

banking in the southwest, 1935-42

structure of balance sheet
changes with increases in

business review



november 1969

**FEDERAL RESERVE
BANK OF DALLAS**

contents

banking in the southwest, 1958-68 3
district highlights 10

banking in the southwest, 1958-68

structure of balance sheets

changes with increases in totals

Commercial banks — like most of the American economy — have grown rapidly in the 1960's, reflecting the long run of broadly based prosperity. Almost all balance sheet items have shown marked increases. But for many reasons, the increases have not been even, with the result that significant changes have also been apparent in the structure of bank liabilities and earning assets.

New developments causing change on the liability side have included greater use of certificates of deposit, increased reliance on Federal funds and Euro-dollars for liquidity purposes, and the tapping of other nondeposit sources of funds. On the asset side, maturities of loans have lengthened and banks have become more active in mortgages and municipal securities. As the decade draws to a close, it is clear that nowhere have the changes been more pronounced than in the Southwest, where some of the increases have been faster than in the rest of the United States.

Deposits trend upward

Examination of the balance sheets of insured banks in Arizona, Louisiana, New Mexico, Oklahoma, and Texas — the five southwestern states of the Eleventh Federal Reserve District — shows that deposits and assets more than doubled in the Southwest between 1958 and 1968. Bank deposits in this area rose from a total of \$18.5 billion in December 1958 to \$38.1 billion in December 1968 — reflecting a compound annual increase of 7.5 percent, compared with 7.3 percent at all insured banks

in the Nation.¹ Private deposits (deposits not including those of other banks and the U.S. Government and cash items in process of collection) rose \$17.2 billion — an annual increase of 7.9 percent, again compared with a nationwide gain of 7.3 percent.

Rates of growth varied widely, however, both between states and over time. Disparities in growth rates between states of the Southwest reflected differences in the importance of some cities as financial centers, variations in banking regulations, the agricultural-industrial mixes of various states, and the extent of competition in some states between banks and other financial institutions. Growth fluctuated over the decade largely as a result of changes in monetary policy and in the rate of economic growth.

Banks in Arizona, Louisiana, and Texas posted advances in deposits that were above the national average, with Texas recording the largest dollar gain in the Southwest and Arizona recording the fastest rate of gain not only in the Southwest but also in the continental United States. Banks in New Mexico and Oklahoma registered gains that were slightly below the national average.

Early in the decade, deposits in the Southwest rose rapidly, partly in response to the increased availability of reserves provided by a stimulative monetary policy. Gains through the midsixties were well above the average annual

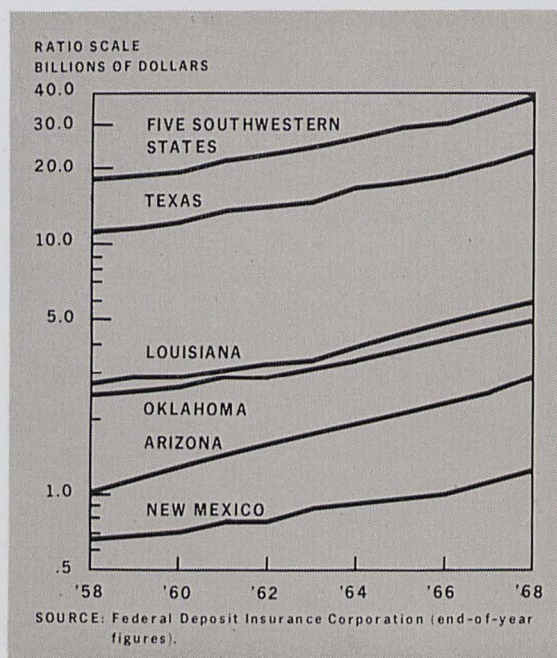
¹ Rates of increase, unless otherwise indicated, are compound annual rates.

increase for the fifties. Total deposits at southwestern banks rose 6 percent a year from 1960 through 1963 — a rate slightly faster than the increase nationwide. Deposit inflows then accelerated sharply for the next 2 years, mirroring not only monetary ease but also stimulative fiscal measures, particularly the income tax cut of 1964. During that time, the rate of deposit growth at southwestern banks increased to 10 percent a year.

After 1965, however, deposit inflows fluctuated widely, first slowing under intense monetary restraint in 1966 and then increasing as monetary policy eased later in the period. During 1966, total deposits at insured banks in the Southwest advanced 6 percent, only slightly below the rate for the Nation. Inflows accelerated rapidly in 1967 and 1968, however, with the rate of growth in total deposits in the five-state area keeping pace with the national in-

Greatest deposit gains in Texas but fastest rate of gain in Arizona

(Total deposits at insured banks)



crease, rising at an annual rate of 11 percent for the 2-year period. Although deposit inflows at insured banks were considerably faster in the Nation than in the Southwest in 1967, total deposits advanced sharply at southwestern banks in 1968, increasing 11 percent, compared with a national gain of 10 percent. Most of the advance in the Southwest last year was due to increases in time and savings deposits.

Credit on the rise

The increased flow of deposits — especially time and savings deposits — enabled banks of the Southwest to enlarge their contribution to the growth of the region somewhat faster than banks could do nationwide. Bank credit (total loans and investments) in the five states increased \$18.9 billion from the end of 1958 to the end of 1968. This represented an annual growth rate of 9 percent, compared with 8 percent for all insured banks in the United States. Of the total increase, a net advance of \$13.8 billion was in bank loans, which grew at an annual rate of 11 percent, or slightly more than the national average.

As with deposits, bank credit advanced rapidly in the Southwest in the early 1960's. In response to the increased availability of funds, total loans at banks in the region rose 10 percent a year between 1960 and 1963, compared with a gain of 9 percent nationwide. Particularly sharp increases were recorded in business, consumer, and real estate loans. By contrast, growth in investments lagged behind the gain nationwide as southwestern banks devoted increasing shares of their available funds to loans.

For the next 2 years — the years of the tax cut and the beginning of the big buildup in Viet-Nam — bank assets and deposits grew at accelerating rates throughout most of the Nation, but southwestern banks fell behind temporarily in credit expansion. Particularly notable was the marked slowing in the expansion of business loans in the Southwest and the un-

usually rapid increase in these loans elsewhere. Increases in business loans averaged 16 percent a year in the Nation in 1964 and 1965, compared with 11 percent in the Southwest.

Although southwestern banks regained their lead in growth of total bank credit in 1966, with investments showing marked increases, the growth of bank loans continued to lag substantially behind the pace set by all insured banks. The most notable difference was still in business loans, which rose 13 percent in the Nation but 6 percent in the Southwest.

In 1967 and 1968, however, the growth of bank lending surged in the Southwest, with bank loans rising 12 percent a year, compared with 10 percent nationwide. The sharpest increases were in real estate loans, which increased at an average annual rate of 14 percent. Business loans rose 11 percent annually over the 2-year period. By contrast, total investments grew more slowly at banks in the Southwest than in the Nation as a whole.

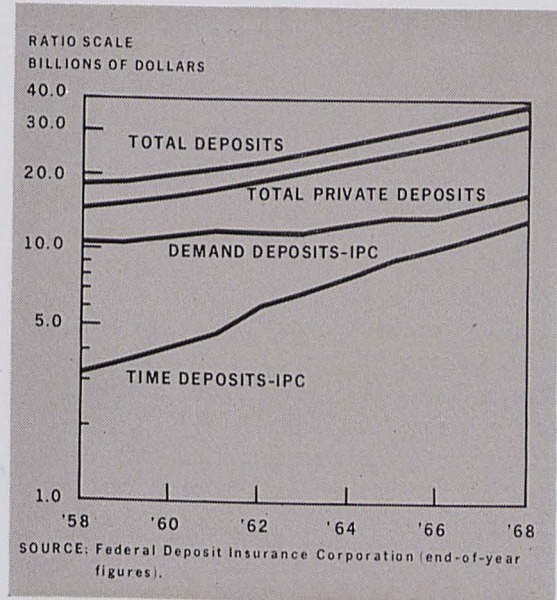
Time deposits up sharply

One of the most significant changes affecting the composition of bank liabilities in the 1960's — and, indirectly, the composition of assets — was the rapid and pervasive growth of time and savings deposits. Total time and savings deposits at the Nation's insured banks more than tripled between December 1958 and December 1968, but gains came even faster in the Southwest. While time and savings deposits increased at an annual rate of 12 percent for the Nation, they increased 15 percent a year in the Southwest. This represented a more than three-fold increase over the 10-year period. By contrast, demand deposits in the Southwest increased slightly less than half.

Several factors were reflected in the large increase in time and savings deposits. Depositors — individuals, businesses, and governments — became increasingly sensitive to differences in interest rates, placing many financial institutions

Deposits more than double, pushed along by time deposits

(Insured banks in southwestern states)



under additional pressure to offer more attractive rates of return. Regulations were changed early in the 1960's to allow banks to compete more effectively for savings dollars. These changes included upward revisions in the maximum rates banks could pay on time deposits, reduction in the income tax advantages of some other financial institutions, and significant reductions in reserve requirements on time and savings deposits.²

In response to these developments, banks throughout the Nation began offering more attractive rates of return on time and savings deposits, and large banks came to rely heavily on negotiable CD's as a means of attracting large corporate balances. Except when market interest rates were higher than the ceiling rates

² See, for example, Jack R. Vernon, "Competition for Savings Deposits: The Recent Experience," *The National Banking Review*, Vol. 4, No. 2 (December 1966), pp. 183-192.

RATES OF CHANGE IN DEPOSITS AT INSURED COMMERCIAL BANKS, 1958-68

(Compound annual rates, as of December call dates)

Item	Arizona	Louisiana	New Mexico	Oklahoma	Texas	Five southwestern states	United States
Total deposits	10.7%	7.4%	6.2%	6.7%	7.4%	7.5%	7.3%
Private deposits	11.1	7.8	6.3	7.1	7.8	7.9	7.3
Total demand deposits	5.9	4.5	2.9	2.9	4.2	4.1	4.3
Total time deposits	17.7	14.2	13.1	16.8	15.3	15.4	12.1
Demand deposits—IPC	6.0	4.8	3.3	2.8	4.3	4.2	4.1
Time deposits—IPC	17.9	12.8	13.1	15.7	15.5	15.2	11.7

SOURCE: Federal Deposit Insurance Corporation.

banks are allowed by regulation to pay on time deposits, banks were very successful in attracting these large balances. In the Southwest, total time and savings deposits increased \$12.2 billion between 1958 and 1968. Of that, \$10.4 billion was in time deposits of individuals, partnerships, and corporations, which increased 15 percent a year.

The rapidity of the increase in time and savings deposits in the Southwest partly reflected a "catching-up" effect also seen in other parts of the country.³ Because many banks paid fairly low interest rates in the early years after World War II—and some small banks held no time deposits at all—time and savings deposits represented a much smaller proportion of total deposits in some regions, such as the Southwest, than in the Nation as a whole. Banks in the Southwest offered more competitive rates of return in the 1960's, however, with the result that much faster increases in time deposits were recorded in the region than in the Nation. By the end of 1968, the ratio of time deposits to total deposits in the Southwest stood at 42.0 percent, compared with 20.5 percent at the end of 1958. But although the gap had narrowed, the ratio in the five-state area was still more than 5 percentage points less than the national average for all insured banks.

Growth in time and savings deposits varied widely among southwestern states between 1958 and 1968, although the rate of growth in every state was much faster than in the Nation as a whole. As in the case of total deposits, the fastest rate of growth was in Arizona, where time and savings deposits rose 18 percent a year. But even in New Mexico, where gains were the slowest in the region, time and savings deposits rose a full percentage point faster than those of the Nation.

Time deposit inflows were especially rapid in the Southwest during the early 1960's under the influence of a stimulative monetary policy. Between 1960 and 1963, total time deposits rose 17 percent a year, compared with 13 percent for the Nation. As the economy gathered momentum in 1964 and 1965, time deposits surged ahead, advancing in the Southwest at an annual rate of 19 percent.

The rate of growth slowed considerably during the credit crunch of 1966 as the Federal Reserve moved to a sharp reduction in the availability of reserves and market interest rates climbed higher than the ceiling rates banks could pay on deposits. But although many large banks suffered heavy attrition in large negotiable certificates of deposit (those issued in denominations of \$100,000 or more tend to be highly sensitive to changes in market interest rates), growth in time deposits at smaller banks in the region slowed very little. As a result, the overall increase in total time and savings depos-

³ F. R. Krohmer, "Deposit Growth in the Tenth District—1949-68," *Monthly Review*, Federal Reserve Bank of Kansas City, May 1969, pp. 11-16.

its in 1966 was 14 percent in the Southwest, compared with only 9 percent at all the Nation's insured banks.

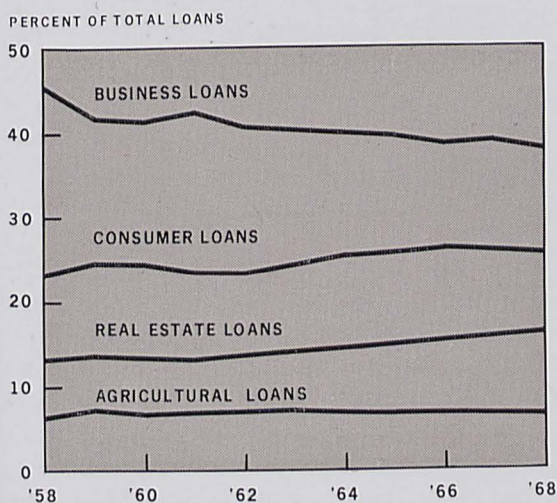
As monetary policy shifted back to relative ease in 1967, the growth of time and savings deposits quickened, with these deposits increasing 15 percent regionally and nationally. While time deposits continued to expand rapidly throughout most of 1968, the increase in competing market rates of interest reduced the attractiveness of these deposits. In fact, the fourth quarter of last year and the first half of this year were marked by substantial attrition of large negotiable certificates of deposit, principally at large banks.

Business loans less important . . .

On the other side of the balance sheet, the composition of bank loans also changed markedly over the decade, reflecting both national trends and regional factors. Rapid increases in interest-bearing time deposits boosted bank costs substantially at a time when mortgages, municipal bonds, and consumer lending

Business loans lose ground to other types of loans

(Insured banks in southwestern states)



SOURCE: Federal Deposit Insurance Corporation (end-of-year figures).

offered banks increasingly attractive opportunities for profit. The result was a gradual shift in the traditional role of commercial banks as primarily suppliers of short-term business credit.

Consumer loans, including automobile installment paper and residential repair and modernization loans, advanced \$3.7 billion in the Southwest between 1958 and 1968. This represented an annual increase of 12 percent, compared with 11 percent for all insured banks in the United States. Consumer loans, which amounted to about 23 percent of all bank loans in southwestern states at the end of 1958, rose to more than 25 percent by the end of 1968 — a gain reflecting the attractiveness of these loans to many small banks in the region. The fastest increases were in Arizona and Louisiana, where consumer loans increased 13 percent a year. Gains at Oklahoma banks lagged slightly behind those in the other four states.

Bank loans to finance real estate purchases also increased rapidly, and faster in the Southwest than in the Nation. Real estate loans at southwestern banks increased \$2.4 billion between 1958 and 1968, or 12.5 percent a year compared with 10.0 percent at all insured banks. Arizona, Oklahoma, and Texas made gains well above the national average, with Arizona and Oklahoma making the fastest gains in the region.

With this rapid increase, real estate loans accounted for a larger share of total bank loans in the Southwest, rising from 13 percent in 1958 to 16 percent in 1968. Despite this relative increase, however, real estate loans still represented a significantly smaller proportion of total bank loans in the Southwest than in the Nation. Nationwide, real estate loans accounted for nearly a fourth of all bank loans in 1968. The difference — a spread of more than 8 percentage points — reflected the rapid increase in other types of loans in the five states. Increases in business and consumer loans were particularly important, absorbing many of the funds normally used for real estate lending. Also re-

RATES OF CHANGE IN ASSETS AT INSURED COMMERCIAL BANKS, 1958-68

(Compound annual rates, as of December call dates)

Item	Arizona	Louisiana	New Mexico	Oklahoma	Texas	Five southwestern states	United States
Total assets	11.1%	7.6%	6.5%	6.8%	7.8%	7.8%	7.7%
Total bank credit ¹	12.0	8.3	7.2	7.8	8.7	8.7	8.1
Total net loans	13.8	10.6	9.7	10.2	10.4	10.7	10.5
Total investments	7.9	5.6	4.0	5.1	6.0	5.8	4.6
Government securities ²	1.8	2.6	-1.1	1.2	.7	1.1	-.2
Municipal securities	18.4	11.5	16.4	11.7	15.5	14.4	13.6
Other securities	14.0	14.7	28.0	15.3	13.2	14.0	12.4
Agricultural loans ³	9.2	11.1	9.4	10.9	9.7	9.9	8.9
Real estate loans	13.4	8.7	8.7	13.4	12.8	12.5	10.0
Consumer loans	13.1	12.9	11.0	10.3	11.5	11.6	10.9
Commercial and industrial loans	13.8	7.8	9.8	7.5	8.5	8.6	9.3

¹ Total loans and investments.

² Direct and guaranteed.

³ Excluding loans to farmers directly guaranteed by the Commodity Credit Corporation.

SOURCE: Federal Deposit Insurance Corporation.

flected in this difference was the unwillingness of many banks (especially small unit banks) to undertake long-term mortgage commitments.

... but still the major loan item

Even after a decade of rapid increases in consumer and real estate loans, business loans still represented the largest proportion of total loans at most banks in the Southwest. Business loans — bank loans to mining, manufacturing, and construction companies, public utilities, wholesale and retail trade, service industries, and real estate and sales finance companies, as well as bank purchases of open market paper — increased \$4.7 billion in the five states between the end of 1958 and the end of 1968, or slightly less than 9 percent a year. This was marginally below the national pace.

The rapid rate of increase in business activity in the Southwest has historically kept the proportion of total bank loans going to finance business much higher in the five states than in the Nation as a whole. But the gap narrowed in the 1960's. With the increase in real estate and consumer loans, business loans in these states dropped from 46 percent of gross loans in December 1958 to 38 percent in December 1968. Even so, business loans continued to take

larger shares of the total in the Southwest than in the Nation. Between 1958 and 1968, the proportion of the Nation's bank loans going to business dropped from slightly more than 40 percent to only about 36 percent.

As in the case of total loans, the largest advance in business loans in the Southwest — \$3.1 billion — was made in Texas, where the increase for the decade averaged 8.5 percent a year. But here again, the fastest rate of increase was in Arizona, where banks increased their business lending 14 percent a year, bringing the total advance in that State to \$460 million. The smallest percentage gains were in Louisiana and Oklahoma, where increases were less than 8 percent a year, which was well below the average for the Nation.

Loans outpace investments

With the rapid economic expansion of the 1960's, the distribution of commercial bank assets between loans and investments also changed. On the one hand, heavy loan demand from businesses, consumers, and state and local governments led banks to expand their loan portfolios at the expense of more liquid, relatively low-risk investments, such as U.S. Government securities. On the other hand, the rise

in prices and incomes caused all market interest rates to be adjusted upward, increasing the cost of holding noninterest-bearing reserves and other assets bearing relatively low yields. As a result, there was a drastic shift in the distribution of bank assets.

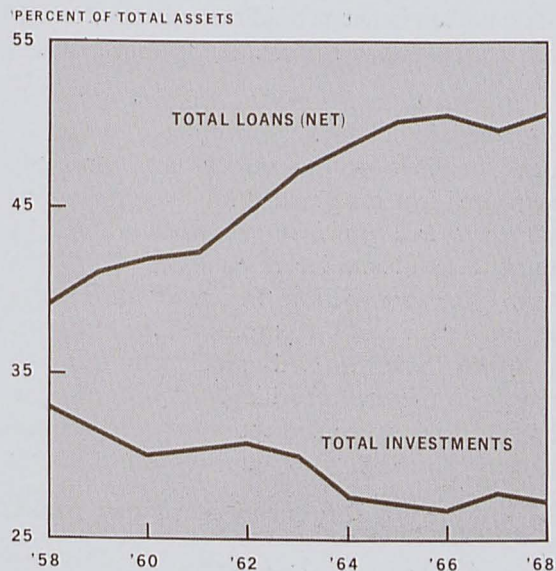
Loans now absorb a far higher proportion of bank assets than was the case at the start of the decade, nationally and regionally, but the proportion of bank assets devoted to loans has varied widely over the period. Banks offset declining loan demand in the recessions of 1957-58 and 1960-61 by expanding their investments. But from 1961 through 1966, security purchases generally accounted for a diminishing proportion of the increase in total bank credit as banks met increases in loan demand by allocating smaller portions of their available funds to investments. During that time, the loan-to-asset ratio advanced to new highs almost every year in the Southwest and in the Nation.

The relative decline in investments was particularly noticeable in 1966, when monetary restraint was sharply intensified, but liquidation of security holdings was much less pronounced at banks in the Southwest than in the Nation as a whole. In 1967, as deposit inflows picked up and loan demand remained fairly moderate, banks made substantial additions to their investments. Banks in the Southwest added about \$1.5 billion in securities to their portfolios from the end of 1966 to the end of 1967. By contrast, investments were curtailed somewhat in 1968 to accommodate rising loan demand and cushion the impact of increased monetary restraint.

The relatively slow growth of investments over the decade masks a major shift that was being made within the investment portfolio itself — from U.S. Government securities to obligations of state and local governments and to private securities bearing higher yields than Governments. At the end of 1958, Government securities (direct and guaranteed) represented slightly more than 25 percent of the total assets

Banks shift resources from investments to loans

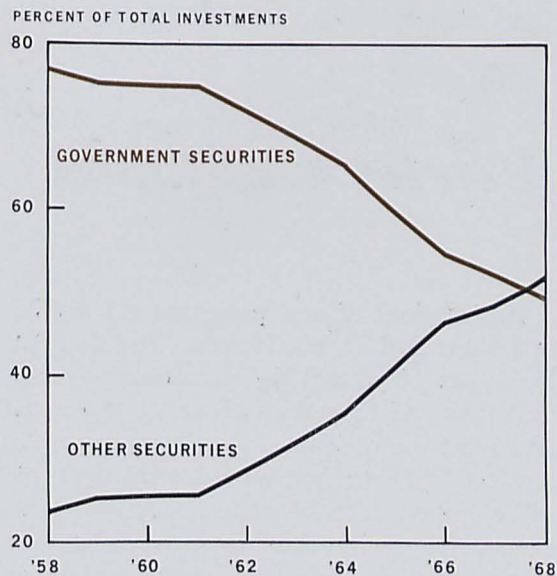
(Insured banks in southwestern states)



SOURCE: Federal Deposit Insurance Corporation (end-of-year figures).

Banks shift investments out of U.S. Government securities

(Insured banks in southwestern states)



SOURCE: Federal Deposit Insurance Corporation (end-of-year figures).

of banks in the Southwest. By the end of 1968, they represented only about 13 percent. This percentage drop occurred despite an increase of \$600 million in actual holdings over the 10-year period, most of which came after mid-1967.

In contrast to this slight — almost negligible — growth in holdings of Government securities, bank holdings of other securities, especially municipal issues, expanded rapidly. Obligations of states and political subdivisions held by southwestern banks increased about \$3.6 billion from December 1958 to December 1968, or at an annual rate of 14 percent. Securities other than Government and municipal issues — mostly corporate securities and securities of Federal agencies and corporations not guaranteed by the U.S. Government — rose almost \$900 million in the five-state area, or also at an average annual rate of 14 percent.

Trends apt to continue

Much of the growth in balance sheet items will probably continue in the 1970's. With further economic growth and no significant changes in the structure of banking, changes in balance sheet totals can be expected to bring the com-

position of bank liabilities and earning assets in the Southwest into even closer parallel with those in other parts of the country. As depositors become more sensitive to differences in interest rates and the rates paid on savings in the Southwest continue to catch up with those offered in other parts of the country, time and savings deposits should be expected to increase as a share of total liabilities, at least during periods when market yields are not significantly higher than the maximum rates banks can pay on deposits.

Similarly, patterns of economic growth in the Southwest are now well enough established to suggest that loans — especially real estate and consumer loans — will continue to account for an increasing share of bank assets. The rapid increase in bank holdings of corporate securities and municipal obligations may well continue in response to the greater credit needs of businesses and state and local governments in the region. But as banks of the Southwest devote ever-larger shares of their resources to loans, holdings of liquid assets in general and Government securities in particular are apt to account for decreasing shares of bank assets.

PETER S. ROSE

district highlights

Registrations of new passenger automobiles in Dallas, Fort Worth, Houston, and San Antonio were 11 percent higher in September than in August and 19 percent above the September level last year. These significant increases, atypical for September, were due largely to the earlier introduction of new models this year. Cumulative registrations through the first 9 months were 3 percent less than registrations during the comparable months of 1968.

Department store sales in the Eleventh District were 8 percent higher for the 4 weeks ended October 25 than for the corresponding period last year. Cumulative sales as of that date were also 8 percent ahead of a year ago.

Employment conditions appear to be stronger in the District states than in the Nation as a whole. Nonagricultural wage and salary employment in the five states of the Eleventh Dis-

trict showed a slight increase in September — the eighth consecutive monthly increase. Employment edged downward nationally during the month. The increase in the five states in September — 0.1 percent — equals the monthly gains for July and August but is below the percentage increases that occurred earlier this year. A gain in nonmanufacturing employment accounted for all the increase since manufacturing employment declined during September. The government sector, as seasonally expected, was particularly strong.

Compared with September 1968, nonagricultural employment was up 3.8 percent in the five District states. Nonmanufacturing employment rose 3.9 percent, while manufacturing employment increased 3.5 percent. Mining, construction, and government employment showed the smallest gains on a year-to-year basis.

The seasonally adjusted Texas industrial production index — at 178.7 percent of the 1957-59 base — declined 2.0 percent in September from the upward revised August level. The national industrial production index also declined in September, but by a smaller amount. April is the only other month this year in which the Texas production index has failed to increase. The entire September decline — following a large increase in August — was accounted for by substantial weakness in the mining sector. Utilities rose slightly, but manufacturing was unchanged. Within the manufacturing sector, a slight increase in durable goods production was offset by a decline in nondurable goods.

On a year-to-year basis, the Texas industrial production index was up 7.3 percent in September. Each of the major categories posted an increase compared with the same month in 1968. Utilities rose 19.5 percent, manufacturing 6.9 percent, and mining 4.0 percent. Durable goods manufacturing — up 11.3 percent from a year earlier — was considerably stronger than the nondurable goods sector. The largest in-

crease was realized by electrical machinery manufacturing — up 24.4 percent from September 1968.

Drought conditions during much of the growing season have lowered production prospects for most crops in the five Eleventh District states. October 1 estimates of cotton production place the crop near 4.8 million bales, which is 8 percent smaller than the 1968 crop but 21 percent larger than 1967 production. Freezing temperatures at mid-October in the High Plains of Texas and northwestern Oklahoma likely reduced this estimate somewhat and caused the harvest peak to be earlier than usual.

The 1969 rice crop will be nearly 42 million bags, or 22 percent less than last year and 12 percent less than in 1967. The hay crop is expected to be close to what it was in 1967 but 11 percent less than the 10 million tons produced last year. Production of corn, rye, oats, barley, and flax, while substantially higher than in recent years, is still small relative to the area's major crops. Production of citrus fruit is expected to rise 16 percent to a total of 22 million boxes this year.

Because of recent rains, range and livestock conditions are generally improved throughout the District. The number of cattle placed on feed in Texas feedlots between July 1 and October 1, at 800,000 head, was 30 percent above placements a year ago. The total number of cattle on feed in Texas on October 1 was in excess of 1.3 million head, which is 48 percent greater than the corresponding level in 1968. The number of cattle on feed in the five southwestern states on October 1 was 39 percent larger than a year earlier.

Daily average production of crude oil in the four producing states of the Eleventh District eased 1.1 percent in September. The decline — the third consecutive monthly decrease — brought production in the District to a level

4.7 percent below the 1969 high to date reached in June. In contrast to August, when production declined in all four states, the declines in September were in Texas and Louisiana. Production increased in New Mexico and Oklahoma. In the four states, output in September was 3.9 percent higher than a year ago. Texas showed the largest year-to-year gain, with production up 5 percent. New Mexico and Oklahoma posted the smallest advances, gaining less than 1 percentage point over their year-earlier levels.

In Texas, the oil allowable for September was set at 52.1 percent of the Maximum Efficient Rate of production. The allowable was raised to 53.7 for October and then lowered to 52.7 for November. In recent months, Texas allowables have been below the high levels set in May, June, and July but well above the 1968 levels. Allowables in New Mexico, on the other hand, have recently been increased to record highs. The allowable in southeastern New Mexico was set at 62 percent in September, a record 68 percent in October, and — a new record — 70 percent in November. In northwestern New Mexico, where the allowable has been steady for several years at 70 percent, it was boosted to 90 percent for November.

All major balance sheet items except total time and savings deposits declined at the weekly reporting banks in the Eleventh District in the 4 weeks ended October 8. Large certificates of deposit, however, continued to decrease.

Loans adjusted were reduced \$30 million, pulled down by declines of \$36 million in busi-

ness loans and \$10 million in "other" loans for purchasing or carrying securities. A year ago, loans adjusted rose \$173 million, with business loans increasing \$42 million. Real estate loans advanced \$22 million in the recent period, compared with a \$12 million rise in the corresponding 1968 period. Consumer instalment loans registered only a small increase.

Total investments were down \$3 million, as U.S. Government security holdings fell \$15 million. In the corresponding period last year, total investments rose \$60 million. In the recent 4-week period, municipal security holdings gained about \$22 million, compared with a \$52 million increase a year ago.

On the liability side of the balance sheet, a reduction of \$107 million in total demand deposits reflected principally declines of \$62 million and \$36 million in deposits of states and political subdivisions and interbank deposits, respectively. Deposits of individuals, partnerships, and corporations declined marginally. In the comparable period of 1968, total demand deposits increased \$10 million.

Total time and savings deposits rose \$19 million, compared with a \$79 million advance in the year-earlier period. An increase of \$30 million in deposits of individuals, partnerships, and corporations at the weekly reporting banks more than offset small declines in deposits of other commercial banks, state and local governments, and the U.S. Government. Large CD's were down \$45 million in the 4 weeks ended October 8. In the corresponding 4-week period last year, large CD's increased \$32 million.

***new
par
bank***

The American Bank, Longview, Texas, an insured 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, October 6, 1969. The officers are: Larry V. Tate, President; James N. Wilson, Vice President and Cashier; and Tommy Moore, Vice President.

STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

November 1969



FEDERAL RESERVE BANK
OF DALLAS

**CONDITION STATISTICS OF WEEKLY REPORTING
COMMERCIAL BANKS**

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Oct. 29, 1969	Sept. 24, 1969	Oct. 30, 1968
ASSETS			
Federal funds sold and securities purchased under agreements to resell.....	302,755	439,160	6,066,612
Other loans and discounts, gross.....	5,973,273	6,070,315	
Commercial and industrial loans.....	2,951,802	3,002,569	2,793,167
Agricultural loans, excluding CCC certificates of interest.....	106,281	108,033	88,032
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities.....	555	555	108,678
Other securities.....	42,041	43,659	109,139
Other loans for purchasing or carrying:			
U.S. Government securities.....	692	157	334
Other securities.....	380,936	367,040	358,683
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies.....	130,485	134,057	126,546
Other.....	339,145	380,289	350,867
Real estate loans.....	652,986	637,044	591,592
Loans to domestic commercial banks.....	16,869	11,061	312,054
Loans to foreign banks.....	8,370	8,880	5,837
Consumer instalment loans.....	714,270	709,814	617,511
Loans to foreign governments, official institutions, central banks, international institutions.....	0	0	0
Other loans.....	628,841	667,157	604,172
Total investments.....	2,498,322	2,450,706	2,638,843
Total U.S. Government securities.....	946,782	921,727	1,158,731
Treasury bills.....	54,097	25,608	53,068
Treasury certificates of indebtedness.....	0	0	0
Treasury notes and U.S. Government bonds maturing:			
Within 1 year.....	116,723	126,054	241,455
1 year to 5 years.....	620,971	625,644	584,448
After 5 years.....	154,991	144,421	279,760
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills.....	33,013	32,976	42,246
All other.....	1,391,881	1,357,454	1,233,619
Other bonds, corporate stocks, and securities:			
Certificates representing participations in:			
Federal agency loans.....	60,629	68,101	136,269
All other (including corporate stocks).....	66,017	70,448	67,978
Cash items in process of collection.....	1,051,324	1,132,467	1,038,103
Reserves with Federal Reserve Bank.....	716,277	744,238	781,442
Currency and coin.....	87,334	88,729	82,225
Balances with banks in the United States.....	459,291	498,854	473,611
Balances with banks in foreign countries.....	7,700	7,105	5,283
Other assets (including investments in subsidiaries not consolidated).....	447,533	430,814	363,944
TOTAL ASSETS.....	11,543,809	11,862,388	11,450,063
LIABILITIES			
Total deposits.....	9,030,685	9,354,180	9,536,986
Total demand deposits.....	5,670,580	5,944,635	5,682,000
Individuals, partnerships, and corporations.....	3,949,947	4,114,780	3,943,240
States and political subdivisions.....	258,669	281,566	290,947
U.S. Government.....	163,770	263,246	91,414
Banks in the United States.....	1,176,327	1,179,310	1,243,641
Foreign:			
Governments, official institutions, central banks, international institutions.....	3,250	3,212	7,431
Commercial banks.....	27,363	27,000	25,203
Certified and officers' checks, etc.....	91,254	75,521	80,124
Total time and savings deposits.....	3,360,105	3,409,545	3,854,986
Individuals, partnerships, and corporations:			
Savings deposits.....	943,395	957,277	1,044,734
Other time deposits.....	1,772,225	1,822,216	2,131,667
States and political subdivisions.....	613,697	594,937	636,050
U.S. Government (including postal savings).....	5,286	8,540	12,835
Banks in the United States.....	18,642	19,685	22,900
Foreign:			
Governments, official institutions, central banks, international institutions.....	5,500	5,500	6,500
Commercial banks.....	1,360	1,390	300
Federal funds purchased and securities sold under agreements to repurchase.....	838,975	905,503	636,109
Other liabilities for borrowed money.....	155,770	183,392	
Other liabilities.....	417,435	327,124	229,721
Reserves on loans.....	116,525	118,003	106,531
Reserves on securities.....	11,478	11,606	n.a.
Total capital accounts.....	972,941	962,580	940,716
TOTAL LIABILITIES, RESERVES, AND CAPITAL ACCOUNTS.....	11,543,809	11,862,388	11,450,063

¹ Because of format revisions as of July 2, 1969, earlier data are not fully comparable. n.a. — Not available.

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	4 weeks ended Oct. 1, 1969	4 weeks ended Sept. 3, 1969	4 weeks ended Oct. 2, 1968
RESERVE CITY BANKS			
Total reserves held.....	731,786	728,693	724,317
With Federal Reserve Bank.....	678,249	677,185	672,425
Currency and coin.....	53,537	51,508	51,892
Required reserves.....	737,885	731,203	736,778
Excess reserves.....	-6,099	-2,510	-12,461
Borrowings.....	20,992	22,180	9,357
Free reserves.....	-27,091	-24,690	-21,818
COUNTRY BANKS			
Total reserves held.....	779,853	773,512	720,090
With Federal Reserve Bank.....	594,908	593,228	542,129
Currency and coin.....	184,945	180,284	177,961
Required reserves.....	754,585	744,742	686,086
Excess reserves.....	25,268	28,770	34,004
Borrowings.....	12,840	32,130	14,374
Free reserves.....	12,428	-3,360	19,630
ALL MEMBER BANKS			
Total reserves held.....	1,511,639	1,502,205	1,444,407
With Federal Reserve Bank.....	1,273,157	1,270,413	1,214,554
Currency and coin.....	238,482	231,792	229,853
Required reserves.....	1,492,470	1,475,945	1,422,864
Excess reserves.....	19,169	26,260	21,543
Borrowings.....	33,832	54,310	23,311
Free reserves.....	-14,663	-28,050	-2,188

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Oct. 29, 1969	Sept. 24, 1969	Oct. 30, 1968
Total gold certificate reserves.....	310,680	470,428	327,545
Discounts for member banks.....	14,715	23,575	9,449
Other discounts and advances.....	0	0	0
U.S. Government securities.....	2,432,825	2,295,623	2,299,864
Total earning assets.....	2,447,540	2,319,198	2,309,313
Member bank reserve deposits.....	1,236,367	1,283,292	1,255,991
Federal Reserve notes in actual circulation.....	1,670,115	1,665,728	1,507,135

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Sept. 24, 1969	Aug. 27, 1969	Sept. 25, 1968
ASSETS			
Loans and discounts, gross ¹	11,551	11,431	10,468
U.S. Government obligations.....	2,116	2,152	2,410
Other securities.....	3,144	3,135	2,862
Reserves with Federal Reserve Bank.....	1,283	1,176	1,229
Cash in vault.....	265	265	258
Balances with banks in the United States.....	1,231	1,178	1,204
Balances with banks in foreign countries ^e	9	8	6
Cash items in process of collection.....	1,294	1,198	1,093
Other assets ^e	761	775	494
TOTAL ASSETS^e.....	21,654	21,318	20,024
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,521	1,468	1,502
Other demand deposits.....	9,088	8,843	8,608
Time deposits.....	7,266	7,323	7,280
Total deposits.....	17,875	17,634	17,390
Borrowings.....	1,129	1,090	670
Other liabilities ^e	943	892	355
Total capital accounts ^e	1,707	1,702	1,609
TOTAL LIABILITIES AND CAPITAL ACCOUNTS^e.....	21,654	21,318	20,024

¹ Before July 2, 1969, this item was published on a net basis. 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		
	September 1969 (Annual-rate basis)	Percent change			September 30, 1969	Annual rate of turnover		
		September 1969 from		9 months, 1969 from 1968		September 1969	August 1969	September 1968
		August 1969	September 1968					
ARIZONA: Tucson.....	\$ 6,066,900	14	21	18	\$ 221,211	27.7	24.8	26.3
LOUISIANA: Monroe.....	2,789,028	11	28	16	90,769	30.6	28.0	25.6
Shreveport.....	9,119,700	14	45	27	242,305	37.4	32.8	26.4
NEW MEXICO: Roswell ²	954,648	9	31	23	38,413	25.6	24.1	22.0
TEXAS: Abilene.....	2,166,084	9	14	10	100,247	21.7	20.2	19.5
Amarillo.....	5,896,068	9	8	6	158,844	36.7	34.1	36.7
Austin.....	8,667,312	3	12	44	268,062	31.9	30.5	30.5
Beaumont-Port Arthur-Orange.....	6,431,736	11	8	7	233,449	27.0	23.8	25.0
Brownsville-Harlingen-San Benito.....	1,683,480	49	0	7	70,337	24.7	16.8	24.3
Corpus Christi.....	5,118,720	17	17	8	204,345	25.1	21.1	22.5
Corsicana ²	404,772	13	17	4	31,283	13.1	12.2	12.4
Dallas.....	127,275,588	22	38	29	2,154,633	57.6	47.3	45.7
El Paso.....	6,998,556	9	18	16	233,533	29.6	28.5	27.4
Fort Worth.....	22,501,248	9	13	13	636,106	35.9	33.3	34.1
Galveston-Texas City.....	2,642,556	3	3	6	106,656	25.0	24.8	23.5
Houston.....	99,477,720	8	19	16	2,455,952	40.2	37.2	35.9
Laredo.....	890,388	9	16	14	39,246	23.1	21.1	21.4
Lubbock.....	5,129,700	10	14	16	165,835	31.5	30.0	28.6
McAllen-Pharr-Edinburg.....	1,607,520	26	—	9	91,797	17.8	14.1	20.3
Midland.....	1,965,084	7	9	12	135,350	14.5	13.5	13.6
Odessa.....	1,756,416	9	27	18	78,177	22.7	21.3	20.2
San Angelo.....	1,213,824	10	14	11	69,884	17.7	17.0	16.5
San Antonio.....	17,094,924	9	18	11	593,995	28.8	26.2	24.2
Sherman-Denison.....	1,101,168	8	12	9	64,380	17.6	16.9	17.3
Texarkana (Texas-Arkansas).....	1,665,276	14	7	10	67,655	24.5	20.6	23.7
Tyler.....	2,273,664	6	20	19	97,288	23.8	23.2	20.4
Waco.....	3,127,224	12	26	14	120,304	26.4	24.2	20.9
Wichita Falls.....	2,326,776	5	8	7	120,219	19.5	19.1	18.5
Total—28 centers.....	\$348,346,080	13	24	20	\$8,890,275	38.9	34.5	33.3

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					
	Sept. 1969	9 mos. 1969	Sept. 1969	9 mos. 1969	Sept. 1969 from		9 months, 1969 from 1968	
	1969	1969	1969	1969	Aug. 1969	Sept. 1968		
ARIZONA								
Tucson.....	581	5,704	\$ 1,884	\$ 48,679	—56	29	91	
LOUISIANA								
Monroe-West								
Monroe.....	47	560	518	9,574	19	—37	—41	
Shreveport.....	453	3,821	5,870	31,085	168	210	58	
TEXAS								
Abilene.....	36	354	453	8,285	59	—61	19	
Amarillo.....	2,653	11,393	6,628	32,077	66	311	101	
Austin.....	391	3,725	10,823	115,379	68	3	21	
Beaumont.....	357	1,563	606	8,572	—35	—31	—31	
Brownsville.....	71	572	159	7,031	—77	—55	71	
Corpus Christi.....	307	2,945	1,770	18,823	72	—48	—45	
Dallas.....	1,612	17,411	20,060	266,089	—32	—48	20	
Denison.....	39	251	154	2,504	185	—61	—25	
El Paso.....	347	3,877	3,869	67,496	—17	0	38	
Fort Worth.....	460	4,402	4,248	60,201	2	—31	—10	
Galveston.....	80	769	2,847	16,629	653	1,256	94	
Houston.....	2,578	26,786	40,410	329,472	17	4	9	
Laredo.....	25	296	54	2,368	—62	—87	10	
Lubbock.....	99	969	1,884	22,649	11	4	—10	
Midland.....	21	401	918	5,090	30	120	—48	
Odessa.....	66	565	308	6,839	—52	—66	24	
Port Arthur.....	68	750	136	7,676	—38	—57	74	
San Angelo.....	60	508	562	5,013	—35	48	—32	
San Antonio.....	1,105	9,537	9,638	64,445	75	12	—33	
Sherman.....	58	702	746	17,178	—33	6	343	
Texarkana.....	34	309	1,256	5,817	274	760	—54	
Waco.....	259	2,205	1,187	15,595	—18	—33	13	
Wichita Falls.....	82	643	1,362	11,742	120	158	27	
Total—26 cities..	11,889	101,018	\$118,350	\$1,186,308	11	—6	11	

Date	GROSS DEMAND DEPOSITS			TIME DEPOSITS		
	Total	Reserve city banks	Country banks	Total	Reserve city banks	Country banks
1967: September.....	9,426	4,408	5,018	6,398	2,743	3,655
1968: September.....	10,066	4,722	5,344	7,255	3,058	4,197
1969: 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
June.....	10,209	4,758	5,451	7,634	2,925	4,709
July.....	10,316	4,783	5,533	7,474	2,806	4,668
August.....	10,250	4,746	5,504	7,353	2,741	4,612
September.....	10,497	4,867	5,630	7,272	2,685	4,587

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	September 1969	August 1969	July 1969	January—September	
	1969	1969	1969	1969	1968
FIVE SOUTHWESTERN STATES ¹	460	598	628	5,214	5,060
Residential building.....	209	267	255	2,158	2,054
Nonresidential building.....	132	193	210	1,678	1,496
Nonbuilding construction.....	119	138	163	1,378	1,510
UNITED STATES.....	5,140	6,523	6,298r	51,969	46,421
Residential building.....	1,952	2,394	2,296r	19,687	18,734
Nonresidential building.....	2,013	2,460	2,402r	19,609	16,416
Nonbuilding construction.....	1,175	1,669	1,600r	12,674	11,271

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.