

# ***business review***



*july 1967*

**FEDERAL RESERVE  
BANK OF DALLAS**

## ***contents***

<i>bank earnings and monetary policy</i> .....	<i>3</i>
<i>agricultural loans in the eleventh district</i> .....	<i>8</i>
<i>district highlights</i> .....	<i>13</i>

# bank earnings and monetary policy

The primary purpose of monetary policy involves the supplying of an adequate quantity of money and credit in order to foster full employment of available resources, a stable price level, economic growth, and balance in international accounts. To achieve its goals, the Federal Reserve System relies upon a number of tools and techniques, the most important of which are open market operations, changes in reserve requirements, and changes in the discount rate of the Reserve banks. While the goals of monetary policy are quite broad, it should be noted that the System's three basic tools are very specific, operating through the commercial banking system and financial markets. As a result, it may be expected that the Federal Reserve System, in conducting monetary policy, also has an impact on the level of bank earnings.

At first glance, however, the effects of monetary policy on bank earnings are not entirely clear. It is not at all certain whether "tight" money, for example, is associated with high profits or low profits since credit restraint has a number of diverse effects upon bank earnings. Thus, in periods of tight money, profits tend to increase because of higher interest rates on loans and on newly purchased securities but tend to decline because of the higher rates paid on time and savings deposits, the slower growth of earning assets, and losses on the sale of securities. Conversely, in periods of credit ease, profits tend to rise as a result of the lower rates paid on time and savings deposits, the more rapid rate of growth of earning assets, and profits on the sale of securities but tend to fall as a result of lower returns on loans and investments.

The purpose of this article is to ascertain whether, in the recent past, there has been a relationship between the posture of monetary policy and the level of member bank profits in the Eleventh Federal Reserve District. However, it must be recognized that there are a number of difficulties inherent in any such study. In the first place, the impact of credit restraint or credit ease need not necessarily exhaust itself during the period of the posture of monetary policy; that is, a particular stance of monetary policy may have an impact on bank profitability after the policy has changed. In addition, it must be recognized that there are substantial limitations involved in the measurement of bank profitability. For example, the use of net profits after taxes may be biased due to the range of discretion available to bank management in deciding when to take profits and losses on securities, which, in turn, reflects the tax laws applicable to banks and, also, variations in tax rates among different sizes of banks.

To ascertain the relationship between monetary policy and bank earnings, the level of bank earnings in periods of credit restraint is compared with the level of profits in periods of credit ease over a 14-year period, 1952 through 1965.<sup>1</sup> Comparisons are made for the "average" member banks in the District and for those

<sup>1</sup> The methodology employed in this article is similar to that used in a study related to monetary policy and bank earnings for the Nation. See William J. Brown, *Tight Money and Bank Profits*, Research Paper No. 1, Department of Economics and Research, The American Bankers Association, 1967. For another discussion of this question, refer to Don L. Woodland, "Diagnosing the Deterioration of Bank Profits," *The Bankers Magazine*, Vol. 149, No. 2 (Spring 1966), pp. 35-43.



member banks with deposits of over \$100 million.<sup>2</sup> The latter category is included since it is the larger banks which, because of the careful management of their liquidity position, tend to react more quickly to changes in monetary policy. Since the modal deposit-size group of banks (i.e., that size group which contains the largest number of banks) is composed of banks with deposits between \$2 million and \$5 million, a comparison between the "average" bank in the District and those banks with over \$100 million in deposits may be thought of as a comparison of the impact of monetary policy on small banks and large banks.

From an analysis of these data, it is apparent that net current operating earnings as a percentage of total capital accounts, on the average, are higher in periods of "tight" money than in periods of "easy" money for both the average member bank in the District and the member banks with deposits of over \$100 million. In contrast, net profits after taxes (a measure which is adjusted for gains and losses on securities and for charge-offs and recoveries on loans, as well as taxes) for the larger banks generally are lower in periods of tight money than in periods of easy money. For the average member bank, on the other hand, there seems to be little difference in this measure of profitability between periods of easy money and tight money. One of the most important reasons for the divergent movement in these two measures of profitability is that banks, particularly the larger banks, usually sustain losses on their securities during periods of tight money and realize profits from the sale of their investments during times of easy money.<sup>3</sup>

---

<sup>2</sup> The data used in this study are taken from the operating ratios published each year by the Federal Reserve Bank of Dallas. These data are averages of individual bank data and, thus, give equal weight to each bank. As a result, they will not necessarily agree with ratios computed from aggregate data.

<sup>3</sup> These data are inherently biased by the fact that banks, for Federal tax purposes, may deduct security losses from income.

In addition, it is interesting to note that in 1966, a year of considerable restrictiveness in monetary policy, bank earnings only partially conformed to this pattern. As a percentage of total capital accounts, net current earnings and net profits after taxes both increased over their 1965 levels for the "average" member bank in the District; but at the large banks, while net current operating earnings as a percentage of total capital accounts increased, net profits after taxes as a percentage of total capital accounts declined slightly.

In order to assess the association between monetary policy and the level of bank earnings, it is first necessary to select an appropriate measure of each. While there are a number of reasonable alternatives, each with its separate limitations, the measure used in this study as an indicator of the posture of monetary policy is the average level of free reserves for all member banks in the Nation. (Free reserves are defined as excess reserves of member banks less borrowings from the Federal Reserve banks and, thus, are a rough measure of the capacity of banks to expand credit. It should be recognized, of course, that the relationship of these two variables may change over time and, with the development of the Euro-dollar and Federal funds markets in recent years, may not be as clear as previously.) If free reserves were positive during a particular period, this span is characterized as one of "easy" money; if free reserves were negative, the period is characterized as one of "tight" money.

As a measure of bank earnings, both net current operating earnings and net profits after taxes as a percentage of total capital accounts are employed. Net current operating earnings are the result of the deduction of current operating expenses (consisting principally of wages and salaries and the interest paid on time and savings deposits) from current operating revenue (primarily the interest received on loans and investments). Net income after taxes is



derived from net current operating income by adding recoveries on loans and investments, transfers from valuation reserves, and profits on the sale of securities; subtracting losses on securities sold, charge-offs on securities prior to sale, and transfers to valuation reserves; and then deducting income tax payments from the remainder.

Both quantities are then divided by total capital accounts in order to obtain the rate of return on capital. In the business and investor decision process whereby capital is allocated among industries, it is the prospective return, either short- or long-run, on capital which is of primary importance. Net profits are measured after taxes in order to allow for the growing significance of tax-exempt municipal securities in the portfolios of the District's banks. The use of after-tax profits does introduce a slight bias, however, in that it fails to allow for changes in tax laws over the period.

Through 1961, profits of District member banks were reported semiannually; since then, profits have only been reported annually. In this discussion, a "period" covers a semiannual span through 1961 and an annual span after 1961. To make the data comparable, the semiannual figures have been adjusted to annual rates. It should be recognized, of course, that the use of semiannual data may result in some distortion due to seasonal factors. However, in the semiannual periods, there were equal instances of credit restraint and of credit ease.

In the 14 years under consideration, there was a total of 24 periods, 20 semiannual periods from 1952 through 1961 and 4 annual periods from 1962 through 1965. Among these 24 periods, there were roughly equal numbers of periods of easy and tight money: 13 periods of easy money and 11 periods of tight money. Nevertheless, it must be kept in mind that periods of credit restraint and credit ease do not necessarily correspond to semiannual or annual periods; thus, the characterization of

a particular period as one of easy money or tight money is only an approximation.

When net current operating earnings as a proportion of total capital accounts are averaged separately for the periods of easy and tight money, it is found that the return on capital for the average District bank in periods of tight money exceeded the return in periods of easy money by 1.2 percentage points — 15.8 percent, as compared with 14.6 percent. However, when net profits after taxes are used as the measure of profitability, the return on capital is identical between the periods of tight and easy money, 8.4 percent in periods of tight money and 8.4 percent in periods of easy money.

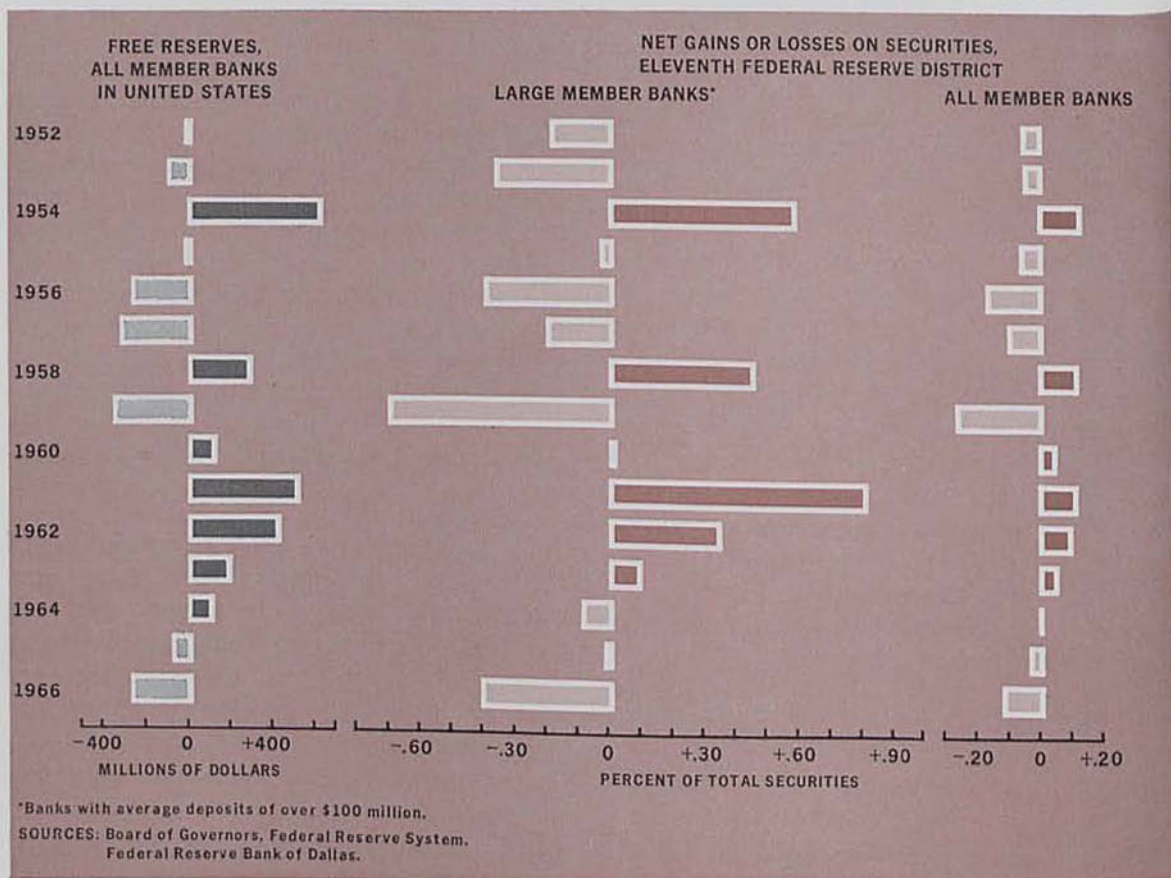
The association between monetary policy and the level of bank earnings is perhaps more marked in the case of the larger banks. For these banks, net current operating earnings as a proportion of total capital accounts averaged 18.2 percent in periods of tight money and 16.9 percent in periods of easy money. In contrast, the proportion for net income after taxes averaged 8.6 percent in periods of tight money and 9.1 percent in periods of easy money.

One of the principal reasons for the divergent behavior of net current operating earnings and net profits after taxes, particularly at the larger banks, was the variation in security profits and losses between the periods of tight and easy money. Thus, in periods of tight money, banks sold or redeemed securities in order to meet their loan demands. Since interest rates were high, the banks often had to — or, for tax purposes, chose to — sell these securities at a loss; this loss is a deduction from net current operating earnings and reduces net profits. Similarly, in periods of easy money, with low interest rates, banks were able to sell their securities at a profit.

In periods of tight money, the average member bank in the District absorbed security



# RELATIONSHIP BETWEEN FREE RESERVES AND GAINS OR LOSSES ON SECURITIES



losses of .10 percent of the value of its securities but, in periods of easy money, obtained a profit of .08 percent of the value of its securities.<sup>4</sup> For the larger banks, the variation between the periods of easy and tight money is even more striking. Thus, in periods of tight money, these banks absorbed security losses of .27 percent; in periods of easy money, they obtained gains on the sale of their investments equal to .32 percent of the dollar value of these securities. It should be pointed out again, of course, that these results are partially brought about by the tax laws applicable to commercial banks.

<sup>4</sup> The only data available, from the operating ratios, for security profits and losses are on an annual basis.

The data discussed above suggest a number of conclusions with regard to the association of monetary policy and bank earnings. In periods of tight money, net current operating earnings expand, primarily because banks obtain a larger return on their loans and investments. This expansion occurs for both the average bank in the District and the larger banks. These earnings are reduced, however, chiefly by losses the banks incur as they liquidate investments in order to establish tax losses or to meet loan demands. This process reduces net profits after taxes as a percentage of total capital accounts so that the proportion is roughly equal in periods of tight and easy money for the average member bank in the District and is lower in periods of

tight money than in periods of easy money for the larger banks.

In 1966, this pattern was only partially evident. While net current operating earnings as a percentage of total capital accounts increased and net profits after taxes as a percentage of total capital accounts declined at the larger banks, both measures of profitability rose at the average District bank. It may be noted, also, that both net current earnings and net income after taxes as a proportion of total capital accounts decreased at those banks with over \$500 million in average deposits.

For the average member bank in the District, the return on loans, surprisingly enough, did not advance (7.31 percent in 1966 versus 7.34 percent in 1965), but the bank apparently was able to increase its earning assets and its return on securities sufficiently to offset rising expenses, particularly on time deposits (the average rate paid on time and savings deposits advanced from 3.63 percent in 1965 to 3.81 percent in 1966), and the losses on its security transactions (.12 percent in 1966 versus .03 percent in 1965). For the larger banks, while net current operating earnings expanded, the growth was not nearly as large as for the average bank in the District.

In the case of the larger banks, the increase in earnings reflected higher earnings on secur-

ities and on loans; the average interest received on loans rose from 5.71 percent in 1965 to 6.01 percent in 1966. However, this increase in earnings was more than offset by the rise in interest paid on time deposits (the average interest rate paid on time and savings deposits rose from 3.79 percent in 1965 to 4.07 percent in 1966) and by losses on securities (.41 percent in 1966 versus .04 percent in 1965). As a result, net profits after taxes as a percentage of total capital accounts declined between 1965 and 1966.

---

The inherent limitations of the method and the data used in this study make it necessary to generalize very cautiously. It may, nevertheless, be concluded that the often-held viewpoint that bank profits are *substantially* higher in periods of credit restraint than in periods of credit ease is not supported by the data presented for member banks in the Eleventh Federal Reserve District from 1952 through 1965. While net current operating earnings were somewhat higher in the periods of credit restraint than in the periods of credit ease, net profits after taxes were unchanged or lower. It may also be concluded that the association between monetary policy and the level of bank earnings varies considerably with the size of bank involved.

DONALD R. FRASER



## *agricultural loans in the eleventh district*

Agricultural loans made by banks in the Eleventh Federal Reserve District increased sharply during the past decade. As those familiar with farm financing are aware, the outstanding indebtedness of the average agricultural borrower at District banks also has risen sharply. The increase in total lending and the growth in the size of individual loans reflect the expansion of farm and ranch operations and the uptrend in the cost of items used in production and for family living. Various aspects of financing agriculture in the Southwest are revealed in the results of the farm loan survey conducted by the Dallas Federal Reserve Bank in mid-1966 among insured commercial banks as a part of a nationwide study by the Federal Reserve System. In the Eleventh District, the 156 banks requested to cooperate in the survey all provided detailed information regarding their lending to farmers and ranchers.<sup>1</sup>

As of June 30, 1966, banks in the District had total outstanding farm loans of \$899 mil-

---

<sup>1</sup> The data were provided by a stratified random sample consisting of 156 insured commercial banks. Each bank provided detailed information on a sample of its farm loans, together with certain other information. All insured commercial banks in the District were stratified by size, as measured by the dollar volume of farm loans outstanding, in order to select the sample of banks. Included in the sample were all banks with \$3 million or more in farm loans, 15 percent of the banks with \$2,000,000 to \$2,999,999 in such loans, and smaller proportions of banks in seven other loan-size groups. Each respondent bank reported on all farm borrowers with \$100,000 or more of debt outstanding and on 20 to 50 additional farm borrowers having surnames within a designated alphabetical segment. The sample data were expanded on the basis of the total of all farm loans outstanding which was compiled from the reports of condition of District commercial banks as of June 30, 1966.

lion, as compared with \$407 million on the same date in 1956. Despite the fact that the loan volume more than doubled in the 10-year period, the increase was somewhat less than that for the Nation. The average indebtedness of farm borrowers in the District during this period, growing at a moderately faster rate than that for the Nation, rose from \$2,431 to \$6,696. The growth in farm lending results from many factors, such as advances in the size of farms, in prices paid, in land values, and in purchases of production items.

Modern farming has required an increasing volume of capital, and loan size has grown rapidly. However, very few of the loans at the banks, as of June 30, 1966, had required participation with other banks; legal loan limits restrict the amount a bank can lend to any one borrower. Banks continue to enter into loan participation agreements with other banks in order to serve more completely the agricultural credit needs of their community. Individual notes of \$25,000 and over accounted for about two-fifths of the total amount of outstanding farm debt, and most participation loans involve such large notes. About 1 percent of the number of notes and almost 6 percent of the dollar amount of debt outstanding at mid-1966 were participated.

Also, the volume of purchased agricultural notes in the District was modest. Only 3 percent of the total number of notes and of the volume of indebtedness on June 30, 1966, represented purchased paper. The purchased notes originated from sales by smaller banks to their correspondent banks, from the acquisition of notes guaranteed by the Farmers Home Administration, and from notes made by merchants



**TOTAL BANK DEBT OUTSTANDING OF  
FARM BORROWERS, JUNE 30, 1966**

Eleventh Federal Reserve District

Amount of debt per borrower	Number		Amount outstanding (in thousands)	Average effective interest rate (Percent)
	Borrowers	Loans		
Under \$500 .....	19,023	21,570	\$ 5,116	9.2
\$500 to \$999 .....	18,534	26,674	12,778	8.9
\$1,000 to \$1,999 .....	21,351	33,224	29,321	8.3
\$2,000 to \$4,999 .....	32,997	64,502	103,428	8.0
\$5,000 to \$9,999 .....	18,740	47,822	128,155	7.4
\$10,000 to \$24,999 .....	16,582	51,865	241,115	7.2
\$25,000 to \$49,999 .....	4,858	20,475	167,859	6.9
\$50,000 to \$99,999 .....	1,770	6,323	115,562	6.4
\$100,000 and over .....	445	1,740	95,927	6.0
Total .....	134,299	274,196	\$899,259	7.1

NOTE. — Details may not add to totals because of rounding.

or dealers with agricultural customers to cover credit sales of supplies and equipment. The modest volume of purchased paper reflects the traditionally personal nature of agricultural lending.

While lines of credit are being established by more banks, 31 percent of the total dollar volume of loans outstanding was extended on this basis, and 16 percent of the farm borrowers had lines of credit as of mid-1966. Again, the relatively small number of borrowers with lines of credit probably reflects the long-standing bank and farm client relationship that exists with respect to the seasonal credit needs of farm borrowers.

### ***borrower characteristics***

As would be expected, the higher the net worth of borrowers, the greater was their share of the total agricultural debt outstanding. Farmers with a net worth of \$25,000 and over represented less than one-half of the number of borrowers but accounted for about three-fourths of the total loan volume. Farmers with a net worth of \$100,000 and over usually are those having larger farm operations and, therefore, require more farm credit. Although comprising only 14 percent of the number of borrowers, farmers in this higher net worth category owed about 46 percent of the total

debt outstanding. Farm borrowers with a higher net worth often have specialized enterprises that require large amounts of capital for full utilization of resources. Farm borrowers with a net worth of less than \$10,000 constituted a large percentage of the number of borrowers but accounted for less than 10 percent of the volume of bank credit.

The age of the borrower is related to the amount of debt incurred, net worth, and size of operation. More than four-fifths of the loan volume was granted to farmers over 35 years of age. Farmers 45 years of age and older accounted for about 60 percent of the volume of debt and of the number of borrowers. Furthermore, this age group had about three-fourths of the total net worth. Since the average age of farmers in the District is slightly over 50 years, the fact that a majority of the farm credit was extended to relatively older farmers is to be expected. Many of the younger farmers (those under 35 years of age) have not been farming long enough to amass the resources necessary to support a large debt.

Among the tenure groups, owner-operators constituted the largest number of farmers in the District; therefore, it was expected that this tenure group would have the greatest loan volume outstanding. Tenant farmers, on the other hand, are declining in number and accounted for a minor share of the farm debt. Although farm corporations are relatively few in number and had less than 5 percent of the loan volume, the average amount of debt outstanding per corporation borrower was more than seven times that of the owner-operator. Many family farms have grown to such a large size that incorporation becomes desirable because of risk, liability, and accounting procedures. Naturally, the financial requirements



**CHARACTERISTICS OF FARM BORROWERS AT BANKS, JUNE 30, 1966**  
Eleventh Federal Reserve District

Characteristic	Farm borrowers		Debt outstanding		Average debt per borrower
	Number	As percent of total	Amount (In thousands)	As percent of total	
<b>Net worth of borrower</b>					
Under \$10,000	31,544	23.5	\$ 60,654	6.7	\$ 1,923
\$10,000 to \$24,999	34,306	25.5	129,349	14.4	3,770
\$25,000 to \$99,999	34,973	26.0	239,349	26.6	6,844
\$100,000 and over	18,740	14.0	411,770	45.8	21,973
Not reported	14,736	11.0	58,138	6.5	3,945
Total	134,299	100.0	\$899,259	100.0	\$ 6,696
<b>Age of borrower</b>					
Under 35	21,902	16.7	\$123,664	14.9	\$ 5,646
35 to 44	31,597	24.1	190,547	23.0	6,030
45 and over	77,720	59.2	515,431	62.1	6,632
Total	131,219	100.0	\$829,642	100.0	\$ 6,323
<b>Tenure of borrower</b>					
Owner-operators	93,327	69.5	\$709,147	78.9	\$ 7,599
Tenants	33,345	24.8	136,798	15.2	4,102
Landlords	5,002	3.7	19,732	2.2	3,945
Corporations	385	.3	22,809	2.5	59,248
Not reported	2,241	1.7	10,774	1.2	4,808
Total	134,299	100.0	\$899,259	100.0	\$ 6,696

NOTE.—Details may not add to totals because of rounding.

increase as more resources are placed under the direction of one management.

Farm borrowers with outstanding bank debts of \$10,000 to \$24,999 accounted for more than one-fourth of the agricultural loan volume. Borrowers incurring a debt in this range generally represented the larger than average farm unit. Indebtedness of less than \$5,000 characterized more than two-thirds of the borrowers, but these debts represented less than 20 percent of the loan volume. The number of notes per borrower increased in relation to the dollar amount. Loans of less than \$1,000 were usually made on a single note, while debts above \$2,000 required from two to six notes. The variation in the number of notes is related to the purpose, maturity, and security of the different loans, as well as the size of loans.

Farmers with meat animals as their major enterprise led all other types of farm borrowers in the amount of outstanding debt, accounting for 36 percent of the total. The second largest demand for farm credit came from

the farmers with several enterprises, none of which was of dominant importance. Many farmers find that diversification reduces risk and, also, makes more complete use of their resources. Producers who were operating cotton farms ranked third in farm debt outstanding, followed closely by producers of cash grain. The four major types of farmers accounted for over 90 percent of the total outstanding debt, number of borrowers, and number of notes.

### *loan characteristics*

Loans for paying current operating and family living expenses represented a larger proportion of volume and numbers than loans for any other purpose, accounting for about 43 percent of the total dollar volume and 56 percent of the number. This large percentage of total volume is in keeping with the longtime trend. The use of more purchased items of production—such as fertilizers, insecticides, and herbicides—and of more machinery has sharply increased current operating costs. Bank loans for all intermediate-term investments (for



example, purchases of farm equipment and consumer durables) represented almost 30 percent of the volume. When combined, loans for these two major purposes accounted for over 70 percent of both the outstanding debt and the number of notes.

Loans for the purchase of feeder cattle ranked third in volume and considerably ahead of borrowings for the purchase of real estate. The expansion of feedlot facilities and the tripling of the number of cattle fed in the District during the past 10 years have required a tremendous increase in livestock financing. The average size of loan was largest for the purchase of farm real estate, and the smallest loans were those made for buying automobiles and other consumer durables.

Based on survey information on the amounts of original notes, over 50 percent of the District's outstanding farm debt at mid-1966 was

comprised of loans of \$10,000 and over. The largest dollar amount of debt was accounted for by loans in the \$10,000-\$24,999 category, while the greatest numbers of loans were in the \$1,000-\$5,000 range. In terms of dollar volume, about 70 percent of the loans were for an original amount of more than \$5,000.

Average effective interest rates decreased as the amount of bank debt per borrower rose. This relationship is expected since the larger amounts are generally associated with increasing net worth, larger units, and older and more established farmers and ranchers. A large proportion of the loans (85 percent of the dollar volume and 82 percent of the number) had interest rates ranging from 6.0 percent to 8.9 percent. There were relatively few loans that had extremely low or high interest rates. Slightly over 6 percent of the loan volume had effective interest rates of 9 percent or more,

#### CHARACTERISTICS OF AGRICULTURAL LOANS AT BANKS, JUNE 30, 1966

Eleventh Federal Reserve District

Characteristic	Number of loans	As percent of total	Amount outstanding (in thousands)	As percent of total	Average original amount	Average effective interest rate (Percent)
<b>Size of loan</b>						
Under \$250	28,327	10.3	\$ 4,030	0.4	\$ 198	8.6
\$250 to \$499	30,605	11.2	10,125	1.1	346	8.5
\$500 to \$999	45,227	16.5	28,196	3.1	659	8.3
\$1,000 to \$1,999	60,718	22.1	72,901	8.1	1,295	7.9
\$2,000 to \$4,999	60,990	22.2	160,687	17.9	2,937	7.6
\$5,000 to \$9,999	26,366	9.6	151,301	16.8	6,518	7.2
\$10,000 to \$24,999	15,817	5.8	199,732	22.2	14,097	7.0
\$25,000 to \$49,999	4,260	1.6	115,788	12.9	32,266	6.8
\$50,000 to \$99,999	1,395	.5	80,075	8.9	63,941	6.3
\$100,000 and over	491	.2	76,424	8.5	194,124	5.9
<b>Total</b>	<b>274,196</b>	<b>100.0</b>	<b>\$899,259</b>	<b>100.0</b>	<b>\$ 3,717</b>	<b>7.1</b>
<b>Major purpose of loan</b>						
Purchase feeder livestock	15,897	5.8	\$121,812	13.5	\$ 8,371	6.5
Current operating and family living expenses	153,692	56.1	382,492	42.5	2,759	7.2
All intermediate-term investments	85,275	31.1	265,086	29.5	3,585	7.5
Other livestock	35,882	13.1	141,652	15.8	4,368	7.1
Equipment	34,130	12.4	90,560	10.1	3,085	7.7
Automobiles and consumer durables	12,360	4.5	14,758	1.6	1,527	9.6
Land and buildings	2,903	1.1	18,116	2.0	8,549	7.3
Buy farm real estate	10,232	3.7	77,829	8.7	9,602	6.5
Consolidate or pay debts	3,216	1.2	18,764	2.1	6,372	7.2
Other	5,883	2.1	33,275	3.7	6,380	6.4
<b>Total</b>	<b>274,196</b>	<b>100.0</b>	<b>\$899,259</b>	<b>100.0</b>	<b>\$ 3,717</b>	<b>7.1</b>

NOTE.—Details may not add to totals because of rounding.



as contrasted to the 1 percent with rates below the 5-percent level. Effective interest rates for all agricultural loans at the District banks as of June 30, 1966, averaged 7.1 percent.

The maturity of a loan is determined, to a large extent, by its purpose. In the Eleventh Federal Reserve District, loans with maturities of 6 months or less comprised the largest proportion of both the debt outstanding and the number of notes. Notes made to mature within 1 year accounted for 83 percent of the loan volume and 88 percent of the total number of loans. The preponderance of notes with maturities of less than a year reflects the large proportion of debt incurred for current operating and family living expenses and for the purchase of feeder cattle. Loans for financing farm equipment, automobiles, and other durable goods had longer maturities—from 1 to 3 years—and represented the third largest volume. Loans to purchase and improve farm real estate generally had maturities of 5 years or more.

Security for any loan may take one of several forms. The demonstrated ability of some borrowers to repay may be sufficient to make an unsecured loan. Although the proportion of unsecured farm notes was smaller than 10 years ago, 13 percent of the total dollar volume was made on this basis as of June 30, 1966. The most prominent security for notes in both 1956 and 1966 was the chattel mortgage, and the percentage of the dollar volume secured in this manner increased from about 66 percent in 1956 to 70 percent in 1966. Mortgages on

farm real estate served as security for 11 percent of the total dollar amount of outstanding farm debt.

The renewal of notes does not necessarily indicate that the borrower is unable to meet the original terms of the loan. This assertion is borne out by the fact that 14 percent of the notes were planned renewals, as compared with 5 percent that were unplanned. Planned renewals involve an understanding between the borrower and the lender at the time the note is drawn. A majority of the renewals not planned resulted from unexpected declines in farm income, which may, and often do, occur because of natural hazards. As of June 30, 1966, over 80 percent of the notes (accounting for about 70 percent of the total dollar volume) had not been renewed. Further, there were no notes that were overdue more than 32 days, and those that were overdue represented less than 1 percent of both the number and the dollar volume.

Repayment of loans in the District is heavily concentrated in the single-payment category. The method of repayment is probably related to the large volume of loans made for meeting current operating expenses. Although about 16 percent of the loan volume and 13 percent of the number of notes were for instalment loans, the remainder were accounted for by single-payment notes. Since income derived from farm marketings is mostly seasonal, the single-payment type of loan meets many of the requirements of agricultural lending.

J. C. GRADY, JR.



## *district highlights*

The seasonally adjusted Texas industrial production index advanced nearly 2 percent in May to 154.2 percent of its 1957-59 base. The strength exhibited during May resulted primarily from a 7-percent rise over the preceding month in crude petroleum mining. Durable goods production maintained about the same level as in the prior month, with moderate gains in most of the sectors weighed down by substantial declines in the fabricated metal and nonelectrical machinery industries. Increases in several sectors in nondurable goods manufacturing somewhat more than offset very slight output decreases in the textile and apparel industries and in petroleum refining. Except for crude petroleum mining, the production levels of the nonmanufacturing industries scarcely differed from the levels of the previous month.

Total industrial production in the State in May was almost 6 percent ahead of the same month last year. The production of durable goods exceeded that in May 1966 by 7 percent. The supporting strength was diffused rather evenly among most of the durable goods sectors. Notable strength was evident in the production of transportation equipment, but a counterbalancing weakness appeared in the output of stone, clay, and glass products. Nondurable goods manufacturing was 6 percent above a year ago, and the expansion was spread widely among the sectors. The output of utilities gained substantially over the like month in 1966.

Prompted by the disruption in oil supplies as a result of the Middle East conflict, the Texas Railroad Commission in mid-June boosted allowables in the State from 33.8 percent of capacity to 35.9 percent and made the

increase retroactive to the first of the month. On June 23, July allowables for Texas were lifted to 42.9 percent—the highest rate since March 1957, when the flow of oil from the Mideast through the Suez Canal was disrupted. The July rate increases permissible daily production to 3,512,042 barrels, compared with 2,992,236 barrels as of June 15. Daily allowables in Louisiana have been boosted from the level of 1,718,048 barrels in effect for June to 1,916,190 barrels for July. An increase in June output from regulated wells also was permitted, but any rise will have to be offset by a reduction of a like amount in July. Acting with caution, regulatory authorities in New Mexico have increased the July allowable only slightly for the southeastern part of the State.

Advancing to a total of 5,647,300 persons, nonagricultural employment in the five southwestern states during May recorded a more than seasonal gain of 0.4 percent. Manufacturing employment advanced slightly, with about one-half of the gain over April due to settlements of labor-management disputes. Nonmanufacturing employment increased very strongly on a seasonally adjusted basis. This increase derived substantial support from the greater than expected employment gains in transportation and service industries and in government, mostly on the state level. Employment in mining and construction activities was weaker than seasonally expected.

Nonagricultural employment in the five states in May was nearly 5 percent above the like month in 1966. Manufacturing employment was 4 percent ahead of May last year, and nonmanufacturing employment exceeded its year-earlier level by 5 percent. This latter increase reflected, in particular, the above-average gains



in service and government employment. Mining employment eased fractionally from a year ago.

---

A new high for May was established by registrations of new passenger automobiles in four major areas in Texas. At 19,423, combined registrations in the four markets — Dallas, Fort Worth, Houston, and San Antonio — were 15 percent above April and 14 percent higher than in May 1966. The month-to-month increases in the individual markets ranged from a 29-percent rise in Dallas to an 8-percent gain in Houston.

Eleventh District department store sales for the 4 weeks ended June 17 were 1 percent above the corresponding period a year ago. Cumulative sales this year through the same date were 3 percent more than in the comparable period in 1966.

---

Rains over much of the Eleventh District in June were, for the most part, very beneficial for crops, although hail, heavy rains, and flooding necessitated the replanting of a large acreage of cotton. Soil moisture ranges from adequate to short, and more precipitation is generally needed to maintain plant growth. The output of winter wheat in the five District states is estimated, as of June 1, to be 14 percent smaller than that of last year. Harvesting of the

1967 wheat crop is nearing completion, and yields per acre have varied widely. The first bale of cotton from the 1967 crop was ginned in the Rio Grande Valley on June 11 — considerably earlier than in 1966. Rice is making good progress, and the first cutting is under way.

The condition of livestock in the District is fair; supplemental feeding is increasing, since the supply of range forages is declining. There is a shortage of stock water in some areas, and heavy rains are needed to replenish supplies.

---

Reflecting the relatively greater availability of reserves and the existence of no more than a moderate demand for loans, total investments at the Eleventh District's weekly reporting commercial banks have increased quite rapidly thus far in 1967. Most of this growth has been accounted for by gains in holdings of non-U.S. Government securities, primarily municipal issues.

In the period from December 28, 1966, to June 14, 1967, total investments of the District's weekly reporting commercial banks expanded \$133 million, or at an unadjusted annual rate of 12.9 percent. Of the total increase, \$69 million, or roughly one-half, occurred in holdings of municipal securities. U.S. Government securities rose \$26 million, and other bonds, corporate stocks, and securities advanced \$38 million.

**new  
member  
bank**

The University National Bank, Galveston, Texas, a newly organized institution located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, opened for business June 15, 1967, as a member of the Federal Reserve System. The new member bank has capital of \$200,000, surplus of \$100,000, and undivided profits of \$90,625. The officers are: Alvin N. Kelso, Chairman of the Board; John C. Fawcett, President; and Gus J. C. Oppermann IV, Vice President and Cashier.





**STATISTICAL SUPPLEMENT**

**to the**

***BUSINESS REVIEW***

July 1967



**FEDERAL RESERVE BANK  
OF DALLAS**



# CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

## Eleventh Federal Reserve District

(In thousands of dollars)

Item	June 28, 1967	May 31, 1967	June 29, 1966 <sup>1</sup>
<b>ASSETS</b>			
Net loans and discounts.....	5,254,942	5,242,130	4,969,251
Valuation reserves.....	95,520	96,216	88,459
Gross loans and discounts.....	5,350,462	5,338,346	5,057,710
Commercial and industrial loans.....	2,555,112	2,508,644	2,340,697
Agricultural loans.....	102,359	98,891	57,411
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities.....	7,753	28,753	204
Other securities.....	45,737	40,620	45,302
Other loans for purchasing or carrying:			
U.S. Government securities.....	814	897	2,523
Other securities.....	324,447	314,620	310,991
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies.....	186,525	147,216	186,357
Other.....	284,659	274,478	274,435
Real estate loans.....	491,439	484,345	464,874
Loans to domestic commercial banks.....	240,317	361,168	201,652
Loans to foreign banks.....	4,171	4,171	6,175
Consumer instalment loans.....	527,330	522,029	
Loans to foreign governments, official institutions, etc.....	0	0	1,167,089
Other loans.....	579,799	552,514	
Total investments.....	2,317,258	2,322,015	2,177,867
Total U.S. Government securities.....	1,076,207	1,092,406	1,118,903
Treasury bills.....	42,346	54,629	44,822
Treasury certificates of indebtedness.....	15,167	15,117	7,164
Treasury notes and U.S. bonds maturing:			
Within 1 year.....	116,550	115,001	130,279
1 year to 5 years.....	644,798	641,423	575,987
After 5 years.....	257,346	266,236	360,651
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills.....	16,046	16,039	
All other.....	1,029,839	1,017,213	
Other bonds, corporate stocks, and securities:			1,058,964
Participation certificates in Federal agency loans.....	131,361	132,555	
All other (including corporate stocks).....	63,805	63,802	
Cash items in process of collection.....	850,458	687,685	781,938
Reserves with Federal Reserve Bank.....	612,044	561,822	496,565
Currency and coin.....	77,889	71,685	69,361
Balances with banks in the United States.....	436,110	439,631	442,242
Balances with banks in foreign countries.....	4,779	3,821	4,226
Other assets.....	322,667	328,153	317,613
<b>TOTAL ASSETS.....</b>	<b>9,876,147</b>	<b>9,656,942</b>	<b>9,259,063</b>
<b>LIABILITIES</b>			
Total deposits.....	8,416,524	8,324,061	7,936,569
Total demand deposits.....	5,055,661	4,949,392	4,794,947
Individuals, partnerships, and corporations.....	3,410,831	3,399,930	3,155,250
States and political subdivisions.....	289,421	364,360	325,008
U.S. Government.....	118,436	88,524	240,768
Banks in the United States.....	1,122,503	1,002,010	977,069
Foreign:			
Governments, official institutions, etc.....	4,431	2,530	3,035
Commercial banks.....	23,346	20,961	19,553
Certified and officers' checks, etc.....	86,693	71,077	74,264
Total time and savings deposits.....	3,360,863	3,374,669	3,141,622
Individuals, partnerships, and corporations:			
Savings deposits.....	1,134,251	1,118,592	1,309,670
Other time deposits.....	1,602,409	1,613,177	1,292,141
States and political subdivisions.....	591,637	609,919	517,486
U.S. Government (including postal savings).....	10,955	11,044	3,359
Banks in the United States.....	20,111	20,407	16,226
Foreign:			
Governments, official institutions, etc.....	800	800	1,300
Commercial banks.....	700	730	1,440
Bills payable, rediscounts, and other liabilities for borrowed money.....	360,721	279,858	338,699
Other liabilities.....	220,183	180,389	162,054
<b>CAPITAL ACCOUNTS.....</b>	<b>878,719</b>	<b>872,634</b>	<b>821,741</b>
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....</b>	<b>9,876,147</b>	<b>9,656,942</b>	<b>9,259,063</b>

# RESERVE POSITIONS OF MEMBER BANKS

## Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	5 weeks ended June 7, 1967	4 weeks ended May 3, 1967	4 weeks ended June 1, 1966
<b>RESERVE CITY BANKS</b>			
Total reserves held.....	636,101	637,777	601,093
With Federal Reserve Bank.....	590,200	591,975	556,859
Currency and coin.....	45,901	45,802	44,234
Required reserves.....	631,521	633,627	597,387
Excess reserves.....	4,580	4,150	3,706
Borrowings.....	14	589	24,124
Free reserves.....	4,566	3,561	—20,418
<b>COUNTRY BANKS</b>			
Total reserves held.....	625,930	642,942	617,702
With Federal Reserve Bank.....	471,500	485,475	472,047
Currency and coin.....	154,430	157,467	145,655
Required reserves.....	592,958	601,499	584,064
Excess reserves.....	32,972	41,443	33,638
Borrowings.....	4,054	2,368	8,664
Free reserves.....	28,918	39,075	24,974
<b>ALL MEMBER BANKS</b>			
Total reserves held.....	1,262,031	1,280,719	1,218,795
With Federal Reserve Bank.....	1,061,700	1,077,450	1,028,906
Currency and coin.....	200,331	203,269	189,889
Required reserves.....	1,224,479	1,235,126	1,181,451
Excess reserves.....	37,552	45,593	37,344
Borrowings.....	4,068	2,957	32,788
Free reserves.....	33,484	42,636	4,556

# CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	June 28, 1967	May 31, 1967	June 29, 1966
Total gold certificate reserves.....	375,384	406,563	426,775
Discounts for member banks.....	4,820	7,101	52,173
Other discounts and advances.....	1,044	1,450	290
U.S. Government securities.....	1,896,031	1,778,822	1,616,509
Total earning assets.....	1,901,895	1,787,373	1,668,972
Member bank reserve deposits.....	994,292	947,430	902,467
Federal Reserve notes in actual circulation.....	1,289,462	1,270,369	1,226,975

# CONDITION STATISTICS OF ALL MEMBER BANKS

## Eleventh Federal Reserve District

(In millions of dollars)

Item	May 31, 1967	April 26, 1967	May 25, 1966
<b>ASSETS</b>			
Loans and discounts <sup>1</sup> .....	9,039	8,792	8,574
U.S. Government obligations.....	2,270	2,311	2,339
Other securities <sup>1</sup> .....	2,397	2,373	2,100
Reserves with Federal Reserve Bank.....	947	1,095	829
Cash in vault.....	219	237	211
Balances with banks in the United States.....	1,031	1,127	984
Balances with banks in foreign countries <sup>2</sup> .....	6	7	6
Cash items in process of collection.....	786	1,146	821
Other assets <sup>2</sup> .....	492	523	444
<b>TOTAL ASSETS<sup>2</sup>.....</b>	<b>17,187</b>	<b>17,611</b>	<b>16,308</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Demand deposits of banks.....	1,246	1,384	1,164
Other demand deposits.....	7,561	7,741	7,422
Time deposits.....	6,345	6,306	5,820
Total deposits.....	15,152	15,431	14,406
Borrowings.....	296	439	249
Other liabilities <sup>2</sup> .....	245	247	239
Total capital accounts <sup>2</sup> .....	1,494	1,494	1,414
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS<sup>2</sup>.....</b>	<b>17,187</b>	<b>17,611</b>	<b>16,308</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>1</sup> Beginning June 15, 1966, Commodity Credit Corporation certificates of interest and Export-Import Bank participations are included in "Other securities," rather than "Loans and discounts."

e — Estimated.



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

(Dollar amounts in thousands, seasonally adjusted)

Standard metropolitan statistical area	DEBITS TO DEMAND DEPOSIT ACCOUNTS <sup>1</sup>					DEMAND DEPOSITS <sup>1</sup>			
	May 1967 (Annual-rate basis)	Percent change			May 31, 1967	Annual rate of turnover			
		May 1967 from		5 months, 1967 from 1966		May 1967	April 1967	May 1966	
		April 1967	May 1966						
ARIZONA: Tucson.....	\$ 4,280,760	2	12	9	\$ 164,003	26.0	25.2	23.6	
LOUISIANA: Monroe.....	1,971,024	-4	4	4	76,709	26.2	28.2	26.7	
Shreveport.....	6,015,540	-1	14	13	219,589	26.5	26.8	25.6	
NEW MEXICO: Roswell <sup>2</sup> .....	634,632	-2	3	-1	34,609	18.7	19.4	18.5	
TEXAS: Abilene.....	1,855,044	-2	0	2	97,161	19.3	19.9	19.6	
Amarillo.....	4,469,520	11	2	-2	139,115	32.2	28.5	31.6	
Austin.....	4,574,064	-12	10	12	208,458	23.3	27.9	22.3	
Beaumont-Port Arthur-Orange.....	5,516,892	9	7	7	215,787	25.4	23.3	25.1	
Brownsville-Harlingen-San Benito.....	1,357,824	3	8	-1	61,006	22.6	22.3	22.3	
Corpus Christi.....	4,006,728	7	7	6	190,202	21.8	21.1	21.4	
Corsicana <sup>2</sup> .....	406,896	14	15	8	28,311	14.2	12.4	12.6	
Dallas.....	66,931,308	-9	7	11	1,734,833	38.9	43.2	38.4	
El Paso.....	5,217,696	-3	9	9	198,201	26.3	26.7	24.3	
Fort Worth.....	14,983,740	0	3	7	494,785	30.3	30.0	29.8	
Galveston-Texas City.....	2,104,128	2	10	8	92,722	23.3	23.3	21.2	
Houston.....	64,464,168	-5	9	10	2,012,335	32.2	34.7	30.5	
Laredo.....	653,928	9	20	12	32,065	21.1	18.9	18.7	
Lubbock.....	3,753,936	7	4	-4	140,599	26.9	25.5	24.7	
McAllen-Pharr-Edinburg.....	1,380,792	8	20	13	74,810	18.6	17.6	15.8	
Midland.....	1,635,600	7	4	-1	122,355	13.5	12.8	13.7	
Odessa.....	1,186,980	-4	-3	-4	63,139	18.6	19.2	19.2	
San Angelo.....	867,840	-5	-3	1	55,869	15.7	16.5	16.2	
San Antonio.....	11,924,472	0	-1	2	517,879	23.2	23.4	23.8	
Texarkana (Texas-Arkansas).....	1,279,272	3	21	20	59,699	22.3	22.0	19.8	
Tyler.....	1,570,644	-5	-1	1	82,893	19.3	20.6	19.0	
Waco.....	2,047,764	-6	3	3	111,719	18.8	20.0	19.1	
Wichita Falls.....	1,949,064	-3	-9	-8	109,604	17.8	18.3	19.0	
Total—27 centers.....	\$217,040,256	-4	7	10	\$7,338,457	29.8	31.4	28.8	

<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)

## BUILDING PERMITS

Area	VALUATION (Dollar amounts in thousands)						
	NUMBER		Percent change				
	May 1967	5 mos. 1967	May 1967	5 mos. 1967	May 1967 from		5 months, 1967 from 1966
					April 1967	May 1966	
ARIZONA: Tucson.....	575	2,710	\$ 2,011	\$ 9,862	49	98	23
LOUISIANA: Monroe-West							
Monroe.....	80	367	1,223	10,291	-64	-37	34
Shreveport.....	419	1,665	2,129	9,409	52	-36	-11
TEXAS: Abilene.....	60	268	1,793	7,032	715	-14	-8
Amarillo.....	147	724	1,291	10,354	-73	-42	-25
Austin.....	409	1,909	13,398	61,267	56	76	72
Beaumont.....	167	720	1,114	6,279	0	-58	-13
Brownsville.....	66	309	154	944	-18	59	-44
Corpus Christi.....	399	1,823	2,020	11,878	-28	-44	-25
Dallas.....	2,166	9,626	15,148	76,299	12	-8	-14
El Paso.....	562	2,385	5,114	25,600	-18	4	-1
Fort Worth.....	661	3,102	4,625	30,229	-24	-1	36
Galveston.....	105	496	2,094	4,018	348	442	24
Houston.....	2,460	10,299	27,915	141,712	24	-28	-8
Laredo.....	33	168	307	1,784	-18	124	79
Lubbock.....	141	669	2,329	14,277	-65	-58	-49
Midland.....	122	420	1,757	5,001	108	3	-50
Odessa.....	126	510	675	2,817	18	-28	-55
Port Arthur.....	107	399	319	1,987	-26	-41	-29
San Angelo.....	85	365	678	2,663	65	-59	-33
San Antonio.....	1,377	5,953	9,655	46,250	67	77	2
Texarkana.....	48	206	288	1,719	107	-21	-61
Waco.....	350	1,255	2,789	5,888	428	369	12
Wichita Falls.....	77	356	3,034	6,546	117	469	-6
Total—24 cities..	10,742	46,704	\$101,860	\$494,106	13	-5	-4

## VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	May 1967	April 1967	March 1967	January—May	
				1967	1966
FIVE SOUTHWESTERN STATES <sup>1</sup> .....	519	522	463	2,240	2,180
Residential building.....	208	171	173	793	918
Nonresidential building....	138	248	174	845	675
Nonbuilding construction...	171	103	116	616	586
UNITED STATES.....	5,095	4,389	4,424	19,929	21,871 <sup>r</sup>
Residential building.....	2,002	1,627	1,584	7,182	8,736 <sup>r</sup>
Nonresidential building....	1,808	1,830	1,714	7,884	7,965
Nonbuilding construction...	1,285	931	1,127	4,863	5,171

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

NOTE.—Details may not add to totals because of rounding.

SOURCE: F. W. Dodge Company.



## WINTER WHEAT

Area	ACREAGE (In thousands of acres)			PRODUCTION (In thousands of bushels)		
	For harvest	Harvested				
	Crop of 1967	Crop of 1966	Crops of 1961-65	Crop of 1967 <sup>1</sup>	Crop of 1966	Crops of 1961-65
Arizona.....	50	23	27	2,300	920	1,214
Louisiana.....	100	55	50	2,700	1,540	1,172
New Mexico.....	148	147	207	3,552	4,704	4,752
Oklahoma.....	4,935	4,700	4,180	88,830	98,700	97,372
Texas.....	3,132	3,229	3,119	56,376	72,652	63,065
Total.....	8,365	8,154	7,583	153,758	178,516	167,575

<sup>1</sup> Indicated June 1.

SOURCE: U.S. Department of Agriculture.

## NONAGRICULTURAL EMPLOYMENT

Five Southwestern States<sup>1</sup>

Type of employment	Number of persons			Percent change May 1967 from	
	May 1967p	April 1967	May 1966r	April 1967	May 1966
Total nonagricultural					
wage and salary workers..	5,647,300	5,627,400	5,397,400	0.4	4.6
Manufacturing.....	1,023,200	1,020,800	983,000	.2	4.1
Nonmanufacturing.....	4,624,100	4,606,600	4,414,400	.4	5.0
Mining.....	231,200	231,200	231,700	.0	-.2
Construction.....	375,300	371,700	364,600	1.0	3.0
Transportation and public utilities.....	433,100	430,400	413,500	.6	4.7
Trade.....	1,311,900	1,305,600	1,256,700	.5	4.4
Finance.....	277,800	277,500	265,300	.1	4.7
Service.....	841,800	838,500	790,800	.4	6.4
Government.....	1,153,000	1,151,700	1,091,800	.1	5.6

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

p — Preliminary.

r — Revised.

SOURCE: State employment agencies.

## DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	May 1967p	April 1967p	May 1966	Percent change from	
				April 1967	May 1966
ELEVENTH DISTRICT.....	3,460.0	3,497.9	3,432.3	-1.1	0.8
Texas.....	2,982.4	3,006.2	2,979.3	-.8	.1
Gulf Coast.....	561.6	563.0	559.7	-.3	.3
West Texas.....	1,354.3	1,370.9	1,393.2	-1.2	-2.8
East Texas (proper).....	125.4	128.1	128.4	-2.1	-2.3
Panhandle.....	95.4	95.7	96.9	-.3	-1.6
Rest of State.....	845.8	848.5	801.1	-.3	5.6
Southeastern New Mexico..	308.9	320.5	307.9	-3.6	.3
Northern Louisiana.....	168.7	171.2	145.1	-1.5	16.3
OUTSIDE ELEVENTH DISTRICT	5,076.0	5,099.9	4,947.7	-.5	2.6
UNITED STATES.....	8,536.0	8,597.8	8,380.0	-.7	1.9

p — Preliminary.

SOURCES: American Petroleum Institute.

U.S. Bureau of Mines.

Federal Reserve Bank of Dallas.

## INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	May 1967p	April 1967	March 1967r	May 1966r
TEXAS				
Total industrial production.....	154.2	151.3	153.0	145.8
Manufacturing.....	171.7	170.4	169.8	161.9
Durable.....	189.2	188.4	190.6	176.6
Non-durable.....	160.1	158.4	156.0	152.1
Mining.....	118.2	112.6	118.8	115.5
Utilities.....	211.7	209.9	206.2	183.3
UNITED STATES				
Total industrial production.....	155.5	156.0	156.4	155.3
Manufacturing.....	157.4	157.8	158.1	157.6
Durable.....	162.5	162.5	162.9	164.2
Non-durable.....	150.9	152.0	152.1	149.4
Mining.....	120.9	122.1	122.5	120.7
Utilities.....	179.5	179.5	180.6	170.2

p — Preliminary.

r — Revised.

SOURCES: Board of Governors of the Federal Reserve System.

Federal Reserve Bank of Dallas.