AUGUST 1978

FEDERAL RESERVE BULLETIN

Domestic Financial Developments in the Second Quarter of 1978

Survey of Time and Savings Deposits, April 1978

A copy of the Federal Reserve BULLETIN is sent to each member bank without charge; member banks desiring additional copies may secure them at a special $10.00 annual rate. The regular subscription price in the United States and its possessions, and in Bolivia, Canada, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Republic of Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, El Salvador, Uruguay, and Venezuela is $20.00 per annum or $2.00 per copy; elsewhere, $24.00 per annum or $2.50 per copy. Group subscriptions in the United States for 10 or more copies to one address, $1.75 per copy per month, or $18.00 for 12 months.

The BULLETIN may be obtained from the Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, and remittance should be made payable to the order of the Board of Governors of the Federal Reserve System in a form collectible at par in U.S. currency. (Stamps and coupons are not accepted.)

NUMBER 8 □ VOLUME 64 □ AUGUST 1978

FEDERAL RESERVE
BULLETIN

Board of Governors of the Federal Reserve System

Washington, D.C.

PUBLICATIONS COMMITTEE

Joseph R. Coyne, *Chairman* □ Stephen H. Axilrod □ John M. Denkler
Janet O. Hart □ James L. Kichline □ Neal L. Petersen □ Edwin M. Truman

The Federal Reserve BULLETIN is issued monthly under the direction of the staff publications committee. This committee is responsible for opinions expressed except in official statements and signed articles. Direction for the art work is provided by Mack R. Rowe. Editorial support is furnished by the Economic Editing Unit headed by Mendelle T. Berenson.

Table of Contents

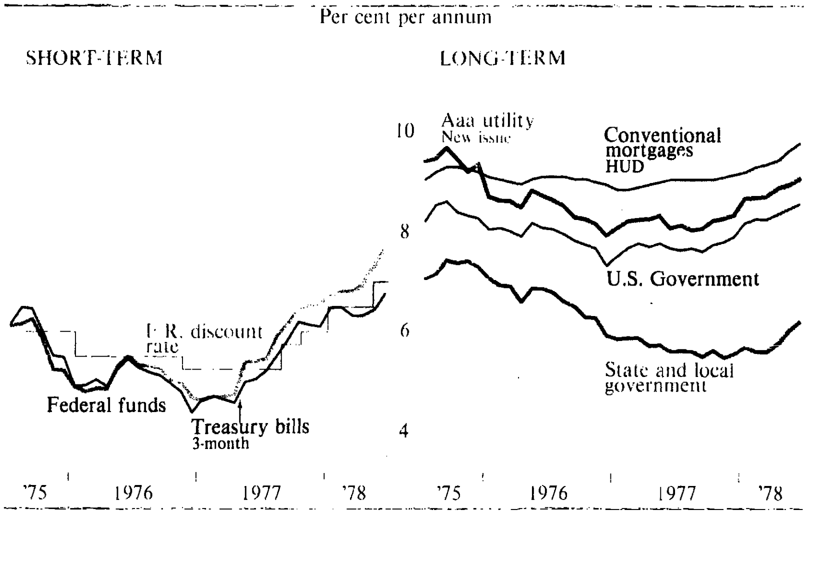
Domestic Financial Developments in the Second Quarter of 1978

This report, which was sent to the Joint Economic Committee of the U.S. Congress, highlights the important developments in domestic financial markets during the spring and early summer.

Credit flows to private nonfinancial sectors of the economy picked up in the second quarter of 1978, as over-all economic activity rebounded from the weather- and strike-depressed pace of the first quarter. Nonfinancial corporations increased their reliance on short- and intermediate-term borrowing, while their offerings of long-term securities remained moderate. In the household sector, consumer credit continued to expand strongly. supporting the advance in purchases of durable goods—especially automobiles. The volume of mortgage financing grew somewhat from the rate of the first quarter when it had been especially affected by the harsh weather, but it was still well below the record of late last year. The Treasury moderated its net borrowing on a seasonally adjusted basis, but bond issuance by State and local governments increased slightly, bolstered by a large volume of advance refunding issues in early May.

The strong rise of spending in the second quarter was accompanied by a marked acceleration of quarterly growth in *M*-1 to a record annual rate of 9½ per cent, well above the upper end of the longer-run range established by the Federal Open Market Committee for the year extending from the first quarter of 1978 to the first quarter of 1979. Broader measures of money, *M*-2 and *M*-3, grew a little faster than in the first quarter but remained well within their respective longer-run ranges; interest-bearing deposits included in these broader aggregates grew more slowly than in the earlier quarter. In June, however, expansion of deposits subject to regulatory ceilings on interest rates was

Interest rates



NOTES:

Monthly averages except for F.R. discount rate and conventional mortgages (based on quotations for one day each month). Yields: U.S. Treasury bills, market yields on 3-month issues; prime commercial paper, dealer offering rates; conventional mortgages, rates on first mortgages in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development; Aaa utility bonds, weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to Aaa basis; U.S. Govt. bonds, market yields adjusted to 20 year constant maturity by U.S. Treasury; State and local govt. bonds (20 issues, mixed quality), *Bond Buyer*.

buoyed by the introduction of the new "money market" time certificate.

Efforts by the Federal Reserve to restrain rapid growth in the monetary aggregates resulted in a further upward movement of the rate on Federal funds (overnight loans of immediately available bank funds) amounting to about 1 percentage point over the quarter. Beginning in mid-April, the gradually rising rate on Federal funds prompted member banks to increase their borrowing at the discount window. In response to sizable member bank borrowings as well as to general interest rate developments, the Federal Reserve boosted the discount rate ½ of a percentage point in mid-May and a further ¼ of a percentage point in early July.

The rise in the Federal funds rate, in an environment of continued strong demand for short-term credit, was accompanied by advances in other short-term market interest rates of 60 to 130 basis points during the second quarter. Rates in intermediate- and longer-term credit markets moved 35 to 75 basis points higher, reflecting not only the increases in short-term rates but apparently also some upward re-evaluation in general expectations as to longer-run inflationary prospects.

MONETARY AGGREGATES AND BANK CREDIT

Much of the pick-up in growth of the key monetary aggregates in the second quarter was accounted for by a surge in demand deposits at commercial banks occurring in April. The bulge in checking account balances that month was related in part to the processing of an

Changes in selected monetary aggregates

Per cent, seasonally adjusted annual rates

Item	1975	1976	1977	1977 Q2	1977 Q3	1977 Q4	1978 Q1	1978 Q2
Member bank reserves:								
Total	-.3	1.0	5.2	2.9	7.3	6.1	8.5	6.5
Nonborrowed	3.2	1.2	2.7	1.8	1.7	3.5	14.5	.5
Concepts of money:[1]								
M-1	4.4	5.7	7.9	8.1	8.1	7.5	5.6	9.5
M-2	8.3	10.9	9.8	9.9	9.9	8.2	6.9	8.3
M-3	11.1	12.8	11.7	10.2	11.9	10.7	7.7	8.0
M-4	6.5	7.1	10.1	8.2	9.5	10.9	10.4	10.4
M-5	9.6	10.3	11.8	9.6	11.6	12.3	9.8	9.3
Time and savings deposits at commercial banks:								
Total (excluding large negotiable CD's)	11.7	15.0	11.2	9.7	11.2	8.6	7.9	7.4
Savings	17.5	25.0	11.1	8.8	7.3	5.4	2.6	1.6
Other time	7.8	7.4	11.4	10.5	14.6	11.6	12.7	12.3
Deposits at thrift institutions[2]	15.6	15.8	14.6	11.9	15.0	14.4	8.9	7.5
MEMO (change in billions of dollars, seasonally adjusted):								
Large negotiable CD's at large banks	-5.6	-19.1	8.0	-.2	.7	7.1	8.8	6.5
All other large time deposits[3]	-3.7	-1.0	10.9	-.5	5.2	5.6	5.4	3.5
Small time deposits	18.6	16.5	14.9	6.6	3.3	1.4	2.5	4.3
Nondeposit sources of funds[4]	-2.9	16.6	11.0	1.8	4.5	4.5	5.0	2.7

[1] *M-1* is currency plus private demand deposits adjusted. *M-2* is *M-1* plus bank time and savings deposits other than large negotiable CD's. *M-3* is *M-2* plus deposits at mutual savings banks and savings and loan associations and credit union shares. *M-4* is *M-2* plus large negotiable CD's. *M-5* is *M-3* plus large negotiable CD's.

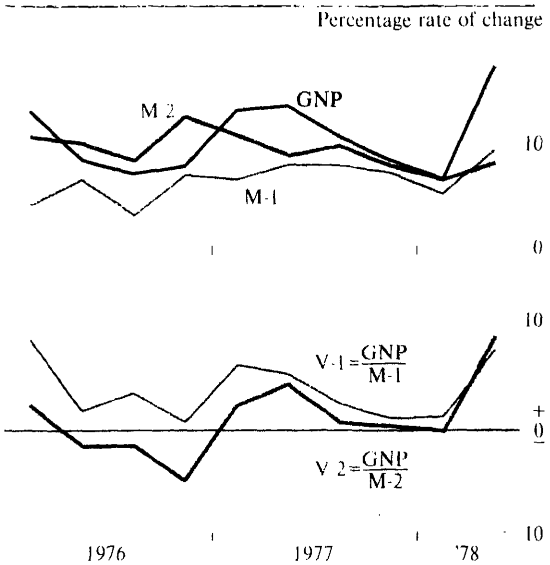
[2] Savings and loan associations, mutual savings banks, and credit unions.

[3] Total large time deposits less negotiable CD's at weekly reporting banks.

[4] Nondeposit sources of funds include borrowings by commercial banks from other than commercial banks in the form of Federal funds purchased, securities sold under agreements to repurchase, and other liabilities to own foreign branches (Euro-dollar borrowings), loans sold to affiliates, loan repurchase agreements, borrowings from Federal Reserve Banks, and other minor items.

NOTE. Changes are calculated from the average amounts outstanding in each quarter. Annual rates of change in reserve measures have been adjusted for changes in reserve requirements.

Changes in income velocity of M-1 and M-2



Seasonally adjusted annual rates. Money stock data are quarterly averages.

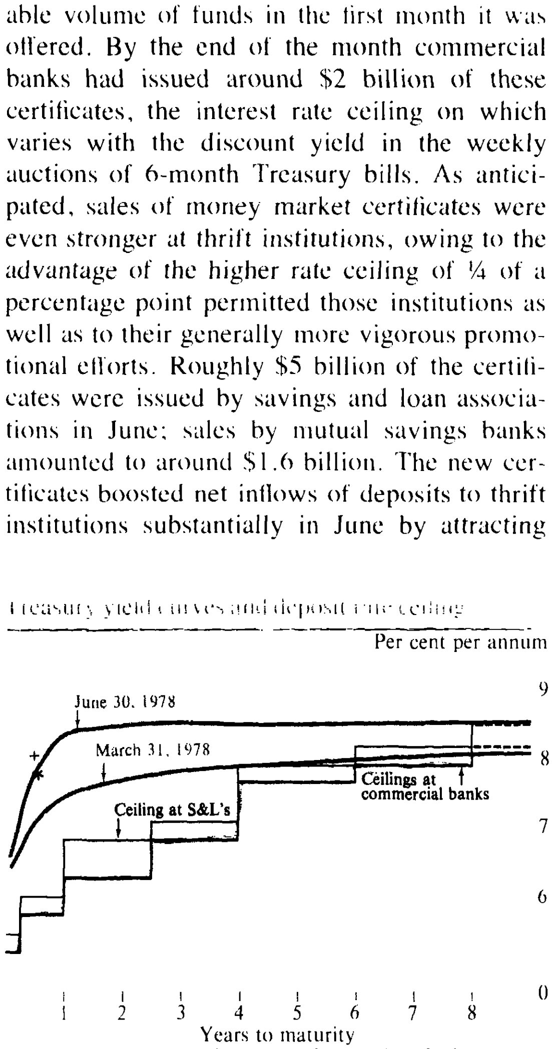
unusually large volume of personal income tax payments. The rate of expansion of *M*-1 fell off substantially in May and June, but the rapid average pace for the 3 months as a whole appears to have indicated continuing strong needs for transactions balances associated with the rebound in economic activity.

Growth in *M*-1 over the second quarter, however, was well below that of nominal GNP, and the rate of increase of *M*-1 velocity, estimated at 7¼ per cent, was the largest since early 1976. The marked acceleration of velocity apparently reflected the usual delay in the adjustment of cash balances to abrupt changes in spending as well as the depressing effect on money demand of recent increases in interest rates.

Although *M*-2 expanded somewhat faster in the second quarter than in the first, growth in the interest-bearing component of this measure moderated as the result of a slackening in the expansion of large-denomination time deposits. In contrast, growth in the total of small-denomination time and savings deposits at banks recovered somewhat during the quarter, despite a further increase in market yields above the regulatory ceiling rates on these deposits. While inflows of savings deposits at banks slowed a little from the already reduced pace of the preceding quarter, growth of small-denomination time deposits rose sharply, reflecting in part the introduction in June of new 6-month and 8-year time certificates.

Survey data for June suggest that most of the pick-up in the expansion of small-denomination time deposits was attributable to the 6-month money market certificate, which attracted a sizable volume of funds in the first month it was offered. By the end of the month commercial banks had issued around \$2 billion of these certificates, the interest rate ceiling on which varies with the discount yield in the weekly auctions of 6-month Treasury bills. As anticipated, sales of money market certificates were even stronger at thrift institutions, owing to the advantage of the higher rate ceiling of ¼ of a percentage point permitted those institutions as well as to their generally more vigorous promotional efforts. Roughly \$5 billion of the certificates were issued by savings and loan associations in June; sales by mutual savings banks amounted to around \$1.6 billion. The new certificates boosted net inflows of deposits to thrift institutions substantially in June by attracting

Treasury yield curves and deposit rate ceilings



† Maximum yield on "money market" time deposits at thrift institutions for June 30, 1978.

* Maximum yield on "money market" time deposits at commercial banks for June 30, 1978.

Data reflect annual effective yields. Ceiling rates are yields derived from continuous compounding of the nominal ceiling rates. Market yield data are on an investment yield basis. Higher ceiling on 8 year certificate effective June 1, 1978.

contributed to the increased reliance on short- and intermediate-term finance in the second quarter by discouraging a number of corporations—large industrial concerns in particular—from raising money in the bond market. As a result of the emphasis on shorter-term credit and the limited acquisitions of liquid assets, corporate liquidity (as measured by the ratio of liquid assets to short-term liabilities) is estimated to have moved lower over the quarter, although, at the current level, it remains well above the record low in 1974.

Stock prices surged in mid-April and early-May and continued to move higher throughout most of the rest of the quarter. The New York Stock Exchange index of industrial stock prices increased almost 10 per cent over the quarter (more than reversing the first-quarter decline), while average stock prices on the American Exchange and in the over-the-counter market rose more than 12 per cent. The major exception to this general pattern was the prices of utility stocks, which were largely unchanged over the quarter, perhaps in response to generally rising interest rates. The volume of common and preferred stock offerings continued light during the second quarter and was well below its average level during 1977. Even though price-earnings ratios rose somewhat over the quarter, they remained quite low and may have been largely responsible for the continued slow pace of new equity sales.

GOVERNMENT FINANCE

Gross bond sales by State and local governments increased during the second quarter to a seasonally adjusted annual rate of $48 billion, just below the record level in the second quarter of 1977. At the same time, the *Bond Buyer* index of tax-exempt bond yields rose sharply, from 5.69 per cent at the beginning of April to 6.29 per cent at the end of June. The substantial increase in the volume of tax-exempt offerings largely reflected a surge in advance refundings in late-April and early-May, undertaken in anticipation of the mid-May effective date of a ruling by the Internal Revenue Service that would curtail invested sinking fund issues. The major purchasers of tax-exempt issues continued to be property-casualty insurance companies and commercial banks.

The Treasury borrowed a total of only $2.5 billion (not seasonally adjusted) during the second quarter, a period in which large tax receipts usually reduce Treasury financing needs. State and local governments, using the proceeds of their advance refundings, made sizable purchases of nonmarketable debt, more than offsetting paydowns of special foreign issues. In all, outstanding nonmarketable debt, including savings bonds, increased by just over $3 billion. Total marketable debt outstanding was reduced slightly, reflecting a $6 billion decrease in the stock of outstanding Treasury bills that was only partly offset by an increase of $5.3 billion in outstanding coupon issues. Net financing by Federally sponsored credit agencies reached almost $6 billion, the largest for any quarter since mid-1974. As in the first quarter of 1978 and in the 1973-74 period, most of the surge in agency borrowing was related to housing, with the Federal National Mortgage Association (FNMA) and the Federal home loan banks seeking to offset the depressing effects on mortgage lending of slower flows of deposits into thrift institutions.

Increases in Treasury coupon yields were generally in line with yield increases on private longer-term securities, but upward movements in bill rates were moderate in comparison with second-quarter increases in the Federal funds rate and in yields on commercial paper. The smaller increase in bill rates appears to reflect a decline in the supply of these issues available to private investors. As part of an effort to lengthen the maturity of its outstanding debt, the Treasury for several quarters has not allowed the stock of bills to increase significantly, except for seasonal cash management purposes; during the second quarter it redeemed nearly $6 billion of outstanding bills. In addition, the demand for bills was boosted earlier in the year by the acquisitions of foreign official accounts in conjunction with efforts to damp fluctuations in

Federal Government borrowing and cash balance
Quarterly totals, billions of dollars, not seasonally adjusted

Item	1976 Q3	1976 Q4	1977 Q1	1977 Q2	1977 Q3	1977 Q4	1978 Q1[r]	1978 Q2
Treasury financing:								
Budget surplus, or deficit (–)	–13.0	–22.8	–18.7	8.6	–12.2	–28.8	–25.8	14.0
Off-budget deficit [1]	–1.8	.4	–4.3	.1	–4.9	–1.3	–3.7	–2.2
Net cash borrowings, or repayments (–)	18.0	17.4	17.6	–1.1	[4]19.5	20.7	20.8	2.5
Other means of financing [2]	–.7	–.8	2.7	–.4	.4	2.6	2.8	–3.2
Change in cash balance	2.6	–5.7	–2.6	7.2	[4] 2.8	–6.8	–5.9	11.1
Federally sponsored credit agencies, net cash borrowings [3]	1.7	.4	.7	3.0	1.8	2.0	4.5	6.2

[1] Includes outlays of the Pension Benefit Guaranty Corporation, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank, Housing for the Elderly or Handicapped Fund, and Federal Financing Bank. All data have been adjusted to reflect the return of the Export-Import Bank to the unified budget.

[2] Checks issued less checks paid, accrued items, and other transactions.

[3] Includes debt of the Federal Home Loan Mortgage Corporation, Federal home loan banks, Federal land banks, Federal intermediate credit banks, banks for cooperatives, and Federal National Mortgage Association (including discount notes and securities guaranteed by the Government National Mortgage Association).

[4] Includes \$2.5 billion of borrowing from the Federal Reserve on September 30, which was repaid October 4 after the new debt ceiling bill became law.

[r] Revised.

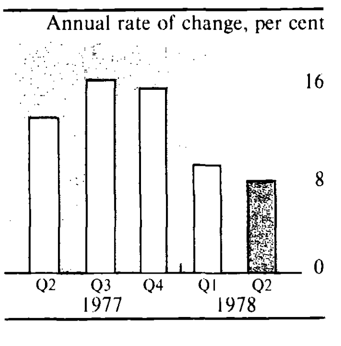
exchange rates. In the second quarter, the Federal Reserve System made substantial purchases as it supplied reserves to the banking system, which more than offset a decline in holdings by foreign official institutions.

MORTGAGE AND CONSUMER CREDIT

Net mortgage lending increased during the second quarter, thus recovering somewhat from the weather-depressed rate in the first quarter. Increased net lending by commercial banks, and greater support from secondary market institutions like FNMA, more than offset reduced mortgage lending at savings and loan associations and mutual savings banks. Even so, net new mortgage formation remained approximately 10 per cent below the peak volume in the final quarter of 1977. Almost all of the decline in net mortgage lending during the first half of 1978 was attributable to the weakness in residential mortgage lending, which depends most heavily on savings and loans. In contrast, net flows of commercial mortgage credit are estimated to have remained relatively strong.

The slower growth of mortgage credit at savings and loan associations was due primarily to adjustments in lending policies that took account of the declining trend in deposit inflows. Although the introduction late in the period of new 6-month and 8-year certificates led to increased deposit flows in June, deposits grew only 9 per cent in the first quarter and 8 per cent during the second quarter, on seasonally adjusted annual bases, substantially less than during 1977. Because savings and loans relied heavily on advances from Federal home loan banks and on other borrowings to help sustain mortgage lending, borrowings as a per cent of total assets approached the high levels of 1974. In addition, the liquidity ratio at insured savings and loans—as measured by the ratio of cash and liquid assets to the sum of deposits plus short-term borrowings—have de-

Deposits at savings and loans



Seasonally adjusted. Quarterly averages at annual rates.

Net change in mortgage debt outstanding
Billions of dollars, seasonally adjusted annual rates

Change—	1977[r]			1978	
	Q2	Q3	Q4	Q1[r]	Q2[e]
By type of property:					
Total	136	142	152	132	136
Residential	113	115	117	99	102
Other[1]	23	27	35	33	34
By type of holder:					
Commercial banks	27	32	31	25	31
Savings and loans	59	62	63	53	51
Mutual savings banks	6	8	8	7	6
Life insurance companies	4	5	9	6	7
FNMA and GNMA	6	–3	*	6	12
Other[2]	34	38	41	35	29

[1] Includes commercial and other nonresidential as well as farm properties.
[2] Includes mortgage pools backing securities guaranteed by the Government National Mortgage Association, Federal Home Loan Mortgage Corporation, or Farmers Home Administration, some of which may have been purchased by the institutions shown separately.
* Less than $500 million.
[r] Revised.
[e] Partially estimated.

clined for the three consecutive quarters, reaching a seasonally adjusted level of 8.3 per cent at midyear, only 0.7 of a percentage point above its trough in the third quarter of 1974. The minimum required liquidity ratio, which is set by the Federal Home Loan Bank Board, was reduced to 6.5 per cent, effective May 1. Savings and loan associations also responded to their generally slower deposit inflows by continuing to decrease their outstanding mortgage commitments, which by the end of June were about 9 per cent below their peak of more than $34 billion at the end of 1977.

The average interest rate on new commitments at savings and loans for conventional home mortgages with 80 per cent loan-to-value ratios rose from 9.3 per cent at the end of the first quarter to around 9.7 per cent at the end of May, but remained stable throughout June and into July. This stabilization of the rate on new residential mortgages may have been due in part to the stimulative effect that the new deposit instruments had on the supply of deposit money to thrift institutions during these months.

The strong expansion of consumer instalment credit, the other major form of household indebtedness, continued unabated during the second quarter of 1978, as the annual rate of growth apparently exceeded the first quarter pace of 17 per cent. The major stimulus to instalment borrowing continued to be automobile sales, credit for which accounted for nearly half of all new instalment credit. With the further growth in credit, measures of household debt burdens generally increased during the quarter. The ratio of mortgage and consumer credit to disposable income, for example, reached a record level at midyear. □

Survey of Time and Savings Deposits at Commercial Banks, April 1978

Over the 3-month interval ended April 26, 1978, the volume of time and savings deposits at insured commercial banks, not adjusted for seasonal variation, expanded slightly more than 3 per cent. This increase, although smaller than in the preceding 3 months, was the strongest growth during a February–April period since 1974.[1] As in 1974, relatively high market interest rates limited net inflows to savings and small-denomination (less than $100,000) time deposits, which are subject to Federal regulatory ceilings on rates payable. To help finance a rapid expansion of bank credit in the face of less-than-seasonal growth of deposits subject to interest rate ceilings, banks sold a substantial volume of large-denomination ($100,000 or more) time deposits.

Growth patterns of the various types of time and savings deposits in the February–April period closely resembled those evident since the April 1977 survey. Over the year, net savings inflows averaged less than $2½ billion per quarter, and small time deposits grew only $1½ billion on average; in contrast, large time deposits rose an average $11 billion per quarter. Moreover, within the category of small time deposits all growth was concentrated among deposits with long maturities, while such deposits maturing in less than 4 years registered net outflows. Inflows to the long-maturity deposits have remained strong in the latest survey interval despite continued increases in competing market rates; by the end of April, yields on Treasury securities of comparable maturities surpassed bank rates even on time deposits of the longest maturity—6 years or more.[2]

SAVINGS DEPOSITS

Although market rates on alternative short-term investments, such as 90-day Treasury bills, exceeded by more than 1 percentage point the maximum allowable savings deposit yield throughout the latest intersurvey period, a moderate pick-up in savings deposit growth, not seasonally adjusted, occurred at commercial banks. Still, the 1½ per cent increase was the smallest recorded between the January and April surveys since 1973, suggesting that investor interest in alternative short-term instruments, including money market mutual funds and Treasury bills, retarded savings inflows.

NOTE.—John R. Williams of the Board's Division of Research and Statistics prepared this article.

[1] Surveys of time and savings deposits (STSD) at all member banks were conducted by the Board of Governors in late 1965, in early 1966, and quarterly in 1967. In January and July 1967 the surveys also included data for all insured nonmember banks collected by the Federal Deposit Insurance Corporation (FDIC). Since the beginning of 1968 the Board of Governors and the FDIC have conducted the joint quarterly surveys to provide estimates for all insured commercial banks based on a probability sample of banks. The results of all earlier surveys have appeared in previous BULLETINS from 1966 to 1978, the most recent being ~~May~~ 1978.

The current sample—designed to provide estimates of the composition of deposits—includes about 560 insured commercial banks. For details of the statistical methodology, see "Survey of Time and Savings Deposits, July 1976" in the BULLETIN for December 1976.

Detailed data for the current survey (formerly contained in appendix tables) are available on request from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

[2] Effective June 1, 1978, two new categories of time deposits became available at banks. One is an 8-year minimum-maturity account ~~having~~ a maximum allowable interest rate of 8 per cent. The other has a maturity of exactly 6 months with the ceiling interest rate tied to the discount yield on 6 month Treasury bills.

Compared with the preceding 3 months, the stepped-up growth in savings deposits during the February–April period reflected somewhat faster growth in accounts held by individuals and nonprofit institutions, as well as a net inflow to accounts of business following net outflows the preceding 3 months. Governmental units increased their holdings of savings deposits 4½ per cent, about matching the change in the October–January period. Like that in January, the April survey indicates that a few large banks raised offering rates on savings deposits. As a result of these increases, the average rate paid on savings deposits, weighted by the dollar amounts outstanding, edged up to 4.93 per cent from 4.92 per cent in January.

SMALL-DENOMINATION TIME DEPOSITS

By the end of April, market yields had moved above the maximum allowable returns that commercial banks could offer on small time deposits issued to individuals and to businesses for all comparable maturities. Nevertheless, with more than 90 per cent of offering banks paying the ceiling rates of interest on most deposit categories, banks experienced continued strong inflows to the popular long-maturity deposits on which regulatory ceilings were closest to competing market yields. In the February–April period, deposits maturing in 6 years or more continued to lead the expansion of small

1. Types of time and savings deposits held by insured commercial banks on survey dates, October 26, 1977, and January 25, and April 26, 1978

Type of deposit	Number of issuing banks			Deposits				
				Millions of dollars			Percentage change	
	Oct. 26	Jan. 25	Apr. 26	Oct. 26	Jan. 25	Apr. 26	Oct. 26–Jan. 25	Jan. 25–Apr. 26
Total time and savings deposits	**14,409**	**14,245**	**14,339**	**529,862**	**548,142**	**565,130**	**3.4**	**3.1**
Savings	**14,409**	**14,245**	**14,339**	**216,896**	**218,390**	**222,065**	**0.7**	**1.7**
Issued to:								
Individuals and nonprofit organizations	14,409	14,245	14,339	201,011	202,513	205,828	0.7	1.6
Partnerships and corporations operated for profit (other than commercial banks)	9,141	9,374	9,754	10,808	10,558	10,678	−2.3	1.1
Domestic governmental units	7,891	8,391	8,361	4,968	5,206	5,443	4.8	4.6
All other	724	1,251	1,081	108	112	116	3.5	3.9
IRA and Keogh Plan time deposits ~~with original maturities of~~ 3 years or more	8,808	9,088	9,434	1,546	2,084	2,562	34.8	22.9
Other interest-bearing time deposits ~~in denominations of~~ less than $100,000	**14,166**	**14,090**	**14,102**	**165,097**	**166,717**	**170,191**	**1.0**	**2.1**
Issued to:								
Domestic governmental units	*10,838*	*10,688*	*11,135*	*4,334*	*4,118*	*4,244*	*−5.0*	*3.1*
~~Accounts with original maturity of:~~								
30 up to 90 days	5,147	5,201	5,153	949	862	870	−9.1	0.9
90 up to 180 days	8,008	7,367	8,658	1,396	1,243	1,281	−10.9	3.0
180 days up to 1 year	4,802	4,882	5,134	823	854	830	3.7	−2.8
1 year and over	8,431	8,680	8,750	1,166	1,159	1,263	−0.6	9.0
Other than domestic governmental units	*14,166*	*14,090*	*14,102*	*160,764*	*162,598*	*165,946*	*1.1*	*2.1*
~~Accounts with original maturity of:~~								
30 up to 90 days	6,638	6,629	6,439	7,327	6,250	5,838	−14.7	−6.6
90 up to 180 days	11,699	11,751	11,635	30,626	31,459	30,791	2.7	−2.1
180 days up to 1 year	8,999	8,808	8,605	3,539	3,587	3,114	1.4	−13.2
1 up to 2½ years	13,825	13,508	13,832	34,601	33,977	34,075	−1.8	0.3
2½ up to 4 years[1]	12,549	12,476	12,750	18,539	18,463	19,181	−0.4	3.9
4 up to 6 years[1]	12,401	12,390	12,610	50,366	50,848	52,251	1.0	2.8
6 years and over[1]	8,894	9,198	9,455	15,766	18,016	20,697	14.3	14.9
Interest-bearing time deposits ~~in denominations~~ of $100,000 or more	**11,636**	**11,747**	**11,369**	**140,451**	**156,122**	**164,868**	**11.2**	**5.6**
Non-interest-bearing time deposits	1,686	1,625	1,650	4,052	4,019	3,937	−0.8	−2.0
~~In denominations of:~~								
Less than $100,000	1,381	1,379	1,377	862	692	617	−19.8	−10.8
$100,000 or more	720	623	668	3,190	3,327	3,320	4.3	−0.2
Club accounts (Christmas savings, vacation, or similar club accounts)	8,929	9,124	9,245	1,820	811	1,507	−55.4	85.8

[1] Excludes all IRA and Keogh Plan accounts with original maturity of 3 years or more.

NOTE.—All banks that had either discontinued offering or never offered certain types of deposit as of the survey date are not counted as issuing banks. However, small amounts of deposits held at banks that had discontinued issuing certain types of deposit are included in the amounts outstanding.

Details may not add to totals because of rounding.

2. Small-denomination time and savings deposits held by insured commercial banks on April 26, 1978, compared with January 25, 1978, by type of deposit, by most common rate paid on new deposits in each category, and by size of bank

Deposit group, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Apr. 26	Jan. 25	Apr. 26	Jan. 25	Apr. 26	Jan. 25	Apr. 26	Jan. 25	Apr. 26	Jan. 25	Apr. 26	Jan. 25
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars), or percentage distribution					
Savings deposits												
Individuals and nonprofit organizations												
Issuing banks	14,339	14,245	13,255	13,212	1,084	1,033	205,828	202,513	77,861	76,786	127,967	125,727
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	4.3	4.4	4.3	4.4	5.1	4.1	3.4	3.1	3.6	3.4	3.3	3.0
4.01–4.50	9.4	9.6	9.8	9.8	4.5	6.7	7.5	9.5	9.9	9.6	6.0	9.4
4.51–5.00	86.3	86.0	86.0	85.8	90.4	89.1	89.1	87.4	86.5	87.0	90.7	87.5
Paying ceiling rate [1]	**86.3**	**86.0**	**86.0**	**85.8**	**90.4**	**89.1**	**89.1**	**87.4**	**86.5**	**87.0**	**90.7**	**87.5**
Partnerships and corporations												
Issuing banks	9,754	9,374	8,683	8,356	1,071	1,019	10,678	10,558	3,366	3,195	7,312	7,363
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	1.4	1.3	1.4	1.4	.8	.5	.5	.6	1.2	1.1	.1	.4
4.01–4.50	8.0	7.6	8.5	8.0	3.7	4.7	4.8	5.7	6.4	5.8	4.0	5.7
4.51–5.00	90.7	91.0	90.1	90.6	95.5	94.7	94.7	93.6	92.4	93.1	95.8	93.8
Paying ceiling rate [1]	**90.4**	**90.8**	**89.8**	**90.3**	**95.5**	**94.7**	**94.7**	**93.6**	**92.4**	**93.0**	**95.8**	**93.8**
Domestic govt. units												
Issuing banks	8,361	8,391	7,627	7,690	734	701	5,443	5,206	3,062	2,760	2,381	2,447
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	3.7	3.7	4.0	4.0	.1	.7	1.0	1.4	1.7	1.8	.2	.9
4.01–4.50	10.9	10.7	11.7	11.3	3.3	4.2	3.3	7.1	5.1	11.0	1.1	2.6
4.51–5.00	85.3	85.6	84.3	84.7	96.5	95.1	95.6	91.5	93.3	87.2	98.7	96.5
Paying ceiling rate [1]	**85.0**	**85.3**	**83.9**	**84.4**	**96.5**	**95.1**	**95.5**	**91.5**	**93.0**	**87.1**	**98.7**	**96.5**
All other												
Issuing banks	1,081	1,251	912	1,104	169	147	116	112	29	37	87	75
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	10.6	9.8	12.2	10.9	1.9	2.0	1.1	1.4	1.9	1.7	.9	1.3
4.01–4.50	19.6	18.9	22.2	21.4	5.5	(2)	.4	.1	(2)	.3	.5	(2)
4.51–5.00	69.8	71.3	65.6	67.7	92.6	98.0	98.5	98.5	98.1	98.0	98.6	98.7
Paying ceiling rate [1]	**69.8**	**71.3**	**65.6**	**67.7**	**92.6**	**98.0**	**98.5**	**98.5**	**98.1**	**98.0**	**98.6**	**98.7**
IRA and Keogh Plan time deposits ~~with original maturities of~~ 3 years or more												
Issuing banks	9,434	9,088	8,456	8,151	978	938	2,562	2,082	1,039	846	1,523	1,236
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	5.8	7.9	5.9	8.2	5.1	4.5	2.6	2.5	1.6	2.0	3.3	2.8
6.01–7.00	9.9	5.5	10.6	5.7	3.2	3.9	2.8	2.7	5.4	4.1	1.1	1.7
7.01–7.50	44.4	48.1	45.6	49.2	34.0	37.7	38.2	39.0	49.3	52.1	30.6	30.1
7.51–7.75	39.9	38.6	37.8	36.9	57.7	53.9	56.4	55.8	43.7	41.8	65.0	65.3
Paying ceiling rate [1]	**39.9**	**38.6**	**37.8**	**36.9**	**57.7**	**53.9**	**56.4**	**55.8**	**43.7**	**41.8**	**65.0**	**65.3**
Time deposits, ~~in denominations of~~ less than $100,000												
Domestic govt. units:												
~~*Maturing in*~~												
30 up to 90 days												
Issuing banks	5,153	5,201	4,446	4,540	708	661	843	862	465	532	378	330
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	2.5	3.1	2.8	3.3	.8	2.4	.1	.6	(2)	(2)	.1	1.6
4.51–5.00	60.5	64.9	58.4	63.9	73.2	72.2	51.9	57.7	42.7	55.6	63.3	61.1
5.01–5.50	9.2	10.0	9.9	10.7	5.1	5.6	8.4	11.4	5.6	10.9	11.7	12.2
5.51–7.75	27.8	21.9	28.9	22.2	20.9	19.8	39.7	30.3	51.7	33.6	24.8	25.1
Paying ceiling rate [1]	**.1**	**1.2**	(2)	**1.4**	**.5**	(2)	(2)	**3.2**	(2)	**5.2**	(2)	(2)
90 up to 180 days												
Issuing banks	8,658	7,367	7,833	6,563	825	804	1,280	1,224	944	903	336	321
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	.4	1.0	.5	.9	.3	1.6	(2)	.1	(2)	(2)	(2)	.2
4.51–5.00	8.6	11.4	9.0	11.9	5.1	6.6	7.6	9.4	8.3	10.4	5.8	6.7
5.01–5.50	75.4	76.4	75.0	76.1	79.2	78.6	72.2	69.2	71.7	67.9	73.4	73.0
5.51–7.75	15.5	11.3	15.5	11.0	15.3	13.3	20.2	21.3	20.0	21.7	20.8	20.1
Paying ceiling rate [1]	**.1**	(2)	(2)	(2)	**.8**	(2)	**.1**	(2)	(2)	(2)	**.5**	(2)
180 days up to 1 year												
Issuing banks	5,134	4,882	4,521	4,299	613	583	823	853	564	612	259	241
Distribution, total	100.0	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	(2)	.1	(2)	(2)	(2)	.7	(2)	(2)	(2)	(2)	(2)	(2)
4.51–5.00	2.1	7.7	1.5	7.8	6.7	6.8	12.1	19.1	.2	10.2	38.1	41.6
5.01–5.50	69.3	67.0	68.7	66.7	74.2	69.6	35.8	40.8	31.7	41.9	44.6	37.8
5.51–7.75	28.6	25.2	29.9	25.5	19.2	22.9	52.1	40.1	68.0	47.8	17.3	20.6
Paying ceiling rate [1]	**.1**	(2)	(2)	(2)	**.9**	(2)	**.1**	(2)	(2)	(2)	**.4**	(2)

For notes see page 628.

TABLE 2—Continued

Deposit group, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Apr. 26	Jan. 25	Apr. 26	Jan. 25	Apr. 26	Jan. 25	Apr. 26	Jan. 25	Apr. 26	Jan. 25	Apr. 26	Jan. 25
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars), or percentage distribution					
Time deposits in ~~denomina-tions of~~ less than $100,000 (cont.)												
Domestic govt. units (cont.):												
1 year and over												
Issuing banks	8,750	8,680	7,911	7.875	840	805	1,253	1,152	994	945	259	207
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	1.4	1.1	1.1	.8	3.4	4.3	.5	.4	.2	.1	2.0	2.1
5.01-5.50	3.1	7.1	2.7	7.0	6.6	8.7	5.2	5.9	1.0	2.9	21.1	19.8
5.51-6.00	61.8	62.9	61.9	63.0	60.5	62.0	59.7	60.1	61.1	61.4	54.3	54.4
6.01-7.75	33.8	28.8	34.3	29.2	29.4	25.0	34.6	33.5	37.7	35.7	22.7	23.7
Paying ceiling rate [1]	**.2**	**(2)**	**(2)**	**(2)**	**1.7**	**.2**	**.6**	**(2)**	**(2)**	**(2)**	**2.9**	**(2)**
Other than domestic govt. units:												
Mat~~uring in~~												
30 up to 90 days												
Issuing banks	6,439	6,629	5,514	5,741	925	888	5,812	6,229	1,062	1,507	4.750	4,722
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	2.1	2.5	2.2	2.6	1.3	1.7	.9	.8	.1	(2)	1.1	1.1
4.51-5.00	97.9	97.5	97.8	97.4	98.7	98.3	99.1	99.2	99.9	100.0	98.9	98.9
Paying ceiling rate [1]	**97.9**	**97.5**	**97.8**	**97.4**	**98.7**	**98.3**	**99.1**	**99.2**	**99.9**	**100.0**	**98.9**	**98.9**
90 up to 180 days												
Issuing banks	11,635	11,751	10,570	10,733	1,065	1,018	30,689	31,459	12,107	12,356	18,582	19,103
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	.6	.5	.6	.6	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
4.51-5.00	5.0	8.2	5.3	8.7	3.0	3.6	4.7	6.6	3.8	5.3	5.3	7.4
5.01-5.50	94.4	91.2	94.1	90.7	97.0	96.4	95.3	93.4	96.2	94.7	94.7	92.6
Paying ceiling rate [1]	**94.3**	**91.1**	**94.1**	**90.7**	**96.1**	**95.4**	**94.7**	**92.5**	**96.2**	**94.7**	**93.7**	**91.2**
180 days up to 1 year												
Issuing banks	8,605	8,808	7,709	7,933	896	875	3,092	3,579	1,612	2,158	1,479	1,421
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	.6	.5	.4	.4	2.0	1.4	.2	(2)	(2)	(2)	.3	.1
4.51-5.00	7.3	7.0	7.8	7.4	2.9	3.1	3.0	1.4	1.4	1.9	4.6	.6
5.01-5.50	92.1	92.5	91.7	92.2	95.1	95.5	96.9	98.6	98.6	98.1	95.0	99.3
Paying ceiling rate [1]	**91.8**	**91.1**	**91.4**	**90.7**	**95.1**	**94.5**	**96.9**	**97.8**	**98.6**	**96.9**	**95.0**	**99.3**
1 up to 2½ years												
Issuing banks	13,832	13,508	12,772	12,485	1,060	1,023	33,900	33,973	21,215	20,984	12,685	12,990
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	.5	.7	.5	.7	.3	.1	.6	.1	.1	.1	1.3	.1
5.01-5.50	2.5	2.0	2.6	2.1	1.3	1.2	1.1	.9	1.3	1.0	.8	.6
5.51-6.00	97.0	97.3	96.9	97.2	98.4	98.7	98.3	99.0	98.6	98.8	97.9	99.3
Paying ceiling rate [1]	**96.9**	**96.9**	**96.9**	**96.9**	**97.0**	**97.3**	**98.0**	**98.7**	**98.6**	**98.8**	**97.0**	**98.7**
2½ up to 4 years												
Issuing banks	12,750	12,476	11,697	11,474	1,053	1,002	19,181	18,428	11,263	10,637	7,918	7,791
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	4.0	2.0	4.1	2.0	2.8	2.2	5.1	1.2	6.2	.5	3.6	2.2
6.01-6.50	96.0	98.0	95.9	98.0	97.2	97.8	94.9	98.8	93.8	99.5	96.4	97.8
Paying ceiling rate [1]	**95.7**	**97.5**	**95.7**	**97.6**	**95.4**	**96.8**	**94.3**	**97.9**	**93.4**	**98.7**	**95.7**	**96.8**
4 up to 6 years												
Issuing banks	12,610	12,390	11,567	11,390	1,044	1,001	52,107	50,599	28,101	26,930	24,006	23,669
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.50 or less	1.3	.9	1.1	.7	3.5	2.9	1.4	1.3	.2	.4	2.9	2.4
6.51-7.00	12.3	13.0	12.9	13.6	5.4	6.0	9.8	9.0	14.9	12.9	3.8	4.6
7.01-7.25	86.4	86.1	86.0	85.7	91.1	91.1	88.8	89.7	84.9	86.7	93.4	93.0
Paying ceiling rate [1]	**85.9**	**86.1**	**85.4**	**85.7**	**90.7**	**91.1**	**88.7**	**89.7**	**84.7**	**86.7**	**93.3**	**93.0**
6 years and over												
Issuing banks	9,455	9,198	8,494	8,285	961	913	20,433	17,739	8,632	7,222	11,801	10,517
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	.6	.6	.6	.6	.3	.2	(2)	(2)	(2)	(2)	(2)	(2)
5.01-7.25	5.6	6.1	5.4	5.8	7.0	8.7	3.4	4.4	1.3	1.0	4.9	6.7
7.26-7.50	93.8	93.3	94.0	93.6	92.7	91.1	96.6	95.6	98.7	99.0	95.1	93.3
Paying ceiling rate [1]	**93.8**	**93.3**	**94.0**	**93.6**	**92.2**	**91.0**	**94.0**	**93.0**	**98.7**	**99.0**	**90.7**	**88.9**
Club accounts												
Issuing banks	9,245	9,124	8,417	8,340	828	784	1,499	808	640	355	858	453
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
0.00	44.6	45.5	46.2	47.0	28.4	29.6	22.5	23.3	30.7	32.2	16.5	16.3
0.01-4.00	14.7	15.4	14.8	15.6	13.6	12.7	14.4	15.0	18.8	19.1	11.1	11.7
4.01-4.50	7.5	7.5	7.6	7.3	7.0	9.2	12.3	14.2	13.3	14.5	11.6	14.0
4.51-5.50	**33.1**	**31.6**	**31.4**	**30.0**	**51.0**	**48.5**	**50.8**	**47.6**	**37.3**	**34.2**	**60.9**	**58.0**

For notes see page 628.

3. Average of most common interest rates paid on various categories of time and savings deposits at insured commercial banks on April 26, 1978

Type of deposit	All size groups	Less than 20	20 up to 50	50 up to 100	100 up to 500	500 up to 1,000	1,000 and over
	Bank size (total deposits in millions of dollars)						
Savings and small-denomination time deposits	5.61	5.78	5.75	5.67	5.56	5.52	5.45
Savings, total	4.93	4.94	4.91	4.91	4.94	4.89	4.95
Individuals and nonprofit organizations	4.93	4.94	4.90	4.91	4.94	4.88	4.95
Partnerships and corporations	4.97	5.00	4.92	4.97	4.98	4.98	4.97
Domestic governmental units	4.97	4.93	4.97	4.97	5.00	4.99	4.99
All other	4.98	4.72	5.00	5.00	4.98	5.00	5.00
IRA and Keogh Plan time deposits ~~with maturity of~~ 3 years or more	7.54	7.51	7.48	7.48	7.56	7.58	7.58
Other time deposits in denominations of less than $100,000, total	6.46	6.40	6.56	6.55	6.45	6.43	6.38
Domestic governmental units, total	5.92	5.99	6.08	5.84	5.63	6.24	5.67
Maturing in—							
30 up to 90 days	5.67	6.04	5.65	5.62	5.48	5.88	5.32
90 up to 180 days	5.66	5.57	5.74	5.60	5.70	6.10	5.75
180 days up to 1 year	5.96	6.02	6.34	5.83	5.34	6.66	5.97
1 year and over	6.31	6.33	6.38	6.40	5.98	6.53	6.38
Other than domestic governmental units, total	6.47	6.43	6.57	6.56	6.47	6.43	6.38
~~*Maturing in—*~~							
30 up to 90 days	4.99	5.00	5.00	5.00	4.99	4.96	5.00
90 up to 180 days	5.47	5.48	5.49	5.47	5.49	5.49	5.44
180 days up to 1 year	5.48	5.49	5.49	5.49	5.47	5.41	5.50
1 up to 2½ years	5.99	5.98	6.00	6.00	5.99	5.93	5.99
2½ up to 4 years	6.47	6.49	6.43	6.49	6.49	6.45	6.47
4 up to 6 years	7.21	7.22	7.19	7.23	7.21	7.24	7.21
Over 6 years	7.48	7.49	7.50	7.50	7.48	7.47	7.46
MEMO: Club accounts[1]	3.58	3.11	2.76	3.33	3.87	3.75	4.16

[1] Club accounts are excluded from all of the above categories.

NOTE.—The average rates were calculated by weighting the most common rate reported on each type of deposit at each bank by the amount of that type of deposit outstanding. All banks that had either discontinued offering or never offered particular types of deposit as of the survey date were excluded from the calculations for those specific types of deposit.

time deposits, registering a net inflow of $2¾ billion. In this period, deposits maturing in 4 to 6 years contributed $1½ billion to total small time deposit inflows, following no net expansion over the preceding three survey quarters. Banks also issued $½ billion in deposits to individual retirement and Keogh accounts maturing in 3 years or more, bringing the total outstanding in such accounts to more than $2½ billion. About two-fifths of banks offering these deposits paid the maximum allowable 7¾ per cent rate of interest during April.[3] Most banks paid 7¼ or 7½ per cent.

Moderate inflows of small time deposits held by governmental units resumed in the February–April period, following net outflows during each of the preceding three intersurvey intervals. During the 3 months ending in April the weighted-average offering rate on all time deposits issued to governmental units rose 8 basis points to 5.92 per cent. For issues maturing in 1 year or more, which accounted for most of the deposit inflows, the average rate paid also rose 8 basis points, to 6.31 per cent. Offering rates at banks still remain well below the 7¾ per cent ceiling applicable to all maturities of time deposits held by governments. Apparently the fact that banks must pledge securities against such deposits limits their willingness to raise rates to acquire additional funds.

[3] Effective June 1, the maximum allowable rate of interest on all IRA and Keogh accounts maturing in 3 years or more became 8 per cent.

OTHER TIME DEPOSITS

With continued rapid expansion in the volume of bank lending and rather slow growth in savings and small time deposits, banks again turned to large-denomination time deposits during the January–April period. Total interest-bearing large time deposits outstanding rose 5½ per cent, about half the increase of the preceding 3 months, but still more than in any February–April period since 1974. Comparable data, not seasonally adjusted, for large weekly reporting banks indicate that large negotiable certificates of deposit at such banks accounted for just under two-thirds of the total advance.

Non-interest-bearing time deposits, principally escrow accounts and compensating balances held in conjunction with loans, declined slightly to just under $4 billion. Meanwhile, club accounts increased seasonally $700 million to $1½ billion at the end of April—about the same level attained a year earlier, indicating a lack of secular expansion in these accounts. About 45 per cent of offering banks, holding nearly a quarter of outstanding deposits, paid no interest on club accounts. □

NOTES TO TABLE 2:

1 See BULLETIN Table 1.16 on page A10 for the ceiling rates that existed at the time of each survey.

2 Less than .05 per cent.

NOTE.—All banks that either had discontinued offering or had never offered particular types of deposit as of the survey date are not counted as issuing banks. Moreover, the small amounts of deposits held at banks that had discontinued issuing deposits are not included in the amounts outstanding. Therefore, the deposit amounts shown in Table 1 may exceed the deposit amounts shown in this table.

The most common interest rate for each instrument refers to the stated rate per annum (before compounding) that banks paid on the largest dollar volume of deposit inflows during the 2-week period immediately preceding the survey date.

Details may not add to totals because of rounding.

Statements to Congress

Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Capital, Investment and Business Opportunities of the Committee on Small Business, U.S. Senate, July 20, 1978.

I appreciate the opportunity to appear before this subcommittee today to present the views of the Board of Governors of the Federal Reserve System on H.R. 12666, a bill to amend the Small Business Investment Act of 1958.

The Board of Governors generally favors the enactment of legislation that encourages financial assistance to small businesses. The original version of the Small Business Investment Act contained a provision that allowed banks to invest an amount equal to 1 per cent of their capital and surplus in the stock of small business investment companies. Since then, we have seen the amount increase to 2 per cent in 1961 and to 5 per cent in 1967. Although bank and bank holding company investment in small business investment companies represents a departure from the traditional separation of banking and commerce, and such investments often involve a fair amount of risk, the Board has supported this type of investment because of the desire to encourage bank assistance to small businesses.

Today, small business investment companies have, in the aggregate, total resources of approximately $1.1 billion, of which bank-controlled companies hold $282 million and companies in which banks have a minority interest have an additional $60 million. While $637 million of the $1.1 billion total is derived from Small Business Administration (SBA) funds, approximately one-third of all private investment in small business investment companies, or $160 million, has been provided by banking organizations.

Banks, of course, are in the business of making loans rather than investments, and banks provide a substantial volume of funds to small businesses in the form of loans. Bank loans to small businesses that were guaranteed by the SBA totaled $2.7 billion in 1977. Loans made with SBA participation or guarantee, moreover, represent a very small proportion of the total lending by banks to small businesses. In fact, according to estimates from the Federal Reserve Survey of the Terms of Bank Lending, more than half of the dollar amount, and 99 per cent of the number, of all commercial and industrial loans made by commercial banks represent loans of less than $500,000, which is the maximum size of SBA loans to business. This survey covers business loan activity during one week of each quarter, and, based on the most recent such survey, commercial banks are estimated to have made—in that one week—231,000 loans in amounts of less than $500,000 for a total amount of $5.3 billion.

It is our understanding that this bill is intended to remove legal impediments that may prevent banks, savings and loan associations, pension funds, and insurance companies from making investments in small businesses. It is also our understanding that, with respect to financial institutions, the bill's provision permitting an investment of up to 5 per cent of an investor's net worth directly in small business concerns is intended to strike a balance between the funding needs of small businesses and the necessity of maintaining the soundness of financial institutions. As I noted previously, however, banks and bank holding companies are now allowed to invest up to 5 per cent of their capital and surplus in small businesses through the medium of small business investment companies. While the statute conferring this authority refers only to banks, it also extends to bank holding companies, because under the Bank

Holding Company Act, legislation that enlarges the investment authority of national banks automatically enlarges the powers of bank holding companies to the same extent. Of course, bank holding companies, with regulatory approval, can invest in any company that engages in activities that are closely related to banking, and they may purchase up to 5 per cent of the shares of any company regardless of its activities. This bill would not curtail that authority.

One result of the enactment of this bill would be that the total authorized equity exposure in small businesses would double. Banks might invest up to 5 per cent of their capital and surplus in small business investment companies and, additionally, up to 5 per cent of their net worth directly in small business concerns. The Board believes that bank support of this country's small businesses is a particularly important goal, and it is willing to support a modest increase in the pool of bank funds legally available for equity investment, particularly since our experience has been that supervisory problems associated with existing small business investment company activity by banks have been rare. Therefore, the Board would favor allowing banks to make direct small business investments that, when aggregated with their indirect investments under present law, would not exceed 10 per cent of capital and surplus. This would afford banks a considerable degree of flexibility in fashioning their small business investment programs and would increase the aggregate amount that might be invested. However, in order to facilitate the use of this new authority by banks, the Board believes that it is important that the tax advantages applicable to investment in small business investment companies should also be available for direct investment in small business concerns.

H.R. 12666 would also make another significant alteration in the authority of banks and bank holding companies to invest in small businesses. Currently, the 5 per cent of capital and surplus that banking organizations are allowed to invest in small businesses may be so invested only indirectly through the medium of small business investment companies, and a small business investment company as a rule may invest no more than 20 per cent of its capital and surplus in any one small business concern. Thus, the present law has the advantage of insuring some diversification of the total amount of equity capital committed to small business concerns by banks. Allowing direct investments in small business concerns, however, as is proposed by H.R. 12666, would permit banking organizations to invest an additional 5 per cent of their net worth altogether in a single small business concern, and this amount could conceivably be augmented by indirect investments by a bank in the same concern through a small business investment company. Although the business judgment of bankers and the bill's requirement that an investor not acquire control of a small business concern would reduce the likelihood that a bank or bank holding company would place the entire 5 per cent amount in one small business, the Board believes that in view of the uncertainty associated with investment in small business concerns, the amount that may be invested in any one such company need not be increased fivefold. Instead, the Board recommends that the aggregate investment, direct and indirect, in any one small business concern should not exceed 2 per cent of the bank's capital and surplus, or $50,000, whichever is greater. Such limitations would be similar to the diversification requirements now applicable to small business investment companies.

The proposed bill would also affect the trust activities of banks by modifying the standard of prudence to which trust fund managers are held. Although this modification will cover only 5 per cent of available trust assets in a particular trust, we are concerned that, as written, this legislation would supersede common law and statutory law prohibitions against self-dealing, conflicts of interest, and similar potential abuses by trust fund managers. While the Board is not certain that creation of a new fiduciary standard is the preferable method of encouraging additional investment in small businesses, we believe that if this method is adopted, additional language should be added to prevent such potential abuses.

The Board believes that several other provisions of the bill also should be modified to avoid certain problems, and I will briefly enumerate them. First, the Board would not consider it appropriate and does not expect that it is the bill's intention to permit a bank to become the general partner of a small business concern. Second, the Board considers it particularly important that banks not acquire control of small businesses in which they invest. For that reason, the bill's provision regarding control of a small business concern should be clarified by providing a standard for determining the existence of control. The Bank Holding Company Act control standards might appropriately be used as a model for such a clarification. Moreover, although present regulations of the SBA may already preclude investment in financial institutions, such as savings and loan associations, the Board wishes to make it clear that it does not believe banks or bank holding companies should be permitted to invest in financial institutions on the basis of this bill. Third, in order to avoid conflict among regulatory agencies, we believe that responsibility for regulation of bank investment in small business concerns should be vested in the relevant bank regulatory agency rather than in the SBA. Fourth, the present use of "capital and surplus" as a base for computing permissible investment in small business investment companies should be carried over in this bill.

Finally, the Board has a strong concern that the pre-emption of all Federal and State law by this bill may have unforeseen consequences. If the Congress enlarges bank investment authority, the Board believes it would be more appropriate to do so by specific authorization as the Congress did in connection with small business investment companies rather than using the phrase currently in the bill, "Notwithstanding any provision of State or Federal law." For example, the authority of State member banks of the Federal Reserve System to purchase shares of small business investment companies is subject to concurrent State authorization and restrictions in the field. H.R. 12666 departs from this principle, however, since its provisions will specifically supersede any conflicting provisions of State or Federal law. The Board believes that, unless the Congress finds an overriding national need for different treatment, it would be appropriate to respect the traditional prerogatives of the States to determine and limit the powers of banks chartered by them.

In conclusion, the Board believes that while the goals of H.R. 12666 are desirable, certain modifications of the bill are in order, principally to protect the safety and soundness of the banking system, to encourage bank equity investment in small businesses, to integrate better the bill's provisions with those of existing law regarding small business investment companies, and to reflect traditional State prerogatives with respect to State banks under the dual banking system. If the subcommittee would find it useful, I will be glad to direct the Board's staff to draft for the subcommittee's consideration technical amendments regarding any of the points I have raised. □

Statement by Philip C. Jackson, Jr., Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation and Insurance of the House Committee on Banking, Finance and Urban Affairs, July 26, 1978.

It is a pleasure to appear before this distinguished subcommittee to present the views of the Board of Governors of the Federal Reserve System on the Community Reinvestment Act, the Home Mortgage Disclosure Act, the extension of Regulation Q authority, and a central liquidity facility for credit unions.

At the outset, let me say that the general intent of the Congress in enacting the Community Reinvestment Act (CRA) seems reasonably clear. The "convenience and needs" standard has been included for many years in Federal banking statutes, such as the Bank Merger and Bank Holding Company Acts, and this standard has been one of the factors taken into account by the Federal bank and thrift regulators in decisions on applications for expansion by regulated financial institutions. In enacting the

CRA, the Congress presumably wished to emphasize to insured financial institutions and their Federal regulators that the convenience and needs of the community include credit as well as deposit and other services. The timing of this emphasis coincides with greater concern over the economic well-being of the inner cities and the need for revitalization of inner-city neighborhoods.

Nonetheless, the statute created a number of issues that needed resolution by the agencies responsible for writing regulations to implement the CRA. As you know, earlier this year the four Federal regulators of banks and thrift institutions held joint hearings to obtain public comments and suggestions on how we might best implement the CRA. To provide a focus for the hearings, a series of questions dealing with the issues that the statute raised were included with the public notice of the hearings. The responses we received during testimony at the hearings and in written comments have been helpful to the agencies in developing regulations to implement the act.

As those questions indicated, the four agencies have been particularly troubled by the absence of statutory definitions for such terms as "entire community," "credit needs," and "low- and moderate-income neighborhoods." The comments received confirmed that the public too was concerned about how the agencies might deal with these terms in the regulations. Numerous definitions for these and other terms in the act were suggested by the witnesses, but no consensus on the definitions emerged at the hearings.

What did emerge from the hearings, however, was the concern of the insured financial institutions that the regulatory agencies, in order to offset the vagueness of various parts of the statute, might impose a heavy reporting and recordkeeping burden on them. In particular, reservations were expressed that the agencies' efforts to define community credit needs could result in an indirect form of credit allocation.

These fears were not entirely without foundation because comments received from some of the community groups did indeed urge that the agencies impose substantial reporting and recordkeeping burdens and include in the regulation a requirement that financial institutions make specific types of credit available to certain parts of the community. Such views, in the Board's judgment, do not conform with congressional intent. On the contrary, there is clear evidence in the legislative history of the CRA that no significant reporting or recordkeeping requirements are to be imposed on the regulated financial institutions. It also appears to be the intent of the Congress to avoid any regulatory requirements that might result in credit allocation.

More generally, a number of the witnesses at the hearings and in written submissions interpreted the CRA as placing rather specific requirements on financial institutions. Our reading of the statute suggests that the intent of the CRA is to emphasize to covered financial institutions that they have an obligation to help meet the credit needs of all parts of the communities in which their depositary facilities are located, giving special attention to low- and moderate-income neighborhoods. To accomplish this purpose, the operative sections of the CRA place rather specific requirements on the four Federal regulatory agencies. First, they are to "encourage" financial institutions to help meet their local communities' credit needs, consistent with the safe and sound operation of those institutions (Section 802(b)). Second, they are required to "assess" financial institutions' records of meeting those credit needs (Section 804(1)). Third, the supervisory agencies are to "take such record[s] into account" in evaluating applications by insured financial institutions for charters, deposit insurance, branches, office relocations, mergers, and holding company acquisitions (Section 804(2)).

Thus, given the approach called for by the CRA, the Board believes that it would be contrary to both the spirit and letter of the CRA to impose by regulation numerous or burdensome requirements on the financial institutions.

The proposed CRA regulations recently published for public comment by the four Federal financial supervisory agencies are designed to encourage banks and thrift institutions to increase their involvement in community affairs and to take actions, within their changing lending capacities, to help meet the credit needs of their communities. Although some requirements are imposed on the financial institutions in the proposed regulation, those requirements were thought to be the best means by which to provide a reasonable basis for communication among financial institutions, members of their communities, and the regulatory agencies. Providing for that communication will help identify community credit needs and will increase the amount of information flowing to members of the community regarding the types of credit available from the financial institutions.

The "assess" and "take into account" requirements of the statute also pose something of a dilemma for the agencies. Under the act, the regulators must determine after the fact how well a bank, bank holding company, or thrift institution submitting an application has served its community's credit needs. This could tempt the agencies to give the financial institutions elaborate guidelines on how they will be judged in order to help develop a detailed record to assess and to take into account at the time an application is submitted. The danger is that such guidelines can easily become requirements or lead to the perception on the part of regulated institutions that specific types of lending and other community service actions must be conducted.

While we do not favor the imposition of extensive and rigid guidelines, it is helpful to provide covered financial institutions with suggested assessment factors as guidelines to enable them to comply with the act. In the proposed regulations, the agencies have provided a list of factors that may be considered in assessing the record of financial institutions in meeting the credit needs of their communities. Given the great variety of local conditions, the list of factors is intended to be illustrative. Considerable latitude is given to the banks and thrifts to choose the ways in which they will fulfill their obligations to their communities.

Over all, the Board expects that the regulations that have been published for comment will meet the intent of the Congress in passing this statute, while avoiding the imposition of credit allocation or burdensome recordkeeping or reporting requirements on Federally insured financial institutions.

It should be recognized, however, that precise measures of performance cannot be achieved in dealing with a matter as complex as a financial institution's record of service to its community. Rather, in making an assessment of this kind, a considerable element of judgment necessarily enters into an agency's deliberations. This kind of evaluation is not capricious, however, and banks are accustomed to this type of regulatory review. It is based on years of experience in dealing with financial institutions and assessing their strengths, weaknesses, and capabilities. It is the same type of judgment that comes into play when financial regulatory agencies evaluate an institution's capital level, portfolio quality, and caliber of management.

The necessity of making judgments becomes even more apparent when we consider that an institution's record under the CRA is only one factor that must be weighed in evaluating an application. By law, the agencies must also take into account an institution's financial condition, future prospects, management, and any competitive implications. The agencies, therefore, must balance these factors not only against each other but also against the newly emphasized CRA factor.

In addition, the Board wishes to note that it plans to consider any views expressed by State bank supervisors on the extent to which State-chartered, member banks involved in applications have been serving the credit needs of their communities. Also, since we routinely provide copies of our examination reports to State supervisors, the State authorities will be apprised of the Federal Reserve's assessments of the extent to which State member banks are meeting the credit needs of their communities.

The second topic on which the subcommittee requested comment is the Home Mortgage Disclosure Act of 1975 (HMDA). This act is an experiment to discover if public disclosure by depositary institutions of mortgage and home improvement lending patterns in metropolitan areas will, as the preamble to the act states,

> provide . . . citizens and public officials . . . with sufficient information to enable them to determine whether depository institutions are filling their obligations to serve the housing needs of the communities

and neighborhoods in which they are located. . . .

Midway through the experiment, no definitive judgment regarding the act's usefulness can be made since relevant evidence is still being collected and analyzed. Three studies are currently under way. The Federal Home Loan Bank Board and the Federal Deposit Insurance Corporation are sponsoring jointly a study to determine the accuracy, completeness, cost, and usefulness of disclosure data based upon disclosures made in three metropolitan areas—Buffalo, Chicago, and San Diego. The Federal Reserve is conducting a study of the feasibility and usefulness of extending the act's disclosure requirements to nonmetropolitan areas. Finally, the Department of Housing and Urban Development is funding a study of the uses to which disclosure information has been put by community groups and local governmental units. The results of these studies should be available by the end of the year and will greatly enhance our understanding of how well the act serves its stated purpose.

In the interim, however, several general observations can be offered based upon what is now known. The initial disclosures, which were available in September 1976, drew a flurry of interest. There were a number of media reports and analyses prepared by community-consumer organizations across the country. Since then, from a national perspective, there has been a very limited degree of interest in disclosure statements.

For example, the United States League of Savings Associations reported in May 1977 that, of 1,725 members out of 2,775 responding to a questionnaire, 1,039 (60 per cent of the respondents) did not receive any requests to review their disclosure reports and another 369 (21 per cent) received only one or two requests. The limited degree of interest also was confirmed in an informal survey of lenders in 10 major cities in January 1977 (*American Banker*, January 24, 1977, page 1). This conclusion was also reinforced by several members of the Board's Consumer Advisory Council at its recent meeting on June 1.

There has been little use of disclosure data by the act's intended beneficiaries—public and private depositors who are deciding where to deposit their funds. While there have been isolated instances, we know of no concerted effort by nongovernmental depositors to persuade banks or thrifts to change their credit policies through "greenlining," that is, shifting deposits based upon disclosure statements. The few State and municipal governments—for example, California and Chicago—that have instituted "greenlining" programs have adopted disclosure schemes tailored to meet their needs and have not relied upon the Federal act.

Given the limited use of HMDA information to date, there remains the question of whether the data will be helpful to the agencies in assessing a regulated institution's community investment efforts. Two limitations in the HMDA reports suggest that these data may not be of significant help in that task. First, the CRA requires an assessment of the degree to which a bank or thrift is helping to meet the broad range of a community's credit needs, not just housing credit needs. In the case of commercial banks, however, residential mortgage lending is only one of many lending activities. Second, the required disclosures reveal nothing about effective loan demand by geographic area, and we know of no satisfactory way of measuring accurately that demand without expending substantial resources.

Assuming that the Federal bank and thrift regulators encourage their supervised lenders to develop outreach programs pursuant to the CRA, the focus will be on how well the lender sells its credit services to the community and whether it actively seeks to engage in a partnership with community residents, businessmen, and local public officials to help tackle the community's problems. We believe that fostering positive outreach on the part of financial institutions, tailored to local circumstances, is a much better way to help the Nation's communities than devoting resources to determining the significance of limited disclosure data or to collecting additional data.

In our view, community investment programs and monitoring schemes, such as residential mortgage disclosure, are best developed at the local level, where they can be fashioned to meet local circumstances. In accord with this policy of fostering local solutions to community credit problems, the Board has granted exemptions under the HMDA in situations where State-chartered depositary institutions comply with State disclosure laws that are comparable in purpose to the Federal act, even if the details of disclosure vary. Similarly, the Board endorses the continuation and expansion of the Urban Reinvestment Task Forces's Neighborhood Housing Services and Neighborhood Preservation programs. These programs, operating as of June in 56 neighborhoods in 47 cities, owe their success to the broad-based cooperation of financial institutions, local government, and neighborhood residents. We believe that these localized services should serve as a model of the type of approach that should be taken in community investment endeavors.

Turning to the extension of the currrent deposit ceiling rate authority, the Board continues to believe that such rate ceilings—and the mandated deposit rate differentials between banks and thrifts—should be removed over the long run to promote equity for small savers and economic efficiency. Although, in practice, rate ceilings probably can be removed only gradually, growing competitive inequities under the present rate structure make it imperative that the process of removing artificial rate and differential restrictions begin soon. For example, more and more thrift institutions are offering some type of third-party payment services and are competing actively and effectively with commercial banks for these services. Mutual savings banks and other thrifts in New England, New York, Pennsylvania, and elsewhere have been successful in offering checking or check-like transaction accounts. The ceiling rate differential favoring nonbank depositary institutions with transactions account powers is likely to produce further competitive distortion in our institutional structure.

While the Board recommends that the current Regulation Q rate authority be extended for 1 year, the Board believes that action also should be taken by the Congress to eliminate the competitive inequities that have developed as a result of thrifts offering transactions-type accounts. The Board urges that legislation be adopted to require rate ceiling parity among all depositary institutions, including credit unions, on any interest-bearing transactions accounts and on savings-type accounts that are tied to third-party transfer accounts. The appropriate rate ceiling for such accounts at this time would be the ceiling on commercial bank savings accounts.

Such an approach would be similar to that in effect for NOW accounts in New England and would also be similar to the proposal on rate ceilings in the nationwide NOW account bill approved by the Senate Banking Committee last year. With that modification to existing law, a 1-year extension would provide time for the Congress to review other basic issues involved in deposit rate ceilings and the rate differential between commercial banks and thrifts.

On the broader issue, the Board continues to believe that it would be desirable to restore to the agencies the flexibility to prescribe and adjust deposit rate ceilings without congressional approval of changes in differentials. The Board believes that consideration of this basic issue by the Congress can await broad review of the deposit rate structure. However, steps should be taken now to eliminate the disparity in treatment that exists because of differentials among institutions that are offering comparable transactions account services.

Finally, the Board supports the establishment of a central liquidity facility for credit unions. We believe that there is a need for a lending fund to deal with temporary liquidity problems experienced by credit unions. The possibility of such difficulties arises partly because, under the common-bond principle, the membership of an individual credit union tends to be subject to similar economic pressures. In many cases, the members of a credit union work for the same employer so that a plant closing or seasonal swing in employment or hours can result in sizable deposit outflows at the same time that loan demand rises and loan repayments lag.

The Board has discussed a few modifications and clarifications to the proposed legislation with the National Credit Union Administration (NCUA). During those discussions, the Administrator of the NCUA indicated that he agrees that these changes would improve the bill. One amendment would clarify that the private borrowings of the facility would not have the U.S. Government's guarantee. Another would reduce the borrowing leverage on capital to ten times capital, which would make the facility's size more reasonable in relation to industry assets. We especially commend the very limited purpose of meeting liquidity needs for which funds may be advanced, but also believe that the bill should be clarified to reflect that limitation expressly. □

Statement by G. William Miller, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, House of Representatives, July 27, 1978.

It is a pleasure to testify today on behalf of the Federal Reserve System on the bills before your committee that would promote competitive equity between member banks and other depositary institutions and that would strengthen the Nation's financial system by stemming the attrition of banks from the Federal Reserve. We are grateful to this committee and to its distinguished chairman for considering the proposed legislation so late in the session.

Attrition of membership in the Federal Reserve System is occurring because member banks are at a serious competitive disadvantage relative to other depositary institutions. This attrition, as it continues, dilutes the effectiveness with which the Federal Reserve can fulfill its monetary and other objectives. Therefore, I should like, first, to discuss the dimensions and effects of the decline in membership, and then to offer comments on the specific legislation you are considering.

Membership in the System continues to decline. The problem facing us is the continuing decline in System membership in recent years. Over the past 8 years 430 member banks have withdrawn from the System, while only 103 nonmember banks have joined, as illustrated in Chart 1.[1] In 1977, 69 banks chose to give up their membership, and 39 more banks have withdrawn in the first half of 1978. This last statistic probably understates the trend because many member banks appear to be delaying their plans for withdrawal from membership until they see what action the System takes to resolve the membership problem. Most of the banks withdrawing from membership have been small, with total deposits under $50 million. But a disturbing tendency has developed recently for larger banks also to leave the System. Fifteen of the 69 banks that left the System in 1977 had deposits of more than $100 million, a record number for that size of bank.

The steady downward trend in the number of member banks has been accompanied, of course, by a decline in the proportion of bank deposits subject to Federal Reserve reserve requirements. As of the end of 1977, member banks held less than 73 per cent of total commercial bank deposits, down about 8 percentage points in the last 8 years. Thus, more than one-fourth of commercial bank deposits—and over three-fifths of all banks—are outside the Federal Reserve System.

In New England, where the development of negotiable orders of withdrawal (NOW) accounts in the past 5 years has greatly sharpened competition among depositary institutions, the decline in membership and in deposits held by member banks has been even more dramatic. The share of deposits in New England held by member banks fell by 11 percentage points in the last 3 years alone—from 73 per cent at the end of 1974 to less than 62 per cent at the end of 1977.

Due to the excessive cost of membership. The basic reason for the decline in membership is the financial burden that membership entails. Most nonmember banks and thrift institutions may hold their required reserves in the form of earning assets or in the form of deposits, such

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

as correspondent balances, that would be held in the normal course of business. Member banks, by contrast, must keep their required reserves entirely in nonearning form. In consequence, member banks hold a greater percentage of their total assets in nonearning form than do nonmembers.

The cost burden of Federal Reserve membership thus consists of the earnings that member banks must forego because of the extra amount of nonearning assets that they are required to hold. Of course, member banks are provided with services by Federal Reserve Banks, but the value of these services does not close by any means the earnings gap between member and nonmember banks. And, as a result, the earnings rate for member banks runs persistently below that for nonmembers.

The Board staff estimates that the aggregate cost burden to member banks of Federal Reserve membership may exceed $650 million annually, based on data for the year ending in September 1977, or about 9 per cent of member bank profits before income tax. The burden of membership is not distributed equally across all sizes of member banks. According to our estimates, the relative burden is greatest for small banks—exceeding 20 per cent of profits for banks with less than $10 million in deposits.

Inequity of cost burden borne by member banks. The competitive inequality caused by sterile reserve balances can be regarded as an additional "tax" levied upon member banks. This tax produces Federal Reserve earnings that are paid over to the Treasury and thereby become additional revenue to the U.S. Government. But this tax is inherently unfair because it falls only on member banks. Nonmember banks and thrift institutions, both of which compete with members in many of the same markets for deposits and loans, do not bear this tax.

Member banks naturally attempt to minimize the added burden of sterile reserves that they bear, but there are practical limitations on their ability to do so. Those banks most successful in taking such steps are the very largest banks. Because of their size, character of their business, and managerial resources, these banks have access to sources of funds or to activities—such as participation in international banking, making repurchase agreements with business corporations, and borrowing Federal funds—that are either free of reserve requirements or involve relatively small reserve requirements. Moreover, such banks are usually large correspondents that provide services to smaller banks, including those services based on access to Federal Reserve facilities.

Furthermore, requiring sterile reserves from member banks only is an inefficient way to raise revenue for the Treasury because it leads to withdrawals from the System, resulting in reduction in Treasury revenues. For example, withdrawals since 1970 have reduced Federal Reserve earnings in 1977 by nearly $220 million from what they would have been otherwise and have reduced net Treasury revenues by about $100 million.

Increased competition for deposits heightens awareness of burden. It is obvious from the continuing erosion in Federal Reserve membership that more and more banks are becoming acutely aware of the cost burden of membership and of the competitive handicap arising from that burden. The cost of membership is due, in part, to the high interest rates induced by inflation in recent years. With market interest rates exceeding 5 per cent for much of the past decade, the earning opportunities foregone by holding required reserves at Reserve Banks have become painfully clear to member banks.

At the same time, competitive pressures on banks have increased. Banks once had a virtual monopoly on transactions accounts because of their ability to offer demand deposits. But this unique position is being eroded. Financial innovations have led to widespread use of interest-bearing accounts at nonbank depositary institutions as well as at banks for transactions purposes. Since 1970, these innovations have included the following: limited preauthorized "bill-payer" transfers from savings accounts at banks and savings and loan associations, NOW accounts at practically all depositary institutions in New England, credit union share drafts, telephone transfers from savings deposits, and the use of electronic terminals to make immediate transfers to and from savings accounts. Growth of these transactions-related interest-bearing deposits has been most dramatic in recent years. For example, NOW accounts have grown from almost zero in 1974 to nearly 8 per cent of household deposit balances in New England in 1977.

There is no sign that the intense competition for transactions accounts will abate. These heightened competitive forces are compelling all depositary institutions to be more cost sensitive and to seek ways to maintain their profitability. Experience shows that withdrawal from the Federal Reserve System is a strategy that many bank managements have chosen in these circumstances.

Reduced membership in the Federal Reserve weakens the financial system. The declining trend in membership is of great concern because, as it continues, it inevitably will weaken our financial system in a number of ways.

Declining membership threatens to alter the character of the Federal Reserve System as an institution from that which the Congress originally intended. The Congress intended the Nation's central bank to provide needed liquidity and to establish an efficient national payments system, among other purposes. All commercial banks were made eligible to participate in the governance and the services of the regional Reserve Banks. Membership in the System was not restricted to national banks alone because the System's designers considered broad representation from all classes of banks located in every region of the Nation to be essential to the System's functioning in the public interest. They especially wished to avoid overrepresentation by the largest banks. Moreover, in founding the System, the Congress hoped State-chartered banks would join in order to strengthen both the System and the ability of the State banks to serve their communities.

These purposes are as valid today as they were 65 years ago, but continued attrition of membership could defeat these congressional goals. If current trends continue, membership in the Federal Reserve will consist predominantly of the very largest banks and of the smaller national banks that might choose, for one reason or another, not to convert to State charters. The monetary and other policies of the Federal Reserve would then have their most immediate impact on a relatively small part of our financial system.

Monetary management weakened. As fewer and fewer banks, and a smaller share of the Nation's deposits, remain with the Federal Reserve System, the ability of the System to influence the Nation's money and credit becomes weaker. The discount window provides an important safety-valve function, which enables the Federal Reserve to conduct monetary policy effectively. Member bank attrition means that fewer banks have immediate access to the discount window on a day-to-day basis. As attrition continues, we could reach the point where there would be a significant reduction in the financial system's flexibility in adapting to, for example, a tightening of credit policies. The discount window provides individual member banks with a reasonable period of time to make orderly adjustments in their lending and investment policies. The cushion provided by the window facilitates implementation of a restrictive monetary policy in a period of inflationary demands.

The attrition in deposits subject to reserve requirements set by the Federal Reserve also weakens the linkage between bank reserves and the monetary aggregates. As a larger and larger fraction of deposits becomes subject to the diverse reserve requirements set by the 50 States rather than by the Federal Reserve, the relationship between money supply and reserves provided by the Federal Reserve becomes less and less predictable.

Our staff has attempted to assess the extent to which growth in nonmember bank deposits would weaken the relationship between reserves and money. Their tentative results are shown in a chart, which depicts the greater range of short-run variability in *M*-1 and *M*-2, with a given level of bank reserves, that would develop as the percentage of deposits held by nonmembers rises. As more and more deposits are held outside the System, this chart suggests that control of money through the reserve base becomes increasingly uncertain.

Finally, it should be pointed out that fewer banks within the Federal Reserve mean that fewer institutions can be influenced by changes in reserve requirements set by the Federal Reserve. Changes in reserve requirements have not been a very active instrument of monetary policy in recent years, due, in part, to a desire to avoid worsening the membership problem if reserve requirements were raised. If the membership problem could be resolved, possibly through universal reserve requirements, adjustments in reserve ratios might be made with more flexibility when needed to affect bank credit throughout the country or to influence banks' efforts to attract particular types of deposits. Moreover, while open market operations in U.S. Government securities provide the Federal Reserve with a powerful policy instrument, it is possible that conditions could develop in the future—such as a less active market for U.S. Government securities in a period of reduced Federal budgetary deficits—when more flexible adjustment of reserve requirements might be a desirable adjunct in efforts to control the monetary aggregates.

Adverse impacts on quality of banking system. Not only is monetary control made more difficult by membership attrition, but the quality of the banking system is also adversely affected. The Federal Reserve Act authorizes Reserve Banks to discount paper for nonmembers, but only under "unusual and exigent" circumstances. By the time such an emergency loan were made, therefore, the bank would have encountered serious difficulties, and more problems could be expected as it became known that it was in an "emergency" condition. As a member, on the other hand, the bank probably would have begun to borrow under regular procedures, and the development of an emergency might have been forestalled.

The presence of the Federal Reserve in the bank supervisory and regulatory area—a presence that becomes diluted with membership attrition—also enhances the quality of the banking system. The activities of the System in that area cannot be readily separated from its job of conducting monetary policy. Regulatory and supervisory policies can have important implications for monetary policy and credit flows. Changes in the ceiling rate on time deposits are only the most obvious of such policies; others concern capital adequacy, bank liquidity, international banking, and the quality of loan portfolios.

Potential deterioration in the payments system. Attrition of membership, as it continues, also threatens to lead to a deterioration in the quality of the payments mechanism that underlies all of the Nation's economic transactions. Reserve balances held at Federal Reserve Banks are the foundation of the payments mechanism because these balances are used for making payments and settling accounts between banks. Nonmember deposits at correspondent banks can serve the same purpose, but as more and more of the deposits used for settlement purposes are held outside the Federal Reserve, the banking system increasingly becomes exposed to the risk that such funds might be immobilized if a large correspondent bank experienced substantial operating difficulties or liquidity problems. A liquidity crisis affecting a large clearing bank would have widespread damaging effects on the banking system as a whole because smaller banks might become unable to use their clearing balances in the ordinary course of business. The Federal Reserve, of course, is not subject to liquidity risk and therefore serves, as the Congress intended, as a completely safe foundation for the payments mechanism.

These various problems that either cause or result from member bank attrition could be solved in a variety of ways, and a number of bills are before you. We believe our approach is the most effective one under existing circumstances.

Universal reserve requirements. The Universal Reserve Requirements Act of 1978, introduced as H.R. 13476, was submitted by the Board to reduce competitive inequality between banks and other institutions insofar as transactions accounts are concerned and to lay the basis for more effective monetary control. Universal reserve requirements can eliminate the competitive inequality by imposing a similar reserve requirements structure on similar institutions. H.R. 13476 imposes reserve requirements set by the Federal Reserve on transactions balances at all depositary institutions. The first $5 million of such balances would be exempt from reserve requirements, although a relatively small requirement could be imposed if it proved necessary in the public interest. This exemption would mean that about one-third of present member banks and about two-thirds of nonmembers would not be subject to reserve requirements on transactions accounts. This limited extension of universal reserves would significantly reduce competitive inequality.

The Board favors universal reserve requirements for reasons quite apart from the membership problem. Universal reserves would contribute to improving monetary management and to ensuring the stability of the payments mechanism. In doing so, the Board's bill, it should be stressed, does not authorize any supervisory role for the Federal Reserve System with respect to nonmembers. Indeed, the bill does not even require nonmember institutions to establish an account relationship with the Reserve Bank. A nonmember's reserves can be held at a correspondent bank—or at a Federal home loan bank, in the case of savings and loan associations—and merely passed through to the Federal Reserve on a one-to-one basis by the correspondent. However, nonmembers would have to report data on their deposits and certain other items to the local Reserve Bank for monetary management purposes.

We realize that universal reserve requirements have been proposed before and that the proposal raises a number of difficult problems. The Board continues to believe, however, that such requirements are necessary to help correct the competitive imbalances in our financial system and to assure an effective monetary policy.

Other program elements. The Board's other proposal is presented separately and is recommended for prompt congressional approval through passage of H.R. 13477, even if the Congress does not enact universal reserve requirements in this session. However—for reasons discussed later—the Board urges deletion of the last sentence of that legislation, which imposes a limitation of 2 per cent on required reserve balances in excess of $25 million.

Apart from universal reserves, the Board's proposal has four other major features: reduction and restructuring of demand deposit reserve requirements, payment of compensation on required reserve balances, charges for services provided by Reserve Banks—along with slightly broadened access to those services, and transfer of a portion of System surplus to the Treasury during the transition period in order to preserve the Treasury's revenue position while the plan is being implemented. All of the provisions of the Board's plan are described in some detail in the "Preliminary Proposal" (July BULLETIN, pages 607-10), which we would appreciate having made part of this record.

The reduction in reserve requirements, together with the proposed payment of interest on reserves, would about offset the membership burden as presently measured, after allowing for charges for services to members. The net annual cost to the Treasury of this program, in the absence of universal reserve requirements, would be about $300 million, based on deposits and reserves in 1977. This figure, of course, assumes that part of the reduction in Federal Reserve earnings is recouped by the Treasury from banks, their stockholders, and customers in the form of taxes on increased earnings and capital gains.

During a 3-year phase-in period for the program, there would be no loss in Treasury revenues since the System would reimburse the Treasury from its accumulated surplus. After that period, the actual loss would be considerably less than the estimated $300 million cost of the Board's plan. Membership attrition would continue in the absence of a program to resolve the problem. Without the program, by the fourth year continued attrition probably would be costing the Treasury between $80 million and $210 million as a result of further declines in member bank reserves held at the Federal Reserve. Thus, the true cost of the program is considerably lower than $300 million. Moreover, should the program increase membership, the cost would be reduced even further.

Interest on Reserves Act. The Board's proposed Interest on Reserves Act of 1978 would limit the amount of interest paid, after deducting the total amount of charges imposed for services, to no more than 7 per cent of net earnings of the Federal Reserve Banks in any one year. (During 1977, net earnings were about $6 billion.) Within this limitation, the Board proposes to pay close to a market rate of interest on required reserve balances up to $25 million in size. The proposed rate would be ½ of a percentage point below the average return on the System's portfolio; in 1977, the return on portfolio would have permitted a 6 per cent rate on such reserve balances. Larger balances would earn interest at a 2 per cent rate.

The Board's proposal is embodied in H.R. 13477, but that bill also imposes a 2 per cent limitation on reserve balances in excess of $25 million. The Board does not believe that the 2 per cent limitation should be written into law. H.R. 13477 in any event contains an over-all percentage limitation on the amount of interest payments the Federal Reserve can make, and it is essential to retain administrative flexibility in setting interest rates within the over-all limitation so that adjustments can be made as circumstances change and experience is gained.

Legislative proposals advanced by others. The remainder of my testimony will discuss the Stanton bill and Chairman Reuss' proposed amendment to it.

In the Board's view, H.R. 12706, the Stanton bill, is a constructive approach to dealing with the membership problem. Indeed, by permitting payment of a market rate of interest on reserve balances, the bill would likely make membership in the System attractive to virtually all banks that are now nonmembers. In the context of this bill, open access to Federal Reserve services could then be provided to all depositary institutions without risking adverse effects on membership.

The Board is concerned, however, that the specific provisions regarding charges for Federal Reserve services in H.R. 12706 may be unduly restrictive. For example, the bill requires that the Federal Reserve price services to take account of capital and other costs that would have been paid by a private firm. However, we believe that any provision requiring the System to charge for services should also recognize the realities of the competitive marketplace and the responsibility of the System to provide a basic level of service nationwide.

The proposed amendment to the Stanton bill is broad in scope, seeks major changes in the powers and responsibilities of the Federal Reserve, and would affect adversely the System's ability to carry out its responsibilities. Moreover, the amendment, if adopted, would not provide a solution to the membership problem; rather, it would make the problem much worse. Under the amendment, open access to all System services, except the discount window, would be available to all institutions, and the rate of interest on reserve balances would be limited so that the amount of interest paid could be no greater than the total amount collected by the Federal Reserve in payment for services plus the small amount of interest earned at the discount window. In consequence, interest payable on reserves would be substantially less than a market rate. Therefore, a bank willing to forego access to the discount window could withdraw from membership and retain access to all Federal Reserve operating services, while also investing the reserve balances released by withdrawal from the System so as to earn a full market rate of interest. If the proposed amendment were enacted, we would expect the rate of loss of membership to accelerate.

The amendment also proposes legislating specific reserve requirement ratios on demand deposits and tying the discount rate to the Treasury bill rate. Such action would not be desirable since it would reduce the policy instruments available to carry out the Nation's monetary policy and effectively limit the System to open market operations for that purpose. The Board continues to believe that effective monetary management requires the option of having more than one instrument at hand, and thus recommends that the proposed amendment not be enacted.

As noted earlier, reserve requirement changes may become a more useful instrument once the membership problem is resolved. In any event, they are needed if action is to be taken that emphasizes credit availability at member banks throughout the country or if conditions require that open market operations be supplemented in order to attain monetary policy objectives. Moreover, reserve requirement changes can also serve, at times, as a useful signal of change in the System's policy stance. It should be noted also that the reserve requirement proposals on transactions accounts in the amendment apply to member banks only. This would tend to increase existing inequities because member bank savings accounts subject to automatic transfer would bear a higher reserve requirement—equal to that on demand deposits—than similar accounts at nonmember institutions.

The discount rate, too, has a useful role to play as a signal of policy. For instance, it can be held back when market rates are rising to suggest a certain caution about future rate developments to the market. The stated reason for tying the discount rate to a market rate is to reduce the possibility of arbitrage profits when the discount rate is below market rates. However, the Reserve Banks already have careful administrative controls that keep arbitrage opportunities to a minimum. Moreover, tying the discount rate to the Treasury bill rate makes the cost of member borrowing depend, in part, on Treasury debt management, and the rate could be high or low relative to other opportunities the bank has for investment. Even if it were desirable to tie the discount rate to a market rate, the shifting structure of market rates makes it very difficult to find any single rate that is satisfactory. In any event, the Board believes its flexibility with regard to the discount rate should not be limited in view of the unpredictability of changing market circumstances and international and domestic economic conditions.

The amendment also would require the Federal Reserve to transfer $575 million of its earned surplus to the Treasury over 2 years. This amount appears in the Board's plan. But the program in the Reuss amendment, since it does not offset the membership burden, would be less costly than the Board's plan. Therefore, the amount needed to maintain Treasury revenues in a transition period would be less than the $575 million required by the proposed amendment. In any event, the Board does not believe a specific transfer of Federal Reserve surplus should be legislated but should be left to the Board and the Treasury, since the effect on Treasury revenues will depend on the particular plan chosen and the period of time over which it is practical to implement it fully.

Finally, the amendment provides for the collection from nonmember institutions of data needed to control the monetary aggregates. The reports are to be made through the relevant regulatory agencies. It is important to note, however, that such data are needed on a timely basis if they are to be useful for monetary policy operations. The amendment should, therefore, allow flexibility in handling the flow of data, as might be worked out by the agencies.

Mr. Chairman, thank you for the opportunity to present the Federal Reserve's views this morning. The problems with which your committee is dealing this morning are of crucial importance to the long-run viability of the Nation's central bank and to the health of the Nation's depository institutions and indeed to the national economy. The problems are exceedingly difficult, but I am confident we can together find solutions that will serve the public interest well. □

Chairman Miller presented similar testimony before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, on August 14, 1978.

Statement by G. William Miller, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, House of Representatives, July 28, 1978.

Mr. Chairman and members of this distinguished committee, it is a pleasure to meet with you to present the report of the Federal Reserve on the outlook for the economy and monetary policy.

Economic gains continued at a good pace into fourth year of expansion. The current economic expansion, which began in early 1975, is now into its fourth year. Only one postwar up-swing—that beginning in 1961—has lasted significantly longer. Thus, we have had an unusually durable expansion, and it has been well sustained thus far this year, as may be seen in attached Chart 1.[1]

Especially encouraging has been the performance of the labor market. Payrolls have swelled by more than 2 million workers since last December. The over-all unemployment rate has dropped below 6 per cent, and the rate for heads of households is 3.6 per cent. Joblessness among youths and minorities remains disturbingly high, but these groups, too, have experienced appreciably improved employment opportunities in recent months.

And economic indicators point to further growth. The willingness of businessmen across the country to hire in such large numbers suggests that they are looking forward to further growth of production. And indeed, economic indicators generally point in that direction. Buying sentiment still is at a high level, and with recent employment gains providing an impetus to income, consumer spending should continue to rise.

In the business sector, cautious inventory management has kept stocks in good balance in most sectors; rising sales are therefore likely to prompt further advances in inventory investment. Various surveys of business intentions—as well as data on equipment orders and construction contracts—suggest moderate increases in capital spending in the months ahead. In addition, our net export balance, which has deteriorated over the past 2 years, is beginning to improve. Imports are likely to rise less rapidly during the next year. At the same time, exports should pick up if activity abroad increases as expected and as the changes in exchange rates that have occurred since last fall improve the competitive position of U.S. goods.

The increase in housing starts last month suggests that construction activity will remain at a high level over the near term, but it appears likely that building will begin to taper off later this year, partly as a consequence of the firmer conditions prevailing in the mortgage market. And growth in State and local government expenditures probably will remain modest, in light of the increasing pressure for restraint in public spending.

On balance, the various indicators of spending and activity suggest that the current expansion will continue in the year ahead. As an expansion matures, however, growth can be expected to moderate, and I think it is likely that over the next four quarters real GNP will grow by about 3¼ to 3¾ per cent. Such a pace should be adequate to keep unemployment from rising; during the second quarter of 1979, the unemployment rate may average 5¾ to 6 per cent.

Inflation, however, is a serious concern. As an expansion continues, there is also always the danger that developing imbalances will weaken and ultimately dissipate its forward thrust. The greatest threat to the present expansion lies in accelerating inflation. Price increases have stepped up sharply so far this year—through May consumer prices rose at an annual rate in excess of 10 per cent. To be sure, much of this surge is attributable to adverse developments in the volatile agricultural sector, and relief from double-digit food price increases should be forthcoming later this year. But the prices of other goods and services also have been rising briskly recently, and the advance in unit labor costs—a key determinant of price trends—has accelerated. My best guess is that during the four quarters ahead prices in general will rise at an average rate of 7 to 7¾ per cent.

With the economy moving into a period of heavy collective bargaining, the intensified inflation we have been experiencing and the greater tautness of labor markets could be reflected in higher wage demands, and if they are met, labor costs would rise even more rapidly. As it is, these costs will be boosted early next year by additional mandated hikes in social security taxes and in the minimum wage. The continued interplay of wage and price rises, coupled with the legislated cost increases, will make it difficult to achieve much relief from underlying inflationary pressures over the next year.

The strong momentum of inflation must be

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

a central consideration for Government policymakers today. If we pursue a course that does not soon contain the forces accelerating the advance of prices, the result will be increasing economic disruption and distortion, ending in all probability in serious recession. Monetary policy has been—and will continue to be—designed to restrain inflation. But monetary policy cannot do the job alone. Placing too great a burden on monetary policy would entail dangers of severe financial dislocation that could have unfortunate longer-run consequences for the domestic and international economies.

Financial markets showing inflationary pressures. Financial markets have already begun to show the strains of inflationary pressures. Debt burdens have grown tremendously as households and also businesses have borrowed to finance desired real outlays at rapidly rising prices. Financial institutions meanwhile have experienced declining liquidity as they have attempted to accommodate heavy loan demands. The most obvious sign of these mounting pressures of supply and demand in credit markets has been the upward path of interest rates since the spring of 1977. The increase in interest rates can be attributed in good part to the diminishing confidence of borrowers and lenders that inflation will slow in the future.

The willingness of households to go heavily into debt at relatively high interest rates in some degree reflects a feeling that it is best to buy now before prices rise still further. This sentiment undoubtedly has been a major factor in the demand for houses throughout the past few years, and it seems to have played an important role in the burst of sales of cars and other consumer durable goods during the first half of 1978. The volume of consumer and mortgage credit extended in connection with these purchases has been growing rapidly and so has the ratio of debt repayment obligations to disposable personal income; both have reached unprecedented heights. To date, loan delinquency experience has not deteriorated significantly, so households evidently have not encountered serious problems in meeting scheduled payments; however, this situation bears careful watching.

So, too, does the apparently declining level of corporate liquidity. During the past 2 years profits and other internal funds of businesses have fallen increasingly short of the sums needed for investment in inventories and fixed capital. The result has been a rising volume of borrowing and a declining volume of liquid asset accumulation; balance sheet ratios have been deteriorating since late 1976.

On top of these private credit demands have come sizable public demands. State and local governments have issued bonds in record volume during the past couple of years, but these governmental units also have provided funds to credit markets through a record accumulation of financial assets. The same cannot be said for the Federal Government. In financing the Federal budget deficit, the Treasury has competed actively with the private sector for credit and has added to the general upward pressure on interest rates.

Liquidity of depositary institutions has declined. During the early stages of economic recovery, commercial banks and thrift institutions were able readily to satisfy the loan demands of households and businesses while at the same time adding large amounts of Government securities to their portfolios. In the past year, by contrast, there has been a fairly steady decline in liquidity ratios of these institutions. With rising yields on Treasury bills and other market instruments diverting funds from savings and small-denomination time deposits, commercial banks, besides curtailing security acquisitions, have issued a substantial volume of large certificates of deposit (CD's) and other short-term liabilities. Meanwhile, savings and loan associations—the leading home mortgage lenders—have reduced their holdings of Treasury securities and have borrowed heavily from Federal home loan banks and other sources.

Growth in M-1 high relative to long-run ranges, but M-2 and M-3 within them. The Federal Reserve might have attempted to alleviate some of the liquidity pressures in the economy by aggressively providing bank reserves and money. But at best this would have offered no more than a temporary palliative. And it would have set the stage for an explosion of monetary expansion and exacerbated our problem of inflation.

As it is, since early 1977 there has been a rather persistent tendency for growth in the narrowly defined money stock, *M*-1, to run above the rates the System had projected. Over the past four quarters, for example, *M*-1—which includes only currency and demand deposits—increased 7.9 per cent, well above the range of 4 to 6½ per cent reported to this committee a year ago.

Over the same four-quarter span, however, the broader monetary aggregates—*M*-2 and *M*-3—recorded net increases that were well within their announced ranges. A chart depicts the behavior of *M*-2, which is *M*-1 plus time and savings deposits at commercial banks (other than large negotiable CD's). *M*-3 includes also time and savings deposits at thrift institutions.

The fact that growth rates of *M*-2 and *M*-3 remained within their ranges over the past year, while *M*-1 growth was strong, is attributable to the slowing in expansion of the interest-bearing components of the broader aggregates. A year ago, yields on shorter-term market debt instruments were below those that depositary institutions are permitted to pay on savings and small-denomination time deposits. But as market rates rose, they surpassed the regulatory ceilings, prompting many savers to divert funds from deposits to Treasury securities, money market mutual funds, and other higher yielding investments.

New certificates enhance growth of time and savings deposits. To help preserve the competitiveness of depositary institutions—and thus to avoid the distortion of credit flows that might occur if these intermediaries were unable to accommodate borrowers who do not have access to open market sources of funds—the Federal regulatory agencies created two new deposit categories, effective June 1. One is an 8-year time deposit on which banks may pay up to 7¾ per cent and thrift institutions up to 8 per cent. The other is a 6-month, $10,000 minimum balance account whose ceiling is determined by the results of the most recent weekly auction of 6-month Treasury bills. Banks are permitted to pay a rate equal to the average discount yield in the auction, and thrift institutions ¼ of a percentage point more.

A noticeable pick-up in inflows to savings and small-denomination time deposits in June is evidence of the success of depositary institutions in exploiting the new certificates. The 6-month floating-ceiling certificate appears to have been quite effective in stemming the outflow of funds into market investments. An estimated $8½ billion of the new instruments were issued in June alone—$6½ billion at thrift institutions—and growth has continued brisk this month.

Need to restrain inflation. The Federal Open Market Committee at its meeting last week considered carefully these recent patterns of monetary expansion, as well as the prospects for the economy, in deciding on the appropriate longer-term ranges for the monetary aggregates. Although, as always, members of the committee differed somewhat in their appraisal of the outlook, there was a broad consensus that inflationary pressures would remain strong, if not strengthen, in the year ahead. While the recently published 5.7 per cent unemployment rate is not low by historical standards, most analysts agree that the unemployment levels at which inflationary pressures are likely to mount have been raised substantially by compositional changes in the labor force and by the effects of unemployment compensation and other institutional factors on decisions regarding work. Under the circumstances, it is critical that macroeconomic policy be conducted most prudently at this juncture to assure that economic expansion continues at an appropriate pace without fueling the already unacceptable intensity of inflationary pressure.

Monetary growth ranges unchanged. Growth ranges for the monetary aggregates selected by the FOMC for the year ending with the second quarter of 1979 are identical to those announced 3 months earlier. The range for *M*-1 is 4 to 6½ per cent; for *M*-2, 6½ to 9 per cent; and for *M*-3, 7½ to 10 per cent. The growth range for bank credit, though, was raised to 8½ to 11½ per cent in recognition of the greater share of borrower demands being directed toward banks.

The committee discussed at some length arguments in favor of raising the upper limit of the range for *M*-1. A major part of the discussion focused on the question of whether the persistent tendency over recent quarters for *M*-1 growth, on average, to overshoot the FOMC's longer-run range represented a fundamental shift in the demand for *M*-1 relative to GNP that should be accommodated. The committee concluded that an upward adjustment in the range at this time would be undesirable in light of continuing inflationary pressures. Nonetheless, it was recognized that, in light of the recent behavior of money demand, growth in this aggregate over the year ahead might well be around its upper limit.

Scheduled regulatory changes could lead to a lower measured growth in *M*-1, however. Once the new regulation allowing automatic transfers of funds from savings to checking accounts goes into effect this coming November, the public can be expected to economize more on demand balances and to shift some funds from demand deposits to savings deposits. Such shifts would tend to reduce growth in *M*-1 during a transition period in which bank customers adjust to the new service. But the extent to which such a shift in funds will occur over the year ahead is quite uncertain. It will depend on the structure of charges posted by banks for the new service and on the speed with which the public takes advantage of the added flexibility in cash management. In the transition period, therefore, *M*-1 will become a less reliable indicator of monetary conditions.

The broader monetary aggregates are not likely to be affected significantly by the automatic transfer regulation. They are expected to grow well within their current ranges in the months ahead, with growth sustained in part by the availability of the new certificate accounts. Thus, a generally ample flow of credit through banks and thrift institutions can be expected.

There are always great uncertainties surrounding monetary projections, but the FOMC believes that these ranges for the four quarters ahead are consistent with further moderate expansion of economic activity. Unfortunately, I cannot report that the committee expects a diminution of inflationary pressure over the coming year. A reduction in the rate of price advance will require more time if it is to be accomplished in an orderly manner, given the present built-in biases toward inflation in the country.

These biases—regulatory, legislated, and expectational—prevented the committee from taking a further step at this time toward the lowering of the monetary growth ranges—a process that must be continued over time if the Nation is to achieve reasonable price stability. In any event, under current circumstances, continuation of the present growth ranges for the aggregates implies a continued posture of restraint against inflationary pressures and probably involves some additional—but tolerable—liquidity pressure on financial intermediaries.

Need for a longer-range effort to treat structural problems. These observations underscore the limitations of monetary policy as the main bulwark against inflation and the need to mount a broad attack on the economic problems we face. A significant reduction in the Federal budget deficit would be an important first step in reducing inflationary pressures. But a longer-range effort to treat the structural problem of inflation also is necessary.

We must reshape our tax laws to make certain that there are adequate incentives for saving and investment. The Nation has for many years now devoted too large a proportion of its production to consumption and too small a share to the expansion and modernization of its industrial plant. As a result, growth in productivity has languished, with serious consequences for inflationary trends and our standard of living.

We must take steps as well to bolster our position in international trade and thereby to strengthen the dollar. We should continue to seek freer access to world markets and should attempt to make American businessmen more aware of opportunities for sales abroad.

We must seek ways of training and placing those individuals who, because of lack of skills or limited knowledge of employment opportunities, are not readily absorbed into the work force.

And we must remove the impediments to

competition, relieve the undue regulatory burdens, and avoid the costly governmental actions that have contributed importantly to inflationary pressures in recent years.

It is important to take strong measures now to curb inflation, and with the continued cooperation of the administration, the Congress, the Federal Reserve, and the private sectors of the economy, I believe that within the next several years we can establish an economic environment conducive to full employment with price stability. □

Statement by Philip E. Coldwell, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, House of Representatives, July 31, 1978.

I am pleased to testify today on two important issues, membership in the Federal Reserve System and pricing of Federal Reserve services. First, I would like to express my concern about the continuing erosion of membership in the Federal Reserve and the need to solve this problem. Next, I want to discuss the issue of pricing for Federal Reserve services. Most of my testimony will be devoted to discussing pricing because of its potential impact on membership and on the Nation's payments mechanism. The Congress should be fully aware that pricing for services without reducing the burden of membership will further contribute to banks leaving the Federal Reserve.

As a member of the Board and former President of the Federal Reserve Bank of Dallas, I have observed the withdrawal of banks from the Federal Reserve System for nearly 27 years. At first the banks withdrawing from the System were generally rather small. But in recent years larger ones—even large correspondent banks and frequent users of Federal Reserve services—have found the burden of membership too great to justify remaining in the System, and others have indicated intentions to withdraw unless the burden of membership is relieved.

Over the years, the Board has expressed its concern to the Congress about the loss of member banks and has recommended ways to reverse membership loss. Chairman Miller again stressed this concern in his testimony last week. In his testimony he explained the reasons why banks are withdrawing from the Federal Reserve System. I want to stress the point that increased competition for transaction accounts—particularly interest-bearing transaction accounts—has forced all financial institutions to become increasingly cost conscious. In turn, member banks facing this and other challenges to profitability have been forced to weigh carefully the costs of retaining their membership.

In addition, Chairman Miller's testimony provides a review of the adverse implications that declining membership has for monetary management and the quality of the banking system. He stressed the importance of bringing equity among financial institutions. Let me emphasize two factors he mentioned. First, the ability of the Federal Reserve to guide innovation and to foster constructive competition in the payments mechanism among financial institutions will be enhanced. Second, at such time as all financial institutions are bearing an equitable reserve burden, there will be no unfavorable economic effects to allowing uniform access to Federal Reserve services at equal costs and under equal conditions.

It is important for the United States to have a strong central bank and certainly in the current economic situation steps should be taken promptly to offset any contrary trend. I am sure that the Congress is as concerned as we are about the inflationary pressures evident in our economy and therefore will be interested in assuring the strength of one of its primary agents for resisting inflation.

This line of thought leads me to hope that the Congress will be willing to stop the erosion of membership. The most evident and clear-cut support the Congress could enact would be legislation requiring universal reserves.

It is essential for everyone to understand that monetary policy is not developed for banks or for even the limited number of member banks, so there appears to be no good reason for the Nation's central bank to operate under the shackles of a voluntary membership structure. We can debate a specific monetary policy on its merits, but from any standpoint I can see no public purpose to be served by limiting the effectiveness of the central bank. Monetary policy is made for the entire Nation, not a limited sector of the banking community. All depositary institutions are chartered in the public interest, and all should be directly supportive of, and participants in, the implementation of policy.

I would like to express my views on the part of the Board's plan and the parts of the proposed legislation that deal with charging for Federal Reserve services. I will explore with you possible impacts that charging will have on the Nation's payments mechanism.

You are no doubt aware that the System has been considering for over 2 years the subject of charging for its services. As studies have progressed, we have become increasingly aware that there are problems in the application of the theory that pricing should result in a more efficient allocation of total resources to payments mechanism activities. I believe there is a much more important goal than attaining optimum allocation of resources. That goal should be the continuing ability of the Federal Reserve to assure the Congress and the Nation of a smoothly functioning payments mechanism.

In considering pricing legislation, the Congress should be fully aware that the Federal Reserve has no intention of enlarging its role in the payments mechanism to the exclusion of the correspondent banks of the Nation. Neither, however, does it intend to allow a few very large private sector firms to dominate services now provided by the Federal Reserve. This could result, ultimately, in problems similar to those in existence when the Congress created the Federal Reserve System and gave it the power to establish clearinghouse services.

In its proposal to the Congress, the Board made the following statement:

> In order to assure continued efficient functioning of the payments mechanism and to avoid major disruption during the transition to a more competitive environment, the Board would follow a conservative and flexible approach in establishing charges for Federal Reserve services. To this end, the System has concluded that its charges should be competitive with those for comparable services (when available) in the private sector. However, the Board would retain flexibility to alter charges or service policies in order to meet its responsibilities to maintain a satisfactory, basic level of service for the Nation as a whole and to encourage innovations.

I would like to elaborate on this statement and explain why the Federal Reserve believes it has a responsibility to retain an ability to perform a "basic level of service" nationwide in payments activities.

Payments mechanism activities are an important aspect of the functioning of the Nation's economy. The Federal Reserve through its currency and coin distribution, check collection, funds transfer, and U.S. Government security transfer services is actively involved in all vital components of money supply and money movement through the Nation's payments system.

The payments mechanism of the United States functions quite well today. Enormous amounts of money flow among financial institutions each day. Much of the Nation's business is carried out with check payments, and, as you know, the Federal Reserve is a major participant in the check collection system. Orderly markets in Federal funds and Government securities are important to the Government and the banking industry and to monetary policy. The Federal Reserve Communications System plays a vital role in supporting these markets.

The Government in protecting the public interest has a substantial concern with the smooth functioning of financial markets and payments mechanism activities. I believe those interests can be protected in only two ways, either exclusively through regulation or through limited regulation and an operational presence such as the Federal Reserve currently has in the check collection system.

If the Federal Reserve's operational presence in payments mechanism functions were materially reduced, then regulation of payments operations probably would be needed to protect the safety and soundness of depositary institutions or to avoid payments practices that are contrary to the public interest. Who, for example, would enforce standards such as magnetic ink character recognition (MICR) encoding and routing number systems? Who would ensure that funds availability is maintained at a reasonable level so that checks would remain as acceptable as they are today? If Federal Reserve operational presence were reduced, it would be necessary to establish a body of regulations and examination, investigation, and enforcement mechanisms to ensure an efficient and equitable payments mechanism. The costs and burden of such a program should be a significant factor in determining the pricing and operational posture of the Federal Reserve.

We believe that the Congress looks to the Federal Reserve to protect the public interest in payments mechanism functions, and we believe that the public interest can best be served by continued operational functions that are performed by the Federal Reserve Banks. Therefore, while pricing of Federal Reserve services is intended to bring about efficient allocation of resources, sufficient pricing flexibility is needed for the Federal Reserve to maintain its operational presence in payments operations. In particular, the Federal Reserve should continue to provide a basic level of service and to protect the public interest in the safety and soundness of the Nation's payments mechanism. As an example, consider that through the participation of both the Federal Reserve and the private sector the check collection system has evolved into a system with the following desirable features:

1. Certainty. Checks and other cash items drawn on any financial depositary institution are collectible. There is almost universal payment for checks at face value by paying banks.

2. Speed. Checks represent money to the payee and the collecting bank. Current arrangements allow for availability of funds to collecting banks for any checks in 2 to 3 business days. Rules also exist to assure prompt notice of nonpayment of items.

3. Accuracy. The incidence of error is relatively small and not readily visible to the public. Procedures exist to assure maintenance of sufficient records to correct mistakes (lost items, missent items, and so forth).

4. Efficiency. For items drawn on distant banks the Federal Reserve collection system helps assure a minimum number of institutional handlings. Balances maintained solely for settlement are also minimized because of the use of reserve accounts for settlement.

5. Optional collection channels available. It is possible for a bank to collect items through a number of options in the current system. Federal Reserve collection channels are used primarily by member correspondent banks. Smaller banks, both members and nonmembers, use a correspondent bank as their primary collecting agent.

6. Nationwide scope. A similar level of service is available to all collecting and paying banks wherever located.

In operating the collection service, a public institution can assure that all regions of the country are provided a basic level of service at a reasonable price. Federal Reserve operations in the check collection system assure that clearing time is relatively fast to all areas. And they assure that terms of access to the check collection system are equitable. However, this is done by providing subsidies to low-volume and remote financial institutions. The private sector could provide such cross-subsidies only if it earns excessive profits in high-volume, high-profit regions.

The Federal Reserve Banks pass credit to depositors on a predetermined schedule that is intended to approximate collection times for the items deposited. The fact that these schedules are fixed provides a firm basis upon which depositing banks can plan their cash positions and manage their funds. This certainty also provides a way for commercial banks to pass credit to their depositors in an orderly fashion without accepting undue costs or risks.

This certainty is financed by the quantity known as Federal Reserve check collection float, the difference at any time between the value of credit for deposits given by the Reserve Banks and the value of checks collected. If the private sector were to assume the responsibility of passing credit for checks on the same schedule as the Reserve Banks, the expense of financing the float would be a substantial cost to the banking system that it does not now bear.

If the Federal Reserve is not given the flexibility to adjust its prices to the marketplace, there is a possibility that the private sector will skim off only the most profitable services leaving the Federal Reserve with the least profitable services and significantly higher average costs. For example, in the check area the Federal Reserve could be left collecting checks drawn on low-volume and remote banks. Since the cost of providing only this service would be extremely high, it would then have to be decided whether users of Federal Reserve services should be subsidized in order to assure continued acceptability of these checks.

It is vitally important that the Nation have available a fast, reliable, and accurate payments network to support the Nation's monetary policy as well as the needs of banking and commerce. Implementation of monetary policy is facilitated through Federal Reserve payments mechanism operations. For example, the wire transfer of funds and securities capabilities of the System provide a fast, reliable, and accurate vehicle for the effects of open market operations to flow across the banking industry. Our extensive involvement in check collection operations allows us early warning of bank liquidity problems that become evident when settlement for checks presented each day appears to be increasingly difficult for a bank. Also, if normal payments mechanism services are interrupted by severe weather or other emergencies, these circumstances are reported to the Open Market staff who can forecast monetary policy implementation strategy utilizing data derived from internal operating reports.

A substantial reduction in the role of the Federal Reserve in the check collection system could have an impact on Federal Reserve payments services provided to the Treasury Department. Currently, the Federal Reserve provides many services that facilitate the payment of Government obligations. Financial institutions deposit Treasury checks with the Federal Reserve for payment. The largest number of these checks are social security and other benefit payments. For the most part, these checks are issued and cleared during the first few days of each month. The Federal Reserve uses employees and equipment that are employed in processing commercial checks to assist in processing Government checks. If commercial check volume were reduced to a point where employment and equipment is cut back, these resources would no longer be available to assist in processing Government checks.

The Federal Reserve uses the same courier service to deliver Treasury electronic funds transfer payments that it uses to deliver checks to financial institutions. If the number of banks to which we deliver commercial checks were reduced, the courier service would also be reduced. Without the courier service, the Treasury would have to rely on other means for delivering Federal Government payments.

Given the Federal Reserve's role as a provider of a basic level of service nationwide, which I believe is a major factor contributing to the smooth functioning of the payments mechanism, let me caution against any constraining legislation that could disrupt money flow operations. A provision in the Stanton bill, H.R. 12706, would require the Federal Reserve to adhere to a fixed formula in setting prices. The provision that requires the Federal Reserve to base its prices on direct and indirect costs as well as costs that would have been incurred by a private firm might place the Federal Reserve Banks at a competitive disadvantage in relation to private firms. Private firms rarely have their prices bound to a fixed formula. It is my impression that complete cost accounting in the banking system is a little-used procedure when pricing individual services. In most cases, adjustments are simply made to prevailing market prices, with the only price constraint being coverage of all costs in the long run. It is a common practice for correspondent banks that provide services somewhat comparable to those offered by the Federal Reserve to cross-subsidize their service lines. Banks may suffer losses on payments services, for example, while recovering those losses from earnings from other bank services such as lines of credit and loan participations. My concern is that, unless the Federal Reserve utilizes similar flexibility, it will not be able to adjust to the realities of the competitive marketplace and may be forced to reduce or abandon its role as the provider of a basic level of service nationwide.

Let me make it clear that I have no problem with using pricing to define the terms of access to Federal Reserve services, to bring about a more efficient use of those services, or even to determine the role the Federal Reserve should play in the payments mechanism as long as we do not allow private concentrations to be substituted for the Federal Reserve. I do not believe that it would be in the best interest of our country to have the payments mechanism in the hands of a severely limited number of private institutions, and I suspect that this concern is shared by a great many smaller banks and other nonbank financial institutions.

It is not absolutely necessary for the Federal Reserve to price many of its services in order to allow the private sector to compete. The private sector is able to compete with the Federal Reserve because we have exercised restraint in our involvement in the payments mechanism. For example, correspondent banks and service organizations offer significantly broader check processing services including dollar amount encoding, proof of deposits, transit check processing (including both collection of some checks and routing others on for collection through other banks and the Federal Reserve), and demand deposit accounting (posting of checks to customer accounts). In providing transit check processing, the organizations are frequently able to improve upon the availability of Federal Reserve funds by direct routing of checks to banks. It should be made clear that Federal Reserve check-clearing operations and commercial bank operations currently differ in many respects. A considerable proportion of Federal Reserve expense is related to delivery of checks to all banks in the Nation each day and to transportation of checks among zones nationwide. Commercial banks expedite collection of checks based on the dollar amount of the items whereas the Federal Reserve generally does not discriminate based on dollar value. The Federal Reserve sets rather stringent presorting requirements on depositing banks and requires all items to be fully encoded prior to deposit whereas commercial banks are much more liberal in sorting requirements and will perform encoding operations for a price.

My recommendation is that we take a cautious approach toward pricing of Federal Reserve services so that we do not unduly affect the performance of the payments mechanism. I believe that it is important for us at least to see how pricing works and for the Federal Reserve to gain experience in pricing before we become bound to a formula that may do more harm than good. I think this argues for flexibility in establishing prices so that pricing can help bring about a more efficient use of payments services while at the same time acknowledging the role of the Federal Reserve to continue to set the rules of the road and to provide a basic level of service nationwide. □

Statement by G. William Miller, Chairman of the Board of Governors of the Federal Reserve System, before the Subcommittee on Federal Spending Practices and Open Government of the Committee on Governmental Affairs, U.S. Senate, August 4, 1978.

Thank you for the opportunity to appear before your subcommittee to discuss the Government in the Sunshine Act as it applies to the Board of Governors of the Federal Reserve System and to give you some of the Board's experiences and views relating to the implementation of the act.

In the period of approximately 16 months of operation under the Sunshine Act, the Board has found compliance with the letter and spirit of the act not to be unreasonably burdensome, although there have been additional costs and some procedural difficulties. The ability to function under the act has been due in large measure to action by the Congress, strongly supported by the Board, in formulating provisions designed to address the specific problems of agencies that deal with sensitive financial information and the supervision and regulation of financial institutions. Important among these provisions are exemptions from the open meeting requirements for confidential financial information, information contained in bank examination reports, and information the release of which could lead to financial speculation in currencies or securities or that could threaten the stability of financial institutions.

Given the Board's unique responsibilities—particularly for the conduct of monetary policy but also for supervision of State member banks and regulation of all bank holding companies—these exemptions probably apply to the Board's meetings more often than to those of any other covered agency.

The Board's effective consideration of many issues in the financial and supervisory area also has been enhanced by the authority to use summaries of minute entries, rather than a verbatim recording, for agenda items closed under several of these exemptions. This authority has encouraged a continuation of the free and open discussion of sensitive matters that is so important to the deliberations of a collegial body such as the Board. Later, two additional subjects for which minutes may be used will be suggested since the Board believes free discussion of these subjects has been somewhat impeded by the current recording requirement.

Also, the authority to close meetings dealing with recurring items under certain exemptions by regulation rather than by requiring individual advance vote—the so-called "expedited procedures" provision—has simplified the Board's operations under the Sunshine law, without any disadvantage to the public.

EXPEDITED PROCEDURES

The Board's regulation provides for a meeting to be closed by a vote of at least four members at the beginning of the meeting if the subjects to be discussed fall within specified exemptions. Typically, such closed meetings deal with subjects involving monetary policy matters, such as the setting of discount rates, use of the discount window, changes in the limitation on payment of interest on time and savings accounts, and changes in reserve requirements or margin regulations; proposals involving a specific bank or bank holding company formation or further bank acquisition; other bank regulatory matters such as applications for membership, issuance of capital notes, and investments in bank premises; foreign banking matters; and bank supervisory and enforcement actions such as cease-and-desist and officer removal proceedings.

In adopting the Board's regulation providing for the use of expedited procedures, it was ascertained that of the 493 meetings of the Board held in the three calendar years prior to enactment of the Sunshine law, 94 per cent could have been properly closed pursuant to exemptions that would sanction use of these procedures. Because of the nature of the Board's activities and the nature of the exemptions that authorize the use of expedited procedures, it may be expected that a substantial percentage of the Board's agenda items will continue to be closed under these procedures.

BOARD RECORD OF OPEN AND CLOSED MEETINGS

Operating under the Government in the Sunshine Act during 1977, 27 per cent of the Board's 114 meetings were either open or partially open. At these meetings the Board considered 638 individual agenda items, of which 17.5 per cent were open and 82.5 per cent closed. For many of the closed items, tape recordings of the Board's discussions were placed in the Board's Freedom of Information Office soon after the meeting, thus making these discussions available to the public. Taking into account the release of these recordings, another 5.3 per cent of the items considered by the Board in 1977 are now open to the public.

For 1978 through June 30, 43 per cent of the Board's meetings were either open or partially open. The Board has considered a total of 377 agenda items during this period; 26 per cent in open sessions and 74 per cent in closed meetings.

OPEN MEETING PROCEDURES

The Board has put a good deal of effort into developing a program to aid the public in understanding and obtaining the maximum possible benefit from its open meetings. A pamphlet has been prepared to increase the public's understanding of the application of the Sunshine Act to the Board's meetings.

The Board makes most staff memoranda considered at open meetings available to the public upon request submitted prior to the meeting. Such requests are given priority treatment by the Board's Secretary. Before presentation of an item on the agenda at an open meeting, a brief statement of the issues involved is usually made for the benefit of the public. Members of the public attending the meeting are provided with an agenda summarizing the issues to be discussed. Photographs of Board members and seating charts are available in the Board room. Following each meeting a representative of the Public Affairs Office is available for further questioning about the proceedings. In short, the Board endeavors to help the public understand the proceedings at open meetings.

Twenty five persons attended the first open meeting of the Board on March 28, 1977. Since then attendance has varied widely, depending on the public interest in the subjects to be considered. Attendance was large at one recent meeting in which the Board's proposed membership program, the proposed Community Reinvestment Act regulation, and aspects of the International Banking Act legislation were considered. That meeting was attended by about 85 members of the public. Otherwise, attendance has ranged from 0 to 39, averaging 9 per meeting.

The Board maintains a mailing list for notices of meetings. In addition to printing notices in the *Federal Register*, the Board makes advance notices of meetings available to the public at the Board's Freedom of Information and Public Affairs Offices and at the Treasury Department's press room. Also, notices of open meetings are provided to a news wire service for use on its Washington "city wire." All notices invite the public to address inquiries to the Board's Public Affairs Office, which is prepared to provide details about any meeting. In the event of an unexpected change in an open agenda item, when advance written notice is unlikely to be received in time by the public, media representatives who regularly attend such sessions and individuals known to have an interest in particular matters on the Board's agenda are advised of the change by telephone. When the change is significant, calls are also made to each of the persons on the Board's Sunshine mailing list - approximately 40 in number.

RECORDS OF MEETINGS

As indicated earlier, the Board has also made a conscientious effort to comply with the spirit of the Sunshine Act with respect to the availability of minutes, transcripts, and recordings.

The record of each closed Board meeting is made available to the public in the Board's Freedom of Information Office promptly after the meeting, unless the Board has voted to withhold part or all of the discussion under the act's exemptions. For closed meetings there are either minutes or recordings that may be listened to by members of the public. Transcripts of recordings may be obtained upon request. Cover sheets attached to the released material indicate whether the entire record is available and list any subjects withheld. Material that is withheld temporarily is released as soon as it is determined that the exemptions under which it was withheld no longer apply. The public may come into the Freedom of Information Office and obtain immediate access to pertinent files, minutes, and records.

COSTS OF GOVERNMENT IN THE SUNSHINE

While we have endeavored to maximize the benefits to be derived from implementation of the act, it should be noted that such efforts are not without associated costs. We have had to reassign resources within our staff so that two persons now work solely on Sunshine matters, one processing public announcements and the other processing the recordings and minutes of closed meetings. In order to meet our open meeting and recording obligations, it has been necessary to install a public address and multi-track recording system at a substantial cost to the Board. Compliance with the substantive and technical requirements of the act continues to place heavy additional demands on staffs of the Secretary, the General Counsel, and others. We estimate that the cost to the Board of complying with the Sunshine Act is approximately $100,-000 per year.

Another cost, of a somewhat different nature, but of particular concern to me, relates to the delay in processing of matters before the Board as a result of compliance with procedural requirements of the act. For instance, some items that prior to the act were brought to the Board at a moment's notice are now delayed as much as 2 weeks to accommodate the Sunshine public notice and voting requirements. Items ready for Board action at an open meeting have been deferred in order that a grouping of such matters may be presented at one open meeting, rather than requiring the public to attend a series of meetings, each with only one or two open items on the agenda. The Board continues to consider appropriate steps that might be taken to minimize such delay.

SUGGESTED AMENDMENTS TO THE ACT

The Board has previously written to you about its concern as to any requirement that the Board's discussion of legislative matters be held in open meetings prior to their presentation to the Congress. It is the Board's belief that the Congress dealt with this question by adopting exemption (9)(B) under which an agency's deliberations may be closed if public discussion would make known information, the premature disclosure of which would be likely to frustrate significantly the implementation of a proposed agency action. Two reasons support closing of legislative items on the basis of this exemption.

First, the legislative process usually contains elements of negotiation and compromise, and premature disclosure of positions on legislative matters could significantly frustrate the attainment of legislative goals sought by an agency. Discussion of legislative matters often involves the consideration of strategy to be pursued in the accomplishment of legislative objectives favored by the Board. For example, the Board may decide to support a particular legislative proposal but determine at the same time to support various alternative proposals should the Board's preferred position prove unacceptable to the Congress. Premature disclosure of the fact that the Board is willing to support alternative proposals could significantly frustrate the Board's ability to obtain support for its primary objective.

Second, the Congress often expects that views on legislative matters will first be given to the Congress. The important working relationship between the Congress and the agencies could be significantly frustrated if agency views on legislative matters were prematurely disclosed to the press and to the public.

Nevertheless, the Board's application of exemption (9)(B) to legislative discussions has been questioned by parties asserting that it was improper to use this section to close a meeting considering testimony to be given to the Congress. For this reason, the Board urges your subcommittee to take action in the form of either an amendment or a clear statement in support of the Board's interpretation.

Even if the authority to close the discussion of legislative matters under exemption (9)(B) is clarified, another basic problem remains—the inhibiting effect that a requirement for verbatim recording has on the Board's consideration of legislative matters. According to my colleagues on the Board, the free and spontaneous exchanges that were formerly present in Board discussions of legislative matters have been somewhat constrained by the recording requirements for such a meeting. It would seem that the Board and other collegial agencies should be able to communicate to the Congress positions that have been formulated during a meeting that has permitted uninhibited expression of each member's views. The public interest would not be harmed if agency deliberations were conducted in closed nonrecorded sessions, the results of which are later exposed to the public in the course of committee hearings. The Board recommends that the law be amended to permit legislative discussions to be subject only to the maintenance of minutes.

Discussion of sensitive personnel matters has also been hampered by the act's recording requirements. Board members, meeting in collegial fashion, cannot be expected to express in complete candor their views regarding candidates for senior Federal Reserve positions when each word spoken is recorded. The creation and retention for at least 2 years of substantial numbers of recordings reporting such sensitive deliberations seem unwise and, moreover, unnecessary. Accordingly, the Board also recommends that the act be amended to enable an agency to discuss individual personnel matters in closed session subject to the maintenance of minutes rather than the verbatim transcript or recording now required.

Mr. Chairman, I assure you that the Board intends to continue to carry out the letter and spirit of the Government in the Sunshine Act to the best of its ability. I hope these comments have been responsive to the subcommittee's request, and I will be pleased to answer any questions you may have. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON JUNE 20, 1978

1. Domestic Policy Directive

The information reviewed at this meeting suggested that output of goods and services had expanded rapidly on the average in the second quarter, reflecting the economy's rebound in late winter and early spring from the effects of the unusually severe winter weather and the lengthy coal strike. More recently, however, the rate of expansion appeared to have slowed. The rise in average prices—as measured by the fixed-weighted price index for gross domestic business product—accelerated markedly in the second quarter, due in large measure to substantial increases in food prices.

Staff projections continued to suggest moderate expansion in output over the year ahead. The anticipated rate of growth was slightly lower than that projected a month earlier, mainly because the assumptions regarding fiscal policy were modified to reflect the administration's decision to delay the proposed tax cut from October 1 to January 1 and to reduce its size. The projected rate of price advance had been raised slightly from that of a month earlier, but it was still well below the rate in the second quarter. The projections also suggested that the unemployment rate would decline a bit further over the coming year.

Growth in production and employment moderated in May from the rapid rates of preceding months. Thus, the industrial production index increased 0.6 per cent, compared with gains of 1.2 and 1.4 per cent in March and April, respectively; and the rise in nonfarm payroll employment in May was less than one-half the average increase earlier in the year. In manufacturing, the gain in employment was relatively small and the average workweek declined. The labor force continued to grow substantially, and the unemployment rate edged up to 6.1 per cent from 6.0 per cent in April.

Total retail sales were about unchanged in May, following 3 months of exceptionally large gains. Unit sales of new automobiles rose slightly further to a new high for the current expansion. It appeared that some consumers were buying new cars in anticipation of further price increases.

The latest Department of Commerce survey of business spending plans, taken in late April and May, suggested that outlays for plant and equipment would expand 11.2 per cent in 1978; this rate was marginally above that reported in the February survey. Other indicators of capital spending plans, such as manufacturers' capital appropriations, contracts for commercial and industrial buildings, and new orders for nondefense capital goods, appeared generally consistent with continued moderate expansion in investment outlays.

The index of average hourly earnings for private nonfarm production workers rose at an annual rate of about 3 per cent in May, following increases averaging close to 10 per cent in earlier months of 1978. For the first 5 months of the year the index had increased at a somewhat faster rate than it had on the average in 1977. The advance in the wholesale price index for all commodities also slowed in May, reflecting smaller increases in prices of farm and food products as of the time of the survey. Later in the month, however, prices of a number of farm products advanced. In April the consumer price index for all urban consumers rose at an accelerated annual rate of nearly 11 per cent, owing to further large increases in food prices and to higher service costs, especially those relating to homeownership. In general, prices had increased considerably faster in early 1978 than during the year 1977.

In foreign exchange markets the trade-weighted value of the dollar reached a peak for 1978 in late May. Subsequently the dollar declined by about 2 per cent, but it remained above the low for the year that had been recorded in early April.

The renewed downward pressure on the dollar appeared to reflect market concern about the high rate of inflation in the United States relative to rates in other industrial countries and about the continuation of large deficits in U.S. foreign trade and surpluses in the trade of Germany and Japan. The deficit in April was about the same as that in March but lower than the high level of the first quarter. Both exports and imports rose considerably in April.

The rate of expansion in total bank credit, which had accelerated sharply in April, slackened somewhat in May but remained above the average for other recent months. Bank holdings of securities changed little, but total loans, led by a surge in business loans, grew at an exceptional pace. Outstanding commercial paper of nonfinancial businesses declined slightly in May.

Growth in the narrowly defined money supply (*M*-1) moderated in May to an annual rate of about 6½ per cent from the extraordinarily rapid rate of 19 per cent in April. Growth in *M*-2 and *M*-3 also slowed in May, reflecting the deceleration in *M*-1. Inflows of the interest-bearing deposits included in *M*-2 generally were greater than in April as commercial banks issued a substantial volume of large-denomination time deposits to finance the sharp increase in business loans. However, inflows of funds into savings deposits and small-denomination time deposits remained slow both at banks and at thrift institutions. Preliminary data for the first part of June suggested that growth in *M*-1 and *M*-2 would accelerate in that month.

At its meeting on May 16 the Committee had decided that the ranges of tolerance for the annual rates of growth in *M*-1 and *M*-2 during the May–June period should be 3 to 8 per cent and 4 to 9 per cent, respectively, and it had judged that such growth rates were likely to be associated with a weekly-average Federal funds rate slightly above the level of 7¼ to 7⅜ per cent prevailing at that time. The Committee had agreed that if growth rates in the aggregates over the 2-month period appeared to be deviating significantly from the midpoints of the indicated ranges, the operational objective for the weekly-average Federal funds rate should be modified in an orderly fashion within a range of 7¼ to 7¾ per cent.

In accordance with the Committee's decision, the Manager of the System Open Market Account began after the May meeting to seek bank reserve conditions consistent with a firming of the Federal funds rate to around 7½ per cent. Incoming data throughout most of the inter-meeting period suggested that growth in the monetary aggregates would be well within the ranges specified by the Committee, and the Manager continued to seek conditions consistent with a Federal funds rate of 7½ per cent.

Data that became available a few days before this meeting suggested that *M*-1 would grow in the May–June period at an annual rate of about 7½ per cent, close to the upper limit of its range. *M*-2 also was projected to grow in the 2-month period at a 7½ per cent rate, in the upper half of the range specified for that aggregate. These data suggested the need for Committee consultation, and on June 16, in view of the proximity of the meeting scheduled for June 20, the Committee voted to direct the Manager to continue for the time being to aim for a Federal funds rate of 7½ per cent.

Other market interest rates had risen further in recent weeks. Reflecting not only the rise in the funds rate but also substantial business credit demands, market rates on short-term securities had increased from 30 to 60 basis points since mid-May, and commercial banks had raised the rate on loans to prime business borrowers in two steps from 8¼ to 8¾ per cent. Yields on long-term securities rose 5 to 20 basis points over the same period, apparently in response to the rise in short-term rates and investor concerns about the prospects for inflation.

Conditions in mortgage markets had continued to tighten recently as strong demands for credit pressed against reduced availability of funds at lending institutions. At savings and loan associations, net mortgage lending activity in April—the latest month for which data were available—was close to its reduced rate in the weather-affected first quarter, and mortgage commitments outstanding declined further. During the inter-meeting period there were further increases in interest rates on new commitments for conventional home loans at the associations and, in most regions, a tightening of nonrate terms as well. Yields in the secondary market for home mortgages also had generally increased in recent weeks.

In the Committee's discussion of the economic situation and outlook, the members generally agreed that the growth in real output of goods and services over the coming three quarters would be substantially slower on the average than it had been in the unusually strong quarter just ending. However, they still expected real GNP to grow at a moderate, average rate during the year ending with the second quarter of 1979. While some members thought that average growth for that period would probably be at or a little below the rate projected by the staff, others expected somewhat faster growth. A majority feared that the rise in prices would be greater than the staff anticipated. Most members thought that the unemployment rate at the end of the period would be little changed from the rates recently prevailing.

With respect to the months immediately ahead, a majority of the Committee members thought that the economy was likely to show more strength than the staff projection suggested. These members noted that both consumer and business sentiment appeared to be strong, and they interpreted the latest data on consumer behavior as evidence that many households were adopting a speculative approach to spending—anticipating needs for housing and other durables, and in the process adding willingly to already heavy debt burdens. While these members acknowledged that national economic data did not yet suggest similar anticipatory spending on the part of businesses, several noted that many businessmen appeared to be optimistic about the prospects for their own firms and industries and that such optimism might soon be reflected in a step-up in over-all business inventory accumulation and investment outlays. A number of these members expressed concern about the indications that inflationary expectations were strengthening and that both business and labor were intensifying their efforts to protect themselves through price and wage increases.

Two of the members who anticipated relatively strong growth in the near term thought that the economy was likely to generate sufficient momentum to maintain a favorable rate of expansion beyond mid-1979. Others in this group were concerned, however, that insofar as near-term spending of consumers and businesses embodied speculative tendencies, the resulting economic distortions might lead to significantly slower growth in 1979.

Of the Committee members who anticipated less near-term strength in the economy, some suggested that current business optimism might well reflect an overemphasis on the sharp rebound that had occurred in recent months rather than a considered assessment by businessmen of prospects for the future. These members thought it unlikely that growth in consumer outlays would continue at the recent rate, and they saw no obvious source of offsetting strength. They expected outlays for housing to slacken; they noted that surveys of business investment plans did not reflect much ebullience; and they thought businessmen would follow a cautious approach to inventory expansion. Finally, they noted that Federal fiscal policy would be less stimulative than anticipated earlier in the year.

Several members of the Committee observed that relatively slow economic growth would tend to dampen inflationary pressures and to bolster the position of the dollar in foreign exchange markets. One of these members noted that economic activity in major industrial countries abroad was expected to strengthen, and that such a development would help to limit any deceleration in the U.S. expansion. He added that a failure of activity abroad to strengthen as expected would increase the chances of unsatisfactory growth in the United States and would create additional problems with respect to the U.S. current account.

At its meeting in April the Committee had agreed that from the first quarter of 1978 to the first quarter of 1979 average rates of growth in the monetary aggregates within the following ranges appeared to be consistent with broad economic aims: *M*-1, 4 to 6½ per cent; *M*-2, 6½ to 9 per cent; and *M*-3, 7½ to 10 per cent. The associated range for the rate of growth in commercial bank credit was 7½ to 10½ per cent. It had also been agreed that the longer-run ranges, as well as the particular aggregates for which such ranges were specified, would be subject to review and modification at subsequent meetings.

At this meeting, in discussing policy for the period immediately ahead, Committee members expressed considerable concern about recent rates of growth in the monetary aggregates, particularly in light of the continuing strength of inflationary pressures and expectations. The members agreed that open market operations in the inter-meeting period should be directed initially toward achieving slightly firmer money market conditions, and that later in the period the objectives of operations should depend on incoming data for *M*-1 and *M*-2.

As at the preceding meeting, there were differences of view with respect to the degree of firming that might be undertaken. These differences were reflected in opinions on such issues as the magnitude and speed of the initial move toward firmer money market conditions and the amount of leeway—in terms of the inter-meeting range specified for the Federal funds rate—for further firming later in the period.

As to the initial move, most members favored seeking an increase in the Federal funds rate to 7¾ per cent from the prevailing level of 7½ per cent within a few days after this meeting. However, one member suggested that this quarter-point increase be achieved over a somewhat longer period, and another proposed that the initial increase be limited to one-eighth of a point. With respect to the inter-meeting range for the Federal funds rate, most members favored 7½ to 8 per cent, but a number preferred 7½ to 8¼ per cent.

There was greater diversity of views with respect to the ranges of tolerance to be specified for the annual rates of growth in *M*-1 and *M*-2 in the June–July period. Of the ranges suggested for *M*-1, the lowest was 3½ to 8½ per cent, and the highest was 6½ to 10½ per cent; for *M*-2 the suggestions covered a similar span. It was noted during the discussion that if the monetary aggregates accelerated in June, as suggested by early data, growth over the June–July period at rates near the midpoints of some of the lower ranges proposed could be achieved only if there were to be a sharp slowing in July. Some members, who were inclined to stress the risks to the economy of rapid firming of money market conditions, saw this circumstance as an argument for specifying relatively high 2-month ranges for *M*-1 and *M*-2. Other members, who placed more stress on the importance at this time of limiting growth in the aggregates for the sake of moderating inflationary pressures and expectations, thought such firming would be called for if the growth in the aggregates did not in fact slow sharply.

At the conclusion of the discussion the Committee decided that the ranges of tolerance for the annual rates of growth over the June–July period should be 5 to 10 per cent for *M*-1 and 6 to 10 per cent for *M*-2. The Committee agreed that during the coming inter-meeting period operations should be directed initially toward a Federal funds rate of 7¾ per cent, slightly above the prevailing level of 7½ per cent. Subsequently, if the 2-month growth rates of *M*-1 and *M*-2 appeared to be significantly above or below the midpoints of the indicated ranges, the objective for the funds rate was to be raised or lowered in an orderly fashion within a range of 7½ to 8 per cent. It was understood that in assessing the behavior of the aggregates the Manager should continue to give approximately equal weight to the behavior of *M*-1 and *M*-2.

It was also understood that the Chairman might call upon the Committee to consider the need for supplementary instructions if the rates of growth in the aggregates appeared to be above the upper limit or below the lower limit of the indicated ranges at a time when the objective for the funds rate had already been moved to the corresponding limit of its range.

At this meeting the Committee considered certain proposed modifications in the language customarily employed in the concluding paragraphs of the domestic policy directive. It was noted that, perhaps because of the manner in which the directive was worded, the 2-month ranges of tolerance for *M*-1 and *M*-2 were subject to misinterpretation as embodying the Committee's short-run targets for these aggregates, intended to be achieved by appropriate changes in the Federal funds rate. In fact, however, the Manager could not be expected regularly to achieve 2-month growth rates in *M*-1 and *M*-2 within the specified ranges for various reasons—including the lag between changes in the Federal funds rate and changes in these growth rates, and the brevity of the period to which the operational paragraphs of any single directive applied.

It was noted in the discussion that the Committee's objectives for the monetary aggregates were embodied in the 1-year ranges established at quarterly intervals, and that the adjustments made from time to time in the Federal funds rate were intended to increase the likelihood that the longer-run growth rates would fall within these ranges. The purpose of the 2-month ranges was to provide the Manager with an indicator for determining when changes in the funds rate were appropriate; specifically, the Manager was expected to adjust the funds rate within its range when the latest projections of 2-month growth rates in *M*-1 and *M*-2 deviated significantly from the midpoints of their ranges (or, if the Committee so indicated in the directive, when the projections for the aggregates approached or moved beyond the limits of their ranges).

At the May meeting, following a preliminary discussion of this matter, the Committee had deleted one potentially misleading phrase from the language previously employed, to the effect that the Committee "expects" the 2-month growth rates to be within the indicated ranges. At this meeting the Committee agreed upon a more thorough revision of the customary language, in an effort to reduce the chances of misinterpretations.

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 has grown rapidly on the average in the current quarter as activity rebounded from the effects of the unusually severe winter weather and the lengthy coal strike, but the rate of advance

most recently appears to be slowing. Following substantial gains in March and April, increases in industrial production and nonfarm payroll employment moderated in May and retail sales changed little. The unemployment rate edged up from 6.0 to 6.1 per cent in association with a large increase in the civilian labor force. Average wholesale prices rose somewhat less rapidly in May than earlier in 1978, reflecting smaller reported increases in farm products and processed foods. So far this year prices have increased at a considerably faster rate than they had on average during 1977. The index of average hourly earnings also has increased at a somewhat faster pace so far in 1978 than during 1977.

Since the end of May the trade-weighted value of the dollar against major foreign currencies has declined about 2 per cent, but it remains above its early-April low. The trade deficit in April was down somewhat from its very high first-quarter rate.

Growth in *M*-1 moderated in May from the extraordinarily rapid pace in April, and as a result growth in *M*-2 and *M*-3 also slowed. Inflows of the interest-bearing deposits included in *M*-2 picked up somewhat as commercial banks increased their reliance on large-denomination time deposits to finance an unusually sharp increase in business loans. Market interest rates have risen somewhat further in recent weeks.

In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster monetary and financial conditions that will resist inflationary pressures while encouraging continued moderate economic expansion and contributing to a sustainable pattern of international transactions. At its meeting on April 18, 1978, the Committee agreed that these objectives would be furthered by growth of *M*-1, *M*-2, and *M*-3 from the first quarter of 1978 to the first quarter of 1979 at rates within ranges of 4 to 6½ per cent, 6½ to 9 per cent, and 7½ to 10 per cent, respectively. The associated range for bank credit is 7½ to 10½ per cent. These ranges are subject to reconsideration at any time as conditions warrant.

In the short run, the Committee seeks to achieve bank reserve and money market conditions that are broadly consistent with the longer-run ranges for monetary aggregates cited above, while giving due regard to developing conditions in financial markets more generally. During the period until the next regular meeting, System open market operations shall be directed initially at attaining a weekly-average Federal funds rate slightly above the current level. Subsequently, operations shall be directed at maintaining the weekly Federal funds rate within the range of 7½ to 8 per cent. In deciding on his specific objective for the Federal funds rate the Manager shall be guided mainly by the relationship between the latest estimates of annual rates of growth in the June July period of *M*-1 and *M*-2 and the following ranges of tolerance: 5 to 10 per cent for *M*-1 and 6 to 10 per cent for *M*-2. If, giving approximately equal weight to *M*-1 and *M*-2, their rates of growth appear to be significantly above or below the midpoints of the indicated ranges, the objective for the funds rate shall be raised or lowered in an orderly fashion within its range.

If the rates of growth in the aggregates appear to be above the upper limit or below the lower limit of the indicated ranges at a time when the objective for the funds rate has already been moved to the corresponding limit of its range, the Manager 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. Miller, Volcker, Baughman, Coldwell, Eastburn, Gardner, Jackson, Partee, and Wallich. Votes against this action: Messrs. Willes and Winn.

Messrs. Willes and Winn dissented from this action because they favored more vigorous measures to curb the rate of growth in the monetary aggregates. Both preferred ranges of tolerance for the 2-month growth rates in *M*-1 and *M*-2 lower than those approved by the majority; in addition, Mr. Willes favored an upper limit for the funds rate range of 8¼ per cent.

Mr. Willes, citing strong consumer and business credit demands at prevailing interest rates, felt that a further rise in short-term interest rates would not significantly damage economic prospects and that, to the extent that such a rise tended to moderate inflationary expectations, it would have a positive impact on the economy. Mr. Winn felt that if the Committee did not act now to assure a reduction in the rates of growth of the aggregates, an excessively restrictive policy would be required later on if the Committee's longer-range objectives were to be achieved.

2. Operations in Federal Agency Securities

At this meeting the Committee discussed its procedures with respect to open market operations in Federal agency securities. The discussion arose because of a potential problem posed by a statutory requirement that Federal Reserve note liabilities be collateralized by eligible assets, which included direct obligations of the Treasury but not Federal agency issues. At times recently, the margin of actual collateral over that required had been relatively small. The Board of Governors had proposed legislation that would make Federal agency issues eligible as collateral, but the Congress had not yet acted on the proposal.

It was noted that the problem of maintaining sufficient collateral for Federal Reserve notes could become critical at some point before the enactment of such legislation if, for example, a need arose to sell a substantial volume of Treasury securities to absorb redundant member bank reserves. It was also noted that the problem would be mitigated by some slowing of the rate of growth in System holdings of agency securities and a correspondingly larger increase in holdings of Treasury securities.

Paragraph 1(a) of the Committee's authorization for domestic open market operations authorizes the Federal Reserve Bank of New York to sell, as well as to buy, Federal agency securities for the System Open Market Account. Historically, however, sales of such securities have been quite infrequent. It was the sense of the Committee that modest sales of agency issues would be appropriate from time to time, but only when market circumstances permitted and when sales of securities were consistent with the objectives of open market operations. It was noted in the discussion that, even apart from the problem of collateral requirements, occasional sales of agency issues would help enhance the flexibility of open market operations. The Committee also agreed that the Desk should reduce somewhat the volume of agency issues it purchased when supplying reserves, and that occasionally, when there was a need to absorb reserves, it should redeem maturing agency issues for cash rather than routinely exchange them for new issues.

3. Authorization for Foreign Currency Operations

At this meeting the Committee approved a technical amendment to paragraph 1D of the authorization for foreign currency operations, under which the definition contained in the second sentence of that paragraph of "over-all open position in all foreign currencies" is given as "the sum (disregarding signs) of net positions in individual currencies" rather than as "the sum (disregarding signs) of open positions in each currency." This change was approved in the interest of clarity, and to make the language of this paragraph conform to certain new language concurrently introduced in the procedural instructions governing foreign currency operations, as described below.

With this amendment, paragraph 1D read as follows:

> To maintain an over-all open position in all foreign currencies not exceeding $1.0 billion, unless a larger position is expressly authorized by the Committee. For this purpose, the over-all open position in all foreign currencies is defined as the sum (disregarding signs) of net positions in individual currencies. The net position in a single foreign currency is defined as holdings of balances in that currency, plus outstanding contracts for future receipt, minus outstanding contracts for future delivery of that currency, i.e., as the sum of these elements with due regard to sign.

> Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Jackson, Partee, Wallich, Willes, and Winn. Votes against this action: None. Absent and not voting: Mr. Gardner.

Under the first sentence of paragraph 1D, which was not affected by the foregoing amendment, the Federal Reserve Bank of New York is authorized, for System Open Market Account, to maintain an over-all open position in all foreign currencies not exceeding $1.0 billion, unless a larger position is expressly authorized by the Committee. On March 21, 1978, the Committee had authorized an open position of $2.25 billion in view of the scale of recent and potential System operations in foreign currencies. On May 16, 1978, the Committee had reduced this limit to $2.0 billion, in light of decreases in the System's open position. Against the background of further decreases in the open position, the Committee reduced the limit to $1.5 billion at this meeting.

> Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Jackson, Partee, Wallich, Willes, and Winn. Votes against this action: None. Absent and not voting: Mr. Gardner.

4. Procedural Instructions with Respect to Operations Under the Foreign Currency Documents

In December 1976 the Committee had adopted certain procedural instructions for the purpose of clarifying the respective roles of the Committee, the Foreign Currency Subcommittee designated in paragraph 6 of the authorization for foreign currency operations, and the Chairman in providing guidance to the Manager of the System Open Market Account with respect to proposed or ongoing foreign currency operations under the authorization and the foreign currency directive. Paragraph 1B of the instructions called for clearance of any transactions that would result in gross transactions in a single foreign currency exceeding \$100 million on any day or \$300 million since the most recent regular meeting of the Committee. At its meeting in March 1978 the Committee amended paragraph 1B to increase these dollar limits, which had occasionally hampered ongoing operations, and to remove an ambiguity in the language.

At this meeting the Committee decided to discontinue the use of the concept of gross transactions in the procedural instructions. In its stead it introduced (a) a clearance requirement formulated in terms of daily and inter-meeting changes in the System's net position in a single foreign currency and (b) a requirement for clearance of any operation that might generate a substantial volume of trading in a particular currency by the System, regardless of the effect on the System's net position in that currency. The purpose of these changes was to improve the effectiveness of the consultation procedure. In addition, for the sake of clarity the word "transaction" was replaced by the word "operation" wherever the former had occurred in the instructions.

The two new provisions were identified as paragraphs 1B and 1C. Paragraph 1A, which refers to daily and inter-meeting changes in the System's over-all open position in foreign currencies, was retained, and the paragraph previously designated 1C, which relates to swap drawings by foreign central banks, was redesignated 1D.

With these changes, the procedural instructions read as follows:

> In conducting operations pursuant to the authorization and direction of the Federal Open Market Committee as set forth in the Authorization for Foreign Currency Operations and the Foreign

Currency Directive, the Federal Reserve Bank of New York, through the Manager of the System Open Market Account, shall be guided by the following procedural understandings with respect to consultations and clearance with the Committee, the Foreign Currency Subcommittee, and the Chairman of the Committee. All operations undertaken pursuant to such clearances shall be reported promptly to the Committee.

1. The Manager shall clear with the Subcommittee (or with the Chairman, if the Chairman believes that consultation with the Subcommittee is not feasible in the time available):

A. Any operation which would result in a change in the System's over all open position in foreign currencies exceeding $100 million on any day or $300 million since the most recent regular meeting of the Committee.

B. Any operation which would result in a change in the System's net position in a single foreign currency exceeding $100 million on any day or $300 million since the most recent regular meeting of the Committee.

C. Any operation which might generate a substantial volume of trading in a particular currency by the System, even though the change in the System's net position in that currency might be less than the limits specified in 1B.

D. Any swap drawing proposed by a foreign bank not exceeding the larger of (i) $200 million or (ii) 15 per cent of the size of the swap arrangement.

2. The Manager shall clear with the Committee (or with the Subcommittee, if the Subcommittee believes that consultation with the full Committee is not feasible in the time available, or with the Chairman, if the Chairman believes that consultation with the Subcommittee is not feasible in the time available):

A. Any operation which would result in a change in the System's over all open position in foreign currencies exceeding $500 million since the most recent regular meeting of the Committee.

B. Any swap drawing proposed by a foreign bank exceeding the larger of (i) $200 million or (ii) 15 per cent of the size of the swap arrangement.

3. The Manager shall also consult with the Subcommittee or the Chairman about proposed swap drawings by the System, and about any operations that are not of a routine character.

> Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Jackson, Partee, Wallich, Willes, and Winn. Votes against this action: None. Absent and not voting: Mr. Gardner.

* * * * *

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 released about a month after the meeting and are subsequently published in the BULLETIN.

Law Department

Statutes, regulations, interpretations, and decisions

LOANS TO EXECUTIVE OFFICERS OF MEMBER BANKS

The Board of Governors has amended its Regulation O in order to clarify a type of indebtedness that is excluded from the definition of extension of credit.

Effective June 30, 1978, Section 215.2(e) is amended to read as follows:

SECTION 215.2—DEFINITIONS

* * * * *

(e) "Extension of credit" and "extend credit." ***

* * * * *

Such terms, however, do not include:

* * * * *

(iv) indebtedness arising by reason of general arrangements [3] under which a bank (a) acquires charge or time credit accounts or (b) makes payments to or on behalf of participants in a bank credit card plan, check credit plan, or similar plan, except that this subdivision (iv) shall not apply to indebtedness of an executive officer to his own bank to the extent that the aggregate amount thereof exceeds $5,000 or to any such indebtedness to his own bank that involves prior individual clearance or approval by the bank other than for the purpose of determining whether his participation in the arrangement is authorized or whether any dollar limit under the arrangement has been or would be exceeded.

[3] The expression "general arrangement" is not intended to include an arrangement whereby an executive officer incurs indebtedness under a bank credit card plan, check credit plan, or similar plan under terms more favorable than those offered to the general public.

CREDIT BY BROKERS AND DEALERS

The Board of Governors has amended its provision of Regulation T concerning subordinated credit for capital purposes to relax the rule covering subordinated loans between brokers and dealers so as to permit any individual or firm subject to Regulation T to extend and maintain subordinated credit to another broker or dealer for capital purposes.

Effective July 12, 1978, Section 220.4 is amended to read as follows:

SECTION 220.4—SPECIAL ACCOUNTS

* * * * *

(f) SPECIAL MISCELLANEOUS ACCOUNT. In a special miscellaneous account, a creditor may:

* * * * *

(2) ***

(ii) Extend and maintain a subordinated loan to another creditor for capital purposes: *Provided*, That

(a) Either the lender or the borrower is a firm or corporation which is a member of a national securities exchange or national securities association, the other party to the credit is an affiliated corporation of such firm or corporation, the credit is not in contravention of any rule of the exchange or association and the credit has the approval of appropriate committees of the exchange or association, or

(b) The lender as well as the borrower is a creditor as defined in section 220.2(b), the subordinated loan agreement has the approval of the appropriate Examining Authority as defined in Securities and Exchange Commission Rule 15c3-1(c)(12) (12 CFR 240.15c3-1(c)(12)) and such Examining Authority is satisfied, in the case of a borrower who would be considered a customer of the lender apart from the subordinated loan, that the loan will not be used to increase the amount of dealing in securities for the account of the borrower, his firm or corporation or an affiliated corporation of such firm or corporation.

TRUTH IN LENDING

The Board of Governors has amended its Regulation Z to create an exception to the rescission provisions of the regulation for individual transactions under certain open end-credit plans secured by consumers' residences.

SECTION 226.9—RIGHT TO RESCIND CERTAIN TRANSACTIONS

* * * * *

(g) Exceptions to general rule.***

(6) Individual transactions under an open end credit account: *provided:*

(i) That the creditor and the seller are not the same or related persons.[14a]

(ii) That the creditor provides the disclosure required by § 226.9(b) at the time the disclosures required under § 226.7(a) are required to be made, or, if the security interest is not retained or acquired at the time the § 226.7(a) disclosures are required to be made, at the time the security interest is retained or acquired.

(iii) That the creditor does not change the terms of a customer's account within the meaning of § 226.7(f) or increase the customer's line of credit without affording the customer the opportunity to refuse the change in terms or the increase. If the customer refuses the change in terms, the creditor need not extend any further credit on the account; however, the customer shall have the right to repay any existing obligation on the account under the then existing terms of the account. At the time a disclosure of a change in terms under § 226.7(f) is required to be made or prior to an increase in the customer's line of credit, the creditor shall provide the customer with two copies of a disclosure setting forth, as applicable: the fact that the creditor intends to change the terms or increase the line of credit of the customer's account; the fact that the account is secured by the customer's real property; and the fact that the customer may refuse the change in terms and repay any existing obligation under the then existing terms of the account, or refuse the increase in the line of credit, by giving the creditor written notice within three business days of the date of the disclosure.

(iv) That at least once each calendar year the creditor furnishes to the customer a disclosure of the fact that the customer's account is secured by the customer's real property and that failure to pay any outstanding balance in accordance with the terms of the account could result in the loss of the customer's real property.

(v) That each disclosure provided pursuant hereto is made on one side of a statement separate from any other documents, that the disclosure sets forth the name of the creditor and, in the case of the disclosures required by subparagraph (iii) hereof, the creditor's address, the date on which the disclosure is furnished to the customer, the date by which the customer should give notice of refusal of the increase in the line of credit or the change in terms of the account, and the fact that one copy of the disclosure can be used for that purpose.

[14a] For purposes of § 226.9(g)(6) a person is related to a creditor if that person would be deemed related to the creditor under footnote 9b to § 226.7(k).

INTERPRETATION OF REGULATION Z

SECTION 226.904—RIGHT OF RESCISSION FOR CERTAIN OPEN END CREDIT ACCOUNTS

Section 226.9(g)(6) provides an exception to the right of rescission for individual transactions on an open credit account provided, among other things, that the disclosures required by that section are made at the times specified. The question arises as to what disclosures will satisfy the requirements of §§ 226.9(g)(6)(iii) and (iv).

The disclosures set forth in sample "notices to customers required by Federal law," if accurate and when properly completed, will satisfy the requirements, as to form and content, of the indicated sections of the regulation. No specific type size or style is required. If the real property on which the security interest may arise does not include a dwelling, the creditor may substitute such words as "the property you are purchasing" for "your home" or "lot" for "home" where these words appear in the disclosures.

SECTION 226.9(g)(6)(iii) (INCREASE IN LINE OF CREDIT)

NOTICE TO CUSTOMER REQUIRED BY FEDERAL LAW:

______________________ *(name of creditor)* ______________________
has approved an increase in the amount of credit available to you on your open-end account secured by your home. Any additional credit you use will also be secured by your home. You have a right to refuse to accept this increase. You may exercise this right within three business days from ______ *(date disclosure delivered to customer)* ______ by notifying us at ______ *(address of creditor's place of business)* ______ by mail or telegram sent not later than midnight of ______ *(date)* ______. You may also use any other form of written notice to refuse the increase if it is delivered to the above address not later than that time. This notice may be used for that purpose by dating and signing below.

I hereby refuse the increase in the credit available on my account.

______ *(date)* ______ ______ *(customer's signature)* ______

SECTION 226.9(g)(6)(iii) (CHANGE IN TERMS)

NOTICE TO CUSTOMER REQUIRED BY FEDERAL LAW:

______________________ *(name of creditor)* ______________________
intends to change the terms of your open-end credit account which is secured by your home. You have a right to refuse to accept this change in terms. If you refuse this change in terms, we have the right to refuse to extend any further credit on your open-end account and may require you to repay any existing obligation on your account under the present terms of the account. You may exercise your right to refuse the change in terms within three business days from ______ *(date disclosure delivered to customer)* ______ by notifying us at ______ *(address of creditor's place of business)* ______ by mail or telegram sent not later than midnight of ______ *(date)* ______. You may also use any other form of written notice to refuse the change in terms if it is delivered to the above address not later than that time. This notice may be used for that purpose by dating and signing below.

I hereby refuse the change in the terms of my account.

______ *(date)* ______ ______ *(customer's signature)* ______

SECTION 226.9(g)(6)(iv) (ANNUAL DISCLOSURE)

NOTICE TO CUSTOMER REQUIRED BY FEDERAL LAW:

This is to remind you that your open-end credit account with ______ *(name of creditor)* ______ is secured by a lien, mortgage, or other security interest on your home. This means that your failure to pay any outstanding balance in accordance with the terms of the account could result in the loss of your home.

BANK HOLDING COMPANY AND BANK MERGER ORDERS ISSUED BY THE BOARD OF GOVERNORS

ORDERS UNDER SECTION 3 OF BANK HOLDING COMPANY ACT

American Bancor, Ltd., Dickinson, North Dakota

Order Approving Formation of Bank Holding Company

American Bancor, Ltd., Dickinson, North Dakota, has applied for prior 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 stock interests in the following North Dakota banks: 97.75 per cent of the voting shares of American State Bank of Dickinson, Dickinson ("Dickinson Bank"); 100 per cent of the voting shares of American State Bank of New England, New England ("New England Bank"); and 100 per cent of the voting shares of American State Bank of Killdeer, Killdeer ("Killdeer 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 application and all comments received have been considered by the Board in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is a nonoperating corporation organized for the purpose of becoming a bank holding company through the acquisition of Dickinson Bank ($13.4 million in deposits), New England Bank ($7.7 million in deposits), and Killdeer Bank ($7.1 million in deposits.)[1] Upon acquisition of the three banks, Applicant would become the 17th largest banking organization in North Dakota, controlling 0.8 per cent of the total deposits in commercial banks in the State.

Dickinson Bank, New England Bank, and Killdeer Bank are all located in the predominately rural and agricultural Dickinson banking market,[2] and rank, respectively, as the third, fifth, and sixth largest of eight banking organizations in the market, controlling 10.7, 6.5, and 6.1 per cent, respectively, of market deposits. The subject proposal involves a restructuring of Banks' ownership.[3] Since Dickinson Bank was established *de novo* by Applicant's principals in 1964, there was no elimination of existing competition at that time. However, when Killdeer Bank was acquired in 1977, some existing competition was eliminated. Killdeer Bank is located approximately 33 miles north of Dickinson Bank, and New England Bank is located approximately 26 miles south of Dickinson Bank. Upon consummation of the proposal, Applicant would become the third largest banking organization in the market, controlling 23.3 per cent of market deposits. Moreover, there are a number of banking alternatives remaining in the relevant market that serve as alternate sources of banking services. While approval of the subject proposal would further solidify the existing relationship between the three affiliated banks and reduce the likelihood that the banks would become independent competitors in the future, based upon the facts of record, including the small size of each of the three banks to be acquired, their distances from each other, their rank in the market, and the presence of banking alternatives in the Dickinson banking market, it appears that consummation of the proposal would have only slight adverse effects upon competition.

The financial and managerial resources and future prospects of Applicant are dependent upon those of its subsidiary banks. Applicant's projected twelve-year amortization schedule for the retirement of its acquisition debt appears to provide Applicant with the necessary financial flexibility to meet its annual debt servicing requirement and to maintain an adequate capital position for its subsidiary banks. The managerial resources of Applicant and its three subsidiary banks are considered satisfactory and the future prospects of each appear favorable. Accordingly, considerations relating to banking factors are consistent with approval of the application.

[1] Unless otherwise indicated, all deposit data are as of December 31, 1977.

[2] The Dickinson banking market is approximated by all of Stark County, the southwestern half of Dunn County, and the northwestern quarter of Hettinger County, in North Dakota. All market data are as of June 30, 1977.

[3] Dickinson Bank and Killdeer Bank are controlled by Applicant's principals. New England Bank is controlled by Trans Western Corporation, Dickinson, North Dakota ("T-W"), which is wholly-owned by Applicant's principals. T-W proposes a *pro rata* distribution of New England Bank's shares to T-W's two shareholders. Following such distribution, Applicant's principals (and certain officers/directors of its subsidiary banks) would then directly own all of the voting shares of each of the three banks. Applicant will then exchange its shares for the voting shares of New England Bank and Dickinson Bank and purchase the shares of Killdeer Bank.

Although consummation of the proposal would effect no further changes in the banking services offered by Banks in the immediate future, since acquiring Dickinson Bank Applicant's principals have improved and enlarged that bank's physical facilities to better serve the needs of the community. In addition, Applicant's principals plan to move Killdeer Bank to a new facility in the fall of 1978. Applicant's principals have also installed a data processing system to serve all three banks. It is contemplated that following consummation of the proposal Applicant will continue to expand and improve the facilities and services of the three banks. Thus, it appears that convenience and needs factors are sufficient to outweigh the slight adverse competitive effects that might result from this proposal. Based upon the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisitions 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 consummated (a) before the thirtieth calendar day following the effective date of this Order or (b) 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 Minneapolis pursuant to delegated authority.

By order of the Board of Governors, effective July 17, 1978.

Voting for this action: Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Chairman Miller and Governor Gardner.

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

Central Bancshares of the South, Inc.,
Birmingham, Alabama

Order Approving Acquisition of Bank

Central Bancshares of the South, Inc., Birmingham, Alabama, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares, less directors' qualifying shares, of Central Bank of Dothan, N.A., Dothan, Alabama ("Bank"), a new bank that Applicant proposes to open no sooner than January 1979.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 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 § 3(c) of the Act (12 U.S.C. § 1842(c)). These comments include, but are not limited to, those submitted on behalf of Bank of Dothan, Dothan, Alabama ("Protestant Bank").

Applicant, the fourth largest banking organization in Alabama, controls ten banks with total deposits of approximately $1.3 billion, representing 11.8 per cent of total deposits in commercial banks in the State.[1] Because Bank is a proposed new bank, Applicant's acquisition of Bank would not cause any immediate increase in Applicant's share of commercial bank deposits in the State.

Bank is to be located in downtown Dothan in the Houston County banking market,[2] which is served by eight commercial banking institutions, including four of Alabama's five largest bank holding companies. Inasmuch as Bank is a proposed new bank and Applicant is not currently represented in the market, consummation of the proposal would not eliminate any existing competition, nor does it appear that it would eliminate any potential competition or increase the concentration of banking resources in any relevant area. Thus, the Board concludes that the effects of the proposal on competition are consistent with approval of the application.

The Comptroller of the Currency has granted preliminary approval of a charter for Bank, which, as noted above, is a proposed new bank. Protestant Bank claims that there is no need for an additional bank in Dothan and that approval of this application would affect the viability of Protestant Bank, which opened for business in December 1976.

The record in this case reflects that the Comptroller of the Currency declined to grant preliminary approval of a charter for Bank until March 7, 1978, after Protestant Bank had been in operation for more than one year. In August 1977 the Comptroller held a hearing on Applicant's petition for a charter for Bank in which Protestant Bank participated, and the Comptroller determined that a charter for Bank would be appropriate at this time. No information has been submitted indicat-

[1] Banking data are as of December 31, 1977.

[2] The Houston County banking market is approximated by Houston County.

ing that Protestant Bank has experienced any unusual difficulties in establishing itself in the Dothan area. The record does reflect that between the years 1970 and 1975 the population in the Dothan area grew by an estimated 22.1 per cent. During the same period, the population of Alabama grew by an estimated 5 per cent. In view of growth trends in the Dothan area, the fact that the Comptroller of the Currency has already delayed the chartering of Bank in order to allow Protestant Bank to establish itself in the market and the fact that Bank will not open before January 1, 1979, it does not appear that approval of the application would endanger the viability of Protestant Bank. Furthermore, it appears that approval of the application would increase available banking services by providing an additional banking alternative in the Houston County market. Considerations relating to the convenience and needs of the community to be served lend some weight toward approval of the application.

Protestant Bank also has suggested that the proposed management of Bank has circumvented regulatory authorities by engaging in activities that should not be undertaken until Bank is fully approved and ready to operate. However, no information of record indicates that Applicant has done anything more than take preliminary steps towards its establishment, and the Regional Administrator of National Banks has found no impropriety in Applicant's activities. The financial and managerial resources of Applicant, its subsidiaries, and Bank are regarded as generally satisfactory, and their future prospects appear favorable. These factors are consistent with approval of the application. 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 (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after that date, and (c) Central Bank of Dothan, N.A., Dothan, Alabama, shall be opened for business not later than nine months after the effective date of this Order. It is understood that Bank is not to open before January 1979. Each of the periods described in (b) and (c) may be 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 July 25, 1978.

Voting for this action: Chairman Miller and Governors Wallich and Coldwell. Present and abstaining: Governor Jackson. Absent and not voting: Governors Gardner and Partee.

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

Central National Bancshares, Inc.,
Des Moines, Iowa

Order Approving Acquisition of Bank

Central National Bancshares, Inc., Des Moines, Iowa, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 80 per cent or more of the voting shares of Union Trust & Savings Bank, Fort Dodge, Iowa ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 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 § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the fifth largest banking organization in Iowa, controls nine subsidiary banks with aggregate deposits of approximately $435.4 million, representing 3.1 per cent of total deposits in commercial banks in the State. [1] Acquisition of Bank, with deposits of $71.5 million, would make Applicant the fourth largest banking organization in the State and would increase Applicant's share of deposits in commercial banks in Iowa by 0.5 per cent.

Bank is the second largest of eight banks competing in the Fort Dodge banking market,[2] holding 29.8 per cent of deposits in commercial banks in that market. None of Applicant's banking subsidiaries competes in the relevant market and the office of Applicant's subsidiary bank closest to an office of Bank is separated by approximately 34 miles. From the record, it appears that there is currently no meaningful competition between Bank and any of Applicant's banking or nonbanking subsidiaries and it appears unlikely that any significant competition would develop between

[1] All banking data are as of December 31, 1977.

[2] The Fort Dodge banking market is approximated by Webster County and Cedar and Reading townships in adjoining Calhoun County, all in Iowa.

them in the future, particularly in light of Iowa's branching law. Accordingly, consummation of the proposal will have no significant adverse effect on existing competition or on concentration of banking resources in the relevant banking market.

While Applicant could enter the Fort Dodge banking market by establishing a *de novo* bank, that market does not appear to be attractive for *de novo* entry. In its Order of November 21, 1977, approving the application of Northwest Bancorporation, Minneapolis, Minnesota, to acquire First National Bank, Fort Dodge, Iowa, which is located in the same relevant market involved in this proposal, the Board determined that the Fort Dodge banking market is relatively unattractive for *de novo* entry.[3] In particular, the Board found, based on the record of that application, which included a field study conducted by the Federal Reserve Bank of Minneapolis, that the population of Webster County decreased 2.8 per cent from 1970 to 1975 and that new construction projects in the area were not likely to have a significant impact on the local economy. The record with respect to this proposal indicates that the Fort Dodge banking market continues to remain unattractive for *de novo* entry. The ratio of population per banking office in the relevant market is below the State average. Moreover, the population of Webster County is projected to decline further through 1980. Accordingly, the Board concludes that although consummation of the subject proposal will eliminate a slight amount of potential competition, it would not have a significant adverse effect on competition.

The financial and managerial resources of Applicant and its subsidiaries, as well as those of Bank, are regarded as satisfactory and their future prospects appear favorable. Thus, banking factors are consistent with approval of the application. If the application is approved, Applicant proposes to make available to customers of Bank some new services, including a full range of trust services, and international banking, investment advisory, and data processing services. These considerations relating to convenience and needs of the community to be served lend weight toward approval of the application and outweigh any adverse competitive effects that might result from consummation of the subject proposal. Therefore, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

[3] *Federal Reserve* BULLETIN 1096 (1977).

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) 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 July 31, 1978.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, and Partee. Absent and not voting: Governors Gardner and Jackson.

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

Dakota Bankshares, Inc.,
Fargo, North Dakota

Order Granting Request for Reconsideration and Approving Formation of Bank Holding Company

Dakota Bankshares, Inc., Fargo, North Dakota ("Dakota"), 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))("Act"), of formation of a bank holding company by acquiring 90 per cent or more of the voting shares of The Dakota National Bank and Trust Company of Fargo, Fargo, North Dakota ("Bank").[1]

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)).[2]

[1] In conjunction with this application, two registered bank holding companies, Otto Bremer Foundation ("Foundation") and its wholly owned subsidiary, Otto Bremer Company ("Company"), both of St. Paul, Minnesota, have applied for the Board's approval under section 3(a)(3) of the Act to acquire shares of Dakota. Foundation indirectly owns, through Company, 21.77 per cent of the outstanding voting shares of Bank. See the Board's Order of today's date approving that application.

[2] During the course of its initial consideration of this application, the Board received comments in opposition to the subject proposal from David G. Hammel of Sherborn, Massachusetts ("Protestant"), a shareholder of Bank. In summary, Protestant alleged that the management practices of certain of Dakota's principals would work to the detriment of minority shareholders of Bank. The Board determined that in view of the decision in *Western Bancshares* v. *Board of Governors*, 480 F.2d 749 (10th Cir. 1973), and the Board's denial of the

By Order dated March 9, 1978, the Board denied Dakota's application to become a bank holding company by acquiring Bank. Dakota has requested reconsideration of that Order. The request for reconsideration is filed pursuant to section 262.3(g)(5) of the Board's Rules of Procedure, which provides that the Board will not grant any request for reconsideration "unless the request presents relevant facts that, for good cause shown, were not previously presented to the Board, or unless it otherwise appears to the Board that reconsideration would be appropriate." Dakota predicates its request upon more current information relating to the financial condition of Bank, additional information with respect to managerial considerations, and commitments to reduce Dakota's acquisition debt and increase the capital at another bank with which Dakota's principal is associated. The Board finds that the request for reconsideration presents relevant facts or issues that appear appropriate in the public interest for the Board to consider. Accordingly, the request for reconsideration is granted and the Board's Order of March 9, 1978, relating to Dakota is hereby vacated.

Dakota, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company through the acquisition of Bank. Bank holds deposits of approximately $74.6 million, representing 2.1 per cent of total commercial bank deposits in North Dakota.[3] Upon acquisition of Bank, Dakota would become the sixth largest banking organization in the State.

Bank controls 10.8 per cent of total deposits in commercial banks in the relevant banking market, making it the fourth largest of 23 banking organizations in the market.[4] The subject proposal is essentially a restructuring of Bank's ownership into corporate form. However, in order to analyze the competitive effects of the subject proposal, it is necessary to consider that one of Applicant's principals is also a principal of another bank located in the relevant market.[5] The bank, First State Bank, Buffalo, North Dakota, holds deposits of approximately $3.4 million, representing 0.6 per cent of the market's deposits, and is the smallest bank located in the market. In view of the size and the number of competitors in the market it does not appear that consummation of the subject proposal would have any significant effects on competition or further an undue concentration of banking resources in any relevant area. Thus, the Board finds that competitive considerations are consistent with approval of the application.

Under section 3(c) of the Act, the Board must consider the financial and managerial resources and future prospects of both the applicant and the bank to be acquired. As noted, in its Order of March 9, 1978, the Board found that it could not conclude that Dakota's overall financial plan would enable Dakota to serve as a source of financial strength for Bank, if it became necessary. However, Dakota has committed to reduce by $150,000 the amount of debt Dakota would incur as a result of its purchase of Bank's shares. Consequently, based upon this commitment and the improved condition of Bank the Board concludes that Dakota's projected income should be sufficient to service its acquisition of Bank as well as to provide it with the financial flexibility to address any difficulties that Bank might encounter. Therefore, the Board finds that financial considerations are now consistent with approval.

With respect to managerial resources, the Board noted in its March 9, 1978 Order, that one of Applicant's principals holds interests in three one-bank holding companies,[6] and that this principal, in acquiring control over one of those holding companies, engaged in practices that adversely affected the capital of that holding company. Thus, the Board was unable to conclude that the facts of record supported a finding that Applicant could serve as a source of managerial strength for Bank. That principal has committed to purchase $250,000 of notes from that holding company, which, in turn, is to be contributed to the capital of the holding company's subsidiary bank. Thus, the Board concludes that managerial resources and future prospects of Dakota and Bank are satisfactory and consistent with approval.

application, it was unnecessary for the Board to make findings with respect to Protestant's allegations. In its reconsideration of this application, the Board finds no evidence in the record to support Protestant's allegations.

[3] All banking data are as of December 31, 1977.

[4] The relevant banking market is approximated by Cass County, North Dakota, and Clay County, Minnesota.

[5] This principal also holds interests in two other banks, both of which are located outside the relevant banking market. It does not appear that there is any meaningful competition between either of those two banks and Bank.

[6] The Board has previously stated that in considering an application involving a bank whose principals control another bank or bank holding company, it should look beyond the bank that is the subject of the application and analyze the financial and managerial resources of the other bank or bank holding company. (See Board's Order of June 11, 1976, denying formation of a bank holding company by Nebraska Banco, Inc., Ord, Nebraska, 62 *Federal Reserve* BULLETIN 638 (1976)).

Although Applicant proposes no changes in Bank's operations or services, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. Accordingly, it is the Board's judgment that, upon consideration of all of the facts of record, approval of the application would be in the public interest and that the application should be approved.

On the basis of the facts of record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) 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 Minneapolis pursuant to delegated authority.

By Order of the Board of Governors, effective July 31, 1978.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, and Partee. Absent and not voting: Governors Gardner and Jackson.

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

First National Boston Corporation,
Boston, Massachusetts

Order Approving Acquisition of Bank

First National Boston Corporation, Boston, Massachusetts, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of The Marblehead Bank and Trust Company, Marblehead, Massachusetts ("Bank").

In view of the emergency situation involving Bank, the Massachusetts Commissioner of Banks, the primary supervisory authority for Bank, has recommended immediate action by the Board in accordance with the provisions of § 3(b) of the Act (12 U.S.C. § 1842(b)) permitting immediate action by the Board in order to prevent the probable failure of a bank. Public notice of the application before the Board is not required by the Bank Holding Company Act, and in view of the emergency situation, the Board has not followed its normal practice of affording interested parties the opportunity to submit comments and views. The Board has considered the application and the comments received from the Massachusetts Commissioner of Banks in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is the largest banking organization in the State of Massachusetts with six subsidiary banks and total commercial bank deposits of $3.6 billion, representing 22.4 per cent of the total deposits in commercial banks in the State.[1] Applicant is the largest banking organization in the Boston market,[2] and holds 27.1 per cent of the total commercial bank deposits in that market. In light of the condition of Bank and the fact that new financial and managerial resources must be added to Bank immediately, and in view of the fact that the proposed acquisition would increase Applicant's market share by only 0.1 per cent, the Board finds that any adverse effects on competition that would result from consummation of the acquisition are outweighed by the public interest considerations relating to the proposal. Considerations relating to the convenience and needs of the community to be served lend very strong weight toward approval of the application, since the proposal will protect all depositors of Bank and will insure the continued availability of banking services and the preservation of a viable banking competitor in the community.

The financial and managerial resources and future prospects of Applicant and Bank are regarded as generally satisfactory. In light of the financial condition of Bank and the financial and managerial assistance that Applicant would provide Bank, banking factors lend support for the approval of the application.

On the basis of the information before the Board, it is apparent that an emergency situation exists so as to require that the Board act immediately pursuant to the emergency provisions of §§ 3(b) and 11(b) of the Act. It is the Board's judgment that any disposition of the application other than by approval would be inconsistent with the public interest and that the proposed transaction should be approved on a basis that would not preclude immediate consummation of the proposal. Accordingly, the application is approved for the reasons summarized above. The transaction may be consummated immediately but in no event later than three months after the effective date of this Order, unless such period is extended for good

[1] All banking data, other than market data, are as of December 31, 1977. Market data are as of June 30, 1977.

[2] The Boston banking market is approximated by the Boston Ranally Metro Area.

cause by the Board, or by the Federal Reserve Bank of Boston pursuant to delegated authority.

By order of the Board of Governors, effective July 31, 1978.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, and Partee. Absent and not voting: Governors Gardner and Jackson.

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

Illini Bancorp, Inc.,
Danville, Illinois

Order Approving Formation of Bank Holding Company

Illini Bancorp, Inc., Danville, Illinois, has applied for prior approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) and section 225.3(a) of Regulation Y (12 C.F.R. § 225.3(a)) to become a bank holding company through the acquisition of 80 per cent or more, less directors' qualifying shares, of the voting shares of The First National Bank of Danville, Danville, Illinois ("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 (43 Fed. Reg. 12755 (1978)). 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 is a nonoperating corporation organized for the purpose of becoming a bank holding company through the acquisition of Bank. Bank holds deposits of $113.6 million, representing 0.17 per cent of the total deposits in commercial banks in Illinois.[1] Upon acquisition of Bank, Applicant would control the 68th largest bank in Illinois.

Bank is the largest of thirteen banks located in the Danville banking market; it controls 29.8 per cent of the deposits in the market.[2] The president and chairman of the board of directors of Applicant is also chairman of the board of directors of another bank located in the Danville banking market, as well as the president and a principal shareholder of that bank's holding company, Westbanco, Inc. The other bank, The First National Bank of Westville, Westville, Illinois ("Westville Bank"), holds deposits of $14 million, representing 3.7 per cent of the market's total deposits, and ranks as the fifth largest bank in the market.[3] The Danville banking market is viewed as highly concentrated, with the three largest banks in the market controlling approximately 75 per cent of the market's deposits.[4] Together, Bank and Westville Bank control 33.5 per cent of the market deposits.

As part of its analysis of the competitive effects of a proposal to become a bank holding company, the Board takes into consideration the competitive effects of the transaction(s) whereby common share ownership and/or an interlocking director/officer relationships were established between the subject bank and one or more other banks in the same market.[5] In this case, the Board considered the competitive effects of certain interlocking relationships that were established in 1977 between Bank and Westville Bank. At that time, the chairman of the board of Westville Bank, who is president and chairman of the board of Applicant, became a director of Bank. The Board finds that the effect of establishing the above-described interlocking officer/director relationships between Bank and Westville Bank was to eliminate significant competition that existed between those Banks,

[1] All banking data are as of June 30, 1977.

[2] The relevant banking market for the purposes of analyzing the competitive effects of the proposed transaction is approximated by all of Vermilion County, with the exception of Butler, Grant, and Sidell townships. Applicant contends that the relevant market should include all of Vermilion County, Illinois, as well as the towns of Chrisman in Illinois and Covington and Williamsport in Indiana. The Federal Reserve Bank of Chicago and Board staff have reviewed and analyzed all facts of record relating to the definition of the relevant market. Based upon this review and upon its analysis of all facts of record, including advertising, consumer trade information, and other economic data, the Board concludes that the appropriate market for analyzing the competitive effects of the subject proposal is approximated by the Danville banking market as described above.

[3] Certain officer/directors of Applicant are officer/directors as well as principal shareholders of two other bank holding companies, each with one subsidiary bank, and a third bank in Illinois, in addition to Bank and Westville Bank. However, it does not appear that any significant competition currently exists between these other three banks and Bank.

[4] In addition, it should be noted that the fourth largest bank in the market is affiliated with the second largest bank in the market. The sixth and eighth largest banks in the market are affiliated with the third largest bank in the market.

[5] See the Board's Order of May 11, 1977, denying the application to become a bank holding company by Mahaska Investment Company, Oskaloosa, Iowa (63 *Federal Reserve* BULLETIN 579 (1977)), the Board's Order of November 18, 1977, denying the application to become a bank holding company by Citizens Bancorp, Inc., Hartford City, Indiana (63 *Federal Reserve* BULLETIN 1083 (1977)), and the Board's Order of March 27, 1978, denying the application to become a bank holding company by Midwest Bancorp, Inc., Gardner, Illinois (64 *Federal Reserve* BULLETIN 317 (1978)).

increase the concentration of banking resources within the Danville banking market, and eliminate an independent banking competitor in the market. However, as part of the subject application, Applicant's president and chairman of the board has committed to terminate his interlocking officerships, directorships, and ownership interests between Bank and Westville Bank, including its holding company, Westbanco, Inc. Applicant has also committed not to have any such relationships. In light of these commitments, the Board concludes that approval of this proposal would not have any significant adverse competitive effects. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application to become a bank holding company.

The financial and managerial resources and future prospects of Applicant are dependent upon Bank.[6] Applicant projects a 12-year amortization period for its acquisition debt and it appears that Applicant would have the necessary financial flexibility to meet its annual debt servicing requirement and to maintain an adequate capital position for Bank. The financial and managerial resources of Applicant and Bank and the affiliated banks and bank holding companies are considered generally satisfactory, and the future prospects for each appear favorable. Accordingly, considerations relating to banking factors are consistent with approval of the application. Upon approval of the subject proposal, Applicant proposes to expand Bank's hours of operation and provide additional physical facilities. The Board finds that considerations relating to the convenience and needs of the community to be served lend some weight toward approval and are sufficient to outweigh any adverse competitive effects that might result from consummation of the subject proposal. 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 made (a) before the thirtieth calendar day following the effective date of this Order or (b) 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 July 31, 1978.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, and Partee. Absent and not voting: Governors Gardner and Jackson.

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

[6] Where principals of an Applicant are associated with another bank or bank holding company, the Board has indicated that it is appropriate to analyze such organizations by the standards normally applied to multibank holding companies. See Board's Order dated June 14, 1976, denying the application of Nebraska Banco, Inc., Ord, Nebraska, to become a bank holding company (62 *Federal Reserve* BULLETIN 638 (1976)).

Mercantile Bancorporation Inc.,
St. Louis, Missouri

Order Approving Acquisition of Bank

Mercantile Bancorporation Inc., St. Louis, Missouri, 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 90 per cent of the voting shares of First National Bank of Doniphan ("Bank), Doniphan, Missouri.

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, including those of S. Lloyd Snodgrass ("Protestant") opposing the proposal, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the largest banking organization in Missouri, controls 28 subsidiary banks with aggregate deposits of $2.26 billion, representing 10.6 per cent of the total deposits in commercial banks in the State.[1] Acquisition of Bank, with deposits of $22.9 million, would increase Applicant's share of commercial bank deposits in Missouri by one-tenth of one per cent and would not have an appreciable effect upon the concentration of banking resources in the State.

Bank is the third largest of five commercial banking organizations in the relevant banking market,[2] with 18.3 per cent of deposits in commercial banks in that market. None of Applicant's subsidiary banks competes in the relevant banking

[1] All banking data are as of December 31, 1977.

[2] The relevant banking market is approximated by Ripley and Butler Counties, Missouri.

market, and the nearest office of Applicant's subsidiary banks is located approximately 76 miles west of Bank. From the record, it appears that no significant competition presently exists between Applicant's banking subsidiaries and Bank. While Applicant could establish a *de novo* bank in the relevant market, it does not appear that the market is particularly attractive for *de novo* entry. Accordingly, consummation of proposal would not have a significant effect upon competition, nor would it increase the concentration of resources in any relevant area. Therefore, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant and its subsidiaries, as well as those of Bank, are regarded as generally satisfactory, and their future prospects appear favorable. Therefore, considerations relating to banking factors are consistent with approval of the application.

Protestant, in opposing approval of this application, has raised several questions regarding the present managerial resources of Bank and the effect of the proposal on the convenience and needs of the community served by Bank. Specifically, Protestant asserts that (1) the purchase price offered by Applicant was not the highest offer made; (2) Bank's president had shown favoritism in making a loan; and (3) the community would be best served if Bank were controlled locally rather than by a St. Louis holding company. Finally, Protestant has requested that a formal hearing be held in connection with these issues.

Section 3(b) of the Act requires the Board to hold a formal hearing when the primary supervisor of the bank to be acquired (in this case, the Comptroller of the Currency) recommends disapproval of the application (12 U.S.C. § 1842(b)). Since the Comptroller of the Currency has submitted no such objection, there is no statutory requirement that the Board hold a formal hearing in this matter.[3] The Board has reviewed the entire record of this application, including the views expressed in the written submissions of Protestant and Applicant's response to those submissions, and concludes that the record is sufficiently complete to render a decision on the application and that no useful purpose would be served by holding a formal hearing. Accordingly, Protestant's request for a hearing is denied.

With respect to the allegation that there may have been offers for the purchase of Bank's shares by individuals at a higher per share price than the offer made by Applicant, a dispute of fact exists. Even if this dispute were resolved in the way most favorable to Protestant's contention, however, the Board believes the matter would not constitute a material adverse reflection on the managerial resources of Bank. The offer Protestant claims was made was only slightly higher than that accepted, and there were sufficient material differences in the advantages likely to accrue to Bank and its shareholders under the two offers, that the Board believes no adverse inferences regarding Bank's managerial resources could be drawn from its decision, even accepting the set of facts described by Protestant.

The Board has also considered Protestant's allegation regarding a single loan made by Bank several years ago. There appears to be no material factual dispute regarding the circumstances of this loan and, upon review, the Board does not consider those circumstances to be a material adverse reflection on Bank's managerial resources. Neither of these two allegations, in any event, reflects adversely on Applicant's managerial resources or suggests that the public interest would not be served by Applicant's acquisition of Bank.

The Board has also considered Protestant's contention that Bank should be controlled locally, rather than by a large St. Louis based bank holding company. While Protestant has stated a preference that Bank's shares be purchased by persons other than Applicant, he has submitted no evidence that the convenience and needs of the community served by Bank would not be better served after consummation of this proposal than they are being served now. Applicant, on the other hand, has stated in its application that it intends to replace certain members of Bank's board of directors with individuals from the local community, thus maintaining local participation in Bank's management. In addition, the record reflects that Applicant will extend, through the expertise of its lead bank and other subsidiaries, expanded services to Bank and its customers. Thus, the Board concludes that considerations relating to the convenience and needs of the community to be served are consistent with approval. The Board finds that approval of the proposed application 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

[3] *See, Farmers and Merchants Bank of Los Cruces v. Board of Governors of the Federal Reserve System*, 567 F.2d 1082, 1087 (D.C. Cir. 1977).

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 St. Louis pursuant to delegated authority.

By order of the Board of Governors, effective July 21, 1978.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, and Jackson. Absent and not voting: Governors Gardner and Partee.

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

New Hampton Bancshares, Inc.,
New Hampton, Missouri

Order Approving Formation of a Bank Holding Company

New Hampton Bancshares, Inc., New Hampton, Missouri ("Applicant"), 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)) (the "Act"), to become a bank holding company by acquiring 87.2 per cent of the voting shares of First State Bank of New Hampton, New Hampton, Missouri ("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 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 is a nonoperating corporation organized for the purpose of becoming a bank holding company through the acquisition of Bank. Upon acquisition of Bank ($4.7 million in deposits), Applicant would control the 616th largest of 712 banks in Missouri, holding .02 per cent of the total deposits in commercial banks in the State.[1]

Bank is the smallest of six banks in the relevant banking market (approximated by Harrison County, Missouri) and controls 7.5 per cent of the market's commercial bank deposits. The subject proposal involves a restructuring of Bank's ownership from individuals to a corporation owned by the same individuals. A principal of Applicant is president and controlling shareholder of a one-bank holding company that controls a bank located in a banking market separate from Bank. However, in order to analyze the competitive effects of the subject proposal it is necessary to consider that another of Applicant's principals is the controlling shareholder and president of the fourth largest bank in the market, Farmers National Bank of Ridgeway, Ridgeway, Missouri ($5 million in deposits) ("Ridgeway Bank"), which controls 8.1 per cent of market deposits. This principal of Applicant acquired control of Ridgeway Bank in July 1977 which resulted in the elimination of some existing competition between Bank and Ridgeway Bank.[2] In view of all the facts of record, including the relative sizes of Bank and Ridgeway Bank, that Bank is over 15 miles southwest of Ridgeway Bank, and that in the intervening area are the market's two significantly larger banking organizations controlling nearly 67 per cent of total market deposits, it appears that consummation of this proposal would have only slight adverse competitive effects.

The financial and managerial resources and future prospects of Applicant are entirely dependent upon those of Bank. Although Applicant would incur some debt in connection with this proposal, Applicant's projected schedule for the retirement of acquisition debt and anticipated income from Bank appear to provide Applicant with the necessary financial flexibility to meet its annual debt servicing requirement without unduly burdening the financial condition of either Bank or Applicant. The managerial resources of Applicant and Bank are considered satisfactory and the future prospects of each appear favorable. The financial and managerial resources and future prospects of the affiliated banks and the bank holding company are generally satisfactory. Accordingly, the banking factors associated with this proposal are consistent with approval of the application.

Although consummation of the proposal would effect no further changes in the banking services offered by Bank in the immediate future, Applicant's principals since taking control of Bank have expanded the services available to the community by lengthening banking hours, paying maximum

[1] All banking data are are as of December 31, 1977.

[2] Whenever principals of an applicant are associated with several banking organizations, the Board has indicated that it is necessary and appropriate to analyze such organizations by applying the more stringent standards applied to multibank holding company acquisitions. See, e.g., the Board's Order of June 14, 1976, denying the applications of Nebraska Banco, Inc., Ord, Nebraska, to become a bank holding company (62 *Federal Reserve* BULLETIN 638 (1976)).

interest rates on deposits, instituting a student loan program, and initiating an EDP system. Since acquiring Ridgeway Bank, Applicant's principal has strengthened the managerial capabilities of that institution and, further, intends to provide it with additional capital. In view of these improvements and the anticipated continuation of these benefits, convenience and needs considerations lend such weight toward approval as to outweigh the slight adverse competitive effects associated with this proposal. It has been determined that consummation of the transaction 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 consummated (a) before the thirtieth day following the effective date of this Order, or (b) 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 Kansas City, pursuant to delegated authority.

By order of the Secretary of the Board, acting pursuant to delegated authority from the Board of Governors, effective July 24, 1978.

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

Otto Bremer Foundation and
Otto Bremer Company,
St. Paul, Minnesota

Order Approving
Acquisition of Bank Holding Company

Otto Bremer Foundation ("Foundation") and its wholly-owned subsidiary, Otto Bremer Company ("Company"), both of St. Paul, Minnesota, have applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)) ("Act") to acquire 21.77 per cent of Dakota Bankshares, Inc., Fargo, North Dakota ("Dakota").[1]

Notice of the applications, 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 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)).

Foundation and Company are both registered bank holding companies with majority voting share interests in 29 banks in Minnesota, North Dakota, and Wisconsin, with total deposits of $738.8 million as of June 30, 1977. In addition to their interests in the 29 banks, Company owns directly, and Foundation owns indirectly, 21.77 per cent of the outstanding shares of The Dakota National Bank and Trust Company of Fargo, Fargo, North Dakota ("Bank"). Foundation and Company are requesting prior approval to exchange the 21.77 per cent interest in Bank for 21.77 per cent of the outstanding shares of Dakota.[2]

Foundation and Company control nine banks in North Dakota with $192.2 million, representing 6.3 per cent of the total commercial bank deposits in North Dakota.[3] They rank as the State's fourth largest banking organization. Bank is the ninth largest banking organization in the State, with deposits of $74.6 million, or 2.1 per cent of the State's total deposits.

Foundation and Company control one bank in the relevant banking market.[4] That bank is the eighth largest bank in the market, holding $12.4 million (2.3 per cent) of the market deposits. That bank and Bank, with 10.8 per cent of market deposits, appear to derive some loans and deposits from each other's service area. Further, Foundation and Company are currently represented on Bank's board of directors. Following consummation of the subject proposal, however, the interlock would be terminated. It appears that consummation of this proposal would lessen the influence of Foundation and Company over Bank and may increase the likelihood of increased competition between the two banks. The Board finds that consummation of the subject proposal would not increase the concentration of banking resources or have any adverse effects on competition in any

[1] These applications were previously made moot by the Board's Order of March 9, 1978, denying the application of Dakota Bankshares, Inc., Fargo, North Dakota ("Dakota"), to become a bank holding company by acquiring The Dakota National Bank and Trust Company of Fargo, Fargo, North Dakota (64 *Federal Reserve* BULLETIN 310). By its Order of this date, the Board has granted Dakota's request that the Board reconsider its Order of March 9, 1978, and has approved that application.

[2] See the Board's Order of this date approving the application of Dakota Bankshares, Inc., Fargo, North Dakota, to become a bank holding company by acquiring The Dakota National Bank and Trust Company of Fargo, Fargo, North Dakota.

[3] All banking data are as of December 31, 1977, unless otherwise noted.

[4] The relevant banking market is approximated by Cass County, North Dakota, and Clay County, Minnesota.

relevant area. Therefore, competitive considerations are consistent with approval.

The financial and managerial resources of Foundation and Company, including their subsidiaries, as well as those of Dakota and Bank, are considered generally satisfactory, and future prospects for each appears favorable. Thus, the banking factors are consistent with approval of the application. Although no changes are proposed in Bank's services or operations, convenience and needs considerations are also consistent with approval. Accordingly, it is the Board's judgment that approval of these applications would be in the public interest and that the applications should be approved.

On the basis of the facts of record, the applications are approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) 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 Minneapolis pursuant to delegated authority.

By order of the Board of Governors, effective July 31, 1978.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, and Partee. Absent and not voting: Governors Gardner and Jackson.

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

Platte County Bancshares, Inc.,
Dearborn, Missouri

Order Approving
Formation of Bank Holding Company

Platte County Bancshares, Inc., Dearborn, Missouri, 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 91.6 per cent of the voting shares of Platte County Bank of Dearborn ("Dearborn Bank"), Dearborn, Missouri, and 83 per cent of the voting shares of Platte County Bank of Camden Point ("Camden Point Bank"), Camden Point, Missouri.

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 is a nonoperating Missouri corporation organized for the purpose of becoming a bank holding company by acquiring Dearborn Bank and Camden Point Bank, which hold deposits of $5.2 million and $3.2 million, respectively.[1] Upon acquisition of the banks, Applicant would control approximately .05 per cent of the total commercial bank deposits in the State.

Dearborn Bank and Camden Point Bank control .09 per cent and .06 per cent of total deposits in commercial banks in the Kansas City banking market.[2] Upon consummation of the proposal Applicant would rank 15th of 16 multi-bank holding companies in the Kansas City banking market. The two banks have been under common ownership since 1961, are managed by members of the same family, and have directors in common, and it appears that no meaningful competition exists between them. In view of the small size and long-standing affiliation of the banks to be acquired and the large number of banking organizations competing in the relevant market, it appears that their original affiliation did not, and their continued affiliation would not have any significant adverse effect on competition or further any undue concentration of banking resources in any relevant area.

Two of Applicant's directors are associated with several other banks and bank holding companies in Missouri, one of which, United Missouri Bank of Kansas City, N.A., also operates in the Kansas City banking market. A principal of Applicant serves as an officer of United Missouri Bank, which controls 8.79 per cent of total market deposits, and a director of Applicant is a member of the board of directors and holds director's qualifying shares of that bank. In view of the limited nature of the relationship between Applicant and United Missouri Bank, the small combined market share of that Bank and Applicant, and the large number of banking alternatives in the market, it appears that consummation of the proposed transaction would have no significant adverse effect on competition or concentration in any relevant area. Thus, the Board concludes that

[1] Banking data are as of June 30, 1977.

[2] The Kansas City banking market is approximated by the northern half of Cass County, all of Clay, Jackson, and Platte Counties in Missouri and Johnson and Wyandotte Counties in Kansas.

the effects of the proposal on competition are consistent with approval of this application.

The financial and managerial resources of Applicant, Dearborn Bank, and Camden Point Bank are considered satisfactory, and the future prospects of each appear favorable. In addition, the financial and managerial resources and future prospects of the affiliated banking organizations with which Applicant's directors are associated are consistent with approval of the application. Thus, banking factors are consistent with approval of the application.

Although consummation of the transaction would effect no immediate changes in the services offered by the Banks, considerations relating to the convenience and needs of the community to be served are consistent with approval. The Board concludes that consummation of the proposal to form a bank holding company would be consistent with 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 Kansas City pursuant to delegated authority.

By order of the Board of Governors, effective July 5, 1978.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Governor Gardner.

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

Republic Bancorporation, Inc.,
Englewood, Colorado

Order Approving
Formation of Bank Holding Company

Republic Bancorporation, Inc., Englewood, Colorado, has applied for the Board's approval under § 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 80 per cent or more of the voting shares of Republic National Bank of Englewood, Englewood, Colorado ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 3(b) of the Act. 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 § 3(c) of the Act (12 USC § 1842(c)).

Applicant is a nonoperating corporation organized for the purpose of becoming a bank holding company by acquiring Bank. Bank has total deposits of $18.6 million, representing 0.2 per cent of total deposits in commercial banks in Colorado.[1] Upon acquisition of Bank, Applicant would control the 103rd largest bank in Colorado. Bank is one of the smaller banks in the Denver banking market [2] and holds approximately .37 per cent of the total deposits in commercial banks in that market.

This proposal represents a restructuring of Bank's ownership from individuals to a corporation owned by the same individuals. One of Applicant's principals is a principal of another one-bank holding company and its subsidiary bank, located in the Denver banking market. That bank holds deposits of $7.1 million, representing .14 per cent of the market's total deposits. In light of the small shares of market deposits controlled by Bank and by the affiliated one-bank holding company, consummation of the proposal will not have a significantly adverse effect on competition in any relevant area.

On November 3, 1977, the Board denied a previous application by Applicant to become a bank holding company by acquiring Bank.[3] The Board's decision was based in part on its findings that a principal of Applicant controlled another bank holding company and that the operations of that bank holding company had failed to meet the Board's expectations at the time it approved formation of that bank holding company and that these results were due in part to certain practices of the principal of Applicant.[4] In addition, the Board concluded that it was unlikely, based on

[1] All banking data are as of June 30, 1977.

[2] The Denver banking market is approximated by Denver, Adams, Arapahoe, and Jefferson Counties and the City of Broomfield in Boulder County.

[3] 63 *Federal Reserve* BULLETIN 1098 (1977).

[4] In considering an application involving a bank that is part of a chain of one bank holding companies, the Board looks beyond the subject bank involved in the application and analyzes the financial and managerial resources of the other banks that are part of the chain. See the Board's Order denying the application of Nebraska Banco, Inc., Ord, Nebraska, to become a bank holding company (62 *Federal Reserve* BULLETIN 638 (1976)).

realistic projections of Bank's earnings, that Applicant would have been able to service the debt to be incurred in connection with the acquisition while maintaining the capital adequacy of Bank and flexibility to meet any unexpected problems that might arise at Bank. The Board also noted that the affiliated bank holding company controlled by a principal of Applicant had not met the debt retirement schedule set forth in its application to the Board.

Based on information contained in the present application and other factors of record, the Board concludes that financial and managerial resources of Bank, Applicant, and the affiliated one-bank holding company now appear to be generally satisfactory and their future prospects appear to be consistent with approval of the application. The record indicates that Applicant's principals, who acquired Bank in May 1976, have significantly improved the earnings and other financial resources of Bank and now suggests that Applicant will be able to service the debt to be incurred in connection with the proposal without an adverse effect on the capital adequacy of Bank. Bank has experienced good earnings through the first half of 1978 and Applicant has committed to increase the equity capital of Bank upon consummation of the proposal. In addition, the record indicates that the affiliated bank holding company controlled by a principal of Applicant is now currently meeting its projected debt retirement schedule and has taken steps to correct the criticized management practices noted in the Board's Order denying Applicant's previous application to form a bank holding company. Therefore, the considerations relating to banking factors are consistent with approval of the application.

Since acquisition of Bank in 1976, Applicant's principals have substantially increased Bank's loan portfolio and affiliation with Applicant would enable Bank to continue to offer expanded loan services to its community. Accordingly, considerations relating to the convenience and needs of the community to be served lend weight for approval of the application. The Board concludes that consummation of the proposal to form a bank holding company would be consistent with 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 (a) before the thirtieth day following the effective date of this Order, or (b) later than three months after the effective date of this Order, unless such period is extended for good cause by the Board of Governors or by the Federal Reserve Bank of Kansas City pursuant to delegated authority.

By order of the Board of Governors, effective July 31, 1978.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, and Partee. Absent and not voting: Vice Chairman Gardner and Governor Jackson.

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

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 § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of the successor by merger to Greenville Avenue Bank and Trust, Dallas, Texas ("Bank"). Applicant presently controls 24.9 per cent of Bank. The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Bank.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 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, including those submitted on May 22, 1978, by Mr. H. F. Pappas, Garland, Texas ("Protestant"), in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is the fourth largest banking organization in Texas and controls 14 banking subsidiaries with aggregate deposits of approximately $3.4 billion, representing 6.3 per cent of total deposits in commercial banks in the State.[1] Bank, with deposits of $52.8 million, is the 110th largest banking organization in the State, and its acquisition by Applicant would increase Applicant's share of commercial bank deposits in Texas by one-tenth

[1] All banking data are as of June 30, 1977 and reflect bank holding company acquisitions and formations approved as of April 30, 1978.

of one per cent and would not alter Applicant's ranking in the State.

By Order dated October 25, 1973, the Board approved the application of Applicant to become a bank holding company through the direct acquisition of Republic National Bank of Dallas ("Republic Bank") and the indirect acquisition of 29.9 per cent of the voting shares of Oak Cliff Bank & Trust Company, Dallas, Texas. In addition to its interest in Bank, Republic Bank at the time also owned indirectly between 5 and 24.99 per cent of the shares of twenty other banks, seventeen of which were in the Dallas banking market.[2] Applicant represented to the Board that it would file separate applications for prior approval by the Board for acquisition of additional shares in each of certain of those banks, and would divest completely its interests in others. In its Order the Board stated that each such application filed by Applicant would be considered on its own merits in light of the statutory standards set forth in § 3 of the Act. Since that time Applicant has sold its interests in nine of the Dallas-area banks, and has, with the Board's approval, acquired all the shares of four of the Dallas-area banks.[3]

Bank is the 21st largest banking organization in the Dallas banking market and controls approximately 0.5 per cent of the total deposits in commercial banks in the market. With six subsidiary banks, Applicant is the largest banking organization in the Dallas banking market and controls $2,663 million in deposits, representing 26.3 per cent of total deposits in commercial banks in the market.

Inasmuch as Applicant and Bank operate in the same market, consummation of the proposed transaction would appear to eliminate some existing competition. However, the Board notes that Applicant, or its predecessor in interest, Republic Bank, has controlled 24 per cent or more of the shares of Bank since its formation in 1945, and that the nature of the relationship between Applicant, Republic Bank, and Bank is such that little, if any, meaningful competition currently exists between Bank and Applicant's subsidiary banks in the Dallas market. But for the history of the long-established relationship between Applicant and Bank, the effects on existing competition would be viewed as more serious, but viewed in light of that relationship the effects are only slight. Moreover, while Applicant is the largest organization in the banking market, in view of the facts presented in the record of this application, the Board does not regard the slight increase in concentration of market deposits as significant. Accordingly, the Board concludes that the proposed acquisition of Bank of Applicant would have only slightly adverse effects on competition.

The financial and managerial resources of Applicant and its subsidiaries are regarded as generally satisfactory and their future prospects appear favorable. The financial and managerial resources and future prospects of Bank are likewise regarded as generally satisfactory, and should be improved significantly, particularly in light of Applicant's commitment to inject additional capital into Bank upon consummation of the proposal. In addition, the proposed affiliation will provide Bank with access to Applicant's managerial resources, thereby assuring a continuity of management at Bank.[4] Thus, considerations relating to banking factors lend some weight toward approval of the application. In 1976, Bank relocated its banking facilities to a rapidly developing area, and accordingly, much of its banking business is presently oriented toward construction and development activity. While no immediate changes in Bank's services are contemplated upon consummation of the proposal, Applicant has indicated that it will assist Bank in more effectively serving the banking needs of the increasing numbers of consumers, retail businesses and health professionals located in Bank's primary service area, thereby providing Bank with a more permanent source of banking business. Toward this end, Applicant will furnish Bank with the financial and managerial resources necessary to serve the changing banking needs of its primary service area. Therefore, considerations relating to the convenience and needs of the community to be served lend weight toward approval of the transaction and outweigh the slightly adverse competitive effects. 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

[2] The Dallas banking market is approximated by the Dallas RMA.

[3] By Order dated January 20, 1978 the Board approved Applicant's acquisition of the successor by merger to First National Bank of Duncanville, Duncanville, Texas. However, Applicant has not consummated that acquisition.

[4] Protestant contends that Applicant's acquisition of Bank may result in extensive personnel shifts that would disrupt normal customer Bank relations. While Applicant has indicated that it intends to make some changes in the management of Bank, from the record it appears that these changes would not be detrimental to the operations of Bank. Thus, it is the Board's assessment that the Protest does not present any substantive issues that would warrant a denial of this proposal.

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 pursuant to delegated authority.

By order of the Board of Governors, effective July 21, 1978.

Voting for this action: Chairman Miller and Governors Wallich and Jackson. *Present and abstaining:* Governor Coldwell. Absent and not voting: Governors Gardner and Partee.

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

Triro Bancorporation, Inc.,
St. Robert, Missouri

Order Denying
Formation of Bank Holding Company

Triro Bancorporation, Inc., St. Robert, Missouri, 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)) ("Act") of formation of a bank holding company by acquiring 86 per cent or more of the voting shares of First National Bank, St. Robert, Missouri ("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 comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is a nonoperating Missouri corporation organized for the purpose of becoming a bank holding company by acquiring Bank. The proposed transaction represents a restructuring of Bank's ownership from individuals to a corporation owned by the same individuals. Bank holds deposits of approximately $7.6 million, representing 0.04 per cent of total deposits in commercial banks in Missouri.[1]

Bank controls 15.6 per cent of the deposits in commercial banks in the Pulaski County banking market and ranks as the fourth largest of five banks located in the market.[2] Principals of Applicant are also principals of Milco Bancorporation, Inc., a one-bank holding company with respect to Bank of Iberia, Iberia, Missouri ("Iberia Bank"). Iberia Bank is located 25 miles north of Bank in a separate banking market. Although both Bank and Iberia Bank derive some deposits and loans from the service area of the other, there does not appear to be any substantial competition presently existing between the two banks. Therefore, it appears that consummation of the subject proposal would not have any significant adverse effects on competition in any relevant area. Thus, the Board concludes that competitive considerations are consistent with approval of the application.

As the Board has indicated on previous occasions, a holding company should serve as a source of financial and managerial strength to its subsidiary bank(s), and the Board closely examines the condition of an applicant in each case with this consideration in mind.[3] With respect to financial considerations, the Board notes that Applicant would incur a sizeable debt in connection with the proposed acquisition of Bank's shares. Applicant proposes to service this debt over a 12-year period primarily with dividends to be paid by Bank. Although Applicant's projections for Bank's asset growth and earnings appear reasonable in view of the historical performance of Bank and other banks in the market, the Board is of the view that Applicant's projected income is not sufficient to service its acquisition debt while maintaining an adequate capital position for Bank. Moreover, the level of dividend payout necessary from Bank to service Applicant's debt does not provide Applicant with the financial flexibility to meet any unexpected problems that might arise at Bank. The Board is of the view that Applicant's overall financial plan would not enable Applicant to serve as a source of financial strength to Bank and that such plan would not enhance Bank's future prospects. Thus, the Board concludes that considerations relating to the financial resources and future prospect of Applicant and Bank weigh against approval of the subject transaction.

With respect to managerial resources, it is noted

[1] All banking data are as of December 31, 1977.

[2] The relevant banking market for purposes of analyzing the competitive effects of the subject proposal is approximated by all of Pulaski County, Missouri.

[3] While the subject proposal involves the restructuring of Bank's ownership into a corporate form, the Act requires that an organization must secure the Board's approval prior to becoming a bank holding company and obtaining the benefits of a bank holding company structure. In this regard, section 3(c) of the Act requires that the Board must consider, among other things, the financial and managerial resources and future prospects of *both* the applicant and the bank to be acquired. The Board's action in this case is based upon its consideration of such factors.

that principals of Applicant presently manage Bank as well as Iberia Bank.[4] Management's performance, while evidencing recent improvement, does not establish a history of managerial performance that would significantly improve the future prospects of Bank so as to offset the adverse considerations associated with Applicant's debt service plan. Thus the Board concludes that the managerial resources of Applicant lend no weight toward approval of the application.

As stated previously, the proposed formation of Applicant represents a restructuring of Bank's present ownership into corporate form. Applicant proposed no changes in Bank's operations or services. Consequently, considerations relating to the convenience and needs of the community to be served lend no weight toward approval of the application. Moreover, in view of Applicant's debt servicing requirements, consummation of the proposal could diminish Bank's ability to continue to serve the area as a viable banking alternative.

Based on all of the facts of record, the Board concludes that the financial resources and future prospects of Applicant and Bank are adverse to approval. These factors are not outweighed by any procompetitive effects or by benefits that would result in Bank being better able to serve the banking needs of the community. Therefore, it is the Board's judgment that approval of the application would not be in the public interest and that the application should be denied.

For the reasons summarized above, the application is denied.

By order of the Board of Governors, effective July 14, 1978.

Voting for this action: Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Chairman Miller and Governor Gardner.

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

[4] The Board has previously stated that in considering an application involving a bank, the principals of which control another bank or bank holding company, the Board should look beyond the bank that is the subject of the application and analyze the financial and managerial resources of the other bank or bank holding company. (See the Board's Order of June 14, 1976, denying the formation of a bank holding company by Nebraska Banco, Inc., Ord, Nebraska, 62 *Federal Reserve* BULLETIN 638 (1976)).

Weatherford Bancshares, Inc., Weatherford, Texas

Order Approving Formation of Bank Holding Company

Weatherford Bancshares, Inc., Weatherford, Texas, has applied for prior approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) and section 225.3(a) of Regulation Y (12 CFR § 225.3(a)) to become a bank holding company by acquiring 80 per cent or more of the voting shares of The First National Bank of Weatherford, Weatherford, 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. 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 is a nonoperating corporation organized for the purpose of becoming a bank holding company through the acquisition of Bank. Bank holds deposits of $33.9 million.[1]

Bank, which controls approximately 1.0 per cent of the commercial bank deposits in the Fort Worth banking market, is the 15th largest of 41 banking organizations operating in the market.[2] The subject proposal represents a restructuring of Bank's ownership from individuals to a corporation owned by the same individuals. However, in order to analyze the competitive effects of the subject proposal it is necessary to consider that principals of Applicant are also principals in another one-bank holding company that controls Fort Worth Bank and Trust, Fort Worth, Texas ("Fort Worth Bank"),[3] which is located 33 miles east of Bank, though in the same banking market. Fort Worth Bank holds deposits of $43.9 million, rep-

[1] All banking data are as of June 30, 1977, and reflect bank holding company formations and acquisitions approved as of April 30, 1978.

[2] The Fort Worth banking market is the relevant market and is approximated by the Fort Worth, Texas, Rand McNally Metro Area ("RMA"), which includes all of Tarrant County and portions of Denton, Johnson, Parker, and Wise Counties in Texas.

[3] In assessing the competitive effects of a proposal involving the restructuring of a bank's ownership into corporate form, the Board takes into consideration the competitive effects of the transaction whereby common share ownership was established between the subject bank and one or more banks in the same market. See the Board's Order of May 11, 1977, denying the application to become a bank holding company (Footnote continued on following page.)

resenting 1.4 per cent of the market's total deposits, and ranks 12th in the Fort Worth banking market.

Although acquisition of control of Bank by principals of Applicant in 1977 eliminated some competition that existed between Bank and Fort Worth Bank, such acquisition had no significant adverse effects upon competition in the market. Together, the two banks controlled by Applicant's principals hold aggregate deposits representing only 2.4 per cent of the total deposits in the market. Moreover, there are numerous banking alternatives remaining in the market that serve as alternate sources of banking services. In view of the relative sizes of the banks controlled by Applicant's principals, the number of other banks operating in the market, and their distances from each other, it appears that consummation of the subject proposal would not have any significant adverse effects upon competition in any relevant area. Thus, competitive considerations are consistent with approval of the application.[4]

The financial and managerial resources and future prospects of Applicant are dependent upon Bank. Applicant's projected 12-year amortization schedule for its acquisition debt appears to provide Applicant with the necessary financial flexibility to meet its annual debt servicing requirements and to maintain an adequate capital position for Bank, based upon all the facts of record, including certain commitments by Applicant that have been made a part of this record. The managerial resources of Applicant, Bank and the affiliated banks and bank holding companies are considered satisfactory, and the future prospects of each appear favorable. Accordingly, considerations relating to banking factors are consistent with approval of the application.[5]

by Mahaska Investment Company, Oskaloosa, Iowa (63 *Federal Reserve* BULLETIN 579 (1977)); the Board's Order of November 18, 1977, denying the application to become a bank holding company by Citizens Bancorp, Inc., Hartford City, Indiana (63 *Federal Reserve* BULLETIN 1983 (1977)); and the Board's Order of March 27, 1978, denying the application to become a bank holding company by Midwest Bancorp, Inc., Gardner, Illinois (64 *Federal Reserve* BULLETIN 317 (1978)).

[4] Principals of Applicant are also principals of Deport Bancshares, Inc., Deport, Texas. Its sole banking subsidiary, First National Bank of Deport, Deport, Texas, is in a separate banking market. There does not appear to be any existing competition between this bank and Bank.

[5] Where principals of an Applicant are engaged in establishing a chain of one-bank holding companies, the Board has indicated that it is appropriate to analyze such organizations by the standards normally applied to multi-bank holding companies. See Board's Order dated June 14, 1976, denying the application of Nebraska Banco, Inc., Ord, Nebraska, to become a bank holding company (62 *Federal Reserve* BULLETIN 638 (1976)).

Although consummation of the proposal would effect no changes in the banking services offered by Bank, considerations relating to the convenience and needs of the community to be served are also consistent with approval. It has been determined that consummation of the transaction 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 consummated (a) before the thirtieth calendar day following the effective date of this Order or (b) 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 pursuant to delegated authority.

By order of the Secretary, acting pursuant to delegated authority from the Board, effective July 5, 1978.

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

ORDER UNDER SECTIONS 3 AND 4 OF BANK HOLDING COMPANY ACT

Gering National Company,
Gering, Nebraska

Order Approving Formation of Bank Holding Company and Retention of Pioneer Savings Company

Gering National Company, Gering, Nebraska, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842(a)(1)) of formation of a bank holding through acquisition of 80 per cent or more of the voting shares of The Gering National Bank & Trust Company, Gering, Nebraska ("Bank"). At the same time, Applicant has applied, pursuant to § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)) for permission to retain Pioneer Savings Company, Gering, Nebraska ("Pioneer"), and thereby to continue to engage in industrial loan and investment activities and to continue the sale of credit life and credit accident and health insurance directly related to extensions of credit by Pioneer. Such activities have been determined by the Board to be closely related to banking (12 CFR §§ 225.4(a)(2) and (9)).

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with §§ 3 and 4 of the Act (43 *Fed. Reg.* 19720 (1978)). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in § 3(c) of the Act and the considerations specified in § 4(c)(8) of the Act.

Applicant is a recently-chartered corporation, organized under the laws of Nebraska for the purpose of acquiring Bank which holds deposits that amount to approximately $33.4 million,[1] and operating Pioneer. Upon consummation of the proposal, Applicant would control a bank ranking, on the basis of deposits, 35th of the 450 commercial banks in Nebraska with 0.49 per cent of the total commercial bank deposits in the State.

Bank is the fifth largest of nine banks in the relevant banking market,[2] controlling 7.2 per cent of the total deposits in commercial banks in that market. A principal of Applicant is associated with two other one bank holding companies, both of which are located outside the relevant banking market. These two companies are part of a chain of thirteen one-bank holding companies controlled by a group apparently not associated with Applicant. Although he is a director of each of the two other bank holding companies and of the subsidiary bank of one of these companies, his stock ownership in these two other holding companies is small and his influence appears minimal; furthermore, the individual holds only an 11 per cent interest in Applicant, control of which appears to rest with three other individuals who are members of the same family. In view of these facts, the proposal is not viewed as an extension of a chain of one-bank holding companies and therefore need not be analyzed on the basis of multi-bank holding company standards.

The proposed transaction represents a restructuring of the ownership of Bank from individual to corporate ownership. It does not appear that consummation of the proposal would eliminate any existing or potential competition between banks, increase the concentration of banking resources or have any other adverse effects on other banks in the market. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application to acquire Bank.

The financial and managerial resources and future prospects of Applicant and Bank are regarded as generally satisfactory. Although Applicant will incur some debt in connection with this proposal, revenues derived from its ownership of Bank should enable Applicant to service its debt without adversely affecting Bank's financial condition. Therefore, considerations relating to banking factors in regard to the acquisition of Bank are consistent with approval of the application.

While no significant changes are contemplated in Bank's services, Applicant intends to increase Bank's capital, thereby indirectly increasing Bank's lending limits. Accordingly, considerations relating to convenience and needs of the community to be served appear consistent with approval. It is the Board's judgment that consummation of the proposal to form a bank holding company would be in the public interest and the application should be approved.

In connection with the application to become a bank holding company, Applicant has also applied, pursuant to §§ 225.4(a)(2) and (9) of Regulation Y to retain Pioneer and thereby continue to engage in the activities of an industrial loan and investment company and continue to sell credit life and credit accident and health insurance directly related to extensions of credit by Pioneer. Pioneer is an industrial loan and investment company, chartered under the laws of Nebraska, that started *de novo* by Applicant on April 3, 1978. It offers consumer, commercial, and first and second mortgage loans and issues "certificates of indebtedness," which are, in effect, uninsured deposits yielding interest rates greater than those paid on insured deposits.[3] The recent opening of Pioneer provided the public an alternative source of deposit and loan services with credit-related insurance services in the market, and the Board views these results as being procompetitive and in the public interest. Furthermore, there is no evidence in the record indicating that consummation of the proposal would result in any undue concentration of resources, decreased or unfair competition, conflicts of interests, or other adverse effects on the public interest.

Based on the foregoing and other considerations reflected in the record, the Board has determined that the considerations affecting the competitive factors under § 3(c) of the Act and the balance

[1] All deposit data are as of June 30, 1977.

[2] The relevant banking market is approximated by Scotts Bluff County, Nebraska.

[3] Although "certificates of indebtedness" are not insured, the Nebraska Department of Banking and Finance closely supervises industrial loan company operations. Such companies are examined at least annually and must file annual financial reports. Minimum capital standards and reserve levels are required and State law regulates the payment of dividends.

of the public interest factors the Board must consider under § 4(c)(8) of the Act both favor approval of Applicant's proposals.

Accordingly, the applications are approved for the reasons summarized above. The acquisition of Bank shall not be made (a) before the thirtieth calendar day following the effective date of this Order; nor (b) 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 Kansas City pursuant to delegated authority. The determination as to Applicant's industrial loan and insurance activities is subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require reports by, and make examinations of, holding companies and their subsidiaries and to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder or to prevent evasion thereof.

By order of the Board of Governors, effective July 14, 1978.

Voting for this action: Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Chairman Miller and Governor Gardner.

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

ORDER UNDER SECTION 2 OF BANK HOLDING COMPANY ACT

Community State Agency, Inc.,
Bloomington, Minnesota

Community State Agency, Inc., Bloomington, Minnesota ("Agency"), a bank holding company within the meaning of § 2(a) of the Bank Holding Company Act of 1956, as amended, (12 U.S.C. § 1841 et seq.) (the "Act") by virtue of its ownership of a controlling interest in Community State Bank, Bloomington, Minnesota, has requested a determination pursuant to the provisions of § 2(g)(3) of the Act that Agency would not be capable of controlling Mr. Clifford R. Jerpbak ("Purchaser") after his purchase of the insurance business assets of Agency, notwithstanding the fact that Purchaser is the president and the principal shareholder of Agency, controlling approximately 72 per cent of Agency's outstanding shares.

Under the provisions of section 2(g)(3) of the Act, shares transferred after January 1, 1966, by any bank holding company to a transferee that has one or more officers, directors, trustees, or beneficiaries in common with or subject to control by the transferor are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee. In a January 26, 1978 interpretation of this section of the Act, the Board stated that the transfer of such a significant volume of assets that the transfer may in effect constitute the disposition of a separate activity of a company, is deemed by the Board to involve a transfer of "shares" of that company, for purposes of section 2(g)(3) of the Act (64 *Federal Reserve* BULLETIN 211 (1978)).

Notice of an opportunity for hearing with respect to Agency's request for a determination under section 2(g)(3) was published in the *Federal Register* (42 Fed. Reg. 62,047 (1977)). The time provided for requesting a hearing has expired. No such request has been received by the Board, nor has any evidence been received to show that Agency will in fact be capable of controlling Purchaser.

It is hereby determined that Agency will not, in fact, be capable of controlling Purchaser. This determination is based upon the evidence of record in this matter, including that establishing the following facts.

Purchaser will incur no debt in acquiring the insurance business assets from Agency. In addition, the board of directors of Agency has submitted a resolution disclaiming its capability of controlling Purchaser upon consummation of the transaction, and Purchaser has submitted an affidavit stating that Agency will not in fact be capable of controlling him. Furthermore, rather than being subject to control of Agency, Purchaser, as an individual, in fact controls Agency.

Accordingly, it is ordered, that the request of Agency for a determination pursuant to section 2(g)(3) be, and hereby is, granted. This determination is based upon the representations made to the Board by Agency and Purchaser. In the event the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that Agency or Purchaser failed to disclose to the Board other material facts, this determination may be revoked, and any change in the facts or circumstances relied upon by the Board in making this determination could result in the Board reconsidering the determination made herein.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 CFR § 265.2(b)(1)), effective July 3, 1978.

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

CERTIFICATIONS PURSUANT TO THE BANK HOLDING COMPANY TAX ACT OF 1976

Trans Western Corp.,
Dickinson, North Dakota

[Docket No. TCR 76-163]

Trans-Western Corp., Dickinson, North Dakota ("T-W"), has requested a prior certification pursuant to section 1101(b) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its proposed divestiture of all of the voting shares of American State Bank of New England, New England, North Dakota ("Bank") currently held by T-W, through the *pro rata* distribution of such shares to the shareholders of T-W, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act").

In connection with this request, the following information is deemed relevant for the purpose of issuing the requested certification:[1]

1. T-W is a corporation organized under the laws of the State of North Dakota on February 4, 1955.

2. On March 7, 1963, T-W acquired ownership and control of 5920 shares, representing 59.2 per cent of the outstanding voting shares of Bank, which was then named Citizens State Bank of New England.

3. T-W became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 per cent of the outstanding shares of Bank, and it registered as such with the Board on June 21, 1971. T-W would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date by virtue of its ownership and control on that date of more than 25 per cent of the outstanding voting shares of Bank.

4. T-W holds property acquired by it on or before July 7, 1970, the disposition of which, but for clause (ii) of section 4(c) of the BHC Act and the proviso of section 4(a)(2) that Act, would be necessary or appropriate to effectuate section 4 of the BHC Act if Agency were to continue to be a bank holding company beyond December 31, 1980, and which property, but for such clause and such proviso, would be "prohibited property" within the meaning of section 1103(c) of the Code. Sections 1103(g) and 1103(h) of the Code provide that any bank holding company may elect, for purposes of Part VIII of subchapter 0 of chapter 1 of the Code, to have the determination whether property is "prohibited property," or is property eligible to be distributed without recognition of gain under section 1101(b)(1) of the Code, made under the BHC Act as if that Act did not contain clause (ii) of section 4(c) or the proviso of section 4(a)(2). T-W represented that it will make such an election.[2]

On the basis of the foregoing information, it is hereby certified that:

(A) T-W is a qualified bank holding corporation, within the meaning of section 1103(b) of the Code, and satisfies the requirements of that section;

(B) the 5820 shares of Bank that T-W proposes to distribute to its shareholders are all or part of the property by reason of which T-W controls (within the meaning of section 2(a) of the BHC Act) a bank or bank holding company; and

(C) the distribution of the shares of Bank is necessary or appropriate to effectuate the policies of the BHC Act.

This certification is based upon the representations made to the Board by T-W and upon the facts set forth above. In the event the Board should hereafter determine the facts material to this certification are otherwise than as represented by T-W, or that T-W has failed to disclose to the Board other material facts, it may revoke this certification. This certification is granted upon the

[1] This information derives from T-W's communications with the Board concerning its request for this certification, T-W's registration statement filed with the Board pursuant to the BHC Act, and other records of the Board.

[2] Sections 1103(g) and 1103(h) of the Code require that an election thereunder be made "at such time and in such manner as the Secretary [of the Treasury] or his delegate may by regulations prescribe." As of this date no such regulations have been promulgated.

condition that T-W make the elections required by sections 1103(g) and 1103(h) of the Code at such time and in such manner as the Secretary of the Treasury or his delegate may by regulation prescribe.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority, (12 CFR § 265.2(b)(3)), effective July 13, 1978.

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

Unicapital Corporation,
Atlanta, Georgia

[Docket No. TCR 76-148]

CORRECTION

In the prior and final certification issued on March 31, 1978, to UniCapital Corporation, Atlanta, Georgia ("UniCapital"), items 1, 6 and 8 of the second paragraph of the certification should be corrected to read as follows:

1. United States Finance Company, Inc., Atlanta, Georgia ("Finance"), was a corporation organized under the laws of the State of Florida on February 19, 1958. UniCapital is a corporation organized under the laws of the State of Delaware on May 9, 1969.

6. Neither UniCapital nor any subsidiary of UniCapital holds any interest in First Bankers or Bank.

8. No officer, director (including honorary or advisory director) or employee with policy-making functions of UniCapital or any subsidiary of UniCapital also holds any such position with First Bankers, or any subsidiary of First Bankers, including Bank.

The above information is not regarded as a material alteration of the information previously set forth and relied upon in issuing the certification to UniCapital on March 31, 1978, and does not modify in any manner that certification. By Order of the Board of Governors, acting through its Acting General Counsel pursuant to delegated authority (12 CFR § 265.2(b)(3)), effective April 7, 1978.

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

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT BY THE BOARD OF GOVERNORS

During July 1978, the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	*Bank(s)*	*Board action (effective date)*
El Paso Bancshares, Inc., Monument, Colorado	The El Paso County Bank, Monument, Colorado	July 26, 1978
First Hays Bancshares, Inc., Hays, Kansas	The First National Bank of Hays City, Hays, Kansas	July 25, 1978
First Bank Holding Company, Lakewood, Colorado	Westland National Bank, Arvada, Colorado	July 14, 1978
Galveston County Bancshares, Inc., Texas City, Texas	The Texas City National Bank, Texas City, Texas	July 28, 1978
Hawkeye Bancorporation, Des Moines, Iowa	First State Bank, Chariton, Iowa	July 14, 1978

Section 3—*Continued*

Applicant	*Bank(s)*	*Board action (effective date)*
HaleCo BancShares, Inc., Plainview, Texas	Hale County State Bank, Plainview, Texas	July 19, 1978
Muyskens Corporation, Casselberry, Florida	Tropic Bank of Seminole, Casselberry, Florida	July 17, 1978
Oakland Financial Services, Inc. Oakland, Iowa	Citizens State Bank, Oakland, Iowa	July 31, 1978
Phelps County Bancshares, Inc., Rolla, Missouri	Phelps County Bank, Rolla, Missouri	July 14, 1978
Strawn Bancshares, Inc., Strawn, Texas	Strawn Security Bank, Strawn, Texas	July 19, 1978
Woodford Investment Company, Eureka, Illinois	First National Bank of Eureka, Eureka, Illinois	July 31, 1978

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.

Applicant Bank(s)	*Nonbanking Company (or activity)*	*Reserve Bank*	*Effective date*
First and Merchants Corporation, Richmond, Virginia	Reinsuring credit life and credit accident and health insurance sold in the State of N.C.	Richmond	July 6, 1978

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

Does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.

Independent Bankers Association of Texas v. *First National Bank in Dallas*, et al., filed July 1978, U.S.C.A. 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.

NCNB Corporation v. *Board of Governors*, filed June 1978, U.S.C.A. for the Fourth Circuit.

NCNB Corporation v. *Board of Governors*, filed June 1978, U.S.C.A. for the Fourth Circuit.

Ellis Banking Corporation v. *Board of Governors*, filed May 1978, U.S.C.A. for the Fifth Circuit.

United States League of Savings Associations v. *Board of Governors*, filed May 1978, U.S.D.C. for the District of Columbia.

Hawkeye Bancorporation v. *Board of Governors*, filed April 1978, U.S.C.A. for the Eighth Circuit.

Dakota Bankshares, Inc. v. *Board of Governors*, filed April 1978, U.S.C.A. for the Eighth Circuit.

Citicorp v. *Board of Governors*, filed March 1978, U.S.C.A. for the Second Circuit.

Security Bancorp and Security National Bank v.

Pending Cases—*Continued*

Board of Governors, filed March 1978, U.S.C.A. for the Ninth Circuit.

Michigan National Corporation v. *Board of Governors*, filed January 1978, U.S.C.A. for the Sixth Circuit.

Wisconsin Bankers Association v. *Board of Governors*, filed January 1978, U.S.C.A. for the District of Columbia.

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

Emch v. *The United States of America*, et al., filed November 1977, U.S.D.C. for the Eastern District of Wisconsin.

Corbin v. *Federal Reserve Bank of New York*, Board of Governors, et. al., filed October 1977, U.S.D.C. for the Southern District of New York.

Central Bank v. *Board of Governors*, filed October 1977, U.S.C.A. for the District of Columbia.

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

BankAmerica Corporation v. *Board of Governors*, filed May 1977, U.S.C.A. for the Northern District of California.

BankAmerica Corporation v. *Board of Governors*, filed May 1977, U.S.C.A. for the Ninth Circuit.

Central Wisconsin Bankshares, Inc. v. *Board of Governors*, filed June 1976, U.S.C.A. for the Seventh Circuit.

Memphis Trust Company v. *Board of Governors*, filed February 1976, U.S.D.C. for the Western District of Tennessee.

First Lincolnwood Corporation v. *Board of Governors*, filed February 1976, U.S.C.A. for the Seventh Circuit.

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

Florida Association of Insurance Agents, Inc. v. *Board of Governors, and National Association of Insurance Agents, Inc.* v. *Board of Governors*, filed August 1975, actions consolidated in U.S.C.A. for the Fifth Circuit.

David R. Merrill, et. al. v. *Federal Open Market Committee of the Federal Reserve System*, filed May 1975, U.S.D.C. for the District of Columbia.

Bankers Trust New York Corporation v. *Board of Governors*, filed May 1973, U.S.C.A. for the Second Circuit.

Announcements

CONSUMER ADVISORY COUNCIL: Suggestions for Membership

The Board of Governors of the Federal Reserve System has announced that it is asking the public for suggestions as to qualified persons to fill upcoming vacancies on the Board's Consumer Advisory Council. The Board asked for suggestions by September 1, 1978.

The terms of 9 of the 28 current members of the Council expire December 31, 1978. New appointments will be for terms of 3 years.

The Consumer Advisory Council, representative of the interests of both consumers and creditors, advises the Board on its responsibilities under the Consumer Credit Protection Act and other consumer-related matters. The Council generally meets with the Board four times yearly. Its meetings are open to the public.

The Board asked that suggestions be accompanied by biographical data. With certain exceptions pertaining to privacy, this information will be available to the public, upon request, for inspection and copying.

The members of the Council whose terms expire at the end of 1978 are:

The Honorable Leonor K. Sullivan
St. Louis, Missouri

Agnes H. Bryant, Director
City of Detroit Human Rights Department
Detroit, Michigan

Linda M. Cohen
Credit Committee Member
National Organization for Women
Washington, D.C.

Anne G. Draper, Economist
AFL-CIO
Washington, D. C.

Joseph F. Holt III
Special Projects Officer
Weyerhaeuser Mortgage Company
Los Angeles, California

Richard F. Kerr
Operating Vice President
Federated Department Stores
Cincinnati, Ohio

Reece A. Overcash, Jr.
President
Associates Corporation of North America
Dallas, Texas

James E. Sutton
Secretary and Corporate Counsel
Chilton Corporation
Dallas, Texas

Richard L. Wheatley, Jr.
Chairman and Chief Executive Officer
University Bank
Stillwater, Oklahoma

REGULATION Z: Amendment

The Board of Governors has amended its Regulation Z (Truth in Lending) concerning the "cooling off" period for consumers who pledge their home as security in open-end credit arrangements.

Truth in Lending requires that when a home is used as collateral for a consumer loan the lender must give notice that the borrower has a 3-day period in which to cancel the arrangement.

Lenders have asked the Board how this notice should be given when they extend open-end credit that is secured by an interest in a consumer's home. Credit-card and overdraft checking arrangements are examples of open-end credit.

The amendment exempts from the notice requirement of Regulation Z individual transactions under an open-end credit arrangement when the creditor and the seller are not the same or related persons. The exemption applies, for example, to use of a bank credit card to purchase merchandise from a retail seller.

To qualify for this exemption under arrangements when the creditor and seller are not the same person, the amendment requires that customers must be notified of their right to cancel mortgage-secured open-end credit plans in the following instances:

1. When an open-end credit plan is first opened.
2. Whenever the credit limit is increased.
3. Whenever the terms of the account are changed.
4. Whenever a security interest in a home is

added to an existing open-end credit arrangement.

Customers must also be reminded annually that their homes have been pledged as security for such accounts.

When the creditor and seller of goods and services are the same or related persons (for example, in the case of a revolving charge account established with a merchant under which the customer may buy goods or services only from that merchant), Regulation Z specifies that notice of the right of rescission must be given whenever a transaction occurs on an open-end account secured by the customer's home.

The change in Regulation Z adopted by the Board is a modification of an amendment proposed by the Board on December 5, 1977.

PROPOSED ACTIONS

The Board of Governors has proposed adoption of an amendment to its Regulation Y (Bank Holding Companies) to make check verification an activity permissible for bank holding company subsidiaries. Comment will be received through September 13, 1978.

The Board has also proposed to lighten the penalty required for early withdrawal of certain types of time deposits at member banks under Regulation Q (Interest on Deposits). The proposal is expected to benefit particularly time deposits in long-term individual retirement accounts (IRA's) and Keogh Plan retirement accounts, thus furthering the congressional aim of promoting retirement savings. The Board asked for comment by August 15, 1978.

REGULATION C: Exemption Actions

The Board of Governors annulled an exemption previously granted to depositary institutions chartered by the State of Illinois under the Federal Home Mortgage Disclosure Act (HMDA), effective July 26, 1978.

The HMDA authorizes the Board to exempt State-chartered institutions subject to a State law imposing requirements substantially similar to the Federal law and with adequate provision for enforcement.

The Board had granted such an exemption to Illinois-chartered depositories on December 21, 1976. The Illinois Supreme Court has declared the Illinois Financial Institutions Disclosure Act, on which the Board based its exemption, to be unconstitutional and void. The Board has consequently annulled the exemption. Illinois institutions subject to the act must begin within 90 days to comply with HMDA and the Board's Regulation C (Home Mortgage Disclosure).

In another action, the Board of Governors approved an exemption from the requirements of the Federal Home Mortgage Disclosure Act and the Board's Regulation C for State-chartered banks and other depositary institutions in Connecticut, effective September 11, 1978.

The exemption will apply to State-chartered depositories that are subject to the Connecticut Home Mortgage Disclosure Act and the related regulations of the Connecticut Banking Department.

CONSUMER CREDIT: Extension of Survey

The Board of Governors has approved the extension for 3 years of its monthly survey of consumer credit at commercial banks.

At the same time the Board approved a number of changes in the report (Commercial Bank Report of Consumer Credit—FR 571) designed to reduce substantially the reporting burden on banks while retaining the major aspects of the analytical usefulness of the information gathered.

Some of the data are used by the Board in preparing its monthly releases on consumer instalment credit [421 (G.19)] and automobile credit [428 (G.26)].

The revisions were in large part necessitated by the fact that distinctions among certain types of consumer credit are becoming blurred by changing market practices. The revisions will eliminate reporting of the number of loans made by the reporting banks for automobile and mobile homes and data for new and used automobile loans, and consolidate check-credit and credit-card figures. The reporting panel of banks will be reduced to 298 from 567.

The title of the revised report (Commercial Bank Report of Consumer Instalment Credit--FR 2571) reflects elimination of the only item in the old report that did not involve consumer credit.

The new form will be used first for the October report.

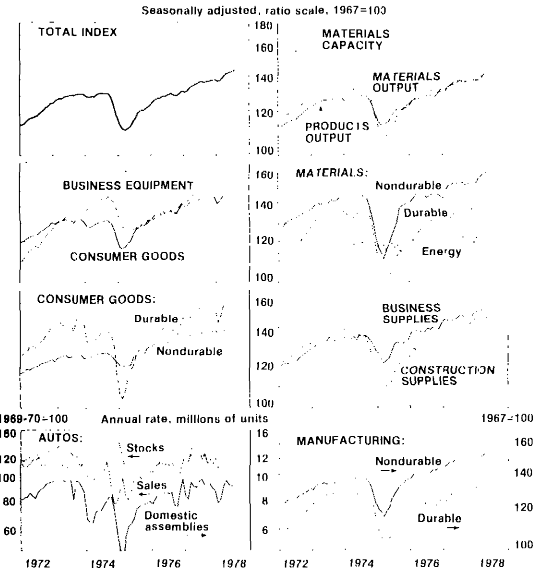
Industrial Production

Released for publication August 15

Industrial production increased an estimated 0.5 per cent in July, following revised 0.5 per cent rises in both May and June and a 1.6 per cent gain in April. Increases in output of equipment, construction supplies, and durable goods materials continued to be large in July; and there was a moderate rise in production of consumer goods, following declines in the two preceding months. At 145.3 per cent of the 1967 average, the July index is 4.8 per cent higher than a year earlier; the index for consumer goods is 1.3 per cent higher, and the index for equipment is 7.2 per cent higher than a year earlier.

Output of consumer goods in July increased 0.3 per cent, as auto assemblies—at a seasonally adjusted annual rate of 9.4 million units—increased fractionally from the 9.3-million rate in June. Production of home goods rose further in July but by less than in the preceding month; output of consumer nondurable goods increased in July following 2 months of decline, but the level remained below that of April. Output of business equipment increased 0.9 per cent in July, and production of intermediate products, especially construction supplies, continued to rise.

Output of durable goods materials increased 1.0 per cent in July, reflecting continued gains in steel and equipment parts. Nondurable goods materials output was unchanged, as the decline in strike-affected paper materials offset gains in other nondurable goods materials. The output of materials was 5.8 per cent higher than in July 1977.



F.R. indexes, seasonally adjusted. Latest figures: July. Auto sales and stocks include imports.

Industrial production	1967 = 100, 1978, June[p]	1967 = 100, 1978, July[e]	Percentage change from preceding month to, 1978, Feb.	Mar.	Apr.	May	June	July	Percentage change 7/77 to 7/78
Total	**144.6**	**145.3**	**.3**	**1.2**	**1.6**	**.5**	**.5**	**.5**	**4.8**
Products, total	143.7	144.3	.8	1.4	1.0	.1	.4	.4	4.9
Final products	140.9	141.6	1.1	1.8	1.2	.0	.3	.5	3.5
Consumer goods	146.9	147.3	1.4	1.5	1.1	.3	.1	.3	1.3
Durable	161.2	161.6	3.2	4.2	2.7	.9	.6	.2	2.3
Nondurable	141.1	141.6	.6	.4	.4	.1	.4	.4	.9
Business equipment	161.3	162.8	1.0	2.1	1.2	.6	.7	.9	7.7
Intermediate products	154.3	154.8	.1	.0	.5	.5	.9	.3	5.8
Construction supplies	151.3	152.4	.4	.5	.4	1.3	.6	.7	7.9
Materials	146.2	146.9	.4	.9	2.7	1.0	.7	.5	5.8

[p] Preliminary. [e] Estimated.

NOTE. Indexes are seasonally adjusted.

Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision

The index of the weighted-average foreign exchange value of the U.S. dollar has been revised. Monthly average values of the revised index beginning with 1967 are shown in Table 1.

An index of the average exchange value of the dollar summarizes in one number the various individual exchange rates of the dollar against major foreign currencies. The index previously published in the BULLETIN was constructed by computing an arithmetic weighted average of the exchange values of the dollar against the 10 major foreign currencies listed in the Technical Note. The weight of each currency in the index was equal to that country's share of total trade (imports plus exports) in 1972. Changes in the index were computed from a base period of May 1970=100.

The major difference in the new index is a change in the mathematical averaging technique. The previously used arithmetic average had an undesirable property: namely, as currencies diverged from each other over time, changes in currencies that rose against the dollar had a reduced impact on the index while changes in currencies that fell against the dollar had an increased impact on the index. As a result, arithmetic averaging imparted a systematic upward bias to the measurement of changes in the dollar's average exchange value. The geometric averaging technique now being adopted is free from this problem since essentially it averages the percentage changes in the individual exchange rates to determine the percentage change in the index.

Along with this more substantive revision, a routine updating of the index's trade weights has been made. The weights have been recalculated by using average trade shares of the 10 countries for the 5 years 1972-76. The base period of the index has also been updated to March 1973, the start of the period of generalized floating of exchange rates.

The formula used to calculate the revised index is described in the Technical Note. The index is published in the table on Foreign Exchange Rates on page A68 (line 25) of the BULLETIN.

TECHNICAL NOTE

The value of the index at time t is defined as:

$$100 \prod_{i=1}^{10} R_{it}^{w_i}$$

or alternatively,

$$100 \exp \sum_{i=1}^{10} w_i \log_e R_{it}$$

where R_{it} = (Base period exchange rate of currency i)/(Exchange rate of currency i at time t), with all exchange rates expressed in U.S. cents per unit of foreign currency. The base period exchange rates and weights w_i are given below.

Country/currency	March 1973 base period exchange rate[1]	Weight in index
Germany/deutsche mark	35.548	.208
Japan/yen	.38190	.136
France/franc	22.191	.131
United Kingdom/pound	247.24	.119
Canada/dollar	100.33	.091
Italy/lira	.17600	.090
Netherlands/guilder	34.834	.083
Belgium/franc	2.5377	.064
Sweden/krona	22.582	.042
Switzerland/franc	31.084	.036
Sum		1.000

[1] Cents per unit of foreign currency.

1. Weighted-average exchange value of the U.S. dollar, March 1973=100

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1967	119.89	119.81	119.79	119.72	119.64	119.63	119.70	119.75	119.74	119.73	120.27	121.79
1968	122.07	122.08	122.00	122.01	122.04	122.22	122.18	122.18	121.98	122.03	122.95	121.96
1969	122.08	122.19	122.29	122.26	122.24	122.34	122.36	123.46	123.82	122.18	122.77	121.74
1970	121.75	121.72	121.60	121.36	121.32	120.98	120.90	120.70	120.62	120.64	120.55	120.64
1971	120.40	120.23	120.18	120.23	119.39	119.28	118.98	117.82	115.78	114.70	114.43	112.28
1972	110.32	108.89	108.36	108.55	108.40	108.24	108.63	108.88	109.06	109.57	109.86	110.06
1973	109.98	104.36	100.00	101.27	100.01	96.49	92.71	95.02	95.11	94.48	98.73	101.48
1974	107.08	104.44	101.57	99.82	98.42	100.02	100.18	102.04	102.91	101.61	100.30	98.59
1975	96.35	94.77	93.93	95.39	94.81	94.79	98.73	101.58	103.04	102.53	102.58	103.51
1976	103.36	103.50	105.12	106.13	106.48	107.05	106.84	106.39	105.70	105.77	105.88	105.33
1977	105.24	105.43	105.19	104.69	104.50	104.35	102.54	103.24	103.77	102.15	100.73	98.36
1978	96.73	96.19	94.80	94.56	96.31	94.74	92.44	.....	.....	....	.....	.....

NOTE: Geometric weighted average of the exchange value of the dollar against currencies of the other Group of Ten countries plus Switzerland. Weights are 1972-76 average total trade shares of each of the 10 countries.

Financial and Business Statistics

CONTENTS

1.10 MONETARY AGGREGATES AND INTEREST RATES

	Item	1977 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Feb.	1978 Mar.	1978 Apr.	1978 May	1978 June
		Monetary and credit aggregates (annual rates of change, seasonally adjusted in per cent)[12]								
	Member bank reserves									
1	Total	7.3	6.1	8.5	6.3	10.9	−8.6	9.4	10.2	14.7
2	Required	6.8	6.3	8.3	7.0	11.8	−7.3	11.1	7.9	16.2
3	Nonborrowed	1.7	3.5	14.5	.4	13.7	−6.2	1.9	−11.2	19.2
	Concepts of money[1]									
4	*M*-1	8.1	7.5	5.6	9.5	−0.7	3.5	19.0	8.0	5.9
5	*M*-2	9.9	8.2	6.9	8.3	4.7	5.6	11.5	7.8	7.8
6	*M*-3	11.9	10.7	7.7	8.0	5.7	6.5	9.8	r7.6	8.4
	Time and savings deposits									
	Commercial banks:									
7	Total	10.3	13.1	13.4	11.0	14.2	11.6	8.3	14.4	6.7
8	Other than large CD's	11.2	8.6	7.9	7.4	8.6	7.0	6.2	7.7	8.9
9	Thrift institutions[2]	15.0	14.4	8.9	7.6	6.9	7.7	7.3	r7.2	9.2
10	Total loans and investments at commercial banks[3]	11.1	9.9	9.6	13.0	7.9	6.9	18.5	r15.6	6.0

	Item	1977 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July
		Interest rates (levels, per cent per annum)								
	Short-term rates									
11	Federal funds[4]	5.82	6.51	6.76	7.28	6.79	6.89	7.36	7.60	7.81
12	Federal Reserve discount[5]	5.42	5.93	6.46	6.78	6.50	6.50	6.84	7.00	7.23
13	Treasury bills (3-month market yield)[6]	5.50	6.11	6.39	6.48	6.29	6.29	6.41	6.73	7.01
14	Commercial paper (90- to 119-day)[7]	5.74	6.56	6.76	7.16	6.75	6.82	7.06	7.59	7.85
	Long-term rates									
	Bonds:									
15	U.S. Government[8]	7.60	7.78	8.19	8.43	8.21	8.32	8.44	8.53	8.69
16	State and local government[9]	5.59	5.57	5.65	6.02	5.61	5.80	6.03	6.22	6.28
17	Aaa utility (new issue)[10]	8.09	8.27	8.70	8.98	8.71	8.90	8.95	9.09	9.14
18	Conventional mortgages[11]	9.00	9.05	9.23	9.58	9.30	9.40	9.60	9.75	9.80

1 *M*-1 equals currency plus private demand deposits adjusted.
M-2 equals *M*-1 plus bank time and savings deposits other than large negotiable certificates of deposit (CD's).
M-3 equals *M*-2 plus deposits at mutual savings banks, savings and loan associations, and credit union shares.
2 Savings and loan associations, mutual savings banks, and credit unions.
3 Quarterly changes calculated from figures shown in Table 1.23.
4 Seven-day averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).
5 Rate for the Federal Reserve Bank of New York.
6 Quoted on a bank-discount rate basis.
7 Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by these dealers.
8 Market yields adjusted to a 20-year maturity by the U.S. Treasury.
9 *Bond Buyer* series for 20 issues of mixed quality.
10 Weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis. Federal Reserve compilations.
11 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.
12 Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter.

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for weeks ending—						
	1978			1978						
	May	June	July p	June 14	June 21	June 28	July 5	July 12	July 19p	July 26p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**119,603**	**121,992**	**127,052**	**117,964**	**124,897**	**126,014**	**127,461**	**125,720**	**128,901**	**127,361**
2 *U.S. Govt. securities*[1]	*103,143*	*104,656*	*108,626*	*101,361*	*107,197*	*107,993*	*109,389*	*106,933*	*110,095*	*109,046*
3 Bought outright	102,431	103,763	107,350	101,361	105,957	106,241	106,793	106,710	108,162	107,417
4 Held under repurchase agreement	712	893	1,276	....	1,240	1,752	2,596	223	1,933	1,629
5 *Federal agency securities*	*8,171*	*8,138*	*8,584*	*7,883*	*7,995*	*8,570*	*8,802*	*8,248*	*8,913*	*8,745*
6 Bought outright	7,907	7,897	8,166	7,883	7,867	7,867	8,168	8,168	8,168	8,164
7 Held under repurchase agreement	264	241	418	....	128	703	634	80	745	581
8 Acceptances	204	213	337	....	175	460	972	22	291	444
9 Loans	1,227	1,111	1,286	793	1,194	1,716	1,193	903	1,589	1,460
10 Float	4,119	5,297	5,493	5,486	5,549	4,686	4,499	6,994	5,342	4,809
11 Other Federal Reserve assets	2,739	2,577	2,726	2,440	2,787	2,589	2,606	2,619	2,672	2,857
12 Gold stock	11,718	11,709	11,698	11,706	11,706	11,706	11,706	11,704	11,693	11,693
13 Special Drawing Rights certificate account	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
14 Treasury currency outstanding	11,538	11,576	11,614	11,571	11,576	11,593	11,583	11,607	11,613	11,624
ABSORBING RESERVE FUNDS										
15 Currency in circulation	104,389	105,661	107,057	105,830	105,668	105,550	106,589	107,624	107,342	106,760
16 Treasury cash holdings	383	358	343	362	357	354	350	364	345	333
Deposits, other than member bank reserves with F.R. Banks:										
17 Treasury	6,514	7,577	10,512	3,690	9,231	11,663	10,338	10,511	10,464	11,219
18 Foreign	341	266	281	258	258	238	304	299	256	279
19 Other[2]	639	776	709	870	912	648	798	727	662	699
20 Other F.R. liabilities and capital	3,954	4,049	4,047	3,919	4,371	4,071	4,166	3,778	4,002	4,170
21 Member bank reserves with F.R. Banks	27,890	27,840	28,664	27,560	28,632	28,038	29,457	26,978	30,386	28,468

	End-of-month figures			Wednesday figures						
	1978			1978						
	May	June	July p	June 14	June 21	June 28	July 5	July 12	July 19p	July 26p
SUPPLYING RESERVE FUNDS										
22 **Reserve Bank credit outstanding**	**119,193**	**126,893**	**126,148**	**115,246**	**131,218**	**131,211**	**120,258**	**129,562**	**135,534**	**121,488**
23 *U.S. Govt. securities*[1]	*102,826*	*110,146*	*108,885*	*96,705*	*110,851*	*110,508*	*101,771*	*109,316*	*111,615*	*103,820*
24 Bought outright	102,395	107,859	108,149	96,705	108,069	106,918	100,010	107,754	108,017	103,281
25 Held under repurchase agreement	431	2,287	736	....	2,782	3,590	1,761	1,562	3,598	539
26 *Federal agency securities*	*7,921*	*8,526*	*8,235*	*7,867*	*8,526*	*8,943*	*8,762*	*8,729*	*9,474*	*8,396*
27 Bought outright	7,895	8,168	8,164	7,867	7,867	7,867	8,168	8,168	8,168	8,164
28 Held under repurchase agreement	26	358	71	....	659	1,076	594	561	1,306	232
29 Acceptances	274	1,021	268	....	436	720	784	157	668	119
30 Loans	1,167	1,428	1,132	1,553	2,574	2,648	648	1,097	5,274	1,325
31 Float	4,419	3,318	4,726	6,683	6,200	5,845	5,279	7,635	5,704	4,902
32 Other Federal Reserve assets	2,586	2,454	2,902	2,438	2,631	2,547	3,014	2,628	2,799	2,926
33 Gold stock	11,718	11,706	11,693	11,706	11,706	11,706	11,706	11,695	11,693	11,693
34 Special Drawing Rights certificate account	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
35 Treasury currency outstanding	11,526	11,565	11,630	11,571	11,578	11,594	11,607	11,607	11,622	11,626
ABSORBING RESERVE FUNDS										
36 Currency in circulation	105,443	106,288	106,589	106,060	105,793	106,233	107,446	107,919	107,300	106,914
37 Treasury cash holdings	365	337	336	359	355	351	395	343	343	334
Deposits, other than member bank reserves with F.R. Banks:										
38 Treasury	2,398	11,614	10,331	3,631	14,132	12,173	9,591	10,562	10,201	9,964
39 Foreign	454	288	347	248	274	209	298	226	263	253
40 Other[2]	660	773	771	675	652	663	815	710	645	647
41 Other F.R. liabilities and capital	4,235	4,193	4,247	4,294	3,987	4,167	3,701	3,930	4,150	4,211
42 Member bank reserves with F.R. Banks	30,135	27,920	28,100	24,505	30,559	31,965	22,575	30,424	37,198	23,735

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

2 Includes certain deposits of foreign-owned banking institutions voluntarily held with member banks and redeposited in full with Federal Reserve 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									
		1976	1977		1978						
		Dec.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July[p]
	All member banks										
	Reserves:										
1	At F.R. Banks	26,430	26,783	27,057	28,129	27,337	27,155	27,776	27,890	27,840	28,664
2	Currency and coin	8,548	8,932	9,351	9,980	9,320	8,992	9,028	9,151	9,345	9,539
3	*Total held*[1]	*35,136*	*35,782*	*36,471*	*38,185*	*36,738*	*36,231*	*36,880*	*37,119*	*37,262*	*38,271*
4	Required	34,964	35,647	36,297	37,880	36,605	35,925	36,816	36,867	37,125	38,069
5	Excess[1]	172	135	174	305	133	306	64	252	137	202
	Borrowings at F.R. Banks:[2]										
6	Total	62	840	558	481	405	344	539	1,227	1,111	1,286
7	Seasonal	12	83	54	32	52	47	43	93	120	143
	Large banks in New York City										
8	*Reserves held*	*6,520*	*6,181*	*6,244*	*6,804*	*6,563*	*6,276*	*6,247*	*6,315*	*6,341*	*6,506*
9	Required	6,602	6,175	6,279	6,775	6,584	6,193	6,320	6,236	6,376	6,581
10	Excess	−82	6	35	29	−21	83	73	79	−35	75
11	Borrowings[2]	15	132	48	77	12	21	61	113	54	129
	Large banks in Chicago										
12	*Reserves held*	*1,632*	*1,607*	*1,593*	*1,733*	*1,623*	*1,629*	*1,670*	*1,697*	*1,668*	*1,714*
13	Required	1,641	1,609	1,613	1,684	1,633	1,620	1,686	1,669	1,670	1,707
14	Excess	−9	−2	20	49	−10	9	−16	28	−2	7
15	Borrowings[2]	4	23	26	14	....	11	11	19	20	20
	Other large banks										
16	*Reserves held*	*13,117*	*13,607*	*13,993*	*14,487*	*13,867*	*13,729*	*14,135*	*14,106*	*14,250*	*14,458*
17	Required	13,053	13,602	13,931	14,504	13,861	13,662	14,077	14,079	14,225	14,579
18	Excess	64	5	62	−17	6	67	58	27	25	121
19	Borrowings[2]	14	355	243	164	150	92	249	500	536	498
	All other banks										
20	*Reserves held*	*13,867*	*14,387*	*14,641*	*15,161*	*14,685*	*14,597*	*14,828*	*15,001*	*15,003*	*15,234*
21	Required	13,668	14,261	14,474	14,917	14,527	14,450	14,733	14,833	14,854	15,202
22	Excess	199	126	167	244	158	147	95	118	149	32
23	Borrowings[2]	29	330	241	226	243	220	218	595	501	639

	Reserve classification	Weekly averages of daily figures for weeks ending								
		1978								
		May 31	June 7	June 14	June 21	June 28	July 5	July 12	July 19[p]	July 26[p]
	All member banks									
	Reserves:									
24	At F.R. Banks	27,635	26,844	27,560	28,632	28,038	29,457	26,978	30,386	28,468
25	Currency and coin	9,215	9,391	9,518	9,034	9,389	9,513	9,761	9,084	9,561
26	*Total held*[1]	*36,928*	*36,313*	*37,155*	*37,742*	*37,503*	*39,043*	*36,810*	*39,536*	*38,095*
27	Required	36,529	36,264	37,042	37,516	37,335	38,324	37,037	39,145	38,092
28	Excess[1]	399	49	113	226	168	719	227	391	3
	Borrowings at F.R. Banks:[2]									
29	Total	1,399	645	793	1,194	1,716	1,193	903	1,589	1,460
30	Seasonal	105	111	106	123	134	137	131	134	152
	Large banks in New York City									
31	*Reserves held*	*6,225*	*6,061*	*6,657*	*6,459*	*6,276*	*6,816*	*6,188*	*7,028*	*6,341*
32	Required	6,161	6,105	6,653	6,443	6,229	6,630	6,310	7,122	6,428
33	Excess	64	−44	4	16	47	186	122	94	87
34	Borrowings[2]	214	....	54	63	116	....	....	362	9
	Large banks in Chicago									
35	*Reserves held*	*1,636*	*1,699*	*1,690*	*1,693*	*1,597*	*1,784*	*1,594*	*1,854*	*1,691*
36	Required	1,638	1,694	1,697	1,686	1,588	1,727	1,616	1,843	1,678
37	Excess	2	5	7	7	9	57	22	11	13
38	Borrowings[2]	....	....	22	61	2	2	19	69	....
	Other large banks									
39	*Reserves held*	*14,097*	*13,808*	*14,087*	*14,499*	*14,410*	*14,911*	*13,997*	*14,982*	*14,478*
40	Required	13,951	13,837	14,116	14,396	14,425	14,671	14,169	14,969	14,592
41	Excess	146	−29	−29	103	15	240	172	13	114
42	Borrowings[2]	537	247	335	630	905	491	437	511	696
	All other banks									
43	*Reserves held*	*14,970*	*14,745*	*14,721*	*15,091*	*15,220*	*15,532*	*15,031*	*15,199*	*15,374*
44	Required	14,779	14,628	14,576	14,991	15,093	15,296	14,942	15,211	15,394
45	Excess	191	117	145	100	127	236	89	12	20
46	Borrowings[2]	648	398	382	440	693	700	447	647	755

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 merges 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 TRANSACTIONS Money Market Banks

Millions of dollars, except as noted

	Type	1978, week ending—								
		May 31	June 7	June 14	June 21	June 28	July 5	July 12	July 19	July 26
		Total, 46 banks								
	Basic reserve position									
1	Excess reserves[1]	231	49	−73	62	89	385	−60	141	−7
	LESS:									
2	Borrowings at F.R. Banks	580	3	146	355	339	168	144	522	114
3	Net interbank Federal funds transactions	13,660	19,719	18,714	16,395	12,688	−11,149	16,201	13,573	12,827
	EQUALS: Net surplus, or deficit (−):									
4	Amount	−14,009	−19,673	−18,932	−16,688	−12,938	−11,932	−16,405	−13,954	−12,949
5	*Per cent of average required reserves*	*91.8*	*129.3*	*118.6*	*104.7*	*82.7*	*73.3*	*105.3*	*81.7*	*81.1*
	Interbank Federal funds transactions									
	Gross transactions:									
6	Purchases	22,915	26,944	25,547	23,710	21,515	22,683	24,235	23,133	21,181
7	Sales	9,256	7,225	6,834	7,316	8,827	10,534	8,033	9,560	8,354
8	Two-way transactions[2]	6,090	5,146	4,599	5,130	5,609	6,676	5,810	6,878	6,172
	Net transactions:									
9	Purchases of net buying banks	16,825	21,799	20,948	18,581	15,906	16,008	18,424	16,255	15,009
10	Sales of net selling banks	3,166	2,080	2,235	2,186	3,218	3,858	2,223	2,682	2,182
	Related transactions with U.S. Govt. securities dealers									
11	Loans to dealers[3]	4,220	5,883	4,885	4,449	3,261	3,695	3,600	2,649	3,051
12	Borrowing from dealers[4]	1,782	1,610	1,701	1,835	2,441	2,106	1,288	2,443	2,550
13	Net loans	2,438	4,272	3,184	2,613	820	1,589	2,312	206	502
		8 banks in New York City								
	Basic reserve position									
14	Excess reserves[1]	−121	12	−12	7	48	223	−7	52	−13
	LESS:									
15	Borrowings at F.R. Banks	214	....	54	63	73	....	....	324	9
16	Net interbank Federal funds transactions	3,387	6,412	5,008	3,849	2,898	3,882	4,700	3,421	2,817
	EQUALS: Net surplus, or deficit (−):									
17	Amount	−3,480	−6,400	−5,075	−3,905	−2,922	−3,659	−4,707	−3,693	−2,839
18	*Per cent of average required reserves*	*62.5*	*116.1*	*84.2*	*67.0*	*51.9*	*60.9*	*82.3*	*57.1*	*48.9*
	Interbank Federal funds transactions									
	Gross transactions:									
19	Purchases	4,778	7,194	5,818	5,039	4,491	5,177	5,678	5,091	4,426
20	Sales	1,391	781	810	1,190	1,593	1,295	978	1,669	1,609
21	Two-way transactions[2]	1,391	781	810	1,190	1,593	1,295	978	1,324	1,529
	Net transactions:									
22	Purchases of net buying banks	3,387	6,412	5,008	3,849	2,898	3,882	4,700	3,767	2,897
23	Sales of net selling banks	....	....	....	....	....	....	....	346	80
	Related transactions with U.S. Govt. securities dealers									
24	Loans to dealers[3]	2,421	3,395	2,817	2,863	1,959	2,426	2,468	1,504	1,859
25	Borrowing from dealers[4]	746	746	877	1,051	849	652	677	782	866
26	Net loans	1,675	2,650	1,940	1,812	1,111	1,774	1,791	722	993
		38 banks outside New York City								
	Basic reserve position									
27	Excess reserves[1]	110	37	−61	55	41	162	−54	89	6
	LESS:									
28	Borrowings at F.R. Banks	366	3	92	293	266	168	144	198	105
29	Net interbank Federal funds transactions	10,273	13,307	13,705	12,546	9,790	8,267	11,501	10,152	10,011
	EQUALS: Net surplus, or deficit (−):									
30	Amount	−10,529	−13,273	−13,857	−12,784	−10,016	−8,273	−11,699	−10,261	−10,110
31	*Per cent of average required reserves*	*108.6*	*136.8*	*139.4*	*126.4*	*100.0*	*80.6*	*118.6*	*96.6*	*99.6*
	Interbank Federal funds transactions									
	Gross transactions:									
32	Purchases	18,138	19,751	19,729	18,672	17,024	17,506	18,557	18,043	16,755
33	Sales	7,865	6,444	6,024	6,125	7,234	9,239	7,055	7,891	6,744
34	Two-way transactions[2]	4,699	4,364	3,789	3,940	4,015	5,381	4,832	5,555	4,643
	Net transactions:									
35	Purchases of net buying banks	13,438	15,386	15,940	14,732	13,009	12,125	13,724	12,488	12,112
36	Sales of net selling banks	3,166	2,080	2,235	2,186	3,218	3,858	2,223	2,336	2,102
	Related transactions with U.S. Govt. securities dealers									
37	Loans to dealers[3]	1,798	2,488	2,068	1,586	1,302	1,269	1,131	1,145	1,193
38	Borrowing from dealers[4]	1,036	865	824	784	1,592	1,454	610	1,661	1,684
39	Net loans	763	1,623	1,244	801	−290	−185	521	−516	−491

For notes see end of table.

1.13 Continued

	Type	1978, week ending								
		May 31	June 7	June 14	June 21	June 28	July 5	July 12	July 19	July 26
		5 banks in City of Chicago								
	Basic reserve position									
40	Excess reserves[1]	16	8	−2	7	15	60	−2	1	9
	LESS:									
41	Borrowings at F.R. Banks	....	....	22	61	....	....	19	68	....
42	Net interbank Federal funds transactions	5,830	6,872	6,877	5,524	4,563	4,702	5,311	4,753	4,402
	EQUALS: Net surplus, or deficit (−):									
43	Amount	−5,814	−6,863	−6,901	−5,579	−4,549	−4,642	−5,332	−4,820	−4,393
44	*Per cent of average required reserves*	*379.4*	*432.4*	*434.2*	*353.8*	*307.2*	*286.8*	*353.1*	*278.3*	*279.8*
	Interbank Federal funds transactions									
	Gross transactions:									
45	Purchases	7,126	7,743	7,817	6,630	5,963	6,099	6,707	6,105	5,937
46	Sales	1,296	872	940	1,105	1,400	1,396	1,395	1,352	1,535
47	Two-way transactions[2]	1,295	872	940	1,106	1,400	1,397	1,395	1,352	1,535
	Net transactions:									
48	Purchases of net buying banks	5,831	6,872	6,877	5,524	4,563	4,702	5,312	4,753	4,402
49	Sales of net selling banks	....	....	....	....	....	....	....	....	....
	Related transactions with U.S. Govt. securities dealers									
50	Loans to dealers[3]	488	647	579	508	397	275	161	245	296
51	Borrowing from dealers[4]	75	76	83	262	556	477	51	374	309
52	Net loans	414	571	496	247	−159	−202	110	−129	−13
		33 other banks								
	Basic reserve position									
53	Excess reserves[1]	93	29	−59	48	27	102	52	88	−4
	LESS:									
54	Borrowings at F.R. Banks	366	3	70	231	266	168	125	130	105
55	Net interbank Federal funds transactions	4,442	6,435	6,828	7,022	5,227	3,565	6,190	5,399	5,608
	EQUALS: Net surplus, or deficit (−):									
56	Amount	−4,715	−6,409	−6,957	−7,205	−5,467	−3,631	−6,367	−5,441	−5,717
57	*Per cent of average required reserves*	*57.7*	*79.0*	*83.3*	*84.4*	*64.0*	*42.0*	*76.2*	*61.2*	*66.6*
	Interbank Federal funds transactions									
	Gross transactions:									
58	Purchases	11,012	12,007	11,912	12,042	11,061	11,408	11,850	11,938	10,818
59	Sales	6,569	5,572	5,084	5,020	5,833	7,843	5,660	6,539	5,210
60	Two-way transactions[2]	3,404	3,492	2,849	2,834	2,615	3,984	3,437	4,203	3,108
	Net transactions:									
61	Purchases of net buying banks	7,608	8,515	9,063	9,208	8,446	7,423	8,413	7,735	7,710
62	Sales of net selling banks	3,166	2,080	2,235	2,186	3,218	3,858	2,223	2,336	2,102
	Related transactions with U.S. Govt. securities dealers									
63	Loans to dealers[3]	1,310	1,841	1,489	1,077	905	994	971	900	897
64	Borrowing from dealers[4]	961	789	741	523	1,036	977	559	1,287	1,375
65	Net loans	349	1,052	748	555	−131	18	411	−387	−478

1 Based on reserve balances, including adjustments to include waivers of penalties for reserve deficiencies in accordance with changes in policy of the Board of Governors effective Nov. 19, 1975.

2 Derived from averages for individual banks for entire week. Figure for each bank indicates extent to which the bank's average purchases and sales are offsetting.

3 Federal funds loaned, net funds supplied to each dealer by clearing banks, repurchase agreements (purchases from dealers subject to resale), or other lending arrangements.

4 Federal funds borrowed, net funds acquired from each dealer by clearing banks, reverse repurchase agreements (sales of securities to dealers subject to repurchase), resale agreements, and borrowings secured by U.S. Govt. or other securities.

NOTE.—Weekly averages of daily figures. For description of series, see August 1964 BULLETIN, pp. 944–53. Back data for 46 banks appear in the Board's *Annual Statistical Digest, 1971–1975*, Table 3.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Per cent per annum

Federal Reserve Bank	Current and previous levels											
	Loans to member banks—									Loans to all others under Sec. 13, last par.[4]		
	Under Secs. 13 and 13a[1]			Under Sec. 10(b)[2]								
				Regular rate			Special rate[3]					
	Rate on 7/31/78	Effective date	Previous rate	Rate on 7/31/78	Effective date	Previous rate	Rate on 7/31/78	Effective date	Previous rate	Rate on 7/31/78	Effective date	Previous rate
Boston	7¼	7/3/78	7	7¾	7/3/78	7½	8¼	7/3/78	8	10¼	7/3/78	10
New York	7¼	7/3/78	7	7¾	7/3/78	7½	8¼	7/3/78	8	10¼	7/3/78	10
Philadelphia	7¼	7/7/78	7	7¾	7/7/78	7½	8¼	7/7/78	8	10¼	7/7/78	10
Cleveland	7¼	7/3/78	7	7¾	7/3/78	7½	8¼	7/3/78	8	10¼	7/3/78	10
Richmond	7¼	7/3/78	7	7¾	7/3/78	7½	8¼	7/3/78	8	10¼	7/3/78	10
Atlanta	7¼	7/10/78	7	7¾	7/10/78	7½	8¼	7/10/78	8	10¼	7/10/78	10
Chicago	7¼	7/3/78	7	7¾	7/3/78	7½	8¼	7/3/78	8	10¼	7/3/78	10
St. Louis	7¼	7/3/78	7	7¾	7/3/78	7½	8¼	7/3/78	8	10¼	7/3/78	10
Minneapolis	7¼	7/3/78	7	7¾	7/3/78	7½	8¼	7/3/78	8	10¼	7/3/78	10
Kansas City	7¼	7/7/78	7	7¾	7/7/78	7½	8¼	7/7/78	8	10¼	7/7/78	10
Dallas	7¼	7/3/78	7	7¾	7/3/78	7½	8¼	7/3/78	8	10¼	7/3/78	10
San Francisco	7¼	7/3/78	7	7¾	7/3/78	7½	8¼	7/3/78	8	10¼	7/3/78	10

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—Apr. 23	5½–5¾	5½	1975—Mar. 10	6¼–6¾	6¼
			May 4	5¾	5¾	14	6¼	6¼
1971—Jan. 8	5¼–5½	5¼	11	5¾–6	6	May 16	6–6¼	6
15	5¼	5¼	18	6	6	23	6	6
19	5–5¼	5¼	June 11	6–6½	6½			
22	5–5¼	5	15	6½	6½	1976—Jan. 19	5½–6	5½
29	5	5	July 2	7	7	23	5½	5½
Feb. 13	4¾–5	5	Aug. 14	7–7½	7½	Nov. 22	5¼–5½	5¼
19	4¾	4¾	23	7½	7½	26	5¼	5¼
July 16	4¾–5	5						
23	5	5	1974—Apr. 25	7½–8	8	1977—Aug. 30	5¼–5¾	5¼
Nov. 11	4¾–5	5	30	8	8	31	5¼–5¾	5¾
19	4¾	4¾	Dec. 9	7¾–8	7¾	Sept. 2	5¾	5¾
Dec. 13	4½–4¾	4¾	16	7¾	7¾	Oct. 26	6	6
17	4½–4¾	4½						
24	4½	4½	1975—Jan. 6	7¼–7¾	7¾	1978—Jan. 9	6–6½	6½
			10	7¼–7¾	7¼	20	6½	6½
1973—Jan. 15	5	5	24	7¼	7¼	May 11	6½–7	7
Feb. 26	5–5½	5½	Feb. 5	6¾–7¼	6¾	12	7	7
Mar. 2	5½	5½	7	6¾	6¾	July 3	7–7¼	7¼
						10	7¼	7¼
						In effect July 31, 1978	7¼	7¼

1 Discounts of eligible paper and advances secured by such paper or by U.S. Govt. obligations or any other obligations eligible for F.R. Bank purchase.

2 Advances secured to the satisfaction of the F.R. Bank. Advances secured by mortgages on 1- to 4-family residential property are made at the Section 13 rate.

3 Applicable to special advances described in Section 201.2(e)(2) of Regulation A.

4 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. Govt. or any agency thereof.

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*, *Banking and Monetary Statistics, 1941–1970*, *Annual Statistical Digest, 1971–75*, and *Annual Statistical Digest, 1972–76*.

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Per cent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect July 31, 1978		Previous requirements	
	Per cent	Effective date	Per cent	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:[2,3]				
Savings	3	3/16/67	3½	3/2/67
Other time:				
0–5, maturing in–				
30–179 days	3	3/16/67	3½	3/2/67
180 days to 4 years	[4]2½	1/8/76	3	3/16/67
4 years or more	[4]1	10/30/75	3	3/16/67
Over 5, maturing in				
30–179 days	6	12/12/74	5	10/1/70
180 days to 4 years	[4]2½	1/8/76	3	12/12/74
4 years or more	[4]1	10/30/75	3	12/12/74

	Legal limits, July 31, 1978	
	Minimum	Maximum
Net demand:		
Reserve city banks	10	22
Other banks	7	14
Time	3	10

[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 F.R. 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) The Board's Regulation M requires a 4 per cent reserve against net balances due from domestic banks to their foreign branches and to foreign banks abroad. Effective Dec. 1, 1977, a 1 per cent reserve is required against deposits that foreign branches of U.S. banks use for lending to U.S. residents. Loans aggregating $100,000 or less to any U.S. resident are excluded from computations, as are total loans of a bank to U.S. residents if not exceeding $1 million. Regulation D imposes a similar reserve requirement on borrowings from foreign banks by domestic offices of a member bank.

[3] Negotiable orders 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 of reserves on savings and other time deposits must be at least 3 per cent, the minimum specified by law.

NOTE.—Required reserves must be held in the form of deposits with F.R. Banks or vault cash.

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

Per cent per annum

Type and maturity of deposit	Commercial banks: In effect July 31, 1978: Per cent	Commercial banks: In effect July 31, 1978: Effective date	Commercial banks: Previous maximum: Per cent	Commercial banks: Previous maximum: Effective date	Savings and loan associations and mutual savings banks: In effect July 31, 1978: Per cent	Savings and loan associations and mutual savings banks: In effect July 31, 1978: Effective date	Savings and loan associations and mutual savings banks: Previous maximum: Per cent	Savings and loan associations and mutual savings banks: Previous maximum: Effective date
1 Savings	5	7/1/73	4½	1/21/70	5¼	(7)	5	(8)
2 Negotiable orders of withdrawal (NOW) accounts[1]	5	1/1/74	(10)	....	5	1/1/74	(10)	....
3 Variable-rate time deposit of less than $100,000[2]	(9)	(9)	(9)	....	(9)	(9)	(9)	....
Other time (multiple- and single-maturity unless otherwise indicated)[3]								
30–89 days:								
4 Multiple-maturity	5	7/1/73	4¼	1/21/70	(10)	....	(10)	....
5 Single-maturity			5	9/26/66				
90 days to 1 year:								
6 Multiple-maturity	5½	7/1/73	5	7/20/66	[4]5¾	(7)	5¼	1/21/70
7 Single-maturity				9/26/66				
8 1 to 2 years[4]	6	7/1/73	5½	1/21/70	6½	(7)	5¾	1/21/70
9 2 to 2½ years[4]			5¾	1/21/70			6	1/21/70
10 2½ to 4 years[4]	6½	7/1/73	5¾	1/21/70	6¾	(7)	6	1/21/70
11 4 to 6 years[5]	7¼	11/1/73	(11)	....	7½	11/1/73	(11)	....
12 6 to 8 years[5]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
13 8 years or more[5]	7¾	6/1/78	(10)	....	8	6/1/78	(10)	....
14 Governmental units (all maturities)	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
15 Individual retirement accounts and Keogh (H.R. 10) plans[6]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77

1 For authorized States only. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks were first permitted to offer NOW accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976.

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

3 For exceptions with respect to certain foreign time deposits see the Federal Reserve BULLETIN for October 1962 (p. 1279), August 1965 (p. 1094), and February 1968 (p. 167).

4 A minimum of $1,000 is required for savings and loan associations, except in areas where mutual savings banks permit lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.

5 $1,000 minimum 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.

6 3-year minimum maturity.

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

8 Oct. 1, 1966, for mutual savings banks; Jan. 21, 1970, for savings and loan associations.

9 Ceiling rate for commercial banks is the discount rate on most recently issued 6-month U.S. Treasury bills. Ceiling rate for savings and loan associations and mutual savings banks is ¼ per cent higher than the rate for commercial banks. The rates and effective dates for July were:

	June 29	July 6	July 13	July 20	July 27
Banks	7.396	7.447	7.515	7.497	7.425
Thrifts	7.646	7.697	7.765	7.747	7.675

10 No separate account category.

11 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 per cent 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 per cent ceiling on time deposits maturing in 2½ years or more.

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

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 were suspended in mid-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.

1.161 MARGIN REQUIREMENTS

Per cent of market value; effective dates shown.

Type of security on sale	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
1 Margin stocks	70	80	65	55	65	50
2 Convertible bonds	50	60	50	50	50	50
3 Short sales	70	80	65	55	65	50

NOTE.—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 per cent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

Regulation G and special margin requirements for bonds convertible into stocks were adopted by the Board of Governors effective Mar. 11, 1968.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

	Type of transaction	1975	1976	1977	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May	1978 June
	U.S. GOVT. SECURITIES										
	Outright transactions (excl. matched sale-purchase transactions)										
	Treasury bills:										
1	Gross purchases	11,562	14,343	13,738	3,109	696	379	748	1,670	416	4,395
2	Gross sales	5,599	8,462	7,241	311	1,323	1,974	50	....	737	....
3	Redemptions	[2] 6,431	[2] 5,017	2,136	....	....	1,100	31	....	300	....
	Others within 1 year:[1]										
4	Gross purchases	3,886	472	3,017	99	56	....	288	100	53	135
5	Gross sales	....	....	....	....	....	....	....	....	....	....
6	Exchange, or maturity shift	-4	792	4,499	623	-511	-653	261	-292	-1,915	-380
7	Redemptions	3,549	....	2,500	....	....	....	....	....	....	....
	1 to 5 years:										
8	Gross purchases	[2] 3,284	[2] 3,202	2,833	628	311	....	813	235	290	631
9	Gross sales	....	177	....	....	....	....	....	....	....	....
10	Exchange, or maturity shift	3,854	-2,588	-6,649	-623	511	1,109	-261	292	-507	467
	5 to 10 years:										
11	Gross purchases	1,510	1,048	758	166	89	....	370	191	101	176
12	Gross sales	....	....	....	....	....	....	....	....	....	....
13	Exchange, or maturity shift	-4,697	1,572	584	....	....	-906	....	....	1,526	-87
	Over 10 years:										
14	Gross purchases	1,070	642	553	108	100	....	147	145	74	115
15	Gross sales	....	....	....	....	....	....	....	....	....	....
16	Exchange, or maturity shift	848	225	1,565	....	....	450	....	....	895	....
	All maturities:[1]										
17	Gross purchases	[2] 21,313	[2] 19,707	20,898	4,110	1,252	379	2,367	2,341	935	5,451
18	Gross sales	5,599	8,639	7,241	311	1,323	1,974	50	....	737	....
19	Redemptions	[2] 9,980	[2] 5,017	4,636	....	....	1,100	31	....	300	....
	Matched sale-purchase transactions										
20	Gross sales	151,205	196,078	425,214	32,320	54,859	40,128	44,976	42,262	40,634	52,544
21	Gross purchases	152,132	196,579	423,841	35,001	51,016	44,270	44,129	42,799	40,362	52,557
	Repurchase agreements										
22	Gross purchases	140,311	232,891	178,683	18,071	10,229	16,057	13,155	8,044	11,517	14,956
23	Gross sales	139,538	230,355	180,535	18,208	12,130	16,057	11,468	8,999	11,819	13,100
24	Net change in U.S. Govt. securities	7,434	9,087	5,798	6,342	-5,815	1,447	3,127	1,923	-674	7,320
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions:										
25	Gross purchases	1,616	891	1,433	707	....	....	....	....	....	301
26	Gross sales	....	....	....	....	....	....	....	....	....	....
27	Redemptions	246	169	223	32	*	22	53	....	34	28
	Repurchase agreements:										
28	Gross purchases	15,179	10,520	13,811	2,712	1,680	1,966	2,638	1,282	3,927	3,421
29	Gross sales	15,566	10,360	13,638	2,392	2,131	1,966	2,374	1,410	4,037	3,088
	BANKERS ACCEPTANCES										
30	Outright transactions, net	163	-545	-196	....	....	....	....	....	....	....
31	Repurchase agreements, net	-35	410	159	705	-954	....	770	-480	-17	747
32	**Net change in total System Account**	**8,539**	**9,833**	**7,143**	**8,042**	**-7,220**	**1,425**	**4,107**	**1,315**	**-834**	**8,673**

1. Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): 1975, 3,549; 1976, none; Sept. 1977, 2,500.

2. In 1975, the System obtained $421 million of 2-year Treasury notes in exchange for maturing bills. In 1976 there was a similar transaction amounting to $189 million. Acquisition of these notes is treated as a purchase; the run-off of bills, as a redemption.

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 F.R. Note Statements

Millions of dollars

	Account	Wednesday 1978 June 28	July 5	July 12	July 19p	July 26p	End of month 1978 May	June	July p
		Consolidated condition statement							
	ASSETS								
1	Gold certificate account	11,706	11,706	11,695	11,693	11,693	11,718	11,706	11,693
2	Special Drawing Rights certificate account	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
3	Coin	284	263	259	263	263	291	284	276
	Loans:								
4	Member bank borrowings	2,648	648	1,097	5,274	1,325	1,167	1,428	1,132
5	Other	....	....	....	....	....	....	....	....
	Acceptances:								
6	Bought outright	....	....	....	....	....	....	....	....
7	Held under repurchase agreements	720	784	157	668	119	274	1,021	268
	Federal agency obligations:								
8	Bought outright	7,867	8,168	8,168	8,168	8,164	7,895	8,168	8,164
9	Held under repurchase agreements	1,076	594	561	1,306	232	26	358	71
	U.S. Government securities								
	Bought outright:								
10	Bills	43,139	36,231	43,975	44,238	39,502	39,673	44,080	44,370
11	Certificates—Special	....	....	....	....	....	....	....	....
12	Other	....	....	....	....	....	....	....	....
13	Notes	52,997	52,997	52,997	52,997	52,997	52,055	52,997	52,997
14	Bonds	10,782	10,782	10,782	10,782	10,782	10,667	10,782	10,782
15	Total[1]	106,918	100,010	107,754	108,017	103,281	102,395	107,859	108,149
16	Held under repurchase agreements	3,590	1,761	1,562	3,598	539	431	2,287	736
17	**Total U.S. Government securities**	**110,508**	**101,771**	**109,316**	**111,615**	**103,820**	**102,826**	**110,146**	**108,885**
18	**Total loans and securities**	**122,819**	**111,965**	**119,299**	**127,031**	**113,660**	**112,188**	**121,121**	**118,520**
19	Cash items in process of collection	r12,228	10,869	14,093	12,354	10,947	11,854	9,319	9,100
20	Bank premises	390	389	387	390	389	388	389	389
	Other assets:								
21	Denominated in foreign currencies	33	67	65	80	76	121	58	67
22	All other	2,124	2,558	2,176	2,329	2,461	2,077	2,007	2,446
23	**Total assets**	**r150,834**	**139,067**	**149,224**	**155,390**	**140,739**	**139,887**	**146,134**	**143,741**
	LIABILITIES								
24	F.R. notes	95,274	96,497	96,914	96,283	95,884	94,570	95,345	95,571
	Deposits:								
25	Member bank reserves	r31,965	22,575	30,424	37,198	23,735	30,135	27,920	28,100
26	U.S. Treasury—General account	12,173	9,591	10,562	10,201	9,964	2,398	11,614	10,331
27	Foreign	209	298	226	263	253	454	288	347
28	Other[2]	663	815	710	645	647	660	773	771
29	**Total deposits**	**r45,010**	**33,279**	**41,922**	**48,307**	**34,599**	**33,647**	**40,595**	**39,549**
30	Deferred availability cash items	6,383	5,590	6,458	6,650	6,045	7,435	6,001	4,374
31	Other liabilities and accrued dividends	1,569	1,465	1,568	1,634	1,539	1,514	1,559	1,469
32	**Total liabilities**	**r148,236**	**136,831**	**146,862**	**152,874**	**138,067**	**137,166**	**143,500**	**140,963**
	CAPITAL ACCOUNTS								
33	Capital paid in	1,056	1,056	1,057	1,058	1,057	1,053	1,056	1,057
34	Surplus	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029
35	Other capital accounts	513	151	276	429	586	639	549	692
36	**Total liabilities and capital accounts**	**r150,834**	**139,067**	**149,224**	**155,390**	**140,739**	**139,887**	**146,134**	**143,741**
37	MEMO: Marketable U.S. Govt. securities held in custody for foreign and intl. account	84,416	86,788	86,994	86,804	86,958	84,854	85,688	86,620
		Federal Reserve note statement							
38	F.R. notes outstanding (issued to Bank)	105 623	105,789	106,306	106,845	107,462	105,008	105,651	107,558
	Collateral held against notes outstanding:								
39	Gold certificate account	11,706	11,706	11,695	11,693	11,693	11,718	11,706	11,693
40	Special Drawing Rights certificate account	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
41	Eligible paper	2,476	613	1,073	3,249	1,249	1,107	1,368	1,056
42	U.S. Government securities	90,191	92,220	92,288	90,653	93,270	90,933	91,327	93,559
43	**Total collateral**	**105,623**	**105,789**	**106,306**	**106,845**	**107,462**	**105,008**	**105,651**	**107,558**

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

2 Includes certain deposits of domestic nonmember banks and foreign-owned banking institutions voluntarily held with member banks and redeposited in full with F.R. Banks.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday 1978					End of month 1978		
	June 28	July 5	July 12	July 19	July 26	May 31	June 30	July 31
1 **Loans**	**2,648**	**647**	**1,099**	**5,274**	**1,325**	**1,167**	**1,428**	**1,132**
2 Within 15 days	2,610	569	1,030	5,242	1,262	1,120	1,343	1,055
3 16 days to 90 days	38	78	69	32	63	47	85	77
4 91 days to 1 year	....	....	....	....	....	....	....	....
5 **Acceptances**	**720**	**784**	**157**	**668**	**119**	**274**	**1,021**	**268**
6 Within 15 days	720	784	157	668	119	274	1,021	268
7 16 days to 90 days	....	....	....	....	....	....	....	....
8 91 days to 1 year	....	....	....	....	....	....	....	....
9 **U.S. Government securities**	**110,508**	**101,771**	**109,316**	**111,615**	**103,820**	**102,826**	**110,146**	**108,885**
10 Within 15 days[1]	8,243	4,459	5,527	7,749	3,962	2,956	4,958	6,094
11 16 days to 90 days	20,010	14,076	20,610	21,702	16,717	20,129	21,179	19,449
12 91 days to 1 year	31,009	31,610	31,552	30,537	31,514	29,416	32,383	31,475
13 Over 1 year to 5 years	30,404	30,784	30,785	30,785	30,785	29,687	30,784	31,025
14 Over 5 years to 10 years	11,849	11,849	11,849	11,849	11,849	11,760	11,849	11,849
15 Over 10 years	8,993	8,993	8,993	8,993	8,993	8,878	8,993	8,993
16 **Federal agency obligations**	**8,943**	**8,762**	**8,729**	**9,474**	**8,396**	**7,921**	**8,526**	**8,235**
17 Within 15 days[1]	1,107	622	589	1,373	272	168	389	114
18 16 days to 90 days	232	269	269	230	303	105	232	299
19 91 days to 1 year	1,437	1,448	1,483	1,483	1,494	1,347	1,482	1,495
20 Over 1 year to 5 years	3,794	3,921	3,886	3,886	3,825	3,817	3,921	3,825
21 Over 5 years to 10 years	1,526	1,631	1,631	1,631	1,631	1,637	1,631	1,631
22 Over 10 years	847	871	871	871	871	847	871	871

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. Monthly data are at annual rates.

Bank group, or type of customer	1975	1976	1977	1978 Feb.	Mar.	Apr.	May	June
				Debits to demand deposits [2] (seasonally adjusted)				
1 All commercial banks	25,028.5	29,180.4	34,322.8	36,477.2	37,129.4	39,236.3	39,685.9	41,703.1
2 Major New York City banks	9,670.7	11,467.2	13,860.6	13,422.3	13,664.7	15,128.5	14,775.4	15,976.1
3 Other banks	15,357.8	17,713.2	20,462.2	23,054.9	23,464.6	24,107.8	24,910.5	25,727.0
				Debits to savings deposits [3] (not seasonally adjusted)				
4 All customers	....	....	174.0	317.6	380.8	424.5	395.6	442.8
5 Business [1]	....	....	21.7	42.3	48.1	49.3	51.2	60.3
6 Others	....	....	152.3	275.3	332.7	375.2	344.4	382.5
				Demand deposit turnover [2] (seasonally adjusted)				
7 All commercial banks	105.3	116.8	129.2	131.1	134.1	138.0	139.7	144.9
8 Major New York City banks	356.9	411.6	503.0	494.2	520.1	548.0	555.3	596.0
9 Other banks	72.9	79.8	85.9	91.8	93.6	93.9	96.8	98.6
				Savings deposit turnover [3] (not seasonally adjusted)				
10 All customers	....	....	1.6	1.5	1.7	1.9	1.8	2.0
11 Business [1]	....	....	4.1	4.0	4.6	4.7	4.7	5.5
12 Others	....	....	1.5	1.3	1.6	1.8	1.6	1.8

1 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).

2 Represents accounts of individuals, partnerships, and corporations, and of States and political subdivisions.

3 Excludes negotiable orders of withdrawal (NOW) accounts and special club accounts, such as Christmas and vacation clubs.

NOTE.—Historical data estimated for the period 1970 through June 1977, partly on the basis of the debits series for 233 SMSA's, which were available through June 1977—are available from Publications Services, Division of Administrative 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	1974 Dec.	1975 Dec.	1976 Dec.	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May	1978 June
					Seasonally adjusted					
MEASURES[1]										
1 *M*-1	282.9	294.5	312.6	337.2	340.1	339.9	340.9	346.3	348.6	350.3
2 *M*-2	612.2	664.1	739.6	808.4	814.8	818.0	821.8	829.7	835.1	840.5
3 *M*-3	981.2	1,091.8	1,235.6	1,375.0	1,385.4	1,392.0	1,399.5	1,410.9	r1,419.8	1,429.7
4 *M*-4	701.2	745.4	802.3	882.4	891.1	897.4	903.9	913.2	922.2	927.2
5 *M*-5	1,070.3	1,173.2	1,298.3	1,449.0	1,461.7	1,471.3	1,481.5	1,494.3	r1,506.9	1,516.4
COMPONENTS										
6 Currency	67.8	73.7	80.7	88.6	89.4	90.1	90.7	91.3	92.2	92.9
Commercial bank deposits:										
7 Demand	215.1	220.8	231.9	248.6	250.7	249.8	250.2	255.1	256.4	257.4
8 *Time and savings*	*418.3*	*450.9*	*489.7*	*545.2*	*551.0*	*557.5*	*562.9*	*566.8*	*573.6*	*576.8*
9 Negotiable CD's[2]	89.0	81.3	62.7	74.0	76.3	79.4	82.0	83.4	87.1	86.7
10 Other	329.3	369.6	427.0	471.2	474.7	478.1	480.9	483.4	486.5	490.1
11 Nonbank thrift institutions[3]	369.1	427.8	496.0	566.6	570.7	574.0	577.7	581.2	r584.7	589.2
					Not seasonally adjusted					
MEASURES[1]										
12 *M*-1	291.3	303.2	321.7	346.9	345.9	334.1	336.2	348.7	343.3	349.3
13 *M*-2	617.5	669.3	744.8	813.8	819.4	812.8	820.4	836.0	833.6	841.9
14 *M*-3	983.8	1,094.3	1,237.5	1,376.3	1,387.8	1,384.9	1,399.5	1,420.7	r1,420.3	1,435.0
15 *M*-4	708.0	752.8	809.1	889.7	895.8	889.7	900.6	917.4	918.2	928.1
16 *M*-5	1,074.3	1,177.7	1,301.8	1,452.3	1,464.2	1,461.8	1,479.7	1,502.0	1,504.9	1,521.3
COMPONENTS										
17 Currency	69.0	75.1	82.1	90.1	88.7	89.0	90.0	91.1	92.0	93.0
Commercial bank deposits:										
18 *Demand*	*222.2*	*228.1*	*239.5*	*256.8*	*257.2*	*245.0*	*246.2*	*257.6*	*251.3*	*256.3*
19 Member	159.7	162.1	168.5	176.3	175.8	167.3	168.4	175.7	171.2	174.0
20 Domestic nonmember	58.5	62.6	67.5	r76.2	76.9	73.6	73.8	77.8	76.2	78.3
21 *Time and savings*	*416.7*	*449.6*	*487.4*	*542.8*	*549.9*	*555.7*	*564.4*	*568.7*	*574.9*	*578.9*
22 Negotiable CD's[2]	90.5	83.5	64.3	75.9	76.4	76.9	80.2	81.4	84.6	86.3
23 Other	326.3	366.2	423.1	466.9	473.5	478.8	484.2	487.3	490.3	492.6
24 Nonbank thrift institutions[3]	366.3	424.9	492.7	562.5	568.4	572.1	579.1	584.6	586.7	593.2
25 U.S. Govt. deposits (all commercial banks)	4.9	4.1	4.4	5.1	4.3	4.3	4.7	4.9	3.9	6.1

1 Composition of the money stock measures is as follows:

M-1: Averages of daily figures for (1) demand deposits at commercial banks other than domestic interbank and U.S. Govt., less cash items in process of collection and F.R. float; (2) foreign demand balances at F.R. Banks; and (3) currency outside the Treasury, F.R. Banks, and vaults of commercial banks.

M-2: *M*-1 plus savings deposits, time deposits open account, and time certificates of deposit (CD's) other than negotiable CD's of $100,000 or more at large weekly reporting banks.

M-3: *M*-2 plus the average of the beginning- and end-of-month deposits of mutual savings banks, savings and loan shares, and credit union shares (nonbank thrift).

M-4: *M*-2 plus large negotiable CD's.

M-5: *M*-3 plus large negotiable CD's.

For a description of the latest revisions in the money stock measures see "Money Stock Measures: Revision" in the April 1978 BULLETIN, pp. 338 and 339.

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

2 Negotiable time CD's issued in denominations of $100,000 or more by large weekly reporting commercial banks.

3 Average of the beginning- and end-of-month figures for deposits of mutual savings banks, for savings capital at savings and loan associations, and for credit union shares.

NOTES TO TABLE 1.23:

1 Adjusted to exclude domestic commercial interbank loans.

2 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. Prior to Aug. 28, 1974, the institutions included had been defined somewhat differently, and the reporting panel of banks was also different. On the new basis, both "Total loans" and "Commercial and industrial loans" were reduced by about $100 million.

3 Data beginning June 30, 1974, include one large mutual savings bank that merged with a nonmember commercial bank. As of that date there were increases of about $500 million in loans, $100 million in "Other" securities, and $600 million in "Total loans and investments." As of Oct. 31, 1974, "Total loans and investments" of all commercial banks were reduced by $1.5 billion in connection with the liquidation of one large bank. Reductions in other items were: "Total loans," $1.0 billion (of which $0.6 billion was in "Commercial and industrial loans"), and "Other securities," $0.5 billion. In late November "Commercial and industrial loans" were increased by $0.1 billion as a result of loan reclassifications at another large bank.

4 Reclassification of loans reduced these loans by about $1.2 billion as of Mar. 31, 1976.

5 Reclassification of loans at one large bank reduced these loans by about $200 million as of Dec. 31, 1977.

NOTE.—Data are for last Wednesday of month except for June 30 and Dec. 31; data are partly or wholly estimated except when June 30 and Dec. 31 are call dates.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

	Item	1974 Dec.	1975 Dec.	1976 Dec.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May	1978 June
		Seasonally adjusted											
1	**Reserves**[1]	36.57	34.68	34.93	35.81	35.96	36.14	36.60	36.93	36.67	36.95	37.27	37.73
2	Nonborrowed	35.84	34.55	34.89	34.50	35.10	35.57	36.12	36.53	36.34	36.40	36.06	36.63
3	Required	36.31	34.42	34.29	35.60	35.71	35.95	36.33	36.69	36.47	36.81	37.05	37.55
4	**Deposits subject to reserve requirements**[2]	486.1	504.6	528.9	558.5	564.4	569.1	575.7	577.8	582.1	586.1	592.1	595.6
5	Time and savings	322.1	337.1	354.3	377.1	383.5	387.0	390.5	395.4	399.2	400.7	406.0	407.1
	Demand:												
6	Private	160.6	164.5	171.4	178.3	178.0	178.5	182.1	179.5	179.6	182.0	183.5	184.6
7	U.S. Government	3.3	2.9	3.2	3.1	3.0	3.6	3.1	3.0	3.4	3.3	2.6	3.9
		Not seasonally adjusted											
8	**Deposits subject to reserve requirements**[2]	491.8	510.9	534.8	558.2	562.1	575.3	581.3	572.5	579.4	588.6	588.3	596.8
9	Time ans savings	321.7	337.2	353.6	377.5	380.7	386.4	390.3	393.2	399.3	401.2	406.1	408.6
	Demand:												
10	Private	166.6	170.7	177.9	178.0	178.7	185.1	187.9	176.1	176.6	183.8	179.3	183.7
11	U.S. Government	3.4	3.1	3.3	2.7	2.6	3.8	3.1	3.1	3.5	3.6	2.9	4.5

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 Dec. 12, 1974; Feb. 13, May 22, and Oct. 30, 1975; Jan. 8, and Dec. 30, 1976. 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 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. Govt., 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

Billions of dollars; last Wednesday of month except for June 30 and Dec. 31

	Category	1974 Dec. 31 [3]	1975 Dec. 31	1976 Dec. 31	1977 Dec. 31	1978 Feb. 22 p	1978 Mar. 29 p	1978 Apr. 26 p	1978 May 31 p	1978 June 30 p	1978 July 26 p
		Seasonally adjusted									
1	**Loans and investments**[1]	690.4	721.1	784.4	870.6	886.6	892.2	906.0	917.9	922.4	935.2
2	Including loans sold outright[2]	695.2	725.5	788.2	875.5	891.2	896.7	910.5	922.3	926.9	939.8
	Loans:										
3	Total	500.2	496.9	538.9	617.0	628.2	636.5	646.3	657.9	661.2	672.0
4	Including loans sold outright[2]	505.0	501.3	542.7	621.9	632.8	641.0	650.8	662.3	665.7	676.6
5	Commercial and industrial	183.3	176.0	[4]179.5	[5]201.4	206.1	210.3	213.3	219.2	220.4	222.3
6	Including loans sold outright[2]	186.0	178.5	[4]181.9	[5]204.2	208.4	212.5	215.6	221.5	222.6	224.6
	Investments:										
7	U.S. Treasury	50.4	79.4	97.3	95.6	99.0	95.6	97.6	97.1	98.4	99.7
8	Other	139.8	144.8	148.2	158.0	159.4	160.1	162.1	162.9	162.8	163.5
		Not seasonally adjusted									
9	**Loans and investments**[1]	705.6	737.0	801.6	888.9	878.4	889.7	904.9	917.0	928.9	931.1
10	Including loans sold outright[2]	710.4	741.4	805.4	893.8	883.0	894.2	909.4	921.4	933.3	935.7
	Loans:										
11	Total[1]	510.7	507.4	550.2	629.9	620.3	631.6	642.3	657.1	669.2	672.6
12	Including loans sold outright[2]	515.5	511.8	554.0	634.8	624.9	636.1	646.8	661.5	673.7	677.1
13	Commercial and industrial	186.8	179.3	[4]182.9	[5]205.0	204.2	210.0	213.8	219.2	223.0	222.4
14	Including loans sold outright[2]	189.5	181.8	[4]185.3	[5]207.8	206.5	212.2	216.1	221.5	225.2	224.7
	Investments:										
15	U.S. Treasury	54.5	84.1	102.5	100.2	99.6	98.6	99.6	96.6	96.1	95.2
16	Other	140.5	145.5	148.9	158.8	158.5	159.6	163.1	163.4	163.6	163.4

For notes see bottom of opposite page.

1.24 COMMERCIAL BANK ASSETS AND LIABILITIES Last-Wednesday-of-Month Series

Billions of dollars except for number of banks

	Account	1976	1977[3]			1978[3]						
		Dec.[3]	Oct.	Nov.	Dec.	Jan.[p]	Feb.[p]	Mar.[p]	Apr.[p]	May.[p]	June[p]	July[p]
		All commercial										
1	**Loans and investments**	**846.4**	**898.9**	**916.5**	**939.1**	**921.6**	**926.0**	**936.0**	**947.7**	**967.4**	**966.8**	**972.1**
2	Loans, gross	594.9	643.4	659.3	680.1	664.9	668.0	677.8	685.0	707.4	707.8	713.5
	Investments:											
3	U.S. Treasury securities	102.5	98.2	98.5	100.2	97.9	99.6	98.6	99.6	96.6	95.9	95.2
4	Other	148.9	157.3	158.8	158.8	158.8	158.5	159.6	163.1	163.4	163.2	163.4
5	**Cash assets**	**136.1**	**129.3**	**138.6**	**168.7**	**126.9**	**145.2**	**131.5**	**134.1**	**162.7**	**142.6**	**131.8**
6	Currency and coin	12.1	13.8	14.6	13.9	14.0	13.8	14.3	14.1	14.3	14.6	14.6
7	Reserves with F.R. Banks	26.1	28.3	26.3	29.3	26.6	31.0	30.2	27.6	30.3	30.8	23.6
8	Balances with banks	49.6	44.4	46.8	59.0	42.4	46.9	44.1	44.7	53.3	45.5	46.3
9	Cash items in process of collection	48.4	42.8	50.9	66.4	43.9	53.5	43.0	47.6	64.7	51.6	47.3
10	**Total assets/total liabilities and capital**[1]	1,030.7	1,085.2	1,119.3	1,166.0	1,113.7	1,136.4	1,136.7	1,151.2	1,199.5	1,177.3	1,170.4
11	**Deposits**	**838.2**	**861.5**	**887.2**	**939.4**	**883.6**	**899.7**	**896.2**	**910.3**	**946.1**	**926.2**	**924.0**
	Demand:											
12	Interbank	45.4	37.4	41.7	51.7	37.1	42.6	37.4	38.8	50.7	40.5	40.2
13	U.S. Govt.	3.0	3.6	4.8	7.3	4.5	5.8	4.8	6.1	3.2	7.1	4.2
14	Other	288.4	280.0	294.0	323.9	284.2	288.6	280.2	292.0	310.6	294.9	293.2
	Time:											
15	Interbank	9.2	8.6	9.0	9.8	9.1	8.7	9.0	9.0	9.4	9.8	10.2
16	Other	492.2	531.9	537.8	546.6	548.8	554.0	564.8	564.4	572.2	573.9	576.2
17	Borrowings	80.2	95.6	99.4	96.2	99.9	103.7	105.7	104.5	111.4	109.0	102.3
18	**Total capital accounts**[2]	**78.1**	**80.7**	**81.6**	**85.8**	**82.4**	**82.8**	**83.3**	**83.7**	**84.6**	**84.7**	**85.4**
19	MEMO: Number of banks	14,671	14,718	14,718	14,707	14,703	14,682	14,689	14,697	14,702	14,701	14,701
		Member										
20	**Loans and investments**	**620.5**	**645.2**	**658.6**	**675.5**	**659.5**	**661.8**	**668.6**	**676.8**	**693.8**	**691.5**	**695.8**
21	Loans, gross	442.9	467.1	479.0	494.9	481.8	483.1	490.5	495.3	514.3	512.8	517.7
	Investments:											
22	U.S. Treasury securities	74.6	68.9	69.2	70.4	67.7	69.2	68.2	68.8	66.9	66.2	65.7
23	Other	103.1	109.3	110.3	110.1	110.0	109.5	109.9	112.7	112.7	112.5	112.5
24	**Cash assets, total**	**108.9**	**102.3**	**110.6**	**134.4**	**102.2**	**117.2**	**104.8**	**106.5**	**130.7**	**114.6**	**104.2**
25	Currency and coin	9.1	10.2	10.8	10.4	10.4	10.2	10.6	10.5	10.6	10.8	10.8
26	Reserves with F.R. Banks	26.0	28.3	26.3	29.3	26.6	31.0	30.2	27.6	30.3	30.8	23.6
27	Balances with banks	27.4	22.8	24.7	30.8	23.0	24.6	22.9	22.7	28.1	23.6	24.3
28	Cash items in process of collection	46.5	41.0	48.9	63.9	42.2	51.4	41.2	45.7	61.7	49.4	45.4
29	**Total assets/total liabilities and capital**[1]	**772.9**	**796.5**	**823.9**	**861.8**	**818.0**	**835.3**	**833.2**	**843.3**	**884.7**	**864.5**	**857.3**
30	**Deposits**	**618.7**	**620.9**	**641.8**	**683.5**	**636.8**	**649.2**	**645.1**	**655.1**	**686.7**	**668.4**	**666.1**
	Demand:											
31	Interbank	42.4	34.6	38.7	48.0	34.4	39.5	34.7	36.0	47.5	37.7	37.3
32	U.S. Govt.	2.1	2.6	3.6	5.4	3.4	4.4	3.7	4.5	2.2	5.1	3.1
33	Other	215.5	205.3	216.4	239.4	208.4	211.8	205.1	213.4	229.1	216.2	214.6
	Time:											
34	Interbank	7.2	6.5	6.8	7.8	7.1	6.7	7.0	6.9	7.3	7.7	8.2
35	Other	351.5	372.0	376.2	382.9	383.5	386.9	394.7	394.3	400.5	401.7	402.9
36	Borrowings	71.7	83.8	87.8	84.9	88.0	90.8	91.8	91.1	96.9	94.2	88.0
37	**Total capital accounts**[2]	**58.6**	**60.6**	**61.2**	**63.7**	**61.8**	**62.1**	**62.4**	**62.7**	**63.3**	**63.4**	**64.0**
38	MEMO: Number of banks	5,759	5,686	5,680	5,669	5,659	5,659	5,654	5,645	5,638	5,611	5,611

1 Includes items not shown separately.
Effective Mar. 31, 1976, some of the item "reserve for loan losses" and all of the item "unearned income on loans" are no longer reported as liabilities. As of that date the "valuation" portion of "reserve for loan losses" and the "unearned income on loans" have been netted against "other assets," and against "total assets" as well.
Total liabilities continue to include the deferred income tax portion of "reserve for loan losses."
2 Effective Mar. 31, 1976, includes "reserves for securities" and the contingency portion (which is small) of "reserve for loan losses."
3 Figures partly estimated except on call dates.

NOTE.—Figures include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries.
Commercial banks: All such banks in the United States, including member and nonmember banks, stock savings banks, nondeposit trust companies, and U.S. branches of foreign banks, but excluding one national bank in Puerto Rico and one in the Virgin Islands.
Member banks: The following numbers of noninsured trust companies that are members of the Federal Reserve System are excluded from member banks in Tables 1.24 and 1.25 and are included with noninsured banks in Table 1.25: 1974—June, 2; December, 3; 1975—June and December, 4; 1976 (beginning month shown)—July, 5; December, 7; 1977-January, 8.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars except for number of banks

	Account	1976		1977		1976		1977	
		June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31
		Total insured				National (all insured)			
1	**Loans and investments, gross**	**773,701**	**827,696**	**854,734**	**914,783**	**443,959**	**476,610**	**488,240**	**523,000**
	Loans:								
2	Gross	539,021	578,734	601,122	657,513	315,628	340,691	351,311	384,722
3	Net	520,976	560,076	581,143	636,323	305,280	329,971	339,955	372,702
	Investments:								
4	U.S. Treasury securities	90,947	101,461	100,568	99,333	49,688	55,727	53,345	52,244
5	Other	143,731	147,500	153,053	157,937	78,642	80,191	83,583	86,033
6	Cash assets	124,072	129,562	130,726	159,264	75,488	76,072	74,641	92,050
7	**Total assets/total liabilities** [1]	**942,519**	**1,003,969**	**1,040,945**	**1,129,711**	**548,702**	**583,304**	**599,743**	**651,360**
8	**Deposits**	**776,957**	**825,003**	**847,372**	**922,664**	**444,251**	**469,377**	**476,381**	**520,167**
	Demand:								
9	U.S. Govt	4,622	3,022	2,817	7,310	2,858	1,676	1,632	4,172
10	Interbank	37,502	44,064	44,965	49,849	20,329	23,149	22,876	25,646
11	Other	265,671	285,200	284,544	319,873	152,383	163,346	161,358	181,821
	Time:								
12	Interbank	9,406	8,248	7,721	8,731	5,532	4,907	4,599	5,730
13	Other	459,753	484,467	507,324	536,899	263,147	276,296	285,915	302,795
14	Borrowings	63,828	75,291	81,137	89,332	45,187	54,421	57,283	63,218
15	**Total capital accounts**	**68,988**	**72,061**	**75,503**	**79,084**	**39,501**	**41,319**	**43,142**	**44,994**
16	MEMO: Number of banks	14,373	14,397	14,425	14,397	4,747	4,735	4,701	4,654
		State member (all insured)				Insured nonmember			
17	**Loans and investments, gross**	**136,915**	**144,000**	**144,597**	**152,518**	**192,825**	**207,085**	**221,896**	**239,265**
	Loans:								
18	Gross	98,889	102,277	102,117	110,247	124,503	135,766	147,694	162,543
19	Net	96,037	99,474	99,173	107,210	119,658	130,630	142,015	156,411
	Investments:								
20	U.S. Treasury securities	16,323	18,849	19,296	18,179	24,934	26,884	27,926	28,909
21	Other	21,702	22,874	23,183	24,091	43,387	44,434	46,275	47,812
22	Cash assets	30,422	32,859	35,918	42,305	18,161	20,631	20,166	24,908
23	**Total assets/total liabilities** [1]	**179,649**	**189,578**	**195,452**	**210,441**	**214,167**	**231,086**	**245,749**	**267,910**
24	**Deposits**	**142,061**	**149,491**	**152,472**	**163,443**	**190,644**	**206,134**	**218,519**	**239,053**
	Demand:								
25	U.S. Govt	869	429	371	1,241	894	917	813	1,896
26	Interbank	15,833	19,295	20,568	22,353	1,339	1,619	1,520	1,849
27	Other	49,659	52,204	52,570	57,605	63,629	69,648	70,615	80,445
	Time:								
28	Interbank	3,074	2,384	2,134	2,026	799	956	988	973
29	Other	72,624	75,178	76,827	80,216	123,980	132,993	144,581	153,887
30	Borrowings	15,300	17,310	19,697	21,729	3,339	3,559	4,155	4,384
31	**Total capital accounts**	**12,791**	**13,199**	**13,441**	**14,184**	**16,696**	**17,542**	**18,919**	**19,905**
32	MEMO: Number of banks	1,029	1,023	1,019	1,014	8,597	8,639	8,705	8,729
		Noninsured nonmember				Total nonmember			
33	**Loans and investments, gross**	**15,905**	**18,819**	**22,940**	**24,415**	**208,730**	**225,904**	**244,837**	**263,681**
	Loans:								
34	Gross	13,209	16,336	20,865	22,686	137,712	152,103	168,559	185,230
35	Net	13,092	16,209	20,679	22,484	132,751	146,840	162,694	178,896
	Investments:								
36	U.S. Treasury securities	472	1,054	993	879	25,407	27,938	28,919	29,788
37	Other	2,223	1,428	1,081	849	45,610	45,863	47,357	48,662
38	Cash assets	4,362	6,496	8,330	9,458	22,524	27,127	28,496	34,367
39	**Total assets/total liabilities** [1]	**21,271**	**26,790**	**33,390**	**36,433**	**235,439**	**257,877**	**279,139**	**304,343**
40	**Deposits**	**11,735**	**13,325**	**14,658**	**16,844**	**202,380**	**219,460**	**233,177**	**255,898**
	Demand:								
41	U.S. Govt	4	4	8	10	899	921	822	1,907
42	Interbank	1,006	1,277	1,504	1,868	2,346	2,896	3,025	3,718
43	Other	2,555	3,236	3,588	4,073	66,184	72,884	74,203	84,518
	Time:								
44	Interbank	1,292	1,041	1,164	1,089	2,092	1,997	2,152	2,063
45	Other	6,876	7,766	8,392	9,802	130,857	140,760	152,974	163,690
46	Borrowings	3,372	4,842	7,056	6,908	6,711	8,401	11,212	11,293
47	**Total capital accounts**	**663**	**818**	**893**	**917**	**17,359**	**18,360**	**19,812**	**20,823**
48	MEMO: Number of banks	270	275	293	310	8,867	8,914	8,998	9,039

[1] Includes items not shown separately.

For Note see Table 1.24.

1.26 COMMERCIAL BANK ASSETS AND LIABILITIES Detailed Balance Sheet, December 31, 1977

Asset and liability items are shown in millions of dollars.

	Asset account	All commercial banks	Insured commercial banks	Member banks[1]					Non-member banks[1]
				Total	Large banks			All other	
					New York City	City of Chicago	Other large[2]		
1	**Cash bank balances, items in process**	**168,723**	**159,264**	**134,355**	**39,317**	**5,664**	**48,457**	**40,918**	**34,368**
2	Currency and coin	13,925	13,916	10,379	1,004	231	3,551	5,592	3,546
3	Reserves with F.R. Banks	29,338	29,338	29,338	5,073	1,476	11,549	11,240	*
4	Demand balances with banks *in* United States	44,654	39,075	22,984	8,925	387	3,530	10,142	21,671
5	Other balances with banks in United States	7,050	5,722	3,264	407	14	1,075	1,768	3,786
6	Balances with banks in foreign countries	7,324	4,932	4,526	786	169	2,146	1,424	2,798
7	Cash items in process of collection	66,432	66,281	63,866	23,123	3,387	26,605	10,751	2,566
8	**Total securities held—Book value**	**257,353**	**255,660**	**179,183**	**21,786**	**8,487**	**57,684**	**91,227**	**78,170**
9	U.S. Treasury	100,213	99,333	70,424	10,959	3,458	23,017	32,990	29,789
10	Other U.S. Govt. agencies	36,689	36,389	23,049	1,639	928	6,458	14,025	13,639
11	States and political subdivisions	113,834	113,587	81,386	8,829	3,811	26,912	41,835	32,447
12	All other securities	6,520	6,254	4,259	360	290	1,271	2,338	2,261
13	Unclassified total	98	97	64	*	....	26	38	34
14	*Trading-account securities*	*6,404*	*6,403*	*6,266*	*2,938*	*838*	*2,261*	*230*	*138*
15	U.S. Treasury	3,871	3,871	3,859	2,204	487	1,110	58	11
16	Other U.S. Govt. agencies	629	629	625	220	72	283	50	3
17	States and political subdivisions	1,211	1,211	1,191	392	151	565	83	19
18	All other trading acct. securities	597	597	526	121	129	276	1	71
19	Unclassified	98	97	64	*	....	26	38	34
20	*Bank investment portfolios*	*250,949*	*249,257*	*172,917*	*18,848*	*7,648*	*55,423*	*90,997*	*78,032*
21	U.S. Treasury	96,342	95,463	66,565	8,755	2,971	21,906	32,933	29,777
22	Other U.S. Govt. agencies	36,060	35,760	22,424	1,418	856	6,175	13,975	13,636
23	States and political subdivisions	112,623	112,377	80,195	8,437	3,660	26,347	41,751	32,428
24	All other portfolio securities	5,923	5,657	3,733	238	162	995	2,337	2,190
25	F.R. stock and corporate stock	1,647	1,610	1,366	305	103	502	456	281
26	**Federal funds sold and securities resale agreement**	**53,854**	**49,690**	**38,889**	**3,359**	**1,354**	**20,136**	**14,040**	**14,964**
27	Commercial banks	44,988	41,177	30,701	1,315	1,180	15,328	12,877	14,287
28	Brokers and dealers	5,451	5,443	5,232	1,186	122	2,947	977	220
29	Others	3,415	3,069	2,957	859	52	1,861	186	458
30	**Other loans, gross**	**626,347**	**607,824**	**456,080**	**78,064**	**23,869**	**169,778**	**184,368**	**170,266**
31	LESS: Unearned income on loans	14,619	14,564	9,801	602	97	3,171	5,930	4,818
32	Reserves for loan loss	6,773	6,626	5,257	1,197	312	1,977	1,772	1,517
33	Other loans, net	604,955	586,634	441,023	76,266	23,461	164,630	176,666	163,932
	Other loans, gross, by category								
34	*Real estate loans*	*177,172*	*176,916*	*122,044*	*9,482*	*2,360*	*44,851*	*65,351*	*55,128*
35	Construction and land development	20,724	20,709	15,640	2,206	492	7,569	5,373	5,084
36	Secured by farmland	7,750	7,731	3,330	19	8	335	2,968	4,420
37	Secured by residential	100,996	100,847	70,852	4,668	1,263	26,393	38,528	30,144
38	*1- to 4-family residences*	*96,102*	*95,961*	*67,318*	*4,133*	*1,159*	*25,099*	*36,926*	*28,785*
39	FHA-insured or VA-guaranteed	7,657	7,601	6,612	564	51	3,514	2,483	1,045
40	Conventional	88,445	88,361	60,705	3,569	1,108	21,585	34,443	27,740
41	*Multifamily residences*	*4,894*	*4,886*	*3,535*	*536*	*104*	*1,294*	*1,601*	*1,359*
42	FHA-insured	408	401	336	129	23	99	85	72
43	Conventional	4,486	4,485	3,199	407	81	1,195	1,517	1,287
44	Secured by other properties	47,701	47,630	32,221	2,588	596	10,555	18,482	15,480
45	*Loans to financial institutions*	*43,663*	*36,703*	*34,585*	*12,292*	*4,242*	*15,035*	*3,016*	*9,079*
46	To REIT's and mortgage companies	9,050	9,036	8,684	2,547	923	4,520	694	366
47	To domestic commercial banks	5,200	3,149	2,500	838	111	1,324	228	2,700
48	To banks in foreign countries	11,408	7,244	6,995	3,254	348	2,783	610	4,414
49	To other depository institutions	1,935	1,747	1,595	224	31	1,044	295	340
50	To other financial institutions	16,069	15,527	14,811	5,428	2,829	5,365	1,189	1,258
51	Loans to security brokers and dealers	13,060	12,781	12,440	7,760	1,791	2,561	328	620
52	Other loans to purch./carry securities	4,350	4,329	3,596	440	349	1,815	992	754
53	Loans to farmers—except real estate	25,730	25,704	14,183	169	149	3,365	10,500	11,548
54	Commercial and industrial loans	205,014	195,455	158,823	38,763	11,613	61,462	46,985	46,191
55	Loans to individuals	140,392	140,273	97,074	6,479	2,159	34,723	53,714	43,317
56	*Instalment loans*	*112,439*	*112,370*	*77,717*	*4,804*	*1,380*	*28,330*	*43,203*	*34,722*
57	Passenger automobiles	49,586	49,571	31,708	893	156	9,362	21,297	17,878
58	Residential-repair/modernize	7,283	7,283	4,846	296	67	1,768	2,715	2,437
59	Credit cards and related plans	18,375	18,367	16,187	2,119	975	8,840	4,253	2,188
60	Charge-account credit cards	14,608	14,608	13,064	1,419	935	7,319	3,391	1,544
61	Check and revolving credit plans	3,767	3,758	3,123	700	40	1,521	861	644
62	Other retail consumer goods	17,449	17,443	11,871	367	55	4,383	7,067	5,578
63	Mobile homes	9,125	9,125	6,401	176	22	2,343	3,860	2,724
64	Other	8,324	8,319	5,471	191	33	2,039	3,207	2,853
65	Other instalment loans	19,745	19,706	13,105	1,129	127	3,977	7,872	6,641
66	Single-payment loans to individuals	27,953	27,903	19,357	1,675	778	6,393	10,511	8,596
67	All other loans	16,965	15,661	13,335	2,678	1,207	5,967	3,482	3,630
68	**Total loans and securities, net**	**917,808**	**893,594**	**660,461**	**101,716**	**33,405**	**242,951**	**282,389**	**257,347**
69	Direct lease financing	5,807	5,807	5,458	1,002	139	3,379	937	349
70	Fixed assets—Buildings, furniture, real estate	21,359	21,241	15,817	2,308	762	5,941	6,807	5,541
71	Investment in unconsolidated subsidiaries	2,972	2,958	2,918	1,397	245	1,185	91	54
72	Customer acceptances outstanding	12,549	11,486	11,018	5,141	750	4,817	310	1,532
73	Other assets	36,928	35,362	31,775	13,166	1,021	13,103	4,485	5,153
74	**Total assets**	**1,166,146**	**1,129,712**	**861,802**	**164,045**	**41,986**	**319,834**	**335,937**	**304,344**

For notes see opposite page.

1.26 Continued

	Liability or capital account	All commercial banks	Insured commercial banks	Member banks[1]					Nonmember banks[1]
				Total	Large banks			All other	
					New York City	City of Chicago	Other large[2]		
75	**Demand deposits**	**382,987**	**377,034**	**292,842**	**68,192**	**11,825**	**104,931**	**107,895**	**90,145**
76	Mutual savings banks	1,646	1,382	1,203	564	3	276	361	443
77	Other individuals, partnerships, and corporations	286,551	285,167	213,875	34,768	8,481	82,096	88,530	72,676
78	U.S. Govt	7,322	7,311	5,415	600	173	2,085	2,557	1,907
79	States and political subdivisions	19,026	18,948	12,922	702	247	3,824	8,149	6,104
80	Foreign governments, central banks, etc	2,228	1,724	1,684	1,379	34	239	32	544
81	Commercial banks in United States	41,394	40,535	39,097	19,760	2,293	12,170	4,873	2,298
82	Banks in foreign countries	8,678	7,932	7,700	6,306	219	1,031	143	978
83	Certified and officers' checks, etc	16,141	14,034	10,946	4,112	376	3,209	3,249	5,195
84	**Time deposits**	**337,137**	**326,837**	**238,124**	**35,766**	**13,922**	**85,562**	**102,874**	**99,013**
85	Accumulated for personal loan payments	100	100	78	....	....	1	77	23
86	Mutual savings banks	334	319	310	120	84	84	21	24
87	Other individuals, partnerships, and corporations	262,918	256,880	185,763	26,922	10,417	64,962	83,462	77,155
88	U.S. Govt	820	820	681	37	30	390	225	139
89	States and political subdivisions	52,396	52,123	35,922	1,679	1,038	15,307	17,898	16,474
90	Foreign governments, central banks, etc	11,088	8,189	7,927	4,666	1,456	1,756	49	3,161
91	Commercial banks in United States	7,419	6,789	6,002	1,580	822	2,830	770	1,417
92	Banks in foreign countries	2,061	1,617	1,442	762	76	232	371	620
93	**Savings deposits**	**219,386**	**218,793**	**152,645**	**11,070**	**2,945**	**55,225**	**83,405**	**66,741**
94	Individuals and nonprofit organizations	203,790	203,232	141,948	10,276	2,768	51,442	77,463	61,842
95	Corporations and other profit organizations	10,723	10,705	7,540	542	168	3,128	3,703	3,183
96	U.S. Government	58	58	48	4	....	18	27	10
97	States and political subdivisions	4,786	4,770	3,083	234	9	629	2,211	1,703
98	All other	29	29	26	14	*	8	3	4
99	**Total deposits**	**939,509**	**922,665**	**683,611**	**115,027**	**28,692**	**245,718**	**294,174**	**255,898**
100	**Federal funds purchased and securities sold under agreements to repurchase**	**86,171**	**82,772**	**78,691**	**21,219**	**8,385**	**38,034**	**11,054**	**7,480**
101	Commercial banks	46,893	44,242	42,640	8,837	6,137	22,569	5,096	4,253
102	Brokers and dealers	7,772	7,759	7,384	1,364	1,029	4,035	956	388
103	Others	31,507	30,772	28,667	11,018	1,218	11,430	5,002	2,839
104	Other liabilities for borrowed money[3]	10,070	6,560	6,257	2,597	111	2,646	902	3,813
105	Mortgage indebtedness[3]	1,021	1,014	747	203	16	317	212	274
106	Bank acceptances outstanding	13,146	12,078	11,610	5,716	754	4,828	312	1,537
107	Other liabilities	30,452	19,827	17,231	5,919	1,148	6,481	3,684	13,220
108	**Total liabilities**	**1,080,370**	**1,044,917**	**798,148**	**150,681**	**39,105**	**298,024**	**310,337**	**282,222**
109	Subordinated notes and debentures	5,774	5,711	4,475	1,110	81	2,013	1,271	1,299
110	**Equity capital**	**80,002**	**79,084**	**59,179**	**12,254**	**2,800**	**19,797**	**24,328**	**20,823**
111	Preferred stock	85	79	32	....	....	2	30	53
112	Common stock	17,276	17,177	12,503	2,645	570	3,895	5,394	4,773
113	Surplus	31,495	30,994	22,570	4,517	1,404	7,951	8,697	8,925
114	Undivided profits	29,327	29,084	22,840	4,959	773	7,569	9,539	6,487
115	Other capital reserves	1,820	1,750	1,234	132	53	380	669	586
116	**Total liabilities and equity capital**	**1,166,146**	**1,129,712**	**861,802**	**164,045**	**41,986**	**319,834**	**335,937**	**304,344**
	MEMO ITEMS:								
117	Demand deposits adjusted[4]	267,839	262,907	184,465	24,709	5,973	64,070	89,712	83,374
	Average for last 15 or 30 days:								
118	Cash and due from bank	146,725	139,805	119,239	33,743	5,401	44,467	35,627	27,486
119	Federal funds sold and securities purchased under agreements to resell	55,860	50,507	39,035	4,308	1,666	18,803	14,259	16,825
120	Total loans	620,399	601,938	438,957	75,204	23,171	163,726	176,856	181,442
121	Time deposits of $100,000 or more	161,461	153,976	126,665	30,220	11,333	52,845	32,268	34,796
122	Total deposits	901,295	884,377	651,801	104,506	26,934	234,120	286,242	249,494
123	Federal funds purchased and securities sold under agreements to repurchase	93,688	89,925	85,687	23,974	9,971	39,994	11,748	8,001
124	Other liabilities for borrowed money	10,736	6,930	6,572	2,885	150	2,889	648	4,165
125	Standby letters of credit outstanding	16,889	16,008	15,100	8,759	1,130	4,165	1,046	1,788
126	Time deposits of $100,000 or more	165,793	158,867	130,705	30,344	11,606	55,555	33,200	35,088
127	Certificates of deposit	139,596	134,850	110,418	25,951	9,885	46,062	28,520	29,177
128	Other time deposits	26,198	24,016	20,287	4,393	1,721	9,493	4,680	5,911
129	Number of banks	14,707	14,397	5,668	12	9	153	5,494	9,039

1 Member banks exclude and nonmember banks include 11 noninsured trust companies that are members of the Federal Reserve System, and member banks exclude 2 national banks outside the continental United States.

2 Data for one large national bank have been estimated.

3 Note for Dec. 31, 1977, reporting only, national banks reported capitalized lease balances under "Other liabilities for borrowed money" while State member and nonmember banks reported these balances under "Mortgage indebtedness."

4 Demand deposits adjusted are demand deposits other than domestic commercial interbank and U.S. Govt., 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. Holdings by type of security will be reported as soon as they become available.

Back data in lesser detail were shown in previous BULLETINS. Details may not add to totals because of rounding.

1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

	Account	1978 May 31	June 7	June 14	June 21	June 28	July 5p	July 12p	July 19p	July 26p
1	**Total loans and investments**	**468,035**	**467,777**	**466,781**	**464,816**	**464,623**	**473,375**	**465,227**	**463,038**	**467.773**
	Loans:									
2	*Federal funds sold*[1]	*31,150*	*28,456*	*28,786*	*25,140*	*25,790*	*31,647*	*25,644*	*22,951*	*26,864*
3	To commercial banks	24,739	20,465	19,915	19,519	20,435	22,972	19,963	17,820	20.055
	To brokers and dealers involving—									
4	U.S. Treasury securities	3,384	5,285	5.612	3.459	2,842	5,642	2,841	2,734	3.502
5	Other securities	493	520	578	587	546	632	487	486	538
6	To others	2,534	2,186	2,681	1,575	1.967	2,401	2,353	1,911	2.769
7	*Other, gross*	*335,620*	*336,660*	*335,334*	*338,067*	*338,792*	*342,449*	*340,047*	*340,648*	*341.273*
8	Commercial and industrial	134.552	133,709	133,702	135.113	135,508	135,597	135,081	134.922	134.753
9	Agricultural	5.001	5.019	5.120	5.082	5,094	5,088	5,121	5.134	5.155
	For purchasing or carrying securities:									
	To brokers and dealers:									
10	U.S. Treasury securities	1,255	2,222	1.571	1,243	899	1.563	1,051	832	1.945
11	Other securities	8,160	9,007	8.271	8,591	8.680	8,896	8,618	8.654	8.162
	To others:									
12	U.S. Treasury securities	102	100	101	100	100	100	100	100	100
13	Other securities	2,695	2,683	2.662	2,653	2,656	2,663	2,652	2,643	2,628
	To nonbank financial institutions:									
14	Personal and sales finance cos., etc	7,932	8,283	7,949	7,882	7,915	8,615	8,200	8,042	7.909
15	Other	15,122	15,122	15.073	14,992	15,078	15,254	15,266	15.108	15.298
16	Real estate	79,142	79,300	79,812	80,213	80,530	80,922	81,322	81,780	82,220
	To commercial banks:									
17	Domestic	2,372	2,283	2,319	2,489	2,478	2.591	2,132	2,354	2.297
18	Foreign	6,316	6.109	5.896	6,120	6,125	6.348	6,173	6,333	5.976
19	Consumer instalment	49,246	49,401	49.705	50.041	50,448	50,628	50,777	51,010	51.356
20	Foreign govts., official institutions, etc	1,561	1,530	1,531	1.530	1,565	1,550	1,555	1,593	1.536
21	All other loans	22,164	21,892	21,622	22.018	21,716	22,634	21,999	22,143	21.938
22	Less: Loan loss reserve and unearned income on loans	10,030	10,140	10,192	10,254	10,222	10,187	10,264	10,342	10,387
23	*Other loans, net*	*325,590*	*326,520*	*325,142*	*327,813*	*328,570*	*332,262*	*329,783*	*330,306*	*330,886*
	Investments:									
24	*U.S. Treasury securities*	*43,424*	*44,479*	*44,577*	*44.247*	*42,742*	*42,556*	*42.501*	*42,445*	*42.560*
25	Bills	4,922	5,721	6,037	6,164	4.731	4,132	4,130	4,059	4,321
	Notes and bonds, by maturity:									
26	Within 1 year	7,621	7,595	7,547	7.542	7,379	7,466	7,440	7,472	7,501
27	1 to 5 years	25,899	26,203	25,965	25,667	25,754	26,241	25,837	25,829	25.667
28	After 5 years	4,982	4,960	5,028	4.874	4,878	4,717	5.094	5,085	5,071
29	*Other securities*	*67,871*	*68,322*	*68,276*	*67,616*	*67,521*	*66,910*	*67,299*	*67,336*	*67,463*
	Obligations of States and political subdivisions:									
30	Tax warrants, short-term notes, and bills	7,027	7,090	6,765	6.308	6.245	6,056	6,323	6,271	6,202
31	All other	44,608	44,923	44,875	44.592	44,519	44,410	44,651	44,713	44,800
	Other bonds, corporate stocks, and securities:									
32	Certificates of participation[2]	2,893	2,879	2,888	2.888	2,868	2,857	2,846	2.852	2,886
33	All other, including corporate stocks	13,343	13,430	13,748	13.828	13,889	13,587	13,479	13,500	13,575
34	Cash items in process of collection	55,797	42,304	45,795	45.549	43,789	54.024	44.515	46,558	41,123
35	Reserves with F.R. Banks	22,551	18,928	18,262	23,305	24.252	17.422	22,412	29,937	16,302
36	Currency and coin	6,525	6,183	6,518	6,563	6,651	5,923	6,677	6.653	6,648
37	Balances with domestic banks	17,748	14,366	14,542	14,368	14.422	18.247	15,795	14,569	15,224
38	Investments in subsidiaries not consolidated	3,194	3.259	3,266	3.191	3,188	3,195	3,238	3.315	3,309
39	Other assets	64.742	63.948	63,033	62.723	63.291	64,874	64,033	62,810	62,289
40	**Total assets/total liabilities**	**638,592**	**616,765**	**618,197**	**620.515**	**620,216**	**637,060**	**621,897**	**626,880**	**612,668**
	Deposits:									
41	*Demand deposits*	*206,915*	*185,624*	*191,835*	*191.728*	*187,760*	*212,329*	*191,762*	*191,751*	*185,763*
42	Individuals, partnerships, and corps	144.860	133,875	139,590	136.447	133,823	148,554	139,769	136,769	134,571
43	States and political subdivisions	6.144	5,460	5.472	6.049	6,182	6,546	5,932	5,905	5,884
44	U.S. Govt	1.325	1,150	1,575	4.241	2.909	1,849	1,763	2,908	2,111
	Domestic interbank:									
45	Commercial	35.972	27,817	28,576	28,258	27,540	36,392	28,331	28,428	27,404
46	Mutual savings	893	810	836	800	792	1,234	957	921	838
	Foreign:									
47	Governments, official institutions, etc	1.639	1,124	1,151	1.154	1,392	1.105	889	1,495	1,180
48	Commerial banks	7.782	7,364	6,651	6.720	6,959	7,470	6,924	6,026	6,675
49	Certified and officers' checks	8.300	8,024	7,984	8,059	8,163	9,179	7.197	9,299	7,100
50	*Time and savings deposits*[3]	*265,176*	*266,088*	*265,404*	*264,068*	*266,884*	*266,706*	*266,969*	*267,044*	*267,332*
51	Savings[4]	93.404	93,375	93,006	92,872	92,878	93,179	92,695	92,436	92,137
52	Time:	171,772	172.713	172,398	171,196	174,006	173,527	174,274	174,608	175,195
53	Individuals, partnerships, and corps	131,673	132,690	132,810	132,050	134,287	134,194	135,163	135,441	135,838
54	States and political subdivisions	25,684	25,524	24,982	24,757	24,795	24,446	24,537	24,852	25,243
55	Domestic interbank	5,695	5,821	5,826	5,855	6,329	6,326	6,301	6,172	6,015
56	Foreign govts., official institutions, etc	7.198	7,185	7,231	6.983	7,005	6,977	6,694	6,564	6,510
57	Federal funds purchased, etc.[5]	82.451	81.802	76,134	78.530	78,381	72,914	78,280	77,842	73,628
	Borrowings from:									
58	F.R. Banks	667	250	1,240	2,172	1,962	287	661	4,612	697
59	Others	6,164	6,036	6,687	6.374	7,182	6,825	6,082	6,104	6,154
60	Other liabilities, etc.[6]	31,231	30,953	30.840	31.654	31,912	31,715	31,689	33,224	32,643
61	Total equity capital and subordinated notes/debentures[7]	45,988	46,012	46,057	45.989	46,135	46,284	46,454	46,303	46,451

1 Includes securities purchased under agreements to resell.

2 Federal agencies only.

3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.

4 For amounts of these deposits by ownership categories, see Table 1.30.

5 Includes securities sold under agreements to repurchase.

6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.

7 Includes reserves for securities and contingency portion of reserves for loans.

1.28 LARGE WEEKLY REPORTING COMMERCIAL BANKS IN NEW YORK CITY Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1978 May 31	June 7	June 14	June 21	June 28	July 5ᵖ	July 12ᵖ	July 19ᵖ	July 26ᵖ
1 **Total loans and investments**	**96,108**	**95,337**	**94,507**	**94,865**	**93,415**	**96,623**	**93,627**	**92,993**	**94,499**
Loans:									
2 *Federal funds sold*[1]	*6,240*	*4,376*	*5,891*	*5,873*	*5,493*	*6,591*	*5,176*	*4,410*	*5,543*
3 To commercial banks	3,717	2,045	3,771	3,598	3,361	4,195	2,748	2,614	3,685
To brokers and dealers involving—									
4 U.S. treasury securities	1,666	1,774	1,457	1,821	1,352	1,470	1,516	1,269	1,410
5 Other securities	13	22	27	19	10	3	1	5	19
6 To others	844	535	636	435	770	923	911	522	429
7 *Other gross*	*70,830*	*71,722*	*69,535*	*70,378*	*70,265*	*72,183*	*70,314*	*70,590*	*70,842*
8 Commercial and industrial	35,705	35,210	35,000	35,418	35,653	35,530	35,276	35,374	35,207
9 Agricultural	188	176	176	161	156	159	160	150	151
For purchasing or carrying securities:									
To brokers and dealers:									
10 U.S. Treasury securities	1,141	2,067	1,415	1,092	774	1,421	881	691	1,810
11 Other securities	4,226	4,790	4,228	4,575	4,493	4,742	4,515	4,613	4,164
To others:									
12 U.S. Treasury securities	25	25	25	25	26	25	25	25	25
13 Other securities	354	346	357	357	361	355	351	359	357
To nonbank financial institutions:									
14 Personal and sales finance cos., etc.	2,691	2,916	2,605	2,693	2,691	3,141	2,834	2,718	2,694
15 Other	4,744	4,720	4,674	4,624	4,647	4,711	4,664	4,627	4,805
16 Real estate	9,014	9,012	9,074	9,067	9,078	9,122	9,137	9,202	9,255
To commercial banks:									
17 Domestic	872	694	718	826	770	866	620	736	736
18 Foreign	2,848	2,796	2,558	2,715	2,731	2,852	2,827	2,941	2,621
19 Consumer instalment	4,485	4,508	4,551	4,565	4,608	4,626	4,660	4,685	4,706
20 Foreign govts. official institutions, etc.	249	272	251	281	291	296	305	351	354
21 All other loans	4,288	4,190	3,903	3,979	3,986	4,337	4,059	4,118	3,957
22 Less: Loan loss reserve and unearned income on loans	1,754	1,794	1,792	1,792	1,754	1,747	1,761	1,772	1,784
23 *Other loans, net*	*69,076*	*69,928*	*67,743*	*68,586*	*68,511*	*70,436*	*68,553*	*68,818*	*69,058*
Investments:									
24 *U.S. Treasury securities*	*9,856*	*10,122*	*10,044*	*9,652*	*8,770*	*8,984*	*9,129*	*9,109*	*9,324*
25 Bills	1,592	1,973	2,153	1,970	1,103	1,064	1,173	1,285	1,569
Notes and bonds, by maturity:									
26 Within 1 year	1,089	1,031	996	1,093	1,002	972	929	912	935
27 1 to 5 years	6,024	6,093	5,809	5,639	5,725	6,022	5,906	5,844	5,797
28 After 5 years	1,151	1,025	1,086	950	940	926	1,121	1,068	1,023
29 *Other securities*	*10,936*	*10,911*	*10,829*	*10,754*	*10,641*	*10,612*	*10,772*	*10,656*	*10,574*
Obligations of States and political subdivisions:									
30 Tax warrants, short-term notes, and bills	1,508	1,543	1,500	1,604	1,631	1,568	1,744	1,717	1,660
31 All other	7,173	7,234	7,069	6,932	6,861	6,841	7,003	6,895	6,884
Other bonds, corporate stocks, and securities:									
32 Certificates of participation[2]	451	454	479	462	458	476	476	479	496
33 All other, including corporate stocks	1,804	1,680	1,781	1,756	1,691	1,727	1,549	1,565	1,534
34 Cash items in process of collection	18,791	14,007	15,153	15,350	15,393	17,087	13,775	16,527	12,978
35 Reserves with F.R. Banks	8,025	5,039	4,171	5,472	5,849	4,896	6,701	8,359	3,957
36 Currency and coin	950	927	975	937	927	881	923	942	934
37 Balances with domestic banks	9,008	7,454	7,528	6,855	7,026	9,590	8,754	7,827	8,593
38 Investments in subsidiaries not consolidated	1,641	1,654	1,652	1,653	1,653	1,688	1,700	1,714	1,715
39 Other assets	25,803	24,987	25,109	24,760	25,521	25,937	25,322	23,381	23,897
40 **Total assets/total liabilities**	**160,326**	**149,405**	**149,095**	**149,892**	**149,774**	**156,702**	**150,802**	**151,743**	**146,573**
Deposits:									
41 *Demand deposits*	*63,243*	*51,004*	*53,652*	*54,052*	*53,312*	*61,727*	*53,339*	*54,742*	*51,493*
42 Individuals, partnerships, and corps.	31,909	26,964	28,518	28,369	27,783	31,153	28,981	28,294	27,512
43 States and political subdivisions	533	506	481	609	559	490	458	548	569
44 U.S. Govt.	146	115	181	783	429	155	275	483	322
Domestic interbank:									
45 Commercial	19,130	12,928	14,299	13,882	13,794	18,481	14,248	14,349	13,678
46 Mutual savings	483	411	437	390	404	690	499	491	440
Foreign:									
47 Governments, official institutions, etc.	1,407	888	940	931	1,177	884	677	1,240	882
48 Commercial banks	5,963	5,444	5,009	5,144	5,204	5,678	5,237	4,349	5,005
49 Certified and officers' checks	3,672	3,748	3,787	3,944	3,962	4,196	2,964	4,988	3,085
50 *Time and savings deposits*[3]	*46,566*	*46,390*	*46,088*	*45,807*	*46,656*	*46,452*	*46,587*	*46,366*	*46,236*
51 Savings[4]	9,908	9,935	9,915	9,932	9,888	9,881	9,805	9,746	9,703
52 Time	36,658	36,455	36,173	35,875	36,768	36,571	36,782	36,620	36,533
53 Individuals, partnerships and corps.	28,083	28,012	27,737	27,558	28,270	28,169	28,385	28,269	28,262
54 States and political subdivisions	1,871	1,840	1,791	1,730	1,752	1,595	1,648	1,695	1,706
55 Domestic interbank	1,869	1,878	1,818	1,803	1,962	2,066	2,169	2,112	2,039
56 Foreign govts., official institutions, etc.	4,125	4,028	4,121	4,075	4,074	4,051	3,873	3,824	3,795
57 Federal funds purchased, etc.[5]	21,264	22,572	19,705	19,691	18,839	18,506	20,821	17,675	18,094
Borrowings from:									
58 F.R. Banks			380	440	510			2,420	65
59 Others	2,823	2,950	3,173	3,144	3,386	3,033	2,926	2,879	3,012
60 Other liabilities, etc.[6]	13,355	13,398	12,998	13,663	13,991	13,870	13,986	14,534	14,542
61 Total equity capital and subordinated notes/debentures[7]	13,075	13,091	13,099	13,095	13,080	13,114	13,143	13,127	13,131

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.
4 For amounts of these deposits by ownership categories, see Table 1.30.
5 Includes securities sold under agreements to repurchase.
6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
7 Includes reserves for securities and contingency portion of reserves for loans.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Commercial and Industrial Loans

Millions of dollars

Industry classification	Outstanding 1978 June 28	July 5	July 12	July 19	July 26p	Net change during— 1978 Q1r	Q2	1978 May	June	Julyp
	Total loans classified[2]									
1 **Total**	**110,274**	**110,388**	**109,947**	**109,622**	**109,586**	**2,804**	**5,470**	**3,815**	**639**	**−688**
Durable goods manufacturing:										
2 Primary metals	2,798	2,759	2,715	2,696	2,703	6	42	99	−98	−95
3 Machinery	5,404	5,286	5,347	5,351	5,406	667	170	163	−32	2
4 Transportation equipment	2,799	2,787	2,787	2,708	2,730	426	76	88	77	−69
5 Other fabricated metal products	2,453	2,457	2,483	2,423	2,408	323	181	25	25	−45
6 Other durable goods	3,909	3,937	3,962	3,933	3,895	32	376	177	117	−14
Nondurable goods manufacturing:										
7 Food, liquor, and tobacco	4,260	4,206	4,180	4,223	4,074	73	407	368	27	−186
8 Textiles, apparel, and leather	4,139	4,225	4,247	4,263	4,268	215	567	218	228	129
9 Petroleum refining	2,637	2,650	2,593	2,574	2,562	−470	159	22	48	−75
10 Chemicals and rubber	3,569	3,582	3,632	3,529	3,514	571	154	−3	99	−55
11 Other nondurable goods	2,267	2,288	2,320	2,344	2,323	−36	61	62	20	56
12 Mining, including crude petroleum and natural gas	10,405	10,335	10,361	10,378	10,372	753	883	301	247	−33
Trade:										
13 Commodity dealers	2,067	2,018	1,989	2,021	1,981	428	−187	357	−473	−86
14 Other wholesale	8,938	9,011	8,967	8,965	9,019	1,190	449	89	152	81
15 Retail	8,274	8,230	8,286	8,219	8,260	660	649	420	18	−14
16 Transportation	5,441	5,286	5,241	5,227	5,263	603	−147	62	126	−178
17 Communication	1,665	1,723	1,715	1,717	1,682	33	249	114	−14	17
18 Other public utilities	5,010	5,091	5,087	5,139	5,176	−358	38	124	−150	166
19 Construction	5,110	5,125	5,150	5,196	5,196	162	475	222	111	86
20 Services	13,471	13,470	13,485	13,518	13,536	1,042	1,130	467	344	65
21 All other domestic loans	7,844	8,013	8,041	7,966	8,006	−883	386	61	−35	162
22 Bankers acceptances	3,261	3,321	2,820	2,723	2,634	−2,531	−429	399	−45	−627
23 Foreign commercial and industrial loans	4,553	4,588	4,539	4,509	4,578	−102	−219	−20	−103	25
MEMO ITEMS:										
24 Commercial paper included in total classified loans[1]	71	....	....	....	64	−27	−60	−27	−26	−7
25 Total commercial and industrial loans of all large weekly reporting banks	135,508	135,597	135,081	134,922	134,753	2,966	6,699	4,006	956	−755

Industry classification	1978 Mar. 29	Apr. 26	May 31	June 28	July 26p	1978 Q1p	Q2	1978 May	June	Julyp
	"Term" loans classified[3]									
26 **Total**	**49,368**	**50,159**	**51,204**	**51,369**	**51,992**	**2,742**	**2,001**	**1,045**	**165**	**623**
Durable goods manufacturing:										
27 Primary metals	1,579	1,671	1,736	1,706	1,695	33	127	65	−30	−11
28 Machinery	2,531	2,542	2,622	2,576	2,712	245	45	80	−46	136
29 Transportation equipment	1,489	1,462	1,460	1,420	1,439	172	−69	8	−40	19
30 Other fabricated metal products	902	960	968	994	1,000	68	92	8	26	6
31 Other durable goods	1,572	1,603	1,625	1,678	1,718	−126	106	22	53	40
Nondurable goods manufacturing:										
32 Food, liquor, and tobacco	1,522	1,649	1,676	1,671	1,691	24	149	27	−5	20
33 Textiles, apparel, and leather	1,038	1,083	1,097	1,122	1,138	−20	84	14	25	16
34 Petroleum refining	1,873	1,850	1,962	1,947	1,882	−395	74	112	−15	−65
35 Chemicals and rubber	2,116	2,147	2,229	2,412	2,418	389	296	82	183	6
36 Other nondurable goods	1,169	1,093	1,093	1,091	1,103	22	−78	....	−2	12
37 Mining, including crude petroleum and natural gas	7,084	7,443	7,604	7,760	7,660	583	676	161	156	−100
Trade:										
38 Commodity dealers	252	244	254	229	233	16	−23	10	−25	4
39 Other wholesale	1,992	2,084	2,141	2,176	2,233	327	184	57	35	57
40 Retail	2,559	2,703	2,855	2,835	2,782	111	276	152	−20	−53
41 Transportation	3,871	3,627	3,702	3,738	3,678	387	−133	75	36	−60
42 Communication	924	965	980	1,009	1,059	84	85	15	29	50
43 Other public utilities	3,822	3,723	3,770	3,529	3,714	556	−293	47	−241	185
44 Construction	2,066	2,085	2,101	2,117	2,177	76	51	16	16	60
45 Services	5,881	6,039	6,300	6,505	6,592	515	624	261	205	87
46 All other domestic loans	2,465	2,576	2,525	2,378	2,525	−261	−87	−51	−147	147
47 Foreign commercial and industrial loans	2,661	2,620	2,504	2,476	2,543	−64	−185	−116	−28	67

1 Reported for the last Wednesday of each month.
2 Includes "term" loans, shown below.
3 Outstanding loans with an original maturity of more than 1 year and all outstanding loans granted under a formal agreement—revolving credit or standby—on which the original maturity of the commitment was in excess of 1 year.

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations

Billions of dollars, estimated daily-average balances

Type of holder	1973 Dec.	1974 Dec.	1975 Dec.	1976 Dec.	1977 Mar.	1977 June	1977 Sept.	1977 Dec.	1978 Mar.	1978 June
	At commercial banks									
1 **All holders, IPC**	**220.1**	**225.0**	**236.9**	**250.1**	**242.3**	**253.8**	**252.7**	**274.4**	**262.5**	**271.2**
2 Financial business	19.1	19.0	20.1	22.3	21.6	25.9	23.7	25.0	24.5	25.7
3 Nonfinancial business	116.2	118.8	125.1	130.2	125.1	129.2	128.5	142.9	131.5	137.7
4 Consumer	70.1	73.3	78.0	82.6	81.6	84.1	86.2	91.0	91.8	92.9
5 Foreign	2.4	2.3	2.4	2.7	2.4	2.5	2.5	2.5	2.4	2.4
6 Other	12.4	11.7	11.3	12.4	11.6	12.2	11.8	12.9	12.3	12.4

Type of holder	1974 Dec.	1975 Dec.	1976 Dec.	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May	1978 June
	At weekly reporting banks									
7 **All holders, IPC**	**119.7**	**124.4**	**128.5**	**139.1**	**137.1**	**132.5**	**131.9**	**135.6**	**134.3**	**136.9**
8 Financial business	14.8	15.6	17.5	18.5	18.3	18.1	18.2	17.9	18.1	19.0
9 Nonfinancial business	66.9	69.9	69.7	76.3	73.8	70.7	68.9	70.9	70.7	71.9
10 Consumer	29.0	29.9	31.7	34.6	35.2	34.4	35.4	37.6	36.0	36.6
11 Foreign	2.2	2.3	2.6	2.4	2.4	2.4	2.3	2.2	2.4	2.3
12 Other	6.8	6.6	7.1	7.4	7.4	6.9	7.0	7.0	7.1	7.1

NOTE.—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.

1.33 COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1975 Dec.	1976 Dec.	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May	1978 June
	Commercial paper (seasonally adjusted)									
1 **All issuers**	**48,459**	**53,025**	**62,753**	**65,112**	**65,488**	**65,477**	**67,354**	**70,183**	**71,213**	**74,536**
Financial companies:[1]										
Dealer-placed paper:[2]										
2 Total	6,202	7,250	8,497	8,871	9,018	8,918	8,889	9,670	10,314	10,327
3 Bank-related	1,762	1,900	1,980	2,132	2,035	1,997	1,993	2,078	2,217	2,442
Directly-placed paper:[3]										
4 Total	31,374	32,500	38,954	40,399	41,586	42,137	42,781	44,220	44,664	47,315
5 Bank-related	6,892	5,959	6,567	7,003	7,109	7,616	8,031	7,889	9,258	9,585
6 Nonfinancial companies[4]	10,883	13,275	15,302	15,842	14,884	14,422	15,684	16,293	16,235	16,894
	Dollar acceptances (not seasonally adjusted)									
7 **Total**	**18,727**	**22,523**	**24,088**	**25,654**	**25,252**	**25,411**	**26,181**	**26,256**	**26,714**	**28,289**
Held by:										
8 *Accepting banks*	*7,333*	*10,442*	*8,952*	*10,434*	*7,785*	*7,513*	*7,375*	*7,091*	*7,286*	*7,502*
9 Own bills	5,899	8,769	7,702	8,915	6,772	6,583	6,375	6,117	6,365	6,520
10 Bills bought	1,435	1,673	1,251	1,519	1,013	931	1,000	974	921	983
F.R. Banks:										
11 Own account	1,126	991	248	954	...	...	1	...	...	1,021
12 Foreign correspondents	293	375	392	362	371	456	522	550	679	625
13 Others	9,975	10,715	14,495	13,904	17,096	17,442	18,283	18,614	18,749	20,160
Based on:										
14 Imports into United States	3,726	4,992	5,973	6,532	6,637	6,842	6,979	7,108	7,027	7,578
15 Exports from United States	4,001	4,818	5,803	5,895	5,840	5,739	6,034	6,216	6,494	6,906
16 All other	11,000	12,713	12,312	13,227	12,774	13,026	13,168	12,932	13,193	13,805

1 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.

2 Includes all financial company paper sold by dealers in the open market.

3 As reported by financial companies that place their paper directly with investors.

4 Includes public utilities and firms engaged primarily in activities such as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

1.34 PRIME RATE CHARGED BY BANKS on Short-term Business Loans

Per cent per annum

Effective date	Rate	Effective date	Rate	Month	Average rate	Month	Average rate
1976—Nov. 1	6½	1977—Oct. 7	7½	1977—Jan.	6.25	1977—Nov.	7.75
Dec. 13	6¼	Oct. 24	7¾	Feb.	6.25	Dec.	7.75
1977—May 13	6½	1978—Jan. 10	8	Mar.	6.25	1978—Jan.	7.93
31	6¾	May 5	8¼	Apr.	6.25	Feb.	8.00
1977—Aug. 22	7	May 26	8½	May	6.41	Mar.	8.00
Sept. 16	7¼	June 16	8¾	June	6.75	Apr.	8.00
		June 30	9	July	6.75	May	8.27
				Aug.	6.83	June	8.63
				Sept.	7.13	July	9.00
				Oct.	7.52		

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 1–6, 1978

Item	All sizes	Size of loan (in thousands of dollars) 1–24	25–49	50–99	100–499	500–999	1,000 and over
	Short-term commercial and industrial loans						
1 Amount of loans (thousands of dollars)	9,522,014	1,180,739	738,576	928,657	2,238,701	767,846	3,667,496
2 Number of loans	217,426	165,335	22,850	14,211	12,443	1,211	1,376
3 Weighted-average maturity (months)	2.7	2.7	2.9	2.3	2.8	3.0	2.6
4 Weighted-average interest rate (per cent per annum)	9.01	9.82	9.63	9.37	9.04	8.90	8.53
5 Interquartile range [1]	8.25–9.46	9.00–10.70	8.77–10.47	8.30–9.84	8.30–9.50	8.27–9.31	8.21–8.75
Percentage of amount of loans:							
6 With floating rate	54.7	31.9	33.0	51.2	60.1	52.0	64.6
7 Made under commitment	39.9	12.9	21.6	23.0	39.3	63.6	51.9
	Long-term commercial and industrial loans						
8 Amount of loans (thousands of dollars)	1,897,435		474,261		421,282	92,982	908,911
9 Number of loans	39,810		37,035		2,420	139	216
10 Weighted-average maturity (months)	47.6		37.8		40.5	41.0	56.7
11 Weighted-average interest rate (per cent per annum)	9.67		10.23		10.29	9.11	9.15
12 Interquartile range [1]	8.75–10.47		9.00–10.47		8.75–10.47	8.50–9.92	8.50–10.000
Percentage of amount of loans:							
13 With floating rate	38.7		14.8		51.5	66.1	42.5
14 Made under commitment	42.9		24.3		39.4	66.7	51.8
	Construction and land development loans						
15 Amount of loans (thousands of dollars)	905,900	170,034	117,084	163,826	263,323	191,632	
16 Number of loans	26,806	19,511	3,330	2,263	1,551	152	
17 Weighted-average maturity (months)	10.2	5.7	8.6	13.6	10.1	11.7	
18 Weighted-average interest rate (per cent per annum)	9.83	9.53	10.05	10.08	9.99	9.55	
19 Interquartile range [1]	9.24–10.21	9.03–9.92	9.00–10.60	9.27–11.85	9.95–10.04	8.75–10.73	
Percentage of amount of loans:							
20 With floating rate	34.6	16.4	12.8	37.6	28.7	69.4	
21 Secured by real estate	94.3	94.5	96.7	97.7	95.5	88.0	
22 Made under commitment	60.0	60.9	41.6	21.8	86.9	66.2	
23 Type of construction: 1- to 4-family	41.5	74.8	86.1	40.9	17.8	17.9	
24 Multifamily	6.4	2.8	1.2	3.2	5.3	16.7	
25 Nonresidential	52.1	22.4	12.7	55.9	76.8	65.5	
	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
	Loans to farmers						
26 Amount of loans (thousands of dollars)	995,247	185,866	174,508	140,998	114,506	140,316	239,051
27 Number of loans	70,014	51,013	11,734	4,239	1,766	968	293
28 Weighted-average maturity (months)	9.1	8.7	7.6	10.1	10.2	5.7	11.4
29 Weighted-average interest rate (per cent per annum)	9.31	9.24	9.21	9.28	9.22	9.34	9.46
30 Interquartile range [1]	6.71–9.73	8.75–9.73	8.75–9.58	8.75–9.58	8.75–9.54	8.71–9.76	8.68–10.16
By purpose of loan:							
31 Feeder livestock	9.39	9.16	8.98	9.06	9.19	9.72	9.88
32 Other livestock	9.08	9.33	9.46	9.12	9.72	9.51	*
33 Other current operating expenses	9.19	9.12	9.29	9.26	8.98	9.32	9.15
34 Farm machinery and equipment	9.37	9.47	9.28	9.04	9.29	9.86	*
35 Other	9.54	9.48	9.23	9.64	9.51	9.08	9.97

[1] Interest rate range that covers the middle 50 per cent of the total dollar amount of loans made.

[2] Fewer than three sample loans.

NOTE.—For more detail, see the Board's 416 (G.14) statistical release.

1.36 INTEREST RATES Money and Capital Markets

Averages, per cent per annum

	Instrument	1975	1976	1977	1978 Apr.	1978 May	1978 June	1978 July	1978, week ending July 1	July 8	July 15	July 22	July 29
	Money market rates												
1	Federal funds [1]	5.82	5.05	5.54	6.89	7.36	7.60	7.81	7.78	7.72	7.72	7.94	7.88
	Prime commercial paper [2]												
2	90- to 119-day	6.26	5.24	5.54	6.82	7.06	7.59	7.85	7.76	7.82	7.85	7.88	7.86
3	4- to 6-month	6.33	5.35	5.60	6.86	7.11	7.63	7.91	7.80	7.88	7.91	7.93	7.92
4	Finance company paper, directly placed, 3- to 6-month [3]	6.16	5.22	5.49	6.74	6.98	7.41	7.66	7.58	7.63	7.66	7.67	7.67
5	Prime bankers acceptances, 90-day [4]	6.30	5.19	5.59	6.92	7.32	7.75	8.02	7.94	8.01	8.06	8.05	7.97
	Large negotiable certificates of deposit												
6	3-month, secondary market [5]	6.43	5.26	5.58	7.04	7.42	7.82	9.00	8.04	8.07	8.11	8.16	8.17
7	3-month, primary market [6]	...	5.15	5.52	6.85	7.24	7.68	8.00	8.00	8.00	8.00	8.00	8.00
8	Euro-dollar deposits, 3-month [7]	6.97	5.57	6.05	7.38	7.82	8.33	8.52	8.65	8.63	8.46	8.58	8.50
	U.S. Government securities												
	Bills: [8]												
	Market yields:												
9	3-month	5.80	4.98	5.27	6.29	6.41	6.73	7.01	6.93	7.05	7.16	7.05	6.83
10	6-month	6.11	5.26	5.53	6.73	7.02	7.23	7.44	7.38	7.43	7.51	7.47	7.38
11	1-year	6.30	5.52	5.71	6.96	7.28	7.53	7.79	7.72	7.75	7.82	7.82	7.78
	Rates on new issue: [9]												
12	3-month	5.838	4.989	5.265	6.306	6.430	6.707	7.074	6.967	7.058	7.188	7.113	6.935
13	6-month	6.122	5.266	5.510	6.700	7.019	7.200	7.471	7.396	7.447	7.515	7.497	7.425
	Constant maturities: [10]												
14	1-year	6.76	5.88	6.09	7.45	7.82	8.09	8.39	8.32	8.34	8.42	8.42	8.39
	Capital market rates												
	Government notes and bonds												
	U.S. Treasury												
	Constant maturities: [10]												
15	2-year	...	...	6.45	7.74	8.01	8.24	8.49	8.45	8.45	8.49	8.50	8.51
16	3-year	7.49	6.77	6.69	7.85	8.07	8.30	8.54	8.51	8.51	8.56	8.55	8.55
17	5-year	7.77	7.18	6.99	7.98	8.18	8.36	8.54	8.49	8.50	8.56	8.56	8.53
18	7-year	7.90	7.42	7.23	8.06	8.25	8.40	8.55	8.50	8.52	8.57	8.56	8.55
19	10-year	7.99	7.61	7.42	8.15	8.35	8.46	8.64	8.59	8.62	8.68	8.65	8.63
20	20-year	8.19	7.86	7.67	8.32	8.44	8.53	8.69	8.63	8.68	8.72	8.69	8.67
21	30-year	...	...	...	8.34	8.43	8.50	8.65	8.59	8.63	8.69	8.66	8.63
	Notes and bonds maturing in [11]												
22	3 to 5 years	7.55	6.94	6.85	7.90	8.10	8.31	8.54	8.50	8.52	8.56	8.55	8.53
23	Over 10 years (long-term)	6.98	6.78	7.06	7.74	7.87	7.94	8.09	8.02	8.06	8.13	8.10	8.08
	State and local:												
	Moody's series: [12]												
24	Aaa	6.42	5.66	5.20	5.41	5.57	5.73	5.80	5.85	5.85	5.85	5.75	5.74
25	Baa	7.62	7.49	6.12	5.88	6.14	6.44	6.45	6.50	6.50	6.52	6.40	6.38
26	*Bond Buyer* series [13]	7.05	6.64	5.68	5.80	6.03	6.22	6.28	6.29	6.31	6.32	6.26	6.24
	Corporate bonds												
	Seasoned issues [14]												
27	All industries	9.57	9.01	8.43	8.88	9.02	9.13	9.22	9.16	9.18	9.21	9.24	9.23
	By rating groups:												
28	Aaa	8.83	8.43	8.02	8.56	8.69	8.76	8.88	8.82	8.85	8.90	8.89	8.88
29	Aa	9.17	8.75	8.24	8.73	8.84	8.95	9.07	9.00	9.01	9.06	9.08	9.10
30	A	9.65	9.09	8.49	8.93	9.05	9.18	9.33	9.22	9.26	9.31	9.37	9.36
31	Baa	10.61	9.75	8.97	9.32	9.49	9.60	9.60	9.58	9.60	9.59	9.59	9.61
	Aaa utility bonds: [15]												
32	New issue	9.40	8.48	8.19	8.90	8.95	9.09	9.14	9.16	9.18	9.17	9.12	9.08
33	Recently offered issues	9.41	8.49	8.19	8.85	8.98	9.07	9.18	9.18	9.20	9.22	9.19	9.10
	Dividend/price ratio												
34	Preferred stocks	8.38	7.97	7.60	8.06	8.11	8.31	8.42	8.38	8.39	8.48	8.38	8.42
35	Common stocks	4.31	3.77	4.56	5.42	5.20	5.19	5.25	5.32	5.38	5.28	5.18	5.14

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 Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by those dealers.

3 Averages of the most representative daily offering rates published by finance companies for varying maturities in this range.

4 Average of the midpoint of the range of daily dealer closing rates offered for domestic issues; prior data are averages of the most representative daily offering rate quoted by dealers.

5 Weekly figures (week ending Wednesday) are 7-day averages of the daily midpoints as determined from the range of offering rates; monthly figures are averages of total days in the month. Beginning Apr. 5, 1978, weekly figures are simple averages of offering rates.

6 Posted rates, which are the annual interest rates most often quoted on new offerings of negotiable CD's in denominations of $100,000 or more by large New York City banks. Rates prior to 1976 not available. Weekly figures are for Wednesday dates.

7 Averages of daily quotations for the week ending Wednesday.

8 Except for new bill issues, yields are computed from daily closing bid prices. Yields for all bills are quoted on a bank-discount basis.

9 Rates are recorded in the week in which bills are issued.

10 Yields on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.

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 a number of 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.

1.37 STOCK MARKET Selected Statistics

	Indicator	1975	1976	1977	1978 Jan.	Feb.	Mar.	Apr.	May	June	July
		Prices and trading (averages of daily figures)									
	Common stock prices										
1	**New York Stock Exchange (Dec. 31, 1965 = 50)**	**45.73**	**54.45**	**53.67**	**49.89**	**49.41**	**49.50**	**51.75**	**54.49**	**54.83**	**54.61**
2	Industrial	51.88	60.44	57.84	53.45	52.80	52.77	55.48	59.14	59.63	59.35
3	Transportation	30.73	39.57	41.07	39.15	38.90	38.95	41.19	44.21	44.19	44.74
4	Utility	31.45	36.97	40.91	39.09	39.02	39.26	39.69	39.47	39.41	39.28
5	Finance	46.62	52.94	55.23	50.91	50.60	51.44	55.04	57.95	58.31	57.97
6	**Standard & Poor's Corporation (1941-43 = 10)[1]**	**85.17**	**102.01**	**98.18**	**90.28**	**88.98**	**88.82**	**92.71**	**97.41**	**97.66**	**97.19**
7	**American Stock Exchange (Aug. 31, 1973 = 100)**	**83.15**	**101.63**	**116.18**	**121.73**	**123.35**	**126.11**	**133.67**	**142.26**	**147.64**	**149.87**
	Volume of trading (thousands of shares)[2]										
8	New York Stock Exchange	18,568	21,189	20,936	20,388	19,400	22,617	34,780	35,261	30,514	27,074
9	American Stock Exchange	2,150	2,565	2,514	2,254	2,300	2,940	4,151	4,869	4,220	3,496
		Customer financing (end-of-period balances, in millions of dollars)									
10	**Regulated margin credit at brokers/dealers and banks[3]**	**6,500**	**9,011**	**10,866**	**10,690**	**10,901**	**11,027**	**11,424**	...	...	...
11	*Brokers, total*	*5,540*	*8,166*	*9,993*	*9,839*	*10,024*	*10,172*	*10,510*	*10,910*	*11,332*	...
12	Margin stock[4]	5,390	7,960	9,740	9,590	9,780	9,920	10,260	10,660	11,090	...
13	Convertible bonds	147	204	250	246	242	250	248	245	242	...
14	Subscription issues	3	2	3	3	2	2	2	1	...	...
15	*Banks, total*	*960*	*845*	*873*	*851*	*877*	*855*	*914*	...	...	...
16	Margin stocks	909	800	827	809	838	824	882	...	...	...
17	Convertible bonds	36	30	30	27	25	24	25	...	...	...
18	Subscription issues	15	15	16	15	14	7	7	...	...	...
19	**Unregulated nonmargin stock credit at banks[5]**	**2,281**	**r2,283**	**2,568**	**2,565**	**2,544**	**2,544**	**2,560**	...	...	...
	MEMO: Free credit balances at brokers[6]										
20	Margin-account	475	585	640	660	635	630	715	755	...	...
21	Cash-account	1,525	1,855	2,060	1,925	1,875	1,795	2,170	2,395	...	...
		Margin-account debt at brokers (percentage distribution, end of period)									
22	**Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	...
	By equity class (in per cent):[7]										
23	Under 40	24.0	12.0	18.0	25.0	25.0	21.0	15.0	15.0	16.0	...
24	40–49	28.8	23.0	36.0	34.0	34.0	33.0	32.0	33.0	34.0	...
25	50–59	22.3	35.0	23.0	20.0	20.0	24.0	27.0	26.0	26.0	...
26	60–69	11.6	15.0	11.0	10.0	10.0	11.0	13.0	13.0	12.0	...
27	70–79	6.9	8.7	6.0	6.0	6.0	6.0	7.0	7.0	7.0	...
28	80 or more	5.3	6.0	5.0	5.0	5.0	5.0	6.0	6.0	5.0	...
		Special miscellaneous-account balances at brokers (end of period)									
29	Total balances (millions of dollars)[8]	7,290	8,776	9,910	9,880	10,150	10,190	10,212	10,516	...	...
	Distribution by equity status (per cent)										
30	Net credit status	43.8	41.3	43.4	42.4	42.0	42.6	41.9	42.6	...	...
	Debit status, equity of—										
31	60 per cent or more	40.8	47.8	44.9	43.6	43.0	43.7	46.2	46.0	...	...
32	Less than 60 per cent	15.4	10.9	11.7	14.0	14.0	13.5	11.9	11.4	...	...

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 Based on trading for a 5½-hour day.

3 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 by brokers is end-of-month data for member firms of the New York Stock Exchange; June data for banks are universe totals; all other data for banks are estimates for all commercial banks based on data from a sample of reporting banks.

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.

4 A distribution of this total by equity class is shown on lines 23–28.

5 Nonmargin stocks are those not listed on a national securities exchange and not included on the Federal Reserve System's list of over-the-counter margin stocks. At banks, loans to purchase or carry nonmargin stocks are unregulated; at brokers, such stocks have no loan value.

6 Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

7 Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

8 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.

NOTE.—For table on "Margin Requirements" see p. A-10, Table 1.161.

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1974	1975	1976	1977			1978					
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June^p
	Savings and loan associations											
1 **Assets**	**295,545**	**338,233**	**391,907**	**450,563**	**455,644**	**459,282**	**464,279**	**469,726**	**475,320**	**480,986**	**487,091**	**491,724**
2 Mortgages	249,301	278,590	323,005	371,714	376,468	381,216	384,235	387,644	392,479	397,335	402,356	407,943
3 Cash and investment securities[1]	23,251	30,853	35,724	40,642	40,522	39,197	40,356	41,646	41,870	41,901	42,493	41,656
4 Other	22,993	28,790	33,178	38,207	38,654	38,869	39,688	40,436	40,971	41,750	42,242	42,125
5 **Liabilities and net worth**	**295,545**	**338,233**	**391,907**	**450,563**	**455,644**	**459,282**	**464,279**	**469,726**	**475,320**	**480,986**	**487,091**	491,724
6 Savings capital	242,974	285,743	335,912	379,604	381,333	386,875	389,620	391,917	399,070	399,628	402,008	408,659
7 *Borrowed money*	*24,780*	*20,634*	*19,083*	*r24,199*	*r25,540*	*r27,796*	*r27,899*	*r28,666*	*29,274*	*31,838*	*32,689*	*34,258*
8 FHLBB	21,508	17,524	15,708	r17,539	r18,275	r19,945	r20,129	r20,602	21,030	22,692	23,323	24,962
9 Other	3,272	3,110	3,375	6,660	7,265	7,851	7,770	8,064	8,244	9,146	9,366	9,296
10 Loans in process	3,244	5,128	6,840	9,856	9,924	9,932	9,849	9,924	10,435	10,959	11,408	11,659
11 Other	6,105	6,949	8,074	r12,233	r13,846	r9,498	r11,471	r13,456	10,511	12,194	14,252	10,105
12 Net worth[2]	18,442	19,779	21,998	24,671	25,001	25,181	25,440	25,763	26,030	26,367	26,734	27,043
13 MEMO: Mortgage loan commitments outstanding[3]	7,454	10,673	14,826	21,555	21,270	19,886	19,534	20,625	22,320	23,409	23,951	22,834
	Mutual savings banks											
14 **Assets**	**109,550**	**121,056**	**134,812**	**145,651**	**146,346**	**147,287**	**148,511**	**149,528**	**150,962**	**151,383**	**152,202**	....
Loans:												
15 Mortgage	74,891	77,221	81,630	86,769	87,333	88,195	88,905	89,247	89,800	90,346	90,915	....
16 Other	3,812	4,023	5,183	7,115	7,241	6,210	6,803	7,398	7,782	7,422	7,907	....
Securities:												
17 U.S. Government	2,555	4,740	5,840	6,101	6,071	5,895	5,785	5,737	5,677	5,670	5,491	....
18 State and local government	930	1,545	2,417	2,808	2,809	2,828	2,886	2,808	2,850	2,915	2,994	....
19 Corporate and other[4]	22,550	27,992	33,793	37,073	37,221	37,918	38,360	38,605	38,964	39,146	39,225	....
20 Cash	2,167	2,330	2,355	2,011	1,887	2,401	1,889	1,838	1,990	1,940	1,798	....
21 Other assets	2,645	3,205	3,593	3,773	3,783	3,839	3,882	3,895	3,899	3,945	3,873	....
22 **Liabilities**	**109,550**	**121,056**	**134,812**	**145,651**	**146,346**	**147,287**	**148,511**	**149,528**	**150,962**	**151,383**	**152,202**	....
23 *Deposits*	*98,701*	*109,873*	*122,877*	*132,250*	*132,537*	*134,017*	*134,771*	*135,200*	*136,997*	*136,931*	*137,307*	....
24 Regular:[5]	98,221	109,291	121,961	130,913	131,319	132,744	133,370	133,846	135,558	135,349	135,785	....
25 Ordinary savings	64,286	69,653	74,535	77,503	77,460	78,005	77,754	77,837	78,783	78,170	78,273	....
26 Time and other	33,935	39,639	47,426	53,410	53,859	54,739	55,616	56,009	56,775	57,179	57,512	....
27 Other	480	582	916	1,337	1,208	1,272	1,401	1,354	1,439	1,582	1,521	....
28 Other liabilities	2,888	2,755	2,884	3,632	3,938	3,292	3,676	4,155	3,735	4,152	4,481	....
29 General reserve accounts	7,961	8,428	9,052	9,769	9,882	9,978	10,064	10,174	10,230	10,301	10,414	....
30 MEMO: Mortgage loan commitments outstanding[6]	2,040	1,803	2,439	4,423	4,458	4,066	3,998	4,027	4,185	4,342	4,606	....
	Life insurance companies											
31 **Assets**	**263,349**	**289,304**	**321,552**	**343,738**	**347,182**	**350,506**	**352,914**	**355,068**	**357,925**	**361,848**	....	....
Securities:												
32 *Government*	*10,900*	*13,758*	*17,942*	*19,519*	*19,681*	*19,508*	*19,579*	*19,677*	*19,560*	*19,391*	....	....
33 United States[7]	3,372	4,736	5,368	5,810	5,993	5,693	5,717	5,748	5,629	5,214	....	....
34 State and local	3,667	4,508	5,594	5,979	5,967	6,016	6,009	6,073	6,015	5,868	....	....
35 Foreign[8]	3,861	4,514	6,980	7,730	7,721	7,799	7,853	7,856	7,916	8,309	....	....
36 *Business*	*119,637*	*135,317*	*157,246*	*172,005*	*174,109*	*175,204*	*177,134*	*178,718*	*180,688*	*183,922*	....	....
37 Bonds	97,717	107,256	122,984	139,909	141,354	142,095	145,244	147,202	148,754	150,057	....	....
38 Stocks	21,920	28,061	34,262	32,096	32,755	33,109	31,890	31,516	31,934	33,865	....	....
39 Mortgages	86,234	89,167	91,552	94,684	95,110	96,765	97,171	97,475	97,963	98,533	....	....
40 Real estate	8,331	9,621	10,476	11,024	11,113	11,201	11,252	11,318	11,310	11,307	....	....
41 Policy loans	22,862	24,467	25,834	27,220	27,355	27,508	27,628	27,762	27,951	28,169	....	....
42 Other assets	15,385	16,971	18,502	19,286	19,814	20,320	20,150	20,118	20,453	20,526	....	....
	Credit unions											
43 **Total assets/liabilities and capital**	**31,948**	**38,037**	**45,225**	**52,412**	**53,141**	**54,084**	**53,982**	**54,989**	**56,703**	**56,827**	**58,018**	**59,381**
44 Federal	16,715	20,209	24,396	28,463	28,954	29,574	29,579	30,236	31,274	31,255	31,925	32,793
45 State	15,233	17,828	20,829	23,949	24,187	24,510	24,403	24,753	25,429	25,572	26,093	26,588
46 *Loans outstanding*	*24,432*	*28,169*	*34,384*	*40,865*	*41,427*	*42,055*	*41,876*	*42,331*	*43,379*	*44,133*	*45,506*	*47,118*
47 Federal	12,730	14,869	18,311	21,814	22,224	22,717	22,590	22,865	23,555	23,919	24,732	25,672
48 State	11,702	13,300	16,073	19,051	19,203	19,338	19,286	19,466	19,824	20,214	20,774	21,356
49 *Savings*	*27,518*	*33,013*	*39,173*	*45,441*	*45,977*	*46,832*	*47,317*	*48,093*	*49,706*	*49,931*	*50,789*	*52,076*
50 Federal (shares)	14,370	17,530	21,130	24,945	25,303	25,849	26,076	26,569	27,514	27,592	28,128	28,903
51 State (shares and deposits)	13,148	15,483	18,043	20,496	20,674	20,983	21,241	21,524	22,192	22,339	22,661	23,173

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

	Type of account or operation	Fiscal year 1976	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Calendar year					
					1977		1978	1978		
					H1	H2	H1	Apr.	May	June
	U.S. Budget									
1	Receipts[1]	300,005	81,772	357,762	190,278	175,820	210,650	42,546	35,091	47,657
2	Outlays[1,2,3]	366,451	94,742	402,803	200,350	216,781	222,518	35,927	36,800	38,602
3	*Surplus, or deficit (−)*	*−66,446*	*−12,970*	*−45,041*	*−10,072*	*−40,961*	*−11,870*	*6,618*	*−1,709*	*9,055*
4	Trust funds	2,409	−1,952	7,833	7,332	4,293	4,334	−990	5,970	1,597
5	Federal funds[4]	−68,855	−11,018	−52,874	−17,405	−45,254	−16,204	7,608	−7,679	7,458
	Off-budget entities surplus, or deficit (−)									
6	Federal Financing Bank outlays	−5,915	−2,575	−8,415	−2,075	−6,663	−5,105	−671	−795	−499
7	Other[2,5]	−1,355	793	−269	−2,086	428	−790	102	−245	−155
	U.S. Budget plus off-budget, including Federal Financing Bank									
8	*Surplus, or deficit (−)*	*−73,716*	*−14,752*	*−53,725*	*−14,233*	*−47,196*	*−17,765*	*6,049*	*−2,749*	*8,401*
	Financed by:									
9	Borrowing from the public[3]	82,922	18,027	53,516	16,480	40,284	23,374	−2,263	−555	5,401
10	Cash and monetary assets (decrease, or increase (−))	−7,796	−2,899	−2,238	−4,666	4,317	−5,098	−3,345	6,403	−14,091
11	Other[6]	−1,396	−373	2,440	2,420	2,597	−511	−442	−3,099	289
	MEMO ITEMS:									
12	**Treasury operating balance (level, end of period)**	**14,836**	**17,418**	**19,104**	**16,255**	**12,274**	**17,526**	**9,281**	**3,726**	**17,526**
13	F.R. Banks	11,975	13,299	15,740	15,183	7,114	11,614	7,177	2,398	11,614
14	Tax and loan accounts	2,854	4,119	3,364	1,072	5,160	5,912	2,104	1,328	5,912
15	Other demand accounts[7]	7	....	....	....	....	....	....	....	....

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 Outlay totals reflect the reclassification of the Export-Import Bank, and the Housing for the Elderly and Handicapped Fund effective October 1977, from off-budget status to unified budget status.

3 Export-Import Bank certificates of beneficial interest (effective July 1, 1975) and loans to the Private Export Funding Corp. (PEFCO), a wholly owned subsidiary of the Export-Import Bank, are treated as debt rather than asset sales.

4 Half years calculated as a residual of total surplus/deficit and trust fund surplus/deficit.

5 Includes Pension Benefit Guaranty Corp.; Postal Service Fund, Rural Electrification; Telephone Revolving Fund, Rural Telephone Bank; and Housing for the Elderly or Handicapped Fund until October 1977.

6 Includes public debt 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.

7 Excludes the gold balance but includes deposits in certain commercial depositories that have been converted from a time deposit to a demand deposit basis to permit greater flexibility in Treasury cash management.

SOURCE.—"Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and *U.S. Budget, Fiscal Year 1978*.

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 Includes securities of foreign governments and international organizations and nonguaranteed issues of U.S. Govt. agencies.

5 Excludes checking, club, and school accounts.

6 Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Assn. of the State of New York.

7 Direct and guaranteed obligations. Excludes Federal agency issues not guaranteed, which are shown in this table under "business" securities.

8 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. Data are reported on a gross-of-valuation-reserves basis.

Life insurance companies: Estimates of the Institute 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 per cent 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 1976	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Calendar year 1977 H1	Calendar year 1977 H2	Calendar year 1978 H1	Calendar year 1978 Apr.	Calendar year 1978 May	Calendar year 1978 June
	Receipts								
1 **All sources**[1]	**300,005**	**81,772**	**357,762**	**190,278**	**175,820**	**210,650**	**42,546**	**35,091**	**47,657**
2 *Individual income taxes, net*	*131,602*	*38,800*	*157,626*	*78,816*	*82,911*	*90,336*	*19,036*	*14,423*	*20,301*
3 Withheld	123,408	32,949	144,820	73,303	75,480	82,784	13,095	14,808	14,490
4 Presidential Election Campaign Fund	34	1	37	37	1	36	10	6	5
5 Nonwithheld	35,528	6,809	42,062	32,959	9,397	37,584	13,611	6,750	6,627
6 Refunds[1]	27,367	958	29,293	27,482	1,967	30,068	7,680	7,142	820
7 *Corporation income taxes:*									
8 Gross receipts	46,783	9,808	60,057	37,133	25,121	38,496	9,342	1,624	15,054
9 Refunds	5,374	1,348	5,164	2,324	2,819	2,782	492	441	399
10 *Social insurance taxes and contributions, net*	*92,714*	*25,760*	*108,683*	*58,099*	*52,347*	*66,191*	*11,828*	*16,092*	*9,287*
11 Payroll employment taxes and contributions[2]	76,391	21,534	88,196	45,242	44,384	51,668	7,495	10,796	8,383
12 Self-employment taxes and contributions[3]	3,518	269	4,014	3,687	316	3,892	2,492	288	265
13 Unemployment insurance	8,054	2,698	11,312	6,575	4,936	7,800	1,393	4,499	169
14 Other net receipts[4]	4,752	1,259	5,162	2,595	2,711	2,831	448	508	470
15 Excise taxes	16,963	4,473	17,548	8,432	9,284	8,835	1,368	1,670	1,651
16 Customs	4,074	1,212	5,150	2,519	2,848	3,320	545	584	653
17 Estate and gift	5,216	1,455	7,327	4,332	2,837	2,587	296	512	436
18 Miscellaneous receipts[5]	8,026	1,612	6,536	3,269	3,292	3,667	622	629	674
	Outlays[9]								
19 **All types**[1,6]	**366,451**	**94,742**	**402,803**	**200,350**	**216,781**	**222,518**	**35,927**	**36,800**	**38,602**
20 National defense	89,430	22,307	97,501	48,721	50,873	52,979	8,492	9,107	9,120
21 International affairs[6]	5,567	2,180	4,831	2,522	2,896	2,904	1,259	60	1,099
22 General science, space, and technology	4,370	1,161	4,677	2,108	2,318	2,395	379	428	393
23 Energy	3,127	794	4,172	...	...	2,487	165	550	627
24 Natural resources and environment	8,124	2,532	10,000	...	...	4,959	771	848	990
25 Agriculture	2,502	584	5,526	2,628	5,477	2,353	23	82	165
26 Commerce and housing credit	3,795	1,391	−31	...	...	−946	−22	216	−121
27 Transportation	13,438	3,306	14,636	...	...	7,723	1,153	1,114	1,585
28 Community and regional development	4,709	1,340	6,283	3,149	4,924	5,928	771	1,185	983
29 Education, training, employment, and social services	18,737	5,162	20,985	9,775	10,800	12,792	1,913	2,389	2,222
30 Health	33,448	8,720	38,785	18,654	19,422	21,391	3,589	3,716	3,876
31 Income security[1]	127,406	32,795	137,905	70,785	71,081	75,201	11,754	12,360	12,512
32 Veterans benefits and services	18,432	3,962	18,038	9,382	9,864	9,603	567	1,726	2,433
33 Administration of justice	3,320	859	3,600	1,783	1,723	1,946	340	371	312
34 General government	2,927	878	3,357	1,587	1,749	1,803	131	484	293
35 General-purpose fiscal assistance	7,235	2,092	9,499	4,333	4,926	4,665	2,050	153	50
36 Interest[7]	34,589	7,246	38,092	18,927	19,962	22,280	3,295	3,296	6,617
37 Undistributed offsetting receipts[7,8]	−14,704	−2,567	−15,053	−6,803	−8,506	−7,945	−703	−1,284	−4,225

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 F.R. Banks and other miscellaneous receipts.

6 Outlay totals reflect the reclassification of the Export-Import Bank from off-budget status to unified budget status. Export-Import Bank certificates of beneficial interest (effective July 1, 1975) and loans to the Private Export Funding Corp. (PEFCO), a wholly owned subsidiary of the Export-Import Bank, are treated as debt rather than asset sales.

7 Effective September 1976, "Interest" and "Undistributed Offsetting Receipts" reflect the accounting conversion for the interest on special issues for U.S. Govt. accounts from an accrual basis to a cash basis.

8 Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. Govt. contributions for employee retirement.

9 For some types of outlays the categories are new or represent regroupings; data for these categories are from the *Budget of the United States Government, Fiscal Year 1979*; data are not available for half years or for months prior to February 1978.

Two categories have been renamed: "Law enforcement and justice" has become "Administration of justice" and "Revenue sharing and general purpose fiscal assistance" has become "General purpose fiscal assistance."

In addition, for some categories the table includes revisions in figures published earlier.

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION
Billions of dollars

Item	1975 June 30	1975 Dec. 31	1976 June 30	1976 Sept. 30	1976 Dec. 31	1977 June 30	1977 Sept. 30	1977 Dec. 31	1978 Mar. 31
1 **Federal debt outstanding**	**544.1**	**587.6**	**631.9**	**[2]646.4**	**665.5**	**685.2**	**709.1**	**729.2**	**747.8**
2 *Public debt securities*	*533.7*	*576.6*	*620.4*	*634.7*	*653.5*	*674.4*	*698.8*	*718.9*	*738.0*
3 Held by public	387.9	437.3	470.8	488.6	506.4	523.2	543.4	564.1	585.2
4 Held by agencies	145.3	139.3	149.6	146.1	147.1	151.2	155.5	154.8	152.7
5 *Agency securities*	*10.9*	*10.9*	*11.5*	*11.6*	*12.0*	*10.8*	*10.3*	*10.2*	*9.9*
6 Held by public	9.0	8.9	9.5	[2]9.7	10.0	9.0	8.5	8.4	8.1
7 Held by agencies	1.9	2.0	2.0	1.9	1.9	1.8	1.8	1.8	1.8
8 **Debt subject to statutory limit**	**534.2**	**577.8**	**621.6**	**635.8**	**654.7**	**675.6**	**700.0**	**720.1**	**737.7**
9 Public debt securities	532.6	576.0	619.8	634.1	652.9	673.8	698.2	718.3	736.0
10 Other debt[1]	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.8
11 MEMO: Statutory debt limit	577.0	595.0	636.0	636.0	682.0	700.0	700.0	752.0	752.0

1 Includes guaranteed debt of Govt. agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.
2 Gross Federal debt and agency debt held by the public increased $0.5 billion due to a retroactive reclassification of the Export-Import Bank certificates of beneficial interest from loan asset sales to debt, effective July 1, 1975.

NOTE.—Data from *Treasury Bulletin* (U.S. Treasury Dept.).

1.42 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership
Billions of dollars, end of period

Type and holder	1974	1975	1976	1977	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July
1 **Total gross public debt**	**492.7**	**576.6**	**653.5**	**718.9**	**738.0**	**736.6**	**741.6**	**749.0**	**750.5**
By type:									
2 **Interest-bearing debt**	**491.6**	**575.7**	**652.5**	**715.2**	**736.9**	**733.1**	**740.6**	**748.0**	**749.5**
3 *Marketable*	*282.9*	*363.2*	*421.3*	*459.9*	*478.3*	*472.2*	*473.7*	*477.7*	*481.0*
4 Bills	119.7	157.5	164.0	161.1	165.7	159.6	159.4	159.8	160.1
5 Notes	129.8	167.1	216.7	251.8	262.2	262.2	261.6	265.3	266.6
6 Bonds	33.4	38.6	40.6	47.0	50.4	50.4	52.7	52.6	54.4
7 *Nonmarketable*[1]	*208.7*	*212.5*	*231.2*	*255.3*	*258.7*	*260.9*	*266.9*	*270.3*	*268.4*
8 Convertible bonds[2]	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2
9 State and local government series	.6	1.2	4.5	13.9	16.4	17.6	18.6	20.6	20.8
10 Foreign issues[3]	22.8	21.6	22.3	22.2	23.6	23.4	22.4	21.5	20.8
11 Savings bonds and notes	63.8	67.9	72.3	77.0	78.2	78.6	79.0	79.4	79.7
12 Government account series[4]	119.1	119.4	129.7	139.8	138.0	138.8	144.4	146.4	144.7
13 Non-interest-bearing debt	1.1	1.0	1.1	3.7	1.0	3.5	1.0	1.0	1.0
By holder:[5]									
14 U.S. Government agencies and trust funds	138.2	145.3	149.6	154.8	152.7	153.6	159.1	....	....
15 F.R. Banks	80.5	84.7	94.4	102.5	101.6	103.1	102.8	....	....
16 **Private investors**	**271.0**	**349.4**	**409.5**	**461.3**	**483.7**	**479.5**	**479.7**	....	....
17 Commercial banks	55.6	85.1	103.8	102.4	102.3	100.7	99.0	....	....
18 Mutual savings banks	2.5	4.5	5.7	6.0	5.8	5.7	5.6	....	....
19 Insurance companies	6.2	9.5	12.5	15.5	15.0	14.9	15.0	....	....
20 Other corporations	11.0	20.2	26.5	22.2	20.4	19.4	19.2	....	....
21 State and local governments	29.2	34.2	41.6	55.1	60.3	60.3	59.3	....	....
Individuals:									
22 Savings bonds	63.4	67.3	72.0	76.7	78.0	78.4	78.8	....	....
23 Other securities	21.5	24.0	28.8	28.6	28.9	28.7	28.9	....	....
24 Foreign and international[6]	58.8	66.5	78.1	109.6	124.5	120.4	119.7	....	....
25 Other miscellaneous investors[7]	22.8	38.0	40.5	45.1	48.5	51.1	54.2	....	....

1 Includes (not shown separately): Securities issued to the Rural Electrification Administration and to State and local governments, 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 per cent, 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 foreign government dollar-denominated and foreign currency denominated series.
4 Held almost entirely by U.S. Govt. agencies and trust funds.
5 Data for F.R. Banks and U.S. Govt. 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 Govt. deposit accounts, and Govt.-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 Dept.); 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	1976	1977	1978 May	1978 June	1976	1977	1978 May	1978 June
		All maturities				1 to 5 years			
1	**All holders**	**421,276**	**459,927**	**473,684**	**477,699**	**141,132**	**151,264**	**170,122**	**174,302**
2	U.S. Govt. agencies and trust funds	16,485	14,420	13,967	13,904	6,141	4,788	4,772	4,856
3	F. R. Banks	96,971	101,191	101,329	110,134	31,249	27,012	28,329	31,903
4	*Private investors*	*307,820*	*344,315*	*358,388*	*353,660*	*103,742*	*119,464*	*137,020*	*137,543*
5	Commercial banks	78,262	75,363	71,530	71,675	40,005	38,691	42,214	42,198
6	Mutual savings banks	4,072	4,379	4,004	3,736	2,010	2,112	2,257	2,077
7	Insurance companies	10,284	12,378	11,855	11,531	3,885	4,729	5,149	5,316
8	Nonfinancial corporations	14,193	9,474	7,028	6,390	2,618	3,183	3,359	3,280
9	Savings and loan associations	4,576	4,817	4,540	4,342	2,360	2,368	2,569	2,503
10	State and local governments	12,252	15,495	14,646	15,446	2,543	3,875	4,453	4,792
11	All others	184,182	222,409	244,785	240,540	50,321	64,505	17,019	77,377
		Total, within 1 year				5 to 10 years			
12	**All holders**	**211,035**	**230,691**	**219,559**	**220,683**	**43,045**	**45,328**	**45,690**	**44,443**
13	U.S. Govt. agencies and trust funds	2,012	1,906	1,150	1,145	2,879	2,129	2,129	1,989
14	F. R. Banks	51,569	56,702	52,314	57,005	9,148	10,404	11,802	11,995
15	*Private investors*	*157,454*	*172,084*	*166,094*	*162,533*	*31,018*	*32,795*	*31,758*	*30,458*
16	Commercial banks	31,213	29,477	20,831	20,988	6,278	6,162	6,567	6,538
17	Mutual savings banks	1,214	1,400	934	903	567	584	537	527
18	Insurance companies	2,191	2,398	1,623	1,455	2,546	3,204	3,017	2,616
19	Nonfinancial corporations	11,009	5,770	3,147	2,597	370	307	307	293
20	Savings and loan associations	1,984	2,236	1,765	1,656	155	143	133	112
21	State and local governments	6,622	7,917	5,953	6,235	1,465	1,283	1,305	1,257
22	All others	103,220	122,885	131,842	128,700	19,637	21,112	19,892	19,114
		Bills, within 1 year				10 to 20 years			
23	**All holders**	**163,992**	**161,081**	**159,391**	**159,757**	**11,865**	**12,906**	**14,927**	**14,894**
24	U.S. Govt. agencies and trust funds	449	32	2	1	3,102	3,102	3,273	3,273
25	F. R. Banks	41,279	42,004	39,867	44,597	1,363	1,510	1,806	1,855
26	*Private investors*	*122,264*	*119,035*	*119,522*	*115,158*	*7,400*	*8,295*	*9,847*	*9,766*
27	Commercial banks	17,303	11,996	6,773	7,010	339	456	811	798
28	Mutual savings banks	454	484	256	233	139	137	130	123
29	Insurance companies	1,463	1,187	810	565	1,114	1,245	1,197	1,232
30	Nonfinancial corporations	9,939	4,329	1,797	1,309	142	133	153	130
31	Savings and loan associations	1,266	806	562	401	64	54	57	56
32	State and local governments	5,556	6,092	3,898	4,123	718	890	1,043	1,040
33	All others	86,282	94,152	105,426	101,516	4,884	5,380	6,456	6,387
		Other, within 1 year				Over 20 years			
34	**All holders**	**47,043**	**69,610**	**60,168**	**60,926**	**14,200**	**19,738**	**23,387**	**23,377**
35	U.S. Govt. agencies and trust funds	1,563	1,874	1,149	1,144	2,350	2,495	2,642	2,641
36	F. R. Banks	10,290	14,698	12,447	12,408	3,642	5,564	7,077	7,376
37	*Private investors*	*35,190*	*53,039*	*46,572*	*47,375*	*8,208*	*11,679*	*13,668*	*13,360*
38	Commercial banks	13,910	15,482	14,058	13,978	427	578	1,107	1,153
39	Mutual savings banks	760	916	678	670	143	146	146	106
40	Insurance companies	728	1,211	813	890	548	802	869	911
41	Nonfinancial corporations	1,070	1,441	1,350	1,288	55	81	62	89
42	Savings and loan associations	718	1,430	1,203	1,255	13	16	16	16
43	State and local governments	1,066	3,875	2,055	2,112	904	1,530	1,891	2,123
44	All others	16,938	28,733	26,416	27,184	6,120	8,526	9,577	8,962

NOTE.—Direct public issues only. Based on Treasury Survey of Ownership from *Treasury Bulletin* (U.S. Treasury Dept.).

Data complete for U.S. Govt. agencies and trust funds and F.R. 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 June 30, 1978: (1) 5,473 commercial banks, 464 mutual savings banks, and 728 insurance companies, each about 90 per cent; (2) 435 nonfinancial corporations and 485 savings and loan assns., each about 50 per cent; and (3) 493 State and local govts., about 40 per cent.

"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	1975	1976	1977	1978			1978, week ending Wednesday—					
				April	May	June	May 24	May 31	June 7	June 14	June 21	June 28
1 **U.S. Govt. securities**	**6,027**	**10,449**	**10,838**	**11,163**	**10,609**	**9,704**	**9,008**	**10,458**	**10,389**	**8,107**	**9,273**	**10,072**
By maturity:												
2 Bills	3,889	6,676	6,746	6,947	6,483	5,982	5,929	6,998	6,590	4,945	5,853	6,425
3 Other within 1 year	223	210	237	465	388	386	312	546	351	376	419	339
4 1–5 years	1,414	2,317	2,318	1,921	1,599	1,931	1,516	1,828	2,152	1,658	1,901	1,960
5 5–10 years	363	1,019	1,148	1,107	1,156	675	722	592	669	598	599	734
6 Over 10 years	138	229	388	724	984	730	529	494	627	530	501	614
By type of customer:												
7 U.S. Govt. securities dealers	885	1,360	1,267	1,346	1,110	1,210	819	1,327	1,515	1,020	1,037	1,176
8 U.S. Govt. securities brokers	1,750	3,407	3,709	3,882	4,002	3,393	3,589	3,191	3,176	2,829	3,624	3,467
9 Commercial banks	1,451	2,426	2,295	2,157	1,867	1,687	1,585	1,924	1,868	1,398	1,602	1,783
10 All others[1]	1,941	3,257	3,567	3,777	3,631	3,414	3,015	4,017	3,830	2,860	3,010	3,645
11 **Federal agency securities**	**1,043**	**1,548**	**693**	**1,603**	**1,587**	**1,828**	**1,665**	**2,045**	**2,307**	**1,498**	**1,401**	**2,003**

1 Includes—among others—all other dealers and brokers in commodities and securities, foreign banking agencies, and the F.R. System.

NOTE.—Averages for transactions are based on number of trading days in the period.

Transactions are market purchases and sales of U.S. Govt. securities dealers reporting to the F.R. Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. Govt. 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	1975	1976	1977	1978			1978, week ending Wednesday—					
				April	May	June	May 3	May 10	May 17	May 24	May 31	June 7
	Positions[2]											
1 **U.S. Govt. securities**	**5,884**	**7,592**	**5,172**	**3,063**	**822**	**2,942**	**1,450**	**1,508**	**--351**	**103**	**2,049**	**4,641**
2 Bills	4,297	6,290	4,772	3,249	1,109	2,862	1,718	1,312	386	639	1,998	3,879
3 Other within 1 year	265	188	99	239	312	477	378	320	174	365	409	554
4 1–5 years	886	515	60	−139	−622	38	−151	−443	−937	−884	·369	369
5 5–10 years	300	402	92	−166	68	--85	−95	262	38	−18	−4	18
6 Over 10 years	136	198	149	−121	--46	−350	--399	57	--12	1	15	−178
7 **Federal agency securities**	**943**	**729**	**693**	**749**	**1,043**	**894**	**985**	**931**	**1,003**	**1,136**	**1,234**	**1,171**
	Sources of financing[3]											
8 **All sources**	**6,666**	**8,715**	**9,877**	**9,099**	**8,397**	**11,120**	**8,194**	**8,725**	**8,321**	**7,914**	**8,494**	**11,832**
Commercial banks:												
9 New York City	1,621	1,896	1,313	698	249	995	205	52	142	365	434	1,499
10 Outside New York City	1,466	1,660	1,987	2,106	1,649	2,728	1,791	1,590	1,529	1,540	1,871	2,970
11 Corporations[1]	842	1,479	2,358	2,190	1,823	2,276	1,751	1,771	1,819	1,867	1,910	2,284
12 All others	2,738	3,681	4,170	4,105	4,677	5,121	4,447	5,312	4,831	4,142	4,279	5,080

1 All business corporations except commercial banks and insurance companies.

2 Net 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 agreements to resell.

3 Total amounts outstanding of funds borrowed by nonbank dealer firms and dealer departments of commercial banks against U.S. Govt. 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.

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	1974	1975	1976	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May
1 **Federal and Federally sponsored agencies**	**89,381**	**97,680**	**103,325**	**110,409**	**111,520**	**112,945**	**114,371**	**115,903**	**119,728**
2 *Federal agencies*	*12,719*	*19,046*	*21,896*	*23,245*	*23,293*	*23,284*	*23,695*	*23,766*	*23,864*
3 Defense Department[1]	1,312	1,220	1,113	983	974	963	954	949	935
4 Export-Import Bank[2,3]	2,893	7,188	7,801	9,156	9,156	9,156	9,416	9,416	9,416
5 Federal Housing Administration[4]	440	564	575	581	599	602	607	607	608
6 Government National Mortgage Association participation certificates[5]	4,280	4,200	4,120	3,743	3,743	3,743	3,743	3,701	3,701
7 Postal Service[6]	721	1,750	2,998	2,431	2,431	2,431	2,431	2,431	2,364
8 Tennessee Valley Authority	3,070	3,915	5,185	6,015	6,045	6,045	6,195	6,310	6,485
9 United States Railway Association[6]	3	209	104	336	345	344	349	352	355
10 *Federally sponsored agencies*	*76,662*	*78,634*	*81,429*	*87,164*	*88,227*	*89,661*	*90,676*	*92,137*	*95,864*
11 Federal home loan banks	21,890	18,900	16,811	18,345	18,692	19,893	20,007	20,163	22,217
12 Federal Home Loan Mortgage Corporation	1,551	1,550	1,690	1,686	1,768	1,768	1,768	1,639	1,637
13 Federal National Mortgage Association	28,167	29,963	30,565	31,890	32,024	32,553	33,350	34,024	35,297
14 Federal land banks	12,653	15,000	17,127	19,118	19,498	19,350	19,350	19,686	19,686
15 Federal intermediate credit banks	8,589	9,254	10,494	11,174	11,103	10,958	10,881	10,977	11,081
16 Banks for cooperatives	3,589	3,655	4,330	4,434	4,625	4,622	4,728	5,046	5,264
17 Student Loan Marketing Association[7]	220	310	410	515	515	515	590	600	680
18 Other	3	2	2	2	2	2	2	2	2
MEMO ITEMS:									
19 **Federal Financing Bank debt[6,8]**	**4,474**	**17,154**	**28,711**	**38,580**	**39,522**	**40,605**	**42,169**	**42,964**	**43,871**
Lending to Federal and Federally sponsored agencies:									
20 Export-Import Bank[3]	....	4,595	5,208	5,834	5,834	5,834	6,094	6,094	6,094
21 Postal Service[6]	500	1,500	2,748	2,181	2,181	2,181	2,181	2,181	2,114
22 Student Loan Marketing Association[7]	220	310	410	515	515	515	590	600	680
23 Tennessee Valley Authority	895	1,840	3,110	4,190	4,220	4,220	4,370	4,485	4,660
24 United States Railway Association[6]	3	209	104	336	345	344	349	352	355
Other lending:[9]									
25 Farmers Home Administration	2,500	7,000	10,750	16,095	16,760	17,545	18,050	19,120	20,090
26 Rural Electrification Administration	....	566	1,415	2,647	2,809	2,947	3,124	3,323	3,498
27 Other	356	1,134	4,966	6,782	6,858	7,019	7,411	6,809	6,380

1 Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

2 Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

3 Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.

4 Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

5 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.

6 Off-budget.

7 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.

8 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.

9 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	1975	1976	1977	1978 Jan.	Feb.[r]	Mar.	Apr.[r]	May[r]	June
1	**All issues, new and refunding [1]**	**30,607**	**35,313**	**46,769**	**3,300**	**2,748**	**r4,748**	**3,810**	**5,401**	**4,192**
	By type of issue:									
2	General obligation	16,020	18,040	18,042	1,877	1,024	1,425	1,362	2,211	1,965
3	Revenue	14,511	17,140	28,655	1,418	1,719	3,319	2,437	3,169	2,221
4	Housing Assistance Administration [2]	......	......	......	......	......	......	......	......	......
5	U.S. Government loans	76	133	72	r5	5	r4	11	21	6
	By type of issuer:									
6	State	7,438	7,054	6,354	833	311	r409	237	873	912
7	*Special district and statutory authority*	12,441	15,304	21,717	1,124	1,268	r2,606	1,861	2,176	1,371
8	Municipalities, counties, townships, school districts	10,660	12,845	18,623	r1,339	1,163	1,729	1,702	2,331	1,903
9	**Issues for new capital, total**	**29,495**	**32,108**	**36,189**	**r2,914**	**2,003**	**3,068**	**2,595**	**3,118**	**3,766**
	By use of proceeds:									
10	Education	4,689	4,900	5,076	561	415	348	332	673	396
11	Transportation	2,208	2,586	2,951	227	57	273	158	129	339
12	Utilities and conservation	7,209	9,594	8,119	r485	369	959	720	557	604
13	Social welfare	4,392	6,566	8,274	855	516	684	845	951	664
14	Industrial aid	445	483	4,676	246	315	328	273	348	405
15	Other purposes	10,552	7,979	7,093	540	331	476	267	460	1,358

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	1975	1976	1977	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 April
1	**All issues [1]**	**53,619**	**53,488**	**54,205**	**5,331**	**6,531**	**3,013**	**2,657**	**r4,442**	**3,285**
2	**Bonds**	**42,756**	**42,380**	**42,193**	**3,411**	**5,362**	**2,380**	**2,131**	**3,620**	**2,811**
	By type of offering:									
3	Public	32,583	26,453	24,186	2,211	1,542	1,382	1,464	1,902	1,958
4	Private placement	10,172	15,927	18,007	1,200	3,820	998	667	1,718	853
	By industry group:									
5	Manufacturing	16,980	13,264	12,510	726	2,375	268	716	1,155	534
6	Commercial and miscellaneous	2,750	4,372	5,887	546	753	280	87	428	421
7	Transportation	3,439	4,387	2,033	178	345	123	101	217	291
8	Public utility	9,658	8,297	8,261	851	476	284	205	631	505
9	Communication	3,464	2,787	3,059	288	189	519	9	291	35
10	Real estate and financial	6,469	9,274	10,438	821	1,223	907	1,012	898	1,027
11	**Stocks**	**10,863**	**11,108**	**12,013**	**1,920**	**1,169**	**633**	**526**	**822**	**474**
	By type:									
12	Preferred	3,458	2,803	3,878	364	473	171	138	148	235
13	Common	7,405	8,305	8,135	1,556	696	462	388	674	239
	By industry group:									
14	Manufacturing	1,670	2,237	1,265	56	166	5	......	74	15
15	Commercial and miscellaneous	1,470	1,183	1,838	122	124	138	91	84	183
16	Transportation	1	24	418	50	......	......	......	......	28
17	Public utility	6,235	6,121	6,058	878	604	360	260	627	238
18	Communication	1,002	776	1,379	725	110	......	25	......	......
19	Real estate and financial	488	771	1,054	88	165	130	150	28	10

1 Figures, which represent gross proceeds of issues maturing in more than 1 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	1976	1977	1977 Dec.	1978 Jan.	Feb.	Mar.	Apr.	May	June
INVESTMENT COMPANIES excluding money market funds									
1 Sales of own shares[1]	4,226	6,401	557	638	451	613	625	558	487
2 Redemptions of own shares[2]	6,802	6,027	562	465	348	459	580	831	757
3 Net sales	−2,496	357	5	173	103	154	45	−273	−270
4 Assets[3]	47,537	45,049	45,049	43,000	42,747	44,052	46,594	46,969	46,106
5 Cash position[4]	2,747	3,274	3,274	3,608	4,258	4,331	4,592	r4,642	4,493
6 Other	44,790	41,775	41,775	39,392	38,489	39,721	42,002	r42,327	41,613

1 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.

2 Excludes share redemption resulting from conversions from one fund to another in the same group.

3 Market value at end of period, less current liabilities.

4 Also includes all U.S. Govt. 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	1975	1976	1977	1976 Q3	1976 Q4	1977 Q1	1977 Q2	1977 Q3	1977 Q4	1978 Q1
1 Profits before tax	**120.4**	**155.9**	**173.9**	**157.8**	**154.6**	**164.8**	**175.1**	**177.5**	**178.3**	**172.1**
2 Profits tax liability	49.8	64.3	71.8	64.7	62.4	68.3	72.3	72.8	73.9	70.0
3 Profits after tax	70.6	91.6	102.1	93.1	92.2	96.5	102.8	104.7	104.4	102.1
4 Dividends	31.9	37.9	43.7	38.4	41.4	41.5	42.7	44.1	46.3	47.0
5 Undistributed profits	38.7	53.7	58.4	54.7	50.8	55.0	60.1	60.6	58.1	55.1
6 Capital consumption allowances	89.3	97.1	106.0	98.1	100.4	102.0	105.0	107.6	109.3	111.3
7 Net cash flow	128.0	150.8	164.4	152.8	151.2	157.0	165.1	168.2	167.4	166.4

SOURCE.—*Survey of Current Business* (U.S. Dept. of Commerce).

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1974	1975	1976				1977			
			Q1	Q1	Q3	Q4	Q1	Q2	Q3	Q4
1 **Current assets**	**734.6**	**756.3**	**779.4**	**801.7**	**817.4**	**823.1**	**843.2**	**857.3**	**881.7**	**901.2**
2 Cash	73.0	80.0	78.4	80.7	79.5	86.8	80.9	83.2	83.6	94.4
3 U.S. Government securities	11.3	19.6	22.2	23.4	24.1	26.0	26.9	22.3	21.7	20.8
4 Notes and accounts receivable	265.5	272.1	281.6	290.2	297.9	292.4	304.5	313.2	327.1	326.2
5 Inventories	318.9	314.7	324.0	333.7	342.2	341.4	352.4	359.3	367.9	375.4
6 Other	65.9	69.9	73.2	73.6	73.6	76.4	78.3	79.2	81.2	84.3
7 **Current liabilities**	**451.8**	**446.9**	**459.7**	**470.3**	**484.0**	**487.5**	**503.4**	**510.5**	**530.2**	**543.9**
8 Notes and accounts payable	272.3	261.2	260.0	269.5	271.2	273.2	280.6	287.4	298.2	307.1
9 Other	179.5	185.7	199.7	200.8	212.8	214.2	222.9	223.1	231.7	236.8
10 **Net working capital**	**282.8**	**309.5**	**319.7**	**331.4**	**333.4**	**335.6**	**339.8**	**346.9**	**351.6**	**357.3**
11 MEMO: Current ratio[1]	1.626	1.693	1.696	1.705	1.689	1.688	1.675	1.679	1.663	1.657

1 (Total current assets)/(Total current liabilities).

NOTE.—For a description of this series see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, p. 533–37.

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	1976	1977	1976	1977				1978		
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[2]
1 **All industries**	**120.15**	**135.72**	**125.22**	**130.16**	**134.24**	**140.38**	**138.11**	**144.25**	**148.88**	**153.83**
Manufacturing										
2 Durable goods industries	23.57	27.75	25.50	26.30	27.26	29.23	28.19	28.72	30.42	31.99
3 Nondurable goods industries	28.70	32.33	28.93	30.13	32.19	33.79	33.22	32.86	35.25	37.45
Nonmanufacturing										
4 Mining	4.00	4.49	4.13	4.24	4.49	4.74	4.50	4.45	4.95	4.84
Transportation:										
5 Railroad	2.51	2.82	2.63	2.71	2.57	3.20	2.80	3.35	3.28	3.27
6 Air	1.29	1.63	1.41	1.62	1.43	1.69	1.76	2.67	2.30	2.02
7 Other	3.60	2.55	3.49	2.96	2.96	1.96	2.32	2.44	2.55	2.36
Public utilities:										
8 Electric	18.77	21.57	19.49	21.19	21.14	21.90	22.05	23.15	23.70	25.04
9 Gas and other	3.45	4.21	3.96	4.16	4.16	4.32	4.18	4.78	4.58	4.22
10 Communication	13.28	15.43	14.30	14.19	15.32	16.40	15.82	17.07	41.86	42.63
11 Commercial and other[1]	20.99	22.95	21.36	22.67	22.73	23.14	23.27	24.76		

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).

1.521 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1972	1973	1974	1975	1976	1977				1978
						Q1	Q2	Q3	Q4	Q1
ASSETS										
Accounts receivable, gross										
1 Consumer	31.9	35.4	36.1	36.0	38.6	39.2	40.7	42.3	44.0	44.5
2 Business	27.4	32.3	37.2	39.3	44.7	47.5	50.4	50.6	55.2	57.6
3 *Total*	*59.3*	*67.7*	*73.3*	*75.3*	*83.4*	*86.7*	*91.2*	*92.9*	*99.2*	*102.1*
4 LESS: Reserves for unearned income and losses	7.4	8.4	9.0	9.4	10.5	10.6	11.1	11.7	12.7	12.8
5 Accounts receivable, net	51.9	59.3	64.2	65.9	72.9	76.1	80.1	81.2	86.5	89.3
6 Cash and bank deposits	2.8	2.6	3.0	2.9	2.6	2.7	2.5	2.5	2.6	2.2
7 Securities	.9	.8	.4	1.0	1.1	1.0	1.2	1.8	.9	1.2
8 All other	10.0	10.6	12.0	11.8	12.6	13.0	13.7	14.2	14.3	15.0
9 **Total assets**	65.6	73.2	79.6	81.6	89.2	92.8	97.5	99.6	104.3	107.7
LIABILITIES										
10 Bank loans	5.6	7.2	9.7	8.0	6.3	6.1	5.7	5.4	5.9	5.8
11 Commercial paper	17.3	19.7	20.7	22.2	23.7	24.8	27.5	25.7	29.6	29.9
Debt:										
12 Short-term, n.e.c.	4.3	4.6	4.9	4.5	5.4	4.5	5.5	5.4	6.2	5.3
13 Long-term, n.e.c.	22.7	24.6	26.5	27.6	32.3	34.0	35.0	34.8	36.0	38.0
14 Other	4.8	5.6	5.5	6.8	8.1	9.5	9.4	13.7	11.5	12.9
15 Capital, surplus, and undivided profits	10.9	11.5	12.4	12.5	13.4	13.9	14.4	14.6	15.1	15.7
16 **Total liabilities and capital**	65.6	73.2	79.6	81.6	89.2	92.8	97.5	99.6	104.3	107.7

NOTE.—Components may not add to totals due to rounding.

1.522 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding May 31, 1978[1]	Changes in accounts receivable during—			Extensions			Repayments		
		1978			1978			1978		
		Mar.	Apr.	May	Mar.	Apr.	May	Mar.	Apr.	May
1 **Total**	59,057	810	827	545	14,318	15,125	14,786	13,508	14,298	14,241
2 Retail automotive (commercial vehicles)	12,988	159	136	223	1,076	1,059	1,155	917	923	932
3 Wholesale automotive	12,906	273	357	1	5,951	6,600	6,195	5,678	6,243	6,194
4 Retail paper on business, industrial, and farm equipment	14,801	−112	148	182	981	1,024	1,153	1,093	876	971
5 Loans on commercial accounts receivable	4,067	73	2	59	2,915	2,938	2,943	2,842	2,936	2,884
6 Factored commercial accounts receivable	2,301	34	125	51	1,666	1,811	1,663	1,632	1,686	1,612
7 All other business credit	11,994	383	59	29	1,729	1,693	1,677	1,346	1,634	1,648

1 Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

	Item	1975	1976	1977	1978 Jan.	Feb.	Mar.	Apr.	May	June
		Terms and yields in primary and secondary markets								
	PRIMARY MARKETS									
	Conventional mortgages on new homes									
	Terms:[1]									
1	Purchase price (thous. dollars)	44.6	48.4	54.3	58.0	59.9	58.8	61.6	r59.8	62.9
2	Amount of loan (thous. dollars)	33.3	35.9	40.5	43.3	44.0	43.5	45.7	r44.2	46.1
3	Loan/price ratio (per cent)	74.7	74.2	76.3	76.4	75.3	75.5	76.1	r75.5	75.7
4	Maturity (years)	26.8	27.2	27.9	28.3	27.3	27.4	28.4	r27.7	28.3
5	Fees and charges (per cent of loan amount)[2]	1.54	1.44	1.33	1.41	1.32	1.37	1.44	r1.34	1.40
6	Contract rate (per cent per annum)	8.75	8.76	8.80	8.93	8.96	9.03	9.07	9.14	9.23
	Yield (per cent per annum):									
7	FHLBB series[3]	9.01	8.99	9.01	9.15	9.18	9.26	9.30	9.37	9.46
8	HUD series[4]	9.10	8.99	8.95	9.15	9.25	9.30	9.40	9.60	9.75
	SECONDARY MARKETS									
	Yields (per cent per annum) on—									
9	FHA mortgages (HUD series)[5]	9.19	8.82	7.96	9.11	....	9.29	9.37	9.67	....
10	GNMA securities[6]	8.52	8.17	8.04	8.56	8.64	8.60	8.71	r8.71	9.05
	FNMA auctions:[7]									
11	Government-underwritten loans	9.26	8.99	8.73	9.17	9.31	9.35	9.44	9.66	9.91
12	Conventional loans	9.37	9.11	8.98	9.32	9.49	9.61	9.72	9.90	10.10
		Activity in secondary markets								
	FEDERAL NATIONAL MORTGAGE ASSOCIATION									
	Mortgage holdings (end of period)									
13	**Total**	**31,824**	**32,904**	**34,370**	**34,756**	**35,408**	**36,030**	**r36,702**	**37,937**	**38,753**
14	FHA-insured	19,732	18,916	18,457	18,500	18,664	18,759	r18,950	19,382	19,608
15	VA-guaranteed	9,573	9,212	9,315	9,398	9,599	9,727	9,905	10,255	10,398
16	Conventional	2,519	4,776	6,597	6,858	7,146	7,543	r7,847	8,300	8,747
	Mortgage transactions (during period)									
17	Purchases	4,263	3,606	497	636	879	891	937	1,551	1,148
18	Sales	2	86	....	5	....	4	....	....	....
	Mortgage commitments:[8]									
19	Contracted (during period)	6,106	6,247	1,333	1,818	1,942	1,563	2,119	3,439	1,517
20	Outstanding (end of period)	4,126	3,398	4,698	5,781	6,851	7,445	8,486	1,027	1,040
	Auction of 4-month commitments to buy—									
	Government-underwritten loans:									
21	Offered[9]	7,042.6	4,929.8	1,184.5	1,779.8	1,199.1	523.7	909.3	2,117.7	1,095.0
22	Accepted	3,848.3	2,787.2	794.0	970.9	623.1	334.9	529.2	1,093.7	636.6
	Conventional loans:									
23	Offered[9]	1,401.3	2,595.7	591.6	949.9	1,214.1	823.5	974.2	1,935.8	574.5
24	Accepted	765.0	1,879.2	359.4	449.6	566.0	512.5	578.1	968.3	342.0
	FEDERAL HOME LOAN MORTGAGE CORPORATION									
	Mortgage holdings (end of period)[10]									
25	**Total**	**4,987**	**4,269**	**3,276**	**3,163**	**3,044**	**r3,372**	**3,092**	**2,878**	**2,255**
26	FHA/VA	1,824	1,618	1,395	1,382	1,381	r1,387	1,373	1,356	1,338
27	Conventional	3,163	2,651	1,881	1,782	1,663	1,985	1,719	1,522	917
	Mortgage transactions (during period)									
28	Purchases	1,716	1,175	489	401	363	344	356	479	500
29	Sales	1,020	1,396	477	503	470	120	466	651	1,093
	Mortgage commitments:[11]									
30	Contracted (during period)	982	1,477	361	367	363	593	512	811	762
31	Outstanding (end of period)	111	333	1,063	961	1,021	1,233	1,346	1,640	1,040

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 Dept. 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 participations as well as whole loans.

11 Includes conventional and Government-underwritten loans.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1973	1974	1975	1976	1977 Q3	1977 Q4	1978 Q1	1978 Q2[p]
1 **All holders**	**682,321**	**742,512**	**801,537**	**889,327**	**[r]986,395**	**[r]1,023,470**	**1,052,358**	**1,089,740**
2 1- to 4-family	416,211	449,371	490,761	556,557	[r]630,498	[r]656,159	675,556	701,238
3 Multifamily	93,132	99,976	100,601	104,516	[r]109,389	[r]111,809	114,206	116,940
4 Commercial	131,725	146,877	159,298	171,223	[r]182,510	[r]189,834	194,550	200,668
5 Farm	41,253	46,288	50,877	57,031	[r]63,998	[r]65,668	68,046	70,894
6 **Major financial institutions**	**505,400**	**542,560**	**581,193**	**647,650**	**[r]718,153**	**[r]745,064**	**764,665**	**792,152**
7 *Commercial banks*[1]	*119,068*	*132,105*	*136,186*	*151,326*	*[r]171,166*	*[r]178,979*	*184,423*	*193,223*
8 1- to 4-family	67,998	74,758	77,018	86,234	[r]100,474	[r]105,115	108,699	113,886
9 Multifamily	6,932	7,619	5,915	8,082	[r]8,815	[r]9,215	9,387	9,816
10 Commercial	38,696	43,679	46,882	50,289	[r]54,260	[r]56,898	58,407	61,194
11 Farm	5,442	6,049	6,371	6,721	[r]7,617	[r]7,751	7,930	8,327
12 *Mutual savings banks*	*73,230*	*74,920*	*77,249*	*81,639*	*86,079*	*88,104*	*89,800*	*91,382*
13 1- to 4-family	48,811	49,213	50,025	53,089	56,313	57,637	58,747	59,782
14 Multifamily	12,343	12,923	13,792	14,177	14,952	15,304	15,398	15,873
15 Commercial	12,012	12,722	13,373	14,313	14,762	15,110	15,401	15,672
16 Farm	64	62	59	60	52	53	54	55
17 *Savings and loan associations*	*231,733*	*249,301*	*278,590*	*323,130*	*366,838*	*381,216*	*392,479*	*407,943*
18 1- to 4-family	187,078	200,987	223,903	260,895	298,459	310,728	319,910	332,514
19 Multifamily	22,779	23,808	25,547	28,436	31,585	32,518	33,478	34,798
20 Commercial	21,876	24,506	29,140	33,799	36,794	37,969	39,091	40,631
21 *Life insurance companies*	*81,369*	*86,234*	*89,168*	*91,555*	*94,070*	*96,765*	*97,963*	*99,604*
22 1- to 4-family	20,426	19,026	17,590	16,088	15,022	14,727	14,476	14,226
23 Multifamily	18,451	19,625	19,629	19,178	18,831	18,807	18,851	19,165
24 Commercial	36,496	41,256	45,196	48,864	51,742	54,388	55,426	56,631
25 Farm	5,996	6,327	6,753	7,425	8,475	8,843	9,210	9,582
26 **Federal and related agencies**	**46,721**	**58,320**	**66,891**	**66,753**	**69,068**	**70,006**	**72,014**	**74,783**
27 *Government National Mortgage Assn.*	*4,029*	*4,846*	*7,438*	*4,241*	*3,599*	*3,660*	*3,291*	*3,200*
28 1- to 4-family	1,455	2,248	4,728	1,970	1,522	1,548	948	922
29 Multifamily	2,574	2,598	2,710	2,271	2,077	2,112	2,343	2,278
30 *Farmers Home Admin.*	*1,366*	*1,432*	*1,109*	*1,064*	*1,292*	*1,353*	*1,179*	*1,429*
31 1- to 4-family	743	759	208	454	548	626	202	245
32 Multifamily	29	167	215	218	192	275	408	495
33 Commercial	218	156	190	72	142	149	218	264
34 Farm	376	350	496	320	410	303	351	425
35 *Federal Housing and Veterans Admin.*	*3,476*	*4,015*	*4,970*	*5,150*	*5,130*	*5,212*	*5,219*	*5,289*
36 1- to 4-family	2,013	2,009	1,990	1,676	1,566	1,627	1,585	1,607
37 Multifamily	1,463	2,006	2,980	3,474	3,564	3,585	3,634	3,682
38 *Federal National Mortgage Assn.*	*24,175*	*29,578*	*31,824*	*32,904*	*34,148*	*34,369*	*36,029*	*38,753*
39 1- to 4-family	20,370	23,778	25,813	26,934	28,178	28,504	30,208	32,974
40 Multifamily	3,805	5,800	6,011	5,970	5,970	5,865	5,821	5,779
41 *Federal land banks*	*11,071*	*13,863*	*16,563*	*19,125*	*21,523*	*22,136*	*22,925*	*23,857*
42 1- to 4-family	123	406	549	601	649	670	691	727
43 Farm	10,948	13,457	16,014	18,524	20,874	21,466	22,234	23,130
44 *Federal Home Loan Mortgage Corp.*	*2,604*	*4,586*	*4,987*	*4,269*	*3,376*	*3,276*	*3,371*	*2,255*
45 1- to 4-family	2,446	4,217	4,588	3,889	2,818	2,738	2,785	1,856
46 Multifamily	158	369	399	380	558	538	586	399
47 **Mortgage pools or trusts**[2]	**18,040**	**23,799**	**34,138**	**49,801**	**64,667**	**70,289**	**74,080**	**77,917**
48 *Government National Mortgage Assn.*	*7,890*	*11,769*	*18,257*	*30,572*	*41,089*	*44,896*	*46,357*	*48,032*
49 1- to 4-family	7,561	11,249	17,538	29,583	39,865	43,555	44,906	46,515
50 Multifamily	329	520	719	989	1,224	1,341	1,451	1,517
51 *Federal Home Loan Mortgage Corp.*	*766*	*757*	*1,598*	*2,671*	*5,332*	*6,610*	*7,471*	*9,134*
52 1- to 4-family	617	608	1,349	2,282	4,642	5,621	6,286	7,685
53 Multifamily	149	149	249	389	690	989	1,185	1,449
54 *Farmers Home Admin.*	*9,384*	*11,273*	*14,283*	*16,558*	*18,426*	*18,783*	*20,252*	*20,751*
55 1- to 4-family	5,458	6,782	9,194	10,219	11,127	11,379	12,235	12,536
56 Multifamily	138	116	295	532	768	759	732	750
57 Commercial	1,124	1,473	1,948	2,440	2,824	2,945	3,528	3,615
58 Farm	2,664	2,902	2,846	3,367	3,527	3,682	3,757	3,850
59 **Individuals and others**[3]	**112,160**	**117,833**	**119,315**	**125,123**	**134,507**	**138,111**	**141,599**	**144,888**
60 1- to 4-family	51,112	53,331	56,268	62,643	69,315	71,665	73,878	75,763
61 Multifamily	23,982	24,276	22,140	20,420	20,163	20,501	20,732	20,939
62 Commercial	21,303	23,085	22,569	21,446	21,986	22,375	22,479	22,661
63 Farm	15,763	17,141	18,338	20,614	23,043	23,570	24,510	25,525

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 Govt. sources, with some quarters estimated in part by Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Dept. of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations where required, are estimated mainly by Federal Reserve. Multifamily debt refers to loans on structures of 5 or more units.

1.55 CONSUMER INSTALMENT CREDIT Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1975	1976	1977	1977	1978					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
	Amounts outstanding (end of period)									
1 **Total**	**164,955**	**185,489**	**216,572**	**216,572**	**215,925**	**216,297**	**219,203**	**222,737**	**227,561**	**233,416**
By holder:										
2 Commercial banks	78,667	89,511	105,291	105,291	105,466	105,663	107,166	109,336	111,673	114,756
3 Finance companies	35,994	38,639	44,015	44,015	43,970	44,107	44,486	45,182	46,136	47,147
4 Credit unions	25,666	30,546	37,036	37,036	36,851	37,217	38,185	38,750	39,951	41,388
5 Retailers [1]	18,002	19,052	21,082	21,082	20,525	20,060	19,920	19,941	20,141	20,310
6 Others [2]	6,626	7,741	9,149	9,149	9,114	9,250	9,446	9,528	9,660	9,815
By type of credit:										
7 *Automobile*	*55,879*	*66,116*	*79,352*	*79,352*	*79,376*	*79,984*	*81,666*	*83,490*	*85,954*	*88,767*
8 Commercial banks	31,553	37,984	46,119	46,119	46,247	46,547	47,534	48,731	50,119	51,714
9 Indirect	18,353	21,176	25,370	25,370	25,476	25,696	26,327	27,049	27,854	28,773
10 Direct	13,200	16,808	20,749	20,749	20,771	20,851	21,207	21,682	22,265	22,941
11 Finance companies	11,155	12,489	14,263	14,263	14,260	14,374	14,577	14,921	15,382	15,863
12 Credit unions	12,741	15,163	18,385	18,385	18,293	18,475	18,955	19,239	19,835	20,549
13 Others	430	480	585	585	576	588	600	599	618	641
14 *Mobile homes*	*14,423*	*14,572*	*15,014*	*15,014*	*14,978*	*14,973*	*15,062*	*15,156*	*15,220*	*15,309*
15 Commercial banks	8,649	8,734	8,862	8,862	8,819	8,807	8,845	8,876	8,912	8,967
16 Finance companies	3,451	3,273	3,109	3,109	3,115	3,098	3,085	3,095	3,098	3,103
17 *Home improvement*	*9,405*	*10,990*	*12,952*	*12,952*	*12,904*	*12,968*	*13,162*	*13,375*	*13,691*	*14,037*
18 Commercial banks	4,965	5,554	6,473	6,473	6,445	6,436	6,479	6,598	6,782	6,971
Revolving credit:										
19 Bank credit cards	9,501	11,351	14,262	14,262	14,369	14,174	14,142	14,345	14,456	14,929
20 Bank check credit	2,810	3,041	3,724	3,724	3,776	3,822	3,844	3,856	3,919	3,996
21 *All other*	*72,937*	*79,418*	*91,269*	*91,269*	*90,522*	*90,376*	*91,327*	*92,515*	*94,321*	*96,378*
22 Commercial banks, total	21,188	22,847	25,850	25,850	25,809	25,877	26,322	26,930	27,485	28,179
23 Personal loans	14,629	15,669	17,740	17,740	17,708	17,769	18,002	18,383	18,640	19,049
24 Finance companies, total	21,238	22,749	26,498	26,498	26,452	26,489	26,675	27,012	27,496	28,012
25 Personal loans	17,263	18,554	21,302	21,302	21,248	21,283	21,416	21,700	22,110	22,547
26 Credit unions	10,754	12,799	15,518	15,518	15,440	15,594	15,999	16,232	16,735	17,337
27 Retailers	18,002	19,052	21,082	21,082	20,525	20,060	19,920	19,941	20,141	20,310
28 Others	1,755	1,971	2,321	2,321	2,296	2,356	2,411	2,400	2,464	2,540
	Net change (during period) [3]									
29 **Total**	**7,504**	**20,533**	**31,090**	**2,736**	**2,424**	**2,661**	**4,068**	**3,719**	**3,857**	**3,792**
By holder:										
30 Commercial banks	2,821	10,845	15,779	1,611	1,115	1,280	2,021	2,001	1,881	1,960
31 Finance companies	−90	2,644	5,376	500	460	418	662	781	763	553
32 Credit unions	3,771	4,880	6,490	641	495	603	836	699	911	836
33 Retailers [1]	69	1,050	2,032	−12	309	202	367	129	170	282
34 Others [2]	933	1,115	1,413	−3	44	158	182	109	132	161
By type of credit:										
35 *Automobile*	*3,007*	*10,238*	*13,235*	*1,297*	*1,185*	*1,104*	*1,522*	*1,728*	*1,789*	*1,543*
36 Commercial banks	559	6,431	8,135	835	637	599	882	989	944	946
37 Indirect	−334	2,823	4,194	486	407	389	564	603	575	554
38 Direct	894	3,608	3,941	349	230	210	318	386	369	392
39 Finance companies	532	1,334	1,774	127	247	201	238	375	367	199
40 Credit unions	1,872	2,422	3,222	328	244	300	406	343	465	383
41 Other	44	50	105	7	56	4	−4	21	13	15
42 *Mobile homes*	*−195*	*150*	*441*	*76*	*52*	*23*	*108*	*95*	*58*	*15*
43 Commercial banks	−323	85	128	60	2	2	46	28	33	−1
44 Finance companies	−73	−177	−164	−8	36	−9	2	11	−3	7
45 *Home improvement*	*881*	*1,585*	*1,967*	*173*	*105*	*171*	*217*	*212*	*222*	*209*
46 Commercial banks	271	588	920	110	70	69	74	111	109	95
Revolving credit:										
47 Bank credit cards	1,220	1,850	2,911	250	160	285	448	311	263	362
48 Bank check credit	14	231	683	46	65	87	120	56	129	90
49 *All other*	*2,577*	*6,479*	*11,853*	*895*	*857*	*991*	*1,653*	*1,317*	*1,396*	*1,573*
50 Commercial banks, total	1,080	1,659	3,003	310	180	238	451	506	403	468
51 Personal loans	858	1,040	2,070	235	81	167	263	333	207	303
52 Finance companies, total	−348	1,509	3,749	378	177	223	419	387	395	358
53 Personal loans	279	1,290	2,748	254	162	183	309	307	327	301
54 Credit unions	1,580	2,045	2,719	252	205	252	358	301	371	383
55 Retailers	69	1,050	2,032	−12	309	202	367	129	170	282
56 Others	196	217	350	−33	−15	76	58	−6	57	82

1 Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

2 Mutual savings banks, savings and loan associations, and auto dealers.

3 Net change equals extensions minus liquidations (repayments, charge-offs, and other credits); figures for all months are seasonally adjusted.

NOTE.—Total consumer noninstalment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to $44.2 billion at the end of 1977, $38.7 billion at the end of 1976, $35.7 billion at the end of 1975, and $33.8 billion at the end of 1974. Comparable data for Dec. 31, 1978 will be published in the February 1979 BULLETIN.

1.56 CONSUMER INSTALMENT CREDIT Extensions and Liquidations

Millions of dollars

	Holder, and type of credit	1975	1976	1977	1977	1978					
					Dec.	Jan.	Feb.	Mar.	Apr.	May	June
		Extensions[3]									
1	**Total**	**164,169**	**193,328**	**225,645**	**20,138**	**19,586**	**20,179**	**21,595**	**22,117**	**22,336**	**22,680**
	By holder:										
2	Commercial banks	77,312	94,220	110,777	10,226	9,625	9,905	10,608	11,120	11,004	11,329
3	Finance companies	31,173	36,028	41,770	3,743	3,575	3,691	3,914	4,226	4,241	4,113
4	Credit unions	24,096	28,587	33,592	3,093	2,820	3,028	3,309	3,267	3,508	3,433
5	Retailers[1]	27,049	29,188	33,202	2,647	3,102	2,976	3,148	2,955	2,995	3,185
6	Others[2]	4,539	5,305	6,303	428	464	579	616	549	588	620
	By type of credit:										
7	*Automobile*	*51,413*	*62,988*	*72,888*	*6,721*	*6,263*	*6,400*	*6,822*	*7,248*	*7,387*	*7,241*
8	Commercial banks	28,573	36,585	42,570	3,941	3,650	3,700	3,924	4,212	4,189	4,178
9	Indirect	15,766	19,882	22,904	2,153	2,026	2,065	2,173	2,347	2,327	2,305
10	Direct	12,807	16,704	19,666	1,788	1,624	1,635	1,751	1,865	1,862	1,873
11	Finance companies	9,674	11,209	12,635	1,143	1,088	1,080	1,173	1,314	1,337	1,278
12	Credit unions	12,683	14,675	17,041	1,581	1,421	1,565	1,679	1,654	1,798	1,721
13	Others	483	518	642	55	105	55	46	68	63	64
14	*Mobile homes*	*4,323*	*4,841*	*5,244*	*460*	*449*	*406*	*502*	*508*	*490*	*460*
15	Commercial banks	2,622	3,071	3,153	300	250	236	284	279	294	271
16	Finance companies	764	690	r651	60	101	62	74	85	74	69
17	*Home improvement*	*5,556*	*6,736*	*8,066*	*722*	*618*	*710*	*770*	*753*	*798*	*801*
18	Commercial banks	2,722	3,245	3,968	384	327	338	352	382	395	390
	Revolving credit:										
19	Bank credit cards	20,428	25,862	31,761	2,973	2,948	3,143	3,231	3,255	3,245	3,482
20	Bank check credit	4,024	4,783	5,886	531	556	535	608	646	677	694
21	*All other*	*78,425*	*88,117*	*r101,801*	*8,731*	*8,751*	*8,985*	*9,662*	*9,707*	*9,739*	*10,002*
22	Commercial banks, total	18,944	20,673	23,439	2,096	1,893	1,953	2,209	2,346	2,204	2,314
23	Personal loans	13,386	14,480	16,828	1,518	1,338	1,405	1,537	1,669	1,511	1,614
24	Finance companies, total	20,657	24,087	r28,396	2,530	2,380	2,541	2,659	2,814	2,819	2,755
25	Personal loans	16,944	19,579	r22,348	1,975	1,851	1,989	2,105	2,226	2,273	2,231
26	Credit unions	10,134	12,340	14,604	1,326	1,236	1,288	1,429	1,431	1,500	1,501
27	Retailers	27,049	29,188	33,202	2,647	3,102	2,976	3,148	2,955	2,995	3,185
28	Others	1,642	1,830	2,160	131	138	227	217	161	221	247
		Liquidations[3]									
29	**Total**	**156,665**	**172,795**	**r194,555**	**17,402**	**17,162**	**17,518**	**17,527**	**18,398**	**18,479**	**18,888**
	By holder:										
30	Commercial banks	74,491	83,376	94,998	8,615	8,509	8,625	8,587	9,119	9,123	9,369
31	Finance companies	31,263	33,384	r36,394	3,244	3,114	3,273	3,252	3,445	3,478	3,560
32	Credit unions	20,325	23,707	27,103	2,452	2,325	2,425	2,473	2,568	2,597	2,597
33	Retailers[1]	26,980	28,138	31,170	2,659	2,793	2,774	2,781	2,826	2,825	2,903
34	Others[2]	3,606	4,191	4,890	432	420	421	434	440	456	459
	By type of credit:										
35	*Automobile*	*48,406*	*52,750*	*r59,652*	*5,424*	*5,078*	*5,296*	*5,300*	5,520	*5,598*	*5,698*
36	Commercial banks	28,014	30,154	34,435	3,106	3,013	3,101	3,042	3,223	3,245	3,232
37	Indirect	16,101	17,059	18,710	1,667	1,619	1,676	1,609	1,744	1,752	1,751
38	Direct	11,913	13,095	15,726	1,439	1,394	1,425	1,433	1,479	1,493	1,481
39	Finance companies	9,142	9,875	10,819	1,017	841	879	935	939	970	1,079
40	Credit unions	10,811	12,253	13,819	1,253	1,177	1,265	1,273	1,311	1,333	1,338
41	Others	439	468	536	48	48	51	50	47	50	49
42	*Mobile homes*	*4,517*	*4,691*	*r4,802*	*384*	*398*	*383*	*394*	*413*	*432*	*445*
43	Commercial banks	2,944	2,986	3,025	240	248	234	238	251	261	272
44	Finance companies	837	867	806	68	65	71	72	74	77	76
45	*Home improvement*	*4,675*	*5,151*	*6,098*	*549*	*514*	*539*	*553*	*541*	*576*	*592*
46	Commercial banks	2,451	2,657	3,048	274	257	269	278	271	286	295
	Revolving credit:										
47	Bank credit cards	19,208	24,012	28,851	2,723	2,788	2,858	2,783	2,944	2,982	3,120
48	Bank check credit	4,010	4,552	5,202	485	491	448	488	590	548	604
49	*All other*	*75,849*	*81,638*	*89,948*	*7,836*	*7,894*	7,994	*8,009*	*8,390*	*8,343*	*8,429*
50	Commercial banks, total	17,864	19,014	20,436	1,786	1,713	1,715	1,758	1,840	1,801	1,846
51	Personal loans	12,528	13,439	14,757	1,284	1,258	1,238	1,274	1,336	1,304	1,311
52	Finance companies, total	21,005	22,578	r24,647	2,152	2,203	2,318	2,240	2,427	2,424	2,397
53	Personal loans	16,665	18,289	r19,600	1,722	1,688	1,806	1,796	1,919	1,946	1,930
54	Credit unions	8,554	10,295	11,884	1,075	1,031	1,036	1,071	1,130	1,129	1,118
55	Retailers	26,980	28,138	31,170	2,659	2,793	2,774	2,781	2,826	2,825	2,903
56	Others	1,446	1,613	1,811	165	153	151	159	167	164	165

1 Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

2 Mutual savings banks, savings and loan associations, and auto dealers.

3 Monthly figures are seasonally adjusted.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; half-year data are at seasonally adjusted annual rates.

	Transaction category, or sector	1974	1975	1976	1977	1975 H1	1975 H2	1976 H1	1976 H2	1977 H1	1977 H2	
						Nonfinancial sectors						
1	**Total funds raised**	**189.6**	**205.6**	**268.3**	**340.5**	**180.8**	**230.4**	**254.5**	**282.1**	**300.8**	**380.2**	1
2	*Excluding equities*	*185.8*	*195.5*	*257.8*	*336.4*	*170.3*	*220.8*	*241.1*	*274.4*	*297.6*	*375.1*	2
	By sector and instrument:											
3	**U.S. Govt.**	**11.8**	**85.4**	**69.0**	**56.8**	**79.6**	**91.2**	**73.1**	**64.9**	**40.3**	**73.2**	3
4	Public debt securities	12.0	85.8	69.1	57.6	80.4	91.3	73.0	65.3	40.9	74.4	4
5	Agency issues and mortgages	−.2	−.4	−.1	−.9	−.8	−.1	.1	−.3	−.6	−1.2	5
6	**All other nonfinancial sectors**	**177.8**	**120.2**	**199.2**	**283.7**	**101.1**	**139.2**	**181.4**	**217.1**	**260.5**	**307.0**	6
7	Corporate equities	3.8	10.0	10.5	4.1	10.5	9.6	13.3	7.6	3.2	5.1	7
8	Debt instruments	174.0	110.1	188.8	279.6	90.7	129.6	168.0	209.5	257.3	301.9	8
9	**Private domestic nonfinancial sectors**	**162.4**	**107.0**	**179.0**	**272.5**	**93.1**	**120.9**	**166.2**	**191.7**	**256.6**	**288.4**	9
10	Corporate equities	4.1	9.9	10.5	3.7	10.3	9.5	13.3	7.7	2.5	4.9	10
11	*Debt instruments*	*158.3*	*97.1*	*168.4*	*268.8*	*82.8*	*111.4*	*152.9*	*184.0*	*254.0*	*283.5*	11
12	*Debt capital instruments*	*98.7*	*95.8*	*122.7*	*179.6*	*93.8*	*97.8*	*111.7*	*133.7*	*159.4*	*199.8*	12
13	State and local obligations	17.1	13.6	15.1	27.7	12.3	14.9	14.7	15.5	27.7	27.7	13
14	Corporate bonds	19.7	27.2	22.8	21.0	33.4	21.1	20.4	25.3	13.8	28.1	14
	Mortgages:											
15	Home	34.8	39.5	63.6	94.9	33.4	45.6	57.1	70.2	85.6	104.3	15
16	Multifamily residential	6.9	*	1.6	6.9	.4	−.4	.6	2.6	5.3	8.4	16
17	Commercial	15.1	11.0	13.4	20.3	9.4	12.6	13.9	12.9	17.9	22.6	17
18	Farm	5.0	4.6	6.1	8.8	5.1	4.0	5.0	7.3	9.0	8.7	18
19	*Other debt instruments*	*59.6*	*1.3*	*45.7*	*89.2*	*−11.0*	*13.6*	*41.2*	*50.3*	*94.7*	*83.7*	19
20	Consumer credit	10.2	9.4	23.6	35.0	2.2	16.6	22.9	24.2	35.6	34.5	20
21	Bank loans n.e.c.	29.1	−14.5	3.7	31.0	−20.9	−8.2	−.3	7.8	37.4	24.7	21
22	Open market paper	6.6	−2.6	4.0	3.6	−1.4	−3.8	6.4	1.6	5.7	1.5	22
23	Other	13.7	9.0	14.4	19.5	9.0	9.0	12.2	16.7	15.9	23.1	23
24	*By borrowing sector*	*162.4*	*107.0*	*179.0*	*272.5*	*93.1*	*120.9*	*166.2*	*191.7*	*256.6*	*288.4*	24
25	State and local governments	16.2	11.2	14.6	24.4	10.0	12.3	13.0	16.3	21.2	27.7	25
26	Households	49.2	48.6	89.8	138.1	37.3	59.9	83.9	95.6	129.7	146.5	26
27	Farm	7.9	8.7	11.0	14.7	8.7	8.8	10.6	11.6	16.6	12.8	27
28	Nonfarm noncorporate	7.4	2.0	5.2	11.9	−1.1	5.1	2.7	7.6	11.8	12.0	28
29	Corporate	81.8	36.6	58.3	83.4	38.3	34.8	56.1	60.5	77.3	89.5	29
30	**Foreign**	**15.4**	**13.2**	**20.3**	**11.2**	**8.0**	**18.3**	**15.2**	**25.4**	**3.9**	**18.6**	30
31	Corporate equities	−.2	.1	*	.4	.1	.1	*	−.1	.6	.2	31
32	*Debt instruments*	*15.7*	*13.0*	*20.3*	*10.8*	*7.9*	*18.2*	*15.1*	*25.5*	*3.3*	*18.4*	32
33	Bonds	2.1	6.2	8.4	5.0	5.7	6.8	7.3	9.5	4.3	5.6	33
34	Bank loans n.e.c.	4.7	3.7	6.7	1.1	−.4	7.8	3.4	10.0	−5.8	7.9	34
35	Open market paper	7.3	.3	1.9	1.9	−.8	1.4	1.5	2.4	1.6	2.1	35
36	U.S. Govt. loans	1.6	2.8	3.3	3.0	3.4	2.2	2.9	3.6	3.1	2.8	36
						Financial sectors						
37	**Total funds raised**	**39.4**	**14.0**	**28.6**	**64.5**	**15.1**	**12.8**	**27.8**	**29.4**	**66.8**	**62.1**	37
	By instrument:											
38	*U.S. Govt. related*	*23.1*	*13.5*	*18.6*	*26.3*	*14.5*	*12.6*	*18.6*	*18.6*	*25.7*	*26.9*	38
39	Sponsored credit agency securities	16.6	2.3	3.3	7.0	1.9	2.8	4.5	2.1	10.1	3.8	39
40	Mortgage pool securities	5.8	10.3	15.7	20.5	11.5	9.2	14.2	17.2	17.9	23.1	40
41	Loans from U.S. Govt.	.7	.9	−.4	−1.2	1.1	.6	*	−.7	−2.3	....	41
42	*Private financial sectors*	*16.3*	*.4*	*10.0*	*38.2*	*.6*	*.2*	*9.1*	*10.8*	*41.2*	*35.2*	42
43	Corporate equities	.3	*	.7	.1	.1	−.1	−.7	2.2	−.3	.5	43
44	*Debt instruments*	*16.0*	*.4*	*9.2*	*38.1*	*.6*	*.3*	*9.8*	*8.6*	*41.5*	*34.7*	44
45	Corporate bonds	2.1	2.9	5.8	9.0	2.3	3.5	7.0	4.5	9.7	8.2	45
46	Mortgages	−1.3	2.3	2.1	3.1	1.4	3.2	1.4	2.8	3.1	3.1	46
47	Bank loans n.e.c.	4.6	−3.6	−3.7	−.2	−4.7	−2.5	−3.0	−4.4	−2.7	2.4	47
48	Open market paper and Rp's	3.9	2.8	7.1	21.9	8.2	−2.6	6.1	8.1	27.9	15.8	48
49	Loans from FHLB's	6.7	−4.0	−2.0	4.3	−6.6	−1.3	−1.6	−2.4	3.5	5.2	49
	By sector:											
50	Sponsored credit agencies	17.3	3.2	2.9	5.8	3.0	3.4	4.5	1.4	7.8	3.8	50
51	Mortgage pools	5.8	10.3	15.7	20.5	11.5	9.2	14.2	17.2	17.9	23.1	51
52	*Private financial sectors*	*16.3*	*.4*	*10.0*	*38.2*	*.6*	*.2*	*9.1*	*10.8*	*41.2*	*35.2*	52
53	Commercial banks	−1.1	1.7	7.4	11.8	5.7	−2.3	9.0	5.9	15.9	7.7	53
54	Bank affiliates	3.5	.3	−.8	1.3	.9	−.3	−1.3	−.3	1.3	1.2	54
55	Savings and loan associations	6.3	−2.2	*	11.9	−6.8	2.3	.5	−.5	11.0	12.7	55
56	Other insurance companies	.9	1.0	1.0	1.0	.9	1.0	1.0	1.0	1.0	1.0	56
57	Finance companies	4.5	.5	6.4	16.2	−1.4	2.4	5.7	7.1	16.7	15.6	57
58	REIT's	.6	−2.0	−2.8	−2.7	−2.0	−1.9	−2.5	−3.0	−2.8	−2.6	58
59	Open-end investment companies	−.7	−.1	−1.0	−1.3	.7	−.9	−2.5	.5	−1.4	−1.1	59
60	Money market funds	2.4	1.3	−.3	.1	2.6	*	−.7	.2	−.5	.8	60
						All sectors						
61	**Total funds raised, by instrument**	**229.0**	**219.5**	**296.8**	**405.0**	**195.9**	**243.2**	**282.2**	**311.4**	**367.6**	**442.4**	61
62	Investment company shares	−.7	−.1	−1.0	−1.3	.7	−.9	−2.5	.5	−1.4	−1.1	62
63	Other corporate equities	4.8	10.2	12.2	5.5	9.8	10.5	15.1	9.3	4.3	6.7	63
64	*Debt instruments*	*224.9*	*209.5*	*285.6*	*400.7*	*185.4*	*233.6*	*269.6*	*301.6*	*364.8*	*436.7*	64
65	U.S. Govt. securities	34.3	98.2	88.1	84.3	93.1	103.2	91.9	84.3	68.4	100.2	65
66	State and local obligations	17.1	13.6	15.1	27.7	12.3	14.9	14.7	15.5	27.7	27.7	66
67	Corporate and foreign bonds	23.9	36.3	37.0	34.9	41.3	31.3	34.7	39.3	27.8	42.0	67
68	Mortgages	60.5	57.2	86.8	133.9	49.5	65.0	77.9	95.7	120.8	147.0	68
69	Consumer credit	10.2	9.4	23.6	35.0	2.2	16.6	22.9	24.2	35.6	34.5	69
70	Bank loans n.e.c.	38.4	−14.4	6.7	32.0	−25.9	−2.9	.1	13.4	28.9	35.0	70
71	Open market paper and Rp's	17.8	.5	13.0	27.3	6.1	−5.0	14.0	12.0	35.2	19.4	71
72	Other loans	22.7	8.7	15.3	25.6	6.9	10.5	13.4	17.2	20.2	31.0	72

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; half-year data are at seasonally adjusted annual rates.

Transaction category, or sector	1974	1975	1976	1977	1975 H1	1975 H2	1976 H1	1976 H2	1977 H1	1977 H2	
1 **Total funds advanced in credit markets to nonfinancial sectors**	**185.8**	**195.5**	**257.8**	**336.4**	**170.3**	**220.8**	**241.1**	**274.4**	**297.6**	**375.1**	1
By public agencies and foreign:											
2 *Total net advances*	*52.7*	*44.3*	*54.6*	*85.7*	*55.0*	*33.6*	*53.2*	*56.0*	*73.6*	*97.9*	2
3 U.S. Govt. securities	11.9	22.5	26.8	40.2	33.4	11.6	27.1	26.5	30.6	49.8	3
4 Residential mortgages	14.7	16.2	12.8	20.4	16.9	15.5	12.1	13.5	20.1	20.8	4
5 FHLB advances to S&L's	6.7	−4.0	−2.0	4.3	−6.6	−1.3	−1.6	−2.4	3.5	5.2	5
6 Other loans and securities	19.5	9.5	16.9	20.8	11.3	7.8	15.6	18.3	19.5	22.1	6
Totals advanced, by sector											
7 U.S. Govt.	9.8	15.1	8.9	12.1	15.9	14.3	6.4	11.4	6.1	18.2	7
8 Sponsored credit agencies	25.6	14.5	20.6	26.9	16.5	12.6	20.7	20.6	27.5	26.4	8
9 Monetary authorities	6.2	8.5	9.8	7.1	7.6	9.5	14.5	5.2	11.6	2.7	9
10 Foreign	11.2	6.1	15.2	39.5	15.0	−2.7	11.6	18.8	28.5	50.6	10
11 Agency borrowing not included in line 1	23.1	13.5	18.6	26.3	14.5	12.6	18.6	18.6	25.7	26.9	11
Private domestic funds advanced											
12 *Total net advances*	*156.1*	*164.8*	*221.8*	*276.9*	*129.8*	*199.7*	*206.6*	*237.0*	*249.7*	*304.2*	12
13 U.S. Govt. securities	22.4	75.7	61.3	44.1	59.7	91.6	64.8	57.8	37.9	50.4	13
14 State and local obligations	17.1	13.6	15.1	27.7	12.3	14.9	14.7	15.5	27.7	27.7	14
15 Corporate and foreign bonds	20.9	32.8	30.3	22.3	38.8	26.8	26.8	33.9	15.1	29.5	15
16 Residential mortgages	26.9	23.2	52.4	81.3	16.7	29.6	45.5	59.2	70.7	91.8	16
17 Other mortgages and loans	75.4	15.6	60.8	105.9	−4.3	35.5	53.2	68.3	101.7	110.0	17
18 LESS: FHLB advances	6.7	−4.0	−2.0	4.3	−6.6	−1.3	−1.6	−2.4	3.5	5.2	18
Private financial intermediation											
19 *Credit market funds advanced by private financial institutions*	*126.3*	*119.9*	*187.2*	*249.0*	*99.8*	*140.0*	*167.6*	*206.8*	*235.5*	*262.5*	19
20 Commercial banking	64.6	27.6	58.0	85.5	14.4	40.7	44.5	71.5	80.6	90.5	20
21 Savings institutions	26.9	52.0	71.7	85.8	48.5	55.4	71.8	71.7	83.9	87.7	21
22 Insurance and pension funds	30.0	41.5	47.6	60.8	38.3	44.7	47.8	47.3	57.7	63.9	22
23 Other finance	4.7	−1.1	9.9	16.8	−1.4	−.7	3.4	16.3	13.3	20.3	23
24 *Sources of funds*	*126.3*	*119.9*	*187.2*	*249.0*	*99.8*	*140.0*	*167.6*	*206.8*	*235.5*	*262.5*	24
25 Private domestic deposits	69.4	90.9	122.8	134.8	90.3	91.5	106.1	139.5	120.9	148.7	25
26 Credit market borrowing	16.0	.4	9.2	38.1	.6	.3	9.8	8.6	41.5	34.7	26
27 *Other sources*	*40.9*	*28.6*	*55.1*	*76.1*	*9.0*	*48.2*	*51.7*	*58.7*	*73.1*	*79.1*	27
28 Foreign funds	14.5	−.4	3.1	3.4	−5.6	4.8	−2.6	8.8	−3.1	9.8	28
29 Treasury balances	−5.1	−1.7	−.1	4.3	−3.5	.1	2.9	3.1	−1.1	9.7	29
30 Insurance and pension reserves	26.0	29.0	35.8	50.1	26.4	31.5	35.1	36.5	47.2	53.0	30
31 Other, net	5.4	1.7	16.4	18.4	8.3	11.7	16.2	16.6	30.2	6.6	31
Private domestic nonfinancial investors											
32 *Direct lending in credit markets*	*45.9*	*45.3*	*43.8*	*66.0*	*30.6*	*60.0*	*48.8*	*38.8*	*55.7*	*76.4*	32
33 U.S. Govt. securities	18.2	22.2	19.4	22.0	6.0	38.4	22.6	16.1	10.9	33.0	33
34 State and local obligations	10.0	6.3	4.7	8.2	7.2	5.5	3.9	5.5	6.5	9.9	34
35 Corporate and foreign bonds	4.7	8.2	4.0	1.5	10.8	5.6	4.9	3.1	2.0	1.0	35
36 Commercial paper	4.8	3.1	4.0	18.1	1.5	4.7	6.7	1.3	20.0	16.1	36
37 Other	8.2	5.5	11.8	16.3	5.1	6.0	10.8	12.8	16.2	16.4	37
38 *Deposits and currency*	*75.7*	*97.1*	*130.1*	*143.1*	*96.0*	*98.2*	*111.0*	*149.3*	*125.1*	*161.0*	38
39 *Time and savings accounts*	*66.7*	*84.8*	*113.0*	*121.4*	*73.0*	*96.5*	*98.3*	*127.6*	*105.2*	*137.5*	39
40 Large negotiable CD's	18.8	−14.0	−14.2	9.5	−27.8	−.2	−18.0	−10.4	4.4	23.4	40
41 Other at commercial banks	26.1	39.4	58.1	42.2	39.3	39.4	50.2	66.0	42.2	42.3	41
42 At savings institutions	21.8	59.4	69.1	69.6	61.5	57.4	66.1	72.1	67.4	71.9	42
43 *Money*	*8.9*	*12.3*	*17.2*	*21.7*	*23.0*	*1.7*	*12.7*	*21.6*	*19.9*	*23.5*	43
44 Demand deposits	2.6	6.1	9.9	13.4	17.3	−5.0	7.8	11.9	15.7	11.2	44
45 Currency	6.3	6.2	7.3	8.3	5.7	6.7	4.9	9.8	4.3	12.3	45
46 **Total of credit market instruments, deposits and currency**	**121.5**	**142.4**	**174.0**	**209.1**	**126.6**	**158.2**	**159.8**	**188.1**	**180.8**	**237.4**	46
47 Public support rate (in per cent)	28.4	22.7	21.2	25.5	32.3	15.2	22.1	20.4	24.7	26.1	47
48 Private financial intermediation (in per cent)	80.9	72.8	84.4	89.9	76.9	70.1	81.1	87.3	94.3	86.3	48
49 Total foreign funds	25.7	5.8	18.3	42.9	9.4	2.1	9.0	27.6	25.4	60.4	49
MEMO: Corporate equities not included above											
50 **Total net issues**	**4.1**	**10.0**	**11.2**	**4.2**	**10.5**	**9.5**	**12.6**	**9.8**	**2.8**	**5.6**	50
51 Mutual fund shares	−.7	−.1	−1.0	−1.3	.7	−.9	−2.5	.5	−1.4	−1.1	51
52 Other equities	4.8	10.2	12.2	5.5	9.8	10.5	15.1	9.3	4.3	6.7	52
53 Acquisitions by financial institutions	5.8	9.4	12.3	5.9	10.7	8.1	12.6	12.0	4.6	7.3	53
54 Other net purchases	−1.6	.6	−1.1	−1.7	−.2	1.4	*	−2.2	−1.7	−1.7	54

NOTES BY LINE NO.

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, and 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. Lines 39 plus 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 line 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Lines 10 plus 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	1975	1976	1977	1977	1978						
				Dec.	Jan.	Feb.	Mar.	Apr.[r]	May	June[p]	July[e]
1 **Industrial production**	**117.8**	**129.8**	**137.0**	**139.7**	**138.8**	**139.2**	**140.9**	**143.2**	**143.9**	**144.6**	**145.3**
Market groupings:											
2 *Products, total*	*119.3*	*129.3*	*137.1*	*140.3*	*138.5*	*139.6*	*141.6*	*143.0*	*143.1*	*143.7*	*144.3*
3 Final, total	118.2	127.2	134.9	137.6	134.9	136.4	138.9	140.5	140.5	140.9	141.6
4 Consumer goods	124.0	136.2	143.4	145.8	141.8	143.8	145.9	147.5	147.1	146.9	147.3
5 Equipment	110.2	114.6	123.2	126.2	125.4	126.2	129.1	130.8	131.6	132.5	133.8
6 Intermediate	123.1	137.2	145.1	150.4	151.6	151.4	151.4	152.1	152.9	154.3	154.8
7 Materials	115.5	130.6	136.9	138.8	139.2	138.6	139.9	143.7	145.2	146.2	146.9
Industry groupings:											
8 Manufacturing	116.3	129.5	137.1	140.5	138.7	139.4	141.4	143.5	144.2	144.9	145.6
Capacity utilization (per cent)[1] in—											
9 Manufacturing	73.6	80.2	82.4	83.0	81.7	81.9	82.7	83.7	83.8	84.0	84.1
10 Industrial materials industries	73.6	80.4	81.9	81.9	81.9	81.3	81.9	84.0	84.6	84.9	85.2
11 Construction contracts[2]	162.3	190.2	253.0	299.0	270.0	266.0	254.0	279.0	332.0	249.0	......
12 **Nonagricultural employment, total**[3]	**117.0**	**120.6**	**124.7**	**126.7**	**127.1**	**127.6**	**128.4**	**129.4**	**129.8**	**130.2**	**130.6**
13 Goods-producing, total	97.1	100.3	104.1	105.4	105.7	106.3	107.2	109.0	109.3	109.7	110.2
14 Manufacturing, total	94.3	97.5	100.6	102.2	102.7	103.2	103.7	104.0	104.2	104.1	104.4
15 Manufacturing, production-worker	91.3	95.2	98.3	100.0	100.7	101.3	101.7	102.0	102.2	101.9	102.1
16 Service-producing	127.8	131.7	136.0	138.3	138.8	139.3	140.0	140.6	140.9	141.4	141.8
17 **Personal income, total**[4]	**r200.4**	**r220.4**	**r244.0**	**r256.8**	**r258.1**	**r259.3**	**r262.7**	**266.5**	**r268.3**	**270.6**	......
18 Wages and salary disbursements	r188.5	r208.2	r230.1	r240.3	r242.9	r245.0	r249.5	253.5	r254.4	256.1	......
19 Manufacturing	157.3	r177.1	r198.6	r209.2	r210.2	r213.6	r218.0	219.5	r220.5	221.6	......
20 Disposable personal income	r199.6	r217.5	r239.3	r243.8	......	r261.6	......	......	r265.6	......	......
21 Retail sales[5]	184.6	203.5	224.4	237.1	228.8	235.6	239.5	244.8	245.4	245.6	246.2
Prices:[6]											
22 Consumer[7]	161.2	170.5	181.6	186.1	187.2	188.4	189.8	191.5	193.3	195.3	......
23 Wholesale	174.9	183.0	194.2	198.2	199.9	202.0	203.8	206.4	207.9	209.4	210.6

1 Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.

2 Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Informations Systems Company, F. W. Dodge Division.

3 Based on data in *Employment and Earnings* (U.S. Dept. of Labor). Series covers employees only, excluding personnel in the Armed Forces.

4 Based on data in *Survey of Current Business* (U.S. Dept. of Commerce). Series for disposable income is quarterly.

5 Based on Bureau of Census data published in *Survey of Current Business* (U.S. Dept. of Commerce).

6 Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Dept. of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Dept. of Labor.

7 *Beginning Jan. 1978, based on new index for all urban consumers.*

NOTE.—Basic data (not index numbers) for series mentioned in notes 3, 4, and 5, and indexes for series mentioned in notes 2 and 6 may also be found in the *Survey of Current Business* (U.S. Dept. of Commerce).

Figures for industrial production for the last 2 months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1977		1978		1977		1978		1977		1978	
	Q3	Q4	Q1	Q2[r]	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2[r]
	Output (1967 = 100)				Capacity (per cent of 1967 output)				Utilization rate (per cent)			
1 **Manufacturing**	**138.7**	**139.9**	**139.8**	**144.2**	**167.1**	**168.7**	**170.3**	**172.0**	**83.0**	**82.9**	**82.1**	**83.8**
2 Primary processing	147.3	148.2	148.2	153.8	173.5	175.1	176.8	178.5	84.9	84.6	83.8	86.1
3 Advanced processing	129.3	135.6	135.4	139.2	163.8	165.3	166.9	168.5	81.9	82.0	81.1	82.6
4 **Materials**	**138.1**	**138.9**	**139.2**	**145.0**	**167.8**	**168.9**	**170.4**	**171.7**	**82.3**	**82.2**	**81.7**	**84.5**
5 Durable goods	136.0	137.7	137.9	143.9	171.6	172.8	174.0	175.2	79.2	79.6	79.3	82.1
6 Basic metal	109.4	109.4	110.5	117.4	145.3	145.5	145.8	146.1	75.3	75.2	75.8	80.3
7 *Nondurable goods*	154.4	155.0	158.0	163.1	178.8	180.4	182.3	184.4	86.3	85.9	86.7	88.5
8 Textile, paper, and chemical	159.2	159.5	163.1	167.8	187.1	188.9	190.8	193.1	85.1	84.5	85.5	86.9
9 Textile	112.3	117.9	115.3	116.9	142.5	143.0	143.5	144.1	78.8	82.4	80.3	81.1
10 Paper	135.1	132.3	136.5	140.1	151.3	152.5	153.6	154.8	89.3	86.7	88.9	90.5
11 Chemical	189.5	188.9	194.9	201.3	221.2	223.6	226.6	230.1	85.7	84.5	86.0	87.5
12 Energy	123.4	121.9	119.1	125.5	145.2	145.7	147.2	147.8	85.0	83.7	80.9	84.9

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1975	1976	1977	1978 Jan.	Feb.	Mar.	Apr.	May	June	July
						Household survey data				
1 **Noninstitutional population**[1]	**153,449**	**156,048**	**158,559**	159,937	**160,128**	**160,313**	**160,504**	**160,713**	**160,928**	**161,148**
2 **Labor force (including Armed Forces)**[1]	**94,793**	**96,917**	**99,534**	**101,228**	**101,217**	**101,536**	**101,902**	**102,374**	**102,671**	**102,734**
3 Civilian labor force	92,613	94,773	97,401	99,107	99,093	99,414	99,784	100,261	100,573	100,618
Employment:										
4 Nonagricultural industries[2]	81,403	84,188	87,302	89,527	89,761	89,956	90,526	90,877	91,346	91,038
5 Agriculture	3,380	3,297	3,244	3,354	3,242	3,310	3,275	3,235	3,473	3,387
Unemployment:										
6 Number	7,830	7,288	6,855	6,226	6,090	6,148	5,983	6,149	5,754	6,193
7 *Rate (per cent of civilian labor force)*	*8.5*	*7.7*	*7.0*	*6.3*	*6.1*	*6.2*	*6.0*	*6.1*	*5.7*	*6.2*
8 **Not in labor force**	**58,655**	**59,130**	**59,025**	58,709	**58,911**	**58,776**	**58,602**	**58,340**	**58,257**	**58,414**
						Establishment survey data				
9 **Nonagricultural payroll employment**[3]	**17,051**	**79,443**	**82,142**	**83,719**	**84,046**	**84,555**	85,223	[r]**85,466**	[r]**85,767**	[p]**86,031**
10 Manufacturing	18,347	18,956	19,555	19,972	20,075	20,164	20,216	[r]20,258	[r]20,283	[p]20.308
11 Mining	745	783	831	705	[r]711	[r]728	898	903	912	[p]921
12 Contract construction	3,512	3,594	3,845	3,916	[r]3,947	[r]4,053	4,237	[r]4,268	[r]4,357	[p]4.408
13 Transportation and public utilities	4,498	4,509	4,589	4,628	4,651	4,672	4,709	[r]4,714	[r]4,724	[p]4.697
14 Trade	17,000	17,694	18,291	18,744	18,744	18,849	18,891	[r]18,967	[r]19,047	[p]19.109
15 Finance	4,223	4,316	4,508	4,630	4,647	4,670	4,683	[r]4,712	[r]4,738	[p]4.758
16 Service	14,006	14,644	15,333	15,693	15,791	15,875	15,962	[r]15,970	[r]16,014	[p]16.124
17 Government	14,720	14,948	15,190	15,431	15,480	15,544	15,627	[r]15,674	[r]15,692	[p]15.706

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

Monthly data are seasonally adjusted.

	Grouping	1967 pro-por-tion	1977 aver-age	1977 May	1977 June	1977 July	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.[r]	1978 May	1978 June[p]	1978 July[e]
	MAJOR MARKET		Index (1967 = 100)											
1	**Total index**	100.00	137.1	137.0	137.8	138.7	139.7	138.8	139.2	140.9	143.2	143.9	144.6	145.3
2	**Products**	60.71	137.1	136.5	137.3	138.7	140.3	138.5	139.6	141.6	143.0	143.1	143.7	144.3
3	*Final products*	*47.82*	*134.9*	*134.7*	*135.4*	*136.8*	*137.6*	*134.9*	*136.4*	*138.9*	*140.5*	*140.5*	*140.9*	*141.6*
4	Consumer goods	27.68	143.4	143.1	143.8	145.4	145.8	141.8	143.8	145.9	147.5	147.1	146.9	147.3
5	Equipment	20.14	123.2	123.2	124.1	124.8	126.2	125.4	126.2	129.1	130.8	131.6	132.5	133.8
6	Intermediate products	12.89	145.1	143.5	144.7	146.3	150.4	151.6	151.4	151.4	152.1	152.9	154.3	154.8
7	**Materials**	39.29	136.9	137.8	138.7	138.9	138.8	139.2	138.6	139.9	143.7	145.2	146.2	146.9
	Consumer goods													
8	*Durable consumer goods*	*7.89*	*153.1*	*152.2*	*155.8*	*158.0*	*155.8*	*146.5*	*151.2*	*157.5*	*161.8*	*160.3*	*161.2*	*161.6*
9	Automotive products	2.83	174.2	172.8	179.8	184.8	172.4	157.5	162.8	175.8	184.3	180.0	180.3	180.8
10	Autos and utility vehicles	2.03	169.2	167.4	177.4	184.1	165.5	145.5	153.9	171.0	182.7	175.6	175.3	175.7
11	Autos	1.90	148.4	148.5	156.8	161.4	143.6	127.4	131.5	149.7	159.1	151.6	150.1	152.7
12	Auto parts and allied goods	.80	186.8	186.6	185.8	186.6	190.4	187.8	185.3	188.5	188.2	191.2	192.9	193.5
13	Home goods	5.06	141.3	140.6	142.3	142.9	146.6	140.3	144.6	147.2	149.2	149.3	150.4	150.9
14	Appliances, A/C, and TV	1.40	127.3	131.0	133.1	130.1	132.8	116.1	133.3	135.4	142.2	139.6	141.1	140.9
15	Appliances and TV	1.33	130.5	134.8	136.8	134.4	134.6	117.4	135.7	137.9	144.7	142.0	143.3	......
16	Carpeting and furniture	1.07	152.2	147.3	151.2	154.1	161.5	159.1	160.2	159.3	158.9	163.4	165.2	......
17	Misc. home goods	2.59	144.3	143.1	143.6	145.1	147.7	145.9	144.3	148.7	149.0	148.8	149.3	149.9
18	*Nondurable consumer goods*	*19.79*	*139.6*	*139.5*	*139.1*	*140.3*	*141.8*	*139.9*	*140.8*	*141.3*	*141.8*	*141.7*	*141.1*	*141.6*
19	Clothing	4.29	125.2	125.5	125.7	124.1	126.9	118.3	121.1	122.4	124.9	125.4	......	......
20	Consumer staples	15.50	143.6	143.4	142.9	144.8	145.9	145.9	146.3	146.4	146.6	146.2	145.6	146.2
21	Consumer foods and tobacco	8.33	135.5	135.0	135.4	137.1	137.9	136.5	138.3	138.7	140.8	139.9	139.0	......
22	Nonfood staples	7.17	152.9	153.2	151.7	153.8	155.2	156.6	155.8	155.3	153.3	153.4	153.4	154.6
23	Consumer chemical products	2.63	180.5	180.8	179.3	179.4	186.5	187.4	184.3	182.1	182.5	182.0	183.5	......
24	Consumer paper products	1.92	117.1	118.4	116.3	117.4	119.8	121.4	118.8	118.9	117.7	117.9	116.9	......
25	Consumer energy products	2.62	151.4	150.8	149.8	154.9	149.7	151.5	154.5	155.0	149.9	150.4	150.1	......
26	Residential utilities	1.45	159.0	157.1	159.9	167.5	158.5	161.7	167.6	166.9	159.0	157.2	......	......
	Equipment													
27	*Business equipment*	*12.63*	*149.2*	*148.9*	*150.1*	*151.2*	*154.0*	*152.6*	*154.2*	*157.4*	*159.3*	*160.2*	*161.3*	*162.8*
28	Industrial equipment	6.77	138.5	138.4	140.0	140.7	143.0	144.3	144.6	146.9	147.8	149.6	150.4	151.8
29	Building and mining equipment	1.44	202.5	205.3	208.1	210.6	208.3	211.1	214.9	221.7	225.1	225.1	226.5	228.2
30	Manufacturing equipment	3.85	113.9	112.8	115.0	114.3	118.2	118.8	117.7	118.3	119.0	121.4	122.1	123.3
31	Power equipment	1.47	140.2	139.9	139.0	141.2	143.7	146.1	145.8	148.8	147.3	149.2	150.1	151.4
32	Commercial transit, farm equipment	5.86	161.6	161.2	161.9	163.3	166.9	162.2	165.5	169.4	172.6	172.3	173.9	175.5
33	Commerical equipment	3.26	191.6	191.1	191.4	191.7	198.8	198.5	200.9	202.0	203.8	204.2	206.6	208.1
34	Transit equipment	1.93	117.8	116.5	118.5	121.5	121.1	111.1	115.9	126.1	133.7	132.2	131.8	132.7
35	Farm equipment	.67	142.3	144.4	143.2	144.6	144.5	131.4	134.8	137.0	132.9	131.9	136.4	......
36	*Defense and space equipment*	*7.51*	*79.6*	*80.0*	*80.3*	*80.4*	*79.5*	*79.7*	*79.2*	*81.9*	*82.9*	*83.2*	*84.1*	*85.5*
	Intermediate products													
37	Construction supplies	6.42	140.8	138.7	139.9	141.2	148.3	149.2	148.6	147.9	148.5	150.4	151.3	152.4
38	Business supplies	6.47	149.5	148.4	149.6	151.3	152.6	153.8	154.2	155.0	155.6	155.3	157.1	......
39	Commercial energy products	1.14	164.6	165.8	164.2	168.2	165.6	165.5	165.6	164.3	163.5	163.7	163.7	......
	Materials													
40	*Durable goods materials*	*20.35*	*134.5*	*135.2*	*136.4*	*136.8*	*138.7*	*138.2*	*137.0*	*138.6*	*142.7*	*144.0*	*145.0*	*146.4*
41	Durable consumer parts	4.58	132.0	132.0	134.5	137.2	135.7	133.0	131.1	133.1	136.8	138.3	139.0	140.5
42	Equipment parts	5.44	143.1	141.7	143.0	145.0	149.2	148.7	146.6	151.3	154.8	155.8	157.7	159.2
43	Durable materials n.e.c.	10.34	131.1	133.2	133.8	132.4	134.3	134.9	134.6	134.5	138.9	140.3	141.1	142.4
44	Basic metal materials	5.57	110.9	117.8	116.3	112.6	110.3	110.2	111.0	110.4	116.7	117.4	118.0	......
45	*Nondurable goods materials*	*10.47*	*153.5*	*155.4*	*154.7*	*154.1*	*155.3*	*155.0*	*158.5*	*160.5*	*162.0*	*163.4*	*164.0*	*164.0*
46	Textile, paper, and chem. mat.	7.62	158.3	160.7	160.1	158.9	159.3	160.7	162.8	165.7	166.4	168.0	168.9	168.7
47	Textile materials	1.85	113.0	111.8	109.0	110.1	117.3	114.9	115.8	115.1	116.5	116.8	117.5	......
48	Paper materials	1.62	133.5	136.2	134.4	134.3	130.2	135.0	136.8	137.8	139.2	140.1	141.1	......
49	Chemical materials	4.15	188.2	192.2	192.7	190.3	189.5	191.4	194.2	199.2	199.5	201.7	202.7	......
50	Containers, nondurable	1.70	150.9	152.3	152.4	152.4	154.4	150.4	158.7	158.1	160.5	161.4	161.6	......
51	Nondurable materials n.e.c.	1.14	125.3	123.1	122.9	124.9	129.9	123.6	128.9	129.3	134.6	135.2	134.8	......
52	Energy materials	8.48	122.4	122.3	124.3	125.2	118.7	122.2	117.7	117.5	123.9	125.9	126.7	127.5
53	Primary energy	4.65	107.3	106.6	109.7	108.9	103.0	105.2	101.0	104.5	115.5	116.2	116.3	......
54	Converted fuel materials	3.82	140.7	141.4	142.0	145.1	137.7	142.8	138.0	133.3	134.1	137.8	139.5	......
	Supplementary groups													
55	Home goods and clothing	9.35	133.9	133.6	134.7	134.3	137.5	130.2	133.8	135.9	138.0	138.3	138.7	139.1
56	Energy, total	12.23	132.5	132.5	133.5	135.6	129.7	132.5	130.0	129.8	133.1	134.7	135.1	136.1
57	Products	3.76	155.4	155.3	154.1	158.9	154.5	155.8	157.9	157.9	154.1	154.5	154.2	......
58	Materials	8.48	122.4	122.3	124.3	125.2	118.7	122.2	117.7	117.5	123.9	125.9	126.7	127.5

For NOTE see opposite page.

2.13 Continued

	Grouping	SIC code	1967 pro-portion	1977 aver-age	1977 May	1977 June	1977 July	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May	1978 June[p]	1978 July[e]
			Index (1967 = 100)												
	MAJOR INDUSTRY														
1	*Mining and utilities*		*12.05*	*136.2*	*137.1*	*138.8*	*139.4*	*133.9*	*137.4*	*137.7*	*138.2*	*140.9*	*141.6*	*142.1*	*142.8*
2	Mining		6.36	117.8	119.5	122.8	119.8	113.4	115.0	114.4	119.3	127.2	128.1	128.9	129.3
3	Utilities		5.69	156.5	156.7	156.8	161.4	156.7	162.3	163.5	159.5	156.0	156.7	156.9	157.9
4	Electric		3.88	175.5	175.4	176.8	183.9	175.9	183.6	184.3	178.8	175.0	176.9	......	......
5	*Manufacturing*		*87.95*	*137.1*	*137.1*	*137.8*	*138.5*	*140.5*	*138.7*	*139.4*	*141.4*	*143.5*	*144.2*	*144.9*	*145.6*
6	Nondurable		35.97	148.1	148.5	148.4	148.6	150.9	149.8	150.6	151.4	153.2	153.8	154.3	154.3
7	Durable		51.98	129.5	129.3	130.5	131.6	133.4	131.1	131.5	134.4	136.9	137.6	138.5	139.6
	Mining														
8	Metal mining	10	.51	105.4	120.5	121.3	101.9	104.3	121.4	119.9	127.6	122.3	120.1	121.1	......
9	Coal	11.12	.69	118.0	122.4	133.4	120.7	74.6	54.8	56.5	78.4	129.5	132.7	136.8	137.4
10	Oil and gas extraction	13	4.40	118.0	118.3	121.3	120.6	118.4	121.1	120.4	123.3	127.3	128.0	128.5	128.7
11	Stone and earth minerals	14	.75	124.9	123.0	122.5	126.7	126.5	130.0	129.1	128.2	128.9	129.6	130.0	......
	Nondurable manufactures														
12	Foods	20	8.75	137.9	138.3	136.9	138.3	140.4	139.3	140.8	141.1	143.1	142.5	141.9	......
13	Tobacco products	21	.67	114.3	105.2	119.2	114.5	120.6	113.4	117.7	115.6	121.0	120.2	......	......
14	Textile mill products	22	2.68	137.1	136.0	135.4	137.2	143.7	137.1	136.4	135.1	138.1	138.5	139.1	......
15	Apparel products	23	3.31	124.2	123.5	122.1	121.1	125.8	118.6	121.1	122.8	126.1	125.9	......	......
16	Paper and products	26	3.21	137.4	139.5	139.3	139.2	138.6	139.9	143.9	144.9	145.7	146.6	147.8	144.4
17	Printing and publishing	27	4.72	124.9	124.4	124.1	124.9	127.5	129.9	128.3	129.1	128.6	128.2	128.0	128.6
18	Chemicals and products	28	7.74	180.7	182.8	183.5	182.6	183.0	184.4	183.7	185.2	185.5	188.1	190.2	......
19	Petroleum products	29	1.79	141.0	142.4	140.0	140.4	139.3	139.7	139.0	140.1	141.7	142.3	141.6	142.4
20	Rubber & plastic products	30	2.24	232.2	232.4	235.2	235.2	240.1	238.7	240.0	243.1	249.1	253.0	253.4	......
21	Leather and products	31	.86	75.3	76.2	74.1	74.1	77.3	74.5	73.0	72.1	76.0	75.7	74.4	......
	Durable manufactures														
22	Ordnance, private & government	19.91	3.64	73.9	74.4	74.1	75.0	73.8	72.3	71.2	72.7	73.0	73.3	73.6	74.2
23	Lumber and products	24	1.64	133.4	133.0	132.4	132.9	138.1	138.5	135.5	136.5	136.9	136.5	136.7	......
24	Furniture and fixtures	25	1.37	140.9	137.5	139.9	143.0	146.6	146.4	150.1	149.5	148.9	152.8	154.2	......
25	Clay, glass, stone products	32	2.74	146.1	145.0	147.7	148.0	152.1	152.2	152.6	154.2	156.7	157.1	158.5	......
26	Primary metals	33	6.57	110.2	117.1	114.7	114.4	111.0	107.4	106.2	106.1	114.3	115.3	117.3	118.4
27	Iron and steel	331.2	4.21	103.4	111.0	109.2	110.9	103.8	99.5	96.3	96.4	109.0	110.5	113.9	......
28	Fabricated metal products	34	5.93	130.9	128.2	130.8	132.0	136.4	136.9	136.9	138.1	139.5	140.4	141.5	142.5
29	Nonelectrical machinery	35	9.15	144.8	142.6	144.0	145.7	151.7	150.1	150.1	151.5	152.2	152.9	154.2	156.0
30	Electrical machinery	36	8.05	141.9	141.8	142.6	143.6	147.3	144.0	146.4	149.5	152.3	153.1	154.0	155.0
31	Transportation equipment	37	9.27	121.1	120.3	123.7	125.6	122.2	116.2	118.4	126.5	130.5	130.1	130.5	131.4
32	Motor vehicles & parts	371	4.50	159.7	157.7	163.2	166.2	161.8	146.6	153.1	165.1	171.7	168.3	168.1	169.1
33	Aerospace & misc. trans. eq	372.9	4.77	84.7	85.2	86.5	87.3	84.9	87.6	85.8	90.1	91.8	93.9	95.1	95.9
34	Instruments	38	2.11	159.1	157.4	158.2	159.0	164.7	163.4	163.5	168.7	170.5	169.8	171.6	171.5
35	Miscellaneous mfrs	39	1.51	149.1	148.0	148.4	150.4	152.5	153.0	151.8	153.7	152.9	152.7	153.2	153.0
			Gross value (billions of 1972 dollars, annual rates)												
	MAJOR MARKET														
36	**Products, total**		**[1]507.4**	**583.9**	**582.2**	**585.9**	**590.5**	**594.7**	**582.0**	**591.2**	**601.1**	**608.8**	**606.3**	**607.0**	**609.6**
37	*Final products*		*[1]390.9*	*452.1*	*451.0*	*453.7*	*457.8*	*458.7*	*445.1*	*454.4*	*463.5*	*470.7*	*467.9*	*468.0*	*469.4*
38	Consumer goods		[1]277.5	317.5	316.3	318.9	321.5	320.4	311.2	318.6	321.6	326.3	324.0	323.2	324.1
39	Equipment		[1]113.4	134.6	134.6	134.9	136.2	138.2	133.9	135.8	142.0	144.4	144.0	145.0	145.5
40	Intermediate products		[1]116.6	131.9	131.4	131.8	132.8	135.9	136.7	137.0	137.5	138.3	138.7	139.3	140.2

1 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.), Dec. 1977.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates. Exceptions noted.

Item	1975	1976	1977	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar. r	1978 Apr.	1978 May p	1978 June
	Private residential real estate activity (thousands of units)									
NEW UNITS										
1 *Permits authorized*	*927*	*1,296*	*18,133*	*1,778*	*1,526*	*1,534*	*1,647*	*1,740*	*1,597*	*1,800*
2 1-family	669	894	12,265	1,188	1,032	957	1,037	1,157	1,058	1,109
3 2-or-more-family	278	402	5,861	590	494	577	610	583	539	691
4 *Started*	*1,160*	*1,538*	*1,986*	*2,203*	*1,548*	*1,569*	*2,047*	*r2,165*	*2,081*	*2,099*
5 1-family	892	1,163	1,451	1,574	1,156	1,103	1,429	r1,492	1,493	1,431
6 2-or-more-family	268	377	535	629	392	466	618	r673	588	668
7 *Under construction, end of period* [1]	*1,003*	*1,147*	*1,442*	*1,249*	*1,262*	*1,260*	*1,260*	*1,277*	*1,291*	....
8 1-family	531	655	829	770	785	787	778	777	775	....
9 2-or-more-family	472	492	613	479	478	474	483	512	515	....
10 *Completed*	*1,297*	*1,362*	*1,652*	*1,641*	*1,759*	*1,696*	*7,821*	*1,947*	*1,848*	....
11 1-family	866	1,026	1,254	1,299	1,300	1,233	1,363	1,516	1,412	....
12 2-or-more-family	430	336	398	342	459	463	458	431	436	....
13 Mobile homes shipped	213	246	277	324	322	2.69	284	252	247	246
Merchant builder activity in 1-family units:										
14 Number sold	544	639	819	857	813	774	793	r828	845	812
15 Number for sale, end of period [1]	383	433	407	403	405	404	404	411	417	421
Price (thous. of dollars) [2]										
Median:										
16 Units sold	39.3	44.2	48.9	52.9	52.3	53.2	53.5	53.1	55.7	57.3
17 Units for sale	38.9	41.6	48.2	47.7	48.2	....	....	....	....	....
Average:										
18 Units sold	42.5	48.1	54.4	57.6	58.5	59.1	60.0	r59.3	62.2	63.8
EXISTING UNITS (1-family)										
19 Number sold	2,452	3,002	3,572	4,030	3,780	3,460	3,770	3,880	3,770	3,780
Price of units sold (thous. of dollars): [2]										
20 Median	35.3	38.1	42.9	44.2	45.5	46.3	46.5	48.2	47.8	48.4
21 Average	39.0	42.2	47.9	48.3	50.3	51.3	51.1	53.6	54.8	55.1
	Value of new construction [4] (millions of dollars)									
CONSTRUCTION										
22 **Total put in place**	**134,293**	**147,481**	**170,685**	**179,026**	**r171,705**	**r177,936**	**184,817**	**r192,871**	**r198,310**	**200,544**
23 *Private*	*93,624*	*109,499*	*133,652*	*142,284*	*r135,280*	*r142,207*	*147,145*	*r151,338*	*153,207*	*156,603*
24 Residential	46,472	60,519	81,067	87,361	r79,716	85,577	87,578	r90,036	91,267	92,443
25 Nonresidential, total	47,152	48,980	52,585	54,923	r55,564	r56,630	59,567	r61,302	61,940	64,160
Buildings:										
26 Industrial	8,017	7,182	7,182	7,874	r7,425	r7,674	9,199	9,244	8,735	10,577
27 Commercial	12,804	12,757	14,604	14,890	r14,969	r15,154	16,227	17,177	18,546	19,345
28 Other	5,585	6,155	6,226	6,252	r6,012	5,867	6,358	6,806	6,935	6,705
29 Public utilities and other	20,746	22,886	24,573	25,907	r27,158	27,935	27,783	r28,075	27,724	27,533
30 *Public*	*40,669*	*37,982*	*37,033*	*36,762*	*36,425*	*35,729*	*37,672*	*41,532*	*45,103*	*43,941*
31 Military	1,392	1,508	1,478	1,381	1,430	1,478	1,405	1,500	1,450	1,359
32 Highway	10,861	9,756	9,170	8,455	r7,472	r6,418	7,399	7,977	10,313	....
33 Conservation and development	3,256	3,722	3,765	3,854	r4,236	r3,891	4,237	4,586	4,359	....
34 Other [3]	25,160	22,996	22,620	23,072	r23,287	r23,942	24,631	27,469	28,981	....

1 Not at annual rates.
2 Not seasonally adjusted.
3 Beginning Jan. 1977 Highway imputations are included in Other.
4 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.

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 for 14,000 jurisdictions reporting to the Census Bureau.

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 June 1978 (1967 = 100)[2]
	1977 June	1978 June	1977		1978		1978					
			Sept.	Dec.	Mar.	June	Feb.	Mar.	Apr.	May	June	
	Consumer prices[3]											
1 **All items**	**6.9**	**7.4**	**4.5**	**4.9**	**9.3**	**11.4**	**.6**	**.8**	**.9**	**.9**	**.9**	**195.3**
2 *Commodities*	*6.2*	*6.9*	*2.5*	*4.9*	*9.3*	*11.2*	*.5*	*.8*	*.9*	*.9*	*.9*	*187.5*
3 Food	7.0	10.4	1.9	4.2	16.4	20.4	1.2	1.3	1.9	1.5	1.3	213.8
4 Commodities less food	5.7	5.4	2.7	5.4	6.1	7.2	.2	.6	.5	.6	.6	174.4
5 Durable	5.9	6.1	1.5	5.2	8.7	9.0	.7	.5	.5	.8	.8	173.9
6 Nondurable	5.5	4.3	3.4	5.1	3.1	5.5	−.3	.6	.5	.4	.4	173.7
7 *Services*	*7.9*	*8.4*	*7.6*	*4.9*	*9.1*	*11.8*	*.7*	*.8*	*.9*	*1.0*	*.9*	*209.9*
8 Rent	5.9	7.0	6.7	6.3	6.2	8.5	.4	.6	.7	.7	.6	163.6
9 Services less rent	8.2	8.6	8.0	4.8	9.6	12.2	.8	.9	.9	1.0	.9	218.3
Other groupings:												
10 All items less food	6.8	6.8	5.3	5.0	8.1	9.3	.5	.7	.7	.8	.7	190.6
11 All items less food and energy	6.5	7.0	5.1	5.3	8.0	9.9	.4	.7	.7	.8	.9	188.0
12 Homeownership	6.9	10.5	8.5	7.1	12.2	14.5	.7	1.2	1.1	1.1	1.2	225.3
	Producer prices, formerly Wholesale prices											
13 Finished goods	6.2	7.7	2.9	7.2	9.4	11.4	r1.1	r.5	1.3	.7	.7	194.4
14 Consumer	6.2	7.5	1.8	5.4	10.5	12.5	r1.2	.5	1.6	.6	.7	192.8
15 Foods	4.7	9.8	−2.3	7.4	21.0	14.8	r3.0	r.6	1.9	.5	1.1	209.4
16 Excluding foods	7.0	6.2	4.0	4.7	5.1	10.7	r.3	r.4	1.3	.8	.4	182.6
17 Capital Equiptment	6.4	8.2	6.0	10.9	6.9	9.4	r.6	r.5	.6	.9	.8	198.2
18 Materials	6.0	7.7	.4	8.3	14.2	8.4	1.3	.9	.9	.5	.6	220.2
19 Intermediate[1]	7.1	6.6	7.1	4.2	9.0	6.2	.8	.5	.5	.5	.5	215.6
Crude:												
20 Nonfood	11.0	10.3	−5.3	20.1	15.7	12.4	1.0	1.5	.9	.4	1.7	286.3
21 Food	−2.9	16.5	−19.6	27.6	43.6	25.2	4.7	1.8	3.7	.0	1.9	223.7

1 Excludes intermediate materials for food manufacturing and manufactured animal feeds.

2 Not seasonally adjusted.

3 Beginning Jan. 1978 figures for consumer prices are those for all urban consumers.

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	1975[r]	1976[r]	1977[r]	1977[r] Q1	1977[r] Q2	1977[r] Q3	1977[r] Q4	1978 Q1	1978 Q2[p]
				Gross national product					
1 **Total**	**1,528.8**	**1,700.1**	**1,887.2**	**1,806.8**	**1,867.0**	**1,916.8**	**1,958.1**	**1,992.0**	**2,076.9**
By source:									
2 *Personal consumption expenditures*	*979.1*	*1,090.2*	*1,206.5*	*1,167.7*	*1,188.6*	*1,214.5*	*1,255.2*	*1,276.7*	*1,324.0*
3 Durable goods	132.6	156.6	178.4	173.2	175.6	177.4	187.2	183.5	197.3
4 Nondurable goods	408.9	442.6	479.0	465.9	473.6	479.7	496.9	501.4	518.6
5 Services	437.5	491.0	549.2	528.6	539.4	557.5	571.1	591.8	608.1
6 *Gross private domestic investment*	*190.9*	*243.0*	*297.8*	*272.5*	*295.6*	*309.7*	*313.5*	*322.7*	*342.2*
7 Fixed investment	201.6	232.8	282.3	262.2	278.6	287.8	300.5	306.0	321.5
8 *Nonresidential*	*150.2*	*164.6*	*190.4*	*180.6*	*187.2*	*193.5*	*200.3*	*205.6*	*216.7*
9 Structures	53.8	57.3	63.9	59.3	63.4	65.4	67.4	68.5	74.2
10 Producers' durable equipment	96.4	107.3	126.5	121.4	123.8	128.1	132.8	137.1	142.5
11 Residential structures	51.5	68.2	91.9	81.6	91.4	94.3	100.2	100.3	104.8
12 Nonfarm	49.5	65.8	88.9	78.6	88.4	91.2	97.5	97.3	101.7
13 Change in business inventories	−10.7	10.2	15.6	10.3	17.0	21.9	13.1	16.7	20.7
14 Nonfarm	−14.3	12.2	15.0	11.1	16.5	22.0	10.4	16.9	22.7
15 *Net exports of goods and services*	*20.4*	*7.4*	*−11.1*	*−8.5*	*−5.9*	*−7.0*	*−23.2*	*−24.1*	*−13.9*
16 Exports	147.3	163.2	175.5	170.9	178.1	180.8	172.1	181.7	199.4
17 Imports	126.9	155.7	186.6	179.4	184.0	187.8	195.2	205.8	213.3
18 *Govt. purchases of goods and services*	*338.4*	*359.5*	*394.0*	*375.0*	*388.8*	*399.5*	*412.5*	*416.7*	*424.6*
19 Federal	123.1	129.9	145.1	138.3	142.9	146.8	152.2	151.5	147.4
20 State and local	215.4	229.6	248.9	236.7	245.9	252.7	260.3	265.2	277.2
By major type of product:									
21 Final sales, total	1,539.6	1,689.9	1,871.6	1,796.5	1,850.0	1,894.9	1,945.0	1,975.3	2,056.2
22 *Goods*	*686.6*	*760.3*	*832.6*	*800.2*	*825.8*	*844.7*	*859.6*	*861.8*	*907.1*
23 Durable goods	259.0	304.6	341.3	332.2	339.1	346.5	347.4	351.2	372.1
24 Nondurable	427.5	455.7	491.3	468.0	486.7	498.2	512.2	510.6	534.9
25 Services	697.6	778.0	862.8	832.3	850.0	875.3	893.6	926.4	949.2
26 Structures	144.7	161.9	191.8	174.3	191.3	196.8	204.9	203.8	220.6
27 Change in business inventories	−10.7	10.2	15.6	10.3	17.0	21.9	13.1	16.7	20.7
28 Durable goods	−8.9	5.3	8.4	6.1	9.1	11.9	6.3	14.8	11.2
29 Nondurable goods	−1.8	4.9	7.2	4.2	7.9	10.0	6.8	1.9	9.5
30 MEMO: **Total GNP in 1972 dollars**	**1,202.3**	**1,271.0**	**1,332.7**	**1,306.7**	**1,325.5**	**1,343.9**	**1,354.5**	**1,354.2**	**1,378.6**
				National income					
31 **Total**	**1,215.0**	**1,359,2**	**1,515.3**	**1,447.5**	**1,499.3**	**1,537.6**	**1,576.9**	**1,603.1**	....
32 Compensation of employees	931.1	1,036.8	1,153.4	1,107.9	1,140.5	1,165.8	1,199.7	1,241.0	1,286.1
33 *Wages and salaries*	*805.9*	*890.1*	*983.6*	*946.4*	*973.4*	*993.6*	*1,021.2*	*1,050.8*	*1,088.7*
34 Government and Government enterprises	175.4	187.6	200.8	195.2	198.1	201.7	208.1	211.4	213.9
35 Other	630.4	702.5	782.9	751.2	775.3	791.9	813.1	839.3	874.7
36 *Supplement to wages and salaries*	*125.2*	*146.7*	*169.8*	*161.5*	*167.1*	*172.2*	*178.4*	*190.2*	*197.5*
37 Employer contributions for social insurance	60.1	69.7	79.4	76.6	78.6	79.9	82.4	90.2	93.4
38 Other labor income	65.1	77.0	90.4	84.9	88.5	92.2	96.1	100.0	104.0
39 *Proprietors' income*[1]	*87.0*	*88.6*	*99.8*	*95.6*	*98.9*	*97.2*	*107.3*	*105.0*	*110.6*
40 Business and professional[1]	63.5	70.2	79.5	76.1	78.9	80.8	82.3	83.1	86.1
41 Farm[1]	23.5	18.4	20.3	19.4	20.0	16.5	25.1	21.9	24.5
42 Rental income of persons[2]	22.4	22.5	22.5	22.5	22.4	22.4	22.7	22.8	23.0
43 Corporate profits[1]	95.9	127.0	144.2	129.9	143.7	154.8	148.2	132.6	....
44 Profits before tax[3]	120.4	155.9	173.9	164.8	175.1	177.5	178.3	172.1	....
45 Inventory valuation adjustment	−12.4	−14.5	−14.8	−20.3	−16.6	−7.7	−14.8	−23.5	−24.8
46 Capital consumption adjustment	−12.0	−14.4	−14.9	−14.6	−14.8	−15.0	−15.3	−16.1	−16.7
47 Net interest	78.6	84.3	95.4	91.7	93.7	97.3	99.0	101.7	104.2

1 With inventory valuation and capital consumption adjustments.
2 With capital consumption adjustments.
3 For after-tax profits, dividends, etc., see Table 1.50.

SOURCE.—*Survey of Current Business* (U.S. Dept. of Commerce).

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted.

Account	1975 r	1976 r	1977 r	1977 r Q1	1977 r Q2	1977 r Q3	1977 r Q4	1978 Q1	1978 Q2 p
				Personal income and saving					
1 **Total personal income**	**1,255.5**	**1,380.9**	**1,529.0**	**1,470.7**	**1,508.6**	**1,543.7**	**1,593.0**	**1,628.9**	**1,682.5**
2 *Wage and salary disbursements*	*805.9*	*890.1*	*983.6*	*946.4*	*973.4*	*993.6*	*1,021.2*	*1,050.8*	*1,088.6*
3 Commodity-producing industries	275.0	307.5	343.7	327.3	342.0	348.3	357.1	365.9	386.7
4 Manufacturing	211.0	237.5	266.3	254.6	264.1	269.3	277.3	286.9	295.7
5 Distributive industries	195.3	216.4	239.1	231.2	236.5	241.2	247.5	257.0	265.6
6 Service industries	160.1	178.6	200.1	192.7	196.8	202.3	208.5	216.5	222.5
7 Government and government enterprises	175.4	187.6	200.8	195.2	198.1	201.7	208.1	211.4	213.9
8 Other labor income	65.1	77.0	90.4	84.9	88.5	92.2	96.1	100.0	104.0
9 *Proprietors' income* [1]	*87.0*	*88.6*	*99.8*	*95.6*	*98.9*	*97.2*	*107.3*	*105.0*	*110.6*
10 Business and professional [1]	63.5	70.2	79.5	76.1	78.9	80.8	82.3	83.1	86.1
11 Farm [1]	23.5	18.4	20.3	19.4	20.0	16.5	25.1	21.9	24.5
12 Rental income of persons [2]	22.4	22.5	22.5	22.5	22.4	22.4	22.7	22.8	23.0
13 Dividends	31.9	37.9	43.7	41.5	42.7	44.1	46.3	47.0	48.1
14 Personal interest income	115.5	126.3	141.2	135.9	139.1	143.6	146.0	151.4	156.3
15 Transfer payments	178.2	193.9	208.8	203.4	204.0	211.9	215.9	219.2	220.9
16 Old-age survivors, disability, and health insurance benefits	81.4	92.9	105.0	99.7	101.8	108.5	110.1	112.1	114.0
17 LESS: Personal contributions for social insurance	50.5	55.5	61.0	59.4	60.5	61.4	62.6	67.2	69.1
18 EQUALS: Personal income	1,255.5	1,380.9	1,529.0	1,470.7	1,508.6	1,543.7	1,593.0	1,628.9	1,682.5
19 LESS: Personal tax and nontax payments	168.8	196.5	226.0	222.7	223.3	224.6	233.3	237.3	248.8
20 EQUALS: Disposable personal income	1,086.7	1,184.4	1,303.0	1,248.0	1,285.3	1,319.1	1,359.6	1,391.6	1,433.7
21 LESS: Personal outlays	1,003.0	1,116.3	1,236.1	1,195.8	1,217.8	1,244.8	1,285.9	1,309.2	1,357.9
22 EQUALS: Personal saving	83.6	68.0	66.9	52.2	67.5	74.3	73.7	82.4	75.8
MEMO ITEMS: Per capita (1972 dollars):									
23 Gross national product	5,629	5,906	6,144	6,044	6,120	6,191	6,226	6,215	6,318
24 Personal consumption expenditures	3,626	3,808	3,954	3,916	3,922	3,953	4,030	4,009	4,063
25 Disposable personal income	4,025	4,136	4,271	4,185	4,241	4,293	4,365	4,370	4,400
26 Saving rate (per cent)	7.7	5.7	5.1	4.2	5.3	5.6	5.4	5.9	5.3
				Gross saving					
27 **Gross private saving**	**259.8**	**270.7**	**290.8**	**259.6**	**288.6**	**310.7**	**304.3**	**305.4**	....
28 Personal saving	83.6	68.0	66.9	52.2	67.5	74.3	73.7	82.4	75.8
29 Undistributed corporate profits [1]	14.2	24.8	28.7	20.1	28.7	38.0	28.0	15.6	....
30 Corporate inventory valuation adjustment	12.4	14.5	-14.8	-20.3	16.6	7.7	-14.8	-23.5	24.8
Capital consumption allowances:									
31 Corporate	101.3	111.5	120.9	116.6	119.8	122.6	124.6	127.4	130.0
32 Noncorporate	60.7	66.3	74.3	70.7	72.6	75.9	77.9	79.9	82.0
33 Wage accruals less disbursements	....	....	....	....	....	....	....	....	....
34 *Government surplus, or deficit (-), national income and product accounts*	*-64.4*	*-33.2*	*18.6*	*7.8*	*11.8*	*25.2*	*29.6*	*-21.1*	....
35 Federal	-70.6	-53.8	-48.1	-37.3	-40.3	-56.4	58.6	-52.6	....
36 State and local	6.2	20.7	9.6	29.5	28.5	31.2	29.0	31.5	....
37 Capital grants received by the United States, net	....	....	....	....	....	....	....	....	....
38 *Investment*	*202.8*	*241.7*	*276.9*	*255.2*	*280.4*	*292.6*	*279.5*	*286.4*	*314.6*
39 Gross private domestic	190.9	243.0	297.8	272.5	295.6	309.7	313.5	322.7	342.2
40 Net foreign	11.9	1.2	-20.9	-17.3	15.2	-17.1	34.1	-36.3	-27.5
41 Statistical discrepancy	7.4	4.2	4.7	3.4	3.7	7.1	4.8	2.2	....

1 With inventory valuation and capital consumption adjustments.
2 With capital consumption adjustment.

SOURCE.—*Survey of Current Business* (U.S. Dept. 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	1975	1976	1977	1977 Q1	1977 Q2	1977 Q3	1977 Q4	1978 Q1
1 Merchandise exports	107,088	114,694	120,585	29,477	30,638	31,013	29,457	30,664
2 Merchandise imports	98,041	124,047	151,644	36,495	37,259	38,263	39,627	41,865
3 Merchandise trade balance [2]	9,047	-9,353	-31,059	-7,018	-6,621	-7,250	-10,170	-11,201
4 Military transactions, net	-876	312	1,334	568	295	467	5	307
5 Investment income, net [3]	12,795	15,933	17,507	4,599	4,487	4,610	3,812	4,767
6 Other service transactions, net	2,095	2,469	1,705	229	412	583	482	428
7 Balance on goods and services [3,4]	**23,060**	**9,361**	**-10,514**	**-1,623**	**-1,427**	**-1,591**	**-5,870**	**-5,700**
8 Remittances, pensions, and other transfers	-1,721	-1,878	-1,932	-490	-480	-490	-473	-502
9 U.S. Govt. grants (excluding military)	-2,894	-3,145	-2,776	-636	-763	-787	-591	-752
10 Balance on current account [3]	**18,445**	**4,339**	**-15,221**	**-2,749**	**-2,670**	**-2,868**	**-6,934**	**-6,954**
11 *Not seasonally adjusted[3]*	....	....	....	*-2,339*	*-2,492*	*-5,179*	*-5,212*	*-6,466*
12 Change in U.S. Govt. assets, other than official reserve assets, net (increase, -)	-3,470	-4,213	-3,679	-949	-795	-1,098	-838	-900
13 *Change in U.S. official reserve assets (increase, -)*	*-607*	*-2,530*	*-231*	*-388*	*6*	*151*	....	*246*
14 Gold	....	....	-118	-58	....	....	-60	....
15 Special Drawing Rights (SDR's)	-66	-78	-121	....	-83	-9	-29	-16
16 Reserve position in International Monetary Fund (IMF)	-466	-2,212	-294	-389	-80	133	42	324
17 Foreign currencies	-75	-240	302	59	169	27	47	-62
18 Change in U.S. private assets abroad (increase, -)[3]	**-35,368**	**-43,865**	**-30,740**	**3**	**-11,214**	**-5,668**	**-13,862**	**-13,632**
19 *Bank-reported claims*	*-13,532*	*-21,368*	*-11,427*	*3,684*	*-4,582*	*-1,779*	*-8,750*	*-6,270*
20 Long-term	-2,357	-2,362	-751	-306	18	-447	-16	-311
21 Short-term	-11,175	-19,006	-10,676	3,990	-4,600	-1,332	-8,734	-5,959
22 *Nonbank-reported claims*	*-1,357*	*-2,030*	*-1,700*	*-768*	*-1,137*	*1,389*	*-1,184*	*-2,015*
23 Long-term	366	5	25	33	66	205	-279	-60
24 Short-term	-991	-2,035	-1,725	-801	-1,203	1,184	-905	-1,955
25 U.S. purchase of foreign securities, net	-6,235	-8,852	-5,398	-736	-1,766	-2,165	-731	-934
26 U.S. direct investments abroad, net[3]	-14,244	-11,614	-12,215	-2,177	-3,729	-3,113	-3,197	-4,413
27 *Change in foreign official assets in the United States (increase, +)*	*6,907*	*18,073*	*37,124*	*5,451*	*7,884*	*8,246*	*15,543*	*15,691*
28 U.S. Treasury securities	4,408	9,333	30,294	5,323	5,123	6,948	12,900	12,965
29 Other U.S. Govt. obligations	905	573	2,308	98	610	627	973	117
30 Other U.S. Govt. liabilities [5]	1,647	4,993	1,644	505	417	332	390	785
31 Other U.S. liabilities reported by U.S. banks	-2,158	969	773	-725	752	-163	909	1,456
32 Other foreign official assets [6]	2,104	2,205	2,105	250	982	502	371	368
33 Change in foreign private assets in the United States (increase, +)[3]	**8,643**	**18,897**	**13,746**	**-2,962**	**6,180**	**6,005**	**4,522**	**2,125**
34 *U.S. bank-reported liabilities*	*628*	*10,990*	*6,719*	*-5,304*	*6,240*	*2,640*	*3,143*	*-314*
35 Long-term	-280	231	373	42	104	194	33	250
36 Short-term	908	10,759	6,346	-5,346	6,136	2,446	3,110	-564
37 *U.S. nonbank-reported liabilities*	*319*	*-507*	*257*	*-346*	*-412*	*590*	*425*	*418*
38 Long-term	406	-958	-620	-220	-176	18	-242	45
39 Short-term	-87	451	877	-126	-236	572	667	373
40 Foreign private purchases of U.S. Treasury securities, net	2,590	2,783	563	981	-1,370	1,251	-299	881
41 Foreign purchases of other U.S. securities, net	2,503	1,284	2,869	828	725	513	803	462
42 Foreign direct investments in the United States, net[3]	2,603	4,347	3,338	880	996	1,012	450	679
43 Allocation of SDR's	....	....	....	....	....	....	....	....
44 *Discrepancy*	*5,449*	*9,300*	*-998*	*1,593*	*609*	*-4,769*	*1,569*	*3,423*
45 Owing to seasonal adjustments	....	....	....	130	-177	-2,230	2,276	176
46 Statistical discrepancy in recorded data before seasonal adjustment	5,449	9,300	-998	1,463	786	-2,539	-707	3,247
MEMO ITEMS:	....	....	....	....	....	....	....	....
Changes in official assets:								
47 U.S. official reserve assets (increase, -)	-607	-2,530	-231	-388	6	151	....	246
48 Foreign official assets in the United States (increase, +)	5,259	13,080	35,480	4,946	7,467	7,914	15,153	14,906
49 Changes in Organization of Petroleum Exporting Countries (OPEC) official assets in the United States (part of line 27 above)	7,092	9,581	6,733	2,927	1,344	1,438	1,024	1,810
50 Transfers under military grant programs (excluded from lines 1, 4, and 9 above)	2,207	373	194	39	53	31	71	77

1 Seasonal factors are no longer calculated for lines 13 through 50.

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 4.

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 excludes certain military sales to Israel from exports and excludes U.S. Govt. interest payments from imports.

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	1975	1976	1977r	1977 Dec.	1978 Jan.	Feb.	Mar.	Apr.	May	June
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	107,130	114,802	121,150	11,007	10,014	9,922	10,912	11,635	11,754	12,126
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	96,115	120,678	147,685	13,474	12,381	14,440	13,699	14,496	13,992	13,723
3 **Trade balance**	**11,014**	**−5,876**	**−26,535**	**−2,467**	**−2,367**	**−4,518**	**−2,787**	**−2,861**	**−2,238**	**−1,597**

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. Data for 1977 reflect these changes. However, the quarterly international-accounts-basis data in Table 3.10 will not incorporate the 1977 revisions until June. The latter 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. Dept. of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1975	1976	1977	1978 Jan.	Feb.	Mar.	Apr.	May	June	July
1 **Total**	**16,226**	**18,747**	**19,312**	**19,454**	**19,373**	**19,192**	**18,842**	[3] **18,966**	**18,864**	[3] **18,832**
2 Gold stock, including Exchange Stabilization Fund[1]	11,599	11,598	11,719	11,718	11,718	11,718	11,718	11,718	11,706	11,693
3 Special Drawing Rights[2]	2,335	2,395	2,629	2,629	2,671	2,693	2,669	[3] 2,760	2,804	[3] 2,860
4 Reserve position in International Monetary Fund	2,212	4,434	4,946	4,934	4,966	4,701	4,388	[3] 4,347	4,270	[3] 4,177
5 Convertible foreign currencies	80	320	18	173	18	80	67	141	84	102

1 Gold held under earmark at F.R. Banks for foreign and international accounts is not included in the gold stock of the United States; see Table 3.24.

2 Includes allocations by the International Monetary Fund (IMF) of SDR's as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; and $710 million on Jan. 1, 1972; plus net transactions in SDR's.

3 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. At valuation used prior to July 1974 (SDR1 = $1.20635) total U.S. reserve assets at end of July amounted to $18,401; SDR holdings, $2,739; and reserve position in IMF $3,867.

3.13 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1974	1975	1976	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May[2] p
					All foreign countries					
1 **Total, all currencies**	**151,905**	**176,493**	**219,420**	**250,454**	**259,094**	**258,703**	**256,959**	**263,468**	**260,523**	**259,270**
2 *Claims on United States*	*6,900*	*6,743*	*7,889*	*8,964*	*11,623*	*9,874*	*9,361*	*11,013*	*13,768*	*8,728*
3 Parent bank	4,464	3,665	4,323	5,238	7,806	5,932	5,410	6,698	9,348	4,866
4 Other	2,435	3,078	3,566	3,726	3,818	3,942	3,951	4,315	4,419	3,862
5 *Claims on foreigners*	*138,712*	*163,391*	*204,486*	*232,972*	*238,850*	*239,624*	*238,660*	*243,316*	*237,382*	*241,788*
6 Other branches of parent bank	27,559	34,508	45,955	54,631	55,772	55,052	54,201	55,554	51,819	52,722
7 Banks	60,283	69,206	83,765	89,410	91,883	92,229	92,341	95,348	92,334	91,960
8 Public Borrowers[1]	4,077	5,792	10,613	14,854	14,634	15,274	15,093	15,284	15,204	21,120
9 Nonbank foreigners	46,793	53,886	64,153	74,077	76,561	77,069	77,025	77,130	78,025	75,986
10 Other assets	6,294	6,359	7,045	8,518	8,620	9,206	8,938	9,139	9,373	8,754
11 **Total payable in U.S. dollars**	**105,969**	**132,901**	**167,695**	**188,593**	**193,933**	**192,968**	**189,523**	**194,855**	**194,139**	**192,509**
12 *Claims on United States*	*6,603*	*6,408*	*7,595*	*8,393*	*11,049*	*9,252*	*8,630*	*10,320*	*12,966*	8,036
13 Parent bank	4,428	3,628	4,264	5,145	7,692	5,781	5,162	6,616	9,158	4,715
14 Other	2,175	2,780	3,332	3,248	3,357	3,471	3,467	3,704	3,808	3,321
15 *Claims on foreigners*	*96,209*	*123,496*	*156,896*	*176,080*	*178,896*	*179,237*	*176,737*	*180,341*	*176,818*	*180,332*
16 Other branches of parent bank	19,688	28,478	37,909	44,087	44,256	43,618	42,664	43,502	40,630	41,210
17 Banks	45,067	55,319	66,331	69,122	70,786	70,535	69,721	71,934	70,471	70,144
18 Public borrowers[1]	3,289	4,864	9,022	12,887	12,632	13,097	13,087	13,276	13,230	18,253
19 Nonbank foreigners	28,164	34,835	43,634	49,984	51,222	51,987	51,267	51,628	52,487	50,725
20 Other assets	3,157	2,997	3,204	4,120	3,988	4,479	4,156	4,195	4,354	4,141
					United Kingdom					
21 **Total, all currencies**	**69,804**	**74,883**	**81,466**	**88,748**	**90,933**	**90,789**	**89,626**	**90,162**	**87,100**	**89,645**
22 *Claims on United States*	*3,248*	*2,392*	*3,354*	*2,955*	*4,341*	*3,701*	*2,547*	*3,075*	*2,506*	*2,333*
23 Parent bank	2,472	1,449	2,376	2,123	3,518	2,928	1,775	2,274	1,548	1,476
24 Other	776	943	978	833	823	773	771	802	958	857
25 *Claims on foreigners*	*64,111*	*70,331*	*75,859*	*83,331*	*84,016*	*84,346*	*84,423*	*84,648*	*81,871*	*84,700*
26 Other branches of parent bank	12,724	17,557	19,753	21,476	22,017	21,427	21,114	21,092	19,514	19,550
27 Banks	32,701	35,904	38,089	40,530	39,899	40,605	40,996	41,612	40,436	40,807
28 Public borrowers[1]	788	881	1,274	2,145	2,206	2,303	2,100	2,192	2,020	4,150
29 Nonbank foreigners	17,898	15,990	16,743	19,180	19,895	20,010	20,213	19,753	19,901	20,193
30 Other assets	2,445	2,159	2,253	2,462	2,576	2,742	2,656	2,439	2,724	2,612
31 **Total payable in U.S. dollars**	**49,211**	**57,361**	**61,587**	**65,369**	**66,635**	**65,744**	**63,870**	**64,565**	**62,330**	**63,565**
32 *Claims on United States*	*3,146*	*2,273*	*3,275*	*2,744*	*4,100*	*3,443*	*2,186*	*2,850*	*2,312*	*2,163*
33 Parent bank	2,468	1,445	2,374	2,062	3,431	2,815	1,558	2,236	1,520	1,452
34 Other	678	828	902	682	669	628	628	614	793	711
35 *Claims on foreigners*	*44,694*	*54,121*	*57,488*	*61,587*	*61,408*	*61,094*	*60,521*	*60,610*	*58,845*	*60,277*
36 Other branches of parent bank	10,265	15,645	17,249	18,539	18,947	18,102	17,782	17,603	16,531	16,406
37 Banks	23,716	28,224	28,983	29,560	28,530	28,661	28,641	28,947	28,177	28,324
38 Public borrowers[1]	610	648	846	1,639	1,669	1,770	1,640	1,710	1,631	3,254
39 Nonbank foreigners	10,102	9,604	10,410	11,849	12,263	12,560	12,457	12,349	12,507	12,293
40 Other assets	1,372	967	824	1,038	1,126	1,208	1,163	1,104	1,173	1,125
					Bahamas and Caymans					
41 **Total, all currencies**	**31,733**	**45,203**	**66,774**	**76,769**	**79,052**	**80,081**	**79,711**	**82,947**	**84,409**	**81,805**
42 *Claims on United States*	*2,464*	*3,229*	*3,508*	*5,259*	*5,782*	*4,994*	*5,837*	*6,761*	*9,921*	*5,235*
43 Parent bank	1,081	1,477	1,141	2,552	3,051	2,097	2,918	3,570	6,710	2,502
44 Other	1,383	1,752	2,367	2,707	2,731	2,897	2,919	3,191	3,211	2,733
45 *Claims on foreigners*	*28,453*	*41,040*	*62,048*	*69,839*	*71,671*	*73,470*	*72,272*	*74,397*	*72,689*	*74,839*
46 Other branches of parent bank	3,478	5,411	8,144	10,611	11,120	11,272	11,025	11,367	9,565	10,580
47 Banks	11,354	16,298	25,354	26,109	27,939	28,810	28,179	29,602	28,695	29,065
48 Public borrowers[1]	2,022	3,576	7,105	9,198	9,109	9,322	9,486	9,438	9,362	11,397
49 Nonbank foreigners	11,599	15,756	21,445	23,922	23,503	24,067	23,583	23,990	25,067	23,797
50 Other assets	815	933	1,217	1,670	1,599	1,617	1,602	1,789	1,799	1,731
51 **Total payable in U.S. dollars**	**28,726**	**41,887**	**62,705**	**71,728**	**73,987**	**74,831**	**74,283**	**77,521**	**79,324**	**76,653**

For notes see opposite page.

3.13 Continued

Liability account	1974	1975	1976	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May[2,p]
	All foreign countries									
52 **Total, all currencies**	**151,905**	**176,493**	**219,420**	**250,454**	**259,094**	**258,703**	**256,959**	**263,468**	**260,523**	**259,270**
53 *To United States*	*11,982*	*20,221*	*32,719*	*42,315*	*44,155*	*45,811*	*45,811*	*50,860*	*49,088*	*49,659*
54 Parent bank	5,809	12,165	19,773	24,780	24,542	28,311	26,999	27,650	26,732	28,265
55 Other banks in United States	6,173	8,057	12,946	17,535	19,613	17,500	18,811	23,209	22,355	9,107
56 Nonbanks										12,287
57 *To foreigners*	*132,909*	*149,815*	*179,954*	*200,158*	*206,579*	*204,471*	*203,041*	*204,629*	*202,912*	*202,273*
58 Other branches of parent bank	26,941	34,111	44,370	52,289	53,244	51,901	50,896	52,090	48,907	50,414
59 Banks	65,675	72,259	83,880	90,141	94,140	90,744	90,904	90,557	91,678	87,177
60 Official institutions	20,185	22,773	25,829	28,667	28,110	28,677	28,850	28,018	28,498	29,780
61 Nonbank foreigners	20,189	20,672	25,877	29,061	31,085	33,149	32,390	33,963	33,830	34,902
62 Other liabilities	6,933	6,456	6,747	7,981	8,360	8,421	8,108	7,980	8,523	7,338
63 **Total payable in U.S. dollars**	**107,890**	**135,907**	**173,071**	**193,421**	**198,741**	**197,934**	**194,688**	**199,879**	**197,546**	**196,533**
64 *To United States*	*11,437*	*19,503*	*31,932*	*41,219*	*42,882*	*44,602*	*44,473*	*49,248*	*47,811*	*48,030*
65 Parent bank	5,641	11,939	19,559	24,488	24,213	28,017	26,688	27,321	26,437	27,630
66 Other banks in United States	5,795	7,564	12,373	16,731	18,669	16,584	17,784	21,927	21,374	8,797
67 Nonbanks										11,603
68 *To foreigners*	*92,503*	*112,879*	*137,612*	*147,995*	*151,363*	*148,878*	*145,958*	*146,406*	*145,322*	*144,783*
69 Other branches of parent bank	19,330	28,217	37,098	43,105	43,268	41,812	40,720	41,636	39,256	40,138
70 Banks	43,656	51,583	60,619	62,094	64,872	61,571	60,815	60,353	61,650	57,487
71 Official institutions	17,444	19,982	22,878	25,113	23,972	24,546	24,453	23,593	23,810	25,124
72 Nonbank foreigners	12,072	13,097	17,017	17,684	19,251	20,949	19,970	20,824	20,606	22,034
73 Other liabilities	3,951	3,526	3,527	4,207	4,496	4,454	4,258	4,224	4,413	3,720
	United Kingdom									
74 **Total, all currencies**	**69,804**	**74,883**	**81,466**	**88,748**	**90,933**	**90,789**	**89,626**	**90,162**	**87,100**	**89,645**
75 *To United States*	*3,978*	*5,646*	*5,997*	*7,237*	*7,753*	*6,008*	*6,785*	*7,609*	*7,266*	*6,758*
76 Parent bank	510	2,122	1,198	1,375	1,451	1,253	1,550	1,646	1,983	1,636
77 Other banks in United States	3,468	3,523	4,798	5,862	6,302	4,755	5,236	5,962	5,283	2,346
78 Nonbanks										2,776
79 *To foreigners*	*63,409*	*67,240*	*73,228*	*79,087*	*80,736*	*82,160*	*80,331*	*80,036*	*77,169*	*80,108*
80 Other branches of parent bank	4,762	6,494	7,092	9,491	9,376	9,999	9,037	8,674	8,014	9,009
81 Banks	32,040	32,964	36,259	36,974	37,893	36,915	36,764	36,250	34,940	35,980
82 Official institutions	15,258	16,553	17,273	19,555	18,318	19,309	19,580	19,262	18,817	19,087
83 Nonbank foreigners	11,349	11,229	12,605	13,066	15,149	15,937	14,950	15,850	15,399	16,032
84 Other liabilities	2,418	1,997	2,241	2,424	2,445	2,621	2,509	2,518	2,665	2,779
85 **Total payable in U.S. dollars**	**49,666**	**57,820**	**63,174**	**66,289**	**67,573**	**66,619**	**65,021**	**65,477**	**62,662**	**64,025**
86 *To United States*	3,744	5,415	5,849	7,012	7,480	5,737	6,479	7,250	6,938	6,446
87 Parent bank	484	2,083	1,182	1,339	1,416	1,222	1,524	1,598	1,953	1,609
88 Other banks in United States	3,261	3,332	4,666	5,673	6,063	4,515	4,955	5,652	4,985	2,281
89 Nonbanks										2,556
90 *To foreigners*	*44,594*	*51,447*	*56,372*	*58,285*	*58,977*	*59,671*	*57,386*	*57,045*	*54,498*	*56,274*
91 Other branches of parent bank	3,256	5,442	5,874	7,871	7,505	8,164	7,211	6,747	6,202	6,696
92 Banks	34,056	39,156	45,721	45,869	48,350	44,494	44,481	44,775	46,221	42,240
93 Official institutions	15,580	17,771	18,959	20,205	18,465	19,601	19,729	19,230	19,066	20,258
94 Nonbank foreigners	9,466	10,076	13,152	13,223	14,875	16,517	15,581	15,445	16,044	17,332
95 Other liabilities	2,077	2,040	2,073	2,495	2,634	2,530	2,480	2,570	2,751	2,611
	Bahamas and Caymans									
96 **Total, all currencies**	**31,733**	**45,203**	**66,774**	**76,769**	**79,052**	**80,081**	**79,711**	**82,947**	**84,409**	**81,805**
97 *To United States*	*4,815*	*11,147*	*22,721*	*30,641*	*32,176*	*35,795*	*35,082*	*38,380*	*37,256*	*37,100*
98 Parent bank	2,636	7,628	16,161	20,572	20,956	24,713	23,374	23,854	22,379	23,098
99 Other banks in United States	2,180	3,520	6,560	10,069	11,220	11,082	11,708	14,526	14,878	5,727
100 Nonbanks										8,275
101 *To foreigners*	*26,140*	*32,949*	*42,899*	*44,571*	*45,292*	*42,929*	*43,272*	*43,153*	*45,610*	*43,380*
102 Other branches of parent bank	7,702	10,569	13,801	13,308	12,816	11,642	11,598	10,839	10,288	11,250
103 Banks	14,050	16,825	21,760	23,374	24,717	22,264	22,840	23,374	25,847	21,066
104 Official institutions	2,377	3,308	3,573	3,053	3,000	3,183	3,207	3,060	3,489	4,419
105 Nonbank foreigners	2,011	2,248	3,765	4,836	4,759	5,840	5,628	5,880	5,986	6,645
106 Other liabilities	778	1,106	1,154	1,557	1,584	1,357	1,358	1,414	1,543	1,325
107 **Total payable in U.S. dollars**	**28,840**	**42,197**	**63,417**	**72,286**	**74,463**	**75,479**	**75,253**	**78,467**	**80,243**	**77,976**

[1] 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.

[2] In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1974	1975	1976	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr. ▲	1978 May[p]	1978 June[p]
					A. By type					
1 **Total**[1]	**77,040**	**82,572**	**95,634**	**131,049**	**134,905**	**137,859**	**145,948**	**142,380**	**140,478**	**139,701**
2 Liabilities reported by banks in the United States[2]	18,547	16,262	17,231	18,003	17,988	19,020	19,459	19,255	18,849	18,253
3 U.S. Treasury bills and certificates[3]	34,656	34,199	37,725	47,820	49,752	52,689	59,302	57,613	56,449	55,606
U.S. Treasury bonds and notes:										
4 Marketable	5,059	6,671	11,788	32,116	33,830	33,554	34,528	32,838	32,089	32,559
5 Nonmarketable[4]	16,339	19,976	20,648	20,443	20,473	19,602	19,513	19,444	19,355	19,284
6 U.S. securities other than U.S. Treasury securities[5]	2,439	5,464	8,242	12,667	12,862	12,994	13,146	13,230	13,736	13,999
					B. By area					
7 **Total**	**77,040**	**82,572**	**95,634**	**131,049**	**134,905**	**137,859**	**145,948**	**142,380**	**140,478**	**139,701**
8 Western Europe[1]	44,328	45,701	45,882	70,707	72,557	74,401	76,238	73,666	72,552	73,833
9 Canada	3,662	3,132	3,406	2,334	2,078	1,389	1,633	2,493	2,702	2,610
10 Latin America and Caribbean	4,449	4,461	4,926	4,649	4,591	5,179	5,773	5,554	5,413	4,660
11 Asia	18,844	24,411	37,767	50,693	53,207	54,335	59,537	57,700	56,958	55,946
12 Africa	3,160	2,983	1,893	1,742	1,706	1,899	1,756	1,872	1,945	1,689
13 Other countries[6]	2,597	1,884	1,760	924	766	656	1,011	1,095	908	963

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. Govt. corporations and Federally sponsored agencies, and U.S. corporate stocks and bonds.

6 Includes countries in Oceania and Eastern Europe.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks (including Federal Reserve Banks) and securities dealers in the United States.

▲ For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.15 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars
Millions of dollars, end of period

	Item	1974	1975	1976	1977	1978					
					Dec.	Jan.	Feb.	Mar.	Apr. ▲	May[p]	June[p]
	A. By holder and type of liability										
1	**All foreigners**	**95,290**	**95,590**	**110,657**	**126,168**	**126,377**	**130,105**	**139,414**	**141,457**	**137,118**	**135,103**
2	Banks' own liabilities								65,364	61,690	60,583
3	Demand deposits	14,051	13,564	16,803	18,996	17,377	17,675	17,163	17,863	17,820	17,183
4	Time deposits[1]	9,932	10,267	11,347	11,521	11,518	12,038	11,274	11,665	11,866	11,630
5	Other[2]								7,343	7,247	6,516
6	Own foreign offices[3]								28,493	24,757	25,255
7	Banks' custody liabilities[4]								76,093	75,428	74,520
8	U.S. Treasury bills and certificates[5]	35,662	37,414	40,744	48,906	51,094	54,233	61,071	59,104	58,262	57,138
9	Other negotiable and readily transferable instruments[6]								13,981	14,518	14,691
10	Other								3,008	2,648	2,691
11	**Nonmonetary international and regional organizations**[7]	**3,992**	**5,699**	**5,714**	**3,274**	**3,625**	**3,102**	**3,618**	**2,998**	**3,168**	**2,929**
12	Banks' own liabilities								831	565	485
13	Demand deposits	139	139	290	231	186	180	245	272	298	267
14	Time deposits[1]	111	148	205	139	129	120	109	143	112	117
15	Other[2]								416	154	102
16	Banks' custody liabilities[4]								2,166	2,604	2,443
17	U.S. Treasury bills and certificates	497	2,554	2,701	706	959	1,111	1,317	892	1,153	922
18	Other negotiable and readily transferable instruments[6]								1,274	1,449	1,518
19	Other								1	1	3
20	**Official institutions**[8]	**53,076**	**50,461**	**54,956**	**65,822**	**67,740**	**71,709**	**78,761**	**76,868**	**75,298**	**73,860**
21	Banks' own liabilities								9,586	9,026	8,450
22	Demand deposits	2,951	2,644	3,394	3,528	2,673	2,782	2,804	3,703	3,092	2,610
23	Time deposits[1]	4,167	3,423	2,321	1,797	1,788	2,570	1,777	1,884	1,981	1,981
24	Other[2]								3,999	3,953	3,859
25	Banks' custody liabilities[4]								67,282	66,272	65,409
26	U.S. Treasury bills and certificates[5]	34,656	34,199	37,725	47,820	49,752	52,689	59,302	57,613	56,449	55,606
27	Other negotiable and readily transferable instruments[6]								9,180	9,240	9,305
28	Other								489	583	498
29	**Banks**[9]	**29,729**	**29,330**	**37,174**	**42,335**	**40,228**	**40,549**	**42,115**	**47,283**	**43,524**	**43,125**
30	Banks' own liabilities								42,841	39,280	38,745
31	Unaffiliated foreign banks								14,348	14,523	13,490
32	Demand deposits	8,231	7,534	9,104	10,933	10,274	10,570	10,113	10,195	10,343	10,160
33	Time deposits[1]	1,910	1,873	2,297	2,040	1,995	1,823	1,734	1,643	1,596	1,259
34	Other[2]								2,511	2,584	2,071
35	Own foreign offices[3]								28,493	24,757	25,255
36	Banks' custody liabilities[4]								4,442	4,244	4,381
37	U.S. Treasury bills and certificates	232	335	119	141	152	165	161	314	363	300
38	Other negotiable and readily transferable instruments[6]								1,991	2,137	2,219
39	Other								2,137	1,745	1,861
40	**Other foreigners**	**8,493**	**10,100**	**12,814**	**14,736**	**14,785**	**14,745**	**14,919**	**14,309**	**15,128**	**15,189**
41	Banks' own liabilities								12,106	12,819	12,903
42	Demand deposits	2,729	3,248	4,015	4,304	4,245	4,143	4,000	3,693	4,086	4,146
43	Time deposits[1]	3,744	4,823	6,524	7,546	7,606	7,526	7,654	7,995	8,177	8,272
44	Other[2]								418	557	484
45	Banks' custody liabilities[4]								2,203	2,308	2,286
46	U.S. Treasury bills and certificates	277	325	198	240	231	268	291	286	297	310
47	Other negotiable and readily transferable instruments[6]								1,536	1,692	1,649
48	Other								381	320	327
49	MEMO: Negotiable time certificates of deposit held in custody for foreigners								8,471	8,913	9,014

1 Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."

2 Includes borrowings 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."

NOTE.—Data for time deposits prior to April 1978 represent short-term only.

▲ For a description of the changes in the International Statistics Tables, see July 1978 BULLETIN, p. 612.

3.15 Continued

Item	1974	1975	1976	1977 Dec.	1978 Jan.	Feb.	Mar.	Apr.▲	May^p	June^p
					B. By area and country					
1 **Total**	**95,290**	**95,590**	**110,657**	**126,168**	**126,377**	**130,105**	**139,414**	**141,457**	**137,118**	**135,103**
2 **Foreign countries**	**91,297**	**89,891**	**104,943**	**122,893**	**122,752**	**127,002**	**135,795**	**138,459**	**133,950**	**132,174**
3 *Europe*	*48,619*	*44,072*	*47,076*	*60,295*	*59,702*	*60,970*	*63,994*	*63,067*	*62,943*	*63,950*
4 Austria	605	759	346	318	294	302	419	322	350	349
5 Belgium-Luxembourg	2,500	2,893	2,187	2,531	2,629	2,765	2,992	3,109	2,893	2,631
6 Denmark	367	329	356	770	1,044	1,050	1,044	1,063	1,110	1,335
7 Finland	266	391	416	323	295	307	357	430	393	337
8 France	4,257	7,726	4,876	5,269	5,153	4,668	5,033	5,499	6,275	6,531
9 Germany	9,560	4,543	6,241	7,239	8,832	10,585	11,530	11,013	9,537	10,066
10 Greece	248	284	403	603	538	548	571	588	563	562
11 Italy	2,568	1,059	3,182	6,857	6,199	5,943	5,626	5,987	6,365	6,865
12 Netherlands	3,190	3,407	3,003	2,869	2,959	3,029	3,132	3,011	2,993	3,113
13 Norway	1,038	994	782	944	987	888	1,211	1,465	1,644	1,869
14 Portugal	309	193	239	273	205	188	174	164	288	191
15 Spain	378	423	559	619	707	648	717	659	717	684
16 Sweden	1,135	2,277	1,692	2,712	2,711	2,826	2,816	3,177	3,302	3,341
17 Switzerland	9,940	8,476	9,460	12,343	12,134	12,689	13,549	13,090	12,514	12,289
18 Turkey	125	118	166	130	187	171	115	249	200	124
19 United Kingdom	7,580	6,867	10,018	14,125	12,576	11,929	12,274	11,021	11,606	11,455
20 Yugoslavia	183	126	189	232	219	196	138	192	168	229
21 Other Western Europe[1]	4,080	2,970	2,673	1,804	1,787	1,966	2,030	1,757	1,716	1,657
22 U.S.S.R.	82	40	51	98	63	98	72	62	96	66
23 Other Eastern Europe[2]	206	197	236	236	186	175	193	206	211	255
24 *Canada*	*3,264*	*2,919*	*4,659*	*4,607*	*5,279*	*4,758*	*4,564*	*5,923*	*6,600*	*5,833*
25 *Latin America and Caribbean*	*11,850*	*15,028*	*19,132*	*23,670*	*23,263*	*24,286*	*25,338*	*28,764*	*24,982*	*25,284*
26 Argentina	887	1,146	1,534	1,416	1,746	1,928	1,801	1,861	2,260	1,692
27 Bahamas	1,106	1,874	2,770	3,596	3,150	3,755	4,199	7,259	3,327	3,983
28 Bermuda	116	184	218	321	269	286	322	364	340	398
29 Brazil	1,039	1,219	1,438	1,396	1,113	977	1,327	1,414	1,298	1,220
30 British West Indies	449	1,311	1,877	3,998	4,081	3,993	4,097	4,814	3,949	4,741
31 Chile	277	319	337	360	387	412	415	394	361	376
32 Colombia	305	417	1,021	1,221	1,226	1,207	1,290	1,350	1,298	1,424
33 Cuba	7	6	6	6	6	7	8	6	7	7
34 Ecuador	122	120	320	330	358	376	438	360	318	325
35 Guatemala[3]	...	...	...	...	...	...	...	447	541	447
36 Jamaica[3]	...	...	...	...	...	...	...	41	46	66
37 Mexico	1,773	2,070	2,870	2,876	2,985	3,084	2,793	2,677	2,965	2,745
38 Netherlands Antilles[4]	158	129	158	196	205	203	212	212	289	320
39 Panama	526	1,115	1,167	2,331	2,189	2,121	2,132	2,176	2,559	2,293
40 Peru	272	243	257	287	265	267	262	309	274	282
41 Uruguay	164	172	245	243	230	280	226	221	208	220
42 Venezuela	3,434	3,309	3,118	2,929	3,016	3,246	3,438	3,225	3,298	3,138
43 Other Latin America and Caribbean	1,215	1,393	1,797	2,167	2,037	2,147	2,380	1,636	1,643	1,605
44 *Asia*	*21,192*	*22,384*	*29,766*	*30,488*	*30,881*	*33,330*	*37,995*	*36,430*	*35,518*	*33,462*
45 China, People's Republic of (Mainland)	50	123	48	53	54	48	56	50	47	53
46 China, Republic of (Taiwan)	818	1,025	990	1,013	1,041	995	1,014	1,208	1,043	1,053
47 Hong Kong	529	605	894	1,094	1,037	1,121	1,174	1,118	1,490	1,085
48 India	252	115	638	961	1,012	1,001	947	937	962	899
49 Indonesia	1,221	369	340	410	896	506	492	649	451	330
50 Israel	389	387	392	559	461	454	485	486	568	476
51 Japan	10,904	10,207	14,363	14,616	14,488	17,024	21,725	20,392	19,999	19,020
52 Korea	384	390	438	602	606	737	682	753	817	748
53 Philippines	748	700	628	687	658	615	647	601	688	592
54 Thailand	333	252	277	264	258	309	317	258	304	297
55 Middle East oil-exporting countries[5]	4,717	7,355	9,360	8,979	9,193	9,329	9,165	8,671	7,863	7,699
56 Other Asia	847	856	1,398	1,250	1,178	1,190	1,291	1,307	1,285	1,209
57 *Africa*	*3,546*	*3,369*	*2,298*	*2,535*	*2,507*	*2,645*	*2,469*	*2,699*	*2,641*	*2,360*
58 Egypt	103	342	333	404	346	357	341	455	461	402
59 Morocco	38	68	87	66	100	79	51	31	29	28
60 South Africa	124	166	141	174	191	251	183	167	185	226
61 Zaire	84	62	36	39	41	50	45	46	49	44
62 Oil-exporting countries[6]	2,815	2,250	1,133	1,155	1,179	1,263	1,226	1,393	1,244	981
63 Other Africa	382	481	568	698	649	645	623	607	673	679
64 *Other countries*	*2,827*	*2,119*	*2,012*	*1,297*	*1,121*	*1,014*	*1,434*	*1,575*	*1,267*	*1,285*
65 Australia	2,740	2,006	1,905	1,140	933	870	1,229	1,275	1,129	1,082
66 All other	87	113	107	158	188	144	205	300	138	203
67 **Nonmonetary international and regional organizations**	**3,992**	**5,699**	**5,714**	**3,274**	**3,625**	**3,102**	**3,618**	**2,998**	**3,168**	**2,929**
68 International	3,552	5,415	5,157	2,752	3,116	2,558	3,094	2,591	2,441	2,311
69 Latin American regional	265	188	267	278	258	266	261	117	467	401
70 Other regional[7]	175	96	290	245	250	279	262	290	260	216

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, German Democratic Republic, Hungary, Poland, and Romania.
3 Included in "Other Latin America and Caribbean" through March 1978.
4 Includes Surinam through December 1975.
5 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
6 Comprises Algeria, Gabon, Libya, and Nigeria.
7 Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

▲ For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.16 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	1974	1975	1976	1977 Dec.	1978 Jan.	Feb.	Mar.	Apr. ▲	May*p*	June*p*
1 **Total**	**44,958**	**58,308**	**79,301**	**90,206**	**91,874**	**91,040**	**96,449**	**88,387**	**88,016**	**87,367**
2 **Foreign countries**	**44,950**	**58,275**	**79,261**	**90,163**	**91,830**	**91,005**	**96,406**	**88,339**	**87,968**	**87,334**
3 *Europe*	*7,728*	*11,109*	*14,776*	*18,114*	*17,034*	*17,197*	*18,690*	*15,318*	*15,885*	*16,435*
4 Austria	40	35	63	65	107	112	83	76	95	105
5 Belgium-Luxembourg	373	286	482	561	660	552	596	586	794	732
6 Denmark	93	104	133	173	172	171	166	146	186	146
7 Finland	146	180	199	172	179	184	189	180	185	182
8 France	836	1,565	1,549	2,082	1,776	1,988	2,265	1,646	1,688	1,898
9 Germany	526	380	509	644	640	615	783	698	756	793
10 Greece	261	290	279	206	188	209	211	200	280	204
11 Italy	424	443	993	1,334	1,170	1,147	1,155	907	1,199	967
12 Netherlands	350	305	315	338	374	382	470	419	472	387
13 Norway	173	131	136	162	176	191	184	192	211	219
14 Portugal	27	30	88	175	137	155	155	131	132	126
15 Spain	307	424	745	722	732	735	741	597	703	709
16 Sweden	198	198	206	218	230	200	171	206	192	220
17 Switzerland	300	199	379	564	597	704	696	699	394	689
18 Turkey	98	164	249	360	337	311	315	308	307	309
19 United Kingdom	2,800	5,170	7,033	8,964	8,133	8,200	9,204	6,823	6,954	7,399
20 Yugoslavia	133	210	234	311	306	308	307	280	285	320
21 Other Western Europe[1]	44	76	85	86	142	74	49	268	138	154
22 U.S.S.R	224	406	485	413	424	383	370	337	380	338
23 Other Eastern Europe[2]	375	513	613	566	554	576	580	621	536	535
24 *Canada*	*2,609*	*2,834*	*3,319*	*3,355*	*3,758*	*4,009*	*4,084*	*2,779*	*2,439*	*2,558*
25 *Latin America and Caribbean*	*14,911*	*23,863*	*38,879*	*45,850*	*48,616*	*47,249*	*49,866*	*48,991*	*46,956*	*45,922*
26 Argentina	879	1,377	1,192	1,478	1,622	1,574	1,642	1,533	1,596	1,557
27 Bahamas	3,418	7,583	15,464	19,858	22,348	21,517	22,801	22,015	21,038	18,703
28 Bermuda	91	104	150	232	111	233	195	176	345	143
29 Brazil	2,256	3,385	4,901	4,629	4,510	4,559	4,832	4,412	4,447	4,673
30 British West Indies	947	1,464	5,082	6,481	6,173	5,589	6,851	7,823	6,259	7,412
31 Chile	446	494	597	675	690	700	710	722	717	745
32 Colombia	777	751	675	671	651	640	592	551	579	613
33 Cuba	14	14	13	10	14	4	3	1	1	2
34 Ecuador	170	252	375	517	518	530	544	525	531	562
35 Guatemala[3]	....	....	....	....	....	....	....	55	79	86
36 Jamaica[3]	....	....	....	....	....	....	....	19	42	48
37 Mexico	2,646	3,745	4,822	4,909	4,898	4,719	4,836	4,379	4,510	4,788
38 Netherlands Antilles[4]	75	72	140	224	220	208	215	202	207	213
39 Panama	582	1,138	1,372	1,410	1,953	1,880	1,699	2,196	2,149	1,903
40 Peru	628	805	933	962	965	931	920	885	920	933
41 Uruguay	65	57	42	80	67	65	65	51	58	52
42 Venezuela	931	1,319	1,828	2,318	2,205	2,421	2,367	2,146	2,237	2,246
43 Other Latin America and Caribbean	987	1,302	1,293	1,394	1,671	1,678	1,593	1,302	1,242	1,244
44 *Asia*	*17,801*	*17,706*	*19,204*	*19,236*	*18,830*	*18,985*	*20,039*	*18,064*	*19,490*	*19,280*
45 China, People's Republic of (Mainland)	38	22	3	10	15	13	11	15	22	53
46 China, Republic of (Taiwan)	693	1,053	1,344	1,719	1,619	1,663	1,656	1,422	1,459	1,339
47 Hong Kong	266	289	316	543	516	495	609	826	754	776
48 India	56	57	69	53	65	72	97	53	71	81
49 Indonesia	228	246	218	232	210	222	202	165	138	147
50 Israel	500	721	755	584	501	498	491	434	505	467
51 Japan	12,749	10,944	11,040	9,839	9,626	9,767	10,266	9,532	9,749	10,032
52 Korea	1,058	1,791	1,978	2,336	2,458	2,315	2,090	1,850	1,802	2,305
53 Philippines	507	534	719	594	602	642	660	615	751	678
54 Thailand	476	520	442	633	634	647	656	686	731	712
55 Middle East oil-exporting countries[5]	714	744	1,459	1,746	1,681	1,753	2,219	1,488	2,527	1,536
56 Other Asia	516	785	862	947	903	898	1,082	978	981	1,154
57 *Africa*	*1,183*	*1,933*	*2,311*	*2,518*	*2,556*	*2,548*	*2,632*	*2,235*	*2,229*	*2,148*
58 Egypt	126	123	126	119	126	121	107	79	73	70
59 Morocco	18	8	27	43	61	44	39	35	38	38
60 South Africa	367	657	957	1,066	1,095	1,106	1,169	1,052	1,059	1,059
61 Zaire	136	181	112	98	98	98	101	77	80	79
62 Oil-exporting countries[6]	176	382	524	510	499	531	493	416	442	378
63 Other	360	581	565	682	677	648	723	575	537	523
64 *Other countries*	*717*	*830*	*772*	*1,090*	*1,037*	*1,017*	*1,095*	*953*	*970*	*991*
65 Australia	580	700	597	905	839	813	879	785	803	829
66 All other	137	130	175	186	198	204	216	168	168	161
67 **Nonmonetary International and Regional Organizations**[7]	**8**	**33**	**40**	**43**	**44**	**35**	**43**	**48**	**48**	**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, German Democratic Republic, Hungary, Poland, and Romania.

[3] Included in "Other Latin America and Caribbean" through March 1978.

[4] Includes Surinam through December 1975.

[5] Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

[6] Comprises Algeria, Gabon, Libya, and Nigeria.

[7] Excludes the Bank for International Settlements, which is included in "Other Western Europe."

▲ Data for period prior to April 1978 include claims of banks' domestic customers on foreigners. For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.17 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	1974	1975	1976	1977	1978					
				Dec.	Jan.	Feb.	Mar.	Apr. ▲	May[p]	June[p]
1 **Total**	**44,958**	**58,308**	**79,301**	**90,206**	**91,874**	**91,040**	**96,449**	....	....	....
2 Banks' own claims on foreigners	....	....	....	....	....	....	....	88,387	88,016	87,367
3 Foreign public borrowers	....	....	....	....	....	....	....	4,584	5,085	5,144
4 Own foreign offices[1]	....	....	....	....	....	....	....	35,513	35,911	30,803
5 Unaffiliated foreign banks	....	....	....	....	....	....	....	28,660	27,805	29,916
6 Deposits	....	....	....	....	....	....	....	4,869	4,577	5,078
7 Other	....	....	....	....	....	....	....	23,791	23,228	24,834
8 All other foreigners	....	....	....	....	....	....	....	19,629	19,215	21,504
9 Claims of banks' domestic customers[2]	....	....	....	....	....	....	....	....	....	....
10 Deposits	....	....	....	....	....	....	....	....	....	....
11 Negotiable and readily transferable instruments[3]	....	....	....	....	....	....	....	....	....	....
12 Outstanding collections and other claims[4]	5,637	5,467	5,756	6,176	6,342	6,446	6,765	....	....	....
13 MEMO: Customer liability on acceptances	....	....	....	....	....	....	....	....	....	....

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.

NOTE.—Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' domestic customers are available on a quarterly basis only.

▲ For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.18 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	
1 Total	
By borrower:	
2 Maturity of 1 year or less[1]	
3 Foreign public borrowers	
4 All other foreigners	
5 Maturity of over 1 year[1]	
6 Foreign public borrowers	
7 All other foreigners	NO FIGURES UNTIL JUNE 1978 DATA ARE AVAILABLE▲
By area:	
Maturity of 1 year or less[1]	
8 Europe	
9 Canada	
10 Latin America and Caribbean	
11 Asia	
12 Africa	
13 All other[2]	
Maturity of over 1 year[1]	
14 Europe	
15 Canada	
16 Latin America and Caribbean	
17 Asia	
18 Africa	
19 All other[2]	

1 Remaining time to maturity.
2 Includes nonmonetary international and regional organizations.

▲ For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.19 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies▲

Millions of dollars, end of period

Item	1974	1975	1976	1977		1978		
				Nov.	Dec.	Jan.	Feb.	Mar.
1 Banks' own liabilities	766	560	781	944	925	831	885	986
2 Banks' own claims[1]	1,276	1,459	1,834	2,086	2,356	2,371	2,317	2,383
3 Deposits	669	656	1,103	841	941	940	895	948
4 Other claims	607	802	731	1,245	1,415	1,432	1,422	1,435
5 Claims of banks' domestic customers[2]	....	....	....	....	....	....	....	....

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.

▲ For a description of the changes in the International Statistics Tables, see July 1978 BULLETIN, p. 612.

3.20 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1976	1977	1978 Jan.–June[p]	1977 Dec.	1978 Jan.	Feb.	Mar.	Apr.	May[p]	June[p]
	Holdings (end of period)[4]									
1 **Estimated total**	**15,799**	**38,620**	....	**38,620**	**40,101**	**40,380**	**41,230**	**39,661**	**39,183**	**40,414**
2 **Foreign countries**	**12,765**	**33,874**	....	**33,874**	**35,648**	**35,479**	**36,475**	**34,812**	**34,161**	**34,720**
3 *Europe*	*2,330*	*13,916*	....	*13,916*	*15,044*	*14,895*	*15,206*	*13,607*	*12,763*	*12,862*
4 Belgium-Luxembourg	14	19	....	19	19	19	19	19	19	19
5 Germany	764	3,168	....	3,168	3,373	3,494	3,816	3,820	4,031	4,361
6 Netherlands	288	911	....	911	930	954	1,029	1,079	1,070	1,113
7 Sweden	191	100	....	100	125	125	155	175	175	185
8 Switzerland	261	477	....	477	391	401	400	443	264	204
9 United Kingdom	485	8,888	....	8,888	9,839	9,513	9,418	7,737	6,856	6,597
10 Other Western Europe	323	349	....	349	362	384	363	330	344	379
11 Eastern Europe	4	4	....	4	4	4	4	4	4	4
12 Canada	256	288	....	288	285	250	251	253	261	264
13 Latin America and Caribbean	313	551	....	551	543	587	551	535	499	491
14 Venezuela	149	199	....	199	201	241	200	189	174	174
15 Other Latin American and Caribbean	47	183	....	183	181	184	189	184	164	155
16 Netherlands Antilles[1]	118	170	....	170	162	162	162	162	162	162
17 Asia	9,323	18,745	....	18,745	19,413	19,378	20,120	20,070	20,137	20,605
18 Japan	2,687	6,860	....	6,860	7,463	7,617	8,313	8,332	8,964	9,616
19 Africa	543	362	....	362	362	362	341	341	491	491
20 All other	*	11	....	11	2	7	6	6	8	5
21 **Nonmonetary international and regional organizations**	**3,034**	**4,746**	....	**4,746**	**4,453**	**4,901**	**4,755**	**4,849**	**5,021**	**5,693**
22 International	2,906	4,646	....	4,646	4,358	4,781	4,640	4,740	4,931	5,643
23 Latin American regional	128	100	....	100	95	120	115	110	90	50
	Transactions (net purchases, or sales (−), during period)									
24 **Total**	**8,096**	**22,823**	**1,793**	**959**	**1,481**	**278**	**851**	**−1,569**	**−479**	**1,231**
25 **Foreign countries**	**5,393**	**21,110**	**845**	**589**	**1,774**	**−169**	**996**	**−1,664**	**−651**	**559**
26 Official institutions	4,958	20,328	436	598	1,714	−277	975	−1,690	757	470
27 Other foreign	435	782	409	−9	59	108	22	26	107	89
28 **Nonmonetary international and regional organizations**	**2,704**	**1,713**	**948**	**370**	**−292**	**447**	**−145**	**94**	**172**	**672**
MEMO: Oil-exporting countries										
29 Middle East[2]	3,887	4,451	−876	324	56	−184	72	−72	−563	−185
30 Africa[3]	221	−181	130	13	....	....	−20	....	150	....

1 Includes Surinam until January 1976.
2 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3 Comprises Algeria, Gabon, Libya, and Nigeria.
4 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.

3.21 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1975	1976	1977	1978 Jan.	Feb.	Mar.	Apr.	May	June	July
1 Deposits	353	352	424	422	445	352	481	453	288	347
Assets held in custody:										
2 U.S. Treasury securities[1]	60,019	66,532	91,962	95,945	98,465	105,362	102,044	100,146	99,465	101,696
3 Earmarked gold[2]	16,745	16,414	15,988	15,726	15,735	15,727	15,686	15,667	15,620	15,594

1 Marketable U.S. Treasury bills, certificates of indebtedness, 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.

3.22 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

	Transactions, and area or country	1976	1977	1978 Jan.-June[p]	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May[p]	1978 June[p]
	U.S. corporate securities										
	Stocks										
1	Foreign purchases	18,227	14,155	9,546	1,235	1,024	825	1,413	1,864	2,391	2,029
2	Foreign sales	15,475	11,479	7,627	945	909	762	921	1,151	1,963	1,921
3	**Net purchases, or sales (-)**	**2,753**	**2,676**	**1,919**	**290**	**115**	**63**	**492**	**713**	**428**	**108**
4	**Foreign countries**	**2,740**	**2,661**	**1,965**	**286**	**116**	**63**	**510**	**720**	**427**	**129**
5	Europe	336	1,006	1,250	156	30	41	319	508	323	29
6	France	256	40	92	-3	-12	-2	68	79	-2	-39
7	Germany	68	291	386	58	45	33	52	125	52	79
8	Netherlands	-199	22	-19	9	-4	-13	-9	16	9	-18
9	Switzerland	100	152	-7	-3	-54	-16	7	103	31	-78
10	United Kingdom	340	613	807	109	60	57	r187	173	229	101
11	Canada	324	65	74	14	-19	-26	-3	44	-58	-12
12	Latin America and Caribbean	155	127	110	15	-9	-4	17	37	36	33
13	Middle East[1]	1,803	1,390	571	100	107	48	170	97	90	59
14	Other Asia	119	59	109	1	6	1	5	35	39	23
15	Africa	7	5	-5	*	*	2	1	1	4	-3
16	Other countries	-4	8	2	*	1	1	*	*	*	*
17	**Nonmonetary international and regional organizations**	**13**	**15**	**-46**	**4**	**-1**	**1**	**-19**	**-7**	**1**	**-21**
	Bonds[2]										
18	Foreign purchases	5,529	7,739	3,353	354	459	524	600	312	780	678
19	Foreign sales	4,322	3,404	2,323	267	377	348	621	343	333	301
20	**Net purchases, or sales (-)**	**1,207**	**4,335**	**1,031**	**87**	**83**	**176**	**-21**	**-31**	**447**	**377**
21	**Foreign countries**	**1,248**	**4,239**	**958**	**41**	**101**	**131**	*	**-29**	**449**	**306**
22	Europe	91	2,006	109	19	133	32	-163	-93	41	159
23	France	39	34	3	-11	-4	1	5	-4	8	-3
24	Germany	49	59	72	9	1	7	19	10	21	14
25	Netherlands	-29	72	-19	*	7	1	-20	3	-3	-7
26	Switzerland	158	157	-105	-6	-7	3	-37	-33	-36	5
27	United Kingdom	23	1,705	200	28	125	22	-122	-54	75	154
28	Canada	96	141	47	-1	7	7	5	13	9	6
29	Latin America and Caribbean	94	64	43	3	11	6	11	1	12	2
30	Middle East[1]	1,179	1,695	647	4	-59	75	137	33	370	91
31	Other Asia	-165	338	108	16	9	11	9	16	15	48
32	Africa	-25	-6	-1	*	*	-1	*	*	*	*
33	Other countries	-21	*	2	*	*	*	*	1	1	*
34	**Nonmonetary international and regional organizations**	**-41**	**96**	**76**	**46**	**-18**	**45**	**20**	**-2**	**-1**	**72**
	Foreign securities										
35	**Stocks, net purchases, or sales (-)**	**-323**	**410**	**401**	**59**	**103**	**113**	**114**	**143**	**-13**	**-59**
36	Foreign purchases	1,937	2,255	1,791	291	255	280	337	404	271	244
37	Foreign sales	2,259	2,665	1,390	232	152	167	223	261	284	303
38	**Bonds, net purchases, or sales (-)**	**-8,740**	**-5,034**	**2,405**	**-330**	**-569**	**-176**	**519**	**-495**	**39**	**-607**
39	Foreign purchases	4,932	8,052	5,198	885	691	522	797	1,169	1,017	1,002
40	Foreign sales	13,672	13,086	7,602	1,215	1,260	698	1,315	1,664	1,056	1,609
41	**Net purchases, or sales (-) of stocks and bonds**	**-9,063**	**-5,444**	**2,004**	**-271**	**-466**	**-64**	**-405**	**-352**	**51**	**-666**
42	**Foreign countries**	**-7,165**	**-3,886**	**1,912**	**-293**	**-473**	**17**	**-256**	**-422**	**-67**	**-711**
43	Europe	850	-1,125	-15	108	98	95	116	106	-194	-236
44	Canada	-5,245	-2,403	-1,943	-175	-446	-4	-177	-807	-80	-429
45	Latin America and Caribbean	-3	-80	273	-68	-6	37	69	120	72	-20
46	Asia	699	14	-38	51	-114	-113	-270	150	131	178
47	Africa	48	2	17	1	-2	*	*	7	*	-22
48	Other countries	-416	-267	-171	-210	-3	2	6	2	4	-182
49	**Nonmonetary international and regional organizations**	**-1,898**	**-1,557**	**90**	**22**	**7**	**-80**	**-148**	**70**	**16**	**45**

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. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.23 SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

	Type, and area or country	Liabilities to foreigners 1977 Mar.	June	Sept.	Dec.	1978 Mar.p	Claims on foreigners 1977 Mar.	June	Sept.	Dec.	1978 Mar.p
1	**Total**	**r6,595**	**r6,480**	**r7,190**	**r7,873**	**8,311**	**r14,941**	**r16,125**	**r14,971**	**r16,050**	**18,215**
	By type:										
2	*Payable in dollars*	*r5,828*	*r5,763*	*r6,340*	*r7,070*	*r7,426*	*r13,925*	*r15,012*	*r13,925*	*r14,704*	*16,587*
3	*Payable in foreign currencies*	*767*	*r717*	*r850*	*r803*	*885*	*1,016*	*1,113*	*1,047*	*r1,346*	*1,628*
4	Deposits with banks abroad in reporter's name						431	448	414	620	670
5	Other						585	665	632	r726	958
	By area or country:										
6	**Foreign countries**	**r6,403**	**r6,310**	**r7,036**	**r7,658**	**8,164**	**r14,938**	**r16,124**	**r14,970**	**r16,049**	**18,214**
7	*Europe*	*r2,135*	*r2,183*	*r2,283*	*r2,495*	*2,754*	*r5,170*	*r5,751*	*r4,991*	*r5,660*	*5,457*
8	Austria	9	10	12	21	23	23	26	24	24	21
9	Belgium-Luxembourg	177	138	119	r106	161	170	r221	r226	r211	187
10	Denmark	15	14	16	14	23	48	40	44	56	47
11	Finland	2	10	11	9	12	40	90	59	13	13
12	France	163	157	171	r239	274	436	413	430	513	545
13	Germany	175	163	226	284	335	367	377	393	453	410
14	Greece	80	73	78	85	108	90	86	52	41	42
15	Italy	135	r138	r107	r128	104	473	440	352	387	384
16	Netherlands	168	205	176	230	252	172	182	161	166	184
17	Norway	37	33	35	r7	9	42	42	38	42	42
18	Portugal	23	20	12	11	7	35	30	34	69	27
19	Spain	52	68	74	77	94	325	322	307	387	407
20	Sweden	36	36	41	28	37	93	92	91	117	115
21	Switzerland	214	236	r257	r263	229	154	179	146	220	238
22	Turkey	12	21	97	108	99	32	37	32	39	48
23	United Kingdom	r689	r721	r725	r750	861	r2,413	r2,963	r2,409	r2,687	2,526
24	Yugoslavia	113	110	92	90	82	30	28	20	20	24
25	Other Western Europe	6	6	9	10	8	18	15	15	25	33
26	U.S.S.R.	15	16	11	24	15	105	76	62	55	44
27	Other Eastern Europe	13	10	14	12	23	103	102	96	135	121
28	*Canada*	*427*	*448*	*r451*	*r504*	*530*	*2,426*	*r2,574*	*r2,509*	*r2,600*	*3,347*
29	*Latin America*	*1,121*	*1,020*	*1,027*	*r1,178*	*1,359*	*r4,448*	*r4,965*	*r4,567*	*r4,476*	*5,885*
30	Argentina	42	50	50	r40	53	46	51	53	53	53
31	Bahamas	256	216	222	300	306	r1,920	r2,271	r1,906	r2,007	3,088
32	Brazil	49	37	76	49	62	535	457	414	517	496
33	Chile	16	24	13	17	14	35	28	40	45	40
34	Colombia	18	22	24	42	26	75	72	85	84	83
35	Cuba	*	*	*	*	*	1	1	*	*	*
36	Mexico	121	120	103	114	177	317	301	r302	r314	312
37	Panama	12	11	12	22	12	105	121	r222	r91	178
38	Peru	24	21	13	15	22	32	28	30	r32	30
39	Uruguay	4	3	4	3	5	6	5	5	5	7
40	Venezuela	260	208	225	222	283	210	240	256	r277	317
41	Other Latin American republics	148	141	122	r118	107	237	237	257	r281	270
42	Netherlands Antilles	11	17	9	25	41	14	8	8	12	24
43	Other Latin America	160	151	154	r209	250	914	1,146	r989	r757	987
44	*Asia*	*2,057*	*r1,971*	*r2,594*	*r2,825*	*2,809*	*2,316*	*2,315*	*r2,403*	*r2,774*	*2,966*
45	China, People's Republic of (Mainland)	3	2	1	8	4	7	7	12	9	22
46	China, Republic of (Taiwan)	113	138	152	156	164	130	131	139	157	145
47	Hong Kong	42	27	25	40	32	107	93	73	98	84
48	India	39	41	44	37	26	35	51	42	r38	85
49	Indonesia	94	80	60	r56	57	206	184	185	r375	189
50	Israel	37	45	58	63	68	51	70	46	38	47
51	Japan	172	183	604	695	767	969	927	r1,026	r1,068	1,372
52	Korea	96	95	81	r108	104	130	158	153	r174	135
53	Philippines	59	73	78	74	99	86	90	111	99	94
54	Thailand	19	11	17	17	11	27	22	24	23	31
55	Other Asia	1,383	r1,277	r1,474	r1,572	1,477	569	582	r590	r697	761
56	*Africa*	*591*	*589*	*568*	*563*	*609*	*429*	*370*	*346*	*r393*	*408*
57	Egypt	29	33	45	13	19	70	24	22	38	33
58	Morocco	30	72	105	112	130	12	11	10	21	20
59	South Africa	33	27	29	20	30	80	69	75	75	71
60	Zaire	39	39	48	46	55	19	17	19	15	11
61	Other Africa	460	418	341	372	375	248	248	221	r245	272
62	*Other countries*	*72*	*98*	*111*	*93*	*104*	*150*	*149*	*153*	*r146*	*150*
63	Australia	53	78	93	75	89	114	110	113	r111	116
64	All other	19	20	18	18	14	36	40	41	35	34
65	**Nonmonetary international and regional organizations**	**192**	**170**	**154**	**r215**	**147**	**2**	**1**	**1**	**1**	**1**

NOTE.—Reported by exporters, importers, and industrial and commercial concerns and other nonbanking institutions in the United States. Data exclude claims held through U.S. banks and intercompany accounts between U.S. companies and their affiliates.

3.24 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Large Nonbanking Concerns in the United States

Millions of dollars, end of period

	Type and country	1973	1974	1975	1976 r	1977	1978				
						Dec. r	Jan. r	Feb. r	Mar. r	Apr.	May p
1	**Total**	**3,185**	**3,357**	**3,799**	**5,506**	**6,936**	**7,694**	**8,312**	**8,929**	**9,049**	**9,439**
	By type:										
2	*Payable in dollars*	*2,641*	*2,660*	*3,042*	*4,823*	*5,999*	*6,680*	*7,321*	*7,791*	*7,953*	*8,420*
3	Deposits	2,604	2,591	2,710	4,450	5,597	6,226	6,836	7,213	7,310	7,814
4	Short-term investments [1]	37	69	332	373	402	454	485	578	643	606
5	*Payable in foreign currencies*	*544*	*697*	*757*	*683*	*955*	*1,015*	*991*	*1,137*	*1,096*	*1,018*
6	Deposits	431	429	511	397	553	553	533	607	597	492
7	Short-term investments [1]	113	268	246	286	402	462	458	530	499	526
	By country:										
8	United Kingdom	1,128	1,350	1,306	1,817	2,006	1,757	1,908	1,810	1,746	1,595
9	Canada	775	967	1,156	1,541	1,696	2,152	2,284	2,463	2,702	2,771
10	Bahamas	597	391	546	1,322	1,883	2,404	2,656	2,951	2,988	3,569
11	Japan	336	398	343	113	153	205	267	405	290	258
12	All other	349	252	446	713	1,198	1,176	1,197	1,300	1,323	1,246

1 Negotiable and other readily transferable foreign obligations payable on demand or having a contractural maturity of not more than 1 year from the date on which the obligation was incurred by the foreigner.

NOTE.—Data represent the assets abroad of large nonbanking concerns in the United States. They are a portion of the total claims on foreigners reported by nonbanking concerns in the United States and are included in the figures shown in Table 3.26.

3.25 LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

	Area and country	1977				1978	1977				1978
		Mar.	June	Sept.	Dec.	Mar. p	Mar.	June	Sept.	Dec.	Mar. p
		Liabilities to foreigners					Claims on foreigners				
1	**Total**	**r3,523**	**r3,364**	**r3,355**	**r3,222**	**3,205**	**r4,946**	**r4,898**	**r4,697**	**r5,054**	**5,114**
2	Europe	r2,657	r2,507	r2,565	r2,458	2,540	r 899	r898	r826	r857	930
3	Germany	391	370	407	255	295	84	76	76	70	73
4	Netherlands	272	262	272	288	293	154	147	81	82	81
5	Switzerland	178	177	224	241	241	53	43	42	49	48
6	United Kingdom	r1,389	r1,277	r1,255	r1,232	1,247	r259	r283	r282	r310	332
7	Canada	80	79	76	71	67	1,475	1,486	1,462	r1,776	1,792
8	Latin America	r292	r301	r294	r289	253	1,489	1,457	1,371	r1,406	1,387
9	Bahamas	163	167	159	156	146	34	34	36	40	42
10	Brazil	5	7	7	7	6	125	125	134	r144	154
11	Chile	1	1	1	1	1	210	208	201	203	194
12	Mexico	23	26	30	30	30	180	178	187	r177	183
13	Asia	432	408	358	r342	284	817	833	809	797	789
14	Japan	413	386	319	305	250	96	111	94	66	83
15	Africa	2	3	3	2	2	199	158	165	r161	156
16	All other [1]	59	67	59	60	60	67	67	63	59	60

1 Includes nonmonetary international and regional organizations.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

Country	Rate on July 31, 1978 Per cent	Month effective	Country	Rate on July 31, 1978 Per cent	Month effective	Country	Rate on July 31, 1978 Per cent	Month effective
Argentina	18.0	Feb. 1972	France	9.5	Aug. 1977	Norway	7.0	Feb. 1978
Austria	4.5	June 1978	Germany, Fed. Rep. of	3.0	Dec. 1977	Sweden	6.5	July 1978
Belgium	6.0	July 1978	Italy	11.5	Aug. 1977	Switzerland	1.0	Feb. 1978
Brazil	30.0	Sept. 1977	Japan	3.5	Mar. 1978	United Kingdom	10.0	June 1978
Canada	9.0	July 1978	Mexico	4.5	June 1942	Venezuela	5.0	Oct. 1970
Denmark	8.0	July 1977	Netherlands	4.5	July 1978			

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

Per cent per annum, averages of daily figures

Country, or type	1975	1976	1977	1978 Feb.	Mar.	Apr.	May	June	July
1 Euro-dollars	7.02	5.58	6.03	7.28	7.27	7.38	7.82	8.33	8.52
2 United Kingdom	10.63	11.35	8.07	6.82	6.72	7.47	9.17	10.02	10.13
3 Canada	8.00	9.39	7.47	7.14	7.44	8.14	8.01	8.12	8.23
4 Germany	4.87	4.19	4.30	3.45	3.49	3.54	3.60	3.61	3.71
5 Switzerland	3.01	1.45	2.56	.50	.46	.40	1.18	1.38	1.74
6 Netherlands	5.17	7.02	4.73	5.28	5.35	4.62	4.48	4.60	5.61
7 France	7.91	8.65	9.20	10.45	9.86	8.35	8.21	7.94	7.61
8 Italy	10.37	16.32	14.26	(1)	(1)	11.75	11.80	11.75	11.75
9 Belgium	6.63	10.25	6.95	6.75	6.41	5.55	5.71	5.61	5.84
10 Japan	11.64	7.70	6.22	5.25	4.86	4.50	4.50	4.75	4.75

1 Unquoted.

NOTE.—Rates are for 3-month interbank loans except for—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	1975	1976	1977	1978 Feb.	Mar.	Apr.	May	June	July
1 Australia/dollar	130.77	122.15	110.82	113.56	113.83	113.97	112.76	113.83	114.94
2 Austria/shilling	5.7467	5.5744	6.0494	6.6893	6.8221	6.8081	6.6031	6.6718	6.7547
3 Belgium/franc	2.7253	2.5921	2.7911	3.0930	3.1589	3.1419	3.0463	3.0590	3.0864
4 Canada/dollar	98.30	101.41	94.112	89.850	88.823	87.592	89.397	89.143	88.921
5 Denmark/krone	17.437	16.546	16.658	17.610	17.839	17.807	17.535	17.723	17.846
6 Finland/markka	27.285	25.938	24.913	24.527	24.013	23.900	23.430	23.390	23.809
7 France/franc	23.354	20.942	20.344	20.628	21.256	21.803	21.513	21.841	22.531
8 Germany/deutsche mark	40.729	39.737	43.079	48.142	49.181	48.964	47.497	47.984	48.647
9 India/rupee	11.926	11.148	11.406	12.331	12.185	11.815	11.653	11.900	12.245
10 Ireland/pound	222.16	180.48	174.49	193.96	190.55	184.97	181.81	183.72	189.49
11 Italy/lira	.15328	.12044	.11328	.11619	.11692	.11644	.11488	.11634	.11804
12 Japan/yen	.33705	.33741	.37342	.41603	.43148	.45084	.44215	.46744	.50101
13 Malaysia/ringgit	41.753	39.340	40.620	42.374	42.428	42.057	41.462	41.964	42.447
14 Mexico/peso	8.0000	6.9161	4.4239	4.3972	4.3928	4.3945	4.3973	4.3840	4.3756
15 Netherlands/guilder	39.632	37.846	40.752	44.880	45.994	45.865	44.407	44.716	45.076
16 New Zealand/dollar	121.16	99.115	96.893	102.07	102.20	101.92	100.69	101.90	103.85
17 Norway/krone	19.180	18.327	18.789	19.025	18.775	18.621	18.360	18.450	18.524
18 Portugal/escudo	3.9286	3.3159	2.6234	2.4806	2.4483	2.4075	2.2208	2.1857	2.1939
19 South Africa/rand	136.47	114.85	114.99	115.05	115.05	115.05	115.01	114.93	115.00
20 Spain/peseta	1.7424	1.4958	1.3287	1.2394	1.2497	1.2475	1.2317	1.2587	1.2885
21 Sri Lanka/rupee	14.385	11.908	11.964	6.4028	6.5000	6.4950	6.2945	6.2859	6.3245
22 Sweden/krona	24.141	22.957	22.383	21.554	21.693	21.731	21.491	21.690	22.012
23 Switzerland/franc	38.743	40.013	41.714	52.422	52.693	52.511	50.892	53.046	55.443
24 United Kingdom/pound	222.16	180.48	174.49	193.96	190.55	184.97	181.81	183.72	189.49
MEMO:									
25 United States/dollar[1]	r98.34	r105.57	r103.31	r96.19	r94.80	r94.56	r96.31	r94.74	92.44

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" in this 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

p	Preliminary
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)
e	Estimated
c	Corrected
n.e.c.	Not elsewhere classified
Rp's	Repurchase agreements
IPC's	Individuals, partnerships, and corporations
SMSA's	Standard metropolitan statistical areas
REIT's	Real estate investment trusts
*	Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions)
......	(1) Zero, (2) no figure to be expected, or (3) figure delayed or, (4) no change (when figures are expected in percentages).

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. Govt. securities" may include guaranteed issues of U.S. Govt. agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local govt." also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

	Issue	*Page*
Anticipated schedule of release dates for individual releases	June 1978	A-76

Federal Reserve Board of Governors

G. WILLIAM MILLER, *Chairman*
STEPHEN S. GARDNER, *Vice Chairman*
HENRY C. WALLICH
PHILIP E. COLDWELL

OFFICE OF BOARD MEMBERS

THOMAS J. O'CONNELL, *Counsel to the Chairman*
JOSEPH R. COYNE, *Assistant to the Board*
KENNETH A. GUENTHER, *Assistant to the Board*
SIDNEY L. JONES, *Assistant to the Board*
JAY PAUL BRENNEMAN, *Special Assistant to the Board*
FRANK O'BRIEN, JR., *Special Assistant to the Board*
JOSEPH S. SIMS, *Special Assistant to the Board*
DONALD J. WINN, *Special Assistant to the Board*

LEGAL DIVISION

NEAL L. PETERSEN, *General Counsel*
ROBERT E. MANNION, *Associate General Counsel*
ALLEN L. RAIKEN, *Associate General Counsel*
CHARLES R. MCNEILL, *Assistant to the General Counsel*

OFFICE OF THE SECRETARY

THEODORE E. ALLISON, *Secretary*
GRIFFITH L. GARWOOD, *Deputy Secretary*
JOHN M. WALLACE, *Assistant Secretary*
RICHARD H. PUCKETT, *Manager, Regulatory Improvement Project*

DIVISION OF CONSUMER AFFAIRS

JANET O. HART, *Director*
NATHANIEL E. BUTLER, *Associate Director*
JERAULD C. KLUCKMAN, *Associate Director*

DIVISION OF BANKING SUPERVISION AND REGULATION

JOHN E. RYAN, *Director*
†FREDERICK C. SCHADRACK, *Deputy Director*
FREDERICK R. DAHL, *Associate Director*
WILLIAM W. WILES, *Associate Director*
JACK M. EGERTSON, *Assistant Director*
DON E. KLINE, *Assistant Director*
ROBERT S. PLOTKIN, *Assistant Director*
THOMAS A. SIDMAN, *Assistant Director*
SAMUEL H. TALLEY, *Assistant Director*
WILLIAM TAYLOR, *Assistant Director*

OFFICE OF STAFF DIRECTOR FOR MONETARY POLICY

STEPHEN H. AXILROD, *Staff Director*
~~ARTHUR L. BROIDA, *Deputy Staff Director*~~
MURRAY ALTMANN, *Assistant to the Board*
PETER M. KEIR, *Assistant to the Board*
STANLEY J. SIGEL, *Assistant to the Board*
NORMAND R. V. BERNARD, *Special Assistant to the Board*

DIVISION OF RESEARCH AND STATISTICS

JAMES L. KICHLINE, *Director*
JOSEPH S. ZEISEL, *Deputy Director*
EDWARD C. ETTIN, *Associate Director*
JOHN H. KALCHBRENNER, *Associate Director*
JOHN J. MINGO, *Senior Research Division Officer*
ELEANOR J. STOCKWELL, *Senior Research Division Officer*
JAMES R. WETZEL, *Senior Research Division Officer*
ROBERT A. EISENBEIS, *Associate Research Division Officer*
JARED J. ENZLER, *Associate Research Division Officer*
J. CORTLAND G. PERET, *Associate Research Division Officer*
HELMUT F. WENDEL, *Associate Research Division Officer*
JAMES M. BRUNDY, *~~Assistant~~ Research Division Officer*
ROBERT M. FISHER, *Assistant Research Division Officer*
STEPHEN P. TAYLOR, *Assistant Research Division Officer*
LEVON H. GARABEDIAN, *Assistant Director*

DIVISION OF INTERNATIONAL FINANCE

EDWIN M. TRUMAN, *Director*
JOHN E. REYNOLDS, *Counselor*
ROBERT F. GEMMILL, *Associate Director*
GEORGE B. HENRY, *Associate Director*
CHARLES J. SIEGMAN, *Associate Director*
SAMUEL PIZER, *Senior International Division Officer*

and Official Staff

PHILIP C. JACKSON, JR.
J. CHARLES PARTEE

OFFICE OF
STAFF DIRECTOR FOR MANAGEMENT

JOHN M. DENKLER, *Staff Director*
ROBERT J. LAWRENCE, *Deputy Staff Director*
DONALD E. ANDERSON, *Assistant Director for Construction Management*
JOSEPH W. DANIELS, SR., *Assistant Director and Director of Equal Employment Opportunity*

DIVISION OF DATA PROCESSING

CHARLES L. HAMPTON, *Director*
BRUCE M. BEARDSLEY, *Associate Director*
UYLESS D. BLACK, *Assistant Director*
GLENN L. CUMMINS, *Assistant Director*
ROBERT J. ZEMEL, *Assistant Director*

DIVISION OF PERSONNEL

DAVID L. SHANNON, *Director*
JOHN R. WEIS, *Assistant Director*
CHARLES W. WOOD, *Assistant Director*

OFFICE OF THE CONTROLLER

JOHN KAKALEC, *Controller*
EDWARD T. MULRENIN, *Assistant Controller*

DIVISION OF ADMINISTRATIVE SERVICES

WALTER W. KREIMANN, *Director*
JOHN L. GRIZZARD, *Assistant Director*
JOHN D. SMITH, *Assistant Director*

OFFICE OF STAFF DIRECTOR FOR
FEDERAL RESERVE BANK ACTIVITIES

WILLIAM H. WALLACE, *Staff Director*

DIVISION OF FEDERAL RESERVE
BANK EXAMINATIONS AND BUDGETS

ALBERT R. HAMILTON, *Director*
CLYDE H. FARNSWORTH, JR., *Associate Director*
JOHN F. HOOVER, *Assistant Director*
P. D. RING, *Assistant Director*

DIVISION OF
FEDERAL RESERVE BANK OPERATIONS

JAMES R. KUDLINSKI, *Director*
WALTER ALTHAUSEN, *Assistant Director*
BRIAN M. CAREY, *Assistant Director*
HARRY A. GUINTER, *Assistant Director*
LORIN S. MEEDER, *Assistant Director*

---

[1] On loan from the Federal Reserve Bank of Atlanta.
[2] On loan from the Federal Reserve Bank of New York.

FOMC and Advisory Councils

FEDERAL OPEN MARKET COMMITTEE

G. WILLIAM MILLER, *Chairman*
PAUL A. VOLCKER, *Vice Chairman*

ERNEST T. BAUGHMAN
PHILIP E. COLDWELL
DAVID P. EASTBURN
STEPHEN S. GARDNER
PHILIP C. JACKSON, JR.
J. CHARLES PARTEE
HENRY C. WALLICH
MARK H. WILLES
WILLIS J. WINN

MURRAY ALTMANN, *Secretary*
NORMAND R. V. BERNARD, *Assistant Secretary*
THOMAS J. O'CONNELL, *General Counsel*
EDWARD G. GUY, *Deputy General Counsel*
ROBERT E. MANNION, *Assistant General Counsel*
STEPHEN H. AXILROD, *Economist*
JOSEPH BURNS, *Associate Economist*
JOHN M. DAVIS, *Associate Economist*
RICHARD G. DAVIS, *Associate Economist*
EDWARD C. ETTIN, *Associate Economist*
IRA KAMINOW, *Associate Economist*
PETER M. KEIR, *Associate Economist*
JAMES L. KICHLINE, *Associate Economist*
JOHN PAULUS, *Associate Economist*
JOHN E. REYNOLDS, *Associate Economist*
EDWIN M. TRUMAN, *Associate Economist*
JOSEPH S. ZEISEL, *Associate Economist*

ALAN R. HOLMES, *Manager, System Open Market Account*
PETER D. STERNLIGHT, *Deputy Manager for Domestic Operations*
SCOTT E. PARDEE, *Deputy Manager for Foreign Operations*

FEDERAL ADVISORY COUNCIL

GILBERT F. BRADLEY, TWELFTH FEDERAL RESERVE DISTRICT, *President*
J. W. MCLEAN, TENTH FEDERAL RESERVE DISTRICT, *Vice President*

HENRY S. WOODBRIDGE, FIRST DISTRICT
WALTER B. WRISTON, SECOND DISTRICT
WILLIAM B. EAGLESON, JR., THIRD DISTRICT
M. BROCK WEIR, FOURTH DISTRICT
JOHN H. LUMPKIN, FIFTH DISTRICT
FRANK A. PLUMMER, SIXTH DISTRICT
EDWARD BYRON SMITH, SEVENTH DISTRICT
CLARENCE C. BARKSDALE, EIGHTH DISTRICT
RICHARD H. VAUGHAN, NINTH DISTRICT
JAMES D. BERRY, ELEVENTH DISTRICT

HERBERT V. PROCHNOW, *Secretary*
WILLIAM J. KORSVIK, *Associate Secretary*

CONSUMER ADVISORY COUNCIL

LEONOR K. SULLIVAN, St. Louis, Missouri, *Chairman*
WILLIAM D. WARREN, Los Angeles, California, *Vice Chairman*

ROLAND E. BRANDEL, San Francisco, California
AGNES H. BRYANT, Detroit, Michigan
JOHN G. BULL, Fort Lauderdale, Florida
ROBERT V. BULLOCK, Frankfort, Kentucky
LINDA M. COHEN, Washington, D.C.
ROBERT R. DOCKSON, Los Angeles, California
ANNE G. DRAPER, Washington, D.C.
CARL FELSENFELD, New York, New York
JEAN A. FOX, Pittsburgh, Pennsylvania
MARCIA A. HAKALA, Omaha, Nebraska
JOSEPH F. HOLT III, Oxnard, California
RICHARD H. HOLTON, Berkeley, California
EDNA DECOURSEY JOHNSON, Baltimore, Maryland
RICHARD F. KERR, Cincinnati, Ohio
ROBERT J. KLEIN, New York, New York
PERCY W. LOY, Portland, Oregon
R. C. MORGAN, El Paso, Texas
REECE A. OVERCASH, JR., Dallas, Texas
RAYMOND J. SAULNIER, New York, New York
E. G. SCHUHART, Dalhart, Texas
BLAIR C. SHICK, Cambridge, Massachusetts
JAMES E. SUTTON, Dallas, Texas
THOMAS R. SWAN, Portland, Maine
ANNE GARY TAYLOR, Alexandria, Virginia
RICHARD D. WAGNER, Simsbury, Connecticut
RICHARD L. WHEATLEY, JR., Stillwater, Oklahoma

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK, branch, *or facility* Zip	Chairman / Deputy Chairman	President / First Vice President	Vice President in charge of branch
BOSTON* 02106	Louis W. Cabot Robert M. Solow	Frank E. Morris James A. McIntosh	
NEW YORK* 10045	Robert H. Knight Boris Yavitz	Paul A. Volcker Thomas M. Timlen	
Buffalo 14240	Donald R. Nesbitt		John T. Keane
PHILADELPHIA 19105	John W. Eckman Werner C. Brown	David P. Eastburn Richard L. Smoot	
CLEVELAND* 44101	Robert E. Kirby Otis A. Singletary	Willis J. Winn Walter H. MacDonald	
Cincinnati 45201	Lawrence H. Rogers, II		Robert E. Showalter
Pittsburgh 15230	G. Jackson Tankersley		Robert D. Duggan
RICHMOND* 23261	E. Angus Powell Maceo A. Sloan	Robert P. Black George C. Rankin	
Baltimore 21203	I. E. Killian		Jimmie R. Monhollon
Charlotte 28230	Robert C. Edwards		Stuart P. Fishburne
Culpeper Communications and Records Center.. 22701			Albert D. Tinkelenberg
ATLANTA 30303	Clifford M. Kirtland, Jr. William A. Fickling, Jr.	Monroe Kimbrel Kyle K. Fossum	
Birmingham 35202	Harold B. Blach, Jr.		Hiram J. Honea
Jacksonville 32203	James E. Lyons		Edward C. Rainey
Miami 33152	Alvaro L. Carta		F. J. Craven, Jr.
Nashville 37203	John C. Bolinger		Jeffrey J. Wells
New Orleans 70161	Edwin J. Caplan		George C. Guynn
CHICAGO* 60690	Robert H. Strotz John Sagan	Robert P. Mayo Daniel M. Doyle	
Detroit 48231	Jordan B. Tatter		William C. Conrad
ST. LOUIS 63166	Armand C. Stalnaker William B. Walton	Lawrence K. Roos Donald W. Moriarty	
Little Rock 72203	G. Larry Kelley		John F. Breen
Louisville 40201	James H. Davis		Donald L. Henry
Memphis 38101	Jeanne L. Holley		L. Terry Britt
MINNEAPOLIS 55480	James P. McFarland Stephen F. Keating	Mark H. Willes Clement A. Van Nice	
Helena 59601	Patricia P. Douglas		John D. Johnson
KANSAS CITY 64198	Harold W. Andersen Joseph H. Williams	Roger Guffey Henry R. Czerwinski	
Denver 80217	A. L. Feldman		Wayne W. Martin
Oklahoma City 73125	Christine H. Anthony		William G. Evans
Omaha 68102	Durward B. Varner		Robert D. Hamilton
DALLAS 75222	Irving A. Mathews Charles T. Beaird	Ernest T. Baughman Robert H. Boykin	
El Paso 79999	Josefina Salas-Porras		Fredric W. Reed
Houston 77001	Alvin I. Thomas		J. Z. Rowe
San Antonio 78295	Pete Morales, Jr.		Carl H. Moore
SAN FRANCISCO 94120	Joseph F. Alibrandi Cornell C. Maier	John J. Balles John B. Williams	
Los Angeles 90051	Caroline L. Ahmanson		Richard C. Dunn
Portland 97208	Loran L. Stewart		Angelo S. Carella
Salt Lake City 84110	Sam Bennion		A. Grant Holman
Seattle 98124	Lloyd E. Cooney		Gerald R. Kelly

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

Federal Reserve Board Publications

Available from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Where a charge is indicated, remittance should accompany request and be made payable to the order of the Board of Governors of the Federal Reserve System in a form collectible at par in U.S. currency. (Stamps and coupons are not accepted.)

THE FEDERAL RESERVE SYSTEM—PURPOSES AND FUNCTIONS. 1974. 125 pp.

ANNUAL REPORT

FEDERAL RESERVE BULLETIN. Monthly. $20.00 per year or $2.00 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $18.00 per year or $1.75 each. Elsewhere, $24.00 per year or $2.50 each.

BANKING AND MONETARY STATISTICS, 1914-1941. (Reprint of Part I only) 1976. 682 pp. $5.00.

BANKING AND MONETARY STATISTICS, 1941-1970. 1976. 1,168 pp. $15.00.

ANNUAL STATISTICAL DIGEST, 1971–75. 1976. 339 pp. $4.00 per copy for each paid subscription to Federal Reserve *Bulletin*. All others, $5.00 each.

ANNUAL STATISTICAL DIGEST, 1972–76. 1977. 388 pp. $10.00 per copy.

FEDERAL RESERVE MONTHLY CHART BOOK. Subscription includes one issue of Historical Chart Book. $12.00 per year or $1.25 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $1.00 each. Elsewhere, $15.00 per year or $1.50 each.

HISTORICAL CHART BOOK. Issued annually in Sept. Subscription to Monthly Chart Book includes one issue. $1.25 each in the United States, its possessions, Canada, and Mexico; 10 or more to one address, $1.00 each. Elsewhere, $1.50 each.

CAPITAL MARKET DEVELOPMENTS. Weekly. $15.00 per year or $.40 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $13.50 per year or $.35 each. Elsewhere, $20.00 per year or $.50 each.

SELECTED INTEREST AND EXCHANGE RATES—WEEKLY SERIES OF CHARTS. Weekly. $15.00 per year or $.40 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $13.50 per year or $.35 each. Elsewhere, $20.00 per year or $.50 each.

THE FEDERAL RESERVE ACT, as amended through December 1976, with an appendix containing provisions of certain other statutes affecting the Federal Reserve System. 307 pp. $2.50.

REGULATIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

PUBLISHED INTERPRETATIONS OF THE BOARD OF GOVERNORS, as of June 30, 1977. $7.50.

INDUSTRIAL PRODUCTION—1976 EDITION. 1977. 304 pp. $4.50 each; 10 or more to one address, $4.00 each.

BANK CREDIT-CARD AND CHECK-CREDIT PLANS. 1968. 102 pp. $1.00 each; 10 or more to one address, $.85 each.

SURVEY OF CHANGES IN FAMILY FINANCES. 1968. 321 pp. $1.00 each; 10 or more to one address, $.85 each.

REPORT OF THE JOINT TREASURY-FEDERAL RESERVE STUDY OF THE U.S. GOVERNMENT SECURITIES MARKET. 1969. 48 pp. $.25 each; 10 or more to one address, $.20 each.

JOINT TREASURY-FEDERAL RESERVE STUDY OF THE GOVERNMENT SECURITIES MARKET; STAFF STUDIES - PART 1. 1970. 86 pp. $.50 each; 10 or more to one address, $.40 each. PART 2. 1971. 153 pp. and PART 3. 1973. 131 pp. Each volume $1.00; 10 or more to one address, $.85 each.

OPEN MARKET POLICIES AND OPERATING PROCEDURES—STAFF STUDIES. 1971. 218 pp. $2.00 each; 10 or more to one address, $1.75 each.

REAPPRAISAL OF THE FEDERAL RESERVE DISCOUNT MECHANISM. *Vol. 1*. 1971. 276 pp. *Vol. 2*. 1971. 173 pp. *Vol. 3*. 1972. 220 pp. Each volume $3.00; 10 or more to one address, $2.50 each.

THE ECONOMETRICS OF PRICE DETERMINATION CONFERENCE, October 30-31, 1970, Washington, D.C. 1972. 397 pp. Cloth ed. $5.00 each; 10 or more to one address, $4.50 each. Paper ed. $4.00 each; 10 or more to one address, $3.60 each.

FEDERAL RESERVE STAFF STUDY: WAYS TO MODERATE FLUCTUATIONS IN HOUSING CONSTRUCTION. 1972. 487 pp. $4.00 each; 10 or more to one address, $3.60 each.

LENDING FUNCTIONS OF THE FEDERAL RESERVE BANKS. 1973. 271 pp. $3.50 each; 10 or more to one address, $3.00 each.

IMPROVING THE MONETARY AGGREGATES (Report of the Advisory Committee on Monetary Statistics). 1976. 43 pp. $1.00 each; 10 or more to one address, $.85 each.

ANNUAL PERCENTAGE RATE TABLES (Truth in Lending—Regulation Z) *Vol. I* (Regular Transactions). 1969. 100 pp. *Vol. II* (Irregular Transactions). 1969. 116 pp. Each volume $1.00, 10 or more of same volume to one address, $.85 each.

FEDERAL RESERVE MEASURES OF CAPACITY AND CAPACITY UTILIZATION. 44 pp. $1.75 each, 10 or more to one address, $1.50 each.

CONSUMER EDUCATION PAMPHLETS

(Short pamphlets suitable for classroom use. Multiple copies available without charge.)

THE EQUAL CREDIT OPPORTUNITY ACT AND . . . AGE
THE EQUAL CREDIT OPPORTUNITY ACT AND . . . CREDIT RIGHTS IN HOUSING
THE EQUAL CREDIT OPPORTUNITY ACT AND . . . DOCTORS, LAWYERS, SMALL RETAILERS, AND OTHERS WHO MAY PROVIDE INCIDENTAL CREDIT
THE EQUAL CREDIT OPPORTUNITY ACT AND . . . WOMEN
FAIR CREDIT BILLING
A GUIDE TO FEDERAL RESERVE REGULATIONS
HOW TO FILE A CONSUMER CREDIT COMPLAINT
IF YOU BORROW TO BUY STOCK
TRUTH IN LEASING
U.S. CURRENCY
WHAT TRUTH IN LENDING MEANS TO YOU

STAFF ECONOMIC STUDIES

Studies and papers on economic and financial subjects that are of general interest in the field of economic research.

SUMMARIES ONLY PRINTED IN THE BULLETIN
(Limited supply of mimeographed copies of full text available upon request for single copies.

THE PERFORMANCE OF BANK HOLDING COMPANY-AFFILIATED FINANCE COMPANIES, by Stephen A. Rhoades and Gregory E. Boczar. Aug. 1977. 19 pp.
GREELEY IN PERSPECTIVE, by Paul Schweitzer and Joshua Greene. Sept. 1977. 17 pp.
STRUCTURE AND PERFORMANCE STUDIES IN BANKING: A SUMMARY AND EVALUATION, by Stephen A. Rhoades. Dec. 1977. 45 pp.
AN ANALYSIS OF FEDERAL RESERVE ATTRITION SINCE 1960, by John T. Rose. Jan. 1978. 44 pp.
PROBLEMS IN APPLYING DISCRIMINANT ANALYSIS IN CREDIT SCORING MODELS, by Robert A. Eisenbeis. Jan. 1978. 28 pp.
EXTERNAL CAPITAL FINANCING REQUIREMENTS OF COMMERCIAL BANKS: 1977-81, by Gerald A. Hanweck and John J. Mingo. Feb. 1978. 34 pp.
MORTGAGE BORROWING AGAINST EQUITY IN EXISTING HOMES: MEASUREMENT, GENERATION, AND IMPLICATIONS FOR ECONOMIC ACTIVITY, by David F. Seiders. May 1978. 42 pp.

THE BEHAVIOR OF MEMBER BANK REQUIRED RESERVE RATIOS AND THE EFFECTS OF BOARD ACTION, 1968-77, by Thomas D. Simpson. July 1978. 39 pp.
FOOTHOLD ACQUISITIONS AND BANK MARKET STRUCTURE, by Stephen A. Rhoades and Paul Schweitzer, July 1978. 8 pp.

PRINTED IN FULL IN THE BULLETIN
Staff Economic Studies shown under "Reprints."

REPRINTS

(Except for Staff Papers, Staff Economic Studies, and some leading articles, most of the articles reprinted do not exceed 12 pages.)

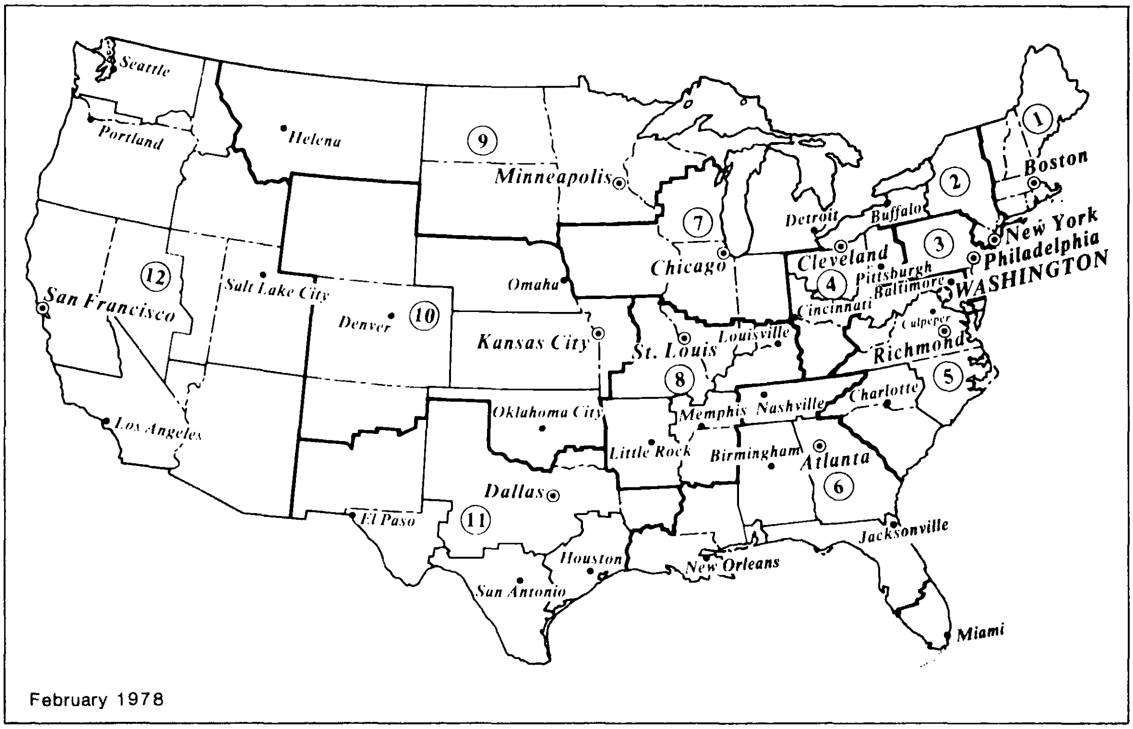
MEASURES OF SECURITY CREDIT. 12/70.
REVISION OF BANK CREDIT SERIES. 12/71.
ASSETS AND LIABILITIES OF FOREIGN BRANCHES OF U.S. BANKS. 2/72.
BANK DEBITS, DEPOSITS, AND DEPOSIT TURNOVER—REVISED SERIES. 7/72.
YIELDS ON NEWLY ISSUED CORPORATE BONDS. 9/72.
RECENT ACTIVITIES OF FOREIGN BRANCHES OF U.S. BANKS. 10/72.
REVISION OF CONSUMER CREDIT STATISTICS. 10/72.
ONE-BANK HOLDING COMPANIES BEFORE THE 1970 AMENDMENTS. 12/72.
YIELDS ON RECENTLY OFFERED CORPORATE BONDS. 5/73.
RATES ON CONSUMER INSTALMENT LOANS. 9/73.
NEW SERIES FOR LARGE MANUFACTURING CORPORATIONS. 10/73.
U.S. ENERGY SUPPLIES AND USES, *Staff Economic Study* by Clayton Gehman. 12/73.
INFLATION AND STAGNATION IN MAJOR FOREIGN INDUSTRIAL COUNTRIES. 10/74.
THE STRUCTURE OF MARGIN CREDIT. 4/75.
NEW STATISTICAL SERIES ON LOAN COMMITMENTS AT SELECTED LARGE COMMERCIAL BANKS. 4/75.
RECENT TRENDS IN FEDERAL BUDGET POLICY. 7/75.
RECENT DEVELOPMENTS IN INTERNATIONAL FINANCIAL MARKETS. 10/75.
MINNIE: A SMALL VERSION OF THE MIT-PENN-SSRC ECONOMETRIC MODEL, *Staff Economic Study* by Douglas Battenberg, Jared J. Enzler, and Arthur M. Havenner. 11/75.
AN ASSESSMENT OF BANK HOLDING COMPANIES, *Staff Economic Study* by Robert J. Lawrence and Samuel H. Talley. 1/76.
INDUSTRIAL ELECTRIC POWER USE. 1/76.
REVISION OF MONEY STOCK MEASURES. 2/76.
SURVEY OF FINANCE COMPANIES, 1975. 3/76.
REVISED SERIES FOR MEMBER BANK DEPOSITS AND AGGREGATE RESERVES. 4/76.
INDUSTRIAL PRODUCTION – 1976 Revision. 6/76.
FEDERAL RESERVE OPERATIONS IN PAYMENT MECHANISMS: A SUMMARY. 6/76.
RECENT GROWTH IN ACTIVITIES OF U.S. OFFICES OF BANKS. 10/76.
NEW ESTIMATES OF CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS. 11/76.
BANK HOLDING COMPANY FINANCIAL DEVELOPMENTS IN 1976. 4/77.
SURVEY OF TERMS OF BANK LENDING—NEW SERIES. 5/77.
THE COMMERCIAL PAPER MARKET. 6/77.
CONSUMPTION AND FIXED INVESTMENT IN THE ECONOMIC RECOVERY ABROAD. 10/77.
RECENT DEVELOPMENTS IN U.S. INTERNATIONAL TRANSACTIONS. 4/78.
SURVEY OF TIME AND SAVINGS DEPOSITS AT COMMERCIAL BANKS, APRIL 1978. 8/78.

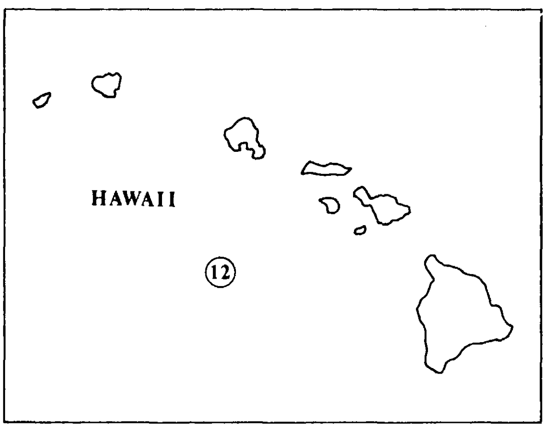
Index to Statistical Tables

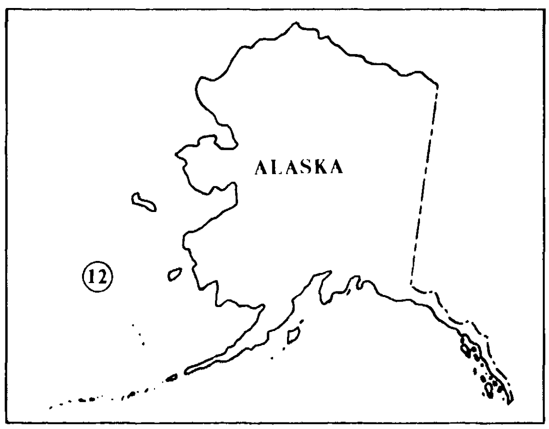
References are to pages A-3 through A-68 although the prefix "A" is omitted in this index

The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories







LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility