

# *business review*



*may 1967*

**FEDERAL RESERVE  
BANK OF DALLAS**

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## *farm programs and trade*

The agricultural industry of the United States as a whole, as well as that of the Southwest, is one of the most efficient sectors of the Nation's economy. The gains in productivity reflect the use of improved technology and heavy investment in capital equipment. Increased output per man-hour has made it possible to reduce the total labor requirement almost one-third during the past decade. The release of manpower has made more labor available for other segments of our economy and placed those persons remaining in farming in a more fully employed status.

Efficiency in agricultural production has not been accomplished without creating some difficult problems. These problems partly arise from the fact that literally millions of individual farm producers could not compete for the resources needed in an efficient farm enterprise. Further, the agribusiness firms and consumers depending upon the farm industry for supplies feel the effects of a rapidly changing agriculture. The nature and implications of the problems

are of such magnitude that, for many years, public policies have been directed toward finding equitable solutions for them.

Current agricultural programs are designed to provide adequate supplies of quality food and fiber at reasonable prices for domestic and export markets, to prevent excessive accumulation of stocks, and to maintain farm income at acceptable levels. In order to bring these all-encompassing objectives to fruition, acreage restrictions, various types of direct payments, regulatory requirements, and export promotion programs have been utilized.

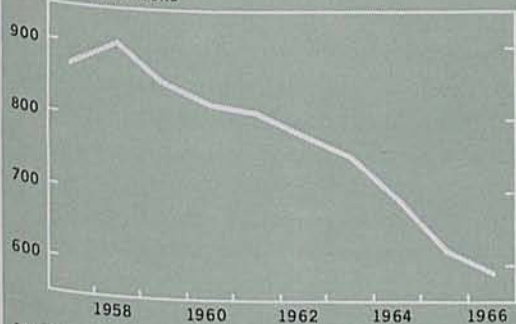
Government programs instituted with the objective of directly influencing the level of farm income and prices receive the greatest attention. The method most frequently used — and perhaps best known by the general public — for accomplishing this objective in the case of crops is acreage restrictions. In the Southwest, most of the major crops are under both price-support programs and acreage restrictions. In the discussion that follows, attention will be directed toward programs related to cotton, rice, sorghum grain, and wheat since these crops account for the larger proportion of the total planted acreage in the Southwest. Despite attempts to curb acreages planted to these crops, production has generally increased.

The acreage of cotton, grain sorghum, rice, and wheat in the five southwestern states — Arizona, Louisiana, New Mexico, Oklahoma, and Texas — declined 9 percent between 1957 and 1966, but the production of these crops increased 20 percent. Acreage reductions occurred for cotton and grain sorghum. The tremendous improvements in sorghum grain yields

### TOTAL WORKERS ON FARMS

FIVE SOUTHWESTERN STATES

THOUSANDS OF PERSONS



SOURCE: U.S. Department of Agriculture



## PRODUCTION OF FOUR MAJOR CROPS

Five Southwestern States

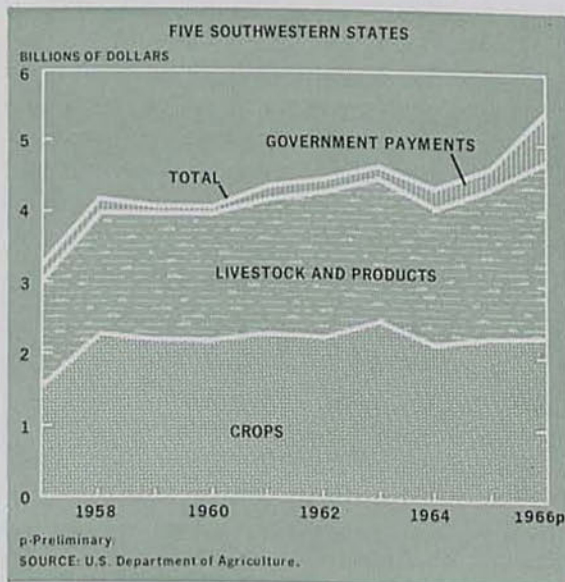
(In thousands of units)

Year	Cotton (Bales)	Rice (Bags)	Sorghum grain (Bushels)	Wheat (Bushels)
1957	5,242	21,804	272,646	82,331
1958	5,953	22,561	283,920	193,100
1959	6,327	26,046	291,005	153,965
1960	6,445	25,876	298,266	206,420
1961	6,762	25,257	263,320	205,664
1962	6,794	31,895	235,946	120,879
1963	6,544	35,825	283,913	127,356
1964	6,057	36,102	248,239	167,531
1965	6,616	39,534	340,923	216,444
1966	4,535	42,398	362,428	178,516

SOURCE: U.S. Department of Agriculture.

per acre made possible a 33-percent gain in production despite a 27-percent decrease in acreage. Cotton yields also have improved, and the accumulation of stocks required a program change for the 1966 crop. The change resulted in a 31-percent reduction in acreage and a 13-percent decrease in production. Rice acreage expanded 43 percent, and output about doubled in the past decade. Even though wheat acreage increased only 37 percent, production has more than doubled since 1957.

## CASH RECEIPTS FROM FARMING



Acreage control programs are based upon past acreages and yields; but rapid adoption of new technology, favorable weather, shifts in demand, and other factors quite often result in an output of agricultural commodities which is different from the projected volume. The larger supply usually calls for a change in crop programs.

Changes in Government programs from year to year introduce elements of uncertainty, and abrupt changes can be quite disruptive for local economies, as well as the level of cash receipts from farming. A recent example of a change in a Government program that had a rather drastic impact upon both cotton producers and agribusinesses occurred in connection with the 1966 cotton program. The new program permits a maximum acreage diversion of 35 percent and provides for two direct payments to farmers. Texas — the leading cotton-producing State — especially felt the brunt of this change.

Many local areas derive a large proportion of their incomes directly or indirectly from the production of cotton. Agribusiness firms that supply farmers with items used in production and those that provide processing, warehousing, and marketing services definitely felt the impact of the reduced volumes of business. The cotton acreage harvested in Texas in 1965 was 5.6 million acres, but the acreage in 1966 was reduced to 4.0 million acres, down 28 percent. The output from the reduced acreage totaled 3.2 million bales, or almost 1.5 million bales below that of 1965.

The changing patterns of demand for grain crops, both in domestic and in foreign markets, also have often necessitated rather abrupt adjustments. In the late fifties, a program of diverting acreage while maintaining high Government price supports did not reduce the size of crops harvested nor the accumulation of large carry-overs. The carry-over of grain crops had reached unworkable proportions by 1961. Since that time, a goal of maintaining a balance



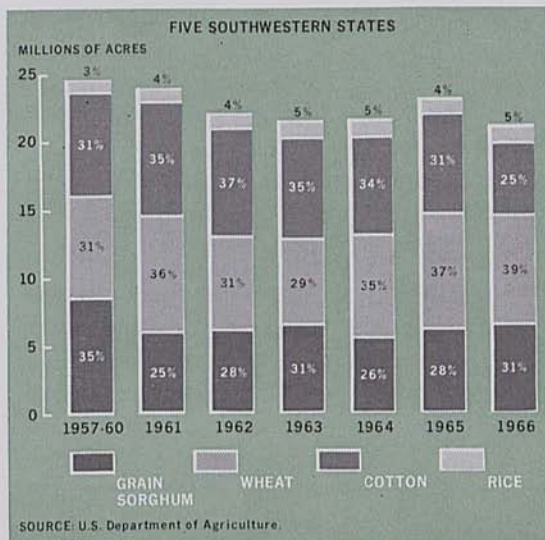
among output, stocks, and disappearance has been given increasing attention. The reduction in acreage and a strong foreign demand have made it possible to accomplish this goal. The grain programs were rewritten in the early sixties, before the great export potential was apparent. Many of the restrictions placed on grain crops by the 1962 feed grain program have since been changed in recognition of the depletion of surplus stocks and the expanded export demand.

Price supports and acreage control programs for feed grains are related to livestock production indirectly through feed cost and supplies. Although livestock prices have not been directly supported by the Government on a continuing basis, market prices have been strengthened from time to time by Government purchases of meat for school lunch and welfare programs. The prices of wool and mohair have been subject to an incentive price-support program for a number of years.

Despite the growth in population, the productive capacity of American farms has exceeded domestic food consumption requirements. Thus, the United States has maintained a vital and continuing interest in foreign markets as an outlet for farm production. The agricultural export market has improved steadily during the past several years, and the value of agricultural exports reached \$6.7 billion in 1966. The increased volume may be attributed to the generally high level of economic activity in eight major importing countries. The industrialized nations of the world provide more than two-thirds of the demand for American products. Commercial sales have grown faster than sales made with Government assistance and presently account for approximately 60 percent of the total value of commodity exports.

Domestic consumption of feed grains has expanded, largely as a result of the greater number of animal units being fed. Declines in per capita human consumption of grains have about

## ACREAGE DEVOTED TO MAJOR CROPS



offset the gain in population. On the other hand, increased foreign demand reflects population growth, affluence, and very poor crop harvests.

Export markets currently take the output of one-fourth of all the acreage planted to crops. Over half of the wheat produced is presently being exported, as well as 50 percent of the sorghum grain crop and about 55 percent of the rice output. Foreign shipments of cotton in 1966 declined to the lowest level since 1958

## CARRY-OVER OF SPECIFIED CROPS

### United States

(In millions of units)

Year	Cotton, August 1 (Bales)	Rice, <sup>1</sup> August 1 (Hundred- weight)	Sorghum grain, October 1 (Bushels)	Wheat, July 1 (Bushels)
1957	11.3	20.1	79.4	908.8
1958	8.7	18.2	309.4	881.4
1959	8.9	15.7	509.7	1,295.1
1960	7.6	12.1	581.2	1,313.5
1961	7.2	10.1	701.9	1,411.2
1962	7.8	5.3	661.0	1,321.9
1963	11.2	7.7	654.6	1,194.9
1964	12.4	7.5	648.8	901.2
1965	14.3	7.7	565.5	817.7
1966	16.9	8.2	391.2	535.2

<sup>1</sup> Rough equivalent.  
SOURCE: U.S. Department of Agriculture.



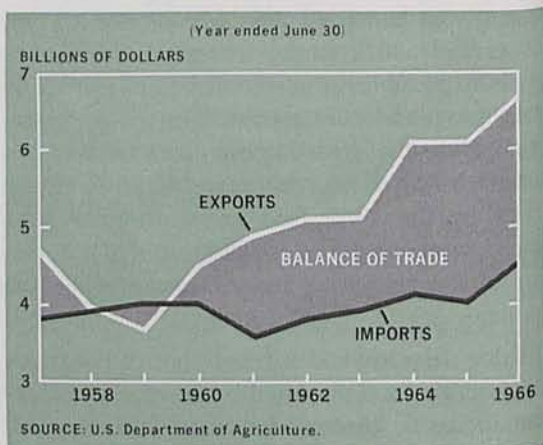
and were the equivalent of about 20 percent of the previous year's crop and 23 percent of the acreage. The high level of disappearance in recent years has reduced the carry-over of all major grain crops to, or below, desired levels in relation to expected domestic use plus a reserve to meet emergency needs. In contrast, the carry-over of cotton fiber at the beginning of the 1966-67 marketing year was a record.

The southwestern states are major participants in the export market. In fact, Texas ranks second in the Nation in the total dollar volume of agricultural exports. The southwestern states rank high in exports of cotton, rice, sorghum grain, and wheat. The acreage planted to these crops accounts for more than 60 percent of all crop acreage in the region; and since a high percentage of the production of each crop is exported, foreign demand is highly important to the Southwest. Furthermore, the favorable agricultural trade position is a great asset in the overall U.S. balance-of-payments situation. The value of agricultural imports in fiscal 1965-66 is placed at \$4.5 billion, or \$2.2 billion less than exports.

The Government policies concerning exports of U.S. agricultural commodities are centered around Public Law 480, which has four major divisions, or titles. Title I establishes provisions for sales subject to payment in foreign currency. During the past 10 years, the total dollar value of sales under Title I has exceeded that under the other three titles combined. Title II of Public Law 480 is designed to provide disaster relief. Title III has two provisions — one for donations and the other for barter. Title IV makes provisions for long-term supply and for dollar credit sales. Total agricultural exports during the past decade were valued at \$57 billion, of which amount commercial exports for dollars accounted for \$40 billion.

U.S. exports of agricultural products for non-economic reasons have been increasing, particularly exports of some commodities. Much of

## U.S. AGRICULTURAL EXPORTS AND IMPORTS



the surplus wheat and sorghum grain has been shipped to India and other developing countries. Wheat is the major commodity sold under Public Law 480 for soft currencies (those with fluctuating values), and India has been the leading recipient. Such shipments were mainly responsible for reducing the U.S. wheat carry-over from 1.4 billion bushels in 1961 to 536 million bushels in 1966. The use of agricultural commodities as a stopgap measure while the country develops its agricultural plant has become an increasingly important method of assistance. Soft currencies received through these sales have been used, in many instances, by the U.S. Government to provide technical assistance and to pay other expenses in the receiving countries.

The payment of subsidies to domestic exporters has been necessary to enable them to compete pricewise. In particular, a subsidy has been needed for commodities when our support prices were at higher levels than international market prices and when most products were in surplus domestic supply. Another purpose of a subsidy is to help American exporters overcome the tariff barriers imposed by receiving countries. The tariff placed upon the importation of a commodity usually raises the price at the port of entry to, or above, the domestic

price of that country. Thus, if trade is to be conducted, the American exporter must either pay a considerably lower purchase price or receive payment of a magnitude that will overcome the tariff.

The present differential between U.S. prices and world prices is much smaller than when price-support levels for domestic crops were much higher. The price of cotton remained high until 1966, when the support level was reduced to the estimated world price. The artificially high price of American cotton had encouraged the production of cotton in additional countries and, also, promoted greater efforts on the part of those countries that had long been producers. The producers of man-made fibers had received encouragement to expand output since cotton was less competitive. The expanded production of foreign cotton and man-made fibers placed the American cotton industry at a distinct disadvantage in world trade.

The future of U.S. agricultural exports appears bright, although not equally so for all major commodities. The increasing world population will place a great demand on food and fiber. The development by Common Market countries of relative self-sufficiency with respect to the supply of many commodities will necessitate adjustment in U.S. production. The under-

developed areas of the world will need a considerable amount of food aid, as well as other assistance, for a number of years. If these countries are able to develop their economies satisfactorily, they may someday become large commercial importers of American agricultural products, as has our number 1 buyer, Japan.

With world conditions in an unsettled state, a relatively large volume of U.S. products will, no doubt, be exported for political and socio-economic reasons. World food production will have to be doubled in the next 33 years merely to maintain the present deficient diet level of most of the world's people. The United States undoubtedly will encourage the underdeveloped, deficit food-producing nations of the world to increase their output. Procedures for accomplishing this task will require the best efforts of all nations. The United States cannot feed the world. The heavily populated, low per capita income nations do not now have, nor are they likely to have in the foreseeable future, an effective demand for a large volume of imported agricultural commodities. Therefore, assisting these countries to achieve a better balance between food production and the dietary requirements of their population may be the best ultimate solution.

J. C. GRADY, JR.



## *trust operations of eleventh district banks*

Nineteen hundred and sixty-six represented another year of growth in the trust operations of member banks in the Eleventh Federal Reserve District, as indicated in the recent survey of District trust departments. With their total revenue rising slightly more than 11 percent and with total expenses increasing almost 10 percent, net income before taxes continued to advance. For trust departments of the banks included in the survey, aggregate net income before taxes equaled 9.6 percent of total revenue in 1966. When deposit credits amounting to 15.3 percent of total revenue are included (credits which result from the fact that the trust department indirectly generates revenue through the maintenance of deposits), trust department net income before taxes equaled 24.9 percent of total revenue.

Each year since 1957, the Federal Reserve Bank of Dallas, in cooperation with the Trust Section of the Texas Bankers Association, has conducted a survey of the income and expenses of trust departments of member banks in the Eleventh Federal Reserve District. The survey is useful to trust departments in that the results help each department compare its performance with that of departments of comparable size in the same geographic region. Information on trust department operations in 1966 was obtained from 59 banks. These banks accounted for \$17.8 million, or more than four-fifths, of the total trust department revenue of all member banks in the District.

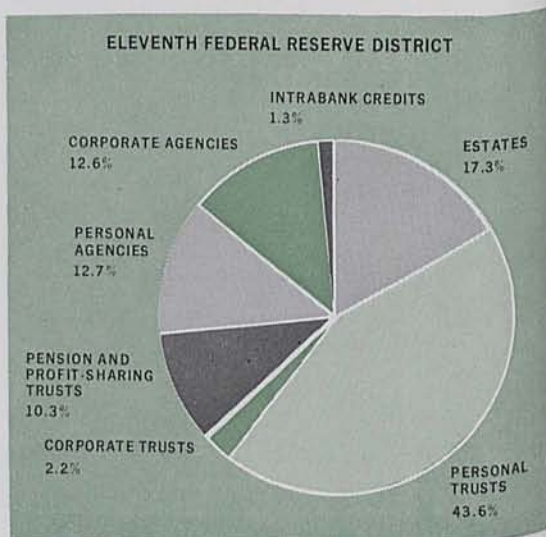
### *revenue*

Again in 1966, as in every year since the survey began in 1957, the great bulk of the total revenue from trust department operations

was provided by personal accounts. While revenue from personal accounts as a percentage of total trust revenue averaged 84.8 percent for all banks in the survey, the relative importance of personal accounts, roughly speaking, varied inversely to the size of trust operations. Thus, in those banks with trust income between \$50,000 and \$100,000, personal accounts provided 97.0 percent of total revenue; while in those banks with trust income of over \$300,000, personal accounts provided the lowest proportion of total revenue (82.6 percent).

This differing importance of personal accounts was, of course, the direct result of the fact that the remaining type of account — corporate accounts — was more heavily concentrated at the larger banks. Therefore, while corporate accounts furnished 15.2 percent of total trust revenue for the banks in the survey,

**SOURCES OF TRUST DEPARTMENT REVENUE  
AT 59 MEMBER BANKS, 1966**



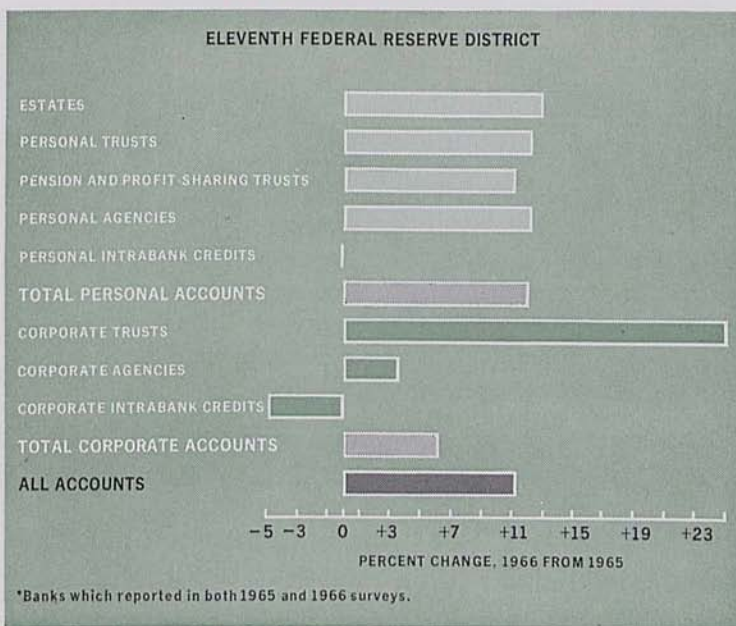


they supplied 17.4 percent of such revenue at those banks with trust revenue of over \$300,000 but only 3.0 percent at those banks with trust revenue between \$50,000 and \$100,000. Breaking down the categories further, the most important type of personal account was the personal trust, which provided 43.6 percent of the trust revenue of the 59 banks, and the most important kind of corporate account was the corporate agency, which provided 12.6 percent.

In addition to being the most important source of revenue for trust departments, personal accounts were also the most rapidly growing component of total trust revenue last year. For the 56 banks which reported in both 1966 and 1965, personal account revenue rose 12.1 percent, while corporate account revenue rose 6.3 percent. In other words, at these banks, personal account revenue increased almost twice as rapidly as corporate account revenue in 1966.

It is possible to obtain some idea of the relative profitability of personal and corporate accounts by examining expense data for the 24 commercial bank trust departments which subdivided their income and expenses into personal and corporate account categories. For these 24 banks, net income before taxes, excluding credit for deposits, was 10.3 percent of trust revenue for personal accounts and 3.4 percent for corporate accounts. Once allowance is made for the deposit credit, however, net earnings before taxes as a proportion of total trust revenue rises to slightly more than one-third for corporate accounts and to about one-fourth for personal accounts. The greater importance of corporate accounts at the larger

## CHANGES IN TRUST DEPARTMENT REVENUE AT 56 MEMBER BANKS\*



banks is one of the reasons their trust operations prove more profitable than those at the smaller banks.

Breaking down the categories somewhat further, based on data from eight of the large trust departments in the survey, the relative profitability of other types of trust accounts varied widely last year, with estates being the least profitable and corporate trusts being the most profitable. Thus, excluding intrabank deposit credits, estate expenses absorbed \$1.02 for each dollar of revenue, while corporate trust expenses absorbed only 60 cents for each dollar of revenue. It is interesting to note that corporate trusts, while relatively small in the trust activities of the surveyed banks in the District, showed very rapid growth in 1966. Revenue from corporate trusts increased slightly more than one-fourth from 1965 to 1966.

### expenses

Total trust department expenses increased 9.8 percent at the 56 banks participating in both



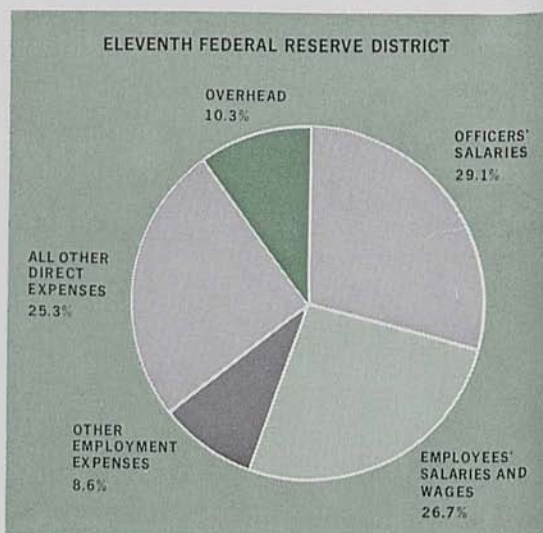
the 1966 and the 1965 surveys. As in previous years, the most important component of total expenses was wages and salaries. For the 59 survey banks combined, wage and salary expenses comprised slightly more than one-half of total trust expenses. If other expenses related to wages and salaries are included — such as pensions and retirements, personnel insurance, and “other expenses related to salaries” — all wage and salary expenses accounted for 64.4 percent of total expenses. The importance of wage and salary expenses is to be expected, of course, in an activity which requires a great deal of individual attention and supervision.

While wage and salary expenses were the most important component of total trust department expenses for the 59 banks included in the survey, there was a wide degree of variation among banks in the relative significance of this component. Generally, wages and salaries comprise a greater proportion of total trust expenses at smaller banks than at the larger banks. This relationship is true primarily for two reasons: As bank size increases, (1) officers’ salaries as a percentage of total expenses decline, but (2) employees’ wages and salaries as a percentage of total expenses rise. These two factors can be easily summed up in the ratio of officers to employees.

For the smallest trust department group in the 1966 survey, there was about one officer for each employee in the trust department, while for the largest group, there was about one officer for every two to four employees. The decline in the relative importance of officers’ salaries is more than sufficient, however, to offset the increase in the relative importance of employees’ wages and salaries, so that the proportion of wage and salary expenses to total expenses tends to fall as bank size increases.

In addition to comprising over one-half of total trust expenses, wage and salary expenses increased somewhat faster than total direct expenses in 1966. For the 56 banks reporting in

#### DISTRIBUTION OF TRUST DEPARTMENT EXPENSES AT 59 MEMBER BANKS, 1966



both 1966 and 1965, officers’ salaries expanded 10.8 percent, and employees’ salaries rose 9.0 percent; in contrast, all other direct expenses combined increased 6.4 percent. The most rapidly rising items of total expenses were legal and professional fees (up 35.4 percent), “other expenses related to salaries” (up 31.2 percent), and overhead (up 21.4 percent). The increase in overhead expenses, however, was primarily concentrated at those banks with trust department income of over \$300,000.

#### *net income*

Net income before taxes at the 59 banks included in the survey equaled 9.6 percent, or \$1.7 million, of total trust department revenue in 1966. This compares with the corresponding figures of 8.2 percent, 6.4 percent, and 7.4 percent in the preceding 3 years.

Of the 59 banks, only slightly more than one-half showed a profit from their trust operations in 1966. Most of the banks which reported losses were among the smaller banks which operate trust departments, but a sizable number of the larger banks also found their trust



operations unprofitable last year. Of the 29 trust departments with income of less than \$100,000, only a little more than one-third were profitable; but of the 30 trust departments having income of over \$100,000, about two-thirds were profitable. An even more striking demonstration of the relative profitability of large and small trust departments is given by the fact that almost four-fifths of the 13 banks with trust revenue greater than \$300,000 showed profitable trust operations.

When profits were adjusted for deposit credits — credits which, of course, increase the profitability of trust departments — net income before taxes for the 59 banks in the 1966 survey rose from 9.6 percent to 24.9 percent of total trust revenue. Of the 59 banks, 30 allowed credits for deposits.

It is interesting to note, however, that the amount of the deposit credit allowed varies considerably from bank to bank. While the average rate allowed was 3.1 percent, the rate varied from 2.0 percent at banks with trust revenue between \$200,000 and \$300,000 to 3.8 percent at banks with trust revenue between \$50,000 and \$100,000 — a rather striking variation. Generally, the smaller banks allow a greater deposit credit than the larger banks. It is also interesting to observe that the credit allowed for deposits varies widely between different types of accounts. Thus, while

A more detailed report of the results of the survey of 1966 income and expenses of member bank trust departments in the Eleventh Federal Reserve District may be obtained upon request to:

RESEARCH DEPARTMENT  
FEDERAL RESERVE BANK OF DALLAS  
STATION K  
DALLAS, TEXAS 75222

the deposit credit as a percentage of total revenue averaged 16.1 percent for eight of the large trust departments, it ranged from a low of 8.6 percent for estates to a high of 92.1 percent for corporate trusts.

#### *summary*

Trust department revenue and profits in the Eleventh District continued to grow during 1966, but a significant proportion of the trust departments, mostly the smaller ones, failed to achieve profitability. Personal accounts, particularly personal trusts, provided the great bulk of total revenue from trust operations. These accounts also demonstrated the most rapid rate of growth. Expenses increased almost 10 percent, with wage and salary expenses — the most important component of total expenses — rising more rapidly than other direct expenses.

DONALD R. FRASER

## *district highlights*

Total nonagricultural wage and salary employment in the five southwestern states in March reached 5,592,400 by rising 0.6 percent—a greater than seasonally expected gain—over February. Manufacturing employment increased slightly. Nonmanufacturing employment, however, displayed a greater rise than seasonally expected. Employment gains in trade, partly reflecting Easter season purchases, and in construction provided most of the upward thrust; changes were fractional in the other nonmanufacturing sectors.

Nonagricultural employment in the five states in March was nearly 6 percent over a year ago. Manufacturing employment registered just under a 6-percent gain, while nonmanufacturing employment was slightly over 5 percent above March last year. Large year-to-year increases were recorded in construction, service, and government employment.

In March the Texas industrial production index, seasonally adjusted, was at 151.6 percent of the 1957-59 base, a level scarcely changed from February. With a decrease in stone, clay, and glass products being the only appreciable change among the durable goods sectors, total durable goods production was the same as in the preceding month. Nondurable goods manufacturing remained virtually unchanged, with gains for some sectors being nearly offset by losses for others. A fairly strong month-to-month increase occurred in the output of textile mill products, but a large decrease developed for leather and leather products.

Total industrial production in March for the State was 6 percent above March last year. Boosted substantially by a marked increase in transportation equipment, the production of all durable goods advanced 11 percent over a year

ago. The other durable goods sectors recorded significant gains except stone, clay, and glass products, which showed a substantial decline in output. With a strong output increase in textile mill products offsetting a decrease of an almost corresponding degree for leather and leather products, the remaining nondurable goods sectors rose sufficiently to lift the nondurable goods index almost 5 percent above its year-earlier level.

Department store sales in the Eleventh District for the 4 weeks ended April 22 were 1 percent below the corresponding period a year ago. The changing dates of Easter, however, make meaningful comparisons for recent weeks difficult. The 1967 period does not include any sales for weeks prior to Easter, whereas the 1966 period includes sales for 2 weeks before Easter. Cumulative sales thus far in 1967 were up 3 percent from those at the same time last year.

Registrations of new passenger automobiles in four major market areas in Texas in March were 17 percent above February but 7 percent lower than in March 1966. During the first quarter of 1967, registrations in the four markets were 7 percent below the same period last year. Cumulative registrations were 9 percent lower in both Fort Worth and Houston, while those in Dallas and San Antonio were down 5 percent each.

Beneficial rains were received over much of the Eleventh District in mid-April, breaking a long period of below-normal precipitation. Improved soil moisture has furthered the progress of planting and the growth of early-spring crops. Based on April 1 conditions, winter wheat production in the five District states is



estimated by the U.S. Department of Agriculture to be 24 percent lower than the 1966 output and 19 percent below the 1961-65 average. The decline is attributed to smaller crop estimates for Oklahoma and Texas.

The condition of livestock is improved, and the rate of supplemental feeding has declined. Range and pasture grasses are providing increasing supplies of green grazing. Calf and lamb crop prospects are good, with a large proportion of this year's calf and lamb crops already on the ground.

Prices received by Texas farmers and ranchers for all farm products during January-March were 9 percent below the same period a year ago. Cash receipts from farm marketings in the District states for January-February were 28 percent less than a year earlier.

Reflecting in part the continued pressures of monetary policy last year, the sharp rate of growth in business loans in the early part of 1966 came to a halt in the late summer and early fall. Since then, commercial and industrial loans at the Eleventh District's weekly reporting commercial banks have shown little growth. For example, in the period from September 21, 1966, to April 12, 1967, business loans at these banks increased only about \$11 million, or at an unadjusted annual rate of less than 1 percent. In the first 3½ months of 1967, business loans showed little net change.

For the Nation as a whole, however, business loans have continued to rise, although at a much

reduced rate from the unsustainable pace of early 1966. Both in the period from September 21, 1966, to April 12, 1967, and in the first 3½ months of 1967, business loans at the Nation's weekly reporting commercial banks grew at an unadjusted annual rate of approximately 7 percent.

During the first quarter of 1967, the production of crude oil in the Eleventh District showed mixed trends. The January output of 3,573,100 barrels per day was the highest of record; however, output in both February and March decreased almost 1 percent. Basically, the decreases in output reflected an easing of demand. Also, crude oil allowables have been steadily lowered in Louisiana, New Mexico, and Texas. The allowables for these District states were lowered again for April and for May; thus, there will be further decreases in crude oil output. Nationally, the production of crude oil has shown the same pattern as southwestern output, with record-high output in January succeeded by month-to-month declines.

In comparison with the same quarter last year, daily average production of crude oil in the District was 2 percent higher in the first 3 months of 1967. Output in January was 7 percent above the same month last year; however, during February and March, this percentage spread narrowed. Crude runs to refinery stills showed no appreciable change between the first quarter of 1966 and the same period this year; on the other hand, stocks of crude oil were considerably higher than a year earlier.

**new  
par  
bank**

The Texas State Bank, Corpus Christi, Texas, a nonmember bank located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, April 27, 1967. The officers are: Rolland Wollitz, President; Joseph F. Irwin, Executive Vice President; and George M. Dunson, Cashier.

### THE PER JACOBSSON FOUNDATION LECTURES

The Per Jacobsson Foundation has published the text of papers given in Rome on November 9, 1966. The meeting at which these talks were presented was the third in a series on international monetary affairs which has been held annually since 1964 in honor of Per Jacobsson, the late Managing Director of the International Monetary Fund.

Mr. Louis Rasminsky, Governor of the Bank of Canada, gave the principal address on "The Role of the Central Banker Today." Opening statements were made by

Dr. Stefano Siglienti, President of the Associazione Bancaria Italiana, and by Dr. Donato Menichella, Honorary Governor of the Banca d'Italia. Commentaries on the main topic were provided by Mr. Marcus Wallenberg, Vice-Chairman of the Board of the Stockholms Enskilda Bank, and Dr. Franz Aschinger, Financial and Economic Editor of the *Neue Zürcher Zeitung*.

As in the past, the proceedings will be published in English, French, and Spanish. Requests for the free copies (indicating the language desired) should be addressed to:

THE PER JACOBSSON FOUNDATION  
INTERNATIONAL MONETARY FUND BUILDING  
19TH AND H STREETS, N.W.  
WASHINGTON, D.C. 20431 U.S.A.





**STATISTICAL SUPPLEMENT**

to the

***BUSINESS REVIEW***

May 1967



FEDERAL RESERVE BANK  
OF DALLAS



**CONDITION STATISTICS OF WEEKLY REPORTING  
COMMERCIAL BANKS**

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Apr. 26, 1967	Mar. 29, 1967	Apr. 27, 1966 <sup>1</sup>
<b>ASSETS</b>			
Net loans and discounts.....	5,034,440	5,212,355	4,987,315
Valuation reserves.....	96,588	97,103	88,129
Gross loans and discounts.....	5,131,028	5,309,458	5,075,444
Commercial and industrial loans.....	2,536,541	2,493,903	2,312,841
Agricultural loans <sup>2</sup> .....	92,551	91,097	59,216
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities.....	28,502	56,502	35,002
Other securities.....	34,940	32,173	47,836
Other loans for purchasing or carrying:			
U.S. Government securities.....	1,020	1,091	2,702
Other securities.....	307,603	302,265	317,856
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies.....	155,570	171,389	155,560
Other.....	280,442	266,405	287,091
Real estate loans.....	468,413	463,848	449,492
Loans to domestic commercial banks.....	158,047	362,842	112,236
Loans to foreign banks.....	5,419	3,610	7,858
Consumer instalment loans.....	517,080	515,029	
Loans to foreign governments, official institutions, etc.....	0	0	1,287,754
Other loans <sup>2</sup> .....	544,900	549,304	
Total investments.....	2,302,459	2,283,620	2,199,764
Total U.S. Government securities.....	1,092,275	1,123,923	1,168,468
Treasury bills.....	58,476	72,904	75,137
Treasury certificates of indebtedness.....	15,115	15,115	19,899
Treasury notes and U.S. bonds maturing:			
Within 1 year.....	126,613	150,548	107,711
1 year to 5 years.....	624,904	622,403	610,177
After 5 years.....	267,167	262,953	355,544
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills.....	7,747	6,667	
All other.....	1,007,362	967,756	
Other bonds, corporate stocks, and securities:			1,031,296
Participation certificates in Federal agency loans <sup>3</sup> .....	130,544	118,649	
All other (including corporate stocks).....	64,531	66,625	
Cash items in process of collection.....	1,025,828	732,238	855,265
Reserves with Federal Reserve Bank.....	716,514	634,752	516,823
Currency and coin.....	80,444	76,355	73,372
Balances with banks in the United States.....	476,865	443,199	470,350
Balances with banks in foreign countries.....	4,503	4,845	4,721
Other assets.....	329,551	329,984	332,937
<b>TOTAL ASSETS.....</b>	<b>9,970,604</b>	<b>9,717,348</b>	<b>9,440,547</b>
<b>LIABILITIES</b>			
Total deposits.....	8,484,361	8,413,916	8,069,611
Total demand deposits.....	5,115,002	5,019,631	4,768,186
Individuals, partnerships, and corporations.....	3,468,919	3,375,898	3,316,213
States and political subdivisions.....	276,704	312,885	293,467
U.S. Government.....	145,211	131,836	92,721
Banks in the United States.....	1,121,120	1,100,492	960,265
Foreign:			
Governments, official institutions, etc.....	3,014	3,256	2,881
Commercial banks.....	21,773	21,537	19,601
Certified and officers' checks, etc.....	78,261	73,727	83,038
Total time and savings deposits.....	3,369,359	3,394,285	3,301,425
Individuals, partnerships, and corporations:			
Savings deposits.....	1,108,661	1,115,808	1,293,542
Other time deposits.....	1,569,347	1,593,689	1,440,951
States and political subdivisions.....	658,522	652,474	544,894
U.S. Government (including postal savings).....	10,732	10,808	3,344
Banks in the United States.....	20,567	19,976	15,954
Foreign:			
Governments, official institutions, etc.....	800	800	1,300
Commercial banks.....	730	730	1,440
Bills payable, rediscounts, and other liabilities for borrowed money.....	431,667	271,314	383,620
Other liabilities.....	181,278	173,859	168,986
<b>CAPITAL ACCOUNTS.....</b>	<b>873,298</b>	<b>858,259</b>	<b>818,330</b>
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS</b>	<b>9,970,604</b>	<b>9,717,348</b>	<b>9,440,547</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	5 weeks ended Apr. 5, 1967	4 weeks ended Mar. 1, 1967	5 weeks ended Apr. 6, 1966
<b>RESERVE CITY BANKS</b>			
Total reserves held.....	640,156	616,085	602,367
With Federal Reserve Bank.....	595,680	571,200	558,366
Currency and coin.....	44,476	44,885	44,001
Required reserves.....	635,777	626,594	597,814
Excess reserves.....	4,379	-10,509	4,553
Borrowings.....	1,029	1,696	11,923
Free reserves.....	3,350	-12,205	-7,370
<b>COUNTRY BANKS</b>			
Total reserves held.....	644,169	661,073	618,857
With Federal Reserve Bank.....	492,380	507,600	475,909
Currency and coin.....	151,789	153,473	142,948
Required reserves.....	602,341	626,052	587,784
Excess reserves.....	41,828	35,021	31,073
Borrowings.....	3,273	2,987	9,258
Free reserves.....	38,555	32,034	21,815
<b>ALL MEMBER BANKS</b>			
Total reserves held.....	1,284,325	1,277,158	1,221,224
With Federal Reserve Bank.....	1,088,060	1,078,800	1,034,275
Currency and coin.....	196,265	198,358	186,949
Required reserves.....	1,238,118	1,252,646	1,185,598
Excess reserves.....	46,207	24,512	35,626
Borrowings.....	4,302	4,683	21,181
Free reserves.....	41,905	19,829	14,445

**CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS**

(In thousands of dollars)

Item	Apr. 26, 1967	Mar. 29, 1967	Apr. 27, 1966
Total gold certificate reserves.....	394,896	457,070	426,152
Discounts for member banks.....	2,089	2,805	6,992
Other discounts and advances.....	1,450	580	2,610
U.S. Government securities.....	1,880,934	1,770,171	1,536,974
Total earning assets.....	1,884,473	1,773,556	1,546,576
Member bank reserve deposits.....	1,094,844	1,033,685	911,676
Federal Reserve notes in actual circulation.....	1,249,134	1,245,813	1,193,725

**CONDITION STATISTICS OF ALL MEMBER BANKS**

Eleventh Federal Reserve District

(In millions of dollars)

Item	Mar. 29, 1967	Feb. 22, 1967	Mar. 30, 1966
<b>ASSETS</b>			
Loans and discounts <sup>1</sup> .....	8,939	8,692	8,543
U.S. Government obligations.....	2,353	2,300	2,386
Other securities <sup>2</sup> .....	2,301	2,293	2,053
Reserves with Federal Reserve Bank.....	1,034	1,110	973
Cash in vault.....	227	217	210
Balances with banks in the United States.....	1,084	1,127	1,026
Balances with banks in foreign countries <sup>3</sup> .....	7	6	6
Cash items in process of collection.....	833	923	821
Other assets <sup>4</sup> .....	512	503	421
<b>TOTAL ASSETS<sup>5</sup>.....</b>	<b>17,290</b>	<b>17,171</b>	<b>16,439</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Demand deposits of banks.....	1,355	1,334	1,281
Other demand deposits.....	7,644	7,552	7,482
Time deposits.....	6,296	6,183	5,783
Total deposits.....	15,295	15,069	14,546
Borrowings.....	278	389	261
Other liabilities <sup>6</sup> .....	237	242	226
Total capital accounts <sup>7</sup> .....	1,480	1,471	1,406
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS<sup>8</sup>.....</b>	<b>17,290</b>	<b>17,171</b>	<b>16,439</b>

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

<sup>2</sup> Loans and discounts.

<sup>3</sup> 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>			
	March 1967 (Annual-rate basis)	Percent change			March 31, 1967	Annual rate of turnover		
		March 1967 from	3 months, 1967 from	March 1966		March 1967	February 1967	March 1966
ARIZONA: Tucson.....	\$ 4,056,984	-6	5	8	\$ 167,995	24.5	26.7	24.0
LOUISIANA: Monroe.....	1,998,492	-5	4	3	71,040	28.0	27.8	25.2
Shreveport.....	5,683,776	-6	9	12	220,167	26.4	27.4	26.2
NEW MEXICO: Roswell <sup>2</sup> .....	606,300	-3	-5	-4	33,419	18.2	19.0	18.8
TEXAS: Abilene.....	1,933,668	0	-1	4	95,491	20.3	20.5	20.9
Amarillo.....	4,286,544	-9	-2	-1	142,952	30.8	34.5	31.7
Austin.....	4,578,420	4	8	8	186,638	24.4	23.6	22.6
Beaumont-Port Arthur.....	5,274,324	-6	4	8	217,112	24.0	25.1	24.7
Brownsville-Harlingen-San Benito.....	1,333,776	3	1	-3	59,316	22.2	21.2	22.9
Corpus Christi.....	3,827,808	-2	6	7	178,135	21.2	21.8	20.3
Corsicana <sup>2</sup> .....	368,064	5	10	7	28,870	12.8	12.3	11.2
Dallas.....	67,126,176	0	9	11	1,694,070	39.7	40.1	38.1
El Paso.....	5,248,080	3	7	9	204,962	25.1	24.1	24.8
Fort Worth.....	14,708,964	1	7	7	500,443	29.3	28.9	27.9
Galveston-Texas City.....	2,111,220	-7	9	9	89,110	23.1	23.4	22.4
Houston.....	66,590,772	6	14	12	1,940,391	34.2	32.6	30.0
Laredo.....	625,476	7	11	9	33,564	18.8	17.8	19.2
Lubbock.....	3,514,872	8	0	-8	136,421	25.3	23.5	23.4
McAllen-Pharr-Edinburg.....	1,240,080	-2	7	12	72,122	17.1	17.4	16.0
Midland.....	1,544,148	5	-2	-2	119,234	12.9	12.6	13.8
Odessa.....	1,179,228	0	-20	-7	64,823	17.8	17.7	21.9
San Angelo.....	931,896	-4	1	4	55,389	16.7	16.9	16.5
San Antonio.....	11,852,208	1	0	3	508,190	23.2	23.3	23.7
Texarkana (Texas-Arkansas).....	1,185,948	-8	13	21	57,563	20.6	22.2	19.5
Tyler.....	1,526,124	-2	-1	0	80,905	18.6	19.2	18.9
Waco.....	2,063,808	0	-1	4	112,448	18.7	19.3	19.8
Wichita Falls.....	1,789,212	-13	-18	-9	110,313	15.9	18.3	19.0
Total—27 centers.....	\$217,186,368	1	8	9	\$7,181,083	30.2	30.0	28.5

<sup>1</sup> Deposits of individuals, partnerships, and corporations and of states and political subdivisions.  
<sup>2</sup> 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: March.....	8,278	4,049	4,229	4,894	2,462	2,432
1966: March.....	8,788	4,047	4,741	5,674	2,688	2,986
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
March.....	8,951	4,106	4,845	6,183	2,738	3,445

**WINTER WHEAT PRODUCTION**

(In thousands of bushels)

Area	1967, indicated April 1	1966	Average 1961-65
Arizona.....	2,296	920	1,214
Louisiana.....	2,414	1,540	1,172
New Mexico.....	4,836	4,704	4,752
Oklahoma.....	65,320	98,700	97,372
Texas.....	60,423	72,652	63,065
Total.....	135,289	178,516	167,575

SOURCE: U.S. Department of Agriculture.

**BUILDING PERMITS**

VALUATION (Dollar amounts in thousands)

Area	NUMBER				Percent change		
	March 1967	3 mos. 1967	March 1967	3 mos. 1967	March 1967 from	3 months, 1967 from	1966
	March 1967	3 mos. 1967	March 1967	3 mos. 1967	Feb. 1967	Mar. 1966	1966
ARIZONA							
Tucson.....	618	1,573	\$ 3,811	\$ 6,505	239	43	17
LOUISIANA							
Monroe-West							
Shreveport.....	79	212	1,095	5,671	-63	-47	7
TEXAS							
Abilene.....	56	168	991	5,019	-61	-36	91
Amarillo.....	158	420	1,812	4,271	75	-16	-6
Austin.....	394	1,100	21,824	39,269	77	200	70
Beaumont.....	155	388	1,597	4,049	-14	-17	17
Brownsville.....	72	172	205	603	42	-62	-41
Corpus Christi.....	437	1,037	1,776	7,051	-38	-41	-31
Dallas.....	2,060	5,417	18,958	47,581	34	52	-22
El Paso.....	460	1,335	4,186	14,280	23	-39	-17
Fort Worth.....	705	1,793	5,598	19,511	-36	41	98
Galveston.....	107	281	363	1,457	-27	-33	-9
Houston.....	2,649	5,819	45,914	91,351	62	41	0
Laredo.....	37	92	128	1,104	-66	-14	99
Lubbock.....	162	410	2,641	5,280	85	-38	-72
Midland.....	105	233	786	2,399	-21	-38	-68
Odessa.....	128	278	538	1,572	0	-62	-58
Port Arthur.....	92	204	294	1,237	-6	-66	-2
San Angelo.....	79	228	564	1,574	17	-28	1
San Antonio.....	1,307	3,360	9,918	30,815	-33	-47	-1
Texarkana.....	61	128	833	1,292	184	20	14
Waco.....	319	656	1,520	2,571	193	32	-27
Wichita Falls.....	95	218	1,065	2,114	66	60	-20
Total—24 cities.....	10,707	26,386	\$130,073	\$302,455	28	19	-4