Federal Reserve Bank of Dallas

Business Review

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Consolidation of Banks Reshaping Texas Markets

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January 1972

Consolidation of Banks Reshaping Texas Markets*

The Texas banking industry has grown rapidly in recent years. From 1950 to 1970, for example, total deposits in the state more than quadrupled and the number of banks increased nearly a third. But the industry has also shown signs of consolidation, and the outlook is for still more–perhaps even faster–consolidation.

Spurred by state banking laws that prohibit branching (except for facilities on military bases), the industry has responded to the growing demand for bank services not merely by creating new banks but also by forming networks of chain and correspondent banking arrangements between existing banks. These efforts to keep up with growth in demand–especially in large population centers–have become extensive, though until very recently the links between banks have been largely informal.

Since mid-1970, however, several Texas banks have applied to the Board of Governors of the Federal Reserve System for permission to form multibank holding companies. And through November 1971, all these applications had been approved. The result has been that in addition to chain banking arrangements, new patterns of group banking have begun to emerge in Texas.

Meanwhile, there has been an even greater expansion of one-bank holding companies. Bankers in Texas, as elsewhere across the country, have formed one-bank holding companies as a means of providing additional sources of loanable funds, such as through the issuance of commercial paper; of diversifying into other activities where they can make further use of such resources as computer facilities and management personnel; and of preparing for multibank holding company status.

It was, in fact, the recent rapid increase in one-bank holding companies and the fear that their expansion into activities other than banking would break down the long-established separation of banking and commerce that led Congress to enact the 1970 amendments to the Bank Holding Company Act. These amendments accomplished essentially three objectives, each of which has important implications for the future expansion of bank holding companies in Texas.

- They closed the one-bank loophole in the Bank Holding Company Act by extending jurisdiction of the Board of Governors to include one-bank holding companies. Under the original act, companies holding only one bank were excluded from regulation as bank holding companies.
- They broadened the concept of bank control by giving the Board of Governors authority to determine whether an organization becomes a bank holding company through the exercise of *controlling influence* over a bank. Under the original act, a company was not required to register as a bank holding company until it owned or controlled at least 25 percent of the outstanding stock of each of two or more banks or it was able to control the election of a majority of the directors of each of two or more banks.
- They redefined the nonbanking activities in which a bank holding company can engage. With minor exceptions, the only activities now allowed are those the Board of Governors considers *so closely related to banking or managing or controlling banks as to be a proper incident thereto. . . .* The original act also placed limits on the extent to which bank holding companies could diversify into nonbanking fields, but because one-bank holding companies were exempt under the act, these limits applied only to multibank holding companies.

Effects of these legislative changes on the banking industry in Texas are already evident. And in a state where the structure of banking is already marked by the prevalence of chains, the effects seem almost certain to become even more evident in the years immediately ahead.

Legislative background

The Bank Holding Company Act, as first passed in 1956, dealt mainly with the acquisition of banks by bank holding companies. This act, along with the amendments to it enacted ten years later, required that companies owning 25 percent or more of the outstanding stock of each of two or more banks register with the Board of Governors as bank holding companies. Also, a bank holding company had to have the Board's prior approval to acquire as little as 5 percent of the stock of an additional bank.

Although the Board could not approve an acquisition that cre-

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Multibanking terms

Group banking implies ownership or control of at least two banks by a formal holding company. *Chain banking* usually refers to the control of two or more banks by an individual or informal group of individuals. In contrast to group banking, then, chain banking reflects an informal arrangement.

An *associate bank* is one in which a registered holding company owns as much as 5 percent of the outstanding stock.

An *affiliate bank* is a bank related to another bank in any of several different ways. It can be actually controlled by the other bank, as when 50 percent or more of its stock is held in trust for the shareholders of the other bank. Or, there can be substantial commonality of stock ownership in the two banks. An affiliate relationship exists, for example, when the shareholders owning 50 percent or more of one bank also own 50 percent or more of another. A bank can also be affiliated with another if a majority of its directors are directors of the other bank.

A *subsidiary bank* is one in which a holding company owns as much as 25 percent of the outstanding stock or is able to control the election of a majority of the directors.

In this article, chain banking refers to banks linked (directly or indirectly) through affiliate relationships or through single shareholders owning as much as 10 percent of the outstanding shares of each of two or more banks. The cutoff point in determining major shareholder links has been set at 10 percent because information is not available on stockholders owning less than 10 percent of the stock of state banks that are not members of the Federal Reserve System.

New guidelines for use in determining "controlling influence" over a bank tend to break down the distinction between chain banks and group banks, however, by suggesting that links through chains may be enough to constitute a *holding company* arrangement. Guidelines recently issued by the Board of Governors of the Federal Reserve System suggest that effective control may be established when a company owns 5 percent or more of the stock of a bank and also has certain additional interlocking relationships with it (such as interlocking directors) or when the company owns 5 percent of the bank and its officers, directors, or substantial shareholders own additional stock in the bank that, when combined with the company's shares, aggregates 25 percent or more of the bank. The company can be a corporation, partnership, business trust, association, or similar organization.

For purposes of this article, however, the company must control at least 25 percent of the stock in a bank before being considered a holding company. And to be considered a multibank holding company, it must control at least 25 percent of the stock in two or more banks. If, for example, a company owned as much as 25 percent of the stock in one bank but from 5 to 24.9 percent of the stock in any number of other banks, it would still be considered only a one-bank holding company. Thus, while banks associated with multibank holding companies are not members of chains, banks associated with one-bank holding companies can be. Chains and multibank holding companies, then, are mutually exclusive, while chains and one-bank holding companies may overlap.

ated–or even attempted to create–a monopoly in banking, it could approve an acquisition that lessened competition, even substantially, provided the restraints on competition were *clearly outweighed in the public interest by the probable effects of the transaction in meeting the convenience and needs of the community to be served.* This was more in the nature of a public utility approach to bank acquisitions than a strictly antitrust approach. While concern for the preservation of competition was still evident, the act also reflected concern for bank stability and public convenience.

Since the act was explicit in requiring registration only by companies owning as much as 25 percent of the stock of two or more banks, many large Texas banks deliberately limited their direct ownership in smaller banks to less than 25 percent, depending on informal ownership ties to gain effective control of other banks. The result has been that many of the largest chains in Texas are made up of large metropolitan banks and affiliate banks, often referred to as *24.9 percent-held affiliates.* And many of the state's multibank holding company applications approved by the Board of Governors since passage of the 1970 amendments have been merely to formalize relationships already existing through informal chain arrangements.

The distinction, then, between chain and group banking in Texas has been largely legal. Although both types of arrangements have had the effect of consolidating the state's banking resources, the Board of Governors has had authority to regulate only group banking. But it is now possible that chains, too, will come under regulation as a result of the *controlling influence* provision of the 1970 amendments. And even if the Board does not decide that chains are holding companies under this new provision of the law, many chains in Texas, especially those involving the state's largest banks, are still apt to be reorganized into formal groups.

This could be particularly true in cases where chains contain large banks that are also subsidiaries of one-bank holding companies. Now that these holding companies are required to register, they are almost certain to look on banks linked to them in chains as natural targets for acquisition. As a result, the expansion of bank holding companies in Texas will more than likely reflect patterns already existing in the form of chain banking arrangements.

The prevalence of chains

Demand for banking services has increased rapidly in Texas in recent years. Total bank deposits in the state, for example, grew from about $6 billion in 1950 to more than $26 billion at the end of 1970. And during that time, total bank loans increased from about $2 billion to more than $15 billion. With full-service branching prohibited, the additional demand for banking services was met largely by the formation of new banks. From about 900 in 1950, the number of banks in Texas increased to nearly 1,200 in 1970.

But as individual banks have tried to broaden their market areas and enlarge their lending capacities in the face of the prohibition against branching, there has also been the tendency toward consolidation that brought on the large networks of chain arrangements now permeating the state's

CHAIN BANKS IN TEXAS–THEIR NUMBER AND RELATIVE IMPORTANCE

Area	Chain banks[1]	Percent of total in area[2]	
		Banks	Deposits
SMSA's, by population size[3]			
500,000 and over			
Dallas	57	49%	72%
Fort Worth	23	52	63
Houston	55	38	42
San Antonio	19	53	52
100,000 to 499,999			
Abilene	3	25	53
Amarillo	2	22	6
Austin	8	62	33
Beaumont-Port Arthur-Orange	8	40	44
Brownsville-Harlingen-San Benito	4	44	43
Corpus Christi	11	42	21
El Paso	7	54	78
Galveston-Texas City	11	85	81
Killeen-Temple	7	44	58
Lubbock	4	40	29
McAllen-Pharr-Edinburg	10	63	68
Waco	5	36	51
Wichita Falls	4	40	84
50,000 to 99,999			
Bryan-College Station	3	60	53
Laredo	1	33	29
Odessa	4	80	81
San Angelo	3	60	63
Sherman-Denison	7	58	44
Tyler	3	38	40
Totals			
25 SMSA's	259	45	53
Non-SMSA's	175	28	29
State	434	36%	49%

1. December 1, 1971
2. June 30, 1971
3. Census estimates for 1970

MULTIBANK HOLDING COMPANIES IN TEXAS–THEIR NUMBER AND RELATIVE IMPORTANCE

Area	Associate banks[1]	Percent of total in area[2]	
		Banks	Deposits
SMSA's			
Beaumont-Port Arthur-Orange	4	20%	29%
Dallas	5	4	12
Fort Worth	6	14	29
Galveston-Texas City	1	8	15
Houston	16	11	33
Killeen-Temple	1	6	5
Totals			
25 SMSA's	33	6	16
Non-SMSA's	8	1	2
State	41	3%	13%

1. December 1, 1971
2. June 30, 1971

banking industry. In December, there were at least 124 chains in Texas, containing 434 banks. Together, these chains accounted for 36 percent of the state's banks and about half its total deposits.

The industry's fastest growth–and, therefore, its greatest consolidation–has been in metropolitan areas. Last year, about 45 percent of the banks in the state's 25 SMSA's (standard metropolitan statistical areas) were members of chains, and these 259 banks held about 53 percent of the deposits in these SMSA's. By contrast, only about 28 percent of the banks outside SMSA's were members of chains, and these 175 banks held only about 29 percent of the deposits of banks outside SMSA's.

Although chains operate in all but two of the SMSA's, they are concentrated in the four largest population centers–Dallas, Fort Worth, Houston, and San Antonio. Of the 259 chain banks in SMSA's last year, 154 were in these four areas. And banks in these big cities accounted for about three-fourths of the deposits held by chain banks in SMSA's. Barred from branching into the suburbs, where much of the fastest growth in demand for banking services has taken place, large downtown banks in these cities have tapped these expanding markets by establishing affiliate relationships with attractively located banks in the outlying areas.

There are also important chain systems in Austin, Bryan-College Station, El Paso, Galveston-Texas City, McAllen-Pharr-Edinburg, Odessa, San Angelo, and Sherman-Denison. Last year, chain banks accounted for more than half the insured banks in each of these centers.

For the most part, these chain systems are locally based–in the sense that the largest bank in the chain is located within the SMSA. But there are important exceptions. Last year, major chains in the Corpus Christi and Galveston-Texas City areas, for example, were headquartered in Houston. The largest chain in the Waco SMSA was centered in Dallas, and the largest chains in Odessa and San Angelo were centered in Lubbock.

Multibank holding companies

There are still only a few multibank holding companies in Texas, but they are becoming increasingly important. There were only three multibank holding companies in Texas at the start of 1969–one each in Dallas, Fort Worth, and Houston. Together, these three companies, represented by 20 associate banks, accounted for less than 6 percent of the state's deposits. In December 1970, another multibank holding company was formed in Houston. And with this addition, the number of banks associated with multibank holding companies increased to 28.

By December 1971, the Board of Governors had approved the formation of three more multibank holding company systems, as well as four bank acquisitions by existing multibank holding companies. This brought to 41 the number of banks associated with multibank holding companies and to 13 percent the proportion of deposits in the state held by associate banks.

In addition, there were 16 more bank holding company applications pending before the Board of Governors on December 1. Approval of all 16 applications would bring to 13 the number of multibank holding company systems in Texas, to 71 the number of banks in the state associated with such companies, and to 22 percent the share of deposits in Texas held by associate banks.

Like chains, multibank holding companies operate mainly in the largest population centers. Of the 41 banks associated with multibank holding companies in December, 33 were in six SMSA's with populations well over 100,000.

ONE-BANK HOLDING COMPANIES IN TEXAS– THEIR NUMBER AND RELATIVE IMPORTANCE

Area	Subsidiary banks[1]	Percent of total in area[2] Banks	Deposits
SMSA's, by population size[3]			
500,000 and over			
Dallas	12	10%	60%
Fort Worth	3	7	28
Houston	11	8	26
San Antonio	2	6	2
100,000 to 499,999			
Abilene	2	17	33
Amarillo	1	11	5
Austin	1	8	19
Beaumont-Port Arthur-Orange	5	25	62
Corpus Christi	3	12	22
El Paso	3	23	46
Galveston-Texas City	2	15	38
Killeen-Temple	2	13	27
Lubbock	1	10	(4)
Waco	6	43	57
Wichita Falls	2	20	50
50,000 to 99,999			
Midland	1	33	28
Sherman-Denison	2	17	17
Tyler	1	13	3
Totals			
25 SMSA's	60	11	33
Non-SMSA's	31	5	6
State	91	8%	28%

1. December 1, 1971
2. June 30, 1971
3. Census estimates for 1970
4. Less than one-half of 1 percent

Together, these 33 banks held about 16 percent of the deposits in all Texas SMSA's and about 23 percent of the combined deposits of the six SMSA's where they were headquartered. By contrast, the eight holding company banks located outside SMSA's accounted for only about 2 percent of the deposits held by banks outside SMSA's.

Although multibank holding companies have operated in Dallas and Fort Worth for several years, most of the recent expansion has centered in Houston. Currently, 16 banks in the Houston SMSA are associated with multibank holding companies, and these banks hold roughly a third of the area's bank deposits. Multibank holding companies have also been formed recently in the Beaumont, Galveston, and Killeen areas, and indications are that this type organization will probably soon be found in other major SMSA's across the state.

One-bank holding companies

Activity by one-bank holding companies has also been on the rise in Texas. Where the state had an estimated 40 banks affiliated with one-bank holding companies in 1968, it had 91 in late 1971. And where such banks held only 4 percent of the state's deposits in 1968, they held 28 percent in 1971.

With this growth, one-bank holding companies have made substantial inroads into metropolitan banking. In 1971, there were an estimated 60 subsidiary banks of one-bank holding companies doing business in 18 SMSA's. In 1968, there were only 24 and they operated in only ten SMSA's.

While making up about 11 percent of the state's metropolitan banks last year, such subsidiary banks held roughly a third of the deposits in metropolitan areas. By contrast, subsidiary banks of one-bank holding companies outside metropolitan areas accounted for only 5 percent of the nonmetropolitan banks and held only 6 percent of the deposits outside metropolitan areas.

Most of the subsidiary banks were in the four largest metropolitan areas. Dallas alone had 12 banks that were subsidiaries of one-bank holding companies, and these banks held about 60 percent of the deposits in that area. Houston had 11 subsidiary banks, which held 26 percent of the deposits in that area.

One-bank holding companies in Texas are also active in a number of areas outside banking. While most of these activities are closely related to banking, some appear to be unrelated. Of the 94 one-bank holding companies that registered as a result of the 1970 amendments to the Bank Holding Company Act, for example, 38 operated or leased real estate (often properties totally separate from their banking facilities), 16 provided business or consulting services, and 13 produced livestock. Other activities included commodity trading, insurance brokerage, and investment servicing.

Holding companies in the future

The outlook for bank holding company activity in Texas–at least in the near future–is for growth to follow patterns already set by the development of chains. The banking markets most likely to be affected are, therefore, those with the heaviest concentrations of chains–certainly Dallas, Fort Worth, Houston, and San Antonio but also several smaller SMSA's where chain banks outnumber their independent competitors.

Not all chains will become holding companies, and some banks that are not now parts of chains could become associated with holding companies. Nevertheless, examination of the types of chains that are most likely either to form multibank holding companies or to become members of existing multibank holding companies provides some insight into the possibilities for future expansion of multibank holding companies in Texas. Three types of chains are apt to be acquired by multibank holding companies or serve as units in their formation.

First–and most likely to be involved in holding company activity–are chains already linked to multibank holding companies. Chains of this type contained 13 banks last year. Together, however, these banks held only about 1 percent of the state's deposits.

Second–and next most likely to be acquired or otherwise used in forming multibank holding companies–are chains in which the largest bank is a subsidiary of a one-bank holding company.

POTENTIAL FOR FURTHER EXPANSION OF MULTIBANK HOLDING COMPANIES IN TEXAS

Area	Potential banks[1]	Percent of total in area[2] Banks	Deposits
SMSA's, by population size[3]			
500,000 and over			
Dallas	42	36%	69%
Fort Worth	17	39	56
Houston	42	29	39
San Antonio	10	28	43
100,000 to 499,999			
Abilene	3	25	53
Austin	2	15	21
Beaumont-Port Arthur-Orange	5	25	37
Corpus Christi	1	4	1
El Paso	7	54	78
Galveston-Texas City	5	38	45
Killeen-Temple	2	13	24
Lubbock	1	10	21
Waco	4	29	46
Wichita Falls	3	30	81
50,000 to 99,999			
Odessa	2	40	34
San Angelo	1	20	36
Sherman-Denison	2	17	17
Tyler	2	25	38
Totals			
25 SMSA's	151	26	46
Non-SMSA's	23	4	5
State	174	15%	38%

1. December 1, 1971
2. June 30, 1971
3. Census estimates for 1970

Chains of this type accounted for 98 banks last year, and these banks held some 26 percent of the state's deposits.

Third are chains in which the largest bank is of substantial size. Not counting banks in the other two chain categories, there were 63 banks in chains last year in which the largest bank had deposits of at least $50 million. These chains held almost 11 percent of the state's deposits.

Taken together, these three types of chains accounted for about 15 percent of the banks in Texas and about 38 percent of the deposits. And they were even more important in the large banking markets of the state.

Banks associated with these three types of chains did business in 18 of the 25 SMSA's. And in five of these markets, they held more than half the local deposits. Of the 174 banks in these chains, 151 were in SMSA's and 111 were in the four largest SMSA's. Dallas alone had 42 such banks, and they held about 69 percent of the area's deposits. Houston also had 42 such banks, holding about 39 percent of the area deposits.

These three types of organizations–chains already linked to one-bank or multibank holding companies or to large banks that are not part of a holding company–provide the potential in Texas for an estimated 31 new multibank holding companies. Whether a significant number of these organizations are actually transformed into bank holding companies will depend, of course, on several factors–the economic growth of the state and its major banking markets, management decisions of bankers weighing the advantages and disadvantages of forming a holding company, any possible changes in the state's banking laws, and the policy stance of the Board of Governors in carrying out

The Bank Holding Company Act

The Bank Holding Company Act of 1956 was the first comprehensive effort to effect federal supervisory control over bank holding companies. Under the Banking Act of 1933, the Federal Reserve Board (now the Board of Governors of the Federal Reserve System) had been given limited powers to regulate some bank holding company activities. It was empowered, for example, to examine holding companies and their subsidiaries, to supervise their financial practices, and to set certain reserve requirements. But not until 1956 was the Board able to exercise control over the formation and expansion of bank holding companies or to prevent acquisitions that might adversely affect competition.

By requiring the registration of companies owning as much as a fourth of the stock in each of two or more banks and authorizing the Board of Governors to require that holding companies divest themselves of interests outside banking before they could be registered, the Bank Holding Company Act gave the Board effective control over the spread of multibank holding companies. In considering an application to form a bank holding company, the Board had to take into account the solvency of the company, its management and prospects for earnings, any benefits to the public that might result from the transaction, and the possibility that local economic power might become too concentrated.

Ten years later, the Bank Holding Company Act was amended to clarify the matters of public benefit and concentration of power. Under the act as amended in 1966, the Board of Governors was authorized to approve only bank acquisitions that could be soundly managed, would improve public convenience, and would not seriously affect competition. This change represented a considerable departure from previous banking legislation.

By allowing the Board to approve acquisitions that tended to lessen competition–still short of outright monopoly and provided the anticompetitive effects of the acquisition were clearly outweighed by benefits to the community–the amendment shifted emphasis from concern merely with the stability of banks and the preservation of competition in banking to equal concern for the needs and convenience of the public.

The act, however, did not extend to holding companies with only one bank until 1970. Until these most recent amendments, only multibank holding companies were required to register with the Board of Governors, one-bank holding companies being exempt from regulation.

its responsibilities under recent amendments to the Bank Holding Company Act.

Based on experience of the past two decades, however, and the turn of events over the past two years, a significant number of multibank holding companies will probably be formed. And once holding companies become firmly established as a form of organization in Texas banking, the stage will be set for still further consolidation as the industry moves to meet the growing credit needs of the state's expanding economy.

–William H. Kelly

Consumption of Electricity Included in New Texas Index

This Bank has revised its Texas industrial production index, updating the base period from 1957-59 to 1967 and incorporating the use of additional data. The result is the new index appearing in the *Statistical Supplement.* Designed for comparison with the recently revised national index of industrial production prepared by the Board of Governors of the Federal Reserve System, the new state index provides an empirical measure of production more in line with the theoretical relationship between inputs and output.

As with the revised national index, the new Texas index provides additional insight into recent developments in the state's economy. While trends in production are still similar to those shown by the previous index, the increase in the state's industrial output in the late 1960's was apparently stronger than indicated in previous estimates. The main reasons for this strength (which also appeared when the national index was revised) were the greater than expected gains made in manufacturing output and the greater weight given to manufacturing in the new index. Revised estimates of the output in mining and utilities follow the levels and trends indicated in the old index.

In addition to production levels in 1967 being set at 100 and changes in production being measured from that point–a revision that brings the Texas industrial production index into line not only with the Board's new production index but also with other economic indexes–new seasonal factors were developed and several other changes were made to improve the accuracy of the Bank's index.

- Electric power consumption was added to manhours worked for each industry to reflect the relative contributions of both capital and labor to the industry's output.
- Productivity factors were recomputed for each industry to reflect more recent trends in the industry's production efficiency.
- Relative weights for industries in the total index were recomputed to reflect shifts in the composition of the state's industrial production.

Electric power series

Ideally, a production index would be formulated from actual production data furnished by the industries accounting for most of the state's production. These data are available on a monthly basis in Texas, however, for only about a fourth of the state's total industrial production. As a result, a reliable proxy is needed for use in estimating the production of most industries.

In the previous index, manhours were used as a means of estimating industrial output. For most industries, changes in manhours worked were combined with estimated changes in per-manhour output (productivity factors) to arrive at estimated changes in output.

While manhours worked in each industry is still used as an input to the index, a new variable has been added–the kilowatts of electricity used in each industry. The addition of electric power as a proxy for the amount of capital equipment used during a reporting period serves two purposes.

First, with the manhour variable representing labor inputs and the electric power variable representing capital inputs, the index more closely resembles the theoretical production function and, hopefully, gives a more reliable estimate of the state's industrial production.

Second, because the structure of employment in many industries does not allow demand for labor to vary greatly with current needs, actual manhours worked can conceal changes in production. With inclusion of the electric power used to drive plants and equipment, the sensitivity of the index to fluctuations in production is expected to be improved, revealing changes that might otherwise go undetected.

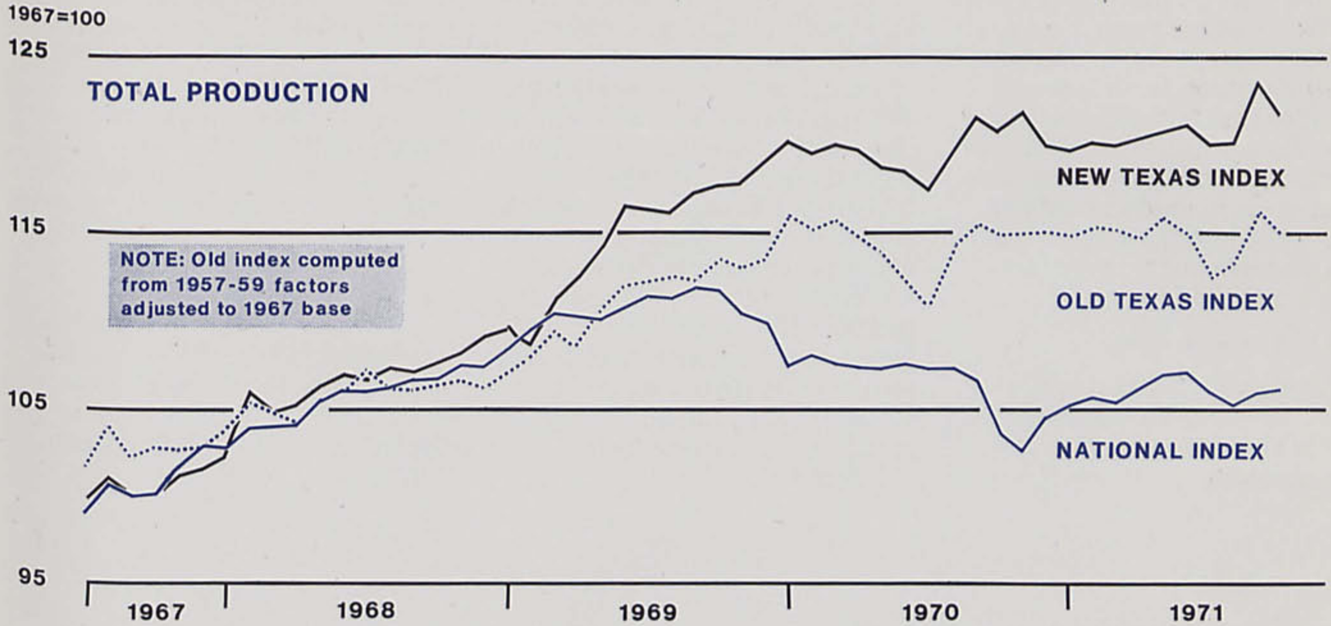
Relative importance of inputs

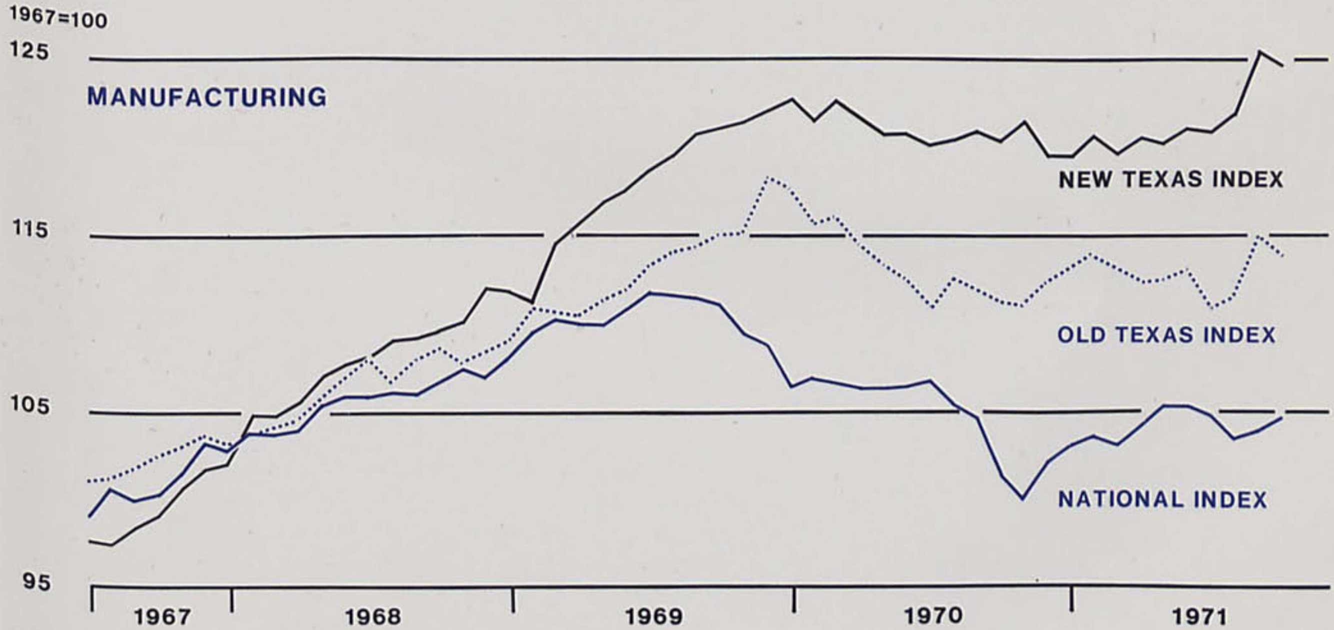
Because the relative importance of labor and capital must be taken into account in estimates of production changes, relative weights have been assigned to the manpower and electric power inputs to each industry group covered in the index. To compute the value of relative weights, the total wage bill each industry paid in 1967 was divided by the value added by the industry that year to arrive at an approximation of the contribution of labor to the industry's total output. The rest of the value added was assumed to be the contribution of capital. The result was coefficients showing the relative importance of labor and capital in the production of each industry.

New productivity factors

To measure increases in the productivity of capital and labor, new productivity factors were computed for each industry from gains in value added as indicated in the Census of Manufactures for 1963 and for 1967 (the most recent

New production index shows Texas industry performing at higher level than previously thought





SOURCES: Board of Governors, Federal Reserve System
Federal Reserve Bank of Dallas

years for which data were available). And to eliminate the effect of rising prices, value-added figures for these two years were deflated by changes in appropriate wholesale prices. In an approach similar to that taken by the Board of Governors in the preparation of its national index, a monthly average increase in productivity was then derived for both inputs and projected forward through the years since 1967.

New industry weights

The final major revision in the Texas industrial production index was the redistribution of weights between industry groups. The relative importance of industries in Texas was based on the contribution of each industry group to the total value added by all industries in 1967. For purposes of analysis, these industries were aggregated (as in previous Texas indexes) into three main categories–manufacturing, mining, and utilities.

As might be expected, the structure of the state's economy had changed considerably as it expanded over the decade from 1958 to 1967. The manufacturing base broadened, from a contribution of only slightly more than half the value added by all industries measured in 1958 to roughly two-thirds in 1967. Meanwhile, the relative importance of mining to the Texas economy dropped, from almost 37 percent of the total value added by Texas industry in 1958 to about 27 percent in 1967. Much of this shift was due, of course, to the growth in manufacturing over this ten-year period, but some was due to the declining importance of crude oil production.

A more detailed description of the method used in constructing this index, as well as revised data for the major industry groupings beginning in mid-1967, can be obtained from the Research Department, Federal Reserve Bank of Dallas, Station K, Dallas, Texas 75222.

New par bank

The South Central Bank, Hutchins, 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, December 15, 1971. The officers are: Reggie Howard, President; Mackey Harral, Vice President (Inactive); and Randy Johanson, Cashier.

Federal Reserve Bank of Dallas
January 1972

Statistical Supplement to the Business Review

Credit at weekly reporting commercial banks in the Eleventh District rose somewhat more than usual in the four weeks ended December 22, as borrowing by businesses and nonbank financial institutions was relatively firm. Although the increase in bank credit was accommodated mainly through a sizable inflow of demand deposits, time and savings deposits were up significantly more than normal.

Total loans advanced during this period, as all major categories rose considerably more than usual. The major portion of the increase was attributed to loans to businesses and nonbank financial institutions. The increase in business loans apparently reflected general improvement in the pace of economic activity, borrowing for the December tax and dividend dates, and recent reductions in the prime lending rate. With housing starts and new automobile sales remaining high, demand for real estate loans and consumer loans continued stronger than usual. Security loans registered a small contraseasonal rise.

Despite the comparatively large increase in loans, banks added considerably to their holdings of securities. Although holdings of municipal issues accounted for most of the gain, these banks also added moderately to their holdings of Treasury bills.

Total bank deposits expanded sharply, mainly reflecting a rapid inflow of demand deposits. However, a sizable rise in large negotiable CD's outstanding contributed to a substantial advance in time and savings deposits. With total deposit inflows quite large, banks reduced their borrowings from nondeposit sources–especially in the Eurodollar market.

Prospects for the cotton crop in states of the Eleventh District have dropped since early fall. On October 1, the five-state crop was projected at a level 4 percent higher than in 1970. But cold, wet weather on the High Plains of Texas has since caused a loss of more than 300,000 bales, lowering the prospects on December 1 to 7 percent below the 1970 crop. Most other summer crops have been harvested. Winter grains are showing good growth and providing excellent grazing.

District states started December with total agricultural production slightly higher than a year before. Crop production was off 7 percent, but this decline was more than offset by a 6-percent increase in livestock production. Through October, cash receipts from farm marketings were running 6 percent ahead of receipts for the first ten months of 1970. Reflected in this gain were strong cattle and cotton prices and above-average grain prices.

The new seasonally adjusted Texas industrial production index rebounded in November to a record high of 123.7 percent of the 1967 base, after dropping in October. The index was relatively constant in the first eight months of the year but has increased about 3.0 percent since August. The increase over October was a result of advances in both the manufacturing and utilities sectors, as mining output fell slightly.

Every industry group in the durable goods sector reported an output increase in November over the month before. The largest was in transportation equipment production, up 4.2 percent from October. The next largest month-to-month advance was the 2.4-percent rise in the furniture and fixtures industries. All other increases were relatively minor. Electrical machinery and transportation equipment were the only industries reporting declines from a year earlier.

The nondurable goods industries reported month-to-month increases across the board with the exception of textile mill products, down 0.7 percent. But even this industry's output remained above a year earlier. The largest increases were in apparel and allied products, printing and publishing, and leather and leather products–up 4.9 percent, 4.2 percent, and 4.0 percent, respectively. The only year-to-year decline was a 0.4-percent drop in the chemical and allied products industry.

Utilities reported a 5.9-percent increase over October, due primarily to the 7.8-percent advance in the distribution of electricity. Mining output fell slightly in November, with natural gas production showing the only increase. Output of the mining industries as a whole was about 8.0 percent below the level a year earlier.

Texas oil allowables for January were boosted to 67.5 percent of maximum efficient production. An advance of 4.5 points, this was the highest production increase since October 1970 and the second consecutive increase, following seven monthly reductions. New Mexico raised allowables for the first two months of the new year from 75 barrels a day per well to 80 barrels in its southeastern fields. Oklahoma allowables were set at 200 percent of maximum efficient production through January. Allowables in Louisiana were unchanged.

(Continued on back page)

CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

Eleventh Federal Reserve District

(Thousand dollars)

ASSETS	Dec. 22, 1971	Nov. 24, 1971	Dec. 23, 1970
Federal funds sold and securities purchased under agreements to resell	1,057,662	894,195	623,362
Other loans and discounts, gross	7,351,540	7,056,356	6,680,336
Commercial and industrial loans	3,352,197	3,229,393	3,202,424
Agricultural loans, excluding CCC certificates of interest	158,300	145,713	108,809
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities	1,111	512	507
Other securities	50,565	51,652	56,986
Other loans for purchasing or carrying:			
U.S. Government securities	5,594	6,242	1,270
Other securities	441,323	420,762	420,441
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies	158,127	115,274	291,977
Other	521,543	495,167	400,149
Real estate loans	912,761	898,303	663,877
Loans to domestic commercial banks	23,099	21,688	16,485
Loans to foreign banks	32,572	27,496	8,338
Consumer instalment loans	821,816	804,552	740,054
Loans to foreign governments, official institutions, central banks, and international institutions	0	0	0
Other loans	872,532	839,602	769,019
Total investments	3,306,206	3,188,037	2,886,842
Total U.S. Government securities	1,045,700	1,021,627	1,004,334
Treasury bills	102,801	78,618	125,372
Treasury certificates of indebtedness	0	0	0
Treasury notes and U.S. Government bonds maturing:			
Within 1 year	154,929	150,058	220,336
1 year to 5 years	601,470	631,064	529,976
After 5 years	186,500	161,887	128,650
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills	80,135	66,896	38,957
All other	1,983,238	1,923,805	1,599,913
Other bonds, corporate stocks, and securities:			
Certificates representing participations in federal agency loans	21,213	17,976	109,783
All other (including corporate stocks)	175,920	157,733	133,855
Cash items in process of collection	1,457,254	1,284,170	1,313,401
Reserves with Federal Reserve Bank	1,189,135	1,099,912	1,115,883
Currency and coin	99,114	86,775	90,530
Balances with banks in the United States	444,095	380,655	513,584
Balances with banks in foreign countries	16,312	10,726	8,336
Other assets (including investments in subsidiaries not consolidated)	495,869	486,492	466,477
TOTAL ASSETS	15,417,187	14,487,318	13,698,751

LIABILITIES	Dec. 22, 1971	Nov. 24, 1971	Dec. 23, 1970
Total deposits	11,835,858	11,103,687	10,705,287
Total demand deposits	6,729,369	6,205,015	6,252,558
Individuals, partnerships, and corporations	4,686,248	4,362,001	4,240,778
States and political subdivisions	295,267	391,882	236,484
U.S. Government	246,836	81,722	253,411
Banks in the United States	1,370,758	1,261,965	1,393,350
Foreign:			
Governments, official institutions, central banks, and international institutions	2,380	2,800	3,426
Commercial banks	36,014	31,764	27,121
Certified and officers' checks, etc.	91,866	72,881	97,988
Total time and savings deposits	5,106,489	4,898,672	4,452,729
Individuals, partnerships, and corporations:			
Savings deposits	1,084,034	1,077,273	943,090
Other time deposits	2,731,466	2,695,591	2,504,167
States and political subdivisions	1,169,278	1,042,674	913,850
U.S. Government (including postal savings)	11,768	11,564	26,755
Banks in the United States	89,043	50,670	46,482
Foreign:			
Governments, official institutions, central banks, and international institutions	19,800	19,800	17,285
Commercial banks	1,100	1,100	1,100
Federal funds purchased and securities sold under agreements to repurchase	1,888,624	1,714,800	1,313,320r
Other liabilities for borrowed money	44,271	42,051	125,075r
Other liabilities	410,000	384,299	380,179
Reserves on loans	135,510	135,224	128,822
Reserves on securities	22,164	22,109	16,750
Total capital accounts	1,080,760	1,085,148	1,029,318
TOTAL LIABILITIES, RESERVES, AND CAPITAL ACCOUNTS	15,417,187	14,487,318	13,698,751

r—Revised

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(Million dollars)

Item	Nov. 24, 1971	Oct. 27, 1971	Nov. 25, 1970
ASSETS			
Loans and discounts, gross	14,028	13,497	12,528
U.S. Government obligations	2,352	2,337	2,186
Other securities	4,415	4,437	3,648
Reserves with Federal Reserve Bank	1,726	1,717	1,499
Cash in vault	271	298	257
Balances with banks in the United States	1,183	1,271	1,342
Balances with banks in foreign countries[e]	12	14	11
Cash items in process of collection	1,508	1,668	1,341
Other assets[e]	1,004	995	940
TOTAL ASSETS[e]	26,499	26,234	23,752
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks	1,666	1,732	1,720
Other demand deposits	9,797	9,977	9,162
Time deposits	10,076	9,895	8,730
Total deposits	21,539	21,604	19,612
Borrowings	1,809	1,557	1,189
Other liabilities[e]	1,243	1,168	1,120
Total capital accounts[e]	1,908	1,905	1,831
TOTAL LIABILITIES AND CAPITAL ACCOUNTS[e]	26,499	26,234	23,752

e—Estimated

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. Thousand dollars)

Item	4 weeks ended Dec. 1, 1971	4 weeks ended Nov. 3, 1971	4 weeks ended Dec. 2, 1970
RESERVE CITY BANKS			
Total reserves held	825,425	832,331	775,369
With Federal Reserve Bank	766,390	772,824	720,348
Currency and coin	59,035	59,507	55,021
Required reserves	838,274	822,485	785,916
Excess reserves	—12,849	9,846	—10,547
Borrowings	536	5,018	0
Free reserves	—13,385	4,828	—10,547
COUNTRY BANKS			
Total reserves held	908,077	898,337	803,230
With Federal Reserve Bank	707,423	696,857	616,275
Currency and coin	200,654	201,480	186,955
Required reserves	884,845	875,215	789,156
Excess reserves	23,232	23,122	14,074
Borrowings	3,902	3,978	912
Free reserves	19,330	19,144	13,162
ALL MEMBER BANKS			
Total reserves held	1,733,502	1,730,668	1,578,599
With Federal Reserve Bank	1,473,813	1,469,681	1,336,623
Currency and coin	259,689	260,987	241,976
Required reserves	1,723,119	1,697,700	1,575,072
Excess reserves	10,383	32,968	3,527
Borrowings	4,438	8,996	912
Free reserves	5,945	23,972	2,615

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(Thousand dollars)

Item	Dec. 22, 1971	Nov. 24, 1971	Dec. 23, 1970
Total gold certificate reserves	496,061	501,083	687,979
Discounts for member banks	975	3,700	0
Other discounts and advances	0	0	0
U.S. Government securities	3,275,522	3,184,146	2,791,830
Total earning assets	3,276,497	3,187,846	2,791,830
Member bank reserve deposits	1,696,569	1,726,269	1,668,608
Federal Reserve notes in actual circulation	2,132,291	2,087,609	1,945,227

BANK DEBITS, END-OF-MONTH DEPOSITS, AND DEPOSIT TURNOVER

SMSA's in Eleventh Federal Reserve District

(Dollar amounts in thousands, seasonally adjusted)

Standard metropolitan statistical area	DEBITS TO DEMAND DEPOSIT ACCOUNTS[1] November 1971 (Annual-rate basis)	Percent change: November 1971 from October 1971	Percent change: November 1971 from November 1970	Percent change: 11 months, 1971 from 1970	DEMAND DEPOSITS[1] November 30, 1971	Annual rate of turnover: November 1971	Annual rate of turnover: October 1971	Annual rate of turnover: November 1970
ARIZONA: Tucson	$9,256,488	23%	24%	17%	$267,515	32.6	25.7	32.2
LOUISIANA: Monroe	3,516,300	9	33	22	99,634	35.2	32.2	31.0
Shreveport	12,733,248	10	53	27	271,419	46.4	42.4	32.8
NEW MEXICO: Roswell[2]	1,048,812	8	28	10	43,899	23.9	22.9	21.1
TEXAS: Abilene	2,468,724	8	20	10	103,811	23.2	20.9	19.8
Amarillo	7,218,708	9	20	10	166,576	42.8	39.2	37.7
Austin	12,827,208	15	44	24	363,015	34.6	30.5	29.9
Beaumont-Port Arthur-Orange	6,842,688	9	11	9	251,358	26.9	24.3	25.9
Brownsville-Harlingen-San Benito	2,798,088	33	24	15	91,092	31.0	23.7	28.6
Corpus Christi	7,764,576	19	15	21	265,514	29.3	24.7	23.3
Corsicana[2]	517,332	21	20	11	32,992	16.0	13.3	14.3
Dallas	143,360,532	9	19	11	2,439,479	59.1	55.1	55.2
El Paso	7,714,620	−7	4	15	294,109	27.4	31.1	30.6
Fort Worth	24,968,724	6	6	19	701,633	35.2	32.9	36.7
Galveston-Texas City	2,973,996	7	9	6	106,270	27.0	24.0	24.9
Houston	129,958,044	14	26	14	2,810,215	45.8	41.1	40.8
Laredo	1,150,884	26	22	12	43,146	26.5	21.4	22.5
Lubbock	4,663,704	1	3	11	175,455	26.4	25.7	26.0
McAllen-Pharr-Edinburg	2,037,588	13	17	14	116,001	17.7	16.0	17.2
Midland	2,227,344	4	14	7	137,199	15.7	14.9	14.7
Odessa	1,859,724	10	20	6	95,760	19.7	17.9	18.2
San Angelo	1,585,848	17	23	19	71,885	22.7	19.1	19.2
San Antonio	22,541,604	15	16	17	735,294	31.0	27.2	30.4
Sherman-Denison	1,255,668	14	14	8	69,684	17.9	15.7	17.0
Texarkana (Texas-Arkansas)	1,683,084	15	24	9	80,685	20.9	18.9	18.8
Tyler	2,573,244	4	11	7	105,174	24.7	23.5	23.8
Waco	3,826,476	13	22	12	134,314	28.7	25.6	26.6
Wichita Falls	2,831,676	5	29	15	126,896	22.5	21.7	18.9
Total—28 centers	$424,204,932	11%	21%	14%	$10,200,024	41.5	37.7	38.1

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

TOTAL OIL WELLS DRILLED

Area	Third quarter 1971	Second quarter 1971	Percent change	1971 cumulative	Percent change from 1970 cumulative
FOUR SOUTHWESTERN STATES	1,558	1,622	−4.0%	4,960	−4.0%
Louisiana	212	276	−23.2	743	−10.1
Offshore	52	68	−23.5	208	−20.3
Onshore	160	208	−23.1	535	−5.3
New Mexico	112	111	.9	327	18.9
Oklahoma	284	315	−9.9	892	−15.2
Texas	950	920	3.3	2,998	−2.0
Offshore	0	0	—	0	—
Onshore	950	920	3.3	2,998	−1.8
UNITED STATES	2,768	2,849	−2.9%	8,588	−11.9%

SOURCE: American Petroleum Institute

BUILDING PERMITS

Area	NUMBER Nov. 1971	NUMBER 11 mos. 1971	VALUATION (Dollar amounts in thousands) Nov. 1971	VALUATION 11 mos. 1971	Percent change: Nov. 1971 from Oct. 1971	Percent change: Nov. 1971 from Nov. 1970	Percent change: 11 months, 1971 from 1970
ARIZONA							
Tucson	365	6,400	$3,962	$81,084	−53%	−30%	47%
LOUISIANA							
Monroe-West Monroe	58	1,057	717	16,660	−19	−11	23
Shreveport	389	5,795	3,432	82,418	−52	16	178
TEXAS							
Abilene	54	588	725	11,474	−6	113	47
Amarillo	134	1,544	1,787	31,140	−61	82	11
Austin	466	5,568	20,918	177,159	8	157	53
Beaumont	175	1,745	1,353	18,143	−14	110	107
Brownsville	142	1,262	507	9,402	10	250	67
Corpus Christi	562	8,098	5,361	60,609	37	45	127
Dallas	1,599	19,408	20,434	278,219	29	−20	−12
Denison	42	389	170	2,768	−18	−34	−19
El Paso	464	5,397	8,273	107,309	26	114	24
Fort Worth	321	4,502	7,721	110,493	58	86	41
Galveston	95	774	1,366	11,710	−18	627	83
Houston	2,403	38,342	35,603	566,289	−19	−33	30
Laredo	42	565	688	7,507	15	817	22
Lubbock	211	2,189	3,171	62,150	27	−15	27
Midland	108	842	409	12,813	−90	60	211
Odessa	88	936	4,785	12,057	373	1,127	35
Port Arthur	83	881	217	5,753	55	4	−21
San Angelo	72	719	295	9,775	−14	127	2
San Antonio	1,551	17,429	11,235	115,740	−1	38	24
Sherman	38	600	529	5,286	457	−28	−61
Texarkana	53	452	3,572	10,530	2,014	951	71
Waco	284	3,284	3,164	24,433	84	58	−25
Wichita Falls	72	874	4,531	22,244	966	372	88
Total—26 cities	9,871	129,640	$144,925	$1,853,165	2%	13%	27%

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. Million dollars)

Date	GROSS DEMAND DEPOSITS Total	GROSS DEMAND DEPOSITS Reserve city banks	GROSS DEMAND DEPOSITS Country banks	TIME DEPOSITS Total	TIME DEPOSITS Reserve city banks	TIME DEPOSITS Country banks
1969: November	10,373	4,750	5,623	7,268	2,690	4,578
1970: November	10,843	4,899	5,944	8,622	3,476	5,146
1971: June	11,354	5,224	6,130	9,573	3,691	5,882
July	11,507	5,314	6,193	9,588	3,696	5,892
August	11,468	5,246	6,222	9,615	3,714	5,901
September	11,571	5,311	6,260	9,735	3,769	5,966
October	11,562	5,246	6,316	9,977	3,819	6,158
November	11,641	5,264	6,377	10,025	3,879	6,146

VALUE OF CONSTRUCTION CONTRACTS

(Million dollars)

Area and type	November 1971	October 1971	September 1971	January—November 1971	January—November 1970
FIVE SOUTHWESTERN STATES[1]	786	814	790	8,451	7,151r
Residential building	376	419	390	4,154	2,789r
Nonresidential building	314	179	226	2,547	2,359r
Nonbuilding construction	96	216	173	1,749	2,004
UNITED STATES	6,568	6,814	7,712	73,487	62,993r
Residential building	3,171	3,196	3,255	31,931	22,778r
Nonresidential building	2,065	2,246	2,120	23,736	22,757r
Nonbuilding construction	1,332	1,372	2,337	17,820	17,459r

1. Arizona, Louisiana, New Mexico, Oklahoma, and Texas
r—Revised
NOTE: Details may not add to totals because of rounding.
SOURCE: F. W. Dodge Division, McGraw-Hill Information Systems Company

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Five Southwestern States[1]

(Seasonally adjusted)

Item	Thousands of persons: November 1971p	October 1971	November 1970r	Percent change Nov. 1971 from: Oct. 1971	Nov. 1970
Civilian labor force	8,321.9	8,300.5	8,240.7	0.3%	1.0%
Total employment	7,925.4	7,889.9	7,844.2	.4	1.0
Total unemployment	396.5	410.5	396.5	—3.4	.0
Unemployment rate	4.8%	5.0%	4.8%	[2]—.2	[2].0
Total nonagricultural wage and salary employment	6,382.2	6,385.5	6,291.8	—.1	1.4
Manufacturing	1,122.9	1,123.2	1,136.1	.0	—1.2
Durable	609.5	608.5	619.7	.2	—1.6
Nondurable	513.3	514.7	516.5	—.3	—.6
Nonmanufacturing	5,259.3	5,262.2	5,155.6	—.1	2.0
Mining	230.0	229.0	233.3	.4	—1.4
Construction	383.8	381.7	380.8	.5	.8
Transportation and public utilities	438.5	441.1	446.2	—.6	—1.7
Trade	1,509.2	1,508.8	1,478.7	.0	2.1
Finance	336.3	335.9	323.3	.1	4.0
Service	1,035.7	1,040.3	1,017.4	—.4	1.8
Government	1,325.8	1,325.4	1,276.1	.0%	3.9%

1. Arizona, Louisiana, New Mexico, Oklahoma, and Texas
2. Actual change
p—Preliminary
r—Revised
NOTE: Details may not add to totals because of rounding.
SOURCES: State employment agencies
Federal Reserve Bank of Dallas (seasonal adjustment)

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1967 = 100)

Area and type of index	November 1971p	October 1971	September 1971	November 1970
TEXAS				
Total industrial production	123.7	121.8	123.7	121.8
Manufacturing	126.9	124.6	125.4	121.2
Durable	134.3	131.5	131.7	127.9
Nondurable	121.6	119.7	121.0	116.3
Mining	110.9	111.0	113.7	120.5
Utilities	143.9	135.9	145.6	132.5
UNITED STATES				
Total industrial production	107.0	106.2	106.2	102.6
Manufacturing	105.6	105.0	104.5	100.2
Durable	99.6	99.3	98.2	93.8
Nondurable	114.4	113.3	113.6	109.6
Mining	100.9	96.8	106.0	113.7
Utilities	137.4	138.8	138.4	129.6

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

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(Thousand barrels)

Area	November 1971	October 1971	November 1970r	Percent change from: October 1971	November 1970
FOUR SOUTHWESTERN STATES	6,610.3	6,678.4	7,284.7	—1.0%	—9.3%
Louisiana	2,524.0	2,571.6	2,711.4	—1.9	—6.9
New Mexico	319.3	316.0	340.1	1.0	—6.1
Oklahoma	591.1	592.9	603.7	—.3	—2.1
Texas	3,175.9	3,197.9	3,629.5	—.7	—12.5
Gulf Coast	622.2	639.9	752.8	—2.8	—17.4
West Texas	1,566.6	1,550.5	1,711.7	1.0	—8.5
East Texas (proper)	195.4	205.9	234.3	—5.1	—16.6
Panhandle	68.6	68.6	76.0	.0	—9.7
Rest of state	723.1	733.0	854.7	—1.4	—15.4
UNITED STATES	9,247.9	9,331.5	10,035.3	—.9%	—7.9%

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

Registrations of new passenger automobiles in Dallas, Fort Worth, Houston, and San Antonio were 2 percent higher in November than in October and 69 percent greater than in November 1970. Cumulative registrations for the first 11 months of 1971 were 18 percent greater than for the same period a year earlier.

The new, seasonally adjusted employment series for the five southwestern states reflected continued growth in November in both the civilian labor force and total employment. However, total nonagricultural wage and salary employment showed a small decline of 0.1 percent, due primarily to the decrease in employment in the nonmanufacturing industries. Total manufacturing employment was essentially unchanged.

The largest month-to-month decline in employment in the nonmanufacturing industries was in transportation and public utilities, down 0.6 percent from October. This industry group also reported the largest year-to-year decline–1.7 percent. Service industries registered a drop of 0.4 percent from October. However, employment in these industries was 1.8 percent above the year-earlier level. The trade and government sectors showed no change from a month before, but employment in both was above a year before.

Three industry groups reported month-to-month increases in employment. Mining was up 0.4 percent from October, although it still lagged 1.4 percent behind a year earlier. The construction industries reported increases over both a month before and a year before–0.5 percent and 0.8 percent, respectively. The month-to-month gain of 0.1 percent in finance was the smallest reported. But employment in this group was 4.0 percent above a year earlier.

Department store sales in the Eleventh District were 9 percent greater in the four weeks ended December 25 than in the corresponding period a year before. Cumulative sales through that date were 7 percent more than a year before.