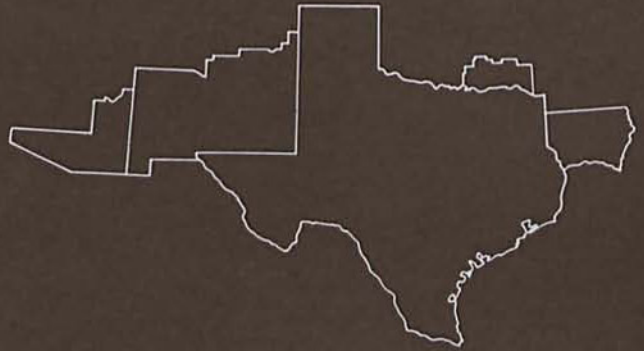


# *business review*



*october 1965*

**FEDERAL RESERVE  
BANK OF DALLAS**

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# *southwestern*

## *retail trade*

### *patterns*

The ring of the cash register at a retail store is perhaps one of the most important sounds in a market economy. Usually, the ring signals the culmination of a diverse number of activities in research and development, production, and distribution — all of which have been directed toward one objective, a sale to a customer. Thus, the noises of the farm tractor, blast furnace, assembly line, and delivery truck are preludes to the sounds made by the retail merchants' cash registers. Obtaining an increasing share of the consumer's dollar is the occupation and major preoccupation of the merchant, and this effort is made in a highly competitive environment, which is likely to produce changes in retailing.

The recently released 1963 Census of Business provides data useful in gaining some insight into broad developments in retail trade in the Southwest since the previous business census of 1958. "Retail trade," as used by the U. S. Bureau of the Census, pertains to establishments primarily engaged in selling merchandise — in contrast to those mainly engaged in selling services.

In assessing the changes in retail trade between 1958 and 1963, it is well to bear in mind the general economic situation that existed during each of the years. Total retail sales, as well as sales for particular types of businesses, were importantly influenced during 1958 and 1963 by short-run cyclical changes in business activity. In 1958 the economy began to recover in the spring from a short-lived slide that had been under way since the previous summer and

advanced rapidly during the remainder of the year. On the other hand, business activity throughout 1963 continued the fairly steady up-trend that had been in progress since early 1961. During much of 1958, sales of consumer durables, especially of automobiles, were relatively weak; while in 1963, purchases of durable goods were quite strong and generally rose throughout the year, with much of the vigor occurring in the automotive sector.

Increases in consumer prices and the imposition of taxes at the consumer level since the 1958 census also influenced the 1963 dollar volume of retail sales. Retail sales reported to the Bureau of the Census by merchants include local, state, and Federal taxes collected directly from the consumer and paid to the taxing authority. Retail sales figures for Texas in 1963, for example, reflect the receipts from the 2-percent sales tax imposed on certain items beginning in September 1961.

Increases in prices of goods, in contrast to those for services, were fairly modest between 1958 and 1963. The consumer price index for all commodities (including sales and excise taxes) in 1963 averaged 3.5 percent above the 1958 level. Consumer prices for nondurable commodities rose at a considerably faster pace between the 2 census years than did prices for durable goods.

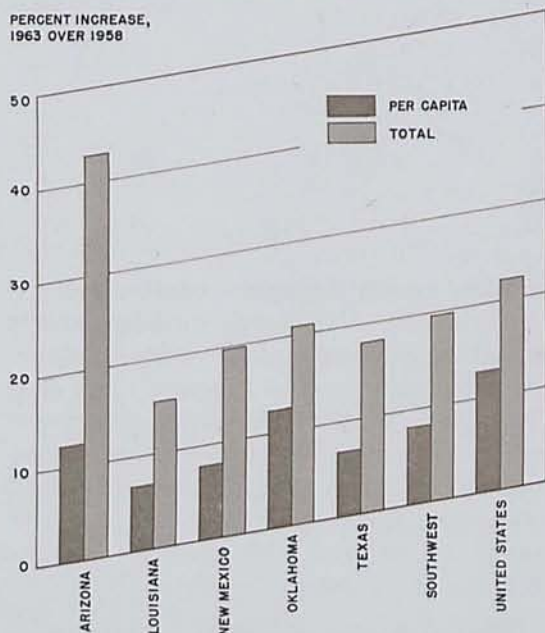
#### *slackening sales growth*

During 1963, consumers spent about \$22.2 billion at retail establishments in the Southwest (Arizona, Louisiana, New Mexico, Okla-



## SALES AT RETAIL ESTABLISHMENTS

PERCENT INCREASE,  
1963 OVER 1958



SOURCE: U. S. Bureau of the Census.

homa, and Texas), or almost one-fifth more than in 1958. On a per capita basis, retail sales were 8 percent higher. Although the percentage gains in sales in the Southwest were impressive, Arizona was the only southwestern state in which the rise in total sales exceeded the 22-percent increase in the Nation. Further, in none of the southwestern states did the expansion in per capita sales match the 12.5-percent national advance. This situation contrasts with trends between 1954 and 1958, when the gain in total retail sales in each of the southwestern states except Oklahoma exceeded that in the Nation and per capita sales rose more rapidly in each of the states except Texas.

The slackening in the rate of increase in retail sales in the Southwest has resulted in a widening in the differential between per capita sales in the region and those in the Nation. Per capita sales at retail establishments in the Southwest in 1958 were at a level only \$45 below that for the Nation. In 1963, re-

tail sales per person in the region were \$101 below the national average of almost \$1,295. The differentials between the per capita sales in the Nation and in each of the five southwestern states were much wider in 1963 than in 1958 except for Arizona, where the differences in per capita sales were little changed from the national averages for the 2 years.

The less exuberant growth in retail sales in the Southwest between 1958 and 1963 does not mean that southwesterners have become more penny-pinching than consumers in other parts of the country but, rather, probably mirrors the reduced rate at which personal income has increased in the region during the past few years. Between 1954 and 1958, per capita personal income of residents in the five southwestern states rose at an annual rate of 4.1 percent; but between 1958 and 1963, the income advance was at a rate of only 2.4 percent. The moderation in the rate of growth, while evident in nearly all income categories, was especially apparent in the mining sector, reflecting a tapering in petroleum activity.

The per capita income growth in the Nation also slackened, but only slightly — from 3.9 percent to 3.5 percent. Thus, the differential between per capita income of U. S. residents and that of southwesterners widened sharply. In 1958, income per person in the Nation was \$293 more than that in the Southwest, and by 1963 the margin had increased to \$451.

The southwesterner may not be "the last of the big spenders," but relative to his income, his spending exceeds that of the average consumer in the Nation as a whole. In 1963, he spent 59 percent of his income at retail establishments, as compared with 53 percent nationally. The percentage of total income spent in retail establishments in both the Southwest and the Nation has been smaller in each of the 3 census years since 1948. This decreasing share spent in retail establishments reflects the fact that, as his income rises, the consumer tends



to spend a smaller fraction on goods, especially to satisfy "necessities," and allocates larger shares of income to a broad range of services and to savings.

Despite the gains in population and income and the erection of new shopping centers, seemingly at every major intersection in urbanized areas, the number of retail establishments in the Southwest decreased nearly 5 percent between 1958 and 1963 to a level of about 166,000.<sup>1</sup> Arizona and New Mexico, states with relatively larger rates of population growth, were the only southwestern states in which the numbers of retail establishments increased.

Fewer retail outlets and higher total sales boosted sales per establishment in the Southwest more than one-fourth, with each of the 11 broad census classifications of retail establishments experiencing a higher volume of sales in 1963 than in 1958. Sales per establishment of almost \$134,000 in 1963 were below the per store volume of sales of almost \$143,000 registered in the Nation. The larger volume of sales in both the region and the Nation was accompanied by an increase in the numbers of paid employees and a substantial rise in wages and salaries and related expenditures.

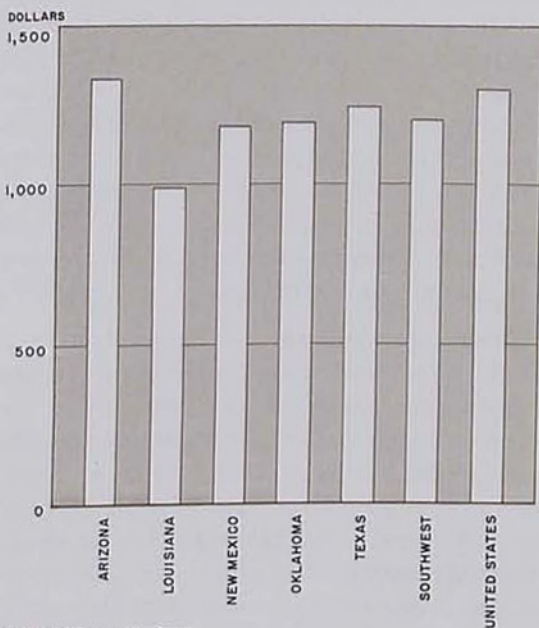
Another development revealed by the 1963 census data was a decline of 15 percent in the number of active proprietors in unincorporated businesses, a rate of decrease three times greater than the reduction in the number of all retail establishments in the Southwest. There were fewer active proprietors in each of the major classifications of retail business. An unincorporated form of organization has long been characteristic of retailing, a situation which reflects the close family relationship involved in the operation and management of many retail establishments and the modest

<sup>1</sup> An establishment is not necessarily identical with "company" or "enterprise," which may consist of one or more establishments. Census obtains a separate report for each location where business is conducted.

amounts of capital required relative to some other kinds of businesses.

In 1963, slightly more than half of the proprietors of unincorporated retail establishments were operating eating and drinking establishments, food stores, or gasoline service stations — a proportion only slightly smaller than 5 years earlier. Among these three types of retail businesses, the absolute decline in the number of active proprietors has been the greatest for food store operators as large multi-unit supermarkets continue to dominate food sales.

PER CAPITA RETAIL SALES, 1963



SOURCE: U.S. Bureau of the Census.

Texas continued to account for the lion's share of total retail trade in the Southwest — about 57 percent — in 1963. Sales in Louisiana and Oklahoma comprised 15 percent and 13 percent, respectively, of the total. Relative to 1958, however, Texas and Louisiana each accounted for a slightly smaller percentage of total sales, while Arizona's share rose. The proportion of southwestern retail sales accounted for by Oklahoma and New Mexico in 1963 was little changed from 5 years earlier.



### *sales by kind of business*

As might be expected, each type of retail establishment in the Southwest did not participate equally in the 20-percent overall advance in sales between 1958 and 1963. In viewing the performance of sales by broad kinds of businesses, it should be borne in mind that the census kind-of-business classifications are not synonymous with commodity classifications. Many retail business firms sell a wide array of goods. As a matter of fact, there has been a tendency for many retail outlets to expand the merchandise lines they make available to the consumer; the supermarket and gasoline service station are examples. Although the bulk of the receipts of a supermarket may be derived from food, a significant portion of its income may be obtained through the sale of such diverse items as record albums, hardware, nursery stock, and fertilizer. Similarly, in addition to their main function of selling gasoline, oil, and lubricants, many gasoline service stations provide automotive repair services.

Four broad categories of establishments — food stores, automotive dealers, the general merchandise group, and gasoline service stations — accounted for 64 percent of total retail sales in the Southwest during 1963, a proportion only slightly above that in 1958. Not surprisingly, food stores accounted for the largest share, 23 percent, of retail sales; but automotive dealers were a close second, with 21 percent of the total. Over one-fifth of the sales were made at general merchandise outlets and gasoline service stations. The view that the automobile takes a significant part of the family budget is borne out by the fact that, in the Southwest, slightly more than 29 percent of the sales at retail outlets in 1963 were made at automotive dealers and gasoline service stations. In the Nation, this proportion was about 26 percent.

The changes in the relative share of total sales accounted for by the various types of

retail establishments in the Southwest between 1958 and 1963 were generally quite small. Automotive dealers and the general merchandise group experienced the largest relative increases in the share of total sales, while food stores and establishments selling lumber, building materials, hardware, and farm equipment showed the largest proportional declines. This same pattern of change was evident among the various types of retail outlets in the Nation.

Two types of retail establishments in the Southwest — general merchandise outlets and automotive dealers — experienced sales gains of about 34 percent each between 1958 and 1963. Sales increases at these kinds of businesses are particularly significant since, together, they accounted for about one-third of the \$22.2 billion in total sales at all retail establishments in the southwestern states in 1963.

The sharp rise in sales by general merchandise establishments reflects the expansion in the numbers of department stores and limited-price variety stores (e.g., "5- and 10-cent" stores) and a significantly larger volume of sales per outlet. The increase in sales of general merchandise outlets exceeded by a substantial margin the gain for any other type of retail business. Higher prices, especially for apparel, were probably another contributing factor. With urbanization and the consequent construction of shopping centers in new subdivisions, retailers handling general merchandise lines recognized the need to adapt to emerging suburban shopping patterns by opening branches of existing stores. In addition, some new stores were opened by individuals and firms in order to participate in the expected growth of retail trade in the Southwest. In many cases, store managers placed emphasis upon increasing merchandise lines as a means of providing a broader appeal to the shopper.

Many general merchandise establishments formerly handling traditional department store lines have been offering automotive supplies



and repair and maintenance services in recent years. Some outlets are stocking prescription drugs and similar items, and many discount houses carry merchandise varying from furniture to groceries.

Sales of automotive dealers have been boosted by a sharply improved automobile market. As mentioned previously, 1958 was not an especially good automotive year, and sales by U. S. factories dipped to 4.8 million units, the lowest since 1947. On the other hand, sales of motor vehicles in 1963 were brisk and advanced to 8.7 million units, a level which, at that time, was second only to the record 1955 total. In addition, the average value of the automotive units sold in 1963 was higher than 5 years earlier, reflecting a preference for top-of-the-line models and the purchase of "extras." An increase in receipts from service departments, including body shops, also provided a boost to the gross sales of automotive dealers.

Franchised passenger car dealers accounted for virtually all of the 34-percent gain in sales of southwestern automotive dealers between 1958 and 1963, as sales of nonfranchised dealers, mostly sellers of used cars, were lower and sales of retailers of aircraft, boats, and

motorcycles showed a relatively small increase. As in the case of general merchandise establishments, sales per automotive dealer averaged substantially higher than in 1958; the number of outlets was relatively unchanged.

Three other kinds of retail businesses experienced sales increases of about 20 percent each between 1958 and 1963. These businesses included gasoline service stations, eating and drinking places, and drug and proprietary stores. The combined sales of these three types of businesses amounted to 18 percent of all retail sales in the region in 1963.

Continuing an uptrend that has been under way since World War II, sales at gasoline service stations rose by one-fifth. Registrations of motor vehicles in the five southwestern states in 1963 were almost 23 percent greater than in 1958, and a greater proportion of the vehicles used more fuel because of their higher horsepower and the increased amount of optional equipment. In addition, the advance in total mileage driven continued, requiring more frequent stops at the gasoline pump. Also, more and more service stations have added repair services to supplement their fuel and oil sales. The imposition of additional gasoline

### DISTRIBUTION OF RETAIL ESTABLISHMENTS AND SALES, BY KINDS OF BUSINESS, 1963

(Percentage of total)

Kind of business	NUMBER OF ESTABLISHMENTS		SALES	
	Five southwestern states	United States	Five southwestern states	United States
Lumber, building materials, hardware, farm equipment dealers	5.3	5.4	6.7	6.0
General merchandise group stores	4.3	3.7	12.1	12.3
Food stores	17.5	18.7	22.9	23.4
Automotive dealers	7.2	5.7	21.0	18.6
Gasoline service stations	15.5	12.4	8.3	7.3
Apparel, accessory stores	6.0	6.8	5.6	5.7
Furniture, home furnishings, equipment stores	5.1	5.5	4.2	4.5
Eating, drinking places	18.3	19.6	6.2	7.5
Drug stores, proprietary stores	3.3	3.2	3.6	3.5
Other retail stores	13.6	14.3	7.6	8.7
Nonstore retailers	3.9	4.7	1.8	2.5
Total	100.0	100.0	100.0	100.0

SOURCE: U. S. Bureau of the Census.



taxes, especially the 1-cent per gallon Federal tax, boosted 1963 sales in the Southwest relative to those in 1958. Most of the sales gains at gasoline stations between these 2 years reflected an increase in sales per establishment, since the number of outlets rose less than 2 percent.

Drug and proprietary stores and eating and drinking places experienced fairly similar changes between 1958 and 1963. The numbers of both of these kinds of businesses in the Southwest declined by approximately the same percentage, although total sales for each rose about one-fifth. Consequently, sales per establishment for both types of businesses advanced. In the case of drug and proprietary stores, the overwhelming share of the sales gain occurred

at drugstores, which have experienced larger sales of prescription drugs and other pharmaceuticals and, also, broadened their offerings of items to increase store traffic and sales.

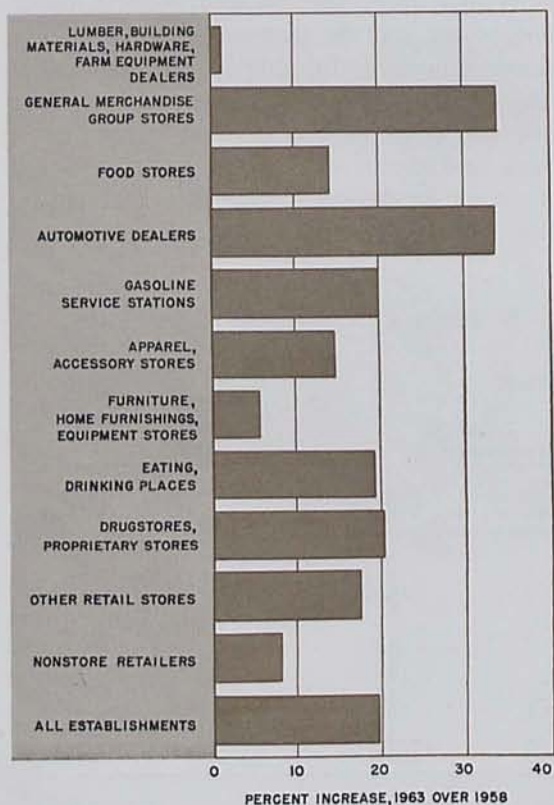
The total amount spent by patrons of eating and drinking places was, of course, greater than the sales reported by these establishments. Tips to waiters and similar personnel ordinarily do not show up as receipts of the firm; by the customer, however, such gratuities likely are viewed as part of the cost of eating out. The decline in the number of eating and drinking establishments occurred entirely among those firms catering to the diner, as firms selling alcoholic beverages for on-premise consumption rose.

The sales growth of each of the six remaining broad census classifications of retail business between 1958 and 1963 was below the 20-percent overall advance in sales for all types of retail businesses. The smallest increase in sales—less than 2 percent—was registered by retailers of lumber and other building materials, hardware, and farm implements. The number of these establishments dipped 15 percent.

Within this broad category, outlets engaged primarily in the selling of lumber and other building materials and of hardware experienced declines in sales even though there was a substantial gain in construction activity. The weak sales performance of establishments handling lumber and hardware probably reflects the rising importance of alternative sources of supply for the products traditionally sold by lumber and hardware outlets. Builders requiring substantial quantities of construction materials often make arrangements with suppliers outside normal retail channels. The occasional purchaser of lumber, other building materials, and hardware has been able to buy an increasingly wide array of building materials and supplies at paint and wallpaper stores, do-it-yourself shops, and general merchandise outlets.

### RETAIL SALES, BY KIND OF BUSINESS

FIVE SOUTHWESTERN STATES



SOURCE: U.S. Bureau of the Census.



More than offsetting the weaker sales at lumberyards and hardware stores were the stronger sales of farm implement dealers. Farmers have continued to mechanize their operations in order to enlarge the size of farm units and to reduce per unit costs. Although there are fewer farmers, those remaining are bigger customers and tend to purchase larger and more expensive machinery. Receipts for repairs and parts for the complex equipment also remain an important source of income for farm machinery dealers.

Increases in sales for other types of establishments ranged from about 6 percent in the case of furniture, home furnishings, and equipment stores to not quite 18 percent for the business group composed of such miscellaneous establishments as florist shops and stores selling jewelry, sporting goods, or liquor. Food stores recorded a 14-percent increase in sales between 1958 and 1963, an expansion which was in keeping with the gain in population and the slight rise in food prices.

### *dominance of urban sales*

Since the bulk of the population in the Southwest — 60 percent in 1960 — lives in metropolitan areas, it is not surprising that retail trade activity also has concentrated in urban sections. Many crossroads general stores and small-town businesses disappeared as the rural population shrank, urbanization began to increase, and road networks made travel more convenient. Whether this disappearance represents progress or merely change is questioned by some people, but the fact remains that, in 1963, almost 65 percent of total retail sales in the Southwest were made in the region's 33 standard metropolitan statistical areas.<sup>2</sup> These

<sup>2</sup> A standard metropolitan statistical area is a county or group of contiguous counties which contains at least one central city of 50,000 or more inhabitants or "twin cities" with a combined population of at least 50,000 and meets certain other criteria established by the Bureau of the Budget.

33 SMSA's encompass only 51 of the 441 counties and parishes in the five states. In 1958 the proportion of the region's retail sales in these counties was 63 percent.

The combination of people and payrolls is hard to beat if you are selling, and retail sales increased almost 23 percent in the SMSA's of the region between 1958 and 1963, compared with a little less than 15 percent in non-SMSA's. Per capita sales in SMSA's in the Southwest in 1963, at \$1,422, were nearly one-fifth larger than such sales for the Southwest as a whole. However, only one-third of the southwestern SMSA's registered per capita sales exceeding the \$1,465 average for all SMSA's in the Nation.

Louisiana was the only State in the Southwest in which gains in non-SMSA sales outstripped those in the SMSA's, partially because of sharply improved farm income. The sales growth in each of the SMSA's in Louisiana except Monroe was below the average for the State. Among the five southwestern states, Arizona experienced the greatest rise in metropolitan area retail sales — almost 50 percent — between 1958 and 1963 and had the highest concentration of total retail sales in SMSA's — 76 percent — of any state in the region.

Not only are retail sales in the Southwest heavily concentrated in SMSA's, but a relatively small number of these areas account for a large part of total SMSA sales. In 1963, four SMSA's in the Southwest had retail sales totaling \$1 billion or more. These areas, ranked in descending order by volume of sales, were Houston, Dallas, Phoenix, and New Orleans. Together, the 4 SMSA's accounted for about 42 percent of the sales made in the 33 SMSA's and 27 percent of total retail sales in the five southwestern states. These proportions are greater than 5 years earlier, reflecting the relatively more rapid rise in sales in the large metropolitan areas than in most of the smaller urban centers.



During the time that the concentration of retail sales in SMSA's was increasing further, there were some important internal shifts in the distribution of sales within the SMSA's. Although the principal city in each of the SMSA's for which data are available accounted for an overwhelming proportion of total 1963 sales in the SMSA of which it is a part, this share was smaller than in 1958 for all of the 20 cities except 5 which are located in western sections of the Southwest. In the case of each of the 20 cities, however, there was a decline in the share of retail sales made in the central business district. Despite this shift, the central business district still contributed substantially to total sales in most cities, especially sales of

general merchandise and food and drinks for on-premise consumption. Large multistory office buildings, parking lots, and new or widened streets have occupied considerable space formerly devoted to retailing.

### concluding remarks

In all likelihood, data in the next Census of Business will reveal a continuation of many of the broad developments in retailing evident in recent censuses. The construction of shopping centers in major metropolitan areas to serve the increasing number of consumers has continued. Some small trading centers, whose clientele remain primarily oriented to agriculture, have experienced a further erosion of retail trade as a result of declining populations and competition from retail outlets in larger centers nearby. Thus, population, payrolls, and consumer preferences have remained dominant influences in overall retail trade developments.

Competition and customer convenience are likely to remain two key elements in retailing, and these elements may produce some shifts within the broader movements in retail trade. Although there has been a tendency for many establishments to increase their merchandise lines to appeal to a broader sector of the consuming public, a wide variety of retail establishments handling specialized lines also are enjoying rising sales. For example, shops offering specific sizes of wearing apparel, wigs, imported goods, and gourmet foods are found in many large retail markets.

Convenience stores, such as drive-in groceries which observe unusual hours and establishments which provide home-delivery services, are likely to remain as much a part of the retailing scene as the high-volume "super" cash-and-carry stores. In some of the larger cities in the Southwest, the construction of apartments and town houses in or near the central business district may provide a sales lift in downtown areas, where retailing has been declining.

### RETAIL SALES IN 1963, BY STANDARD METROPOLITAN STATISTICAL AREAS

(Dollar amounts in thousands)

Standard metropolitan statistical area	Sales	Percent change from 1958
<b>ARIZONA</b>		
Phoenix	\$ 1,132,913	54.5
Tucson	399,490	38.2
<b>LOUISIANA</b>		
Baton Rouge	316,738	14.1
Lafayette	109,800	33.4
Lake Charles	145,873	-1.1
Monroe	138,025	30.6
New Orleans	1,123,033	13.3
Shreveport	332,860	12.4
<b>NEW MEXICO</b>		
Albuquerque	387,408	25.5
<b>OKLAHOMA</b>		
Lawton	109,815	53.2
Oklahoma City	804,506	39.8
Tulsa	583,339	23.1
<b>TEXAS</b>		
Abilene	168,034	15.9
Amarillo	266,972	26.4
Austin	284,856	30.2
Beaumont-Port Arthur	388,252	11.0
Brownsville-Harlingen		
San Benito	130,409	5.8
Corpus Christi	264,066	3.7
Dallas	1,809,047	22.8
El Paso	380,228	17.5
Fort Worth	852,363	14.4
Galveston-Texas City	163,239	7.3
Houston	1,961,557	27.0
Laredo	80,387	34.6
Lubbock	289,349	35.3
Midland	99,547	21.0
Odessa	136,970	5.8
San Angelo	95,916	17.4
San Antonio	807,137	19.1
Texarkana (Texas-Arkansas)	115,353	14.8
Tyler	119,398	21.6
Waco	188,268	12.4
Wichita Falls	173,556	6.2
<b>Total — 33 areas</b>	<b>\$14,358,704</b>	<b>22.8</b>

SOURCE: U. S. Bureau of the Census.



## *district highlights*

On August 18, 1965, negotiable time certificates of deposit in denominations of \$100,000 or more totaled \$1,053.3 million at weekly reporting member banks in the Eleventh Federal Reserve District, according to the sixth quarterly Federal Reserve survey. This amount is \$96.5 million more than 3 months ago and \$126.7 million greater than the year-earlier level. Since May 20, 1964 (the first survey date), total time certificates of deposit of \$100,000 or more have increased almost 15 percent at the weekly reporting banks in the Eleventh District. The most recent quarterly gain, which accounted for about 48 percent of the expansion in total time and savings deposits during the period, contrasts with a \$14.0 million reduction in the previous quarterly period.

The sixth survey indicates that the average maturity distribution of Eleventh District time certificates of deposit is still highly concentrated in the short-term area, with 54.5 percent maturing within 3 months and 84.3 percent falling due within 6 months. However, the proportion of CD's maturing in 6 months or less was slightly greater than in the prior survey.

Nonagricultural wage and salary employment in the five southwestern states, reflecting moderate but broadly based advances in both the manufacturing and the nonmanufacturing sectors, gained 0.5 percent during August to total 5,130,000 workers. Strong employment gains in trade and the construction industries were great enough to result in a 0.5-percent increase in the nonmanufacturing sector, despite the dampening influence of employment declines in the mining industry and government service.

As compared with August 1964, nonagricultural wage and salary employment in August

of the current year registered a 3.9-percent advance in the five states. Manufacturing employment increased 4.5 percent, and nonmanufacturing employment rose 3.8 percent over last August. Within the nonmanufacturing sector, services showed the strongest growth by posting a gain of 5.0 percent.

The seasonally adjusted Texas index of industrial production rose only fractionally during August to 136.3 percent of the 1957-59 base and was 6.1 percent above a year earlier. The manufacturing sector contributed most of the 0.1-percent month-to-month gain as the mining sector registered a 0.7-percent decline in activity during August, primarily because of lower seasonally adjusted crude oil production.

Most of the slight August advance in Texas manufacturing activity was centered in the durable goods sector. The expansion in this sector stemmed from strong production gains in the primary metal industries and more moderate gains in lumber and wood products, machinery, and "other durable goods." Output in the transportation equipment industries was down sharply, reflecting a partial shutdown of automobile assembly lines in preparation for the model changeover. Output in the nondurable goods sector showed a fractional downturn from July, primarily as a result of a sharp decline in petroleum refining. Gains in the production of "other nondurable goods" and in the output of paper and allied products failed to counteract the decline in refining.

When the Texas production figures for August of the current year are compared with those in the same month in 1964, the manufacturing sector registered a 7.4-percent gain, while mining activity posted a 3.6-percent rise. Five nondurable manufacturing industries —



textile mill products, apparel and fabric products, chemicals and allied products, leather and leather products, and "other nondurable goods" — showed year-to-year gains that were greater than the one recorded for all manufacturing. However, among the durable goods industry groups, only the primary metal and the machinery industries posted greater advances over August last year than did all manufacturing.

In September, estimated daily average crude oil production in the Eleventh District was little changed from the prior month but was 1.4 percent higher than a year earlier. A fractional increase in crude oil output from Texas wells during September was offset by a 2.0-percent decline in southeastern New Mexico. Crude oil production in northern Louisiana was little affected by Hurricane Betsy, although output from offshore and coastal areas of the State was temporarily disrupted by wind and water damage to communications equipment, power sources, and pumping facilities. The flow of oil from District wells may advance slightly in October in response to the fractionally higher allowables in Texas and southeastern New Mexico.

Registrations of new passenger cars in four major Texas markets in August dipped 8 percent below July's all-time high but were 22

percent above August 1964. In comparison with the same months last year, registrations during January-August 1965 were up 16 percent in Houston, 11 percent in San Antonio, and 9 percent in both Dallas and Fort Worth.

The seasonally adjusted index of Eleventh District department store sales in August, at 128 percent of the 1957-59 base period, declined 6 percent from the July record but was 3 percent above August last year. Cumulative sales during the first 8 months of 1965 were 3 percent higher than a year ago.

Overall prospects for fall-harvested crops in the Southwest continue quite favorable in spite of the damage inflicted by Hurricane Betsy in Louisiana on September 10. In that State, cotton, pecans, oranges, and sugarcane sustained the most severe losses. As of September 1, cotton production in the five southwestern states is placed at 8 percent larger than in 1964, and output of sorghum grain is almost one-fourth larger. Outturns of rice, hay, and peanuts are also expected to be above last year's levels. Widespread rains during September significantly boosted southwestern range and pasture conditions and provided much-needed moisture for seeding of the 1966 winter wheat crop. Livestock remain in fairly good condition, and marketings of calves are increasing.

***new  
member  
bank***

The First National Bank of Whitehouse, Whitehouse, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business September 1, 1965, as a member of the Federal Reserve System. The new member bank has capital of \$150,000, surplus of \$150,000, and undivided profits of \$100,000. The officers are: Dillon W. Hamilton, Chairman of the Board; David T. Joyner, President; and W. J. Thornton, Vice President and Cashier.

***new  
par  
bank***

The Farmers State Bank, Chappell Hill, 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 September 2, 1965. The officers are: Robert Schaer, President; O. M. Brown, Executive Vice President and Cashier; John B. Schaer, Vice President; and Mrs. N. L. Winfield, Assistant Cashier.



**STATISTICAL SUPPLEMENT**

**to the**

***BUSINESS REVIEW***

October 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	Sept. 29, 1965	Aug. 25, 1965	Sept. 30, 1964
<b>ASSETS</b>			
Net loans.....	4,832,175	4,824,789	4,422,787
Valuation reserves.....	79,972	81,219	75,655
Gross loans.....	4,912,147	4,906,008	4,498,442
Commercial and industrial loans.....	2,221,185	2,187,065	2,000,489
Agricultural loans.....	65,243	62,907	59,096
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities.....	274	17,317	5,174
Other securities.....	42,668	42,612	43,788
Other loans for purchasing or carrying:			
U. S. Government securities.....	2,147	2,181	2,343
Other securities.....	308,860	298,623	267,000
Loans to nonbank financial institutions:			
Sales finance, personal finance, etc.....	146,017	141,381	125,604
Other.....	300,106	293,487	324,824
Loans to domestic commercial banks.....	128,535	210,110	112,745
Loans to foreign banks.....	4,222	5,498	4,671
Real estate loans.....	433,806	424,394	386,304
Other loans.....	1,259,084	1,220,433	1,166,404
Total investments.....	2,151,862	2,121,649	2,096,238
Total U. S. Government securities.....	1,244,171	1,237,512	1,351,110
Treasury bills.....	77,167	64,208	103,153
Treasury certificates of indebtedness.....	0	0	0
Treasury notes and bonds maturing:			
Within 1 year.....	215,856	213,823	137,448
1 to 5 years.....	599,099	591,439	640,119
After 5 years.....	352,049	368,042	470,390
Other securities.....	907,691	884,137	745,128
Cash items in process of collection.....	721,806	721,534	714,056
Balances with banks in the United States.....	481,056	458,713	540,378
Balances with banks in foreign countries.....	3,218	2,662	3,334
Currency and coin.....	70,895	69,200	62,432
Reserves with Federal Reserve Bank.....	529,498	496,074	553,914
Other assets.....	296,964	282,235	277,643
<b>TOTAL ASSETS.....</b>	<b>9,087,474</b>	<b>8,926,856</b>	<b>8,670,782</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Total deposits.....	7,949,539	7,758,277	7,617,390
Total demand deposits.....	4,861,578	4,685,973	4,952,088
Individuals, partnerships, and corporations.....	3,228,906	3,187,327	3,267,932
Foreign governments and official institutions, central banks, and international institutions.....	4,642	3,473	2,904
U. S. Government.....	172,888	151,582	224,047
States and political subdivisions.....	291,212	266,297	251,369
Banks in the United States, including mutual savings banks.....	1,076,474	1,004,198	1,116,922
Banks in foreign countries.....	17,193	17,368	14,246
Certified and officers' checks, etc.....	70,263	55,728	74,668
Total time and savings deposits.....	3,087,961	3,072,304	2,665,302
Individuals, partnerships, and corporations			
Savings deposits.....	1,334,712	1,321,162	1,182,431
Other time deposits.....	1,345,660	1,352,659	1,133,821
Foreign governments and official institutions, central banks, and international institutions.....	500	500	500
U. S. Government, including postal savings.....	3,119	3,119	3,949
States and political subdivisions.....	392,714	386,385	334,653
Banks in the United States, including mutual savings banks.....	9,416	6,639	7,648
Banks in foreign countries.....	1,840	1,840	2,300
Bills payable, rediscounts, etc.....	181,345	233,309	172,430
All other liabilities.....	192,644	172,761	163,874
Capital accounts.....	763,946	762,509	717,088
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS</b>	<b>9,087,474</b>	<b>8,926,856</b>	<b>8,670,782</b>

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

(In thousands of dollars)

Item	Sept. 29, 1965	Aug. 25, 1965	Sept. 30, 1964
Total gold certificate reserves.....	376,860	338,433	582,537
Discounts for member banks.....	8,151	11,679	7,836
Other discounts and advances.....	406	0	114
U. S. Government securities.....	1,647,859	1,622,247	1,362,747
Total earning assets.....	1,656,416	1,633,926	1,370,697
Member bank reserve deposits.....	899,622	885,265	898,386
Federal Reserve notes in actual circulation.....	1,148,625	1,137,644	1,034,429

**RESERVE POSITIONS OF MEMBER BANKS**

**Eleventh Federal Reserve District**

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended Sept. 1, 1965	4 weeks ended Aug. 4, 1965	4 weeks ended Sept. 2, 1964
<b>RESERVE CITY BANKS</b>			
Total reserves held.....	610,762	613,789	594,299
With Federal Reserve Bank.....	567,216	569,965	552,793
Currency and coin.....	43,546	43,824	41,506
Required reserves.....	605,820	609,528	588,963
Excess reserves.....	4,942	4,261	5,336
Borrowings.....	8,036	25,393	24,286
Free reserves.....	-3,094	-21,132	-18,950
<b>COUNTRY BANKS</b>			
Total reserves held.....	586,348	583,221	558,304
With Federal Reserve Bank.....	444,804	441,819	426,687
Currency and coin.....	141,544	141,402	131,617
Required reserves.....	549,768	547,570	518,660
Excess reserves.....	36,580	35,651	39,644
Borrowings.....	9,449	6,001	10,526
Free reserves.....	27,131	29,650	29,118
<b>ALL MEMBER BANKS</b>			
Total reserves held.....	1,197,110	1,197,010	1,152,603
With Federal Reserve Bank.....	1,012,020	1,011,784	979,480
Currency and coin.....	185,090	185,226	173,123
Required reserves.....	1,155,588	1,157,098	1,107,623
Excess reserves.....	41,522	39,912	44,980
Borrowings.....	17,485	31,394	34,812
Free reserves.....	24,037	8,518	10,168

**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: August.....	8,164	3,971	4,193	4,005	1,983	2,022
1964: August.....	8,313	3,957	4,356	4,585	2,262	2,323
1965: 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
May.....	8,484	4,055	4,429	5,091	2,455	2,636
June.....	8,596	4,163	4,433	5,104	2,455	2,649
July.....	8,645	4,129	4,516	5,233	2,552	2,681
August.....	8,538	4,030	4,508	5,319	2,615	2,704

**CONDITION STATISTICS OF ALL MEMBER BANKS**

**Eleventh Federal Reserve District**

(In millions of dollars)

Item	Aug. 25, 1965	July 28, 1965	Aug. 26, 1964
<b>ASSETS</b>			
Loans and discounts.....	8,175	8,021	7,302
U. S. Government obligations.....	2,413	2,397	2,519
Other securities.....	1,770	1,742	1,512
Reserves with Federal Reserve Bank.....	885	900	862
Cash in vault.....	205	206	191
Balances with banks in the United States.....	1,089	1,008	1,050
Balances with banks in foreign countries.....	5	5	5
Cash items in process of collection.....	754	752	679
Other assets.....	416	440	352
<b>TOTAL ASSETS.....</b>	<b>15,712</b>	<b>15,471</b>	<b>14,472</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Demand deposits of banks.....	1,245	1,185	1,225
Other demand deposits.....	7,320	7,275	7,053
Time deposits.....	5,340	5,273	4,584
Total deposits.....	13,905	13,733	12,862
Borrowings.....	245	196	147
Other liabilities.....	217	205	210
Total capital accounts.....	1,345	1,337	1,253
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....</b>	<b>15,712</b>	<b>15,471</b>	<b>14,472</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>			
	August 1965 (Annual-rate basis)	Percent change			August 31, 1965	Annual rate of turnover		
		August 1965 from				August 1965	July 1965	August 1964
		July 1965	August 1964	8 months, 1965 from 1964				
ARIZONA: Tucson.....	\$ 3,966,936	5	5	2	\$ 153,941	25.8	25.1	23.6
LOUISIANA: Monroe.....	1,665,852	-9	20	22	76,466	23.0	26.3	21.1
Shreveport.....	4,980,132	2	3	5	201,979	25.5	25.6	23.8
NEW MEXICO: Roswell <sup>2</sup> .....	607,596	0	5	-4	34,977	18.1	18.9	17.1
TEXAS: Abilene.....	1,755,276	4	2	7	88,929	20.0	19.6	18.8
Amarillo.....	3,853,692	-3	2	6	140,388	27.8	29.3	27.5
Austin.....	3,929,964	0	10	8	184,344	21.5	21.8	20.3
Beaumont-Port Arthur.....	4,821,120	5	21	13	220,137	22.9	23.0	20.7
Brownsville-Harlingen-San Benito.....	869,940	-21	-3	5	56,015	15.8	20.3	18.3
Corpus Christi.....	3,335,784	-10	17	11	155,648	21.5	24.5	20.6
Corsicana <sup>2</sup> .....	324,072	-5	16	10	27,299	11.9	12.4	10.0
Dallas.....	63,838,428	4	22	23	1,574,483	40.2	38.4	34.6
El Paso.....	4,616,616	5	4	3	206,361	22.6	21.9	23.1
Fort Worth.....	13,586,904	7	16	9	498,973	27.8	26.6r	24.3
Galveston-Texas City.....	1,972,344	1	1	3	93,869	21.0	21.2	21.7
Houston.....	52,567,368	-3	12	11	1,798,442	29.5	31.0	28.5
Laredo.....	520,500	-1	12	13	26,536	19.9	19.8	18.3
Lubbock.....	3,466,716	-7	2	2	147,412	23.1	25.4	23.3
Midland.....	1,430,976	-7	-11	6	108,144	13.1	14.1	15.2
Odessa.....	1,145,664	3	14	7	64,353	18.4	18.6	17.8
San Angelo.....	848,352	-2	14	7	53,852	15.9	16.4	14.8
San Antonio.....	10,445,652	-1	12	10	474,330	22.3	22.4	20.4
Texarkana (Texas-Arkansas).....	939,312	0	7	-3	50,096	18.9	19.0r	18.7
Tyler.....	1,481,856	-5	11	10	79,417	18.8	19.9	17.4
Waco.....	1,891,320	-3	8	8	102,673	18.5	19.2	18.0
Wichita Falls.....	1,956,108	2	10	4	118,409	16.7	16.7	14.9
Total—26 centers.....	\$190,818,480	1	14	13	\$6,737,473	28.6	28.7	26.2

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

### INDEXES OF DEPARTMENT STORE SALES

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

Date	Seasonally adjusted	Unadjusted
1964: August.....	124	125
1965: March.....	119	102
April.....	129	127
May.....	126	121
June.....	130	117
July.....	136	123
August.....	128	129

### DEPARTMENT STORE SALES

(Percentage change in retail value)

Area	August 1965 from		8 months, 1965 from 1964
	July 1965	August 1964	
Total Eleventh District.....	5	3	3
Corpus Christi.....	12	-2	1
Dallas.....	6	4	4
El Paso.....	17	4	3
Houston.....	3	9	9
San Antonio.....	5	2	2
Shreveport, La.....	2	-1	0
Waco.....	7	-1	-1
Other cities.....	5	2	1

### INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	August 1965p	July 1965	June 1965r	August 1964r
TEXAS				
Total industrial production.....	136.3	136.2	134.0	128.5
Manufacturing.....	156.5	155.8	156.1	145.7
Durable.....	154.9	151.8	153.8	141.8
Nondurable.....	157.7	158.7	157.8	148.5
Mining.....	109.8	110.6	104.9	106.0
UNITED STATES				
Total industrial production.....	144.4	144.2	142.7	134.0
Manufacturing.....	145.9	145.7	144.1	134.9
Durable.....	150.0	150.1	148.1	136.2
Nondurable.....	140.5	140.3	139.1	133.2
Mining.....	117.5	117.1	115.1	112.1
Utilities.....	162.5	161.5	163.2	153.9

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 Aug. 1965 from	
	August 1965p	July 1965	August 1964r	July 1965	Aug. 1964
Total nonagricultural wage and salary workers..	5,130,000	5,105,000	4,937,800	0.5	3.9
Manufacturing.....	910,100	907,900	871,200	.2	4.5
Nonmanufacturing.....	4,219,900	4,197,100	4,066,600	.5	3.8
Mining.....	240,100	240,800	237,500	-.3	1.1
Construction.....	360,300	340,900	347,000	5.7	3.8
Transportation and public utilities.....	400,800	400,300	395,500	.1	1.3
Trade.....	1,224,000	1,219,400	1,178,600	.4	3.9
Finance.....	261,800	261,900	254,200	.0	3.0
Service.....	765,600	763,800	729,000	.2	5.0
Government.....	967,300	970,000	924,800	-.3	4.6

<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	August 1965	July 1965	August 1964	January—August	
				1965	1964
<b>FIVE SOUTHWESTERN STATES<sup>1</sup></b>					
Residential building.....	423	456	372	3,620	3,402
Nonresidential building....	202	188	171	1,458	1,527
Nonbuilding construction...	144	145	116	1,269	960
	75	124	85	893	915
<b>UNITED STATES.....</b>					
Residential building.....	4,265	4,795	3,761r	33,631	32,449r
Nonresidential building....	1,971	1,952	1,679	14,590	14,459r
Nonbuilding construction...	1,507	1,691	1,276r	11,556	10,418r
	788	1,151	807	7,485	7,571

<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.

## DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	August 1965p	July 1965p	August 1964	Percent change from	
				July 1965	August 1964
<b>ELEVENTH DISTRICT.....</b>					
Texas.....	3,190.4	3,204.6	3,081.3	-0.5	3.5
Gulf Coast.....	2,731.9	2,735.5	2,659.8	-1	2.7
West Texas.....	510.3	515.1	516.0	-9	-1.1
East Texas (proper).....	1,220.5	1,227.3	1,191.6	-6	2.4
Panhandle.....	109.1	111.3	119.7	-2.0	-8.9
Rest of State.....	100.5	100.6	103.7	-1	-3.1
Southeastern New Mexico..	791.5	781.2	728.8	1.3	8.6
Northern Louisiana.....	286.4	297.0	277.6	-3.6	3.2
	172.1	172.1	143.9	.0	19.6
<b>OUTSIDE ELEVENTH DISTRICT</b>					
UNITED STATES.....	4,584.9	4,603.4	4,423.4	-4	3.7
	7,775.3	7,808.0	7,504.7	-4	3.6

p — Preliminary.

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

## BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Percent change

Area	NUMBER		August 1965		August 1965		8 months, 1965 from 1964
	August 1965	8 mos. 1965	August 1965	8 mos. 1965	July 1965	Aug. 1964	
<b>ARIZONA</b>							
Tucson.....	613	5,430	\$ 3,042	\$ 15,798	160	94	-40
<b>LOUISIANA</b>							
Shreveport....	367	2,656	1,575	12,490	-13	2	-27
<b>TEXAS</b>							
Abilene.....	70	633	1,044	10,930	23	-39	19
Amarillo.....	298	1,628	1,824	21,628	-21	-46	-31
Austin.....	362	2,563	3,865	40,447	-14	-64	-19
Beaumont.....	289	2,241	1,149	13,571	-29	11	19
Corpus Christi..	394	3,036	2,451	18,369	79	-145	-12
Dallas.....	2,132	16,705	14,049	135,984	-5	1	-8
El Paso.....	442	3,528	4,423	39,730	16	28	28
Fort Worth.....	653	5,231	4,953	40,041	-46	57	4
Galveston.....	139	860	475	4,030	-36	0	-44
Houston.....	1,944	16,517	61,042	225,039	241	125	-1
Lubbock.....	245	1,742	2,466	27,377	-6	-25	-21
Midland.....	88	848	902	11,791	-44	-2	37
Odessa.....	146	1,276	2,787	10,080	125	545	142
Port Arthur.....	124	987	273	4,674	-58	-50	-10
San Antonio....	1,363	9,851	12,162	52,015	34	244	22
Waco.....	232	1,864	2,314	16,243	140	46	45
Wichita Falls..	227	1,304	1,381	7,864	132	-29	-18
Total—19 cities..	10,128	78,900	\$122,177	\$708,101	59	42	-4

## CROP PRODUCTION

(In thousands of bushels)

Crop	TEXAS			FIVE SOUTHWESTERN STATES <sup>1</sup>		
	1965, estimated Sept. 1	1964	Average 1959-63	1965, estimated Sept. 1	1964	Average 1959-63
Cotton <sup>2</sup> .....	4,550	4,122	4,538	6,550	6,055	6,575
Corn.....	19,371	23,488	31,251	30,614	33,777	46,417
Winter wheat....	73,018	61,848	61,041	217,731	164,510	162,349
Oats.....	22,375	24,420	20,858	32,622	34,601	33,100
Barley.....	2,850	4,200	6,712	24,859	30,927	31,002
Rye.....	455	480	310	1,235	1,338	1,069
Rice <sup>3</sup> .....	20,790	19,635	14,631	39,771	36,564	28,980
Sorghum grain... <sup>4</sup>	266,112	215,864	238,467	310,842	249,711	275,224
Flaxseed.....	940	1,232	801	940	1,232	801
Hay <sup>4</sup> .....	2,833	2,753	2,226	8,301	7,616	6,722
Peanuts <sup>5</sup> .....	282,000	267,525	213,434	494,700	468,349	380,821
Irish potatoes <sup>6</sup> ..	2,833	2,760	2,606	5,901	5,236	5,645
Sweet potatoes <sup>6</sup> ..	1,120	1,080	1,188	5,337	4,761	5,092
Pecans <sup>7</sup> .....	42,000	37,000	30,600	103,500	114,800	78,840

<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.

## COTTON PRODUCTION

Texas Crop Reporting Districts

(In thousands of bales — 500 pounds gross weight)

Area	1965, indicated Sept. 1	1964	1963	1965 as percent of 1964
1-N — Northern High Plains.....	580	565	505	103
1-S — Southern High Plains.....	1,650	1,349	1,590	122
2-N — Red Bed Plains.....	280	236	292	119
2-S — Red Bed Plains.....	335	247	330	136
3 — Western Cross Timbers.....	20	17	19	118
4 — Black and Grand Prairies.....	460	443	510	104
5-N — East Texas Timbered Plains... <sup>1</sup>	35	25	39	140
5-S — East Texas Timbered Plains... <sup>1</sup>	65	66	71	98
6 — Trans-Pecos.....	180	213	257	85
7 — Edwards Plateau.....	45	24	37	188
8-N — Southern Texas Prairies.....	110	146	124	75
8-S — Southern Texas Prairies.....	170	166	100	102
9 — Coastal Prairies.....	200	248	225	81
10-N — South Texas Plains.....	45	45	49	100
10-S — Lower Rio Grande Valley.....	375	332	269	113
State.....	4,550	4,122	4,417	110

SOURCE: U. S. Department of Agriculture.

