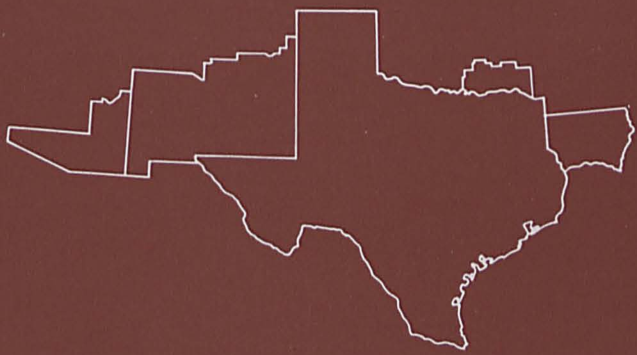
business review



september 1970

FEDERAL RESERVE
BANK OF DALLAS

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Developments in 1970: The battle against inflation

Inflation has been the nation's number one economic problem for several years. All major price indicators show the emergence and growing dimensions of inflation since the midsixties. The wholesale and consumer price indexes, for example, mirror changes that contrast sharply with the comparatively stable prices of the early 1960's.

From 1960 through 1965, wholesale prices increased at an average annual rate of 0.3 percent and consumer prices increased at an average rate of 1.4 percent. While this upward drift was far from perfect price stability, it was gentle enough to be well within tolerable limits.

The main thrust of discretionary monetary and fiscal policy during those early years of the 1960's was aimed at stimulating aggregate spending to bring the economy up to its full-employment potential. By mid-decade, consumer spending and private investment were expanding rapidly when, largely as a result of the escalation of the war in Vietnam, Government spending also surged. Aggregate demand began to outstrip the nation's capacity to produce, and the economy became overheated.

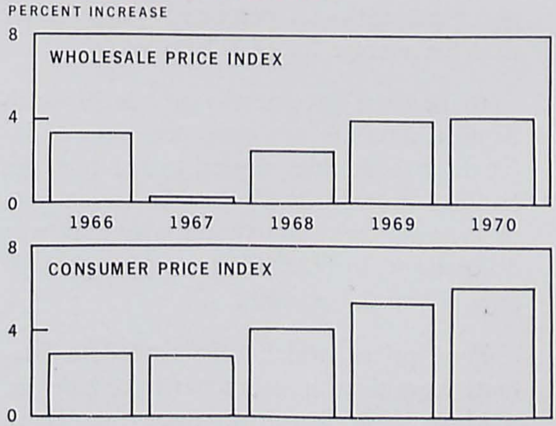
While much of the booming demand was satisfied by increases in real output, the excess demand simply pulled prices upward. Since 1966, the wholesale price index has advanced at an average annual rate of 2.8 percent and the consumer price index has risen at an average rate of 4.3 percent.

More important than these high average increases, however, has been the accelerating rate of increase. The only respite from progressively sharper price increases came in 1967, when under the delayed influence of monetary restraint, rises in both the wholesale and consumer price indexes temporarily moderated.

Strategy of restraint

In the face of progressively faster rates of price increases, discretionary policy since the midsixties has been aimed at curtailing aggregate spending in hopes of slowing the rate of price increase. Policy actions have included periods of monetary restraint (1966 and 1969-70), the Federal income tax surcharge (1968-70), and continuing efforts since 1968 to contain if not cut Federal spending, especially for defense. Most recently, the President has formed a National Commission on Productivity to investigate means of increasing the nation's output per man-hour and directed the Council of Economic Advisers to prepare a periodic "inflation alert." The first alert was issued in early August.

Price increases accelerate



The 1970 changes are based on the January-June averages compared with the January-June 1969 averages.
SOURCE: U.S. Department of Labor.

Although evidence indicates that inflation was not brought under control in the first half of 1970, there are hopeful signs that inflationary forces may have finally passed their peak. With the economy slowed and slack developing, the rate of price increase should diminish in the months ahead.

Meanwhile, the slowdown itself is causing some concern. The slowdown, which has raised unemployment from 3.5 percent of the labor force at the end of 1969 to 5.0 percent in July 1970, cannot be separated from the problem of inflation, however. Being the result of fiscal and monetary efforts to combat inflation by slowing growth in aggregate demand, the rise in unemployment and the general moderation in business activity derive from the inflationary malaise that permeates the economy.

The restrictive monetary and fiscal actions taken last year and partly maintained into this year have been widely recognized as forces that would eventually slow economic activity. The Government itself has taken the official position (in the Economic Report of the President, for example) that the rate of economic expansion would have to be slowed. And evidence of this slowing in the second half of 1969 was generally viewed as good news. While the side effects of the economic slowdown present new problems, there is no doubt that the slowdown has been considered an essential part of the struggle against inflation.

Prices in Dallas and Houston

Dallas and Houston are the only areas in the Eleventh District for which consumer prices are reported separately from the total for the nation. Until last year, consumer prices in these two cities increased at about the same rate as in metropolitan areas across the country. But last year, consumer prices in Dallas and Houston increased an average of 6.5 percent—1.1 percentage points faster than the average for all U.S. cities.

In the latest three-month periods for which detailed data are available, the rates of increase in both cities slowed to less than the national average. In Dallas, the annual rate of increase from March through May was 4.8 percent. In Houston, from May through July, it was 2.4 percent.

Food prices, which have tended to fluctuate more than the consumer price index as a whole, rose sharply in these two Texas cities in the first quarter of this year, as they did in the nation as a whole, advancing at annual rates of 9.6 percent in Houston and 8.5 percent in Dallas. There was a marked slowing in the second quarter, however — to 2.1 percent in Houston and 1.0 percent in Dallas. These slower rates of increase — both less than the national average — seem to offer both cities hope for near-stability in food prices in the second half of 1970.

To the extent that consumers in these Texas cities have taken more of their meals at home, they have been able to resist the increase in family food bills. Prices for food at home have not increased as fast as prices for food away from home. In Houston, prices for food at home averaged 3.3 percent higher in June than a year before, compared with 11.5 percent for food away from home. In Dallas, these prices were up 3.8 percent and 7.9 percent, respectively.

Much of the agony of 1970 results from the economy slowing but inflation showing only a few signs of moderating. On the average, prices increased slightly faster in the first half of 1970 than in 1969. In the first six months of this year, the wholesale price index averaged 4.2 percent higher than in the same period last year. The consumer price index was up 6.2 percent. The steady slowing in business activity and the accompanying rise in unemployment might have seemed less uncomfortable had there been clear evidence that inflation was being wrung out of the economy.

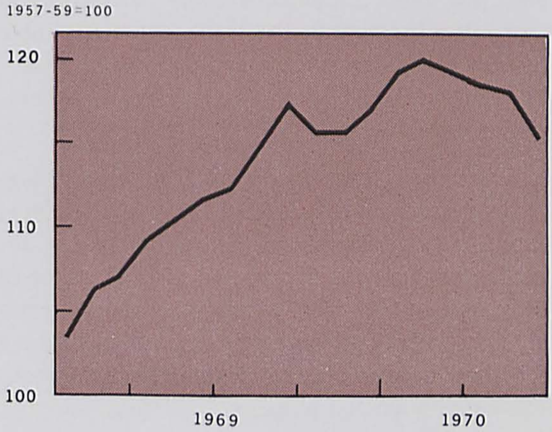
Prices at the wholesale level

Wholesale prices were almost stable during the first half of the 1960's, averaging only 2.5 percent higher in 1965 than during the 1957-59 period on which the index is based. In 1966, however, average wholesale prices jumped 3.3 percent over the average for 1965. With some relief from demand pressures following a period of restrictive monetary policy in 1966, the increase in wholesale prices slowed markedly in 1967, edging upward only 0.2 percent. Monetary restraint was eased in 1967, and with spending in both the public and private sectors expanding rapidly, the rate of price increase accelerated in 1968, setting a sharp uptrend that continued through 1969 and into 1970.

The increase in wholesale prices since 1966 has been broadly based, with rises in all segments of the economy contributing to the increase in the index. The wholesale index for farm products and processed food and feed has swung some from year to year but, on average, has increased faster than the index of wholesale prices overall. The index for industrial commodities has increased slightly less than the total wholesale price index.

Recent developments in wholesale prices provide some encouragement, however. Where prices of farm products and processed food and feed were increasing sharply in the first quarter

Price index for industrial materials passes peak in first quarter



SOURCE: U.S. Department of Labor.

of this year, they declined in the second. And although prices of industrial products were still increasing in the second quarter, they were not increasing quite as fast as in the first quarter. As a result, the wholesale price index increased at an annual rate of 1.7 percent in the second quarter, compared with 5.9 percent in the first quarter.

Further encouragement has come with a decline in average prices of raw industrial materials. The wholesale price index of industrial materials prepared by the Department of Labor is usually a leading indicator of price behavior. This index followed an irregular pattern through much of 1968 but moved sharply upward late in the year and, except for a temporary dip during the fourth quarter, continued to rise throughout 1969. After reaching a cyclical peak in February of this year, however, the index declined for five consecutive months, registering an annual rate of decline of 7.2 percent for the second quarter.

Prices at the consumer level

Consumer prices drifted upward throughout the first half of the 1960's, but so gradually that the increase caused little concern on the part of the public or its policy-makers. After 1965, however, these prices rose at an accelerating rate, averaging 3.8 percent a year between 1966 and 1969. Last year, the consumer price index averaged 5.4 percent higher than a year earlier. By June 1970, $1.35 was needed to buy what a dollar would have bought in 1957-59.

Consumer prices increased faster in the first two quarters of this year than in 1969. On a monthly basis, however, the annual rate of increase moderated slightly in May, June, and July, providing some encouragement, even though it may take several months to determine whether the rate of increase in consumer prices has actually passed its peak.

After advancing at an annual rate of 9.0 percent in the first quarter, the increase in food prices slowed to 3.4 percent in the second quarter. Prices of other nondurable goods accelerated in the second quarter, but much of this increase came in April. The rate of increase slowed again in May and June.

Prices of consumer durables did not increase as fast in the 1960's as prices of services and nondurable goods. But in the second quarter this year, prices of durable goods rose sharply, gaining at an annual rate of 7.0 percent compared with 1.4 percent in the first quarter. This increase could be only temporary, however, since much of the rise resulted from a rapid acceleration in used-car prices.

Prices of services have been increasing faster than consumer commodity prices since 1960. They were up sharply in the first half this year, advancing 9.8 percent in the first quarter and 8.8 percent in the second quarter, compared with 7.0 percent for 1969. Although the moderation in the rate of increase between the first and second quarters was slight, the percentage increase every month in the second quarter was

The Two Price Indexes

The consumer price index measures changes in the prices of goods and services most often bought by urban wage earners and clerical workers, whether as single people or for their families. Since it is not feasible to obtain price quotations on everything people buy, about 400 key items have been selected to make up a "market basket" for use in determining current price levels. Items are priced periodically in different cities, mainly through personal visits to a sampling of retail and service outlets.

The wholesale price index measures changes in prices of about 2,400 commodities sold in large lots at the first level of commercial transaction. The index, therefore, refers to prices paid to producers of goods and raw materials and not to the prices paid wholesalers, distributors, and jobbers.

A recent study suggests that the wholesale price index tends to overstate prices during periods of economic slowdown. The possibility of overstatement results from the index being based on sellers' posted prices, without incorporation of the special price concessions that are often made when business activity eases. If there is this form of upward bias present in the wholesale price index, wholesale prices may have moderated even more than indicated in this article. (See George J. Stigler and James K. Kindahl, *The Behavior of Industrial Prices,* National Bureau of Economic Research General Series, No. 90, New York, 1970.)

AVERAGE ANNUAL RATES OF CHANGE IN PRICE INDEXES

Index	1960-65	1966-69	1970[1] First quarter	1970[1] Second quarter
Consumer prices	1.4%	3.8%	6.1%	6.3%
Services	2.2	5.1	9.8	8.8
Goods	.9	3.2	3.6	5.2
Durables	.2	2.2	1.4	7.0
Nondurables	1.2	3.6	4.7	4.4
Food	1.4	3.7	9.0	3.4
Other	1.0	3.5	1.0	5.4
Wholesale prices	.3	2.5	5.9	1.7
Industrial commodities	.2	2.4	4.6	3.4
Farm products, processed foods and feeds	.6	2.8	10.7	–4.0

[1] Quarterly rates were calculated by comparing the average value of the index for one quarter with the average value of the index for the preceding quarter and putting the percentage rate of change on an annual basis. Data for 1970 are not seasonally adjusted.

SOURCES: U.S. Department of Labor.
Federal Reserve Bank of Dallas.

less than the smallest monthly increase in the first quarter.

The outlook for stability

In the face of restrained aggregate demand, fewer price increases may be attempted in the months ahead, and some of those that are tried may be rolled back in the marketplace. Because wholesale prices are usually more responsive to changes in economic conditions than consumer prices, the moderation of their increases is encouraging, especially since many of these prices represent the cost of commodity inputs to producers. Moderation of the increase in wholesale prices could help take some of the upward pressure off consumer prices.

The slowing trend in wholesale prices is apt to be irregular, however, and could take some time before leveling off. In July, for example, wholesale prices spurted upward again at an annual rate of 7.2 percent — the sharpest rise in six months. Then in August, the movement reversed itself and the index actually declined — for the first time in two years.

Although the recent downward trend in wholesale food prices raises hopes that increases in consumer food prices may moderate further, services seem the key to any substantial braking in the rate of increase in consumer prices. The rapid increase in prices of services has been pulling up the rate of increase in the consumer price index overall. If the slight moderation in the rate of increase of service prices in the second quarter continues throughout the rest of the year, the trend of the consumer price index could improve substantially.

Higher labor costs remain one of the major upward pressures on both wholesale and consumer prices. Many labor groups are demanding large wage increases in hopes not only of offsetting an expected rise in consumer prices but also of gaining in real purchasing power. Much smaller wage demands will probably come only after a sustained movement toward price stability. But even if wage rates continue to rise rapidly, a substantial increase in productivity could result in a marked slowing in the rise of unit labor costs. In fact, in manufacturing, a sharp rise in productivity in the first half slowed the rate of increase in unit labor costs.

Because these various adjustments take considerable time to diffuse throughout the economy, an inflationary spiral, once started, can be broken up only over a lengthy period and with some lag.

Although monetary and fiscal policy has eased somewhat in 1970, the battle against inflation is still far from won. The rate of increase in consumer prices, for example, could be cut in half and still be moving up much faster than in the first half of the 1960's. Some economic restraints, therefore, may be needed even after the increase in prices has definitely slowed. Otherwise, there could be a resurgence of inflationary pressures before the rate of price increase is restored to a level that can be tolerated over the long run.

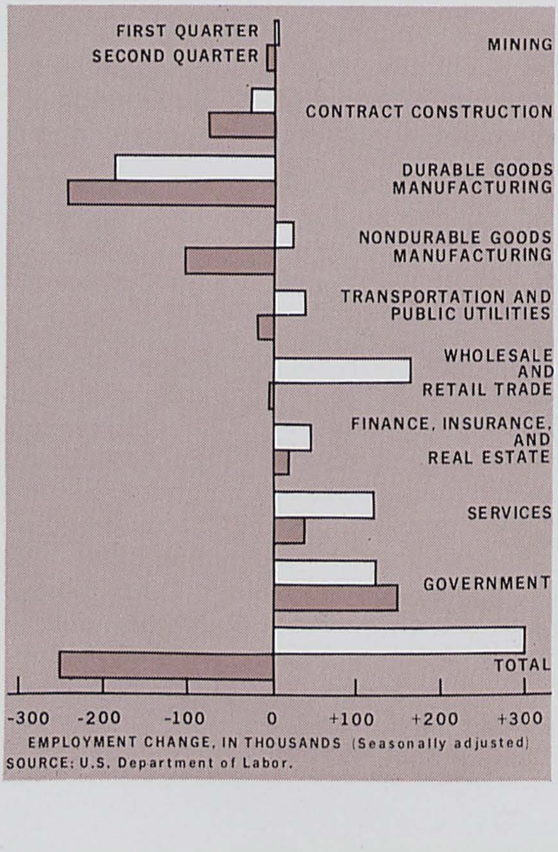
LEONARD G. BOWER

The rise in unemployment

The economic slowdown in the first half of 1970 brought unemployment to the highest level since 1965. Where the number of unemployed averaged about 2.9 million (3.6 percent of the civilian labor force) in the fourth quarter last year, the average reached almost 4 million (4.8 percent of the labor force) in the second quarter this year.

Part of the increase during the first months of the year can be attributed to an unusually sharp increase in the labor force. Between the fourth quarter last year and the first quarter this year, the labor force expanded by an additional 915,000 workers — or at an annual rate of almost 3.7 million. On the basis of changes in the working-age population and long-term trends in labor participation rates, the labor force is expected to grow approximately 1.5 million a year.

Total nonfarm payroll employment falls in second quarter this year



With the economy slowing and production declining, employment opportunities also began to shrink and growth in employment slowed appreciably. As a result, many new entrants into the labor force could not find work. The number of unemployed workers swelled almost 500,000 in the first quarter, with workers entering the labor force accounting for more than 40 percent of the increase.

But even in these early months of the year, many employers, faced with sluggish demand for their output and declining profits, began to trim back their work forces. More than half the increase in unemployment in the first quarter was among workers that had lost their last job, mostly through layoffs.

Impact on labor demand

As the year progressed, layoffs became the dominant factor contributing to the rising trend in joblessness. In fact, seasonally adjusted, the civilian labor force increased only 100,000 in the second quarter, and less than 1 percent of the rise in unemployment could be traced to new entrants into the labor force. Some secondary workers (women and teen-agers) that had entered the labor force during the early stages of the slowdown, when jobs were still abundant, dropped out of the labor force in the spring, discouraged by the reduction in available work. Unemployment increased by 566,000 in the second quarter, with workers that had lost their last job accounting for more than four-fifths of the increase.

The first-quarter easing in demand for workers was fairly well concentrated in industries producing durable goods, especially defense-related items and consumer durables. While nonfarm payroll employment increased 299,000 in the first quarter, the number of employees on payrolls of durable goods manufacturers decreased 189,000. About half this drop was in industries producing transportation equipment, mainly aircraft and automobiles.

Nonfarm payroll employment fell almost 260,000 in the second quarter as employment in durable goods manufacturing continued to deteriorate and weakness in demand for labor spread to other sectors of the economy. Payroll employment fell in all goods-producing industries (mining, construction, and durable and nondurable goods manufacturing), was at a virtual standstill in trade, and grew substantially slower in finance and services. Government was the only major sector with faster growth in payroll employment in the second quarter than in the first, and employment growth in this sector would have also fallen had it not been for the temporary increase in Federal employment resulting from the addition of enumerators for the 1970 census.

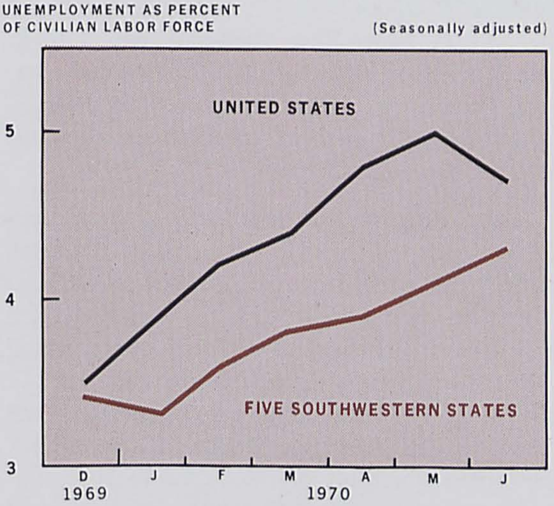
Effects on the Southwest

Job opportunities were reduced nationwide, although some areas were affected more than others. Hardest hit were areas with heavy concentrations of industries producing defense items and consumer durables. Areas depending less on manufacturing were better able to maintain fairly low levels of unemployment. Unemployment rose sharply along the Pacific Coast, for example, as spending on defense and aerospace programs was reduced. But in some areas of the Midwest, where much of the employment is in nonmanufacturing, joblessness remained at comparatively low levels.

The Southwest has fared slightly better than the nation as a whole. Last December, the average rate of unemployment for the five states of the Eleventh Federal Reserve District was 3.4 percent, compared with 3.5 percent for the nation. In January, while the nation's unemployment rate was rising substantially, the average rate for these five southwestern states even declined a little. Since then, the unemployment rate for the Southwest has also been on the rise, but it has remained about 0.6 percentage point less than the rate for the nation.

There have been wide differences within the region, however, with only Texas maintaining an unemployment rate significantly below the national average. Texas and Arizona started

Joblessness in the Southwest follows national trend this year, after initial drop



SOURCES: State employment agencies.
U.S. Department of Labor.
Federal Reserve Bank of Dallas.

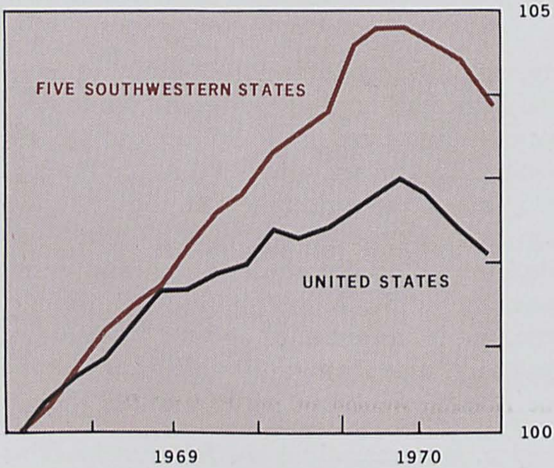
State	Unemployment as percent of civilian labor force: June 1970	December 1969	Increase
Arizona	4.6	2.8	1.8
Louisiana	6.4	5.2	1.2
New Mexico	6.3	4.9	1.4
Oklahoma	4.4	3.4	1.0
Texas	3.4	2.8	.6

the year with unemployment rates of only 2.8 percent. In the first half of the year, the rate for Texas increased about half as fast as the rate for the nation as a whole, reaching only 3.4 percent in June. The unemployment rate in Arizona increased faster than the national average, however, reaching 4.6 percent in June — a rate only 0.1 percentage point less than the rate for the nation.

The unemployment rates for Oklahoma, Louisiana, and New Mexico advanced at about the same pace as the average for the nation. Oklahoma began the year with an unemployment rate slightly below the national average and held this advantage through the first half of the year. The jobless rates for Louisiana and New Mexico, however, were already about 5 percent at the start of the year. By June, unemployment in these two states had reached more than 6 percent.

While the unemployment rate in the Southwest began moving upward in February, the weakness in labor demand was not reflected

Employment in the Southwest increased faster than in the nation before decline finally set in



SOURCES: State employment agencies.
U.S. Department of Labor.
Federal Reserve Bank of Dallas.

RECENT CHANGES IN SOUTHWESTERN NONFARM PAYROLL EMPLOYMENT

(Seasonally adjusted)

	Second quarter 1970 from first quarter 1970		First quarter 1970 from last quarter 1969	
Area	Number	Percent	Number	Percent
Arizona	400	0.1	13,600	2.6
Louisiana	–22,000	–2.1	11,200	1.1
New Mexico	–3,200	–1.1	3,500	1.2
Oklahoma	–8,200	–1.1	5,400	.7
Texas	7,400	.2	41,600	1.1
Total	–25,600	–.4	75,300	1.2

SOURCES: State employment agencies.
Federal Reserve Bank of Dallas.

in payroll employment until March. In fact, growth in nonfarm payroll employment in the five southwestern states showed no signs of abating all last year, even though growth nationwide had begun to slow about midyear. For a while, job markets in the Southwest seemed almost immune to the economic slowdown that was cutting employment in much of the rest of the country. In March, however, the trend in the Southwest leveled off and in the next three months moved downward, following the pattern set for the nation.

The region's recent cutback in nonagricultural employment centered in Louisiana. Of a second-quarter drop of 25,600 in nonfarm payroll employment in the five states, 22,000 was in Louisiana. Oklahoma and New Mexico also showed declines, while employment growth in Texas and Arizona showed substantial leveling.

Outlook for the second half

While evidence continues to accumulate indicating that economic recovery may be near, demand for labor is likely to remain sluggish for a time. Typically, when economic activity begins to pick up again after a downturn, employers meet additional demand by raising the output of employees already on the payrolls and lengthening their workweek. Only when these efforts are no longer enough to provide the manpower needed to meet the demand for output do employers usually begin adding to their work forces.

Latest indications are that this pattern of lag between general economic recovery and recovery in employment is apt to be followed in the months ahead. Nonfarm payroll employment fell again in July for the fourth month in a row, reflecting further weakness in the demand for labor. But the average workweek of nonfarm payroll employees edged upward in July for the second consecutive month, indicating that some firming in labor demand may not be far off. Moreover, the rate of layoffs in manufacturing has declined significantly since reaching a peak in April, providing evidence that this major source of unemployment in the first half of 1970 has finally begun to subside.

Although these recent developments suggest that employment may level off in the next few months and, perhaps, begin moving back upward before the end of 1970, the nation's rate of unemployment could easily rise still further, as growth in the civilian labor force outstrips gains in employment. In July, the unemployment rate bounced back to its May level of 5 percent, after declining to 4.7 percent in June.

WILLIAM H. KELLY

new par banks

The Guardian Bank Northwest, Houston, Texas, an insured nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, August 10, 1970. The officers are: W. P. Gibbs, Jr., President; Tom L. Johnson, Jr., Vice President; Mrs. Ruby Seagraves, Cashier; and James E. Froehlick, Assistant Cashier.

The First State Bank of Keene, Keene, 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, August 10, 1970. The officers are: James A. Nees, President, and Karl E. Richhart, Vice President and Cashier.

The Spring Woods Bank, Houston, Texas, an insured nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, August 24, 1970. The officers are: Richard Hairston, President, and Pat Moody, Vice President and Cashier.

Inventory adjustments

Gross national product and its two major components — final purchases and inventory investment — have shown a well-defined relationship in previous economic slowdowns, and the recent slowing is no exception. In every recession since World War II, the change in inventory investment has been far greater than the total change in final purchases by consumers, businesses, and government.

Since business holdings of goods account for most of any short-term swing in GNP, business decisions have an enormous influence on the quarter-to-quarter course of economic activity. This influence is so great, in fact, that knowledge of movements in business inventories is essential to the formation of effective monetary and fiscal policy.

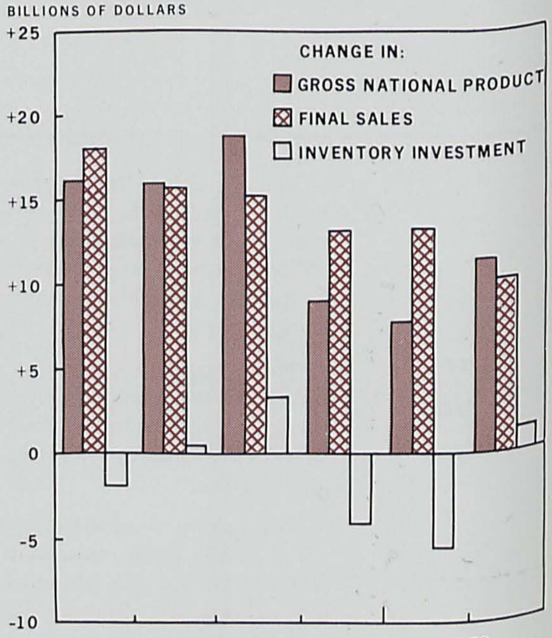
There are several reasons for the volatility of business investment in inventories. Inventory investment directly involves expectations about future sales. Unlike investment in plant and equipment, which can have a significant lag between changes in expected sales and changes in investment levels, inventories can be adjusted to sales fairly quickly.

Because inventories act as a buffer between output and final sales, expectations about production also affect the level of business stocks. It is not unusual for producers of durables, for example, to stockpile goods in anticipation of labor negotiations either in their industry or in major supplier industries.

Expectations about price changes also affect inventory investment. If prices of goods appear likely to increase, businessmen will probably increase their holdings of these goods as a hedge against expected inflation. Widespread building of inventories on price speculation can increase their operating costs, especially if interest rates also rise, as they ordinarily do when overall demand is strong.

Many inventories, especially of durables, are held by companies in industries highly sensitive to changes in the general economy — a fact that adds further to the volatility of inventories. Producers of business, transportation, and construction equipment, for example, operate largely in interdependence with other producers. When one producer changes its inventories, it adjusts its orders to suppliers. Each of the suppliers, in turn, also changes its inventory level to keep inventories in line with changes in sales. Thus, during a period of economic slowdown, a decision by one manufacturer to reduce inventory investment would start cut-

Recent changes in GNP affected more by inventories than final sales



SOURCE: U.S. Department of Commerce.

backs in the rate of inventory accumulation at all levels of production.

Most of these conditions have been reflected, at least in part, in the economic slowdown of 1969-70. Investment in inventories declined from an annual rate of $11.3 billion in the third quarter last year to $1.6 billion in the first quarter this year. Although the decline was sharp — a drop of $10 billion in six months — it stopped short of actual liquidation and was, in fact, the smallest adjustment in any economic downturn since World War II.

The slower growth of sales in industries producing durable goods — particularly consumer durables and defense-related items — triggered a chain of events leading to a fourth-quarter reduction in inventory investment. With sales in these industries sluggish, inventories rose relative to sales, indicating by early fall that there were trouble areas in durable goods at both manufacturing and retail levels. As production was trimmed back, inventory investment was trimmed to $7.2 billion in the fourth quarter.

The slowdown in sales spread into still other durable goods industries in the first quarter of this year — particularly business machinery and equipment industries — leading to slower accumulation of inventories in those industries. Inventory investment was cut back to $1.6 billion in the first quarter — a decline of $5.6 billion from its level in the fourth quarter last year. The spillover of inventory adjustment into 1970 resulted mainly from the continued sluggish growth in sales, but with credit still scarce and interest rates rising, financial markets also discouraged increases in inventories.

Business accumulation of inventories rose to an annual rate of $2.9 billion in the second quarter this year, reversing the downward trend in the rate of accumulation that had held for the previous two quarters. All the improvement in real GNP in the second quarter can be attributed to increased inventories. Final purchases rose only $10.3 billion — the smallest quarter-to-quarter gain in over three years.

Inventory-to-sales ratios improve, but still higher than a year earlier

June 1970 preliminary.
SOURCE: U.S. Department of Commerce.

While the $1.3 billion gain in inventories in the second quarter represented a turnaround in the downward adjustment of the previous two quarters, many observers do not expect a resurgence in inventory investment in the second half of the year. Sales may not have improved enough for any further buildup in stocks. Although inventory-to-sales ratios had improved at midyear, ratios for durable goods remained high at both manufacturing and retail levels.

Charles M. Wilson

District highlights

Total nonagricultural wage and salary employment in states of the Eleventh District continued to show weakness in July, even though employment dropped less than seasonally expected. Gains over a year before were only moderate. The soft demand for labor was also seen in rising unemployment rates over the District and in high levels of unemployment claims. Most of the softness was in manufacturing and construction, the industries most affected by the current economic slowdown.

Nonfarm payroll employment in the five southwestern states declined 0.4 percent in July, to a total of 6,365,200 workers. The change resulted from declines in manufacturing, construction, and government payrolls. Almost all other categories of employment increased moderately. The only exception was finance, which held steady.

Compared with a year before, strength was generally lacking. An increase in total employment of 1.6 percent over July 1969 reflected a decline of 3.1 percent in manufacturing and a rise of 2.7 percent in nonmanufacturing. Within nonmanufacturing, absolute declines from a year earlier were registered only in mining and construction.

Department store sales in the Eleventh District were 7 percent higher in the four weeks ended August 22 than in the corresponding period last year. Cumulative sales through that date were 3 percent higher than a year earlier.

Registrations of new passenger automobiles in Dallas, Fort Worth, Houston, and San Antonio were slightly higher in July than in June. Changes ranged from an increase of 13 percent in Houston to a decrease of 14 percent in Dallas. Although total registrations were 12 percent higher than in July 1969, cumulative registrations through July trailed registrations for the same period last year by 6 percent.

Industrial production in Texas was unusually weak in July. The seasonally adjusted Texas industrial production index declined 1.8 percent to 174.0 percent of its 1957-59 base. The decline was more widespread than in other recent months. Of the three major industrial categories, only utilities held steady. Where weakness had previously centered in the manufacturing of durable goods, it spread to mining and the manufacture of nondurable goods in July.

Mining output was down 1.9 percent from June but was still 2.1 percent higher than a year before. With the oil allowable in Texas lower in recent months, this weakness was expected. The allowable was raised to a record high in August, however, and since crude oil accounts for nearly 30 percent of the Texas index, industrial production was expected to show more strength in August.

Manufacturing output declined in July — for the fourth time in six months. In the production of durables, the most pronounced drop was in electrical machinery. Transportation equipment rose slightly, reflecting recent strength in automobile production before retooling for new models. The weakness in nondurables, although moderate, covered most products. Only leather and leather products showed any real strength.

Compared with a year ago, the state's manufacturing output was off 1.5 percent. A year-to-year increase of 4.8 percent in the production of nondurables was more than offset by a decline of 9.3 percent in durables. The largest year-to-year decline in durable goods was also in the manufacture of electrical machinery. Transportation equipment was off 8.6 percent. Except for textile products, all categories of nondurable goods were up from July last year.

Cotton, corn, sorghum, and other unharvested crops in the Coastal Bend area of Texas were severely damaged by Hurricane Celia — although not as severely as first expected. The loss has been estimated at $8 million, and damage to agricultural buildings, equipment, and land is believed to be even higher. Several gins in the path of the storm were either totally destroyed or so heavily damaged that operations cannot be undertaken this harvest season.

Despite the hurricane damage and general lack of rain, most crops in the states of the Eleventh District are making fair progress. Based on conditions August 1, cotton production in the five southwestern states was expected to total slightly more than 5.2 million bales, or 18 percent more than in 1969. The expected increase results from both larger planted acreage and prospects for higher yields. In Texas, the forecast was 28 percent more than the 2.9 million bales produced in 1969. The yield in Texas was expected to average 348 pounds of lint per acre, compared with 292 pounds in 1969. Even this, however, would be less than the 410-pound average in 1968.

Production of grain sorghum in the southwestern states was expected to total 385 million bushels, or 4 percent more than last year. Rice production was expected to be down about 2 percent from a year before.

Most livestock were in fair to good condition on August 1. The number of cattle on feed in Texas totaled 1,388,000 head, or 10 percent more than a year before. There were 412,000 head of cattle on feed in Arizona, or 8 percent fewer than a year before.

Of the 267 feedlots in Texas with capacities for at least 1,000 head, 184 reported cattle on feed July 1. This is an occupancy rate of 58 percent, compared with 73 percent a year before and 54 percent two years before.

The nation's six largest cattle feeding states had 6,430,000 head on feed August 1 — 4 percent more than a year earlier. States showing increases, in addition to Texas, were Colorado (31 percent), Nebraska (9 percent), and Iowa (3 percent). Gains in these four states more than offset declines in California (15 percent) and Arizona.

Prices received by Texas farmers and ranchers were fractionally lower on July 15 than a year earlier. The all-crops price index was 1 percent higher than in July 1969, but the price index for livestock and livestock products was 1 percent less.

Cash receipts from farm marketings in states of the District in the first half of this year were up 1 percent from the same period last year. Receipts from sales of livestock and livestock products were up 8 percent, but receipts from crop marketings were down 14 percent.

Restrictions on oil production in Libya and disruption of the Trans-Arabian Pipeline through Syria have forced oil companies to move more European petroleum imports around Africa by tanker. The resulting increase in demand for tankers has raised shipping rates, pushing up the price of petroleum imports to Europe and the United States and threatening shortages on both sides of the Atlantic.

In response, crude oil production in states of the Eleventh District has been increased sharply. Louisiana increased its August rate from 51 percent of maximum efficient production to 56 percent and then, for September, raised the rate to a new record of 66 percent.

In Texas, the Railroad Commission, meeting in emergency session, raised the August allowable from 62.9 percent of maximum efficient production to a record 70 percent and made the increase retroactive to August 1. For September, the commission increased the allowable to 79.9 percent.

The commission has expressed concern, however, that conservation problems, such as unwanted production of associated gas and hard-to-dispose-of salt water, might develop at this high production rate. Pipeline capacity could also become a problem. Problems with the conservation of gas prevented New Mexico from increasing its production rates above the level for August.

Sulfur production in the District is suffering from low world prices. By-product sulfur from desulfurization of fuels and increased mining capacity abroad have driven sulfur prices down, causing some production in the District to be shut down.

Total loans and investments at weekly reporting commercial banks in the Eleventh District declined considerably in July and the first two statement weeks in August. With demand for most types of loans remaining sluggish and deposits increasing, these banks added slightly to their security holdings.

Total loans declined $78 million. Business loans declined $44 million, which was in sharp contrast to an increase of $63 million a year earlier. Loans to financial institutions other than banks declined $29 million as it became somewhat easier for finance companies to obtain funds in the commercial paper market. Consumer instalment loans were essentially unchanged. Real estate loans rose $17 million.

Bank holdings of securities had increased $2 million since midyear. The banks increased their holdings of municipals and, with two Treasury financings in July, added to their holdings of Treasury bills. Increases in holdings of these securities more than offset reductions in intermediate- and long-term U.S. Government notes and bonds.

Total deposits rose $72 million in July and early August, despite a $183 million decline in demand deposits — most of which were held by individuals, businesses, and the U.S. Government. A sharp increase of $255 million in time and savings deposits stemmed mainly from sales of large certificates of deposit following the recent suspension of Regulation Q ceilings on short-term CD's. With this increase in deposits, the banks further reduced their outstanding borrowings from nondeposit sources.

new member banks

The Pan American 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 August 17, 1970, as a member of the Federal Reserve System. The new member bank has capital of $400,000, surplus of $400,000, and undivided profits of $200,000. The officers are: Frank M. Pinedo, Chairman of the Board; Dr. Emilio Sarabia, Secretary of the Board; Arnoldo Garcia, President; and A. W. Reynolds, Vice President and Cashier.

The American National Bank, Corpus Christi, Texas, a newly organized institution located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, opened for business August 24, 1970, as a member of the Federal Reserve System. The new member bank has capital of $400,000, surplus of $250,000, and undivided profits of $150,000. The officers are: George S. Hawn, Chairman of the Board; Ray Hudson, President; Bob L. Bailey, Vice President; and Alfred B. Jones, Jr., Cashier.

STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

September 1970

FEDERAL RESERVE BANK
OF DALLAS

CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Aug. 26, 1970	July 29, 1970	Aug. 27, 1969
ASSETS			
Federal funds sold and securities purchased under agreements to resell	559,988	577,725	428,425
Other loans and discounts, gross	6,084,654	6,039,927	6,035 955
Commercial and industrial loans	2,948,483	2,894,717	3,000,179
Agricultural loans, excluding CCC certificates of interest	98,004	100,861	110,228
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities	500	656	556
Other securities	36,101	34,700	44,876
Other loans for purchasing or carrying:			
U.S. Government securities	2,306	821	70
Other securities	408,593	390,200	376,088
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies	192,223	204,462	138,076
Other	367,462	361,697	378,347
Real estate loans	608,393	609,434	623,723
Loans to domestic commercial banks	5,004	5,085	9,014
Loans to foreign banks	8,269	8,414	8,635
Consumer instalment loans	730,957	727,291	700,213
Loans to foreign governments, official institutions, central banks, and international institutions	0	0	0
Other loans	678,359	701,589	645,950
Total investments	2,658,942	2,575,607	2,507,948
Total U.S. Government securities	901,258	885,495	966,171
Treasury bills	73,224	51,474	60,992
Treasury certificates of indebtedness	0	0	0
Treasury notes and U.S. Government bonds maturing:			
Within 1 year	185,977	135,054	131,394
1 year to 5 years	547,700	609,794	617,470
After 5 years	94,357	89,173	156,315
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills	35,884	26,191	24,256
All other	1,538,692	1,488,483	1,422,645
Other bonds, corporate stocks, and securities:			
Certificates representing participations in Federal agency loans	110,152	108,695	22,803
All other (including corporate stocks)	72,956	66,743	72,073
Cash items in process of collection	1,061,005	1,058,445	1,050,302
Reserves with Federal Reserve Bank	919,234	713,944	647,188
Currency and coin	96,277	90,210	88,211
Balances with banks in the United States	491,418	399,210	464,371
Balances with banks in foreign countries	8,540	7,939	5,912
Other assets (including investments in subsidiaries not consolidated)	471,053	485,379	413,783
TOTAL ASSETS	12,351,111	11,948,386	11,642,095
LIABILITIES			
Total deposits	9,610,169	9,199,273	9,186,402
Total demand deposits	5,814,531	5,620,194	5,720,724
Individuals, partnerships, and corporations	3,956,351	3,854,030	4,000,539
States and political subdivisions	318,777	279,834	326,094
U.S. Government	194,471	131,935	127,987
Banks in the United States	1,223,280	1,238,267	1,148,018
Foreign:			
Governments, official institutions, central banks, and international institutions	2,984	3,390	3,866
Commercial banks	19,982	22,912	23,426
Certified and officers' checks, etc.	98,686	89,826	90,794
Total time and savings deposits	3,795,638	3,579,079	3,465,678
Individuals, partnerships, and corporations:			
Savings deposits	920,400	917,637	957,323
Other time deposits	2,027,305	1,843,975	1,848,144
States and political subdivisions	757,899	752,690	623,063
U.S. Government (including postal savings)	43,633	29,633	8,735
Banks in the United States	28,916	19,659	22,023
Foreign:			
Governments, official institutions, central banks, and international institutions	16,385	14,385	6,000
Commercial banks	1,100	1,100	390
Federal funds purchased and securities sold under agreements to repurchase	1,009,003	943,077	798,045
Other liabilities for borrowed money	155,095	218,466	246,719
Other liabilities	419,718	440,426	322,031
Reserves on loans	130,105	130,626	117,778
Reserves on securities	14,863	14,807	11,560
Total capital accounts	1,012,158	1,001,711	959,560
TOTAL LIABILITIES, RESERVES, AND CAPITAL ACCOUNTS	12,351,111	11,948,386	11,642,095

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	5 weeks ended Aug. 5, 1970	4 weeks ended July 1, 1970	5 weeks ended Aug. 6, 1969
RESERVE CITY BANKS			
Total reserves held	754,910	740,727	732,494
With Federal Reserve Bank	701,396	687,270	682,173
Currency and coin	53,514	53,457	50,321
Required reserves	758,488	749,434	731,907
Excess reserves	—3,578	—8,707	587
Borrowings	88,192	51,775	54,175
Free reserves	—91,770	—60,482	—53,588
COUNTRY BANKS			
Total reserves held	774,984	769,558	773,337
With Federal Reserve Bank	591,290	585,326	596,174
Currency and coin	183,694	184,232	177,163
Required reserves	757,488	749,665	748,391
Excess reserves	17,496	19,893	24,946
Borrowings	10,307	8,658	24,531
Free reserves	7,189	11,235	415
ALL MEMBER BANKS			
Total reserves held	1,529,894	1,510,285	1,505,831
With Federal Reserve Bank	1,292,686	1,272,596	1,278,347
Currency and coin	237,208	237,689	227,484
Required reserves	1,515,976	1,499,099	1,480,298
Excess reserves	13,918	11,186	25,533
Borrowings	98,499	60,433	78,706
Free reserves	—84,581	—49,247	—53,173

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Aug. 26, 1970	July 29, 1970	Aug. 27, 1969
Total gold certificate reserves	711,470	313,949	316,994
Discounts for member banks	14,520	125,600	53,325
Other discounts and advances	0	2,240	0
U.S. Government securities	2,468,007	2,510,008	2,322,962
Total earning assets	2,482,527	2,637,848	2,376,287
Member bank reserve deposits	1,447,684	1,220,227	1,175,528
Federal Reserve notes in actual circulation	1,831,252	1,810,282	1,652,265

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	July 29, 1970	June 24, 1970	July 30, 1969
ASSETS			
Loans and discounts, gross	11,903	11,853	11,388
U.S. Government obligations	2,017	1,989	2,164
Other securities	3,356	3,297	3,136
Reserves with Federal Reserve Bank	1,220	1,209	1,123
Cash in vault	270	267	259
Balances with banks in the United States	1,183	1,171	1,154
Balances with banks in foreign countries[e]	11	10	9
Cash items in process of collection	1,215	1,271	1,170
Other assets[e]	621	989	753
TOTAL ASSETS[e]	21,796	22,056	21,156
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks	1,612	1,539	1,441
Other demand deposits	8,703	8,689	8,707
Time deposits	7,610	7,382	7,388
Total deposits	17,925	17,610	17,536
Borrowings	1,218	1,325	1,122
Other liabilities[e]	860	1,358	800
Total capital accounts[e]	1,793	1,763	1,698
TOTAL LIABILITIES AND CAPITAL ACCOUNTS[e]	21,796	22,056	21,156

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] July 1970 (Annual-rate basis)	Percent change: July 1970 from June 1970	Percent change: July 1970 from July 1969	Percent change: 7 months, 1970 from 1969	DEMAND DEPOSITS[1] July 31, 1970	Annual rate of turnover: July 1970	Annual rate of turnover: June 1970	Annual rate of turnover: July 1969
ARIZONA: Tucson	$ 6,835,320	7	20	17	$ 234,255	29.0	26.5	26.3
LOUISIANA: Monroe	2,879,232	3	10	10	91,923	33.0	33.1	30.7
Shreveport	9,000,816	—6	1	22	234,818	36.9	39.1	35.1
NEW MEXICO: Roswell[2]	883,476	—2	—8	9	38,876	23.5	25.1	25.9
TEXAS: Abilene	2,139,192	0	10	5	103,346	21.1	21.5	19.9
Amarillo	5,898,300	4	6	12	160,718	36.4	35.0	36.1
Austin	8,458,140	—12	—15	—2	324,053	26.5	29.6	37.0
Beaumont-Port Arthur-Orange	6,222,096	—1	—5	1	242,934	25.9	26.8	26.5
Brownsville-Harlingen-San Benito	2,019,036	8	21	14	70,245	27.8	25.0	23.8
Corpus Christi	4,852,404	—1	—6	5	205,534	23.5	23.8	24.7
Corsicana[2]	468,528	7	8	6	31,955	15.0	14.3	14.8
Dallas	130,421,640	5	15	11	1,913,887	63.4	56.9	51.7
El Paso	7,364,124	—1	4	8	227,955	31.9	31.7	31.8
Fort Worth	21,700,488	2	4	11	638,839	33.8	31.2	33.3
Galveston-Texas City	2,757,144	—4	5	12	112,484	24.1	25.4	24.6
Houston	106,865,772	9	12	12	2,467,388	42.8	39.5	38.4
Laredo	967,896	1	10	12	41,076	24.3	25.3	22.3
Lubbock	5,171,640	8	7	1	172,584	30.1	29.2	31.6
McAllen-Pharr-Edinburg	1,738,584	3	13	6	98,370	17.4	16.8	17.1
Midland	2,051,088	11	4	1	130,591	15.6	14.0	14.7
Odessa	1,515,432	—2	1	9	91,403	16.4	16.9	19.8
San Angelo	1,202,280	—4	10	9	65,717	17.3	17.8	16.3
San Antonio	19,134,684	10	17	12	656,114	29.5	27.5	26.9
Sherman-Denison	1,159,260	3	13	11	63,807	18.1	17.7	17.5
Texarkana (Texas-Arkansas)	1,426,872	—9	—11	—8	71,457	20.2	21.8	21.8
Tyler	2,220,468	—4	1	4	90,745	24.0	25.1	23.0
Waco	3,161,844	—6	9	13	118,612	26.4	28.2	24.9
Wichita Falls	2,372,124	13	1	—2	113,704	21.0	18.5	20.5
Total—28 centers	$360,887,880	5	10	11	$8,813,390	40.1	37.8	36.6

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

BUILDING PERMITS

Area	NUMBER July 1970	NUMBER 7 mos. 1970	VALUATION (Dollar amounts in thousands) July 1970	VALUATION 7 mos. 1970	Percent change: July 1970 from June 1970	Percent change: July 1970 from July 1969	Percent change: 7 months, 1970 from 1969
ARIZONA							
Tucson	592	4,208	$ 3,610	$ 29,415	—25	—65	—31
LOUISIANA							
Monroe-West Monroe	83	461	2,533	9,919	303	109	15
Shreveport	615	3,146	3,468	20,005	—19	30	—13
TEXAS							
Abilene	47	280	2,704	6,474	1,022	845	—14
Amarillo	169	3,119	884	22,866	—17	—85	7
Austin	511	2,757	16,614	72,603	167	53	—26
Beaumont	138	1,051	640	6,433	—55	—49	—9
Brownsville	66	498	461	3,032	—65	—41	—51
Corpus Christi	404	2,410	2,282	17,250	1	41	8
Dallas	1,830	13,793	31,081	217,614	5	—10	1
Denison	55	273	299	2,773	—59	47	21
El Paso	506	3,214	6,524	53,390	—14	51	—9
Fort Worth	511	2,814	4,486	51,987	—71	—7	0
Galveston	62	495	478	3,869	62	34	—71
Houston	4,499	21,633	33,180	260,527	—24	—28	2
Laredo	36	335	198	4,395	—51	33	102
Lubbock	416	1,648	6,952	33,388	47	251	75
Midland	56	396	521	2,902	—6	52	—16
Odessa	74	527	588	6,216	—27	87	6
Port Arthur	70	565	199	6,567	—96	—61	—10
San Angelo	65	405	2,396	8,280	149	644	131
San Antonio	1,654	9,151	8,086	58,848	—21	20	19
Sherman	72	475	2,878	10,103	59	—46	—34
Texarkana	24	209	124	5,277	—88	—71	25
Waco	218	1,431	1,925	25,221	—55	—38	95
Wichita Falls	71	493	2,141	8,163	270	111	—16
Total—26 cities	12,844	75,787	$135,252	$947,517	—10	—7	—1

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In millions of dollars)

Date	GROSS DEMAND DEPOSITS Total	Reserve city banks	Country banks	TIME DEPOSITS Total	Reserve city banks	Country banks
1968: July	9,742	4,554	5,188	7,059	2,921	4,138
1969: July	10,316	4,783	5,533	7,474	2,806	4,668
1970: February	10,256	4,625	5,631	7,145	2,554	4,591
March	10,284	4,727	5,557	7,231	2,581	4,650
April	10,497	4,819	5,678	7,328	2,634	4,694
May	10,233	4,671	5,562	7,394	2,659	4,735
June	10,265	4,748	5,517	7,391	2,651	4,740
July	10,412	4,782	5,630	7,511	2,722	4,789

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	July 1970	June 1970	May 1970	January—July 1970	January—July 1969r
FIVE SOUTHWESTERN STATES[1]	626	755	596	4,727	4,160
Residential building	305	249	252	1,712	1,675
Nonresidential building	210	205	190	1,508	1,366
Nonbuilding construction	111	301	154	1,507	1,120
UNITED STATES	6,178	6,553	5,417	40,565	40,236
Residential building	2,347	2,224	2,123	13,862	15,299
Nonresidential building	2,469	1,919	1,750	14,946	15,106
Nonbuilding construction	1,361	2,410	1,545	11,756	9,831

[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.

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	July 1970p	June 1970	May 1970	July 1969
TEXAS				
Total industrial production	174.0	177.2	177.6r	175.2r
Manufacturing	195.1	199.2	198.0r	198.2r
Durable	201.2	208.2	212.4	221.8r
Nondurable	191.1	193.1	188.5r	182.4r
Mining	128.7	131.3	134.0r	126.1r
Utilities	255.1	255.1	255.1r	262.6r
UNITED STATES				
Total industrial production	169.2	168.8	169.1	174.6
Manufacturing	168.3	167.9	168.4r	175.6r
Durable	167.5	167.6	167.5	178.7r
Nondurable	169.2	168.4	169.4r	171.8
Mining	135.0	134.9	134.7r	133.2r
Utilities	237.5	235.2	234.9r	222.2

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

CROP PRODUCTION

(In thousands of bushels)

Crop	TEXAS 1970, estimated Aug. 1	TEXAS 1969	TEXAS 1968	FIVE SOUTHWESTERN STATES[1] 1970, estimated Aug. 1	FIVE SOUTHWESTERN STATES[1] 1969	FIVE SOUTHWESTERN STATES[1] 1968
Cotton[2]	3,653	2,862	3,525	5,219	4,415	5,244
Corn	23,359	25,124	26,052	35,139	34,266	36,871
Winter wheat	54,408	68,856	84,150	167,715	197,619	218,974
Oats	28,140	25,460	19,822	36,332	33,058	25,450
Barley	4,394	3,290	3,348	35,340	29,096	26,856
Rye	736	684	528	1,762	1,664	1,208
Rice[3]	21,436	21,646	27,164	41,677	42,420	53,306
Sorghum grain	331,674	309,800	340,780	384,877	368,740	402,729
Flaxseed	1,127	1,300	742	1,127	1,300	742
Hay[4]	3,983	3,451	4,587	9,409	9,136	10,418
Peanuts[5]	420,000	389,070	426,300	653,600	610,549	671,476
Irish potatoes[6]	4,216	4,437	4,382	7,734	8,084	7,624
Sweet potatoes[6]	975	780	960	5,650	5,200	5,120

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.

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	July 1970	June 1970	July 1969	Percent change from June 1970	Percent change from July 1969
FOUR SOUTHWESTERN STATES	6,591.5	6,745.3	6,467.3r	—2.3	1.9
Louisiana	2,370.5	2,463.6	2,333.4r	—3.8	1.6
New Mexico	377.0	364.8	340.7r	3.3	10.7
Oklahoma	617.3	621.4	606.4r	—.7	1.8
Texas	3,226.7	3,295.5	3,186.8r	—2.1	1.3
Gulf Coast	658.6	673.8	647.5	—2.3	1.7
West Texas	1,530.7	1,558.5	1,504.5r	—1.8	1.7
East Texas (proper)	201.2	203.3	163.5r	—1.0	23.1
Panhandle	75.2	77.2	82.0r	—2.6	—8.3
Rest of state	761.0	782.7	789.3r	—2.8	—3.6
UNITED STATES	9,361.5	9,501.4	9,262.9r	—1.5	1.1

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

CASH RECEIPTS FROM FARM MARKETINGS

(Dollar amounts in thousands)

Area	January—June 1970	January—June 1969	Percent change
Arizona	$ 326,700	$ 340,400	—4
Louisiana	196,000	194,100	1
New Mexico	120,300	120,500	0
Oklahoma	435,100	403,600	8
Texas	1,209,500	1,208,300	0
Total	$ 2,287,600	$ 2,266,900	1
United States	$21,085,600	$20,035,800	5

SOURCE: U.S. Department of Agriculture.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States[1]

Type of employment	Number of persons July 1970p	Number of persons June 1970	Number of persons July 1969r	Percent change July 1970 from June 1970	Percent change July 1970 from July 1969
Total nonagricultural wage and salary workers	6,365,200	6,391,500	6,262,200	—0.4	1.6
Manufacturing	1,155,800	1,162,700	1,192,100	—.6	—3.1
Nonmanufacturing	5,209,400	5,228,800	5,070,100	—.4	2.7
Mining	234,600	233,700	237,700	.4	—1.3
Construction	414,200	418,100	417,700	—.9	—.8
Transportation and public utilities	474,200	471,000	458,100	.7	3.5
Trade	1,481,500	1,478,600	1,427,300	.2	3.8
Finance	326,500	326,400	312,600	.0	4.4
Service	1,042,200	1,038,800	1,001,300	.3	4.1
Government	1,236,200	1,262,200	1,215,400	—2.1	1.7

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

COTTON PRODUCTION

Texas Crop Reporting Districts

(In thousands of bales — 500 pounds gross weight)

Area	1970, indicated August 1	1969	1968	1970 as percent of 1969
1-N – Northern High Plains	400	248	211	161
1-S – Southern High Plains	1,500	1,134	1,384	132
2-N – Red Bed Plains	180	179	312	101
2-S – Red Bed Plains	325	213	372	153
3 – Western Cross Timbers	15	15	20	100
4 – Black and Grand Prairies	400	258	409	155
5-N – East Texas Timbered Plains	25	15	19	167
5-S – East Texas Timbered Plains	45	34	41	132
6 – Trans-Pecos	163	144	189	113
7 – Edwards Plateau	50	49	72	102
8-N – Southern Texas Prairies	60	50	57	120
8-S – Southern Texas Prairies	90	106	93	85
9 – Coastal Prairies	100	93	79	108
10-N – South Texas Plains	30	17	25	176
10-S – Lower Rio Grande Valley	270	307	242	88
State	3,653	2,862	3,525	128

SOURCE: U.S. Department of Agriculture.