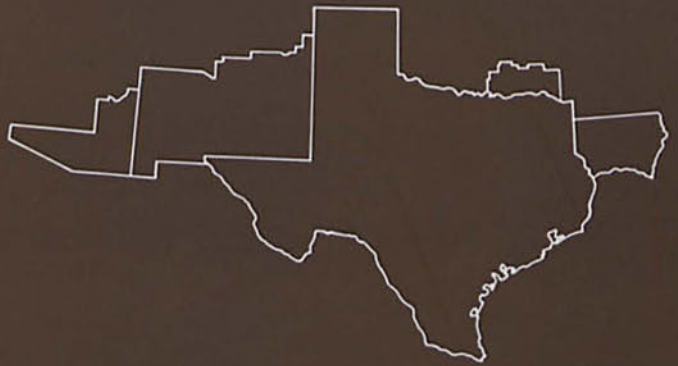


business review



december 1969

**FEDERAL RESERVE
BANK OF DALLAS**

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demand highlights

petroleum activity in 1969

The petroleum industry continued to expand in 1969, if not as vigorously as in 1968. Data for the first three quarters of the year (the latest information available) show that demand for petroleum products increased faster than expected, however, even though demand for some products failed to reach the levels originally estimated. Domestic crude production did not fare as well as had been hoped at the start of the year, largely because of greater imports of foreign oil; but drilling activity increased after 5 years of decline, and gains were made in the number of wells completed.

With the rising demand for fossil fuels, the petroleum reserve-production ratio has been falling for a decade. But the major highlights in petroleum this year were exploration and development of new fields. Much of the outlook for domestic production was keyed to the potential of reserves in Alaska and resurgence of drilling activity in the other states. Also important to the industry was the reopening of questions regarding the depletion allowance and import quotas. Outside the United States, the most important developments were in North Africa, where Libyan fields met all expectations.

Demand advances

Demand for petroleum products continued to advance, reaching a level 4.6 percent higher than the record level reached during the first three quarters of last year. All major categories shared in the advance, with demand for residual fuel oil increasing 4 percent, gasoline 4 percent, and distillate fuels 3 percent. But consumption of jet fuel continued — as it has for several years — to grow faster than consumption of any other petroleum product.

In line with increases in air travel, demand for jet fuel increased almost every month — especially during the summer vacation season — pushing sales more than 5 percent higher than a year earlier, when demand rose 17 percent. The slowdown in growth of sales was related primarily to the rate of increase in air travel, which slowed from an advance of 16 percent in 1968 to an estimated 10 percent in 1969. With projected expansion in jet fleets, including the introduction of jumbo carriers, the rate of increase in air travel is expected to pick up again, and with it the rate of increase in consumption of jet fuel.

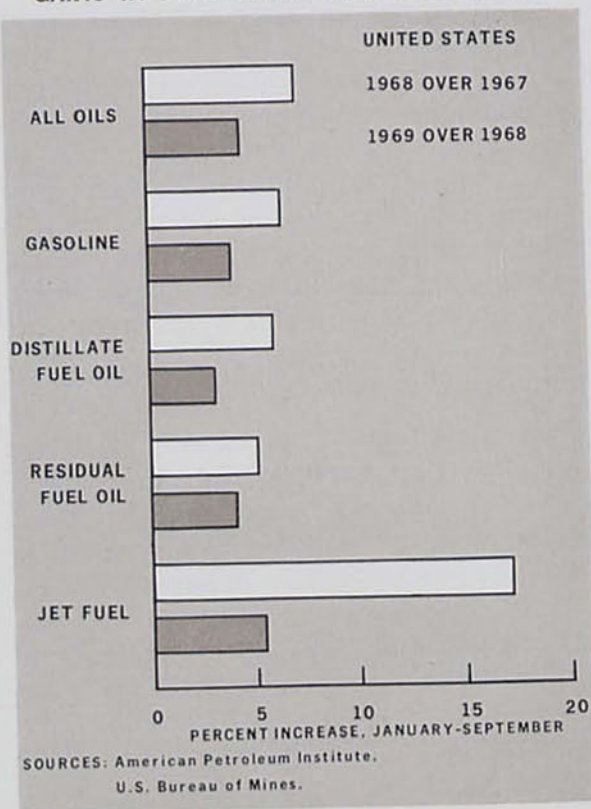
Increased demand for residual fuel oil can be attributed primarily to the greater use of fuel oil in the generation of electrical power. Antipollution laws passed in many northeastern states last year prohibit use of high-sulfur fuels, primarily coal. The result has been a rapid substitution of residual oil for coal in power generation on the eastern seaboard. The shift was readily apparent in the second quarter of 1969, when sales of residual fuel oil soared nearly 10 percent higher than a year earlier.

Except for the winter months, demand for distillate fuels was up. Although colder than normal, January and February were not as cold this year as last, with the result that sales of distillates for heating fuel were down slightly during those months. Even though demand for distillates during the winter was not as high as expected, sales through the summer were maintained by the demand for diesel oil.

Demand for petroleum products eased in the spring, following seasonal patterns, and the strongest demand shifted from fuel oils to gaso-

line. Demand for gasoline advanced all year, reaching its most rapid rise in September, when sales climbed 7.6 percent higher than a year earlier. Daily sales for the year averaged 5.6 million barrels through September, compared with 5.3 million a year ago.

GAINS IN PETROLEUM PRODUCT DEMAND



The demand for petroleum products should continue to mount in the fourth quarter, according to the Independent Petroleum Association of America, with sales increasing at a rate of 4.5 percent for the year. Most of the increase will probably come from gasoline sales, which advanced 7.6 percent in September. With the coming of the winter heating season, demand for fuel oils will increase, as gasoline sales decline. The extent of the increase will depend on the severity of winter temperatures.

Output maintained

Daily average crude oil production in the Nation remained virtually the same as in the first three quarters of last year, largely because of first-quarter cutbacks in allowables in Texas. Although modest production increases were made in later quarters, the gains barely overcame the first-quarter decline of more than 3 percent. Through September, gains were made in crude runs to stills every month except January, when refinery strikes stopped work at plants on the Texas Gulf Coast.

Output in the four producing states of the Eleventh Federal Reserve District reached its highest daily average in June, when allowables in Texas were raised to 63.5 percent of the Maximum Efficient Rate of production and output reached 3.8 million barrels a day. Although production in these southwestern states — Texas, Louisiana, Oklahoma, and New Mexico — increased in the second and third quarters, the level of output in the District was lower in the first three quarters than a year earlier. Despite the January strikes at Texas refineries, still runs were 5.6 percent higher than in the first three quarters of last year.

Imports of crude oil in the Nation during the first half of the year ran 24 percent ahead of those a year earlier. The increase appeared, however, to be more a recovery from the unusually low levels of imports in early 1968 than a net growth in demand for imports. The lower level of crude imports in the first half of last year stemmed from the high cost of shipping resulting from the disruption of tanker service when the Suez Canal was closed in 1967. Imports this summer were less than 2 percent higher than a year ago, and there are indications that total imports for 1969 will be only modestly higher than last year.

Imports of residual fuel oil, the largest single petroleum import item, were 3.4 percent higher than in the first 9 months of 1968. Growth

during the period was mixed but was buoyed by a 12-percent increase in the second quarter. Almost all residual fuel oil imported in April and May was to meet increased demand for low-sulfur fuels on the eastern seaboard.

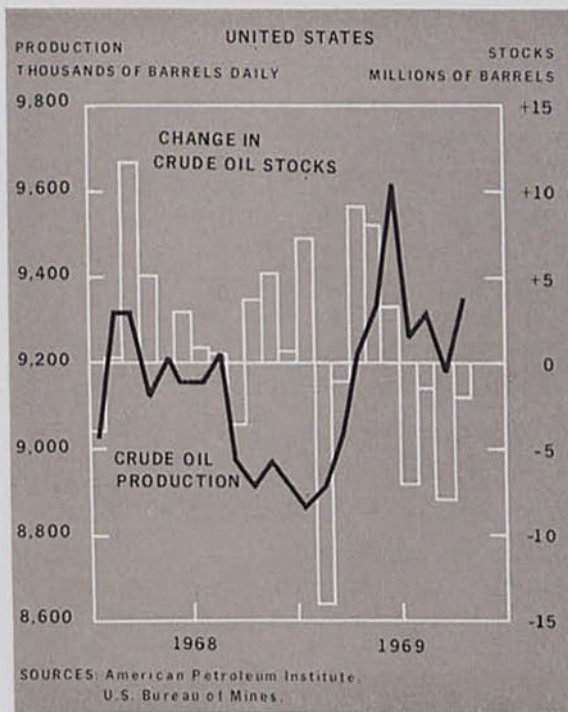
Imports of other refined products advanced 24 percent over the January-September level set last year. The biggest gains were made in imports of distillate fuel oils, which rose nearly 50 percent in the first half of the year. The sharpest advances in distillate imports came in the first quarter. Imports of jet fuel in the first half increased 36 percent, and gasoline 23 percent. Imports of unfinished oils showed renewed strength, making a 25-percent advance in the first two quarters of 1969, but the gain primarily reflected recovery from a decline in imports last year.

Through June, monthly inventories of all oil stocks were generally higher than a year earlier. The buildup of crude oil stocks in the first quarter can be attributed to the refinery strikes in January. Inventories of crude oil reached their highest levels of the year in May and June. The rapid buildup in those months was due, in part, to increased allowables in Texas and to strong consumer demand for refined products.

Inventories of refined products did not build up as fast as stocks of crude oil. Refined stocks were 2.5 percent larger in the first quarter than a year earlier, but second-quarter levels were fractionally lower. Strong consumer demand and restricted production resulted in the smallest accumulation of gasoline stocks in any January since World War II. Stocks rose at record rates in February and March, however. Gasoline stocks fell in the second quarter, when seasonal demand for fuel oil tapers off and consumption of gasoline begins to rise, but fuel oil inventories were accumulated at rates slower than normal. Even with the low rates of accumulation of fuel oil stocks, however, most industry spokesmen consider stocks on hand large enough for the start of the new heating season.

The rate of growth in demand for petroleum products is expected to ease further next year — the extent of the easing depending on changes in the general level of economic activity. According to IPAA estimates, growth in demand will probably drop to about 3.7 percent. Demand for jet fuel will accelerate to an annual rate of more than 6 percent. Demand for gasoline will increase another 4 percent next year, but demand for fuel oils will probably moderate slightly. The IPAA forecast shows crude oil production increasing more than 3 percent to a daily average of 9.5 million barrels. The rates of buildup in petroleum inventories are expected to slow.

CRUDE OIL FLUCTUATIONS



Drilling activity picked up again this year after a 5-year decline in the number of wells drilled. There were 5 percent more wells drilled in the first half of the year than during the same period last year, and 11 percent more wildcat

wells were completed. In line with the need for deeper wells, total footage drilled rose 8 percent and wildcat footage rose 19 percent.

Increased drilling activity in the Eleventh District states contributed significantly to the greater number of wells drilled in the Nation as a whole. Although the footage drilled increased only 5 percent, 7 percent more wells were drilled in these states during the first half of the year than a year earlier. Wildcat activity increased even more, with both the number and footage of new wells advancing an eighth more than in the first half of last year. Increased drilling in other producing areas, such as in Kansas and the Rocky Mountain states, accounted for other significant increases in the number of wells completed this year.

CRUDE OIL PRODUCTION FOUR SOUTHWESTERN STATES

THOUSANDS OF BARRELS DAILY



SOURCES: American Petroleum Institute.
U.S. Bureau of Mines.

The Oil and Gas Journal has forecast a 4-percent increase in the number of wells drilled in 1969. Total footage drilled is expected to be 5 percent higher than in 1968, with wildcat drilling projected at 10 percent higher.

Prices recover

Wholesale prices of petroleum products fluctuated throughout the first three quarters of the year but generally recovered from the depressed levels of the past 2 years. Gasoline and distillate prices advanced through May and then showed mixed trends for the next 3 months. Summer ended with average gasoline prices at the level of 2 years ago and distillate prices in the Mid-Continent averaging half a cent a gallon higher than a year ago. Kerosene prices also fluctuated, with advances early in the year erased during the spring.

Wellhead prices of crude oil have been edging upward for the last 3 years. Crude prices dipped in February but rebounded sharply by April, rising 16 cents a barrel to the highest average level since 1957. West Coast prices jumped 20 cents a barrel.

Outlook for reserves

The most important development of the year for petroleum came in September with the oil and gas lease sale of Alaska's North Slope. The sale broke all records for both dollar volume of bids and average price per acre of oil-lease land. Accepted bids on 164 tracts totaled a record \$900 million — an average of \$2,180 an acre. The seven highest bids represented more than a third of the total sales. The largest single-tract bid was \$75 million, or an average of more than \$28,000 an acre.

Production from the Alaskan field is expected to rival the East Texas Field discovered nearly 40 years ago. Industry estimates of the potential yield range as high as 50 billion barrels, but most calculations are based on expectations that the North Slope will yield 30 billion bar-

rels. Potential of the Prudhoe Bay area alone would represent a third of the deficit between U.S. requirements for oil and the average rate of reserve discovery — about half a billion barrels a year.

With the modifications required to withstand Arctic temperatures, which drop to 70° below zero, drilling and pumping costs are high and the logistics required to support field operations are by far the most expensive undertaken by the industry. But most vital to development of Alaskan reserves are the costs of delivering crude oil to southern markets.

Legislative issues

If leasing of Arctic oil lands was the most important development in petroleum this year, the proposed reduction in the depletion allowance was the most controversial, although the debate over crude imports ran a close second. Under present law, producers are allowed to subtract from taxable income 27½ percent of their gross revenue derived from oil production to offset depletion of their wells, provided the deduction does not exceed half their total net income. A House bill would cut this allowance to 20 percent — a cut representing an annual loss to the petroleum industry of between \$400 million and \$650 million. The Senate has proposed a reduction to 23 percent.

Senate committee hearings were held on a possible increase in the quota limiting crude imports to 12.2 percent of domestic production. The established quota is also being reviewed within the Administration. The Departments of Interior and Justice were due to have submitted their recommendations to the President by mid-November. According to reports earlier this year, analyses in these Departments tended to favor letting more crude oil into the country.

Surge in African output

At midyear, production of crude oil outside the Communist bloc was 8.5 percent higher than a year earlier. The most marked gains were made in North Africa, where output increased 22 percent, bringing total average production in Africa to 5 million barrels a day. Although Iran continues to hold the number three position in world crude production, Libya, which is already second only to the United States in the production of natural gas, is rapidly moving into that position. According to *World Petroleum*, Libyan crude production in May rose to 3.1 million barrels a day, exceeding the monthly output of Iran for the first time.

Development of Libyan fields comes at an opportune time. Situated on the Mediterranean, they are in easy reach of European ports and can compete favorably with Arabian fields that, because of the closure of the Suez Canal, must ship oil around the tip of South Africa.

With demand for natural gas outrunning supply, Libya is coming into an even more enviable position. Cryogenic technology has advanced to a point where liquefied natural gas, chilled to a fraction of its gaseous volume, can be shipped in insulated hulls. The introduction of tankers equipped to hold cargoes at such low temperatures is expected to eventually boost Libyan exports of natural gas to more than 345 million cubic feet a day.

Rapid advances in petroleum production are being made throughout North Africa. Denied her Sinai fields, Egypt has turned to her western desert, which has reserves estimated to be a tenth the size of the Libyan reserves. Algerian output, nearing 1 million barrels a day, is due to double or even triple in the next decade.

EDWARD L. McCLELLAND

livestock leads district agriculture in 1969

Agricultural production in Eleventh Federal Reserve District states this year will probably fall a little short of the record levels reached last year. With more cattle on feed in these states, livestock production will continue to rise, reaching a level about 6 percent higher than in 1968. Crop production, while still relatively high, will be about 10 percent lower, mainly because of adverse weather.

Despite a smaller crop output, farmers and ranchers of the five states will probably realize a gross income slightly higher than the \$6.1 billion taken in last year. Higher prices for most products, especially livestock, should more than offset the decrease in crop production. If so, net farm income will also be higher than the nearly \$2 billion realized in 1968.

A greater proportion of total cash receipts will undoubtedly come from sales of livestock and livestock products, but the distribution between livestock and crops will vary over the District. The proportion from livestock will probably range from more than two-thirds of the receipts in New Mexico and Oklahoma to about a third in Louisiana. Livestock will account for slightly more than half the receipts in Texas and less than half in Arizona.

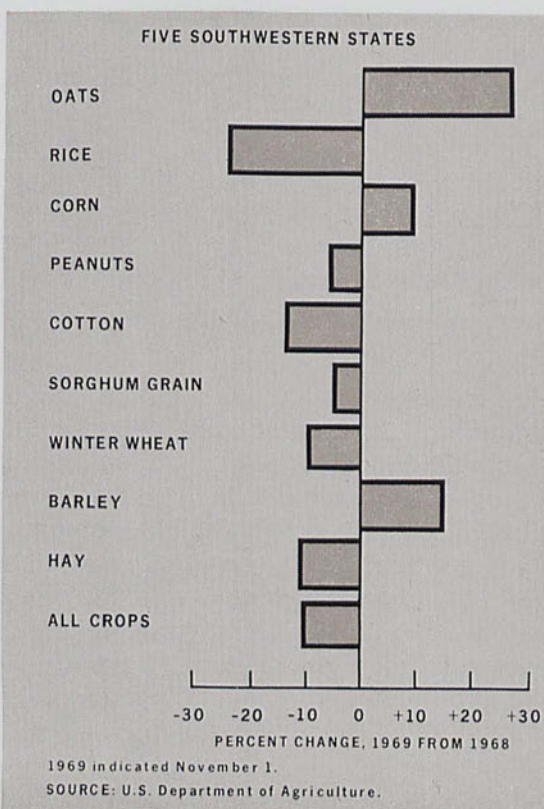
Crop production down

Substantial gains were made in the production of most minor crops, but output of such major crops as cotton, sorghum grain, rice, and wheat was off from a year ago. Because the cotton program eliminated all land diversion requirements, 15 percent more acreage was planted to cotton this year. But summer drought and an early freeze cut prospects for the cotton

crop in Eleventh District states to 4.5 million bales. Although 13 percent less than in 1968, production is expected to be 14 percent higher than in 1967. The lint yield per acre will average about 354 pounds in these southwestern states, compared with the record of 469 pounds set last year.

Unlike cotton, yields of winter wheat were higher this year than last. However, a smaller acreage allotment and increased grazing out by cattle reduced the acreage harvested by about

CROP PRODUCTION



22 percent. The result is a crop estimated at 200 million bushels, or 9 percent smaller than last year.

As in the case of cotton, unfavorable weather also cut sorghum grain yields and prospects for the rice harvest. Although 2 percent more acreage was planted to sorghum grain than in 1968, the crop, estimated at a total of 386 million bushels, is 4 percent smaller than last year. Adverse weather and a 9-percent reduction in planted acreage lowered prospects for the rice harvest to 41 million hundredweight, or 24 percent less production than in 1968.

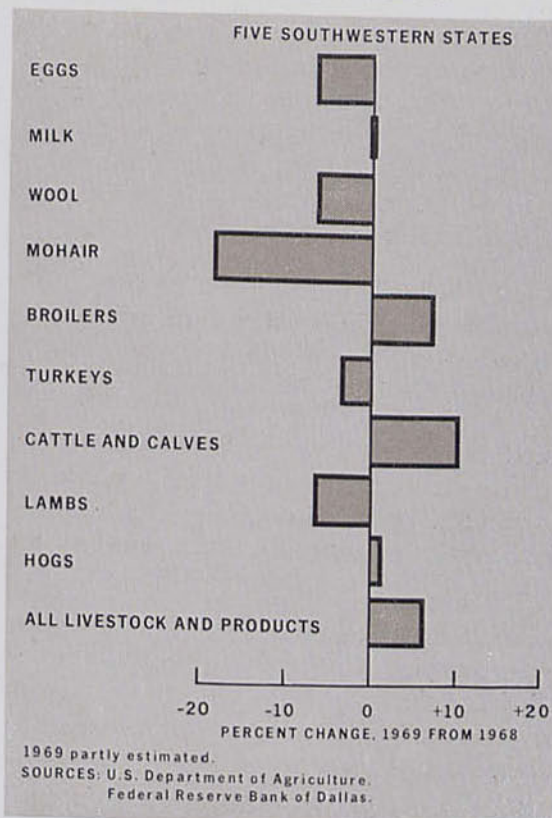
The peanut crop was also smaller than in 1968, partly because of a slight reduction in acreage. The production of other minor crops — corn, oats, barley, rye, flaxseed, and potatoes — was approximately 12 percent higher than last year, but these crops still account for less than 6 percent of total estimated crop production in the District states.

Texas and Arizona are expected to produce 16 percent more citrus fruit this year than last. Together, they will produce an estimated 11 million boxes of oranges and 11 million boxes of grapefruit. This expected output will represent about a one-fifth increase in grapefruit in both states, a 4-percent increase in oranges in Arizona, and a 22-percent increase in oranges in Texas. Citrus prospects nationally are also more favorable than last year.

Livestock production up

The increase in livestock production was due to gains in cattle production — gains related to several factors favoring cattlemen over other livestock producers. Demand for beef has continued to increase with the rise in consumer income. Where the average American ate 81 pounds of beef in 1959, he ate almost 110 pounds this year, even though the average price of beef rose 17 percent over the decade. Average beef prices advanced 13 percent in the first 10 months of this year alone. Prices of other red

PRODUCTION OF LIVESTOCK AND LIVESTOCK PRODUCTS



meat — veal, lamb and mutton, and pork — were also considerably higher than in 1968, but per capita consumption of all meats except beef was lower. This trend is particularly significant for the Southwest, which has an increasingly large stake in beef production.

Abundant fall rains ended the summer drought, bringing good grass development to almost all areas of the District for the rest of the year. Good grazing and a plentiful hay crop brought range cattle and calves to above-average condition.

Favorable cattle prices encouraged changes in the District's cattle industry. The calf crop was 3 percent larger than last year. (In Texas, it was estimated at more than 5 million head — the largest since estimates were first made in

1924.) Also, a smaller proportion of the calf crop was slaughtered, making more cattle available for feeding. Almost 2.2 million head of cattle were on feed in District states on October 1. That represented a year-to-year increase of 39 percent, compared with a 10-percent increase for the Nation. Texas alone had 1,342,000 head on feed — 48 percent more than in October 1968.

In pounds, red meat slaughter through September was 8 percent higher than in the first 9 months of 1968. This increase was due primarily to gains in beef slaughter, which expanded 10 percent. The number of hogs slaughtered was up only 1 percent over a year earlier, and the number of sheep and lambs was down 15 percent. The trend toward greater beef production will probably continue several months.

The inventory of sheep and lambs in District states declined again for the fourth consecutive year, dropping 5 percent between the start of 1968 and the start of 1969, while the number of goats declined 18 percent. Wool production is expected to be 6 percent smaller than last year. The number of sheep shorn dropped 4 percent, and the average weight of each fleece was down 3 percent. Arizona, with an increase of 9 percent, was the only state in the District to register a gain in wool production. Declines in other states ranged from 2 percent in Oklahoma to 15 percent in Louisiana. In line with the decline in the number of goats, mohair production was down 18 percent.

Broiler production increased in the first 10 months at a rate indicating a 7-percent gain for the year. Even so, prices continued to rise (averaging 8 percent higher in Texas), showing that, with the increase in personal income, people were eating not only more beef but also more chicken. Despite this advance, however, total output of poultry, eggs, and dairy products declined slightly for the second consecutive year, marking a clear interruption in the steady expansion of production from 1963

through 1967. Although the laying flock at the start of the year was 9 percent smaller than a year before, the output of eggs this year will probably be only 6 percent less than in 1968. The number of turkeys is expected to be 3 percent smaller than last year, even though there were slightly more breeding hens on farms in District states at the start of the year than a year earlier.

Recent trends in the efficiency of dairy production continued. Milk production has remained fairly constant for a decade, while the number of dairy cows has continued to decline. Milk production dropped less than 1 percent this year, while the number of cows dropped almost 4 percent.

Net income rises

The expected increase in gross farm income in the five southwestern states will be due largely to gains in cattle prices and production. Crop receipts in the first 9 months were 1 percent lower than a year before, but livestock receipts were 14 percent higher, which was enough to raise cash receipts from farm marketings 8 percent from the level of a year earlier.

Although these proportions are apt to change some with the increase in marketings for fall, livestock will continue accounting for most of the gains in farm income in the Southwest. Where livestock receipts accounted for 43 percent of total cash receipts in these states in 1958, the proportion had increased to 54 percent in 1968. Meanwhile, the proportion accounted for by crop receipts dropped from 57 percent to 46 percent.

Beef prices were primarily responsible for the higher cash receipts in the District. In Texas, the prices farmers and ranchers received for their products in the first 10 months of this year averaged 6 percent higher than in the same period last year. But the average prices received for livestock and livestock products were 16 percent higher, while prices received for all

crops averaged 5 percent lower. Beef prices averaged more than \$26 per hundredweight, or 20 percent over the year-earlier level and substantially more than in other recent years.

By contrast, sorghum grain was the only major crop in the District to bring a higher average price in the first 10 months of this year than in the same period a year earlier, and even this increase (5 percent in Texas) reflected the strong demand for grain as cattle feed. Compared with the first 10 months of last year, average prices were off 4 percent on cotton, 5 percent on wheat, and 14 percent on rice.

Nationally, gross income to farmers this year may be the largest in more than 15 years. Substantial gains in cash receipts have resulted from both higher livestock prices and larger crop and livestock marketings. The gains should be more than enough to offset the continued sharp increases in farm expenses. Net income for the year has been projected at \$16.0 billion, or 8 percent more than last year. This increase, com-

bined with the declining number of farms, should carry net income per farm to a level above the 1966 high of \$5,044.

Farmers and ranchers in the southwestern states have continued to expand the amount of credit used in their operations. Despite higher interest rates, non-real-estate farm loans amounted to \$1.9 billion on January 1, 1969, or 9 percent more than a year earlier. Farm real estate loans rose 7 percent to \$3.5 billion at the start of 1969.

Prospects mixed

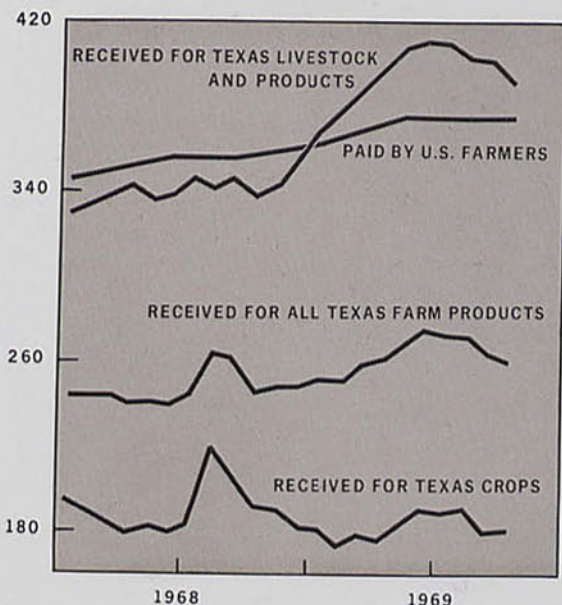
Prospects for agriculture in 1970 are mixed. Government loan prices and overall crop acreage allotments will probably be much the same next year, and, with normal weather, income to crop producers may be somewhat higher than this year. Assuming continuation of the present high level of demand for red meat, prospects appear bright for livestock producers, particularly cattlemen.

Because of the expected shortfall in the 1969 cotton crop, the acreage allotment for upland cotton in the five District states has been increased to 9,181,134 acres — a 6-percent increase over 1969. The proposed 1970 cotton program will be similar to the program this year. The national average rate of price-support loans will still be 20.25 cents a pound for Middling 1-inch cotton at average locations. The rate of price-support payments will be 16.80 cents a pound, compared with 14.73 cents under the 1969 program. Carry-over of cotton next summer is expected to be at the lowest level since 1953.

To help strengthen the farm price for wheat and allow for the Nation's shrinking share of world wheat trade, the wheat acreage allotment in these states has been reduced for the third consecutive year. The reduction — to 4,613,332 acres — represents a cut of about 12 percent. The national average level of price-support loans will remain at \$1.25 a bushel. Other pro-

FARM PRICES

PERCENT (1910-14=100)

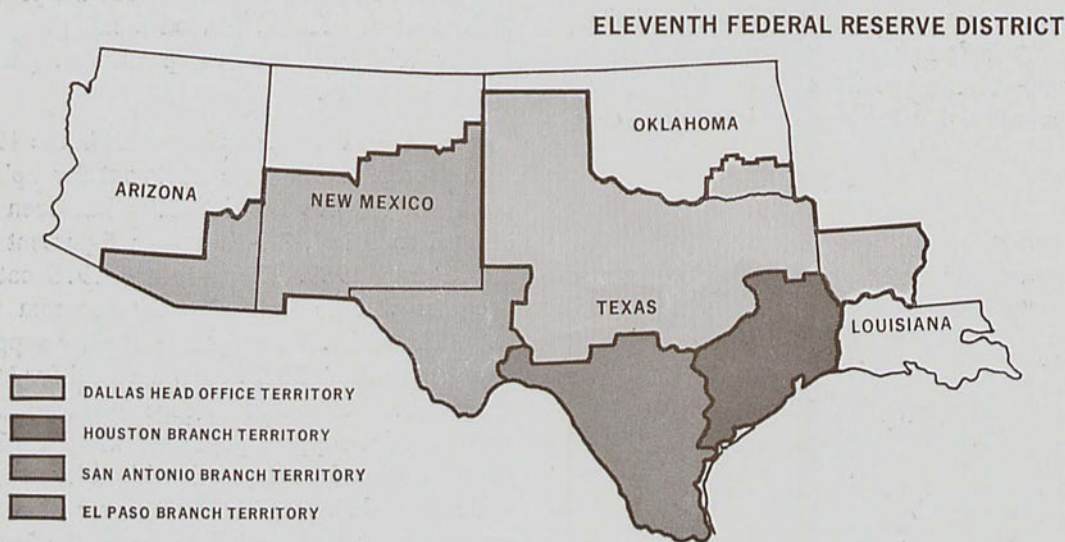


SOURCE: U.S. Department of Agriculture.

visions of the 1970 wheat program are similar to the 1969 program. Participating farmers will receive marketing certificates based on 48 percent of the projected production on their allotted acreage. Payments per bushel will reflect the difference between wheat parity on July 1, 1970, and the average loan rate. This year, certificates were paid on 43 percent of projected production at a record \$1.52 a bushel. Certificates should be at least as high next year.

The cost-price squeeze will continue for both crop and livestock producers. These producers need to make decisions regarding machinery, labor, and land resource combinations that tend to minimize unit costs of production and, thereby, increase net profits. Unless appropriate resource adjustments are made, farmers and ranchers with inefficient operations are likely to realize lower net incomes than in 1969.

CARL G. ANDERSON, JR. ARTHUR L. WRIGHT



district highlights

The seasonally adjusted Texas industrial production index rose in October, reaching a level, at 179.1 percent of the 1957-59 base, 0.9 percent higher than the downward revised level for September. From August through October, the national production index declined from its record level in July. By contrast, production in Texas rose, after a decline in August, to high levels in September and October. Sectors of the Texas economy showing significant month-to-month gains in October included crude petroleum, mineral extraction, and stone, clay, and glass manufacture. Production of durable goods remained about the same as in September, while nondurables increased 1 percent. Mining rose 2 percent, while utilities remained at the September level.

On a year-to-year basis, the Texas industrial production index was up 7.6 percent. The largest gains were in utilities and durable goods. Nondurable goods and mining showed less than average growth. Machinery-producing industries posted the largest gain of all — more than 20 percent.

Nonagricultural wage and salary employment in the five southwestern states rose again in October, continuing an uptrend for the previous 9 months that pushed employment to a level 3.6 percent higher than in October 1968. The increase, at 0.3 percent, was more than the increment for July, August, or September. Both manufacturing and nonmanufacturing employment increased slightly, but the small change in nonmanufacturing employment concealed larger shifts within that category. Employment in mining followed a weakening trend set several months ago, declining 1 percent. Government employment, on the other hand, posted a substantial monthly gain. Compared with October

1968, manufacturing employment was up 3.8 percent and nonmanufacturing employment was up 3.6 percent. Mining, construction, and government employment showed the smallest year-to-year gains.

Total personal income in the United States increased about 4.1 percent in the first half of this year. Though rapid in terms of historical growth patterns, this increase was less than a year earlier. In the first 6 months of 1968, personal income gained 5.4 percent. Personal income in Arizona, Louisiana, New Mexico, and Texas advanced about apace with the increase for the Nation, but the growth in Oklahoma was considerably less than the national average.

The advances in Texas and Arizona were slow in the first quarter but moved ahead much faster in the second, largely because of marked changes in income to farmers. Income (seasonally adjusted) of farm proprietors in these states ran counter to the national uptrend in farm income in the first quarter, declining 28 percent in Texas and 45 percent in Arizona. Then, in the second quarter, income to farm proprietors made a strong recovery; in Texas, such income reached the highest level in 13 quarters, due entirely to increased livestock marketings. The strong second-quarter recovery of farm proprietors' income after a first-quarter decline was enough to account for the sudden gain in Texas and Arizona in the second quarter. Averaged together, these quarterly movements show a growth rate in personal income for the first half that is close to the national average.

Daily average production of crude oil in the four producing states of the Eleventh District rose 1.4 percent in October. The increase —

which reversed a 3-month decline in output — was paced by higher output in Texas and Louisiana. These two states produced 85 percent of the District's total output of crude in October. Production in Oklahoma and New Mexico declined. Production in the four states was 4.9 percent higher than a year earlier. Texas showed the largest year-to-year gain, with production up 9.1 percent.

In Texas, the oil allowable for October was set at 53.7 percent of the Maximum Efficient Rate of production, up from a rate of 52.1 percent in September. The November allowable was lowered to 52.7, but because of expected higher demand for fuel oil during the winter season, the allowable for December has been raised a full 10 percentage points. December allowables in Oklahoma and New Mexico will be at November levels.

Cotton prospects in states of the Eleventh District, already reduced by summer drought in some areas, have been cut further by an early freeze and rain in the High Plains of Texas. Based on November 1 conditions, total cotton production in these five states is estimated at 4,545,000 bales. Although nearly 14 percent greater than the 1967 crop, the 1969 output is 13 percent short of the total last year. The November estimate showed a decline of 6 percent in October alone. In Texas, the crop is expected to total 2,950,000 bales — down 9 percent from the estimate on October 1. While nearly 7 percent higher than the output in 1967, this cotton crop will be about 16 percent less than the crop in 1968.

Production of sorghum grain in District states has been estimated at nearly 386 million bushels, or 4 percent less than last year. Rice production is estimated at 41 million hundred-weight, or 24 percent less than in 1968. The hay crop, while close to its 1967 level, is expected to be 11 percent smaller than the 10 million tons produced last year.

Recent rains have returned range and livestock conditions to near normal. In Texas, there were 1,415,000 head of cattle and calves on feed for the slaughter market on November 1. This was 41 percent more than a year earlier and 5 percent more than a month earlier. There were 515,000 head of cattle and calves on feed in Arizona, or 32 percent more than a year before and 14 percent over the previous month. Placements into Texas feedlots totaled 350,000 head in October — 24 percent over October 1968 and 28 percent over September this year. Placements in Arizona were 141,000 head, representing a year-to-year gain of 18 percent and a month-to-month gain of 72 percent.

Prices Texas farmers and ranchers received for their products on October 15 averaged 1 percent lower than in September but 6 percent higher than in October last year. The price index for crops was 1 percent above the previous month but 5 percent lower than for the same period last year, mainly because of declines in prices for rice and upland cotton. The price index for livestock and livestock products was 3 percent lower than in mid-September but 15 percent higher than a year earlier. Prices for hogs and lambs increased from the previous month, but prices for beef cattle and calves showed a decline.

Cash receipts from farm marketings in the five southwestern states averaged 8 percent more in the first three quarters of this year than in the same period in 1968. The increase reflected a 14-percent gain in livestock receipts and a 1-percent decrease in crop receipts.

Changes in the major balance sheet items at weekly reporting banks in the Eleventh District were mixed in the 5 weeks ended November 12. Loans adjusted decreased \$32 million, continuing a downward movement since early July. In the corresponding 5 weeks last year, loans adjusted rose \$60 million. In the recent period, real estate loans increased \$13 million, and

consumer loans increased \$9 million. These increases were more than offset, however, by declines of \$41 million in loans to financial institutions other than banks, \$5 million in business loans, and \$37 million in "other" loans.

Total investments increased \$64 million, reversing a downward movement for the previous 8 weeks. A year earlier, total investments increased \$146 million. The recent increase was due primarily to a \$35 million gain in holdings of Treasury bills and a \$24 million gain in holdings of obligations of states and their political subdivisions. Holdings of U.S. Government securities with 1- to 5-year maturities declined \$10.0 million, while holdings of Governments with maturities of 5 years or more increased \$13.5 million.

On the liability side of the balance sheet, total demand deposits increased \$125 million, primarily because of a \$44 million gain in deposits of individuals, partnerships, and corporations and an \$83 million gain in deposits of states and their political subdivisions. In the corresponding period in 1968, total demand deposits increased \$168 million.

Total time and savings deposits declined \$83 million, in contrast to an increase of \$38 million in the same period last year. A decline of \$109 million in deposits of individuals, partnerships, and corporations was only partially offset by an increase of \$21 million in deposits of states and their political subdivisions. Negotiable certificates of deposit in denominations of \$100,000 or more continued to decline, registering a \$27 million drop in the 5 weeks ended November 12. In the corresponding period a year ago, large CD's rose \$24 million.

Registrations of new passenger automobiles in Dallas, Fort Worth, Houston, and San Antonio were 22 percent higher in October than in September. They were 2 percent lower, however, than in October of last year. So far this year, registrations are running 3 percent ahead of the same period last year.

Department store sales in the Eleventh District for the 4 weeks ended November 15 were 6 percent higher than in the comparable period last year. Cumulative sales through November 15 were 8 percent higher than a year ago.

**new
member
bank**

The Northwest National Bank, Houston, Texas, a newly organized institution located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, opened for business November 3, 1969, as a member of the Federal Reserve System. The new member bank has capital of \$500,000, surplus of \$500,000, and undivided profits of \$250,000. The officers are: David F. Chapman, Chairman of the Board; Sam A. Bowman, President and Chief Executive Officer; R. B. Goldstein, Vice President; and W. L. Houser, Cashier.



STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

December 1969



FEDERAL RESERVE BANK
OF DALLAS

CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Nov. 26, 1969	Oct. 29, 1969	Nov. 27, 1968 ¹
ASSETS			
Federal funds sold and securities purchased under agreements to resell.....	389,972	302,755	6,118,419
Other loans and discounts, gross.....	5,977,082	5,973,273	
Commercial and industrial loans.....	2,960,231	2,951,802	2,861,353
Agricultural loans, excluding CCC certificates of interest.....	109,223	106,281	92,522
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities.....	555	555	74,573
Other securities.....	42,751	42,041	99,281
Other loans for purchasing or carrying:			
U.S. Government securities.....	740	692	320
Other securities.....	393,447	380,936	372,541
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies.....	125,828	130,485	123,476
Other.....	336,024	339,145	348,402
Real estate loans.....	664,009	652,986	605,403
Loans to domestic commercial banks.....	11,265	16,869	289,249
Loans to foreign banks.....	8,390	8,370	6,126
Consumer installment loans.....	713,395	714,270	628,849
Loans to foreign governments, official institutions, central banks, international institutions.....	0	0	0
Other loans.....	611,224	628,841	616,324
Total investments.....	2,480,174	2,498,322	2,617,046
Total U.S. Government securities.....	930,424	946,782	1,127,828
Treasury bills.....	35,878	54,097	48,122
Treasury certificates of indebtedness.....	0	0	0
Treasury notes and U.S. Government bonds maturing:			
Within 1 year.....	134,359	116,723	179,915
1 year to 5 years.....	623,996	620,971	636,276
After 5 years.....	136,191	154,991	263,515
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills.....	30,299	33,013	34,142
All other.....	1,396,799	1,391,881	1,238,908
Other bonds, corporate stocks, and securities:			
Certificates representing participations in:			
Federal agency loans.....	53,559	60,629	148,213
All other (including corporate stocks).....	69,093	66,017	67,955
Cash items in process of collection.....	1,140,255	1,051,324	1,096,782
Reserves with Federal Reserve Bank.....	719,035	716,277	802,091
Currency and coin.....	79,494	87,334	80,006
Balances with banks in the United States.....	507,765	459,291	512,954
Balances with banks in foreign countries.....	6,686	7,700	5,489
Other assets (including investments in subsidiaries not consolidated).....	448,031	447,533	359,438
TOTAL ASSETS.....	11,748,494	11,543,809	11,592,225
LIABILITIES			
Total deposits.....	9,175,973	9,030,685	9,697,243
Total demand deposits.....	5,818,010	5,670,580	5,798,870
Individuals, partnerships, and corporations.....	4,044,914	3,949,947	4,053,793
States and political subdivisions.....	356,248	258,669	351,167
U.S. Government.....	131,920	163,770	64,334
Banks in the United States.....	1,176,773	1,176,327	1,227,486
Foreign:			
Governments, official institutions, central banks, international institutions.....	3,570	3,250	3,121
Commercial banks.....	25,410	27,363	25,051
Certified and officers' checks, etc.....	79,175	91,254	73,918
Total time and savings deposits.....	3,357,963	3,360,105	3,898,373
Individuals, partnerships, and corporations:			
Savings deposits.....	943,182	943,395	1,046,154
Other time deposits.....	1,754,943	1,772,225	2,174,953
States and political subdivisions.....	628,638	613,697	635,010
U.S. Government (including postal savings).....	5,067	5,286	11,644
Banks in the United States.....	19,273	18,642	23,312
Foreign:			
Governments, official institutions, central banks, international institutions.....	5,500	5,500	7,000
Commercial banks.....	1,360	1,360	300
Federal funds purchased and securities sold under agreements to repurchase.....	928,037	838,975	597,275
Other liabilities for borrowed money.....	170,322	155,770	
Other liabilities.....	369,412	417,435	248,168
Reserves on loans.....	116,583	116,525	109,585
Reserves on securities.....	10,623	11,478	n.a.
Total capital accounts.....	977,544	972,941	939,954
TOTAL LIABILITIES, RESERVES, AND CAPITAL ACCOUNTS.....	11,748,494	11,543,809	11,592,225

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	5 weeks ended Nov. 5, 1969	4 weeks ended Oct. 1, 1969	5 weeks ended Nov. 6, 1968
RESERVE CITY BANKS			
Total reserves held.....	732,869	731,786	741,271
With Federal Reserve Bank.....	681,317	678,249	691,162
Currency and coin.....	51,552	53,537	50,109
Required reserves.....	722,360	737,885	738,882
Excess reserves.....	10,509	6,099	2,389
Borrowings.....	15,166	20,992	1,543
Free reserves.....	4,657	27,091	846
COUNTRY BANKS			
Total reserves held.....	773,084	779,853	724,392
With Federal Reserve Bank.....	595,200	594,908	550,405
Currency and coin.....	177,884	184,945	173,987
Required reserves.....	750,086	754,585	705,438
Excess reserves.....	22,998	25,268	20,954
Borrowings.....	13,287	12,840	8,493
Free reserves.....	9,711	12,428	12,461
ALL MEMBER BANKS			
Total reserves held.....	1,505,953	1,511,639	1,465,663
With Federal Reserve Bank.....	1,276,517	1,273,157	1,241,567
Currency and coin.....	229,436	238,482	224,096
Required reserves.....	1,472,446	1,492,470	1,442,320
Excess reserves.....	33,507	19,169	23,343
Borrowings.....	28,453	33,832	10,036
Free reserves.....	5,054	14,663	13,307

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Nov. 26, 1969	Oct. 29, 1969	Nov. 27, 1968
Total gold certificate reserves.....	292,972	310,680	306,886
Discounts for member banks.....	22,790	14,715	24,100
Other discounts and advances.....	0	0	0
U.S. Government securities.....	2,493,615	2,432,825	2,282,495
Total earning assets.....	2,516,405	2,447,540	2,306,595
Member bank reserve deposits.....	1,245,705	1,236,367	1,292,834
Federal Reserve notes in actual circulation.....	1,699,971	1,670,115	1,533,234

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Oct. 29, 1969	Sept. 24, 1969	Oct. 30, 1968
ASSETS			
Loans and discounts, gross.....	11,297	11,551	10,445
U.S. Government obligations.....	2,138	2,116	2,483
Other securities.....	3,180	3,144	2,960
Reserves with Federal Reserve Bank.....	1,236	1,283	1,256
Cash in vault.....	262	265	253
Balances with banks in the United States.....	1,178	1,231	1,216
Balances with banks in foreign countries.....	9	9	7
Cash items in process of collection.....	1,213	1,294	1,169
Other assets.....	732	761	492
TOTAL ASSETS.....	21,245	21,654	20,281
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,507	1,521	1,560
Other demand deposits.....	8,770	9,088	8,663
Time deposits.....	7,285	7,266	7,426
Total deposits.....	17,562	17,875	17,649
Borrowings.....	1,035	1,129	655
Other liabilities.....	927	943	342
Total capital accounts.....	1,721	1,707	1,635
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	21,245	21,654	20,281

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			
	October 1969 (Annual-rate basis)	Percent change			October 31, 1969	Annual rate of turnover			
		October 1969 from		10 months, 1969 from 1968		October 1969	September 1969	October 1968	
		September 1969	October 1968						
ARIZONA: Tucson.....	\$ 6,188,820	2	27	19	\$ 223,194	27.9	27.7	25.1	
LOUISIANA: Monroe.....	2,648,664	-5	24	17	83,370	30.4	30.6	25.2	
Shreveport.....	8,799,408	-4	35	28	228,089	37.4	37.4	27.3	
NEW MEXICO: Roswell ²	939,720	-2	27	23	36,567	25.1	25.6	21.9	
TEXAS: Abilene.....	1,986,840	-8	8	10	100,450	19.8	21.7	17.9	
Amarillo.....	5,642,544	-4	4	6	155,803	35.9	36.7	36.6	
Austin.....	8,599,524	-1	3	39	280,484	31.4	31.9	30.7	
Beaumont-Port Arthur-Orange.....	6,311,664	-2	5	7	229,588	27.3	27.0	25.9	
Brownsville-Harlingen-San Benito.....	1,709,760	2	-3	6	72,392	24.0	24.7	24.1	
Corpus Christi.....	5,035,896	-2	11	8	206,411	24.5	25.1	23.0	
Corsicana ²	434,400	7	13	5	28,384	14.6	13.1	13.8	
Dallas.....	121,362,180	-5	26	28	2,049,638	57.7	57.6	47.4	
El Paso.....	6,972,192	0	16	16	224,885	30.4	29.6	28.4	
Fort Worth.....	20,675,412	-8	9	12	604,509	33.3	35.9	32.3	
Galveston-Texas City.....	2,561,256	-3	15	7	103,957	24.3	25.0	20.5	
Houston.....	97,965,192	-2	20	17	2,405,718	40.3	40.2	35.1	
Laredo.....	890,328	0	14	14	38,614	22.9	23.1	21.0	
Lubbock.....	4,542,780	-11	14	16	161,749	27.7	31.5	24.2	
McAllen-Pharr-Edinburg.....	1,616,184	1	-7	7	91,446	17.6	17.8	20.0	
Midland.....	2,108,304	7	14	12	132,379	15.7	14.5	14.2	
Odessa.....	1,761,516	0	20	18	67,768	24.1	22.7	22.3	
San Angelo.....	1,234,416	2	19	12	68,224	17.9	17.7	16.0	
San Antonio.....	15,868,212	-7	4	10	589,516	26.8	28.8	25.3	
Sherman-Denison.....	1,029,864	-6	11	10	63,009	16.2	17.6	16.0	
Texarkana (Texas-Arkansas).....	1,465,848	-12	-5	9	67,723	21.7	24.5	22.6	
Tyler.....	2,287,152	1	13	18	89,571	24.5	23.8	21.4	
Waco.....	2,947,080	-6	13	14	113,566	25.2	26.4	22.8	
Wichita Falls.....	2,470,356	6	3	6	113,437	21.1	19.5	20.6	
Total—28 centers.....	\$336,055,512	-4	19	20	\$8,630,441	38.4	38.9	33.4	

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

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In millions of dollars)

VALUATION (Dollar amounts in thousands)								
Area	NUMBER		Percent change					
			Oct. 1969 from		10 months, 1969 from 1968			
	Oct. 1969	10 mos. 1969	Oct. 1969	10 mos. 1969	Sept. 1969	Oct. 1968		
ARIZONA								
Tucson.....	581	6,285	\$ 3,146	\$ 51,825	67	51	88	
LOUISIANA								
Monroe-West								
Monroe.....	69	629	1,500	11,074	190	9	-37	
Shreveport....	410	4,231	2,977	34,062	-49	49	57	
TEXAS								
Abilene.....	36	390	2,949	11,234	551	525	52	
Amarillo.....	1,515	12,908	2,780	34,857	-58	72	99	
Austin.....	360	4,085	20,407	135,786	89	-166	32	
Beaumont.....	245	1,808	898	9,470	48	-48	-33	
Brownsville....	77	649	302	7,333	90	-11	65	
Corpus Christi..	316	3,261	3,019	21,842	71	-69	-50	
Dallas.....	1,753	19,164	13,472	279,561	-33	-44	13	
Denison.....	23	274	83	2,587	-46	-72	-29	
El Paso.....	495	4,372	6,505	74,001	68	-36	25	
Fort Worth.....	524	4,926	4,130	64,331	-3	-57	-16	
Galveston.....	85	854	959	17,588	-66	-91	-9	
Houston.....	4,629	31,415	43,000	372,472	6	7	9	
Laredo.....	46	342	1,569	9,937	2,806	414	61	
Lubbock.....	87	1,056	2,002	24,651	6	-49	-16	
Midland.....	40	441	206	5,296	-78	-67	-50	
Odessa.....	58	623	424	7,263	38	-35	18	
Port Arthur....	93	843	251	7,927	85	-66	54	
San Angelo....	43	551	352	5,365	-37	-27	-32	
San Antonio....	1,109	10,646	6,236	70,681	-35	-26	-32	
Sherman.....	61	763	358	17,536	-52	-50	282	
Texarkana....	25	334	267	6,084	-79	4	-52	
Waco.....	200	2,405	786	16,381	-34	-7	12	
Wichita Falls..	77	720	4,788	16,530	252	1,054	72	
Total—26 cities..	12,957	113,975	\$123,366	\$1,309,674	4	-11	8	

Date	GROSS DEMAND DEPOSITS			TIME DEPOSITS		
	Total	Reserve city banks	Country banks	Total	Reserve city banks	Country banks
1967: October....	9,511	4,448	5,063	6,457	2,753	3,704
1968: October....	10,201	4,751	5,450	7,394	3,116	4,278
1969: 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
October....	10,306	4,726	5,580	7,223	2,646	4,577

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	October 1969	September 1969	August 1969	January—October	
				1969	1968
FIVE SOUTHWESTERN STATES ¹	613	460	598	5,822	5,539
Residential building.....	256	209	267	2,413	2,276
Nonresidential building.....	234	132	193	1,911	1,658
Nonbuilding construction.....	123	119	138	1,498	1,606
UNITED STATES.....	6,240	5,140	6,523	58,067	52,501
Residential building.....	2,290	1,952	2,394	21,920	21,114
Nonresidential building.....	2,502	2,013	2,460	22,067	18,738
Nonbuilding construction.....	1,449	1,175	1,669	14,080	12,649

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.

CROP PRODUCTION

(In thousands of bushels)

Crop	TEXAS			FIVE SOUTHWESTERN STATES ¹		
	1969, estimated Nov. 1	1968	1967	1969, estimated Nov. 1	1968	1967
Cotton ²	2,950	3,525	2,767	4,545	5,244	4,000
Corn.....	30,528	26,052	18,658	40,029	36,871	27,595
Winter wheat....	69,768	84,150	53,216	199,938	218,974	150,903
Oats.....	24,768	19,822	6,615	32,248	25,450	11,533
Barley.....	2,772	3,348	1,350	30,648	26,856	18,007
Rye.....	648	528	350	1,688	1,208	909
Rice ³	21,411	27,462	25,400	41,269	53,943	47,435
Sorghum grain....	322,320	340,780	343,485	385,765	402,171	409,267
Flaxseed.....	1,296	742	150	1,296	742	150
Hay ⁴	3,755	4,587	3,774	9,313	10,418	9,565
Peanuts ⁵	417,600	426,300	333,450	639,260	671,476	558,470
Irish potatoes ⁶ ..	4,532	4,382	4,329	8,353	7,654	7,892
Sweet potatoes ⁶ ..	750	960	810	5,090	5,206	5,008
Pecans ⁶	33,000	69,000	34,000	88,000	97,000	111,400

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	1969, indicated Nov. 1	1968	1967	1969 as percent of 1968
1-N — Northern High Plains.....	255	211	258	121
1-S — Southern High Plains.....	1,150	1,384	937	83
2-N — Red Bed Plains.....	200	312	218	64
2-S — Red Bed Plains.....	240	372	234	65
3 — Western Cross Timbers.....	15	20	12	75
4 — Black and Grand Prairies.....	260	409	264	64
5-N — East Texas Timbered Plains.....	15	19	19	79
5-S — East Texas Timbered Plains.....	40	41	39	98
6 — Trans-Pecos.....	155	189	158	82
7 — Edwards Plateau.....	50	72	23	69
8-N — Southern Texas Prairies.....	50	57	54	88
8-S — Southern Texas Prairies.....	105	93	98	113
9 — Coastal Prairies.....	95	79	117	120
10-N — South Texas Plains.....	15	25	20	60
10-S — Lower Rio Grande Valley.....	305	242	316	126
State.....	2,950	3,525	2,767	84

SOURCE: U.S. Department of Agriculture.

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	Percent change from				
	October 1969	September 1969	October 1968	September 1969	October 1968
FOUR SOUTHWESTERN STATES.....	6,514.3	6,423.1	6,113.7	1.4	6.6
Louisiana.....	2,306.7	2,288.9	2,172.3	.8	6.2
New Mexico.....	348.0	353.2	356.1	-1.5	-2.3
Oklahoma.....	611.7	617.5	609.5	-.9	.4
Texas.....	3,247.9	3,163.5	2,975.8	2.7	9.1
Gulf Coast.....	672.4	660.6	608.2	1.8	.6
West Texas.....	1,520.9	1,473.3	1,356.2	3.2	12.1
East Texas (proper).....	175.9	171.4	136.9	2.6	28.5
Panhandle.....	83.6	80.5	86.9	3.9	-3.8
Rest of State.....	795.1	777.7	787.6	2.2	1.0
UNITED STATES.....	9,354.2	9,258.5	8,917.6	1.0	4.9

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

TOTAL OIL WELLS DRILLED

Area	Second quarter 1969	First quarter 1969	Percent change	1969 cumulative	Percent change from 1968 cumulative
FOUR SOUTHWESTERN STATES.....	1,795	1,736	3.4	3,531	6.5
Louisiana.....	226	280	-19.3	506	-23.2
Offshore.....	27	93	-71.0	120	-46.4
Onshore.....	199	187	6.4	386	-11.3
New Mexico.....	252	49	414.3	301	8.7
Oklahoma.....	339	435	-22.1	774	21.9
Texas.....	978	972	.6	1,950	11.7
Offshore.....	1	4	-75.0	5	-16.7
Onshore.....	977	968	.9	1,945	11.8
UNITED STATES.....	3,357	3,281	2.3	6,638	4.1

SOURCE: American Petroleum Institute.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change Oct. 1969 from	
	October 1969p	September 1969	October 1968r	Sept. 1969	Oct. 1968
Total nonagricultural wage and salary workers..	6,243,800	6,223,200	6,027,100	0.3	3.6
Manufacturing.....	1,169,400	1,164,400	1,127,000	.4	3.8
Nonmanufacturing.....	5,074,400	5,058,800	4,900,100	.3	3.6
Mining.....	232,100	234,300	228,900	-.9	1.4
Construction.....	409,300	409,400	403,700	.0	1.4
Transportation and public utilities.....	461,900	466,600	443,400	-1.0	4.2
Trade.....	1,424,400	1,419,900	1,365,800	.3	4.3
Finance.....	309,000	308,900	292,500	.0	5.6
Service.....	964,900	966,700	918,100	-.2	5.1
Government.....	1,272,800	1,253,000	1,247,700	1.6	2.0

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

p — Preliminary.

r — Revised.

SOURCE: State employment agencies.

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	October 1969p	September 1969	August 1969	October 1968
TEXAS				
Total industrial production.....	179.1	177.5	175.6r	166.5r
Manufacturing.....	203.5	202.3	199.0r	189.9r
Durable.....	226.8	226.6	222.6r	203.7r
Non-durable.....	187.9	186.0	183.3r	180.6r
Mining.....	131.1	128.5	127.3r	123.4r
Utilities.....	247.9	247.9	254.1r	213.9r
UNITED STATES				
Total industrial production.....	173.3	173.9	174.3	166.0r
Manufacturing.....	174.2	175.1	175.4r	167.8r
Durable.....	177.5	178.5	178.5r	169.3
Non-durable.....	170.2	170.7	171.6r	165.9r
Mining.....	130.2	130.7	131.2r	120.7
Utilities.....	224.5	222.4	222.6r	208.9r

p — Preliminary.

r — Revised.

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

1969

**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 1969, with comparative figures for 1968, are shown herein. Lists of the directors and officers of the Bank and its branches as of January 1, 1970, are also included.

A review of economic and financial developments in the nation and the District during 1969 is being presented in the January 1970 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". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

P. E. COLDWELL
President

statement of condition

	Dec. 31, 1969	Dec. 31, 1968
ASSETS		
Gold certificate account.....	\$ 323,829,293	\$ 344,103,657
Federal Reserve notes of other Banks.....	28,808,750	43,242,700
Other cash.....	8,355,710	11,513,277
Discounts and advances.....	17,350,000	5,300,000
U.S. Government securities:		
Bills.....	957,783,000	798,246,000
Certificates.....	—	—
Notes.....	1,350,352,000	1,221,704,000
Bonds.....	150,402,000	232,989,000
Total U.S. Government securities.....	<u>2,458,537,000</u>	<u>2,252,939,000</u>
Total loans and securities.....	<u>2,475,887,000</u>	<u>2,258,239,000</u>
Cash items in process of collection.....	713,580,280	577,047,041
Bank premises.....	8,241,229	8,664,214
Other assets.....	130,812,358	137,692,922
TOTAL ASSETS.....	<u>\$3,689,514,620</u>	<u>\$3,380,502,811</u>
LIABILITIES		
Federal Reserve notes in actual circulation.....	\$1,746,649,895	\$1,575,001,366
Deposits:		
Member bank — reserve accounts.....	1,222,308,848	1,229,448,111
U.S. Treasurer — general account.....	81,124,900	572,920
Foreign.....	7,410,000	12,540,000
Other.....	13,485,313	10,624,865
Total deposits.....	<u>1,324,329,061</u>	<u>1,253,185,896</u>
Deferred availability cash items.....	519,426,806	464,327,688
Other liabilities.....	24,409,458	16,456,361
TOTAL LIABILITIES.....	<u>3,614,815,220</u>	<u>3,308,971,311</u>
CAPITAL ACCOUNTS		
Capital paid in.....	37,349,700	35,765,750
Surplus.....	37,349,700	35,765,750
TOTAL CAPITAL ACCOUNTS.....	<u>74,699,400</u>	<u>71,531,500</u>
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	<u>\$3,689,514,620</u>	<u>\$3,380,502,811</u>

earnings and expenses

	1969	1968
CURRENT EARNINGS		
Discounts and advances	\$ 3,116,739	\$ 1,215,553
U.S. Government securities	134,495,990	112,264,985
Foreign currencies	6,941,538	4,364,788
All other	70,455	34,700
TOTAL CURRENT EARNINGS	<u>144,624,722</u>	<u>117,880,026</u>
CURRENT EXPENSES		
Current operating expenses	13,322,637	11,661,711
Assessment for expenses of Board of Governors	852,600	815,298
Federal Reserve currency:		
Original cost, including shipping charges	1,193,511	969,695
Cost of redemption, including shipping charges	20,685	15,960
Total	<u>15,389,433</u>	<u>13,462,664</u>
Less reimbursement for certain fiscal agency and other expenses	960,534	905,737
NET EXPENSES	<u>14,428,899</u>	<u>12,556,927</u>
PROFIT AND LOSS		
Current net earnings	130,195,823	105,323,099
Additions to current net earnings:		
Profit on sales of U.S. Government securities (net)	—	33,593
All other	342,921	461,514
Total additions	<u>342,921</u>	<u>495,107</u>
Deductions from current net earnings:		
Loss on sales of U.S. Government securities (net)	255,237	—
All other	4,304	13,040
Total deductions	<u>259,541</u>	<u>13,040</u>
Net additions	83,380	482,067
Net earnings before dividends and payments to U.S. Treasury	130,279,203	105,805,166
Dividends paid	2,205,326	2,118,480
Payments to U.S. Treasury (interest on F.R. notes)	126,489,927	102,384,586
Transferred to surplus	1,583,950	1,302,100
Surplus, January 1	35,765,750	34,463,650
Surplus, December 31	<u>\$ 37,349,700</u>	<u>\$ 35,765,750</u>

directors

FEDERAL RESERVE BANK OF DALLAS

CARL J. THOMSEN	(Chairman and Federal Reserve Agent), Senior Vice President, Texas Instruments Incorporated, Dallas, Texas
CHAS. F. JONES	(Deputy Chairman), President, Humble Oil & Refining Company, Houston, Texas
PHILIP G. HOFFMAN	President, University of Houston, 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

ALLAN B. BOWMAN	President and General Manager, Banner Mining Company, Tucson, Arizona
GORDON W. FOSTER	Vice President and Director, Farah Manufacturing Company, Inc., El Paso, Texas
C. J. KELLY	President, The First National Bank of Midland, Midland, Texas
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
SAM D. YOUNG, JR.	President, El Paso National Bank, El Paso, Texas

HOUSTON BRANCH

R. M. BUCKLEY	President and Director, Eastex Incorporated, Silsbee, Texas
HENRY B. CLAY	President, First Bank & Trust, Bryan, Texas
A. G. MCNEESE, JR.	Chairman of the Board and Chief Executive Officer, 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	Chairman of the Board, 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
W. O. ROBERSON	President, First National Bank at Brownsville, Brownsville, Texas

FEDERAL ADVISORY COUNCIL MEMBER

JOHN E. GRAY	Chairman of the Board and Chief Executive Officer, First Security National Bank of Beaumont, Beaumont, Texas
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FEDERAL RESERVE BANK OF DALLAS

P. E. COLDWELL, *President*

T. W. PLANT, *First Vice President*

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

J. L. COOK, *Senior Vice President*

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

LEON W. COWAN, *Vice President*

RALPH T. GREEN, *Vice President*

CARL H. MOORE, *Vice President*

JAMES A. PARKER, *Vice President*

W. M. PRITCHETT, *Vice President*

FREDRIC W. REED, *Vice President*

TONY J. SALVAGGIO, *Vice President, Cashier,
and Assistant Secretary of the Board*

THOMAS R. SULLIVAN, *Vice President*

E. W. VORLOP, JR., *Vice President*

ARTHUR H. LANG, *General Auditor*

GEORGE F. RUDY, *General Counsel*

GEORGE C. COCHRAN, III, *Assistant Vice President,
Assistant Counsel, and
Assistant Secretary of the Board*

HARRY E. ROBINSON, JR., *Assistant Vice President*

E. A. THAXTON, JR., *Assistant Vice President*

JAMES O. RUSSELL, *Chief Examiner*

T. E. SPRENG, *Data Processing Officer*

SIDNEY J. ALEXANDER, JR., *Assistant Cashier*

RICHARD D. INGRAM, *Assistant Cashier*

JESSE D. SANDERS, *Assistant Cashier*

C. L. VICK, *Assistant Cashier*

ROBERT A. BROWN, *Assistant General Auditor*

EL PASO BRANCH

FREDRIC W. REED, *Vice President in Charge*

FORREST E. COLEMAN, *Cashier*

THOMAS H. ROBERTSON, *Assistant Cashier*

HOUSTON BRANCH

J. L. COOK, *Senior Vice President in Charge*

RASCO R. STORY, *Cashier*

J. Z. ROWE, *Assistant Vice President*

JOHN N. AINSWORTH, *Assistant Cashier*

R. J. SCHOENHOFF, *Assistant Cashier*

SAN ANTONIO BRANCH

CARL H. MOORE, *Vice President in Charge*

FREDERICK J. SCHMID, *Cashier*

THOMAS C. COLE, *Assistant Cashier*

ROBERT W. SCHULTZ, *Assistant Cashier*