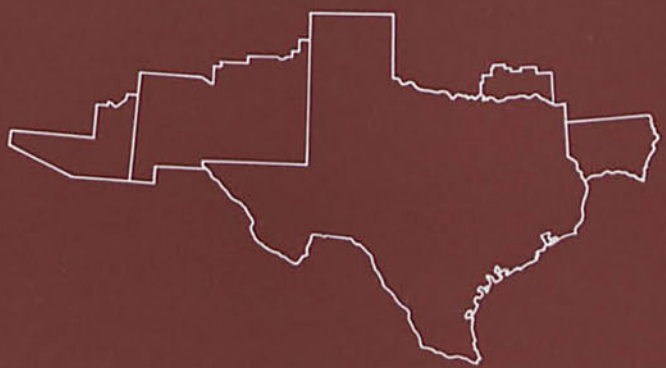
business review



july 1969

FEDERAL RESERVE
BANK OF DALLAS

contents

the cattle feeding industry in the high plains

Agriculture, like other producing sectors of the economy, often turns to mass production for greater efficiency. Consequently, it is not surprising to find that beef producers have adopted mass-production techniques in order to meet the increased demand for beef. The result is a sizable expansion in the cattle feeding industry. Fed beef comprised approximately two-thirds of the Nation's beef output last year, compared with about one-third in 1950. In the 1950-68 period, the production of fed beef accounted for practically all of the increase in beef production.

Coupled with the expansion of the industry has been a shift in the interregional structure of the fed beef economy. The industry has expanded to the western and southwestern regions of the country. One of the fastest growing regions is the area that includes eastern New Mexico, the High Plains of Texas, the Oklahoma Panhandle, and southwest Kansas.

The following article highlights the development of the fed cattle industry in the High Plains area of the Eleventh Federal Reserve District,[1] tries to derive economic explanations for the growth of cattle feeding operations in this area and to estimate the economic impact of the new industry upon the area, and discusses the possibilities of further expansion in the High Plains.

[1] For the purpose of this discussion, the High Plains area includes parts of the Northern and Southern High Plains of Texas and a portion of eastern New Mexico. (See map on page 5.)

fastest rate of growth

Nationally, the sharpest expansion of the fed cattle market in recent years has occurred in the Southwest, particularly in the High Plains area as defined in this article. In the High Plains area, the number of cattle and calves on feed, as of January 1, increased from a little over 100,000 head in 1960 to approximately 950,000 head in 1969. The total number of cattle fed in this area during 1968 was 1.9 million head. By March 1969, one-time feedlot capacity had reached 1.2 million head.

The expanded fed cattle market in the High Plains has been characterized by highly mechanized and commercial feeding operations. Large feedlots — those with a capacity of 1,000 head or more — presently account for about 98 percent of all cattle on feed in the area. Most of the cattle are fed in lots having capacities of 10,000 to 25,000 head.

The cattle feeding industry in the High Plains has become big business only since the early 1960's. Preceding the actual development of the industry in that area, some important changes were occurring in both input and output factors, changes which would lay the foundation for shifts in the interregional structure of the fed cattle economy.

interregional structure

The southwestern states of New Mexico and Texas have long been cattle producers, but the area is a relative newcomer to the fed cattle industry. For many years, cattle were raised on

the ranges and then shipped out to the central markets as grass-fed beef. Other regions, especially the Corn Belt, produced the majority of fed beef. California and Arizona later became major producers, and the fed cattle industry moved into the High Plains area in the late 1950's.

There are several economic criteria which can be used to help explain the development of the fed cattle industry in the High Plains. Among the most important have been the changes in technologies in meat processing and transportation.

A growing demand for beef, which has accompanied the expansion of population and per capita income in the United States, helped create the technological change in transportation that aided the development of the fed cattle industry in the Southwest. The economies that existed in the forties and fifties made it profitable for meat processors to transport beef animals to the major metropolitan centers where the beef would be processed and distributed to markets throughout the Nation. With the advances in cold-storage transportation in the early 1960's, the cost of transporting processed beef to markets trended downward, while the cost of shipping major inputs — such as feed grains and cattle — to the central markets increased. This diversity in cost has made it more profitable to process the beef near the source of supply and then ship the meat to market centers.

Consequently, operators of packinghouses gained more flexibility in choosing locations and tended to be less concerned about having a plant near larger population centers. Because of the greater efficiency in shipping cold meats, the meat-packing industry has become less centralized, and a majority of the new processing plants are being built near the source of the cattle supply.

As the meat-packing industry has decentralized, it also has become less concentrated. In the midfifties, the four largest packers in the United States accounted for approximately 40 percent of the industry's market, but the share had declined to less than one-fourth of the total domestic market by 1968. Efficiency of production has been improved as a result of the replacement of huge multipurpose plants by plants designed for the most efficient processing of one kind of meat. This greater efficiency has assisted the entry of new firms into the meat-processing industry in the 1960's.

In the decentralization process, packers took into account the usual factors influencing plant location — cost and availability of feed grain, supply of feeders, and access to large population centers. One of the locations chosen was the High Plains area which includes eastern New Mexico and the High Plains of Texas. The number of meat-packing plants in the High Plains area has increased from 12 plants with an annual capacity of approximately 400,000 head in 1960 to 20 plants with an expected capacity of 2.6 million head in 1969. Some of the new plants have an operating capacity of up to 10,000 head a week.

supply of inputs

The two largest input items in the production of fed cattle relative to cost are the feed grain supply and the feeder cattle supply. Since these items are the biggest cost inputs, economical sources of both are necessary when output is effected under competitive conditions. The High Plains area has favorable supplies of both.

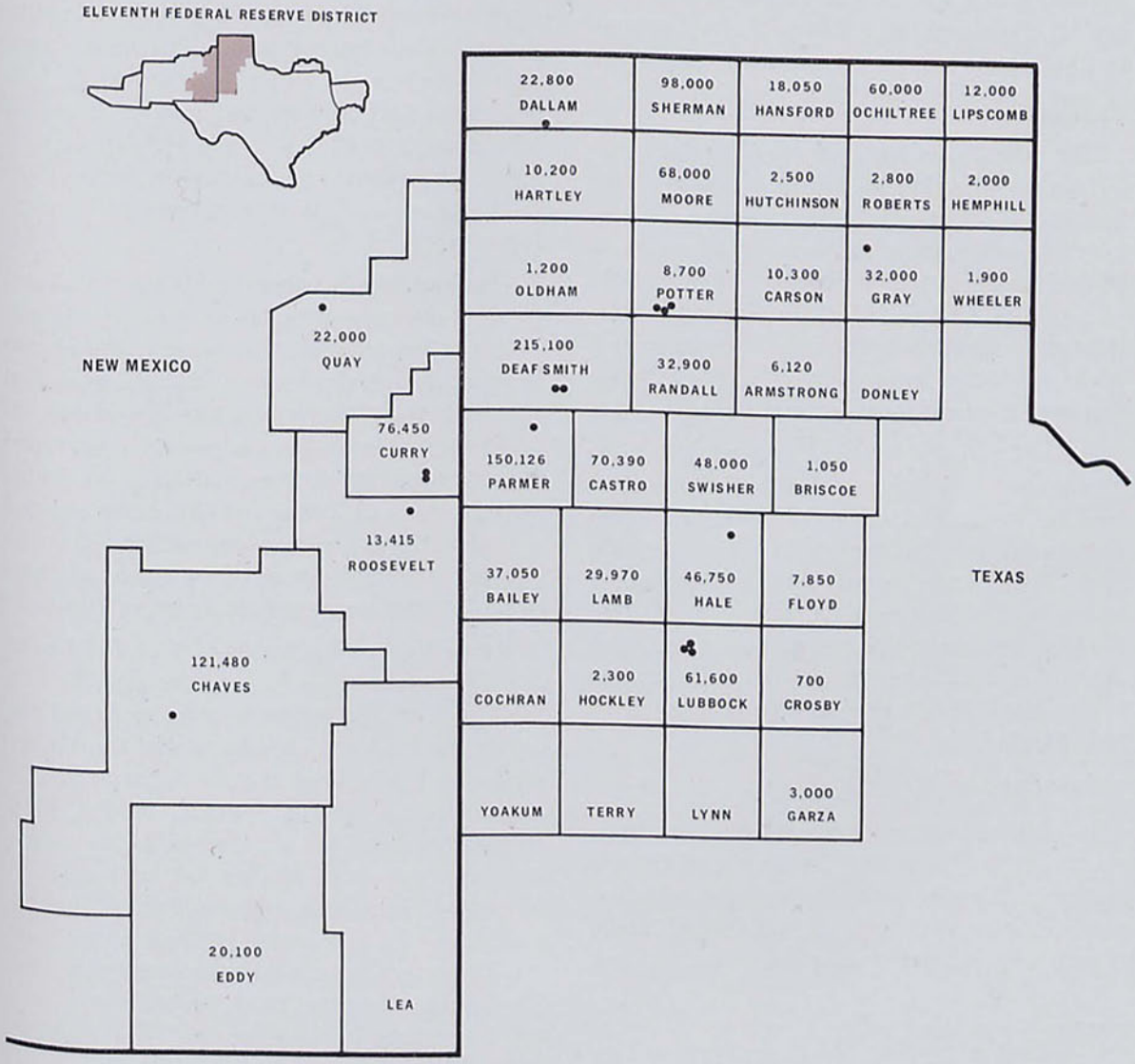
feed

Feed supply is probably the most important resource for the development of the fed cattle industry. The basis for the abundant feed supply in the High Plains dates back to 1957, when a hybrid milo maize, or grain sorghum, was adopted on a wide scale. Total grain sorghum production in New Mexico and Texas jumped from 127 million bushels in 1956 to 356 million bushels in 1968. The High Plains area pro-

duced nearly 224 million bushels of the crop in 1968, or almost two-thirds of the grain sorghum grown in the two states.

Regional expansion of the fed cattle industry is heavily related to the feed supply. A recent study conducted by the Economic Research Service of the U.S. Department of Agriculture indicates that, in areas where cattle feeding has expanded, adequate feed grain supplies have been available. Results of the study show that most of the Nation's fed cattle come from the

ONE-TIME FEEDLOT CAPACITY AND LOCATION OF MEAT-PROCESSING PLANTS IN THE HIGH PLAINS AREA, MARCH 1969



Numbers indicate capacity; dots designate the location of plants.

SOURCES: Southwestern Public Service Company.
U.S. Bureau of the Census.

states which produce the bulk of U.S. feed grains.

Traditionally, corn has been the most popular feed grain for fattening cattle; and until the early 1960's, grain sorghum was not used extensively for this purpose. The High Plains, drawing from the experiences in California and Arizona, learned to feed milo successfully by "breaking" the grain. Much milo is fed today after it is steamed and flaked so that the animals can utilize the grain's protein more effectively.

feeders

The other major cost variable in the fed cattle industry is related to the supply of feeder cattle. The Southwest, especially Texas, is a major supplier of feeders. Prior to the rapid development of feeding operations in the High Plains, most of the feeders produced in the Southwest were shipped to the Midwest and Far West to be fed. With the present expansion in the High Plains, that area has become a net importer of feeders.

According to the results of a recent study,[2] approximately two-thirds of the cattle placed on feed in Texas and Oklahoma originate from sources within the two states. However, the High Plains area imports feeders from many states in the Southeast, including Louisiana, Florida, Alabama, Georgia, Tennessee, and North Carolina. About one-fifth of the feeders in the High Plains originate from sources in New Mexico.

other inputs

In addition to good supplies of feed and feeders, the High Plains area has benefited from a favorable climate, available entrepreneurship, new technological and organizational techniques, experienced managerial capacity, and the availability of other inputs at reasonable prices.

demand factors

Although the location of fed cattle operations close to feed and feeder supplies appears to be the most important variable in the fed beef economy, the expansion of the fed cattle industry in the High Plains area is due partly to the growing national demand for beef. A rapidly increasing consumer demand for beef has been prevalent since the end of World War II. U.S. per capita beef consumption rose from around 59.4 pounds in 1945 to about 109.0 pounds in 1968. This substantial increase in demand has made the expansion of large commercial feedlots possible.

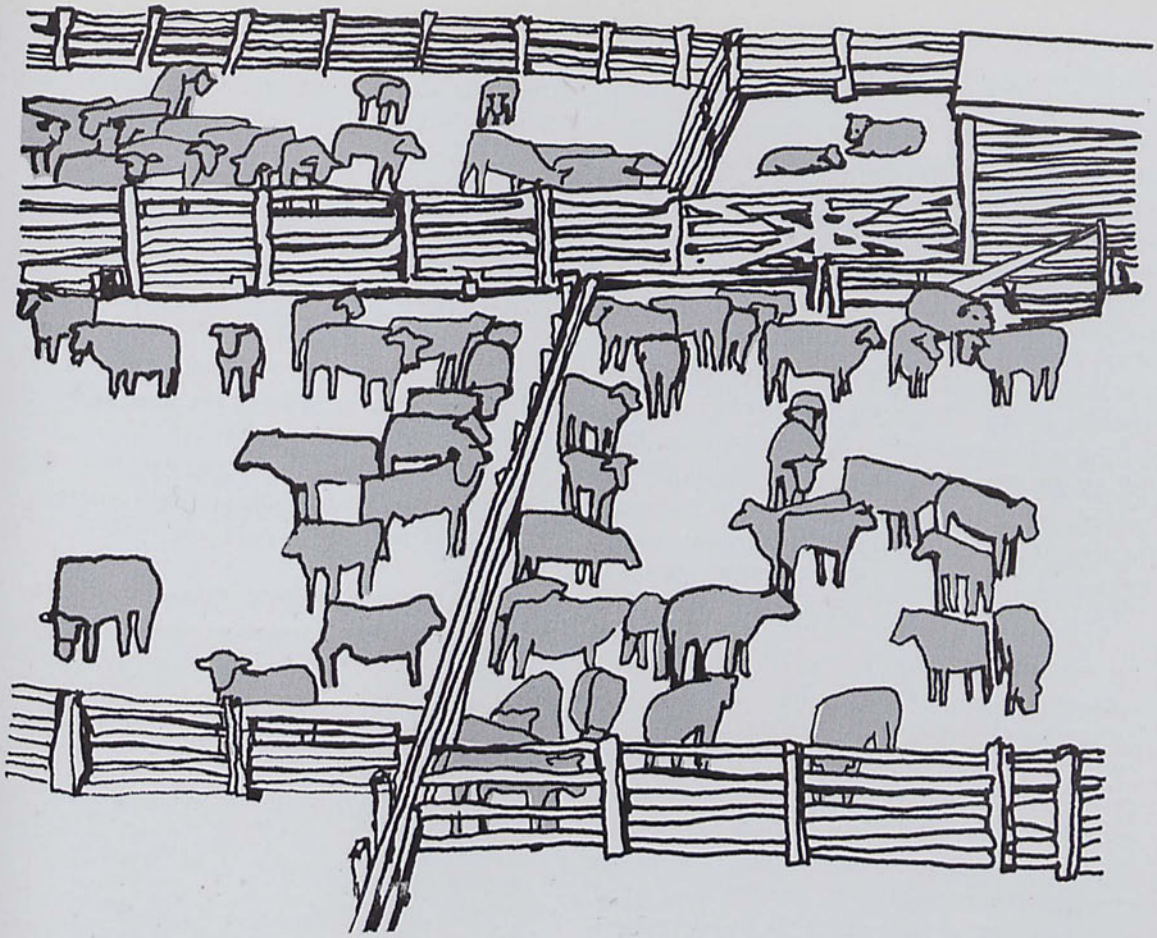
However, the increase in aggregate demand for beef does not explicitly explain the changes that have occurred in interregional adjustments in production. Using location and transportation cost as factors, interregional studies of the fed cattle economies in the early sixties concluded that, on the basis of these variables, the southwestern states of Texas and Oklahoma showed a competitive advantage over other fed cattle producing areas in most of the major markets in the southwestern and southeastern regions.

Assuming that the Southern Plains did have this competitive advantage in the early sixties, the significant expansion in population and per capita income in the Southeast and the Southwest also has assisted the development of the cattle feeding industry. Several studies have shown that beef consumption is highly correlated with per capita income. During the 1955-65 period, household consumption of beef in the South rose 56 percent, which is well above the 30-percent advance in the Northeast, the 22-percent gain in the North Central States, and the 14-percent increase in beef consumption in the West.

In addition to the southwestern and southeastern markets, there are indications that pro-

---

[2] Raymond A. Dietrich, *The Texas-Oklahoma Cattle Feeding Industry — Structure and Operational Characteristics,* Research Bulletin B-1079 (College Station, Texas: Texas A&M University, December 1968).



ducers in the High Plains area have established a market on the West Coast. Fed cattle producers in the High Plains are able to compete with producers in California and Arizona because more favorable westbound railroad rates have been established on dressed meats than on either live animals or feed grains. California, a major producer of fed cattle, traditionally has imported a large share of its feed and feeder supplies. For example, 37 percent of the cattle placed on feed in California in 1966-67 were imported from Texas; only 31 percent were native California cattle. A substantial proportion of the principal grains fed in California, barley and milo, is imported from other states.

economic impact

The development of any industry will naturally have an impact on income and employment, but the impact will vary according to the extent to which new industries utilize resources. Industries that utilize local resources typically will generate more income in the local economy per unit of output than industries that import a larger proportion of their inputs.

Input-output studies on both national and regional bases have shown the livestock industry to be a very important income generator. Generally, there is considerable interaction between the livestock-producing sector and other firms in the economy. Livestock producers buy feeds

from the crop sector and sell their output to the agricultural processing sector. By using one of the output multipliers developed for the Oklahoma economy by Oklahoma State University[3] and assuming that the multiplier (or coefficient) for the High Plains area might be similar, estimates of the impact of the livestock industry on the High Plains economy can be made.

The output multiplier developed for the livestock and livestock products sector in the Oklahoma study is $2.25. This means that, if the final demand for livestock products increases by $1.00, total output in the economy will increase by $2.25. Therefore, the total influence of 2 million head of fed cattle, valued at approximately $500 million, would amount to an estimated $1,125 million ($2.25 x $500 million).

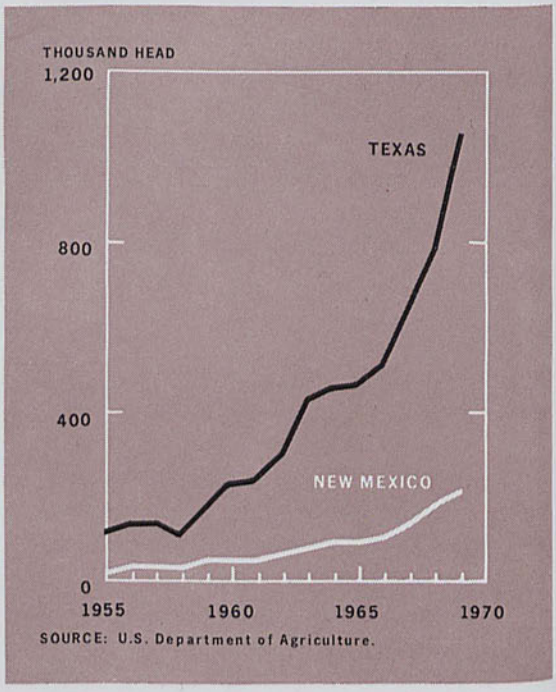
In addition to the impact of the livestock sector on the economy of the High Plains, the meat-processing industry in that area exerts an influence as well. The existence of meat-processing plants enables the High Plains area to keep more dollars (the value added of the meat-processing industry) within the income stream of the local economy and tends to discourage the exporting of semifinished products — a form of leakage for the local economy.

future expansion

The continued development of the fed cattle industry in the High Plains will naturally depend upon demand, interregional competition, and the supply of basic inputs. The demand for beef has shown vigorous strength since early 1968. With the prices for finished beef being what they are at present, there is, of course, a good possibility of increased consumer resistance. In the long run, however, prospects for a strong consumer demand appear very favorable and should encourage the further expansion of the industry.

Interregional competition, which often forces interregional adjustments in production, is never quite predictable. The beef industry has shown regional shifts since 1945, but it appears that a directional pattern has developed. If so, changes in the future may not be as numerous or of the same magnitude as those in the past. Given the present structure of inputs and the strata of major consumption areas, there is every indication that the High Plains area will continue to be a major producer of fed cattle.

CATTLE AND CALVES ON FEED, JANUARY 1



The feed grain supply likely will not be a limiting factor. The counties in the High Plains area produced about 224 million bushels of grain sorghum last year. It is estimated that only one-fourth of this crop was used in fed

[3] Charles H. Little and Gerald A. Doeksen, *An Input-Output Analysis of Oklahoma's Economy,* Technical Bulletin T-124 (Stillwater, Oklahoma: Oklahoma State University, February 1968). The output multiplier for the livestock sector measures the amount of total new output generated in the economy by a dollar change in the final demand for commodities produced by the sector.

cattle production locally, leaving some 170 million bushels for other uses or further expansion. In addition, acreages of other crops, such as cotton and wheat, could be diverted to feed grain.

The supply of feeders could be a constraining factor. The present supply of feeders is consumed readily by the High Plains and other areas. Therefore, the ability of producers in the High Plains to increase the number of cattle and calves on feed would depend largely on their ability to compete for feeders with other producing regions to the west and north of the High Plains area.

In the long run, the supply of water could be another limiting factor for the industry. A steer on feed will require an estimated average of 10 gallons of water per day. A feedlot with a 25,000-head capacity will require over 90 million gallons of water per year. Presently, water is a scarce resource in the High Plains. The water table in some parts of the area has declined at the rate of nearly 3 feet a year since 1962. Since natural recharge is believed to be almost nonexistent and rainfall is the only recurring natural source of water, any substantial increase in the water supply will have to be provided by imports.

Another critical resource — one that has tended to be somewhat limiting — is capital. Under present monetary conditions, loanable funds from outside sources have been relatively limited, and deposits in the local economy have not been adequate to supply total needs. The lack of funds is not as striking when one considers the growth pattern of the industry and the amount of fixed investment and operating capital required by an average feedlot.

At present prices, the investment requirement of a fully equipped 10,000-head-capacity feedlot in the High Plains area could amount to slightly over $500,000. A year's supply of feed would cost about $1.3 million, and a one-time lot of cattle would cost about $2.0 million. Other operating requirements (salaries, utilities, repairs, etc.) would amount to around $200,000. Assuming that all feed and feeders were financed at 70 percent of value, annual credit needs could run in excess of $1 million. A subsequent article on the financing of feedlots in the High Plains area is planned.

CHARLES M. WILSON

district highlights

Nonagricultural wage and salary employment in the five southwestern states rose slightly more than seasonally during May and also was ahead of May 1968. Manufacturing employment showed a very small increase over April; in contrast, there is usually no seasonal change. Nonmanufacturing employment edged upward, but the very slight advance in construction employment was below the normal seasonal gain for the month. Most of the nonmanufacturing sectors showed only minor changes; however, trade, finance, and government registered fractional gains instead of small seasonal declines.

As compared with the same month last year, total employment in the five states in May was 4.4 percent higher. Nonmanufacturing, by advancing 4.6 percent, showed a larger employment rise than manufacturing did. Transportation and public utilities, finance, and service employment each had a gain of slightly more than 5 percent. There was only a small increase in mining employment.

The seasonally adjusted Texas industrial production index, at 171.6 percent of the 1957-59 base, was about unchanged during May. Durable goods manufacturing rose 1 percent, with transportation equipment, furniture and fixtures, and electrical machinery posting the largest advances. The greatest declines were evident in the output of lumber and wood products and of fabricated metal products. Nondurable goods manufacturing was little changed from April. Production of apparel and allied products increased significantly, but output of paper and allied products eased considerably, as was the case for leather and leather products. Mining was virtually unchanged, with crude petroleum showing a slight increase. Metal, stone, and earth minerals registered a substantial decrease.

Industrial production in the State in May was 4.2 percent higher than in May 1968. Within the manufacturing sector, electrical machinery and nonelectrical machinery exhibited the greatest gains, with each advancing about 15 percent. However, furniture and fixtures and fabricated metal products also had substantial gains. Output of textile mill products was considerably below that in the same month last year. Mining showed little year-to-year change.

Registrations of new passenger automobiles in Dallas, Fort Worth, Houston, and San Antonio in May were 5 percent below those for April and 2 percent below those for a year ago. Cumulative registrations thus far this year were 4 percent less than in the same 5 months last year.

Department store sales in the Eleventh Federal Reserve District during the 4 weeks ended June 21 were 9 percent higher than in the corresponding period last year. There has been a slight narrowing in the year-to-year gains in cumulative sales thus far in 1969; and through June 21, such sales were 9 percent above the comparable period in 1968.

During May, daily average production of crude oil gained 1.6 percent in Louisiana, New Mexico, Oklahoma, and Texas and was 2.9 percent more than in the same month in 1968. The monthly rise reflected higher oil allowables in Louisiana and Texas. Crude oil output has been somewhat higher because of the demand for a larger volume of gasoline during the summer, and inventories of crude oil have been below desired levels. On a year-to-year basis, Louisiana raised output noticeably, but the other three producing southwestern states

showed nominal changes. Oil production nationally was about unchanged during May and was only a little above a year ago.

Through June, oil allowables have risen steadily in most of the southwestern states since the beginning of the year. The Texas allowable reached a record 63.5 percent of the Maximum Efficient Rate of production in June; however, output has not increased proportionally because many oil fields in the State are no longer able to produce at maximum rates. The allowable for July has been lowered to 54.7 percent. Louisiana, where allowables had been moving upward, also has lowered its allowable for July.

Most major crops in the Eleventh Federal Reserve District are making good to excellent progress. However, a severe hailstorm hit the Texas High Plains on June 17 and caused considerable damage to the wheat and cotton crops in Bailey, Crosby, Floyd, Hale, Hockley, Lamb, Lubbock, Motley, Parmer, and Terry Counties. Officials estimate that 200,000 acres of cotton in these counties were damaged by the hailstorm.

During May, prospective winter wheat production in the Southwest had increased nearly 3 percent. Winter wheat production in the five states was forecast, as of June 1, at almost 198 million bushels, or 10 percent below wheat output last year.

Ranges and livestock generally continue in good condition, although surface soil moisture is becoming short in the western part of the District because rainfall is more scattered. There were 1,576,000 head of cattle and calves on feed in Arizona and Texas on June 1. The number of cattle on feed in Texas on June 1, at 1,132,000 head, was 57 percent above a year ago and 13 percent above the previous month.

Prices received by Texas farmers and ranchers for all farm products during the first 5 months of this year averaged 6 percent higher than in the same period last year, as a gain of 15 percent in livestock prices more than offset a decline of 4 percent in crop prices. The livestock price index has been buoyed by rising prices for meat animals, especially beef.

Total cash receipts from farm marketings in the District states during January-April were almost 9 percent higher than in the same months of 1968. Livestock income was up 11 percent, and crop receipts advanced 5 percent over the year-earlier level.

Seasonal influences and the reduced availability of funds contributed to the decreases in most major balance sheet items at the Eleventh District's weekly reporting commercial banks in the 4 weeks ended June 11. Continuing strong credit demands were reflected, however, in the expansion of total loans.

Loans adjusted increased $43 million, due principally to a $46 million advance in loans to nonbank financial institutions. Business loans edged downward slightly; in contrast, there was a moderate rise in such loans during the comparable weeks in 1968. Agricultural loans and consumer instalment loans showed slight gains, as compared with a modest decline and a small increase, respectively, a year earlier.

Total investments decreased $192 million during the 4-week period, principally as a result of sales or redemptions of $119 million of municipal securities and $50 million of U.S. Government security holdings. In the comparable 1968 period, total investments were reduced only $47 million.

On the liability side of the balance sheet, total demand deposits declined $268 million, led by decreases of $151 million and $134 million, respectively, in U.S. Government deposits and deposits of states and political subdivisions. In the corresponding 4-week period last year, total demand deposits declined $81 million.

Total time and savings deposits continued to trend downward in the 4 weeks ended June 11, decreasing $39 million. In the year-earlier period, total time and savings deposits increased $42 million. While savings deposits rose slightly in the 1969 period, "other" time deposits of individuals, partnerships, and corporations declined almost $10 million. Large negotiable time certificates of deposit decreased $32 million to a level of $1,388 million.

new par banks

The Citizens State Bank, Irving, Texas, a nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, May 26, 1969. The officers are: Larry R. Bellah, President and Chairman of the Board; H. A. Leftwich, Vice President and Cashier; Byron Williamson, Vice President (Inactive); and Ken White, Assistant Cashier.

The American Bank and Trust Company, Irving, Texas, a nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, June 9, 1969. The officers are: Gene Glazier, President; William A. Wylie, Executive Vice President and Cashier; and Orie Lee Craig, Assistant Cashier.

The University State Bank, Austin, Texas, a nonmember bank located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, June 16, 1969. The officers are: Ray Hudson, President; Malcolm D. Ferguson, Senior Vice President; Charles R. Smith, Assistant Vice President; and Oliver M. Davis, Jr., Assistant Cashier.

STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

July 1969

FEDERAL RESERVE BANK
OF DALLAS

CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

Eleventh Federal Reserve District

(In thousands of dollars)

Item	June 25, 1969	May 21, 1969	June 26, 1968
ASSETS			
Net loans and discounts	6,427,333	6,356,268	5,618,544
Valuation reserves	*117,786*	*118,391*	*107,285*
Gross loans and discounts	6,545,119	6,474,659	5,725,829
Commercial and industrial loans	3,137,014	3,106,874	2,787,400
Agricultural loans, excluding CCC certificates of interest	115,294	115,339	100,740
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities	501	501	15,339
Other securities	44,753	39,497	19,752
Other loans for purchasing or carrying:			
U.S. Government securities	548	622	335
Other securities	377,390	383,516	337,669
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies	163,949	133,753	153,485
Other	419,682	391,397	314,570
Real estate loans	620,751	614,464	557,411
Loans to domestic commercial banks	245,423	302,401	216,331
Loans to foreign banks	8,053	6,563	5,614
Consumer instalment loans	685,456	662,829	583,756
Loans to foreign governments, official institutions, central banks, international institutions	0	0	0
Other loans	726,305	716,903	633,427
Total investments	2,500,914	2,546,005	2,469,626
Total U.S. Government securities	946,219	974,382	1,106,509
Treasury bills	36,778	41,320	18,106
Treasury certificates of indebtedness	0	0	0
Treasury notes and U.S. Government bonds maturing:			
Within 1 year	105,978	112,650	244,354
1 year to 5 years	608,548	605,568	592,397
After 5 years	194,915	214,844	251,652
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills	16,481	28,136	28,146
All other	1,315,657	1,310,402	1,123,596
Other bonds, corporate stocks, and securities:			
Participation certificates in Federal agency loans	134,445	148,158	141,888
All other (including corporate stocks)	88,112	84,927	69,487
Cash items in process of collection	1,022,306	1,134,931	933,707
Reserves with Federal Reserve Bank	714,698	700,511	708,340
Currency and coin	85,405	82,992	82,797
Balances with banks in the United States	474,431	458,650	438,244
Balances with banks in foreign countries	*5,817*	*5,729*	*5,246*
Other assets	394,576	377,797	352,436
TOTAL ASSETS	11,625,480	11,662,883	10,608,940
LIABILITIES			
Total deposits	9,394,022	9,480,377	8,878,300
Total demand deposits	*5,716,118*	*5,741,134*	*5,323,355*
Individuals, partnerships, and corporations	3,960,810	3,865,804	3,709,059
States and political subdivisions	302,392	412,735	260,015
U.S. Government	217,159	228,068	141,459
Banks in the United States	1,116,301	1,124,122	1,088,233
Foreign:			
Governments, official institutions, central banks, international institutions	2,811	2,992	3,325
Commercial banks	29,393	25,247	20,818
Certified and officers' checks, etc.	87,252	82,166	100,446
Total time and savings deposits	3,677,904	3,739,243	3,554,945
Individuals, partnerships, and corporations:			
Savings deposits	997,872	994,571	1,092,779
Other time deposits	1,989,030	2,029,984	1,813,414
States and political subdivisions	644,838	667,744	610,282
U.S. Government (including postal savings)	11,657	11,446	9,174
Banks in the United States	27,017	28,008	23,796
Foreign:			
Governments, official institutions, central banks, international institutions	7,000	7,000	5,300
Commercial banks	490	490	200
Bills payable, rediscounts, and other liabilities for borrowed money	1,031,965	976,584	598,127
Other liabilities	236,485	248,628	219,284
CAPITAL ACCOUNTS	963,008	957,294	913,229
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	11,625,480	11,662,883	10,608,940

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended June 4, 1969	5 weeks ended May 7, 1969	5 weeks ended June 5, 1968
RESERVE CITY BANKS			
Total reserves held	754,589	759,848	697,630
With Federal Reserve Bank	704,086	708,529	648,700
Currency and coin	50,503	51,319	48,930
Required reserves	753,028	761,901	691,899
Excess reserves	1,561	—2,053	5,731
Borrowings	36,379	36,051	36,863
Free reserves	—34,818	—38,104	—31,132
COUNTRY BANKS			
Total reserves held	781,606	778,291	691,955
With Federal Reserve Bank	605,153	602,895	526,580
Currency and coin	176,453	175,396	165,375
Required reserves	748,976	763,963	662,873
Excess reserves	32,630	14,328	29,082
Borrowings	18,707	11,704	13,742
Free reserves	13,923	2,624	15,340
ALL MEMBER BANKS			
Total reserves held	1,536,195	1,538,139	1,389,585
With Federal Reserve Bank	1,309,239	1,311,424	1,175,280
Currency and coin	226,956	226,715	214,305
Required reserves	1,502,004	1,525,864	1,354,772
Excess reserves	34,191	12,275	34,813
Borrowings	55,086	47,755	50,605
Free reserves	—20,895	—35,480	—15,792

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	June 25, 1969	May 21, 1969	June 26, 1968
Total gold certificate reserves	330,703	296,816	354,502
Discounts for member banks	140,733	40,902	14,533
Other discounts and advances	0	0	741
U.S. Government securities	2,292,655	2,234,932	2,173,250
Total earning assets	2,433,388	2,275,834	2,188,524
Member bank reserve deposits	1,220,887	1,217,995	1,137,263
Federal Reserve notes in actual circulation	1,589,762	1,550,140	1,452,278

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	May 28, 1969	April 30, 1969	May 29, 1968
ASSETS			
Loans and discounts	11,231	11,091	9,642
U.S. Government obligations	2,201	2,354	2,456
Other securities	3,152	3,311	2,745
Reserves with Federal Reserve Bank	1,136	1,272	1,114
Cash in vault	251	251	239
Balances with banks in the United States	1,136	1,194	1,042
Balances with banks in foreign countries[e]	9	8	6
Cash items in process of collection	1,184	1,410	1,012
Other assets[e]	726	679	476
TOTAL ASSETS[e]	21,026	21,570	18,732
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks	1,408	1,485	1,306
Other demand deposits	8,700	9,053	8,059
Time deposits	7,674	7,681	6,974
Total deposits	17,782	18,219	16,339
Borrowings	882	1,096	450
Other liabilities[e]	667	569	357
Total capital accounts[e]	1,695	1,686	1,586
TOTAL LIABILITIES AND CAPITAL ACCOUNTS[e]	21,026	21,570	18,732

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]			
	May 1969 (Annual-rate basis)	Percent change: May 1969 from April 1969	Percent change: May 1969 from May 1968	Percent change: 5 months, 1969 from 1968	May 31, 1969	Annual rate of turnover: May 1969	Annual rate of turnover: April 1969	Annual rate of turnover: May 1968
ARIZONA: Tucson	$ 5,063,604	—3	18	16	$ 215,827	23.6	24.4	23.7
LOUISIANA: Monroe	2,399,760	—2	13	14	85,197	28.0	29.3	26.5
Shreveport	7,654,644	1	24	15	225,533	33.4	33.0	27.2
NEW MEXICO: Roswell[2]	808,128	—4	22	19	36,857	22.4	23.7	20.4
TEXAS: Abilene	1,979,460	3	10	10	98,938	19.6	19.0	19.0
Amarillo	5,271,504	2	10	6	149,502	35.2	34.8	35.5
Austin	9,281,760	2	60	57	288,725	31.6	31.4	23.5
Beaumont-Port Arthur-Orange	6,122,268	1	7	6	233,665	26.1	25.7	25.9
Brownsville-Harlingen-San Benito	1,636,692	—3	6	7	71,713	22.7	23.5	21.0
Corpus Christi	4,866,804	6	7	5	205,873	23.8	22.4	23.5
Corsicana[2]	423,492	—10	3	3	29,942	14.1	15.2	14.7
Dallas	100,800,840	—9	20	30	2,133,324	47.5	51.5	44.4
El Paso	5,895,144	—9	11	15	212,838	27.2	29.5	26.5
Fort Worth	19,959,696	—1	13	11	591,749	32.8	31.9	32.2
Galveston-Texas City	2,438,316	—2	—1	3	105,348	23.4	24.7	24.2
Houston	86,355,876	2	12	14	2,369,495	36.5	35.7	35.1
Laredo	786,084	—1	9	16	36,647	21.1	20.9	20.9
Lubbock	4,250,292	—12	16	16	155,087	27.4	32.1	24.6
McAllen-Pharr-Edinburg	1,572,528	—7	6	15	85,752	17.8	18.8	17.3
Midland	1,925,040	4	22	19	128,936	14.6	13.8	12.0
Odessa	1,404,492	—8	10	17	73,267	19.2	20.2	19.4
San Angelo	1,073,088	—5	8	12	65,084	16.5	17.5	15.6
San Antonio	15,004,368	—1	11	9	598,497	24.7	25.0	23.3
Sherman-Denison	964,224	—1	7	9	61,509	15.7	16.0	16.6
Texarkana (Texas-Arkansas)	1,503,948	—8	8	13	73,732	20.8	23.1	22.2
Tyler	2,213,748	1	20	18	89,879	24.3	23.5	21.8
Waco	2,681,304	—4	3	10	111,179	23.9	24.0	22.1
Wichita Falls	2,091,504	—13	6	10	115,603	17.9	20.6	17.4
Total—28 centers	$296,428,608	—3	16	19	$8,649,698	34.1	35.1	32.1

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

BUILDING PERMITS

Area	NUMBER: May 1969	NUMBER: 5 mos. 1969	VALUATION (Dollar amounts in thousands): May 1969	VALUATION: 5 mos. 1969	Percent change: May 1969 from April 1969	Percent change: May 1969 from May 1968	Percent change: 5 months, 1969 from 1968
ARIZONA							
Tucson	640	2,991	$ 6,866	$ 23,799	—24	116	71
LOUISIANA							
Monroe-West Monroe	55	331	1,512	6,303	14	—39	—41
Shreveport	421	2,105	1,775	18,642	—67	31	99
TEXAS							
Abilene	48	203	1,284	5,975	314	—38	40
Amarillo	119	709	5,021	14,563	10	156	54
Austin	465	2,160	14,284	77,692	—32	38	55
Beaumont	127	565	863	4,949	—14	—48	—36
Brownsville	81	314	644	5,184	1	173	140
Corpus Christi	359	1,606	3,667	11,960	86	20	—35
Dallas	2,359	10,363	49,862	151,974	80	90	43
Denison	24	153	87	1,903	—71	—54	39
El Paso	449	2,281	9,627	43,479	10	143	41
Fort Worth	541	2,539	4,676	40,516	—51	—31	19
Galveston	97	470	3,498	11,673	55	110	148
Houston	2,865	13,807	25,256	185,097	—32	—8	6
Laredo	33	172	208	1,890	—57	—44	66
Lubbock	118	583	2,602	14,502	72	21	49
Midland	48	276	549	2,262	44	—47	—48
Odessa	71	317	197	4,711	—19	—66	81
Port Arthur	97	410	989	4,449	121	342	202
San Angelo	49	264	831	2,615	65	50	—51
San Antonio	1,072	5,149	4,558	36,130	—35	—71	—46
Sherman	66	362	227	2,439	—51	—18	34
Texarkana	38	154	567	3,533	—39	—47	—1
Waco	248	1,147	1,723	7,972	54	50	9
Wichita Falls	57	357	1,830	8,194	20	—25	42
Total—26 cities	10,547	49,788	$143,203	$692,406	—2	21	18

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
1967: May	8,833	4,089	4,744	6,261	2,716	3,545
1968: May	9,460	4,382	5,078	6,950	2,840	4,110
December	10,682	5,007	5,675	7,598	3,185	4,413
1969: January	10,752	4,935	5,817	7,627	3,135	4,492
February	10,328	4,734	5,594	7,707	3,091	4,616
March	10,268	4,781	5,487	7,722	3,042	4,680
April	10,497	4,893	5,604	7,704	2,988	4,716
May	10,231	4,777	5,454	7,676	2,962	4,714

WINTER WHEAT

Area	ACREAGE (In thousands of acres): For harvest, Crop of 1969	ACREAGE: Harvested, Crop of 1968	ACREAGE: Harvested, Crop of 1967	PRODUCTION (In thousands of bushels), Crop of 1969[1]	PRODUCTION: Crop of 1968	PRODUCTION: Crop of 1967
Arizona	81	52	50	4,617	2,704	2,450
Louisiana	52	96	100	1,404	2,112	2,600
New Mexico	183	305	141	5,490	7,625	3,948
Oklahoma	4,310	5,321	5,217	118,525	122,383	88,689
Texas	2,830	3,825	3,326	67,920	84,150	53,216
Total	7,456	9,599	8,834	197,956	218,974	150,903

[1] Indicated June 1.
SOURCE: U.S. Department of Agriculture.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States[1]

Type of employment	Number of persons			Percent change May 1969 from	
	May 1969p	April 1969	May 1968r	April 1969	May 1968
Total nonagricultural wage and salary workers	6,135,300	6,112,300	5,877,400	0.4	4.4
Manufacturing	1,138,500	1,134,900	1,102,200	.3	3.3
Nonmanufacturing	4,996,800	4,977,400	4,775,200	.4	4.6
Mining	231,400	231,500	226,100	—.1	2.3
Construction	393,500	390,600	377,100	.7	4.3
Transportation and public utilities	458,000	454,800	433,400	.7	5.7
Trade	1,389,200	1,384,700	1,336,400	.3	4.0
Finance	302,800	301,200	287,100	.5	5.5
Service	947,300	945,300	899,100	.2	5.4
Government	1,274,600	1,269,300	1,216,000	.4	4.8

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
p — Preliminary.
r — Revised.
SOURCE: State employment agencies.

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	May 1969	April 1969	March 1969	January—May 1969	January—May 1968
FIVE SOUTHWESTERN STATES[1]	704	498	517	2,866	2,445
Residential building	258	240	233	1,185	1,126
Nonresidential building	239	148	148	911	740
Nonbuilding construction	207	109	136	771	580
UNITED STATES	7,081	5,895	5,003	27,359	23,683
Residential building	2,620	2,546	1,957	10,631	9,902
Nonresidential building	2,680	2,136	1,772	10,527	8,134
Nonbuilding construction	1,780	1,213	1,274	6,201	5,647

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

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	May 1969	April 1969	May 1968r	Percent change from April 1969	Percent change from May 1968
FOUR SOUTHWESTERN STATES	6,570.7	6,468.8	6,385.9	1.6	2.9
Louisiana	2,392.6	2,335.2	2,269.9	2.5	5.4
New Mexico	354.0	354.0	350.0	.0	1.1
Oklahoma	612.8	623.0	613.0	—1.6	.0
Texas	3,211.3	3,156.6	3,153.0	1.7	1.8
Gulf Coast	622.4	612.3	621.7	1.6	.1
West Texas	1,533.3	1,494.2	1,479.6	2.6	3.6
East Texas (proper)	146.9	141.8	147.2	3.6	—.2
Panhandle	90.4	92.7	92.9	—2.5	—2.7
Rest of State	818.3	815.6	811.6	.3	.8
UNITED STATES	9,341.3	9,269.0	9,205.9	.8	1.5

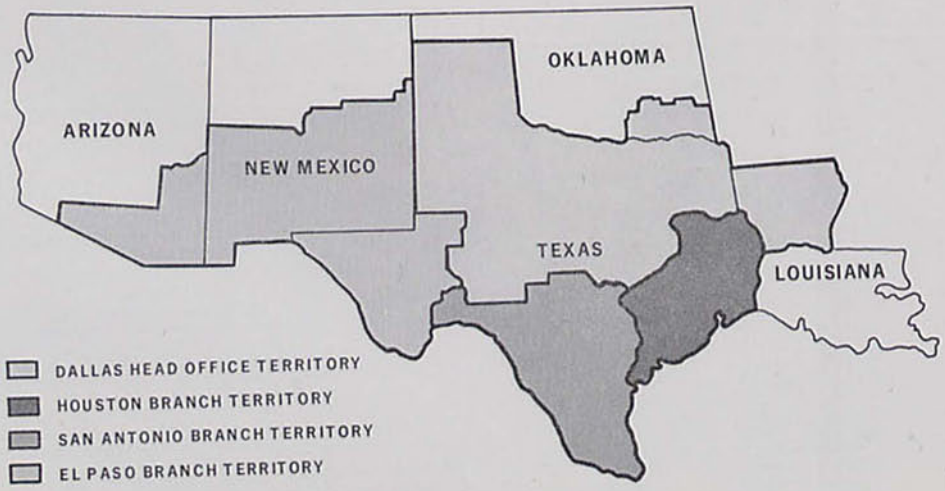
r — Revised.
SOURCES: American Petroleum Institute.
U.S. Bureau of Mines.
Federal Reserve Bank of Dallas.

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	May 1969p	April 1969	March 1969r	May 1968r
TEXAS				
Total industrial production	171.6	171.1	171.2	164.7
Manufacturing	195.7	195.0	193.2	186.4
Durable	216.3	214.1	216.7	201.9
Nondurable	181.9	182.2	177.5	176.1
Mining	125.9	125.7	120.1	124.7
Utilities	228.1	228.1	279.8	207.6
UNITED STATES				
Total industrial production	172.8	171.8	171.3	164.2
Manufacturing	174.2	173.2	173.0	165.8
Durable	177.0	176.0	175.8	169.8
Nondurable	170.6	169.8	169.5	160.8
Mining	130.5	128.9	126.5	126.9
Utilities	215.0	214.6	215.3	196.1

p—Preliminary.
r—Revised.
SOURCES: Board of Governors of the Federal Reserve System.
Federal Reserve Bank of Dallas.



ELEVENTH FEDERAL RESERVE DISTRICT