

# ***business review***



*december 1966*

**FEDERAL RESERVE  
BANK OF DALLAS**

## ***contents***

<i>socioeconomic profile of houston area residents.....</i>	<i>3</i>
<i>southwestern agriculture in 1966.....</i>	<i>9</i>
<i>petroleum trends in 1966.....</i>	<i>12</i>
<i>district highlights.....</i>	<i>16</i>

# *socioeconomic profile of houston area residents*

Houston needs manpower for its industries, stevedores for its port, and scientists to help send men to the moon. Houston is well known as a refining and petrochemical center, a major port city, the location of NASA, and the site of the Astrodome—an architectural masterpiece. The city is considered a good place to live and a good place to work. What type of people live in Houston?

The 1960 population of the Houston standard metropolitan statistical area—including residents in the counties added when the area was redefined in 1965<sup>1</sup>—totaled 1,418,323, ranking the area 16th among all SMSA's in the Nation. Between 1950 and 1960, the area's population had increased 51.6 percent, or at an average annual rate of 5.16 percent. Net civilian migration between those years added 235,405 new persons to the total population. The U.S. Bureau of the Census estimates that the Houston SMSA population increased another 277,000 persons, or 19.5 percent (an average rate of 3.9 percent annually), between 1960 and mid-1965 to reach a total of 1,695,000.

Data on net migration are not available for the entire period between 1960 and mid-1965, but the Bureau of the Census has estimated the aggregate net migration for the Houston area between 1960 and mid-1964. Based upon the assumption that the proportion of net migrants

to the total population increase remained the same between 1964 and mid-1965, net migration is estimated to have contributed about 49 percent—approximately 135,000 persons—to the total population increase in the Houston SMSA during the period from 1960 to mid-1965.

Expanding economic activity in the Houston area has provided good employment opportunities for both old and new residents. With the decrease of the unemployment rate from 4.5 percent in 1960 to 2.9 percent in July 1966, Houston attained one of the lower unemployment rates among the 150 major U.S. labor market areas. In only 27 of the other major labor market areas was the unemployment rate lower than in Houston.

According to the U.S. Department of Labor, as of January 1966, almost 86 percent of the job openings for workers in professional, technical, and managerial occupations in the area had been unfilled for 30 days or more. The proportion of unfilled positions for such occupations was more than double that for all occupations. The high percentage of job openings unfilled for 30 days or more indicates a definite shortage of persons with the necessary skills.

The following discussion provides a profile of certain significant population and employ-

*This is the second of a series of articles discussing selected population and employment characteristics of various metropolitan areas in the Eleventh Federal Reserve District for which the necessary data are available.*

<sup>1</sup> Only Harris County was included in the 1960 area definition; but in 1965 the Houston SMSA was redefined to include Brazoria, Fort Bend, Liberty, and Montgomery Counties. The addition of these counties increases the 1960 Houston SMSA population by 175,165.



ment characteristics for the Houston SMSA, based upon census data for the 1950-60 period. Comparable data detailing the socioeconomic composition of migrants are not available for the years since 1960; consequently, it is not possible to determine if migration patterns evident during the decade of the 1950's have persisted into the 1960's. Data on population growth and employment through the midsixties suggest that the Houston area has remained a sufficiently attractive labor market to retain its residents and to attract additional out-of-area job seekers.

### *age composition*

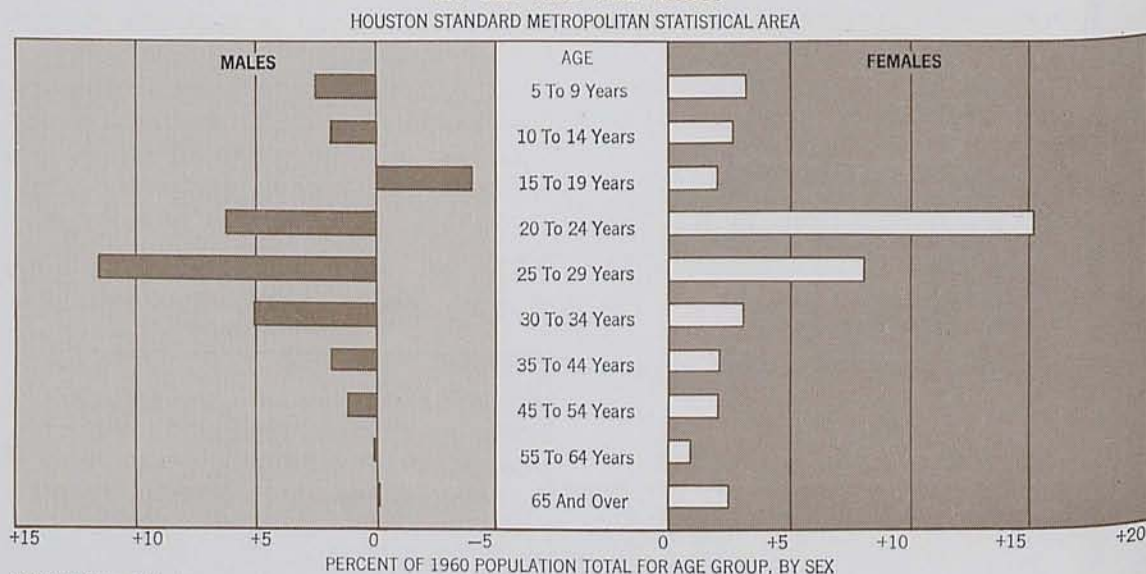
Between 1950 and 1960, the population of the Houston area became relatively younger. During this period, the median age for females declined from 28.5 years to 27.3 years, and for males it declined from 29.0 years to 27.0 years. Thus, although the median age in 1950 was slightly lower for females than for males, the reverse was true by 1960. In the case of both males and females, one of the more prominent shifts occurring between 1950 and 1960 was

the increase in the proportion of the population in the 5- to 14-year age group. The growing importance of this particular age group contrasted with the substantially reduced importance of the 25- to 44-year age group. The other age groups experienced minor changes in relative importance.

Nearly 16 percent of the 1960 residents in the 5-14 age group can be attributed to net in-migration during the 1950-60 period. In the Houston area, as in other economic and geographical areas in the Nation experiencing a significant net in-migration of population, the 5- to 14-year age group showed large numerical and relative increases. These increases reflect the very high birth rates which occurred after World War II. Net migration of youngsters in this age bracket is, of course, dependent upon the migration of their parents.

The relative importance of net migration to the age composition of the resident population during 1955-60 is indicated in data provided by a special survey conducted by the Census Bureau on migration to and from selected

**1955-60 IN-MIGRANTS AS PROPORTION OF 1960 RESIDENT POPULATION,  
BY SEX AND AGE GROUP**



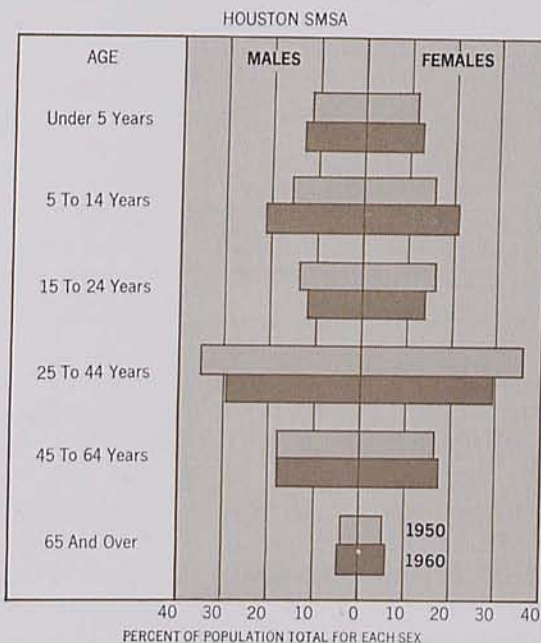


SMSA's. The data show that 13 percent of the 1960 population in the 20-24 age group was not living in the Houston area (which included only Harris County at the time of this survey) prior to 1955. In the case of the 25-29 age group, 9.7 percent was not residing in the area. A particularly striking development revealed by the census data was the net out-migration — although relatively small in magnitude — displayed by the male 15-19 age group as contrasted with the in-migration of other young age groups. The net effect of the migration pattern was to increase the youthfulness of the area's population by reducing the median age of the residents 5 years or more of age to 31.4 years from the 31.7 years it would have been without migration.

The 15-19 age group's net out-migration of 1,577 males — which resulted from two opposite flows, a net out-movement of 1,842 whites and a net in-movement of 265 nonwhites — is not readily explicable, although some presumptions concerning the reasons for this exceptional phenomenon might be advanced. One is that, as of 1960, the University of Houston was not a fully State-supported institution of higher learning. This fact might have induced some students to seek a college education in State-supported institutions located elsewhere.

It is also quite possible that many of the teen-agers were of post-high school age and were relatively new entrants in the labor market; and better job opportunities at this particular time may have been more readily available elsewhere. In 1960, for example, the unemployment rate for males in the 15-19 age group was 11 percent, compared with a crude estimate of 15 percent if no migration had occurred. (This estimate assumes that participation in the labor force would have been proportionately the same for those 15- to 19-year-old males in Houston during 1960 and for the 1955-60 out-migrants in the age group had they remained residents.) The comparable 1960 unemployment rates for

## THE CHANGING AGE STRUCTURE BETWEEN 1950 AND 1960



SOURCE: U.S. Bureau of the Census.

male residents in this age group were 12 percent for all urban areas in the State and 8 percent for Dallas. Thus, the net out-migration from Houston by young males may have been stimulated, in part, by the existence of better employment opportunities in other growing labor market areas.

The overall rate of net in-migration for Houston between 1955 and 1960 was somewhat low. The rate was pronounced in only one group for each sex, indicating considerable age selectivity in employment opportunities for in-migrants. Male migrants comprised a relatively substantial part — nearly 12 percent — of the 1960 male residents within the 25-29 age group. Female migrants composed about 15 percent of the 20-24 age group for female residents — a somewhat larger proportion than that for any of the other female age groups.

During the 1950-60 period, the net gain to Harris County from civilian in-migration was



**EMPLOYMENT IN MANUFACTURING**  
Houston Standard Metropolitan Statistical Area<sup>1</sup>

Item	1958	1959	1960	1961	1962	1963	1964	1965
Employment (In thousands):								
Total manufacturing .....	103.0	103.3	104.0	103.6	106.4	106.7	111.3	116.0
Durable manufacturing .....	48.9	50.5	50.2	50.4	52.6	53.2	56.5	60.4
Nondurable manufacturing .....	54.1	52.8	53.8	53.2	53.8	53.5	54.8	55.6
Employment change from previous year (Percent):								
Total manufacturing .....	n.a.	.3	.7	-.4	2.7	.3	4.3	4.2
Durable manufacturing .....	n.a.	3.3	-.6	.4	4.4	1.1	6.2	6.9
Nondurable manufacturing .....	n.a.	-2.4	1.9	-1.1	1.1	-.6	2.4	1.5

<sup>1</sup> 1965 SMSA definition.

n.a. — Not available.

SOURCE: U.S. Department of Labor.

220,731, of which only about 16 percent took place in the latter part of the decade. The lessening of the in-migration ensued from the general economic recession of 1957-58 and, in particular, the employment reduction in the petroleum industry arising from (1) the abrupt decline in output associated with the end of the Suez crisis in 1957 and (2) the very substantial increase in output per man-hour eventuating from the sizable investment boom which culminated in 1957. A consequence of the modernization coming out of that investment boom was reduced labor requirements, especially for production workers.

As suggested by data on employment in manufacturing industries, the Houston area did not manifest renewed strength in employment until 1962. Total manufacturing employment had exhibited a sidewise drift from 1958 through 1961, being depressed by adverse conditions in fabricated metal products, chemical, and petroleum industries. By 1964, however, manufacturing employment began to rise vigorously; and the area's population, as of July 1965, was growing at an average rate of 3.6 percent (compounded annually), compared with 3.4 percent during 1960-64.

### *educational characteristics*

Houston's residents are comparatively well educated. The 11.1 median years of schooling completed, as of 1960, by both sexes 14 years

old and over is higher than the 10.9 years for the combined population in all urban areas in Texas. The proportion of Houston's population having 12 years or more of education — 43 percent — was about the same as that for the State's total urban population.

### **COMPARATIVE IMPORTANCE OF 1960 RESIDENTS 25 YEARS OLD AND OVER, BY EDUCATIONAL LEVELS**

Houston SMSA

Years of school completed	Percentage in educational level	
	Nonmigrants	In-migrants <sup>1</sup>
Median school years completed	10.5	12.7
Under 8 years .....	98.3	1.7
8 years .....	97.8	2.2
9 to 11 years .....	98.1	1.9
12 years .....	96.8	3.2
13 to 15 years .....	95.6	4.4
16 years or more .....	92.7	7.3

<sup>1</sup> 1955-60.

SOURCE: U.S. Bureau of the Census.

In-migration produced a noticeable improvement in the area's educational level. In 1960 the median years of school completed by the migrant population 25 years old and over was 12.7 years, compared with 10.5 years for nonmigrants. Further, the proportion of the 1960 resident population accounted for by in-migrants was higher for those with 12 years or more of education than for those with less than 12 years. It was distinctly higher for those completing 16 years or more of schooling.

Since 1960, the professional and technical requisites accompanying the evolution of the NASA space complex have very likely engendered a considerable further increase in the educational level of in-migrants.

### *occupational structure*

Occupations derive their relative importance from not only the industry mix in a labor market but also the mix of occupational employment within the various industries. Thus, both the shifting character of employment within each industry and the structural changes among the industries influence changes in the occupational composition of employment.

The accompanying table indicates the number of people employed in the Houston SMSA in 1950 and 1960, classified by both occupation and sex, together with the differences between the actual 1960 employment and the employment that would have been expected if employment in each occupation had grown at the same rate between the 2 years as did total employment. The table shows the effect of

employment shifts among the various occupations, ensuing from both a shift in the Houston area's industrial structure and a change in the occupational needs within its industries.

Between 1950 and 1960, there was a strong shift in male employment toward professional and technical workers — a development which is in keeping with the existence of capital-intensive and technologically oriented industries in the Houston area. The occupations in which employment was considerably smaller than expected were laborers and craftsmen. The weak showing made in the employment of laborers provides a bleak outlook for the unskilled worker. Similarly, the shift in female employment was toward professional and, in particular, clerical occupations. Clerical positions substantially exceeded other occupations as a source of employment for women.

As a result of these shifts, the aggregate income level of the labor force improved. This would have been the case whether or not income levels within the occupations had risen, because the occupations into which people

### SHIFTING IMPORTANCE OF SELECTED NONFARM OCCUPATIONS

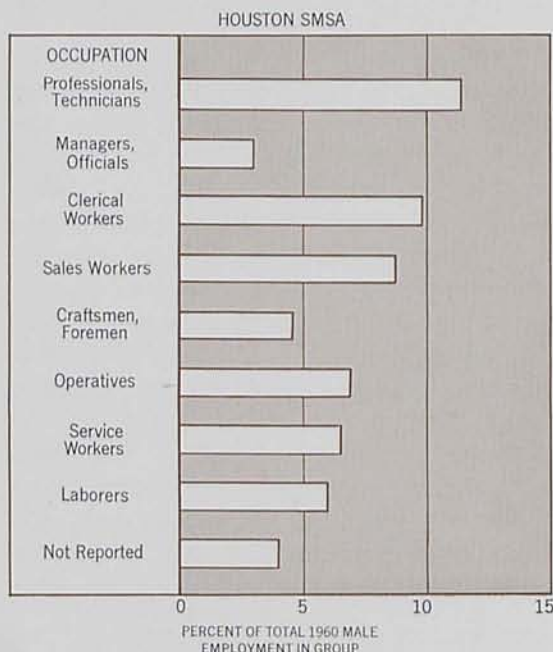
Houston Standard Metropolitan Statistical Area

Occupation	MALE EMPLOYMENT					FEMALE EMPLOYMENT				
	1950 actual	1960				1950 actual	1960			
		Actual	Expected <sup>1</sup>	Differential shift			Actual	Expected <sup>1</sup>	Differential shift	
				Negative	Positive				Negative	Positive
Professional, technical, and kindred workers . . . . .	22,420	39,156	29,390		9,766	10,928	19,828	16,522		3,306
Managers, officials, and proprietors . . . . .	31,051	39,330	40,703	1,373		5,049	6,147	7,633	1,486	
Clerical and kindred workers . . . . .	17,796	23,664	23,328		336	29,950	51,508	45,280		6,228
Sales workers . . . . .	18,024	25,230	23,627		1,603	8,442	11,618	12,763	1,145	
Craftsmen, foremen, and kindred workers . . . . .	52,092	63,545	68,285	4,740		1,308	1,593	1,977	384	
Operatives and kindred workers . . . . .	43,104	58,168	56,505		1,663	8,657	9,701	13,088	3,387	
Private household workers . . . . .	571	593	748	155		13,591	17,103	20,548	3,445	
Service workers, except private household . . . . .	15,909	20,433	20,854	421		14,135	21,809	21,370		439
Laborers, except mine . . .	24,333	25,218	31,897	6,679		576	745	871	126	
TOTAL . . . . .	225,300	295,337	295,337	13,368	13,368	92,636	140,052	140,052	9,973	9,973

<sup>1</sup> The number that would have been employed in 1960 if employment in the occupation had shown the same rate of change between 1950 and 1960 as total employment for all the occupations.  
SOURCE: U.S. Bureau of the Census.



**1955-60 MALE IN-MIGRANTS AS  
PROPORTION OF 1960 MALE EMPLOYMENT,  
BY NONFARM OCCUPATIONAL GROUP**



SOURCE: U.S. Bureau of the Census.

moved required more training and skill and, consequently, paid higher wages.

The proportion of male in-migrants during 1955-60 to the total 1960 male employment in occupational groups can be derived from special census data. Similar data for female in-migrants are not available. In the Houston SMSA, male in-migrants were prominent in four broad occupational categories. These were professional, technical, and kindred workers; clerical and kindred workers; sales workers; and operatives and kindred workers. A considerable part of

the migration component of each of these categories was related to the differential employment shifts among these categories.

### **summary**

After an apparently slight hesitation in its expansion between 1957 and 1961, the Houston area appears to be reaffirming the dynamic growth qualities it had displayed prior to 1957. The area's growth has been especially strong since 1964. With an increasingly young and (compared with residents in the State as a whole) well-educated population, the Houston area possesses an asset favorable to its continued advance. Houston seems to be in an excellent position to continue attracting young and well-educated workers. Much of its industrial base is technically oriented; its port will provide the opportunity for the city to become an expanding domestic and foreign trade center; and the location of NASA at Houston will generate both direct and indirect employment opportunities. Except in the case of the unskilled, increasing employment opportunities have utilized a broad range of the abilities and skills of both old and new residents.

These characteristics combine to provide a favorable labor market for continuous expansion of a wide variety of business and industrial concerns in the Houston SMSA. Such a favorable labor market is indicated by the fact that manufacturing employment in the area increased from 104,000 in 1960 to 122,100 in July 1966 — or 17.4 percent.

C. HOWARD DAVIS  
Industrial Economist

### **new par bank**

The Texas State Bank, Joaquin, Texas, an insured nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the Par List on November 10, 1966. The officers are: C. Webb Dean, President; J. H. Black, Vice President; Walter C. Rainbolt, Vice President and Cashier; and Mrs. Dorothy Graves, Assistant Cashier.



# *southwestern agriculture in 1966*

Production of agricultural commodities in the five southwestern states this year is at a high level but will be moderately less than last year's bountiful harvest, which set an all-time record. The output of crops is estimated to be 13 percent below that in 1965. A large part of this decline is accounted for by the reduction in cotton output, resulting from participation of growers in the Government cotton program. In contrast to crop output, livestock production is likely to be 6 percent larger than the 1965 total. The high level of agricultural output, relatively favorable farm product prices, and significantly larger Government payments are expected to boost gross income above the \$4.8 billion mark reached last year.

CROP PRODUCTION in the Southwest is largely dependent upon the performance of four major crops — cotton, sorghum grain, wheat, and rice. These crops account for the overwhelming proportion of planted acreage, as well as cash receipts from the sale of crops. In addition to the impact of differential growing conditions, an important influence upon production of the four crops is Government programs. Changes in these programs have had a noticeable effect on cotton and rice output this year.

Cotton production in Arizona, Louisiana, New Mexico, Oklahoma, and Texas is expected to total 4.8 million bales, or 27 percent below the 1965 output. In order to participate in the 1966 cotton program, farmers were required to divert a minimum of 12.5 percent of their acreage allotment, but they had the option of

diverting up to 35 percent. The 1966 acreage for harvest is more than one-fourth below that of last year. The crop will be materially smaller, mainly because of the reduced acreage; in addition, yields are expected to be slightly lower. The basic support price for Middling grade 1-inch staple-length cotton lint was set at 21 cents per pound for the 1966 crop, as contrasted to 29 cents per pound for the 1965 production. However, two direct payments were made to farmers to help offset the reduction in the basic support price and maintain income of cotton producers near that in 1965.

Production of sorghum grain, the basic feed grain of the Southwest, has shown a substantial increase, rising 14 percent above last year's outturn. The acreage planted to the crop was 8 percent greater than a year earlier, and timely rains have resulted in record yields. The outturns of other feed grains — barley, corn, and oats — are below last year's levels as the result of poor growing conditions and acreage reductions, but the exceptional grain sorghum crop will boost total feed grain production 10 percent above that in 1965. Consequently, sorghum grain is expected to account for 82 percent of the total feed grain supply in the region in 1966.

A shortage of soil moisture in the major wheat-producing areas of the Southwest during the winter and spring months resulted in a crop smaller than the bountiful 1965 harvest. Louisiana was the only southwestern state to show an improved output. Oklahoma — the major producer of wheat in the Southwest — har-

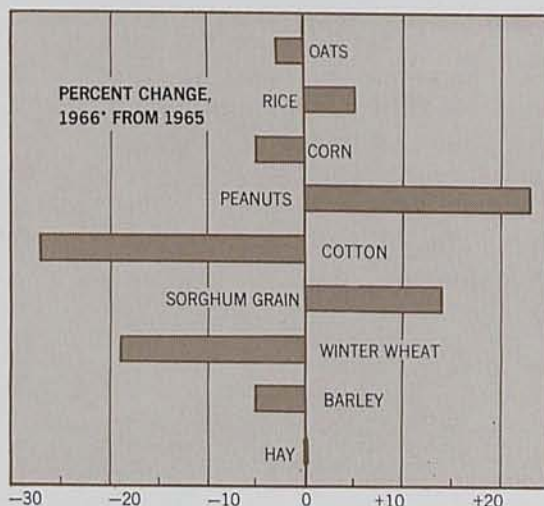


vested a crop considerably below that of a year ago.

In contrast to wheat output, rice production was 5 percent above a year earlier, due entirely to an increase in acreage. Rice acreage allotments have been in effect each year since 1955; and in 1966, growers were permitted to plant additional acreages in order to provide supplies to meet world food demands. The heavy spring rains and below-normal temperatures retarded the development of the crop; furthermore, a large part of the acreage had to be replanted. As a result of these unfavorable growing conditions, the per acre yield of rice failed to exceed that in the previous season for the first time in several years.

A sharp increase in the production of citrus fruits and a severe dip in pecan output have highlighted developments in fruit and tree nut production this year. Citrus output in the Lower Valley of Texas continued to rebound from the level to which it dropped in 1962, when trees were severely damaged by freezing weather. Both the larger number of trees and the increasing size of young trees have con-

***A sharp dip in cotton production in the Southwest reduced total crop output . . .***



\*Indicated November 1.  
SOURCE: U.S. Department of Agriculture.

tributed to the uptrend in production. On the strength of the materially larger Texas crop, citrus output in the Southwest is indicated to be 13 percent higher than the 10.8 million boxes in 1965. Peach and pear production also was significantly higher than last year, but the pecan harvest was considerably smaller since the crop was damaged by insect infestations and adverse weather.

The LIVESTOCK SITUATION in 1966 has featured favorable prices and the best grazing conditions in several years. Range and pasture grasses responded to improved soil moisture throughout most of the Southwest, and roughage supplies have generally been good. The need for supplemental feeding was reduced, and stock water was adequate throughout the year. In addition, a very good hay crop, equaling the year-earlier output, was harvested in 1966. The large forage supply is a very encouraging factor in the livestock outlook.

The greater number of beef cattle on farms and ranches and an increase in the number being fed were major factors in the higher output of livestock in the Southwest during 1966. Encouraged by generally favorable prices, feedlot operators have tended to utilize a greater percentage of their lot capacities.

As a result of the increased number of cattle slaughtered and higher average slaughter weights, red meat output advanced over a year ago. The number of cattle and calves slaughtered during the first 9 months of this year was 3 percent larger than in the corresponding 1965 period, and liveweight was 5 percent greater. Although there was virtually no change in the lamb crop, sheep and lamb slaughter rose 3 percent, and poundage increased 7 percent. However, hog slaughter declined.

The output of poultry in the Southwest likely will set a new record. Egg production is estimated to be little changed from that in 1965, but turkey and broiler output is expected to be



moderately higher. Although Arizona is not a major poultry producer, the increase in the State's egg production has outstripped the gain registered by any other southwestern state. Broiler output each year has consistently exceeded that in the prior year, and 1966 production may be 10 percent above the 1965 total.

Wool production in the Southwest advanced 2 percent during 1966, and mohair output increased for the 14th consecutive year. Reversing the downtrend begun in 1962, sheep numbers in the region were 7 percent larger at the beginning of 1966, with all of the southwestern states except Louisiana reporting a larger inventory than a year earlier. Goat numbers in Texas rose 9 percent over the previous year. Milk production in the Southwest is likely to be little changed from a year ago, but output per cow has increased since milk cow numbers declined again this year.

Favorable livestock prices have been the principal factor in maintaining the overall level of farm product prices above a year ago, as the aggregate level of crop prices has been slightly lower. The improved prices for livestock and some crops have contributed to the significant advance in cash receipts from farm marketings. Larger Government payments also will raise the gross income of southwestern farmers and ranchers.

Total NET FARM INCOME in 1966 is expected to be moderately above that in 1965, and the division of the larger income among the smaller number of farmers will result in a higher average income per farm. Moreover, with land values continuing upward, equities of landowners have increased. Consequently, the financial position of most farmers and ranchers likely has improved over a year earlier.

AGRICULTURAL PROSPECTS for 1967 are bright. Fall seedings of small grains for next year's harvest have been completed, and soil moisture has been adequate thus far. Heavy

### *Major factors in the increased livestock output in the Southwest were the gains in cattle and poultry production . . .*



e—Partly estimated.

SOURCES: U.S. Department of Agriculture,  
Federal Reserve Bank of Dallas.

rains during the year have provided ample runoff to replenish stock water; moreover, increased water supplies in reservoirs used for irrigation purposes have reached the best levels in several years. The demand for most agricultural products remains strong.

There will be only minor changes in Government programs, and such changes will largely entail an increase in the acreage farmers will be permitted to plant to grain crops. The tight world food situation has been reflected in a strong grain market, and stocks have been reduced to what are considered to be minimum levels. Therefore, additional acreages may be planted in order to increase grain production and replenish supplies.

Cotton is the only major southwestern crop in excess supply. A somewhat better balance between cotton stocks and consumption seems likely, however, if domestic consumption and exports continue at high levels next year.

J. C. GRADY, JR.  
Senior Economist  
(Agriculture)

# *petroleum trends*

## *in 1966*

Output in the petroleum industry has been moving to a higher level each succeeding year, and 1966 is no exception. A growing population, rising incomes, and increasing industrial activity — not to mention a continued uptrend in travel via both private automobiles and commercial carriers — have all contributed to an ever-greater demand for petroleum products. Thus, in 1966 the demand for jet fuel and for residual fuel oils (used heavily by utilities and industrial concerns and in ocean transportation) has advanced sharply, and consumption of distillate fuels (used mainly for diesel engines and space heating) has risen further. Gasoline sales surpassed expectations during the summer; and with the higher gasoline prices, the final 1966 profits picture for the oil industry should be enhanced.

During the first three quarters of this year, total DEMAND for petroleum products aver-

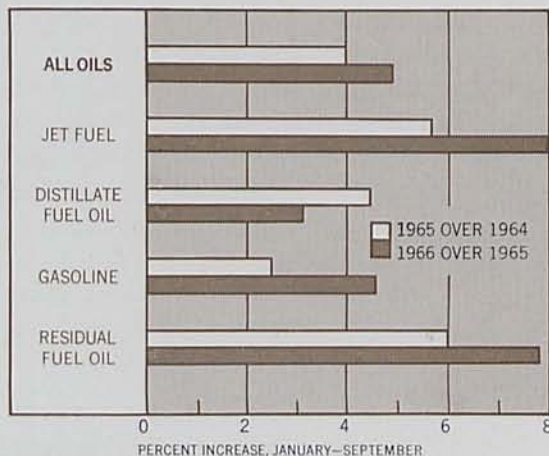
aged around 5 percent higher than for the same period in 1965, with all the major categories of products sharing in the advance. Despite the airlines strike in the summer, jet fuel consumption rose the largest amount, 8 percent, and residual fuel oil demand was a close second, increasing almost 8 percent. Distillate fuel made a relatively weak gain, but consumption was still 3 percent above the large volume used during the first 9 months of 1965. A particularly significant factor in the rise in total demand for all oils was a 5-percent gain in the consumption of gasoline, the petroleum industry's most important single product. The increased industrial activity associated with the Viet-Nam war and the requirements of the Armed Forces have both contributed to the rise in the demand for petroleum products.

Like many other products, petroleum has both seasonal and erratic variations in its demand pattern. Winter weather noticeably increases the demand for distillate fuel oil for heating, and this past winter was no exception. January was unusually cold, and the demand for distillate was over 3 percent higher than in the same period in 1965. Although heating oils usually dominate the rise in the demand for petroleum products during the winter, kerosene and gasoline usage was the pacesetter last winter. The demand for petroleum products during February reached an all-time high of 13.2 million barrels per day.

Demand for petroleum products usually is the lowest in May, the span between the end of the heating season and the beginning of summer, with its attendant increase in gasoline sales. During May of this year, however, there

### INCREASE IN PETROLEUM DEMAND

UNITED STATES



SOURCES: American Petroleum Institute,  
U.S. Bureau of Mines.



was unseasonably cold weather, and the demand for heating oils remained high. As a result, demand for oil products reached a level that was 6 percent higher than in May 1965.

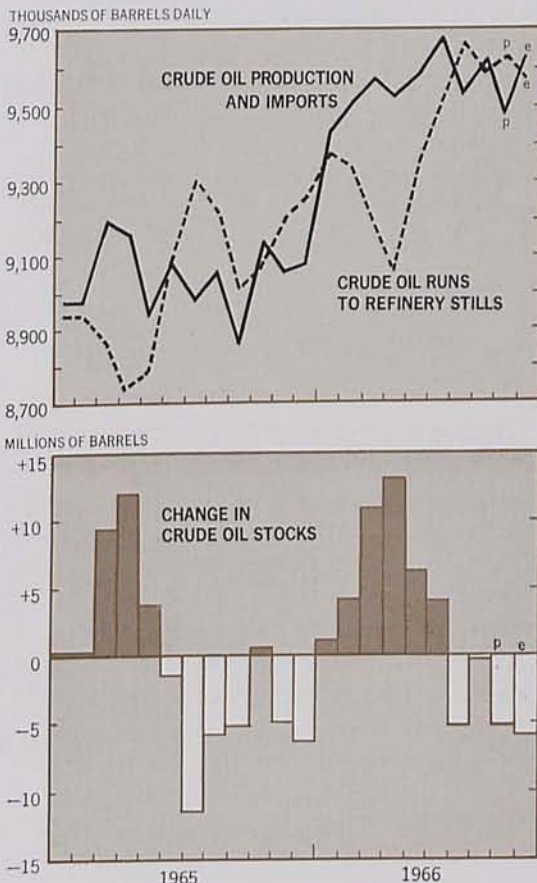
During the summer months, demand for petroleum surged upward. Because of the airlines strike, a large number of vacation trips (made possible by the high level of personal incomes) were taken via automobile this summer. As early as June, the demand for gasoline reached an all-time high of 5.5 million barrels per day and was almost 7 percent more than in the same month last year. Usage of distillate and residual fuels also showed heavy increases during the summer, reflecting the very high level of business activity. Industrial production averaged almost 10 percent higher than during the summer of 1965. During August, residual fuel experienced the heaviest demand of any August since the Korean War.

The airlines strike this past summer will be remembered by many air travelers as a particularly disrupting and inconvenient interlude, but the petroleum industry felt the impact of the strike through a reduction in the sale of aviation fuel. During the first 6 months of this year, the demand for jet fuel was running well above the same period last year. However, in July and August, jet fuel consumption fell almost 4 percent below the level for these 2 months last year. In September, with the airlines strike over, demand for aviation fuels showed a strong percentage rise over the year-earlier figure. Without the interruption of air travel on many of the Nation's major carriers during a large portion of the summer vacation period, the gain in consumption of jet fuel would have been significantly higher than the 8-percent gain that has been achieved thus far this year.

September is normally a transitional month for the petroleum industry. After the Labor Day weekend, vacation travel falls off, and the industry switches to the production of heating

## CRUDE OIL FLUCTUATIONS

UNITED STATES



p—Preliminary.

e—Estimated.

SOURCES: American Petroleum Institute.

U.S. Bureau of Mines.

Federal Reserve Bank of Dallas.

oils in anticipation of the coming winter. During September of this year, the demand for distillate oils (made up largely of heating oils) was the lowest in 4 years; however, demand for residual fuels was the highest for any September since 1953. The strong demand for residual, together with the high-level consumption of most other petroleum products, has kept total demand well above a year earlier.

The total SUPPLY of all petroleum products was consistently higher during the first 9 months of 1966 than during the same period last year.

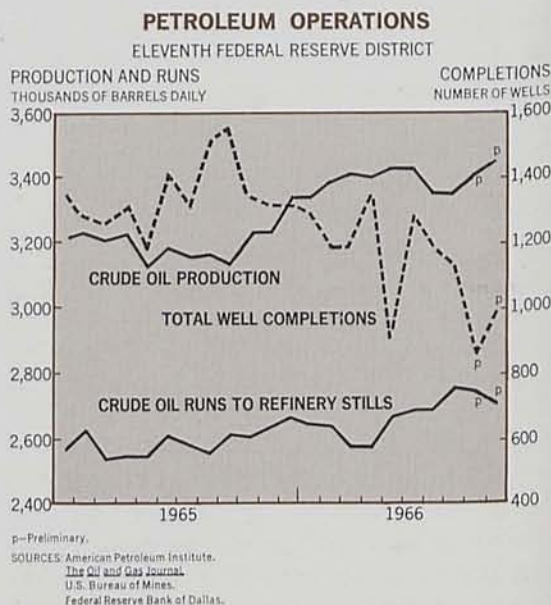


Crude oil production, for instance, averaged about 7 percent higher, and crude runs to refinery stills were higher. In the Eleventh Federal Reserve District, the gain in crude oil production paralleled that for the Nation, and the 3.4-percent rise in crude runs to stills was only slightly smaller than the national increase. As in the past, some of the expansion in supplies this year has been met by imports. U.S. imports of refined products during the first three quarters of 1966 were approximately 9 percent above the same period last year. In contrast to refined product imports, crude oil importations were around 3 percent smaller.

January's large supply of petroleum products was soon overshadowed by February's showing, as both oil imports and domestic production scored further gains; and supplies during the first quarter of the year were at a record level. Texas, Louisiana, and California primarily accounted for the increases in production. Nationally, crude runs to refinery stills set an all-time high in January of 9.4 million barrels per day, a record that was to be broken during the summer.

Petroleum inventories began to rise early in the year. In March, stocks increased contraseasonally by 4 million barrels, and the inventory buildup continued through April. Normally, inventories do not increase until the latter part of April. The rise in stocks was centered in crude petroleum, and some concern was shown over the mounting size of crude oil inventories. In contrast, gasoline inventories, which usually reach a seasonal high point toward the end of March, were lower than normal. In the case of other petroleum products, inventories accumulated somewhat during the early summer; but for most products, the changes were seasonal.

Beginning in July, the inventory picture did not follow the typical seasonal pattern. Gasoline inventories shrank at a much faster pace



than normally. On the other hand, inventories of jet fuel increased rapidly because of the airlines strike, and distillate stocks also began to accumulate. Crude oil stocks, which had been a concern a short time earlier, began to ease as a result of lower domestic production and reduced foreign imports. By late summer, crude oil stocks continued to decrease, but inventories of refined products rose.

Despite the very high demand during the early months of the year, the record supplies of petroleum products undoubtedly worked toward an easing of PRICES for refined petroleum products. In January, there were price reductions for gasoline on the Gulf Coast and for residual fuels in the Middle West, and a reduction occurred in March in the price of heating oil. However, by spring, prices for refined products began to rise; and additional price increases were noted in the late summer in wholesale markets for gasoline, distillate, and kerosene.

Crude oil prices have been quite stable during the midsixties. In the 14-month period ended in February 1966, the monthly average



price for a barrel of crude was \$2.96. The price increased 1 cent per barrel in March and remained unchanged until September, when there was an advance of 2 cents per barrel. The September increase occurred initially in the Middle West, although crude prices in the Southwest were not far behind. Price advances for crude are being attributed to the enlarged demand for gasoline and heating oil. Refineries seemed to be hard pressed in October to find enough crude to meet all demands, and this situation has imparted continued strength to oil prices.

Since the 1950's, DRILLING ACTIVITY in the United States has been declining continuously. The year 1966 is no exception because the number of new wells completed, the total footage drilled, and the number of active rigs have all declined. According to American Petroleum Institute data, new wells completed during the first 9 months in 1966 totaled 26,108, or 16 percent fewer than in the similar period last year. In the major producing states of the District—Texas, Louisiana, and New Mexico—the number of new wells completed also dipped sharply. Total footage drilled in the Nation decreased 17 percent, and the number of active rigs eased further. In May, drilling activity began to increase slightly and steadily; but by September, activity had leveled off.

Numerous reasons are advanced for the downtrend in drilling activity. A primary factor seems to be the scarcity of new shallow oil deposits, the type that was relatively easy to drill in past decades. Now, drilling often must be undertaken at marginal petroleum reserve sites. Consequently, although crude oil prices remain relatively stable, the drilling of wells is more expensive. Also, attractive alternatives may have slowed investment in exploration and drilling activity. Another factor, of course, has been technological influences. Improved recovery techniques and the wider spacing of wells mean that fewer wells are needed. As in the

past several years, the small, independent drilling firms have accounted for most of the drilling decline. On the other hand, the major companies, as a group, have actually increased drilling activity. Their effort has not been sufficient, however, to improve the total domestic drilling picture. Moreover, many of the major producers have been concentrating more heavily on foreign exploration and development.

Preliminary data indicate that the PROFIT PROSPECTS of oil companies this year appear relatively favorable. According to *The Oil and Gas Journal*, profits of the 24 largest firms increased 13 percent during the first 9 months of 1966 as compared with the same period in 1965. If the profits in the final quarter remain at the same level as in the first three quarters, total profits in 1966 will reach a record. The survey indicates that, as a whole, domestic oil companies have shown greater profitability than the large international companies. Increased demand for petroleum products at either the same prices or slightly higher prices primarily accounts for the gain in profits. Nevertheless, other reasons have been cited for higher profits, and these include the benefits now beginning to appear from heavy capital expenditures in recent years and the withdrawal from lines of activity which have shown relatively low profits.

The demand for crude oil and refined petroleum products will undoubtedly remain very high throughout the remainder of the year. As a matter of fact, crude oil output in mid-November was the highest for any period. Data are not available showing the demand for major petroleum products for the past month or so, but various statements from industry sources indicate that demand for jet fuel has remained exceptionally high and the calls for heating oils have been strong. At this time, it appears that 1966 will be one of the industry's most favorable years.

RAYNAL HAMMELTON  
General Economist



## ***district highlights***

Both the rate of growth and the timing of change in business loans at weekly reporting commercial banks in the Eleventh District varied considerably from the national pattern during most of the year. In the District, business loans grew much less rapidly than in the Nation in the first 8 months of the year. However, since August, there has been a sharp moderation in the growth rate of business loans nationally, and the rate has increased slightly in the Eleventh District. As a result, business loans in the District and the Nation have grown at quite similar rates since the end of August.

In the first 8 months of 1966, business loans at the District's weekly reporting banks increased \$100 million, or 4.3 percent. In the same period, commercial and industrial loans at the Nation's weekly reporting commercial banks increased \$7.7 billion, or 15.2 percent. From August 31 to November 16, business loans in the District rose \$56 million, or 2.3 percent. In the Nation, such loans advanced \$1.9 billion, or 3.3 percent, during this period.

Nonagricultural wage and salary employment in the five southwestern states rose 0.7 percent during October to reach 5,446,100, as the number of workers in both manufacturing and non-manufacturing activities advanced. The gain in nonmanufacturing employment was due entirely to a rise in government employment. The work force in mining and construction declined, while employment in other nonmanufacturing categories was little changed. As compared with October a year ago, total employment was 4 percent higher. Employment in manufacturing was 7 percent greater, and that in non-manufacturing was almost 4 percent higher.

In October the seasonally adjusted Texas industrial production index declined fraction-

ally to 147.7 percent of the 1957-59 base but was 8 percent higher than in the same month last year. Durable goods manufacturing rose 1 percent over the previous month, with strength being shown in primary metal industries and fabricated metal products. Stone, clay, and glass products registered a mild output reduction. Nondurable goods manufacturing decreased more than 1 percent, as declines occurred in petroleum refining and related industries and most of the other nondurables categories. However, output of paper and allied products increased somewhat.

Soil moisture in the District states ranges from adequate to short, and rain is especially needed for most of the fall-seeded small grains. With the exception of cotton, harvesting of fall crops is nearing completion. Prices received by Texas farmers and ranchers for all farm products during January-October averaged 6 percent above a year earlier. Cash receipts from farm marketings in the District states for the first 9 months of 1966 were 14 percent greater than in the comparable period last year. Receipts from livestock advanced 22 percent, and those from crops were up 4 percent.

New passenger car registrations in October in four major Texas markets moved to a new high for the month and were 10 percent above a year ago. During the first 10 months of 1966, cumulative registrations for the four centers — Dallas, Fort Worth, Houston, and San Antonio — were fractionally higher than in the same period in 1965.

Department store sales in the Eleventh District for the 4 weeks ended November 19 were 2 percent above the corresponding 1965 period. Cumulative sales through November 19 this year were 6 percent more than a year ago.



**STATISTICAL SUPPLEMENT**

**to the**

***BUSINESS REVIEW***

December 1966



FEDERAL RESERVE BANK  
OF DALLAS

# CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

## Eleventh Federal Reserve District

(In thousands of dollars)

Item	Nov. 30, 1966	Oct. 26, 1966	Dec. 1, 1965 <sup>1</sup>
<b>ASSETS</b>			
Net loans and discounts.....	5,027,374	5,040,566	4,787,900
Valuation reserves.....	89,583	91,331	79,899
Gross loans and discounts.....	5,116,957	5,131,897	4,867,799
Commercial and industrial loans.....	2,495,845	2,492,712	2,178,638
Agricultural loans <sup>2</sup> .....	80,968	83,635	63,710
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities.....	463	7	1
Other securities.....	36,991	40,304	41,443
Other loans for purchasing or carrying:			
U.S. Government securities.....	848	1,015	2,488
Other securities.....	328,474	332,906	302,995
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies.....	151,235	154,798	131,135
Other.....	254,892	259,107	296,226
Real estate loans.....	468,729	472,019	441,938
Loans to domestic commercial banks.....	171,299	154,904	164,905
Loans to foreign banks.....	5,265	6,141	3,710
Consumer instalment loans.....	617,794	601,135	
Loans to foreign governments, official institutions, etc.....	0	0	1,240,610
Other loans <sup>2</sup> .....	504,154	533,214	
Total investments.....	2,255,061	2,208,165	2,203,645
Total U.S. Government securities.....	1,087,073	1,074,870	1,261,407
Treasury bills.....	30,915	46,434	140,477
Treasury certificates of indebtedness.....	15,548	16,842	0
Treasury notes and U.S. bonds maturing:			
Within 1 year.....	164,978	145,250	176,629
1 year to 5 years.....	609,504	569,011	603,563
After 5 years.....	266,128	297,333	340,738
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills.....	12,194	14,741	
All other.....	958,297	960,886	
Other bonds, corporate stocks, and securities:			
Participation certificates in Federal agency loans <sup>2</sup> .....	86,714	89,672	942,238
All other (including corporate stocks).....	110,783	67,996	
Cash items in process of collection.....	813,255	810,271	833,706
Reserves with Federal Reserve Bank.....	546,669	598,029	520,528
Currency and coin.....	75,306	77,197	64,941
Balances with banks in the United States.....	504,690	464,622	462,893
Balances with banks in foreign countries.....	4,233	4,426	4,262
Other assets.....	334,869	320,750	317,782
<b>TOTAL ASSETS.....</b>	<b>9,561,457</b>	<b>9,524,026</b>	<b>9,195,657</b>
<b>LIABILITIES</b>			
Total deposits.....	8,155,425	8,063,182	8,016,230
Total demand deposits.....	5,003,044	4,906,839	4,942,016
Individuals, partnerships, and corporations.....	3,379,385	3,456,504	3,257,676
States and political subdivisions.....	362,654	267,824	337,250
U.S. Government.....	66,091	83,469	150,421
Banks in the United States.....	1,112,732	1,020,790	1,096,822
Foreign:			
Governments, official institutions, etc.....	4,329	2,830	3,654
Commercial banks.....	19,729	18,672	18,568
Certified and officers' checks, etc.....	58,124	56,750	77,625
Total time and savings deposits.....	3,152,381	3,156,343	3,074,214
Individuals, partnerships, and corporations:			
Savings deposits.....	1,176,584	1,175,787	1,348,384
Other time deposits.....	1,375,501	1,384,869	1,281,265
States and political subdivisions.....	575,335	570,616	428,796
U.S. Government (including postal savings).....	8,825	8,849	3,519
Banks in the United States.....	13,796	13,882	9,410
Foreign:			
Governments, official institutions, etc.....	800	800	1,300
Commercial banks.....	1,540	1,540	1,540
Bills payable, rediscounts, and other liabilities for borrowed money.....	346,043	426,316	193,472
Other liabilities.....	207,873	184,466	182,958
<b>CAPITAL ACCOUNTS.....</b>	<b>852,116</b>	<b>850,062</b>	<b>802,997</b>
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS</b>	<b>9,561,457</b>	<b>9,524,026</b>	<b>9,195,657</b>

<sup>1</sup> Because of format and coverage revisions as of July 6, 1966, earlier data are not fully comparable.

<sup>2</sup> 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."

<sup>3</sup> 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 Nov. 2, 1966	4 weeks ended Oct. 5, 1966	4 weeks ended Nov. 3, 1965
<b>RESERVE CITY BANKS</b>			
Total reserves held.....	625,632	629,344	609,454
With Federal Reserve Bank.....	580,354	583,151	565,287
Currency and coin.....	45,278	46,193	44,167
Required reserves.....	620,349	623,112	605,243
Excess reserves.....	5,283	6,232	4,211
Borrowings.....	89,157	68,587	21,096
Free reserves.....	-83,874	-62,355	-16,885
<b>COUNTRY BANKS</b>			
Total reserves held.....	640,682	631,402	601,152
With Federal Reserve Bank.....	489,002	477,642	457,383
Currency and coin.....	151,680	153,760	143,769
Required reserves.....	604,836	596,330	565,268
Excess reserves.....	35,846	35,072	35,884
Borrowings.....	10,072	15,896	8,680
Free reserves.....	25,774	19,176	27,204
<b>ALL MEMBER BANKS</b>			
Total reserves held.....	1,266,314	1,260,746	1,210,606
With Federal Reserve Bank.....	1,069,356	1,060,793	1,022,670
Currency and coin.....	196,958	199,953	187,936
Required reserves.....	1,225,185	1,219,442	1,170,511
Excess reserves.....	41,129	41,304	40,095
Borrowings.....	99,229	84,483	29,776
Free reserves.....	-58,100	-43,179	10,319

# 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: October...	8,582	4,098	4,484	4,627	2,274	2,353
1965: October...	8,814	4,145	4,669	5,402	2,636	2,766
1966: 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
October...	8,847	4,064	4,783	5,726	2,595	3,131

# CONDITION STATISTICS OF ALL MEMBER BANKS

## Eleventh Federal Reserve District

(In millions of dollars)

Item	Oct. 26, 1966	Sept. 28, 1966	Oct. 27, 1965
<b>ASSETS</b>			
Loans and discounts <sup>1</sup> .....	8,623	8,647	8,210
U.S. Government obligations.....	2,273	2,233	2,451
Other securities <sup>1</sup> .....	2,224	2,201	1,854
Reserves with Federal Reserve Bank.....	1,001	937	872
Cash in vault.....	225	227	211
Balances with banks in the United States.....	1,055	1,028	1,102
Balances with banks in foreign countries <sup>2</sup> .....	7	6	5
Cash items in process of collection.....	906	867	840
Other assets <sup>2</sup> .....	498	483	452
<b>TOTAL ASSETS<sup>2</sup>.....</b>	<b>16,812</b>	<b>16,629</b>	<b>15,997</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Demand deposits of banks.....	1,270	1,223	1,312
Other demand deposits.....	7,600	7,492	7,442
Time deposits.....	5,792	5,792	5,432
Total deposits.....	14,662	14,507	14,186
Borrowings.....	436	412	200
Other liabilities <sup>2</sup> .....	251	257	222
Total capital accounts <sup>2</sup> .....	1,463	1,453	1,389
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS<sup>2</sup>.....</b>	<b>16,812</b>	<b>16,629</b>	<b>15,997</b>

<sup>1</sup> 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."

<sup>2</sup> e — Estimated.



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

(Dollar amounts in thousands, seasonally adjusted)

Standard metropolitan statistical area	DEBITS TO DEMAND DEPOSIT ACCOUNTS <sup>1</sup>				DEMAND DEPOSITS <sup>1</sup>			
	October 1966 (Annual-rate basis)	Percent change			October 31, 1966	Annual rate of turnover		
		October 1966 from		10 months, 1966 from 1965		October 1966	September 1966	October 1965r
		September 1966	October 1965					
ARIZONA: Tucson.....	\$ 4,336,944	3	7	2	\$ 172,195	24.9	24.9	24.7
LOUISIANA: Monroe.....	1,834,164	-3	2	9	71,354	25.6	25.4	23.5
Shreveport.....	5,334,144	-4	10	11	220,162	24.7	26.0	24.1
NEW MEXICO: Roswell <sup>2</sup> .....	592,980	-5	-11	4	33,320	17.6	18.4	18.9
TEXAS: Abilene.....	1,925,112	-2	9	9	90,137	21.6	21.8	20.1
Amarillo.....	3,935,772	-10	0	9	138,716	28.5	31.8	27.9
Austin.....	4,201,164	0	6	8	186,536	22.7	22.5	22.1
Beaumont-Port Arthur.....	5,400,612	1	5	12	208,784	25.5	25.2	25.2
Brownsville-Harlingen-San Benito.....	1,529,052	12	12	9	59,841	26.0	24.7	24.7
Corpus Christi <sup>3</sup> .....	3,984,348	0	9	8	185,762	21.5	21.6	20.7
Corsicana <sup>2</sup> .....	326,064	14	-6	11	29,728	11.2	10.0	12.1
Dallas.....	69,098,364	4	19	17	1,698,603	41.3	40.5	36.1
El Paso.....	4,575,660	-9	-1	2	205,362	23.3	25.7	22.9
Fort Worth.....	14,585,988	0	16	11	493,447	29.4	29.5	25.7
Galveston-Texas City.....	1,852,332	-14	-3	2	87,781	20.9	23.9	21.1
Houston <sup>4</sup> .....	62,263,776	0	12	13	1,940,914	32.3	32.2	29.0
Laredo.....	596,604	0	21	12	31,686	18.9	19.8	18.1
Lubbock.....	3,336,660	-11	2	7	151,839	21.9	23.9	22.4
Midland.....	1,564,224	-2	5	-5	117,793	13.4	13.8	13.3
Odessa.....	1,263,636	2	12	14	63,518	19.6	18.8	17.9
San Angelo.....	837,360	0	3	10	57,823	14.9	15.3	14.7
San Antonio.....	11,775,072	0	3	11	506,664	23.6	23.8	24.0
Texarkana (Texas-Arkansas).....	1,000,800	-3	6	5	54,231	18.5	19.1	19.1
Tyler.....	1,550,388	1	5	7	82,158	18.9	18.8	18.6
Waco.....	2,486,916	28	26	12	107,214	23.3	18.5	18.8
Wichita Falls.....	1,965,900	-3	-1	9	110,547	18.0	18.6	17.4
Total—26 centers.....	\$212,154,036	1	12	13	\$7,106,115	30.1	30.0	27.5

<sup>1</sup> Deposits of individuals, partnerships, and corporations and of states and political subdivisions.<sup>2</sup> County basis.<sup>3</sup> Revised (1965) SMSA boundaries.<sup>4</sup> — Revised.

## CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Nov. 30, 1966	Oct. 26, 1966	Dec. 1, 1965
Total gold certificate reserves.....	345,008	381,754	334,779
Discounts for member banks.....	81,202	106,800	1,846
Other discounts and advances.....	754	870	1,914
U.S. Government securities.....	1,677,176	1,663,514	1,656,698
Total earning assets.....	1,759,132	1,771,184	1,660,458
Member bank reserve deposits.....	966,078	1,001,447	917,604
Federal Reserve notes in actual circulation.....	1,254,173	1,239,004	1,167,284

## INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	October 1966p	September 1966	August 1966r	October 1965
TEXAS (1966 revision) <sup>1</sup>				
Total industrial production.....	147.7	148.6	145.9	136.6
Manufacturing.....	165.1	165.6	162.5	151.5
Durable.....	180.5	178.0	175.3	162.1
Non-durable.....	154.9	157.4	153.9	144.5
Mining.....	116.9	116.7	114.9	108.7
Utilities.....	175.1	185.8	181.7	168.7
UNITED STATES				
Total industrial production.....	158.6	158.1	158.2	145.5r
Manufacturing.....	160.8	160.3	160.3	147.0r
Durable.....	168.4	167.4	167.2	150.8r
Non-durable.....	151.3	151.4	151.2	142.3r
Mining.....	121.7	121.3	122.0	116.4r
Utilities.....	179.0	179.0	178.6	164.7r

<sup>1</sup> 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.

## MARKETED PRODUCTION OF NATURAL GAS

Area	In millions of cubic feet			Seasonally adjusted index (1957-59 = 100)		
	Second quarter 1966	First quarter 1966	Second quarter 1965	Second quarter 1966	First quarter 1966	Second quarter 1965
Louisiana.....	1,178,700	1,301,800	1,053,600	234	209	210
New Mexico.....	244,600	264,900	230,000	143	134	134
Oklahoma.....	274,600	322,700	300,500	160	175	175
Texas.....	1,684,700	1,839,500	1,641,900	129	129	126
Total.....	3,382,600	3,728,900	3,226,000	158	153	150

SOURCES: U.S. Bureau of Mines.

Federal Reserve Bank of Dallas.

## DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	Percent change from				
	October 1966p	September 1966p	October 1965	September 1966	October 1965
ELEVENTH DISTRICT.....	3,445.0	3,413.2	3,225.8	0.9	6.8
Texas.....	2,965.7	2,940.6	2,779.5	.9	6.7
Gulf Coast.....	552.5	539.0	525.1	2.5	5.2
West Texas.....	1,355.3	1,335.8	1,282.2	1.5	5.7
East Texas (proper).....	125.3	123.1	112.5	1.8	11.4
Panhandle.....	96.4	99.6	96.2	-3.2	.2
Rest of State.....	836.2	843.1	763.5	—8	9.5
Southeastern New Mexico.....	307.0	300.5	293.0	2.2	4.8
Northern Louisiana.....	172.3	172.1	153.3	.1	-12.4
OUTSIDE ELEVENTH DISTRICT	4,930.5	4,886.5	4,649.1	.9	6.1
UNITED STATES.....	8,375.5	8,299.7	7,874.9	.9	6.4

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	October 1966	September 1966	October 1965	January—October	
				1966	1965
<b>FIVE SOUTHWESTERN STATES<sup>1</sup></b>					
Residential building.....	586	522	414	4,576	4,436
Nonresidential building....	128	119	169	1,625	1,783
Nonbuilding construction...	216	147	140	1,474	1,506
	242	255	105	1,478	1,147
<b>UNITED STATES.....</b>	<b>4,106</b>	<b>4,083</b>	<b>4,356</b>	<b>43,652</b>	<b>41,986</b>
Residential building.....	1,225	1,261	1,897	15,856	18,193
Nonresidential building....	1,796	1,676	1,582	16,733	14,514
Nonbuilding construction...	1,086	1,146	877	11,064	9,279

<sup>1</sup> Arizona, Louisiana, New Mexico, Oklahoma, and Texas.  
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		1965	1964	1966 as percent of 1965
	Nov. 1	Nov. 1			
1-N — Northern High Plains.....	330	555	565	59	
1-S — Southern High Plains.....	1,200	1,693	1,348	71	
2-N — Red Bed Plains.....	230	281	236	82	
2-S — Red Bed Plains.....	330	402	247	82	
3 — Western Cross Timbers.....	20	21	17	95	
4 — Black and Grand Prairies.....	475	469	443	101	
5-N — East Texas Timbered Plains...	30	34	27	88	
5-S — East Texas Timbered Plains...	45	58	66	78	
6 — Trans-Pecos.....	145	194	213	75	
7 — Edwards Plateau.....	25	57	24	44	
8-N — Southern Texas Prairies.....	90	108	146	83	
8-S — Southern Texas Prairies.....	135	168	166	80	
9 — Coastal Prairies.....	85	201	248	42	
10-N — South Texas Plains.....	35	41	45	85	
10-S — Lower Rio Grande Valley.....	245	383	332	64	
State.....	3,420	4,665	4,123	73	

SOURCE: U.S. Department of Agriculture.

# CROP PRODUCTION

(In thousands of bushels)

Crop	TEXAS			FIVE SOUTHWESTERN STATES <sup>1</sup>		
	1966, estimated Nov. 1	1965	Average 1960-64	1966, estimated Nov. 1	1965	Average 1960-64
Cotton <sup>2</sup> .....	3,420	4,665	4,480	4,830	6,616	6,521
Corn.....	19,872	19,371	27,935	28,143	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 <sup>3</sup> .....	21,672	21,714	15,838	42,710	40,512	30,991
Sorghum grain...	329,450	285,740	230,073	380,728	334,512	267,011
Flaxseed.....	720	940	955	720	940	955
Hay <sup>4</sup> .....	3,169	3,065	2,363	8,386	8,348	7,008
Peanuts <sup>5</sup> .....	399,000	299,250	225,323	642,090	523,625	404,683
Irish potatoes <sup>6</sup> ...	4,440	2,921	2,637	8,236	5,813	5,633
Sweet potatoes <sup>6</sup> ...	1,105	1,280	1,112	5,240	6,104	4,769
Pecans <sup>6</sup> .....	23,000	62,000	31,600	83,500	121,400	88,510

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

<sup>2</sup> In thousands of bales.

<sup>3</sup> In thousands of bags containing 100 pounds each.

<sup>4</sup> In thousands of tons.

<sup>5</sup> In thousands of pounds.

<sup>6</sup> In thousands of hundredweight.

SOURCE: U.S. Department of Agriculture.

# NONAGRICULTURAL EMPLOYMENT

Five Southwestern States<sup>1</sup>

Type of employment	Number of persons			Percent change Oct. 1966 from	
	October 1966p	September 1966	October 1965r	Sept. 1966	Oct. 1965
Total nonagricultural wage and salary workers..	5,446,100	5,408,300	5,226,100	0.7	4.2
Manufacturing.....	995,300	991,100	931,400	.4	6.9
Nonmanufacturing.....	4,450,800	4,420,000	4,294,700	.7	3.6
Mining.....	232,600	236,500	233,600	-1.7	-4
Construction.....	358,200	360,000	361,700	-.5	-1.0
Transportation and public utilities.....	423,600	423,600	408,100	.0	3.8
Trade.....	1,276,900	1,272,300	1,229,500	.4	3.9
Finance.....	271,300	271,200	261,600	.0	3.7
Service.....	787,800	787,900	759,100	.0	3.8
Government.....	1,100,400	1,068,200	1,041,100	3.0	5.7

<sup>1</sup> 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—September		Percent increase
	1966	1965	
Arizona.....	\$ 347,219	\$ 324,085	7
Louisiana.....	276,734	250,734	10
New Mexico.....	146,455	129,682	13
Oklahoma.....	587,565	519,069	13
Texas.....	1,845,141	1,590,333	16
Total.....	\$ 3,203,114	\$ 2,813,903	14
United States.....	\$28,981,179	\$25,908,111	12

SOURCE: U.S. Department of Agriculture.

# BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	NUMBER		Percent change				
	Oct. 1966	10 mos. 1966	Oct. 1966	10 mos. 1966	Oct. 1966 from		10 months, 1966 from 1965
					Sept. 1966	Oct. 1965	
<b>ARIZONA</b>							
Tucson.....	481	6,126	\$ 1,325	\$ 21,465	-1	23	1
<b>LOUISIANA</b>							
Shreveport....	297	3,481	1,922	24,137	106	-63	23
<b>TEXAS</b>							
Abilene.....	53	677	664	12,767	-72	-83	-17
Amarillo.....	248	3,895	622	31,140	-82	-81	4
Austin.....	284	3,146	4,002	66,315	50	-21	20
Beaumont.....	140	1,652	519	13,175	0	-59	-17
Corpus Christi..	401	3,787	2,020	28,550	-25	45	32
Dallas.....	1,690	19,049	10,659	160,137	-32	-21	-4
El Paso.....	319	4,102	3,147	47,951	-13	-13	4
Fort Worth.....	667	6,406	3,110	67,465	-82	-23	42
Galveston.....	73	915	311	10,895	-62	-49	68
Houston.....	1,705	20,331	27,256	275,651	61	1	2
Lubbock.....	93	1,644	6,813	54,607	48	139	61
Midland.....	60	897	356	13,013	-10	-67	-4
Odessa.....	66	1,075	252	10,725	-58	-65	-10
Port Arthur.....	115	962	658	4,570	157	-13	-21
San Antonio.....	1,186	13,021	5,314	76,756	-13	7	24
Waco.....	166	2,054	597	10,562	-73	11	-40
Wichita Falls..	59	708	1,940	13,218	-5	190	34
Total—19 cities..	8,103	93,928	\$71,487	\$943,099	-15	-12	8



**annual  
statement  
for...**

**1966**



**FEDERAL RESERVE  
BANK OF DALLAS**

**FEDERAL RESERVE BANK  
OF DALLAS**

To the Member Banks in the  
Eleventh Federal Reserve District:

The Statement of Condition and the earnings and expenses of the Federal Reserve Bank of Dallas for the year 1966, with comparative figures for 1965, are shown herein. Lists of the directors and officers of the Bank and its branches as of January 1, 1967, are also included.

A review of economic and financial developments in the Nation and the District during 1966 is being presented in the January 1967 Annual Report Issue of the *Business Review* of this Bank.

Additional copies of these publications may be obtained upon request to the Research Department, Federal Reserve Bank of Dallas, 400 South Akard Street (mailing address: Station K, Dallas, Texas 75222).

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'Watrous H. Irons', written in a cursive style.

WATROUS H. IRONS  
President



# statement of condition

	Dec. 31, 1966	Dec. 31, 1965
<b>ASSETS</b>		
Gold certificate account	\$ 655,337,464	\$ 367,907,289
Redemption fund for Federal Reserve notes	61,919,809	56,691,801
Total gold certificate reserves	717,257,273	424,599,090
Federal Reserve notes of other Banks	40,500,700	47,262,200
Other cash	18,429,704	6,546,798
Discounts and advances	400,000	22,024,000
U.S. Government securities:		
Bills	430,479,000	374,626,000
Certificates	158,682,000	—
Notes	776,882,000	1,022,083,000
Bonds	226,069,000	269,636,000
Total U.S. Government securities	1,592,112,000	1,666,345,000
Total loans and securities	1,592,512,000	1,688,369,000
Cash items in process of collection	540,487,954	464,980,479
Bank premises	9,840,781	10,513,931
Other assets	62,751,442	49,104,064
<b>TOTAL ASSETS</b>	<b>\$2,981,779,854</b>	<b>\$2,691,375,562</b>
<b>LIABILITIES</b>		
Federal Reserve notes in actual circulation	\$1,278,172,767	\$1,193,940,804
Deposits:		
Member bank — reserve accounts	1,064,648,587	1,034,443,622
U.S. Treasurer — general account	137,218,136	21,204,504
Foreign	9,280,000	8,700,000
Other	7,047,303	5,970,581
Total deposits	1,218,194,026	1,070,318,707
Deferred availability cash items	410,832,102	355,703,182
Other liabilities	8,152,959	7,476,769
<b>TOTAL LIABILITIES</b>	<b>2,915,351,854</b>	<b>2,627,439,462</b>
<b>CAPITAL ACCOUNTS</b>		
Capital paid in	33,214,000	31,968,050
Surplus	33,214,000	31,968,050
<b>TOTAL CAPITAL ACCOUNTS</b>	<b>66,428,000</b>	<b>63,936,100</b>
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS</b>	<b>\$2,981,779,854</b>	<b>\$2,691,375,562</b>

# earnings and expenses

	1966	1965
<b>CURRENT EARNINGS</b>		
Discounts and advances	\$ 2,184,633	\$ 1,062,969
U.S. Government securities	71,722,638	62,144,870
Foreign currencies	1,275,220	809,956
All other	35,484	31,407
<b>TOTAL CURRENT EARNINGS</b>	<u>75,217,975</u>	<u>64,049,202</u>

<b>CURRENT EXPENSES</b>		
Current operating expenses	10,437,270	9,991,494
Assessment for expenses of Board of Governors	524,400	501,096
Federal Reserve currency:		
Original cost, including shipping charges	863,240	1,153,992
Cost of redemption, including shipping charges	66,555	48,538
<b>Total</b>	<u>11,891,465</u>	<u>11,695,120</u>
Less reimbursement for certain fiscal agency and other expenses	848,953	840,387
<b>NET EXPENSES</b>	<u>11,042,512</u>	<u>10,854,733</u>

<b>PROFIT AND LOSS</b>		
Current net earnings	64,175,463	53,194,469
Additions to current net earnings	76,588	71,537
Deductions from current net earnings:		
Loss on sales of U.S. Government securities (net)	95,832	329
All other	7,241	49,113
<b>Total deductions</b>	<u>103,073</u>	<u>49,442</u>
Net additions or deductions (—)	—26,485	22,095
Net earnings before dividends and payments to U.S. Treasury	64,148,978	53,216,564
Dividends paid	1,965,116	1,891,621
Payments to U.S. Treasury (interest on F.R. notes)	60,937,912	49,942,543
Transferred to surplus	1,245,950	1,382,400
Surplus, January 1	31,968,050	30,585,650
Surplus, December 31	<u>\$33,214,000</u>	<u>\$31,968,050</u>



