

business review



october 1964

**FEDERAL RESERVE
BANK OF DALLAS**

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growth of personal income in the southwest

In viewing the uptrend in southwestern personal income since World War II, two periods with rather different rates of growth are apparent. The first period — one of quite rapid growth — extended from 1946 through 1957, and a second period of slower advance was evident from 1958 through 1963. This pattern of income change in the Southwest (Arizona, Louisiana, New Mexico, Oklahoma, and Texas) was similar to that in the Nation. During the first span of years, the unique feature of the southwestern experience was the fact that the broad sources of personal income, such as wage and salary disbursements, acquired a relative importance in total income generation in the region which fairly closely matched the structure of personal income payments in the Nation. The second period was highlighted by a slower rate of growth of per capita income in the Southwest than in the Nation.

The Nation's economy showed a particularly rapid rate of expansion during the first 12 years following World War II, an expansion that was fed by successive waves of stimulants. In the immediate postwar period, consumers were in a highly liquid position and exercised some of the demands which had been deferred during the Great Depression, because of inadequate purchasing power, and during World War II, because of the dearth of civilian goods, especially durables. Also contributing to the surging demands from the private economy were an increased pace of family formation and a high and rising birth rate. A further sustaining boost to rapid growth was provided by

the Korean War and, subsequently, a capital investment boom.

Reflecting the participation of the southwestern economy in this national advance, total personal income in the southwestern states climbed at the average annual rate of 7.2 percent in the 1946-57 period, compared with 6.6 percent in the Nation. All of the southwestern states shared in the strong rise of personal income, with Arizona and New Mexico posting the largest relative gains.

For the five states combined, each of the major sources of income showed a sizable absolute increase, although proprietors' income — that is, the net business earnings of unincorporated enterprises — gained over the period at a comparatively modest rate. The slow growth of proprietors' income was the result of the continuing problems in the farm sector of the southwestern economy. Immediately after World War II, farm income moved toward the peak which was reached in 1949. From this high, farm income trended downward through 1957, partly as a result of the widespread drought, to show a slight net gain over the whole period. On the other hand, nonfarm proprietors' income in the same span of years virtually doubled.

In the 1946-57 period, wage and salary disbursements in the Southwest moved ahead at essentially the same rate as the advance of total personal income. Reflecting both larger employment and higher wages, mining payrolls (mainly associated with the oil and gas indus-

tries) more than tripled. It was during this time that petroleum and natural gas vied successfully with coal for a larger share of the rapidly growing national energy market. The Eleventh District states of Louisiana, New Mexico, Oklahoma, and Texas provided the major part of the Nation's supply of oil and gas. The backlog of construction needs which accumulated during the depression and war periods resulted in a near flood of building activity in the postwar years; mirroring this development, the payrolls of construction contractors more than quadrupled.

Manufacturing payrolls, which were second only to government payrolls as a source of wage and salary disbursements, increased twofold as the industrialization of the southwestern economy begun during World War II continued apace. Reflecting the growing urban character of the region, wage and salary payments in trade, services, communications and public utilities, and finance, insurance, and real estate all played pacesetter roles in the enlargement of overall wage and salary income. Other labor income, which consists largely of employer contributions to private

pension, health, and welfare funds, also posted a significant rise during the period.

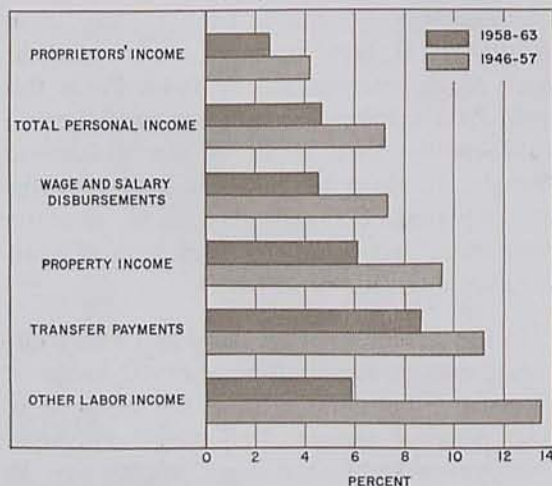
Property income — including rental income of persons, dividends, and personal interest receipts — climbed sharply from 1946 through 1957, as did transfer payments. These latter payments represent, predominantly, government transfers to individuals in the form of social security benefits, unemployment compensation, and the like.

Per capita income in the five southwestern states rose 73 percent during the 1946-57 period to \$1,734, while average income per person in the Nation climbed 66 percent to \$2,052. Since the relative population gain was somewhat larger in the Southwest than in the Nation, the sharper rise in the region's per capita income was attributable solely to the faster rate of growth of total personal income. Thus, southwestern per capita income as a proportion of per capita income in the Nation advanced over the period, although, it is interesting to note, the absolute difference between the two levels of income widened.

The somewhat more rapid rate of growth of total personal income in the Southwest than in the Nation during the 1946-57 period was accompanied by an increasing correspondence in the structure of income in the two economies as judged, at least, by the relative importance of the major sources of income. In 1946, when the Southwest was significantly less industrialized and urbanized than the Nation as a whole, wage and salary payments accounted for about 57 percent of total personal income in the area, in contrast to 62 percent in the Nation. On the other hand, proprietors' income accounted for 25 percent of the region's income, or one-fourth more than in the Nation; this difference was largely accounted for by net farm receipts. The other major categories of personal income contributed about the same relative amounts in both the regional and the national economies.

GROWTH OF PERSONAL INCOME

FIVE SOUTHWESTERN STATES
(Average annual rate)



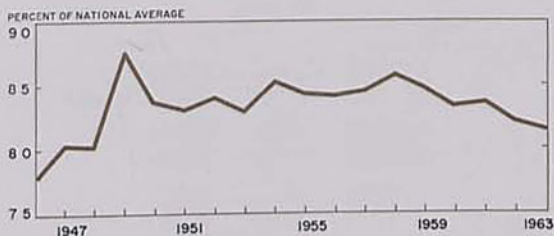
SOURCES: U.S. Department of Commerce,
Federal Reserve Bank of Dallas.

Over the 1946-57 period, the proportion of wage and salary disbursements in total personal income trended upward more rapidly in the Southwest than in the Nation, while the importance of proprietors' income declined more rapidly. Thus, in 1957, there was a fairly close correspondence between the southwestern and national economies in the relative significances of the various major income sources. Within the wage and salary category, however, some of the important differences between the character of the two economies were clearly evident. For example, mining payrolls were about four times as significant to the Southwest as to the Nation. Manufacturing payrolls contributed to southwestern personal income only about one-half as much, proportionately, as to such income in the Nation.

After 1957, the rate of growth of personal income slackened in both the Nation and the Southwest as the American economy exhibited, on the average, a somewhat less vigorous expansion than had been the case in the preceding postwar years. In the 1958-63 period, personal income in the Nation, as well as the Southwest, advanced at the average annual rate of 4.7 percent.

The reduced rate of income growth in the southwestern states was mirrored in nearly all of the major categories of earnings, as virtually none of them evidenced the robust expansionary tendencies exhibited in the prior 12-year period. Wage and salary disbursements, for instance, climbed at a slightly slower pace than overall personal income. The accelerated mechanization of farm operations reduced wage payments to farm workers in 1963 to about 1 percent below their level 6 years earlier. Mining payrolls, which had more than tripled in the prior 12 years, managed a net gain of only 2.2 percent in the 1958-63 period. During this period, mining employment declined, although earnings per worker increased. The reduced rate of growth of liquid hydrocarbon

PER CAPITA PERSONAL INCOME FIVE SOUTHWESTERN STATES



SOURCE: U.S. Department of Commerce.

consumption in the United States after 1956, combined with high and rising imports of crude oil and refined products, dampened petroleum activity in the Southwest — especially in Texas, the Nation's leading oil-producing state.

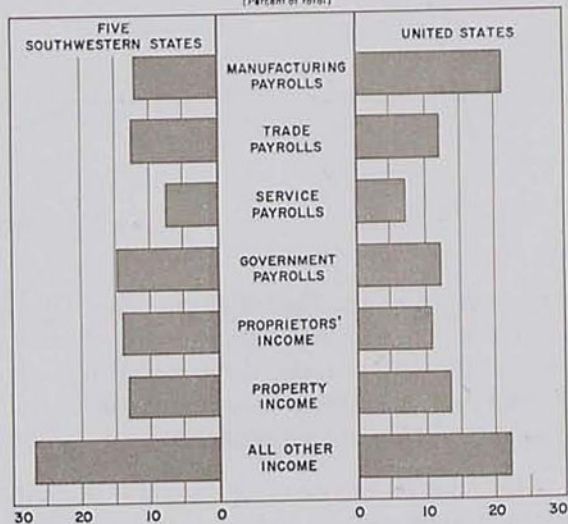
The relative increases of payrolls in both contract construction and manufacturing also lagged behind the gain in total wage and salary disbursements over the past 6 years; whereas, in the prior 12 years, these two had been among the pacesetter categories of earnings. Manufacturing, as a source of employee compensation, dropped from second place (behind government) in 1957 to third place (behind trade payrolls) in 1963. Over the past 6 years, the government, trade, service, and finance, insurance, and real estate sectors have posted the largest relative gains among the major types of employee compensation.

Proprietors' income in the 1958-63 period moved upward at a substantially slower rate than in the preceding 12 years. Unlike in the earlier period, however, farm income posted the largest relative gain. Property income, which had been among the pacesetters in the immediate postwar years, continued in the role after 1957, despite the reduced rate of expansion of petroleum output in the Southwest (rental income of persons includes royalties received from rights to natural resources).

Transfer payments, which are receipts of persons from government — exclusive of interest on government debt obligations — and from

PERSONAL INCOME, BY MAJOR SOURCE, 1963

(Percent of total)



SOURCE: U.S. Department of Commerce.

business for which services are not currently rendered, have risen every year since the early fifties. In the Southwest, such payments climbed at roughly twice the pace of overall personal income in the 1958-63 period and furnished almost 8 percent of total receipts by individuals in 1963.

The increase in per capita income during the 1958-63 period in the five southwestern states did not match the performance of the Nation. Total personal income in both the Nation and the region moved ahead at the same rate, but population posted a relative gain in the Southwest which was almost one-third greater, partly because of net in-migration (particularly to Arizona). Thus, while per capita income in the Nation was advancing \$397 to

the 1963 level of \$2,449, such income in the Southwest was moving ahead \$263 to reach \$1,998.

Just as a national average disguises regional differences, per capita income for the southwestern area hides the divergences among its constituent states. In 1963, Arizona was the top-ranking state in the Southwest, with an average income per person of \$2,142; Louisiana, reporting a per capita income of \$1,776, showed the lowest average in the area. Texas ranked second, Oklahoma third, and New Mexico fourth.

Personal income is one of the most comprehensive measures of economic activity available on a state and regional basis, and a review of the expansion pattern of personal income in the southwestern part of the United States over the postwar years suggests that the regional economy has taken on, to a greater degree, the coloration of the national economy. This similarity, at least in broad outline, is suggested by the rather close parallel in recent years in the proportional contributions of the major sources of income to total personal receipts in the Southwest and the Nation. A more detailed analysis of components within the broad sources of income reveals differences, however, and it is also clear that the southwestern states are still strongly resource-oriented. Agriculture and mining continue to be quite important sectors of the regional economy, more so than in the national economy.

WELDON C. NEILL
General Economist

financing public schools in the southwest

Whether measured in terms of number of people employed or size of total payroll, the economic impact of the educational budget upon the local community is likely to match that of the largest commercial enterprise. Consequently, the nature of the expenditures of school districts—either for capital improvements or for current operating purposes—and the manner in which these outlays are financed may significantly affect local business activity. Moreover, through their combined purchases of financial assets and issuance of debt obligations, local school districts have a notable influence on the Nation's money and capital markets.

Expenditures for education have grown substantially in recent years and promise to become an even more important factor in the economic life of the community in the future. The following discussion summarizes the financial position of local school districts in the five southwestern states—Arizona, Louisiana, New Mexico, Oklahoma, and Texas—and reviews the changes that developed in their revenue sources and expenditure patterns between 1957 and 1962. The study, based primarily on data contained in the Census of Governments prepared by the U. S. Department of Commerce, emphasizes the finances of school districts and other governmental units for the fiscal year 1962.

The ability of local governments to provide adequate classroom and other educational facilities has been strained in recent years by the rapid rate of growth of the school-age popula-

tion, a rate more than double that of the population as a whole. The population between 5 and 19 years of age in the southwestern states expanded almost 40 percent from 1950 through 1960 and accounted for 29 percent of the total population in 1960. This advance in school-age population is slightly in excess of that recorded in the Nation. In 1962, enrollment in the 3,117 school systems in the southwestern states was slightly over 4 million, representing a 9.4-percent growth over the 1957 level. In 1962, outlays for education absorbed one-half of the revenue of local governments in the Southwest.

Reflecting increased outlays for physical plant, teachers' salaries, and other operating expenses necessitated by a larger enrollment, total expenditures of the school districts in the southwestern states aggregated almost \$1.7 billion in 1962, or about 44 percent greater than in 1957. Increases in current expenditures, primarily representing payments for personal services, were principally responsible for the gain. Outlays to meet current operating expenses amounted to slightly over \$1.4 billion, and capital expenditures aggregated about \$200 million.

Based on October 1962 payrolls, teachers' salaries accounted for about \$1 billion of the outlays for personal services, or 60 percent more than in April 1957. This advance reflected a substantial expansion in the number of teachers from 1957 to 1962, as well as increases in teachers' salaries. In 1962, 252,800 persons were employed by the school districts

in the southwestern states, with teachers accounting for about 70 percent of the number. This total represents a 27.9-percent increase in the number of school employees since 1957. Average teachers' salaries have advanced substantially in most of the southwestern states but, with the exception of Arizona, have remained below the average for the Nation.

Reflecting an expansion in the amount of debt outstanding, as well as a slight increase in interest rates, interest costs of southwestern school districts rose almost two-thirds between 1957 and 1962, reaching a level of \$60.5 million. In relative terms, the advance in debt was paced by an increase in the amount of short-term securities outstanding. However, short-term obligations represent a relatively small proportion of the total school district debt.

Capital outlays to build new schools, purchase equipment, and acquire land for future school sites accounted for almost 14 percent of total expenditures of school districts in 1962. Capital outlays receded moderately from 1957 to 1962 as expenditures for construction, the largest item in the capital budget, declined. Reduced construction activity in Louisiana,

Oklahoma, and Texas was responsible for the decrease. Equipment expenditures advanced, however, and costs of land acquisition rose almost 60 percent.

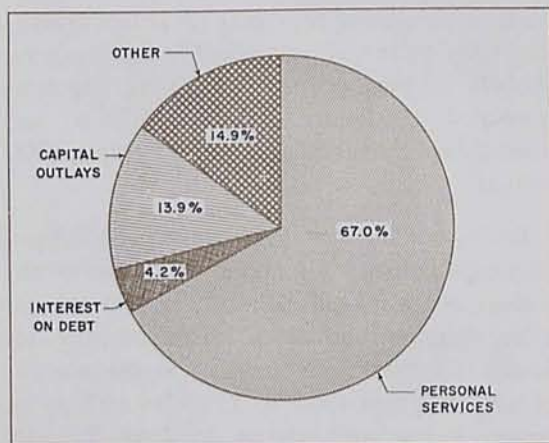
To finance the increased outlays necessitated by a larger enrollment, the school districts in the five southwestern states received revenue of \$1.6 billion in 1962, which is about 55 percent greater than the 1957 level. These funds represented revenue from intergovernmental sources, taxes levied by the school districts, and receipts from charges and miscellaneous sources. Revenue from state and other local governments, mainly counties and cities, and the Federal Government contributed 53.6 percent of total revenue; while general revenue received from school districts' own sources, principally from property taxes, contributed the remaining 46.4 percent. School districts in the Southwest in 1962 tended to rely more heavily on intergovernmental funds and less on their own sources of revenue than was the case in the Nation as a whole.

State payments are the principal sources of intergovernmental revenue to school districts in the Southwest, with about one-half of total revenue in 1962 representing funds received from states. In financing their support of local schools, the southwestern states rely on various sources of revenue, but legislative appropriations (usually distributed to school districts according to a formula relating to the school-age population or school attendance in the particular district) and payments from special school funds provide the majority of funds needed to operate the schools.

The financing of school districts in Texas is fairly representative of the other states in the Southwest. State payments to school districts in Texas in 1962 were about evenly divided between funds obtained from legislative appropriations and funds distributed from the "available school fund." This fund consists of revenue generated by the permanent school fund

GENERAL EXPENDITURES OF SCHOOL DISTRICTS, 1962

FIVE SOUTHWESTERN STATES



SOURCE: U.S. Department of Commerce.

and augmented by receipts from ad valorem taxes, one-fourth of all occupational taxes, and varying percentages of other taxes designated by the legislature.

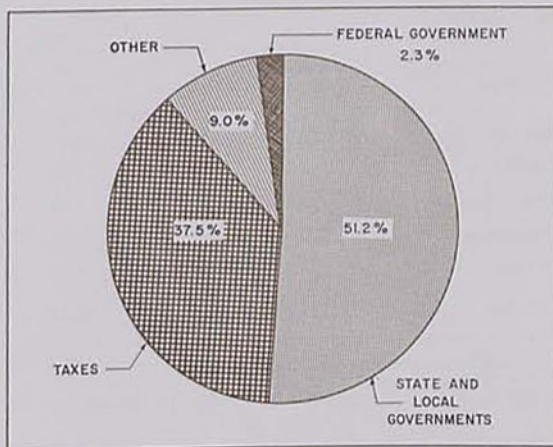
The permanent school fund is made up of an investment trust fund valued at \$473.9 million as of August 31, 1962, and a landed endowment consisting of mineral rights to land and land owned outright. Income from the landed endowment—in the form of oil and gas royalties, bonuses, rentals and awards on mineral leases, and lesser sources of revenue—is deposited in the investment account of the permanent school fund. The amount of funds distributed to each district from the legislative appropriation in Texas is determined on the basis of an equalization formula designed to provide a minimum foundation program, including a provision for teaching salaries, for each school district.

Payments from the Federal Government to school districts in the Southwest have shown a marked rise since 1957 but amounted to only 2.3 percent of total revenue in 1962. However, this proportion was somewhat higher than for the Nation. These payments are mainly to school districts in federally impacted areas and are employed principally for school construction, operation, and maintenance. However, relatively small amounts of Federal payments are concealed by the manner in which these funds are distributed to the school districts. Federal funds to support the school lunch program, veterans' education, guidance and counseling programs, and several other special programs are reported as state payments since the funds reach the school districts through state governments.

General revenue obtained from school districts' own sources in 1962 principally represented funds collected through property taxes. Only New Mexico and Oklahoma school districts levied taxes other than those based on property values, and the amounts collected

SOURCES OF GENERAL REVENUE OF SCHOOL DISTRICTS, 1962

FIVE SOUTHWESTERN STATES



SOURCE: U.S. Department of Commerce.

were nominal. Although the school districts in the Southwest relied heavily on property taxes to finance schools, taxation provided a significantly smaller proportion of their revenue than was the case for the Nation. This development, however, largely reflects the relative importance in the Southwest of state funds, including earnings from earmarked investments, in financing local school districts.

Charges and other miscellaneous sources of general revenue provided 9 percent of total revenue in 1962. Receipts from the school lunch program supplied most of the funds from this source, with modest amounts representing interest earned on investments and proceeds from sales of property.

To finance operating deficits and to obtain funds for future capital outlays, the school districts in the southwestern states sold 353 bond issues, with an aggregate value of \$209.7 million, during the 12 months ended June 30, 1963. These issues carried an average interest coupon of 3.15 percent, or 12 basis points higher than the average for the Nation. Of the numerous factors affecting the borrowing costs of school districts, the length to maturity and

**CHARACTERISTICS OF RATED SCHOOL BOND ISSUES
JULY 1, 1962, THROUGH JUNE 30, 1963**

(Dollar amounts in thousands)

Area	Total number of issues	Amount of sales	Average interest cost (Percent)	Term of maturity			Number of issues rated:		
				Under 15 years	15 to 24 years	25 years and over	Aa	A	Baa
Arizona	20	\$ 17,349	2.91	\$10,657	\$ 6,692	—	—	9	11
Louisiana	13	27,261	3.29	96	9,640	\$17,525	—	3	10
New Mexico	8	12,950	2.49	12,950	—	—	—	6	2
Oklahoma	10	9,452	2.62	2,652	6,800	—	—	8	2
Texas	71	95,759	3.28	2,940	44,690	48,129	1	25	145
Total	122	\$162,771	3.14	\$29,295	\$67,822	\$65,654	1	51	170

¹ Includes 3 issues rated Ba.

² Weighted by amount of sales.

SOURCE: U. S. Department of Health, Education, and Welfare.

the quality rating of the bonds issued are perhaps most important.

The obligations marketed by the school districts in the Southwest between July 1, 1962, and June 30, 1963, generally carried shorter maturities than the average for the Nation, with securities falling due within 15 years accounting for 18.0 percent of total issues in the southwestern states, compared with 7.4 percent in the Nation. All of the debt obligations floated by New Mexico school districts and about 60 percent of the issues sold by Arizona fell due within 15 years. Correspondingly, the interest rates on the obligations of school districts in these states were significantly below those of the other southwestern states and the Nation. Louisiana school districts, with about 64 percent of securities issued maturing in 25 years and over, paid the highest rate of interest among the southwestern states.

The investment rating of a bond, as determined by a commercial rating service, has a significant influence on the interest rate that the bond must carry to attract investors. Only about one-third of the number of bond issues sold during the period were rated, but these issues represented over three-fourths of the total amount of debt obligations marketed dur-

ing the 1962-63 period. The ratings of the bonds of school districts in the Southwest, however, were generally lower than the average for the Nation. None of the bonds issued in the southwestern states received a Aaa rating by Moody's—the highest rating—and only one issue was rated Aa. By contrast, about 15 percent of the debt obligations of the Nation's school districts received a Aa rating or better. Approximately 35 percent of the bonds issued by U. S. school districts were rated Baa.

In addition to holding cash and security investments for employee retirement systems, school districts in the Southwest maintain these assets to offset debts, to fulfill bond sinking fund indentures, and for other purposes. Part of the accumulated financial assets of school districts result from the fact that, while expenditures to meet operating costs are spread fairly evenly throughout the year, revenue receipts follow a distinguishable seasonal pattern. Funds from tax receipts, state and Federal government contributions, and bond sales are often employed temporarily in short-term securities and time deposits until they are needed to meet expenditures.

In 1962, school districts in the Southwest held \$440.3 million in cash and deposits and

securities. Most of this total was earmarked for bond sinking funds and as an offset to debts. Holdings for other purposes, including unallocated, accounted for 34.1 percent of the total, and 6.5 percent was held in employee retirement funds. The relatively small holdings of employee retirement funds reflect the fact that most of these funds in the southwestern states are administered by state governments. Cash and deposits accounted for almost 80 percent of holdings of financial assets (other than holdings in employee retirement funds), with the remaining consisting primarily of U. S. Government securities.

From 1957 to 1962, school districts in the Southwest expanded their cash and deposits and investments by almost 9 percent. This gain mainly represented a marked expansion in cash and deposits. Security portfolios receded sharply, reflecting a decline in holdings of U. S. Government securities. While supporting data are lacking, it is probable that school districts

shifted substantial amounts of funds from Government securities to time deposits in order to take advantage of higher returns available at commercial banks.

Population trends will, of course, significantly affect the nature and level of future expenditures for public school education. In 1962, there were an estimated 34.5 million persons of elementary school age in the Nation, and that number should expand by over 1 million per year during the remainder of this decade. Persons of high school age (14 to 17 years) will number about 14.3 million in 1965 and approximately 15.9 million in 1970. As the Southwest shares in this population increase, the construction and operation of public schools are expected to continue to absorb substantial amounts of the revenue of state and local governments.

DON L. WOODLAND
Financial Economist

**new
member
bank**

The Neches National Bank of Silsbee, Silsbee, Texas, a newly organized institution located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, opened for business September 8, 1964, as a member of the Federal Reserve System. The new member bank has capital of \$200,000, surplus of \$100,000, and undivided profits of \$100,000. The officers are: Jack Brooks, Chairman of the Board; Nelson Long, Jr., President; and Wayford Hollis, Vice President and Cashier.

**new
par
banks**

The American Bank & Trust Company, Coushatta, Louisiana, 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, September 14, 1964. The officers are: I. L. Campbell, President, and Henry Loftin, Vice President and Cashier.

The Island State Bank, Port Aransas, Texas, a nonmember bank located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, September 14, 1964. The officers are: Louis L. Seiffert, Jr., Chairman of the Board; E. W. Tarrant, President (Inactive); Leroy Beavers, Executive Vice President; and Helen Rogers, Cashier.

district highlights

Texas industrial output in August fell 2 percent below July's record to a level of 127 percent of the 1957-59 average. However, this was 5 percent above the output registered for August last year. The July-August weakness resulted from a general slackening in the output of durable goods industries and a downturn of somewhat over 2 percent in crude petroleum production. This decrease in crude production reflected the lower allowable, which had been reduced to 26.5 percent. The quota was revised upward to 28.0 percent for September but was revised downward fractionally to 27.9 percent for October.

Total employment of nonagricultural wage and salary workers in August in Texas, Oklahoma, Louisiana, Arizona, and New Mexico was up only fractionally from July. Slight employment weaknesses in the manufacturing sector were more than compensated for by minor increases in the nonmanufacturing sector. Employment in government and in transportation and public utilities eased slightly.

Total Texas building permits during January-July 1964 were up slightly from those in the same period last year, with weaknesses in the larger metropolitan areas being offset by strength in the urban areas of 50,000 population or less. Building permits for residential housing were down 1 percent, reflecting slackening activity in construction of apartments and multiple-family dwellings. Nonresidential building permits during the 7-month period this year were up 7 percent over the comparable 1963 level because of a gain in permits issued for tourist, industrial, merchandising, and institutional structures. However, fewer permits have been granted thus far this year for bank, office, educational, and amusement facilities.

The seasonally adjusted index of Eleventh District department store sales in August, at 124 percent of the 1957-59 average, declined 3 percent from the July record but was 11 percent above August 1963. August this year marked the 11th consecutive month in which the sales index exceeded that in the corresponding month a year earlier. Cumulative sales during the first 8 months of 1964 were 11 percent higher than in the same months of 1963. Sales in the 4 weeks ended September 26 totaled 15 percent above the comparable period last year.

Registrations of new passenger cars in four major Texas markets in August dipped 20 percent below July's record level but were 7 percent above August 1963. In comparison with the same months last year, registrations during January-August 1964 were 15 percent higher in Dallas, up 12 percent in both Fort Worth and Houston, and 6 percent greater in San Antonio.

Generous and widespread rains over much of the District during September have materially increased prospects for fall pastures, ranges, and forage supplies. Scarce stock water supplies have been replenished in many areas. The need for supplemental feeding of livestock and the pressure to liquidate herds involuntarily have been reduced.

The cotton crop in the Southwest is about one-third harvested, and some cotton will benefit from the September rains. A good rice crop is about 90 percent harvested, and a second crop is in prospect from early-cut stubble. Grain sorghum harvest is approaching the two-thirds stage, while irrigated and late-planted grain is reaching maturity. Gathering of peanuts is around one-fourth complete.

STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

October 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	Sept. 23, 1964	Aug. 26, 1964	Sept. 25, 1963
ASSETS			
Commercial and industrial loans.....	2,043,234	1,998,176	1,890,132
Agricultural loans.....	57,181	56,102	47,012
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities.....	6,274	334	10,274
Other securities.....	41,896	35,783	56,897
Other loans for purchasing or carrying:			
U. S. Government securities.....	1,980	2,072	2,012
Other securities.....	269,987	269,007	248,002
Loans to domestic commercial banks.....	68,073	97,200	73,677
Loans to foreign banks.....	4,560	4,514	2,143
Loans to other financial institutions:			
Sales finance, personal finance, etc.....	114,860	115,010	102,016
Savings banks, mtge. cos., ins. cos., etc.....	317,106	300,673	262,350
Real estate loans.....	384,513	378,293	330,243
All other loans.....	1,163,566	1,129,203	921,766
Gross loans.....	4,473,230	4,386,367	3,946,524
Less reserves and unallocated charge-offs..	75,080	75,848	69,598
Net loans.....	4,398,150	4,310,519	3,876,926
Treasury bills.....	90,516	72,935	145,523
Treasury certificates of indebtedness.....	0	0	66,742
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year.....	130,298	129,391	143,078
After 1 but within 5 years.....	637,294	640,815	716,556
After 5 years.....	471,203	469,000	441,457
Other securities.....	738,504	737,453	645,067
Total investments.....	2,067,815	2,049,594	2,158,423
Cash items in process of collection.....	696,077	611,413	648,860
Balances with banks in the United States.....	464,137	452,860	544,443
Balances with banks in foreign countries.....	3,425	3,405	2,848
Currency and coin.....	66,355	65,656	64,275
Reserves with Federal Reserve Bank.....	532,865	489,646	528,045
Other assets.....	276,697	267,513	259,319
TOTAL ASSETS.....	8,505,521	8,250,606	8,083,139
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits			
Individuals, partnerships, and corporations...	3,207,474	3,142,173	3,178,605
Foreign governments and official institutions, central banks, and international institutions..	4,065	2,482	2,736
U. S. Government.....	216,683	117,660	191,762
States and political subdivisions.....	216,013	242,734	190,896
Banks in the United States, including mutual savings banks.....	1,083,944	1,011,131	1,152,593
Banks in foreign countries.....	16,073	14,753	13,988
Certified and officers' checks, etc.....	51,794	61,009	50,176
Total demand deposits.....	4,796,046	4,591,942	4,780,756
Time and savings deposits			
Individuals, partnerships, and corporations			
Savings deposits.....	1,178,210	1,169,138	1,084,638
Other time deposits.....	1,124,637	1,135,445	933,448
Foreign governments and official institutions, central banks, and international institutions..	500	500	505
U. S. Government, including postal savings...	3,949	3,919	5,852
States and political subdivisions.....	326,682	338,926	311,581
Banks in the United States, including mutual savings banks.....	7,114	6,499	14,001
Banks in foreign countries.....	2,300	2,300	2,400
Total time and savings deposits.....	2,643,392	2,656,727	2,352,425
Total deposits.....	7,439,438	7,248,669	7,133,181
Bills payable, rediscounts, etc.....	190,151	140,211	142,720
All other liabilities.....	163,852	149,642	127,217
Capital accounts.....	712,080	712,084	680,021
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	8,505,521	8,250,606	8,083,139

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Sept. 23, 1964	Aug. 26, 1964	Sept. 25, 1963
Total gold certificate reserves.....	522,821	549,853	524,879
Discounts for member banks.....	54,233	9,997	24,305
Other discounts and advances.....	57	0	1,710
U. S. Government securities.....	1,368,283	1,358,391	1,291,065
Total earning assets.....	1,422,573	1,368,388	1,317,080
Member bank reserve deposits.....	897,355	861,804	887,303
Federal Reserve notes in actual circulation....	1,034,758	1,019,773	941,767

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended Sept. 2, 1964	5 weeks ended Aug. 5, 1964	4 weeks ended Sept. 4, 1963
RESERVE CITY BANKS			
Total reserves held.....	594,299	585,252	586,903
With Federal Reserve Bank.....	552,793	543,948	545,732
Currency and coin.....	41,506	41,304	41,171
Required reserves.....	588,963	581,792	582,445
Excess reserves.....	5,336	3,460	4,458
Borrowings.....	24,286	23,534	2,554
Free reserves.....	18,950	20,074	1,904
COUNTRY BANKS			
Total reserves held.....	558,304	554,678	529,070
With Federal Reserve Bank.....	426,687	426,274	410,298
Currency and coin.....	131,617	128,404	118,772
Required reserves.....	518,660	520,252	484,893
Excess reserves.....	39,644	34,426	44,177
Borrowings.....	10,526	5,655	5,679
Free reserves.....	29,118	28,771	38,498
ALL MEMBER BANKS			
Total reserves held.....	1,152,603	1,139,930	1,115,973
With Federal Reserve Bank.....	978,480	970,222	956,030
Currency and coin.....	173,123	169,708	159,943
Required reserves.....	1,107,623	1,102,044	1,067,338
Excess reserves.....	44,980	37,886	48,635
Borrowings.....	34,812	29,189	8,233
Free reserves.....	10,168	8,697	40,402

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: August....	8,021	3,967	4,054	3,538	1,646	1,892
1963: August....	8,164	3,971	4,193	4,005	1,983	2,022
1964: 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
August....	8,313	3,957	4,356	4,585	2,262	2,323

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Aug. 26, 1964	July 29, 1964	Aug. 28, 1963
ASSETS			
Loans and discounts.....	7,302	7,199	6,370
U. S. Government obligations.....	2,519	2,521	2,789
Other securities.....	1,512	1,499	1,330
Reserves with Federal Reserve Bank.....	862	867	915
Cash in vault ^a	191	195	181
Balances with banks in the United States....	1,050	973	1,098
Balances with banks in foreign countries ^a ...	5	4	3
Cash items in process of collection.....	679	627	638
Other assets ^a	352	388	362
TOTAL ASSETS^a.....	14,472	14,273	13,686
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,225	1,136	1,281
Other demand deposits.....	7,053	6,942	6,901
Time deposits.....	4,584	4,582	4,022
Total deposits.....	12,862	12,660	12,204
Borrowings ^a	147	168	163
Other liabilities ^a	210	199	147
Total capital accounts ^a	1,253	1,246	1,172
TOTAL LIABILITIES AND CAPITAL ACCOUNTS^a.....	14,472	14,273	13,686

^a — 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		
	August 1964	Percent change from		Aug. 31, 1964	Annual rate of turnover	
		July 1964	Aug. 1963		Aug. 1964	July 1964
ARIZONA						
Tucson.....\$	281,699	-10	-6	\$ 158,244	21.2	23.4
LOUISIANA						
Monroe.....	106,921	-13	13	55,080	23.4	25.1
Shreveport.....	343,600	-4	2	176,238	23.6	25.0
NEW MEXICO						
Roswell.....	45,404	-9	-18	32,704	16.7	18.4
TEXAS						
Abilene.....	115,468	-1	15	68,746	20.4	21.1
Amarillo.....	285,378	-11	22	118,536	27.6	29.9
Austin.....	309,705	5	-2	170,029	22.0	21.2
Beaumont.....	204,806	-6	3	101,385	24.4	25.4
Corpus Christi.....	225,360	-6	-3	120,379	22.8	24.4
Corsicana.....	19,140	-8	-4	21,393	11.0	12.1
Dallas.....	3,844,856	0	9	1,359,698	34.1	34.6
El Paso.....	345,357	-10	0	177,528	23.2	24.0
Fort Worth.....	840,222	-10	3	419,578	23.9	26.6
Galveston.....	115,006	0	8	61,104	22.4	22.0
Houston.....	3,617,180	-5	8	1,511,984	28.7	29.6
Laredo.....	35,822	-5	5	26,088	16.6	17.3
Lubbock.....	216,672	-10	5	128,609	20.2	22.4
Port Arthur.....	64,158	-6	-1	43,983	18.1	19.8
San Angelo.....	60,719	-14	3	50,457	14.4	16.9
San Antonio.....	750,264	-12	2	443,640	20.3	23.3
Texarkana ²	30,707	-13	3	19,452	19.0	21.6
Tyler.....	105,980	-8	3	70,890	18.0	19.6
Waco.....	128,246	-6	3	83,887	18.5	20.0
Wichita Falls.....	128,163	-5	6	101,725	15.1	16.0
Total—24 cities.....	\$12,220,833	-5	6	\$5,521,357	26.6	27.8

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 \$66,232,000 for the month of August 1964.

INDEXES OF DEPARTMENT STORE SALES

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

Date	Seasonally adjusted	Unadjusted
1963: August.....	112	113
1964: March.....	122	111
April.....	120	113
May.....	126	121
June.....	126	113
July.....	128	116
August.....	124	125

DEPARTMENT STORE SALES

(Percentage change in retail value)

Area	August 1964 from		8 months, 1964 from 1963
	July 1964	August 1963	
Total Eleventh District.....	8	6	11
Corpus Christi.....	16	4	4
Dallas.....	8	4	9
El Paso.....	19	2	8
Houston.....	5	11	15
San Antonio.....	7	9	10
Shreveport, La.....	7	0	5
Waco.....	9	9	10
Other cities.....	8	6	9

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	August 1964p	July 1964	June 1964	August 1963
TEXAS				
Total industrial production.....	127	129	128	122
Manufacturing.....	143	145	145	134
Durable.....	137	141	140	126
Nondurable.....	147	148	148	139
Mining.....	105	107	106r	106
UNITED STATES				
Total industrial production.....	134	133	132	125
Manufacturing.....	134	134	132	126
Durable.....	136	135	133	125
Nondurable.....	133	132	132	127
Mining.....	113	112	111r	111
Utilities.....	151	150	149r	142

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 Aug. 1964 from	
	August 1964p	July 1964	August 1963r	July 1964	Aug. 1963
Total nonagricultural wage and salary workers..	4,862,500	4,856,400	4,757,900	0.1	2.2
Manufacturing.....	853,200	854,400	831,600	-.2	2.6
Nonmanufacturing.....	4,009,300	4,002,000	3,926,300	.2	2.1
Mining.....	239,100	238,400	233,500	-.3	2.4
Construction.....	335,100	332,800	336,800	.7	-.5
Transportation and public utilities.....	390,900	390,900	388,600	.0	.6
Trade.....	1,166,300	1,161,400	1,139,400	.4	2.4
Finance.....	250,300	249,600	242,700	.3	3.1
Service.....	705,600	702,600	685,500	.4	2.9
Government.....	922,000	926,300	899,800	-.5	2.5

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

p — Preliminary.
r — Revised.

SOURCE: State employment agencies.

BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	Percent change							
	NUMBER				Aug. 1964 from			
	Aug. 1964	8 mos. 1964	Aug. 1964	8 mos. 1964	July 1964	Aug. 1963	8 months, 1964 from 1963	
ARIZONA								
Tucson.....	648	6,107	\$ 1,570	\$ 26,240	-76	-47	16	
LOUISIANA								
Shreveport....	361	2,677	1,548	17,061	-38	-33	-13	
TEXAS								
Abilene.....	78	747	1,723	9,221	46	69	-17	
Amarillo.....	266	1,998	3,378	31,356	-13	-10	1	
Austin.....	337	2,755	10,613	49,918	147	35	-12	
Beaumont.....	252	2,029	1,036	11,364	-32	-13	13	
Corpus Christi.....	381	2,758	5,452	20,848	140	82	10	
Dallas.....	2,029	17,124	13,979	148,431	-8	-37	-14	
El Paso.....	401	3,482	3,462	30,969	-9	27	-5	
Fort Worth....	827	5,706	3,153	38,547	-54	28	9	
Galveston.....	149	1,118	473	7,163	-14	-29	-32	
Houston.....	1,922	16,017	27,188	226,961	-35	9	-3	
Lubbock.....	170	1,528	3,285	34,737	-46	-2	14	
Midland.....	111	782	923	8,627	39	-12	-7	
Odessa.....	140	810	432	4,164	-30	-62	-26	
Port Arthur....	192	1,252	543	5,212	38	116	55	
San Antonio....	1,119	9,579	3,537	42,509	-41	-12	7	
Waco.....	250	1,839	1,586	11,183	95	20	-11	
Wichita Falls..	100	1,059	1,938	9,557	127	159	4	
Total—19 cities..	9,733	79,367	\$85,819	\$734,068	-19	-1	-4	

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	August 1964p	July 1964	August 1963	January—August	
				1964p	1963
FIVE SOUTHWESTERN STATES¹					
States ¹	372	471	444	3,402	3,262
Residential building.....	171	202	212	1,527	1,494
Nonresidential building.....	116	132	136	960	937
Nonbuilding construction.....	85	138	97	915	832
UNITED STATES.....					
Residential building.....	3,760	4,601	4,061	32,423	30,513
Nonresidential building.....	1,679	2,000	1,883	14,457	13,889
Nonbuilding construction.....	1,275	1,548	1,322	10,396	9,794
Nonbuilding construction.....	807	1,054	857	7,571	6,830

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.

CROP PRODUCTION

(In thousands of bushels)

Crop	TEXAS			FIVE SOUTHWESTERN STATES ¹		
	1964, estimated Sept. 1	1963	Average 1958-62	1964, estimated Sept. 1	1963	Average 1958-62
Cotton ²	4,200	4,417	4,516	6,210	6,544	6,456
Winter wheat....	61,848	40,618	66,334	160,844	122,501	176,006
Corn.....	22,912	24,164	34,543	33,335	35,898	52,482
Oats.....	24,000	13,674	27,387	33,088	19,918	43,368
Rice.....	18,737	18,394	13,194	35,501	35,285	26,327
Sorghum grain....	218,160	245,310	239,690	249,530	287,749	274,723
Hay.....	2,450	2,198	2,217	7,119	6,693	6,666
Peanuts ³	177,000	195,640	219,128	374,220	383,650	378,871

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.
SOURCE: U. S. Department of Agriculture.

NATIONAL PETROLEUM ACTIVITY INDICATORS

(Seasonally adjusted indexes, 1957-59 = 100)

Indicator	August 1964p	July 1964p	August 1963
CRUDE OIL RUNS TO REFINERY			
STILLS (Daily average).....	113	113	110
DEMAND (Daily average)			
Gasoline.....	115	117	115
Kerosene.....	165	174	178
Distillate fuel oil.....	118	110	120
Residual fuel oil.....	93	90	96
Four refined products.....	113	112	115
STOCKS (End of month)			
Gasoline.....	111	111	105
Kerosene.....	115	117	114
Distillate fuel oil.....	110	111	110
Residual fuel oil.....	79	73	89
Four refined products.....	107	107	105

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

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	August 1964p	July 1964p	August 1963	Percent change from	
				July 1964	August 1963
ELEVENTH DISTRICT.....					
Texas.....	3,128.6	3,146.0	3,137.0	-0.6	-0.3
Gulf Coast.....	2,665.4	2,680.7	2,708.2	-6	-1.6
West Texas.....	509.4	527.8	518.2	-3.5	-1.7
East Texas (proper).....	1,165.6	1,167.4	1,217.0	-2	-4.2
Panhandle.....	104.4	106.3	123.2	-1.8	-15.3
Rest of State.....	100.3	98.4	105.0	1.9	-4.5
Southeastern New Mexico.....	785.8	780.8	744.8	.6	5.5
Northern Louisiana.....	284.4	286.8	277.2	-8	2.6
OUTSIDE ELEVENTH DISTRICT.....	178.8	178.5	151.6	.2	17.9
UNITED STATES.....	4,531.6	4,516.6	4,502.6	.3	.6
UNITED STATES.....	7,660.2	7,662.6	7,639.6	.0	.3

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