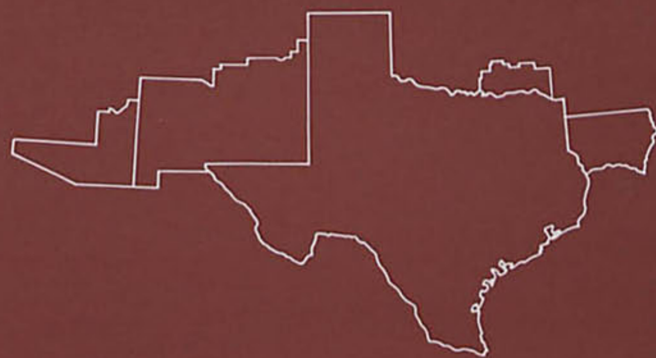
business review



august 1968

FEDERAL RESERVE
BANK OF DALLAS

contents

economic boom through midyear

The Nation's economy operated at boom levels during the first half of 1968. The rise in total spending for goods and services was at a rate well above that which could be maintained without a continuation of excessive upward pressures on prices. The surge in economic activity during the first 6 months of this year stemmed, to a major extent, from vigorous consumer spending, even though there was considerable slackening in such spending in the second quarter.

In addition to the dominant strength provided by consumer spending for personal consumption items, there were increases in expenditures in most other major sectors. Outlays for housing, inflated by rapidly rising costs, continued to move upward, despite the fact that mortgage interest rates remained close to historical highs. Spending for business fixed investment also rose modestly, and purchases by all levels of government advanced from the highs reached in the final quarter of 1967.

During the first half of 1968, the economy was buffeted by diverse domestic and international events. The international monetary mechanism was subjected to some severe strains. In March, a "two-tier" gold price was established to prevent further rapid, speculative depletion of the monetary gold stocks of major participants in the gold pool. A development with major long-run implications occurred later in March and April, when decisive steps were taken to establish the long-discussed plan for special drawing rights. Subsequently, pressure on the French franc stemming from internal unrest in France created an additional burden on international exchange markets. Pressures also continued on the British pound.

The peace negotiations with North Viet-Nam, uncertainties and surprises in national political developments, and recurring social unrest were other conditioning elements during the first part of 1968. Further, the delay in the enactment of fiscal measures until the latter part of June placed upon monetary measures an inordinate share of the burden of moderating aggregate demand.

economic developments

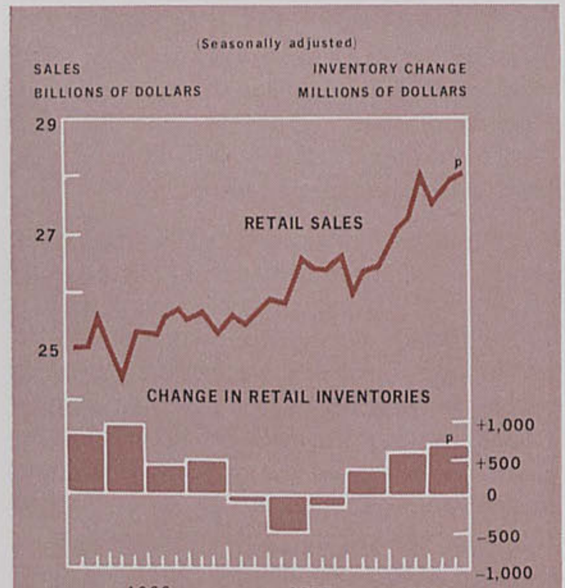
Gross national product advanced sharply during the first half of 1968 to reach a seasonally adjusted annual rate of $850.8 billion in the April-June period. The rise of nearly $40 billion in total GNP from the final quarter of last year represented an annual rate of growth of 9.8 percent, as compared with an annual rate of 7.9 percent during the last half of 1967. As measured in constant prices, however, GNP rose only 5.8 percent during the first half of 1968. In other words, not far from 50 percent of the increase in GNP on a current-dollar basis reflected advancing prices.

Despite the strong rise of GNP in each of the quarters during the first half of this year, the character of the growth in the first quarter of 1968 differed materially from that in the second quarter. Final sales increased quite briskly during the first quarter of the year, and the rate of inventory accumulation slackened appreciably. In the second quarter, final sales slowed markedly, and a larger proportion of the total GNP rise was accounted for by a stepped-up rate of inventory building. Moreover, purchases by the private sector comprised a much smaller proportion of final sales than in the January-March period, reflecting a moderation in the pace of consumer spending and a reduction in outlays for business fixed investment.

Personal consumption expenditures, which had shown modest increases during the last half of 1967, rose sharply during the first half of 1968 and accounted for about 63 percent of the total dollar gain in GNP. Consumer spending was especially brisk in the first quarter but tapered substantially in the second quarter, partially because of civil unrest and the dampening effects of two assassinations. The uncertainties generated by the potential tax increase, the restrictive effects of monetary policies, and the continued disturbances in the international financial market also contributed to a lessening of consumer confidence.

Expenditures for durable and nondurable goods and services all expanded during the first 6 months of 1968. Apparently, many merchants were surprised by the vigor of retail sales, and inventory accumulation in the early months of

RETAIL SALES AND INVENTORY CHANGES



p-Preliminary.
SOURCE: U.S. Department of Commerce.

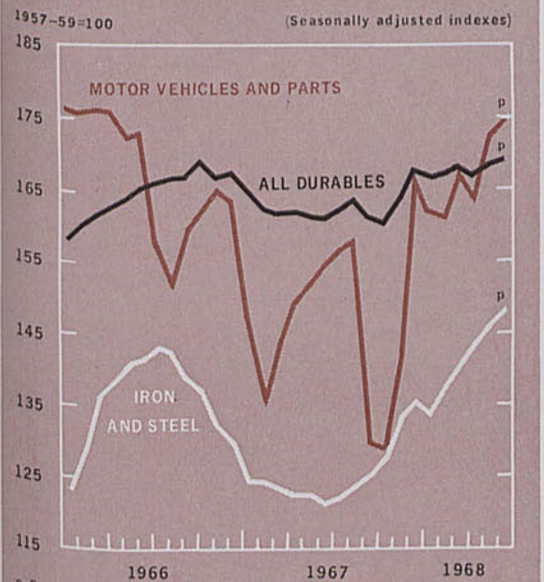
the year was held at a low level. During the January-June period, retail sales averaged 7 percent above a year earlier.

Although the strength in retail sales was rather general among durable and nondurable lines, sales of automobiles were especially buoyant. Sales of domestically built cars were at an annual rate of 8.3 million units during the first half of the year, well above the strike-affected pace of 7.4 million units in the final quarter of 1967. Further, sales of imported cars continued on an uptrend and increased their penetration of the U.S. market, with such sales approaching an annual rate of 1 million units.

The accelerated sales pace was triggered by a rapid increase in disposable personal income and the inclination of consumers, at least for a time, to spend a larger proportion of their income. Disposable personal income rose $26.8 billion during the first half of 1968, which is well above the $18.1 billion gain in the last half of 1967. Although the savings rate retreated from 7.8 percent during the final quarter of 1967 to 7.1 percent in the first quarter of 1968, the consumer became more cautious in the second quarter, and the savings rate moved back up to 7.7 percent.

The recovery in residential construction continued to provide positive support to the economy through mid-1968. Outlays for housing rose further from the sharply improved levels reached during the last half of 1967, partly reflecting rapidly rising construction and land costs. Housing starts averaged nearly 1.5 million units during the first half of the year, or 13 percent above the average for 1967 and 25 percent above the depressed level of 1966. In both May and June of the current year, however, housing starts turned downward from their highs in early 1968, as restrictive monetary policies and higher interest rates dampened the mortgage market. The building of apartments has been a major factor in the strength in residential construction.

DURABLE GOODS PRODUCTION



p-Preliminary.
SOURCE: Board of Governors, Federal Reserve System.

The rate of spending for plant and equipment thus far in 1968 has exceeded the pace of such outlays a year ago, with most of the gain occurring during the first quarter. Especially noteworthy increases in investment outlays in the first half were made by mining, public utilities, and communications firms and commercial enterprises. Manufacturing firms also boosted spending slightly, but the modest increase probably reflected the margin of unutilized capacity, with the rate of utilization holding close to 84 percent since mid-1967.

The trade balance of the United States narrowed sharply during the first half of 1968. Net exports of goods and services averaged about $6 billion between 1961 and 1966, declined to $4.8 billion in 1967, and eased during the first 6 months of the current year to around $1.8 billion on an annual-rate basis. During March, May, and June, deficits on merchandise trade occurred. Heavy imports of copper and steel during the first quarter were one reason for the declining net exports; imports of automobiles also were high. The small surpluses realized on merchandise trade during the first two quarters were critical because of the balance-of-payments deficits incurred as a result of adverse balances for capital flows. Overseas military expenditures during the first quarter of this year continued to be close to the high level in the previous quarter.

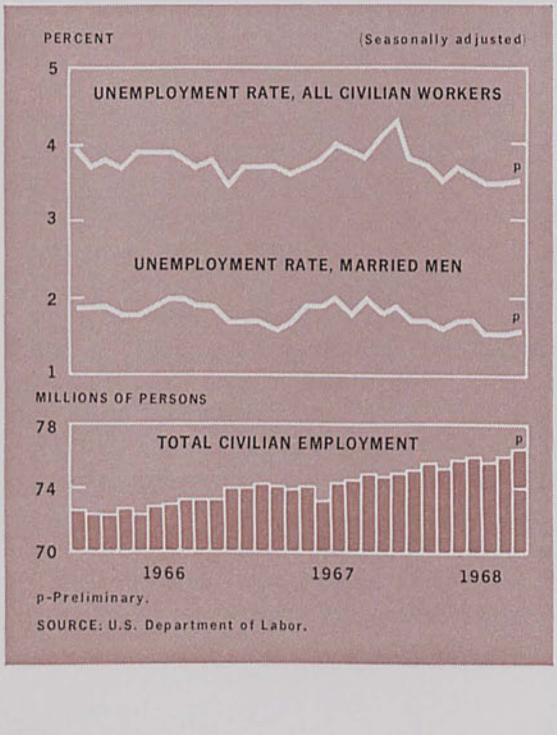
Although the private sector of the economy accounted for the major part of the gain in GNP during the first half of 1968, around 30 percent of the dollar rise stemmed from increased purchases by all levels of government. Total government expenditures rose 13 percent, on an annual-rate basis, during the first 6 months of this year as compared with the fourth quarter last year. Defense spending had moderated during the second half of 1967, but a sharp resurgence of spending has occurred in 1968, partly due to the additional military requirements stemming from the Viet Cong offensive. In addition, there have been further rises in nondefense outlays of the Federal Government this year, and purchases of goods and services by state and local governments have continued their historical uptrend.

The rapid rate of "real" growth in the economy through midyear was mirrored in industrial production and employment. Strikes in the automotive industry and copper mining had a particularly dampening effect on the growth of industrial output during the last half of 1967; by November, however, industrial production was increasing at a rapid rate and reached 162.0 percent of its 1957-59 base in December. After holding around December's high level during the first 2 months of 1968, industrial output began to advance and, by June, reached 164.4 percent of its base. Total output during the first 6 months of 1968 averaged 3 percent above the strike-depressed level of the last half of 1967 and 4 percent above the comparable period a year earlier.

The gain in industrial output through mid-1968 was largely centered in industries producing steel, copper, automobiles, petroleum, chemicals, furniture, paper and printing, construction materials, and electricity. Output in the important machinery industry was slightly lower than in December 1967, as production of business equipment trended downward and output of defense equipment eased until the surge in June. The output of textiles and related products and of foodstuffs and beverages remained virtually on a plateau.

Output trends for copper, steel, and glass were heavily influenced by strikes or threatened strikes. Production of copper rebounded sharply in April following the settlement of a lengthy strike, while a substantial gain in the output of steel occurred as strike-hedge orders for steel were superimposed upon the steel orders placed by automobile makers to meet expanding sales and to build up dealers' stocks. Automobile production during the second quarter of 1968 was at an annual rate of 9.1 million units, and new-car inventories by midyear had reached 1.7 million units. The enlarged stocks of steel and automobiles were the significant factors in boosting the rate of total inventory accumulation from $2.1 billion in the first quarter to $8.4 billion in the second quarter. This inventory accumulation provided a boost to economic activity during the first 6 months of this year, but the strike-hedge stocks of steel are likely to be absorbed during the last half of 1968.

EMPLOYMENT TRENDS



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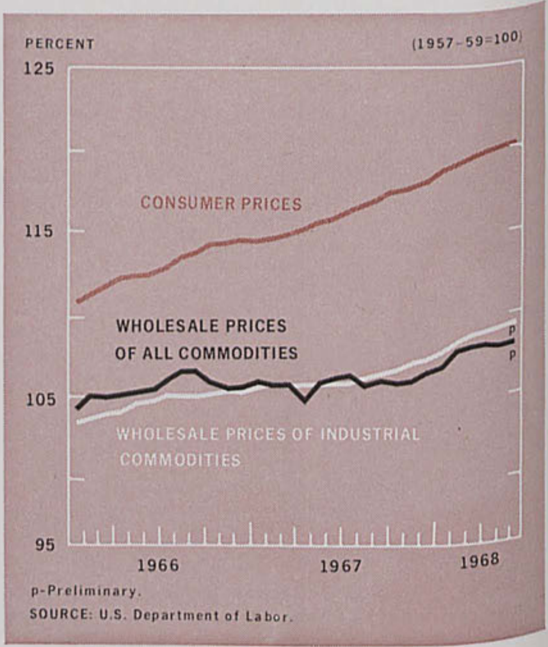
SOURCE: U.S. Department of Labor.

PRICE MOVEMENTS



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SOURCE: U.S. Department of Labor.

Labor markets continued generally firm during the first half of 1968, with the unemployment rate for all workers holding close to 3.5 percent of the civilian labor force except in June, when an influx of out-of-school youth in the labor market pushed the rate to 3.8 percent. Unemployment rates for married men and experienced workers remained well below the rate for all workers. During the final quarter of last year, the jobless rate for all workers was about 3.9 percent.

Nonagricultural wage and salary employment increased more than 800,000 during the first half of 1968, or by a somewhat smaller amount than during the previous 6-month span. The slower employment rise during the first half of this year principally reflected a slackening in employment gains in trade, contract construction, and manufacturing. The smaller pool of skilled manpower also moderated the growth rate of employment. Within manufacturing, most of the rise in the work force occurred at nondurable goods manufacturers. It appears that the output gains by durable goods firms were achieved by longer hours of work and by greater productivity.

Within an environment of rapidly expanding aggregate demand and pressure upon labor resources, it is not surprising that most comprehensive measures of prices continued to advance. Labor cost per unit of manufacturing output rose from last year's high level to a new record. Major contract negotiations, as well as the increased minimum wage levels, helped to elevate wage rates.

In a manner similar to the 1967 experience, prices at the consumer level rose successively each month to reach 120.9 percent of the 1957-59 base in June 1968, showing an annual-rate gain of over 4 percent for the 6-month period. This rate is the highest attained since the Korean war period of 1951. The largest price gains have taken place in consumer services, for which labor inputs constitute a major part of total cost.

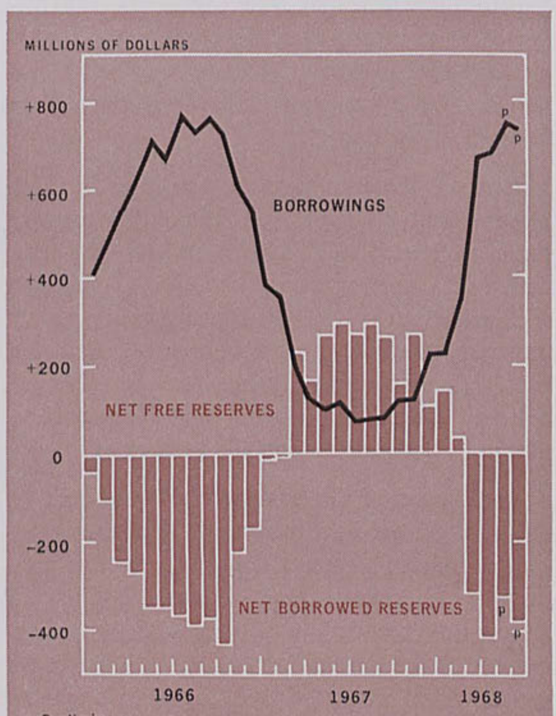
Wholesale prices during the first half of 1968 rose over 3 percent on an annual-rate basis. The most pronounced gains occurred in prices of farm products and processed foods. Prices for industrial commodities eased somewhat in the spring, mainly due to the lower quotes for steel scrap and reduced prices for copper and copper-related products following the settlement of the prolonged strike in the industry.

financial developments

During the first half of 1968, major domestic financial developments included a monetary policy which moved further toward a position of restraint, interest rates which advanced to record levels in both money and capital markets, a significant reduction in the growth of bank credit, and the continuation of very heavy demands for funds. In the international area, the U.S. balance of payments improved in the first quarter, despite a severe decline in the trade surplus, but remained a serious problem.

The Federal Reserve moved to intensify the restraint which it had begun in late 1967. In the first 3 months of 1968, the System used each of its three major tools of monetary control — open market operations, reserve requirement changes, and discount rate adjustments —

RESERVE POSITION OF MEMBER BANKS



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SOURCE: Board of Governors, Federal Reserve System.

to secure the desired degree of restraint. The reserve position of member banks shifted to a deep net borrowed figure by March and remained under similar pressure throughout the rest of the first half; reserve requirements on demand deposits were increased in January; and the discount rate was raised in March and again in April, thereby reaching the highest level since 1929.

Through open market operations, the System restrained the growth of reserves available to the banking system. As a result, total reserves of member banks showed only a small increase, nonborrowed reserves changed only slightly since much of the increase in total reserves was the result of greater use of the discount window, and net free reserves became negative. From an average net free reserve position of $107 million in December 1967, member bank reserves deteriorated to an average net borrowed figure of $315 million in March and remained at over $300 million through June. Similarly, borrowings from the Reserve banks rose from an average of $238 million in December to $671 million in March and averaged over $700 million in both May and June.

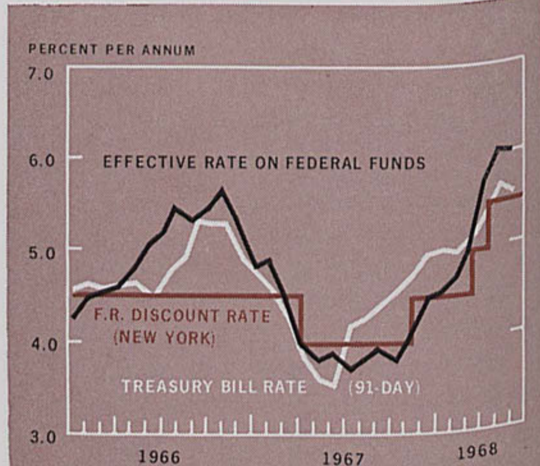
Federal Reserve System holdings of U.S. Government securities, on a monthly average basis, increased $2.2 billion in the first half, which is slightly greater than the $2.1 billion rise in the first half of 1967. It should be noted, however, that much of the increase stemmed from defensive operations designed to offset the reserve effects of international transactions, particularly the decline in the gold stock.

The Board of Governors, on December 27, 1967, announced an increase in the reserve requirements on demand deposits, effective January 11 for reserve city banks and January 18 for country banks. The action lifted reserve requirements on demand deposits in excess of $5 million from 16½ percent to 17 percent for reserve city banks and from 12 percent to 12½ percent for country banks. It has been estimated that this action increased required reserves by about $535 million.

The discount rate was advanced twice in the first half. In late March, following the crisis in the gold and foreign exchange markets, the Board of Governors announced approval of the actions of the directors of the Federal Reserve banks in raising the discount rate from 4½ percent to 5 percent. In late April, the Board announced another ½-point increase in the discount rate. At that time, the Board also announced increases in the maximum rates payable on negotiable time certificates of deposit issued in denominations of $100,000 or more. The increases in maximum rates payable on the large CD's were prompted by the threatened heavy runoff of these instruments as higher open market interest rates made the CD's less competitive.

Interest rates in money and capital markets rose to record levels in the first 6 months of 1968, reflecting both the generation by the surging economy of large demands for funds and the restraint on the supply of funds through System action. The increase in money market rates was considerably greater than that in

SHORT-TERM RATES



SOURCE: Board of Governors, Federal Reserve System.

capital market rates since money market rates had remained well below their 1966 highs throughout 1967 while capital market rates had advanced to new high ground last year. In general, interest rates in both money and capital markets reached their peaks in mid-May. However, such rates then receded, with the reduction in money market rates being particularly noticeable. The decline in yields after mid-May resulted from favorable publicity concerning the passage of the surtax proposal and, then, from the passage of the bill in late June.

Money market rates adjusted upward fairly steadily from December through May, advancing 40 to 70 basis points, on a monthly average basis, over the period. For example, the market yield on 3-month Treasury bills rose from an average of 4.96 percent in December to 5.65 percent in May, showing a gain of 69 basis points. Increases in market rates on longer-term Treasury bills were also sharp but were less pronounced than those for 3-month bills. The effective rate on Federal funds, especially affected by the two discount rate increases and the substantial pressure on bank reserve positions, spurted upward, rising from a monthly average of 4.51 percent in December to 6.12 percent in May, or over 150 basis points. In terms of basis points, the gains in the less sensitive money market rates from December through May more closely paralleled the rise in 3-month Treasury bill rates and were as follows:

Commercial paper	62
Finance company paper	56
Bankers' acceptances	61

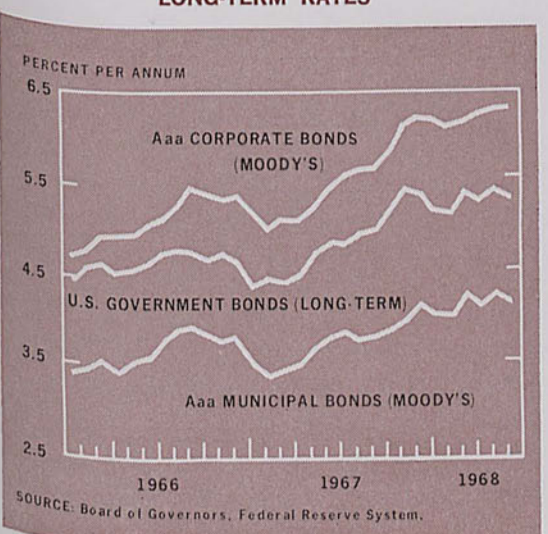
Money market rates reached their peaks in mid-May and then declined as prospects brightened for the passage of the surtax. From mid-May through early July, the market yield on Treasury bill issues and the effective rate on Federal funds, on balance, declined moderately. However, the rates on the less sensitive money market instruments remained at or near their May peaks.

Interest rate advances in the capital market were much more restrained than those in the money market during the first half of 1968, with most increases being less than 15 basis points. Again, as in the money market, rates reached their peaks in mid-May. The reductions in yield levels after mid-May, however, were relatively modest, on balance, as the higher rate levels were supported by the heavy volume of current and prospective new issues of corporate and municipal securities. In the last week in June, yields on U.S. Government long-term issues averaged 5.30 percent; state and local government issues, 4.18 percent; and Aaa corporate issues, 6.27 percent.

The prime rate (the rate charged by commercial banks to their most creditworthy customers for short-term unsecured loans) was raised once in the first half, on April 19, immediately following the second increase in the discount rate. On that date, the prime rate was raised to 6½ percent, the highest level since the rate came into general use in the 1930's.

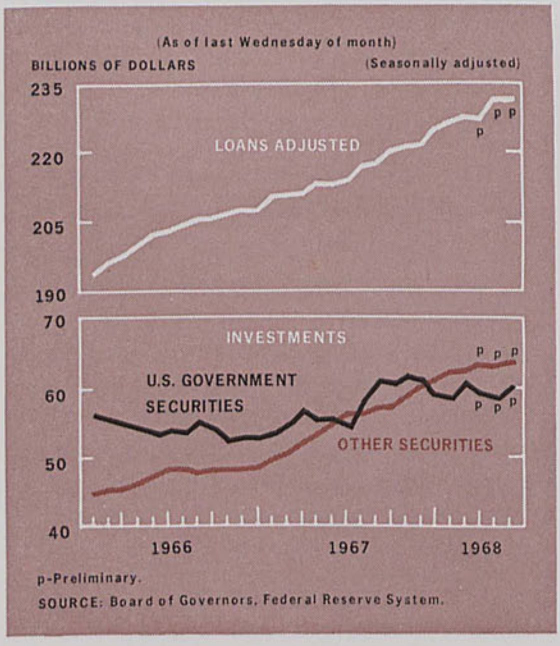
Bank credit rose only moderately in the first half of 1968. Total bank credit (loans ad-

LONG-TERM RATES

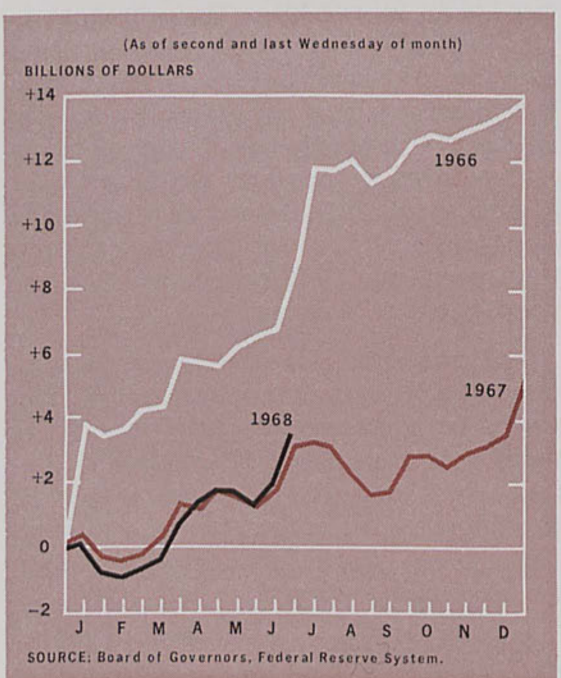


SOURCE: Board of Governors, Federal Reserve System.

COMMERCIAL BANK LOANS AND INVESTMENTS



CUMULATIVE BUSINESS LOAN CHANGES AT WEEKLY REPORTING BANKS



justed and total investments) at the Nation's commercial banks expanded an estimated \$10.7 billion, or at a seasonally adjusted annual rate of 6.2 percent; this is considerably below the 9.9-percent increase in the first half of 1967. Of the \$10.7 billion expansion in total bank credit for the period from December 1967 to June 1968, \$8.3 billion — or about three-fourths — was accounted for by loan growth, while only \$2.4 billion reflected increases in the securities portfolio of the commercial banks. In contrast, from December 1966 to June 1967, with relatively modest loan demand and heavy deposit inflows, total investments grew \$9.3 billion and accounted for slightly over 60 percent of the total rise in bank credit.

The loan-deposit ratio at the Nation's commercial banks rose quite sharply, advancing from 63.8 percent in December 1967 to 65.7 percent in May and to an estimated 66.4 percent in June. The rise in the loan-deposit ratio in the first half contrasts with a small decline in the first half of 1967 but is slightly larger than the gain in the first 6 months of 1966, when loan demand was also heavy and deposit inflows were curtailed by a restrictive monetary policy.

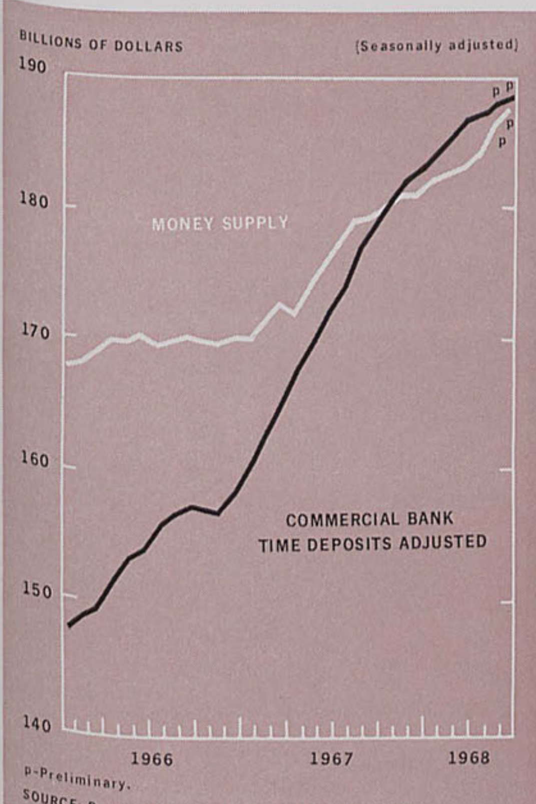
The more rapid increase in commercial bank loans adjusted in the first half of 1968 than in the first half of 1967 primarily reflected a sharp upsurge in the rate of growth of real estate loans and consumer loans. On a seasonally adjusted basis, real estate loans grew about twice as much as in the first half of 1967, undoubtedly because of the increase in construction expenditures; and consumer loans expanded almost three times as much as a year earlier, but the expansion was in line with the sharp rise in consumer spending, particularly for automobiles. Growth in consumer and real estate loans slowed, however, in the second quarter.

Business loans, the largest component of total loans, advanced slightly less than in the previous year, even though there was a much more rapid expansion in the Nation's economy.

In part, this relative slowness may reflect business decisions to issue new commercial paper in large quantities, as well as the heavy supply of new capital issues. After mid-March, however, the rate of growth of business loans accelerated, as these loans were affected by tax payments and steel inventory accumulation.

In spite of monetary restraint, the money supply continued to expand at a rapid rate in the first half of 1968. The substantial growth of the money supply apparently reflected both a rundown in Treasury deposits and an expansion in the demand for money for transaction purposes as the current-dollar GNP surged upward. In contrast, however, time and savings deposit inflows slowed markedly, principally as a result of intense competition from higher open market rates. The money supply rose $5.9 billion, or at a seasonally adjusted annual rate of 6.5 percent, in the period from December 1967 to June 1968; this is about the same percentage gain as in the first half of 1967, when the System was pursuing a policy of stimulating the economy. On the other hand, time and savings deposits advanced only $4.6 billion, or at a seasonally adjusted annual rate of 5.0 percent, in the first half, which is less than one-third of the percentage gain in the first half of 1967.

MONEY SUPPLY AND TIME DEPOSITS



p-Preliminary.
SOURCE: Board of Governors, Federal Reserve System.

Flows of funds into savings and loan associations and mutual savings banks in the Nation moderated from their exceptionally rapid growth in early 1967. At the savings and loan associations, share accounts held by the public advanced an estimated $3.0 billion in the first 6 months of 1968, which is considerably below the $5.4 billion gain in the first 6 months of the previous year. Similarly, inflows at mutual savings banks amounted to about $2.1 billion in the first half of 1968, down from the $2.8 billion advance in the first 6 months of 1967. In both cases, however, the inflows of funds were substantially above the 1966 figures.

Demands made upon the capital market by corporations, state and local governments, and the Treasury continued very heavy in the first half. While security offerings were somewhat below the amounts for the first half of 1967 for corporations and state and local governments, it should be pointed out that the amounts of new securities sold by these institutions in the 1967 period were at record figures and, also, the monetary climate of the 2 years differs markedly. In the case of the Treasury, however, new money raised in the first half of 1968 exceeded the amount in the first 6 months of 1967 by a considerable margin.

Corporate security offerings in the first 6 months of 1968 aggregated an estimated $11.1 billion, down slightly from the first half of 1967. The great majority (over 80 percent) of these new issues were bond offerings. While the value of publicly offered corporate bonds declined moderately in the first half from the first 6 months of 1967, the value of privately offered issues advanced over the 1967 figure, thus partially moving the ratio of publicly offered to privately offered bonds toward a more normal historical relationship.

Bond offerings by state and local governments were an estimated $7.5 billion in the first half of 1968, or only slightly below the record figure in the first half of 1967. Many of these issues were industrial revenue bonds (a type of bond which has come into favor in the past few years), although recent legislation may reduce their magnitude after this year. The heavy supply of municipal issues occurred despite a monetary environment that produced a number of cancellations of anticipated bond offerings.

Treasury demands upon the money and capital markets were intense in the first half of 1968. A total of $13.3 billion in new money was raised by the Treasury in the January-June period, consisting of $2.5 billion of Tax Anticipation bills in January, $4.3 billion of notes in February, $3.4 billion of notes in May, and $3.1 billion in additions to the regular bill offerings. The $13.3 billion in new money raised by the Treasury was more than triple the amount of new borrowings in the first half of 1967. On June 26, the Treasury announced the auction of $4 billion of Tax Anticipation bills in early July. In addition to raising new money in the first half, the Treasury also refunded $9.4 billion of notes and bonds and prerefunded $3.0 billion of notes and bonds.

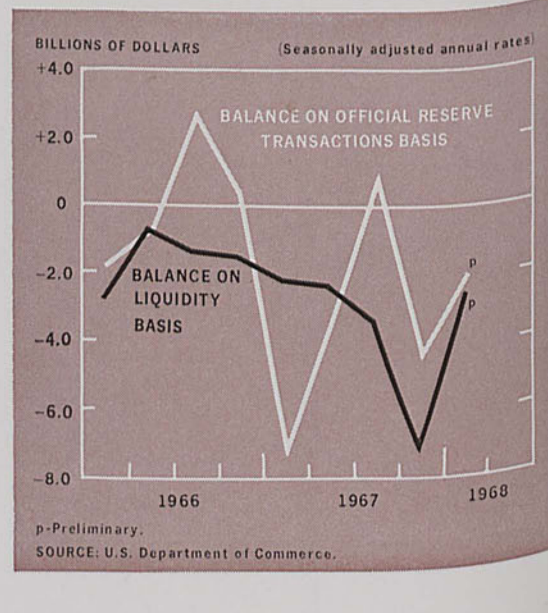
international developments

The U.S. balance of payments, measured on either the liquidity basis or the official reserve transactions basis, improved considerably in the first quarter. The more favorable behavior of the balance of payments was the result of a sharp improvement in capital flows, which more than offset a substantial decline in the trade surplus.

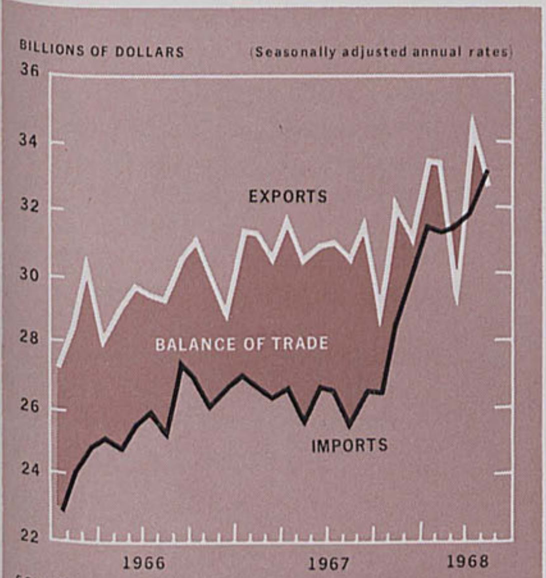
Measured on the liquidity basis (that is, by changes in U.S. official reserve assets and in U.S. liquid liabilities to all foreign residents), the deficit was at a seasonally adjusted annual rate of $2.4 billion in the first quarter. This is less than the deficits of $7.0 billion for the fourth quarter of 1967 and $3.6 billion for the full year 1967 but is slightly greater than the $2.0 billion deficit in the first quarter of last year. Measured on the official reserve transactions basis (that is, by changes in U.S. official reserve assets and in liquid and nonliquid liabilities to foreign official agencies only), the deficit also improved. The deficit on this basis was at a seasonally adjusted annual rate of $2.0 billion in the first quarter, down substantially from the figures for the last quarter of 1967, the full year 1967, and the first quarter of last year.

Merchandise exports from the United States, excluding military items, advanced from a seasonally adjusted annual rate of $29.9 billion in the fourth quarter of 1967 to an annual rate of $31.7 billion in the first quarter of 1968,

U.S. BALANCE OF PAYMENTS



U.S. MERCHANDISE EXPORTS AND IMPORTS



SOURCE: U.S. Department of Commerce.

reflecting a gain of about 6 percent. In the same period, however, merchandise imports rose from a seasonally adjusted annual rate of $28.6 billion in the last quarter of 1967 to an annual rate of $31.4 billion in the first quarter of 1968, or about 10 percent. As a result, the trade surplus narrowed sharply; in fact, a deficit on merchandise trade (the first one in 5 years) was reported for March, mainly as a result of the New York Port strike.

Capital outflows improved markedly in the first quarter. For example, direct investments abroad by U.S. firms fell from a seasonally adjusted annual rate of $3.3 billion in the fourth quarter of 1967 to $1.9 billion in the first quarter of 1968. In the same period, short-term capital outflows declined from a seasonally adjusted annual rate of $1.7 billion to $332 million.

During the first quarter of 1968, U.S. official reserve assets declined almost $1 billion. The reduction was centered in gold holdings, which fell nearly $1.4 billion, primarily reflecting the gold crisis in March. However, holdings of convertible currencies rose $401 million, and the U.S. gold tranche position in the International Monetary Fund advanced $57 million.

district highlights

Nonagricultural wage and salary employment in June in the five southwestern states increased almost 1 percent over the preceding month, reaching a total of 5,949,200. The advance in manufacturing employment was nearly 2 percent, while the number of persons engaged in nonmanufacturing industries posted a gain of less than 1 percent. Employment changes in most nonmanufacturing categories followed the usual pattern for this time of the year with two exceptions. Although rising more than 2 percent, construction employment failed to attain the increase normally expected; government employment, on the other hand, registered better-than-seasonal strength.

Up 5.0 percent from June 1967, manufacturing employment in the five states showed a larger year-to-year gain than that of 3.5 percent for total wage and salary workers. In the nonmanufacturing category, the advances in service and government employment were ahead of the rise of 3.1 percent for total nonmanufacturing employment. The work force in mining was only fractionally larger than in June 1967, and employment in the remaining nonmanufacturing categories posted year-to-year increases within a range of 1 percent to nearly 3 percent.

After rising in May, the seasonally adjusted Texas industrial production index in June eased about 1 percent to a level of 167.7 percent of its 1957-59 base. All major sectors shared in the decline. Among durable goods manufacturers, only two industries displayed month-to-month output advances — fabricated metal products and stone, clay, and glass products. Production of other durable goods industries either remained virtually unchanged or exhibited decreases ranging up to about 4 percent. Output in the transportation equipment and electrical machinery industries was not as strong as usual and dipped below the May levels. The important chemical and allied products industry, with output 2 percent under the prior month, was the prime contributor to the slight easing in the nondurable goods sector. Almost all the other nondurable goods industries showed only fractional production changes. A decline of nearly 3 percent in crude petroleum mining depressed the mining sector by 2 percent.

Industrial production in the State in June was almost 10 percent above the same month in 1967. The year-to-year output advance in total manufacturing led the rise in the overall index. Strength in durable goods production was predominately centered in electrical machinery, transportation equipment, and "other durable goods" (mainly ordnance). Petroleum refining and leather goods posted stronger production gains than the other nondurables industries. The only manufacturing industries not sharing in the year-to-year output increases were textile mill products and apparel and allied products. With the impetus of a rise of nearly 9 percent in crude petroleum mining, total mining output exceeded that in June 1967 by more than 6 percent. Largely as a result of the strength shown by electrical power generation, output of utilities was 5 percent over the corresponding month last year.

Both bank credit and total deposits showed less strength at the weekly reporting commercial banks in the Eleventh District in the first half of 1968 than in the comparable period last year, as these items were progressively influenced by monetary restraint. While total bank credit expanded about 80 percent as much as in the first half of 1967, loans adjusted expanded quite rapidly, spurred by heavy business loan demand. There was a decline in total investments, however, in sharp contrast to the rapid accumulation of securities at the same time a year ago. Total deposits fell substantially, with both demand and time deposits showing weakness relative to the corresponding 1967 period.

The $185 million increase in loans adjusted was more than double the gain in the first half of 1967 and primarily reflected a $125 million rise in commercial and industrial loans. These business loans rose almost four times as much as in the first part of 1967, and the advance was almost double that in the comparable period in 1966. Real estate loans and consumer instalment loans also demonstrated strength, advancing more sharply than in the same period in 1967. In contrast to the rapid increase in loans, total investments fell $41 million; all of the decline occurred in holdings of U.S. Government securities, as holdings of non-Governments expanded slightly. In the first half of 1967, total investments had advanced $93 million.

On the liability side of the balance sheet, the reduction of $299 million in total deposits was entirely the result of a sharp decline in total demand deposits since total time and savings deposits advanced moderately. The decline in total demand deposits was centered in the demand deposits of individuals, partnerships, and corporations and in interbank demand deposits, both of which fell substantially more than in the first half of 1967.

Department store sales in the Eleventh District during the 4 weeks ended July 27 were 15 percent above sales in the comparable weeks last year. The strength in department store sales in 1968 is reflected in the fact that cumulative sales through July 27 were 13 percent more than in the same period in 1967.

June registrations of new passenger automobiles in Dallas, Fort Worth, Houston, and San Antonio were 2 percent above those for May and 8 percent higher than a year ago. Cumulative registrations through the first half of this year were 17 percent greater than in the same period in 1967. Fort Worth had the largest gain in cumulative registrations during the first 6 months of 1968.

The condition of crops varies considerably over the Eleventh District. Numerous and heavy rains have not been favorable for row crop prospects in the eastern half of the District, while clear, open weather has benefited crop development in western sections.

Winter wheat production in the five southwestern states is estimated, as of July 1, at 222.2 million bushels, which is 47 percent above the 1967 output. Both winter wheat acreage and estimated production are above their 1967 totals, and the average yield this year is indicated to be considerably better than that in 1967. Nationally, 1968 winter wheat output is estimated at 1,265 million bushels, up 3 percent from the June 1 forecast and 4 percent above production last year.

Cotton plantings in the District states this year are placed by the U.S. Department of Agriculture at 5.8 million acres, or 14 percent above the 1967 acreage but 23 percent below the 1962-66 average. The upturn in cotton acreage resulted from less required diversion than last year, a sharp reduction in the payment rate for diversion in excess of the minimum requirement, more favorable prices in 1967, and a better planting season in the southwestern states. In the United States, cotton plantings this year are estimated at 11.1 million acres, which is 17 percent above the 100-year low of 9.4 million acres in 1967.

Production of several other major crops in the District states is expected to be above their respective outturns in 1967. According to July 1 estimates, rice output is up 20 percent over the 1967 level, the corn crop may be

5 percent larger, and the production of oats may increase 132 percent.

Range and livestock conditions are generally good in all areas of the District. The hay crop has made excellent growth, and production in the District states is estimated to be 3 percent larger than that in 1967. Recent rains in the western section, however, have caused some difficulty in harvesting and curing hay.

The number of cattle and calves on feed in the District states (excluding Louisiana) as of July 1 is estimated at 1.4 million head, or 18 percent over the number on feed at this time a year ago. Over the same period, the number of cattle and calves on feed in the 32 major feeding states increased 7 percent.

Prices received by Texas farmers and ranchers for the first half of this year averaged 1 percent higher than in the January-June period in 1967. Prices received for crops were down 1 percent, but prices for livestock were up 3 percent. Cash receipts of farmers in the District states during the first 5 months of 1968 were approximately 1 percent larger than in the same period of 1967. Although receipts from crops were 6 percent lower, livestock receipts were 5 percent higher.

Daily average production of crude oil declined slightly more than 1 percent in the Eleventh District during June but was 3.3 percent above the year-earlier level. Every major area within the District except the Gulf Coast and east Texas showed a monthly decline; northern Louisiana registered an especially sharp drop. The Texas oil allowable for June had been lowered to 45.2 percent of the Maximum Efficient Rate of production from 45.7 percent in May, but the allowables in southeastern New Mexico and in Louisiana were unchanged. For July, the Texas allowable was raised to 46.4 percent; however, it has been cut back to 44.8 percent for August. In southeastern New Mexico, the July rate remained at 58 percent, the level that has prevailed since April. The allowable in Louisiana, which was raised in July, will remain the same for August.

Louisiana is currently experimenting with a plan whereby up to 5 percent of production over the monthly allowable is permitted, provided production is evened out at the end of specified 3-month periods. The method was temporarily introduced in May for the purpose of filling Capline, which is the new crude oil pipeline from Louisiana to the upper Middle West. It was recently announced that the 3-month plan will be extended to the first of November, thereby encompassing the August-October period. Thus far, industry reaction to the plan is reported to be favorable.

new par bank

The Valley Bank, El Paso, Texas, an insured nonmember bank located in the territory served by the El Paso Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, July 23, 1968. The officers are: V. H. Lonnquist, President; Charles L. Haines, Cashier; and Keith M. Ward, Assistant Cashier.

STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

August 1968

FEDERAL RESERVE BANK
OF DALLAS

CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

Eleventh Federal Reserve District

(In thousands of dollars)

Item	July 31, 1968	June 26, 1968	Aug. 2, 1967
ASSETS			
Net loans and discounts	5,732,704	5,618,544	5,173,741
Valuation reserves	*107,273*	*107,285*	*95,972*
Gross loans and discounts	5,839,977	5,725,829	5,269,713
Commercial and industrial loans	2,758,540	2,787,400	2,529,101
Agricultural loans, excluding CCC certificates of interest	96,275	100,740	103,607
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities	11,676	15,339	10,757
Other securities	19,692	19,752	51,888
Other loans for purchasing or carrying:			
U.S. Government securities	364	335	868
Other securities	329,542	337,669	319,420
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies	154,224	153,485	170,754
Other	348,425	314,570	284,902
Real estate loans	565,070	557,411	490,185
Loans to domestic commercial banks	348,272	216,331	171,049
Loans to foreign banks	4,890	5,614	4,115
Consumer instalment loans	594,812	583,756	530,265
Loans to foreign governments, official institutions, central banks, international institutions	0	0	0
Other loans	608,195	633,427	602,802
Total investments	2,489,653	2,469,626	2,422,612
Total U.S. Government securities	1,099,830	1,106,509	1,109,895
Treasury bills	38,936	18,106	62,456
Treasury certificates of indebtedness	0	0	13,872
Treasury notes and U.S. Government bonds maturing:			
Within 1 year	239,129	244,354	155,463
1 year to 5 years	566,450	592,397	622,966
After 5 years	255,315	251,652	255,138
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills	33,895	28,146	30,634
All other	1,147,015	1,123,596	1,054,583
Other bonds, corporate stocks, and securities:			
Participation certificates in Federal agency loans	139,653	141,888	142,637
All other (including corporate stocks)	69,260	69,487	84,863
Cash items in process of collection	945,635	933,707	858,016
Reserves with Federal Reserve Bank	668,676	708,340	663,645
Currency and coin	79,136	82,797	71,133
Balances with banks in the United States	441,399	438,244	457,078
Balances with banks in foreign countries	4,663	5,246	5,582
Other assets	363,503	352,436	319,174
TOTAL ASSETS	10,725,369	10,608,940	9,970,981
LIABILITIES			
Total deposits	9,174,043	8,878,300	8,530,906
Total demand deposits	5,451,384	5,323,355	5,154,391
Individuals, partnerships, and corporations	3,753,472	3,709,059	3,488,869
States and political subdivisions	318,824	260,015	284,833
U.S. Government	136,853	141,459	111,504
Banks in the United States	1,127,427	1,088,233	1,167,540
Foreign:			
Governments, official institutions, central banks, international institutions	6,034	3,325	3,531
Commercial banks	23,710	20,818	19,815
Certified and officers' checks, etc.	85,064	100,446	78,299
Total time and savings deposits	3,722,659	3,554,945	3,376,515
Individuals, partnerships, and corporations:			
Savings deposits	1,042,341	1,092,779	1,114,362
Other time deposits	2,008,698	1,813,414	1,670,461
States and political subdivisions	634,024	610,282	554,785
U.S. Government (including postal savings)	10,186	9,174	12,929
Banks in the United States	21,910	23,796	22,478
Foreign:			
Governments, official institutions, central banks, international institutions	5,300	5,300	800
Commercial banks	200	200	700
Bills payable, rediscounts, and other liabilities for borrowed money	430,040	598,127	399,858
Other liabilities	202,694	219,284	158,520
CAPITAL ACCOUNTS	918,592	913,229	881,697
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	10,725,369	10,608,940	9,970,981

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended July 3, 1968	5 weeks ended June 5, 1968	4 weeks ended July 5, 1967
RESERVE CITY BANKS			
Total reserves held	698,803	697,630	642,204
With Federal Reserve Bank	649,150	648,700	595,825
Currency and coin	49,653	48,930	46,379
Required reserves	695,565	691,899	638,464
Excess reserves	3,238	5,731	3,740
Borrowings	5,911	36,863	0
Free reserves	—2,673	—31,132	3,740
COUNTRY BANKS			
Total reserves held	696,321	691,955	632,219
With Federal Reserve Bank	527,950	526,580	475,775
Currency and coin	168,371	165,375	156,444
Required reserves	664,174	662,873	595,182
Excess reserves	32,147	29,082	37,037
Borrowings	14,429	13,742	3,828
Free reserves	17,718	15,340	33,209
ALL MEMBER BANKS			
Total reserves held	1,395,124	1,389,585	1,274,423
With Federal Reserve Bank	1,177,100	1,175,280	1,071,600
Currency and coin	218,024	214,305	202,823
Required reserves	1,359,739	1,354,772	1,233,646
Excess reserves	35,385	34,813	40,777
Borrowings	20,340	50,605	3,828
Free reserves	15,045	—15,792	36,949

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	July 31, 1968	June 26, 1968	Aug. 2, 1967
Total gold certificate reserves	312,982	354,502	416,787
Discounts for member banks	5,541	14,533	4,768
Other discounts and advances	684	741	0
U.S. Government securities	2,169,943	2,173,250	1,936,534
Total earning assets	2,176,168	2,188,524	1,941,302
Member bank reserve deposits	1,104,100	1,137,263	1,063,427
Federal Reserve notes in actual circulation	1,472,046	1,452,278	1,315,485

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	June 26, 1968	May 29, 1968	June 28, 1967
ASSETS			
Loans and discounts	9,873	9,642	9,096
U.S. Government obligations	2,382	2,456	2,237
Other securities	2,786	2,745	2,421
Reserves with Federal Reserve Bank	1,137	1,114	994
Cash in vault	245	239	229
Balances with banks in the United States	1,102	1,042	1,063
Balances with banks in foreign countries[e]	7	6	7
Cash items in process of collection	1,048	1,012	963
Other assets[e]	462	476	501
TOTAL ASSETS[e]	19,042	18,732	17,511
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks	1,357	1,306	1,374
Other demand deposits	8,154	8,059	7,608
Time deposits	6,972	6,974	6,354
Total deposits	16,483	16,339	15,336
Borrowings	647	450	372
Other liabilities[e]	325	357	299
Total capital accounts[e]	1,587	1,586	1,504
TOTAL LIABILITIES AND CAPITAL ACCOUNTS[e]	19,042	18,732	17,511

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]			
	June 1968 (Annual-rate basis)	Percent change: June 1968 from May 1968	Percent change: June 1968 from June 1967	Percent change: 6 months, 1968 from 1967	June 30, 1968	Annual rate of turnover: June 1968	Annual rate of turnover: May 1968	Annual rate of turnover: June 1967
ARIZONA: Tucson	$ 4,513,704	5	9	4	$ 181,291	24.7	23.7	25.5
LOUISIANA: Monroe	2,344,620	10	17	8	82,105	29.1	26.5	27.1
Shreveport	6,207,072	1	5	6	244,104	26.5	27.2	27.0
NEW MEXICO: Roswell[2]	685,140	4	12	6	34,054	20.2	20.4	16.9
TEXAS: Abilene	1,850,388	3	6	—4	91,845	19.8	19.0	18.2
Amarillo	5,002,188	4	16	12	142,321	35.9	35.5	31.3
Austin	6,707,916	15	43	23	234,836	28.2	23.5	22.3
Beaumont-Port Arthur-Orange	5,632,728	—1	1	3	228,186	25.0	25.9	25.6
Brownsville-Harlingen-San Benito	1,504,968	—3	11	13	69,043	21.2	21.0	22.0
Corpus Christi	4,407,000	—3	13	13	191,928	22.7	23.5	20.0
Corsicana[2]	392,400	—5	7	11	26,959	14.4	14.7	12.7
Dallas	88,551,480	5	25	19	1,984,507	45.7	44.4	40.0
El Paso	5,481,300	3	4	4	195,415	27.6	26.5	27.2
Fort Worth	17,025,612	—3	16	18	573,628	30.5	32.2	29.2
Galveston-Texas City	2,390,916	—3	7	13	100,523	23.7	24.2	24.0
Houston	77,566,632	1	11	15	2,353,366	33.9	35.1	34.4
Laredo	681,828	—6	4	11	35,164	19.4	20.9	20.6
Lubbock	3,608,748	—2	1	2	153,144	23.6	24.6	25.0
McAllen-Pharr-Edinburg	1,442,160	—3	9	7	83,174	16.9	17.3	17.1
Midland	1,887,888	20	19	6	129,903	14.2	12.0	13.1
Odessa	1,333,332	4	7	4	67,398	20.0	19.4	19.8
San Angelo	1,085,136	9	20	10	65,806	16.6	15.6	16.2
San Antonio	14,642,712	8	25	17	583,243	25.0	23.3	22.5
Sherman-Denison	873,972	—3	9	10	55,764	15.9	16.6	15.6
Texarkana (Texas-Arkansas)	1,385,664	—1	7	11	63,375	21.7	22.2	22.2
Tyler	1,760,700	—4	10	10	87,046	20.5	21.8	19.2
Waco	2,526,708	—3	9	13	114,814	21.7	22.1	21.0
Wichita Falls	2,085,324	6	13	5	106,837	19.0	17.4	17.2
Total—28 centers	$263,578,236	0	16	15	$8,279,779	32.3	32.1	30.4

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

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In millions of dollars)

Date	GROSS DEMAND DEPOSITS: Total	GROSS DEMAND DEPOSITS: Reserve city banks	GROSS DEMAND DEPOSITS: Country banks	TIME DEPOSITS: Total	TIME DEPOSITS: Reserve city banks	TIME DEPOSITS: Country banks
1966: June	8,742	4,080	4,662	5,704	2,667	3,037
1967: June	8,968	4,197	4,771	6,282	2,707	3,575
1968: January	9,923	4,560	5,363	6,698	2,815	3,883
February	9,561	4,391	5,170	6,863	2,851	4,012
March	9,510	4,388	5,122	6,935	2,863	4,072
April	9,655	4,486	5,169	6,973	2,869	4,104
May	9,460	4,382	5,078	6,950	2,840	4,110
June	9,548	4,453	5,095	6,964	2,847	4,117

BUILDING PERMITS

Area	NUMBER		VALUATION (Dollar amounts in thousands)				
	June 1968	6 mos. 1968	June 1968	6 mos. 1968	Percent change: June 1968 from May 1968	Percent change: June 1968 from June 1967	Percent change: 6 months, 1968 from 1967
ARIZONA							
Tucson	511	2,860	$ 3,605	$ 17,543	13	33	40
LOUISIANA							
Monroe-West Monroe	68	422	777	11,371	—69	—69	—11
Shreveport	411	2,192	2,864	12,214	112	—41	—14
TEXAS							
Abilene	49	261	692	4,974	—67	159	—32
Amarillo	105	692	1,079	10,564	—45	—35	—12
Austin	388	2,343	13,720	64,000	33	83	—7
Beaumont	111	826	1,600	9,296	—3	20	22
Brownsville	100	666	228	2,392	—3	37	115
Corpus Christi	373	2,421	2,529	20,833	—17	—53	21
Dallas	1,800	10,458	21,594	127,993	—18	—14	26
El Paso	453	2,803	5,052	35,883	28	—12	15
Fort Worth	528	3,134	8,871	43,034	31	118	25
Galveston	85	482	3,077	7,792	85	369	67
Houston	2,585	13,301	26,462	201,313	—4	—32	12
Laredo	43	209	259	1,396	—30	—18	—33
Lubbock	110	688	2,583	12,320	20	27	—24
Midland	103	453	1,294	5,671	24	22	—6
Odessa	50	406	187	2,785	—68	—66	—17
Port Arthur	78	455	254	1,728	13	31	—21
San Angelo	56	392	738	6,094	33	—79	—2
San Antonio	1,158	7,075	7,496	74,334	—52	—21	33
Texarkana	38	248	217	3,803	—80	—51	76
Waco	263	1,484	2,232	9,516	94	136	39
Wichita Falls	76	425	780	6,567	—68	—72	—30
Total—24 cities	9,542	54,696	$108,190	$693,416	—8	—11	13

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	June 1968	May 1968	April 1968	January—June 1968	January—June 1967r
FIVE SOUTHWESTERN STATES[1]	563	545	500	3,006	2,971
Residential building	233	259	228	1,357	1,140
Nonresidential building	185	199	127	924	1,050
Nonbuilding construction	146	87	145	725	782
UNITED STATES	5,589	6,170	4,878	29,194	26,087
Residential building	2,243	2,543	2,312	12,121	9,946
Nonresidential building	2,030	2,227	1,522	10,129	9,936
Nonbuilding construction	1,316	1,400	1,044	6,944	6,205

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
r — Revised.
NOTE. — Details may not add to totals because of rounding.
SOURCE: F. W. Dodge, McGraw-Hill, Inc.

CROP PRODUCTION

(In thousands of bushels)

Crop	TEXAS 1968, estimated July 1	TEXAS 1967	TEXAS Average 1962–66	FIVE SOUTHWESTERN STATES[1] 1968, estimated July 1	FIVE SOUTHWESTERN STATES[1] 1967	FIVE SOUTHWESTERN STATES[1] Average 1962–66
Winter wheat....	85,806	53,216	60,621	222,182	150,903	162,145
Corn............	19,572	18,658	23,729	28,878	27,515	33,434
Oats............	20,876	6,615	17,217	26,754	11,533	23,946
Barley..........	3,584	1,350	3,497	26,158	18,007	22,249
Rice[2]...........	29,890	25,908	19,394	57,688	47,943	37,094
Hay[3]............	4,058	3,774	3,093	9,815	9,568	8,128
Flaxseed........	744	150	741	744	150	741
Irish potatoes[4]...	4,382	4,329	3,082	7,816	7,892	6,069
Sweet potatoes[4]..	840	810	842	5,433	5,008	4,807

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
[2] In thousands of bags containing 100 pounds each.
[3] In thousands of tons.
[4] In thousands of hundredweight.
SOURCE: U.S. Department of Agriculture.

CROP ACREAGE

(In thousands of acres)

Crop	TEXAS For harvest 1968	TEXAS Harvested 1967	TEXAS Harvested Average 1962–66	FIVE SOUTHWESTERN STATES[1] For harvest 1968	FIVE SOUTHWESTERN STATES[1] Harvested 1967	FIVE SOUTHWESTERN STATES[1] Harvested Average 1962–66
Cotton...............	4,505	3,960	5,897	5,827	5,113	7,537
Winter wheat..........	3,991	3,326	3,027	9,788	8,834	7,485
Corn..................	466	491	753	689	712	1,062
Oats..................	614	315	690	780	465	936
Barley................	128	75	175	587	418	716
Rye...................	25	25	29	70	68	93
Rice..................	610	508	470	1,288	1,073	992
Sorghums..............	7,135	7,590	6,077	8,784	9,333	7,544
Hay...................	2,338	2,297	2,191	4,769	4,791	4,677
Peanuts...............	298	295	288	431	428	417
Flaxseed..............	62	25	88	62	25	88
Irish potatoes........	27	30	21	44	47	37
Sweet potatoes........	12	11	13	66	61	66

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
SOURCE: U.S. Department of Agriculture.

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	June 1968p	May 1968p	June 1967	Percent change from May 1968	Percent change from June 1967
ELEVENTH DISTRICT........	3,616.0	3,660.7	3,500.6	—1.2	3.3
Texas..................	3,150.6	3,175.0	3,022.0	—.8	4.3
Gulf Coast..........	632.6	624.0	566.8	1.4	11.6
West Texas...........	1,470.3	1,496.0	1,391.9	—1.7	5.6
East Texas (proper).....	154.5	148.0	129.9	4.4	18.9
Panhandle............	91.6	94.0	96.7	—2.6	—5.3
Rest of State..........	801.6	813.0	836.7	—1.4	—4.2
Southeastern New Mexico..	321.5	321.7	309.9	—.1	3.7
Northern Louisiana........	143.9	164.0	168.7	—12.3	—14.7
OUTSIDE ELEVENTH DISTRICT	5,559.0	5,572.5	5,032.0	—.3	10.5
UNITED STATES............	9,175.0	9,233.2	8,532.6	—.6	7.5

p — Preliminary.
SOURCES: American Petroleum Institute.
U.S. Bureau of Mines.
Federal Reserve Bank of Dallas.

CASH RECEIPTS FROM FARM MARKETINGS

(Dollar amounts in thousands)

Area	January—May 1968	January—May 1967	Percent change
Arizona....................	$ 205,285	$ 190,075	8
Louisiana..................	152,693	152,414	0
New Mexico.................	83,116	75,786	10
Oklahoma...................	265,648	284,161	—7
Texas......................	851,260	835,602	2
Total......................	$ 1,558,002	$ 1,538,038	1
United States..............	$15,207,289	$14,808,825	3

SOURCE: U.S. Department of Agriculture.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States[1]

Type of employment	Number of persons June 1968p	Number of persons May 1968	Number of persons June 1967r	Percent change June 1968 from May 1968	Percent change June 1968 from June 1967
Total nonagricultural wage and salary workers..	5,949,200	5,898,700	5,749,700	0.9	3.5
Manufacturing...........	1,114,400	1,093,200	1,060,900	1.9	5.0
Nonmanufacturing........	4,834,800	4,805,500	4,688,800	.6	3.1
Mining..............	236,100	231,400	235,500	2.0	.3
Construction...........	389,100	379,700	384,500	2.5	1.2
Transportation and public utilities........	444,100	438,600	438,000	1.3	1.4
Trade...............	1,350,500	1,338,400	1,314,400	.9	2.7
Finance..............	288,200	285,200	280,700	1.1	2.7
Service.............	915,900	905,000	870,500	1.2	5.2
Government..........	1,210,900	1,227,200	1,165,200	—1.3	3.9

[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	June 1968p	May 1968	April 1968	June 1967r
TEXAS[1]				
Total industrial production......	167.7	169.1	164.7r	152.6
Manufacturing.................	191.4	192.2	186.3r	170.7
Durable.....................	207.3	208.5	198.4	179.5
Nondurable..................	180.8	181.3	178.9r	164.9
Mining........................	123.5	126.0	124.1r	115.9
Utilities.....................	219.2	219.2	209.2r	208.6
UNITED STATES				
Total industrial production......	164.0	164.0	163.0	156.0
Manufacturing.................	166.0	166.0	164.0	157.0
Durable.....................	170.0	170.0	167.0	162.0
Nondurable..................	161.0	161.0	159.0	151.0
Mining........................	128.0	127.0	129.0r	124.0
Utilities.....................	196.0	196.0	196.0r	184.0

[1] Reflecting the use of improved man-hour productivity factors as of May 1968, the Texas industrial production index has been revised slightly back through 1958.
p — Preliminary.
r — Revised.
SOURCES: Board of Governors of the Federal Reserve System.
Federal Reserve Bank of Dallas.