

business review



april 1967

**FEDERAL RESERVE
BANK OF DALLAS**

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a changing agriculture in the southwest

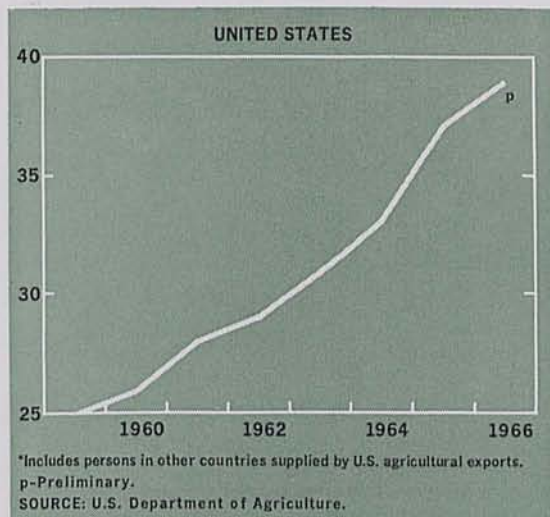
Agriculture, a major sector of the U.S. economy, continues to undergo a dynamic transition. The rates at which the fruits of research and technology are applied to farming have quickened since 1959. The availability and dissemination of information and the overall improvement in communication have hastened the acceptance and adaptation of modern techniques of production. Managerial requirements and production methods on an efficient commercial farm today are more nearly in keeping with the operations of a complex commercial or industrial enterprise. The Census of Agriculture, taken every 5 years, provides information from which detailed comparisons and assessments can be made regarding the extent of the changes that are occurring in this basic industry.

An efficient agriculture is a prime requisite to the sound development of the total economy since agriculture is a source of food and industrial raw materials and is a supplier of workers for nonfarm jobs. An expanding domestic economy and the growing international markets for American foods and fibers are requiring an ever-increasing volume of quality products. These demands are being met by fewer but more efficient farms. Improved managerial ability and the increased use of capital have made it possible for American agriculture to produce for markets not visualized a few years ago.

The productivity of American farms has been moving upward at an accelerating rate. In 1966, each farm worker produced enough farm products to supply 39 people, or about 14 persons more than in 1959; this increase is larger than in any previous comparable span

of time. The southwestern states of Arizona, Louisiana, New Mexico, Oklahoma, and Texas have experienced gains in farm output similar to those of the Nation. Higher levels of production have been attained through the use of irrigation, fertilizers, hybrid seeds, improved breeding stock, and mechanization and through better management of resources. Greater efficiency on farms has resulted in structural changes.

PERSONS SUPPLIED PER FARM WORKER*



Higher output of agricultural products in the Southwest between 1959 and 1964 was achieved with only a fractional increase in the total acreage of land in farms and ranches. New Mexico reported the largest gain in land in farms and ranches — 3 percent; and fractional increases were recorded for Arizona, Louisiana, and Oklahoma. The acreage in farms in Texas actually declined slightly. Although there was little change in the total land area devoted

to agriculture, there were shifts among the uses of the land. The adjustments in land usage were broadly similar in each of the southwestern states.

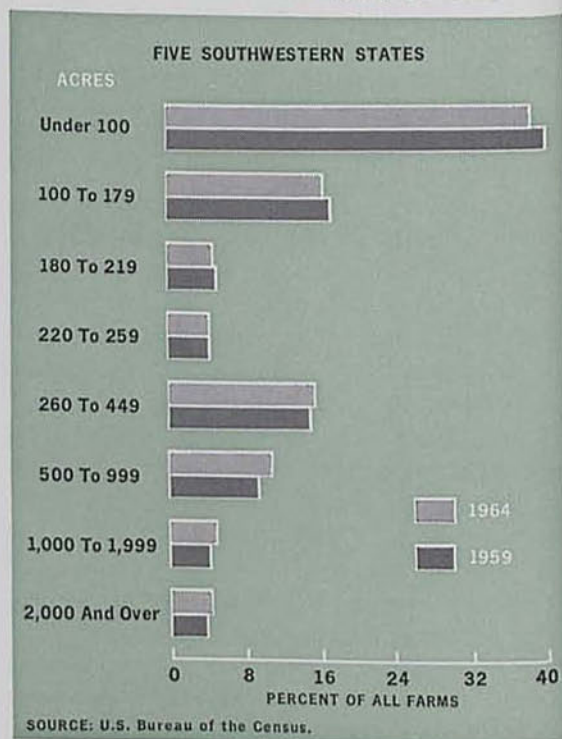
The acreage of two land-use classifications—cropland not harvested and not pastured and land in improved pasture—increased in all five southwestern states. The other major land-use categories showed declines in all the states except Louisiana, where there was an increase in land in house lots, roads, wasteland, etc. The gains in cropland not harvested and not pastured are related to the various Government programs which have relied upon diverting crop acreages in order to reduce production. The increases in improved pasture reflect a continuation of the efforts of livestock growers to boost the carrying capacity of pastures as more emphasis is placed upon livestock production.

Although there was a slight increase in total land use, the number of farms in the five southwestern states declined 10 percent between 1959 and 1964 to 376,985. The largest decrease in farm numbers occurred in Louisiana, and the smallest in Oklahoma. As a consequence of the reduction in farm numbers, the average size of farms in the southwestern states in 1964, at 733 acres, was 75 acres larger than in 1959. Among the states, the average farm size varied greatly, as indicated in the following table.

state	acres
Arizona	6,262
Louisiana	167
New Mexico	3,354
Oklahoma	407
Texas	691

Data on the number of southwestern farms in various size groups show that farms having under 220 acres decreased but those having more than 259 acres increased. The largest absolute decline was accounted for by farms

DISTRIBUTION OF FARMS, BY SIZE



with less than 50 acres, while the number of farms with 1,000 to 2,000 acres registered the greatest gain.

Despite the enlargement of individual farming operations, management and a major part of the labor continue to be provided by the farm family. Farm operators have increased acreages in farms in order to take advantage of economies of scale, offset environmental conditions, and adjust for Government programs. Furthermore, the number of enterprises per farm has generally been reduced, as operators have moved toward a greater degree of specialization in production. Advancements in production techniques and the ability of management to direct the use of more resources have permitted the enlargement of farm size. Although farms are getting larger, acreage alone does not constitute a measurement of output. A small farm, in terms of acreage, that is irrigated or is in a higher-rainfall area may

have gross sales several times those of a farm of the same type that is much larger but is located in a dryland area.

The Census of Agriculture classifies farms into two major categories, commercial and noncommercial. The basis for the division is the value of products sold and the number of days worked off the farm. Between 1959 and 1964, there was a 10-percent reduction in the number of noncommercial farms in the southwestern states, a slightly larger decline than in the case of commercial farms. Most of the decrease in the number of noncommercial farms is attributed to a decline of 20,000 in part-time farms. The number of southwestern farms having sales of less than \$2,500 and being operated by persons over 65 years of age, which may be classed as part-retirement farms, increased slightly, but two of the five states reported decreases for this type of farm. Louisiana experienced the greatest, and Texas the smallest, percentage reduction in noncommercial farms.

Commercial farms are divided into six classes according to the value of products sold, as shown in the accompanying table. Between

1959 and 1964, the growth in farms with sales of \$40,000 or more was 9 percent for the five states but varied widely among the individual states. The sharpest percentage increase, as well as the largest absolute gain, in the number of such farms occurred in Louisiana, followed closely by Oklahoma.

Except for Louisiana, each of the southwestern states experienced declines in the numbers of farms with sales between \$10,000 and \$39,999; and all the states showed decreases for farms with sales volumes of \$2,500 to \$9,999. In contrast, there was a 29-percent increase in the southwestern states in the number of commercial farms with sales volumes of under \$2,500, but the extent of the gain ranged widely among the various states. The gain in Texas was 45 percent, compared with 1 percent in Louisiana.

The rapid growth in both the acreage and the value of products sold per farm has been accompanied by greater mechanization. Few crops are grown that do not lend themselves to some degree of mechanical harvesting, and most of the major cash crops can be grown almost completely without the use of hand labor.

FARMS IN THE FIVE SOUTHWESTERN STATES, BY ECONOMIC CLASS

Class of farm	Number		As a percentage of:			
	1964	1959	All farms		Commercial farms	
			1964	1959	1964	1959
Commercial farms	220,610	244,026	58.5	58.3	100.0	100.0
Class I (Sales of \$40,000 or more)	18,446	16,853	4.9	4.0	8.4	6.9
Class II (Sales of \$20,000 to \$39,999)	24,132	26,099	6.4	6.2	10.9	10.7
Class III (Sales of \$10,000 to \$19,999)	35,871	42,739	9.5	10.2	16.3	17.5
Class IV (Sales of \$5,000 to \$9,999)	42,837	54,802	11.3	13.1	19.4	22.5
Class V (Sales of \$2,500 to \$4,999)	47,773	63,492	12.7	15.2	21.7	26.0
Class VI (Sales of \$50 to \$2,499)	51,551	40,041	13.7	9.6	23.3	16.4
Other farms	156,375	174,677	41.5	41.7	—	—
Part-time (Operator working off farm 100 days or more, sales of \$50 to \$2,499)	103,057	122,899	27.3	29.3	—	—
Part-retirement (Operator 65 years old and over, sales of \$50 to \$2,499)	53,015	51,389	14.1	12.3	—	—
Abnormal (Public and private institutional farms, etc.)	303	389	.1	.1	—	—
All farms	376,985	418,703	100.0	100.0	—	—

NOTE: — In general, all farms with a total value of products sold amounting to \$2,500 or more are classified as commercial. Farms with sales of \$50 to \$2,499 are classified as commercial if the farm operator was under 65 years of age and (1) he did not work off the farm 100 or more days during the year and (2) the income received by the operator and members of his family from nonfarm sources was less than the value of all farm products sold.

SOURCE: U.S. Bureau of the Census.

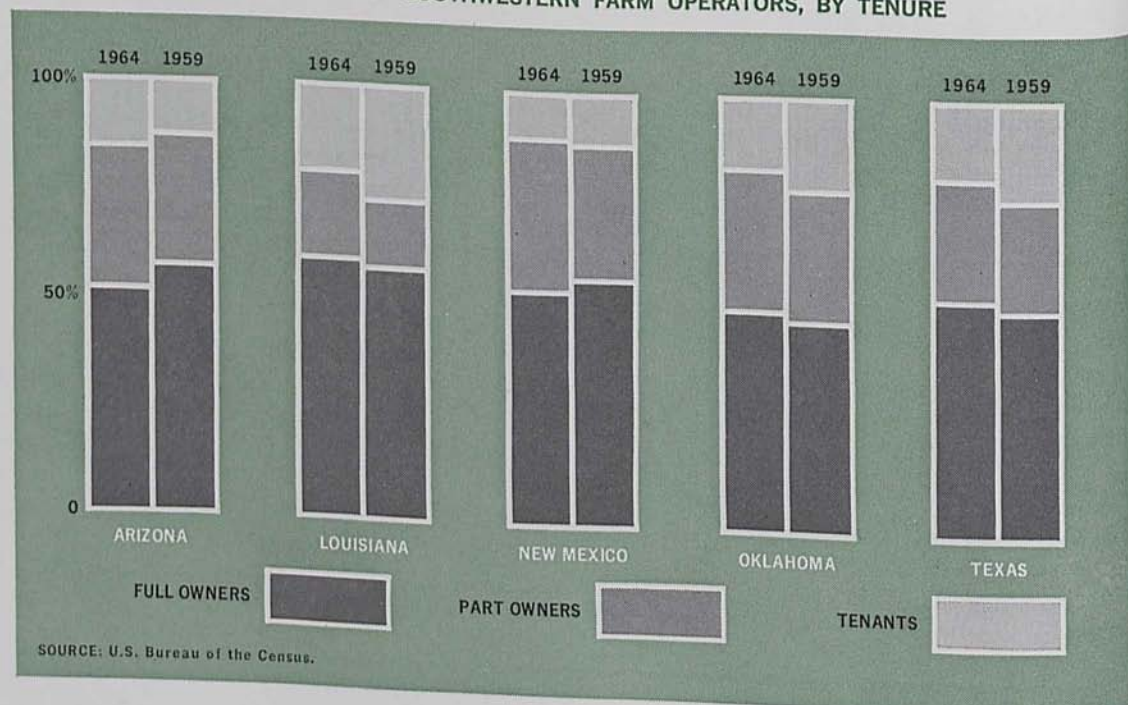
The farm operator is encouraged to substitute capital (equipment) for labor in order to reduce costs and remove some of the weather risks involved in getting a crop from the field. The handling of livestock also is highly mechanized, and, with the aid of modern equipment, one worker can now perform the tasks of several people. Therefore, both the numbers and the sizes of tractors, combines, haying equipment, corn pickers, and similar machines have been increased.

The basic source of power for most farm equipment is usually the farm tractor; and continuing the trend that has been under way since data on farm tractors became available, the number of tractor units increased in all five states between 1959 and 1964. Although the total number of tractors in the southwestern states rose 5 percent, the gain does not fully reflect the increase in horsepower used, since most of the units now are more powerful than those a few years ago.

Increases in farm sizes and the usage of modern technology have been accompanied by further changes in the tenure of farm operators. As the number of farmers has declined, reductions have also occurred in the numbers of farms operated by full owners and tenants. The number of tenant-operated farms in the Southwest declined the largest amount—26 percent—between 1959 and 1964. The 8-percent decrease in farms operated by full owners is attributed to the sale of farms, retirements, and the rental of farms by other operators to expand their units. On the other hand, the number of farms operated by part owners was virtually unchanged in the southwestern states. High land values and rising operating costs have encouraged many owners of smaller farms to rent additional land, rather than buy acreage.

Despite the decline in the number of full owners, the proportion of all farms operated by full owners in the southwestern states in 1964 was slightly larger than 5 years earlier.

DISTRIBUTION OF SOUTHWESTERN FARM OPERATORS, BY TENURE



Part owners showed a larger percentage increase than did full owner-operators, while the proportion of farms operated by tenants declined moderately.

Farm operators are still climbing the tenure ladder toward farm ownership; and as the size of farm units expands, there are more farms that require full-time operators. However, the percentage of all farmers reported as working off their farms 100 days or more is increasing. Modern equipment and production techniques have advanced to a level which permits some farmers to work their farms in less time than previously. Thus, some operators are not employed full time on their present units. The expansion of their farms to a size that would require a full-time operator may be considered a less desirable alternative than employment off the farm. Furthermore, the labor requirements for some farm enterprises are such that other members of the farm family may perform most of the work.

The expanding nonfarm economy has made jobs available on a full-time, part-time, or seasonal basis; and this fact has facilitated the reduction in excess farm labor as agricultural efficiency increases and has provided supplemental income to those remaining in agricultural pursuits. The percentage of southwestern farmers who availed themselves of these opportunities increased 7 percent from 1959 to 1964. Arizona was the only southwestern state reporting a relative decline in the number of farmers working off the farm, and Texas showed the largest increase.

Contrary to popular opinion, the age of farm operators is not increasing at a rapid rate. The

average age of farmers in the Southwest increased only 1 year between 1959 and 1964. The variation in ages of farm operators among the five states is narrow, with the average ages ranging from 50 in Arizona to 53 in Texas. With the exception of Oklahoma, there were decreases in the number of farmers 65 years of age and over.

Education is very important to the successful operation of any complex enterprise of today. In recognition of the importance of schooling, the 1964 Census of Agriculture reports, for the first time, the level of education attained by farm operators. A working knowledge of production techniques, credit arrangements, and market developments is needed if management is to be effective. In 1964, over 70 percent of the farmers in the southwestern states had completed 8 years or more of formal education, and one-third of the farmers had completed high school or 1 to 4 years of college.

The structural changes in southwestern agriculture have made family farms more productive and, in most instances, have increased the level of living for farm families. The transition of the family farm from a way of life to an efficient business enterprise has been accomplished rather smoothly. Further adjustments likely will occur, but the family farm is expected to continue as the basic unit in the agricultural economy. The improvements made in highways, mechanization, electrical power, and modes of transportation have enabled farm families to enjoy many of the advantages of both rural and urban life. The larger farm income is divided among fewer farmers; consequently, money incomes are increasing.

J. C. GRADY, JR.

**new
par
bank**

The La Pryor State Bank, La Pryor, Texas, an insured nonmember bank located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, was added to the Par List on March 17, 1967. The officers are: C. P. Spangler, Jr., President, and Mary Allen, Cashier.

interbank deposits

When a bank establishes a demand deposit at another bank, the former holds an asset which appears on its balance sheet as "demand balances with banks in the United States," while the latter holds a liability, "demand deposits of commercial banks in the United States."¹ These deposits between banks, or interbank deposits, play an important role in American banking.

In the Eleventh Federal Reserve District, interbank deposits are particularly important. For example, on December 31, 1966, member banks in the Eleventh District held \$1.7 billion of demand deposits of banks in the United States, or an amount comprising 16.9 percent of their total demand deposits. In addition, as of the same date, member banks in the District maintained demand deposits at domestic commercial banks of \$1.3 billion, a figure which was equal to 13.5 percent of the District's total demand deposits.

The magnitude of these interbank deposits clearly indicates the importance of one of the oldest institutional arrangements in commercial banking, the correspondent relationship between banks. This relationship evolved out of a number of historical characteristics of the American banking system—the restrictions on branch banking within many states, the prohibition against establishing branch banks

across state lines, and the lack of a central bank until after 1913.

As a result of the limitations on branching, both intrastate and interstate, the American banking system is typified by a large number of relatively small banks. In order to assure adequate service to their depositors and borrowers and, also, to increase the efficiency of their operations, these smaller banks have relied upon the development of a working relationship with larger city banks. Furthermore, because of the absence of a central bank until after 1913 and because of the fact that only about one-half of all commercial banks are members of the Federal Reserve System today, many banks have relied upon the larger banks as a "kind of" central bank.

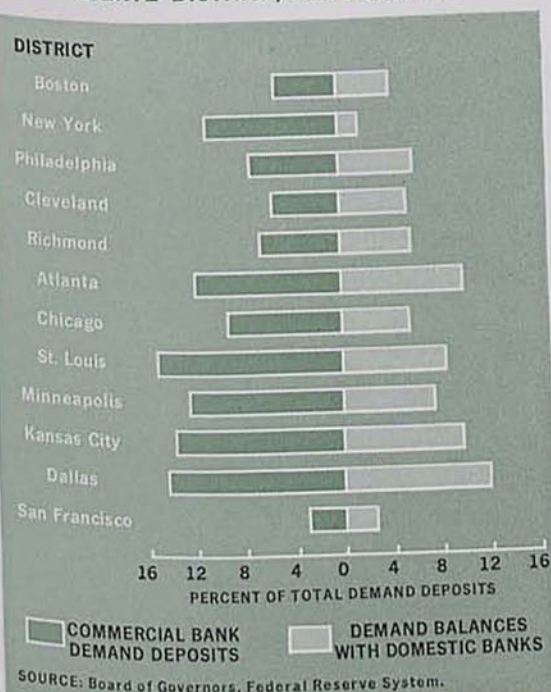
A correspondent relationship exists between two banks when one bank deposits funds in the other bank and, in turn, receives a number of services. The depositing bank is known as the country correspondent, while the depository bank is known as the city correspondent. The designations "city" and "country" bear no relationship, however, to the Federal Reserve classification of banks as "reserve city" or "country" banks.

In return for the demand deposit by the country correspondent, upon which, of course, no interest is paid, the city correspondent provides a number of services to the depositing bank. One of the most important of these is check clearing. While this service is of greatest importance to nonmember banks, it is also important to smaller member banks since many of the small member banks often clear checks with their correspondents as an alternative or supplement to clearing the checks through their Federal Reserve bank.

¹ Demand balances with banks in the United States are usually referred to as "due from banks," while demand deposits of commercial banks in the United States are called "due to banks." For all banks in the Nation as a group, the amount due from banks should equal the amount due to banks; but because of a number of technical factors, these two items do not balance. For any one Federal Reserve district, "due from banks" will not equal "due to banks" because of these technical factors and, also, because of the existence of interbank deposits between districts.

Other services which the city correspondent provides are advice on the management of the investment portfolio of the country correspondent, participation in loans of a magnitude which is beyond the legal limit of the smaller banks, buying and selling of Federal funds on behalf of the country correspondent, and data processing. In addition, within relatively narrow limits, correspondent balances provide a source of liquidity to the depositing bank. In return for these services, the city correspondent obtains a source of funds (and, therefore, of income), one which represents a significant part, often 20 to 30 percent or more, of the demand deposits of the large bank.

INTERBANK DEPOSITS RELATED TO MEMBER BANK DEMAND DEPOSITS, BY FEDERAL RESERVE DISTRICT, JUNE 30, 1966



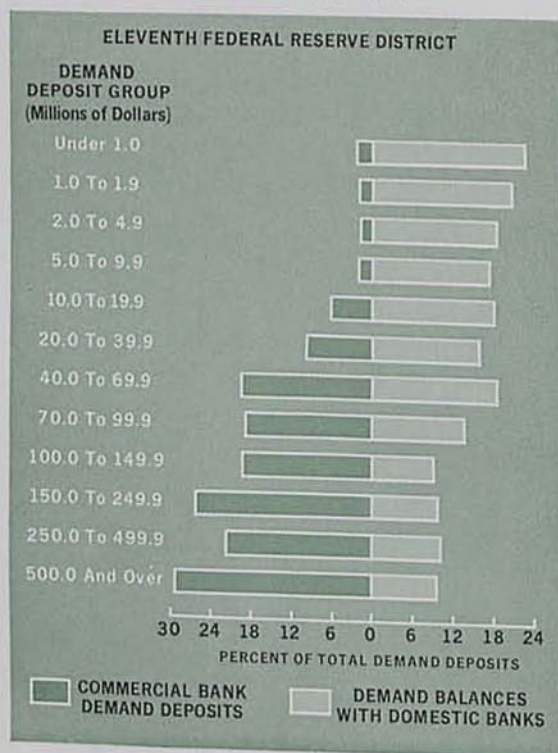
The amount of correspondent balances, on a relative or an absolute basis, varies considerably from district to district. These deposits tend to bulk quite large in Federal Reserve districts, such as the Eleventh District, in which

unit banking or limited branch banking is the dominant form of banking structure. This tendency is to be expected since it is the existence of small unit banks which creates the need for correspondent relationships and, hence, interbank deposits. As a proportion of total demand deposits, commercial bank demand deposits on June 30, 1966, ranged from a high of 15.0 percent in the Eighth District (St. Louis) to a low of 3.1 percent in the Twelfth District (San Francisco). The Eleventh District, with 14.3 percent of total demand deposits in the form of commercial bank deposits, ranked second among the 12 Federal Reserve districts. The five Federal Reserve districts with the largest percentages — St. Louis, Dallas, Kansas City, Minneapolis, and Atlanta — are districts in which unit banking or limited branch banking is the dominant form of banking structure.

When one looks at interbank deposits from the point of view of the depositing bank rather than the depository bank, it is clear that a similar ranking exists. In this case, though, the Eleventh Federal Reserve District, with 11.8 percent, ranked highest in terms of demand balances with banks in the United States as a percentage of total demand deposits in the District. The Second District (New York) ranked lowest with 1.8 percent. This showing is expected because New York City, as the Nation's leading financial center, is the ultimate focal point of the deposits of banks and, as such, has a relatively small need for maintaining deposits at other banks. Here again, the five Federal Reserve districts with the largest amount of demand balances with banks as a percentage of total demand deposits are those districts which are characterized by unit or limited branch banking—Dallas, Atlanta, Kansas City, St. Louis, and Minneapolis.

An analysis of the relationship between the size of bank and the amount of interbank deposits for all member banks in the Eleventh Federal Reserve District demonstrates that, as

**INTERBANK DEPOSITS RELATED TO MEMBER
BANK DEMAND DEPOSITS, BY BANK SIZE,
DECEMBER 31, 1966**



bank size increases, (1) the relative amount of commercial bank deposits rises and (2) the amount of demand balances with domestic banks as a percentage of total demand deposits falls. These relationships are expected since it is the larger city banks which serve as depositories for correspondent balances, while it is the smaller country banks which are the depositing banks.

As of December 31, 1966, for example, Eleventh District member banks with total demand deposits of less than \$10 million had, on the average, only about 2 percent of their demand deposits in the form of deposits of other commercial banks. However, banks with \$100 million or more in demand deposits obtained, on the average, over 20 percent of these funds from other commercial banks. Finally, the largest banks in the District, those with de-

mand deposit balances of \$500 million or more, obtained almost 30 percent of their demand deposits from commercial banks.

From the point of view of the depositing banks, it is evident that the smaller banks in the District maintain balances with other banks which equal a substantial portion of their total demand deposits. For example, banks in the District with less than \$2 million in total demand deposits on December 31, 1966, maintained demand balances with banks in the United States that were equal to slightly more than 20 percent of their total demand deposits. On the other hand, the larger banks in the District maintained a quantity of demand balances with banks which represented a much smaller proportion of their total demand deposits, about 10 percent in the case of banks with \$150 million or more in demand deposits.

While there are many banks in the Eleventh District with commercial bank demand balances, the fact that such deposits are most important for the large banks indicates that these large banks hold a substantial share of the total amount of commercial bank demand balances in the District. The concentration of bank demand deposits among the largest banks in the District is as follows.

<i>number of banks</i>	<i>percent of total bank demand deposits</i>
5 largest	50.7
10 largest	65.3
15 largest	71.6
20 largest	74.9

As indicated above, the five largest banks in the District, measured in terms of total demand deposits on December 31, 1966, held roughly one-half of all commercial bank demand deposits. The 20 largest banks held about three-fourths of the total.

As a result of the historical development of the American banking system with its large

numbers of relatively small commercial banks, correspondent relationships among banks — and, hence, interbank deposits — perform an important role in the financial system. In the Eleventh Federal Reserve District, interbank deposits are particularly important, primarily because of the unit banking structure in most of the District. In fact, the Eleventh District ranks second and first, respectively, in commercial bank demand deposits as a percentage of total demand deposits and in demand bal-

ances with domestic banks as a percentage of total demand deposits.

The distribution of interbank deposits is directly related to bank size in the case of demand balances of commercial banks, with the five largest banks in the District holding about 50 percent of the total. The distribution, however, is inversely related to bank size in the case of demand balances with banks.

DONALD R. FRASER

district highlights

Total nonagricultural wage and salary employment in the five southwestern states in February, at 5,558,100, was virtually unchanged from the previous month. There is usually a slight gain in total employment in the Southwest between January and February. Manufacturing employment rose fractionally, with strength evident in ordnance and transportation equipment. On the other hand, nonmanufacturing employment showed almost no change. Employment in transportation and public utilities, along with trade, eased. However, government employment increased 1 percent, and gains also were posted in service and finance employment.

Nonagricultural employment in the five states in February was more than 6 percent above the year-earlier figure. Manufacturing employment posted a notable gain of 7 percent. All the nonmanufacturing categories registered year-to-year increases except mining, which did not change. Construction employment, in particular, exhibited strength and was 11 percent ahead of the comparable 1966 figure. Employment in services showed an increase

of 8 percent, and for government the rise was almost 8 percent.

The Texas industrial production index, seasonally adjusted, decreased more than 2 percent in February to 150.7 percent of the 1957-59 base. Total durable goods manufacturing eased 2 percent. Rather large declines were exhibited by furniture and fixtures, electrical machinery, and stone, clay, and glass products; on the other hand, output of transportation equipment rose during the month. Nondurable goods manufacturing showed no change. Paper and allied products and the printing, publishing, and allied industries registered relatively strong increases, as contrasted to declines in apparel and allied products and in leather and leather products. Decreases were posted by a few other nondurable goods manufactures. Within the mining sector, there was a production gain in metal, stone, and earth minerals but a decline in crude petroleum mining.

Industrial production in the State in February was 7 percent above a year earlier, which

is similar to the year-to-year gain for recent months. Total durable goods manufacturing rose 11 percent, with transportation equipment, machinery except electrical, and furniture and fixtures advancing the most rapidly. The non-durable goods sector, although increasing less, rose more than 5 percent. Output of textile mill products and printing, publishing, and allied industries expanded significantly, but production of many other nondurable manufactures advanced also.

Department store sales in the Eleventh District for the 4 weeks ended March 25 were 11 percent above the corresponding period a year ago. The sales strength during March partly reflected buying for the earlier Easter this year. Cumulative sales through March 25, 1967, were 5 percent more than in the comparable 1966 period.

Totaling 15,709 in February, registrations of new passenger automobiles in Dallas, Fort Worth, Houston, and San Antonio eased 1 percent below January. However, activity in the individual markets during the month varied considerably, ranging from a 16-percent decrease in San Antonio to a 7-percent increase in Houston. Cumulative registrations in the four Texas markets for the first 2 months of the year were 7 percent under those for the same period of 1966.

Although there was some precipitation in late March, a shortage of soil moisture continues over much of the Eleventh District. Small grains are critically in need of rain, and planting of spring crops in many areas will be delayed until moisture is received. Planting of cotton, corn, and grain sorghums in the early areas is under way and is slightly ahead of last year's schedule. Rice seeding is active, following beneficial rains over much of the producing area. Livestock remain in fair to good condition, with supplemental feeding continu-

ing. Grazing has been limited in most areas, as cold weather and the lack of rain have retarded plant growth.

Farmers in the five southwestern states plan to seed about 26 million acres to spring-planted crops this year, or 3 percent more than in 1966, according to a March 1 survey by the U.S. Department of Agriculture. The increase is attributed to larger acreages of sorghums, soybeans, and sugar beets. Among other crops, there is a wide variation in planned acreage, ranging from no change for rice to a 64-percent decline for flax.

Negotiable time certificates of deposit issued in denominations of \$100,000 or more have shown unusual strength at the weekly reporting commercial banks in the Eleventh District thus far this year. Between February 15 and March 15, 1967, these large CD's registered a gain of \$12 million, in contrast to declines averaging \$24 million during the comparable periods in 1964-66. Usually, the volume of large CD's outstanding declines in the weeks immediately preceding the March 15 corporate tax and dividend payments, as corporations draw down their bank time deposits in order to make these payments. In 1967, however, the rapid declines in money rates — especially rates on Treasury bills — relative to CD rates have made this instrument extremely attractive to short-term investors. Consequently, the "normal" seasonal pattern has been obscured thus far in 1967.

The pattern of strength established for CD's in the District also holds for the Nation as a whole. The volume of CD's outstanding at the large New York banks decreased only \$80 million in the week ended March 15, which is substantially less than the declines for corresponding periods in earlier years. Similarly, large CD's at all weekly reporting commercial banks, in contrast to the pattern of previous years, rose \$417 million in the 4-week period ended March 15.

STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

April 1967



FEDERAL RESERVE BANK
OF DALLAS

CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Mar. 29, 1967	Feb. 22, 1967	Mar. 30 1966 ¹
ASSETS			
Net loans and discounts.....	5,212,355	5,009,943	4,966,287
Valuation reserves.....	97,103	98,543	88,605
Gross loans and discounts.....	5,309,458	5,108,486	5,054,892
Commercial and industrial loans.....	2,493,903	2,503,716	2,319,632
Agricultural loans ²	91,097	89,681	61,996
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities.....	56,502	16,002	250
Other securities.....	32,173	34,693	52,407
Other loans for purchasing or carrying:			
U.S. Government securities.....	1,091	1,296	2,763
Other securities.....	302,265	311,259	316,051
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies.....	171,389	146,229	159,020
Other.....	266,405	253,423	275,059
Real estate loans.....	463,848	462,783	454,407
Loans to domestic commercial banks.....	362,842	217,849	136,640
Loans to foreign banks.....	3,610	3,494	9,012
Consumer instalment loans.....	515,029	511,242	
Loans to foreign governments, official institutions, etc.....	0	0	1,267,655
Other loans ³	549,304	556,819	
Total investments.....	2,283,620	2,223,849	2,185,215
Total U.S. Government securities.....	1,123,923	1,070,888	1,141,130
Treasury bills.....	72,904	40,896	49,425
Treasury certificates of indebtedness.....	15,115	15,182	19,849
Treasury notes and U.S. bonds maturing:			
Within 1 year.....	150,548	129,284	107,555
1 year to 5 years.....	622,403	629,999	608,979
After 5 years.....	262,953	255,527	355,322
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills.....	6,667	6,886	
All other.....	967,756	953,671	
Other bonds, corporate stocks, and securities:			
Participation certificates in Federal agency loans ⁴	118,649	118,872	1,044,085
All other (including corporate stocks).....	66,625	73,532	
Cash items in process of collection.....	732,238	816,776	741,888
Reserves with Federal Reserve Bank.....	634,752	673,136	530,698
Currency and coin.....	76,355	72,935	69,298
Balances with banks in the United States.....	443,199	494,546	456,038
Balances with banks in foreign countries.....	4,845	4,110	3,763
Other assets.....	329,984	325,920	326,772
TOTAL ASSETS.....	9,717,348	9,621,215	9,279,959
LIABILITIES			
Total deposits.....	8,413,916	8,211,100	8,042,622
Total demand deposits.....	5,019,631	4,866,147	4,759,622
Individuals, partnerships, and corporations.....	3,375,898	3,278,234	3,211,649
States and political subdivisions.....	312,885	299,083	319,237
U.S. Government.....	131,836	137,456	95,312
Banks in the United States.....	1,100,492	1,076,101	1,032,229
Foreign:			
Governments, official institutions, etc.....	3,256	2,935	2,374
Commercial banks.....	21,537	21,642	19,750
Certified and officers' checks, etc.....	73,727	50,696	79,071
Total time and savings deposits.....	3,394,285	3,344,953	3,283,000
Individuals, partnerships, and corporations:			
Savings deposits.....	1,115,808	1,106,670	1,325,459
Other time deposits.....	1,593,689	1,553,255	1,373,652
States and political subdivisions.....	652,474	658,910	564,328
U.S. Government (including postal savings).....	10,808	8,789	3,344
Banks in the United States.....	19,976	15,799	13,377
Foreign:			
Governments, official institutions, etc.....	800	800	1,300
Commercial banks.....	730	730	1,540
Bills payable, rediscounts, and other liabilities for borrowed money.....	271,314	378,644	256,169
Other liabilities.....	173,859	178,083	167,619
CAPITAL ACCOUNTS.....	858,259	853,388	813,549
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	9,717,348	9,621,215	9,279,959

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 Mar. 1, 1967	4 weeks ended Feb. 1, 1967	4 weeks ended Mar. 2, 1966
RESERVE CITY BANKS			
Total reserves held.....	616,085	644,965	593,053
With Federal Reserve Bank.....	571,200	595,975	547,880
Currency and coin.....	44,885	48,990	45,173
Required reserves.....	626,594	638,960	588,564
Excess reserves.....	10,509	6,005	4,489
Borrowings.....	1,696	343	8,643
Free reserves.....	12,205	5,662	4,154
COUNTRY BANKS			
Total reserves held.....	661,073	673,042	623,602
With Federal Reserve Bank.....	507,600	510,800	477,408
Currency and coin.....	153,473	162,242	146,194
Required reserves.....	626,052	631,019	589,234
Excess reserves.....	35,021	42,023	34,368
Borrowings.....	2,987	1,955	9,041
Free reserves.....	32,034	40,068	25,327
ALL MEMBER BANKS			
Total reserves held.....	1,277,158	1,318,007	1,216,655
With Federal Reserve Bank.....	1,078,800	1,106,775	1,025,288
Currency and coin.....	198,358	211,232	191,367
Required reserves.....	1,252,646	1,269,979	1,177,798
Excess reserves.....	24,512	48,028	38,857
Borrowings.....	4,683	2,298	17,684
Free reserves.....	19,829	45,730	21,173

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Mar. 29, 1967	Feb. 22, 1967	Mar. 30, 1966
Total gold certificate reserves.....	457,070	439,800	521,802
Discounts for member banks.....	2,805	10,638	10,863
Other discounts and advances.....	580	0	1,160
U.S. Government securities.....	1,770,171	1,869,356	1,514,908
Total earning assets.....	1,773,556	1,879,994	1,526,931
Member bank reserve deposits.....	1,033,685	1,110,316	919,554
Federal Reserve notes in actual circulation.....	1,245,813	1,237,228	1,180,902

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Feb. 22, 1967	Jan. 25, 1967	Feb. 23, 1966
ASSETS			
Loans and discounts ¹	8,692	8,669	8,429
U.S. Government obligations.....	2,300	2,298	2,453
Other securities ²	2,293	2,271	1,992
Reserves with Federal Reserve Bank.....	1,110	1,108	823
Cash in vault.....	217	230	207
Balances with banks in the United States.....	1,127	1,084	1,041
Balances with banks in foreign countries ³	6	7	6
Cash items in process of collection.....	923	910	777
Other assets ⁴	503	485	412
TOTAL ASSETS⁵.....	17,171	17,062	16,140
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,334	1,330	1,196
Other demand deposits.....	7,552	7,674	7,403
Time deposits.....	6,183	6,040	5,610
Total deposits.....	15,069	15,044	14,209
Borrowings.....	389	322	326
Other liabilities ⁶	242	229	216
Total capital accounts ⁷	1,471	1,467	1,389
TOTAL LIABILITIES AND CAPITAL ACCOUNTS⁸.....	17,171	17,062	16,140

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."

² — 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		
	February 1967 (Annual-rate basis)	Percent change			February 28, 1967	Annual rate of turnover	
		January 1967	February 1967	2 months, 1967 from 1966		February 1967	January 1967
ARIZONA: Tucson.....	\$ 4,301,076	4	11	9	\$ 163,370	26.7	26.1
LOUISIANA: Monroe.....	2,111,616	14	7	3	71,939	27.8	24.6
Shreveport.....	6,021,432	8	17	14	211,145	27.4	25.3
NEW MEXICO: Roswell ²	627,456	-5	-5	-3	33,164	19.0	19.7
TEXAS: Abilene.....	1,925,136	2	7	6	94,942	20.5	20.3
Amarillo.....	4,706,520	12	0	0	135,827	34.5	30.6
Austin.....	4,403,316	-4	18	9	188,136	23.6	24.6
Beaumont-Port Arthur.....	5,585,256	4	12	10	221,785	25.1	24.7
Brownsville-Harlingen-San Benito.....	1,294,980	-7	-6	-5	60,854	21.2	23.8
Corpus Christi.....	3,920,352	-3	6	8	183,396	21.8	22.4
Corsicana ²	351,624	1	6	5	28,662	12.3	12.7
Dallas.....	66,836,256	-2	10	11	1,686,884	40.1	40.6
El Paso.....	5,084,040	-1	7	10	213,778	24.1	25.0
Fort Worth.....	14,524,632	0	7	8	503,691	28.9	28.6
Galveston-Texas City.....	2,258,940	9	10	8	93,319	23.4	21.3
Houston.....	62,844,756	-4	9	10	1,949,893	32.6	34.4
Laredo.....	585,984	-3	6	8	32,864	17.8	18.6
Lubbock.....	3,248,484	2	-12	-12	141,399	23.5	23.1
McAllen-Pharr-Edinburg.....	1,269,060	-2	7	15	72,768	17.4	17.4
Midland.....	1,471,572	-11	-8	-2	119,616	12.6	14.3
Odessa.....	1,175,244	-4	1	1	67,399	17.7	19.6
San Angelo.....	973,428	7	9	5	55,976	16.9	15.5
San Antonio.....	11,682,792	-5	1	4	512,586	23.3	25.0
Texarkana (Texas-Arkansas).....	1,286,016	5	28	25	57,589	22.2	21.1
Tyler.....	1,559,916	-6	-4	1	83,076	19.2	20.0
Waco.....	2,069,964	-6	3	6	108,186	19.3	20.6
Wichita Falls.....	2,062,440	-2	0	-5	114,303	18.3	19.3
Total—27 centers.....	\$214,182,288	-2	8	9	\$7,206,547	30.0	30.6

¹ Deposits of individuals, partnerships, and corporations and of states and political subdivisions.² County basis.

NOTE.—Figures for 1966 have been revised due to the use of new seasonal adjustment factors.

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
1965: February...	8,582	4,006	4,576	4,984	2,438	2,546
1966: February...	8,827	4,027	4,800	5,612	2,675	2,937
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
November...	8,914	4,061	4,853	5,751	2,581	3,170
December...	9,098	4,202	4,896	5,781	2,575	3,206
1967: January...	9,352	4,226	5,126	5,934	2,645	3,289
February...	8,902	4,020	4,882	6,091	2,721	3,370

CITRUS FRUIT PRODUCTION

(In thousands of boxes)

State and crop	Indicated 1966	1965	Average 1960-64
ARIZONA			
Oranges.....	2,750	2,600	1,784
Grapefruit.....	1,800	3,050	2,578
TEXAS			
Oranges.....	2,600	1,300	1,392
Grapefruit.....	5,400	3,800	2,414

SOURCE: U.S. Department of Agriculture.

BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	NUMBER		VALUATION		Percent change		
	Feb. 1967	2 mos. 1967	Feb. 1967	2 mos. 1967	Feb. 1967 from		2 months, 1967 from 1966
					Jan. 1967	Feb. 1966	
ARIZONA							
Tucson.....	511	955	\$ 1,124	\$ 2,694	-28	-20	-7
LOUISIANA							
Monroe-West							
Monroe.....	72	133	2,979	4,576	87	98	42
Shreveport.....	232	492	1,249	2,223	28	-42	-34
TEXAS							
Abilene.....	50	112	2,517	4,028	67	309	274
Amarillo.....	136	262	1,035	2,459	-27	-25	4
Austin.....	337	706	12,296	17,445	139	33	10
Beaumont.....	134	233	1,861	2,452	215	102	60
Brownsville.....	45	100	144	398	-43	-58	-18
Corpus Christi.....	299	600	2,879	5,275	20	-41	-27
Dallas.....	1,797	3,357	14,141	28,623	-2	-55	-41
El Paso.....	446	875	3,407	10,094	-49	-32	-3
Fort Worth.....	603	1,088	8,696	13,913	67	214	136
Galveston.....	103	174	494	1,094	-18	-24	3
Houston.....	1,681	3,170	28,350	45,437	66	-5	-22
Laredo.....	27	55	380	976	-36	90	140
Lubbock.....	122	248	1,431	2,639	18	-87	-82
Midland.....	64	128	1,001	1,614	64	-56	-74
Odessa.....	64	150	539	1,034	9	-66	-55
Port Arthur.....	57	112	313	943	-50	36	130
San Angelo.....	74	149	481	1,010	-9	7	30
San Antonio.....	1,062	2,053	14,758	20,897	140	94	68
Texarkana.....	42	67	293	459	77	74	6
Waco.....	185	337	519	1,051	-2	-22	-55
Wichita Falls.....	64	123	640	1,049	56	-60	-47
Total—24 cities..	8,207	15,679	\$101,527	\$172,383	43	-14	-16

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	February 1967	January 1967	December 1966	January—February	
				1967	1966r
FIVE SOUTHWESTERN STATES¹					
Residential building.....	413	329	337	742	760
Nonresidential building.....	127	115	84	241	337
Nonbuilding construction...	175	96	123	272	198
	111	118	130	229	224
UNITED STATES.....	3,300	2,838	3,189	6,124	7,023
Residential building.....	1,056	937	903	1,989	2,741
Nonresidential building.....	1,430	1,175	1,358	2,603	2,566
Nonbuilding construction...	814	726	928	1,532	1,716

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	February 1967p	January 1967p	February 1966	Percent change from	
				January 1967	February 1966
ELEVENTH DISTRICT.....	3,545.4	3,573.1	3,393.3	-0.8	4.5
Texas.....	3,051.3	3,083.6	2,933.4	-1.1	4.0
Gulf Coast.....	568.5	569.0	537.0	-1.1	5.9
West Texas.....	1,384.8	1,409.9	1,364.1	-1.8	1.5
East Texas (proper).....	131.2	132.1	123.5	-7	6.2
Panhandle.....	99.4	100.0	100.5	-6	-1.1
Rest of State.....	867.4	872.6	808.3	-6	7.3
Southeastern New Mexico..	321.5	316.6	307.1	1.5	4.7
Northern Louisiana.....	172.6	172.9	152.8	-2	13.0
OUTSIDE ELEVENTH DISTRICT	5,177.8	5,147.0	4,881.0	.6	6.1
UNITED STATES.....	8,723.2	8,720.1	8,274.3	.0	5.4

p — Preliminary.

SOURCES: American Petroleum Institute,

U.S. Bureau of Mines.

Federal Reserve Bank of Dallas.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change	
	February 1967p	January 1967	February 1966r	Jan. 1967	Feb. 1966
Total nonagricultural					
wage and salary workers..	5,558,100	5,556,500	5,225,600	0.0	6.4
Manufacturing.....	1,014,800	1,012,600	947,500	.2	7.1
Nonmanufacturing.....	4,543,300	4,543,900	4,278,100	.0	6.2
Mining.....	232,000	232,300	232,000	-1	.0
Construction.....	368,700	371,200	331,500	-7	11.2
Transportation and public utilities.....	425,200	428,100	408,000	-7	4.2
Trade.....	1,277,900	1,287,600	1,219,100	-8	4.8
Finance.....	272,900	272,000	262,700	.3	3.9
Service.....	819,400	815,500	757,400	.5	8.2
Government.....	1,147,200	1,137,200	1,067,400	.9	7.5

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

p — Preliminary.

r — Revised.

SOURCE: State employment agencies.

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	February 1967p	January 1967	December 1966r	February 1966r
TEXAS				
Total industrial production.....	150.7	153.0	151.3	140.8
Manufacturing.....	169.0	170.5	170.1	156.7
Durable.....	189.5	193.7	191.0	170.5
Nondurable.....	155.3	155.1	156.2	147.5
Mining.....	115.7	120.0	116.7	109.8
Utilities.....	194.5	192.3	188.3	182.7
UNITED STATES				
Total industrial production.....	155.9	158.0	159.0	152.4
Manufacturing.....	157.9	160.2	161.3	154.7
Durable.....	162.6	165.8	167.6	160.7
Nondurable.....	152.0	153.1	153.5	147.3
Mining.....	122.2	123.6	123.0	117.7
Utilities.....	176.5	176.0	176.4	168.7





p — Preliminary.

r — Revised.

SOURCES: Board of Governors of the Federal Reserve System.

Federal Reserve Bank of Dallas.

ELEVENTH FEDERAL RESERVE DISTRICT

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

