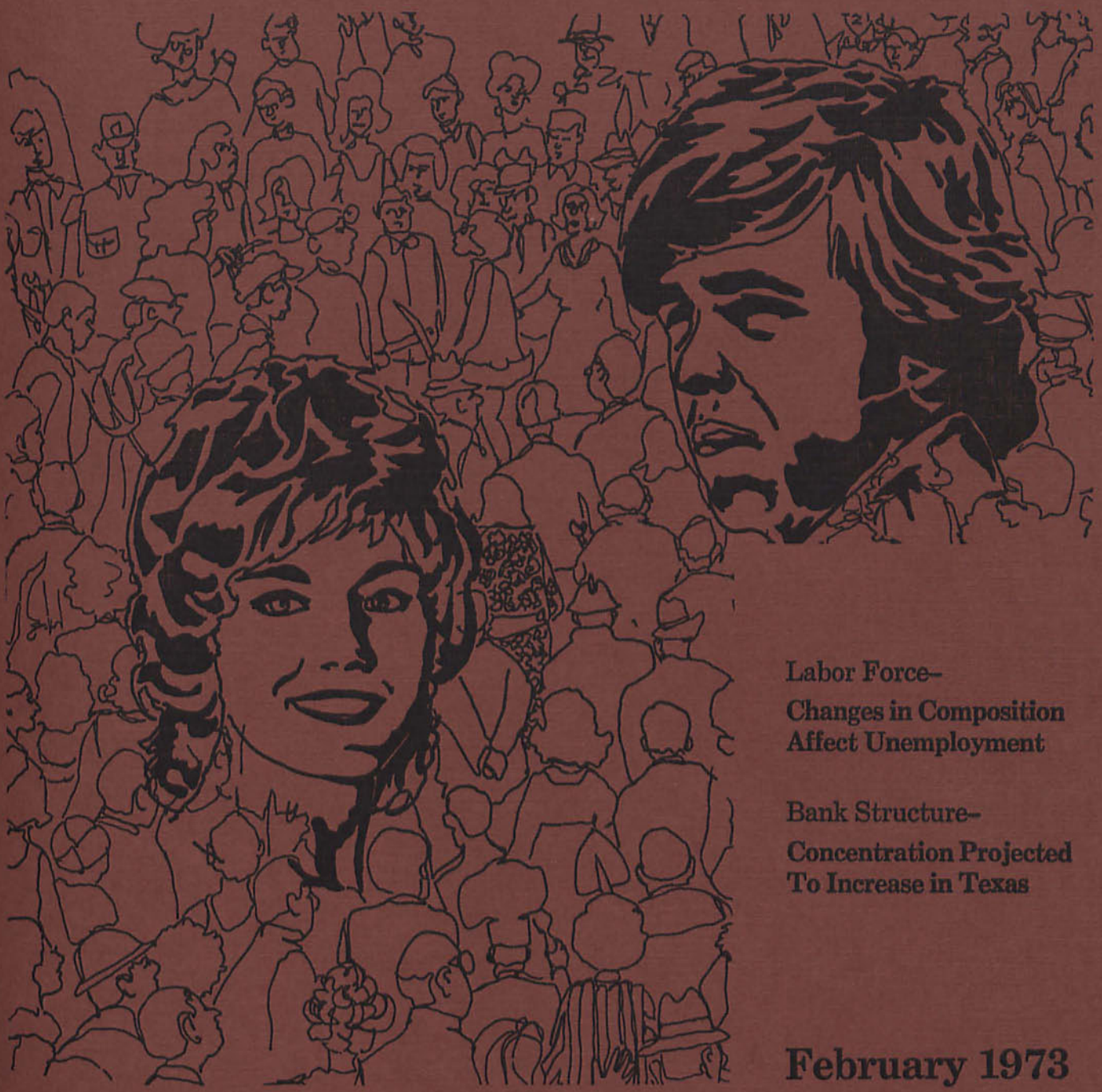
Federal Reserve Bank of Dallas

Business Review



Labor Force–
Changes in Composition
Affect Unemployment

Bank Structure–
Concentration Projected
To Increase in Texas

February 1973

Labor Force–

Changes in Composition Affect Unemployment

The growth rate of the nation's labor force has risen steadily over the past 13 years. Where an average of about 0.8 million people joined the labor force each year in the 1950's, about 1.0 million were added each year from 1960 through 1965. And from 1965 through 1972, new additions averaged more than 1.6 million a year. Most of this increase in the rate of additions was a direct result of faster growth in the segment of the population old enough to work. But a slight rise in the rate of labor force participation of these potential workers also contributed to the increased growth.

Accompanying this trend of rising overall growth has been a shift in the composition of the labor force. Although the shift has been gradual, the cumulative effect has been sizable and has impacted on the structure and level of unemployment.

Three factors account for most of the change in labor force composition–the accelerated growth in the young-adult segment (ages 16 to 24) of the population, the increased rate of female participation in the labor force, and the declining rate of male participation.

More young adults

Because death rates and net immigration rates have been relatively stable in the United States since World War II, the age distribution of both the population and potential labor force is mainly a reflection of the historical pattern of birth rates. The rather low birth rate of the 1930's caused the young-adult population of the 1950's to expand only about half as fast as the population 25 years of age and older. As a result, the mature-adult component of the labor force increased nearly 16 percent from 1950 to 1960, while the young-adult segment increased less than 4 percent.

But by the early 1960's, the postwar "baby boom" began to impact on the young-adult component of the labor force. At the same time, the relatively small number of people born in the 1930's were reaching prime working age. Reflecting these developments, the young-adult component grew nearly five times as fast from 1960 to 1971 as the mature-adult segment. And by 1972, young adults accounted for well over 23 percent of the total labor force, compared with 18 percent in 1960. This mushrooming of the young-adult segment of the labor force was primarily the result of the changing age structure of the population and did not reflect any major change in labor force participation rates of younger people.

More female job seekers

In addition to the larger number of young people available for work, there has been an increasingly large number of women that want to work. In 1972, women accounted for slightly more than 37 percent of the labor force, compared with 32 percent in 1960. This reflected a gain in the female labor force of more than 42 percent since 1960–nearly twice the increase in the female population of labor force age. The difference was due to a rise in the rate of labor force participation by women from about 38 percent in 1960 to more than 43 percent in 1972.

This increase in the participation rate for women, coupled with a decline in the participation rate for men, caused growth in the female labor force to consistently outpace growth in the male labor force. Women, in fact, accounted for about three-fifths of the overall increase in the labor force in both the 1950's and 1960's.

In the 1950's and early 1960's, the rise in the female labor force participation rate was concentrated among women 45 to 64 years old. From 1950 to 1964, the proportion of women 45 to 54 years old in the labor force increased an average of nearly 1 percentage point a year, rising from 38 percent in 1950 to more than 51 percent in 1964. Meanwhile, the rate of participation for women 55 to 64 years old increased from 27 percent to more than 40 percent. For women under 45, there was only a modest increase in the rate of labor force participation, and there was virtually no change in the participation rate for women 65 years old and over.

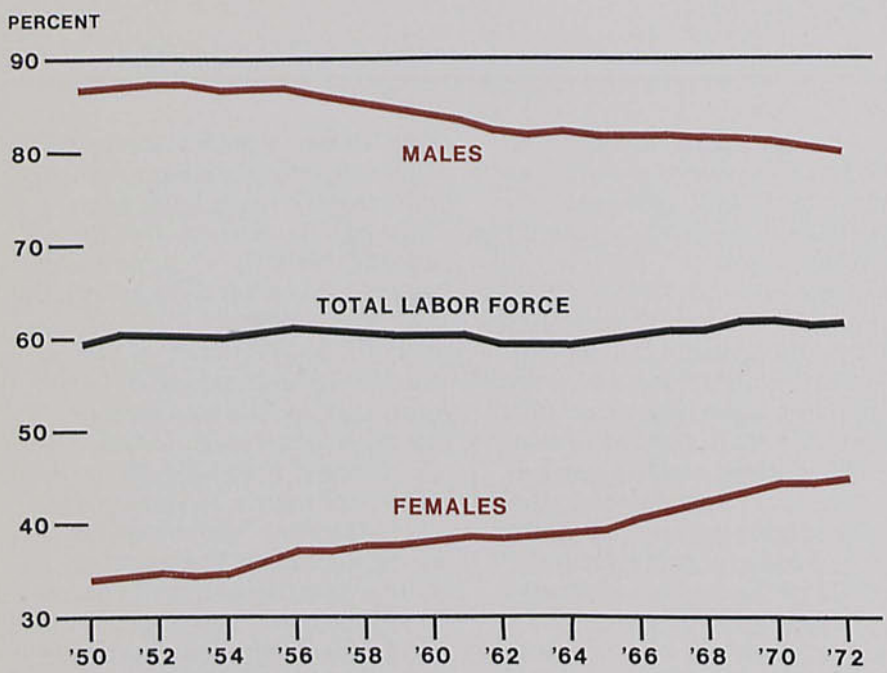
Since 1964, the increase in the labor force participation rate for women 45 to 64 years old has slowed. But the rate of increase

Young adults have the highest unemployment rates

Selected categories	Unemployment rate for group: 1950-59 average	1960-72 average
Total labor force	4.5%	5.0%
Males and females 16 to 19 years old	11.3	14.9
20 to 24 years old	7.1	7.8
25 years old and over		
Males	3.5	3.2
Females	4.2	4.3

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

Labor force participation rate rises for women, declines for men



1972 partly estimated
SOURCES: U.S. Department of Labor
Federal Reserve Bank of Dallas

Proportion of young people and women in the labor force increases

Labor force composition	Percent of civilian labor force			
	1950	1960	1970	1972[1]
By age				
16 to 24 years old, males and females	19.5%	17.9%	23.2%	23.8%
25 years old and over				
Males	58.6	56.3	49.6	48.7
Females	22.0	25.8	27.3	27.4
By sex				
Males	71.2	67.8	63.3	62.6
Females	28.8	32.2	36.7	37.3

1. Partly estimated
NOTE: Details may not add to 100.0 percent because of rounding.
SOURCES: U.S. Department of Labor
Federal Reserve Bank of Dallas

for younger women–ages 20 to 44 –has accelerated sharply. From 1964 to 1972, the labor force participation rate for women of ages 20 to 34 rose more than 9 percentage points and that for women of ages 35 to 44 rose more than 6 percentage points. By contrast, the rate for women 45 to 64 years old rose less than 3 percentage points.

This slowdown in the growth of the participation rate for older women has caused some analysts to suggest there may be some upper limit on the proportion of older women that will want to work.[1] On the other hand, the acceleration in the participation rates for younger women is thought to be related largely to the declining birth rates of recent years, the increasing proportion of women with college education, and the desire of women to supplement the family income.

Male participation

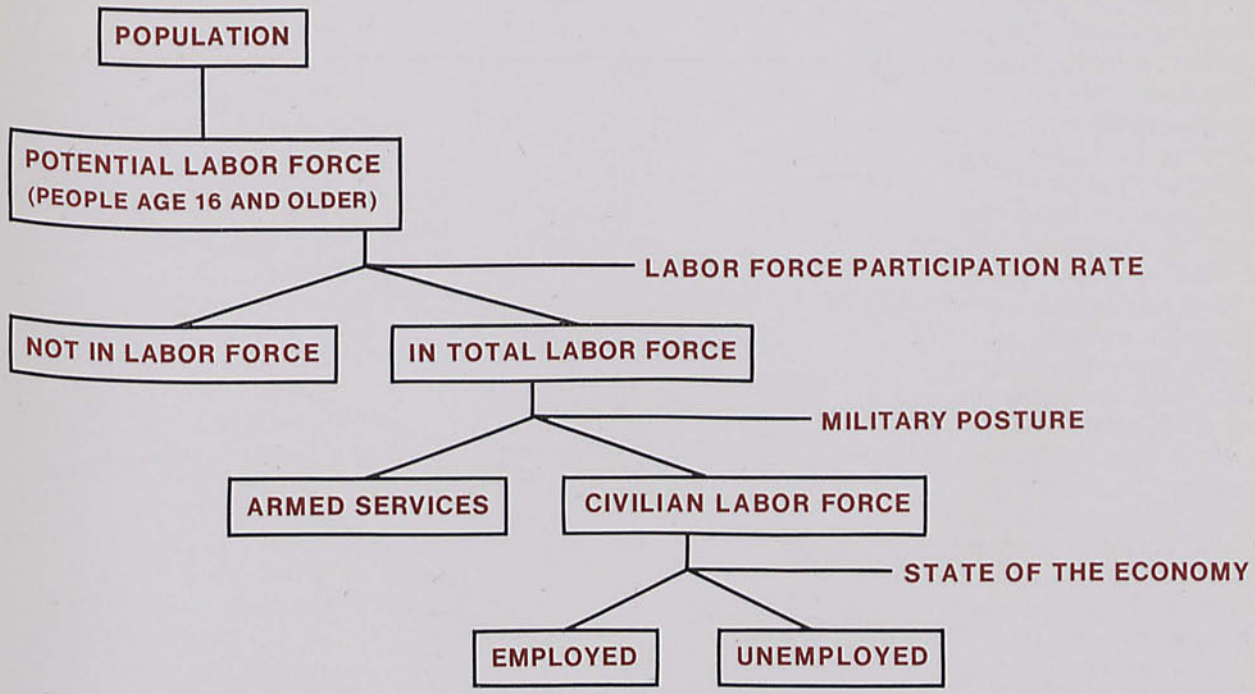
In contrast to the trend among women to increase their labor force participation, the trend among men has been to decrease their participation. The rate for men dropped from nearly 87 percent in 1950 to 84 percent in 1960. By 1972, the rate had slipped below 80 percent.

The decline in male labor force participation in conjunction with the upward trend in female participation has produced a significant drop in the relative importance of men in the labor force. Men of all ages accounted for 71 percent of the labor force in 1950. By 1960, this proportion had fallen to 68 percent. And by 1972, the labor force was slightly less than 63 percent men.

The declining rate of male participation has been centered in the two extremes of the age spectrum–men under 25 and men 55 and over. The participation rate of men in the intermediate age bracket has held fairly steady at more than 90

1. The 1971 Manpower Report of the President, U.S. Department of Labor

Labor force and unemployment depend on many factors



percent. The drop in participation of younger men is due mainly to their more frequent and more prolonged enrollment in school. For men 55 years old and over, the drop mainly reflects a trend toward earlier retirement.

Implications for unemployment

These changes in the composition of the labor force produced significant changes in the makeup of unemployment in the 1960's and early 1970's. Most of the impact on unemployment has been related to the upsurge of young adults in the labor force–a group with a traditionally high unemployment rate.

Where young adults accounted for less than 34 percent of those unemployed in both 1950 and 1960, they comprised about 49 percent in 1972. This rise was due almost entirely to the fact that there were so many more young people in the labor force and they traditionally have a much harder time finding employment than their more experienced elders. However, the increased number of young adults in the labor force may have pushed their unemployment rates even higher in recent years. Since 1960, the jobless rate for people 16 to 19 years old has averaged 14.9 percent, compared with 11.3 percent in the 1950's. And people 20 to 24 years old have experienced an average unemployment rate of 7.8 percent since 1960, compared with 7.1 percent in the 1950's.

There has also been a slight rise in the proportion of unemployment accounted for by women 25 years old and over. This is a case of more women looking for work and, on average, being less successful than men in finding employment.

The other dramatic change in the unemployment picture has been the sharp drop in the percentage of unemployment accounted for by males 25 years old and over–the workers often considered the nation's principal breadwinners. Where this group accounted for nearly 44 percent of all unemployment in 1960, it accounted for less than 28 percent in 1972. Thus, the composition of unemployment has shifted in recent years away from older male workers and toward women and younger workers of both sexes.[2]

The increasing importance of women and the young in the labor force has tended to put upward pressure on the average total unemployment rate. This is because the total unemployment figure is, in effect, a weighted average of the unemployment rates for the com-

2. In addition to structural changes, these shifts reflect, to a minor extent, definitional changes introduced by the Labor Department in 1967. Changes in the definition of unemployed workers lowered slightly the number of adult men and teenagers counted as unemployed and increased the number of unemployed adult women, according to Robert L. Stein, "New Definitions for Employment and Unemployment," *Employment and Earnings and Monthly Report on the Labor Force*, U.S. Department of Labor, February 1967.

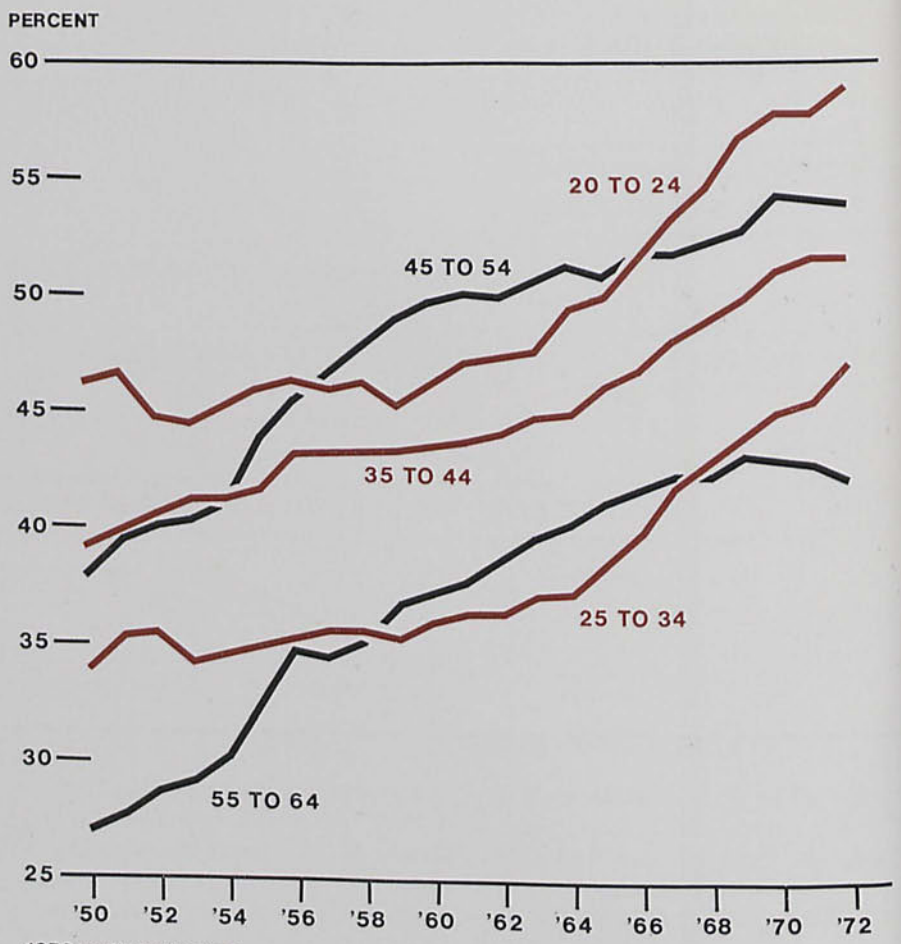
ponent groups of the labor force. And the weights used in determining the total unemployment rate are the percentages of the labor force accounted for by the subgroups. Thus, it could be possible for the unemployment rate of each component group to remain stable while the total unemployment rate changed significantly due to an increase or decrease in the proportion of some subgroup whose unemployment rate deviates considerably from the average.

This effect is evident in the present situation. With the increase in the number of women and especially young adults in the labor force–categories that typically have relatively high unemployment rates–the total unemployment rate has been subjected to upward pressures in recent years, at least compared with some earlier periods.

What might the unemployment rate have been today if the composition of the labor force had remained constant over time? To answer this question, the average labor force composition for the 1950's can be computed and the results used as a set of standard weights for the various age and sex components of the civilian labor force. These weights can then be multiplied by the actual unemployment rates for the age and sex groups in each period and added together to arrive at "standardized" unemployment rates.

The results of such computations show that the shifting composition of the labor force had little impact on the total unemployment rate until 1963. Since then, however, the actual rate of unemployment has been consistently higher than the standardized rate, suggesting that the changing composition of the labor force has resulted in a higher average unemployment rate for the United States. But this upward shift has not been particularly large.

Labor force participation rates for women show varying rates of increase between age groups



1972 partly estimated
SOURCES: U.S. Department of Labor
Federal Reserve Bank of Dallas

By 1968, when the actual U.S. unemployment rate averaged a relatively low 3.6 percent, the standardized rate was a somewhat lower 3.2 percent. This suggests that the relative increase in the number of women and younger people in the labor force was resulting in a somewhat higher unemployment rate than would have occurred if the composition of the labor force had not changed from the average of the 1950's. In 1972, when the actual unemployment rate still averaged a rather high 5.6 percent, the standardized rate was 5.1 percent.

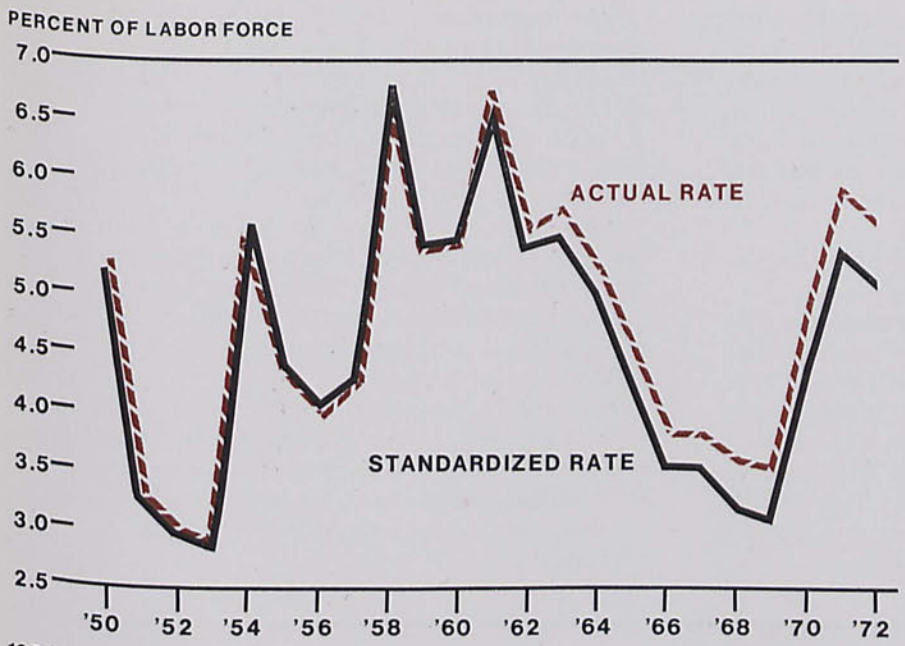
Looking ahead

Labor force projections for the 1970's suggest that the momentum of change predominating in recent years is slowing. If projections made in 1970 by the U.S. Department of Labor prove accurate, the composition of the labor force in 1980 would not be too different from that in 1972.[3]

Since all people making up the labor force between now and the

3. These projections were reported in the *Monthly Labor Review*, February 1970.

Standardized unemployment rate drops below actual rate in recent years



1972 partly estimated
NOTE: Standardized rate is derived from the average age-sex composition of the labor force in the 1950's and actual unemployment rates for each year.
SOURCES: U.S. Department of Labor
Federal Reserve Bank of Dallas

mideighties have already been born, it is possible to make reasonably accurate projections of the working-age population through that period. Predicting the rate at which people of various circumstances will actually participate in the labor force is somewhat more risky, however.

Because the dramatic upsurge in the number of young people in the labor force was caused primarily by shifts in the age structure of the population, this trend will probably level out in the near future. Birth rates turned down again in the late 1950's, and individuals born then are now reaching labor force age, slowing the expansion in the number of potential young-adult workers. Although the number of young workers will continue to increase, the rate of growth from 1970 to 1980 will probably be only about a fourth as rapid as the rate between 1960 and 1970. Also, as the current large group of young adults reaches age 25 and beyond, the older component of the labor force will expand at a faster pace.

Barring an unforeseen upturn in the participation rate of young adults, their proportion of the labor force should remain at about 23 percent in the 1970's and will probably begin to decline in the 1980's.

The Labor Department estimates that the rate of participation and relative importance of females in the labor force will continue to rise in the 1970's but at a slower pace than in the 1960's. Recent developments suggest that the Labor Department may have underestimated the growth in the participation rate for women, however. In fact, in 1972, women accounted for about 37 percent of the total labor force–about what the Labor Department had projected for 1980.

The changes of the 1960's seem to have established a new pattern of labor force composition that will last at least through the 1970's. In such a changed situation, it becomes clear that labor markets may need to be more flexible and adaptive so that they can better absorb the relatively larger supplies of mature women and youth of both sexes that want to work.

One priority seems to be the continuation and intensification of efforts to open job opportunities to women in a wider range of occupations. Also, increased flexibility in working hours–particularly the expansion of part-time employment opportunities–might make it easier to employ mothers and students that need employment but have other important obligations as well. Significantly, in 1972, about a fourth of those unemployed were seeking part-time work. And of these, more than 90 percent were either young adults or women.[4]

Other measures that might ease the high unemployment rate for

4. For a recent discussion of this situation for women, see Carol S. Greenwald, "Working Mothers: The Need for More Part-time Jobs," *New England Economic Review*, Federal Reserve Bank of Boston, September/October 1972.

Military buildups and cutbacks

The total labor force is composed of people engaged in both civilian and military occupations. While shifts of potential workers from civilian to military status can cause short-run changes in the civilian labor force and, therefore, in job market conditions, these movements tend to balance out over the long haul.

The military buildup beginning in the midsixties, for example, doubtlessly prevented some young men from entering the civilian labor force and was a contributing factor in the low unemployment rates from 1965 to 1968. And as the military forces have been reduced since 1969, the civilian labor force has grown faster than would otherwise have been the case. As a result, upward pressure may have been put on the unemployment rate.

But many young men affected by the military buildup and cutback would have entered the labor force anyway. Their being called up or released from service merely affected the timing of their availability in the civilian labor force, and not the size of that force in the long run.

Also, not all the men called up came from the civilian labor force. Many were students. And not all released from military service joined the civilian labor force. Many entered schools or simply remained out of the labor force for a while.

Eventually, however, most of the male population enters the civilian labor force. Only the timing of this entry is affected by such considerations as military service, labor market conditions, education, or personal choices.

young adults could be a special minimum wage for youth–lower than the minimum wage for adult workers–and exemption from Social Security coverage. A lower rate of effective pay for young, entry-level workers might induce employers to increase hiring of these workers for tasks that are presently ignored because the labor cost is too high.

Measures such as these are suggestive of a number of ways in which hiring and compensation practices might be changed to facilitate better utilization of the available labor force. Adjustments in hiring and wage policies are desirable not only to reduce the burden of unemployment that now falls on women and young adults, particularly, but also to help employers meet their manpower needs in the 1970's.

–Leonard G. Bower

Concentration Projected To Increase in Texas

The multibank holding company movement, although still fairly new to Texas, has already worked basic structural changes in the state's banking industry. Prevented by unit-banking laws from branching into suburbs–where most of the growth in demand for banking services has been–downtown banks in metropolitan areas had been losing their share of the state's banking market for several years. Where the state's 38 largest banks, for example, held more than 56 percent of the deposits in Texas in 1961, they held less than 46 percent ten years later.

More than half this loss was due to competition from medium-size banks. But close to half the loss was accounted for by the establishment of small suburban banks. From 1961 to 1970, the number of commercial banks in the state's 25 SMSA's increased by nearly a third, while the number of banks outside SMSA's remained essentially unchanged.

But in 1970, a number of the state's largest banks began forming holding companies and acquiring subsidiary banks–not only in local suburbs but in other major banking markets across the state. The long-standing trend toward deconcentration in Texas was abruptly halted. In both 1971 and 1972, deposit concentration edged upward on a statewide basis.

Holding company expansion

In mid-1970, the low point for deposit concentration in Texas banking, there were only three multibank holding companies in the state–one each in Houston, Dallas, and Fort Worth. These three companies controlled 11 subsidiary banks that accounted for 8 percent of the state's deposits.

The real surge in holding company activity began in 1971, and by the middle of that year, the number of multibank holding companies had doubled, with the six companies controlling 19 subsidiary banks and 11 percent of total bank deposits in the state. At the start of July 1972, the number of multibank holding companies had again doubled. There were 12 companies with 40 subsidiary banks holding nearly a fifth of the state's deposits.

Multibank holding company activity accelerated still further in the second half of 1972, as more of the state's largest independent banks rushed to organize their own holding companies. In January of this year, the number of multibank holding companies in Texas stood at 15. These companies had 71 subsidiary banks with 32 percent of the state's deposits.

But holding company proposals involving another 61 Texas banks had been announced, and 16 of these were pending before the Board of Governors of the Federal Reserve System. If all these publicly announced proposals were approved by the Board of Governors and consummated, multibank holding companies in Texas would number 25, and their 132 subsidiary banks would account for about 49 percent of deposits in the state.

The holding company movement in Texas was sparked by large downtown Houston banks acquiring their suburban affiliates. While these acquisitions had an effect on deposit concentration in the Houston SMSA, the acquired banks were too small to have much impact on statewide concentration.

But as the movement gained momentum, bank holding companies began expanding across the state, acquiring banks in many of the state's major banking markets. By mid-1972, there were banking subsidiaries of multibank holding companies in nine of the state's 25 SMSA's. In seven of these SMSA's, subsidiary banks ranked among the top three banks in their respective markets. Since these banks were typically larger than the suburban affiliates acquired in the earlier stages of the movement, their acquisition had a greater impact on statewide concentration.

Measuring the impact

The impact of multibank holding company expansion on deposit concentration in Texas can be estimated with the aid of a Markov chain model.[1] To apply this model, two important initial assumptions are made. First, it is assumed that the bank holding company movement of the past two years did not take place. Second, it is assumed that all banks had an equal opportunity to grow proportionately during this period.

These assumptions–and the results of the Markov model–allow theoretical projections to be made, estimating what the concentration of deposits might have been had the trend of the 1960's not been altered. It is then possible to compare these projections with the actual pattern of deposit concentration and estimate the impact of the multibank holding company movement.

1. For a discussion of the Markov chain model, see the accompanying technical note.

Technical note

The Markov process is stochastic (random) in structure. Given a sequence of experiments, the outcomes of any particular experiment depend only on the outcomes of the immediately preceding experiment.[1] If each experiment has a given set of r outcomes ($B_1 \ldots B_r$), the probability of moving from B_i in time t to B_j in time $t+1$ is p_{ij} and is dependent only on B_i. The transition probability for every pair of outcomes may be written as the matrix

$$(1) \quad P = \begin{array}{c} \\ B_1 \\ \cdot \\ \cdot \\ \cdot \\ B_r \end{array} \begin{array}{c} \begin{array}{cccc} B_1 & \ldots & & B_r \end{array} \\ \begin{bmatrix} p_{11} & \ldots & & p_{1r} \\ \cdot & & & \cdot \\ \cdot & & & \cdot \\ \cdot & & & \cdot \\ p_{r1} & \ldots & & p_{rr} \end{bmatrix} \end{array}$$

where

$$(2) \quad p_{ij} \geqq 0$$

$$(3) \quad \sum_j p_{ij} = 1$$

The method of restricted least squares is used to estimate the transition probability matrix.[2] The ordinary least squares model is transformed into a quadratic programming problem where the objective function, a quadratic form in p_{ij}, is maximized subject to linear constraints, equations (2) and (3).

The estimated transition probability matrix, P', representing the probability estimates for changes in deposit concentration in Texas, was computed to be

$$P' = \begin{array}{c} \\ B_1 \\ B_2 \\ B_3 \\ B_4 \\ B_5 \end{array} \begin{array}{c} \begin{array}{ccccc} B_1 & B_2 & B_3 & B_4 & B_5 \end{array} \\ \begin{bmatrix} .8824 & .1118 & .0057 & 0 & 0 \\ 0 & .4737 & .5263 & 0 & 0 \\ 0 & .4548 & .0344 & .5108 & 0 \\ .0832 & 0 & .4026 & .5142 & 0 \\ 0 & 0 & 0 & .0218 & .9782 \end{bmatrix} \end{array}$$

The values of the elements on the principal diagonal (.8824, .4737, .0344, .5142, and .9782) are estimates of the probability that a particular bank will remain in its category the following year. For example, the value .8824 suggests that one of the smallest Texas banks has about an 88 percent probability of remaining in the category of smallest banks from year to year, all other things being equal.

The values of the off-diagonal elements estimate the probabilities of a given bank moving from one category to another. For example, there is better than an 11 percent chance that one of the smallest banks in the state will become a medium-small bank and about a 0.6 percent chance that it will become a medium-size bank. Similarly, there is just over a 2 percent chance for one of the largest banks to move back and be classified as a medium-large bank.

After the transition probability matrix is estimated, projections can be made of the changes in deposit concentration for each bank category. Given the transition probability matrix P and an initial set of outcomes

$$(4) \quad b^{(0)} = (b_1{}^{(0)} \ \ldots \ b_r{}^{(0)}),$$

it is possible to derive the outcomes of future experiments. Initially,

$$(5) \quad b^{(0)}P = b^{(1)} \text{ or } b^{(n)}P = b^{(n+1)}$$

or more generally,

$$(6) \quad b^{(0)}P^n = b^{(n)},$$

where n is the nth experiment.

Multiplying the June 1970 deposit shares by the estimated transition probability matrix yields an estimate of deposit shares for June 1971. Similarly, the product of the projected June 1971 deposit shares and the transition probability matrix yields an estimate of the distribution of deposits for June 1972.

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1. For a complete discussion of the Markov process, see J. G. Kemeny and J. L. Snell, *Finite Markov Chains*, Princeton, De Van Nostrand Company, Inc., 1960.
2. T. C. Lee, G. G. Judge, and T. Takayama, "On Estimating the Transition Probabilities of a Markov Process," *Journal of Farm Economics*, August 1965

As a preliminary step, all Texas banks were ranked according to their total deposits and grouped into five categories for each of the years 1961 to 1970. Each successive category contains half as many banks as the preceding one. The resulting breakdown, showing June 1972 deposits, is–

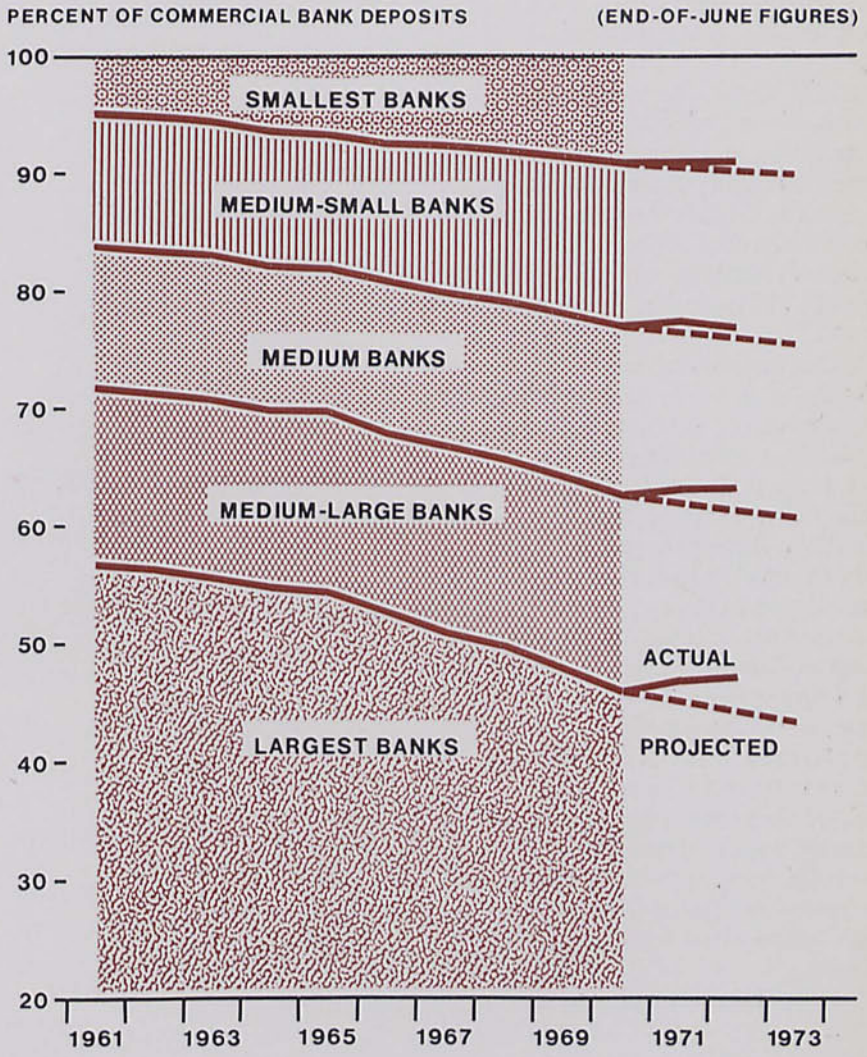
- *Smallest banks*–about half the banks in the state (those with deposits under $10 million)
- *Medium-small banks*–a fourth of the banks (304 with deposits from $10 million to $21 million)
- *Medium banks*–an eighth of the banks (152 with deposits from $21 million to $42 million)
- *Medium-large banks*–a sixteenth of the banks (76 with deposits from $42 million to $107 million)
- *Largest banks*–38 banks with deposits of at least $107 million

At mid-1961, the smallest banks held 5.2 percent of total state deposits. By mid-1970, their share had increased to 9.5 percent. The projection for this category indicated that this share would have reached 10.0 percent by mid-1972.

Similar but slightly smaller increases were shown for the projected market shares of the three categories of medium-size banks. According to the projections, these increases would have occurred at the expense of the 38 largest banking organizations, whose share of state deposits would then have fallen to 43.8 percent by mid-1972.

The impact of the bank holding company movement is readily evident. Where the projection indicated a decline from 1970 to 1972 in the share of deposits held by the 38 largest banking organizations, their actual share edged upward, reaching 46.6 percent by mid-1972. Other categories also behaved contrary to the projections. The deposit shares of all three categories of medium-size banks declined. And the deposit share of the smallest banks grew less than the projection indicated.

Declining trend in deposit concentration in Texas is reversed in 1970



At mid-1972, the actual share of state deposits held by the 38 largest banking organizations was about 2.8 percentage points higher than the projected share. And no more than 1.1 percentage points separated the actual and projected deposit shares of each of the four other size categories.

Further consolidation

While the differences between the actual and the projected market shares of the five categories were small in 1972, the actual pattern of deposit concentration is likely to deviate further from projections in the years immediately ahead. Multibank holding companies will continue to acquire more banks. Many of these acquisitions will involve suburban banks already affiliated with leading downtown banks, while others will cut across geographic markets. The effect of this activity will be to further increase the share of deposits held by the largest banks while decreasing the shares of banks in the three intermediate size categories.

A number of such acquisitions–as well as some acquisitions of small banks–have already been proposed and, if consummated, will boost the share of state deposits held by the 38 largest banking organizations to about 60 percent. Therefore, if no other multibank holding company activity took place in the first six months of this year, the share of deposits held by the largest banks would, on the basis of 1972 deposits, increase to about 17 percentage points more than the projected share.

As the multibank holding company movement matures in Texas, acquisitions of existing banks should taper off, resulting in a slowing in the rate of deposit consolidation. But another trend is likely to develop to further increase deposit concentration.

In the past, most of the newly chartered banks in Texas have been independent banks. In the future, many banks will doubtlessly be established *de novo* by holding companies. Since the deposits of these small banks will normally be added to those of the largest banking organizations, the relative share of deposits held by small independent banks is likely to decline.

Multibank holding companies, then, have already had a significant impact on deposit concentration in Texas. And as the holding company movement gains momentum in the years immediately ahead, further consolidation seems assured. This change will mean a new structure for the state's banking industry–a structure that would have been difficult to foresee only a few years ago.

–Edward L. McClelland

New member bank

The Nueces National Bank, Corpus Christi, Texas, a newly organized institution located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, opened for business January 2, 1973, as a member of the Federal Reserve System. The new member bank has capital of $250,000, surplus of $200,000, and undivided profits of $150,000. The officers are: Jose A. Montoya, Chairman of the Board; Leonard E. Larson, President; and Richard J. Sahadi, Cashier.

New par banks

The University Bank, El Paso, Texas, an insured nonmember bank located in the territory served by the El Paso Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, January 2, 1973. The officers are: Thomas A. Ewers, President; Martin D. Balk, Vice President (Inactive); and C. Gary Young, Cashier.

The Canyon Lake Bank of Sattler, Sattler, Texas, an insured nonmember bank located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, January 5, 1973. The officers are: E. Harrison Preston, President; Ben F. Wolle, Vice President (Inactive); Marvin Aaron, Cashier and Senior Operations Officer; and Mrs. Nancy Biggs, Assistant Vice President.

The Lake Cities State Bank, Lake Dallas, 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, January 22, 1973. The officers are: Jack D. Hedge, President; Joe N. Bethany, Vice President and Cashier; and Mrs. Louis R. Gross, Vice President (Inactive).

Federal Reserve Bank of Dallas
February 1973

Statistical Supplement to the Business Review

Total credit at weekly reporting banks in the Eleventh District rose considerably in the five weeks ended January 24, reflecting larger than usual increases in both total loans and investments. The increase in bank credit was accommodated by large net purchases of Federal funds, as total deposits declined sharply.

Since all major types of borrowers except nonbank financial institutions used their bank credit lines more than usual, total loans advanced considerably more than in comparable periods of other recent years. Business loans and real estate loans continued to account for most of the strength in loan demand.

Total investments also rose sharply, as banks added substantially to their holdings of short-term Government securities and municipal obligations. Holdings of longer-term Government instruments declined somewhat.

Total deposits fell as a sharp decline in demand deposits more than offset a moderate rise in time and savings deposits. An increase in large negotiable CD's outstanding accounted for much of the gain in time and savings deposits. Bank borrowings from nondeposit sources other than Federal funds declined somewhat–particularly in the Eurodollar market.

Seasonally adjusted total employment in the five southwestern states posted its sixth consecutive month-to-month increase in December, reaching a level 3.5 percent higher than in December 1971. Expansion in the labor force outpaced employment growth, however, producing a slight rise in the unemployment rate. But December's rate of 4.1 percent was still significantly lower than the 4.8 percent recorded a year earlier.

Manufacturing showed the stronger rise in the nonfarm sector, as both durable and nondurable industries rose 0.6 percent over a month before. Among nonmanufacturing industries, advances were more moderate, with the exception of the 0.8-percent increase in services. Employment was also up over November levels in finance, transportation and public utilities, and government. Construction and trade posted slight declines. All the nonmanufacturing industries showed year-to-year employment increases, with construction (up 7.3 percent) and finance (up 5.6 percent) leading these gains.

Registrations of new passenger automobiles in Dallas, Fort Worth, Houston, and San Antonio dropped 5 percent in December. This was a seasonal decline. Registrations in the four centers were 16 percent greater than in December 1971. Cumulative registrations for 1972 were 12 percent higher than for 1971.

Department store sales in the Eleventh District were 5 percent greater in the four weeks ended January 27 than in the corresponding period a year earlier. Total sales for 1972 were 11 percent higher than in 1971.

Ice, snow, and freezing temperatures in early January hindered almost all agricultural activities in the states of the Eleventh District. Weather was responsible for some further delay in completion of the cotton harvest and light freeze damage to winter vegetables. Citrus crops in the Lower Rio Grande Valley, however, escaped damage. Although livestock conditions remain generally good, supplemental feeding was stepped up as pasture and range conditions deteriorated. Deaths of stocker cattle were moderate to heavy in the High Plains, and feed supplies are short in some areas.

Winter wheat acreages in both Texas and Oklahoma increased moderately this season. And farmers' intentions to harvest a larger share of seeded acreage should boost production even further.

Average prices received by Texas farmers and ranchers in the month ended December 15 advanced 6 percent to a level 13 percent higher than a year earlier. Crops posted the biggest gain for the month as prices rose for all except rice. Livestock prices were mixed, with meat animal prices advancing sharply. Egg prices soared 19 percent to an average of 50 cents a dozen.

Prices paid by U.S. farmers rose slightly, reaching an average 7 percent above a year earlier. The increase was due mainly to higher costs of feed, food, clothing, and building materials.

The seasonally adjusted Texas industrial production index eased slightly in December to 132.8 percent of its 1967 base. Both manufacturing and utilities fell from their November levels, while mining rose slightly. Nevertheless, the index gained 8.6 percent in 1972.

In manufacturing, durable goods production fell 1.4 percent during the month, as only two industry groups reported increases–lumber

(Continued on back page)

CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

Eleventh Federal Reserve District

(Thousand dollars)

ASSETS	Jan. 24, 1973	Dec. 20, 1972	Jan. 26, 1972
Federal funds sold and securities purchased under agreements to resell	1,016,549	1,426,193	1,155,313
Other loans and discounts, gross	8,772,762	8,769,102	7,321,455
Commercial and industrial loans	3,886,326	3,844,157	3,382,989
Agricultural loans, excluding CCC certificates of interest	245,389	228,941	165,987
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities	1,329	1,340	500
Other securities	79,371	85,438	53,749
Other loans for purchasing or carrying:			
U.S. Government securities	7,119	6,773	5,254
Other securities	504,608	471,444	449,502
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies	137,275	169,601	130,787
Other	685,990	790,237	492,273
Real estate loans	1,226,186	1,181,469	901,182
Loans to domestic commercial banks	21,579	24,486	20,341
Loans to foreign banks	13,799	15,750	28,488
Consumer instalment loans	966,303	957,837	824,305
Loans to foreign governments, official institutions, central banks, and international institutions	0	0	0
Other loans	997,488	991,629	866,098
Total investments	4,077,891	3,803,437	3,389,284
Total U.S. Government securities	1,096,331	985,988	1,077,185
Treasury bills	262,634	192,957	125,484
Treasury certificates of indebtedness	0	0	0
Treasury notes and U.S. Government bonds maturing:			
Within 1 year	174,104	160,790	187,356
1 year to 5 years	461,349	440,645	599,905
After 5 years	198,244	191,596	164,440
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills	258,203	242,089	98,981
All other	2,437,059	2,326,306	2,028,663
Other bonds, corporate stocks, and securities:			
Certificates representing participations in federal agency loans	13,603	14,138	16,686
All other (including corporate stocks)	272,695	234,916	167,769
Cash items in process of collection	1,453,649	1,441,486	1,312,009
Reserves with Federal Reserve Bank	912,442	843,013	1,038,574
Currency and coin	116,415	118,406	100,931
Balances with banks in the United States	387,693	394,297	442,279
Balances with banks in foreign countries	14,944	12,368	12,111
Other assets (including investments in subsidiaries not consolidated)	682,089	672,129	511,383
TOTAL ASSETS	17,434,434	17,480,431	15,283,339

LIABILITIES	Jan. 24, 1973	Dec. 20, 1972	Jan. 26, 1972
Total deposits	13,340,050	13,501,860	11,676,602
Total demand deposits	7,106,259	7,360,838	6,402,055
Individuals, partnerships, and corporations	4,960,061	5,099,208	4,417,074
States and political subdivisions	525,796	527,334	350,787
U.S. Government	248,491	246,094	206,329
Banks in the United States	1,211,951	1,289,113	1,308,406
Foreign:			
Governments, official institutions, central banks, and international institutions	3,815	2,891	2,392
Commercial banks	39,864	40,551	32,103
Certified and officers' checks, etc.	116,281	155,647	84,964
Total time and savings deposits	6,233,791	6,141,022	5,274,547
Individuals, partnerships, and corporations:			
Savings deposits	1,199,057	1,210,157	1,096,221
Other time deposits	3,220,098	3,249,738	2,757,116
States and political subdivisions	1,665,129	1,536,025	1,302,291
U.S. Government (including postal savings)	25,560	25,253	15,453
Banks in the United States	111,727	107,634	82,566
Foreign:			
Governments, official institutions, central banks, and international institutions	11,100	11,095	19,800
Commercial banks	1,120	1,120	1,100
Federal funds purchased and securities sold under agreements to repurchase	2,195,894	1,943,667	1,910,845
Other liabilities for borrowed money	109,763	244,609	41,601
Other liabilities	457,568	472,214	394,511
Reserves on loans	158,670	142,045	144,211
Reserves on securities	17,763	17,413	22,632
Total capital accounts	1,154,726	1,158,623	1,092,937
TOTAL LIABILITIES, RESERVES, AND CAPITAL ACCOUNTS	17,434,434	17,480,431	15,283,339

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(Million dollars)

Item	Dec. 27, 1972	Nov. 29, 1972	Dec. 29, 1971
ASSETS			
Loans and discounts, gross	17,475	17,021	14,825
U.S. Government obligations	2,439	2,338	2,611
Other securities	5,548	5,340	4,572
Reserves with Federal Reserve Bank	1,449	1,350	1,687
Cash in vault	358	318	323
Balances with banks in the United States	1,550	1,241	1,336
Balances with banks in foreign countries[e]	14	12	17
Cash items in process of collection	1,973	1,548	1,624
Other assets[e]	1,356	1,300	928
TOTAL ASSETS[e]	32,162	30,468	27,923
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks	1,872	1,594	1,812
Other demand deposits	12,088	11,100	10,734
Time deposits	12,337	12,159	10,457
Total deposits	26,297	24,853	23,003
Borrowings	2,610	2,224	1,726
Other liabilities[e]	1,046	1,225	1,287
Total capital accounts[e]	2,209	2,166	1,907
TOTAL LIABILITIES AND CAPITAL ACCOUNTS[e]	32,162	30,468	27,923

e—Estimated

ANNUAL BANK DEBITS AND ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS

(Dollar amounts in thousands)

Standard metropolitan statistical area	Debits to demand deposit accounts[1]			Demand deposits[1] Annual rate of turnover	
	1972	1971	Percent change	1972	1971r
ARIZONA					
Tucson	$9,741,062	$7,716,553	26%	31.9	28.8
LOUISIANA					
Monroe	4,028,301	3,339,696	21	36.5	34.6
Shreveport	13,678,905	11,660,532	17	46.1	43.6
NEW MEXICO					
Roswell[2]	980,742	982,489	—0	22.5	24.0
TEXAS					
Abilene	2,604,703	2,293,332	14	21.9	21.4
Amarillo	7,817,733	6,500,472	20	40.8	38.5
Austin	12,656,101	10,938,577	16	30.2	30.3
Beaumont-Port Arthur-Orange	6,939,177	6,603,624	5	25.4	25.9
Brownsville-Harlingen-San Benito	2,498,315	2,099,328	19	25.3	24.6
Bryan-College Station	1,318,613	1,085,776r	21	25.5	24.0r
Corpus Christi	7,441,802	6,544,457	14	27.5	23.6
Corsicana[2]	520,401	490,831	6	14.8	14.8
Dallas	152,822,521	135,057,600	13	55.8	57.1
El Paso	9,649,372	8,292,050	16	32.7	31.8
Fort Worth	28,917,336	26,418,512	9	36.8	37.8
Galveston-Texas City	3,158,256	2,978,827	6	25.3	26.1
Houston	139,541,680	114,999,799	21	45.0	42.3
Laredo	1,168,892	1,034,295	13	23.4	23.8
Lubbock	5,513,042	4,820,928	14	29.2	27.8
McAllen-Pharr-Edinburg	2,528,065	1,874,163	35	18.2	17.1
Midland	2,252,220	2,088,677	8	14.8	15.0
Odessa	1,863,226	1,707,391	9	17.4	17.8
San Angelo	1,679,132	1,469,431	14	21.4	19.8
San Antonio	22,510,879	20,711,910	9	27.3	29.0
Sherman-Denison	1,274,549	1,164,430	9	17.1	17.0
Texarkana (Texas-Arkansas)	1,753,598	1,562,903	12	20.6	20.4
Tyler	2,933,259	2,393,633	23	25.1	22.9
Waco	3,929,629	3,411,554	15	27.3	26.1
Wichita Falls	2,951,249	2,596,296	14	22.3	20.9
Total—29 centers	$454,672,760	$392,838,066	16%	40.1	39.2

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

r—Revised

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]				DEMAND DEPOSITS[1]			
	December 1972 (Annual-rate basis)	Percent change December 1972 from November 1972	Percent change December 1972 from December 1971	Percent change 12 months, 1972 from 1971	December 31, 1972	Annual rate of turnover December 1972	Annual rate of turnover November 1972	Annual rate of turnover December 1971
ARIZONA: Tucson	$11,077,776	—3%	30%	27%	$319,529	37.5	38.6	30.7
LOUISIANA: Monroe	4,370,568	1	23	21	107,484	40.0	37.6	35.8
Shreveport	15,097,224	0	26	18	313,197	49.6	48.9	44.0
NEW MEXICO: Roswell[2]	1,020,588	3	3	0	45,062	22.7	22.3	22.7
TEXAS: Abilene	2,814,936	4	22	14	128,712	22.2	22.1	21.9
Amarillo	8,393,544	—4	24	21	218,366	40.8	43.9	38.9
Austin	12,129,480	—13	7	15	474,402	27.1	32.6	31.2
Beaumont-Port Arthur-Orange	6,992,568	—6	13	5	289,669	25.2	26.9	23.8
Brownsville-Harlingen-San Benito	2,567,100	—3	10	17	107,882	24.2	25.7	25.9
Bryan-College Station	1,295,556	—8	17	22	57,661	23.7	26.6	23.9
Corpus Christi	8,029,188	—1	7	14	280,306	28.2	29.7	27.3
Corsicana[2]	561,624	0	11	6	35,282	15.8	15.6	15.4
Dallas	178,688,796	5	28	14	2,940,315	62.8	60.2	57.4
El Paso	9,968,880	—9	8	17	311,261	32.8	35.4	31.9
Fort Worth	28,978,140	—3	16	10	825,531	35.2	36.7	34.8
Galveston-Texas City	3,267,084	—9	18	6	124,034	26.3	28.4	24.3
Houston	150,566,388	—3	28	22	3,226,938	46.7	48.0	41.8
Laredo	1,188,204	—9	13	13	58,073	21.8	25.2	23.4
Lubbock	5,455,356	1	34	12	200,197	27.9	28.3	23.7
McAllen-Pharr-Edinburg	2,767,152	0	39	35	151,189	18.8	19.1	16.6
Midland	2,353,860	—3	25	8	170,316	14.8	16.2	13.4
Odessa	1,933,356	3	12	10	116,348	17.1	17.0	18.2
San Angelo	1,723,584	—4	16	15	80,764	21.7	22.8	19.7
San Antonio	24,589,128	2	20	9	890,981	28.0	27.6	27.6
Sherman-Denison	1,257,828	—3	9	10	78,186	16.4	16.8	17.2
Texarkana (Texas-Arkansas)	1,597,044	—12	—2	12	91,197	18.2	21.3	18.9
Tyler	3,657,864	1	54	23	124,753	30.5	30.6	21.8
Waco	3,889,692	—4	13	15	153,169	25.7	27.1	25.3
Wichita Falls	3,182,880	1	21	14	135,711	23.8	23.7	20.7
Total 29 centers	$499,415,388	0%	25%	16%	$12,056,515	42.3	42.7	38.9

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

DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. Million dollars)

Date	DEMAND DEPOSITS			TIME DEPOSITS	
	Total	Adjusted[1]	U.S. Government	Total	Savings
1970: December	11,271	7,781	286	8,825	2,183
1971: December	11,981	8,388	266	10,273	2,509
1972: January	12,313	8,510	300	10,607	2,528
February	11,983	8,382	281	10,864	2,552
March	12,118	8,515	300	10,978	2,430
April	12,470	8,696	314	10,938	2,640
May	12,268	8,530	384	11,075	2,660
June	12,320	8,553	280	11,233	2,688
July	12,529	8,694	289	11,304	2,714
August	12,420	8,824	226	11,441	2,717
September	12,619	8,933	254	11,492	2,744
October	12,866	9,034	264	11,618	2,770
November	12,844	9,321	222	12,009	2,786
December	13,439	9,688	289	12,261	2,812

1. Other than those of U.S. Government and domestic commercial banks, less cash items in process of collection

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(Thousand dollars)

Item	Jan. 24, 1973	Dec. 20, 1972	Jan. 26, 1972
Total gold certificate reserves	559,203	211,268	526,046
Loans to member banks	51,250	191,155	805
Other loans	0	0	0
Federal agency obligations	57,258	51,019	29,968
U.S. Government securities	3,076,375	3,052,745	3,222,178
Total earning assets	3,184,883	3,294,919	3,252,951
Member bank reserve deposits	1,476,419	1,392,108	1,708,360
Federal Reserve notes in actual circulation	2,236,469	2,280,725	2,078,856

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. Thousand dollars)

Item	4 weeks ended Jan. 3, 1973	5 weeks ended Dec. 6, 1972	5 weeks ended Jan. 5, 1972
Total reserves held	1,712,981	1,734,604	1,763,471
With Federal Reserve Bank	1,411,830	1,454,854	1,491,303
Currency and coin	301,151	279,750	272,168
Required reserves	1,750,928	1,668,625	1,796,527
Excess reserves	—37,947	65,979	—33,056
Borrowings	81,986	48,802	1,924
Free reserves	—119,933	17,177	—34,980

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(Thousand barrels)

Area	December 1972	November 1972	December 1971r	Percent change from November 1972	Percent change from December 1971
FOUR SOUTHWESTERN STATES	6,877.6	6,941.1	6,562.9	—0.9%	4.8%
Louisiana	2,529.5	2,556.2	2,452.4	—1.0	3.1
New Mexico	295.9	296.0	311.1	.0	—4.9
Oklahoma	534.9	537.6	596.0	—.5	—10.3
Texas	3,517.3	3,551.3	3,163.4	—1.0	11.2
Gulf Coast	726.4	733.4	589.2	—1.0	23.3
West Texas	1,739.6	1,748.9	1,609.3	—.5	8.1
East Texas (proper)	240.4	242.6	169.3	—.9	42.0
Panhandle	65.9	66.5	69.2	—.9	—4.8
Rest of state	745.0	759.9	726.4	—2.0	2.6
UNITED STATES	9,467.3	9,540.6	9,162.9	—.8%	3.3%

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	December 1972	November 1972	October 1972	January—December 1972	January—December 1971r
FIVE SOUTHWESTERN STATES[1]	874	775	864	11,355	9,229
Residential building	392	445	478	5,778	4,553
Nonresidential building	324	183	242	3,097	2,721
Nonbuilding construction	157	147	145	2,481	1,955
UNITED STATES	6,464	7,248	8,225	91,213	80,188
Residential building	3,120	3,663	4,298	45,366	34,714
Nonresidential building	2,212	2,184	2,384	27,118	25,590
Nonbuilding construction	1,132	1,402	1,544	18,729	19,883

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	December 1972p	November 1972	October 1972	Decemb 1971
TEXAS				
Total industrial production	132.8	133.4	131.5r	122.3
Manufacturing	135.0	135.9	133.9r	125.4
Durable	148.2	150.3	146.3	135.5
Nondurable	125.5	125.5	125.0r	118.1
Mining	122.8	122.4	121.9	108.4
Utilities	151.3	152.6	146.2r	147.4
UNITED STATES				
Total industrial production	119.3	118.4	117.3r	108.1
Manufacturing	118.6	117.5	116.6r	106.2
Durable	113.9	112.6	111.3	99.5
Nondurable	125.3	124.6	124.3r	116.0
Mining	109.4	110.9	109.9r	107.8
Utilities	146.8	147.1	146.3r	135.8

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

BUILDING PERMITS

Area	NUMBER		VALUATION (Dollar amounts in thousands)		Percent change Dec. 1972 from		Percent change 12 months, 1972 from 1971
	Dec. 1972	12 mos. 1972	December 1972	12 mos. 1972	Nov. 1972	Dec. 1971	
ARIZONA							
Tucson	415	8,055	$10,764	$171,327	—2%	7%	88%
LOUISIANA							
Monroe-West Monroe	32	1,030	739	23,660	5	—14	35
Shreveport	301	5,437	2,271	61,276	—74	—51	—30
TEXAS							
Abilene	48	808	722	17,103	—55	52	43
Amarillo	88	1,885	3,292	33,838	118	180	5
Austin	324	6,327	21,298	240,229	96	—16	19
Beaumont	132	2,457	4,824	30,182	348	328	57
Brownsville	78	1,232	2,721	15,942	145	282	58
Corpus Christi	216	4,473	3,557	61,085	—9	—73	—17
Dallas	1,078	19,028	22,305	382,917	—32	33	30
Denison	9	363	88	3,956	—93	—30	37
El Paso	431	6,918	10,901	172,265	5	—27	41
Fort Worth	299	4,847	8,690	93,175	47	81	—19
Galveston	38	860	2,658	15,097	255	892	26
Houston	3,565	42,530	81,807	667,524	56	97	10
Laredo	33	600	419	12,963	40	101	68
Lubbock	136	2,252	4,580	63,177	—36	—71	—8
Midland	45	1,059	392	17,529	—38	—22	32
Odessa	43	1,011	1,206	24,023	17	270	94
Port Arthur	47	1,018	399	5,349	181	334	—8
San Angelo	63	843	572	8,608	—21	42	—15
San Antonio	839	17,050	14,776	223,749	12	—4	71
Sherman	21	508	357	7,672	—58	62	39
Texarkana	50	691	279	7,012	—46	—39	—36
Waco	172	2,509	6,420	42,658	75	147	58
Wichita Falls	45	925	1,706	15,796	106	—41	—37
Total—26 cities	8,548	134,716	$207,743	$2,418,112	20%	19%	137%

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Five Southwestern States[1]

(Seasonally adjusted)

Item	Thousands of persons			Percent chang Dec. 1972 fro	
	December 1972p	November 1972	December 1971r	Nov. 1972	Dec 197
Civilian labor force	8,583.7	8,558.5	8,361.1	0.3%	2.7
Total employment	8,236.4	8,219.8	7,958.0	.2	3.5
Total unemployment	347.3	338.8	403.1	2.5	—13.8
Unemployment rate	4.1%	4.0%	4.8%	[2].1	[2]—.7
Total nonagricultural wage and salary employment	6,742.3	6,725.1	6,478.4	.3	4.1
Manufacturing	1,184.8	1,177.7	1,136.5	.6	4.2
Durable	649.1	645.4	614.8	.6	5.6
Nondurable	535.7	532.3	521.7	.6	2.7
Nonmanufacturing	5,557.5	5,547.4	5,342.0	.2	4.0
Mining	227.6	227.5	226.9	.0	.3
Construction	452.8	453.7	421.9	—.2	7.3
Transportation and public utilities	461.9	460.7	451.1	.3	2.4
Trade	1,594.4	1,595.4	1,527.6	—.1	4.4
Finance	362.1	361.1	342.9	.3	5.6
Service	1,094.9	1,086.5	1,046.1	.8	4.7
Government	1,363.9	1,362.4	1,325.5	.1	2.9

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)

and wood products and primary metals. The largest declines were in stone, clay, and glass products, furniture and fixtures, and electrical machinery. Nondurable goods production also fell, despite increases in textile mill products and food and allied products. All manufacturing industries reported year-to-year increases.

Mining increased 0.3 percent in December as gains in production of crude petroleum, natural gas, and metal, stone, and earth minerals more than offset a decline in output of natural gas liquids. Mining was 13.4 percent above a year earlier. The drop in utilities in December was due to a reduction in the distribution of electricity.

Although crude oil output has been at maximum levels in producing Eleventh District states since early last year, January's cold wave brought fuel shortages to many areas. Low temperatures reportedly caused mechanical problems that cut production in the field somewhat. Temporary curtailment of natural gas distribution forced some refineries to shift to other fuels, reducing efficiency and output.

Preliminary data indicate that Texas wells produced $4.5 billion worth of oil in 1972, setting a new production record. Oil output was 6 percent greater than in 1971 and nearly 4 percent more than in 1970, the previous record year. In view of the dwindling reserves in the state, 1972 may prove to have been the peak production year for Texas oil.