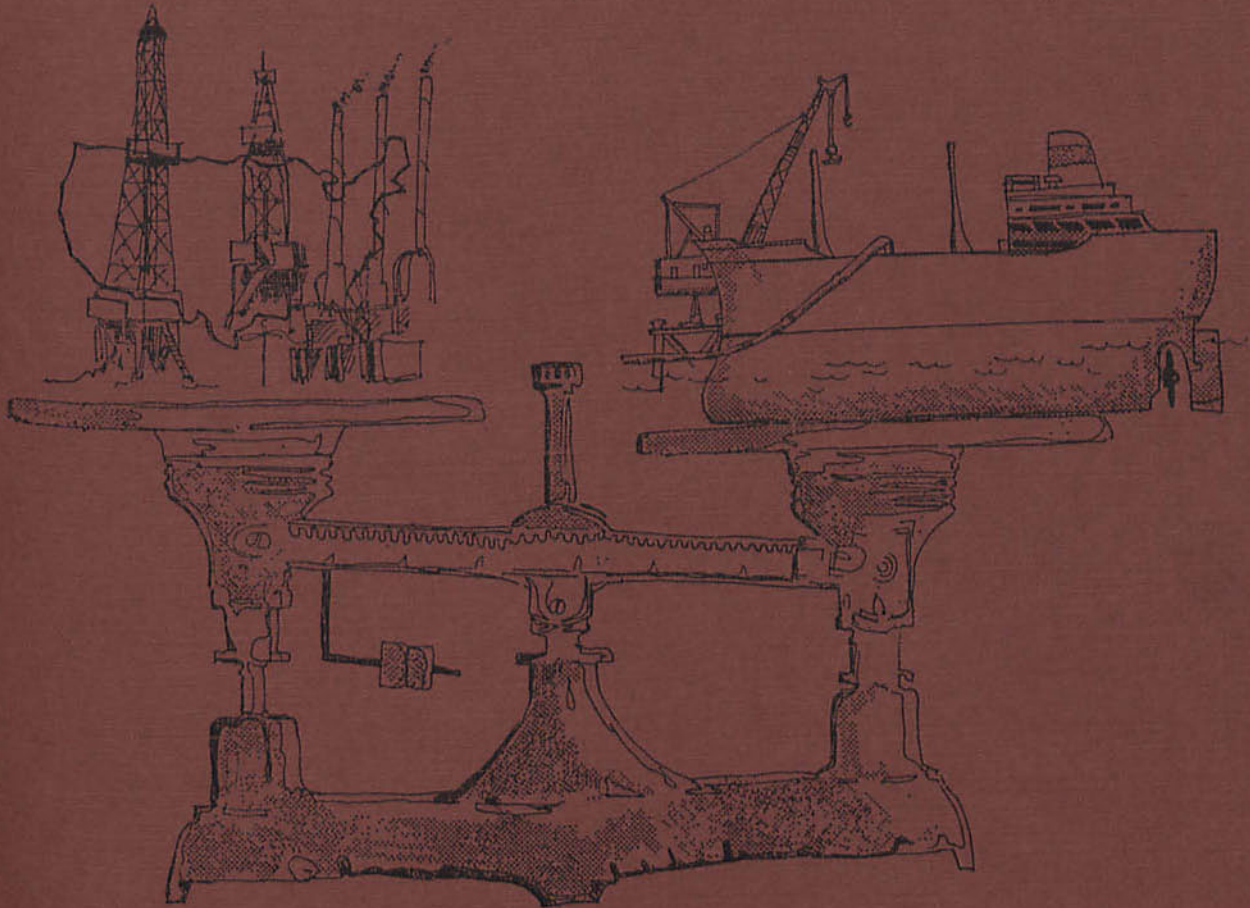


Business Review



International Finance—
Growing Need for Oil Imports Puts Pressure on Balance of Payments

Urban Areas—
SMSA's Become More Important in Economy of the Southwest

July 1973

Growing Need for Oil Imports Puts Pressure on Balance of Payments

The energy crisis shows no signs of abating. And as high fuel prices and short supplies point up the pressing need for sharp increases in petroleum imports, this crisis adds further to the nation's balance-of-payments problems and raises threats of greater international payments problems in the future.

The nation's difficulties with its balance of payments have been chronic since long before oil imports became important either to

the nation's payments position or to its energy needs. The nation has run a payments deficit almost every year since 1950.

In recent years, these deficits have deepened sharply. In 1971, for example, the deficit soared to a record \$29.8 billion on an official settlements basis. While most of that deficit resulted from speculative runs against the dollar, some of it was due to a deficit new to Americans—a deficit in trade.

Although the official settlements deficit was reduced to \$10.3 billion in 1972, the deficit in the trade balance continued to rise, reaching \$6.8 billion. That was more than twice the deficit in 1971 and larger than all but two of the surpluses built up in the postwar years.

With realignments in exchange rates after further runs on the dollar this year, there are indications that the nation's balances of trade and payments may show improvements in 1973. The increase in prices of foreign-made goods sold in this country could discourage imports, while the decrease in prices of U.S. goods sold abroad could encourage exports.

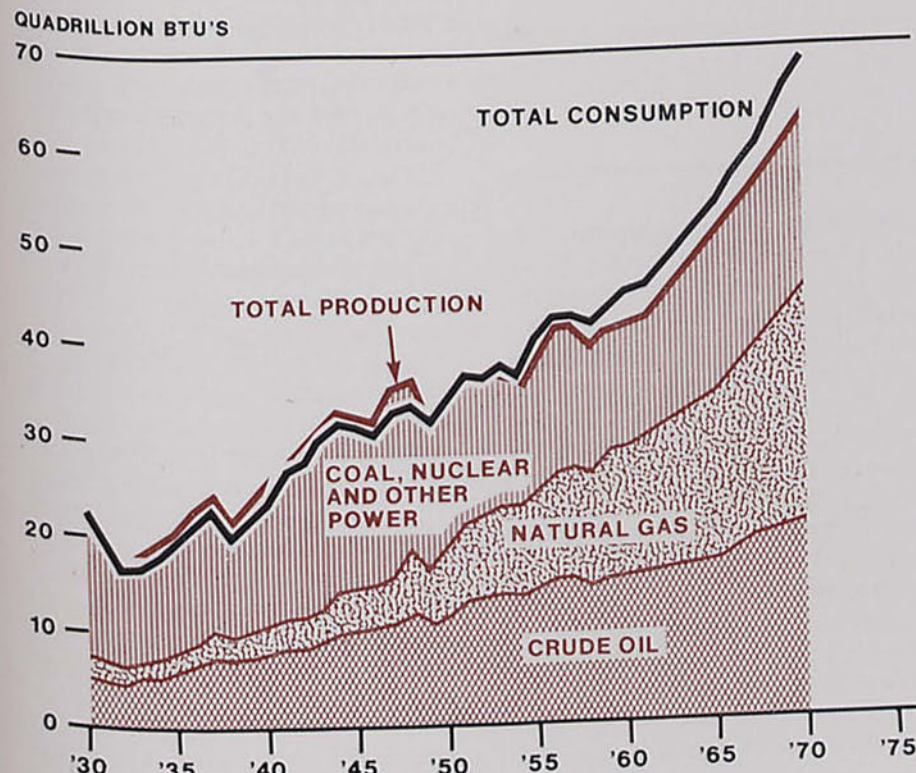
But in the case of oil and gas, it is becoming increasingly clear that the nation, at least in the near term, will be forced to rely more and more on imports—almost regardless of their price—to close the gap between domestic production of oil and gas and the relentless demand for energy. And unless exports of other American goods increase enough to offset the expected rise in oil and gas imports, the nation's balance-of-payments position could deteriorate rapidly.

Growing need for imports

The nation's dependence on imports of oil and gas has been increasing for some time. Not since the early 1950's, in fact, has domestic production of energy exceeded consumption. And even though net imports never accounted for more than 6 percent of consumption in the 1950's, their proportion increased steadily over the decade.

With the sharp buildup in demand beginning in the 1960's, the

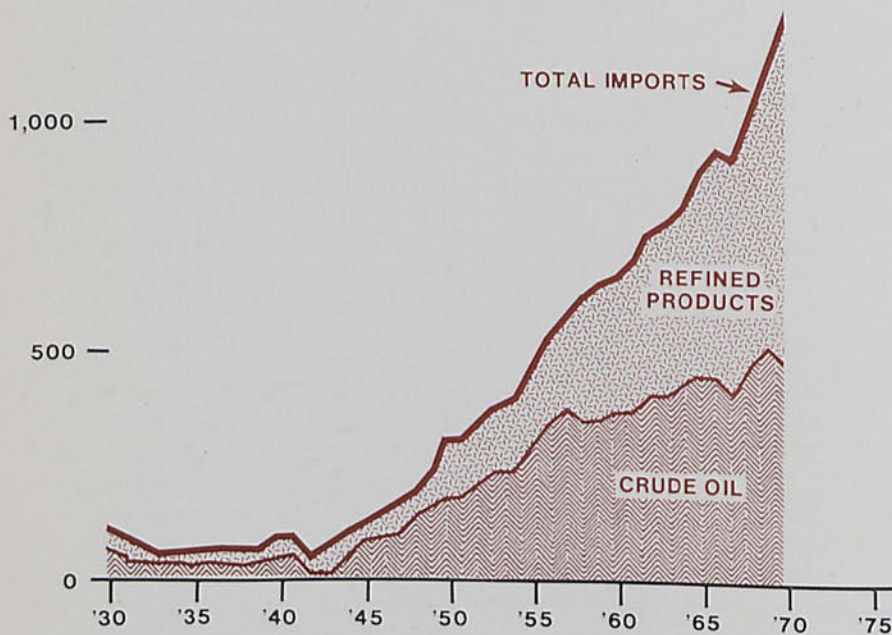
Nation moves from easy surplus in energy to a growing deficit made up by imports



SOURCE: U.S. Bureau of Mines

More costly refined products account for growing proportion of oil imports

MILLION BARRELS
1,500 —



SOURCE: U.S. Bureau of Mines

gap between consumption and production widened still further until imports accounted for about 11 percent of the energy used in 1970. This growth in demand was pretty much to be expected in an industrial economy with a high, and still rising, standard of living. And with the persistence of the rise in demand, any efforts now to slow the rise could, at best, be made effective only over considerable time.

Even if new policies succeed in spurring growth in domestic production, the gap cannot be narrowed anytime soon. The only immediate recourse is an increase in purchases of foreign petroleum—even though these purchases are bound to weigh heavily on the balance of payments.

As this trend continues and the nation becomes increasingly dependent on petroleum as the primary source of energy, consumption is expected to rise even faster, showing an average annual growth rate over the next 15 years of 4.2 percent, compared with 3.6 percent in the past 15 years. How well domestic producers are able to supply this growing need will depend on several factors.

To project the extent to which the nation may have to look to imports to make up its deficiency in domestic production, the National Petroleum Council has projected estimates of energy supply conditions in the United States to 1985. Four sets of assumptions were used in projecting the sup-

ply. And each set provides a different outlook.

The most favorable projection is based on four assumptions:

- Minimum restrictions on suppliers of energy because of controversies over the environment
- Ready availability of federal land for leasing
- Strong incentives to increase oil exploration and production
- Improvements in the ratio of successes in exploration

The least favorable projection is based on three converse assumptions:

- Continuation of environmental constraints
- Restrictive Government policies
- Even poorer exploration results than now

The two intermediate assumptions, being neither optimistic nor pessimistic about problems limiting the domestic supply of petroleum, differ from the other two only in assumptions about exploration successes and the early start-up of nuclear plants, which would help reduce the demand for petroleum used in generating electricity.

If conditions of the most favorable projection are met, domestic production of oil and gas is expected to rise about three-fifths by 1985. Domestic supplies of other energy could more than double.

Even in this most optimistic case, however, the nation will have to increase its imports of oil and gas to meet the projected increase in demand. With the gains made in expanding other energy sources, imports will have become relatively less important by 1985. The volume of foreign shipments, however, will have continued to rise, reaching a level by the end of the period two-thirds higher than in 1970.

At the other extreme, where the assumptions are the most limiting, domestic production of oil and gas will have actually declined. And although other energy sources will

have been developed by 1985, these alternatives will have come nowhere close to satisfying the demand for energy. Imports will have increased nearly sixfold by then, and the proportion of energy supplied through imports will have been brought to 38 percent.

The actual outcome is apt to be somewhere between these two extremes. But in any case, the nation's reliance on energy from abroad will have been increased far beyond its current level.

In the near term, in fact, national dependence on imports will almost certainly rise, regardless of the policy decisions that might be made. Because of the long lead time required to mobilize energy supplies, the proportion of total consumption furnished from abroad will increase significantly under either of these extreme sets of assumptions.

Under the most optimistic conditions, wholly a fifth of the demand in 1975 will have to be met by imports. And under the most pessimistic conditions, more than a fourth will be met by imports.

Since most of the effects of decisions made now will not be felt until much later in the 1970's, the near-term effects on the balance of payments will be largely a function of the prices importers must pay.

Outlook for fuel prices

Oil and gas prices have long been held artificially low in this country—and that largely explains the current energy crisis. From 1960 to 1970, for example, the wholesale price index rose more than 16 percent. But prices of crude petroleum and natural gas advanced less than 10 percent. And gasoline prices at the refinery rose less than 3 percent.

To encourage the search for new gas reserves, the Government has recently taken steps to raise natural gas prices. And in response,

drilling activity has increased substantially. But prices of gasoline and other petroleum products have been singled out for direct control under Phase III.

Other factors, however, wholly apart from domestic policies have had significant influences on prices of imported fuels. And some of these influences will very probably become even more significant as the nation comes to rely more and more on imported oil.

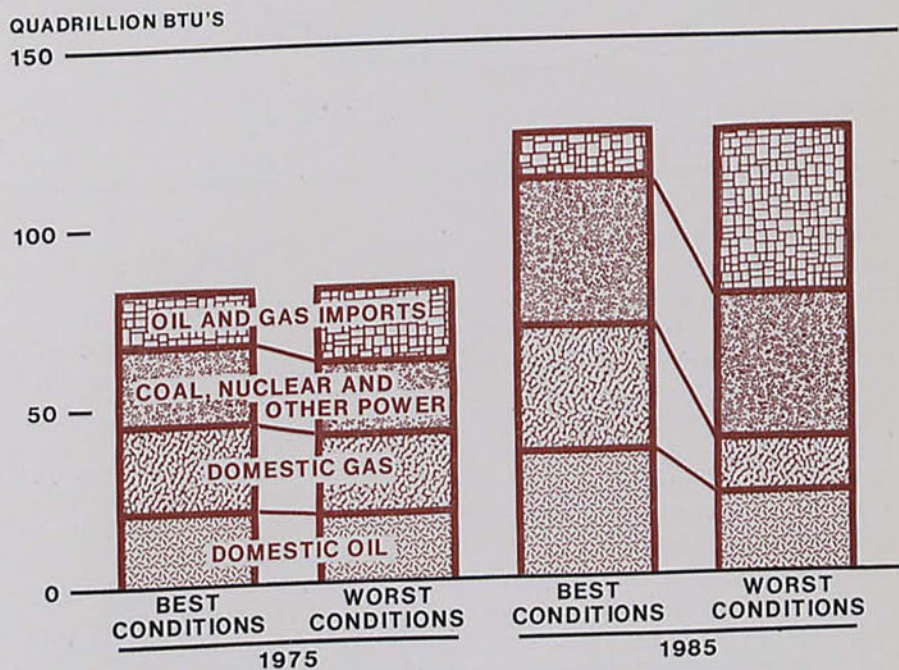
A recent agreement between oil companies operating internationally and the principal producing countries in North Africa and the Middle East provides a case in point. In response to the recent realignment in exchange rates and the subsequent loss of revenue to countries shipping oil to countries that had devalued their curren-

cies, such as the United States, a new agreement was reached, boosting the posted price of crude in world markets by more than 30 cents a barrel.

Since taxes and royalties paid to producing countries are based on posted prices, this change means an increase in the production costs to oil companies of about 19 cents a barrel. And while most of the oil from these countries is consumed in Europe and Japan, such changes in crude prices are bound to have a ripple effect throughout the world, causing prices in the United States to rise.

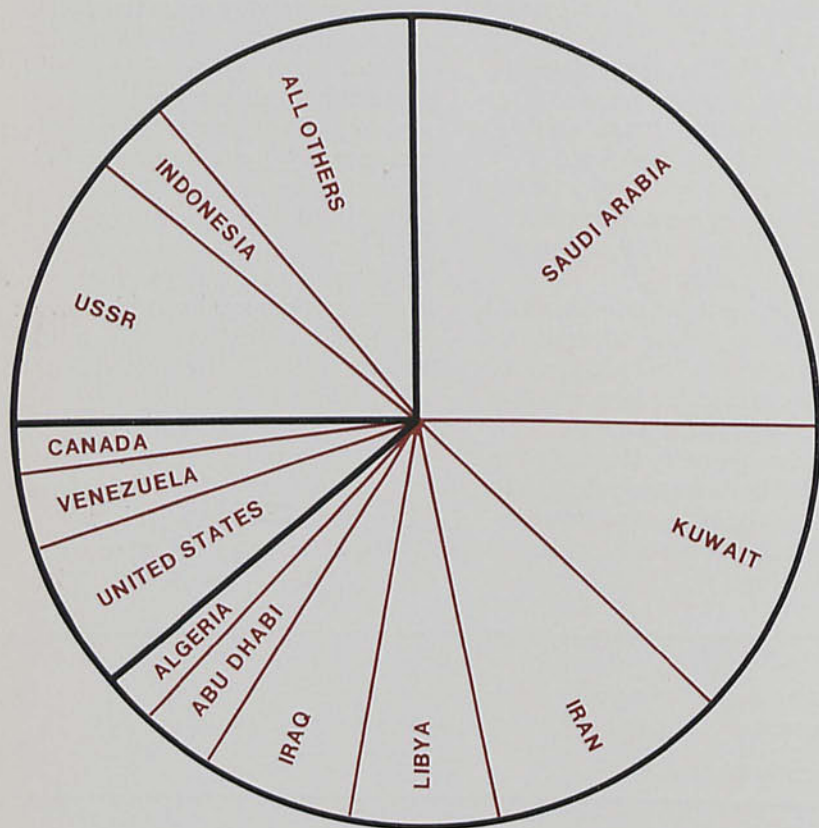
In the Western Hemisphere, which has supplied most of the imports to the United States, prices have already been raised in response to the devaluation of the dollar. But with production in this

Extent of growth in petroleum imports to depend on development of domestic reserves



SOURCE: National Petroleum Council

Nearly two-thirds of the world's proved oil reserves in countries that import comparatively few goods



SOURCE: World Oil

hemisphere at its peak, growth in imports will probably have to come from North Africa and the Middle East anyway. And producing countries in these areas are under no pressure to increase output to meet the buildup in demand for imports to the United States.

Already accounting for most of the world's reserves, exporting countries in Africa and the Middle East are amassing funds faster than they can spend them. And with prospects for world crude prices to go even higher, some of these countries would apparently just as soon keep their oil in the ground as expand production and

face the uncertainties of currency devaluations.

It is, in fact, the growing dependence of consuming countries on these producing countries that probably poses the greatest potential upward pressure on world crude prices. Such countries as Saudi Arabia and Kuwait have become especially important as their market power has grown.

There is always the possibility, of course, that world prices could break—they have before. But there are two reasons why such a development is very unlikely today.

First, prices have been broken only by the discovery of vast new

reserves. So much of the world has already been explored that a discovery of this magnitude is no longer very probable.

Second, breaks came when demand was far less than now. Petroleum markets are so tight that any country with major new reserves would doubtlessly follow the tax and royalty patterns already established by exporting countries.

Another factor that must be expected to influence import prices (and the balance of payments) is the cost of transportation. Tanker rates are important components of the landed price of imports—and they, too, have been rising.

Supertankers can be used to hold back the rise in costs. But tanker rates still depend largely on the availability of ships, and with the sharp rise in world oil shipments, supertankers are in short supply.

New bottoms are being built worldwide. Most of the activity in ship construction is abroad, however, and many of the largest tankers already in operation are run through foreign companies. As a result, even though use of supertankers will help hold down the rise in import prices, most of the reliance on these ships will count heavily against the U.S. balance-of-payments position.

The prices domestic refiners pay for imports will also depend—at least in the short run—on the relative scarcity of the types of crude they need. Many refineries in the United States were built for the low-sulfur crudes produced in this country. And these high-quality crudes—which are also the crudes most acceptable to environmentalists—are scarce in world markets.

There is a limit, of course, to how high import prices can go before they encourage the use of fuel substitutes that are not now economical. At current prices, which are still less than \$3 a barrel, the ceiling set on imports by the costs

Growing claims on dollar pose problems for increasing imports



of other fuels is about \$5 a barrel. At that price, development of such other sources of fuel as oil shale and tar sands would become practical. Coal might also become more important as an energy source if oil prices reached that level.

Here again, however, time becomes important. It would take many years to develop the use of these substitutes.

Impact on balance of payments

With both the volume of imports and the price of crude rising in the near term, the outlook is for the bill for oil imports to rise substantially. It has been estimated, for example, that even under the best of conditions, net U.S. payments for fuel imports will be \$9.5 billion in 1975. Under the worst conditions, payments could reach \$13.2 billion that year. This com-

pares with estimated payments for oil imports of \$2.1 billion in 1970.

What happens in the near term, then, will be largely the result of policy decisions that have already been reached. The outcome over these next few years cannot be greatly influenced by any efforts made now to spur growth in domestic supplies.

In the longer run, however, current policies could have a significant influence on the nation's trade balance. Net payments for fuel imports could be trimmed to \$7.5 billion by 1985. But if policies are not initiated soon to achieve these most optimistic conditions and the most pessimistic conditions prevail, payments could balloon to more than \$30 billion by then.

Because of the possible reflow of oil-generated funds from overseas, this trade deficit from oil imports may overstate the impact on the balance of payments. The implications for policy are, nevertheless, clear. Not only must the Government initiate efforts to increase domestic exploration for new oil and gas reserves and otherwise move to ensure that the nation's most favorable supply conditions are achieved. It must also undertake policies to encourage expansion of export markets for other goods that might have a comparative advantage in world trade. By encouraging exports, it can obtain the added foreign exchange to help pay for the increase in imports of oil and gas.

-Stephen L. Gardner

SMSA's Become More Important In Economy of the Southwest

Ten standard metropolitan statistical areas in the Eleventh Federal Reserve District have been redefined. The redefinitions, resulting from an Office of Management and Budget review of all the nation's SMSA's, reflect the adoption of new criteria for designating SMSA's and population changes shown in the 1970 Census of Population.

The biggest change in the District was the merger of the Dallas and Fort Worth SMSA's. With the addition of three more counties (Hood, Parker, and Wise), the new SMSA has a population of nearly 2.4 million.

Previously, Dallas had ranked sixteenth in population among the nation's 269 SMSA's, and Fort Worth had ranked forty-third. The new Dallas-Fort Worth SMSA ranks twelfth among 267 SMSA's. That makes it larger than such long-established metropolitan areas as Baltimore, Cleveland, Houston, Newark, and Minneapolis-St. Paul.

The Houston SMSA was also redefined to include Waller County. With the redefinition of other SMSA's across the country, however, Houston slipped from thirteenth to sixteenth place.

Five other Texas SMSA's were also redefined. Callahan County was added to the Abilene SMSA. The Austin SMSA now includes Hays County. Hardin County was made part of the Beaumont-Port Arthur-Orange SMSA. Comal County was added to the San Antonio SMSA. And the Wichita Falls SMSA gained Clay County but lost Archer County.

In Louisiana, Webster Parish was added to the Shreveport

SMSA. And Grant Parish, in the Eleventh District, was added to the Alexandria SMSA, which had previously lain entirely in the Sixth Federal Reserve District.

The Texarkana, Texas-Arkansas SMSA was renamed the Texarkana, Texas-Texarkana, Arkansas SMSA. This area was expanded in Arkansas to include Little River County, the second Arkansas county outside the Eleventh District to be included in the SMSA.

SMSA concept . . .

The concept of an SMSA was developed originally for use by federal agencies in compiling economic and social statistics, such as on population, housing, industry, employment, and trade and for analyses of local housing and labor markets. Agencies became aware that they were not using the same geographic areas in reporting metropolitan statistical data. Because areas were not the same, the data were not comparable.

Metropolitan districts, for example, were defined by the Census of Population. Industrial districts were used by the Census of Manufactures. And the Bureau of Employment Security reported its statistics by labor market areas. Clearly, a *standard* metropolitan statistical area was needed.

In the late 1940's, the Government formed a committee to devise a uniform basis for reporting metropolitan data. A set of criteria was drawn up, defining SMSA's as county areas having a central city with a population of at least 50,000. The areas were to include contiguous counties having economic and social relationships with

the central city that met explicit standards for metropolitan character and integration.

Criteria defining SMSA's were redefined in 1971. To meet the population criterion, it is no longer absolutely necessary for the central city to have a population of 50,000. Central cities as small as 25,000 meet the criterion if-

- Adjoining communities have a population density of at least 1,000 people per square mile
- The communities form a single economic and social unit
- The combined population of contiguous communities is at least 50,000
- The entire population of the county (or counties) numbers at least 75,000

Whether contiguous counties can be included in an SMSA is determined by the composition of the local labor force. Contiguous counties are added if as much as 75 percent of the resident labor force is nonagricultural and as much as 30 percent is employed in the central county (or counties).

A county can be added even if it does not meet the employment criterion, provided at least 75 percent of its workers are nonagricultural and the county meets two out of the three *criteria of metropolitan character* and one out of the three *criteria of integration*.

The criteria of metropolitan character are-

- A population at least 25 percent urban
- A population increase of at least 15 percent between the two most recent censuses
- A population density of at least 50 people per square mile

The criteria for integrating contiguous counties into an SMSA are—

- At least 15 percent of the work force employed in the central county (or counties)
- Employment of workers from the central county (or counties) equal to at least 15 percent of the local employment
- A commuting work force between counties equal to 20 percent of the employment in the outlying county

... and its uses

The uniformity of procedures for preparing statistics on metropolitan areas provides a body of information that is highly useful in com-

paring areas. And many important economic decisions can be influenced by these comparisons.

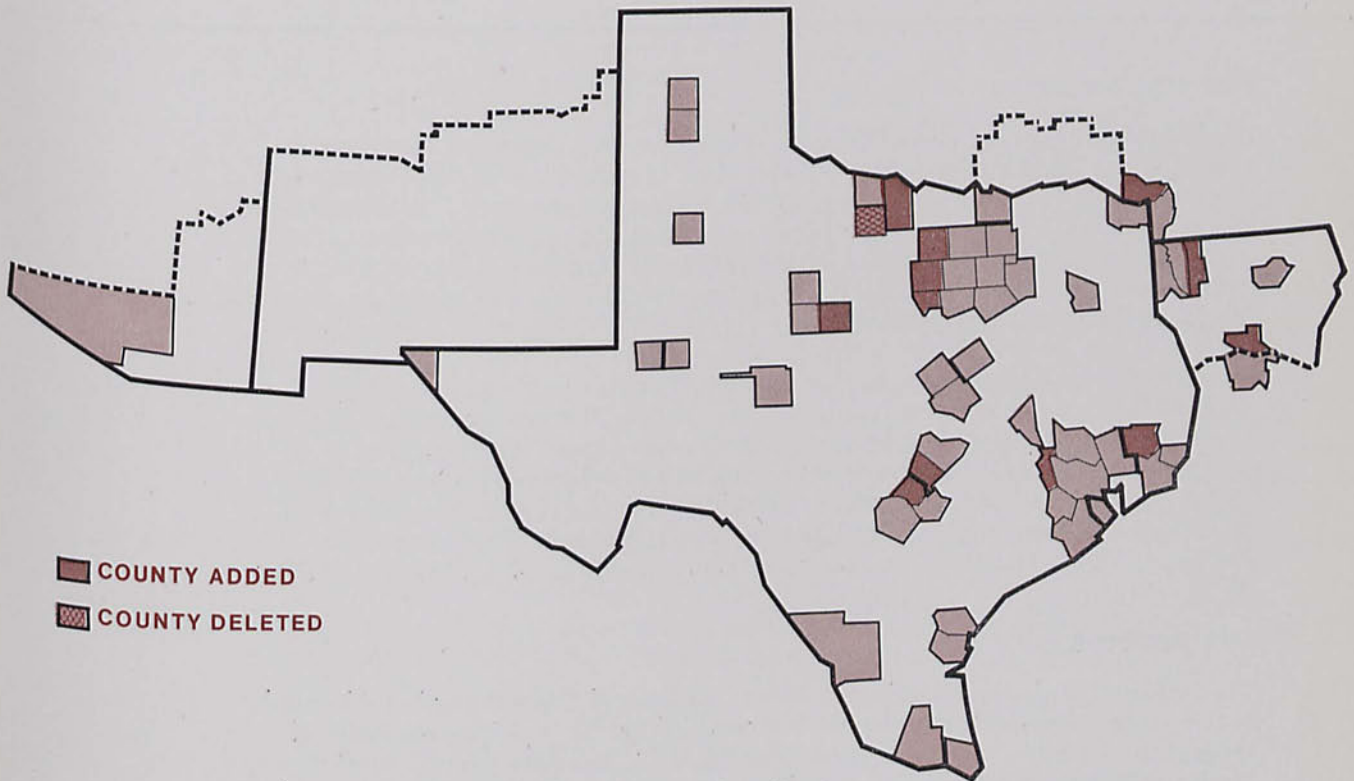
Businesses, for example, often use SMSA data in locating new facilities. Since the data help identify markets, they are used in planning advertising campaigns. Wage rates and product prices are also sometimes differentiated by SMSA.

And the Government often uses SMSA's in administering programs and distributing financial assistance. Under the Emergency School Aid Act of 1972, for instance, 5 percent of appropriations for the program are reserved specifically for SMSA's. When several local governments are involved in

mutual problems, definition of the geographic area in terms of an SMSA provides a convenient basis for planning and coordination.

Development of SMSA's in the Southwest mirrors the urbanization that can be seen nationwide. Since 1950, the number of SMSA's in the District has increased from 16 to 28. During that time, the population in SMSA's in the District has increased from 3.8 million to 8.9 million—a growth of 133 percent. Where little more than two-fifths of the people in the five District states—Arizona, Louisiana, New Mexico, Oklahoma, and Texas—lived in SMSA's in 1950, nearly two-thirds now live in SMSA's.

Eleventh District SMSA's expanded by net addition of 11 counties



SOURCE: Office of Management and Budget

Continued population growth will make further changes in SMSA's of the District. Some projections of population in Texas, for example, show an increase of 60 percent in the next two decades. And patterns of growth over the past two decades suggest that most of this increase can be expected in urban areas.

In the years ahead, decision makers in business and government will continue following SMSA statistics very closely. And patterns of growth in the District will, in turn, reflect decisions reached on the basis of SMSA designations.

New member banks

The Suburban National Bank, Houston, Texas, a newly organized institution located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, opened for business May 29, 1973, 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: Edwin E. Finn, Chairman of the Board; Jack L. Whitt, President; G. Ralph Johnson, Jr., Vice President; and Gene Berry, Cashier.

The Eisenhower National Bank, San Antonio, 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 June 18, 1973, as a member of the Federal Reserve System. The new member bank has capital of \$200,000, surplus of \$125,000, and undivided profits of \$75,000. The officers are: Charles E. Cheever, Jr., President; Robert L. Bennett, Executive Vice President; James H. Matthews, Lending Officer; and Mrs. Maria Wilson, Cashier.

New par bank

The Industry State Bank, Industry, 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 June 13, 1973. The officers are: Jay C. Buenger, President (Inactive); Arno W. Krebs, Executive Vice President; and Dennis B. Rudloff, Cashier.



Statistical Supplement to the Business Review

Total credit at weekly reporting banks in the Eleventh District declined in the four weeks ended June 20. The drop was accompanied by sizable decreases in large CD's outstanding and holdings of municipal securities, as well as a slight decline in time and savings deposits.

Total loans expanded at a rapid pace, however, mainly due to continued strong demand for credit by businesses attempting to rebuild inventories. Consumer demand for credit also remained stronger than usual, as automobile purchases continued at high levels. Real estate loans, security loans, and loans to nonbank financial institutions all decreased—a change not in line with the moderate increases typically shown during comparable periods in recent years.

The banks added to their holdings of U.S. Government securities in the four weeks, but this expansion was overshadowed by a substantial reduction in holdings of municipal securities.

Total deposits advanced considerably, primarily reflecting a large increase in demand deposits. Due to the selling of municipal securities and this inflow of demand deposit funds, banks were able to slightly reduce their Eurodollar borrowings. There was no change in commercial paper borrowings.

The seasonally adjusted Texas industrial production index continued to rise in May, reaching a level 5.6 percent above a year earlier. Gains were made on a broad front, with increases reported for all the major sectors—manufacturing, mining, and utilities.

In manufacturing, production of nondurable goods continued to

rise, boosted by strong increases in petroleum refining and food processing. Durable goods production eased slightly, despite sizable increases in the output of primary metals and stone, clay, and glass products. Having trended sharply upward since early 1972, durable goods production in May was still 8.7 percent above a year before.

The month-to-month gain in mining resulted primarily from increases in output of crude oil, natural gas, and metal, stone, and earth minerals. Although crude oil production was slightly ahead of May last year, output of natural gas and natural gas liquids was below year-earlier levels.

Registrations of new passenger automobiles in Dallas, Fort Worth, Houston, and San Antonio advanced 16 percent in May. All centers reported increases in registrations. These ranged from 11 percent in Houston to 23 percent in Fort Worth. Total registrations were 15 percent higher than in May 1972, and cumulative registrations for the first five months of 1973 were 22 percent greater than for the same period in 1972.

Seasonally adjusted total employment in the five southwestern states rebounded in May, regaining most of the loss of the month before. But the labor force, which had also declined slightly in April, grew enough in May to force the unemployment rate up to 3.9 percent from the 3.8 percent reported for April.

Manufacturing employment showed no change overall for May, as gains in the durable goods sector were offset by declines in nondurables. Nonmanufacturing

employment rose slightly, however, with increases reported in every industry category but government. The largest month-to-month employment increases were in finance and services. All industry categories showed year-to-year employment gains.

Department store sales in the Eleventh District were 15 percent higher in the four weeks ended June 23 than in the comparable period last year. Cumulative sales through that date were 13 percent greater than in the corresponding period in 1972.

Conditions for both crops and livestock in the five Eleventh District states improved significantly in June. Spring planting progressed well, with planting of cotton in Texas edging slightly ahead of the normal schedule. In some eastern areas of the District, excess rainfall slowed farming operations. As wheat harvest began in early June, winter wheat production in the five states was estimated at 260 million bushels, almost three-fourths more than the 1972 crop.

Cattle feeding continued to expand, with more than 2.2 million head of cattle on feed in Texas as of June 1, up 10 percent from a year before. Most of the growth was in the northern Panhandle, the state's main cattle feeding region. Despite this increase in numbers of cattle on feed, commercial cattle slaughter in the District states was only slightly higher through April of this year than for the same period last year.

The index of prices received by Texas farmers and ranchers advanced 3 percent in the month
(Continued on back page)

CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

Eleventh Federal Reserve District

(Thousand dollars)

ASSETS	June 20, 1973	May 23, 1973	June 21, 1972
Federal funds sold and securities purchased under agreements to resell.....	898,020	902,993	634,096
Other loans and discounts, gross.....	9,676,602	9,608,806	7,961,094
Commercial and industrial loans.....	4,385,995	4,310,968	3,581,944
Agricultural loans, excluding CCC certificates of interest.....	272,463	266,843	196,169
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities.....	22,211	319	1,160
Other securities.....	35,830	57,524	72,602
Other loans for purchasing or carrying:			
U.S. Government securities.....	4,968	5,155	5,670
Other securities.....	491,647	523,052	470,086
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies.....	194,301	193,845	131,198
Other.....	657,586	678,780	584,623
Real estate loans.....	1,337,205	1,349,137	1,036,148
Loans to domestic commercial banks.....	37,044	28,396	20,342
Loans to foreign banks.....	60,432	60,919	32,835
Consumer instalment loans.....	1,032,215	1,017,755	868,052
Loans to foreign governments, official institutions, central banks, and international institutions.....	500	500	0
Other loans.....	1,144,205	1,115,613	960,265
Total investments.....	3,900,189	3,970,615	3,700,070
Total U.S. Government securities.....	918,216	910,944	1,012,396
Treasury bills.....	140,162	140,973	188,273
Treasury certificates of indebtedness.....	0	0	0
Treasury notes and U.S. Government bonds maturing:			
Within 1 year.....	147,499	148,690r	148,300
1 year to 5 years.....	470,949	457,684r	505,979
After 5 years.....	159,606	163,597r	169,844
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills.....	160,338	213,896	134,800
All other.....	2,573,989	2,601,395	2,298,892
Other bonds, corporate stocks, and securities:			
Certificates representing participations in federal agency loans.....	8,564	8,581	23,043
All other (including corporate stocks).....	239,082	235,799	230,939
Cash items in process of collection.....	1,413,184	1,445,551	1,517,750
Reserves with Federal Reserve Bank.....	1,061,942	872,795	816,653
Currency and coin.....	114,593	116,686	98,627
Balances with banks in the United States.....	362,777	416,235	396,412
Balances with banks in foreign countries.....	14,621	16,804	10,270
Other assets (including investments in subsidiaries not consolidated).....	797,020	774,310	584,313
TOTAL ASSETS.....	18,238,948	18,124,795	15,719,285

r—Revised

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(Million dollars)

Item	May 30, 1973	April 25, 1973	May 31, 1972
ASSETS			
Loans and discounts, gross.....	18,404	18,357	15,063
U.S. Government obligations.....	2,317	2,444	2,342
Other securities.....	6,042	6,015	5,161
Reserves with Federal Reserve Bank.....	1,438	1,390	1,605
Cash in vault.....	335	334	291
Balances with banks in the United States.....	1,377	1,217	1,369
Balances with banks in foreign countries.....	18	14	14
Cash items in process of collection.....	1,952	1,606	1,876
Other assets.....	1,478	1,373	1,169
TOTAL ASSETS.....	33,361	32,750	28,890
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,730	1,548	1,782
Other demand deposits.....	11,737	11,466	10,855
Time deposits.....	13,326	13,302	11,173
Total deposits.....	26,793	26,316	23,810
Borrowings.....	3,018	3,011	1,742
Other liabilities.....	1,266	1,174	1,394
Total capital accounts.....	2,284	2,249	1,944
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	33,361	32,750	28,890

e—Estimated

LIABILITIES	June 20, 1973	May 23, 1973	June 21, 1972
Total deposits.....	13,489,523	13,424,522	12,252,117
Total demand deposits.....	6,933,226	6,864,101	6,767,722
Individuals, partnerships, and corporations.....	4,838,097	4,657,615	4,645,708
States and political subdivisions.....	512,987	739,366	459,986
U.S. Government.....	242,658	144,667	249,326
Banks in the United States.....	1,195,297	1,178,805	1,289,177
Foreign:			
Governments, official institutions, central banks, and international institutions.....	2,779	2,613	2,775
Commercial banks.....	48,870	44,444	33,591
Certified and officers' checks, etc.....	92,538	96,591	87,159
Total time and savings deposits.....	6,556,297	6,560,421	5,484,395
Individuals, partnerships, and corporations:			
Savings deposits.....	1,185,236	1,185,088	1,175,518
Other time deposits.....	3,512,876	3,551,008	2,806,579
States and political subdivisions.....	1,730,795	1,692,612	1,369,088
U.S. Government (including postal savings).....	30,026	28,815	24,303
Banks in the United States.....	84,844	90,178	87,207
Foreign:			
Governments, official institutions, central banks, and international institutions.....	12,400	12,600	20,800
Commercial banks.....	120	120	1,100
Federal funds purchased and securities sold under agreements to repurchase.....	2,599,961	2,581,296	1,676,322
Other liabilities for borrowed money.....	228,703	201,279	39,808
Other liabilities.....	544,556	556,372	482,158
Reserves on loans.....	162,237	160,578	139,152
Reserves on securities.....	13,966	13,970	17,699
Total capital accounts.....	1,200,002	1,186,778	1,112,029
TOTAL LIABILITIES, RESERVES, AND CAPITAL ACCOUNTS.....	18,238,948	18,124,795	15,719,285

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
1971: May.....	11,348	7,917	285	9,516	2,392
1972: 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
1973: January.....	13,636	9,802	317	12,501	2,815
February.....	13,270	9,516	379	12,811	2,817
March.....	13,203	9,454	395	13,038	2,848
April.....	13,237	9,550	331	13,249	2,855
May.....	13,136	9,502	341	13,336	2,859

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

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. Thousand dollars)

Item	5 weeks ended June 6, 1973	4 weeks ended May 2, 1973	5 weeks ended June 7, 1972
Total reserves held.....	1,747,854	1,767,926	1,867,247
With Federal Reserve Bank.....	1,459,210	1,478,645	1,606,692
Currency and coin.....	288,644	289,281	260,555
Required reserves.....	1,751,036	1,759,252	1,845,526
Excess reserves.....	-3,182	8,674	21,721
Borrowings.....	96,911	124,547	20
Free reserves.....	-100,093	-115,873	21,701

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		
	May 1973 (Annual-rate basis)	Percent change			May 31, 1973	Annual rate of turnover		
		May 1973 from	April 1973	May 1972		5 months, 1973 from 1972	May 1973	April 1973
ARIZONA: Tucson.....	\$13,641,440	12%	39%	32%	\$332,293	40.6	36.0	33.3
LOUISIANA: Monroe.....	4,539,954	-7	17	24	120,029	38.1	40.5	35.1
Shreveport.....	16,124,274	8	16	16	320,430	49.5	46.9	45.8
NEW MEXICO: Roswell ²	1,191,006	8	22	10	48,302	25.0	24.0	22.7
TEXAS: Abilene.....	3,112,147	7	22	18	141,896	22.7	21.8	21.9
Amarillo.....	9,460,747	4	21	25	233,767	41.9	41.7	40.8
Austin.....	13,102,212	-10	8	10	501,208	28.0	33.3	30.7
Beaumont-Port Arthur-Orange.....	7,729,230	-1	16	15	291,042	26.8	27.4	24.1
Brownsville-Harlingen-San Benito.....	3,133,945	-3	17	19	126,797	25.3	27.7	27.3
Bryan-College Station.....	1,672,240	27	28	15	58,309	28.6	23.0	25.5
Corpus Christi.....	8,296,199	-7	17	13	288,633	29.2	31.9	26.7
Corsicana ²	629,128	-1	34	30	42,176	15.3	15.7	14.0
Dallas.....	192,744,089	10	30	18	3,114,784	63.0	59.7	53.1
El Paso.....	10,544,298	-4	13	17	325,425	33.6	34.9	32.1
Fort Worth.....	31,264,760	-1	14	14	869,667	35.6	36.1	34.8
Galveston-Texas City.....	3,265,801	-8	10	17	134,222	24.7	27.5	24.1
Houston.....	165,981,685	4	26	20	3,448,467	48.7	47.9	42.0
Killeen-Temple.....	2,418,448	-6	25	25	121,180	20.4	22.5	18.7
Laredo.....	1,372,607	2	27	22	63,504	22.2	22.8	21.8
Lubbock.....	7,686,424	0	36	31	226,955	34.7	36.0	29.4
McAllen-Pharr-Edinburg.....	3,380,520	1	42	27	180,049	19.4	20.1	16.9
Midland.....	2,518,550	5	16	15	163,935	15.4	15.1	14.4
Odessa.....	2,457,170	8	36	16	100,794	24.9	23.3	16.9
San Angelo.....	2,041,900	9	32	20	91,817	22.2	21.3	19.4
San Antonio.....	26,936,902	3	25	17	918,767	29.3	29.0	26.5
Sherman-Denison.....	1,426,504	7	23	12	88,892	16.8	16.5	15.8
Sherman-Denison.....	1,946,909	-1	13	13	89,207	21.4	21.6	19.9
Texarkana (Texas-Arkansas).....	2,947,369	1	17	18	124,874	23.2	22.9	21.8
Tyler.....	4,498,860	2	12	19	162,181	28.2	28.8	27.7
Waco.....	3,305,413	0	16	13	150,889	22.4	23.4	21.3
Wichita Falls.....								
Total—30 centers.....	\$549,370,731	5%	25%	19%	\$12,880,491	43.2	42.4	38.2

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

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(Thousand dollars)

Item	June 20, 1973	May 23, 1973	June 21, 1972
Total gold certificate reserves.....	632,969	350,529	379,198
Loans to member banks.....	56,275	48,060	1,280
Other loans.....	0	0	0
Federal agency obligations.....	52,952	56,911	50,825
U.S. Government securities.....	3,213,532	3,409,457	3,190,371
Total earning assets.....	3,322,759	3,514,428	3,242,476
Member bank reserve deposits.....	1,719,105	1,490,531	1,487,054
Federal Reserve notes in actual circulation.....	2,332,995	2,280,501	2,138,141

VALUE OF CONSTRUCTION CONTRACTS

(Million dollars)

Area and type	May 1973	April 1973	March 1973	January—May	
				1973	1972
FIVE SOUTHWESTERN STATES¹					
Residential building.....	1,107	954	1,110	4,937	4,872
Nonresidential building.....	578	477	532	2,508	2,293r
Nonbuilding construction.....	363	282	439	1,703	1,284r
Nonbuilding construction.....	166	195	138	725	1,295r
UNITED STATES.....	9,428	8,814	8,644	40,510	36,057r
Residential building.....	4,754	4,512	4,643	20,455	17,288r
Nonresidential building.....	2,629	2,634	2,707	12,570	10,754r
Nonbuilding construction.....	2,045	1,668	1,294	7,485	8,016r

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

BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	NUMBER					Percent change		
	May 1973	5 mos. 1973	May 1973	5 mos. 1973	May 1973 from			
					April 1973	May 1972	5 months, 1973 from 1972	
ARIZONA								
Tucson.....	434	2,764	\$14,614	\$83,277	-9%	29%	-5%	
LOUISIANA								
Monroe-West								
Monroe.....	93	404	5,034	13,127	132	250	-15	
Shreveport.....	520	2,224	5,082	42,856	23	-26	63	
TEXAS								
Abilene.....	94	378	3,750	14,693	180	189	84	
Amarillo.....	205	801	4,153	22,875	-25	80	105	
Austin.....	517	2,541	17,983	109,020	-25	0	9	
Beaumont.....	254	978	3,068	12,886	50	-2	5	
Brownsville.....	117	511	3,022	14,203	-22	116	149	
Corpus Christi.....	293	1,626	5,251	28,417	18	5	-9	
Dallas.....	1,454	7,259	32,871	144,791	44	3	-22	
Denison.....	41	126	282	1,449	271	40	-1	
El Paso.....	683	2,695	19,566	74,144	8	27	-10	
Fort Worth.....	452	1,898	8,202	56,764	-26	-8	81	
Galveston.....	54	279	1,335	5,725	24	-39	-18	
Houston.....	3,727	13,468	59,456	332,334	7	12	25	
Laredo.....	49	259	2,297	11,308	389	330	116	
Lubbock.....	207	895	6,588	39,173	-27	20	75	
Midland.....	102	452	1,727	7,520	22	100	-26	
Odessa.....	120	547	1,244	6,538	-6	-38	-60	
Port Arthur.....	160	559	1,847	3,747	679	43	34	
San Angelo.....	75	412	1,007	4,796	16	46	48	
San Antonio.....	1,953	9,033	19,090	101,711	-9	40	5	
Sherman.....	51	187	726	3,135	-23	129	-21	
Sherman.....	61	266	313	1,923	-40	-65	-54	
Texarkana.....	234	1,022	1,217	17,575	-27	-55	30	
Waco.....	70	385	3,712	10,470	455	307	74	
Wichita Falls.....								
Total—26 cities.....	12,020	51,969	\$223,437	\$1,164,457	6%	17%	10%	

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(Thousand barrels)

Area	May 1973	April 1973	May 1972r	Percent change from	
				April 1973	May 1972
FOUR SOUTHWESTERN STATES					
STATES.....	6,784.2	6,778.8	7,125.9	0.1%	-4.8%
Louisiana.....	2,329.6	2,359.0	2,505.8	-1.2	-7.0
New Mexico.....	274.4	275.2	310.0	-3	-11.5
Oklahoma.....	546.0	546.0	585.1	.0	-6.7
Texas.....	3,634.2	3,598.6	3,725.0	1.0	-2.4
Gulf Coast.....	724.4	727.8	712.2	-5	1.7
West Texas.....	1,837.2	1,814.9	1,865.4	1.2	-1.5
East Texas (proper).....	252.4	248.2	233.2	1.7	8.2
Panhandle.....	63.6	60.8	77.8	4.6	-18.3
Rest of state.....	756.6	746.9	836.4	1.3	-9.5
UNITED STATES.....	9,363.3	9,342.5	9,756.9	.2%	-4.0%

r—Revised

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

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1967 = 100)

Area and type of index	May 1973	April 1973	March 1973	May 1972
TEXAS				
Total industrial production.....	137.8	137.2	135.3	130.5
Manufacturing.....	142.3	142.1	139.8	131.5
Durable.....	156.1	156.8	154.5	143.6
Nondurable.....	132.4	131.5	129.3	122.8
Mining.....	120.6	118.9	117.5	120.3
Utilities.....	161.8	161.5	161.2	160.1
UNITED STATES				
Total industrial production.....	123.4	122.8	122.0	113.2
Manufacturing.....	123.2	122.3	121.8	112.3
Durable.....	119.3	118.4	117.5	106.3
Nondurable.....	128.9	128.1	128.0	120.8
Mining.....	106.1	106.0	106.3	107.9
Utilities.....	151.1	151.4	149.6	141.1

p—Preliminary

r—Revised

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

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Five Southwestern States¹

(Seasonally adjusted)

Item	Thousands of persons			Percent change May 1973 from	
	May 1973p	April 1973	May 1972r	Apr. 1973	May 1972
Civilian labor force.....	8,869.1	8,843.8	8,626.4	0.3%	2.8%
Total employment.....	8,521.8	8,505.8	8,252.7	.2	3.3
Total unemployment.....	347.3	338.1	373.7	2.7	-7.1
Unemployment rate.....	3.9%	3.8%	4.3%	.1	-.4
Total nonagricultural wage and salary employment....	7,027.3	7,017.7	6,746.9	.1	4.2
Manufacturing.....	1,223.8	1,223.6	1,177.0	.0	4.0
Durable.....	681.6	680.3	641.2	.2	6.3
Nondurable.....	542.2	543.3	535.8	-.2	1.2
Nonmanufacturing.....	5,803.6	5,794.1	5,570.0	.2	4.2
Mining.....	233.3	232.8	231.2	.2	.9
Construction.....	487.4	486.4	448.0	.2	8.8
Transportation and public utilities.....	477.2	476.9	464.6	.1	2.7
Trade.....	1,680.6	1,678.8	1,612.1	.1	4.2
Finance.....	381.4	379.6	357.0	.5	6.8
Service.....	1,150.7	1,145.9	1,100.6	.4	4.6
Government.....	1,392.9	1,393.8	1,356.6	-.1%	2.7%

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)

TOTAL OIL WELLS DRILLED

Area	First quarter 1973	Fourth quarter 1972	Percent change, first quarter 1973 from	
			Fourth quarter 1972	First quarter 1972
FOUR SOUTHWESTERN STATES.....				
Louisiana.....	243	206	18.0	-5.1
Offshore.....	95	78	21.8	48.4
Onshore.....	148	128	15.6	-22.9
New Mexico.....	92	92	.0	-36.1
Oklahoma.....	196	207	-5.3	-35.7
Texas.....	872	820	6.3	-20.5
Offshore.....	2	0	—	—
Onshore.....	870	820	6.1	-20.6
UNITED STATES.....	2,474	2,637	-6.2%	-17.0%

SOURCE: American Petroleum Institute

ended May 15 to a level nearly a third higher than a year earlier. Most of the monthly increase was in the prices of cotton, oil crops, fruits, and vegetables. A slight gain in meat animal prices was partially offset by declines in the prices of dairy products, poultry and eggs, and wool. The index of

livestock prices was 38 percent higher than in May of last year, while crop prices averaged 22 percent higher.

The index of prices paid by U.S. farmers and ranchers rose slightly in the month ended at mid-May to a level 14 percent ahead of a year earlier. Higher livestock feed prices

accounted for most of this rise. Rising farm prices continued to bolster cash receipts from farm marketings in the five District states. Crop and livestock receipts in the first four months of this year totaled nearly \$2.5 billion, compared with almost \$2.0 billion for the same period in 1972.