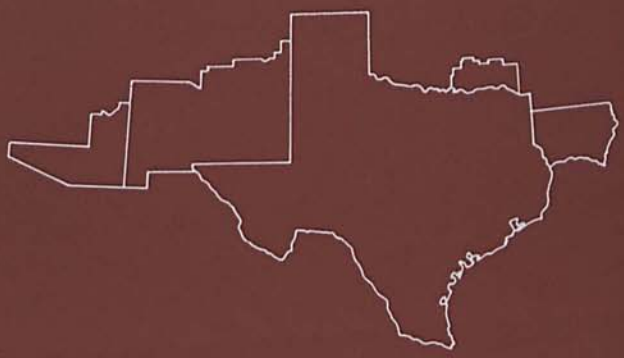
business review



september 1966

FEDERAL RESERVE
BANK OF DALLAS

contents

industrial production in texas during four business expansions

The rates of growth in industrial production associated with the last four periods of economic expansion in the United States (October 1949-July 1953, August 1954-July 1957, April 1958-May 1960, and the business expansion which began in February 1961 and continues to date) have been more rapid for the Nation than for Texas, except in the October 1949-July 1953 span. In this period, the gain in Texas industrial output was only slightly greater than nationally. However, the rate of growth of Texas industrial production over the long run — between October 1949 and June 1966 — slightly exceeded that of the Nation.

The differences in the growth rates associated with the various business contractions and expansions reflect differences between the State and the Nation in industrial composition. Texas industrial production has been characterized by heavy dependence on the production of crude petroleum and related fuels and the output of associated nondurables manufacturers—the refining and petrochemical industries. In addition, food processing is one of the largest Texas industries. On the other hand, industrial production in the Nation has been heavily weighted by the output of the durable goods industries — automotives, iron and steel, and consumer durables, sectors which are considerably more cyclically prone than in the case of nondurables. As a consequence, industrial output in Texas tends to dip less than in the Nation during contractions in economic activity and increases less rapidly during an expansion period.

october 1949-july 1953

The business cycle associated with the October 1949-July 1953 business expansion was more sharply felt in Texas nondurable manufactures and utilities than in the national counterparts of these industries. During the expansionary period, the State posted a 50.9-percent advance in industrial production — slightly more than the rate of gain recorded for the Nation. The durable goods-producing industry group grew slightly less vigorously in Texas than in the Nation. However, the State's stone, clay, and glass products industry grew at a more rapid rate than the Nation's, as high levels of construction activity in Texas stimulated the demand for building materials, such as brick, cement, ready-mix concrete, and gypsum products. During this period, the expansion in nonferrous metal output (primarily aluminum) and machinery production (particularly oil field machinery) in Texas outstripped that in the Nation.

The nondurable goods-producing industries expanded much more rapidly in Texas than in the Nation, mainly because petroleum refining and intermediate chemical production in the State rose at faster rates than their national counterparts. The base for much of the State's petrochemical industry was laid during World War II. The increasing civilian consumption of plastics and synthetic rubber in the postwar period gave a strong impetus to the growth of inorganic chemical industries in Texas.

Most important, the mining sector of the Texas economy expanded much more rapidly

than its national counterpart. This development reflected the fact that not only did the production of natural gas and natural gas liquids grow at a rapid pace in Texas, but the output of the State's key crude oil industry grew very rapidly also as production recovered from the 1948-49 recession and new fields were opened in west Texas. The growth in natural gas production in the State was mirrored in the rising volumes of interstate transmission of natural gas as Texas-based gas utilities extended their network of transmission lines into the Midwest, the East, and the lower South. Texas exports of natural gas increased over 240 percent between 1948 and 1953 to reach 2.2 trillion cubic feet.

The causal factor behind the rapid growth of industrial production in the Nation was the strong demand for durable goods, especially automobiles. In Texas, on the other hand, the business expansion resulted in more intense exploitation of the State's natural resources and the rapid development of associated processing industries, such as refining and the production of organic chemicals. In addition, Texas received over $3 billion in Department of Defense prime contracts during the 36-month Korean War period; most of this reflected military purchases of munitions and petroleum products.

august 1954-july 1957

The 35-month business expansion beginning in August 1954 and terminating in July 1957 again would have shown quite similar rates of growth in industrial production for both the State and the Nation had not Texas output turned downward sooner in 1957. Because of the earlier downturn, the industrial production growth rate for Texas fell below that of the Nation. The State registered a gain of 16.8 percent, as opposed to an advance of 19.7 percent in the United States. The early downturn in Texas stemmed from weaknesses in the mining sector and in the nondurable goods industries, resulting from the resolution of the Suez crisis and the return of European fuel markets to their Mideastern supply sources. Petroleum refining activities also suffered a cutback in the State.

The August 1954-July 1957 expansion showed strength in the State, relative to the Nation, in the manufacturing sector despite the slackening of refining activity during the second quarter of 1957. The 27.5-percent gain in total manufacturing over the period mirrored the strength of defense spending in the Texas economy. This period saw Texas defense contractors claim an average of 5.7 percent of all prime contracts. The advance in prime contracts was the result of a massive expansion of the aircraft industry in Texas as the manned strategic bomber became a key weapon in the Nation's military arsenal. Durable goods production in the State was further expanded by naval procurement actions.

During the August 1954-July 1957 period, the output of utilities in Texas grew at a slightly less rapid rate than in the Nation. The rate of gain in physical sales of Texas gas transmission utilities slowed as Louisiana became a more important supplier of natural gas. On the other hand, the output of electric utilities continued to increase rapidly during this period relative to the growth of electricity production in the Nation. This growth in electricity production in Texas reflected increasingly large exports of electric power, as well as industrialization of the State. However, the 1957-58 recession depressed the Texas utilities sector more than its national counterpart.

april 1958-may 1960

The 25 months between April 1958 and May 1960 comprised a period of rapid advance for industrial production in the Nation. In contrast, output in Texas grew more slowly than in any of the other three business expansions. During this period, only the nondurable

RATES OF GROWTH DURING FOUR BUSINESS EXPANSIONS

(Percentage increases)

Type of index	October 1949-July 1953		August 1954-July 1957		April 1958-May 1960		February 1961-June 1966	
	Texas	United States	Texas	United States	Texas	United States	Texas	United States
Total industrial production	50.9	50.0	16.8	19.7	12.2	20.1	38.8	49.6
Manufacturing	50.0	49.4	27.5	19.2	15.9	26.7	47.7	53.1
Durable	*82.9*	*84.3*	*31.9*	*21.7*	*12.5*	*34.0*	*68.6*	*65.4*
Nondurable	*36.4*	*20.7*	*25.7*	*16.1*	*18.3*	*18.6*	*34.9*	*38.9*
Mining	51.5	56.4	10.6	17.1	9.8	13.7	20.9	16.4
Utilities	88.4	54.4	31.0	31.2	17.4	20.2	51.2	43.7

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

goods industries measured up to the national rates of industrial growth, and only two Texas industries in this group — petroleum refining and chemical and allied products — showed growth rates that were as fast as or faster than those for their national counterparts. The revamping of refining facilities and the trend toward larger producing units, at this time, favored a concentration of petroleum refining in Texas.

The manufacturing sector of the Texas economy was severely depressed during this period, since the State's share of DOD prime contracts declined — largely as a result of the phasing out of orders for manned bombers. Only the electrical machinery industry showed strength relative to its national counterpart during this business expansion. However, this ground-floor growth in the electronics industry was critically important to the State. Basic work in transistors and electronic components was to prove crucial to firms hoping to develop competitive capabilities in electronic equipment and in the electronics of microcircuitry, which was to come later.

The mining sector in Texas remained depressed as changing patterns of crude oil development favored Louisiana and other producing states. In addition, the rate of growth in the production of natural gas and natural gas liquids in Texas fell behind that of the Nation. However, in the utilities sector, electrical output in the State grew at a significantly faster pace than in the Nation. This growth reflected the continuing importance of natural gas as relatively cheap fuel for generating stations and the increase in Texas interstate exports of electricity.

The 1960-61 recession only weakly affected industrial production in Texas. The adjustments occurring in the petroleum and aircraft industries had held down Texas industrial production during the 1958-60 recovery period. In the Nation, expanding fixed investment and increasing state and local expenditures helped to moderate the effect on industrial production of inventory liquidation and declining defense expenditures.

february 1961-?

The current business expansion has been characterized by smooth and orderly advances in industrial expansion for both the State and the Nation. The high level of output in the Nation was hardly dented by the steel inventory liquidation following the negotiation of a new contract between the United Steelworkers and the steel producers. At the State's level, the only serious disruption in overall industrial production occurred as a result of Hurricane Carla in 1961.

Industrial production between February 1961 and June 1966 advanced at a considerably more rapid rate in the Nation than in the

State. The growth rate for Texas was 38.8 percent, contrasted with 49.6 percent for the United States. The output gain for total manufacturing in the State lagged behind that in the Nation, primarily because nondurable goods production grew more slowly in the State. Although the key petrochemical industry in Texas grew at the same rate as in the Nation, the pace of petroleum refining in the State slipped behind that of the United States. The important agricultural processing industries in Texas also failed to match the national rate of growth during this period. The production of durable manufactures, in contrast, posted a strong gain relative to the Nation.

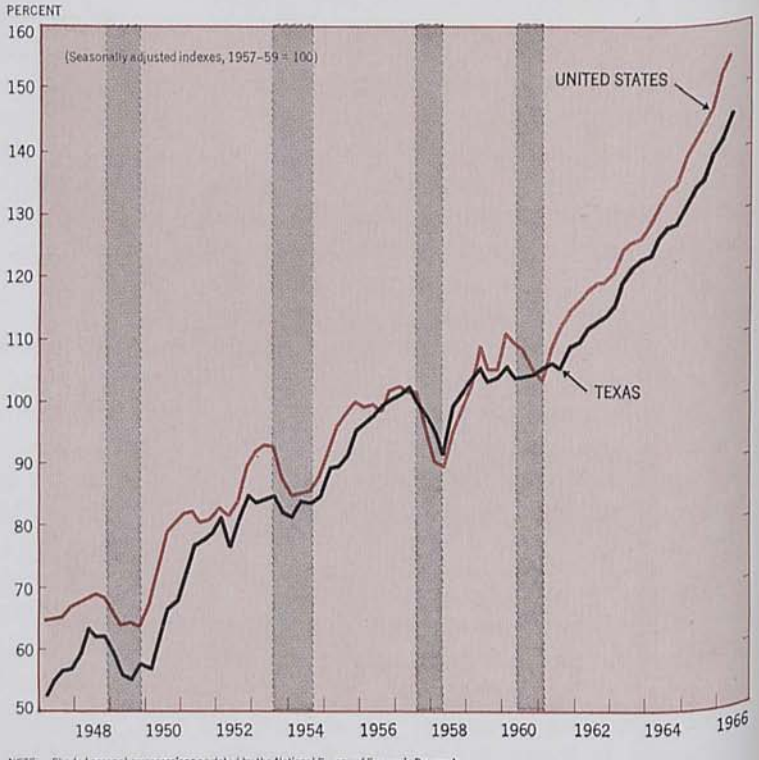
The output advance in durable manufactures is the result of very rapid expansion in the electrical machinery industry group, reflecting the production of electronic components and the rejuvenation of the aircraft industry in Texas. Both industries are centered in the Dallas-Fort Worth area.

The electronic components industry has continued to move upward all during this business expansion. The emphasis on space technology and the growing demand for consumer durables and data-processing equipment utilizing electronic components have been key factors linking the Texas economy with that of the Nation. The aircraft industry in Texas has recovered much of its old importance as a result of Government procurement actions for the production and development of helicopters and other aircraft.

The mining industry in Texas, dominated by the production of crude petroleum, has grown at a less rapid rate than its national counterpart, despite vigorous gains in the output of natural gas and natural gas liquids. These two products are closely linked together by technological relationships, as it is desirable to strip and dehydrate natural gas before it is committed to long-distance transmission lines.

However, even in the case of natural gas, Texas output is only barely growing at the same rate as in the Nation. The opening of new natural gas fields in other states and increasing offshore production in Louisiana have whittled down Texas predominance in this production area. Although of minor importance when compared with oil and natural gas production, the physical output of the earth mineral industries (sulfur, salt, stone, and

TOTAL INDUSTRIAL PRODUCTION



NOTE. -- Shaded areas show recessions as dated by the National Bureau of Economic Research.

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

gravel) has expanded about 28 percent during the current period — more than twice the gain posted for the Nation. This expansion partially reflects the strong demand for sulfur that has made itself felt since 1965. Crude oil production in Texas began to improve in the first quarter of 1963 and posted another sharp advance in the fourth quarter of 1965.

Total utilities output has grown at a slightly more rapid rate in the State than in the Nation, with the source of competitive strength for Texas in the utilities field continuing to be electrical output. This development is a continuation of the comparative cost advantage of natural gas fuel for the production of electrical energy. The apparent exports of Texas electrical energy rose regularly through 1964 but turned downward slightly in 1965. The production and consumption of electrical energy within the State have been growing more rapidly since 1961 than have electrical energy exports. Nevertheless, apparent exports still account for about 30 percent of the electric power produced in Texas.

Natural gas transmission companies operating in Texas continue to face growing competition from other areas of natural gas production, with the result that the output of natural gas utilities has grown 12.3 percent in Texas during the current expansion, as opposed to 30.8 percent for the Nation. Nevertheless, Texas still exports a sizable share of the natural gas transmitted and distributed in the United States. During the current business expansion, exports of Texas natural gas utilities remained relatively constant during 1961, 1962, and 1963 but showed some upward movement again beginning in 1964.

conclusion

The business cycles, as reflected in industrial production in both the State and the Nation, have been declining in severity since the end of World War II. In addition, the cycles have been much less severe in Texas than in the Nation.

Business cycles since World War II have generally been less pronounced in Texas than in the Nation because the durable goods sector is a more important part of national industrial production. It is the durable goods industries that are usually most strongly affected by the vagrancies of the business cycle. However, it is true that the output of industrial chemicals — an important Texas industry — is related to production in some of the key durable goods industries in the Nation.

Although business cycles have been less severe for the State than for the Nation, the growth rate during expansionary periods has been less favorable for Texas because of the dominance of the energy sectors (oil and gas production and utilities) in the State's economy. The consumption of mineral fuel and hydropower, relative to the gross national product, declined approximately 35 percent between 1920 and 1955.[1] This downtrend, which is expected to continue at reduced rates through 1975, reflects the growing importance of services and the more efficient translation of heat energy to mechanical energy. To some extent, the more efficient methods of space heating are offset by the growing importance of space cooling in the United States. It also should be noted that the consumption of internal combustion fuels, relative to GNP, has been advancing at a fairly rapid rate, more than tripling during the 1920-55 period.[2] Despite this rapid advance, Texas has faced strong competition from other regions in the production of hydrocarbon fuels.

Thus, the manufacturing sector of a state such as Texas must grow very rapidly to compensate for the slower growth rates associated with crude petroleum mining and the production of natural gas. The Texas mining industry constitutes about 32 percent of the value added by industrial production in the State. If these

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[1] Sam H. Schurr and Bruce C. Netschert, *Energy in the American Economy, 1850-1975* (Baltimore: The Johns Hopkins Press, 1960), p. 158.

[2] *Ibid.*, p. 175.

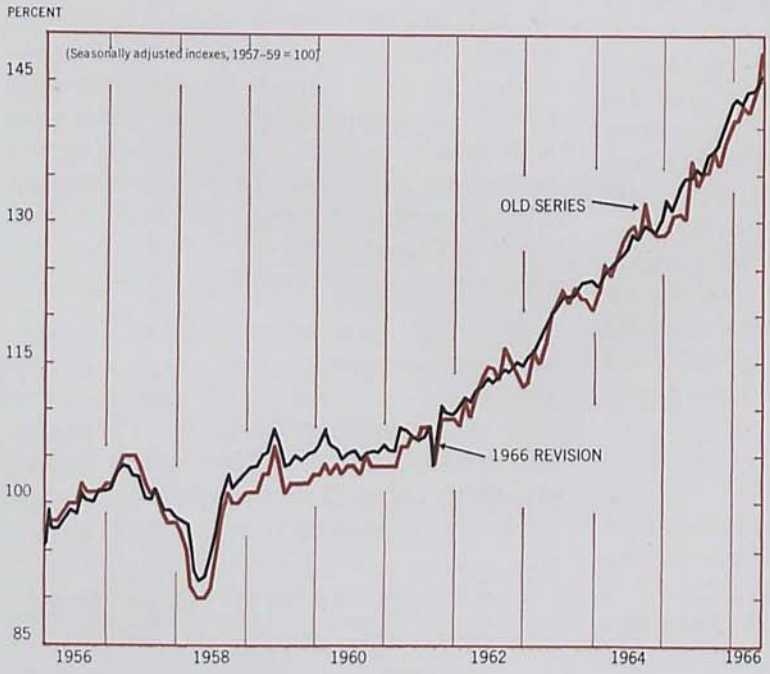
key industries in the mining sector tend to grow slowly relative to other industries because of their technical and engineering links with the rest of the economy, the State is likely to show relatively slow industrial growth during a business expansion.

However, the current business expansion in Texas has been associated with rapid growth in aircraft and electrical machinery — primarily electronic components. If rapid growth rates in Texas manufactures continue into the future, it is likely that they will reflect activity in these two industry groups. The State's growing share of DOD prime contracts is a bellwether to prospects in those industries. The durable goods defense industries in Texas have been registering strong rates of growth as a result of the State's increasing share of defense contracts.

For the first 9 months of fiscal year 1966, it appears that the State's share of DOD prime contracts moved to 7.5 percent of the net value of military procurement actions — up from the 7.3 percent recorded for the same period in the previous fiscal year. The key procurement programs from the standpoint of the Texas economy center around the production of airframes, petroleum products, and electronic components. Together, these three categories currently account for over 70 percent of all procurement actions in Texas.

CARL W. HALE
Industrial Economist

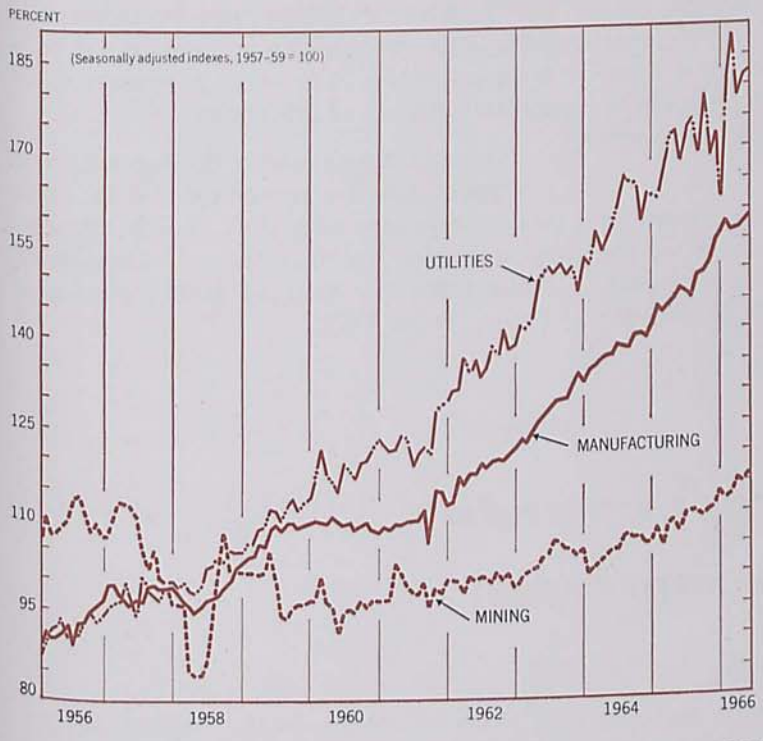
Revised Texas Industrial Production Index



The Texas industrial production index has been revised to incorporate information which has become available recently. Moreover, the coverage of the index has expanded, and certain refinements have been introduced. The current revision marks the second major revision since the index was first published in 1958.

The index was developed by the Federal Reserve Bank of Dallas to provide insight into cyclical movements of the manufacturing, mining, and (with the 1966 revision) utilities sectors of the Texas economy. The index provides long-run production trends and,

PRODUCTION BY MAJOR INDUSTRIAL SECTORS IN TEXAS



perhaps more importantly, provides a current estimate of industrial production for the State. In addition, the subindexes of the Texas production index furnish a measure of the change that has taken place in the industrial structure of the State.

Changes between the levels of the revised Texas industrial production index and its subsectors and the levels of the "old" series reflect changes in the weighting procedures and in the labor productivity factors used to estimate production from man-hour data. More importantly, the level of the Texas production index has been affected by the introduction of a new sector — utilities. However, all of these adjustments have not worked in the same degree or in the same direction. In fact, these changes have tended to cancel out insofar as the aggregate Texas industrial production index is concerned. Differences in monthly fluctuations between the revised index and the old index occurred because of the introduction of new and improved seasonal adjustment factors for all of the 24 series making up the Texas production index.

The most obvious change growing out of the 1966 revision is the addition of a utilities sector to the Texas industrial production index. The utilities sector is composed of two very rapid-growth industries, natural gas and electric utilities; and their inclusion pushes the revised index to a higher level than otherwise would have been attained.

Part of the divergence between the new index and the old index can be directly explained by the new value-added weights (adjusted for changes in physical output since the 1957-59 reference base period) used to aggregate the industry categories into the overall industrial production index. This new weighting pattern effected an increase in the revised index over what it would have been if the 1958 weights had been retained. This increase results from the fact that many of the industry categories which have shown the most rapid growth in production have also tended to register advances in adjusted value added since 1958 relative to the other industries, and the value-added weights for some of the slow-growth industries, such as crude oil production, declined in 1963 from 1958.

Eighteen of the subindexes are based on employment and average workweek man-hours. The man-hour data are adjusted to take into account changes in labor productivity. Adjustments for labor productivity were developed for each year between 1956 and 1966. In previous revisions, labor productivity factors were con-

structed only for census years, and changes in productivity were assumed to increase uniformly each month between each pair of census years. The new method of calculating labor productivity makes the index more responsive to annual shifts in physical output due to changing phases of the business cycle.

The introduction of new seasonal factors in no way affected the trend movements of the Texas industrial production index. However, slight shifts in seasonal production patterns for some industries had occurred since the last revision. Seasonal factors must be recomputed periodically, as changing institutional and technological factors bring about alterations in the monthly patterns of production.

The methodology used in the construction of the index, as well as revised data for the major sectors beginning with 1947, may be obtained upon request to the Research Department, Federal Reserve Bank of Dallas, Station K, Dallas, Texas 75222.

military contract awards increase in the southwest

The influence of increased military spending arising from the Viet-Nam conflict is being felt in the number and value of military prime contracts issued in the southwestern states.[1] Prime contracts awarded by the U.S. Department of Defense to firms in the five states during January-March 1966 amounted to $569.4 million, which is 38 percent more than in the comparable 1965 period. Contracts awarded nationally increased 33 percent over the same period.

Some of the contracts awarded to southwestern firms very recently are for such diverse products as laundry trailers (to provide for frontline GI cleanliness), uniform pants, electronic equipment, helicopters, battlefield missiles, articulated drive vehicles, and aircraft. Production contracts currently being executed include such items as the A-7A Corsair II — a Navy light attack aircraft — and the Iroquois and HueyCobra helicopters.

Texas, procuring $431.1 million of these awards during the first 3 months of 1966, was by far the largest recipient among the five southwestern states. Moreover, Texas received 6.2 percent of the total contracts awarded to the 50 states and was second only to California, which accounted for 22.1 percent of the total.

The five southwestern states received 10.4 percent of the total amount of prime contracts awarded in the Nation during the first three quarters of the fiscal year ended June 30, 1966. The Southwest's proportion has increased each successive fiscal year since 1962.

As compared with the U.S. total, both the absolute values and the relative values of Army contracts going to the five states increased appreciably between the fiscal years 1962 and 1966. (Available data for fiscal 1966 cover only 9 months.) Air Force contracts also displayed strong percentage and dollar-volume gains. Although the proportion of Defense Supply Agency contracts remained nearly con-

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

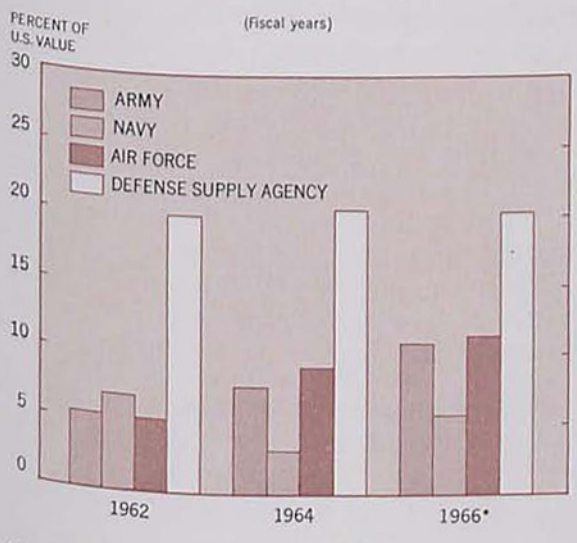
stant, a substantial increase in dollar value took place. Only Navy contracts declined in absolute dollar amount and as a percentage of the national total during the 5-year period; however, some recovery occurred beginning with fiscal 1964.

Among the five states, Texas consistently received the largest portion of each type of contract awarded over the 5-year period. The State predominates in the value of both Army and Air Force contracts. While its share of the value of Navy contracts is greater than in the case of the other southwestern states, the value of these contracts is relatively much less important than the value of any of the other types of prime contracts issued to firms in the State. Although still very important, the share of Defense Supply Agency contracts has declined in Texas relative to the rest of the southwestern states.

Prime contract data do not necessarily reflect the amount of actual contract spending that will occur in a state, since the firm receiving the awards may subcontract part of the work with

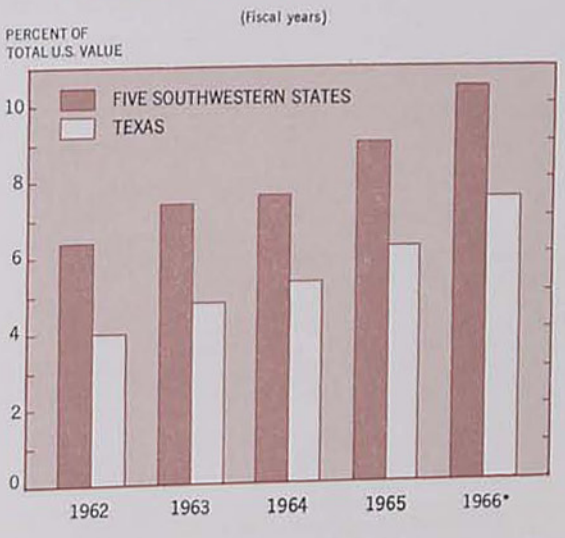
PRIME CONTRACTS AWARDED BY MILITARY DEPARTMENTS

FIVE SOUTHWESTERN STATES



*First 9 months only.
SOURCE: U.S. Department of Defense.

MILITARY PRIME CONTRACT AWARDS



* First 9 months only.
SOURCE: U.S. Department of Defense.

firms in other states. However, for the majority of contracts with manufacturers, the data indicate the location of the plant where at least the largest dollar amount of the contract will be expended.

The distribution of contracts among the various procurement programs in the Southwest is heavily concentrated in airframes and petroleum. Contracts for airframes increased from fiscal 1962 to fiscal 1965, not only in absolute value but also as a percentage of the total value of awards for all programs in the Southwest. Further, the region's share of the national total of contracts awarded for airframes was greater. Although still large in value terms, contracts for petroleum decreased in importance absolutely, as well as relatively. According to a recent directive by the Secretary of Defense, the armed services are to increase the share of their purchases of jet fuel and other petroleum products from domestic producers. Any appreciable shift of purchases from foreign to domestic suppliers could bolster petroleum's share of total contract spending in the Southwest. Other substantial programs, such as electronics, construction, and services, although increasing in

MILITARY PRIME CONTRACT AWARDS OF $10,000 OR MORE, BY MAJOR PROCUREMENT PROGRAMS

Five Southwestern States

(Dollar amounts in thousands)

Procurement program	FISCAL YEAR 1965			FISCAL YEAR 1962		
		As a percentage of:			As a percentage of:	
	Value	All prime contracts in five states	Value in United States	Value	All prime contracts in five states	Value in United States
Airframes and related assemblies	$ 767,383	36.8	19.2	$ 320,301	20.0	10.1
Missile and space systems	101,581	4.9	2.3	118,016	7.4	1.7
Ships	118,259	5.7	6.6	52,374	3.3	3.4
Ammunition	43,807	2.1	5.6	76,270	4.8	8.2
Electronics and communication equipment	150,455	7.2	5.0	133,832	8.4	4.0
Petroleum	350,471	16.8	45.2	405,337	25.3	48.0
Construction	152,694	7.3	12.0	125,363	7.8	10.4
Services	144,375	6.9	6.9	133,431	8.3	8.6
All others	254,375	12.3	1.4	234,870	14.7	1.3
Total	$2,083,400	100.0	9.0	$1,599,794	100.0	6.4

SOURCE: U.S. Department of Defense.

absolute contract values, sustained relative declines with respect to both the total value of southwestern prime contracts and the U.S. values for those programs.

Each of the five states experienced diverse changes in its share of the various programs between the 1962 and 1965 fiscal years. Pronounced gains in contract value relative to the U.S. total in the given programs were attained by Arizona in miscellaneous aircraft equipment and supplies, Louisiana in ships and in petroleum, and Texas in airframes and related assemblies. Pronounced declines were encountered by Louisiana in ammunition, Oklahoma in construction, and Texas in petroleum.

According to the latest available data, military prime contract awards of $10,000 or more for research, development, test, and evaluation work issued to the five-state area during fiscal 1965 amounted to $514.3 million. There has been a substantial increase since fiscal 1962 in the proportion of the value of such contracts issued in the five-state area. These types of contracts include development of new aircraft technological concepts — e.g., variable wing-type aircraft, such as the F-111 fighter and bomber and the XC-142A V/STOL (vertical takeoff and landing) assault and transport aircraft. In fiscal 1965, the ratio of RDT&E contracts to all other prime contracts received by the five states exceeded the comparable ratio for the Nation.

The flow of RDT&E funds is associated with the concentration of missiles, electronics, and aircraft plants. There is no necessary association between the current flow of RDT&E funds and the ultimate flow of production dollars. The association depends more upon the fruition time of the project involved and the eventual magnitude of the requisite effort. Successful completion of the contract may lead, however, to engineering and production contracts and to further RDT&E funds. Also, the execution of RDT&E contracts produces the technical and organizational competency and capability to compete for additional RDT&E contracts, as well as engineering and production contracts involving projects arising from the RDT&E work.

Although a perceptible trend is not clearly indicated for the other four states, it is quite evident that the Texas position with respect to RDT&E funds has been constantly improving.

C. Howard Davis
Industrial Economist

construction activity in texas

Attesting to the vigor of the business expansion in Texas, construction activity continues to show considerable strength in 1966, after reaching new highs last year. Whether measured by the value of building permits or construction awards, commitments for new construction in Texas totaled slightly higher in the first half of this year than in the corresponding period of 1965. There are clouds on the horizon, however, which suggest a possible slowing in the pace of construction activity in the last 6 months of the year.

expansion through 1965

The value of construction awards in Texas during 1965 amounted to a record $2.7 billion, according to data from the Research Department of the F. W. Dodge Company. These new construction contracts totaled almost one-third higher than in 1960, the last year preceding the start of the present business upturn in the Nation. Over the 5-year span, commitments for residential structures, nonresidential buildings (such as manufacturing plants), and nonbuilding construction, including public works and utilities, each advanced 30 percent or more. It was only in the area of nonbuilding construction, however, that Texas outpaced the Nation, since both residential and nonresidential building awards rose slightly over 40 percent in the United States.

Many factors have contributed to the pronounced growth of construction activity in Texas and the Nation during the past 5 years. Population has continued to expand, and there has been a sustained tendency for people to concentrate in urban areas. The age composition of the population has shifted in favor of young people. Incomes and employment opportunities have risen, along with the desire for better living accommodations. Thus, spending for new residences has been buoyed significantly, particularly by the demand for apartments — a type of housing especially attractive to young people. There was a veritable boom in apartment construction through 1963, and spending for such construction has since remained at a high, although declining, level. Important, of course, to the marked increase in residential building was the ready availability of mortgage credit at comparatively low rates of interest.

Reflecting the uptrend in business activity in Texas since 1960, awards for nonresidential structures have reached successive new highs and rose about 38 percent in the past 5 years. In the major metropolitan areas of the State, there has been a significant growth in the construction of downtown office and bank buildings, stores, and other mercantile structures. New shopping centers have been built in outlying areas. The construction of manufacturing plants provided a particularly strong expansionary force in 1964 and 1965, as the State's manufacturing industries required new facilities for both larger capacity and modernization. The growing number of young people in secondary schools and colleges has boosted spending for classroom buildings, libraries, and dormitories. Furthermore, the continued increase in the size of the State's towns and cities has accentuated the need for public buildings, hospitals, and churches.

The growth of the State's urban areas and the desire for improved communications between them have been important factors in the

TEXAS CONSTRUCTION CONTRACTS

SOURCE: F.W. Dodge Company.

rapid expansion of new commitments for nonbuilding construction, which were 30 percent higher in 1965 than 5 years earlier. Moreover, grants-in-aid by the Federal Government have provided significant incentives to governments in Texas to boost outlays for streets and highways, dams and reservoirs, sewerage and water supply systems, and airports. Both public and private utilities have raised their investments in electric, gas, and communications systems in the past 5 years to furnish service for new customers and to improve existing service.

developments in 1966

According to Dodge contract data, new construction awards in Texas in the first half of 1966 were up 1.5 percent from the corresponding period of last year, with gains in residential commitments more than offsetting moderate declines in nonresidential building and nonbuilding construction. It may be noted, however, that these year-to-year comparisons should be interpreted carefully, since residential awards in the first half of 1965 were 14 percent below the peak reached in the first part of the previous year. Contracts for nonresidential structures and nonbuilding construction both were at or near records during January-June 1965.

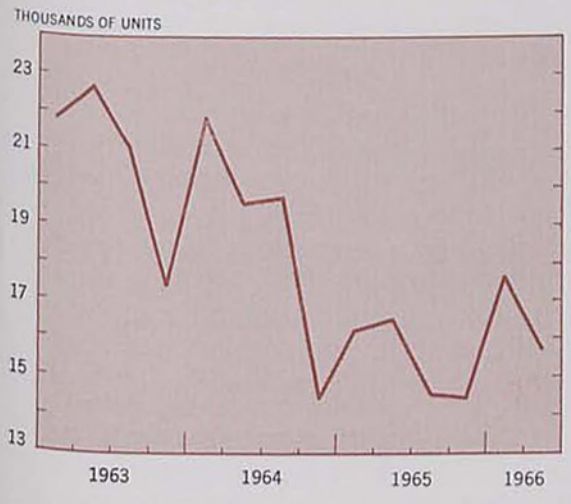
Thus, all that the data on contract awards can safely show is that the major types of construction in Texas continued to evidence considerable strength through mid-1966. Taking into account the apparently large carry-over of uncompleted projects into 1966 and the sustained heavy pace of new contracts through midyear, it is to be expected that construction outlays, in contrast to awards, will total close to a record this year.

There are, however, a number of factors presently at work, both nationally and regionally, which cloud the prospects for the remainder of 1966. The letting of new contracts may ease late this year when the effects of the reduced availability of credit and the higher interest rates impinge more strongly upon mortgage and municipal bond markets. Starts of new nonmilitary Federal construction probably will moderate as the Administration attempts to combat the buildup of excessive demands in the Nation's economy. The pace of new commitments for highways in Texas may slow from the exceptionally high levels of recent years, partly reflecting a lag in payments from the trust fund set up to finance the Interstate Highway System. Higher interest rates on tax-exempt state and municipal bonds are likely to bring about the deferral of less-essential state and local government construction projects.

Nevertheless, it is the market for new housing that is most likely to show the greatest weakness in the coming months. Recent congressional action designed to broaden the borrowing and purchasing authority of the Federal National Mortgage Association may tend to lessen the weakness in housing activity.

Mortgage markets in Texas began to tighten noticeably in the second quarter of 1966, when loan commitments made by lenders late last year began to run out in the early months of this year. There was a reduction in the flow of funds to savings and loan associations in the first half, and competition was quite strong for

PRIVATE NONFARM HOUSING PERMITS IN TEXAS



SOURCE: Bureau of Business Research, The University of Texas.

funds provided by commercial banks and insurance companies, both within and outside of mortgage markets. Demand for business loans at commercial banks in the first part of 1966 was particularly strong and is continuing so, despite restrictive credit policy. Mortgage rates have advanced sharply. For example, the average interest rate for conventional first-mortgage loans on single-family homes originated by major lenders in the Dallas metropolitan area climbed 49 basis points during the April-June period, according to the Federal Home Loan Bank Board.

Higher interest rates, possibly coupled with some credit rationing by banks and more stringent qualifications for loans, contributed to the sharp decrease in new private nonfarm housing units authorized in Texas during June. Data from the Bureau of Business Research at The University of Texas indicate that the value of residential permits, after seasonal adjustment, dropped 11 percent from May and 21 percent from June a year ago. Partial data for July suggest a further decline in authorizations during the month.

WELDON C. NEILL
General Economist

district highlights

Total assets at the weekly reporting commercial banks in the Eleventh District declined $75 million between June 29 and August 17, 1966. This reduction reflects a $90 million decrease in total loans and investments, which was partially offset by a slight increase in cash accounts. Declines in loans to domestic commercial banks, loans to nonbank financial institutions, and "other loans" totaled $189 million and were primarily responsible for the fall in total loans and investments. However, these declines were offset, in part, by an increase of $56 million in investments and small gains in various other loan categories. The advance in bank holdings of U.S. Government securities was concentrated in maturities of less than 1 year. At the same time, holdings of intermediate- and long-term Governments fell $41 million.

After posting a moderate May-June gain, registrations of new passenger cars in July in four major Texas markets, at 16,658, dropped 13 percent from June and 11 percent from July last year. During the first 7 months of 1966, cumulative registrations for the four centers — Dallas, Fort Worth, Houston, and San Antonio — were 1 percent below the same period in 1965.

Nonagricultural wage and salary employment in the five southwestern states eased 0.2 percent during July to a total of 5,364,200. This loss is somewhat greater than the normal seasonal decline for the month. Nevertheless, total employment was 4.5 percent above the level of July 1965. Manufacturing employment registered a month-to-month gain of 0.6 percent, with strength evident in the aircraft industry. In contrast, nonmanufacturing employment turned downward 0.4 percent. Employment fell 4.9 percent in construction and 1.7 percent in government; however, all the other nonmanufacturing activities showed increases during the month.

The seasonally adjusted Texas industrial production index (1966 revision) eased 0.5 percent during July to a level of 145.9 percent of the 1957-59 base, though it stood 8.8 percent higher than in the same month last year. Manufacturing slipped 0.9 percent during the month. Output of durable goods declined 2.6 percent from June; however, nondurable goods advanced 0.5 percent. Decreases were noted in transportation equipment, electrical machinery, fabricated metal products, and crude petroleum production and refining.

Although August rains were received too late for early cotton and grain sorghums, the moisture was beneficial to most late crops, especially range and pasture grasses, in the District. Combining of grain sorghums and rice is over one-third complete, and cotton harvesting is making good progress but is behind that of last year. Cattle remain in good condition, with little supplemental feeding required.

Crop production estimates for the five southwestern states, as of August 1, are placed below the 1965 outturns for all major crops except rice. Smaller acreages account for part of the decline, as yields are expected to be near the 1960-64 averages. Cotton production is estimated to be 25 percent lower than in 1965.

Daily average crude oil production in the District eased 0.9 percent in August from the previous month but was a significant 7.0 percent above a year earlier. All of the August decline occurred in Texas, since output in northern Louisiana was unchanged and production in southeastern New Mexico increased slightly. District crude oil production is likely to be little different in September, as slight changes in oil allowables for the producing states are offsetting.

new par bank

The Bank of Commerce of Laredo, Laredo, Texas, an insured nonmember bank located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, September 2, 1966. The officers are: Ben F. Foster, Chairman of the Board; Honore Ligarde, President; Leonel Garcia, Cashier; Abe S. Wilson, Vice President; James Richardson, Assistant Vice President; and Leonardo Salinas, Assistant Cashier.

STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

September 1966

FEDERAL RESERVE BANK
OF DALLAS

CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Aug. 31, 1966	July 27, 1966	Sept. 1, 1965[1]
ASSETS			
Net loans and discounts	4,987,790	4,963,699	4,784,732
Valuation reserves	92,059	92,143	81,066
Gross loans and discounts	5,079,849	5,055,842	4,865,798
Commercial and industrial loans	2,446,534	2,424,962	2,191,662
Agricultural loans[2]	85,982	84,339	61,778
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities	4	4	5,274
Other securities	38,789	47,152	43,500
Other loans for purchasing or carrying:			
U.S. Government securities	1,065	1,131	2,197
Other securities	320,470	319,043	301,862
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies	148,225	160,974	146,909
Other	265,327	258,894	302,948
Real estate loans	470,810	467,775	427,249
Loans to domestic commercial banks	160,224	123,566	148,135
Loans to foreign banks	6,532	7,145	5,407
Consumer instalment loans	596,642	599,669	[3]1,228,877
Loans to foreign governments, official institutions, etc.	99	99	
Other loans[2]	539,146	561,089	
Total investments	2,202,739	2,251,566	2,111,379
Total U.S. Government securities	1,095,390	1,140,748	1,226,467
Treasury bills	53,453	39,372	62,946
Treasury certificates of indebtedness	17,843	5,824	0
Treasury notes and U.S. bonds maturing:			
Within 1 year	142,666	125,372	214,436
1 year to 5 years	569,590	584,311	589,961
After 5 years	311,838	385,869	359,124
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills	14,287	13,907	884,912
All other	942,325	941,168	
Other bonds, corporate stocks, and securities:			
Participation certificates in Federal agency loans[2]	80,357	82,375	
All other (including corporate stocks)	70,380	73,368	
Cash items in process of collection	749,474	771,423	676,461
Reserves with Federal Reserve Bank	531,347	556,520	498,726
Currency and coin	72,086	78,187	63,678
Balances with banks in the United States	429,977	443,529	484,511
Balances with banks in foreign countries	4,173	4,979	3,921
Other assets	314,153	313,049	287,122
TOTAL ASSETS	9,291,739	9,382,952	8,910,530
LIABILITIES			
Total deposits	8,028,684	8,080,143	7,775,533
Total demand deposits	4,807,596	4,868,180	4,717,055
Individuals, partnerships, and corporations	3,300,200	3,374,935	3,164,771
States and political subdivisions	326,543	320,859	294,485
U.S. Government	113,664	129,827	122,159
Banks in the United States	983,740	950,214	1,049,899
Foreign:			
Governments, official institutions, etc.	2,555	2,630	2,995
Commercial banks	20,760	20,564	18,481
Certified and officers' checks, etc.	60,134	69,151	64,265
Total time and savings deposits	3,221,088	3,211,963	3,058,478
Individuals, partnerships, and corporations:			
Savings deposits	1,201,183	1,209,316	1,323,569
Other time deposits	1,414,626	1,425,484	[3]1,337,806
States and political subdivisions	579,428	551,486	384,831
U.S. Government (including postal savings)	5,837	5,902	3,504
Banks in the United States	17,174	17,235	6,428
Foreign:			
Governments, official institutions, etc.	1,300	1,000	800
Commercial banks	1,540	1,540	1,540
Bills payable, rediscounts, and other liabilities for borrowed money	247,951	303,873	184,759
Other liabilities	172,861	157,947	154,666
CAPITAL ACCOUNTS	842,243	840,989	795,572
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	9,291,739	9,382,952	8,910,530

[1] Because of format and coverage revisions as of July 6, 1966, earlier data are not fully comparable.

[2] Certificates of participation in Federal agency loans include Commodity Credit Corporation certificates of interest previously included in "Agricultural loans" and Export-Import Bank participations previously included in "Other loans."

[3] Amount includes deposits accumulated for payment of instalment loans; as a result of a change in Federal Reserve regulations, effective June 9, 1966, such deposits are no longer reported.

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended Aug. 3, 1966	5 weeks ended July 6, 1966	4 weeks ended Aug. 4, 1965
RESERVE CITY BANKS			
Total reserves held	618,075	606,521	613,789
With Federal Reserve Bank	572,683	563,126	569,965
Currency and coin	45,392	43,395	43,824
Required reserves	607,112	600,887	609,528
Excess reserves	10,963	5,634	4,261
Borrowings	24,547	23,100	25,393
Free reserves	—13,584	—17,466	—21,132
COUNTRY BANKS			
Total reserves held	625,842	612,723	583,221
With Federal Reserve Bank	475,166	468,622	441,819
Currency and coin	150,676	144,101	141,402
Required reserves	591,786	584,867	547,570
Excess reserves	34,056	27,856	35,651
Borrowings	11,407	10,728	6,001
Free reserves	22,649	17,128	29,650
ALL MEMBER BANKS			
Total reserves held	1,243,917	1,219,244	1,197,010
With Federal Reserve Bank	1,047,849	1,031,748	1,011,784
Currency and coin	196,068	187,496	185,226
Required reserves	1,198,898	1,185,754	1,157,098
Excess reserves	45,019	33,490	39,912
Borrowings	35,954	33,828	31,394
Free reserves	9,065	—338	8,518

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: July	8,314	3,941	4,373	4,573	2,249	2,324
1965: July	8,645	4,129	4,516	5,233	2,552	2,681
1966: 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
May	8,669	4,019	4,650	5,795	2,743	3,052
June	8,742	4,080	4,662	5,704	2,667	3,037
July	8,912	4,165	4,747	5,734	2,660	3,074

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	July 27, 1966	June 29, 1966	July 28, 1965
ASSETS			
Loans and discounts	8,505	8,656	8,021
U.S. Government obligations	2,289	2,291	2,397
Other securities	2,166	2,140	1,742
Reserves with Federal Reserve Bank	955	902	900
Cash in vault	224	216	206
Balances with banks in the United States	995	986	1,008
Balances with banks in foreign countries[e]	7	6	5
Cash items in process of collection	868	872	752
Other assets[e]	476	357	440
TOTAL ASSETS[e]	16,485	16,426	15,471
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks	1,178	1,212	1,185
Other demand deposits	7,546	7,538	7,275
Time deposits	5,804	5,693	5,273
Total deposits	14,528	14,443	13,733
Borrowings[e]	318	345	196
Other liabilities[e]	213	218	205
Total capital accounts[e]	1,426	1,420	1,337
TOTAL LIABILITIES AND CAPITAL ACCOUNTS[e]	16,485	16,426	15,471

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]			
	July 1966 (Annual-rate basis)	Percent change: July 1966 from June 1966	Percent change: July 1966 from July 1965	Percent change: 7 months, 1966 from 1965	July 31, 1966	Annual rate of turnover: July 1966	Annual rate of turnover: June 1966	Annual rate of turnover: July 1965r
ARIZONA: Tucson	$ 4,043,244	16	7	0	$ 165,160	25.2	22.3	25.1
LOUISIANA: Monroe	1,954,944	4	6	10	76,184	26.1	26.2	26.3
Shreveport	5,535,360	7	13	10	218,821	26.2	25.4	25.6
NEW MEXICO: Roswell[2]	657,432	2	8	8	33,278	19.4	19.0	17.8
TEXAS: Abilene	1,865,508	1	10	10	89,232	21.1	20.7	19.6
Amarillo	4,247,640	4	7	11	137,542	30.8	29.6	29.3
Austin	4,431,864	5	13	8	190,370	23.1	21.9	21.8
Beaumont-Port Arthur	5,322,996	—1	16	14	214,838	25.3	26.0	23.6
Brownsville-Harlingen-San Benito	1,114,392	—8	2	12	48,122	21.3	21.7	20.3
Corpus Christi[3]	4,174,752	8	3	9	177,860	23.5	22.5	23.6
Corsicana[2]	359,880	5	6	13	27,414	12.9	12.2	12.5
Dallas	68,537,184	8	25	18	1,647,306	41.9	38.8	34.5
El Paso	4,787,580	—4	9	2	206,107	24.0	25.4	21.9
Fort Worth	14,244,000	4	13	11	494,338	28.9	27.7	26.8
Galveston-Texas City	1,947,060	2	0	2	87,498	22.3	21.2	21.4
Houston[3]	62,892,156	—1	12	13	1,950,556	32.9	33.0	30.6
Laredo	565,188	6	7	10	28,370	19.7	17.9	19.8
Lubbock	3,700,464	0	—1	6	151,042	25.0	25.2	25.4
Midland	1,582,656	—5	3	—8	116,172	14.0	14.7	14.1
Odessa	1,190,328	—13	7	16	63,856	18.6	21.7	18.6
San Angelo	961,704	6	12	13	55,236	17.4	16.6	16.4
San Antonio	11,686,764	3	11	13	484,071	23.5	22.1	22.4
Texarkana (Texas-Arkansas)	1,053,984	8	12	2	53,175	19.8	18.6	19.0
Tyler	1,717,884	9	10	9	84,161	20.6	18.8	19.9
Waco	2,084,808	13	6	12	100,920	20.1	17.7	19.2
Wichita Falls	2,108,460	2	9	12	115,267	18.9	19.0	16.7
Total—26 centers	$212,768,232	4	15	13	$7,016,896	30.6	29.5	27.7

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

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Aug. 31, 1966	July 27, 1966	Sept. 1, 1965
Total gold certificate reserves	321,337	573,909	359,838
Discounts for member banks	19,740	43,808	10,713
Other discounts and advances	116	0	0
U.S. Government securities	1,771,997	1,527,953	1,624,131
Total earning assets	1,791,853	1,571,761	1,634,844
Member bank reserve deposits	917,766	955,151	866,872
Federal Reserve notes in actual circulation	1,246,825	1,244,525	1,141,009

MARKETED PRODUCTION OF NATURAL GAS

Area	In millions of cubic feet: First quarter 1966	Fourth quarter 1965	First quarter 1965	Seasonally adjusted index (1957–59=100): First quarter 1966	Fourth quarter 1965	First quarter 1965
Louisiana	1,301,800	1,207,500	1,149,600	209	220	185
New Mexico	264,900	252,900	260,600	134	134	132
Oklahoma	322,700	304,000	319,700	175	189	174
Texas	1,839,500	1,768,800	1,720,200	129	127	121
Total	3,728,900	3,533,200	3,450,100	153	154	141

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

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	July 1966p	June 1966	May 1966	July 1965
TEXAS (1966 revision)[1]				
Total industrial production	145.9	146.7	144.7	134.1
Manufacturing	160.6	162.0	159.8	145.6
Durable	171.1	175.6	172.6	152.4
Nondurable	153.6	152.9	151.2	141.0
Mining	118.2	117.3	115.5	110.0
Utilities	179.6	184.4	183.3	174.7
UNITED STATES				
Total industrial production	157.5	156.2r	155.2r	144.2
Manufacturing	159.8	158.5	157.5r	145.7r
Durable	166.5	165.2r	164.2r	150.0
Nondurable	151.4	150.2	149.1r	140.4r
Mining	122.6	122.6r	121.4r	116.0r
Utilities	174.0	171.0r	170.0r	161.2r

[1] Comparable back data are available from the Research Department of this Bank.
p — Preliminary.
r — Revised.
SOURCES: Board of Governors of the Federal Reserve System.
Federal Reserve Bank of Dallas.

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	July 1966p	June 1966p	July 1965	Percent change from: June 1966	Percent change from: July 1965
ELEVENTH DISTRICT	3,420.7	3,461.4	3,161.9	—1.2	8.2
Texas	2,955.6	2,988.2	2,726.9	—1.1	8.4
Gulf Coast	546.2	546.4	516.7	.0	5.7
West Texas	1,348.8	1,368.9	1,253.9	—1.5	7.6
East Texas (proper)	122.4	128.3	109.8	—4.6	11.5
Panhandle	97.7	97.6	96.7	.1	1.0
Rest of State	840.5	847.0	749.8	—.8	12.1
Southeastern New Mexico	292.2	296.5	286.9	—1.5	1.8
Northern Louisiana	172.9	176.7	148.1	—2.2	16.7
OUTSIDE ELEVENTH DISTRICT	4,845.2	4,873.9	4,502.8	—.6	7.6
UNITED STATES	8,265.9	8,335.3	7,664.7	—.9	7.8

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

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	July 1966	June 1966	July 1965	January—July 1966	January—July 1965
FIVE SOUTHWESTERN STATES[1]	446	460	456	3,080	3,202
Residential building	181	171	188	1,268	1,256
Nonresidential building	148	160	145	982	1,128
Nonbuilding construction	116	129	124	830	818
UNITED STATES	4,774	4,854	4,795	31,435	29,435
Residential building	1,461	1,828	1,952	12,025	12,648
Nonresidential building	1,813	1,885	1,691	11,625	10,085r
Nonbuilding construction	1,499	1,140	1,151	7,785	6,702

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
r — Revised.
NOTE. — Details may not add to totals because of rounding.
SOURCE: F. W. Dodge Company.

COTTON PRODUCTION

Texas Crop Reporting Districts

(In thousands of bales — 500 pounds gross weight)

Area	1966, indicated Aug. 1	1965	1964	1966 as percent of 1965
1-N — Northern High Plains	405	555	565	73
1-S — Southern High Plains	1,320	1,693	1,348	78
2-N — Red Bed Plains	210	281	236	75
2-S — Red Bed Plains	295	402	247	73
3 — Western Cross Timbers	20	21	17	95
4 — Black and Grand Prairies	420	469	443	90
5-N — East Texas Timbered Plains	30	34	27	88
5-S — East Texas Timbered Plains	50	58	66	86
6 — Trans-Pecos	150	194	213	77
7 — Edwards Plateau	35	57	24	61
8-N — Southern Texas Prairies	90	108	146	83
8-S — Southern Texas Prairies	115	168	166	68
9 — Coastal Prairies	120	201	248	60
10-N — South Texas Plains	40	41	45	98
10-S — Lower Rio Grande Valley	250	383	332	65
State	3,550	4,665	4,123	76

SOURCE: U.S. Department of Agriculture.

CROP PRODUCTION

(In thousands of bushels)

Crop	TEXAS 1966, estimated Aug. 1	TEXAS 1965	TEXAS Average 1960–64	FIVE SOUTHWESTERN STATES[1] 1966, estimated Aug. 1	FIVE SOUTHWESTERN STATES[1] 1965	FIVE SOUTHWESTERN STATES[1] Average 1960–64
Cotton[2]	3,550	4,665	4,480	4,975	6,616	6,521
Corn	17,664	19,371	27,935	25,386	29,596	41,196
Winter wheat	66,825	72,630	62,436	171,688	212,716	164,459
Oats	22,148	21,975	21,503	30,111	31,019	32,623
Barley	2,508	2,698	6,292	24,332	25,914	31,074
Rye	496	377	354	1,252	1,305	1,135
Rice[3]	21,672	21,714	15,838	42,148	40,512	30,991
Sorghum grain	291,235	285,740	230,073	330,895	334,512	267,011
Flaxseed	720	940	955	720	940	955
Hay[4]	2,928	3,065	2,363	7,785	8,348	7,008
Peanuts[5]	313,500	299,250	225,323	536,560	523,625	404,683
rish potatoes[6]	4,440	2,921	2,637	8,236	5,813	5,633
Sweet potatoes[6]	975	1,280	1,112	4,589	6,104	4,769
Pecans[5]	23,000	62,000	31,600	82,000	121,400	88,510

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
[2] In thousands of bales.
[3] In thousands of bags containing 100 pounds each.
[4] In thousands of tons.
[5] In thousands of pounds.
[6] In thousands of hundredweight.
SOURCE: U.S. Department of Agriculture.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States[1]

Type of employment	Number of persons July 1966p	June 1966r	July 1965r	Percent change July 1966 from June 1966	July 1965
Total nonagricultural wage and salary workers	5,364,200	5,376,800	5,131,900	—0.2	4.5
Manufacturing	990,600	984,800	923,800	.6	7.2
Nonmanufacturing	4,373,600	4,392,000	4,208,100	—.4	3.9
Mining	239,600	238,100	238,600	.6	.4
Construction	346,000	363,600	336,400	—4.9	2.9
Transportation and public utilities	422,400	419,500	406,300	.7	4.0
Trade	1,268,100	1,263,400	1,223,700	.4	3.6
Finance	272,700	270,600	264,100	.8	3.3
Service	793,500	787,400	763,700	.8	3.9
Government	1,031,300	1,049,400	975,300	—1.7	5.7

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
p — Preliminary.
r — Revised.
SOURCE: State employment agencies.

CASH RECEIPTS FROM FARM MARKETINGS

(Dollar amounts in thousands)

Area	January—June 1966	January—June 1965	Percent increase
Arizona	$ 273,062	$ 255,937	7
Louisiana	152,672	132,997	15
New Mexico	85,513	76,507	12
Oklahoma	394,515	342,191	15
Texas	1,167,948	951,192	23
Total	$ 2,073,710	$ 1,758,824	18
United States	$18,082,351	$15,887,409	14

SOURCE: U.S. Department of Agriculture.

BUILDING PERMITS

Area	NUMBER July 1966	NUMBER 7 mos. 1966	VALUATION (Dollar amounts in thousands) July 1966	VALUATION 7 mos. 1966	Percent change July 1966 from June 1966	Percent change July 1966 from July 1965	Percent change 7 months, 1966 from 1965
ARIZONA							
Tucson	576	4,545	$ 3,092	$ 16,754	—45	164	31
LOUISIANA							
Shreveport	321	2,491	4,179	18,385	15	132	68
TEXAS							
Abilene	69	510	404	8,856	—52	—52	—10
Amarillo	1,376	2,560	2,609	21,984	—53	13	11
Austin	307	2,277	9,522	52,519	30	112	44
Beaumont	148	1,262	2,106	10,860	35	31	—13
Corpus Christi	381	2,626	2,210	20,716	—18	61	30
Dallas	1,848	13,911	16,304	122,734	—8	10	1
El Paso	448	3,005	5,656	35,014	66	48	—1
Fort Worth	691	4,424	12,467	40,570	115	37	16
Galveston	107	622	321	4,543	—67	—57	28
Houston	2,087	15,080	24,649	201,504	4	38	23
Lubbock	150	1,337	10,738	40,373	514	307	62
Midland	78	693	918	11,594	27	—43	6
Odessa	105	821	456	8,704	—77	—63	19
Port Arthur	71	613	229	3,364	—35	—65	—24
San Antonio	1,264	9,391	6,515	59,620	—15	—28	50
Waco	193	1,400	581	7,053	—52	—40	—49
Wichita Falls	65	525	1,374	8,869	166	131	37
Total—19 cities	10,285	68,093	$104,330	$694,016	12	36	18