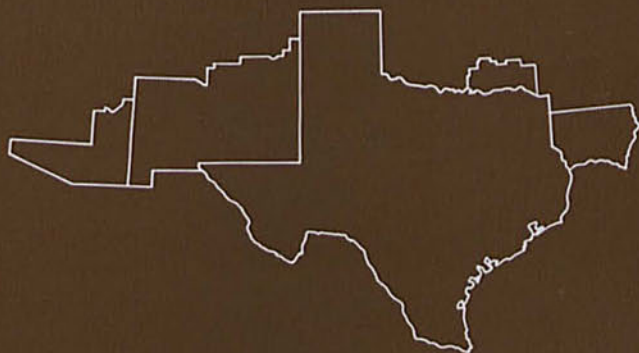


business review



december 1968

**FEDERAL RESERVE
BANK OF DALLAS**

contents

<i>record year for eleventh district agriculture</i>	<i>3</i>
<i>petroleum in '68</i>	<i>8</i>
<i>district highlights</i>	<i>13</i>

record year for eleventh district agriculture

Production of agricultural commodities in the Eleventh District states of Arizona, Louisiana, New Mexico, Oklahoma, and Texas is likely to be at an all-time high in 1968. Available data on crop and livestock production indicate that total physical output in the five states this year may be approximately 13 percent greater than the 1967 total and 5 percent above the previous record reached in 1965. Record outturns of wheat, sorghum grain, rice, hay, and cattle have accounted for a large share of the increased output.

Several factors have contributed importantly to the prospective record output from southwestern farms and ranches. Weather conditions in the Southwest have been favorable throughout most of the year except in the northeastern part of the District, where early-season moisture was excessive and crop prospects were reduced, and in the Gulf Coast area of Texas, where untimely rains caused some crop damage. Production of two major crops — cotton and rice — was encouraged by changes in Government programs, which increased allotment acreage. In addition, wheat acreage harvested in 1968 was 11 percent more than in the previous year. Livestock production rose as a result of ample forage supplies and the further expansion of fed cattle operations in the District states.

Total cash farm income also is expected to rise significantly this year and top the previous record set in 1966. However, the rise in farm income between 1967 and 1968 is not likely to match the gain in physical output because some crop prices have remained under pressure from

large supplies and production expenses have continued their uptrend.

Crop production in the Southwest in 1968 is expected to be approximately one-fifth greater than the 1967 output. Because of their weight in total crop production, four major crops — cotton, wheat, sorghum grain, and rice — will account for the bulk of the increased volume; but it is quite significant that the outturns of most of the crops grown in the District probably will be up from their respective 1967 levels. In fact, some of the largest percentage gains in production have been those for the relatively minor crops, such as oats and flaxseed.

A sharply larger cotton crop is one of the most important factors accounting for the rise in total crop production this year. The 1968 cotton crop in the five states is expected to total approximately 5.2 million bales, or 29 percent above the actual production in 1967 but well below the record output in 1949. District farmers planted about 18 percent more acreage in 1968 than in the previous year. Further, the average lint yield per harvested acre is likely to be around 458 pounds, up sharply from the average yield of 418 pounds last year. Favorable growing conditions in the Southern High Plains of Texas, the most important cotton-producing area in the District, have accounted for most of the improvement in yield.

In contrast to the 1967 arrangements, the Federal cotton program for 1968 contained three principal changes designed to increase output. (1) Farmers were required to divert only 5 percent of their effective allotment acre-

age, as compared with 12.5 percent previously. (2) The maximum amount of acreage permitted under voluntary diversion was reduced from 35 percent to 30 percent in 1968, and the payment rate for this diversion was reduced. (3) The rules for measuring cotton planted in a skip-row pattern were changed to those which had been used from 1962 through 1965. Under these rules, only the land actually planted to cotton is counted as acreage in determining compliance with program provisions.

Winter wheat production in the five southwestern states in 1968 is indicated to be a record 222 million bushels, which is 47 percent greater than the 1967 crop. Higher yields were mainly responsible for the upshift in production, as additional acreage accounted for only 11 percent of the increased output. A low rate of abandonment in 1968, contrasted to last year, enabled southwestern farmers to harvest more acreage this year despite a cutback in wheat acreage allotments.

The production of grain sorghums (which are grown widely throughout the Southwest) and of rice (which is heavily localized in the coastal area of Texas and in southern Louisiana) is expected to be larger than in 1967. The 1968 sorghum grain crop in the District states is estimated at about 412 million bushels, or 1 percent above production last year. This record level of output would be achieved in spite of a 6-percent decline in acreage. Production of rice in the District states also is likely to attain an all-time high. Output in 1968 is indicated to be 15 percent above last year's crop, an increase due entirely to the fact that acreage was up one-fifth. Earlier in the year, prospects for rice production were even brighter, but untimely rains in the Gulf Coast area of Texas have reduced yields from the second cutting of the crop.

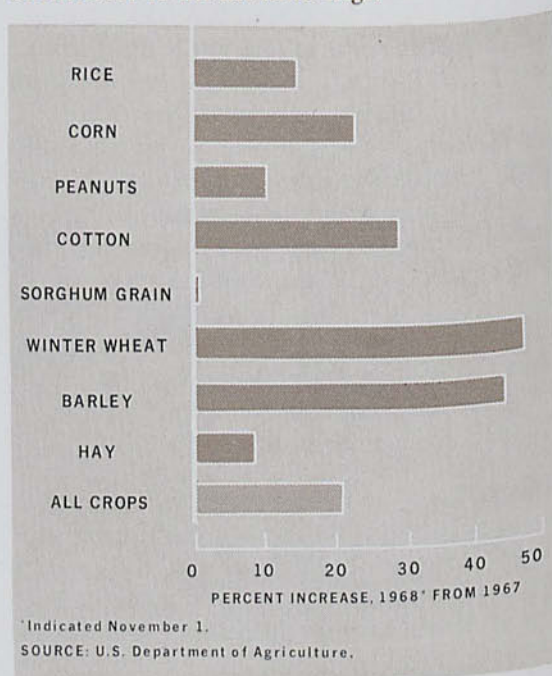
Production of minor crops in the Southwest also has shown marked improvement this year. Output of oats is expected to be more than double last year's production. Corn, barley, rye,

peanuts, and sweet potatoes have registered production gains in 1968. With the exception of corn, much of the increased output of these crops is the result of larger acreages, rather than significantly higher yields.

The production of citrus fruits has risen sharply from last season, when hurricane damage severely reduced the crop in the Lower Rio Grande Valley of Texas. The output of oranges in Arizona and Texas in the 1968 crop year is estimated to total about 8 million boxes, or 67 percent more than last year. A gain in southwestern grapefruit production also is expected, with a large increase in Texas more than offsetting a decrease in Arizona.

The production of livestock and livestock products in the five southwestern states in 1968 will be about 6 percent above last year. This year-to-year gain is the largest since the current cyclical upswing in cattle numbers began 11

Increased production of major crops moved total crop production in the Southwest to an all-time high —



years ago. In contrast to the fact that total crop production is reflecting increases for a wide variety of crops, cattle and calves have accounted for practically all of the increase in livestock production this year.

Based on data for the first 9 months of 1968, beef and veal production in the Southwest will total about 10 percent higher than last year. A larger portion of the total slaughter has consisted of mature cattle, since cattle slaughter has risen around 13 percent from a year ago while the number of calves slaughtered has dipped by a similar amount. The average weight of marketed animals has shown little change from last year, although there has been a further sharp rise in cattle feeding.

The significant increase in marketings of fed cattle has been an important factor in boosting total livestock production in the Southwest, particularly in Texas. The number of cattle and

calves on feed in the District states on October 1, 1968, at nearly 1.6 million, was approximately 29 percent greater than a year earlier. The number of cattle and calves on feed in Texas accounted for almost three-fourths of the gain in production of fed cattle in the Southwest.

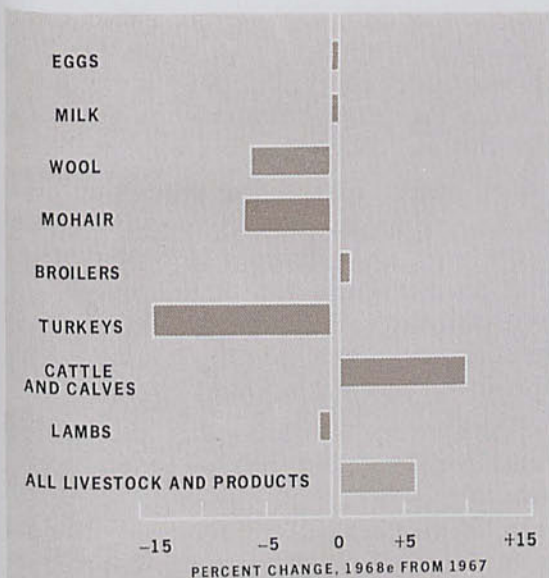
Continuing the downward trend begun in 1966, sheep numbers declined further during 1968. The number of sheep and lambs slaughtered in the five states in 1968 will probably total around 14 percent below the previous year. The number of sheep shorn is estimated to be about 8 percent smaller than last year; and wool production, at approximately 47 million pounds, likely will be down 6 percent, despite the higher average weight per fleece.

In 1968, as in other recent years, the number of milk cows in the District states declined, and milk production per cow increased. Total milk output for the current year is expected to be only slightly larger than in 1967. Favorable forage conditions in most areas of the District, plus the continuing adoption of improved dairy husbandry practices, have been responsible for the increased production of milk in spite of fewer cows.

Until this year, the supply of poultry and eggs in the Southwest had been increasing steadily since 1963, but total output in 1968 may be a little lower than it was in 1967. However, broiler chick placements in Louisiana and Texas could be slightly more than the 210 million placed last year. Egg production in the Southwest for the current year will likely remain unchanged from the 4.7 billion eggs produced in 1967. On the other hand, turkey production is expected to dip from last year's record total.

When broadly viewed from the standpoint of overall production, 1968 has obviously been a bountiful year for District farmers and ranchers. Nevertheless, any analysis of how agriculture fared must include price and income factors.

Output of cattle and calves accounted for most of the gain in total livestock production in the Southwest —



^e—Partly estimated.

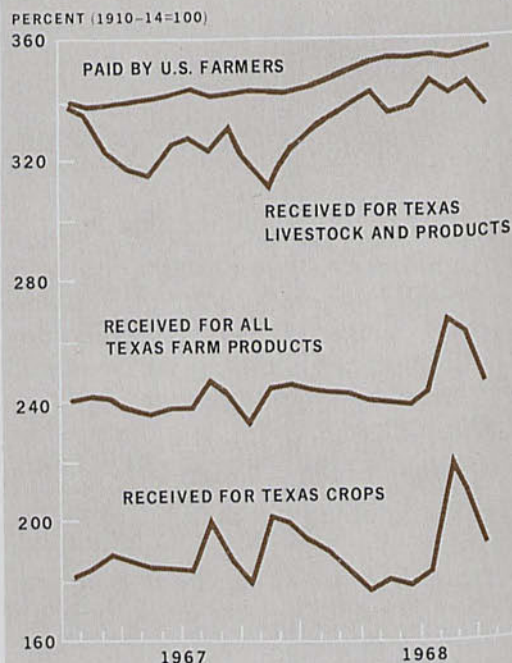
SOURCES: U.S. Department of Agriculture,
Federal Reserve Bank of Dallas.

The price index for all farm products in Texas has averaged above the 1967 price index during 1968, mainly because of higher prices for livestock and livestock products — especially cattle, prices for which have been particularly strong throughout the year. Prices received for all crops through October this year averaged slightly above those during the same period last year, but most of the strength stemmed from higher prices for cotton and rice. Prices for these two commodities have moved downward as harvesting has progressed, and the index of prices for all crops in 1968 is likely to be little different from the 1967 average. Favorable growing conditions throughout the Nation and the world have resulted in larger supplies of most food and feed grains, and prices for some crops have remained at or near post-World War II record lows. As a consequence, southwestern farmers have turned increasingly to the Government price-support loan programs.

Through September of this year, cash receipts from all agricultural commodities in the five southwestern states totaled about 5 percent more than in the January-September period of 1967. Gains in livestock receipts equaled those for crop receipts. For the 1968 calendar year, it appears that total cash receipts in the District states will be considerably above last year's receipts and may match or slightly exceed the record \$4.9 billion received in 1966.

In addition to being affected by the level of cash receipts, realized net farm income naturally will depend upon the influence of Government payments and of production expenses. Probabilities are that Government payments in the Southwest will more than equal the nearly \$710 million received last year. However, production expenses in 1968 likely advanced at about the same rate as in the previous year, due mainly to the increased costs of off-farm production inputs. Consequently, realized net farm income for the southwestern states this year may be up sharply from the \$1.8 billion figure in

FARM PRICES



SOURCE: U.S. Department of Agriculture.

1967 and could possibly exceed the record of \$2.0 billion in 1966. Average income per farm is expected to be higher in 1968, because of the smaller number of farms and the larger net farm income.

The record production of agricultural commodities in the current year, coupled with less than proportional increases in both domestic and foreign demand, has resulted in some operational readjustments in the 1969 Government farm program, which will affect southwestern farmers and ranchers.

The present supply-demand situation in wheat has already led the Secretary of Agriculture to reduce the wheat allotments in 1969. The 1969 national wheat acreage allotment has been placed at 51.6 million acres, down 13 percent from the present year's allotment. The 1969 wheat acreage allotment in the five southwestern states is set at close to 8.7 million acres.

Price-support loans will remain at \$1.25 per bushel, and total price support, equal to 100 percent of parity, will be available on 43 percent of the projected production on the allotted acreage.

In an attempt to increase cotton production next year, the U.S. Department of Agriculture has announced a 1969 cotton program that eliminates all land diversion requirements and offers a higher price-support payment rate. The price-support payment in the coming year will be 14.73 cents a pound, compared with 12.24 cents a pound under the 1968 program. The USDA estimates that the new program will enable cotton growers to produce between 12.5 million and 13 million bales next year, compared with the 10.9 million bales estimated for the 1968 crop.

The National Grains Advisory Committee has made its recommendations for the 1969

Feed Grain Program. The recommendations, which center around the possibility of raising grain prices by reducing production and stocks, include (1) an acreage diversion goal of 2 to 4 million additional acres above 1968, (2) consideration of higher price-support loan and payment levels than those in effect for 1968, and (3) the continuation of other provisions similar to those in effect in prior years of the feed grain program.

In view of the ample supplies of feed grains and concentrates and the favorable range and pasture conditions, a good basis exists for a further advance in the output of livestock and livestock products in the Southwest next year. Capacity for producing fed cattle continued to expand during 1968, and the prospects for further expansion in 1969 will likely depend upon price developments.

CHARLES M. WILSON

petroleum in '68

Estimates at the beginning of 1968 regarding the strength of the demand for petroleum products during the year were below the rise that actually occurred. To most analysts, it seemed doubtful that the increase in effective demand this year would approach the magnitude registered in either 1966 — a year of forceful economic growth — or 1967 — a year in which the war in the Middle East sharply stimulated the production of American crude oil. Data thus far this year, however, suggest that the rise in demand for petroleum products for 1968 as a whole may be close to that in 1966 and may exceed last year's achievement.

The strong demand that unfolded in 1968 brought with it a step-up in domestic production and refining; also, inventories of all oils most of the year were maintained well above the comparable year-earlier levels. Despite the unusual seasonal pattern of petroleum imports (due, in part, to a further unwinding of the transportation difficulties stemming from the Middle East conflict), imports for the year totaled well above those in 1967. Moreover, two developments in 1968 that will have an important impact upon petroleum markets in the years ahead are the discovery of a major source of American petroleum reserves in Alaska and the completion of Capline, the Nation's largest crude oil pipeline, connecting Louisiana producing areas with the Middle West.

During the first three quarters of this year, the demand for petroleum products, in terms of volume, averaged 6 percent higher than in the same period last year, with all major categories of products sharing in the advance. As was true in 1967, the demand for jet fuel showed by far the largest percentage gain among the major products. The demand for jet fuel rose substantially in virtually every month except May,

when growth lagged. The rapid increases in passenger air travel and in airfreight, as well as Viet-Nam war requirements, are reasons for the expanding demand for this product. The growth in gasoline demand was greater than a year ago.



The demand for distillate fuels, used mainly for diesel engines and for space heating, grew modestly through September. However, a record demand for heating oils at the beginning of

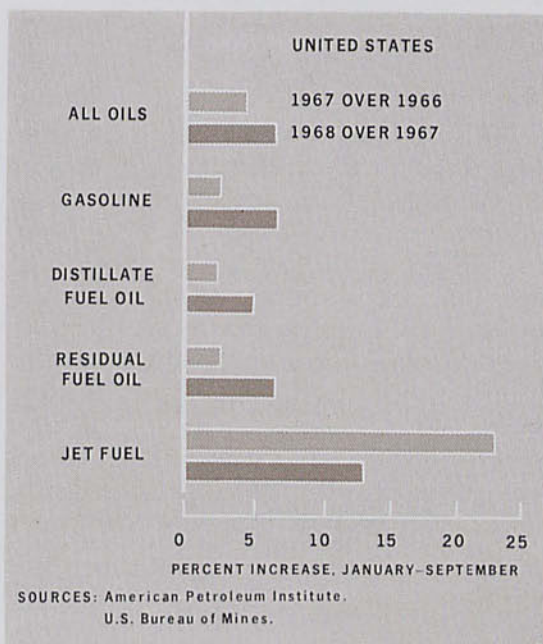
the year had pressed hard on supply, as inventories of these oils were at rather low levels at the beginning of the 1967-68 winter heating season. Like many commodities, petroleum experiences seasonal variations in demand. Winter weather noticeably increases the demand for distillate fuel oil for heating, and last winter was no exception. Furthermore, the shortage of distillate oils partially reflected a scarcity of tankers and concurrently higher shipping rates as a consequence of the Middle East crisis. Distributors of heating oils in the Northeast asserted that the higher expense of moving heating oils threatened to price them out of the market.

The shortage of heating oils was aggravated by the fact that, early in the season, refiners had emphasized the production of higher-profit items, such as jet fuel and gasoline. Also, many industrial users mixed heating and residual oils in order to reduce air pollution and conform to antipollution laws. Temperaturewise, last December was mild, but January and February were colder than usual; and the demand for distillate oils broke all records. In some areas, the natural gas ordinarily supplied to industry was diverted to residential uses, and industry used more oil.

Another characteristic of the market for distillate fuels during the winter months was a certain amount of hoarding of supplies through fear that a real shortage would develop, although the extent of such hoarding cannot be accurately determined. As a consequence of the high effective demand, the demand for distillate oils was 15 percent larger in January and February than in the same period last year. Rises in demand in subsequent months were more normal; and during the first 9 months of this year, demand for distillate oils was about 5 percent above the comparable span in 1967.

The demand for petroleum products is low during the spring (especially in May), being a period between the end of the heating season and the beginning of summer, with its increase

GAINS IN PETROLEUM DEMAND



in gasoline sales. Gasoline sales in June showed a very modest increase; yet, a strong surge occurred in July, with a gain of almost 8 percent over the same month last year. In August, there was another rise, although much smaller, and a new monthly record was set. During the summer months, about 5.7 million barrels of gasoline were sold per day.

According to the Independent Petroleum Association of America, total demand for petroleum products will probably advance 2.5 percent during the fourth quarter of this year over the same period in 1967; most of the advance is likely to occur in the latter part of the quarter. Jet fuel is expected to lead the gains. Refineries will produce more distillate fuels for heating, and less gasoline, than during the spring or summer. After the Labor Day weekend, vacation travel falls off, and the petroleum industry prepares for the following winter; hence, September is a transitional month for the petroleum industry. It is anticipated that the demand for distillate oil will rise, but the

increase will depend on weather conditions. Gasoline and residual fuels will post gains, with the level of industrial production determining the advance for residual fuels.

The supply of all petroleum products was much larger during the first three quarters of 1968 than in the same period last year. Crude oil production in the Nation averaged 5 percent higher, and the gain in crude runs to refinery stills was greater than a year earlier. In the Eleventh Federal Reserve District, the year-to-year advance in crude oil output was somewhat less than the national advance because output in the Southwest, in contrast to other areas in the Nation, had undergone a much greater expansion in 1967 as a consequence of the Middle East crisis. For the United States,

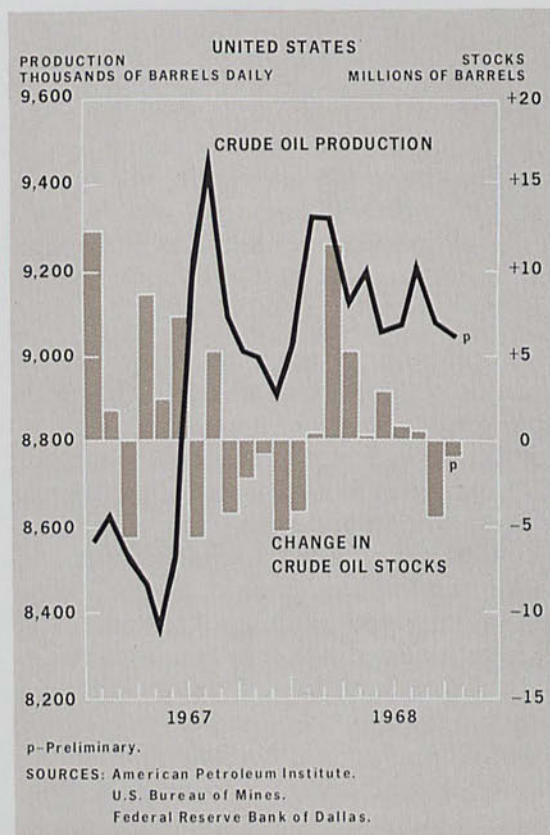
output of crude oil almost attained a new record with 9,319,000 barrels per day in February, although production in the District for that month did not approach the record level established in August 1967.

Reasons for the surge in crude oil output in the Nation were (1) a continuing lag in imports as an aftermath of the Middle East crisis, (2) a colder winter than usual in the United States and Europe, and (3) anticipatory purchases of distillate oils for use in space heating. In the District, crude oil output in the first three quarters of the year was 2 percent above the level of a year ago, with crude runs to refinery stills rising at about the national rate. The Texas allowable was almost one-third higher during the first 6 months of the year than during the same period last year; but in the last half, allowables averaged much lower.

Despite the record drawdown of distillate stocks due to the demand for heating oils early in the year, inventories of all oils since February have remained at consistently higher levels than those last year. Inventories of refined products were maintained at high levels during the first quarter of the year because of substantial additions of liquid petroleum gases, which are relatively minor products. As usual, large amounts of refined products were added to inventories in July.

By midsummer, concern was being expressed about the high level of distillate stocks. In addition, inventories of most other products were higher than a year earlier except gasoline stocks, which were little different from those at mid-1967. Inventories during the first three-fourths of the year responded to seasonal needs; and in spite of the higher levels that were maintained, stocks were considered to be in line with the additional demand generated this year. In contrast, before the Middle East crisis in June 1967, the supply of petroleum products—especially crude oil—was running considerably ahead of market requirements.

CRUDE OIL TRENDS



The drilling of oil wells and gas wells in the United States in 1968 has continued the downward trend that has been characteristic of the drilling industry in this decade. Total oil well completions during the first half of the year were 7.5 percent below those in the comparable period last year; total oil well footage drilled showed a small increase, indicating that the tendency to drill deeper wells has continued.

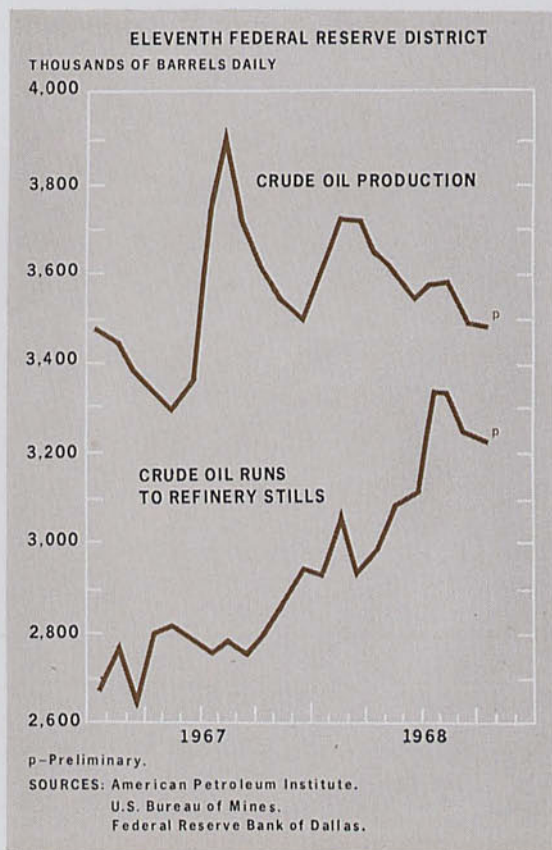
The importation of petroleum into the United States has followed a very different pattern during 1968 than in previous years. During the first 6 months of the year, crude oil imports were about 10 percent below a year earlier; however, in July and August, such imports surged into the country as compared with the rate of flow during the first half of the year or compared with that for the same 2 months in 1967. Of course, imports of crude oil were very low during the third quarter last year because of the Middle East crisis.

The restricted imports of crude petroleum during the latter part of 1967 and most of the first part of 1968 reflected a strong demand for petroleum in Europe during the winter due to unusually cold weather, and this situation was compounded by a shortage of tankers as a result of the closure of the Suez Canal. Consequently, many suppliers were unable to use up their import quotas in 1967, and some were carried over into 1968. It was expected that there would be larger imports of crude petroleum in the spring in order to use the quotas which had been carried over from last year; however, this expectation did not materialize, perhaps because inventories of refined products were fairly adequate.

In June, imports began to accelerate, and very high levels were reached in July and August; these three months accounted for about 40 percent of total crude oil imports during the first 9 months of 1968. Imports of crude petroleum in the January-September period were 6 percent above a year earlier.

Refined product imports, excluding residual fuel oil, advanced approximately 23 percent during the first three quarters of the year as compared with the same period last year. The principal reason for the rather large year-to-year advances for many of the products was the fact that the level of imports during the second half of 1967 was extremely low. There was considerable variation in the importation of the different products. Residual fuels, of which the Nation has been a heavy importer during the last few years, rose almost 9 percent during the first 9 months of the year, with most of the rise occurring in the third quarter. The importation of distillate oils showed a twofold gain, mainly because of the cold winter. Imports of both jet fuel and gasoline increased

CRUDE OIL OPERATIONS



about 30 percent, but those of unfinished oils declined noticeably.

Perhaps the leading news story this year for the petroleum industry was the discovery of a major oil deposit on the North Slope of Alaska. Considerable exploration has been conducted in many areas of that State, especially in offshore areas of the Cook Inlet and the Gulf of Alaska; and the new area in northern Alaska appears to be the richest yet. The discovery has prompted many companies to increase exploratory activity on the North Slope. However, this area is north of the Arctic Circle, and severe winter weather — as well as the thawing of the tundra in the spring — will create technical problems in developing the field. Alaska, a non-oil producer 10 years ago, has been steadily increasing output.

Another notable event in 1968, and one affecting the Southwest considerably, was the

completion of Capline, the Nation's largest crude oil pipeline, to deliver Louisiana crude oil to markets in the Middle West. The rate of flow reached 230,000 barrels per day in October, and throughput is expected eventually to reach 1 million barrels per day. Earlier estimates had placed throughput at a higher level; however, delays, such as needed refinery expansion in the Middle West and the completion of many connecting pipelines, have prevented full utilization of the new pipeline.

Yet to be resolved is the problem of the allocation of the middle western crude oil market between Canadian and southwestern crude oil suppliers. Also, the effect of Capline on crude oil producers in the middle western and Rocky Mountain areas is uncertain; according to industry sources, it may take 6 to 12 months before a new pattern definitely emerges.

RAYNAL HAMMELTON

**new
par
bank**

The Border Bank, Hidalgo, Texas, an insured nonmember bank located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, November 1, 1968. The officers are: V. F. Neuhaus, President; Elliott B. Bottom, Executive Vice President; and Roberto de La Garza, Vice President and Cashier.

district highlights

During October, nonagricultural wage and salary employment in the five southwestern states rose slightly more than seasonally expected. At 6,028,200, payroll employment was 0.5 percent higher than in September and 4.2 percent greater than in October 1967. The growth in the work force in both the manufacturing and the nonmanufacturing sectors was stronger than usual this October. Employment in government and construction activities was particularly strong.

Compared with October 1967, the gain in southwestern manufacturing employment exceeded that in nonmanufacturing employment, as has been true in the past several months. Government, service, and mining employment surpassed the respective year-earlier levels by 5 percent or more. In the case of mining, the large increase reflected, in part, the fact that a strike by copper workers was under way at the same time last year.

At 169.4 percent of its base, the Texas industrial production index in October was only fractionally above a month earlier but 5.6 percent higher than a year ago. Since May of this year, industrial output has been on a high plateau. Total manufacturing output increased slightly during October, as fractional gains occurred in the production of both durable and nondurable goods. Mining output was virtually unchanged, mainly due to the fact that seasonally adjusted crude petroleum production was little different from that in September.

The year-to-year strength in total industrial production in the State was heavily centered in the manufacturing sector, output from which was nearly 9 percent higher than in October 1967. Durable goods output was well over 10 percent greater than a year earlier, with espe-

cially notable gains evident in the production of electrical machinery, transportation equipment, and "other durable goods" (mainly ordnance). Crude petroleum output this October was about 3 percent below a year ago.

As in the past several years, registrations of new passenger automobiles in the major market areas of Dallas, Fort Worth, Houston, and San Antonio rose sharply in October from the preceding month. The increases this year were quite large, varying from 31 percent in San Antonio to 72 percent in Dallas. October registrations were 30 percent ahead of those last year, while cumulative registrations for the first 10 months of 1968 were up 19 percent.

Eleventh District department store sales for the 4 weeks ended November 16 were up 6 percent over the corresponding period last year. This compares with a year-to-year gain of 16 percent for the 4-week period ended November 18, 1967. In the major metropolitan reporting areas of Dallas, El Paso, Houston, and San Antonio, the fluctuations ranged from a 13-percent increase in Dallas to an 8-percent decrease in San Antonio. District sales for the year to date were 12 percent more than those in 1967.

In the Eleventh District, daily average production of crude oil in October was virtually unchanged from the previous month but was 3.5 percent below output a year earlier. The yearly decline resulted from less need for crude oil supply than during the same period last year, when worldwide crude oil production and petroleum trade patterns were disrupted by events in the Middle East. In Texas, the oil allowable for October was 41.3 percent of the Maximum Efficient Rate of production; for

each of the following 2 months, the rate was scheduled to remain the same. In Louisiana and southeastern New Mexico, the allowables for December are unchanged from November.

During the 4 weeks ended November 13, all of the major balance sheet items advanced at the weekly reporting commercial banks in the Eleventh District. In addition, most of these items exhibited strength as compared with a year ago.

Spurred by a \$40 million gain in loans for purchasing or carrying securities, loans adjusted increased \$77 million. Within the loans adjusted category, business loans showed a nominal gain of less than one-half the \$20 million rise in the 1967 period. Both consumer and real estate loans remained strong, advancing considerably more than in the comparable period last year.

Total investments rose \$136 million, showing marked strength in comparison with the \$32 million decline a year ago. The primary source of the rise in total investments was state and local government security holdings (particularly longer-term issues), which advanced \$86 million. U.S. Government securities increased \$36 million.

Among the liability items, total demand deposits advanced \$27 million in the 4 weeks ended November 13, displaying considerable weakness relative to the year-earlier advance of \$123 million. A large increase of \$130 million in the demand deposits of state and local governments was almost fully offset by declines in interbank deposits, U.S. Government deposits, and deposits of individuals, partnerships, and corporations.

Total time and savings deposits rose \$42 million, which compares with a \$31 million increase in the corresponding 4 weeks in 1967. "Other" time deposits of individuals, partnerships, and corporations expanded \$53 million,

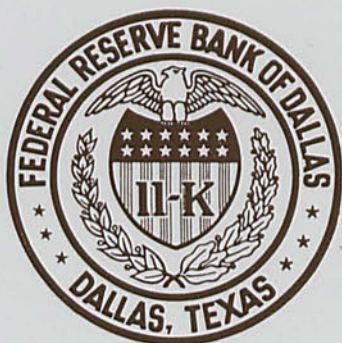
more than accounting for the rise in total time and savings deposits. Negotiable time certificates of deposit issued in denominations of \$100,000 or more increased \$23 million in the period to a total of almost \$1.6 billion.

Estimates of total crop production in the five southwestern states continue to increase, and such output is now expected to be approximately 21 percent greater than last year. Regional farmers are having little trouble harvesting the bumper crops, as clear weather has made field work possible in most areas of the Eleventh District.

Range and livestock conditions are generally above normal for this time of year. There were slightly more than 1 million head of cattle and calves on feed in Texas for slaughter market on November 1, or 34 percent above a year ago and 11 percent greater than the number on feed a month earlier. In Arizona, there were 389,000 head of cattle and calves on feed for slaughter market on November 1. The feed supply in the District is expected to be adequate for winter needs.

Prices received by Texas farmers and ranchers during January-October averaged 3 percent over those in the corresponding 1967 period. Prices for crops were 3 percent higher, and those for livestock and livestock products advanced 4 percent. However, prices for crops during the past 2 months have reflected the bumper crops; and the all crops index in October, at 192 percent of the 1910-14 base, was 19 points below the September index. The Texas livestock and livestock products price index decreased 9 points from the previous month.

Total cash receipts from farm marketings in the District states during January-September of 1968 were almost 5 percent higher than in the comparable months in 1967. Cash receipts from both crops and livestock made similar gains.



STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

December 1968



**FEDERAL RESERVE BANK
OF DALLAS**

CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Nov. 27, 1968	Oct. 30, 1968	Nov. 29, 1967
ASSETS			
Net loans and discounts.....	6,008,834	5,960,081	5,217,932
Valuation reserves.....	109,585	106,531	92,929
Gross loans and discounts.....	6,118,419	6,066,612	5,310,861
Commercial and industrial loans.....	2,861,353	2,793,167	2,568,243
Agricultural loans, excluding CCC certificates of interest.....	92,522	88,032	96,945
Loans to brokers and dealers for purchasing or carrying: U.S. Government securities.....	74,573	108,678	12
Other securities.....	99,281	109,139	64,743
Other loans for purchasing or carrying: U.S. Government securities.....	320	334	1,259
Other securities.....	372,541	358,683	331,792
Loans to nonbank financial institutions: Sales finance, personal finance, factors, and other business credit companies.....	123,476	126,546	168,121
Other.....	348,402	350,867	279,977
Real estate loans.....	605,403	591,592	497,244
Loans to domestic commercial banks.....	289,249	312,054	149,422
Loans to foreign banks.....	6,126	5,837	5,892
Consumer installment loans.....	628,849	617,511	542,047
Loans to foreign governments, official institutions, central banks, international institutions.....	0	0	0
Other loans.....	616,324	604,172	605,164
Total investments.....	2,617,046	2,638,843	2,557,600
Total U.S. Government securities.....	1,127,828	1,158,731	1,208,450
Treasury bills.....	48,122	53,068	121,555
Treasury certificates of indebtedness.....	0	0	0
Treasury notes and U.S. Government bonds maturing: Within 1 year.....	179,915	241,455	176,882
1 year to 5 years.....	636,276	584,448	685,465
After 5 years.....	263,515	279,760	224,548
Obligations of states and political subdivisions: Tax warrants and short-term notes and bills.....	34,142	42,246	29,416
All other.....	1,238,908	1,233,619	1,094,813
Other bonds, corporate stocks, and securities: Participation certificates in Federal agency loans.....	148,213	136,269	149,549
All other (including corporate stocks).....	67,955	67,978	75,372
Cash items in process of collection.....	1,096,782	1,038,103	812,718
Reserves with Federal Reserve Bank.....	802,091	781,442	716,593
Currency and coin.....	80,006	82,225	83,691
Balances with banks in the United States.....	512,954	473,611	428,790
Balances with banks in foreign countries.....	5,489	5,283	8,249
Other assets.....	359,438	363,944	327,964
TOTAL ASSETS.....	11,482,640	11,343,532	10,153,537
LIABILITIES			
Total deposits.....	9,697,243	9,536,986	8,646,929
Total demand deposits.....	5,798,870	5,682,000	5,230,853
Individuals, partnerships, and corporations.....	4,053,793	3,943,240	3,616,093
States and political subdivisions.....	351,167	290,947	315,706
U.S. Government.....	64,334	91,414	107,220
Banks in the United States.....	1,227,486	1,243,641	1,092,007
Foreign: Governments, official institutions, central banks, international institutions.....	3,121	7,431	3,343
Commercial banks.....	25,051	25,203	23,423
Certified and officers' checks, etc.....	73,918	80,124	73,061
Total time and savings deposits.....	3,898,373	3,854,986	3,416,076
Individuals, partnerships, and corporations: Savings deposits.....	1,046,154	1,044,734	1,121,220
Other time deposits.....	2,174,953	2,131,667	1,743,453
States and political subdivisions.....	635,010	636,050	516,386
U.S. Government (including postal savings).....	11,644	12,835	11,724
Banks in the United States.....	23,312	22,900	19,653
Foreign: Governments, official institutions, central banks, international institutions.....	7,000	6,500	2,800
Commercial banks.....	300	300	840
Bills payable, rediscounts, and other liabilities for borrowed money.....	597,275	636,109	415,113
Other liabilities.....	248,168	229,721	192,233
CAPITAL ACCOUNTS.....	939,954	940,716	899,262
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	11,482,640	11,343,532	10,153,537

r — Revised.

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	5 weeks ended Nov. 6, 1968	4 weeks ended Oct. 2, 1968	4 weeks ended Nov. 1, 1967
RESERVE CITY BANKS			
Total reserves held.....	741,271	724,317	684,581
With Federal Reserve Bank.....	691,162	672,425	637,600
Currency and coin.....	50,109	51,892	46,981
Required reserves.....	738,882	736,778	679,843
Excess reserves.....	2,389	12,461	4,738
Borrowings.....	1,543	9,357	857
Free reserves.....	846	21,818	3,881
COUNTRY BANKS			
Total reserves held.....	724,392	720,090	662,699
With Federal Reserve Bank.....	550,405	542,129	501,425
Currency and coin.....	173,987	177,961	161,274
Required reserves.....	703,438	686,086	625,607
Excess reserves.....	20,954	34,004	37,092
Borrowings.....	8,493	14,374	1,238
Free reserves.....	12,461	19,630	35,854
ALL MEMBER BANKS			
Total reserves held.....	1,465,663	1,444,407	1,347,280
With Federal Reserve Bank.....	1,241,567	1,214,554	1,139,025
Currency and coin.....	224,096	229,853	208,255
Required reserves.....	1,442,320	1,422,864	1,305,450
Excess reserves.....	23,343	21,543	41,830
Borrowings.....	10,036	23,731	2,095
Free reserves.....	13,307	2,188	39,735

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Nov. 27, 1968	Oct. 30, 1968	Nov. 29, 1967
Total gold certificate reserves.....	306,886	327,545	393,114
Discounts for member banks.....	24,100	9,449	2,600
Other discounts and advances.....	0	0	0
U.S. Government securities.....	2,282,495	2,299,864	2,053,097
Total earning assets.....	2,306,595	2,309,313	2,055,697
Member bank reserve deposits.....	1,292,834	1,255,991	1,129,472
Federal Reserve notes in actual circulation.....	1,533,234	1,507,135	1,385,859

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Oct. 30, 1968	Sept. 25, 1968	Oct. 25, 1967
ASSETS			
Loans and discounts.....	10,445	10,468	9,115
U.S. Government obligations.....	2,483	2,410	2,519
Other securities.....	2,960	2,862	2,622
Reserves with Federal Reserve Bank.....	1,256	1,229	1,127
Cash in vault.....	253	258	234
Balances with banks in the United States.....	1,216	1,204	1,188
Balances with banks in foreign countries.....	7	6	8
Cash items in process of collection.....	1,169	1,093	921
Other assets.....	492	494	425
TOTAL ASSETS.....	20,281	20,024	18,159
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,738	1,502	1,398
Other demand deposits.....	8,485	8,608	8,073
Time deposits.....	7,426	7,280	6,437
Total deposits.....	17,649	17,390	15,908
Borrowings.....	655	670	482
Other liabilities.....	342	355	236
Total capital accounts.....	1,635	1,609	1,533
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	20,281	20,024	18,159

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 1968 (Annual-rate basis)	Percent change			October 31, 1968	Annual rate of turnover			
		October 1968 from		10 months, 1968 from 1967		October 1968	September 1968	October 1967	
		September 1968	October 1967						
ARIZONA: Tucson.....	\$ 4,883,736	-2	-1	4	\$ 196,124	25.1	26.3	29.8	
LOUISIANA: Monroe.....	2,140,152	-2	6	5	84,198	25.2	25.6	25.8	
Shreveport.....	6,508,416	3	11	8	233,291	27.3	26.4	26.0	
NEW MEXICO: Roswell ²	739,236	1	9	8	34,901	21.9	22.0	19.9	
TEXAS: Abilene.....	1,834,068	-3	9	0	103,383	17.9	19.5	17.8	
Amarillo.....	5,419,056	-1	25	16	147,777	36.6	36.7	31.5	
Austin.....	8,315,076	8	61	32	283,488	30.7	30.5	24.2	
Beaumont-Port Arthur-Orange.....	6,006,348	1	5	4	224,582	25.9	25.0	25.6	
Brownsville-Harlingen-San Benito.....	1,762,140	4	22	14	72,938	24.1	24.3	21.0	
Corpus Christi.....	4,527,504	4	3	12	199,270	23.0	22.5	22.7	
Corsicana ²	382,764	10	11	9	28,199	13.8	12.4	12.1	
Dallas.....	96,069,360	4	21	19	1,978,814	47.4	45.7	44.5	
El Paso.....	6,025,656	2	7	7	211,025	28.4	27.4	28.1	
Fort Worth.....	18,977,544	-5	19	18	582,013	32.3	34.1	29.7	
Galveston-Texas City.....	2,234,328	-13	8	13	111,151	20.5	23.5	20.8	
Houston.....	81,651,528	-2	11	14	2,342,446	35.1	35.9	33.6	
Laredo.....	779,892	1	22	15	37,988	21.0	21.4	19.9	
Lubbock.....	3,967,548	-12	-1	4	161,854	24.2	28.6	25.4	
McAllen-Pharr-Edinburg.....	1,733,292	4	21	11	86,912	20.0	20.3	16.2	
Midland.....	1,856,172	3	4	7	129,992	14.2	13.6	14.4	
Odessa.....	1,465,284	6	9	6	62,077	22.3	20.2	21.5	
San Angelo.....	1,034,700	-3	6	10	64,120	16.0	16.5	16.6	
San Antonio.....	15,241,248	5	22	17	593,946	25.3	24.2	23.1	
Sherman-Denison.....	923,760	-6	9	10	56,720	16.0	17.3	16.0	
Texarkana (Texas-Arkansas).....	1,538,148	-1	19	13	69,549	22.6	23.7	21.9	
Tyler.....	2,021,244	6	23	10	91,936	21.4	20.4	19.2	
Waco.....	2,618,424	5	10	12	110,532	22.8	20.9	21.4	
Wichita Falls.....	2,403,600	12	18	7	118,027	20.6	18.5	18.3	
Total—28 centers.....	\$283,060,224	0	16	15	\$8,417,253	33.4	33.3	31.5	

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)

BUILDING PERMITS							
Area	VALUATION (Dollar amounts in thousands)						
	NUMBER		Percent change				
			Oct. 1968 from		10 months, 1968 from		
	Oct. 1968	10 mos. 1968	Sept. 1968	Oct. 1967	1968	1967	1967
ARIZONA							
Tucson.....	581	5,119	\$ 2,080	\$ 27,618	42	-7	30
LOUISIANA							
Monroe-West							
Monroe.....	76	721	1,374	17,561	67	-13	7
Shreveport.....	521	4,083	2,000	21,709	5	-1	-18
TEXAS							
Abilene.....	48	455	472	7,409	-60	59	-16
Amarillo.....	130	1,171	1,617	17,547	0	9	-3
Austin.....	388	4,009	7,660	102,719	-27	48	8
Beaumont.....	226	1,579	1,723	14,127	95	9	-9
Brownsville.....	100	1,023	341	4,456	-4	35	48
Corpus Christi.....	410	4,072	9,657	43,952	184	321	49
Dallas.....	1,960	17,926	23,972	246,334	-38	-21	-1
El Paso.....	495	4,584	10,203	58,968	163	87	21
Fort Worth.....	600	5,432	9,612	76,254	55	55	-1
Galveston.....	95	807	10,708	19,278	4,999	3,299	95
Houston.....	2,226	22,261	40,316	341,883	4	43	-4
Laredo.....	30	345	305	2,448	-24	79	-36
Lubbock.....	130	1,162	3,933	29,199	117	4	5
Midland.....	61	699	626	10,489	50	-46	-16
Odessa.....	73	655	650	6,150	-28	-6	8
Port Arthur.....	91	844	737	5,161	132	80	62
San Angelo.....	55	650	484	7,864	27	-14	-13
San Antonio.....	1,189	11,667	8,395	104,347	-3	-20	12
Texarkana.....	41	393	257	12,767	76	-28	271
Waco.....	287	2,588	842	14,604	-52	10	-5
Wichita Falls.....	57	697	415	9,625	-21	8	-48
Total—24 cities..	9,870	92,942	\$138,379	\$1,202,469	11	30	3

¹ New office construction.

Date	GROSS DEMAND DEPOSITS			TIME DEPOSITS		
	Total	Reserve city banks	Country banks	Total	Reserve city banks	Country banks
1966: October...	8,847	4,064	4,783	5,726	2,595	3,131
1967: October...	9,511	4,448	5,063	6,457	2,753	3,704
1968: 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
July.....	9,742	4,554	5,188	7,059	2,921	4,138
August.....	9,732	4,523	5,209	7,208	3,049	4,159
September.....	10,066	4,722	5,344	7,255	3,058	4,197
October...	10,201	4,751	5,450	7,394	3,116	4,278

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	October 1968	September 1968	August 1968	January—October	
	1968	1968	1968	1968	1967
FIVE SOUTHWESTERN STATES ¹	501	626	806	5,539	4,939r
Residential building.....	225	206	240	2,276	1,966r
Nonresidential building....	179	221	175	1,658	1,694
Nonbuilding construction...	98	198	392	1,606	1,279
UNITED STATES.....	6,171	5,170	6,318	52,501	46,151r
Residential building.....	2,408	2,125	2,295	21,114	17,808r
Nonresidential building....	2,370	1,815	2,128	18,738	17,085
Nonbuilding construction...	1,393	1,230	1,895	12,649	11,257

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			FIVE SOUTHWESTERN STATES ¹		
	1968, estimated Nov. 1	1967	Average 1962-66	1968, estimated Nov. 1	1967	Average 1962-66
Cotton ²	3,525	2,767	4,223	5,170	4,000	6,110
Corn.....	24,232	18,658	23,729	33,900	27,515	33,434
Winter wheat...	85,806	53,216	60,621	222,015	150,903	162,145
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
Rye.....	475	350	417	1,240	909	1,267
Rice ³	28,060	25,908	19,394	55,180	47,943	37,094
Sorghum grain...	348,205	343,485	253,013	411,795	409,267	294,492
Flaxseed.....	744	150	741	744	150	741
Hay ⁴	4,566	3,774	3,093	10,382	9,568	8,128
Peanuts ⁵	378,300	333,450	262,338	617,500	558,470	455,310
Irish potatoes ⁶ ...	4,382	4,329	3,082	7,816	7,892	6,069
Sweet potatoes ⁶ ...	960	810	842	5,547	5,008	4,807
Pecans ⁵	50,000	34,000	39,400	79,000	111,400	94,000

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	1968, indicated Nov. 1	1967	1966	1968 as percent of 1967
1-N — Northern High Plains.....	230	258	260	89
1-S — Southern High Plains.....	1,400	937	1,085	149
2-N — Red Bed Plains.....	270	218	177	124
2-S — Red Bed Plains.....	380	234	338	162
3 — Western Cross Timbers.....	20	12	18	167
4 — Black and Grand Prairies.....	410	264	484	155
5-N — East Texas Timbered Plains.....	25	19	29	132
5-S — East Texas Timbered Plains.....	45	39	42	115
6 — Trans-Pecos.....	165	158	127	104
7 — Edwards Plateau.....	60	23	27	261
8-N — Southern Texas Prairies.....	60	54	95	111
8-S — Southern Texas Prairies.....	100	98	134	102
9 — Coastal Prairies.....	80	117	82	68
10-N — South Texas Plains.....	25	20	33	125
10-S — Lower Rio Grande Valley.....	255	316	251	81
State.....	3,525	2,767	3,182	127

SOURCE: U.S. Department of Agriculture.

CASH RECEIPTS FROM FARM MARKETINGS

(Dollar amounts in thousands)

Area	January—September		Percent change
	1968	1967	
Arizona.....	\$ 333,200	\$ 341,389	-2
Louisiana.....	344,865	320,611	8
New Mexico.....	142,424	136,318	4
Oklahoma.....	582,723	565,819	3
Texas.....	1,840,171	1,736,966	6
Total.....	\$ 3,243,383	\$ 3,101,103	5
United States.....	\$29,724,988	\$29,173,089	2

SOURCE: U.S. Department of Agriculture.

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	Percent change from				
	October 1968p	September 1968p	October 1967	September 1968	October 1967
ELEVENTH DISTRICT.....	3,487.6	3,491.1	3,614.6	-0.1	-3.5
Texas.....	3,029.3	3,036.4	3,147.0	-2	-3.8
Gulf Coast.....	608.3	604.6	615.7	.6	-1.2
West Texas.....	1,409.7	1,420.0	1,468.5	-7	-4.0
East Texas (proper).....	142.1	142.9	143.4	-6	-9
Panhandle.....	85.1	88.4	94.8	-3.7	-10.2
Rest of State.....	784.1	780.5	824.6	.5	-4.9
Southeastern New Mexico..	320.3	316.3	319.5	1.3	.3
Northern Louisiana.....	138.0	138.4	148.1	-3	-6.8
OUTSIDE ELEVENTH DISTRICT	5,549.9	5,556.0	5,387.2	-1	3.0
UNITED STATES.....	9,037.5	9,047.1	9,001.8	-1	.4

p — Preliminary.

SOURCES: American Petroleum Institute.

U.S. Bureau of Mines.

Federal Reserve Bank of Dallas.

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	October 1968p	September 1968	August 1968	October 1967r
TEXAS				
Total industrial production.....	169.4	168.9	168.6r	160.3
Manufacturing.....	194.8	194.0	190.5r	179.1
Durable.....	208.8	208.6	206.9	189.0
Nondurable.....	185.5	184.3	179.5r	172.5
Mining.....	123.6	123.7	126.2r	124.2
Utilities.....	214.1	214.1	224.9r	207.6
UNITED STATES				
Total industrial production.....	165.0	164.4	163.9	157.2
Manufacturing.....	166.8	165.6	164.9	158.5
Durable.....	169.2	167.6	167.0	160.7
Nondurable.....	163.9	163.0	162.3	155.8
Mining.....	121.8	127.4	129.6	122.8
Utilities.....	202.2	203.0	201.1	188.7

p — Preliminary.

r — Revised.

SOURCES: Board of Governors of the Federal Reserve System.
Federal Reserve Bank of Dallas.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change Oct. 1968 from	
	October 1968p	September 1968	October 1967r	Sept. 1968	Oct. 1967
Total nonagricultural					
wage and salary workers..	6,028,200	5,995,900	5,787,300	0.5	4.2
Manufacturing.....	1,115,900	1,114,700	1,069,100	.1	4.4
Nonmanufacturing.....	4,912,300	4,881,200	4,718,200	.6	4.1
Mining.....	233,600	236,400	221,500	-1.2	5.5
Construction.....	389,700	392,400	381,800	-7	2.1
Transportation and public utilities.....	444,200	446,100	432,100	-4	2.8
Trade.....	1,361,400	1,360,200	1,319,500	.1	3.6
Finance.....	289,700	289,600	279,700	.0	5.7
Service.....	925,600	924,100	875,400	.2	5.0
Government.....	1,268,100	1,232,400	1,208,200	2.9	

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

p — Preliminary.

r — Revised.

SOURCE: State employment agencies.

1968

**annual
statement**



federal reserve bank of dallas

FEDERAL RESERVE BANK OF DALLAS

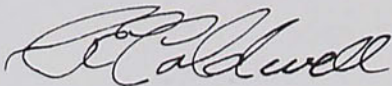
To the Member Banks in the
Eleventh Federal Reserve District:

The Statement of Condition and the earnings and expenses of the Federal Reserve Bank of Dallas for the year 1968, with comparative figures for 1967, are shown herein. Lists of the directors and officers of the Bank and its branches as of January 1, 1969, are also included.

A review of economic and financial developments in the Nation and the District during 1968 is being presented in the January 1969 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,

A handwritten signature in dark ink, appearing to read "P. E. Coldwell", written in a cursive style.

P. E. COLDWELL
President

statement of condition

	Dec. 31, 1968	Dec. 31, 1967
ASSETS		
Gold certificate account.....	\$ 344,103,657	\$ 318,182,506
Redemption fund for Federal Reserve notes.....	—	70,247,329
Total gold certificate reserves.....	344,103,657	388,429,835
Federal Reserve notes of other Banks.....	43,242,700	30,530,500
Other cash.....	11,513,277	13,676,797
Discounts and advances.....	5,300,000	5,800,000
U.S. Government securities:		
Bills.....	798,246,000	667,810,000
Certificates.....	—	—
Notes.....	1,221,704,000	1,125,269,000
Bonds.....	232,989,000	254,434,000
Total U.S. Government securities.....	2,252,939,000	2,047,513,000
Total loans and securities.....	2,258,239,000	2,053,313,000
Cash items in process of collection.....	577,047,041	626,215,095
Bank premises.....	8,664,214	9,037,370
Other assets.....	137,692,922	106,066,517
TOTAL ASSETS.....	<u>\$3,380,502,811</u>	<u>\$3,227,269,114</u>
LIABILITIES		
Federal Reserve notes in actual circulation.....	\$1,575,001,366	\$1,432,827,205
Deposits:		
Member bank — reserve accounts.....	1,229,448,111	1,149,734,038
U.S. Treasurer — general account.....	572,920	61,322,616
Foreign.....	12,540,000	8,120,000
Other.....	10,624,865	9,182,179
Total deposits.....	1,253,185,896	1,228,358,833
Deferred availability cash items.....	464,327,688	485,310,241
Other liabilities.....	16,456,361	11,845,535
TOTAL LIABILITIES.....	<u>3,308,971,311</u>	<u>3,158,341,814</u>
CAPITAL ACCOUNTS		
Capital paid in.....	35,765,750	34,463,650
Surplus.....	35,765,750	34,463,650
TOTAL CAPITAL ACCOUNTS.....	<u>71,531,500</u>	<u>68,927,300</u>
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	<u>\$3,380,502,811</u>	<u>\$3,227,269,114</u>

earnings and expenses

	1968	1967
CURRENT EARNINGS		
Discounts and advances.....	\$ 1,215,553	\$ 175,641
U.S. Government securities.....	112,264,985	88,410,349
Foreign currencies.....	4,364,788	1,464,582
All other.....	34,700	35,223
TOTAL CURRENT EARNINGS.....	<u>117,880,026</u>	<u>90,085,795</u>
CURRENT EXPENSES		
Current operating expenses.....	11,661,711	11,197,900
Assessment for expenses of Board of Governors.....	815,298	625,596
Federal Reserve currency:		
Original cost, including shipping charges.....	969,695	1,032,264
Cost of redemption, including shipping charges.....	15,960	29,501
Total.....	<u>13,462,664</u>	<u>12,885,261</u>
Less reimbursement for certain fiscal agency and other expenses.....	<u>905,737</u>	<u>909,410</u>
NET EXPENSES.....	<u>12,556,927</u>	<u>11,975,851</u>
PROFIT AND LOSS		
Current net earnings.....	105,323,099	78,109,944
Additions to current net earnings:		
Profit on sales of U.S. Government securities (net).....	33,593	30,855
All other.....	461,514	83,126
Total additions.....	<u>495,107</u>	<u>113,981</u>
Deductions from current net earnings.....	<u>13,040</u>	<u>5,424</u>
Net additions.....	482,067	108,557
Net earnings before dividends and payments to U.S. Treasury.....	105,805,166	78,218,501
Dividends paid.....	2,118,480	2,027,223
Payments to U.S. Treasury (interest on F.R. notes).....	102,384,586	74,941,628
Transferred to surplus.....	1,302,100	1,249,650
Surplus, January 1.....	34,463,650	33,214,000
Surplus, December 31.....	<u>\$ 35,765,750</u>	<u>\$ 34,463,650</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
CHAS. F. JONES	President, Humble Oil & Refining Company, 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
A. W. RITER, JR.	President, The Peoples National Bank of Tyler, Tyler, Texas
HUGH F. STEEN	President, El Paso Natural Gas Company, El Paso, 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	H. Y. Benedict Professor of Political Science, 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

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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	Professor of Business Statistics and Consulting Statistician to the Bureau of Business Research, 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

JOHN E. GRAY	President, First Security National Bank of Beaumont, Beaumont, Texas
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officers

FEDERAL RESERVE BANK OF DALLAS

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T. W. PLANT, *First Vice President*

ROY E. BOHNE, *Senior Vice President
and Cashier*

JAMES L. CAUTHEN, *Senior Vice President
and Controller*

J. L. COOK, *Senior Vice President*

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

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R. J. SCHOENHOFF, *Assistant Cashier*

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