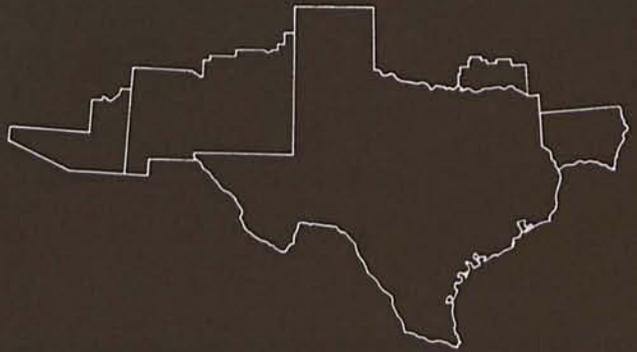


business review



november 1966

**FEDERAL RESERVE
BANK OF DALLAS**

contents

texas seaport activity 3

district highlights 11

texas seaport activity

Port cities perform many economic functions, the most important being the transfer of goods from one form of carrier to another. Thus, a seaport is the transshipment point, or transport node, par excellence. Industries directly connected with the transshipment of goods by water must locate at a port; however, many industries not directly involved in water transport often are attracted to a port because of the cost-saving features it may offer.

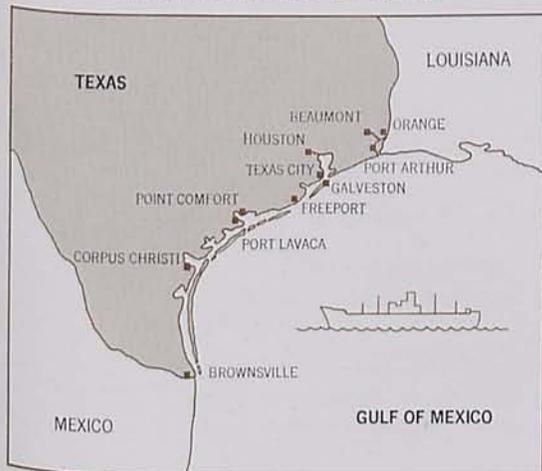
The movement of goods from producers to consumers through the various stages of assembly, manufacturing, and shipment tends to create an unsteady flow of products. Consequently, it is often most economical to establish some industries at the point where a natural break occurs in the shipping process. Industries using bulk raw materials are especially sensitive to transshipment costs.

As might be expected, a port attracts a business class catering to the specialized needs of marine shippers. These types of businesses include steamship agents, stevedoring companies,

freight forwarders, customhouse brokers, export packers, ship brokers, marine insurers, and foreign consulates. Ship chandling, or the supplying of ships, is an important port industry, of course, since many vessels spend thousands of dollars on seagoing provisions. Banks provide customers with specialized financing and other services related to waterborne shipping; and the profits made in shipping and related businesses, as well as the opportunities for new investment at a growing port, tend to attract capital into a port city.

Much of the basic employment in a port city stems from port activities and the industries attracted to the area because of the port. Furthermore, employment in longshoring, maritime trades, and port-oriented industries creates work opportunities in retailing, government, education, the professions, and other industries not directly dependent upon waterborne commerce. The existence of a navigable waterway in conjunction with other natural resources and locational advantages has often provided the ingredients essential for the development of a major industrial and commercial center.

MAJOR SEAPORTS OF TEXAS



the seaports

The long coastline on the Gulf of Mexico, the abundance of mineral and agricultural resources, and the growing economy of the Southwest have provided a significant boost to the development of Texas coastal waterways and ports. The Texas ports have somewhat similar characteristics, in that they all have access to the Intracoastal Waterway and rely predominantly upon shipments of raw or bulk materials.

The Gulf Intracoastal Waterway has made an especially vital contribution to the develop-

ment of Texas ports. The waterway provides a continuous link extending from Brownsville, on the international border, to the mouth of the Mississippi River. The advantages afforded by a protected inland waterway do not end here, however, since the intracoastal canal joins a vast inland waterway network via New Orleans — namely, the Mississippi River and its tributaries. Thus, each of the Texas ports has an inland waterway connection to virtually all the major industrialized areas of the United States with the exception of the Far West. Access to this vast waterway network is of major economic importance, as water transportation has long been associated with low transportation costs.

One of the most industrialized areas of the world, Western Europe, has an extensive system of inland waterways that is used intensively. The economic advance of Europe is related, in large measure, to the economies of barge transportation. The United States has relied on its inland waterways, especially during the pre-Civil War period. Subsequently, the railroads captured much of the traffic and romance of inland transport, but the inland waterways continue to provide transportation for an increasing volume of industrial raw materials. The intracoastal canal and connecting waterway network are significant for not only the Texas ports but also the entire area served by the system. Barge traffic may have contributed more to the industrial development of the area than is generally realized.

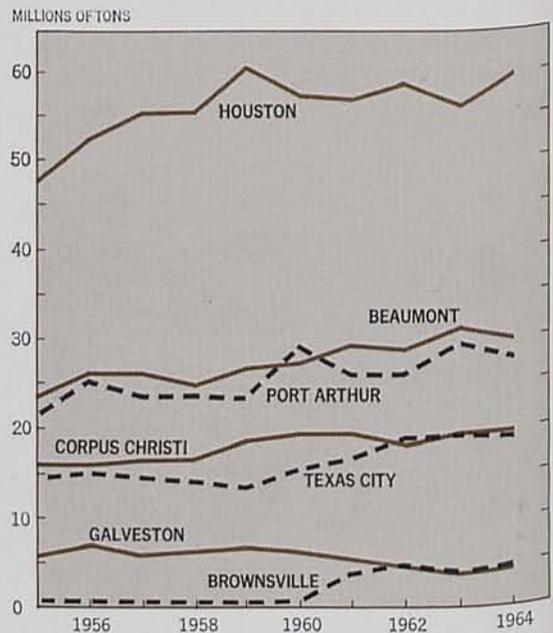
Shipment by barges is the cheapest form of water transportation, even though their use is limited to protected, or inland, waterways because barges require protection from wave and wind action. Since barge cargoes — especially in the United States — consist mainly of bulk commodities, automatic cargo-handling devices can be fully utilized, and less labor is needed than with the more conventional vessels. With

barges, there need be no crew besides the tug crew; consequently, once the barge has reached its destination, there is no pressing need to unload, as is the case with ships.

Initially, port activity in the State was heavily dependent upon agriculture, and cotton was the first major export from Texas ports. Galveston became the focal point for shipments since it was the only port on the Texas coast, prior to about 1900, with enough capacity to handle a large volume of traffic. For this reason, Galveston developed into a major southern port, and the capture of Galveston by Federal forces for a short while during the War Between the States was considered to be an important Union victory. A hurricane in 1900 virtually destroyed Galveston, and this event reinforced previous efforts of leaders in other cities to develop protected deepwater facilities.

With the discovery of abundant oil reserves in Texas early in the 20th century, port growth

CARGO TONNAGES HANDLED BY TEXAS PORTS



SOURCE: U.S. Corps of Engineers.

in Texas subsequently was due primarily to the oil and petrochemical industries, rather than cotton. Shipments of cotton, together with a rising volume of grain shipments from the mid-continent region and interior Texas points, still make Texas ports important shippers of agricultural commodities, but tonnages of petroleum products and chemicals today far outweigh agricultural shipments.

Water transport provided an efficient and low-cost means of shipping petroleum and petroleum products to the populous consuming areas of the United States. In view of the growing petroleum industry and the efficiency of water transport, the desirability of developing ports in addition to Galveston was quickly recognized. There were other natural bays and harbors along the Texas coast, such as Corpus Christi Bay and Sabine Lake, which were well adapted for port facilities. In other areas, such as Houston and Brownsville, channels were dredged in order to gain access to the Gulf of Mexico. Many of the major cities on the Texas coast became sites for oil refining and petrochemical complexes because of the advantages of proximity to oil reserves and access to deep water. In addition to crude and refined petroleum products and petrochemicals, Texas port cities have handled increasing tonnages of sulfur, aluminum ores and ingots, iron and steel scrap, finished tubular goods, and rolled steel mill products.

Between 1955 and 1964 (the latest year for which data are available), the tonnage handled at Texas ports increased about 26 percent. Despite the growth in tonnage handled — including a greater volume of general cargo — and the increased industrialization in the State, bulk commodities remained the most important Texas port cargoes in the midsixties, for shipments of petroleum, grain, and bauxite steadily advanced over the past decade. Nevertheless, the growth of industry will undoubtedly mean

that more manufactured goods will enter into export markets and, relatively speaking, smaller quantities of bulk commodities, such as oil, will be shipped.

The tonnages handled by the various Texas ports vary widely. The Port of Houston moved about 32 percent of the total tonnage passing through Texas ports in 1964. Beaumont and Port Arthur ranked high, with about 17 percent and 16 percent, respectively. Corpus Christi, including Harbor Island, accounted for 16 percent, and Texas City handled around 11 percent. Each of the other Texas ports moved tonnages that were 3 percent or less of the total.

galveston bay ports

The Galveston Bay area has developed an impressive port complex composed of Houston, Galveston, and Texas City. The total tonnage exported by the three ports is second only to that for Norfolk, Virginia, a large coal exporter. A large percentage of the export tonnage of the Galveston Bay ports consists of tankship, or liquid cargo, exports. In tonnage imported, the Houston-Galveston-Texas City complex ranks 13th in the Nation. The Port of Houston is the largest Texas port, ranking 3rd in the Nation in the dollar value of exports, 4th in export tonnage, and 14th in import tonnage.

THE EIGHT MOST IMPORTANT COMMODITIES HANDLED IN 1964 AT GALVESTON BAY PORTS¹

(In short tons)

Commodity	Tonnage
Gasoline	13,357,669
Gas oil and distillate fuel oil	11,467,493
Petroleum, crude	10,061,504
Shells, unmanufactured	7,370,954
Wheat	6,075,582
Sulfuric acid	1,853,146
Lubricating oils and greases	1,616,150
Sand, gravel, and crushed rock	1,588,255

¹ Houston, Galveston, and Texas City.
SOURCE: U.S. Corps of Engineers.

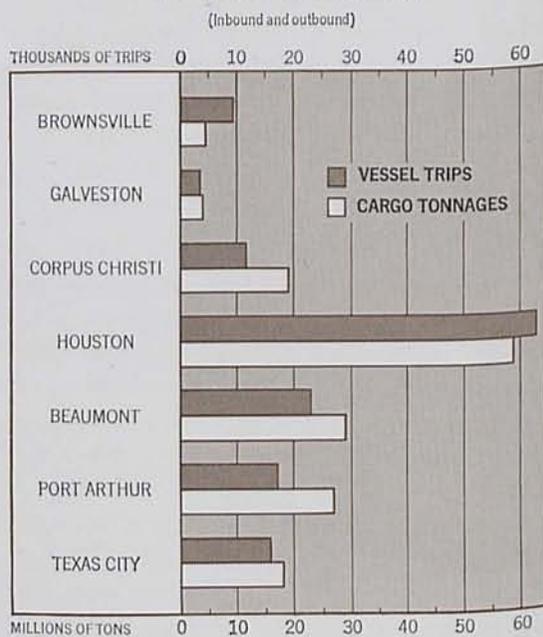
A port may be ranked in importance on the basis of a specific measure. Measures commonly used are total tonnage, export or import tonnages, total value of cargo handled, value of exports or imports, and number of ship entries or departures. Regardless of which common measure is used, Houston is among the leading American ports.

Partially as a consequence of the disastrous 1900 hurricane at Galveston, the Houston Ship Channel was completed in 1915, and the locus of major port activity shifted from Galveston to Houston. The Ship Channel is 50 miles long, and 25 miles are lined with either cargo-handling facilities or industrial installations, notably refining and petrochemical facilities. Approximately 59 million tons of cargo were moved on the Houston Ship Channel in 1964; of this total, general cargo tonnage accounted for over 5 million tons. The major bulk commodities moved were petroleum, chemicals, grains, and metals.

Seaport activity is commonly associated with foreign trade, but foreign commerce may account for only a relatively small proportion of a port's shipments. In the case of the Port of Houston, gasoline shipments totaled 8.6 million tons and ranked first in tonnage during 1964. Almost 80 percent of this amount represented coastwise shipments to other American ports, primarily those on the eastern seaboard. Another 14 percent consisted of shipments on internal waterways of the United States. Only a relatively small quantity of the gasoline entered foreign trade. In the case of crude petroleum, roughly three-quarters of the port's shipments were made on inland waterways.

The Houston area is a major oil refining center and is the leader in petrochemical production in the United States. Petroleum and chemicals account for about 63 percent of the total value added by manufacturing in the area — a development stemming from the availability

VESSEL TRIPS AND CARGO TONNAGES FOR TEXAS PORTS, 1964



SOURCE: U.S. Corps of Engineers.

of such raw materials as oil, natural gas, sulfur, lime, salt, and phosphate rock and from the advantages afforded by low-cost water transport. Petroleum, shipped mainly as bulk cargo, has traditionally dominated shipments from the Houston Ship Channel. In terms of general cargo tonnage, chemicals rank second in importance after steel. Exclusive of barge shipments, more than one-quarter of a million tons of chemicals are exported as general cargo. In addition to petrochemicals, inorganic chemicals account for quite large shipments; in fact, sulfuric acid is Houston's leading chemical export.

Houston's excellent dock facilities have helped make the port the Nation's leading foreign steel importer. The port handled over a million tons of domestic and foreign rolled finished steel mill products in 1964. About half of the tonnage brought into the area came from foreign sources, and receipts of steel products

from inland waterways accounted for the rest; thus, the port is a large handler of domestically produced tonnages as well. Furthermore, it has been announced that a new steel plant will be built at Cedar Point, just off the Ship Channel. Initial plans include the construction of two electric furnaces, a plate mill, and other facilities.

Grain is another major export of Houston. The port has successively set new records in the volume of grain shipped; and in 1964, about 150 million bushels of grain were handled. Wheat and wheat flour comprised by far the largest tonnage of grain and grain products exported, and Houston leads all other U.S. ports in the shipment of wheat. The remaining grain exports consisted of grain sorghums, rye, barley, and rice. A recent major addition to dockside elevator capacity increased the port's total elevator capacity to 21 million bushels. The construction of a 3-million-bushel facility at the Jacintoport industrial park on the Ship Channel is being planned by one of the Nation's most important grain specialists. The completion of this new elevator is likely to keep Houston in the forefront as a major grain port.

It is not possible to determine precisely the contribution that the Houston Ship Channel is making to the economy of the area. Local estimates suggest that approximately 10,000 people are directly involved in the work of the port and that, altogether, about 100,000 people are employed in industrial pursuits in the vicinity of the Ship Channel. It has been estimated that perhaps one out of every three dollars of purchasing power in the Houston area may be traced to the activities of the port.

The large cotton exports from the Southwest have made Galveston the leading cotton exporter in the Nation. During 1964, about half a million tons of cotton were shipped to foreign countries from the port, or more than twice

the cotton tonnage exported by Houston. New Orleans, a traditional shipper of the commodity, was the second most important cotton port in the United States. Galveston also is an important exporter of grains, particularly grain sorghums, wheat, and wheat flour; and a large tonnage of sulfur is handled at the port.

Texas City is the third major port located on Galveston Bay. Petroleum products and chemicals constitute by far the bulk of the commodities handled. During the early sixties, significant increases occurred in the shipment of these products, reflecting the continued growth of the area.

corpus christi bay ports

The Port of Corpus Christi is another dynamic southwestern port that has developed very rapidly by any standard of measurement. Corpus Christi Bay is located at a natural break in the barrier islands off the southern coast of Texas. Since these offshore islands hinder the development of any potential ports in the area, Corpus Christi is likely to remain an important seaport in the State.

During 1964, almost 30 million tons of cargo were moved through the Corpus Christi Bay area; and in terms of tonnage handled, the port ranked 10th in the Nation. The largest single cargo moved was crude oil, a development

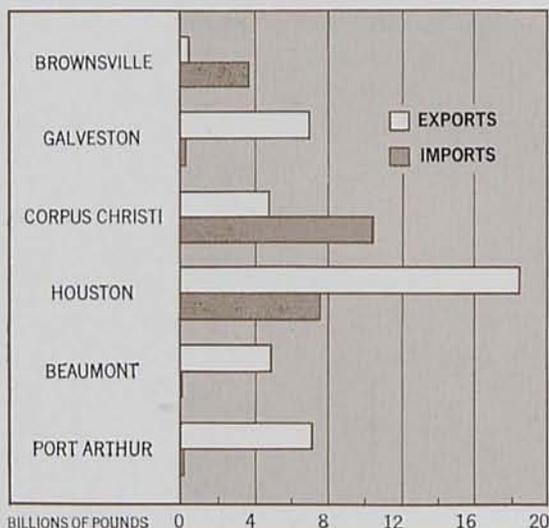
THE EIGHT MOST IMPORTANT COMMODITIES HANDLED IN 1964 AT CORPUS CHRISTI BAY PORTS¹

(In short tons)

Commodity	Tonnage
Petroleum, crude	9,834,144
Aluminum ores, concentrates, and scrap	7,639,826
Gas oil and distillate fuel oil	3,666,726
Gasoline	3,535,903
Grain sorghums	1,046,608
Wheat	600,294
Residual fuel oil	404,849
Kerosene	382,149

¹ Corpus Christi and Harbor Island.
SOURCE: U.S. Corps of Engineers.

FOREIGN EXPORTS AND IMPORTS AT TEXAS PORTS, 1964



SOURCE: U.S. Department of Commerce.

which is in keeping with the fact that petroleum refining is the city's principal nonmilitary industry. Approximately 127 million barrels, or about 10 million tons, of petroleum products moved through the port in 1964, making Corpus Christi one of the Nation's leading oil ports. Coastwise shipments, mainly to the eastern seaboard, dominated the movement of petroleum, accounting for about 60 percent of the total. Most of the remaining cargo tonnage also entered into domestic trade via inland waterways.

Aluminum ores were the second most important commodity handled, with the bulk of the tonnage being foreign imports. The substantial importation of aluminum ores for local smelting is a characteristic that distinguishes the Corpus Christi Port from other major Texas ports. As a consequence of the heavy inflow of this raw material, the import tonnages at Corpus Christi exceed those at other Texas ports by a considerable amount.

The presence of a good port and the availability of relatively inexpensive natural gas

were largely responsible for the area's choice as a location for the production of aluminum from imported bauxite. Another major smelting firm refines zinc and cadmium from imported ores, and sulfuric acid is a by-product. Numerous other industrial chemicals are produced in the area, and another firm relies on water transport to haul oyster shells from Nueces Bay for making cement.

The port has good grain-handling facilities, including two dockside grain elevators. A world leader in the export of grain sorghums, the port shipped its highest tonnage of these and other grains, totaling almost 59 million bushels, in 1964. A substantial volume of other agricultural products — such as flour, dried milk, and animal feeds — also is channeled through Corpus Christi. In addition to nonmilitary users, the U.S. Naval Air Station and the U.S. Army Aeronautical Depot Maintenance Center have found a port location convenient.

sabine lake ports

Another industrial area of growing importance in the Southwest is the Sabine Lake region. As in the case of most of the other major Texas ports, petroleum has played the leading role in the industrialization of the area. There are three port cities in this region — Beaumont, Orange, and Port Arthur — and the Sabine Pass Port, which handles mostly coastwise and intraport traffic. Much of the current expansion of the petrochemical industry relates in some way to the seaports in the area. Moreover, the existence of the ports enhances the prospects of new plant location to this section of Texas.

Port Arthur, on the shore of Sabine Lake, has a particularly favorable location with respect to access to both the sea and the intra-coastal canal. Beaumont is located inland on the Neches River, and Orange has an inland location but is on the Sabine River. Among the three ports, Beaumont ranked first in tonnage

in 1964 with almost 30 million tons; Port Arthur was a close second with over 27 million tons; and Orange was third with about 1 million tons.

The overwhelming proportion of the cargo movement of the Sabine ports consists of petroleum; relatively minimal amounts of the petroleum products enter foreign trade with the exception of a fairly large quantity of lubricating oils and greases. Although foreign petroleum imports are modest in quantity, there are large coastwise shipments and receipts of crude, and the inland waterways are heavily used for moving petroleum products into and out of the Sabine Lake ports. About three-fourths of the gasoline tonnage handled by these ports consists of outbound coastwise shipments.

Sabine area ports are also important exporters of farm products, especially wheat, sorghum grain, flour, and rice. Seashells received via the inland waterways account for a sizable tonnage, and substantial volumes of various chemicals pass through the Sabine area ports. Shipments of sulfur produced along the Gulf Coast are particularly large.

In 1965, a large manufacturer of paper, corrugated, and solid-fiber shipping box materials announced the construction of a plant near Orange. The facility will eventually employ 300 workers, and another 200 will be involved in allied services. A plant site near a port was a major consideration in the facility's location because a large percentage of the output will be exported abroad.

other texas ports

Texas has several other important ports and landings, including Freeport and Port Mansfield, which will not be discussed separately in this article. Generally, activity at these ports, as in the case of most other Texas ports, relies heavily upon petroleum and chemicals. Two of

the smaller Texas ports—Brownsville and Port Lavaca-Point Comfort—have waterborne commerce which differs in certain aspects from that of the other ports.

Brownsville, on the Lower Rio Grande River, gained access to the Gulf of Mexico in the 1930's. Since the port is not located on a natural bay, the harbor and channel are man-made. The channel to the Gulf does not follow the riverbed, as might be assumed, but has been cut directly from the Gulf to the outskirts of the city of Brownsville, a distance of about 18 miles.

Since the port is located at the southern end of the Intracoastal Waterway and is on the international border, activities at the Brownsville Port are affected extensively by trade with Mexico. Of the total 4.4 million tons of cargo handled in 1964, four-fifths consisted of crude oil, much of which was foreign oil transshipped through the United States, under bond, into Mexico via what has been termed the "Brownsville loop." Foreign oils transshipped via the loop come back into the United States as overland foreign imports and are not subject to the quotas placed upon foreign oil imported by water.

Brownsville also acts as a transshipper of many Mexican raw materials. Cotton, metallic ores, and semirefined metals enter the United States through Matamoros in order to be transshipped from Brownsville. A sizable volume of the metals is transported via the intracoastal canal to U.S. consuming areas.

Port Lavaca-Point Comfort, a small port, is a newcomer as a deepwater Texas port. The 26-mile Matagorda Ship Channel was opened in 1965, and it is anticipated that the port eventually may handle over 2 million tons of additional cargo. Bauxite, or aluminum ore, presently is the largest import, and aluminum is the principal export.

concluding comments

The prospects for continued expansion of Texas port activity appear quite promising. There is increasing interest in improving existing streams which flow into the Gulf of Mexico, notably the Trinity, Red, and Sabine Rivers, so that barge traffic can be accommodated. The completion of the Mansfield Port in 1962 and the Matagorda Ship Channel in 1965 indicates that communities along the Gulf Coast are well aware of the great potentialities a deepwater port affords for economic growth and development. The contribution being made to the economy of Houston by its port can hardly escape the notice of leaders in other coastal areas. The Port of Houston is already ranked among the foremost American ports, although it has been in operation for a relatively short time—about 50 years; and Houston and her sister ports on the Gulf continue to attract industry.

The potential hinterland of the Texas ports is very large, consisting of the southwestern states and a considerable portion of the middle western states; and this area is well traversed by an excellent rail and highway network, which provides the vital links from seaport to landlocked areas. Currently, the region does not include markets comparable to those of the heavily populated and industrially developed eastern seaboard. Thus, a deterrent to expan-

sion of activity at Texas seaports is the imbalance between inbound and outbound cargo shipments. Texas ports remain typically characterized by large shipments, rather than receipts, of cargo. However, industrialization and population growth rates in the Southwest are among the highest in the country.

It is highly doubtful that any Texas port could ever achieve New York's status as a passenger port. The city's geographical position vis-a-vis Europe and North America gives it a unique advantage in this regard, and the great trans-Atlantic liners sailing from various parts of Europe converge on one U.S. seaport—New York. It is highly improbable, especially with the advent of air travel, that New York's dominance in the water transport of passengers will be overcome by any other American port. Nevertheless, Texas ports, particularly Houston, may be able to develop a greater passenger trade with the Caribbean area and Latin America than is now experienced.

All in all, the Texas ports are vital to the development of the southwestern region. Their continuing growth will enhance the area and bring it into greater economic importance, not only in the United States but in the world as well.

RAYNAL HAMMELTON
General Economist

new member bank

The Fort Hood National Bank, Fort Hood, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business October 17, 1966, as a member of the Federal Reserve System. The new member bank has capital of \$200,000, surplus of \$150,000, and undivided profits of \$75,000. The officers are: W. Guy Draper, Chairman of the Board; Roy J. Smith, President; B. M. Beck, Vice President; H. B. Davis, Vice President; I. A. Deorsam, Cashier; Melton L. Kunkel, Assistant Cashier; and Billy H. Wiseman, Assistant Cashier.

district highlights

Holdings of negotiable time certificates of deposit issued in denominations of \$100,000 or more declined \$65.0 million, or 6.0 percent, at weekly reporting commercial banks in the Eleventh District during the 6 weeks ended October 12. The decline was concentrated in the accounts of individuals, partnerships, and corporations, which decreased \$67.8 million; all other accounts rose \$2.7 million.

Despite this deposit drain, the District's banks have been very successful in retaining CD's, relative to the experience of the Nation's banks and to that of the major money market banks. While the District's banks were showing a loss of 6.0 percent in their holdings of large CD's, all weekly reporting commercial banks in the Nation experienced an 8.5-percent attrition, and the money market banks in New York and Chicago had reductions of 10.5 percent and 20.1 percent, respectively. The level of CD's (issued in denominations of \$100,000 or more) outstanding in the District was \$1.0 billion on October 12.

The seasonally adjusted Texas industrial production index increased nearly 2 percent in September to reach 148.7 percent of the 1957-59 base and was 9 percent higher than in the same month last year. Output of durable goods rose almost 2 percent in September; however, activity among the industries within the category was somewhat mixed, as increases for some contrasted with declines for others. Transportation equipment manufacturing posted a gain of 7 percent, which is mainly attributable to the model changeover in automobiles, and electrical machinery production also advanced. Both of these categories showed sizable percentage increases over a year earlier. Stone,

clay, and glass products expanded somewhat over August. This production category is linked to activity in the construction industry, which has shown a severe drop this summer; and compared with September last year, output of stone, clay, and glass products declined 5 percent. Nondurable goods manufacturing rose slightly over 2 percent during September. Petroleum refining and related industries registered an output gain during the month, much of which was associated with the buildup of heating fuel inventories. Other nondurables categories experienced little change during September except printing, publishing, and allied industries, which showed a decline.

Partial data indicate that daily average crude oil production advanced 0.9 percent in the Eleventh Federal Reserve District during October and was 6.8 percent higher than in the same month last year. The increase in production in Texas during October paralleled the 0.8-percent increases in both the Nation and the District as a whole. Crude oil output rose 2.1 percent in southeastern New Mexico, and output in northern Louisiana remained unchanged. Compared with a year earlier, crude oil stocks were up 3.7 percent and 3.3 percent, respectively, in the Eleventh District and in the United States. The Texas allowable for October was 33.5 percent of proratable potential production; for November, it has been set at 34.5 percent, the highest rate since June.

Nonagricultural wage and salary employment in the five southwestern states advanced 0.3 percent during September to a total of 5,407,900 workers. The advance is slightly larger than the normal seasonal change for September and stems mainly from the 3.5-

percent increase in government employment, which reflects the beginning of the school term. All other major categories of nonmanufacturing employment decreased. As a result of the continued downturn in home building, construction employment showed the largest dip — 1.8 percent. The work force in manufacturing was little changed from the previous month.

Nonagricultural employment in the five states in September rose 4.3 percent over the same month in 1965. Manufacturing employment was 7.1 percent higher, and the number of workers in nonmanufacturing industries was 3.7 percent greater. Virtually all the nonmanufacturing employment categories registered year-to-year increases, although mining was less buoyant than the others. Employment in construction, however, eased 0.5 percent below the figure for September 1965.

In September, the month preceding the introduction of the 1967 models by major U.S. manufacturers, registrations of new passenger cars in four major Texas markets declined 27 percent from August of this year and were 5 percent below September 1965. In comparison with the same 9 months last year, registrations during January-September this year were little different. Registrations were down 1 percent and 2 percent, respectively, in Dallas and in Houston but were up 2 percent in both Fort Worth and San Antonio.

District department store sales for the 4 weeks ended October 22 were 4 percent higher than in the comparable period a year ago. Cumulative sales thus far in 1966 were up 7 percent from those at the same time in the previous year.

Soil moisture is generally adequate over the District states. Open weather has furthered land preparation and has been beneficial to harvesting of fall crops. Seeding of small grains is about complete, and most of the early-planted acreage is up to good stands. Cotton production in the five southwestern states, as of October 1, is placed at 5.0 million bales, or 25 percent below that of last year. The decline results from a 26-percent reduction in acreage, as the yield per acre is up slightly.

The District citrus crop is making good progress, and harvesting is under way. The cooler weather and adequate soil moisture have furthered the development of citrus fruits, as well as fall and winter vegetable crops. Output of grapefruit and oranges is estimated to be 18 percent larger than a year earlier. Texas citrus production is placed at 7.8 million boxes, or 53 percent above that of 1965.

Southwestern ranges and pastures are providing the best grazing in several years. The condition of cattle is good, and gains are resulting from the adequate forage supply.

**new
par
banks**

The Peoples Bank, Willcox, Arizona, an insured nonmember bank located in the territory served by the El Paso Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, October 14, 1966. The officers are: S. L. Sanders, President, and Bobby Simpson, Vice President and Cashier.

The Guaranty Bank & Trust Company of Delhi, Delhi, Louisiana, an insured nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, October 17, 1966. The officers are: Clovis E. Prisock, President, and James K. Sehon, Cashier.

STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

November 1966



FEDERAL RESERVE BANK
OF DALLAS

**CONDITION STATISTICS OF WEEKLY REPORTING
COMMERCIAL BANKS**

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Oct. 26, 1966	Sept. 28, 1966	Oct. 27, 1965 ¹
ASSETS			
Net loans and discounts.....	5,040,566	5,057,530	4,795,484
Valuation Reserves.....	91,331	91,896	80,249
Gross loans and discounts.....	5,131,897	5,149,426	4,875,733
Commercial and industrial loans.....	2,492,712	2,504,612	2,204,482
Agricultural loans ²	83,635	86,318	63,848
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities.....	7	2	274
Other securities.....	40,304	39,725	41,533
Other loans for purchasing or carrying:			
U.S. Government securities.....	1,015	1,015	2,149
Other securities.....	332,906	324,733	308,594
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies.....	154,798	158,641	130,925
Other.....	259,107	276,270	297,892
Real estate loans.....	472,019	467,786	437,935
Loans to domestic commercial banks.....	154,904	147,239	145,445
Loans to foreign banks.....	6,141	6,214	4,801
Consumer instalment loans.....	601,135	595,336	
Loans to foreign governments, official institutions, etc.....	0	0	1,237,855
Other loans ³	533,214	541,535	
Total investments.....	2,208,165	2,184,483	2,168,831
Total U.S. Government securities.....	1,074,870	1,062,889	1,243,115
Treasury bills.....	46,434	24,013	94,034
Treasury certificates of indebtedness.....	16,842	17,287	0
Treasury notes and U.S. bonds maturing:			
Within 1 year.....	145,250	147,686	202,625
1 year to 5 years.....	569,011	574,304	600,185
After 5 years.....	297,333	299,599	346,271
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills.....	14,741	11,471	
All other.....	960,886	955,883	
Other bonds, corporate stocks, and securities:			
Participation certificates in Federal agency loans ⁴	89,672	85,640	925,716
All other (including corporate stocks).....	67,996	68,600	
Cash items in process of collection.....	810,271	772,008	750,127
Reserves with Federal Reserve Bank.....	598,029	558,646	479,744
Currency and coin.....	77,197	76,953	70,153
Balances with banks in the United States.....	464,622	460,835	461,843
Balances with banks in foreign countries.....	4,426	3,782	3,391
Other assets.....	320,750	320,946	291,851
TOTAL ASSETS.....	9,524,026	9,435,183	9,021,424
LIABILITIES			
Total deposits.....	8,063,182	8,005,318	7,868,524
Total demand deposits.....	4,906,839	4,832,757	4,763,511
Individuals, partnerships, and corporations.....	3,456,504	3,310,998	3,298,407
States and political subdivisions.....	267,824	332,919	262,283
U.S. Government.....	83,469	123,230	67,591
Banks in the United States.....	1,020,790	983,881	1,054,887
Foreign:			
Governments, official institutions, etc.....	2,830	3,486	3,037
Commercial banks.....	18,672	18,279	21,383
Certified and officers' checks, etc.....	56,750	59,964	55,923
Total time and savings deposits.....	3,156,343	3,172,561	3,105,013
Individuals, partnerships, and corporations:			
Savings deposits.....	1,175,787	1,199,697	1,338,731
Other time deposits.....	1,384,869	1,366,841	1,337,240
States and political subdivisions.....	570,616	578,611	414,415
U.S. Government (including postal savings).....	8,849	8,855	3,119
Banks in the United States.....	13,882	16,217	9,068
Foreign:			
Governments, official institutions, etc.....	800	800	500
Commercial banks.....	1,540	1,540	1,940
Bills payable, rediscounts, and other liabilities for borrowed money.....	426,316	396,669	191,932
Other liabilities.....	184,466	188,184	156,120
CAPITAL ACCOUNTS.....	850,062	845,012	804,848
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	9,524,026	9,435,183	9,021,424

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 Oct. 5, 1966	4 weeks ended Sept. 7, 1966	5 weeks ended Oct. 6, 1965
RESERVE CITY BANKS			
Total reserves held.....	629,344	610,781	617,883
With Federal Reserve Bank.....	583,151	566,493	574,163
Currency and coin.....	46,193	44,288	43,720
Required reserves.....	623,112	608,379	611,191
Excess reserves.....	6,232	2,402	6,692
Borrowings.....	68,587	40,194	12,342
Free reserves.....	-62,355	-37,792	-5,650
COUNTRY BANKS			
Total reserves held.....	631,402	620,098	592,372
With Federal Reserve Bank.....	477,642	471,099	451,823
Currency and coin.....	153,760	148,999	140,549
Required reserves.....	596,330	588,608	555,785
Excess reserves.....	35,072	31,490	36,587
Borrowings.....	15,896	19,228	9,514
Free reserves.....	19,176	12,262	27,073
ALL MEMBER BANKS			
Total reserves held.....	1,260,746	1,230,879	1,210,255
With Federal Reserve Bank.....	1,060,793	1,037,592	1,025,986
Currency and coin.....	199,953	193,287	184,269
Required reserves.....	1,219,442	1,196,987	1,166,976
Excess reserves.....	41,304	33,892	43,279
Borrowings.....	84,483	59,422	21,856
Free reserves.....	-43,179	-25,530	21,423

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Oct. 26, 1966	Sept. 28, 1966	Oct. 27, 1965
Total gold certificate reserves.....	381,754	425,604	289,382
Discounts for member banks.....	106,800	107,249	13,568
Other discounts and advances.....	870	696	1,914
U.S. Government securities.....	1,663,514	1,574,951	1,640,026
Total earning assets.....	1,771,184	1,682,896	1,655,508
Member bank reserve deposits.....	1,001,447	937,462	871,261
Federal Reserve notes in actual circulation.....	1,239,004	1,243,555	1,154,647

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Sept. 28, 1966	Aug. 31, 1966	Sept. 29, 1965
ASSETS			
Loans and discounts ¹	8,647	8,560	8,232
U.S. Government obligations.....	2,233	2,246	2,417
Other securities ²	2,201	2,171	1,814
Reserves with Federal Reserve Bank.....	937	918	899
Cash in vault.....	227	220	212
Balances with banks in the United States.....	1,028	999	1,097
Balances with banks in foreign countries ³	6	6	5
Cash items in process of collection.....	867	840	801
Other assets ⁴	483	446	444
TOTAL ASSETS⁵.....	16,629	16,406	15,921
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,223	1,215	1,312
Other demand deposits.....	7,492	7,431	7,445
Time deposits.....	5,792	5,821	5,387
Total deposits.....	14,507	14,467	14,144
Borrowings.....	412	272	189
Other liabilities ⁶	257	238	241
Total capital accounts ⁶	1,453	1,429	1,347
TOTAL LIABILITIES AND CAPITAL ACCOUNTS⁶.....	16,629	16,406	15,921

¹ Beginning June 15, 1966, Commodity Credit Corporation certificates of interest and Export-Import Bank participations are included in "Other securities," rather than "Loans and discounts."

⁶ — 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			
	September 1966 (Annual-rate basis)	Percent change			September 30, 1966	September 1966	Annual rate of turnover	
		August 1966	September 1965	9 months, 1966 from 1965			August 1965	September 1965r
ARIZONA: Tucson.....	\$ 4,227,600	8	14	2	\$ 176,569	24.9	23.8	23.5
LOUISIANA: Monroe.....	1,892,712	-6	6	10	72,077	25.4	26.3	23.4
Shreveport.....	5,559,624	-5	13	11	212,377	26.0	27.1	24.4
NEW MEXICO: Roswell ²	623,616	1	-7	5	34,165	18.4	18.5	18.3
TEXAS: Abilene.....	1,954,524	1	6	9	88,459	21.8	21.5	21.0
Amarillo.....	4,366,404	6	4	10	137,270	31.8	29.9	29.9
Austin.....	4,185,288	-6	11	9	183,599	22.5	23.5	21.1
Beaumont-Port Arthur.....	5,369,892	1	7	13	214,661	25.2	24.9	24.0
Brownsville-Harlingen-San Benito.....	1,366,860	84	5	9	57,800	24.7	14.7	23.3
Corpus Christi ³	3,991,464	6	7	8	184,905	21.6	20.8	20.7
Corsicana ²	287,004	-22	10	13	28,658	10.0	13.0	9.3
Dallas.....	66,339,084	3	16	17	1,645,518	40.5	39.2	36.3
El Paso.....	5,016,864	1	2	3	187,932	25.7	24.3	24.5
Fort Worth.....	14,592,000	3	16	11	497,654	29.5	28.8	25.8
Galveston-Texas City.....	2,143,596	5	6	3	89,426	23.9	23.0	21.8
Houston ¹	61,980,084	0	15	14	1,913,294	32.2	32.0	28.4
Laredo.....	594,276	7	20	11	31,287	19.8	19.5	18.6
Lubbock.....	3,745,344	-6	9	7	152,918	23.9	25.5	23.4
Midland.....	1,599,384	4	-1	-6	115,734	13.8	13.3	14.7
Odessa.....	1,238,076	-11	0	15	65,591	18.8	21.4	19.1
San Angelo.....	838,848	-7	-1	11	54,395	15.3	16.3	15.5
San Antonio.....	11,727,384	1	7	12	489,510	23.8	23.7	23.0
Texarkana (Texas-Arkansas).....	1,037,016	-4	22	5	53,874	19.1	20.1	17.1
Tyler.....	1,540,296	1	-3	7	82,018	18.8	18.4	20.0
Waco.....	1,947,408	-2	5	10	106,662	18.5	19.4	17.8
Wichita Falls.....	2,025,300	1	7	10	107,363	18.6	17.7	16.3
Total—26 centers.....	\$210,189,948	1	13	13	\$6,983,716	30.0	29.6	27.3

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)

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: September.....	8,530	4,090	4,440	4,689	2,354	2,335
1965: September.....	8,705	4,119	4,586	5,347	2,616	2,731
1966: 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
August.....	8,637	3,982	4,655	5,764	2,670	3,094
September.....	8,797	4,080	4,717	5,736	2,634	3,102

Area and type	September 1966	August 1966	September 1965	January—September	
	1966	1966	1965	1966	1965
FIVE SOUTHWESTERN STATES¹					
Residential building.....	522	426	406	3,994	4,024
Nonresidential building....	119	142	158	1,498	1,615
Nonbuilding construction...	147	132	99	1,261	1,367
Total.....	255	152	149	1,235	1,042
UNITED STATES.....					
Residential building.....	4,083	4,302	4,141r	39,621	37,682r
Nonresidential building....	1,261	1,494	1,743r	14,659	16,313r
Nonbuilding construction...	1,676	1,729	1,464	14,975	12,955
Total.....	1,146	1,079	934	9,987	8,414

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.

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	September 1966p	August 1966p	September 1965	Percent change from	
				August 1966	September 1965
ELEVENTH DISTRICT.....					
Texas.....	3,413.2	3,391.8	3,140.9	0.6	8.7
Gulf Coast.....	2,940.6	2,924.2	2,705.7	.6	8.7
West Texas.....	539.0	535.6	505.6	.6	6.6
East Texas (proper).....	1,335.8	1,327.9	1,252.4	.6	6.7
Panhandle.....	123.1	123.1	108.9	.0	13.0
Rest of State.....	99.6	98.8	92.9	.8	7.2
Southeastern New Mexico..	843.1	838.8	745.9	.5	13.0
Northern Louisiana.....	300.5	294.9	287.9	1.9	4.4
OUTSIDE ELEVENTH DISTRICT					
.....	172.1	172.7	147.3	-.4	16.8
UNITED STATES.....					
.....	4,886.5	4,859.7	4,006.7	.6	22.0
.....	8,299.7	8,251.5	7,147.6	.6	16.1

p — Preliminary.

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

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	September 1966p	August 1966	July 1966r	September 1965
	TEXAS (1966 revision)¹			
Total industrial production.....	148.7	146.1	145.6	136.1
Manufacturing.....	165.4	162.2	160.7	149.9
Durable.....	178.4	175.3	170.7	156.9
Non-durable.....	156.7	153.4	150.0	145.2
Mining.....	117.5	117.0	115.7	108.3
Utilities.....	185.3	175.2	189.6	178.4
UNITED STATES				
Total industrial production.....	158.2	158.3	157.2	143.5r
Manufacturing.....	160.4	160.4	159.3	145.2r
Durable.....	168.1	167.2	166.0	148.2
Non-durable.....	150.8	152.0	151.0	141.3
Mining.....	121.7	122.2	122.0	112.6r
Utilities.....	179.0	178.5	175.6	165.3r

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.

COTTON PRODUCTION

Texas Crop Reporting Districts

(In thousands of bales — 500 pounds gross weight)

Area	1966, indicated			1966 as percent of 1965
	Oct. 1	1965	1964	
1-N — Northern High Plains.....	410	555	565	74
1-S — Southern High Plains.....	1,350	1,693	1,348	80
2-N — Red Bed Plains.....	240	281	236	85
2-S — Red Bed Plains.....	330	402	247	82
3 — Western Cross Timbers.....	20	21	17	95
4 — Black and Grand Prairies.....	425	469	443	91
5-N — East Texas Timbered Plains....	30	34	27	88
5-S — East Texas Timbered Plains....	50	58	66	86
6 — Trans-Pecos.....	140	194	213	72
7 — Edwards Plateau.....	30	57	24	53
8-N — Southern Texas Prairies.....	80	108	146	74
8-S — Southern Texas Prairies.....	110	168	166	65
9 — Coastal Prairies.....	65	201	248	32
10-N — South Texas Plains.....	35	41	45	85
10-S — Lower Rio Grande Valley.....	210	383	332	55
State.....	3,525	4,665	4,123	76

SOURCE: U.S. Department of Agriculture.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change Sept. 1966 from	
	September 1966p	August 1966r	September 1965r	Aug. 1966	Sept. 1965
Total nonagricultural wage and salary workers..	5,407,900	5,391,400	5,186,200	0.3	4.3
Manufacturing.....	991,400	990,200	925,300	.1	7.1
Nonmanufacturing.....	4,416,500	4,401,200	4,260,900	.3	3.7
Mining.....	237,400	239,800	234,900	-1.0	1.1
Construction.....	360,300	366,700	362,100	-1.8	-5
Transportation and public utilities.....	423,600	424,400	407,300	-2	4.0
Trade.....	1,272,300	1,272,100	1,229,200	.0	3.5
Finance.....	271,000	272,300	261,500	-5	3.6
Service.....	787,800	797,700	757,400	-1.3	4.0
Government.....	1,064,100	1,028,200	1,008,500	3.5	5.5

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

p — Preliminary.

r — Revised.

SOURCE: State employment agencies.

CROP PRODUCTION

(In thousands of bushels)

Crop	TEXAS			FIVE SOUTHWESTERN STATES ¹		
	1966, estimated Oct. 1	1965	Average 1960-64	1966, estimated Oct. 1	1965	Average 1960-64
Cotton ²	3,525	4,665	4,480	4,980	6,616	6,521
Corn.....	19,872	19,371	27,935	28,074	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	24,507	25,914	31,074
Rye.....	496	377	354	1,252	1,305	1,135
Rice ³	21,672	21,714	15,838	42,710	40,512	30,991
Sorghum grain... ⁴	329,450	285,740	230,073	381,844	334,512	267,011
Flaxseed.....	720	940	955	720	940	955
Hay ⁵	3,169	3,065	2,363	8,386	8,348	7,008
Peanuts ⁶	370,500	299,250	225,323	613,590	523,625	404,683
Irish potatoes ⁶ ..	4,440	2,921	2,637	8,236	5,813	5,633
Sweet potatoes ⁶ ..	1,170	1,280	1,112	5,055	6,104	4,769
Pecans ⁶	23,000	62,000	31,600	86,000	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.

BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	NUMBER				Percent change Sept. 1966 from		
	Sept. 1966	9 mos. 1966	September 1966	9 mos. 1966	Aug. 1966	Sept. 1965	9 months, 1966 from 1965
ARIZONA							
Tucson.....	495	5,645	\$ 1,343	\$ 20,140	-34	-70	0
LOUISIANA							
Shreveport....	334	3,184	934	22,215	-68	-53	54
TEXAS							
Abilene.....	44	624	2,399	12,103	183	395	6
Amarillo.....	374	3,647	3,493	30,518	-31	-30	15
Austin.....	252	2,862	2,673	62,313	-62	-73	24
Beaumont....	125	1,512	518	12,656	-59	-52	-14
Corpus Christi..	355	3,386	2,694	26,530	-14	45	31
Dallas.....	1,531	17,359	15,777	149,478	44	-7	-2
El Paso.....	371	3,783	3,613	44,804	-42	28	5
Fort Worth....	674	5,739	17,060	64,355	154	377	48
Galveston....	105	842	816	10,584	-84	-56	80
Houston.....	1,676	18,626	16,978	248,395	-43	-12	2
Lubbock.....	84	1,551	4,588	47,794	62	22	53
Midland.....	59	837	396	12,657	-41	-40	2
Odessa.....	70	1,009	598	10,473	-49	-49	-7
Port Arthur... ¹	100	847	256	3,912	-12	-30	-22
San Antonio... ²	1,111	11,835	6,093	71,442	6	25	26
Waco.....	251	1,888	2,187	9,965	202	157	-42
Wichita Falls..	59	649	2,045	11,278	462	56	23
Total—19 cities..	8,070	85,825	\$84,461	\$871,612	-9	3	10

ELEVENTH FEDERAL RESERVE DISTRICT



- Dallas Head Office Territory
- Houston Branch Territory
- San Antonio Branch Territory
- El Paso Branch Territory