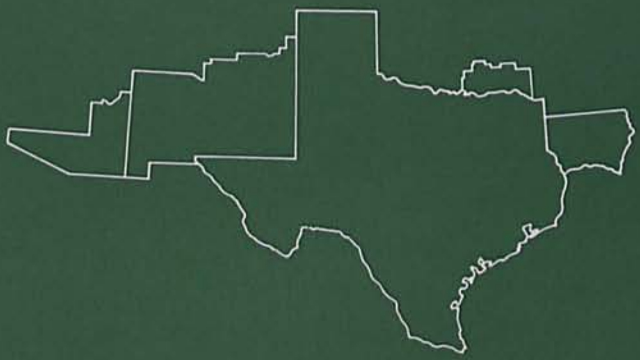
business review



june 1964

FEDERAL RESERVE
BANK OF DALLAS

contents

Remarks by The Honorable Douglas Dillon
Secretary of the Treasury of the United States
Before the 11th Annual International Monetary Conference
of the American Bankers Association
at the Palais Schwartzenberg, Vienna, Austria
Thursday, May 21, 1964, 12:30 P.M.

I am very pleased to be with you at another of your Annual International Monetary Conferences, which offer such a unique and valuable opportunity to confer with one another and with our European friends.

All of us recognize the need to improve the process of balance of payments adjustment among the free industrial nations. We have found that the old "rules of the game" — whatever their values in the past — are no longer adequate. For instance, the classical presumption that balance of payments deficits call for the restriction of domestic economic activity has had little relevance to the situation facing the United States in recent years. Nor has the other side of the classical coin — easy monetary policies designed to stimulate demand — been any more appropriate as an antidote for recent European payments surpluses.

The selection of suitable international payments policies has also become more difficult because domestic economic policies now encompass so many more objectives than they once did. For example, the promotion of full employment has come to be accepted as a high priority responsibility of governments throughout the free world. Price stability, the promotion of international trade, and the stimulation of overall economic growth, all now occupy prominent places in national policy objectives.

All of this means that we have had to seek new techniques — and new combinations of old techniques — to deal with payments deficits and surpluses. We have also learned that our search for effective policies cannot proceed in isolation. In moving to solve their own balance of payments problems, major countries must find ways to achieve their objectives without creating serious difficulties for others. The success of balance of payments adjustments increasingly depends upon the coordination of national efforts. We have learned the lesson — particularly in the short-term capital area — that close international cooperation can contribute in very specific ways to the improvement of the adjustment mechanism.

Although we have made substantial progress, many unresolved questions remain. Nowhere is this more evident than in the area of long-term portfolio capital flows. The importance of some of these unresolved questions was becoming apparent at the time of your Conference in Rome two years ago. I spoke then of the dangers inherent in the growing pressure of foreign borrowers upon the United States capital market. Within six months, those pressures began to mount rapidly and, by mid-1963, the volume of new issues in the New York market was running at more than three times its previous level. That, unfortunately, left us no recourse but direct governmental action. Accordingly, last July, we launched an intensified program to improve our balance of payments, in which the proposed interest equalization tax is a key element.

We look upon that proposed tax solely as a transitional measure. It must not be allowed to obscure the desirability of working out measures that can permanently strengthen the international adjustment mechanism, nor our own need vigorously to pursue other elements of our balance of payments program, such as the reduction of government expenditures overseas and the pursuit of appropriate fiscal and monetary policies. But the necessity for the interest equalization tax highlights the serious problems that have arisen in attempting to reconcile freedom of capital movements with the harsh necessities of balance of payments adjustment.

If long-term portfolio capital flows are to make their maximum contribution to our mutual growth and welfare, they should be permitted to respond freely to shifting patterns of trade, to differentials in profit opportunities, and to the basic capacity of various nations to save. But if they are not to undermine the adjustment mechanism, long-term portfolio capital movements must also be responsive to the balance of payments position of borrowers and lenders alike.

The difficulties inherent in accomplishing both of these goals simultaneously become clear when we consider the kinds of problems that have recently plagued us in the area of international flows of portfolio capital. Countless borrowers and lenders are constantly making decisions to buy or sell foreign securities on the basis of price and yield differentials and availabilities of funds, as these factors are reflected in the market place. But we have no assurance that these decisions will, at any given time, reflect basic differences in the underlying capacity of various countries to provide capital for domestic uses — much less their capacities to transfer that capital abroad. Instead — in the case of more than one country — flows of portfolio capital have recently shown a disturbing tendency to seriously aggravate imbalances in payments, rather than to assist in their adjustment. The greatest difficulties on this score have arisen for countries which do not have controls on their capital markets — Germany and the United States.

In our case, it was necessary to reduce an excessive net outflow of portfolio capital, while the German problem has been the reverse one of discouraging an excessive net inflow. Our approach was the proposed interest equalization tax to increase the effective cost of foreign borrowing in our markets. The German approach — in some ways complementary — was to propose a withholding tax on non-resident purchasers of German interest bearing securities, thereby lowering the after-tax yield to some foreign investors and thus tending to discourage capital inflows. Perhaps even more significant in terms of progress toward more efficient capital markets, the German authorities coupled this with an important structural reform, in the proposal to remove the 2½ percent tax on the purchase of newly issued securities — a step designed to offer encouragement to new capital issues, both foreign and domestic.

The fact that a country as basically committed to the free flow of funds as is the United States found it necessary to propose the interest equalization tax underscores the importance of achieving a better balance in the structure and efficiency of world capital markets. Until that better balance is achieved, it will be difficult, or even impossible, to influence the direction and amount of long-term portfolio capital flows through the normal action of monetary policy, without the help of special measures aimed at encouraging or discouraging such movements. Consequently, progress in improving the free world's capital markets has become essential if the uninhibited flow of long-term international portfolio capital is not to be a disturbing element in the quest for payments equilibrium.

In seeking the reasons why portfolio capital flows have become disturbing to payments equilibrium, one is immediately struck by the current wide disparity between European long-term interest rates and our own. Long-term interest rates in Europe have been very high throughout the postwar period. Although conditions vary from country to country, Europe can generally be characterized as having been on something close to a "6 percent basis" since World War II. Certainly, in the light of past experience, 6 percent is an unusually high level of long-term interest rates for Europe. Throughout the 19th century, the annual average of prime long-term bond yields in continental Europe was only slightly above 4¼ percent. In England, it was just under 3½ percent. And, during the early decades of this century, the overall averages, with the sole exception of Germany, were little, if any, higher.

Because of the vast needs of postwar reconstruction and, more recently, of rapid economic growth, reasons can be found to justify the current high level of European long-term interest rates. In addition, relatively recent experience with inflation has discouraged postwar European investors from the purchase of bonds. But these transitory conditions do not suggest that 6 percent is desirable as a permanent level, or that it is likely to be maintained over any very long period of time. History would seem clearly to indicate otherwise.

While the prevention of inflation remains vitally necessary, in Europe as well as elsewhere, current inflationary threats appear to be different from those of the immediate postwar period. There now seems to be much greater ground for the use of income policies to restrain upward pushes on the cost-price structure, and much less reason to place primary reliance on high and inflexible levels of long-term interest rates. I do not suggest that the necessity for interest rate variation is at all diminished. I only question whether it is desirable, as a long run proposition, that European interest rates should continue to fluctuate around levels so much higher than their historic averages. While the immediate and visible threat of such high rates is to international payments balance, one can reasonably expect that the maintenance of sustained growth in Europe itself will, in time, require appreciably lower long-term rates of interest.

Even with due allowance for the special factors that I have mentioned, the question arises as to the extent to which institutional frictions and government restrictions are to be held accountable both for the current high level of long-term interest rates in Europe and for other impediments to the availability of funds. Throughout history, efficient capital markets have tended to produce lower rate structures and, conversely, inadequate capital markets have generally bred high interest rates. European capital markets once led the world, but in the postwar period they have fallen far behind the needs of the times, particularly in the access they offer to foreign borrowers. This is partly because government intervention and controls have impeded the development of broad and integrated capital markets in Europe, and partly because private financial institutions have sometimes been slow to adapt imaginatively to changing situations.

A broad and responsive capital market helps to insure that temporary influences can be readily and rapidly absorbed within an acceptably narrow range of changes in security prices and yields. However, where governments follow the practice of pre-empting and channelling large proportions of the funds potentially available, it becomes difficult to provide sufficient breadth in the private sector of the market. Unless security prices and yields are free to react to changing patterns of supply and demand, and to respond to broad and vigorous competition among private financial institutions, the prospects for the development of truly efficient capital markets cannot be bright.

The failure of European capital markets to keep pace with the expanding capital requirements of the industrialized world has been a major factor in stimulating pressures upon the New York capital market. The imbalance has been so large that the greater availability of funds to potential borrowers in New York has often seemed more important than interest rate considerations.

With such wide disparities in market capacity and accessibility, there is no use looking to relatively minor international variations in long-term interest rates to guide the flow of capital and to encourage balance of payments adjustment. And the major variations in interest rates that would be required to bring long-term portfolio capital flows into better balance do not seem possible for either Europe or the United States. The heavy accumulations of savings in the United States make it doubtful that even an extremely restrictive monetary policy could cause our long-term interest rates to approach the European level — and any such extreme monetary policy would clearly run counter to our current domestic need for fuller employment and higher utilization of our industrial capacity. In Europe, on the other hand, efforts to reduce long-term interest rates cannot hope to achieve really significant success until broader and more active capital market facilities come into being.

It is encouraging that this need is now recognized on all sides. During recent years, Europe has taken significant steps toward improving her capital markets. The increasing economic integration of Europe offers an opportunity for much greater progress in the future, and it is imperative that the opportunity be seized. Recent experimentation in achieving a broad European market for security flotations deserves to be carried further despite the difficulties that have been encountered. The increase in dollar-denominated loans under the stimulus of the proposal for the interest equalization tax, the use of unit of account loans, and the proposal by Dr. Hermann Abs for separate national shares in large European security flotations, are all developments of considerable significance.

I recognize that institutional changes of the required scope cannot be achieved easily or quickly. However, there are promising signs of progress. The task now is to push ahead vigorously in a concerted effort to enlarge and improve European capital markets as a necessary prerequisite to our common effort, within a framework of free markets, to harness long-term portfolio capital flows to the stark realities of balance of payments imperatives. Until this has been successfully accomplished, it must be recognized that portfolio capital calls on the New York market from abroad will, in some fashion or another, have to be contained within the limits set by our own overall balance of payments situation.

This is, for us, a new and unpleasant fact of life, but it is one with which our European friends have long learned to live. And it is only one of many ways in which we must accommodate our policies to the exigencies of our international payments situation. We must continue to reduce our military expenditures overseas, as well as the dollar cost of our foreign aid programs. We must continue vigorously to press the sale of advanced military equipment to help offset the cost of maintaining our forces abroad. We must continue to increase the attractiveness of direct investment in the United States. And, above all, we must continue to seek out ways of enlarging our exports while maintaining price stability at home.

Until our payments deficit is entirely removed, and our gold losses halted, our work will be unfinished. The past ten months have seen a dramatic improvement in our payments situation, stemming in good part from the intensified action program introduced last July, but also from a noticeable longer term improvement in our underlying competitive position. The seasonally adjusted annual rate of deficit on regular transactions during the second quarter of 1963 was swollen by massive foreign borrowing in our markets and exceeded $5 billion. This rate of deficit was cut sharply to a little under $2 billion in the third quarter of 1963, and to a little over $2 billion in the fourth quarter. Preliminary data for the first quarter of this year indicate that after seasonal adjustment our deficit on regular transactions has declined even further to an annual rate of about $550 million.

But it must be recognized that these first quarter results overstate the actual improvement. There is evidence of a substantial temporary inflow of short-term funds from Canada during March — an inflow that was completely reversed early in April. Even so, after taking this into account, the first quarter still weighed in as our best quarter since 1957. On an overall basis and without allowance for favorable seasonal influences, our international payments so far this year have been in approximate balance. This cannot be expected to continue as seasonal effects will soon shift against us. But although 1964, as a whole, is expected to record another sizeable deficit on regular transactions, there are excellent reasons to hope that it will be sharply reduced from the levels of the past six years. We have, therefore, every right to be encouraged.

But we must remember that a good part of our recent progress is due to the proposal for the interest equalization tax. By the end of 1965, when this tax is scheduled to expire, a secure payments equilibrium will require a much better balanced international flow of long-term portfolio capital than characterized late 1962 and the early months of 1963. Specifically, this means that United States portfolio capital in large amounts should not be asked to support the expansion of developed areas with strong balance of payments positions. Increasingly flexible and efficient capital markets in Europe — capable of supplying funds at reasonable rates of interest — will remove one major source of difficulty. It is then that opportunities should emerge for long-term capital movements to contribute more actively to the process of balance of payments adjustment among nations.

We do not by any means have all the answers in the long-term capital area. But as international capital markets achieve a better balance, both in terms of interest rates and of lending capacity, it should prove possible to apply in the long-term capital area some of the lessons we have learned in the short-term area.

A narrowing of existing differences in long-term interest rates among industrialized countries, together with wider access of borrowers and lenders to a variety of national markets, implies a growing sensitivity of long-term portfolio capital flows to relatively minor interest rate variations. This sensitivity can be turned to our mutual advantage, for it will provide opportunities for governments to make greater use of acceptable variations in monetary policy to influence these flows in the interest of balance of payments adjustment, without violating their own domestic needs. It suggests another way in which we can all work together to strengthen the adjustment process, while continuing our progress toward a world of free capital movements and ever freer trade and payments.

district highlights

The development of the negotiable time certificate of deposit as a widely accepted financial instrument has significantly altered the nature of commercial bank time and savings deposits. To an increasing extent, these deposits are being represented by negotiable certificates sold to business firms, individuals, and others having sizable amounts of funds to invest for relatively short periods of time.

Member banks in the Eleventh Federal Reserve District are quite active in the certificate of deposit market. At the year-end call date, "other time deposits of individuals, partnerships, and corporations" — consisting primarily of certificates of deposit — accounted for almost 30 percent of total time and savings deposits in the District. In order to determine the maturity of these financial instruments, the Board of Governors of the Federal Reserve System has instituted a quarterly survey of outstanding negotiable certificates of deposit in denominations of $100,000 or more at the weekly reporting member banks.

The first survey of weekly reporting member banks in the Eleventh District indicates that, on May 20, 1964, these banks had negotiable certificates of deposit outstanding of $917.2 million, which is $121.5 million, or 15 percent, greater than the amount outstanding on January 1. The amount of certificates outstanding is subject to sharp month-to-month fluctuations, partially reflecting the use of these instruments as temporary investments by corporations in anticipation of quarterly tax payments. In the first 2 months of this year, the amount of certificates outstanding expanded $144.2 million to $939.9 million. A decline was recorded in March, but there were modest advances in April and May.

The maturity of certificates of deposit issued by the reporting District banks is highly concentrated in the short-term area. Slightly over one-half of the amount outstanding matures within 4 months, and 85 percent falls due within 8 months. Approximately 6 percent of the outstanding certificates mature on the June 15 tax date.

Partly reflecting heavy pre-Mother's Day buying, April sales at Eleventh District department stores were at a new high for the month. The seasonally adjusted index of sales for April, at 120 percent of the 1957-59 base, was 2 percent below March but 10 percent higher than in April 1963. Although the shifting dates of Easter affect the comparison of March and April department store sales this year with those in 1963, seasonally adjusted sales during January-April 1964 were 11 percent above the same 4-month period last year.

A new high for April also was established by registrations of new passenger automobiles in four major market areas in Texas. Registrations were 4 percent above March and 16 percent higher than in April 1963. During the January-April period of 1964, registrations in Houston and Dallas each were 15 percent above a year ago, while those in Fort Worth and San Antonio were up 10 percent and 2 percent, respectively. The four markets combined showed a 13-percent increase over the first 4 months of 1963.

Nonagricultural wage and salary employment in the five southwestern states advanced almost 1 percent during April to a level that was slightly more than 2 percent above a year earlier. All five states participated in both the monthly and yearly increases. The gain over March in the number of wage and salary workers was paced by nonmanufacturing employment, which rose 0.8 percent; manufacturing employment expanded 0.5 percent, largely because of hiring in the durable goods industries. Among the nonmanufacturing categories, construction and services posted the largest relative increases in employment during April. However, all of the major groups of nonmanufacturing industries experienced some improvement except transportation and public utilities, which showed a fractional employment decline.

Prospective winter wheat production in the District states declined 11 percent during the month ended May 1 to a total of 141.4 million bushels; however, the 1964 output is indicated to be 15 percent above last year. Except for Louisiana, decreases during the month were reported in all of the District states, ranging from a 3-percent decline in Arizona to a 28-percent reduction in New Mexico. Continued dry weather conditions accounted for the decrease from the preceding month's forecast. The 1964 Texas wheat crop is estimated at 50.5 million bushels, which is 17 percent less than the April 1 indication but is almost one-fourth larger than the 1963 figure.

According to a recent U. S. Department of Agriculture release, cotton production in the District states in 1963 is now placed at 6.5 million bales (500 pounds gross weight). Thus, output last year was 4 percent below 1962. The combined value of cotton lint and seed in the Southwest in 1963 amounted to $1,149 million, reflecting a 3-percent reduction from the previous year.

Cash receipts from farm marketings in the District states during January-March 1964 amounted to $892.7 million, or 13 percent less than in the first quarter of 1963. Receipts from crops were down sharply, and those from livestock and livestock products declined slightly. Total cash receipts from farm marketings were below a year earlier in all of the District states except Louisiana.

new par bank

The Howe State Bank, Howe, Texas, an insured nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, May 23, 1964. The officers are: A. L. Geer, Chairman of the Board; Cleon L. Hamilton, President; O. W. Lamb, Vice President; N. R. Langford, Vice President (Inactive); and Edwin E. Hayes, Cashier.

new member banks

The Lackland National Bank of San Antonio, San Antonio, 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 May 11, 1964, as a member of the Federal Reserve System. The new member bank has capital of $250,000, surplus of $250,000, and undivided profits of $100,000. The officers are: W. F. Castella, Chairman of the Board; G. B. Lacy, Vice Chairman of the Board; Jud Watson, President; James G. Law, Jr., Vice President; and Allen R. Byrn, Cashier.

The Corpus Christi Bank and Trust Company, Corpus Christi, Texas, located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, became a member of the Federal Reserve System on May 18, 1964. The new member bank, which was organized in 1928, has capital of $2,000,000, surplus of $2,000,000, undivided profits of $667,000, and total resources of $45,201,000. The officers are: W. P. Pittman, Chairman of the Board; James T. Denton, Jr., President; T. S. Scibienski, Chairman of the Executive Committee; Leroy Beavers, Vice President and Cashier; Jerry D. Minton, Vice President and Trust Officer; James E. Powell, Vice President; William E. O'Kelly, Vice President; Roger T. Powell, Assistant Trust Officer; Ethel Goebel, Assistant Cashier and Assistant Trust Officer; W. J. Bower, Assistant Cashier; H. A. Dickerson, Assistant Cashier; Loyd G. Lipsey, Assistant Cashier; Russell M. Thomas, Assistant Cashier; and I. V. Trevino, Assistant Cashier.

The National Bank of Oak Cliff in 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 May 27, 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 $120,000. The officers are: Frederick Harman, Chairman of the Board; Dan G. Bennett, President; James E. Anderson, Vice President; and R. B. Gunnels, Vice President and Cashier.

1914 FEDERAL RESERVE BANK OF DALLAS 1964

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INC. MAY 18, 1914

STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

June 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	May 20, 1964	Apr. 22, 1964	May 22, 1963
ASSETS			
Commercial and industrial loans	1,975,432	2,037,311	1,796,077
Agricultural loans	54,633	44,445	46,960
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities	274	1,774	289
Other securities	53,161	57,959	59,348
Other loans for purchasing or carrying:			
U. S. Government securities	2,486	3,455	2,108
Other securities	268,486	248,628	236,170
Loans to domestic commercial banks	104,688	31,881	92,665
Loans to foreign banks	2,332	2,780	2,548
Loans to other financial institutions:			
Sales finance, personal finance, etc.	116,232	97,684	89,937
Savings banks, mtge. cos., ins. cos., etc.	259,239	261,916	225,716
Real estate loans	355,748	350,351	311,515
All other loans	1,078,772	1,071,833	885,134
Gross loans	4,271,483	4,210,017	3,748,467
Less reserves and unallocated charge-offs	75,410	75,370	68,909
Net loans	4,196,073	4,134,647	3,679,558
Treasury bills	107,200	102,174	133,024
Treasury certificates of indebtedness	52	6,642	128,091
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year	117,805	107,510	128,835
After 1 but within 5 years	750,547	768,972	708,279
After 5 years	364,328	363,850	488,968
Other securities	703,190	747,913	538,963
Total investments	2,043,122	2,097,061	2,126,160
Cash items in process of collection	653,950	848,279	632,706
Balances with banks in the United States	453,082	511,710	467,603
Balances with banks in foreign countries	3,554	3,278	4,803
Currency and coin	62,450	66,290	60,961
Reserves with Federal Reserve Bank	488,809	477,374	574,986
Other assets	252,659	239,878	224,710
TOTAL ASSETS	8,153,699	8,378,517	7,771,487
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits			
Individuals, partnerships, and corporations	3,041,481	3,301,556	3,059,267
Foreign governments and official institutions, central banks, and international institutions	3,759	3,876	2,869
U. S. Government	204,016	79,201	165,853
States and political subdivisions	261,118	253,023	309,435
Banks in the United States, including mutual savings banks	957,635	1,026,070	984,057
Banks in foreign countries	15,257	17,219	15,021
Certified and officers' checks, etc.	52,582	67,714	52,211
Total demand deposits	4,535,848	4,748,659	4,588,713
Time and savings deposits			
Individuals, partnerships, and corporations			
Savings deposits	1,139,245	1,130,755	1,050,766
Other time deposits	1,114,067	1,099,922	902,984
Foreign governments and official institutions, central banks, and international institutions	500	500	511
U. S. Government, including postal savings	5,480	3,917	6,152
States and political subdivisions	365,686	341,994	304,056
Banks in the United States, including mutual savings banks	6,856	5,629	8,333
Banks in foreign countries	1,900	2,400	2,350
Total time and savings deposits	2,633,734	2,585,117	2,275,152
Total deposits	7,169,582	7,333,776	6,863,865
Bills payable, rediscounts, etc.	119,668	185,193	131,525
All other liabilities	161,919	161,167	107,695
Capital accounts	702,530	698,381	668,402
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	8,153,699	8,378,517	7,771,487

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	May 20, 1964	Apr. 22, 1964	May 22, 1963
Total gold certificate reserves	528,037	551,762	667,661
Discounts for member banks	12,708	23,677	17,098
Other discounts and advances	0	285	0
U. S. Government securities	1,314,090	1,300,248	1,179,867
Total earning assets	1,326,798	1,324,210	1,196,965
Member bank reserve deposits	854,904	841,975	929,498
Federal Reserve notes in actual circulation	968,854	965,589	892,672

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	5 weeks ended May 6, 1964	4 weeks ended April 1, 1964	4 weeks ended May 1, 1963
RESERVE CITY BANKS			
Total reserves held	583,776	585,321	587,050
With Federal Reserve Bank	543,209	545,496	545,663
Currency and coin	40,567	39,825	41,387
Required reserves	579,896	580,686	582,504
Excess reserves	3,880	4,635	4,546
Borrowings	21,383	22,715	2,804
Free reserves	—17,503	—18,080	1,742
COUNTRY BANKS			
Total reserves held	561,765	560,243	539,101
With Federal Reserve Bank	437,139	436,874	424,354
Currency and coin	124,626	123,369	114,747
Required reserves	525,436	524,209	493,425
Excess reserves	36,329	36,034	45,676
Borrowings	2,809	1,201	1,614
Free reserves	33,520	34,833	44,062
ALL MEMBER BANKS			
Total reserves held	1,145,541	1,145,564	1,126,151
With Federal Reserve Bank	980,348	982,370	970,017
Currency and coin	165,193	163,194	156,134
Required reserves	1,105,332	1,104,895	1,075,929
Excess reserves	40,209	40,669	50,222
Borrowings	24,192	23,916	4,418
Free reserves	16,017	16,753	45,804

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: April	8,148	3,963	4,185	3,234	1,625	1,609
1963: April	8,284	4,016	4,268	3,836	1,886	1,950
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
March	8,359	3,944	4,415	4,470	2,220	2,250
April	8,422	3,975	4,447	4,483	2,214	2,269

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Apr. 29, 1964	Mar. 25, 1964	Apr. 24, 1963
ASSETS			
Loans and discounts	7,067	7,017	6,195
U. S. Government obligations	2,617	2,678	2,894
Other securities	1,509	1,477	1,223
Reserves with Federal Reserve Bank	847	906	920
Cash in vault[e]	191	181	177
Balances with banks in the United States	974	1,087	1,067
Balances with banks in foreign countries[e]	4	4	6
Cash items in process of collection	708	674	686
Other assets[e]	395	414	355
TOTAL ASSETS[e]	14,312	14,438	13,523
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks	1,150	1,243	1,222
Other demand deposits	7,018	7,180	7,041
Time deposits	4,508	4,472	3,844
Total deposits	12,676	12,895	12,107
Borrowings[e]	176	122	125
Other liabilities[e]	231	201	149
Total capital accounts[e]	1,229	1,220	1,142
TOTAL LIABILITIES AND CAPITAL ACCOUNTS[e]	14,312	14,438	13,523

e — Estimated.

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

(Dollar amounts in thousands)

	Debits to demand deposit accounts[1]			Demand deposits[1]			
		Percent change from			Annual rate of turnover		
Area	April 1964	Mar. 1964	Apr. 1963	April 30, 1964	Apr. 1964	Mar. 1964	Apr. 1963
ARIZONA							
Tucson............$	338,676	4	3	$ 168,884	24.2	23.5	24.4r
LOUISIANA							
Monroe...........	102,798	—3	5	56,642	20.9	20.6	20.8
Shreveport.........	340,530	0	—1	174,949	22.6	20.5	23.2
NEW MEXICO							
Roswell...........	52,408	3	—10	34,739	18.2	17.8	19.4
TEXAS							
Abilene...........	113,114	1	3	62,558	21.0	20.0	18.1
Amarillo..........	308,735	10	21	128,004	28.7	25.9	25.3
Austin............	316,729	5	14	186,401	20.6	20.4	19.6
Beaumont..........	228,551	12	20	107,876	25.3	22.8	21.4
Corpus Christi.......	229,825	4	11	116,837	23.5	22.7	21.4
Corsicana..........	18,489	9	5	20,879	10.6	9.7	10.4
Dallas............	3,725,041	1	3	1,337,154	33.2	33.1	33.6
El Paso...........	361,033	—6	—2	239,015	20.0	23.9	22.8
Fort Worth........	873,443	1	5	412,074	25.3	25.0	24.5
Galveston.........	99,448	2	1	61,075	19.7	19.3	19.0
Houston...........	3,709,990	—4	13	1,500,210	29.5	30.6	26.2
Laredo............	40,633	12	9	26,351	18.4	16.1	17.4
Lubbock...........	248,569	0	15	134,048	21.8	21.8	20.3
Port Arthur........	64,018	4	4	43,413	17.8	17.5	17.0
San Angelo........	62,942	4	15	48,324	15.6	14.8	13.9
San Antonio........	788,275	3	1	428,920	22.0	21.5	22.3
Texarkana[2]........	31,730	2	7	19,894	18.6	18.5	19.3
Tyler.............	109,255	1	4	69,925	18.8	19.0	18.4
Waco.............	137,236	7	12	79,563	20.6	19.2	20.8
Wichita Falls.......	141,485	—1	12	97,015	16.9	16.8	15.1
Total—24 cities.......$	12,442,953	0	7	$5,554,750	26.9	26.9	25.7r

[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 $66,738,000 for the month of April 1964.
r — Revised.

INDEXES OF DEPARTMENT STORE SALES

Eleventh Federal Reserve District

(Daily average sales, 1957-59 = 100)

Date	Seasonally adjusted	Unadjusted
1963: April..................	110	108
November...............	109	126
December...............	121	210
1964: January.................	117	92
February................	125	91
March..................	122	111
April..................	120	113

DEPARTMENT STORE SALES

(Percentage change in retail value)

	April 1964 from		4 months, 1964 from 1963
Area	March 1964	April 1963	
Total Eleventh District.........	2	5	11
Corpus Christi................	4	—5	1
Dallas.....................	1	3	10
El Paso....................	—2	0	8
Houston....................	4	8	15
San Antonio................	—8	1	8
Shreveport, La..............	5	2	4
Waco......................	3	5	11
Other cities................	7	6	9

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	April 1964p	March 1964	February 1964	April 1963
TEXAS				
Total industrial production........	124	123	125	117
Manufacturing..............	142	142	142	132
Durable..................	136	136	134	124
Nondurable..............	146	147	147	139
Mining....................	101	98	103	98
UNITED STATES				
Total industrial production........	129	128	128	123
Manufacturing..............	130	129	129	123
Durable..................	131	129	129r	123
Nondurable..............	130	129	129	123
Mining....................	109	107	108	107
Utilities....................	145	144	144r	136

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

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States[1]

	Number of persons			Percent change April 1964 from	
Type of employment	April 1964p	March 1964	April 1963r	March 1964	April 1963
Total nonagricultural wage and salary workers..	4,819,500	4,785,100	4,716,100	0.7	2.2
Manufacturing...........	838,800	834,900	815,500	.5	2.9
Nonmanufacturing........	3,980,700	3,950,200	3,900,600	.8	2.1
Mining...............	233,000	231,300	231,500	.7	.6
Construction...........	316,900	309,600	306,200	2.4	3.5
Transportation and public utilities........	384,100	384,600	386,400	—.1	—.6
Trade................	1,151,800	1,147,000	1,133,900	.4	1.6
Finance..............	244,600	242,600	237,400	.8	3.0
Service..............	689,900	679,000	669,800	1.6	3.0
Government..........	960,400	956,100	935,400	.4	2.7

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

BUILDING PERMITS

	NUMBER		VALUATION (Dollar amounts in thousands)				
					Percent change		
					April 1964 from		4 months, 1964 from 1963
Area	Apr. 1964	4 mos. 1964	Apr. 1964	4 mos. 1964	Mar. 1964	Apr. 1963	
ARIZONA							
Tucson........	1,029	3,184	$ 2,979	$ 9,974	6	—3	13
LOUISIANA							
Shreveport....	390	1,208	2,610	8,119	26	23	—17
TEXAS							
Abilene.......	118	404	1,346	6,474	3	—32	—27
Amarillo......	282	973	4,864	15,152	25	25	10
Austin........	399	1,382	7,009	32,549	20	20	—20
Beaumont.....	294	954	902	4,911	—34	—55	10
Corpus Christi..	355	1,244	2,644	8,570	43	19	13
Dallas........	2,606	8,271	29,116	91,060	60	31	—13
El Paso.......	511	1,761	4,324	12,490	—18	9	27
Fort Worth.....	694	2,138	4,106	16,582	3	—16	3
Galveston.....	151	535	1,263	2,598	85	139	16
Houston......	2,224	7,748	29,971	125,384	—5	1	—6
Lubbock......	212	697	3,743	19,689	—12	5	—9
Midland......	128	380	1,071	5,635	68	1	—9
Odessa.......	96	286	588	2,809	—16	38	—17
Port Arthur....	169	556	323	1,768	—14	—44	35
San Antonio...	1,303	4,741	5,007	19,425	—32	40	22
Waco........	243	956	2,365	7,154	72	80	—6
Wichita Falls..	161	359	1,374	5,724	80	127	—32
Total—19 cities..	11,365	37,777	$105,605	$396,067	12	13	—5

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	April 1964p	March 1964	April 1963	January—April 1964p	January—April 1963
FIVE SOUTHWESTERN STATES[1]	401	434	375	1,639	1,521
Residential building	198	213	194	777	687
Nonresidential building	120	114	91	480	443
Nonbuilding construction	83	106	89	382	390
UNITED STATES	4,359	4,215	3,983	15,063	13,190
Residential building	2,006	1,991	1,986	6,786	6,079
Nonresidential building	1,420	1,252	1,210	4,891	4,348
Nonbuilding construction	933	972	787	3,387	2,763

[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	January—March 1964	January—March 1963	Percent change
Arizona	$ 112,001	$ 128,004	—13
Louisiana	88,314	64,794	36
New Mexico	39,271	43,473	—10
Oklahoma	116,340	135,775	—14
Texas	536,780	649,022	—17
Total	$ 892,706	$1,021,068	—13
United States	$8,186,060	$8,156,663	0

SOURCE: U. S. Department of Agriculture.

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	April 1964p	March 1964p	April 1963	Percent change from March 1964	Percent change from April 1963
ELEVENTH DISTRICT	3,175.3	3,158.4	3,090.2	0.5	2.8
Texas	2,729.6	2,714.0	2,667.3	.6	2.3
Gulf Coast	519.5	512.8	508.7	1.3	2.1
West Texas	1,203.8	1,200.5	1,192.7	.3	.9
East Texas (proper)	111.3	111.3	113.7	.0	—2.1
Panhandle	104.7	103.9	109.3	.8	—4.2
Rest of State	790.3	785.5	742.9	.6	6.4
Southeastern New Mexico	284.0	284.0	271.5	.0	4.6
Northern Louisiana	161.7	160.4	151.4	.8	6.8
OUTSIDE ELEVENTH DISTRICT	4,460.3	4,441.7	4,518.8	.4	—1.3
UNITED STATES	7,635.6	7,600.1	7,609.0	.5	.3

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

WINTER WHEAT PRODUCTION

(In thousands of bushels)

Area	1964, indicated May 1	1963	Average 1958–62
Arizona	1,290	1,188	2,154
Louisiana	1,584	1,484	782
New Mexico	2,730	3,800	4,892
Oklahoma	85,218	75,411	101,844
Texas	50,544	40,618	66,334
Total	141,366	122,501	176,006

SOURCE: U. S. Department of Agriculture.

COTTON ACREAGE, PRODUCTION, AND VALUE OF PRODUCTION

(In thousands)

Area	Acreage harvested 1963	Acreage harvested 1962	Bales produced[1] 1963	Bales produced[1] 1962	Value of lint and seed 1963	Value of lint and seed 1962
Arizona	387	405	839	942	$ 154,324	$ 172,293
Louisiana	519	565	681	547	124,497	99,905
New Mexico	190	201	271	268	52,393	49,421
Oklahoma	590	612	336	311	56,460	51,156
Texas	5,850	6,500	4,417	4,726	761,225	812,719
Total	7,536	8,283	6,544	6,794	$1,148,899	$1,185,494
United States	14,212	15,569	15,327	14,867	$2,776,477	$2,664,325

[1] 500 pounds gross weight.
SOURCE: U. S. Department of Agriculture.

NATIONAL PETROLEUM ACTIVITY INDICATORS

(Seasonally adjusted indexes, 1957-59 = 100)

Indicator	April 1964p	March 1964p	April 1963
CRUDE OIL RUNS TO REFINERY STILLS (Daily average)	113	112	109
DEMAND (Daily average)			
Gasoline	112	112	114
Kerosene	189	134	155
Distillate fuel oil	127	111	104
Residual fuel oil	102	90	94
Four refined products	117	108	109
STOCKS (End of month)			
Gasoline	109	108	104
Kerosene	138	152	130
Distillate fuel oil	120	128	113
Residual fuel oil	78	80	91
Four refined products	110	113	107

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