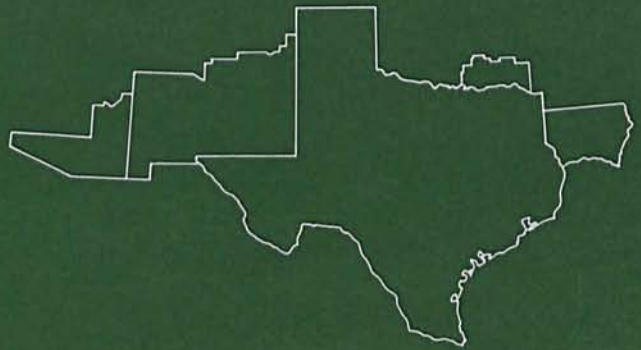


business review



june 1966

**FEDERAL RESERVE
BANK OF DALLAS**

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eleventh district

member bank

profits in 1965

Net income of member banks in the Eleventh District advanced \$10.0 million, or 10.4 percent, during 1965 to a total of \$105.9 million. Although these results are somewhat more favorable than those reported for other recent years, they generally reflect a continuation of the trends in bank revenues and costs that have developed during the current business expansion. Most member banks in the District shared in the improved earnings performance; however, the relative gain at country banks was considerably greater than that realized by reserve city banks.

Substantial growth in earning assets and a further sharp increase in time and savings deposits were significant factors affecting current revenue and expense items during 1965. Reflecting the rising credit requirements of businesses, consumers, and others within a climate of general economic ebullience, loan portfolios of member banks expanded almost 10 percent, and their holdings of "other securities"—mainly municipals—advanced slightly less than one-fourth. Substantial increases occurred in all major categories of loans; however, especially sharp gains were reported in loans secured by real estate and loans to financial institutions. Investments in U.S. Government securities were reduced slightly. As in other recent years, member banks in the Eleventh District experienced a heavy inflow of time and savings deposits (which rose 15.6 percent), with the result that this item of current operating outlay expanded at a faster rate and by a larger dollar amount than any other major category of expenses.

The overall gain in current operating revenue reported by member banks failed to keep pace in 1965 with the rate of growth in current operating expenses and other net charges; as a result, net income before taxes showed only modest improvement. Taxes on net income, however, were down sharply from 1964—11.7 percent—because of the lower Federal income tax rate applicable to corporate earnings. Actually, the reduction in tax liability accounted directly for 61 percent of last year's increase of \$10.0 million in net income.

revenues

Current operating revenue at member banks in the Eleventh District rose 10.2 percent in 1965 to a level of \$702 million, as increases were scored by all revenue categories with the exception of interest received from U.S. Government securities. In absolute terms, the \$48 million advance in interest and discount on loans was especially notable. Significant increases were also recorded by non-Government security holdings, service charges to customers, and trust department operations.

The increased revenue from interest and discount on loans accounted for nearly three-quarters of the expansion in current operating revenue in 1965. This advance over 1964 reflects primarily the absolute growth in loans outstanding, the relative shift in the loan mix of District member banks towards higher-yielding real estate and consumer-type loans, and rising interest rates on loans. Commercial and industrial loans continued to account for more than one-half of total loan portfolios of

District member banks, but the growth rate of this loan category slumped to 6.2 percent in 1965 from 14.0 percent in 1964. In fact, the percentage increase in commercial and industrial loans in the Eleventh District was less than that in every other loan category. For the Nation as a whole, commercial and industrial loans advanced nearly 20 percent during 1965, or at a markedly faster rate than the growth in any of the other major loan categories.

Commercial banks also altered their investment portfolios during 1965 by channeling increased amounts of funds into non-Government securities, primarily tax-exempt obligations of states and municipalities, while simultaneously reducing their holdings of U.S. Government securities. At the end of 1965, member bank holdings of non-Government securities totaled \$1.9 billion, or 22.2 percent greater than a year earlier. Correspondingly, revenue from these securities rose 15.9 percent in 1965 (a rate which exceeds that of every other revenue cate-

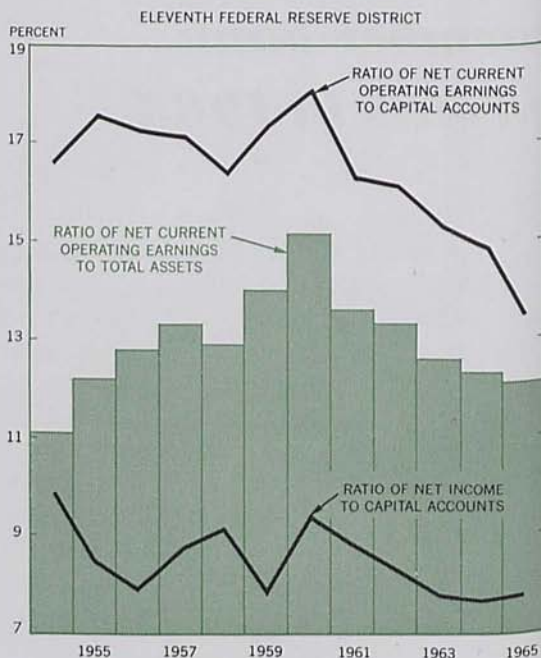
PERCENTAGE CHANGES IN SELECTED MEMBER BANK BALANCE SHEET ITEMS, 1965 FROM 1964

Eleventh Federal Reserve District

(Based on end-of-year figures)

Item	ALL MEMBER BANKS	Reserve city banks	Country banks
Total assets	6.4	5.0	7.9
Loans	9.9	8.4	11.6
Real estate loans	14.6	17.9	12.7
Loans to financial institutions	23.0	24.5	19.8
Agricultural loans	11.4	19.7	10.6
Commercial and industrial loans	6.2	4.8	8.2
Consumer loans	10.2	8.8	11.2
All other loans	11.8	4.1	35.6
Investments	5.0	5.4	4.7
U.S. Government securities	-6.4	-10.6	-3.1
Other securities	24.1	36.3	16.5
Loans and investments	8.4	7.4	8.9
Total liabilities	6.5	4.9	8.0
Deposits	6.0	4.1	7.9
Time and savings deposits	15.6	15.0	16.2
Demand deposits	1.3	-1.2	3.8
Borrowings and other liabilities	41.4	38.8	80.3

SELECTED OPERATING RATIOS OF MEMBER BANKS



gory), as the advance in interest rates on such securities combined with larger holdings to augment interest revenues.

Member bank holdings of U.S. Government obligations were reduced moderately in 1965 to a level of \$2.5 billion. However, as a result of higher yields on these issues, interest received from Government security holdings declined only slightly from the level of the previous year.

Trust department earnings also rose in 1965 and provided 2.7 percent of total operating revenue. This increase extends recent trends and reflects the growing importance of fiduciary services in the operations of the District's member banks.

Earnings from fees and services posted a significant gain last year. Service charges on loans rose more rapidly than any other revenue item with the exception of interest received from non-Government securities but represent only 1 percent of total earnings from current opera-

tions. Service charges on deposit accounts also increased, despite a slight decline in total demand deposits.

expenses

On the expenses side of member bank operations, interest paid on time and savings deposits rose nearly 20 percent last year and accounted for about 54 percent of the advance in total current operating expenses. The expansion in interest payments reflects an increase of \$749 million in time and savings deposits at District member banks and upward adjustments in rates actually paid. Interest payments on these deposits accounted for more than 37 percent of total current operating expenses.

Wage and salary payments rose moderately in 1965; however, such salary-related expenses as officer and employee benefits and fees paid to directors advanced at a more rapid pace. Net

occupancy expenses of bank premises increased more rapidly than wages and salaries and salary-related expenses, as did the residual category of "all other expenses."

Primarily as a result of the rapid increase in interest paid on time and savings deposits, total current operating expenses rose at a faster rate in 1965 than total current operating earnings. Thus, the pattern established in 1961 was further extended. Correspondingly, the growth rate in net current operating earnings of the District's member banks slipped below earlier expansion rates; and net income before related taxes experienced very little growth as net losses, charge-offs, and transfers to valuation reserves rose sharply.

net income

Despite the reduced rate of expansion in net current operating earnings, net income after

INCOME AND DIVIDENDS OF MEMBER BANKS, 1965

Eleventh Federal Reserve District

(Dollar amounts in millions)

Item	ALL MEMBER BANKS		Reserve city banks		Country banks	
	1965	Percent change from 1964	1965	Percent change from 1964	1965	Percent change from 1964
Current operating revenue:						
Interest and dividends on:						
U.S. Government obligations	\$ 95.3	-0.3	\$ 38.8	1.0	\$ 56.5	-1.2
Other securities	53.2	15.9	22.3	19.9	30.9	12.8
Interest and discount on loans	477.5	11.3	221.0	10.4	256.5	12.4
Service charges on loans	7.1	14.5	4.5	12.5	2.6	18.2
Service charges on deposit accounts	29.8	7.6	4.7	6.8	25.1	7.3
Other service charges	10.8	13.7	4.8	17.1	6.0	9.1
Trust department revenue	18.6	14.1	13.2	11.9	5.4	20.0
All other revenue	9.5	33.9	4.0	25.0	5.5	41.0
Total current operating revenue	\$701.8	10.2	\$313.3	10.1	\$388.5	10.5
Current operating expenses:						
Salaries and wages	\$148.6	5.6	\$ 50.3	5.0	\$ 98.3	5.9
Officer and employee benefits, directors' fees, etc.	22.0	8.4	8.6	7.5	13.4	8.9
Interest on time and savings deposits	189.3	19.3	92.9	17.4	96.4	21.1
Net occupancy expense of bank premises	31.6	13.3	10.7	21.6	20.9	10.0
All other expenses	117.6	12.2	55.1	16.5	62.5	7.8
Total current operating expenses	\$509.1	12.5	\$217.6	14.1	\$291.5	11.4
Net current operating earnings	\$192.6	4.3	\$ 95.6	1.7	\$ 97.0	6.9
Nonoperating losses (net)	40.8	10.8	16.8	22.6	24.1	4.3
Net income before related taxes	\$151.8	2.6	\$ 78.8	-1.9	\$ 72.9	7.8
Taxes on net income	45.9	-11.7	26.3	-17.0	19.6	-3.4
Net income	\$105.9	10.4	\$ 52.6	8.2	\$ 53.3	12.7
Dividends on capital	56.1	10.0	32.9	11.1	23.1	8.5
Net income after dividends	\$ 49.8	10.9	\$ 19.7	4.2	\$ 30.2	16.1

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

taxes rose more rapidly last year than in any other year of the current business expansion — 10.4 percent, or \$10.0 million. This faster growth rate is directly attributable to the corporate tax reduction, which lowered the maximum corporate tax rate from 52 percent to 50 percent for the year 1964 and to 48 percent in 1965. Reflecting these reductions in rates, taxes on net income have fallen in excess of 10 percent during each of the past 2 years.

Although current operating expenses have grown faster than current operating revenue throughout the business expansion, both net current operating earnings and net income before taxes have expanded absolutely — a result which is due, of course, to the smaller base from which operating expenses have grown and to the reduction in corporate income tax rates. Despite the absolute increase in bank earnings, however, both total assets and capital accounts

have grown faster than net income after taxes and/or net current operating earnings. Thus, the standard average operating ratios, such as net current operating earnings to total assets and net current operating earnings to total capital accounts (which are frequently used as measures or approximations of bank profitability), have declined in recent years.

On the other hand, the after-tax ratios — such as net income after taxes to total assets and net income after taxes to total capital accounts — declined from 1961 through 1963 but have since stabilized near the 1963 level. It should be noted, of course, that the stabilization of these ratios is attributable almost entirely to the absolute decline in corporate taxes paid by Eleventh District member banks.

R. G. SAYLOR
Financial Economist

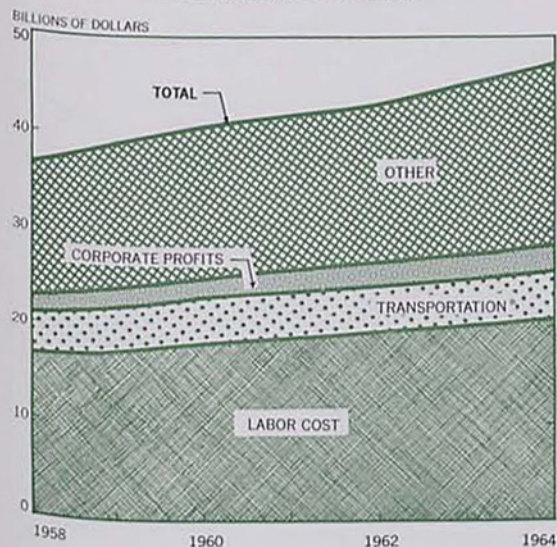


food marketing costs

The assembly, processing, and distribution of agricultural commodities constitute a multi-billion-dollar industry in the United States. Sales of raw food products at the farm level in 1965 have been valued at \$24.5 billion. As these commodities emerged from the marketing process, the consumer paid \$72.7 billion. During the past 10 years, marketing costs have increased 43 percent, while raw food costs have risen 31 percent.

Making a product more useful, more desirable, and more accessible involves considerable cost and a high degree of coordination among the various segments of the marketing system. Growth in population and its concentration in urban areas have required that major adjustments be made in food marketing. The marketing job has become more complex as the variety of services and products demanded by consumers has expanded.

COMPONENTS OF THE U.S. FARM FOOD MARKETING BILL



*Rail and truck only.
SOURCE: U.S. Department of Agriculture.

Food production areas are generally long distances from densely populated centers. Many of the products are highly perishable and require specialized care to maintain quality. Very few agricultural commodities can be sold to consumers before some degree of form change or processing has occurred — even whole milk has to be standardized, pasteurized, and packaged.

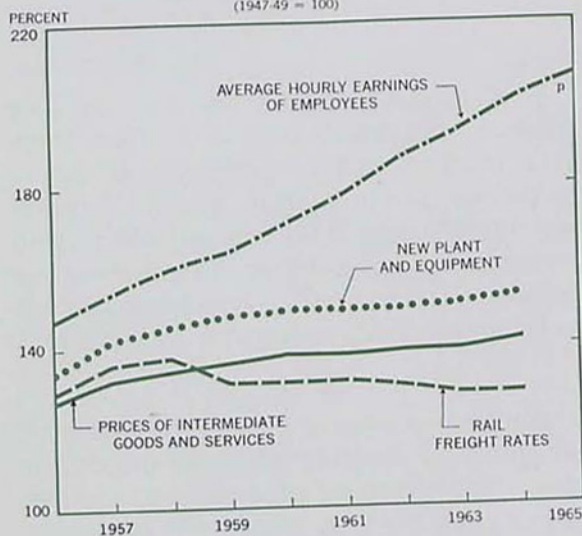
labor

The labor portion of the food marketing bill accounted for about 45 percent of the total, or almost \$22 billion, in 1964, according to data compiled by the U.S. Department of Agriculture. In dollar terms, there has been a rise in the total labor bill over the years, but labor cost as a percentage of the total marketing bill has declined slightly. Providing the products and services demanded by consumers has required an increase in workers. In fact, in 1963, there were 8.4 million persons engaged in the marketing of farm-originated products on a full-time basis, or slightly over 12 percent of all civilian workers. About 4.8 million of these persons were employed in the marketing of food products, or 13 percent more than in 1947. The total increased in all but 4 years of the 1947-63 period, but the average rate of gain was slower than in the case of nonagricultural employment, which rose 29 percent.

The number of workers has grown because of the steady rise in the volume of products marketed, the increase in services available per unit, and a reduction in average hours worked. Partially offsetting these factors has been an advance in output of marketing services per man-hour. As a result of the greater use of labor-saving equipment and other efficiencies, the percentage gain in the numbers employed in marketing has been considerably smaller than the rise in the volume of products.

PRICES OF INPUTS USED BY U.S. FOOD MARKETING FIRMS

(1947-49 = 100)



p-Preliminary.
SOURCE: U.S. Department of Agriculture.

Consumers continue to increase their purchases of products which have undergone a high degree of processing involving such services as sorting, grading, refrigeration, and packaging. Furthermore, the housewife can drive to a grocery store conveniently located near her home and find free parking facilities. Entering the store, she has many choices from which to select family food needs. The products from which she may choose come in an array of package sizes and may be frozen, canned, or fresh. She may buy products partially or fully prepared, by the piece to match family preferences, or in bulk for her home freezer. When the shopping list has been filled, she may push her shopping cart through a check-out stand and have her purchases bagged and placed in her automobile. When she has availed herself of these services, her annual food budget will amount to less than one-fifth of her husband's take-home pay.

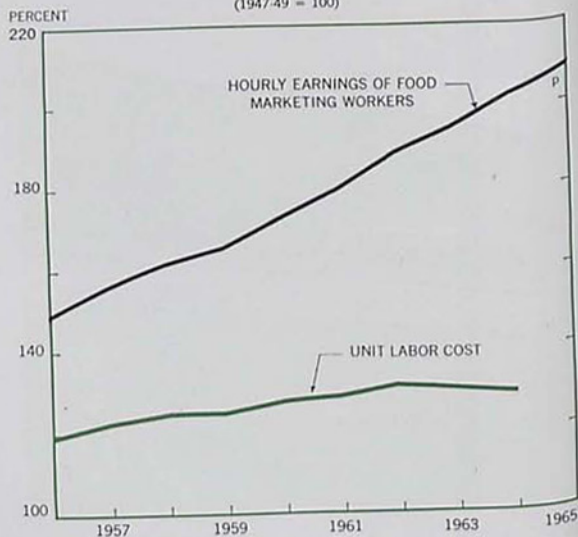
The rates of increased employment have varied considerably among U.S. food industry groups. The fastest relative growth has occurred

in wholesaling and assembling establishments. The largest gain in numbers — 30 percent during the 1947-63 period — has been in employment in eating places. In fact, the rise in workers in eating places has accounted for about two-thirds of the increase in total numbers employed in food marketing. There are presently more persons employed in eating places than in retail food stores. Because of the nature of the services rendered in eating places, output per man-hour has been less than in other lines. In contrast to the increased employment in eating establishments, employment in retail food stores has shown little growth.

The number of retail grocery stores has continued to decline, and the reduction in numbers has been primarily among stores with annual sales of less than \$300,000. Decreases have occurred despite the opening of many new "convenience" stores and supermarkets. The number of retail food outlets decreased 6 percent during the 1958-63 period; yet, total dollar sales rose 20 percent. Average sales per grocery store rose 28 percent from 1958 to 1963. Since

HOURLY EARNINGS AND LABOR COSTS IN U.S. FOOD MARKETING

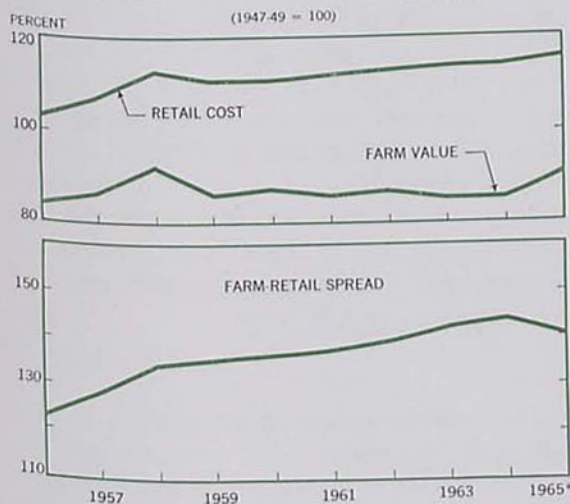
(1947-49 = 100)



p-Preliminary.
SOURCE: U.S. Department of Agriculture.

retail food prices were up only 1 percent during this period, most of the increase reflected the larger volume of sales. Chain grocery stores (those having 10 or more units) accounted for 44 percent of the total grocery sales in 1964. Fewer retail outlets but higher sales per establishment, the extension of self-service, and improvements in materials-handling equipment have moderated labor requirements.

RETAIL COST FOR U.S. FOOD, FARM VALUE, AND FARM-RETAIL SPREAD



* First 6 months.
SOURCE: U.S. Department of Agriculture.

A gain in output per man-hour from 1947 to date has enabled the food marketing system to expand the volume of products handled by more than two-fifths, add more services, and reduce hours worked per person even though the number of workers has increased only 13 percent. Gains in productivity have accrued largely from improvements in marketing facilities, production processes, and distribution practices, from the increased skills of workers, and from economies of scale. Such gains have been facilitated by advancements in plant layout and materials handling, the substitution of a continuous process for the batch method, electronic temperature and humidity controls, and automatic grading and packaging. Moreover,

the effectiveness of the food marketing industry has been enhanced by a general upgrading of the human resources.

miscellaneous costs

The second largest cost category in food marketing stems from a miscellaneous group of costs and noncorporate profits. Such miscellaneous costs cover advertising, depreciation, taxes (other than Federal income taxes), air and water transportation, rents, interest, containers and packaging materials, fuels, electric power, and other services. All of these costs have been increasing, mainly reflecting the response to consumer demands, greater volumes, and the larger outlays in plant and equipment. The expenses in this miscellaneous category increased from \$7.8 billion in 1950 to \$18.7 billion in 1964.

The demand for marketing services has been strong. The two major supporting factors are rising consumer incomes and population growth. Changes in marketing have been widespread in response to consumer demands. Innovations have been frequent, and introductions of new technologies, products, and marketing practices have reflected the accelerated expenditures for research and development. These innovations have resulted in improved productivity, the addition of new plant facilities, and changes in overall marketing practices.

The marketing industry's ability to adopt new techniques, as well as to add more services to a greater volume of products with relatively low increases in cost, has been remarkable. The firms processing and transporting farm products have invested from \$4.0 billion to \$6.5 billion annually in new plant and equipment since 1960. Capital expenditures for new retail facilities have also been increasing, with larger, but fewer, stores being operated. The capital expenditures for new facilities by firms operating food stores amounted to \$824 million in 1963, according to the U.S. Bureau of the Census,

and investments made by firms operating eating places totaled \$475 million.

Promoting products through heavy outlays for advertising has taken on greater emphasis as competition for the consumer's dollar has grown. The standardization of products, the development and availability of new offerings, and the use of brand names require more effort to get and keep the consumer's attention. Thus, total expenditures for advertising by manufacturers, wholesalers, and retailers of food products have moved continually upward. There has been an increase in the dollars spent on advertising at each level of marketing, but promotional expenditures by retailers have been accounting for the largest share of the total bill. The total amount spent in 1964 by the three types of firms was about \$2,172 million.

transportation

The cost of transportation has slowly risen as volumes have increased, and rail and truck transportation alone presently accounts for over \$5 billion of the marketing bill, or about 11 percent. Transportation has become an ever-increasing cost of marketing because greater distances must be covered in getting commodities from production and processing areas to population centers. Currently, two-thirds of the country's population is located within a radius of 100 miles of 37 cities. To provide these large centers, as well as other areas, with consumer items — especially perishable foods — requires regular schedules.

The method of transport utilized is determined by the distance of the haul, the care needed by a product while en route, and the points of delivery. Railroads are still the chief carrier on long hauls, and motortrucks dominate in the short hauls. Improvements in highways and trucking equipment have made truck transport more competitive with rail carriers on intermediate hauls. Although specific dollar vol-

umes and costs are not available, airfreight shipments are gaining in importance. This method of transportation is no longer used only for the temporary alleviation of short supply conditions, and sizable quantities of various foodstuffs are continually being shipped. However, commodities shipped by air continue to be those with a higher value in relation to weight and bulkiness.

corporate profits

The profits of food industry corporations (noncorporate profits are not classified separately but are included with miscellaneous costs) have been the smallest of the various cost components. Corporate profits before taxes amounted to \$2.7 billion in 1964, or about 6 percent of the total marketing bill. Although after-tax profits have shown a slight rise, the percentage return on dollar sales continues to be lower than that of most other industries and was only 2 percent in 1964.

The major cost components of the U.S. marketing bill have continued to move upward. The additional services involved in getting food from the producer to the consumer have increased the spread between farm and retail prices. In fact, comparisons between farm prices and retail prices cannot be made readily because of the changes which occur in the marketing process. Efficiencies gained through structural changes, additions to plant and equipment, and improved labor skills have made services available today that were not, and could not be, provided 10 years ago at present cost. The conveniently packaged, highly standardized, and almost completely prepared commodity on display is the end product of a fast-changing food industry that sells much more than food with each unit.

J. C. GRADY, JR.
Agricultural Economist

district highlights

The seasonally adjusted index of industrial production in Texas advanced 0.8 percent during April to reach 144.0 percent of the 1957-59 base. Most of the strength behind the April advance was centered in the mining sector, which experienced a gain of 2.2 percent in seasonally adjusted output — mainly reflecting an increase in crude oil production. In the durable goods manufacturing sector, a strong output advance in transportation equipment (primarily aircraft) was largely offset by declines in a number of other industries (including fabricated metal and primary metal products). Production in the non-durable goods manufacturing industries registered little change from March.

Industrial production in the State in April was 10.3 percent above a year earlier — a gain of about the same magnitude as the one posted during the first 3 months of this year as compared with the same quarter in 1965. Thus far, this year's continued strength is evident in non-durable manufacturing, as well as in the mining sector. Texas crude oil production in April was up 15.0 percent over April of last year.

Nonagricultural wage and salary employment in the five southwestern states rose 1.0 percent during April to reach 5,319,500 workers and was 4.6 percent over the same month last year. Normally, there is a strong seasonal employment upturn during April in each of the major employment groups except government and transportation and public utilities. Actual wage and salary employment during April in most of the major groups showed considerable strength. The trade and service industries reported employment gains of 2.1 percent and 1.7 percent, respectively.

Registrations of new passenger automobiles in April in four major market areas in

Texas were 5 percent below March and 1 percent lower than in April 1965. October and November 1964 were the last months in which registrations were below their comparable year-earlier levels. During the January-April period of 1966, registrations in the four markets were only fractionally above the same period last year. Registrations were 4 percent higher in Fort Worth and were up 1 percent in Houston; those in San Antonio were 1 percent lower, but Dallas showed virtually no change.

Department store sales in the Eleventh District for the 4 weeks ended May 21 were 7 percent above the corresponding period a year ago. Cumulative sales through the same date this year were 8 percent more than in the comparable period in 1965.

Daily average crude oil production in the District advanced an estimated 1.0 percent in May to a level that was 10.3 percent higher than a year earlier. All of the gain over April came from Texas wells, as crude oil output in both northern Louisiana and southeastern New Mexico declined. At mid-May, stocks of crude petroleum in the District were slightly above the year-earlier level, and the supply tightness which had characterized spot markets for southwestern crude oil for a number of months eased somewhat. Crude oil production in the District may decrease fractionally in June, reflecting a reduced allowable for prorated wells in Texas.

Total assets of weekly reporting member banks in the Eleventh Federal Reserve District declined nearly \$270 million between December 29, 1965, and May 18, 1966. Assets typically recede during the early part of the calendar year from the high reached at the end of the year, and this year has proved to be no

exception. In 1965 the decline during the corresponding period was slightly larger—amounting to \$292 million.

The major asset categories contributing to the decline in the current year were an \$81 million reduction in the banks' holdings of U.S. Government securities (primarily bills and securities maturing within 1 year), a \$49 million decline in cash items in process of collection, a \$73 million fall in balances held with other banks in the United States, and a \$54 million decrease in reserves held at the Federal Reserve Bank. During the corresponding time period last year, loans to commercial banks and holdings of U.S. Government securities were reduced \$143 million and \$101 million, respectively, and cash items in the process of collection decreased \$141 million.

The 1966 asset reductions at the District's weekly reporting banks were partially offset by a \$10 million increase in loans outstanding. However, loan expansion continues to lag behind the rate of growth experienced last year. Commercial and industrial loans, which constitute one-half of all loans outstanding, have risen

only 1.4 percent thus far in 1966, as compared with 4.0 percent during the corresponding period in 1965.

Soil moisture in the District is generally adequate and improved over a year ago. Excessive rains in some areas during late April and early May damaged crops and necessitated some replanting. Subsequently, open weather has permitted resumption of field activities, and plantings of spring crops are virtually complete. Small grain crops are maturing, and harvest is under way. With range and pasture grasses responding to warmer temperatures and adequate moisture conditions, grazing is improved. Livestock are in good condition, and farmers and ranchers are assured of adequate stock water in the months ahead.

Cotton production in the District states in 1965 totaled 6.6 million bales (500 pounds gross weight), according to a recent U.S. Department of Agriculture release. The crop is 9 percent above the 1964 output. The combined value of cotton lint and seed in the Southwest in 1965 amounted to \$1,014 million, reflecting a 4-percent gain over the preceding year.

STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

June 1966



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 25, 1966	April 27, 1966	May 26, 1965
ASSETS			
Net loans.....	4,944,152	4,987,315	4,679,366
Valuation reserves.....	88,345	88,129	82,792
Gross loans.....	5,032,497	5,075,444	4,762,158
Commercial and industrial loans.....	2,302,659	2,312,841	2,161,329
Agricultural loans.....	55,454	59,216	61,291
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities.....	9,002	35,002	274
Other securities.....	47,309	47,836	44,821
Other loans for purchasing or carrying:			
U.S. Government securities.....	2,711	2,702	2,418
Other securities.....	312,148	317,856	298,447
Loans to nonbank financial institutions:			
Sales finance, personal finance, etc.....	152,119	155,560	128,345
Other.....	271,030	287,091	272,264
Loans to domestic commercial banks.....	151,129	112,236	180,391
Loans to foreign banks.....	7,259	7,858	8,522
Real estate loans.....	467,258	449,492	395,691
Other loans.....	1,254,419	1,287,754	1,208,365
Total investments.....	2,194,470	2,199,764	2,062,348
Total U.S. Government securities.....	1,142,457	1,168,468	1,265,538
Treasury bills.....	59,033	75,137	84,473
Treasury certificates of indebtedness.....	19,032	19,899	0
Treasury notes and bonds maturing:			
Within 1 year.....	133,182	107,711	240,184
1 to 5 years.....	576,003	610,177	556,860
After 5 years.....	355,207	355,544	384,021
Other securities.....	1,052,013	1,031,296	796,810
Cash items in process of collection.....	737,733	855,265	673,415
Balances with banks in the United States.....	439,474	470,350	462,982
Balances with banks in foreign countries.....	3,853	4,721	3,441
Currency and coin.....	70,195	73,372	69,195
Reserves with Federal Reserve Bank.....	439,017	516,823	519,622
Other assets.....	324,147	332,937	316,525
TOTAL ASSETS.....	9,153,041	9,440,547	8,786,894
LIABILITIES AND CAPITAL ACCOUNTS			
Total deposits.....	7,920,682	8,069,611	7,623,367
Total demand deposits.....	4,657,408	4,768,186	4,757,442
Individuals, partnerships, and corporations.....	3,185,528	3,316,213	3,147,177
Foreign governments and official institutions, central banks, and international institutions.....	2,716	2,881	4,039
U.S. Government.....	164,750	92,721	231,480
States and political subdivisions.....	287,578	293,467	352,010
Banks in the United States, including mutual savings banks.....	941,007	960,265	944,514
Banks in foreign countries.....	16,608	19,601	18,965
Certified and officers' checks, etc.....	59,221	83,038	59,257
Total time and savings deposits.....	3,263,274	3,301,425	2,865,925
Individuals, partnerships, and corporations.....	1,293,841	1,293,542	1,291,394
Savings deposits.....	1,446,314	1,440,951	1,221,655
Other time deposits.....	1,300	1,300	500
Foreign governments and official institutions, central banks, and international institutions.....	3,344	3,344	3,544
U.S. Government, including postal savings.....	501,208	544,894	335,238
States and political subdivisions.....	15,827	15,954	10,154
Banks in the United States, including mutual savings banks.....	1,440	1,440	3,440
Banks in foreign countries.....	237,145	383,620	237,685
All other liabilities.....	176,869	168,986	175,405
Capital accounts.....	818,345	818,330	750,437
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	9,153,041	9,440,547	8,786,894

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	May 25, 1966	Apr. 27, 1966	May 26, 1965
Total gold certificate reserves.....	377,239	426,152	337,580
Discounts for member banks.....	19,802	6,992	5,135
Other discounts and advances.....	1,160	2,610	812
U.S. Government securities.....	1,580,957	1,536,974	1,630,821
Total earning assets.....	1,601,919	1,546,576	1,636,768
Member bank reserve deposits.....	829,067	911,676	890,108
Federal Reserve notes in actual circulation.....	1,204,318	1,193,725	1,083,753

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended May 4, 1966	5 weeks ended April 6, 1966	4 weeks ended May 5, 1965
RESERVE CITY BANKS			
Total reserves held.....	604,175	602,367	614,774
With Federal Reserve Bank.....	558,566	558,366	570,825
Currency and coin.....	45,609	44,001	43,949
Required reserves.....	599,111	597,814	609,191
Excess reserves.....	5,064	4,553	5,583
Borrowings.....	17,530	11,923	21,691
Free reserves.....	-12,466	-7,370	-16,108
COUNTRY BANKS			
Total reserves held.....	622,170	618,857	583,540
With Federal Reserve Bank.....	475,087	475,909	445,969
Currency and coin.....	147,083	142,948	137,571
Required reserves.....	589,819	587,784	549,215
Excess reserves.....	32,351	31,073	34,325
Borrowings.....	6,166	9,258	1,385
Free reserves.....	26,185	21,815	32,940
ALL MEMBER BANKS			
Total reserves held.....	1,226,345	1,221,224	1,198,314
With Federal Reserve Bank.....	1,033,653	1,034,275	1,016,794
Currency and coin.....	192,692	186,949	181,520
Required reserves.....	1,188,930	1,185,598	1,158,406
Excess reserves.....	37,415	35,626	39,908
Borrowings.....	23,696	21,181	23,076
Free reserves.....	13,719	14,445	16,832

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
1964: April.....	8,422	3,975	4,447	4,483	2,214	2,269
1965: April.....	8,697	4,158	4,539	5,097	2,479	2,618
November.....	8,867	4,120	4,747	5,463	2,647	2,816
December.....	9,077	4,241	4,836	5,451	2,610	2,841
1966: January.....	9,147	4,235	4,912	5,577	2,700	2,877
February.....	8,827	4,027	4,800	5,612	2,675	2,937
March.....	8,788	4,047	4,741	5,674	2,688	2,986
April.....	8,934	4,151	4,783	5,797	2,781	3,016

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Apr. 27, 1966	Mar. 30, 1966	Apr. 28, 1965
ASSETS			
Loans and discounts.....	8,584	8,543	7,940
U.S. Government obligations.....	2,389	2,386	2,541
Other securities.....	2,072	2,053	1,639
Reserves with Federal Reserve Bank.....	912	973	853
Cash in vault.....	220	210	207
Balances with banks in the United States.....	1,023	1,026	1,007
Balances with banks in foreign countries.....	6	6	6
Cash items in process of collection.....	943	821	804
Other assets.....	460	421	466
TOTAL ASSETS.....	16,609	16,439	15,463
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,202	1,281	1,207
Other demand deposits.....	7,558	7,482	7,393
Time deposits.....	5,820	5,783	5,123
Total deposits.....	14,580	14,546	13,723
Borrowings.....	387	261	204
Other liabilities.....	228	226	218
Total capital accounts.....	1,414	1,406	1,318
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	16,609	16,439	15,463

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 ¹				DEMAND DEPOSITS ¹			
	April 1966 (Annual-rate basis)	Percent change			April 30, 1966	Annual rate of turnover		
		April 1966 from		4 months, 1966 from 1965		April 1966	March 1966	April 1965r
		March 1966	April 1965					
ARIZONA: Tucson.....	\$ 4,232,172	7	2	0	\$ 169,409	25.7	24.7	27.2
LOUISIANA: Monroe.....	1,839,732	-4	2	10	70,285	24.6	24.7	25.8
Shreveport.....	5,120,820	-2	10	9	203,526	25.4	25.9	23.6
NEW MEXICO: Roswell ²	605,304	-5	9	9	34,737	17.8	18.6	16.3
TEXAS: Abilene.....	1,879,044	-4	10	9	95,167	20.1	20.8	19.4
Amarillo.....	4,386,264	-2	15	14	137,468	31.7	32.6	27.7
Austin.....	4,331,364	1	16	9	169,343	24.3	23.1	21.5
Beaumont-Port Arthur.....	5,343,552	6	12	13	202,444	26.4	24.3	24.3
Brownsville-Harlingen-San Benito.....	1,444,596	-3	15	17	56,084	25.4	25.5	23.4
Corpus Christi ³	3,749,376	3	4	9	167,413	21.9	21.1r	20.4
Corsicana ²	337,668	1	11	11	26,997	12.3	11.9	11.6
Dallas.....	60,814,140	2	13	15	1,587,887	38.0	37.0	34.5
El Paso.....	4,810,500	-2	3	1	195,705	24.5	25.1	24.0
Fort Worth.....	13,782,864	0	13	11	476,422	28.6	27.9	25.8
Galveston-Texas City.....	1,956,180	2	-3	3	86,047	22.7	22.6	22.6
Houston ¹	64,346,028	10	20	13	1,923,766	33.1	30.1	28.8
Laredo.....	522,048	-7	5	14	28,653	17.8	18.8	17.9
Lubbock.....	3,585,360	5	3	9	144,929	23.9	22.8	24.1
Midland.....	1,608,636	4	-8	-10	113,457	14.2	13.5	15.2
Odessa.....	1,186,140	-18	13	19	63,931	19.0	22.0	17.9
San Angelo.....	923,100	-2	17	16	55,352	16.8	17.0	15.2
San Antonio.....	11,494,080	-5	14	14	484,665	23.3	24.1	21.7
Texasarkana (Texas-Arkansas).....	1,088,376	1	25	18	55,994	19.5	19.3	17.6
Tyler.....	1,599,192	4	14	8	84,307	19.6	18.8	17.3
Waco.....	2,239,944	10	20	14	102,779	21.4	19.4	18.3
Wichita Falls.....	2,066,208	-11	15	14	112,268	18.2	20.2	16.0
Total—26 centers.....	\$205,292,688	3	14	12	\$6,849,035	29.7	28.5	26.9

¹ Deposits of individuals, partnerships, and corporations and of states and political subdivisions.
² County basis.
³ Revised (1965) SMSA boundaries.
 r — Revised.

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	April 1966	March 1966	April 1965	January—April	
				1966	1965
FIVE SOUTHWESTERN STATES¹					
Residential building.....	400	491	477	1,647	1,755
Nonresidential building.....	172	202	194	709	698
Nonbuilding construction.....	147	182	148	526	565r
Total.....	81	107	136	413	492
UNITED STATES.....					
Residential building.....	5,098	4,737	4,749r	16,815	15,284r
Nonresidential building.....	2,081	2,004	2,136r	6,814	6,580r
Nonbuilding construction.....	1,883	1,726	1,537r	6,156	5,128
Total.....	1,134	1,007	1,076r	3,845	3,577

¹ 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		Percent change				
	April 1966	4 mos. 1966	April 1966 from			4 months, 1966 from 1965	
			Mar. 1966	Apr. 1965	Mar. 1965		
ARIZONA							
Tucson.....	577	2,243	\$ 1,465	\$ 7,042	-45	-12	-10
LOUISIANA							
Shreveport.....	427	1,389	1,694	7,258	-22	34	28
TEXAS							
Abilene.....	76	274	2,884	5,516	85	82	12
Amarillo.....	199	673	7,093	11,634	227	139	-5
Austin.....	297	1,285	4,969	28,068	-32	22	71
Beaumont.....	220	856	1,069	4,522	-44	-33	-43
Corpus Christi.....	381	1,492	1,973	12,196	-34	-38	13
Dallas.....	2,084	8,002	11,566	72,383	-7	-45	16
El Paso.....	498	1,732	3,761	21,007	-45	-39	-3
Fort Worth.....	840	2,424	7,750	17,619	95	78	6
Galveston.....	98	355	1,251	2,765	176	176	78
Houston.....	2,153	8,213	23,457	114,438	-28	-9	15
Lubbock.....	224	848	3,428	22,389	-19	-36	31
Midland.....	88	438	792	8,243	-37	-30	53
Odessa.....	138	468	1,650	5,357	17	52	36
Port Arthur.....	133	429	1,094	2,543	16	-39	-11
San Antonio.....	1,433	5,127	8,886	39,989	-52	36	98
Waco.....	220	788	1,170	4,677	1	-5	-37
Wichita Falls.....	90	342	3,801	6,445	472	148	37
Total—19 cities.....	10,176	37,378	\$89,753	\$394,091	-15	-3	20

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	April 1966p	March 1966	February 1966r	April 1965r
TEXAS				
Total industrial production.....	144.0	142.8	142.5	130.5
Manufacturing.....	170.6	170.4	169.6	156.5
Durable.....	172.9	172.5	172.2	156.5
Non-durable.....	169.0	168.9	168.8	156.5
Mining.....	109.0	106.7	106.9	102.2
UNITED STATES				
Total industrial production.....	153.4	153.0	151.6	140.9
Manufacturing.....	156.1	155.1	153.9	142.4
Durable.....	162.5	161.4	159.6	145.5
Non-durable.....	148.0	147.3	146.8	138.5
Mining.....	115.3	120.3	117.7	113.0
Utilities.....	170.0	168.5	166.5	159.9

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

WINTER WHEAT PRODUCTION

(In thousands of bushels)

Area	1966, indicated May 1	1965	Average 1960-64
Arizona.....	1,104	1,196	1,145
Louisiana.....	1,540	1,050	1,128
New Mexico.....	4,117	4,924	4,703
Oklahoma.....	110,520	132,916	95,047
Texas.....	63,910	72,630	62,436
Total.....	181,191	212,716	164,459

SOURCE: U.S. Department of Agriculture.

COTTON ACREAGE, PRODUCTION, AND VALUE OF PRODUCTION

(In thousands)

Area	Acreage harvested		Bales produced ¹		Value of lint and seed	
	1965	1964	1965	1964	1965	1964
Arizona.....	340	375	787	799	\$ 130,245	\$ 134,622
Louisiana.....	498	520	562	590	90,217	98,884
New Mexico.....	175	185	233	258	41,171	49,506
Oklahoma.....	555	575	369	287	54,600	43,481
Texas.....	5,565	5,675	4,665	4,123	697,670	652,228
Total.....	7,133	7,330	6,616	6,057	\$1,013,903	\$ 978,721
United States..	13,617	14,057	14,956	15,182	\$2,384,974	\$2,551,855

¹ 500 pounds gross weight.

SOURCE: U.S. Department of Agriculture.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change April 1966 from	
	April 1966p	March 1966	April 1965r	March 1966	April 1965
	Total nonagricultural wage and salary workers..	5,319,500	5,266,100	5,085,800	1.0
Manufacturing.....	958,200	950,600	899,900	.8	6.5
Nonmanufacturing.....	4,361,300	4,315,500	4,185,900	1.1	4.2
Mining.....	232,700	233,300	233,800	-.3	-.5
Construction.....	351,100	348,700	335,200	.7	4.7
Transportation and public utilities.....	410,800	412,000	401,700	-.3	2.3
Trade.....	1,255,200	1,229,300	1,208,100	2.1	3.9
Finance.....	266,500	264,100	257,300	.9	3.6
Service.....	774,700	762,100	743,200	1.7	4.2
Government.....	1,070,300	1,066,000	1,006,600	.4	6.3

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

p — Preliminary.

r — Revised.

SOURCE: State employment agencies.

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	Percent change from				
	April 1966p	March 1966p	April 1965	March 1966	April 1965
ELEVENTH DISTRICT.....	3,462.5	3,510.9	3,227.1	-1.4	7.3
Texas.....	2,949.3	2,993.7	2,780.5	-1.5	6.1
Gulf Coast.....	540.8	539.4	519.9	.3	4.0
West Texas.....	1,346.6	1,377.4	1,276.2	-2.2	5.5
East Texas (proper).....	126.2	123.2	114.1	2.4	10.6
Panhandle.....	98.0	101.2	100.1	-.3	-2.1
Rest of State.....	837.7	852.5	770.2	-1.7	8.8
Southeastern New Mexico..	332.4	336.2	296.4	-1.1	12.1
Northern Louisiana.....	180.8	181.0	150.2	-.1	20.4
OUTSIDE ELEVENTH DISTRICT	4,837.5	4,823.7	4,667.7	.3	3.6
UNITED STATES.....	8,300.0	8,334.6	7,894.8	-.4	5.1

p — Preliminary.

SOURCES: American Petroleum Institute.

U.S. Bureau of Mines.

Federal Reserve Bank of Dallas.

ELEVENTH FEDERAL RESERVE DISTRICT

