

# ***business review***



*June 1965*

**FEDERAL RESERVE  
BANK OF DALLAS**

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# ***southwestern***

## ***natural gas***

### ***production***

The marketed production of natural gas from the wells of the major producing states of the Southwest — Louisiana, New Mexico, Oklahoma, and Texas — has grown impressively since World War II, with all four of the states recording sizable gains in output. Natural gas production expanded at an especially rapid rate in the immediate postwar years, as interstate pipeline systems were developed to carry the relatively cheap fuel from the southwestern states to nearly every other state in the Nation. The growth of natural gas consumption in the postwar years has changed the fuel from a nuisance by-product of crude oil production into a comparatively scarce resource commanding a progressively higher price. Although proved recoverable reserves of natural gas in the Southwest have trended upward throughout the postwar period, the effective life of these reserves has been cut virtually in half by a still sharper uptrend in production.

Marketed natural gas production, which consists of gas sold or consumed by producers, advanced in the Southwest after 1946 at the average annual rate of 8.8 percent to reach a total volume of 12.8 trillion cubic feet in 1964 and a wellhead value of approximately \$1.9 billion. This strong upward climb was paced by Louisiana and New Mexico, each of which significantly increased its share of the southwestern total. However, the rank order among the four states was not changed during the 18-year period as Texas remained the leading producer, followed by Louisiana, Oklahoma, and New Mexico.

This overall growth of natural gas output between 1946 and 1964 reflects two periods with somewhat different rates of expansion. The first period, from 1946 through 1951, was marked by an especially fast pace of advance in natural gas production, one which was related to the extension of interstate pipelines into new marketing areas for natural gas of southwestern origin. The second period, from 1951 through 1964, was characterized by a more moderate but sustainable rate of growth of output, mirroring the effective servicing of marketing areas already penetrated by natural gas distributors.

In 1946, when the marketed production of natural gas in the southwestern states was 2.8 trillion cubic feet, shipments to other regions, mainly to nearby southern and midwestern states, equaled 28 percent of output volume — a much smaller proportion than was later to develop. Thus, in 1946 the Southwest was not only the Nation's leading natural gas producer but also its major consumer.

Although all of the major metropolitan areas of the Southwest enjoyed natural gas service in this first of the postwar years, the combined residential and commercial usage of the fuel was a relatively minor part of overall southwestern consumption — in fact, only about 8 percent of the total. Most of the natural gas was burned as a fuel or used as a raw material input by the region's industries. Not surprisingly, the largest industrial usage of natural gas in the Southwest during 1946 occurred in the area's oil and gas fields, where



the fuel was used to power drilling rigs, pumps, and compressors and to provide process heat at gasoline recovery and cycling plants. The second largest industrial consumer of natural gas during 1946 was the carbon black industry, which burned 460 billion cubic feet of gas in a controlled atmosphere to produce 1.1 billion pounds of carbon. Of the Nation's 60 carbon black plants in operation that year, 56 were located near gas fields in the four states. Other important industrial consumers of gas included petroleum refineries, chemical plants, central generating stations, and cement factories.

Despite the sizable industrial consumption of natural gas in the Southwest, the region was possessed with a virtual surfeit of the fuel in 1946, when proved recoverable reserves equaled a 45-year supply. It was fairly common practice at the time to flare dissolved and associated gases released in the process of crude oil production. Recycling plants, which stripped natural gas of its liquid hydrocarbon content, frequently vented the dry gas into the atmosphere. Seldom was exploratory drilling directed toward finding natural gas. Crude oil was the goal of the wildcatter in the Southwest — and not surprisingly so, when it is con-

sidered that the average wellhead price of gas was an estimated 5.3 cents per 1,000 cubic feet. Had crude oil been priced in 1946 on a comparable energy unit basis, it would have sold for about 30 cents per barrel, instead of \$1.41.

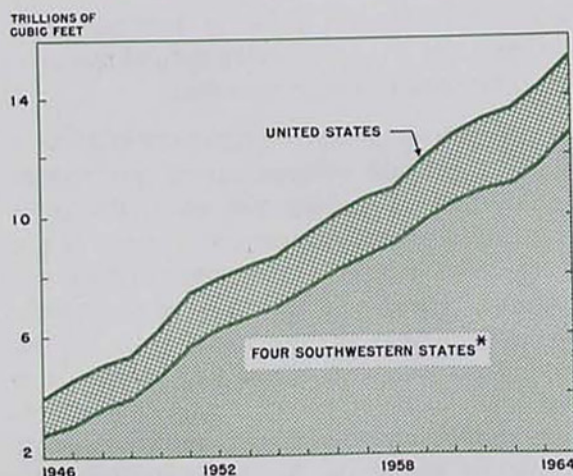
The favorable price spread between natural gas, on the one hand, and coal and oil, on the other, offered a rather strong incentive for investment in interstate transmission facilities to move the gas from an area of oversupply into regions of relative scarcity.

In the thirties, the major supply areas of southwestern gas for interstate shipment were the east Texas-northern Louisiana fields, which furnished gas to nearby southern states, and the Panhandle-Hugoton fields, which supplied the upper midwestern states, including such cities as Kansas City, Chicago, and Detroit. Immediately after World War II, the two large-diameter pipelines constructed during the war to carry crude oil from east Texas to the eastern seaboard were converted to natural gas transmission systems, thereby providing a flow of the fuel to the Appalachian and northeastern markets. Additional interstate lines were constructed to tap the vast reserves found along the Texas and Louisiana Gulf Coasts, with shipments directed, also, to eastern markets.

Pipelines feeding out of the Texas and Oklahoma Panhandles were extended into more of the midwestern states. Furthermore, service to existing midwestern markets was improved by installing larger-diameter pipe capable of taking higher operating pressures. The Permian Basin area of west Texas and southeastern New Mexico — as well as the related San Juan Basin in northwestern New Mexico — was tied with pipelines to the burgeoning California market, which could no longer be supplied adequately with local gas resources.

This expanding web of interstate gas transmission lines was reflected in sharply increased marketed production from southwestern fields.

#### MARKETED NATURAL GAS PRODUCTION



\* Louisiana, New Mexico, Oklahoma, and Texas.  
SOURCE: U.S. Bureau of Mines.



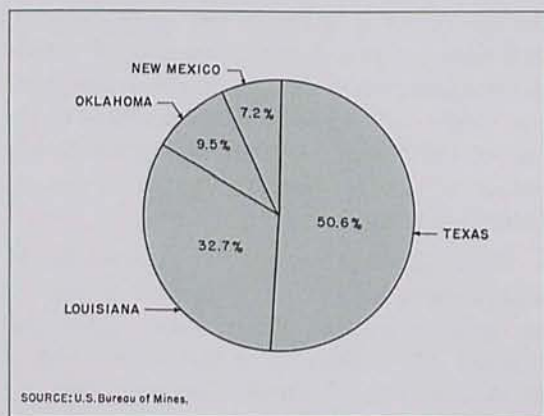
In each of the years from 1947 through 1949, production in the Southwest expanded rapidly. However, the really sharp rises occurred in 1950 and 1951, when gas production in the Southwest spurted 17 percent and 22 percent, respectively. As a result, the marketed production of gas in the Southwest in 1951 was double the 1946 volume, and the proportion shipped interstate in the same period rose from 28 percent to 46 percent of marketed production.

Whereas natural gas production in the four southwestern states advanced at the average annual rate of 15.2 percent in the 1946-51 period, the growth rate thereafter averaged a more modest 6.4 percent. Between 1951 and 1964, the pacesetter lift to production continued to be the interstate shipment of gas to consuming areas outside of the Southwest, a development that was reflected in progressively higher ratios of interstate transmission of natural gas to southwestern marketed production. In 1963, 58 percent of natural gas output in the four southwestern states was shipped out of the area for storage or consumption.

During the 1951-64 period, the growth of demand for natural gas outside of the Southwest was paced by increased consumption by commercial establishments, such as retail stores, office buildings, and hotels. Commercial service is essentially a space-heating market, and it was in the space-heating market that gas competed most effectively with both coal and fuel oil. Residential demand for gas during the 13-year span also trended upward rather strongly, as did industrial consumption, which received a strong boost from greater usage by electric utilities. Of the three classes of service, industrial demand is by far the largest, totaling somewhat more than combined commercial and residential consumption.

The growth of demand for natural gas in the four southwestern states during the 1951-64 period was led upward by expanded residential use of the fuel, partly reflecting the rapid urban-

**Over 80 percent of the natural gas produced in the Southwest during 1964 came from wells in Texas and Louisiana...**



ization of the region. Since before World War II, all of the major metropolitan areas in the Southwest have been serviced by gas; as a consequence, increased population in such areas has been quickly translated into larger gas sales. However, residential consumption of natural gas in the Southwest since 1951 has grown much less sharply than in the rest of the Nation because gas already had replaced other fuels in the region. The fact that there has been less energy source conversion in the Southwest than in much of the rest of the Nation has also accounted for the relatively restrained rate of growth of commercial usage of natural gas in the four-state area.

Industrial demand for natural gas in the Southwest during the 1951-64 period grew at about one-half the rate recorded for the rest of the Nation. This slower rate of expansion essentially mirrors the changes in the usage of natural gas by mining industries and carbon black manufacturers in the Southwest. The oil and gas producers in the area account for approximately one-third of the Southwest's industrial demand for natural gas, while producers in the rest of the Nation consume only about 7 percent. The rate of gain in field usage of gas was relatively modest in the 1951-64 period.



Furthermore, the demand for gas by carbon black manufacturers trended downward rather sharply during the 13-year span, and most of the loss occurred in Texas. For all other industrial uses combined, the expansion of natural gas consumption in the four southwestern states was moderately above the pace exhibited by the rest of the Nation, with the difference largely accounted for by increased usage of gas by petroleum refineries.

The volume of natural gas reserves in the southwestern states has evidenced a marked uptrend throughout the postwar years and reached 234 trillion cubic feet at the end of 1964, reflecting a gain of 87 percent over the level of proved recoverable reserves recorded in 1946. Of the known southwestern reserves in 1964, one-half were located in Texas, one-third in Louisiana, and the remainder in Oklahoma and New Mexico.

Despite the significant increase in reserves since World War II, the growth of natural gas consumption has been outstripping new discoveries. As a result, the effective life of reserves in the Southwest fell from 45 years in 1946 to 18 years in 1964. The decline in the ratio of

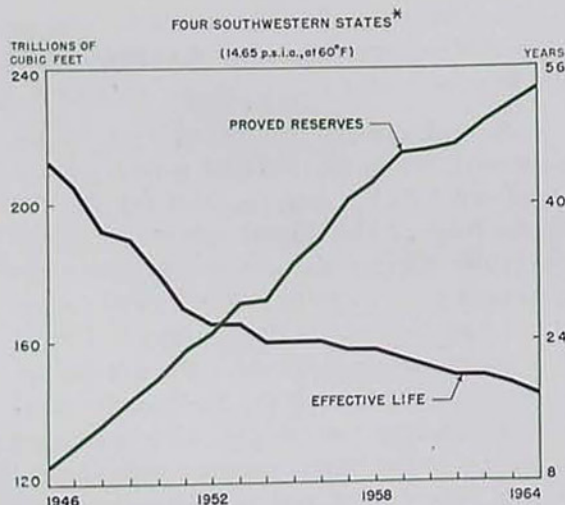
proved reserves to marketed production of natural gas was quite sharp in the 1946-51 period, when production was expanding at a particularly rapid rate. But, even during the subsequent years of more moderate rates of demand growth, the expansion of reserves generally fell behind the advance in output. Consequently, exploratory drilling directed toward the discovery of promising new gas fields has assumed increasing importance.

The uptrend in the marketed production of natural gas of southwestern origin is likely to continue for a number of years, although it is doubtful that recent rates of growth will be exceeded. On the demand side, the substitution of gas for other fuels may continue, but the easy markets have already been won. The price advantage of gas is slowly disappearing, as coal and oil prices are easing and gas prices are trending upward. When viewed more or less as a by-product, natural gas could be contracted for at 5.3 cents per 1,000 cubic feet at the wellhead. The current wellhead price for new reserve commitments is somewhat in excess of 20 cents per 1,000 cubic feet. Moreover, there are few states for natural gas to penetrate. The only states without natural gas service are Maine, Vermont, and Hawaii.

On the supply side, new reserves in the Southwest are harder and more costly to locate. Except for offshore Texas and Louisiana, the shallow pay zones have been largely explored. It is common practice now for drillers to push their bits below the 10,000-foot level. In 1964, for example, a gas well in western Texas entered commercial service with a production zone lying below 20,000 feet. The high cost of such wells exerts upward pressure upon wellhead prices. It is apparent that natural gas is, to a progressive degree, taking on the characteristics of a relatively scarce resource commanding a higher price.

WELDON C. NEILL  
General Economist

#### NATURAL GAS RESERVES





# ***residential construction in the southwest***

Residential building in the Southwest has been especially vigorous for several years. Such building has accounted for slightly more than 40 percent of the total value of all construction contracts in the southwestern states of Arizona, Louisiana, New Mexico, Oklahoma, and Texas during recent years. In addition, the value of residential construction contracts has been about twice the value of new capital expenditures by manufacturing industries in the region. The following article will highlight some of the important developments affecting southwestern residential construction.

New residential construction, in terms of both the total number of units and the total value of contracts, in the five southwestern states posted a strong advance during 1961-63, eased in the second half of 1964, and continued weak in early 1965. The previous expansion in the number and value of new housing units in the five states began in 1956 and ended in 1959.

During the recent upturn in residential construction, the value of such contracts reached approximately \$2.2 billion in 1963 to total well above 1959, the peak year in the previous expansion. Further, the value of contracts in 1964 was only \$9 million below the preceding year's level but was 42 percent above the previous low point evident in 1960. Although the number of housing units authorized from 1960 to 1963 rose steadily, the percentage gain was less than half of that registered for the value of construction contracts. Between 1963 and 1964, the number of residential

building permits showed a larger relative decline than did the value of residential contracts.

Because of the significant population differences among the various states and between the five southwestern states and the Nation, the number of permits and the value of residential contracts were computed on a per capita basis to facilitate comparisons. As shown in the accompanying charts, the levels of per capita residential units and per capita contract values for the five states have consistently remained above those registered for the Nation since 1957.

During the 1960-64 period, the number of new housing units per 1,000 population averaged 6.4 units in the five southwestern states, compared with 5.8 units for the Nation as a whole. The value of residential contracts was \$102,000 per 1,000 persons, while the national average was only \$97,000.

Although per capita residential construction activity in the Southwest has averaged above that in the Nation, there have been considerable differences in the levels of performance among the individual states. During the 1960-64 period, Arizona and Texas were in the forefront with respect to the numbers of new housing units constructed per 1,000 population, with averages of 13.3 units and 6.8 units, respectively. The per capita numbers of new residential units in Louisiana, New Mexico, and Oklahoma were somewhat lower.

In terms of the value of residential construction, Arizona again led the other southwestern



states with a contract value of \$155,000 per 1,000 population. The values of contracts in New Mexico and Texas were considerably below Arizona's high per capita figure but were above the values in Louisiana and Oklahoma.

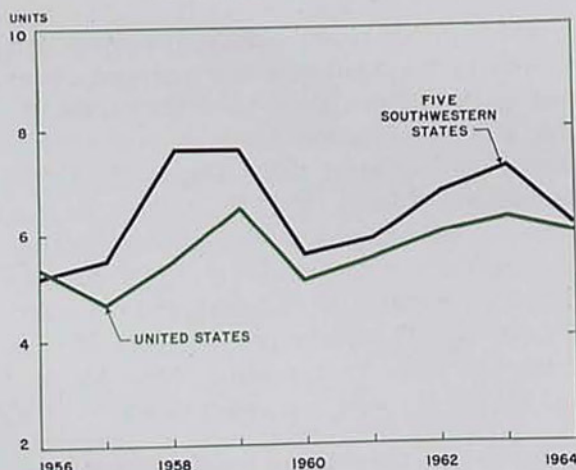
The averaging process masks some of the significant trends in residential building that have occurred within the individual states. Despite the very high per capita measures of residential construction posted by Arizona for the 1960-64 period as a whole, both the number of new units and the value of contracts per capita have been trending downward rather sharply since 1959. In contrast, these measures of construction activity have moved consistently upward in Louisiana from their 1960 lows. In the other southwestern states, both the number of housing units and the contract value trended upward until they eased in 1964.

The generally rising values of housing units, only partly offset by the declining number of units, have resulted in an advance in the per capita outlays for new dwellings in the southwestern states. Per capita dwelling unit costs in each of the five states rose during the 1960-64 period.

The cost increases of residential units during this period reflected two forces: (1) advances in the cost of single-family dwelling units and (2) a compensating shift toward lower unit-cost apartment units which was insufficient to offset higher single-unit housing costs. The construction cost has averaged from 10 to 15 percent less per square foot for apartments than for single-family dwelling units, and the average apartment is estimated to be only about 65 percent as large as the new single-unit houses being constructed. The factors involved in the progressive upturn in the average cost of single-family residential units relate to higher site and construction costs, including costs for extras and other housing features.

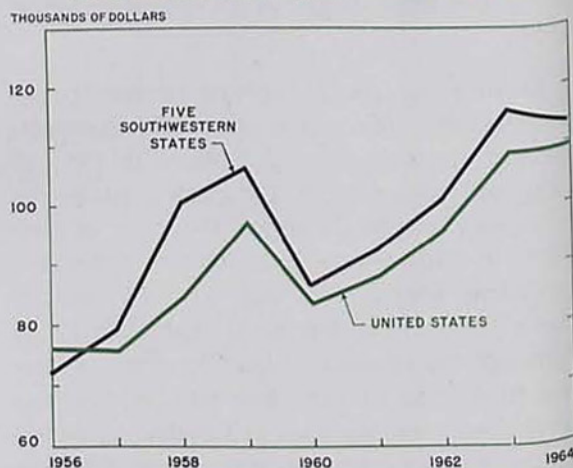
Information is not available pertaining to the unit costs of all types of single-family units. However, data on FHA-guaranteed loans for new homes, as covered under section 203(b) of the National Housing Act, may give some insight into the changes in unit costs. For the five southwestern states, the appraised value of new low- to middle-income single-family housing covered by FHA mortgages increased from \$13,900 in 1960 to \$15,300 in 1963 (the latest year for which annual data are available), re-

NUMBER OF NEW RESIDENTIAL UNITS  
PER 1,000 POPULATION



SOURCES: U.S. Bureau of the Census.  
U.S. Department of Commerce.

VALUATION OF RESIDENTIAL BUILDING  
CONTRACTS PER 1,000 POPULATION



SOURCES: F.W. Dodge Corporation.  
U.S. Bureau of the Census.



## NEW RESIDENTIAL UNITS PER 1,000 POPULATION

(Dollar values in thousands)

Year	ARIZONA		LOUISIANA		NEW MEXICO		OKLAHOMA		TEXAS	
	Number	Dollar value	Number	Dollar value	Number	Dollar value	Number	Dollar value	Number	Dollar value
1956	11.9	137	3.9	63	5.4	67	2.9	51	5.5	74
1957	13.9	148	3.7	76	5.9	74	2.3	60	5.8	78
1958	17.7	188	4.9	78	10.1	148	3.4	80	8.0	97
1959	19.1	210	5.1	81	8.6	139	4.1	89	7.7	103
1960	15.9	182	3.3	63	5.0	88	3.4	72	5.5	86
1961	13.7	163	3.5	67	4.5	83	3.6	77	6.3	97
1962	13.4	163	3.6	81	5.2	101	4.5	88	7.7	103
1963	14.3	141	4.3	101	6.5	135	5.2	116	7.8	117
1964	9.3	124	4.4	121	5.0	111	4.9	118	6.7	109

SOURCES: F. W. Dodge Corporation.  
U. S. Bureau of the Census.  
U. S. Department of Commerce.

flecting a gain of about 10 percent. This advance included a 27-percent increase in the price of the site, which reached a level of \$2,300 in 1963. Cost increases over the 1960-63 period for the various states ranged from 7 percent in Oklahoma to 20 percent in New Mexico. However, because of the large volume of home construction taking place in Texas and Oklahoma, states where cost increases have been relatively modest, average unit costs in the Southwest have been held down.

Contributing to the rise in unit values has been a continuous upgrading in housing. In 1960, almost 70 percent of the new homes in the five states had 1½ or 2 bathrooms; and, by 1963, this figure had climbed to nearly 79 percent. However, the main changes in medium-income housing have been qualitative improvements involving shifts from frame structures to brick or stone ones and the increasing volume of extras that appear in the kitchen, such as built-in ranges and garbage disposals. In addition, the average size of new homes in the five states has increased about 5 percent.

### *growth in apartments*

Had it not been for the rising importance of apartment structures in the residential construction scene of the Southwest, per capita costs of residential units would probably have exhibited more marked advances. For example, in Texas, which accounted for about 60 per-

cent of all new residential units constructed in the five states during 1964, apartments represented 43 percent of the total, compared with only 13 percent in 1960. This proportional advance in apartment construction has been more spectacular than in the Nation, where apartments accounted for 29 percent of all new residential units built in 1964.

The phenomenon of apartment living has not been limited to just metropolitan areas.<sup>1</sup> All urban areas in Texas have been experiencing a boom in apartment construction. This activity has extended into the nonmetropolitan cities (those with populations of 10,000 to 50,000) and the even smaller urban communities. In these areas with populations of 50,000 or less, apartment construction was the basis for an expansion in local construction activity during 1964, despite a downturn in such construction in the metropolitan areas in the second half of 1964. However, much of the growth in apartment building in the smaller communities has come from project housing let under private contracts.

Apartment construction in the nonmetropolitan areas of the State during the peak year of 1963 accounted for 19 percent of all new

<sup>1</sup> These areas, referred to as standard metropolitan statistical areas, have populations of over 50,000 and meet the commuter pattern requirements defined by the Bureau of the Budget.



housing units constructed. In the metropolitan areas, however, over one-half of all new residential units constructed were apartments.

The per capita income of southwestern residents since 1960 has increased relative to the average value of new FHA-insured homes. Thus, the marked expansion in apartment construction in the Southwest probably stems from forces other than the rising costs of single-unit residences. Although the rapid advance in site costs may have stimulated apartment construction, it is possible that the time and energy involved in commuting to places of work represent important costs that many urban dwellers are attempting to overcome. The accessibility of high-rise apartment buildings to downtown areas, shopping districts, or recreational districts and the growth of garden-type apartments located near expressways have furnished an alternative to less advantageously located single-family housing for urban dwellers. The desire for conveniently located housing in the Southwest may have been accentuated by a continuation of the concentration of population in standard metropolitan statistical areas, which accounted for about 60 percent of the region's population in 1960.

Demographic factors undoubtedly have been major influences affecting apartment construction. By the early sixties, the surge in births following World War II began to make its impact. The immediate post-World War II baby crop is approaching young adulthood. Rising numbers of these young adults are now entering the labor force and reaching marriageable age and are providing an important market for apartment units for both single persons and young married couples. A part of the rise in apartment construction may have been in anticipation of the increasing swell of these individuals. Although the marriage rate in the Southwest in 1960 had slackened from a decade earlier, the marriage rate in 1963 — a year of especially vigorous apartment construction — was 10.0

per 1,000 population and still remained above the 8.8 rate for the Nation.

Young married couples, in particular, may prefer apartment living until such time as sufficient savings are accumulated to meet down payments and other financing requirements for purchasing and furnishing a house or until the space requirements and other considerations of a growing family are not satisfied by apartment accommodations. Furthermore, many older couples and surviving spouses formerly occupying single-family residences have been attracted to apartment living because of the effort and expense involved in maintaining homes acquired when space needs were greater. Thus, many individuals at either end of the family cycle find apartments desirable alternatives to single-family dwellings. Another recent aspect of apartment construction has been the provision of units, such as luxury apartments, catering to specific income groups.

### *conclusion*

Important changes have taken place in the five southwestern states from 1960 to the present in the characteristics of residential construction, changes that have led to a continuing increase in the per capita unit cost of residential housing in the five states. Reflected in these changes are an upgrading in the quality of residential single-dwelling units in the southwestern states and a shift toward apartment living.

These developments in the Southwest are similar to those taking place all over the Nation. Despite recent weaknesses in residential construction in the Southwest, increased urbanization, high marriage rates, and a rapidly expanding population in the 20-30 age group suggest a continued growth of residential construction activity.

CARL W. HALE  
Industrial Economist



## ***district highlights***

The seasonally adjusted index of industrial production in Texas advanced 0.8 percent in April to post a level of 131.8 percent of the 1957-59 base. The April advance strongly reflected a 2.9-percent gain in mining activity over the previous month; virtually all of this gain was the result of an increase in seasonally adjusted crude oil production. Activity in the manufacturing sector of the Texas economy eased fractionally. Manufacturing industries which showed some strength were fabricated metals, transportation equipment, petroleum refining, and food and kindred products.

A comparison of Texas industrial production in April with the same month in 1964 shows a year-to-year gain of 4.7 percent for the total index. Manufacturing output posted an advance of 6.5 percent, with particular strength evident in fabricated metals, primary metals, and machinery in the durable goods sector. In the nondurable goods sector, chemicals, apparel, and printing and publishing registered the largest percentage increases over April last year.

Nonagricultural employment in the five southwestern states during April posted a 1.0-percent advance over March. The advance reflected an expansion in manufacturing employment, as well as broadly based gains in non-manufacturing employment. The strongest showing in the month-to-month increase was made by the important trade and service categories of the nonmanufacturing sector.

Compared with April 1964, nonagricultural wage and salary employment in the five states in April registered a 4.6-percent increase, reflecting widespread employment advances in both the manufacturing and the nonmanufacturing sectors of the southwestern economy.

The construction industry posted a 10.4-percent gain over April last year — the largest year-to-year gain shown by any of the employment categories.

After adjustment for the influence of seasonal factors, including the change in Easter dates from year to year, department store sales in the District established a new high for April. The adjusted index for the month rose to 129 percent of the 1957-59 average, reflecting an increase of 8 percent over March of this year. During the first 4 months of 1965, department store sales were 3 percent higher than in the same period in 1964.

New automobile registrations in four major market areas in Texas declined 2 percent during April from the previous month but were up 12 percent from a year earlier. Registrations in the San Antonio area paced those in the Dallas, Fort Worth, and Houston areas by showing a 26-percent increase over April 1964.

Daily average crude oil production in the Eleventh District declined an estimated 2.6 percent in May from the prior month and was only fractionally above a year ago. The decline from April reflected both reduced allowables in Texas and Louisiana and the spread of buyer prorationing to a number of areas in the District. The weakness in crude oil markets in the Southwest was evident in early May from announced price reductions in fields located in Texas, Oklahoma, and Kansas. Although selective, the lower field postings ranged from 5 cents to 15 cents per barrel. Crude oil allowables for the month of June are currently scheduled to remain unchanged in Louisiana and to advance in Texas to 28.1 percent of maximum permissible production from the May rate of 27.2 percent.



Soil moisture in the District is generally the best in several years. Some areas have had excessive rain, however, and crops have been damaged by soil erosion or flooding. Plantings of spring crops are virtually complete, and early-seeded crops in the southern areas of the District have made good growth. Pasture and range grasses have responded to better moisture conditions, and grazing has improved. Livestock are in good condition, and farmers and ranchers in most areas are assured of adequate stock water in the months ahead. Livestock prices are the most favorable in over a year.

According to a recent U. S. Department of Agriculture release, cotton production in the District states in 1964 is placed at 6.1 million bales (500 pounds gross weight). Thus, output last year was 7 percent below 1963. The combined value of cotton lint and seed in the Southwest in 1964 amounted to \$976 million, or 15 percent less than in the preceding year.

Cash receipts from farm marketings in the District states during January-March 1965 amounted to \$873.5 million, or 5 percent below the corresponding 1964 quarter. Receipts from crops were down 7 percent, and those from

livestock and livestock products showed a 3-percent decrease.

The value of construction contracts in the five southwestern states during the first quarter of 1965 totaled almost \$1.3 billion, which is 1 percent more than in the last quarter of 1964 and about 4 percent above the January-March period last year. The moderate strength that developed in contract construction in the five states during the first quarter was in nonresidential building and in nonbuilding construction. The high levels of investment of commercial and industrial establishments, as well as outlays for utilities and public works, pushed contracts for nonresidential and nonbuilding construction to their highest first-quarter values — \$420 million and \$361 million, respectively — since 1961.

Residential building continues to be the weak spot in the construction picture for the five states, with contracts in this sector registering a cumulative total of about \$505 million for the first 3 months of 1965. Although reflecting an 8-percent gain over the fourth quarter of last year, these contracts were 13 percent below the comparable period of 1964.

### ***new member banks***

The National Bank of Commerce of Brownsville, Brownsville, Texas, a newly organized institution located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, opened for business May 10, 1965, 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: Frank D. Yturria, Chairman of the Board; Elliott B. Roberts, Jr., President; James L. Mayer, Executive Vice President; Howard K. Cummins, Vice President; Dr. J. C. George, Vice President; Muriel W. Darley, Cashier; and Barry B. Putegnat, Assistant Cashier.

The Northeast National Bank, San Antonio, Texas, a newly organized institution located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, opened for business May 14, 1965, 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. E. Cheever, Chairman of the Board; Paul D. Aschbacher, President; Charles E. Cheever, Jr., Vice President; John E. Gwyn, Vice President; and James O. Soat, Cashier.



**STATISTICAL SUPPLEMENT**

**to the**

***BUSINESS REVIEW***

June 1965



FEDERAL RESERVE BANK  
OF DALLAS

# CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

## Eleventh Federal Reserve District

(In thousands of dollars)

Item	May 26, 1965	Apr. 28, 1965	May 27, 1964
<b>ASSETS</b>			
Net loans.....	4,679,366	4,712,225	4,305,668
Valuation reserves.....	82,792	82,938	75,438
Gross loans.....	4,762,158	4,795,163	4,381,106
Commercial and industrial loans.....	2,161,329	2,200,848	1,998,454
Agricultural loans.....	61,291	60,392	54,046
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities.....	274	13,494	12,274
Other securities.....	44,821	40,412	65,536
Other loans for purchasing or carrying:			
U. S. Government securities.....	2,418	2,380	2,469
Other securities.....	298,447	291,812	270,957
Loans to nonbank financial institutions:			
Sales finance, personal finance, etc.....	128,345	122,917	112,187
Other.....	272,264	268,993	264,925
Loans to domestic commercial banks.....	180,391	182,624	160,851
Loans to foreign banks.....	8,522	8,267	2,283
Real estate loans.....	395,691	393,792	362,553
Other loans.....	1,208,365	1,209,232	1,074,571
Total investments.....	2,062,348	2,089,523	2,063,084
Total U. S. Government securities.....	1,265,538	1,302,202	1,350,694
Treasury bills.....	84,473	118,999	114,772
Treasury certificates of indebtedness.....	0	0	52
Treasury notes and bonds maturing:			
Within 1 year.....	240,184	178,446	118,846
1 to 5 years.....	556,860	618,534	749,188
After 5 years.....	384,021	386,223	367,836
Other securities.....	796,810	787,321	712,390
Cash items in process of collection.....	673,415	723,891	614,611
Balances with banks in the United States.....	462,982	457,059	485,770
Balances with banks in foreign countries.....	3,441	3,719	3,523
Currency and coin.....	69,195	69,613	63,706
Reserves with Federal Reserve Bank.....	519,622	487,281	472,315
Other assets.....	316,525	304,361	249,889
<b>TOTAL ASSETS.....</b>	<b>8,786,894</b>	<b>8,847,672</b>	<b>8,258,566</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Total deposits.....	7,623,367	7,723,047	7,274,867
Total demand deposits.....	4,757,442	4,789,696	4,631,329
Individuals, partnerships, and corporations.....	3,147,177	3,211,539	3,109,464
Foreign governments and official institutions, central banks, and international institutions.....	4,039	2,465	2,549
U. S. Government.....	231,480	183,485	187,965
States and political subdivisions.....	352,010	327,796	288,314
Banks in the United States, including mutual savings banks.....	944,514	979,742	960,127
Banks in foreign countries.....	18,965	16,120	15,573
Certified and officers' checks, etc.....	59,257	68,549	67,337
Total time and savings deposits.....	2,865,925	2,933,351	2,643,538
Individuals, partnerships, and corporations.....	1,291,394	1,284,586	1,143,742
Savings deposits.....	1,221,655	1,249,951	1,122,091
Other time deposits.....	500	500	500
Foreign governments and official institutions, central banks, and international institutions.....	3,544	3,594	3,899
U. S. Government, including postal savings.....	335,238	381,767	364,525
States and political subdivisions.....	10,154	10,513	6,881
Banks in the United States, including mutual savings banks.....	3,440	2,440	1,900
Banks in foreign countries.....	237,685	202,856	117,448
Bills payable, rediscounts, etc.....	175,405	174,184	155,906
All other liabilities.....	750,437	747,585	710,345
Capital accounts.....			
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....</b>	<b>8,786,894</b>	<b>8,847,672</b>	<b>8,258,566</b>

## CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	May 26, 1965	April 28, 1965	May 27, 1964
Total gold certificate reserves.....	337,580	327,471	533,010
Discounts for member banks.....	5,135	2,210	13,159
Other discounts and advances.....	812	870	0
U. S. Government securities.....	1,630,821	1,617,212	1,327,941
Total earning assets.....	1,636,768	1,620,292	1,341,100
Member bank reserve deposits.....	890,108	853,322	820,961
Federal Reserve notes in actual circulation.....	1,083,753	1,079,324	971,689

## RESERVE POSITIONS OF MEMBER BANKS

### Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended May 5, 1965	5 weeks ended Apr. 7, 1965	5 weeks ended May 6, 1964
<b>RESERVE CITY BANKS</b>			
Total reserves held.....	614,774	611,656	583,776
With Federal Reserve Bank.....	570,825	570,083	543,209
Currency and coin.....	43,949	41,573	40,567
Required reserves.....	609,191	606,786	579,896
Excess reserves.....	5,583	4,870	3,880
Borrowings.....	21,691	31,430	21,383
Free reserves.....	16,108	26,560	17,503
<b>COUNTRY BANKS</b>			
Total reserves held.....	583,540	581,961	561,765
With Federal Reserve Bank.....	445,969	448,835	437,139
Currency and coin.....	137,571	133,126	124,626
Required reserves.....	549,215	546,670	525,436
Excess reserves.....	34,325	35,291	36,329
Borrowings.....	1,385	1,317	2,809
Free reserves.....	32,940	33,974	33,520
<b>ALL MEMBER BANKS</b>			
Total reserves held.....	1,198,314	1,193,617	1,145,541
With Federal Reserve Bank.....	1,016,794	1,018,918	980,348
Currency and coin.....	181,520	174,699	165,193
Required reserves.....	1,158,406	1,153,456	1,105,332
Excess reserves.....	39,908	40,161	40,209
Borrowings.....	23,076	32,747	24,192
Free reserves.....	16,832	7,414	16,017

## 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
1963: April.....	8,284	4,016	4,268	3,836	1,886	1,950
1964: April.....	8,422	3,975	4,447	4,483	2,214	2,269
November.....	8,683	4,120	4,563	4,655	2,269	2,386
December.....	8,852	4,213	4,639	4,713	2,288	2,425
1965: January.....	9,042	4,271	4,771	4,881	2,399	2,482
February.....	8,582	4,006	4,576	4,984	2,438	2,546
March.....	8,278	4,049	4,229	4,894	2,462	2,432
April.....	8,697	4,158	4,539	5,097	2,479	2,618

## CONDITION STATISTICS OF ALL MEMBER BANKS

### Eleventh Federal Reserve District

(In millions of dollars)

Item	Apr. 28, 1965	Mar. 31, 1965	Apr. 29, 1964
<b>ASSETS</b>			
Loans and discounts.....	7,940	7,827	7,067
U. S. Government obligations.....	2,541	2,583	2,617
Other securities.....	1,639	1,604	1,509
Reserves with Federal Reserve Bank.....	853	910	847
Cash in vault.....	207	194	191
Balances with banks in the United States.....	1,007	1,109	974
Balances with banks in foreign countries.....	6	5	4
Cash items in process of collection.....	804	843	708
Other assets.....	466	452	395
<b>TOTAL ASSETS.....</b>	<b>15,463</b>	<b>15,527</b>	<b>14,312</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Demand deposits of banks.....	1,207	1,333	1,150
Other demand deposits.....	7,393	7,407	7,018
Time deposits.....	5,123	5,088	4,508
Total deposits.....	13,723	13,828	12,676
Borrowings.....	204	216	176
Other liabilities.....	218	195	231
Total capital accounts.....	1,318	1,288	1,229
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....</b>	<b>15,463</b>	<b>15,527</b>	<b>14,312</b>

e — Estimated.



# BANK DEBITS, END-OF-MONTH DEPOSITS, AND DEPOSIT TURNOVER

(Dollar amounts in thousands, seasonally adjusted)

Standard metropolitan statistical area	DEBITS TO DEMAND DEPOSIT ACCOUNTS <sup>1</sup>				DEMAND DEPOSITS <sup>1</sup>			
	April 1965 (Annual-rate basis)	Percent change			April 30, 1965	Annual rate of turnover		
		April 1965 from		4 months, 1965 from 1964		April 1965	March 1965	April 1964
		March 1965	April 1964					
ARIZONA: Tucson.....	\$ 4,133,124	4	3	4	\$ 159,767	25.8	24.3	24.4
LOUISIANA: Monroe.....	1,798,332	7	32	24	72,162	25.8	23.8	20.5
Shreveport.....	4,636,020	-5	4	5	195,980	23.6	24.8	22.1
NEW MEXICO: Roswell <sup>2</sup> .....	555,696	-9	-11	-8	32,985	17.3	19.3	16.7
TEXAS: Abilene.....	1,717,848	2	13	9	88,279	19.5	18.8	17.6
Amarillo.....	3,804,504	-5	0	9	138,454	27.7	29.4	27.6
Austin.....	3,733,476	-11	-2	6	170,985	21.5	24.9	21.6
Beaumont-Port Arthur.....	4,742,556	7	10	10	194,899	23.6	22.0	21.8
Brownsville-Harlingen-San Benito.....	1,258,080	-1	6	6	54,308	23.4	24.1	22.9
Corpus Christi.....	3,408,552	5	17	8	141,898	21.6	20.8	22.7
Corsicana <sup>2</sup> .....	302,976	1	10	16	25,924	11.6	11.5	10.9
Dallas.....	59,275,152	1	25	24	1,543,562	38.2	37.8	31.3
El Paso.....	4,675,392	-1	5	6	195,620	23.9	24.1	20.7
Fort Worth.....	12,251,364	-3	4	7	480,802	25.6	26.4	24.7
Galveston-Texas City.....	1,984,260	5	12	4	81,594	22.8	21.6	20.5
Houston.....	52,361,448	2	12	12	1,798,784	29.2	29.2	29.1
Laredo.....	497,136	7	9	10	27,830	17.9	16.7	17.2
Lubbock.....	3,492,336	7	2	0	145,369	24.1	23.2	24.0
Midland.....	1,753,992	-4	8	8	113,754	15.2	15.4	16.2
Odessa.....	1,052,580	-6	3	6	60,455	17.9	18.6	17.0
San Angelo.....	789,144	-4	8	4	52,651	15.2	16.1	15.6
San Antonio.....	10,050,600	-3	10	10	461,339	21.6	22.0	20.8
Texarkana (Texas-Arkansas).....	867,804	1	-5	-5	47,637	17.6	17.3	19.3
Tyler.....	1,398,000	-8	4	11	80,680	17.3	19.0	18.2
Waco.....	1,895,124	6	5	10	102,200	18.6	17.6	19.6
Wichita Falls.....	1,801,572	-10	1	6	112,714	16.0	18.0	15.4
Total—26 centers.....	\$184,237,068	0	13	14	\$6,580,632	27.9	27.9	25.8

<sup>1</sup> Deposits of individuals, partnerships, and corporations and of states and political subdivisions.  
<sup>2</sup> County basis.

## INDEXES OF DEPARTMENT STORE SALES

Eleventh Federal Reserve District

(Daily average sales, 1957-59 = 100)

Date	Seasonally adjusted	Unadjusted
1964: April.....	120	113
November.....	124	142
December.....	129	223
1965: January.....	131	102
February.....	125	91
March.....	119	102
April.....	129	127

## DEPARTMENT STORE SALES

(Percentage change in retail value)

Area	April 1965 from		4 months, 1965 from 1964
	March 1965	April 1964	
Total Eleventh District.....	20	13	3
Corpus Christi.....	13	15	4
Dallas.....	17	15	5
El Paso.....	16	15	3
Houston.....	21	17	9
San Antonio.....	13	14	2
Shreveport, La.....	24	10	1
Waco.....	25	12	0
Other cities.....	25	8	0

## INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	April 1965p	March 1965	February 1965r	April 1964r
TEXAS				
Total industrial production.....	131.8	130.8	130.5	125.9
Manufacturing.....	154.2	154.5	152.9	144.8
Durable.....	150.0	151.2	150.8	139.5
Nondurable.....	157.2	156.8	154.5	148.6
Mining.....	102.5	99.6	101.1	101.0
UNITED STATES				
Total industrial production.....	140.8	140.5	139.2	130.5
Manufacturing.....	142.5	142.3	140.8	131.4
Durable.....	144.8	144.7	142.7	131.6
Nondurable.....	139.7	139.2	138.4	131.1
Mining.....	112.5	112.2	111.8	109.9
Utilities.....	157.5	156.5	156.5	147.5

p — Preliminary.  
r — Revised.

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

## NONAGRICULTURAL EMPLOYMENT

Five Southwestern States<sup>1</sup>

Type of employment	Number of persons			Percent change Apr. 1965 from	
	April 1965p	March 1965	April 1964r	March 1965	April 1964
Total nonagricultural					
wage and salary workers..	5,068,700	5,018,900	4,848,000	1.0	4.6
Manufacturing.....	887,000	878,600	850,900	1.0	4.2
Nonmanufacturing.....	4,181,700	4,140,300	3,997,100	1.0	4.6
Mining.....	235,500	235,200	231,300	.1	1.8
Construction.....	346,700	343,600	314,100	.9	10.4
Transportation and public utilities.....	391,100	391,000	387,300	.0	1.0
Trade.....	1,207,900	1,186,400	1,152,200	1.8	4.8
Finance.....	255,800	253,300	246,500	1.0	3.8
Service.....	742,500	730,600	705,800	1.6	5.2
Government.....	1,002,200	1,000,200	959,900	.2	4.4

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

p — Preliminary.

r — Revised.

SOURCE: State employment agencies.



# VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	April 1965	March 1965	April 1964	January—April	
				1965	1964
<b>FIVE SOUTHWESTERN STATES<sup>1</sup></b>	477	449	401	1,755	1,639
Residential building.....	194	192	198	698	777
Nonresidential building.....	148	136	120	565	480
Nonbuilding construction.....	136	121	83	492	382
<b>UNITED STATES</b>	4,770	4,209	4,365r	15,276	15,079r
Residential building.....	2,139	1,877	2,006	6,571	6,786
Nonresidential building.....	1,546	1,379	1,426r	5,128	4,906r
Nonbuilding construction.....	1,086	953	933	3,577	3,387

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

r — Revised.

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

SOURCE: F. W. Dodge Corporation.

# BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	NUMBER		VALUATION		Percent change		
	April 1965	4 mos. 1965	April 1965	4 mos. 1965	April 1965 from		
					Mar. 1965	Apr. 1964	4 months, 1965 from 1964
<b>ARIZONA</b>							
Tucson.....	799	2,619	\$ 1,658	\$ 7,838	-59	-44	-30
<b>LOUISIANA</b>							
Shreveport....	330	1,231	1,268	6,086	-15	-51	-9
<b>TEXAS</b>							
Abilene.....	91	324	1,584	4,919	71	18	4
Amarillo.....	203	643	2,962	12,199	70	-39	-27
Austin.....	343	1,233	4,064	16,424	-21	-42	-37
Beaumont.....	303	1,040	1,603	7,971	23	78	47
Corpus Christi..	389	1,502	3,171	10,808	12	20	11
Dallas.....	2,406	7,655	21,103	62,264	36	-28	-21
El Paso.....	434	1,694	6,196	21,696	59	43	37
Fort Worth.....	808	2,487	4,351	16,678	27	6	-2
Galveston.....	153	350	454	1,557	-2	-64	-48
Houston.....	2,364	8,025	25,899	99,603	-8	-14	-15
Lubbock.....	248	875	5,345	17,135	13	43	-4
Midland.....	137	401	1,137	5,380	13	6	5
Odessa.....	193	574	1,087	3,943	-33	85	68
Port Arthur.....	125	477	1,790	2,847	407	454	20
San Antonio.....	1,265	4,447	6,549	20,146	19	31	-15
Waco.....	227	853	1,233	7,474	-47	-48	12
Wichita Falls..	132	532	1,530	4,707	62	11	21
<b>Total—19 cities..</b>	<b>10,950</b>	<b>36,962</b>	<b>\$92,984</b>	<b>\$329,675</b>	<b>9</b>	<b>-12</b>	<b>-12</b>

# NATIONAL PETROLEUM ACTIVITY INDICATORS

(Seasonally adjusted indexes, 1957-59 = 100)

Indicator	April 1965p	March 1965p	April 1964
<b>CRUDE OIL RUNS TO REFINERY</b>			
STILLS (Daily average).....	115	114	113
<b>DEMAND (Daily average)</b>			
Gasoline.....	118	114	116
Kerosene.....	253	176	193
Distillate fuel oil.....	124	122	124
Residual fuel oil.....	106	103	105
Four refined products.....	122	116	119
<b>STOCKS (End of month)</b>			
Gasoline.....	123	116	109
Kerosene.....	150	159	139
Distillate fuel oil.....	104	110	120
Residual fuel oil.....	70	68r	70
Four refined products.....	111	110r	109

p — Preliminary.

r — Revised.

SOURCES: American Petroleum Institute.

U. S. Bureau of Mines.

Federal Reserve Bank of Dallas.

# WINTER WHEAT PRODUCTION

(In thousands of bushels)

Area	1965, indicated May 1	1964	Average 1959-63
Arizona.....	1,296	1,617	1,611
Louisiana.....	1,378	1,650	952
New Mexico.....	2,970	2,772	4,907
Oklahoma.....	125,606	96,623	93,838
Texas.....	62,760	61,848	61,041
<b>Total.....</b>	<b>194,010</b>	<b>164,510</b>	<b>162,349</b>

SOURCE: U. S. Department of Agriculture.

# CASH RECEIPTS FROM FARM MARKETINGS

(Dollar amounts in thousands)

Area	January—March		Percent decrease
	1965	1964	
Arizona.....	\$ 106,494	\$ 111,760	-5
Louisiana.....	78,633	82,353	-5
New Mexico.....	34,466	39,566	-13
Oklahoma.....	119,444	130,456	-8
Texas.....	534,445	551,376	-3
<b>Total.....</b>	<b>\$ 873,482</b>	<b>\$ 915,511</b>	<b>-5</b>
<b>United States.....</b>	<b>\$8,101,009</b>	<b>\$8,141,270</b>	<b>-1</b>

SOURCE: U. S. Department of Agriculture.

# COTTON ACREAGE, PRODUCTION, AND VALUE OF PRODUCTION

(In thousands)

Area	Acreage harvested		Bales produced <sup>1</sup>		Value of lint and seed	
	1964	1963	1964	1963	1964	1963
Arizona.....	375	387	799	839	\$ 134,267	\$ 154,842
Louisiana.....	520	519	590	681	98,766	124,803
New Mexico.....	188	190	257	271	49,462	53,088
Oklahoma.....	575	590	287	336	43,108	57,336
Texas.....	5,675	5,850	4,122	4,417	650,866	761,428
<b>Total.....</b>	<b>7,333</b>	<b>7,536</b>	<b>6,055</b>	<b>6,544</b>	<b>\$ 976,469</b>	<b>\$1,151,497</b>
<b>United States..</b>	<b>14,060</b>	<b>14,212</b>	<b>15,180</b>	<b>15,334</b>	<b>\$2,546,113</b>	<b>\$2,783,866</b>

<sup>1</sup> 500 pounds gross weight.

SOURCE: U. S. Department of Agriculture.

# DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	April 1965p		March 1965p		Percent change from	
	April 1964	March 1964	April 1964	March 1964	April 1964	March 1964
<b>ELEVENTH DISTRICT</b>						
Texas.....	3,254.6	3,266.3	3,200.4	-0.4	1.7	1.3
Gulf Coast.....	2,763.1	2,774.9	2,755.2	-4	-1.9	-1.9
West Texas.....	524.3	528.5	534.5	-8	-5	-5
East Texas (proper).....	1,228.3	1,230.8	1,234.3	-2	-10.3	-10.3
Panhandle.....	111.2	113.1	124.0	-1.7	-4.0	-4.0
Rest of State.....	103.2	103.2	107.5	0	5.4	5.4
Southeastern New Mexico..	796.0	799.3	754.9	-4	9.2	9.2
Northern Louisiana.....	309.9	309.8	283.7	0	12.5	12.5
<b>OUTSIDE ELEVENTH DISTRICT</b>	<b>181.7</b>	<b>181.7</b>	<b>161.5</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>UNITED STATES.....</b>	<b>4,598.0</b>	<b>4,606.5</b>	<b>4,570.8</b>	<b>-2</b>	<b>1.0</b>	<b>1.0</b>
<b>UNITED STATES.....</b>	<b>7,852.6</b>	<b>7,872.8</b>	<b>7,771.2</b>	<b>-3</b>	<b>1.0</b>	<b>1.0</b>

p — Preliminary.

SOURCES: American Petroleum Institute.

U. S. Bureau of Mines.

Federal Reserve Bank of Dallas.