

# ***business review***



*february 1964*

**FEDERAL RESERVE  
BANK OF DALLAS**

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# *the president's economic report*

The President of the United States submitted his Economic Report to Congress in January outlining programs he believes to be essential for moving the Nation's economy toward the realization of its full potential for creating material and social well-being for all Americans. According to the President, America's economic challenge is to achieve a rapid rate of economic growth so that every American who is willing and able to work can find employment, to provide equal opportunity for self-advancement for every citizen without regard to race or economic status at birth, and to attain these goals in the framework of stable prices and balanced international payments.

President Johnson notes that the Nation's economy in the last 3 years has experienced an exceptionally long period of unfaltering expansion, partly because of governmental policies designed to promote recovery from the recessionary low reached early in 1961 and to accelerate expansion in 1962. During the latter year, larger Federal purchases of goods and services, new tax incentives to encourage investment, and relatively easy credit bolstered the economic advance. Business and labor also have made significant contributions. Business has avoided excessive inventory accumulation and generally held a tight rein on prices, and the constructive attitude of labor has been helpful in stabilizing unit labor costs and improving the Nation's international competitive position.

The American economy passed a number of important milestones in 1963. Output of final goods and services crossed the \$600 billion mark (annual-rate basis) in the fourth quarter. Total civilian employment reached 70 million,

and personal income averaged \$2,500 per capita by the end of the year.

Despite the high level of economic activity attained last year, the Report points out that the Nation's economy operated an estimated \$30 billion below its capability, as evidenced by an unemployment rate of 5.5 percent of the labor force and an average operating rate in manufacturing establishments of only 87 percent of capacity. In addition, almost 20 percent of the population remained in a state of poverty, largely untouched by the benefits of recent economic achievements. This gap between actual and potential economic accomplishments can be closed, President Johnson believes, by instituting programs which will accelerate the pace of economic growth while maintaining reasonable price stability.

To accelerate the pace of economic expansion, Congress has been urged to enact the pending tax reduction bill at an early date and in a strengthened form, with the withholding rate lowered to 14 percent instead of the 15 percent originally proposed. If the tax cut is approved promptly, it is estimated that the value of gross national product would increase from \$585 billion in 1963 to a 1964 level of \$618 billion to \$628 billion, a range centering on \$623 billion. Rising outlays by consumers are expected to set the pace of expansion. Added impetus to faster growth is expected to come from greater business investment stimulated by higher profits.

Thus, the President's fiscal program for 1964-65 emphasizes a shift from larger Federal expenditures toward growing consumer demand and business investment in order to boost eco-



economic growth. It is anticipated that the faster rate of economic expansion will lower the level of unemployment significantly and increase profits further. The tax cut will benefit the Nation's balance-of-payments position by (1) reducing costs and making American products more competitive abroad and (2) raising rates of return on domestic investment, which would aid in retaining and attracting capital funds.

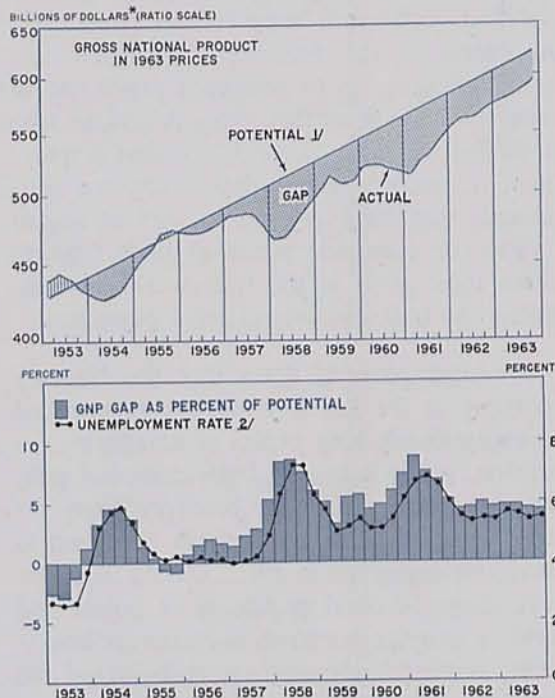
A renewal of the price-wage spiral in the coming year is not anticipated, despite the rising level of employment and the higher rate of plant and equipment utilization that would be generated by the early passage of the tax reduction legislation. Since the tax cut will directly reduce the costs of business firms and increase the take-home pay of workers, it is felt that neither price nor wage increases of inflationary magnitude are justified. President Johnson states that he will pay close attention to price and wage developments and will "... draw public attention to major actions by either business or labor that flout the public interest in non-inflationary price and wage standards." Also, he proposes to act, through antitrust policy, to oppose illegal price-fixing or other practices which would undermine competition.

The President reminds Congress that his Administration is committed to an "unconditional war on poverty in America." While a rapidly expanding economy with a rising level of employment furnishes a necessary framework for attacking poverty successfully, special measures are needed which are directed specifically at the basic causes of low income.

It is pointed out that no single program would be appropriate to defeat an enemy possessing such varied and localized characteristics. The kind of help that would raise one family into the ranks of the decently accommodated might prove insufficient for another family or, for that matter, another city or region. As the President adds, "... we urgently need to bring together the many existing pro-

grams — Federal, State, local, and private — and focus them more effectively in a frontal assault on the sources of poverty." He suggests a two-pronged attack designed, on the one hand, to help the poor to help themselves toward a better life and, on the other hand, to provide every American a decent standard of living "... regardless of economic reverses or the vicissitudes of human life and health."

#### GROSS NATIONAL PRODUCT, ACTUAL AND POTENTIAL, AND UNEMPLOYMENT RATE



\* Seasonally adjusted annual rates.  
 1/  $1\frac{1}{3}\%$  trend line through middle of 1955.  
 2/ Unemployment as percent of civilian labor force, seasonally adjusted.  
 SOURCE: *Economic Report of the President*, January 1964.

President Johnson considers the more basic approach to be the one that encourages the self-development of individual capabilities. It is necessary to educate the children of the poor better so that they might break out of the vicious cycle of poverty. Since they are more subject to illness and disability, the underprivileged should have greater access to conditions which contribute to good health, such



as adequate nutrition. Chronically depressed areas require Federal assistance to bolster community action directed toward economic rehabilitation, which would put to constructive use underutilized resources — human and material. Since the price of discrimination is often poverty, emphasis is placed upon the importance of equal opportunities for all Americans, whites and nonwhites alike.

The second prong of the assault on poverty requires that individuals and their dependents be protected from the consequences of income losses which occur "...because of age, disability, unemployment, or other family circumstances." It is suggested that the eligibility requirements under current programs of insurance and assistance at the various levels of government should be adjusted so that the poor or disabled can be protected more adequately. Congress is requested to strengthen the unemployment insurance program by broadening its coverage and raising its benefits. To help the aged, whose medical expenses tend to rise at the very time their incomes fall, the enactment of a hospital insurance program under social security is urged.

The President outlines in his Report a number of other policies structured to support balanced growth without inflation and directed at particular economic problems, such as the persistent balance-of-payments deficit. To lessen the deficit, recommendations include the continuation of the program (initiated last July) which requires the enactment of an interest equalization tax, the attainment of further economies in Government programs that provide claims against the dollar to foreigners, and the promotion of American exports.

It is noted that the strong advance in economic activity expected after a tax cut need not necessarily call for firmer monetary measures. Monetary policy must remain flexible so that it can be shifted readily, if necessary, from support of an expansionary fiscal policy to defense

of the dollar either at home, because of threatened inflationary pressures, or abroad, because of a worsened balance-of-payments situation.

Relevant to the balance-of-payments problem are the comments concerning international trade expansion and economic assistance to underdeveloped countries. The President believes that a lowering of tariff barriers between the trading nations will contribute to "...a more prosperous America in a more prosperous world." Industry and agriculture in the United States are sufficiently viable to adapt to the changing patterns of international trade and to compete effectively in world markets.

The developing nations will benefit from liberalized trade because they will be in a better position to expand their exports to pay for imports of capital equipment and other items needed for their development. The President suggests, however, that many of the poorer nations will need help for some time to come and that it is necessary for the United States to maintain a strong assistance program, one which is rigorously administered and sharply focused to give maximum results for the effort expended.

Turning to other problems of domestic origin, President Johnson calls the attention of Congress to the continued overproduction of a number of major agricultural products and stresses the need for improved commodity legislation. He also requests passage of bills, pending before Congress, concerning national transportation policy and aid to cities for improving mass transit facilities and urges the renewal of the housing and urban improvement legislation which is due to expire in 1964.

A number of policies are offered to lessen the burden of change and adjustment on working people that often arises in a dynamic economy. The President proposes that a commission be established to discover how best to obtain the benefits of automation without incurring



unwarranted human costs. Workers displaced in the process of technological development must be retrained and helped to find useful employment, while the youth of the Nation should be provided with the skills most needed in a rapidly growing economy.

Congress is asked to extend the coverage of unemployment insurance and the Fair Labor Standards Act. Also, to encourage industry to hire more workers, rather than rely unduly upon overtime work, the President indicates that he will ask for legislation which would authorize the setting of higher overtime penalty

rates in those industries in which the increased rates would raise employment without advancing costs appreciably.

According to the President, the economic goals which America seeks are attainable with policies which are known and readily available, and these policies should be used. Although the primary impetus to economic advancement will come from "private ingenuity, initiative, and industry," it is the responsibility of government to support and encourage the development of the Nation's economy in a way that will serve the interests of all Americans.

## ***the federal budget for fiscal 1965***

With the presentation of the Budget Message to Congress on January 21, President Johnson provided the basic framework of his economic program for the Nation during the fiscal year ending June 30, 1965. Highlighting the President's budget are a \$500 million decline in anticipated expenditures and the reduction of the administrative budget deficit to less than one-half the 1964 level. The budgeted decline in Federal spending—the second decrease in 9 years—primarily reflects cuts in outlays for national defense and agricultural programs, while the significant shrinkage of the budget deficit for 1965 stems largely from anticipated increases in Federal revenues generated as the economy moves to higher levels under the stimulus of the proposed tax cut.

In his Budget Message, the President states that the 1965 budget "will advance our Nation

toward greater national security, a stronger economy, and realization of the American dream of individual security and equal opportunity for all of our people." Furthermore, the budget represents "a giant step toward the achievement of a balanced budget in a full-employment, full-prosperity economy."

Expenditures of the Federal Government, as provided in the administrative budget, are estimated by the President at \$97.9 billion in fiscal year 1965, compared with \$98.4 billion in 1964. (The administrative budget, which is traditionally used to calculate budget totals, covers receipts and expenditures of the Federal Government from the general fund, special funds, public enterprise funds, and intragovernmental revolving and management funds. Trust funds are excluded.) The amount budgeted for 1965 is \$900 million less than the 1964 budget request.

Spending for national defense, which accounts for over one-half of budgeted outlays, is to be reduced by \$1.3 billion to \$54.0 billion in fiscal 1965, mainly through cutting the military budget of the Department of Defense, by reducing spending for atomic energy activities, and by pruning expenditures for defense-related activities. Reductions in the budget of the Defense Department are centered in the areas of procurement (primarily because of a diminished need to stockpile supplies and equipment), research and development, and military assistance. The President gives his assurances that the Nation's military preparedness will not be lessened by the budget cuts but, through improved management, our present and planned military capabilities will be improved.

Federal spending under agricultural programs is budgeted at \$4.9 billion for fiscal 1965, or \$1.2 billion below the 1964 level. This reduction largely reflects declines in an-

ticipated expenditures for farm price-support and Food for Peace programs financed by the Commodity Credit Corporation, the rural housing loan program of the Farmers Home Administration, and the meat, poultry, and grain inspection programs. The decline in expenditures for farm income stabilization and Food for Peace, which account for almost 75 percent of the cost of the agricultural program, results mainly from estimated lower unit costs of farm commodities, primarily wheat, shipped under the Food for Peace program and anticipated savings from proposed legislation dealing with cotton and dairy products.

The Administration's economy drive also results in reduced budgets for several other governmental functions. Cuts are to be made in the budgeted expenditures for (1) international affairs and finance, in anticipation of increased sales by the Export-Import Bank of certificates of participation; (2) commerce and transportation, resulting from proposed reduc-

## SUMMARY OF FEDERAL RECEIPTS AND PAYMENTS

(Fiscal years. In billions)

Description	1963 actual	1964 estimate	1965 estimate
<b>FEDERAL RECEIPTS</b>			
Administrative budget receipts.....	\$ 86.4	\$ 88.4	\$ 93.0
Trust fund receipts.....	27.7	30.2	30.9
Deduct: Intragovernmental transactions.....	4.3	4.2	4.1
Total cash receipts from the public.....	109.7	114.4	119.7
Add: Adjustment from cash to accrual basis.....	0.6	-0.1	-0.2
Deduct: Receipts from loans, property sales, and other adjustments.....	1.0	0.7	0.7
National income account receipts—Federal sector.....	109.3	113.6	118.8
<b>FEDERAL PAYMENTS</b>			
Administrative budget expenditures.....	92.6	98.4	97.9
Trust fund expenditures (including Government-sponsored enterprises).....	26.5	29.3	29.4
Deduct: Intragovernmental transactions and other adjustments.....	5.4	5.0	4.6
Total cash payments to the public.....	113.8	122.7	122.7
Add: Adjustment from cash to accrual basis.....	0.6	0.1	1.1
Deduct: Disbursements for loans, land purchases, and other adjustments.....	1.8	3.7	2.3
National income account expenditures—Federal sector.....	112.6	119.1	121.5
<b>EXCESS OF RECEIPTS (+) OR PAYMENTS (-)</b>			
Administrative budget.....	-6.3	-10.0	-4.9
Receipts from and payments to the public.....	-4.0	-8.3	-2.9
National income accounts—Federal sector.....	-3.3	-5.5	-2.8

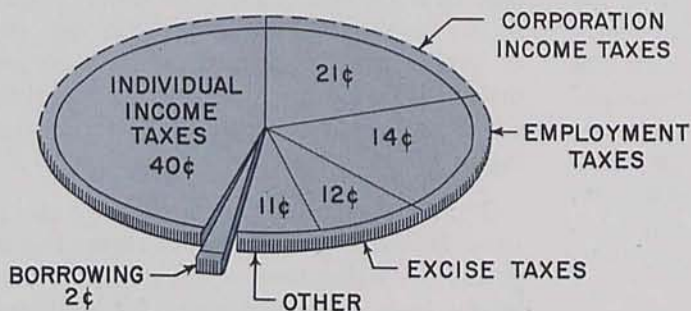
SOURCE: *The Budget of the United States Government, 1965.*



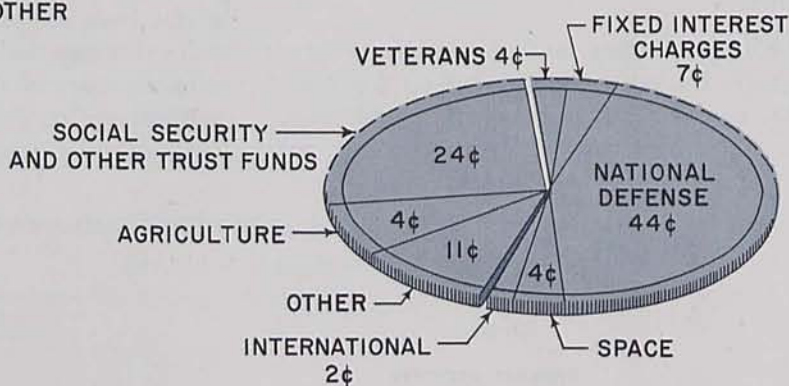
## THE GOVERNMENT DOLLAR

Fiscal Year 1965 Estimate

### WHERE IT COMES FROM...



### WHERE IT GOES...



SOURCE: The Budget of the United States Government, 1965.

tions in outlays for the temporary public works acceleration program, begun in fiscal 1963, and for other programs; and (3) veterans' payments, mainly because of the continuing sales of mortgages held by the Veterans Administration and the proposed sale of participation certificates in VA-guaranteed housing loans.

Partially offsetting these declines in budgeted expenditures are increases in anticipated outlays for education, interest expenses, the space programs, and health, labor, and wel-

fare. The expected increase in fiscal 1965 in interest costs, which account for approximately 7 percent of Federal expenditures, principally reflects a larger public debt.

Total cash payments to the public for health, labor, and welfare — largely from trust funds — are expected to advance \$1.3 billion in fiscal 1965 to a total of \$28.6 billion, with most of this rise reflecting the built-in growth of trust fund programs. Outlays under social security, railroad retirement, and retirement programs for Federal civilian employees are placed at



over \$20 billion, or \$982 million above the estimated 1964 total.

Administrative budget expenditures are expected to advance slightly because of increases in spending for manpower development and training, improved youth employment opportunities, and medical education. The "attack on poverty program," a plan outlined by the President in his State of the Union Message, is allocated \$250 million in the 1965 budget. New obligational authority of \$500 million is requested to carry out this program. The President estimates that over \$1 billion in Federal funds will be spent in fiscal 1965 in a coordinated attack on poverty.

Outlays for space programs are planned to advance to a total of \$5 billion. Most of the budgeted increase is for manned space flight, which accounts for over two-thirds of the space budget. Expenditures for unmanned investigation in space and the development of satellite technology for communications, mete-

orological, and other applications are also slated to increase.

The expected increase in educational outlays partially reflects advances in expenditures under proposed legislation; spending for established programs, principally assistance for elementary and secondary education, is also expected to expand. Among the major legislative proposals which will affect Federal spending in fiscal 1965 are those relating to grants for teachers' salary increases and for classroom construction, a program to train new teachers, and the expansion of the National Defense Education Act fellowship program.

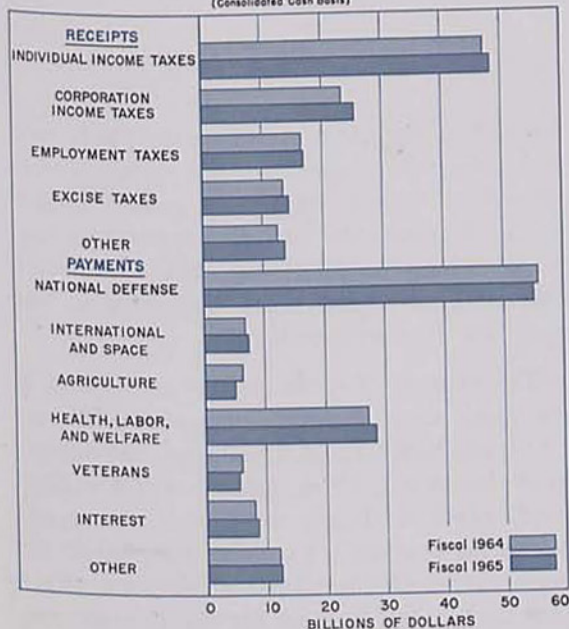
The 1965 budget was prepared under the assumption that the stimuli resulting from a tax cut would be felt early in 1964. Although the tax cut proposal involves a potential loss of \$8 billion in Government revenue in fiscal 1965 (on the basis of calendar 1963 income levels), it is estimated that income tax collections from individuals and corporations would be \$3.1 billion greater in fiscal 1965 than in 1964, mainly because of the expected continuing advance in economic activity.

Individual income taxes are expected to decline slightly in fiscal 1964 and, as the economy advances to higher levels, to increase \$1.0 billion in 1965 to reach \$48.5 billion; it is anticipated that corporation income taxes will expand in 1964 and 1965 to a total of \$25.8 billion. Assuming that Congress extends several current excise tax rates which are scheduled to decline or expire on July 1, 1964, receipts from this source and other taxes will increase in fiscal 1965 to an anticipated level of \$18.7 billion.

Approximately 12 percent, or \$12.4 billion, of the funds required to finance administrative budget outlays do not require current congressional action. However, the President has requested authorization by Congress of funds totaling \$91.4 billion. Thus, the proposed new obligational authority for administrative budget

# RECEIPTS FROM AND PAYMENTS TO THE PUBLIC

(Consolidated Cash Basis)



SOURCE: The Budget of the United States Government, 1965.



funds is set at \$103.8 billion for fiscal 1965, or \$1.2 billion more than in 1964. The major increases are for the Department of Health, Education, and Welfare, largely because of new health and education proposals; for the Department of Labor as a result of the manpower training program and proposed youth employment legislation; and for special requests for programs designed to alleviate poverty.

If budgeted receipts and payments are realized, an administrative budget deficit of \$4.9 billion is expected in fiscal 1965, compared with \$10.0 billion in the prior year. With estimated cash receipts from the public in 1965 (administrative budget receipts plus trust fund receipts) totaling \$119.7 billion and cash payments aggregating \$122.7 billion, it is anticipated that there will be a cash deficit of \$2.9 billion, compared with \$8.3 billion in 1964.

## ***district highlights***

Rapidly changing weather patterns dominated the agricultural situation in the Eleventh District during mid-January and brought near-zero temperatures to northwestern Texas, heavy snow over the northeastern quarter of the State, and rain in southeast Texas and in Louisiana. Late in the month, beneficial rains fell over a large section of Oklahoma, Louisiana, and Texas, but most far western sections of the District remain critically dry. Further, the below-normal snowpack in northern New Mexico and southern Colorado provides a bleak outlook for irrigation water for the 1964 crop season in New Mexico and Texas.

Below-freezing temperatures in the Lower Rio Grande Valley of Texas at mid-January

The public debt is expected to expand \$5.2 billion in 1965 to \$317.0 billion. Under present law, the temporary debt limitation of \$315 billion will continue in effect through June 29, 1964. The debt limit falls to \$309 billion on June 30, 1964, and then declines to the permanent limit of \$285 billion. Consequently, a change in the debt limit will be necessary before June 30, 1964, to enable the Federal Government to meet the projected financial needs.

The President's economic program, a major part of which is the budget, provides a significant departure from the trend of recent years. While Federal spending is slated to continue increasing, relatively greater reliance is to be placed on the private sector of the economy to achieve the public policy goals of a rising standard of living, full employment, and reasonably stable prices.

resulted in only minor damage to hardy-type vegetables, and injury to citrus trees was mainly limited to tipburn on tender growth. Widespread supplemental feeding of livestock has continued in the Southwest, but unprotected animals experienced heavy shrinkage in the cold, wet January weather.

The number of cattle and calves on feed in the major cattle-feeding states of the District (Arizona, New Mexico, Oklahoma, and Texas) as of January 1, 1964, totaled over 1 million head, which is slightly more than a year ago and is up seasonally from the 808,000 at the beginning of October 1963. Compared with a year earlier, the increase for the District contrasts with a 1-percent decrease for the Nation.



Of the 203 Texas cattle feedlots with 1,000 or more capacity, there were only 166 that actually had cattle on feed on January 1. The total capacity of the 203 feedlots, when filled, is reported to be 704,900 head.

The number of sheep and lambs on feed in the principal lamb-feeding states of the District (Arizona, New Mexico, Oklahoma, and Texas) as of January 1, 1964, is placed at 315,000, or 15 percent below a year ago. The number on wheat pastures in the Texas Panhandle was less than one-half the year-earlier figure. The prospects for livestock growers remain unfavorable, as range conditions throughout most of the District are poorer than at the same time last year.

The seasonally adjusted index of District department store sales in December rose sharply to 121 percent of the 1957-59 average from 109 in November and 112 in December 1962. For the year 1963, department store sales were 4 percent above the previous year, with all major District cities showing gains. Sales in the 4 weeks ended January 25, 1964, continued above a year ago and were 10 percent more than in the corresponding 1963 period.

New automobile registrations in four major Texas markets during December exceeded those for any other month in 1963 except October—a period reflecting the full impact of the introduction of the 1964 models. Compared with a year earlier, December 1963 registrations posted gains ranging from 5 percent in Fort Worth to 26 percent in San Antonio. For all of 1963, new car registrations in Dallas, Fort Worth, Houston, and San Antonio totaled 10 percent above the previous record achieved in 1962, as each market posted a year-to-year gain.

Because of reduced mining output, industrial production in Texas eased during December to 120 percent of the 1957-59 average, declining

1 percentage point from the previous month, but rose 7 percent above a year earlier. Reductions in the outturn of crude oil and metal, stone, and earth minerals lowered the seasonally adjusted mining index to 100 percent in December from 102 percent in the prior month, as the volume of natural gas and natural gas liquids was unchanged. In the manufacturing category, the fractional decline shown by non-durable goods output was offset by a minor increase in durable goods production; as a result, the total manufacturing index held steady in December at 135 percent, a level 6 percent above a year earlier. The month-to-month advance in the durable goods index stemmed from the fact that gains in transportation equipment, primary metals, and lumber and wood products outweighed modest losses in machinery and furniture and fixtures.

Reflecting seasonal influences, nonagricultural employment in the five southwestern states advanced almost 1 percent in December to 4,844,100 wage and salary workers, which is over 2 percent more than a year earlier. All the month-to-month gain occurred in nonmanufacturing, since the number of manufacturing jobs decreased fractionally. Not surprisingly, trade employment, reflecting hirings for the Christmas season, showed the greatest strength by increasing 4.1 percent over November; minor rises were posted for mining, government, and transportation and public utilities. Partly offsetting these gains was the seasonal decline of 3.4 percent in construction employment.

In consequence of the slightly higher oil allowables in effect for Texas and Louisiana, District crude oil production in January rose almost 1 percent over the previous month and 8 percent over a year earlier. Despite the sizable year-to-year increase in crude oil output, inventories of crude oil in the District and the Nation at mid-January were over 5 percent lower than a year ago. The relatively high level



of crude runs to stills in both the District and the Nation in recent months has lowered crude oil stocks but has boosted refined product inventories, especially distillate fuel oil and kerosene. Compared with a year earlier, national stocks of distillate and kerosene were each up

about 9 percent at mid-January, while gasoline inventories were only about 1 percent higher. Because of the relatively large holdings of light fuel oils in primary storage, distillate prices showed signs of weakness in many wholesale markets during the latter part of January.

**new  
member  
banks**

The Westmont National Bank, Houston, Texas, a newly organized institution located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, opened for business January 8, 1964, as a member of the Federal Reserve System. The new member bank has capital of \$250,000, surplus of \$150,000, and undivided profits of \$100,000. The officers are: Charles L. Bybee, Chairman of the Board; Virgil B. Dishongh, President; Leopold L. Meyer, Vice President; and Adrian L. Schroeder, Cashier.

The First National Bank of Ingleside, Ingleside, Texas, a newly organized institution located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, opened for business January 13, 1964, as a member of the Federal Reserve System. The new member bank has capital of \$100,000, surplus of \$100,000, and undivided profits of \$50,000. The officers are: C. A. Long, President; W. T. Hilliard, Vice President; Mrs. Naomi Bruce, Cashier; and Miss Jeannette Foley, Assistant Cashier.

The Tascosa National Bank of Amarillo, Amarillo, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business January 23, 1964, as a member of the Federal Reserve System. The new member bank has capital of \$300,000, surplus of \$200,000, and undivided profits of \$100,000. The officers are: W. E. Carlisle, Jr., President; M. T. Johnson, Jr., Vice President; and Robert Ringo, Cashier.

The Peoples National Bank of Sulphur Springs, Sulphur Springs, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business January 25, 1964, as a member of the Federal Reserve System. The new member bank has capital of \$200,000, surplus of \$200,000, and undivided profits of \$100,000. The officers are: Joe N. Chapman, Chairman of the Board; S. T. Garrison, President; J. D. Beaty, Vice President; Weber Fouts, Vice President; Mary J. Brice, Cashier; and Wilma Ballard, Assistant Cashier.

The Abilene National Bank, Abilene, 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 1, 1964, as a member of the Federal Reserve System. The new member bank has capital of \$200,000, surplus of \$200,000, and undivided profits of \$105,000. The officers are: Don Pierson, Chairman of the Board; Randall C. Jackson, General Counsel and Vice Chairman of the Board; David Fry, President; Henry H. Grubbs, Vice President; and John W. Chism, Vice President and Cashier.



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

February 1964



FEDERAL RESERVE BANK  
OF DALLAS

# CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

## Eleventh Federal Reserve District

(In thousands of dollars)

Item	Jan. 22, 1964	Dec. 25, 1963	Jan. 23, 1963
<b>ASSETS</b>			
Commercial and industrial loans.....	1,967,176	1,992,776	1,831,428
Agricultural loans.....	45,833	43,806	48,400
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities.....	274	274	274
Other securities.....	50,106	49,869	46,950
Other loans for purchasing or carrying:			
U. S. Government securities.....	2,937	1,960	2,113
Other securities.....	256,655	260,307	213,350
Loans to domestic commercial banks.....	90,025	88,570	75,590
Loans to foreign banks.....	5,800	2,213	1,395
Loans to other financial institutions:			
Sales finance, personal finance, etc.....	95,745	110,537	91,778
Savings banks, mtg. cos., ins. cos., etc.....	259,531	278,943	213,920
Real estate loans.....	344,163	350,679	284,441
All other loans.....	1,036,956	986,739	834,566
Gross loans.....	4,155,201	4,166,673	3,644,205
Less reserves and unallocated charge-offs..	76,273	68,900	68,203
Net loans.....	4,078,928	4,097,773	3,576,002
Treasury bills.....	147,249	153,343	161,784
Treasury certificates of indebtedness.....	58,171	56,435	105,997
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year.....	127,491	149,547	191,589
After 1 but within 5 years.....	711,241	726,515	640,088
After 5 years.....	394,270	388,723	499,224
Other securities.....	671,806	669,474	537,200
Total investments.....	2,110,228	2,144,037	2,135,882
Cash items in process of collection.....	683,420	784,035	612,718
Balances with banks in the United States.....	473,553	525,045	498,976
Balances with banks in foreign countries.....	4,958	3,723	2,568
Currency and coin.....	63,861	65,229	63,570
Reserves with Federal Reserve Bank.....	543,355	579,248	569,168
Other assets.....	277,728	283,085	227,996
<b>TOTAL ASSETS.....</b>	<b>8,236,031</b>	<b>8,482,175</b>	<b>7,686,880</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Demand deposits			
Individuals, partnerships, and corporations....	3,249,597	3,356,667	3,174,528
Foreign governments and official institutions, central banks, and international institutions..	2,860	3,577	3,787
U. S. Government.....	52,543	146,478	84,388
States and political subdivisions.....	221,319	211,087	268,394
Banks in the United States, including mutual savings banks.....	1,097,487	1,180,866	1,105,598
Banks in foreign countries.....	13,776	16,347	16,354
Certified and officers' checks, etc.....	58,431	57,690	55,866
Total demand deposits.....	4,696,013	4,972,712	4,708,915
Time and savings deposits			
Individuals, partnerships, and corporations			
Savings deposits.....	1,117,600	1,114,592	1,009,135
Other time deposits.....	1,053,304	965,998	769,691
Foreign governments and official institutions, central banks, and international institutions..	503	504	1,509
U. S. Government, including postal savings....	4,137	4,652	6,287
States and political subdivisions.....	344,417	324,443	316,885
Banks in the United States, including mutual savings banks.....	8,549	8,396	4,553
Banks in foreign countries.....	2,425	2,400	2,150
Total time and savings deposits.....	2,530,935	2,420,985	2,110,210
Total deposits.....	7,226,948	7,393,697	6,819,125
Bills payable, rediscounts, etc.....	203,620	252,280	106,915
All other liabilities.....	117,136	148,109	110,160
Capital accounts.....	688,327	688,089	650,680
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS</b>	<b>8,236,031</b>	<b>8,482,175</b>	<b>7,686,880</b>

# CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Jan. 22, 1964	Dec. 25, 1963	Jan. 23, 1963
Total gold certificate reserves.....	555,658	681,233	628,054
Discounts for member banks.....	17,500	4,950	16,450
Other discounts and advances.....	1,824	1,824	57
U. S. Government securities.....	1,312,892	1,298,653	1,213,765
Total earning assets.....	1,332,216	1,305,427	1,230,272
Member bank reserve deposits.....	912,670	960,545	937,984
Federal Reserve notes in actual circulation....	957,400	978,782	888,573

# RESERVE POSITIONS OF MEMBER BANKS

## Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended Jan. 1, 1964	4 weeks ended Dec. 4, 1963	4 weeks ended Jan. 2, 1963
<b>RESERVE CITY BANKS</b>			
Total reserves held.....	607,609	604,747	607,905
With Federal Reserve Bank.....	561,259	562,305	561,816
Currency and coin.....	46,350	42,442	46,089
Required reserves.....	604,621	599,837	599,869
Excess reserves.....	2,988	4,910	8,036
Borrowings.....	45,636	34,732	16,464
Free reserves.....	-42,648	-29,822	-8,428
<b>COUNTRY BANKS</b>			
Total reserves held.....	561,106	552,165	535,359
With Federal Reserve Bank.....	434,659	430,599	419,169
Currency and coin.....	126,447	121,566	116,190
Required reserves.....	518,116	507,163	486,479
Excess reserves.....	42,990	45,002	48,880
Borrowings.....	2,159	7,639	3,982
Free reserves.....	40,831	37,363	44,898
<b>ALL MEMBER BANKS</b>			
Total reserves held.....	1,168,715	1,156,912	1,143,264
With Federal Reserve Bank.....	995,918	992,904	980,985
Currency and coin.....	172,797	164,008	162,279
Required reserves.....	1,122,737	1,107,000	1,086,348
Excess reserves.....	45,978	49,912	56,916
Borrowings.....	47,795	42,371	20,446
Free reserves.....	-1,817	7,541	36,470

# 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: December..	8,505	4,179	4,326	2,839	1,421	1,418
1962: December..	8,496	4,180	4,316	3,497	1,718	1,779
1963: July.....	8,311	4,088	4,223	3,975	1,963	2,012
August.....	8,164	3,971	4,193	4,005	1,983	2,022
September..	8,407	4,150	4,257	4,044	2,014	2,030
October.....	8,357	4,045	4,312	4,066	2,007	2,059
November..	8,508	4,100	4,408	4,106	2,018	2,088
December..	8,682	4,192	4,490	4,167	2,047	2,120

# CONDITION STATISTICS OF ALL MEMBER BANKS

## Eleventh Federal Reserve District

(In millions of dollars)

Item	Dec. 25, 1963	Nov. 27, 1963	Dec. 26, 1962
<b>ASSETS</b>			
Loans and discounts.....	6,848	6,736	6,111
U. S. Government obligations.....	2,806	2,816	2,920
Other securities.....	1,419	1,412	1,163
Reserves with Federal Reserve Bank.....	1,011	1,007	919
Cash in vault.....	179	177	167
Balances with banks in the United States.....	1,222	1,099	1,226
Balances with banks in foreign countries.....	4	4	4
Cash items in process of collection.....	861	706	747
Other assets.....	478	362	367
<b>TOTAL ASSETS.....</b>	<b>14,828</b>	<b>14,319</b>	<b>13,624</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Demand deposits of banks.....	1,443	1,273	1,335
Other demand deposits.....	7,449	7,204	7,319
Time deposits.....	4,182	4,130	3,520
Total deposits.....	13,074	12,607	12,174
Borrowings.....	365	334	144
Other liabilities.....	204	191	171
Total capital accounts.....	1,185	1,187	1,135
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....</b>	<b>14,828</b>	<b>14,319</b>	<b>13,624</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		
	December 1963	Nov. 1963	Dec. 1962	Dec. 31, 1963	Dec. 1963	Nov. 1963
ARIZONA						
Tucson.....	\$ 325,921	13	10	\$ 174,035	22.7	21.0
LOUISIANA						
Monroe.....	110,923	-6	24	68,881	20.6	24.2
Shreveport....	388,047	23	7	195,063	23.9	20.6
NEW MEXICO						
Roswell.....	58,416	15	10	36,279	19.0	16.6
TEXAS						
Abilene.....	119,816	12	6	74,205	20.0	18.8
Amarillo.....	288,761	13	20	125,161	27.2	24.0
Austin.....	294,344	0	23	172,397	20.8	21.2
Beaumont.....	219,584	9	20	112,591	23.3	21.4
Corpus Christi..	234,810	14	15	126,943	23.0	20.9
Corsicana.....	19,859	2	1	22,102	10.8	10.4
Dallas.....	4,038,869	19	7	1,461,120	34.4	30.6
El Paso.....	425,384	21	11	193,924	26.4	22.8
Fort Worth.....	943,681	-3	12	448,265	25.2	27.2
Galveston.....	108,260	12	13	62,299	20.9	19.3
Houston.....	3,947,701	25	14	1,639,903	29.9	25.2
Laredo.....	38,226	7	2	26,485	17.8	16.8
Lubbock.....	335,610	29	10	142,947	29.9	25.1
Port Arthur.....	66,933	6	3	42,447	18.7	17.3
San Angelo.....	58,967	4	5	51,824	13.8	13.4
San Antonio.....	812,074	17	11	442,221	22.3	19.4
Texarkana <sup>2</sup> .....	29,646	0	12	19,851	18.5	19.1
Tyler.....	107,744	7	7	73,095	18.1	17.3
Waco.....	138,532	18	12	82,595	20.9	18.2
Wichita Falls....	131,181	12	9	110,258	14.9	13.8
Total—24 cities.....	\$13,243,289	17	11	\$5,904,891	27.6	24.6

<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 \$67,167,000 for the month of December 1963.

r — Revised.

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

(Dollar amounts in thousands)

Area	Debits to demand deposit accounts <sup>1</sup>			Demand deposits <sup>1</sup>	
	Percent change			Annual rate of turnover	
	1963	1962	Percent change	1963	1962
ARIZONA					
Tucson.....	\$ 3,734,866	\$ 3,484,637r	7	23.1	22.1r
LOUISIANA					
Monroe.....	1,203,223	1,112,981	8	21.4	21.1
Shreveport....	4,154,717	4,022,266	3	22.8	22.3
NEW MEXICO					
Roswell.....	666,284	673,435	-1	18.6	17.4
TEXAS					
Abilene.....	1,294,807	1,342,413	-4	18.2	18.1
Amarillo.....	3,017,455	2,839,511	6	24.5	23.6
Austin.....	3,435,917	3,202,440	7	21.0	20.5
Beaumont.....	2,328,050	2,146,668	8	21.6	20.6
Corpus Christi..	2,563,600	2,451,066	5	21.8	21.7
Corsicana.....	229,011	212,870	8	10.8	10.5
Dallas.....	24,769,526	41,316,580	4	32.5	31.6
El Paso.....	4,385,544	4,253,176	3	23.6	23.0
Fort Worth.....	10,263,352	10,037,705	2	24.9	25.6
Galveston.....	1,209,656	1,158,467	4	20.0	18.3
Houston.....	39,935,728	37,292,484	7	26.6	26.0
Laredo.....	429,230	410,785	4	17.0	16.1
Lubbock.....	2,970,437	2,726,967	9	23.3	21.5
Port Arthur.....	766,407	767,248	0	17.9	17.2
San Angelo.....	697,621	675,289	3	14.2	14.0
San Antonio.....	8,966,733	8,286,816	8	21.3	20.3
Texarkana <sup>2</sup> .....	353,182	310,159	14	18.9	17.4
Tyler.....	1,240,487	1,158,895	7	18.1	18.2
Waco.....	1,493,002	1,439,801	4	20.4	20.1
Wichita Falls....	1,484,748	1,436,465	3	14.5	14.9
Total—24 cities..	\$13,959,583	\$13,759,124r	5	25.6	25.0r

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

<sup>2</sup> Includes revisions in previously published monthly figures.

<sup>3</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 \$783,135,000 during 1963 and \$681,011,000 during 1962.

r — Revised.

# INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	December 1963p	November 1963	October 1963	December 1962
TEXAS				
Total industrial production.....	120	121	121	112
Manufacturing.....	135	135	133	127
Durable.....	131	130	128	122
Nondurable.....	139	139	136r	131
Mining.....	100	102	105r	93
UNITED STATES				
Total industrial production.....	127	127	127	119
Manufacturing.....	128	127	127	120
Durable.....	127	127	126	119
Nondurable.....	129	128	128	121
Mining.....	107	108	110	103
Utilities.....	146	145	143r	134

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 Dec. 1963 from	
	December 1963p	November 1963	December 1962r	Nov. 1963	Dec. 1962
Total nonagricultural					
wage and salary workers..	4,844,100	4,804,400	4,739,600	0.8	2.2
Manufacturing.....	834,300	835,500	808,800	-1	3.2
Nonmanufacturing.....	4,009,800	3,968,900	3,930,800	1.0	2.0
Mining.....	237,800	236,100	239,800	.7	-8
Construction.....	322,500	333,800	305,900	-3.4	5.4
Transportation and public utilities.....	395,200	394,200	399,500	.3	-1.1
Trade.....	1,197,900	1,150,900	1,179,800	4.1	1.5
Finance.....	240,000	240,000	232,400	.0	3.3
Service.....	667,000	668,100	648,700	-2	2.8
Government.....	949,400	945,800	924,700	.4	2.7

<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		
	Dec. 1963	12 mos. 1963	Dec. 1963	12 mos. 1963	Nov. 1963	Dec. 1962
ARIZONA						
Tucson.....	609	8,259	\$ 1,807	\$ 31,254	35	-8
LOUISIANA						
Shreveport....	156	3,333	1,014	27,569	-34	1
TEXAS						
Abilene.....	56	1,260	644	14,850	-37	2
Amarillo.....	134	3,139	2,005	42,955	-57	-9
Austin.....	230	4,085	4,200	81,241	-34	49
Beaumont.....	160	3,160	584	13,719	-48	-1
Corpus Christi..	205	3,678	1,900	25,433	10	-10
Corsicana.....	149	25,135	14,570	224,680	20	-17
Dallas.....	245	4,755	2,772	42,582	20	38
El Paso.....	410	7,078	3,038	52,854	-57	13
Fort Worth.....	80	1,816	2,997	14,683	879	456
Galveston.....	1,331	22,467	15,568	318,626	-15	-28
Houston.....	120	2,187	1,696	40,896	-65	9
Lubbock.....	37	1,101	234	11,212	-49	-63
Midland.....	33	793	306	7,282	-9	55
Odessa.....	81	1,520	338	4,874	8	-29
Port Arthur.....	839	13,616	6,657	60,926	46	-27
San Antonio.....	128	2,856	646	15,999	-9	-53
Waco.....	80	1,272	1,655	14,597	211	0
Wichita Falls....						
Total—19 cities..	6,433	111,510	\$62,631	\$1,046,232	-10	-16



# VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	January—December				
	December 1963p	November 1963	December 1962	1963p	1962
FIVE SOUTHWESTERN STATES <sup>1</sup>	398	409	359	4,882	4,395
Residential building	131	150	130	2,166	1,865
Nonresidential building	146	100	83	1,390	1,280
Public works and utilities	121	159	145	1,327	1,250
UNITED STATES	3,413	3,749	3,198	45,546	41,303
Residential building	1,325	1,519	1,166	20,502	18,039
Nonresidential building	1,102	1,082	921	14,377	13,010
Public works and utilities	985	1,148	1,111	10,667	10,255

<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.

# MARKETED PRODUCTION OF NATURAL GAS

Area	In millions of cubic feet			Seasonally adjusted index (1957-59 = 100)		
	Third quarter 1963	Second quarter 1963	Third quarter 1962	Third quarter 1963	Second quarter 1963	Third quarter 1962
Louisiana	901,400	898,000	803,700	180	179	160
New Mexico	185,800	186,800	183,700	110	109	106
Oklahoma	237,000	222,900	215,800	159	130	125
Texas	1,489,400	1,490,300	1,422,600	115	114	108
Total	2,813,600	2,798,000	2,635,200	133	130	122

SOURCES: U. S. Bureau of Mines.  
Federal Reserve Bank of Dallas.

# DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	Percent change from				
	Dec. 1963p	Nov. 1963p	Dec. 1962	Nov. 1963	Dec. 1962
ELEVENTH DISTRICT	3,129.1	3,078.7	2,938.6	1.6	6.5
Texas	2,704.2	2,661.7	2,516.9	1.6	7.4
Gulf Coast	536.7	527.2	467.8	1.8	14.7
West Texas	1,183.7	1,167.7	1,128.3	1.4	4.9
East Texas (proper)	108.7	105.6	116.6	2.9	-6.8
Panhandle	101.9	100.9	104.9	1.0	-2.9
Rest of State	773.2	760.3	699.3	1.7	10.6
Southeastern New Mexico	267.2	261.3	276.9	2.3	-3.5
Northern Louisiana	157.7	155.7	144.8	1.3	8.9
OUTSIDE ELEVENTH DISTRICT	4,471.2	4,496.6	4,442.8	-6	.6
UNITED STATES	7,600.3	7,575.3	7,381.4	.3	3.0

p — Preliminary.

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

# DEPARTMENT STORE SALES

(Percentage change in retail value)

Area	December 1963 from		12 months, 1963 from 1962
	November 1963	December 1962	
Total Eleventh District	67	9	4
Corpus Christi	65	-2	0
Dallas	73	8	4
El Paso	64	5	2
Houston	75	14	6
San Antonio	63	6	3
Shreveport, La.	46	4	6
Waco	64	7	3
Other cities	60	7	3

# 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: December	193	112r	103	111
1963: July	103	114	115	120
August	113	112	119	117
September	107	111	122	115
October	104	102	135	119
November	126	109	139	122
December	210	121	114p	124p

r — Revised.

p — Preliminary.

# NATIONAL PETROLEUM ACTIVITY INDICATORS

(Seasonally adjusted indexes, 1957-59 = 100)

Indicator	December 1963p	November 1963p	December 1962
CRUDE OIL RUNS TO REFINERY			
STILLS (Daily average)	111	112	109
DEMAND (Daily average)			
Gasoline	111	110	106
Kerosene	132	124	128
Distillate fuel oil	109	96	101
Residual fuel oil	98	87	100
Four refined products	109	103	105
STOCKS (End of month)			
Gasoline	109	108	110
Kerosene	125	120	115
Distillate fuel oil	116	114	103
Residual fuel oil	81	85	88
Four refined products	109	108	105

p — Preliminary.

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