

# ***business review***



*july 1963*

**FEDERAL RESERVE  
BANK OF DALLAS**

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## *currency flows: why and how they occur*

As a result of recent legislation, the long-standing link between silver and paper money will be eliminated. Silver certificates in \$1 and \$2 denominations will be withdrawn gradually from circulation and replaced by Federal Reserve notes. This change, which results in the demonetization of silver, appears to be rather fundamental but will, in fact, go virtually unnoticed since the ability of currency to perform its primary function—to serve as a medium of exchange—will be unaffected.

Currency represents a small but extremely important part of the Nation's approximately \$150 billion money supply. Measured in dollar volume, most business transactions in the United States are settled by transferring ownership to demand deposit accounts at commercial banks. Nevertheless, despite the predominance of checkbook money, cash is widely used in making payment for small retail and service expenditures, for fulfilling certain legal contracts, and for meeting small payrolls.

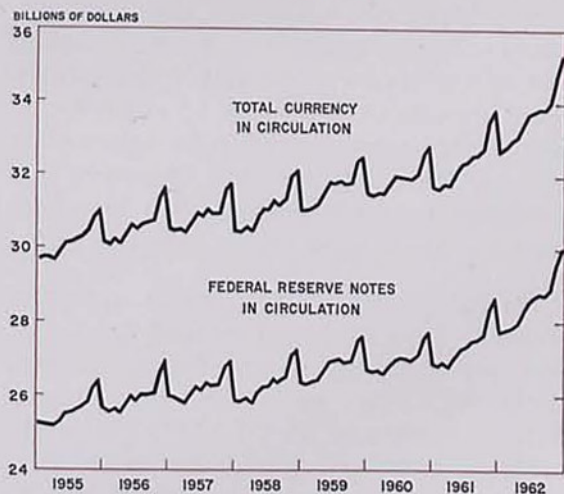
The amount of currency in the hands of the public changes from year to year, month to month, week to week, and even day to day. These fluctuations are a reflection of changes in the public's desire to hold more or less cash and may significantly influence the banking system and financial markets. The purpose of this article is to review a few of the factors that produce currency flows and to describe the mechanism by which the economy's currency needs are satisfied.

The currency stock of the United States is made up of paper money issued by the Treasury and the Federal Reserve banks. Presently, there are seven different types of currency in

circulation: gold certificates, silver certificates, United States notes, Federal Reserve bank notes, national bank notes, Treasury notes of 1890, and Federal Reserve notes. With the exception of Federal Reserve notes, all currency is classified as Treasury currency.

Silver certificates (so called because they are convertible into silver dollars) are mainly issued in \$1 and \$5 denominations and constitute the bulk of Treasury currency outstanding. Notes in \$5 and \$10 denominations are presently being retired under Executive order issued in November 1961. The retirement of \$1 certificates, as called for by the new legislation, will free approximately 1,300 million ounces of silver bullion needed to satisfy the Nation's coinage requirements, which have been increasing in recent years. It is estimated that several

***Federal Reserve notes constitute  
about 85 percent of total  
currency in circulation . . .***



SOURCE: Board of Governors, Federal Reserve System.



# U. S. PAPER CURRENCY IN CIRCULATION, BY DENOMINATION, APRIL 30, 1963

(In thousands of dollars)

Denomination	Gold certificates	Silver certificates	United States notes	Federal Reserve notes	Federal Reserve bank notes	National bank notes	Treasury notes of 1890	TOTAL
\$1	—	1,532,429	5,083	—	774	254	23	1,538,562
\$2	—	1,405	93,520	—	174	121	22	95,242
\$5	—	267,067	205,628	1,751,321	1,442	6,541	24	2,232,022
\$10	5,298	42,505	6,526	6,746,864	6,037	11,920	21	6,819,171
\$20	7,753	323	2,425	11,063,249	15,500	12,277	20	11,101,546
\$50	2,113	79	200	2,951,666	18,372	2,591	1	2,975,023
\$100	3,029	50	327	6,472,614	36,807	3,405	15	6,516,247
\$500	647	7	352	240,816	—	65	—	241,886
\$1,000	917	9	325	290,125	—	21	15	291,412
\$5,000	60	—	—	2,685	—	—	—	2,745
\$10,000	120	—	—	4,140	—	—	—	4,260
Fractional parts	—	—	—	—	—	(1)	—	(1)
TOTAL	19,936	1,843,874	314,385	29,523,480	79,105	37,194	142	31,818,117

<sup>1</sup> Less than \$500.

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

SOURCE: U. S. Treasury Department.

years will be required to effect the complete substitution of Federal Reserve notes for \$1 and \$2 bills. Testifying in support of the legislation, a Treasury official stated that only about \$105 million of the total \$1.8 billion of silver certificates in circulation will have to be redeemed yearly to obtain silver needed for coinage.

A number of the Nation's currency issues are relics of past monetary legislation and are being withdrawn from circulation. National bank notes, Federal Reserve bank notes, and Treasury notes of 1890 fall into this category. United States notes—or, as they are commonly called, greenbacks—are a permanent part of the Nation's monetary system. Additional amounts of these notes are not being issued, but old notes returned to the Treasury are reissued. There is also a small amount of gold certificates outstanding which either have been destroyed or are being held as collectors' items.

Federal Reserve notes, which constitute about 85 percent of total currency in circulation, are issued by the 12 Federal Reserve banks. These notes are liabilities of the issuing Reserve banks and must be fully backed by collateral consisting of gold certificates, Government securities, and commercial paper de-

fined as eligible for this purpose by the Federal Reserve Act. Gold certificates must form at least 25 percent of total collateral. Furthermore, Federal Reserve notes represent claims on the "full faith and credit" of the Government.

Currency in circulation is defined as currency outside Federal Reserve banks and the Treasury and includes cash in the vaults of commercial banks, as well as in the hands of the general public. Although currency is issued by Federal Reserve banks and the Treasury, the amount outstanding is responsive to the public's desire to hold cash. Consequently, the amount of cash in circulation varies continuously in response to the changing requirements for currency on the part of individuals, businesses, and banks.

The amount of currency in circulation is related to population trends and to the level and rate of change of business activity. During the past 8 years, the amount of currency in circulation advanced from \$29.2 billion to \$32.6 billion, reflecting an increase of about 12 percent. In the same period, the economy's output of goods and services rose from \$397.5 billion to \$553.9 billion, or about 40 percent. Consequently, currency in circulation as a pro-



portion of gross national product declined from about 7.3 percent to 5.9 percent. During this period, however, the velocity of circulation, or the rate at which currency changes hands, may have increased. The expansion in currency in circulation has exceeded the population advance. Measured on a per capita basis, currency in circulation increased from \$182.90 to \$187.91 between 1955 and 1962.

The amount of currency demanded by the public shows rather wide fluctuations of a seasonal nature. Normally, currency returns from circulation during the first 4 months of the year, principally in January. After April, the amount of currency in the hands of the public tends to increase and trends strongly upward in the last 5 months of the year.

The seasonal fluctuation of currency in circulation is closely related to the seasonal advance in economic activity which generally occurs during the last half of the year. As business activity increases, individuals and firms require more cash to settle an expanded volume of transactions. In addition, agricultural needs for cash expand during the second half of the year since farm laborers required during harvesting time are typically paid in cash. The return flow of currency is associated with a slackening in the tempo of business activity during the January-April period. Most of the decrease in the public's cash holdings during these months is recorded in January, as the "bulge" in circulation related to the Christmas holiday reaches Reserve banks early in the year.

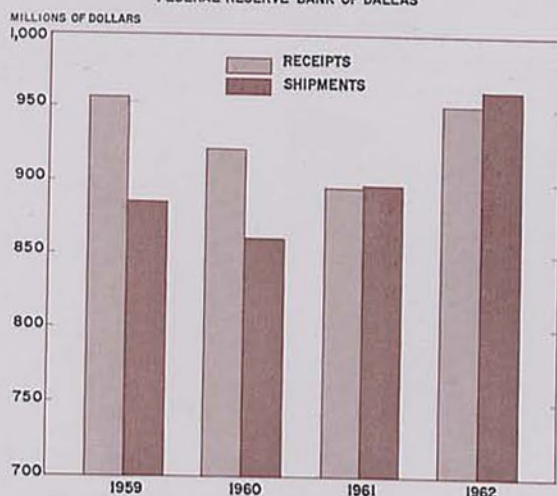
Superimposed on seasonal changes in the amount of currency in circulation are periodic sharp fluctuations associated with the major legal holidays. For example, a marked rise in currency in circulation occurs before Labor Day, Independence Day, Thanksgiving, and Christmas. A number of factors contribute to the increased needs for currency before a holiday. Individuals normally require more cash

for pocket money to cover travel expenses, expenditures for entertainment, and other purposes. In addition, certain holidays, notably Christmas, are preceded by gift shopping periods spanning several weeks. Also, some businesses, especially those catering to holiday traffic, require an additional amount of cash to transact an expanded volume of business and to meet enlarged payrolls.

Currency flows vary within a month, and rather large intraweekly fluctuations also are evident. Cash is usually drawn out of Federal Reserve banks during the last week of each month and during the first week or so of the following month. This outflow is largely attributable to the demands for cash to meet payrolls and pay bills. Toward the middle of the month, there tends to be a return flow. The magnitude of these money movements varies from month to month and may be obscured by special developments, such as the occurrence of a holiday at the end of the month. Currency flows within a week are difficult to isolate, but, as a rule, a net flow of money from Federal Reserve banks to commercial banks and the public occurs on Monday and Thursday. Payroll and weekend needs normally cause an out-

#### SHIPMENTS AND RECEIPTS OF COIN AND CURRENCY

FEDERAL RESERVE BANK OF DALLAS





flow on Thursday, and, on Monday, banks replenish their vault cash following the weekend drain. On other days, especially Tuesday, there is a net return flow of currency to Federal Reserve banks.

The public — individuals and business firms — satisfies its currency needs by obtaining additional cash from commercial banks, and all “unwanted” (or surplus) cash similarly is returned to the banks. Consequently, fluctuations in cash holdings of the public influence the level of demand deposits since individuals normally draw down their demand deposits to obtain additional currency. Conversely, when the need for additional currency passes, the unwanted cash is redeposited in demand deposit accounts.

Commercial banks that are members of the Federal Reserve System obtain the cash necessary to meet the public's demands for currency by drawing on their reserve accounts at their district Reserve banks. Nonmember banks obtain cash from correspondent banks, which, in turn, order the cash requested from a Federal Reserve bank. When a Reserve bank receives an order from a commercial bank for additional cash, the latter's reserve account is

reduced by the amount of the cash requested, and the currency is shipped to the commercial bank. Banks attempt to hold to a minimum vault cash needed to meet everyday transactions by depositing inflows of currency to their reserve accounts at Federal Reserve banks. However, since vault cash may now be counted in meeting reserve requirements, there has been a tendency for banks to increase their holdings of vault cash.

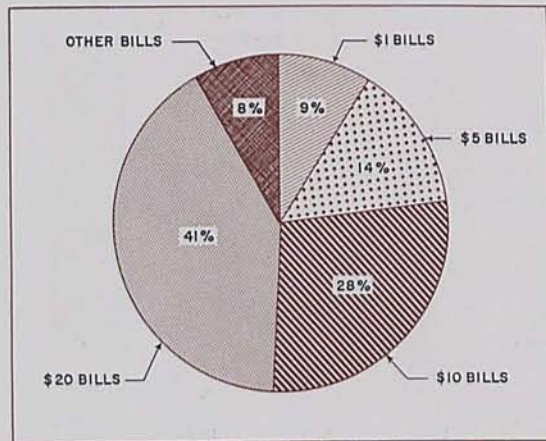
Movements of currency between Federal Reserve banks and commercial banks generally reflect changes in the public's desire to hold cash. To illustrate, from 1959 through 1962, the Federal Reserve Bank of Dallas received \$3,724 million in currency and coin from member banks and others while shipping \$3,607 million. Thus, currency returned to this Bank by southwestern banks exceeded currency shipped by about \$117 million during the 4 years.

Federal Reserve notes are authorized in denominations of \$1 to \$10,000. However, notes in \$1 and \$2 denominations have not been issued thus far, and notes in excess of \$100 have not been printed since 1945. Furthermore, notes in denominations of \$500 and up are not widely available to the public. During 1962, \$20 bills shipped from the Federal Reserve Bank of Dallas constituted about 41 percent of the dollar value of all currency shipped to member banks. Notes in \$10 and \$5 denominations represented 28 percent and 14 percent, respectively, and \$1 bills accounted for 9 percent. The remaining 8 percent was made up of \$2, \$50, and \$100 notes.

Currency flows between the Federal Reserve System and the public cause fluctuations in the reserve accounts of member banks and are, therefore, of genuine concern to the monetary authority. As the amount of currency in circulation increases, bank reserves decline; conversely, decreases in the amount of cash in the hands of the public result in increases in reserves. At times, the Federal Reserve System

#### MONEY SHIPMENTS, BY DENOMINATION, 1962

FEDERAL RESERVE BANK OF DALLAS





may find it desirable to offset the effects of currency flows on bank reserves. The System may purchase Government securities in the open market and thereby replace bank reserves absorbed by currency drains. Similarly, a currency inflow from the public may be offset by selling securities. The ability of the Federal

Reserve System to smooth out, through open market operations, wide fluctuations in bank reserves caused by variations in the public's desire to hold cash is an important factor in maintaining stability in the financial markets.

DON L. WOODLAND  
Financial Economist

**new  
member  
banks**

The Lewisville National Bank, Lewisville, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business June 7, 1963, as a member of the Federal Reserve System. The new member bank has capital of \$125,000, surplus of \$125,000, and undivided profits of \$53,125. The officers are: Martin C. Lovvorn, Chairman of the Board; S. M. Payne, President; T. J. Turner, Vice President; and E. P. Laningham, Vice President and Cashier.

The Bryan County National Bank, Caddo, Oklahoma, a conversion of The First State Bank of Caddo, Caddo, Oklahoma, located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business June 17, 1963, as a member of the Federal Reserve System. The new member bank has capital of \$50,000, surplus of \$45,000, and undivided profits of \$23,312. The officers are: Lee Roy Ammons, President; Mrs. Carolyn E. Watson, Vice President; H. F. Bass, Vice President; and Mrs. Margaret Mason, Cashier.

The Southwest National Bank of Fort Worth, Fort Worth, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business July 1, 1963, as a member of the Federal Reserve System. The new member bank has capital of \$280,000, surplus of \$280,000, and undivided profits of \$140,000. The officers are: E. L. Baker, Chairman of the Board; Hans Mueller, President; Norvell H. Fleming, Vice President; and Robert S. Parvin, Cashier.

The First Bank & Trust Company, Cedar Hill, 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, June 8, 1963. The officers are: Walter O. Jorgensen, Chairman of the Board; Ralph Jones, President; Lawrence Philliber, Vice President (Inactive); Roy Gillette, Vice President (Inactive); and Richard Cupples, Cashier.

**new  
par  
banks**

The Chemical Bank & Trust Company, Houston, Texas, a 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, June 27, 1963. The officers are: E. C. Scurlock, Chairman of the Board; James D. Girouard, President; W. E. Dyche, Jr., Vice President (Inactive); and G. L. Schroder, Cashier.

The City Bank & Trust Company, Dallas, 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, July 1, 1963. The officers are: Gus Bowman, President; Hubert Turner, Executive Vice President; Quincy Adams, Vice President; Thos. K. Vick, Vice President; Robert D. Young, Vice President; Thomas I. Fetzer, Vice President and Cashier; and Robert McCown, Assistant Cashier.



# ***eleventh district banking developments***

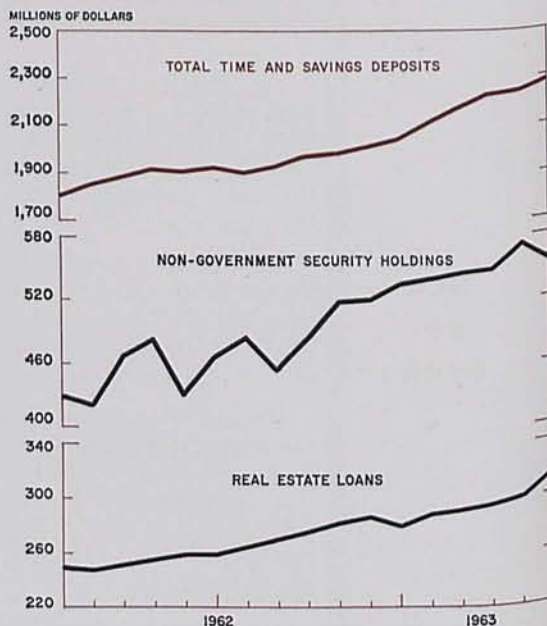
A continuation of the heavy inflow of time and savings deposits and the need to find suitable outlets for these funds highlighted banking developments in the Eleventh Federal Reserve District during the first 5½ months of 1963. Faced with a less than seasonal loan demand on the part of business, the District banks channeled large amounts of funds into real estate loans and non-Government securities. Recent improvement in economic activity and a reduction in reserve availability were reflected at the District banks by increased recourse to the Federal funds market and by some reluctance to extend maturities on investments. This article examines these developments principally by comparing the experiences of the District's weekly reporting member banks (composed of selected member banks in leading cities) in the December 26, 1962-June 12, 1963, period and the corresponding periods of recent years.

Through June 12 of this year, total time and savings deposits increased \$251.0 million to a level of \$2.3 billion. This expansion exceeds that recorded for a year earlier by \$31 million, reflecting greater strength in deposits of states and political subdivisions. The growth in time and savings deposits thus far in 1963 also exceeds the gains of most other recent years.

Time and savings deposits of individuals, partnerships, and corporations expanded at a slower rate this year than in the corresponding period of 1962. Savings accounts showed a noticeably smaller gain, while other time deposits of individuals, partnerships, and corporations rose somewhat more. The greater

strength in savings accounts last year principally reflected the favorable and speedy reaction of the public to the increases in interest rates paid on time and savings deposits following the change in regulation Q on January 1, 1962. Nevertheless, the gain in time and savings deposits of individuals, partnerships, and corporations in the first 5½ months of 1963 amounted to a substantial \$221 million, and the necessity to find suitable outlets for those funds has been a major consideration for the District banks.

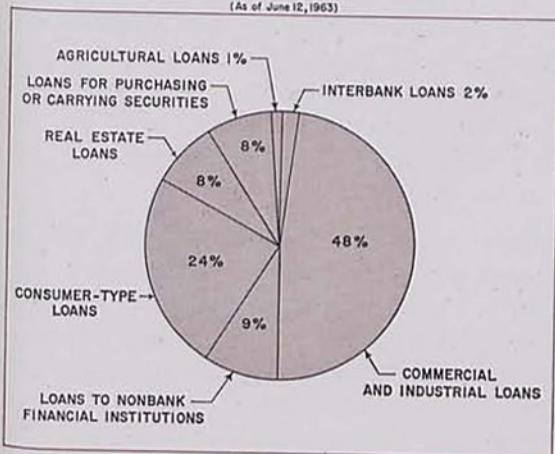
***Growth in non-Government securities and real estate loans at District's weekly reporting member banks has primarily reflected expanded time and savings deposits . . .***





# LOANS OF WEEKLY REPORTING MEMBER BANKS, BY TYPE

ELEVENTH FEDERAL RESERVE DISTRICT  
(As of June 12, 1963)



Total demand deposits fell \$251.0 million in the first 5½ months of 1963 to a level of \$4.7 billion. This is a considerably smaller reduction than that recorded for the corresponding period of 1962 and principally reflects the strength displayed by demand deposits of individuals, partnerships, and corporations. The decline in total demand deposits is, however, not far out of line with past experience.

Total bank credit (loans adjusted plus total investments) rose \$52.9 million between December 26, 1962, and June 12, 1963, reaching a level of \$5.7 billion. With loans and investments both expanding less than usual, the gain in total bank credit thus far this year is only about one-half that in the comparable period last year. Commercial and industrial loans were weaker than would be expected on the basis of seasonal factors, and investments in Government securities failed to show the strength usually apparent during this period.

Loans adjusted (gross loans exclusive of loans to domestic commercial banks and after deduction of valuation reserves) expanded \$35.4 million in the first 5½ months of 1963 and totaled \$3.6 billion on June 12. There were noteworthy gains in real estate loans and con-

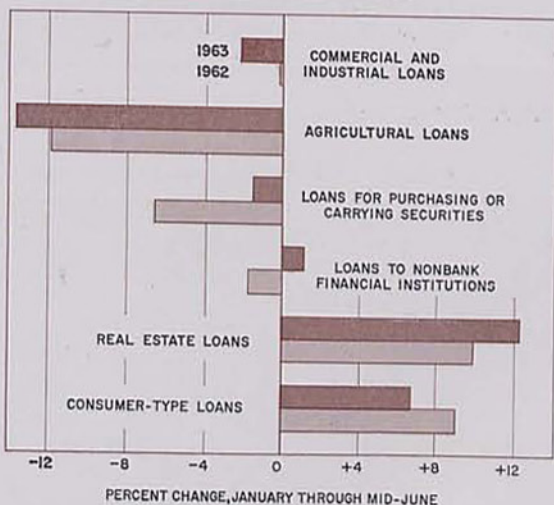
sumer-type loans, but commercial and industrial loans showed considerable weakness.

Prompted by a continuation of the heavy inflow of time and savings deposits and a sluggish business loan demand, the District banks increased their real estate loans substantially. The growth in real estate loans which has been evident in the past 2 years principally reflects extensions of new credits, with only a very minor portion accounted for by mortgage loans purchased from other lenders or investors. In all of 1961, real estate loans advanced \$21.1 million, and in 1962 they rose \$40.6 million; through the first 5½ months of 1963, these loans have already increased \$34.0 million.

Automobile registrations have reached record levels in the District this year, and consumer-type loans, reflecting an expansion in loans to purchase private passenger automobiles on an instalment basis, moved substantially higher at the District's weekly reporting member banks between December 26, 1962, and June 12, 1963. The remaining consumer loan categories showed considerable weakness, as was the case in the previous year. The District banks have actively sought to develop their

## LOAN CHANGES AT WEEKLY REPORTING MEMBER BANKS

ELEVENTH FEDERAL RESERVE DISTRICT





consumer loan activities, and these loans represent approximately 25 percent of all loans at the weekly reporting member banks.

During the first 5½ months of 1963, commercial and industrial loans, which account for approximately one-half of loans adjusted, declined over \$39.5 million. This reduction is more than seasonal, and the strength in commercial and industrial loans which often accompanies a period of economic expansion has failed to develop thus far in 1963. This situation partly reflects the generally favorable liquidity position of corporations, as well as the relatively more attractive interest rates available to those corporations able to borrow in the open market to meet their short-term needs.

Among the commercial and industrial loan categories, loans to mining firms in the 5½ months were particularly weak—in part, a reaction to the high levels reached by these loans in the latter part of 1962. Loans to construction firms failed to show the gain that might have been expected in view of the record levels of construction activity in the District, but this development may be partly explained by the heavy concentration of activity in public construction and by an apparent increase in

the amount of funds supplied for construction purposes by nonbank financial institutions. Loans to the “all other types of business, mainly services” category also showed considerable weakness. Loans to firms engaged in wholesale and retail trade, on the other hand, exhibited noteworthy strength, reflecting the high level of retail activity evident in the District this year.

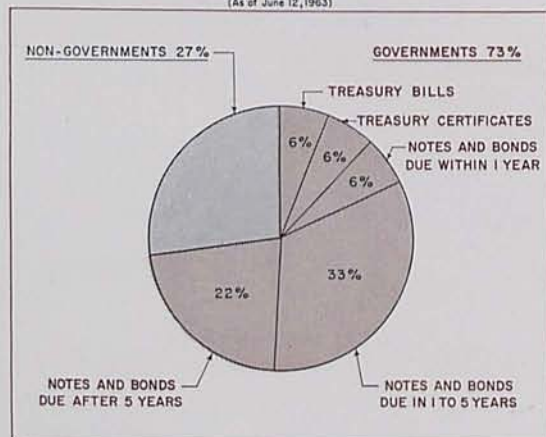
Total investments increased \$17.6 million through June 12, 1963, or considerably less than in the corresponding periods of the past 2 years. Investments in Government securities declined \$17 million, as gains in holdings of Treasury certificates and of notes and bonds due in 1 to 5 years were exceeded by reductions in Treasury bills and in notes and bonds maturing within 1 year and after 5 years. These shifts in the Government investment portfolio largely reflect the participation of the District banks in the various Treasury financing operations carried out this year. The \$4.0 million decline in holdings of Government bonds due after 5 years contrasts with gains of \$92.2 million and \$83.3 million in 1962 and 1961, respectively. The failure of longer-term holdings to expand may suggest some reluctance to extend maturities in response to the better performance of the economy in recent months.

Continuing a trend evident for some time now, holdings of non-Government securities advanced \$34.6 million in the first 5½ months of 1963, reaching a level of \$568.0 million on June 12, 1963. While this gain is less than that in 1962, it is considerably in excess of the increases in the comparable periods of most other recent years. The growth in non-Government security holdings at District banks this year can be largely attributed to the heavy inflow of time and savings deposits at a time when loan demand, especially on the part of businesses, was particularly weak.

With loan demand at a less than desirable level, the banks channeled large amounts of

#### INVESTMENTS OF WEEKLY REPORTING MEMBER BANKS, BY TYPE

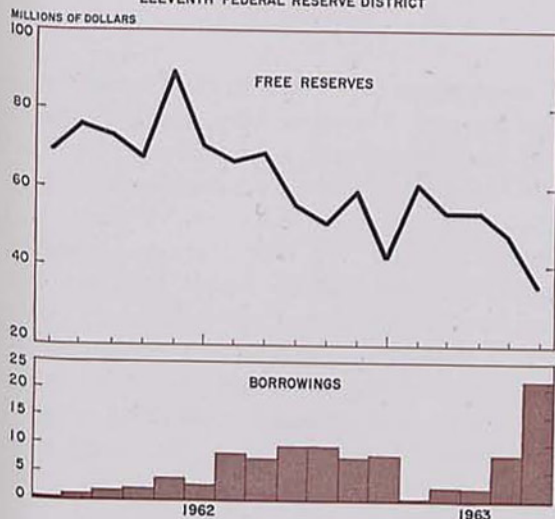
ELEVENTH FEDERAL RESERVE DISTRICT  
(As of June 12, 1963)





# MEMBER BANK RESERVES AND BORROWINGS

ELEVENTH FEDERAL RESERVE DISTRICT



funds into non-Government securities, especially municipals. By placing funds in municipals, which enjoy a substantial tax advantage, the banks hoped to cover the greater costs associated with the growth in time and savings deposits and the higher rates of interest being paid on those deposits. The extent to which funds were shifted into non-Government securities is revealed by the fact that the amount invested in such securities represented almost 27 percent of the banks' enlarged investment portfolio on June 12, 1963, compared with 23 percent a year earlier and 25 percent at the end of 1962.

In December 1962, monetary policy moved toward a position of slightly less ease, and this was reflected in the reserves of the District banks during the first 5 months of 1963. The move toward slightly less ease was evidenced

by a mild decline in the availability of reserves at all District member banks; moderate expansion in Federal funds purchases, accompanied by a fairly stable level of sales; and a slight increase in borrowings from the Federal Reserve Bank of Dallas. Free reserves of all member banks in the District averaged approximately \$25 million less in the first 5 months of 1963 than in the same period a year earlier.

Federal funds data supplied to the Federal Reserve Bank of Dallas by selected banks, which account for an estimated 90 percent of the Federal funds transactions in the District, reveal that purchases of Federal funds averaged \$515 million over the 5-month period ended May 1963, compared with an average of \$448 million in the same period of the previous year. Sales of Federal funds, on the other hand, averaged \$432 million in the 1963 period—little changed from a year earlier.

Average daily borrowings from the Federal Reserve Bank of Dallas were somewhat higher in the first 5 months of 1963 than in the comparable period of 1962, but the amount remained nominal. In response to the lessened reserve availability, the District banks apparently preferred to obtain funds via the Federal funds market (usually at the 3-percent ceiling rate) or by drawing down their excess reserves, rather than by borrowing from the Federal Reserve Bank. Despite the recent slight reduction in reserve availability, however, the District's weekly reporting member banks are in a strong position to meet whatever loan demands might reasonably be expected to develop in the near future.

WILLIAM N. GRIGGS  
Financial Economist



## ***district highlights***

The Texas industrial production index rose sharply during May to 118 percent of the 1957-59 base period. The 3-percent advance during the month is exceeded in recent years only by the October 1961 recovery following Hurricane Carla. Although the output of both durable and nondurable goods expanded during May, the most significant production increase occurred in the mining sector. Month-to-month gains of over 3 percent were registered in crude petroleum mining; metal, stone, and earth minerals; textile mill products; primary metal industries; fabricated metal products; and "other" durable and nondurable goods.

Compared with May 1962, industrial production in Texas was 4 percent higher, with 19 of the 21 industries which comprise the index showing increases. The largest year-to-year gain was made in durable goods, although nondurable goods and mining also rose. Gains of over 5 percent occurred in the output of building materials, metals, transportation equipment, apparel, leather, and chemicals.

Military prime contract awards issued in the five southwestern states during the first quarter of 1963 totaled \$463 million, reflecting an 8-percent increase over a year earlier. The five states accounted for 7 percent of the total amount allocated by state, compared with 6 percent in the first 3 months of 1962. Texas continued as the largest military supplier in the Southwest, with over half the total contracts, and ranked eighth among all states in the Nation, up from ninth a year ago. Between the first quarter of 1962 and the same period in 1963, military procurement in Arizona was stepped up \$77 million to a level of \$105 million; this State showed a much more rapid rate of increase than any other state in the Southwest and the second highest in the Nation.

Department store sales in the Eleventh Federal Reserve District in May, after adjustment for seasonal influences, maintained the level reached in April and were 2 percent above May 1962. The adjusted index for May was 110 percent of the 1957-59 average — identical with April and slightly higher than the 108 registered a year ago. Cumulative sales in the first 5 months of 1963 were 4 percent above the corresponding period last year. Sales in the first half of June showed signs of rising strength, increasing 13 percent over the comparable period of 1962.

New car registrations in four major Texas markets in May rose 6 percent over April and 13 percent over May 1962. In three of the individual markets, May registrations rose above those in April, showing gains of 4 percent for San Antonio, 14 percent for Fort Worth, and 18 percent for Dallas. May registrations in Houston declined 3 percent from the previous month. Compared with May 1962, registrations in the four markets showed moderate to substantial increases, ranging from 3 percent to 18 percent.

The first bale of the Nation's 1963 cotton crop was ginned in the Lower Rio Grande Valley of Texas on June 15. In contrast, farmers on the High Plains have been busy replanting cotton which was damaged by hail and heavy rains. This year's cotton crop has been beset by unusual conditions; the important producing areas in west Texas have experienced excessive rains and hail, while moisture supplies have been critically short in many areas of south Texas. Following a disappointing Texas crop in 1962, pecans are expected to be plentiful this fall. The 1963 outturn in the State is indicated to be around 240 million pounds, or about triple last year's output.



**STATISTICAL SUPPLEMENT**  
**to the**  
***BUSINESS REVIEW***

July 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	June 19, 1963	May 22, 1963	June 20, 1962
<b>ASSETS</b>			
Commercial and industrial loans.....	1,818,188	1,796,077	1,745,282
Agricultural loans.....	44,661	46,960	41,750
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities.....	274	289	16,277
Other securities.....	60,069	59,348	65,735
Other loans for purchasing or carrying:			
U. S. Government securities.....	2,194	2,108	2,442
Other securities.....	235,007	236,170	175,373
Loans to domestic commercial banks.....	38,385	92,665	74,321
Loans to foreign banks.....	2,580	2,548	133
Loans to other financial institutions:			
Sales finance, personal finance, etc.....	103,113	89,937	89,922
Savings banks, mtge. cos., ins. cos., etc.....	237,022	225,716	186,253
Real estate loans.....	312,424	311,515	259,965
All other loans.....	901,305	885,134	843,927
Gross loans.....	3,755,222	3,748,467	3,501,380
Less reserves and unallocated charge-offs..	69,319	68,909	61,611
Net loans.....	3,685,903	3,679,558	3,439,769
Treasury bills.....	126,787	133,024	110,399
Treasury certificates of indebtedness.....	125,154	128,091	58,999
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year.....	135,311	128,835	265,957
After 1 but within 5 years.....	712,664	708,279	654,731
After 5 years.....	462,765	488,968	445,063
Other securities.....	579,618	538,963	465,439
Total investments.....	2,142,299	2,126,160	2,000,588
Cash items in process of collection.....	671,082	632,706	576,469
Balances with banks in the United States.....	537,663	467,603	530,832
Balances with banks in foreign countries.....	5,282	4,803	2,558
Currency and coin.....	62,810	60,961	59,277
Reserves with Federal Reserve Bank.....	555,134	574,986	594,071
Other assets.....	224,339	224,710	200,423
<b>TOTAL ASSETS.....</b>	<b>7,884,512</b>	<b>7,771,487</b>	<b>7,403,987</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Demand deposits			
Individuals, partnerships, and corporations....	3,095,752	3,059,267	3,068,576
Foreign governments and official institutions, central banks, and international institutions..	3,497	2,869	3,045
U. S. Government.....	170,321	165,853	173,535
States and political subdivisions.....	257,772	309,435	231,569
Banks in the United States, including mutual savings banks.....	1,122,281	984,057	1,106,142
Banks in foreign countries.....	14,652	15,021	14,326
Certified and officers' checks, etc.....	71,238	52,211	54,708
Total demand deposits.....	4,735,513	4,588,713	4,651,901
Time and savings deposits			
Individuals, partnerships, and corporations			
Savings deposits.....	1,064,183	1,050,766	922,482
Other time deposits.....	896,108	902,984	697,377
Foreign governments and official institutions, central banks, and international institutions..	511	511	2,507
U. S. Government, including postal savings... States and political subdivisions.....	6,187	6,152	6,617
Banks in the United States, including mutual savings banks.....	311,138	304,056	271,113
Banks in foreign countries.....	13,460	8,333	6,567
Banks in foreign countries.....	2,350	2,350	2,350
Total time and savings deposits.....	2,293,937	2,275,152	1,909,013
Total deposits.....	7,029,450	6,863,865	6,560,914
Bills payable, rediscounts, etc.....	82,225	131,525	102,150
All other liabilities.....	106,223	107,695	107,356
Capital accounts.....	666,614	668,402	633,567
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....</b>	<b>7,884,512</b>	<b>7,771,487</b>	<b>7,403,987</b>

r — Revised.

## CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	June 19, 1963	May 22, 1963	June 20, 1962
Total gold certificate reserves.....	571,594	667,661	674,375
Discounts for member banks.....	25,455	17,098	2,180
Other discounts and advances.....	0	0	2,979
U. S. Government securities.....	1,274,740	1,179,867	1,187,956
Total earning assets.....	1,300,195	1,196,965	1,193,115
Member bank reserve deposits.....	912,928	929,498	989,888
Federal Reserve notes in actual circulation.....	914,245	892,672	846,126

# RESERVE POSITIONS OF MEMBER BANKS

## Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	5 weeks ended June 5, 1963	4 weeks ended May 1, 1963	5 weeks ended June 6, 1962
<b>RESERVE CITY BANKS</b>			
Total reserves held.....	583,766	587,050	592,786
With Federal Reserve Bank... Currency and coin.....	543,111 40,655	545,663 41,387	552,802 39,984
Required reserves.....	577,090	582,504	582,916
Excess reserves.....	6,676	4,546	9,870
Borrowings.....	6,327	2,804	29
Free reserves.....	349	1,742	9,841
<b>COUNTRY BANKS</b>			
Total reserves held.....	524,306	539,101	539,467
With Federal Reserve Bank... Currency and coin.....	412,410 111,896	424,354 114,747	435,411 104,056
Required reserves.....	484,032	493,425	476,856
Excess reserves.....	40,274	45,676	62,611
Borrowings.....	3,443	1,614	3,457
Free reserves.....	36,831	44,062	59,154
<b>ALL MEMBER BANKS</b>			
Total reserves held.....	1,108,072	1,126,151	1,132,253
With Federal Reserve Bank... Currency and coin.....	955,521 152,551	970,017 156,134	988,213 144,040
Required reserves.....	1,061,122	1,075,929	1,059,772
Excess reserves.....	46,950	50,222	72,481
Borrowings.....	9,770	4,418	3,486
Free reserves.....	37,180	45,804	68,995

# 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: May.....	7,643	3,743	3,900	2,736	1,382	1,354
1962: May.....	7,973	3,923	4,050	3,266	1,654	1,612
December..	8,496	4,180	4,316	3,497	1,718	1,779
1963: January... February... March..... April..... May.....	8,711 8,354 8,317 8,284 8,126	4,234 4,007 4,051 4,016 3,979	4,477 4,347 4,266 4,268 4,147	3,602 3,706 3,783 3,836 3,907	1,771 1,811 1,854 1,886 1,935	1,831 1,895 1,929 1,950 1,972

# CONDITION STATISTICS OF ALL MEMBER BANKS

## Eleventh Federal Reserve District

(In millions of dollars)

Item	May 29, 1963	Apr. 24, 1963	May 30, 1962
<b>ASSETS</b>			
Loans and discounts.....	6,192	6,195	5,649
U. S. Government obligations.....	2,839	2,894	2,798
Other securities.....	1,208	1,223	1,048
Reserves with Federal Reserve Bank.....	929	920	957
Cash in vault.....	173	177	161
Balances with banks in the United States... Balances with banks in foreign countries.....	1,012 6	1,067 6	1,076 3
Cash items in process of collection.....	615	686	486
Other assets.....	342	355	256
<b>TOTAL ASSETS.....</b>	<b>13,316</b>	<b>13,523</b>	<b>12,434</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Demand deposits of banks.....	1,173	1,222	1,175
Other demand deposits.....	6,846	7,041	6,684
Time deposits.....	3,926	3,844	3,251
Total deposits.....	11,945	12,107	11,110
Borrowings.....	73	125	98
Other liabilities.....	144	149	138
Total capital accounts.....	1,154	1,142	1,088
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....</b>	<b>13,316</b>	<b>13,523</b>	<b>12,434</b>

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 <sup>1</sup>			Demand deposits <sup>1</sup>			
	Percent change from			Annual rate of turnover			
	May 1963	April 1963	May 1962	May 31, 1963	May 1963	April 1963	May 1962
ARIZONA							
Tucson.....	\$ 373,063	-1	-7	\$ 163,393	27.5	28.0	29.8
LOUISIANA							
Monroe.....	101,873	4	6	50,059	22.9	20.8	21.7
Shreveport.....	344,326	1	1	174,731	23.2	23.2	23.0
NEW MEXICO							
Roswell.....	53,905	-7	-9	34,858	18.4	19.4	17.9
TEXAS							
Abilene.....	105,479	-4	-11	71,543	17.4	18.1	19.3
Amarillo.....	234,594	-8	-2	116,062	23.9	25.3	24.5
Austin.....	340,304	23	5	152,797	24.8	19.6	27.1
Beaumont.....	201,337	6	9	103,040	23.0	21.4	21.7
Corpus Christi.....	214,354	3	1	117,211	21.8	21.4	21.8
Corpus Christi.....	18,417	5	9	20,035	10.9	10.4	10.4
Dallas.....	3,709,311	3	4	1,261,460	34.8	33.6	33.1
El Paso.....	401,895	10	10	176,787	26.2	22.8	24.2
Fort Worth.....	848,238	2	0	408,365	24.7	24.5	26.3
Galveston.....	103,565	5	2	56,761	20.9	19.0	19.7
Houston.....	3,365,564	3	1	1,441,187	27.4	26.2	28.3
Laredo.....	39,378	6	11	24,429	18.6	17.4	16.7
Lubbock.....	219,924	1	8	119,452	21.4	20.3	19.9
Port Arthur.....	69,041	12	0	42,213	18.7	17.0	18.6
San Angelo.....	61,032	12	3	48,196	15.4	13.9	14.9
San Antonio.....	818,112	5	15	413,289	23.5	22.3	21.5
Texarkana <sup>2</sup> .....	29,304	-2	15	18,796	19.1	19.3	18.1
Tyler.....	109,348	5	9	67,007	19.6	18.4	19.2
Waco.....	125,185	2	6	69,405	21.5	20.8	20.3
Wichita Falls.....	128,251	2	6	100,460	15.2	15.1	15.1
Total—24 cities.....	\$12,015,800	3	3	\$5,251,536	26.9	25.8	26.8

<sup>1</sup> Deposits of individuals, partnerships, and corporations and of states and political subdivisions.

<sup>2</sup> These figures include only two banks in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including one bank located in the Eighth District, amounted to \$65,273,000 for the month of May 1963.

## DEPARTMENT STORE SALES

(Percentage change in retail value)

Area	May 1963 from		5 months, 1963 from 1962
	April 1963	May 1962	
Total Eleventh District.....	1	2	4
Corpus Christi.....	1	6	2
Dallas.....	3	1	3
El Paso.....	0	-9	-1
Houston.....	-4	4	5
San Antonio.....	4	3	7
Shreveport, La.....	5	3	6
Waco.....	5	1	4
Other cities.....	3	1	5

## 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: May.....	103r	108	111r	114
December.....	193	111	103	111
1963: January.....	83	107	99	113
February.....	80	109	106	113
March.....	98	113	114	113
April.....	108	110	117	114
May.....	106	110	116p	119p

r — Revised.  
p — Preliminary.

## INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	May 1963p	April 1963	March 1963	May 1962
TEXAS				
Total industrial production.....	118	115	114r	113
Manufacturing.....	131	130	129	124
Durable.....	125	124	122	118
Non-durable.....	135	134	134	129
Mining.....	102	96	94r	100
UNITED STATES				
Total industrial production.....	124	123	121	118
Manufacturing.....	125	123	122r	119
Durable.....	125	123	122r	118
Non-durable.....	124	123	122	120
Mining.....	108	107	105	105
Utilities.....	137	137	136r	130

p — Preliminary.

r — Revised.

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

## NONAGRICULTURAL EMPLOYMENT

Five Southwestern States<sup>1</sup>

Type of employment	Number of persons			Percent change May 1963 from	
	May 1963p	April 1963	May 1962r	April 1963	May 1962
Total nonagricultural					
wage and salary workers..	4,728,600	4,713,700	4,625,400	0.3	2.2
Manufacturing.....	815,800	811,000	800,300	.6	1.9
Nonmanufacturing.....	3,912,800	3,902,700	3,825,100	.3	2.3
Mining.....	238,600	238,600	242,500	.0	-1.6
Construction.....	327,900	320,100	313,600	2.4	4.6
Transportation and public utilities.....	390,100	391,500	385,400	-4	1.2
Trade.....	1,123,700	1,124,900	1,111,200	-1	1.1
Finance.....	237,400	237,000	228,800	.2	3.8
Service.....	665,400	660,500	644,600	.7	3.2
Government.....	929,700	930,100	899,000	.0	3.4

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

p — Preliminary.

r — Revised.

SOURCE: State employment agencies.

## BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	NUMBER				Percent change		
	May 1963	5 mos. 1963	May 1963	5 mos. 1963	May 1963 from	5 months, 1963 from	1962
ARIZONA							
Tucson.....	801	3,632	\$ 4,428	\$ 14,402	44	71	-6
LOUISIANA							
Shreveport....	355	1,370	5,586	13,705	163	48	49
TEXAS							
Abilene.....	113	576	1,178	7,652	-41	-45	-27
Amarillo.....	278	1,416	4,427	19,579	14	63	20
Austin.....	355	1,784	5,422	37,971	-7	-26	22
Beaumont.....	312	1,343	1,565	6,476	-22	-25	-19
Corpus Christi..	344	1,590	1,909	10,479	-14	12	30
Dallas.....	2,553	11,364	25,565	116,625	15	41	39
El Paso.....	495	2,154	4,459	16,949	12	-1	-18
Fort Worth.....	709	3,009	3,838	20,420	-21	20	-11
Galveston.....	205	789	2,306	4,904	337	86	-56
Houston.....	2,162	9,970	31,494	156,878	7	-9	4
Lubbock.....	203	985	2,371	22,060	-33	-41	22
Midland.....	113	536	1,203	6,838	14	-31	-6
Odessa.....	84	383	658	3,467	54	5	-10
Port Arthur.....	143	636	375	2,143	-35	-5	-2
San Antonio.....	1,291	5,867	5,384	24,809	50	-6	-7
Waco.....	263	1,178	1,610	8,764	23	8	10
Wichita Falls..	109	563	813	6,537	34	-53	6
Total—19 cities..	10,888	49,145	\$104,591	\$500,658	12	5	9



# VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	May 1963p	April 1963	May 1962	January—May	
				1963p	1962
<b>FIVE SOUTHWESTERN STATES<sup>1</sup></b>					
Residential building.....	454	375	385	1,972	1,800
Nonresidential building.....	203	194	173	888	799
Public works and utilities....	108	91	134	551	562
	142	89	78	532	439
<b>UNITED STATES</b> .....	4,851	3,983	4,009	18,015	17,180
Residential building.....	2,061	1,986	1,819	8,132	7,524
Nonresidential building.....	1,452	1,210	1,275	5,788	5,420
Public works and utilities....	1,337	787	915	4,095	4,236

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

p — Preliminary.

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

SOURCE: F. W. Dodge Corporation.

# DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	May 1963p	April 1963p	May 1962	Percent change from	
				April 1963	May 1962
<b>ELEVENTH DISTRICT</b> .....	3,019.0	2,991.5	2,934.2	0.9	2.9
Texas.....	2,600.9	2,577.5	2,536.5	.9	2.5
Gulf Coast.....	503.4	485.0	464.7	3.8	8.3
West Texas.....	1,167.9	1,155.8	1,149.4	1.0	1.6
East Texas (proper).....	110.0	111.0	126.9	—9	—13.3
Panhandle.....	103.4	102.1	104.3	1.3	—9
Rest of State.....	716.2	723.6	691.2	—1.0	3.6
Southeastern New Mexico..	278.2	275.7	265.8	.9	4.7
Northern Louisiana.....	139.9	138.3	131.9	1.2	6.1
<b>OUTSIDE ELEVENTH DISTRICT</b> .....	4,464.5	4,482.6	4,258.3	—4	4.8
<b>UNITED STATES</b> .....	7,483.5	7,474.1	7,192.5	.1	4.0

p — Preliminary.

SOURCES: American Petroleum Institute.

U. S. Bureau of Mines.

Federal Reserve Bank of Dallas.

# WINTER WHEAT

ACREAGE  
(In thousands of acres)

Area	For harvest		Harvested		PRODUCTION (In thousands of bushels)	
	Crop of 1963	Crop of 1962	Crops of 1957-61	Crop of 1963 <sup>1</sup>	Crop of 1962	Crops of 1957-61
Arizona.....	26	24	65	1,118	1,008	2,406
Louisiana.....	44	40	46	1,056	720	866
New Mexico.....	200	210	212	3,400	4,200	4,462
Oklahoma.....	3,408	3,787	4,339	74,976	71,953	96,233
Texas.....	2,540	2,731	3,210	40,640	43,696	64,329
<b>Total</b> .....	6,218	6,792	7,872	121,190	121,577	168,296

<sup>1</sup> Indicated June 1.

SOURCE: U. S. Department of Agriculture.

# NATIONAL PETROLEUM ACTIVITY INDICATORS

(Seasonally adjusted indexes, 1957-59 = 100)

Indicator	May 1963p	April 1963p	May 1962
<b>CRUDE OIL RUNS TO REFINERY</b>			
STILLS (Daily average).....	109	110	107
<b>DEMAND (Daily average)</b>			
Gasoline.....	107	108	109
Kerosene.....	209	156	175
Distillate fuel oil.....	115	104	118
Residual fuel oil.....	92	92	97
Four refined products.....	110	106	109
<b>STOCKS (End of month)</b>			
Gasoline.....	104	105	102
Kerosene.....	120	126	116
Distillate fuel oil.....	107	107	109
Residual fuel oil.....	90	90	81
Four refined products.....	104	105	102

p — Preliminary.

SOURCES: American Petroleum Institute.

U. S. Bureau of Mines.

Federal Reserve Bank of Dallas.