

business review



september 1964

**FEDERAL RESERVE
BANK OF DALLAS**

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district economic and banking developments

Thus far in 1964, the Eleventh District economy has shared in the balanced economic growth of the Nation. Industrial output, as measured by the Texas industrial production index, recorded solid gains, based upon increased manufacturing and mining activity, in the first 7 months of the year. The pace of contract construction rose appreciably over a year ago and the number of jobholders advanced to a new high. Encouraged by more plentiful employment opportunities outside of agriculture and higher nonfarm earnings, along with an enlarged disposable income derived from the March tax cut, consumers increased their spending over corresponding year-earlier totals for a broad range of goods and services.

On the less favorable side, crude petroleum prices softened at a number of District oil fields in the late spring and early summer, and, in agriculture, some commodity prices were weakened by oversupply situations. Moreover, there was a general shortage of moisture.

District banking activity was highlighted by a robust loan demand, which was sparked by consumer borrowing. Faced with an outflow of demand deposits and a slackened inflow of time and savings deposits, member banks reduced their purchases of non-Government securities and liquidated U. S. Government securities in substantial volume.

economic developments

Moving upward at a somewhat faster rate than the average of the past 3 years, Texas industrial production advanced 8 points during

the first 7 months of this year to reach a record seasonally adjusted 129 percent of the 1957-59 average in July, reflecting a year-to-year gain of almost 5 percent. Further indicating the strength of industrial activity in the Southwest, the consumption of electric power for industrial purposes also rose approximately 5 percent. Manufacturing and mining contributed about equally to the climb of the Texas production index over the level of last December. Manufacturing provided the greater push during the first quarter, while mining activity, after seasonal adjustment, was particularly strong during the April-July period.

Virtually every industry group contributed, in some measure, to the expanded volume of manufactures in the 7-month period; yet, the durable goods industries, on balance, posted the largest relative gains. The rise in the output of durables was led by fabricated metal products, machinery (including electrical), and transportation equipment. In the case of fabricated metals, the largest advance was concentrated in structural steel products, such as those used in bridges, buildings, and industrial plants, reflecting increased spending for heavy engineering projects in the District. An enlarged demand for oil field equipment helped to raise machinery production, and the growth of transportation equipment output mirrored the record pace of automobile assemblies, stepped-up activity in the fabrication of missile components and aircraft, and increased shipbuilding.

Among the nondurable goods which experienced significant production gains during the

January-July period were chemicals, apparel, and textile mill products. The chemical industry responded to a heavy demand for inorganic compounds (for example, caustic soda) for use in industrial processes and to a growing need for petrochemical intermediates for processing into final products, such as plastics in their various forms. The increased outlays for apparel thus far in 1964 by consumers in the Nation have served to stimulate such production in the District, along with output of textile mill products.

Mining activity picked up in the District during the first 7 months of 1964 compared with the corresponding period last year. The outturns of natural gas and natural gas liquids both continued their long-standing uptrends, while daily average crude oil production advanced 3.4 percent. This year-to-year climb in crude oil output was somewhat in excess of the overall gain in the Nation, as District oil wells furnished slightly over 60 percent of the increase in total domestic production. The largest relative gains in the volume of crude petroleum occurred in northern Louisiana and southeastern New Mexico, although Texas reported a rise over a year earlier that topped the performance of the Nation.

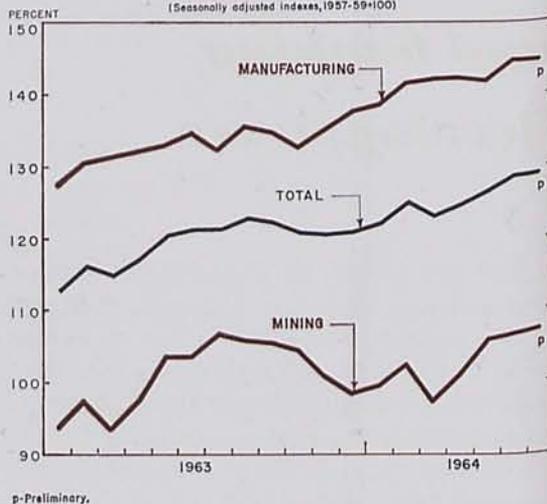
The gain in crude oil output in the District this year compared with last year did not result in a proportional increase in revenue to producers and royalty owners, since crude oil prices at many fields in the District softened in the late spring and early summer. Weak refined product prices — especially for the light fuel oils in the winter and for gasoline in the spring — and uncomfortably high crude oil inventories in the Nation beginning in March combined to put a downward pressure on oil field postings in the midcontinent area. Reductions occurred near the end of March in prices paid for premium crudes in Kansas and Oklahoma, thus heralding the onset of declines elsewhere.

Despite a minor upturn in drilling activity in the Nation during the first half of 1964 com-

INDUSTRIAL PRODUCTION

TEXAS

(Seasonally adjusted indexes, 1957-59=100)



p-Preliminary.

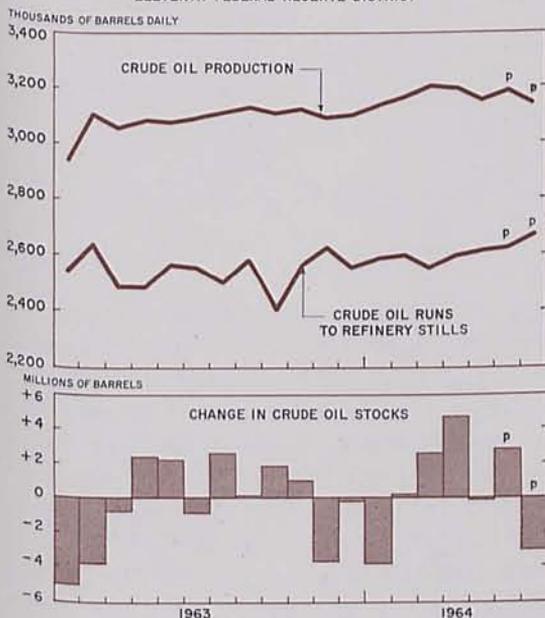
pared with the same period of last year, the pace of drilling in the District continued the downward trend in evidence since 1956. The average number of active rotary rigs in the District during the first 6 months of the current year was down slightly over 3 percent from the corresponding months of 1963, while the number of wells completed decreased 2 percent. Footage drilled totaled about the same as in the January-June period last year. This decreased drilling pace was concentrated in Texas, as northern Louisiana showed little change and southeastern New Mexico experienced a modest improvement. However, the number of exploratory wells drilled in Texas during the first half increased 3.4 percent and resulted in the discovery of 190 new oil pools and 110 new gas fields. Thus, the reduction in drilling activity in Texas reflected the completion of fewer field wells. The trend in Texas over the last few years toward the unitized development of oil pools has tended to discourage field well drilling to obtain allowables.

Lending strong support to the increase in mining and manufacturing activity in the District, contract construction during the first half of 1964 maintained a sizable margin over the

same period in the previous year. The value of construction awards in the five southwestern states totaled 6.9 percent higher than a year earlier, with gains in Texas, New Mexico, and Louisiana more than offsetting declines in Arizona and Oklahoma. For the five states combined, the value of awards during the first 6 months for residential buildings, nonresidential buildings, and heavy engineering projects each posted about the same relative gains over a year ago, suggesting that the demands for new structures and capital improvements are broadly based.

CRUDE OIL ACTIVITY

ELEVENTH FEDERAL RESERVE DISTRICT



P-Preliminary.
 SOURCES: American Petroleum Institute,
 U.S. Bureau of Mines,
 Federal Reserve Bank of Dallas.

Reflecting, in part, the upward lift given the District economy by the manufacturing industries and the continued uptrend in the number of nonfactory jobs, nonagricultural wage and salary employment in the five southwestern states advanced more than seasonally after January of this year to reach a June record of 4,861,700 persons, which is 106,000 (or 2.2

percent) higher than in June 1963. All of the District states participated in the rise over both January and a year earlier. Since the first of the year, New Mexico and Texas have experienced the largest relative increases.

The advance in the number of nonagricultural employees in the five District states in the first half of 1964 reflected hirings in a broad range of industries. In manufacturing, the durable goods industries — particularly transportation equipment (including shipbuilding along the Gulf Coast), oil field machinery, and lumber — contributed importantly to the larger employment. Among the nonfactory industries, significant gains were reported for contract construction, mining, services, and finance; these gains were in excess of typical seasonal expansions. Nonagricultural employment eased fractionally in July — a customary development reflecting the closing of the public schools in the Southwest. The layoff of lunchroom and custodial workers, among others, lowered government employment in the area by almost 2 percent from June.

Despite the expansion in the labor force in each of the District states during the first 7 months, unemployment rates were generally improved from year-earlier levels. The rate of joblessness in Texas in July, for example, was 4.2 percent of the civilian labor force, down from 4.8 percent for the same month in each of the two previous years.

Encouraged by higher employment and earnings, increased disposable income derived from lowered withholding rates, and the availability of credit to help finance big-ticket items, consumers in the District have pushed retail sales above corresponding year-earlier levels. Outlays for durables have shown the largest relative gains. Automobile registrations in four major markets in Texas — Dallas, Fort Worth, Houston, and San Antonio — totaled almost 13 percent higher during the first 7 months of this year than a year ago. Department store sales in

the District peaked in February and May and climbed to an all-time monthly high in July of 128 percent of the 1957-59 average, which is 13 percent above a year earlier.

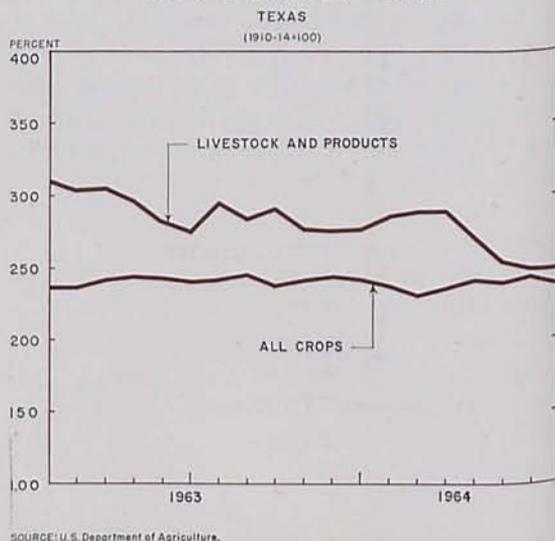
Agricultural conditions in the five southwestern states have changed materially as 1964 has unfolded. The year began with less than ideal moisture conditions, especially in the subsoil. Precipitation during the early months this year was sufficient to maintain surface moisture; subsequently, however, heavy growth of plants and high temperatures depleted soil moisture at rapid rates. Winter and early-spring crops were matured and harvested without any appreciable damage. The winter wheat crop in the five states was about one-third larger than the rather poor 1963 outturn. Other spring-harvested small grains also showed increases over last year. However, soil moisture conditions have not been favorable for most of the dryland crops planted in the late spring and early summer. Sorghum grain, corn, and peanuts have failed to make optimum growth, and production estimates are below the 1963 outturns.

Cotton production in the District states is placed, as of August 1, at 6.2 million bales, or 5 percent below last year's output. Beginning with the early fruiting stage, most of the crop in dryland areas has not received adequate moisture; in many fields, growth has been checked at an immature state of development, forcing early-set bolls to open prematurely. The cotton harvest in some areas has started earlier than last year and, because of reduced production, likely will be over sooner. On the other hand, the rice crop has progressed very satisfactorily, and output is expected to exceed last year's record production.

The southwestern livestock picture this year has been dominated by adverse developments in the cattle industry. Range and pasture conditions have deteriorated as the year has progressed, and there has been a stock water problem in several areas, although August rains have

boosted forage prospects in some sections. The shortage of available range and pasture forage has resulted in supplemental feeding by both beef and dairy producers, thereby increasing costs.

FARM COMMODITY PRICES



Even though demand has been strong, an 8-percent increase in red meat supplies (mostly beef) — both in the Nation and in the District — has resulted in declining meat animal prices in the District since March of this year. Prices for hogs and lambs have remained close to those of 1963, being partly buoyed by reduced marketings of these types of livestock. In contrast, cattle slaughter has set records with the passing of each successive month. Calf slaughter has been below a year ago, however, indicating that many calves are still being retained on farms and ranches. Large feedlot operators continue to replace feeder stock, and indications are that 16 percent more cattle will be marketed in the July-September quarter than a year ago. The current unsatisfactory range conditions, the relatively large supplies of cattle on farms and ranches, and the present unfavorable price situation could lead to an acceleration in cattle marketings this fall.

The index of prices received by Texas farmers and ranchers during the first 7 months of this year averaged 5 percent below the same period of 1963. Livestock contributed heavily to this decrease; however, by midsummer, cattle prices had recovered moderately from the relatively low levels of the first part of the year.

Cash receipts from farm marketings in the District states also were down (4 percent) during the first 6 months of this year. Heavier marketing volumes have not offset the drop in prices. In contrast to lower cash receipts from farm marketings, Government payments are likely to be sharply above last year's reduced levels; consequently, total gross income may be little changed from the \$4.7 billion in 1963. Production expenses are expected to be higher; thus, total net income likely will be lower than last year. Because of declining numbers, however, per farm income probably will be near the 1963 level.

banking developments

The rate of advance in total loans and investments at all member banks in the District through July of this year was below the gain recorded last year. The failure of bank credit to expand more strongly was due to a substantial reduction in holdings of U. S. Government securities and a moderation in the rate at which banks added to their municipal bond holdings. On the other hand, loan demand was significantly stronger than in the comparable 1963 period.

Loans and discounts at all member banks in the District expanded at an 8.7-percent annual rate during the first 7 months of 1964, compared with a 6.5-percent pace in the like 1963 period. Both reserve city and country banks enjoyed a stronger loan demand this year, but the larger percentage increase in borrowing occurred at country banks. Loans at these banks have advanced at a rate of 12.9 percent thus far in 1964. Reserve city banks have recorded

a 3.3-percent rate of increase in loans, which is more than double the year-earlier pace.

Data submitted by the District's weekly reporting member banks indicate that borrowings by consumers have provided the principal strength to loan demand thus far in 1964. Consumer-type loans, which represent about one-fourth of total loans, expanded \$107.1 million between January 1 and August 12, or approximately 2½ times the gain recorded in the comparable 1963 period. These loans have been especially vigorous at reserve city banks, partially because of unusually large purchases of paper originated by other lenders. Real estate loans continued to expand, but the rate of increase slowed moderately from the corresponding period in 1963, especially at reserve city banks. Loans for purchasing or carrying securities also have exhibited strength this year, and agricultural loans, which account for only 1 percent of total loans, have expanded about 20 percent.

Commercial and industrial loans and loans to nonbank financial institutions were the only major loan categories not exhibiting strength this year. The decline in the commercial and industrial category between January 1 and August 12 was partially attributable to seasonal factors but was more than three times the reduction in the comparable 1963 period. This decline principally reflected loan repayments by nondurable goods manufacturers. Construction loans and loans to durable goods manufacturers rose sharply. Borrowings by nonbank financial institutions have been especially weak this year, as finance companies have turned increasingly to the open market for funds in order to take advantage of relatively low rates available in this market as compared with bank rates.

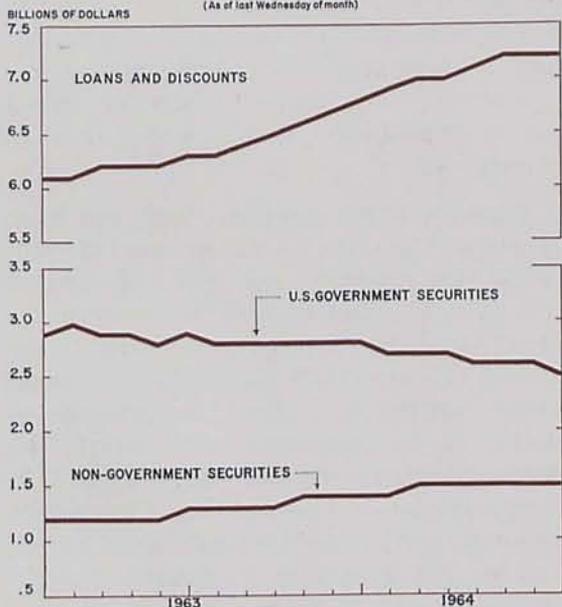
To satisfy a growing loan demand, member banks in the District have liquidated Government securities during 1964, a trend which began in early 1963. Portfolios of these obligations declined \$285 million during the first 7

months of 1964, or at an annual rate of 17.5 percent, compared with a 6.0-percent rate of decrease in the comparable 1963 period. It appears that District banks, as well as banks in the Nation, lengthened the average maturity of Government security portfolios by liquidating obligations maturing in less than 5 years, especially those falling due within 1 year, while acquiring longer-dated securities. This shift in the maturity composition of Government portfolios largely reflects commercial bank participation in two Treasury advance refunding operations which included five attractive issues maturing after 5 years.

MEMBER BANK LOANS AND INVESTMENTS

ELEVENTH FEDERAL RESERVE DISTRICT

(As of last Wednesday of month)



At \$2.5 billion in July, District member bank holdings of Government securities were about 10 percent below a year ago. Reserve city banks, recording a rapid acceleration in loan demand thus far in 1964, have decreased their holdings of Government securities at an 18-percent pace during 1964, compared with a 2-percent rate in the like 1963 period. Country banks also have reduced their Government se-

curity portfolios at a significantly more rapid rate.

District member bank appetites for state and municipal obligations have been dulled considerably during 1964. Paralleling the experience of banks in the Nation, this development is associated with a moderation in the inflow of time and savings deposits, as well as an acceleration in loan demand. Moreover, the relative attractiveness of non-Government securities has been lessened by a moderate rise in yields on long-term U. S. Government issues; as a result, the spread between yields on Government and non-Government obligations has narrowed.

In the first 7 months of 1964, District member banks added to their holdings of state and municipal securities at a 9.6-percent rate, compared with a 17.5-percent pace in the same period of 1963. Both reserve city and country banks slackened their acquisitions of these obligations, but the slowing was more notable at city banks, which were especially eager purchasers of non-Government obligations during the past 2 years.

Reflecting a slowing of the inflow of time and savings deposits and an acceleration in the outflow of demand deposits, total deposits at member banks in the District receded \$414 million during January-July 1964, or at an annual rate of 5.5 percent. This pace is appreciably faster than the decline during the first 7 months of 1963. The rate of inflow of time and savings deposits at member banks in the District remains substantial, however, and is well above that shown by the Nation's banks.

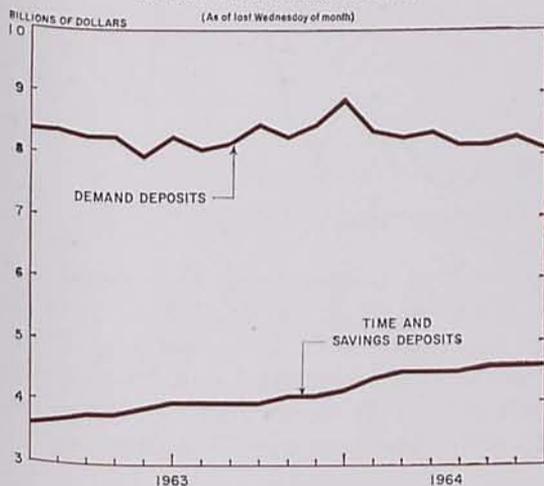
Time and savings deposits at the District's member banks increased at a 16.5-percent rate during the first 7 months of 1964, compared with a 22.5-percent rate in the like period of 1963. Member bank efforts in soliciting funds through the sale of negotiable time certificates of deposit resulted in a 14-percent increase, on

an annual-rate basis, in the amount of these instruments outstanding between January and August. Demand deposits, on the other hand, fell at an annual rate of 15.8 percent in the January-July period of this year and at a rate of 6.4 percent in the first 7 months of 1963. A slackening in the growth of time and savings deposits, after 2 years of steady and rapid growth, was also recorded by the Nation's member banks.

MEMBER BANK DEPOSITS

ELEVENTH FEDERAL RESERVE DISTRICT

(As of last Wednesday of month)



The combination of an expanding loan demand, declining portfolio of Government securities, and receding deposits has had its effects on bank liquidity. The ratio of loans to deposits at all member banks in the District increased from 50.7 percent in January 1963 to 56.9 percent in July 1964. Based on this measure, the reduction in liquidity has been especially sharp at country banks. These banks showed a ratio of loans to deposits in July that was 6.7 percentage points above the January 1963 level, while the ratio of loans to deposits at reserve city banks was 5.6 percentage points above January 1963. The relationship of cash assets plus short-term Government securities to total deposits — a broad measure of bank liquidity — has declined steeply in 1964 at the

weekly reporting member banks, moving to 25.8 percent in mid-August from 30.1 percent in January 1963.

The present liquidity positions of District member banks raise questions concerning the adjustments banks may make during the remainder of the year to satisfy the seasonal swell in loan demand. Such adjustments will likely be minor since the expansion in demand deposits typically shown at banks in the fourth quarter will contribute markedly toward meeting foreseeable loan demands. In the past 2 years, the expansion in total deposits in the fourth quarter exceeded by more than one-fifth the increase in loans during the period. In each of these years, the ratio of loans to deposits in December was little changed from the mid-year level.

Following the shift in monetary policy toward less ease in July 1963, member banks in the District have recorded sizable reductions in free reserves. Although excess reserves receded only moderately, banks markedly increased their borrowings from the Reserve bank. From a level of \$33.0 million in July 1963, free reserves declined to \$3.0 million in December, increased to a 1964 high of \$30.5 million in February, and returned to a \$3.0 million level in July 1964.

The reduction in the level of free reserves has been significantly different at reserve city and country banks in the District. Free reserves at country banks in the first 7 months of 1964 averaged only slightly below the level for the July-December period of 1963, whereas net borrowed reserves at reserve city banks thus far in 1964 averaged substantially above the level of the comparable period last year. The relatively small decline in free reserves at country banks reflects the fact that these institutions withdrew balances from correspondent banks and liquidated Government securities in substantial volume. Reserve city banks took similar measures to adjust their reserve posi-

tions, but the amounts involved were not sufficiently large to satisfy a strong loan demand and to meet deposit withdrawals. Consequently, these banks increased their purchases of Federal funds and expanded their borrowings from the Federal Reserve bank.

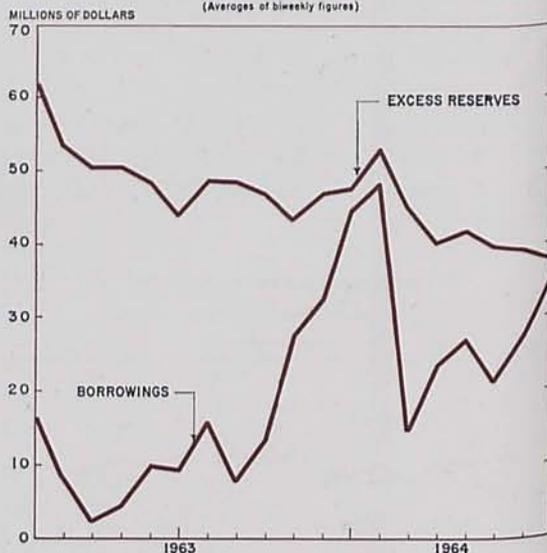
District member banks increasingly adjusted their reserve positions through the Federal funds market during 1964. This development reflected both a reduction in free reserves and the continuing refinement of the market in the Southwest. The expanded activity in the market by the smaller District banks — many of which entered the market for the first time — was especially evident. Weekly purchases of Federal funds averaged \$647.4 million during the first 8 months of 1964, while sales averaged \$343.5 million. Thus, average weekly purchases of Federal funds exceeded average sales by \$303.9 million, compared with an average excess of purchases over sales of \$256.8 million in the year 1963.

The growth in the number of banks in the District, which was especially rapid last year, has slowed considerably thus far in 1964. Only 23 new banks opened for business in the first

MEMBER BANK EXCESS RESERVES AND BORROWINGS

ELEVENTH FEDERAL RESERVE DISTRICT

(Averages of biweekly figures)



half of 1964, compared with 33 in the last half of 1963 and 24 in the first half of 1963. In the first 6 months of the current year, 10 national bank charters and 5 state bank charters were granted. In the comparable 1963 period, 35 new bank charters — 25 national and 10 state — were authorized.



district highlights

The second quarterly survey of weekly reporting member banks in the Eleventh District indicates that outstanding negotiable time certificates of deposit at these banks in denominations of \$100,000 or more aggregated \$926.6 million on August 19. This total is \$10.1 million more than 3 months earlier and \$130.9 million greater than the January 1 level. The quarterly gain, which accounted for over one-third of the rise in time and savings deposits of individuals, partnerships, and corporations during the period, is in contrast with a \$23.4 million reduction in the previous 3-month period. The average maturity of the certificates of deposit was heavily concentrated in the near-term area, with almost one-half of the amount outstanding falling due within 3 months and slightly over 80 percent maturing within 6 months.

Industrial output in Texas edged upward during July to a record 129 percent of the 1957-59 average, showing a year-to-year gain of almost 5 percent. The fractional increase over June resulted when the larger outturn of durable manufactures counterbalanced the lower production of nondurables; mining output, on balance, was little changed. The production of durables was pushed upward by increased activity in primary metal, fabricated metal products, and machinery industries.

Nonagricultural employment in the five southwestern states eased fractionally in July to 4,852,000 wage and salary workers, a level that was 2 percent above a year earlier. The decline from June was concentrated in Arizona, New Mexico, and Oklahoma, as employment increased slightly in Texas and remained unchanged in Louisiana. For the five states combined, a seasonal reduction in the number of government workers (mainly lunchroom and

custodial employees), associated with the closing of the public school systems, accounted for most of the decline during July.

The seasonally adjusted index of District department store sales in July reached a new high for any month of record, climbing 2 percent above June to 128 percent of the 1957-59 base period. Sales have exceeded previous highs for the corresponding month in each of the past 10 months. Cumulative sales for the first 7 months of 1964 were 11 percent above the same period of 1963. Sales during the first 3 weeks in August also were 11 percent ahead of the comparable weeks a year ago.

New passenger car registrations in July in four major Texas markets exceeded registrations in any previous month. With registrations in July up 1 percent over June and 14 percent above July 1963, total registrations for the first 7 months of 1964 were 13 percent above the corresponding period in 1963. Based on the comparison of January-July 1964 with the same months last year, registrations in Dallas were 16 percent higher, followed by Houston and Fort Worth, both up 12 percent; those in San Antonio were 7 percent greater.

Production of spring-harvested small grains in the five southwestern states is considerably improved over last year. Winter wheat output is almost one-third larger than in 1963, and outturns of oats, barley, and rye are up substantially. In contrast, the sorghum grain crop is estimated to be down 17 percent from the preceding year and 13 percent from the 1958-62 average. Rice production is estimated to be 3 percent above last year's record crop and 39 percent above the 5-year average.

District cotton production is placed, as of August 1, at 6.2 million bales, or 5 percent

below the 1963 output. Outturns are indicated to be below last year in all of the District states except Arizona, where a slightly larger harvest is expected. Oklahoma reports the greatest de-

cline, 17 percent. The 1964 Texas cotton crop is estimated to be 4.3 million bales, or down 4 percent from the previous year and 6 percent from the average.

***new
member
banks***

The Great Plains National Bank, 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 August 14, 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: Wm. Lamar Doyle, President; Jack H. Estes, Vice President; H. W. Sewell, Assistant Vice President; Arthur L. Funderburk, Cashier; and Viola C. McClellan, Assistant Cashier.

The Southwest National Bank of Wichita Falls, Wichita Falls, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business August 15, 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: W. Dean Stewart, Chairman of the Board and President; R. W. McBride, Executive Vice President; Willard J. Still, Vice President and Cashier; and Joe Ballard, Assistant Cashier.

***new
par
banks***

The First State Bank, Valliant, Oklahoma, 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 August 10, 1964. The officers are: J. W. Teters, President; Robert Stauter, Vice President; Alyce Westbrook, Vice President; and Edna McLaughlin, Cashier.

The Burkburnett Bank, Burkburnett, 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, August 27, 1964. The officers are: William H. Clement, Chairman of the Board; J. R. Cummings, President; and Jack Aaron, Vice President and Cashier.

The Quinlan State Bank, Quinlan, 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, August 29, 1964. The officers are: Bruce C. Clardy, Chairman of the Board; J. L. Green, President; Kenneth D. Hall, Executive Vice President and Cashier; and Mrs. Erlanna Hall, Assistant Cashier.

STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

September 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	Aug. 26, 1964	July 22, 1964	Aug. 28, 1963
ASSETS			
Commercial and industrial loans.....	1,998,176	1,988,597	1,852,757
Agricultural loans.....	56,102	57,304	41,117
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities.....	334	274	274
Other securities.....	35,783	46,496	53,991
Other loans for purchasing or carrying:			
U. S. Government securities.....	2,072	2,036	1,690
Other securities.....	269,007	272,385	242,971
Loans to domestic commercial banks.....	97,200	66,208	96,995
Loans to foreign banks.....	4,514	3,279	2,176
Loans to other financial institutions:			
Sales finance, personal finance, etc.....	115,010	124,716	95,168
Savings banks, mtge. cos., ins. cos., etc.....	300,673	286,296	257,233
Real estate loans.....	378,293	376,699	323,685
All other loans.....	1,129,203	1,099,237	908,524
Gross loans.....	4,386,367	4,323,527	3,876,581
Less reserves and unallocated charge-offs..	75,848	75,214	69,662
Net loans.....	4,310,519	4,248,313	3,806,919
Treasury bills.....	72,935	73,814	98,793
Treasury certificates of indebtedness.....	0	0	91,704
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year.....	129,391	114,686	144,742
After 1 but within 5 years.....	640,815	766,149	755,480
After 5 years.....	469,000	349,348	422,329
Other securities.....	737,453	722,385	621,817
Total investments.....	2,049,594	2,026,382	2,134,865
Cash items in process of collection.....	611,413	674,095	574,129
Balances with banks in the United States.....	452,860	476,520	490,394
Balances with banks in foreign countries.....	3,405	3,912	2,474
Currency and coin.....	65,656	67,095	64,820
Reserves with Federal Reserve Bank.....	489,646	513,722	556,029
Other assets.....	267,513	259,042	245,550
TOTAL ASSETS.....	8,250,606	8,269,081	7,875,180
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits			
Individuals, partnerships, and corporations....	3,142,173	3,165,479	3,115,487
Foreign governments and official institutions, central banks, and international institutions..	2,482	3,809	3,803
U. S. Government.....	117,660	104,951	111,628
States and political subdivisions.....	242,734	204,358	216,251
Banks in the United States, including mutual savings banks.....	1,011,131	1,026,109	1,069,242
Banks in foreign countries.....	14,753	14,205	13,682
Certified and officers' checks, etc.....	61,009	63,227	60,883
Total demand deposits.....	4,591,942	4,582,138	4,590,976
Time and savings deposits			
Individuals, partnerships, and corporations			
Savings deposits.....	1,169,138	1,161,902	1,078,492
Other time deposits.....	1,135,445	1,138,029	925,849
Foreign governments and official institutions, central banks, and international institutions..	500	500	508
U. S. Government, including postal savings....	3,919	3,919	6,187
States and political subdivisions.....	338,926	339,563	313,895
Banks in the United States, including mutual savings banks.....	6,499	6,422	14,223
Banks in foreign countries.....	2,300	1,900	2,400
Total time and savings deposits.....	2,656,727	2,652,235	2,341,554
Total deposits.....	7,248,669	7,234,373	6,932,530
Bills payable, rediscounts, etc.....	140,211	182,455	156,310
All other liabilities.....	149,642	146,581	106,015
Capital accounts.....	712,084	705,672	680,325
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	8,250,606	8,269,081	7,875,180

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Aug. 26, 1964	July 22, 1964	Aug. 28, 1963
Total gold certificate reserves.....	549,853	548,953	584,508
Discounts for member banks.....	9,997	7,398	8,298
Other discounts and advances.....	0	0	1,710
U. S. Government securities.....	1,358,391	1,340,411	1,303,156
Total earning assets.....	1,368,888	1,347,809	1,313,164
Member bank reserve deposits.....	861,804	868,396	915,077
Federal Reserve notes in actual circulation....	1,019,773	1,007,130	936,913

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	5 weeks ended Aug. 5, 1964	4 weeks ended July 1, 1964	5 weeks ended Aug. 7, 1963
RESERVE CITY BANKS			
Total reserves held.....	585,252	586,281	594,640
With Federal Reserve Bank.....	543,948	545,877	552,616
Currency and coin.....	41,304	40,404	42,024
Required reserves.....	581,792	583,187	589,533
Excess reserves.....	3,460	3,094	5,107
Borrowings.....	23,534	22,934	12,057
Free reserves.....	-20,074	-19,840	-6,950
COUNTRY BANKS			
Total reserves held.....	554,678	559,463	530,522
With Federal Reserve Bank.....	426,274	432,873	413,330
Currency and coin.....	128,404	126,590	117,192
Required reserves.....	520,252	520,193	487,262
Excess reserves.....	34,426	39,270	43,260
Borrowings.....	5,655	5,777	5,498
Free reserves.....	28,771	33,493	37,762
ALL MEMBER BANKS			
Total reserves held.....	1,139,930	1,145,744	1,125,162
With Federal Reserve Bank.....	970,222	978,750	965,946
Currency and coin.....	169,708	166,994	159,216
Required reserves.....	1,102,044	1,103,380	1,076,795
Excess reserves.....	37,886	42,364	48,367
Borrowings.....	29,189	28,711	17,555
Free reserves.....	8,697	13,653	30,812

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
1962: July.....	8,111	4,032	4,079	3,291	1,638	1,653
1963: July.....	8,311	4,088	4,223	3,975	1,963	2,012
1964: 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
May.....	8,249	3,938	4,311	4,524	2,235	2,289
June.....	8,282	3,934	4,348	4,563	2,250	2,313
July.....	8,314	3,941	4,373	4,573	2,249	2,324

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	July 29, 1964	June 24, 1964	July 31, 1963
ASSETS			
Loans and discounts.....	7,199	7,214	6,341
U. S. Government obligations.....	2,521	2,567	2,817
Other securities.....	1,499	1,497	1,282
Reserves with Federal Reserve Bank.....	867	895	896
Cash in vault.....	195	188	177
Balances with banks in the United States....	973	1,077	1,023
Balances with banks in foreign countries....	4	4	4
Cash items in process of collection.....	627	733	636
Other assets.....	388	399	331
TOTAL ASSETS.....	14,273	14,574	13,507
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,136	1,220	1,205
Other demand deposits.....	6,942	7,129	6,899
Time deposits.....	4,582	4,557	3,982
Total deposits.....	12,660	12,906	12,086
Borrowings.....	168	195	129
Other liabilities.....	199	238	131
Total capital accounts.....	1,246	1,235	1,161
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	14,273	14,574	13,507

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			
	July 1964	Percent change from		July 31, 1964	Annual rate of turnover		
		June 1964	July 1963		July 1964	June 1964	July 1963
ARIZONA							
Tucson.....	\$ 314,159	-5	0	\$ 160,698	23.4	24.2	24.1
LOUISIANA							
Monroe.....	123,117	8	9	54,425	25.1	22.8	25.1
Shreveport.....	358,811	2	-7	172,485	25.0	24.6	24.8
NEW MEXICO							
Roswell.....	49,955	-3	-18	32,679	18.4	19.0	21.0
TEXAS							
Abilene.....	116,968	-2	6	67,203	21.1	22.1	18.5
Amarillo.....	320,982	2	21	129,285	29.9	29.8	26.4
Austin.....	294,974	5	10	168,132	21.2	20.6	20.3
Beaumont.....	217,956	2	10	100,644	25.4	24.7	22.2
Corpus Christi.....	239,858	5	13	117,078	24.4	23.2	22.4
Corsicana.....	20,812	13	10	20,332	12.1	10.7	10.9
Dallas.....	3,860,970	1	8	1,348,415	34.6	34.4r	32.6
El Paso.....	383,208	10	5	180,579	24.0	20.9	24.1
Fort Worth.....	935,073	3	5	424,411	26.6	26.3	26.4
Galveston.....	115,100	10	6	61,581	22.0	20.0	22.1
Houston.....	3,819,263	5	11	1,511,257	29.6	28.2	27.6
Laredo.....	37,860	6	11	25,871	17.3	16.4	17.0
Lubbock.....	241,603	4	15	129,542	22.4	21.6	20.9
Port Arthur.....	68,308	7	3	40,790	19.8	18.2	18.7
San Angelo.....	71,000	11	5	50,440	16.9	15.5	16.2
San Antonio.....	835,616	5	8	430,652	23.3	22.3	22.6
Texarkana.....	35,249	11	12	19,382	21.6	19.1	20.4
Tyler.....	115,555	4	-2	70,245	19.6	18.8	20.3
Waco.....	135,821	6	6	82,817	20.0	19.2	22.4
Wichita Falls.....	135,224	-3	7	101,696	16.0	16.8	14.6
Total—24 cities.....	\$12,847,442	4	8	\$5,500,639	27.8	27.0	26.4

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 \$74,429,000 for the month of July 1964.
r — Revised.

INDEXES OF DEPARTMENT STORE SALES

Eleventh Federal Reserve District
(Daily average sales, 1957-59 = 100)

Date	Seasonally adjusted	Unadjusted
1963: July.....	114	103
1964: February.....	125	91
March.....	122	111
April.....	120	113
May.....	126	121
June.....	126	113
July.....	128	116

DEPARTMENT STORE SALES

(Percentage change in retail value)

Area	July 1964 from		7 months, 1964 from 1963
	June 1964	July 1963	
Total Eleventh District.....	3	13	11
Corpus Christi.....	4	12	4
Dallas.....	5	11	10
El Paso.....	-9	9	9
Houston.....	8	16	16
San Antonio.....	3	16	11
Shreveport, La.....	-5	9	5
Waco.....	2	13	11
Other cities.....	-1	12	9

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	July 1964p	June 1964p	July 1963	Percent change from	
				June 1964	July 1963
ELEVENTH DISTRICT.....	3,146.0	3,193.3	3,118.1	-1.5	0.9
Texas.....	2,680.7	2,730.7	2,696.2	-1.8	-6
Gulf Coast.....	527.8	542.4	523.5	-2.7	8
West Texas.....	1,167.4	1,189.1	1,205.1	-1.8	-3.1
East Texas (proper).....	106.3	109.2	115.6	-2.7	-8.1
Panhandle.....	98.4	98.7	105.2	-3	-6.5
Rest of State.....	780.8	791.3	746.8	-1.3	4.6
Southeastern New Mexico.....	286.8	287.8	270.1	-4	6.2
Northern Louisiana.....	178.5	174.9	151.8	2.1	17.6
OUTSIDE ELEVENTH DISTRICT.....	4,516.6	4,481.9	4,467.2	.8	1.1
UNITED STATES.....	7,662.6	7,675.2	7,585.3	-2	1.0

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

NATIONAL PETROLEUM ACTIVITY INDICATORS

(Seasonally adjusted indexes, 1957-59 = 100)

Indicator	July 1964p	June 1964p	July 1963
CRUDE OIL RUNS TO REFINERY			
STILLS (Daily average).....	113	112	110
DEMAND (Daily average)			
Gasoline.....	117	113	114
Kerosene.....	174	175	166
Distillate fuel oil.....	110	114	115
Residual fuel oil.....	90	89	96
Four refined products.....	112	114	113
STOCKS (End of month)			
Gasoline.....	111	114	107
Kerosene.....	127	120	130
Distillate fuel oil.....	111	106	120
Residual fuel oil.....	73	74	89
Four refined products.....	107	106	107

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

BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	VALUATION (Dollar amounts in thousands)						
	NUMBER			Percent change			
	July 1964	7 mos. 1964	July 1963	July 1964 from 1964	July 1963	7 months, 1964 from 1963	
ARIZONA							
Tucson.....	772	5,459	\$ 6,624	\$ 24,670	104	129	25
LOUISIANA							
Shreveport.....	344	2,316	2,490	15,513	-44	114	-11
TEXAS							
Abilene.....	91	669	1,180	7,498	57	7	-26
Amarillo.....	240	1,732	3,899	27,978	18	-15	2
Austin.....	365	2,418	4,296	39,305	10	-27	-20
Beaumont.....	303	1,777	1,529	10,328	20	45	17
Corpus Christi.....	390	2,377	2,269	15,396	34	-34	-3
Dallas.....	2,223	15,095	15,224	134,452	-30	-12	-10
El Paso.....	460	3,081	3,800	27,507	-7	-49	-8
Fort Worth.....	1,296	4,879	6,809	35,394	60	119	7
Galveston.....	135	969	551	6,690	-80	-7	-32
Houston.....	2,147	14,095	42,019	199,773	114	27	-4
Lubbock.....	209	1,358	6,045	31,452	61	172	16
Midland.....	88	671	663	7,704	-24	-16	-7
Odessa.....	154	670	614	3,732	113	34	-17
Port Arthur.....	193	1,060	393	4,669	-76	-39	50
San Antonio.....	1,212	8,460	6,010	38,972	18	2	9
Waco.....	214	1,589	815	9,597	-34	-37	-15
Wichita Falls.....	210	959	852	7,619	-63	3	-10
Total—19 cities.....	11,046	69,634	\$106,082	\$648,249	23	13	-4

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	July 1964p	June 1964	July 1963	January—July	
				1964p	1963
FIVE SOUTHWESTERN STATES¹					
Residential building.....	471	471	423	3,034	2,820
Nonresidential building.....	202	201	197	1,358	1,282
Nonbuilding construction.....	132	137	136	847	802
	138	133	90	829	735
UNITED STATES.....					
Residential building.....	4,601	4,504	4,125	28,697	26,486
Nonresidential building.....	2,000	1,996	1,934	12,788	12,020
Nonbuilding construction.....	1,548	1,400	1,271	9,140	8,491
	1,054	1,108	920	6,769	5,975

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.

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	July 1964p	June 1964	May 1964	July 1963
TEXAS				
Total industrial production.....	129	128	127r	123
Manufacturing.....	145	145	142	135
Durable.....	141	140	136	129
Non-durable.....	147	148	147	139
Mining.....	107	107	106	107
UNITED STATES				
Total industrial production.....	133	132	131	126
Manufacturing.....	134	132	132	126
Durable.....	135	133	133	126
Non-durable.....	133	132	132	126
Mining.....	112	112	111	110
Utilities.....	149	150	148r	144

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

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change July 1964 from	
	July 1964p	June 1964	July 1963r	June 1964	July 1963
	Total nonagricultural wage and salary workers..	4,852,000	4,861,700	4,755,100	-0.2
Manufacturing.....	854,200	855,500	832,700	-2	2.6
Nonmanufacturing.....	3,997,800	4,006,200	3,922,400	-2	1.9
Mining.....	238,800	239,400	234,700	-3	1.7
Construction.....	332,100	330,600	329,500	.5	.8
Transportation and public utilities.....	390,500	388,600	392,700	.5	-6
Trade.....	1,161,700	1,160,100	1,137,600	.1	2.1
Finance.....	249,400	248,800	242,500	.2	2.8
Service.....	702,500	698,700	681,400	.5	3.1
Government.....	922,800	940,000	904,000	-1.8	2.1

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

CASH RECEIPTS FROM FARM MARKETINGS

(Dollar amounts in thousands)

Area	January—June		Percent change
	1964	1963	
Arizona.....	\$ 238,461	\$ 265,002	-10
Louisiana.....	146,725	125,576	17
New Mexico.....	74,666	75,991	-2
Oklahoma.....	322,915	314,848	3
Texas.....	980,498	1,052,671	-7
Total.....	\$ 1,763,265	\$ 1,834,088	-4
United States.....	\$15,363,337	\$15,226,219	1

SOURCE: U. S. Department of Agriculture.

COTTON PRODUCTION

Texas Crop Reporting Districts

(In thousands of bales — 500 pounds gross weight)

Area	1964, indicated August 1	1963	1962	1964 as percent of 1963
1-N — Northern High Plains.....	580	505	584	115
1-S — Southern High Plains.....	1,500	1,590	1,730	94
2-N — Red Bed Plains.....	270	292	287	92
2-S — Red Bed Plains.....	250	330	320	76
3 — Western Cross Timbers.....	15	19	17	79
4 — Black and Grand Prairies.....	400	510	444	78
5-N — East Texas Timbered Plains.....	20	39	29	51
5-S — East Texas Timbered Plains.....	70	71	63	99
6 — Trans-Pecos.....	260	257	251	101
7 — Edwards Plateau.....	20	37	35	54
8-N — Southern Texas Prairies.....	120	124	123	97
8-S — Southern Texas Prairies.....	140	100	157	140
9 — Coastal Prairies.....	225	225	212	100
10-N — South Texas Plains.....	50	49	61	102
10-S — Lower Rio Grande Valley.....	330	269	413	123
State.....	4,250	4,417	4,726	96

SOURCE: U. S. Department of Agriculture.

CROP PRODUCTION

(In thousands of bushels)

Crop	TEXAS		Average 1958-62	FIVE SOUTHWESTERN STATES ¹		Average 1958-62
	1964, estimated Aug. 1	1963		1964, estimated Aug. 1	1963	
Cotton ²	4,250	4,417	4,516	6,245	6,544	6,456
Corn.....	21,480	24,164	34,543	32,250	35,898	51,482
Winter wheat.....	61,848	40,618	66,334	160,844	122,501	176,006
Oats.....	24,000	13,674	27,387	33,088	19,918	43,368
Barley.....	3,780	3,780	8,161	27,656	22,229	33,827
Rye.....	525	338	321	1,500	1,097	1,140
Rice ³	19,194	18,394	13,194	36,466	35,285	26,327
Sorghum grain.....	210,120	245,310	239,690	237,780	287,749	274,693
Flaxseed.....	1,276	635	742	1,276	635	742
Hay ⁴	2,254	2,198	2,217	6,860	6,693	6,666
Peanuts ⁵	153,400	195,640	219,128	326,820	383,650	378,241
Irish potatoes ⁶	2,574	2,657	2,543	5,286	5,816	5,489
Sweet potatoes ⁶	742	980	1,232	4,524	4,939	5,350
Pecans ⁷	25,000	56,000	24,600	70,500	127,000	65,340

¹ Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
² In thousands of bales.
³ In thousands of bags containing 100 pounds each.
⁴ In thousands of tons.
⁵ In thousands of pounds.
⁶ In thousands of hundredweight.
SOURCE: U. S. Department of Agriculture.