Federal Reserve Bank of Dallas

Business Review

October 1975

District Agriculture–

Sugar Production in Texas Valley Regains Competitive Advantage

Unemployment–

Recession Has Less Impact In Southwest Than in Nation

District Agriculture–

Sugar Production in Texas Valley Regains Competitive Advantage

With the run-up in sugar prices last year, sugar producers in the Rio Grande Valley of Texas realized huge profits. Holders of a temporarily scarce commodity, South Texas sugar farmers in the 1974-75 season grossed about $60 million from a harvest of 29,000 acres.

Last season was the Valley sugar industry's second year of operation after more than five decades of inactivity. Thus, sugar–a dominant crop in South Texas early in this century–has again become an important cash crop for Valley farmers. And although sugar prices have fallen from historic highs last year, income prospects remain promising nevertheless.

Revival of the sugar industry in the 1973-74 season climaxed over ten years of efforts to replace and diversify crops that were becoming less profitable. Over time, the competitive advantage of other crops had been eroded by such factors as changes in immigration policies and labor costs, problems with the natural environment–freezes and drouth, for example–and an inability to mechanize operations.

In a sense, agriculture in the Rio Grande Valley has come full circle. As production of other crops has become less profitable, Valley farmers have again turned to sugar production to bolster incomes.

Industry declines . . .

Historians date production of sugar in the rich delta land of the Rio Grande Valley as early as 1830. And they cite the sugar industry as a determining factor in the settlement of South Texas.

Sugar production in the Valley of Texas was thriving at the beginning of this century. Railroad lines were completed to Brownsville in 1904, linking the industry with markets in other areas of the country. With increased outlets for its harvest, the sugar industry grew rapidly. By 1913, five major mills were producing sugar in South Texas.

But in the same year, the domestic market changed radically. Passage of the Underwood Tariff eased restrictions on imports of raw sugar, and, as a result, foreign sugar poured into the U.S. market. Sugar prices fell sharply–to less than 1 cent a pound in 1922. Profits evaporated, and sugar production in the Texas Valley ceased.

The decline in profitability of sugar production increased the attractiveness of producing other crops. A long growing season in the Texas Valley–330 frost-free days, on average–afforded a competitive advantage to the production of citrus and winter vegetables.

Factors that had boosted sugar production also boosted output of other crops in the 1920's. Inexpensive labor was abundant, since Valley farmers could hire either farm laborers that were Valley

Deficits in sugar production . . .

SOURCE: U.S. Department of Agriculture

. . . fuel dramatic rise in prices

SOURCE: U.S. Department of Agriculture

residents or illegal aliens looking for agricultural work. Too, railroads provided citrus and winter vegetable producers access to national markets for their crops.

A glutted domestic market, combined with competitive advantages for other crops, therefore, effectively ended sugar production in the Valley. In 1934, when the United States attempted to stabilize the sugar market through the passage of the original Sugar Act, Texas received no consideration for an allotment.

. . . lies dormant . . .

Crop production in the Valley in following decades reflected these changing competitive advantages. Citrus and winter vegetables became the primary cash crops in the 1930's, accounting for over half of total farm sales in 1939.

Reflecting the postwar boom in the apparel industry, cotton became the leader in cash receipts in the 1940's. Demand for cotton for domestic and export use was high, and the Government's price-support program, initiated during the Depression, continued after World War II.

By the midsixties, grain sorghum had joined cotton as a leading cash crop. Large quantities of grain were needed to support the burgeoning Texas cattle feeding industry. And production costs were lower for grain sorghum than for most other crops. Cotton and grain sorghum, together, accounted for 48 percent of total farm sales in 1969.

Meanwhile, competitive advantages for production of citrus and winter vegetables had dwindled. Citrus production was hit hard by almost back-to-back freezes in 1949 and 1951. And rather than making the necessarily large reinvestment in new groves, many growers opted for producing other crops. The citrus industry was rocked by another hard freeze in 1962.

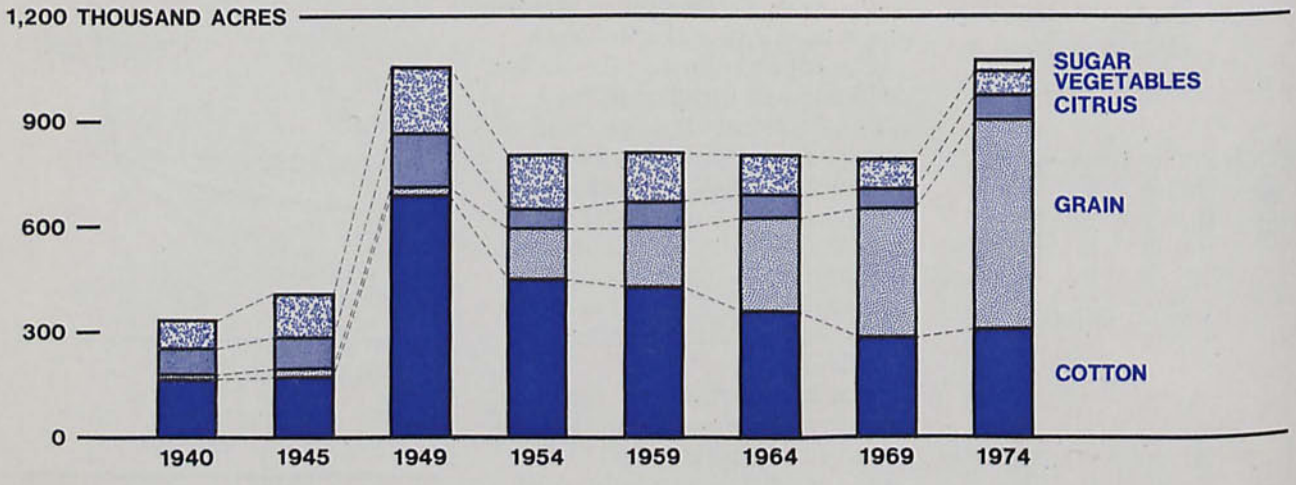
By then, orchards had become rife with low-yielding trees, curtailing profits. And competition from other areas, especially Florida, was dampening sales of Valley citrus products.

Production of winter vegetables was also constrained in the early 1960's. Less expensive foreign imports–primarily from Mexico–were making inroads on established markets. And consumer preference for fresh vegetables was gradually deteriorating. But, in the main, the inability to mechanize harvesting of citrus and winter vegetables led to a shift away from these crops.

The harvesting of crops by hand was predominant in the Rio Grande Valley through the mid-fifties. However, the *bracero* program that was enacted in 1954 sought to control the flow of Mexican agricultural labor into the United States. And a provision of the new program guaranteed *bracero* workers the minimum U.S. wage. This, in effect, drove up labor costs and induced Valley farmers to mechanize operations.

Termination of the *bracero* program in 1964 further reduced the number of available farm workers, encouraging mechanization to a greater extent. Consequently, Valley farmers shifted acreage

Shifts in Valley farm production reflect changing markets



SOURCES: Texas Department of Agriculture
U.S. Department of Agriculture

from citrus and winter vegetables to cotton and grain sorghum, crops better suited to mechanical harvesting.

Cotton producers also began to see their profits squeezed. Steady increases in the substitution of artificial fibers for cotton in clothing and textiles during the 1950's and 1960's created a surplus of cotton. And under the Government's acreage control program, cotton allotments to the Valley steadily decreased. This program, also a carryover from the Depression era, tried to match production quotas to market demand.

At best, cotton farmers merely broke even in some crop years. In those years, any profit stemmed largely from subsidy payments (which subsequently were ended in 1973).

On balance, then, competitive advantages of several other crops diminished. And Valley farmers, looking for new–and better–sources of income, were attracted to sugar production again.

. . . and then revives

Valley farmers began thinking of resuming sugar production after diplomatic relations with Cuba were severed in 1960. Cuba had long been the nation's leading foreign supplier, producing 35 percent of all sugar consumed in the United States in 1959 and 26 percent in 1960.

Valley farmers believed they should be considered for a portion of the reallocation of the huge Cuban quota. Moreover, they were interested in producing sugar to offset perennial shortfalls in domestic production. Puerto Rico, considered an offshore domestic producer, had failed to meet its quota for 19 years, but its shortfall was routinely reassigned to foreign producers. Based on these two facts, interest in producing sugar was regenerated among Valley farmers.

By the midsixties, Valley farmers were experimenting to find the best source of sugar–beets, cane, or sweet sorghum. In the main, research efforts centered on sugar beets and sugarcane.

Research showed, however, that production of sugar beets was ill-advised. Valley farmers concentrated their efforts on sugarcane.

Congressional hearings on extending the Sugar Act–which entailed review of production quotas–were scheduled for 1971. In preparing a formal application for a quota at the hearings, Valley farmers financed a feasibility study of sugarcane production that was completed in 1970.

Results showed that sugarcane would tolerate the winter temperatures and high salinity of irrigation water in South Texas. Moreover, the report predicted that–based on assumed costs of 8 cents a pound for raw sugar and 15 cents a gallon for molasses–net returns to sugarcane growers would average $334 an acre, considerably higher than net returns on other crops.

With the extension of the Sugar Act, Texas was given a 100,000-ton allotment for raw sugar beginning in 1973. Farmers immediately began gearing up for production.

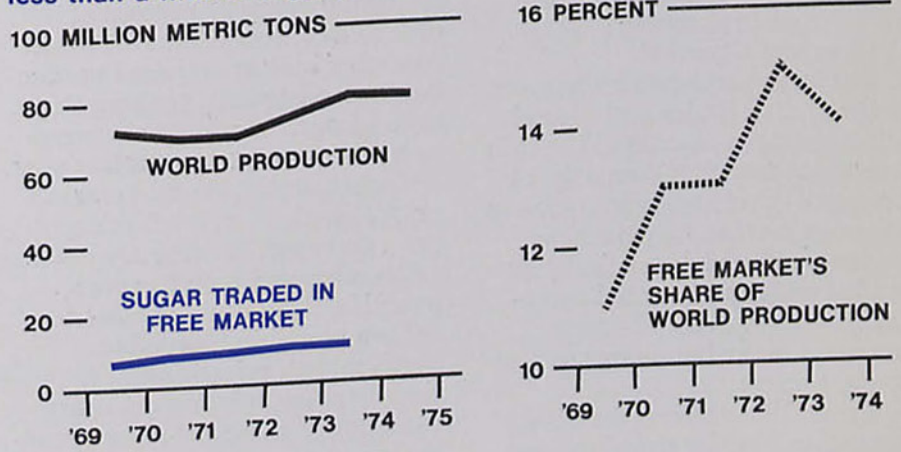
Sugarcane is a perennial crop that requires 50 to 60 inches of irrigation water a year in the Valley. Thus, farmers had to convert irrigated acreage on which cotton, grain, and vegetables had been grown a year earlier.

It is estimated that almost 11,500 acres of cotton were converted and a like acreage of grain sorghum. Winter vegetables accounted for the remaining acreage, as little if any citrus acreage was converted. A total of 25,700 acres was planted to sugarcane in 1973.

The revitalized sugar industry centers around a sugar-processing mill established at Santa Rosa, a small community near Harlingen. The plant employs 200 people full time and an additional 1,200 during harvest in the fall.

Production in the first season was severely damaged by a hard freeze in December 1973. Almost a third of the 25,700-acre crop was destroyed, and, consequently, the net return to the farmers

Before the Sugar Act expired in late 1974, less than a fifth of sugar production was traded in the free market



SOURCE: U.S. Department of Agriculture

approached the break-even point. If grain and cotton had been planted, harvesting would have been completed before the freeze and the farmers would have made a profit.

The scenario was dramatically reversed in the 1974-75 season. Sugar prices rose sharply, and Valley farmers reaped large profits. With over 29,000 acres in sugarcane by then, producers netted about $980 an acre. Data indicate that, overall, they netted approximately $28.4 million.

Prices rocket

The sharply higher prices for sugar last year reflected not only worldwide shortfalls in production but also the nature of the domestic and world markets.

Before the Sugar Act was permitted to expire late last year, the U.S. sugar market operated under a system of preferential trade agreements whereby foreign and domestic producers were allocated output quotas. Reliance on foreign supplies always has been high. For example, imports accounted for 51.4 percent of U.S. consumption in 1974.

But several foreign suppliers either refused or were unable to meet assigned quotas last year. With about 10 percent of the U.S. quota unfilled, domestic refiners were forced to purchase sugar in the free world market.

The large purchases by refiners in the United States and several other countries overtaxed the thin free world market. Since only 14 percent of world sugar is traded in the open market–86 percent is either consumed domestically or traded under preferential agreements–excess demand exerts extreme upward pressures on free market prices.

Excess demand can usually be accommodated by drawing down existing stocks. As a rule of thumb, upward pressures do not impact on the free market price unless stocks fall below 25 percent of expected consumption. But world consumption has outpaced production in recent years, pushing the ratio of world stocks to consumption down to 19.2 percent last year.

Consequently, the free market price soared. The New York spot price averaged 30 cents a pound in 1974–compared with 8 cents a pound in 1970–peaking at 64.5 cents a pound in November.

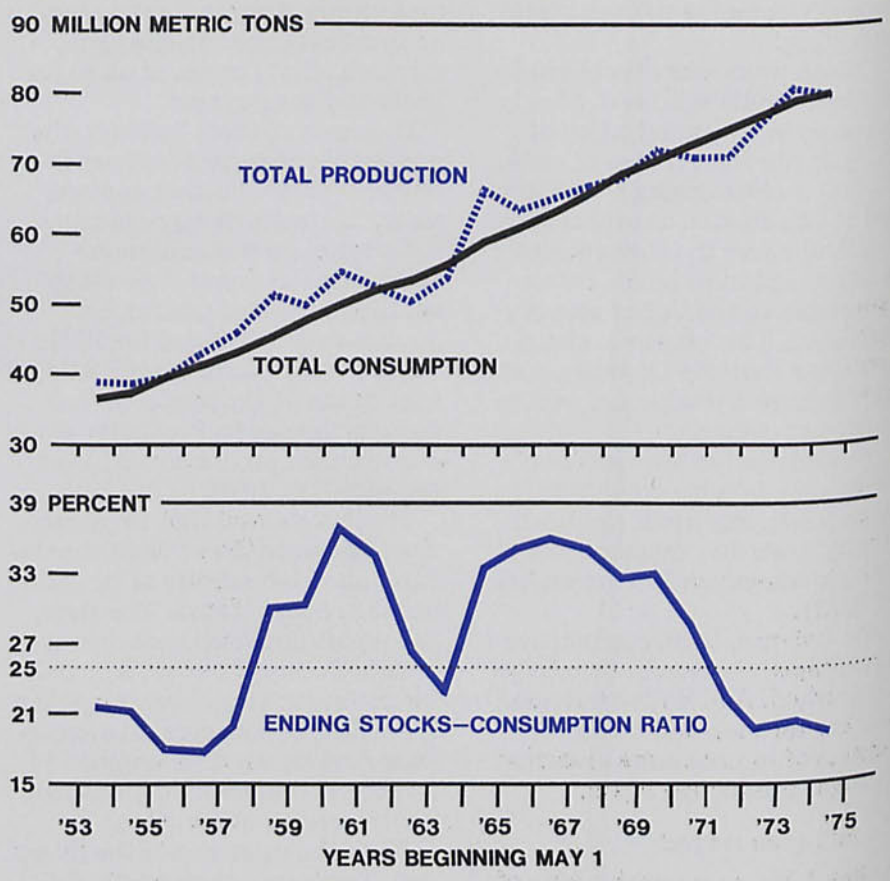
After that, prices dropped rapidly as large industrial users switched to other sweeteners, consumer resistance peaked, estimates of world supply were adjusted upward, and estimates of world demand were adjusted downward. By mid-September 1975, the New York spot price was down to 18 cents a pound.

The nature of the domestic market changed markedly when the Sugar Act expired and quota allocations ended. Beginning this year, the United States will purchase sugar in the free market on a "first come, first served" basis.

Outlook good

Expansion of the sugar industry in the Valley would not necessitate capital spending in the short run, since the mill at Santa Rosa can accommodate the output of 10,000 more acres of sugarcane. As yet, no

Ratio of stocks to consumption dips under 25 percent, exerting extreme upward pressure on prices



SOURCE: U.S. Department of Agriculture

capital expansion has been scheduled. Several questions on the horizon will need to be answered before any such steps are taken.

Now that quota restrictions have been removed, Valley farmers are free to expand production. Experts, though, cannot agree on the type of sugar policy the United States should pursue. There have been calls for the reinstatement of the Sugar Act, but opponents advocate a totally free market for sugar, arguing that it would result in lower prices.

Either way, Congress will be watching both prices and the supply of sugar in the world market. The amount of protection afforded domestic producers and the assurance of a relatively stable price to consumers will be carefully considered.

Questions have also been posed regarding the impact of a resumption in trade with Cuba. Current thinking is that active trading may still be a long way off. Cuba presently exports about 70 percent of its sugar under preferential trade agreements with the Soviet Union and other countries in Eastern Europe. Cuban sugar entering the U.S. market would not be expected to have a depressing impact under such circumstances.

Environmental questions posed by the Texas Air Quality Control Board concerning the burning of sugarcane fields before harvest will have to be resolved. Before the crop can be mechanically harvested, thick foliage surrounding the stalks must be burned off. But because burning produces residual ashes, the regulatory agency is investigating its impact on air standards.

Valley farmers are continuing research efforts on sugar production. Efforts have mainly centered on extracting quality sugar from sweet sorghum. If viable, this form of sugar production would afford better use of milling facilities that now lie idle five to six months a year. At present, sugarcane is ground from November to May, and the processing of sorghum would extend operation of the mill from July through October.

For the present, stocks remain at historically low levels. Raw sugar prices more closely reflect the realistic balance between world demand and production. Inflation, however, has driven up production costs, and Valley growers now need a raw sugar price of approximately 18 cents a pound to assure an adequate return.

On balance, nevertheless, the outlook for the sugar industry in the Rio Grande Valley appears bright. But as history has clearly shown, the industry will be viable only as long as a competitive advantage is maintained over other crops.

–Michael J. Minihan*

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Unemployment–

Recession Has Less Impact In Southwest Than in Nation

The recession cut deeply into the nation's labor market. Not since the Depression years of the 1930's had the unemployment rate risen so high. But with recovery underway, demand for labor has firmed, as evidenced by the rise in employment since May. Most analysts are forecasting a moderate decline in the unemployment rate as economic activity picks up.

While aggregate statistics portray a substantial decline in the demand for labor in the past two years, employment in some areas of the country fared better than in the nation as a whole. The Southwest was one such area.

During the softening in business activity, the unemployment rate for the nation rose, on a seasonally adjusted basis, from 4.6 percent in October 1973 to 9.2 percent last May and stood at 8.4 percent in August. By contrast, the unemployment rate for the five states of the Eleventh Federal Reserve District climbed from a low of 4.1 percent in February 1973 to 7.4 percent last May. But this rate fell to 6.9 percent in June before edging up to 7.0 percent in July.

Two factors have been primarily responsible for the smaller overall rise in unemployment in these southwestern states. One is the composition of the labor market–employment in manufacturing represents a smaller percentage of total nonagricultural employment in the Southwest than in the nation.

Late in developing in the Southwest, manufacturing accounts for about a sixth of nonagricultural employment in the five southwestern states, compared with a fourth in the nation. This smaller manufacturing base has spared the Southwest wide swings in unemployment that other areas have experienced.

Manufacturing employment fluctuates cyclically in the Southwest. But service-producing jobs stabilize labor markets in the Southwest during periods of economic recession. Wholesale and retail trade accounts for the highest percentage of nonagricultural employment–nearly a fourth. Government and services are the next largest employment categories.

Unemployment in the Southwest is also held down by rapid economic growth. Such factors as an expanding population, better weather, less congestion, and available energy supplies have attracted many new firms. In turn, businesses already established here have prospered.

This growth in business has led to increased investment in the Southwest, which has provided a stream of new employment opportunities. For example, Texas continues to be one of the leading states in attracting business capital. New capital expenditures by manufacturers in the state have exceeded $1.4 billion a year since 1968. Louisiana has also attracted a large amount of capital spending by business.

Rise in unemployment rates

The last cyclical low in the unemployment rates for both the nation and the Southwest occurred in 1973. The unemployment rate for the nation averaged 4.9 percent that year, after touching a seasonally adjusted 4.6 percent in October. By contrast, the unemployment rate in the southwestern states averaged 4.4 percent in 1973, after dropping to a low of 4.1 percent, seasonally adjusted, in February.

The unemployment rates for both the nation and the Southwest climbed steadily as the recession deepened. Nationwide, the unemployment rate edged up slowly from the October 1973 low until September 1974. But after September, the rise in the jobless rate accelerated sharply.

A similar pattern developed in the southwestern states. Unemployment held at a seasonally adjusted rate of 4.8 percent for much of 1974 before beginning a pronounced upswing in November.

Within the Southwest, the unemployment rate increased most rapidly in Arizona, rising from 3.6 percent in July 1973 to nearly 12 percent in June 1975. Job losses were largely related to layoffs in construction and manufacturing.

Significant advances were also reported for Texas, Oklahoma, and New Mexico. For Louisiana, which usually has the highest unemployment rate of the five states, growth in the unemployment rate was modest throughout the recession.

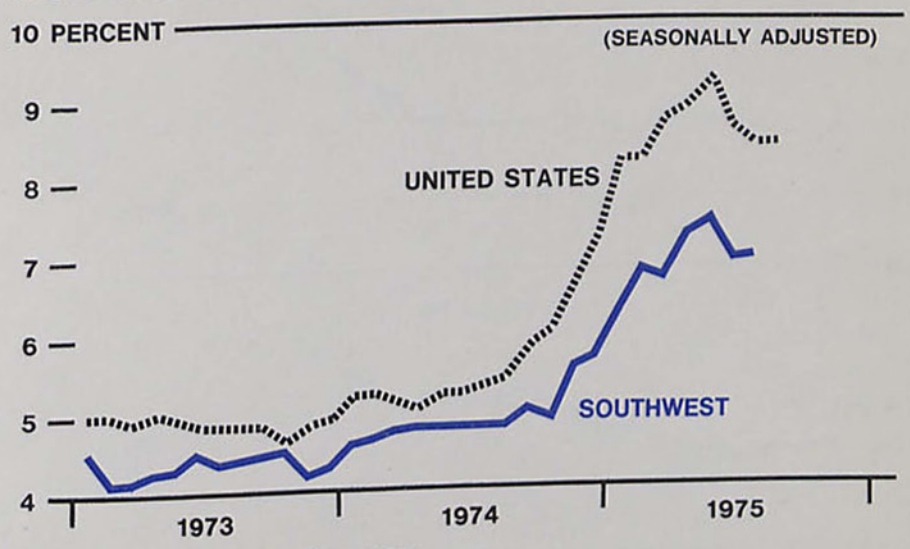
The rise in unemployment in the nation and the Southwest has had both similar and contrasting characteristics. In both, expansion in the civilian labor force was fairly steady in the past 2½ years, although the Southwest experienced a marked increase in the work force in the last half of 1974.

The higher unemployment rate in the nation reflected a big decline in the number of jobholders. Total employment in the nation peaked at a seasonally adjusted 86.4 million workers in July 1974, edged

down through October, and then dropped sharply to 83.8 million by March 1975. Since then, however, employment has grown to 85.4 million. By contrast, total employment in the southwestern states leveled off at about 8.6 million workers in October 1974 and stood at 8.5 million in July.

The decline in total employment, together with the inability of labor markets to accommodate the increases in the civilian labor force, led to a much higher unemployment rate in the nation than in the Southwest. It is also likely that because the region's large rural sector was able to absorb many dislocated urban workers, the rise in unemployment statistics in the Southwest was dampened.

Rate of unemployment has been lower in Southwest than in nation . . .



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

The weakness in employment . . .

Two employment categories accounted for much of the increase in unemployment in both the Southwest and the nation. Construction employment was the first to experience a substantial decline. Then, when the recession became widespread last fall, manufacturing employment began to fall off rapidly.

Employment in contract construction in the nation reached a cyclical high in February 1974 and had retreated to a level a fifth below the peak by last July before advancing in August. While not as steady as the national decline, the decrease in construction employment in the southwestern states has, nevertheless, been severe. In July, there were 12 percent fewer construction jobs than in January 1974.

In terms of number of jobs lost, construction employment was most depressed in Texas. That is significant because the state accounts for nearly 60 percent of all construction jobs in the five-state area. Oklahoma also suffered from the decline in construction, but in percentage terms, Arizona lost the biggest number of construction jobs of any southwestern state.

The sharp rise in the unemployment rate in the Southwest would have been even worse if, as in previous recessions, deterioration of labor markets had not been cushioned by the smaller role played by manufacturing employment. The deterioration from the July 1974 peak was slow at first. By November, however, the recession was readily apparent, and manufacturers began making large-scale reductions in their work forces.

The number of jobholders in manufacturing, which provides about one job in six in the Southwest, declined 6.5 percent between October 1974 and June 1975. Employment in durable goods manufacturing declined 55,100, or 7.4 percent. The reduction in employment in industries producing nondurable goods, however, was smaller–32,600, or 5.7 percent. Employment in both durable and nondurable goods manufacturing rose in July 1975.

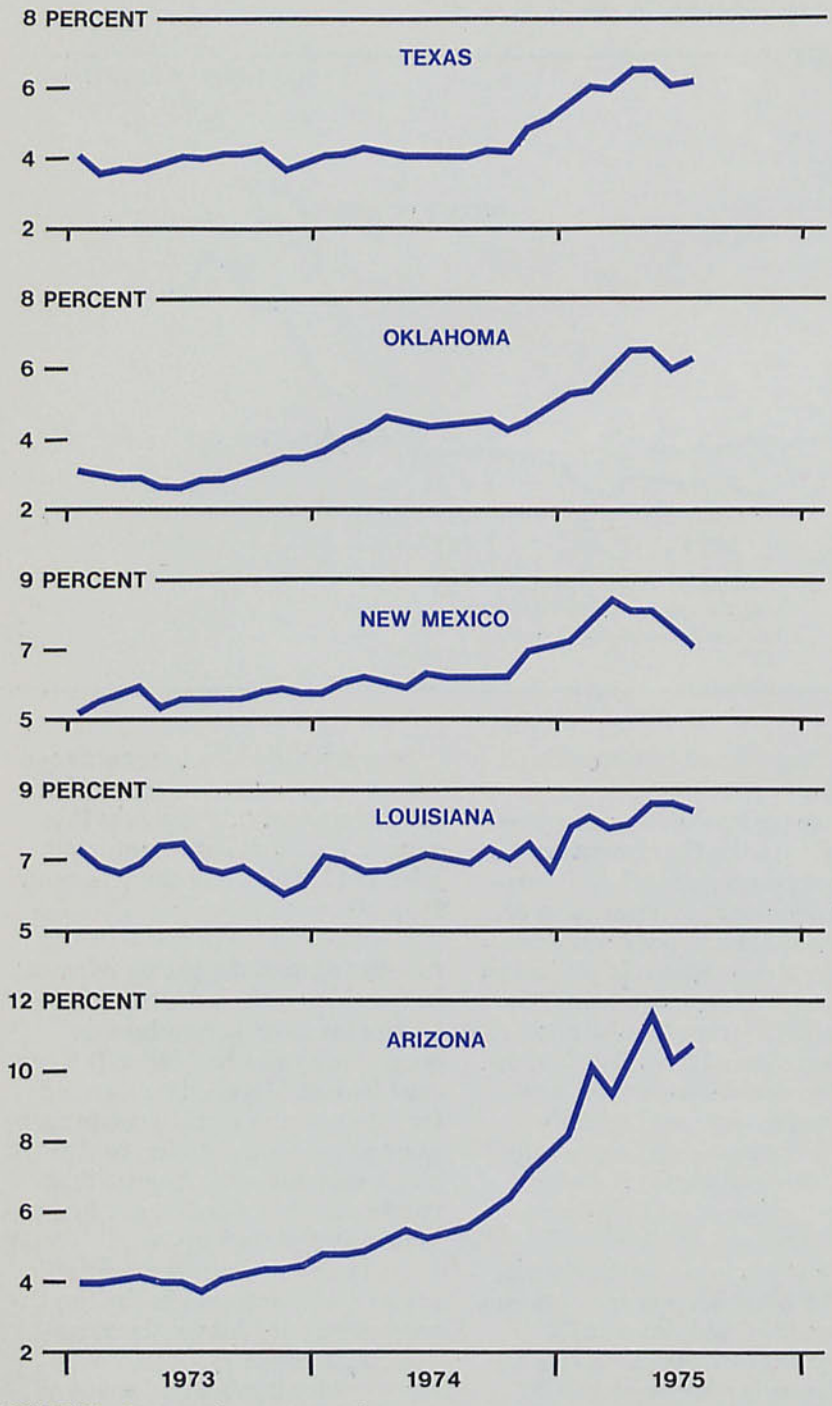
The steep decline in manufacturing employment in the nation also began last fall. By July this year, 2.1 million manufacturing jobs had been lost to the recession for a 10-percent decline. The biggest decline–12.6 percent–in the number of manufacturing jobs was in durable goods industries.

Employment in nondurable goods industries had fallen 8.5 percent by last March. The demand for labor in nondurable goods manufacturing began firming in April, but it was not until August that employment in durable goods manufacturing picked up.

As in the nation, many durable goods manufacturers in the Southwest were hard hit by the recession. Significant job losses were reported for lumber and wood products, furniture and fixtures, primary and fabricated metals, electrical machinery, and stone, clay, and glass products.

In contrast to the rising unemployment in durable goods manufacturing overall, employment in

. . . although rates have varied widely from state to state



SOURCES: State employment agencies
Federal Reserve Bank of Dallas (seasonal adjustment)

transportation equipment manufacturing, which experienced widespread layoffs in the auto industry nationwide, was fairly stable in the Southwest. This was due to the composition of the industry here.

With only one auto assembly plant located in the Southwest, much of its transportation equipment industry–particularly in Texas–produces aircraft and associated equipment. And this production has been stable and should expand, since one producer won a major contract for the manufacture of fighter planes.

The deterioration of employment in many durable goods industries has been partially offset by increased hiring of workers in energy-related industries. Primarily because of efforts to expand exploration and production to meet growing energy needs, employment in mining–a major industry in the Southwest–rose steadily in 1973 and 1974, especially in the Permian Basin.

The boom in mining led suppliers of oil field equipment to hire new workers to satisfy increased demand for their specialized products. As a result, the number of jobs in oil field machinery manufacturing grew 17 percent.

Even with the sharp rise in employment in mining and the oil field equipment industries, some jobs could not be filled. Demand for workers with special skills–welders and machinists, for example–was so strong that many firms tried to hire workers from depressed areas, such as Detroit. But the increase in the demand for workers in the energy-related fields was not enough to offset the overall decline in employment in durable goods manufacturing.

Employment in nondurable goods manufacturing fell less than in the durable goods sector. Significant job losses were reported for paper and allied products, petro-

leum and coal products, and food and kindred products.

But the biggest employment decline for nondurable goods producers was in the textile and apparel industries. Job losses from April 1974 to March 1975 exceeded 10 percent in the Southwest and were even larger nationwide. Workers in these industries–about 85 percent of which are women–fill nearly a tenth of all manufacturing jobs in Texas, for example.

Despite the big falloff in employment in these two industries, one of the first signs of firming in southwestern labor markets appeared in both textile and apparel production last spring. Complete liquidation of inventories by nondurable goods producers stimulated the renewed demand for workers–a situation that has not yet developed in some durable goods industries that are major employers.

. . . and the strength

The strength in labor markets in the Southwest has been in the service-producing categories of nonmanufacturing employment. Accounting for nearly three-fourths of total nonagricultural employment, these occupation groups–trade, government, services, finance, and transportation and public utilities–have tended to grow even in the face of downturns in the business cycle. Their employment growth has more than offset the declines in manufacturing employment.

The number of workers in these groups does not fluctuate as widely as in manufacturing. In fact, employment in these categories has grown fairly steadily in recent years.

Trade is the largest employer in the service-producing sector, accounting for approximately a fourth of all nonagricultural jobs in the southwestern states. About three-fourths of the trade jobs are in retailing, and a fourth in wholesaling.

The generally stronger economy of the Southwest bolstered the number of trade jobs throughout the recession. Some weakness was noted, however, last winter. As was the case throughout the country, retailers and, to a lesser extent, wholesalers in the Southwest pared their work forces during the slim Christmas buying season. The cutbacks were minimal, however, and renewed vigor in sales early this year led to a resumption in hirings.

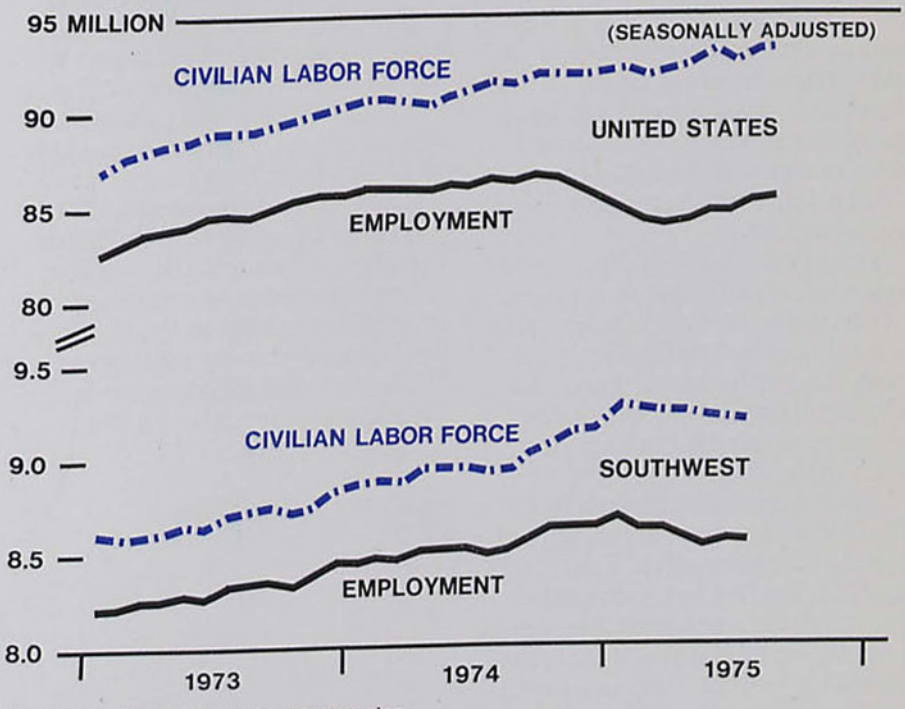
Government provides the second largest number of jobs in the service-producing sector. And about four-fifths of these jobs are at the state and local levels. Although the number of government jobs also trended upward during the recession, virtually all the gain occurred at the state and local levels.

Employment in the services category was little affected by the recession. The number of service jobs peaked last March, but the decline since then has been small. Gains in medical and other health services have been a major source of strength.

Employment in the finance, insurance, and real estate category held up during the recession. Although some weakness developed last spring, renewed growth was noted in July.

The weakest of the service-producing categories has been transportation and public utilities, where employment peaked at mid-1974. A significant number of job

Decline in total employment less severe for Southwest than for nation



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

losses occurred in the first half of this year in the communications industry, and several hundred railroad employees were laid off.

Despite the few isolated areas of weakness, the service-producing categories added more than 262,000 workers to their payrolls for a 4-percent increase in the past two years. By contrast, manufacturing employment declined 2.5 percent, or 32,000 workers.

Importance of growth

Strong economic growth in urban areas of the Southwest has also helped dampen the rise in unemployment in the region. For example, in Houston, where increased demand for energy-related goods and services has spurred growth, the unemployment rate was 4.6 percent in July–well below the rates for the state, the region, and the nation.

At one time, much of the growth in Houston was related to the development of national markets. But in recent years, Houston has become a major exporter of goods and services in world markets. This latest development has been the source of much of the recent economic growth and has provided a large number of new job opportunities.

The development of Houston, as well as the Southwest as a whole, can be traced to many factors. But several may be key for the Southwest. And although they may be identified separately, they work simultaneously and in harmony with each other.

First, population growth in the Southwest has been rapid, exceeding that for the nation. From 1963 to 1973, the last ten-year period for which data are available, the population of the five-state area rose 14.6 percent, compared with 11.3 percent nationwide.

Much of this growth has been an in-migration in response to employment opportunities available here. The inflow of workers to primary industries has generated demand for additional goods and services. That, in turn, has stimulated the growth of secondary and tertiary industries. And the development of these industries has created a demand for even more workers.

The second key factor is the location of many "growth" industries in the Southwest. The most important is the petroleum industry, especially since the Arab oil embargo. Until the energy crisis, this industry was largely national in scope, but, now, much of its growth comes from supplying both goods and services in international markets.

With the development of energy resources, other major industries have germinated and expanded. Among these are chemicals, primary and fabricated metals, transportation and public utilities, and finance.

With the growth in population and business, the Southwest has been able to attract and invest the capital necessary to expand. Texas has long been a leading state in capital expenditures, even topping all other states in capital expenditures for manufacturing in 1971.

These and other factors–including climate, lower taxes, and less urban congestion–should continue to attract business to the Southwest. And with continued growth likely, the unemployment rate should remain well below the national average.

–Edward L. McClelland

New member banks

Continental 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 September 2, 1975, as a member of the Federal Reserve System. The new member bank opened with capital of $635,512, surplus of $635,512, and undivided profits of $317,756. The officers are: Pete D. Cruz, Chairman of the Board; John Taylor, President; and J. Ernest Rodriguez, Vice President and Cashier.

National Security Bank, Tyler, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business September 2, 1975, as a member of the Federal Reserve System. The new member bank opened with capital of $500,000, surplus of $250,000, and undivided profits of $250,000. The officers are: Ernest S. Sterling, Chairman of the Board; Robert L. Davis, President and Chief Executive Officer; and William Carroll Rigg, Vice President and Cashier.

Colonial 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 September 16, 1975, as a member of the Federal Reserve System. The new member bank opened with capital of $400,000, surplus of $400,000, and undivided profits of $200,000. The officers are: Jerry E. Finger, Chairman of the Board; C. B. Silverthorne, President and Chief Executive Officer; and Robert J. Kramer, Vice President and Cashier.

State Bank of East Fort Worth, Fort Worth, Texas, located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, became a member of the Federal Reserve System on September 22, 1975. The new member bank, which was organized in 1951, has capital of $1,000,000, capital debentures of $120,000, surplus of $1,000,000, undivided profits of $1,066,000, and total resources of $40,345,000. The officers are: Irby G. Metcalf, Jr., Chairman of the Board; Michael C. Stinson, President; Bobby J. Cooper, Executive Vice President; Barry G. Smith, Senior Vice President; Ed Corzine, Vice President; James E. Herrington, Vice President; W. B. Featherston, Vice President; Martin A. Turner, Vice President; and Gary W. Shipp, Cashier.

New par banks

Gessner Southwest Bank and Trust, Houston, Texas, a newly organized insured nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, opened for business August 28, 1975, remitting at par. The officers are: Orville W. Crowder, President; M. Bing Wu, Inactive Vice President; Richard Choffell, Assistant Vice President; and Vera Garcia, Cashier.

Southwest Bank, San Angelo, Texas, a newly organized insured nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business September 9, 1975, remitting at par. The officers are: Edward H. Holmes, President, and Nancy Crisp, Cashier.

City Bank and Trust Company, Natchitoches, Louisiana, an insured nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, and its Campti Branch, Campti, Louisiana, began remitting at par September 10, 1975. The officers are: J. E. Pierson, President; Joe H. Pierson, Executive Vice President; H. H. Bernard, Vice President; J. S. Mitchell, Vice President; and Ludlow N. McNeely, Cashier.

Research Department
Federal Reserve Bank of Dallas
Station K, Dallas, Texas 75222

Federal Reserve Bank of Dallas
October 1975

Statistical Supplement to the Business Review

Shipments of grain stemming from the recent United States-Soviet Union sale are expected to move smoothly through Texas ports. This is in marked contrast to transportation bottlenecks that occurred after the 1972 grain sale.

At that time, a shortage of rail cars had developed, as a large share of the nation's rolling stock was being used to move industrial products. But this year, with economic recovery just underway, there are plenty of rail cars available.

Also, grain movements three years ago were hampered when the arrival of ships did not coincide with rail deliveries of grain. A shortage of port storage areas prevented a quick turnaround of grain cars.

This year, grain dealers are arranging schedules to minimize port congestion. Much of the grain earmarked for Russia is being stored in the Midwest before being moved to port in coordination with ship arrivals.

There appears to be ample ships to handle the expected volume of exports. The oversupply of oil tankers, many of which can easily be converted to carry grain, has augmented the existing supply of cargo ships. In addition, the recent rate hike for grain shipments by the U.S. Maritime Administration is expected to induce more American firms to enter the grain transport market.

Much of the grain headed for the Soviet Union is moving through the Port of Houston—the largest grain exporting facility in the world. Last year, shipments valued at over a billion dollars, including over a fifth of U.S. wheat exports, moved through Houston. With four major grain elevators having a combined capacity of 25 million bushels and the capability of loading five ships simultaneously at a rate of 300,000 bushels an hour, the port can handle the increased level of grain shipments.

The labor market for production workers in Texas continues to improve. Manufacturing employment in the state rose in August, the second consecutive month of increase. Before turning upward in July, the number of jobholders in manufacturing had declined for six consecutive months.

Barometers of future strength in manufacturing employment indicate this trend will likely continue. Data on manufacturing labor turnover—the rate at which workers separate from old jobs and acquire new ones—for the four largest metropolitan areas in Texas show that total worker accessions have advanced while separations have declined. Moreover, two key components of the total separation rate—the quit rate, which reflects the number of workers leaving jobs voluntarily, and the layoff rate, which reflects involuntary separations—have been improving.

By June, the layoff rate for Dallas-Fort Worth was a third of the January figure, an indication that manufacturers are no longer reducing work forces. The layoff rate for San Antonio fell even more dramatically—to a quarter of the January figure. And the layoff rate for Houston—which was the smallest rate for the four areas at the beginning of the year—had been halved.

While manufacturing firms appear less willing to trim work forces, recent gains in the quit rate suggest workers sense job prospects are improving. Generally, workers do not quit jobs unless they feel that chances are good for getting positions offering higher wages or better working conditions.

The quit rate in Houston in June was up 25 percent over its 1975 low in February. Quit rates in Dallas-Fort Worth and San Antonio were also higher in June.

The average workweek in manufacturing in Texas, seasonally adjusted, has also advanced. In August, production workers averaged a 40.9-hour workweek, up over the 40.4-hour average a month before, and well above the 1975 low of 39.7 hours in February.

Other highlights:

• Paced by sharp gains in total loans and in holdings of municipal securities, total bank credit at weekly reporting banks in the Eleventh District increased substantially more in the four weeks ended September 17 than in comparable periods of the past five years. However, for the first time since October 1974, banks reduced their holdings of Government securities.

Most of the increase in total loans resulted from sizable gains in loans to nonbank financial institutions and security loans. Real estate loans also advanced notably.

Demand for business loans remained sluggish in September. However, loan demand by the petroleum refining and construction industries increased sharply.

• Cattle on feed in Texas and Arizona on September 1 totaled 1.7 million head, 21 percent fewer than a year earlier. The number of cattle placed on feed in August was slightly fewer than in August 1974 and 9 percent below July 1975.

(Continued on back page)

CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

Eleventh Federal Reserve District

(Thousand dollars)

ASSETS	Sept. 17, 1975	Aug. 20, 1975	Sept. 18, 1974
Federal funds sold and securities purchased under agreements to resell	1,554,664	1,400,825	1,202,129
Other loans and discounts, gross	10,543,252	10,419,539	10,517,817
Commercial and industrial loans	5,082,498	5,070,527	4,734,735
Agricultural loans, excluding CCC certificates of interest	203,286	197,309	252,659
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities	200	200	1,253
Other securities	59,096	29,054	35,309
Other loans for purchasing or carrying:			
U.S. Government securities	768	1,018	5,292
Other securities	371,037	364,227	432,765
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies	174,901	165,915	169,578
Other	595,932	565,690	719,125
Real estate loans	1,510,658	1,494,407	1,564,974
Loans to domestic commercial banks	64,004	54,460	47,054
Loans to foreign banks	88,329	87,096	93,745
Consumer instalment loans	1,125,610	1,112,905	1,121,050
Loans to foreign governments, official institutions, central banks, and international institutions	2,234	1,976	73
Other loans	1,264,699	1,274,755	1,340,205
Total investments	5,139,374	5,106,011	4,175,540
Total U.S. Government securities	1,568,990	1,595,299	910,294
Treasury bills	264,664	331,915	96,375
Treasury certificates of indebtedness	0	0	0
Treasury notes and U.S. Government bonds maturing:			
Within 1 year	292,778	248,472	135,506
1 year to 5 years	840,898	842,217	521,900
After 5 years	170,650	172,695	156,513
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills	296,130	241,007	183,454
All other	2,971,865	2,965,352	2,766,108
Other bonds, corporate stocks, and securities:			
Certificates representing participations in federal agency loans	10,282	11,274	14,336
All other (including corporate stocks)	292,107	293,079	301,348
Cash items in process of collection	1,566,519	1,536,302	1,541,540
Reserves with Federal Reserve Bank	1,187,633	1,187,822	1,059,898
Currency and coin	133,329	139,399	130,248
Balances with banks in the United States	549,543	535,251	420,699
Balances with banks in foreign countries	43,188	41,602	26,067
Other assets (including investments in subsidiaries not consolidated)	1,141,402	1,113,637	924,037
TOTAL ASSETS	21,858,904	21,480,388	19,997,975

LIABILITIES	Sept. 17, 1975	Aug. 20, 1975	Sept. 18, 1974
Total deposits	16,560,682	16,205,306	14,965,583
Total demand deposits	7,792,819	7,492,061	7,178,912
Individuals, partnerships, and corporations	5,604,394	5,478,718	5,099,677
States and political subdivisions	564,098	486,470	533,837
U.S. Government	115,229	87,925	166,417
Banks in the United States	1,346,088	1,279,045	1,209,144
Foreign:			
Governments, official institutions, central banks, and international institutions	2,173	2,123	2,385
Commercial banks	60,966	61,888	64,945
Certified and officers' checks, etc.	99,871	95,892	102,507
Total time and savings deposits	8,767,863	8,713,245	7,786,671
Individuals, partnerships, and corporations:			
Savings deposits	1,353,935	1,362,215	1,129,426
Other time deposits	4,811,474	4,696,923	4,445,869
States and political subdivisions	2,222,024	2,277,998	2,064,971
U.S. Government (including postal savings)	34,785	35,733	10,272
Banks in the United States	325,657	314,740	114,366
Foreign:			
Governments, official institutions, central banks, and international institutions	17,264	23,248	11,780
Commercial banks	2,724	2,388	9,987
Federal funds purchased and securities sold under agreements to repurchase	2,842,030	2,842,267	2,640,137
Other liabilities for borrowed money	44,470	50,895	229,304
Other liabilities	672,737	641,875	591,366
Reserves on loans	202,000	205,112	187,963
Reserves on securities	23,207	23,186	20,436
Total capital accounts	1,513,778	1,511,747	1,363,186
TOTAL LIABILITIES, RESERVES, AND CAPITAL ACCOUNTS	21,858,904	21,480,388	19,997,975

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(Million dollars)

Item	Aug. 27, 1975	July 30, 1975	Aug. 28, 1974
ASSETS			
Loans and discounts, gross	21,792	21,573	20,981
U.S. Government obligations	3,071	2,867	2,100
Other securities	7,314	7,236	6,775
Reserves with Federal Reserve Bank	1,620	1,705	1,473
Cash in vault	406	397	383
Balances with banks in the United States	1,512	1,570	1,286
Balances with banks in foreign countries[e]	48	45	33
Cash items in process of collection	1,757	1,744	1,682
Other assets[e]	2,037	2,032	1,691
TOTAL ASSETS[e]	39,557	39,169	36,404
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks	1,767	1,797	1,662
Other demand deposits	12,694	12,471	11,834
Time deposits	17,485	17,486	15,579
Total deposits	31,946	31,754	29,075
Borrowings	3,139	2,979	3,174
Other liabilities[e]	1,724	1,711	1,572
Total capital accounts[e]	2,748	2,725	2,583
TOTAL LIABILITIES AND CAPITAL ACCOUNTS[e]	39,557	39,169	36,404

e—Estimated

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
1973: August	12,941	9,492	172	13,507	2,857
1974: August	13,634	9,988	175	15,509	2,956
September	13,740	9,973	222	15,586	2,952
October	13,687	9,976	149	15,714	2,977
November	13,843	10,148	138	16,016	3,009
December	14,351	10,355	208	16,177	3,049
1975: January	14,180	10,353	166	16,842	3,079
February	13,956	10,245	150	17,052	3,124
March	14,114	10,349	165	17,177	3,226
April	14,247	10,572	213	17,196	3,325
May	14,106	10,374	195	17,303	3,348
June	14,333r	10,529r	199r	17,273r	3,409r
July	14,501	10,698	164	17,315	3,480
August	14,514	10,745	129	17,452	3,493

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

r—Revised

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. Thousand dollars)

Item	4 weeks ended Sept. 3, 1975	5 weeks ended Aug. 6, 1975	4 weeks ended Sept. 4, 1974
Total reserves held	2,012,846	2,012,971	2,021,581
With Federal Reserve Bank	1,659,870	1,660,488	1,684,363
Currency and coin	352,976	352,483	337,218
Required reserves	2,007,122	1,998,602	2,005,361
Excess reserves	5,724	14,369	16,220
Borrowings	12,362	8,127	177,019
Free reserves	−6,638	6,242	−160,799

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]			
		Percent change				Annual rate of turnover		
	Aug. 1975 (Annual-rate basis)	Aug. 1975 from July 1975	Aug. 1975 from Aug. 1974	8 months, 1975 from 1974	Aug. 31, 1975	Aug. 1975	July 1975	Aug. 1974
ARIZONA: Tucson	$27,038,648	22%	53%	23%	$403,465	66.9	54.2	47.0
LOUISIANA: Monroe	6,135,588	8	5	8	133,773	47.5	44.3	46.0
Shreveport	26,022,518	−8	12	19	370,503	68.9	73.4	65.4
NEW MEXICO: Roswell[2]	1,591,236	4	10	7	57,747	27.4	25.9	27.5
TEXAS: Abilene	5,118,190	7	15	9	160,973	31.3	28.9	30.1
Amarillo	12,511,591	8	8	1	266,670	46.9	43.0	49.7
Austin	22,046,873	−10	10	11	495,571	44.2	47.9	43.8
Beaumont-Port Arthur-Orange	10,966,613	−3	−2	4	357,285	30.8	31.6	35.7
Brownsville-Harlingen-San Benito	3,537,664	−19	−25	3	124,484	27.4	31.7	38.1
Bryan-College Station	1,890,689	0	15	11	66,533	29.5	30.2	27.0
Corpus Christi	12,630,120	0	21	5	333,463	37.6	36.7	35.1
Corsicana[2]	823,596	4	0	6	44,317	18.4	16.8	20.3
Dallas	249,819,385	1	−5	−1	3,305,637	76.2	74.4	83.3
El Paso	17,073,712	2	24	9	350,845	48.0	46.1	40.8
Fort Worth	41,450,756	1	8	5	1,002,842	41.9	41.7	42.9
Galveston-Texas City	4,830,635	−5	2	18	160,054	31.1	33.3	33.6
Houston	280,121,305	7	22	20	4,103,768	67.9	60.9	61.0
Killeen-Temple	2,923,056	−5	13	9	135,626	22.1	23.2	21.6
Laredo	2,184,784	−2	8	12	75,924	29.4	30.6	30.8
Lubbock	10,221,934	0	2	−4	256,178	40.6	40.5	41.3
McAllen-Pharr-Edinburg	4,830,784	−10	20	25	172,725	27.2	28.7	25.6
Midland	5,256,042	15	27	26	219,460	24.1	20.5	20.6
Odessa	4,027,328	1	29	34	146,666	28.1	28.5	25.8
San Angelo	3,099,937	−1	7	12	104,177	29.8	29.6	30.2
San Antonio	36,633,236	8	15	12	985,218	36.9	33.9	35.6
Sherman-Denison	1,747,850	−4	6	4	90,455	19.5	20.1	19.4
Texarkana (Texas-Arkansas)	2,440,810	−1	13	13	98,909	24.7	24.8	23.1
Tyler	4,009,121	4	6	11	151,681	26.3	24.8	26.3
Waco	6,493,802	13	23	19	172,012	37.7	33.4	32.9
Wichita Falls	5,201,978	5	5	9	185,833	27.9	25.9	29.5
Total—30 centers	$812,679,781	4%	10%	10%	$14,532,794	56.0	53.1	55.2

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	Sept. 24, 1975	Aug. 27, 1975	Sept. 25, 1974
Total gold certificate reserves	422,062	422,062	554,472
Loans to member banks	21,340	6,185	133,417
Other loans	0	0	0
Federal agency obligations	275,799	275,855	176,368
U.S. Government securities	4,256,383	4,165,928	3,525,418
Total earning assets	4,553,522	4,447,968	3,835,203
Member bank reserve deposits	1,761,553	1,619,764	1,683,109
Federal reserve notes in actual circulation	2,834,872	2,827,290	2,576,235

VALUE OF CONSTRUCTION CONTRACTS

(Million dollars)

Area and type	Aug. 1975	July 1975	June 1975	January—August 1975	January—August 1974r
FIVE SOUTHWESTERN STATES[1]					
Residential building	992	1,035	825	8,797	8,249
Nonresidential building	373	376	359	2,683	3,126
Nonbuilding construction	386	369	257	3,458	3,196
UNITED STATES	233	290	210	2,656	1,927
Residential building	10,037	9,044	9,324	64,040	63,762
Nonresidential building	2,784	3,093	3,116	20,506	25,246
Nonbuilding construction	2,666	3,165	3,169	21,858	22,597
	4,587	2,786	3,040	21,676	15,919

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

BUILDING PERMITS

Area	NUMBER		VALUATION (Dollar amounts in thousands)		Percent change: Aug. 1975 from July 1975	Percent change: Aug. 1975 from Aug. 1974	Percent change: 8 months, 1975 from 1974
	Aug. 1975	8 mos. 1975	Aug. 1975	8 mos. 1975			
ARIZONA							
Tucson	492	4,102	$5,423	$64,836	−43%	34%	6%
LOUISIANA							
Monroe-West Monroe	72	572	1,264	9,726	30	−71	−35
Shreveport	805	6,019	10,958	48,998	51	199	−34
TEXAS							
Abilene	130	866	1,710	18,654	9	57	62
Amarillo	274	2,195	4,558	56,196	−81	−34	29
Austin	500	3,626	26,517	112,873	51	166	−33
Beaumont	202	1,721	2,318	30,655	−77	116	−8
Brownsville	126	960	1,120	13,544	−81	−64	−34
Corpus Christi	118	1,901	3,094	39,455	−24	18	−10
Dallas	1,461	13,367	17,273	180,264	−62	6	−25
Denison	54	318	373	1,993	159	384	58
El Paso	474	3,863	6,398	81,167	−35	−22	−36
Fort Worth	341	2,925	64,704	142,126	1,443	815	34
Galveston	48	414	510	6,283	−82	−44	−79
Houston	1,995	15,269	52,297	379,475	23	−22	−19
Laredo	50	496	1,562	9,712	13	122	24
Lubbock	185	1,471	6,691	84,864	−32	−34	−19
Midland	118	916	2,084	16,735	−17	121	−33
Odessa	125	956	1,222	15,306	−48	−9	5
Port Arthur	125	796	496	3,166	75	182	91
San Angelo	45	559	1,791	13,587	−46	185	32
San Antonio	1,525	11,637	12,659	96,589	−22	70	−32
Sherman	34	269	322	3,427	−15	95	−14
Texarkana	66	526	411	3,794	−10	−4	−38
Waco	207	1,678	3,377	13,782	26	−53	−56
Wichita Falls	90	753	1,027	10,312	15	26	1
Total—26 cities	9,662	78,175	$230,159	$1,457,519	2%	38%	−19%

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(Thousand barrels)

Area	Aug. 1975	July 1975	Aug. 1974r	Percent change from July 1975	Percent change from Aug. 1974
FOUR SOUTHWESTERN STATES	5,818.3	5,833.7	6,125.9	−0.3%	−5.0%
Louisiana	1,790.3	1,808.0	1,964.9	−1.0	−8.9
New Mexico	256.2	256.9	271.7	−.3	−5.7
Oklahoma	452.7	441.9	479.6	2.4	−5.6
Texas	3,319.1	3,326.9	3,409.7	−.2	−2.7
Gulf Coast	641.0	637.9	677.4	.5	−5.4
West Texas	1,787.7	1,790.2	1,794.5	−.1	−.4
East Texas (proper)	212.7	213.8	194.7	−.5	9.2
Panhandle	57.8	58.2	57.7	−.7	.2
Rest of state	619.9	626.8	685.4	−1.1	−9.6
UNITED STATES	8,351.2	8,372.6	8,681.5	−.3%	−3.8%

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

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Five Southwestern States[1]

(Seasonally adjusted)

Item	Thousands of persons: Aug. 1975p	July 1975	Aug. 1974r	Percent change Aug. 1975 from: July 1975	Aug. 1974
Civilian labor force	9,233.5	9,175.0	8,957.3	0.6%	3.1%
Total employment	8,563.8	8,535.0	8,527.8	.3	.4
Total unemployment	669.7	640.0	429.5	4.7	55.9
Unemployment rate	7.3%	7.0%	4.8%	[2].3	[2]2.5
Total nonagricultural wage and salary employment	7,586.8	7,542.3	7,506.1	.6	1.1
Manufacturing	1,252.5	1,247.6	1,305.4	.4	−4.1
Durable	698.5	698.6	734.8	.0	−4.9
Nondurable	554.0	549.0	570.6	.9	−2.9
Nonmanufacturing	6,334.3	6,294.7	6,200.7	.6	2.2
Mining	269.3	267.7	262.1	.6	2.7
Construction	466.2	466.7	504.9	−.1	−7.7
Transportation and public utilities	497.6	495.8	520.4	.4	−4.4
Trade	1,824.2	1,815.1	1,782.8	.5	2.3
Finance	420.0	418.7	409.4	.3	2.6
Service	1,297.7	1,292.3	1,243.4	.4	4.4
Government	1,559.3	1,538.3	1,477.7	1.4%	5.5%

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

INDUSTRIAL PRODUCTION AND TEXAS MANUFACTURING CAPACITY UTILIZATION

(Seasonally adjusted indexes, 1967 = 100 for production)

Area and type of index	Aug. 1975p	July 1975	June 1975r	Aug. 1974
TEXAS				
Total industrial production	124.2	121.5	121.1	127.8
Manufacturing	128.7	124.7	123.9	132.4
Durable	129.2	125.7	126.2	134.8
Nondurable	128.4	123.9	122.0	130.5
Mining	108.5	108.5	108.5	112.1
Utilities	162.3	162.3	166.2	166.7
Capacity utilization in manufacturing (1972 = 100)	94.9	92.2	91.9	101.7
UNITED STATES				
Total industrial production	112.9	111.5	110.9	125.2
Manufacturing	111.0	109.3	109.2	125.2
Durable	103.8	102.3	102.9	121.6
Nondurable	121.7	119.7	118.2	130.4
Mining	103.7	106.1	105.8	107.3
Utilities	152.2	151.7	152.6	152.7

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

TOTAL OIL WELLS DRILLED

Area	Second quarter 1975	First quarter 1975	Percent change	1975 cumulative	Percent change from 1974 cumulative
FOUR SOUTHWESTERN STATES	2,067	2,090	−1.1%	4,157	30.5%
Louisiana	191	224	−14.7	415	6.1
Offshore	50	45	11.1	95	−28.0
Onshore	141	179	−21.2	320	23.6
New Mexico	97	115	−15.7	212	30.9
Oklahoma	359	403	−10.9	762	44.9
Texas	1,420	1,348	5.3	2,768	31.4
Offshore	0	0	—	0	—
Onshore	1,420	1,348	5.3	2,768	31.4
UNITED STATES	3,520	3,738	−5.8%	7,258	26.4%

SOURCE: American Petroleum Institute

Marketings of fed cattle in August were down 17 percent from a year before but were 11 percent more than in July.

• Cash receipts from farm and ranch marketings in states of the Eleventh District through July were 4 percent lower than in the same period a year earlier. Sales improved markedly in July, as cash receipts in June were 15 percent lower than in June 1974. The advance in the District exceeded a slight improvement nationwide.

Receipts for the United States through July were 5 percent lower than a year before, after having lagged year-earlier sales 8 percent in June. Continued strengthening in farm prices, a large crop harvest, and high rates of grass-fed cattle slaughter will likely push total cash receipts in states of the District for 1975 over 1974 levels.

• In the first seven months of this year, retail sales of farm tractors in the Eleventh District were 19 percent lower than in the same period last year. The decline was in line with an 18-percent slump in tractor sales nationwide. Fewer purchases of tractors mainly reflected reduced farm incomes in 1974 and in the first half of 1975. Furthermore, many farmers have had to renew or extend 1974 loans and have been reluctant to assume more farm machinery debt.