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U.S. International Transactions in 1979
Electronic Fund Transfers

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U.S. International Transactions in 1979: Another Round of Oil Price Increases

Laurence R. Jacobson of the Board's Division of International Finance prepared this article.

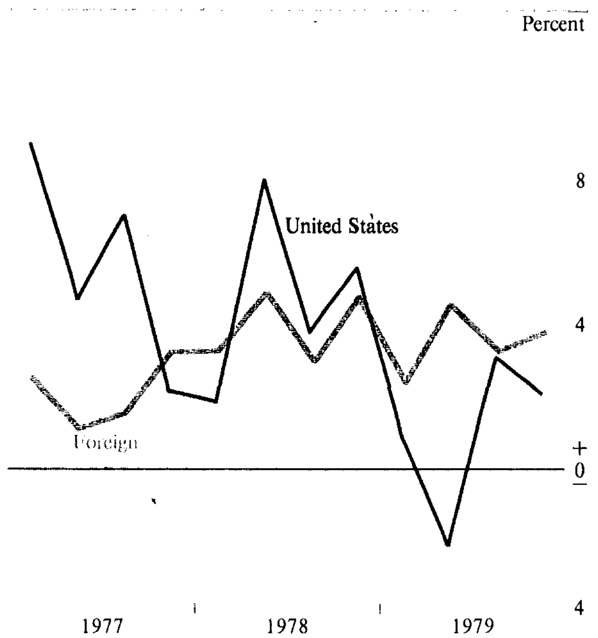
In spite of a dramatic rise in oil prices during 1979, the U.S. trade deficit decreased slightly from 1978 and the current-account deficit was essentially eliminated. An increase in the volume and prices of U.S. exports more than offset the increase in the value of imports, which mainly reflected rising import prices with volumes up only slightly. A large increase in direct investment receipts, an important element of the nontrade current account, resulted from rising profits by U.S. oil and manufacturing companies operating in foreign countries. However, the trade deficit is likely to deteriorate in 1980 as the full impact of oil price increases affects U.S. trade accounts.

Slow economic growth in the United States relative to other industrial countries (chart 1) accounted for some of the increase in export volume relative to import volume in 1979. The price-adjusted weighted-average foreign exchange value of the dollar fluctuated within a relatively narrow band during 1979 (chart 2). However, lagged adjustment to the decline of the dollar since 1976, and especially since 1977, exerted a positive effect on exports in 1979, particularly exports of machinery and industrial supplies. In the second half of the year both the price and the volume of agricultural exports were raised due to drought in Eastern Europe and the Soviet Union.

Along with the improvement in the current account in 1979 compared with 1978, recorded net private capital outflows were greatly reduced and unrecorded transactions showed a much larger net inflow. The major features of the change in private capital were the net shift of $23 billion in bank-reported capital and an increase in net U.S. direct investment outflows of $7 billion. U.S. bank borrowing from branch offices in foreign countries resulted in a substantial capital inflow, although the inflow was partially reversed in the fourth quarter following the imposition by the Board of Governors of reserve requirements on increases in managed liabilities.

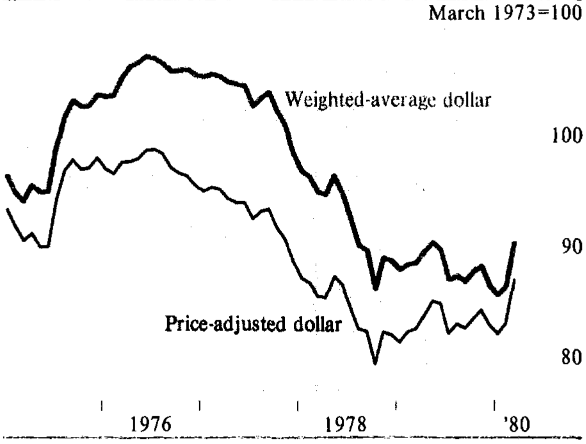
Foreign official asset holdings in the United States declined more than $15 billion in 1979, compared with an increase of $34 billion in 1978. A slight rise in dollar holdings by countries of the Organization for Economic Cooperation and Development (OECD), other than Japan, was more than offset by Japanese dollar sales in support of the yen. U.S. official reserve assets changed only slightly during the year, as net sales of dollars by the Federal Reserve and the Treasury in the first half of 1979 were almost offset by purchases to support the dollar during the second half of the year.

1. Changes in real GNP in major countries



Changes are from previous quarter, seasonally adjusted at annual rates. "Foreign" is the weighted average of 10 countries.

2. Average exchange value of the U.S. dollar



"Price-adjusted dollar" is "weighted-average dollar" multiplied by relative consumer prices (U.S. divided by foreign consumer prices).

World Oil Market Developments and U.S. Oil Imports in 1979

U.S. payments for oil imports were greatly enlarged by the rise in world oil prices during 1979 (chart 3). After the sharp increases of 1973–74, the price of oil rose only $2.30 per barrel, or 21 percent, between 1974 and 1978 (table 1) and actually fell relative to the aggregate price level. In contrast, the import price jumped from $13.36 per barrel to $25.00 per barrel between December 1978 and December 1979. While the volume of oil imports in 1979 was close to the 1978 rate, the total value of oil imports increased 42 percent from $42 billion in 1978 to $60 billion in 1979, and increased 75 percent between the fourth quarter of 1978 and the fourth quarter of 1979.

1. Imports of petroleum and products[1]

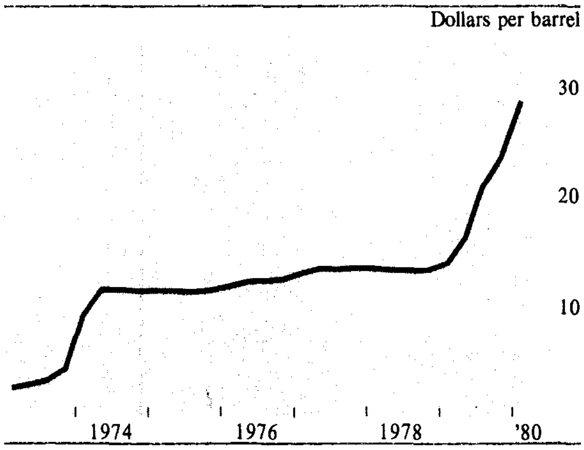
International accounts basis

Year	Quantity[2] (millions of barrels per day)	Price[2] (dollars per barrel)	Value (billions of dollars)
1970	3.75	2.16	2.9
1971	4.14	2.43	3.6
1972	5.00	2.57	4.7
1973	6.83	3.33	8.4
1974	6.61	10.98	26.6
1975	6.50	11.45	27.0
1976	7.81	12.14	34.6
1977	9.30	13.29	45.0
1978	8.74	13.28	42.3
1979	8.81	18.67	60.0

1. Includes imports into the U.S. Virgin Islands.
2. Annual averages.
Source. U.S. Department of Commerce.

Unlike the 1973–74 oil price hikes, which were a result of concerted actions by the Organization of Petroleum Exporting Countries (OPEC) to set a high price even though available supply exceeded current demand, the establishment of world oil prices in 1979 occurred in an environment of constrained and unstable supply. In this environment a wide differential between spot market prices and contract prices emerged; there was a large increase in the volume of sales between governments and state-owned companies with an accompanying decrease of sales through the major multinational oil companies; and significant price differentials were established among OPEC producers, even after adjustment for quality differences.

3. Import price of petroleum and products



Quarterly averages derived from monthly free-alongside-ship (f.a.s.) data from the U.S. Department of Commerce.

A major element in these developments was the almost total cessation of Iranian oil exports in early 1979. During the remainder of the year, Iranian production was 2 million barrels per day lower than its previous peak. The cutback in Iranian production is insufficient in itself to explain the almost doubling of oil prices during the year, because increased production by other OPEC members and non-OPEC suppliers more than compensated for the shortfall (table 2). However, the growing fear by consumer nations of future supply cutbacks and perceived supply shortages led to a scramble for purchases of crude oil to supplement national strategic stock-

2. Free world crude oil production, by country

Millions of barrels per day

Area and country	1973	1976	1977	1978	1979[1]
Free world	48.43	47.66	49.31	49.28	51.31
Non-OPEC producers	17.12	16.49	17.55	18.82	19.99
OPEC	31.31	31.17	31.76	30.46	31.32
Iran	5.90	5.93	5.71	5.29	3.04
Iraq	2.02	2.42	2.36	2.57	3.41
Kuwait[2]	3.08	2.19	2.04	2.21	2.64
Libya	2.21	1.98	2.11	2.03	2.11
Nigeria	2.06	2.07	2.09	1.90	2.31
Saudi Arabia[2]	7.69	8.77	9.43	8.56	9.80
Venezuela	3.46	2.37	2.32	2.25	2.45
Other	4.91	5.45	5.73	5.69	5.58

1. Data for 1979 are preliminary.
2. Neutral Zone production assumed divided equally between Saudi Arabia and Kuwait.

SOURCE. Central Intelligence Agency, *International Energy Statistical Review*, March 12, 1980.

piles, adding to demand pressures and allowing price leapfrogging by individual producers. Increases in production by OPEC were in part a response to rapidly escalating spot market and official prices.

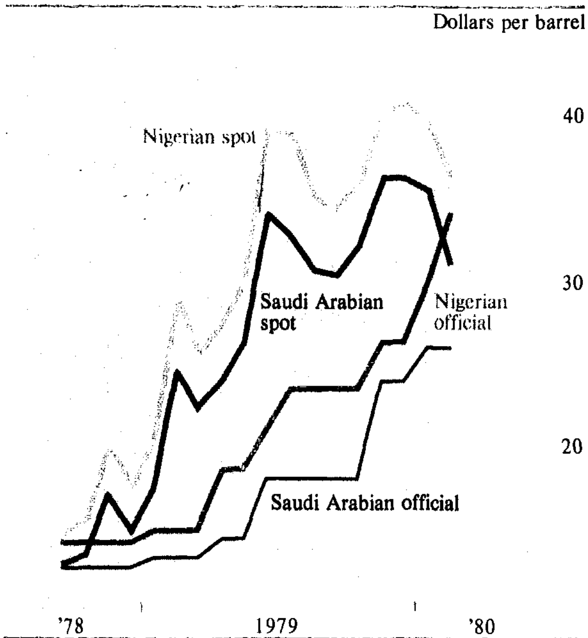
Before the end of 1978, sales in the spot market in Rotterdam and other locations consisted mostly of refined products and accounted for less than 3 percent of total world petroleum exports. The spot market existed primarily to balance small inventory shortages or surpluses of refiners. The minimal importance of this market between 1973 and 1978 was attributable to the ability and willingness of OPEC producers (particularly Saudi Arabia) to adjust production to meet demand at cartel prices. The spot market price for crude differed little from contract prices and was often at a small discount, except during the 1973–74 oil embargo.

Although other OPEC countries did increase output as a result of the fall in Iranian production, that increase was insufficient to meet demand at established cartel prices. Unlike the 1974–78 period, when they let production adjust to meet demand, the oil countries set production limits. Saudi Arabia was unwilling to act as a swing producer and actually cut production substantially during the second quarter of 1979 before returning to a rate of 9.5 million barrels a day during the second half of the year. Since OPEC cannot set prices and production independently, the trend during 1979 was to permit prices to float by selling at prices above the contract level. The spot price of a barrel of crude was $10 or more above the official price during most of the year (chart 4).

The differential between official and spot prices apparently resulted from the conception that official prices set at the spot price level could not be sustained in the long run, particularly if Iranian production recovered to its previous high level. However, official prices climbed rapidly during the year, and retroactive increases also were imposed to recoup a portion of the profits collected by contract purchasers through resale of crude oil and products at prices that reflected conditions in the spot market. Additional official price increases in 1980, combined with a drop in spot market prices, have dramatically reduced the spot market premium for most producing countries.

The extent of the impact of spot market purchases on the average U.S. import price per barrel can be deduced from trade data. By comparing the actual unit value of oil imported by the United States with OPEC contract prices, about 15 percent of U.S. imports were purchased at spot market prices in the second half of 1979,

4. Official and spot prices for oil



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resulting in an average cost of almost $2 per barrel more than contract prices during the autumn of 1979. Thus, the impact of spot market purchases on the U.S. import price was considerable.

By midyear, OPEC producers were unable to agree on a unified price structure. Official prices varied as much as 35 percent after adjustment for quality differentials. Libya, Nigeria, Algeria, and Iran formed a high-price tier. Saudi Arabia consistently offered the lowest price, although some of the differential was reduced through retroactive price hikes. Kuwait, Iraq, Venezuela, and others priced their oil about $2 a barrel above that of Saudi Arabia. A nonunified price structure had existed only once before, during the first half of 1977, and Saudi Arabia was able to force a compromise then by increasing production and putting pressure on countries with higher prices. Because it had established a production ceiling, Saudi Arabia was not able to play this role again in 1979.

The year 1979 also was marked by an acceleration of the trend by oil exporters to reduce sales through multinational oil companies and to increase sales directly to governments or to state-controlled oil companies. Saudi Arabia reduced the proportion of its sales to Aramco (a consortium of four major U.S. oil companies), and Iran virtually eliminated the major U.S. oil companies from contract purchases. Because the oil companies attempted to maintain deliveries to their home countries, there is little evidence that the United States was affected disproportionately by the cutback of Iranian production. Countries, such as Japan, that had previously obtained much of their crude from the major oil companies began to increase substantially their purchases through direct negotiations by state-regulated companies with OPEC governments and through large acquisitions in the spot market.

3. U.S. merchandise trade, international accounts basis

Billions of dollars, seasonally adjusted annual rates[1]

Item	1978	1979	1979			
			Q1	Q2	Q3	Q4
Exports	**142.1**	**182.1**	**165.7**	**171.6**	**188.9**	**202.1**
Agricultural	29.9	35.4	30.5	30.8	38.3	42.0
Nonagricultural	112.2	146.7	135.3	140.7	150.6	160.0
Imports	**175.8**	**211.5**	**190.5**	**201.2**	**217.9**	**236.4**
Petroleum	42.3	60.0	46.6	51.6	66.5	75.4
Nonpetroleum	133.5	151.5	144.0	149.6	151.5	161.0
Balance	**-33.8**	**-29.5**	**-24.8**	**-29.6**	**-29.5**	**-34.4**

1. Details may not add to totals because of rounding.
SOURCE. U.S. Department of Commerce.

Non-Oil Merchandise Trade

Despite the large increase in the oil bill in 1979, the U.S. trade deficit narrowed slightly, from $33.8 billion in 1978 to $29.5 billion in 1979 (table 3). However, the deficit widened from the first to the fourth quarter of 1979. The reduction in the deficit year over year occurred because of the strength of exports, both agricultural and nonagricultural. Increases in the value of imports (both oil and non-oil) were attributable almost entirely to price changes, whereas exports increased significantly in volume as well as price.

Agricultural exports increased $5½ billion to $35½ billion in 1979. Higher volume accounted for about one-quarter of the 18 percent increase in value. Agricultural exports remained at about the average 1978 level through the first half of 1979. Both agricultural prices and the volume of exports jumped in the second half of the year, as the severity of the drought in Eastern Europe and the Soviet Union placed pressure on world demand. In the fourth quarter of 1979 the value of agricultural exports reached $42 billion at an annual rate, 40 percent higher than during 1978. Shipments of U.S. grain and soybeans to the Soviet Union were valued at a record $2.7 billion in 1979. The United States shipped 19.1 million metric tons of corn, wheat, and soybeans to the U.S.S.R., up from 13.6 metric tons in 1978.

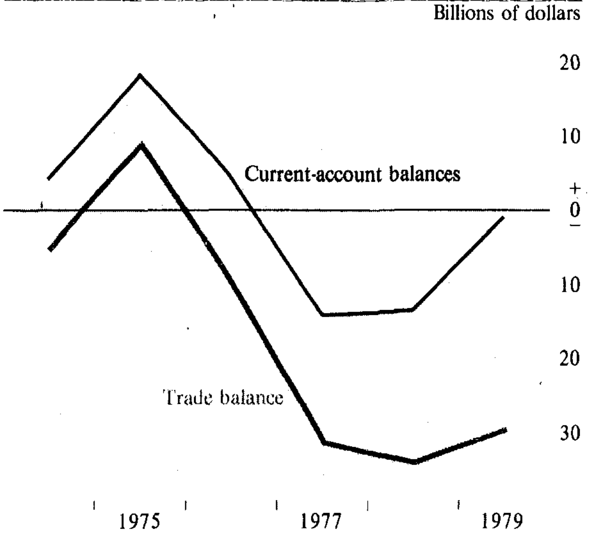
Nonagricultural exports in 1979 responded vigorously to the strength of economic activity abroad and also reflected a lagged adjustment to the depreciation of the dollar between mid-1976 and 1979. The strength of exports in 1979 was widely spread across commodity groups and countries. Some of the largest increases were in machinery and industrial supplies, particularly chemicals to Western Europe. Aircraft exports also were strong. Significant increases were recorded in exports to Japan, Canada, and non-oil developing countries, as well as to Western Europe. Exports to OPEC members declined mostly because of reduced sales to Iran; the U.S. share of OPEC imports remained about 21 percent.

A strong rise in gold exports (from $1 billion in 1978 to $5 billion in 1979) occurred as the Treasury continued auction sales throughout most of the year, and the price of gold rose from $220 per ounce in January to more than $400 per ounce in December. While gold imports also rose, net gold transactions in 1979 yielded a $2 billion surplus in contrast to the deficits of previous years.

Non-oil imports expanded gradually over the year. The increase was largely in terms of price. Volume is estimated to have risen about 2 percent, approximately the same as the real growth rate of GNP in the United States year over year. A broad range of commodities, particularly capital goods, cars and trucks, and foods contributed to the overall expansion in imports in 1979.

The U.S. trade balance with other developed countries shifted to a small surplus last year after an $11 billion deficit in 1978. The deficit with non-OPEC developing countries was reduced almost $2 billion, and the surplus with Eastern Europe was $2 billion larger. However, the U.S. deficit with OPEC members increased sharply to $30 billion, from $18 billion in 1978.

5. U.S. trade and current account balances



Balance on current account includes goods, services, and private and government transfers.
Annual data from the U.S. Department of Commerce.

Investment Income and the Current Account

Although the trade deficit has been quite large since 1977, net investment income has grown substantially and has raised the services component of the current account sufficiently to offset the trade deficit in 1979 (chart 5). Although both payments and receipts increased rapidly in 1979 (table 4), net direct investment income increased $10.0 billion, or 46 percent.

The spectacular gain in the earnings of foreign affiliates of U.S. firms was concentrated in the petroleum and manufacturing sectors. Conditions in world petroleum markets produced large profit margins between the market prices of products and the original acquisition costs of crude oil. These forces were reflected also in the gap between spot market and official prices (discussed earlier).

Rising profits of manufacturing companies occurred partly because economic activity abroad was strong and partly because current accounting procedures raised nominal profits by measuring depreciation charges and inventory costs at historic costs and exchange rates. Profits were also affected substantially by a change in tax laws in the United Kingdom in the third quarter, which eliminated certain accrued tax liabilities of U.S. companies to the United Kingdom.

The rapid increase in direct investment payments in 1979 reflected the continued expansion of foreign investments in the United States as well as the impact of inflation on nominal profits.

4. Direct investment income receipts and payments
Billions of dollars[1]

Transaction	1977	1978	1979
Receipts	20.1	25.7	37.7
Interest and dividends	12.8	13.6	19.6
Reinvested earnings	7.3	12.1	18.1
Payments	2.8	4.0	6.0
Interest and dividends	1.2	1.6	2.2
Reinvested earnings	1.6	2.3	3.8
Net receipts	**17.3**	**21.7**	**31.7**

1. Details may not add to totals because of rounding.
Source. U.S. Department of Commerce.

CAPITAL FLOWS

While the U.S. current-account balance varied little from quarter to quarter in 1979, private and official capital flows varied widely. The dollar-support measures on November 1, 1978, were followed by a strong net inflow of private capital through banking channels during the first half of 1979, and the statistical discrepancy in the international accounts also showed sizable net inflows. Foreign authorities sold large amounts of dollars in this period to moderate depreciations of their currencies, and U.S. authorities were able to reverse the large sales of foreign currencies that had occurred in the final months of 1978.

By midyear the dollar was again subjected to downward pressure as the market reacted to an acceleration of growth in the U.S. monetary aggregates, rapid U.S. inflation, and another surge in oil prices. This pressure was met by heavy intervention on the part of U.S. and foreign authorities and was reversed in October when the Federal Reserve took actions to restrict the growth of money and credit.

Net intervention by the United States was small for the year as a whole, and U.S. official reserve assets increased $1 billion (table 5) largely through the receipt of an allocation of special drawing rights (SDRs). Foreign official asset holdings in the United States were reduced $15 billion primarily as a result of intervention to support their currencies. This reduction contrasts strongly to the $34 billion *increase* in such holdings during 1978 that occurred mostly because of dollar-support measures. Japanese sales of dollars accounted for the bulk of net change in foreign official accounts in 1979 as the yen fell almost 24 percent against the dollar.

A net capital inflow of $6.6 billion was reported by U.S. banking offices during 1979, compared with a capital outflow of $16 billion in 1978. This inflow had reached nearly $18 billion by midyear before being partially reversed in the second half. The bulk of the recorded net inflow was accounted for by increases in U.S. banks'

5. U.S. international transactions
Billions of dollars[1]

Transaction	1978	1979				
		Year	Q1	Q2	Q3	Q4[3]
Current account[2]	−13.5	−.3	1.7	−.1	−2.7	.8
Merchandise trade balance	−33.8	−29.5	−5.2	−6.9	−9.5	−7.9
Exports	142.0	182.1	41.3	44.4	44.6	51.7
Imports	175.8	211.5	46.5	51.3	54.1	59.6
Investment income (net)	21.6	32.3	7.0	7.5	8.2	9.6
Other services	3.8	2.5	1.2	.7	0	.7
Unilateral transfers, private and government	−5.1	−5.7	−1.3	−1.4	−1.4	−1.6
Private capital flows	−27.1	−9.4	7.6	.4	−8.2	−9.3
Bank-reported capital net (outflow, −)	−16.0	6.6	13.7	3.8	−4.1	−6.8
U.S. net purchase (−) of foreign securities	−3.5	−5.0	−1.1	−.6	−2.2	−1.1
Foreign net purchase (+) of U.S. Treasury securities	2.2	4.7	2.6	−.2	1.5	.9
Foreign net purchases of other U.S. securities	2.9	2.9	.8	1.2	.6	.3
U.S. direct investment abroad[4]	−16.7	−24.8	−6.0	−7.5	−6.8	−4.5
Foreign direct investment in United States[4]	6.3	7.7	1.0	2.0	2.8	1.9
Other corporate capital flows, net	−2.2	−1.6	−3.4	1.8	0	n.a.
Foreign official assets in United States (increase, +)	33.8	−15.2	−9.4	−10.0	5.7	−1.5
U.S. official reserve assets, net (increase, −)	.7	−1.1	−3.6	.3	2.8	−.6
U.S. government assets, other than official reserve assets, net (increase, −)	−4.7	−3.8	−1.1	−.9	−.8	−.9
Allocation of special drawing rights	0	1.1	1.1	0	0	0
Statistical discrepancy	10.8	28.7	3.6	10.4	3.2	11.5

1. Details may not add to totals because of rounding.
2. Current account seasonally adjusted; other accounts not seasonally adjusted.
3. Data for fourth quarter are partial and preliminary.
4. Includes reinvested earnings.

SOURCE. U.S. Department of Commerce, press release, March 20, 1980.

liabilities to related foreign banking offices. U.S. banks borrowed $30 billion from their foreign branch offices during the first three quarters of 1979. Following the October 6 actions by the Federal Reserve, which imposed reserve requirements on increases in managed liabilities and raised the discount rate, U.S. banks reduced net liabilities to their foreign branches by $9 billion.

Other U.S. private capital flows in 1979 were marked by a net direct investment outflow of $17 billion, which exceeded the outflow in 1978 by about $7 billion. Much of this outflow represented higher retained earnings on the substantially increased profits of U.S. companies in foreign countries. Reinvested foreign earnings of U.S. corporations increased $6 billion in 1979 (table 4). In the fourth quarter, the flow of funds from U.S. corporations to their foreign affiliates slowed substantially, as the relative cost of borrowing funds in the United States increased dramatically.

The statistical discrepancy in 1979 is estimated at nearly $29 billion compared with $11 billion in 1978. The explanation for the widening gap in the statistics probably lies in unmeasured purchases of financial assets by foreign residents or unmeasured net reduction of foreign claims to U.S. residents, including changes in terms of payment for U.S. merchandise exports and imports.

OUTLOOK

Since the turn of the year, the dollar has been under upward pressure in foreign exchange markets, and intervention sales of dollars by foreign authorities resisting depreciations of their currencies have been large. At the same time, U.S. authorities have also sold dollars and have used the proceeds to retire debt incurred when the dollar was under downward pressure.

The dominant factor supporting the dollar has been the mounting evidence that U.S. monetary policy is firmly aimed at reducing inflation and the associated rise in interest rates in dollar-denominated assets. Moreover, though the sharp increase in oil prices is expected to raise the U.S. trade deficit and make the task of controlling inflation more difficult, other industrial countries, especially Germany and Japan, are suffering large current-account deficits and inflation rates in other countries also have accelerated.

As the full impact of higher oil prices is reflected in the U.S. trade accounts, the U.S. trade deficit is likely to rise. Thereafter, as the economy in the United States slows down relative to the average of other industrial countries, the trade deficit is expected to level off or decrease. The current account as a whole is expected to show only a moderate deficit in the year ahead, as a rising volume of receipts on investment income and services will offset much of the enlarged trade deficit.

The enormous increase in oil prices has added substantially to inflationary pressures in industrial and developing countries and has increased the strains on the international economic system. Policymakers in all countries have the task of reducing inflation to tolerable levels while maintaining sufficient momentum in world activity to avoid a serious recession. □

Electronic Fund Transfers: New Protections for Consumers, New Duties for Financial Institutions

This article was prepared by Dolores S. Smith of the Board's Division of Consumer and Community Affairs.

New rules in the Board's Regulation E, implementing the Electronic Fund Transfer Act, provide important rights and safeguards to consumers using banking and payment services that employ computer and electronic technology instead of checks, drafts, and similar paper instruments. The rules apply to transfers made to or from consumer asset accounts (such as checking or savings accounts) established primarily for personal, family, or household purposes.

For financial institutions, Regulation E will mean major new responsibilities. Institutions will have to furnish disclosures regarding their electronic fund transfer (EFT) services, follow certain procedures for resolving errors, provide monthly periodic statements (in many instances) for accounts that can be accessed electronically, and generate receipts at electronic terminals.

The rules will govern the newer types of electronic banking. These include automated teller machines that perform a variety of banking transactions, pay-by-phone plans in which the consumer authorizes payments to third parties, and point-of-sale systems that result in direct debiting of consumers' asset accounts. The rules also cover more traditional electronic transfers, such as direct deposits and automatic bill payments.

Regulation E applies not only to commercial banks but also to savings and loan associations, credit unions, and even nonfinancial entities that offer EFT services to consumers. The new provisions become effective on May 10, 1980. The original regulation, relating to issuance of access devices and consumer liability for unauthorized transfers, has been in force since March 30, 1979. (The corresponding statutory provisions on issuance and liability have been in effect since February 8, 1979.)

Although this article discusses the key rights and responsibilities under the regulation, financial institutions should refer to the regulation itself in preparing for compliance.

EXEMPTIONS

Certain types of transfers are expressly exempt from Regulation E even though they may involve computer or electronic processing. These include transactions originated by paper instruments such as checks; check guarantee or authorization services, in which the consumer's account is not directly debited or credited; security or commodity transfers the primary purpose of which is a purchase or sale regulated by the Securities and Exchange Commission or by the Commodity Futures Trading Commission; and trust accounts.

Transfers authorized by telephone—to third parties or among the consumer's accounts—are exempt only if they do not occur by prearrangement with the financial institution.

Certain automatic transfers within an institution are also exempt. The exemption applies to transfers that take place automatically according to an agreement between the consumer and the financial institution—for example, between a consumer's accounts (such as from checking to savings), from the institution to the consumer's account (interest credited to a savings account), and from the consumer's account to the institution (loan payments and service charges). The exemption does not cover intrainstitutional transfers that are initiated at an automated teller machine or under a telephone plan because these do not occur automatically.

The exempt intrainstitutional transfers represent traditional transactions that are electronic only because of increased industry computerization. It was believed that no special need called for extending the act's protection to them and that any benefits would be outweighed by the costs of compliance.

Issuance of EFT Devices

Regulation E prescribes the manner in which financial institutions may issue access devices: cards, codes, and other means by which consumers may initiate electronic transfers. The rules on issuance, in effect since March 1979, will have little or no impact on institutions that issue these devices only when consumers apply for them. For accounts held by more than one customer, a financial institution may issue multiple cards based on a single request, provided the requesting party specifically asks for them. Institutions that prefer to issue a card only in response to a direct request from each customer on an account may follow that practice.

Institutions that send devices unsolicited, on the other hand, must now follow specified steps; before the act they could send at will. Because the act does not flatly prohibit unsolicited issuance, however, an institution that is only now entering the EFT market should not be seriously disadvantaged relative to others.

A financial institution may issue unsolicited devices if it meets four conditions. First, the device must not be validated—that is, it must be physically impossible, not merely impermissible, for anyone to use it to initiate transfers to or from the customer's account. Second, the issuer must include written disclosures of the terms and conditions that will apply if the consumer decides to keep the card. Third, the issuer must inform the consumer that the card is not validated and must provide instructions for its disposal if the consumer does not want it. Finally, the card must be validated only on request and after verification of the consumer's identity.

Validation involves whatever steps are necessary to permit electronic access to the consumer's account. For example, it could require issuing a personal identification number (PIN) to the consumer or programming the computer to accept the consumer's card. Validation must await a specific request. The issuer may not, for example, send out cards without a PIN and then, a week later, routinely mail the PIN or other secret code.

Moreover, an institution must satisfy itself that the person requesting validation is the consumer to whom the card was sent. The regulation specifies several ways (such as signature comparison and personal visit) in which the identity of the consumer might be verified, but permits any "reasonable" means. Whatever the method, an institution that validates an access device for an impostor remains responsible for any unauthorized transfers.

The disclosures regarding terms and conditions that must accompany an unsolicited card are those that normally will be required when a consumer enters into an agreement for the electronic service. They are intended to assist the consumer in making an informed decision.

Limits on Liability

Like the issuance rules, the liability provisions of the EFT Act have been in force since February 8, 1979. They limit the risk of loss to consumers for unauthorized transfers. The Congress considered early implementation of these rules imperative, in view of the potential risk to consumers from a long delay in the effective date. The corresponding regulatory sections became effective March 30, 1979.

Under the law, prompt reporting of the loss or theft of a debit card or other access device will limit a consumer's liability. A consumer who notifies the issuer within two business days of learning that a card has been lost or stolen can be held liable for no more than $50. (Note that whether the consumer "should have learned" is irrelevant.) The financial institution must bear any additional losses. A consumer who waits longer to notify the institution risks liability of up to $500 for losses that occur after the two business days. This provision is intended to encourage prompt reporting. To impose liability greater than $50, however, the institution must establish that the subsequent losses could have been prevented if the consumer had given notice within two business days.

A different standard of liability may apply in the case of an unauthorized EFT that is reflected on a periodic statement. A consumer has 60 days from the institution's transmittal of a statement to examine it and report any unauthorized transfer; doing so will limit liability to $50. Failure to report unauthorized transfers may subject the consumer to unlimited liability for related unauthorized transfers occurring after the 60 days have elapsed.

The statute is unclear regarding the exact limits on liability for unauthorized use. It specifies the conditions for a consumer's liability for *an* unauthorized electronic fund transfer [emphasis added]. Many industry representatives believed this language to mean that the $50 limit on liability was applicable to *each* unauthorized transfer. Under this interpretation, three separate unauthorized transfers made before notification to the institution would have meant a total liability of $150 to the consumer.

Relying on the legislative history, however, the Board decided that the Congress intended the $50 limit to apply to the *series* of transfers arising from a single loss or theft of an EFT device. This interpretation is supported by the Senate report, which draws a parallel to consumer liability under the Truth in Lending Act for unauthorized use of a lost or stolen credit card. Under Truth in Lending, the limit is a maximum of $50 per card, not per use of the card. According to the Senate report on the EFT bill (*Fair Fund Transfer Act*, S. Rept. 95-915, page 14),

> This section limits a consumer's liability to a maximum of $50 if an EFT card is lost or stolen and the consumer's account drained. . . . This standard of liability is similar to the Federal credit liability standards in effect since 1969. By making the consumer liable for the first $50 withdrawn, the consumer is given a financial incentive to guard his card and access code carefully and report their loss promptly. By requiring the financial institution to absorb any further loss, it has an incentive to minimize the risk of unauthorized uses by tightening an EFT system's security.

The situations described below illustrate the liability that a consumer could sustain for unauthorized transfers.

Situation 1. On Monday, the consumer loses a billfold containing an EFT card and secret code. The finder uses the card to withdraw $200 from the consumer's account on Tuesday. The consumer discovers and reports the loss on Wednesday.

The consumer is liable for a maximum of $50.

Situation 2. The consumer loses the card and secret code on Monday, learns of the loss on Tuesday, and reports it immediately. On Wednesday, the finder uses the card to withdraw $200.

The consumer has no liability.

Situation 3. The consumer loses the card and secret code but is unaware of the loss. The finder makes five $100 withdrawals from the consumer's account. The first periodic statement following the transfers shows these withdrawals, but the consumer fails to examine it. The finder then makes three more $100 withdrawals; these appear on the succeeding periodic statement. Now the consumer examines both statements, notices the unauthorized transfers, and reports them to the financial institution on day 59 (counting from the transmittal of the initial statement).

The consumer's maximum liability is $50.

Situation 4. The facts are the same as in Situation 3, except that the consumer fails to examine the second statement and does not report the unauthorized transfers within 60 days of the initial statement. The finder makes four more $100 withdrawals *after* day 60.

The consumer's liability is $50 for losses reflected on periodic statements 1 and 2 and the full $400 for the later withdrawals. The institution must establish, however, that the $400 loss could have been prevented with notice from the consumer during the 60-day period. The consumer may also be liable for any additional transfers made before the institution is notified.

Conditions for Imposing Liability

In order to hold a consumer liable for an unauthorized transfer, the financial institution must be able to prove that three conditions have been met:

1. The access device was accepted by the consumer. This means that the device must have

been requested and received, or that the consumer signed or used it, or that the consumer authorized another person to use it. For unsolicited cards issued after February 8, 1979, the card must have been validated at the consumer's request.

2. The financial institution provided some means of identifying the consumer (for example, a PIN as a secret code to initiate transfers at electronic terminals).

3. The consumer received a disclosure regarding the potential liability for unauthorized use, the telephone number and address for reporting a lost or stolen device, and the institution's business days. The business-day disclosure is important because of the potential increase in consumer liability from $50 to $500 after two business days.

Initial and Subsequent Disclosures

A consumer who contracts for an electronic transfer service will be entitled under the act and regulation to receive information on the terms and conditions governing the service. These disclosures must be given at the time an agreement is entered into, or before the first electronic transfer is made. The second alternative is intended to accommodate situations in which a consumer contracts for an EFT service with a third party (such as an employer, for automatic deposit of payroll) and the institution holding the consumer's account learns of the agreement only after it has been made. Institutions must disclose the following terms, to the extent that they are applicable:

1. The consumer's liability for unauthorized transfers.

2. The telephone number and address to be used for reporting unauthorized transfers.

3. The institution's business days.

4. The types of transfers that the consumer may make and any limitations on frequency or dollar amount (unless information on the exact limitations would jeopardize the security of the system).

5. Any charges for electronic transfers or for the right to make electronic transfers.

6. The right to receive documentation of transfers.

7. The consumer's right to stop payment of a preauthorized EFT.

8. The financial institution's liability to the consumer for failure to make, or failure to stop payment of, certain transfers.

9. The circumstances under which the financial institution will disclose information to third parties (about the consumer's account generally, not solely about electronic transfers).

10. The procedures for correcting errors.

While the disclosures must be in a readily understandable form that the consumer may retain, the regulation does not prescribe type size, relative prominence, number of pages, or other aspects of the format. Although financial institutions are free to design their own disclosures, the model clauses that are published by the Board should facilitate compliance. These model clauses will be helpful in identifying the amount of detail that is required. To the extent that the clauses accurately describe its electronic service, an institution that uses them will be insulated from liability under the act and regulation with regard to these disclosures.

A change in a term or condition listed above, if unfavorable to the consumer, must generally be disclosed in writing at least 21 days in advance. When an immediate change is needed for the security of the EFT system or account, however, the institution may make the change and disclose it afterwards.

Documentation of Transfers

Regulation E requires institutions to provide written evidence of electronic transfers. Receipts must be made available when a consumer initiates a transfer at an electronic terminal, such as an automated teller machine (ATM). The receipt will reflect the amount, the date and type of transfer, the type of account, the location of the terminal, an identification of the consumer or the consumer's account, and, in some cases, the designated payee.

Almost all existing terminals are equipped with printing devices. Consequently, this receipt requirement is not expected to impose a heavy burden on financial institutions, although adjustments may be necessary to capture and store certain information at the time of each transfer.

The provisions for a periodic statement, on the other hand, will impose significant costs because of the frequency and detail of statements required by the act. In many cases, financial institutions will have to send statements monthly—a major change for those that now send them only quarterly, semiannually, or even annually. Institutions with passbook accounts that can be debited electronically may have to convert them to statement accounts.

The periodic statement must contain two types of information: general account information and a complete description of each electronic transfer during the cycle. Information about the transfers can be disclosed on the statement or on accompanying documents, and will include the amount of each transfer; the posting date (but not the initiation date); the type of account; the type of transfer (such as withdrawal, telephone bill payment, or direct deposit); the geographic location of the terminal for transfers made at electronic terminals; and the name of the payee or the name of any third party from whom funds were received (such as an employer or the Social Security Administration).

The general account information will include the number of the particular consumer account, either account maintenance charges or the total of all fees or charges imposed solely for EFTs or for the right to make EFTs, and the beginning and closing balances in the account. In addition, the statement must provide the address and telephone number to be used for inquiries or notice of errors. An institution that has adopted the telephone alternative for preauthorized credits (discussed later) would also disclose this number.

With two narrow exceptions, periodic statements must be sent at least monthly for any cycle in which electronic activity has occurred. For example, if the consumer uses a debit card to access the account from an ATM or if a preauthorized electronic debit to the account occurs, the institution must send a statement for that cycle. If there is no electronic activity, the statement may be sent quarterly.

The following two exceptions to the requirements for periodic statements are for accounts in which the only means of electronic access is by preauthorized credits to the account—such as recurring payroll deposits or social security payments: (1) if the account is a passbook account, the institution need enter the amounts and dates of the transfers only when the passbook is presented for updating; and (2) if the account is not a passbook account, the institution may send the periodic statement quarterly instead of monthly.

Notice of Preauthorized Credits

For convenience and safety, many consumers have payments such as wages or social security benefits deposited electronically to a savings or checking account. Under the act and regulation, these consumers are entitled to notice that the deposit has been made (or in some cases, that it has not been made). This provision applies except when the payor gives notice that a transfer has been initiated—for example, by means of a payroll stub showing the employee's net pay.

Financial institutions may comply with this requirement in three ways:

1. Notify the consumer when a deposit has been received. An institution that adopts this method would have no obligation to notify the consumer in instances when the deposit is not received.

2. Notify the consumer only when a deposit is not received. This method would require the financial institution to maintain customer files regarding dates on which deposits are expected.

3. Provide a readily available telephone line that the customer may use to verify whether a deposit has been received.

Consumers need not be given a choice as to which type of notice they will receive. Although an institution may adopt any one or a combination of these methods, the third alternative probably will be used most frequently.

The Board adopted the telephone alternative because it concluded, from the comments and cost data, that the two notice options contained in the statute would impose prohibitive costs on most financial institutions. The Board was particularly concerned about the potential impact on recipients of social security benefits under the federal recurring-payments program. No payor notice is provided by the federal government, and many institutions believed that the high cost of giving the prescribed notice could force their withdrawal from the program.

Proponents of the telephone alternative also noted that a consumer will be able to obtain verification of a deposit more promptly by phone than by mail.

Error Resolution

A major new provision of the Electronic Fund Transfer Act, modeled after the billing error procedures of Truth in Lending, gives consumers the right to prompt resolution of any dispute regarding electronic transfers to or from their accounts. Notice of an alleged error must be given within 60 days of transmittal of the periodic statement that reflects the transfer in question. The notice must enable the institution to identify the consumer's name and account number and, to the extent possible, give the type, date, and amount of the error.

A financial institution will generally have 10 business days in which to resolve an alleged error. It must investigate, determine whether an error occurred, and inform the consumer of the results within that period.

An institution that needs more time may take up to 45 calendar days from the date of notice to resolve the error if it provisionally recredits the consumer's account for the amount of the alleged error within 10 business days. It must also notify the consumer of the recrediting and must give the consumer full use of the funds during the investigation. If the institution ultimately determines that no error occurred, then it may redebit the account and, contemporaneously, notify the consumer.

To ensure the consumer full use of provisionally recredited funds, the Board's rules also require the institution—after the redebiting—to honor checks drawn by the consumer to third parties and preauthorized transfers (up to the redebited amount) for five business days from the date of the redebiting notice.

Notice of an error can be given by the consumer orally or in writing, although an institution may require written confirmation of an oral notice. To avail itself of this right, the institution must tell the consumer of the confirmation requirement when the oral notice is given and must provide the appropriate address. An institution that requires but does not receive written confirmation within 10 business days of the oral notice may take advantage of the 45-day period without provisionally recrediting the disputed item. It must, however, comply with all other error resolution requirements.

An institution may require consumers to use a specific telephone number to give notice of errors, but only if the number and its purpose are disclosed to consumers. The institution must also have procedures for referring notices that are received elsewhere.

Once an institution determines that an error has occurred, it must correct the error promptly. The correction must include refunding charges or fees that were imposed as a consequence of the error, and the institution must also give prompt oral or written notice of the correction.

When the institution finds that no error has occurred (or finds that an error was different in type or amount from that reported), the consumer is entitled to a written explanation. This explanation must also inform the consumer of the right to request copies of the documentation relied on by the financial institution.

Relation to Truth in Lending

The Electronic Fund Transfer and Truth in Lending Acts apply different rules for debit and credit transactions, and some confusion among consumers and banking personnel is almost certain to arise.

The liability and error resolution procedures, for example, will differ depending on whether the plastic card issued to the consumer is a credit card or a debit card. The rules will be different even with regard to the same piece of plastic, in the case of the combined credit-debit cards used by many financial institutions. The rules will also depend on whether the card is used to obtain credit by electronic or nonelectronic means. When something goes wrong, both the consumer and the issuer of the card will have to decide what kind of transaction is involved in order to know what set of rules applies.

In congressional testimony last year, the Board made preliminary recommendations concerning the relationship between the two acts. Regarding liability for unauthorized use, the Board recommended dropping the escalating EFT provisions for the simpler Truth in Lending approach of a single liability limit. The benefit to the industry from the escalating levels currently in the EFT Act could be illusory, in view of the institution's burden of proof for recovery of any amount over $50.

The possible integration of the two statutes is being explored by the Board's staff, in the belief that both consumers and the industry would benefit from a unified approach. Parallel requirements may be helpful, for example, in error resolution on matters such as oral or written notice, time limits, and written confirmation. Industry, government, and consumer representatives will have an opportunity to study and comment on any recommendations.

Relation to State Law

To the extent that a state law governing electronic transfers is inconsistent with the federal law and is less protective, it will be preempted. The Board will make the final determination about such inconsistency and has listed in the regulation some of the criteria that will guide its decision.

A state that has an EFT law may apply to the Board for an exemption from the federal law. Such requests will be granted if the state's law is substantially similar to the federal law and if there is adequate provision for the state to enforce its law's requirements. This provision is almost identical to that for Truth in Lending, under which five states have been granted certain exemptions.

Enforcement

The Electronic Fund Transfer Act and Regulation E will be enforced in several ways. Section 915 of the act provides civil liability for noncompliance; consumers may recover actual damages, statutory damages, court costs, and attorney's fees in a successful lawsuit. Section 916 prescribes criminal penalties for knowing and willful noncompliance, and also for a variety of fraudulent activities involving electronic fund transfers. Finally, a number of federal agencies are charged with administrative enforcement for institutions that offer EFT programs. To facilitate enforcement, institutions will be required to maintain records of compliance for a two-year period.

As under the Truth in Lending Act, the Board and its staff have been given special interpretive responsibilities. A party acting in good faith and in conformity with official interpretations will be insulated from criminal and civil liability.

Statutory Provisions not Embodied in Regulation

The following six sections of the act are not covered in Regulation E because they are believed to need no regulatory clarification or amplification: sections 910 (liability of financial institutions for failing to make transfers or to follow instructions), 912 (suspension of obligation when transfers did not occur because of system malfunction), 913 (limiting compulsory use of EFT as a condition to credit or employment), 914 (prohibition of any waiver of rights created by the federal law), and 915 and 916 (civil and criminal liability). □

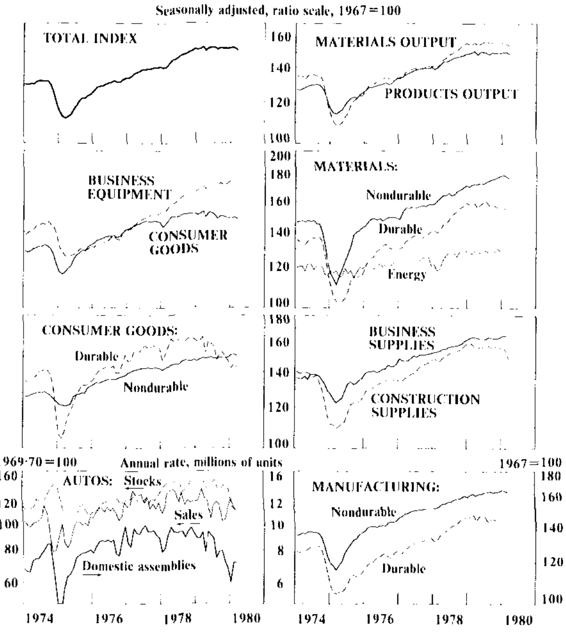
Industrial Production

Released for publication April 15

Industrial production declined an estimated 0.8 percent in March, with reductions in output widespread. Production in February is now estimated to have declined 0.2 percent, instead of rising slightly as indicated last month. In March, at 151.2 percent of the 1967 average, the index is 1.2 percent below the high of a year earlier.

Output of consumer goods dropped 0.8 percent in March, with significant reductions in both durable goods and nondurable goods. Production of nondurable goods declined 0.6 percent, reflecting cutbacks in gasoline, food, and clothing. Output of consumer durable goods was reduced 1.4 percent, with declines in home goods and automotive products. Production of home goods—mainly appliances, carpeting, and furniture—was down 1.7 percent in March, after almost as large a drop in February. Autos were assembled in March at an annual rate of 7.1 million units—down slightly from the rate in February and about 25 percent below that of a year earlier. Production of business equipment, which had shown strength over the last year, was unchanged in March, although transit equipment declined significantly. Production of construction supplies dropped 3.6 percent, with reductions widespread but particularly sizable for lumber.

Output of materials was reduced 0.6 percent. Production of durable materials declined 1.0 percent further in March, partly reflecting reductions in output of basic metals and of parts for consumer durable goods. Output of nondurable materials, mainly textiles and paper, declined 0.7 percent, after a slightly larger drop in February. Output of energy materials rose slightly in March.



February Reserve indexes, seasonally adjusted. Latest figures: March. Auto sales and stocks include imports.

Grouping	1967 = 100		Percentage change from preceding month						Percentage change Mar. 1979 to Mar. 1980
	1980		1979			1980			
	Feb.[p]	Mar.[e]	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	
Total industrial production	**152.4**	**151.2**	**−.1**	**−.1**	**.1**	**.3**	**−.2**	**−.8**	**−1.2**
Products, total	150.3	149.1	−.2	−.1	.2	.3	.1	−.8	−1.1
Final products	147.9	147.2	−.3	−.1	.3	.2	.4	−.5	−.7
Consumer goods	149.3	148.1	.0	−.5	−.3	.0	.5	−.8	−3.1
Durable	145.0	142.9	.5	−2.2	−1.7	−2.9	1.8	−1.4	−12.7
Nondurable	151.0	150.1	−.2	.1	.3	1.1	.1	−.6	1.0
Business equipment	175.8	175.8	−.9	.3	.9	.7	.3	.0	2.9
Intermediate products	159.2	156.1	.0	.0	.1	.5	−.9	−1.9	−2.7
Construction supplies	153.7	148.2	.3	−.1	−.4	.4	−1.9	−3.6	−5.7
Materials	155.5	154.5	.0	.1	−.1	.3	−.8	−.6	−1.2

p Preliminary. e Estimated. NOTE. Indexes are seasonally adjusted.

Statements to Congress

Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Committee on Foreign Relations, U.S. Senate, March 17, 1980.

Mr. Chairman, I appreciate the opportunity to appear before the committee on behalf of the Federal Reserve Board in support of the legislation, S. 2271, currently before the Congress to approve an increase of 50 percent in the U.S. quota in the International Monetary Fund (IMF). Prompt passage of this legislation is in the interest of the United States and will help to maintain a smoothly functioning international financial system. Failure to act promptly would weaken both substantively and symbolically U.S. leadership in the international community.

An increase in the resources available to the IMF at this time is essential if the Fund is to continue to play a central role in dealing with the unprecedented scale of payments imbalances that its members are facing. The United States, with more than a fifth of the total quotas in the Fund, is the largest member of the IMF, and the Fund cannot continue to function effectively without commensurate U.S. participation in its financial operations.

The IMF is a broadly based international financial institution, whose members include industrial and developing countries, oil-exporting and oil-importing countries, and even several centrally planned economies in its membership. Its importance in facilitating the efficient functioning in the international monetary system is growing. It has been assigned major new functions and responsibilities in recent years, including expanded surveillance of economic policies and exchange-rate practices of its members under the second amendment of the IMF Articles of Agreement. An IMF substitution account is currently under active consideration and negotiation; this would add further to the responsibilities of the Fund. The U.S. government has been in the forefront in broadening the responsibilities of the Fund, and concrete support in the form of congressional approval of the quota increase would allow the Fund to handle an expanded role with a stronger financial position and with enhanced authority.

Active U.S. participation in the IMF is in the U.S. national interest. The United States benefits directly from a financially strong IMF because it may want to draw on the Fund in the future, as it did in 1978 as part of the November 1 package of anti-inflation actions. In an environment of increased international financial strains and of increased sensitivity of the U.S. economy to developments abroad, the United States also benefits indirectly from the IMF's efforts to alleviate such strains. In many instances, without temporary financial assistance from the IMF, countries would be forced to take severe adjustment actions that could have a disruptive effect on the international economy.

With the introduction of new IMF facilities and changes in its operating procedures in recent years, potential access by members to the Fund's general resources has increased considerably and appropriately. More significantly, however, in view of the adverse impact of the higher oil prices on the external positions of many countries, the need for short-term balance of payments financing in coming years may well increase dramatically. The IMF should be in a position to meet substantially increased calls on its resources, and the proposed increase in IMF quotas would broaden the financial base of the Fund and help it to do so.

The Fund's resources have experienced a considerable erosion in relation to the growth of the world economy over the past 10 to 15 years. By 1977, when the most recent quota review began, total quotas in the Fund, for example, had declined to about 4 percent of the value of world imports compared with more than twice that proportion in the 1960s. Developments since 1977, especially the increase in countries' oil import bills and the general effect of inflation on the value of imports, have reduced the ratio of IMF quotas to world imports even further. Since an additional increase in IMF quotas is not now planned for another five years, the proposed 50 percent increase in quotas barely would maintain the current size of the Fund's resources in relation to the expected growth of world trade in the period ahead.

Because of recent disturbances to the international economy that had not been anticipated at the time the quota increase was negotiated in 1978, the proposed increase is a minimum step toward meeting the enlarged prospective financing needs of the IMF and its members. The world economy once again is confronted with the problem of dealing with the financial consequences of a huge current-account surplus of the Organization of Petroleum Exporting Countries and the accumulation of vast reserves by OPEC members, together with magnified current-account deficits for most oil-consuming countries. In a speech earlier this month, Chairman Volcker focused on the implications of those financial flows—often called the recycling process. He expressed the hope that the IMF would play a major role in the recycling process that lies ahead. With your permission, I would like to submit a copy of these remarks for the record. The observations on the recycling process should help to place the role of the IMF in the current situation in a somewhat broader perspective.

The strengthening of the financial position of the Fund resulting from the increase in Fund quotas is an essential element in preparing for the strains that may well develop on the international financial system in the next year or two. The role of the Fund under the current circumstances will be important not only because of its financial resources but also because through the good offices of the IMF there is a greater chance to achieve a better mix between adjustment and financing of the huge external imbalances the world economy faces.

Higher IMF quotas do not mean a reckless increase in liquidity that will be frittered away. Resources provided by the IMF typically have been used constructively, and IMF members have an excellent repayment record. An encouraging development in recent years has been the increase in the number of countries adopting stabilization programs as part of standby credit arrangements with the Fund. Among developed countries, Great Britain and Italy have benefited from IMF-assisted stabilization programs in recent years, and an increasing number of developing countries can point to the successful turnaround of their economies in large part because of the stabilization programs that they implemented in conjunction with a standby arrangement with the Fund. At present, some 24 countries are covered by IMF credit arrangements that are conditioned upon their adherence to policy-performance criteria. The Fund's leverage in continuing to encourage its members to introduce necessary adjustment actions in conjunction with drawings on IMF credit facilities will be heavily dependent on the Fund's possessing sufficient resources to continue providing such credits.

In recent years, the International Monetary Fund has been viewed by some as an aid institution offering long-term development loans. This is a mistaken view; the IMF is designed to provide short-term balance of payments financing assistance to all its members, developed countries as well as developing countries. When the Fund provides financial assistance, it must have a reasonable assurance that the associated adjustment programs will be successful in assuring repayment and in enabling the IMF to maintain the "revolving fund" nature of its operations. Conditionality associated with drawings on the Fund that often are large in relation to a member's quota, therefore, are appropriate and necessary.

The IMF, however, has come under increased criticism by some who claim that it has been too harsh in its policy advice. It is true that IMF-sponsored stabilization programs often require substantial economic retrenchment by borrowing countries, involving at times political and social costs for such countries. Restrictive adjustment measures in most instances, however, are necessary in order to correct the underlying imbalances that have led to the need for balance of payments assistance in the first place. The need for such corrections does not come from the actions of the Fund, but rather from those actions inside and outside the country that bring about the unsustainable external deficits. Some of the difficulties associated with such stabilization programs could be eased if resort to the Fund came earlier, before the situation has worsened to the point where drastic action is required. However, in order to encourage members to come to the IMF, the Fund's resources must be ample, and the terms of conditional credits must be otherwise attractive.

Although the IMF will be expected to assume an expanded role in the recycling process ahead, the actual amount of resources provided by the IMF will remain small in relation to total financial needs. International credit markets, and especially credits from private commercial banks, have played an important role in recent years in channeling funds from countries in surplus to countries in deficit. We have every reason to expect that these markets will continue to play a major role in providing credits to finance external deficits in the period ahead. At the same time, the IMF should play a strategic role in helping create the economic conditions in borrowing countries to attract private capital flows and maintain access to credits from banks.

One potential danger in the recycling process that must be avoided, however, is the overloading of the commercial banking system. Ratios of loans to developing countries to banks' capital or assets of U.S. banks have declined slightly over the past two years. For foreign banks, loan ratios have risen, but based on the latest available information they remain lower than for U.S. banks. Thus, in the aggregate, it would appear that some leeway remains for prudent increases in loans to developing countries by U.S. and foreign banks without raising their exposure ratios to excessive levels, particularly since the capital and assets of banks also would be expected to increase. The capacity and willingness of the banking system to provide additional financing to developing countries, however, will vary greatly from bank to bank and will continue to depend on the condition of individual borrowers and on the terms of the loans. Emerging problems seem likely, as in the past, to remain limited to a small number of countries. In response to increased risks, lending spreads may well widen and maturities may shorten.

Given the expected increases in demands for balance of payments financing, as well as the large external indebtedness that many countries already have with commercial banks, the IMF should be in a position to meet a larger proportion of the immediate financing needs of its members in the coming years than it has assumed recently. A strengthening of the Fund's financial position by an increase in members' quotas would increase the likelihood that more countries would come under the Fund's conditional lending umbrella. Such a development, in turn, would promote greater complementarity between IMF financing, other official financing, and private bank lending to such countries. At the same time, the increased capacity of the Fund to finance payments imbalances of its members does not in any way relieve public and private borrowers and lenders from their responsibilities—on the one hand for servicing outstanding loans and on the other for care and informed judgment in deciding on new commitments.

It would be desirable for authorities in borrowing countries, when they see trouble ahead, to consult with the IMF promptly to develop a program that will maintain their creditworthiness. It also would be helpful if commercial banks, when they recognize that a liquidity problem is developing in one of the countries borrowing from them, would urge the country to seek the advice of the Fund, as well as its assistance, in working out a smooth transition to a more viable rate of external financing. The constructive role of the IMF also could be reinforced if commercial banks were to structure their lending policies so as to support the Fund's role in the adjustment process.

In sum, in light of the serious problems that the international economy is facing, it is essential that we equip ourselves adequately to meet the challenges ahead. We will have to work on a number of fronts simultaneously, in particular the pursuit of sound macroeconomic policies that succeed in curbing inflationary pressures, the adoption of effective energy policies, the improvement of international cooperation and consultations, and the strengthening of international institutions such as the International Monetary Fund.

At this time, about 29 percent of the IMF membership, with nearly a quarter of the total quotas in the Fund, already has given parliamentary approval to the increase in IMF quotas—in terms of special drawing rights, from about SDR 39 billion (about $50 billion) to about SDR 58 billion (about $75 billion). For the proposed increase in quotas to take effect, members with three-fourths of the Fund quotas must give their approval by November 1, 1980. Without U.S. participation, therefore, little likelihood exists that the quota increase could be implemented. Prompt approval by the Congress of the legislation increasing the U.S. quota in the IMF would spur other countries to consent to increases in their quotas. An increase in the U.S. quota from SDR 8.4 billion (about $10.9 billion) to SDR 12.6 billion (about $16.3 billion) would reaffirm the U.S. commitment to an open international financial system and to the key role of the International Monetary Fund in fostering the smooth operation of that system. In view of the important attention that is being directed at reducing the size of the U.S. budget deficit, I would add that under the alternative budget approaches that the Treasury currently is discussing with interested congressional committees, U.S. payments on its quota subscription would not affect net budgetary outlays or, therefore, the federal budget deficit.

Enlarging the financial capacity of the Fund at this time by putting in place the proposed increase in IMF quotas will strengthen the Fund's influence in promoting over time the balance of payments adjustments by those members that are facing increased external financial difficulties. Access to ample Fund resources and associated financing by developing countries, in particular, should help these countries to avoid large and abrupt reductions in their growth rates and imports. If these countries are compelled to cut imports sharply, the United States and other industrial countries will feel the economic effects. Moreover, financing by the IMF would reduce temptations by countries to adopt protectionist measures to deal with their external payments problems, a step that would be contrary to their own longer-term best interests and to the interests of their trading partners, including the United States.

The proposed IMF quota increase thus will benefit both the United States and the international financial system. The Federal Reserve Board, therefore, urges prompt approval by the Congress of the legislation increasing the U.S. quota in the International Monetary Fund. □

Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on International Trade, Investment and Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, April 1, 1980.

It is my pleasure to appear before this subcommittee to discuss the important issue of recycling the surplus of the Organization of Petroleum Exporting Countries, the relationship of this issue to bank lending to developing countries, and the need for increasing quotas in the International Monetary Fund (IMF).

The letter from the chairman of the subcommittee inviting the Board to testify has accurately pointed to the dilemma facing the international financial system: a high level of lending by banks to developing countries could lead to excessive risk concentrations at banks, while on the other hand a low level of lending by banks may make it difficult for these countries to finance their anticipated current-account deficits. The latter situation would jeopardize the development objectives of many developing countries since these countries on balance need to import capital to supplement their domestic savings. Moreover, a lack of adequate financing flows would lead to excessively restrictive policies by developing countries to deal with external imbalances, with potential adverse effects on the United States and on other industrial economies.

The Federal Reserve has been conscious of the need to avoid excessive lending as well as of the need to avoid a sharp curtailment of lending by U.S. banks. In cooperation with the other supervisory agencies, we have designed our examination procedures in a manner that would allow bank participation in the recycling process, while guarding against excessive exposure by individual banks to individual countries. The new examination procedures are being implemented by the three federal regulatory agencies.

The Federal Reserve Board also strongly supports increasing the U.S. quota in the IMF, as I stated in my testimony on this legislation on March 17 before the Senate Foreign Relations Committee. With your permission, I would like to submit that testimony for the record.

In connection with today's testimony, I would like to provide the subcommittee with some statistical material on the general problem of bank lending and recycling, which was included in Chairman Volcker's speech of March 1.

The subcommittee's letter of invitation requested comment on the factors that might constrain the role of banks in lending to developing countries in the future, relative to the role these institutions played in the past several years. Between the end of 1974 and the end of 1979, outstanding claims of banks from all countries on non-oil developing countries increased on average about $20 billion per year. During this same five-year period, the average annual current-account deficit of the developing countries was about $26 billion, and these countries on balance added $8 billion to $10 billion per year to their international reserves. Subtracting bank borrowings used to finance reserve increases from total net borrowing from banks, it appears that over the last five years net borrowings from banks have financed about one-half of the aggregate current-account deficit of the non-oil developing countries.

The extent of new bank lending to developing countries or any other borrower is determined by the interaction of three variables: yield, risk, and concentration of credits to a borrower in the banks' portfolios. A higher yield, within limits, can compensate for a slightly higher risk. In my view, the risk premiums implicit in country lending have, in recent years, not been adequate. In addition, however, as the concentration of credits to individual borrowers or borrowing countries increases in relation to a bank's total portfolio or capital, a prudent, well-managed bank will demand a greater spread for a given level of risk before it adds more of such credits to its portfolio.

With respect to U.S. banks, in the 1974–76 period the returns on lending to developing countries were quite high relative to the risks, and U.S. banks expanded their outstanding claims on developing countries as a proportion of their total assets. In the past two years, however, U.S. bank lending to these countries appears to have been effectively constrained by the very low yields on new credits that barely compensated banks for the costs of making and servicing the loans, much less for any risks of adding new credits to their portfolios. Thus, between 1976 and 1979, U.S. banks were less active in lending to these countries, and the ratio of their claims on developing countries to their total assets declined slightly.

The experience of foreign banks has been somewhat different. Foreign banks, in general, have lower levels of concentration in lending to developing countries and, in many cases, lower capital-to-asset ratios. These banks have been willing to continue to expand their lending to developing countries relative to their assets, despite the seemingly low returns, because of their lower concentrations of lending and because their lower capital-to-asset ratios allowed them to earn a higher return on capital for any given margin between their funding costs and the yield on the loans.

The rapid expansion in lending by foreign banks has caused some concern among foreign regulatory authorities. The German and British authorities have begun to require banks in those countries to maintain detailed records on a consolidated basis including, as a minimum, lending by their head offices and foreign branches. Since last fall, Japanese banks have been constrained by a request from the Ministry of Finance to limit their international lending.

Looking to the future, lending by U.S. and foreign banks will depend primarily on the extent to which spreads and fees on these loans increase relative to the increased risks and, to some extent, on the actions of bank regulatory authorities of industrial nations. The level of risk will depend in large part upon the policies pursued by the borrowing countries. If spreads and fees rise somewhat relative to the risks, then U.S. and foreign banks would be expected to increase the pace of their net new lending to developing countries relative to their assets and capital. As shown in the attached material, changes in concentrations relative to assets occur relatively slowly over time in the aggregate despite large increases in outstanding claims because the banks' assets and capital also increase over time.[1] Changes in concentrations relative to assets do, however, occur much more rapidly at individual banks.

The willingness of banks to expand their international lending is, as I noted, highly dependent on their evaluations of the risks on these loans. Evaluating country risk is an extremely difficult task that involves complex interactions of political as well as economic factors. Compared with 1973, the developing countries' debt burdens, whether measured in real (inflation-adjusted) terms or relative to their exports and gross national product, have increased. Moreover, in 1980 the developing countries will have a significantly higher oil-import bill than in 1979, and this bill will absorb a substantially higher proportion of their export earnings. In addition, developing countries will bear the indirect effects of the higher price of oil on the economies of the developed countries through reduced growth in their exports, and through higher prices for capital equipment and other imports from countries of the Organization for Economic Cooperation and Development (OECD). Events in Iran, Nicaragua, and elsewhere have highlighted the political risks associated with international lending. Finally, there is no assurance that the OPEC surplus and the counterpart deficit of the oil-importing countries are likely to decline as rapidly in the early 1980s as they did several years after the 1973-74 oil price increases.

Balanced against these negative factors are the greater international reserves of the developing countries, the increased resources of the IMF, the lesser likelihood that the OECD countries will experience a widespread and severe recession as in 1975, and the lesser likelihood that primary commodity prices will fall as much in 1980 and 1981 as they did following the 1973-74 OPEC oil price increases.

Weighing all these factors is indeed complex, but, on balance, I would conclude that the general risks are somewhat greater in 1980 and 1981 than in 1974 and 1975. The situation clearly varies greatly from country to country. Recent history has taught us that the positions of some countries can improve dramatically in a short period of time. Unfortunately, in other cases, the external situation has deteriorated rapidly over time, either as a consequence of financial mismanagement or because of external (and sometimes internal) events over which the country has little control.

While this general background suggests it would be reasonable for banks in general to continue to increase their lending to developing countries, it would seem appropriate under current circumstances for banks to demand higher spreads to compensate them for greater risks. In the past, the risks on loans to these countries have appeared quite low, as shown by the loan-loss record on lending to developing countries by U.S. banks since 1975. However, arrearages and collection problems may be emerging for a few countries—such problems could foreshadow some future deterioration of that excellent record. In such a case, lending spreads would be expected to increase accordingly. Some increase in spreads seems appropriate in any event, given the downward trend in bank capital ratios.

The subcommittee has raised the question of the relationship between bank capital and recycling. The Federal Reserve believes that, in view of the decline in banks' capital ratios in the last few years, increases in banks' capital would be highly desirable. Bank capital adequacy, however, must be judged against the entire spectrum of bank assets and not on the basis of loans to any particular group of borrowers. Capital ratios can improve even when lending to one group of borrowers grows faster than bank capital if lending to other types of borrowers on average grows more slowly. For any given ratio of capital to assets, an important determinant of bank soundness is portfolio diversification.

With these observations in mind, it is instructive to examine the recent record of bank lending to developing countries relative to the banks' capital. The ratio of lending to developing countries to capital for all U.S. banks active in international lending in the aggregate has actually declined slightly between the end of 1977 and

1. The attachments to this statement are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

June 1979, although for the larger banks it has increased slightly.

If the capital funds of the U.S. banks involved in international lending were to increase on the order of 8 to 11 percent in 1980, the share of U.S. banks in the projected total of new bank financing of the non-oil developing countries in 1980 could be about equal to their share of outstanding claims (about 40 percent), only with some fairly moderate increase in the aggregate ratio of loans to these countries relative to the banks' capital and assets. If existing capital-to-asset ratios were to be maintained, the additional lending would be only, very approximately, one-half as large. It would be desirable, of course, that this new lending be spread more among those individual U.S. banks that are less exposed to individual borrowing countries.

In view of the active role of U.S. banks in the whole area of international lending, the federal bank regulatory agencies have devoted substantial effort to evaluating and modifying the international examination procedures. For the subcommittee's information, I would like to discuss the new procedures. The three federal bank regulatory agencies now have a common approach for evaluating country risk in bank examinations. The system focuses on concentrations of exposure relative to capital. Foreign loans are not classified for country risk per se except in the few cases when payments have been interrupted or when an interruption is deemed imminent.

Data collected on the semiannual Country Exposure Report are used by the examiners to compute exposure to individual countries by individual banks. Comments on large exposures are given in the examination report under a section entitled "Concentrations of Transfer Risk Warranting Special Comment." These comments on exposures are not a directive telling banks to refrain from further lending to a country nor are they included in the bank's asset quality rating; rather they are designed to call exposures that are worthy of review to the attention of senior management.

In reviewing an individual bank's foreign activities, an examiner may conclude that certain exposures appear excessive in light of the position of the bank. This judgment would be based on a number of factors in addition to the level of existing exposure and the strength of the borrowers. It would take into account the bank's historical lending patterns, its management capabilities, its system for managing risk, and the size of the bank's exposure relative to other banks. In cases when the examiner judges an exposure to be excessive, a specific criticism would be noted in the front of the examination report or cited in a letter to the bank's board of directors. These cases are expected to be relatively few in number and usually result from some deficiency at a particular bank, rather than a general regulatory constraint on lending to an individual country.

U.S. bank regulatory authorities evaluate the foreign activities of U.S. banks on a fully consolidated basis that includes their foreign branches and majority-owned subsidiaries, drawing upon the Country Exposure Report, which is prepared on a fully consolidated basis. The reason for this approach is that loan losses at foreign branches of U.S. banks and, in most cases, at foreign subsidiaries are not different from loan losses at the banks' domestic offices, because they are charged off against the earnings and capital of the parent institution.

The Federal Reserve and other regulators conduct separate examinations of foreign branches and some foreign subsidiaries. These examinations are conducted mainly to determine that the foreign offices are in conformance with U.S. regulatory policy and that their activities are being controlled and coordinated properly by their head offices.

Bank lending to developing countries or other categories of borrowers in general is not directly constrained by regulatory policy. In participating in the design of the new international examination policy, U.S. bank supervisors were well aware that a policy that focused on classifying countries as unacceptable risks might cause unnecessary problems for individual borrowing countries. The system that was developed avoids country classifications, except in cases in which a country is not performing on its obligations, and focuses on individual bank exposure. In view of the deliberate flexibility in the examination system, there does not appear to be any need to modify it to deal with recycling the large OPEC surplus. However, the examination system I have described is relatively new. Based on operating experience, some adjustments and revisions may be necessary.

The subcommittee has asked for comment on whether it is reasonable to expect banks in general to continue to provide new credits to the developing countries. In recent years foreign banks have rapidly expanded their lending to developing countries and Eastern Europe. Measured as a percentage of assets, their exposure is still below that of U.S. banks so there is potential for increased foreign bank participation.

A considerable number of large U.S. banks also have relatively small exposures to individual countries. These banks could increase their exposure on a selective basis without bringing their risk exposure to unacceptably high levels. Moreover, participation by smaller U.S. banks in lending has been rather limited in recent years, and these institutions do have scope for increased participation if spreads were to widen. My conclusion from the available information is that there appears to be considerable room for further U.S. and foreign bank participation in lending to developing countries.

Whether it is realistic or desirable to expect banks to participate in further lending is a separate issue. The Federal Reserve and other regulatory agencies do not want to substitute their judgment for the business judgment of individual banks. Rather, the supervisor's role is to caution banks about the risks of excessive concentration and to make certain that banks have appropriate procedures for monitoring and reviewing large exposures. In order to help ensure adequate information to the banking system, the Federal Reserve participates in efforts, such as the semiannual survey by the Bank for International Settlements, to increase the flow of financial information to banks.

The prospects for continued bank lending to developing countries will in the final analysis depend in large part on the soundness of the international financial system and the soundness of the financial policies of the borrowing countries. Increasing the resources of the IMF, through an increase in the quotas of the United States and other member countries, would improve the ability of the Fund to meet the financing needs of its members. Increased resources for the Fund would place it in a better position to influence the policies of borrowing countries, a role that is much more appropriate for a public institution than for private commercial banks. Better coordination between the IMF and commercial banks would be desirable to prevent instances in which bank credits are used by countries to avoid coming to the Fund when difficulties arise.

In view of the subcommittee's interest, I would like to summarize recent developments in our concerns relating to the Eurocurrency market. In the face of increased OPEC surpluses and corresponding deficits of oil-importing countries, the scale of international financial flows may well increase relative to purely domestic flows. Many of these flows will originate in domestic financial markets, but a significant proportion will involve the Eurocurrency market. These flows through the Eurocurrency market and international bank lending have been of increasing concern to many central banks and bank regulatory authorities. The central bank governors of the Group of Ten countries and Switzerland recently agreed to improve informational flows on such lending, including a general agreement that major banks of these countries should report their activities on a consolidated basis; they also agreed to increase their monitoring of developments in these markets from the standpoint of prudential considerations, as well as macroeconomic and monetary policy concerns. These measures will put supervisory authorities in a stronger position to keep abreast of market developments.

In summary, Mr. Chairman, I believe that the banking system will continue to play an important role in the recycling process. Commercial banks, however, cannot be expected to assume complete responsibility for recycling the OPEC surplus. Countries in very large deficit will have to recognize that the need to adjust rather than to finance their external imbalances is greater now than it was after the 1973-74 oil price increases. The OPEC nations should be expected to provide more aid and direct financing, particularly since the size of their accumulated surpluses will allow them to hold a diversified portfolio of assets. The IMF can play an important role in the recycling process, but to be effective the IMF needs to be sure of having adequate resources. The Board urges the Congress to act expeditiously to increase the U.S. quota in the Fund.

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Taxation and Debt Management of the Committee on Finance, U.S. Senate, April 2, 1980.

Mr. Chairman, I am pleased to appear before this subcommittee to discuss the proposed increase in the limit on the public debt. I should like to focus my opening remarks on the broader issues of federal finance highlighted by the need to raise the debt ceiling. It is important that we understand the implications of deficit finance in the current economic environment. It is also important that we recognize that the conventional measures of the budget and the national debt significantly understate the scope of the government's presence in the credit markets. I want to emphasize the need for effective control of federal financing activities as we attempt to solve the nation's serious economic problems.

Fighting inflation stands clearly as the most urgent task of economic policy today. The ominous acceleration of price increases over the past year has given rise to a sense of real crisis. There is now, I believe, the resolve to resist the inflationary momentum that has been building for so long. The Federal Reserve, for its part, has moved decisively to reduce progressively the growth of money and credit. That effort seems to me an essential component of any effort to restore price stability. To that end, we have taken a series of actions to improve our control over the growth of the monetary and of the credit aggregates.

Last October 6, in addition to raising reserve requirements and the discount rate, we made a change in our operating procedures. We believe that these measures contributed importantly to our success in bringing about a moderation of monetary expansion in subsequent months. A second major set of actions was announced on March 14. I refer to the program of special credit restraints that was established in conjunction with the administration's anti-inflation effort. While it is too early to evaluate the effects of our latest actions—which are supplementary to our basic effort and temporary—I fully expect that they will reinforce the measures taken last October, while tempering the degree of pressure that might otherwise be placed on some sectors of the economy dependent on bank credit.

Monetary policy cannot—without peril—be relied on alone to halt inflation. The other major tools of public policy must also be brought to bear on the problem, with fiscal policy playing a central role. Thus, I am greatly encouraged by the efforts of the administration and the Congress to achieve a balanced budget in the 1981 fiscal year. I frankly would urge an even earlier start—doing what we can right now—and I would personally encourage the Congress to work with the administration to implement even deeper cuts in spending than are currently in prospect. But what is essential is that there be a clear commitment to the consistent application of budgetary discipline in the years to come, and a reduced rate of increase in expenditures should be the centerpiece of that discipline. Such a policy, complementing consistent control of the money supply, would provide a credible basis for anticipating sustained progress against inflation.

That we are faced again with an imminent need to raise the debt ceiling is a sobering reminder of how difficult it has been in practice to achieve a reasonable balance between federal outlays and receipts. It would be unreasonable and unwise to insist that the government budget be in balance or in surplus every year in all economic circumstances. But deviations should be the exception, and it would be naive to ignore the obvious bias toward deficit that has been apparent in the conduct of fiscal policy. The record speaks for itself; the federal budget has been in deficit in every one of the past 10 years and has been in surplus only once during the past 20 years. Most recently, the federal government has continued to run huge deficits even in the late stages of one of the longest expansions in the postwar era.

In retrospect, a tendency in the development of fiscal policy to focus more on the possibility of weakness in economic activity than on the danger of greater inflation is apparent. In my judgment, the resulting pattern of budgetary decisions has played a major role in both accommodating and intensifying inflationary pressures. It also should serve as a warning in the present circumstances. The current resolve to cut expenditures and balance the budget in the next fiscal year is to be applauded. But history strongly suggests that it will be difficult to sustain budgetary discipline. This lesson must be kept firmly in mind if the sacrifices made in the short run are to produce lasting benefits.

The financial counterpart of persistent budget deficits has been, of course, a mushrooming of the federal debt. The federal debt subject to statutory limits reached $845 billion at the end of February, almost three times its level in 1960. This enormous expansion of debt has serious consequences for economic performance. Federal borrowing absorbs scarce private savings and intensifies pressures in financial markets. When productive resources are being pressed by strong demands for goods and services and overall credit supplies are tight, the government preempts the loanable funds that would otherwise be available to finance private capital formation.

The adverse consequences of reduced private capital formation are difficult to exaggerate, given the fundamental importance of investment in determining the pace of productivity growth. While the economics profession has yet to arrive at a fully satisfactory explanation of the substantial slowing in productivity growth in the 1970s, there is no doubt that one important element was the falloff in the expansion of capital stock at a time when growth of the labor force was accelerating. Increases in output per hour worked are the basis of a rising standard of living. When productivity lags and the economy grows more slowly, aspirations for higher living standards are frustrated. Competition for shares of real income and inflationary pressures are aggravated. In short, persistent deficits and increases in government debt tend to inhibit capital formation and productivity growth, further contributing to the wage-price spiral.

The potential for federal financial activity to displace other borrowers extends well beyond the growth of debt associated with persistent budget deficits. Outlays of off-budget agencies have grown to be very sizable in recent years. Such outlays were just under $12½ billion in 1979 and are expected to be $15 billion in 1980. Off-budget outlays largely take the form of direct government loans and are financed by the Federal Financing Bank (FFB). Ultimately, however, the FFB obtains its funds from the Treasury, and thus the deficits incurred by off-budget agencies directly increase federal borrowing needs. In addition to its direct loan programs, the federal government also provides financing assistance through loan guarantee programs. Outstanding loans guaranteed by the federal government totaled $228 billion at the end of last year.

As intended, the direct government loans and loan guarantee programs allow certain targeted activities to be financed under more favorable terms than would otherwise be possible. The provision of such credit assistance to achieve particular social and economic objectives certainly is a legitimate activity of the federal government. It must be kept in mind, however, that the supply of credit is limited and that government assistance to particular sectors may make it more difficult for other groups to obtain credit to finance worthwhile and productive investment.

I am increasingly concerned that such government financing activity is not under effective control. Over the past 10 years, federally guaranteed loans have somewhat more than doubled. Yet, at present, there is no comprehensive framework for evaluating these activities. Only a small portion of this credit activity is ever considered in the congressional deliberations on the budget. Loan guarantees do not involve the expenditure of funds and consequently are not reflected in the unified budget, except to the extent that appropriations are required to cover the cost of defaulted loans.

In sum, there are serious shortcomings in the current process of reviewing federal financing activity. I would wish, therefore, to reiterate the position of the Board, expressed in recent testimony by my colleague Governor Teeters that a federal credit control budget should be established along the lines suggested by the administration, or preferably, more comprehensively.

It also seems to me that the issue of the debt ceiling should be more closely linked to the budgetary review process. The statutory limit on federal debt is not reasonably a separate device for controlling the budget. The determination of the budget and the debt ceiling are more logically a simultaneous process. The present system carries with it the potential for contradictory actions on the part of the Congress. Indeed, twice in the last two years, the authority of the government to borrow expired briefly, causing the postponement of Treasury security auctions, delays in the mailing of federal checks, and the threat of default on federal checks already in the mail. Lengthier delays in extending the debt limit could have produced much more serious consequences, including ultimately a default on maturing government securities.

To minimize the possibility of such problems, I strongly recommend that the Congress consider setting the debt ceiling in the process of approving the budget. At present the Congress already must pass resolutions setting recommended levels for the debt when it votes on the budget. Essentially, I am seconding the Treasury's recommendation that such resolutions be given the force of law.

I am, indeed, somewhat encouraged by the strides that have already been made in gaining better control over the budgetary process. There seems to be a genuine opportunity to balance the budget in the coming fiscal year. We can do better. For one thing, we should bring federal financing activities under better control. More generally, we must demonstrate a commitment to reduce inflation by consistently striving for budgetary discipline in the years ahead. □

Statement by Frederick H. Schultz, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Access to Equity Capital and Business Opportunities of the Committee on Small Business, U.S. House of Representatives, April 2, 1980.

I am pleased to appear before you once again to discuss the impact on small business of the Federal Reserve's efforts to fight inflation. I welcome, in particular, the opportunity to discuss the program of credit restraint announced on March 14.

When I last appeared before this committee in October, the Federal Reserve had just undertaken a number of actions designed to slow the growth in money and credit. The October 6 policy changes were adopted in response to continued rapid expansion of money and credit and an apparent worsening of inflation and inflationary expectations. These conditions had made themselves felt most prominently in the markets for gold and for some other commodities, in which speculative activity was reaching alarming proportions.

As I indicated at that time, it was essential that the Federal Reserve take strong action to restrain money and credit growth in order to prevent a further serious acceleration of inflation and to make a start on winding it down. Only in this way could we work toward a more stable financial environment for economic activity over the long run. The lesson of recent years is quite clear—namely, that the long-run consequences of allowing inflationary pressures to get out of hand are likely to be far worse than the short-run costs of actions to contain these pressures.

The policy procedures adopted in October, and the accompanying rise in market interest rates, led to a marked slowing in the growth of money and credit in the fourth quarter of last year. Since the beginning of this year, however, there has been a resurgence in credit demands, especially on the part of business firms. Bank loans and commercial paper have expanded rapidly. Moreover, it has become clear that the financial markets, and the general public, remain concerned about the ability and commitment of the government and the monetary authorities to contain inflation.

No doubt inflationary expectations have been reinforced by the recent surge in the major price indexes—even though these increases were in large part the predictable result of the spurt in oil prices by the Organization of Petroleum Exporting Countries in the latter months of 1979 and of higher mortgage rates that are an unavoidable consequence of anti-inflationary monetary policy. Expectations also have been heightened by the continuation of strength in economic activity—in particular by the failure of the long-expected recession to materialize—and by the possibility that an acceleration in our defense expenditures would enlarge the federal deficit.

The most dramatic manifestation of the reinforcement of expectations has been the unprecedented runup in yields on long-term bonds—a movement that has erased hundreds of billions of dollars of market values. Spending patterns also have been affected. The household saving rate in the fourth quarter reached its lowest point since the Korean war, and retail sales were strong early this year, suggesting that the psychology of "buy in advance" was still in operation.

It was against this background that a monetary and credit program was announced on March 14 as part of a government-wide effort to stem inflation. The program is intended to strengthen the effectiveness of the October measures and to reaffirm our commitment to bring inflation under control. The thrust of the program, as it pertains to businesses, has several aspects. First we are seeking to slow the overall growth in credit. A key element in this regard is the imposition of restraint on certain types of consumer credit, including credit cards and check overdraft plans. In addition, several specific actions have been taken that apply directly to bank credit growth. These actions include a tightening of the marginal reserve requirement on managed liabilities of large member banks that was initiated on October 6 and a special deposit requirement on increases in the managed liabilities of large nonmember banks, as well as the establishment of a surcharge on repeated borrowings by large banks at the discount window.

The March 14 actions also initiated a Special Credit Restraint Program. Under this program, banks are expected to limit loan growth this year to 6 to 9 percent, a range consistent with announced targets for growth in money and credit reported to the Congress on February 19. Through the Special Credit Restraint Program, guidelines have been set forth for borrowers and lenders to assure that funds are available to meet certain priority needs. These guidelines are designed to moderate the uneven impacts that reduced credit availability may impose on particular sectors of the economy, such as small businesses and agriculture. The program also covers business borrowing from finance companies and in the commercial paper market.

The increased marginal reserve requirements on managed liabilities and the surcharge on discount borrowing further increase the cost of additional acquisitions of borrowed funds by the banks. Banks thus will be faced with the task of allocating a more costly and slower-growing volume of credit among alternative uses. Businesses—both large and small—will find that bank loans are more costly and less readily available. Some borrowers will determine that they cannot afford to pay higher rates charged on loans, and a greater portion of credit demands will not be met.

A reduction in the availability of bank loans is, of course, a more serious matter for some borrowers than for others. Limited access to alternative sources of funds makes small enterprises very dependent on commercial banks for credit. This dependency may be even greater during a period such as now, when cash flows may be weakening and suppliers are probably less willing or able to expand trade credit.

Following the Federal Reserve's actions in October, Chairman Volcker sent a letter to member banks urging them to give particular care to accommodating the needs of small businesses and other borrowers that rely primarily on banks for credit. The Special Credit Restraint Program explicitly incorporates our concerns in this area. The program states that a primary responsibility of banks during the coming adjustment period will be to "meet the basic needs of established customers for normal operations, particularly smaller businesses, farmers, thrift institution bank customers, and agriculturally oriented correspondent banks and homebuyers with limited alternative sources of funds." Moreover, the Board expects that, in setting interest rates and other lending terms, banks will, whenever possible, take account of the special needs of these borrowers. At the same time, institutions are asked to avoid extensions of credit for speculative or nonproductive purposes, or for purposes that may be financed from other sources. Thus, within the overall range of the loan growth target of 6 to 9 percent, banks are encouraged to channel funds to groups likely to use them for productive purposes and to those that have limited alternative sources.

The Federal Reserve has not attempted as part of this program to specify the portion of credit that banks should allocate to specific borrowing groups nor to establish numerical guidelines for the relative terms of lending. We feel that individual institutions are much better able to assess the needs of particular customers and their own ability to service those needs. I have little doubt that most lending institutions will make a concerted effort to meet, as best they can, the legitimate needs of their regular customers.

The Federal Reserve plans to follow closely developments in all sectors of the credit market, seeking to spot distortions that may emerge in credit flows. As part of this monitoring, we are requiring monthly or quarterly reports from selected banks that detail, among other things, the nature of their lending programs and the volume of credit flows to particular groups, especially small businesses. We are asking what steps have been taken to implement the guidelines and for explanations when lending patterns appear to violate them. Similar information will be sought from finance companies. Large businesses are on notice that they should not turn to the commercial paper market to replace other credit, as such a shift would reduce the residual credit available for other borrowers.

Let me reiterate, however, that these measures cannot prevent small, and indeed all, businesses from encountering strains in coming months. As I stated in October, the process of breaking the inflationary grip on our economy will not be a painless one. But only by obtaining some degree of price stability can we create an environment in which small businesses can prosper. Once the inflationary spiral is broken, we may expect to see interest rates move down, with particular benefit to small businesses. Indeed the procedures adopted by the Federal Reserve in October promise, once demands for money and credit ease, a more prompt decline in rates than in the past. Without a reduction in inflationary expectations, however, we have no hope of lowering interest rates over the longer term. Such a reduction can only occur when businessmen and consumers become convinced that all branches of government have truly recognized inflation as our "number one problem" and have taken the necessary—often painful—steps to deal with it. I believe that, with time, successful implementation of the March 14 program by the Federal Reserve, along with fiscal restraint exercised by the Congress and the administration will have this effect. We will emerge on the other side of these troubles a stronger nation, with heightened dedication to the provision of a stable economic environment in which all sectors of our economy have the opportunity to flourish. □

Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, submitted to the Subcommittee on International Finance of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, April 3, 1980.

I am pleased to submit a statement on S. 2379, a bill that is designed to facilitate the formation and operation of export trading companies. My statement on behalf of the Board of Governors is limited to the section of the bill that provides for bank investment in trading companies.

The Board strongly supports the view that the Unted States needs a strong export sector, and I have been concerned that exports are sometimes hampered by government regulations. It is noteworthy that, under such handicaps, U.S. exports have nevertheless grown rapidly in the past several years. This growth, however, has reflected in good part the depreciation of the dollar and the improved competitive position of the United States that has resulted, as well as the benefits from the expansion of economic activity abroad. Over the past two years exports have increased 50 percent in value and 20 percent in volume, with strong performances in both agricultural and manufactured goods. We should expect that growth in our exports will depend in part on growth in the main markets in which we sell. Thus, as economic activity slows abroad, we should expect growth in our export sales to slow also, although we still look for some increase in exports of manufactures this year. Further growth in exports and a narrowing of the U.S. trade deficit in the years ahead will depend on our ability to bring inflation under control and to establish an environment favorable to growth of productivity and the international flows of goods and services.

Among the measures already taken to strengthen U.S. exports are certain actions by the Federal Reserve to increase the capabilities of Edge corporations to provide international banking services. I recently reviewed these measures before this subcommittee. These changes in rules for Edge corporations were in response to the congressional mandate in the International Banking Act and were designed to help the financing of exports. One change expanded the powers of Edge corporations by permitting them to finance the production of goods for export. A second change permitted Edge corporations to establish domestic branches, thereby increasing the possibilities for international banking services to expand into new areas. In the nine months since this change in Board regulation, the Board has approved applications for branches of Edge corporations in eleven cities, including five cities in which no Edge corporations have previously operated. A number of other applications for Edge corporations are anticipated over the next few months.

The concrete benefits of these actions in expanding international banking services, and in particular in facilitating the financing of U.S. exports, will, of course, be observed only gradually. But we believe that they may be significant over the longer run.

The bill before this committee seeks to strengthen U.S. exports by facilitating the establishment of export trading companies that could supply and package a range of services necessary for exporting, and that could also engage directly in selling goods for export. It would enlist the support of U.S. banks for both types of activities by permitting banks and Edge corporations to invest in export trading companies. In this connection it might be noted that, although banks and Edge corporations cannot now invest in such trading companies, bank holding companies are permitted to hold up to 5 percent of the stock of nonbanking companies as passive investments.

The Board shares the view that banks have expertise in some of the areas noted in the bill. U.S. banks can now provide, either directly or through their Edge corporations and affiliates, a wide variety of services relating to exports. In addition to a full range of financing services, these include foreign exchange facilities, information on foreign markets and economies, introductions, business references, and advice on arranging shipments. A number of U.S. banks with sizable networks of international banking and financial facilities have substantial expertise in these areas. Moreover, these advisory and ancillary services are a useful adjunct to international financing, which is the principal business of many banks and Edge corporations. Edge corporations have wide latitude under the law to provide advisory services related to exporting. In addition, in the case of uncertainty about the permissibility of certain activities, Edge corporations may apply under the Board's procedures for permission to broaden the scope of the export-related services that they offer. No requests of this sort have yet been received. The Board would of course review any such applications carefully in the light of all the surrounding circumstances.

Extension of the investment powers of banking institutions to include companies that buy and sell goods and services for their own account would go far beyond these existing financial facilities. Such an extension would raise basic questions regarding the traditional separation of banking and commerce. This tradition, which stands in sharp contrast to the practice in some countries abroad, helps ensure that banks will remain impartial arbiters of credit and contribute to a healthy competitive environment in the commercial sector.

The separation of banking and commerce has a long tradition in American banking. It is embodied in the Bank Holding Company Act and is endorsed by the Board. That tradition has served this nation well in promoting economic competition and a strong banking system. In addition, the Board has several more specific concerns about a breaching of the separation of banking and commerce, as is proposed in S. 2379, including the following.

1. The possibility that bank-owned companies or manufacturing companies dealing with them will have more favorable access to bank credit than other companies. For example, the associated company might well receive more liberal

credit terms such as lower interest rates, longer maturities, and less stringent collateral requirements. Moreover, as between otherwise equal potential borrowers, the bank might well make credit available to an associated company but not to others. Thus, there is a potential for unfair competition among trading companies.

2. The exposure of the bank that arises from risks encountered in commercial trading and the holding of inventories. This risk is enhanced when high leveraging is involved as is typically the case with trading companies. Margins for error are small in circumstances when the nature of the business necessarily contains the potential for sizable price movements and marked shifts in demands for products. In the case of Japanese banks associated with Japanese trading companies, large losses were sustained in one instance when a trading company failed, and difficulties have been encountered by others.

3. The possibility of conflicts of interest in the exercise of its credit judgment between the bank's fiduciary responsibility to depositors and its ownership interests. Examples of such classic conflicts are legion, the more obvious ones occurring when bank management runs undue risks in extending credit to such an associated company in the hopes that the company will be successful and provide a handsome return to shareholders and therefore management; or when it continues to extend credit to an associated company in distress rather than to cut its losses.

4. The increased complexity of bank supervision. For bank supervisors, as for bank management, there are very substantial differences between supervising banking and financial activities and supervising commercial enterprises, which involve risks that must be evaluated and controlled on the basis of specialized knowledge and expertise.

The Board is concerned about this legislation also because of the precedent that would be established. In today's environment, with rising prices for energy and the need for painful cuts in many areas of the economy, pressures might well arise for banks to make investments in areas in which worthwhile economic and social objectives are being threatened by the need to economize. Taken alone, each of these objectives might be worthwhile, but in aggregate they could represent a substantial claim on bank capital.

We need to remember that bank capital is low already—about $90 billion for all banks relative to total liabilities of $1.5 trillion. Capital ratios have been declining over the years, in part as a result of inflation, and there is now little room in bank balance sheets for new generic risks. If we now encourage banks to divert capital from its traditional role as a support for lending activity and to invest it in nonbanking activities, we are necessarily curtailing the amount of lending that banks can do for other purposes. Bank capital can be invested most productively in supporting banking activity.

Edge corporations, banks, and bank holding companies may currently engage in some of the activities offered by trading companies. Moreover, the Board has established procedures under the recently revised Regulation K by which member banks, bank holding companies, and Edge corporations can apply to engage in new international activities, and the Board is committed to processing applications in an expeditious manner. Banks are, of course, not permitted to engage in "buying or selling goods, wares, merchandise, or commodities in the United States," and the Board has supported this limitation on bank activity.

If the activities of Edge corporations and banks were to be extended to permit the buying and selling of goods for export directly—or if a bank holding company were permitted to own more than 5 percent of the shares of an export trading company—the Board believes that special standards for participation in such activity would be needed. Such standards should include limitations on the share of ownership of export trading companies and on the types of activities in which they engage. Our staff would be available to work with the staff of the subcommittee in seeking standards that would meet the objectives of the bill while retaining appropriate safeguards.

Announcements

Monetary and Credit Actions

The Federal Reserve Board announced on March 14, 1980, the following monetary and credit actions as part of a general government program to help curb inflationary pressures.

1. A voluntary special credit restraint program that will apply to all domestic commercial banks, bank holding companies, business credit extended by finance companies, and credit extended to U.S. residents by the U.S. agencies and branches of foreign banks. The parents and affiliates of those foreign banks are urged to cooperate in similarly restricting their lending to U.S. companies. Special effort will be made to maintain credit for farmers and small businessmen.

2. A program of restraint on certain types of consumer credit, including credit cards, check credit overdraft plans, unsecured personal loans, and secured credit when the proceeds are not used to finance the collateral. The Board has established a special deposit requirement of 15 percent for all lenders on increases in covered types of credit. Automobile credit, credit specifically used to finance the purchase of household goods such as furniture and appliances, home improvement loans, and mortgage credit are not covered by the program.

3. An increase from 8 percent to 10 percent in the marginal reserve requirement on the managed liabilities of large banks that was first imposed last October 6, and a reduction in the base upon which the reserve requirement is calculated.

4. Restraint on the amount of credit raised by large nonmember banks by establishing a special deposit requirement of 10 percent on increases in their managed liabilities.

5. Restraint on the rapid expansion of money market mutual funds by establishing a special deposit requirement of 15 percent on increases in their total assets above the level of March 14.

6. A surcharge on discount borrowings by large banks to discourage frequent use of the discount window and to speed bank adjustments in response to restraint on bank reserves. A surcharge of 3 percentage points applies to borrowings by banks with deposits of $500 million or more for more than one week in a row or more than four weeks in any calendar quarter. The basic discount rate remains at 13 percent.

In making the announcement, the Board stated the following:

President Carter has announced a broad program of fiscal, energy, credit, and other measures designed to moderate and reduce inflationary forces in a manner that can also lay the groundwork for a return to stable economic growth.

Consistent with that objective and with the continuing intent of the Federal Reserve to restrain growth in money and credit during 1980, the Federal Reserve has at the same time taken certain further actions to reinforce the effectiveness of the measures announced in October of 1979. These actions include an increase in the marginal reserve requirements on managed liabilities established on October 6 and a surcharge for large banks on borrowings through the Federal Reserve discount window.

The President has also provided the Federal Reserve, under the terms of the Credit Control Act of 1969, with authority to exercise particular restraint on the growth of certain types of consumer credit extended by banks and others. That restraint will be achieved through the imposition of a requirement for special deposits equivalent to 15 percent of any expansion of credit provided by credit cards, other forms of unsecured revolving credit, and personal loans.

One consequence of strong demands for money and credit generated in part by inflationary forces and expectations has been to bring heavy pressure on credit and financial markets generally, with varying impacts on particular sectors of the economy. At the same time, restraint on growth in money and credit must be a fundamental part of the process of restoring stability. That restraint is, and will continue to be, based primarily on control of bank reserves and other traditional instruments of monetary policy. However, the Federal Reserve Board also believes the effectiveness and speed with which appropriate restraint can be achieved without disruptive effects on credit markets will be facilitated by a more formal program of voluntary restraint by important financial intermediaries, developing further the general criteria set forth in earlier communications to member banks.

Special Credit Restraint Program

In adopting this program, the Board said that increases in lending this year should generally be consistent with the announced growth ranges for money and credit reported to the Congress on February 19. Although growth trends will vary among banks and regions of the country, growth in bank *loans* generally should not exceed the upper part of the range of 6 to 9 percent indicated for bank credit (that is, loans and investments). Banks whose past lending patterns suggest relatively slow growth should expect to confine their growth to the lower portion of, or even below, the range for bank credit.

The Board said the commercial paper market and finance companies—both a growing source of business credit—will be monitored closely in the program. Since activity in the commercial paper market is normally covered by bank credit lines, banks are expected to avoid increases in commitments for credit lines to support such borrowing out of keeping with normal business needs. Thrift institutions and credit unions will not be covered by the special program in light of the reduced trend in their asset growth.

No numerical guidelines for particular types of credit are planned but banks are encouraged particularly to take the following actions:

1. Restrain unsecured lending to consumers, including credit cards and other revolving credits. Credit for automobiles, home mortgage, and home improvement loans should be treated normally in the light of general market conditions.
2. Discourage financing of corporate takeovers or mergers and the retirement of corporate stock, except in those limited instances in which there is a clear justification in terms of production or economic efficiency commensurate with the size of the loan.
3. Avoid financing for purely speculative holdings of commodities or precious metals or extraordinary inventory accumulation.
4. Maintain availability of funds to small business, farmers, homebuyers, and others without access to other forms of financing.
5. Restrain the growth in commitments for backup lines in support of commercial paper.

No specific guidelines will be issued on the terms and pricing of bank loans. However, rates should not be calculated in a manner that reflects the cost of relatively small amounts of marginal funds subject to the marginal reserve requirement on managed liabilities. The Board also expects that banks, as appropriate and possible, will adjust lending rates and other terms to take account of the special needs of small businesses and others.

Lenders covered by the program are asked to supply certain data and information. The President, in activating the Credit Control Act, has provided the authority to require such reports.

Monthly reports are requested from domestic banks with assets in excess of $1 billion and for branches and agencies of foreign banks that have worldwide assets in excess of $1 billion. Monthly reports are also requested on the business credit activities of domestic affiliates of bank holding companies with total assets in excess of $1 billion. Banks with assets between $300 million and $1 billion are asked to report quarterly. Smaller institutions need not report unless subsequent developments warrant it.

Foreign banks will be asked to respect the substance and spirit of the guidelines in their loans to U.S. borrowers or loans to support U.S. activity.

A panel of large corporations will be asked to report monthly on their commercial paper issues and their borrowings abroad. Finance companies with more than $1 billion in business loans outstanding will also be asked to report monthly on their business credit outstanding.

Consumer Credit Restraint

The special deposit requirement of 15 percent on increases in some types of consumer credit is designed to encourage particular restraint on such credit extensions. Methods used by lenders to achieve such restraint are a matter for determination by the individual firms. Increases in covered credit above the base date—March 14—will be subject to the special deposit requirement.

Among lenders subject to the regulation are commercial banks, finance companies, credit unions, savings and loan associations, mutual savings banks, retail establishments, gasoline companies, and travel and entertainment card companies—in all instances when there is $2 million or more in covered credit.

Typical examples of credit that is covered are credit cards issued by financial institutions, retailers, and oil companies; overdraft and special check-type credit plans; unsecured personal loans; loans for which the collateral is already owned by the borrower; open-account and 30-day credit without regard to whether a finance charge is imposed; and credit secured by financial assets when the collateral is not purchased with the proceeds of the loan.

Examples of consumer credit that is not covered are as follows: secured credit when the security is purchased with the proceeds of the loan such as automobiles, mobile homes, furniture, or appliances; mortgage loans when the proceeds are used to purchase the home or for home improvements; insurance company policy loans; credit extended for utilities, health, or educational services; credit extended under state or federal government-guaranteed loan programs; and savings passbook loans.

All creditors with $2 million or more of covered credit outstanding on March 14 must file a base report by April 1 directly with the Federal Reserve or through the Federal Home Loan Bank Board or the Federal Credit Union Administration. This report will state the amount of credit outstanding on March 14 or a figure for the nearest available date.

Thereafter, these creditors must file a monthly report on the amount of covered consumer credit outstanding during the month, based on the daily average amount of covered credit if such data are available, or the amount outstanding on other appropriate dates approved by the Federal Reserve. The first report—for the period from March 15 through April 30—is due by May 12. The report for subsequent months is due by the second Monday of the following month.

The first 15 percent deposit requirement must be maintained beginning May 22 on increases in outstanding credit.

Subsequently, on April 2, 1980, the Board made the following amendments to its consumer credit restraint regulations announced on March 14.

1. Established a uniform, national rule for creditors to follow if they impose or increase any finance or other charges, change the method of computing the balance upon which the charges are applied, or increase the required minimum periodic payment.

The above changes can be made *only* if written notice of a change is provided to all affected account holders at least 30 days before the effective date of the change, and if the account holders are given the option to pay off their outstanding debt in accord with the original terms of their contract.

If an account holder continued to use a credit card after the effective date of the specified changes, he or she would be subject to the new terms on all outstanding credit.

This change does not affect state laws governing consumer credit rate ceilings, other Truth in Lending disclosures, or rules under the Equal Credit Opportunity Act.

Creditors who have begun mailing notices of changes to their account holders before March 14 may implement such changes without regard to the new notice procedures.

2. Provided creditors subject to the consumer credit restraint program with an alternative base period for calculation of the special deposit requirement of 15 percent. This alternative base is designed to prevent an undue burden for creditors who face large seasonal increases in their business in the months ahead.

The choice of a base period will be either the original base of March 14, 1980, or the following option, which gradually reduces year-over-year increases in outstanding credit that are possible without incurring special deposit requirements: The base for any given month will equal the outstanding covered credit for the same month a year earlier, scaled up by a gradually diminishing factor based on the expansion of a firm's covered credit from March 1979 to March 1980. The growth factor will be reduced by $^{1}/_{12}$ each month so that by March 1981, any year-over-year increase in covered credit will be subject to the special deposit requirement, which applies to any growth of covered credit over the base level.

For example, if a firm experienced growth in covered credit of 6 percent between March 1979 and March 1980, under the alternative method its April 1980 base would equal the April 1979 level of covered credit, scaled up by $^{11}/_{12}$ of 6 percent. For May, its base would equal the May 1979 level, scaled up by $^{10}/_{12}$ of 6 percent.

In a related action, the Board said it would attempt, whenever possible in further rulemaking under the Credit Control Act of 1969, to give notice and opportunity for public comment before making a final decision. However, the Board cannot commit itself to doing so in all cases, since (as in the case of the rules issued March 14) such advance notice would result in frustration of the anti-inflationary objective of restraining credit increases by giving opportunity for credit to increase before new credit-restraining rules become effective.

The Board acted in response to a petition from the Consumer Federation of America.

In making the decision the Board stated the following:

> The Board recognizes the contribution to the decision-making process that public participation provides, and has in the past encouraged broad participation in its rulemaking proceedings, particularly in the consumer and equal credit area. . . . The Board will attempt to provide an opportunity for public comment whenever this is possible and would not frustrate the Board's intended actions. Finally, the Board intends that its regulations (under the Credit Control Act) be implemented in as fair and equitable manner as possible.

The Board indicated that—as it has done in the past with respect to other regulations—when opportunity for prior public comment is not practicable, it will consider public comment on its actions received after its rules are issued, and will stand ready to amend the rules if necessary.

Marginal Reserve Requirement

On October 6, the Board established an 8 percent marginal reserve requirement on increases in managed liabilities that had been actively used to finance a rapid expansion in bank credit. The base for this reserve requirement was set at the larger of $100 million *or* the average amount of managed liabilities held by a member bank, an Edge corporation, or a family of U.S. agencies and branches of a foreign bank as of the period September 13-26. An increase in managed liabilities above that base period was subject to the additional 8 percent reserve requirement.

Managed liabilities include large-denomination time deposits ($100,000 or more) with maturities of less than a year, Eurodollar borrowings, repurchase agreements against U.S. government and federal agency securities, and federal funds borrowed from a nonmember institution.

On March 14, the Board increased the reserve requirement to 10 percent and lowered the base either by 7 percent or by the decrease in a bank's gross loans to foreigners and gross balances due from foreign offices of other institutions between the base period and the week ending March 12, whichever is greater. In addition, the base will be reduced to the extent a bank's foreign loans continue to decline. The minimum base remains $100 million.

Nonmember Banks

The special deposit requirement for nonmember banks is designed to restrain credit expansion in the same manner as the marginal reserve requirement on the managed liabilities of member banks.

For nonmembers, the base is the daily average amount of managed liabilities outstanding during the two-week period that ended March 12 or $100 million, whichever is greater. The 10 percent special deposit will be maintained at the Federal Reserve on increases in managed liabilities above the base amount. The base will be reduced in subsequent periods to the extent that a nonmember bank reduces its foreign loans.

Money Market Mutual Funds

Money market mutual funds and similar creditors must maintain a special deposit with the Federal Reserve equal to 15 percent of the increase in their total assets after March 14.

A covered fund must file by April 1 a base report of its outstanding assets as of March 14. Thereafter, a monthly report on the daily average amount of its assets must be filed by the 21st of the month. For example, a report on the first month's assets—from March 15 to April 14—must be filed by April 21 and the special deposit requirement will be maintained beginning May 1. A fund that registers as an investment company with the Securities and Exchange Commission after March 14 must file a base report within two weeks after it begins operations.

Subsequently, on March 28, 1980, the Federal Reserve Board announced a series of changes in its credit restraint program concerning money market funds and other similar entities, as follows:

1. Extend the exemption for bank-operated collective investment funds to bona fide personal trusts, pension, retirement, and other tax-exempt accounts invested in money market funds.
2. Allow the unit investment trusts of a particular sponsor to roll over without incurring the 15 percent special deposit requirement as long as the units are sold only to the unit holders of record on the date the trust matures, the sales charge is not substantially increased, and a unit holder cannot subscribe to more units than was held in the maturing trust.
3. Exempt the tax-exempt assets of money market funds whose investment objective is to invest at least 80 percent of their assets in short-term tax-exempt obligations. These funds typically provide a yield substantially below those of other funds as well as a convenient vehicle for investors who otherwise would invest directly in such tax-exempt obligations. The remaining nonexempt assets of such funds would be subject to the special deposit requirement to the extent they exceed the fund's base.
4. Provide a minimum base for funds that were engaged in a continuous public offering on March 14, 1980.

In addition, the Board changed the reporting and maintenance periods for money market funds to a weekly basis and denied requests for certain exemptions from the regulation.

Discount Rate

In fixing the surcharge above the basic discount rate for large bank borrowing, the Board acted on requests from the directors of all 12 Federal Reserve Banks. The action was effective March 17, 1980. The discount rate is the interest rate that member banks are charged when they borrow from their district Federal Reserve Bank.

The surcharge above the basic discount rate would generally be related to market interest rates. It is designed to discourage frequent use of the discount window and to encourage banks with access to money markets to adjust their loans and investments more promptly to changing market conditions. This should facilitate the ability of the Federal Reserve to attain longer-run bank credit and money supply objectives.

The surcharge will apply to banks with more than $500 million in deposits on their borrowings for ordinary adjustment credit, when such borrowing occurs successively in two statement weeks or more, or when the borrowing occurs in more than four weeks in a calendar quarter. There will be no other change in the administration of the discount window with respect to adjustment credit. Such credit will continue to be available to member banks only on a short-term basis to assist them in meeting a temporary requirement for funds or to provide a cushion while orderly adjustments are made in response to more sustained changes in a bank's position.

The surcharge will not apply to borrowing under the seasonal loan program, which will continue at the basic discount rate, nor to borrowing under the emergency loan program.

International Banking Act: Amended Regulations

The Federal Reserve Board on March 20, 1980, adopted final regulations to implement certain provisions of the International Banking Act (IBA) of 1978.

Pursuant to the act the Board's regulations placed reserve requirements and interest rate limitations on U.S. branches and agencies of foreign banks whose parent banks have total worldwide consolidated bank assets in excess of $1 billion.

At the same time, the Board implemented provisions of the IBA that grant branches and agencies of such foreign banks access to Federal Reserve services, and permit them to borrow from the Federal Reserve Banks.

The regulations will become effective on September 4, 1980, with a two-year phase-in period after the effective date for reserve requirements—consistent with the reserve requirement phase-in for nonmember banks joining the Federal Reserve System. The final regulations follow consideration of comments received on proposed regulations published in July 1979.

The rules affecting reserve requirements for branches and agencies of foreign banks amend the Board's Regulation D (Reserves of Member Banks). The provisions imposing interest rate ceilings amend Regulation Q (Interest on Deposits). The Board also amended Regulation D and Regulation K (International Banking Operations) to conform, in certain respects, the reserve requirements of Edge and Agreement corporations to those applicable to the branches and agencies of foreign banks.

In general, but with numerous special provisions, the Board's regulations specify the following procedures:

1. Apply all the provisions of Regulation D to U.S. branches and agencies of foreign banks.
2. Treat credit balances at banking offices of foreign banks as deposits subject to the same interest rate limitations and to the same reserve requirements as apply to member banks, with the applicable reserve ratio determined by the maturity of the balance.
3. Subject net borrowings of the agencies and branches from their foreign bank and its foreign offices to the same reserve ratios that apply to similar Eurodollar borrowings of member banks, after deducting a capital equivalency allowance.
4. Establish a system of statewide aggregation of reservable liabilities for purposes of computing reserve requirements. This differs from the proposed rule, which would have included an additional tier of national aggregation.
5. Permit a branch or agency that maintains a required reserve balance with a Reserve Bank to be eligible to borrow at the discount window of that Bank.
6. Make Federal Reserve services (including check collection, currency and coin supply, securities safekeeping, and wire transfer services) available to the branches and agencies on the effective date of the final regulations, through the Reserve Bank for the District in which the foreign branch or agency is located.
7. Apply all the provisions of Regulation Q to the branches and agencies.

Statement on Depositary Institutions Deregulation and Monetary Control Act of 1980

The Federal Reserve Board issued the following statement in connection with the signing of the Depositary Institutions Deregulation and Monetary Control Act of 1980 by the President on March 31, 1980.

The Depositary Institutions Deregulation and Monetary Control Act of 1980 initiates wide-ranging changes in the nation's monetary system that will enhance the efficiency of financial markets, promote competitive balance among depositary institutions, and facilitate the implementation of monetary policy.

With regard to monetary policy instruments, the provisions of the act that extend reserve requirements on transaction accounts and nonpersonal time deposits to all depositary institutions become effective in six months. The provision that extends access to Federal Reserve Bank discount windows on the same terms and conditions as member banks to all depositary institutions that hold transaction accounts or nonpersonal time deposits becomes effective on enactment.

Prompt implementation of the discount window provisions—which affect many thousands of additional depositary institutions—involves development of the necessary procedures and regulations within the Federal Reserve System, coordination with other agencies that have supervisory and other responsibilities for the institutions, and dissemination of information about the terms and conditions on which various types of discount window credit may be available to the depositary institutions concerned. Arrangements to regularize access to the discount window are expected to be fully implemented by July 1.

For the interim, the Board recognizes that some depositary institutions covered by the new law may experience unusual funding needs that might reasonably require access to the discount window. During this period before general arrangements can be regularized, the Federal Reserve, in consultation with the primary supervisory agencies concerned, will be prepared to consider credit arrangements on a case-by-case basis.

INTEREST RATE LIMITATIONS ON CERTAIN OBLIGATIONS

The Federal Reserve Board on March 14, 1980, imposed interest rate limitations on debt instruments that are issued by a bank holding company in denominations of $100,000 or less and with original maturities of four years or less.

Obligations of $10,000 or more with original maturities between 6 months and 2½ years—or redeemable in periods of 6 months to 2½ years—will be subject to the same interest rate ceilings paid by member banks on 26-week money market certificates.

Obligations with original maturities of 2½ to 4 years—or redeemable after 2½ to 4 years—will be subject to the ceiling rate payable on 2½-year variable-ceiling time deposits. Obligations with original maturities of less than 2½ years—or redeemable in periods of less than 2½ years—will be subject to the same rate limitations imposed on member banks.

Action was necessary in view of the impact such instruments are likely to have on deposit flows among depositary institutions. This action does not apply to commercial paper issued by bank holding companies.

POLICY STATEMENT FOR FORMATION OF CERTAIN ONE-BANK HOLDING COMPANIES

The Federal Reserve Board on March 28, 1980, issued a policy statement designed to facilitate the change of ownership of small banks and to help maintain the safety and soundness of the banking system by amending the criteria applied in considering applications for one-bank holding company formations.

The new policy applies to one-bank holding companies meeting both of the following conditions: total assets of approximately $150 million or less and no significant nonbank activities that use large amounts of debt in their businesses.

It permits acquisition by one-bank holding companies of small community banks under revised terms. The new terms continue in more flexible form the Board's standing policy of permitting transfer of ownership of such banks on less demanding terms than those the Board applies in considering applications involving larger banks.

The Board gave this background to its proposal:

> In acting on applications filed under the Bank Holding Company Act, the Board has adopted, and continues to follow, the principle that bank holding companies should serve as a source of strength for their subsidiary banks. . . .
>
> The Board believes that a high level of debt at the parent holding company level impairs the ability of a bank holding company to provide financial assistance to subsidiary bank(s), and in some cases the servicing requirements on such debt may be a significant drain on the bank's resources. For these reasons, the Board has not favored the use of acquisition debt in formations of bank holding companies. Nevertheless, the Board has recognized that the transfer of ownership of small banks often requires the use of acquisition debt. The Board, therefore, has permitted the formation of small one-bank holding companies with debt levels higher than would be permitted for larger or multibank holding companies.

While continuing to adhere to these principles, the Board has reexamined the factors that apply to small one-bank holding company applications with a view to improving the flexibility of these companies in dealing with their debt obligations.

Past policy called for repayment of all acquisition debt within 12 years, while maintaining a satisfactory level of capital in the company's bank subsidiary.

The revised policy provides that the holding company's debt to equity ratio be reduced to no more than 30 percent within 12 years, which is approximately the level maintained by many multibank holding companies.

This reduction can be accomplished by direct debt repayment, or by building up equity through the retention of earnings, or both.

The new policy requires that capital in the subsidiary bank be maintained at no less than 8 percent of assets and allows for reasonable holding company dividends and the use of preferred stock as equity under certain conditions.

DATA ON FEDERAL FUNDS AND REPURCHASE AGREEMENTS

Table 1.13 in the FEDERAL RESERVE BULLETIN and the Board's H.5 statistical release have been changed. Effective March 13, 1980, the daily average borrowings in immediately available funds of 121 large member banks, disaggregated by lender and term to maturity, will be reported; previously reported data from 46 large banks have been discontinued.

Immediately available funds are those that borrowing banks receive the same day that the transfer of these funds is initiated. Unsecured borrowings in immediately available funds—federal funds—are acquired mainly from commercial banks and, to a lesser extent, from other depositary institutions and federal agencies. Other borrowings in immediately available funds are principally sales of U.S. Treasury and federal agency obligations under an agreement to repurchase—security repurchase agreements (RPs)—and are obtained from a much wider range of customers, including nonbank securities dealers, nonfinancial corporations, and state and local governments. There is also a small amount of borrowing in immediately available funds in the form of promissory notes, repurchase agreements involving other assets, due bills, and certain other obligations.

Borrowings of immediately available funds may have a specified term to maturity—as short as one business day—or may be made under continuing contract. Transactions under continuing contract remain in effect until terminated, without any requirement of prior notice by either borrower or lender. The H.5 release and table 1.13 provide information on two maturity categories: one day plus continuing contract borrowings, and all other maturities.

The market for immediately available funds originated as member banks sought to adjust reserve positions among themselves by lending and borrowing reserves held at Federal Reserve Banks. Participation in this market was broadened in the mid-1960s and early 1970s as member bank borrowing from nonmember commercial banks and certain other institutions—including savings and loan associations, mutual savings banks, and U.S. government agencies—was sanctioned by regulatory policy. Also, in the late 1960s, regulations were adopted specifying that funds borrowed through repurchase agreements were exempt from reserve requirements and interest rate ceilings only when secured by U.S. government and agency obligations (except when obtained from certain customers consisting mainly of commercial banks, savings and loan associations, mutual savings banks, and federal agencies).[1]

In recent years, large banks have come to rely heavily on federal funds and RP borrowing as a source of managed liabilities as well as for adjusting reserve positions. Federal funds and RPs, along with Eurodollar borrowings and issuance of certificates of deposit, have allowed large banks to finance credit expansion when inflows of core deposits—demand, savings, and small-denomination time deposits—were inadequate.

REVISED GUIDELINES FOR CONTRACT ACTIVITIES OF BANKS

The three federal bank regulatory agencies on March 14, 1980, announced a number of revisions in their guidelines for banks that engage in futures, forward, and standby contracts on U.S. government and agency securities.

The changes were made to guidelines adopted last November. The Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Board incorporated the guidelines in a policy statement. The Comptroller of the Currency's

1. The nonreservable status of certain federal funds and RP borrowings recently has been amended. Since late October 1979, member banks have been required to hold reserves against the sum of their managed liabilities in excess of a base amount. These liabilities are defined to include large time deposits (issued in denominations of $100,000 or more and having original maturities of less than a year), Eurodollar borrowings, and federal funds and RP borrowings with maturities of less than one year from customers other than member banks, Edge Act corporations, and U.S. branches and agencies of foreign banks.

guidelines were contained in an operating circular.

In one change, adopted by the FDIC and the Federal Reserve, futures and forward contracts executed by state-chartered banks before January 1, 1980, were exempted from the accounting procedures specified in the guidelines. The Comptroller of the Currency retained the January 1 effective date for all contracts entered into by national banks, as the Comptroller has had similar accounting provisions in effect since 1977.

Other principle changes in the guidelines, adopted in the light of substantial comment received since the guidelines were published last November, include the following:

1. Banks may exercise the option of carrying futures and forward positions on a market or on a lower of adjusted cost or market basis.

2. Futures and forward contract activities associated with bona fide hedging of a mortgage banking operation are exempted from the accounting treatment otherwise prescribed for such contracts.

3. A number of other technical changes have been made, including relaxation of the requirement that a bank's board of directors review contracts at least monthly.

The agencies adopted the guidelines following a Treasury-Federal Reserve study indicating that banks can effectively use financial futures contracts to hedge their risk of losses due to changes in interest rates but noting that improper use of interest rate futures contracts increases, rather than decreases, the risk of losses due to changes in interest rates.

In addition to their guidelines, the agencies provided the following precautionary rules to banks they supervise:

1. Banks that engage in futures, forward, or standby contract transactions should do so only in accordance with safe and sound banking practices.

2. Such transactions should be of a size reasonably related to the bank's business needs and to its capacity to fulfill obligations incurred.

3. The positions banks take in futures, forward, and standby contracts should be such as to reduce the bank's exposure to loss through interest rate changes.

4. Policy objectives should be formulated in the light of the bank's entire mix of assets and liabilities.

5. Standby contracts calling for settlement in more than 150 days should not be issued by banks except in special circumstances, and ordinarily such long-term standby contracts would be viewed by the agencies as inappropriate.

The 10-point guidelines that should be followed by banks authorized to participate in these markets include directives on the role of bank boards of directors; recordkeeping; monitoring of activities; valuation of contracts; treatment of fee income in connection with a standby contract; disclosures of activity by a bank in futures, forward, and standby contracts; monitoring of credit risk exposure; and internal controls at banks.

Annual Report: Publication

The Sixty-Sixth *Annual Report* of the Board of Governors of the Federal Reserve System, covering operations for the calendar year 1979, is available for distribution. Copies may be obtained upon request to Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Changes in Board Staff

The Federal Reserve Board has announced the appointment, effective March 23, 1980, of Barbara R. Lowrey as Assistant Secretary of the Board, assigned to oversee the Board's Regulatory Improvement Project.

Mrs. Lowrey, formerly with the Division of International Finance, joined the Board's staff in 1970. She holds an M.A. from the University of Wisconsin and a Ph.D. from Michigan State University. In 1976–78 she was on assignment with the Organization for Economic Cooperation and Development in Paris.

The Federal Reserve System's Regulatory Improvement Project involves a review of all Federal Reserve regulations that affect the public. Each regulation is being analyzed to determine its fundamental objectives, whether the regulation is obsolete, whether it can be made less burdensome, and whether it can be made more readily understandable.

The Board has also announced the temporary appointment of Cathy L. Petryshyn as Assistant Secretary of the Board for a six-month period beginning April 1, 1980. Ms. Petryshyn, of the Federal Reserve Bank of Cleveland, replaces William N. McDonough, who has returned to the Federal Reserve Bank of Boston.

Money Stock Seasonal Factors

In February 1980 the Board announced new definitions of money that will be used in the conduct of monetary policy. (A detailed description of the revised series appears in "The Redefined Monetary Aggregates," Federal Reserve Bulletin, volume 66, February 1980, pages 97–114.) The accompanying table shows monthly and weekly seasonal factors for the currency and demand deposit components of the new M-1A and M-1B measures for 1980. Other checkable deposits (negotiable orders of withdrawal, automatic transfer service, credit union share draft balances, and demand deposits at thrift institutions) also included in M-1B are not seasonally adjusted because sufficient historical data are not available for this component.

Monthly and weekly seasonal factors for time and savings deposits at commercial banks—components of the broader redefined aggregates, M-2 and M-3—are shown in the table. In addition to M-1B, M-2 includes savings and small-denomination time deposits at all depositary institutions, but only commercial bank data are available on a weekly basis for savings and small-denomination time deposits. M-2 also includes overnight repurchase agreements (RPs) at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and money market mutual fund shares.

M-3 comprises M-2 plus large-denomination time deposits at all depositary institutions and term RPs at commercial banks and savings and loan associations. The last column of the table shows seasonal factors for large-denomination time deposits at banks net of large-denomination time deposits held by money market mutual funds and thrift institutions.

Money stock seasonal factors, 1980

Period	Currency	Demand deposits	Commercial bank		
			Savings deposits	Small-denomination time deposits	Large-denomination time deposits
Monthly					
January	.9930	1.0210	.9950	.9980	1.0140
February	.9880	.9740	.9940	1.0030	1.0050
March	.9910	.9780	1.0040	1.0030	1.0080
April	.9970	1.0140	1.0100	1.0010	.9920
May	.9980	.9790	1.0070	1.0040	.9950
June	1.0010	.9950	1.0040	1.0050	.9850
July	1.0060	1.0050	1.0060	1.0010	.9830
August	1.0020	.9910	1.0010	.9990	.9940
September	.9980	.9980	.9980	1.0000	.9930
October	.9980	1.0070	.9960	1.0030	1.0010
November	1.0070	1.0070	.9930	.9920	1.0070
December	1.0180	1.0290	.9900	.9900	1.0230
Weekly					
Jan. 2	1.0060	1.0650	.9910	.9920	1.0230
9	1.0070	1.0510	.9970	.9980	1.0160
16	.9970	1.0390	.9960	.9970	1.0140
23	.9880	1.0060	.9950	.9980	1.0130
30	.9760	.9800	.9930	.9990	1.0120
Feb. 6	.9900	.9890	.9930	1.0010	1.0070
13	.9930	.9840	.9940	1.0030	1.0050
20	.9900	.9700	.9940	1.0040	1.0030
27	.9780	.9540	.9950	1.0040	1.0050
Mar. 5	.9890	.9820	.9970	1.0040	1.0070
12	.9980	.9830	1.0010	1.0040	1.0090
19	.9920	.9830	1.0040	1.0040	1.0070
26	.9870	.9620	1.0070	1.0020	1.0080
Apr. 2	.9900	.9870	1.0120	1.0010	1.0060
9	1.0100	1.0150	1.0160	.9995	.9990
16	1.0030	1.0300	1.0130	1.0000	.9910
23	.9940	1.0220	1.0070	1.0020	.9870
30	.9830	.9940	1.0040	1.0040	.9880
May 7	1.0000	.9860	1.0060	1.0030	.9890
14	1.0020	.9830	1.0080	1.0040	.9920
21	.9980	.9750	1.0080	1.0040	.9980
28	.9930	.9660	1.0070	1.0040	1.0010
June 4	.9990	.9910	1.0070	1.0050	.9950
11	1.0100	1.0050	1.0060	1.0050	.9890
18	1.0020	1.0030	1.0030	1.0050	.9820
25	.9960	.9800	1.0010	1.0050	.9800
July 2	.9990	1.0020	1.0040	1.0050	.9830
9	1.0220	1.0190	1.0080	1.0020	.9810
16	1.0100	1.0150	1.0080	1.0000	.9800
23	1.0020	.9980	1.0060	1.0000	.9830
30	.9920	.9880	1.0040	1.0000	.9870
Aug. 6	1.0070	.9960	1.0030	.9990	.9920
13	1.0100	.9990	1.0020	1.0000	.9930
20	1.0030	.9920	1.0010	.9990	.9940
27	.9920	.9750	1.0000	.9980	.9960
Sept. 3	1.0000	.9930	.9990	.9990	.9950
10	1.0100	1.0030	1.0000	.9990	.9930
17	1.0000	1.0120	.9980	.9990	.9910
24	.9920	.9860	.9960	1.0010	.9920
Oct. 1	.9850	.9960	.9980	1.0020	.9960
8	1.0060	1.0150	1.0000	1.0020	.9970
15	1.0040	1.0140	.9980	1.0030	.9980
22	.9950	1.0020	.9950	1.0030	1.0020
29	.9860	.9930	.9920	1.0030	1.0060
Nov. 5	1.0000	1.0150	.9920	1.0000	1.0030
12	1.0120	1.0090	.9910	.9940	1.0020
19	1.0080	1.0090	.9930	.9890	1.0050
26	1.0040	.9930	.9940	.9880	1.0090
Dec. 3	1.0100	1.0160	.9930	.9880	1.0130
10	1.0220	1.0220	.9940	.9890	1.0200
17	1.0170	1.0310	.9910	.9890	1.0240
24	1.0240	1.0270	.9870	.9900	1.0240
31	1.0110	1.0440	.9860	.9910	1.0230

Meeting of Consumer Advisory Council

The Federal Reserve Board has announced that its Consumer Advisory Council met on April 28 and 29, 1980.

The Council is made up of 30 members representing a broad range of consumer and credit interests and advises the Board on its responsibilities regarding consumer credit protection legislation at quarterly meetings.

Revised OTC Stock List

The Federal Reserve Board has published a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations, effective April 4, 1980. The list supersedes the revised List of OTC Margin Stocks that was issued on October 1, 1979.

Changes that have been made in the list, which now includes 1,252 OTC stocks, are as follows: 94 stocks have been included for the first time; 9 stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing; and 62 stocks have been removed for listing on a national securities exchange or because the companies were acquired by another firm.

The list is available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

System Membership: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period March 11 through April 10, 1980:

Florida
Coral Gables . . . . First City Bank of Dade County

Ohio
Cincinnati . . . . . . Ameritrust Company of Cincinnati

Texas
Cleburne . . . . First State Bank of Cleburne

Record of Policy Actions of the Federal Open Market Committee

Meeting Held on February 4–5, 1980

Domestic Policy Directive

Growth in real output of goods and services moderated to an annual rate of about $1^1/_2$ percent in the fourth quarter of 1979, according to preliminary estimates of the Commerce Department. Real gross national product had grown at a rate of about 3 percent in the third quarter, buttressed by strength in consumer spending. Average prices, as measured by the fixed-weight price index for gross domestic business product, increased at an annual rate of about $9^1/_4$ percent in the fourth quarter, after having risen at an average annual rate of about 10 percent in the first three quarters. Over the year ending with the fourth quarter of 1979, real GNP and nominal GNP grew about $^3/_4$ percent and 10 percent respectively.

Total retail sales strengthened in November and December, after a sharp decline in October. From the third to the fourth quarter, however, sales changed little in constant-dollar terms as consumer buying of new automobiles and some other durable goods weakened.

The index of industrial production rose somewhat in December, offsetting the decline in November. In the fourth quarter, industrial production was up about 1 percent from a year earlier.

Nonfarm payroll employment, which had expanded moderately during the fourth quarter, rose substantially further in January. However, the rate of unemployment rose from 5.9 to 6.2 percent in January, its highest level in well over a year.

The Department of Commerce survey of business spending plans taken in late November and December suggested that expenditures for plant and equipment would rise about 11 percent from 1979 to 1980, after having expanded about $14^3/_4$ percent in 1979. After allowance for expected increases in prices, however, the rise projected for 1980 was negligible.

In December private housing starts were at an annual rate of 1.5 million units, unchanged from November but down from an average rate of 1.8 million units in both the second and the third quarters of the year. Combined sales of new and existing single-family homes fell in November for the second consecutive month, and preliminary indications suggested a further decline in December.

Producer prices of finished goods and consumer prices continued to rise rapidly in late 1979, in part because of the continuing spread of the effects of earlier increases in energy costs. In December producer prices and consumer prices were about $12^1/_2$ percent and $13^1/_4$ percent respectively above a year earlier. Both measures had risen around 9 percent during 1978.

The rise in the index of average hourly earnings of private nonfarm production workers moderated in January, following sharp increases in November and December. For the year 1979 the index was up 8.3 percent, about the same as in 1978.

In foreign exchange markets, pressures on the dollar were relatively slight in January. The trade-weighted value of the dollar against major foreign currencies changed little on balance despite increased international political tensions. The U.S. trade deficit rose considerably in December from a relatively low November level, in large part because of an increase in oil imports. For the fourth quarter as a whole, the trade deficit was close to the second- and third-quarter levels.

At its meeting on January 8-9, 1980, the Committee had agreed that open market operations in the period until this meeting should be directed toward expansion of reserve aggregates consistent with growth of M-1 during the first quarter of 1980 at an annual rate between 4 and 5 percent and expansion of M-2 on the order of 7 percent, provided that in the intermeeting period the weekly average federal funds rate remained generally within a range of 11½ to 15½ percent. The Committee had also agreed that if the constraint on the federal funds rate appeared to be inconsistent with the objective for the expansion of reserves, the Manager for Domestic Operations was promptly to notify the Chairman who would then decide whether the situation called for supplementary instructions from the Committee.

Expansion in the major monetary aggregates, which had subsided in the final months of 1979, remained at reduced rates in January. M-1 and M-2 were estimated to have expanded in January at annual rates of about 1½ percent and 5¼ percent respectively, compared with rates of about 3 percent and 6¾ percent over the preceding three months. M-3 was estimated to have grown at an annual rate of about 4½ percent in January, after having expanded at a rate of about 6 percent during the fourth quarter.

With the demand for money moderate, the federal funds rate declined from an average of about 14 percent in late December and early January to about 13½ percent in the statement week ending January 30 and to a somewhat lower average in the remaining days preceding this meeting. Growth in total reserves decelerated sharply in January to an annual rate of 4 percent. Nonborrowed reserves expanded at an annual rate of about 11 percent, as average member bank borrowings declined somewhat further in January from the reduced level in December.

Newly available data confirmed a weakening of bank credit extensions to nonfinancial businesses in the fourth quarter. However, incomplete data for January suggested a rise in bank lending to such borrowers. In addition, the issuance of commercial paper by nonfinancial corporations rebounded in December and January.

Most market interest rates, especially longer-term rates, rose over the intermeeting period despite the decline in the federal funds rate. Advances in Treasury bill rates appeared to reflect large Treasury issues to raise new cash. Longer-term debt markets were influenced by an intensification of inflationary expectations, which seemed to reflect data indicating stronger business activity than anticipated and the prospect of enlarged defense spending in response to international tensions. The home mortgage market remained exceptionally tight in January, but there were a few reports of liberalization in lending policies in the primary market.

Staff projections prepared for this meeting suggested that growth of nominal GNP would slow much less in the current quarter than had appeared likely a month earlier, and growth over the remaining quarters of 1980 was expected to vary relatively little from the first-quarter pace. The projections continued to suggest that real GNP would contract moderately during the year and that the rate of unemployment would increase substantially. Price prospects for the current year were similar to those of a month earlier: the rise in average prices was projected to accelerate somewhat during the early part of the year from the annual rate of about $9^1/_4$ percent in the fourth quarter of 1979, mainly because of increases in energy costs, but to subside later. In view of international conditions and an apparent strengthening of inflationary psychology, however, the projections were subject to greater uncertainties than usual, especially with regard to consumer and defense spending.

In the Committee's discussion of the economic situation and outlook, the members in general stressed the unusual uncertainties affecting forecasts of both output and prices. Most members thought that a moderate contraction in real GNP was likely in 1980, bringing a substantial increase in unemployment, and they expected the rise in prices to remain very rapid. The view was also expressed, however, that real GNP would decline little if at all during the year, that the unemployment rate would increase less than generally anticipated, and that the rise in prices could well accelerate further.

One major uncertainty for the immediate future was the probable behavior of consumer spending for goods and services. Such spending had been unexpectedly strong in the latter part of 1979 despite weak growth in disposable personal income, and the saving rate had fallen to an exceptional low of about $3^1/_4$ percent in the fourth quarter. Interpretations of the phenomenon and its implications for the future differed: it might result primarily from inflation's squeeze on household budgets and thus foreshadow a sudden retrenchment in consumer spending; or it might represent primarily a consumer adaptation to high current and prospective rates of inflation and so could persist. Near-term prospects for consumer spending were clouded, in addition, by more than the usual uncertainty about the effects of federal income tax refunds, which were expected to be unusually large in March and April this year.

A second major element of uncertainty in projecting output and prices was the course of defense expenditures in the light of the heightened international tensions provoked by the Soviet Union's invasion of Afghanistan. Opinions differed concerning the speed with which a buildup of defense spending could be accomplished and, consequently, about whether federal spending would contribute more or less to overall demand and output than suggested by the administration's budget. In this connection, it was observed that business outlays could be expected to expand in anticipation of the defense buildup. On the receipts side of the federal budget, tax reductions this year generally were regarded as unlikely—in the absence, at least, of considerably greater weakness in economic activity than was commonly foreseen at this time.

Committee members continued to express great concern about the inflationary environment and its role in generating distortions and instability. It was suggested that the recent international developments, including the further substantial increases in oil prices, were counteracting the progress that had been made in the latter part of 1979 in dampening expected rates of increase in prices.

At this meeting, the Committee completed the review, begun a month earlier, of the ranges for growth of monetary aggregates over the period from the fourth quarter of 1979 to the fourth quarter of 1980 within the framework of the Full Employment and Balanced Growth Act of 1978. The act, which amended section 2A of the Federal Reserve Act, requires the Board of Governors to transmit to the Congress by February 20 and July 20 of each year written reports concerning the objectives and plans of the Board and the Committee with respect to the ranges of growth or diminution of the monetary and credit aggregates for the calendar year during which the report is transmitted and, in the case of the July report, the objectives and plans with respect to ranges for the following calendar year as well. The act also requires that the written reports set forth a review and analysis of recent developments affecting economic trends in the nation and the relationship of the plans and objectives for the aggregates to the short-term goals set forth in the most recent *Economic Report of the President* and to any short-term goals approved by the Congress.[1]

In contemplating monetary growth for the year ahead, the Committee considered ranges for the new definitions of the monetary aggregates: M-1A, M-1B, M-2, and M-3. A description of these newly defined aggregates was announced on February 7. M-1A comprises currency plus demand deposits at commercial banks; it is the same as the displaced M-1, except that demand deposits held by foreign banks and foreign official institutions are excluded. M-1B comprises M-1A and other checkable deposits at all depositary institutions; thus, NOW accounts, ATS, credit union share drafts, and demand deposits at mutual savings banks are included. M-2 contains M-1B and savings and small-denomination time deposits at all depositary institutions, overnight RPs at commercial banks, overnight Eurodollars held at Caribbean branches of member banks by U.S. residents other than banks, and money market mutual fund shares. Finally, M-3 is M-2 plus large-denomination time deposits at all depositary institutions and term RPs at commercial banks and savings and loan associations. From the fourth quarter of 1978 to the fourth quarter of 1979, M-1A grew 5.5 percent, the same as M-1; after taking into account the amount of demand deposits apparently shifted to ATS and New York State NOW accounts, the estimated rate was 6.8 percent. M-1B grew 8.0 percent; M-2, 8.8 percent; and M-3, 9.5 percent.

In contemplating ranges for growth of the monetary aggregates over the year ahead, Committee members stressed the unusually great uncertainties concerning prospects for economic activity and prices and thus for growth of nominal GNP. The shift to new definitions of monetary aggregates introduced additional uncertainties concerning the relationships between them and nominal GNP as well as the relationships among the aggregates themselves in response to

1. The Board's third report under the act was transmitted to the Congress on February 19, 1980.

changing financial market conditions. Moreover, enactment of pending legislation to authorize NOW accounts nationally would in the short run have a significant impact on growth of some of the monetary aggregates in relation to changes in economic activity. It was noted, however, that the ranges adopted at this meeting could be modified at any time in the light of legislative or other developments and in any event would be reconsidered at midyear.

In the Committee's discussion of the ranges for the coming year, the members agreed that monetary growth should slow further in 1980, following some deceleration over 1979, in line with the continuing objective of curbing inflation and providing the basis for restoration of economic stability and sustainable growth in output of goods and services. Committee members differed somewhat in their views concerning the particular aggregates for which longer-run ranges of growth should be specified. Most members thought that in the present circumstances it was appropriate to specify ranges for the four aggregates, M-1A, M-1B, M-2, and M-3; but some sentiment was also expressed for omitting M-1A from the list, and some for omitting M-3 as well. With respect to M-1A, its growth would be dampened in the event of enactment of nationwide NOW account legislation and, as would be expected, a large transfer of funds from demand deposits to NOW accounts. In support of retaining M-1A on the list, however, it was noted that enactment of the legislation would tend to distort growth of M-1B also—in the opposite direction as a result of transfers of funds from savings deposits to NOW accounts—and no doubt would lead the Committee to reconsider whatever ranges it adopted at this meeting.

A few members favored specification of relatively narrow ranges. In light of the difficulties of maintaining growth within a narrow range and of the uncertainties concerning both the outlook for the economy and the behavior of the newly defined aggregates, however, most members favored ranges on the order of the 3 percentage points adopted for 1979.

At the conclusion of the discussion, the Committee adopted the following ranges for growth of the monetary aggregates over the period from the fourth quarter of 1979 to the fourth quarter of 1980: M-1A, $3^1/_2$ to 6 percent; M-1B, 4 to $6^1/_2$ percent; M-2, 6 to 9 percent; and M-3, $6^1/_2$ to $9^1/_2$ percent. The associated range for growth of commercial bank credit was 6 to 9 percent. It was understood that the longer-run ranges would be reconsidered in July or at any other time that conditions might warrant. It was also understood that short-run factors might cause considerable variation in annual rates of growth from one month to the next and from one quarter to the next.

The Committee adopted the following ranges for rates of growth in monetary aggregates for the period from the fourth quarter of 1979 to the fourth quarter of 1980: M-1A, $3^1/_2$ to 6 percent; M-1B, 4 to $6^1/_2$ percent; M-2, 6 to 9 percent; and M-3, $6^1/_2$ to $9^1/_2$ percent. The associated range for bank credit is 6 to 9 percent.

> Votes for this action: Messrs. Volcker, Balles, Black, Coldwell, Kimbrel, Mayo, Partee, Rice, Schultz, Mrs. Teeters, Messrs. Wallich, and Timlen. Votes against this action: None. (Mr. Timlen voted as an alternate member.)

In contemplating policy for the near term, the Committee took note of a staff analysis indicating that the policy decision taken at the meeting of early January implied an annual rate of growth of about 4½ percent in the new M-1A over the period from December to March. Consistent rates of growth in M-1B and the newly defined M-2 were estimated to be slightly above 5 percent and about 6½ percent respectively. In January M-1A had grown at a rate of about 4¾ percent; growth in M-1B and M-2, at rates of about 6 percent and 8¼ percent respectively, had exceeded their three-month rates by larger margins. Accordingly, monetary growth, particularly as measured by M-1B and M-2, would have to decelerate from January to March if the rates realized for the whole three-month period were to be consistent with those implied by the Committee's decision in January.

The staff analysis also noted that the transactions demand for money in the first quarter implied by projections of nominal GNP were stronger than a month earlier. At the same time, the relationship between money growth and GNP was particularly uncertain because disbursement of the exceptionally large federal income tax refunds beginning in late February could generate a temporary bulge in money demand.

In the Committee's discussion of policy for the period immediately ahead, most members favored essentially an extension of the objectives for the period from December to March that had been established in early January. The behavior of the monetary aggregates had been more or less on course since then and, it was suggested, little had occurred to warrant a change in course. On the other hand, some sentiment was expressed for a reduction in the objectives for monetary growth over the first three months of the year, on the grounds that prospects for economic activity apparently had strengthened since a month earlier and inflationary expectations had worsened.

At the conclusion of the discussion, the Committee agreed that open market operations in the period until the next meeting should be directed toward expansion of reserve aggregates consistent with growth over the first quarter of 1980 at an annual rate of about 4½ percent for M-1A and about 5 percent for M-1B, provided that in the period until the next meeting the weekly average federal funds rate remained within a range of 11½ to 15½ percent. Consistent with this short-run policy, in the Committee's view, the newly defined M-2 should grow at an annual rate of about 6½ percent over the first quarter. If the constraint on the federal funds rate appeared to be inconsistent with the objective for the expansion of reserves, the Manager for Domestic Operations was promptly to notify the Chairman who would then decide whether the situation called for supplementary instructions from the Committee.

The following domestic policy directive was issued to the Federal Reserve Bank of New York:

The information reviewed at this meeting suggests that real output of goods and services expanded somewhat in the final quarter of 1979 and that prices on the average continued to rise rapidly. In December retail sales strengthened, industrial production edged up, and nonfarm payroll employment continued to rise, while private housing starts remained at the reduced level of November. Nonfarm payroll employment rose substantially further in January, but the unemployment rate rose from 5.9 to 6.2 percent. Producer prices of finished goods and consumer prices continued to rise rapidly toward the end of 1979, in part because of the spreading effects of earlier increases in energy costs. Over the past several months the rise in the index of average hourly earnings has remained close to the rapid pace recorded earlier in 1979.

The trade-weighted value of the dollar against major foreign currencies changed little in January, and exchange market pressures were relatively slight in spite of increased international political tensions. The U.S. foreign trade deficit rose in December, in large part because of an increase in imports of petroleum.

Growth of the major monetary aggregates, which had subsided in the final months of 1979, remained at reduced rates in January. Most market interest rates, especially long-term rates, have risen since the Committee's meeting in early January.

Taking account of past and prospective economic developments, the Federal Open Market Committee seeks to foster monetary and financial conditions that will resist inflationary pressures while encouraging moderate economic expansion and contributing to a sustainable pattern of international transactions. The Committee agreed that these objectives would be furthered by growth of M-1A, M-1B, M-2, and M-3 from the fourth quarter of 1979 to the fourth quarter of 1980 within ranges of $3^1/_2$ to 6, 4 to $6^1/_2$, 6 to 9, and $6^1/_2$ to $9^1/_2$ percent respectively. The associated range for bank credit was 6 to 9 percent.

In the short run, the Committee seeks expansion of reserve aggregates consistent with growth over the first quarter of 1980 at an annual rate of about $4^1/_2$ percent for M-1A and 5 percent for M-1B, provided that in the period before the next regular meeting the weekly average federal funds rate remains within a range of $11^1/_2$ to $15^1/_2$ percent. The Committee believes that, consistent with this short-run policy, M-2 as newly defined should grow at an annual rate of about $6^1/_2$ percent over the first quarter.

If it appears during the period before the next meeting that the constraint on the federal funds rate is inconsistent with the objective for the expansion of reserves, the Manager for Domestic Operations is promptly to notify the Chairman who will then decide whether the situation calls for supplementary instructions from the Committee.

Votes for this action: Messrs. Volcker, Balles, Black, Kimbrel, Mayo, Partee, Rice, Schultz, Mrs. Teeters, and Mr. Timlen. Votes against this action: Messrs. Coldwell and Wallich. (Mr. Timlen voted as an alternate member.)

Messrs. Coldwell and Wallich dissented from this action because they favored a more restrictive policy for the period immediately ahead. Believing that inflationary expectations had worsened in recent weeks while prospects for economic activity had strengthened, they thought that money and credit were too readily available and current levels of interest rates were not exerting sufficient restraint.

Subsequent to the meeting, on February 22, available data suggested that M-1A and M-1B were growing at rapid rates in February, and in consequence the demand for bank reserves had strengthened considerably. The federal funds rate had risen to about 15 percent, and member bank borrowings had also increased. To provide the Manager for Domestic Operations with additional scope for operations in these circumstances, Chairman Volcker recommended that the upper limit of the range of $11^1/_2$ to $15^1/_2$ percent specified for the federal funds rate be raised to $16^1/_2$ percent on a temporary basis until the situation could be reassessed.

On February 22, the Committee modified the domestic policy directive adopted at its meeting on February 4-5, 1980, to raise the upper limit of the range for the federal funds rate to $16^1/_2$ percent.

Votes for this action: Messrs. Volcker, Balles, Black, Kimbrel, Mayo, Partee, Rice, Schultz, Mrs. Teeters, Messrs. Wallich and Timlen. Votes against this action: None. Absent: Mr. Coldwell. (Mr. Timlen voted as alternate member.)

In the statement week ending March 5, the federal funds rate rose to an average of slightly more than $16^{1}/_{8}$ percent and member bank borrowings expanded further to a daily average of about $\$2^{1}/_{2}$ billion. On March 6 federal funds generally traded around 17 percent, despite sizable reserve-supplying operations by the System, and the Manager advised that in his opinion additional leeway above the existing upper limit of $16^{1}/_{2}$ percent was needed for operational flexibility in meeting reserve objectives. In late afternoon, Chairman Volcker recommended that the upper limit of the intermeeting range for the federal funds rate be raised to $17^{1}/_{2}$ percent, pending a discussion of the situation in a telephone conference of the Committee to be held in the afternoon of the following day, and the Committee voted to approve the Chairman's recommendation.

Votes for this action: Messrs. Volcker, Guffey, Morris, Partee, Rice, Roos, Schultz, Mrs. Teeters, Messrs. Wallich, Winn, and Timlen. Votes against this action: None. (Mr. Timlen voted as alternate member.)

In the telephone conference held in the afternoon of March 7, the Committee voted to raise the upper limit of the intermeeting range for the federal funds rate to 18 percent, to provide greater operational flexibility in meeting reserve objectives.

On March 7, the Committee further modified the domestic policy directive adopted at its meeting of February 4-5, 1980, to raise the upper limit of the range for the federal funds rate to 18 percent.

Votes for this action: Messrs. Volcker, Guffey, Morris, Partee, Rice, Roos, Schultz, Mrs. Teeters, Messrs. Wallich, Winn, and Timlen. Votes against this action: None. (Mr. Timlen voted as alternate member.)

* * * * *

Records of policy actions taken by the Federal Open Market Committee at each meeting, in the form in which they will appear in the Board's *Annual Report*, are made available a few days after the next regularly scheduled meeting and are later published in the BULLETIN.

Legal Developments

CREDIT RESTRAINT PROGRAM[1]

The Board of Governors has approved a series of monetary and credit actions as part of a general government program to help curb inflationary pressures. The affected regulations follow.

AMENDMENTS TO REGULATION D

On October 6, 1979, the Board of Governors amended Regulation D, Reserves of Member Banks, to establish a marginal reserve requirement of 8 per cent on the amount by which the total of certain managed liabilities of member banks (and Edge and Agreement Corporations) and United States branches and agencies of foreign banks exceeds the amount of an institution's base of managed liabilities. The Board has amended Regulation D to increase the marginal reserve requirement ratio to 10 per cent. The Board also has amended Regulation D to reduce an institution's managed liabilities base by the greater of 7 per cent or the amount of decrease in an institution's daily average gross loans to non-United States residents and gross balances due from foreign offices of other institutions between the base period (September 13-26, 1979) and the statement week ending March 12, 1980. These actions are being taken to moderate expansion of bank credit, thereby dampening inflationary pressures.

This action is effective for marginal reserves required to be maintained during the seven-day period beginning April 3, 1980, against total managed liabilities outstanding during the seven-day period beginning on March 20, 1980.

Effective April 3, 1980, section 204.5 of Regulation D is revised as follows:

Section 204.5—Reserve Requirements

* * * * *

(f) *Marginal reserve requirements.*

(1) *Member banks.* A member bank shall maintain a daily average reserve balance against its time deposits equal to 10 per cent of the amount by which the daily average of its total managed liabilities during the seven-day computation period ending eight days prior to the beginning of the corresponding seven-day reserve maintenance period exceeds the member bank's managed liabilities base as determined in accordance with subparagraph (3). A member bank's managed liabilities are the total of the following: * * *

(2) *United States branches and agencies of foreign banks.* A United States branch or agency of a foreign bank with total worldwide consolidated bank assets in excess of $1 billion shall maintain a daily average reserve balance against its liabilities equal to 10 per cent of the amount by which the daily average of its total managed liabilities during the seven-day computation period ending eight days prior to the beginning of the corresponding seven-day reserve maintenance period exceeds the institution's managed liabilities base as determined in accordance with subparagraph (3). In determining managed liabilities of United States branches and agencies of the same foreign parent bank and of its majority-owned (greater than 50 per cent) foreign banking subsidiaries (the "family") shall be consolidated. Asset and liability amounts that represent intra-family transactions between United States branches and agencies of the same family shall not be included in computing the managed liabilities of the family. United States branches and agencies of the same family shall designate one U.S. office to be the reporting office for purposes of filing consolidated family reports required for determination of the family's marginal reserve requirements. The reporting office shall file reports and maintain marginal reserves required under this section for the family at the Federal Reserve Bank of the district in which the reporting office is located. The total managed liabilities of a family are the total of each branch's and agency's: * * *

(3) *Managed liabilities base.* During the seven-day reserve computation period beginning March 20, 1980, and during each seven-day reserve computation period thereafter, the managed liabilities base of a member bank or a family of United States branches and agencies of a foreign bank ("family") shall be determined as follows:

(i) For a member bank or family that, on a daily average basis, is a net borrower of total managed liabilities during the fourteen-day base period ending September 26, 1979, its managed liabilities base shall be the daily average of its total managed liabilities during the base period less the greater of

(A) 7 per cent of the daily average of its total managed liabilities during the base period; or

(B) the amount equal to the decrease in its daily average gross loans to non-United States residents[18] and gross balances due from foreign offices of other institutions[19] or institutions, the time deposits of which are exempt from the rate limitations of Regulation Q pursuant to § 217.3(g) thereof[20] between the fourteen-day base period ending September 26, 1979, and the computation period ending March 12, 1980.

For each computation period beginning after March 19, 1980, the managed liabilities base of a member bank or family shall be further reduced during the computation period by the amount by which its lowest daily average of gross loans to non-United States residents[18] and gross balances due from foreign offices of other institutions[19] or institutions, the time deposits of which are exempt from the rate limitations of Regulation Q pursuant to § 217.3(g) thereof[20] outstanding during any computation period beginning after March 19, 1980, is lower than the daily average amount of such loans and balances outstanding during the computation period ending on March 12, 1980. The amount representing such difference shall be rounded to the next lowest multiple of $2 million.

In no event will the managed liabilities base for an institution that was a net borrower of managed liabilities during the fourteen-day base period ending September 26, 1979 be less than $100 million.

(ii) For a member bank or family that, on a daily average basis, is a net lender of total managed liabilities during the fourteen-day base period ending September 26, 1979, its managed liabilities base shall be the sum of its daily average negative total managed liabilities and $100 million.

18. A United States resident is: (a) Any individual residing (at the time the credit is extended) in any State of the United States or the District of Columbia; (b) any corporation, partnership, association or other entity organized therein ("domestic corporation"); and (c) any branch or office located therein of any other entity wherever organized. Credit extended to a foreign branch, office, subsidiary, affiliate or other foreign establishment ("foreign affiliate") controlled by one or more such domestic corporations will not be deemed to be credit extended to a United States resident if the proceeds will be used in its foreign business or that of other foreign affiliates of the controlling domestic corporation(s).

19. Any banking office located outside the States of the United States and the District of Columbia of a bank organized under domestic or foreign law.

20. A foreign central bank, or any international organization of which the United States is a member, such as the International Bank for Reconstruction and Development (World Bank), International Monetary Fund, Inter-American Development Bank, and other foreign international, or supranational entities exempt from interest rate limitations under § 217.3(g)(3) of Regulation Q (12 CFR 217.3(g)(3)).

Amendments to Regulation Q

The Board of Governors has amended Regulation Q, Interest on Deposits, to impose interest rate limitations on certain obligations issued by a member bank's parent bank holding company. The amendment does not apply to commercial paper issued by a member bank's parent bank holding company. This action is being taken to facilitate the orderly administration of currently prescribed interest rate limitations.

The Board amends Regulation Q, effective March 14, 1980, as follows:

1. Section 217.1 of Regulation Q is amended by adding:

Section 217.1—Definitions

* * * * *

(h) *Obligations issued by the parent bank holding company of a member bank.* For the purposes of this Part, the "deposits" of a member bank also includes an obligation that is (1) issued in a denomination of less than $100,000; (2) required to be registered with the Securities and Exchange Commission under the Securities Act of 1933; (3) issued or guaranteed in whole or in part as to principal or interest by the member bank's parent which is a bank holding company under the Bank Holding Company Act of 1956, as amended (12 U.S.C. §§ 1841–1850), regardless of the use of the proceeds; and (4) issued with an original maturity of 4 years or less, or which is redeemable at intervals of 4 years or less at the option of the holder. The term "deposits" does not include those obligations of a bank holding company that are subject to interest rate limitations imposed pursuant to P.L. 89-597.

2. Section 217.7 of Regulation Q is amended by adding:

Section 217.7—Maximum Rates of Interest Payable by Member Banks on Time and Savings Deposits

* * * * *

(h) *Obligations of the parent bank holding company of a member bank.* Notwithstanding the above, interest may be paid on a deposit as defined in § 217.1(h) of this Part at a rate not to exceed the following schedule:

Original Maturity or Redemption Period	*Maximum Per Cent*
$2^1/_2$ to 4 years	For an obligation that is not redeemable prior to maturity, interest may be paid at the rate established for $2^1/_2$ year variable ceiling time deposits pursuant to the provisions of § 217.7(g) in effect at the time the obligation is issued. For an obligation that is redeemable prior to maturity, the maximum rate of interest that may be paid from the date of issuance until the first date on which the obligation may be redeemed shall not exceed the rate established for 2-$^1/_2$-year variable ceiling time deposits pursuant to the provisions of § 217.7(g) in effect at the time the obligation is issued. For a successive period thereafter, interest may be paid during such period until the next date on which the obligation may be redeemed at a rate not to exceed the rate that would be in effect on the first day of such period for $2^1/_2$-year variable ceiling time deposits established pursuant to the provisions of § 217.7(g) in effect at the time the obligation was issued.
26 weeks or more but less than $2^1/_2$ years ($10,000 minimum denomination required)	For an obligation that is not redeemable prior to maturity, interest may be paid at the rate established for 26-week money market time deposits pursuant to the provisions of § 217.7(f) in effect at the time the obligation is issued. For an obligation that is redeemable prior to maturity, the maximum rate of interest that may be paid from the date of issuance until the first date on which the obligation may be redeemed shall not exceed the rate established for 26-week money market time deposits pursuant to the provisions of § 217.7(f) in effect at the time the obligation is issued. For a successive period thereafter interest may be paid during such period until the next date on which the obligation may be redeemed at a rate not to exceed the rate that would be in effect on the first day of such period for 26-week money market time deposits established pursuant to the provisions of § 217.7(f) in effect at the time the obligation was issued.
30 days of more but less than 2-$^1/_2$ years (No minimum denomination required)	Interest may be paid at the ceilings established pursuant to the provisions of § 217.7(b) in effect at the time the obligation is issued.
less than 30 days	No interest may be paid.

Credit Restraint

The Board of Governors has adopted a new regulation, Credit Restraint (12 C.F.R. Part 229). The regulation provides: (1) requirements that certain creditors hold a special deposit with the Federal Reserve Banks against increases in the amount of those types of credit outstanding; (2) restraints on the expansion of short term credit through money market funds and similar creditors: (3) requirements that commercial banks that are not members of the Federal Reserve System maintain a non-interest bearing special deposit with the Federal Reserve equal to 10 per cent of the amount by which the total of certain managed liabilities of those banks exceeds the amount of such managed liabilities outstanding during a base period: and (4) requirements for submission of monthly reports by large U. S. commercial banks, U. S. branches and agencies of foreign banks, finance companies, U. S. bank holding companies and certain selected corporations.

Effective March 14, 1980, the Board has adopted Credit Restraint (12 C.F.R. Part 229) as set forth below. The regulation was amended on March 28, 1980, to revise Subpart B and to add Subpart D.

Subpart A—Consumer Credit

Section 229.1—Authority, Purpose, and Scope

(a) *Authority.* This Subpart is issued by the Board of Governors of the Federal Reserve System pursuant to the Credit Control Act (12 U.S.C. §§ 1901-1909) as implemented by Executive Order 12201, dated March 14, 1980.

(b) *Purpose and Scope*. This Subpart is intended to curb inflation generated by the extension of certain types of consumer credit in an excessive volume and governs extensions of such credit by all covered creditors.

Section 229.2—Definitions

(a) For the puposes of this subpart, the terms, "Board," "credit," "creditor," "extension of credit" and "credit transaction," and "loan," shall have the meanings given them in the Credit Control Act. In addition, the following definitions apply.

(b) "Base" means the larger of $2 million or the amount of covered credit outstanding as of the close of business on the base date.

(c) "Base date" means: for a creditor that has daily credit data available, March 14, 1980 or the last day immediately before March 14, 1980 for which such data are available; for a creditor that does not have daily credit data available, the period immediately before March 14, 1980 for which credit data are available.

(d) "Closed-end credit" means all consumer credit except open-end credit.

(e) "Consumer credit" means credit extended in the U. S. primarily for personal, family, or household purposes and does not include credit for business or agricultural purposes.

(f) "Covered credit" means consumer credit that is (1) open-end credit and (2) closed-end credit which is unsecured or in which the proceeds of the credit are not being used to purchase the collateral. Covered credit that is sold or otherwise transferred after March 14, 1980 to any office located outside the U. S. of the same or another entity shall remain the covered credit of the transferor until such credit is repaid. Covered credit that is sold or otherwise transferred on a recourse basis to any U. S. office of the same of another entity shall remain the covered credit of the transferor; covered credit that is transferred on a non-recourse basis to any U.S. office of the same or another entity shall be treated as covered credit of the transferee. Covered credit does not include insurance company policy loans; credit extended by federal, state or local governments, or by providers of utility, health or education services; state or federal government guaranteed loans; or loans secured by savings deposits[1] held at the lending institution.

(g) "Covered creditor" means any creditor which extends covered credit. For purposes of determining the amount of a creditor's outstanding covered credit, the covered credit of all U. S. offices of (i) the same company, (ii) U. S. subsidiaries of the same parent company, and (iii) non-U. S. subsidiaries of the same parent company shall be combined. A subsidiary is a company that is more than 50 per cent owned directly or indirectly by another company.

(h) "Open-end credit" means consumer credit extended on an account pursuant to a plan under which (1) the creditor may permit the customer to make puchases or obtain loans, from time to time, directly from the creditor or indirectly by use of a credit card, check, or other device, as the plan may provide; (2) the customer has the priviledge of paying the balance in full or in installments; and (3) a finance charge may be computed by the creditor from time to time on an outstanding unpaid balance.

(i) "U.S." means the fifty states of the United States and the District of Columbia.

Section 229.3—Reports

(a) Each covered creditor with $2 million or more of covered credit outstanding as of the base date, and certain covered creditors as may be required by the Board, shall file a base report by April 1, 1980. The base report shall state the amount of the covered creditor's base. A creditor with a base of $2 million or more as indicated on its base report, or with covered credit outstanding in excess of $2 million on an average basis during any calendar month, shall submit monthly reports. The initial monthly report shall be filed by May 12, 1980, for the period March 15 through April 30, 1980; thereafter, the monthly report shall be filed for each full calendar month by the second Monday of the following month. The monthly report shall include the average amount of covered credit outstanding during the month (on a daily average basis if such data are available) and the amount by which that number exceeds the creditor's base.

(b) One base and one monthly report shall be filed by a reporting office for all the offices of a covered creditor. A covered creditor may designate any of its offices as its reporting office.

(c) Members of the Federal Home Loan Banks and all other savings and loan associations shall file reports with the Federal Home Loan Banks. Credit unions, whether or not members of the National Credit Union Administration's Central Liquidity Facility, shall file reports with the Central Liquidity Facility. All other creditors shall file reports with the Federal Reserve Bank in whose District their reporting office is located.

1. As defined in § 217.1(e) of this Chapter (Regulation Q).

Section 229.4—Maintenance of Special Deposit

(a) Each covered creditor shall hold a non-interest bearing special deposit equal to 15 per cent of the amount by which the average amount of its covered credit outstanding during the calendar month exceeds its base. The corresponding period during which the special deposit shall be maintained begins on the fourth Thursday of the month following the calendar month for which the report was filed and continues through the Wednesday before the fourth Thursday of the next month. The special deposit shall be maintained in collected funds in the form of U. S. dollars.

(b) Members of the Federal Home Loan Banks and all other savings and loan associations shall maintain the special deposit with the Federal Home Loan Banks. Credit unions, whether or not members of the National Credit Union Administration's Central Liquidity Facility, shall maintain the special deposit with the Central Liquidity Facility. Deposits maintained with the Federal Home Loan Banks and the Central Liquidity Facility shall be placed with a Federal Reserve Bank. All other creditors shall maintain the special deposit with the Federal Reserve Bank to which the creditor reports.

Section 229.5—Penalties

For each willful violation of this Subpart, the Board may assess against any creditor, or officer, director or employee thereof who willfully participates in the violation, a maximum civil penalty of $1,000. In addition, a maximum criminal penalty of $1,000 and imprisonment of up to one year may be imposed for willful violation of this Subpart.

Subpart B—Short Term Financial Intermediaries

Section 229.11—Authority, Purpose, and Scope

(a) *Authority*. This Subpart is issued by the Board of Governors of the Federal Reserve System pursuant to the Credit Control Act (12 U.S.C. §§ 1901 - 1909), as implemented by Executive Order 12201.

(b) *Purpose and Scope*. This Subpart is intended to curb inflation generated by the extension of credit by certain of those financial intermediaries that are not subject to either the amendments of law effected by Pub. L. 89-597, as amended, or section 19 of the Federal Reserve Act, as amended (12 U.S.C. § 461), and that are primarily engaged in the extension of short-term credit, specifically money market funds and other similar creditors.

Section 229.12—Definitions

(a) For the purposes of this Subpart, the terms "credit," "creditor," and "extension of credit" shall have the meanings given them in the Credit Control Act. In addition, the following definitions apply.

(b) "Base" means:

(1) for a managed creditor that was a managed creditor on March 14, 1980, the amount of covered credit it held on March 14, 1980: provided, however, that a managed creditor (A) that was engaged in continuously offering its shares to the public on March 14, 1980, or in the case of a collective investment fund or closed end investment company, held investment assets on March 14, 1980, and (B) that held less than $100 million in total extensions of credit on March 14, 1980, may calculate its base as if it held $100 million in total extensions of credit on March 14, 1980.

(2) for a managed creditor that becomes a managed creditor after March 14, 1980, the amount of covered credit with maturities of 13 months or less that it held on March 14, 1980; and

(3) for a unit investment trust in existence on March 14, 1980, the amount of covered credit it held on the date it acquired investment assets;

(4) for a unit investment trust established after March 14, 1980, zero: provided, however, that a unit investment trust shall have a base equal to the amount of covered credit it held on the date it acquired investment assets if (A) the sales charges and other fees of the unit investment trust are substantially identical to those of previous trusts of the same sponsor, and (B) the units are held (i) entirely by persons who held units in an expiring trust of the same sponsor with a base equal to the amount of its covered credit, and (ii) in amounts not exceeding the individual holdings of such persons in expiring trusts.

(c) "Covered credit" means all extensions of credit originated through the acquisition of a security, deposit, or other instrument,[1] including but not not limited to domestic and Eurodollar certificates of deposit, U.S. Treasury bills, repurchase agreements, commercial paper, bankers acceptances, and State and local government obligations, and any interest accrued thereon, held as assets by a covered creditor, multi-

1. Assets should be valued for purposes of this Subpart by the same procedure used by a registered investment company to value assets in calculating net share or unit value under the Investment Company Act of 1940 and rules promulgated thereunder.

plied by the proportion of shares, units, or other interests in a covered creditor not held (1) by a bank, trust company or other fiduciary provided all moneys invested therein would be eligible for collective investment by a bank in its capacity as a trustee executor, administrator or guardian, and are held incidentally to the management of other trust assets, or (2) by or as agent for the trustee of a retirement, pension, profit sharing, stock bonus, or other trust that is exempt from Federal income taxation under the Internal Revenue Code and whose funds are eligible for collective investment by a bank. To determine its covered credit, a covered creditor whose stated investment objective is to invest 80 per cent or more of its assets in obligations of State and local Governments and agencies and subdivisions thereof, the income from which are exempt from Federal income taxation, shall further multiply its covered credit as determined above by the proportion of its extensions of credit that are not tax exempt.

(d) "Covered creditor" means any creditor (1) that is (A) an investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940, (B) any series of shares or units of such a company, or (C) any collective investment fund maintained by a bank or trust company; and (2) whose investment portfolio consists primarily of securities, deposits or other instruments with maturities of 13 months or less,[2] including but not limited to domestic and Eurodollar certificates of deposits, U.S. Treasury bills, repurchase agreements, commercial paper, and State and local obligations. However, a unit investment trust is not a covered creditor unless its investment portfolio consists primarily of securities, deposits, or other instruments with maturities of 13 months or less[2] at the time the unit investment trust acquires those assets.

(e) "Managed creditor" means any covered creditor that is not a unit investment trust.

(f) "Unit investment trust" means any unit investment trust as defined in the Investment Company Act of 1940, or a series of units of such a trust.

(g) "Collective investment fund" means collective investment fund as defined in section 9.18 of regulations of the Comptroller of the Currency (12 C.F.R. § 9.18).

(h) "Security" means any security as defined in the Securities Act of 1933.

Section 229.13—Reports

(a) Each managed creditor that holds covered credit shall file a base report and weekly reports. The base report shall state the amount of the covered creditor's base and shall be submitted no later than April 8, 1980, or in the case of a managed creditor that becomes a managed creditor or begins holding covered credit after March 14, 1980, within one week of aquiring or holding assets of accepting trust moneys that require it to file reports. Weekly reports shall be filed for reporting periods which begin on Monday and end on the following Sunday, and shall state the amount by which the average of the daily amounts of covered credit outstanding during the reporting period exceeds the base. Reports for the reporting periods beginning March 17, 24, and 31, 1980, shall be submitted by close of business on April 10, 1980. Reports for each succeeding period, or in the case of a covered creditor that becomes a covered creditor after March 14, for each full reporting period after it becomes a covered creditor, shall be filed by close of business on the first Wednesday following the reporting period.

(b) A covered creditor that is a unit investment trust established after March 14, 1980, shall file a base report stating its base and the amount of covered credit it holds. This report shall be filed 2 days prior to acquisition of investment assets by the unit investment trust.

(c) All reports shall be filed with the Federal Reserve Bank in the District where the covered creditor has its principal place of business.

Section 229.14—Maintenance of Special Deposit

(a)(1) Each managed creditor that holds covered credit shall maintain a non-interest bearing special deposit equal to 15 per cent of the amount by which the average of the daily amounts of its covered credit outstanding during each reporting period exceeds its base.

(2) During the seven-day deposit maintenance period beginning April 14, 1980, each managed creditor shall maintain a special deposit equal to the sum of the special deposits required for the reporting periods beginning March 17, March 24, and March 31. During the seven-day deposit maintenance period beginning April 21, 1980, and for each seven-day deposit maintenance period thereafter, each managed creditor shall maintain the special deposit required for the reporting period ending eight days prior to the beginning of the corresponding deposit maintenance period.

(b) Each covered creditor that is a unit investment trust established after March 14, 1980, shall maintain a non-interest bearing special deposit equal to 15 per cent of the amount by which the covered credit it holds as of the date it acquires investment assets exceeds its base. This special deposit shall be maintained during the period beginning the day the covered creditor ac-

2. This includes variable rate securities, deposits or other instruments with longer nominal maturities but with interest rates subject to adjustment at intervals shorter than 13 months.

quires assets consisting of covered credit and ending one day prior to final distribution of trust assets by the trustee pursuant to the terms of the trust agreement. Upon two weeks notice, the special deposit will be returned to the trustee one day prior to maturity or final distribution pursuant to the terms of the trust agreement. The deposit may also be returned *pro rata* in the event of redemption of units of the trust.

(c) Special deposits shall be maintained in collected funds in the form of U.S. dollars at the Federal Reserve Bank to which the covered creditor reports.

Section 229.15—Penalties

For each willful violation of this Part, the Board may assess against any creditor, or officer, director or employee thereof who willfully participates in the violation, a maximum civil penalty of $1,000. In addition, a maximum criminal penalty of $1,000 and imprisonment of one year may be imposed for willful violation of this Part.

Subpart C—Nonmember Commercial Banks

Section 229.21—Authority, Purpose, and Scope

(a) *Authority*. This Subpart is issued by the Board of Governors of the Federal Reserve System pursuant to the Credit Control Act (12 U.S.C. §§ 1901-1909), as implemented by Executive Order 12201.

(b) *Purpose and Scope*. This Subpart is intended to curb inflation by controlling the expansion of credit extended by commercial banks that are not members of the Federal Reserve System that is supported by extensions of credit to those banks in the form of managed liabilities.

Section 229.22—Definitions

(a) For the purposes of this Subpart, the terms "credit," and "extension of credit" shall have the meanings given them in the Credit Control Act. In addition, the following definitions apply.

(b) "Covered bank" means any commercial bank that is not a member of the Federal Reserve System, or required to maintain reserves under the Federal Reserve Act.

(c) "Member bank" means any bank that is a member of the Federal Reserve System.

Section 229.23—Reports

Each covered bank shall file with the Federal Reserve Bank for the Federal Reserve district in which its head office is located such reports as shall be required in connection with the maintenance of a special deposit under this Subpart.

Section 229.24—Maintenance of Special Deposit

(a) During the seven-day deposit maintenance period beginning April 17, 1980, each covered bank shall maintain a non-interest bearing special deposit equal to 10 per cent of the sum of the amounts by which the daily average of its total managed liabilities during each of the seven-day computation periods beginning March 20 and 27, and April 3, 1980, exceeds its managed liabilities base as determined in accordance with paragraph (b). During the seven-day deposit maintenance period beginning April 24, 1980, and each deposit maintenance period thereafter, each covered bank shall maintain a non-interest bearing special deposit equal to 10 per cent of the amount by which the daily average of its total managed liabilities during the seven-day computation period ending eight days prior to the beginning of the corresponding seven-day deposit maintenance period exceeds its managed liabilities base as determined in accordance with paragraph (b). A covered bank's managed liabilities are the total of the following:

(1)(A) time deposits of $100,000 or more with original maturities of less than one year;

(B) time deposits of $100,000 or more with original maturities of less than one year representing borrowings in the form of promissory notes, acknowledgments of advance, due bills, or similar obligations as provided in § 204.1(f) of Regulation D; and

(C) time deposits with remaining maturities of less than one year represented by ineligible bankers' acceptances or obligations issued by a bank's affiliate, as provided in § 204.1(f) of Regulation D. However, managed liabilities do not include savings deposits, or time deposits, open account that constitute deposits of individuals, such as Christmas club accounts and vacation club accounts that are made under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than three months;

(2) any obligation with an original maturity of less than one year that is issued or undertaken as a means of obtaining funds to be used in its banking business in the form of a promissory note, acknowl-

edgment of advance, due bill, ineligible bankers' acceptance, repurchase agreement (except on a U.S. or agency security), or similar obligation (written or oral) issued to and held for the account of a domestic banking office or agency[1] of another commercial bank or trust company that is not required to maintain reserves pursuant to Regulation D, a savings bank (mutual or stock), a building or savings and loan association, a cooperative bank, a credit union, or an agency of the United States, the Export-Import Bank of the United States, Minbanc Capital Corporation and the Government Development Bank for Puerto Rico;

(3) any obligation with an original maturity of less than one year that is issued or undertaken as a means of obtaining funds to be used in its banking business in the form of a repurchase agreement arising from a transfer of direct obligations of, or obligations that are fully guaranteed as to principal and interest by, the United States or any agency thereof that the institution is obligated to repurchase except repurchase agreements issued to a domestic banking office or agency of a member bank, or other organization that is required to maintain reserves under Regulation D pursuant to the Federal Reserve Act,[2] to the extent that the amount of such repurchase agreements exceeds the total amount of United States and agency securities held by the covered bank in its trading account;

(4) any obligation that arises from a borrowing by a covered bank from a dealer in securities that is not a member bank or other organization that is required to maintain reserves pursuant to Regulation D,[2] for one business day, of proceeds to a transfer of deposit credit in a Federal Reserve Bank (or other immediately available funds), received by such dealer on the date of the loan in connection with clearance of securities transactions;

(5) borrowings with an original maturity of less than one year from foreign offices of other banks and from institutions that are exempt from interest rate limitations pursuant to § 217.3(g) of Regulation Q;

(6) net balances due from the covered bank's domestic offices to its foreign branches;

(7) liabilities of a foreign branch of the covered bank to the extent that the foreign branch holds assets (including participations) acquired from the covered bank's domestic offices; and

(8) liabilities of a foreign branch of the covered bank to the extent that it has credit outstanding from its foreign branches to U.S. residents[3] (other than assets acquired and net balances due from its domestic offices). *Provided*, That this paragraph does not apply to credit extended (1) in the aggregate amount of $100,000 or less to any United States resident, (2) by a foreign branch which at no time during the computation period had credit outstanding to United States residents exceeding $1 million, (3) under binding commitments entered into before May 17, 1973, or (4) an institution that will be maintaining reserves on such credit under paragraphs (c) or (f) of section 204.5 of Regulation D or under Regulation K.

(b) *Managed liabilities base.* During the seven-day deposit computation period beginning March 20, 1980, and during each seven-day deposit computation period thereafter, the managed liabilities base of a covered bank shall be determined as follows:

(1) For a covered bank that, on a daily average basis, is a net borrower of total managed liabilities during the fourteen-day base period ending March 12, 1980, its managed liabilities base shall be the daily average of its total managed liabilities during the base period reduced by the amount by which its lowest daily average of gross loans to non-United States residents[3] and gross balances due from foreign offices of other institutions[4] or institutions the time deposits of which are exempt from the rate limitations or Regulation Q pursuant to § 217.3(g) thereof[5] outstanding during any computation period after March 12, 1980, is lower than the daily average amount of such loans and balances outstanding during the base period. The amount of the reduction shall be rounded down to the largest lower multiple of $2 million.

However, in no event will the managed liabilities base for a covered bank that was a net borrower of managed liabilities during the fourteen-day base period ending March 12, 1980, be less than $100 million.

1. Any banking office or agency in any State of the United States or the District of Columbia of a bank organized under domestic or foreign law.

2. Edge Corporations engaged in banking, Agreement Corporations, operations subsidiaries of member banks and U.S. branches and agencies of foreign banks with worldwide banking assets in excess of $1 billion.

3. A United States resident is: (a) any individual residing (at the time the credit is extended) in any State of the United States or the District of Columbia; (b) any corporation, partnership, association or other entity organized therein ("domestic corporation"); and (c) any branch or office located therein or any other entity wherever organized. Credit extended to a foreign branch, office, subsidiary, affiliate or other foreign establishment ("foreign affiliate") controlled by one or more such domestic corporations will not be deemed to be credit extended to a United States resident if the proceeds will be used in its foreign business or that of other foreign affiliates of the controlling domestic corporation(s).

4. Any banking office located outside the States of the United States and the District of Columbia of a bank organized under domestic or foreign law.

5. A foreign central bank, or any international organization, of which the United States is a member, such as the International Bank for Reconstruction and Development (World Bank), International Monetary Fund, Inter-American Development Bank, and other foreign international, or supranational entities exempt from interest rate limitations under § 217.3(g)(3) of Regulation Q (12 C.F.R. § 217.3(g)(3)).

(2) For a covered bank that, on a daily average basis, is a net lender of total managed liabilities during the fourteen-day base period ending March 12, 1980, its managed liabilities base shall be the sum of its daily average negative total managed liabilities and $100 million.

(c) The special deposit shall be maintained at the Federal Reserve Bank to which the covered bank reports. The special deposit must be maintained in collected funds in the form of U.S. dollars.

Section 229.25—Penalties

For each willfull violation of this Part, the Board may assess against any creditor, or officer, director or employee thereof who willfully participates in the violation, a maximum civil penalty of $1,000. In addition, a maximum criminal penalty of $1,000 and imprisonment of one year may be imposed for willful violation of this Part.

Subpart D—Reports under Special Credit Restraint Program

Section 229.31—Authority, Purpose and Scope

(a) *Authority.* This Subpart is issued by the Board of Governors of the Federal Reserve System pursuant to the Credit Control Act (12 U.S.C. §§ 1901-1909) as implemented by Executive Order 12201, dated March 14, 1980.

(b) *Purpose and Scope.* This Subpart implements the reporting provisions of the Board's Special Credit Restraint Program, announced on March 14, 1980, to enable the Board to monitor compliance with the Program, as well as developments in the credit markets.

Section 229.32—Definitions

For the purposes of this Subpart, the terms "Board," and "loan" shall have the meanings given them in the Credit Control Act. In addition the following definitions apply:

(a) "Commercial bank" means any commercial bank chartered under the laws of the United States, including its overseas offices, branches, agencies and subsidiaries.

(b) "Family of offices of a foreign bank" means all branches and agencies located in the United States of a bank not chartered in the United States and its majority-owned bank subsidiaries not chartered in the United States.

(c) "Financial corporation" means any company chartered in the U.S. or having its principal place of business in the U.S., whose primary business is making loans or which is registered as a broker-dealer under the Securities and Exchange Act of 1934. A financial corporation does not include a commercial bank or bank holding company.

(d) "Nonfinancial corporation" means any company chartered in the U.S. or having its principal place of business in the U.S. that is not a financial corporation, commercial bank or bank holding company.

(e) "United States" means the United States, any of the 50 States of the United States and the District of Columbia.

(f) "U.S." means the United States, and its territories and possessions.

(g) "U.S. finance company" means a company chartered in the U.S. or having its principal place of business in the U.S., whose primary business is making loans for personal or business purposes. For the purposes of this definition, a finance company that is owned by a non-finance company parent (including a bank holding company) is regarded as a separate entity together with its finance company subsidiaries. A finance company does not include commercial banks, credit unions, savings and loan associations, cooperative banks, mutual savings banks or mortgage companies.

Section 229.33—Monthly Reports

(a) *Large Commercial banks.* Each U.S. commercial bank having U.S. consolidated assets of $1 billion or more shall file monthly with the Board a report on its activities on forms prescribed by the Board in accordance with the instructions thereto.

(b) *U.S. agencies and branches of foreign banks.* Each family of U.S. offices of a foreign bank having worldwide banking assets of more than $1 billion monthly shall file with the Board a report on its activities on forms prescribed by the Board in accordance with the instructions thereto.

(c) *U.S. bank holding companies.* Each U.S. bank holding company with U.S. consolidated financial assets of $1 billion or more shall file monthly with the Board a report on its activities on forms prescribed by the Board in accordance with the instructions thereto.

(d) *U.S. finance companies.* Each U.S. finance company with total business receivables outstanding (that is, all loans excluding those made for personal, family or household uses) of $1 billion or more shall file monthly with the Board a report of its activities on forms prescribed by the Board in accordance with the instructions thereto.

(e) *Selected corporations.* Each financial corporation that has commercial paper outstanding of $1 billion or more and each non-financial corporation having commercial paper outstanding of $30 million or more *or* having annual worldwide revenues of $2 billion or more shall file with the Board a monthly report on its activities on forms prescribed by the Board in accordance with the instructions thereto.

Section 229.34—Quarterly Reports by Small Commercial Banks

Each U.S. commercial bank with U.S. consolidated assets of $300 million or more but less than $1 billion shall file quarterly with the Board a report on its activities on forms prescribed by the Board in accordance with the instructions thereto.

Section 229.35—Penalties

For each willful violation of this Subpart, the Board may assess against any creditor, or officer, director or employee thereof who willfully participates in the violation, a maximum civil penalty of $1,000. In addition, a maximum criminal penalty of $1,000 or imprisonment of one year may be imposed for willful violation of this Subpart.

AMENDMENTS TO REGULATIONS A, D, K, AND Q

Section 7 of the International Banking Act of 1978 ("IBA") imposes Federal reserve requirements and deposit interest rate limitations on Federal branches and agencies of parent foreign banks with total worldwide consolidated bank assets in excess of $1 billion and authorizes the Board to impose such requirements on State branches and agencies of parent foreign banks with total worldwide consolidated bank assets in excess of $1 billion. To implement the provisions of the IBA, the Board of Governors has amended Regulation D (Reserves of Member Banks) and Regulation Q (Interest on Deposits) to apply Federal reserve requirements and interest rate limitations currently applicable to member banks to such branches and agencies. Regulation A (Extensions of Credit by Federal Reserve Banks) has been amended to facilitate branch and agency borrowing from the Federal Reserve discount window.

Effective September 4, 1980, Regulations A, D, K and Q are amended as follows:

REGULATION A

1. Section 201.1 is amended to read as follows:

Section 201.1—Authority and Scope

This Part is issued under the authority of section 13 (12 U.S.C. §§ 343 *et seq.*) and other provisions of the Federal Reserve Act and relates to extensions of credit by Federal Reserve Banks. Except as may be otherwise provided, this Part shall be applicable to United States branches and agencies of foreign banks subject to reserve requirements under 12 CFR Part 204 in the same manner and to the same extent as to member banks.

REGULATION D

2. A new section 204.0 is added as follows:

Section 204.0—Authority and Scope

(a) This Part is issued under the authority of section 19 (12 U.S.C. §§ 461 *et seq.*) and other provisions of the Federal Reserve Act and of section 7 of the International Banking Act of 1978 (12 U.S.C. § 3105).

(b) This Part relates to the reserves that member banks are required to maintain against deposits. A foreign bank's branch or agency located in the States of the United States or the District of Columbia is required to comply with the provisions of this Part in the same manner and to the same extent as if the branch or agency were a member bank, except as may be otherwise provided by the Board, if (i) its parent foreign bank has total worldwide consolidated bank assets in excess of $1 billion; (ii) its parent foreign bank is controlled by a foreign company which owns or controls foreign banks that in the aggregate have total worldwide consolidated bank assets in excess of $1 billion; or (iii) its parent foreign bank is controlled by a group of foreign companies that own or control foreign banks that in the aggregate have total worldwide consolidated bank assets in excess of $1 billion.

(c) The provisions of this Part do not apply to any deposit that is payable only at an office located outside the States of the United States and the District of Columbia.

3. Section 204.1 is amended to read as follows:

Section 204.1—Definitions

* * * * *

(b) *Time deposits.* *** "Time deposits" does not include the liability of a United States branch or agency of a foreign bank to another United States branch or agency of the same foreign bank, or the liability of a United States office of an Edge Corporation to another United States office of the same Edge Corporation.

* * * * *

(g) *Gross demand deposits.* *** "Gross demand deposits" also includes officers' checks issued by or drawn by a United States branch or agency of a foreign bank, including checks drawn as agent for or on behalf of its foreign bank or offices thereof located outside the States of the United States and the District of Columbia. "Gross demand deposits" does not include the liability of a United States branch or agency to another United States branch or agency of the same foreign bank, or the liability of a United States office of an Edge Corporation to another United States office of the same Edge Corporation.

* * * * *

(k) *Credit balances.* For purposes of this Part, the term "deposits" also includes the credit balances of a United States branch or agency of a foreign bank.

(l) *Foreign bank.* "Foreign bank" means any bank organized under the laws of any country other than the United States (including its States and the District of Columbia), or organized under the laws of Puerto Rico, Guam, American Samoa, the Virgin Islands, or a territory or possession of the United States.

4. Section 204.2 is revised to read as follows:

Section 204.2—Computation of Reserves

* * * * *

(b) *Deductions allowed in computing reserves.* In determining the reserve balances required under the terms of this Part, the amounts of balances subject to immediate withdrawal due from other banks, including such amounts due from United States branches and agencies of foreign banks, and cash items in process of collection as defined in § 204.1(h) may be deducted from the amount of gross demand deposits. However, United States branches and agencies of a foreign bank may not deduct balances due from another United States branch or agency of the same foreign bank, and United States offices of an Edge Corporation may not deduct balances due from another United States office of the same Edge Corporation. Balances "due from other banks" do not include balances due from Federal Reserve Banks, or balances (payable in dollars or otherwise) due from banking offices located outside the States of the United States and the District of Columbia.[10]

* * * * *

5. Section 204.3 is amended to read as follows:

Section 204.3—Deficiencies in Reserves

* * * * *

(e) *United States branches and agencies of foreign banks.* A foreign bank's United States branches and agencies operating within the same State and within the same Federal Reserve District shall prepare and file a Report of Deposits on an aggregated basis, shall maintain required reserves with the Federal Reserve Bank of their District, and shall be assessed penalties in accordance with the provisions of paragraphs (a) through (d) of this section.

(f) *Edge Corporations.* An Edge Corporation's offices operating within the same State and within the same Federal Reserve District shall prepare and file a Report of Deposits on an aggregated basis, shall maintain required reserves with the Federal Reserve Bank of their District, and shall be assessed penalties in accordance with the provisions of paragraphs (a) through (d) of this section.

6. Section 204.5 is amended to read as follows:

Section 204.5—Reserve Requirements

(a) *Reserve Percentages.* *** In determining the deposits of United States branches and agencies of foreign banks against which reserve balances are required to be maintained, the deposits of United States branches and agencies of a foreign bank shall be aggregated for all offices operating within the same State and within the same Federal Reserve District. In de-

10. * * *

termining the deposits of United States offices of Edge Corporations against which reserve balances are required to be maintained, the deposits of United States offices of an Edge Corporation shall be aggregated for all offices operating within the same State and within the same Federal Reserve District.

* * * * *

(d) *Foreign branch transactions with parent bank.*

(1) *Member banks.* During each week of the four-week period beginning May 22, 1975, and during each week of each successive four-week ("maintenance") period, a member bank having one or more foreign branches shall maintain with the Reserve Bank of its District, as a reserve against its foreign branch deposits, a daily average balance equal to zero per cent of the daily average total of—

(i) net balances due from its domestic offices to such branches, and

(ii) assets (including participations) held by such branches which were acquired from its domestic offices (other than assets representing credit extended to persons not residents of the United States), during the four-week computation period ending on the Wednesday fifteen days before the beginning of the maintenance period.

(2) *United States branches and agencies of foreign banks.* During each reserve maintenance period, a United States branch or agency of a foreign bank shall maintain a reserve against its deposits equal to a daily average balance of zero per cent of the daily average total of—

(i) net balances due to its foreign bank (including offices thereof located outside the States of the United States and the District of Columbia) after deducting an amount equal to 8 per cent of the United States branch's or agency's total assets less United States coin and currency, cash items in the process of collection and unposted debits, balances due from domestic banks and other foreign banks, balances due from foreign central banks, and net balances due from its foreign bank and its United States and non-United States offices, however, the amount that may be deducted may not exceed net balances due to the foreign bank (including offices thereof located outside the States of the United States and the District of Columbia), and

(ii) assets (including participations) held by its foreign bank (including offices of the foreign bank located outside the States of the United States and the District of Columbia or its parent holding company that were acquired from the United States branch or agency (other than assets required to be sold by Federal or State supervisory authorities or assets representing credit extended to persons not residents of the United States[13]) during the computation period ending on the Wednesday eight days before the beginning of the maintenance period. Reserves that may be required against assets sold to nonbanking affiliates under § 204.1(f) of this section shall be maintained in accordance with § 204.5(a) of this section.

(e) *Foreign branch credit extended to United States residents.* *** This paragraph does not apply to United States branches and agencies of foreign banks.

* * * * *

REGULATION K

7. Section 211.4(d) of Regulation K (International Banking Operations) is revised as follows:

Section 211.4—Edge and Agreement Corporations

* * * * *

(d) *Reserve requirements and interest rate limitations.* The deposits of an Edge Corporation are subject to the reserve requirements of Part 204 (Regulation D) and the interest rate limitations of Part 217 (Regulation Q) in the same manner and to the same extent as if the Edge Corporation were a member bank, except as may be otherwise provided by the Board.

REGULATION Q

8. Section 217.0 is amended as follows:

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13. A United States resident is: (a) Any individual residing (at the time the credit is extended) in any State of the United States or the District of Columbia; (b) any corporation, partnership, association or other entity organized therein ("domestic corporation"); and (c) any branch or office located therein of any other entity wherever organized. Credit extended to a foreign branch, office, subsidiary, affiliate or other foreign establishment ("foreign affiliate") controlled by one or more such domestic corporations will not be deemed to be credit extended to a United States resident if the proceeds will be used in its foreign business or that of other foreign affiliates of the controlling domestic corporation(s).

Section 217.0—Authority and Scope

* * * * *

(c) Under authority of the provisions of section 7 of the International Banking Act of 1978 (12 U.S.C. § 3105), the provisions of this Part apply to a Federal branch or agency of a foreign bank and to a State uninsured branch or agency of a foreign bank in the same manner and to the same extent as if the branch or agency were a member bank, except as may be otherwise provided by the Board, if (i) its parent foreign bank has total worldwide consolidated bank assets in excess of $1 billion; (ii) its parent foreign bank is controlled by a foreign company which owns or controls foreign banks that in the aggregate have total worldwide consolidated bank assets in excess of $1 billion; or (iii) its parent foreign bank is controlled by a group of foreign companies that own or control foreign banks that in the aggregate have total worldwide consolidated bank assets in excess of $1 billion.

(d) The provisions of this Part do not apply to any deposit that is payable only at an office located outside of the States of the United States and the District of Columbia of a member bank or of a foreign bank.

9. Section 217.1 is amended by adding the following:

Section 217.1—Definitions

* * * * *

(i) *Credit balances*. For purposes of this Part, the term "deposits" also includes the credit balances of a United States branch or agency of a foreign bank.

(j) *Foreign bank*. "Foreign bank" means any bank organized under the laws of any country other than the United States (including its States and the District of Columbia), or organized under the laws of Puerto Rico, Guam, American Samoa, the Virgin Islands, or a territory of the United States.

AMENDMENTS TO REGULATION T

The Board of Governors has amended its Regulation T (Credit by Brokers and Dealers) to reduce the administrative burden placed on broker-dealers and their self-regulatory organizations by recognizing the geographic dispersion of the financial community and recent developments in information processing technology.

Effective June 2, 1980, the Board amends sections 220.3 and 220.4:

1. To amend section 220.3(b)(1)(i) and (ii) by deleting the words "5 full business days" and substituting therefor the words "7 full business days";
2. To amend section 220.3(e) by deleting the words "5-day period" and substituting therefor the words "7-day period";
3. To revise section 220.3(f) to read as follows:

Section 220.3—General Accounts

* * * * *

(f) Extensions of time. If an appropriate committee of a national securities exchange or a national securities association is satisfied that the creditor is acting in good faith in making the application, and that exceptional circumstances warrant such action, such committee may extend the 7-day period specified in paragraph (b) of this section for one or more limited periods commensurate with the circumstances. Applications should be filed and acted upon prior to the end of the 7-day period or the expiration of any subsequent extension. However, an application may be accepted as timely filed from firms having no direct electronic access to the exchange or association if it is postmarked no later than midnight of the last day of the 7-day period or any subsequent extension.

4. To amend section 220.3(g)(3) by deleting the figure "$100" and substituting therefor the figure "$500";

5. To revise section 220.4(c)(6) to read as follows:

Section 220.4—Special Accounts

* * * * *

(c) Special cash account.

* * * * *

(6) If an appropriate committee of a national securities exchange or a national securities association is satisfied that the creditor is acting in good faith in making the application, that the application relates to a *bona fide* cash transaction, and that exceptional circumstances warrant such action, such committee (i) may extend any period specified in subparagraphs (2), (3), (4), or (5) of this paragraph for one or more limited periods commensurate with the circumstances, or (ii), in

case a security purchased by the customer in the special cash account is a margin or exempted security, may authorize the transfer of the transactions to a general account, special bond account, special convertible security account, or special omnibus account, and the completion of such transaction pursuant to the provisions of this part relating to such an account. Applications under (i) above should be filed and acted upon prior to the end of the 7-day period or the expiration of any subsequent extension. However, an application may be accepted as timely filed from firms having no direct electronic access to the exchange or association if it is postmarked no later than midnight of the last day of the 7-day period or any subsequent extension.

* * * * *

6. To amend section 220.4(c)(7) by deleting the figure "$100" and substituting therefor the figure "$500".

7. To amend section 220.4(h)(2) by deleting the words "5 full business days" and substituting therefor the words "7 full business days";

Bank Holding Company and Bank Merger Orders Issued by the Board of Governors

Orders Under Section 3 of Bank Holding Company Act

Florida National Banks of Florida, Inc., Jacksonville, Florida

Order Approving Acquisition of Banks

Florida National Banks of Florida, Inc., Jacksonville, Florida, a bank holding company within the meaning of the Bank Holding Company Act of 1956 (the "Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. §1842 (a)(3)) to acquire 100 per cent (less directors' qualifying shares) of Florida National Bank of Martin County, Stuart, Florida, the successor by merger to Stuart National Bank ("Stuart Bank"), Stuart, Florida, and Port Salerno National Bank ("Port Salerno Bank"), Port Salerno, Florida (collectively referred to as "Banks"). The bank into which Stuart Bank and Port Salerno Bank are to be merged has no significance except as a means to facilitate the acquisition of voting shares of Banks. Accordingly, the application is treated herein as an application for the aquisition of shares of Banks.

Notice of the application, affording an opportunity for interested persons to submit comments and views has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the fourth largest commercial banking organization in Florida, controls 26 subsidiary banks with aggregate deposits of $1.6 billion, representing 5.0 percent of total deposits in commercial banks in the state.[1] Acquisition of Stuart Bank and Port Salerno Bank, with deposits of $90.4 million and $16.1 million, respectively, would increase Applicant's share of commercial bank deposits in Florida by 0.3 percent and would not have an appreciable effect upon the concentration of banking resources in the state.

Stuart Bank is the second largest of six commercial banks in the relevant banking market,[2] and controls approximately 30 percent of deposits in the market. Port Salerno Bank is the fifth largest bank in the market and controls 5.0 percent of commercial bank deposits in the market. While consummation of the transaction would appear to eliminate competition between Banks, the Board notes that principals of Stuart Bank organized Port Salerno Bank de novo in 1973 and that there is also a significant degree of common ownership of Banks. Moreover, there exist numerous long-standing director and officer interlocks between the Banks.[3] In view of the relationship that exists between Banks, and has existed since Port Salerno Bank was established, it appears that there is little, if any, current meaningful competition between Banks and that consummation of the proposal would not result in any elimination of existing competition between Banks. In addition, Applicant's nearest subsidiary bank is located more than 20 miles north of Banks and competes in a separate banking market. The Board also notes that Florida National Credit Corporation, a subsidiary of Applicant engaged in equipment leasing and financing, is authorized to conduct business throughout Florida but derives no loans from the service areas of Banks. Therefore, the Board concludes that consummation of the acquisitions would have no adverse effects on existing competition in any relevant area. Although some potential competition would be eliminated in the relevant market by consummation of the transaction, there are numerous other potential entrants into the market. In light of all the facts of record, the Board concludes that the transaction would have only a slightly adverse effect on competition in the market.

1. All banking data are as of December 31, 1978.
2. The relevant banking market is approximated by East Martin County, Florida.
3. Together Banks control $106.5 million in deposits, representing 35.0 percent of deposits in the market. Banks are thus the second largest banking organization in the market.

The financial and managerial resources of Applicant, its subsidiaries, and Banks are considered satisfactory and the future prospects for each appear favorable. Thus, considerations relating to banking factors are consistent with approval of the application. Affiliation with Applicant will enable Martin County Bank, the successor by merger to Banks, to offer expanded trust and fund management services not now available to customers of Banks. Applicant intends to establish a revolving credit plan with overdraft protection and plans to introduce automated teller machines at Banks. In addition, Banks will have access to Applicant's expertise in consumer lending and credit administration. Considerations relating to the convenience and needs of the community to be served lend weight toward approval of the application and are sufficient to outweigh any slightly adverse effects on competition that might result from consummation of the proposal. Accordingly, it is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta pursuant to delegated authority.

By Order of the Board of Governors, effective March 6, 1980.

Voting for this action: Vice Chairman Schultz and Governors Wallich, Partee, and Rice. Voting against this action: Governor Teeters. Absent and not voting: Chairman Volcker.

(Signed) GRIFFITH L. GARWOOD,
[SEAL] *Deputy Secretary of the Board.*

Dissenting Statement of Governor Teeters

I would deny the application of Florida National Banks of Florida, Inc. to acquire Stuart National Bank and Port Salerno National Bank, for the reasons set forth in Dissenting Statements to past actions by the Board approving applications by major bank holding companies seeking to acquire a banking organization with a significant presence in one or more markets where the applicant was not present.[1] I believe that consummation of this proposal would have an adverse effect on potential competition which is not outweighed by convenience and needs considerations. In my view, approval of this application will continue to encourage large organizations to attempt to enter new markets by means of significant acquisitions rather than through the more competitive methods of de novo or foothold entry.

In this case, the fourth largest banking organization in Florida is seeking to acquire two affiliated banks which together constitute the second largest banking organization in the relevant market. Applicant is a large, well-managed organization, fully capable of entering this market in a less anti-competitive manner. The market is growing rapidly and appears to be relatively attractive to de novo entry by large organizations such as Applicant. In addition, there exists in the market a small independent organization that could provide Applicant with a foothold entry in the market. Moreover, acquisition of Banks would remove them as potential market entry vehicles for smaller bank holding companies that have neither the financial nor managerial resources to enter the market de novo. Convenience and needs considerations do not outweigh the substantially adverse competitive effects associated with the proposal. For these reasons, I would deny this application.

March 6, 1980

The Marine Corporation, Milwaukee, Wisconsin

Order Denying Acquisition of Bank

The Marine Corporation, Milwaukee, Wisconsin, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1842(a)(3)), to acquire 100 percent of the voting shares (less directors' qualifying shares) of First National Bank and Trust Company of Racine, Racine, Wisconsin ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all

1. Texas Commerce Bancshares, Inc. (Bancapital Financial Corporation), 63 FEDERAL RESERVE BULLETIN 500 (1977); First City Bancorporation of Texas, Inc. (City National Bank of Austin), 63 FEDERAL RESERVE BULLETIN 674 (1977); DETROITBANK Corporation, 63 FEDERAL RESERVE BULLETIN 926 (1977); Northwest Bancorporation, 63 FEDERAL RESERVE BULLETIN 1096 (1977); First City Bancorporation of Texas, Inc. (Lufkin National Bank), 64 FEDERAL RESERVE BULLETIN 969 (1978); First City Bancorporation of Texas, Inc. (First Security National Corporation), 64 FEDERAL RESERVE BULLETIN 862 (1979); National Detroit Corporation, 64 FEDERAL RESERVE BULLETIN 928 (1979).

comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the third largest banking organization in Wisconsin, controls 18 banks with total deposits of approximately $1.3 billion, representing 6.8 percent of total deposits in commercial banks in the state.[1] Acquisition of Bank ($124.3 million in deposits), the 17th largest banking organization in Wisconsin, would increase Applicant's share of statewide commercial bank deposits by 0.7 percent and Applicant would thereby become the second largest banking organization in the state. In the context of the banking structure in Wisconsin, as discussed below, such an increase in the concentration of banking resources is of concern to the Board.

Bank, headquartered in downtown Racine, the fourth largest city in Wisconsin, is the largest of 13 banks located in the Racine banking market[2] and controls approximately 22.7 percent of the market's deposits in commercial banks. While Applicant does not control any banks within the Racine banking market, Applicant has eleven subsidiary banks in markets adjacent to the Racine market, six of which are within 25 miles of Bank or its branch office in Ives Grove. These include Applicant's lead bank and nine of Applicant's other banking subsidiaries located in the adjacent Milwaukee area. Based upon all the facts of record, it does not appear that consummation of the proposal would have a significantly adverse effect upon existing competition.

With respect to potential competition, however, the Board has previously expressed its concern about the entry into smaller metropolitan areas by leading banking organizations in a state through the acquisition of one of the larger independent organizations in such areas. Thus, the Board is concerned with the adverse competitive effect the proposal would have upon probable future competition in the Racine banking market.

The Racine banking market is moderately concentrated, with a four-firm concentration ratio of approximately 65.9 percent.[3] The Board is also of the opinion that the Racine banking market is reasonably attractive for, and capable of supporting, de novo entry. This is based upon the facts of record including that the Racine market ranks among the top five counties in Wisconsin in terms of population density, industrialization, personal income, population per banking office, and deposits per banking office. In addition, despite the market's attractiveness, Applicant is the only major statewide bank holding company not represented therein and the Board believes that if this application is denied Applicant will probably enter the market by some more procompetitive means. The Board notes there are smaller, independent banks located in the market that might serve as foothold entry points for Applicant. Accordingly, denial of the proposal preserves the probability that Applicant and Bank may become direct competitors in the Racine market. Competition would be enhanced, and ultimately, consumers of banking services would benefit from such an eventuality. In view of the facts of record, including the financial and managerial resources of Applicant, the large share of deposits held by Bank in the Racine market, the structure of the Racine market, Applicant's presence in adjacent markets, the attractiveness of the Racine market for de novo entry, and other characteristics of the market, the Board concludes that consummation of this proposal would have substantially adverse effects on probable future competition in the Racine market. The Board regards these competitive effects as being sufficient to warrant denial of the proposal unless clearly outweighed by considerations relating to the convenience and needs of the communities to be served.

The competitive consequences associated with this proposal must also be considered in light of their effects upon the structure of banking in Wisconsin. In Wisconsin there are three Statewide banking organizations (First Wisconsin, Marshall & Ilsley, and Applicant), controlling slightly less than one-third of commercial bank deposits in Wisconsin, and numerous significantly smaller regional bank holding companies. The Board regards any sizeable increase in the control of banking resources by the three leading organizations in Wisconsin as generally not in the public interest.[4] Bank is the second largest of the six remaining independent banking organizations in Wisconsin with more than $100 million in deposits. Bank's size must be considered in light of the fact that eleven of the twenty largest bank holding companies in Wisconsin have lead banks similar in size to Bank. In this regard, the Board notes that in 1978 Bank initiated steps to become a bank holding company. It appears that Bank could become the lead bank in a regional holding company and thereby become a potential competitor of Applicant, particularly in the market areas adjacent to Racine, in which Applicant already operates. The Board is of the view that consummation of the pro-

1. Banking data are as of June 30, 1979, and reflect bank holding company formations and acquisitions approved as of January 31, 1980.

2. The Racine banking market is approximated by the Racine RMA which includes Mt. Pleasant, Yorkville, Dover and Rochester townships, most of Caledonia township and the village of Waterford, all in Wisconsin.

3. Three of the banks located in the Racine banking market are under common control and are treated as a single entity for purposes of determining the four-firm concentration ratio in the Racine market.

4. The structure of banking in Wisconsin has long been of concern to the Board. (See Board Order denying the application of Applicant to acquire The Beloit State Bank, Beloit, Wisconsin (49 Federal Reserve Bulletin 192 (1963)).

posed acquisition would permit one of the major banking organizations in Wisconsin to acquire a large independent bank in a major Wisconsin market, rather than entering by some more procompetitive means, and that this would perpetuate the size disparity between the three largest banking organizations in Wisconsin and all other banking organizations in the state.

The financial and managerial resources of Applicant, its subsidiaries and Bank are regarded as generally satisfactory and future prospects are favorable. Accordingly, banking factors are consistent with approval. Although Applicant proposes to introduce some new services at Bank, the Board concludes that the banking needs of the area are already being met. Furthermore, such services could be provided by Applicant through de novo or foothold entry. Thus, the Board finds that considerations relating to the convenience and needs of the community to be served do not outweigh the substantially adverse competitive effects of this proposal.

Based on the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition would not be in the public interest and that the application should be denied. Accordingly, the application is hereby denied.

By Order of the Board of Governors, effective March 26, 1980.

Voting for this action: Governors Wallich, Partee, Teeters, and Rice. Voting against this action: Vice Chairman Schultz. Absent and not voting: Chairman Volcker.

(Signed) GRIFFITH L. GARWOOD,
[SEAL] *Deputy Secretary of the Board.*

Multi-Line, Inc., Tampa, Florida

Order Approving Formation of Bank Holding Company

Multi-Line, Inc., Tampa, Florida, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 86 percent (or more) of the voting shares of Bank of Clearwater ("Bank"), Clearwater, Florida.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

The proposed transaction is a corporate reorganization whereby an existing one-bank holding company will transfer its banking interests, including Bank, to one of its nonbanking subsidiaries. Applicant, a wholly-owned subsidiary of Lykes Brothers, Inc., ("Lykes") Tampa, Florida, proposes to acquire the shares of Bank presently owned by Lykes. Subsequent to the acquisition, Lykes will distribute all the shares of Applicant to its shareholders. Lykes is also engaged in a variety of nonbank activities in reliance on the exemption from the prohibitions in section 4 of the Act contained in section 4(c)(ii) of the Act.[1] Pursuant to section 4(a)(2) of the Act, Applicant, a container manufacturer, would be required to divest its nonbank activities within two years of becoming a bank holding company.

In view of the fact that the transfer of Bank from Lykes to Applicant would not alter either the control or beneficial ownership of Bank, upon consummation of the transaction the Board would regard Applicant as a successor to Lykes within the meaning of section 2(e) of the Act. Although Applicant may be regarded as a successor to Lykes, the Board is not required to approve an application that would permit Applicant to acquire Bank while retaining its container manufacturing business unless it otherwise conforms to the standards of section 3(c) of the Act. The Board has reviewed the facts pertaining to this application, and the record does not indicate that the continuation of the container manufacturing business by Applicant would have a negative effect on Bank. Moreover, in the Board's view, the proposal is consistent with the purposes of the Act and the provisions of section 3 of the Act, since the overall effect of the transaction would be to separate Bank from a substantial portion of Lykes nonbanking business. In reaching this conclusion, the Board has relied on Applicant's commitment that it will limit its future nonbanking acquisitions and activities. In particular, the Board expects that Applicant will not acquire new properties or engage in new nonbank activities except on the same terms and conditions applicable to bank holding companies generally, including the requirement of obtaining the Board's prior approval for certain transactions. Based on the foregoing, the Board has determined that as the successor to Lykes, Applicant may retain its container manufacturing operations.

Bank, which holds deposits of $118.6 million[2] is the 46th largest banking organization in Florida holding

1. Section 4(c)(ii) exempts from the prohibitions of section 4: "a company covered in 1970 more than 85 per centum of the voting stock of which was collectively owned on June 30, 1968 and continuously thereafter, directly or indirectly by or for members of the same family, or their spouses, who are lineal descendants of common ancestors:"

2. Banking data are as of December 31, 1978.

0.4 percent of total deposits in commercial banks in the state. Bank is the fourth largest of 17 banking organizations in the Pinellas County banking market[3] and holds approximately 10.4 percent of the total deposits in commercial banks in the market. This application involves a corporate restructuring of Bank's ownership from a one-bank holding company to a wholly-owned subsidiary of the same bank holding company and does not represent an expansion of the bank holding company system. Consummation of this proposal would not result in any adverse effects upon competition in any relevant area. Thus, competitive considerations are consistent with approval of this application.

The financial and managerial resources and future prospects of Applicant are consistent with approval of the application. Although consummation of the transaction would have no effect on the services offered by Bank, considerations relating to the convenience and needs of the community to be served are also consistent with approval of the application. Accordingly, it is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Atlanta pursuant to delegated authority.

By Order of the Board of Governors, effective March 18, 1980.

Voting for this action: Chairman Volcker and Governors Schultz, Wallich, Partee, Teeters, and Rice.

(Signed) Griffith L. Garwood,
[SEAL] *Deputy Secretary of the Board.*

3. The Pinellas County banking market is defined as all of Pinellas County.

Republic of Texas Corporation, Dallas, Texas

Order Approving Acquisition of Bank

Republic of Texas Corporation, Dallas, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 100 percent of the voting shares (less directors' qualifying shares) of Bank of Austin, Austin, Texas ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views has been given in accordance with section 3(b) of the Act (12 U.S.C. § 1842(b)). The time for filing comments and views has expired, and the application and all comments received have been considered in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the fourth largest banking organization in Texas, controls 22 banks with aggregate deposits of approximately $5.0 billion, representing 7.41 percent of total deposits in commercial banks in the state.[1] Acquisition of Bank ($63.5 million in deposits), the 114th largest banking organization in Texas, will increase Applicant's share of commercial bank deposits in the state by only 0.09 percent and will not alter Applicant's ranking in the state. Thus, consummation of the transaction will not result in a significant increase in the concentration of banking resources in Texas.

Bank is the seventh largest of 21 banking organizations in the Austin banking market (the relevant market)[2] and controls 3.0 percent of total commercial bank deposits in the market. Applicant is the market's fifth largest banking organization through its control of Texas State Bank ("State Bank") ($92.3 million in deposits), holding 4.4 percent of the market's commercial bank deposits. Consummation of the proposal will increase Applicant's share of market deposits to 7.4 percent but its rank within the market will remain unchanged. In light of these and other facts of record, the Board finds that consummation of the proposal will result in an elimination of existing competition between Bank and State Bank, will remove an independent competitor from the Austin market and will increase somewhat the concentration of banking resources in the Austin market. In view of these findings, the Board is of the opinion that consummation of the proposal will have adverse competitive effects.[3] However, the

1. All banking data are as of December 31, 1978, and reflect bank holding company formations and acquisitions approved as of January 31, 1980.

2. The Austin banking market is approximated by the Austin Ranally Metro Area, which comprises most of Travis County and small portions of Hays and Williamson counties.

3. In an analysis based solely on market share, the competitive effects of this proposal are similar to those presented in County National Bancorporation/T.G.B., 65 Federal Reserve Bulletin 763 (1979). However, the Board's Order in County National reflects the Board's determination that market share is not the sole factor the Board considers in assessing the competitive effects of a proposal. In County National, the two organizations that were to be combined were "relatively large banking organizations . . ., fairly matched in strength and each . . . well represented by a sizeable lead bank subsidiary." In addition, both organizations in County National were "of a size to have achieved economies of scale and have management, or sufficient resources to attract capable management, that will permit each to continue independently as an aggressive competitor in that market. . . ." The Board is of the view that these considerations do not arise in the context of the subject proposal.

Board is of the view that other factors associated with this proposal mitigate the anticompetitive effects of the transaction.

As the Board has noted on previous occasions,[4] the Board believes that proposals involving the acquisition of an independent banking organization by an organization already represented in a market must be analyzed carefully, giving attention to all of the facts presented in each case, such as the structural characteristics of the market as well as the quantitative factors associated with the proposal. In this regard, the Board notes that there are four larger organizations in the market, including the three largest banking organizations in Texas, each of which will continue to control approximately twice the amount of market deposits that Applicant will control upon consummation. Accordingly, the Board concludes that the overall competitive effects of this proposal do not warrant denial; furthermore, any anticompetitive effects are outweighed by the convenience and needs considerations associated with the proposal.

The financial and managerial resources and future prospects of Applicant and its subsidiaries are considered satisfactory. The financial and managerial resources and future prospects of Bank appear satisfactory in light of steps Applicant will take to strengthen and improve Bank's overall condition. In addition to the fact that affiliation with Applicant will strengthen Bank's condition, consummation of the proposal will enable Bank to remain a viable competitive alternative in serving the convenience and needs of the Austin community. Affiliation with Applicant will also enable Bank to develop its services to commercial customers. In light of the above, considerations relating to the convenience and needs of the community to be served lend significant weight toward approval of the application and outweigh any adverse competitive effects that might result from consummation of the proposal. Accordingly, the Board has determined that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Dallas, under delegated authority.

By Order of the Board of Governors, effective March 18, 1980.

Voting for this action: Chairman Volcker and Governors Schultz, Wallich, Partee, Teeters, and Rice.

4. See The Marine Corporation/Commercial State Bank, 66 FEDERAL RESERVE BULLETIN 166 (1980).

(Signed) GRIFFITH L. GARWOOD,
[SEAL] *Deputy Secretary of the Board.*

Society Corporation, Cleveland, Ohio

Order Approving Acquisition of a Bank

Society Corporation, Cleveland, Ohio, a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3(a)(3) of that Act (12 U.S.C. § 1842(a)(3)) of the acquisition of The Second National Bank of Bucyrus ("Bank"), Bucyrus, Ohio.

Notice of the application, affording an opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the BHC Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those of Union-Miles Community Coalition ("Protestant"), Cleveland, Ohio, in light of the factors set forth in section 3(c) of the BHC Act (12 U.S.C. § 1842(c)).

Applicant, the fourth largest banking organization in Ohio, controls 14 banks with aggregate deposits of approximately $2.2 billion, representing 5.9 percent of total commercial bank deposits in the state.[1] Consummation of the proposed transaction would increase Applicant's share of statewide deposits by less than 0.1 percent and would not have an appreciable effect on the concentration of banking resources in Ohio.

Bank ($31 million in deposits) is the largest of five banks in the Crawford County banking market,[2] and controls 26.9 percent of total market deposits. None of Applicant's subsidiary banks has an office in the Crawford County banking market, and Applicant's closest banking office is some 26 miles from any office of Bank. Thus, no significant existing competition would be eliminated upon consummation of the proposal and there would be no adverse effect on the concentration of banking resources within the Crawford County market.

Consummation of the proposal will eliminate some potential competition between Applicant and Bank, however, inasmuch as Applicant could enter the Crawford County banking market de novo either by establishing a new subsidiary bank or by establishing a branch of a subsidiary bank located in Seneca County,

1. Banking data are as of September 30, 1978, and reflect bank holding company acquisitions as of December 31, 1979.

2. The Crawford County banking market is approximated by all of Crawford County, Ohio, except Polk Township.

Ohio.[3] The Crawford County market appears to be somewhat attractive for de novo entry, and in view of Applicant's financial and managerial resources, there is some probability that Applicant would enter the market in the future. Although Applicant proposes to acquire the largest bank in the market, consummation of the proposal would not entrench Bank's position in the market because the share of market deposits controlled by Bank is not substantially greater than the shares held by several other competitors in the market. Indeed, each bank in the relevant market holds in excess of 10 percent of the market's deposits. Furthermore, Applicant would be the first of Ohio's 15 multibank holding companies to enter the Crawford County market and vehicles for entry by other large banking organizations would remain after consummation. Although Bank appears to have sufficient resources to branch into Seneca County, it does not appear probable that it would do so because the Crawford County banking market is more attractive for expansion than Seneca County. In view of these facts, the Board regards the effects of the acquisition of Bank by Applicant on potential competition to be slightly adverse with respect to the Crawford County banking market, and as not significantly adverse with respect to any other relevant banking market.

The financial and managerial resources of Applicant, its subsidiary banks, and Bank are considered generally satisfactory and their future prospects appear favorable. Thus, considerations relating to banking factors are consistent with approval of the application.

In considering the effects of the proposed acquisition on the convenience and needs of the community to be served, the Board has examined the records of Applicant and its subsidiary banks' performances in meeting the credit needs of their communities, as provided in the Community Reinvestment Act (12 U.S.C. §§ 2901-05) ("CRA"), and the Board's Regulation BB (12 C.F.R. Part 228) issued thereunder. The CRA requires the Board to assess the records of those subsidiaries of meeting the credit needs of their entire communities, including low and moderate income neighborhoods, consistent with the safe and sound operation of those subsidiaries, and to take these records into account in its evaluation of this application.

Protestant has submitted extensive comments concerning the CRA record of Applicant's lead subsidiary bank, Society National Bank ("SNB"), Cleveland, Ohio. Specifically, Protestant alleges that SNB has failed to comply with procedural and notice requirements of CRA; that SNB has failed to meet the credit needs of low and moderate income neighborhoods with respect to mortgage and home improvement loans; that SNB has engaged in racially discriminatory credit practices, including purchasing home improvement loans in predominantly black areas while directly originating such loans in predominantly white areas; and that SNB has failed to communicate with neighborhood organizations in order to ascertain the credit needs of low and moderate income areas.

Protestant initially requested a public hearing in connection with its allegations; however, the Board concludes that Protestant has not demonstrated that such a hearing would be appropriate. Section 3(b) of the BHC Act requires the Board to hold a hearing on an application to acquire a state-chartered bank upon the request of the state bank supervisory authority. No such request has been received with respect to this application, and no other statute requires the Board to hold a hearing. Both Protestant and Applicant have made substantial written submissions, including the transcript of a hearing held by the Office of the Comptroller of the Currency on October 20, 1979, concerning SNB's record of compliance under CRA,[4] for the Board's consideration with respect to Protestant's allegations. Moreover, Applicant and Protestant have held numerous meetings beginning in March 1979. These meetings culminated with a conference in December 1979, that included staff from the Federal Reserve Bank of Cleveland, at which many issues between the parties were settled. On January 7, 1980, Applicant entered into a written agreement with Protestant ("January 7 Agreement") to take certain steps to improve its services within the Union-Miles area.[5] As a result of these submissions and meetings, the material facts regarding SNB's CRA record are generally not in dispute or are of a character that do not warrant a second hearing to further clarify them, and the Board believes that no purpose would be served by holding a hearing.

On the basis of its review of the facts of record, including a field investigation of SNB's record of compliance with CRA and other consumer laws by the

3. Under Ohio law, a bank in Ohio may branch de novo into any county contiguous with the county in which the bank's home office is located. Applicant's subsidiary, Tri-County National Bank, Fostoria, Ohio, has its home office in Seneca County, which is contiguous with Crawford County.

4. This hearing was conducted in connection with another protest submitted by Protestant to the Comptroller of the Currency in connection with applications by SNB to establish five branches in Lake County, Ohio, and the proposed merger of The First National Bank of Clermont County, Bethel, Ohio, with SNB. Protestant's allegations with respect to these applications were the same as those made in regard to the application before the Board.

5. This agreement deals primarily with Applicant's marketing efforts. It does not in any way create a preference for credit applications received from any portion of the community, nor will it have any adverse effects on the safety and soundness of SNB. Accordingly, the Board regards the agreement as being consistent with the policy outlined in its CRA Information Statement of January 3, 1980.

Comptroller of the Currency, the Board makes the following findings with respect to Protestant's allegations. With respect to SNB's record of compliance with the procedural and notice requirements of CRA, Protestant alleges that its representatives discovered missing public notices and CRA statements at several SNB branches, and that correspondence Protestant submitted to SNB was not included in SNB's public file. A field investigation by staff of the Comptroller of the Currency, however, found the branches cited by Protestant to be in compliance with both the procedural and notice requirements of CRA. Based upon the findings of this investigation, it appears that any technical violations that may have existed have been corrected. Furthermore, SNB has taken certain steps, including the appointment of a community affairs director, to insure compliance with the technical requirements of CRA.

Protestant contends that SNB's record of residential mortgage and home improvement lending in the Union-Miles area and other low and moderate income neighborhoods is poor. It bases its contention on comparisons of data supplied by SNB pursuant to the Home Mortgage Disclosure Act (12 U.S.C. § 2803) ("HMDA") with real estate transfer data and with deposit data for individual SNB branches. The Board has analyzed the HMDA/real estate transfer comparisons thoroughly. The Board has previously indicated, however, in its CRA Information Statement issued on January 3, 1980, that it does not believe that disparities between deposit and loan totals constitute prima facie evidence of improper discrimination.

The Board has analyzed SNB's record of mortgage and home improvement lending in low and moderate income neighborhoods in Cuyahoga County, the city of Cleveland, and the Union-Miles community, taking into consideration demand factors in those areas, and it appears that SNB is helping to meet the needs of its community with respect to such loans. Although there appears to be significant disparity between the proportion of mortgage loan demand accommodated by SNB in suburban areas of Cuyahoga County and the demand accommodated in Cleveland, the Board finds no evidence that this disparity results from consideration of improper factors in SNB's credit extension procedures, and this disparity may be the result of a variety of other factors, such as the institutional structure of the market. Moreover, in both 1977 and 1978, SNB provided more home improvement loans in the low and moderate income areas of Union-Miles and Cuyahoga County as a whole than any other lender. Home improvement loans made by SNB in low and moderate income areas also represented a substantial percentage of the total of all home improvement loans made by SNB. For example, in 1978, more than 35 percent of the number and dollar volume of home improvement loans made by SNB in Cuyahoga County were made in low and moderate income areas.

The Board finds Protestant's allegations that SNB's residential lending pattern indicates that it engages in racially discriminatory practices to be unpersuasive in view of the Comptroller's field investigation and other facts of record. Although it appears that SNB fulfills a somewhat higher percentage of the demand for mortgage loans in the predominantly white areas of Cleveland, it makes substantially more home improvement loans in the predominantly black areas of that city. Moreover, examiners from the Office of the Comptroller did not find any evidence that SNB discouraged loan applications from individuals residing in predominantly black areas or that inappropriate criteria were used in considering applications from members of minority groups. The examiners also found no evidence to support Protestant's allegations of racial discrimination in SNB's advertising of services.

The Board also finds that SNB's practice of purchasing home improvement loans rather than directly originating such loans does not represent evidence of racial discrimination. Protestant's dissatisfaction with indirect home improvement loans appears to have resulted from misconceptions of SNB's role in processing such loans, and from SNB's unawareness of problems that residents of the Union-Miles community have had with contractors from whom such loans are purchased. The January 7 Agreement specifically deals with the issue of indirect home improvement loans, and appears to address the specific complaints registered by Protestant.

To support its allegation that SNB has not made sufficient efforts to ascertain the credit needs of its community, Protestant asserts that SNB had not contacted it or other neighborhood groups in Cleveland concerning these credit needs. The Board notes, however, that SNB has met with Protestant on several occasions since March 1979, and that while it did not initiate the contact with Protestant, SNB has demonstrated a genuine willingness to increase its level of community involvement. This willingness is further demonstrated in the January 7 Agreement in which SNB agreed to take certain affirmative steps to inform community residents of the types of credit services it offers. In addition, SNB's newly appointed director of community affairs will be responsible for contacting neighborhood groups regarding local credit needs.

Based on its review of SNB's CRA record, the Board concludes that Protestant's allegations have either not been substantiated by the facts of record or involve practices that have been discontinued. SNB has offered a full range of services throughout its community and has not arbitrarily excluded any area. Moreover, SNB has demonstrated its willingness to be responsive to concerns expressed by members of its community. The Board regards the CRA record of SNB and Applicant's other subsidiary banks as consistent with approval of the application.

With respect to other convenience and needs considerations, Applicant has stated its intent to revise Bank's mortgage lending policies upon its acquisition of Bank. Applicant will work with Bank to qualify mortgage loans for the Federal Home Mortgage Corporation secondary market and for private mortgage guaranty insurance, thereby allowing Bank to issue mortgage loans with longer maturities and lower down payments. Applicant also intends to install its on-line teller system in all offices of Bank to improve customer service. Banks' customer also would have access to specialized commercial services, such as international banking services, offered by SNB. Customers in Bank's market would benefit from the availability of specialized trust services Bank would be able to offer as a result of affiliation with Applicant. Therefore, considerations relating to the convenience and needs of the community to be served, including the January 7 Agreement, lend weight toward approval of the application, and in the Board's view, are sufficient to outweigh any anticompetitive effects that would result from consummation of the proposal. Based on the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Cleveland pursuant to delegated authority.

By Order of the Board of Governors, effective March 11, 1980.

Voting for this action: Governors Schultz, Coldwell, Partee, Teeters, and Rice. Absent and not voting: Chairman Volcker and Governor Wallich.

(Signed) THEODORE E. ALLISON,
[SEAL] *Secretary of the Board.*

Waupaca Bancorporation, Waupaca, Wisconsin

Order Approving Formation of Bank Holding Company

Waupaca Bancorporation, Waupaca, Wisconsin, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company through the acquisition of 80 percent or more of the voting shares of First National Bank of Waupaca ("Bank"), Waupaca, Wisconsin.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank ($22.2 million in deposits).[1] Upon its acquisition of Bank, Applicant would become the 262nd largest banking organization in Wisconsin, controlling approximately 0.11 percent of total deposits in commercial banks in Wisconsin. Bank is the fourth largest of ten banks located in the Waupaca County banking market[2] and holds approximately 11.1 percent of the market's deposits in commercial banks. This proposal involves a restructuring of Bank's ownership from individuals to a corporation controlled by the same individuals. Applicant's principals are also principals of seventeen other banks and nine other bank holding companies. However, all these organizations are located over 75 miles from Bank in separate banking markets from Bank. Accordingly, it appears from the facts of record that consummation of the proposal would not result in any adverse effects upon competition in any relevant area. Thus, competitive considerations are consistent with approval.

Where principals of an applicant are engaged in operating a chain of banking organizations, the Board, in addition to analyzing the bank holding company proposal before it, also considers the total chain and analyzes the financial and managerial resources and future prospects of the chain within the context of the Board's multi-bank holding company standards. Based upon such analysis in this case, the Board finds that considerations relating to banking factors are consistent with approval of the application. In reaching this conclusion, the Board has considered the financial and managerial resources and future prospects of Applicant, Bank, and the related banks and bank holding companies and has relied upon commitments made in connection with this application to inject additional equity capital into Bank and to improve and maintain capital levels in the subsidiary banks of the related bank holding companies.

1. All banking data are as of December 31, 1978.
2. The Waupaca County banking market is approximated by Waupaca County, Wisconsin.

While consummation of the proposal would result in no immediate changes in the services offered by Bank, considerations relating to the convenience and needs of the communities to be served are consistent with approval of this application. Based upon the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Chicago pursuant to delegated authority.

By Order of the Board of Governors, effective March 26, 1980.

Voting for this action: Vice Chairman Schultz and Governors Partee, Teeters, and Rice. Absent and not voting: Chairman Volcker and Governor Wallich.

(Signed) GRIFFITH L. GARWOOD,
[SEAL] *Deputy Secretary of the Board.*

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During March 1980 the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	Bank(s)	Board action (effective date)
SBT Corporation, Savannah, Georgia	Commercial Bank, Waycross, Georgia	March 4, 1980

By Federal Reserve Banks

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies of the orders are available upon request to the Reserve Banks.

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Apple Valley Bancshares, Inc., Apple Valley, Minnesota	First State Bank of Apple Valley, Apple Valley, Minnesota	Minneapolis	March 5, 1980
Arkansas State Bankcorporation, Inc., Clarksville, Arkansas	Arkansas State Bank, Clarksville, Arkansas	St. Louis	March 11, 1980
Blackduck Bancshares, Inc., Blackduck, Minnesota	Blackduck State Bank, Blackduck, Minnesota	Minneapolis	March 7, 1980
Blue Mound Bancshares, Inc., Blue Mound, Illinois	The State Bank of Blue Mound, Blue Mound, Illinois	Chicago	March 13, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Buckeye Bancorporation, Mt. Gilead, Ohio	Community National Bank, Mt. Gilead, Ohio	Cleveland	March 18, 1980
Central Wisconsin Bankshares, Inc., Wausau, Wisconsin	New Lisbon State Bank, New Lisbon Wisconsin	Chicago	March 18, 1980
Commercial Bancshares, Inc., Wharton, Texas	Wharton Bank and Trust Co., Wharton, Texas	Dallas	March 6, 1980
County Bancshares, Inc., Troy, Alabama	Pike County Bank, Troy, Alabama	Atlanta	March 17, 1980
Fidelity Corporation Burke South Dakota	First Fidelity Bank, Murdo, South Dakota	Minneapolis	March 10, 1980
Fidelity Corporation Burke South Dakota	First Fidelity Bank, Colome, South Dakota	Minneapolis	March 7, 1980
First American Bancshares, Inc., Kingston, Missouri	The Kingston Bank, Kingston, Missouri	Kansas City	March 3, 1980
First Beemer Corporation, Beemer, Nebraska	First National Bank of Beemer, Beemer, Nebraska	Kansas City	March 7, 1980
First Bells Bankshares, Inc., Bells, Texas	The National Bank of Bells, Bells, Texas	Dallas	April 1, 1980
First Bloomington Corporation, Bloomington, Illinois	The National Bank of Bloomington, Bloomington, Illinois	Chicago	March 19, 1980
First Hugo Capital Corporation Hugo, Colorado	The First National Bank of Hugo, Hugo, Colorado	Kansas City	March 14, 1980
The First National Bancorporation, Inc., Denver, Colorado	Buckingham Square National Bank, Aurora, Colorado	Kansas City	March 14, 1980
First National Bankshares of Sheridan Sheridan, Wyoming	First National Bank of Sheridan, Sheridan, Wyoming	Kansas City	March 7, 1980
First Riesel Corporation, Riesel, Texas	First State Bank, Riesel, Texas	Dallas	March 7, 1980
First Tipton Bancorporation, Tipton, Iowa	First National Bank of Tipton, Tipton, Iowa	Chicago	March 3, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First Union Bancorporation, St. Louis, Missouri	First National Bank of Neosho, Neosho, Missouri	St. Louis	March 11, 1980
First Woodstock Corporation, Woodstock, Illinois	First National Bank of Woodstock, Woodstock, Illinois	Chicago	March 21, 1980
Great Southern Bancshares, Inc., Houston, Texas	Great Southern Bank, Houston, Texas	Dallas	March 4, 1980
Hawkeye Bancorporation Des Moines, Iowa	Hawkeye State Bank, Iowa City, Iowa	Chicago	March 14, 1980
Hubbard Bancshares, Inc., Park Rapids, Minnesota	State Bank of Park Rapids, Park Rapids, Minnesota	Chicago	March 31, 1980
Iowa Park Bancshares, Inc., Iowa Park, Texas	The State National Bank of Iowa Park, Iowa Park, Texas	Chicago	March 21, 1980
Jennings Bank Shares, Inc., Jennings, Kansas	Jennings Bank, Jennings, Kansas	Chicago	March 14, 1980
Johnson State Bancshares, Inc., Johnson, Kansas	The Johnson State Bank, Johnson, Kansas	Kansas City	February 29, 1980
MPSBancorp, Inc., Mount Prospect, Illinois	Mount Prospect State Bank, Mount Prospect, Illinois	Chicago	March 21, 1980
M. W. Reed Banco, Iowa Falls, Iowa	Stege Insurance Agency, Inc., Fonda, Iowa, et al.	Chicago	March 24, 1980
Madison Holding Co., Winterset, Iowa	Union State Bank, Winterset, Iowa	Chicago	March 31, 1980
Minnesota Banc Holding Co., Waterville, Minnesota	Citizens State Bank of Waterville, Waterville, Minnesota	Minneapolis	March 6, 1980
New Richmond Bancorporation, New Richmond, Ohio	The New Richmond National Bank, New Richmond, Ohio	Cleveland	March 3, 1980
Northwest Indiana Bancshares, Inc., Hammond, Indiana	Counting House Bank, North Webster, Indiana	Chicago	March 24, 1980
Oak Park Bancorp., Inc., Oak Park, Illinois	The Dunham Bank, St. Charles, Illinois	Chicago	March 13, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Oklahoma State Bancshares, Inc., Vinita, Oklahoma	Oklahoma State Bank & Trust Co., Vinita, Oklahoma	Kansas City	March 14, 1980
Omego City Holding Co., LaMoure, North Dakota	First State Bank of LaMoure, LaMoure, North Dakota	Minneapolis	March 21, 1980
Orbanco, Inc., Portland, Oregon	Lincoln Bank, Lincoln City, Oregon	San Francisco	March 4, 1980
Straz Investment Co., Inc., Kenosha, Wisconsin	First Gulf Beach Bank and Trust Co., St. Petersburg, Florida	Atlanta	March 28, 1980
TBC, Incorporated, Taylor, Nebraska	Bank of Taylor, Taylor, Nebraska	Kansas City	March 27, 1980
Troy Bancgroup & Co., St. Louis, Missouri	Troy Security Bank, Troy, Illinois	St. Louis	March 5, 1980
The Salida Corporation, Salida, Colorado	The Chaffee County Bank, Salida, Colorado	Kansas City	March 27, 1980
Wellsville Bancshares, Inc., Wellsville, Kansas	The Wellsville Bank, Wellsville, Kansas	Kansas City	March 27, 1980

Section 4

Applicant	Nonbanking company (or activity)	Reserve Bank	Effective date
Cunningham Agency, Inc., Mound City, Kansas	Retention of insurance assets	Kansas City	March 27, 1980
Fidelity Union Bancorporation, Newark, New Jersey	Economy Assurance Company, Scottsdale, Arizona	New York	March 6, 1980
First Maryland Bancorp, Baltimore, Maryland	underwriting insurance	Richmond	March 13, 1980
G & R, Inc., Troy, Kansas	sale of credit-related insurance	Kansas City	March 27, 1980
Griswold State Bancshares, Griswold, Iowa	general insurance activities	Chicago	March 20, 1980
The Indiana National Corporation, Indianapolis, Indiana	retention of Indiana Mortgage Corporation, Indianapolis, Indiana	Chicago	March 25, 1980

Section 4—Continued

Applicant	Nonbanking company (or activity)	Reserve Bank	Effective date
The Indiana National Corporation, Indianapolis, Indiana	making or acquiring extensions of credit	Chicago	February 19, 1980
Kansas Bancorporation, Inc., Kansas City, Kansas	mortgage banking activities	Kansas City	March 27, 1980
South Carolina National Corporation, Columbia, South Carolina	assets of Catrawba Loan and Finance Co., Inc., Newton, North Carolina	Richmond	March 17, 1980

ORDERS APPROVED UNDER BANK MERGER ACT

Applicant	Bank	Reserve Bank	Effective date
Hillsdale State Savings Bank, Hillsdale, Michigan	HSB Bank, Hillsdale, Michigan	Chicago	March 25, 1980

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

**This list of pending cases does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.*

Albert A. Rapoport v. *Board of Governors and Manufacturers Hanover Trust Co.*, filed February 1980, U.S.D.C. for the District of Columbia.

American Trust Co. of Hawaii, et al., v. *Board of Governors*, filed January 1980, U.S.D.C. for the District of Columbia.

Independent Bank Corporation v. *Board of Governors*, filed October 1979, U.S.C.A. for the Sixth Circuit.

Wiley v. *United States, et al.*, filed September 1979, U.S.D.C. for the District of Columbia.

County National Bancorporation and TGB Co. v. *Board of Governors*, filed September 1979, U.S.C.A. for the Eighth Circuit.

Edwin F. Gordon v. *Board of Governors, et al.*, filed August 1979, U.S.D.C. for the Northern District of Georgia.

Edwin F. Gordon v. *Board of Governors, et al.*, filed August 1979, U.S.C.A. for the Fifth Circuit.

American Bankers Association v. *Board of Governors, et al.*, filed August 1979, U.S.D.C. for the District of Columbia.

Gregory v. *Board of Governors*, filed July 1979, U.S.D.C. for the District of Columbia.

Donald W. Riegel, Jr. v. *Federal Open Market Committee*, filed July 1979, U.S.D.C. for the District of Columbia.

Connecticut Bankers Association, et al., v. *Board of Governors*, filed May 1979, U.S.C.A. for the District of Columbia.

Ella Jackson et al., v. *Board of Governors*, filed May 1979, U.S.C.A. for the Fifth Circuit.

Memphis Trust Company v. *Board of Governors*, filed May 1979, U.S.C.A. for the Sixth Circuit.

Independent Insurance Agents of America, et al., v. *Board of Governors*, filed May 1979, U.S.C.A. for the District of Columbia.

Independent Insurance Agents of America, et al., v. *Board of Governors*, filed April 1979, U.S.C.A. for the District of Columbia.

Independent Insurance Agents of America, et al., v. *Board of Governors*, filed March 1979, U.S.C.A. for the District of Columbia.

Credit and Commerce American Investment, et al., v. *Board of Governors*, filed March 1979 U.S.C.A. for the District of Columbia.

Independent Bankers Association of Texas v. *First National Bank in Dallas, et al.*, filed July 1978, U.S.D.C. for the Northern District of Texas.

Mid-Nebraska Bancshares, Inc. v. *Board of Governors,* filed July 1978, U.S.C.A. for the District of Columbia.

Security Bancorp and Security National Bank v. *Board of Governors,* filed March 1978, U.S.C.A. for the Ninth Circuit.

Vickars-Henry Corp. v. *Board of Governors,* filed December 1977, U.S.C.A. for the Ninth Circuit.

Investment Company Institute v. *Board of Governors,* filed September 1977, U.S.D.C. for the District of Columbia.

Robert Farms, Inc. v. *Comptroller of the Currency, et al.,* filed November 1975, U.S.D.C. for the Southern District of California.

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1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1979 Q1	1979 Q2	1979 Q3	1979 Q4	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
Member bank reserves									
1 Total	−2.3	−3.7r	5.0r	12.6r	18.1r	6.7r	16.3r	2.8r	−4.4
2 Required	−2.2	−3.5	4.8	11.4r	16.0r	7.4r	12.1r	4.2r	16.4
3 Nonborrowed	−2.7r	−7.5r	6.9r	7.0r	−1.6r	10.4r	30.0r	9.6r	5.7
4 Monetary base[2]	5.9	4.8	9.3	9.6r	10.4r	5.6r	7.6r	10.3r	18.7
Concepts of money and liquid assets[3]									
5 M-1A	0.2	7.8	8.8	4.7	1.6	5.2	6.2	3.6	11.9
6 M-1B	4.8	10.7	10.1	5.3	2.2	4.4	7.5	4.3	11.7
7 M-2	6.3	10.2	10.3	7.2	6.0	5.8	7.7r	6.8r	10.8
8 M-3	7.9	8.8	10.3	9.9	9.4	7.4	7.5r	7.9	12.6
9 L	10.3	13.1	11.7	9.3r	6.8r	5.1r	9.7r	8.5r	13.4
Time and savings deposits									
Commercial banks									
10 Total	7.7	1.8	9.1	12.5	13.7	11.7	0.9r	8.0	16.2
11 Savings[4]	−15.9	−7.4	−0.4	−15.1	−16.4	−29.7	−9.7	−12.3	−16.1
12 Small denomination time[5]	21.3	22.5	21.5	28.6r	27.6	44.5	18.9r	24.6r	28.6
13 Large-denomination time[6]	20.6	−7.9	6.0	22.6	28.0	15.2	−7.8	6.8r	30.6
14 Thrift institutions[7]	8.3	7.4	7.4	6.7	6.6	6.2	6.5r	−1.1r	1.1
15 Total loans and investments at commercial banks[8]	13.3	11.9	15.8	3.4	6.6	−.5	4.1	12.8	18.7

Item	1979 Q2	1979 Q3	1979 Q4	1980 Q1	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.
	Interest rates (levels, percent per annum)								
Short-term rates									
16 Federal funds[9]	10.18	10.94	13.58	15.07	13.18	13.78	13.82	14.13	17.19
17 Federal Reserve discount[10]	9.50	10.21	11.92	12.51	12.00	12.00	12.00	12.52	13.00
18 Treasury bills (3-month market yield)[11]	9.38	9.67	11.84	13.35	11.79	12.04	12.00	12.86	15.20
19 Commercial paper (3-month)[11,12]	9.85	10.64r	13.35	14.54	13.57	13.24	13.04	13.78	16.81
Long-term rates									
Bonds									
20 U.S. government[13]	9.08	9.03	10.18	11.78	10.37	10.18	10.65	12.21	12.49
21 State and local government[14]	6.22	6.28	7.20	8.23	7.30	7.22	7.35	8.16	9.17
22 Aaa utility (new issue)[15]	9.66	9.64	11.21	13.22	11.42	11.25	11.73	13.57	14.00
23 Conventional mortgages[16]	10.35	11.13	12.38	n.a.	12.50	12.50	12.80	14.10	n.a.

1. Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter. Growth rates for member bank reserves are adjusted for discontinuities in series that result from changes in Regulations D and M.

2. Includes total reserves (member bank reserve balances in the current week plus vault cash held two weeks earlier); currency outside the U.S. Treasury, Federal Reserve Banks and the vaults of commercial banks; and vault cash of nonmember banks.

3. M-1A: Averages of daily figures for (1) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (2) currency outside the Treasury, Federal Reserve banks, and the vaults of commercial banks.

M-1B: M-1A plus NOW and ATS accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

M-2: M-1B plus savings and small denomination time deposits at all depositary institutions, overnight RPs at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and money market mutual fund shares.

M-3: M-2 plus large denomination time deposits at all depositary institutions and term RPs at commercial banks and savings and loan associations.

L: M-3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities and U.S. savings bonds.

4. Savings deposits exclude NOW and ATS accounts at commercial banks.

5. Small time deposits are those issued in amounts of less than $100,000.

6. Large time deposits are those issued in amounts of $100,000 or more.

7. Savings and loan associations, mutual savings banks, and credit unions.

8. Quarterly changes calculated from figures shown in table 1.23.

9. Seven-day averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).

10. Rate for the Federal Reserve Bank of New York.

11. Quoted on a bank-discount basis.

12. Beginning Nov. 1977, unweighted average of offering rates quoted by at least five dealers. Previously, most representative rate quoted by these dealers. Before Nov. 1979, data shown are for 90- to 119-day maturity.

13. Market yields adjusted to a 20-year maturity by the U.S. Treasury.

14. *Bond Buyer* series for 20 issues of mixed quality.

15. Weighted averages of new publicly offered bonds rates Aaa, Aa and A by Moody's Investors Service and adjusted to an Aaa basis. Federal Reserve compilations.

16. Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development.

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week-ending						
	1980			1980						
	Jan.p	Feb.p	Mar.p	Feb. 13p	Feb. 20p	Feb. 27p	Mar. 5p	Mar. 12p	Mar. 19p	Mar. 26p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**138,855**	**135,490**	**136,504**	**134,450**	**137,490**	**135,545**	**134,861**	**135,045**	**137,239**	**137,270**
2 U.S. government securities[1]	117,855	115,028	115,902	114,574	116,924	113,242	114,901	114,220	115,653	116,837
3 Bought outright	117,493	114,842	115,473	114,431	116,383	113,242	114,487	113,925	115,653	116,638
4 Held under repurchase agreements	362	186	429	143	541	0	414	295	0	199
5 Federal agency securities	8,383	8,299	8,341	8,303	8,468	8,216	8,269	8,289	8,211	8,420
6 Bought outright	8,216	8,216	8,212	8,216	8,216	8,216	8,216	8,214	8,211	8,211
7 Held under repurchase agreements	167	83	129	87	252	0	53	75	0	209
8 Acceptances	104	67	76	40	207	0	129	13	0	36
9 Loans	1,264	1,660	2,828	1,236	2,194	2,057	2,508	3,439	3,001	2,660
10 Float	5,825	5,617	4,658	4,969	5,306	7,707	4,557	4,579	5,674	4,459
11 Other Federal Reserve assets	5,424	4,818	4,699	5,328	4,390	4,323	4,496	4,506	4,699	4,857
12 Gold stock	11,156	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
13 Special drawing rights certificate account	2,064	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968
14 Treasury currency outstanding	12,983	13,059	13,126	13,036	13,066	13,076	13,162	13,108	13,127	13,146
ABSORBING RESERVE FUNDS										
15 Currency in circulation	122,939	121,591	122,432	121,714	121,962	121,533	121,657	122,444	122,783	122,503
16 Treasury cash holdings	442	477	535	475	482	503	521	525	532	540
Deposits, other than member bank reserves, with Federal Reserve Banks										
17 Treasury	3,110	3,379	2,773	3,727	3,369	3,682	2,658	2,940	2,514	3,243
18 Foreign	331	322	346	363	335	277	360	328	346	359
19 Other	434	324	403	286	291	349	356	385	535	400
20 Other Federal Reserve liabilities and capital	5,080	4,713	4,881	4,641	4,756	4,564	4,710	4,839	4,840	4,924
21 Reserve accounts[2]	32,724	31,883	32,400	30,421	33,502	31,853	31,900	30,831	32,955	32,587
	End-of-month figures			Wednesday figures						
	1980			1980						
	Jan.p	Feb.p	Mar.p	Feb. 13p	Feb. 20r	Feb. 27p	Mar. 5r	Mar. 12r	Mar. 19r	Mar. 26r
SUPPLYING RESERVE FUNDS										
22 **Reserve bank credit outstanding**	**135,202**	**134,555**	**136,313**	**140,739**	**140,706**	**134,002**	**134,517**	**130,631**	**132,506**	**139,097**
23 U.S. government securities[1]	116,311	115,171	116,657	117,659	118,416	112,301	113,442	110,378	111,808	117,830
24 Bought outright	116,311	114,550	115,734	116,660	116,182	112,301	113,442	110,378	111,808	117,830
25 Held under repurchase agreements	0	621	923	999	2,234	0	0	0	0	0
26 Federal agency securities	8,216	8,247	8,291	8,823	8,924	8,216	8,216	8,211	8,211	8,211
27 Bought outright	8,216	8,216	8,211	8,216	8,216	8,216	8,216	8,211	8,211	8,211
28 Held under repurchase agreements	0	31	80	607	708	0	0	0	0	0
29 Acceptances	0	205	171	281	825	0	0	0	0	0
30 Loans	828	3,364	2,502	3,324	1,101	4,318	2,179	3,080	2,859	4,651
31 Float	4,610	3,154	3,682	5,202	7,084	4,734	6,198	4,306	4,738	3,382
32 Other Federal Reserve assets	5,237	4,414	5,010	5,450	4,356	4,433	4,482	4,656	4,890	5,023
33 Gold stock	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
34 Special drawing rights certificate account	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968
35 Treasury currency outstanding	13,169	13,259	13,178	13,044	13,066	13,076	13,106	13,118	13,146	13,146
ABSORBING RESERVE FUNDS										
36 Currency in circulation	121,157	121,436	122,788	122,198	122,170	121,722	122,286	123,098	122,942	122,848
37 Treasury cash holdings	472	525	572	482	483	513	517	525	536	566
Deposits, other than member bank reserves, with Federal Reserve Banks										
38 Treasury	2,931	2,417	2,334	3,395	2,461	4,478	3,769	1,976	3,827	2,998
39 Foreign	440	450	468	343	294	245	232	291	284	368
40 Other	339	350	313	281	332	330	298	468	492	342
41 Other Federal Reserve liabilities and capital	5,682	4,668	4,886	4,687	4,771	4,438	4,556	4,521	4,646	4,773
42 Reserve accounts[2]	31,492	32,108	32,270	36,537	37,401	29,492	30,105	27,009	27,065	34,488

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.

2. Includes reserves of member banks, Edge Act corporations and U.S. agencies and branches of foreign banks.

NOTE: For amounts of currency and coin held as reserves, see table 1.12

1.12 RESERVES AND BORROWINGS Member Banks
Millions of Dollars

Reserve classification	Monthly averages of daily figures									
	1978	1979						1980		
	Dec.	July	Aug.	Sept.	Oct.p	Nov.p	Dec.p	Jan.p	Feb.p	Mar.p
All member banks										
Reserves										
1 At Federal Reserve Banks	31,158	30,191	30,006	29,986	31,599	32,098	32,585	32,724	31,883	32,400
2 Currency and coin	10,330	10,552	10,523	10,726	10,681	10,740	11,323	12,318	11,098	10,729
3 Total held[1]	41,572	40,900	40,687	40,868	42,423	42,979	44,063	45,217	43,196	43,352
4 Required	41,447	40,710	40,494	40,863	42,002	42,770	43,560	44,902	43,026	42,907
5 Excess[1]	125	190	193	5	421	209	503	315	170	445
Borrowings at Reserve Banks[2]										
6 Total	874	1,179	1,097	1,344	2,022	1,908	1,454	1,264	1,660	2,828
7 Seasonal	134	168	177	169	161	141	81	74	95	152
Large banks in New York City										
8 Reserves held	7,120	6,605	6,408	6,437	6,655	6,695	7,206	7,781	6,980	7,276
9 Required	7,243	6,586	6,427	6,378	6,851	6,932	7,329	7,758	7,209	7,194
10 Excess	−123	19	−19	59	−196	−237	−123	23	−229	82
11 Borrowings[2]	99	97	79	87	183	139	63	32	124	60
Large banks in Chicago										
12 Reserves held	1,907	1,709	1,694	1,654	1,790	1,869	1,990	2,021	1,949	1,886
13 Required	1,900	1,713	1,706	1,760	1,859	1,950	2,001	2,059	1,941	1,961
14 Excess	7	−4	−12	−106	−69	−81	−11	−38	8	−75
15 Borrowings[2]	10	45	6	80	136	118	79	76	100	137
Other large banks										
16 Reserves held	16,446	16,374	16,370	16,426	16,519	16,663	17,336	17,719	17,014	17,029
17 Required	16,342	16,339	16,321	16,491	16,796	17,000	17,369	17,967	17,281	17,135
18 Excess	104	35	49	−65	−277	−337	−33	−248	−267	−106
19 Borrowings[2]	276	517	484	600	856	804	697	642	729	1,479
All other banks										
20 Reserves held	16,099	16,212	16,215	16,351	16,495	16,496	16,621	16,843	16,328	16,261
21 Required	15,962	16,072	16,040	16,234	16,424	16,420	16,539	16,779	16,267	16,233
22 Excess	137	140	175	117	71	76	82	64	61	28
23 Borrowings[2]	489	520	528	577	847	847	615	514	707	1,152
Edge corporations										
24 Reserves held	n.a.	n.a.	n.a.	n.a.	90	308	333	336	330	317
25 Required	n.a.	n.a.	n.a.	n.a.	72	287	302	314	304	300
26 Excess	n.a.	n.a.	n.a.	n.a.	18	21	31	22	26	17
U.S. agencies and branches										
27 Reserves held	n.a.	n.a.	n.a.	n.a.	n.a.	185	26	29	32	90
28 Required	n.a.	n.a.	n.a.	n.a.	n.a.	181	20	25	24	84
29 Excess	n.a.	n.a.	n.a.	n.a.	n.a.	4	6	4	8	6

	Weekly averages of daily figures for week (in 1980) ending									
	Jan. 23p	Jan. 30p	Feb. 6p	Feb. 13p	Feb. 20p	Feb. 27p	Mar. 5p	Mar. 12p	Mar. 19p	Mar. 26p
All member banks										
Reserves										
30 At Federal Reserve Banks	32,671	32,242	31,868	30,421	33,502	31,853	31,900	30,831	32,955	32,587
31 Currency and coin	12,482	12,251	11,831	11,724	10,283	10,720	10,878	11,446	10,348	10,261
32 Total held[1]	45,325	44,665	43,914	42,360	44,002	42,787	42,991	42,506	43,530	43,073
33 Required	45,082	44,386	43,358	42,531	43,402	43,015	42,481	42,367	43,307	42,941
34 Excess[1]	243	279	556	−171	600	−228	510	139	223	132
Borrowings at Reserve Banks[2]										
35 Total	1,197	1,821	759	1,236	2,194	2,057	2,508	3,439	3,001	2,660
36 Seasonal	78	87	73	91	100	109	114	139	155	177
Large banks in New York City										
37 Reserves held	7,693	7,546	7,440	6,609	7,422	6,673	7,020	6,865	7,325	7,083
38 Required	7,651	7,469	7,175	7,053	7,427	7,242	6,971	7,055	7,413	7,074
39 Excess	42	77	265	−444	−5	−569	49	−190	−88	9
40 Borrowings[2]	0	0	0	81	226	207	13	29	80	71
Large banks in Chicago										
41 Reserves held	2,002	2,093	1,919	1,919	2,025	1,805	2,025	1,830	1,938	1,779
42 Required	2,045	2,009	1,986	1,903	2,004	1,891	1,898	1,907	2,004	1,985
43 Excess	−43	84	−67	16	21	−86	127	−77	−66	−206
44 Borrowings[2]	0	236	0	125	148	47	291	288	0	117
Other large banks										
45 Reserves held	17,881	17,723	17,270	16,542	17,517	16,689	17,210	16,521	17,106	16,789
46 Required	18,134	17,849	17,409	17,165	17,401	17,235	17,041	16,924	17,256	17,157
47 Excess	−253	−126	−139	−623	116	−546	169	−403	−150	−368
48 Borrowings[2]	650	883	266	558	985	908	1,184	2,017	1,670	1,342
All other banks										
49 Reserves held	16,883	16,851	16,509	16,122	16,451	16,306	16,302	16,111	16,252	16,326
50 Required	16,936	16,774	16,457	16,070	16,253	16,322	16,247	16,100	16,208	16,352
51 Excess	−53	77	52	52	198	−16	55	11	44	−26
52 Borrowings[2]	547	702	493	472	835	895	1,020	1,105	1,251	1,130
Edge corporations										
53 Reserves held	315	338	330	345	306	315	309	319	358	298
54 Required	281	277	317	310	296	301	279	296	335	282
55 Excess	34	61	13	35	10	14	30	23	23	16
U.S. agencies and branches										
56 Reserves held	37	31	22	46	29	30	52	86	101	101
57 Required	35	8	14	30	21	24	45	85	91	91
58 Excess	2	23	8	16	8	6	7	1	10	10

1. Adjusted to include waivers of penalties for reserve deficiencies in accordance with Board policy, effective Nov. 19, 1975, of permitting transitional relief on a graduated basis over a 24-month period when a nonmember bank merged into an existing member bank, or when a nonmember bank joins the Federal Reserve System. For weeks for which figures are preliminary, figures by class of bank do not add to total because adjusted data by class are not available.

2. Based on closing figures.

1.13 FEDERAL FUNDS AND REPURCHASE AGREEMENTS Large Member Banks[1]

Averages of daily figures, in millions of dollars

By maturity and source	1980, week ending Wednesday								
	Mar. 5	Mar. 12	Mar. 19	Mar. 26	Apr. 2	Apr. 9	Apr. 16	Apr. 23	Apr. 30
One day and continuing contract									
1 Commercial banks in U.S.	46,980	48,709	45,824	42,320					
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	12,831	13,216	13,386	13,738					
3 Nonbank securities dealers	1,695	1,863	1,626	1,556					
4 All other	13,493	13,794	14,524	13,807					
All other maturities									
5 Commercial banks in U.S.	5,303	4,988	4,848	4,990	n.a.	n.a.	n.a.	n.a.	n.a.
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	6,382	6,194	6,151	6,164					
7 Nonbank securities dealers	2,188	2,186	2,301	2,290					
8 All other	10,340	10,318	8,875	9,510					
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in U.S.	14,824	12,814	13,440	13,582					
10 Nonbank securities dealers	2,296	2,312	2,269	1,828					

1. Banks with assets of $1 billion or more as of December 31, 1977.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Loans to member banks									Loans to all others under sec. 13, last par.[2]		
	Under secs. 13 and 13a[3]			Under sec. 10(b)[1]								
				Regular rate			Special rate[4]					
	Rate on 2/29/80	Effective date	Previous rate	Rate on 2/29/80	Effective date	Previous rate	Rate on 2/29/80	Effective date	Previous rate	Rate on 2/29/80	Effective date	Previous rate
Boston	13	2/19/80	12	13½	2/19/80	12½	14	2/19/80	13	16	2/19/80	15
New York	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Philadelphia	13	2/19/80	12	13½	2/19/80	12½	14	2/19/80	13	16	2/19/80	15
Cleveland	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Richmond	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Atlanta	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Chicago	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
St. Louis	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Minneapolis	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Kansas City	13	2/19/80	12	13½	2/19/80	12½	14	2/19/80	13	16	2/19/80	15
Dallas	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
San Francisco	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15

Range of rates in recent years[5]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1970	5½	5½	1973— July 2	7	7	1977— Sept. 2	5¾	5¾
1971— Jan. 8	5¼–5½	5¼	Aug. 14	7–7½	7½	Oct. 26	6	6
15	5¼	5¼	23	7½	7½	1978— Jan. 9	6–6½	6½
19	5–5¼	5¼	1974— Apr. 25	7½–8	8	20	6½	6½
22	5–5¼	5	30	8	8	May 11	6½–7	7
29	5	5	Dec. 9	7¾–8	7¾	12	7	7
Feb. 13	4¾–5	5	16	7¾	7¾	July 3	7–7¼	7¼
19	4¾	4¾	1975— Jan. 6	7¼	7¼	10	7¼–7¾	7¼
July 16	4¾–5	5	10	7¼	7¼	Aug. 21	7¾	7¾
23	5	5	24	7¼	7¼	Sept. 22	8	8
Nov. 11	4¾–5	5	Feb. 5	6¾–7¼	6¾	Oct. 16	8–8½	8½
19	4¾	4¾	7	6¾	6¾	20	8½	8½
Dec. 13	4½–4¾	4¾	Mar. 10	6¼–6¾	6¼	Nov. 1	8½–9½	9½
17	4½–4¾	4½	14	6¼	6¼	3	9½	9½
24	4½	4½	May 16	6–6¼	6	1979— July 20	10	10
1973— Jan. 15	5	5	1976— Jan. 19	5½–6	5½	Aug. 17	10–10½	10½
Feb. 26	5–5½	5½	23	5½	5½	20	10½	10½
Mar. 2	5½	5½	Nov. 22	5¼–5½	5¼	Sept. 19	10½–11	11
Apr. 23	5½–5¾	5½	26	5¼	5¼	21	11	11
May 4	5¾	5¾	1977— Aug. 30	5¼–5¾	5¼	Oct. 8	11–12	12
11	5¾–6	6	31	5¼–5¾	5¾	10	12	12
18	6	6				1980— Feb. 15	12–13	13
June 11	6–6½	6½				19	13	13
15	6½	6½				In effect Feb. 29, 1980	13	13

1. Advances secured to the satisfaction of the Federal Reserve Bank. Advances secured by mortgages on 1- to 4-family residential property are made at the section 13 rate.
2. Advances to individuals, partnerships, or corporations other than member banks secured by direct obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. government or any agency thereof.
3. Discounts or eligible paper and advances secured by such paper or by U.S. government obligations or any other obligations eligible for Federal Reserve Bank purchase.
4. Applicable to special advances described in section 201.2(e)(2) of Regulation A.
5. Rates under secs. 13 and 13a (as described above). For description and earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941* and *1941–1970; Annual Statistical Digest, 1971–1975, 1972–1976,* and *1973–1977.*

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect February 29, 1980		Previous requirements	
	Percent	Effective date	Percent	Effective date
Net demand[2]				
0–2	7	12/30/76	7½	2/13/75
2–10	9½	12/30/76	10	2/13/75
10–100	11¾	12/30/76	12	2/13/75
100–400	12¾	12/30/76	13	2/13/75
Over 400	16¼	12/30/76	16½	2/13/75
Time and savings[2,3,4]				
Savings	3	3/16/67	3½	3/2/67
Time[5]				
0–5, by maturity				
30–179 days	3	3/16/67	3½	3/2/67
180 days to 4 years	2½	1/8/76	3	3/16/67
4 years or more	1	10/30/75	3	3/16/67
Over 5, by maturity				
30–179 days	6	12/12/74	5	10/1/70
180 days to 4 years	2½	1/8/76	3	12/12/74
4 years or more	1	10/30/75	3	12/12/74

	Legal limits	
	Minimum	Maximum
Net demand		
Reserve city banks	10	22
Other banks	7	14
Time	3	10
Borrowings from foreign banks	0	22

1. For changes in reserve requirements beginning 1963, see Board's *Annual Statistical Digest, 1971–1975* and for prior changes, see Board's *Annual Report* for 1976, table 13.

2. (a) Requirement schedules are graduated, and each deposit interval applies to that part of the deposits of each bank. Demand deposits subject to reserve requirements are gross demand deposits minus cash items in process of collection and demand balances due from domestic banks.

(b) The Federal Reserve Act specifies different ranges of requirements for reserve city banks and for other banks. Reserve cities are designated under a criterion adopted effective Nov. 9, 1972, by which a bank having net demand deposits of more than $400 million is considered to have the character of business of a reserve city bank. The presence of the head office of such a bank constitutes designation of that place as a reserve city. Cities in which there are Federal Reserve Banks or branches are also reserve cities. Any banks having net demand deposits of $400 million or less are considered to have the character of business of banks outside of reserve cities and are permitted to maintain reserves at ratios set for banks not in reserve cities. For details, see the Board's Regulation D.

(c) Effective Aug. 24, 1978, the Regulation M reserve requirements on net balances due from domestic banks to their foreign branches and on deposits that foreign branches lend to U.S residents were reduced to zero from 4 percent and 1 percent, respectively. The Regulation D reserve requirement on borrowings from unrelated banks abroad was also reduced to zero from 4 percent.

(d) Effective with the reserve computation period beginning Nov. 16, 1978, domestic deposits of Edge corporations are subject to the same reserve requirements as deposits of member banks.

3. Negotiable order of withdrawal (NOW) accounts and time deposits such as Christmas and vacation club accounts are subject to the same requirements as savings deposits.

4. The average reserve requirement on savings and other time deposits must be at least 3 percent, the minimum specified by law.

5. Effective Nov. 2, 1978, a supplementary reserve requirement of 2 percent was imposed on large time deposits of $100,000 or more, obligations of affiliates, and ineligible acceptances.

Effective with the reserve maintenance period beginning Oct. 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount, and with the maintenance period beginning Apr. 3, 1980, the requirement was increased to 10 percent. Managed liabilities are defined as large time deposits, Eurodollar borrowings, repurchase agreements against U.S. government and federal agency securities, federal funds borrowings from nonmember institutions, and certain other obligations. In general, the base for the marginal reserve requirement was originally $100 million or the average amount of the managed liabilities held by a member bank, Edge corporation, or family of U.S. branches and agencies of a foreign bank for the two statement weeks ending Sept. 26, 1979. For the computation period beginning Mar. 20, 1980, the base was lowered by (a) 7 percent or (b) the decrease in an institution's U.S. office gross loans to foreigners and gross balances due from foreign offices of other institutions between the base period (Sept. 13–26, 1979) and the week ending Mar. 12, 1980, whichever is greater. In addition, the base will be reduced further after Mar. 19, 1980, to the extent that such foreign loans and balances continue to decline. The minimum base remains at $100 million.

NOTE. Required reserves must be held in the form of deposits with Federal Reserve banks or vault cash.

1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions
Percent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Mar. 31, 1980		Previous maximum		In effect Mar. 31, 1980		Previous maximum	
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date
1 Savings	5¼	7/1/79	5	7/1/73	5½	7/1/79	5¼	(1)
2 Negotiable order of withdrawal accounts [2]	5	1/1/74	(3)	....	5	1/1/74	(3)	....
Time accounts [4]								
Fixed ceiling rates by maturity								
3 30–89 days	5¼	9/1/79	5	7/1/73	(3)	....	(3)	....
4 90 days to 1 year	5¾	1/1/80	5½	7/1/73	(6)	1/1/80	5¾	(1)
5 *1 to 2 years* [5]	6	7/1/73	5½	1/21/70	6½	(1)	5¾	1/21/70
6 2 to 2½ years [5]			5¾	1/21/70			6	1/21/70
7 2½ to 4 years [5]	6½	7/1/73	5¾	1/21/70	6¾	(1)	6	1/21/70
8 4 to 6 years [6]	7¼	11/1/73	(7)	....	7½	11/1/73	(7)	....
9 6 to 8 years [6]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more [6]	7¾	6/1/78	(3)	....	8	6/1/78	(3)	....
11 Issued to governmental units (all maturities)[8]	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
12 Individual retirement accounts and Keogh (H.R. 10) plans (3 years or more)[8,9]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77
Special variable ceiling rates by maturity								
13 6 months money market time deposits[10]	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
14 2½ years or more	(12)	(12)	(13)	(13)	(12)	(12)	(13)	(13)

1. July 1, 1973, for mutual savings bank; July 6, 1973 for savings and loan associations.

2. For authorized states only, federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks in Massachusetts and New Hampshire were first permitted to offer negotiable order of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976, and in New York State on Nov. 10, 1978, and in New Jersey on Jan. 1, 1980.

3. No separate account category.

4. For exceptions with respect to certain foreign time deposits see the FEDERAL RESERVE BULLETIN for October 1962 (p. 1279), August 1965 (p. 1084), and February 1968 (p. 167).

5. No minimum denomination. Until July 1, 1979, a minimum of $1,000 was required for savings and loan associations, except in areas where mutual savings banks permitted lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.

6. No minimum denomination. Until July 1, 1979, minimum denomination was $1,000 except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) Plan established pursuant to the Internal Revenue Code. The $1,000 minimum requirement was removed for such accounts in December 1975 and November 1976, respectively.

7. Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of $1,000; however, the amount of such certificates that an institution could issue was limited to 5 percent of its total time and savings deposits. Sales in excess of that amount, as well as certificates of less than $1,000, were limited to the 6½ percent ceiling on time deposits maturing in 2½ years or more.

Effective Nov. 1, 1973, ceilings were reimposed on certificates maturing in 4 years or more with minimum denomination of $1,000. There is no limitation on the amount of these certificates that banks can issue.

8. Accounts maturing in less than 3 years subject to fixed rate ceilings. See footnote 6 for minimum denomination requirements.

9. Effective January 1, 1980, commercial banks are permitted to pay the same rate as thrifts on IRA and Keogh accounts and accounts of governmental units when such deposits are placed in the new 2½ year or more variable ceiling certificates or in 26-week money market certificates regardless of the level of the Treasury bill rate.

10. Must have a maturity of exactly 26 weeks and a minimum denomination of $10,000, and must be nonnegotiable.

11. Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978. The ceiling rate for commercial banks is the discount rate (auction average) on most recently issued 6-month U.S. Treasury bills. Until Mar. 15, 1979, the ceiling rate for savings and loan associations and mutual savings banks was ¼ percentage point higher than the rate for commercial banks. Beginning Mar. 15, 1979, the ¼ percentage point interest differential is removed when the 6-month Treasury bill rate is 9 percent or more. The full differential is in effect when the 6-month bill rate is 8¾ percent or less. Thrift institutions may pay a maximum 9 percent when the 6-month bill rate is between 8¾ and 9 percent. Also effective March 15, 1979 interest compounding was prohibited on 6-month money market time deposits at all offering institutions. For both commercial banks and thrift institutions, the maximum allowable rates in March were as follows: March 6, 14.792; March 13, 14.956; March 20, 14.950; March 27, 15.700.

12. Effective Jan. 1, 1980, commercial banks, savings and loan associations, and mutual savings banks are authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 2½ years or more. The maximum rate for commercial banks is ¾ percentage points below the yield on 2½ year U.S. Treasury securities; the ceiling rate for thrift institutions is ¼ percentage point higher than that for commercial banks. Effective March 1, a temporary ceiling of 11¾ percent was placed on these accounts at commercial banks; the temporary ceiling is 12 percent at savings and loan associations and mutual savings banks.

13. Between July 1, 1979, and Dec. 31, 1979, commercial banks, savings and loan associations, and mutual savings banks were authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 4 years or more. The maximum rate for commercial banks was 1¼ percentage points below the yield on 4-year U.S. Treasury securities; the ceiling rate for thrift institutions was ¼ percentage point higher than that for commercial banks.

NOTE: Maximum rates that can be paid by federally insured commercial banks, mutual savings banks, and savings and loan associations are established by the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board under the provisions of 12 CFR 217, 329, and 526, respectively. The maximum rates on time deposits in denominations of $100,000 or more with maturities of 30–89 days were suspended in June 1970; such deposits maturing in 90 days or more were suspended in May 1973. For information regarding previous interest rate ceilings on all types of accounts, see earlier issues of the FEDERAL RESERVE BULLETIN, the Federal Home Loan Bank Board *Journal* and the *Annual Report* of the Federal Deposit Insurance Corporation.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1977	1978	1979	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched sale-purchase transactions)										
Treasury bills										
1 Gross purchases	13,738	16,628	16,623r	2,351	1,692	861r	2,752	2,464	0	187
2 Gross sales	7,241	13,725	7,480	380	353	780	154	378	1,722	1,590
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	2,136	2,033	2,900r	0	200	300r	300	0	790	400
Others within 1 year[1]										
5 Gross purchases	3,017	1,184	3,203	57	120	28	0	90	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shift	4,499	−5,170	17,339	3,562	876	354	1,080	571	383	1,822
8 Exchange			−11,308	−2,036	0	−1,138	−2,016	−727	−403	−2,177
9 Redemptions	2,500	0	2,600r	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	2,833	4,188	2,148r	699	354	35	0	398	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−6,649	−178	−12,693	−2,822	−876	−354	−1,080	−571	−383	−374
13 Exchange			7,508	1,231	0	1,138	1,302	727	403	1,377
5 to 10 years										
14 Gross purchases	758	1,526	523	140	73	0	0	81	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shift	584	2,803	−4,646	−740	0	0	0	0	0	−1,364
17 Exchange			2,181	500	0	0	400	0	0	450
Over 10 years										
18 Gross purchases	553	1,063	454	81	87	0	0	51	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	1,565	2,545	0	0	0	0	0	0	0	−84
21 Exchange			1,619	305	0	0	314	0	0	350
All maturities[1]										
22 Gross purchases	20,898	24,591	22,950r	3,327	2,326	924r	2,752	3,084	0	187
23 Gross sales	7,241	13,725	7,480	380	353	780	154	378	1,722	1,590
24 Redemptions	4,636	2,033	5,500r	0	200	300r	300	0	790	400
Matched sale-purchase transactions										
25 Gross sales	425,214	511,126	626,403	35,159	41,395	58,656	45,204	53,681	53,025	54,541
26 Gross purchases	423,841	510,854	623,245	35,480	41,583	58,671	45,979	49,738	55,557	54,584
Repurchase agreements										
27 Gross purchases	178,683	151,618	107,374	10,539	10,850	10,599	4,303	7,251	5,704	5,407
28 Gross sales	180,535	152,436	107,291	12,226	10,380	11,336	3,869	6,643	6,872	4,787
29 Net change in U.S. government securities	5,798	7,743	6,896	1,582	2,431	−878	3,507	−629	−1,148	−1,140
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	1,433	301	853	0	0	0	0	0	0	0
31 Gross sales	0	173	399	0	0	0	0	0	0	0
32 Redemptions	223	235	134	*	18	3	*	5	0	*
Repurchase agreements										
33 Gross purchases	13,811	40,567	37,321	4,057	5,016	5,146	1,992	2,383	3,049	2,403
34 Gross sales	13,638	40,885	36,960	4,544	4,069	6,188	1,075	2,863	3,543	2,372
35 Net change in federal agency obligations	1,383	−426	681	−487	928	−1,045	917	−485	−494	31
BANKERS ACCEPTANCES										
36 Outright transactions, net	−196	0	0	0	0	0	0	0	0	0
37 Repurchase agreements, net	159	−366	116	−684	578	−735	−48	434	−704	205
38 Net change in bankers acceptances	−37	−366	116	−684	578	−735	−48	434	−704	205
39 **Total net change in System Open Market Account**	**7,143**	**6,951**	**7,693**	**412**	**3,937**	**−2,658**	**4,376**	**−679**	**−2,345**	**−903**

1. Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): Sept. 1977, 2,500; Mar. 1979, 2,600.

NOTE. Sales, redemptions, and negative figures reduce holdings of the System Open Market Account; all other figures increase such holdings. Details may not add to totals because of rounding.

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1980					1980		
	Feb. 27p	Mar. 5p	Mar. 12p	Mar. 19p	Mar. 26p	Jan.p	Feb.p	Mar.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
2 Special drawing rights certificate account	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968
3 Coin	456	449	440	431	415	469	468	415
Loans								
4 Member bank borrowings	4,318	2,179	3,080	2,859	4,651	828	3,364	2,502
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Bought outright	0	0	0	0	0	0	0	0
7 Held under repurchase agreements	0	0	0	0	0	0	205	171
Federal agency obligations								
8 Bought outright	8,216	8,216	8,211	8,211	8,211	8,216	8,216	8,211
9 Held under repurchase agreements	0	0	0	0	0	0	31	80
U.S. government securities								
Bought outright								
10 Bills	41,254	42,395	39,331	40,276	45,947	45,264	43,503	43,851
11 Certificates—Special	0	0	0	0	0	0	0	0
12 Notes	56,411	56,411	56,411	56,814	57,164	56,494	56,411	57,164
13 Bonds	14,636	14,636	14,636	14,718	14,719	14,553	14,636	14,719
14 Total[1]	112,301	113,442	110,378	111,808	117,830	116,311	114,550	115,734
15 Held under repurchase agreements	0	0	0	0	0	0	621	923
16 Total U.S. government securities	112,301	113,442	110,378	111,808	117,830	116,311	115,171	116,657
17 **Total loans and securities**	**124,835**	**123,837**	**121,669**	**122,878**	**130,692**	**125,355**	**126,987**	**127,621**
18 Cash items in process of collection	11,114	13,446	11,048	11,643	9,638	10,050	8,906	8,949
19 Bank premises	411	411	428	430	430	411	411	430
20 Denominated in foreign currencies[2]	2,112	2,130	2,229	2,245	2,245	2,192	2,075	2,334
21 All other	1,910	1,941	1,999	2,215	2,348	2,634	1,928	2,246
22 **Total assets**	**154,978**	**156,354**	**151,953**	**153,982**	**159,908**	**155,251**	**154,915**	**156,135**
LIABILITIES								
23 Federal Reserve notes	109,615	110,146	110,946	110,763	110,683	108,927	109,170	110,597
Deposits								
Reserve accounts								
24 Member banks	29,129	29,839	26,625	26,610	34,108	31,232	31,725	31,870
25 Edge Act Corporations	335	224	321	370	299	244	328	308
26 U.S. agencies and branches of foreign banks	28	42	63	85	81	16	55	92
27 Total	29,492	30,105	27,009	27,065	34,488	31,492	32,108	32,270
28 U.S. Treasury—General account	4,478	3,769	1,976	3,827	2,998	2,931	2,417	2,334
29 Foreign—Official accounts	245	232	291	284	368	440	450	468
30 Other	330	298	468	492	342	339	350	313
31 Total deposits	34,545	34,404	29,744	31,668	38,196	35,202	35,325	35,385
32 Deferred availability cash items	6,380	7,248	6,742	6,905	6,256	5,440	5,752	5,267
33 Other liabilities and accrued dividends[3]	1,948	2,011	2,012	2,112	2,224	2,425	2,106	2,173
34 **Total liabilities**	**152,488**	**153,809**	**149,444**	**151,448**	**157,359**	**151,994**	**152,353**	**153,422**
CAPITAL ACCOUNTS								
35 Capital paid in	1,155	1,158	1,161	1,159	1,160	1,153	1,153	1,159
36 Surplus	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145
37 Other capital accounts	190	242	203	230	244	959	264	409
38 **Total liabilities and capital accounts**	**154,978**	**156,354**	**151,953**	**153,982**	**159,908**	**155,251**	**154,915**	**156,135**
39 MEMO: Marketable U.S. government securities held in custody for foreign and international account	**80,247**	**77,964**	**76,106**	**76,155**	**76,398**	**81,039**	**80,625**	**77,566**
	Federal Reserve note statement							
40 Federal Reserve notes outstanding (issued to Bank)	127,049	127,195	127,413	127,793	128,336	125,707	127,046	128,418
Collateral held against notes outstanding								
41 Gold certificate account	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
42 Special Drawing Rights certificate account	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968
43 Eligible paper	1,576	1,039	1,907	2,031	2,311	635	1,473	1,665
44 U.S. government and agency securities	111,333	112,016	111,366	111,622	111,885	110,932	111,433	112,613
45 **Total collateral**	**127,049**	**127,195**	**127,413**	**127,793**	**128,336**	**125,707**	**127,046**	**128,418**

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.

2. Beginning December 29, 1978, such assets are revalued monthly at market exchange rates.

3. Includes exchange-translation account reflecting, beginning December 29, 1978, the monthly revaluation at market exchange rates of foreign-exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday					End of month		
	1980					1980		
	Feb. 27	Mar. 5	Mar. 12	Mar. 19	Mar. 26	Jan. 31	Feb. 29	Mar. 31
1 Loans	4,318	2,179	3,080	2,859	4,651	828	3,364	2,502
2 Within 15 days	4,292	2,128	2,996	2,535	4,620	813	3,324	2,458
3 16 days to 90 days	26	51	84	324	31	15	40	44
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances	0	0	0	0	0	0	205	171
6 Within 15 days	0	0	0	0	0	0	205	171
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities	112,301	113,442	110,378	111,808	117,830	116,311	115,171	116,657
10 Within 15 days[1]	4,841	3,692	3,863	5,844	5,960	3,878	3,086	4,238
11 16 days to 90 days	23,352	24,449	21,221	19,441	25,588	22,815	27,708	25,319
12 91 days to 1 year	30,348	31,539	31,532	32,317	31,976	36,211	30,615	32,907
13 Over 1 year to 5 years	28,886	28,888	28,888	29,144	29,244	27,885	28,888	29,131
14 Over 5 years to 10 years	11,860	11,860	11,860	11,967	11,967	12,774	11,860	11,967
15 Over 10 years	13,014	13,014	13,014	13,095	13,095	12,748	13,014	13,095
16 Federal agency obligations	8,216	8,216	8,211	8,211	8,211	8,216	8,247	8,291
17 Within 15 days[1]	188	80	0	101	164	79	219	224
18 16 days to 90 days	268	341	443	342	279	546	268	279
19 91 days to 1 year	1,480	1,515	1,467	1,467	1,467	1,277	1,480	1,478
20 Over 1 year to 5 years	4,242	4,242	4,348	4,348	4,348	4,238	4,242	4,337
21 Over 5 years to 10 years	1,318	1,318	1,233	1,233	1,233	1,356	1,318	1,253
22 Over 10 years	720	720	720	720	720	720	720	720

1. Holdings under repurchase agreements are classified as maturing within 15 days in accordance with maximum maturity of the agreements.

1.20 BANK DEBITS AND DEPOSIT TURNOVER

Debits are shown in billions of dollars, turnover as ratio of debits to deposit. Monthly data are at annual rates.

Bank group, or type of customer	1976	1977	1978	1979				1980
				Sept.[r]	Oct.[r]	Nov.[r]	Dec.[r]	Jan.
	Debits to demand deposits[1] (seasonally adjusted)							
1 All commercial banks	29,180.4	34,322.8	40,297.8	54,318.3	53,454.7	51,853.9	53,967.2	59,086.2
2 Major New York City banks	11,467.2	13,860.6	15,008.7	21,118.1	19,681.7	19,223.2	20,498.1	23,678.0
3 Other banks	17,713.2	20,462.2	25,289.1	33,200.2	33,772.9	32,630.8	33,469.1	35,408.2
	Debits to savings deposits[2] (not seasonally adjusted)							
4 All customers	....	174.0	417.7	655.9	823.9	750.6	724.3	856.2
5 Business[3]	....	21.7	56.7	78.2	95.0	85.3	88.1	92.8
6 Others	....	152.3	361.0	577.8	728.9	665.3	636.2	763.4
	Demand deposit turnover[1] (seasonally adjusted)							
7 All commercial banks	116.8	129.2	139.4	173.1	170.2	165.8	172.4	189.1
8 Major New York City banks	411.6	503.0	541.9	711.4	639.1	643.0	684.0	763.4
9 Other banks	79.8	85.9	96.8	116.9	119.2	115.4	118.2	125.8
	Savings deposit turnover[2] (not seasonally adjusted)							
10 All customers	....	1.6	1.9	3.1	4.0	3.7	3.6	4.3
11 Business[3]	....	4.1	5.1	6.9	8.4	7.8	8.4	9.3
12 Others	....	1.5	1.7	2.9	3.7	3.5	3.4	4.0

1. Represents accounts of individuals, partnerships, and corporations, and of states and political subdivisions.
2. Excludes negotiable order of withdrawal (NOW) accounts and special club accounts, such as Christmas and vacation clubs.
3. Represents corporations and other profit-seeking organizations (excluding commercial banks but including savings and loan associations, mutual savings banks, credit unions, the Export-Import Bank, and federally sponsored lending agencies).

NOTE. Historical data—estimated for the period 1970 through June 1977, partly on the basis of the debits series for 233 SMSAs, which were available through June 1977—are available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Debits and turnover data for savings deposits are not available prior to July 1977.

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1976 Dec.	1977 Dec.	1978 Dec.	1979 Dec.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.
	Seasonally adjusted									
MEASURES[1]										
1 M-1A	305.0	328.4	351.6	371.5	367.5	368.0	369.6	371.5	372.6	376.3
2 M-1B	307.7	332.5	359.9	387.7	383.2	383.9	385.3	387.7	389.1	392.9
3 M-2	1,166.7	1,294.1	1,400.8	1,524.2r	1,499.7	1,507.2	1,514.5	1,524.2r	1,532.8r	1,546.6
4 M-3	1,299.7	1,460.3	1,622.2	1,773.6r	1,738.2	1,751.8	1,762.6	1,773.6r	1,785.3r	1,804.0
5 L[2]	1,523.5	1,715.5	1,926.3	2,141.3r	2,103.3	2,115.2r	2,124.2	2,141.3r	2,156.5	n.a.
COMPONENTS										
6 Currency	80.7	88.7	97.6	106.1	104.8	105.4	105.9	106.1	107.3	108.2
7 Demand deposits	224.4	239.7	253.9	265.4	262.7	262.7	263.7	265.4	265.3	268.1
8 Savings deposits	447.7	486.5	476.0	417.7	445.3	435.9	422.2	417.7	412.9r	405.3
9 Small time deposits[3]	396.6	454.9	533.8	653.8r	614.2	627.5	645.8	653.8r	659.5r	669.3
10 Large time deposits[4]	118.0	145.2	194.7	219.1	207.4	213.6	218.3	219.1	222.2r	228.1
	Not seasonally adjusted									
MEASURES[1]										
11 M-1A	313.5	337.2	360.9	381.1	367.0	369.7	372.2	381.1	377.4	368.1
12 M-1B	316.1	341.3	369.3	397.3	382.7	385.5	387.8	397.3	393.9	384.6
13 M-2	1,169.1	1,295.9	1,402.9	1,526.0r	1,498.2	1,507.1	1,509.9	1,526.0r	1,536.1r	1,538.4
14 M-3	1,303.8	1,464.5	1,627.8	1,779.0r	1,736.1	1,752.4	1,759.1	1,779.0r	1,790.6r	1,796.0
15 L[2]	1,527.1	1,718.5	1,929.8	2,143.9r	2,094.6	2,113.4r	2,122.7	2,143.9r	2,163.2r	n.a.
COMPONENTS										
16 Currency	82.1	90.3	99.4	108.0	104.5	105.2	106.6	108.0	106.5	106.9
17 Demand deposits	231.3	247.0	261.5	273.1	262.4	264.5	265.6	273.1	270.9	261.2
18 Other checkable deposits[5]	2.7	4.1	8.3	16.2	15.7	15.8	15.7	16.2	16.5	16.5
19 Overnight RPs and Eurodollars[6]	13.6	18.6	23.3	24.1	26.1	25.6	23.5	24.1	24.9	25.1
20 Money market mutual funds	3.4	3.8	10.3	43.6	33.7	36.9	40.4	43.6	49.1	56.7
21 Savings deposits	444.9	483.2	472.8	414.8	445.6	434.6	420.0	414.8	410.3	402.2
22 Small time deposits[3]	393.5	451.3	529.8	648.8r	612.7	627.3	640.8	648.8r	660.6r	672.5
23 Large time deposits[4]	119.7	147.7	198.2	221.5	206.8	214.2	219.5	222.6	224.1r	228.3

1. *Composition of the money stock measures is as follows:*

M-1A: Averages of daily figures for (1) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (2) currency outside the Treasury, Federal Reserve banks, and the vaults of commercial banks.

M-1B: M-1A plus NOW and ATS accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

M-2: M-1B plus savings and small-denomination time deposits at all depositary institutions, overnight RPs at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and money market mutual fund shares.

M-3: M-2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations.

2. L: M-3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.

3. Small time deposits are those issued in amounts of less than $100,000.

4. Large time deposits are those issued in amounts of $100,000 or more and are net of the holdings of domestic banks, thrift institutions, the U.S. government, money market mutual funds, and foreign banks and official institutions.

5. Includes ATS and NOW balances at all institutions, credit union share draft balances, and demand deposits at mutual savings banks.

6. Overnight (and continuing contract) RPs are those issued by commercial banks to the nonbank public, and overnight Eurodollars are those issued by Caribbean branches of member banks to U.S. nonbank customers.

NOTE. Latest monthly and weekly figures are available from the Board's H.6(508) release. Back data are available from the Banking Section, Division of Research and Statistics.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

Item	1977 Dec.	1978 Dec.	1979 Dec.	1979 July	Aug.	Sept.	Oct.	Nov.	Dec.	1980 Jan.	Feb.
	Seasonally adjusted										
1 **Reserves**[1]	**36.00**	**41.16**	**43.51**	**40.78**	**41.11**	**41.43**	**42.19**	**43.07**	**43.51**	**43.51**	**43.40**
2 Nonborrowed	35.43	40.29	42.03	39.61	40.03	40.09	40.17	41.16	42.03	42.27	41.74
3 Required	35.81	40.93	43.11	40.57	40.89	41.24	41.92	42.83	43.11	43.16	43.20
4 Monetary base[2]	127.6	142.2	153.6	147.1	148.6	150.0	151.5	152.8	153.6	154.8	155.6
5 **Deposits subject to reserve requirements**[3]	**567.6**	**616.1**	**644.7**	**619.4**	**625.4**	**631.5**	**638.2**	**642.0**	**644.7**	**643.9**	**647.7**
6 Time and savings	385.6	428.8	451.0	430.6	436.3	441.7	446.7	450.0	451.0	451.9	454.4
Demand											
7 Private	178.5	185.1	191.9	186.9	187.0	188.1	189.8	190.0	191.9	189.6	191.3
8 U.S. government	3.5	2.2	1.8	1.8	2.1	1.7	1.7	1.9	1.8	2.4	1.9
	Not seasonally adjusted										
9 Monetary base[2]	129.8	144.6	156.2	147.9	148.4	149.4	151.3	153.5	156.2	156.1	154.0
10 **Deposits subject to reserve requirements**[3]	**575.3**	**624.0**	**652.9**	**619.2**	**620.4**	**629.0**	**637.8**	**642.2**	**652.9**	**652.4**	**644.3**
11 Time and savings	386.4	429.6	452.0	429.8	434.1	439.4	445.8	449.1	452.0	454.6	455.8
Demand											
12 Private	185.1	191.9	199.0	187.8	184.5	187.5	190.5	191.4	199.0	195.5	186.7
13 U.S. government	3.8	2.5	1.9	1.6	1.7	2.1	1.6	1.7	1.9	2.2	1.9

1. Series reflects actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. There are breaks in series because of changes in reserve requirements effective Jan. 8 and Dec. 30, 1976; and Nov. 2, 1978. In addition, effective Jan. 1, 1976, statewide branching in New York was instituted. The subsequent merger of a number of banks raised required reserves because of higher reserve requirements on aggregate deposits at these banks.

2. Includes total reserves (member bank reserve balances in the current week plus vault cash held two weeks earlier); currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of commercial banks; and vault cash of nonmember banks.

3. Includes total time and savings deposits and net demand deposits as defined by Regulation D. Private demand deposits include all demand deposits except those due to the U.S. government, less cash items in process of collection and demand balances due from domestic commercial banks.

NOTE. Back data and estimates of the impact on required reserves and changes in reserve requirements are shown in table 14 of the Board's *Annual Statistical Digest, 1971–1975*.

1.23 LOANS AND INVESTMENTS All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1977 Dec.	1978 Dec.	1979 Dec.p	1980 Jan.p	1980 Feb.p	1977 Dec.	1978 Dec.	1979 Dec.p	1980 Jan.p	1980 Feb.p
	Seasonally adjusted					Not seasonally adjusted				
1 Total loans and securities[2]	**891.1**	**1,014.3[3]**	**1,132.5[4]**	**1,144.8**	**1,162.7**	**899.1**	**1,023.8[3]**	**1,143.0[4]**	**1,144.6**	**1,151.4**
2 U.S. Treasury securities	99.5	93.4	93.8	93.2	94.8	100.7	94.6	95.0	94.1	95.5
3 Other securities	159.6	173.1[3]	191.5[4]	193.1	195.2	160.2	173.9[3]	192.3	192.7	194.2
4 Total loans and leases[2]	632.1	747.8[3]	847.2[4]	858.5	872.7	638.3	755.4[3]	855.7[4]	857.9	861.7
5 Commercial and industrial loans	211.2[5]	246.5[6]	290.5[4]	295.6	301.1	212.6[5]	248.2[6]	292.4[4]	294.7	297.8
6 Real estate loans	175.2[5]	210.5	242.4[4]	245.0	247.7	175.5[5]	210.9	242.9[4]	245.0	246.7
7 Loans to individuals	138.2	164.9	182.7[4]	183.7	184.4	139.0	165.9	183.8	183.7	182.7
8 Security loans	20.6	19.4	18.3	18.0	17.7	22.0	20.7	19.6	18.3	17.3
9 Loans to nonbank financial institutions	25.8[5]	27.1[8]	30.03[4]	30.07	31.1	26.3[5]	27.6[8]	30.8[4]	30.4	30.4
10 Agricultural loans	25.8	28.2	31.0	31.3	31.7	25.7	28.1	30.8	31.0	31.1
11 Lease financing receivables	5.8	7.4	9.5	9.8	9.9	5.8	7.4	9.5	9.8	9.9
12 All other loans	29.5	43.6[3]	42.6	44.4	49.1	31.5	46.6[3]	45.9	45.1	45.8
MEMO:										
13 Total loans and investments plus loans sold[2,9,7]	**895.9**	**1,018.1[3]**	**1,135.3[4]**	**1,147.4**	**1,165.3**	**903.9**	**1,027.6[3]**	**1,145.7[4]**	**1,147.3**	**1,154.0**
14 Total loans plus loans sold[2,7]	636.9	751.6[3]	850.0[4]	861.1	875.3	643.0	759.2[3]	858.4[4]	860.5	864.3
15 Total loans sold to affiliates[7,9]	4.8	3.8	2.8	2.7	2.6	4.8	3.8	2.8	2.7	2.6
16 Commercial and industrial loans plus loans sold[7,9]	213.9[5]	248.5[10]	292.3[4]	297.3	302.8	215.3[5]	250.1[10]	294.2[4]	296.4	299.5
17 Commercial and industrial loans sold[7,9]	2.7	1.9[10]	1.8	1.7	1.7	2.7	1.9[10]	1.8	1.7	1.7
18 Acceptances held	7.5	6.8	8.5	8.3	9.1	8.6	7.5	9.4	8.8	9.0
19 Other commercial and industrial loans	203.7[5]	239.7	282.0	287.2	292.0	203.9[5]	240.9	283.1	285.8	288.7
20 To U.S. addressees[11]	193.8[5]	226.6	263.2	267.3	271.8	193.7[5]	226.5	263.2	265.4	268.5
21 To non-U.S. addressees	9.9[5]	13.1	18.8	19.9	20.2	10.3[5]	14.4	19.8	20.4	20.2
22 Loans to foreign banks	13.5	21.2	18.7	18.8	19.7	14.6	23.0	20.1	19.7	18.5
23 Loans to commercial banks in the United States	54.1	57.3	77.8	78.2	78.5	56.9	60.3	81.9	81.1	82.5

1. Includes domestic chartered banks, U.S. branches, agencies, and New York investment company subsidiaries of foreign banks; and Edge Act corporations.
2. Excludes loans to commercial banks in the United States.
3. As of Dec. 31, 1978, total loans and investments were reduced by $0.1 billion. "Other securities" were increased by $1.5 billion and total loans were reduced by $1.6 billion largely as the result of reclassifications of certain tax-exempt obligations. Most of the loan reduction was in "all other loans."
4. As of Jan. 3, 1979, as the result of reclassifications, total loans and investments and total loans were increased by $0.6 billion. Business loans were increased by $0.4 billion and real estate loans by $0.5 billion. Nonbank financial loans were reduced by $0.3 billion.
5. As of Dec. 31, 1977, as the result of loan reclassifications, business loans were reduced by $0.2 billion and nonbank financial loans by $0.1 billion; real estate loans were increased by $0.3 billion.
6. As of Dec. 31, 1978, commercial and industrial loans were reduced $0.1 billion as a result of reclassifications.
7. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million and commercial and industrial loans sold were reduced $700 million due to corrections of two banks in New York City.
8. As of Dec. 31, 1978, nonbank financial loans were reduced $0.1 billion as the result of reclassifications.
9. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
10. As of Dec. 31, 1978, commercial and industrial loans sold outright were increased $0.7 billion as the result of reclassifications, but $0.1 billion of this amount was offset by a balance sheet reduction of $0.1 billion as noted above.
11. United States includes the 50 states and the District of Columbia.

NOTE. Data are prorated averages of Wednesday data for domestic chartered banks, and averages of current and previous month-end data for foreign-related institutions.

1.24 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series

Billions of dollars except for number of banks

Account	1979								1980		
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and investments	1,059.4	1,071.3	1,081.8	1,094.3	1,112.1	1,118.4	1,118.0	1,143.3	1,133.4	1,143.6	1,144.0
2 Loans, gross	785.3	797.9	807.6	819.4	833.8	839.0	836.7	860.1	849.7	857.0	855.4
3 Interbank	45.9	46.3	48.1	50.3	53.6	54.0	52.6	62.9	57.2	58.0	55.7
4 Commercial and industrial	236.4	240.5	242.0	244.1	249.4	249.8	248.0	253.4	252.6	256.2	259.1
5 Other	503.0	511.2	517.4	525.0	530.9	535.3	536.1	543.7	540.0	542.9	540.7
6 U.S. Treasury securities	93.2	91.6	92.1	90.6	91.9	91.5	92.1	92.5	92.4	93.6	94.3
7 Other securities	181.0	181.7	182.1	184.3	186.4	187.8	189.3	190.7	191.2	192.9	194.3
8 Cash assets, total	158.8	146.3	140.2	145.7	148.5	160.7	158.1	146.4	148.4	149.9	153.9
9 Currency and coin	16.0	16.3	16.1	16.8	16.7	16.6	18.2	17.9	17.3	17.1	16.8
10 Reserves with Federal Reserve Banks	32.8	32.6	29.6	33.7	31.6	34.1	34.7	28.4	28.3	30.7	34.2
11 Balances with depositary institutions	44.6	40.8	41.2	41.1	40.7	45.5	43.7	37.7	43.7	43.4	43.1
12 Cash items in process of collection	65.4	56.5	53.4	54.1	59.5	64.6	61.5	62.4	59.0	58.7	59.8
13 Other assets	52.7	55.1	53.9	53.8	57.5	57.8	59.3	61.2	63.1	65.0	66.0
14 Total assets/total liabilities and capital	**1,270.9**	**1,272.7**	**1,275.9**	**1,293.8**	**1,318.2**	**1,336.9**	**1,335.4**	**1,351.0**	**1,344.9**	**1,358.4**	**1,364.0**
15 Deposits	975.5	971.3	975.2	982.9	996.6	1,023.6	1,017.6	1,030.6	1,022.5	1,028.9	1,033.3
16 Demand	357.8	352.4	352.6	352.4	358.7	376.6	365.1	377.6	362.4	358.7	354.7
17 Savings	215.5	216.4	218.3	216.6	213.4	207.6	205.0	203.4	200.6	199.9	196.8
18 Time	402.3	402.5	404.2	413.8	424.5	439.4	447.4	449.7	459.6	470.3	481.8
19 Borrowings	132.0	137.1	137.2	140.1	147.0	137.4	135.6	140.5	143.1	145.1	142.2
20 Other liabilities	65.4	65.5	64.9	69.7	71.2	74.0	78.5	74.1	77.5	81.6	84.3
21 Residual (assets less liabilities)	98.1	98.9	98.7	101.1	103.3	101.9	103.7	105.8	101.8	102.9	104.2
MEMO:											
22 U.S. Treasury note balances included in borrowing	4.9	12.9	11.9	8.6	17.8	8.4	5.0	12.8	15.0	8.1	9.4
23 Number of banks	14,616	14,620	14,584	14,607	14,616	14,605	14,608	14,610	14,594	14,609	14,626
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
24 Loans and investments	1,131.2	1,146.9	1,153.1	1,169.8	1,197.7	1,200.3	1,200.9	1,229.8	1,217.7	1,230.8	
25 Loans, gross	854.2	870.7	876.2	892.1	915.9	917.6	916.2	943.1	930.7	941.0	
26 Interbank	61.8	60.4	60.6	63.8	69.2	71.6	71.8	80.5	75.4	78.3	
27 Commercial and industrial	268.8	274.6	276.9	280.5	288.1	288.3	287.9	295.0	295.1	298.5	
28 Other	523.6	535.7	538.6	547.8	558.6	557.7	556.6	567.6	560.1	564.2	
29 U.S. Treasury securities	94.6	93.1	93.5	91.9	93.5	93.1	93.7	94.5	94.3	95.5	
30 Other securities	182.3	183.1	183.5	185.8	188.3	189.5	190.9	192.2	192.7	194.4	
31 Cash assets, total	176.5	167.8	160.4	166.0	172.2	179.9	176.7	169.5	166.5	168.8	
32 Currency and coin	16.1	16.3	16.1	16.8	16.7	16.6	18.2	17.9	17.3	17.1	
33 Reserves with Federal Reserve Banks	33.5	33.4	30.4	34.5	32.5	34.9	35.6	29.0	28.9	31.3	
34 Balances with depositary institutions	60.3	60.3	59.3	59.3	62.4	62.5	60.0	59.0	59.8	60.5	
35 Cash items in process of collection	66.6	57.7	54.7	55.3	60.6	65.9	62.9	63.7	60.4	60.0	
36 Other assets	67.7	71.4	69.7	70.9	76.7	76.5	78.5	81.0	83.7	86.8	
37 Total assets/total liabilities and capital	**1,375.5**	**1,386.1**	**1,383.2**	**1,406.7**	**1,446.5**	**1,456.7**	**1,456.1**	**1,480.3**	**1,468.0**	**1,486.5**	**n.a.**
38 Deposits	1,013.2	1,015.6	1,012.3	1,020.9	1,043.6	1,062.6	1,058.5	1,076.3	1,063.1	1,070.0	
39 Demand	375.8	376.4	369.7	369.1	383.2	394.2	384.9	400.5	380.5	376.8	
40 Savings	216.7	217.2	219.1	217.6	214.2	208.3	205.9	204.3	201.3	200.3	
41 Time	420.7	422.0	432.5	434.2	446.2	460.1	467.7	471.5	481.3	492.9	
42 Borrowings	159.5	165.4	165.8	169.5	182.1	171.6	169.5	180.5	179.5	182.9	
43 Other liabilities	102.8	104.2	104.4	113.1	115.2	118.5	122.2	115.4	121.1	128.4	
44 Residual (assets less liabilities)	100.0	100.9	100.8	103.2	105.6	104.0	105.8	108.1	104.2	105.2	
MEMO:											
45 U.S. Treasury note balances included in borrowing	4.9	12.9	11.9	8.6	17.8	8.4	5.0	12.8	15.0	8.1	
46 Number of banks	14,954	14,968	14,933	14,960	14,972	14,963	14,969	14,975	14,962	14,978	

1. Domestically chartered commercial banks include all commercial banks in the United States except branches of foreign banks; included are member and nonmember banks, stock savings banks, and nondeposit trust companies.
2. Commercial banking institutions include domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York state foreign investment corporations.

NOTE. Figures are partly estimated. They include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Data for domestically chartered commercial banks are for the last Wednesday of the month; data for other banking institutions are for last Wednesday except at end of quarter, when they are for the last day of the month.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars, except for number of banks

Account	1976	1977		1978	1976	1977		1978
	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30
	Total insured				National (all insured)			
1 Loans and investments, gross	827,696	854,733	914,779	956,431	476,610	488,240	523,000	542,218
Loans								
2 Gross	578,734	601,122	657,509	695,443	340,691	351,311	384,722	403,812
3 Net	560,077	581,143	636,318	672,207	329,971	339,955	372,702	390,630
Investments								
4 U.S. Treasury securities	101,461	100,568	99,333	97,001	55,727	53,345	52,244	50,519
5 Other	147,500	153,042	157,936	163,986	80,191	80,583	86,033	87,886
6 Cash assets	129,562	130,726	159,264	157,393	76,072	74,641	92,050	90,728
7 Total assets/total liabilities[1]	**1,003,970**	**1,040,945**	**1,129,712**	**1,172,772**	**583,304**	**599,743**	**651,360**	**671,166**
8 Deposits	825,003	847,372	922,657	945,874	469,377	476,381	520,167	526,932
Demand								
9 U.S. government	3,022	2,817	7,310	7,956	1,676	1,632	4,172	4,483
10 Interbank	44,064	44,965	49,843	47,203	23,149	22,876	25,646	22,416
11 Other	285,200	284,544	319,873	312,707	163,346	161,358	181,821	176,025
Time and savings								
12 Interbank	8,248	7,721	8,731	8,987	4,907	4,599	5,730	5,791
13 Other	484,467	507,324	536,899	569,020	276,296	285,915	302,795	318,215
14 Borrowings	75,291	81,137	89,339	98,351	54,421	57,283	63,218	68,948
15 Total capital accounts	75,061	75,502	79,082	83,074	41,319	43,142	44,994	47,019
16 MEMO: Number of banks	14,397	14,425	14,397	14,381	4,735	4,701	4,654	4,616
	State member (all insured)				Insured nonmember			
17 Loans and investment, gross	144,000	144,597	152,514	157,464	207,085	221,896	239,265	256,749
Loans								
18 Gross	102,277	102,117	110,243	115,736	135,766	147,694	162,543	175,894
19 Net	99,474	99,173	107,205	112,470	130,630	142,015	156,411	169,106
Investments								
20 U.S. Treasury securities	18,849	19,296	18,179	16,886	26,884	27,926	28,909	29,595
21 Other	22,874	23,183	24,091	24,841	44,434	46,275	47,812	51,259
22 Cash assets	32,859	35,918	42,305	43,057	20,631	20,166	24,908	23,606
23 Total assets/total liabilities[1]	**189,579**	**195,452**	**210,442**	**217,384**	**231,086**	**245,748**	**267,910**	**284,221**
24 Deposits	149,491	152,472	163,436	167,403	206,134	218,519	239,053	251,539
Demand								
25 U.S. government	429	371	1,241	1,158	917	813	1,896	2,315
26 Interbank	19,295	20,568	22,346	23,117	1,619	1,520	1,849	1,669
27 Other	52,204	52,570	57,605	55,550	69,648	70,615	80,445	81,131
Time and savings								
28 Interbank	2,384	2,134	2,026	2,275	956	988	973	920
29 Other	75,178	76,827	80,216	85,301	132,993	144,581	153,887	165,502
30 Borrowings	17,310	19,697	21,736	23,167	3,559	4,155	4,384	6,235
31 Total capital accounts	13,199	13,441	14,182	14,670	17,542	18,919	19,905	21,384
32 MEMO: Number of banks	1,023	1,019	1,014	1,005	8,639	8,705	8,729	8,760
	Noninsured nonmember				Total nonmember			
33 Loans and investments, gross	18,819	22,940	24,415	28,699	225,904	244,837	263,681	285,448
Loans								
34 Gross	16,336	20,865	22,686	26,747	152,103	168,559	185,230	202,641
35 Net	16,209	20,679	22,484	26,548	146,840	162,694	178,896	195,655
Investments								
36 U.S. Treasury securities	1,054	993	879	869	27,938	28,919	29,788	30,465
37 Other	1,428	1,081	849	1,082	45,863	47,357	48,662	52,341
38 Cash assets	6,496	8,330	9,458	9,360	27,127	28,497	34,367	32,967
39 Total assets/total liabilities[1]	**26,790**	**33,390**	**36,433**	**42,279**	**257,877**	**279,139**	**304,343**	**326,501**
40 Deposits	13,325	14,658	16,844	19,924	219,460	233,177	255,898	271,463
Demand								
41 U.S. government	4	8	10	8	921	822	1,907	2,323
42 Interbank	1,277	1,504	1,868	2,067	2,896	3,025	3,718	3,736
43 Other	3,236	3,588	4,073	4,814	72,884	74,203	84,518	85,946
Time and savings								
44 Interbank	1,041	1,164	1,089	1,203	1,997	2,152	2,063	2,123
45 Other	7,766	8,392	9,802	11,831	140,760	152,974	163,690	177,334
46 Borrowings	4,842	7,056	6,908	8,413	8,401	11,212	11,293	14,649
47 Total capital accounts	818	893	917	962	18,360	19,812	20,823	22,346
48 MEMO: Number of banks	275	293	310	317	8,914	8,998	9,039	9,077

1. Includes items not shown separately.

For Note see table 1.24

1.26 COMMERCIAL BANK ASSETS AND LIABILITIES Detailed Balance Sheet, September 30, 1978

Millions of dollars, except for number of banks

Asset account	Insured commercial banks	Member banks[1]					Non-member banks[1]
		Total	Large banks			All other	
			New York City	City of Chicago	Other large		
1 Cash bank balances, items in process	158,380	134,955	43,758	5,298	47,914	37,986	23,482
2 Currency and coin	12,135	8,866	867	180	2,918	4,901	3,268
3 Reserves with Federal Reserve Banks	28,043	28,041	3,621	1,152	12,200	11,067	3
4 Demand balances with banks in United States	41,104	25,982	12,821	543	3,672	8,945	15,177
5 Other balances with banks in United States	4,648	2,582	601	15	648	1,319	2,066
6 Balances with banks in foreign countries	3,295	2,832	331	288	1,507	705	463
7 Cash items in process of collection	69,156	66,652	25,516	3,119	26,969	11,049	2,504
8 Total securities held—Book value	262,199	179,877	20,808	7,918	58,271	92,881	82,336
9 U.S. Treasury	95,068	65,764	9,524	2,690	22,051	31,499	29,315
10 Other U.S. government agencies	40,078	25,457	1,828	1,284	7,730	14,616	14,622
11 States and political subdivisions	121,260	85,125	9,166	3,705	27,423	44,831	36,136
12 All other securities	5,698	3,465	291	240	1,048	1,887	2,234
13 Unclassified total	94	66	....	....	19	47	28
14 Trading-account securities	6,833	6,681	3,238	708	2,446	290	151
15 U.S. Treasury	4,125	4,103	2,407	408	1,210	78	23
16 Other U.S. government agencies	825	816	401	82	278	55	9
17 States and political subdivisions	1,395	1,381	363	117	794	107	14
18 All other trading account securities	394	316	67	101	145	3	78
19 Unclassified	94	66	....	....	19	47	28
20 Bank investment portfolios	255,366	173,196	17,570	7,210	55,825	92,591	82,185
21 U.S. Treasury	90,943	61,661	7,117	2,282	20,840	31,422	29,293
22 Other U.S. government agencies	39,253	24,641	1,426	1,201	7,452	14,561	14,613
23 States and political subdivisions	119,865	83,745	8,803	3,588	26,629	44,724	36,123
24 All other portfolio securities	5,305	3,149	224	138	903	1,884	2,156
25 Federal Reserve stock and corporate stock	1,656	1,403	311	111	507	475	253
26 Federal funds sold and securities resale agreement	41,258	31,999	3,290	1,784	16,498	10,427	9,365
27 Commercial banks	34,256	25,272	1,987	1,294	12,274	9,717	9,090
28 Brokers and dealers	4,259	4,119	821	396	2,361	541	140
29 Others	2,743	2,608	482	94	1,863	169	135
30 Other loans, gross	675,915	500,802	79,996	26,172	190,565	204,069	175,113
31 LESS: Unearned income on loans	17,019	11,355	675	107	3,765	6,809	5,664
32 Reserves for loan loss	7,431	5,894	1,347	341	2,256	1,949	1,537
33 Other loans, net	651,465	483,553	77,974	25,724	184,544	195,311	167,912
Other loans, gross, by category							
34 Real estate loans	203,386	138,730	10,241	2,938	52,687	72,863	64,656
35 Construction and land development	25,621	19,100	2,598	685	9,236	6,581	6,521
36 Secured by farmland	8,418	3,655	23	34	453	3,146	4,763
37 Secured by residential properties	117,176	81,370	5,362	1,559	31,212	43,236	35,806
38 1- to 4-family residences	111,674	77,422	4,617	1,460	29,774	41,570	34,252
39 FHA-insured or VA-guaranteed	7,503	6,500	508	44	3,446	2,502	1,003
40 Conventional	104,171	70,922	4,109	1,417	26,328	39,068	33,249
41 Multifamily residences	5,502	3,948	746	99	1,438	1,665	1,554
42 FHA-insured	399	340	132	27	88	92	59
43 Conventional	5,103	3,609	613	72	1,350	1,573	1,495
44 Secured by other properties	52,171	34,605	2,258	660	11,786	19,901	17,566
45 Loans to financial institutions	37,072	34,843	12,434	4,342	15,137	2,930	2,228
46 REITs and mortgage companies	8,574	8,162	2,066	801	4,616	680	412
47 Domestic commercial banks	3,362	2,618	966	165	1,206	281	744
48 Banks in foreign countries	7,359	7,187	3,464	268	2,820	635	171
49 Other depositary institutions	1,579	1,411	290	76	785	261	167
50 Other financial institutions	16,198	15,465	5,649	3,033	5,710	1,073	733
51 Loans to security brokers and dealers	11,042	10,834	6,465	1,324	2,846	199	207
52 Other loans to purchase or carry securities	4,280	3,532	410	276	1,860	985	747
53 Loans to farmers except real estate	28,054	15,296	168	150	3,781	11,196	12,758
54 Commercial and industrial loans	213, 123	171,815	39,633	13,290	67,833	51,059	41,309
55 Loans to individuals	161,599	110,974	7,100	2,562	40,320	60,993	50,624
56 Installment loans	131,571	90,568	5,405	1,711	33,640	49,811	41,003
57 Passenger automobiles	58,908	37,494	1,077	209	11,626	24,582	21,414
58 Residential repair and modernization	8,526	5,543	331	60	2,088	3,064	2,983
59 Credit cards and related plans	21,938	19,333	2,268	1,267	9,736	6,062	2,605
60 Charge-account credit cards	17,900	16,037	1,573	1,219	8,192	5,053	1,863
61 Check and revolving credit plans	4,038	3,296	695	47	1,545	1,009	742
62 Other retail consumer goods	19,689	13,296	427	57	5,242	7,570	6,393
63 Mobile homes	9,642	6,667	179	19	2,563	3,905	2,976
64 Other	10,047	6,629	249	38	2,678	3,664	3,417
65 Other installment loans	22,510	14,902	1,302	119	4,948	8,533	7,608
66 Single-payment loans to individuals	30,027	20,406	1,694	851	6,680	11,182	9,621
67 All other loans	17,360	14,778	3,545	1,290	6,100	3,844	2,582
68 **Total loans and securities, net**	**956,579**	**696,833**	**102,383**	**35,536**	**259,820**	**299,094**	**259,867**
69 Direct lease financing	6,717	6,212	1,145	96	3,931	1,041	505
70 Fixed assets—Buildings, furniture, real estate	22,448	16,529	2,332	795	6,268	7,133	5,926
71 Investment in unconsolidated subsidiaries	3,255	3,209	1,642	188	1,282	96	46
72 Customer acceptances outstanding	16,557	16,036	8,315	1,258	6,054	409	521
73 Other assets	34,559	30,408	11,323	1,000	12,810	5,275	4,249
74 **Total assets**	**1,198,495**	**904,182**	**170,899**	**44,170**	**338,079**	**351,034**	**294,595**

For notes see opposite page.

1.26 Continued

Liability or capital account	Insured commercial banks	Member banks[1]					Nonmember banks[1]
		Total	Large banks			All other	
			New York City	City of Chicago	Other large		
75 Demand deposits	369,030	282,450	66,035	10,690	100,737	104,988	86,591
76 Mutual savings banks	1,282	1,089	527	1	256	305	194
77 Other individuals, partnerships, and corporations	279,651	205,591	31,422	7,864	79,429	86,876	74,061
78 U.S. government	7,942	5,720	569	188	1,987	2,977	2,222
79 States and political subdivisions	17,122	11,577	764	252	3,446	7,116	5,545
80 Foreign governments, central banks, etc	1,805	1,728	1,436	19	211	62	77
81 Commercial banks in United States	39,596	38,213	21,414	1,807	10,803	4,189	1,393
82 Banks in foreign countries	7,379	7,217	5,461	207	1,251	298	162
83 Certified and officers' checks, etc	14,253	11,315	4,443	352	3,354	3,166	2,937
84 Time deposits	368,562	266,496	38,086	15,954	98,525	113,931	102,066
85 Accumulated for personal loan payments	79	66	0	0	1	65	13
86 Mutual savings banks	399	392	177	40	148	27	7
87 Other individuals, partnerships, and corporations	292,120	210,439	29,209	12,074	76,333	92,824	81,680
88 U.S. government	864	689	61	40	356	232	175
89 States and political subdivisions	59,087	40,010	1,952	1,554	16,483	20,020	19,077
90 Foreign governments, central banks, etc	6,672	6,450	3,780	1,145	1,401	124	222
91 Commercial banks in United States	7,961	7,289	2,077	999	3,585	629	672
92 Banks in foreign countries	1,381	1,161	829	103	219	9	220
93 Savings deposits	223,326	152,249	10,632	2,604	54,825	84,188	71,077
94 Individuals and nonprofit organizations	207,701	141,803	9,878	2,448	51,161	78,316	65,897
95 Corporations and other profit organizations	11,216	7,672	519	148	3,195	3,809	3,544
96 U.S. government	82	65	2	3	24	35	17
97 States and political subdivisions	4,298	2,682	215	4	437	2,025	1,616
98 All other	30	27	18	*	8	2	3
99 **Total deposits**	**960,918**	**701,195**	**114,753**	**29,248**	**254,087**	**303,107**	**259,733**
100 Federal funds purchased and securities sold under agreements to repurchase	91,981	85,582	21,149	8,777	41,799	13,857	6,398
101 Commercial banks	42,174	39,607	6,991	5,235	21,609	5,773	2,566
102 Brokers and dealers	12,787	11,849	2,130	1,616	6,381	1,722	939
103 Others	37,020	34,126	12,028	1,926	13,809	6,362	2,894
104 Other liabilities for borrowed money	8,738	8,352	3,631	306	3,191	1,225	386
105 Mortgage indebtedness	1,767	1,455	234	27	701	491	316
106 Bank acceptances outstanding	16,661	16,140	8,398	1,260	6,070	412	521
107 Other liabilities	27,124	23,883	8,600	1,525	9,020	4,477	3,494
108 **Total liabilities**	**1,107,188**	**836,607**	**157,026**	**41,144**	**314,868**	**323,569**	**270,849**
109 Subordinated notes and debentures	5,767	4,401	1,001	79	2,033	1,287	1,366
110 Equity capital	85,540	63,174	12,871	2,947	21,177	26,178	22,380
111 Preferred stock	88	36	0	0	5	31	52
112 Common stock	17,875	12,816	2,645	570	4,007	5,594	5,064
113 Surplus	32,341	23,127	4,541	1,404	8,148	9,034	9,217
114 Undivided profits	33,517	26,013	5,554	921	8,680	10,858	7,509
115 Other capital reserves	1,719	1,182	132	52	337	661	538
116 **Total liabilities and equity capital**	**1,198,495**	**904,182**	**170,899**	**44,170**	**338,079**	**351,034**	**294,595**
MEMO:							
117 Demand deposits adjusted[2]	252,337	171,864	18,537	5,576	60,978	86,774	80,472
Average for last 15 or 30 days							
118 Cash and due from bank	146,283	124,916	36,862	6,030	45,731	36,293	21,379
119 Federal funds sold and securities purchased under agreements to resell	43,873	33,682	4,272	1,887	16,007	11,517	10,307
120 Total loans	651,874	483,316	76,750	25,722	184,790	196,054	168,558
121 Time deposits of $100,000 or more	183,614	150,160	32,196	13,216	65,776	38,972	33,454
122 Total deposits	944,593	687,543	107,028	28,922	250,804	300,789	257,062
123 Federal funds purchased and securities sold under agreements to repurchase	92,685	86,635	22,896	9,473	40,541	13,725	6,053
124 Other liabilities for borrowed money	8,716	8,326	3,679	370	3,211	1,067	390
125 Standby letters of credit outstanding	18,820	17,658	10,063	1,477	4,820	1,297	1,162
126 Time deposits of $100,000 or more	186,837	152,553	32,654	13,486	66,684	39,728	34,284
127 Certificates of deposit	160,227	129,667	27,950	11,590	56,383	33,743	30,560
128 Other time deposits	26,610	22,886	4,704	1,896	10,301	5,985	3,724
129 Number of banks	14,390	5,593	12	9	153	5,419	8,810

1. Member banks exclude and nonmember banks include 13 noninsured trust companies that are members of the Federal Reserve System.
2. Demand deposits adjusted are demand deposits other than domestic commercial interbank and U.S. government, less cash items reported as in process of collection.

NOTE. Data include consolidated reports, including figures for all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Securities are reported on a gross basis before deductions of valuation reserves. Back data in lesser detail were shown in previous issues of the BULLETIN.

1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $750 Million or More on December 31, 1977, Assets and Liabilities

Millions of Dollars, Wednesday figures

Account	1980								
	Jan. 30	Feb. 6	Feb. 13	Feb. 20	Feb. 27	Mar. 5p	Mar. 12p	Mar. 19p	Mar. 26p
1 Cash items in process of collection	48,944	51,510	55,598	60,209	48,648	54,144	51,064	53,577	49,845
2 Demand deposits due from banks in the United States	18,161	17,092	20,630	18,191	18,871	17,697	17,995	18,480	17,870
3 All other cash and due from depository institutions	28,544	28,814	36,658	37,329	29,843	30,031	27,697	27,023	33,998
4 **Total loans and securities**	**516,124**	**517,988**	**516,488**	**520,476**	**517,096**	**523,444**	**519,763**	**520,232**	**514,619**
Securities									
5 U.S. Treasury securities	35,690	35,375	35,343	35,399	35,454	37,250	35,951	34,483	35,128
6 Trading account	5,245	5,344	5,105	5,168	5,122	7,082	5,761	4,978	5,506
7 Investment account, by maturity	30,446	30,032	30,238	30,231	30,332	30,169	30,190	29,505	29,622
8 One year or less	7,425	7,246	7,318	7,346	7,495	7,301	7,408	6,761	6,938
9 Over one through five years	18,323	18,134	18,165	18,228	18,180	18,168	18,124	18,094	18,050
10 Over five years	4,698	4,652	4,755	4,658	4,657	4,700	4,659	4,650	4,634
11 Other securities	72,692	73,212	72,788	72,816	72,899	72,906	73,872	73,062	72,657
12 Trading account	3,399	3,775	3,268	3,249	3,264	3,148	4,005	3,184	2,795
13 Investment account	69,293	69,437	69,521	69,567	69,634	69,758	69,867	69,878	69,862
14 U.S. government agencies	15,857	15,890	15,901	15,912	15,848	15,868	15,849	15,840	15,772
15 States and political subdivision, by maturity	50,760	50,866	50,920	50,977	51,117	51,220	51,354	51,403	51,474
16 One year or less	6,347	6,325	6,298	6,375	6,270	6,499	6,526	6,501	6,484
17 Over one year	44,413	44,541	44,622	44,601	44,846	44,721	44,828	44,902	44,990
18 Other bonds, corporate stocks and securities	2,677	2,681	2,699	2,678	2,670	2,670	2,664	2,635	2,616
Loans									
19 Federal funds sold[1]	27,894	28,182	25,940	25,987	24,527	26,030	24,337	25,302	20,978
20 To commercial banks	20,178	20,195	20,155	20,477	18,190	18,949	17,510	19,496	16,950
21 To nonbank brokers and dealers in securities	5,286	5,504	4,310	4,037	4,318	5,147	4,313	3,949	2,917
22 To others	2,430	2,482	1,475	1,473	2,018	1,934	2,514	1,857	1,111
23 Other loans, gross	392,327	393,709	394,959	398,879	396,843	399,875	398,267	400,100	398,585
24 Commercial and industrial	157,001	158,122	159,291	159,810	158,912	159,644	160,494	161,216	160,218
25 Bankers' acceptances and commercial paper	4,302	4,499	4,768	5,174	4,740	4,645	4,044	3,925	3,545
26 All other	152,699	153,623	154,523	154,637	154,172	154,999	156,450	157,291	156,673
27 U.S. addresses	146,239	147,283	148,189	148,245	147,805	148,572	150,072	150,971	150,267
28 Non-U.S. addresses	6,460	6,340	6,334	6,392	6,368	6,427	6,378	6,320	6,406
29 Real estate	101,314	101,323	101,558	101,878	102,192	102,313	102,758	103,098	103,282
30 To individuals for personal expenditures	73,481	73,338	73,262	73,201	73,296	73,319	73,082	73,204	73,121
To financial institutions									
31 Commercial banks in the United States	2,812	3,260	2,954	3,376	3,419	3,172	3,287	3,728	3,622
32 Banks in foreign countries	6,526	6,493	6,761	6,976	6,707	7,073	6,616	6,693	6,511
33 Sales finance, personal finance companies, etc	8,628	8,639	8,719	9,574	9,587	10,352	9,415	8,984	9,644
34 Other financial institutions	16,135	16,128	16,207	16,254	16,060	16,401	16,394	16,135	16,180
35 To nonbank brokers and dealers in securities	6,238	6,143	6,051	7,169	6,630	6,924	6,093	6,542	5,898
36 To others for purchasing and carrying securities[2]	2,499	2,481	2,475	2,503	2,461	2,476	2,466	2,448	2,419
37 To finance agricultural production	4,957	4,947	4,922	4,909	4,932	4,942	4,990	5,005	4,990
38 All other	12,735	12,833	12,758	13,226	12,648	13,259	12,671	13,047	12,699
39 LESS: Unearned income	7,231	7,162	7,201	7,236	7,251	7,199	7,232	7,285	7,326
40 Loan loss reserve	5,248	5,239	5,342	5,368	5,375	5,419	5,434	5,430	5,404
41 Other loans, net	379,848	381,218	382,416	386,274	384,217	387,257	385,602	387,385	385,855
42 Lease financing receivables	8,102	8,136	8,148	8,252	8,227	8,264	8,281	8,307	8,357
43 All other assets	64,598	64,483	64,682	65,402	65,715	67,344	66,986	66,209	65,471
44 **Total assets**	**684,475**	**688,023**	**702,205**	**709,860**	**688,400**	**700,924**	**691,786**	**693,828**	**690,160**
Deposits									
45 Demand deposits	189,480	193,521	201,101	202,868	185,378	196,138	190,856	194,565	183,737
46 Mutual savings banks	619	640	627	659	549	641	601	654	561
47 Individuals, partnerships, and corporations	131,838	132,623	137,540	140,682	128,202	133,208	134,532	131,724	127,798
48 States and political subdivisions	5,280	5,182	4,732	5,051	4,661	4,690	4,363	4,920	4,491
49 U.S. government	774	1,101	1,380	1,365	1,821	3,264	1,937	3,048	1,733
50 Commercial banks in the United States	31,655	34,341	38,155	36,334	32,015	34,441	30,941	35,364	31,694
51 Banks in foreign countries	8,237	8,059	8,187	8,172	8,301	9,070	8,989	9,258	8,232
52 Foreign governments and official institutions	2,211	1,944	1,919	1,890	1,779	2,032	1,588	1,671	1,958
53 Certified and officers' checks	8,866	9,630	8,560	8,715	8,050	8,792	7,904	7,926	7,269
54 Time and savings deposits	269,746	270,769	270,956	270,690	271,911	273,841	274,156	275,671	275,923
55 Savings	72,866	73,307	72,946	72,816	72,290	72,508	71,837	71,294	71,222
56 Individuals and nonprofit organizations	68,416	68,866	68,465	68,439	67,961	68,235	67,655	67,216	67,165
57 Partnerships and corporations operated for profit	3,724	3,693	3,696	3,651	3,630	3,590	3,531	3,433	3,435
58 Domestic governmental units	704	727	766	707	684	668	633	631	610
59 All other	22	20	18	18	15	14	17	14	11
60 Time	196,880	197,463	198,010	197,874	199,620	201,332	202,319	204,377	204,702
61 Individuals, partnerships, and corporations	163,861	164,136	164,621	164,728	166,226	167,923	168,711	170,629	170,715
62 States and political subdivisions	22,306	22,558	22,661	22,456	22,686	22,550	22,695	22,694	22,635
63 U.S. government	423	425	427	410	410	406	372	373	375
64 Commercial banks in the United States	5,429	5,480	5,442	5,436	5,538	5,610	5,818	5,969	6,097
65 Foreign governments, official institutions and banks	4,862	4,865	4,860	4,845	4,760	4,843	4,722	4,711	4,879
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	299	21	2,831	476	3,423	1,490	1,987	1,741	3,398
67 Treasury tax-and-loan notes	9,916	5,136	5,188	5,928	4,959	1,645	274	1,764	6,098
68 All other liabilities for borrowed money[3]	105,732	110,774	113,826	119,277	109,450	113,931	110,300	106,281	104,938
69 Other liabilities and subordinated note and debentures	63,009	60,979	61,803	64,312	66,893	67,357	67,624	67,349	69,470
70 **Total liabilities**	**638,183**	**641,200**	**655,705**	**663,552**	**642,014**	**654,402**	**645,198**	**647,371**	**643,564**
71 Residual (total assets minus total liabilities)[4]	46,291	46,822	46,499	46,308	46,386	46,522	46,588	46,457	46,596

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.28 LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $1 Billion or More on December 31, 1977 Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1980								
	Jan. 30	Feb. 6	Feb. 13	Feb. 20	Feb. 27	Mar. 5p	Mar 12p	Mar. 19p	Mar. 26p
1 Cash items in process of collection	46,840	49,355	53,312	57,075	46,298	51,517	48,583	51,055	47,590
2 Demand deposits due from banks in the United States	17,350	16,297	19,810	17,269	18,213	17,055	17,302	17,740	17,273
3 All other cash and due from depositary institutions	26,476	27,095	34,241	35,003	27,956	28,233	25,974	25,220	31,689
4 Total loans and securities	**481,597**	**483,235**	**481,944**	**486,062**	**482,493**	**488,539**	**485,182**	**485,747**	**480,565**
Securities									
5 U.S. Treasury securities	33,216	32,883	32,841	32,860	32,901	34,702	33,414	31,950	32,586
6 Trading account	5,206	5,296	5,050	5,110	5,053	7,016	5,698	4,921	5,440
7 Investment account, by maturity	28,010	27,586	27,791	27,750	27,848	27,686	27,716	27,028	27,146
8 One year or less	6,917	6,738	6,801	6,822	6,971	6,789	6,898	6,246	6,423
9 Over one through five years	16,805	16,610	16,656	16,693	16,645	16,618	16,577	16,551	16,508
10 Over five years	4,288	4,238	4,334	4,235	4,232	4,279	4,240	4,232	4,215
11 Other securities	66,928	67,468	67,039	67,038	67,111	67,135	68,030	67,224	66,821
12 Trading account	3,285	3,683	3,187	3,143	3,164	3,077	3,936	3,103	2,719
13 Investment account	63,643	63,785	63,852	63,895	63,947	64,058	64,094	64,121	64,102
14 U.S.government agencies	14,777	14,796	14,797	14,809	14,738	14,752	14,697	14,698	14,629
15 States and political subdivision, by maturity	46,348	46,466	46,514	46,566	46,699	46,796	46,897	46,950	47,020
16 One year or less	5,784	5,766	5,743	5,816	5,713	5,928	5,927	5,928	5,918
17 Over one year	40,564	40,701	40,771	40,750	40,986	40,868	40,970	41,022	41,101
18 Other bonds, corporate stocks and securities	2,518	2,522	2,540	2,519	2,510	2,510	2,500	2,472	2,453
Loans									
19 Federal funds sold[1]	25,320	25,349	23,370	23,613	21,975	23,320	21,964	23,075	19,098
20 To commercial banks	18,213	18,090	18,195	18,555	16,090	16,736	15,622	17,735	15,411
21 To nonbank brokers and dealers in securities	4,726	4,833	3,756	3,631	3,913	4,702	3,869	3,532	2,625
22 To others	2,381	2,426	1,419	1,428	1,972	1,882	2,472	1,808	1,062
23 Other loans, gross	367,679	369,094	370,299	374,213	372,190	375,050	373,493	375,268	373,835
24 Commercial and industrial	149,060	150,104	151,326	151,766	150,823	151,439	152,294	152,938	152,004
25 Bankers' acceptances and commercial paper	4,211	4,406	4,676	5,075	4,647	4,541	3,955	3,843	3,464
26 All other	144,849	145,698	146,650	146,691	146,176	146,898	148,339	149,095	148,540
27 U.S. addressees	138,435	139,403	140,362	140,348	139,856	140,518	142,009	142,823	142,182
28 Non-U.S. addressees	6,414	6,295	6,288	6,343	6,319	6,380	6,330	6,272	6,357
29 Real estate	95,073	95,113	95,350	95,676	96,999	96,119	96,549	96,883	97,064
30 To individuals for personal expenditures	64,868	64,730	64,663	64,619	64,723	64,740	64,499	64,650	64,585
To financial institutions									
31 Commercial banks in the United States	2,742	3,186	2,879	3,295	3,341	3,096	3,205	3,652	3,544
32 Banks in foreign countries	6,443	6,427	6,686	6,907	6,640	6,972	6,554	6,624	6,445
33 Sales finance, personal finance companies, etc	8,461	8,464	8,541	9,391	9,400	10,174	9,248	8,821	9,480
34 Other financial institutions	15,692	15,691	15,756	15,811	15,629	15,974	15,967	15,723	15,760
35 To nonbank brokers and dealers in securities	6,159	6,074	5,974	7,096	6,534	6,834	6,005	6,448	5,808
36 To others for purchasing and carrying securities[2]	2,270	2,257	2,254	2,288	2,247	2,260	2,245	2,230	2,201
37 To finance agricultural production	4,796	4,790	4,764	4,753	4,776	4,786	4,834	4,851	4,831
38 All other	12,113	12,257	12,105	12,610	12,077	12,654	12,092	12,448	12,115
39 LESS: Unearned income	6,604	6,539	6,574	6,605	6,618	6,564	6,600	6,649	6,688
40 Loan loss reserve	4,943	5,020	5,032	5,058	5,066	5,105	5,118	5,120	5,088
41 Other loans, net	356,132	357,535	358,693	362,550	360,506	363,381	361,774	363,498	362,060
42 Lease financing receivables	7,887	7,920	7,932	8,034	8,004	8,041	8,058	8,082	8,130
43 All other assets	62,765	62,571	62,736	63,557	63,814	65,448	65,064	64,294	63,478
44 Total assets	**642,914**	**646,473**	**659,974**	**667,000**	**646,778**	**658,832**	**650,164**	**652,138**	**648,725**
Deposits									
45 Demand deposits	178,015	182,095	189,285	190,501	173,858	184,243	179,161	182,756	172,436
46 Mutual savings banks	592	613	600	636	527	610	578	625	539
47 Individuals, partnerships, and corporations	122,774	123,564	128,222	130,922	119,161	123,926	125,157	122,583	118,783
48 States and political subdivisions	4,638	4,660	4,071	4,520	3,925	4,165	3,850	4,122	3,930
49 U.S. government	688	982	1,256	1,183	1,660	2,962	1,736	2,810	1,591
50 Commercial banks in the United States	30,367	33,025	36,844	34,810	30,806	33,065	29,700	34,100	30,454
51 Banks in foreign countries	8,182	7,996	8,106	8,118	8,226	9,006	8,922	9,208	8,176
52 Foreign governments and official institutions	2,211	1,943	1,918	1,886	1,772	2,031	1,585	1,671	1,954
53 Certified and officer's checks	8,564	9,333	8,268	8,425	7,780	8,478	7,632	7,637	7,009
54 Time and savings deposits	250,454	251,365	251,555	251,325	252,516	254,391	254,660	256,149	256,414
55 Savings	67,406	67,822	67,474	67,348	66,865	67,044	66,423	65,901	65,859
56 Individuals and nonprofit organizations	63,295	63,721	63,348	63,315	62,867	63,104	62,572	62,154	62,121
57 Partnerships and corporations operated for profit	3,445	3,415	3,418	3,379	3,360	3,324	3,264	3,182	3,180
58 Domestic governmental units	644	666	691	637	623	602	569	551	546
59 All other	21	20	18	18	15	14	17	14	11
60 Time	183,048	183,543	184,081	183,977	185,650	187,347	188,237	190,248	190,555
61 Individuals, partnerships, and corporations	152,341	152,549	153,020	153,135	154,564	156,242	156,952	158,823	158,922
62 States and political subdivisions	20,281	20,508	20,628	20,446	20,662	20,524	20,656	20,662	20,574
63 U.S. government	415	417	410	393	396	393	358	359	361
64 Commercial banks in the United States	5,159	5,204	5,163	5,158	5,267	5,345	5,548	5,694	5,819
65 Foreign governments, official institutions, and banks	4,852	4,865	4,860	4,845	4,760	4,843	4,722	4,711	4,879
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	286	21	2,651	345	3,199	1,356	1,741	1,548	3,204
67 Treasury tax-and-loan notes	9,189	4,796	4,815	5,491	4,585	1,506	251	1,580	5,726
68 All other liabilities for borrowed money[3]	100,091	104,869	107,821	113,184	103,808	108,001	104,604	100,769	99,362
69 Other liabilities and subordinated note and debentures	61,648	59,594	60,447	62,922	65,512	65,902	66,271	66,000	68,125
70 Total liabilities	**599,685**	**602,739**	**616,575**	**623,768**	**603,478**	**615,400**	**606,688**	**608,801**	**605,267**
71 Residual (total assets minus total liabilities)[4]	43,230	43,733	43,399	43,231	43,301	43,432	43,475	43,337	43,458

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS IN NEW YORK CITY Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1980								
	Jan. 30	Feb. 6	Feb. 13	Feb. 20	Feb. 27	Mar. 5p	Mar. 12p	Mar. 19p	Mar. 26p
1 Cash items in process of collection	19,002	19,249	22,831	19,693	17,180	19,536	18,042	19,946	18,803
2 Demand deposits due from banks in the United States	12,022	11,402	14,699	11,745	13,401	12,146	12,484	13,192	13,053
3 All other cash and due from depository institutions	5,653	7,209	10,084	11,143	6,692	8,793	7,250	6,284	8,657
4 **Total loans and securities**[1]	**112,296**	**111,503**	**111,307**	**113,733**	**112,243**	**112,262**	**111,192**	**113,442**	**109,617**
Securities									
5 U.S. Treasury securities[2]	....	....	....	....	....	....	....	....	....
6 Trading account[2]	....	....	....	....	....	....	....	....	....
7 Investment account, by maturity	5,775	5,804	5,880	5,857	5,805	6,003	5,978	5,623	5,602
8 One year or less	1,034	1,194	1,225	1,288	1,227	1,290	1,291	940	935
9 Over one through five years	4,051	3,935	3,980	3,904	3,913	4,001	4,021	4,029	4,017
10 Over five years	690	674	674	664	664	712	666	654	650
11 Other securities[2]	....	....	....	....	....	....	....	....	....
12 Trading account[2]	....	....	....	....	....	....	....	....	....
13 Investment account	12,243	12,294	12,324	12,321	12,387	12,549	12,554	12,589	12,627
14 U.S. government agencies	2,425	2,417	2,412	2,416	2,409	2,407	2,412	2,407	2,423
15 States and political subdivision, by maturity	9,213	9,269	9,303	9,296	9,376	9,538	9,534	9,584	9,604
16 One year or less	1,505	1,542	1,544	1,588	1,492	1,693	1,674	1,672	1,677
17 Over one year	7,708	7,727	7,759	7,707	7,883	7,844	7,861	7,912	7,927
18 Other bonds, corporate stocks and securities	605	608	608	610	603	604	607	599	599
Loans									
19 Federal funds sold[3]	9,266	7,755	7,033	7,526	7,551	6,076	6,251	8,160	5,279
20 To commercial banks	6,552	5,360	5,381	5,821	5,481	3,164	3,660	6,138	3,875
21 To nonbank brokers and dealers in securities	1,338	1,402	1,231	1,201	1,193	1,984	1,514	1,322	1,093
22 To others	1,375	993	421	503	877	928	1,078	699	311
23 Other loans, gross	87,634	88,291	88,727	90,712	89,176	90,315	89,105	89,765	88,799
24 Commercial and industrial	46,996	47,779	48,371	48,239	47,306	47,303	47,552	47,660	46,885
25 Bankers' acceptances and commercial paper	1,520	1,759	2,016	1,814	1,626	1,622	1,459	1,336	1,112
26 All other	45,476	46,020	46,355	46,424	45,680	45,680	46,093	46,324	45,772
27 U.S. addressees	43,260	43,830	44,195	44,246	43,516	43,424	43,861	44,121	43,564
28 Non-U.S. addressees	2,216	2,190	2,160	2,179	2,164	2,256	2,231	2,203	2,208
29 Real estate	12,450	12,380	12,345	12,452	12,515	12,526	12,691	12,751	12,793
30 To individuals for personal expenditures	8,565	8,577	8,575	8,617	8,644	8,658	8,601	8,651	8,702
To financial institutions									
31 Commercial banks in the United States	974	1,184	950	1,019	1,203	1,142	1,317	1,604	1,467
32 Banks in foreign countries	2,820	2,842	3,241	3,317	3,131	3,220	3,199	3,181	3,066
33 Sales finance, personal finance companies, etc.	3,411	3,426	3,458	3,925	3,980	4,445	3,804	3,462	3,927
34 Other financial institutions	5,026	4,886	4,900	5,038	5,011	5,114	5,009	4,939	5,055
35 To nonbank brokers and dealers in securities	3,451	3,226	3,128	3,978	3,658	3,675	3,211	3,348	2,948
36 To others for purchasing and carrying securities[4]	440	449	455	474	471	472	469	461	444
37 To finance agricultural production	268	280	291	307	312	307	329	320	323
38 All other	3,231	3,261	3,014	3,346	2,946	3,453	2,921	3,386	3,189
39 LESS: Unearned income	1,007	1,000	1,011	1,027	1,020	1,000	1,009	1,022	1,036
40 Loan loss reserve	1,616	1,641	1,646	1,656	1,657	1,681	1,688	1,674	1,653
41 Other loans, net	85,012	85,650	86,070	88,029	86,500	87,634	86,408	87,069	86,110
42 Lease financing receivables	1,555	1,564	1,562	1,577	1,580	1,580	1,593	1,589	1,609
43 All other assets[5]	29,629	30,024	30,116	30,113	29,494	31,794	31,308	29,596	29,034
44 **Total assets**	**180,157**	**180,952**	**190,600**	**188,005**	**180,590**	**186,111**	**181,868**	**184,049**	**180,774**
Deposits									
45 Demand deposits	63,045	63,238	71,828	66,204	61,063	64,833	61,837	66,934	61,404
46 Mutual savings banks	280	312	337	314	249	299	279	310	255
47 Individuals, partnerships, and corporations	31,491	31,499	34,538	33,686	29,544	30,973	31,513	31,407	30,056
48 States and political subdivisions	494	545	462	530	510	371	420	481	378
49 U.S. government	90	155	464	189	416	818	423	838	416
50 Commercial banks in the United States	18,512	18,520	24,794	19,883	19,236	20,043	17,746	21,826	19,503
51 Banks in foreign countries	6,389	6,129	6,241	6,143	6,268	7,087	7,172	7,275	6,306
52 Foreign governments and official institutions	1,414	1,144	1,122	1,066	1,004	1,200	742	922	1,193
53 Certified and officers' checks	4,374	4,934	3,871	4,394	3,836	4,042	3,542	3,876	3,296
54 Time and savings deposits	45,280	45,382	45,490	45,289	45,466	46,304	46,160	46,450	46,782
55 Savings	9,380	9,448	9,410	9,389	9,301	9,348	9,265	9,201	9,272
56 Individuals and nonprofit organizations	8,902	8,971	8,930	8,927	8,843	8,896	8,834	8,781	8,861
57 Partnerships and corporations operated for profit	324	326	324	324	319	319	308	297	293
58 Domestic governmental units	141	140	148	129	133	126	117	119	113
59 All other	13	12	9	9	6	7	6	4	5
60 Time	35,899	35,934	36,080	35,900	36,164	36,956	36,895	37,249	37,510
61 Individuals, partnerships, and corporations	30,104	30,035	30,125	29,939	30,265	30,942	30,958	31,387	31,486
62 States and political subdivisions	1,536	1,588	1,636	1,665	1,682	1,698	1,669	1,663	1,663
63 U.S. government	58	57	58	60	60	62	58	61	64
64 Commercial banks in the United States	1,407	1,434	1,425	1,433	1,440	1,438	1,491	1,523	1,597
65 Foreign governments, official institutions, and banks	2,794	2,820	2,836	2,802	2,718	2,816	2,720	2,615	2,700
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	....	....	570	....	1,201	90	200	400	500
67 Treasury tax-and-loan notes	2,216	1,293	1,020	1,294	1,153	273	1	272	1,316
68 All other liabilities for borrowed money[6]	32,321	33,905	34,782	36,807	33,402	36,180	35,656	31,801	32,265
69 Other liabilities and subordinated note and debentures	23,123	22,932	22,760	24,279	24,153	24,170	23,729	23,949	24,279
70 **Total liabilities**	**165,984**	**166,750**	**176,451**	**173,873**	**166,439**	**171,850**	**167,584**	**169,808**	**166,546**
71 Residual (total assets minus total liabilities)[7]	14,172	14,202	14,149	14,132	14,152	14,261	14,284	14,240	14,228

1. Excludes trading account securities.
2. Not available due to confidentiality.
3. Includes securities purchased under agreements to resell.
4. Other than financial institutions and brokers and dealers.
5. Includes trading account securities.
6. Includes federal funds purchased and securities sold under agreements to repurchase.
7. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Category	1980								
	Jan. 30	Feb. 6	Feb. 13	Feb. 20	Feb. 27	Mar. 5p	Mar. 12p	Mar. 19p	Mar. 26p
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and investments adjusted[1]	505,614	507,023	505,921	509,228	508,114	513,942	511,631	509,724	506,776
2 Total loans (gross) adjusted[1]	397,231	398,435	397,790	401,013	399,761	403,785	401,807	402,179	398,991
3 Demand deposits adjusted[2]	108,107	106,568	105,967	104,959	102,894	104,290	106,914	102,576	100,464
4 Time deposits in accounts of $100,000 or more	130,097	130,290	130,408	129,913	131,275	132,389	132,586	133,564	133,634
5 Negotiable CDs	92,639	92,743	92,542	92,001	93,075	94,048	93,913	94,599	94,530
6 Other time deposits	37,458	37,546	37,867	37,912	38,200	38,340	38,673	38,965	39,104
7 Loans sold outright to affiliates[3]	2,656	2,656	2,508	2,539	2,634	2,602	2,609	2,609	2,569
8 Commercial and industrial	1,750	1,805	1,651	1,668	1,706	1,673	1,678	1,687	1,652
9 Other	906	851	857	871	928	929	931	922	917
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and investments adjusted[1]	472,188	473,518	472,475	475,874	474,746	480,375	478,073	476,129	473,386
11 Total loans (gross) adjusted[1]	372,044	373,167	372,595	375,976	375,734	378,538	376,629	376,955	373,979
12 Demand deposits adjusted[2]	100,121	98,753	97,873	97,433	95,094	96,699	99,141	94,791	92,801
13 Time deposits in accounts of $100,000 or more	121,609	121,745	121,870	121,483	122,754	123,896	124,051	125,054	125,130
14 Negotiable CDs	86,231	86,273	86,108	85,673	86,649	87,656	87,491	88,187	88,136
15 Other time deposits	35,377	35,472	35,762	35,810	36,104	36,240	36,560	36,867	36,995
16 Loans sold outright to affiliates[3]	2,606	2,607	2,464	2,495	2,589	2,557	2,560	2,564	2,524
17 Commercial and industrial	1,719	1,774	1,625	1,642	1,679	1,644	1,647	1,657	1,624
18 Other	887	833	839	853	910	912	914	907	900
BANKS IN NEW YORK CITY									
19 Total loans (gross) and investments adjusted[1,4]	107,391	107,600	107,633	109,576	108,236	110,636	108,912	108,396	106,964
20 Total loans (gross) adjusted[1]	89,373	89,502	89,430	91,397	90,044	92,084	90,380	90,183	88,735
21 Demand deposits adjusted[2]	25,441	25,315	23,739	26,439	24,231	24,436	25,627	24,325	22,681
22 Time deposits in accounts of $100,000 or more	28,444	28,394	28,435	28,193	28,410	29,056	28,904	29,086	29,260
23 Negotiable CDs	20,316	20,243	20,216	19,885	20,072	20,550	20,375	20,502	20,709
24 Other time deposits	8,128	8,151	8,219	8,308	8,338	8,506	8,529	8,584	8,551

1. Exclusive of loans and federal funds transactions with domestic commercial banks.
2. All demand deposits except U.S. government and domestic banks less cash items in process of collection.
3. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank) and nonconsolidated nonbank subsidiaries of the holding company.
4. Excludes trading account securities.

NOTES TO TABLE 1.311.

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus U.S. branches, agencies, and New York investment company subsidiaries of foreign banks and Edge Act corporations.
2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates. Includes averages of Wednesday data for domestic chartered banks and averages of current and previous month-end data for foreign-related institutions.
3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.
4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.
5. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million due to corrections of two New York City banks.
6. Includes averages of daily figures for member banks and quarterly call report figures for nonmember banks.
7. Includes averages of current and previous month-end data.
8. Based on daily average data reported by 46 large banks.
9. Includes U.S. Treasury demand deposits and Treasury tax and loan notes at commercial banks. Averages of daily data.
10. Averages of Wednesday figures.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Domestic Classified Commercial and Industrial Loans

Millions of Dollars

Industry classification	Outstanding					Net change during					Adjustment bank
	1979		1980			1979	1980				
	Nov. 28	Dec. 26	Jan. 30[r]	Feb. 27[r]	Mar. 26	Q4	Q1	Jan.	Feb.[r]	Mar.	
1 Durable goods manufacturing	22,856	23,593	23,735	24,226	24,965	1	1,326	96	492	739	46
2 Nondurable goods manufacturing	18,379	19,205	19,116	19,218	19,752	298	508	-128	102	534	39
3 Food, liquor, and tobacco	4,968	5,220	4,941	4,885	4,924	314	-301	-284	-56	40	6
4 Textiles, apparel, and leather	4,608	4,342	4,138	4,331	4,480	-686	132	-211	194	149	6
5 Petroleum refining	1,873	2,677	3,175	3,027	3,056	705	377	496	-147	28	1
6 Chemicals and rubber	3,749	3,836	3,714	3,725	3,921	209	70	-136	10	196	14
7 Other nondurable goods	3,182	3,129	3,148	3,249	3,370	-243	229	7	102	121	12
8 Mining (including crude petroleum and natural gas)	11,502	11,998	12,323	12,458	12,586	317	574	312	134	128	14
9 Trade	25,077	24,885	24,438	25,182	25,373	230	366	-568	744	190	121
10 Commodity dealers	1,861	2,134	2,136	2,171	1,817	275	-322	-3	35	-354	6
11 Other wholesale	11,902	11,992	11,705	11,936	12,097	52	71	-321	231	161	34
12 Retail	11,314	10,759	10,597	11,076	11,459	-96	618	-244	479	383	82
13 Transportation, communication, and other public utilities	17,212	17,830	18,027	17,879	18,296	1,070	452	184	-148	417	14
14 Transportation	7,075	7,133	7,173	7,233	7,512	300	372	33	60	279	7
15 Communication	2,475	2,522	2,619	2,630	2,754	197	231	96	11	124	1
16 Other public utilities	7,662	8,176	8,236	8,016	8,030	574	-150	55	-219	14	5
17 Construction	5,703	5,759	5,756	5,737	5,881	-133	99	-27	-18	144	23
18 Services	18,924	19,399	19,840	19,955	20,224	1,040	729	345	114	270	96
19 All other[1]	14,505	14,873	15,202	15,200	15,105	348	-56	41	-2	-95	288
20 **Total domestic loans**	**134,158**	**137,542**	**138,436**	**139,856**	**142,182**	**3,169**	**4,000**	**253**	**1,419**	**2,327**	**641**
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans)	69,731	72,439	74,843	74,620	75,873	4,100	3,401	2,371	-223	1,254	33

1. Includes commercial and industrial loans at a few banks with assets of $1 billion or more that do not classify their loans.

NOTE. New series. The 134 large weekly reporting commercial banks with domestic assets of $1 billion or more as of December 31, 1977 are included in this series. The revised series is on a last-Wednesday-of-the-month basis.

1.311 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	December outstanding			Outstanding in 1979 and 1980							
	1976	1977	1978	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
Total nondeposit funds											
1 Seasonally adjusted[2]	54.7	61.8	85.4	118.8	129.7	131.0	129.8	125.6	120.0[r]	123.1[r]	130.7
2 Not seasonally adjusted	53.3	60.4	84.4	121.5	131.3	131.2	130.5	128.4	118.5	121.7[r]	127.4
Federal funds, RPs, and other borrowings from nonbanks[3]											
3 Seasonally adjusted[3]	47.1	58.4	74.8	86.6	92.9	91.3	91.9	85.9	88.0[r]	92.0	97.2
4 Not seasonally adjusted	45.8	57.0	73.8	89.3	94.5	91.5	92.6	88.6	86.5	90.6	93.9
5 Net Eurodollar borrowings, not seasonally adjusted	3.7	-1.3	6.8	28.4	33.1	35.9	34.3	36.2	29.2	28.5[r]	30.9
6 Loans sold to affiliates, not seasonally adjusted[4,5]	3.8	4.8	3.8	3.7	3.7	3.7	3.6	3.6	2.8	2.7	2.6
MEMO:											
7 Domestic chartered banks net positions with own foreign branches, not seasonally adjusted[6]	-6.0	-12.5	-10.2	5.6	8.2	10.5	9.1	11.4	6.4	5.9	6.5
8 Gross due from balances	12.8	21.1	24.9	20.3	19.5	21.7	22.1	21.7	22.9	23.0	23.4
9 Gross due to balances	6.8	8.6	14.7	26.0	27.7	32.2	31.2	33.0	29.3	28.9	29.8
10 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted[7]	9.7	11.1	17.0	22.8	24.9	25.4	25.3	24.8	22.8	22.5	24.4
11 Gross due from balances	8.3	10.3	14.2	17.6	16.2	18.1	20.5	21.9	24.2	26.1	27.1
12 Gross due to balances	18.1	21.4	31.2	40.4	41.0	43.5	45.7	46.8	47.0	48.6	51.5
13 Security RP borrowings, seasonally adjusted[8]	27.9	36.3	43.8	45.1	43.0	45.0	46.9	41.8	46.7	48.6[r]	47.2
14 Not seasonally adjusted	27.0	35.1	42.4	44.7	44.7	46.8	46.4	43.9	45.2	45.3[r]	45.5
15 U.S. Treasury demand balances, seasonally adjusted[9]	3.9	4.4	8.6	15.3	12.4	11.1	12.9	5.7	7.9	12.5	11.0
16 Not seasonally adjusted	4.4	5.1	10.2	13.2	9.8	12.4	11.7	5.5	9.5	12.4	11.4
17 Time deposits, $100,000 or more, seasonally adjusted[10]	137.7	162.0	213.0	213.0	216.4	223.2	228.4	231.3	229.8[r]	231.1[r]	237.0
18 Not seasonally adjusted	140.0	165.4	217.9	209.3	214.2	221.2	227.9	232.6	235.0	235.1[r]	238.1

For notes see bottom of page A23.

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations[1]

Billions of dollars, estimated daily-average balances

Type of holder	Commercial banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978 June	1978 Sept.	1978 Dec.	1979[2] Mar.	1979[2] June	1979[2] Sept.	1979[2] Dec.
1 **All holders—Individuals, partnerships, and corporations**	**236.9**	**250.1**	**274.4**	**271.2**	**278.8**	**294.6**	**270.4**	**285.6**	**292.4**	**302.2**
2 Financial business	20.1	22.3	25.0	25.7	25.9	27.8	24.4	25.4	26.7	27.1
3 Nonfinancial business	125.1	130.2	142.9	137.7	142.5	152.7	135.9	145.1	148.8	157.7
4 Consumer	78.0	82.6	91.0	92.9	95.0	97.4	93.9	98.6	99.2	99.2
5 Foreign	2.4	2.7	2.5	2.4	2.5	2.7	2.7	2.8	2.8	3.1[e]
6 Other	11.3	12.4	12.9	12.4	13.1	14.1	13.5	13.7	14.9	15.1
	Weekly reporting banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978 Oct.	1978 Nov.	1978 Dec.	1979[3] Mar.	1979[3] June	1979[3] Sept.	1979[3] Dec.
7 **All holders—Individuals, partnerships, and corporations**	**124.4**	**128.5**	**139.1**	**141.3**	**142.7**	**147.0**	**121.9**	**128.8**	**132.7**	**139.3**
8 Financial business	15.6	17.5	18.5	19.1	19.3	19.8	16.9	18.4	19.7	20.1
9 Nonfinancial business	69.9	69.7	76.3	75.0	75.7	79.0	64.6	68.1	69.1	74.1
10 Consumer	29.9	31.7	34.6	37.5	37.7	38.2	31.1	33.0	33.7	34.3
11 Foreign	2.3	2.6	2.4	2.5	2.5	2.5	2.6	2.7	2.8	3.0
12 Other	6.6	7.1	7.4	7.2	7.5	7.5	6.7	6.6	7.4	7.8

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.

2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1

3. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. See "Announcements," p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

1.33 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1976 Dec.	1977 Dec.	1978 Dec.	1979 Aug.	1979 Sept.	1979 Oct.[1]	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.
	Commercial paper (seasonally adjusted)									
1 **All issuers**	**53,010**	**65,036**	**83,420**	**104,424**	**107,249**	**107,116**	**109,395**	**112,803**	**116,718**	**116,446**
Financial companies[2]										
Dealer-placed paper[3]										
2 Total	7,263	8,888	12,300	17,330	18,209	16,133	16,765	17,579	17,768	17,308
3 Bank-related	1,900	2,132	3,521	4,062	4,485	3,052	2,958	2,784	3,034	3,010
Directly placed paper[4]										
4 Total	32,622	40,612	51,755	60,955	61,505	63,338	64,640	64,931	66,342	65,368
5 Bank-related	5,959	7,102	12,314	15,817	15,930	18,024	18,339	17,598	19,221	19,922
6 Nonfinancial companies[5]	13,125	15,536	19,365	26,139	27,535	27,645	27,990	30,293	32,608	33,770
	Bankers dollar acceptances (not seasonally adjusted)									
7 **Total**	**22,523**	**25,450**	**33,700**	**42,354**	**42,147**	**43,486**	**43,599**	**45,321**	**47,780**	**50,269**
Holder										
8 Accepting banks	10,442	10,434	8,579	7,994	8,119	7,785	8,297	9,865	8,578	9,343
9 Own bills	8,769	8,915	7,653	7,138	7,288	7,121	7,514	8,327	7,692	8,565
10 Bills bought	1,673	1,519	927	856	831	664	782	1,538	886	778
Federal Reserve Banks										
11 Own account	991	954	1	475	1,053	317	269	704	0	205
12 Foreign correspondents	375	362	664	957	1,470	1,498	1,465	1,382	1,431	1,417
13 Others	10,715	13,700	24,456	32,928	31,505	33,886	33,569	33,370[r]	37,771	39,304
Basis										
14 Imports into United States	4,992	6,378	8,574	9,847	9,724	10,129	10,354	10,270	11,217	11,393
15 Exports from United States	4,818	5,863	7,586	9,578	9,354	9,519	9,271	9,640	10,248	11,102
16 All other	12,713	13,209	17,540	22,929	23,069	23,838	23,974	25,411	26,315	27,774

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October.

2. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.

3. Includes all financial company paper sold by dealers in the open market.

4. As reported by financial companies that place their paper directly with investors.

5. Includes public utilities and firms engaged primarily in activities, such as communications, construction, manufacturing, mining, wholesale and retail trade, transportation and reserves.

1.34 PRIME RATE CHARGED BY BANKS on Short-Term Business Loans

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1979—Oct. 9	14½	1980—Feb. 19	15¾	1979—Jan.	11.75	1979—Sept	12.90
23	15	22	16¼-16½	Feb.	11.75	Oct.	14.39
Nov. 1	15¼	29	16¾	Mar.	11.75	Nov.	15.55
9	15½	Mar. 4	17¼	Apr.	11.75	Dec.	15.30
16	15¾	7	17¾	May	11.75	1980—Jan.	15.25
30	15½	14	18½	June	11.65	Feb.	15.63
Dec. 7	15¼	19	19	July	11.54	Mar.	18.31
		28	19½	Aug.	11.91		

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 4–9, 1980

Item	All sizes	Size of loan (in thousands of dollars)					
		1–24	25–49	50–99	100–499	50-999	1,000 and over
SHORT-TERM COMMERCIAL AND INDUSTRIAL LOANS							
1 Amount of loans (thousands of dollars)	9,898,106	743,681	498,107	504,075	1,742,217	656,163	5,753,864
2 Number of loans	135,149	99,439	15,146	8,001	10,013	1,028	1,523
3 Weighted average maturity (months)	2.5	3.5	3.3	3.3	3.3	3.0	1.9
4 Weighted average interest rate (percent per annum)	15.68	14.95	15.52	15.88	16.23	16.35	15.53
5 Interquartile range[1]	14.88–16.48	13.57–17.11	13.80–17.27	14.99–17.52	15.40–17.27	15.73–17.00	14.84–16.21
Percentage of amount of loans							
6 With floating rate	50.6	20.1	39.4	46.3	58.0	61.4	52.4
7 Made under commitment	48.2	21.2	28.7	39.6	50.0	60.1	52.2
8 With no stated maturity	25.1	11.4	18.2	24.4	21.0	34.7	27.7
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS							
9 Amount of loans (thousands of dollars)	1,865,265		284,258		258,998	119,342	1,202,667
10 Number of loans	21,597		19,890		1,267	183	256
11 Weighted average maturity (months)	43.1		31.8		42.8	51.2	45.1
12 Weighted average interest rate (percent per annum)	15.45		15.31		15.39	15.68	15.47
13 Interquartile range[1]	15.25–16.25		14.00–16.67		15.25–16.70	15.25–16.90	15.25–15.86
Percentage of amount of loans							
14 With floating rate	65.1		20.2		44.8	76.2	79.0
15 Made under commitment	71.8		29.9		73.6	75.2	81.0
CONSTRUCTION AND LAND DEVELOPMENT LOANS							
16 Amount of loans (thousands of dollars)	868,797	95,361	101,947	186,165	287,178	198,145	
17 Number of loans	19,027	11,323	2,932	2,768	1,853	151	
18 Weighted average maturity (months)	12.1	9.2	4.4	2.7	21.0	14.5	
19 Weighted average interest rate (percent per annum)	15.77	15.51	14.44	14.94	16.83	15.82	
20 Interquartile range[1]	13.85–17.99	13.65–17.09	12.55–16.09	13.80–16.10	16.25–18.11	13.50–18.01	
Percentage of amount of loans							
21 With floating rate	38.9	28.9	17.6	15.8	34.5	82.7	
22 Secured by real estate	95.4	92.4	99.3	99.0	94.8	92.4	
23 Made under commitment	61.0	69.8	78.4	69.1	41.3	68.6	
24 With no stated maturity	8.9	7.7	4.0	4.6	10.5	13.5	
Type of construction							
25 1- to 4-family	55.5	84.5	89.1	74.4	34.9	36.2	
26 Multifamily	5.3	3.1	2.6	3.8	8.9	3.3	
27 Nonresidential	39.3	12.4	8.4	21.8	56.2	60.0	
	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
LOANS TO FARMERS							
28 Amount of loans (thousands of dollars)	1,122,729	143,468	173,000	176,294	214,386	196,410	219,171
29 Number of loans	61,555	39,318	11,815	5,083	3,384	1,496	459
30 Weighted average maturity (months)	7.0	8.0	7.3	6.2	6.8	8.2	5.8
31 Weighted average interest rate (percent per annum)	14.06	13.46	13.56	13.72	13.69	14.78	14.82
32 Interquartile range[1]	13.28–15.03	12.69–14.49	12.36–14.75	13.24–14.28	13.42–14.20	13.65–15.75	13.90–16.36
By purpose of loan							
33 Feeder livestock	14.39	13.31	12.95	14.07	14.13	14.61	15.35
34 Other livestock	13.32	14.26	14.31	13.63	11.88	14.67	16.15
35 Other current operating expenses	14.10	13.52	13.81	14.07	14.35	14.73	13.76
36 Farm machinery and equipment	12.78	13.01	13.02	11.17	12.96	14.34	12.00
37 Other	14.56	13.32	13.50	14.03	14.14	16.39	15.86

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.
2. Fewer than 10 sample loans.

NOTE. For more detail, see the Board's E.2(416) statistical release.

1.36 INTEREST RATES Money and Capital Markets

Averages, percent per annum

Instrument	1977	1978	1979	1979	1980			1980, week ending				
				Dec.	Jan.	Feb.	Mar.	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29
	Money market rates											
1 Federal funds[1]	5.54	7.94	11.20	13.78	13.82	14.13	17.19	14.62	16.17	16.45	16.24	17.78
Commercial paper[2,3]												
2 1-month	5.42	7.76	10.86	13.35	13.07	13.62	16.55	14.46	15.92	16.75	16.84	16.61
3 3-month	5.54	7.94	10.97	13.24	13.04	13.78	16.81	14.77	16.22	16.95	17.04	16.95
4 6-month	5.60	7.99	10.91	12.80	12.66	13.60	16.50	14.68	16.02	16.50	16.70	16.70
Finance paper, directly placed[2,3]												
5 1-month	5.38	7.73	10.78	13.27	13.01	13.58	16.30	14.45	15.71	16.53	16.48	16.34
6 3-month	5.49	7.80	10.47	11.74	11.96	13.05	15.36	13.93	14.96	15.52	15.50	15.43
7 6-month	5.50	7.78	10.25	11.68	11.79	12.39	14.70	13.27	14.31	14.72	14.69	14.98
8 Prime bankers acceptances, 90-day[3,4]	5.59	8.11	11.04	13.31	13.15	14.01	17.10	15.10	16.59	17.24	17.22	17.29
Certificates of deposit, secondary market[5]												
9 1-month	5.48	7.88	11.03	13.36	13.26	13.93	16.81	14.88	16.15	17.21	16.97	16.84
10 3-month	5.64	8.22	11.22	13.43	13.39	14.30	17.57	15.45	16.87	17.71	17.82	17.80
11 6-month	5.92	8.61	11.44	13.42	13.48	14.58	17.74	15.74	17.11	17.77	17.90	18.07
12 Eurodollar deposits, 3-month[6]	6.05	8.74	11.96	14.51	14.33	15.33	18.72	16.46	17.16	18.58	18.98	18.99
U.S. Treasury bills[3,7]												
Secondary market												
13 3-month	5.27	7.19	10.07	12.04	12.00	12.86	15.20	13.78	15.37	15.32	14.76	15.55
14 6-month	5.53	7.58	10.06	11.84	11.84	12.86	15.03	13.82	14.90	15.02	14.83	15.42
15 1-year	5.71	7.74	9.75	10.92	10.96	12.46	14.03	13.53	13.94	13.92	13.89	14.39
Auction average[8]												
16 3-month	5.265	7.221	10.041	12.071	12.036	12.814	15.526	13.700	15.136	15.381	15.053	16.532
17 6-month	5.510	7.572	10.017	11.847	11.851	12.721	15.100	13.629	14.792	14.956	14.950	15.700
	Capital market rates											
U.S. TREASURY NOTES AND BONDS												
Constant maturities[9]												
18 1-year	6.09	8.34	10.67	11.98	12.06	13.92	15.82	15.24	15.77	15.68	15.58	16.25
19 2-year	6.45	8.34	10.12	11.39	11.50	13.42	14.88	14.70	15.03	14.67	14.72	15.16
20 2½-year[10]	....	....	....	10.90	11.15	14.00	14.65	....	....	....	....	....
21 3-year	6.69	8.29	9.71	10.71	10.88	12.84	14.05	14.07	14.27	13.83	13.86	14.31
22 4-year[10]	....	....	....	....	....	....	....	....	....	....	....	....
23 5-year	6.99	8.32	9.52	10.42	10.74	12.60	13.47	13.76	13.65	13.22	13.21	13.83
24 7-year	7.23	8.36	9.48	10.42	10.77	12.53	13.00	13.50	13.23	12.76	12.76	13.28
25 10-year	7.42	8.41	9.44	10.39	10.80	12.41	12.75	13.20	12.94	12.54	12.54	13.00
26 20-year	7.67	8.48	9.33	10.18	10.65	12.21	12.49	12.59	12.61	12.36	12.29	12.71
27 30-year	....	8.49	9.29	10.12	10.60	12.13	12.34	12.57	12.44	12.23	12.13	12.55
Composite[11]												
28 3 to 5 years	6.85	8.30	9.58	10.45	10.76	12.52	13.41	13.57	13.65	13.21	13.16	13.68
29 Over 10 years (long-term)	7.06	7.89	8.74	9.59	10.03	11.55	11.87	12.10	12.01	11.73	11.67	12.06
STATE AND LOCAL NOTES AND BONDS												
Moody's series[12]												
30 Aaa	5.20	5.52	5.92	6.50	6.58	7.28	8.16	8.00	8.00	8.15	8.25	8.25
31 Baa	6.12	6.27	6.73	7.42	7.60	8.12	10.30	9.00	10.40	10.40	10.40	10.00
32 *Bond Buyer* series[13]	5.68	6.03	6.52	7.22	7.35	8.16	9.17	8.72	8.94	9.08	9.20	9.44
CORPORATE BONDS												
33 Seasoned issues, all industries[14]	8.43	9.07	10.12	11.35	11.74	12.92	13.73	13.54	13.64	13.72	13.68	13.87
By rating groups												
34 Aaa	8.02	8.73	9.63	10.74	11.09	12.38	12.96	12.88	13.00	13.00	12.83	13.00
35 Aa	8.24	8.92	9.94	11.15	11.56	12.73	13.51	13.45	13.41	13.51	13.43	13.65
36 A	8.49	9.12	10.20	11.46	11.88	12.99	13.97	13.66	13.89	14.01	14.01	14.17
37 Baa	8.97	9.45	10.69	12.06	12.42	13.57	14.45	14.16	14.27	14.35	14.45	14.67
Aaa utility bonds[15]												
38 New issue	8.19	8.96	10.03	11.25	11.73	13.57	14.00	14.11	13.98	13.95	13.85	14.22
39 Recently offered issues	8.19	8.97	10.02	11.33	11.77	13.35	13.90	13.83	13.94	13.72	13.80	14.12
MEMO: Dividend/price ratio[16]												
40 Preferred stocks	7.60	8.25	9.07	10.06	10.14	10.55	11.26	10.83	11.11	11.34	11.43	11.61
41 Common stocks	4.56	5.28	5.46	5.53	5.40	5.24	5.77	5.41	5.49	5.72	5.94	6.31

1. Weekly figures are 7-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.
2. Beginning November 1977, unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Previously, most representative rate quoted by those dealers and finance companies. Before Nov. 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper; and 30–59 days, 90–119 days, and 150–179 days for finance paper.
3. Yields are quoted on a bank-discount basis.
4. Average of the midpoint of the range of daily dealer closing rates offered for domestic issues.
5. Five-day average of rates quoted by five dealers (3-month series was previously a 7-day average).
6. Averages of daily quotations for the week ending Wednesday.
7. Except for auction averages, yields are computed from daily closing bid prices.
8. Rates are recorded in the week in which bills are issued.
9. Yield on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.
10. Each figure is an average of only five business days near the end of the month. The rate for each month is used to determine the maximum interest rate payable in the following month on small saver certificates. (See table 1.16).
11. Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.
12. General obligations only, based on figures for Thursday, from Moody's Investors Service.
13. Twenty issues of mixed quality.
14. Averages of daily figures from Moody's Investors Service.
15. Compilation of the Board of Governors of the Federal Reserve System. Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering; those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations.
16. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

1.37 STOCK MARKET Selected Statistics

Indicator	1977	1978	1979	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.
	Prices and trading (averages of daily figures)									
Common stock prices										
1 **New York Stock Exchange (Dec. 31, 1965 = 50)**	**53.67**	**53.76**	**55.67**	**61.89**	**59.27**	**59.02**	**61.75**	**63.74**	**66.05**	**59.52**
2 Industrial	57.84	58.30	61.82	69.17	66.68	66.45	69.82	72.67	76.42	68.71
3 Transportation	41.07	43.25	45.20	52.21	48.07	47.61	50.59	52.61	57.92	51.77
4 Utility	40.91	39.23	36.46	38.39	36.58	36.55	37.29	37.08	36.22	33.38
5 Finance	55.23	56.74	58.65	67.21	61.64	60.64	63.21	64.22	61.84	54.71
6 **Standard & Poor's Corporation (1941–43 = 10)**[1]	**98.18**	**96.11**	**98.34**	**108.60**	**104.47**	**103.66**	**107.78**	**110.87**	**115.34**	**104.69**
7 **American Stock Exchange (Aug. 31, 1973 = 100)**	**116.18**	**144.56**	**186.56**	**223.00**	**212.33**	**216.58**	**238.83**	**259.54**	**288.99**	**259.79**
Volume of trading (thousands of shares)										
8 New York Stock Exchange	20,936	28,591	32,233	37,576	37,301	31,126	35,510	52,647	47,827	41,736
9 American Stock Exchange	2,514	3,622	4,182	5,405	5,446	3,938	5,389	9,363	6,903	5,947
	Customer financing (end-of-period balances, in millions of dollars)									
10 **Regulated margin credit at brokers/dealers**[2]	**9,993**	**11,035**	**11,615**	**12,178**	**11,483**	**11,083**	**11,619**r	**11,987**r	**12,638**	n.a.
11 Margin stock[3]	9,740	10,830	11,450	12,000	11,310	10,920	11,450	11,820	12,460	n.a.
12 Convertible bonds	250	205	164	177	173	161	167r	165r	175	n.a.
13 Subscription issues	3	1	1	1	*	2	2r	2r	3	n.a.
Free credit balances at brokers[4]										
14 Margin-account	640	835	1,050	960	950	955	1,105	1,180	1,320	n.a.
15 Cash-account	2,060	2,510	4,060	3,325	3,490	3,435	4,060	4,680	4,755	n.a.
	Margin-account debt at brokers (percentage distributions, end of period)									
16 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	n.a.
By equity class (in percent)[5]										
17 Under 40	18.0	33.0	16.0	16.0	27.0	17.0	16.0	13.0	16.0	n.a.
18 40–49	36.0	28.0	28.0	26.0	31.0	31.0	31.0	29.0	29.0	n.a.
19 50–59	23.0	18.0	24.0	30.0	20.0	25.0	24.0	25.0	25.0	n.a.
20 60–69	11.0	10.0	14.0	14.0	10.0	13.0	14.0	16.0	14.0	n.a.
21 70–79	6.0	6.0	8.0	8.0	6.0	7.0	8.0	9.0	9.0	n.a.
22 80 or more	5.0	5.0	7.0	6.0	6.0	7.0	7.0	8.0	7.0	n.a.
	Special miscellaneous-account balances at brokers (end of period)									
23 **Total balances (million dollars)**[6]	**9,910**	**13,092**	**16,290**	**14,460**	**14,800**	**14,995**	**16,290**	**16,550**	**16,670**	n.a.
Distribution by equity status (percent)										
24 Net credit status	43.4	41.3	48.5	45.3	44.5	46.5	48.5	45.0	n.a.	n.a.
Debt status, equity of										
25 60 percent or more	44.9	45.1	43.6	46.4	45.5	45.0	43.6	47.7	n.a.	n.a.
26 Less than 60 percent	11.7	13.6	7.9	8.3	10.0	8.5	7.9	7.3	n.a.	n.a.

Margin requirements (percent of market value and effective date)[7]

	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
27 Margin stocks	70	80	65	55	65	50
28 Convertible bonds	50	60	50	50	50	50
29 Short sales	70	80	65	55	65	50

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is end-of-month data for member firms of the New York Stock Exchange.
In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.
3. A distribution of this total by equity class is shown on lines 17–22.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.
6. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.
7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1977	1978	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.[1]	1980 Jan.	1980 Feb.[p]
	Savings and loan associations												
1 **Assets**	**459,241**	**523,542**	**543,320**	**549,031**	**555,409**	**561,037**	**566,493**	**570,479**	**576,251**	**578,922**	**579,307**	**582,252**	**585,579**
2 Mortgages	381,163	432,808	445,638	450,978	456,544	460,620	464,609	468,307	472,198	474,678	475,797	476,448	477,261
3 Cash and investment securities[1]	39,150	44,884	48,698	48,280	48,253	49,496	50,007	49,3013	49,220	48,180	46,541	48,473	50,099
4 Other	38,928	45,850	48,984	49,773	50,612	50,721	51,877	52,871	54,833	56,064	56,969	57,331	58,219
5 **Liabilities and net worth**	**459,241**	**523,542**	**543,320**	**549,031**	**555,409**	**561,037**	**570,479**	**566,493**	**576,251**	**578,922**	**579,307**	**582,252**	**585,579**
6 Savings capital	386,800	430,953	445,751	447,788	454,642	456,657	457,856	462,626	464,489	465,646	470,171	472,236	473,796
7 Borrowed money	27,840	42,907	43,710	44,324	46,993	48,437	50,437	52,738	54,268	54,433	55,375	55,233	55,274
8 FHLBB	19,945	31,990	32,389	33,003	34,266	35,286	36,009	37,620	39,223	39,638	40,441	40,364	40,346
9 Other	7,895	10,917	11,321	11,321	12,727	13,151	14,428	15,118	15,045	14,795	14,934	14,869	14,928
10 Loans in process	9,911	10,721	10,690	11,118	11,260	11,309	11,047	10,909	10,766	10,159	9,511	8,735	8,274
11 Other	9,506	9,904	12,950	15,259	11,681	13,503	15,712	12,497	14,673	16,324	11,684	13,315	15,347
12 Net worth[2]	25,184	29,057	30,219	30,542	30,833	31,131	31,441	31,709	32,055	32,360	32,566	32,733	32,888
13 MEMO: Mortgage loan commitments outstanding[3]	19,875	18,911	22,915	23,560	22,770	22,360	22,282	22,397	20,930	18,029	16,007	15,559	16,740
	Mutual savings banks[4]												
14 **Assets**	**14,287**	**158,174**	**161,231**	**161,380**	**161,814**	**162,598**	**163,388**	**163,431**	**163,133**	**163,205**	**163,366**	**163,214**	
Loans													
15 Mortgage	88,195	95,157	95,900	96,239	96,743	97,238	97,637	97,973	98,304	98,610	98,924	98,949	
16 Other	6,210	7,195	9,290	9,444	9,577	10,282	10,430	9,982	9,510	9,449	9,259	9,771	
Securities													
17 U.S. government[5]	5,895	4,959	8,193	8,148	8,029	7,992	7,921	7,891	7,750	7,754	7,630	7,366	
18 State and local government	2,828	3,333	3,326	3,264	3,175	3,154	3,149	3,150	3,100	3,003	2,929	2,886	
19 Corporate and other[6]	37,918	39,732	37,211	37,304	37,281	37,171	37,125	37,076	37,210	37,036	37,119	37,157	
20 Cash	2,401	3,665	3,072	2,785	2,764	2,,540	2,866	3,020	2,909	3,010	3,198	2,755	n.a.
21 Other assets	3,839	4,131	4,239	4,198	4,245	4,220	4,260	4,339	4,351	4,343	4,308	4,329	
22 **Liabilities**	**147,287**	**158,174**	**161,231**	**161,380**	**161,814**	**162,598**	**163,388**	**163,431**	**163,133**	**163,205**	**163,366**	**163,214**	
23 Deposits	134,017	142,701	145,096	145,056	146,057	145,757	145,713	146,252	145,096	144,828	145,855	144,902	
24 Regular[7]	132,744	141,170	143,210	143,271	144,161	143,843	143,731	144,258	143,263	143,064	143,903	142,980	
25 Ordinary savings	78,005	71,816	67,758	67,577	68,104	67,537	66,733	65,676	62,672	61,156	61,078	59,191	
26 Time and other	54,739	69,354	75,452	75,694	76,057	76,306	76,998	78,572	80,591	81,908	82,824	83,789	
27 Other	1,272	1,531	1,886	1,784	1,896	1,914	1,982	2,003	1,834	1,764	1,952	1,923	
28 Other liabilities	3,292	4,565	5,050	5,172	4,545	5,578	6,350	5,790	6,600	6,872	5,989	6,773	
29 General reserve accounts	9,978	10,907	11,085	11,153	11,212	11,264	11,324	11,388	11,437	11,504	11,522	11,539	
30 MEMO: Mortgage loan commitments outstanding[8]	4,066	4,400	4,449	4,352	4,469	4,214	4,071	4,123	3,749	3,619	3,182	2,919	
	Life insurance companies												
31 **Assets**	**351,722**	**389,924**	**402,963**	**405,627**	**409,853**	**414,120**	**418,350**	**421,660**	**423,760**	**427,496**	**431,453**		
Securities													
32 Government	19,553	20,009	20,510	20,381	20,397	20,468	20,472	20,379	20,429	20,486	20,294		
33 United States[9]	5,315	4,822	5,272	5,149	5,178	5,228	5,229	5,067	5,075	5,122	4,984		
34 State and local	6,051	6,402	6,268	6,272	6,,241	6,243	6,258	6,295	6,339	6,354	6,392		
35 Foreign[10]	8,187	8,785	8,970	8,960	8,978	8,997	8,985	9,017	9,015	9,010	8,918	n.a.	n.a.
36 Business	175,654	198,105	206,160	207,775	209,804	212,876	215,252	216,500	216,183	217,856	218,284		
37 Bonds	141,891	162,587	169,817	171,762	173,130	175,854	176,920	177,698	178,633	179,158	178,828		
38 Stocks	33,763	35,518	36,343	36,013	36,674	37,022	38,332	38,802	37,550	38,698	39,456		
39 Mortgages	96,848	106,167	109,198	110,023	111,123	112,120	113,102	114,368	115,991	117,253	118,784		
40 Real estate	11,060	11,764	12,086	12,101	12,199	12,351	12,738	12,740	12,816	12,906	13,047		
41 Policy loans	27,556	30,146	31,512	31,832	32,131	32,390	32,713	33,046	33,574	34,220	34,761		
42 Other assets	21,051	23,733	23,497	23,515	24,199	23,915	24,073	24,627	24,767	24,775	26,283		
	Credit unions												
43 **Total assets/liabilities and capital**	**53,755**	**62,348**	**63,030**	**64,158**	**65,435**	**68,840**	**65,547**	**66,280**	**65,063**	**65,419**	**65,854**	**64,506**	**64,856**
44 Federal	29,564	34,760	34,758	35,379	36,146	35,413	35,724	36,151	35,537	35,670	35,934	35,228	35,425
45 State	24,191	27,588	28,272	28,779	29,289	29,427	29,823	30,129	29,526	29,749	29,920	29,278	29,432
46 Loans outstanding	41,845	50,269	50,846	51,351	52,028	52,083	52,970	53,545	53,533	56,267	53,125	52,089	51,626
47 Federal	22,634	27,687	27,869	28,103	28,487	28,379	28,848	29,129	29,020	30,613	28,698	28,053	27,783
48 State	19,211	22,582	27,977	23,248	23,541	23,704	24,122	24,416	24,513	25,654	24,426	24,036	23,843
49 Savings	46,516	53,517	54,199	55,107	56,437	56,393	56,583	57,255	55,739	55,797	56,232	55,447	55,790
50 Federal (shares)	25,576	29,802	29,796	30,222	31,048	30,732	30,761	31,097	30,366	30,399	35,530	30,040	32,256
51 State (shares and deposits)	20,940	23,715	24,403	24,885	25,839	25,661	25,822	26,158	25,373	25,398	25,702	25,407	25,534

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Calendar year					
				1978	1979		1979	1980	
				H2	H1	H2	Dec.	Jan.	Feb.
U.S. budget									
1 Receipts[1]	357,762	401,997	465,940	206,275	246,574	233,952	42,617	43,429	37,862
2 Outlays[1]	402,725	450,836	493,673	238,186	245,616	263,044	44,010	47,988	47,208
3 Surplus, or deficit(–)	–44,963	–48,839	–27,733	–31,912	958	–29,093	–1,393	–4,559	–9,346
4 Trust funds	9,497	12,693	18,335	11,754	4,041	9,679	565	–5,090	3,398
5 Federal funds[2]	–54,460	–61,532	–46,069	–43,666	–4,999	–38,773	–1,959	531	–12,745
Off-budget entities surplus, or deficit (–)									
6 Federal Financing Bank outlays	–8,415	–10,661	–13,261	–5,082	–7,712	–5,909	–735	–714	–819
7 Other[3]	–269	334	832	1,843	–447	805	131	103	–294
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (–)	–53,647	–59,166	–40,162	–35,151	–7,201	–34,197	–1,997	–5,170	–10,459
Source or financing									
9 Borrowing from the public	53,516	59,106	33,641	30,314	6,039	31,320	11,207	–555	2,066
10 Cash and monetary assets (decrease, or increase (–))[4]	–2,247	–3,023	–408	3,381	–8,878	3,059	–10,378	6,403	6,007
11 Other[5]	2,378	3,083	6,929	1,456	10,040	–182	–1,168	–678	2,386
MEMO:									
12 Treasury operating balance (level, end of period)	19,104	22,444	24,176	16,291	17,485	15,924	15,924	16,602	10,688
13 Federal Reserve Banks	15,740	16,647	6,489	4,196	3,290	4,075	4,075	2,931	2,417
14 Tax and loan accounts	3,364	5,797	17,687	12,095	14,195	11,849	11,849	13,671	8,271

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.
2. Half-year figures calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
3. Includes Pension Benefit Guaranty Corp.; Postal Service Fund; Rural Electrification and Telephone Revolving Fund; and Rural Telephone Bank.
4. Includes U.S. Treasury operating cash accounts; special drawing rights; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.
5. Includes accrued interest payable to the public; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seignorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and the *Budget of the United States Government, Fiscal Year 1981*.

NOTES TO TABLE 1.38

1. Holdings of stock of the Federal Home Loan Banks are included in "other assets."
2. Includes net undistributed income, which is accrued by most, but not all, associations.
3. Excludes figures for loans in process, which are shown as a liability.
4. The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. Beginning April 1979, data are reported on a net-of-valuation-reserves basis. Prior to that date, data were reported on a gross-of-valuation-reserves basis.
5. Begining April 1979, includes obligations of U.S. government agencies. Prior to that date, this item was included in "Corporate and other."
6. Includes securities of foreign governments and international organizations and, prior to April 1979, nonguaranteed issues of U.S. government agencies.
7. Excludes checking, club, and school accounts.
8. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the state of New York.
9. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "business" securities.
10. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE. *Savings and loan associations:* Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States.

Life insurance companies: Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

Credit unions: Estimates by the National Credit Union Administration for a group of federal and state-chartered credit unions that account for about 30 percent of credit union assets. Figures are preliminary and revised annually to incorporate recent benchmark data.

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Calendar year 1978 H2	1979 H1	1979 H2	1979 Dec.	1980 Jan.	1980 Feb.
RECEIPTS									
1 **All sources**[1]	**357,762**	**401,997**	**465,940**	**206,275**	**246,574**	**233,952**	**42,617**	**43,429**	**37,862**
2 Individual income taxes, net	157,626	180,988	217,841	98,854	111,603	115,488	20,192	26,856	15,522
3 Withheld	144,820	165,215	195,295	90,148	98,683	105,764	19,402	17,821	19,466
4 Presidential Election Campaign Fund	37	39	36	3	32	3	0	0	7
5 Nonwithheld	42,062	47,804	56,215	10,777	44,116	12,355	952	9,061	1,230
6 Refunds[1]	29,293	32,070	33,705	2,075	31,228	2,634	163	26	5,181
Corporation income taxes									
7 Gross receipts	60,057	65,380	71,448	28,536	42,427	29,169	10,667	2,702	2,117
8 Refunds	5,164	5,428	5,771	2,757	2,889	3,306	460	465	697
9 Social insurance taxes and contributions, net	108,683	123,410	141,591	61,064	75,609	71,031	8,675	10,775	16,857
10 Payroll employment taxes and contributions[2]	88,196	99,626	115,041	51,052	59,298	60,562	7,963	9,085	14,447
11 Self-employment taxes and contributions[3]	4,014	4,267	5,034	369	4,616	417	0	441	377
12 Unemployment insurance	11,312	13,850	15,387	6,727	8,623	6,899	204	675	1,490
13 Other net receipts[4]	5,162	5,668	6,130	2,917	3,072	3,149	507	574	543
14 Excise taxes	17,548	18,376	18,745	9,879	8,984	9,675	1,658	1,448	1,378
15 Customs deposits	5,150	6,573	7,439	3,748	3,682	3,741	595	611	519
16 Estate and gift taxes	7,327	5,285	5,411	2,691	2,657	2,900	425	509	506
17 Miscellaneous receipts[5]	6,536	7,413	9,237	4,260	4,501	5,254	866	992	1,661
OUTLAYS									
18 **All types**[1]	**402,725**	**450,836**	**493,673**	**238,186**	**245,616**	**263,044**	**44,010**	**47,988**	**47,208**
19 National defense	97,501	105,186	117,681	55,124	57,643	62,002	10,566	11,195	11,174
20 International affairs	4,813	5,922	6,091	2,060	3,538	4,617	899	859	885
21 General science, space, and technology	4,677	4,,742	5,041	2,383	2,461	3,299	432	528	545
22 Energy	4,172	5,861	6,856	4,279	4,417	3,281	625	439	471
23 Natural resources and environment	10,000	10,925	12,091	6,020	5,672	7,350	1,597	1,167	961
24 Agriculture	5,532	7,731	6,238	4,967	3,020	1,709	1,150	1,432	163
25 Commerce and housing credit	−44	3,324	2,565	3,292	60	3,,002	516	676	−122
26 Transportation	14,636	15,445	17,459	8,740	7,688	10,298	1,862	1,914	1,278
27 Community and regional development	6,348	11,039	9,482	5,844	4,499	4,855	614	1,304	868
28 Education, training, employment, social services	20,985	26,463	29,685	14,247	14,467	14,579	2,461	3,088	2,915
29 Health	38,785	43,676	49,614	23,830	24,860	26,492	4,532	4,980	4,562
30 Income security[1]	137,915	146,212	160,198	73,127	81,173	86,007	14,286	15,150	15,937
31 Veterans benefits and services	18,038	18,974	19,928	9,532	10,127	10,113	1,778	803	2,775
32 Administration of justice	3,600	3,802	4,153	1,989	2,096	2,174	350	400	347
33 General government	3,312	3,737	4,153	2,304	2,291	2,103	422	384	394
34 General-purpose fiscal assistance	9,499	9,601	8,372	4,610	3,890	4,286	102	1,798	51
35 Interest[6]	38,009	43,966	52,556	24,036	26,934	29,045	8,695	3,037	4,950
36 Undistributed offsetting receipts[6,7]	−15,053	−15,772	−18,489	−8,199	−8,999	−12,164	−6,879	−1,166	−945

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Supplementary medical insurance premiums, federal employee retirement contributions, and Civil Service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Effective September 1976, "Interest" and "Undistributed Offsetting Receipts" reflect the accounting conversion for the interest on special issues for U.S. government accounts from an accrual basis to a cash basis.
7. Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. government contributions for employee retirement.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1981*.

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1977		1978			1979			
	Sept. 30	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31.
1 **Federal debt outstanding**	**709.1**	**729.2**	**758.8**	**780.4**	**797.7**	**804.6**	**812.2**	**833.8**	**852.2**
2 Public debt securities	698.8	718.9	749.0	771.5	789.2	796.8	804.9	826.5	845.1
3 Held by public	543.4	564.1	587.9	603.6	619.2	630.5	626.4	638.8	658.0
4 Held by agencies	155.5	154.8	161.1	168.0	170.0	166.3	178.5	187.7	187.1
5 Agency securities	10.3	10.2	9.8	8.9	8.5	7.8	7.3	7.2	7.1
6 Held by public	8.5	8.4	8.0	7.4	7.0	6.3	5.9	5.8	5.6
7 Held by agencies	1.8	1.8	1.8	1.5	1.5	1.5	1.5	1.5	1.5
8 **Debt subject to statutory limit**	**700.0**	**720.1**	**750.2**	**772.7**	**790.3**	**797.9**	**806.0**	**827.6**	**846.2**
9 Public debt securities	698.2	718.3	748.4	770.9	788.6	796.2	804.3	825.9	844.5
10 Other debt[1]	1.7	1.7	1.8	1.8	1.7	1.7	1.7	1.7	1.7
11 MEMO. Statutory debt limit	700.0	752.0	752.0	798.0	798.0	798.0	830.0	830.0	879.0

1. Includes guaranteed debt of government agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

NOTE. Data from *Treasury Bulletin* (U.S. Treasury Department).

1.42 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1975	1976	1977	1978	1979		1980		
					Nov.	Dec.	Jan.	Feb.	Mar.
1 **Total gross public debt**	**576.6**	**653.5**	**718.9**	**789.2**	**833.8**	**845.1**	**847.7**	**854.6**	**863.5**
By type									
2 Interest-bearing debt	575.7	652.5	715.2	782.4	832.7	844.0	846.5	853.4	862.2
3 Marketable	363.2	421.3	459.9	487.5	519.6	530.7	535.7	540.6	557.5
4 Bills	157.5	164.0	161.1	161.7	165.1	172.6	175.5	177.4	190.8
5 Notes	167.1	216.7	251.8	265.8	279.7	283.4	284.0	286.8	290.4
6 Bonds	38.6	40.6	47.0	60.0	74.8	74.7	76.1	76.4	76.3
7 Nonmarketable[1]	212.5	231.2	255.3	294.8	313.2	313.2	310.9	312.7	304.7
8 Convertible bonds[2]	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2
9 State and local government series	1.2	4.5	13.9	24.3	24.5	24.6	24.8	24.5	23.9
10 Foreign issues[3]	21.6	22.3	22.2	29.6	29.2	28.8	30.0	29.6	26.9
11 Government	21.6	22.3	22.2	28.0	23.9	23.6	23.6	23.2	20.5
12 Public	0	0	0	1.6	5.3	5.3	6.4	6.4	6.4
13 Savings bonds and notes	67.9	72.3	77.0	80.9	80.0	79.9	78.6	77.7	76.0
14 Government account series[4]	119.4	129.7	139.8	157.5	177.0	177.5	174.9	178.4	175.5
15 Non-interest-bearing debt	1.0	1.1	3.7	6.8	1.1	1.2	1.2	1.2	1.2
By holder[5]									
16 U.S. government agencies and trust funds	139.1	147.1	154.8	170.0	187.1	187.1	184.5	n.a.	n.a.
17 Federal Reserve Banks	89.8	97.0	102.5	109.6	118.1	117.5	116.3	n.a.	n.a.
18 Private investors	349.4	409.5	461.3	508.6	528.6	540.5	546.9	n.a.	n.a.
19 Commercial banks	85.1	103.8	101.4	93.4	95.0	97.0	97.1	n.a.	n.a.
20 Mutual savings banks	4.5	5.9	5.9	5.2	4.3	4.2	4.0	n.a.	n.a.
21 Insurance companies	9.5	12.7	15.1	15.0	14.4	14.4	14.4	n.a.	n.a.
22 Other companies	20.2	27.7	22.7	20.6	24.0	23.9	24.5	n.a.	n.a.
23 State and local governments	34.2	41.6	55.2	68.6	68.2	68.2	71.7	n.a.	n.a.
Individuals									
24 Savings bonds	67.3	72.0	76.7	80.7	80.1	79.9	78.6	n.a.	n.a.
25 Other securities	24.0	28.8	28.6	30.0	33.7	34.2	34.7	n.a.	n.a.
26 Foreign and international[6]	66.5	78.1	109.6	137.8	120.6	123.8	125.1	n.a.	n.a.
27 Other miscellaneous investors[7]	38.0	38.9	46.1	57.4	88.3	94.8	96.9	n.a.	n.a.

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration, depositary bonds, retirement plan bonds, and individual retirement bonds.
2. These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ percent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category above.
3. Nonmarketable dollar-denominated and foreign currency denominated series held by foreigners.
4. Held almost entirely by U.S. government agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. Consists of the investments of foreign balances and international accounts in the United States. Beginning with July 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.
7. Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain government deposit accounts, and government sponsored agencies.

NOTE. Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department); data by holder from *Treasury Bulletin*.

1.43 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity

Par value; millions of dollars, end of period

Type of holder	1977	1978	1979 Dec.	1980 Jan.	1977	1978	1979 Dec.	1980 Jan.
	All maturities				1 to 5 years			
1 **All holders**	**459,927**	**487,546**	**530,731**	**535,658**	**151,264**	**162,886**	**164,198**	**165,535**
2 U.S. government agencies and trust funds	14,420	12,695	11,047	11,048	4,788	3,310	2,555	2,518
3 Federal Reserve Banks	101,191	109,616	117,458	116,311	27,012	31,283	28,469	27,885
4 Private investors	344,315	365,235	402,226	408,300	119,464	128,293	133,173	135,132
5 Commercial banks	75,363	68,890	69,076	69,136	38,691	38,390	38,346	38,561
6 Mutual savings banks	4,379	3,499	3,204	3,027	2,112	1,918	1,668	1,641
7 Insurance companies	12,378	11,635	11,496	11,461	4,729	4,664	4,518	4,422
8 Nonfinancial corporations	9,474	8,272	8,433	8,690	3,183	3,635	2,844	3,030
9 Savings and loan associations	4,817	3,835	3,209	3,124	2,368	2,255	1,763	1,789
10 State and local governments	15,495	18,815	15,735	17,681	3,875	3,997	3,487	4,095
11 All others	222,409	250,288	291,072	295,181	64,505	73,433	80,546	81,594
	Total, within 1 year				5 to 10 years			
12 **All holders**	**230,691**	**228,516**	**255,252**	**257,400**	**45,328**	**50,400**	**50,440**	**50,437**
13 U.S. government agencies and trust funds	1,906	1,488	1,629	1,668	2,129	1,989	871	871
14 Federal Reserve Banks	56,702	52,801	63,219	62,903	10,404	14,809	12,977	12,774
15 Private investors	172,084	174,227	190,403	192,829	32,795	33,601	36,592	36,793
16 Commercial banks	29,477	20,608	20,171	20,249	6,162	7,490	8,086	7,775
17 Mutual savings banks	1,400	817	836	672	584	496	459	462
18 Insurance companies	2,398	1,838	2,016	1,971	3,204	2,899	2,815	2,847
19 Nonfinancial corporations	5,770	4,048	4,933	4,541	307	369	308	309
20 Savings and loan associations	2,236	1,414	1,301	1,184	143	89	69	73
21 State and local governments	7,917	8,194	5,607	6,568	1,283	1,588	1,540	1,695
22 All others	122,885	137,309	155,539	157,643	21,112	20,671	23,314	23,631
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**161,081**	**161,747**	**172,644**	**175,522**	**12,906**	**19,800**	**27,588**	**29,032**
24 U.S. government agencies and trust funds	32	2	0	*	3,102	3,876	4,520	4,520
25 Federal Reserve Banks	42,004	42,397	45,337	45,264	1,510	2,088	3,272	3,265
26 Private investors	119,035	119,348	127,306	130,258	8,295	13,836	19,796	21,247
27 Commercial banks	11,996	5,707	5,938	6,461	456	956	993	1,238
28 Mutual savings banks	484	150	262	136	137	143	127	125
29 Insurance companies	1,187	753	473	465	1,245	1,460	1,305	1,299
30 Nonfinancial corporations	4,329	1,792	2,793	2,504	133	86	218	327
31 Savings and loan associations	806	262	219	234	54	60	58	58
32 State and local governments	6,092	5,524	3,100	3,726	890	1,420	1,762	1,803
33 All others	94,152	105,161	114,522	116,732	5,380	9,711	15,332	16,397
	Other, within 1 year				Over 20 years			
34 **All holders**	**69,610**	**66,769**	**82,608**	**81,878**	**19,738**	**25,944**	**33,254**	**33,254**
35 U.S. government agencies and trust funds	1,874	1,487	1,629	1,668	2,495	2,031	1,472	1,472
36 Federal Reserve Banks	14,698	10,404	17,882	17,640	5,564	8,635	9,520	9,483
37 Private investors	53,039	54,879	63,097	62,571	11,679	15,278	22,262	22,299
38 Commercial banks	15,482	14,901	14,233	13,788	578	1,446	1,470	1,313
39 Mutual savings banks	916	667	574	536	146	126	113	126
40 Insurance companies	1,211	1,084	1,543	1,505	802	774	842	924
41 Nonfinancial corporations	1,441	2,256	2,140	2,037	81	135	130	482
42 Savings and loan associations	1,430	1,152	1,081	950	16	17	19	19
43 State and local governments	1,825	2,670	2,508	2,842	1,530	3,616	3,339	3,520
44 All others	28,733	32,149	41,017	40,912	8,526	9,164	16,340	15,915

NOTE. Direct public issues only. Based on Treasury Survey of Ownership from *Treasury Bulletin* (U.S. Treasury Department).

Data complete for U.S. government agencies and trust funds and Federal Reserve Banks, but data for other groups include only holdings of those institutions that report. The following figures show, for each category, the number and proportion reporting as of Jan. 31, 1980: (1) 5,389 commercial banks, 460 mutual savings banks, and 723 insurance companies, each about 80 percent; (2) 420 nonfinancial corporations and 483 savings and loan associations, each about 50 percent; and (3) 492 state and local governments, about 40 percent.

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

Par value; averages of daily figures, in millions of dollars

Item	1976	1977	1978	1979	1980		1979 and 1980, week ending Wednesday					
				Dec.r	Jan.r	Feb.	Dec. 5	Dec. 12	Dec. 19	Dec. 26	Jan. 2	Jan. 9
1 **U.S. government securities**	**10,449**	**10,838**	**10,285**	**15,620**	**16,180**	**17,530**	**16,973**	**17,851**	**16,122**	**11,581**	**16,169**	**17,656**
By maturity												
2 Bills	6,676	6,746	6,173	10,529	10,519	9,726	10,703	11,275	11,320	7,638	12,194	11,548
3 Other within 1 year	210	237	392	591	488	356	864	561	530	283	845	601
4 1–5 years	2,317	2,320	1,889	2,380	2,694	3,680	2,553	3,033	1,932	2,563	1,968	2,655
5 5–10 years	1,019	1,148	965	1,159	990	2,014	1,720	1,684	1,264	501	542	939
6 Over 10 years	229	388	866	963	1,488	1,754	1,134	1,297	1,077	597	619	1,913
By type of customer												
7 U.S. government securities dealers	1,360	1,267	1,135	1,905	1,720	1,364	2,000	1,701	1,588	1,507	2,817	1,810
8 U.S. government securities brokers	3,407	3,709	3,838	5,384	6,700	7,409	6,524	7,252	5,701	3,370	3,981	7,001
9 Commercial banks	2,426	2,295	1,804	2,025	2,026	2,243	2,105	2,344	1,837	1,891	2,128	2,600
10 All others[1]	3,257	3,568	3,508	6,306	5,734	6,502	6,344	6,554	6,997	4,813	7,243	6,244
11 **Federal agency securities**	**1,548**	**1,729**	**1,894**	**3,068**	**2,839**	**3,051**	**3,055**	**3,223**	**3,268**	**3,284**	**2,252**	**2,540**

1. Includes, among others, all other dealers and brokers in commodities and securities, foreign banking agencies, and the Federal Reserve System.

NOTE. Averages for transactions are based on number of trading days in the period.

Transactions are market purchases and sales of U.S. government securities dealers reporting to the Federal Reserve Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. government securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase, reverse repurchase (resale), or similar contracts.

1.45 U.S. GOVERNMENT SECURITIES DEALERS Positions and Sources of Financing

Par value; averages of daily figures, in millions of dollars

Item	1976	1977	1978	1979	1980		1979, week ending Wednesday					
				Dec.p	Jan.p	Feb.	Nov. 14	Nov. 21	Nov. 28	Dec. 5	Dec. 12	Dec. 19
	Positions[1]											
1 **U.S. government securities**	**7,592**	**5,172**	**2,656**	**3,888**	**3,443**	**2,734**	**4,752**	**3,285**	**5,097**	**4,677**	**5,151**	**3,507**
2 Bills	6,290	4,772	2,452	5,789	4,386	2,941	5,009	4,222	5,777	6,058	7,564	6,084
3 Other within 1 year	188	99	260	-1,548	-1,094	-790	-682	-888	-1,014	-1,249	-1,683	-1,719
4 1–5 years	515	60	-92	-679	-305	28	-300	-530	-132	-642	-1,128	-1,258
5 5–10 years	402	92	40	385	123	327	332	213	338	586	441	409
6 Over 10 years	198	149	-4	-59	333	227	393	267	128	-76	-44	-10
7 **Federal agency securities**	**729**	**693**	**606**	**1,309**	**998**	**236**	**1,544**	**1,497**	**1,538**	**1,267**	**1,236**	**1,150**
	Financing[2]											
8 **All sources**	**8,715**	**9,877**	**10,204**	**20,890**	**16,097**	**15,997**	**18,328**	**19,981**	**20,442**	**21,275**	**21,426**	**22,186**
Commercial banks												
9 New York City	1,896	1,313	599	1,638	869	749	2,107	2,194	1,594	1,578	1,667	1,407
10 Outside New York City	1,660	1,987	2,174	3,707	3,878	3,661	3,238	3,657	3,617	3,857	3,982	3,862
11 Corporations[3]	1,479	2,423	2,370	4,498	3,672	3,731	3,469	4,119	4,817	5,509	5,237	4,777
12 All others	3,681	4,155	5,052	11,048	7,678	7,856	9,514	10,011	10,414	10,332	10,540	12,140

1. New amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase. The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities purchased under agreement to resell.

2. Total amounts outstanding of funds borrowed by nonbank dealer firms and dealer departments of commercial banks against U.S. government and federal agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreement to resell are excluded where the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement.

3. All business corporations except commercial banks and insurance companies.

NOTE. Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt outstanding

Millions of dollars, end of period

Agency	1976	1977	1978	1979 July	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.
1 **Federal and federally sponsored agencies**[1]	**103,848**	**112,472**	**137,063**	**152,653**	**153,788**	**154,753**	**158,298**[r]	**161,653**	**163,290**
2 Federal agencies	22,419	22,760	23,488	24,274	24,415	24,341	24,151	24,224	24,715
3 Defense Department[2]	1,113	983	968	787	777	767	757	748	738
4 Export-Import Bank[3,4]	8,574	8,671	8,711	8,783	8,781	8,886	8,881	8,812	9,191
5 Federal Housing Administration[5]	575	581	588	559	552	551	547	545	537
6 Government National Mortgage Association participation certificates[6]	4,120	3,743	3,141	3,004	3,004	3,004	3,004	3,004	2,979
7 Postal Service[7]	2,998	2,431	2,364	2,202	2,202	1,837	1,837	1,837	1,837
8 Tennessee Valley Authority	4,935	6,015	7,460	8,495	8,655	8,850	8,670	8,825	8,997
9 United States Railway Association[7]	104	336	356	444	444	446	455	453	436
10 Federally sponsored agencies[1]	81,429	89,712	113,575	128,379	129,373	130,412	134,147	137,429	138,575
11 Federal Home Loan Banks	16,811	18,345	27,563	29,600	29,994	30,303	31,874	33,296	33,330
12 Federal Home Loan Mortgage Corporation	1,690	1,686	2,262	2,522	2,720	2,622	2,621	2,621	2,771
13 Federal National Mortgage Association	30,565	31,890	41,080	46,341	46,108	46,378	46,861	47,278	48,486
14 Federal Land Banks	17,127	19,118	20,360	17,075	17,075	17,075	16,006	16,006	16,006
15 Federal Intermediate Credit Banks	10,494	11,174	11,469	4,269	3,427	2,676	2,676	2,676	2,676
16 Banks for Cooperatives	4,330	4,434	4,843	785	785	785	584	584	584
17 Farm Credit Banks[1]	....	2,548	5,081	26,606	28,033	29,297	32,189	33,547	33,216
18 Student Loan Marketing Association[8]	410	515	915	1,180	1,230	1,275	1,335	1,420	1,505
19 Other	2	2	2	1	1	1	1	1	1
MEMO:									
20 **Federal Financing Bank debt**[7,9]	**28,711**	**38,580**	**51,298**	**61,798**	**62,880**	**64,211**	**65,583**	**66,281**	**67,383**
Lending to federal and federally sponsored agencies									
21 Export-Import Bank[4]	5,208	5,834	6,898	7,846	7,846	7,953	7,953	7,953	8,353
22 Postal Service[7]	2,748	2,181	2,114	1,952	1,952	1,587	1,587	1,587	1,587
23 Student Loan Marketing Association[8]	410	515	915	1,180	1,230	1,275	1,335	1,420	1,505
24 Tennessee Valley Authority	3,110	4,190	5,635	6,770	6,930	7,125	6,945	7,100	7,272
25 United States Railway Association[7]	104	336	356	444	444	446	455	453	436
Other Lending[10]									
26 Farmers Home Administration	10,750	16,095	23,825	29,765	30,445	31,080	31,670	31,950	32,050
27 Rural Electrification Administration	1,415	2,647	4,604	5,639	5,754	5,926	6,157	6,272	6,484
28 Other	4,966	6,782	6,951	8,202	8,279	8,819	9,481	9,546	9,696

1. In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued. Lines 1 and 10 reflect the addition of this item.

2. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

3. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

4. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.

5. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

6. Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.

7. Off-budget.

8. Unlike other federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.

9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.47 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1977	1978	1979	1979					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 **All issues, new and refunding**[1]	**46,769**	**48,607**	**43,490**	**3,399**	**4,266**	**2,479**	**4,229**	**4,172**	**3,583**
Type of issue									
2 General obligation	18,042	17,854	12,109	779	743	699	1,037	805	855
3 Revenue	28,655	30,658	31,256	2,617	3,513	1,773	3,180	3,355	2,712
4 Housing Assistance Administration[2]	....	....	....	....	....	....	....	....	....
5 U.S. government loans	72	95	125	3	10	7	12	12	16
Type of issuer									
6 State	6,354	6,632	4,314	234	200	113	294	274	569
7 Special district and statutory authority	21,717	24,156	23,434	1,598	2,558	1,404	2,749	2,697	2,102
8 Municipalities, counties, townships, school districts	18,623	17,718	15,617	1,564	1,498	955	1,174	1,189	896
9 **Issues for new capital, total**	**36,189**	**37,629**	**41,505**	**2,902**	**4,202**	**2,436**	**4,171**	**3,702**	**3,186**
Use of proceeds									
10 Education	5,076	5,003	5,130	383	556	218	311	298	408
11 Transportation	2,951	3,460	2,441	149	151	38	562	97	214
12 Utilities and conservation	8,119	9,026	8,594	608	817	336	1,426	515	409
13 Social welfare	8,274	10,494	15,968	1,166	1,749	1,082	1,191	2,042	1,724
14 Industrial aid	4,676	3,526	3,836	328	422	382	427	369	157
15 Other purposes	7,093	6,120	5,536	268	507	380	254	381	274

1. Par amounts of long-term issues based on date of sale.
2. Only bonds sold pursuant to the 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.

SOURCE. Public Securities Association

1.48 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1977	1978	1979	1979					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 **All issues**[1]	**53,792**	**47,230**	**51,102**	**4,095**	**4,083**	**4,308**	**4,561**	**3,834**	**3,774**
2 **Bonds**	**42,015**	**36,872**	**39,690**	**3,114**	**2,859**	**3,021**	**3,532**	**2,589**	**2,441**
Type of offering									
3 Public	24,072	19,815	25,815	2,247	1,973	2,167	2,669	1,583	1,500
4 Private placement	17,943	17,057	13,877	867	886	854	863	1,006	941
Industry group									
5 Manufacturing	12,204	9,572	9,590	968	806	1,095	1,334	322	265
6 Commercial and miscellaneous	6,234	5,246	3,939	241	413	361	214	207	455
7 Transportation	1,996	2,007	3,054	380	171	175	296	257	187
8 Public utility	8,262	7,092	8,058	174	137	620	1,107	663	743
9 Communication	3,063	3,373	4,198	26	336	418	433	854	55
10 Real estate and financial	10,258	9,586	10,853	1,325	996	353	147	287	737
11 **Stocks**	**11,777**	**10,358**	**11,410**	**981**	**1,224**	**1,287**	**1,029**	**1,245**	**1,333**
Type									
12 Preferred	3,916	2,832	3,650	392	401	698	195	465	289
13 Common	7,861	7,526	7,760	589	823	589	834	780	1,044
Industry group									
14 Manufacturing	1,189	1,241	1,686	38	360	394	151	158	231
15 Commercial and miscellaneous	1,834	1,816	2,623	173	266	218	98	286	430
16 Transportation	456	263	255	....	142	4	....	2	....
17 Public utility	5,865	5,140	5,218	598	366	527	662	607	365
18 Communication	1,379	264	303	68	....	83	47	2	1
19 Real estate and financial	1,049	1,631	1,324	103	91	61	70	190	306

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.

SOURCE. Securities and Exchange Commission.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1978	1979	1979 Aug.	Sept.	Oct.	Nov.	Dec.	1980 Jan.r	Feb.
INVESTMENT COMPANIES[1]									
1 Sales of own shares[2]	6,645	7,495	675	580	617	690	748	957	773
2 Redemptions of own shares[3]	7,231	8,393	832	784	805	579	743	776	882
3 Net sales	−586	−898	−157	−204	−188	111	5	181	−109
4 Assets[4]	44,980	49,493	50,802	50,147	46,271	48,613	49,277r	51,278	49,512
5 Cash position[5]	4,507	4,983	4,924	5,016	4,521	4,984	4,983	5,702	5,895
6 Other	40,473	44,510	45,878	45,131	41,750	43,629	44,294r	45,576	43,617

1. Excluding money market funds.
2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes share redemption resulting from conversions from one fund to another in the same group.
4. Market value at end of period, less current liabilities.
5. Also includes all U.S. government securities and other short-term debt securities.

NOTE. Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Account	1977	1978	1979	1978 Q2	Q3	Q4	1979 Q1	Q2	Q3	Q4
1 **Profits before tax**	**177.1**	**206.0**	**237.4**	**207.2**	**212.0**	**227.4**	**233.3**	**227.9**	**242.3**	**246.2**
2 Profits tax liability	72.6	84.5	92.9	84.7	87.5	95.1	91.3	88.7	94.0	97.4
3 Profits after tax	104.5	121.5	144.5	122.4	124.5	132.3	142.0	139.3	148.3	148.8
4 Dividends	42.1	47.2	52.7	46.0	47.8	49.7	51.5	52.3	52.8	54.4
5 Undistributed profits	62.4	74.3	91.8	76.4	76.8	82.6	90.5	87.0	95.5	94.4
6 Capital consumption allowances	109.3	119.8	131.1	119.1	120.6	123.1	125.5	130.4	132.8	135.2
7 Net cash flow	171.7	194.1	222.9	195.5	197.3	205.7	216.0	217.3	228.3	229.6

SOURCE. *Survey of Current Business* (U.S. Department of Commerce.).

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1975	1976	1977	1978 Q2	1978 Q3	1978 Q4	1979 Q1	1979 Q2	1979 Q3	1979 Q4
1 **Current assets**	**759.0**	**826.3**	**900.9**	**954.2**	**992.6**	**1,028.1**	**1,078.6**	**1,110.6**	**1,169.6**	**1,199.9**
2 Cash	82.1	87.3	94.3	91.3	91.7	103.7	102.4	100.1	103.6	116.2
3 U.S. government securities	19.0	23.6	18.7	17.3	16.1	17.8	19.2	20.8	17.8	17.8
4 Notes and accounts receivable	272.1	293.3	325.0	356.0	376.4	381.9	405.3	419.0	448.9	451.7
5 Inventories	315.9	342.9	375.6	399.3	415.5	428.3	452.6	469.2	492.7	503.9
6 Other	69.9	79.2	87.3	90.3	92.9	96.3	99.1	101.5	106.7	110.3
7 **Current liabilities**	**451.6**	**492.7**	**546.8**	**593.5**	**626.0**	**661.9**	**701.6**	**723.9**	**773.7**	**803.7**
8 Notes and accounts payable	264.2	282.0	313.7	338.0	356.2	375.1	392.6	410.8	443.1	460.8
9 Other	187.4	210.6	233.1	255.6	269.7	286.8	309.0	313.2	330.6	342.8
10 **Net working capital**	**307.4**	**333.6**	**354.1**	**360.6**	**366.6**	**366.2**	**377.0**	**386.7**	**395.9**	**396.3**
11 MEMO: Current ratio[1]	1.681	1.677	1.648	1.608	1.586	1.553	1.537	1.534	1.512	1.493

1. Ratio of total current assets to total current liabilities.

NOTE: For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37.

All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics.

SOURCE. Federal Trade Commission.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Industry	1978	1979	1978 Q3	1978 Q4	1979 Q1	1979 Q2	1979 Q3	1979 Q4	1980 Q1[2]	1980 Q2[2]
1 **All industries**	**153.82**	**177.09**	**155.41**	**163.96**	**165.94**	**173.48**	**179.33**	**186.95**	**189.49**	**193.83**
Manufacturing										
2 Durable goods industries	31.66	38.23	32.25	33.99	34.00	36.86	39.72	41.30	42.60	44.63
3 Nondurable goods industries	35.96	40.69	35.50	39.26	37.56	39.56	40.50	43.88	43.21	44.38
Nonmanufacturing										
4 Mining	4.78	5.56	4.99	4.98	5.46	5.31	5.42	6.06	6.49	5.97
Transportation										
5 Railroad	3.32	3.93	3.38	3.49	4.02	3.66	4.03	4.20	4.08	4.08
6 Air	2.30	3.24	2.20	2.39	3.35	3.26	3.10	3.39	4.50	3.86
7 Other	2.43	2.95	2.47	2.55	2.71	2.79	3.16	3.15	3.42	3.64
Public utilities										
8 Electric	29.48	32.56	24.92	26.95	27.70	28.06	28.32	26.02	27.94	27.96
9 Gas and other	4.70	5.07	4.70	4.78	4.66	5.18	5.01	5.50	5.28	5.61
10 Communication	18.16	20.56	18.90	18.46	18.75	20.29	20.41	22.71	51.97	53.71
11 Commercial and other[1]	25.71	29.35	26.09	27.12	27.73	28.51	29.66	30.72		

1. Includes trade, service, construction, finance, and insurance.
2. Anticipated by business.

NOTE. Estimates for corporate and noncorporate business, excluding agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

Source. *Survey of Current Business* (U.S. Dept. of Commerce).

1.53 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1973	1974	1975	1976	1977	1978	1979 Q1	1979 Q2	1979 Q3	1979 Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	35.4	36.1	36.0	38.6	44.0	52.6	54.9	58.7	62.3	65.7
2 Business	32.3	37.2	39.3	44.7	55.2	63.3	66.7	70.1	68.1	70.3
3 Total	67.7	73.3	75.3	83.4	99.2	116.0	121.6	128.8	130.4	136.0
4 LESS: Reserves for unearned income and losses	8.4	9.0	9.4	10.5	12.7	15.6	16.5	17.7	18.7	20.0
5 Accounts receivable, net	59.3	64.2	65.9	72.9	86.5	100.4	105.1	111.1	111.7	116.0
6 Cash and bank deposits	2.6	3.0	2.9	2.6	2.6	3.5				
7 Securities	.8	.4	1.0	1.1	.9	1.3	23.8[1]	24.6	25.8	24.9
8 All other	10.6	12.0	11.8	12.6	14.3	17.3				
9 **Total assets**	**73.2**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**128.9**	**135.8**	**137.4**	**140.9**
LIABILITIES										
10 Bank loans	7.2	9.7	8.0	6.3	5.9	6.5	6.5	7.3	7.8	8.5
11 Commercial paper	19.7	20.7	22.2	23.7	29.6	34.5	38.1	41.0	39.2	43.3
Debt										
12 Short-term, n.e.c.	4.6	4.9	4.5	5.4	6.2	8.1	6.7	8.8	9.1	8.2
13 Long-term n.e.c.	24.6	26.5	27.6	32.3	36.0	43.6	44.5	46.0	47.5	46.7
14 Other	5.6	5.5	6.8	8.1	11.5	12.6	15.1	14.4	15.4	14.2
15 Capital, surplus, and undivided profits	11.5	12.4	12.5	13.4	15.1	17.2	18.0	18.2	18.4	19.9
16 **Total liabilities and capital**	**73.2**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**128.9**	**135.8**	**137.4**	**140.9**

1. Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.

NOTE. Components may not add to totals due to rounding.

1.54 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Jan. 31, 1980[1]	Changes in accounts receivable 1979 Nov.	1979 Dec.	1980 Jan.	Extensions 1979 Nov.	1979 Dec.	1980 Jan.	Repayments 1979 Nov.	1979 Dec.	1980 Jan.
1 **Total**	**69,503**	**242**	**−561**	**−473**	**16,505**	**16,443**	**16,918**	**16,263**	**17,004**	**17,391**
2 Retail automotive (commercial vehicles)	15,176	−41	−83	−55	1,135	1,096	1,127	1,176	1,179	1,182
3 Wholesale automotive	13,036	−319	−763	−849	5,082	5,028	5,094	5,401	5,791	5,943
4 Retail paper on business, industrial and farm equipment	19,216	261	264	555	1,252	1,398	1,468	991	1,134	913
5 Loans on commercial accounts receivable[2] / 6 Factored commercial accounts receivable[2]	7,027	304	285	180	6,635	6,806	7,085	6,331	6,521	6,905
7 All other business credit	15,048	37	−264	−304	2,401	2,115	2,144	2,364	2,379	2,448

1. Not seasonally adjusted.

2. Beginning January 1979 the categories "Loans on commercial accounts receivable" and "Factored commercial accounts receivable" are combined.

1.55 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1976	1977	1978	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.p
	Terms and yields in primary and secondary markets								
PRIMARY MARKETS									
Conventional mortgages on new homes									
Terms[1]									
1 Purchase price (thousands of dollars)	48.4	54.3	62.6	76.4	77.1	79.4	76.9	79.8	76.1
2 Amount of loan (thousands of dollars)	35.9	40.5	45.9	54.9	55.4	56.0	54.4	56.6	53.9
3 Loan/price ratio (percent)	74.2	76.3	75.3	73.7	73.8	72.9	73.0	72.5	71.8
4 Maturity (years)	27.2	27.9	28.0	28.5	28.5	28.8	28.1	28.8	27.4
5 Fees and charges (percent of loan amount)[2]	1.44	1.33	1.39	1.70	1.82	1.85	2.11	1.79	1.91
6 Contract rate (percent per annum)	8.76	8.80	9.30	10.91	11.04	11.30	11.48	11.60	12.26
Yield (percent per annum)									
7 FHLBB series[3]	8.99	9.01	9.54	11.21	11.37	11.64	11.87	11.93	12.62
8 HUD series[4]	8.99	8.95	9.68	12.15	12.50	12.50	12.80	14.10	14.10
SECONDARY MARKETS									
Yield (percent per annum)									
9 FHA mortgages (HUD series)[5]	8.82	8.68	9.70	n.a.	12.41	12.24	12.60	n.a.	n.a.
10 GNMA securities[6]	8.17	8.04	8.98	11.25	11.57	11.35	11.94	13.16	13.79
FNMA auctions[7]									
11 Government-underwritten loans	8.99	8.73	9.77	12.52	12.75	12.48	12.90	14.48	15.64
12 Conventional loans	9.11	8.98	10.01	12.85	13.66	12.98	13.20	14.12	16.62
	Activity in secondary markets								
FEDERAL NATIONAL MORTGAGE ASSOCIATION									
Mortgage holdings (end of period)									
13 Total	32,904	34,370	43,311	49,744	50,350	51,091	52,106	53,063	n.a.
14 FHA-insured	18,916	18,457	21,243	23,899	24,178	24,489	24,906	25,146	n.a.
15 VA-guaranteed	9,212	9,315	10,544	10,327	10,374	10,496	10,653	10,885	n.a.
16 Conventional	4,776	6,597	11,524	15,517	15,797	16,106	16,546	16,853	n.a.
Mortgage transactions (during period)									
17 Purchases	3,606	4,780	12,303	859	872	893	1,163	730	n.a.
18 Sales	86	67	5	0	0	0	0	0	n.a.
Mortgage commitments[8]									
19 Contracted (during period)	6,247	9,729	18,960	2,369	496	402	508	999	n.a.
20 Outstanding (end of period)	3,398	4,698	9,201	7,472	6,974	6,409	5,671	7,380	n.a.
Auction of 4-month commitments to buy									
Government-underwritten loans									
21 Offered[9]	4,929.8	7,974.1	12,978	2,943.4	558.4	649.2	516.0	1,169.4	1,267.3
22 Accepted	2,787.2	4,846.2	6,747.2	1,130.4	264.6	249.3	213.8	563.7	426.1
Conventional loans									
23 Offered[9]	2,595.7	5,675.2	9,933.0	1,049.9	366.1	413.2	443.1	412.1	918.6
24 Accepted	1,879.2	3,917.8	5,110.9	431.2	190.2	152.4	247.2	147.8	239.9
FEDERAL HOME LOAN MORTGAGE CORPORATION									
Mortgage holdings (end of period)[10]									
25 Total	4,269	3,276	3,064	3,726	3,990	4,035	4,124	4,145	n.a.
26 FHA/VA	1,618	1,395	1,243	1,120	1,112	1,102	1,098	1,092	n.a.
27 Conventional	2,651	1,881	1,822	2,606	2,879	2,933	3,026	3,052	n.a.
Mortgage transactions (during period)									
28 Purchases	1,175	3,900	6,524	552	458	403	280	248	n.a.
29 Sales	1,396	4,131	6,211	530	186	361	180	207	n.a.
Mortgage commitments[11]									
30 Contracted (during period)	1,477	5,546	7,451	504	221	199	296	197	n.a.
31 Outstanding (end of period)	333	1,063	1,410	1,312	1,036	797	779	726	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.
7. Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.
8. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
9. Mortgage amounts offered by bidders are total bids received.
10. Includes participation as well as whole loans.
11. Includes conventional and government-underwritten loans.

1.56 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1977	1978	1979	1978	1979			
				Q4	Q1	Q2	Q3	Q4
1 **All holders**	**1,023,505**	**1,172,754**	**1,334,373**[r]	**1,172,754**	**1,206,213**	**1,252,426**	**1,295,644**	**1,334,373**[r]
2 1- to 4-family	656,566	761,843	872,191[r]	761,843	784,546	816,940	846,115	872,191[r]
3 Multifamily	111,841	121,972	130,758[r]	121,972	123,965	125,916	128,256	130,758[r]
4 Commercial	189,274	212,746	239,093[r]	212,746	217,495	224,499	232,120	239,093[r]
5 Farm	65,824	76,193	92,331[r]	76,193	80,207	85,071	89,153	92,331[r]
6 Major financial institutions	745,011	848,095	940,268[r]	848,095	865,974	894,385	919,967	940,268
7 Commercial banks[1]	178,979	213,963	246,763	213,963	220,063	229,564	239,363	246,763
8 1- to 4-family	105,115	126,966	146,077	126,966	130,585	136,223	142,038	146,077
9 Multifamily	9,215	10,912	12,585	10,912	11,223	11,708	12,208	12,585
10 Commercial	56,898	67,056	77,737	67,056	68,968	71,945	75,016	77,737
11 Farm	7,751	9,029	10,364	9,029	9,287	9,688	10,101	10,364
12 Mutual savings banks	88,104	95,157	98,924	95,157	96,136	97,155	97,929	98,924
13 1- to 4-family	57,637	62,252	64,717	62,252	62,892	63,559	64,065	64,717
14 Multifamily	15,304	16,529	17,183	16,529	16,699	16,876	17,010	17,183
15 Commercial	15,110	16,319	16,965	16,319	16,488	16,662	16,795	16,965
16 Farm	53	57	59	57	57	58	59	59
17 Savings and loan associations	381,163	432,808	475,797	432,808	441,358	456,543	468,307	475,797
18 1- to 4-family	310,686	356,114	394,436	356,114	363,723	377,516	387,992	394,436
19 Multifamily	32,513	36,053	37,588	36,053	36,677	37,071	37,277	37,588
20 Commmercial	37,964	40,641	43,773	40,641	40,958	41,956	43,038	43,773
21 Life insurance companies	96,765	106,167	118,784[r]	106,167	108,417	111,123	114,368	118,784[r]
22 1- to 4-family	14,727	14,436	16,193[r]	14,436	14,507	14,489	14,884	16,193[r]
23 Multifamily	18,807	19,000	19,274[r]	19,000	19,080	19,102	19,107	19,274[r]
24 Commercial	54,388	62,232	71,137[r]	62,232	63,908	66,055	68,513	71,137[r]
25 Farm	8,843	10,499	12,180[r]	10,499	10,922	11,477	11,864	12,180[r]
26 Federal and related agencies	70,006	81,853	97,293	81,853	86,689	90,095	93,143	97,293
27 Government National Mortgage Association	3,660	3,509	3,852	3,509	3,448	3,425	3,382	3,852
28 1- to 4-family	1,548	877	763	877	821	800	780	763
29 Multifamily	2,112	2,632	3,089	2,632	2,627	2,625	2,602	3,089
30 Farmers Home Administration	1,353	926	1,274	926	956	1,200	1,383	1,274
31 1- to 4-family	626	288	417	288	302	363	163	417
32 Multifamily	275	320	71	320	180	75	299	71
33 Commercial	149	101	174	101	283	278	262	174
34 Farm	303	217	612	217	191	484	659	612
35 Federal Housing and Veterans Administration	5,212	5,419	5,764	5,419	5,522	5,597	5,672	5,764
36 1- to 4-family	1,627	1,641	1,863	1,641	1,693	1,744	1,795	1,863
37 Multifamily	3,585	3,778	3,901	3,778	3,829	3,853	3,877	3,901
38 Federal National Mortgage Association	34,369	43,311	51,091	43,311	46,410	48,206	49,173	51,091
39 1- to 4-family	28,504	37,579	45,488	37,579	40,702	42,543	43,534	45,488
40 Multifamily	5,865	5,732	5,603	5,732	5,708	5,663	5,639	5,603
41 Federal Land Banks	22,136	25,624	31,277	25,624	26,893	28,459	29,804	31,277
42 1- to 4-family	670	927	1,552	927	1,042	1,198	1,374	1,552
43 Farm	21,466	24,697	29,725	24,697	25,851	27,261	28,430	29,725
44 Federal Home Loan Mortgage Corporation	3,276	3,064	4,035	3,064	3,460	3,208	3,729	4,035
45 1- to 4-family	2,738	2,407	3,059	2,407	2,685	2,489	2,850	3,059
46 Multifamily	538	657	976	657	775	719	879	976
47 Mortgage pools or trusts[2]	70,289	88,633	119,278	88,633	94,551	102,259	110,648	119,278
48 Government National Mortgage Association	44,896	54,347	76,401	54,347	57,955	63,000	69,357	76,401
49 1- to 4-family	43,555	52,732	74,546	52,732	56,269	61,246	67,535	74,546
50 Multifamily	1,341	1,615	1,855	1,615	1,686	1,754	1,822	1,855
51 Federal Home Loan Mortgage Corporation	6,610	11,892	15,180	11,892	12,467	13,708	14,421	15,180
52 1- to 4-family	5,621	9,657	12,149	9,657	10,088	11,096	11,568	12,149
53 Multifamily	989	2,235	3,031	2,235	2,379	2,612	2,853	3,031
54 Farmers Home Administration	18,783	22,394	27,697	22,394	24,129	25,551	26,870	27,697
55 1- to 4-family	11,397	13,400	14,884	13,400	13,883	14,329	14,972	14,884
56 Multifamily	759	1,116	2,163	1,116	1,465	1,764	1,763	2,163
57 Commercial	2,945	3,560	4,328	3,560	3,660	3,833	4,054	4,328
58 Farm	3,682	4,318	6,322	4,318	5,121	5,625	6,081	6,322
59 Individual and others[3]	138,199	154,173	177,534[r]	154,173	158,999	165,687	171,886	177,534[r]
60 1- to 4-family	72,115	82,567	96,047[r]	82,567	85,354	89,345	92,565	96,047[r]
61 Multifamily	20,538	21,393	23,439	21,393	21,637	22,094	22,920	23,439
62 Commerical	21,820	22,837	24,979[r]	22,837	23,230	23,770	24,442	24,979[r]
63 Farm	23,726	27,376	33,069[r]	27,376	28,778	30,478	31,959	33,069[r]

1. Includes loans held by nondeposit trust companies but not bank trust departments.
2. Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.
3. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or separate data are not readily available.

NOTE. Based on data from various institutional and government sources, with some quarters estimated in part by the Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Department of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations when required, are estimated mainly by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

1.57 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1977	1978	1979	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.
	Amounts outstanding (end of period)									
1 **Total**	**230,829**	**275,629**	**311,122**	**299,813**	**303,902**	**305,217**	**307,641**	**311,122**	**308,984**	**308,268**
By major holder										
2 Commercial banks	112,373	136,189	149,604	147,312	148,657	149,152	149,057	149,604	148,868	148,249
3 Finance companies	44,868	54,298	68,318	63,362	64,822	65,692	67,164	68,318	68,724	69,623
4 Credit unions	37,605	45,939	48,186	48,631	49,214	48,770	48,673	48,186	47,270	46,707
5 Retailers[2]	23,490	24,876	27,916	24,114	24,446	24,860	25,732	27,916	26,985	26,309
6 Savings and loans	7,354	8,394	10,361	9,760	9,972	10,073	10,241	10,361	10,320	10,543
7 Gasoline companies	2,963	3,240	4,316	4,048	4,244	4,174	4,281	4,316	4,433	4,467
8 Mutual savings banks	2,176	2,693	2,421	2,586	2,547	2,496	2,493	2,421	2,384	2,370
By major type of credit										
9 Automobile	82,911	102,468	115,022	113,351	114,765	114,876	115,121	115,022	114,761	115,007
10 Commercial banks	49,577	60,564	65,229	65,389	65,813	65,973	65,646	65,229	64,824	64,544
11 Indirect paper	27,379	33,850	37,209	36,887	37,267	37,469	37,334	37,209	37,020	36,949
12 Direct loans	22,198	26,714	28,020	28,502	28,546	28,504	28,312	28,020	27,804	27,595
13 Credit unions	18,099	21,967	23,042	23,255	23,534	23,322	23,275	23,042	22,604	22,335
14 Finance companies	15,235	19,937	26,751	24,707	25,418	25,581	26,200	26,751	27,333	28,128
15 Revolving	39,274	47,051	55,330	49,270	50,422	50,883	52,060	55,330	54,420	53,522
16 Commercial banks	18,374	24,434	28,954	26,782	27,446	27,600	27,827	28,954	28,841	28,575
17 Retailers	17,937	19,377	22,060	18,440	18,732	19,109	19,952	22,060	21,146	20,480
18 Gasoline companies	2,963	3,240	4,316	4,048	4,244	4,174	4,281	4,316	4,433	4,467
19 Mobile home	15,141	16,042	17,409	16,972	17,105	17,244	17,349	17,409	17,387	17,476
20 Commercial banks	9,124	9,553	9,991	9,912	9,940	10,013	10,036	9,991	9,968	9,974
21 Finance companies	3,077	3,152	3,390	3,231	3,258	3,295	3,321	3,390	3,415	3,428
22 Savings and loans	2,538	2,848	3,516	3,312	3,384	3,418	3,475	3,516	3,502	3,578
23 Credit unions	402	489	512	517	523	518	517	512	502	496
24 Other	93,503	110,068	123,361	120,220	121,610	122,214	123,111	123,361	122,416	122,263
25 Commercial banks	35,298	41,638	45,430	45,229	45,458	45,566	45,548	45,430	45,235	45,156
26 Finance companies	26,556	31,209	38,177	35,424	36,146	36,816	37,643	38,177	37,976	38,067
27 Credit unions	19,104	23,483	24,632	24,859	25,157	24,930	24,881	24,632	24,164	23,876
28 Retailers	5,553	5,499	5,856	5,674	5,714	5,751	5,780	5,856	5,839	5,829
29 Savings and loans	4,816	5,546	6,845	6,448	6,588	6,655	6,766	6,845	6,818	6,965
30 Mutual savings banks	2,176	2,693	2,421	2,586	2,547	2,496	2,493	2,421	2,384	2,370
	Net change (during period)[3]									
31 **Total**	**35,278**	**44,810**	**35,491**	**2,446**	**4,446**	**2,186**	**2,407**	**1,349**	**1,372**	**2,386**
By major holder										
32 Commercial banks	18,645	23,813	13,414	866	1,521	771	283	218	433	783
33 Finance companies	5,948	9,430	14,020	549	1,773	1,076	1,340	1,087	1,096	1,467
34 Credit unions	6,436	8,334	2,247	391	411	-152	-44	-455	-324	-373
35 Retailers[2]	2,654	1,386	3,040	332	443	335	477	282	120	53
36 Savings and loans	1,111	1,041	1,967	253	207	76	143	165	7	306
37 Gasoline companies	132	276	1,076	116	127	122	218	115	50	166
38 Mutual savings banks	352	530	-273	-61	-36	-42	-10	-63	-10	-16
By major type of credit										
39 Automobile	15,204	19,557	12,554	594	1,823	487	533	682	972	881
40 Commercial banks	9,956	10,987	4,665	172	762	203	-76	122	83	22
41 Indirect paper	5,307	6,471	3,359	188	542	237	40	260	72	48
42 Direct loans	4,649	4,516	1,306	-16	220	-34	-116	-138	11	-26
43 Credit unions	2,861	3,868	1,075	177	218	-79	-24	-213	-134	-177
44 Finance companies	2,387	4,702	6,814	245	843	363	633	773	1,023	1,036
45 Revolving	6,248	7,776	8,279	787	1,057	664	799	432	289	575
46 Commercial banks	4,015	6,060	4,520	365	546	253	136	24	109	383
47 Retailers	2,101	1,440	2,683	306	384	289	445	293	130	26
48 Gasoline companies	132	276	1,076	116	127	122	218	115	50	166
49 Mobile home	565	897	1,366	182	89	150	103	108	120	198
50 Commercial banks	387	426	437	59	10	105	33	-22	68	57
51 Finance companies	-189	74	238	13	17	27	19	84	48	32
52 Savings and loans	297	310	668	106	57	21	52	51	10	115
53 Credit unions	70	87	23	4	5	-3	-1	-5	-6	-6
54 Other	13,261	16,580	13,292	883	1,477	885	972	127	-9	732
55 Commercial banks	4,287	6,340	3,792	270	203	210	190	94	173	321
56 Finance companies	3,750	4,654	6,968	291	913	686	688	230	25	399
57 Credit unions	3,505	4,379	1,149	210	188	-70	-19	-237	-184	-190
58 Retailers	553	-54	357	26	59	46	32	-11	-10	27
59 Savings and loans	814	731	1,299	147	150	55	91	114	-3	191
60 Mutual savings banks	352	530	-273	-61	-36	-42	-10	-63	-10	-16

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.

2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

3. Net change equals extensions minus liquidations (repayments, charge-offs, and other credit); figures for all months are seasonally adjusted.

NOTE. Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to $70.9 billion at the end of 1979, $64.7 billion at the end of 1978, $58.6 billion at the end of 1977, and $55.4 billion at the end of 1976.

1.58 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars

Holder, and type of credit	1977	1978	1979	1979 Aug.	Sept.	Oct.	Nov.	Dec.	1980 Jan.	Feb.
					Extensions[1]					
1 **Total**	**254,071**	**298,351**	**322,558**	**27,583**	**28,634**	**27,695**	**26,464**	**25,671**	**26,702**	**27,146**
By major holder										
2 Commercial banks	117,896	142,720	149,599	12,700	13,172	12,718	11,738	11,370	12,126	12,004
3 Finance companies	41,989	50,505	61,518	5,133	5,489	5,642	5,105	5,249	5,540	5,709
4 Credit unions	34,028	40,023	36,778	3,361	3,363	2,942	2,808	2,396	2,527	2,495
5 Retailers[2]	39,133	41,619	46,092	3,921	4,082	3,930	4,161	4,054	4,010	4,042
6 Savings and loans	4,485	5,050	7,333	728	678	571	606	632	485	775
7 Gasoline companies	14,617	16,125	19,607	1,640	1,734	1,773	1,913	1,895	1,889	2,004
8 Mutual savings banks	1,923	2,309	1,631	100	116	119	133	75	125	117
By major type of credit										
9 Automobile	75,641	88,987	91,847	7,667	8,430	7,676	7,066	7,131	7,780	7,659
10 Commercial banks	46,363	53,028	50,596	4,085	4,544	4,185	3,640	3,808	4,026	3,936
11 Indirect paper	25,149	29,336	28,183	2,276	2,569	2,376	2,009	2,181	2,154	2,096
12 Direct loans	21,214	23,692	22,413	1,809	1,975	1,809	1,631	1,627	1,872	1,840
13 Credit unions	16,616	19,486	18,301	1,661	1,655	1,434	1,399	1,223	1,348	1,338
14 Finance companies	12,662	16,473	22,950	1,921	2,231	2,057	2,027	2,100	2,406	2,385
15 Revolving	86,756	104,587	120,728	10,371	10,699	10,424	10,613	10,196	10,475	10,458
16 Commercial banks	38,256	51,531	60,406	5,280	5,398	5,165	5,014	4,683	5,030	4,920
17 Retailers	33,883	36,931	40,715	3,451	3,567	3,486	3,686	3,618	3,556	3,534
18 Gasoline companies	14,617	16,125	19,607	1,640	1,734	1,773	1,913	1,895	1,889	2,004
19 Mobile home	5,425	6,067	6,395	655	531	582	515	490	558	597
20 Commercial banks	3,466	3,704	3,720	362	294	374	294	245	351	304
21 Finance companies	643	886	797	67	69	83	69	97	87	80
22 Savings and loans	1,120	1,239	1,687	206	148	114	139	140	112	207
23 Credit unions	196	238	191	20	20	11	13	8	8	6
24 Other	86,249	98,710	103,588	8,890	8,974	9,013	8,270	7,854	7,889	8,432
25 Commercial banks	29,811	34,457	34,877	2,973	2,936	2,994	2,790	2,634	2,719	2,844
26 Finance companies	28,684	33,146	37,771	3,145	3,189	3,502	3,009	3,052	3,047	3,244
27 Credit unions	17,216	20,299	18,286	1,680	1,688	1,497	1,396	1,165	1,171	1,151
28 Retailers	5,250	4,688	5,377	470	515	444	475	436	454	508
29 Savings and loans	3,365	3,811	5,646	522	530	457	467	492	373	568
30 Mutual savings banks	1,923	2,309	1,631	100	116	119	133	75	125	117
					Liquidations[1]					
31 **Total**	**218,793**	**253,541**	**287,067**	**25,137**	**24,188**	**25,509**	**24,057**	**24,322**	**25,330**	**24,760**
By major holder										
32 Commercial banks	99,251	118,907	136,185	11,834	11,651	11,947	11,455	11,152	11,693	11,221
33 Finance companies	36,041	41,075	47,498	4,584	3,716	4,566	3,765	4,162	4,444	4,242
34 Credit unions	27,592	31,689	34,531	2,970	2,952	3,094	2,852	2,851	2,851	2,868
35 Retailers[2]	36,479	40,233	43,052	3,589	3,639	3,595	3,684	3,772	3,890	3,989
36 Savings and loans	3,374	4,009	5,366	475	471	495	463	467	478	469
37 Gasoline companies	14,485	15,849	18,531	1,524	1,607	1,651	1,695	1,780	1,839	1,838
38 Mutual savings banks	1,571	1,779	1,904	161	152	161	143	138	135	133
By major type of credit										
39 Automobile	60,437	69,430	79,293	7,073	6,607	7,189	6,533	6,449	6,808	6,778
40 Commercial banks	36,407	42,041	45,931	3,913	3,782	3,982	3,716	3,686	3,943	3,914
41 Indirect paper	19,842	22,865	24,824	2,088	2,027	2,139	1,969	1,921	2,082	2,048
42 Direct loans	16,565	19,176	21,107	1,825	1,755	1,843	1,747	1,765	1,861	1,866
43 Credit unions	13,755	15,618	17,226	1,484	1,437	1,513	1,423	1,436	1,482	1,515
44 Finance companies	10,275	11,771	16,136	1,676	1,388	1,694	1,394	1,327	1,383	1,349
45 Revolving	80,508	96,811	112,449	9,584	9,642	9,760	9,814	9,764	10,186	9,883
46 Commercial banks	34,241	45,471	55,886	4,915	4,852	4,912	4,878	4,659	4,921	4,537
47 Retailers	31,782	35,491	38,032	3,145	3,183	3,197	3,241	3,325	3,426	3,508
48 Gasoline companies	14,485	15,849	18,531	1,524	1,607	1,651	1,695	1,780	1,839	1,838
49 Mobile home	4,860	5,170	5,029	473	442	432	412	382	438	399
50 Commercial banks	3,079	3,278	3,283	303	284	269	261	267	283	247
51 Finance companies	832	812	559	54	52	56	50	13	39	48
52 Savings and loans	823	929	1,019	100	91	93	87	89	102	92
53 Credit unions	126	151	168	16	15	14	14	13	14	12
54 Other	72,988	82,130	90,296	8,007	7,497	8,128	7,298	7,727	7,898	7,700
55 Commercial banks	25,524	28,117	31,085	2,703	2,733	2,784	2,600	2,540	2,546	2,523
56 Finance companies	24,934	28,492	30,803	2,854	2,276	2,816	2,321	2,822	3,022	2,845
57 Credit unions	13,711	15,920	17,137	1,470	1,500	1,567	1,415	1,402	1,355	1,341
58 Retailers	4,697	4,742	5,020	444	456	398	443	447	464	481
59 Savings and loans	2,551	3,080	4,347	375	380	402	376	378	376	377
60 Mutual savings banks	1,571	1,779	1,904	161	152	161	143	138	135	133

1. Monthly figures are seasonally adjusted.

2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

1.59 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Transaction category, sector	1973	1974	1975	1976	1977	1978	1976	1977		1978		1979
							H2	H1	H2	H1	H2	H1
	Nonfinancial sectors											
1 **Total funds raised**	**203.1**	**191.3**	**210.8**	**271.9**	**338.5**	**400.3**	**274.9**	**298.1**	**378.9**	**384.5**	**416.1**	**384.3**
2 Excluding equities	195.4	187.4	200.7	261.1	335.4	398.2	266.8	296.9	373.8	387.1	409.3	381.6
By sector and instrument												
3 U.S. government	8.3	11.8	85.4	69.0	56.8	53.7	61.4	46.1	67.4	61.4	46.0	27.3
4 Treasury securities	7.9	12.0	85.8	69.1	57.6	55.1	61.8	46.7	68.6	62.3	47.9	29.6
5 Agency issues and mortgages	.4	−.2	−.4	−.1	−.9	−1.4	−.3	−.6	−1.2	−.9	−1.9	−2.3
6 All other nonfinancial sectors	194.9	179.5	125.4	202.9	281.8	346.6	213.4	252.0	311.5	323.1	370.2	357.0
7 Corporate equities	7.7	3.8	10.1	10.8	3.1	2.1	8.1	1.2	5.1	−2.6	6.8	2.7
8 Debt instruments	187.2	175.6	115.3	192.0	278.6	344.5	205.4	250.8	306.4	325.7	363.4	354.3
9 Private domestic nonfinancial sectors	188.8	164.1	112.1	182.0	267.9	314.4	192.3	241.5	294.2	302.5	326.3	340.2
10 Corporate equities	7.9	4.1	9.9	10.5	2.7	2.6	7.7	.5	4.9	−1.8	7.0	2.8
11 Debt instruments	180.9	160.0	102.1	171.5	265.1	311.8	184.6	241.0	289.3	304.3	319.2	337.4
12 Debt capital instruments	105.1	98.0	98.4	123.5	175.6	196.6	126.5	158.7	192.5	188.0	205.1	202.6
13 State and local obligations	14.7	16.5	16.1	15.7	23.7	28.3	10.9	22.3	25.0	27.8	28.7	17.4
14 Corporate bonds	9.2	19.7	27.2	22.8	21.0	20.1	22.9	16.6	25.4	20.6	19.6	23.3
Mortgages												
15 Home	46.4	34.8	39.5	63.7	96.4	104.5	70.0	89.7	103.1	99.8	109.2	111.0
16 Multifamily residential	10.4	6.9	*	1.8	7.4	10.2	3.1	6.4	8.4	9.3	11.2	8.1
17 Commercial	18.9	15.1	11.0	13.4	18.4	23.3	12.5	14.8	21.9	21.2	25.4	25.7
18 Farm	5.5	5.0	4.6	6.1	8.8	10.2	7.3	9.0	8.7	9.3	11.1	17.1
19 Other debt instruments	75.8	62.0	3.8	48.0	89.5	115.2	58.0	82.3	96.7	116.3	114.1	134.8
20 Consumer credit	26.0	9.9	9.7	25.6	40.6	50.6	27.6	36.6	44.5	50.1	51.0	48.2
21 Bank loans n.e.c.	37.1	31.7	−12.3	4.0	27.0	37.3	10.8	27.3	26.7	43.1	31.4	46.9
22 Open market paper	2.5	6.6	−2.6	4.0	2.9	5.2	2.3	3.4	2.4	5.3	5.1	10.8
23 Other	10.3	13.7	9.0	14.4	19.0	22.2	17.4	14.9	23.2	17.8	26.5	28.9
24 By borrowing sector	188.8	164.1	112.1	182.0	267.9	314.4	192.3	241.5	294.2	302.5	326.3	340.2
25 State and local governments	13.2	15.5	13.7	15.2	20.4	23.6	11.7	15.7	25.0	21.0	26.1	14.4
26 Households	80.1	51.2	49.5	90.7	139.9	162.6	98.8	129.4	150.4	156.1	169.1	167.5
27 Farm	9.6	8.0	8.8	10.9	14.7	18.1	11.9	15.7	13.8	15.3	20.8	23.6
28 Nonfarm noncorporate	13.0	7.7	2.0	5.4	12.5	15.7	5.8	13.4	12.5	16.3	14.5	15.1
29 Corporate	73.0	81.7	38.1	59.8	80.3	94.5	64.1	67.3	92.4	93.7	95.8	119.4
30 Foreign	6.1	15.4	13.3	20.8	13.9	32.3	21.1	10.5	17.3	20.6	43.9	16.9
31 Corporate equities	−.2	−.2	.2	.3	.4	−.5	.3	.6	.2	−.8	−.2	−.1
32 Debt instruments	6.3	15.7	13.2	20.5	13.5	32.8	20.8	9.9	17.1	21.4	44.1	16.9
33 Bonds	1.0	2.1	6.2	8.6	5.1	4.0	9.7	4.4	5.7	5.0	3.0	3.5
34 Bank loans n.e.c.	2.7	4.7	3.9	6.8	3.1	18.3	5.1	−.4	6.5	9.3	27.3	4.3
35 Open market paper	.9	7.3	.3	1.9	2.4	6.6	2.4	2.7	2.2	3.6	9.6	6.1
36 U.S. government loans	1.7	1.6	2.8	3.3	3.0	3.9	3.6	3.1	2.9	3.6	4.2	3.1
	Financial sectors											
37 **Total funds raised**	**44.8**	**39.2**	**12.7**	**24.1**	**54.0**	**81.4**	**28.5**	**47.7**	**60.3**	**80.7**	**82.1**	**87.8**
By instrument												
38 U.S. government related	19.9	23.1	13.5	18.6	26.3	41.4	20.7	22.6	29.9	38.5	44.3	45.9
39 Sponsored credit agency securities	16.3	16.6	2.3	3.3	7.0	23.1	4.3	7.1	6.8	21.9	24.3	21.7
40 Mortgage pool securities	3.6	5.8	10.3	15.7	20.5	18.3	17.2	17.9	23.1	16.6	20.1	24.2
41 Loans from U.S. government	0	.7	.9	−.4	−1.2	0	−.7	−2.3	0	0	0	0
42 Private financial sectors	24.9	16.2	−.8	5.5	27.7	40.0	7.8	25.1	30.4	42.2	37.8	41.9
43 Corporate equities	1.5	.3	.6	1.0	.9	1.7	2.3	.9	.8	2.2	1.1	2.5
44 Debt instruments	23.4	15.9	−1.4	4.4	26.9	38.3	5.6	24.2	29.6	40.0	36.7	39.3
45 Corporate bonds	3.5	2.1	2.9	5.8	10.1	7.5	5.1	10.2	10.1	8.5	6.4	8.9
46 Mortgages	−1.2	−1.3	2.3	2.1	3.1	.9	2.8	3.1	3.0	2.1	−.3	−.4
47 Bank loans n.e.c.	9.0	4.6	−3.7	−3.7	−.3	2.8	−5.3	−1.8	1.2	2.5	3.1	−1.3
48 Open market paper and RPs	4.9	3.8	1.1	2.2	9.6	14.6	5.0	9.8	9.5	13.5	15.7	24.5
49 Loans from FHLBs	7.2	6.7	−4.0	−2.0	4.3	12.5	−2.0	2.9	5.8	13.2	11.8	7.7
By sector												
50 Sponsored credit agencies	16.3	17.3	3.2	2.6	5.8	23.1	3.5	4.7	6.8	21.9	24.3	21.7
51 Mortgage pools	3.6	5.8	10.3	15.7	20.5	18.3	17.2	17.9	23.1	16.6	20.1	24.2
52 Private financial sectors	24.9	16.2	−.8	5.5	27.7	40.0	7.8	25.1	30.4	42.2	37.8	41.9
53 Commercial banks	1.2	1.2	1.2	2.3	1.1	1.3	2.1	.8	1.5	1.5	1.1	1.1
54 Bank affiliates	2.2	3.5	.3	−.8	1.3	6.7	−.3	1.3	1.2	5.8	7.6	6.2
55 Savings and loan associations	6.0	4.8	−2.3	.1	9.9	14.3	.3	8.3	11.5	16.4	12.2	9.8
56 Other insurance companies	.5	.9	1.0	.9	.9	1.1	.9	.9	1.0	1.0	1.1	1.0
57 Finance companies	9.5	6.0	.5	6.4	17.6	18.6	7.2	16.7	18.5	18.9	18.2	24.4
58 REITs	6.5	.6	−1.4	−2.4	−2.2	−1.0	−2.7	−2.4	−2.0	−1.0	−1.0	−.5
59 Open-end investment companies	−1.2	−.7	−.1	−1.0	−.9	−1.0	.4	−.6	−1.3	−.5	−1.5	−.3
	All sectors											
60 **Total funds raised, by instrument**	**248.0**	**230.5**	**223.5**	**296.0**	**392.5**	**481.7**	**303.4**	**345.8**	**439.2**	**465.2**	**498.3**	**472.1**
61 Investment company shares	−1.2	−.7	−.1	−1.0	−.9	−1.0	.4	−.6	−1.3	−.5	−1.5	−.3
62 Other corporate equities	10.4	4.8	10.8	12.9	4.9	4.7	9.9	2.6	7.2	.1	9.4	5.5
63 Debt instruments	238.8	226.4	212.8	284.1	388.5	478.0	293.1	343.8	433.3	465.5	490.4	466.9
64 U.S. government securities	28.3	34.3	98.2	88.1	84.3	95.2	82.9	71.2	97.4	100.0	90.4	73.4
65 State and local obligations	14.7	16.5	16.1	15.7	23.7	28.3	10.9	22.3	25.0	27.8	28.7	17.4
66 Corporate and foreign bonds	13.6	23.9	36.4	37.2	36.1	31.6	37.7	31.2	41.1	34.2	29.1	35.7
67 Mortgages	79.9	60.5	57.2	87.1	134.0	149.0	95.5	122.9	145.1	141.6	156.4	161.4
68 Consumer credit	26.0	9.9	9.7	25.6	40.6	50.6	27.6	36.6	44.5	50.1	51.0	48.2
69 Bank loans n.e.c.	48.8	41.0	−12.2	7.0	29.8	58.4	10.6	25.1	34.4	54.9	61.8	49.8
70 Open market paper and RPs	8.3	17.7	−1.2	8.1	15.0	26.4	9.6	15.9	14.0	22.4	30.4	41.3
71 Other loans	19.1	22.7	8.7	15.3	25.2	38.6	18.23	18.5	31.8	34.6	42.5	39.8

1.60 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; quarterly data are at seasonally adjusted annual rates

Transaction category, or sector	1973	1974	1975	1976	1977	1978	1976	1977		1978		1979
							H2	H1	H2	H1	H2	H1
1 **Total funds advanced in credit markets to nonfinancial sectors**	**195.4**	**187.4**	**200.7**	**261.1**	**355.4**	**398.2**	**266.8**	**296.9**	**373.8**	**387.1**	**409.3**	**381.6**
By public agencies and foreign												
2 Total net advances	31.8	53.7	44.6	54.3	85.1	109.7	60.3	66.1	104.2	102.8	116.6	45.1
3 U.S. government securities	9.5	11.9	22.5	26.8	40.2	43.9	30.2	27.1	53.3	43.7	44.0	-27.6
4 Residential mortgages	8.2	14.7	16.2	12.8	20.4	26.5	14.7	18.9	22.0	22.2	30.7	33.7
5 FHLB advances to S&Ls	7.2	6.7	-4.0	-2.0	4.3	12.5	-2.0	2.9	5.8	13.2	11.8	7.7
6 Other loans and securities	6.9	20.5	9.8	16.6	20.2	26.9	17.4	17.2	23.1	23.7	30.1	31.2
Total advanced, by sector												
7 U.S. government	2.8	9.8	15.1	8.9	11.8	20.4	11.9	5.9	17.8	19.4	21.4	24.3
8 Sponsored credit agencies	19.1	26.5	14.8	20.3	26.8	44.6	22.2	21.6	32.0	39.4	49.8	50.6
9 Monetary authorities	9.2	6.2	8.5	9.8	7.1	7.0	6.2	10.2	4.0	13.4	.5	-.8
10 Foreign	.6	11.2	6.1	15.2	39.4	37.7	20.0	28.3	50.4	30.6	44.9	-28.9
11 Agency borrowing not included in line 1	19.9	23.1	13.5	18.6	26.3	41.4	20.7	22.6	29.9	38.5	44.3	45.9
Private domestic funds advanced												
12 Total net advances	183.6	156.8	169.7	225.4	276.5	330.0	227.2	253.5	299.6	322.8	337.1	382.4
13 U.S. government securities	18.8	22.4	75.7	61.3	44.1	51.3	52.7	44.1	44.1	56.3	46.4	100.9
14 State and local obligations	14.7	16.5	16.1	15.7	23.7	28.3	10.9	22.3	25.0	27.8	28.7	17.4
15 Corporate and foreign bonds	10.0	20.9	32.8	30.5	22.5	22.5	31.8	18.0	27.0	24.1	20.9	26.9
16 Residential mortgages	48.4	26.9	23.2	52.7	83.3	88.2	58.2	77.1	89.4	86.7	89.6	85.3
17 Other mortgages and loans	98.8	76.8	17.9	63.3	107.3	152.2	71.6	94.9	119.7	141.1	163.3	159.7
18 LESS: FHLB advances	7.2	6.7	-4.0	-2.0	4.3	12.5	-2.0	2.9	5.8	13.2	11.8	7.7
Private financial intermediation												
19 Credit market funds advanced by private financial institutions	161.3	125.5	122.5	190.3	255.9	296.9	202.2	249.1	265.0	301.7	292.0	320.6
20 Commercial banking	84.6	66.6	29.4	59.6	87.6	128.7	68.3	84.6	90.7	132.5	125.0	130.3
21 Savings institutions	35.1	24.2	53.5	70.8	82.0	75.9	70.4	81.4	82.6	75.8	75.9	57.8
22 Insurance and pension funds	23.7	29.8	40.6	49.9	67.9	73.5	47.9	65.2	70.6	76.9	70.2	79.9
23 Other finance	17.9	4.8	-1.0	10.0	18.4	18.7	15.5	18.0	21.2	16.6	20.8	52.6
24 Source of funds	161.3	125.5	122.5	190.3	255.9	296.9	202.2	249.1	265.0	301.7	292.0	320.6
25 Private domestic deposits	97.3	67.5	92.0	124.6	141.2	142.5	132.4	138.6	143.8	138.3	146.7	118.1
26 Credit market borrowing	23.4	15.9	-1.4	4.4	26.9	38.3	5.6	24.2	29.6	40.0	36.7	39.3
27 Other sources	40.6	42.1	32.0	61.3	87.8	116.0	64.2	86.2	91.7	123.5	108.6	163.2
28 Foreign funds	3.0	10.3	-8.7	-4.6	1.2	6.3	-2.8	1.6	.8	5.7	6.9	53.1
29 Treasury balances	-1.0	-5.1	-1.7	-.1	4.3	6.8	-3.9	.1	8.5	1.9	11.6	5.5
30 Insurance and pension reserves	18.4	26.2	29.7	34.5	49.4	62.7	33.2	45.3	53.4	66.2	59.2	60.4
31 Other, net	20.2	10.6	12.7	31.4	32.9	40.3	37.8	39.3	29.0	49.6	31.0	44.2
Private domestic nonfinancial investors												
32 Direct lending in credit markets	45.7	47.2	45.8	39.5	47.5	71.4	30.6	28.6	64.1	61.1	81.7	101.1
33 U.S. government securities	18.8	18.9	24.1	16.1	23.0	33.2	11.0	11.9	34.2	32.1	34.4	64.3
34 State and local obligations	5.4	9.3	8.4	3.8	2.6	4.5	-1.5	-.5	5.7	7.0	2.0	-.8
35 Corporate and foreign bonds	2.0	5.1	8.4	5.8	-3.3	-1.4	6.0	-.1	-6.5	-3.7	1.0	2.2
36 Commercial paper	9.8	5.8	-1.3	1.9	9.5	16.3	1.6	8.2	10.8	8.2	24.4	10.4
37 Other	9.7	8.0	6.2	11.8	15.7	18.7	13.5	9.2	19.9	17.5	20.0	25.1
38 Deposits and currency	101.2	73.8	98.1	131.9	149.5	151.8	141.0	144.5	154.5	148.7	154.8	128.1
39 Security RPs	11.0	-2.2	.2	2.3	2.2	7.5	3.2	4.3	.2	9.8	5.1	18.5
40 Money market fund shares	......	2.4	1.3	*	.2	6.9	.5	-.5	.9	6.1	7.7	30.2
41 Time and savings accounts	75.7	65.4	84.0	113.5	121.0	115.2	122.9	115.3	126.7	110.7	119.8	73.7
42 Large negotiable CDs	17.8	18.4	-14.3	-13.6	9.0	10.8	-7.8	-4.5	22.6	10.1	11.4	-40.6
43 Other at commercial banks	29.5	25.3	38.8	57.9	43.0	43.3	61.5	47.5	38.4	42.1	44.5	58.7
44 At savings institutions	28.5	21.8	59.4	69.1	69.0	61.1	69.3	72.3	65.7	58.5	63.8	55.5
45 Money	14.5	8.2	12.6	16.1	26.1	22.2	14.3	25.4	26.8	22.1	22.3	5.7
46 Demand deposits	10.6	1.9	6.4	8.8	17.8	12.9	5.8	19.6	16.1	11.6	14.2	-4.2
47 Currency	3.9	6.3	6.2	7.3	8.3	9.3	8.6	5.8	10.8	10.5	8.1	10.0
48 **Total of credit market instruments, deposits and currency**	**146.9**	**121.0**	**143.9**	**171.4**	**197.0**	**223.2**	**171.6**	**173.1**	**218.6**	**209.8**	**236.6**	**229.2**
49 Public support rate (in percent)	16.3	28.7	22.2	20.8	25.4	27.5	22.6	22.2	27.9	26.5	28.5	11.8
50 Private financial intermediation (in percent)	87.9	80.0	72.2	84.4	92.5	90.0	89.0	98.2	88.5	93.5	86.6	83.9
51 Total foreign funds	3.6	21.5	-2.6	10.6	40.5	44.0	17.3	29.9	51.2	36.3	51.8	24.2
MEMO: Corporate equities not included above												
52 **Total net issues**	**9.2**	**4.1**	**10.7**	**11.9**	**4.0**	**3.7**	**10.3**	**2.1**	**5.9**	**-.4**	**7.9**	**5.2**
53 Mutual fund shares	-1.2	-.7	-.1	-1.0	-.9	-1.0	.4	-.6	-1.3	-.5	-1.5	-.3
54 Other equities	10.4	4.8	10.8	12.9	4.9	4.7	9.9	2.6	7.2	.1	9.4	5.5
55 Acquisitions by financial institutions	13.1	5.8	9.6	12.3	7.4	7.6	11.8	6.8	8.1	.4	14.7	14.5
56 Other net purchases	-3.9	-1.7	1.1	-.4	-3.4	-3.8	-1.5	-4.7	-2.2	-.8	-6.8	-9.3

NOTES BY LINE NUMBER.
1. Line 2 of p. A-44.
2. Sum of lines 3-6 or 7-10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities. Included below in lines 3, 13, 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. Sum of lines 39 and 44.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
33-37. Lines 13-17 less amounts acquired by private finance. Line 37 includes mortgages.
45. Mainly an offset to line 9.
46. Lines 32 plus 38, or line 12 less line 27 plus 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Sum of lines 10 and 28.
50, 52. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types quarterly, and annually for flows and for amounts outstanding, may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1967 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1977	1978	1979	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.r	1980 Feb.r	1980 Mar.
1 **Industrial production**[1]	**138.2**	**146.1**	**152.2**	**151.6**	**152.4**	**152.2**	**152.1**	**152.2**	**152.7**	**152.4**	**151.2**
Market groupings											
2 Products, total	137.9	144.8	149.7	148.7	149.9	149.6	149.4	149.7	150.2	150.3	149.1
3 Final, total	135.9	142.2	147.0	145.6	147.2	146.8	146.6	147.0r	147.3	147.9	147.2
4 Consumer goods	145.3	149.1	150.5	148.2	149.7	149.7	148.9	148.5r	148.5	149.3	148.1
5 Equipment	123.0	132.8	142.2	141.8	143.9	142.9	143.6	145.0r	145.7	146.0	145.9
6 Intermediate	145.1	154.1	160.0	160.6	159.8	159.8	159.8	159.9r	160.7	159.2	156.1
7 Materials	138.6	148.3	156.0	156.0	156.3	156.3	156.4	156.2r	156.7	155.5	154.5
Industry groupings											
8 Manufacturing	138.4	146.8	153.2	152.4	153.5	153.2	153.0	152.8r	153.3	152.9	151.6
Capacity utilization (percent)[1,2]											
9 Manufacturing	81.9	84.4	85.7	84.9	85.3	84.9	84.6	84.3r	84.3	83.9	83.0
10 Industrial materials industries	82.7	85.6	85.6	86.8	86.7	86.6	86.4	86.0	86.0	85.2	84.4
11 Construction contracts[3]	160.5	174.3	....	164.0	185.0	171.0	156.0	183.0	190.0	171.0	n.a.
12 Nonagricultural employment, total[4]	125.3	131.4	136.0	136.4	136.5	136.8	136.9	137.2	137.8r	138.0r	137.8
13 Goods-producing, total	104.5	109.8	114.0	114.1	114.1	114.0	113.8	114.4	114.9	114.6r	113.9
14 Manufacturing, total	101.2	105.3	107.9	107.8	107.7	107.5	107.1	107.4	107.4r	107.4r	107.2
15 Manufacturing, production-worker	98.8	102.8	104.9	104.5	104.5	104.1	103.6	103.9	103.8r	103.6r	103.4
16 Service-producing	136.7	143.2	148.1	148.7	148.8	149.3	149.6	149.7	150.3r	150.8r	150.8
17 Personal income, total[5]	244.4	274.1	306.9	310.6	312.8	316.2	320.1r	323.7r	326.4r	327.5r	n.a.
18 Wages and salary disbursements	230.2	258.1	287.1	289.2	291.9	294.1	297.4	300.1r	302.0r	303.9r	n.a.
19 Manufacturing	198.3	222.4	246.8	246.3	248.7	250.6	251.7	254.7	256.2r	257.9r	n.a.
20 Disposable personal income	194.8	217.7	242.4	244.8	....	....	251.3r	....	n.a.	n.a.	n.a.
21 Retail sales[6]	229.8	253.8	280.9	285.8	293.9	288.9	292.0	294.8	303.6r	298.8r	295.1
Prices[7]											
22 Consumer	181.5	195.4	....	221.1	223.4	225.4	227.5	229.9	233.2	236.4	n.a.
23 Producer finished goods	180.6	194.6	....	217.3	220.7	224.2	225.9	227.8	232.1	235.4	238.2

1. The industrial production and capacity utilization series have been revised. For a description of the changes see the August 1979 BULLETIN, pp. 603–07.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce). Series for disposable income is quarterly.
6. Based on Bureau of Census data published in *Survey of Current Business* (U.S. Department of Commerce).
7. Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Department of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

NOTE: Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business* (U.S. Department of Commerce).

Figures for industrial production for the last two months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	Output (1967 = 100) 1979 Q2	1979 Q3	1979 Q4r	1980 Q1	Capacity (percent of 1967 output) 1979 Q2	1979 Q3	1979 Q4	1980 Q1	Utilization rate (percent) 1979 Q2	1979 Q3	1979 Q4r	1980 Q1
1 **Manufacturing**	**153.1**	**152.9**	**153.0**	**152.6**	**178.2**	**179.5**	**180.8**	**182.3**	**85.9**	**84.6**	**84.6**	**83.7**
2 Primary processing	161.9	161.8	161.8	159.5	184.2	185.7	187.2	188.7	87.9	86.5	86.4	84.5
3 Advanced processing	148.5	148.1	148.2	148.9	175.0	176.2	177.4	178.8	84.8	83.5	83.6	83.3
4 **Materials**	**155.6**	**156.3**	**156.3**	**155.6**	**178.1**	**179.5**	**181.0**	**182.5**	**87.3**	**86.3**	**86.3**	**85.2**
5 Durable goods	157.7	156.1	156.3	154.5	183.0	184.5	186.0	187.7	86.2	83.9	84.0	82.3
6 Metal materials	124.3	119.5	119.5	....	140.3	140.7	141.1	....	88.5	84.7	84.7	....
7 Nondurable goods	173.4	178.2	178.3	178.9	193.5	195.3	197.3	199.1	89.6	90.3	90.4	89.8
8 Textile, paper, and chemical	181.3	187.0	186.9	186.5	201.3	203.2	205.3	207.3	90.0	91.1	91.0	90.0
9 Textile	119.6	123.7	123.7	....	137.3	137.7	138.1	....	87.1	89.6	89.6	....
10 Paper	140.7	148.4	148.4	....	149.6	150.6	151.6	....	94.0	97.9	97.9	....
11 Chemical	224.8	230.4	230.2	....	250.3	253.3	256.3	....	89.8	89.8	89.8	....
12 Energy	128.1	129.9	129.1	129.3	147.5	148.3	149.2	149.8	86.9	86.8	86.6	86.3

1. The capacity utilization series has been revised. For a description of the changes, see the August 1979 BULLETIN, pp. 606–07.

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1977	1978	1979	1979				1980		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
HOUSEHOLD SURVEY DATA										
1 **Noninstitutional population**[1]	**158,559**	**161,058**	**163,620**	**164,106**	**164,468**	**164,682**	**164,898**	**165,101**	**165,298**	**165,506**
2 Labor force (including Armed Forces)[1]	99,534	102,537	104,996	105,586	105,688	105,744	106,088	106,310	106,346	106,184
3 Civilian labor force	97,401	100,420	102,908	103,494	103,595	103,652	103,999	104,229	104,260	104,094
Employment										
4 Nonagricultural industries[2]	87,302	91,031	93,648	94,140	94,180	94,223	94,553	94,534	94,626	94,298
5 Agriculture	3,244	3,342	3,297	3,364	3,294	3,385	3,359	3,270	3,326	3,358
Unemployment										
6 Number	6,855	6,047	5,963	5,990	6,121	6,044	6,087	6,425	6,307	6,438
7 Rate (percent of civilian labor force)	7.0	6.0	5.8	5.8	5.9	5.8	5.9	6.2	6.0	6.2
8 Not in labor force	59,025	58,521	58,623	58,519	58,780	59,937	58,810	58,791	58,951	59,322
ESTABLISHMENT SURVEY DATA										
9 **Nonagricultural payroll employment**[3]	**82,423**	**86,446**	**89,497**	**89,803**	**89,982**	**90,100**	**90,241**	**90,652**r	**90,774**r	**90,634**
10 Manufacturing	19,682	20,476	20,979	20,949	20,899	20,836	20,881	20,890r	20,889r	20,848
11 Mining	813	851	958	973	979	983	991	1,000r	1,000r	1,006
12 Contract construction	3,851	4,271	4,642	4,671	4,694	4,714	4,783	4,893r	4,830r	4,695
13 Transportation and public utilities	4,713	4,927	5,154	5,180	5,218	5,229	5,223	5,212r	5,191r	5,197
14 Trade	18,516	19,499	20,140	20,169	20,243	20,308	20,254	20,428r	20,530r	20,499
15 Finance	4,467	4,727	4,964	4,997	5,018	5,039	5,056	5,081r	5,085r	5,091
16 Service	15,303	16,220	17,047	17,191	17,257	17,298	17,357	17,442r	17,505r	17,544
17 Government	15,079	15,476	15,613	15,673	15,674	15,693	15,696	15,706r	15,744r	15,754

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).
2. Includes self-employed, unpaid family, and domestic service workers.
3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the February 1977 benchmark. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data are seasonally adjusted.

Grouping	1967 proportion	1979 Average	1979 Jan.	Feb.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1980 Jan.	Feb.	Mar.
			Index (1967 = 100)											
MAJOR MARKET														
1 **Total index**	**100.00**	**152.2**	**151.5**	**152.0**	**152.6**	**152.8**	**151.6**	**152.4**	**152.2**	**152.1**	**152.2**	**152.7**	**152.4**	**151.2**
2 Products	60.71	149.7	149.2	149.9	150.2	149.7	148.7	149.9	149.6	149.4	149.7	150.2	150.3	149.1
3 Final products	47.82	147.0	146.1	146.8	147.6	147.1	145.6	147.2	146.8	146.6	147.0	147.3	147.9	147.2
4 Consumer goods	27.68	150.5	150.6	151.5	151.8	150.8	148.2	149.7	149.7	148.9	148.5	148.5	149.3	148.1
5 Equipment	20.14	142.2	139.9	140.4	141.9	142.1	141.8	143.9	142.9	143.6	145.0	145.7	146.0	145.9
6 Intermediate products	12.89	160.0	160.8	161.4	159.5	159.4	160.6	159.8	159.8	159.8	159.9	160.7	159.2	156.1
7 Materials	39.29	156.0	155.0	155.2	156.5	157.6	156.0	156.3	156.3	156.4	156.2	156.7	155.5	154.5
Consumer goods														
8 Durable consumer goods	7.89	155.5	160.4	161.1	158.6	157.2	147.5	151.8	152.6	149.2	146.6	142.4	145.0	142.9
9 Automotive products	2.83	167.8	181.4	179.3	175.9	170.3	147.3	157.6	159.2	150.6	141.8	131.8	143.0	141.5
10 Autos and utility vehicles	2.03	154.3	173.2	170.3	167.4	155.6	125.1	139.7	142.4	131.0	121.4	108.7	124.9	123.0
11 Autos	1.90	136.7	145.8	144.9	148.0	141.8	118.5	128.0	128.0	118.3	110.2	98.0	116.8	114.9
12 Auto parts and allied goods	80	201.7	202.2	202.2	197.5	207.8	203.7	203.0	202.1	200.3	193.6	190.3	189.0	188.5
13 Home goods	5.06	148.7	148.6	150.9	148.8	149.8	147.7	148.5	148.8	148.4	149.3	148.4	146.2	143.7
14 Appliances, A/C, and TV	1.40	127.5	124.0	129.8	129.3	129.7	121.2	129.6	128.0	129.7	134.2	128.4	121.8	116.0
15 Appliances and TV	1.33	129.3	124.8	131.4	131.2	131.6	124.1	132.2	130.2	132.4	136.5	130.0	123.9	....
16 Carpeting and furniture	1.07	170.6	170.7	171.8	170.6	171.9	171.7	169.7	169.2	169.1	168.8	171.2	169.2	....
17 Miscellaneous home goods	2.59	151.2	152.8	153.7	150.5	151.6	152.1	150.0	151.7	150.0	149.4	149.9	149.8	149.6
18 Nondurable consumer goods	19.79	148.4	146.7	147.7	149.1	148.2	148.5	148.9	148.6	148.7	149.2	150.9	151.0	150.1
19 Clothing	4.29	129.1	130.1	130.7	130.7	126.9	128.0	129.0	127.7	129.1	129.1	129.0	....	....
20 Consumer staples	15.50	153.8	151.3	152.4	154.2	154.1	154.2	154.3	154.3	154.2	154.8	157.0	157.3	156.7
21 Consumer foods and tobacco	8.33	145.4	141.8	142.4	146.2	147.0	145.3	146.5	146.7	145.9	146.8	149.1	149.0	....
22 Nonfood staples	7.17	163.6	162.4	164.0	163.5	162.4	164.6	163.5	163.2	163.8	164.2	166.1	166.8	166.2
23 Consumer chemical products	2.63	205.5	200.3	203.1	205.9	206.1	209.2	207.2	206.4	207.9	207.8	209.7	211.0	....
24 Consumer paper products	1.92	120.8	119.2	122.7	121.1	119.9	121.2	121.1	121.6	119.3	121.0	123.2	122.9	....
25 Consumer energy products	2.62	153.0	156.0	155.2	152.0	149.8	151.6	150.8	150.5	152.2	152.2	153.9	154.8	....
26 Residential utilities	1.45	....	166.2	167.7	162.3	158.5	163.5	162.2	164.2	166.7	166.3	....	....	....
Equipment														
27 Business	12.63	171.3	168.1	169.0	169.0	171.4	171.5	173.6	172.0	172.5	174.1	175.3	175.8	175.8
28 Industrial	6.77	152.1	151.4	152.5	152.0	151.3	151.7	153.5	151.2	153.3	153.1	157.6	158.5	159.7
29 Building and mining	1.44	206.1	208.8	207.9	205.3	207.4	210.6	212.0	200.6	204.4	204.4	223.7	230.5	235.2
30 Manufacturing	3.85	130.3	127.4	129.1	130.1	130.3	131.1	130.4	130.8	132.5	132.1	132.6	132.1	132.6
31 Power	1.47	156.3	157.8	159.1	156.8	151.0	147.7	156.3	156.3	157.6	157.8	158.3	157.0	156.4
32 Commercial transit, farm	5.86	193.4	187.4	188.1	194.0	194.6	194.4	196.8	195.9	194.6	198.4	195.7	195.8	194.5
33 Commercial	3.26	227.8	220.8	221.2	226.4	227.0	230.5	231.4	234.2	232.2	236.9	238.5	238.5	239.4
34 Transit	1.93	152.2	146.8	146.6	155.3	155.2	149.4	156.3	154.9	150.3	153.3	143.7	146.0	141.3
35 Farm	67	144.8	142.0	146.9	148.1	151.0	148.3	145.3	128.0	139.5	141.0	137.1	131.6	....
36 Defense and space	7.51	93.2	92.4	92.4	92.3	92.8	92.0	94.0	94.0	95.0	95.9	95.9	95.8	95.7
Intermediate products														
37 Construction supplies	6.42	156.9	159.1	159.3	156.3	156.4	157.3	156.3	156.8	156.7	156.0	156.6	153.7	148.2
38 Business supplies	6.47	163.0	162.5	163.6	162.6	162.4	163.8	163.2	162.7	162.9	163.8	164.8	164.7	....
39 Commercial energy products	1.14	172.2	173.6	173.7	169.4	167.8	170.7	169.8	172.2	174.4	175.7	175.1	174.1	....
Materials														
40 Durable goods materials	20.35	157.7	158.1	158.0	159.5	160.7	157.7	157.6	157.2	156.0	155.6	156.0	154.6	153.0
41 Durable consumer parts	4.58	137.0	148.5	146.0	141.8	138.5	129.7	132.2	132.0	126.8	123.8	121.6	121.4	119.6
42 Equipment parts	5.44	189.9	182.2	184.4	191.0	192.1	190.7	192.0	192.7	195.1	196.6	200.0	199.5	199.5
43 Durable materials n.e.c.	10.34	150.0	149.7	149.4	150.8	154.0	152.7	150.7	149.6	148.3	148.0	148.0	145.6	143.3
44 Basic metal materials	5.57	124.0	124.4	124.1	126.1	130.5	127.7	124.8	121.4	119.9	117.7	117.7	115.4	....
45 Nondurable goods materials	10.47	174.9	171.0	172.4	173.4	174.6	175.8	176.7	177.2	178.3	179.5	180.2	178.8	177.6
46 Textile, paper, and chemical materials	7.62	182.9	177.5	179.6	181.7	182.8	184.3	185.9	186.1	186.7	187.8	187.9	186.2	185.5
47 Textile materials	1.85	121.0	118.3	117.4	122.9	122.2	120.6	124.4	124.3	123.2	123.7	122.9	123.9	....
48 Paper materials	1.62	143.2	133.3	137.4	141.1	146.2	146.7	148.1	148.6	148.4	148.2	145.9	141.8	....
49 Chemical materials	4.15	226.1	221.2	223.9	223.9	224.1	227.5	228.2	228.4	230.2	232.0	233.4	231.5	....
50 Containers, nondurable	1.70	164.4	167.8	165.8	159.2	163.1	162.9	161.8	166.1	168.1	169.6	173.0	172.5	....
51 Nondurable materials n.e.c.	1.14	136.7	132.5	134.1	139.0	137.5	138.2	136.9	134.4	137.4	138.8	139.1	138.5	....
52 Energy materials	8.48	128.5	127.8	127.1	128.3	129.1	127.7	128.1	128.5	130.1	128.7	129.3	129.1	129.5
53 Primary energy	4.65	113.1	111.9	110.6	112.4	112.8	112.0	113.6	114.6	114.9	113.5	113.7	113.4	....
54 Converted fuel materials	3.82	147.3	147.0	147.2	147.6	148.8	146.9	145.7	145.3	148.7	147.3	148.3	148.3	....
Supplementary groups														
55 Home goods and clothing	9.35	139.7	140.1	141.6	140.5	139.3	138.6	139.5	139.1	139.5	140.0	139.5	138.1	135.7
56 Energy, total	12.23	137.8	138.1	137.5	137.2	137.1	136.8	136.8	137.2	139.0	138.1	138.8	138.8	138.8
57 Products	3.76	158.8	161.4	160.8	157.3	155.2	157.4	156.5	157.1	159.0	159.3	160.3	160.6	....
58 Materials	8.48	128.5	127.8	127.1	128.3	129.1	127.7	128.1	128.5	130.1	128.7	129.3	129.1	129.5

For notes see opposite page.

2.13 Continued

Grouping	SIC code	1967 pro-portion	1979 Aver-age	1979 Jan.	1979 Feb.	1979 June	1979 July	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.
				Index (1967 = 100)											
MAJOR INDUSTRY															
1 Mining and utilities	....	12.05	144.6	143.9	143.0	143.0	143.7	144.9	144.5	146.0	147.7	148.3	148.6	148.9	149.1
2 Mining	....	6.36	125.3	123.8	120.9	123.9	124.7	126.4	125.8	128.1	130.0	131.6	133.0	132.5	132.6
3 Utilities	....	5.69	166.2	166.2	167.7	164.2	164.8	165.5	165.3	166.1	167.4	167.0	166.0	167.1	167.6
4 Electric	....	3.88	....	188.4	189.9	182.4	182.2	183.6	184.1	184.3	185.7	186.0	....	....	....
5 Manufacturing	....	87.95	153.2	152.5	153.3	153.9	154.1	152.4	153.5	153.2	153.0	152.8	153.3	152.9	151.6
6 Nondurable	....	35.97	163.2	160.7	162.0	163.0	164.1	164.3	164.6	164.0	164.5	164.7	165.8	165.3	164.3
7 Durable	....	51.98	146.3	146.8	147.2	147.6	147.2	144.2	145.9	145.7	145.0	144.5	144.7	144.3	142.9
Mining															
8 Metal	10	.51	126.7	124.2	125.3	123.2	128.6	126.5	122.1	124.1	132.0	136.8	137.2	135.8	....
9 Coal	11,12	.69	133.6	115.9	104.5	137.5	137.1	144.1	142.6	144.7	141.9	145.0	141.0	137.3	137.2
10 Oil and gas extraction	13	4.40	121.7	123.0	120.4	119.6	120.4	121.6	121.6	124.2	126.0	127.2	129.3	129.2	130.0
11 Stone and earth minerals	14	.75	137.6	135.9	135.7	137.3	136.4	138.3	137.5	138.2	141.2	141.0	144.3	145.5	....
Nondurable manufactures															
12 Foods	20	8.75	147.8	143.9	145.5	149.5	149.4	148.1	148.8	148.6	148.3	148.9	150.7	151.3	....
13 Tobacco products	21	.67	117.0	120.6	116.2	118.3	118.9	107.5	115.6	115.6	113.0	116.6	118.7	....	....
14 Textile mill products	22	2.68	143.8	141.6	139.9	114.6	143.0	144.1	146.9	146.0	147.9	147.1	148.7	148.7	....
15 Apparel products	23	3.31	130.7	136.5	133.5	132.0	129.7	130.1	131.2	128.5	128.8	128.3	126.9	....	....
16 Paper and products	26	3.21	150.8	144.6	146.6	148.0	154.0	153.9	155.3	154.1	153.3	154.7	155.9	150.8	149.6
17 Printing and publishing	27	4.72	136.9	135.6	138.2	136.9	135.6	137.7	137.1	137.2	136.2	137.8	138.9	140.0	139.7
18 Chemicals and products	28	7.74	210.4	206.5	208.6	207.8	210.5	213.1	212.0	211.4	215.1	216.5	216.8	216.8	....
19 Petroleum products	29	1.79	143.7	147.0	146.0	143.9	143.9	143.0	143.1	141.1	142.1	142.6	145.7	145.6	141.3
20 Rubber and plastic products	30	2.24	269.9	267.4	267.5	270.0	278.0	275.7	272.9	274.5	271.3	262.3	262.4	259.8	....
21 Leather and products	31	.86	71.3	74.8	73.4	70.1	69.7	69.7	70.8	70.1	70.4	71.2	73.2	71.6	....
Durable manufactures															
22 Ordnance, private and government	19,91	3.64	75.5	74.9	75.8	75.1	74.6	74.9	75.3	75.3	77.0	77.0	76.6	76.6	76.5
23 Lumber and products	24	1.64	136.9	137.3	137.2	136.8	135.2	138.0	138.6	138.7	136.1	131.7	130.6	125.7	....
24 Furniture and fixtures	25	1.37	161.4	161.7	163.1	159.6	159.5	161.7	162.0	163.3	162.9	161.0	161.0	158.7	....
25 Clay, glass, stone products	32	2.74	163.2	167.4	166.9	162.7	163.3	161.4	160.6	162.3	162.8	164.4	164.9	162.2	....
26 Primary metals	33	6.57	121.2	123.4	120.4	124.3	127.1	121.0	121.7	118.0	117.2	115.4	115.9	112.4	109.6
27 Iron and steel	331,2	4.21	113.2	113.3	110.8	118.1	119.0	112.0	115.0	108.2	108.0	106.6	107.2	103.9	....
28 Fabricated metal products	34	5.93	148.5	149.1	150.8	149.3	149.3	147.6	146.5	147.5	146.9	146.1	145.1	145.1	144.4
29 Nonelectrical machinery	35	9.15	163.6	161.2	162.9	164.5	165.3	166.2	165.1	162.3	162.8	162.9	167.1	166.4	165.8
30 Electrical machinery	36	8.05	175.0	170.9	173.2	175.1	174.4	171.7	176.7	177.3	179.5	181.2	182.0	180.9	180.0
31 Transportation equipment	37	9.27	135.2	141.2	139.9	139.4	135.5	124.7	131.7	133.7	128.2	125.9	122.5	127.0	125.0
32 Motor vehicles and parts	371	4.50	159.9	177.9	173.1	169.6	160.2	138.5	150.6	150.6	139.9	135.4	127.9	137.0	132.9
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	112.0	106.6	108.6	111.0	112.2	111.8	113.9	117.7	117.1	117.0	117.4	117.5	117.5
34 Instruments	38	2.11	174.9	175.2	176.0	175.9	174.0	173.9	172.9	175.0	173.3	175.0	176.0	175.5	176.7
35 Miscellaneous manufactures	39	1.51	153.8	152.0	154.0	152.7	155.7	155.7	153.6	154.5	155.3	153.7	153.6	152.3	151.3
				Gross value (billions of 1972 dollars, annual rates)											
MAJOR MARKET															
36 Products, total	....	**507.4**	**623.9**	**626.8**	**627.3**	**628.7**	**622.7**	**613.0**	**622.6**	**621.6**	**617.8**	**619.0**	**617.7**	**621.3**	**614.0**
37 Final	....	390.9[2]	479.8	481.7	482.0	485.1	479.6	468.8	478.8	477.6	474.4	475.2	473.4	478.5	473.4
38 Consumer goods	....	277.5[2]	326.2	328.9	329.4	329.8	326.0	319.2	323.6	324.6	321.9	321.6	320.0	322.9	320.3
39 Equipment	....	113.4[2]	153.6	152.9	152.6	155.4	153.6	149.6	155.2	153.0	152.5	153.6	153.3	155.6	153.1
40 Intermediate	....	116.6[2]	144.2	145.1	145.3	143.6	143.2	144.2	143.8	144.0	143.4	143.8	144.4	142.8	140.6

1. The industrial production series has been revised. For a description of the changes, see "Revision of Industrial Production Index" in the August 1979 BULLETIN, pp. 603–05.
2. 1972 dollars.

NOTE. Published groupings include some series and subtotals not shown separately. For description and historical data, see *Industrial Production—1976 Revision* (Board of Governors of the Federal Reserve System: Washington, D.C.), December 1977.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1977	1978	1979r	1979					1980	
				Aug.	Sept.	Oct.	Nov.	Dec. r	Jan. r	Feb.
	Private residential real estate activity (thousand of units)									
NEW UNITS										
1 Permits authorized	1,677	1,801	1,539	1,654	1,775	1,542	1,263	1,244	1,264	1,163
2 1-family	1,125	1,183	971	1,030	1,015	927	751	780	761	688
3 2-or-more-family	551	618	568	624	760	615	512	464	503	475
4 Started	1,987	2,020	1,745	1,788	1,874	1,710	1,522	1,548	1,424	1,334
5 1-family	1,451	1,433	1,194	1,237	1,237	1,139	980	1,055	1,006	774
6 2-or-more-family	536	587	551	551	637	571	542	493	418	560
7 Under construction, end of period[1]	1,208	1,310	1,018	1,235r	1,227r	1,212r	1,188r	1,161	1,171	n.a.
8 1-family	730	765	526	717r	716r	705r	687r	664	676	n.a.
9 2-or-more-family	478	546	493	518	510r	506r	501r	498	495	n.a.
10 Completed	1,656	1,868	1,831	1,747r	1,963r	1,819r	1,831	1,875	1,763	n.a.
11 1-family	1,258	1,369	1,262	1,214r	1,228r	1,255r	1,240r	1,323	1,249	n.a.
12 2-or-more-family	399	498	568	533r	735r	564	591r	552	514	n.a.
13 Mobile homes shipped	277	276	277	281	270	287	251	241	276	n.a.
Merchant builder activity in 1-family units										
14 Number sold	820	818	708	738	716	674	617r	566	588	532
15 Number for sale, end of period[1]	408	419	403	414	412	407	399r	399	398	387
Price (thousand of dollars)[2]										
Median										
16 Units sold	49.0	55.8	62.7	64.0	65.0	62.3	63.9r	61.8	63.8	65.1
17 Units for sale	48.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Average										
18 Units sold	54.4	62.7	72.0	74.0	76.8	71.5	74.2r	72.9	73.0	77.6
EXISTING UNITS (1-family)										
19 Number sold	3,572	3,905	3,742	3,790	3,900	3,870	3,450	3,350	3,210	2,990
Price of units sold (thous. of dollars)[2]										
20 Median	42.8	48.7	55.5	57.7	57.3	56.3	55.6	56.5	57.9	59.0
21 Average	47.1	55.1	64.0	66.3	66.1	65.2	64.6	65.2	68.2	69.4
	Value of new construction[3] (millions of dollars)									
CONSTRUCTION										
22 Total put in place	**173,998**	**206,223**	**226,885**	**230,149r**	**232,898r**	**238,707r**	**237,698r**	**242,009**	**250,011**	**242,109**
23 Private	135,824	160,403	178,168	180,480r	181,966r	185,948r	185,802r	189,906	190,601	186,875
24 Residential	80,957	93,425	97,574	97,362r	99,373r	100,663r	101,088r	101,982	99,697	97,793
25 Nonresidential, total	54,867	66,978	80,594	83,118r	82,593r	85,285r	84,714r	87,924	90,904	89,082
Buildings										
26 Industrial	7,713	10,993	14,424	13,751	13,698	15,019	15,022	15,249	15,559	16,041
27 Commercial	14,789	18,568	24,234	25,818	25,693	26,663	26,923	28,857	30,707	29,479
28 Other	6,200	6,739	7,352	7,532	7,331	7,851	7,722	8,194	9,090	8,418
29 Public utilities and other	26,165	30,678	34,584	36,017r	35,871r	35,752r	35,047r	35,624	35,548	35,144
30 Public	38,172	45,821	48,722	49,669	50,932	52,759r	51,895r	52,103	59,410	55,234
31 Military	1,428	1,498	1,629	1,859	1,658	1,778r	1,742r	1,724	1,844	1,748
32 Highway	8,984	10,286	11,127	11,507	12,345	14,518	11,900	11,891	n.a.	n.a.
33 Conservation and development	3,862	4,436	4,732	5,036	4,900	4,296	4,960	5,124	n.a.	n.a.
34 Other[4]	23,898	29,601	31,234	31,267	32,029	32,167r	33,293r	33,364	n.a.	n.a.

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.
4. Beginning January 1977 Highway imputations are included in Other.

NOTE. Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 14,000 jurisdictions through 1977, and 16,000 jurisdictions beginning with 1978.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	12 months to		3 months (at annual rate) to				1 month to					Index level Feb. 1980 (1967 = 100)[1]
	1979 Feb.	1980 Feb.	1979				1979			1980		
			Mar.	June	Sept.	Dec.	Oct.	Nov.	Dec.	Jan.	Feb.	
CONSUMER PRICES[2]												
1 **All items**	**9.9**	**14.1**	**13.0**	**12.8**	**13.8**	**13.7**	**1.0**	**1.0**	**1.2**	**1.4**	**1.4**	**236.4**
2 Commodities	10.0	13.6	13.6	12.7	13.3	12.5	.8	1.0	1.1	1.4	1.2	225.2
3 Food	13.0	7.3	16.0	6.4	6.5	12.1	.8	.7	1.4	0.0	0	244.9
4 Commodities less food	8.8	16.4	12.7	15.6	16.4	12.7	.8	1.1	1.1	2.0	1.7	213.8
5 Durable	9.8	10.1	9.3	9.4	9.1	13.2	.8	1.4	1.0	1.1	.5	202.1
6 Nondurable	7.4	24.8	16.0	24.7	25.2	12.8	.8	.8	1.4	3.2	3.0	227.3
7 Services	9.7	15.0	11.8	13.2	14.3	15.8	1.2	1.1	1.4	1.4	1.5	256.8
8 Rent	7.1	8.5	4.3	8.2	10.2	9.0	1.3	.4	.4	.7	.8	185.6
9 Services less rent	10.2	16.0	13.0	13.9	14.9	16.9	1.2	1.2	1.5	1.5	1.7	270.2
Other groupings												
10 All items less food	9.3	15.7	12.2	14.4	15.4	14.2	1.1	1.1	1.2	1.8	1.6	233.5
11 All items less food and energy	9.1	12.1	10.2	10.1	10.9	13.9	1.0	1.1	1.2	1.3	1.1	222.8
12 Homeownership	13.5	20.6	16.5	17.8	19.5	25.6	1.9	2.0	1.8	1.9	1.5	296.3
PRODUCER PRICES												
13 Finished goods	10.2	13.3	13.9	7.9	16.1	12.9	.9	1.2[r]	.8[r]	1.6	1.5	235.4
14 Consumer	10.8	15.0	15.3	7.1	20.7	14.0	1.2[r]	1.4	.7[r]	1.6	1.8	237.3
15 Foods	12.8	2.9	18.0	−9.2	15.3	8.3	−.1	1.9[r]	.2	−.8	−.5	231.6
16 Excluding foods	9.6	22.0	13.6	17.2	23.4	17.3	1.8[r]	1.1	1.0[r]	2.8	2.9	237.8
17 Capital equipment	8.8	9.3	10.5	9.4	5.9	9.4	.9[r]	.7[r]	.7[r]	1.6	.7	230.3
18 Materials	11.6	17.6	16.7	12.9	19.8	15.5	1.5	.9	1.2	2.0	2.3	278.4
19 Intermediate[3]	9.0	19.2	14.2	15.4	19.4	16.5	1.8[r]	.9[r]	1.1[r]	3.0	1.7	273.2
Crude:												
20 Nonfood	18.9	29.1	28.3	23.1	25.1	30.0	2.3	1.7	2.6[r]	2.8	3.2	413.9
21 Food	21.1	3.7	29.8	−4.5	16.4	5.7	.1[r]	1.0[r]	.2[r]	−3.8	2.2	252.6

1. Not seasonally adjusted
2. Figures for consumer prices are those for all urban consumers.
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

Account	1977	1978	1979[r]	1978 Q3	1978 Q4	1979 Q1	1979 Q2	1979 Q3	1979 Q4[r]
GROSS NATIONAL PRODUCT									
1 **Total**	**1,899.5**	**2,127.6**	**2,368.8**	**2,159.6**	**2,235.2**	**2,292.1**	**2,329.8**	**2,396.5**	**2,450.9**
By source									
2 Personal consumption expenditures	1,210.0	1,350.8	1,509.8	1,369.3	1,415.4	1,454.2	1,475.9	1,528.6	1,580.4
3 Durable goods	178.8	200.3	213.0	203.5	212.1	213.8	208.7	213.4	216.2
4 Nondurable goods	481.3	530.6	596.9	536.7	558.1	571.1	581.2	604.7	630.7
5 Services	549.8	619.8	699.8	629.1	645.1	669.3	686.0	710.6	733.5
6 Gross private domestic investment	303.3	351.5	387.2	356.2	370.5	373.8	395.4	392.3	387.2
7 Fixed investment	281.3	329.1	369.0	336.1	349.8	354.6	361.9	377.8	381.7
8 Nonresidential	189.4	221.1	254.9	225.9	236.1	243.4	249.1	261.8	265.2
9 Structures	62.6	76.5	92.6	79.7	84.4	84.9	90.5	95.0	100.2
10 Producer's durable equipment	126.8	144.6	162.2	146.3	151.8	158.5	158.6	166.7	165.1
11 Residential structures	91.9	108.0	114.1	110.2	113.7	111.2	112.9	116.0	116.4
12 Nonfarm	88.8	104.4	110.2	106.4	110.0	107.8	109.1	112.0	112.1
13 Change in business inventories	21.9	22.3	18.2	20.0	20.6	19.1	33.4	14.5	5.6
14 Nonfarm	20.7	21.3	16.5	18.5	19.3	18.8	32.6	12.6	2.1
15 Net exports of goods and services	−9.9	−10.3	−4.6	−6.8	−4.5	4.0	−8.1	−2.3	−11.9
16 Exports	175.9	207.2	257.5	213.8	224.9	238.5	243.7	267.3	280.4
17 Imports	185.8	217.5	262.1	220.6	229.4	234.4	251.9	269.5	292.4
18 Government purchases of goods and services	396.2	435.6	476.4	440.9	453.8	460.1	466.6	477.8	501.2
19 Federal	144.4	152.6	166.6	152.3	159.0	163.6	161.7	162.9	178.4
20 State and local	251.8	283.0	309.8	288.6	294.8	296.5	304.9	314.9	322.8
By major type of product									
21 Final sales, total	1,877.6	2,105.2	2,350.6	2,139.5	2,214.5	2,272.9	2,296.4	2,381.9	2,451.4
22 Goods	842.2	930.0	1,030.5	940.9	983.8	1,011.8	1,018.1	1,036.0	1,056.3
23 Durable	345.9	380.4	423.1	382.6	402.3	425.5	422.4	424.4	420.2
24 Nondurable	496.3	549.6	607.4	558.3	581.6	586.2	595.7	611.6	636.1
25 Services	866.4	969.3	1,085.1	981.7	1,005.3	1,041.4	1,064.2	1,100.6	1,134.0
26 Structures	190.9	228.2	253.2	237.0	246.0	238.9	247.5	259.8	266.0
27 Change in business inventories	21.9	22.3	18.2	20.0	20.6	19.1	33.4	14.5	5.6
28 Durable goods	11.9	13.9	13.0	10.3	13.4	18.4	24.3	7.3	1.8
29 Nondurable goods	10.0	8.4	5.2	9.7	7.2	.7	9.1	7.2	3.8
30 MEMO: **Total GNP in 1972 dollars**	**1,340.5**	**1,399.2**	**1,431.6**	**1,407.3**	**1,426.6**	**1,430.6**	**1,422.3**	**1,433.3**	**1,440.3**
NATIONAL INCOME									
31 **Total**	**1,525.8**	**1,724.3**	**1,925.6**	**1,752.5**	**1,820.0**	**1,869.0**	**1,897.9**	**1,941.9**	**1,993.6**
32 Compensation of employees	1,156.9	1,304.5	1,227.4	1,321.1	1,364.8	1,411.2	1,439.7	1,472.9	1,513.2
33 Wages and salaries	984.0	1,103.5	1,459.2	1,117.4	1,154.7	1,189.4	1,211.5	1,238.0	1,270.7
34 Government and government enterprises	201.3	218.0	233.5	219.2	225.1	228.1	231.2	234.4	240.2
35 Other	782.7	885.5	993.9	898.1	929.6	961.3	980.3	1,003.6	1,030.5
36 Supplement to wages and salaries	172.9	201.0	231.8	203.7	210.1	221.8	228.2	234.8	242.5
37 Employer contributions for social insurance	81.2	94.6	109.1	95.5	98.2	105.8	107.9	109.9	113.0
38 Other labor income	91.8	106.5	122.7	108.2	111.9	116.0	120.3	124.9	129.6
39 Proprietors' income[1]	100.2	116.8	130.8	117.4	125.7	129.0	129.3	130.3	134.5
40 Business and professional[1]	80.5	89.1	98.0	91.3	94.4	94.8	95.5	99.4	102.1
41 Farm[1]	19.6	27.7	32.8	26.1	31.3	34.2	33.7	30.9	32.5
42 Rental income of persons[2]	24.7	25.9	26.9	26.8	27.1	27.3	26.8	26.6	27.0
43 Corporate profits[1]	150.0	167.7	179.0	175.2	184.8	178.9	176.6	180.8	179.6
44 Profits before tax[3]	177.1	206.0	237.4	212.0	227.4	233.3	227.9	242.3	246.2
45 Inventory valuation adjustment	−15.2	−25.2	−41.8	−23.0	−28.8	−39.9	−36.6	−44.0	−46.5
46 Capital consumption adjustment	−12.0	−13.1	−16.7	−13.8	−13.8	−14.5	−14.7	−17.6	−20.1
47 Net interest	94.0	109.5	129.7	111.9	117.6	122.6	125.6	131.5	139.2

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustments.
3. For after-tax profits, dividends, and the like, see table 1.50.

SOURCE. *Survey of Current Business* (Department of Commerce).

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted.

Account	1977	1978	1979r	1978		1979			
				Q3	Q4	Q1	Q2	Q3	Q4r
PERSONAL INCOME AND SAVING									
1 **Total personal income**	**1,531.6**	**1,717.4**	**1,924.2**	**1,742.5**	**1,803.1**	**1,852.6**	**1,892.5**	**1,946.6**	**2,005.0**
2 Wage and salary disbursements	984.0	1,103.3	1,227.6	1,116.8	1,154.3	1,189.3	1,212.4	1,238.1	1,270.5
3 Commodity-producing industries	343.1	387.4	435.2	393.7	408.6	423.0	431.7	438.3	447.8
4 Manufacturing	266.0	298.3	330.9	300.8	312.7	324.8	328.5	331.9	338.3
5 Distributive industries	239.1	269.4	300.8	272.5	281.6	291.1	295.8	304.0	312.4
6 Service industries	200.5	228.7	257.9	231.9	239.4	247.2	252.8	261.3	270.2
7 Government and government enterprises	201.3	217.8	233.7	218.7	224.7	228.0	232.1	234.5	240.1
8 *Other labor income*	91.8	106.5	122.7	108.2	111.9	116.0	120.3	124.9	129.6
9 Proprietors' income[1]	100.2	116.8	130.8	117.4	125.7	129.0	129.3	130.3	134.5
10 Business and professional[1]	80.5	89.1	98.0	91.3	94.4	94.8	95.5	99.4	102.1
11 Farm[1]	19.6	27.7	32.8	26.1	31.3	34.2	33.7	30.9	32.5
12 Rental income of persons[2]	24.7	25.9	26.9	26.8	27.1	27.3	26.8	26.6	27.0
13 Dividends	42.1	47.2	52.7	47.8	49.7	51.5	52.3	52.8	54.4
14 Personal interest income	141.7	163.3	192.1	167.2	174.3	181.0	187.6	194.4	205.5
15 Transfer payments	208.4	224.1	252.0	228.3	231.8	237.3	243.6	260.8	266.5
16 Old-age survivors, disability, and health insurance benefits	105.0	116.3	132.4	119.8	121.5	123.8	127.1	138.7	140.0
17 LESS: Personal contributions for social insurance	61.3	69.6	80.7	70.2	71.8	78.7	79.8	81.2	82.9
18 EQUALS: Personal income	1,531.6	1,717.4	1,924.2	1,742.5	1,803.1	1,852.6	1,892.5	1,946.6	2,005.0
19 LESS: Personal tax and nontax payments	226.4	259.0	299.9	266.0	278.2	280.4	290.7	306.6	321.9
20 EQUALS: Disposable personal income	1,305.1	1,458.4	1,629.3	1,476.5	1,524.8	1,572.2	1,601.7	1,640.0	1,683.1
21 LESS: Personal outlays	1,240.2	1,386.4	1,550.5	1,405.6	1,453.4	1,493.0	1,515.8	1,569.7	1,623.4
22 EQUALS: Personal saving	65.0	72.0	73.8	70.9	71.5	79.2	85.9	70.3	59.7
MEMO:									
Per capita (1972 dollars)									
23 Gross national product	6,181	6,402	6,494	6,433	6,506	6,514	6,459	6,494	6,509
24 Personal consumption expenditures	3,974	4,121	4,194	4,138	4,197	4,197	4,155	4,195	4,227
25 Disposable personal income	4,285	4,449	4,512	4,462	4,522	4,536	4,510	4,501	4,502
26 Saving rate (percent)	5.0	4.9	4.5	4.8	4.7	5.0	5.4	4.3	3.5
GROSS SAVING									
27 **Gross private saving**	**295.6**	**324.9**	**350.1**	**330.4**	**336.1**	**345.2**	**360.5**	**352.1**	**342.6**
28 Personal saving	65.0	72.0	73.8	70.9	71.5	79.2	85.9	70.3	59.7
29 Undistributed corporate profits[1]	35.2	36.0	33.4	40.0	40.1	36.1	35.6	34.0	27.8
30 Corporate inventory valuation adjustment	-15.2	-25.2	-41.8	-23.0	-28.8	-39.9	-36.6	-44.0	-46.5
Capital consumption allowances									
31 Corporate	121.3	132.9	147.7	134.3	136.8	139.9	145.1	150.4	155.3
32 Noncorporate	74.1	84.0	95.3	85.2	87.7	89.9	93.9	97.5	99.8
33 Wage accruals less disbursements	....	....	....	....	....	....	....	....	....
34 Government surplus, or deficit (-), national income and produce accounts	-19.5	-.3	13.5	-2.3	10.8	15.8	12.7	14.0	11.3
35 Federal	-46.3	-27.7	-11.2	-20.4	-16.3	-11.7	-7.0	-11.3	-14.7
36 State and local	26.8	27.4	24.7	22.7	27.1	27.6	19.7	25.3	26.0
37 Capital grants received by the United States, net	....	....	1.1	....	....	1.1	1.1	1.1	1.1
38 Investment	283.6	327.9	367.6	336.5	351.0	362.8	373.1	375.6	359.1
39 Gross private domestic	303.3	351.5	387.2	356.2	370.5	373.8	395.4	392.3	387.2
40 Net foreign	-19.6	-23.5	-19.5	-19.6	-19.4	-11.0	-22.3	-16.7	-28.1
41 Statistical discrepancy	7.5	3.3	2.9	3.9	4.1	.6	-1.3	8.3	4.0

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE. *Survey of Current Business* (Department of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1977	1978	1979	1978	1979			
				Q4	Q1	Q2	Q3r	Q4
1 Balance on current account	-14,092	-13,467	-317	105r	274r	-810r	1,139	-923
2 Not seasonally adjusted	....	....	....	1,130r	1,737r	-178r	-2,717	841
3 Merchandise trade balance[2]	-30,873	-33,759	-29,450	-5,951r	-6,197r	-7,409r	-7,248	-8,596
4 Merchandise exports	120,816	142,054	182,074	39,421r	41,435r	42,890r	47,235	50,514
5 Merchandise imports	-151,689	-175,813	-211,524	-45,372r	-47,632r	-50,299r	-54,483	-59,110
6 Military transactions, net	1,679	492	-1,181	-239	34	-217	-418	-580
7 Investment income, net[3]	17,989	21,645	32,314	6,599	6,814r	7,414r	9,174	8,912
8 Other service transactions, net	1,783	3,241	3,648	1,010	945r	765r	1,000	935
9 MEMO: Balance on goods and services[3,4]	-9,423	-8,381	5,332	1,419r	1,596r	553r	2,508	671
10 Remittances, pensions, and other transfers	-1,895	-1,934	-2,160	-524	-517	-466	-497	-680
11 U.S. government grants (excluding military)	-2,775	-3,152	-3,488	-790	-805	-897	-872	-914
12 Change in U.S. government assets, other than official reserve assets, net (increase, -)	-3,693	-4,656	-3,780	-994	-1,094	-1,001	-763	-922
13 Change in U.S. official reserve assets (increase, -)	-375	732	-1,107	182	-3,585	343	2,779	-644
14 Gold	-118	-65	-65	-65	0	0	0	-65
15 Special drawing rights (SDRs)	-121	1,249	-1,136	1,412	-1,142	6	0	0
16 Reserve position in International Monetary Fund	-294	4,231	-189	3,275	-86	-78	-52	27
17 Foreign currencies	158	-4,683	283	-4,440	-2,357	415	2,831	-606
18 Change in U.S. private assets abroad (increase, -)[3]	-31,725	-57,033	-58,536	-29,442	-2,943r	-15,494r	-26,825	-13,273
19 Bank-reported claims	-11,427	-33,023	-26,089	-21,980	6,572	-8,266	-17,127	-7,268
20 Nonbank-reported claims	-1,940	-3,853	-2,718	-1,898	-2,719	668	-667	n.a.
21 U.S. purchase of foreign securities, net	-5,460	-3,487	-4,967	-918	-1,056	-629	-2,164	-1,118
22 U.S. direct investments abroad, net[3]	-12,898	-16,670	-24,762	-4,646	-5,740r	-7,267r	-6,867	-4,887
23 Change in foreign official assets in the United States (increase, +)	36,656	33,758	-15,192	18,764	-9,391	-10,043	5,745	-1,503
24 U.S. Treasury securities	30,230	23,542	-22,470	13,422	-8,872	-12,859	5,030	-5,769
25 Other U.S. government obligations	2,308	656	465	-115	-5	94	335	41
26 Other U.S. government liabilities[5]	1,240	2,754	-748	2,045	-164	257	191	-1,031
27 Other U.S. liabilities reported by U.S. banks	773	5,411	6,553	3,156	-563	2,321	83	4,712
28 Other foreign official assets[6]	2,105	1,395	1,008	256	213	145	106	544
29 Change in foreign private assets in the United States (increase, +)[3]	14,167	29,956	49,094	10,475	10,868	16,100	18,544	3,582
30 U.S. bank-reported liabilities	6,719	16,975	32,702	7,556	7,157	12,067	13,006	472
31 U.S. nonbank-reported liabilities	473	1,640	1,118	-177	-651	1,086	683	n.a.
32 Foreign private purchases of U.S. Treasury securities, net	534	2,180	4,725	1,549	2,583	-239	1,460	921
33 Foreign purchases of other U.S. securities, net	2,713	2,867	2,874	540	790	1,161	605	319
34 Foreign direct investments in the United States, net[3]	3,728	6,294	7,674	1,007r	989	2,025	2,790	1,871
35 Allocation of SDRs	0	0	1,139	0	1,139	0	0	0
36 Discrepancy	-937	10,711	28,699	910r	4,732r	10,904r	-619	13,682
37 Owing to seasonal adjustments	....	....	....	1,291r	1,117r	482r	-3,821	2,222
38 Statistical discrepancy in recorded data before seasonal adjustment	-937	10,711	28,699	-381r	3,615r	10,422r	3,202	11,460
MEMO:								
Changes in official assets								
39 U.S. official reserve assets (increase, -)	-375	732	-1,107	182	-3,585	343	2,779	-644
40 Foreign official assets in the United States (increase, +)	35,416	31,004	-14,444	16,719	-9,227	-10,299	5,554	-472
41 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 23 above)	6,351	-727	4,737	1,803	-1,916	151	1,658	4,844
42 Transfers under military grant programs (excluded from lines 4, 6, and 11 above)	204	259	288	63	31	48	84	124

1. Seasonal factors are no longer calculated for lines 13 through 42.
2. Data are on an international accounts (IA) basis. Differs from the census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of line 6.
3. Includes reinvested earnings of incorporated affiliates.
4. Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition makes various adjustments to merchandise trade and service transactions.
5. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
6. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE. Data are from Bureau of Economic Analysis, *Survey of Current Business* (U.S. Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1977	1978	1979	1979					1980	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	121,150	143,578	181,637	15,713	15,822	16,680	16,928	16,742	17,348	17,233
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	147,685	171,978	206,326	18,277	18,407	19,037	18,548	19,665	20,945	21,640
3 **Trade balance**	**−26,535**	**−23,400**	**−24,690**	**−2,564**	**−2,585**	**−2,357**	**−1,620**	**−2,923**	**−3,597**	**−4,407**

NOTE. Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Effective January 1978, major changes were made in coverage, reporting, and compiling procedures. The international-accounts-basis data adjust the Census basis data for reasons of coverage and timing. On the *export side*, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military exports (which are combined with other military transactions and are reported separately in the "service account"). On the *import side*, the largest single adjustment is the addition of imports into the Virgin Islands (largely oil for a refinery on St. Croix), which are not included in Census statistics.

SOURCE. FT 900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1977	1978	1979	1979				1980		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 **Total**[1]	**19,312**	**18,650**	**18,928**	**18,534**	**17,994**	**19,261**	**18,928**	**20,962**	**20,840**	**21,448**
2 Gold stock, including exchange Stabilization Fund[1]	11,719	11,671	11,172	11,228	11,194	11,112	11,172	11,172	11,172	11,172
3 Special drawing rights[2,3]	2,629	1,558	2,724	2,725	2,659	2,705	2,724	3,871	3,836	3,681
4 Reserve position in International Monetary Fund[2]	4,946	1,047	1,253	1,280	1,238	1,322	1,253	1,251	1,287	1,222
5 Foreign Currencies[4]	18	4,374	3,779	3,301	2,903	4,122	3,779	4,668	4,545	5,373

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.22

2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; and $1,139 million on Jan. 1, 1979; plus net transactions in SDRs.

4. Beginning November 1978, valued at current market exchange rates.

3.13 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1976	1977	1978[1]	1979						1980
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.p
					All foreign countries					
1 **Total, all currencies**	**219,420**	**258,897**	**306,795**	**326,545**	**350,441**	**360,817**	**358,320**	**365,587**	**364,165**	**361,329**
2 Claims on United States	7,889	11,623	17,340	26,605	41,917	37,758	34,880	37,606	32,309	32,219
3 Parent bank	4,323	7,806	12,811	19,734	35,203	30,004	28,046	31,133	25,925	25,321
4 Other	3,566	3,817	4,529	6,871	6,714	7,754	6,834	6,473	6,384	6,898
5 Claims on foreigners	204,486	238,848	278,135	286,590	295,011	309,004	309,652	313,409	317,099	314,147
6 Other branches of parent bank	45,955	55,772	70,338	70,124	74,749	80,106	80,126	79,076	79,664	76,083
7 Banks	83,765	91,883	103,111	107,957	111,190	117,994	119,253	122,004	123,304	124,834
8 Public borrowers[2]	10,613	14,634	23,737	24,580	25,132	25,777	25,288	25,568	26,057	25,784
9 Nonbank foreigners	64,153	76,560	80,949	83,929	83,940	85,127	84,985	86,761	88,074	87,446
10 Other assets	7,045	8,425	11,320	13,350	13,513	14,055	13,788	14,572	14,757	14,963
11 **Total payable in U.S. dollars**	**167,695**	**193,764**	**224,940**	**234,445**	**259,035**	**263,630**	**263,094**	**266,544**	**267,644**	**266,122**
12 Claims on United States	7,595	11,049	16,382	25,536	40,799	36,527	33,638	36,362	31,178	31,134
13 Parent bank	4,264	7,692	12,625	19,478	34,939	29,773	27,674	30,652	25,628	25,049
14 Other	3,332	3,357	3,757	6,058	5,860	6,754	5,964	5,710	5,550	6,085
15 Claims on foreigners	156,896	178,896	203,498	202,426	211,663	220,665	222,543	223,201	229,043	227,110
16 Other branches of parent bank	37,909	44,256	55,408	53,629	58,255	62,058	61,918	60,397	61,528	58,705
17 Banks	66,331	70,786	78,686	79,951	83,466	88,882	90,911	92,730	96,152	97,655
18 Public borrowers[2]	9,022	12,632	19,567	20,188	20,988	21,439	20,909	21,160	21,615	21,536
19 Nonbank foreigners	43,634	51,222	49,837	48,658	48,954	48,286	48,805	48,914	49,748	49,214
20 Other assets	3,204	3,820	5,060	6,483	6,573	6,438	6,913	6,981	7,423	7,878
					United Kingdom					
21 **Total, all currencies**	**81,466**	**90,933**	**106,593**	**115,217**	**120,703**	**126,091**	**127,949**	**131,959**	**130,873**	**128,417**
22 Claims on United States	3,354	4,341	5,370	8,408	10,559	10,687	11,653	11,841	11,114	10,147
23 Parent bank	2,376	3,518	4,448	6,177	8,520	8,395	9,643	9,892	9,335	8,207
24 Other	978	823	922	2,231	2,039	2,292	2,010	1,949	1,779	1,940
25 Claims on foreigners	75,859	84,016	98,137	103,033	106,394	111,598	112,450	115,656	115,126	113,632
26 Other branches of parent bank	19,753	22,017	27,830	28,376	31,800	32,998	32,464	33,487	34,294	31,995
27 Banks	38,089	39,899	45,013	46,291	46,625	49,938	51,466	52,580	51,343	52,192
28 Public borrowers[2]	1,274	2,206	4,522	4,489	4,639	4,882	4,646	4,868	4,919	4,559
29 Nonbank foreigners	16,743	19,895	20,772	23,877	23,330	23,780	23,874	24,721	24,570	24,886
30 Other assets	2,253	2,576	3,086	3,776	3,750	3,806	3,846	4,462	4,633	4,638
31 **Total payable in U.S. dollars**	**61,587**	**66,635**	**75,860**	**79,211**	**85,380**	**89,032**	**91,485**	**93,502**	**94,287**	**91,760**
32 Claims on United States	3,375	4,100	5,113	7,956	10,146	10,169	11,164	11,352	10,743	9,820
33 Parent bank	2,374	3,431	4,386	6,060	8,443	8,343	9,485	9,697	9,294	8,161
34 Other	902	669	727	1,896	1,703	1,826	1,679	1,655	1,449	1,659
35 Claims on foreigners	57,488	61,408	69,416	69,496	73,503	77,145	78,428	80,127	81,297	79,740
36 Other branches of parent bank	17,249	18,947	22,838	23,481	26,983	27,631	27,092	27,993	28,931	26,842
37 Banks	28,983	28,530	31,482	30,626	31,318	34,276	36,183	36,604	36,760	37,487
38 Public borrowers[2]	846	1,669	3,317	3,166	3,210	3,336	3,206	3,311	3,319	3,274
39 Nonbank foreigners	10,410	12,263	11,779	12,223	11,992	11,902	11,947	12,219	12,287	12,137
40 Other assets	824	1,126	1,331	1,759	1,731	1,718	1,893	2,023	2,247	2,200
					Bahamas and Caymans					
41 **Total, all currencies**	**66,774**	**79,052**	**91,735**	**98,839**	**113,512**	**109,925**	**106,484**	**108,872**	**108,909**	**111,969**
42 Claims on United States	3,508	5,782	9,635	16,613	29,021	24,731	21,394	23,856	19,134	20,296
43 Parent bank	1,141	3,051	6,429	12,566	24,929	19,919	17,131	19,868	15,195	15,899
44 Other	2,367	2,731	3,206	4,047	4,092	4,812	4,263	3,988	3,939	4,397
45 Claims on foreigners	62,048	71,671	79,774	79,476	81,370	82,296	82,068	81,959	86,642	88,236
46 Other branches of parent bank	8,144	11,120	12,904	11,760	10,745	10,834	10,514	8,854	9,689	10,867
47 Banks	25,354	27,939	33,677	35,053	37,261	38,425	38,820	40,050	43,080	43,845
48 Public borrowers[2]	7,105	9,109	11,514	12,301	12,619	12,757	12,355	12,658	12,890	12,895
49 Nonbank foreigners	21,445	23,503	21,679	20,362	20,745	20,280	20,379	20,397	20,983	20,629
50 Other assets	1,217	1,599	2,326	2,750	3,121	2,898	3,022	3,057	3,133	3,437
51 **Total payable in U.S. dollars**	**62,705**	**73,987**	**85,417**	**92,216**	**106,767**	**103,034**	**99,715**	**101,932**	**102,301**	**106,041**

For notes see opposite page

3.13 Continued

Liability account	1976	1977	1978[1]	1979						1980
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.p
	All foreign countries									
52 **Total, all currencies**	**219,420**	**258,897**	**306,795**	**326,545**	**350,441**	**360,817**	**358,320**	**365,587**	**364,165**	**361,329**
53 To United States	32,719	44,154	57,948	60,097	67,744	67,505 r	65,998	62,179 r	66,564	71,458
54 Parent bank	19,773	24,542	28,464	20,256	20,242	21,343 r	21,317	19,274 r	24,275	25,987
55 *Other banks in United States*	12,946	19,613	12,338	12,436	17,785	18,581 r	14,713	13,897	15,125	13,196
56 Nonbanks			17,146	27,405	29,717	27,581	29,968	29,008	27,164	32,275
57 To foreigners	179,954	206,579	238,912	253,785	270,328	280,391 r	279,338	289,555 r	283,330	275,868
58 Other branches of parent bank	44,370	53,244	67,496	67,961	72,977	78,413 r	78,103	77,188	77,601	72,809
59 Banks	83,880	94,140	97,711	105,296	117,794	117,853 r	116,058	128,024	122,829	121,943
60 *Official institutions*	25,829	28,110	31,936	35,363	33,511	36,196	35,921	34,958	35,664	33,163
61 Nonbank foreigners	25,877	31,085	41,769	45,165	46,046	47,929	49,256	49,385	47,236	47,953
62 Other liabilities	6,747	8,163	9,935	12,663	12,369	12,921	12,984	13,853	14,271	14,003
63 **Total payable in U.S. dollars**	**173,071**	**198,572**	**230,810**	**240,452**	**264,339**	**269,811**	**268,769**	**272,166**	**273,751**	**271,694**
64 To United States	31,932	42,881	55,811	57,455	65,126	64,882 r	63,408	59,889	64,480	69,085
65 Parent bank	19,599	24,213	27,393	19,218	19,192	20,177 r	20,089	18,089	23,220	24,859
66 Other banks in United States	12,373	18,669	12,084	12,130	17,345	18,140 r	14,375	13,698	14,932	12,866
67 Nonbanks			16,334	26,107	28,589	26,565	28,944	28,102	26,328	31,360
68 To foreigners	137,612	151,363	169,927	176,613	192,481	197,993 r	198,327	204,654	201,462	195,073
69 Other branches of parent bank	37,098	43,268	53,396	52,048	56,840	60,656 r	60,511	59,429	60,513	56,729
70 Banks	60,619	64,872	63,000	65,945	78,006	76,032 r	74,852	83,605	80,671	80,937
71 Official institutions	22,878	23,972	26,404	29,497	27,468	29,932	29,653	28,521	29,048	26,793
72 Nonbank foreigners	17,017	19,251	27,127	29,123	30,167	31,373	33,311	33,099	31,230	30,614
73 Other liabilities	3,527	4,328	5,072	6,384	6,732	6,936	7,034	7,623	7,809	7,536
	United Kingdom									
74 **Total, all currencies**	**81,466**	**90,933**	**106,593**	**115,217**	**120,703**	**126,091**	**127,949**	**131,959**	**130,873**	**128,417**
75 To United States	5,997	7,753	9,730	13,626	17,174	18,502	19,730	19,612	20,986	20,378
76 Parent bank	1,198	1,451	1,887	1,706	2,669	2,070	2,258	2,516	3,104	3,014
77 Other banks in United States	4,798	6,302	4,232	4,822	6,155	7,790	8,004	7,381	8,715	7,631
78 Nonbanks			3,611	7,098	8,350	8,642	9,468	9,715	9,167	9,733
79 To foreigners	73,228	80,736	93,202	96,258	98,557	102,533	103,093	106,766	104,032	102,117
80 Other branches of parent bank	7,092	9,376	12,786	11,193	11,507	13,045	13,139	12,463	12,567	11,458
81 Banks	36,259	37,893	39,917	41,336	46,256	44,913	44,440	49,299	47,620	48,872
82 Official institutions	17,273	18,318	20,963	24,017	21,825	24,461	24,438	23,060	24,202	21,944
83 Nonbank foreigners	12,605	15,149	19,536	19,712	18,969	20,114	21,076	21,944	19,643	19,843
84 Other liabilities	2,241	2,445	3,661	5,333	4,972	5,056	5,126	5,581	5,855	5,922
85 **Total payable in U.S. dollars**	**63,174**	**67,573**	**77,030**	**80,398**	**86,642**	**90,682**	**92,817**	**94,983**	**95,449**	**92,771**
86 To United States	5,849	7,480	9,328	13,077	16,572	17,868	19,187	19,138	20,552	19,827
87 Parent bank	1,182	1,416	1,836	1,637	2,613	1,966	2,196	2,467	3,054	2,968
88 Other banks in United States	4,667	6,064	4,144	4,757	6,068	7,715	7,940	7,338	8,673	7,569
89 Nonbanks			3,348	6,683	7,891	8,187	9,051	9,333	8,825	9,290
90 To foreigners	56,372	58,977	66,216	65,403	68,035	70,730	71,561	73,542	72,397	70,597
91 Other branches of parent bank	5,874	7,505	9,635	7,377	7,720	8,663	8,955	8,337	8,446	7,793
92 Banks	25,527	25,608	25,287	23,893	28,698	26,851	26,132	29,424	29,424	30,988
93 Official institutions	15,423	15,482	17,091	20,288	18,119	20,703	20,457	19,139	20,192	18,117
94 Nonbank foreigners	9,547	10,382	14,203	13,845	13,498	14,513	16,017	16,642	14,335	13,699
95 Other liabilities	953	1,116	1,486	1,918	2,035	2,084	2,069	2,303	2,500	2,347
	Bahamas and Caymans									
96 **Total, all currencies**	**66,774**	**79,052**	**91,735**	**98,839**	**113,512**	**109,925**	**106,484**	**108,872**	**108,909**	**111,969**
97 To United States	22,721	32,176	39,431	37,939	41,734	40,582	38,294	34,995 r	37,669	44,225
98 Parent bank	16,161	20,956	20,356	12,232	11,117	13,525	12,864	10,937 r	15,084	18,041
99 Other banks in United States	6,560	11,220	6,199	6,342	10,192	8,947	5,757	5,545	5,343	4,606
100 Nonbanks			12,876	19,365	20,425	18,110	19,673	18,513	17,242	21,578
101 To foreigners	42,899	45,292	50,447	58,724	69,373	67,017	65,920	71,259 r	68,584	65,044
102 *Other branches of parent bank*	13,801	12,816	16,094	18,223	20,246	20,730	19,304	21,078 r	20,875	20,555
103 Banks	21,760	24,717	23,104	28,204	35,121	32,799	32,266	36,498	33,611	30,444
104 Official institutions	3,573	3,000	4,208	4,375	4,751	4,418	4,712	5,176	4,866	5,020
105 Nonbank foreigners	3,765	4,759	7,041	7,922	9,255	9,070	9,638	8,507	9,232	9,025
106 Other liabilities	1,154	1,584	1,857	2,176	2,405	2,326	2,270	2,618	2,656	2,700
107 **Total payable in U.S. dollars**	**63,417**	**74,463**	**87,014**	**93,470**	**107,623**	**104,113**	**100,820**	**103,339**	**103,392**	**107,025**

1. In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.
2. In May 1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1977	1978	1979	1979					1980	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan. p	Feb. p
1 **Total**[1]	**131,097**	**162,567**	**149,452**	**148,726**	**149,780**	**146,728**	**141,306**	**149,452**	**145,778**	**144,916**
By type										
2 Liabilities reported by banks in the United States[2]	18,003	23,274	30,476	25,398	25,619	24,951	26,643	30,476	24,598	24,446
3 U.S. Treasury bills and certificates[3]	47,820	67,671	47,666	50,146	50,842	49,411	43,921	47,666	48,864	48,234
U.S. Treasury bonds and notes										
4 Marketable	32,164	35,912	37,672	38,005	38,106	38,162	37,125	37,672	38,153	37,894
5 Nonmarketable[4]	20,443	20,970	17,387	19,547	19,547	18,497	17,837	17,387	17,434	17,384
6 U.S. securities other than U.S. Treasury securities[5]	12,667	14,740	16,251	15,630	15,666	15,707	15,780	16,251	16,729	16,958
By area										
7 Western Europe[1]	70,748	92,989	85,650	86,485	87,117	85,467	80,838	85,650	82,483	79,808
8 Canada	2,334	2,506	1,898	2,185	2,412	1,954	1,971	1,898	1,922	2,347
9 Latin America and Caribbean	4,649	5,045	6,371	4,497	4,890	4,559	4,579	6,371	4,784	4,896
10 Asia	50,693	58,858	52,639	51,928	52,414	51,782	51,151	52,639	53,377	54,546
11 Africa	1,742	2,423	2,412	3,219	2,513	2,583	2,215	2,412	2,480	2,392
12 Other countries[6]	931	746	482	412	434	383	552	482	732	927

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE: Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.15 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1976	1977	1978	1979			
			Dec.	Mar.	June	Sept.	Dec.
1 Banks' own liabilities	781	925	2,235	1,781	1,963	2,323	1,855
2 Banks' own claims[1]	1,834	2,356	3,504	2,602	2,519	2,607	2,435
3 Deposits	1,103	941	1,633	1,121	1,324	1,220	1,013
4 Other claims	731	1,415	1,871	1,481	1,196	1,386	1,422
5 Claims of banks' domestic customers[2]	....	....	367	476	520	612	592

1. Includes claims of banks' domestic customers through March 1978.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE: Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.16 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1976	1977	1978	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.r	1980 Jan.	1980 Feb.p
1 **All foreigners**	**110,657**	**126,168**	**166,997**	**191,719**	**185,695**	**180,656**	**184,251**	**187,749**	**184,716**	**193,799**
2 Banks' own liabilities	....	....	78,904	117,880	111,716	107,873	117,068	117,561	113,553	122,510
3 Demand deposits	16,803	18,996	19,201	18,910	20,163	17,898	23,338	23,367	20,753	22,568
4 Time deposits[1]	11,347	11,521	12,473	12,747	13,048	12,260	12,554	13,641	12,465	12,713
5 Other[2]	....	....	9,702	12,627	12,694	12,774	12,609	16,268	12,622	12,508
6 Own foreign offices[3]	....	....	37,563	73,595	65,811	64,941	68,567	64,286	67,713	74,721
7 Banks' custody liabilities[4]	....	....	88,093	73,839	73,978	72,783	67,184	70,187	71,163	71,289
8 U.S. Treasury bills and certificates[5]	40,744	48,906	68,202	52,258	52,429	50,452	45,005	48,573	49,851	49,341
9 Other negotiable and readily transferable instruments[6]	....	....	17,396	19,297	19,312	20,141	19,802	19,270	18,800	19,407
10 Other	....	....	2,495	2,284	2,237	2,190	2,376	2,344	2,512	2,542
11 **Nonmonetary international and regional organizations**[7]	**5,714**	**3,274**	**2,607**	**3,479**	**2,909**	**2,389**	**2,717**	**2,352**	**1,205**	**1,713**
12 Banks' own liabilities	....	....	906	603	491	566	753	710	444	394
13 Demand deposits	290	231	330	154	161	143	214	260	164	153
14 Time deposits[1]	205	139	84	77	82	82	80	152	89	78
15 Other[2]	....	....	492	372	248	342	459	298	191	163
16 Banks' custody liabilities[4]	....	....	1,701	2,876	2,418	1,823	1,964	1,643	761	1,319
17 U.S. Treasury bills and certificates	2,701	706	201	1,442	912	327	258	102	102	114
18 Other negotiable and readily transferable instruments[6]	....	....	1,499	1,433	1,505	1,494	1,605	1,538	659	1,206
19 Other	....	....	1	1	1	2	101	2	*	*
20 **Official institutions**[8]	**54,956**	**65,822**	**90,650**	**75,545**	**76,460**	**74,362**	**70,565**	**78,143**	**73,463**	**72,680**
21 Banks' own liabilities	....	....	12,073	12,945	13,488	11,981	14,176	18,229	12,298	12,153
22 Demand deposits	3,394	3,528	3,390	2,397	3,139	2,372	5,652	4,724	3,686	3,700
23 Time deposits[1]	2,321	1,797	2,531	2,392	2,320	1,859	1,859	3,071	2,289	2,347
24 Other[2]	....	....	6,152	8,155	8,029	7,749	6,666	10,434	6,323	6,106
25 Banks' custody liabilities[4]	....	....	78,577	62,600	62,972	62,381	56,388	59,914	61,164	60,527
26 U.S. Treasury bills and certificates[5]	37,725	47,820	67,415	50,146	50,842	49,411	43,921	47,666	48,864	48,234
27 Other negotiable and readily transferable instruments[6]	....	....	10,992	12,402	12,080	12,913	12,411	12,196	12,265	12,256
28 Other	....	....	170	52	51	57	56	52	35	37
29 **Banks**[9]	**37,174**	**42,335**	**57,720**	**95,469**	**88,947**	**86,155**	**92,716**	**88,694**	**91,490**	**100,244**
30 Banks' own liabilities	....	....	52,935	90,448	83,800	81,055	87,511	83,699	86,062	94,721
31 Unaffiliated foreign banks	....	....	15,372	16,853	17,989	16,114	18,944	19,413	18,349	20,001
32 Demand deposits	9,104	10,933	11,239	11,757	12,425	10,603	12,879	13,262	11,822	13,344
33 Time deposits[1]	2,297	2,040	1,468	1,525	1,752	1,551	1,624	1,663	1,259	1,297
34 Other[2]	....	....	2,664	3,571	3,813	3,960	4,441	4,488	5,268	5,359
35 Own foreign offices[3]	....	....	37,563	73,595	65,811	64,941	68,567	64,286	67,713	74,721
36 Banks' custody liabilities[4]	....	....	4,785	5,020	5,147	5,100	5,205	4,995	5,428	5,523
37 U.S. Treasury and certificates	119	141	300	384	406	400	451	422	533	566
38 Other negotiable and readily transferable instruments[6]	....	....	2,425	2,509	2,625	2,684	2,611	2,405	2,616	2,606
39 Other	....	....	2,060	2,127	2,116	2,017	2,143	2,168	2,278	2,350
40 **Other foreigners**	**12,814**	**14,736**	**16,020**	**17,227**	**17,379**	**17,750**	**18,254**	**18,560**	**18,559**	**19,161**
41 Banks' own liabilities	....	....	12,990	13,884	13,937	14,271	14,627	14,924	14,749	15,242
42 Demand deposits	4,015	4,304	4,242	4,602	4,439	4,779	4,594	5,121	5,080	5,371
43 Time deposits	6,524	7,546	8,353	8,753	8,894	8,769	8,991	8,755	8,828	8,991
44 Other[2]	....	....	394	529	604	724	1,043	1,048	840	880
45 Banks' custody liabilities[4]	....	....	3,030	3,343	3,442	3,479	3,626	3,636	3,810	3,920
46 U.S. Treasury bills and certificates	198	240	285	285	269	315	375	382	352	426
47 Other negotiable and readily transferable instruments[6]	....	....	2,481	2,953	3,103	3,050	3,175	3,131	3,260	3,339
48 Other	....	....	264	105	70	114	76	123	199	154
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	....	....	11,007	11,099	11,264	11,346	10,821	10,974	10,787	11,395

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments." Data for time deposits prior to April 1978 represent short-term only.
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks; principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

3.16 LIABILITIES TO FOREIGNERS Continued

Area and country	1976	1977	1978	1979					1980	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.p
1 **Total**	**110,657**	**126,168**	**166,997**	**191,719**	**185,695**	**180,656**	**184,251**	**187,749r**	**184,716**	**193,799**
2 **Foreign countries**	**104,943**	**122,893**	**164,390**	**188,241**	**182,786**	**178,267**	**181,534**	**185,396r**	**183,511**	**192,085**
3 Europe	47,076	60,295	85,382	86,112	88,584	88,008	87,488	91,411r	87,109	86,305
4 Austria	346	318	513	446	444	426	404	413	374	379
5 Belgium-Luxembourg	2,187	2,531	2,552	2,714	2,920	2,710	2,786	2,364	2,118	2,404
6 Denmark	356	770	1,946	1,412	1,100	1,001	1,166	1,092	955	587
7 Finland	416	323	346	508	415	334	390	398	454	544
8 France	4,876	5,269	9,208	9,985	10,499	9,340	10,301	10,401r	10,524	11,249
9 Germany	6,241	7,239	17,286	10,434	13,129	13,154	10,801	12,935	10,345	8,953
10 Greece	403	603	826	695	691	632	792	635	831	627
11 Italy	3,182	6,857	7,674	9,678	8,551	8,481	8,345	7,782	7,779	7,394
12 Netherlands	3,003	2,869	2,402	2,627	2,281	2,174	2,165	2,327	2,530	2,482
13 Norway	782	944	1,271	1,320	1,402	1,393	1,407	1,267	1,229	1,159
14 Portugal	239	273	330	411	554	620	595	557	550	438
15 Spain	559	619	870	1,060	1,133	1,103	1,184	1,259	1,194	1,146
16 Sweden	1,692	2,712	3,121	2,368	2,062	2,165	2,064	2,005	1,848	1,978
17 Switzerland	9,460	12,343	18,560	15,717	16,642	16,643	17,206	18,501	17,271	17,529
18 Turkey	166	130	157	160	135	150	145	120r	232	118
19 United Kingdom	10,018	14,125	14,265	22,579	22,622	24,138	24,043	24,665r	25,010	25,281
20 Yugoslavia	189	232	254	149	142	147	147	266	157	149
21 Other Western Europe[1]	2,673	1,804	3,693	3,504	3,493	3,087	3,248	4,070r	3,445	3,455
22 U.S.S.R.	51	98	82	80	52	53	39	52	46	41
23 Other Eastern Europe[2]	236	236	325	265	317	259	261	302	217	390
24 Canada	4,659	4,607	6,966	8,376	8,319	8,644	7,280	7,379r	9,546	9,556
25 Latin America and Caribbean	19,132	23,670	31,606	56,889	49,408	47,097	51,624	49,565r	50,407	57,161
26 Argentina	1,534	1,416	1,484	1,761	1,935	1,693	1,573	1,582	1,635	1,697
27 Bahamas	2,770	3,596	6,752	24,085	18,372	15,377	18,540	15,311r	16,261	21,802
28 Bermuda	218	321	428	415	392	399	404	430r	445	560
29 Brazil	1,438	1,396	1,125	1,040	1,198	994	1,051	1,005	1,402	1,155
30 British West Indies	1,877	3,998	5,991	13,367	11,202	11,372	12,534	11,049r	11,886	12,627
31 Chile	337	360	399	459	420	425	356	469	396	471
32 Colombia	1,021	1,221	1,756	2,378	2,188	2,243	2,377	2,617	2,882	2,840
33 Cuba	6	6	13	6	9	7	12	13	10	5
34 Ecuador	320	330	322	449	364	482	476	425	386	412
35 Guatemala[3]	....	....	416	320	335	361	374	414r	394	391
36 Jamaica[3]	....	....	52	67	175	113	74	76	95	90
37 Mexico	2,870	2,876	3,417	3,658	3,549	3,528	3,666	4,096r	3,984	3,973
38 Netherlands Antilles	158	196	308	366	359	609	460	499	346	524
39 Panama	1,167	2,331	2,968	3,049	3,336	3,926	4,290	4,483	4,724	4,646
40 Peru	257	287	363	391	477	388	417	383	376	388
41 Uruguay	245	243	231	222	217	217	185	202	215	210
42 Venezuela	3,118	2,929	3,821	3,180	2,903	3,168	3,014	4,192	3,081	3,498
43 Other Latin America and Carribbean	1,797	2,167	1,760	1,675	1,977	1,795	1,822	2,318r	1,887	1,872
44 Asia	29,766	30,488	36,473	32,219	32,505	30,615	31,058	32,898r	32,015	34,531
China										
45 Mainland	48	53	67	41	45	49	45	49	46	32
46 Taiwan	990	1,013	502	1,027	1,231	1,339	1,413	1,393	1,386	1,567
47 Hong Kong	894	1,094	1,256	1,571	1,634	1,542	1,624	1,672	1,696	1,776
48 India	638	961	790	704	674	496	580	527	544	579
49 Indonesia	340	410	449	317	463	555	478	504	743	693
50 Israel	392	559	674	627	626	621	574	707r	504	496
51 Japan	14,363	14,616	21,927	13,094	13,292	10,885	7,867	8,886r	9,417	10,689
52 Korea	438	602	795	825	938	950	951	993r	960	1,016
53 Philippines	628	687	644	603	632	598	671	800	729	772
54 Thailand	277	264	427	330	421	304	415	281	408	284
55 Middle-East oil-exporting countries[4]	9,360	8,979	7,529	11,306	10,688	11,313	14,564	15,212	14,073	14,995
56 Other Asia	1,398	1,250	1,414	1,773	1,862	1,963	1,876	1,871	1,509	1,631
57 Africa	2,298	2,535	2,886	3,818	3,194	3,141	3,105	3,239r	3,331	3,170
58 Egypt	333	404	404	302	245	294	380	475	449	332
59 Morocco	87	66	32	40	40	30	36	33r	50	33
60 South Africa	141	174	168	174	235	194	213	184	269	195
61 Zaire	36	39	43	49	73	112	104	110	128	93
62 Oil-exporting countries[5]	1,116	1,155	1,525	2,441	1,832	1,711	1,513	1,635r	1,503	1,665
63 Other Africa	585	698	715	811	768	800	859	804	932	852
64 Other countries	2,012	1,297	1,076	826	776	762	980	904	1,104	1,363
65 Australia	1,905	1,140	838	621	549	528	714	684	853	1,054
66 All other	107	158	239	205	227	234	266	220r	252	309
67 Nonmonetary international and regional organizations	5,714	3,274	2,607	3,479	2,909	2,389	2,717	2,352r	1,205	1,713
68 International	5,157	2,752	1,485	2,427	1,810	1,343	1,504	1,232r	823	613
69 Latin American regional	267	278	808	793	824	755	790	813	90	786
70 Other regional[6]	290	245	314	258	275	291	423	308	292	315

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlement, which is included in "Other Western Europe."

3.17 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1976	1977	1978	1979					1980	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.^p
1 **Total**	**79,301**	**90,206**	**115,307**	**125,633**	**127,247**	**121,086**	**124,427**	**133,586^r**	**126,429**	**130,623**
2 **Foreign countries**	**79,261**	**90,163**	**115,251**	**125,582**	**127,196**	**121,049**	**124,383**	**133,554^r**	**126,394**	**130,590**
3 Europe	14,776	18,114	24,230	25,774	28,380	26,178	25,890	28,313^r	24,772	25,433
4 Austria	63	65	140	223	191	190	168	284^r	256	315
5 Belgium-Luxembourg	482	561	1,200	1,483	1,737	1,559	1,402	1,328^r	1,386	1,524
6 Denmark	133	173	254	141	166	116	149	147	127	156
7 Finland	199	172	305	247	227	230	182	202	264	237
8 France	1,549	2,082	3,742	3,260	3,766	2,736	3,305	3,302^r	3,046	3,197
9 Germany	509	644	895	883	1,840	1,309	1,396	1,159^r	915	1,209
10 Greece	279	206	164	267	194	282	171	154	136	141
11 Italy	993	1,334	1,508	1,474	1,566	1,424	1,259	1,572^r	1,344	1,369
12 Netherlands	315	338	675	559	631	618	603	514	472	610
13 Norway	136	162	299	227	238	236	257	276	178	175
14 Portugal	88	175	171	297	325	349	352	330	288	213
15 Spain	745	722	1,110	969	1,126	1,117	1,050	1,051	939	1,015
16 Sweden	206	218	537	482	459	603	548	542	733	702
17 Switzerland	379	564	1,283	714	1,179	1,171	1,232	1,162	935	1,359
18 Turkey	249	360	283	148	119	141	151	149	128	131
19 United Kingdom	7,033	8,964	10,156	12,347	12,394	11,839	11,426	13,789^r	11,382	10,770
20 Yugoslavia	234	311	363	571	584	578	582	611	569	565
21 Other Western Europe[1]	85	86	122	216	247	154	185	175	204	227
22 U.S.S.R.	485	413	366	292	326	349	311	290	263	265
23 Other Eastern Europe[2]	613	566	657	974	1,064	1,175	1,160	1,277	1,206	1,251
24 Canada	3,319	3,355	5,152	5,017	4,787	4,335	4,368	4,347^r	4,230	4,344
25 Latin America and Caribbean	38,879	45,850	57,166	62,932	62,465	59,225	62,286	67,632^r	64,325	65,872
26 Argentina	1,192	1,478	2,281	3,259	3,285	3,653	4,157	4,415^r	4,666	4,900
27 Bahamas	15,464	19,858	21,515	19,931	19,146	17,393	16,046	18,681^r	19,674	18,315
28 Bermuda	150	232	184	167	172	485	462	496^r	432	314
29 Brazil	4,901	4,629	6,251	6,548	7,286	7,567	7,497	7,767^r	7,509	8,404
30 British West Indies	5,082	6,481	9,391	10,723	9,176	6,742	9,131	9,762^r	7,836	10,086
31 Chile	597	675	972	1,173	1,323	1,396	1,349	1,438	1,377	1,430
32 Colombia	675	671	1,012	1,220	1,259	1,451	1,523	1,614^r	1,656	1,699
33 Cuba	13	10	*	6	4	4	4	4	4	4
34 Ecuador	375	517	705	921	943	1,000	1,007	1,025	1,001	1,025
35 Guatemala[3]	....	....	94	100	103	110	115	134	114	105
36 Jamaica[3]	....	....	40	30	32	29	34	47	51	72
37 Mexico	4,822	4,909	5,423	7,699	8,430	8,416	8,336	8,971^r	8,833	8,864
38 Netherlands Antilles	140	224	273	342	301	230	227	248^r	324	397
39 Panama	1,372	1,410	3,094	4,400	4,523	4,268	5,774	5,986	4,418	3,831
40 Peru	933	962	918	730	716	607	604	652	570	634
41 Uruguay	42	80	52	66	60	72	71	105	100	83
42 Venezuela	1,828	2,318	3,474	4,040	4,176	4,349	4,392	4,689^r	4,241	4,195
43 Other Latin America and Caribbean	1,293	1,394	1,487	1,577	1,531	1,455	1,557	1,598^r	1,519	1,515
44 Asia	19,204	19,236	25,494	28,963	28,546	28,457	29,057	30,624	30,226	32,208
China										
45 *Mainland*	3	10	4	29	25	55	31	35^r	28	51
46 Taiwan	1,344	1,719	1,499	1,970	1,935	1,930	1,805	1,821	1,705	1,691
47 Hong Kong	316	543	1,579	1,788	1,859	1,737	1,794	1,804	1,810	2,127
48 India	69	53	54	75	74	68	69	92	133	90
49 Indonesia	218	232	143	156	140	147	135	131	117	128
50 Israel	755	584	870	857	882	891	842	990	823	787
51 Japan	11,040	9,839	12,686	15,050	14,656	14,983	16,155	16,925^r	17,052	18,787
52 Korea	1,978	2,336	2,282	3,612	3,750	3,839	3,732	3,796^r	4,100	4,339
53 Philippines	719	594	680	793	638	724	642	737	640	645
54 Thailand	442	633	758	919	1,036	956	972	935	974	993
55 Middle East oil-exporting countries[4]	1,459	1,746	3,135	1,689	1,914	1,190	1,107	1,544	1,394	1,211
56 Other Asia	863	947	1,804	2,026	1,637	1,939	1,776	1,813^r	1,450	1,359
57 Africa	2,311	2,518	2,221	1,969	2,101	1,926	1,865	1,785	1,865	1,775
58 Egypt	126	119	107	126	120	122	91	112	116	154
59 Morocco	27	43	82	31	23	66	73	103	103	109
60 South Africa	957	1,066	860	730	704	602	565	445	417	342
61 Zaire	112	98	164	151	149	135	135	142	146	144
62 Oil-Exporting Countries[5]	524	510	452	398	563	435	442	391	486	452
63 Other	565	682	556	533	542	566	559	592	598	574
64 Other Countries	772	1,090	988	926	916	928	916	853	976	959
65 Australia	597	905	877	756	744	748	741	673	801	789
66 All other	175	186	111	170	172	180	176	180	175	170
67 Nonmonetary international and regional organizations[6]	40	43	56	51	50	36	44	32	35	33

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbear" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

3.18 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1976	1977	1978	1979					1980	
				Aug.	Sept.	Oct.	Nov.	Dec.r	Jan.	Feb.p
1 **Total**	**79,301**	**90,206**	**126,485**	....	**145,975**	....	....	**153,534**	....	....
2 Banks' own claims on foreigners	....	....	115,307	125,633	127,247	121,086	124,427	133,586	126,429	130,623
3 Foreign public borrowers	....	....	10,130	12,510	13,808	14,103	13,657	15,054	14,751	15,004
4 Own foreign offices[1]	....	....	41,471	40,237	39,493	38,164	43,628	47,056	45,328	46,606
5 Unaffiliated foreign banks	....	....	40,420	45,048	46,010	39,799	37,860	40,902	35,993	38,776
6 Deposits	....	....	5,458	7,549	7,394	6,745	5,680	6,217	4,958	5,069
7 Other	....	....	34,962	37,498	38,616	33,054	32,180	34,685	31,035	33,707
8 All other foreigners	....	....	23,286	27,838	27,935	29,021	29,282	30,574	30,358	30,237
9 Claims of banks' domestic customers[2]	....	....	11,178	....	18,729	....	....	19,948	....	....
10 Deposits	....	....	480	....	975	....	....	955	....	....
11 Negotiable and readily transferable instruments[3]	....	....	5,344	....	11,580	....	....	12,974	....	....
12 Outstanding collections and other claims[4]	5,756	6,176	5,353	....	6,174	....	....	6,019	....	....
13 MEMO: Customer liability on acceptances	....	....	14,919	....	19,733	....	....	21,173	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	....	....	12,804	20,808	18,734	21,615	20,060	n.a.	n.a.	n.a.

1. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.
4. Data for March 1978 and for period prior to that are outstanding collections only.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

NOTE: Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.19 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1978		1979			
	Sept.	Dec.	Mar.	June	Sept.	Dec.
1 **Total**	**60,096**	**73,632**	**71,528**	**77,662**	**87,471**	**86,170**
By borrower						
2 Maturity of 1 year or less[1]	47,230	58,363	55,363	60,014	68,119	65,042
3 Foreign public borrowers	3,709	4,589	4,643	4,594	6,051	6,894
4 All other foreigners	43,521	53,774	50,720	55,420	62,068	58,148
5 Maturity of over 1 year[1]	12,866	15,269	16,165	17,648	19,352	21,128
6 Foreign public borrowers	4,230	5,343	5,944	6,427	7,635	8,074
7 All other foreigners	8,635	9,926	10,221	11,221	11,718	13,054
By area						
Maturity of 1 year or less[1]						
8 Europe	10,513	15,126	12,376	14,019	16,782	15,203
9 Canada	1,953	2,670	2,512	2,703	2,466	1,843
10 Latin America and Caribbean	18,624	20,927	21,651	23,090	25,584	24,774
11 Asia	14,014	17,575	16,993	18,199	21,365	21,657
12 Africa	1,535	1,496	1,290	1,438	1,399	1,072
13 All other[2]	591	569	541	565	523	493
Maturity of over 1 year[1]						
14 Europe	3,102	3,142	3,103	3,484	3,665	4,142
15 Canada	794	1,426	1,456	1,221	1,371	1,453
16 Latin America and Caribbean	6,877	8,452	9,325	10,265	11,773	12,792
17 Asia	1,303	1,399	1,471	1,881	1,732	1,920
18 Africa	580	636	629	614	623	652
19 All other[2]	211	214	180	183	189	169

1. Remaining time to maturity.
2. Includes nonmonetary international and regional organizations.

NOTE. The first available data are for June 1978.

3.20 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or Country	1975	1976	1977	1978				1979			
				Mar.	June[2]	Sept.	Dec.	Mar.	June	Sept.	Dec.
1 **Total**	**167.1**	**206.8**	**241.4**	**244.7**	**247.1**	**247.6**	**266.1**	**263.8**	**275.3**	**293.7**	**304.3**
2 G-10 countries and Switzerland	88.0	100.3	116.4	116.9	112.8	113.7	124.9	119.1	125.3	135.8	139.2
3 Belgium-Luxembourg	5.3	6.1	8.4	8.3	8.3	8.4	9.0	9.4	9.7	10.7	11.1
4 France	8.5	10.0	11.0	11.4	11.4	11.7	12.2	11.7	12.7	12.0	11.6
5 Germany	7.7	8.7	9.6	9.0	9.1	9.7	11.4	10.5	10.8	12.9	12.0
6 Italy	5.2	5.8	6.5	6.0	6.4	6.1	6.6	5.7	6.1	6.1	6.3
7 Netherlands	2.8	2.8	3.5	3.4	3.4	3.5	4.4	3.9	4.0	4.7	4.8
8 Sweden	1.0	1.2	1.9	2.0	2.1	2.2	2.1	2.0	2.0	2.3	2.4
9 Switzerland	2.4	3.0	3.6	4.0	4.1	4.3	5.4	4.5	4.8	5.0	4.8
10 United Kingdom	36.3	41.7	46.5	46.7	45.0	44.4	47.3	46.5	50.4	53.8	55.9
11 Canada	3.8	5.1	6.4	7.0	5.1	5.0	6.0	5.9	5.5	6.0	7.7
12 Japan	14.9	15.9	18.8	19.1	17.9	18.6	20.6	19.0	19.4	22.3	22.4
13 Other developed countries	10.8	15.0	18.6	19.7	19.4	18.6	19.4	18.2	18.2	19.7	19.9
14 Austria	.7	1.2	1.3	1.5	1.5	1.5	1.7	1.7	1.8	2.0	2.0
15 Denmark	.6	1.0	1.6	1.8	1.7	1.9	2.0	2.0	1.9	2.0	2.2
16 Finland	.9	1.1	1.2	1.2	1.1	1.0	1.2	1.2	1.1	1.2	1.2
17 Greece	1.4	1.7	2.2	2.1	2.3	2.2	2.3	2.3	2.2	2.3	2.4
18 Norway	1.4	1.5	1.9	1.9	2.1	2.1	2.1	2.1	2.1	2.3	2.3
19 Portugal	.3	.4	.6	.7	.6	.5	.6	.6	.5	.7	.7
20 Spain	1.9	2.8	3.6	3.6	3.6	3.5	3.4	3.0	3.0	3.3	3.5
21 Turkey	.6	1.3	1.5	1.4	1.4	1.5	1.5	1.4	1.4	1.4	1.4
22 Other Western Europe	.6	.7	.9	1.5	1.2	.9	1.3	1.1	1.0	1.5	1.4
23 South Africa	1.2	2.2	2.4	2.5	2.4	2.2	2.0	1.7	1.8	1.7	1.3
24 Australia	1.3	1.2	1.4	1.5	1.4	1.3	1.4	1.3	1.4	1.3	1.3
25 Oil-exporting countries[3]	6.9	12.6	17.6	19.2	19.2	20.4	22.7	22.6	22.7	23.4	22.8
26 Ecuador	.4	.7	1.1	1.3	1.4	1.6	1.6	1.5	1.6	1.6	1.7
27 Venezuela	2.3	4.1	5.5	5.5	5.6	6.2	7.2	7.2	7.6	7.9	8.7
28 Indonesia	1.6	2.2	2.2	2.1	1.9	1.9	2.0	1.9	1.9	1.9	1.9
29 Middle East countries	1.6	4.2	6.9	8.3	8.4	8.7	9.5	9.4	9.0	9.2	8.0
30 African countries	1.0	1.4	1.9	2.0	1.9	2.0	2.5	2.6	2.6	2.8	2.6
31 Non-oil developing countries	34.1	44.2	48.7	49.7	49.1	49.6	52.5	53.8	56.2	59.1	63.2
Latin America											
32 Argentina	1.7	1.9	2.9	3.0	3.0	2.9	3.0	3.1	3.5	4.1	5.1
33 Brazil	8.0	11.1	12.7	13.0	13.3	14.0	14.9	14.9	15.1	15.1	15.3
34 Chile	.5	.8	.9	1.1	1.3	1.3	1.6	1.7	1.8	2.2	2.5
35 Colombia	1.2	1.3	1.3	1.2	1.3	1.3	1.4	1.5	1.5	1.7	2.2
36 Mexico	9.0	11.7	11.9	11.2	11.0	10.7	10.8	10.9	11.0	11.7	12.3
37 Peru	1.4	1.8	1.9	1.7	1.8	1.8	1.7	1.6	1.4	1.4	1.5
38 Other Latin America	2.5	2.8	2.6	3.4	3.3	3.4	3.6	3.5	3.3	3.6	3.7
Asia											
China											
39 Mainland	.0	.0	.0	.0	.0	.0	.0	.1	.1	.1	.1
40 Taiwan	1.7	2.4	3.1	3.1	2.5	2.4	2.9	3.1	3.3	3.5	3.5
41 India	.2	.2	.3	.3	.2	.3	.2	.2	.2	.2	.2
42 Israel	.9	1.0	.9	.8	.7	.7	1.0	1.0	.9	1.0	1.3
43 Korea (South)	2.4	3.1	3.9	3.6	3.6	3.5	3.9	4.2	5.0	5.3	5.5
44 Malaysia[4]	.3	.5	.7	.7	.6	.6	.6	.6	.7	.7	.9
45 Philippines	1.7	2.2	2.5	2.6	2.7	2.8	2.8	3.2	3.7	3.7	4.3
46 Thailand	.7	.7	1.1	1.1	1.1	1.1	1.2	1.2	1.4	1.6	1.6
47 Other Asia	.5	.5	.4	.4	.3	.3	.2	.3	.4	.3	.4
Africa											
48 Egypt	.4	.4	.3	.3	.3	.4	.4	.5	.7	.6	.6
49 Morocco	.1	.3	.5	.4	.5	.5	.6	.6	.5	.5	.6
50 Zaire	.3	.2	.3	.3	.2	.2	.2	.2	.2	.2	.2
51 Other Africa[4]	.8	1.2	.7	1.4	1.2	1.3	1.4	1.4	1.5	1.6	1.7
52 Eastern Europe	3.7	5.2	6.3	6.3	6.4	6.6	6.9	6.7	6.7	7.2	7.8
53 U.S.S.R.	1.0	1.5	1.6	1.4	1.4	1.4	1.3	1.1	.9	.9	1.0
54 Yugoslavia	.6	.8	1.1	1.2	1.3	1.3	1.5	1.6	1.7	1.8	1.8
55 Other	2.1	2.9	3.7	3.7	3.7	3.9	4.1	4.0	4.1	4.6	5.0
56 Offshore banking centers	18.9	24.7	26.1	28.8	32.2	30.0	30.6	33.5	36.4	37.9	39.7
57 Bahamas	7.3	10.1	9.8	11.3	12.4	11.7	10.4	12.4	14.5	13.0	13.5
58 Bermuda	.5	.5	.6	.6	.7	.7	.7	.6	.7	.7	.7
59 Cayman Islands and other British West Indies	2.5	3.8	3.8	4.6	6.7	6.4	6.9	6.8	7.0	9.2	9.5
60 Netherlands Antilles	.6	.6	.7	.7	.6	.6	.8	.8	1.0	1.1	1.2
61 Panama	2.6	3.0	3.1	3.1	3.3	3.1	3.0	3.4	3.5	3.0	3.8
62 Lebanon	.2	.1	.2	.2	.1	.1	.1	.1	.1	.2	.2
63 Hong Kong	1.6	2.2	3.7	4.1	4.1	4.0	4.3	4.8	4.9	5.5	6.0
64 Singapore	3.6	4.4	3.7	3.9	3.8	2.9	3.9	4.2	4.2	4.9	4.5
65 Others[6]	.1	.0	.5	.3	.5	.5	.5	.4	.4	.4	.4
66 Miscellaneous and unallocated[7]	4.7	5.0	5.3	5.9	8.1	8.6	9.1	9.5	9.9	10.6	11.8

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.13 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.17 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches). However, see also footnote 2.

2. For June 1978 and subsequent dates, the claims of the U.S. offices in this table include only banks' own claims payable in dollars. For earlier dates the claims of the U.S. offices also include customer claims and foreign currency claims (amounting in June 1978 to $10 billion).

3. Includes Algeria, Bahrain, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, and United Arab Emirates in addition to countries shown individually.

4. Foreign branch claims only through December 1976.

5. Excludes Liberia.

6. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

3.21 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1978	1979	1980	1979					1980	
			Jan.-Feb.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.p
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**44,938**	**50,306**	....	**49,575**	**50,257**	**50,888**	**49,779**	**50,306**	**51,660**	**52,036**
2 Foreign countries[2]	39,817	44,875	....	44,979	45,060	45,206	44,276	44,875	45,609	45,392
3 Europe[2]	17,072	23,705	....	22,558	22,599	22,692	21,910	23,705	24,183	23,737
4 Belgium-Luxembourg	19	60	....	24	65	65	60	60	60	55
5 Germany[2]	8,705	12,937	....	10,952	10,953	11,082	11,337	12,937	12,913	12,629
6 Netherlands	1,358	1,466	....	1,577	1,667	1,660	1,490	1,466	1,407	1,414
7 Sweden	285	647	....	525	588	600	593	647	640	641
8 Switzerland	977	1,868	....	2,048	2,496	2,427	1,961	1,868	1,894	1,564
9 United Kingdom	5,373	6,236	....	6,895	6,193	6,191	5,955	6,236	6,755	6,921
10 Other Western Europe	354	491	....	538	637	666	513	491	514	512
11 Eastern Europe	....	....	....	....	....	....	....	....	....	....
12 Canada	152	232	....	233	233	235	234	232	231	389
13 Latin America and Caribbean	416	546	....	539	539	541	539	546	546	547
14 Venezuela	144	183	....	183	183	183	183	183	183	183
15 Other Latin American and Caribbean	110	200	....	192	192	194	192	200	200	201
16 Netherlands Antilles	162	163	....	165	165	164	164	163	163	164
17 Asia	21,488	19,804	....	20,960	21,000	21,050	21,005	19,804	20,061	20,130
18 Japan	11,528	11,175	....	12,818	12,789	12,591	12,502	11,175	10,844	10,420
19 Africa	691	591	....	691	691	691	591	591	591	591
20 All other	−3	−3	....	−3	−3	−3	−3	−3	−3	−3
21 Nonmonetary international and regional organizations	5,121	5,431	....	4,596	5,197	5,682	5,503	5,431	6,051	6,644
22 International	5,089	5,388	....	4,551	5,150	5,636	5,463	5,388	6,016	6,592
23 Latin American regional	33	40	....	46	46	46	40	40	35	53
	Transactions (net purchases, or sales (−), during period)									
24 **Total[2]**	**6,297**	**5,368**	**1,733**	**584**	**681**	**632**	**−1,110**	**527**	**1,357**	**376**
25 Foreign countries[2]	5,921	5,058	516	435	81	146	−930	600	734	−218
26 Official institutions	3,727	1,781	222	515	101	56	−1,037	547	481	−259
27 Other foreign[2]	2,195	3,277	295	−81	−20	89	108	53	254	41
28 Nonmonetary international and regional organizations	375	311	1,218	149	600	487	−180	−73	624	594
MEMO: Oil-exporting countries										
29 Middle East[3]	−1,785	−1,015	1,050	394	72	299	64	168	550	500
30 Africa[4]	329	−100	....	....	....	....	−100	....	....	....

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.22 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1977	1978	1979	1979				1980		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.p
1 Deposits	424	367	429	347	351	490	429	439	450	468
Assets held in custody										
2 U.S. Treasury securities[1]	91,962	117,126	95,075	100,383	97,965	90,874	95,075	97,116	96,200	89,290
3 Earmarked gold[2]	15,988	15,463	15,169	15,294	15,253	15,230	15,169	15,138	15,109	15,087

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2. The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.23 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1978	1979	1980 Jan.-Feb.p	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	20,142	22,594r	7,540	2,382	2,074	2,385	1,876	2,359	3,104	4,436
2 Foreign sales	17,723	20,975r	5,777	2,224	2,023	2,372	1,687	2,182	2,417	3,360
3 Net purchases, or sales (−)	**2,420**	**1,618r**	**1,762**	**158**	**51**	**13**	**189**	**177**	**687**	**1,075**
4 Foreign countries	**2,466**	**1,604**	**1,763**	**156**	**58**	**13**	**192**	**173**	**686**	**1,077**
5 Europe	1,283	216	1,319	−48	−107	−34	77	75	506	813
6 France	47	122	204	19	−20	−48	−18	8	71	133
7 Germany	620	−221	86	−30	−37	−32	−18	−10	35	51
8 Netherlands	−22	−71	−32	−3	*	38	12	25	8	−41
9 Switzerland	−585	−519	528	−87	−64	−68	−148	−68	153	375
10 United Kingdom	1,230	964	506	97	19	83	278	155	215	291
11 Canada	74	550	165	78	145	67	14	47	40	125
12 Latin America and Caribbean	151	−18	127	45	−8	−93	−7	40	92	35
13 Middle East[1]	781	656	66	44	41	59	133	32	15	50
14 Other Asia	187	207	88	34	−12	18	−29	−21	30	58
15 Africa	−13	−14	−1	−4	−2	−1	1	−3	*	1
16 Other countries	3	7	−1	7	1	−3	2	2	2	−3
17 Nonmonetary international and regional organizations	**−46**	**15**	**−1**	**2**	**−7**	*****	**−3**	**4**	**1**	**−2**
BONDS[2]										
18 Foreign purchases	7,975	8,790	2,084	729	398	827	732	964	1,149	935
19 Foreign sales	5,517	7,544	1,088	673	288	639	913	550	494	594
20 Net purchases, or sales (−)	**2,458**	**1,246**	**996**	**56**	**110**	**188**	**−181**	**414**	**655**	**341**
21 Foreign countries	**2,049**	**1,347r**	**799**	**71**	**23**	**48**	**−118**	**429**	**523**	**276**
22 Europe	908	675	246	−5	19	88	−205	33	205	41
23 France	30	11	8	−3	−1	1	11	1	8	*
24 Germany	68	83	2	−10	−1	−7	2	2	−5	6
25 Netherlands	12	−202	−33	−19	−2	−7	−15	−20	−3	−30
26 Switzerland	−100	−61	13	−8	4	*	−53	7	6	8
27 United Kingdom	930	816	266	24	23	103	−124	36	195	71
28 Canada	102	90	53	9	17	8	−1	−16	25	28
29 Latin America and Caribbean	98	112	23	10	−4	6	12	15	14	10
30 Middle East[1]	810	374	461	50	−7	−39	71	406	280	181
31 Other Asia	131	94	5	7	−4	−16	5	−10	*	5
32 Africa	−1	1	2	*	1	*	*	*	*	2
33 Other countries	1	1	8	*	*	1	*	*	*	8
34 Nonmonetary international and regional organizations	**409**	**−102**	**197**	**−14**	**87**	**140**	**−63**	**−14**	**132**	**65**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	527	−993	−659	−117	−338	−198	−84	−130	−233	−426
36 Foreign purchases	3,666	4,512	1,429	377	420	466	365	406	624	804
37 Foreign sales	3,139	5,504	2,088	494	758	663	449	536	858	1,230
38 Bonds, net purchases, or sales (−)	−4,052	−3,985r	−128	−543	−725	−75	−335	−295r	−72	−56
39 Foreign purchases	11,043	12,379r	2,653	1,575	829	1,081	1,080	1,124	1,279	1,374
40 Foreign sales	15,094	16,364r	2,781	2,118	1,554	1,156	1,415	1,419r	1,351	1,430
41 Net purchases, or sales (−) of stocks and bonds	**−3,525**	**−4,978r**	**−787**	**−660**	**−1,063**	**−273**	**−420**	**−425r**	**−305**	**−482**
42 Foreign countries	**−3,338**	**−4,218r**	**−865**	**−577**	**−914**	**−277**	**−301**	**−563r**	**−382**	**−483**
43 Europe	−64	−1,730r	53	−290	−120	−38	−119	−282	176	−123
44 Canada	−3,238	−2,676r	−742	−128	−891	−358	−97	−142r	−330	−412
45 Latin America and Caribbean	201	389	107	12	*	11	29	−14	5	101
46 Asia	350	−212	−263	−172	92	112	−118	−128	−228	−35
47 Africa	−441	−14	−3	−1	*	−6	1	2	−2	−1
48 Other countries	−146	25	−17	2	5	2	3	3	−4	−13
49 Nonmonetary international and regional organizations	**−187**	**−760**	**78**	**−83**	**−150**	**4**	**−118**	**138**	**78**	**1**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.24 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1976	1977	1978[r]	1978		1979			
				June	Sept.	Mar.	June	Sept.	Dec.
1 **Total**	**10,099**	**11,085**	**14,676**	**11,870**	**12,786**	**14,265**	**15,164**	**15,372**	....
2 Payable in dollars	9,390	10,284	11,400	11,044	11,955	11,369	12,415	12,477	....
3 Payable in foreign currencies[2]	709	801	3,276	825	831	2,896	2,749	2,895	....
By type									
4 Financial liabilities	....	....	6,145	....	....	5,894	5,781	5,881	....
5 Payable in dollars	....	....	3,745	....	....	3,705	3,735	3,738	....
6 Payable in foreign currencies	....	....	2,400	....	....	2,190	2,046	2,143	....
7 Commercial liabilities	....	....	8,531	....	....	8,371	9,384	9,491	....
8 Trade payables	....	....	3,984	....	....	3,484	4,244	4,015	....
9 Advance receipts and other liabilities	....	....	4,547	....	....	4,886	5,140	5,476	....
10 Payable in dollars	....	....	7,655	....	....	7,664	8,680	8,739	....
11 Payable in foreign currencies	....	....	876	....	....	707	703	753	....
By area or country									
Financial liabilities									
12 Europe	....	....	3,834	....	....	3,570	3,394	3,426	....
13 Belgium-Luxembourg	....	....	287	....	....	264	313	276	....
14 France	....	....	162	....	....	138	134	125	....
15 Germany	....	....	366	....	....	305	271	370	....
16 Netherlands	....	....	389	....	....	422	378	407	....
17 Switzerland	....	....	248	....	....	239	231	185	....
18 United Kingdom	....	....	2,054	....	....	1,992	1,852	1,866	....
19 Canada	....	....	242	....	....	258	292	311	....
20 Latin America and Caribbean	....	....	1,283	....	....	1,279	1,325	1,381	....
21 Bahamas	....	....	426	....	....	411	442	345	....
22 Bermuda	....	....	56	....	....	41	37	37	....
23 Brazil	....	....	10	....	....	13	19	14	....
24 British West Indies	....	....	127	....	....	136	127	139	....
25 Mexico	....	....	102	....	....	101	131	121	....
26 Venezuela	....	....	49	....	....	55	65	68	....
27 Asia	....	....	775	....	....	778	759	752	....
28 Japan	....	....	714	....	....	714	706	700	....
29 Middle East oil-exporting countries[3]	....	....	27	....	....	23	19	19	....
30 Africa	....	....	5	....	....	5	6	5	....
31 Oil-exporting countries[4]	....	....	2	....	....	1	2	1	....
32 All other[5]	....	....	5	....	....	5	5	5	....
Commercial liabilities									
33 Europe	....	....	2,972	....	....	2,941	3,255	3,343	....
34 Belgium-Luxembourg	....	....	75	....	....	70	81	103	....
35 France	....	....	317	....	....	339	339	379	....
36 Germany	....	....	536	....	....	402	481	553	....
37 Netherlands	....	....	208	....	....	194	202	178	....
38 Switzerland	....	....	302	....	....	329	439	348	....
39 United Kingdom	....	....	798	....	....	843	979	992	....
40 Canada	....	....	667	....	....	614	651	715	....
41 Latin America	....	....	995	....	....	1,161	1,319	1,384	....
42 Bahamas	....	....	25	....	....	16	65	89	....
43 Bermuda	....	....	95	....	....	40	80	45	....
44 Brazil	....	....	74	....	....	61	165	186	....
45 British West Indies	....	....	53	....	....	89	121	21	....
46 Mexico	....	....	106	....	....	236	203	256	....
47 Venezuela	....	....	303	....	....	356	323	359	....
48 Asia	....	....	2,950	....	....	2,636	3,021	2,985	....
49 Japan	....	....	438	....	....	411	499	516	....
50 Middle East oil-exporting countries[3]	....	....	1,535	....	....	1,113	1,216	1,039	....
51 Africa	....	....	743	....	....	779	891	775	....
52 Oil-exporting countries[4]	....	....	312	....	....	343	410	385	....
53 All other[5]	....	....	204	....	....	239	246	290	....

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Before December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

3.25 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1976	1977	1978	1978 June	1978 Sept.	1979 Mar.	1979 June	1979 Sept.	1979 Dec.
1 **Total**	**19,350**	**21,298**	**27,626**	**23,229**	**23,260**	**30,071**	**29,398**	**29,808**	....
2 Payable in dollars	18,300	19,880	24,604	21,665	21,292	27,241	26,495	27,109	....
3 Payable in foreign currencies[2]	1,050	1,418	3,022	1,564	1,968	2,829	2,904	2,699	....
By type									
4 Financial claims	....	....	16,276	....	....	19,328	18,382	18,034	....
5 Deposits	....	....	10,815	....	....	13,895	12,807	12,661	....
6 Payable in dollars	....	....	9,753	....	....	12,975	11,871	11,759	....
7 Payable in foreign currencies	....	....	1,062	....	....	920	936	901	....
8 Other financial claims	....	....	5,461	....	....	5,433	5,575	5,373	....
9 Payable in dollars	....	....	3,872	....	....	3,893	4,012	3,984	....
10 Payable in foreign currencies	....	....	1,589	....	....	1,540	1,563	1,389	....
11 Commercial claims	....	....	11,351	....	....	10,743	11,016	11,774	....
12 Trade receivables	....	....	10,712	....	....	9,996	10,311	10,965	....
13 Advance payments and other claims	....	....	639	....	....	747	705	809	....
14 Payable in dollars	....	....	10,979	....	....	10,373	10,612	11,366	....
15 Payable in foreign currencies	....	....	371	....	....	370	404	408	....
By area or country									
Financial claims									
16 Europe	....	....	5,035	....	....	5,164	5,458	6,387	....
17 Belgium-Luxembourg	....	....	48	....	....	63	54	33	....
18 France	....	....	178	....	....	171	183	191	....
19 Germany	....	....	510	....	....	266	361	391	....
20 Netherlands	....	....	103	....	....	85	62	51	....
21 Switzerland	....	....	98	....	....	96	81	85	
22 United Kingdom	....	....	3,848	....	....	4,253	4,478	5,357	....
23 Canada	....	....	4,521	....	....	5,196	5,066	4,538	....
24 Latin America and Carribbean	....	....	5,563	....	....	7,883	6,772	5,943	....
25 Bahamas	....	....	2,871	....	....	4,111	3,173	2,773	....
26 Bermuda	....	....	80	....	....	63	57	61	....
27 Brazil	....	....	151	....	....	137	122	114	....
28 British West Indies	....	....	1,280	....	....	2,443	2,278	1,711	....
29 Mexico	....	....	162	....	....	160	158	155	....
30 Venezuela	....	....	150	....	....	142	148	137	....
31 Asia	....	....	922	....	....	829	800	818	....
32 Japan	....	....	307	....	....	207	216	222	....
33 Middle East oil-exporting countries[3]	....	....	18	....	....	16	17	21	
34 Africa	....	....	181	....	....	204	227	278	....
35 Oil-exporting countries[4]	....	....	10	....	....	26	23	41	
36 All other[5]	....	....	55	....	....	52	61	69	....
Commercial claims									
37 Europe	....	....	3,990	....	....	3,837	3,842	4,170	....
38 Belgium-Luxembourg	....	....	148	....	....	177	174	184	....
39 France	....	....	613	....	....	494	473	549	....
40 Germany	....	....	416	....	....	514	435	467	....
41 Netherlands	....	....	262	....	....	274	306	262	....
42 Switzerland	....	....	198	....	....	230	232	224	
43 United Kingdom	....	....	817	....	....	691	724	815	....
44 Canada	....	....	1,110	....	....	1,121	1,127	1,174	....
45 Latin America and Caribbean	....	....	2,544	....	....	2,391	2,403	2,562	....
46 Bahamas	....	....	109	....	....	117	98	16	....
47 Bermuda	....	....	215	....	....	241	118	152	....
48 Brazil	....	....	626	....	....	491	499	565	....
49 British West Indies	....	....	9	....	....	10	25	13	....
50 Mexico	....	....	506	....	....	489	584	647	....
51 Venezuela	....	....	292	....	....	274	296	345	....
52 Asia	....	....	3,081	....	....	2,756	2,969	3,106	....
53 Japan	....	....	979	....	....	896	1,003	1,129	....
54 Middle East oil-exporting countries[3]	....	....	712	....	....	672	685	661	....
55 Africa	....	....	447	....	....	443	487	548	....
56 Oil-exporting countries[4]	....	....	136	....	....	131	139	139	....
57 All other[5]	....	....	179	....	....	195	189	213	....

1. For a description of the changes in the International Statistics tables, see July 1979, BULLETIN, p. 550.
2. Prior to December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Mar. 31, 1980		Country	Rate on Mar. 31, 1980		Country	Rate on Mar. 31, 1980	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Argentina	18.0	Feb. 1972	France	9.5	Aug. 1977	Norway	9.0	Nov. 1979
Austria	6.75	Mar. 1980	Germany, Fed. Rep. of	7.0	Feb. 1980	Sweden	10.0	Jan. 1980
Belgium	14.0	Mar. 1980	Italy	15.0	Dec. 1979	Switzerland	3.0	Feb. 1980
Brazil	33.0	Nov. 1978	Japan	9.0	Mar. 1980	United Kingdom	17.0	Nov. 1979
Canada	15.49	Mar. 1980	Mexico	4.5	June 1942	Venezuela	8.5	May 1979
Denmark	13.0	Feb. 1980	Netherlands	9.5	Nov. 1979			

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1977	1978	1979	1979			1980		
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 Eurodollars	6.03	8.74	11.96	14.59	15.00	14.51	14.33	15.33	18.72
2 United Kingdom	8.07	9.18	13.60	14.12	16.09	16.71	17.30	17.72	18.07
3 Canada	7.47	8.52	11.91	13.34	14.19	14.02	13.93	13.96	14.72
4 Germany	4.30	3.67	6.64	8.84	9.57	9.54	8.79	8.94	9.51
5 Switzerland	2.56	0.74	2.04	2.57	3.97	5.67	5.45	5.19	6.57
6 Netherlands	4.73	6.53	9.33	10.09	11.86	14.56	11.85	11.99	11.48
7 France	9.20	8.10	9.44	12.14	12.72	12.55	12.31	12.63	13.94
8 Italy	14.26	11.40	11.85	12.71	13.12	16.01	17.00	17.88	18.12
9 Belgium	6.95	7.14	10.48	12.99	14.17	14.49	14.38	14.45	16.23
10 Japan	6.22	4.75	6.10	7.01	8.13	8.42	8.44	9.10	12.37

NOTE. Rates are for 3-month interbank loans except for the following: Canada, finance company paper; Belgium, time deposits of 20 million francs and over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1977	1978	1979	1979			1980		
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 Australia/dollar	110.82	114.41	111.77	111.31	109.34	110.30	110.97	110.41	109.03
2 Austria/schilling	6.0494	6.8958	7.4799	7.7570	7.8345	8.0039	8.0689	7.9815	7.5539
3 Belgium/franc	2.7911	3.1809	3.4098	3.4656	3.4822	3.5423	3.5688	3.5221	3.3395
4 Canada/dollar	94.112	87.729	85.386	85.084	84.771	85.471	85.912	86.546	85.255
5 Denmark/krone	16.658	18.156	19.010	19.110	19.034	18.618	18.568	18.326	17.325
6 Finland/markka	24.913	24.337	27.732	26.483	26.428	26.830	27.082	26.912	25.998
7 France/franc	20.344	22.218	23.504	23.809	24.065	24.614	24.750	24.413	23.188
8 Germany/deutsche mark	43.079	49.867	54.561	55.884	56.470	57.671	57.986	57.203	54.039
9 India/rupee	11.406	12.207	12.265	12.159	12.209	12.350	12.519	12.529	12.270
10 Ireland/pound	174.49	191.84	204.65	208.28	208.70	212.76	214.31	211.59	202.25
11 Italy/lira	.11328	.11782	.12035	.12112	.12112	.12329	.12427	.12346	.11635
12 Japan/yen	.37342	.47981	.45834	.43405	.40834	.41613	.42041	.40934	.40246
13 Malaysia/ringgit	40.620	43.210	45.720	46.074	45.661	45.931	45.868	45.896	44.956
14 Mexico/peso	4.4239	4.3896	4.3826	4.3825	4.3726	4.3768	4.3780	4.3789	4.3739
15 Netherlands/guilder	40.752	46.284	49.843	50.379	50.686	52.092	52.527	51.886	49.270
16 New Zealand/dollar	96.893	103.64	102.23	98.564	96.813	98.100	98.690	97.960	95.451
17 Norway/krone	18.789	19.079	19.747	20.143	19.928	20.092	20.373	20.483	19.815
18 Portugal/escudo	2.6234	2.2782	2.0437	1.9992	1.9852	2.0036	2.0051	2.0634	2.0116
19 South Africa/rand	114.99	115.01	118.72	120.79	120.32	120.79	121.64	122.90	123.59
20 Spain/peseta	1.3287	1.3073	1.4896	1.5117	1.5051	1.5039	1.5124	1.5006	1.4446
21 Sri Lanka/rupee	11.964	6.3834	6.4226	6.4000	6.4053	6.4300	6.4323	6.4350	6.4098
22 Sweden/krona	22.383	22.139	23.323	23.747	23.677	23.935	24.112	23.974	23.008
23 Switzerland/franc	41.714	56.283	60.121	61.350	60.870	62.542	62.693	60.966	56.710
24 United Kingdom/pound	174.49	191.84	212.24	214.38	213.52	220.07	226.41	228.91	220.45
MEMO:									
25 United States/dollar[1]	103.31	92.39	88.09	87.67	88.12	86.32	85.52	86.37	90.26

1. Index of weighted average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972-76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on page 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable transfers.

Guide to
Tabular Presentation and Statistical Releases

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected
e	Estimated
p	Preliminary
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
n.a.	Not available
n.e.c.	Not elsewhere classified
IPCs	Individuals, partnerships, and corporations
REITs	Real estate investment trusts
RPs	Repurchase agreements
SMSAs	Standard metropolitan statistical areas
......	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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Summaries Only Printed in the Bulletin

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AN ASSESSMENT OF BANK HOLDING COMPANIES, by Robert J. Lawrence and Samuel H. Talley. January 1976.

REPRINTS

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Revision of Bank Credit Series. 12/71.
Assets and Liabilities of Foreign Branches of U.S. Banks. 2/72.
Bank Debits, Deposits, and Deposit Turnover—Revised Series. 7/72.
Yields on Newly Issued Corporate Bonds. 9/72.
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New Estimates of Capacity Utilization: Manufacturing and Materials. 11/76.
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U.S. International Transactions in 1978. 4/79.
Implementation of the International Banking Act. 10/79.
Changes in Bank Lending Practices, 1977-79. 10/79.

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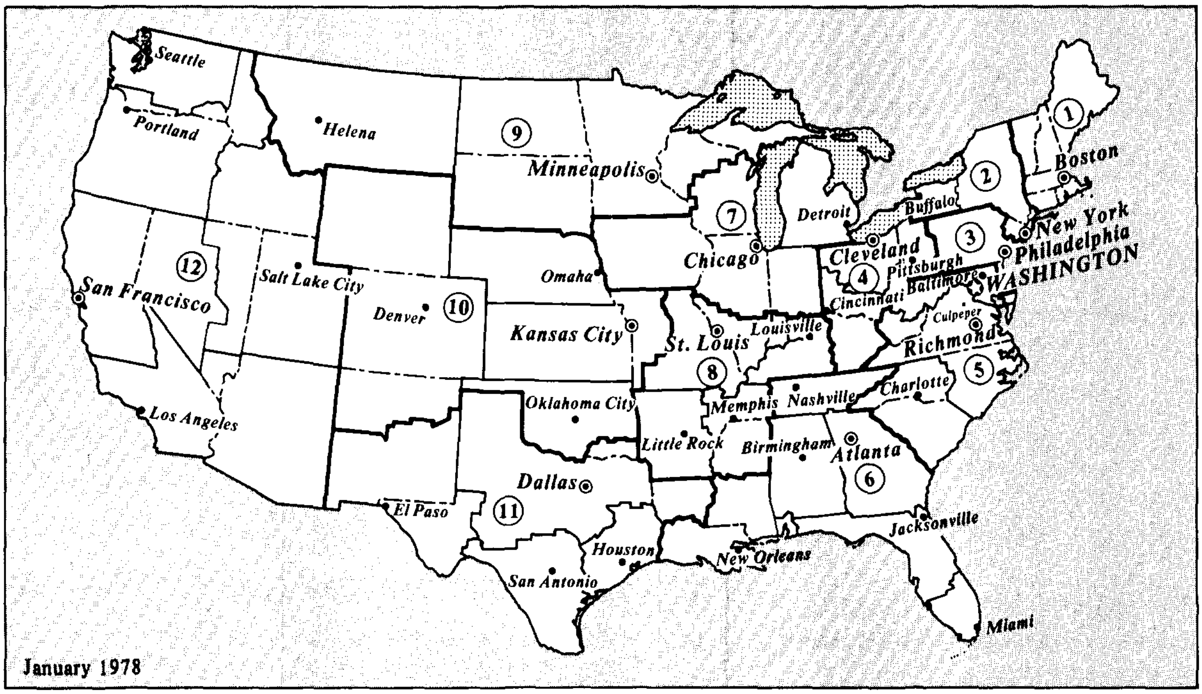
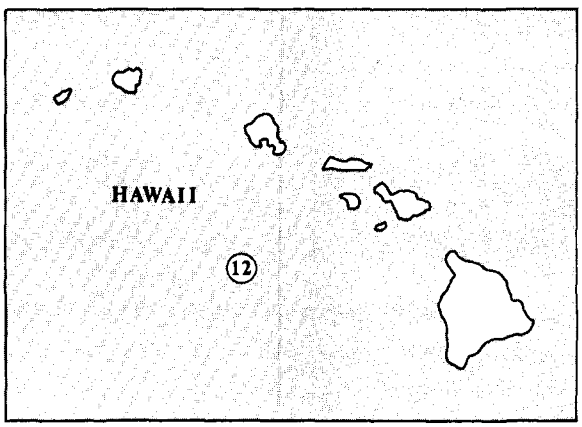
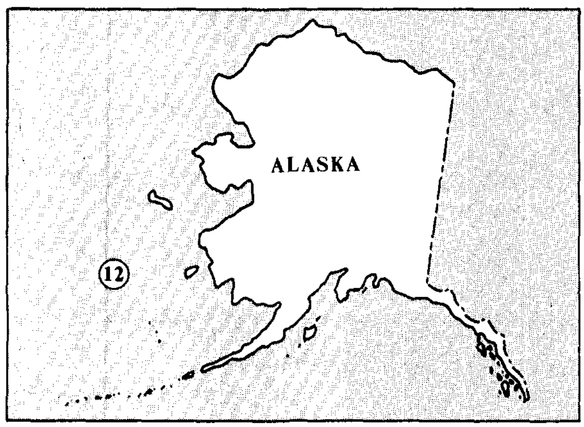
The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories







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