

Federal Reserve Bank of Dallas

# Business Review

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Cotton Crop—  
Prices Stimulating Output May Tend to Dampen Demand

August 1972

# Prices Stimulating Output May Tend to Dampen Demand

Prospects for cotton growers are the brightest in several decades. After years of chronic overproduction, they ended their 1970-71 season with the smallest carryover in 20 years. And an even smaller carryover is expected from the 1971-72 season ended August 1.

By planting time this spring, the drop in supply had boosted average market prices more than 40 percent higher than a year before—to the highest level since the Korean war. And in response, growers made plans to increase production.

But even as more acreage was being planted, the rise in prices and shortage of supply were eroding cotton markets here and abroad, creating the possibility that market requirements might eventually be overtaken. If so, growers could again have to cope with the problems of oversupply and accompanying low prices that have plagued them for years.

The outlook—and even the faintest possibility that its brightness might fade in time—is vastly im-

portant in the Eleventh Federal Reserve District, where cotton is far and away the most important crop. With cotton accounting for nearly 40 percent of the gross farm income from crops in the District states (Arizona, Louisiana, New Mexico, Oklahoma, and Texas), prospects for cotton obviously affect the economic outlook for the whole region.

On the supply side, the future depends to a great extent on weather conditions and programs affecting plantings. But the supply of cotton is also sensitive to price changes. As in the current situation, a sharp increase in prices one year tends to increase production the next.

On the demand side, the future depends partly on such factors as the continued growth of the total fiber market, trends in fashions, and possible effects of the research and promotional efforts recently undertaken by the cotton industry. But again, price is an important factor.

Substantial increases in cotton prices tend not only to increase production but also to reduce demand—and on two fronts. One is by encouraging further substitution of synthetic fibers. The other is by encouraging further increases in foreign production, which has already been cutting into export demand for cotton.

Thus, despite the favorable outlook, growers are still left with the delicate problem of striking a balance between supply and demand. The task is still to produce a stable supply of cotton at prices that will provide an adequate return to labor, capital, and management without encouraging major shifts to alternative sources of fiber.

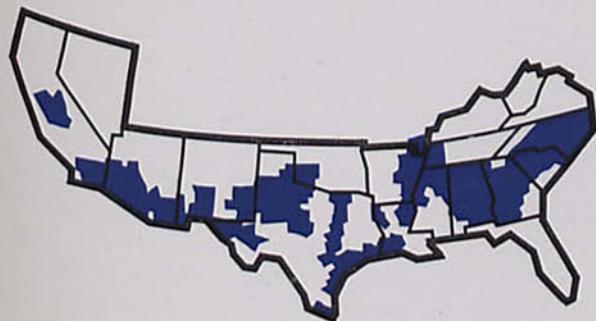
## Causes of the short supply

Three main factors were at work in the reversal of the long-standing overproduction situation.

- *Changes in Government programs*—Designed to make cotton more competitive with other fibers by putting a ceiling on support prices, Government cotton programs of recent years have encouraged growers to cut production. Where 14 million acres were planted in 1965, only 9.4 million were planted two years later. And while planted acreage later increased, harvested acreage had still not exceeded 12 million acres in 1971.

- *Several disappointing crop years*—Lower yields combined with reduced acreage to hold production well below the levels originally intended. As a result, supplies shrunk from a record carryover of 17 million bales in 1965 to an estimated carryover of less than 3.5 million at the start of the 1972-73 season.

Cotton still in Southeast,  
but production areas drift westward



SOURCE: U.S. Department of Agriculture

**Nation's end-of-season supplies help shape world cotton carryover**



1971 preliminary  
SOURCE: U.S. Department of Agriculture

• *Stronger world demand for cotton*—Use of cotton has continued to increase overseas, providing American growers with foreign markets that absorbed an average of more than 4 million bales a year in the 1960's. These exports accounted for roughly a third of the total disappearance of U.S. cotton over the decade.

Given the enormous productive capacity of U.S. growers, the surge in cotton prices, and the fact that each of these three factors is either transitory or still untested because of transitory influences, they still leave the future of the cotton industry hard to foresee over the next few years.

**Government programs . . .**

The productivity of American farmers has generally outstripped growth in demand for their crops. And to escape the resulting squeeze between rising production costs and the slow advance in prices paid for their products, farmers have worked to increase their productivity still further.

This situation—characteristic of most farmers—has been especially the case for cotton growers, current conditions notwithstanding. The result has been basic changes in the structure of the cotton industry—a decline in the number of cotton farms, a generally westward drift in areas of production, and a continuation of improvements in production techniques. And these changes have cut not only the number of acres required for the production of cotton but also the labor required. Where 130 manhours were needed to produce a bale of cotton in 1950, 26 hours were needed in 1970.

But even as the productivity of growers has risen, development of new fibers and changes in consumer preferences have reduced the demand for cotton. Particularly significant has been the growing domestic use of synthetic fibers,

which have invaded many traditionally cotton markets. Unlike the cotton industry—its many producers selling through a series of market channels—the synthetic fiber industry has been able to gear its production to its market, becoming a highly efficient competitor.

Although foreign use of cotton has about tripled since World War II, domestic use has shown almost no growth. In fact, with the strides synthetic fibers have made over the past quarter century, cotton has held its own only because of the tremendous growth of the fiber market overall.

To preserve farm income in a rapidly changing market situation, the Government has tried for more than 40 years to cope with the problem of overcapacity. Until the midsixties, Government programs were aimed primarily at influencing the domestic supply of cotton, either through loans that allow farmers to hold their cotton off the market during periods of seasonally depressed prices or through control of the acreage they plant to cotton. Only in very recent years were programs broadened to give more attention to demand problems.

Cotton growers responded to these early price-support and acreage-control programs by intensifying production on the acreage planted. The result was large supplies of cotton carried over from one season to the next. The size of these large stocks often forced market prices (here and abroad) below Government price-support levels, creating a tendency for growers to vary their production more in response to support prices than market prices.

Market prices often fell well below the per-pound production costs of most growers. In 1969, for example, the nationwide cost of producing a pound of upland lint cotton averaged 32 cents, excluding management costs. But the average price received by farmers was 21

**Rise in productivity sharply cuts labor used to produce U.S. cotton**



SOURCE: U.S. Department of Agriculture

## AVERAGE COSTS OF PRODUCING A BALE OF U.S. UPLAND COTTON

Item	1966	1969
Per bale (500 pounds gross weight)		
Labor	\$25.78	\$23.20
Power and equipment	34.54	44.84
Materials	25.59	29.38
Seed	3.30	4.44
Fertilizer	11.74	11.51
Herbicides	3.45	4.81
Insecticides and fungicides	5.95	7.17
Defoliants	.93	1.24
Other chemicals	.23	.21
Ginning, bagging, and ties	18.36	19.47
Custom services	8.25	10.46
Irrigation	8.51	8.30
Interest on operating capital	2.12	2.87
Total direct costs	123.17	138.52
Land	22.65	24.40
General overhead	12.96	14.40
Total cost of lint and associated seed	158.78	177.32
Less value of seed produced	-25.94	-17.08
Cost of lint	132.84	160.24
Per pound of lint		
Total cost	.266	.320
Direct cost	.206	.250
Receipts <sup>1</sup>	.305	.360

1. Includes support payments in both 1966 and 1969 but excludes diversion payments in 1966  
 NOTE: Details may not add to totals because of rounding.  
 SOURCE: U.S. Department of Agriculture

cents. Under such circumstances, cotton farmers had to rely on Government programs to stay in business.

In the midsixties, however, programs began reflecting a newfound emphasis on efforts to counter the steady erosion in demand for cotton by improving its competitive position. While attention was still given to the problems of overproduction, new programs were designed to allow the price of cotton to seek competitive levels at home and abroad.

With the Cotton Research and Promotion Act of 1966, for example, active efforts were initiated for the cotton industry to reach for expansion of its markets. And with the Agricultural Act of 1970, new efforts in acreage controls placed less emphasis on rigid allotments.

### ... seek new directions

New directions in Government programs were apparent as early as 1964. The Agricultural Act passed that year eliminated subsidies on

foreign sales of cotton that had left domestic mills paying 6 to 9 cents a pound more for U.S. cotton than their counterparts overseas. Until then, programs concentrating on overproduction had created a situation that allowed foreign mills to ship their textiles into the United States at a considerable competitive advantage.

Although designed also to reduce the carryover, which had reached well over 14 million bales, the new program nevertheless reduced cotton acreage only slightly that year and the next. With increased yields, production held close to 15 million bales. Domestic use increased but exports declined, causing the carryover to climb to a record of nearly 17 million bales in August 1966. And since the Commodity Credit Corporation owned most of the stocks, costs of the cotton program rose.

Intended to make cotton more competitive with other fibers, the Agricultural Act of 1965 set a ceiling on loan rates at 90 percent of

the estimated world price of cotton. But to maintain farm income, the new program also provided for direct payments to cooperating producers on 65 percent of their basic cotton allotments.

This legislation marked the turning point in the buildup of the cotton carryover. Disappearance of cotton increased only slightly, but production dropped sharply, reducing the carryover more than 10 million bales in just two years.

The most direct Government effort to influence demand came with the Cotton Research and Promotion Act of 1966. By providing for the collection of \$1 a bale from upland cotton producers to be used in research and promotion, this legislation established a program of self-help in the expansion of cotton markets. Principal areas of study under the program have been the costs of producing and marketing cotton and the improvement of cotton products.

The Agricultural Act of 1970 eliminated the old system of rigid crop-by-crop allotments. By giving farmers more freedom of decision in adjusting to projected demand for their cotton, the program provides new opportunities for the industry to become more competitive in production costs and to produce the amounts and varieties of cotton sought in foreign and domestic markets.

### The supply situation

The imponderable in agriculture is, of course, the weather. And reductions in acreage combined with a series of unfavorable turns in the weather after 1965 to cause production to plummet, throwing cotton into increasingly short supply. From 30 million bales in 1965—a high that had been reached only once before—supplies fell to a low of less than 15 million in 1971.

Supplies had fluctuated widely over the years prior to 1965. But for 15 years, crops had averaged

about 14 million bales. Being typically more than enough to meet demand, production added steadily to the buildup in stocks—despite Government efforts to hold back production. During those years, acreage was cut in half. But with improvements in cultivation, yields almost doubled, reaching a record average of 527 pounds per acre in 1965.

Since 1966, however, crops have averaged less than 10 million bales. Where 14.2 million acres were planted in 1965, 12.4 million were planted in 1971. And where yields averaged 527 pounds per harvested acre in 1965, they averaged 438 in 1971. The net result was a drop in output from 15 million bales in 1965 to 10.5 million in 1971.

With estimates of mill use and exports totaling more than 11 million bales, stocks at the beginning of the 1972-73 season probably total a million bales less than the 4.3 million last August. Although a

new crop is coming on, this stock, in itself, would not be enough to meet foreign and domestic demand for more than four months.

Against this backdrop of short supply, cotton prices have advanced sharply. Average spot market prices for upland cotton rose 5 cents a pound in the second half of 1971. And by early 1972, prices were 10 cents higher than a year before.

In response, farmers reported early this year that they intended to plant 13.5 million acres to cotton—10 percent more than in 1971. Even if yields are no more than the very low 1966-71 average, the upland harvest will be nearly 12 million bales. The largest crop since the 1965 season, this is very apt to be more than the disappearance.

### The demand situation

Disappearance depends on sales to textile mills in this country and shipments of raw cotton abroad. In contrast to its once very rapid growth (a twofold increase from the early 1930's through the early 1940's), domestic mill use has been fairly stable since World War II, ranging from 8 million to 10 million bales a year. During that time, exports have fluctuated between 2 million and 7.6 million bales a year. In more recent years, however, the combined disappearance has been closer to 11 million bales.

Still a major fiber, accounting for roughly two-fifths of the domestic fiber market, cotton has, nevertheless, been losing ground to synthetics for many years. From the early depression years through the early years of the war, annual domestic consumption of all fibers increased from a little more than 3 billion pounds to nearly 7 billion. Consumption of cotton followed a similar trend, more than doubling from 1930 to 1942.

After the war, however, growth in domestic demand for cotton began to slow—eventually showing

little change for the 1960's. Mill use of all fibers increased rapidly, climbing from 7.5 billion pounds (cotton equivalent) in 1961 to almost 15.3 billion in 1971. Although demand for cotton increased nearly a fourth in the first half of the decade, losses in the second half left the domestic market with only a nominal increase. Where mill demand totaled 4 billion pounds in 1961, it still was only 4.2 billion in 1971.

Despite intense competition from man-made fibers, however, cotton apparently held its own at mills in the season just ended—at least in absolute terms and probably because of the popularity of two fabrics. Production of cotton denims and corduroy accounted for about 12 percent of the cotton industry's domestic market in the 1971 season, compared with 8 percent in the season before. The boost to cotton from demand for these fabrics may, however, no more than offset losses in other cotton markets, leaving total domestic consumption about the same as the 8.1 million bales used in 1970-71.

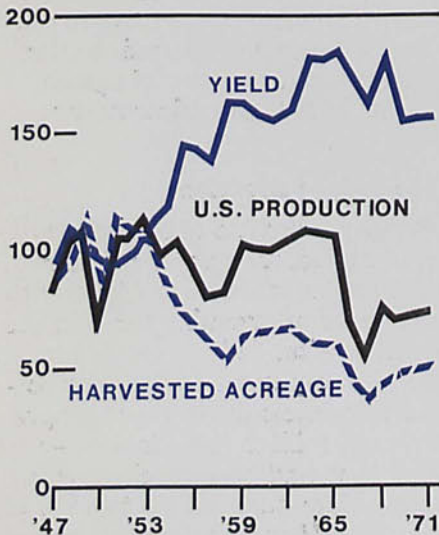
Meanwhile, consumption of man-made fibers has continued to move ahead. Claiming an ever-increasing share of the growing textile market, synthetics have left cotton with a mill market that, while fairly stable in absolute amount, has represented a shrinking share of the domestic fiber market overall.

Important to the shift in shares of this market have been the relative prices of cotton and synthetics. For instance, while cotton prices were moving up sharply in 1971 and early 1972 as a result of the short supply of cotton, prices of man-made fibers were showing little change.

Competition in world cotton markets also remains stiff, despite the recent increase in world demand. Tight supplies and high

Recent cotton crops reduced by lower acreages and yields

1947-49=100



1971 preliminary

SOURCE: U.S. Department of Agriculture

prices early this year made the cotton situation in other countries much the same as in the United States. But world production increased in 1971-72, and the Department of Agriculture estimates that, as a result, world production in the 1971 season exceeded consumption for the first time since 1968.

World trade in cotton may have been slightly greater in 1971-72 than the nearly 18 million bales shipped in 1970-71. But because of the short supply in the United States, shipments from this country probably slipped from 21 percent of the world cotton trade in 1970-71 to about 18 percent in 1971-72.

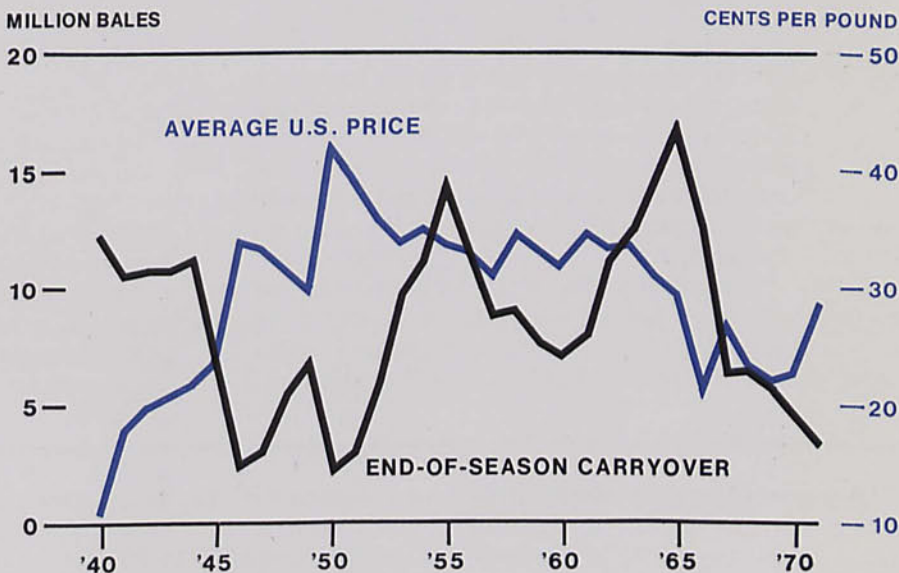
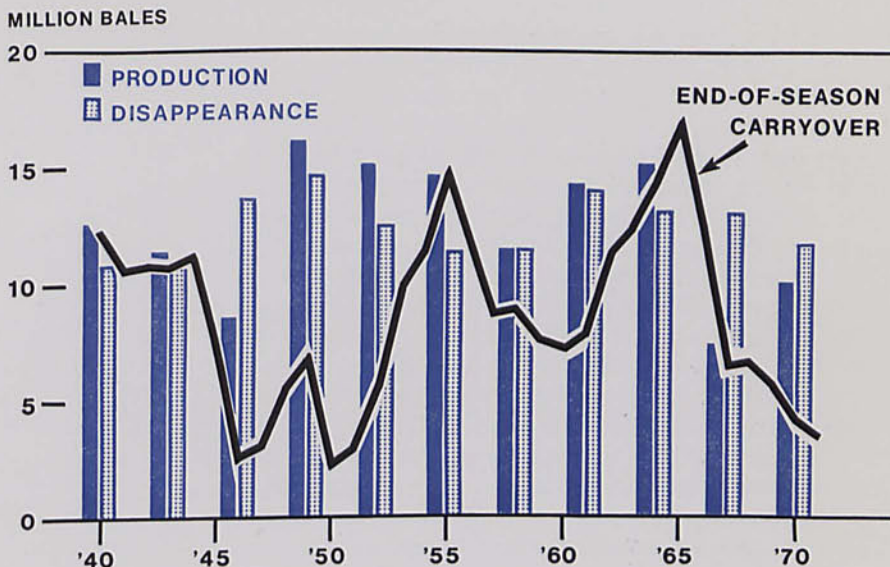
### Competition at home ...

Much of the progress synthetic fibers have made in traditional cotton markets results from improvements in fabrics. Development of durable-press fabrics, for example, revolutionized the textile industry, allowing producers of man-made fibers to capitalize on the marketing of blends—which, fortunately for growers, often included cotton. Production of polyester-cotton increased more than ten times in the 1960's.

Essentially, however, the competition between cotton and man-made fibers (especially rayon and acetate staple fibers) has been based on price. And trends in prices have usually favored synthetics.

The farm price of cotton bumped along at abnormally low levels, between 5.5 and 12.5 cents a pound, in the 1930's but increased fourfold over the next decade, rising from 10 cents a pound in 1940 to 40 cents in 1950. And although the price had eased back to less than 35 cents a pound by 1952 and from then until the late 1960's varied from 20 to 34 cents, cotton prices throughout this period were all out of phase with changes in prices of competing synthetic fibers.

### Market prices of cotton surge when carryover begins to dip



1971 preliminary and estimated  
SOURCE: U.S. Department of Agriculture

## Still king in the District . . .

Cotton is by far the most important cash crop in the Eleventh District. In recent years, the five District states have produced nearly 45 percent of the nation's cotton. Although cotton ranked only fourth in Louisiana in 1970, it was the number-one crop in Texas, New Mexico, and Arizona and placed second in Oklahoma. The importance of cotton in these states has been maintained despite a nearly two-thirds drop in cotton acreage over the past two decades.

These southwestern states planted a total of 6.7 million acres to cotton in 1971, compared with 16.8 million in 1951. Mainly because of the shifting of cotton acreage to more productive land, however, and the adoption of improved production techniques, the average crop declined only about a third over this 20-year period. During that time, total income from cotton in these states averaged about \$1 billion a year.

With cotton production down nearly a third, however, and average cotton prices off about a third—to a level well below the per-pound production costs of most growers—cotton farmers in the District relied heavily on Government cotton programs to stay in business.

Nationwide, the cost of producing a pound of upland lint cotton averaged 32 cents in 1969 (excluding management costs)—a fifth more than in 1966. Even in the Roll-

A severe setback in competitive terms came in late 1967, when the price of cotton surged in response to the short crop that year. Prices rose from 22 cents a pound in August to more than 30 cents in November. And although the price rise resulted more from a fear of shortage (and that only in some long-staple varieties) than from any real shortage, the use of cotton in the United States fell 13 percent, dropping from 9.5 million bales in the 1966-67 season to 8.2 million in 1968-69.

Meanwhile, production of synthetic fibers increased. And as stable supplies of these fibers were

maintained with declining prices, use of synthetics increased about a fourth from 1967 to 1968.

Cotton prices later dropped back to about 22 cents a pound in 1968 and held close to that level through 1970. But the cotton industry could not regain many of its market losses. Cotton's share of the fiber market had dropped from nearly 50 percent in 1967 to about 40 percent in 1970.

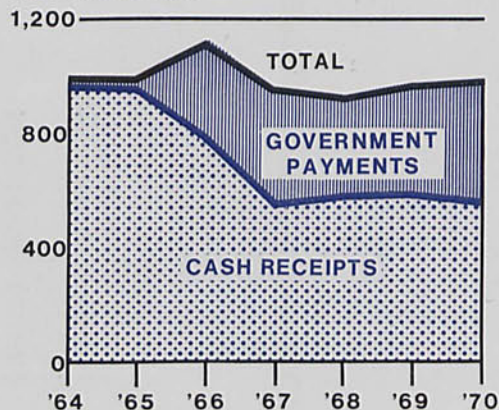
### . . . and abroad

Unlike domestic consumption, foreign consumption has been trending steadily upward since World War II. Although the advance has

been modest, it has stayed far enough ahead of gains in foreign production to give U.S. growers a market accounting for roughly a third of their average annual sales. But although the increase in consumption outside the United States—an increase of 17 percent in the 1960's alone—has kept overseas demand ahead of the overseas supply by an average for the decade of 4 million bales a year, shipments from this country have sometimes been far less. With the increase in prices after the short U.S. crop of 1967, for example, production overseas rose to within 2 million bales of consumption overseas. And

## Income from Cotton in Eleventh District

MILLION DOLLARS



SOURCE: U.S. Department of Agriculture

ing Plains of West Texas, where cotton is produced at the lowest cost in the nation, total outlays averaged more than 26 cents in 1969.

Government payments became especially important after the Agricultural Act of 1964. From 1966 to 1970, Government payments to growers in these states averaged nearly two-thirds as much as cash receipts from cotton.

## ... and especially in Texas

Texas alone produces nearly a third of the nation's cotton—and on little more than 3 percent of the state's land. Forty years ago, almost a tenth of the area of the state was taken up in cotton.

With the shrinkage in the acreage assigned to cotton has also come a shift in its location. Three-fourths of the state's cotton is now grown in West Texas. A century ago, all the cotton was grown in East Texas.

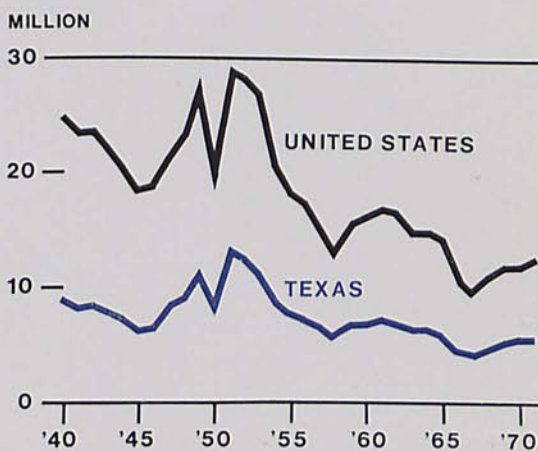
Cotton production in Texas has been moving westward since the turn of the century. The movement has been spurred in recent years by technological advances that lend themselves to large farms and by the development of irrigated areas in West Texas, particularly on the High Plains. Meanwhile, marginal land has been retired from cotton production in East Texas, where much of agriculture has been converted to the production of beef cattle, once primarily a product of West Texas. West Texas grew only 9 percent of the state's cotton at the turn of the century and little more than half the crop at midcentury.

The largest crop produced in Texas was in the 1949-50 season. More than 6 million bales were harvested that season from just over 11 million acres. That made an average yield of 261 pounds per acre. Improved cultural practices pushed yields to 410 pounds per acre in 1968, but setbacks from weather and other adverse growing conditions have since held yields below that level. Yields averaged 282 pounds per acre in the 1971-72 season. Reflected in this recent drop were drought conditions that impacted on dryland crops and a late, cool spring in the irrigated High Plains that combined with an early, wet fall to cut yields there.

The average price received by Texas farmers for cotton has varied widely. It was 39 cents a pound in 1950 but by 1966 had slipped to slightly more than 17 cents, the lowest price since 1941. There was a sharp comeback in 1971, however, when the price ranged from 26 to 30 cents a pound most of the harvest season.

It has been estimated that the basic dollar originating from the production of cotton and cottonseed generates 3.5 times

### Acres Planted to Cotton



SOURCE: U.S. Department of Agriculture

### Average Yield Per Harvested Acre



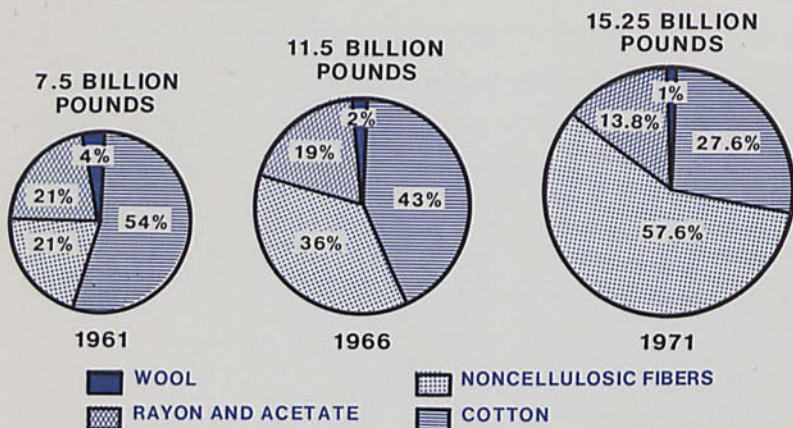
1971 preliminary

SOURCE: U.S. Department of Agriculture

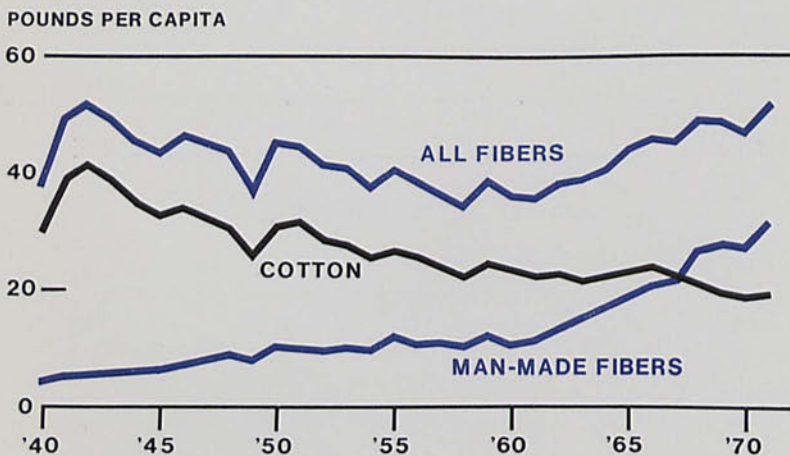
that amount in related agribusiness. On that basis, the Texas cotton crop in 1970, with cash receipts of \$355 million, excluding Government payments, generated in excess of \$1.2 billion in agribusiness. Receipts of \$547 million for all five District states generated nearly \$2 billion.



## Cotton's share of U.S. market shrinks . . .



## . . . as more man-made fibers are used



1970 and 1971 preliminary  
SOURCE: U.S. Department of Agriculture

the difference may have been less than 2 million bales in 1971.

As foreign production has increased, U.S. exports have declined as a share of the world market. From 1958 to 1961, shipments from the United States accounted for roughly a third of the expanding world cotton trade. From 1968 to 1971, they accounted for less than a fifth.

Exports declined far faster than domestic production during those years. Where close to 40 percent of the cotton grown in this country from 1958 to 1961 was shipped

overseas, slightly less than 30 percent was shipped from 1968 to 1971.

Also, while consumption has stayed ahead of production overseas, production has been increasing faster. From 1959 to 1970, consumption in foreign Free World countries—the countries that buy 95 percent of U.S. cotton shipments abroad—increased 24 percent. During those years, production increased 40 percent.

Much of the increased output was in 13 countries—Brazil, Pakistan, Turkey, Mexico, Iran,

Syria, Colombia, Greece, Tanzania, Uganda, Nicaragua, Guatemala, and El Salvador. Together, these countries increased their average annual production about 5.4 million bales in the 1960's—a gain of more than two-thirds. In nine other countries with less output, combined production more than tripled, adding more than another million bales to the world total.

But while exports are influenced by consumption and production in other countries and by the cotton programs of other governments, the essential determinant of foreign sales is still world cotton prices. Prices stayed well above production costs in most countries throughout the early part of the 1960's, seldom changing as abruptly as the prices of other crops countries depend on for foreign exchange earnings. The stability of cotton prices (maintained partly by production controls and price supports in this country) and, therefore, the profitability of foreign cotton gave many countries ample cause for increasing their plantings—without any great concern for total production. The situation changed in the latter part of the decade, however, and probably partly in response to changes in U.S. Government programs.

Throughout the latter part of the 1960's (except in 1968), prices fluctuated about what may have been an international breakeven point. Liverpool quotations for Strict Middling 1 $\frac{1}{16}$ -inch cotton (the grade most often used as a base price in world trade) ranged from 27 to 30 cents a pound—a variation of roughly 10 percent. Within this range, price changes one year were followed the next by changes in cotton acreage.

The change in acreage was in the direction of the change in price. As the price approached 30 cents, it was followed the next year by a worldwide increase in cotton acre-

age. As it dropped below 28 cents, the enthusiasm for cotton production was dampened.

In 1971, the average price broke through this range to hit 34 cents. That price is apparently more than enough to stimulate increased world plantings, and with a possibly severe impact on the U.S. cotton industry.

Department of Agriculture studies, for example, suggest that, from 1959 to 1970, 10-percent changes in the price of U.S. Strict Middling 1 $\frac{1}{8}$ -inch cotton at Liverpool usually resulted in 20 to 25-percent changes in U.S. shipments

the following year—the change being in the opposite direction. This pattern indicates changes of 300,000 to 350,000 bales in response to 1-cent changes in the U.S. price. If such a change occurs this season, U.S. cotton exports could be drastically cut.

Increases in foreign production are almost certain to continue—especially since policies of many cotton-producing countries are, unlike U.S. Government programs, aimed primarily at developing cotton production. World production rose 9 percent in 1971-72, and production outside the United States probably contributed about 4 million bales to this increase. Although foreign consumption also probably increased, the world supply available for export doubtlessly expanded, probably by more than 1.5 million bales.

World markets may have absorbed most of this increase, leaving little or no effect on U.S. exports. If consumption overseas continued its modest expansion and foreign importers increased their generally low stocks even moderately, U.S. shipments easily reached the more than 3 million bales estimated for the 1971-72 season. Although some 500,000 bales less than in 1970-71, such a volume would still have been moderately good.

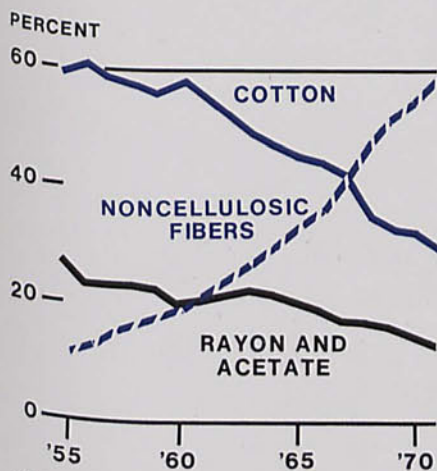
#### Implications for the future

The bright prospects for cotton, then, depend on the expected upturn in production this year. Continuation of those prospects depends, however, not only on an end to the decline in stocks but also on an easing in prices to a level that will allow cotton to compete more effectively with synthetic fibers. Clearly, it is the proper interplay of supply and demand that keeps stocks adequate and prices competitive. And as stocks rise over the next few seasons—as they seem bound to do—

the industry needs to watch for the earliest warnings that supplies are again becoming burdensome.

On the supply side, continued efforts to support production guidelines flexible enough for quick adjustment to changes in demand are essential to the maintenance of stocks at working levels. Some industry experts suggest a carry-over of 6 to 7 million bales is needed to cushion against shortages. The growers' situation is entirely different from that of their principal competitor. Unlike synthetic fibers, which are produced under comparatively stable con-

Decline in cotton's share of U.S. fiber market persists

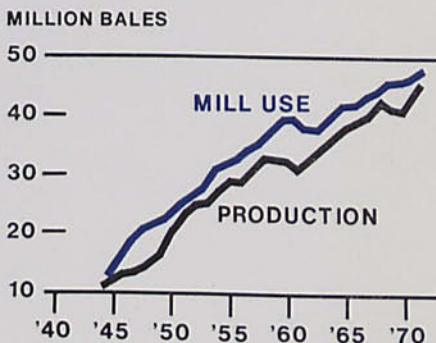


1971 preliminary  
NOTE: Based on cotton-equivalent pounds  
SOURCE: U.S. Department of Agriculture

Nation's cotton harvest often exceeds domestic use ...



... but consumption overseas continues ahead of production



1971 preliminary  
SOURCE: U.S. Department of Agriculture

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ditions, cotton is produced by a multitude of individual growers facing great uncertainties in their growing and marketing conditions. For that reason, the all-important supply problem is hard to plan for—as has been pointed up in the decline in stocks since 1965. The abnormality of weather conditions since then, in fact, leaves unclear the extent of achievements that might have been realized from the new directions in Government programs.

On the demand side, efforts to slow the decline in cotton's share of the total fiber market complement efforts to control production. Growth of the fiber market clearly

provides the industry its greatest opportunity for achieving growth and stability in demand for cotton. Since competition from synthetic fibers cannot be expected to subside, the industry's renewed interest in supporting market development and promotion seems vital to its welfare.

Regarding export demand, U.S. shipments are still restricted by the sluggishness of growth in total foreign consumption. Although the very existence of these shipments is due mainly to cotton consumption overseas being greater than production, increases in consumption are not keeping up with the growth in production. And as in

the domestic market, the lag in export demand results primarily from competition from man-made fibers.

To maintain stocks at levels that will allow growers, on the one hand, to compete more effectively with the highly productive synthetic fiber industry and, on the other, earn enough return to capital to stay in business, continued efforts must be made to bring supply and demand into line with each other. In probably no other way can the industry achieve the stability needed to project its bright outlook far into the future.

—Carl G. Anderson, Jr.

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### **New member bank**

The Town North National Bank, Farmers Branch, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business June 26, 1972, 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: Ronald G. Steinhart, Chairman of the Board; E. Fred Ferguson, Jr., President; Bob Camp, Senior Vice President; and Lois M. Pierce, Cashier.

### **New par banks**

The Coupland State Bank, Coupland, 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 July 1, 1972. The officers are: C. W. Pfluger, Jr., President; Theodore Wittliff, Vice President; Miss Lydia Etzel, Cashier; and Mrs. Rosalie Goetz, Assistant Cashier.

The Mid-County Bank, Port Neches, 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, July 10, 1972. The officers are: Weldon T. Peters, President; James E. Green, Vice President and Cashier; and Al McKay, Inactive Vice President.

The First State Bank, Magnolia, 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, July 15, 1972. The officers are: L. A. Hill, Jr., President; Richard Hereford, Cashier; and Mrs. Dorothy Shivers, Assistant Cashier.

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## Statistical Supplement to the Business Review

Total credit at weekly reporting banks in the Eleventh District declined slightly in the five weeks ended July 26, as a rapid expansion in loans was more than offset by an even sharper decline in bank holdings of Government and municipal securities. Total deposits increased moderately, and banks reduced their net purchases of Federal funds.

An abnormal rise in business loans paced the growth in total loans and probably reflected further improvements in District economic activity. Consumer loans and the highly volatile loans to nonbank financial institutions also registered unusual strength.

The expansion in total deposits resulted from larger inflows of both demand and time and savings deposits. The volume of large-denomination CD's outstanding rose moderately, and bank borrowing from nondeposit sources was virtually unchanged.

The seasonally adjusted Texas industrial production index rose to 133.7 percent of its 1967 base in June. All three sectors of industrial production—manufacturing, mining, and utilities—contributed to the advance, pushing the index 11 percent higher than at the first of the year. Mining provided the main impetus, however, advancing 2.4 percent over the previous month. Crude petroleum production increased 3.1 percent to a level 11.7 percent higher than a year before. Other mining industries showed smaller gains.

In manufacturing, output of durable goods increased 0.8 percent over the previous month, with the largest gains being the 2.0-percent advances in transportation

equipment and stone, clay, and glass products. Two related industries—primary metals and fabricated metal products—showed declines in June but were still well ahead of their outputs a year before, as were all manufacturing industries. Manufacturing of non-durable goods increased only 0.4 percent, in spite of substantial gains in two industries—textiles and paper and allied products. Utilities advanced 0.5 percent in June. Increases were shown in the distribution of both electricity and natural gas.

Registrations of new passenger automobiles in Dallas, Fort Worth, Houston, and San Antonio rose 3 percent in June. Total registrations were 11 percent higher than in June 1971. Cumulative registrations through the first six months of this year were 12 percent higher than in the same period last year. All four metropolitan centers showed increases in cumulative registrations. The advances ranged from 11 percent in Houston to 17 percent in Fort Worth.

Seasonally adjusted total employment in the five southwestern states fell slightly in June. As a result of a sharp decline in the number of people looking for jobs, however, the unemployment rate continued its gradual decline started last October, falling to 4.3 percent of the labor force in these states, compared with 4.7 percent in June 1971.

Employment fell below month-earlier levels in most categories of both manufacturing and nonmanufacturing. Finance, up 0.2 percent, was the only major reporting industry group to show a rise in

employment. All other industries showed declines, the largest being in construction, down 1.4 percent, and transportation and public utilities, down 1.0 percent. In spite of the June drop, however, all industries continued to show year-to-year gains with the exception of mining, which was down 0.1 percent from June 1971.

The winter wheat crop in states of the Eleventh District is expected to reach 152 million bushels this year—29 percent more than in the below-average 1971 season. The projection, revised upward July 1, is based on yields that appear better than previously expected.

A total of 7.1 million acres was planted to cotton in these states this year—7 percent more than last season. Although acreage was up only 2 percent in New Mexico, it surged 26 percent in Louisiana, and Oklahoma and Arizona reported sharp gains of 17 percent and 14 percent, respectively. In Texas, the increase totaled only 4 percent.

Texas feedlots had a record 2.1 million head of cattle on feed at midyear—a fourth more than a year before. Feedlots with capacities for more than 1,000 head averaged an unusually high occupancy rate of 79 percent.

Higher prices for meat animals boosted the index of prices received by Texas farmers and ranchers in the month ended at mid-June 18 percent higher than a year earlier. The index of livestock prices rose moderately over the preceding month to a point 23 percent higher than a year before. Wool and mohair prices were up sharply from a year earlier, further sup-  
*(Continued on back page)*

## CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

### Eleventh Federal Reserve District

(Thousand dollars)

ASSETS	July 26, 1972	June 21, 1972	July 28, 1971
Federal funds sold and securities purchased under agreements to resell.....	930,762	634,096	794,756
Other loans and discounts, gross.....	8,032,420	7,961,094	6,828,131
Commercial and industrial loans.....	3,606,025	3,581,944	3,127,972
Agricultural loans, excluding CCC certificates of interest.....	190,757	196,169	124,221
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities.....	1,157	1,160	519
Other securities.....	79,337	72,602	47,689
Other loans for purchasing or carrying:			
U.S. Government securities.....	3,904	5,670	5,360
Other securities.....	405,784	470,086	430,187
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies.....	141,599	131,198	161,361
Other.....	633,692	584,623	485,699
Real estate loans.....	1,052,565	1,036,148	812,248
Loans to domestic commercial banks.....	15,343	20,342	13,538
Loans to foreign banks.....	30,549	32,835	22,190
Consumer instalment loans.....	896,265	868,052	768,022
Loans to foreign governments, official institutions, central banks, and international institutions.....	0	0	0
Other loans.....	975,443	960,265	829,125
Total investments.....	3,611,296	3,700,070	3,250,475
Total U.S. Government securities.....	969,712	1,012,396	1,046,848
Treasury bills.....	140,494	188,273	138,042
Treasury certificates of indebtedness.....	0	0	0
Treasury notes and U.S. Government bonds maturing:			
Within 1 year.....	139,025	148,300	179,412
1 year to 5 years.....	519,031	505,979	584,386
After 5 years.....	171,162	169,844	145,008
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills.....	112,014	134,800	78,826
All other.....	2,290,758	2,298,892	1,895,330
Other bonds, corporate stocks, and securities:			
Certificates representing participations in federal agency loans.....	14,833	23,043	80,228
All other (including corporate stocks).....	223,979	230,939	149,243
Cash items in process of collection.....	1,419,258	1,517,750	1,243,534
Reserves with Federal Reserve Bank.....	840,014	816,653	791,083
Currency and coin.....	106,676	98,627	96,061
Balances with banks in the United States.....	422,781	396,412	469,005
Balances with banks in foreign countries.....	10,769	10,270	9,544
Other assets (including investments in subsidiaries not consolidated).....	589,676	584,313	478,013
<b>TOTAL ASSETS.....</b>	<b>15,963,652</b>	<b>15,719,285</b>	<b>13,960,602</b>

r—Revised

## RESERVE POSITIONS OF MEMBER BANKS

### Eleventh Federal Reserve District

(Averages of daily figures. Thousand dollars)

Item	4 weeks ended July 5, 1972	5 weeks ended June 7, 1972	5 weeks ended July 7, 1971
<b>RESERVE CITY BANKS</b>			
Total reserves held.....	893,070	898,321	826,530
With Federal Reserve Bank.....	833,047	838,279	772,530
Currency and coin.....	60,023	60,042	54,000
Required reserves.....	910,116	898,518	831,257
Excess reserves.....	-17,046	-197	-4,727
Borrowings.....	0	0	8,908
Free reserves.....	-17,046	-197	-13,635
<b>COUNTRY BANKS</b>			
Total reserves held.....	971,342	968,926	866,588
With Federal Reserve Bank.....	766,857	768,413	674,020
Currency and coin.....	204,485	200,513	192,568
Required reserves.....	951,393	947,008	846,858
Excess reserves.....	19,949	21,918	19,730
Borrowings.....	430	20	3,954
Free reserves.....	19,519	21,898	15,776
<b>ALL MEMBER BANKS</b>			
Total reserves held.....	1,864,412	1,867,247	1,693,118
With Federal Reserve Bank.....	1,599,904	1,606,692	1,446,550
Currency and coin.....	264,508	260,555	246,568
Required reserves.....	1,861,509	1,845,526	1,678,115
Excess reserves.....	2,903	21,721	15,003
Borrowings.....	430	20	12,862
Free reserves.....	2,473	21,701	2,141

LIABILITIES	July 26, 1972	June 21, 1972	July 28, 1971
Total deposits.....	12,366,254	12,252,117	10,928,091
Total demand deposits.....	6,801,081	6,767,722	6,257,317
Individuals, partnerships, and corporations.....	4,745,803	4,645,708	4,413,047
States and political subdivisions.....	382,146	459,986	260,094
U.S. Government.....	209,100	249,326	156,716
Banks in the United States.....	1,325,987	1,289,177	1,306,241
Foreign:			
Governments, official institutions, central banks, and international institutions.....	3,085	2,775	2,370
Commercial banks.....	37,681	33,591	32,431
Certified and officers' checks, etc.....	97,279	87,159	86,418
Total time and savings deposits.....	5,565,173	5,484,395	4,670,774
Individuals, partnerships, and corporations:			
Savings deposits.....	1,182,641	1,175,318	1,058,230
Other time deposits.....	2,817,833	2,806,579	2,456,023
States and political subdivisions.....	1,433,507	1,369,088	1,051,103
U.S. Government (including postal savings).....	24,484	24,303	23,371
Banks in the United States.....	89,808	87,207	62,147
Foreign:			
Governments, official institutions, central banks, and international institutions.....	15,800	20,800	18,800
Commercial banks.....	1,100	1,100	1,100
Federal funds purchased and securities sold under agreements to repurchase.....	1,798,496	1,676,322	1,375,125
Other liabilities for borrowed money.....	70,660	39,808	104,275
Other liabilities.....	441,924	482,158	339,099
Reserves on loans.....	141,252	139,152	131,851
Reserves on securities.....	18,397	17,699	21,352
Total capital accounts.....	1,126,669	1,112,029	1,060,809
<b>TOTAL LIABILITIES, RESERVES, AND CAPITAL ACCOUNTS.....</b>	<b>15,963,652</b>	<b>15,719,285</b>	<b>13,960,602</b>

## CONDITION STATISTICS OF ALL MEMBER BANKS

### Eleventh Federal Reserve District

(Million dollars)

Item	June 28, 1972	May 31, 1972	June 30, 1971
<b>ASSETS</b>			
Loans and discounts, gross.....	15,548	15,063	13,612
U.S. Government obligations.....	2,325	2,342	2,401
Other securities.....	5,172	5,161	4,255
Reserves with Federal Reserve Bank.....	1,441	1,605	1,334
Cash in vault.....	305	291	271
Balances with banks in the United States.....	1,168	1,369	1,438
Balances with banks in foreign countries.....	20	14	11
Cash items in process of collection.....	1,701	1,876	1,570
Other assets.....	1,106	1,169	995
<b>TOTAL ASSETS.....</b>	<b>28,786</b>	<b>28,890</b>	<b>25,887</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Demand deposits of banks.....	1,658	1,782	1,907
Other demand deposits.....	10,549	10,855	9,889
Time deposits.....	11,265	11,173	10,123
Total deposits.....	23,472	23,810	21,919
Borrowings.....	1,851	1,742	1,536
Other liabilities.....	1,512	1,394	563
Total capital accounts.....	1,951	1,944	1,869
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....</b>	<b>28,786</b>	<b>28,890</b>	<b>25,887</b>

e—Estimated

## CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(Thousand dollars)

Item	July 26, 1972	June 21, 1972	July 28, 1971
Total gold certificate reserves.....	230,381	379,198	229,667
Discounts for member banks.....	34,000	1,280	67,798
Other discounts and advances.....	0	0	0
U.S. Government securities.....	3,353,251	3,241,196	3,059,192
Total earning assets.....	3,387,251	3,242,476	3,126,990
Member bank reserve deposits.....	1,506,566	1,487,054	1,375,316
Federal Reserve notes in actual circulation.....	2,159,054	2,138,141	2,073,377

# 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 <sup>1</sup>					DEMAND DEPOSITS <sup>1</sup>		
	June 1972 (Annual-rate basis)	Percent change			June 30, 1972	Annual rate of turnover		
		May 1972	June 1971	6 months, 1972 from 1971		June 1972	May 1972	June 1971
ARIZONA: Tucson.....	\$9,704,280	-1%	32%	26%	\$315,456	32.0	33.3	27.0
LOUISIANA: Monroe.....	4,255,872	10	31	20	106,211	39.3	35.1	35.0
Shreveport.....	13,840,380	-1	17	19	288,327	46.6	45.8	43.6
NEW MEXICO: Roswell <sup>2</sup> .....	986,820	1	1	7	42,172	23.4	22.7	24.5
TEXAS: Abilene.....	2,629,236	3	16	13	120,192	21.8	21.9	21.3
Amarillo.....	8,362,308	7	40	17	190,101	43.0	40.8	36.2
Austin.....	12,187,644	1	0	18	482,578	26.9	30.7	32.5
Beaumont-Port Arthur-Orange.....	7,092,744	6	5	4	269,505	25.9	24.1	26.8
Brownsville-Harlingen-San Benito.....	2,491,380	-7	14	16	99,244	24.8	27.3	25.2
Bryan-College Station.....	1,309,862	0	21	23	53,808	24.7	26.4	23.8
Corpus Christi.....	7,302,144	3	17	15	268,944	27.0	26.7	22.4
Corsicana <sup>2</sup> .....	608,604	29	13	-1	34,943	17.7	14.0	16.2
Dallas.....	154,162,092	4	12	11	2,704,398	55.5	53.1	57.9
El Paso.....	9,460,872	2	4	14	314,445	30.7	32.1	36.3
Fort Worth.....	32,857,920	20	15	8	773,851	41.9	34.8	40.9
Galveston-Texas City.....	3,108,888	5	7	0	118,602	25.5	24.1	25.9
Houston.....	142,468,812	8	28	23	3,036,468	45.7	42.0	40.3
Laredo.....	1,142,352	6	3	8	50,577	22.6	21.8	25.1
Lubbock.....	5,425,308	-4	-3	14	186,402	28.7	29.4	32.0
McAllen-Pharr-Edinburg.....	2,394,408	1	27	30	137,090	17.0	16.9	17.4
Midland.....	2,536,956	17	25	8	148,709	17.0	14.4	14.6
Odessa.....	1,924,704	6	9	11	105,950	17.9	16.9	17.9
San Angelo.....	1,742,256	13	20	11	78,369	21.9	19.4	19.1
San Antonio.....	21,857,892	1	4	8	824,570	26.5	26.5	29.1
Sherman-Denison.....	1,297,128	12	3	10	74,898	17.2	15.8	18.3
Texarkana (Texas-Arkansas).....	1,953,708	13	18	14	85,083	23.1	19.9	21.7
Tyler.....	2,767,572	10	16	12	115,480	23.8	21.8	22.1
Waco.....	4,212,216	5	17	17	141,434	29.3	27.7	27.0
Wichita Falls.....	2,999,220	6	29	15	132,986	22.2	21.3	18.9
Total—29 centers.....	\$463,083,578	6%	17%	15%	\$11,300,793	40.4	38.4	39.3

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

## BUILDING PERMITS

Area	VALUATION (Dollar amounts in thousands)						
	NUMBER		Percent change				
	June 1972	6 mos. 1972	June 1972	6 mos. 1972	May 1972	June 1971	6 months, 1972 from 1971
ARIZONA							
Tucson.....	692	4,743	\$18,428	\$106,161	63%	68%	101%
LOUISIANA							
Monroe-West							
Monroe.....	67	702	1,034	16,485	-28	-60	43
Shreveport.....	455	2,829	5,593	31,944	-19	0	11
TEXAS							
Abilene.....	64	424	931	8,933	-28	-67	31
Amarillo.....	213	1,048	2,241	13,414	-3	53	-6
Austin.....	546	3,309	31,532	131,350	76	108	70
Beaumont.....	222	1,266	3,322	15,579	1	109	149
Brownsville.....	137	649	1,264	6,975	-10	236	117
Corpus Christi.....	335	2,489	3,367	34,549	-33	-35	2
Dallas.....	2,057	10,396	64,395	249,105	101	188	74
Denison.....	31	194	358	1,818	77	298	74
El Paso.....	525	3,468	16,495	99,296	-7	54	64
Fort Worth.....	450	2,634	7,231	38,580	-19	-55	-41
Galveston.....	80	451	475	7,415	-78	-4	-2
Houston.....	4,969	23,952	60,497	326,524	14	-26	100
Laredo.....	46	281	4,185	9,410	684	501	-17
Lubbock.....	208	1,165	6,927	29,343	27	-46	57
Midland.....	80	587	706	10,895	-18	-1	303
Odessa.....	106	546	680	16,975	-66	10	303
Port Arthur.....	87	552	369	3,162	-71	18	-2
San Angelo.....	70	435	637	3,885	-8	-44	93
San Antonio.....	1,514	9,118	21,518	118,759	58	51	15
Sherman.....	51	303	309	4,268	-3	53	-17
Texarkana.....	66	311	471	4,667	-48	-20	22
Waco.....	264	1,406	4,374	17,879	63	51	22
Wichita Falls.....	86	523	1,594	7,606	75	96	-32
Total—26 cities.....	13,421	73,781	\$258,933	\$1,314,977	35%	22%	29%

## WINTER WHEAT

Area	ACREAGE (Thousand acres)			PRODUCTION (Thousand bushels)		
	For harvest		Harvested	Crop of 1972 <sup>1</sup>		Crop of 1970
	Crop of 1972	Crop of 1971	Crop of 1970	Crop of 1971	Crop of 1971	Crop of 1970
Arizona.....	170	173	150	11,390	11,764	10,350
Louisiana.....	40	45	33	960	1,035	957
New Mexico.....	178	160	184	4,628	4,000	5,152
Oklahoma.....	3,950	3,475	3,777	90,850	69,500	98,202
Texas.....	2,000	1,496	2,267	44,000	31,416	54,408
Total.....	6,338	5,349	6,411	151,828	117,715	169,069

1. Indicated July 1  
SOURCE: U.S. Department of Agriculture

## GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. Million dollars)

Date	GROSS DEMAND DEPOSITS			TIME DEPOSITS		
	Total	Reserve city banks	Country banks	Total	Reserve city banks	Country banks
1970: June.....	10,265	4,748	5,517	7,391	2,651	4,740
1971: June.....	11,354	5,224	6,130	9,573	3,691	5,882
1972: January.....	12,313	5,580	6,733	10,607	4,179	6,428
February.....	11,983	5,419	6,564	10,864	4,249	6,615
March.....	12,118	5,563	6,555	10,978	4,255	6,723
April.....	12,407	5,676	6,731	10,938	4,180	6,758
May.....	12,268	5,652	6,616	11,075	4,262	6,813
June.....	12,320	5,689	6,631	11,233	4,323	6,910

## LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Five Southwestern States<sup>1</sup>

(Seasonally adjusted)

Item	Thousands of persons			Percent change June 1972 from	
	June 1972p	May 1972	June 1971r	May 1972	June 1971
	Civilian labor force.....	8,411.0	8,464.3	8,255.4	-0.6%
Total employment.....	8,052.4	8,090.9	7,866.4	-5	2.4
Total unemployment.....	358.5	373.3	389.0	-4.0	-7.8
Unemployment rate.....	4.3%	4.4%	4.7%	2-1	2-4
Total nonagricultural wage and salary employment....	6,563.4	6,586.2	6,357.3	-3	3.2
Manufacturing.....	1,148.3	1,154.6	1,125.6	-5	2.0
Durable.....	622.5	623.7	608.9	-2	2.2
Nondurable.....	525.8	530.8	516.7	-9	1.8
Nonmanufacturing.....	5,415.2	5,431.7	5,231.7	-3	3.5
Mining.....	225.5	227.3	225.8	-8	-1
Construction.....	427.2	433.1	399.3	-1.4	7.0
Transportation and public utilities.....	451.8	456.4	446.9	-1.0	1.1
Trade.....	1,559.3	1,559.0	1,501.2	.0	3.9
Finance.....	351.5	350.8	334.2	.2	5.2
Service.....	1,062.4	1,063.7	1,026.2	-1	3.5
Government.....	1,337.5	1,341.3	1,298.2	-3%	3.0%

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)

porting the increase in the index. Crop prices, although averaging slightly lower for the month, were still 8 percent higher than in the same month of 1971. The index of prices paid by U.S. farmers moved up slightly from a month earlier to a level 5 percent higher than a year before.

Department store sales in the Eleventh District were 9 percent greater in the four weeks ended July 29 than in the corresponding period last year. Cumulative sales through that date were 10 percent higher than in the comparable period a year before.

## DAILY AVERAGE PRODUCTION OF CRUDE OIL

(Thousand barrels)

Area	June 1972	May 1972	June 1971r	Percent change from	
				May 1972	June 1971
FOUR SOUTHWESTERN STATES.....	7,251.1	7,125.9	6,993.7	1.8%	3.7%
Louisiana.....	2,605.0	2,505.8	2,460.4	4.0	-2.1
New Mexico.....	310.0	310.0	329.0	.0	-5.8
Oklahoma.....	572.3	585.1	605.6	-2.2	-5.5
Texas.....	3,763.8	3,725.0	3,398.7	1.0	10.7
Gulf Coast.....	739.5	712.2	676.9	3.8	9.2
West Texas.....	1,856.8	1,865.4	1,653.3	-5	12.3
East Texas (proper)....	244.8	233.2	201.5	5.0	21.5
Panhandle.....	74.9	77.8	72.1	-3.7	3.9
Rest of state.....	847.8	836.4	794.9	1.4	6.7
UNITED STATES.....	9,871.1	9,756.9	9,670.9	1.2%	2.1%

r—Revised

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

## VALUE OF CONSTRUCTION CONTRACTS

(Million dollars)

Area and type	June 1972	May 1972	April 1972	January—June	
				1972	1971r
FIVE SOUTHWESTERN STATES <sup>1</sup> .....	1,076	1,256	1,153	5,950	4,339
Residential building.....	567	518	498	2,867	2,150
Nonresidential building....	338	343	273	1,621	1,416
Nonbuilding construction....	171	396	381	1,461	773
UNITED STATES.....	8,478	9,098	8,100	44,705	39,021
Residential building.....	4,375	4,428	3,971	21,730	16,003
Nonresidential building....	2,447	2,908	2,182	13,194	12,576
Nonbuilding construction....	1,655	1,762	1,947	9,782	10,442

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

## INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1967=100)

Area and type of index	June 1972p	May 1972	April 1972	June 1971
TEXAS				
Total industrial production.....	133.7	132.3	129.4r	122.1
Manufacturing.....	134.7	133.9	130.5r	122.3
Durable.....	144.7	143.6	141.9	131.6
Nondurable.....	127.4	126.9	122.3r	115.6
Mining.....	125.5	122.6	119.3r	115.0
Utilities.....	155.6	154.9	158.8r	146.8
UNITED STATES				
Total industrial production.....	112.7	112.4	112.1r	107.4
Manufacturing.....	111.4	111.3	111.0r	106.0
Durable.....	105.4	105.4	105.1r	100.7
Nondurable.....	119.9	119.9	119.6r	113.7
Mining.....	108.2	106.5	108.9	108.6
Utilities.....	140.5	143.0	141.6r	133.8

p—Preliminary

r—Revised

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