

# *business review*



*december 1964*

**FEDERAL RESERVE  
BANK OF DALLAS**

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# *the petroleum situation*

A moderate growth in the demand for petroleum products has highlighted developments in the oil industry this year. A strong rise in gasoline consumption — the industry's major product, as measured by both volume and value — provided much of the improvement over a year ago, offsetting what was to the industry a rather disappointing demand for heating oils in January and February. To meet the larger calls for refined products, crude oil was produced domestically, imported, and processed at refineries at record rates. Despite the somewhat greater demand for oil products, however, the year has been characterized by price weaknesses for both crude oil and refined products, particularly the latter. Weak prices, in turn, have dampened the expansion of oil company profits.

The demand for all oils in the United States, including exports, posted a year-to-year advance of about 2.7 percent during the first three quarters of 1964. This climb in liquid hydrocarbon consumption was only fractionally higher than the average annual rate of gain since 1957. Petroleum exports, which had evidenced a pronounced downtrend in the 1958-62 period, were little changed through September this year from January-September 1963 and, hence, remained only a minor part of overall demand.

Among the major factors shaping the growth pattern in the demand for oil products in the January-September period were higher than usual temperatures over much of the Nation during the late winter and a continuing uptrend in petroleum usage by the transportation sectors of the economy. The space heating and transportation markets, combined, account for the

bulk of the annual consumption of the four major refined products — gasoline, kerosene, distillate fuel oil, and residual fuel oil — and these products currently represent 83 percent of refinery yields.

Demand for fuel oils (kerosene, distillate, and residual) during the first 9 months of this year registered only a fractional increase over the same period of 1963, reflecting the workings of opposing forces. The dominant influence was the weather, which was relatively mild in January and February, in contrast to the severely cold conditions experienced over much of the Nation in the same months of 1963. As measured by degree-days, the 2 months combined were almost 18 percent warmer this year than in 1963. Not surprisingly, the consumption of these oils in space heating markets early in 1964 lagged behind the pace of a year ago. It was not until April that the cumulative usage of the three fuel oils combined matched the year-earlier performance. In the case of distillate, which is the most important of the heating oils as judged by volume, total consumption through September was still below a year ago.

Partly offsetting the depressive effects of milder weather on the consumption of these three oils during the first 9 months of 1964 were larger sales in the transportation markets. Since the commercial airlines began changing to jet aircraft in 1958, kerosene consumption by the airline industry has posted sizable annual gains, and the current year has proven to be no exception. In addition, the stepped-up pace of economic activity increased rail traffic in the January-September period over a year earlier, with a resultant gain in demand for dis-

tillate fuel oil to power diesel locomotives. Increased ocean traffic helped to boost demand for residual fuel oil, since steamships generally use residual as a bunker fuel. Also contributing to residual consumption was the gain in electric power output in those states which rely rather heavily upon the fuel for central generating stations.

The star performer among the major refined products has been gasoline; demand for this product in the first 9 months was up about 4 percent from the corresponding period last year — a gain that is somewhat larger than the 1963 advance. The strong showing of gasoline sales in the last several years mirrors the surge in automobile and truck registrations in evidence since 1961. Also important to the rising level of gasoline demand has been the recent trend in consumer preference for larger, more luxurious cars equipped with automatic transmissions, air conditioning, power steering, and other energy-consuming devices — not to mention the more powerful motors necessary to drive this type of equipment.

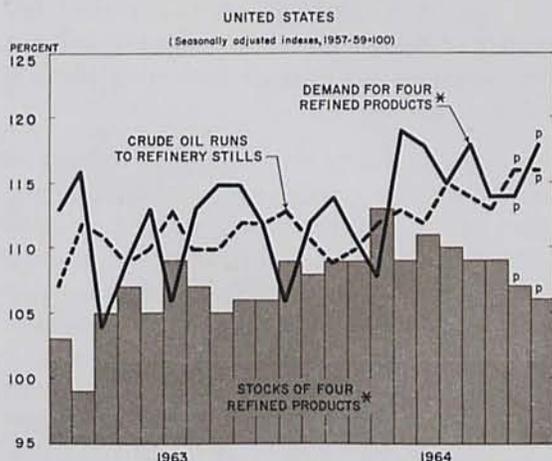
The record demand for liquid hydrocarbons during the first three quarters of 1964 re-

sulted in a new high in the pace of refinery operations, boosting daily average crude oil runs to refinery stills 1.8 percent over a year earlier. In previous years, a typical seasonal pattern of runs to stills involved peak operations in one of the winter months, usually February, to meet the heavy demand for heating oils and a secondary high during the summer, generally in July or August, to supply gasoline for the motoring season. However, the relatively low heating oil consumption in January and February of this year and a record demand for gasoline during the summer months altered the pattern of refining activity. The rate of crude oil processing at refineries rose to an all-time high in July, surpassing the February peak by 2.6 percent and the previous monthly record set in February of last year by 1.2 percent. Refineries located in the Eleventh District, which account for approximately 30 percent of domestically produced petroleum products, followed essentially the same seasonal output schedule as those in the Nation.

Daily average crude oil production in the United States during the January-September period this year advanced 1.5 percent over output in the same span of 1963. Most of this year-to-year increase in volume occurred during the first 4 months, however, when the daily average flow of crude oil from the Nation's wells was 3 percent above the year-earlier amount. With the daily average output of crude oil trending upward in the January-April period and the pace of crude oil processing moving toward a typical low in April (the turnaround month for refiners), stocks of crude oil above-ground climbed upward rather sharply after February, reaching a high at mid-May that was 4 percent above a year ago. The level was too high to avoid downward pressure upon field postings for black oil. A downtrend in crude oil output began in May and continued through August.

Since oil wells in the Eleventh District usually provide about 40 percent of domesti-

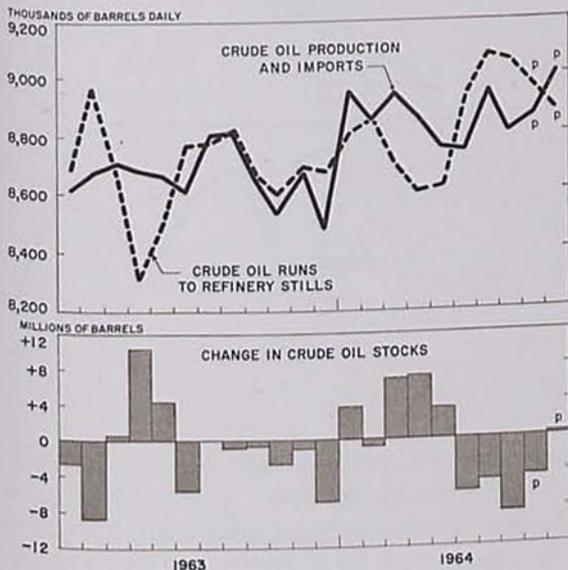
## REFINED PRODUCT ACTIVITY



\* Gasoline, kerosene, distillate fuel oil, and residual fuel oil.  
p—Preliminary.  
SOURCES: American Petroleum Institute,  
U.S. Bureau of Mines,  
Federal Reserve Bank of Dallas.

## CRUDE OIL ACTIVITY

UNITED STATES



p-Preliminary.  
SOURCES: American Petroleum Institute,  
U.S. Bureau of Mines.

cally produced crude petroleum, it is not surprising that the pattern of crude oil production in the District was similar to that in the Nation. It is interesting to note, however, that District wells furnished slightly over 60 percent of the expanded volume of domestically produced crude oil in the 9 months, with northern Louisiana and southeastern New Mexico posting the greatest relative output gains and Texas registering by far the largest absolute increase.

Petroleum imports, which have evidenced a general uptrend since 1932 and have risen every year since 1951, rose slightly over 6 percent in the January-September period of 1964 compared with the same months in the preceding year. Almost three-fifths of the volumetric increase in imports came from refined products, mostly in the form of residual fuel oil.

Because of improved refining techniques involving the re-forming of the heavier oils into the lighter ones (particularly gasoline), the production of residual fuel oil in the United States has trended downward since 1951. This down-

ward movement has persisted in spite of the fact that refinery throughputs since then have risen by over 34 percent. Imports of residual fuel oil have increased markedly to fill the growing gap between domestic production and consumption. The importation of residual fuel oil was given an added boost in the spring of this year, when the quota for the East Coast was increased 11 percent in recognition of stepped-up industrial activity, reduced domestic stocks of the fuel, and the lessened availability from California.

Crude oil imports during the first three quarters of this year rose somewhat over 4 percent from the corresponding period of 1963, thus continuing a general upward drift that began in 1943. However, the ratio of crude oil imports to domestic production showed signs of leveling off in 1963 at close to 15 percent, a proportion that import quotas are likely to maintain this year.

The petroleum inventory picture during the first 9 months of 1964 was dominated by two developments. During the first quarter, the milder than usual weather over much of the Nation at a time when refineries were operating at a winter peak resulted in significant increases in kerosene and distillate inventories, which reached levels that surpassed a year earlier by 23 percent and 18 percent, respectively. However, the relatively warmer weather also stimulated gasoline sales, thus keeping the year-to-year gain in motor fuel stocks within modest bounds. When the weather turned unseasonably cool in April, a significant volume of the heating oils moved into customer storage, and the year-to-year gain in the volume of kerosene and distillate in primary storage was reduced to a little over 6 percent.

The second development of importance was the exceptionally rapid drawdown of crude oil stocks after mid-June, when the pace of refinery operations was climbing toward a July record and crude oil production was on a

downtrend. As already noted, the volume of crude oil stored aboveground increased fairly steadily from mid-January through mid-May, rising above 250 million barrels about the middle of April.

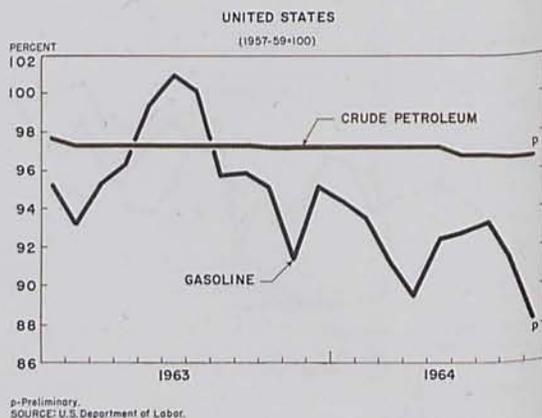
Not infrequently, when crude oil stocks approach such a level, the price of crude becomes soft, as happened this past spring. Lower field postings for premium-grade crudes appeared in Kansas and Oklahoma at the end of March, and, by early June, price reductions had spread throughout the midcontinent area. The threat to orderly marketing of crude oil led the major producing states to lower their respective oil allowables, beginning in May. By the end of August, crude oil stocks had fallen to a level that was 4.5 percent below a year earlier.

Wholesale prices of refined products also have weakened this year. A distinct downtrend in wholesale prices of such products has been in evidence since June 1963, although there have been several brief periods of temporary strengthening. In late December last year and early January this year, heating oil prices firmed briefly but, subsequently, moved downward again under the combined pressure of modest demand and comparatively high inventories. This downward drift continued until June, when middle distillate was selling in primary markets at the lowest price since the early fifties.

Refined product prices again showed some improvement during the early months of the motoring season as a result of rising gasoline prices. Price wars became more common in August, however, and in September severely affected some markets in the Midwest and on the West Coast. In consequence, refined product prices in primary markets during September dropped to the lowest level for the month since 1949.

The price weaknesses evidenced by the major refined products during the first three quar-

## WHOLESALE PETROLEUM PRICES



ters of 1964 partly offset the advantages to the oil industry of larger product volume; as a result, profits posted a comparatively modest rise. According to a survey by *The Oil and Gas Journal*, earnings of 24 of the largest oil companies in the United States climbed 5.7 percent in the January-September period, in contrast with a year-earlier gain of 17 percent. A number of integrated companies whose operations are largely domestically oriented reported lower earnings this year, having been hit particularly hard by regional price wars. Of special importance for oil company profits were the relatively poor realizations from gasoline sales during the motoring season, when the wholesale price of the motor fuel averaged 6.5 percent lower than in 1963.

Despite the pricing problems which have troubled the oil industry in 1964 and the resultant unfavorable impact upon profits, the pace of drilling activity in the United States picked up slightly in the first 9 months, suggesting that the long slide from the peak drilling year of 1956 may have ended. The number of active rotary rigs advanced 1.8 percent during the first three quarters of 1964, and both well completions and footage drilled moved up slightly over 3 percent. But more important, the number of exploratory wells drilled in the January-September period climbed

a significant 10 percent over a year earlier, and increased geophysical activity indicates a possible continuation of the uptrend. Much of the gain in drilling activity was concentrated in the midcontinent area of the Nation, with particularly large increases noted for Ohio, the Oklahoma Panhandle, northern and offshore Louisiana, and southern Texas.

The drilling picture in the Eleventh District during the first three quarters of 1964 was not quite as bright as that in the Nation, mainly because developments in Texas weigh heavily in the District situation. Overall, drilling activity in Texas was little improved from a year earlier. In northern Louisiana, however, a sharp increase in wildcatting helped to boost the number of well completions and total footage drilled in that area, while southeastern New Mexico experienced a significant advance in the number of developmental wells drilled.

The petroleum outlook for the fourth quarter is still somewhat uncertain. However, partial

information through November suggests that the prospects for improvement in oil industry realizations during the final quarter are favorable. The prices for both branded and unbranded gasoline had advanced moderately in wholesale markets by the end of September and generally remained firm thereafter, as the year-to-year gain in consumption continued at about the 4-percent level. The cooler than usual weather that blanketed the eastern two-thirds of the Nation in early October boosted the movement of heating oils into customer storage to well above the year-earlier rate; in the process, heating oil prices advanced and continued firm, although remaining somewhat lower than in the same period in 1963. Since combined product inventories in early November were at about the same level as a year earlier and crude oil stocks were almost 5 percent lower, the petroleum industry appears to be in a favorable position to supply space heating markets at seasonally advancing prices this winter.

WELDON C. NEILL  
General Economist

**new  
member  
banks**

The Westmoreland National Bank of Dallas, Dallas, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business October 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 \$120,000. The officers are: Jack G. Bishop, President, and Homer E. Crabbe, Vice President and Cashier.

The Colonial National Bank of Garland, Garland, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business October 26, 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 \$122,500. The officers are: Rex P. McNabb, Chairman of the Board; James H. Rush, President; B. O'Neal Hillin, Vice President and Cashier; and Billie Johnson, Assistant Cashier.

The Gulfway National Bank of Corpus Christi, Corpus Christi, Texas, a newly organized institution located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, opened for business November 23, 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: C. W. Jones, Chairman of the Board and President; Karl Williams, Executive Vice President; W. C. Kirkham, Vice President; Robert L. Steel, Vice President and Cashier; and L. L. Konklin, Assistant Cashier.

# *eleventh district*

## *agricultural*

### *situation*

Southwestern farmers and ranchers have experienced another good year in 1964. Despite mixed production patterns, total agricultural output appears to have been slightly above a year ago. Improvements in cropping techniques, better seed, greater use of fertilizer and insecticides, larger capital expenditures, and significant concentrations of crop production in irrigated sections have maintained agriculture's productivity gain above the average gain for all nonagricultural industries. The combining of resources for greater efficiency through improved managerial ability has released some farmers and farm workers to various other productive alternatives.

In general, weather conditions have a more direct effect on farming than any other single variable. The Eleventh District states — Arizona, Louisiana, New Mexico, Oklahoma, and Texas — have all experienced some drought in 1964, though varying in intensity, timing, and location. The pattern of rainfall during the year has also had a differential impact among areas and crops.

Beginning in the fall of 1963, the five District states received inadequate moisture; as a result, moisture was below normal at the start of 1964. Fortunately, winter wheat and early-spring crops received sufficient precipitation for moisture to be maintained at fairly adequate levels, and, in most areas, production of small grain crops was improved over that of a year ago.

Forage supplies on ranges and pastures remained relatively ample during the early months

of this year. However, the semidrought condition that existed throughout most of the summer months has exacted its toll on some crops. Despite less than optimum weather, overall crop production likely will equal the year-earlier level, and output of livestock and livestock products is expected to be moderately larger.

Total estimated 1964 production for nine major crops in the five southwestern states is surprisingly large since there was a reduction in total acreage planted for harvest. Yields per acre are much improved for some crops and are above a year ago for most crops. Changes between 1963 and 1964 in acreages of the nine major crops varied widely, ranging from a 16-percent decrease in the case of grain sorghums to a 19-percent increase for oats. The wide variation in acreage planted was largely in response to weather conditions and changes in diversion permitted under farm programs.

Wheat production this year has exceeded that of 1963 in each of the southwestern states except New Mexico, although total harvested acreage has been 3 percent lower. Boosted by higher per acre yields, total production is placed, as of November 1, at 31 percent above the previous year. The Texas crop is estimated to be 52 percent higher than the 1963 outturn.

The District cotton crop is expected to be 6.2 million bales, or 5 percent lower than the 1963 total, partly because acreage planted for harvest was 3 percent less. The average yield

per acre may be only 3 percent below last year since dry weather conditions in many areas have reduced the impact of damage from insects, root rot, and fungus diseases. In late-producing areas, fall rains improved sizing and the setting of late bolls. Output is expected to be lower in each southwestern state; Louisiana has posted the largest decline—a fact that is partially explained by the above-average crop last year, the hurricane damage, and relatively more difficult insect problems.

In Texas the cotton crop is placed at 4.2 million bales, which is also 5 percent below last year. Yield per acre is estimated at 355 pounds, or 7 pounds below 1963 but 6 pounds above the 1958-62 average. A much-improved crop in the Northern High Plains and along the upper coast in south Texas has helped to offset the reduced output in the critically dry Blacklands and Southern High Plains.

Feed grain production in the Southwest has shown mixed trends, largely reflecting seasonal differences in production and changes in acreages planted. Many farmers altered their original intentions and diverted a larger acreage from grain sorghums after moisture from spring rains was below normal and prospects appeared dim in dryland areas. Plantings of corn

and grain sorghums were each down 16 percent from a year ago, while fall-seeded acreages of barley and oats were up 12 percent and 19 percent, respectively. The 1963 oat crop suffered from dry weather, winterkill, and acreage abandonment. All four grains show improved yields per acre over last year, and production estimates as of November 1 indicate large increases for oats and barley but reductions for spring-planted corn and grain sorghums. The total supply of feed grains likely will be one-tenth below a year ago. The grain sorghum crop is expected to comprise only 72 percent of the total feed grain supply in the Southwest, contrasted with the unusually high 79 percent last year.

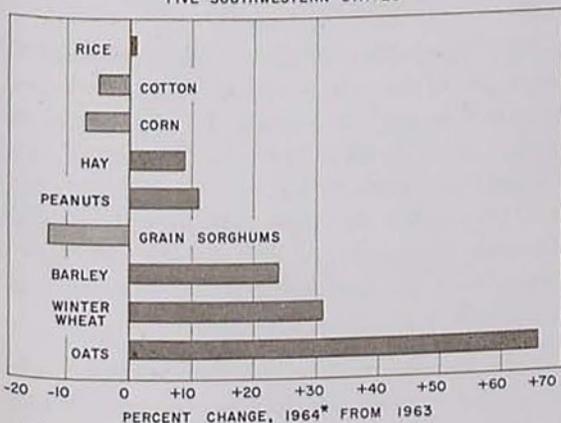
Among other crops, 1964 production gains are indicated for rice, peanuts, hay, flaxseed, and citrus fruits, but outturn decreases are expected for sweet potatoes, Irish potatoes, peaches, pears, and pecans. The rice crop is indicated to be 1 percent above the record of a year ago in both total production and yield per acre. Late rains boosted peanut production, and a larger crop than last year is expected from 7 percent fewer acres. Flaxseed has an enviable record; both yield per acre and total production are expected to be double those in 1963, although there were 9 percent fewer acres.

Hay production is moderately larger in Texas and Oklahoma, and the District crop is expected to be 9 percent above last year. Increased roughage supplies are a particularly encouraging feature in the livestock outlook.

The citrus crop is greatly improved over a year ago. The Texas crop is estimated, as of November 1, to be 4½ times last year's rather small harvest. On the strength of the Texas estimate, the District crop is expected to be over one-third larger. The peach and pear crops are indicated to be sharply below a year ago, largely because of a late-spring frost and a moisture shortage in the summer months.

### CROP PRODUCTION

FIVE SOUTHWESTERN STATES



\* Indicated November 1.  
SOURCE: U.S. Department of Agriculture.

Sweet potato production is only moderately smaller than in 1963, as higher yields have partly offset a reduction in acreage.

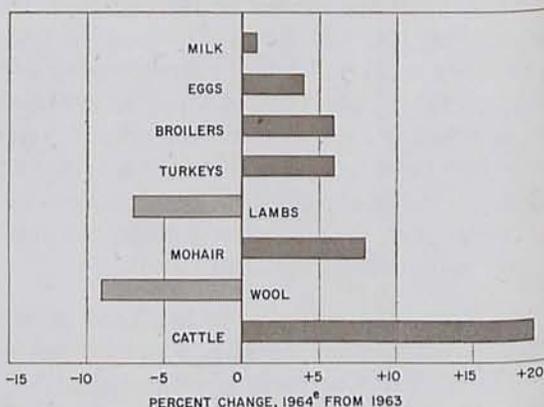
The livestock situation has been highlighted by generally weaker prices and shortages of moisture and roughage supplies; however, early-fall rains materially benefited range and pasture prospects. Range and pasture conditions were generally poor throughout most of 1964 in each southwestern state. In Texas and New Mexico, ranges deteriorated sharply with the advent of the summer months. In many areas of the Southwest, range conditions were the poorest in almost a decade. Supplemental feeding was necessary much of the time, and stock water supplies were depleted or reduced to critical levels before the early-fall rains checked forage deterioration and replenished stock water. The improved moisture situation permitted modest recovery of ranges and pastures before frost and assured grazing from winter wheat and oats.

The numbers of forage-consuming livestock in the southwestern states have increased from year-earlier levels for 6 consecutive years. Most of the gain has occurred in inventories of beef cattle and, to a lesser extent, of goats as numbers of milk cattle and of sheep and lambs have decreased. The basic cattle breeding herd (which is composed largely of cows and heifers 2 years old and older) was 4 percent larger at the beginning of 1964 than a year earlier. In addition to the expansion in the numbers of beef cows and calves on farms and ranches, there has been a modest gain in the number of cattle placed in feedlots.

Both the number of cattle and calves slaughtered and the total poundage of beef produced have increased substantially during the year. The number of cattle and calves slaughtered in the five southwestern states in the first 9 months of 1964 was 17 percent more than in the same period of 1963, and total liveweight increased almost one-fifth. The numbers of hogs, sheep,

## PRODUCTION OF LIVESTOCK AND LIVESTOCK PRODUCTS

FIVE SOUTHWESTERN STATES



<sup>a</sup>Partly estimated.  
SOURCES: U.S. Department of Agriculture,  
Federal Reserve Bank of Dallas.

and lambs butchered were below the year-earlier levels. Despite the reduced volumes of these livestock, cattle slaughter has raised total red meat output considerably above the 1963 level.

Although the number of stock sheep and lambs on southwestern farms and ranches as of January 1, 1964, was 4 percent below that of a year earlier, shorn wool production was only about 9 percent smaller. Slightly lower average fleece weights also contributed to the decline in wool output. In contrast, mohair production in 1964 rose for the 12th consecutive year, as ranchers continued to increase herd numbers.

Milk production efficiency has continued to improve in the southwestern states, and total output this year likely will be slightly larger than that in 1963. The number of cows kept for milking purposes has continued downward, but production per cow has moved upward. Despite deterioration of pasture conditions throughout the summer months, gains in milk productivity have been recorded.

The various poultry categories appear to be headed for more production records. Turkey output in 1964 is expected to be moderately

above the high level of 1963. Egg production in all the southwestern states except New Mexico may equal or surpass last year's levels. Broiler growers have likely posted another record, as an output 6 percent greater than that of 1963 is in prospect.

Despite the somewhat mixed production patterns evident among the various farm and ranch enterprises and individual states, total agricultural output in the Southwest in 1964 likely will be greater than that in 1963. Prices received by southwestern farmers and ranchers (as indicated by Texas midmonth prices) during the first 11 months of this year averaged somewhat below the comparable period last year. Crop prices have been slightly lower, while prices for livestock and livestock products have averaged moderately under a year ago. As a consequence, cash receipts from marketings may be only slightly lower. The expected increase in Government payments probably will not offset the reduced receipts from the sale of commodities, and gross farm income may be less than in 1963.

Total net farm income in 1964 is expected to be under a year ago, largely because of higher costs for items used in farm and ranch production. However, the smaller number of farms and only slightly lower total net farm income likely will result in little change in net income per farm this year.

Agricultural prospects for 1965 appear favorable in the Southwest. The moisture situation is generally improved, and prospects for winter grazing of small grains are encouraging for livestock producers. Heavy rains have replenished water supplies for livestock and irrigation in many areas, although several years of above-average moisture will be needed to recharge underground water strata and replenish irrigation reservoirs serving New Mexico and western Texas. However, the present size of basic cattle breeding herds suggests further increases in beef output and consequent pressure on cattle prices.

At this time, overall Government farm programs announced for 1965 are not basically different from those in effect during 1964. Only minor changes appear likely in the level of price supports and the requirements to be met for eligibility. Some of the changes are expected to give management greater latitude in evaluating and utilizing various alternatives.

The demand for farm products is expected to remain strong and to expand in relation to population growth. With present technology, American agriculture's production potentiality is at the highest level in history and could readily meet any foreseeable short-run increases in consumption.

J. C. GRADY, JR.  
Agricultural Economist

**new  
par  
banks**

The Bank of Coushatta, 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 October 5, 1964. The officers are: C. E. Edgerton, Jr., Chairman of the Board; G. E. Tisdale, Jr., President; Len W. Stephens, Vice President; Milton R. Forrest, Cashier; and Alice Cagle, Assistant Cashier.

The First State Bank of Clear Lake City, Clear Lake City, Texas, an insured nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, October 26, 1964. The officers are: W. C. Menasco, President; A. E. Cleere, Vice President; and H. D. Kirk, Executive Vice President and Cashier.

## *district highlights*

The expansion in consumer loans, which has been a notable feature of banking activity in the Eleventh Federal Reserve District during the current cyclical upturn in the economy, has accelerated further thus far in 1964. At the member banks that report weekly to the Federal Reserve Bank of Dallas, consumer-type loans advanced \$129 million between January 1 and November 18, 1964, or at an annual rate of 14 percent, compared with rates of 13 percent and 10 percent in the corresponding periods of 1963 and 1962, respectively.

The growth in consumer loans is even more impressive when compared with the increase in total loans. During the first 10½ months of this year, the dollar advance in consumer-type loans at the District's weekly reporting banks exceeded the gain in total loans by 65 percent. A year earlier, the advance in consumer loans accounted for about one-half of the expansion in total loans.

Primary factors contributing to the increase in consumer-type loans in the District have been the record rate of automobile sales and the tendency of individuals to purchase higher-priced models of cars. Loans to finance the purchase of automobiles account for about 40 percent of total consumer-type loans in the District. New car registrations in four major Texas areas in the January-October period amounted to approximately 156,000 units, or 10 percent greater than in the comparable 1963 period. Consumers also have expanded their bank indebtedness to purchase a broad array of other durable goods, such as furniture and household appliances, and to finance the repair and modernization of their homes.

October registrations of new passenger cars rose 13 percent above September in four major

Texas markets but were 14 percent under October 1963. All four markets reported gains over September, led by Dallas with an increase of 18 percent. Houston registrations were 14 percent above a month earlier, while those in Fort Worth and San Antonio were 9 percent and 2 percent higher, respectively.

The seasonally adjusted index of Eleventh District department store sales in October, at 117 percent of the 1957-59 base, was 5 percent below September but 15 percent higher than October 1963. Thus, October becomes the 13th consecutive month in which sales have exceeded the comparable 1963 figure. Cumulative sales in the January-October period this year were 11 percent above the same period of 1963.

Texas industrial production in October, at 128 percent of the 1957-59 average, dipped 3 index points from the September record but was 6 points above October 1963. Reduced activity in durable and nondurable manufacturing and in mining all contributed to the September-October decline. Nonagricultural employment in October in the southwestern states (Arizona, Louisiana, New Mexico, Oklahoma, and Texas) increased fractionally over a month earlier, with the government and construction sectors posting the most noteworthy gains. As compared with October 1963, nonagricultural employment was 2.5 percent higher; the number of workers in the government and finance sectors exhibited the greatest relative increases.

The total value of construction contracts in the five southwestern states during the first 9 months of this year was 3 percent above the January-September period in 1963. During recent months, the residential sector has weakened, and the strength in contracts has stemmed from nonresidential construction.

**STATISTICAL SUPPLEMENT**

to the

***BUSINESS REVIEW***

December 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	Nov. 25, 1964	Oct. 28, 1964	Nov. 27, 1963
<b>ASSETS</b>			
Commercial and industrial loans.....	2,038,426	1,993,318	1,958,532
Agricultural loans.....	69,517	60,555	42,457
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities.....	294	274	274
Other securities.....	37,088	38,920	53,795
Other loans for purchasing or carrying:			
U. S. Government securities.....	2,235	2,383	1,530
Other securities.....	276,929	269,282	252,698
Loans to domestic commercial banks.....	99,335	112,782	131,073
Loans to foreign banks.....	4,308	4,674	2,431
Loans to other financial institutions:			
Sales finance, personal finance, etc.....	112,236	115,387	96,475
Savings bank, mtge. cos., ins. cos., etc.....	293,139	299,900	269,899
Real estate loans.....	379,463	379,975	351,111
All other loans.....	1,140,329	1,160,898	964,267
Gross loans.....	4,453,299	4,438,348	4,124,542
Less reserves and unallocated charge-offs..	76,094	75,832	69,840
Net loans.....	4,377,205	4,362,516	4,054,702
Treasury bills.....	156,863	215,749	143,813
Treasury certificates of indebtedness.....	0	0	55,963
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year.....	172,808	140,849	151,146
After 1 but within 5 years.....	690,699	706,334	727,631
After 5 years.....	400,194	401,508	434,325
Other securities.....	753,270	756,990	671,151
Total investments.....	2,173,834	2,221,430	2,184,029
Cash items in process of collection.....	668,730	637,826	628,144
Balances with banks in the United States.....	488,323	461,132	475,057
Balances with banks in foreign countries.....	3,425	3,415	3,190
Currency and coin.....	61,518	66,321	61,044
Reserves with Federal Reserve Bank.....	618,955	569,837	628,902
Other assets.....	292,897	284,553	264,983
<b>TOTAL ASSETS.....</b>	<b>8,684,887</b>	<b>8,607,030</b>	<b>8,300,051</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
<b>Demand deposits</b>			
Individuals, partnerships, and corporations....	3,275,134	3,247,017	3,307,216
Foreign governments and official institutions, central banks, and international institutions..	3,534	2,906	2,863
U. S. Government.....	203,581	157,644	80,868
States and political subdivisions.....	253,295	243,245	229,993
Banks in the United States, including mutual savings banks.....	1,063,805	1,048,466	1,051,576
Banks in foreign countries.....	13,976	16,228	14,371
Certified and officers' checks, etc.....	53,275	100,166	66,241
Total demand deposits.....	4,866,600	4,815,672	4,753,128
<b>Time and savings deposits</b>			
Individuals, partnerships, and corporations			
Savings deposits.....	1,204,686	1,192,976	1,107,307
Other time deposits.....	1,129,665	1,135,559	946,732
Foreign governments and official institutions, central banks, and international institutions..	500	500	505
U. S. Government, including postal savings....	3,944	3,944	4,652
States and political subdivisions.....	333,702	340,226	309,600
Banks in the United States, including mutual savings banks.....	7,424	7,556	14,059
Banks in foreign countries.....	2,300	2,300	2,400
Total time and savings deposits.....	2,682,221	2,683,061	2,385,255
Total deposits.....	7,548,821	7,498,733	7,138,383
Bills payable, rediscounts, etc.....	216,920	210,000	327,935
All other liabilities.....	193,621	174,329	139,549
Capital accounts.....	725,525	723,968	694,184
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS</b>	<b>8,684,887</b>	<b>8,607,030</b>	<b>8,300,051</b>

**CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS**

(In thousands of dollars)

Item	Nov. 25, 1964	Oct. 28, 1964	Nov. 27, 1963
Total gold certificate reserves.....	699,528	536,766	651,085
Discounts for member banks.....	19,300	51,316	49,096
Other discounts and advances.....	114	114	1,824
U. S. Government securities.....	1,337,065	1,410,726	1,329,961
Total earning assets.....	1,356,479	1,462,156	1,380,881
Member bank reserve deposits.....	981,382	925,743	1,007,305
Federal Reserve notes in actual circulation....	1,061,561	1,044,675	959,163

**RESERVE POSITIONS OF MEMBER BANKS**

**Eleventh Federal Reserve District**

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended Nov. 4, 1964	5 weeks ended Oct. 7, 1964	5 weeks ended Nov. 6, 1963
<b>RESERVE CITY BANKS</b>			
Total reserves held.....	608,517	611,757	593,117
With Federal Reserve Bank....	567,437	570,240	550,890
Currency and coin.....	41,080	41,517	42,227
Required reserves.....	603,919	606,869	589,742
Excess reserves.....	4,598	4,888	3,375
Borrowings.....	8,697	30,506	14,711
Free reserves.....	-4,099	-25,618	-11,336
<b>COUNTRY BANKS</b>			
Total reserves held.....	570,249	566,132	538,531
With Federal Reserve Bank....	437,068	433,474	418,701
Currency and coin.....	133,181	132,658	119,830
Required reserves.....	531,182	526,318	497,266
Excess reserves.....	39,067	39,814	41,265
Borrowings.....	7,032	9,657	12,612
Free reserves.....	32,035	30,157	28,653
<b>ALL MEMBER BANKS</b>			
Total reserves held.....	1,178,766	1,177,889	1,131,648
With Federal Reserve Bank....	1,004,505	1,003,714	969,591
Currency and coin.....	174,261	174,175	162,057
Required reserves.....	1,135,101	1,133,187	1,087,008
Excess reserves.....	43,665	44,702	44,640
Borrowings.....	15,729	40,163	27,323
Free reserves.....	27,936	4,539	17,317

**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: October...	8,337	4,170	4,167	3,398	1,688	1,710
1963: October...	8,357	4,045	4,312	4,066	2,007	2,059
1964: 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
September.....	8,530	4,090	4,440	4,689	2,354	2,335
October...	8,582	4,098	4,484	4,627	2,274	2,353

**CONDITION STATISTICS OF ALL MEMBER BANKS**

**Eleventh Federal Reserve District**

(In millions of dollars)

Item	Oct. 28, 1964	Sept. 30, 1964	Oct. 30, 1963
<b>ASSETS</b>			
Loans and discounts.....	7,389	7,361	6,585
U. S. Government obligations.....	2,752	2,519	2,749
Other securities.....	1,556	1,521	1,386
Reserves with Federal Reserve Bank.....	926	898	861
Cash in vault <sup>e</sup> .....	196	196	186
Balances with banks in the United States....	1,067	1,124	1,095
Balances with banks in foreign countries <sup>e</sup> ...	5	6	4
Cash items in process of collection.....	718	784	617
Other assets <sup>e</sup> .....	344	533	374
<b>TOTAL ASSETS<sup>e</sup>.....</b>	<b>14,953</b>	<b>14,942</b>	<b>13,877</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Demand deposits of banks.....	1,280	1,328	1,286
Other demand deposits.....	7,320	7,366	6,981
Time deposits.....	4,642	4,609	4,084
Total deposits.....	13,242	13,303	12,351
Borrowings <sup>e</sup> .....	216	180	173
Other liabilities <sup>e</sup> .....	218	204	172
Total capital accounts <sup>e</sup> .....	1,277	1,255	1,181
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS<sup>e</sup>.....</b>	<b>14,953</b>	<b>14,942</b>	<b>13,877</b>

<sup>e</sup> — Estimated.

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

(Dollar amounts in thousands)

Area	Debits to demand deposit accounts <sup>1</sup>			Demand deposits <sup>1</sup>			
	October 1964	Percent change from		Oct. 31, 1964	Annual rate of turnover		
		Sept. 1964	Oct. 1963		Oct. 1964	Sept. 1964	Oct. 1963
<b>ARIZONA</b>							
Tucson.....	\$ 295,490	1	-5	\$ 159,543	22.3	22.3r	23.4
<b>LOUISIANA</b>							
Monroe.....	121,720	11	9	58,352	24.0	22.3	24.1
Shreveport.....	345,801	0	-3	170,117	24.2	23.9	24.4
<b>NEW MEXICO</b>							
Roswell.....	47,301	-1	-20	33,856	17.0	17.5	20.0
<b>TEXAS</b>							
Abilene.....	113,964	-1	-8	68,090	20.0	20.3	21.6
Amarillo.....	303,715	4	10	124,663	29.4	29.0	26.2
Austin.....	286,498	-1	2	174,700	19.8	20.3	20.4
Beaumont.....	215,588	7	6	112,388	23.4	23.0	22.3
Corpus Christi.....	229,575	-2	1	122,965	22.7	23.4	22.8
Corsicana.....	20,635	1	1	22,596	11.3	11.4	10.9
Dallas.....	4,203,394	12	13	1,409,921	36.1	32.9	33.8
El Paso.....	370,827	9	3	189,032	23.9	22.7	24.7
Fort Worth.....	927,121	10	3	429,982	26.2	24.1	26.5
Galveston.....	110,228	11	-9	58,748	22.0	19.3	23.8
Houston.....	3,912,726	6	9	1,558,353	29.4	28.1	28.8
Laredo.....	38,992	6	4	26,008	18.0	16.9	17.5
Lubbock.....	252,456	11	2	129,180	23.4	21.1	24.0
Port Arthur.....	69,463	9	8	41,683	19.9	17.8	18.0
San Angelo.....	62,966	2	-3	50,497	15.1	14.9	15.4
San Antonio.....	817,607	3	6	442,145	22.2	21.5	22.1
Texarkana <sup>2</sup> .....	30,784	8	-5	20,105	18.6	17.4	20.8
Tyler.....	108,059	0	1	74,055	17.8	18.1	18.5
Waco.....	136,834	5	10	86,750	19.1	18.4	20.0
Wichita Falls.....	127,221	-4	-1	101,923	15.0	15.6	15.0
<b>Total—24 cities.....</b>	<b>\$13,148,965</b>	<b>7</b>	<b>8</b>	<b>\$5,665,652</b>	<b>27.7</b>	<b>26.3r</b>	<b>27.1</b>

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

<sup>2</sup> These figures include only two banks in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including one bank located in the Eighth District, amounted to \$69,972,000 for the month of October 1964.

r — Revised.

**INDEXES OF DEPARTMENT STORE SALES**

Eleventh Federal Reserve District

(Daily average sales, 1957-59 = 100)

Date	Seasonally adjusted	Unadjusted
1963: October.....	102	104
1964: May.....	126	121
June.....	126	113
July.....	128	116
August.....	124	125
September.....	123	118
October.....	117	119

**DEPARTMENT STORE SALES**

(Percentage change in retail value)

Area	October 1964 from		10 months, 1964 from 1963
	September 1964	October 1963	
<b>Total Eleventh District.....</b>	<b>9</b>	<b>14</b>	<b>11</b>
Corpus Christi.....	26	24	7
Dallas.....	9	15	11
El Paso.....	27	10	9
Houston.....	8	20	16
San Antonio.....	11	18	12
Shreveport, La.....	5	6	4
Waco.....	13	11	11
Other cities.....	6	10	10

**DAILY AVERAGE PRODUCTION OF CRUDE OIL**

(In thousands of barrels)

Area	October 1964p	September 1964p	October 1963	Percent change from	
				September 1964	October 1963
<b>ELEVENTH DISTRICT.....</b>	<b>3,182.8</b>	<b>3,175.4</b>	<b>3,123.3</b>	<b>0.2</b>	<b>1.9</b>
Texas.....	2,719.1	2,713.0	2,696.6	.2	.8
Gulf Coast.....	523.5	522.3	517.7	.2	1.1
West Texas.....	1,188.6	1,182.8	1,210.8	.5	-1.8
East Texas (proper).....	109.2	108.8	121.3	.4	-10.0
Panhandle.....	102.8	102.4	105.2	.4	-2.3
Rest of State.....	795.0	796.7	741.6	-.2	7.2
Southeastern New Mexico.....	277.4	280.6	277.5	-1.2	.0
Northern Louisiana.....	186.3	181.7	149.2	2.5	24.9
<b>OUTSIDE ELEVENTH DISTRICT</b>	<b>4,539.0</b>	<b>4,554.2</b>	<b>4,412.5</b>	<b>-.3</b>	<b>2.9</b>
<b>UNITED STATES.....</b>	<b>7,721.8</b>	<b>7,729.6</b>	<b>7,535.8</b>	<b>-.1</b>	<b>2.5</b>

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	October 1964p	September 1964p	October 1963
<b>CRUDE OIL RUNS TO REFINERY</b>			
STILLS (Daily average).....	116	116	112
<b>DEMAND (Daily average)</b>			
Gasoline.....	118	116	117
Kerosene.....	156	173	136
Distillate fuel oil.....	126	118	110
Residual fuel oil.....	101	95	98
Four refined products.....	118	114	112
<b>STOCKS (End of month)</b>			
Gasoline.....	113	112	107
Kerosene.....	115	117	119
Distillate fuel oil.....	108	113	110
Residual fuel oil.....	73	74	88
Four refined products.....	106	107	106

p — Preliminary.

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

**BUILDING PERMITS**

VALUATION (Dollar amounts in thousands)

Area	NUMBER		VALUATION		Percent change		
	Oct. 1964	10 mos. 1964	Oct. 1964	10 mos. 1964	Oct. 1964 from		10 months, 1964 from 1963
	1964	1964	1964	1964	Sept. 1964	Oct. 1963	
<b>ARIZONA</b>							
Tucson.....	611	7,375	\$ 4,040	\$ 31,930	145	25	14
<b>LOUISIANA</b>							
Shreveport.....	480	3,544	2,285	20,898	47	-13	-16
<b>TEXAS</b>							
Abilene.....	83	907	705	10,507	21	-20	-20
Amarillo.....	268	2,501	3,070	38,536	-25	24	6
Austin.....	372	3,489	5,834	65,038	-37	20	-8
Beaumont.....	237	2,513	951	14,792	-62	-24	23
Corpus Christi.....	344	3,438	3,745	26,933	60	113	24
Dallas.....	2,098	21,072	12,832	174,016	1	-11	-12
El Paso.....	358	4,229	2,973	36,878	1	18	-2
Fort Worth.....	758	7,218	3,766	46,473	-9	10	9
Galveston.....	114	1,348	591	9,700	-70	27	-15
Houston.....	1,824	19,668	20,120	270,143	-13	-21	-5
Lubbock.....	156	1,871	3,191	50,966	-76	49	48
Midland.....	78	948	677	10,208	-25	13	-3
Odessa.....	119	1,059	429	5,117	-18	67	-23
Port Arthur.....	147	1,554	363	5,827	44	-16	38
San Antonio.....	1,195	11,967	8,902	59,342	12	105	19
Waco.....	210	2,385	895	13,630	-42	-27	-7
Wichita Falls.....	115	1,281	576	11,038	-36	-45	-11
<b>Total—19 cities.....</b>	<b>9,567</b>	<b>98,367</b>	<b>\$75,945</b>	<b>\$901,972</b>	<b>-17</b>	<b>3</b>	<b>-1</b>

## VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	October 1964p	September 1964	October 1963	January—October	
				1964p	1963
<b>FIVE SOUTHWESTERN STATES<sup>1</sup></b>					
Residential building.....	412	359	441	4,164	4,078
Nonresidential building....	173	163	216	1,862	1,887
Nonbuilding construction...	141	102	122	1,197	1,145
	98	94	103	1,106	1,047
<b>UNITED STATES.....</b>					
Residential building.....	4,029	3,762	4,313	40,073	38,459
Nonresidential building....	1,702	1,717	2,028	17,826	17,677
Nonbuilding construction...	1,425	1,228	1,331	12,982	12,243
	902	817	954	9,266	8,538

<sup>1</sup> Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

p — Preliminary.

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

SOURCE: F. W. Dodge Corporation.

## CASH RECEIPTS FROM FARM MARKETINGS

(Dollar amounts in thousands)

Area	January—September		Percent change
	1964	1963	
Arizona.....	\$ 298,817	\$ 332,896	-10
Louisiana.....	241,047	234,017	3
New Mexico.....	110,023	116,829	-6
Oklahoma.....	462,883	472,570	-2
Texas.....	1,524,498	1,633,480	-7
Total.....	\$ 2,637,268	\$ 2,789,792	-5
United States.....	\$24,457,543	\$24,572,204	0

SOURCE: U. S. Department of Agriculture.

## INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	October 1964p	September 1964	August 1964	October 1963
<b>TEXAS</b>				
Total industrial production.....	128	131	126r	122
Manufacturing.....	145	148	143	135
Durable.....	139	144	138	128
Non-durable.....	148	151	146	141
Mining.....	107	108	105r	105
<b>UNITED STATES</b>				
Total industrial production.....	132	134	134	126
Manufacturing.....	132	135	135	127
Durable.....	130	135	136	126
Non-durable.....	134	134	133	128
Mining.....	112	113	112r	109
Utilities.....	156	155	155r	142

p — Preliminary.

r — Revised.

SOURCES: Board of Governors of the Federal Reserve System,  
Federal Reserve Bank of Dallas.

## COTTON PRODUCTION

Texas Crop Reporting Districts

(In thousands of bales — 500 pounds gross weight)

Area	1964, indicated Nov. 1	1963	1962	1964 as percent of 1963
1-N — Northern High Plains.....	580	505	584	115
1-S — Southern High Plains.....	1,400	1,590	1,730	88
2-N — Red Bed Plains.....	250	292	287	86
2-S — Red Bed Plains.....	240	330	320	73
3 — Western Cross Timbers.....	15	19	17	79
4 — Black and Grand Prairies.....	420	510	444	82
5-N — East Texas Timbered Plains.....	20	39	29	51
5-S — East Texas Timbered Plains.....	70	71	63	99
6 — Trans-Pecos.....	255	257	251	99
7 — Edwards Plateau.....	20	37	35	54
8-N — Southern Texas Prairies.....	140	124	123	113
8-S — Southern Texas Prairies.....	165	100	157	165
9 — Coastal Prairies.....	245	225	212	109
10-N — South Texas Plains.....	45	49	61	92
10-S — Lower Rio Grande Valley.....	335	269	413	125
State.....	4,200	4,417	4,726	95

SOURCE: U. S. Department of Agriculture.

## NONAGRICULTURAL EMPLOYMENT

Five Southwestern States<sup>1</sup>

Type of employment	Number of persons			Percent change Oct. 1964 from	
	Oct. 1964p	Sept. 1964	Oct. 1963r	Sept. 1964	Oct. 1963
	Total nonagricultural				
wage and salary workers..	4,911,500	4,895,200	4,793,400	0.3	2.5
Manufacturing.....	858,100	858,400	839,800	.0	2.2
Nonmanufacturing.....	4,053,400	4,036,800	3,953,600	.4	2.5
Mining.....	235,100	236,600	228,300	-.6	3.0
Construction.....	335,000	333,300	328,500	.5	2.0
Transportation and public utilities.....	387,900	388,300	384,800	-.1	.8
Trade.....	1,166,400	1,167,100	1,141,800	-.1	2.2
Finance.....	248,500	248,600	240,400	-.1	3.4
Service.....	702,600	702,700	683,500	.0	2.8
Government.....	977,900	960,200	946,300	1.8	3.3

<sup>1</sup> Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

p — Preliminary.

r — Revised.

SOURCE: State employment agencies.

## CROP PRODUCTION

(In thousands of bushels)

Crop	TEXAS		FIVE SOUTHWESTERN STATES <sup>1</sup>			
	1964, estimated Nov. 1	1963	Average 1958-62	1964, estimated Nov. 1	1963	Average 1958-62
Cotton <sup>2</sup> .....	4,200	4,417	4,516	6,205	6,544	6,456
Corn.....	22,912	24,164	34,543	33,238	35,898	51,482
Winter wheat....	61,848	40,618	66,334	160,844	122,501	176,035
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 <sup>3</sup> .....	18,737	18,394	13,194	35,501	35,285	26,327
Sorghum grain... <sup>4</sup>	218,160	245,310	239,690	249,868	287,749	274,693
Flaxseed.....	1,276	635	742	1,276	635	742
Hay <sup>5</sup> .....	2,492	2,198	2,217	7,294	6,693	6,666
Peanuts <sup>6</sup> .....	224,200	195,640	219,128	426,590	383,650	378,241
Irish potatoes <sup>6</sup> ..	2,574	2,657	2,543	5,286	5,816	5,489
Sweet potatoes <sup>6</sup> ..	1,012	980	1,232	4,665	4,939	5,350
Pecans <sup>6</sup> .....	25,000	56,000	24,600	76,500	127,000	65,340

<sup>1</sup> Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

<sup>2</sup> In thousands of bales.

<sup>3</sup> In thousands of bags containing 100 pounds each.

<sup>4</sup> In thousands of tons.

<sup>5</sup> In thousands of pounds.

<sup>6</sup> In thousands of hundredweight.

SOURCE: U. S. Department of Agriculture.

*Annual  
Statement*

*for  
1964*

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FEDERAL RESERVE BANK OF DALLAS

# FEDERAL RESERVE BANK OF DALLAS

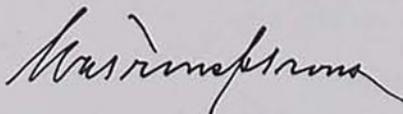
To the Member Banks in the  
Eleventh Federal Reserve District:

The Statement of Condition and the earnings and expenses of the Federal Reserve Bank of Dallas for the year 1964, with comparative figures for 1963, are shown herein. Lists of the directors and officers of the Bank and its branches as of January 1, 1965, are also included.

A review of economic and financial developments in the Nation and the District during 1964 is being presented in the January 1965 Annual Report Issue of the *Business Review* of this Bank.

Additional copies of these publications may be obtained upon request to the Research Department, Federal Reserve Bank of Dallas, 400 South Akard Street (mailing address: Station K, Dallas, Texas 75222).

Sincerely yours,



WATROUS H. IRONS  
President

# Statement of Condition

	Dec. 31, 1964	Dec. 31, 1963
<b>ASSETS</b>		
Gold certificate account . . . . .	\$ 647,555,676	\$ 515,499,705
Redemption fund for Federal Reserve notes . . . . .	51,174,531	44,628,041
Total gold certificate reserves . . . . .	698,730,207	560,127,746
Federal Reserve notes of other Banks . . . . .	31,003,050	22,625,000
Other cash . . . . .	4,203,532	8,253,420
Discounts and advances . . . . .	21,810,000	1,824,000
U. S. Government securities:		
Bills . . . . .	225,598,000	158,567,000
Certificates . . . . .	—	270,566,000
Notes . . . . .	940,099,000	678,845,000
Bonds . . . . .	196,865,000	177,873,000
Total U. S. Government securities . . . . .	1,362,562,000	1,285,851,000
Total loans and securities . . . . .	1,384,372,000	1,287,675,000
Cash items in process of collection . . . . .	489,178,791	307,096,327
Bank premises . . . . .	11,202,982	11,895,354
Other assets . . . . .	26,403,980	18,104,531
<b>TOTAL ASSETS</b> . . . . .	<b>2,645,094,542</b>	<b>2,215,777,378</b>
<b>LIABILITIES</b>		
Federal Reserve notes in actual circulation . . . . .	1,088,625,921	978,952,290
Deposits:		
Member bank — reserve accounts . . . . .	1,050,702,507	844,299,422
U. S. Treasurer — general account . . . . .	47,510,309	50,523,088
Foreign . . . . .	12,540,000	9,120,000
Other . . . . .	4,922,766	4,255,040
Total deposits . . . . .	1,115,675,582	908,197,550
Deferred availability cash items . . . . .	345,011,129	240,310,825
Other liabilities . . . . .	34,610,610	3,162,013
<b>TOTAL LIABILITIES</b> . . . . .	<b>2,583,923,242</b>	<b>2,130,622,678</b>
<b>CAPITAL ACCOUNTS</b>		
Capital paid in . . . . .	30,585,650	28,384,900
Surplus . . . . .	30,585,650	56,769,800
<b>TOTAL CAPITAL ACCOUNTS</b> . . . . .	<b>61,171,300</b>	<b>85,154,700</b>
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS</b> . . . . .	<b>\$2,645,094,542</b>	<b>\$2,215,777,378</b>

# Earnings and Expenses

	1964	1963
<b>CURRENT EARNINGS</b>		
Discounts and advances .....	\$ 965,397	\$ 585,957
U. S. Government securities .....	51,185,796	45,650,694
Foreign currencies .....	363,107	116,460
All other .....	24,917	22,852
<b>TOTAL CURRENT EARNINGS</b> .....	<b>52,539,217</b>	<b>46,375,963</b>
<b>CURRENT EXPENSES</b>		
Current operating expenses .....	9,569,964	9,373,164
Assessment for expenses of Board of Governors .....	498,300	434,400
Federal Reserve currency:		
Original cost, including shipping charges .....	758,624	205,736
Cost of redemption, including shipping charges .....	43,806	36,805
<b>Total</b> .....	<b>10,870,694</b>	<b>10,050,105</b>
Less reimbursement for certain fiscal agency and other expenses .....	828,499	841,654
<b>NET EXPENSES</b> .....	<b>10,042,195</b>	<b>9,208,451</b>
<b>PROFIT AND LOSS</b>		
Current net earnings .....	42,497,022	37,167,513
Additions to current net earnings:		
Profit on sales of U. S. Government securities (net) .....	24,030	11,845
All other .....	16,458	24,089
<b>Total additions</b> .....	<b>40,488</b>	<b>35,934</b>
Deductions from current net earnings .....	10,588	24,808
Net additions .....	29,900	11,126
Net earnings before payments to U. S. Treasury .....	42,526,922	37,178,639
Dividends paid .....	1,797,729	1,668,435
Payments to U. S. Treasury (interest on F. R. notes) .....	66,913,343	32,204,404
Transferred to surplus .....	-26,184,150	3,305,800
Surplus, January 1 .....	56,769,800	53,464,000
Surplus, December 31 .....	30,585,650	56,769,800

# Directors

## FEDERAL RESERVE BANK OF DALLAS

ROBERT O. ANDERSON	(Chairman and Federal Reserve Agent), Owner, Lincoln County Livestock Company, Roswell, New Mexico
CARL J. THOMSEN	(Deputy Chairman), Senior Vice President, Texas Instruments Incorporated, Dallas, Texas
D. A. HULCY	Chairman of the Board, Lone Star Gas Company, Dallas, Texas
MURRAY KYGER	Chairman of the Board, The First National Bank of Fort Worth, Fort Worth, Texas
MAX LEVINE	Chairman of the Board, Foley's, Houston, Texas
J. EDD MCLAUGHLIN	President, Security State Bank & Trust Company, Ralls, Texas
J. B. PERRY, JR.	President and General Manager, Perry Brothers, Inc., Lufkin, Texas
RALPH A. PORTER	President, The State National Bank of Denison, Denison, Texas
H. B. ZACHRY	President, H. B. Zachry Company, San Antonio, Texas

## EL PASO BRANCH

ROGER B. CORBETT	President, New Mexico State University, University Park, New Mexico
GORDON W. FOSTER	President, Food Mart, Inc., El Paso, Texas
ROBERT W. HEYER	Senior Vice Chairman and President, Southern Arizona Bank & Trust Company, Tucson, Arizona
ROBERT F. LOCKHART	Vice President, The State National Bank of El Paso, El Paso, Texas
C. ROBERT McNALLY, JR.	Rancher, Roswell, New Mexico
CHARLES B. PERRY	Chairman of the Board, First State Bank, Odessa, Texas
DICK ROGERS	President, First National Bank in Alpine, Alpine, Texas

## HOUSTON BRANCH

DONALD B. CAMPBELL	Works Manager, Sabine River Works, E. I. du Pont de Nemours & Company, Orange, Texas
J. A. ELKINS, JR.	Chairman of the Board, First City National Bank of Houston, Houston, Texas
M. M. GALLOWAY	President, First Capitol Bank, West Columbia, Texas
JOHN E. GRAY	President, First Security National Bank of Beaumont, Beaumont, Texas
EDGAR H. HUDGINS	Ranching — Partner in Hudgins Division of J. D. Hudgins, Hungerford, Texas
LOVETT C. PETERS (VACANCY)	Vice President — Transportation and Supplies, Continental Oil Company, Houston, Texas

## SAN ANTONIO BRANCH

G. C. HAGELSTEIN	President and General Manager, Union Stock Yards San Antonio, San Antonio, Texas
HAROLD D. HERNDON	Independent Oil Operator, San Antonio, Texas
MAX A. MANDEL	President, The Laredo National Bank, Laredo, Texas
FORREST M. SMITH	President, National Bank of Commerce of San Antonio, San Antonio, Texas
JOHN R. STOCKTON	Professor of Business Statistics and Director of Bureau of Business Research, The University of Texas, Austin, Texas
DWIGHT D. TAYLOR	President, Pan American State Bank, Brownsville, Texas
J. R. THORNTON	Chairman of the Board and President, State Bank and Trust Company, San Marcos, Texas

## FEDERAL ADVISORY COUNCIL MEMBER

JAMES W. ASTON	President, Republic National Bank of Dallas, Dallas, Texas
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# Officers

## FEDERAL RESERVE BANK OF DALLAS

WATROUS H. IRONS, *President*

P. E. COLDWELL, *First Vice President*

ROY E. BOHNE, *Vice President*

JAMES L. CAUTHEN, *Vice President*

J. L. COOK, *Vice President*

RALPH T. GREEN, *Vice President*

CARL H. MOORE, *Vice President*

G. R. MURFF, *Vice President and  
Secretary of the Board*

JAMES A. PARKER, *Vice President*

T. W. PLANT, *Vice President and Cashier*

W. M. PRITCHETT, *Vice President*

FREDRIC W. REED, *Vice President*

THOMAS R. SULLIVAN, *Vice President*

ARTHUR H. LANG, *General Auditor*

GEORGE F. RUDY, *General Counsel*

ROBERT H. BOYKIN, *Assistant Vice President  
and Assistant Secretary of the Board*

J. Z. ROWE, *Director of Research*

JAMES O. RUSSELL, *Chief Examiner*

LEON W. COWAN, *Assistant Vice President*

E. H. BERG, *Assistant Cashier*

TONY J. SALVAGGIO, *Assistant Cashier*

E. A. THAXTON, JR., *Assistant Cashier*

E. W. VORLOP, JR., *Assistant Cashier*

## EL PASO BRANCH

FREDRIC W. REED, *Vice President in Charge*

T. C. ARNOLD, *Cashier*

FORREST E. COLEMAN, *Assistant Cashier*

## HOUSTON BRANCH

J. L. COOK, *Vice President in Charge*

B. J. TROY, *Cashier*

W. C. HARTUNG, *Assistant Cashier*

RASCO R. STORY, *Assistant Cashier*

## SAN ANTONIO BRANCH

CARL H. MOORE, *Vice President in Charge*

A. E. MUNDT, *Cashier*

ALVIN E. RUSSELL, *Assistant Cashier*

FREDERICK J. SCHMID, *Assistant Cashier*



