business review

april 1964

FEDERAL RESERVE
BANK OF DALLAS

contents

a look at 1963 bank revenues and costs

Member bank profit and loss statements for 1963 generally reveal a continuation of trends in bank costs and revenues that have emerged in recent years. The pressure on bank earnings exerted by increased salaries and wages and costs associated with the inflow of time and savings deposits persisted, and, as in past years, banks sought to expand their earnings to cover these outlays by investing in non-Government securities and high-yielding loans.

As shown in the accompanying table, percentage gains in all sources of income contributed to a noteworthy increase in current operating revenue at all member banks in the Eleventh Federal Reserve District during 1963. In absolute terms, the advance in revenue from interest and discounts on loans was especially notable. A significant rise in revenue was also provided by increases in earnings from investment portfolios, service charges to customers, and trust department revenue. These four sources accounted for almost 95 percent of the rise in revenue.

The increase from interest and discounts on loans accounted for almost three-fourths of the expansion in operating earnings in 1963. While this advance primarily reflected an increase in total loans and discounts outstanding, member banks, searching for profitable outlets for their funds, included greater amounts of real estate and consumer-type loans in their portfolios. The shift in the loan mix of member banks resulted in an increase in the rate of return on loans.

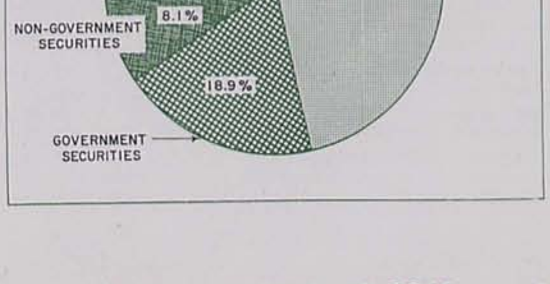
The greater relative increase in revenue from loans at country banks than at reserve city banks was due primarily to the stronger loan demand at the smaller institutions. In addition, country banks — especially those in rural areas — typically levy higher interest charges than do city banks. Loan demand at District banks was not sufficient, however, to absorb the inflow of time and savings deposits, and banks sought other outlets for these funds.

Commercial banks channeled increased amounts into non-Government securities — primarily the obligations of states and municipalities — in 1963. At the end of the year, member bank non-Government security holdings totaled $1.2 billion, which is 22.3 percent above a year ago. Mainly as a result of this expansion, earnings from tax-exempt obligations rose substantially since yields increased only slightly.

Total holdings of Government obligations by member banks in the District were reduced moderately in 1963. However, as a result of an increase in interest rates and a lengthening of the average maturity of investment portfolios,

MEMBER BANK ASSETS, 1963

ELEVENTH FEDERAL RESERVE DISTRICT



revenue from Government security holdings advanced. Reserve city banks liquidated about one-tenth of their Governments but recorded a slight advance in interest received on these investments. Country banks, on the other hand, maintained their portfolios of Government obligations approximately steady and registered a notable advance in income from such securities.

Trust department earnings rose at member banks in the District in 1963 and provided 2.5 percent of total operating revenue. This increase continues a trend in evidence in recent years and reflects the growing importance of fiduciary services in the operations of District member banks.

Earnings from fees and services posted a significant relative gain last year. Service charges on deposit accounts rose despite a slight decline in demand deposits. Service charges and fees on bank loans posted a large percentage gain but represented a modest proportion of total revenue.

The advance in total current operating revenue during 1963 was accompanied by an ever-larger relative increase in current operating expenses. The amount of interest paid on time and savings deposits rose sharply at all member banks and accounted for about 55 percent of the gain in operating expenses. The expansion in interest payments reflects an increase of $627 million in time and savings deposits at the District banks. Interest payments on such deposits rose at all member banks in the District and represented almost one-third of total current operating expenses. The increase in interest costs was especially sharp at country banks.

In recent years, salaries and wages have increased steadily in dollar amounts but declined as a percentage of total banking costs. How-

INCOME AND DIVIDENDS OF MEMBER BANKS, 1963

Eleventh Federal Reserve District

(Dollar amounts in millions)

Item	All member banks		Reserve city banks		Country banks	
	1963	Percent change from 1962	1963	Percent change from 1962	1963	Percent change from 1962
Current operating revenue:						
Interest and dividends on:						
U. S. Government obligations	$ 97.1	3.6	$ 43.2	0.3	$ 53.9	6.3
Other securities	36.5	24.3	13.5	36.7	23.0	18.0
Interest and discount on loans	378.3	11.3	180.2	9.1	198.1	13.3
Service charges on loans	4.8	31.3	3.2	31.7	1.7	30.4
Service charges on deposit accounts	25.6	3.9	4.3	1.1	21.3	4.5
Other service charges	7.6	6.6	3.0	7.6	4.7	6.1
Trust department revenue	14.5	14.7	10.6	14.0	3.9	16.7
All other revenue	6.7	23.4	3.4	32.1	3.3	15.8
Total current operating revenue	**$571.2**	**10.5**	**$261.3**	**9.2**	**$309.9**	**11.7**
Current operating expenses:						
Salaries and wages	$131.6	6.2	$ 47.0	3.6	$ 84.6	7.7
Officer and employee benefits, directors' fees, etc.	19.0	12.1	7.8	11.5	11.2	12.6
Interest on time and savings deposits	128.2	28.2	63.4	24.6	64.8	31.8
Net occupancy expense of bank premises	22.7	9.3	6.0	5.8	16.7	10.6
All other expenses	94.0	14.1	42.8	14.4	51.2	13.9
Total current operating expenses	**$395.5**	**15.0**	**$167.1**	**14.2**	**$228.5**	**15.6**
Net current operating earnings	**$175.7**	**1.7**	**$ 94.2**	**1.3**	**$ 81.4**	**2.2**
Nonoperating losses (net)	23.9	—4.9	7.0	—24.7	16.8	6.3
Net income before related taxes	$151.8	2.8	$ 87.2	4.1	$ 64.6	1.2
Taxes on net income	62.1	7.5	41.3	15.8	20.8	—6.0
Net income	**$ 89.7**	**—.1**	**$ 45.9**	**—4.6**	**$ 43.8**	**5.0**
Dividends on capital	46.6	5.4	27.4	3.6	19.2	8.1
Net income after dividends	$ 43.1	—5.5	$ 18.5	—14.6	$ 24.6	2.7

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

SELECTED OPERATING RATIOS OF MEMBER BANKS, 1963

Eleventh Federal Reserve District

(Percentage of total current operating revenue. Dollar amounts in millions)

Item	Banks with average deposits of: Under $1	$1-$2	$2-$5	$5-$10	$10-$25	$25-$50	$50-$100	Over $100
Interest and dividends on:								
U. S. Government obligations	18.9	20.3	20.7	20.2	15.9	17.2	17.4	18.5
Other securities	2.1	7.0	8.3	8.8	8.5	7.9	5.1	5.9
Revenue on loans	70.5	64.5	62.1	61.3	63.6	64.6	68.3	66.2
Salaries and wages	38.9	35.0	31.8	29.0	27.1	26.3	24.8	21.5
Interest on time and savings deposits	7.8	12.8	14.6	19.7	21.9	25.3	21.7	24.0
Total current operating expenses	76.6	74.0	71.5	73.2	74.6	76.7	72.0	68.7

ever, salary-related expenses, such as officer and employee benefits and fees paid to directors, continued to advance at a rapid pace. Many banks have sought to moderate the upward trend in employment costs by installing automatic check-clearing equipment and other labor cost-saving devices.

Reflecting the scale economies in banking, total operating expenses as a percentage of operating revenue tend to decline as bank size increases, as indicated in the accompanying operating ratios table. This tendency was especially evident in the case of employment costs at District banks in 1963. However, interest expense on time and savings deposits as a percentage of revenue tended to advance as bank size increased. These costs are, of course, closely related to the volume of interest-bearing deposits held and to the rates of interest paid.

The decline in nonoperating losses, net of nonoperating revenue, contributed a modest amount to member bank earnings before taxes. Substantial increases were reported in recoveries, transfers from valuation reserves, and profits on securities which were sold or redeemed, principally because of an advance in transfers from valuation reserves on loans. However, losses, charge-offs, and transfers to valuation reserves also expanded, mainly as a result of an advance in transfers to valuation reserves on loans.

Member banks reported a modest increase in net profits before taxes, after allowing for all revenue and expense items. However, after-tax income declined slightly, as the reduction in income at reserve city banks exceeded the increase at country banks. Partially reflecting the decline in earnings last year, the rate of return on capital at all member banks decreased from 7.9 percent in 1962 to 7.5 percent in 1963.

DON L. WOODLAND
Financial Economist

new par bank

The Fredonia State Bank, Nacogdoches, Texas, an insured nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, April 1, 1964. The officers are: M. M. Stripling, President; Rowland Vannoy, Executive Vice President; and Curtis Glockzin, Cashier.

capital spending for 1964

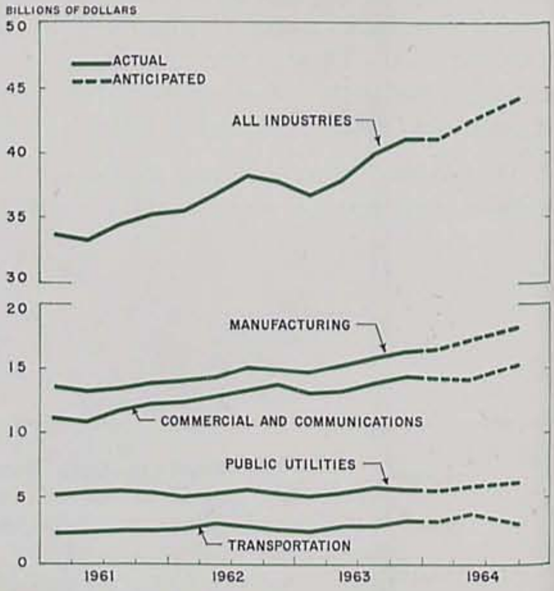
The Nation's economy will receive a boost toward further expansion in 1964 if American business carries out contemplated increases in new plant and equipment expenditures. According to a joint survey in February by the U. S. Department of Commerce and the Securities and Exchange Commission, all major industry groups except mining have budgeted larger investment outlays than in 1963, with the railroads and the manufacturing industries posting the highest relative gains. Importantly, both durables and nondurables producers have scheduled greater spending for plant and equipment in 1964 than in any other year, outlays surpassing by a wide margin the previous high reached in 1957.

Businessmen have scheduled new plant and equipment expenditures for 1964 at a record \$43.2 billion, or 10 percent more than actual investment last year. If the projected figure is attained, capital spending in the current year will post the largest annual gain since 1956, when the last investment boom was under way. In 1963, new fixed investment by nonagricultural business firms rose at about the same rate as the overall level of economic activity and, thus, was not a major stimulating factor.

The Commerce-SEC survey indicates that planned expenditures are not expected to increase uniformly throughout the year. The pace of investment is anticipated to be little changed in the January-March period from the record seasonally adjusted annual rate of \$41.2 billion reported for the fourth quarter of last year. However, the rate of plant and equipment outlays is expected to pick up noticeably in the second quarter and to advance further in the second half of 1964 to the adjusted annual rate of \$44.5 billion.

A number of favorable influences have contributed to the projected rise in capital spending for 1964. Business sales reached an all-time high last year, as did corporate profits. Corporate cash flow — that is, retained earnings plus capital consumption allowances — was also at a record level, partly reflecting the effects of the faster depreciation schedules instituted by the Internal Revenue Service in July 1962. The investment tax credit provided by Congress in the same year has benefited firms through its effect upon the cost of equipment. Competitive conditions in domestic and foreign markets have encouraged producers to modernize plant and equipment to reduce unit costs.

PLANT AND EQUIPMENT OUTLAYS



SOURCES: Securities and Exchange Commission, U.S. Department of Commerce.

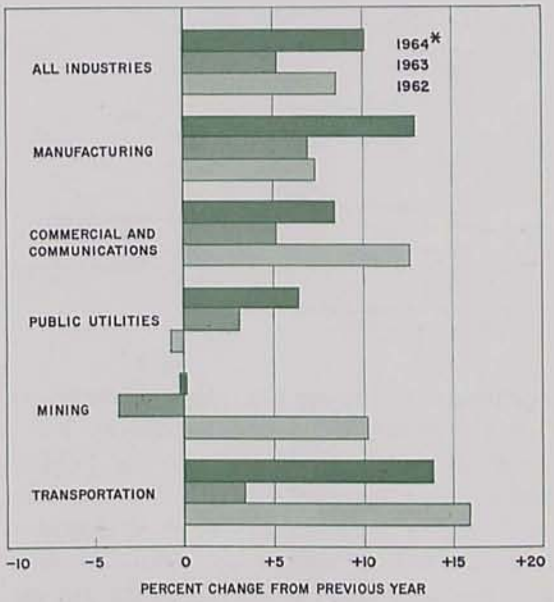
Research and development continue to furnish new products and new ways of manufacturing existing products.

The prospect of further profit gains this year, enhanced by the tax cut, is a major factor stimulating investment. Freed of war-induced levels of taxation, consumers are expected to push personal consumption outlays over last year's high. The February Commerce-SEC survey indicates that businessmen anticipate record sales in 1964, with manufacturers and trade firms expecting a greater relative increase in sales than occurred in 1963. In addition, the lower corporate tax rate will enable corporations to retain a larger proportion of taxable income.

A particularly important feature of the anticipated expansion is the rise in manufacturing outlays to a record $17.7 billion, which is 13 percent over 1963 and 11 percent above the previous high reached in 1957. Since the latter year, capital spending by manufacturers has fallen behind the overall growth rate of the Nation's economy, with spending for durable goods production facilities making the weakest showing. For the current year, however, the durable goods industries plan to invest 14 percent more than last year, while nondurable goods producers anticipate a gain of 12 percent. Most of the strength in capital spending by durable goods producers is centered in the steel and automobile industries.

The steel industry is emphasizing the modernization of plant and equipment to meet growing competitive forces. Since 1955, when steel production reached a record 117 million tons, the industry has had to contend with increasing competition from other products and imports. Glass, aluminum, plastics, and prestressed concrete have partly replaced steel in many uses. Imports of finished steel products — particularly wire, reinforcing bars, welded pipe, and nails — have been rising annually for a number of years. In 1963, imports of steel products

CHANGES IN PLANT AND EQUIPMENT OUTLAYS



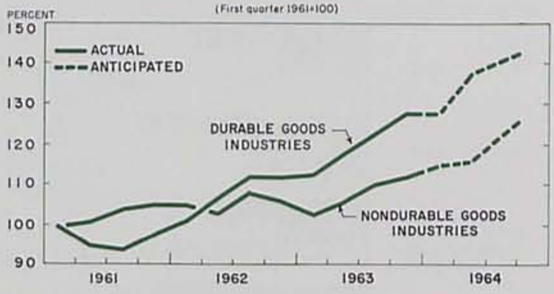
* Based on anticipated expenditures.
SOURCES: Securities and Exchange Commission.
U.S. Department of Commerce.

reached about 5.5 million tons; and industry sources expect the level of imports to approach 6 million tons in the current year, with such flat-rolled products as sheet and strip appearing in sizable quantities for the first time.

In response to these challenges, the steel industry is investing heavily in cost-cutting facilities. Blast furnaces are being remodeled to take higher temperatures and pressures and to allow for the oxygen enrichment of the blast — all of which contribute to higher production rates. Basic oxygen furnaces are being installed that can produce a batch of steel in minutes instead of hours. Investment funds are being spent on vacuum degassing units, which remove unwanted oxygen and other gases from steel before it solidifies. To increase productivity and quality, rolling mills are being automated with computer controls.

The situation is somewhat different in the automobile industry, where the need for increased capacity and more flexible production

INVESTMENT EXPENDITURES IN MANUFACTURING



SOURCES: Securities and Exchange Commission, U.S. Department of Commerce, Federal Reserve Bank of Dallas.

equipment is the spur to larger investment. The last time the automobile industry had a surge of capital spending was in the 1954-57 period, when capacity was raised to the level of 7 million cars annually on a straight-time basis. Domestic producers assembled 7.5 million cars last year and, encouraged by the tax cut, expect to make at least as good a showing in 1964. Spokesmen for the industry anticipate even higher levels of production in a few more years, when the rate of household formations begins to reflect the rise in the birth rate immediately after World War II.

A further incentive to investment in the automobile industry has developed as a consequence of the proliferation of models made available to the public. The domestic industry responded to the challenge of car imports in the late fifties by introducing a variety of compacts, and the trend toward a larger number of models has continued since. As a result, automobile producers have been forced to abandon their traditional preference for long production runs of single parts on highly specialized equipment. Such equipment is being replaced by more adaptable machinery that can produce a variety of similar parts in smaller volume.

The only groups reported in the Commerce-SEC survey to be planning reduced plant and equipment outlays for 1964 are producers of electrical machinery and transportation equipment (other than motor vehicles). These two industries are tied, in part, to defense spending, which is scheduled to level off in fiscal 1965.

The rise in capital spending by nondurable goods manufacturers this year will be paced by the paper and textile industries, which have budgeted outlays that are 33 percent and 28 percent, respectively, larger than in 1963. The expanding level of economic activity pushed the paperboard manufacturers close to capacity output last fall, and the producers of textile mill products are under pressure to invest in new plant and equipment to process the increasingly large number of man-made fibers.

The relative investment gains over 1963 in the petroleum refining and chemical industries are expected to be slightly below the 12-percent advance for the nondurable goods group as a whole; nevertheless, these two industries have planned sizable outlays for the current year. Petroleum refiners are investing heavily in hydrocracking facilities to increase the proportion of gasoline obtained from a barrel of crude oil, and the chemical industry is continuing to expand plant and equipment to turn out basic industrial chemicals, such as sulfuric acid, and plastics.

Capital spending by the transportation industries is scheduled to rise nearly 14 percent in 1964. Most of the boost will come from railroad investment, which is expected to gain 25 percent over 1963 and reach $1.4 billion — the highest level of spending since 1957. By contrast, the planned outlays of all other transportation industries combined are expected to increase only 7 percent, with oil pipeline construction posting a decline.

The rather impressive climb in railroad spending reflects both the greater availability of funds generated within the industry and efforts to improve the competitive position of the rail carriers in the transportation sector of the economy. The uptrend in gross earnings since the low of 1961 and the revised depreciation guidelines and tax credit introduced in 1962 have provided a larger cash flow for the railroads to invest in plant and equipment.

It is anticipated that part of the projected investment by the rail carriers will go into terminal facilities to improve and facilitate piggyback service (the hauling of truck trailers on flatcars between metropolitan areas). The volume of such hauling increased about 35 percent over the past 2 years and now accounts for nearly 3 percent of all freight carloadings. However, more than three-fourths of the expected outlays by the railroads have been allocated for the purchase of equipment, mostly rolling stock.

To compete more effectively with other carriers, the railroads have been putting more emphasis upon marketing in recent years, with the result that modern rolling stock adapted to customer needs has come to be a marketing asset. Thus, the Nation's Class I railroads installed about 32,000 new freight cars in 1963 and are expected to add an even larger number this year. Reinforcing this trend is the revised per diem rate structure adopted by most American rail carriers beginning last January 1. Under the old rate structure, a railroad company using a freight car owned by another company paid a daily rental of $2.88, regardless of the value of the car. The rental payment was not high enough to return a profit on an expensive new unit. The new schedule of rental fees, structured to take account of the value of the car being used, ranges from $2.16 per day for cars with depreciated values of less than $1,000 to $7.74 for units worth $20,000 or more.

Larger outlays by both electric and gas companies are expected to lift public utility investment in the current year to $6 billion, or 6 percent more than in 1963; this gain is about twice that recorded for last year and is the greatest annual increase since 1957. Plant and equipment spending by the mining industry is projected at the same level as in 1963 — namely, $1 billion; and new fixed investment by the commercial and communications industries combined is budgeted at a record $15 billion, reflecting an 8-percent increase over a year ago and the sixth consecutive annual advance.

The current economic expansion is now 38 months old, the second longest peacetime advance of record. Probably no other period of growth has called forth so much attention and worry on the part of analysts, some of whom have been prone to predict an imminent downturn each time the pace of advance has eased somewhat. Because periods of strong growth are usually accompanied by high levels of business spending for new plant and equipment, the relatively weak performance of capital spending since the investment boom of 1956-57 has been a source of primary concern to many observers. The surge of new fixed investment, both for modernization and for larger capacity, budgeted for 1964 suggests that the present period of growth is due for further extension.

WELDON C. NEILL
General Economist

district highlights

Seasonal repayment of bank loans by businesses and individuals in the Southwest in the first quarter of 1964 was less than usual, suggesting a continuation of the moderately strong loan demand that characterized the final quarter of 1963. In relative terms, banks in the Eleventh Federal Reserve District have experienced greater credit demands thus far this year than have banks in the Nation.

Loans adjusted at the weekly reporting member banks in the District between January 1 and March 25 decreased \$85.4 million to a level of \$4.1 billion, which is 15 percent above a year ago. During the comparable period last year, loans declined \$102.0 million.

Increased borrowing by consumers has provided the principal source of strength in credit demands at District banks this year. Consumer-type loans, which represent about one-fourth of total loans, advanced \$45.8 million through March 25, 1964, compared with an increase of \$9.7 million in the corresponding period last year. To a significant extent, this year's expansion reflects the purchase of consumer paper originated by others. District banks, primarily Houston and Dallas institutions, acquired substantial amounts of the accounts receivable offered in early February.

Security loans also have turned in better than seasonal performances thus far this year. Repayments by Government security dealers were about one-fourth as large in the first quarter of 1964 as a year ago. However, other security loans, mainly those secured by stock exchange collateral, did not advance as much this year as in 1963. The amount of funds being channeled into the stock market has declined since margin requirements were raised to 70 percent in November 1963.

Commercial and industrial loans, which represent about one-half of total loans, declined in the first 3 months of this year by about the same amount as in the first quarter of 1963 and amounted to \$2.0 billion in late March of 1964. Real estate loans and loans to nonbank financial institutions were the only major loan categories which were weaker than in early 1963.

Department store sales in February in the Eleventh District continued to exhibit strength. The seasonally adjusted index of sales in February was 125 percent of the 1957-59 base, representing an all-time high for any month. This figure exceeded the January level of 117 percent (a record for the month) and was considerably higher than the 109 percent in February last year. With the unadjusted dollar volume of sales in the 4 weeks ended March 28 showing a 14-percent rise over the corresponding 1963 period, stimulated by buying for the early Easter this year, it is likely that the adjusted index of March sales will be at an all-time high for the month.

Total registrations of new passenger automobiles in four major Texas markets — Dallas, Fort Worth, Houston, and San Antonio — in February declined slightly from January. However, the activity in the individual markets during the month varied considerably, ranging from a 15-percent decrease in Houston to a 14-percent increase in Dallas. In the first 2 months of this year, registrations for the four markets combined were 9 percent above those in the same period of 1963, with each of the markets posting a gain.

Seasonally adjusted industrial production in Texas climbed in February to a record 125 percent of the 1957-59 average, increasing 2 percent over the previous month and 7 percent above a year ago. All major industry groups contributed to the January-February rise, the third consecutive month-to-month expansion. The manufacturing index was boosted by a 3-percent increase over January in durable goods production, led upward by significant advances in furniture, fabricated metals, and stone, clay, and glass products. The strongest output gains among the nondurable goods industries were recorded for textiles, apparel, leather, and petroleum refining. The pace of mining activity picked up 2 percent during February, after seasonal adjustment, because of the larger outturns of metal, stone, and earth minerals and crude petroleum.

Southwestern farmers plan to seed 28.8 million acres this year to spring-planted crops, or 2 percent less than in 1963, according to a March 1 survey. Growers' plans were reported during the signup period for the 1964 feed grain program, and planting intentions for corn, sorghum, and barley may be altered by later decisions on participation in the program. The passage of a cotton program affecting the 1964 crop also could influence the acreage finally devoted to this commodity, as well as to others.

Farmers in the District states intend to seed almost 8 million acres of cotton this year — about unchanged from 1963. Sorghum producers expect to plant 8.5 million acres, or slightly less than last year. In contrast, Louisiana and Texas rice growers plan to seed slightly larger acreages. For other major southwestern crops, acreage decreases from 1963 are indicated for corn, oats, barley, flaxseed, peanuts, Irish potatoes, and sweet potatoes, while increases are in prospect for soybeans and hay.

new member banks

The Citizens National Bank of Dallas, Dallas, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business March 12, 1964, as a member of the Federal Reserve System. The new member bank has capital of $400,000, surplus of $400,000, and undivided profits of $220,000. The officers are: Travis T. Wallace, Chairman of the Board; Earl H. Holden, President; Glenn Facka, Executive Vice President; T. A. Norman, Vice President and Cashier; R. D. Richardson, Vice President; and M. T. Wright, Jr., Assistant Cashier.

The First National Bank of Richardson, Richardson, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business March 27, 1964, as a member of the Federal Reserve System. The new member bank has capital of $220,000, surplus of $220,000, and undivided profits of $121,000. The officers are: Martin C. Lovvorn, Chairman of the Board; John H. Pittman, President; Charles F. Stringer, Vice President; and W. Garland Thornton, Jr., Vice President and Cashier.

The White Settlement National Bank, White Settlement, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business April 3, 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 $125,000. The officers are: Speegle Berry, President; Harvey R. Norris, Vice President and Cashier; Mrs. Crawford O. Edwards, Vice President; Dr. B. W. Garrison, Sr., Vice President; F. D. Laws, Vice President; and Earnest E. Sanders, Vice President.

FIFTIETH ANNIVERSARY EDITION OF SYSTEM BOOK

The new edition of *The Federal Reserve System: Purposes and Functions* commemorates the fiftieth anniversary of the signing of the Federal Reserve Act by President Woodrow Wilson on December 23, 1913. The book — a collaborative product of the staff of the Board of Governors — is dedicated to a better public understanding of the System's trusteeship for the Nation's credit and monetary machinery.

This fifth edition has been expanded to include chapters on the organization of the Federal Reserve System for policy-making, on the open market policy process, and on the balance of payments. These and other changes that have been made throughout the text are designed to clarify the System's role and functioning in the light of changes that have occurred in the national and world economies and in the light of further monetary knowledge.

The text has been written primarily for those who need a broad statement of the services rendered by the Federal Reserve System to the economy of the United States. It is not intended to provide an exhaustive account of Federal Reserve activity.

Copies are available without charge. Requests may be addressed to:

DIVISION OF ADMINISTRATIVE SERVICES
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

or

RESEARCH DEPARTMENT
FEDERAL RESERVE BANK OF DALLAS
STATION K, DALLAS, TEXAS 75222

STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

April 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	Mar. 25, 1964	Feb. 19, 1964	Mar. 27, 1963
ASSETS			
Commercial and industrial loans	2,013,711	1,985,055	1,810,208
Agricultural loans	45,177	48,908	50,338
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities	274	15,274	10,274
Other securities	76,128	50,248	47,738
Other loans for purchasing or carrying:			
U. S. Government securities	3,458	3,469	2,112
Other securities	258,658	258,923	207,657
Loans to domestic commercial banks	104,077	48,500	133,113
Loans to foreign banks	2,677	2,564	1,399
Loans to other financial institutions:			
Sales finance, personal finance, etc.	108,068	90,675	100,613
Savings banks, mtge. cos., ins. cos., etc.	258,866	262,161	215,184
Real estate loans	341,096	343,232	289,133
All other loans	1,060,682	1,057,082	848,707
Gross loans	4,272,872	4,166,091	3,716,476
Less reserves and unallocated charge-offs	76,518	77,826	68,674
Net loans	4,196,354	4,088,265	3,647,802
Treasury bills	92,867	117,478	180,011
Treasury certificates of indebtedness	6,647	14,552	133,940
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year	139,004	113,894	134,371
After 1 but within 5 years	729,620	734,030	641,269
After 5 years	404,657	420,239	539,154
Other securities	719,672	676,420	543,244
Total investments	2,092,467	2,076,613	2,171,989
Cash items in process of collection	609,312	637,916	614,591
Balances with banks in the United States	491,338	495,546	480,846
Balances with banks in foreign countries	3,265	3,487	4,452
Currency and coin	64,280	62,453	61,004
Reserves with Federal Reserve Bank	534,570	546,875	520,765
Other assets	233,064	261,106	224,981
TOTAL ASSETS	8,224,650	8,172,261	7,726,430
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits			
Individuals, partnerships, and corporations	3,136,911	3,076,323	3,132,716
Foreign governments and official institutions, central banks, and international institutions	2,854	4,243	4,209
U. S. Government	175,542	122,141	131,127
States and political subdivisions	240,272	237,096	292,475
Banks in the United States, including mutual savings banks	1,028,127	1,038,018	1,035,776
Banks in foreign countries	14,780	15,827	14,349
Certified and officers' checks, etc.	64,112	60,092	60,134
Total demand deposits	4,662,598	4,553,740	4,670,786
Time and savings deposits			
Individuals, partnerships, and corporations			
Savings deposits	1,128,033	1,121,852	1,018,797
Other time deposits	1,105,572	1,115,210	814,976
Foreign governments and official institutions, central banks, and international institutions	500	500	1,510
U. S. Government, including postal savings	4,129	4,140	6,277
States and political subdivisions	359,089	360,408	330,271
Banks in the United States, including mutual savings banks	6,813	8,771	4,763
Banks in foreign countries	2,425	2,425	2,350
Total time and savings deposits	2,606,561	2,613,306	2,178,944
Total deposits	7,269,159	7,167,046	6,849,730
Bills payable, rediscounts, etc.	121,618	184,025	102,540
All other liabilities	139,310	127,200	113,758
Capital accounts	694,563	693,990	660,402
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	8,224,650	8,172,261	7,726,430

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Mar. 25, 1964	Feb. 19, 1964	Mar. 27, 1963
Total gold certificate reserves	603,778	573,368	560,776
Discounts for member banks	877	7,600	3,020
Other discounts and advances	0	0	1,710
U. S. Government securities	1,292,086	1,296,558	1,254,387
Total earning assets	1,292,963	1,304,158	1,259,117
Member bank reserve deposits	906,441	909,793	909,185
Federal Reserve notes in actual circulation	956,460	956,112	881,811

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended Mar. 4, 1964	5 weeks ended Feb. 5, 1964	4 weeks ended Mar. 6, 1963
RESERVE CITY BANKS			
Total reserves held	581,574	597,248	584,163
With Federal Reserve Bank	541,684	553,999	544,193
Currency and coin	39,890	43,249	39,970
Required reserves	575,316	592,117	579,761
Excess reserves	6,258	5,131	4,402
Borrowings	13,795	41,223	9,612
Free reserves	—7,537	—36,092	—5,210
COUNTRY BANKS			
Total reserves held	564,694	575,878	544,741
With Federal Reserve Bank	440,894	447,189	432,880
Currency and coin	123,800	128,689	111,861
Required reserves	525,702	528,859	495,741
Excess reserves	38,992	47,019	49,000
Borrowings	595	428	1,037
Free reserves	38,397	46,591	47,963
ALL MEMBER BANKS			
Total reserves held	1,146,268	1,173,126	1,128,904
With Federal Reserve Bank	982,578	1,001,188	977,073
Currency and coin	163,690	171,938	151,831
Required reserves	1,101,018	1,120,976	1,075,502
Excess reserves	45,250	52,150	53,402
Borrowings	14,390	41,651	10,649
Free reserves	30,860	10,499	42,753

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In millions of dollars)

	GROSS DEMAND DEPOSITS			TIME DEPOSITS		
Date	Total	Reserve city banks	Country banks	Total	Reserve city banks	Country banks
1962: February	8,234	3,965	4,269	3,107	1,577	1,530
1963: February	8,354	4,007	4,347	3,706	1,811	1,895
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
1964: January	8,744	4,120	4,624	4,321	2,141	2,180
February	8,359	3,887	4,472	4,440	2,217	2,223

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Feb. 26, 1964	Jan. 29, 1964	Feb. 27, 1963
ASSETS			
Loans and discounts	6,955	6,882	6,127
U. S. Government obligations	2,697	2,735	2,960
Other securities	1,453	1,428	1,187
Reserves with Federal Reserve Bank	916	915	903
Cash in vault[e]	182	187	173
Balances with banks in the United States	1,101	1,114	1,101
Balances with banks in foreign countries[e]	5	11	5
Cash items in process of collection	707	655	677
Other assets[e]	387	446	367
TOTAL ASSETS[e]	14,403	14,373	13,500
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks	1,205	1,295	1,250
Other demand deposits	7,136	7,145	7,104
Time deposits	4,486	4,353	3,741
Total deposits	12,827	12,793	12,095
Borrowings[e]	158	196	104
Other liabilities[e]	197	173	159
Total capital accounts[e]	1,221	1,211	1,142
TOTAL LIABILITIES AND CAPITAL ACCOUNTS[e]	14,403	14,373	13,500

e — Estimated.

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

(Dollar amounts in thousands)

Area	Debits to demand deposit accounts[1]			Demand deposits[1]			
		Percent change from			Annual rate of turnover		
	February 1964	Jan. 1964	Feb. 1963	Feb. 29, 1964	Feb. 1964	Jan. 1964	Feb. 1963
ARIZONA							
Tucson	$ 289,490	—16	—4	$ 166,272	20.8	24.2	22.3r
LOUISIANA							
Monroe	88,052	—26	14	61,072	17.8	22.6	16.6
Shreveport	327,873	—15	0	208,677	20.0	24.5	21.1
NEW MEXICO							
Roswell	46,017	—20	—12	34,363	16.0	19.3	16.7
TEXAS							
Abilene	105,356	—18	6	67,046	18.4	21.2	17.0
Amarillo	262,981	—17	16	129,338	24.0	29.3	21.7
Austin	299,650	0	3	171,580	20.5	20.4	21.1
Beaumont	189,821	—18	19	105,632	21.2	25.1	17.9
Corpus Christi	214,526	—15	6	115,145	22.1	24.7	21.1
Corsicana	18,140	—13	6	20,930	9.6	11.3	9.7
Dallas	3,499,568	—10	6	1,334,996	31.7	33.8	30.7
El Paso	340,139	—21	3	193,136	21.2	26.6	19.8
Fort Worth	783,603	—21	4	415,551	22.7	27.5	22.9
Galveston	89,552	—15	13	60,992	17.6	20.5	15.5
Houston	3,449,168	—9	21	1,514,060	27.2	28.8	23.3
Laredo	34,194	—11	6	27,191	15.1	17.2	15.2
Lubbock	272,811	—39	15	134,222	23.5	37.2	20.6
Port Arthur	63,787	—14	8	41,000	18.2	20.9	16.6
San Angelo	55,940	—21	9	49,218	13.3	16.6	13.2
San Antonio	683,026	—15	2	419,447	19.2	22.0	19.2
Texarkana[2]	29,895	—13	26	19,582	18.2	20.8	15.5
Tyler	99,234	—16	12	67,934	17.3	19.9	16.4
Waco	123,421	—13	6	79,826	18.5	21.0	18.7
Wichita Falls	121,535	—17	7	100,370	14.4	16.6	13.6
Total—24 cities	$11,487,779	—13	10	$5,537,580	24.8	27.7	23.3r

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

[2] These figures include only two banks in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including one bank located in the Eighth District, amounted to $64,193,000 for the month of February 1964.

r — Revised.

DEPARTMENT STORE SALES

(Percentage change in retail value)

Area	February 1964 from		2 months, 1964 from 1963
	January 1964	February 1963	
Total Eleventh District	—4	19	14
Corpus Christi	11	13	6
Dallas	—2	20	15
El Paso	0	13	9
Houston	—8	26	19
San Antonio	—9	12	8
Shreveport, La.	—10	12	5
Waco	0	17	14
Other cities	—3	14	11

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	Feb. 1964p	Jan. 1964	Feb. 1963	January—February 1964p	January—February 1963
FIVE SOUTHWESTERN STATES[1]	389	428	397	817	710
Residential building	180	186	171	365	307
Nonresidential building	112	136	133	247	227
Nonbuilding construction	97	107	94	204	176
UNITED STATES	3,201	3,346	2,917	6,543	5,682
Residential building	1,427	1,372	1,215	2,798	2,461
Nonresidential building	1,082	1,158	1,005	2,238	2,016
Nonbuilding construction	692	816	698	1,506	1,205

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

p — Preliminary.

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

SOURCE: F. W. Dodge Corporation.

CASH RECEIPTS FROM FARM MARKETINGS

(Dollar amounts in thousands)

Area	1963	1962	Percent change
Arizona	$ 506,187	$ 494,204	2
Louisiana	493,683	432,257	14
New Mexico	261,304	270,136	—3
Oklahoma	677,113	660,569	3
Texas	2,499,299	2,466,884	1
Total	$ 4,437,586	$ 4,324,050	3
United States	$36,247,964	$35,921,164	1

SOURCE: U. S. Department of Agriculture.

CITRUS FRUIT PRODUCTION

(In thousands of boxes)

State and crop	Indicated 1963	1962	Average 1957–61
ARIZONA			
Oranges	2,000	1,560	1,192
Grapefruit	2,600	2,170	2,480
LOUISIANA			
Oranges	10	15	243
TEXAS			
Oranges	230	40	2,560
Grapefruit	480	70	4,480

SOURCE: U. S. Department of Agriculture.

INDEXES OF DEPARTMENT STORE SALES

Eleventh Federal Reserve District

(Daily average sales, 1957-59 = 100)

Date	Seasonally adjusted	Unadjusted
1963: February	109	80
September	107	111
October	104	102
November	126	109
December	210	121
1964: January	117	92
February	125	91

BUILDING PERMITS

Area	NUMBER		VALUATION (Dollar amounts in thousands)				
					Percent change		
					Feb. 1964 from		2 months, 1964 from 1963
	Feb. 1964	2 mos. 1964	Feb. 1964	2 mos. 1964	Jan. 1964	Feb. 1963	
ARIZONA							
Tucson	552	1,231	$ 2,299	$ 5,479	—28	29	27
LOUISIANA							
Shreveport	268	513	1,122	2,032	23	—37	—28
TEXAS							
Abilene	93	194	1,179	2,089	30	—28	—26
Amarillo	158	395	2,751	7,889	—46	—18	18
Austin	324	613	5,555	13,179	—27	—53	—34
Beaumont	182	401	1,615	3,147	5	128	95
Corpus Christi	275	552	1,682	5,237	—53	—12	49
Dallas	1,767	3,351	17,782	31,833	27	—50	—42
El Paso	377	758	3,968	6,296	70	43	36
Fort Worth	487	882	3,266	8,910	—42	5	6
Galveston	131	234	675	1,070	71	10	—34
Houston	1,713	3,344	28,048	56,145	0	52	50
Lubbock	162	351	6,811	9,933	118	209	—21
Midland	83	164	904	3,406	—64	—39	32
Odessa	65	116	618	1,060	40	—23	—37
Port Arthur	153	245	615	1,681	—42	94	103
San Antonio	1,056	2,055	3,922	11,180	—46	—9	10
Waco	243	426	1,822	2,953	61	94	—41
Wichita Falls	68	133	1,158	1,762	92	17	—55
Total—19 cities	8,157	15,958	$85,792	$175,281	—4	—9	—5

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	February 1964p	January 1964	December 1963	February 1963
TEXAS				
Total industrial production	125	122	121	116
Manufacturing	141	139	138	131
Durable	134	131	131	121
Nondurable	147	144	143	138
Mining	102	100	99r	98
UNITED STATES				
Total industrial production	128	127	127	120
Manufacturing	128	128	128	121
Durable	128	127	127	120
Nondurable	129	129	129	121
Mining	107	108	106r	105
Utilities	147	146	145	138

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

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	Feb. 1964p	Jan. 1964p	Feb. 1963	Percent change from Jan. 1964	Percent change from Feb. 1963
ELEVENTH DISTRICT	3,177.3	3,148.1	3,110.2	0.9	2.2
Texas	2,735.6	2,714.1	2,688.2	.8	1.8
Gulf Coast	536.2	536.5	516.8	—.1	3.8
West Texas	1,207.5	1,194.3	1,196.0	1.1	1.0
East Texas (proper)	111.2	111.3	119.1	—.1	—6.6
Panhandle	102.8	101.8	93.3	1.0	10.2
Rest of State	777.9	770.2	763.0	1.0	2.0
Southeastern New Mexico	281.7	271.6	273.9	3.7	2.8
Northern Louisiana	160.0	162.4	148.1	—1.5	8.0
OUTSIDE ELEVENTH DISTRICT	4,493.5	4,500.1	4,476.8	—.2	.4
UNITED STATES	7,670.8	7,648.2	7,587.0	.3	1.1

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

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States[1]

Type of employment	Number of persons February 1964p	Number of persons January 1964	Number of persons February 1963r	Percent change Feb. 1964 from Jan. 1964	Percent change Feb. 1964 from Feb. 1963
Total nonagricultural wage and salary workers	4,755,200	4,741,300	4,629,300	0.3	2.7
Manufacturing	832,000	828,900	804,100	.4	3.5
Nonmanufacturing	3,923,200	3,912,400	3,825,200	.3	2.6
Mining	230,700	231,000	230,900	—.1	—.1
Construction	302,400	292,300	286,600	3.5	5.5
Transportation and public utilities	385,100	386,000	390,700	—.2	—1.4
Trade	1,131,600	1,136,600	1,098,400	—.4	3.0
Finance	241,700	241,100	233,600	.2	3.5
Service	676,300	675,300	655,200	.1	3.2
Government	955,400	950,100	929,800	.6	2.8

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

NATIONAL PETROLEUM ACTIVITY INDICATORS

(Seasonally adjusted indexes, 1957-59 = 100)

Indicator	February 1964p	January 1964p	February 1963
CRUDE OIL RUNS TO REFINERY STILLS (Daily average)	110	108	112
DEMAND (Daily average)			
Gasoline	114	119	114
Kerosene	136	119	142
Distillate fuel oil	108	105	126
Residual fuel oil	99	102	106
Four refined products	110	112	116
STOCKS (End of month)			
Gasoline	106	106	105
Kerosene	138	137	115
Distillate fuel oil	121	119	93
Residual fuel oil	84	86	84
Four refined products	110	109	99

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