

business review



december 1967

**FEDERAL RESERVE
BANK OF DALLAS**

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the oil industry during 1967

This year has been a memorable one for the petroleum industry. At the beginning of 1967, it would have been difficult to predict that gains achieved this year would surpass the advances made in 1966. That year, which had been marked by increases in industrial production associated with the Viet-Nam war and greater demands by consumers and businesses, was one of special growth for the petroleum industry. For certain oil products, output this year has surpassed last year's performance. The overriding event boosting oil demand—and, also, the major factor in advances in profits—was the short-lived Middle Eastern war in June and the worldwide dislocations in oil supply that followed. When the war broke out, it appeared that Middle Eastern oil supplies to Europe would be critically curtailed over an extended period of time.¹

In spite of the problems created by the shutdown of many Arab oil facilities for a short period and by the concomitant closure of the Suez Canal, the coordinated efforts of the oil industry and Federal and state governments were successful in redirecting American oil movements. In meeting the crisis, the American petroleum industry increased production of crude oil to counterbalance the reduction in imports and the necessary expansion in exports of crude oil to Europe and Canada.

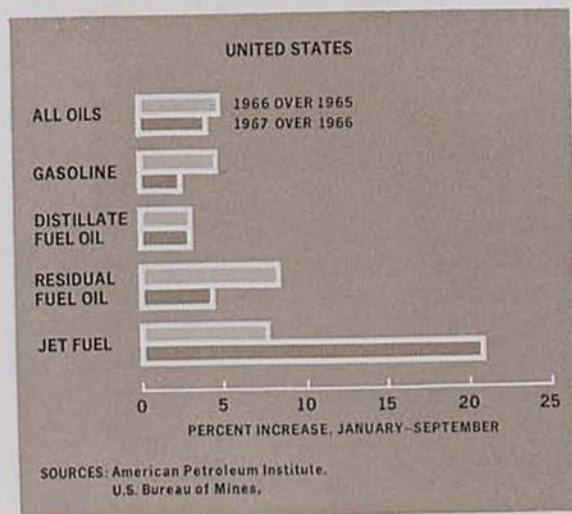
Demand for all petroleum products in the United States during the first three quarters of

¹ A more detailed treatment of the impact of the Middle East conflict upon the petroleum industry in the United States and the Southwest, in particular, is provided in the article entitled "Summer 1967—Oil and the Middle East" in the October 1967 *Business Review* of this Bank.

the year rose 4.2 percent over the same period in 1966. The rise did not match the one for last year but was a slightly larger percentage increase than at the corresponding time in 1965. Among the refined products, jet fuel showed the largest gain by rising 21 percent. The unusual upsurge in jet fuel consumption this year as compared with 1966 is attributed to the lengthy airline strike during the summer of 1966, which inhibited advances in jet fuel consumption for that year.

Demand for residual fuel oil, which is used extensively for industrial purposes, registered an increase of 4.3 percent for the first 9 months of 1967, although this rate of increase is below that for either of the previous 2 years. The slower pace of industrial production this year is responsible for the slower growth of residual oil consumption. The demand for distillate oils, which are used primarily for diesel engines and space heating, gained 3.0 percent,

ADVANCES IN OIL DEMAND



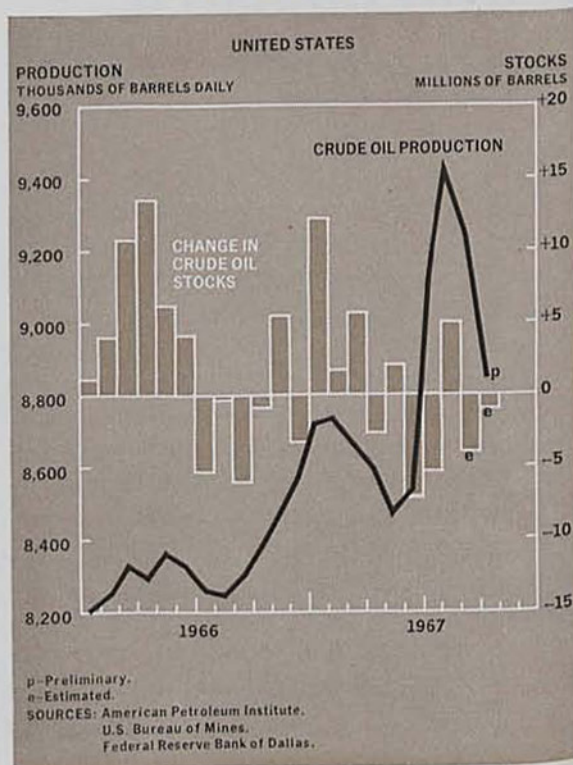
or somewhat more than was recorded last year; and the demand for gasoline increased 2.6 percent.

As in the case of many products, petroleum experiences seasonal variations in demand. For instance, cold winter weather, especially in the Northern States, creates a strong demand for heating oils; and vacation driving during the summer stimulates the demand for gasoline. As the winter of 1967-68 approached, there was a distinct possibility that demand would outstrip the supply of heating oils in the Northeast, partially as a result of the shortage of tankers and the concurrently higher shipping rates created by the Middle East crisis. Consequently, distributors of heating oils in the Northeast claimed that the higher costs of transporting heating oils threatened to price them out of the market. Another important factor which contributed to the shortage of heating oil was that refiners had been emphasizing the production of higher-profit items, such as jet fuel, gasoline, and diesel oil. Moreover, many industrial users have been mixing heating and residual oils in order to conform to new antipollution laws.

The apparently simple solution of raising prices of heating oils posed the problem that oil might lose some of its position in the space heating market to electricity or natural gas. Distributors of petroleum products in the Northeast, along with spokesmen for consumers, called for an increase in the importation of heating oils, but producer groups felt that such action would endanger the domestic industry.

During the fourth quarter, demand for all petroleum products will probably rise 3 to 4 percent over a year earlier, according to American Petroleum Institute estimates. Jet fuel may increase over 12 percent, with most of the gain being accounted for by the kerosene type, which is used primarily by commercial aviation. Gasoline is forecast to increase by 3 percent; but distillate, used for space heating, is expected to rise only nominally.

CRUDE OIL FLUCTUATIONS



However, during the fourth quarter, efforts are being made to increase the output of distillate oils, which are in short supply for winter heating needs. It is anticipated that kerosene-type products may be sacrificed in order to produce more distillate; this development could, in turn, create a shortage of kerosene-type jet fuel at a time when demand is predicted to rise. As a result of the high level of refinery runs which is being maintained in order to obtain more specific products (such as distillate and jet fuels), gasoline is also being produced; and there will probably be higher inventories of this product, the demand for which is growing less rapidly. Generally speaking, the fourth quarter will be a period of growth for the industry, as were the first three quarters.

On the supply side, oil producers met the Middle East crisis by greatly increasing output. The needs of the United States were fulfilled in

spite of the fact that crude oil imports virtually ceased and crude oil exports to Europe and eastern Canada rose dramatically. Before the June crisis, the supply of petroleum products, especially crude oil, was running ahead of market requirements. In March, crude oil inventories began to look excessive in relation to demand; in the subsequent 2 months, they continued to climb. Stocks of crude oil on hand in the United States at the end of May reached 269 million barrels, which is an all-time high. With the advent of the Middle East crisis early in June, inventories began to fall.

During the first 9 months of 1967, crude oil production advanced 6.5 percent over a year earlier; approximately 3 percent of the increase represented additional oil produced because of the Middle Eastern war. Nationally, crude oil runs to refinery stills were 3 percent ahead of

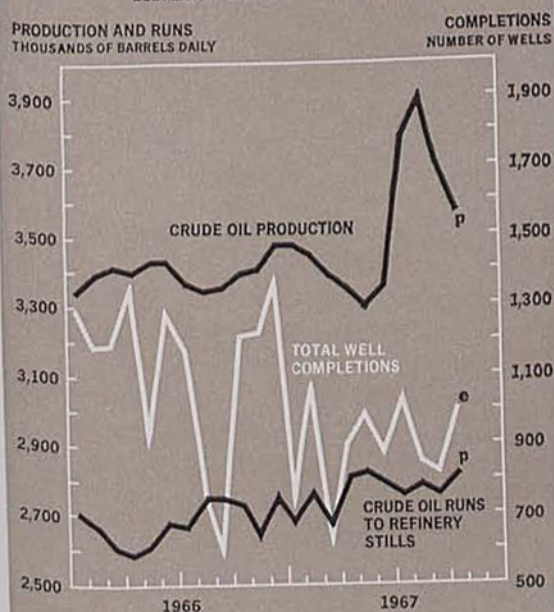
a year ago. In the Eleventh District, the advance in crude oil production was somewhat below the national average, but there was a slightly greater rise in runs to refinery stills.

Output of crude oil in the Eleventh District was high early in the year, but production was eased in the spring as crude oil inventories rose. However, the threat of a worldwide oil shortage provided the impetus for increased output; and the production record established in July was broken again in August, when 3.9 million barrels per day were produced and output was 15 percent higher than a year earlier. Regulatory authorities successively raised permissible crude oil production in various areas of the District during the summer months. Early in September, crude oil production in the Southwest began to ease as the threat of an oil shortage abated. District crude oil runs to refinery stills were not greatly affected by the oil crisis, nor was the composition of the product mix altered. Rather, the principal effect on the Southwest was the rapid expansion in crude oil output and sales during the summer.

During 1967, the pattern of imports and exports of petroleum products has differed greatly from any other year in the present decade. Through May, imports of crude oil, at 1,232,000 barrels per day, eased almost 2 percent from the previous year; and imports of residual fuel oil (another large petroleum import) were 10 percent higher than a year earlier. Exports of crude oil were virtually nil, as they had been for years. However, the crisis in the summer changed the situation drastically. According to the American Petroleum Institute, exports of crude oil in July and August soared to 271,000 barrels per day. At the same time, imports of crude oil declined substantially. Crude oil was exported by U.S. producers to refineries in Europe and eastern Canada to meet their deficits in oil imports, normally obtained from the Mideast. Non-Arab sources of U.S. imports, such as Venezuelan crude oil, were

PETROLEUM OPERATIONS

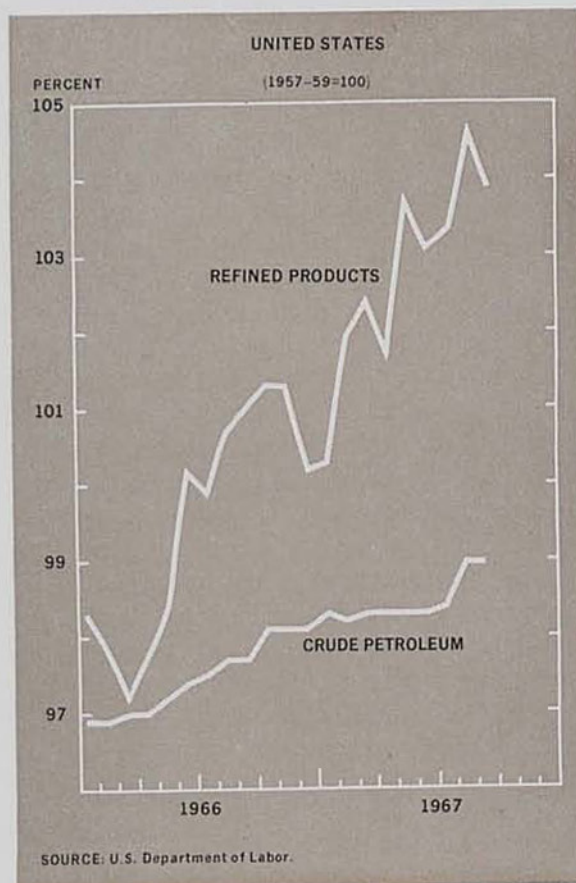
ELEVENTH FEDERAL RESERVE DISTRICT



p-Preliminary.
e-Estimated.

SOURCES: American Petroleum Institute.
The Oil and Gas Journal
U.S. Bureau of Mines
Federal Reserve Bank of Dallas.

WHOLESALE PETROLEUM PRICES



diverted to Europe; thus, the United States had virtually no crude oil imports during the summer of 1967.

Drilling activity has decreased again during 1967, reflecting a continuance of the steady decline in drilling that began in the late fifties. Within the United States during the first 9 months of this year, both total wells drilled and total footage drilled decreased about 15 percent from a year earlier; and the number of wildcats, or exploratory wells, completed declined almost 20 percent. In the Eleventh District, the number of wells drilled showed a larger decrease than the national average. The reasons for the continuing decline in domestic drilling include steadily rising drilling costs in contrast to rela-

tively stable crude oil prices, increased exploratory activity abroad on the part of American firms, improved recovery techniques, and the wider spacing of wells.

Partially as a result of the oil crisis, wholesale prices for crude petroleum rose during the summer months, with the increases being posted primarily in the middle western areas of the Nation. The rise is noteworthy because these prices had been relatively stable during 1965 and most of 1966, although some increases occurred in the fourth quarter of last year. Refined product prices, which typically react more erratically, also rose during the summer months.

Profits of 25 of the larger oil companies, as reported by *The Oil and Gas Journal*, rose 7.8 percent during the first 9 months of the year to attain \$3.8 billion. The major rise in earnings occurred during the third quarter, when profits increased 10.6 percent over the same period last year. Heavy crude oil shipments by domestic companies to Europe, Canada, and the American east coast were largely responsible for the increase in third-quarter profits. Since the only refined product showing any significant gain in domestic demand during the quarter was jet fuel, the expansion in profits is largely attributed to rising crude oil output.

The large international oil companies did not show as large an advance in profits because the redirection of crude oil output meant higher costs for crude oil, resulting from the higher tanker rates and longer tanker voyages. Of the larger oil firms (both international and domestic), only a few showed decreases in profits for the 9-month period, but a number of the firms showed percentage gains which were well in excess of the composite gain of 7.8 percent. Since the oil situation has returned to a more normal state of affairs with the resumption of the flow of Arab oil, it is anticipated that profit gains during the fourth quarter will not be as great as those in the third quarter.

RAYNAL HAMMELTON

perspective on southwestern agriculture

Total agricultural production in the Eleventh District states of Arizona, Louisiana, New Mexico, Oklahoma, and Texas this year is expected to be about the same as that in 1966. The achievement of such a volume of output would be quite noteworthy since total farm and ranch production in these five southwestern states last year matched that in 1961, the second highest level of record. The all-time high in total agricultural output was attained in 1965.

An expansion in the production of livestock and livestock products in 1967 has been principally responsible for maintaining total agricultural output in the five states at the previous year's level, inasmuch as the volume of crops is turning out to be slightly smaller. In 1966 also, livestock production rose, while crop output declined. Although total agricultural production is not expected to differ significantly from its 1966 level, lower prices for both crops and livestock are expected to reduce cash receipts from farming (including Government payments) in 1967 to below the record total of nearly \$5.6 billion for the preceding year.

On balance, growing conditions in the Southwest have not been as favorable during 1967 as they were last year. A large part of the northwestern areas of the District failed to receive adequate precipitation during the winter and spring; and much of east, south, and central Texas was short of moisture during the late-spring and summer months. An unseasonably cool spring in Arizona and New Mexico delayed the planting and development of crops. In the Lower Valley of Texas, Hurricane Beau-

lah and the consequent flooding sharply curtailed prospects for citrus fruits and fall and winter vegetables. The widespread rains accompanying the hurricane were beneficial, however, to ranges and pastures in sections outside the immediate path of the storm.

Southwestern crop production in 1967 is failing to equal last year's total despite the fact that the harvested acreage of major crops is about 6 percent larger. A significant factor in the reduced crop output this year has been the lower average yields for some of the more important crops. Production declines occurred for cotton, wheat, citrus fruits, and many of the spring-harvested grains—declines which were not offset by the output increases for sorghum grain, rice, hay, and various other crops.

Cotton production in the five southwestern states this year is expected to total only about 4.1 million bales—11 percent below that in 1966 and the smallest crop since 1946. This decline follows the sharp decrease of 31 percent in cotton output in 1966, which was due mainly to changes in the Government cotton program. The acreage of cotton for harvest in 1967 is 5 percent smaller than last year. Part of the reduction stems from a slight rise in the proportion of cotton acreage diverted under the Government cotton program this year.

In both 1966 and 1967, growers were required to divert 12.5 percent of their allotted acreage in order to participate in the Government cotton programs, but producers were permitted to divert additional acreages up to a maximum of 35 percent of their total allotted

acreage. This year, 33 percent of the allotted cotton acreage of cooperating growers in the Southwest was diverted, as compared with 32 percent for the 1966 crop. Further, adverse weather conditions reduced intended plantings and caused the abandonment of some planted acreage.

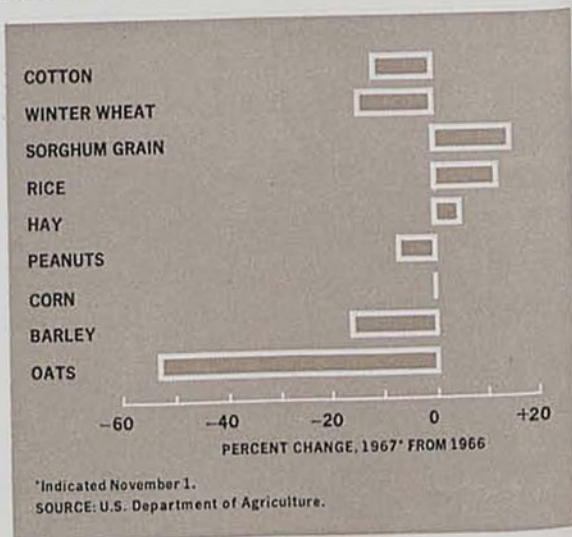
The lint yield per harvested acre in the Southwest in 1967 is expected to average 404 pounds, down 6 percent from the previous year. Except for Louisiana, where the average yield is slightly higher, cotton yields in each of the other southwestern states are showing declines, ranging from 5 percent in Arizona to 17 percent in Oklahoma.

Wheat production this year also failed to meet expectations, as the output of the grain was 14 percent less than in 1966 and was the lowest since 1963. This experience contrasts with that in the Nation, where wheat production rose 19 percent above 1966 to reach a new record. Acreage allotments for the 1967 crop had been increased by 32 percent in view of a sharp depletion in carry-over stocks, stemming from large wheat shipments to food-deficit nations, notably India.

Southwestern wheat growers responded to the increased allotments by seeding additional acreage. Although insufficient moisture caused abandonment of substantial acreages of wheat in the Southwest, the acreage for harvest this year was 9 percent above that in 1966. On the other hand, yields per harvested acre, at 17.3 bushels, declined to the lowest level since the drought-stricken period in the midfifties.

In contrast to cotton and wheat, both sorghum grain and rice are showing substantial production increases this year. The 1967 sorghum grain crop is expected to exceed last year's record total by 16 percent. This gain reflects the impact of a 23-percent rise in the acreage for harvest, since the average yield is 6 percent lower than in 1966. Grain sorghums,

Gains in sorghum grain and rice output helped to maintain crop production in the Southwest —



relative to other small grains, have continued to grow in importance as a cash crop. The acreage of rice in Louisiana and Texas this year totaled about the same as in the prior year, but the average yield has risen to a new record; and the rice crop this year may be 12 percent larger than in 1966. The general uptrend in rice yields during the past few years reflects the adoption of new varieties and improved soil and water management practices.

This season's promising citrus fruit crop was severely reduced by Hurricane Beulah. Although official estimates were not available at the time the damaging storm struck the Lower Valley of Texas in the latter part of September, trade sources had estimated that the State's crop would be about the same size as in the 1966-67 season. Subsequently, official estimates have indicated that the total output of citrus fruits in Arizona and Texas may be 29 percent smaller than in the preceding season. A substantially larger citrus fruit crop in Arizona — especially grapefruit — is offsetting some of the impact of the small Texas crop. In Texas, grapefruit production in the 1967-68 season is

expected to be 70 percent lower than in the previous season; the orange crop is indicated to be 57 percent smaller.

The output of livestock and livestock products in the Southwest has been increasing since 1957 — the year in which the drought of the midfifties ended. In 1967, this upward trend was maintained, and total livestock production for the year is expected to rise about 3 percent over the 1966 level. Production increases were registered by each of the major livestock categories except lambs, wool, and mohair.

The cattle population in the five southwestern states at the beginning of 1967 was little different from a year earlier, with a decline in milk cattle numbers being more than offset by a rise in the number of beef-type animals. With little change in the calving rate, the calf crop this year was only fractionally smaller than in 1966. Pasture conditions during 1967 have not been particularly favorable; and there were scattered reports that reductions in herd numbers occurred during the summer in some localities of southern Texas. Even late this fall, pasture conditions, although improved, were still not as good as in the fall of 1966.

Despite the relative stability in the number of cattle on farms and ranches, slaughter in the Southwest, on a liveweight basis, is expected to total about 2 percent greater this year than in 1966. The gain in beef output during 1967 is due to an increase in the average weight of the animals being slaughtered. In part, the higher average slaughter weights reflect the fact that animals from feedlots represent a rising proportion of the total slaughter each successive year. Further, all of the 1967 gain in beef production is stemming from a rise in cattle slaughter, since calf slaughter is substantially lower.

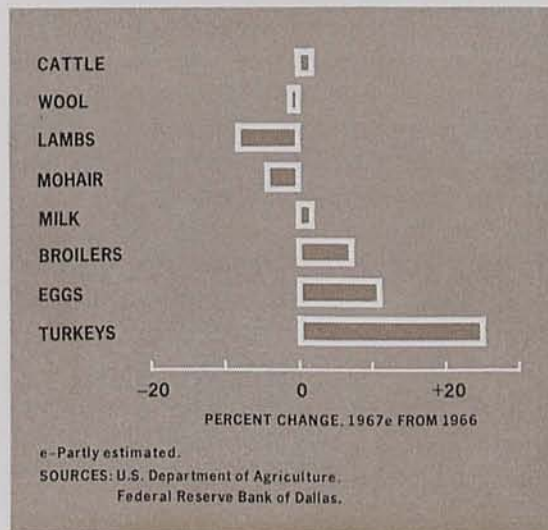
The number of sheep shorn in the Southwest during 1967 is estimated to be slightly greater than during the previous year, but the average weight per fleece is lower. Conse-

quently, wool growers will probably clip about 1 percent less wool this year than in 1966. The number of breeding ewes was little changed between 1966 and 1967, but the lambing rate was sharply lower; and the lamb crop in the District states may be about 8 percent smaller.

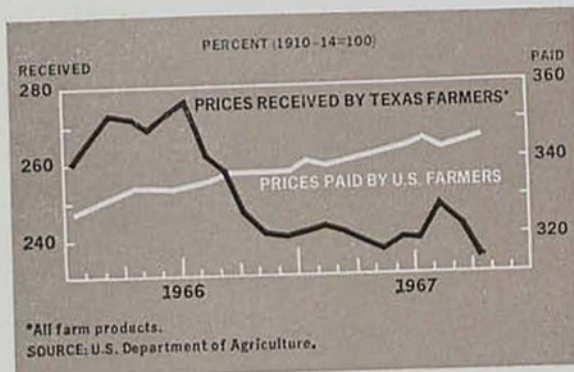
Although forage conditions during the summer were not particularly favorable in some important dairying areas of the Southwest, milk production this year is expected to exceed slightly the volume produced in 1966. The prospective higher output would be achieved despite the fact that the number of milk cows on farms totaled about 5 percent fewer. The success dairymen have realized in increasing production per cow through improved management practices and greater specialization during the past several years has made it possible to market adequate milk supplies for a growing population with substantially fewer cows.

Poultry meat production has increased again, with the percentage gain in turkey output exceeding by a considerable amount the rise in the volume of broilers produced. Developments this year continue the trends under way

Output of most major livestock products increased in the Southwest —



FARM PRICES



for several years. The production of broilers has shown consecutive year-to-year increases beginning in 1961, and growers have been stepping up turkey production since 1962. Rounding out the output gains for poultry products in 1967 is the large rise in egg production.

Although total production of agricultural commodities is expected to be about the same as in 1966, gross farm income is not expected to match last year's level. Prices received by southwestern farmers for all farm products this year have averaged well below those of a year earlier. Consequently, cash receipts from farm marketings for the first 9 months of 1967 trailed the corresponding period last year by about 7 percent. Most of the decline in cash receipts has been centered in those for crops. Government payments are expected to contribute substantially to southwestern farm income (such payments totaled almost \$700 million in 1966), but the payments this year are not likely to be large enough to lift total cash farm income to last year's level. The costs of items used in farm production continued

their uptrend in 1967, and production expenses remained at high levels. Thus, net farm income probably will be below that of last year.

As southwestern farmers prepare for 1968, certain changes in Government programs will influence their management decisions. The 1968 cotton program is intended to stimulate production. The required diversion of cotton acreage has been reduced from 12.5 percent of the regular allotment in effect in 1966 and 1967 to 5 percent next year; the payment rate for voluntarily diverting additional acreages has been lowered, but the price-support payment rate has been increased.

In view of the sharp rise in feed grain supplies this year, the feed grain program has been modified to encourage farmers to reduce production in 1968. Cooperating farmers who divert feed grain acreage in excess of the mandatory 20 percent of their base acreage will receive payments for additional diversion up to a maximum of 50 percent of their base feed grain acreage. No payments were made under this year's program for diversion in excess of the mandatory 20 percent.

Past production trends show that southwestern farmers have the resources to achieve a high level of crop output in 1968 if weather conditions are reasonably accommodating. The size of basic breeding herds and the ample supplies of feed grains in the Southwest provide the basis for a further expansion in meat output. However, the downward drift that has occurred in prices for most livestock and livestock products may have a moderating influence on the plans of producers.

**new
par
bank**

The Chandler State Bank, Chandler, Texas, a nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, November 13, 1967. The officers are: John K. Campbell, President; Scotty D. Cawthon, Executive Vice President; and Phillip L. Hale, Cashier.

district highlights

Nonagricultural wage and salary employment in the five southwestern states, showing more strength than seasonally expected, rose 0.2 percent to a total of 5,722,300 in October. Employment in manufacturing exhibited substantial strength, while nonmanufacturing employment increased in line with normal expectations. Construction employment was strong and advanced fractionally, rather than declining, as is usual at this time of the year. The number of workers in services and government did not display the usual seasonal strength, and transportation and public utilities employment registered a slight contraseasonal decline.

Total nonagricultural employment in the five southwestern states in October was 3 percent above the level in the same month in 1966. Manufacturing employment rose less than overall employment, but nonmanufacturing employment increased at a slightly faster rate. Mining still showed substantial year-to-year weakness as a result of the continuation of the strike in the copper industries in Arizona and New Mexico. The number of construction workers remained slightly below the year-earlier level, but service and government employment was significantly larger.

The seasonally adjusted Texas industrial production index eased fractionally in October to 158.4 percent of its 1957-59 base. Little change occurred in either total manufacturing or utilities. Mining production was down about 3 percent from September, as the reduction in crude petroleum output more than counterbalanced a rise in the production of metal, stone, and earth minerals.

Durable goods production in October was nearly the same as in the prior month, with increases in only two sectors—lumber and

wood products and "other durable goods" (mainly ordnance) — providing the major sustaining strength. Stone, clay, and glass products and transportation equipment experienced appreciable production declines. Increases in the manufacture of aircraft and parts restrained the extent of the reduction in the output of transportation equipment, which reflected the severely curtailed production in the automobile industry caused by labor disputes.

Nondurable goods manufacturing in Texas was virtually unchanged from the prior month. Rather large output reductions for textile mill products, paper and allied products, and refined petroleum products in October largely offset the sizable gains for leather and leather products and for "other nondurable goods."

The industrial production index for the State in October 1967 was 6 percent ahead of the same month last year. Year-to-year gains in most sectors were moderate. Increases which were substantially above the gain in the overall index were posted in three sectors: furniture and fixtures, transportation equipment, and "other" durables (mainly ordnance). Pronounced output declines were recorded for stone, clay, and glass products; primary metals; and apparel and allied products. There was a strong year-to-year gain in the production of natural gas liquids.

Daily average production of crude oil declined 3.2 percent in the Eleventh District during October but was 3.8 percent higher than a year ago. The monthly decline stemmed largely from the resumption of Mideast output and the accompanying cutback from U.S. sources but was less than the decrease of 4.3 percent in the Nation. The oil allowable in Texas for the month was 42.8 percent of permissible pro-

duction, and the rate of 40.8 percent which was set for November has been maintained for December. Regulatory authorities have raised the allowables for December in Louisiana and southeastern New Mexico.

Registrations of new passenger automobiles in October showed a notable increase over September in each of four major market areas in Texas; the increases ranged from 21 percent in San Antonio to 49 percent in Houston. Combined registrations for the four markets were 40 percent higher than in September. Cumulative registrations through October were about the same as in the first 10 months of 1966.

Department store sales in the Eleventh District showed unusual strength during recent weeks. In the 4 weeks ended November 18, sales were 16 percent higher than in the comparable period of 1966. In the major metropolitan reporting areas of Dallas, El Paso, Houston, and San Antonio, increases for the 4-

week period ranged from 7 percent to 23 percent over a year ago. District sales for the year to date were 6 percent more than those in 1966.

Both in the Eleventh District and in the Nation, commercial and industrial loans at the weekly reporting commercial banks have been relatively weak since midyear. The major reasons for this lack of strength appear to be the desire by some firms to refinance part of their bank debt into long-term bonds, the absence of any significant increase in capital expenditures and inventory accumulation, and the issuance of commercial paper as a substitute for bank loans.

Between July 5 and November 15, business loans at the weekly reporting commercial banks declined \$15 million and \$226 million, respectively, in the District and the Nation. In the comparable 1966 period, these loans had advanced \$70 million in the District and \$1.6 billion in the Nation.

THE PER JACOBSSON FOUNDATION LECTURES

"Economic Development — The Banking Aspects," a lecture by Mr. David Rockefeller, President of the Chase Manhattan Bank, N.A., set the theme for the fourth of the lecture series sponsored by The Per Jacobsson Foundation. Commentaries on the main topic were made by Mr. Felipe Herrera, President of the Inter-American Development Bank, and Mr. Shigeo Horie, former Chairman of the

Board of Directors of The Bank of Tokyo, Ltd. The Foundation lectures were presented on September 22, 1967, in Rio de Janeiro, Brazil.

Copies of the 1967 Proceedings will be made available to interested persons. As in the past, 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

December 1967



FEDERAL RESERVE BANK
OF DALLAS

CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Nov. 29, 1967	Oct. 25, 1967	Nov. 30, 1966
ASSETS			
Net loans and discounts.....	5,217,932	5,196,283	5,027,374
Valuation reserves.....	92,929	93,380	89,583
Gross loans and discounts.....	5,310,861	5,289,663	5,116,957
Commercial and industrial loans.....	2,568,243	2,518,015	2,523,784
Agricultural loans, excluding CCC certificates of interest.....	96,945	99,979	80,968
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities.....	12	13,012	463
Other securities.....	64,743	58,135	36,991
Other loans for purchasing or carrying:			
U.S. Government securities.....	1,259	676	848
Other securities.....	331,792	328,471	328,474
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies.....	168,121	226,909	151,235
Other.....	279,977	263,945	254,892
Real estate loans.....	497,244	504,397	468,729
Loans to domestic commercial banks.....	149,422	158,226	171,299
Loans to foreign banks.....	5,892	5,943	5,265
Consumer installment loans.....	542,047	538,508	513,422
Loans to foreign governments, official institutions, central banks, international institutions.....	0	0	0
Other loans.....	605,164	573,447	580,587
Total investments.....	2,557,600	2,561,048	2,255,061
Total U.S. Government securities.....	1,208,450	1,222,695	1,087,073
Treasury bills.....	121,555	155,540	30,915
Treasury certificates of indebtedness.....	0	0	15,548
Treasury notes and U.S. Government bonds maturing:			
Within 1 year.....	176,882	161,805	164,978
1 year to 5 years.....	685,465	690,955	609,504
After 5 years.....	224,548	214,395	266,128
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills.....	29,416	35,212	12,194
All other.....	1,094,813	1,077,703	958,297
Other bonds, corporate stocks, and securities:			
Participation certificates in Federal agency loans.....	149,549	153,815	86,714
All other (including corporate stocks).....	75,372	71,623	110,783
Cash items in process of collection.....	812,718	810,866	813,255
Reserves with Federal Reserve Bank.....	716,593	723,429	546,669
Currency and coin.....	83,691	80,669	75,306
Balances with banks in the United States.....	428,790	494,470	504,690
Balances with banks in foreign countries.....	8,249	5,575	4,233
Other assets.....	327,964	337,487	334,869
TOTAL ASSETS.....	10,153,537	10,209,827	9,561,457
LIABILITIES			
Total deposits.....	8,646,929	8,668,385	8,155,425
Total demand deposits.....	5,230,853	5,294,300	5,003,044
Individuals, partnerships, and corporations.....	3,616,093	3,681,614	3,379,385
States and political subdivisions.....	315,706	253,145	362,654
U.S. Government.....	107,220	152,855	66,091
Banks in the United States.....	1,092,007	1,125,923	1,112,732
Foreign:			
Governments, official institutions, central banks, international institutions.....	3,343	3,055	4,329
Commercial banks.....	23,423	19,528	19,729
Certified and officers' checks, etc.....	73,061	58,180	58,124
Total time and savings deposits.....	3,416,076	3,374,085	3,152,381
Individuals, partnerships, and corporations:			
Savings deposits.....	1,121,220	1,118,436	1,176,584
Other time deposits.....	1,743,453	1,697,323	1,375,501
States and political subdivisions.....	516,386	508,779	575,335
U.S. Government (including postal savings).....	11,724	11,833	8,825
Banks in the United States.....	19,653	34,714	13,796
Foreign:			
Governments, official institutions, central banks, international institutions.....	2,800	2,300	800
Commercial banks.....	840	700	1,540
Bills payable, rediscounts, and other liabilities for borrowed money.....	415,113	473,192	346,043
Other liabilities.....	192,233	172,515	207,873
CAPITAL ACCOUNTS.....	899,262	895,735	852,116
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	10,153,537	10,209,827	9,561,457

r — Revised.

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended Nov. 1, 1967	4 weeks ended Oct. 4, 1967	4 weeks ended Nov. 2, 1966
RESERVE CITY BANKS			
Total reserves held.....	684,581	674,736	625,632
With Federal Reserve Bank.....	637,600	627,125	580,354
Currency and coin.....	46,981	47,611	45,278
Required reserves.....	679,843	671,285	620,349
Excess reserves.....	4,738	3,451	5,283
Borrowings.....	857	214	89,157
Free reserves.....	3,881	3,237	—83,874
COUNTRY BANKS			
Total reserves held.....	662,699	656,517	640,682
With Federal Reserve Bank.....	501,425	492,725	489,002
Currency and coin.....	161,274	163,792	151,680
Required reserves.....	625,607	619,519	604,836
Excess reserves.....	37,092	36,998	35,846
Borrowings.....	1,238	3,174	10,072
Free reserves.....	35,854	33,824	25,774
ALL MEMBER BANKS			
Total reserves held.....	1,347,280	1,331,253	1,266,314
With Federal Reserve Bank.....	1,139,025	1,119,850	1,069,356
Currency and coin.....	208,255	211,403	196,958
Required reserves.....	1,305,450	1,290,804	1,225,185
Excess reserves.....	41,830	40,449	41,129
Borrowings.....	2,095	3,388	99,229
Free reserves.....	39,735	37,061	—58,100

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Nov. 29, 1967	Oct. 25, 1967	Nov. 30, 1966
Total gold certificate reserves.....	393,114	532,392	345,008
Discounts for member banks.....	2,600	963	81,202
Other discounts and advances.....	0	0	754
U.S. Government securities.....	2,053,097	1,915,408	1,677,176
Total earning assets.....	2,055,697	1,916,371	1,759,132
Member bank reserve deposits.....	1,129,472	1,126,677	966,078
Federal Reserve notes in actual circulation.....	1,385,859	1,353,603	1,254,173

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Oct. 25, 1967	Sept. 27, 1967	Oct. 26, 1966
ASSETS			
Loans and discounts.....	9,115	9,086	8,623
U.S. Government obligations.....	2,519	2,521	2,273
Other securities.....	2,622	2,562	2,224
Reserves with Federal Reserve Bank.....	1,127	1,118	1,001
Cash in vault.....	234	236	225
Balances with banks in the United States.....	1,188	1,148	1,055
Balances with banks in foreign countries ^e	8	9	7
Cash items in process of collection.....	921	972	906
Other assets ^e	425	430	498
TOTAL ASSETS^e.....	18,159	18,082	16,812
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,398	1,399	1,270
Other demand deposits.....	8,073	8,024	7,600
Time deposits.....	6,437	6,436	5,792
Total deposits.....	15,908	15,859	14,662
Borrowings.....	482	434	436
Other liabilities ^e	236	266	251
Total capital accounts ^e	1,533	1,523	1,463
TOTAL LIABILITIES AND CAPITAL ACCOUNTS^e.....	18,159	18,082	16,812

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 ¹				DEMAND DEPOSITS ¹			
	October 1967 (Annual-rate basis)	Percent change			October 31, 1967	Annual rate of turnover		
		September 1967	October 1966	10 months, 1967 from 1966		October 1967	September 1967	October 1966
ARIZONA: Tucson.....	\$ 4,934,640	9	15	10	\$ 168,911	29.8	27.7	25.6
LOUISIANA: Monroe.....	2,015,700	-1	9	8	79,418	25.8	26.6	25.6
Shreveport.....	5,869,536	3	9	10	226,801	26.0	25.4	25.0
NEW MEXICO: Roswell ²	680,964	6	10	1	34,153	19.9	18.9	18.2
TEXAS: Abilene.....	1,681,116	-3	-14	-3	95,629	17.8	18.9	21.4
Amarillo.....	4,333,584	5	8	1	139,553	31.5	30.1	29.5
Austin.....	5,173,788	6	14	12	216,309	24.2	23.6	24.8
Beaumont-Port Arthur-Orange.....	5,746,080	3	6	5	224,617	25.6	25.2	25.6
Brownsville-Harlingen-San Benito.....	1,448,628	40	-2	1	72,832	21.0	16.4	24.4
Corpus Christi.....	4,391,232	26	9	5	196,271	22.7	18.5	22.2
Corsicana ²	345,132	5	3	8	28,154	12.1	11.2	12.1
Dallas.....	79,356,216	5	19	14	1,751,256	44.9	42.4	40.5
El Paso.....	5,655,408	9	18	9	202,348	28.1	26.0	24.0
Fort Worth.....	15,956,496	-2	12	9	541,778	29.7	30.8	28.7
Galveston-Texas City.....	2,060,292	-10	15	10	100,313	20.8	23.7	20.3
Houston.....	73,391,316	5	19	12	2,201,269	33.6	32.6	32.4
Laredo.....	640,980	4	10	13	33,128	19.9	19.1	18.5
Lubbock.....	3,998,928	6	12	1	157,199	25.4	24.7	23.3
McAllen-Pharr-Edinburg.....	1,435,560	27	10	12	88,654	16.2	13.2	17.8
Midland.....	1,789,428	9	14	2	125,297	14.4	13.4	13.7
Odessa.....	1,347,624	4	7	-2	62,461	21.5	20.4	20.0
San Angelo.....	979,188	9	13	4	59,919	16.6	15.6	15.6
San Antonio.....	12,457,440	1	7	5	546,782	23.1	23.2	23.4
Texarkana (Texas-Arkansas).....	1,290,792	1	23	20	59,384	21.9	21.6	19.2
Tyler.....	1,645,032	-3	3	4	86,848	19.2	20.2	19.5
Waco.....	2,388,264	9	-5	6	110,584	21.4	19.5	24.0
Wichita Falls.....	2,045,160	0	1	-4	112,635	18.3	18.3	18.5
Total—27 centers.....	\$243,058,524	5	15	10	\$7,722,503	31.6	30.5	29.9

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

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

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In millions of dollars)

BUILDING PERMITS

Area	VALUATION (Dollar amounts in thousands)						
	NUMBER		Percent change				
	Oct. 1967	10 mos. 1967	Oct. 1967	10 mos. 1967	Sept. 1967	Oct. 1966	10 months, 1967 from 1966
ARIZONA							
Tucson.....	486	5,388	\$ 2,230	\$ 21,302	7	68	-1
LOUISIANA							
Monroe-West							
Monroe.....	72	767	1,583	16,481	246	-37	-1
Shreveport.....	328	3,496	2,013	26,416	-13	5	9
TEXAS							
Abilene.....	52	510	296	8,787	-51	-55	-31
Amarillo.....	122	1,357	1,484	18,074	163	139	-42
Austin.....	360	3,781	5,181	95,203	-13	29	-44
Beaumont.....	236	1,543	1,586	15,455	54	206	17
Brownsville.....	104	659	141	2,904	11	-38	-14
Corpus Christi.....	499	3,920	2,293	29,419	-62	14	3
Dallas.....	1,730	18,436	30,380	249,756	-51	185	56
El Paso.....	495	4,612	5,459	48,765	34	73	2
Fort Worth.....	600	6,241	6,204	77,351	3	99	15
Galveston.....	85	947	315	9,892	-5	1	-9
Houston.....	2,041	20,609	28,220	354,338	10	4	29
Laredo.....	40	309	170	3,801	-50	315	60
Lubbock.....	124	1,347	3,796	27,681	237	-44	-49
Midland.....	94	830	1,168	12,422	63	228	-5
Odessa.....	72	908	688	5,719	37	173	-47
Port Arthur.....	70	778	409	3,193	95	-38	-30
San Angelo.....	63	699	560	9,046	63	-67	16
San Antonio.....	1,294	12,114	10,532	93,333	51	98	22
Texarkana.....	44	420	357	3,440	51	11	-38
Waco.....	273	3,023	764	15,295	-81	28	45
Wichita Falls.....	69	692	386	18,339	-78	-80	39
Total—24 cities..	9,353	93,386	\$106,215	\$1,166,412	-20	39	19

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	October 1967	September 1967	August 1967	January—October	
				1967	1966
FIVE SOUTH WESTERN STATES ¹	486	445	506	4,688	4,579r
Residential building.....	195	163	195	1,715	1,627r
Nonresidential building....	173	133	197	1,694	1,474
Nonbuilding construction...	118	150	114	1,279	1,478
UNITED STATES.....	5,053	4,695	5,104	44,810	43,717r
Residential building.....	1,887	1,741	1,912	16,468	15,920r
Nonresidential building....	1,874	1,786	1,847	17,085	16,733
Nonbuilding construction...	1,292	1,169	1,345	11,257	11,064

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

r — Revised.

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

SOURCE: F. W. Dodge Company.

CROP PRODUCTION

(In thousands of bushels)

Crop	TEXAS			FIVE SOUTHWESTERN STATES ¹		
	1967, estimated Nov. 1	1966	Average 1961-65	1967, estimated Nov. 1	1966	Average 1961-65
Cotton ²	2,800	3,182	4,544	4,055	4,541	6,555
Corn.....	18,122	19,008	26,305	26,494	26,593	37,720
Winter wheat....	53,216	72,652	63,065	153,812	178,516	167,575
Oats.....	6,644	17,640	19,488	11,461	24,368	28,523
Barley.....	1,178	2,750	4,968	17,722	20,984	26,390
Rye.....	325	544	386	909	1,342	1,234
Sorghum grain....	25,400	21,210	17,524	47,435	42,398	33,722
Flaxseed.....	353,132	311,696	236,601	419,632	362,428	274,468
Hay ³	150	712	921	150	712	921
Peanuts ⁴	3,498	3,585	2,878	9,249	8,844	7,808
Irish potatoes ⁵ ..	356,250	403,200	221,994	583,390	624,606	400,034
Sweet potatoes ⁶ ..	4,336	4,451	2,755	7,779	7,977	5,704
Pecans ⁶	702	780	840	5,039	4,871	4,760
	35,000	26,000	38,200	104,000	71,300	94,190

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

² In thousands of bales.

³ In thousands of bags containing 100 pounds each.

⁴ In thousands of tons.

⁵ In thousands of pounds.

⁶ In thousands of hundredweight.

SOURCE: U.S. Department of Agriculture.

COTTON PRODUCTION

Texas Crop Reporting Districts

(In thousands of bales — 500 pounds gross weight)

Area	1967, indicated Nov. 1	1966	1965	1967 as percent of 1966
1-N — Northern High Plains.....	240	260	558	92
1-S — Southern High Plains.....	1,020	1,085	1,693	94
2-N — Red Bed Plains.....	200	177	281	113
2-S — Red Bed Plains.....	240	338	402	71
3 — Western Cross Timbers.....	15	18	21	83
4 — Black and Grand Prairies.....	265	484	469	55
5-N — East Texas Timbered Plains...	20	29	34	69
5-S — East Texas Timbered Plains...	40	42	58	95
6 — Trans-Pecos.....	135	127	194	106
7 — Edwards Plateau.....	25	27	57	93
8-N — Southern Texas Prairies.....	55	95	108	58
8-S — Southern Texas Prairies.....	95	134	168	71
9 — Coastal Prairies.....	115	82	201	140
10-N — South Texas Plains.....	20	33	35	61
10-S — Lower Rio Grande Valley.....	315	251	389	125
State.....	2,800	3,182	4,668	88

SOURCE: U.S. Department of Agriculture.

CASH RECEIPTS FROM FARM MARKETINGS

(Dollar amounts in thousands)

Area	January—September		Percent change
	1967	1966	
Arizona.....	\$ 330,587	\$ 339,405	—3
Louisiana.....	307,040	292,987	5
New Mexico.....	125,186	129,061	—3
Oklahoma.....	601,204	637,888	—6
Texas.....	1,697,448	1,886,276	—10
Total.....	\$ 3,061,465	\$ 3,285,617	—7
United States.....	\$29,091,577	\$29,445,414	—1

SOURCE: U.S. Department of Agriculture.

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	October 1967p	September 1967p	October 1966	Percent change from	
				September 1967	October 1966
ELEVENTH DISTRICT.....	3,576.9	3,694.4	3,445.0	—3.2	3.8
Texas.....	3,086.4	3,189.4	2,965.7	—3.2	4.1
Gulf Coast.....	612.0	605.1	552.5	1.1	10.8
West Texas.....	1,426.6	1,491.8	1,355.3	—4.4	5.3
East Texas (proper).....	142.8	146.3	125.3	—2.4	14.0
Panhandle.....	93.6	94.7	96.4	—1.2	—2.9
Rest of State.....	811.4	851.5	836.2	—4.7	—3.0
Southeastern New Mexico..	315.8	321.8	307.0	—1.9	2.9
Northern Louisiana.....	174.7	183.2	172.3	—4.6	1.4
OUTSIDE ELEVENTH DISTRICT	5,261.3	5,535.4	4,930.5	—5.0	6.7
UNITED STATES.....	8,838.2	9,229.8	8,375.5	—4.3	5.5

p — Preliminary.

SOURCES: American Petroleum Institute.

U.S. Bureau of Mines.

Federal Reserve Bank of Dallas.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change Oct. 1967 from	
	October 1967p	September 1967	October 1966r	Sept. 1967	Oct. 1966
Total nonagricultural					
wage and salary workers..	5,722,400	5,710,900	5,558,700	0.2	2.9
Manufacturing.....	1,046,800	1,042,800	1,020,900	.4	2.5
Nonmanufacturing.....	4,675,600	4,668,100	4,537,800	.2	3.0
Mining.....	219,900	223,200	233,100	—1.5	—5.7
Construction.....	377,800	376,600	385,500	.3	—2.0
Transportation and public utilities.....	435,400	438,900	423,600	—8	2.9
Trade.....	1,327,500	1,327,900	1,292,500	.0	2.7
Finance.....	280,500	281,600	271,900	—4	3.2
Service.....	855,100	855,700	812,100	—1	5.3
Government.....	1,179,400	1,164,200	1,119,100	1.3	5.4

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

p — Preliminary.

r — Revised.

SOURCE: State employment agencies.

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	October 1967p	September 1967	August 1967	October 1966
TEXAS				
Total industrial production.....	158.4	159.9	161.6r	149.1r
Manufacturing.....	176.9	177.2	175.9r	167.0r
Durable.....	198.8	199.2	198.5r	184.4r
Non-durable.....	162.3	162.6	160.9r	155.4r
Mining.....	124.2	127.9	133.5r	115.9
Utilities.....	195.8	195.8	201.3r	186.9
UNITED STATES				
Total industrial production.....	156.0	157.0	158.0	159.0r
Manufacturing.....	158.0	158.0	160.0r	162.0r
Durable.....	160.0	161.0	164.0	169.0r
Non-durable.....	154.0	154.0	154.0	153.0r
Mining.....	121.0	125.0	128.0	122.0r
Utilities.....	186.0	185.0	185.0r	179.0r

p — Preliminary.

r — Revised.

SOURCES: Board of Governors of the Federal Reserve System.

Federal Reserve Bank of Dallas.

**annual
statement
for...**

1967



**FEDERAL RESERVE
BANK OF DALLAS**

FEDERAL RESERVE BANK OF DALLAS

To the Member Banks in the
Eleventh Federal Reserve District:

The Statement of Condition and the earnings and expenses of the Federal Reserve Bank of Dallas for the year 1967, with comparative figures for 1966, are shown herein. Lists of the directors and officers of the Bank and its branches as of January 1, 1968, are also included.

A review of economic and financial developments in the Nation and the District during 1967 is being presented in the January 1968 Annual Report Issue of the *Business Review* of this Bank.

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

Sincerely yours,



WATROUS H. IRONS
President

statement of condition

	Dec. 31, 1967	Dec. 31, 1966
ASSETS		
Gold certificate account	\$ 318,182,506	\$ 655,337,464
Redemption fund for Federal Reserve notes	70,247,329	61,919,809
Total gold certificate reserves	388,429,835	717,257,273
Federal Reserve notes of other Banks	30,530,500	40,500,700
Other cash	13,676,797	18,429,704
Discounts and advances	5,800,000	400,000
U.S. Government securities:		
Bills	667,810,000	430,479,000
Certificates	—	158,682,000
Notes	1,125,269,000	776,882,000
Bonds	254,434,000	226,069,000
Total U.S. Government securities	2,047,513,000	1,592,112,000
Total loans and securities	2,053,313,000	1,592,512,000
Cash items in process of collection	626,215,095	540,487,954
Bank premises	9,037,370	9,840,781
Other assets	106,066,517	62,751,442
TOTAL ASSETS	<u>\$3,227,269,114</u>	<u>\$2,981,779,854</u>
LIABILITIES		
Federal Reserve notes in actual circulation	\$1,432,827,205	\$1,278,172,767
Deposits:		
Member bank — reserve accounts	1,149,734,038	1,064,648,587
U.S. Treasurer — general account	61,322,616	137,218,136
Foreign	8,120,000	9,280,000
Other	9,182,179	7,047,303
Total deposits	1,228,358,833	1,218,194,026
Deferred availability cash items	485,310,241	410,832,102
Other liabilities	11,845,535	8,152,959
TOTAL LIABILITIES	<u>3,158,341,814</u>	<u>2,915,351,854</u>
CAPITAL ACCOUNTS		
Capital paid in	34,463,650	33,214,000
Surplus	34,463,650	33,214,000
TOTAL CAPITAL ACCOUNTS	68,927,300	66,428,000
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	<u>\$3,227,269,114</u>	<u>\$2,981,779,854</u>

earnings and expenses

	1967	1966
CURRENT EARNINGS		
Discounts and advances	\$ 175,641	\$ 2,184,633
U.S. Government securities	88,410,349	71,722,638
Foreign currencies	1,464,582	1,275,220
All other	35,223	35,484
TOTAL CURRENT EARNINGS	<u>90,085,795</u>	<u>75,217,975</u>
CURRENT EXPENSES		
Current operating expenses	11,197,900	10,437,270
Assessment for expenses of Board of Governors	625,596	524,400
Federal Reserve currency:		
Original cost, including shipping charges	1,032,264	863,240
Cost of redemption, including shipping charges	29,501	66,555
Total	<u>12,885,261</u>	<u>11,891,465</u>
Less reimbursement for certain fiscal agency and other expenses	909,410	848,953
NET EXPENSES	<u>11,975,851</u>	<u>11,042,512</u>
PROFIT AND LOSS		
Current net earnings	78,109,944	64,175,463
Additions to current net earnings:		
Profit on sales of U.S. Government securities (net)	30,855	—
All other	83,126	76,588
Total additions	<u>113,981</u>	<u>76,588</u>
Deductions from current net earnings:		
Loss on sales of U.S. Government securities (net)	—	95,832
All other	5,424	7,241
Total deductions	<u>5,424</u>	<u>103,073</u>
Net additions or deductions (—)	<u>108,557</u>	<u>—26,485</u>
Net earnings before dividends and payments to U.S. Treasury	78,218,501	64,148,978
Dividends paid	2,027,223	1,965,116
Payments to U.S. Treasury (interest on F.R. notes)	74,941,628	60,937,912
Transferred to surplus	1,249,650	1,245,950
Surplus, January 1	33,214,000	31,968,050
Surplus, December 31	<u>\$34,463,650</u>	<u>\$33,214,000</u>

directors

FEDERAL RESERVE BANK OF DALLAS

CARL J. THOMSEN	(Chairman and Federal Reserve Agent), Senior Vice President, Texas Instruments Incorporated, Dallas, Texas
MAX LEVINE	(Deputy Chairman), Retired Chairman of the Board, Foley's, Houston, Texas
J. V. KELLY	President, The Peoples National Bank of Belton, Belton, Texas
MURRAY KYGER	Chairman of the Board, The First National Bank of Fort Worth, Fort Worth, Texas
CARL D. NEWTON	President, Fox-Stanley Photo Products, Inc., San Antonio, Texas
J. B. PERRY, JR.	Real Estate Investments and Development, Lufkin, Texas
KENNETH S. PITZER	President and Professor of Chemistry, Rice University, Houston, Texas
RALPH A. PORTER	President, The State National Bank of Denison, Denison, Texas
C. A. TATUM, JR.	President and Chief Executive Officer, Texas Utilities Company, Dallas, Texas

EL PASO BRANCH

GORDON W. FOSTER	Vice President and Director, Farah Manufacturing Company, Inc., El Paso, Texas
ROBERT W. HEYER	Director and Consultant, Southern Arizona Bank & Trust Company, Tucson, Arizona
ROBERT F. LOCKHART	President, The State National Bank of El Paso, El Paso, Texas
C. ROBERT McNALLY, JR.	Rancher, Roswell, New Mexico
JOSEPH M. RAY	President, The University of Texas at El Paso, El Paso, Texas
ARCHIE B. SCOTT	President, The Security State Bank of Pecos, Texas
JOE B. SISLER	President, The Clovis National Bank, Clovis, New Mexico

HOUSTON BRANCH

R. M. BUCKLEY	President and Director, Eastex Incorporated, Silsbee, Texas
HENRY B. CLAY	President, First Bank & Trust, Bryan, Texas
A. G. McNEESE, JR.	Chairman of the Board, Bank of the Southwest National Association, Houston, Houston, Texas
GEO. T. MORSE, JR.	President and General Manager, Peden Iron & Steel Company, Houston, Texas
W. G. THORNELL	President, The First National Bank of Port Arthur, Port Arthur, Texas
JOHN E. WHITMORE	President, Texas National Bank of Commerce of Houston, Houston, Texas
M. STEELE WRIGHT, JR.	President and General Manager, Texas Farm Products Company, Nacogdoches, Texas

SAN ANTONIO BRANCH

W. A. BELCHER	Veterinarian and Rancher, Brackettville, Texas
JAMES T. DENTON, JR.	President, Corpus Christi Bank and Trust, Corpus Christi, Texas
TOM C. FROST, JR.	President, The Frost National Bank of San Antonio, San Antonio, Texas
RAY M. KECK, JR.	President, Union National Bank of Laredo, Laredo, Texas
LLOYD M. KNOWLTON	General Manager and Partner, Knowlton's Creamery, San Antonio, Texas
FRANCIS B. MAY	Chairman of Department of General Business and Professor of Business Statistics, The University of Texas, Austin, Texas
J. R. THORNTON	Chairman of the Board and President, State Bank and Trust Company, San Marcos, Texas

FEDERAL ADVISORY COUNCIL MEMBER

ROBERT H. STEWART, III	Chairman of the Board, First National Bank in Dallas, Dallas, Texas
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officers

FEDERAL RESERVE BANK OF DALLAS

WATROUS H. IRONS, *President*

P. E. COLDWELL, *First Vice President*

ROY E. BOHNE, *Vice President*

ROBERT H. BOYKIN, *Vice President
and Secretary of the Board*

JAMES L. CAUTHEN, *Vice President*

J. L. COOK, *Vice President*

RALPH T. GREEN, *Vice President*

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