1,856,266
Total deposits.....	6,752,493	6,819,125	6,386,453
Bills payable, rediscounts, etc.....	115,455	106,915	103,550
All other liabilities.....	123,906	110,160	94,389
Capital accounts.....	659,715	650,680	626,230
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	7,651,569	7,686,880	7,211,122

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Feb. 20, 1963	Jan. 23, 1963	Feb. 21, 1962
Total gold certificate reserves.....	572,790	628,054	678,236
Discounts for member banks.....	250	16,450	3,902
Other discounts and advances.....	0	57	2,811
U. S. Government securities.....	1,249,478	1,213,765	1,139,010
Total earning assets.....	1,249,728	1,230,272	1,145,723
Member bank reserve deposits.....	921,852	937,984	975,699
Federal Reserve notes in actual circulation....	880,680	888,573	834,861

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	5 weeks ended Feb. 6, 1963	4 weeks ended Jan. 2, 1963	5 weeks ended Feb. 7, 1962
RESERVE CITY BANKS			
Total reserves held.....	598,811	607,905	599,089
With Federal Reserve Bank....	555,613	561,816	557,702
Currency and coin.....	43,198	46,089	41,387
Required reserves.....	594,020	599,869	591,610
Excess reserves.....	4,791	8,036	7,479
Borrowings.....	7,100	16,464	5,829
Free reserves.....	-2,309	-8,428	1,650
COUNTRY BANKS			
Total reserves held.....	549,752	535,359	560,099
With Federal Reserve Bank....	432,198	419,169	451,687
Currency and coin.....	117,554	116,190	108,412
Required reserves.....	496,868	486,479	487,689
Excess reserves.....	52,884	48,880	72,410
Borrowings.....	356	3,982	289
Free reserves.....	52,528	44,898	72,121
ALL MEMBER BANKS			
Total reserves held.....	1,148,563	1,143,264	1,159,188
With Federal Reserve Bank....	987,811	980,985	1,009,389
Currency and coin.....	160,752	162,729	149,799
Required reserves.....	1,090,888	1,086,348	1,079,299
Excess reserves.....	57,675	56,916	79,889
Borrowings.....	7,456	20,446	6,118
Free reserves.....	50,219	36,470	73,771

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
1961: January...	8,135	4,032	4,103	2,564	1,308	1,256
1962: January...	8,584	4,179	4,405	2,990	1,508	1,482
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
December...	8,496	4,180	4,316	3,497	1,718	1,779
1963: January...	8,711	4,234	4,477	3,602	1,771	1,831

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Jan. 30, 1963	Dec. 26, 1962	Jan. 31, 1962
ASSETS			
Loans and discounts.....	6,091	6,111	5,559
U. S. Government obligations.....	2,912	2,920	2,887
Other securities.....	1,173	1,163	995
Reserves with Federal Reserve Bank.....	936	919	920
Cash in vault.....	175	167	162
Balances with banks in the United States...	1,099	1,226	1,152
Balances with banks in foreign countries...	2	4	3
Cash items in process of collection.....	606	747	610
Other assets.....	413	367	361
TOTAL ASSETS.....	13,407	13,624	12,649
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,274	1,335	1,277
Other demand deposits.....	7,092	7,319	7,062
Time deposits.....	3,639	3,520	3,053
Total deposits.....	12,005	12,174	11,392
Borrowings.....	102	144	51
Other liabilities.....	168	171	134
Total capital accounts.....	1,132	1,135	1,072
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	13,407	13,624	12,649

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		
	January 1963	Percent change from		Jan. 31, 1963	Annual rate of turnover	
		Dec. 1962	Jan. 1962		Jan. 1963	Dec. 1962
ARIZONA						
Tucson.....	\$ 398,672	10	3	\$ 164,753	28.4	26.0 29.9
LOUISIANA						
Monroe.....	111,488	24	7	54,304	22.9	18.7 22.0
Shreveport.....	381,991	5	-3	180,370	24.6	23.6 24.4
NEW MEXICO						
Roswell.....	60,974	14	6	37,952	19.0	16.3 17.8
TEXAS						
Abilene.....	118,101	5	-6	70,297	19.3	18.2 19.9
Amarillo.....	271,419	13	5	126,912	25.2	22.7 25.0
Austin.....	300,157	26	14	160,893	21.4	17.2 19.6
Beaumont.....	192,746	5	-3	107,414	21.1	20.4 21.6
Corpus Christi.....	220,343	8	-3	117,161	22.4	21.5 23.2
Corsicana.....	21,921	12	5	21,274	12.1	10.9 11.9
Dallas.....	4,060,220	7	0	1,299,905	35.4	33.0 35.3
El Paso.....	399,121	4	3	190,278	24.2	23.5 24.5
Fort Worth.....	920,540	10	-4	396,202	27.5	25.3 28.4
Galveston.....	101,176	5	-7	62,806	19.2	18.5 19.8
Houston.....	3,527,202	2	8	1,477,461	27.2	26.9 26.6
Laredo.....	37,815	1	13	25,608	17.5	17.2 16.3
Lubbock.....	389,655	27	13	142,325	32.3	26.8 29.8
Port Arthur.....	67,125	3	3	44,420	18.4	17.5 17.4
San Angelo.....	63,952	14	2	47,649	16.0	14.0 14.9
San Antonio.....	792,794	9	12	425,812	21.7	20.0 20.9
Texarkana ²	30,697	16	23	18,523	19.7	17.4 17.2
Tyler.....	110,508	10	8	64,174	19.6	17.9 18.6
Waco.....	133,685	8	10	74,248	21.5	19.7 19.9
Wichita Falls.....	137,046	14	-1	101,101	16.1	14.6 16.1
Total—24 cities.....	\$12,849,348	7	4	\$5,411,842	27.4	25.8 27.1

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 \$64,088,000 for the month of January 1963.

DEPARTMENT STORE SALES

(Preliminary percentage change in retail value)

Area	January 1963 from	
	December 1962	January 1962
Total Eleventh District.....	-55	7
Corpus Christi.....	-60	2
Dallas.....	-56	6
El Paso.....	-59	9
Houston.....	-53	4
San Antonio.....	-52	12
Shreveport, La.....	-51	12
Waco.....	-59	3
Other cities.....	-55	9

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
1962: January.....	79	101	95r	109r
August.....	108	107	115	112
September.....	109	113	117	110
October.....	102	100	127	113
November.....	126	109	128	112
December.....	193	111r	103	111
1963: January.....	84p	108p	99p	113p

r — Revised.
p — Preliminary.

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	January 1963p	December 1962p	January 1962	Percent change from	
				December 1962	January 1962
ELEVENTH DISTRICT.....	2,917.8	2,905.8	3,045.1	0.4	-4.2
Texas.....	2,509.8	2,497.5	2,650.7	.5	-5.3
Gulf Coast.....	475.2	472.4	493.1	.6	-3.6
West Texas.....	1,125.4	1,117.3	1,216.5	.7	-7.5
East Texas (proper).....	105.1	105.9	133.1	-8	-21.0
Panhandle.....	101.4	101.8	101.5	-4	-1
Rest of State.....	702.7	700.0	706.5	.4	-5
Southeastern New Mexico.....	269.0	269.1	265.5	.0	1.3
Northern Louisiana.....	139.0	139.2	128.9	-2	7.8
OUTSIDE ELEVENTH DISTRICT.....	4,346.6	4,432.4	4,301.8	-1.9	1.0
UNITED STATES.....	7,264.4	7,338.2	7,346.9	-1.0	-1.1

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

NATIONAL PETROLEUM ACTIVITY INDICATORS

(Seasonally adjusted indexes, 1957-59 = 100)

Indicator	January 1963p	December 1962p	January 1962
CRUDE OIL RUNS TO REFINERY			
STILLS (Daily average).....	106	109	106
DEMAND (Daily average)			
Gasoline.....	108	108	110
Kerosene.....	136	125	133
Distillate fuel oil.....	112	97	112
Residual fuel oil.....	90	90	104
Four refined products.....	108	102	110
STOCKS (End of month)			
Gasoline.....	106	108	104
Kerosene.....	119	117	114
Distillate fuel oil.....	111	107	109
Residual fuel oil.....	92	90	78
Four refined products.....	106	106	103

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

BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	NUMBER	Percent change January 1963 from	
		January 1963	December 1962
ARIZONA			
Tucson.....	561	\$ 2,527	29
LOUISIANA			
Shreveport.....	211	1,052	5
TEXAS			
Abilene.....	87	1,170	85
Amarillo.....	227	3,329	-29
Austin.....	323	8,082	186
Beaumont.....	212	907	55
Corpus Christi.....	276	1,622	-58
Dallas.....	1,895	19,283	9
El Paso.....	303	1,845	-8
Fort Worth.....	437	5,313	97
Galveston.....	115	1,003	86
Houston.....	1,287	18,961	-12
Lubbock.....	176	10,400	567
Midland.....	87	1,091	74
Odessa.....	68	877	343
Port Arthur.....	73	510	124
San Antonio.....	1,043	5,810	-36
Waco.....	215	3,738	169
Wichita Falls.....	109	2,955	79
Total—19 cities.....	7,705	\$90,475	21

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	Value of contracts		
	January 1963p	December 1962	January 1962
FIVE SOUTHWESTERN STATES¹	317	359	274
Residential building.....	136	130	129
Nonresidential building.....	95	83	75
Public works and utilities.....	86	145	70
UNITED STATES	2,779	3,198	2,658
Residential building.....	1,250	1,166	1,190
Nonresidential building.....	1,016	921	853
Public works and utilities.....	514	1,111	615

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.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change Jan. 1963 from	
	January 1963e	December 1962	January 1962r	Dec. 1962	Jan. 1962
	Total nonagricultural				
wage and salary workers..	4,618,500	4,717,000	4,511,300	-2.1	2.4
Manufacturing.....	795,300	804,100	782,300	-1.1	1.7
Nonmanufacturing.....	3,823,200	3,912,900	3,729,000	-2.3	2.5
Mining.....	236,500	236,500	243,900	.0	-3.0
Construction.....	297,200	303,100	282,400	-1.9	5.2
Transportation and public utilities.....	388,600	399,800	389,900	-2.8	-3.0
Trade.....	1,105,800	1,176,100	1,080,900	-6.0	2.3
Finance.....	233,700	231,100	224,700	1.1	4.0
Service.....	644,800	643,700	621,700	.2	3.7
Government.....	916,600	922,600	885,500	-7.7	3.5

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

e — Estimated.

r — Revised.

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

LIVESTOCK ON FARMS AND RANCHES, JANUARY 1

(In thousands)

Species	Texas		Five southwestern states ¹		United States	
	1963	1962	1963	1962	1963	1962
Cattle.....	10,240	9,660	18,146	17,409	103,754	100,002
Milk cattle..	926	948	1,846	1,921	28,847	29,550
Beef cattle..	9,314	8,712	16,300	15,488	74,907	70,452
Sheep.....	5,651	5,854	7,640	7,904	30,170	31,320
Stock sheep..	5,446	5,614	7,271	7,483	26,129	27,065
Feeders....	205	240	369	421	4,041	4,255
Hogs.....	985	975	1,687	1,713	58,695	57,000
Chickens².....	15,779	15,874	24,472	24,983	365,217	368,452
Turkeys.....	380	364	509	493	6,598	6,488

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

² Does not include commercial broilers.

SOURCE: U. S. Department of Agriculture.

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	January 1963p	December 1962	November 1962	January 1962
TEXAS				
Total industrial production.....	113	113	113r	108
Manufacturing.....	128	127	125r	117
Durable.....	121	122	118	108
Nondurable.....	132	131	130r	124
Mining.....	93	93	97	96
UNITED STATES				
Total industrial production.....	119	119	120	114
Manufacturing.....	119	120	120	114
Durable.....	119	119	119	113
Nondurable.....	120	121	121	116
Mining.....	103	103	106r	104
Utilities.....	138	136	135	129

p — Preliminary.

r — Revised.

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