FEBRUARY 1977

FEDERAL RESERVE BULLETIN

Equal Credit Opportunity

Domestic Financial Developments in the Fourth Quarter of 1976

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CONTENTS

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Equal Credit Opportunity

This article was prepared in the Division of Consumer Affairs.

The Equal Credit Opportunity Act and the Federal Reserve's implementing Regulation B, prohibiting discrimination in the granting of credit on the basis of sex or marital status, became effective in October 1975. In March 1976 the Congress amended the act by prohibiting discrimination on seven new bases: race, color, religion, national origin, age, receipt of public assistance benefits, and the good faith exercise of rights under the Consumer Credit Protection Act. These statutory amendments and a revised Regulation B go into effect on March 23, 1977. This article points out the highlights of the amended act and offers some insight into the revised regulation. The technical aspects of the regulation are treated first, followed by a discussion of some aspects of discrimination.

The Equal Credit Opportunity Act (ECOA) is a hybrid law—geared in part to consumer protection and in part to antidiscrimination. Its consumer protection aspects include two requirements: (1) that creditors notify applicants of the action taken on their applications, and (2) in the event credit is denied, that applicants be told the reason for the denial. But the law is primarily a civil rights law in that its principal provision is a ban on discrimination, and it takes its meaning from the body of judicial decisions in such areas as employment and housing discrimination.

Regulation B applies to all types of credit, but it treats consumer credit differently from other kinds of credit. The definition of consumer credit is similar to that found in Regulation Z (Truth in Lending) except that credit extended for agricultural purposes is not deemed to be consumer credit. The classes of transactions that are afforded specialized treatment in Regulation B are business credit, securities credit, credit extended by utilities, credit extended to governmental units, and incidental credit; that is, open book credit in which neither a credit card is used nor a finance charge is imposed. Whereas most of these classes of credit are not subject to many of the technical provisions of the regulation, they are subject to the general rule that prohibits discrimination.

REQUIREMENTS

The principal new requirement of the act and Regulation B is that creditors must notify applicants of the action taken on their applications. If the action is affirmative—that is, if the application is approved—the notice of approval may be given by implication. Thus in most situations when credit is granted, creditors will be required to do no more than they now do—for example, make the loan, or sell the goods, or mail the credit card. Only when the action is "adverse," must additional measures be taken.

WHAT CONSTITUTES ADVERSE ACTION?

Adverse action is one of the most important aspects of the new regulation. Adverse action occurs when the creditor refuses to grant credit in substantially the amount or on substantially the terms requested in an application. But if the creditor makes a counteroffer—offering less credit or different terms—and that offer is accepted, no adverse action has occurred. Adverse action also may occur after the initial extension of credit; for example, when an increase in a line of credit is requested and refused. In this event, action on the request must be in accordance with the creditor's normal procedures on applications for such an increase. However, a refusal to extend credit at a point of sale when the credit would exceed a previously established credit limit is not considered adverse action. Finally, adverse action occurs when a creditor terminates an account or changes the terms in a way unfavorable to the account-holder, but a change expressly agreed to by the account-holder or a change covering an entire class of account-holders is not deemed to be adverse action.

Regulation B also describes other events that are not adverse action. An action taken as a result of default or inactivity of an account is not adverse action. If an applicant requests a type of credit (a credit card, for instance) that the creditor does not offer, the refusal to extend the credit is not adverse action. But if an applicant requests a personal loan at an annual percentage rate of 5 per cent and the creditor normally charges 12 per cent, the refusal to make the loan at 5 per cent is adverse action—unless, of course, the applicant agrees to pay 12 per cent.

Notice of Adverse Action

To reiterate, if the action is not adverse, the notification of action taken may be given by implication. However, if the action is adverse, then within 30 days after the decision is made, a written statement must be given to the applicant. The statement must make clear the action taken and must contain the ECOA notice.

The ECOA notice consists of a brief statement of the act's prohibition of discrimination and the name of the Federal agency that enforces the act with respect to the particular creditor. It is principally an educational device that was included in the earlier Regulation B at the suggestion of consumer advocates who believed it would improve public awareness of the law. The earlier regulation, which required creditors to provide the ECOA notice to all applicants at the time an application was made, caused some serious compliance problems.

When the regulation was revised, it was believed that the notice probably was most important to those persons whose applications had been denied and would be most meaningful at the time they learned of the adverse action. Therefore, the revised regulation requires that the ECOA notice be combined with the statement of adverse action. A sample ECOA notice is included in the regulation, but it need not be used verbatim.

In addition to telling applicants that adverse action has been taken, creditors must tell them *either* the specific reasons for the adverse action *or* of their right to know the reasons and have the explanation confirmed in writing upon request.

What happens if more than one creditor is involved in a transaction? A typical situation involves an automobile dealer who checks with several sources of credit, such as one or more banks and possibly a sales finance company, before making the sale. Each institution contacted has "participated in the decision to extend credit" and thus is responsible for furnishing the notice. Regulation B provides, however, that if credit is extended by one of the sources contacted, no adverse action has occurred and no notice need be sent. If, on the other hand, no one agrees to buy the paper and the dealer does not extend the credit, then the notice must be sent. Each source of credit may comply with the notice requirement directly, or the sources may supply the information to a third party, such as the dealer, who may provide the notices on their behalf. In doing so, however, the dealer must supply the name of each institution to which the contract was offered.

Institutions that purchase contracts after the dealer has extended the credit are not considered to have participated in the decision to extend credit and therefore are not subject to the notification provisions.

Reasons for Denying Applications

How detailed or specific the reason for denial must be was one of the most controversial questions the Board faced in revising Regulation B. The statute provides that a statement of reasons is sufficient only if it contains the "specific reasons for the adverse action taken" but "specific" is not defined. The legislative history of the 1976 amendments indicates that the Congress viewed the statement of reasons for the denial of credit as an important tool for educating consumers and that the statement was intended to help consumers understand the credit-granting process. Against this background, the arguments of creditors that they should be permitted to tell applicants merely that they failed to qualify were not persuasive.

However, it is often exceedingly difficult to identify the reason why an application has been denied. Many factors enter into a credit judgment, and the decision to grant or deny credit is made after weighing all of them. This is best illustrated by a credit-scoring system, although creditors that do not use such a system have the same problem. In a credit-scoring system, if an applicant fails to achieve the cut-off score, credit is denied. If the applicant had achieved more points on any of, say, five factors scored, credit might have been granted. Which, if any, of the factors then can be pinpointed as the principal reason or reasons for denial?

To avoid the identification problem, creditors preferred to tell applicants that the reason for adverse action was the failure to achieve a qualifying score. The Board thought that such an explanation would not satisfy the statutory language or the congressional goals; hence the regulation indicates that a statement that the applicant failed to achieve a minimum score is not sufficient explanation. The regulation contains a model form that lists specific reasons for credit denial such as insufficient income, excessive obligations, and so on.

Data for Monitoring Compliance

When the earlier version of Regulation B was being drafted, feminist groups fought hard for a provision banning questions about an applicant's sex or marital status on application forms. They believed that keeping this information from creditors would reduce discrimination against women. Such a ban also was viewed as a way of re-educating those who still thought that these factors were crucial to the credit decision. But a year later these same groups were supporting civil rights groups in calling for a provision in Regulation B requiring creditors to ask the sex and race of applicants for credit. This change was based on the realization that these data constituted an important enforcement tool.

The regulation provides that in applications for residential mortgage credit, creditors must ask applicants to provide information as to their race or national origin, sex, marital status, and age. Nevertheless, applicants are not required to supply the information. They are to be informed that supplying the information is voluntary and that the information is being sought for the purpose of monitoring compliance with the ECOA and the Fair Housing Act.

The Board's model real estate application form was developed in cooperation with the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. The model form includes the required questions and disclosures, but those inquiries need not appear on the application form. They may appear on a separate piece of paper so long as that paper can be related to the application form.

Credit Reporting

The credit-reporting provisions of revised Regulation B are drawn from the earlier regulation. Although the language has been altered substantially, the basic requirements have not been changed. These provisions are intended to provide married women with credit histories in their own names.

After June 1, 1977, whenever a new account is opened, a creditor will have to determine whether the applicant's spouse will use the account, in the case of open-end credit, or will be contractually liable for it, and the creditor will report credit experience about the account in a manner that will result in the creation of a credit history in the name of each spouse. With respect to existing accounts, creditors have alternative ways to comply. If they can determine from their files whether an account-holder's spouse is contractually liable or is an authorized user, they may begin reporting in the name of each spouse. Often, however, this information would not be reflected in a creditor's files or could not be found easily. In such event, creditors may send their account-holders the notice set forth in the regulation informing them of their right to have credit history reported in both their own and their spouses' names when both are liable for the account or, in the case of open-end credit, when both use the account.

APPLICATION FORMS

The restrictions on requests for information about marital status or about the applicant's spouse are drawn from the existing Regulation B, and therefore few changes in application forms should be required. One difference between the old and new regulation involves the ECOA notice. To comply with the earlier Regulation B, many creditors chose to include the notice on their application forms. Since that notice is no longer required to be given to all applicants, creditors may drop it from their forms. The regulation provides, however, that creditors may continue to use their existing forms until their present stock is exhausted or until March 23, 1978, whichever comes first.

To help creditors comply with the regulation, the Board included model application forms in an appendix to the regulation. Creditors need not use the model forms; but if they do, they will be deemed to be in compliance with those provisions of the regulation affecting application forms. It is anticipated that creditors will start with the model forms and strike out those inquiries that they do not find useful in granting credit.

DISCRIMINATION BASED ON AGE

With respect to most of the bases of prohibited discrimination covered by the amended Equal Credit Opportunity Act, the prohibition of discrimination is absolute. The same is not true, however, of the prohibition of discrimination on the basis of age. Therefore it is important to discuss this particular form of discrimination.

When the ECOA amendments were being considered in the Congress, representatives of the elderly testified that many creditors refused to extend credit to anyone over 65 years of age. The elderly also complained that certain banks made a practice of terminating credit cards when the account-holders reached the age of 60 or 65. Although the Congress wished to abolish arbitrary practices such as these, in the final analysis, the law's prohibition of age discrimination is not absolute.

Unlike the absolute prohibition against considering a person's sex, race, or religion in the credit judgment, the prohibition relating to age consideration is qualified—in recognition of the fact that a person's age is relevant to the ability to repay. In fact, the Senate report on the equal credit amendments states that the law is intended to prevent creditors from rejecting or "blackballing" any applicant *solely* because of age, and is not intended to prevent any consideration of this factor.

SYSTEMS OF EVALUATION

The amended act divides the credit world into two parts and specifies different rules about the consideration of age for each. One part, by far the larger, consists of the creditors who use what Regulation B calls "judgmental" systems for evaluating creditworthiness. In these systems the creditor relies primarily upon judgment in determining whether to approve an application.

The other part of the credit world consists of the creditors who rely upon credit-scoring systems to make their credit decisions. Such systems predict creditworthiness by allocating points to key attributes about the applicant (income, length of time on job, length of residence, and so on). Occasionally a credit-scoring system considers aspects of the transaction, such as the amount of credit applied for. These systems are used principally by the large credit-card issuers and increasingly by consumer finance companies and smaller creditors.

JUDGMENTAL SYSTEMS. The law says that creditors who use judgmental systems may ask the applicant's age. They may not consider age directly, but may use it to determine a "pertinent element of creditworthiness." The statute identifies amount of income, probable continuance of income levels, and credit history as pertinent elements of creditworthiness, and Regulation B adds length of time until retirement to the list. These four criteria are only examples, however, and do not exhaust the list of pertinent elements.

It is true that this standard is vague. Neither the statute nor the regulation specifies a rule of thumb that is easy to apply. In fact, the legislative history reveals that the Congress chose to describe the standard by means of examples. The Senate report identifies adequacy of collateral as another pertinent element of creditworthiness and explains that

> . . . [a]n elderly applicant might not qualify for a 5% down condominium loan because the duration of the loan exceeds his life expectancy and the condominium itself has a speculative future value. But that same applicant ought to be deemed creditworthy when he seeks a $10,000 home improvement loan secured by a $50,000 homesite.

In other words, the law prohibits arbitrariness and blanket rules, such as refusing to grant credit to anyone over 65. The law does not mean that every refusal to grant credit to an elderly person is illegal. Credit may be denied after the creditor has evaluated the facts and determined that *this particular applicant* does not meet the creditor's usual standards.

CREDIT SCORING. In a credit-scoring system, different rules apply. The first rule is that a creditor may consider the applicant's age directly; that is, age may be used as a factor only in a system that is a demonstrably and statistically sound, empirically derived credit-scoring system as defined by Regulation B. Although this definition seems long and sounds forbidding, a statistician will recognize that the regulatory standards are not very difficult to satisfy.

Fundamentally, the system must be based on the creditor's recent experience with credit applications, and generally accepted statistical techniques must be used for sampling and validation. In short, the regulatory definitions describe what any creditor—motivated by business interest in having a system that accurately identifies good and bad credit risks—would do. If, and only if, a creditor's system passes the standards set forth in the regulation, may the creditor use age as a predictive variable in the system.

After qualifying as being demonstrably and statistically sound and empirically derived, the system must then meet the requirements of the second rule. Section 701(b)(3) of the amended act forbids assigning a "negative" factor or value to the age of an "elderly" applicant, defined in Regulation B as 62 years or older. To comply with the law, a creditor should examine the scores for age assigned to the various categories of applicants. If the creditor finds that in its system all applicants aged 62 or older receive a score at least as high as that of any category below that age, no change is required. If, however, any category of applicants aged 62 or older currently is being assigned fewer points than any category of applicants younger than 62, the creditor must adjust the system. Either the score for persons aged 62 or over must be increased or the score for the younger applicants must be lowered.

Exception Favoring the Elderly

The amended act contains one final rule relating to the consideration of an applicant's age—namely that a creditor may consider the age of an elderly applicant when this factor is used to favor the applicant. It is not entirely clear how this rule meshes with the rules just discussed, but it apparently was intended to authorize a creditor to make an exception to its usual credit standards in order to grant credit to an elderly applicant.

DETERMINING THE EXISTENCE OF CREDIT DISCRIMINATION

In recent years judicial decisions have outlawed practices that have had the effect of discriminating, regardless of an employer's motive in adopting the practice. Out of these decisions there has emerged the "effects" test for determining whether discrimination does, in fact, exist.

The Effects Test

The effects test is a judicial doctrine first enunciated in *Griggs* v. *Duke Power Company* [401 U.S. 424 (1971)], a case brought under Title VII of the Civil Rights Act of 1964. Such a test has been applied in a series of employment discrimination cases. The legislative history [Senate Report No. 94-589, 94th Congress, Second Session (1976), pp. 4 and 5] specifically directs the Board of Governors and the other enforcement agencies, as well as the courts, to use employment discrimination cases such as *Griggs* and *Albermarle Paper Company* v. *Moody* [422 U.S. 405 (1975)] as guides in determining the existence of credit discrimination under the ECOA.

In the *Griggs* case, several black employees of the Duke Power Company challenged the company's policy of requiring, as a prerequisite for hiring and promoting workers in a power plant, a high school diploma and a passing score on an intelligence test. The Court of Appeals found for the company on the ground that the plaintiffs had not shown that adoption of this policy was motivated by discriminatory intent. The Supreme Court reversed the decision, holding that Title VII outlawed practices that had the effect of discriminating, regardless of the employer's motive in adopting the practice. Thus, the *Griggs* case obviates the need to prove racial purpose or invidious intent to establish a violation of Title VII.

In the second case, *Albermarle Paper Company* v. *Moody*, the Supreme Court described the plaintiff's and the defendant's respective burdens of proof in a Title VII employment discrimination case. The Court explained that the initial burden is on the plaintiff to show that the challenged employment practice selects applicants for hire or promotion in a racial pattern significantly different from that of the pool of applicants. This showing of disproportionate racial impact, which is usually made through the use of statistics, constitutes a prima-facie case of discrimination. The burden then shifts to the employer to demonstrate that the employment practice is job-related. If the employer shows the relationship, the plaintiff then has the option of attempting to point out that other tests or selection devices, without a similarly undesirable racial effect, would also serve the employer's legitimate interest in finding qualified employees.

Possible Application of Effects Test

It is not clear exactly how the courts will apply the effects test to the area of credit discrimination, but the following three-step process represents one possible approach. In step 1, the plaintiff would attempt to show that, although consideration of a particular credit standard—homeownership for instance—does not appear on its face to discriminate on the basis of sex, reliance on this standard of creditworthiness results in the rejection of the credit applications of women, who are members of a class protected by the law, and that such rejections occur at a significantly higher rate than rejections of men. Such a showing would present a prima-facie case of illegal discrimination by the creditor.

In step 2, to rebut the plaintiff's prima-facie case, the creditor would have to show that this credit standard is customarily applied to all applicants, and that the standard has a manifest relationship to creditworthiness.

The plaintiff then would have the option of going to step 3, where she would attempt to prove that an alternative credit standard that would have a lesser adverse impact on women does exist and that the alternative would serve the creditor's legitimate business interests at least as well as the criterion of homeownership. If the plaintiff made such a showing, the creditor—to prevail—would have to demonstrate that the alternative practice would not have a lesser adverse impact or that it would not serve the creditor's interests at least as well as the consideration of homeownership.

In revising Regulation B to implement the amendments to the act, one of the most difficult issues confronting the Board was how to deal with the effects test. At one extreme, some groups urged the Board to take the position that credit was fundamentally different from employment and that therefore the effects test should not be applied in cases arising under the ECOA. At the other end of the spectrum, some civil rights groups urged that Regulation B contain a list of credit practices that have the effect of violating the act or contain guidelines for complying with the test.

In the light of the legislative history, there can be no doubt that the Congress intended the effects test to be applied to cases under the ECOA. On the other hand, there was a persuasive argument against including in Regulation B detailed guidelines on the effects test or a "laundry list" of prohibited practices — the argument being that the test is a judicial doctrine and that as such it is subject to re-interpretation and modification by the courts.

This fact was brought home forcibly on December 7, 1976, when the Supreme Court handed down its decision in *General Electric* v. *Gilbert* [45 USLW 4031]. This class action was brought under Title VII by women employees of the General Electric Company challenging the company's disability plan. Specifically, the plaintiffs challenged the fact that the disability plan excluded disabilities arising from pregnancy. The Supreme Court, reversing the Court of Appeal's decision in favor of the plaintiffs, held that General Electric's disability plan did not violate Title VII because of its failure to cover pregnancy-related disabilities. According to the majority opinion, the plaintiffs had failed to make the requisite showing that the failure to provide benefits for pregnancy had gender-based effects. How the *General Electric* case affects the effects test as formulated in *Griggs*, *Albermarle*, and similar cases is not clear. It would appear that the test still exists, but the Supreme Court is re-examining it and may make some adjustments.

A footnote to Regulation B states that the legislative history indicates that the Congress intended the effects test to be applied to the credit field. It is possible that at some time in the future the Federal Reserve might propose guidelines for complying with the test.

Without guidelines, creditors and their lawyers are justifiably concerned about the prospect of the effects test being applied in credit discrimination cases, and they question what they can do to protect themselves. Any advice on this subject has to be prefaced with the warning that the courts may apply the effects test to credit discrimination cases differently from the way it is applied in employment discrimination; and as noted above, the Supreme Court may re-interpret the test. Nevertheless some preliminary observations can be made: The relatively small number of creditors that use demonstrably and statistically sound, empirically derived credit systems should have little trouble in successfully completing step 2 as described above — that is, rebutting the plaintiff's prima-facie case of discrimination—because if a credit-scoring system meets the regulatory standard, the factors considered by the system must have a manifest relationship to creditworthiness.

For the great majority of creditors who rely on judgmental systems, building a credit system that will withstand an attack based on the effects test is by no means an easy task. Perhaps the most that can be done is to ask the credit manager, the lending officers, or the management to identify the factors considered in making credit decisions. Once the factors are identified, it is necessary to take a long, hard look at each one to see whether there is a rational relationship between the factor and the goal of identifying acceptable credit risks. One should keep in mind that although almost every standard of creditworthiness traditionally used by creditors (income, own or rent, length of time on job, and so on) can be shown to have a disproportionate adverse impact on women or minorities, that does not mean that a creditor must stop using these standards in evaluating creditworthiness. It is likely that the creditor can show that these factors have a manifest relationship to creditworthiness. □

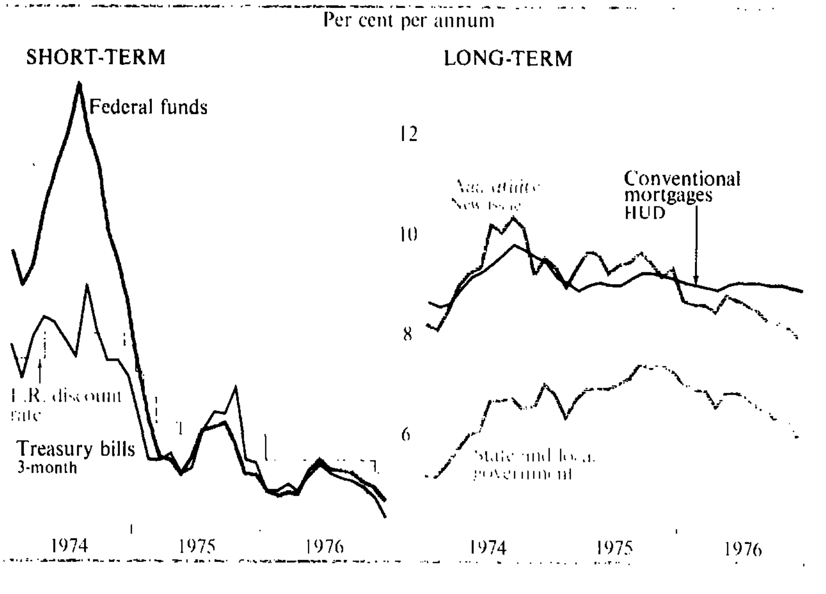
Domestic Financial Developments in the Fourth Quarter of 1976

This report, which was sent to the Joint Economic Committee of the U.S. Congress on February 17, 1977, highlights the important developments in domestic financial markets during the fall and early winter.

Interest rates generally declined during the fourth quarter of 1976, in many cases reaching their lowest levels in several years. The further easing of credit conditions may in part have been attributable to the slower pace of economic expansion since the spring. In this less robust environment, business needs for external financing were reduced on balance, reflecting efforts to balance inventories and, in some instances, to stretch out or postpone capital spending plans. The weakness of economic indicators also led to a reappraisal of expected future pressures in credit markets. The resultant change in expectations was most evident in the short- and intermediate-term maturity sectors, where yields posted declines of ¾ of a percentage point. But yield declines on long-term bonds also were substantial, amounting to about ½ of a percentage point. Incoming economic data began to strengthen late in the year, and in January market yields moved upward again, erasing a portion of the fourth-quarter decrease.

Federal Reserve policy also tended to foster the further easing in market rates of interest during the fourth quarter. The System was somewhat more accommodative in the provision of reserves through open market operations, and the interest rate on Federal funds—overnight

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*.

loans of immediately available bank funds—fell from 5¼ per cent at the end of September to 4⅝ per cent around year-end. In addition, complementary adjustments were made in other instruments of monetary policy. The discount rate was cut by ¼ of a percentage point to 5¼ per cent on November 22, and a modest reduction in reserve requirements on demand deposits at member banks was announced in December, to become effective in the week ending January 5. Reserve requirements were reduced by ½ of a percentage point on the first $10 million of net demand deposits of member banks, and by ¼ of a percentage point on the remainder in excess of $10 million; this action released about $550 million of bank funds for additional loans and investments.

Total flows of funds through financial markets were little changed from the preceding quarter, and credit demands remained heavily focused in the longer-maturity sectors. The home mortgage market absorbed an especially large volume of funds; with demands for home loans expanding along with enlarged inflows of savings to the major lending institutions, interest rates on conventional residential mortgages posted only small declines.

The narrowly defined money stock (*M*-1) grew at an annual rate of 6.3 per cent in the fourth quarter, up from the 4.2 per cent rate of the previous quarter. Growth rates of the broader monetary aggregates accelerated more, as the decline in market rates of interest increased the relative attractiveness of savings and small-denomination time deposits at commercial banks and thrift institutions. *M*-2 rose at a 12.3 per cent annual rate and *M*-3 at a 14.3 per cent rate—the largest quarterly gains for the broader aggregates since the spring of 1975. Faced with heavy inflows of funds and declining returns on new loans and investments, some depositary institutions toward year-end moved to cut offering rates on time and savings deposits or to take other steps to slow the growth of higher cost funds.

Over the course of 1976, *M*-1 increased 5.5

1. Changes in selected monetary aggregates

In per cent, seasonally adjusted annual rates

Item	1975	1976	1976 Q1	1976 Q2	1976 Q3	1976 Q4
Member bank reserves:						
Total	.2	1.0	3.9	.7	3.0	4.3
Nonborrowed	3.2	1.2	3.2	.4	3.0	4.6
Concepts of money[1]						
M-1	4.4	5.5	2.9	8.2	4.2	6.3
M-2	8.3	10.9	9.9	10.5	9.2	12.3
M-3	11.1	12.8	11.5	11.8	11.4	14.3
M-4	6.5	7.1	5.4	6.4	6.1	9.7
M-5	9.7	10.3	8.6	9.1	9.3	12.5
Time and savings deposits at commercial banks:						
Total (excluding large CD's)	11.7	15.2	15.3	12.4	13.0	16.8
Savings	17.0	24.5	28.3	21.7	13.4	26.9
Other time	8.0	8.0	5.6	4.9	12.5	8.2
Thrift institutions[2]	15.8	15.9	14.2	13.7	14.8	17.3
Bank credit proxy[3]	4.3	4.3	2.6	2.2	3.9	8.2
MEMO (change in billions of dollars, seasonally adjusted)						
Large CD's	5.3	19.2	6.4	5.4	4.3	3.1
U.S. Govt. demand deposits at all member banks	.2	.3	.6	.2	.6	.1

NOTES:

[1] *M*-1 is currency plus private demand deposits adjusted.

M-2 is *M*-1 plus bank time and savings deposits adjusted other than large CD's.

M-3 is *M*-2 plus deposits at mutual savings banks and savings and loans 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 member bank deposits plus funds provided by Euro-dollar borrowings and bank-related commercial paper.

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.

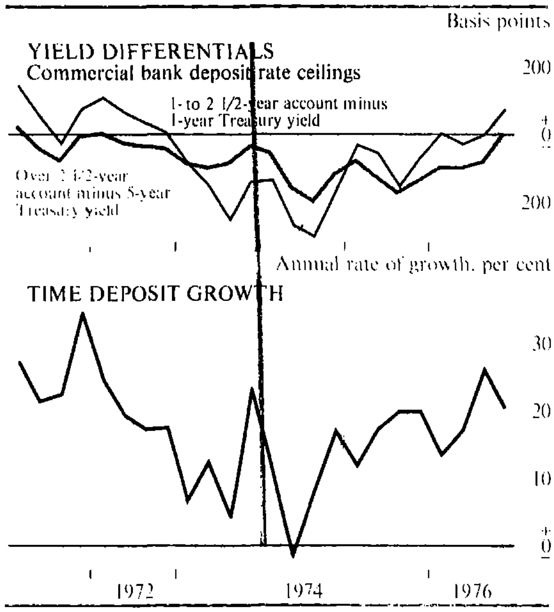
per cent, while M-2 and M-3 rose 10.9 per cent and 12.8 per cent, respectively. These advances ranged between 1 and 2½ percentage points above the comparable figures for the preceding year.

MONETARY AGGREGATES

Over the course of the fourth quarter, the short-run growth rates of M-1—currency and demand deposits held by the public—exhibited considerable short-run volatility, as had been the case during earlier periods of 1976. Apart from the wide week-to-week fluctuations, however, the aggregates trended upward during the quarter at a somewhat faster pace than in the preceding 3 months. The acceleration in growth of M-1 probably reflected to some extent the larger increases in personal income and in retail sales that occurred in the closing months of the year, as well as the stimulative effects of a somewhat more accommodative monetary policy.

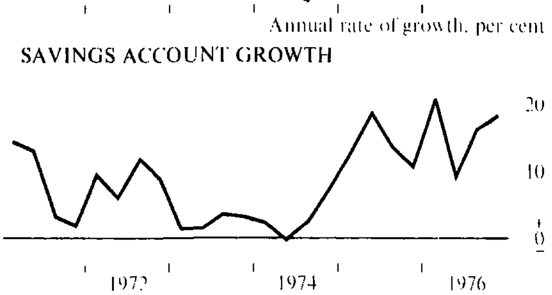
Growth in the public's demand for checking

Consumer-type time deposit growth at depositary intermediaries



Time deposit growth data are seasonally adjusted. Time deposit growth includes time accounts at mutual savings banks, savings and loan associations, and commercial banks. The commercial bank data include only time accounts of less than $100,000.

Savings account growth at depositary intermediaries



Savings account growth data are seasonally adjusted. Savings account growth includes accounts at commercial banks, mutual savings banks, and savings and loan associations.

account balances during 1976 again was depressed by the growing availability of interest-bearing alternatives for transactions purposes. Given the observed behavior of income and interest rates, it is estimated that the growth of M-1 was about 1½ percentage points less than would have been expected on the basis of past relationships. Most of this difference appears to have stemmed from the shift of transactions balances into such alternatives as negotiable order of withdrawal (NOW) accounts in New England and savings accounts for businesses and State and local governments. (Commercial banks were first authorized to offer savings accounts to State and local governments in November 1974; in November 1975 they were first permitted to offer savings accounts to businesses operated for profit, with a maximum balance of $150,000.)

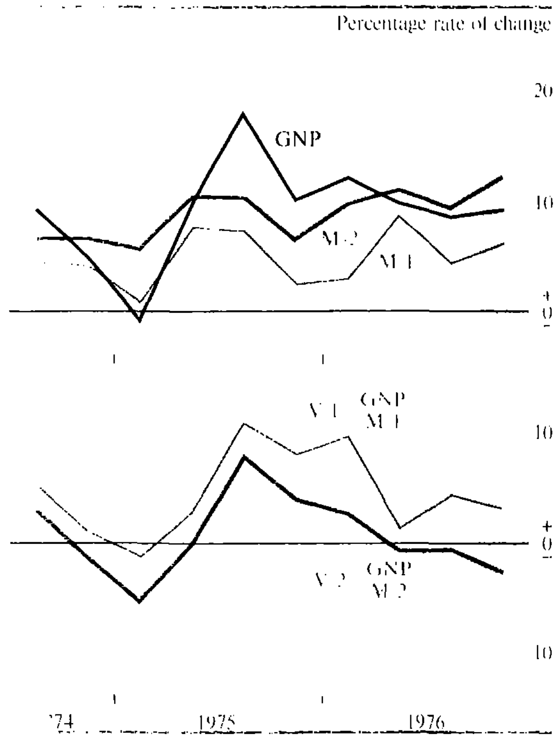
The transfer of demand deposits into interest-bearing alternatives did not depress the broader monetary aggregates as it did M-1 because these alternatives are included for the most part in *M*-2 and *M*-3. Furthermore, growth of *M*-2 and *M*-3 may have been enhanced by shifts of funds from market instruments to the new interest-bearing deposits because of their liquidity. More important in explaining the increased growth in the broader aggregates, however, was the decline in market yields below regulatory ceilings on both time and savings deposits. Growth in savings accounts at commercial banks, savings and loan associations, and mutual savings banks accelerated in the fourth quarter from the already high third-quarter pace (see accompanying chart). Time deposits other than large money market certificates of deposit (CD's) at all three types of institutions continued to expand at a very rapid, though slightly reduced, pace in the fourth quarter. The relationship between time deposit ceiling rates and rates on Treasury securities of comparable maturity remained very favorable.

Responding to the continued ease in credit market conditions, an increasing number of depositary institutions took action in the fourth quarter to reduce their cost of funds. For example, toward the end of the quarter some institutions reduced offering rates or withdrew some maturities on certificate accounts. Many also cut back on promotional activity that had been used to attract deposits. Mutual savings banks and savings and loan associations seem to have focused their actions on longer-term certificate accounts, while banks appear to have emphasized the lowering of costs on short-term time and savings deposits.

Large commercial banks permitted further declines in outstanding large negotiable CD's during the fourth quarter. However, the attrition in CD volume at large banks was slightly more than offset by an increase in their net purchases of Federal funds. The total of such money market sources of funds of large banks thus continued to increase moderately.

The impact of the growth of interest-bearing alternatives to demand deposits, and the relatively greater stimulus afforded interest-bearing deposits by declining market yields, help to explain the divergent behavior of the velocity

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



Data are at seasonally adjusted annual rates of growth.

of *M*-1 (*V*-1, the ratio of gross national product to *M*-1) and the velocity of *M*-2 (*V*-2, the ratio of GNP to *M*-2) in recent quarters. *V*-1 increased at a 2.7 per cent annual rate during the fourth quarter, while *V*-2 declined at a 3.1 per cent rate. During the last year and throughout the current expansion, *V*-1 has risen at an unusually rapid rate. In contrast, *V*-2, which had shown no systematic trend in previous years, declined by 0.7 per cent in 1976.

BANK CREDIT AND COMMERCIAL PAPER

Total loans and investments at commercial banks increased at an 8 per cent annual rate during the fourth quarter, somewhat above the 6.3 per cent average rate of increase during the year as a whole. The relatively strong demands for funds on the part of the household sector were reflected in continued gains in instalment loans and home mortgages. During 1976 as a whole, consumer and real estate loans accounted for three-fourths of total loan growth at banks—an unusually large proportion. Banks also stepped up their purchases of U.S. Government securities in the fourth quarter, particularly those with maturities of less than 1 year, bringing their total acquisitions for the year to $17 billion, compared with $30 billion during 1975.

Short-term business credit—measured as the sum of business loans at banks plus commercial paper issued by nonfinancial firms—recorded the largest increase in more than 2 years. Growth in business loans accounted for the bulk of this gain. About two-fifths of the $4 billion increase in such loans at all banks represented acquisitions of acceptances by large banks, apparently to expand their asset bases used to calculate tax-deductible loan loss reserves. Even after adjustment for the positioning of acceptances, however, growth of business loans—and of total short-term business credit—was stronger than in any other quarter of the past 2 years. Reflecting declines in short-term market yields, the prime rate at most banks fell during the quarter from 6¾ to 6¼ per cent.

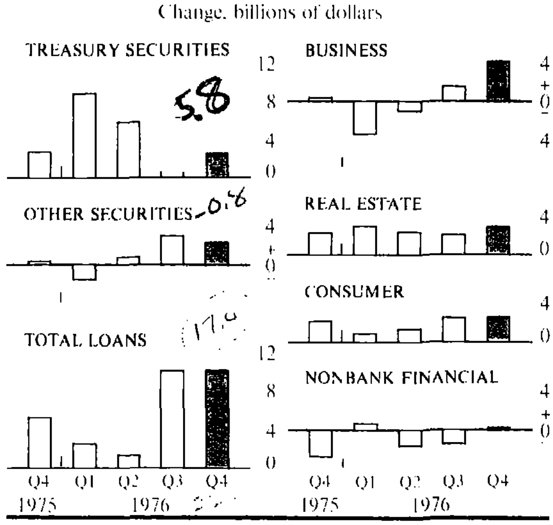
2. Rate spreads and changes in business loans and commercial paper

Period	Rate spread[1] (basis points)	Change: Business loans[2]	Change: Commercial paper[3]	Change: Total	Change: Annual rate for total (per cent)
		In billions of dollars, seasonally adjusted			
1975					
Q1	237	2.4	.8	1.6	3.2
Q2	170	4.0	1.5	5.5	11.1
Q3	121	1.4	.3	1.7	3.5
Q4	192	3	1.6	1.3	2.7
1976					
Q1	194	3.3	8	2.5	5.3
Q2	171	1.0	1.9	.9	1.9
Q3	193	1.5	1.2	3	6
Q4	180	4.2	6	4.8	10.3

[1] Prime rate less 30- to 59-day commercial paper rate.
[2] At all commercial banks based on last-Wednesday-of-month data, adjusted for outstanding amounts of loans sold to affiliates.
[3] Nonfinancial company paper measured from end-of-month to end-of-month.

Components of bank credit

Major categories of bank loans



Seasonally adjusted. Total loans and business loans adjusted for transfer between banks and their holding companies, affiliates, subsidiaries, or foreign branches.

NONBANK INTERMEDIARIES AND THE MORTGAGE MARKET

Total mortgage lending again expanded strongly in the fourth quarter, as commercial banks and nonbank thrift institutions continued to receive large inflows of time and savings deposits. The combined deposits of savings and loan associations and mutual savings banks grew more than 16½ per cent in the final quarter, modestly above the 15½ per cent pace for the year as a whole.

The continuation of strong deposit growth during the final quarter of 1976 enabled savings and loan associations to extend new mortgage credit at a record pace without placing significant pressure on their liquidity positions. Outstanding mortgage commitments (including loans in process) at savings and loan associations rose to a new seasonally adjusted high of

$25.4 billion at year-end, as these institutions continued to dominate the market for conventional 1- to 4-family home mortgages. Net mortgage acquisitions by commercial banks and mutual savings banks also moved higher in the fourth quarter, but the continued weakness in the commercial and multifamily mortgage market restrained the increase in lending by these and other institutions such as life insurance companies. Issues of mortgage-backed pass-through securities guaranteed by the Government National Mortgage Association (GNMA) continued to be important in the final quarter of 1976, as extensions of credit through purchases of these securities were about one-fifth above the previous quarter's record rate.

Interest rates on new commitments for home mortgages in the primary market moved about 10 to 15 basis points lower in the final quarter of 1976, while yields on Government-underwritten home mortgages in the secondary market declined about ½ of a percentage point. The relative stability of primary market rates was due both to a limited response by diversified lenders to the relatively attractive yields on primary mortgages and to extremely strong demands by households for home mortgage funds.

3. Net change in mortgage debt outstanding

In billions of dollars, seasonally adjusted annual rates

Change	1975 Q4	1976 Q1	1976 Q2	1976 Q3[r]	1976 Q4[e]
By type of debt					
Total	70	76	73	88	94
Residential	53	59	55	66	71
Other[1]	17	17	18	22	23
By type of holder:					
Commercial banks	10	11	9	10	12
Savings and loans	39	36	44	49	52
Mutual savings banks	3	3	3	4	5
Life insurance cos.	1	4	([2])	2	3
FNMA-GNMA	6	1	3	1	1
Other[3]	11	21	20	24	23

[1] Includes commercial and other nonresidential as well as farm properties.

[2] Less than $500 million.

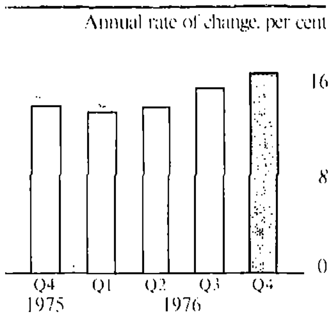
[3] Includes net changes in mortgage-backed securities guaranteed by the Government National Mortgage Association, Federal Home Loan Mortgage Corporation, or Farmers Home Administration, some of which may have been purchased by the institutions shown separately.

[e] Estimated.

[r] Revised.

Deposits

Savings and loans and mutual savings banks



Seasonally adjusted. Quarterly averages at annual rates.

SECURITIES MARKETS

Gross long-term debt and equity financing by U.S. corporations, seasonally adjusted, contracted somewhat in the final quarter of 1976, reflecting a lighter pace of new common and preferred stock offerings. Public bond offerings by industrial corporations—particularly prime-rated concerns—continued to be relatively modest by recent standards, but lower-rated industrial corporations (less than Aa), public utilities, and finance companies continued to restructure their balance sheets by increasing their volume of long-term debt issuance. In addition, privately placed bond issues are estimated to have been taken down in record amounts during the final months of the year.

Although the $26 billion of public bond offerings by domestic corporations in 1976 was only about 80 per cent of the record volume in 1975, private placements of debt securities—most of which are for lower-rated industrial concerns—are estimated to have increased about 50 per cent to $15.3 billion in 1976. The step-up in private placement activity, mostly in the form of bond acquisitions by major life insurance companies, suggests that lower-rated corporations probably issued a record volume of new, long-term debt in 1976.

4. Gross offerings of new security issues

In billions of dollars, seasonally adjusted annual rates

Type of issue	1975	1976			
	Q4	Q1	Q2	Q3[r]	Q4[e]
Corporate securities: total	50	52	53	52	49
Bonds	39	38	41	42	42
Stocks	11	14	12	10	7
Foreign securities	10	12	10	10	10
State and local govt. bonds	26	33	35	35	36

[e] Estimated.
[r] Revised.

In addition to bond offerings by domestic corporations, foreign bonds also continued to be issued in large amounts in the U.S. market during the final quarter of 1976. Public offerings of foreign bonds were at a near record in the last 3 months of 1976, but private placements were below the pace registered earlier in the year when Canadian provinces placed unusually large issues with major institutional investors. For the year as a whole, about $9.8 billion of foreign bonds were publicly offered or privately placed in U.S. capital markets; Canadian provinces and corporations accounted for more than half of the total.

With the volume of prime-rated industrial bond offerings remaining relatively light and the continuing pause in economic activity contributing to an appreciable decline in market interest rates, corporate bond yields during the fourth quarter declined to their lowest levels in nearly 3 years. The Federal Reserve index of yields on newly issued Aaa-rated utility bonds moved below 8.00 per cent in early December, a decline of almost ½ of a percentage point from the level of yields that had prevailed in late September. Bond yields continued to move lower throughout most of December and into January, but then the indications of a re-emergence of more robust economic activity, together with a build-up of the new issue calendar early in January, caused yields to move up again and erase a large portion of their end-of-December price gains. Nevertheless, the Board's index of Aaa utility bond yields finished 1976 more than 1¼ per cent below its level at the end of 1975.

New stock offerings continued to contract in the last 3 months of 1976, due in large part to reduced offerings by manufacturing and other industrial concerns. For the year as a whole, new common and preferred stock offerings are estimated to have totaled $10.7 billion, slightly less than the total for 1975. Major factors influencing the reduced pace of offerings in the second half of the year were the continuing growth of internal sources of funds and the over-all flatness in stock prices. Share prices moved up sharply early in the year, but then fluctuated in a relatively narrow range through year-end as investors became increasingly concerned about the probable future course of economic activity. The Dow Jones industrial average closed the year at 1,005, compared with 852 a year earlier, but price/earnings ratios generally edged lower during the year as the growth in earnings per share outstripped market price appreciation.

In municipal securities markets, State and local governments continued to borrow heavily in the long-term sector during the fourth quarter, as seasonally adjusted new bond offerings equaled the previous record established in the third quarter of 1975. State and local borrowing units took advantage of the lowest long-term tax-exempt yields in 2½ years to refund prior high-cost issues, to reduce their dependence on the short-term market, and to accelerate offerings originally scheduled for later dates. Increased participation by property-casualty insurance companies, commercial banks, and investment companies—including the newly authorized open-end municipal bond funds—allowed the large volume of new securities to be marketed with sharply lower yields. The *Bond Buyer* index of tax-exempt yields declined to 5.83 per cent at year-end 1976, a decline of nearly two-thirds of a percentage point over the quarter and 1½ per cent for the year.

The Federal Government financed about one-fourth of its sizable deficit during the final quarter of 1976 by running down its large end-of-September cash balance. Net borrowing, at

5. Federal Government borrowing and cash balance

Quarterly totals, in billions of dollars, not seasonally adjusted

Item	1975		1976			
	Q3	Q4	Q1	Q2	Q3	Q4
Treasury financing						
Budget surplus, or deficit	18.5	26.8	22.7	2.2	12.7	22.8
Off-budget deficit[1]	.8	2.4	3.8	.7	2.0	.4
Net cash borrowings, or repayments ( )	23.5	25.9	24.1	9.4	18.0	17.4
Other means of financing[2]	1.1	1.2	2.0	4.0	.7	.8
Change in cash balance	2.9	2.1	.4	6.8	2.6	5.7
Federally sponsored credit agencies, net cash borrowings[3]	.8	1.8	.3	.5	1.7	.3

[1] Includes outlays of the Export-Import Bank, 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.

[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, Federal National Mortgage Association (including discount notes and securities guaranteed by the Government National Mortgage Association), and farm credit banks.

$17.4 billion, was little changed from the level of the third quarter. The U.S. Treasury continued to pursue the objective of lengthening the maturity structure of its marketable debt, although somewhat less aggressively than during the preceding two quarters; it raised only $2.5 billion of net new money with Treasury bills compared with $11.1 billion of coupon issues. Sales of savings bonds, State and local government series obligations, and nonmarketable foreign series issues accounted for the remaining $3.8 billion of the Treasury's net cash borrowings.

The Federal Reserve System purchased about $1.3 billion of U.S. Treasury coupon issues and Federal agency securities during the final quarter of 1976, while its holdings of bills declined by almost $900 million. For the year as a whole, the System's securities portfolio increased $9.8 billion, with about two-thirds of this amount accounted for by a rise in outright holdings of securities. Acquisitions of Treasury coupon securities accounted for about 85 per cent of the net outright purchases, while the System's bill holdings increased more than $850 million. The increase in the System's securities portfolio principally served to offset increases in currency outstanding and Treasury balances held with the Federal Reserve; the System's member bank reserve balances posted a modest decline when measured from year-end 1975 to year-end 1976. □

Statements to Congress

Statement by Stephen S. Gardner, Vice Chairman, Board of Governors of the Federal Reserve System, before the Commerce, Consumer, and Monetary Affairs Subcommittee of the Committee on Government Operations and the Financial Institutions Supervision, Regulation and Insurance Subcommittee of the Committee on Banking, Finance, and Urban Affairs, U.S. House of Representatives, February 2, 1977.

Mr. Chairman, members of the committees. These introductory remarks will be brief. The General Accounting Office (GAO) report on Federal bank supervision already contains the comments of the agencies. I would like to move on to an evaluation of major findings in the study.

The data and recommendations in the report viewed in the perspective of the entire U.S. banking system confirm the judgment that the industry is sound; that it has weathered the worst economic conditions since the 1930's; that, as a result of this experience, some additional supervisory powers to control abuses are desirable; that formal coordination between agencies would be helpful; that the agencies themselves have begun many new programs to refine examination techniques; and that no basic revision of the Federal structure of bank supervision is required.

The economy in 1974 and 1975 experienced the longest and most severe recession in the post-World-War-II era. During this period, real GNP fell five consecutive quarters, industrial production fell sharply, and unemployment reached a post-World-War-II high of 8.9 per cent. The 14,000 commercial banks in our diverse and regionalized banking system are the principal suppliers of credit to business. Their loan portfolios are a mirror image of America's industrial and commercial economy. Only the uninformed would not expect the banking system to be subjected to the financial pressures of an historic recession following immediately after a severe period of inflation. Banks, however, were generally able to cope with these extraordinary problems. And there are no conclusions in the GAO study that suggest we do not still have a viable and sound banking industry.

Federal oversight of banking and the performance of the supervisory agencies aided in the achievement of this result. In addition to supervising banks and other depositary institutions, Federal and State experts annually examine banking and thrift institutions. No other private industry is subject to such detailed Federal and State financial reviews. The experience of decades, through periods of changing economic conditions, has gone into the evolution of this process. The system, which was essentially completed and enacted by the Congress in the 1930's, has served the country well.

Let me substantiate this. The GAO study directs considerable attention to banking problems and "problem banks." Relatively few banks, less than 5 per cent of the 14,000 banks in the United States, have been on the "problem lists" of the agencies at any one time. Moreover, as the data prepared by the GAO show, the composition of these lists changes frequently as problems are identified by the regulators and resolved by the institutions. Only a small percentage of problem banks actually fail. In the difficult period from 1970 through 1975, there were only 42 bank failures and most such institutions were relatively small. In the majority of these cases, the supervisory agencies were able to arrange takeovers of the failed institutions by healthy banks. Few were liquidated, and this permitted uninterrupted services to customers and held losses to uninsured depositors to a minimal aggregate dollar amount. It seems unnecessary to compare the percentage and numbers of bank failures to the many thousands of business liquidations and bankruptcies or to compare the number of bank failures in the early 1930's with the entire period since that time.

I would also like to clarify the use of the term "problem lists." The GAO study based some of its conclusions of supervisory effectiveness on the length of time a given institution remained on such lists. The majority of banks on these lists were institutions that had experienced some difficulties and had been identified as needing more than the usual degree of supervisory attention and monitoring. Supervisory performance should not be measured by the number of institutions that the supervisor believes warrant close attention and/or the length of time such attention is given. That may also be a measure of the supervisor's alertness. In addition, it should be recognized that there are banking institutions—fortunately not many—that are only marginally successful businesses but that provide essential services to their communities. If the supervisors believe they can work closely with the bank and safely let it continue, they may find it necessary to maintain close scrutiny for a number of years. We believe this is a responsible policy that is in the public interest.

The GAO study has resulted in considerable attention being focused on the number of violations of law uncovered by bank examiners. The GAO study, however, quite correctly points out that many of these violations were of a technical nature and had little or no impact on the financial soundness of the institutions. Further, the very fact that examiners uncovered such violations demonstrates the effectiveness of the examination process. They found such violations, technical or otherwise, in reviewing tens of millions of transactions of the kind indigenous to the complex U.S. economy today.

In the important area of consumer affairs, the Board of Governors of the Federal Reserve System has had the major responsibility for drafting companion regulations for the surging growth of legislation that has taken place over the past 2 years. The Board's newly organized Division of Consumer Affairs is working closely with the other agencies and has formed a task force to develop methods to enforce the newly enacted consumer credit laws. A cadre of examination specialists is being trained to concentrate on inspection for compliance with consumer protection statutes. Two schools on consumer regulations were conducted in 1976 and four are planned for 1977. In addition, examination manuals that deal with the full array of consumer regulations have recently been prepared. A new examination report form dealing exclusively with this area has been developed and is expected to be in use in the near future. In short, prior to the GAO study, we had been moving ahead vigorously to insure implementation of these new laws.

The percentage of problem institutions among bank holding companies is relatively as small as the percentage of problem banks. In discussing holding companies, it is again necessary to seek perspectives. Despite the flurry of acquisition activity in the early 1970's, most of the major bank holding companies continue to be primarily commercial banking operations with less than 5 per cent of their total assets representing nonbank activities. There are some 1,800 bank holding companies, and they control banks that hold more than two-thirds of the total U.S. banking deposits. While there are dramatic instances in which nonbank activities contributed significantly to banking problems, there are many more instances when this did not occur. This is due in large part to the tradition of sound banking that has been fostered across the decades by our bank supervisory system.

Following the 1970 amendments to the Bank Holding Company Act, there were some instances of excessive expansion, and in early 1974 the Board adopted a "go slow" policy concerning holding company and bank expansion. This policy, which curbed expansion, was instituted because the Board believed that managerial and financial resources in some instances needed to be used first and foremost to strengthen existing operations of bank subsidiaries, some of which had experienced sharply declining capital ratios. The Board took other actions, such as the use of cautionary letters concerning credit expansion. These efforts helped to slow and discipline the accelerating growth of the U.S. banks in the early 1970's. The impact of the recession would have been more severe had these actions not been taken.

In October 1974 the Board's request for cease-and-desist authority over bank holding companies was granted. Since that time, the Board has significantly expanded its supervisory efforts and has concentrated primarily on bank holding companies exhibiting problems. The on-site inspection program for bank holding companies has been stepped up, and a refinement of the System's computer-based monitoring capabilities is under way. In the 26 months the Board has had the authority, it has issued 12 cease-and-desist orders and 12 written agreements against holding companies.

Far more important than the issuance of cease-and-desist orders have been the numerous instances in which Federal Reserve personnel have advised holding companies to defer expansionary programs. The withholding of supervisory approval needed by bank holding companies that seek to engage in additional activities or, in some cases, to expand their present operation has proven to be a most effective supervisory tool. I am sorry that we do not have a precise record of the number of occasions when Federal Reserve personnel have advised holding companies against submitting expansionary proposals until bank deficiencies were corrected.

The GAO study makes a number of recommendations to assure greater uniformity in supervisory procedures among the agencies. Senator Stevenson introduced the Federal Bank Examination Council Act (S. 3494) in May 1976. Such a council would establish uniform standards and procedures for Federal examination of banks as well as uniform reporting systems and joint schools for examiners. The Board supports such legislation. A proposal along those lines would accomplish most of the objectives set forth in the GAO study's comments on uniform procedures. Even without such legislation, the Board intends to continue to work toward more effective coordination with the other agencies.

The GAO study also confirms the desirability of expanded supervisory legislation. The Board recommended such measures to the Congress as early as September 1975. The legislation proposed in H.R. 9743 and S. 2304 would have provided civil penalties for violations of a number of provisions of Federal law. It would have imposed new restrictions on a bank's transactions with insiders and placed the agencies in a position to make more effective use of the Financial Institutions Supervisory Act of 1966. These bills were not enacted, but the Board intends to propose similar measures again.

The principal recommendations in the GAO study relate to refinement of examination techniques, changes in the formats of examination report forms, and improved communications with the banks. Most of the recommendations appear sound. In fact, they involve concepts that have been extensively discussed and considered by bank supervisors, and some, in varying degrees, have been implemented. For example, the GAO recommends that the examiner meet with the bank's board of directors after each examination. The Federal Reserve has used a similar technique through its policy of insisting that the board of directors of all State member banks be informed of the examiners' findings. In most examinations this is done by requesting the directors to approve the bank's reply to the examiner's report. Many meetings with directors have also been held. In addition, it is Board policy that such a meeting be required in those instances when there has been a marked deterioration in the condition of the bank. Reserve Bank officials are routinely expected to request meetings with bank directors whenever they feel it is appropriate.

The further evolution and improvement of the supervisory system will be aided by congressional action on the legislative proposals that are supported in the GAO study. There is appropriate evidence in the GAO study that the supervisory agencies have adopted systems and procedures to meet significant changes that have occurred and will continue to occur in the industry they oversee. We have a comprehensive system of Federal oversight of banks. It has been improving, but it can be improved further as many of GAO's suggestions indicate. Nevertheless, the present system has been well conceived, and, judged on the record of the industry it regulates, it has been successful.

I would also like to make an observation concerning the role of bank supervision. Bank examination and supervision should not only be directed at securing compliance with laws and regulations and assuring the safety and soundness of depositors' funds but supervisors also should manage their responsibilities in the broadest sense of the public interest, so that the community and the economy have competitive, vigorous, and sound banking units. A system of bank regulation that goes beyond these goals imposes social costs and economic dangers. It is not the job of the supervisors to determine whether specific loans or types of loans should or should not be extended or even how a bank's resources should be used except when such actions contravene law or imperil the safety and soundness of the bank.

In closing, I wish again to note that the U.S. economy is in the process of recovering from a prolonged and severe recession, which saw the near collapse of the construction and housing industries. The commercial banking system has made progress in managing the loan problems that have arisen from those hard-hit industries and from other borrowers adversely affected by the sharp economic downturn. The experience with the problems encountered during this recessionary period has increased the awareness of some bank managers as to the risk factors in banking and improved their ability to assess and deal with such risks. It has also pointed to the need for some additional legislation and for some improvements in supervisory techniques. The Federal Reserve has taken steps to meet these needs. □

Statement by Arthur F. Burns, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance, and Urban Affairs, U.S. House of Representatives, February 3, 1977.

I am pleased to meet once again with this distinguished committee to present the report of the Board of Governors of the Federal Reserve System on the condition of the national economy and the course of monetary policy.

When I last met with you in July 1976, the growth of economic activity had begun to slow perceptibly, after a year of brisk recovery. At that time, I noted that the balance of economic forces suggested an early return to stronger rates of expansion in production and employment. The favorable turn of events during the past several months indicates that our economy is, in fact, emerging from the recent pause.

Periods of retardation in economic growth, followed by a renewed upsurge of economic activity, have been a fairly common feature of business-cycle expansions. In 1962, for example, the growth of output slowed markedly for several quarters, but a more rapid pace resumed in 1963. Earlier, economic expansion appeared to falter in late 1951 and early 1952, and then picked up with some vigor. Looking back still further to the business cycles before World War II, we find that periods of retarded growth and subsequent resurgence frequently occurred during the longer phases of economic expansion.

The improvement in the condition of the national economy over the past several months is due in some measure to the impetus provided by governmental policies. Monetary policy remained accommodative throughout 1976. Indeed, open market operations by the Federal Reserve sought late last year to encourage somewhat more ample supplies of money and credit. Also, the discount rate on loans to member banks was reduced in November, and reserve requirements on demand deposits were again lowered in December. By promoting some easing of conditions in the money and capital markets at a time of business hesitation, these actions helped to bolster the state of business and consumer confidence.

Fiscal actions also became more stimulative during the latter half of 1976. Expenditures of the Federal Government, as measured in the national income and product accounts, fell short of official projections during the first half of last year. Later in the year, as a part of the earlier shortfall was made up, Federal expenditures rose rather rapidly.

These facts deserve only passing notice. The noteworthy feature of the recent pick-up in business activity is that it mainly resulted from the normal workings of self-corrective forces within the private economy. Last summer, many manufacturers curtailed production of items for which inventories were rising too rapidly. Retailers, in their turn, offered price concessions to consumers and increased their advertising in order to stimulate sales. Before long, consumers began to respond energetically. Retail sales regained strength in October and then moved up substantially further in the closing months of the year.

Homebuilding activity, which has been in an upward trend since early 1975, also rose significantly late last year in response to improving conditions in the mortgage and real estate markets. The strong underlying demand for housing—especially in sections of the country experiencing rapid population growth—led to a rapid increase in sales of new and existing homes and to a rising level of new starts for both single-family and apartment dwellings. Total housing starts during the last 3 months of 1976 advanced nearly 15 per cent from the preceding quarter and reached the highest level in more than 3 years.

Thus, despite some weakening in the pace of business investment in fixed capital, the physical volume of final purchases—that is, all purchases of goods and services except for additions to inventories—rose at an annual rate of almost 5 per cent in the fourth quarter. This was the most rapid advance of any quarter during 1976. The strengthening of final purchases enabled business firms across the Nation to work off a good part of the excess inventories that had accumulated over the preceding months. True, the aggregate volume of business inventories rose further in the fourth quarter, but the rate of advance was much slower than in the summer and much slower also than the increase in final sales. This reduced pace of inventory accumulation, along with strikes in some major industries, was responsible for a disappointing performance of physical output during the final quarter of last year. But it set the stage for a return to a more vigorous rate of economic expansion by bringing sales and stocks into better balance.

Actually, the pace of orders and production has already begun to quicken. New orders for durable goods began moving up in November and rose sharply further in December. The output of our Nation's factories, mines, and power plants also rebounded sharply in November, as the depressing impact of major strikes abated; and another strong advance of production was registered in December.

Conditions in labor markets were improving noticeably around year-end. Employment rose briskly in December, and unemployment declined across a range of industries. The reduction in unemployment among heads of households was particularly encouraging. A strengthening of demand for labor has also been evident in the recent declining rate of layoffs and the rising pace of new hires at manufacturing establishments. With employment growing more rapidly, the volume of personal income during the fourth quarter rose at an annual rate of nearly 11 per cent—half again as fast as in the previous 3-month period.

Activity in the current quarter is being adversely affected by plant shutdowns in many parts of our country as a result of shortages of natural gas and other fuels. The difficulties imposed on many American families by the bitterly cold winter will be long remembered, but I do not expect large or lasting effects on the performance of the economy during 1977.

Thus, further good gains in economic activity seem very likely during the course of this year. Consumers are now spending more freely—the percentage of disposable personal income spent on goods and services during the fourth quarter was the highest in several years. Except for areas where the weather has been unfavorable, retail sales during January appear to have continued at a satisfactory pace. Moreover, consumers have built up their stock of liquid assets substantially during the past year, and they have also been cautious in adding to their debts. The over-all financial condition of the household sector has thus improved, and this will contribute to stronger consumer markets in the months ahead.

Prospects for residential construction are also bright. Construction of single-family homes has already rebounded sharply, and production of multifamily units is now gradually recovering from overbuilding and the other problems that had been troubling this sector. Mortgage credit is in ample supply. Commitments by thrift institutions for home mortgage loans are at record levels; the inflow of savings to these institutions is continuing at a high rate; and mortgage interest rates are gradually declining. Housing starts should therefore continue to move up at a good pace.

Our export trades, too, can be expected to improve during 1977. Many foreign economies experienced a retardation of growth last year just as we did, and they too are likely to enjoy a pick-up in the tempo of activity relatively soon. The demand for our exports should therefore increase. Of course, our imports will also be increasing as the domestic economy continues to expand, so that our net trade balance may not improve appreciably during the course of this year. The growth of imports, however, is not expected to be as rapid as it was in 1976, and net income from services should increase further. Thus, our deficit on current account with other countries will probably be rather moderate in 1977.

Business spending should contribute substantially to economic expansion this year. Inventory investment may proceed at a cautious pace for a little while longer; but with consumer purchases continuing to grow satisfactorily, business firms will soon have to add substantially to their inventories.

Outlays for plant and equipment should also strengthen as 1977 unfolds. During the course of this recovery, businessmen have been planning for the future with considerable caution. Additional hesitancy developed last summer when the pace of expansion slowed, and a few firms postponed new projects while some others stretched out their capital expenditure programs. These attitudes are now changing. Confidence has been strengthened by President Carter's firm statement rejecting wage and price controls, as well as by the recent trend of business developments.

I feel reasonably confident that 1977 will be a good year for the Nation's economy, but this is no time for complacency. Much remains to be accomplished. Although the proportion of our adult population holding jobs has been rising, more than 7 million people are still out of work, and our labor force is growing very rapidly. Last year women entered the labor force in exceptionally large numbers, and the total number of individuals at work or seeking employment rose on an unprecedented scale—by 2.8 million.

Although unemployment is widespread, the inflation from which our country has also been suffering has not come to an end. Despite heartening progress over the past 2 years, prices are still rising at a troublesome rate. In 1976 consumer prices on the average rose about 5 per cent—down from 7 per cent in 1975 and 12 per cent in 1974. But the American people are not content to live with a 5 per cent rate of inflation, nor should they be. If the general price level were to continue rising at a rate of 5 per cent a year, the value of a family's savings—or the purchasing power of a retiree's pension check—would be cut in half in just 15 years. Worse still, if a 5 per cent rate of price advance were to be accepted complacently by Government, inflationary expectations would intensify, and the actual rate of price increases would then almost certainly move toward higher levels.

Unfortunately, it will be difficult to achieve a significant reduction in the rate of inflation in the immediate future. Wholesale prices of industrial commodities rose during the past half year at an annual rate of over 9 per cent. At the consumer level, prices of heating fuels and gasoline have of late been rising rapidly again. As the pace of economic activity quickens in coming months, pressures could develop for larger and more widespread increases in wages and prices than we have recently experienced. The outlook for prices is thus a worrisome matter, and it must be given very careful attention. For a durable prosperity will not be achieved in our country until we gain better control of the inflationary forces that have damaged our economy for more than a decade.

There are several other longer-range problems to which public policy must attend. During the past decade, increases in the output per manhour in the private sector have averaged less than 2 per cent a year—a substantial decline from the 3 per cent rate achieved during the preceding decade. There are numerous reasons for this sorry performance. For one thing, the work habits of the American people are not what they once were: absenteeism is a growing problem for many firms, and there are other manifestations of less dedication by workers. Another reason is that the expansion and modernization of our industrial plant has been inadequate. Last year, our country devoted less than 10 per cent of its total output of goods and services to the production of new plant and equipment. Other industrialized nations have been committing a much larger fraction of their resources to capital formation than we—and they have also been experiencing faster economic growth.

Public policy must also come to grips with the need to revitalize our central cities, with the need to reform a welfare system that has become chaotic and inordinately costly, and with the need to strengthen our national security by regaining substantial independence in the energy area. Energy consumption is rising rapidly again, and the recent very cold weather has reminded us poignantly of the critical role played by supplies of natural gas and petroleum in our economy. The shortage of natural gas is now receiving constructive attention from the Congress. But, unfortunately, we are still at the mercy of a few oil-exporting countries; in fact, our dependence on foreign sources of oil is substantially larger now than at the time of the 1973 oil embargo.

We will not solve this or our other longer-term problems simply by loosening the Federal purse strings and letting the money roll out. That course would sooner or later accelerate inflation and thereby create other, and perhaps even greater, economic problems. It should be abundantly clear by now that a healthy and prosperous economy can be achieved only by pursuing policies that are consistent with steady progress toward restoration of general price stability.

That principle is continuing to guide Federal Reserve policy. Over the past year, growth rates of the major monetary aggregates have not been excessive, and our projected ranges for the future have been gradually reduced. This course of action, by dampening inflationary expectations, has helped to restore public confidence—both here and abroad—in the value of our currency and in the future of our economy.

Mainly as a result of this lessening of inflationary fears, interest rates have not increased as they usually do in a period of cyclical expansion. In fact, the level of interest rates on short- and long-term securities is appreciably lower now than it was at the beginning of economic recovery in 1975.

Thus, the monetary policy we have pursued has fostered conditions in financial markets that have aided the process of economic recovery. Supplies of credit have been ample. In fact, the volume of funds raised by the nonfinancial sectors of the economy has increased considerably faster than the dollar value of the gross national product. Meanwhile, the financial condition of business firms has improved materially; and financial institutions have rebuilt their liquidity, so that they will be able to accommodate a substantial rise of credit demands in the months ahead.

The growth rates of major monetary aggregates have remained relatively close to those we had expected earlier. In the year ended in the fourth quarter of 1976, *M*-1—that is, the money stock defined narrowly so as to include only currency and demand deposits—rose 5.4 per cent, somewhat below the midpoint of the range projected a year ago. In contrast, *M*-2—which also includes savings and consumer-type time deposits at commercial banks—increased 10.9 per cent, just above the upper end of its projected range. Growth of *M*-3—a still broader measure of money that encompasses, besides the components of *M*-2, the deposits at savings banks, savings and loan associations, and credit unions—amounted to 12.8 per cent, and also exceeded its range by a small margin.

There was an unusually wide gap during the past year between the growth rates of *M*-1 and the broader monetary aggregates. This stemmed in large measure from changes in financial markets that have served to reduce reliance on demand deposits for handling monetary transactions. Recent financial innovations have important implications for the conduct of monetary policy, and it may therefore be worthwhile to comment on them.

Elements of the innovational process currently under way in financial markets can be traced as far back as the early 1950's. When interest rates rose during the cyclical upswing of 1952 and 1953, some large corporations began to invest their spare cash in Treasury bills. In subsequent years, more and more firms increased their efforts to develop better systems of cash management, so as to minimize holdings of demand deposits which—under existing law—bear no interest. In time, individuals began to emulate business practices—by shifting idle funds into liquid market securities or savings deposits.

In the late 1950's and early 1960's, the innovational process was accelerated by more aggressive efforts of commercial banks, especially the larger institutions, to bid for loanable funds. Major efforts were made to attract the highly interest-sensitive funds of corporations and other large depositors. For example, banks in the money market centers began in 1961 to sell large-denomination certificates of deposit on a significant scale; and a secondary market, which soon developed for these instruments, enhanced their acceptability.

With inflation pushing interest rates to extraordinary heights during the past decade, both business firms and individuals have intensified their search for ways to minimize holdings of non-interest-bearing assets. Financial institutions, meanwhile, have been competing actively to meet the public's needs. As a consequence, the innovational process has accelerated. An array of new financial instruments and practices has developed that has enabled the public to hold an increasing fraction of its transactions balances in interest-bearing form.

For example, the so-called negotiable order of withdrawal (NOW) accounts have grown steadily in the New England States, and they serve effectively as checking accounts for many individuals. Smaller businesses and State and local governments nowadays hold a significant part of their cash balances in the form of savings accounts at commercial banks—which only recently were granted authority to accept such deposits. Moreover, many individuals are learning to use savings accounts for transactions purposes by making payments through third-party transfer arrangements, or by telephonic transfers of funds from savings to demand deposits to cover newly written checks. Others are using money market mutual funds for the same purpose. And still others have worked out overdraft arrangements with their banks to reduce the amount of funds held in demand deposits bearing no interest.

In projecting its monetary growth ranges, the Federal Open Market Committee has had to keep these developments of financial technology carefully in mind because they affect the rates of growth of monetary aggregates that are needed to sustain economic expansion. At its meeting about 2 weeks ago, the Committee adopted ranges for the year ending in the fourth quarter of 1977 that differ only a little from those announced last November. For *M*-1, the previous range of 4½ to 6½ per cent has been retained. For *M*-2 and *M*-3, the lower boundaries of the ranges were reduced by a half of a percentage point. Consequently, the new range is 7 to 10 per cent for *M*-2 and 8½ to 11½ per cent for *M*-3.

The downward adjustment of the lower boundary of the ranges for *M*-2 and *M*-3 largely reflects technical considerations. By historical standards, growth of the broader measures of money in 1976 was relatively rapid in relation to growth of *M*-1. Over the course of last year, *M*-1 rose 5.4 per cent, very close to the 5.6 per cent average of the preceding 10 years. But *M*-2 increased 10.9 per cent in 1976, in contrast to an average yearly rise of 8.3 per cent over the preceding decade; and *M*-3 increased 12.8

per cent, in contrast to an average annual increase of 8.8 per cent in the preceding 10 years.

It seems likely that growth rates of these broader aggregates will move back toward historical norms in 1977. Last year the growth of M-2 and M-3 was influenced by shifts of existing stocks of financial assets from market securities to time and savings deposits. This adjustment of assets may not go much further. Moreover, some banks and thrift institutions, having experienced larger inflows of funds than they can readily invest, have of late taken steps to slow deposit inflows—by reducing the interest rate offered on savings certificates and deposits, or by curtailing promotional activity, or in other ways. These actions should tend to moderate the growth of M-2 and M-3 without impairing the flow of funds for homebuilding.

Besides these technical considerations, the adjustment of the lower limit of the projected ranges for M-2 and M-3 reflects the Federal Reserve's firm intention to continue moving gradually toward rates of monetary expansion that over the longer run are consistent with general price stability. The step we have taken on this occasion is a very small one, but it may still bolster the confidence of the public in the commitment of the Federal Reserve to do what it can to unwind the inflation from which our economy continues to suffer.

The projected range for M-1 in the year ahead reflects our assumption that the financial innovations now in train will continue to reduce materially the proportion of transactions balances that are held in the form of currency and demand deposits. If our assumption is correct, the range we have projected for M-1, together with the ranges projected for M-2 and M-3, should be adequate to finance a faster rate of growth of physical production in 1977 than we experienced in 1976. I must note, however, as I have repeatedly in the past, that profound uncertainties surround the relationships among the various monetary aggregates and between rates of monetary expansion and economic performance. We shall therefore monitor emerging developments closely and stand ready to modify our projected growth ranges as circumstances may dictate.

Let me also take this opportunity to state once again that substantial further reduction in growth rates of all the major monetary aggregates will be needed over the next few years if our Nation is to succeed in halting inflation. The long-run growth rate of physical production at full employment has declined in recent years and is probably around 3½ per cent at present. Judging by the experience of the past two or three decades, a stable price level would require a rate of expansion in M-1 that over the long run is well below the growth rate of total output. Growth rates of the broader monetary aggregates consistent with general price stability might be somewhat higher than long-term growth of output; but in any event they would have to be far below the rates experienced in recent years.

Our Nation needs to make progress during 1977 in creating more jobs and in expanding our industrial capacity. We at the Federal Reserve fully recognize this fact, as our recent policy actions have made clear. We are also mindful of the need to make further progress in the battle against inflation. Highly expansionist policies that seek to achieve striking gains in economic activity with little or no regard to their inflationary consequences are apt to fail. Once inflationary expectations are inflamed, conditions in financial markets will deteriorate, and the confidence of businessmen and consumers will be eroded. Hopes for a sustained economic recovery would then be undermined.

Public policy must find a middle ground. Deficits in the Federal budget must be scrupulously watched and gradually reduced. Growth in supplies of money and credit must also be brought down gradually to rates consistent with general price stability.

Our Nation has paid a heavy price for permitting inflation to get out of control in the late 1960's and early 1970's. We must not lose sight of that fact. The substantial progress we have made in slowing inflation since 1974 has helped to heal our economy. Gradual restoration of price stability is within our means. Unless we stay on that course, the lasting prosperity to which the American people aspire will continue to elude us. □

Statement by Philip C. Jackson, Member, Board of Governors of the Federal Reserve System, before the Consumer Affairs Subcommittee of the Committee on Banking, Finance, and Urban Affairs, U.S. House of Representatives, February 9, 1977.

Mr. Chairman, I appreciate this opportunity to participate on behalf of the Board of Governors of the Federal Reserve System in your subcommittee's hearings on the current status of consumer credit laws. While it supports the basic public purpose of consumer credit legislation, the Board has become increasingly concerned about the degree of complexity and overlap of existing laws and hopes the situation can be clarified and simplified. It is small wonder that the members of the Congress and of the Board have received a substantial quantity of complaints, particularly from small creditors, stating that they have difficulty understanding and complying with *all* of the laws. Some responsible observers are now questioning whether the existing regulatory framework is providing benefits to the public commensurate to its costs.

To give perspective to the issues we will raise, I would like first to provide a brief review of consumer credit legislation in our country. I will also report generally on the Board's experience to date as the principal agency charged with writing regulations to implement Federal legislation in this field. Finally, I would like to suggest some matters your committee may want to consider.

With rare exceptions, consumer credit regulatory legislation prior to 1968 was enacted by the various States rather than the Federal Government. Even then the laws were complicated. Most States have long had laws setting a ceiling on the price for loans to consumers. To this basic legislation, most States over time have added a multiple layering of special conditions and rules.

Your own home State of Illinois, Mr. Chairman, is a typical example. I am told that virtually no consumer credit transactions take place under the Illinois basic interest ceiling law. Instead, they occur under many different laws. For example, the Retail Installment Sales Act governs the credit sale of goods other than motor vehicles, which fall under the Motor Vehicle Retail Installment Sales Act. There are six separate, but partially overlapping, laws in Illinois governing consumer loans. Each of these different laws tends to have its own set of special requirements for contract provisions, notices, administration, advertising, insurance, disclosure, and related matters. Thus, even without Federal legislation, the statutory situation was complex.

The Federal Government entered the consumer credit field initially through various credit programs concerning home mortgage credit, insurance or guaranties, and farm credit. The Board of Governors first began to regulate consumer credit practices in 1968 with the passage of the Federal Consumer Credit Protection Act, commonly known as Truth in Lending. The Act directed the Board to write implementing regulations, which became Regulation Z.

Since 1968 the Congress has passed seven major amendments to the Consumer Credit Protection Act, as well as three separate disclosure statutes involving credit terms. Significantly, 8 of these statutory changes have been enacted since October 1974—a period of less than 28 months—and 9 of the 10 laws have required implementing regulations.

Specifically, the statutory changes include in chronological order:

1. The Fair Credit Reporting Act (1970).
2. The Credit Card Amendments to Truth in Lending (1970).
3. Technical Amendments to Truth in Lending (1974).
4. The Fair Credit Billing Act (1974).
5. The Equal Credit Opportunity Act (1974).
6. The Real Estate Settlement Procedures Act (1974).
7. The Federal Trade Commission Improvement Act (1975).
8. The Home Mortgage Disclosure Act (1976).
9. The Consumer Leasing Act (1976).
10. Amendments to the Equal Credit Opportunity Act (1976).

At the direction of the Congress, the Federal Reserve has been involved in developing written regulations under all but one of the Acts. The Board also issues official interpretations of its regulations. Recently, the Congress empowered the Board to authorize official staff interpretations upon which creditors could rely without fear of civil liability, and the staff has begun issuing these interpretations. In addition, our staff has historically answered informal inquiries about the regulations. Although these staff interpretations do not have the force and effect of law, most conscientious creditors react to them as if they did. Finally, the courts have been offering further interpretations of the Acts, regulations, and interpretations. At this time, there are several hundred reported decisions on Truth in Lending alone.

In addition to implementing relatively specific statutory provisions, the Federal Trade Commission and the Board have been directed by the Congress to issue rules and regulations defining and outlawing unfair or deceptive trade practices under the 1975 FTC Improvement Act. Currently pending under that authority are three detailed trade regulation rules proposed by the Commission: the Creditor Practices Rule, dealing with collateral and collection practices; the creditor amendment to the Rule Preserving Consumers' Claims and Defenses (the so-called Holder Rule); and the Used Motor Vehicle Rule.

In summary, we now have a system that layers State laws, State regulations, Federal laws and regulations, staff interpretations, and State and Federal court decisions.

If one had the advantage of knowing in advance that the governmental control of consumer credit would develop in the form I have outlined, two conclusions could readily have been drawn. First, State and Federal law would not fit very well together and, therefore, would produce substantial conflicts and difficulties. The second would be that the entire consumer credit regulation framework would be complex and difficult to understand, administer, and comply with.

The relationship between State and Federal law is complicated by provisions in many of the Acts the Board administers relating to pre-emption or exemption of State law. When should a State law be *pre-empted* by a Federal law? When should transactions within a State be *exempted* from a Federal law? Further confusion arises from the fact that the various statutes set different standards applicable to different areas of law. In addition, the problem is more complex because the subject matter and purposes of these statutes differ widely. Let me give you some examples of the pre-emption–exemption problem.

The original Truth in Lending Act set a rather simple standard under which those State disclosure laws found to be "inconsistent" with the Federal law were pre-empted. Likewise, the Truth in Lending standard for determining when a State should be exempt from Chapter II of the Truth in Lending Act is that the State law must be "substantially similar" to the Federal law.

The Fair Credit Billing Act carried the standard for Federal pre-emption of State law one step further. As under Truth in Lending, a State's law is pre-empted to the extent that it is found inconsistent. However, the Board may find that the State law is not inconsistent to the extent that it provides greater protection to the consumer. This additional step has caused considerable conceptual difficulty. How should the laws be compared—in their entireties or section by section? Defining and applying the standard raises still more problems. For example, New York requires that a billing inquiry be sent by registered mail; the Federal law does not. It could be argued that the New York law is more protective since it provides for better proof that the customer sent the inquiry. Alternatively, one could argue that it is less protective and thus inconsistent because of the additional burden placed upon the consumer to register the letter and pay the increased postage costs.

The Consumer Leasing Act adds a further complication. Under it, to be protected from pre-emption, an otherwise inconsistent State law must provide not only greater protection but also *greater benefit* to the consumer.

While the pre-emption–exemption standards under the Equal Credit Opportunity Act (ECOA) are similar to the Truth in Lending Act, the subject matter of the ECOA—adverse discrimination—is so different as to make the experience gained under Truth in Lending of limited value to the Board. Determining what is inconsistent may not be too difficult. For example, Ohio prohibits discrimination on the basis of age. The Federal law permits the use of age in a credit-scoring system so long as the age of an elderly applicant is not assigned a negative factor. The Ohio law is in direct conflict and thus is pre-empted as of March 23, 1977.

Determining what is more protective in the context of an antidiscrimination law is much trickier. Several years ago civil right groups insisted that questions as to an applicant's race should not be permitted. Today, they take the position that not only should race be asked but also the information should be recorded for enforcement purposes. Which approach is more protective? Similar questions arise with respect to recordkeeping as to sex, marital status, and age.

Other State statutes may be affected as well. For example, in Alabama a person gains legal capacity to contract at the age of 21—unless that person is married, in which case the legal age is 18. Can a creditor take that statute into account in granting credit? If the creditor does so, is the creditor discriminating on the basis of marital status? If that is illegal discrimination, then the Alabama law may be pre-empted. But if the Alabama statute is pre-empted, does that mean that an unmarried 18-year-old can enter into a binding contract or that a married 18-year-old cannot?

The intricacies of the State-Federal relationship is not the only source of complexity. The economic practices and customs of every facet of American society are more varied and divergent than any law or regulation can anticipate. A rule designed to meet one need often produces unexpected consequences in another situation. The extensive regulations that result are a direct product of the dynamic credit system to which they apply.

Given these dynamics and this complexity, given the sheer quantity of State and Federal statutes, regulations, interpretations, and judicial decisions, and given the fact that they fit together so badly, it is not surprising that the loan officer of a small bank—charged with the varied responsibilities of making instalment loans, buying dealer paper, overseeing a credit-card operation, making home mortgage loans, extending construction credit, arranging for credit insurance, and so forth—is hard pressed to comply.

The Board of Governors is taking several actions in an effort to be responsive to some of the obvious needs that I have outlined. We have established a Consumer Advisory Council in accordance with the provisions of the 1976 statute. The Council met in November, with the next meeting scheduled for March 10. These meetings are open to the public. Membership of the Council is broadly representative of the interests of consumers and creditors alike. The Council is establishing study groups that plan to make on-site investigations of large and small creditors to better understand the ramifications of consumer credit laws regarding the credit-granting process.

The Board also has contracted with the Survey Research Center of the University of Michigan to undertake a special consumer survey intended to provide much needed information on the consumer's relationship to credit. Several other Federal agencies are joining us in this survey effort. It is our hope that the survey will enable us to understand better the various circumstances in which consumers use credit, to evaluate consumers' perceptions of and interest in the benefits that consumer credit laws provide, and to gain insight as to how regulations can be more responsive to the consumer's needs.

In order to assist creditors, particularly small ones, in their efforts at compliance, the Board is expanding its issuance of approved forms, which may be used by creditors without fear of violating technical provisions of the statutes or regulations. We are also continuing to issue binding staff interpretations when necessary. Under the statute, which your committee authorized, creditors relying on these staff interpretations are protected from the penalties of the law should the courts determine that such interpretations are invalid.

Members of the Board's staff are engaged in a review of present consumer credit regulations for the purpose of developing proposals to make them easier to understand and comply with.

The Board recently promulgated a new Regulation AA to encourage consumers to inform the System of their credit problems and to provide a better basis for action on the part of the Board in response to these consumer complaints.

Finally, as the supervisor for State member banks, we are substantially expanding our compliance and enforcement activities under the various consumer credit statutes. Our experience in this process will enable us to better understand the impact of our regulations issued under consumer credit statutes.

The Board of Governors made a number of specific legislative recommendations in its 1975 year-end report. Among these was a suggestion that the Congress re-examine the Truth in Lending Act's provisions on the issuance of credit cards and on cardholder liability in the event of unauthorized use in light of recent developments in the electronic funds transfer field.

Specifically, the Board recommended that the Congress extend the $50 limit on consumer liability to noncredit funds transfer cards. In addition, the Board suggested that the Congress reconsider the need for the existing ban on the unsolicited issuance of credit cards. In the Board's view, the present limitation on liability has itself adequately curtailed the profligate issuance of credit cards prevalent in the mid-1960's, while the Act's provisions restricting credit card issuance have lessened competition in the credit card field. We sincerely hope that your committee may find time to consider these proposals, as well as the other recommendations in the Board's report.

In our view, substantial benefits to the public could be realized if there were a determination as to the proper role of the States versus the Federal Government in consumer credit protection statutes. Such a determination should cover not only which law might govern or which might be pre-emptive of the other but also such questions as which supervisor—State or Federal—is charged with policing organizations operating within the States. As the larger creditors conduct their affairs over wide geographical areas, there is more urgent need to understand which benefits could accrue to the public from uniformity of regulations and procedures. Such benefits would then need to be weighed against the historic rights of the citizens of the several States to pass laws uniquely applicable to those who reside therein.

The effort to simplify consumer credit laws and regulations is complex in and of itself. While the need for such action warrants your committee's consideration, it will not be easy to accomplish. Even some creditors would argue against any attempt to simplify. Some feel that they have now mastered the complexities of the regulations and that any attempts to simplify will result only in a new set of requirements that will require substantial retraining and produce another period of uncertainty.

There are many who feel that the complexity of the Truth in Lending statute is a byproduct of the penalties that the Act imposes. The original concept of private enforcement of this statute has obvious imperfections. We believe there would be substantial potential for simplification if the penalties provided as a result of a private suit or class action were restricted to instances of substantive violations that impair the consumer's capacity to comparison-shop for credit. Technical violations of the statute might well be limited to administrative supervisory enforcement.

Mr. Chairman, I hope these comments have been responsive to the committee's needs and I will be pleased to respond to any questions you may have. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON DECEMBER 20–21, 1976

1. Domestic Policy Directive

The information reviewed at this meeting suggested that growth in real output of goods and services in the fourth quarter had remained close to the pace in the third quarter—now indicated by revised estimates of the Commerce Department to have been at an annual rate of 3.8 per cent, compared with 4.5 per cent in the second quarter. The rise in average prices—as measured by the fixed-weighted index for gross domestic business product—appeared to have been somewhat faster than in the third quarter, when it had slowed to an annual rate of 4.3 per cent.

A staff analysis suggested that final purchases of goods and services in real terms were expanding at a higher rate in the fourth quarter than in the third—reflecting a substantial increase in growth of personal consumption expenditures and an acceleration of the rise in residential construction, offset only in part by a slowing of the expansion in business fixed investment. It also appeared that the strengthening in final demands was being accompanied by a substantial reduction in the rate of inventory accumulation.

The staff projections suggested that the rate of inventory accumulation would not decline further in the first quarter of 1977 and that, consequently, growth in real output of goods and services would pick up. Projections of economic activity for the rest of 1977, it was noted, depended on the assumptions made with respect to the economic policies that would be pursued by the new administration taking office on January 20. Currently, the question of the need for, and the character of, new fiscal stimulus was being considered by the incoming administration.

Retail sales now appeared to be much stronger than they had seemed to be a month ago. Sales were estimated to have risen considerably more in October than had been indicated earlier, and the advance estimate for November suggested a large further increase to a level appreciably higher than the average for the third quarter. Over the October–November period gains in sales were particularly strong at general merchandise stores and at furniture and appliance stores. In late November sales of new domestic automobiles began to recover, after having been reduced earlier by the strike-induced limitation of supplies; for November as a whole, sales were at an annual rate of 8.0 million units, compared with 7.6 million in October and an average of 8.7 million in the first three quarters of 1976. Sales of imported models fell in November from an advanced level in the preceding 2 months.

The index of industrial production rose by an estimated 1.2 per cent in November, more than recovering the losses in the preceding 2 months that had been caused in part by strikes in the automobile and farm machinery industries. More than half of the November increase resulted from the termination of the strikes, although moderate gains in output were widespread among other industries. At 132 per cent of the 1967 average in November, the total index had recovered to the pre-recession high reached in June 1974. Capacity utilization in the materials-producing industries was 81 per cent in November, compared with about 90 per cent in the second quarter of 1974.

In November employment in manufacturing recovered from the effects of strikes, and employment also expanded in the service sectors, in construction, and in mining. Adjusted for the effects of strikes, however, the increase in over-all payroll employment in nonfarm establishments was moderate. As measured by the household survey, total employment rose considerably after 2 months of decline; however, the civilian labor force—which had changed little over the preceding 3 months—rose even more, and the unemployment rate increased from 7.9 to 8.1 per cent.

The advance in personal income—which had been sizable in October, in part because of an increase in pay scales in the Federal Government—was even greater in November. The gain in wage and salary disbursements was especially large in manufacturing, reflecting to a considerable extent the return to work after the major strikes were over, and it continued to be sizable in other private activities.

Indicators of residential construction activity had remained strong in recent months. Residential building permits rose in November.

Although private housing starts declined further in November, the figure for October had been revised to show a somewhat smaller decrease than that indicated a month earlier; as a result, the October-November level of starts—at an annual rate of 1.7 million units—was about 10 per cent above the third-quarter average. In October, moreover, the dollar volume of mortgage commitments outstanding at savings and loan associations had continued to advance, again reaching a record.

On the other hand, the latest data suggested a weakening in the outlook for business plant and equipment expenditures. Although the most recent Department of Commerce survey of business plans, conducted in late October and November, indicated that a strong gain in spending was being planned for the current quarter, it suggested that the increases planned for the first two quarters of 1977 would be no greater than the rise in prices. Other data suggested that in the current quarter actual spending would fall short of that planned, but that the shortfall might be made up later on.

New orders for nondefense capital goods rose further in October. However, the rate of increase from June to October was appreciably below that during the first 6 months of the year. Backlogs of unfilled orders for such goods continued to change little in October. Construction contracts for commercial and industrial buildings—measured in terms of floor space—rose after having declined in September; the October level was close to the average for both the second and the third quarters.

The index of average hourly earnings for private nonfarm production workers advanced at an annual rate of about 7 per cent in November, somewhat more than in the preceding 2 months. However, over the 3-month and 6-month periods ending in November the index rose at annual rates of about 6 per cent and 6½ per cent, respectively, compared with a rise of almost 8 per cent over the 12 months ending in December 1975. The moderation in the rate of increase since 1975 had occurred in all major industries.

The rise in wholesale prices of industrial commodities, which had accelerated around midyear, remained rapid in November: another substantial increase for the fuels and power group accounted for a large part of the rise, although increases continued to be widespread among other commodity groups. Since May the index of industrial commodity prices had risen at an annual rate of nearly 10 per cent, compared with a rate of about 3 per cent over the first 5 months of the year. Average wholesale prices of farm products and foods changed little in November after having declined on the average over the preceding 4 months.

The consumer price index rose in both October and November at an annual rate of about 3½ per cent, and in November it was 5 per cent higher than a year earlier. In the October–November period average retail prices of foods changed little while average prices of all other items—including services as well as commodities—increased at an annual rate of about 6 per cent.

The average value of the dollar against leading foreign currencies declined slightly over the 5 weeks between the November and December meetings of the Committee. The pound sterling and also the currencies associated in the European "snake" arrangement strengthened against the U.S. dollar, while the Canadian dollar depreciated sharply.

The U.S. foreign trade deficit, which had increased in September, remained substantial in October—with declines in both exports and imports. Exports of agricultural commodities rose sharply, mainly because of a jump in shipments of corn to areas of Europe that had suffered drought earlier in 1976, but exports of other commodities fell by a larger amount. In real terms, exports of nonagricultural commodities had been falling since midyear. Among imports, the reduction in October was about equally divided between fuels and other commodities.

In November expansion in total credit at U.S. commercial banks was somewhat slower than in October but was faster than in any other month of 1976. Banks added a substantial amount to their holdings of U.S. Government and other securities, and their outstanding business loans increased for the third consecutive month. While the expansion in business loans was appreciable, more than half was accounted for by acquisitions of bankers acceptances by some commercial banks that were enlarging their loan portfolios for purposes of their year-end statements.

Outstanding commercial paper issued by nonfinancial corporations rose slightly in November, after having declined in the preceding 2 months. Over the October–November period the expansion in the total of such commercial paper and of business loans at banks was larger than in any other 2-month period in more than 2 years, even after allowance for bank acquisitions of bankers acceptances.

The narrowly defined money stock (M_1), which had declined slightly in September and then grown at an annual rate of 13¾ per cent in October, was unchanged in November. The average rate of increase in M_1 was about 4½ per cent over the 3 months, and 4¾ per cent over the 12 months, ending in November.

Growth in M_2 and M_3 moderated in November, reflecting the behavior of M_1, but was still substantial. Inflows to commercial banks of the types of time and savings deposits included in M_2 remained at the advanced rate of October, and inflows of deposits to thrift institutions—while down from the pace in October—continued strong. Offering rates on such deposits remained attractive in relation to yields on short-term market instruments, although a significant number of institutions were reported to have reduced rates offered on some types of deposits and to have withdrawn offerings of longer-term deposits.

System open market operations since the November meeting had been guided by the Committee's decision to seek bank reserve and money market conditions consistent with moderate growth in monetary aggregates over the period ahead. Soon after that meeting, incoming data suggested that over the November–December period growth in M_1 would be in the lower half of the range that had been specified by the Committee while growth in M_2 would be near the midpoint of its specified range. Accordingly, System operations were conducted pursuant to the Committee's decision that the Manager should aim to reduce the Federal funds rate to about 4⅞ per cent within the first week after the meeting and to 4¾ per cent within the following week—provided that growth in the monetary aggregates did not appear to be strong relative to the specified ranges. By the last week of November the Federal funds rate had declined to 4¾ per cent.

After the first week of December, incoming data suggested that in the November–December period growth in M_1 would be below its specified range while growth in M_2 would be at about the midpoint of its range. Therefore, System operations became somewhat more accommodative in the provision of reserves, and at the time of this meeting the Federal funds rate was about 4⅝ per cent—near the lower limit of the specified range of 4½ to 5¼ per cent.

On November 19 the Board of Governors of the Federal Reserve System announced its approval of actions by the directors of 11 Federal Reserve Banks reducing the discount rate from 5½ to 5¼ per cent, effective November 22; soon afterward the rate was reduced at the remaining Reserve Bank. On December 17 the Board announced a structural adjustment in reserve requirements on demand deposits that would reduce required reserves by about $550 million. This action applied to net demand deposits held by member banks beginning in the week of December 16–22; under the lagged reserve system, it would reduce required reserves during the week of December 30–January 5.

Over the inter-meeting period, market interest rates declined substantially to their lowest levels in more than 2 years, under the influence of the actions to ease monetary conditions and of the continuing evidence of relatively slow growth in economic activity. Yields on bonds declined about 30 basis points. Yields on most short-term instruments fell 40 to 60 basis points to levels that suggested that market participants were expecting some further decline in the Federal funds rate. Most commercial banks reduced the prime rate on business loans from 6½ to 6¼ per cent during the period, and two large banks reduced the rate to 6 per cent.

The volume of new bonds offered to the public by domestic corporations was unusually light in November as new issues of high-grade industrial firms and of finance companies fell substantially. However, declines in rates in the U.S. market attracted a record volume of publicly offered foreign bonds. A resurgence of offerings by domestic corporations appeared to be under way in December.

The supply of new State and local government bonds remained large in November. Total offerings of such bonds during the first 11 months of 1976 amounted to $32 billion, exceeding the previous record volume of offerings in all of 1975.

The U.S. Treasury raised $6.0 billion of new money during the inter-meeting period. In addition, it sold $1 billion of 2-year notes for payment in late December and announced an offering of $2½ billion of 5-year notes to be auctioned before the end of the month.

Activity in the mortgage market apparently remained at a high level during November. Mortgage credit expansion continued to be dominated by loans for new and existing single-family houses, but the multifamily sector also strengthened somewhat. With yields on market securities declining, downward pressures on home mortgage rates intensified. Although the latest available national series indicated little change in rates for primary home mortgages, trade sources suggested that some cutting of rates on these instruments was developing.

The recent declines in long-term interest rates were expected to encourage a heavy volume of capital market financing both by business corporations and by State and local governments during the early weeks of 1977. However, much of this financing seemed likely to involve either funding of short-term debt or advance refunding of bonds issued in earlier years when interest rates were substantially higher.

Growth in mortgage credit seemed likely to remain strong. Savings and loan associations, with a record volume of commitments outstanding, were expected to continue providing a large volume of mortgage credit. Also, the sizable premium prevailing for mortgage rates over bond yields was expected to encourage acquisitions of mortgages by more diversified types of lenders. At the same time, it appeared likely that continuing strong cash flows to insurance companies would sustain the demands of these companies for bonds.

At its telephone meeting on November 8 the Committee had agreed that from the third quarter of 1976 to the third quarter of 1977 average rates of growth in the monetary aggregates within the following ranges appeared to be consistent with broad economic aims: M_1, 4½ to 6½ per cent; M_2, 7½ to 10 per cent; and M_3, 9 to 11½ per cent. The associated range for growth in the bank credit proxy was 5 to 8 per cent. It was agreed that the longer-term ranges, as well as the particular aggregates for which such ranges were specified, would be subject to review and modification at subsequent meetings. It also was understood that short-run factors might cause growth rates from month to month to fall outside the ranges contemplated for annual periods.

In their discussion of economic developments and prospects at this meeting, Committee members generally agreed that the latest business statistics indicated a strengthening in the situation and that the recent sluggishness appeared to have been only a "pause" in the growth of real output rather than the forerunner of a new recession. It was noted that in November the rise in industrial production had exceeded the amount attributable to recovery from strikes, that increases in personal income and retail sales had been sizable, and that progress was apparently being made in adjusting inventories. Moreover, it was suggested that confidence had improved; in particular, it was thought that the business community had been reassured by indications that the incoming administration would take a cautious approach to economic problems and that it would not seek price and wage controls in any situation short of a national emergency. Despite the disappointing results of the Commerce Department survey of business spending plans for the first two quarters of 1977, one member expressed the opinion that the improvement in business confidence, combined with the recent declines in longer-term interest rates, would contribute to a significant expansion in plant and equipment outlays.

Although Committee members in general viewed the business situation and outlook as having improved, some noted that the strengthening thus far had not been great and that it was not certain that the pause had ended. Also, attention was called to a number of continuing and potential problems. Among these was the outlook for unemployment, which might remain high for some time to come, especially if the labor force continued to rise at a rapid pace, in part because of increasing participation of women. In this connection, it was suggested that specific Government programs to deal with sectoral problems might be far more effective in reducing unemployment than general monetary and fiscal policies.

Inflation also continued to be a source of concern; it was noted that while the rise in the consumer price index had moderated in recent months, the increase in average wholesale prices of industrial commodities had accelerated to an annual rate of about 10 per cent. It was also noted that there was continuing uncertainty about how much prices of imported oil would be raised at the start of 1977, and about how the impact of further increases in the price of oil would affect the performance of the economy.

It was observed during the discussion that the Federal budget deficit in fiscal 1976 had been substantial—especially when "off-budget outlays" and deficits of Government-sponsored agencies were taken into account—and that another deficit of almost the same size was in prospect for fiscal 1977 even without allowance for new stimulative measures. Some concern was expressed that fiscal stimulus might foster new inflationary expectations or that, as at times in the past, its effects might come so late in the expansion as to cause growth of real output to accelerate at a time when it should be moving gradually toward the longer-term rate of growth in potential output. The view was also expressed, however, that a degree of fiscal stimulus was desirable.

Members of the Committee did not differ greatly in their views on appropriate monetary policy for the period immediately ahead. With respect to the annual rate of growth in M_1 over the December–January period, most members favored a range of either 2½ to 6½ per cent or 3 to 7 per cent, although one suggested a range of 2 to 7 per cent. For M_2, there was general support for a range of 9 to 13 per cent.

Most members favored giving greater weight than usual to money market conditions in conducting open market operations in the period until the next meeting, in part because projections of growth in monetary aggregates around the year-end were highly uncertain. A majority favored directing operations toward maintaining the Federal funds rate at about its prevailing level of 4⅝ per cent for the time being, unless growth in the monetary aggregates appeared to be deviating significantly from the rates currently expected. Most of these members favored specifying an inter-meeting range for the Federal funds rate that was symmetrical around the prevailing rate—specifically, 4¼ to 5 per cent—but one preferred a range of 4 to 5 per cent.

A number of reasons were advanced for maintaining prevailing money market conditions at this time. These included the evidence of improvement in the economic outlook, the substantial declines in interest rates over the past few weeks, the recent reductions in Federal Reserve discount rates and in member bank reserve requirements, and the recent weakening in the value of the dollar in foreign exchange markets. Also noted were the uncertainties regarding the amount of fiscal stimulus that might be forthcoming, the large Federal deficit in prospect even without new fiscal measures, and the continuing inflation.

A minority of Committee members favored aiming at the outset of the coming period for a slight further reduction in the Federal funds rate—to about 4½ per cent, the midpoint of the 4 to 5 per cent range that they preferred. A principal argument offered for this course was that it would tend to avoid the increases in other short-term interest rates that—in the light of current market expectations—might result if the prevailing Federal funds rate were maintained. Other arguments advanced were that a slightly lower Federal funds rate might encourage further declines in long-term rates, that it would tend to validate the reduction in reserve requirements, and that the evidence of an end to the period of slow growth in real output was not yet conclusive.

At the conclusion of the discussion the Committee decided that operations in the period immediately ahead should be directed toward maintaining the money market conditions now prevailing, including a weekly-average Federal funds rate of about 4⅝ per cent. With respect to the annual rates of growth in M_1 and M_2 over the December–January period, the Committee specified ranges of 2½ to 6½ per cent and 9 to 13 per cent, respectively. The members agreed that, if growth in the aggregates should appear to be strong or weak relative to the specified ranges, the weekly-average Federal funds rate might be expected to vary in an orderly fashion within a range of 4¼ to 5 per cent. As at other recent meetings, the Committee decided that approximately equal weight should be given to M_1 and M_2 in assessing the behavior of the aggregates.

As customary, it was understood that the Chairman might call upon the Committee to consider the need for supplementary instructions before the next scheduled meeting if significant inconsistencies appeared to be developing among the Committee's various objectives.

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

The information reviewed at this meeting suggests that growth in real output of goods and services in the fourth quarter has remained at about the reduced pace of the third quarter. In both October and November retail sales increased substantially. Industrial production rose appreciably in November—following 2 months of decline in large part as a result of termination of strikes in two major industries, although advances in output were widespread among other industries. Employment in manufacturing also recovered from the effects of strikes. According to household survey data, the gain in total employment was large, but the unemployment rate increased from 7.9 to 8.1 per cent as the civilian labor force—which had changed little over the preceding 3 months—increased considerably. The wholesale price index for all commodities rose as much in November as in October, reflecting another substantial increase in average prices of industrial commodities; average prices of farm products and foods changed little. The advance in the index of average wage rates over recent months has remained below the rapid rate of increase during 1975.

The average value of the dollar against leading foreign currencies has declined slightly in recent weeks. The pound sterling and also the currencies associated in the European "snake" arrangement strengthened against the U.S. dollar, while the Canadian dollar depreciated sharply. In October the U.S. foreign trade deficit remained substantial.

M_1, which had expanded sharply in October, was unchanged in November. Although growth in M_2 and M_3 moderated, it remained substantial as inflows of the time and savings deposits included in these broader aggregates continued strong. Interest rates have declined appreciably in recent weeks. In late November Federal Reserve discount rates were reduced from 5½ to 5¼ per cent, and in mid-December member bank reserve requirements were lowered somewhat.

In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster financial conditions that will encourage continued economic expansion, while resisting inflationary pressures and contributing to a sustainable pattern of international transactions.

To implement this policy, while taking account of developments in domestic and international financial markets, the Committee seeks to maintain prevailing bank reserve and money market conditions over the period immediately ahead, provided that monetary aggregates appear to be growing at about the rates currently expected.

Votes for this action: Messrs. Burns, Volcker, Balles, Black, Coldwell, Gardner, Jackson, Kimbrel, Lilly, Partee, Wallich, and Winn. Votes against this action: None.

2. Foreign Currency Instruments

At this meeting the Committee agreed upon broad revisions in the Authorization for Foreign Currency Operations and the Foreign Currency Directive. The most recent basic revision in these documents had been made in June 1966, and several amendments to specific provisions had been adopted over the ensuing period.

The main purposes of the current revisions were to simplify and clarify the Committee's instructions to the Federal Reserve Bank of New York in this area and to bring the documents up to date in light of changes under way in the international monetary system and its functioning. These revisions were not intended to signify a change in policy orientation; they simply codified current practice under the evolving regime of floating exchange rates.

The main change in the Authorization was to replace the several separate limits on various types of spot and forward transactions with a single limit on the System's "over-all open position," as defined in paragraph 1(D). The previous separate limits, which had been developed in particular historical circumstances under the Bretton Woods system, had lost relevance under current circumstances or under the evolving exchange rate regime. The main change in the Directive was to omit the detailed listing of basic purposes and specific objectives of System foreign currency operations—many of which were anachronistic in current circumstances—and to indicate instead that System operations were generally to be directed at countering disorderly conditions in the exchange markets.

As revised, the two documents read as follows:

AUTHORIZATION FOR FOREIGN CURRENCY OPERATIONS

1. The Federal Open Market Committee authorizes and directs the Federal Reserve Bank of New York, for System Open Market Account, to the extent necessary to carry out the Committee's foreign currency directive and express authorizations by the Committee pursuant thereto, and in conformity with such procedural instructions as the Committee may issue from time to time:

A. To purchase and sell the following foreign currencies in the form of cable transfers through spot or forward transactions on the open market at home and abroad, including transactions with the U.S. Exchange Stabilization Fund established by Section 10 of the Gold Reserve Act of 1934, with foreign monetary authorities, with the Bank for International Settlements, and with other international financial institutions:

Austrian schillings	French francs	Netherlands guilders
Belgian francs	German marks	Norwegian kroner
Canadian dollars	Italian lire	Swedish kronor
Danish kroner	Japanese yen	Swiss francs
Pounds sterling	Mexican pesos	

B. To hold balances of, and to have outstanding forward contracts to receive or to deliver, the foreign currencies listed in paragraph A above.

C. To draw foreign currencies and to permit foreign banks to draw dollars under the reciprocal currency arrangements listed in paragraph 2 below, provided that drawings by either party to any such arrangement shall be fully liquidated within 12 months after any amount outstanding at that time was first drawn, unless the Committee, because of exceptional circumstances, specifically authorizes a delay.

D. 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 open positions in each currency. The open 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.

2. The Federal Open Market Committee directs the Federal Reserve Bank of New York to maintain reciprocal currency arrangements ("swap" arrangements) for the System Open Market Account for periods up to a maximum of 12 months with the following foreign banks, which are among those designated by the Board of Governors of the Federal Reserve System under Section 214.5 of Regulation N, Relations with Foreign Banks and Bankers, and with the approval of the Committee to renew such arrangements on maturity:

Foreign bank	Amount of arrangement (millions of dollars equivalent)
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000

Foreign bank	Amount of arrangement (millions of dollars equivalent)
Bank of France	2,000
German Federal Bank	2,000
Bank of Italy	3,000
Bank of Japan	2,000
Bank of Mexico	360
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	1,400
Bank for International Settlements:	
Dollars against Swiss francs	600
Dollars against authorized European currencies other than Swiss francs	1,250

Any changes in the terms of existing swap arrangements, and the proposed terms of any new arrangements that may be authorized, shall be referred for review and approval to the Committee.

3. Currencies to be used for liquidation of System swap commitments may be purchased from the foreign central bank drawn on, at the same exchange rate as that employed in the drawing to be liquidated. Apart from any such purchases at the rate of the drawing, all transactions in foreign currencies undertaken under paragraph 1(A) above shall, unless otherwise expressly authorized by the Committee, be at prevailing market rates.

4. It shall be the normal practice to arrange with foreign central banks for the coordination of foreign currency transactions. In making operating arrangements with foreign central banks on System holdings of foreign currencies, the Federal Reserve Bank of New York shall not commit itself to maintain any specific balance, unless authorized by the Federal Open Market Committee. Any agreements or understandings concerning the administration of the accounts maintained by the Federal Reserve Bank of New York with the foreign banks designated by the Board of Governors under Section 214.5 of Regulation N shall be referred for review and approval to the Committee.

5. Foreign currency holdings shall be invested insofar as practicable, considering needs for minimum working balances. Such investments shall be in accordance with Section 14(e) of the Federal Reserve Act.

6. All operations undertaken pursuant to the preceding paragraphs shall be reported daily to the Foreign Currency Subcommittee. The Foreign Currency Subcommittee consists of the Chairman and Vice Chairman of

the Committee, the Vice Chairman of the Board of Governors, and such other member of the Board as the Chairman may designate (or in the absence of members of the Board serving on the Subcommittee, other Board Members designated by the Chairman as alternates, and in the absence of the Vice Chairman of the Committee, his alternate). Meetings of the Subcommittee shall be called at the request of any member, or at the request of the Manager, for the purposes of reviewing recent or contemplated operations and of consulting with the Manager on other matters relating to his responsibilities. At the request of any member of the Subcommittee, questions arising from such reviews and consultations shall be referred for determination to the Federal Open Market Committee.

7. The Chairman is authorized:

A. With the approval of the Committee, to enter into any needed agreement or understanding with the Secretary of the Treasury about the division of responsibility for foreign currency operations between the System and the Treasury;

B. To keep the Secretary of the Treasury fully advised concerning System foreign currency operations, and to consult with the Secretary on policy matters relating to foreign currency operations;

C. From time to time, to transmit appropriate reports and information to the National Advisory Council on International Monetary and Financial Policies.

8. Staff officers of the Committee are authorized to transmit pertinent information on System foreign currency operations to appropriate officials of the Treasury Department.

9. All Federal Reserve Banks shall participate in the foreign currency operations for System Account in accordance with paragraph 3 G(1) of the Board of Governors' Statement of Procedure with Respect to Foreign Relationships of Federal Reserve Banks dated January 1, 1944.

FOREIGN CURRENCY DIRECTIVE

1. System operations in foreign currencies shall generally be directed at countering disorderly market conditions, provided that market exchange rates for the U.S. dollar reflect actions and behavior consistent with the proposed IMF Article IV, Section 1.

2. To achieve this end the System shall:

A. Undertake spot and forward purchases and sales of foreign exchange.

B. Maintain reciprocal currency ("swap") arrangements with selected foreign central banks and with the Bank for International Settlements.

C. Cooperate in other respects with central banks of other countries and with international monetary institutions.

3. Transactions may also be undertaken:

A. To adjust System balances in light of probable future needs for currencies.

B. To provide means for meeting System and Treasury commitments in particular currencies, and to facilitate operations of the Exchange Stabilization Fund.

C. For such other purposes as may be expressly authorized by the Committee.

4. System currency operations shall be conducted:

A. In close and continuous consultation and cooperation with the United States Treasury;

B. In cooperation, as appropriate, with foreign monetary authorities; and

C. In a manner consistent with the obligations of the United States in the International Monetary Fund regarding exchange arrangements under the proposed IMF Article IV.

Paragraph 1(D) of the new Authorization specified a limit of $1.0 billion on the System's over-all open position in all foreign currencies "unless a larger position is expressly authorized by the Committee." The $1.0 billion limit was intended to apply to the open position exclusive of the System's obligations in Swiss francs remaining under drawings made in 1971, which currently were in process of repayment under a schedule agreed upon with the Swiss National Bank. Accordingly, the Committee adopted the following special authorization:

The Federal Open Market Committee authorizes the Federal Reserve Bank of New York to maintain an over-all open position in foreign currencies exceeding the figure of $1.0 billion specified in paragraph 1(D) of the Authorization for Foreign Currency Operations by an amount equal to the remaining forward commitments associated with the System's outstanding 1971 swap drawings in Swiss francs.

Votes for these actions: Messrs. Burns, Volcker, Balles, Black, Coldwell, Gardner, Jackson, Kimbrel, Lilly, Partee, Wallich, and Winn. Votes against these actions: None.

The Committee also agreed upon certain procedural instructions. These were intended to clarify the respective roles of the Committee, the Foreign Currency Subcommittee designated in paragraph 6 of the Authorization, 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 Directive. These instructions read as follows:

PROCEDURAL INSTRUCTIONS

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 transaction 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 transaction which would result in gross transactions (excluding swap drawings and repayments) 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 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 transaction 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 transactions that are not of a routine character.

Votes for this action: Messrs. Burns, Volcker, Balles, Black, Gardner, Jackson, Kimbrel, Lilly, Partee, Wallich, and Winn. Vote against this action: Mr. Coldwell.

In dissenting from this action, Mr. Coldwell noted that paragraph 2 reserved to the full Committee the power to approve market transactions by the System and swap drawings by foreign central banks exceeding specified figures. However, that language was qualified by a parenthetical statement (similar to a statement in paragraph 1) indicating that such transactions could be approved by the Subcommittee or the Chairman under particular circumstances, relating to the availability of time. Mr. Coldwell would have preferred language indicating that such power—which extended to operations up to the limits permitted by the Authorization—was reserved to the full Committee except under circumstances of extreme emergency.

The foregoing actions were effective December 28, 1976.

3. Authorization for Domestic Open Market Operations

Paragraph 2 of the authorization for domestic open market operations authorizes the Federal Reserve Bank of New York (and, under certain circumstances, other Reserve Banks) to purchase short-term certificates of indebtedness directly from the Treasury, subject to certain conditions. This authorization is, in turn, based on a provision of Section 14(b) of the Federal Reserve Act authorizing the Federal Reserve Banks to buy and sell obligations of specified types "directly from or to the United States," subject to certain conditions. It was noted at this meeting that, because the statutory authority in question had expired on November 1, 1976, paragraph 2 of the authorization had been in a state of *de facto* suspension since then, and that the paragraph would remain in suspension until the enactment of expected legislation extending the authority.

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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

INTERLOCKING BANK RELATIONSHIPS UNDER THE CLAYTON ACT

The Board of Governors has amended its Regulation L to permit, with certain prescribed limitations, a director, officer, or employee of a member bank to serve simultaneously as a director, officer, or employee of a minority bank.

AMENDMENT TO REGULATION L

Effective January 4, 1977, Regulation L is amended by adding a new section 212.3(h) to read as follows:

SECTION 212.3—
RELATIONSHIPS PERMITTED BY BOARD

In addition to any relationships covered by the foregoing exceptions, not more than one of the following relationships is hereby permitted by the Board of Governors of the Federal Reserve System in the case of any one individual.

* * * * *

(h) MINORITY BANK. Any director, officer, or employee of a member bank of the Federal Reserve System may be at the same time a director, officer, or employee of not more than one other bank that is controlled or managed by persons who are members of minority groups or by women subject to the following conditions: (1) Such relationship is determined by the Board to be necessary to provide management or operating expertise to such other bank; (2) not more than three interlocking relationships between any two banks shall be permitted by this paragraph, except that persons serving in interlocking relationships pursuant to this paragraph shall in no instance constitute a majority of the board of directors of the other bank; (3) no interlocking relationship permitted by this paragraph shall continue for more than a five-year period; and (4) upon such other terms and conditions in addition to or in lieu of the foregoing, as may be determined by the Board in any specific case.

* * * * *

VARIOUS TECHNICAL AMENDMENTS

The Board of Governors of the Federal Reserve System has adopted various amendments to its Regulations B (Equal Credit Opportunity), Z (Truth in Lending), AA (Unfair or Deceptive Acts or Practices), and Rules Regarding Delegation of Authority. The amendments delegate authority to issue certain examination, inspection, and reporting materials to the Board's Division of Banking Supervision and Regulation and Division of Consumer Affairs. The amendments also reflect the transfer of the Securities Credit Regulation section from the latter division to the former.

The amendments are effective December 29, 1976.

1. Section 202.13(c) is amended as follows:

EQUAL CREDIT OPPORTUNITY

SECTION 202.13—PENALTIES AND LIABILITIES

* * * * *

(c)(1) Any request for formal Board interpretation or official staff interpretation of Regulation B must be addressed to the Director of the Division of Consumer Affairs. * * *

* * * * *

(3) Pursuant to section 706(e) of the Act, the Board has designated the Director and other officials of the Division of Consumer Affairs * * *

* * * * *

2. Section 226.1(d) is amended to read as follows:

TRUTH IN LENDING

SECTION 226.1—
AUTHORITY, SCOPE, PURPOSE, ETC.

* * * * *

(d) (1) Any request for formal Board interpretation or official staff interpretation of Regulation Z must be addressed to the Director of the Division of Consumer Affairs, * * *

* * * * *

(3) Pursuant to section 130(f) of the Act, the Board has designated the Director and other officials of the Division of Consumer Affairs***

* * * * *

3. Section 227.2(a) is amended to read as follows:

UNFAIR OR DECEPTIVE ACTS OR PRACTICES

SECTION 227.2—
CONSUMER COMPLAINT PROCEDURE

(a) SUBMISSION OF COMPLAINTS. * * *

* * * * *

(2) Consumer complaints should be made to:

(i) The Director, Division of Consumer Affairs,* * *

* * * * *

4. Section 265.2(c) is amended by adding new paragraphs (19), (20), (21), and (22). As amended §265.2(c) reads as follows:

RULES REGARDING DELEGATION OF AUTHORITY

SECTION 265.2—SPECIFIC
FUNCTIONS DELEGATED TO BOARD
EMPLOYEES AND TO FEDERAL RESERVE BANKS

* * * * *

(c) THE DIRECTOR OF THE DIVISION OF BANKING SUPERVISION AND REGULATION (or in the Director's absence, the Acting Director) is authorized:

* * * * *

(19) Under the provisions of §§ 207.2(f), 220.2(e), and 221.3(d) of this chapter (Regulations G, T, and U, respectively) to approve issuance of the list of OTC margin stocks and to add, omit, or remove any stock in circumstances indicating that such change is necessary or appropriate in the public interest.

(20) Under the provisions of § 207.4(a)(2)(ii) of this chapter (Regulation G) to approve repayments of the "deficiency" with respect to stock option or employee stock purchase plan credit in lower amounts and over longer periods of time than those specified in the regulation.

(21) Pursuant to the provisions of Part 261 of this chapter, to make available reports and other information of the Board acquired pursuant to Parts 207, 220, 221, and 224 (Regulations G, T, U, and X) of the nature and in circumstances described in § 261.6(a)(2) and (3) of Part 261.

(22) Pursuant to the provisions of section 11(a) of the Federal Reserve Act (12 U.S.C. 248(a)) and sections 17(c), 17(g), and 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78q(c), 78q(g), and 78w) to issue examination or inspection manuals, registration, report, agreement, and examination forms, guidelines, instructions or other similar materials for use in connection with the administration of sections 7, 8, 15B, and 17A(c) of the Securities Exchange Act of 1934 (15 U.S.C. 78g, 78h, 78o-4, and 78q-1).

* * * * *

5. Section 265.2(h) is amended by deleting paragraphs (1)–(3), revising paragraphs (4) and (6), and redesignating paragraphs (4), (5), and (6) as paragraphs (1), (2), and (3) respectively. As amended § 265.2(h) reads as follows:

SECTION 265.2—SPECIFIC
FUNCTIONS DELEGATED TO BOARD
EMPLOYEES AND TO FEDERAL RESERVE BANKS

* * * * *

(h) THE DIRECTOR OF THE DIVISION OF CONSUMER AFFAIRS (or, in the Director's absence, the Acting Director) is authorized:

(1) Pursuant to the provisions of section 11(a) of the Federal Reserve Act (12 U.S.C. 248(a)), sections 108(b), 621(c), and 704(b) of the Consumer Credit Protection Act (15 U.S.C. 1607(b), 1681s(c), and 1691c(b)), section 305(c) of the

Home Mortgage Disclosure Act (12 U.S.C. 2804(c)), section 18(f)(3) of the Federal Trade Commission Act (15 U.S.C. 57a(f) (3)), and section 808(c) of the Civil Rights Act of 1968 (42 U.S.C. 3608(c)), to issue examination or inspection manuals, report, agreement, and examination forms, guidelines, instructions or other similar materials for use in connection with

(i) sections 1 through 709 (excluding sections 201 through 500) of the Consumer Credit Protection Act (15 U.S.C. 1601-1691f),

(ii) sections 301 through 310 of the Home Mortgage Disclosure Act (12 U.S.C. 2801-2809),

(iii) sections 18(f)(1)-(3) of the Federal Trade Commission Act (15 U.S.C. 57a(f)(1)-(3)), and

(iv) section 805 of the Civil Rights Act of 1968 (42 U.S.C. 3605); and rules and regulations issued thereunder.

* * * * *

(3) Pursuant to section 703(b) of the Consumer Credit Protection Act (15 U.S.C. 1691b(b)), to call meetings of and consult with the Consumer Advisory Council established under that section, to approve the agenda for such meetings, and to accept any resignation from Consumer Advisory Council members.

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

Orders Under Section 3 of Bank Holding Company Act

American National Bancshares, Inc., Midwest City, Oklahoma

Order Denying Formation of Bank Holding Company

American National Bancshares, Inc., Midwest City, Oklahoma, 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 through acquisition of 80 per cent (or more) of the voting shares of American National Bank of Midwest City, Midwest City, Oklahoma ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has geen 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 of the Comptroller of the Currency, in light of the factors set forth in § 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 acquisition of Bank. Bank, with deposits of $23 million,[1] representing .22 per cent of the total commercial bank deposits in Oklahoma, is the 19th largest of 43 banking organizations within the relevant banking market.[2] Bank holds 1.0 per cent of the total commercial bank deposits in this market. Inasmuch as the proposal represents merely a restructuring of Bank's ownership into corporate form and Applicant has no other banking interests, the acquisition of Bank by Applicant would have no adverse effects on existing or potential competition within the relevant banking market and would not increase the concentration of banking resources in the relevant market. Accordingly, competitive considerations are consistent with approval of the application.

The Board has indicated on previous occasions that it believes that a holding company should constitute a source of financial and managerial strength to its subsidiary bank(s), and that the Board will closely examine the condition of an applicant in each case with this consideration in mind. The financial and managerial resources and prospects of the newly formed Applicant are generally dependent upon these considerations as they relate to Bank. While the Board considers the financial and managerial resources of Bank to be generally satisfactory, it appears that Bank is in need of some additional capital. Although Applicant would initially increase Bank's capital, the Board notes that Applicant would borrow the funds to make such a capital injection and that such borrowing, coupled with the acquisition debt Ap-

[1] All banking data are as of December 31, 1975.

[2] The relevant market is approximated by Oklahoma County.

plicant would incur in connection with the proposed transaction, would increase the demands on Bank's earnings to service such debt, thus counteracting to a significant extent the benefits of any capital contributions by Applicant. In the Board's view, besides straining Bank's capital adequacy, the debt servicing obligations to be incurred by Applicant would also significantly limit Applicant's ability to meet any unforeseen financial problems that might arise.

In addition, it appears that Applicant's principal shareholder may not be in a sufficiently strong financial position because of his personal debt to provide meaningful assistance to Applicant in the event problems arise in the servicing of Applicant's debt or in meeting other unforeseen financial needs. Moreover, if Applicant is called upon to assist in the servicing and retirement of its principal shareholder's personal debt, further strains would be placed on Bank's capital position.

Finally, the Board notes that a covenant in the loan agreement between representatives of Applicant and the lending institution from which Applicant would borrow the funds to acquire Bank's stock involves the use of Bank's examination reports to monitor the value of Bank's stock pledged as collateral on the loan.[3] The Board does not view such a covenant as an appropriate use of examination reports and is of the view that such a practice may threaten the integrity of the examination process by providing a bank's management an incentive to provide less than complete and candid disclosure of information to the examiner. In addition, the examiner would be subjected to extraneous outside pressures by the knowledge that if he classifies a large percentage of a bank's assets it may result in a default on the loan and increase the likelihood of a change of ownership of the bank that could further weaken the bank's condition.[4] The Board is of the opinion that an accurate assessment of the value of bank stock as collateral on a loan can be developed without reference to confidential examination reports.

In view of the substantial debt to be incurred by Applicant in connection with this proposal, the strain that could be placed on Bank's capital position as a result of Applicant's debt servicing requirements, the limited financial flexibility of Applicant and its principal shareholder, and the fact that the terms of the loan agreement may accelerate any difficulties that might occur in Bank's operations, the Board is of the opinion that considerations relating to financial resources and future prospects weigh against approval of the application.

Applicant indicates that banking services currently rendered in the community served by Bank will remain unchanged upon consummation of the proposal. Accordingly, considerations relating to the convenience and needs of the community to be served do not outweigh the adverse findings with respect to the financial factors involved in Applicant's proposal.

On the basis of the circumstances concerning this application, the Board concludes that the banking considerations involved in this proposal present adverse factors bearing upon the financial resources and future prospects of both Applicant and Bank. Such adverse factors are not outweighed by any procompetitive effects, managerial resources, or by benefits that would result in serving the convenience and needs of the community. Accordingly, it is the Board's judgment that approval of the application to become a bank holding company would not be in the public interest and that the application should be denied.

On the basis of the facts of record, the application is denied for the reasons summarized above.

By order of the Board of Governors, effective January 10, 1977.

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

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

[3]The loan agreement provides for default and immediate payment of all outstanding indebtedness:

(d) *Sound Condition of Bank.* In the event the applicable governmental agency bank examiners should, in the course of an official examination, classify assets of Bank as substandard, doubtful or as a loss, to the extent that said classified assets equal or exceed 30 per cent of the total capital structure of Bank, the indebtedness to which this Loan Agreement relates shall become due and payable immediately, unless such default shall have been cured within 90 days after receipt by Debtor of notice of such classification.

[4]See opposite column for footnote.

[4]In commenting on this application, the Comptroller of the Currency expressed concern over this particular provision of the loan agreement. The Board notes that such a provision appears to be inconsistent with the Comptroller's regulation relating to disclosure of examination reports to financial institutions (12 CFR § 4.18(c)).

The Daiwa Bank, Limited,
Osaka, Japan

Order Approving
Formation of Bank Holding Company

The Daiwa Bank, Limited, Osaka, Japan, 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 through acquisition of 100 per cent of the voting shares of Daiwa Bank Trust Company, New York, New York ("Bank"), a proposed new 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, a Japanese commercial bank with total assets of approximately \$13.8 billion and total deposits of approximately \$9.2 billion, is the ninth largest commercial bank in Japan.[1] In addition to its offices in Japan, Applicant operates branches in London, Frankfurt, and Los Angeles, and an agency in New York City.

Bank proposes to be a full-service commercial bank in the metropolitan New York market;[2] however, Bank will primarily be a wholesale bank specializing in the financing of trade between Japan and the United States. Bank will also offer certain trust services. Applicant has one office in New York City, but that office is an agency and under New York law it is not authorized to accept deposits or provide fiduciary services. Bank is expected to compete primarily with other banks in New York City that are controlled by Japanese banks, and, to some extent, with the larger New York banks having international banking capabilities. At present, there are three banks in the relevant market that are controlled by Japanese banks.[3] On the basis of the information of record the Board concludes that consummation of the proposed transaction will not have an adverse effect on existing or potential competition in the relevant market, nor would it have a significant effect on the concentration of banking resources in any relevant area. Accordingly, competitive factors are consistent with approval of the subject application.

The financial and managerial resources and future prospects of Applicant and Bank are regarded as satisfactory and consistent with approval. Considerations relating to the convenience and needs of the community to be served lend some weight toward approval, due to the addition to the metropolitan New York market of a new bank and another international banking link to Japan.

Applicant presently owns 6.9 per cent of the outstanding voting shares of New Japan Securities Co., Ltd., Tokyo, Japan ("New Japan"), a company that indirectly engages in a general securities business in the United States through its wholly-owned subsidiary New Japan Securities International, Inc., New York, New York, a member of the National Association of Securities Dealers, Inc., and the Boston Stock Exchange. The retention of shares of New Japan by Applicant would be impermissible under section 4 of the Act;[4] thus, in accordance with the requirements of § 4(a)(2) of the Act, Applicant will reduce its ownership of shares in New Japan to not more than 5 per cent of the outstanding voting shares of such company within two years after the date on which Applicant becomes a bank holding company.[5]

In light of the purposes of the Bank Holding Company Act to maintain the separation of banking and commerce in the United States, the Board has given special attention in previous bank holding company applications by Japanese commercial banks to the relationships that Japanese banks are permitted to have with industrial or commercial companies under the laws of Japan. In particular, the Board has been concerned where the applicant

[1] All banking and financial data are as of March 31, 1976.

[2] The metropolitan New York market is defined to include the five boroughs of New York City, Nassau County, Westchester County, Putnam County, Rockland County, and western Suffolk County in New York, as well as the northern two-thirds of Bergen County and eastern Hudson County in New Jersey, plus southwestern Fairfield County in Connecticut.

[3] Bank of Tokyo Trust Company, the Fuji Bank and Trust Company, and The Industrial Bank of Japan Trust Company, all of New York, New York.

[4] See Order Disapproving Retention by Banco di Roma of its investment in Europartners Securities Corporation [58 Federal Reserve BULLETIN 940 (1972)] and the Board's Orders approving the applications of The Fuji Bank, Limited, and The Industrial Bank of Japan, Ltd., to become bank holding companies [39 *Federal Register* 39503, 39504].

[5] Under § 4(c)(6) of the Act, a bank holding company may own "shares of any company which do not include more than 5 per centum of the outstanding voting shares of such company."

Japanese bank is linked in a group with its major Japanese customers through interlocking stock ownership, and where these commercial customers do a significant business in the United States.

Based on the record of this application, the Board has concluded at this time that Applicant is not linked through interlocking stock ownership in a group with its major Japanese customers. Accordingly, the Board has not found it necessary in this application to reach the issues of "control" present when a group of commercial companies are closely associated with a Japanese bank through interlocking stock ownership.

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) Daiwa Bank Trust Company, New York, New York, shall be opened for business not later than six months after the effective date of this Order. 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 New York pursuant to delegated authority.

By order of the Board of Governors, effective January 26, 1977.

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

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

Indiana National Corporation,
Indianapolis, Indiana

Order Approving Retention of Bank Shares

Indiana National Corporation, Indianapolis, Indiana, 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 retain, through its wholly-owned subsidiary, The Indiana National Bank, Indianapolis, Indiana ("Indiana Bank"), 8.16 per cent of the outstanding voting shares of Gary National Bank, Gary, Indiana ("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)).

On March 1, 1976, Indiana Bank received 8.16 per cent (48,960) of the outstanding voting shares of Bank from a predecessor trustee pursuant to a revocable *inter vivos* trust agreement between Mildred C. Gasser and Bank. In that agreement, Indiana Bank, a wholly-owned subsidiary of Applicant, was named successor trustee and was granted sole discretionary voting power over the 48,960 shares and is required by the terms of the trust to vote the shares in the best interest of the immediate beneficiaries of the trust, members of the Gasser family, who control an additional 29.12 per cent of the outstanding voting shares.

Bank, with deposits of $367.8 million, is the fifth largest commercial bank in Indiana, controlling 2.1 per cent of the total deposits in commercial banks in the State.[1] Indiana Bank, with deposits of $1.3 billion, is the second largest commercial bank in Indiana, controlling 7.3 per cent of the total commercial bank deposits in the State. Indiana Bank and Bank are located in separate, non-adjacent banking markets, approximately 200 miles apart. Each bank derives from the service area of the other less than 0.5 per cent of its loans to, and deposits from, individuals, partnerships, and corporations. Hence, the proposed retention of shares would not eliminate any significant existing competition between the two banks nor would it increase concentration of banking resources in any local banking market. Furthermore, the proposal would not eliminate any significant future competition since Indiana law prohibits either bank from operating a branch office outside its home office county and prohibits Applicant from acquiring an additional bank for its own account. Hence, competitive considerations are consistent with approval of the application, particularly in that it does not appear Applicant will be capable of controlling the management or policies of Bank by virtue of the instant acquisition.

The financial and managerial resources and future prospects of Applicant, Indiana Bank, and Bank are satisfactory. Accordingly, banking factors are consistent with approval. There is no indication that the convenience and needs of the community to be served are not currently being

[1] Unless otherwise indicated, all banking data are as of December 31, 1975.

met. Although there will be no immediate increase in the services offered by Bank, convenience and needs considerations are consistent with approval. Therefore, it is the Board's judgment that the retention of the shares of Bank 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.

By order of the Board of Governors, effective January 12, 1977.

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

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

Independent Bank Corporation,
Ionia, Michigan

Order Approving Acquisition of Bank

Independent Bank Corporation, Ionia, Michigan, 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 consolidation to Western State Bank, Howard City, Michigan ("Bank"). The bank with which Bank is to be consolidated 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 together with all comments received, including those of the Commissioner of the Financial Institutions Bureau of the State of Michigan, in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the 51st largest commercial banking organization in Michigan, controls three banks with aggregate deposits of about $74 million,[1] representing less than one percent of the total commercial bank deposits in Michigan. Acquisition of Bank would increase Applicant's share of commercial bank deposits in the State only slightly and would not have a significant effect upon the concentration of banking resources in Michigan.

Bank (deposits of $11.3 million) operates three offices, one in each of three separate banking markets, the Grand Rapids banking market,[2] the Freemont-Newaygo banking market,[3] and the Montcalm County banking market,[4] which are the relevant geographic markets for purposes of analyzing the competitive effects of the proposed acquisition. Bank is the sixteenth largest of seventeen banking organizations operating in the Grand Rapids banking market, the seventh largest of seven banking organizations operating in the Freemont-Newaygo banking market, and the sixth largest of nine banking organizations operating in the Montcalm County banking market, with 0.1, 0.4, and 7.6 per cent, respectively, of the total deposits in commercial banks in each market.[5]

Applicant is presently represented in each of the three relevant banking markets. In the Grand Rapids banking market, Applicant's subsidiary bank was formed *de novo* in 1974, and controls deposits of $2.7 million, representing 0.2 per cent of the total deposits in commercial banks in the market. In the Montcalm County banking market, Applicant's subsidiary bank controls deposits of $9.3 million,[6] representing 7.9 per cent of the total deposits in commercial banks in the market. In the Freemont-Newaygo banking market, Applicant's subsidiary bank controls deposits of $8.8 million, representing 13.9 per cent of the total commercial bank deposits in the market. It is the Board's view that consummation of this proposal would not have any significant adverse effect on existing competition in any relevant market in view of the relative size of these organizations, their small market shares, and the number of remaining banking alternatives in each market. Accordingly, on the basis of the facts of record,

[1] Unless otherwise indicated, banking data are as of December 31, 1975.

[2] The Grand Rapids banking market is approximated by the Grand Rapids Ranally Metro Area ("RMA").

[3] The Freemont-Newaygo banking market is approximated by the southern two-thirds of Newaygo County.

[4] The Montcalm County banking market is approximated by Montcalm County and the two extreme northeastern townships of Kent County which are not included in the Grand Rapids RMA.

[5] Deposits as of June 30, 1975.

[6] Deposits as of June 30, 1975.

the Board concludes that consummation of the proposal would have a slightly adverse effect on competition, but the Board does not regard it as significant and believes that it is outweighed by the convenience and needs factors discussed below.

The financial and managerial resources and future prospects of Applicant, its subsidiary banks, and Bank are satisfactory. Applicant will make available additional experienced financial personnel to assist Bank. Considerations relating to the banking factors are consistent with approval of the application. Applicant states that its affiliation with Bank would result in Bank's being able to draw upon Applicant's financial and managerial resources and, thus, should provide Bank with assistance in improving the quality of its services to the public, including the addition of data processing services, increased real estate mortgage lending, larger lines of credit, and the daily computation of interest on passbook savings accounts. Considerations relating to the convenience and needs of the community to be served lend some weight toward approval of the application and outweigh in the public interest the slightly adverse competitive effects that might result from consummation of the 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 January 3, 1977.

Voting for this action: Vice Chairman Gardner and Governors Coldwell and Lilly. Voting against this action: Governor Wallich. Absent and not voting: Chairman Burns and Governors Jackson and Partee.

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

Lake View Bancorp, Inc.,
Northbrook, Illinois

Order Denying
Formation of Bank Holding Company

Lake View Bancorp, Inc., Northbrook, Illinois, 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 through acquisition of 100 per cent of the voting shares (less directors' qualifying shares) of Lake View Trust and Savings Bank, Chicago, Illinois ("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 is a recently chartered, nonoperating corporation organized under the laws of Delaware for the purpose of becoming a bank holding company through acquisition of Bank ($329.7 million in deposits).[1] Upon acquisition of Bank, Applicant would control the 12th largest banking organization in the State of Illinois and would control approximately 0.5 per cent of total deposits in commercial banks in the State.

Bank, located approximately 5 miles north of downtown Chicago, is the 11th largest of 296 commercial banks located in the Chicago banking market[2] and holds approximately 0.8 per cent of the total commercial bank deposits in the market. The proposed transaction involves the transfer of ownership of Bank from an individual to a corporation owned by the same individual.[3] Applicant's principal, the present owner of Bank, is also the owner and director of two registered bank

[1] All banking data are as of December 31, 1975.

[2] The Chicago banking market, the relevant geographic market for purposes of analyzing the competitive effects of the proposed transaction, is approximated by all of Cook and DuPage Counties and the southern portion of Lake County.

[3] Prior to the sale of Bank to William N. Lane, Applicant's principal, Bank was owned by NL Industries, Inc., New York, New York ("NL"), a diversified manufacturing company, which became a bank holding company by virtue of the 1970 Amendments to the Act. On May 5, 1972, NL filed an irrevocable declaration to divest its interest in Bank by year-end 1980. Sale of Bank to Applicant's principal is intended to comply with that commitment.

holding companies and an additional bank.[4] Each of these organizations operates in the Chicago banking market. Given the size of the banks involved and the structure of the market, it is the Board's view that the combination of these entities would have no significant adverse effects on competition.

Moreover, since the subject proposal is essentially a corporate reorganization and Applicant has no subsidiaries, it does not appear that consummation of the proposal would have any adverse effect upon existing or potential competition nor increase the concentration of banking resources, or have any other adverse effect upon any other banks in the relevant market. Thus, the Board concludes that the competitive considerations are consistent with approval of the application.

Under § 3(c) of the Act, the Board is required to consider the financial and managerial resources and future prospects of the proposed bank holding company involved and the bank to be acquired. With respect to the subject application, it appears that the financial and managerial resources and future prospects of Applicant are entirely dependent upon Bank. With respect to the managerial considerations of Applicant, they are regarded as generally satisfactory. In acting on one-bank holding company formations, the Board has been less restrictive than otherwise with respect to financial considerations in cases that involve a current or prospective owner-chief executive establishing a holding company to hold the individual's direct equity interest in the bank. The Board regards such a policy as being in the public interest in order to facilitate management succession on the community level at the Nation's many smaller, independent banks. However, the Board has long held that, as a general matter, such a less restrictive policy with respect to financial considerations should not apply to those situations where the individuals are involved in more than a single one-bank holding company, such as those situations involving individuals that are engaged in establishing a series or chain of one-bank holding companies. In such situations, the Board believes that it is more appropriate to analyze such organizations under the standards that are normally applicable in analyzing acquisitions by multibank holding companies. The application of multibank holding company standards in such circumstances appears appropriate because of the interdependence of the banks in a chain of commonly-owned one-bank holding companies and the distinct possibility that the financial and managerial resources of one or more of the banks in the chain may be used to support the operations of other members in the banking group.[5]

As part of this proposal, Applicant would assume the debt that its principal incurred in his acquisition of Bank's shares. Thus, Applicant proposes to incur a high level of acquisition debt, $27.6 million, which it expects to service over a 12-year period through Bank dividends that would appear to be in excess of half of Bank's projected annual net income, as well as through cash payments made by Bank and retained by Applicant to the extent that they represent savings from filing consolidated tax returns. The projected earnings for Bank, in the Board's view, would not provide Applicant with the necessary financial flexibility to meet its annual debt servicing requirements as well as any unexpected problems that might arise at Bank. Moreover, if Bank's rate of growth approaches the growth rate of banks in its market area,[6] total capital funds of Bank as related to its total assets would become insufficient because of Applicant's inability to augment Bank's capital due to its substantial debt servicing requirements.

Furthermore, the Board notes with concern the highly leveraged condition of the two other one-bank holding companies owned by Applicant's principal as well as the high level of debt incurred by Applicant's principal in acquiring Pioneer Bank and Trust Co., Chicago, Illinois. It is also noted that the terms of the loan used to finance the

[4] Northbrook Bancorp, Inc., which controls Northbrook Trust & Savings Bank, Northbrook, Illinois ($54.9 million in deposits) and Northwestco, Inc., which controls Northwest National Bank of Chicago ($312.4 million in deposits); and Pioneer Bank and Trust Co., Chicago, Illinois ($303.5 million in deposits).

[5] See Board Order dated January 15, 1974, denying the application of B H Co., Inc., Hardin, Montana (60 Federal Reserve BULLETIN 123 (1974)); Board Order dated October 17, 1975, approving the application of Commercial Bankshares, Inc., Grand Island, Nebraska (61 Federal Reserve BULLETIN 807 (1975)); and Board Order dated June 14, 1976, denying the application of Nebraska Banco, Inc., Ord, Nebraska (62 Federal Reserve BULLETIN 638 (1976)).

[6] Applicant has projected Bank's annual growth in assets over the debt-retirement period at 4.5 per cent. The Board notes that over the last ten years the other banks in the market area of Bank have experienced an average compound rate of asset growth of 11.2 per cent.

purchase of Bank's shares are dependent upon a compensating balance provided by Bank, an action which the Board regards as an improper use of Bank funds. On the basis of the foregoing and other facts of record, the Board is of the view that it would not be in the public interest to approve the formation of a bank holding company with an initial debt structure that could result in the weakening of Bank's overall financial condition. Accordingly, the Board concludes that the considerations relating to the banking factors weigh against approval of the application.

As stated previously, the proposed formation of Applicant merely represents a restructuring of Bank's ownership. No significant changes in Bank's operations or in the services offered to Bank's customers are contemplated. Consequently, considerations relating to the convenience and needs of the community to be served are consistent with, but lend no weight toward approval of the application.

On the basis of all of the circumstances concerning this application, the Board concludes that the financial considerations involved in this proposal present adverse circumstances bearing upon the financial resources and future prospects of both Applicant and Bank. Such adverse factors are not outweighed by any procompetitive effects or by benefits that would result in serving the convenience and needs of the community. Accordingly, 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.

On the basis of the record, the application is denied for the reasons summarized above.

By order of the Board of Governors, effective January 3, 1977.

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

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

Seilon, Inc.,
Toledo, Ohio

Order Denying Retention of Additional Shares of Bank Holding Company

Seilon, Inc., Toledo, Ohio, 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 retain 5,509 voting shares (approximately .42 per cent) of Nevada National Bancorporation, Reno, Nevada ("NNB"), a one-bank holding company that controls Nevada National Bank, Reno, Nevada ("Bank").[1]

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 by the Comptroller of the Currency, in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Seilon currently owns 39.4 per cent of the voting shares of NNB, a one-bank holding company that owns 100 per cent of the voting shares (less directors' qualifying shares) of Bank.[2] Bank (deposits of $192.6 million) is the fourth largest of eight commercial banking organizations in Nevada and, through its 24 banking offices, controls approximately 10.2 per cent of the total deposits held by commercial banks in that State.[3] Inasmuch as Seilon's proposal involves the retention of voting shares of a bank holding company that it already controls, the proposed retention would eliminate neither existing nor potential competition, and would not increase the concentration of banking resources in any relevant area. Therefore, competitive considerations are consistent with approval of the application.

The Board has indicated on previous occasions that it believes a bank holding company should constitute a source of both financial and managerial strength to its subsidiary bank(s). Accordingly, in acting upon any application under the Act, the Board will closely examine the financial condition, managerial resources, and future prospects of an applicant and its subsidiary bank(s) with these

[1] Formerly known as First Bancorporation.

[2] Seilon became a bank holding company on December 31, 1970, by virtue of its ownership of 36.5 per cent of the voting shares of NNB and the 1970 Amendments to the Act. Seilon engages, through its subsidiaries, in various activities including banking and personal property leasing. In addition, it engages in manufacturing, selling, and distributing agricultural machinery in the United States and abroad, which activities are impermissible for bank holding companies and must be divested by December 31, 1980, pursuant to § 4(a)(2) of the Act.

[3] All banking data are as of December 31, 1975, unless otherwise indicated.

factors in mind. Based upon an evaluation of such factors with respect to this application, the Board has determined that denial of this application is warranted.

With respect to the financial resources and future prospects associated with this application, the Board notes the continued existence of some of the same concerns that it expressed in its Order of July 20, 1972, denying Seilon's application to acquire up to an additional 63.5 per cent of NNB.[4] In this regard, Seilon's overall financial condition still does not permit it to be a source of financial strength to Bank. Rather, based upon an examination of all the facts of record, the Board concludes that Seilon, through NNB, has sought to improve its overall financial condition at the expense of Bank through liberal dividends drawn from Bank. It appears that such a continued program could hinder Bank's financial condition. Therefore, the Board concludes that banking factors weigh against approval of this application.

With respect to the managerial resources associated with this application, the Board is concerned, as it was in its denial Order in 1972, with absentee management of the nature involved in Seilon's structure. Furthermore, as the Board has previously indicated, the reference to "managerial resources" does not refer solely to the business abilities of management or to its past financial success or failure but also to management's disposition to conduct the affairs of the bank holding company in accordance with the requirements of law.[5]

Section 3(a)(3) of the Act states that it shall be unlawful, except with the prior approval of the Board "for any bank holding company to acquire direct or indirect ownership or control of any voting shares of any bank if, after such acquisition, such company will directly or indirectly own or control more than 5 per centum of the voting shares of such bank. . . ."

It appears from the facts of record in this case that Seilon, without prior Board approval, acquired 5,509 voting shares of NNB that are the subject of this retention application in settlement of a lawsuit threatened by two shareholders of NNB. These voting shares were acquired, at a cost of $52,500, in three installments over a one-year period.[6] It appears that at the time of the acquisition in question, Seilon was fully aware of the Act's requirement of prior Board approval. Despite this knowledge, and without any obligation to do so, Seilon acquired the 5,509 voting shares of NNB. In its application, Seilon has stated that:

> We were familiar as our application in 1971 [to acquire an additional 63.5 per cent of the voting shares of NNB] indicates that tender offers or market purchases of First Bancorporation [now known as NNB] common stock by Seilon required the prior approval of the Federal Reserve System. We were not aware that the . . . Act went so far as to prohibit management from exercising its responsibilities in the resolution of litigation by requiring the prior approval of the Federal Reserve where the acquisition of a miniscule number of shares is a part of a larger settlement of litigation problem.

In assessing the managerial resources of an applicant the Board must consider all the factors that bear upon the management's competence, quality, and disposition to conduct in accordance with the requirements of law the affairs of any bank holding company seeking to acquire, or to

[4] 37 *Fed. Reg.* 15052 (1972); 58 Federal Reserve BULLETIN 729 (August 1972).

[5] See the Board's order dated July 29, 1976, denying the application by Florida National Banks of Florida, Inc., Jacksonville, Florida, to acquire Citizens Bank of Bunnell, Bunnell, Florida. 41 *Fed. Reg.* 33334 (1976); 1976 Federal Reserve BULLETIN 696. As originally enacted, § 3(c)(3) of the Bank Holding Company Act provided that among the factors to be considered by the Board is the "character of [the management.]" Also see Senate Report No 1095, 84th Cong., 1st Sess., at page 10, accompanying the 1956 Act. The present § 3(c) of the Act includes the same standard without any substantive change in its meaning having been made by the 1966 Amendments to the Act that brought this section into harmony with the Bank Merger Act. The Federal Home Loan Bank Board has had occasion in a similar context to consider the scope of the "managerial resources" standard as contained in that section of the National Housing Act dealing with savings and loan holding companies. (12 U.S.C. § 1730a(e)(2)). The Bank Board concluded that its standard was adopted from the Bank Holding Company Act and that the phrase "managerial resources" encompasses considerations relating to the integrity of management. Opinion and Order of the Federal Home Loan Bank Board in the matter of the *Joint Applications of Fidelity Financial Corporation and Fidelity Savings and Loan Association, Sacramento, California, and Six Rivers Savings and Loan Association, Eureka, California* (Resolution No. 73 1772, December 7, 1973), at page 20.

[6] The shares were purchased as follows: 2,369 shares on November 1, 1973; 1,570 shares on May 1, 1974; and 1,570 shares on November 1, 1974

retain, control of a bank or of any other bank holding company. The Board previously has stated that when it comes to the Board's attention that an acquisition has been made, or activities have been commenced, without the requisite prior approval of the Board, whether or not such violation of the law appears to have been "willful," such conduct may reflect so adversely upon the managerial factors in connection with an application for permission to retain the illegally acquired shares or activity that the conduct, in and of itself, constitutes grounds for denial of such an application.

Section 3(a) of the Act is explicit that prior Board approval is required for *any* acquisition by a company of voting shares of a bank in which it owns less than a majority interest if, thereafter, that company will own or control more than 5 per cent of the bank's voting shares. While the Board recognizes that Seilon was desirous of avoiding potential legal expenses in the defense of a threatened lawsuit, the Board notes that the two shareholders involved were shareholders of NNB and not of Seilon and that Seilon was not obligated to acquire the shares in question. In view of the fact that Seilon was fully aware of the Act's requirement of prior Board approval in 1972 when it sought to acquire 63.5 per cent of NNB's voting shares; that the Board had issued an order in 1972 denying Seilon's previous application because of less than satisfactory financial and managerial considerations at that time; and that Seilon was unable to substantiate its position that acquisitions of small amounts of shares in settlement of threatened lawsuits were exempt from the Act's prior approval requirements; the Board concludes that insofar as this application is concerned the management of Seilon has not demonstrated a disposition to conform the conduct of Seilon's affairs to the requirements of the Act. As was mentioned earlier, § 3(a) of the Act is explicit as to acquisitions of voting shares for which prior Board approval is required. When an acquisition of voting shares is made without obtaining such prior Board approval, under circumstances such as those presented here, the Board believes that it should not approve an application to retain the illegally acquired shares and, thereby, allow the offending party to reap the fruits of its violation.

There is evidence in the record that the convenience and needs of the community are currently being adequately served by Bank. Therefore, within the context of this application, these considerations are not sufficient to outweigh the adverse managerial and banking factors associated with this proposal. Accordingly, 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.

On the basis of the record, and in light of the factors set forth in § 3(c) of the Act, the application is denied for the reasons summarized above. Seilon is hereby ordered to take all necessary steps to divest the 5,509 voting shares of NNB that were illegally acquired by Seilon no later than thirty days after the effective date of this Order.

By order of the Board of Governors, effective January 14, 1977.

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

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

Southeast Banking Corporation;
Exchange Bancorporation, Inc.,
Miami, Florida

Order Approving Acquisition of Banks

Southeast Banking Corporation, Miami, Florida ("Southeast"), a bank holding company within the meaning of the Bank Holding Company Act ("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 (1) The Exchange Bank of North Winter Haven, Winter Haven, Florida ("Winter Haven Bank"); and (2) The Exchange Bank of Westshore, Tampa, Florida ("Westshore Bank"), both of which are presently controlled by Exchange Bancorporation, Inc., Tampa, Florida ("Exchange"). Southeast proposes to acquire Winter Haven Bank through its wholly-owned subsidiary, Southeast Acquisition Company.

At the same time, Exchange, a bank holding company within the meaning of the Act, has applied for the Board's prior approval under § 3(a)(3) of the Act to acquire 80 per cent or more of the voting shares of (1) Southeast Bank of Gulf Gate, Sarasota, Florida ("Gulf Gate Bank"); and (2) Southeast National Bank of Manatee, Bradenton, Florida ("Manatee Bank"), both of which are presently controlled by Southeast.[1]

Notice of the applications, 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 applications and all comments received in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applications of Southeast

Southeast, the largest banking organization in Florida, controls 47 banks with aggregate deposits of approximately $2.7 billion, representing 10.7 per cent of the total deposits in commercial banks in the State.[2] Acquisition of Winter Haven Bank and Westshore Bank would not significantly increase Southeast's share of State deposits, nor would it alter Southeast's ranking among other State banking organizations. Approval of the subject applications to acquire Winter Haven Bank and Westshore Bank would not result in a significant increase in the concentration of banking resources in Florida.

Winter Haven Bank holds deposits of approximately $5.2 million, representing 1.6 per cent of the total deposits in commercial banks in the East Polk County banking market,[3] and ranks as the 13th largest of 15 banks operating in that market. The three largest banking organizations operating in this market control approximately 69 per cent of the market's commercial bank deposits. Exchange is the largest banking organization in the martket, controlling 31.6 per cent of total deposits in commercial banks in the market. The office of Applicant's subsidiary bank closest to Winter Haven Bank is located approximately 43 miles away in a separate banking market. It appears from the record that no meaningful competition presently exists between Southeast's subsidiaries, both bank and nonbank, and Winter Haven Bank. On the other hand, acquisition of Winter Haven Bank by Southeast should have some positive effects on competition by reducing the concentration of banking resources controlled by the market's largest banking organization and introducing an additional competitor.

Westshore Bank holds deposits of approximately $7.4 million, representing 0.4 per cent of the total deposits in commercial banks in the Tampa banking market,[4] and ranks as the 31st largest of 43 banks in the market. The three largest banking organizations in the market control more than 59 per cent of total commercial bank deposits in the market. Southeast currently controls one subsidiary bank in the Tampa market, which holds deposits of approximately $26 million, representing 1.5 per cent of the market's total deposits, and ranks as the market's 19th largest bank. Although consummation of Southeast's proposal to acquire Westshore Bank would eliminate some existing competition, the Board believes that on balance, the proposal should have a positive effect on competition in the Tampa banking market. In view of the relatively small size of both Westshore Bank and Southeast's present subsidiary bank in the market and the number of competing banks in the market, the existing competition that would be eliminated would be insignificant in relation to the market. Furthermore, the amount of competition existing between Southeast's mortgage banking subsidiary and Westshore Bank is also considered insignificant. However, the acquisition of Westshore Bank by Southeast would decrease slightly the level of concentration of banking resources controlled by the market's largest holding companies.

On the basis of the foregoing, the Board concludes that consummation of Southeast's proposals to acquire Winter Haven Bank and Westshore Bank from Exchange would not have any significant adverse effects on existing or potential competition in any relevant area, and that competitive considerations are consistent with approval of the applications.

With respect to the financial and managerial resources of Southeast and its subsidiaries, the

[1] Southeast and Exchange propose to accomplish the subject acquisitions through the exchange of all of the voting shares of Winter Haven Bank and Westshore Bank now held by Exchange for all of the voting shares of Gulf Gate Bank and Manatee Bank now held by Southeast. In addition, Exchange would also acquire approximately 38,000 shares of the common stock of Southeast, which represents 0.3 per cent of Southeast's total outstanding voting shares

[2] All banking data are as of December 31, 1975

[3] The East Polk County banking market, the relevant geographic market for purposes of analyzing the competitive effects of the proposal to acquire Winter Haven Bank, is approximated by the eastern half of Polk County, Florida.

[4] The Tampa banking market is approximated by all of Hillsborough County and the Land O'Lakes area of Pasco County, all in Florida.

Board denied an application by Southeast to acquire another bank in March of last year on the basis that Southeast should not divert any of its financial or managerial resources from its existing subsidiaries for purposes of making an acquisition.[5] However, the subject proposal is to be accomplished through an exchange of shares without any cash outlay or increased indebtedness and the two subject banks would not divert Applicant's attention or resources from its present subsidiaries because of the generally satisfactory financial and managerial resources of the two banks. Therefore, the Board concludes that the banking factors are consistent with approval of the applications.

Southeast proposes to generally expand and improve the services currently available to customers of the two banks; thus, considerations relating to the convenience and needs of the communities to be served are consistent with approval of the applications. Accordingly, it is the Board's judgment that consummation of the proposal to acquire Winter Haven Bank and Westshore Bank from Exchange would be in the public interest and that the subject applications should be approved.

Applications of Exchange

Exchange, the 13th largest banking organization in Florida, controls 14 banks with aggregate deposits of approximately $573 million, representing 2.3 per cent of the total deposits in commercial banks in the State. Acquisition of Gulf Gate Bank and Manatee Bank would not significantly increase Exchange's share of State deposits, nor would it alter Exchange's ranking among other State banking organizations. Approval of the subject applications to acquire Gulf Gate Bank and Manatee Bank would not result in a significant increase in the concentration of banking resources in Florida.

Gulf Gate Bank holds deposits of approximately $8.5 million, representing 1.5 per cent of the total deposits in commercial banks in the Sarasota banking market,[6] and ranks as the 13th largest of 16 banks operating in the market. The three largest banking organizations in the market control approximately 86 per cent of the market's total deposits. Southeast is the second largest banking organization in the market controlling more than one-third of the market's deposits. The office of a subsidiary bank of Exchange closest to Gulf Gate Bank is located approximately 60 road miles away in a separate banking market. It appears that there is no meaningful competition presently existing between any of Exchange's subsidiary banks and Gulf Gate Bank. Although Exchange could enter this market on a *de novo* basis, the subject proposal would have a positive effect on competition by reducing slightly the concentration of banking resources held by the market's second largest banking organization and providing a foothold entry for a new competitor in the market without eliminating any independent banks that could be acquired by other potential entrants in the future.

Manatee Bank holds deposits of approximately $3.5 million, representing 0.9 per cent of the total deposits in commercial banks in the Bradenton banking market,[7] and ranks as the 9th largest of 12 banks operating in the market. The three largest banking organizations in the market control approximately 64 per cent of the market's total deposits. Southeast is the second largest banking organization in the market controlling almost 22 per cent of total market deposits. The office of a subsidiary bank of Exchange closest to Manatee Bank is located approximately 45 road miles away in a separate banking market. It appears that no meaningful competition presently exists between any of Exchange's subsidiary banks and Manatee Bank. Again, the acquisition of Manatee Bank from Southeast should have positive effects on competition in the Bradenton market by slightly decreasing the concentration of resources held by the market's second largest banking organization and introducing an alternative source of banking services without eliminating any independent banks that could be acquired by potential entrants to the market in the future.

The financial and managerial resources of Exchange, its subsidiaries, Gulf Gate Bank and Manatee Bank are considered generally satisfactory and the future prospects for each appear

[5] Board Order dated March 16, 1976, denying the application of Southeast to acquire Worth Avenue National Bank, Palm Beach, Florida. In addition, on November 17, 1975, the Board approved the acquisition by Southeast of the financially troubled Palmer Bank Corporation and its subsidiaries, all of Sarasota, Florida.

[6] The Sarasota banking market is approximated by the northern portion of Sarasota County and the extreme southern portion of Manatee County, all in Florida.

[7] The Bradenton banking market is approximated by all of Manatee County, Florida, except the extreme southern portion.

favorable. Thus, the banking factors are consistent with approval of the applications.

Exchange proposes to offer specialized loan services to customers of Gulf Gate Bank and Manatee Bank. In addition, Exchange plans to provide both banks with staff training and management development programs. Considerations relating to the convenience and needs of the communities to be served are consistent with approval of the applications. It is the Board's judgment that consummation of the proposed acquisition of Gulf Gate Bank and Manatee Bank from Southeast would be in the public interest and that the applications should be approved.

It should be emphasized that the Board will scrutinize with special care any proposal that involves the exchange of bank subsidiaries between bank holding companies. Furthermore, the Board will only approve such a proposal if it would have a positive competitive effect, as is present in the instant proposals, or a beneficial effect upon the convenience and needs of the communities to be served sufficient to clearly outweigh any possible anticompetitive effects. Accordingly, on the basis of the record, the subject applications are approved for the reasons summarized above. The transactions 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 Atlanta pursuant to delegated authority.

By order of the Board of Governors, effective January 10, 1977.

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

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

Trust Company of Georgia,
Atlanta, Georgia

Order Approving Acquisition of Bank Holding Company and its Nonbank Subsidiary and Activities

Trust Company of Georgia ("Applicant"), Atlanta, Georgia, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to acquire through merger Central Bankshares Corporation ("Corporation"), Jonesboro, Georgia, a one-bank holding company that owns all the voting shares of Central Bank and Trust Company ("Bank"), Jonesboro, Georgia. As part of the proposed transaction Applicant would acquire all the voting shares of Corporation's nonbank subsidiary, Central Bankshares Equity Corporation ("Equity"), Jonesboro, Georgia, and would acquire direct ownership and control of the leasing activities now engaged in directly by Corporation, for which acquisitions Applicant has applied for Board approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)). Both the leasing activities of Corporation and the activities of Equity, which is engaged in making loans secured principally by second mortgages on single-family residences, have been determined by the Board by regulation to be activities permissible for bank holding companies under section 4(c)(8) of the Act.

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the Act (41 *Federal Register* 46650, 46651). 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 section 3(c) of the Act and the considerations specified in section 4(c)(8) of the Act.

Applicant, the third largest banking organization in Georgia, directly controls Trust Company Bank, Atlanta, Georgia, which has deposits of $796 million, and indirectly controls five other banks with aggregate deposits of approximately $400 million.[1] The aggregate deposits of Applicant's six subsidiary banks represent about ten per cent of the total deposits in commercial banks in the State. Acquisition of Bank, through merger of Corporation into Applicant, would increase Applicant's share of the commercial bank deposits in the State by 0.14 per cent and would not have a significant effect upon the concentration of banking resources in Georgia or alter Applicant's statewide ranking.

Bank is the 25th largest of 36 banking organi-

[1] All banking and market data are as of December 31, 1975. On December 7, 1976, the Board approved Applicant's acquisition of an additional bank, Security National Bank, Smyrna, Georgia, which holds deposits of $17.4 million.

zations in the Atlanta banking market[2] and holds deposits of $13.7 million, representing approximately 0.2 per cent of the total deposits in commercial banks in the market. Trust Company Bank, Applicant's lead bank, and Security National Bank, Applicant's acquisition of which the Board recently approved, also operate in the Atlanta banking market. Together they comprise the third largest banking organization in the market with approximately 14 per cent of the total deposits in commercial banks in the market. Trust Company Bank has 37 branches, in DeKalb and Fulton Counties; Security National Bank has two branches, in Cobb County; and Bank has 4 branches in Clayton County and one limited banking office there. Although it appears that consummation of the proposed transaction would eliminate some existing competition between Bank and certain of Applicant's subsidiary banks, the Board notes that the competition that would be eliminated is not of a significant magnitude and that numerous independent banking organizations would remain in the Atlanta market following the merger. In addition, Georgia law prohibits Applicant from branching into or acquiring a *de novo* bank in Clayton County, and Bank, as the smallest of the six commercial banks in Clayton County, is the smallest vehicle that is available to Applicant as a means of entry into that county. Accordingly, Applicant's acquisition of Bank through this proposal is regarded as a foothold entry into Clayton County. In view of the foregoing, the Board concludes that the proposed merger would have only a slightly adverse effect on banking competition.

The financial and managerial resources of Corporation, Applicant, and their respective subsidiaries, and their future prospects are regarded as generally satisfactory, and considerations relating to banking factors are consistent with approval of the application. Applicant intends to offer services not now available to customers of Bank and to improve other services presently offered by Bank. Following consummation of the acquisition, Bank would make available to its customers reduced minimum deposits on time certificates of deposit and a more favorable method of compounding interest on passbook savings accounts. In addition, Applicant will assign a trust expert to improve the range and efficiency of Bank's trust services; will cause Bank to apply for new branches and for expansion of the services offered at an existing Bank office; and will increase the capabilities of Bank's existing 24-hour tellers. Considerations relating to convenience and needs of the community to be served accordingly lend some weight toward approval of the application to acquire Corporation's interest in Bank, sufficient to outweigh the slightly adverse effects on banking competition that might result from consummation of this proposal.

With respect to the nonbanking activities of Corporation and Applicant, consummation of this proposal would eliminate some direct competition in three nonbanking activities, but the Board concludes that the effect of eliminating Corporation's nonbanking competition in the Atlanta banking market would be negligible. Corporation and Applicant's lead bank both engage in leasing activities in the market, but Corporation has not actively engaged in leasing, and has only two relatively small leases on its books. Applicant's lead bank and its mortgage banking subsidiary originate permanent loans secured by mortgages on residential real property in the Atlanta banking market, and together accounted for 1.1 per cent of such mortgages recorded in 1975. Bank has also engaged in this activity, but on an extremely limited scale, and originated no such mortgages in 1975. Finally, both Bank and Equity presently compete with Applicant's subsidiaries in the origination of loans secured by second mortgages on residential real property, but in 1975 Bank and Equity together originated only $500,000 in such loans, which is an insignificant part of the market's second mortgage originations. There is no evidence in the record indicating that acquisition by Applicant of these nonbanking activities would result in an undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. To the contrary, Equity and Corporation's leasing business, through affiliation with Applicant, may be expected to be better able to obtain funds as necessary, and to draw on Applicant's expertise in nonbanking fields, resulting in the provision of more accessible and competitive leasing and mortgage lending service to the community, and the Board regards such considerations as being in the public interest.

Based on the foregoing and other considerations reflected in the record, it is the Board's judgment

[2] The Atlanta banking market is approximated by Fulton, DeKalb, Cobb, Gwinnett, Clayton, Douglas, Henry, and Rockdale Counties.

that considerations affecting the competitive factors under section 3(c) of the Act and the balance of the public interest factors set forth in section 4(c)(8) of the Act both favor approval of Applicant's proposal.

Accordingly, the applications are approved for the reasons summarized above. The merger shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Atlanta pursuant to delegated authority. The approval of Applicant's nonbanking applications is subject to the conditions prescribed in section 225.4 of Regulation Y and to the authority of the Board to require reports by, and make examinations of, holding companies and their subsidiaries, and to require such modifications 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 January 3, 1977.

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

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

Dissenting Statement of Governor Coldwell

I would deny the application of Trust Company of Georgia to acquire by merger Central Bankshares Corporation, for the reasons recently expressed in my dissenting statement regarding Trust Company of Georgia's application to acquire Security National Bank.[1] Applicant's acquisition of an additional bank in the Atlanta banking market would result in a further concentration of banking resources and adverse effects on competition, without benefiting the convenience and needs of that market to any important extent. Applicant's proposal would not result in the introduction of services not already available in the market, and I am unable to conclude that the considerations reflected in the record relating to the convenience and needs of the community to be served clearly outweigh the adverse competitive effects that consummation of Applicant's proposal would have.

Accordingly, for the foregoing reasons, it is my judgment that the proposed transaction would not be in the public interest and that the application should be denied.

[1] Order approving application of Trust Company of Georgia to acquire Security National Bank, Smyrna, Georgia, December 7, 1976, 41 *Federal Register* 54541.

ORDER UNDER SECTION 4(C)(8) OF BANK HOLDING COMPANY ACT

Hawaii Bancorporation, Inc.,
Honolulu, Hawaii

Order Approving
Acquisition of Resource Financial Corp.

Hawaii Bancorporation, Inc., Honolulu, Hawaii ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under § 4(c)(8) of the Act (12 U.S.C. § 1843 (c)(8)) and § 225.4(b)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(1)), to acquire shares of Resource Financial Corp., Honolulu, Hawaii ("Company"), a company that will engage *de novo* in the activity of operating an industrial loan company. Such activity has been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(2)).

Applicant initiated the instant application by furnishing the Federal Reserve Bank of San Francisco a copy of a notice of the instant proposal in proper form and timely published in a newspaper of general circulation in Honolulu, Hawaii, the community to be served. Adverse comments of a substantive nature from the Hawaii Consumer Finance Association ("Protestant") were received by the Reserve Bank. The Reserve Bank informed Applicant that the proposal should not be consummated unless specifically authorized by the Board.

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (41 *Federal Register* 37420). The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those of Protestant and First Hawaiian, Inc., Honolulu, Hawaii ("FHI"), a bank holding company, in the light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant is the largest banking organization in the State of Hawaii, and controls Bank of Hawaii, Honolulu, Hawaii, which holds deposits of approximately $1.1 billion, representing approximately 38.8 per cent of total deposits in the eight commercial banks located in Hawaii.[1] Through nonbanking subsidiaries, Applicant is also engaged in personal property leasing and consumer finance activities. FHI, the second largest Hawaiian bank holding company, controls approximately 32 per cent of market deposits. In 1975, the Board approved FHI's acquisition of an established Hawaiian industrial loan company, Hawaii Thrift and Loan, Inc. ("HTL"), (61 Federal Reserve BULLETIN 524 (1975)). At that time HTL was under severe financial pressure and was daily experiencing substantial withdrawals of funds by its investment certificate holders.

Company, a proposed industrial loan company, will engage in the activity of making commercial, mortgage, and consumer loans pursuant to Chapter 408 of the Hawaii Revised Statutes.[2] Company's sole office is to be located in downtown Honolulu.

Protestant's major contentions with regard to Applicant's proposal to acquire Company may be summarized as follows:[3]

The Hawaiian banking market is unique as it includes only eight banks and beyond its boundaries, the nearest bank is 2,500 miles away. The market is highly concentrated and is dominated by Applicant and FHI. Together, their banking subsidiaries hold approximately 70 per cent of market deposits. In their business operations, Protestant's members utilize borrowed funds to supplement the funds acquired through investment certificates and debentures. According to Protestant, a significant portion of these borrowed funds is derived from Bank of Hawaii and FHI's subsidiary bank. Protestant asserts that the creation of Company may encourage Bank of Hawaii to restrict the amount and terms of credit available to Protestant's members. Bank of Hawaii, as of March 31, 1976, held 31% ($7.5 million) of loans to real estate investment trusts and mortgage companies made by Hawaii's eight banks and 55.2% ($11.8 million) of loans to other nondepository financial institutions made by Hawaii's eight banks. The majority of loans to industrial loan companies are encompassed within the latter group. Were Bank of Hawaii and FHI's subsidiary bank to restrict credit to Protestant's members, many of these companies, according to Protestant, could not turn to mainland banks for credit, but would have to resort to the remaining six Hawaiian banks for funds. Of these banks, two have lending limits below $1 million and the other four have lending limits below $2 million. Further, Protestant asserts that the dependency of its members on Applicant's subsidiary bank for funds would allow Company access to an extensive amount of confidential information regarding those members, thus granting Company an unfair competitive advantage.

Bank of Hawaii is both regulated and insured by the Federal Deposit Insurance Corporation ("FDIC"). Industrial loan companies, however, are regulated by the State of Hawaii and are uninsured. Protestant believes consumers will confuse Bank of Hawaii and Company and will believe that Company will be regulated, and its certificates will be insured, by FDIC. Protestant cites advertisements in which HTL was characterized as a member of the "First Hawaiian Family" for a limited period of time after its acquisition by FHI. The type of consumer confusion such advertising may cause, according to Protestant, eliminates the probability that Company will be viewed as an additional competitor.

Finally, Protestant contends that creation of Company will encourage tying and conflicts of interest. The formation of Company will enable Applicant to offer second mortgage loans, a service it does not currently offer. The nature of second mortgage loans, according to Protestant, will readily lead to tying because of the existence of potentially related first mortgage loans, and Applicant has indicated that it will refer first mortgage customers of Bank of Hawaii to Company.

There are approximately 90 industrial loan

[1] Unless otherwise noted, all financial data are as of June 30, 1976.

[2] Chapter 408 also grants industrial loan companies the power "to issue and sell certificates for the payment of money . . . provided, that nothing herein shall be construed to authorize any industrial loan company to receive deposits or to create any liability due on demand." Applicant has indicated, however, that it does not intend to issue certificates for the payment of money in its first year of operation and accordingly the Board does not regard the issuance of such certificates as being within the scope of the proposed transaction.

[3] The Board has considered all submissions made by Protestant. In this Order, the Board has summarized and dealt specifically with the major arguments advanced by Protestant. To the extent that any arguments opposing Applicant's proposal are not treated individually in this Order, they have been considered and dismissed as without merit.

companies located in Hawaii. These companies have total assets of $798 million. During the period of 1970 through 1975, deposits in Hawaiian banks grew at an average annual rate of 10.1 per cent while industrial loan investment certificates and debentures grew at an average annual rate of 23.0 per cent. Hawaiian industrial loan companies derive their funds from two major sources: first, debentures and investment certificates offered to the public, which amounted to approximately $423 million as of December 1975, and second, borrowed funds, which accounted for approximately $143 million at that time. Of this $143 million approximately $12 million is derived from Bank of Hawaii, which currently has lending relationships with 16 of the 90 Hawaiian industrial loan companies. Nine of these 16 firms have little dependence on Applicant as they are either national firms or major Hawaiian companies and have access to many sources of credit. The remaining seven firms have lines of credit of approximately $2 million with Applicant's banking subsidiary of which approximately $1 million is currently being used.

In addition to the fact that Applicant's banking subsidiary currently is the source of a relatively small amount of credit to Hawaii's industrial loan companies, it appears that normal market forces will encourage that bank to remain competitive with the other seven banks located in Hawaii in the provision of credit to industrial loan companies. In the Board's judgment, it is unlikely that Applicant would intentionally jeopardize its business relationships with creditworthy customers by restricting credit.[4]

Although Protestant has asserted that the six Hawaiian banks not affiliated with industrial loan companies are not large enough to meet the credit needs of Hawaii's largest industrial loan companies, it is not the larger firms, but rather the smaller firms that may be dependent on local banks, and it appears that these smaller firms would be adequately served by the six non-affiliated Hawaiian banks in the unlikely event any of the adverse effects predicted by Protestant were to occur. In any case, the Board is not persuaded that bank holding company affiliation with an industrial loan company will result in restrictions of credit to non-affiliated firms. Protestant has offered no evidence that such an adverse effect is at all likely to occur and the Board concludes that, in view of the above discussion, the mere possibility of such occurrence is entitled to little weight in this instance.

For the same reasons, the Board is unable to conclude that Protestant's mere assertions of a possibility of misuse of confidential information should be regarded as a significant factor in its consideration of Applicant's proposal. FHI has now been operating an industrial loan company for approximately 18 months, and its subsidiary bank currently has more than $5.5 million in loans outstanding to industrial loan companies. As a consequence of these loans, according to Protestant, FHI should have access to substantial amounts of confidential information regarding firms that compete with its industrial loan subsidiary. There has been no suggestion that it has made improper use of whatever confidential information it may have access to. Indeed, one of Protestant's member firms that also borrows from FHI's subsidiary bank indicates that FHI has not misused any confidential information regarding that firm and describes its relationships with FHI's subsidiary bank as "very good."[5]

Turning to the issue of potential consumer confusion, the Board does not believe that Company's affiliation with Applicant will result in significant confusion regarding the regulation and insurance of industrial loan companies. In Hawaii, industrial loan companies, like banks, are highly regulated and examined.[6] The fact that any Hawaiian industrial loan company, bank-affiliated or not, is a financial intermediary that issues deposit-like investment certificates and makes consumer and mortgage loans, may lead certain consumers to believe that the certificates are insured like deposits in most, albeit not all, commercial banks. That such an industrial loan company is affiliated with

[4]Indeed, the record reflects no instance of any such abuse in the case of FHI's subsidiary bank, which is affiliated with HTI.

[5]The same firm has not found the availability of credit from FHI's subsidiary bank restricted since FHI's acquisition of HTI.

[6]With regard to the amount of regulation to which industrial loan companies are subject, the Board notes that they are regularly examined by the State bank examiner who is empowered to order the discontinuance of any illegal or unsafe practices or to place the company in receivership in appropriate circumstances. Hawaii Rev. Stat. § 401-5, 12 (1968)

a bank holding company should not significantly enhance whatever confusion may already exist. Indeed, whatever potential for confusion may exist regarding Hawaiian industrial loan companies is substantially diminished by the fact that State law requires that each investment certificate issued by an industrial loan company bear the words "this is not a certificate of deposit." Protestant also asserts that Company will not be viewed as an additional competitor to Bank of Hawaii. The Board does not accept this assertion because Company will provide services, such as second mortgage loans, that may not lawfully be provided by that bank.

With regard to Protestant's concern that acquisition of Company will create the potential for tying of services, section 106 of the 1970 Bank Holding Company Act Amendments provides a significant deterrent to coercive tying by bank holding companies as it enables any person injured by such tying to bring a civil action for treble damages plus reasonable attorney's fees.[7] Protestant contends however, that even absent any coercive action on Applicant's part, Applicant's customers may think that the chance for approval of a first mortgage from Bank of Hawaii will be enhanced by requesting a second mortgage from Company. In an effort to reduce the possibility of such "voluntary" tying, Applicant has, on its own initiative, volunteered to provide all of Company's borrowing customers a statement to the effect that loans are not conditioned in any way on obtaining other services from Applicant and its subsidiaries. It is the Board's judgment that the number of first mortgage sources in Hawaii is such as to provide "a reasonable basis for the conclusion that the total amount of possible voluntary tying is not of the magnitude Congress was concerned about,"[8] particularly in view of Applicant's commitment.

As Applicant proposes to enter the industrial loan field on a *de novo* basis, the proposed transaction would neither eliminate existing or potential competition nor cause an increase in the concentration of resources in any relevant area. Indeed, the Board deems it likely that Applicant's entry will have a pro-competitive effect. HTL, since its affiliation with FHI, has lowered its interest rates on certain loans. It further appears that this reduction has resulted in the lowering of interest rates by industrial loan companies not affiliated with banks. Further bank holding company entry in the industrial loan field may have similar effects.

As the industrial loan industry in Hawaii has experienced some financial instability in the past, the additional financial and managerial resources Applicant will provide may tend to increase the overall strength of the industry and promote public confidence in it. Thus, increased bank holding company participation in this industry may encourage more investors to purchase investment certificates and debentures, thereby enlarging the amount of funds available for consumer loans in Hawaii.

Based upon the foregoing and other considerations reflected in the record, the Board has determined in accordance with the provisions of Section 4(c)(8) of the Act, that Applicant's acquisition of Company can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. Accordingly, the application is hereby approved, and Applicant's proposal is specifically authorized by the Board. This determination is subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a 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.

This transaction shall be made not 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 San Francisco, pursuant to authority hereby delegated.

By order of the Board of Governors, effective January 31, 1977.

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

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

[7] 12 U.S.C. § 1971 et seq.
[8] *Alabama Ass'n. of Ins. Agents v. Board of Governors*, 533 F.2d 224, 250-51 (5th Cir. 1976).

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During January 1977, the Board of Governors approved the applications listed below. The orders have been published in the Federal Register, and copies are available upon request to Publications Services, Division of Administration Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	*Bank(s)*	*Board action (effective date)*	*Federal Register citation*
Marion National Corporation, Marion, Indiana	Marion National Bank of Marion, Marion, Indiana	1/3/77	42 F.R. 2353 1/11/77
Montgomery Bancorporation, Inc., Winchester, Kentucky	Montgomery National Bank of Mt. Sterling, Mt. Sterling, Kentucky	1/18/77	42 F.R. 4534 1/25/77

Section 4

Applicant	*Nonbanking company (or activity)*	*Board action (effective date)*	*Federal Register citation*
Redwood Bancorp, San Francisco, California	Montgomery Street Mortgage Corporation, San Francisco, California; and National Mortgage Co., Salt Lake City, Utah	1/19/77	42 F.R. 5133 1/27/77

Sections 3 and 4

Applicant	*Bank(s)*	*Nonbanking company (or activity)*	*Reserve Bank*	*Effective date*	*Federal Register citation*
Mountain Financial Services, Inc., Denver, Colorado	Southeast State Bank, Denver, Colorado	Permissible insurance activities	Kansas City	1/14/77	42 F.R. 4213 1/21/77

By Federal Reserve Banks

During December 1976 and January 1977, an application was approved by the Federal Reserve Bank as listed below. The order has been published in the Federal Register, and copies are available upon request to the Reserve Bank.

Section 3

Applicant	*Bank(s)*	*Reserve Bank*	*Effective date*	*Federal Register citation*
Royal Trust Bank Corp., Miami, Florida	Royal Trust Bank of St. Petersburg, Gulfport, Florida	Atlanta	12/29/76	42 F.R. 3897 1/2/77

Order Approved Under the Bank Merger Act

Applicant	*Bank(s)*	*Reserve Bank*	*Effective date*	*Federal Register citation*
The Commercial Bank, Delphos, Ohio	The Farmers Bank of Elida, Elida, Ohio	Cleveland	1/13/77	42 F.R. 4533 1/25/77

PENDING CASES INVOLVING THE BOARD OF GOVERNORS*

Farmers State Bank of Crosby v. *Board of Governors*, filed January 1977, U.S.C.A. for the 8th Circuit.

National Automobile Dealers Association, Inc. v. *Board of Governors*, filed November 1976, U.S.C.A. for the District of Columbia.

Michigan National Corporation v. *Board of Governors*, filed September 1976, U.S.C.A. for the 6th Circuit.

First Security Corporation v. *Board of Governors*, filed August 1976, U.S.C.A. for the 10th Circuit.

Anthony R. Martin-Trigona v. *Board of Governors*, filed August 1976, U.S.C.A. for the District of Columbia.

First State Bank of Clute, Texas, et al. v. *Board of Governors*, filed July 1976, U.S.C.A. for the 5th Circuit.

International Bank v. *Board of Governors, et al.*, filed July 1976, U.S.D.C. for the District of Columbia.

North Lawndale Economic Development Corportion v. *Board of Governors*, filed June 1976, U.S.C.A. for the 7th Circuit.

Central Wisconsin Bankshares, Inc. v. *Board of Governors*, filed June 1976, U.S.C.A. for the 7th Circuit.

National Urban League, et al. v. *Office of the Comptroller of the Currency, et al.*, filed April 1976, U.S.D.C. for the District of Columbia Circuit.

Farmers & Merchants Bank of Las Cruces, New Mexico v. *Board of Governors*, filed April 1976, U.S.C.A. for the District of Columbia Circuit.

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

Grandview Bank & Trust Company v. *Board of Governors*, filed March 1976, U.S.C.A. for the Eighth Circuit.

Association of Bank Travel Bureaus, Inc. v. *Board of Governors*, filed February 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.

International Bank v. *Board of Governors*, filed December 1975, U.S.C.A. for the District of Columbia.

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

National Computer Analysts, Inc. v. *Decimus Corporation, et al.*, filed November 1975, U.S.D.C. for the District of New Jersey.

†*Peter E. Blum* v. *First National Holding Corporation*, filed May 1976, U.S.C.A. for the Fifth Circuit.

†*Peter E. Blum* v. *Morgan Guaranty Trust Co., et al.*, filed April 1976, U.S.C.A. for the Fifth Circuit.

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, appeal pending, U.S.D.A. for the District of Columbia.

Curvin J. Trone v. *United States*, filed April 1975, U.S. Court of Claims.

Louis J. Roussel v. *Board of Governors*, filed April 1975, U.S.D.C. for the Eastern District of Louisiana.

Georgia Association of Insurance Agents, et al. v. *Board of Governors*, filed October 1974, U.S.C.A. for the Fifth Circuit.

Alabama Association of Insurance Agents, et al. v. *Board of Governors*, filed July 1974, U.S.C.A. for the Fifth Circuit.

†*Investment Company Institute* v. *Board of Governors*, dismissed July 1975, U.S.D.C. for the District of Columbia, appeal pending, U.S.C.A. for the District of Columbia Circuit.

†*Consumers Union of the United States, Inc., et al.* v. *Board of Governors*, filed September 1973, 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.

†Decisions have been handed down in these cases, subject to appeals noted.

‡The Board of Governors is not named as a party in this action.

Directors of Federal Reserve Banks and Branches

Following is a list of the directorates of the Federal Reserve Banks and Branches as at present constituted. The list shows, in addition to the name of each director, his principal business affiliation, the class of directorship, and the date when his term expires. Each Federal Reserve Bank has nine directors: three Class A and three Class B directors, who are elected by the stockholding member banks, and three Class C directors, who are appointed by the Board of Governors of the Federal Reserve System. Class A directors are representative of the stockholding member banks. Class B directors at the time of their election must be actively engaged in their district in commerce, agriculture, or some industrial pursuit, and may not be officers, directors, or employees of any bank.

For the purpose of electing Class A and Class B directors, the member banks of each Federal Reserve district are classified by the Board of Governors of the Federal Reserve System into three groups, each of which consists of banks of similar capitalization, and each group elects one Class A and one Class B director. Class C directors may not be officers, directors, employees, or stockholders of any bank. One Class C director is designated by the Board of Governors as Chairman of the Board of Directors and Federal Reserve Agent and another is appointed Deputy Chairman. Federal Reserve Branches have either five or seven directors, of whom a majority are appointed by the Board of Directors of the parent Federal Reserve Bank; the others are appointed by the Board of Governors of the Federal Reserve System. One of the directors appointed by the Board of Governors at each Branch is designated annually as Chairman of the Board in such a manner as the Federal Reserve Bank may prescribe.

In this list of the directorates, names followed by footnote 1 ([1]) are Chairmen, those by footnote 2 ([2]) are Deputy Chairmen, and those by footnote 3 ([3]) indicate new appointments.

DISTRICT 1—BOSTON

		Term expires Dec. 31
Class A		
James F. English, Jr.	Chairman, The Connecticut Bank and Trust Co., Hartford, Conn.	1977
John D. Robinson	President, Firstbank, N.A., Farmington, Me.	1978
John Hunter, Jr.[3]	President, Vermont National Bank, Brattleboro, Vt.	1979
Class B		
Weston P. Figgins	Chairman of the Board, Wm. Filene's Sons Company, Boston, Mass.	1977
Alfred W. Van Sinderen	President, The Southern New England Telephone Company, New Haven, Conn.	1978
G. William Miller	President, Textron Inc., Providence, R.I.	1979
Class C		
Robert M. Solow[2]	Institute Professor, Massachusetts Institute of Technology, Cambridge, Mass.	1977
Louis W. Cabot[1]	Chairman of the Board, Cabot Corporation, Boston, Mass.	1978
Kenneth I. Guscott	President, Ken Guscott Associates, Boston, Mass.	1979

DISTRICT 2—NEW YORK

		Term expires Dec. 31
Class A		
Stuart McCarty	President, First-City National Bank of Binghamton, N.Y.	1977
Harry J. Taw	President, First National Bank of Cortland, N.Y.	1978
Ellmore C. Patterson[3]	Chairman of the Board, Morgan Guaranty Trust Company of New York, N.Y.	1979
Class B		
William S. Sneath	Chairman of the Board, Union Carbide Corporation, New York, N.Y.	1977
Vacancy		1978
Maurice F. Granville	Chairman of the Board, Texaco, Inc., New York, N.Y.	1979
Class C		
Robert H. Knight[2]	Partner, Shearman and Sterling, Attorneys, New York, N.Y.	1977
Frank R. Milliken[1]	President, Kennecott Copper Corporation, New York, N.Y.	1978
Vacancy		1979

—BUFFALO BRANCH

Appointed by Federal Reserve Bank		
Charles A. Marks	President, Alden State Bank, N.Y.	1977
Kent O. Parmington	President, The Bank of New York Western Region, Buffalo, N.Y.	1978
M. Jane Dickman[3]	Partner, Touche Ross & Co., Buffalo, N.Y.	1979
William B. Webber[3]	Chairman and Chief Executive Officer, Lincoln First Bank of Rochester, N.Y.	1979
Appointed by Board of Governors		
Paul A. Miller[1]	President, Rochester Institute of Technology, Rochester, N.Y.	1977
Donald R. Nesbitt	Owner-Operator, Silver Creek Farms, Albion, N.Y.	1978
Frederick D. Berkeley[3]	Chairman of the Board and President, Graham Manufacturing Co., Inc., Batavia, N.Y.	1979

DISTRICT 3—PHILADELPHIA

Class A		
William B. Eagleson, Jr.	Chairman of the Board, President, Girard Bank, Bala Cynwyd, Pa.	1977
James Patchell	President and Chief Executive Officer, National Bank and Trust Company of Gloucester County, Woodbury, N.J.	1978
W. J. Smouse[3]	President, The First National Bank in Bedford, Pa.	1979

DISTRICT 3—PHILADELPHIA—Continued

Class B		*Term expires Dec. 31*
Jack K. Busby	Chairman and Chief Executive Officer, Pennsylvania Power & Light Company, Allentown, Pa.	1977
Harold A. Shaub	President and Chief Executive Officer, Campbell Soup Co., Camden, N.J.	1978
William S. Masland	President, C.H. Masland & Sons, Carlisle, Pa.	1979
Class C		
Werner C. Brown[2]	President, Hercules, Inc., Wilmington, Del.	1977
John W. Eckman[1]	Chairman, Rorer-Amchem, Inc., Fort Washington, Pa.	1978
Jean Crockett[3]	Professor of Finance, University of Pennsylvania, Philadelphia, Pa.	1979

DISTRICT 4—CLEVELAND

Class A		
Merle E. Gilliand	Chairman of the Board, Chief Executive Officer, Pittsburgh National Bank, Pittsburgh, Pa.	1977
Richard P. Raish	President, First National Bank, Bellevue, Ohio	1978
John Alford[3]	President, The Park National Bank, Newark, Ohio	1979
Class B		
Donald E. Noble	Chairman of the Board, Chief Executive Officer, Rubbermaid Inc., Wooster, Ohio	1977
John J. Dwyer	President, Oblebay Norton Co., Cleveland, Ohio	1978
Charles Y. Lazarus	Chairman of the Board, the F & R Lazarus Co., Columbus, Ohio	1979
Class C		
Horace A. Shepard[1]	Chairman of the Board, Chief Executive Officer, TRW Inc., Cleveland, Ohio	1977
Otis A. Singletary	President, University of Kentucky, Lexington, Ky.	1978
Robert E. Kirby[2]	Chairman and Chief Executive Officer, Westinghouse Electric Corporation, Pittsburgh, Pa.	1979

—CINCINNATI BRANCH

Appointed by Federal Reserve Bank		
Joe D. Blount	President, The National Bank of Cynthiana, Ky.	1977
Robert A. Kerr	Chairman of the Board and Chief Executive Officer, Winters National Bank and Trust Co., Dayton, Ohio	1978
Lawrence Hawkins	Senior Vice President, University of Cincinnati, Ohio	1978
William N. Liggett[3]	Chairman of the Board and Chief Executive Officer, The First National Bank of Cincinnati, Ohio	1979

DISTRICT 4—CLEVELAND—Continued

—CINCINNATI BRANCH—Continued

Appointed by Board of Governors

		Term expires Dec. 31
Lawrence H. Rogers, II[1]	Chairman and Chief Executive Officer, Development Communications, Inc., Cincinnati, Ohio	1977
Martin B. Friedman	President, Formica Corporation, Cincinnati, Ohio	1978
J. L. Jackson[3]	President, Falcon Coal Company, Inc., Lexington, Ky.	1979

—PITTSBURGH BRANCH

Appointed by Federal Reserve Bank

Richard D. Edwards	President, The Union National Bank of Pittsburgh, Pa.	1977
R. Burt Gookin	Vice Chairman and Chief Executive Officer, H.J. Heinz Co., Pittsburgh, Pa.	1978
William E. Midkiff, III	Chairman of the Board and Chief Executive Officer, First National Bank and Trust Company in Steubenville, Ohio	1978
Peter Mortensen[3]	President, F.N.B. Corporation, Sharon, Pa.	1979

Appointed by Board of Governors

Arnold R. Weber	Dean, Graduate School of Industrial Administration, Provost, Carnegie-Mellon University, Pittsburgh, Pa.	1977
William H. Knoell	President, Cyclops Corporation, Pittsburgh, Pa.	1978
G. Jackson Tankersley[1]	President, Consolidated Natural Gas Company, Pittsburgh, Pa.	1979

DISTRICT 5—RICHMOND

Class A

James A. Hardison, Jr.	Chairman and President, The First National Bank of Anson County, Wadesboro, N.C.	1977
J. Owen Cole	Chairman of the Board and President, First National Bank of Maryland, Baltimore, Md.	1978
Frank B. Robards, Jr.[3]	President, Rock Hill National Bank, Rock Hill, S.C.	1979

Class B

Henry Clay Hofheimer, II	Chairman of the Board, Virginia Real Estate Investment Trust, Norfolk, Va.	1977
Vacancy		1978
Andrew L. Clark	President, Andy Clark Ford, Inc., Princeton, W. Va.	1979

Class C

E. Craig Wall, Sr.[2]	Chairman of the Board, Canal Industries, Inc., Conway, S.C.	1977
Maceo A. Sloan	Executive Vice President, North Carolina Mutual Life Insurance Co., Durham, N.C.	1978
E. Angus Powell[1]	President, Chesterfield Land & Timber Corp., Midlothian, Va.	1979

DISTRICT 5—RICHMOND—Continued

—BALTIMORE BRANCH

		Term expires Dec. 31
Appointed by Federal Reserve Bank		
J. Pierre Bernard	Chairman of the Board, The Annapolis Banking and Trust Company, Annapolis, Md.	1977
Catherine Byrne Doehler	Senior Vice President, Chesapeake Financial Corporation, Baltimore, Md.	1978
Lacy I. Rice, Jr.	President, The Old National Bank of Martinsburg, W. Va., and President, Suburban National Bank of Martinsburg, W. Va.	1979
A. R. Reppert[3]	President, Union National Bank of Clarksburg, W. Va.	1979
Appointed by Board of Governors		
James G. Harlow[1]	President, West Virginia University, Morgantown, W. Va.	1977
David W. Barton, Jr.	President, The Barton-Gillet Company, Baltimore, Md.	1978
I. E. Killian	Manager, Eastern Region, Exxon Company, U.S.A., Baltimore, Md.	1979

—CHARLOTTE BRANCH

Appointed by Federal Reserve Bank		
John T. Fielder	President, J.B. Ivey and Company, Charlotte, N.C.	1977
William W. Bruner	Chairman of the Board and President, First National Bank of South Carolina, Columbia, S.C.	1978
Thomas L. Benson	President, The Conway National Bank, Conway, S.C.	1979
W. B. Apple, Jr.	President and Trust Officer, First National Bank of Reidsville, N.C.	1979
Appointed by Board of Governors		
Charles F. Benbow	Senior Vice President and Director, R. J. Reynolds Industries, Inc., Winston-Salem, N.C.	1977
Robert C. Edwards[1]	President, Clemson University, Clemson, S.C.	1978
Naomi G. Albanese[3]	Dean, School of Home Economics, University of North Carolina, Greensboro, N.C.	1979

DISTRICT 6—ATLANTA

Class A		
Jack P. Keith	President, First National Bank of West Point, Ga.	1977
Sam I. Yarnell	Chairman, American National Bank and Trust Company, Chattanooga, Tenn.	1978
John T. Oliver, Jr.	President, First National Bank of Jasper, Ala.	1979
Class B		
Ulysses V. Goodwyn	Executive Vice President, Southern Natural Resources, Inc., Birmingham, Ala.	1977
George W. Jenkins	Chairman, Publix Super Markets, Inc., Lakeland, Fla.	1978
Robert T. Hornbeck	Manager, Tennessee Operations, Aluminum Company of America, Alcoa, Tenn.	1979

DISTRICT 6—ATLANTA—Continued

Class C

		Term expires Dec. 31
H. G. Pattillo[1]	Chairman of the Board, Pattillo Construction Company, Inc., Decatur, Ga.	1977
Fred Adams, Jr.	President, Cal-Maine Foods, Inc., Jackson, Miss.	1978
Clifford M. Kirtland, Jr.[2]	President, Cox Broadcasting Corporation, Atlanta, Ga.	1979

—BIRMINGHAM BRANCH

Appointed by Federal Reserve Bank

D. C. Wadsworth, Jr.	President, American National Bank of Gadsden, Ala.	1977
Robert H. Woodrow, Jr.	Chairman of the Board and Chief Executive Officer, First National Bank of Birmingham, Ala.	1978
Drury Flowers[3]	President, First Alabama Bank of Dothan, Ala.	1979
Martha H. Simms[3]	Huntsville, Ala.	1979

Appointed by Board of Governors

Harold B. Blach, Jr.	President, J. Blach & Sons, Inc., Birmingham, Ala.	1977
Frank P. Samford, Jr.	Chairman of the Board, Liberty National Life Insurance Co., Birmingham, Ala.	1978
William H. Martin, III[1]	Executive Vice President, Martin Industries, Sheffield, Ala.	1979

JACKSONVILLE BRANCH

Appointed by Federal Reserve Bank

DuBose Ausley	President and Chief Executive Officer, Capital City First National Bank, Tallahassee, Fla.	1977
John T. Cannon, III	President, Barnett Bank of Cocoa, N.A., Cocoa, Fla.	1978
Richard E. Ehlis[3]	President, Florida National Bank at Lakeland, Fla.	1979
William E. Arnold, Jr.[3]	President, William E. Arnold Company, Jacksonville, Fla.	1979

Appointed by Board of Governors

Gert H. W. Schmidt[1]	President, TeLeVision 12 of Jacksonville, Fla.	1977
James E. Lyons	President, Lyons Industrial Corporation, Winter Haven, Fla.	1978
Copeland D. Newbern[3]	President, Newbern Groves, Inc., Tampa, Fla.	1979

—MIAMI BRANCH

Appointed by Federal Reserve Bank

Harry Hood Bassett	Chairman of the Board, Southeast First National Bank of Miami, Fla.	1977
Sherrill E. Woods	President, First National Bank and Trust Company of Naples, Fla.	1978
Jean McArthur Davis	President, McArthur Dairy, Inc., Miami, Fla.	1978
Aristides R. Sastre[3]	President, Republic National Bank, Miami, Fla.	1979

DISTRICT 6—ATLANTA—Continued

—MIAMI BRANCH—Continued

Appointed by Board of Governors

		Term expires Dec. 31
David G. Robinson[1]	President, Edison Community College, Fort Myers, Fla.	1977
Alvaro Luis Carta	President, Gulf + Western Americas Corporation, Vero Beach, Fla.	1978
Castle W. Jordan	President, Aegis Corporation, Coral Gables, Fla.	1979

—NASHVILLE BRANCH

Appointed by Federal Reserve Bank

W. M. Johnson	President, First National Bank, Sparta, Tenn.	1977
John W. Andersen	President and Chief Executive Officer, First National Bank of Sullivan County, Kingsport, Tenn.	1978
Virgil H. Moore, Jr.[3]	President, First Farmers and Merchants National Bank, Columbia, Tenn.	1979
Frank C. Thomas[3]	Executive Vice President, Blue Diamond Coal Company, Knoxville, Tenn.	1979

Appointed by Board of Governors

Robert C. H. Mathews	President, R.C. Mathews, Contractor, Inc., Nashville, Tenn.	1977
John C. Bolinger[2]	Management Consultant, Knoxville, Tenn.	1978
Cecelia Adkins[3]	Executive Director, Sunday School Publishing Board, Nashville, Tenn.	1979

—NEW ORLEANS BRANCH

Appointed by Federal Reserve Bank

R. B. Lampton	Vice Chairman, First National Bank, Jackson, Miss.	1977
Wilmore W. Whitmore	President and Chief Executive Officer, First National Bank of Houma, La.	1978
Martin C. Miler	Chairman of the Board and President, The Hibernia National Bank, New Orleans, La.	1979
George P. Hopkins, Jr.[3]	President, George P. Hopkins, Inc., Gulfport, Miss.	1979

Appointed by Board of Governors

George C. Cortright[1]	Partner, George C. Cortright Co., Rolling Fork, Miss.	1977
Edwin J. Caplan	President, Caplan's Men's Shops, Inc., Alexandria, La.	1978
Hettie D. Eaves	Executive Vice President, Avondale Shipyards, Inc., New Orleans, La.	1979

DISTRICT 7—CHICAGO

		Term expires Dec. 31
Class A		
John F. Spies	President, Iowa Trust and Savings Bank, Emmetsburg, Iowa	1977
A. Robert Abboud	Chairman of the Board, First National Bank of Chicago, Ill.	1978
Jay J. DeLay	President, Huron Valley National Bank, Ann Arbor, Mich.	1979
Class B		
John T. Hackett	Executive Vice President, Cummins Engine Company, Inc., Columbus, Ind.	1977
Oscar G. Mayer	Chairman of the Executive Committee, Oscar Mayer & Co., Inc., Madison, Wis.	1978
Paul V. Farver	Vice Chairman, Rolscreen Company, Pella, Iowa	1979
Class C		
Leo H. Schoenhofen	Retired Chairman of the Board, Marcor Inc., Chicago, Ill.	1977
Peter B. Clark[1]	Chairman of the Board, President, The Evening News Association, Detroit, Mich.	1978
Robert H. Strotz[2]	President, Northwestern University, Evanston, Ill.	1979

DETROIT BRANCH

Appointed by Federal Reserve Bank		
Harold A. Elgas	President, Gaylord State Bank, Gaylord, Mich.	1977
Joseph B. Foster	President, Ann Arbor Bank, Ann Arbor, Mich.	1978
Charles R. Montgomery	President, Consolidated Gas Company, Detroit, Mich.	1978
Benjamin H. Paddock, III[3]	President, City National Bank of Detroit, Mich.	1979
Appointed by Board of Governors		
John Sagan	Vice President-Treasurer, Ford Motor Company, Dearborn, Mich.	1977
Herbert H. Dow	Secretary, Dow Chemical Company, Midland, Mich.	1978
Jordan B. Tatter[1]	President and Chief Executive Officer, Southern Michigan Cold Storage Co., Benton Harbor, Mich.	1979

DISTRICT 8—ST. LOUIS

Class A		
Donald N. Brandin	Chairman of the Board and President, The Boatmen's National Bank of St. Louis, Mo.	1977
Wm. E. Weigel	Executive Vice President and Chief Executive Officer, First National Bank & Trust Co., Centralia, Ill.	1978
Raymond C. Burroughs	President and Chief Executive Officer, The City National Bank of Murphysboro, Ill.	1979

DISTRICT 8—ST. LOUIS—Continued

Class B

		Term expires Dec. 31
Ralph C. Bain	Vice President, Wabash Plastics, Inc., Evansville, Ind.	1977
Tom K. Smith, Jr.	Group Vice President, Monsanto Company, St. Louis, Mo.	1978
Virginia M. Bailey[3]	Owner, Eldo Properties, Little Rock, Ark.	1979

Class C

Edward J. Schnuck[1]	Chairman of the Board, Schnuck Markets, Inc., Bridgeton, Mo.	1977
William B. Walton[2]	Vice Chairman of the Board, Holiday Inns, Inc., Memphis, Tenn.	1978
Armand C. Stalnaker[3]	Chairman and President, General American Life Insurance Co., St. Louis, Mo.	1979

—LITTLE ROCK BRANCH

Appointed by Federal Reserve Bank

Thomas E. Hays, Jr.	President and Chief Executive Officer, First National Bank of Hope, Ark.	1977
T. G. Vinson	President, The Citizens Bank, Batesville, Ark.	1978
Field Wasson	President, The First National Bank, Siloam Springs, Ark.	1978
B. Finley Vinson[3]	Chairman of the Board, The First National Bank in Little Rock, Ark.	1979

Appointed by Board of Governors

Ronald W. Bailey[1]	Executive Vice President and General Manager, Producers Rice Mill, Inc., Stuttgart, Ark.	1977
G. Larry Kelly	President, Pickens-Bond Construction Company, Little Rock, Ark.	1978
Vacancy		1979

—LOUISVILLE BRANCH

Appointed by Federal Reserve Bank

J. David Grissom	Chairman and Chief Executive Officer, Citizens Fidelity Bank and Trust Company, Louisville, Ky.	1977
Tom G. Voss	President, The Seymour National Bank, Seymour, Ind.	1978
Fred B. Oney	President, The First National Bank of Carrollton, Ky.	1978
Howard Brenner[3]	President and Chief Executive Officer, Tell City National Bank, Tell City, Ind.	1979

Appointed by Board of Governors

James C. Hendershot[1]	President, Reliance Universal, Inc., Louisville, Ky.	1977
James H. Davis	Chairman and Chief Executive Officer, Porter Paint Co., Louisville, Ky.	1978
James F. Thompson[3]	Professor of Economics, Murray State University, Murray, Ky.	1979

DISTRICT 8—ST. LOUIS—Continued

—MEMPHIS BRANCH

Appointed by Federal Reserve Bank

		Term expires Dec. 31
Charles S. Youngblood	President and Chief Executive Officer, First Columbus National Bank, Columbus, Miss.	1977
William Wooten Mitchell	Chairman, First Tennessee Bank N.A., Memphis, Tenn.	1978
Stallings Lipford	President, First-Citizens National Bank of Dyersburg, Tenn.	1978
W. M. Campbell	Chairman of the Board, Chief Executive Officer, First National Bank of Eastern Arkansas, Forrest City, Ark.	1979

Appointed by Board of Governors

Frank A. Jones, Jr.[1]	President, Cook Industries, Inc., Memphis, Tenn.	1977
Jeanne L. Holley	Associate Professor of Business Education and Office Administration, University of Mississippi, University, Miss.	1978
Robert E. Healy	Partner-in-Charge of the Mid-South Area, Price Waterhouse & Co., Memphis, Tenn.	1979

DISTRICT 9—MINNEAPOLIS

Class A

William E. Ryan	President, Citizens State Bank, Ontonagon, Mich.	1977
John S. Rouzie	President, First National Bank of Bowman, N. Dak.	1978
Nels E. Turnquist[3]	President, National Bank of South Dakota, Sioux Falls, S. Dak.	1979

Class B

Donald P. Helgeson	Secretary-Treasurer, Jack Frost, Inc., St. Cloud, Minn.	1977
Russell G. Cleary	Chairman, President and Chief Executive Officer, G. Heileman Brewing Company, LaCrosse, Wis.	1978
Warren B. Jones	Secretary-Treasurer, General Manager, Two Dot Land & Livestock Co., Harlowton, Mont.	1979

Class C

Stephen F. Keating[2]	Chairman of the Board, Honeywell, Inc., Minneapolis, Minn.	1977
James P. McFarland[1]	Retired Chairman, General Mills, Inc., Minneapolis, Minn.	1978
Charles W. Poe[3]	President, Metropolitan Economic Development Association, Minneapolis, Minn.	1979

—HELENA BRANCH

Appointed by Federal Reserve Bank

Donald Olsson	President, Ronan State Bank, Ronan, Mont.	1977
George H. Selover	President and General Manager, Selover Buick-Jeep, Inc., Billings, Mont.	1978
William B. Andrews[3]	President, Northwestern Bank of Helena, Mont.	1978

DISTRICT 9—MINNEAPOLIS—Continued

—HELENA BRANCH—Continued

Appointed by Board of Governors

		Term expires Dec. 31
Norris E. Hanford[3]	Fort Benton, Mont.	1977
Patricia P. Douglas[1]	Special Assistant to the President, University of Montana, Missoula, Mont.	1978

DISTRICT 10—KANSAS CITY

Class A

Craig Bachman	President, First National Bank of Centralia, Kans.	1977
James M. Kemper, Jr.	Chairman and President, Commerce Bancshares, Inc., Kansas City, Mo.	1978
Philip Hamm	President, First National Bank & Trust Company, El Dorado, Kans.	1979

Class B

Frank C. Love	Of Counsel, Crowe, Dunlevy, Thweatt, Swinford, Johnson and Burdick, Oklahoma City, Okla.	1977
Alan R. Sleeper	Alden, Kans.	1978
Maurice B. Mitchell[3]	Chancellor, University of Denver, Colo.	1979

Class C

Joseph H. Williams[2]	President, The Williams Companies, Tulsa, Okla.	1977
Harold W. Andersen[1]	President, Omaha World-Herald Company, Omaha, Nebr.	1978
Paul H. Henson[3]	Chairman and Chief Executive Officer, United Telecommunications, Inc., Westwood, Kans.	1979

—DENVER BRANCH

Appointed by Federal Reserve Bank

Felix Buchenroth, Jr.	President, The Jackson State Bank, Jackson, Wyo.	1977
William H. Vernon	Director and Retired Chairman and Chief Executive Officer, Santa Fe National Bank, Santa Fe, N. Mex.	1978
Delano E. Scott[3]	President and Chairman, The Routt County National Bank of Steamboat Springs, Colo.	1978

Appointed by Board of Governors

A. L. Feldman[3]	President and Chief Executive Officer, Frontier Airlines, Denver, Colo.	1977
Edward R. Lucero	President and Chairman, Colorado Economic Development Association, Denver, Colo.	1978

—OKLAHOMA CITY BRANCH

Appointed by Federal Reserve Bank

J. A. Mauer	Chairman of the Board, The Security National Bank and Trust Company, Duncan, Okla.	1977
V. M. Thompson, Jr.	President, Utica National Bank and Trust Co., Tulsa, Okla.	1978
W. L. Stephenson, Jr.[3]	Chairman of the Board, Central National Bank & Trust Company of Enid, Okla.	1978

DISTRICT 10—KANSAS CITY—Continued

—OKLAHOMA CITY BRANCH—Continued

		Term expires Dec. 31
Appointed by Board of Governors		
James G. Harlow, Jr.[1]	President, Oklahoma Gas and Electric Co., Oklahoma City, Okla.	1977
Harley Custer	General Manager, National Livestock Commission Association, Oklahoma City, Okla.	1978

—OMAHA BRANCH

Appointed by Federal Reserve Bank		
Glenn Yaussi	Vice Chairman of the Board, National Bank of Commerce Trust & Savings, Lincoln, Nebr.	1977
Roy G. Dinsdale	Chairman of the Board, Farmers National Bank of Central City, Nebr.	1977
F. Phillips Giltner	President, First National Bank of Omaha, Nebr.	1978
Appointed by Board of Governors		
Durward B. Varner[1]	Chairman and Chief Executive Officer, University of Nebraska Foundation, Lincoln, Nebr.	1977
Edward F. Owen	President, Paxton & Vierling Steel Company, Omaha, Nebr.	1978

DISTRICT 11—DALLAS

Class A		
Frank Junell	Chairman of the Board, The Central National Bank of San Angelo, Tex.	1977
Robert H. Stewart, III	Chairman of the Board, First International Bancshares, Dallas, Tex.	1978
Gene D. Adams	President, The First National Bank of Seymour, Tex.	1979
Class B		
Gerald D. Hines	Owner, Gerald D. Hines Interest, Houston, Tex.	1977
Thomas W. Herrick	Cattle and Investments, Amarillo, Tex.	1978
Stewart Orton	President, Foley's Division of Federated Dept. Stores Inc., Houston, Tex.	1979
Class C		
Irving A. Mathews[1]	Chairman of the Board and Chief Executive Officer, Frost Bros., Inc., San Antonio, Tex.	1977
Charles T. Beaird[2]	Publisher, Shreveport Journal, Shreveport Publishing Corporation, Shreveport, La.	1978
Margaret Scarbrough Wilson[3]	Chairman of the Board and Chief Executive Officer, Scarbroughs Stores, Austin, Tex.	1979

DISTRICT 11—DALLAS—Continued

—EL PASO BRANCH

		Term expires Dec. 31
Appointed by Federal Reserve Bank		
Wayne Stewart	President, First National Bank in Alamogordo, N. Mex.	1977
Reed H. Chittim	President, First National Bank of Lea County, Hobbs, N. Mex.	1978
Arnold B. Peinado, Jr.	President, Peinado, Peinado & Navarro, Consulting Structural Engineers, El Paso, Tex.	1978
George V. Janzen[3]	President, First City National Bank of El Paso, Tex.	1979
Appointed by Board of Governors		
Gage Holland[1]	Owner, Gage Holland Ranch, Alpine, Tex.	1977
Josefina Salas-Porras[2]	Executive Director, BI Language Services, El Paso, Tex.	1978
A. J. Losee[3]	Partner, Losee & Carson, P.A., Artesia, N. Mex.	1979

—HOUSTON BRANCH

Appointed by Federal Reserve Bank		
Seth W. Dorbandt	Chairman and President, First National Bank in Conroe, Tex.	1977
Bookman Peters	President, The City National Bank of Bryan, Tex.	1978
Nat S. Rogers	President, First City National Bank of Houston, Tex.	1978
Page K. Stubblefield	President, Victoria Bank & Trust Company, Victoria, Tex.	1979
Appointed by Board of Governors		
Gene M. Woodfin[2]	Chairman of the Board and Chief Executive Officer, Marathon Manufacturing Company, Houston, Tex.	1977
Alvin I. Thomas[1]	President, Prairie View A & M University, Prairie View, Tex.	1978
Jerome L. Howard[3]	Chairman of the Board and Chief Executive Officer, Mortgage & Trust, Inc., Houston, Tex.	1979

—SAN ANTONIO BRANCH

Appointed by Federal Reserve Bank		
Leon Stone	President, The Austin National Bank, Austin, Tex.	1977
Richard W. Calvert	Chairman of the Board, National Bank of Commerce of San Antonio, Tex.	1978
John H. Holcomb	Owner-Manager, Progreso Haciendas Company, Holcomb Farms, Progreso, Tex.	1978
Ben R. Low	Chairman of the Board, First National Bank of Kerrville, Tex.	1979
Appointed by Board of Governors		
Marshall Boykin, III[1]	Senior Partner, Wood, Boykin & Wolter, Lawyers, Corpus Christi, Tex.	1977
Pete J. Morales, Jr.	President and General Manager, Morales Feed Lots, Inc., Devine, Tex.	1978
Pat Legan[3]	Investments, San Antonio, Tex.	1979

DISTRICT 12—SAN FRANCISCO

		Term expires Dec. 31
Class A		
Carl E. Schroeder	Chairman of the Board, The First National Bank of Orange County, Calif.	1977
Ronald S. Hanson	President and Chief Executive Officer, The First National Bank of Logan, Utah	1978
Frederick G. Larkin, Jr.[3]	Chairman of the Board and Chief Executive Officer, Security Pacific National Bank, Los Angeles, Calif.	1979
Class B		
Charles R. Dahl	President and Chief Executive Officer, Crown Zellerbach Corporation, San Francisco, Calif.	1977
Malcolm T. Stamper	President, The Boeing Company, Seattle, Wash.	1978
Clair L. Peck, Jr.	Chairman of the Board, C. L. Peck Contractor, Los Angeles, Calif.	1979
Class C		
Cornell C. Maier[2]	President and Chief Executive Officer, Kaiser Aluminum & Chemical Corporation, Oakland, Calif.	1977
Joseph F. Alibrandi[1]	President and Chief Executive Officer, Whittaker, Corp., Los Angeles, Calif.	1978
Dorothy Wright Nelson[3]	Dean and Professor of Law, University of Southern California Law Center, Los Angeles, Calif.	1979

LOS ANGELES BRANCH

Appointed by Federal Reserve Bank		
Rayburn S. Dezember	Chairman and President, American National Bank, Bakersfield, Calif.	1977
W. Gordon Ferguson	President, National Bank of Whittier, Calif.	1978
Caroline Ahmanson	President, Caroline Leonetti, Ltd., Beverly Hills, Calif.	1979
J. J. Pinola[3]	President, United California Bank, Los Angeles, Calif.	1979
Appointed by Board of Governors		
Joseph R. Vaughan[1]	President, Knudsen Corporation, Los Angeles, Calif.	1977
Harvey A. Proctor	Chairman of the Board, Southern California Gas Company, Los Angeles, Calif.	1978
Armando M. Rodriguez	President, East Los Angeles College, Los Angeles, Calif	1979

-PORTLAND BRANCH

Appointed by Federal Reserve Bank		
Kenneth L. Smith	General Manager, The Confederated Tribes of Warm Springs, Oreg.	1977
Robert F. Wallace[3]	Chairman of the Board, First National Bank of Oregon, Portland, Oreg.	1978
Robert A. Young[3]	President, Northwest National Bank, Vancouver, Wash.	1978
Appointed by Board of Governors		
Loran L. Stewart[1]	Director, Bohemia Inc., Eugene, Oreg.	1977
Jean Mater[3]	Partner and General Manager, Mater Engineering, Corvallis, Oreg.	1978

DISTRICT 12—SAN FRANCISCO—Continued

—SALT LAKE CITY BRANCH

		Term expires Dec. 31
Appointed by Federal Reserve Bank		
Mary S. Jensen	Chairman of the Board, Idaho State Bank, Glenns Ferry, Idaho	1977
David P. Gardner	President, University of Utah, Salt Lake City, Utah	1978
Robert E. Bryans[3]	Chairman of the Board, Walker Bank and Trust Company, Salt Lake City, Utah	1978
Appointed by Board of Governors		
Theodore C. Jacobsen	Partner, Jacobsen Construction Company, Inc., Salt Lake City, Utah	1977
Sam Bennion[1]	President, V-1 Oil Company, Idaho Falls, Idaho	1978

—SEATTLE BRANCH

Appointed by Federal Reserve Bank		
Rufus C. Smith	Chairman of the Board, The First National Bank of Enumclaw, Wash.	1977
Harry S. Goodfellow	Chairman of the Board and Chief Executive Officer, Old National Bank of Washington, Spokane, Wash.	1978
Douglas S. Gamble	President and Chief Executive Officer, Pacific Gamble Robinson Co., Seattle, Wash.	1978
Appointed by Board of Governors		
Thomas T. Hirai	President and Director, Quality Growers Company, Woodinville, Wash.	1977
Lloyd E. Cooney[1]	President and General Manager, KIRO—Radio & Television, Seattle, Wash.	1978

Announcements

PROPOSED AMENDMENT

The Board of Governors of the Federal Reserve System on February 10, 1977, proposed for public comment an amendment to its Regulation Y (Bank Holding Companies) concerning the control of divested assets and activities. The Board requested comment on its proposal by March 15, 1977.

CHANGES IN BOARD STAFF

The Board of Governors has announced the promotion of James L. Kichline from Associate Director to Director of the Division of Research and Statistics to succeed Lyle E. Gramley, who has been named a member of the Council of Economic Advisers.

The Board also announced these other promotions and appointments:

Division of Research and Statistics

Joseph S. Zeisel, from Associate Director to Deputy Director.

Edward C. Ettin, from Senior Research Division Officer to Associate Director.

James B. Eckert, from Associate Adviser to Senior Research Division Officer.

Richard H. Puckett as Assistant Research Division Officer.

Mr. Puckett holds a B.A. from the University of Colorado, an M.S. from Oklahoma State University, and a Ph.D. from University of Maryland. Prior to joining the Board's staff in 1968, he served as an instructor and as Assistant Professor at The American University.

Division of International Finance

Edwin M. Truman, from Associate Adviser to Associate Director.

George B. Henry, from Associate Adviser to Senior International Division Officer.

In addition, the Board has announced the appointment of Milton W. Hudson, an economist and vice president at Morgan Guaranty Trust Company of New York, as Assistant to the Chairman effective February 17, 1977.

Mr. Hudson holds a B.S. from Columbia University and an M.A. from New York University. He joined the Guaranty Trust Company in 1951, was named Associate Economist of Morgan Guaranty in 1960, and appointed Vice President in 1966.

FEDERAL OPEN MARKET COMMITTEE MINUTES

The Federal Reserve announced on January 25, 1977, that minutes of discussions and actions at the meetings of the Federal Open Market Committee during 1971 are being transferred to the National Archives.

These minutes are contained in approximately 1,300 pages of typed material. Their transfer has been arranged with the understanding that the National Archives will make them available for inspection by interested persons under its usual rules and procedures. Similar records for earlier years are already available at the National Archives on the same basis.

Copies of the minutes for 1971 will also be made available later for public inspection at the Board's offices in Washington and at each Federal Reserve Bank and branch, the same procedure followed with respect to earlier records. Meanwhile, a work copy is available for inspection at the Board's offices and another at the Federal Reserve Bank of New York.

The National Archives will furnish microfilm copies of the FOMC minutes for a fee. The minutes through 1970 are now available in this form, and those for 1971 will be available later.

Release of the minutes for the period since 1962 has presented special problems involving international financial relationships. A number of passages have been deleted from the minutes for 1962 through 1971, with a footnote in each case indicating the general nature or subject of the deleted matter.

Financial and Business Statistics

CONTENTS

DOMESTIC FINANCIAL STATISTICS

POLICY INSTRUMENTS

FEDERAL RESERVE BANKS

MONETARY AND CREDIT AGGREGATES

COMMERCIAL BANK ASSETS AND LIABILITIES

WEEKLY REPORTING COMMERCIAL BANKS

FINANCIAL MARKETS

FEDERAL FINANCE

Securities Markets and Corporate Finance

Real Estate

Consumer Instalment Credit

Flow of Funds

DOMESTIC NONFINANCIAL STATISTICS

INTERNATIONAL STATISTICS

Reported by Banks in the United States:

Securities Holdings and Transactions

Reported by Nonbanking Concerns in the United States:

Interest and Exchange Rates

1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1976 Q1	1976 Q2	1976 Q3	1976 Q4	1976 Oct.	1976 Nov.	1976 Dec.	1977 Jan.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in per cent)[12]							
Member bank reserves								
1 Total Reserves	−6.3	3.9	0.2	8.2	4.5	13.6	6.3	....
2 Required Reserves	−5.8	4.0	0.4	7.0	3.8	12.3	4.9	....
3 Nonborrowed	−5.4	3.0	1.0	8.3	3.3	14.4	7.0	....
Concepts of money [1]								
4 *M*-1	2.7	8.4	4.1	6.0	13.7	....	8.1	....
5 *M*-2	9.7	10.8	9.2	r12.2	15.7	10.3	r12.5	....
6 *M*-3	11.2	12.0	11.6	14.0	16.5	11.6	r12.8	....
Time and savings deposits								
Commercial banks:								
7 Total	7.2	5.3	7.1	12.1	14.0	15.6	18.1	....
8 Other than large CD's	15.3	12.5	13.2	r16.8	17.3	17.9	r15.6	....
9 Thrift institutions[2]	13.7	14.0	15.4	16.7	17.3	13.8	13.4	....
10 Total loans and investments at commercial banks[3]	3.8	5.4	r6.0	8.7	12.2	9.4	r2.0	....
	Interest rates (levels, per cent per annum)							
Short-term rates								
11 Federal funds[4]	4.83	5.19	5.28	4.88	5.03	4.95	4.65	4.61
12 Treasury bills (3-month market yield)[5]	4.92	5.16	5.15	4.67	4.92	4.75	4.35	4.62
13 Commercial paper (90- to 119-day)[6]	5.18	5.45	5.41	4.91	5.10	4.98	4.66	4.72
14 Federal Reserve discount[7]	5.59	5.50	5.50	5.39	5.50	5.43	5.25	5.25
Long-term rates								
Bonds:								
15 U.S. Govt.[8]	8.00	8.01	7.90	r7.54	7.70	7.64	r7.30	7.48
16 Aaa utility (new issue)[9]	8.65	r8.69	8.48	r8.15	8.25	8.17	7.94	8.08
17 State and local government[10]	6.98	6.78	6.64	6.18	6.30	6.29	5.94	5.87
18 Conventional mortgages[11]	9.00	8.98	9.03	8.95	9.00	8.95	8.90	....

1 *M*-1 equals currency plus private demand deposits adjusted.
M-2 equals *M*-1 plus bank time and savings deposits other than large 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 Quoted on a bank-discount rate basis.
6 Most representative offering rate quoted by five dealers.
7 Rate for the Federal Reserve Bank of New York.
8 Market yields adjusted to a 20-year maturity by the U.S. Treasury.
9 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.
10 *Bond Buyer* series for 20 issues of mixed quality.
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 MEMBER BANK RESERVES Factors Supplying and Factors Absorbing

Millions of dollars

	Factor	Monthly averages of daily figures							End-of-month figures		
		1976						1977	1976		1977
		July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.p	Nov.	Dec.	Jan.p
	SUPPLYING RESERVE FUNDS										
1	**Reserve Bank credit outstanding**	**104,799**	**105,393**	**105,880**	**107,270**	**106,522**	**107,632**	**108,739**	**104,741**	**110,892**	**107,427**
2	*U.S. Govt. securities*[1]	*90,256*	*91,583*	*91,966*	*93,535*	*92,659*	*93,412*	*94,513*	*91,660*	*97,021*	*94,134*
3	Bought outright	89,405	89,259	89,926	91,886	91,527	91,031	92,905	91,660	93,268	94,134
4	Held under repurchase agreement	851	2,324	2,040	1,649	1,132	2,381	1,608	....	3,753	....
5	*Federal agency securities*	*6,849*	*6,875*	*6,831*	*6,839*	*6,848*	*6,916*	*6,884*	*6,857*	*7,072*	*6,790*
6	Bought outright	6,805	6,799	6,763	6,757	6,804	6,805	6,792	6,857	6,794	6,790
7	Held under repurchase agreement	44	76	68	82	44	111	92	....	278	....
8	Acceptances	475	580	447	323	326	457	413	188	991	191
9	Loans	123	104	75	66	84	62	61	40	25	46
10	Float	2,721	2,512	2,880	2,763	3,094	3,536	3,553	2,635	2,601	2,657
11	Other Federal Reserve assets	4,375	3,739	3,681	3,744	3,511	3,249	3,315	3,361	3,182	3,609
12	Gold stock	11,598	11,598	11,598	11,598	11,598	11,598	11,638	11,598	11,598	11,658
13	Special Drawing Rights certificate account	700	700	703	1,123	1,200	1,200	1,200	1,200	1,200	1,200
14	Treasury currency outstanding	10,648	10,690	10,737	10,778	10,826	10,865	10,897	10,779	10,810	10,919
	ABSORBING RESERVE FUNDS										
15	Currency in circulation	89,423	89,548	89,863	90,312	91,988	93,730	92,582	93,003	93,717	91,242
16	Treasury cash holdings	467	454	442	482	458	464	461	469	460	480
	Deposits, other than member bank reserves with F.R. Banks:										
17	Treasury	7,404	7,797	8,270	9,199	6,709	6,138	7,850	6,766	10,393	11,397
18	Foreign	262	275	249	266	259	306	269	305	352	383
19	Other	945	979	1,071	1,012	947	974	820	1,022	1,357	642
20	Other F.R. liabilities and capital	3,310	3,326	3,315	3,372	3,326	3,253	3,223	3,514	3,063	3,475
21	Member bank reserves with F.R. Banks	25,933	26,001	25,708	26,127	26,458	26,430	27,268	23,239	25,158	23,585

	Factor	Weekly averages of daily figures for weeks ending					Wednesday figures				
		1976	1977				1976	1977			
		Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26p	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26p
	SUPPLYING RESERVE FUNDS										
22	**Reserve Bank credit outstanding**	**112,662**	**111,549**	**107,288**	**106,889**	**108,615**	**116,136**	**110,632**	**108,297**	**107,042**	**111,671**
23	*U.S. Govt. securities*[1]	*97,278*	*96,873*	*93,037*	*92,925*	*94,900*	*100,959*	*95,509*	*94,597*	*91,554*	*97,409*
24	Bought outright	91,791	92,774	92,323	91,241	94,028	91,505	93,134	91,653	90,210	95,049
25	Held under repurchase agreement	5,487	4,099	714	1,684	872	9,454	2,375	2,944	1,344	2,360
26	*Federal agency securities*	*7,076*	*7,083*	*6,817*	*6,856*	*6,854*	*7,203*	*7,029*	*6,881*	*6,890*	*6,989*
27	Bought outright	6,794	6,794	6,794	6,794	6,790	6,794	6,794	6,794	6,790	6,790
28	Held under repurchase agreement	282	289	23	62	64	409	235	87	100	199
29	Acceptances	810	928	270	341	324	1,017	758	543	453	461
30	Loans	82	31	20	109	90	375	29	32	643	482
31	Float	4,224	3,350	4,065	3,463	2,967	3,340	4,336	3,095	4,188	2,314
32	Other Federal Reserve assets	3,191	3,284	3,078	3,195	3,480	3,242	2,971	3,149	3,314	4,016
33	Gold stock	11,598	11,598	11,615	11,658	11,658	11,598	11,598	11,658	11,658	11,658
34	Special Drawing Rights certificate account	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
35	Treasury currency outstanding	10,881	10,857	10,893	10,896	10,900	10,884	10,884	10,896	10,896	10,901
	ABSORBING RESERVE FUNDS										
36	Currency in circulation	94,295	93,876	93,365	92,649	91,799	94,574	93,839	93,270	92,413	91,715
37	Treasury cash holdings	464	459	457	448	451	446	453	461	440	471
	Deposits, other than member bank reserves with F.R. Banks:										
38	Treasury	9,781	9,019	6,485	5,783	8,630	9,684	5,400	6,303	6,123	10,283
39	Foreign	385	305	318	241	228	257	269	243	228	253
40	Other	882	1,188	690	857	750	932	690	769	784	722
41	Other F.R. liabilities and capital	3,492	3,150	3,057	3,212	3,301	3,567	3,053	3,159	3,260	3,416
42	Member bank reserves with F.R. Banks	27,043	27,203	26,623	27,452	27,216	30,357	30,610	27,847	27,548	28,570

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.

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	1975	1976								1977
		Monthly averages of daily figures									
		Dec.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.*p*
	All member banks										
	Reserves:										
1	At F.R. Banks	27,215	26,236	25,711	25,933	26,001	25,708	26,127	26,458	26,430	27,268
2	Currency and coin	7,773	7,838	7,903	8,064	7,989	8,113	8,025	8,180	8,548	8,916
3	*Total held*[1]	*34,989*	*34,228*	*33,774*	*34,146*	*34,141*	*33,979*	*34,305*	*34,797*	*35,136*	*36,332*
4	Required	34,727	33,846	33,657	34,076	33,844	33,692	34,116	34,433	34,964	35,802
5	Excess[1]	262	382	117	70	297	287	189	364	172	530
	Borrowings at F.R. Banks:[2]										
6	Total	127	121	120	123	104	75	66	84	62	61
7	Seasonal	13	11	20	24	28	31	32	21	12	10
	Large banks in New York City										
8	*Reserves held*	*6,812*	*6,672*	*6,546*	*6,507*	*6,559*	*6,372*	*6,374*	*6,589*	*6,520*	*7,063*
9	Required	6,748	6,659	6,524	6,548	6,501	6,308	6,346	6,485	6,602	6,948
10	Excess	64	13	22	41	58	64	28	104	82	115
11	Borrowings[2]	63	29	26	37	28	22	....	36	15	6
	Large banks in Chicago										
12	*Reserves held*	*1,740*	*1,578*	*1,767*	*1,672*	*1,684*	*1,615*	*1,648*	*1,621*	*1,632*	*1,733*
13	Required	1,758	1,647	1,676	1,690	1,625	1,617	1,635	1,602	1,641	1,697
14	Excess	18	-69	91	-18	59	-2	13	19	9	36
15	Borrowings[2]	....	2	7	13	6	3	3	....	4	2
	Other large banks										
16	*Reserves held*	*13,249*	*12,829*	*12,318*	*12,633*	*12,610*	*12,584*	*12,704*	*12,889*	*13,117*	*13,261*
17	Required	13,160	12,532	12,443	12,660	12,549	12,521	12,706	12,802	13,053	13,426
18	Excess	89	297	125	-27	61	63	2	87	64	-165
19	Borrowings[2]	26	33	22	11	20	3	17	7	14	25
	All other banks										
20	*Reserves held*	*13,188*	*13,149*	*13,143*	*13,334*	*13,288*	*13,408*	*13,579*	*13,698*	*13,867*	*13,880*
21	Required	13,061	13,008	13,014	13,178	13,169	13,246	13,429	13,544	13,668	13,731
22	Excess	127	141	129	156	119	162	150	154	199	149
23	Borrowings[2]	38	57	65	62	50	47	46	41	29	28

	Weekly averages of daily figures for weeks ending	1976						1977			
		Nov. 24	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26
	All member banks										
	Reserves:										
24	At F.R. Banks	26,596	26,573	25,660	26,365	26,859	27,043	27,203	26,623	27,452	27,216
25	Currency and coin	7,637	8,381	8,494	8,931	8,136	8,632	8,628	8,984	9,228	8,815
26	*Total held*[1]	*34,392*	*35,113*	*34,313*	*35,456*	*35,154*	*35,834*	*35,974*	*35,753*	*36,830*	*36,181*
27	Required	34,272	34,729	34,188	34,989	35,083	35,486	35,461	35,383	36,941	35,776
28	Excess[1]	120	384	125	467	71	348	513	370	-111	405
	Borrowings at F.R. Banks:[2]										
29	Total	44	87	26	69	37	82	31	20	109	90
30	Seasonal	21	18	14	13	11	11	7	8	8	9
	Large banks in New York City										
31	*Reserves held*	*6,316*	*6,541*	*6,467*	*6,775*	*6,586*	*6,609*	*6,921*	*6,839*	*7,310*	*7,192*
32	Required	6,320	6,526	6,406	6,763	6,569	6,629	6,778	6,800	7,454	6,916
33	Excess	4	15	61	12	17	-20	143	39	-144	276
34	Borrowings[2]	....	44	....	16	....	6	....	....	29	....
	Large banks in Chicago										
35	*Reserves held*	*1,551*	*1,669*	*1,556*	*1,689*	*1,646*	*1,668*	*1,729*	*1,749*	*1,790*	*1,628*
36	Required	1,521	1,654	1,586	1,660	1,630	1,673	1,691	1,713	1,791	1,616
37	Excess	30	15	-30	29	16	5	38	36	-1	12
38	Borrowings[2]	....	....	....	18	....	....	....	....	9	....
	Other large banks										
39	*Reserves held*	*12,746*	*13,020*	*12,588*	*13,245*	*13,096*	*13,507*	*13,377*	*13,396*	*13,728*	*13,304*
40	Required	12,735	12,857	12,655	13,008	13,164	13,341	13,304	13,296	13,883	13,382
41	Excess	11	163	-67	237	-68	166	73	100	-155	-78
42	Borrowings[2]	6	5	....	9	10	44	....	2	40	57
	All other banks										
43	*Reserves held*	*13,779*	*13,883*	*13,702*	*13,747*	*13,826*	*14,056*	*13,947*	*13,769*	*14,002*	*13,978*
44	Required	13,696	13,692	13,541	13,558	13,720	13,843	13,688	13,574	13,813	13,862
45	Excess	83	191	161	189	106	207	259	195	189	116
46	Borrowings[2]	38	38	26	26	27	32	31	18	31	33

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 of Money Market Banks

Millions of dollars, except as noted

	Type	1976, week ending—					1977, week ending—			
		Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26
		Total, 46 banks								
	Basic reserve position									
1	Excess reserves[1]	34	46	237	71	31	246	312	−90	85
	LESS:									
2	Borrowings at F.R. Banks	44	....	41	4	15	....	....	63	46
3	Net interbank Federal funds transactions	15,990	19,282	20,453	19,521	16,472	16,621	21,537	20,085	16,443
	EQUALS: Net surplus, or deficit (−):									
4	Amount	−16,000	−19,236	−20,257	−19,454	−16,457	−16,375	−21,225	−20,237	−16,404
5	*Per cent of average required reserves*	*105.5*	*130.3*	*131.2*	*127.5*	*106.7*	*105.2*	*135.7*	*120.8*	*104.7*
	Interbank Federal funds transactions									
	Gross transactions:									
6	Purchases	22,611	24,866	26,820	26,662	24,354	24,929	27,907	25,972	22,582
7	Sales	6,621	5,584	6,367	7,142	7,882	8,308	6,371	5,887	6,139
8	Two-way transactions[2]	4,795	4,517	4,686	4,942	5,191	6,033	5,627	5,031	4,927
	Net transactions:									
9	Purchases of net buying banks	17,816	20,349	22,134	21,721	19,164	18,896	22,280	20,941	17,655
10	Sales of net selling banks	1,826	1,068	1,682	2,199	2,691	2,276	744	856	1,213
	Related transactions with U.S. Govt. securities dealers									
11	Loans to dealers[3]	3,436	4,680	4,413	4,173	3,305	4,075	4,408	3,721	3,084
12	Borrowing from dealers[4]	1,552	1,496	1,359	2,034	2,574	1,712	1,313	1,426	1,532
13	Net loans	1,885	3,184	3,055	2,139	731	2,364	3,095	2,295	1,553
		8 banks in New York City								
	Basic reserve position									
14	Excess reserves[1]	−57	57	30	34	4	141	149	−71	21
	LESS:									
15	Borrowings at F.R. Banks	44	....	16	....	....	....	....	29	....
16	Net interbank Federal funds transactions	5,045	6,930	7,922	7,760	6,410	6,860	8,891	7,145	5,511
	EQUALS: Net surplus, or deficit (−):									
17	Amount	−5,146	−6,873	−7,908	−7,726	−6,407	−6,719	−8,742	−7,244	−5,490
18	*Per cent of average required reserves*	*85.0*	*117.3*	*127.5*	*128.9*	*106.1*	*108.8*	*141.1*	*105.9*	*87.2*
	Interbank Federal funds transactions									
	Gross transactions:									
19	Purchases	5,865	7,555	8,548	8,505	7,463	7,481	9,507	7,801	6,515
20	Sales	820	625	626	745	1,053	622	617	656	1,004
21	Two-way transactions[2]	820	625	626	745	841	622	617	656	1,004
	Net transactions:									
22	Purchases of net buying banks	5,045	6,930	7,922	7,760	6,622	6,860	8,890	7,145	5,511
23	Sales of net selling banks	....	....	....	....	212	....	....	....	....
	Related transactions with U.S. Govt. securities dealers									
24	Loans to dealers[3]	1,966	2,407	2,542	2,573	1,813	2,366	2,316	2,108	1,878
25	Borrowing from dealers[4]	364	389	367	375	437	534	641	691	784
26	Net loans	1,602	2,018	2,175	2,198	1,377	1,832	1,674	1,417	1,093
		38 banks outside New York City								
	Basic reserve position									
27	Excess reserves[1]	91	−11	207	37	27	105	163	−19	64
	LESS:									
28	Borrowings at F.R. Banks	....	....	25	4	15	....	....	34	46
29	Net interbank Federal funds transactions	10,945	12,352	12,531	11,761	10,062	9,761	12,646	12,940	10,932
	EQUALS: Net surplus, or deficit (−):									
30	Amount	−10,854	−12,363	−12,349	−11,729	−10,050	−9,656	−12,483	−12,993	−10,913
31	*Per cent of average required reserves*	*119.1*	*138.9*	*133.6*	*126.6*	*107.1*	*102.9*	*132.1*	*131.1*	*116.4*
	Interbank Federal funds transactions									
	Gross transactions:									
32	Purchases	16,746	17,311	18,272	18,158	16,891	17,448	18,400	18,171	16,067
33	Sales	5,801	4,959	5,741	6,397	6,829	7,687	5,754	5,231	5,135
34	Two-way transactions[2]	3,975	3,892	4,060	4,197	4,350	5,411	5,010	4,375	3,923
	Net transactions:									
35	Purchases of net buying banks	12,771	13,419	14,212	13,961	12,542	12,036	13,390	13,796	12,144
36	Sales of net selling banks	1,826	1,068	1,682	2,199	2,480	2,276	744	856	1,213
	Related transactions with U.S. Govt. securities dealers									
37	Loans to dealers[3]	1,470	2,272	1,872	1,600	1,492	1,709	2,093	1,613	1,207
38	Borrowing from dealers[4]	1,188	1,107	992	1,659	2,138	1,178	672	735	747
39	Net loans	282	1,165	880	−60	−646	532	1,421	879	459

For notes see end of table.

1.13 Continued

	Type	1976, week ending: Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29	1977, week ending: Jan. 5	Jan. 12	Jan. 19	Jan. 26
		5 banks in City of Chicago								
	Basic reserve position									
40	Excess reserves[1]	30	-20	25	42	9	38	60	15	23
	LESS:									
41	Borrowings at F.R. Banks			18					9	
42	Net interbank Federal funds transactions	5,764	5,765	6,140	6,176	5,483	5,942	5,769	6,164	5,027
	EQUALS: Net surplus, or deficit (-):									
43	Amount	-5,735	-5,785	-6,133	-6,134	-5,474	-5,904	-5,710	6,158	5,004
44	*Per cent of average required reserves*	*371.3*	*391.5*	*396.5*	*403.9*	*350.6*	*373.9*	*356.3*	*367.0*	*332.1*
	Interbank Federal funds transactions									
	Gross transactions:									
45	Purchases	6,479	6,372	6,786	7,044	6,512	6,890	6,681	7,025	5,864
46	Sales	714	607	646	868	1,029	948	911	862	837
47	Two-way transactions[2]	714	607	646	856	1,029	902	889	846	837
	Net transactions:									
48	Purchases of net buying banks	5,764	5,765	6,140	6,188	5,483	5,988	5,791	6,179	5,027
49	Sales of net selling banks				12		46	22	15	
	Related transactions with U.S. Govt. securities dealers									
50	Loans to dealers[3]	365	508	565	500	308	331	331	392	299
51	Borrowing from dealers[4]	390	395	387	299	515	111	304	190	189
52	Net loans	-24	114	178	201	-207	220	27	202	110
		33 other banks								
	Basic reserve position									
53	Excess reserves[1]	61	9	182	6	18	68	103	-34	41
	LESS:									
54	Borrowings at F.R. Banks			7	4	15			25	46
55	Net interbank Federal funds transactions	5,181	6,587	6,391	5,585	4,579	3,820	6,877	6,776	5,905
	EQUALS: Net surplus, or deficit (-):									
56	Amount	-5,120	-6,578	-6,216	-5,595	-4,576	-3,752	-6,774	-6,835	-5,910
57	*Per cent of average required reserves*	*67.7*	*88.6*	*80.8*	*72.2*	*58.5*	*48.1*	*86.3*	*83.0*	*75.1*
	Interbank Federal funds transactions									
	Gross transactions:									
58	Purchases	10,268	10,939	11,486	11,114	10,380	10,558	11,719	11,145	10,203
59	Sales	5,087	4,353	5,095	5,529	5,801	6,738	4,843	4,369	4,298
60	Two-way transactions[2]	3,261	3,285	3,414	3,341	3,321	4,509	4,121	3,528	3,086
	Net transactions:									
61	Purchases of net buying banks	7,007	7,654	8,072	7,773	7,058	6,049	7,599	7,617	7,118
62	Sales of net selling banks	1,826	1,068	1,682	2,188	2,480	2,229	722	841	1,213
	Related transactions with U.S. Govt. securities dealers									
63	Loans to dealers[3]	1,105	1,764	1,307	1,100	1,183	1,379	1,761	1,221	908
64	Borrowing from dealers[4]	798	712	604	1,361	1,623	1,067	368	545	558
65	Net loans	307	1,052	703	-261	-439	312	1,394	676	350

1 Based on reserve balances, including adjustments to include waivers of penalties for reserve deficiencies in accordance with changes in Board policy 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 Federal Reserve BULLETIN for August 1964, 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

Current and recent levels

Federal Reserve Bank	Loans to member banks— Under Secs. 13 and 13a[1]			Under Sec. 10(b)[2] Regular rate			Special rate[3]			Loans to all others under last par. Sec. 13[4]		
	Rate on 1/31/77	Effective date	Previous rate	Rate on 1/31/77	Effective date	Previous rate	Rate on 1/31/77	Effective date[3]	Previous rate	Rate on 1/31/77	Effective date	Previous rate
Boston	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
New York	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Philadelphia	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Cleveland	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Richmond	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Atlanta	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Chicago	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
St. Louis	5¼	11/26/76	5½	5¾	11/26/76	6	6¼	11/26/76	6½	8¼	11/26/76	8½
Minneapolis	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Kansas City	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Dallas	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
San Francisco	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½

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

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,* and *Annual Statistical Digest, 1971–75.*

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Per cent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect Jan. 31, 1977		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, Jan. 31, 1977	
	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 1975, 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) Member banks are required under the Board's Regulation M to maintain reserves against foreign branch deposits computed on the basis of net balances due from domestic offices to their foreign branches and against foreign branch loans 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. A reserve of 4 per cent is required for each of these classifications.

[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 Dec. 31, 1976: Per cent	Commercial banks: In effect Dec. 31, 1976: Effective date	Commercial banks: Previous maximum: Per cent	Commercial banks: Previous maximum: Effective date	Savings and loan associations and mutual savings banks: In effect Dec. 31, 1976: Per cent	Savings and loan associations and mutual savings banks: In effect Dec. 31, 1976: 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
Savings	5	7/1/73	4½	1/21/70	5¼	(4)	5	(5)
Negotiable order of withdrawal (NOW) accounts[1]	5	1/1/74	....	....	5	1/1/74	....	....
Time (multiple- and single-maturity unless otherwise indicated):[2]								
30–89 days:								
Multiple-maturity	5	7/1/73	4½	1/21/70	(6)	....	(6)	....
Single-maturity			5	9/26/66				
90 days to 1 year:								
Multiple-maturity	5½	7/1/73	5	7/20/66	[3] 5¾	(4)	5¼	1/21/70
Single-maturity				9/26/66				
1 to 2 years[3]	6	7/1/73	5½	1/21/70	6½	(4)	5¾	1/21/70
2 to 2½ years[3]			5¾	1/21/70			6	1/21/70
2½ to 4 years	6½	7/1/73	5¾	1/21/70	6¾	(4)	6	1/21/70
4 to 6 years	7¼	11/1/73	(7)	....	7½	11/1/73	(7)	....
6 years or more	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
Governmental units (all maturities)	7¾	12/23/74	7½	11/27/74	7¾	12/23/74	7½	11/27/74

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 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).

3 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.

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

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

6 No separate account category.

7 Between early 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. In December 1975, the Federal regulatory agencies removed the minimum-denomination requirement on time deposits representing funds contributed to an individual retirement account (IRA) established pursuant to the Internal Revenue Code. Similar action was taken for Keogh (H.R. 10) plans in November 1976.

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.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

	Type of transaction	1974	1975	1976	1976 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	U.S. Govt. securities										
	Outright transactions (excl. matched sale-purchase transactions):										
	Treasury bills:										
1	Gross purchases	11,660	11,562	14,343	2,719	279	1,100	1,125	618	346	975
2	Gross sales	5,830	5,599	8,462	524	1,413	....	171	....	480	1,546
3	Redemptions	4,550	[2] 6,431	[2] 5,017	350	875	....	....	200	600	....
	Others within 1 year:[1]										
4	Gross purchases	450	3,886	472	83	....	42	129	....	18	59
5	Gross sales	....	....	....	....	....	....	....	....	....	....
6	Exchange, or maturity shift	−1,183	−4	792	−449	59	−1,525	−285	66	1,047	7
7	Redemptions	131	3,549	....	....	....	....	....	....	....	....
	1 to 5 years:										
8	Gross purchases	797	[2] 3,284	[2] 3,202	617	....	301	580	....	113	681
9	Gross sales	....	....	177	....	....	....	....	....	....	....
10	Exchange, or maturity shift	−697	3,854	−2,588	449	−59	−79	285	−66	430	−7
	5 to 10 years:										
11	Gross purchases	434	1,510	1,048	195	....	72	272	....	62	170
12	Gross sales	....	....	....	....	....	....	....	....	....	....
13	Exchange, or maturity shift	1,675	−4,697	1,572	....	....	1,354	....	....	−1,167	....
	Over 10 years:										
14	Gross purchases	196	1,070	642	96	....	65	95	....	73	119
15	Gross sales	....	....	....	....	....	....	....	....	....	....
16	Exchange, or maturity shift	205	848	225	....	....	250	....	....	−310	....
	All maturities:[1]										
17	Gross purchases	13,537	[2] 21,313	19,707	3,709	279	1,579	2,202	618	612	2,004
18	Gross sales	5,830	5,599	8,639	524	1,413	....	171	....	480	1,546
19	Redemptions	4,682	[2] 9,980	[2] 5,017	350	875	....	....	200	600	....
	Matched sale-purchase transactions:										
20	Gross sales	64,229	151,205	196,078	20,973	10,522	16,389	19,828	23,289	22,675	23,193
21	Gross purchases	62,801	152,132	196,579	21,205	10,468	16,180	19,563	24,501	21,525	24,343
	Repurchase agreements:										
22	Gross purchases	71,333	140,311	232,891	14,409	12,947	26,641	24,108	16,603	17,612	30,872
23	Gross sales	70,947	139,538	230,355	13,643	14,657	24,655	23,477	18,821	20,173	27,119
24	**Net change**	**1,984**	**7,434**	**9,087**	**3,834**	**−3,773**	**3,357**	**2,397**	**−588**	**−4,179**	**5,361**
	Federal agency obligations										
	Outright transactions:										
25	Gross purchases	3,087	1,616	891	....	....	....	....	....	115	....
26	Gross sales	....	....	....	....	....	....	....	....	....	....
27	Redemptions	322	246	169	22	....	27	22	....	14	63
	Repurchase agreements:										
28	Gross purchases	23,204	15,179	10,520	699	495	769	1,071	705	897	1,380
29	Gross sales	22,735	15,566	10,360	576	726	674	889	949	976	1,102
	Bankers acceptances										
30	Outright transactions, net	511	163	−545	−78	−31	−68	−55	−9	−9	8
31	Repurchase agreements, net	420	−35	410	229	−339	220	85	−492	−140	795
32	**Net change in System Account**	**6,149**	**8,539**	**9,833**	**4,086**	**−4,375**	**3,577**	**2,587**	**−1,332**	**−4,307**	**6,379**

[1] *Both gross purchases and redemptions include special certificates* created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): 1973, 1,187; 1974, 131; and 1975, 3,549.

[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	1976	1977				1976		1977
		Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26p	Nov. 30	Dec. 31	Jan. 31r
		Consolidated condition statement							
	ASSETS								
1	Gold certificate account	11,598	11,598	11,658	11,658	11,658	11,598	11,598	11,658
2	Special Drawing Rights certificate account	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
3	Cash	357	351	361	373	381	362	364	395
	Loans:								
4	Member bank borrowings	375	29	32	643	482	40	25	46
5	Other	....	....	....	....	....	....	....	....
	Acceptances:								
6	Bought outright	196	196	196	197	193	188	196	191
7	Held under repurchase agreements	821	562	347	256	268	....	795	....
	Federal agency obligations:								
8	Bought outright	6,794	6,794	6,794	6,790	6,790	6,857	6,794	6 790
9	Held under repurchase agreements	409	235	87	100	199	....	278	....
	U.S. Govt. securities								
	Bought outright:								
10	Bills	37,345	38,437	36,956	35,513	39,675	37,992	38,571	38,742
11	Certificates Special	....	....	....	....	....	....	....	....
12	Other	....	....	....	....	....	....	....	....
13	Notes	47,470	47,972	47,972	47,972	48,601	47,089	47,972	48,619
14	Bonds	6,690	6,725	6,725	6,725	6,773	6,579	6,725	6,773
15	Total[1]	91,505	93,134	91,653	90,210	95,049	91,660	93,268	94,134
16	Held under repurchase agreements	9,454	2,375	2,944	1,344	2,360	....	3,753	....
17	**Total U.S. Govt. securities**	100,959	95,509	94,597	91,554	97,409	91,660	97,021	94,134
18	**Total loans and securities**	109,554	103,325	102,053	99,540	105,341	98,745	105,109	101,161
19	Cash items in process of collection	8,970	10,743	8,582	10,034	7,712	8,785	7,835	6,170
20	Bank premises	363	292	365	365	366	364	363	366
21	Operating equipment	26	....	....	....	....	28	25	....
	Other assets:								
22	Denominated in foreign currencies	175	170	188	199	212	546	170	222
23	All other	2,678	2,509	2,596	2,750	3,438	2,423	2,620	3,021
24	**Total assets**	**134,921**	**130,188**	**127,003**	**126,119**	**130,308**	**124,051**	**129,284**	**124,193**
	LIABILITIES								
25	F.R. notes	84,494	83,759	83,195	82,330	81,666	83,055	83,727	81,198
	Deposits:								
26	Member bank reserves	30,357	30,610	27,847	27,548	28,570	23,239	25,158	23,585
27	U.S. Treasury--General account	9,684	5,400	6,303	6,123	10,283	6,766	10,393	11,397
28	Foreign	257	269	243	228	253	305	352	383
29	Other[2]	932	690	769	784	722	1,022	1,357	642
30	**Total deposits**	**41,230**	**36,969**	**35,162**	**34,683**	**39,828**	**31,332**	**37,260**	**36,007**
31	Deferred availability cash items	5,630	6,407	5,487	5,846	5,398	6,150	5,234	3,513
32	Other liabilities and accrued dividends	1,152	1,003	998	981	1,020	1,065	1,097	980
33	**Total liabilities**	**132,506**	**128,138**	**124,842**	**123,840**	**127,912**	**121,602**	**127,318**	**121,698**
	CAPITAL ACCOUNTS								
34	Capital paid in	984	983	984	984	984	974	983	986
35	Surplus	929	983	983	983	983	929	983	983
36	Other capital accounts	502	84	194	312	429	546	....	526
37	**Total liabilities and capital accounts**	**134,921**	**130,188**	**127,003**	**126,119**	**130,308**	**124,051**	**129,284**	**124,193**
	MEMO:								
38	Marketable U.S. Govt. securities held in custody for foreign and intl. account	50,345	51,212	51,996	52,020	51,798	48,000	50,269	52,271
		Federal Reserve note statement							
39	F.R. notes outstanding (issued to Bank)	89,262	89,185	89,039	88,894	88,712	87,650	89,303	88,603
	Collateral held against notes outstanding:								
40	Gold certificate account	11,596	11,596	11,656	11,656	11,656	11,596	11,596	11,656
41	Special Drawing Rights certificate account	643	643	643	643	643	643	643	643
42	Acceptances	....	....	....	....	....	....	....	....
43	U.S. Govt. securities	78,050	78,100	78,100	78,100	78,100	76,850	78,100	78,100
44	**Total collateral**	**90,289**	**90,339**	**90,399**	**90,399**	**90,399**	**89,089**	**90,339**	**90,399**

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					End of month		
	1976	1977				1976		1977
	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26	Nov. 30	Dec. 31	Jan. 31
1 **Loans**	375	30	29	642	482	39	26	46
2 Within 15 days	369	24	23	640	480	33	17	44
3 16 days to 90 days	6	6	6	2	2	6	9	2
4 91 days to 1 year	...	...	...	...	...	...	...	...
5 **Acceptances**	1,017	758	543	453	461	188	991	191
6 Within 15 days	841	586	371	289	302	27	818	39
7 16 days to 90 days	112	107	104	106	103	99	112	95
8 91 days to 1 year	64	65	68	58	56	62	61	57
9 **U.S. Govt. securities**	100,959	95,509	94,597	91,554	97,409	91,660	97,021	94,134
10 Within 15 days[1]	13,354	7,081	5,404	3,323	7,081	2,322	7,207	3,957
11 16 days to 90 days	17,200	18,607	18,701	17,814	18,770	19,683	19,221	18,096
12 91 days to 1 year	26,216	25,117	25,788	25,713	26,204	25,914	25,889	26,979
13 Over 1 year to 5 years	30,278	30,710	30,710	30,710	31,185	30,036	30,710	30,933
14 Over 5 years to 10 years	8,997	9,045	9,045	9,045	9,173	8,876	9,045	9,173
15 Over 10 years	4,914	4,949	4,949	4,949	4,996	4,829	4,949	4,996
16 **Federal agency obligations**	7,203	7,029	6,881	6,890	6,989	6,857	7,072	6,790
17 Within 15 days[1]	450	247	99	148	239	206	319	40
18 16 days to 90 days	296	325	325	285	330	167	309	330
19 91 days to 1 year	977	1,031	1,031	1,031	1,037	995	964	1,037
20 Over 1 year to 5 years	3,355	3,307	3,307	3,323	3,361	3,370	3,355	3,361
21 Over 5 years to 10 years	1,388	1,382	1,382	1,366	1,281	1,381	1,388	1,281
22 Over 10 years	737	737	737	737	741	738	737	741

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

1.20 DEMAND DEPOSIT ACCOUNTS Debits and Rate of Turnover

Seasonally adjusted annual rates

Standard metropolitan statistical area	1973	1974	1975	1976				
				Aug.	Sept.	Oct.	Nov.	Dec.
	Debits (billions of dollars)[2]							
1 **All 233 SMSA's**	**18,641.3**	**22,192.2**	**23,565.1**	**27,875.0**	**27,250.2**	**27,406.2**	**28,061.4**	**28,914.3**
2 New York City	8,097.7	9,931.8	10,970.9	13,221.1	12,727.9	13,522.0	13,495.5	13,835.0
3 *232 SMSA's*	*10,543.6*	*12,260.6*	*12,594.2*	*14,653.9*	*14,522.3*	*13,884.2*	*14,565.9*	*15,079.3*
4 6 leading SMSA's other than N.Y.C.[1]	4,462.8	5,152.7	4,937.5	5,935.8	5,857.3	5,447.9	5,693.2	5,917.1
5 226 others	6,080.8	7,107.9	7,661.8	8,718.1	8,665.0	8,436.3	8,872.7	9,162.3
	Turnover of deposits (annual rate)							
6 **All 233 SMSA's**	**110.2**	**128.0**	**131.0**	**148.6**	**145.8**	**146.4**	**147.2**	**153.2**
7 New York City	269.8	312.8	351.8	400.6	393.7	416.2	395.1	419.8
8 *232 SMSA's*	*75.8*	*86.6*	*84.7*	*94.8*	*94.0*	*89.8*	*93.1*	*96.8*
9 6 leading SMSA's other than N.Y.C.[1]	115.0	131.8	118.4	138.2	136.1	126.6	131.7	136.9
10 226 others	60.6	69.3	71.6	78.1	77.7	75.6	78.3	81.4

[1] Boston, Philadelphia, Chicago, Detroit, San Francisco–Oakland, and Los Angeles–Long Beach.

[2] Excludes interbank and U.S. Govt. demand deposit accounts.

NOTE.—Total SMSA's includes some cities and counties not designated as SMSA's.

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars; averages of daily figures

Item	1973 Dec.	1974 Dec.	1975 Dec.	1976 June	1976 July	1976 Aug.	1976 Sept.	1976 Oct.	1976 Nov.	1976 Dec.[3]
				Seasonally adjusted						
MEASURES[1]										
1 M-1	270.5	283.1	294.8	303.2	304.9	306.4	306.3	309.8	309.8	311.9
2 M-2	571.4	612.4	664.3	698.5	705.4	710.8	716.4	725.8	732.0	739.6
3 M-3	919.5	981.6	1,092.9	1,157.4	1,169.9	1,182.3	1,195.3	1,211.7	1,223.4	1,236.5
4 M-4	634.9	702.2	747.2	769.1	774.9	775.1	778.8	787.9	794.0	803.4
5 M-5	982.9	1,071.4	1,175.8	1,228.0	1,239.4	1,246.7	1,257.7	1,273.7	1,285.5	1,300.3
COMPONENTS										
6 Currency	61.5	67.8	73.7	77.6	78.1	78.6	79.1	79.8	80.3	80.7
Commercial bank deposits:										
7 Demand	209.0	215.3	221.0	225.6	226.8	227.8	227.2	230.0	229.5	231.2
8 *Time and savings*	*364.4*	*419.1*	*452.4*	*465.9*	*470.0*	*468.7*	*472.5*	*478.0*	*484.2*	*491.5*
9 Negotiable CD's[2]	63.5	89.8	82.9	70.6	69.6	64.4	62.4	62.0	62.1	63.8
10 Other	300.9	329.3	369.6	395.3	400.4	404.4	410.1	416.0	422.2	427.7
11 Nonbank thrift institutions[3]	348.0	369.2	428.6	458.9	464.5	471.6	478.9	485.8	491.4	496.9
				Not seasonally adjusted						
MEASURES[1]										
12 M-1	278.3	291.3	303.2	302.5	305.2	303.1	304.4	308.7	311.8	320.8
13 M-2	576.5	617.5	669.3	699.8	705.8	707.4	712.8	722.9	729.6	744.6
14 M-3	921.8	983.8	1,094.6	1,162.3	1,173.8	1,178.7	1,189.2	1,205.5	r1,216.5	1,237.6
15 M-4	640.5	708.0	752.8	768.9	774.6	773.6	778.0	787.1	792.5	808.8
16 M-5	985.8	1,074.3	1,178.1	1,231.4	1,242.6	1,245.0	1,254.5	1,269.7	1,279.3	1,301.9
COMPONENTS										
17 Currency	62.7	69.0	75.1	77.8	78.7	78.9	79.0	79.6	80.8	82.2
Commercial bank deposits:										
18 *Demand*	*215.7*	*222.2*	*228.1*	*224.7*	*226.5*	*224.3*	*225.4*	*229.1*	*230.9*	*238.6*
19 Member	156.5	159.7	162.1	159.3	160.2	158.5	159.1	161.8	162.6	168.6
20 Domestic nonmember	56.3	58.5	62.6	62.3	62.8	62.4	63.2	64.1	65.0	66.5
21 *Time and savings*	*362.2*	*416.7*	*449.6*	*466.4*	*469.4*	*470.5*	*473.7*	*478.4*	*480.7*	*488.0*
22 Negotiable CD's[2]	64.0	90.5	83.5	69.1	68.9	66.3	65.3	64.2	62.9	64.3
23 Other	298.2	326.3	366.2	397.3	400.6	404.2	408.4	414.2	417.9	423.8
24 Nonbank thrift institutions[3]	345.3	366.3	425.3	462.5	468.0	471.3	476.4	482.6	486.8	493.1
25 U.S. Govt. deposits (all commercial banks)	6.3	4.9	4.1	4.8	3.4	3.6	4.9	3.8	4.0	4.4

1 Composition of the money stock measures is as follows:

M-1: Averages of daily figures for (1) demand deposits of 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 deposits (CD's) other than negotiable CD's of $100,000 or more of 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 descripton of the latest revisions in the money stock measures, see "Revision of Money Stock Measures" on pp. 82–87 of the February 1976 BULLETIN.

Latest monthly and weekly figures are available from the Board's 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 banks' own foreign branches, nonconsolidated nonbank affiliates of the bank, the banks' 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 Reclassification of loans reduced these loans by about $1.2 billion as of Mar. 31, 1976.

4 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.

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	1973 Dec.	1974 Dec.	1975 Dec.	1976 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
				Seasonally adjusted							
1 **Reserves** [1]	**34.98**	**36.63**	**34.75**	**34.14**	**34.34**	**34.39**	**34.52**	**34.36**	**34.49**	**34.88**	**35.00**
2 Nonborrowed	33.69	35.90	34.62	34.02	34.21	34.25	34.42	34.30	34.39	34.81	34.95
3 Required	34.68	36.37	34.49	33.93	34.12	34.15	34.32	34.16	34.27	34.62	34.72
4 **Deposits subject to reserve requirements** [2]	**442.8**	**486.9**	**506.0**	**507.8**	**513.9**	**514.9**	**513.6**	**515.3**	**519.6**	**525.3**	**530.0**
5 Time and savings	279.7	322.9	338.7	338.3	342.3	344.2	341.1	342.6	345.9	350.0	355.5
Demand:											
6 Private	158.1	160.6	164.4	167.2	167.9	168.0	168.7	168.9	170.3	170.8	171.2
7 U.S. Govt.	5.0	3.4	3.0	2.3	3.7	2.7	3.9	3.8	3.4	4.5	3.2
8 **Deposits plus nondeposit items** [3]	**449.4**	**495.3**	**514.4**	**515.3**	**522.3**	**523.6**	**522.5**	**523.5**	**528.6**	**534.4**	**539.2**
				Not seasonally adjusted							
9 **Deposits subject to reserve requirements** [2]	**447.5**	**491.8**	**510.9**	**506.0**	**512.7**	**513.9**	**511.3**	**514.9**	**518.9**	**522.5**	**534.8**
10 Time and savings	278.5	321.7	337.2	339.9	342.5	343.7	342.7	344.1	346.7	347.6	353.6
Demand:											
11 Private	164.0	166.6	170.7	163.4	166.7	167.7	165.9	167.2	169.5	171.9	177.9
12 U.S. Govt.	5.0	3.5	3.1	2.8	3.6	2.5	2.7	3.6	2.8	3.0	3.3
13 **Deposits plus nondeposit items** [3]	**454.0**	**500.1**	**519.3**	**513.6**	**521.2**	**522.7**	**520.2**	**523.1**	**527.9**	**531.5**	**544.0**

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; and Jan. 8, 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.

3 "Total member bank deposits" subject to reserve requirements, plus Euro-dollar borrowings, loans sold to bank-related institutions, and certain other nondeposit items. This series for deposits is referred to as "the adjusted bank credit proxy."

NOTE.—Back data and estimates of the impact on required reserves of 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	1973 Dec. 31	[4] 1974 Dec. 31	1975 Dec. 31	1976 July 28 p	Aug. 25 p	Sept. 29 p	Oct. 27 p	Nov. 24 p	Dec. 31 p	1977 Jan. 26 p
				Seasonally adjusted						
1 **Loans and investments** [1]	**633.4**	**690.4**	**721.1**	**743.1**	**748.7**	**752.5**	**760.3**	**766.3**	**767.5**	**773.1**
2 Including loans sold outright [2]	637.7	695.2	725.5	747.7	752.8	756.6	764.3	770.3	771.6	777.4
Loans:										
3 Total	449.0	500.2	496.9	504.7	507.6	511.4	519.3	521.8	521.6	528.4
4 Including loans sold outright [2]	453.3	505.0	501.3	509.3	511.7	515.5	523.3	525.8	525.7	532.7
5 Commercial and industrial [3]	156.4	183.3	176.0	171.0	171.0	172.0	174.8	176.7	176.2	177.1
6 Including loans sold outright [2,3]	159.0	186.0	178.5	173.9	173.6	174.6	177.4	179.3	178.8	180.0
Investments:										
7 U.S. Treasury	54.5	50.4	79.4	92.7	95.0	94.0	93.5	94.3	96.5	95.7
8 Other	129.9	139.8	144.8	145.7	146.1	147.1	147.5	150.2	149.4	149.0
				Not seasonally adjusted						
9 **Loans and investments** [1]	**647.3**	**705.6**	**737.0**	**740.3**	**746.1**	**752.9**	**758.7**	**766.0**	**784.4**	**771.4**
10 Including loans sold outright	651.6	710.4	741.4	744.9	750.2	757.0	762.7	770.0	788.5	775.7
Loans:										
11 Total [1]	458.5	510.7	507.4	505.2	508.5	513.3	518.2	520.6	532.6	523.6
12 Including loans sold outright [2]	462.8	515.5	511.8	509.8	512.6	517.4	522.2	524.6	536.7	527.9
13 Commercial and industrial [3]	159.4	186.8	179.3	170.7	170.3	172.5	174.2	176.0	179.5	175.2
14 Including loans sold outright [2,3]	162.0	189.5	181.8	173.6	172.9	175.1	176.8	178.6	182.1	178.1
Investments:										
15 U.S. Treasury	58.3	54.5	84.1	89.5	91.8	92.6	93.5	96.9	101.7	99.8
16 Other	130.6	140.5	145.5	145.6	145.8	147.0	147.0	148.6	150.2	148.0

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	1974	1975	1976[3]								1977
		Dec. 31	Dec. 31	May 26p	June 30p	July 28p	Aug. 25p	Sept. 29p	Oct. 27p	Nov. 24p	Dec. 29p	Jan. 26p
		All commerical										
1	**Loans and investments**	744.1	775.8	766.8	779.8	772.5	782.1	790.4	796.9	805.6	826.4	811.5
2	Loans, gross	549.2	546.2	531.8	543.7	537.6	544.5	550.8	556.4	560.2	576.0	563.7
	Investments:											
3	U.S. Treasury securities	54.5	84.1	90.4	90.8	89.5	91.8	92.6	93.5	96.9	101.2	99.8
4	Other	140.5	145.5	144.6	145.3	145.5	145.8	146.9	147.0	148.6	149.2	148.0
5	**Cash assets**	128.0	133.6	111.7	125.2	111.5	109.1	118.7	115.2	124.3	128.7	117.8
6	Currency and coin	11.7	12.3	12.0	12.0	12.2	12.0	12.2	12.5	11.8	13.9	12.6
7	Reserves with F.R. Banks	27.1	26.8	26.2	27.1	28.0	25.4	29.7	26.4	29.1	29.9	28.6
8	Balances with banks	42.0	47.3	36.1	40.4	34.6	36.1	36.1	36.7	40.2	39.8	37.2
9	Cash items in process of collection	47.3	47.3	37.4	45.7	36.7	35.6	40.6	39.5	43.3	45.1	39.4
10	**Total assets/total liabilities and capital**[1]	919.6	964.9	927.7	957.1	934.3	940.5	960.0	962.6	982.9	1,010.8	983.4
11	**Deposits**	747.9	786.3	754.1	782.8	761.2	759.4	773.3	777.9	789.1	812.4	792.2
	Demand:											
12	Interbank	43.5	41.8	33.1	38.3	33.1	33.4	35.2	34.8	39.9	39.1	35.7
13	U.S. Govt.	4.8	3.1	3.5	4.7	3.5	3.7	5.8	3.7	3.3	3.4	3.9
14	Other	267.5	278.7	247.5	266.4	250.6	247.4	252.9	258.2	260.8	275.9	256.9
	Time:											
15	Interbank	11.5	12.0	10.5	10.6	10.2	9.7	9.5	9.1	9.0	9.2	8.8
16	Other	420.6	450.6	459.4	462.9	463.8	465.3	469.9	472.2	476.1	484.8	486.8
17	Borrowings	58.4	60.2	66.2	65.9	66.8	72.3	77.5	76.0	83.6	88.0	81.2
18	**Total capital accounts**[2]	63.7	69.1	71.4	72.1	72.2	72.5	73.1	73.7	74.1	75.0	75.5
	MEMO:											
19	Number of banks	14,465	14,633	14,637	14,636	14,635	14,649	14,655	14,659	r14,674	r14,671	14,671
		Member										
20	**Loans and investments**	568.5	578.6	567.1	577.5	570.1	578.2	583.6	588.6	595.3	612.7	598.8
21	Loans, gross	429.5	416.4	402.3	411.7	405.3	410.8	415.1	419.5	421.9	435.3	424.2
	Investments:											
22	U.S. Treasury securities	38.9	61.5	65.0	65.6	64.4	66.7	67.0	67.7	70.8	74.3	72.6
23	Other	100.1	100.7	99.7	100.2	100.3	100.7	101.5	101.4	102.6	103.1	102.0
24	**Cash assets, total**	107.0	108.5	92.3	104.0	92.3	89.4	98.9	94.9	103.0	107.6	97.7
25	Currency and coin	8.8	9.2	9.1	9.0	9.1	9.0	9.2	9.4	8.9	10.5	9.5
26	Reserves with F.R. Banks	27.1	26.8	26.2	27.1	28.0	25.4	29.8	26.4	29.1	29.9	28.6
27	Balances with banks	25.5	26.9	20.9	23.8	19.6	20.5	20.6	20.9	23.3	23.5	21.5
28	Cash items in process of collection	45.6	45.5	36.1	44.1	35.5	34.4	39.3	38.2	41.8	43.7	38.1
29	**Total assets/total liabilities and capital**[1]	715.6	733.6	702.3	726.8	706.2	710.7	726.8	727.6	744.8	769.1	744.6
30	**Deposits**	575.6	590.8	561.2	585.3	565.1	562.4	573.9	576.1	584.8	604.6	587.0
	Demand:											
31	Interbank	41.1	38.6	30.7	35.6	30.7	30.9	32.7	32.2	37.2	36.4	33.1
32	U.S. Govt.	3.2	2.3	2.7	3.7	2.7	2.8	4.3	2.9	2.4	2.5	3.0
33	Other	204.2	210.8	187.0	202.1	188.6	185.9	191.0	194.7	196.0	208.6	193.7
	Time:											
34	Interbank	10.1	10.0	8.5	8.6	8.1	7.6	7.5	7.1	7.0	7.2	6.8
35	Other	317.1	329.1	332.3	335.4	334.9	335.1	338.4	339.2	342.1	349.9	186.9
36	Borrowings	52.9	53.6	59.6	59.3	60.3	65.9	70.6	69.1	76.4	80.4	73.6
37	**Total capital accounts**[2]	48.2	52.1	54.5	55.0	55.1	55.4	55.7	56.2	56.6	57.3	57.7
	MEMO:											
38	Number of banks	5,780	5,788	5,777	5,776	5.767	5,771	5,773	5,768	r5,767	r5,759	5,759

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 two 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.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series
Millions of dollars except for number of banks

	Account	1974 Dec. 31	1975 June 30	1975 Dec. 31	1976 June 30	1974 Dec. 31	1975 June 30	1975 Dec. 31	1976 June 30
		Total insured				National (all insured)			
1	**Loans and investments, Gross**	**734,516**	**736,164**	**762,400**	**773,696**	**428,433**	**428,167**	**441,135**	**443,955**
	Loans:								
2	Gross	541,111	526,272	535,170	539,017	321,466	312,229	315,738	315,624
3	Net	(2)	(2)	(2)	520,970	(2)	(2)	(2)	305,275
	Investments:								
4	U.S. Treasury securities	54,132	67,833	83,629	87,413	29,075	37,606	46,799	47,409
5	Other	139,272	142,060	143,602	147,266	77,892	78,331	78,598	80,922
6	Cash assets	125,375	125,181	128,256	124,072	76,523	75,686	78,026	75,488
7	**Total assets/total liabilities**[1]	**906,325**	**914,781**	**944,654**	**942,511**	**534,207**	**536,836**	**553,285**	**548,698**
8	**Deposits**	**741,665**	**746,348**	**775,209**	**776,957**	**431,039**	**431,646**	**447,590**	**444,251**
	Demand:								
9	U.S. Govt	4,799	3,106	3,108	4,622	2,437	1,723	1,788	2,858
10	Interbank	42,587	41,244	40,259	37,503	23,497	21,096	22,305	20,329
11	Other	265,444	261,903	276,384	265,670	154,397	152,576	159,840	152,382
	Time:								
12	Interbank	10,693	10,252	10,733	9,407	6,750	6,804	7,302	5,532
13	Other	418,142	429,844	444,725	459,753	243,959	249,446	256,355	263,148
14	Borrowings	55,988	59,310	56,775	63,824	39,603	41,954	40,875	45,184
15	**Total capital accounts**	**63,039**	**65,986**	**68,474**	**68,990**	**35,815**	**37,483**	**38,969**	**39,504**
16	MEMO: Number of banks	14,216	14,320	14,372	14,373	4,706	4,730	4,741	4,747
		State member (all insured)				Insured nonmember			
17	**Loans and investments, Gross**	**140,373**	**134,759**	**137,620**	**136,915**	**165,709**	**173,238**	**183,645**	**192,825**
	Loans:								
18	Gross	108,346	100,968	100,823	98,889	111,300	113,074	118,609	124,503
19	Net	(2)	(2)	(2)	96,036	(2)	(2)	(2)	119,658
	Investments:								
20	U.S. Treasury securities	9,846	12,004	14,720	15,096	15,211	18,223	22,109	24,907
21	Other	22,181	21,787	22,077	22,929	39,199	41,942	42,927	43,414
22	Cash assets	30,473	31,466	30,451	30,422	18,380	18,029	19,778	18,161
23	**Total assets/total liabilities**	**181,683**	**179,787**	**180,495**	**179,644**	**190,435**	**198,157**	**210,874**	**214,167**
24	**Deposits**	**144,799**	**141,995**	**143,409**	**142,061**	**165,827**	**172,707**	**184,210**	**190,644**
	Demand:								
25	U.S. Govt	746	443	467	869	1,616	940	853	894
26	Interbank	17,565	18,751	16,265	15,834	1,525	1,397	1,689	1,339
27	Other	49,807	48,621	50,984	49,658	61,240	60,706	65,560	63,629
	Time:								
28	Interbank	3,301	2,771	2,712	3,074	642	676	719	799
29	Other	73,380	71,409	72,981	72,624	100,804	108,989	115,389	123,980
30	Borrowings	13,247	14,380	12,771	15,300	3,138	2,976	3,128	3,339
31	**Total capital accounts**	**12,425**	**12,773**	**13,105**	**12,790**	**14,799**	**15,730**	**16,400**	**16,696**
32	MEMO: Number of banks	1,074	1,064	1,046	1,029	8,436	8,526	8,585	8,597
		Noninsured nonmember				Total nonmember			
33	**Loans and investments, Gross**	**9,981**	**11,725**	**13,674**	**15,905**	**175,690**	**184,963**	**197,319**	**208,730**
	Loans:								
34	Gross	8,461	9,559	11,283	13,209	119,761	122,633	129,892	137,712
35	Net	(2)	(2)	(2)	13,092	(2)	(2)	(2)	132,751
	Investments:								
36	U.S. Treasury securities	319	358	490	472	15,530	18,581	22,599	25,379
37	Other	1,201	1,808	1,902	2,223	40,400	43,750	44,829	45,637
38	Cash assets	2,667	3,534	5,359	4,362	21,047	21,563	25,137	22,524
39	**Total assets/total liabilities**	**13,616**	**16,277**	**20,544**	**21,271**	**204,051**	**214,434**	**231,418**	**235,439**
40	**Deposits**	**6,627**	**8,314**	**11,323**	**11,735**	**172,454**	**181,021**	**195,533**	**202,380**
	Demand:								
41	U.S. Govt	8	11	6	4	1,624	951	859	899
42	Interbank	897	1,338	1,552	1,006	2,422	2,735	3,241	2,346
43	Other	2,062	2,124	2,308	2,555	63,302	62,830	67,868	66,184
	Time:								
44	Interbank	803	957	1,291	1,292	1,445	1,633	2,010	2,092
45	Other	2,857	3,883	6,167	6,876	103,661	112,872	121,556	130,857
46	Borrowings	2,382	3,110	3,449	3,372	5,520	6,086	6,577	6,711
47	**Total capital accounts**	**611**	**570**	**651**	**663**	**15,410**	**16,300**	**17,051**	**17,359**
48	MEMO: Number of banks	249	253	261	270	8,685	8,779	8,846	8,867

1 Includes items not shown separately.
2 Not available.

For Note see Table 1.24.

1.26 COMMERCIAL BANK ASSETS AND LIABILITIES Detailed Balance Sheet, June 30, 1976

Asset and liability items are shown in millions of dollars

Asset account	All commercial banks	Insured commercial banks	Member banks[1] Total	Large banks: New York City	Large banks: City of Chicago	Large banks: Other large	All other	Non-member banks[1]
1 **Cash bank balances, items in process**	**128,435**	**124,072**	**105,911**	**26,914**	**4,699**	**41,097**	**33,201**	**22,524**
2 Currency and coin	11,984	11,972	8,987	686	184	3,054	5,063	2,997
3 Reserves with F.R. Banks	28,212	28,212	28,212	4,956	2,174	11,508	9,575	....
4 Demand balances with banks in United States	30,921	28.765	17.838	6.562	286	3,351	7,639	13.083
5 Other balances with banks in United States	6.833	6.041	3,818	93	7	1.478	2,240	3,015
6 Balances with banks in foreign countries	4,948	3,623	3,179	327	33	1,767	1,052	1,769
7 Cash items in process of collection	45,537	45,459	43,877	14,290	2,016	19,939	7,633	1,660
8 **Total securities held—Book value**	**235,836**	**233,184**	**165,113**	**18,349**	**7,553**	**53,364**	**85,847**	**70,723**
9 U.S. Treasury	91,420	90,948	66,013	9,209	3,766	22,163	30,875	25,408
10 Other U.S. Govt. agencies	34,264	33,729	20,706	996	348	5,880	13,482	13,558
11 States and political subdivisions	102,994	102,694	74.465	7,718	3,225	24,322	39,201	28,529
12 All other securities	6,995	5,701	3,849	425	214	970	2,239	3,146
13 Unclassified total	162	113	80	....	....	30	50	83
14 *Trading-account securities*	*5,795*	*5,745*	*5,654*	*2,612*	*678*	*2,103*	*261*	*141*
15 U.S. Treasury	3,535	3.535	3.507	1,950	494	970	93	28
16 Other U.S. Govt. agencies	665	665	659	244	44	342	28	6
17 *States and political subdivisions*	1.043	1.043	1.025	316	80	557	73	17
18 All other trading acct. securities	391	391	383	103	60	204	17	8
19 Unclassified	162	113	80	....	....	30	50	83
20 *Bank investment portfolios*	*230,041*	*227,439*	*159,460*	*15,737*	*6,875*	*51,261*	*85,586*	*70,582*
21 U.S. Treasury	87,886	87.413	62,506	7,260	3,272	21,193	30,782	25,380
22 Other U.S. Govt. agencies	33,600	33.064	20,047	752	304	5,538	13,454	13,552
23 States and political subdivisions	101,952	101,651	73,440	7.403	3,145	23,764	39,128	28,512
24 All other portfolio securities	6,604	5,310	3,466	323	155	766	2,223	3,138
25 F.R. stock and corporate stock	1,539	1,495	1,244	248	78	470	448	295
26 **Federal funds sold and securities resale agreement**	**36,120**	**34,262**	**26,819**	**1,929**	**1,150**	**14,110**	**9,630**	**9,300**
27 Commercial banks	30,954	29,471	22,170	1,094	1,016	10,937	9,124	8,784
28 Brokers and dealers	2,658	2,459	2,376	180	108	1,703	384	283
29 Others	2,507	2,333	2,273	655	26	1,470	123	234
30 **Other loans, gross**	**516,107**	**504,755**	**387,695**	**67,105**	**20,802**	**147,088**	**152,699**	**128,412**
31 LESS: Unearned income on loans	12.000	11,941	8,286	471	81	2,824	4,910	3,714
Reserves for loan loss	6.163	6,105	4,916	1,112	331	1.830	1,642	1,248
33 Other loans, net	497,944	486,709	374,493	65,522	20,390	142,434	146,148	123,451
Other loans, gross, by category								
34 *Real estate loans*	*141,964*	*141,737*	*100,545*	*8,693*	*1,988*	*36,933*	*52,930*	*41,419*
35 Construction and land development	16,568	16,562	13,586	3,119	532	6,352	3,584	2,981
36 Secured by farmland	6,355	6,344	2,717	2	14	288	2,413	3,638
37 Secured by residential	80,203	80,062	57,630	3,976	922	21,168	31,563	22,573
38 *1- to 4-family residences*	*75,826*	*75,692*	*54,450*	*3,563*	*821*	*20,034*	*30,032*	*21,376*
39 FHA-insured or VA-guaranteed	8,297	8,262	7,150	533	52	3,958	2,607	1,147
40 Conventional	67,529	67,429	47,300	3,030	769	16,076	27,425	20.229
41 *Multifamily residences*	*4,377*	*4,371*	*3,180*	*413*	*101*	*1,134*	*1,531*	*1,197*
42 FHA-insured	412	411	321	121	25	99	77	90
43 Conventional	3,965	3,960	2.859	293	76	1,035	1,455	1,107
44 Secured by other properties	38,839	38.769	26,612	1,596	521	9,125	15,370	12,227
45 *Loans to financial institutions*	*41,609*	*36,645*	*34,684*	*12,206*	*4,548*	*14,980*	*2,949*	*6,925*
46 To REIT's and mortgage companies	10,556	10,510	10.172	3,753	1,457	4,193	769	384
47 *To domestic commercial banks*	*5,182*	*3,201*	2,527	806	138	1,215	369	2,655
48 To banks in foreign countries	8.625	6,076	5,907	2,297	324	2,873	413	2,718
49 To other depositary institutions	1.637	1,572	1,424	185	25	1,064	151	212
50 To other financial institutions	15.608	15.285	14.652	5,165	2,605	5,635	1,248	956
51 Loans to security brokers and dealers	7.743	7,521	7,390	4,535	987	1,734	134	353
52 Other loans to purch./carry securities	4,032	4,018	3,373	428	314	1,720	911	659
53 Loans to farmers—except real estate	22.174	22,149	12,380	77	135	2,988	9,179	9,795
54 Commercial and industrial loans	174,384	169,345	140.087	33,896	10,435	55,517	40,239	34,297
55 Loans to individuals	110,393	110,031	77,597	4,680	1,627	27,854	43,435	32,796
56 *Instalment loans*	*87,465*	*87,141*	*61,238*	*3,322*	*916*	*22,383*	*34,617*	*26,227*
57 Passenger automobiles	36.951	36,685	24.065	510	150	7,291	16,114	12,886
58 Residential-repair/modernize	6,107	6,106	4,320	263	37	1,747	2.274	1,787
59 Credit cards and related plans	12,196	12,193	10,746	1,127	534	6,112	2,973	1,450
60 Charge-account credit cards	9.517	9,516	8,540	817	504	4,987	2,232	977
61 Check and revolving credit plans	2,680	2,677	2,206	310	30	1,125	741	473
62 Other retail consumer goods	15,536	15,526	10,730	203	86	3,884	6,557	4,805
63 Mobile homes	8.720	8,719	6,238	112	33	2,300	3,792	2,483
64 Other	6,815	6,807	4,493	91	52	1,584	2,765	2,323
65 Other instalment loans	16.675	16,630	11,376	1,219	109	3,350	6,698	5,299
66 Single-payment loans to individuals	22,927	22,891	16,358	1,358	711	5,471	8,818	6,569
67 All other loans	13.807	13,309	11,639	2,589	766	5,362	2,922	2,168
68 **Total loans and securities, net**	**771,439**	**755,650**	**567,670**	**86,047**	**29,171**	**210,378**	**242,074**	**203,769**
69 Direct lease financing	4,675	4,675	4,455	983	128	2,714	630	221
70 Fixed assets—Buildings, furniture, real estate	18,585	18,484	13,902	1,626	611	5,605	6,060	4,683
71 Investment in unconsolidated subsidiaries	2,107	2,104	2,063	827	160	1,005	70	44
72 Customer acceptances outstanding	10,682	10,316	9,990	5,278	517	3,924	271	692
73 Other assets	27,861	27,210	24,353	9,081	1,627	9,775	3,871	3,507
74 **Total assets**	**963,783**	**942,511**	**728,344**	**130,756**	**36,912**	**274,499**	**286,177**	**235,440**

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		
75 **Demand deposits**	**311,363**	**307,796**	**241,932**	**54,110**	**9,807**	**87,697**	**90,318**	**69,431**
76 Mutual savings banks	1,299	1,113	1,014	491	2	229	291	286
77 Other individuals, partnerships, and corporations	236,614	235,547	179,037	29,740	7,268	67,579	74,449	57,577
78 U.S. Govt.	4,627	4,623	3,728	474	154	1,604	1,496	900
79 States and political subdivisions	17,336	17,216	12,278	620	155	3,732	7,770	5,058
80 Foreign governments, central banks, etc.	1,757	1,295	1,250	981	21	230	17	507
81 Commercial banks in United States	30,870	30,573	29,454	13,524	1,781	10,589	3,560	1,416
82 Banks in foreign countries	6,341	5,817	5,697	4,240	148	1,192	117	644
83 Certified and officers' checks, etc.	12,520	11,612	9,477	4,038	278	2,542	2,619	3,043
84 **Time deposits**	**293,204**	**285,431**	**212,740**	**32,483**	**13,165**	**77,746**	**89,347**	**80,464**
85 Accumulated for personal loan patments	171	171	136	...	...	13	123	35
86 Mutual savings banks	481	458	445	266	7	135	36	36
87 Other individuals, partnerships, and corporations	227,578	222,500	163,935	22,766	9,494	58,633	73,042	63,643
88 U.S. Govt.	678	678	550	77	1	251	220	128
89 States and political subdivisions	43,942	43,653	30,739	803	1,106	13,711	15,121	13,203
90 Foreign governments, central banks, etc.	10,143	9,029	8,778	5,255	1,295	2,187	41	1,366
91 Commercial banks in United States	8,082	7,522	6,797	2,613	1,162	2,337	685	1,285
92 Banks in foreign countries	2,129	1,419	1,360	702	100	478	80	769
93 **Savings deposits**	**184,126**	**183,730**	**131,640**	**8,752**	**2,715**	**48,362**	**71,811**	**52,486**
94 Individuals and nonprofit organizations	175,381	174,995	125,270	8,332	2,611	45,993	68,334	50,111
95 Corporations and other profit organizations	6,049	6,043	4,521	262	95	1,982	2,182	1,529
96 U.S. Govt.	2,648	2,645	1,805	130	9	376	1,290	843
97 All other	47	47	44	28	...	11	4	4
98 **Total deposits**	**788,693**	**776,957**	**586,312**	**95,345**	**25,687**	**213,805**	**251,476**	**202,381**
99 **Federal funds purchased and securities sold under agreements to repurchase**	**60,719**	**58,944**	**55,906**	**11,224**	**7,215**	**29,308**	**8,158**	**4,813**
100 Commercial banks	35,182	33,936	32,667	6,445	4,883	17,374	3,965	2,514
101 Brokers and dealers	8,053	7,976	7,512	735	1,073	4,903	801	542
102 Others	17,484	17,031	15,727	4,045	1,259	7,032	3,392	1,757
103 Other liabilties for borrowed money	6,478	4,881	4,579	2,243	80	1,806	450	1,899
104 Mortgage indebtedness	789	787	577	53	16	316	192	212
105 Bank acceptances outstanding	11,287	10,917	10,591	5,854	525	3,938	274	696
106 Other liabilities	21,262	16,198	14,148	4,736	892	5,575	2,945	7,114
107 **Total liabilities**	**889,228**	**868,684**	**672,114**	**119,456**	**34,415**	**254,749**	**263,495**	**217,114**
108 Subordinated notes and debentures	4,901	4,837	3,935	1,099	83	1,752	1,001	966
109 **Equity capital**	**69,655**	**68,991**	**52,295**	**10,201**	**2,414**	**17,998**	**21,681**	**17,360**
110 Preferred stock	81	75	34	...	...	10	24	47
111 Common stock	15,963	15,843	11,723	2,264	570	3,894	4,995	4,239
112 Surplus	27,903	27,648	20,676	3,966	1,155	7,509	8,047	7,226
113 Undivided profits	23,842	23,630	18,566	3,858	645	6,154	7,909	5,276
114 Other capital reserves	1,867	1,794	1,296	114	44	431	706	571
115 **Total liabilities and equity capital**	**963,783**	**942,511**	**728,344**	**130,756**	**36,912**	**274,499**	**286,177**	**235,440**
MEMO:								
116 Demand deposits adjusted[2]	230,329	227,142	164,874	25,822	5,857	55,566	77,629	65,455
Average for last 15 or 30 days:								
117 Average cash and due from bank	123,703	119,246	102,291	26,314	4,360	39,625	31,992	21,412
118 Average Federal funds sold and securities purchased under agreements to resell	38,280	35,632	27,149	2,253	1,341	13,353	10,202	11,131
119 Average total loans	502,155	490,759	377,741	66,363	20,569	143,388	147,421	124,414
120 Average time deposits of $100,000 or more	146,166	140,300	115,892	29,258	10,747	48,444	27,443	30,275
121 Average total deposits	775,140	763,837	574,789	89,888	25,003	209,900	249,999	200,350
122 Average Federal funds purchased and securities sold under agreements to repurchase	64,655	62,022	58,970	14,334	7,184	29,212	8,240	5,695
123 Average other liabilities for borrowed money	6,485	4,782	4,474	2,064	87	1,957	367	2,011
124 Standby letters of credit outstanding	10,950	10,535	9,927	5,289	954	3,043	641	1,023
125 Time deposits of $100,000 or more	146,783	141,105	117,342	28,910	11,159	49,561	27,712	29,441
126 Certificates of deposit	122,071	118,464	97,455	24,503	8,937	39,866	24,149	24,616
127 Other time deposits	24,712	22,641	19,887	4,407	2,221	9,696	3,563	4,825
128 Number of banks	14,643	14,373	5,776	11	9	155	5,601	8,867

1 Member banks exclude and nonmember banks include 5 noninsured trust companies that are members of the Federal Reserve System, and member banks exclude 2 national banks outside the continental United States.

2 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	1976 Dec. 8	1976 Dec. 15	1976 Dec. 22	1976 Dec. 29	1977 Jan. 5	1977 Jan. 12	1977 Jan. 19	1977 Jan. 26
1	**Total loans and investments**	**409,928**	**415,285**	**414,897**	**416,399**	**415,647**	**413,172**	**410,576**	**404,902**
	Loans:								
2	*Federal funds sold*[1]	*23,262*	*23,936*	*24,385*	*24,509*	*24,716*	*24,251*	*22,655*	*20,727*
3	To commercial banks	18,638	18,938	19,926	20,172	20,159	18,553	17,676	16,585
	To brokers and dealers involving--								
4	U.S. Treasury securities	2,619	3,065	2,638	2,235	2,505	3,193	3,029	2,184
5	Other securities	791	761	722	811	996	1,317	816	887
6	To others	1,214	1,172	1,099	1,291	1,056	1,188	1,134	1,071
7	*Other, gross*	*286,049*	*288,752*	*288,361*	*289,063*	*288,576*	*285,976*	*286,369*	*284,048*
8	Commercial and industrial	115,581	116,425	116,544	116,480	116,896	115,437	115,136	114,489
9	Agricultural	4,174	4,194	4,211	4,278	4,304	4,300	4,272	4,243
	For purchasing or carrying securities:								
	To brokers and dealers:								
10	U.S. Treasury securities	2,047	2,075	1,569	1,535	1,755	1,742	1,982	1,313
11	Other securities	7,484	8,558	8,254	8,209	7,528	7,557	8,042	7,567
	To others:								
12	U.S. Treasury securities	72	74	74	79	83	80	76	74
13	Other securities	2,530	2,505	2,506	2,504	2,533	2,531	2,526	2,534
	To nonbank financial institutions:								
14	Personal and sales finance cos., etc.	6,849	7,258	7,233	7,503	7,394	7,011	6,936	6,871
15	Other	16,903	17,058	16,850	17,037	16,586	16,296	16,154	16,221
16	Real estate	63,189	63,405	63,401	63,409	63,690	63,753	63,908	63,886
	To commercial banks:								
17	Domestic	1,921	1,789	1,920	1,905	1,813	1,733	1,781	1,865
18	Foreign	6,216	5,982	5,980	6,133	6,042	5,869	5,944	5,834
19	Consumer instalment	38,613	38,840	39,079	39,397	39,633	39,583	39,480	39,509
20	Foreign governments, official institutions, etc.	1,907	1,876	1,863	1,803	1,939	1,991	1,872	1,937
21	All other loans	18,563	18,713	18,877	18,791	18,380	18,093	18,260	17,705
22	Less: Loan loss reserve and unearned income on loans	8,734	8,740	8,726	8,625	8,536	8,531	8,551	8,552
23	*Other loans, net*	*277,315*	*280,012*	*279,635*	*280,438*	*280,040*	*277,445*	*277,818*	*275,496*
	Investments:								
24	*U.S. Treasury securities*	*48,203*	*49,777*	*49,432*	*50,076*	*50,038*	*50,333*	*49,622*	*48,268*
25	Bills	11,461	12,835	12,428	13,251	13,721	13,487	12,851	11,821
	Notes and bonds, by maturity:								
26	Within 1 year	6,741	6,713	6,685	6,796	7,223	7,205	7,255	7,275
27	1 to 5 years	25,715	26,082	26,106	25,841	24,962	25,307	25,253	24,937
28	After 5 years	4,286	4,147	4,213	4,188	4,132	4,334	4,263	4,235
29	*Other securities*	*61,148*	*61,560*	*61,445*	*61,376*	*60,853*	*61,143*	*60,481*	*60,411*
	Obligations of States and political subdivisions:								
30	Tax warrants, short-term notes, and bills	6,713	6,893	6,656	6,530	6,269	6,602	6,324	6,354
31	All other	40,358	40,613	40,384	40,476	40,355	40,465	40,324	40,256
	Other bonds, corporate stocks, and securities:								
32	Certificates of participation[2]	2,301	2,266	2,320	2,354	2,251	2,239	2,153	2,217
33	All other, including corporate stocks	11,776	11,788	12,085	12,016	11,978	11,837	11,680	11,584
34	Cash items in process of collection	35,890	45,042	42,354	39,752	39,933	36,679	36,792	34,904
35	Reserves with F.R. Banks	21,516	24,198	22,396	23,349	24,329	21,367	20,984	21,875
36	Currency and coin	5,550	5,827	5,793	6,436	5,756	5,908	5,779	5,768
37	Balances with domestic banks	13,261	13,306	14,120	13,785	13,929	13,303	12,392	12,083
38	Investments in subsidiaries not consolidated	2,287	2,287	2,390	2,345	2,402	2,441	2,471	2,470
39	Other assets	47,795	49,824	49,022	50,347	50,839	52,548	50,716	50,891
40	**Total assets/total liabilities**	**536,227**	**555,769**	**550,972**	**552,413**	**552,835**	**545,418**	**539,710**	**532,893**
	Deposits:								
41	*Demand deposits*	*170,509*	*190,763*	*182,432*	*181,528*	*184,662*	*178,242*	*174,253*	*168,152*
42	Individuals, partnerships, and corporations	123,875	135,580	131,503	130,575	131,982	128,675	125,906	121,055
43	States and political subdivisions	5,550	6,243	6,594	6,041	6,397	5,970	6,391	6,056
44	U.S. Govt.	1,064	5,623	2,085	1,620	2,721	1,930	3,077	2,123
	Domestic interbank:								
45	Commercial	24,761	26,360	26,686	27,383	28,093	27,328	23,520	24,435
46	Mutual savings	877	871	744	744	1,040	942	889	839
	Foreign:								
47	Governments, official institutions, etc.	1,134	1,357	1,228	1,428	1,463	1,344	1,276	1,218
48	Commercial banks	5,845	5,545	5,921	5,934	5,831	5,619	5,800	5,753
49	Certified and officers' checks	7,403	9,184	7,671	7,803	7,135	6,434	7,394	6,673
50	*Time and savings deposits*	*226,790*	*227,221*	*229,223*	*231,416*	*231,951*	*230,310*	*230,505*	*230,452*
	Individuals, partnerships, and corporations:								
51	Savings	87,769	88,381	88,702	89,473	91,008	91,038	91,301	91,376
52	Other	106,316	105,499	106,427	107,545	106,798	105,675	105,716	105,350
53	States and political subdivisions	18,336	18,827	19,214	19,311	19,252	19,336	19,435	19,550
54	Domestic interbank	5,567	5,521	5,626	5,702	5,520	5,306	5,265	5,401
55	Foreign governments, official institutions, etc.	7,508	7,710	7,956	8,024	8,019	7,626	7,436	7,479
56	Federal funds purchased, etc.[4]	71,709	68,719	72,342	71,422	69,736	69,469	66,037	65,530
	Borrowings from:								
57	F.R. Banks	1	298	50	340	0	11	621	449
58	Others	4,392	4,161	3,929	4,157	3,645	3,384	3,578	3,708
59	Other liabilities, etc.[5]	21,809	23,671	21,962	22,470	21,391	22,420	23,166	22,934
60	Total equity capital and subordinated notes/debentures[6]	41,017	40,936	41,034	41,080	41,450	41,582	41,550	41,668

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes U.S. Govt. and foreign bank deposits not shown separately.
4 Includes securities sold under agreements to repurchase.
5 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
6 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	1976 Dec. 8	1976 Dec. 15	1976 Dec. 22	1976 Dec. 29	1977 Jan. 5	1977 Jan. 12	1977 Jan. 19	1977 Jan. 26
1 **Total loans and investments**	**91,612**	**93,895**	**92,743**	**93,144**	**91,843**	**90,131**	**91,350**	**89,516**
Loans:								
2 *Federal funds sold* [1]	*2,402*	*2,452*	*2,839*	*3,015*	*2,238*	*1,765*	*2,406*	*3,382*
3 To commercial banks	1,384	1,527	1,820	2,269	1,611	737	1,305	2,260
To brokers and dealers involving-								
4 U.S. Treasury securities	597	467	646	278	285	538	461	345
5 Other securities	102	37	20	21	56	288	274	404
6 To others	319	421	353	447	286	202	366	373
7 *Other, gross*	*70,586*	*71,960*	*70,873*	*70,911*	*70,541*	*68,770*	*69,092*	*67,489*
8 Commercial and industrial	34,705	35,187	34,951	35,039	35,622	34,341	33,977	33,687
9 Agricultural	101	102	110	118	124	123	121	121
For purchasing or carrying securities:								
To brokers and dealers:								
10 U.S. Treasury securities	1,850	1,854	1,344	1,322	1,590	1,583	1,815	1,142
11 Other securities	4,185	5,016	4,829	4,610	4,064	4,185	4,747	4,323
To others:								
12 U.S. Treasury securities	14	14	16	16	18	14	12	12
13 Other securities	371	360	361	357	382	392	388	388
To nonbank financial institutions:								
14 Personal and sales finance cos., etc.	2,255	2,548	2,443	2,661	2,554	2,264	2,264	2,271
15 Other	6,035	6,036	5,991	6,001	5,511	5,410	5,389	5,519
16 Real estate	8,900	8,911	8,973	8,988	8,991	8,965	8,955	8,955
To commercial banks:								
17 Domestic	713	566	624	587	608	537	609	644
18 Foreign	2,928	2,853	2,806	2,849	2,794	2,693	2,678	2,549
19 Consumer instalment	4,002	3,993	3,979	3,990	4,075	4,069	4,055	4,047
20 Foreign governments, official institutions, etc.	554	496	480	434	522	528	425	472
21 All other loans	3,973	4,024	3,966	3,939	3,686	3,666	3,657	3,359
22 LESS: Loan loss reserve and unearned income on loans	1,735	1,732	1,725	1,694	1,645	1,639	1,641	1,632
23 *Other loans, net*	*68,851*	*70,228*	*69,148*	*69,217*	*68,896*	*67,131*	*67,451*	*65,857*
Investments:								
24 *U.S. Treasury securities*	*11,136*	*11,672*	*11,231*	*11,485*	*11,462*	*11,990*	*12,304*	*11,278*
25 Bills	2,884	3,352	2,663	2,878	3,085	3,398	3,855	3,176
Notes and bonds, by maturity:								
26 Within 1 year	791	691	651	678	688	723	728	722
27 1 to 5 years	6,439	6,665	6,840	6,753	6,529	6,696	6,634	6,414
28 After 5 years	1,022	964	1,077	1,176	1,160	1,173	1,087	966
29 *Other securities*	*9,223*	*9,543*	*9,525*	*9,427*	*9,247*	*9,245*	*9,189*	*8,999*
Obligations of States and political subdivisions:								
30 Tax warrants, short-term notes, and bills	1,414	1,518	1,505	1,381	1,223	1,205	1,177	1,178
31 All other	6,086	6,327	6,187	6,258	6,095	6,238	6,212	6,112
Other bonds, corporate stocks, and securities:								
32 Certificates of participation [2]	237	231	230	231	223	223	222	222
33 All other, including corporate stocks	1,486	1,467	1,603	1,557	1,706	1,579	1,578	1,487
34 Cash items in process of collection	13,206	17,287	14,541	15,267	12,836	12,865	13,450	12,589
35 Reserves with F.R. Banks	6,475	7,346	5,669	6,823	8,229	7,844	5,782	6,097
36 Currency and coin	773	806	779	851	809	831	803	816
37 Balances with domestic banks	6,058	5,983	6,640	6,655	5,995	5,862	5,534	5,793
38 Investments in subsidiaries not consolidated	1,054	1,056	1,056	1,068	1,107	1,138	1,152	1,148
39 Other assets	15,567	16,632	16,356	17,144	17,011	19,066	18,000	18,144
40 **Total assets/total liabilities**	**134,745**	**143,005**	**137,784**	**140,952**	**137,830**	**137,737**	**136,071**	**134,103**
Deposits:								
41 *Demand deposits*	*49,220*	*57,942*	*53,236*	*54,611*	*52,594*	*51,504*	*50,540*	*49,275*
42 Individuals, partnerships, and corporations	27,001	32,166	29,894	29,737	29,479	28,279	28,418	26,426
43 States and political subdivisions	481	527	643	492	578	511	585	598
44 U.S. Govt.	96	1,549	229	119	511	285	507	357
Domestic interbank:								
45 Commercial	11,977	12,753	12,882	14,318	12,971	13,696	11,167	12,552
46 Mutual savings	492	478	382	398	586	538	475	475
Foreign:								
47 Governments, official institutions, etc.	833	1,042	907	1,133	1,098	1,084	988	986
48 Commercial banks	4,463	4,119	4,486	4,346	4,380	4,274	4,519	4,443
49 Certified and officers' checks	3,877	5,308	3,813	4,068	2,991	2,837	3,881	3,438
50 *Time and savings deposits* [3]	*41,767*	*41,350*	*41,712*	*42,315*	*42,401*	*41,912*	*42,275*	*42,390*
Individuals, partnerships, and corporations:								
51 Savings	9,637	9,678	9,722	9,824	10,149	10,241	10,299	10,349
52 Other	23,645	23,258	23,609	24,033	23,926	23,688	23,954	23,802
53 States and political subdivisions	1,159	1,155	1,115	1,124	1,080	1,047	1,064	1,107
54 Domestic interbank	2,379	2,277	2,216	2,267	2,192	2,095	2,132	2,234
55 Foreign governments, official institutions, etc.	4,203	4,237	4,324	4,331	4,328	4,109	4,082	4,162
56 Federal funds purchased, etc. [4]	21,053	19,068	20,401	20,566	20,609	21,073	18,933	18,374
Borrowings from:								
57 F.R. Banks	0	110	0	45	0	0	200	0
58 Others	2,235	2,103	1,918	2,064	1,772	1,519	1,632	1,813
59 Other liabilities, etc. [5]	8,754	10,712	8,812	9,673	8,612	9,875	10,636	10,384
60 Total equity capital and subordinated notes/debentures [6]	11,716	11,720	11,705	11,678	11,842	11,854	11,855	11,867

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes U.S. Govt. and foreign bank deposits not shown separately.
4 Includes securities sold under agreements to repurchase.
5 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
6 Includes reserves for securities and contingency portion of reserves for loans.

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS OUTSIDE NEW YORK CITY
Assets and Liabilities
Millions of dollars, Wednesday figures

Account	1976				1977			
	Dec. 8	Dec. 15	Dec. 22	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26
1 **Total loans and investments**	**318,316**	**321,390**	**322,154**	**323,255**	**323,804**	**323,041**	**319,226**	**315,386**
Loans:								
2 *Federal funds sold,*[1]	*20,860*	*21,484*	*21,546*	*21,494*	*22,478*	*22,486*	*20,249*	*17,345*
3 To commercial banks	17,254	17,411	18,106	17,903	18,548	17,816	16,371	14,325
To brokers and dealers involving—								
4 U.S. Treasury securities	2,022	2,598	1,992	1,957	2,220	2,655	2,568	1,839
5 Other securities	689	724	702	790	940	1,029	542	483
6 To others	895	751	746	844	770	986	768	698
7 *Other, gross*	*215,463*	*216,792*	*217,488*	*218,152*	*218,035*	*217,206*	*217,277*	*216,559*
8 Commercial and industrial	80,876	81,238	81,593	81,441	81,274	81,096	81,159	80,802
9 Agricultural	4,073	4,092	4,101	4,160	4,180	4,177	4,151	4,122
For purchasing or carrying securities:								
To brokers and dealers:								
10 U.S. Treasury securities	197	221	225	213	165	159	167	171
11 Other securities	3,299	3,542	3,425	3,599	3,464	3,372	3,295	3,244
To others:								
12 U.S. Treasury securities	58	60	58	63	65	66	64	62
13 Other securities	2,159	2,145	2,145	2,147	2,151	2,139	2,138	2,146
To nonbank financial institutions:								
14 Personal and sales finance cos., etc.	4,594	4,710	4,790	4,842	4,840	4,747	4,672	4,600
15 Other	10,868	11,022	10,859	11,036	11,075	10,886	10,765	10,702
16 Real estate	54,289	54,494	54,428	54,421	54,699	54,788	54,953	54,931
To commercial banks:								
17 Domestic	1,208	1,223	1,296	1,318	1,205	1,196	1,172	1,221
18 Foreign	3,288	3,129	3,174	3,284	3,248	3,176	3,266	3,285
19 Consumer instalment	34,611	34,847	35,100	35,407	35,558	35,514	35,425	35,462
20 Foreign governments, official institutions, etc.	1,353	1,380	1,383	1,369	1,417	1,463	1,447	1,465
21 All other loans	14,590	14,689	14,911	14,852	14,694	14,427	14,603	14,346
22 LESS: Loan reserve and unearned income on loans	6,999	7,008	7,001	6,931	6,891	6,892	6,910	6,920
23 *Other loans, net*	*208,464*	*209,784*	*210,487*	*211,221*	*211,144*	*210,314*	*210,367*	*209,639*
Investments:								
24 *U.S. Treasury securities*	*37,067*	*38,105*	*38,201*	*38,591*	*38,576*	*38,343*	*37,318*	*36,990*
25 Bills	8,577	9,483	9,765	10,373	10,636	10,089	8,996	8,645
Notes and bonds, by maturity:								
26 Within 1 year	5,950	6,022	6,034	6,118	6,535	6,482	6,527	6,553
27 1 to 5 years	19,276	19,417	19,266	19,088	18,433	18,611	18,619	18,523
28 After 5 years	3,264	3,183	3,136	3,012	2,972	3,161	3,176	3,269
29 *Other securities*	*51,925*	*52,017*	*51,920*	*51,949*	*51,606*	*51,898*	*51,292*	*51,412*
Obligations of States and political subdivisions:								
30 Tax warrants, short-term notes, and bills	5,299	5,375	5,151	5,149	5,046	5,397	5,147	5,176
31 All other	34,272	34,286	34,197	34,218	34,260	34,227	34,112	34,144
Other bonds, corporate stocks, and securities:								
32 Certificates of participation[2]	2,064	2,035	2,090	2,123	2,028	2,016	1,931	1,995
33 All other, including corporate stocks	10,290	10,321	10,482	10,459	10,272	10,258	10,102	10,097
34 Cash items in process of collection	22,684	27,755	27,813	24,485	27,097	23,814	23,342	22,315
35 Reserves with F. R. Banks	15,041	16,852	16,727	16,526	16,100	13,523	15,202	15,778
36 Currency and coin	4,777	5,021	5,014	5,585	4,947	5,077	4,976	4,952
37 Balances with domestic banks	7,203	7,323	7,480	7,130	7,934	7,441	6,858	6,290
38 Investments in subsidiaries not consolidated	1,233	1,231	1,334	1,277	1,295	1,303	1,319	1,322
39 Other assets	32,228	33,192	32,666	33,203	33,828	33,482	32,716	32,747
40 **Total assets/total liabilities**	**401,482**	**412,764**	**413,188**	**411,461**	**415,005**	**407,681**	**403,639**	**398,790**
Deposits:								
41 *Demand deposits*	*121,289*	*132,821*	*129,196*	*126,917*	*132,068*	*126,738*	*123,713*	*118,877*
42 Individuals, partnerships, and corporations	96,874	103,414	101,609	100,838	102,503	100,396	97,488	94,629
43 States and political subdivisions	5,069	5,716	5,951	5,549	5,819	5,459	5,806	5,458
44 U.S. Govt.	968	4,074	1,856	1,501	2,210	1,645	2,570	1,766
Domestic interbank:								
45 Commercial	12,784	13,607	13,804	13,065	15,122	13,632	12,353	11,883
46 Mutual savings	385	393	362	346	454	404	414	364
Foreign:								
47 Governments, official institutions, etc.	301	315	321	295	365	260	288	232
48 Commercial banks	1,382	1,426	1,435	1,588	1,451	1,345	1,281	1,310
49 Certified and officers' checks	3,526	3,876	3,858	3,735	4,144	3,597	3,513	3,235
50 *Time and savings deposits*[3]	*185,023*	*185,871*	*187,511*	*189,101*	*189,550*	*188,398*	*188,230*	*188,062*
Individuals, partnerships, and corporations:								
51 Savings	78,132	78,703	78,980	79,649	80,859	80,797	81,002	81,027
52 Other	82,671	82,241	82,818	83,512	82,872	81,987	81,762	81,548
53 States and political subdivisions	17,177	17,672	18,099	18,187	18,172	18,289	18,371	18,443
54 Domestic interbank	3,188	3,244	3,410	3,435	3,328	3,211	3,133	3,167
55 Foreign governments, official institutions, etc.	3,305	3,473	3,632	3,693	3,691	3,517	3,354	3,317
56 Federal funds purchased, etc.[4]	50,656	49,651	51,941	50,856	49,127	48,396	47,104	47,156
Borrowings from:								
57 F. R. Banks	1	188	50	295	0	11	421	449
58 Others	2,157	2,058	2,011	2,093	1,873	1,865	1,946	1,895
59 Other liabilities, etc.[5]	13,055	12,959	13,150	12,797	12,779	12,545	12,530	12,550
60 Total equity capital and subordinated notes/debentures[6]	29,301	29,216	29,329	29,402	29,608	29,728	29,695	29,801

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes U.S. Govt. and foreign bank deposits not shown separately.
4 Includes securities sold under agreements to repurchase.
5 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
6 Includes reserves for securities and contingency portion of reserves for loans.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

	Account and bank group	1976				1977			
		Dec. 8	Dec. 15	Dec. 22	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26
	Total loans (gross) and investments, adjusted[1]								
1	*Large banks*	*398,103*	*403,298*	*401,777*	*402,947*	*402,211*	*401,417*	*399,670*	*395,004*
2	New York City banks	91,250	93,534	92,024	91,982	91,269	90,496	91,077	88,244
3	Banks outside New York City	306,853	309,764	309,753	310,965	310,942	310,921	308,593	306,760
	Total loans (gross), adjusted								
4	*Large banks*	*288,752*	*291,961*	*290,900*	*291,495*	*291,320*	*289,941*	*289,567*	*286,325*
5	New York City banks	70,891	72,319	71,268	71,070	70,560	69,261	69,584	67,967
6	Banks outside New York City	217,861	219,642	219,632	220,425	220,760	220,680	219,983	218,358
	Demand deposits, adjusted[2]								
7	*Large banks*	*108,794*	*113,738*	*111,307*	*112,773*	*113,915*	*112,305*	*110,864*	*106,690*
8	New York City banks	23,941	26,353	25,584	24,907	26,276	24,658	25,416	23,777
9	Banks outside New York City	84,853	87,385	85,723	87,866	87,639	87,647	85,448	82,913
	Large negotiable time CD's included in time and savings deposits[3]								
	Total:								
10	**Large banks**	**64,151**	**63,474**	**64,698**	**65,928**	**64,593**	**62,803**	**62,500**	**62,093**
11	New York City	22,275	21,798	22,218	22,714	22,264	21,770	22,016	22,052
12	Banks outside New York City	41,876	41,676	42,480	43,214	42,329	41,033	40,484	40,041
	Issued to IPC's:								
13	*Large banks*	*42,966*	*42,201*	*42,991*	*44,008*	*42,899*	*41,656*	*41,538*	*40,996*
14	New York City Banks	15,190	14,751	15,176	15,594	15,297	15,120	15,331	15,144
15	Banks outside New York City	27,776	27,450	27,815	28,414	27,602	26,536	26,207	25,852
	Issued to others:								
16	*Large banks*	*21,185*	*21,273*	*21,707*	*21,920*	*21,694*	*21,147*	*20,962*	*21,097*
17	New York City banks	7,085	7,047	7,042	7,120	6,967	6,650	6,685	6,908
18	Banks outside New York City	14,100	14,226	14,665	14,800	14,727	14,497	14,277	14,189
	All other large time deposits[4]								
	Total:								
19	**Large banks**	**25,571**	**25,987**	**26,178**	**26,226**	**26,108**	**25,955**	**25,922**	**25,936**
20	New York City banks	5,575	5,457	5,321	5,244	5,295	5,205	5,197	5,176
21	Banks outside New York City	19,996	20,530	20,857	20,982	20,813	20,750	20,725	20,760
	Issued to IPC's:								
22	*Large banks*	*14,852*	*14,723*	*14,570*	*14,503*	*14,443*	*14,253*	*14,151*	*14,148*
23	New York City banks	4,211	4,120	4,011	3,939	3,991	3,924	3,915	3,910
24	Banks outside New York City	10,641	10,603	10,559	10,564	10,452	10,329	10,236	10,238
	Issued to others:								
25	*Large banks*	*10,719*	*11,264*	*11,608*	*11,723*	*11,665*	*11,702*	*11,771*	*11,788*
26	New York City banks	1,364	1,337	1,310	1,305	1,304	1,281	1,282	1,266
27	Banks outside New York City	9,355	9,927	10,298	10,418	10,361	10,421	10,489	10,522
	Savings deposits, by ownership category								
	Individuals and nonprofit organizations:								
28	*Large banks*	*80,877*	*81,178*	*81,430*	*82,035*	*83,312*	*83,753*	*83,992*	*84,056*
29	New York City banks	8,860	8,920	8,961	9,030	9,293	9,381	9,402	9,433
30	Banks outside New York City	72,017	72,258	72,469	73,005	74,019	74,372	74,590	74,623
	Partnerships and corporations for profit:[5]								
31	*Large banks*	*4,386*	*4,378*	*4,378*	*4,415*	*4,444*	*4,515*	*4,556*	*4,669*
32	New York City banks	419	429	434	445	455	470	476	486
33	Banks outside New York City	3,967	3,949	3,944	3,970	3,989	4,045	4,080	4,183
	Domestic governmental units:								
34	*Large banks*	*2,415*	*2,747*	*2,818*	*2,949*	*3,150*	*2,689*	*2,656*	*2,547*
35	New York City banks	282	267	266	292	317	332	349	351
36	Banks outside New York City	2,133	2,480	2,552	2,657	2,833	2,357	2,307	2,196
	All other:[6]								
37	*Large banks*	*91*	*78*	*76*	*74*	*102*	*81*	*97*	*104*
38	New York City banks	76	62	61	57	84	58	72	79
39	Banks outside New York City	15	16	15	17	18	23	25	25
	Gross liabilities of banks to their foreign branches								
40	*Large banks*	*4,849*	*6,452*	*5,181*	*6,181*	*4,503*	*4,595*	*4,513*	*3,944*
41	New York City banks	4,033	5,521	4,214	4,576	0	3,570	3,577	2,906
42	Banks outside New York City	816	931	967	1,605	4,503	1,025	936	1,038
	Loans sold outright to selected institutions by all large banks[7]								
43	Commercial and industrial	2,633	2,628	2,622	2,645	2,794	2,809	2,855	2,906
44	Real estate	215	215	216	217	216	216	216	215
45	All other	1,166	1,160	1,179	1,212	1,184	1,186	1,173	1,167

1 Exclusive of loans and Federal funds transactions with domestic commercial banks.

2 All demand deposits except U.S. Govt. and domestic commercial banks, less cash items in process of collection.

3 Certificates of deposit (CD's) issued in denominations of $100,000 or more.

4 All other time deposits issued in denominations of $100,000 or more (not included in large negotiable CD's).

5 Other than commercial banks.

6 Domestic and foreign commercial banks, and official international organizations.

7 To 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.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Commercial and Industrial Loans

Millions of dollars

Industry group	Outstanding					Net change during—				
	1976	1977				1976				1977
	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26	Q3	Q4 r	Nov.	Dec.	Jan.
	Total loans classified[2]									
1 **Total**	**96,706**	**97,044**	**95,512**	**95,155**	**94,655**	**−641**	**4,048**	**1,352**	**1,543**	**−2,051**
Durable goods manufacturing:										
2 Primary metals	2,200	2,343	2,338	2,368	2,391	−36	138	83	104	191
3 Machinery	4,658	4,604	4,601	4,608	4,588	−417	41	28	38	−70
4 Transportation equipment	2,230	2,206	2,190	2,216	2,208	−252	−196	−120	55	−22
5 Other fabricated metal products	1,710	1,686	1,696	1,686	1,697	−56	24	46	2	−13
6 Other durable goods	3,254	3,167	3,127	3,101	3,116	−109	−249	−47	−114	−138
Nondurable goods manufacturing:										
7 Food, liquor, and tobacco	3,500	3,437	3,374	3,368	3,400	3	134	24	92	−100
8 Textiles, apparel, and leather	2,996	3,129	3,140	3,093	3,121	178	−503	−141	−258	125
9 Petroleum refining	2,641	2,719	2,739	2,698	2,645	217	121	−53	134	4
10 Chemicals and rubber	2,558	2,552	2,556	2,555	2,549	41	33	−89	20	−9
11 Other nondurable goods	1,897	1,889	1,903	1,917	1,908	−34	16	86	36	11
12 Mining, including crude petroleum and natural gas	7,314	7,388	7,386	7,480	7,444	229	354	51	74	130
Trade:										
13 Commodity dealers	1,933	2,018	2,057	1,953	1,925	−212	377	115	−5	8
14 Other wholesale	6,260	6,273	6,256	6,271	6,211	189	227	85	49	−49
15 Retail	6,098	6,124	5,855	5,950	6,120	19	−242	183	593	22
16 Transportation	5,305	5,050	5,047	5,051	5,043	−496	121	−4	183	−262
17 Communication	1,358	1,506	1,437	1,425	1,409	−263	−131	−20	36	51
18 Other public utilities	5,601	5,678	5,596	5,682	5,595	−526	−98	−43	63	−6
19 Construction	3,908	3,963	3,916	3,909	3,874	−51	−283	−130	−141	−34
20 Services	10,555	10,961	10,895	10,832	10,789	−174	150	2	118	234
21 All other domestic loans	7,927	7,644	7,709	7,547	7,533	385	567	277	110	−394
22 Bankers acceptances	6,873	6,702	5,727	5,423	5,101	629	3,286	1,105	1,372	−1,772
23 Foreign commercial and industrial loans	5,930	6,005	5,967	6,022	5,988	95	161	−86	312	58
MEMO:										
24 Commercial paper included in total classified loans[1]	441	....	....	....	361	−142	115	22	109	−80
25 Total commercial and industrial loans of all large weekly reporting banks	116,480	116,896	115,437	115,136	114,489	−391	4,098	1,500	1,475	−1,991
	1976				1977	1976				1977
	Sept. 29	Oct. 27	Nov. 24	Dec. r 29	Jan. 26	Q3	Q4 r	Nov.	Dec. r	Jan.
	"Term" loans classified[3]									
26 **Total**	**44,772**	**44,462**	**44,823**	**45,211**	**45,291**	**−545**	**439**	**361**	**388**	**80**
Durable goods manufacturing:										
27 Primary metals	1,214	1,191	1,253	1,317	1,449	−27	103	62	64	132
28 Machinery	2,675	2,592	2,637	2,585	2,587	−354	−90	45	−52	2
29 Transportation equipment	1,381	1,315	1,303	1,352	1,365	−124	−29	−12	49	13
30 Other fabricated metal products	756	747	777	776	767	−43	20	30	−1	−9
31 Other durable goods	1,736	1,668	1,655	1,624	1,549	−79	−112	−13	−31	−75
Nondurable goods manufacturing:										
32 Food, liquor, and tobacco	1,435	1,425	1,392	1,398	1,449	32	−37	−33	6	51
33 Textiles, apparel, and leather	1,144	1,125	1,118	1,098	1,033	28	−46	−7	−20	−65
34 Petroleum refining	1,908	1,931	1,864	1,971	1,925	201	63	−67	107	−46
35 Chemicals and rubber	1,464	1,486	1,449	1,444	1,456	−2	−20	−37	−5	12
36 Other nondurable goods	935	930	950	955	975	−51	20	20	5	20
37 Mining, including crude petroleum and natural gas	5,342	5,514	5,517	5,683	5,793	122	341	3	166	110
Trade:										
38 Commodity dealers	209	220	218	200	227	2	−9	−2	−18	27
39 Other wholesale	1,394	1,400	1,474	1,463	1,483	86	69	74	−11	20
40 Retail	2,134	2,173	2,249	2,045	2,085	102	−89	76	−204	40
41 Transportation	3,934	3,883	3,809	3,938	3,720	−303	4	−74	129	−218
42 Communication	903	910	913	847	810	−87	−56	3	−66	−37
43 Other public utilities	3,604	3,523	3,549	3,664	3,762	−304	60	26	115	98
44 Construction	1,696	1,708	1,669	1,629	1,638	−48	−67	−39	−40	9
45 Services	4,967	4,886	5,151	4,998	5,212	−130	31	265	−153	214
46 All other domestic loans	2,419	2,447	2,567	2,600	2,383	69	181	120	33	−217
47 Foreign commercial and industrial loans	3,522	3,388	3,309	3,624	3,623	365	102	−79	315	−1

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	1972 Dec.	1973 Dec.	1974 Dec.	1975 June	1975 Sept.	1975 Dec.	1976 Mar.	1976 June	1976 Sept.r	1976 Dec.p
	All commercial banks									
1 **All holders, IPC**	**208.0**	**220.1**	**225.0**	**222.2**	**227.0**	**236.9**	**227.9**	**234.2**	**236.1**	**250.0**
2 Financial business	18.9	19.1	19.0	19.4	19.0	20.1	19.9	20.3	19.7	22.2
3 Nonfinancial business	109.9	116.2	118.8	115.1	118.7	125.1	116.9	121.2	122.6	130.2
4 Consumer	65.4	70.1	73.3	74.8	76.5	78.0	77.2	78.8	80.0	82.5
5 Foreign	1.5	2.4	2.3	2.3	2.2	2.4	2.4	2.5	2.3	2.7
6 Other	12.3	12.4	11.7	10.6	10.6	11.3	11.4	11.4	11.5	12.4

Type of holder	1973 Dec.	1974 Dec.	1975 Dec.	1976 June	1976 July	1976 Aug.	1976 Sept.r	1976 Oct.	1976 Nov.r	1976 Dec.p
	All weekly reporting banks									
7 **All holders, IPC**	**118.1**	**119.7**	**124.4**	**122.6**	**122.5**	**112.9**	**121.4**	**123.8**	**124.3**	**128.5**
8 Financial business	14.9	14.8	15.6	16.1	16.3	15.0	15.4	16.8	16.2	17.5
9 Nonfinancial business	66.2	66.9	69.9	67.3	64.8	61.4	66.6	68.4	68.7	69.7
10 Consumer	28.0	29.0	29.9	31.2	33.3	29.2	30.7	29.6	30.4	31.7
11 Foreign	2.2	2.2	2.3	2.0	2.3	1.8	2.2	2.4	2.5	2.6
12 Other	6.8	6.8	6.6	6.1	5.8	5.6	6.6	6.6	6.6	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	1974 Dec.	1975 Dec.	1976 Dec.	1976 June	1976 July	1976 Aug.	1976 Sept.	1976 Oct.	1976 Nov.	1976 Dec.
1 **Commercial paper, all issuers**	**49,144**	**47,690**	**52,011**	**50,011**	**51,138**	**59,063**	**49,814**	**51,334**	**53,080**	**52,011**
Financial companies:[1]										
Dealer-placed paper:[2]										
2 Total	4,611	6,239	7,294	6,075	6,187	6,243	6,347	6,674	7,113	7,294
3 Bank-related	1,814	1,762	1,930	1,710	1,655	1,650	1,681	1,739	1,860	1,930
Directly-placed paper:[3]										
4 Total	31,839	31,276	32,386	31,198	32,513	31,500	31,438	31,844	32,655	32,386
5 Bank-related	6,518	6,892	5,928	6,297	5,936	5,938	6,213	5,828	5,775	5,928
6 Nonfinancial companies[4]	12,694	10,175	12,331	12,738	12,438	12,320	12,029	12,816	13,312	12,331
7 **Dollar acceptances, total**	**18,484**	**18,727**	**22,523**	**19,783**	**19,544**	**19,383**	**19,599**	**20,312**	**20,678**	**22,523**
Held by:										
8 *Accepting banks*	*4,226*	*7,333*	10,442	*6,171*	r*5,905*	*6,107*	*6,798*	*7,959*	*9,031*	10,442
9 Own bills	3,685	5,899	8,769	5,378	5,255	5,449	5,865	6,789	7,706	8,769
10 Bills bought	542	1,435	1,673	793	r650	658	933	1,170	1,325	1,673
F.R. Banks:										
11 Own account	999	1,126	991	1,027	656	808	838	337	188	991
12 Foreign correspondents	1,109	293	375	427	447	442	417	387	349	375
13 Others	12,150	9,975	13,447	12,157	12,968	12,026	12,299	11,629	12,184	13,447
Based on:										
14 Imports into United States	4,023	3,726	4,992	4,384	4,611	4,530	4,498	4,737	4,667	4,992
15 Exports from United States	4,067	4,001	4,818	4,308	4,327	4,355	4,420	4,715	4,628	4,818
16 All other	10,394	11,000	12,713	11,091	10,606	10,498	10,680	10,860	11,383	12,713

[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
1975—Jan. 9	10¼	1975—Aug. 12	7¼	1975—Aug.	7.66
15	10	Sept. 15	8	Sept.	7.88
20	9¾	Oct. 27	7¾	Oct.	7.96
28	9½	Nov. 5	7½	Nov.	7.53
Feb. 3	9¼	Dec. 2	7¼	Dec.	7.26
10	9	1976—Jan. 12	7	1976—Jan.	7.00
18	8¾	21	6¾	Feb.	6.75
24	8½	June 1	7	Mar.	6.75
Mar. 5	8¼	7	7¼	Apr.	6.75
10	8	Aug. 2	7	May	6.75
18	7¾	Oct. 4	6¾	June	7.20
24	7½	Nov. 1	6½	July	7.25
May 20	7¼	Dec. 13	6¼	Aug.	7.01
June 9	7			Sept.	7.00
July 18	7¼			Oct.	6.78
28	7½			Nov.	6.50
				Dec.	6.35
				1977—Jan.	6.25

1.35 INTEREST RATES CHARGED BY BANKS on Business Loans

Per cent per annum

Center	All sizes		Size of loan (in thousands of dollars): 1–9		10–99		100–499		500–999		1,000 and over	
	1976 Nov.	1976 Aug.	1976 Nov.	1976 Aug.	1976 Nov.	1976 Aug.	1976 Nov.	1976 Aug.	1976 Nov.	1976 Aug.	1976 Nov.	1976 Aug.
	Short-term rates											
1 **All 35 centers**	**7.28**	**7.80**	**8.83**	**9.06**	**8.18**	**8.58**	**7.66**	**7.99**	**7.31**	**7.84**	**7.02**	**7.61**
2 New York City	6.88	7.48	8.56	8.85	7.94	8.40	7.43	7.91	7.24	7.77	6.74	7.36
3 7 Other Northeast	7.62	8.18	9.22	9.41	8.34	8.84	7.88	8.25	7.49	8.16	7.34	7.98
4 8 North Central	7.28	7.70	8.45	8.65	8.12	8.50	7.69	7.85	7.36	7.71	7.03	7.55
5 7 Southeast	7.51	7.95	9.13	9.33	8.48	8.76	7.71	8.00	7.04	7.85	7.07	7.54
6 8 Southwest	7.33	7.75	8.51	8.83	7.82	8.24	7.39	7.80	7.21	7.61	7.12	7.55
7 4 West Coast	7.52	8.15	8.69	9.26	8.46	8.79	7.88	8.28	7.44	8.06	7.34	8.05
	Revolving credit rates											
8 **All 35 centers**	**7.19**	**7.87**	**8.37**	**8.70**	**8.14**	**8.33**	**7.60**	**8.02**	**7.41**	**7.80**	**7.12**	**7.88**
9 New York City	7.18	8.14	7.23	7.25	7.86	8.26	7.21	7.70	6.97	7.56	7.19	8.19
10 7 Other Northeast	6.92	7.59	8.15	8.00	8.20	8.22	7.26	7.67	7.75	8.36	6.75	7.47
11 8 North Central	7.54	7.96	8.52	8.94	8.95	9.03	8.05	8.50	7.88	7.74	7.39	7.90
12 7 Southeast	7.05	7.48	8.31	8.75	8.09	8.40	7.56	8.16	6.77	....	6.83	7.13
13 8 Southwest	7.45	7.81	8.19	8.74	7.96	8.09	7.74	8.20	7.24	7.47	7.39	7.80
14 4 West Coast	7.11	7.73	8.77	9.10	7.85	8.08	7.58	7.95	7.45	7.91	7.01	7.68
	Long-term rates											
15 **All 35 centers**	**7.48**	**8.45**	**9.39**	**9.61**	**8.88**	**9.02**	**8.14**	**8.55**	**8.13**	**8.60**	**7.24**	**8.40**
16 New York City	7.36	8.52	7.19	....	8.55	8.27	7.93	8.05	8.06	8.44	7.26	8.56
17 7 Other Northeast	6.64	8.62	9.22	9.40	8.84	9.43	7.95	8.93	7.92	7.50	5.73	8.70
18 8 North Central	7.66	8.05	9.20	8.83	9.03	9.07	8.35	8.26	8.99	8.36	7.32	7.92
19 7 Southeast	7.59	8.88	9.87	9.60	9.35	9.08	7.93	9.88	4.00	8.18	7.79	8.06
20 8 Southwest	7.73	8.42	10.54	10.85	9.05	9.04	8.28	8.23	8.44	8.69	7.20	8.30
21 4 West Coast	8.04	8.67	8.70	9.28	8.54	8.58	8.31	8.81	7.78	10.00	8.03	8.46

NOTE.—Weighted-average rates based on sample of loans made during first 7 days of the survey month.

1.36 INTEREST RATES in Money and Capital Markets

Averages, per cent per annum

	Instrument	1974	1975	1976	1976 Oct.	1976 Nov.	1976 Dec.	1977 Jan.	1977, week ending Jan. 8	Jan. 15	Jan. 22	Jan. 29
							Money market rates					
	Prime commercial paper [1]											
1	90-to-119 day	10.05	6.26	5.24	5.10	4.98	4.66	4.72	4.63	4.73	4.75	4.78
2	4- to 6-month	9.87	6.33	5.35	5.22	5.05	4.70	4.74	4.63	4.75	4.75	4.83
3	Finance company paper, directly placed, 3- to 6-month [2]	8.62	6.16	5.22	5.08	4.92	4.56	4.64	4.50	4.60	4.70	4.75
4	Prime bankers acceptances, 90-day [3]	9.92	6.30	5.19	5.06	4.90	4.62	4.81	4.70	4.80	4.84	4.87
5	Federal funds [4]	10.51	5.82	5.05	5.03	4.95	4.65	4.61	4.47	4.55	4.65	4.72
	Large negotiable certificates of deposit											
6	3-month, secondary market [5]	10.27	6.43	5.26	5.13	5.00	4.67	4.82	4.70	4.80	4.89	4.88
7	3-month, primary market [6]	....	....	5.15	5.03	4.95	4.54	4.68	4.50	4.70	4.75	4.75
8	Euro-dollar deposits, 3-month [7]	10.96	6.97	5.57	5.47	5.29	5.01	5.14	5.03	5.04	5.23	4.18
	U.S. Govt. securities [8]											
	Bills:											
	Market yields:											
9	3-month	7.84	5.80	4.98	4.92	4.75	4.35	4.62	4.49	4.58	4.65	4.72
10	6-month	7.95	6.11	5.26	5.06	4.88	4.51	4.83	4.64	4.79	4.86	4.97
11	1-year	7.71	6.30	5.52	5.19	5.00	4.64	5.00	4.76	4.93	5.08	5.18
	Rate on new issue:											
12	3-month	7.886	5.838	4.989	4.930	4.810	4.354	4.597	4.407	4.613	4.668	4.700
13	6-month	7.926	6.122	5.266	5.073	4.944	4.513	4.783	4.555	4.803	4.868	4.905
	Notes and bonds maturing in--											
14	9 to 12 months	8.25	6.70	5.84	5.49	5.29	4.92	5.34	5.06	5.33	5.43	5.51
15	3 to 5 years	7.81	7.55	6.94	6.50	6.35	5.96	6.49	6.12	6.48	6.57	6.71
							Capital market rates					
	Government bonds											
	U.S. Treasury: [9]											
16	Long-term	6.99	6.98	6.78	6.65	6.62	6.39	6.68	6.42	6.62	6.73	6.88
17	20-year constant maturity	8.05	8.19	7.86	7.70	7.64	7.30	7.48	7.26	7.50	7.54	7.59
	State and local: [10]											
	Moody's series:											
18	Aaa	5.89	6.42	5.66	5.29	5.27	5.07	5.10	5.01	5.10	5.13	5.17
19	Baa	6.53	7.62	7.49	r7.20	r7.16	6.73	6.58	6.56	6.60	6.60	6.55
20	Bond Buyer series [11]	6.17	7.05	6.64	6.30	6.29	5.94	5.87	5.78	5.89	5.90	5.92
	Corporate bonds											
	Seasoned issues (~~Moody's series~~) [12]											
21	All industries	9.03	9.57	9.01	8.71	8.66	8.47	8.41	8.37	8.39	8.43	8.46
	By rating groups:											
22	Aaa	8.57	8.83	8.43	8.32	8.25	7.98	7.96	7.88	7.94	7.99	8.01
23	Aa	8.84	9.17	8.75	8.48	8.46	8.24	8.16	8.12	8.12	8.18	8.20
24	A	9.20	9.65	9.09	8.73	8.69	8.53	8.45	8.40	8.42	8.47	8.50
25	Baa	9.50	10.61	9.75	9.29	9.23	9.12	9.08	9.06	9.07	9.08	9.11
	Aaa utility bonds: [13]											
26	New issue	9.33	9.40	8.48	8.25	8.17	7.94	8.08	7.90	8.05	8.10	8.22
27	Recently offered issues	9.34	9.41	8.49	8.24	8.18	7.93	8.09	7.95	8.06	8.15	8.18

1 Averages of the most representative daily offering rate quoted by dealers.

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

3 Beginning Aug. 15, 1974, the rate is the 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.

4 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.

5 Averages of the daily midpoints as determined from the range of offering rates in the secondary market.

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. 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 rate basis. Yields for notes and bonds are unweighted averages for all outstanding issues in maturity ranges shown.

9 Yields are computed from daily closing bid prices. Long-term yield is unweighted average for all bonds neither due nor callable in less than 10 years; 20-year constant maturity represents yield on the more actively traded issues adjusted to a 20-year maturity by the U.S. Treasury.

10 General obligations only, based on figures for Thursday, from Moody's Investors Service.

11 Twenty issues of mixed quality.

12 Averages of daily figures from Moody's Investors Service.

13 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	1974	1975	1976	1976 July	Aug.	Sept.	Oct.	Nov.	Dec.	1977 Jan.
	Prices and trading (averages of daily figures)									
Common stock prices										
1 New York Stock Exchange (Dec. 31, 1965 = 50), total	43.84	45.73	54.45	55.70	55.06	56.30	54.43	54.17	56.34	56.28
2 Industrial	48.08	51.88	60.44	62.10	61.09	62.34	60.07	59.45	61.54	61.26
3 Transportation	31.89	30.73	39.57	42.12	40.63	40.36	38.37	39.28	41.77	41.93
4 Utility	29.82	31.45	36.97	36.49	37.56	38.77	38.33	38.85	40.61	41.13
5 Finance	49.67	46.62	52.94	54.06	54.22	54.51	52.74	53.25	57.45	57.86
6 Standard and Poor's Corporation (1941–43 = 10), total[1]	82.85	85.17	102.01	104.20	103.29	105.45	101.89	101.19	104.66	103.81
7 American Stock Exchange (Aug. 31, 1973 = 100), total	79.97	83.15	101.63	105.24	102.79	102.92	98.99	99.20	104.06	111.04
Volume of trading (thousands of shares)[2]										
8 New York Stock Exchange	13,883	18,568	21,189	18,977	15,758	18,892	17,397	19,370	23,621	23,562
9 American Stock Exchange	1,908	2,150	2,565	2,280	1,605	1,902	1,700	2,211	3,095	3,268
	Customer financing (end-of-period balances, in millions of dollars)									
10 **Regulated margin credit at brokers/dealers and banks**[3]	**4,836**	**6,500**	**9,001**	**8,417**	**8,683**	**8,566**	**8,772**	**8,629**	**9,001**	....
11 *Brokers, total*	*3,980*	*5,540*	*8,166*	*7,519*	*7,622*	*7,707*	*7,704*	*7,790*	*8,166*	....
12 Margin stock[4]	3,840	5,390	7,960	7,340	7,450	7,530	7,530	7,610	7,960	....
13 Convertible bonds	137	147	204	176	167	174	168	178	204	....
14 Subscription issues	3	3	2	3	5	3	6	2	2	....
15 *Banks, total*	*856*	*960*	*835*	*898*	*1,061*	*859*	*1,068*	*839*	*835*	....
16 Margin stocks	815	909	790	854	1,008	813	1,019	790	790	....
17 Convertible bonds	30	36	31	28	34	32	34	35	31	....
18 Subscription issues	11	15	14	16	19	14	15	14	14	....
19 **Unregulated nonmargin stock credit at banks**[5]	**2,064**	**2,281**	**3,785**	**2,317**	**2,368**	**2,830**	**2,774**	**3,351**	**3,785**	....
MEMO: Free credit balances at brokers[6]										
20 Margin-account	410	475	585	530	555	555	611	615	585	....
21 Cash-account	1,425	1,525	1,855	1,635	1,605	1,710	1,580	1,740	1,855	....
	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	45.4	25.0	13.0	14.0	18.2	12.2	15.0	14.0	13.0	....
24 40–49	23.0	28.8	22.0	31.1	33.9	29.9	34.0	32.0	22.0	....
25 50–59	13.9	22.3	35.0	27.7	22.7	29.6	25.6	27.0	35.0	....
26 60–69	8.8	11.6	15.0	13.0	12.7	14.1	12.7	13.0	15.0	....
27 70–79	4.6	6.9	8.7	8.0	6.9	8.0	7.2	8.0	8.7	....
28 80 or more	4.3	5.3	6.0	6.1	5.7	6.3	5.7	6.0	6.0	....

Margin requirements[8] (per cent of market value) effective—

	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	[illegible]. 24, 1972	Jan. 3, 1974
29 Margin stocks	70	80	65	55	65	50
30 Convertible bonds	50	60	50	50	50	50
31 Short sales	70	80	65	55	65	50

1 Effective July 1976 includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.

2 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 below.

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 Regulations G, T, and U, 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.

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1973	1974	1975	1976 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
							Savings and loan associations					
1 **Assets**	**271,905**	**295,524**	**338,395**	**357,827**	**363,032**	**366,598**	**371,956**	**376,364**	**379,925**	**385,192**	**389,354**r	**392,192**
2 Mortgages	231,733	249,293	278,693	290,727	294,759	299,574	303,815	308,049	312,139	316,034	319,568r	323,394
3 Cash and investment securities[1]	21,055	23,240	30,900	36,437	37,005	35,316	36,029	35,873	35,262	36,499	36,661r	35,691
4 Other	19,117	22,991	28,802	30,663	31,268	31,708	32,112	32,442	32,524	32,659	33,125	33,107
5 **Liabilities and net worth**	**271,905**	**295,524**	**338,395**	**357,827**	**363,032**	**366,598**	**371,956**	**376,364**	**379,925**	**385,192**	**389,354**r	**392,192**
6 Savings capital	226,968	242,959	286,043	305,234	308,284	313,326	316,510	318,675	324,272	327,739	330,331r	336,553
7 *Borrowed money*	*17,172*	*24,780*	*20,709*	*17,759*	*17,670*	*18,251*	*18,439*	*18,935*	*19,161*	*18,888*	r*18,794*	*19,187*
8 FHLBB	14,951	21,508	17,524	15,031	14,898	15,016	15,139	15,495	15,832	15,636	15,571	15,700
9 Other	2,221	3,272	3,185	2,728	2,772	3,235	3,300	3,440	3,329	3,252	3,223r	3,487
10 Loans in process	4,667	3,244	5,187	5,787	6,156	6,464	6,640	6,697	6,756	6,805	6,823r	6,907
11 Other	6,042	6,105	6,680	8,572	10,234	7,796	9,370	10,791	8,352	10,089	11,466r	7,518
12 Net worth[2]	17,056	18,436	19,776	20,475	20,688	20,761	20,997	21,266	21,384	21,671	21,940r	22,027
MEMO:												
13 Mortgage loan commitments outstanding[3]	9,526	7,454	10,675	15,512	16,620	16,639	16,328	15,796	15,470	15,338	r15,485	14,933
							Mutual savings banks					
14 **Assets**	**106,651**	**109,550**	**121,056**	**126,470**	**127,470**	**128,436**	**129,826**	**130,571**	**131,413**	**132,455**	**133,361**	....
Loans:												
15 Mortgage	73,231	74,891	77,221	78,046	78,286	78,803	79,398	79,781	80,145	80,543	80,884	....
16 Other	3,871	3,812	4,023	5,027	5,103	5,137	5,341	5,210	5,478	5,549	5,801	....
Securities:												
17 U.S. Govt.	2,957	2,555	4,740	5,533	5,660	5,635	5,640	5,733	5,851	5,796	5,836	....
18 State and local government	926	930	1,545	2,149	2,318	2,337	2,376	2,339	2,359	2,429	2,466	....
19 Corporate and other[4]	21,383	22,550	27,992	30,707	31,179	31,493	32,028	32,319	32,432	32,793	33,074	....
20 Cash	1,968	2,167	2,330	1,647	1,539	1,558	1,538	1,552	1,581	1,695	1,668	....
21 Other assets	2,314	2,645	3,205	3,361	3,385	3,470	3,505	3,576	3,567	3,649	3,632	....
22 **Liabilities**	**176,651**	**109,550**	**121,056**	**126,470**	**127,470**	**128,436**	**129,826**	**130,571**	**131,413**	**132,455**	**133,361**	....
23 *Deposits*	*96,496*	*98,701*	*109,873*	*114,752*	*115,521*	*116,876*	*117,883*	*118,225*	*119,590*	*120,360*	*120,971*	....
24 Regular:[5]	96,056	98,221	109,291	113,960	114,761	115,985	116,895	117,203	118,510	119,346	120,125	....
25 Ordinary savings	65,221	64,286	69,653	71,801	72,156	72,763	73,223	72,872	73,484	73,610	73,857	....
26 Time and other	30,835	33,935	39,639	42,159	42,605	43,223	43,662	44,331	45,027	45,736	46,268	....
27 Other	440	480	582	792	760	890	988	1,022	1,080	1,014	1,846	....
28 Other liabilities	2,566	2,888	2,755	3,106	3,296	2,841	3,161	3,490	2,898	3,140	3,376	....
29 General reserve accounts	7,589	7,961	8,428	8,612	8,654	8,719	8,781	8,855	8,925	8,955	9,015	....
MEMO:												
30 Mortgage loan commitments outstanding[6]	3,261	2,040	1,803	2,290	2,426	2,402	2,433	2,459	2,671	2,548	2,553	....
							Life insurance companies					
31 **Assets**	**254,436**	**263,349**	**289,304**	**299,983**	**301,754**	**304,728**	**307,005**	**309,295**	**312,044**	**313,960**	**316,505**	....
Securities:												
32 *Government*	*19,519*	*10,900*	*13,758*	*15,917*	*15,975*	*15,947*	*16,672*	*16,902*	*16,862*	*17,329*	*17,565*	....
33 United States[7]	3,444	3,372	4,736	5,198	5,141	4,863	5,150	5,922	5,150	5,448	5,606	....
34 State and local	3,412	3,667	4,508	5,100	5,146	5,196	5,263	5,324	5,364	5,446	5,467	....
35 Foreign[8]	3,663	3,861	4,514	5,619	5,688	5,888	6,259	6,286	6,348	6,435	6,492	....
36 *Business*	*118,599*	*119,637*	*135,317*	*143,197*	*114,496*	*147,193*	*148,617*	*150,303*	*152,125*	*153,298*	*154,502*	....
37 Bonds	92,680	97,717	107,256	111,757	113,087	114,583	116,101	117,806	118,706	120,358	121,659	....
38 Stocks	25,919	21,920	28,061	31,440	31,409	32,610	32,516	32,497	33,419	32,940	32,843	....
39 Mortgages	81,369	86,234	89,167	89,489	89,529	89,691	89,753	89,891	90,217	90,323	90,808	....
40 Real estate	7,693	8,331	9,621	9,852	9,909	10,004	10,050	10,146	10,175	10,285	10,310	....
41 Policy loans	20,199	22,862	24,467	24,873	24,978	25,142	25,257	25,383	25,505	25,607	25,710	....
42 Other assets	14,057	15,385	16,971	16,655	16,867	16,751	16,656	16,670	17,160	17,118	17,610	....

1 Stock of the Federal Home Loan Bank Board (FHLBB) is 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."

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

	Type of account or operation	Fiscal year 1975	Fiscal year 1976	Transition quarter (July–Sept. 1976)	Calendar year 1975 H2 [6]	Calendar year 1976 H1 [6]	Calendar year 1976 H2 [6]	Calendar year 1976 Oct.	Calendar year 1976 Nov.	Calendar year 1976 Dec.
	U.S. Budget									
1	Receipts	r280,997	300,005	81,773	r139,455	r160,550	157,961	21,018	25,698	29,472
2	Outlays [1]	r326,105	r366,466	r94,746	r185,114	r181,351	193,719	34,000	33,083	31,891
3	*Surplus, or deficit (−)*	*r−45,108*	*r−66,461*	*r−12,973*	*r−45,660*	*r−20,801*	*r−35,758*	*−12,981*	*−7,385*	*−2,419*
4	Trust funds	r7,419	r2,409	r−1,952	r−3,126	r5,503	−4,621	−4,734	328	1,737
5	Federal funds [2]	r−52,526	r−68,870	r−11,021	r−42,534	r−26,304	−31,137	−8,247	−7,713	−4,156
	Off-budget entities surplus, or deficit (−)									
6	Federal Financing Bank outlays	−6,389	−5,915	−2,575	r−2,693	r−3,222	3,809	−702	−301	−1,598
7	Other [1,3]	−1,652	−1,355	793	r−236	r−1,119	−5,176	3,273	−305	48
	U.S. Budget plus off-budget, including Federal Financing Bank									
8	*Surplus, or deficit (−)*	*−53,149*	*r−73,731*	*r−14,755*	*r−48,588*	*r−25,143*	*−37,125*	*−10,411*	*−7,991*	*−3,969*
	Financed by:									
9	Borrowing from the public	50,867	r82,922	r18,027	r49,378	r33,544	35,457	4,386	6,738	6,306
10	Cash and monetary assets (decrease, or increase (−))	−320	−7,796	−2,899	r−2,046	r−5,749	2,153	r4,271	r4,308	−3,527
11	Other [4]	2,602	−1,396	−373	r1,256	r−2,652	−485	r1,754	r−3,055	1,189
	MEMO:									
12	*Treasury operating balance (level, end of period)*	*7,591*	*14,836*	*17,418*	*8,452*	*14,836*	*11,670*	*12,038*	*8,657*	*11,670*
13	F.R. Banks	5,773	11,975	13,299	7,286	11,975	10,393	10,239	6,766	10,393
14	Tax and loan accounts	1,475	2,854	4,119	1,159	2,854	1,277	1,799	1,891	1,277
15	Other demand accounts [5]	343	7	....	7	7	....	....	....	....

1 Revised to reflect the reclassification of the Export-Import Bank from off-budget status to unified budget status.

2 Half years calculated as a residual of total surplus/deficit and trust fund surplus/deficit.

3 Includes Pension Benefit Guaranty Corp., Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank, and Housing for the Elderly or Handicapped Fund.

4 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; conversion of interest receipts of Government accounts to an accrual basis.

5 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.

6 Effective July 1, 1975, Export-Import Bank certificates of beneficial interest are treated as debt rather than asset sales. Half-year outlays and borrowings data do not necessarily reflect correctly the timing of these transactions.

SOURCE.—Monthly "Treasury Statement of Receipts and Outlays of the U.S. Government" and *Treasury Bulletin.*

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

	Source or type	Fiscal year 1975	Fiscal year 1976	Transition quarter (July–Sept. 1976)[6]	Calendar year 1975 H1	Calendar year 1975 H2	Calendar year 1976 H1	Calendar year 1976 Oct.	Calendar year 1976 Nov.	Calendar year 1976 Dec.
	Receipts									
1	**All sources**	**280,997**	**300,005**	**81,773**	**141,190**	**139,453**	**160,552**	**21,018**	**25,698**	**29,472**
2	*Individual income taxes, net*	*122,386*	*131,603*	*38,801*	*54,926*	*65,835*	*65,767*	*11,095*	*12,535*	*12,663*
3	Withheld	122,071	123,408	32,949	60,694	59,549	63,859	10,694	12,201	12,179
4	Presidential Election Campaign Fund	32	34	1	....	....	33	....	....	....
5	Nonwithheld	34,296	35,528	6,809	27,198	7,649	27,879	564	375	678
6	Refunds	34,013	27,367	958	32,997	1,362	26,004	163	41	194
7	*Corporation income taxes*									
8	Gross receipts	45,747	46,783	[r]9,808	27,500	18,810	27,973	1,874	1,185	7,838
9	Refunds	5,125	5,374	1,348	3,109	2,735	2,639	846	486	205
10	*Social insurance taxes and contributions, net*	*86,441*	*92,714*	*[r]25,760*	*46,667*	*40,886*	*51,828*	*6,199*	*9,432*	*6,207*
11	Payroll employment taxes and contributions [1]	71,789	76,391	21,534	37,371	35,443	40,947	5,308	7,775	5,809
12	Self-employment taxes and contributions [1]	3,417	3,518	269	3,163	268	3,250	....	....	17
13	Unemployment insurance	[r]6,771	8,054	2,698	3,856	2,861	5,193	503	1,205	26
14	Other net receipts [2]	4,466	4,752	[r]1,259	2,279	2,314	2,438	388	451	407
15	Excise taxes	16,551	16,963	4,473	7,790	8,759	8,204	1,408	1,517	1,513
16	Customs	3,676	4,074	1,212	1,718	1,927	2,147	417	570	412
17	Estate and gift	4,611	5,216	1,455	2,327	2,573	2,643	345	392	502
18	Miscellaneous receipts [3]	6,711	8,026	[r]1,612	3,370	3,397	4,630	527	553	542
	Outlays									
19	**All types**	**[r]326,105**	**[r]366,466**	**[r]94,746**	**171,494**	**184,545**	**181,066**	**34,000**	**33,083**	**31,891**
20	National defense	[r]86,585	[r]89,996	[r]22,518	43,979	46,164	44,052	7,604	7,434	7,575
21	International affairs	[r]5,862	[r]5,067	[r]1,997	2,592	2,097	2,365	539	294	472
22	General science, space, and technology	[r]3,989	[r]4,370	[r]1,161	2,047	2,489	1,708	431	400	418
23	Natural resources, environment, and energy	[r]9,537	[r]11,282	[r]3,324	5,584	4,775	6,900	1,057	1,341	1,217
24	Agriculture	[r]1,660	[r]2,502	[r]584	1,074	1,577	417	122	630	507
25	Commerce and transportation	16,010	[r]17,248	[r]4,700	7,020	11,472	5,766	2,237	1,726	995
26	Community and regional development	4,431	[r]5,300	[r]1,530	2,192	2,612	2,411	425	756	506
27	Education, training, employment, and social services	[r]15,248	[r]18,167	[r]5,013	8,980	8,563	9,116	1,128	1,709	1,563
28	Health	27,647	[r]33,448	[r]8,720	14,626	16,593	17,008	3,251	3,014	4,071
29	Income security	108,605	[r]127,406	[r]32,796	59,543	61,560	65,336	11,070	11,016	10,533
30	Veterans benefits and services	[r]16,597	[r]18,432	[r]3,962	8,764	8,994	9,450	1,401	1,699	1,467
31	Law enforcement and justice	2,942	[r]3,320	[r]859	1,698	1,542	1,784	258	300	297
32	General government	[r]3,089	[r]2,927	[r]878	1,204	2,082	870	160	395	326
33	Revenue sharing and general purpose fiscal assistance	[r]7,005	[r]7,119	2,024	3,389	3,450	3,664	2,112	590	127
34	Interest[4]	[r]30,974	[r]34,589	[r]7,246	15,673	16,940	18,560	2,642	2,438	6,025
35	Undistributed offsetting receipts [4,5]	14,075	−14,704	−2,567	−6,871	−6,365	−8,340	−436	−659	−4,207

1 Old-age, disability and hospital insurance, and Railroad Retirement accounts.

2 Supplementary medical insurance premiums, Federal employee retirement contributions and Civil Service retirement and disability fund.

3 Deposits of earnings by F.R. Banks and other miscellaneous receipts.

4 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.

5 Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. Govt. contributions for employee retirement.

6 Effective in calendar year 1976, the fiscal year for the U.S. Govt. changed from July 1–June 30 to October 1–September 30. The period July 1–September 30 of 1976, data for which are shown separately from fiscal year 1976 and fiscal year 1977 totals, is a transition quarter.

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMIT

Billions of dollars

Item	1973 June 30	1973 Dec. 31	1974 June 30	1974 Dec. 31	1975 June 30	1975 Dec. 31	1976 Mar. 31	1976 June 30	1976 Sept. 30
1 **Federal debt outstanding**	**468.4**	**480.7**	**486.2**	**504.0**	**544.1**	**587.6**	**611.4**	**631.3**	**r645.7**
2 *Public debt securities*	*457.3*	*469.1*	*474.2*	*492.7*	*533.7*	*576.6*	*600.5*	*620.4*	*634.7*
3 Held by public	333.9	339.4	336.0	351.5	387.9	437.3	461.4	470.8	488.6
4 Held by agencies	123.4	129.6	138.2	141.2	145.3	139.3	139.1	149.6	146.1
5 *Agency securities*	*11.1*	*11.6*	*12.0*	*11.3*	*10.9*	*10.9*	*10.9*	*11.9*	*11.0*
6 Held by public	9.1	9.6	10.0	9.3	9.0	8.9	8.9	8.9	9.1
7 Held by agencies	2.0	2.0	2.0	2.0	1.9	2.0	2.0	2.0	1.9
8 **Debt subject to statutory limit**	**459.1**	**470.8**	**476.0**	**493.0**	**534.2**	**577.8**	**601.6**	**621.6**	**635.8**
9 Public debt securities	456.7	468.4	473.6	490.5	532.6	576.0	599.9	619.8	634.1
10 Other debt[1]	2.4	2.4	2.4	2.4	1.6	1.7	1.7	1.7	1.7
11 MEMO: Statutory debt limit	465.0	475.7	495.0	495.0	577.0	595.0	627.0	636.0	636.0

[1] Includes guaranteed debt of Govt. agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

SOURCE.—U.S. Treasury *Bulletin*.

1.42 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1973	1974	1975	1976 Aug.	1976 Sept.	1976 Oct.	1976 Nov.	1976 Dec.	1977 Jan.
1 **Total gross public debt**[1]	**469.9**	**492.7**	**576.6**	**633.3**	**634.7**	**637.6**	**644.6**	**653.5**	**653.9**
By type:									
2 **Interest-bearing debt**	**360.7**	**373.4**	**457.1**	**502.5**	**505.7**	**508.7**	**517.0**	**523.5**	**527.0**
3 *Marketable*	*270.2*	*282.9*	*363.2*	*404.3*	*407.7*	*408.6*	*415.4*	*421.3*	*424.0*
4 Bills	107.8	119.7	157.5	161.4	161.5	161.5	161.7	164.0	164.0
5 Notes	124.6	129.8	167.1	203.0	206.3	207.3	213.0	216.7	219.5
6 Bonds	37.8	33.4	38.6	39.9	39.8	39.8	40.7	40.6	40.5
7 *Nonmarketable*[2]	*197.6*	*208.7*	*212.5*	*228.0*	*225.9*	*226.5*	*228.2*	*231.2*	*229.0*
8 Convertible bonds[3]	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
9 Foreign issues[4]	26.0	22.8	21.6	21.0	20.8	22.3	22.5	22.3	22.2
10 Savings bonds and notes	60.8	63.8	67.9	71.5	71.2	71.5	71.9	72.3	72.6
11 Govt. account series[5]	108.0	119.1	119.4	130.6	128.6	127.2	127.4	129.7	126.8
By holder:[6]									
12 U.S. Govt. agencies and trust funds	129.6	141.2	139.3	148.0	146.1	144.6	144.9	....	....
13 F.R. Banks	78.5	80.5	87.9	94.0	96.4	95.7	91.7	....	....
14 **Private investors**	**261.7**	**271.0**	**349.4**	**391.3**	**392.2**	**397.3**	**408.1**	....	....
15 Commercial banks	60.3	55.6	85.1	92.5	93.3	94.8	99.8	....	....
16 Mutual savings banks	2.9	2.5	4.5	5.4	5.3	5.3	5.3	....	....
17 Insurance companies	6.4	6.1	9.3	11.6	11.6	12.1	12.2	....	....
18 Other corporations	10.9	11.0	20.2	27.8	25.7	24.7	24.2	....	....
19 State and local governments	29.2	29.2	33.8	38.7	39.1	41.5	42.1	....	....
Individuals:									
20 Savings bonds	60.3	63.4	67.3	70.9	70.9	71.3	71.6	....	....
21 Other securities	16.9	21.5	24.0	28.8	28.8	28.8	29.0	....	....
22 Foreign and international[7]	55.5	58.4	66.5	74.6	74.6	75.2	76.0	....	....
23 Other miscellaneous investors[8]	19.3	23.2	38.6	40.9	42.9	r43.6	47.7	....	....

[1] Includes $.9 billion of non-interest-bearing debt (of which $612 million on Jan. 31, 1977, was not subject to statutory debt limitations).

[2] 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.

[3] 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, which have been so exchanged, are removed from this category and recorded in the notes category above.

[4] Nonmarketable certificates of indebtedness, notes, and bonds in the Treasury foreign series and foreign-currency series.

[5] Held only by U.S. Govt. agencies and trust funds.

[6] Data for F.R. Banks and U.S. Govt. agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

[7] Consists of the investments of foreign balances and international accounts in the United States. Beginning with 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.

[8] 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.

SOURCE.—For data by type of security, *Monthly Statement of the Public Debt of the United States*, U.S. Treasury Department; for data by holder, *Treasury Bulletin*.

1.43 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity

Par value; millions of dollars; end of period

Type of holder	1975	1976 Oct.	1976 Nov.	1976 Dec.	1975	1976 Oct.	1976 Nov.	1976 Dec.
	All maturities				1 to 5 years			
1 **All holders**	**363,191**	**408,590**	**415,399**	**421,276**	**112,270**	**127,938**	**137,932**	**141,132**
2 U.S. Govt. agencies and trust funds	19,347	16,640	16,429	16,485	7,058	5,850	6,213	6,141
3 F. R. Banks	87,934	95,738	91,660	96,971	30,518	30,293	30,036	31,249
4 *Private investors*	*255,860*	*296,212*	*307,310*	*307,820*	*74,694*	*91,795*	*101,683*	*103,742*
5 Commercial banks	64,398	71,077	74,013	78,262	29,629	35,660	38,254	40,005
6 Mutual savings banks	3,300	3,954	3,956	4,072	1,524	2,009	2,083	2,010
7 Insurance companies	7,565	10,111	10,194	10,284	2,359	3,680	3,768	3,885
8 Nonfinancial corporations	9,365	13,547	13,062	14,193	1,967	2,477	2,873	2,618
9 Savings and loan associations	2,793	4,375	4,462	4,576	1,558	2,102	2,320	2,360
10 State and local governments	9,285	12,427	12,543	12,252	1,761	2,373	2,546	2,543
11 All others	159,154	180,720	189,080	184,182	35,894	43,493	49,840	50,321
	Total, Within 1 year				5 to 10 years			
12 **All holders**	**199,692**	**207,679**	**208,271**	**211,035**	**26,436**	**46,562**	**43,060**	**43,045**
13 U.S. Govt. agencies and trust funds	2,769	2,200	1,929	2,012	3,283	2,565	2,835	2,879
14 F. R. Banks	46,845	50,301	47,920	51,569	6,463	10,075	8,876	9,148
15 *Private investors*	*150,078*	*155,178*	*158,422*	*157,454*	*16,690*	*33,922*	*31,349*	*31,018*
16 Commercial banks	29,875	27,406	28,629	31,213	4,071	7,228	6,301	6,278
17 Mutual savings banks	983	1,065	1,087	1,214	448	647	516	567
18 Insurance companies	2,024	2,221	2,348	2,191	1,592	2,546	2,427	2,546
19 Nonfinancial corporations	7,105	10,514	9,738	11,009	175	395	295	370
20 Savings and loan associations	914	1,978	1,926	1,984	216	214	139	155
21 State and local governments	5,288	6,764	7,072	6,622	782	1,581	1,380	1,465
22 All others	103,889	105,231	107,621	103,220	9,405	21,311	20,291	19,637
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**157,483**	**161,545**	**161,711**	**163,992**	**14,264**	**13,176**	**11,915**	**11,865**
24 U.S. Govt. agencies and trust funds	207	449	375	449	4,233	3,676	3,102	3,102
25 F. R. Banks	38,018	41,237	37,992	41,279	1,507	1,603	1,303	1,363
26 *Private investors*	*119,258*	*119,859*	*123,344*	*122,264*	*8,524*	*7,897*	*7,510*	*7,400*
27 Commercial banks	17,481	14,310	15,202	17,303	552	490	406	339
28 Mutual savings banks	554	373	355	454	232	178	155	139
29 Insurance companies	1,513	1,525	1,621	1,463	1,154	1,127	1,122	1,114
30 Nonfinancial corporations	5,829	9,215	8,712	9,939	61	130	120	142
31 Savings and loan associations	518	1,319	1,257	1,266	82	68	65	64
32 State and local governments	4,566	5,571	6,022	5,556	896	909	723	718
33 All others	88,797	87,547	90,175	86,282	5,546	4,994	4,919	4,884
	Other, within 1 year				Over 20 years			
34 **All holders**	**42,209**	**46,134**	**46,560**	**47,043**	**10,530**	**13,234**	**14,221**	**14,200**
35 U.S. Govt. agencies and trust funds	2,562	1,751	1,554	1,563	2,053	2,350	2,350	2,350
36 F. R. Banks	8,827	9,064	9,928	10,290	2,601	3,466	3,527	3,642
37 *Private investors*	*30,820*	*35,319*	*35,078*	*35,190*	*5,876*	*7,418*	*8,344*	*8,208*
38 Commercial banks	12,394	13,096	13,427	13,910	271	292	423	427
39 Mutual savings banks	429	692	732	760	112	54	115	143
40 Insurance companies	511	696	727	728	436	536	529	548
41 Nonfinancial corporations	1,276	1,299	1,026	1,070	57	31	36	55
42 Savings and loan associations	396	659	669	718	22	14	12	13
43 State and local governments	722	1,193	1,050	1,066	558	800	821	904
44 All others	15,092	17,684	17,446	16,938	4,420	5,691	6,409	6,120

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 November 30, 1976; (1) 5,503 commercial banks, 469 mutual savings banks, and 729 insurance companies, each about 90 per cent; (2) 449 nonfinancial corporations and 486 savings and loan assns., each about 50 per cent; and (3) 500 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	1974	1975	1976			1976		1977			
			Oct.	Nov.	Dec.	Week ending Wednesday					
						Dec. 22	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26
1 **U.S. Govt. securities**	**3,579**	**6,027**	**13,240**	**14,995**	**13,059**	**12,704**	**8,649**	**10,786**	**15,529**	**13,811**	**9,814**
By maturity:											
2 Bills	2,550	3,889	7,425	8,565	7,511	7,853	5,641	6,788	9,115	8,555	6,108
3 Other within 1 year	250	223	179	170	172	144	130	145	150	153	126
4 1-5 years	465	1,414	3,084	4,034	3,355	3,038	r1,546	1,806	3,772	2,947	2,408
5 5-10 years	256	363	2,252	1,804	1,653	1,363	r1,047	1,788	2,098	1,807	962
6 Over 10 years	58	138	300	422	368	306	285	258	394	349	209
By type of customer:											
7 U.S. Govt. securities dealers	652	885	1,632	1,873	1,650	1,748	r1,597	1,790	1,829	1,945	1,388
8 U.S. Govt. securities brokers	965	1,750	4,768	5,389	4,444	4,260	r2,116	3,288	6,144	5,234	3,167
9 Commercial banks	998	1,451	2,956	r3,279	2,999	3,002	r2,116	2,674	3,671	3,020	2,328
10 All others[1]	964	1,941	3,883	r4,454	3,966	3,694	r2,819	3,034	3,886	3,611	2,931
11 **Federal agency securities**	**965**	**1,043**	**2,230**	**2,096**	**2,025**	**2,191**	**1,003**	**1,347**	**2,364**	**1,861**	**1,496**

[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	1974	1975	1976			1976					1977
			Oct.	Nov.	Dec.	Week ending Wednesday					
						Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29	Jan. 5
						Positions[2]					
1 **U.S. Govt. securities**	**2,580**	**5,884**	**8,045**	**9,744**	**10,840**	**9,188**	**11,090**	**11,452**	**10,248**	**11,310**	**10,140**
2 Bills	1,932	4,297	6,213	7,321	8,394	6,829	8,480	9,521	8,174	8,250	7,123
3 Other within 1 year	-6	265	228	161	155	169	161	119	113	217	182
4 1-5 years	265	886	672	1,102	1,336	1,257	1,483	918	1,108	1,815	1,631
5 5-10 years	302	300	695	789	596	553	591	554	514	649	779
6 Over 10 years	88	136	237	372	359	380	375	341	339	378	424
7 **Federal agency securities**	**1,212**	**943**	**1,095**	**1,110**	**1,435**	**1,434**	**1,521**	**1,415**	**1,515**	**1,349**	**1,292**
						Sources of financing[3]					
8 **All sources**	**3,977**	**6,666**	**9,433**	**11,613**	**14,032**	**11,739**	**13,661**	**14,978**	**13,945**	**13,990**	**13,318**
Commercial banks:											
9 New York City	1,032	1,621	2,038	2,453	2,567	2,362	2,522	2,694	2,742	2,379	2,382
10 Outside New York City	1,064	1,466	2,038	2,397	2,839	2,050	2,945	3,185	2,946	2,515	2,242
11 Corporations[1]	459	842	1,523	1,871	2,437	1,815	2,545	2,843	2,437	2,100	2,059
12 All other	1,423	2,738	3,835	4,893	6,188	5,512	5,649	6,256	5,821	6,997	6,635

[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	1973	1974	1975	1976 June	July	Aug.	Sept.	Oct.	Nov.
1 **Federal and Federally sponsored agencies**	**71,591**	**89,378**	**97,678**	**99,853**	**100,837**	**101,722**	**102,454**	**r103,863**	**103,418**
2 *Federal agencies*	*11,554*	*12,719*	*19,046*	*20,848*	*21,029*	*21,453*	*21,895*	*22,676*	*22,645*
3 Defense Department[1]	1,439	1,312	1,220	1,171	1,164	1,152	1,136	1,128	1,117
4 Export-Import Bank[2,3]	2,625	2,893	7,188	7,578	7,578	7,945	7,728	8,353	8,336
5 Federal Housing Administration[4]	415	440	564	581	584	582	578	589	585
6 Government National Mortgage Association Participation Certificates[5]	4,390	4,280	4,200	4,180	4,145	4,145	4,145	4,145	4,145
7 Postal Service[6]	250	721	1,750	2,998	2,998	2,998	3,498	3,498	3,498
8 Tennessee Valley Authority	2,435	3,070	3,915	4,255	4,470	4,535	4,713	4,865	4,865
9 United States Railway Association[6]		3	209	85	90	96	97	98	99
10 *Federally sponsored agencies*	*60,037*	*76,659*	*78,632*	*79,005*	*79,808*	*80,269*	*80,559*	*r81,187*	*80,773*
11 Federal Home Loan Banks	15,362	21,890	18,900	17,140	17,102	17,113	17,061	r17,122	16,807
12 Federal Home Loan Mortgage Corporation	1,784	1,551	1,550	1,550	1,550	1,150	1,150	1,150	1,150
13 Federal National Mortgage Association	23,002	28,167	29,963	29,863	29,845	30,429	30,685	30,656	30,413
14 Federal land banks	10,062	12,653	15,000	16,060	16,566	16,566	16,566	17,124	17,127
15 Federal intermediate credit banks	6,932	8,589	9,254	10,298	10,595	10,687	10,791	10,712	10,669
16 Banks for cooperatives	2,695	3,589	3,655	3,694	3,745	3,919	3,901	4,023	4,207
17 Student Loan Marketing Association[7]	200	220	310	400	405	405	405	400	400
MEMO:									
18 **Federal Financing Bank Debt**[7,8]		**4,474**	**17,154**	**22,411**	**24,149**	**25,052**	**25,888**	**26,636**	**27,028**
Lending to Federal and Federally sponsored agencies:									
19 Export-Import Bank[3]			4,595	4,985	4,985	4,985	4,768	4,768	4,768
20 Postal Service[6]		500	1,500	2,748	2,748	2,748	3,248	3,248	r3,248
21 Student Loan Marketing Association[7]		220	310	400	405	405	405	400	395
22 Tennessee Valley Authority		895	1,840	2,180	2,495	2,560	2,738	2,810	2,890
23 United States Railway Association[6]		3	209	85	90	96	97	98	99
Other lending:[9]									
24 Farmers Home Administration		2,500	7,000	8,800	9,200	9,650	9,650	10,250	10,250
25 Rural Electrification Administration			566	1,114	1,164	1,215	1,514	1,573	1,320
26 Others		356	1,134	2,099	3,062	3,393	3,468	3,489	4,058

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 August 1971 through Oct. 1, 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. Note that 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 State and Local Government and Corporate

Millions of dollars

	Type of issue or issuer, or use	1973	1974	1975	1976 May	1976 June	1976 July	1976 Aug.	1976 Sept.
					State and local government				
1	**All issues, new and refunding**[1]	**23,969**	**24,315**	**30,607**	**3,490**	**3,028**	**2,691**	**2,765**	**2,808**
	By type of issue:								
2	General obligation	12,257	13,563	16,020	1,866	1,689	1,186	1,269	1,265
3	Revenue	10,632	10,212	14,511	1,611	1,324	1,496	1,488	1,538
4	Housing Assistance Administration[2]	1,022	461	....	....	....	....	....	....
5	U.S. Govt. loans	58	79	76	13	15	9	8	5
	By type of issuer:								
6	State	4,212	4,784	7,438	824	590	308	669	470
7	Special district and statutory authority	9,505	8,638	12,441	1,400	1,097	1,261	1,162	1,229
8	Municipalities, counties, townships, school districts	10,249	10,817	10,660	1,256	1,331	1,118	930	1,104
9	**Issues for new capital, total**	**22,397**	**23,508**	**29,495**	**3,303**	**2,807**	**2,470**	**2,504**	**2,590**
	By use of proceeds:								
10	Education	4,311	4,730	4,689	710	414	309	373	356
11	Transportation	2,804	1,712	2,208	416	128	36	166	251
12	Utilities and conservation	5,654	5,634	7,209	956	745	1,000	784	747
13	Social welfare	4,588	3,820	4,392	477	423	488	694	767
14	Industrial aid	571	494	445	14	47	66	24	30
15	Other purposes	4,465	7,118	10,552	730	1,050	571	463	439
					Corporate				
16	**All issues**[3]	**32,025**	**38,311**	**53,644**	**4,186**	**6,418**	**3,216**	**3,350**	**4,803**
17	**Bonds**	**21,049**	**32,066**	**42,756**	**2,988**	**5,023**	**2,578**	**2,672**	**2,249**
	By type of offering:								
18	Public	13,244	25,903	32,583	1,937	3,140	1,239	1,565	2,100
19	Private placement	7,802	6,160	10,172	1,051	1,883	1,348	1,107	2,149
	By industry group:								
20	Manufacturing	4,199	9,867	16,980	1,225	1,321	1,090	742	666
21	Commercial and miscellaneous	1,318	1,845	2,750	185	483	171	319	545
22	Transportation	1,084	1,550	3,439	118	263	118	48	1,205
23	Public utility	5,578	8,873	9,658	643	869	621	663	1,116
24	Communication	3,523	3,710	3,464	12	698	20	209	140
25	Real estate and financial	5,344	6,218	6,469	806	1,389	568	692	577
26	**Stocks**	**10,979**	**6,247**	**10,863**	**1,198**	**1,395**	**629**	**678**	**554**
	By type:								
27	Preferred	3,337	2,253	3,458	299	360	89	214	136
28	Common	7,642	3,994	7,405	899	1,035	540	464	418
	By industry group:								
29	Manufacturing	638	544	1,670	484	125	108	282	83
30	Commercial and miscellaneous	1,532	940	1,470	136	58	164	69	33
31	Transportation	26	22	1	1	3	....	13	7
32	Public utility	4,691	3,964	6,235	505	479	311	257	347
33	Communication	1,348	217	1,002	8	711	6	3	....
34	Real estate and financial	2,745	562	488	63	19	40	54	84

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.

3 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.

SOURCES. State and local government securities, Securities Industry Association; corporate securities, Securities and Exchange Commission.

1.48 CORPORATE SECURITIES Net Change in Amounts Outstanding

Millions of dollars

Source of change, or industry	1973	1974	1975	1975				1976		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
All issues[1]										
1 New issues	33,559	39,344	53,255	15,211	15,602	9,079	13,363	13,671	14,229	11,385
2 Retirements	11,804	9,935	10,991	2,088	3,211	2,576	3,116	2,315	3,668	2,478
3 **Net change**	**21,754**	**29,399**	**42,263**	**13,123**	**12,390**	**6,503**	**10,247**	**11,356**	**10,561**	**8,907**
Bonds and notes										
4 New issues	21,501	31,354	40,468	12,759	11,460	6,654	9,595	9,404	10,244	8,701
5 Retirements	8,810	6,255	8,583	1,587	2,336	2,111	2,549	1,403	3,159	1,826
6 **Net change: Total**	**12,691**	**25,098**	**31,886**	**11,172**	**9,124**	**4,543**	**7,047**	**8,001**	**7,084**	**6,875**
By industry:										
7 Manufacturing	801	7,404	13,219	5,134	4,574	1,442	2,069	2,966	1,529	1,551
8 Commercial and other[2]	−109	1,116	1,605	373	483	221	528	203	726	610
9 Transportation, including railroad	1,044	341	2,165	1	429	147	1,588	985	488	1,092
10 Public utility	4,265	7,308	7,236	2,653	1,977	1,395	1,211	1,820	1,260	2,109
11 Communication	3,165	3,499	2,980	1,269	810	472	429	498	953	335
12 Real estate and financial	3,523	5,428	4,682	1,742	852	866	1,222	1,530	2,128	1,178
Common and preferred stock										
13 New issues	12,057	7,980	12,787	2,452	4,142	2,425	3,768	4,267	3,985	2,684
14 Retirements	2,993	3,678	2,408	501	875	465	567	912	509	652
15 **Net change: Total**	**9,064**	**4,302**	**10,377**	**1,951**	**3,266**	**1,960**	**3,200**	**3,355**	**3,477**	**2,032**
By industry:										
16 Manufacturing	658	17	1,607	262	500	412	433	838	1,120	744
17 Commercial and other[2]	1,411	−135	1,137	77	490	108	462	88	318	117
18 Transportation, including railroad	−93	20	65	1	7	53	4	5	25	17
19 Public utility	4,509	3,834	6,015	1,569	1,866	1,043	1,537	2,174	1,300	932
20 Communication	1,399	398	1,084	24	359	97	604	47	735	19
21 Real estate and financial	1,181	207	468	18	43	247	160	203	21	203

1 Excludes issues of investment companies.
2 Extractive and commercial and miscellaneous companies.

NOTE.—Securities and Exchange Commission estimates of cash transactions only, as published in the Commission's *Statistical Bulletin*.

New issues and retirements exclude foreign sales and include sales of securities held by affiliated companies, special offerings to employees, new stock issues and cash proceeds connected with conversions of bonds into stocks. Retirements, defined in the same way, include securities retired with internal funds or with proceeds of issues for that purpose.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1975	1976	1976						
			June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.
Investment companies excluding money market funds									
1 Sales of own shares[1]	3,302	4,226	321	281	256	338	378	446	661
2 Redemptions of own shares[2]	3,686	6,802	599	596	536	573	450	419	628
3 Net sales	r−384	2,496	−278	−315	−280	−235	−72	27	33
4 **Assets**[3]	**42,179**	**47,537**	**46,801**	**45,986**	**45,457**	**46,138**	**44,858**	**45,369**	**47,537**
5 Cash position[4]	3,748	2,747	2,679	2,547	2,561	2,507	2,434	2,635	2,747
6 Other	38,431	44,790	44,122	43,439	42,896	43,631	42,424	42,734	44,790

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	1973	1974	1975	1975 Q1	1975 Q2	1975 Q3	1975 Q4	1976 Q1	1976 Q2	1976 Q3
1 **Profits before tax**	**115.8**	**127.6**	**114.5**	**94.2**	**105.8**	**126.9**	**131.3**	**141.1**	**146.2**	**150.2**
2 Profits tax liability	48.7	52.4	49.2	40.2	44.8	54.8	57.2	61.4	63.5	r65.1
3 Profits after tax	67.1	75.2	65.3	54.0	61.0	72.1	74.2	79.7	82.7	r85.1
4 Dividends	27.8	30.8	32.1	31.7	31.9	32.6	32.2	33.1	34.4	35.4
5 Undistributed profits	39.3	44.4	33.2	22.3	29.1	39.5	42.0	46.6	48.3	49.7
6 Capital consumption allowances[1]	73.7	81.6	89.4	86.4	87.9	90.5	92.9	94.3	96.2	98.2
7 Net cash flow	113.0	126.0	122.6	108.7	117.0	130.0	134.9	140.9	144.5	r147.9

1 With capital consumption adjustment.

SOURCE.—U.S. Dept. of Commerce, *Survey of Current Business*.

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, end of period

Account	1971	1972	1973	1974	1975 Q2	1975 Q3	1975 Q4	1976 Q1	1976 Q2	1976 Q3
1 **Current assets**	**529.4**	**574.4**	**643.2**	**712.2**	**703.2**	**716.5**	**731.6**	**753.5**	**775.4**	**791.8**
2 Cash	53.3	57.5	61.6	62.7	63.7	65.6	68.1	68.4	70.8	71.1
3 U.S. Govt. securities	11.0	10.2	11.0	11.7	12.7	14.3	19.4	21.7	23.3	23.9
4 *Notes and accounts receivable*	*221.1*	*243.4*	*269.6*	*293.2*	*288.1*	*298.0*	*298.2*	*310.9*	*321.8*	*328.5*
5 U.S. Govt.[1]	3.5	3.4	3.5	3.5	3.3	3.3	3.6	3.6	3.7	4.3
6 Other	217.6	240.0	266.1	289.7	284.8	294.7	294.6	307.3	318.1	324.2
7 Inventories	200.4	215.2	246.7	288.0	281.4	279.6	285.8	288.8	295.6	302.1
8 Other	43.8	48.1	54.4	56.6	57.3	59.0	60.0	63.6	63.9	66.3
9 **Current liabilities**	**326.0**	**352.2**	**401.0**	**450.6**	**434.2**	**444.7**	**457.5**	**465.9**	**475.9**	**484.1**
10 *Notes and accounts payable*	*220.5*	*234.4*	*265.9*	*292.7*	*275.9*	*279.6*	*288.0*	*286.9*	*293.8*	*291.7*
11 U.S. Govt.[1]	4.9	4.0	4.3	5.2	5.8	6.2	6.4	6.4	6.8	7.0
12 Other	215.6	230.4	261.6	287.5	270.1	273.4	281.6	280.5	287.0	284.7
13 Accrued Federal income taxes	13.1	15.1	18.1	23.2	17.7	19.4	20.7	23.9	22.0	24.9
14 Other	92.4	102.6	117.0	134.8	140.6	145.6	148.8	155.0	160.1	167.5
15 **Net working capital**	**203.6**	**221.3**	**242.3**	**261.5**	**269.0**	**271.8**	**274.1**	**287.6**	**299.5**	**307.7**

1 Receivables from, and payables to, the U.S. Govt. exclude amounts offset against each other on corporations' books.

SOURCE.—Securities and Exchange Commission estimates published in the Commission's *Statistical Bulletin*.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data are at seasonally adjusted annual rates

Industry	1973	1974	1975	1975			1976			
				Q2	Q3	Q4	Q1	Q2	[2]Q3	[2]Q4
1 **All industries**	99.74	112.22	112.75	112.46	112.16	111.80	114.72	118.12	122.96	127.03
Manufacturing										
2 Durable goods industries	19.25	22.57	21.88	22.59	21.01	21.07	21.63	22.54	24.08	24.80
3 Nondurable goods industries	18.76	23.28	26.13	26.19	26.38	25.75	27.58	28.09	29.73	31.49
Nonmanufacturing										
4 Mining	2.74	3.18	3.80	3.78	3.82	3.82	3.83	3.83	3.87	4.02
Transportation:										
5 Railroad	1.96	2.56	2.56	2.70	2.75	2.39	2.08	2.64	2.31	1.71
6 Air	2.41	2.00	1.87	1.60	2.12	1.65	1.18	1.44	1.42	1.31
7 Other	1.66	2.09	3.03	2.75	2.99	3.56	3.29	4.16	3.44	3.06
Public utilities:										
8 Electric	15.94	17.61	16.99	16.41	16.58	17.92	18.56	18.82	19.66	20.28
9 Gas and other	2.76	2.93	3.14	3.11	3.21	3.00	3.36	3.03	3.44	3.80
10 Communication	12.85	13.96	12.76	12.50	12.95	12.22	12.54	12.62	35.02	36.56
11 Commercial and other[1]	21.40	22.05	20.61	20.83	20.34	20.44	20.68	20.94		

[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.—U.S. Dept. of Commerce, *Survey of Current Business*.

1.53 MORTGAGE MARKETS

Millions of dollars, except as noted

	Item	1974	1975	1976	1976 July	Aug.	Sept.	Oct.	Nov.	Dec.
		Terms and yields in primary and secondary markets								
	PRIMARY MARKETS									
	Conventional mortgages on new homes									
	Terms:[1]									
1	Purchase price (thous. dollars)	40.1	44.6	48.4	49.4	49.6	50.6	49.0	45.6	50.8
2	Amount of loan (thous. dollars)	29.8	33.3	35.9	36.7	36.8	37.4	36.2	36.0	37.0
3	Loan/price ratio (per cent)	75.8	76.1	75.8	75.8	75.8	75.6	75.3	75.6	74.8
4	Maturity (years)	26.3	26.8	27.2	27.1	27.8	27.7	28.0	27.0	27.8
5	Fees and charges (per cent of loan amount)[2]	1.30	15.4	1.44	1.29	1.38	1.42	1.38	1.36	1.39
6	Contract rate (per cent per annum)	8.71	8.75	8.76	8.76	8.79	8.85	8.85	8.83	8.87
	Yield (per cent per annum):									
7	FHLBB series[3]	9.37	9.01	8.99	8.97	9.02	9.08	9.07	9.05	9.10
8	HUD series[4]	9.22	9.10	8.99	9.05	9.05	9.00	9.00	8.95	8.90
	SECONDARY MARKETS									
	Yields (per cent per annum) on—									
9	FHA mortgages (HUD series)[5]	9.55	9.19	8.82	8.99	8.93	8.82	8.55	8.45	8.25
10	GNMA securities[6]	8.62	8.56	8.17	8.37	8.30	8.10	7.98	7.93	7.59
	FNMA auctions:[7]									
11	Government-underwritten loans	9.53	9.31	8.92	9.05	8.99	8.88	8.75	8.66	8.45
12	Conventional loans	9.70	9.36	9.12	9.25	9.15	9.11	9.05	9.00	8.84
		Activity in secondary markets								
	FEDERAL NATIONAL MORTGAGE ASSOCIATION									
	Mortgage holdings at end of period:									
13	**Total**	**29,578**	**31,824**	**32,904**	**32,011**	**32,069**	**32,062**	**32,019**	**32,929**	**32,904**
14	FHA-insured	19,189	19,732	18,916	19,184	19,180	19,133	19,077	18,986	18,916
15	VA-guaranteed	8,310	9,573	9,212	9,388	9,394	9,366	9,314	9,264	9,212
16	*Conventional*	2,080	2,519	4,776	3,439	3,496	3,563	3,628	4,679	4,776
	Mortgage transactions during period:									
17	Purchases	6,953	4,263	3,606	210	277	199	162	1,131	191
18	Sales	4	2	86	1	1	....	....	8	....
	Mortgage commitments:[8]									
19	Contracted during period	10,765	6,106	6,247	584	492	463	480	615	290
20	Outstanding at end of period	7,960	4,126	3,398	4,245	4,335	3,983	3,672	3,649	3,398
	Auction of 4-month commitments to buy—									
	Government-underwritten loans:									
21	Offered[9]	5,492.7	7,042.8	4,929.8	460.1	361.4	221.0	235.5	494.1	56.9
22	Accepted	2,371.4	3,848.3	2,787.2	300.4	214.4	117.9	107.1	221.1	41.5
	Conventional loans:									
23	Offered[9]	1,206.8	1,401.1	2,595.7	221.2	298.8	321.7	297.5	353.3	150.2
24	Accepted	656.4	765.2	1,879.3	187.2	208.7	225.4	215.8	296.9	135.4
	FEDERAL HOME LOAN MORTGAGE CORPORATION									
	Mortgage holdings at end of period:[10]									
25	**Total**	**4,586**	**4,987**	....	**4,551**	**4,310**	**4,269**	**4,190**	**4,162**	....
26	FHA/VA	1,904	1,824	....	1,713	1,695	1,679	1,660	1,638	....
27	Conventional	2,682	3,163	....	2,838	2,614	2,590	2,530	2,523	....
	Mortgage transactions during period:									
28	Purchases	2,191	1,716	....	152	77	88	78	101	....
29	Sales	52	1,020	....	84	278	93	116	91	....
	Mortgage commitments:[11]									
30	Contracted during period	4,553	982	....	39	117	163	171	245	....
31	Outstanding at end of period	2,390	111	....	154	175	243	326	452	....

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 purchase and holding 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

Type of holder, and type of property	End of year 1972	1973	1974	1975	End of quarter 1976 Q1	Q2	Q3	Q4[p]
1 **All holders**	**603,417**	**682,321**	**742,504**	**801,546**	**817,278**	**838,893**	**862,607**	**884,066**
2 1- to 4-family	372,793	416,883	449,937	491,678	503,402	519,437	537,372	654,426
3 Multifamily	82,572	92,877	99,851	100,348	100,487	100,680	101,082	101,649
4 Commercial	112,294	131,308	146,428	158,644	161,024	164,527	168,144	171,827
5 Farm	35,758	41,253	46,288	50,876	52,365	54,249	56,009	57,813
6 **Major financial institutions**	**450,000**	**505,400**	**542,552**	**581,296**	**592,061**	**609,086**	**626,487**	**642,995**
7 *Commercial banks*[1]	*99,314*	*119,068*	*132,105*	*136,186*	*137,986*	*141,086*	*143,986*	*146,586*
8 1- to 4-family	57,004	67,998	74,758	77,018	78,218	80,218	81,928	83,402
9 Multifamily	5,778	6,932	7,619	5,915	5,515	5,115	5,040	5,072
10 Commercial	31,751	38,696	43,679	46,882	47,812	49,112	50,251	51,233
11 Farm	4,781	5,442	6,049	6,371	6,441	6,641	6,767	6,879
12 *Mutual savings banks*	*67,556*	*73,230*	*74,920*	*77,249*	*77,738*	*78,735*	*80,145*	*81,485*
13 1- to 4-family	46,229	48,811	49,213	50,025	50,344	50,989	51,902	52,769
14 Multifamily	10,910	12,343	12,923	13,792	13,876	14,030	14,282	14,524
15 Commercial	10,355	12,012	12,722	13,373	13,456	13,653	13,897	14,127
16 Farm	62	64	62	59	62	63	64	65
17 *Savings and loan associations*	*206,182*	*231,733*	*249,293*	*278,693*	*286,556*	*299,574*	*312,139*	*323,393*
18 1- to 4-family	167,049	187,750	201,553	224,710	231,337	241,996	252,521	261,952
19 Multifamily	20,783	22,524	23,683	25,417	25,847	26,722	27,468	28,132
20 Commercial	18,350	21,459	24,057	28,566	29,372	30,856	32,150	33,309
21 *Life insurance companies*	*76,948*	*81,369*	*86,234*	*89,168*	*89,781*	*89,691*	*90,217*	*91,531*
22 1- to 4-family	22,315	20,426	19,026	17,590	17,321	16,861	16,458	16,058
23 Multifamily	17,347	18,451	19,625	19,629	19,726	19,374	19,256	19,276
24 Commercial	31,608	36,496	41,256	45,196	45,907	46,456	47,322	48,716
25 Farm	5,678	5,996	6,327	6,753	6,827	7,000	7,181	7,481
26 **Federal and related agencies**	**40,157**	**46,721**	**58,320**	**66,891**	**67,350**	**66,165**	**67,692**	**67,303**
27 *Government National Mortgage Assn.*	*5,113*	*4,029*	*4,846*	*7,438*	*7,619*	*5,557*	*5,068*	*4,125*
28 1- to 4-family	2,513	1,455	2,248	4,728	4,886	3,165	2,486	1,555
29 Multifamily	2,600	2,574	2,598	2,710	2,733	2,392	2,582	2,570
30 *Farmers Home Admin.*	*1,019*	*1,366*	*1,432*	*1,109*	*650*	*830*	*1,355*	*1,405*
31 1- to 4-family	279	743	759	208	97	228	754	804
32 Multifamily	29	29	167	215	23	46	143	152
33 Commercial	320	218	156	190	96	151	133	131
34 Farm	391	376	350	496	434	405	325	318
35 *Federal Housing and Veterans Admin.*	*3,338*	*3,476*	*4,015*	*4,970*	*5,033*	*5,243*	*5,470*	*5,614*
36 1- to 4-family	2,199	2,013	2,009	1,990	1,908	1,781	1,767	1,811
37 Multifamily	1,139	1,463	2,006	2,980	3,125	3,462	3,703	3,803
38 *Federal National Mortgage Assn.*	*19,791*	*24,175*	*29,578*	*31,824*	*32,182*	*32,028*	*32,962*	*32,904*
39 1- to 4-family	17,697	20,370	23,778	25,813	26,262	26,112	27,030	26,934
40 Multifamily	2,094	3,805	5,800	6,011	5,920	5,916	5,932	5,970
41 *Federal land banks*	*9,107*	*11,071*	*13,863*	*16,563*	*17,264*	*17,978*	*18,568*	*19,125*
42 1- to 4-family	13	123	406	549	563	575	586	601
43 Farm	9,094	10,948	13,457	16,014	16,701	17,403	17,982	18,524
44 *Federal Home Loan Mortgage Corp.*	*1,789*	*2,604*	*4,586*	*4,987*	*4,602*	*4,529*	*4,269*	*4,130*
45 1- to 4-family	1,754	2,446	4,217	4,588	4,247	4,166	3,917	3,810
46 Multifamily	35	158	369	399	355	363	352	320
47 **Mortgage pools or trusts**[2]	**14,404**	**18,040**	**23,799**	**34,138**	**37,684**	**41,225**	**44,960**	**49,332**
48 *Government National Mortgage Assn.*	*5,504*	*7,890*	*11,769*	*18,257*	*20,479*	*23,634*	*26,725*	*30,572*
49 1- to 4-family	5,353	7,561	11,249	17,538	19,693	22,821	25,841	29,583
50 Multifamily	151	329	520	719	786	813	884	989
51 *Federal Home Loan Mortgage Corp.*	*441*	*766*	*757*	*1,598*	*1,999*	*2,153*	*2,506*	*2,731*
52 1- to 4-family	331	617	608	1,349	1,698	1,831	2,141	2,335
53 Multifamily	110	149	149	249	301	322	365	396
54 *Farmers Home Admin.*	*8,459*	*9,384*	*11,273*	*14,283*	*15,206*	*15,438*	*15,729*	*16,029*
55 1- to 4-family	5,017	5,458	6,782	9,194	9,516	9,670	9,587	9,785
56 Multifamily	131	138	116	295	542	541	535	535
57 Commercial	867	1,124	1,473	1,948	2,122	2,104	2,291	2,267
58 Farm	2,444	2,664	2,902	2,846	3,026	3,123	3,316	3,442
59 **Individuals and others**[3]	**98,856**	**112,160**	**117,833**	**119,221**	**120,183**	**122,366**	**123,468**	**124,436**
60 1- to 4-family	45,040	51,112	53,331	56,378	57,312	59,024	60,454	61,378
61 Multifamily	21,465	23,982	24,276	22,017	21,738	21,533	20,540	19,910
62 Commercial	19,043	21,303	23,085	22,489	22,259	22,195	22,100	22,044
63 Farm	13,308	15,763	17,141	18,337	18,874	19,614	20,374	21,104

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	1974	1975	1976	1976 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
		Amounts outstanding (end of period)									
1	**Total**	**155,384**	**162,237**	**178,775**	**166,664**	**168,674**	**171,160**	**172,918**	**173,930**	**175,333**	**178,775**
	By holder:										
2	Commercial banks	75,846	78,703	85,379	80,850	81,930	82,961	83,714	84,152	84,278	85,379
3	Finance companies	36,208	36,695	39,642	37,490	38,026	38,398	38,575	38,809	39,129	39,642
4	Credit unions	22,116	25,354	30,546	27,842	28,234	28,956	29,600	29,711	30,053	30,546
5	Retailers[1]	17,933	18,002	19,178	16,633	16,660	16,911	17,012	17,205	17,726	19,178
6	Others[2]	3,281	3,483	4,030	3,849	3,824	3,934	4,017	4,053	4,147	4,030
	By type of credit:										
7	*Automobile*	*50,392*	*53,028*	*60,498*	*56,667*	*57,659*	*58,665*	*59,270*	*59,717*	*60,002*	*60,498*
8	Commercial banks	30,994	31,534	35,313	33,269	33,877	34,414	34,701	35,009	35,095	35,313
9	Purchased	18,687	18,353	19,642	18,912	19,151	19,404	19,495	19,611	19,575	19,642
10	Direct	12,306	13,181	15,671	14,358	14,726	15,010	15,206	15,398	15,520	15,671
11	Finance companies	10,618	11,439	13,059	12,333	12,573	12,748	12,808	12,901	12,957	13,059
12	Credit unions	8,414	9,653	11,633	10,601	10,749	11,024	11,270	11,311	11,442	11,633
13	Others	366	402	493	464	460	479	491	496	508	493
	Mobile homes:										
14	Commercial banks	8,972	8,704	8,233	8,390	8,384	8,379	8,340	8,294	8,254	8,233
15	Finance companies	3,524	3,451	3,277	3,343	3,333	3,323	3,319	3,309	3,295	3,277
16	*Home improvement*	*7,754*	*8,004*	*8,773*	*8,367*	*8,452*	*8,562*	*8,665*	*8,726*	*8,790*	*8,773*
17	Commercial banks	4,694	4,965	5,381	5,129	5,192	5,263	5,318	5,359	5,388	5,381
	Revolving credit:										
18	Bank credit cards	8,281	9,501	11,075	9,531	9,725	9,924	10,153	10,232	10,329	11,075
19	Bank check credit	2,797	2,810	3,010	2,805	2,835	2,870	2,922	2,933	2,935	3,010
20	*All other*	*73,664*	*76,738*	*83,910*	*77,561*	*78,286*	*79,438*	*80,249*	*80,719*	*81,728*	*83,910*
21	Commercial banks, total	20,108	21,188	22,368	21,726	21,917	22,112	22,280	22,325	22,277	22,368
22	Personal loans	13,771	14,629	15,606	15,034	15,148	15,308	15,450	15,534	15,517	15,606
23	Finance companies, total	21,717	21,655	23,178	21,675	21,983	22,192	22,316	22,469	22,748	23,178
24	Personal loans	16,961	17,681	19,043	17,811	18,079	18,275	18,371	18,509	18,773	19,043
25	Credit unions	13,037	14,937	17,993	16,402	16,635	17,060	17,438	17,505	17,706	17,993
26	Retailers	17,933	18,002	19,178	16,633	16,660	16,911	17,012	17,205	17,726	19,178
27	Others	869	956	1,193	1,125	1,091	1,163	1,203	1,215	1,271	1,193
		Net change (during period)[3]									
28	**Total**	**8,952**	**6,843**	**16,539**	**1,330**	**1,303**	**1,403**	**1,481**	**1,564**	**1,243**	**1,823**
	By holder:										
29	Commercial banks	3,975	2,851	6,678	409	619	518	697	671	381	913
30	Finance companies	806	483	2,946	230	264	169	233	317	245	364
31	Credit unions	2,507	3,238	5,192	482	365	386	483	280	395	537
32	Retailers	1,538	69	1,176	214	116	183	24	263	98	64
33	Others	126	202	547	−5	−61	148	45	33	124	−55
	By type of credit:										
34	*Automobile*	*327*	*2,631*	*7,470*	*526*	*556*	*621*	*605*	*528*	*477*	*1,013*
35	Commercial banks	−508	535	3,779	229	327	377	376	350	221	652
36	Purchased	−310	340	1,289	32	60	159	125	117	70	330
37	Direct	−198	875	2,490	197	267	218	251	233	151	322
38	Finance companies	−100	821	1,620	116	108	62	28	77	98	146
39	Credit unions	958	1,239	1,980	186	135	136	172	105	144	207
40	Other	−23	36	91	−4	−13	46	28	−4	14	8
	Mobile homes:										
41	Commercial banks	632	−268	−471	−42	−28	−35	−53	−56	−43	32
42	Finance companies	168	−73	−174	*	−9	−16	−16	−16	−16	−16
43	*Home improvement*	*804*	*248*	*768*	*79*	*19*	*39*	*65*	*73*	*103*	*73*
44	Commercial banks	611	271	416	29	22	25	43	44	55	54
	Revolving credit:										
45	Bank credit cards	1,443	1,220	1,576	98	171	86	166	123	71	−33
46	Bank check credit	543	14	199	14	27	−6	17	27	6	7
47	*All other*	*5,036*	*3,072*	*7,172*	*655*	*567*	*714*	*698*	*884*	*645*	*747*
48	Commercial banks, total	1,255	1,080	1,180	81	101	71	148	183	72	199
49	Personal loans	898	858	977	86	70	46	108	161	47	148
50	Finance companies, total	803	−64	1,523	115	170	126	223	258	163	236
51	Personal loans	479	717	1,362	95	143	106	198	237	161	113
52	Credit unions	1,473	1,900	3,056	282	220	240	297	166	239	313
53	Retailers	1,538	69	1,176	214	116	183	24	263	98	64
54	Others	−33	87	237	−38	−39	96	5	15	73	−66

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 $39.0 billion at the end of 1976, $35.0 billion at the end of 1975, and $33.4 billion at the end of 1974.

1.56 CONSUMER INSTALMENT CREDIT Extensions and Liquidations

Millions of dollars

	Holder, and type of credit	1974	1975	1976	1976 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
					Extensions[1]						
1	**Total**	**160,008**	**163,483**	**186,221**	**15,592**	**15,240**	**15,685**	**15,775**	**16,055**	**15,763**	**16,702**
	By holder:										
2	Commercial banks	72,605	77,131	88,666	7,289	7,358	7,487	7,546	7,618	7,486	8,182
3	Finance companies	35,644	32,582	35,956	2,986	2,861	2,965	3,072	3,148	3,059	3,157
4	Credit unions	22,403	24,151	28,829	2,456	2,329	2,313	2,424	2,350	2,395	2,688
5	Retailers[2]	27,034	27,049	29,569	2,650	2,533	2,548	2,463	2,673	2,467	2,480
6	Others[3]	2,322	2,570	3,201	211	159	372	271	266	356	194
	By type of credit:										
7	*Automobile*	*43,209*	*48,103*	*55,807*	*4,600*	*4,477*	*4,712*	*4,769*	*4,587*	*4,632*	*5,263*
8	Commercial banks	26,406	28,333	32,687	2,660	2,680	2,762	2,846	2,770	2,691	3,170
9	Purchased	15,576	15,761	17,600	1,386	1,417	1,480	1,511	1,479	1,426	1,723
10	Direct	10,830	12,572	15,087	1,274	1,263	1,282	1,335	1,291	1,265	1,446
11	Finance companies	8,630	9,598	11,210	935	891	937	891	904	927	992
12	Credit unions	7,788	9,702	11,336	968	879	928	963	875	957	1,051
13	Others	385	470	574	36	27	84	69	37	57	51
	Mobile homes:										
14	Commercial banks	3,486	2,681	2,449	204	223	186	200	178	207	267
15	Finance companies	1,413	771	690	68	59	54	53	59	54	53
16	*Home improvement*	*4,571*	*4,398*	*5,034*	*410*	*381*	*400*	*434*	*463*	*464*	*461*
17	Commercial banks	2,789	2,722	3,036	235	240	242	266	282	276	288
	Revolving credit:										
18	Bank credit cards	17,098	20,428	25,481	2,088	2,152	2,183	2,165	2,198	2,181	2,217
19	Bank check credit	4,227	4,024	4,832	435	401	413	375	413	410	426
20	*All other*	*86,004*	*83,079*	*91,928*	*7,786*	*7,546*	*7,737*	*7,779*	*8,158*	*7,815*	*8,015*
21	Commercial banks, total	18,599	18,944	20,182	1,666	1,661	1,702	1,693	1,777	1,721	1,815
22	Personal loans	13,176	13,386	14,463	1,221	1,174	1,197	1,193	1,286	1,238	1,317
23	Finance companies, total	25,316	22,135	24,014	1,981	1,907	1,970	2,125	2,182	2,072	2,108
24	Personal loans	16,691	17,333	19,610	1,641	1,535	1,607	1,745	1,776	1,696	1,688
25	Credit unions	14,228	13,992	16,911	1,440	1,403	1,338	1,410	1,426	1,389	1,582
26	Retailers	27,034	27,049	29,569	2,650	2,533	2,548	2,463	2,673	2,467	2,480
27	Others	827	959	1,253	50	43	180	87	100	166	30
					Liquidations[1]						
28	**Total**	**151,056**	**156,640**	**169,682**	**14,261**	**13,937**	**14,282**	**14,294**	**14,491**	**14,520**	**14,879**
	By holder:										
29	Commercial banks	68,630	74,280	81,988	6,879	6,739	6,970	6,849	6,947	7,105	7,269
30	Finance companies	34,838	32,099	33,010	2,756	2,597	2,796	2,839	2,831	2,814	2,793
31	Credit unions	19,896	20,913	23,637	1,974	1,964	1,927	1,941	2,070	2,000	2,151
32	Retailers[2]	25,496	26,980	28,393	2,436	2,417	2,365	2,439	2,410	2,369	2,416
33	Others[3]	2,196	2,368	2,654	216	220	224	226	233	232	249
	By type of credit:										
34	*Automobile*	*42,883*	*45,472*	*48,337*	*4,074*	*3,922*	*4,090*	*4,165*	*4,059*	*4,155*	*4,250*
35	Commercial banks	26,915	27,798	28,908	2,432	2,354	2,385	2,470	2,420	2,470	2,517
36	Purchased	15,886	16,101	16,311	1,354	1,357	1,321	1,386	1,363	1,356	1,393
37	Direct	11,029	11,697	12,597	1,077	996	1,064	1,084	1,058	1,114	1,124
38	Finance companies	8,730	8,777	9,590	819	784	874	862	827	829	846
39	Credit unions	6,830	8,463	9,356	783	745	792	791	770	813	843
40	Others	408	434	483	40	39	39	42	42	43	43
	Mobile homes:										
41	Commercial banks	2,854	2,949	2,921	247	251	222	253	233	250	234
42	Finance companies	1,245	844	864	68	68	70	69	74	70	70
43	*Home improvement*	*3,767*	*4,150*	*4,266*	*330*	*362*	*361*	*369*	*390*	*360*	*388*
44	Commercial banks	2,178	2,451	2,620	206	218	216	223	239	221	234
	Revolving credit:										
45	Bank credit cards	15,655	19,208	23,905	1,990	1,981	2,097	2,000	2,074	2,110	2,250
46	Bank check credit	3,684	4,010	4,632	421	374	419	358	386	404	419
47	*All other*	*80,969*	*80,007*	*84,757*	*7,132*	*6,979*	*7,023*	*7,081*	*7,274*	*7,170*	*7,268*
48	Commercial banks, total	17,345	17,864	19,002	1,585	1,560	1,631	1,545	1,594	1,649	1,615
49	Personal loans	12,278	12,528	13,486	1,135	1,104	1,151	1,085	1,125	1,191	1,169
50	Finance companies, total	24,513	22,199	22,491	1,866	1,737	1,844	1,902	1,924	1,909	1,872
51	Personal loans	16,212	16,616	18,248	1,546	1,392	1,501	1,547	1,539	1,535	1,575
52	Credit unions	12,755	12,092	13,855	1,158	1,183	1,098	1,113	1,260	1,150	1,268
53	Retailers	25,496	26,980	28,393	2,436	2,417	2,365	2,439	2,410	2,369	2,416
54	Others	860	872	1,016	87	82	85	82	86	93	96

1 Monthly figures are seasonally adjusted.

2 Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

3 Mutual savings banks, savings and loan associations, and auto dealers.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; half-year figures are at seasonally adjusted annual rates

	Transaction category, or sector	1969	1970	1971	1972	1973	1974	1975	1975 H1	1975 H2	1976 H1	
1	**NONFINANCIAL SECTORS**	93.5	100.7	151.0	176.9	197.6	188.8	210.4	184.2	236.5	242.0	1
2	*Excluding equities*	89.6	94.9	139.6	166.4	190.0	185.0	200.3	173.8	226.9	228.3	2
	By sector and/or instrument:											
3	**U.S. Govt.**	3.7	11.9	24.7	15.2	8.3	12.0	85.2	80.8	89.6	73.8	3
4	Public debt securities	−1.3	12.9	26.0	14.3	7.9	12.0	85.8	82.0	89.7	73.9	4
5	Agency issues and mortgages	−2.4	−1.0	−1.3	1.0	.4	*	−.6	−1.2	−.1	−.1	5
6	**All other nonfinancial sectors**	97.1	88.8	126.3	161.7	189.4	176.8	125.2	103.4	146.9	168.2	6
7	Corporate equities	3.9	5.8	11.5	10.5	7.7	3.8	10.0	10.5	9.6	13.7	7
8	Debt instruments	93.3	83.0	114.8	151.2	181.7	173.0	115.1	93.0	137.3	154.5	8
9	**Private domestic nonfinancial sectors**	93.5	86.1	121.1	157.7	183.1	161.6	112.2	94.9	129.4	152.5	9
10	Corporate equities	3.4	5.7	11.4	10.9	7.9	4.1	9.9	10.3	9.5	13.3	10
11	*Debt instruments*	90.1	80.4	109.7	146.8	175.3	157.5	102.3	84.6	119.9	139.2	11
12	*Debt capital instruments*	52.5	60.2	86.8	102.8	106.7	101.2	101.3	97.5	105.1	111.8	12
13	State and local obligations	9.9	11.2	17.5	15.4	16.3	19.6	17.3	16.2	18.4	18.4	13
14	Corporate bonds	12.0	19.8	18.8	12.2	9.2	19.7	27.2	33.4	21.0	20.7	14
	Mortgages:											
15	Home	18.1	14.4	28.6	42.6	46.4	34.6	40.8	33.5	48.1	54.4	15
16	Multifamily residential	4.9	6.9	9.7	12.7	10.4	7.0	−.1	*	−.2	.9	16
17	Commercial	5.7	7.1	9.8	16.4	18.9	15.1	10.9	8.7	13.1	11.5	17
18	Farm	1.8	.8	2.4	3.6	5.5	5.1	5.2	5.6	4.8	5.9	18
19	*Other debt instruments*	37.6	20.1	22.8	44.0	68.6	56.3	1.0	−12.8	14.8	27.4	19
20	Consumer credit	10.4	5.9	11.6	18.6	21.7	9.8	8.5	1.1	16.0	19.4	20
21	Bank loans n.e.c.	15.5	6.7	6.5	18.1	34.8	26.2	−14.5	−23.5	−5.5	−12.7	21
22	Open market paper	1.8	2.6	−.4	.8	2.5	6.8	−2.2	−.2	−4.2	8.1	22
23	Other	9.9	5.0	5.1	6.5	9.6	13.5	9.1	9.7	8.5	12.6	23
24	*By borrowing sector*	93.5	86.1	121.1	157.7	183.1	161.6	112.2	94.9	129.4	152.5	24
25	State and local governments	10.7	11.3	17.8	15.2	14.8	18.6	14.9	13.9	15.9	16.7	25
26	Households	33.8	25.3	42.1	64.8	73.5	45.2	49.7	39.0	60.4	72.8	26
27	Farm	3.1	2.3	4.5	5.8	9.7	7.9	9.4	9.4	9.4	11.0	27
28	Nonfarm noncorporate	7.5	5.7	10.3	13.1	12.3	6.7	1.2	−.8	3.2	5.2	28
29	Corporate	38.4	41.5	46.4	58.8	72.9	83.1	37.1	33.5	40.6	46.8	29
30	**Foreign**	3.7	2.7	5.2	4.0	6.1	15.3	13.0	8.5	17.4	15.7	30
31	Corporate equities	.5	.1	*	−.4	−.2	−.2	.1	.1	.1	.3	31
32	*Debt instruments*	3.2	2.7	5.2	4.4	6.4	15.5	12.8	8.4	17.3	15.3	32
33	Bonds	1.0	.9	.9	1.0	1.0	2.1	6.2	5.7	6.7	7.6	33
34	Bank loans n.e.c.	−.2	−.3	2.1	3.0	2.8	4.7	4.0	.6	7.4	3.7	4
35	Open market paper	.3	.8	.3	−1.0	.9	7.1	−.1	−1.2	1.0	.8	35
36	U.S. Govt. loans	2.1	1.3	1.8	1.5	1.7	1.6	2.8	3.3	2.2	3.2	36
37	MEMO: U.S. Govt. cash balance	.5	2.8	3.2	−.3	−1.7	−4.6	2.9	.5	5.2	10.8	37
	Totals net of changes in U.S. Govt. cash balance:											
38	Total funds raised	93.0	97.9	147.8	177.2	199.3	193.4	207.5	183.7	231.3	231.2	38
39	By U.S. Govt.	−4.1	9.1	21.6	15.5	9.9	16.6	82.3	80.3	84.4	63.0	39
40	**FINANCIAL SECTORS**	35.2	15.8	17.0	29.1	56.7	43.0	14.8	15.1	14.6	29.7	40
	By instrument:											
41	*U.S. Govt. related*	9.5	9.8	5.9	8.4	19.9	23.1	13.5	14.0	13.1	8.0	41
42	Sponsored credit agencies	9.1	8.2	1.1	3.5	16.3	16.6	2.3	1.4	3.3	3.9	42
43	Mortgage pool securities	.7	1.6	4.8	4.9	3.6	5.8	10.3	11.5	9.2	14.2	43
44	Loans from U.S. Govt.	−.3	......	......	......	......	.7	.9	1.1	.6	*	44
45	*Private financial sectors*	25.8	6.0	11.1	20.7	36.8	19.9	1.3	1.1	1.4	11.7	45
46	Corporate equities	6.3	4.8	3.5	2.8	1.5	1.0	1.2	1.2	1.2	.7	46
47	*Debt instruments*	19.5	1.2	7.6	18.0	35.3	18.9	.1	*	.3	11.0	47
48	Corporate bonds	.8	2.7	3.8	5.1	3.5	2.1	2.9	3.2	2.6	6.1	48
49	Mortgages	.2	.7	2.1	1.7	−1.2	−1.3	2.3	1.2	3.4	1.2	49
50	Bank loans n.e.c.	1.5	*	3.5	6.8	14.0	7.5	−3.9	−4.7	−3.2	−2.8	50
51	Open market paper and Rp's	12.9	−3.5	.9	4.4	11.8	3.9	2.8	7.6	−1.9	8.7	51
52	Loans from FHLB's	4.0	1.3	−2.7	*	7.2	6.7	−4.0	−7.3	−.6	−2.3	52
	By sector:											
53	Sponsored credit agencies	8.8	8.2	1.1	3.5	16.3	17.3	3.2	2.5	4.0	3.9	53
54	Mortgage pools	.7	1.6	4.8	4.9	3.6	5.8	10.3	11.5	9.2	14.2	54
55	*Private financial sectors*	25.8	6.0	11.1	20.7	36.8	19.9	1.3	1.1	1.4	11.7	55
56	Commercial banks	2.4	−2.0	2.4	4.8	8.1	−1.1	1.7	6.4	−3.0	11.3	56
57	Bank affiliates	4.3	−1.9	−.4	.7	2.2	3.5	.3	.9	−.3	−1.3	57
58	Foreign banking agencies	.2	.1	1.6	.8	5.1	2.9	−.3	−.9	.2	−1.5	58
59	Savings and loan associations	4.1	1.8	−.1	2.0	6.0	6.3	−2.1	−7.8	3.6	−.7	59
60	Other insurance companies	.5	.4	.6	.5	.5	.9	.9	.9	1.0	1.0	60
61	Finance companies	7.8	2.6	2.7	6.2	9.4	4.5	.7	−.8	2.1	6.7	61
62	REIT's	1.5	2.2	2.9	6.3	6.5	1.1	−1.9	−1.6	−2.2	−1.9	62
63	Open-end investment companies	4.9	2.8	1.3	−.5	−1.2	−.5	.8	1.5	.1	−1.1	63
64	Money market funds	......	......	......	......	......	2.4	1.3	2.6	*	−.7	64
65	**ALL SECTORS, by instrument**	128.7	116.4	168.1	206.0	254.3	231.8	225.2	199.4	251.1	271.7	65
66	Investment company shares	4.9	2.8	1.3	−.5	−1.2	−.5	.8	1.5	.1	−1.1	66
67	Other corporate equities	5.2	7.7	13.7	13.8	10.4	5.4	10.4	10.2	10.7	15.4	67
68	*Debt instruments*	118.6	105.9	153.1	192.8	245.2	227.0	214.0	187.7	240.3	257.4	68
69	U.S. Govt. securities	6.2	21.7	30.7	23.7	28.3	34.5	98.0	93.6	102.4	91.8	69
70	State and local obligations	9.9	11.2	17.5	15.4	16.3	19.6	17.3	16.2	18.4	18.4	70
71	Corporate and foreign bonds	13.8	23.3	23.5	18.4	13.6	23.9	36.3	42.3	30.3	34.4	71
72	Mortgages	30.7	29.9	52.5	76.8	79.9	60.5	59.0	49.1	69.0	74.1	72
73	Consumer credit	10.4	5.9	11.6	18.6	21.7	9.8	8.5	1.1	16.0	19.4	73
74	Bank loans n.e.c.	16.8	6.3	12.1	27.8	51.6	38.4	−14.4	−27.6	−1.2	−11.8	74
75	Open market paper and Rp's	15.1	−.1	.8	4.1	15.2	17.8	.5	6.2	−5.1	17.7	75
76	Other loans	15.8	7.7	4.2	8.0	18.5	22.5	8.7	6.8	10.7	13.5	76

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.

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, unless noted otherwise; half-year figures are at seasonally adjusted annual rates

Transaction category or sector	1969	1970	1971	1972	1973	1974	1975	1975 H1	1975 H2	1976 H1	
1 **Total funds advanced in credit markets to nonfinancial sectors**	**89.6**	**94.9**	**139.6**	**166.4**	**190.0**	**185.0**	**200.3**	**173.8**	**226.9**	**228.3**	1
By public agencies and foreign											
2 *Total net advances*	*16.5*	*29.2*	*43.4*	*19.8*	*34.2*	*52.7*	*44.2*	*51.9*	*36.6*	*56.2*	2
3 U.S. Govt. securities	.5	15.1	34.4	7.6	9.6	11.9	22.5	32.6	12.4	26.9	3
4 Residential mortgages	5.1	6.5	7.0	7.0	8.2	14.7	16.2	15.9	16.5	11.1	4
5 FHLB advances to S&L's	4.0	1.3	-2.7	*	7.2	6.7	-4.0	-7.3	-.6	-2.3	5
6 Other loans and securities	6.9	6.2	4.6	5.1	9.2	19.5	9.5	10.6	8.3	16.9	6
Totals advanced, by sector											
7 U.S. Govt.	3.1	2.8	2.8	1.8	2.8	9.8	15.1	14.9	15.2	5.9	7
8 Sponsored credit agencies	9.4	11.1	5.2	9.2	21.4	25.6	14.5	15.9	13.2	20.0	8
9 Monetary authorities	4.2	5.0	8.9	.3	9.2	6.2	8.5	7.0	10.1	13.7	9
10 Foreign	-.3	10.3	26.4	8.4	.7	11.2	6.1	14.2	-2.0	13.0	10
11 Agency borrowing not included in line 1	9.5	9.8	5.9	8.4	19.9	23.1	13.5	14.0	13.1	18.0	11
Private domestic funds advanced											
12 *Total net advances*	*82.5*	*75.5*	*102.1*	*155.0*	*175.7*	*155.3*	*169.6*	*135.9*	*203.4*	*193.8*	12
13 U.S. Govt. securities	5.6	6.6	-3.7	16.1	18.7	22.6	75.5	61.0	90.0	64.9	13
14 State and local obligations	9.9	11.2	17.5	15.4	16.3	19.6	17.3	16.2	18.4	18.4	14
15 Corporate and foreign bonds	12.5	20.0	19.5	13.1	10.0	20.9	32.8	38.9	26.7	27.3	15
16 Residential mortgages	17.9	14.7	31.2	48.1	48.5	26.9	24.4	17.7	31.1	44.3	16
17 Other mortgages and loans	40.7	24.3	35.0	62.3	89.3	71.9	15.7	-5.2	36.5	36.6	17
18 LESS: FHLB advances	4.0	1.3	-2.7	*	7.2	6.7	-4.0	-7.3	-.6	-2.3	18
Private financial intermediation											
19 *Credit market funds advanced by private financial institutions*	*57.4*	*77.0*	*109.7*	*149.4*	*163.8*	*126.2*	*116.0*	*97.7*	*134.3*	*139.2*	19
20 Commercial banks	18.6	35.0	50.6	70.5	86.5	64.6	27.6	13.5	41.7	22.1	20
21 Savings institutions	14.6	17.4	39.1	47.2	36.0	27.0	51.0	49.8	52.2	68.0	21
22 Insurance and pension funds	13.3	17.1	14.2	17.8	23.8	30.1	39.3	36.4	42.3	43.9	22
23 Other finance	10.8	7.5	5.9	13.8	17.4	4.5	-1.8	-1.9	-1.8	5.1	23
24 *Sources of funds*	*57.4*	*77.0*	*109.7*	*149.4*	*163.8*	*126.2*	*116.0*	*97.7*	*134.3*	*139.2*	24
25 Private domestic deposits	2.3	60.7	89.4	100.9	86.4	69.4	90.5	90.3	90.6	90.9	25
26 Credit market borrowing	19.5	1.2	7.6	18.0	35.3	18.9	.1	*	.3	11.0	26
27 *Other sources*	*35.6*	*15.1*	*12.6*	*30.5*	*42.1*	*37.8*	*25.4*	*7.4*	*43.4*	*37.3*	27
28 Foreign funds	9.6	-8.1	-3.9	5.3	6.9	14.5	-.4	-5.7	5.0	-.1	28
29 Treasury balances	*	2.9	2.2	.7	1.0	-5.1	-1.7	-3.5	.1	3.5	29
30 Insurance and pension reserves	10.8	13.3	8.6	11.6	18.4	26.0	29.9	27.4	32.5	32.7	30
31 Other, net	15.1	7.1	5.7	12.8	17.8	2.4	-2.4	-10.8	5.9	1.2	31
Private domestic nonfinancial investors											
32 *Direct lending in credit markets*	*44.6*	*.3*	*	*23.6*	*47.2*	*48.0*	*53.7*	*38.1*	*69.4*	*65.6*	32
33 U.S. Govt. securities	17.5	-7.1	-10.8	4.2	19.4	17.9	23.0	5.0	41.0	29.5	33
34 State and local obligations	8.2	-1.3	.5	3.1	7.5	12.2	9.9	10.3	9.6	7.7	34
35 Corporate and foreign bonds	5.4	9.5	8.3	4.2	.9	5.3	10.4	13.6	7.2	6.0	35
36 Commercial paper	10.0	-5.1	-1.1	3.0	12.5	4.6	3.1	3.5	2.7	10.2	36
37 Other	3.6	3.7	3.2	9.1	6.9	8.1	7.3	5.6	8.9	12.2	37
38 *Deposits and currency*	*5.1*	*64.2*	*92.8*	*105.3*	*90.3*	*75.7*	*96.7*	*95.7*	*97.7*	*95.1*	38
39 *Time and saving accounts*	*-2.2*	*55.3*	*79.1*	*83.7*	*76.2*	*67.4*	*84.8*	*75.0*	*94.7*	*82.3*	39
40 Large negotiable CD's	-13.7	15.0	7.7	8.7	18.4	23.6	-9.7	-22.3	2.9	23.5	40
41 Other at commercial banks	3.1	23.6	31.8	29.7	29.4	21.4	35.4	34.4	36.4	39.9	41
42 At savings institutions	8.4	16.6	39.6	45.4	28.4	22.4	59.2	63.0	55.4	66.0	42
43 *Money*	*7.3*	*8.9*	*13.7*	*21.6*	*14.1*	*8.3*	*11.9*	*20.7*	*3.0*	*12.7*	43
44 Demand deposits	4.5	5.4	10.4	17.2	10.2	2.0	5.7	15.3	-4.0	8.5	44
45 Currency	2.8	3.5	3.4	4.4	3.9	6.3	6.2	5.4	7.1	4.2	45
46 **Total of credit market instr., deposits, and currency**	**49.8**	**63.9**	**92.9**	**129.0**	**137.5**	**123.7**	**150.4**	**133.8**	**167.1**	**160.7**	46
47 Private support rate (in per cent)	18.4	30.7	31.1	11.9	18.0	28.5	22.1	29.9	16.1	23.0	47
48 Private financial intermediation (in per cent)	69.5	102.0	107.4	96.4	93.2	81.2	68.4	71.9	66.0	71.8	48
49 Total foreign funds	9.4	2.2	22.5	13.7	7.6	25.7	5.7	8.5	3.0	13.0	49
MEMO: Corporate equities not included above											
50 **Total net issues**	**10.1**	**10.5**	**15.0**	**13.3**	**9.2**	**4.9**	**11.2**	**11.7**	**10.8**	**14.3**	50
51 Mutual fund shares	4.9	2.8	1.3	-.5	-1.2	-.5	.8	1.5	.1	-1.1	51
52 Other equities	5.2	7.7	13.7	13.8	10.4	5.4	10.4	10.2	10.7	15.4	52
53 Acquisitions by financial institutions	13.0	10.6	17.8	15.3	13.3	5.5	8.3	9.2	7.4	11.7	53
54 Other net purchases	-2.9	-.1	-2.9	-2.1	4.1	-.7	2.9	2.4	3.4	2.6	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. Included below in lines 13 and 33. Includes all GNMA-guaranteed security issues backed by mortgage pools.
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.

2.10 SELECTED MEASURES OF NONFINANCIAL BUSINESS ACTIVITY

1967 = 100 ~~except as noted~~; monthly and quarterly data are seasonally adjusted

	Measure	1974	1975	1976p	1976 June	July	Aug.	Sept.	Oct.	Nov.	Dec.p	1977 Jan.e
1	**Industrial production**	**129.3**	**117.8**	**129.8**	**130.1**	**130.7**	**131.3**	**130.8**	**130.4**	**131.7**	**132.8**	**131.5**
	Market groupings:											
2	*Products, total*	*129.3*	*119.3*	*129.3*	*129.5*	*129.8*	*130.3*	*129.7*	*129.6*	*131.6*	*133.6*	*132.5*
3	Final, total	125.1	118.2	127.3	127.6	127.6	128.3	127.4	127.4	129.7	131.7	130.4
4	Consumer goods	128.9	124.0	136.8	137.8	136.8	137.5	136.2	136.9	139.1	141.6	139.5
5	Equipment	120.0	110.2	114.3	113.8	114.9	115.7	115.2	114.4	116.8	118.0	117.9
6	Intermediate	135.3	123.1	136.9	135.9	137.6	137.8	138.7	138.3	139.1	140.2	140.1
7	Materials	132.4	115.5	130.5	131.1	132.2	133.0	132.5	131.6	131.5	131.8	130.2
	Industry groupings:											
8	Manufacturing	129.4	116.3	129.4	130.2	131.0	131.6	130.7	129.9	131.5	132.5	130.9
	Capacity utilization (per cent)[1] in:											
9	Manufacturing	84.2	73.6	80.1	80.5	80.9	81.1	80.4	79.7	80.6	80.9	79.8
10	Industrial materials industries	87.7	73.6	80.3	80.8	81.2	81.6	81.0	80.3	80.1	80.0	79.0
11	Construction contracts[2]	173.9	162.3	190.2	187.0	186.0	186.0	182.0	237.0	186.0	183.0	....
	Nonagricultural employment:[3]											
12	~~Total~~	119.1	116.9	120.6	r120.5	r120.7	r120.9	r121.4	r121.2	r121.6	r122.0	122.3
13	Goods-producing, total	106.2	96.9	100.3	r100.4	r100.3	r100.2	r100.8	r100.2	r100.9	r101.1	101.2
14	Manufacturing, total	103.1	94.3	97.5	97.4	97.4	97.6	98.2	97.4	98.0	98.2	98.7
15	Manufacturing, production-worker	102.1	91.3	95.2	95.2	95.2	95.2	96.1	94.9	95.6	95.8	96.5
16	Service-producing	126.1	127.8	131.7	r131.5	r131.9	r132.2	r132.6	r132.7	r132.9	r133.4	133.8
	Personal income:[4]											
17	Total	184.1	199.4	....	218.7	220.4	221.1	222.1	224.9	226.8	229.9	....
	Wages and salary disbursements:											
18	Total	178.9	188.7	....	206.6	208.8	209.9	211.3	213.2	215.6	217.6	....
19	Manufacturing	157.6	157.9	....	176.1	177.5	178.1	178.9	179.1	182.4	184.0	....
20	Disposable personal income[4]	180.5	198.5	218.1	....	....	217.0	....	....	218.2	....	....
21	Retail sales[5]	171.2	186.1	206.5	206.3	205.4	208.8	206.7	206.7	208.8	212.3	220.6
	Prices:[6]											
22	Consumer	147.7	161.2	170.5	170.1	171.1	171.9	172.6	173.3	173.8	174.3	....
23	Wholesale	160.1	174.1	182.9	183.1	184.3	183.7	184.7	185.2	185.6	187.1	188.0

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 Bureau of Labor Statistics revised these figures back to July 1975.

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).

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	Output (1967 = 100) 1976 Q1	Q2	Q3	Q4[r]	Capacity (per cent of 1967 output) 1976 Q1	Q2	Q3	Q4	Utilization rate (per cent) 1976 Q1	Q2	Q3	Q4[r]
1 **Manufacturing**	**126.7**	**129.4**	**131.1**	**131.3**	**160.4**	**161.3**	**162.3**	**163.2**	**79.0**	**80.2**	**80.8**	**80.4**
2 Primary processing	133.4	136.6	139.3	138.7	166.2	167.5	168.8	170.1	80.2	81.5	82.5	81.6
3 Advanced processing	122.9	125.2	126.3	127.4	157.2	158.0	158.8	159.6	78.2	79.2	79.6	79.8
4 **Materials**	**126.9**	**130.3**	**132.6**	**131.6**	**160.6**	**161.7**	**163.1**	**164.3**	**79.0**	**80.6**	**81.3**	**80.1**
5 Durable goods	120.8	126.1	130.7	128.3	164.4	165.5	166.7	167.8	73.5	76.2	78.4	76.4
6 Basic metal	103.7	110.8	117.1	108.2	142.4	143.1	143.7	144.4	72.8	77.4	81.5	74.9
7 Nondurable goods	145.0	146.9	146.6	147.3	169.4	171.0	172.5	174.1	85.6	85.9	85.0	84.6
8 Textile, paper, and chemical	150.2	151.6	151.2	152.0	176.5	178.3	180.1	182.0	85.1	85.0	84.0	83.5
9 Textile	116.5	115.5	114.4	111.4	138.2	139.0	139.8	140.6	84.3	83.1	81.8	79.3
10 Paper	128.9	132.5	131.9	130.7	144.6	145.7	146.7	147.9	89.1	90.9	89.9	88.4
11 Chemical	173.6	175.3	175.1	178.3	206.2	208.7	211.2	213.7	84.2	84.0	82.9	83.5
12 Energy	119.7	120.0	119.9	120.8	140.3	141.5	142.7	143.9	85.3	84.8	84.0	83.9

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted; exceptions noted

Category	1974	1975[r]	1976	1976 July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.	Dec.	1977 Jan.
				Household survey data						
1 **Noninstitutional population**[1]	**150,827**	**153,449**	**156,048**	**156,142**	**156,367**	**156,595**	**156,788**	**157,006**	**157,176**	**157,381**
2 **Labor force (including Armed Forces)**[1]	**93,240**	**94,793**	**96,917**	**97,329**	**97,498**	**97,387**	**97,449**	**98,020**	**98,106**	**97,649**
3 Civilian labor force	91,011	92,613	94,773	95,189	95,351	95,242	95,302	95,871	95,960	95,516
Employment:										
4 Nonagricultural industries[2]	82,443	81,403	84,188	84,450	84,462	84,516	84,428	84,972	85,184	85,468
5 Agriculture	3,492	3,380	3,297	3,333	3,372	3,278	3,310	3,248	3,257	3,090
Unemployment:										
6 Number	5,076	7,830	7,288	7,406	7,517	7,448	7,564	7,651	7,517	6,958
7 *Rate (per cent of civilian labor force)*	*5.6*	*8.5*	*7.7*	*7.8*	*7.9*	*7.8*	*7.9*	*8.0*	*7.8*	*7.3*
8 **Not in labor force**	**58,655**	**59,130**	**56,971**	**58,813**	**58,869**	**59,208**	**59,339**	**58,986**	**59,071**	**59,732**
				Establishment survey data						
9 **Nonagricultural payroll employment**[3]	**78,413**	**77,050**	**79,443**	**79,513**	**79,618**	**79,918**	**79,819**	**80,106**	**80,322**	**80,553**
10 Manufacturing	20,046	18,347	18,958	18,945	18,979	19,100	18,941	19,065	19,100	19,194
11 Mining	694	745	783	791	752	798	800	805	808	814
12 Contract construction	3,957	3,515	3,593	3,608	3,579	3,565	3,582	3,619	3,606	3,541
13 Transportation and public utilities	4,696	4,499	4,508	4,508	4,501	4,528	4,506	4,519	4,538	4,550
14 Trade	17,017	16,997	17,694	17,737	17,764	17,839	17,824	17,808	17,895	17,975
15 Finance	4,208	4,222	4,315	4,312	4,312	4,338	4,359	4,381	4,402	4,419
16 Service	13,617	14,008	14,645	14,664	14,751	14,798	14,819	14,873	14,918	15,004
17 Government	14,177	15,954	14,947	15,091	15,122	15,095	15,130	15,036	15,055	15,056

[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. 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. From *Employment and Earnings* (U.S. Dept. of Labor).

2.13 INDUSTRIAL PRODUCTION

Unless otherwise noted, figures are indexes (1967 = 100); monthly data are seasonally adjusted

	Grouping	1967 proportion	1976^p average	1975 Nov.	1975 Dec.	1976 Jan.	1976 Aug.	1976 Sept.	1976 Oct.	1976 Nov.	1976 Dec.^p	1977 Jan.^e
							Major market groupings					
1	**Total index**	**100.00**	**129.8**	**123.5**	**124.4**	**125.7**	**131.3**	**130.8**	**130.4**	**131.7**	**132.8**	**131.5**
2	**Products**	**60.71**	129.3	**123.8**	**124.9**	126.0	**130.3**	**129.7**	129.6	131.6	133.6	132.5
3	*Final products*	*47 82*	*127.3*	*122.3*	*123.5*	*123.9*	*128.3*	*127.4*	*127.4*	*129.7*	*131.7*	*130.4*
4	Consumer goods	27.68	136.8	131.1	132.3	133.1	137.5	136.2	136.9	139.1	141.6	139.5
5	Equipment	20.14	114.3	110.0	111.5	111.2	115.7	115.2	114.4	116.8	118.0	117.9
6	Intermediate products	12.89	136.9	129.3	129.9	133.6	137.8	138.7	138.3	139.1	140.2	140.1
7	**Materials**	**39.29**	**130.5**	**123.1**	**123.3**	**125.3**	**133.0**	**132.5**	**131.6**	**131.5**	**131.8**	**130.2**
	Consumer goods											
8	*Durable consumer goods*	*7.89*	*141.5*	*132.5*	*134.0*	*134.7*	*143.7*	*138.4*	*139.4*	*144.5*	*150.5*	*143.5*
9	Automotive products	2.83	154.7	143.2	147.7	142.8	158.4	147.4	148.8	162.2	179.1	162.6
10	Autos and utility vehicles	2.03	149.8	134.7	140.0	133.4	158.2	139.1	137.9	155.2	178.5	155.5
11	Autos	1.90	132.0	120.9	122.8	118.9	137.7	120.9	121.5	139.1	159.8	136.9
12	Auto parts and allied goods	.80	167.2	164.9	167.0	167.4	158.4	168.6	176.6	180.3	180.6	....
13	Home goods	5.06	134.1	126.5	126.4	130.3	135.6	133.3	134.1	134.5	134.5	132.8
14	Appliances, A/C, and TV	1.40	115.7	100.9	101.1	107.8	119.1	111.4	115.8	115.3	111.5	....
15	Appliances and TV	1.33	118.6	103.7	104.4	110.6	121.9	115.1	118.6	117.6	113.8	....
16	Carpeting and furniture	1.07	144.3	144.7	142.0	144.8	145.0	146.3	147.0	145.8	144.5	....
17	Misc. home goods	2.59	139.9	132.9	133.6	136.6	140.7	139.8	138.6	140.4	142.8	....
18	*Nondurable consumer goods*	*19.79*	*134.9*	*130.6*	*131.5*	*132.5*	*134.9*	*135.3*	*135.8*	*136.9*	*136.1*	*138.0*
19	Clothing	4.29	126.6	123.2	123.9	127.4	123.2	123.0	125.9	123.9	....	....
20	Consumer staples	15.50	137.2	132.5	133.6	133.9	138.1	138.7	138.5	140.6	141.9	....
21	Consumer foods and tobacco	8.33	131.0	127.6	127.2	128.5	131.9	133.0	133.2	133.8	134.0	....
22	Nonfood staples	7.17	144.5	138.2	141.0	140.2	145.3	145.4	144.8	148.4	151.0	....
23	Consumer chemical products	2.63	166.4	157.8	159.7	157.3	168.8	169.2	168.3	174.0	176.5	
24	Consumer paper products	1.92	113.3	107.5	113.4	113.3	113.9	111.9	109.9	113.8	116.8	
25	Consumer energy products	2.62	145.3	140.9	142.8	142.4	144.8	145.9	146.9	148.3	150.3	....
26	Residential utilities	1.45	153.1	152.0	152.0	154.5	151.4	....	....	....	....	....
	Equipment											
27	*Business equipment*	*12.63*	*135.9*	*129.6*	*131.6*	*131.0*	*137.7*	*137.5*	*135.9*	*139.6*	*141.7*	*140.9*
28	Industrial equipment	6.77	127.7	123.0	124.5	123.5	128.1	129.8	129.9	130.6	132.0	131.1
29	Building and mining equip.	1.44	177.2	174.9	172.9	171.4	179.8	180.4	180.9	180.1	184.8	....
30	Manufacturing equipment	3.85	106.2	99.9	101.3	101.2	107.2	108.6	107.9	108.9	109.0	....
31	Power equipment	1.47	135.5	132.3	137.6	134.6	132.0	135.6	137.8	139.0	140.8	....
32	Commercial transit, farm equip.	5.86	145.3	137.2	139.7	139.7	148.7	146.1	142.7	150.0	153.0	152.3
33	Commercial equipment	3.26	173.0	159.5	164.4	165.0	176.2	176.8	177.5	179.1	182.8	....
34	Transit equipment	1.93	103.6	102.8	102.9	100.2	106.6	99.3	98.3	107.0	109.4	....
35	Farm equipment	.67	130.6	127.7	125.6	131.5	136.8	131.4	102.0	132.2	134.3	....
36	*Defense and space equipment*	*7.51*	*78.0*	*77.3*	*77.7*	*78.0*	*78.6*	*77.7*	*78.5*	*78.4*	*78.1*	*79.2*
	Intermediate products											
37	Construction supplies	6.42	132.0	123.1	124.1	126.8	134.1	134.3	134.0	134.8	136.3	135.6
38	Business supplies	6.47	141.6	135.4	135.9	140.3	141.5	143.0	142.5	143.3	144.1	....
39	Commercial energy products	1.14	156.6	149.8	147.9	158.1	156.4	156.4	154.0	155.4	157.7	....
	Materials											
40	*Durable goods materials*	*20.35*	*126.5*	*115.2*	*115.5*	*118.3*	*131.4*	*130.0*	*128.5*	*128.3*	*128.0*	*126.1*
41	Durable consumer parts	4.58	121.5	109.3	111.6	111.7	125.1	123.5	119.4	125.3	124.5	....
42	Equipment parts	5.44	133.9	122.3	123.9	125.7	138.0	138.3	138.0	137.9	138.7	....
43	Durable materials n.e.c.	10.34	124.9	114.0	112.9	117.4	130.6	128.4	127.5	124.6	123.8	....
44	Basic metal materials	5.57	110.0	99.5	96.1	101.9	120.0	113.9	112.0	107.3	105.3	....
45	*Nondurable goods materials*	*10.47*	*146.5*	*141.3*	*142.6*	*142.9*	*146.1*	*147.8*	*147.5*	*147.3*	*147.0*	*145.6*
46	Textile, paper, and chem. mat.	7.62	151.3	146.2	147.9	147.5	150.6	152.6	152.5	151.4	152.0	....
47	Textile materials	1.85	114.5	118.4	118.9	117.8	114.9	113.6	112.6	108.8	112.9	....
48	Paper materials	1.62	131.2	124.4	125.9	126.5	132.7	131.0	132.1	131.0	129.0	....
49	Chemical materials	4.15	175.7	167.2	169.5	168.9	173.4	178.2	178.2	178.5	178.3	....
50	Containers, nondurable	1.70	142.5	134.8	136.1	139.0	143.2	143.5	141.7	145.8	142.4	....
51	Nondurable materials n.e.c.	1.14	120.0	118.4	116.7	118.3	121.2	122.8	122.4	122.2	120.5	....
52	Energy materials	8.48	120.1	119.7	118.7	120.6	120.5	119.6	119.6	120.3	122.5	121.0
53	Primary energy	4.65	107.0	110.5	107.3	107.7	107.9	108.4	109.0	107.2	106.6	....
54	Converted fuel materials	3.82	136.0	130.8	132.3	136.3	136.0	133.2	132.7	136.4	141.7	....
	Supplementary groups											
55	Home goods and clothing	9.35	130.7	125.0	125.2	129.9	129.9	128.7	130.3	129.7	130.0	....
56	Energy, total	12.23	128.9	127.1	126.6	128.8	129.0	128.6	128.6	129.6	131.8	131.6
57	Products	3.76	148.7	143.7	144.5	147.2	148.2	149.1	149.1	150.5	152.5	....
58	Materials	8.48	120.1	119.7	118.7	120.6	120.5	119.6	119.6	120.3	122.5	....

For NOTE see opposite page.

2.13 Continued

Grouping	SIC code	1967 proportion	1976p average	1975 Nov.	1975 Dec.	1976 Jan.	1976 Aug.	1976 Sept.	1976 Oct.	1976 Nov.	1976 Dec.p	1977 Jan.e
		Gross value of products in market structure (Annual rates, in billions of 1972 dollars)										
1 **Products, total**	....	1 286.3	550.9	527.1	528.4	531.9	556.4	548.8	549.4	561.0	570.7	562.3
2 *Final products*	....	1 221.4	*426.3*	*409.7*	*410.6*	*410.9*	*431.3*	*422.2*	*423.6*	*434.3*	*443.3*	*435.6*
3 Consumer goods	....	1 156.3	302.9	290.5	292.0	292.3	304.6	300.7	302.2	308.7	314.7	308.3
4 Equipment	....	1 65.3	123.6	119.3	118.9	119.1	126.7	121.7	121.4	125.9	128.6	127.1
5 Intermediate products	....	1 64.9	124.5	117.6	117.9	120.8	125.1	126.6	126.0	127.0	127.4	126.6
		Major industry groupings										
6 *Mining and utilities*	....	*12.05*	*131.8*	*130.5*	*129.2*	*131.8*	*131.8*	*131.9*	*133.1*	*133.0*	*134.5*	*134.0*
7 Mining	....	6.36	114.1	114.2	112.9	113.6	114.4	115.7	116.7	116.2	116.0	112.3
8 Utilities	....	5.69	151.5	148.8	147.2	152.0	151.3	150.1	151.2	151.9	155.2	158.1
9 Electric	....	3.88	168.1	165.5	162.3	167.4	168.5	....	....	....	....	....
10 *Manufacturing*	....	*87.95*	*129.4*	*122.7*	*123.6*	*125.2*	*131.6*	*130.7*	*129.9*	*131.5*	*132.5*	*130.9*
11 Nondurable	....	35.97	140.9	136.2	136.9	138.4	140.9	142.6	142.2	142.8	143.6	142.6
12 Durable	....	51.98	121.4	113.4	114.4	115.8	125.1	122.4	121.5	123.7	124.8	122.8
Mining:												
13 Metal mining	10	.51	122.8	118.1	117.9	122.2	127.5	123.6	127.4	128.1	130.4	....
14 Coal	11, 12	.69	116.7	125.6	109.9	111.2	112.6	121.3	132.3	125.1	123.5	88.8
15 Oil and gas extraction	13	4.40	112.0	112.3	113.1	112.5	112.3	113.3	112.5	112.4	112.9	113.6
16 Stone and earth minerals	14	.75	118.3	112.1	111.5	117.1	119.0	119.2	120.0	121.3	117.9	....
Nondurable manufactures:												
17 Foods	20	8.75	132.1	128.8	128.5	129.2	133.4	135.7	134.7	135.2	135.2	....
18 Tobacco products	21	.67	117.5	118.5	116.0	117.3	114.8	115.4	118.3	119.7	....	....
19 Textile mill products	22	2.68	135.9	141.6	139.0	137.6	135.1	135.7	134.2	132.2	133.4	....
20 Apparel products	23	3.31	125.5	118.3	121.2	123.8	123.7	122.5	126.4	122.1	....	....
21 Paper and products	26	3.21	133.1	127.7	129.5	130.3	134.6	132.1	132.3	132.5	131.7	131.0
22 Printing and publishing	27	4.72	120.6	115.4	118.4	120.0	120.6	120.6	119.2	119.7	121.7	....
23 Chemicals and products	28	7.74	169.5	161.9	163.3	162.9	170.4	170.5	170.6	174.2	175.4	....
24 Petroleum products	29	1.79	132.4	124.9	126.3	125.7	133.8	134.1	130.2	134.1	136.3	137.0
25 Rubber & plastic products	30	2.24	199.3	185.2	185.3	188.4	186.1	212.4	211.1	210.8	211.5	....
26 Leather and products	31	.86	82.0	87.7	83.2	86.0	77.3	77.9	77.2	75.8	73.3	....
Durable manufactures:												
27 Ordnance, pvt. & govt	19, 91	3.64	71.9	70.0	70.1	69.9	73.9	73.2	73.3	73.1	73.2	74.0
28 Lumber and products	24	1.64	125.5	114.1	116.4	123.5	128.1	128.7	130.7	129.8	131.7	....
29 Furniture and fixtures	25	1.37	132.7	128.7	130.3	132.7	134.4	133.0	134.5	134.2	134.8	....
30 Clay, glass, stone prod	32	2.74	135.8	127.5	129.4	128.6	138.1	138.4	138.4	142.1	142.1	....
31 Primary metals	33	6.57	108.0	98.1	92.6	98.1	118.6	114.1	109.9	106.8	102.7	98.5
32 Iron and steel	....	4.21	104.4	96.5	89.1	92.9	116.2	110.3	105.1	103.1	95.8	89.8
33 Fabricated metal prod	24	5.93	123.1	116.3	117.3	116.6	125.8	126.6	123.5	126.0	126.3	....
34 Nonelectrical machinery	35	9.15	134.4	126.6	128.6	129.0	136.4	136.8	134.1	136.9	138.6	....
35 Electrical machinery	36	8.05	131.7	120.1	122.7	124.7	133.3	133.7	135.0	135.8	136.1	....
36 Transportation equip	37	9.27	110.6	104.7	106.7	105.8	115.0	104.4	104.7	113.2	118.6	113.3
37 Motor vehicles & pts	....	4.50	140.7	127.1	130.1	126.7	150.6	130.2	129.3	146.2	156.4	142.8
38 Aerospace & misc. tr. eq	....	4.77	82.3	83.6	84.7	86.1	81.5	80.1	81.4	82.0	83.0	85.4
39 Instrument	38	2.11	148.0	136.4	140.9	142.0	149.6	148.7	150.3	150.4	153.1	....
40 Miscellaneous mfrs	39	1.51	143.4	137.6	137.3	139.5	142.1	143.8	142.2	143.7	146.2	....

1 1972 dollars.

NOTE.—Published groupings include some series and subtotals not shown separately. For summary description and historical data, see BULLETIN for June 1976, pp. 470–79. Availability of detailed descriptive and historical data will be announced in a forthcoming BULLETIN.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at annual rates except as noted

Item	1974	1975	1976	1976 June	July	Aug.	Sept.	Oct.	Nov.	Dec.p
				Private residential real estate activity (thousands of units; monthly figures, seasonally adjusted; exceptions noted)						
NEW UNITS										
1 *Permits authorized*	*1,074*	*939*	*1,282*	*1,150*	*1,215*	*1,296*	*1,504*	*1,492*	*1,590*	*1,513*
2 1-family	644	676	894	829	870	874	926	998	1,072	1,036
3 2-or-more-family	431	264	388	321	345	422	578	494	518	477
4 *Started*	*1,338*	*1,160*	*1,540*	*1,510*	*1,382*	*1,537*	*1,840*	*1,814*	*1,716*	*1,940*
5 1-family	888	892	1,163	1,139	1,123	1,171	1,280	1,337	1,237	1,323
6 2-or-more-family	450	269	377	371	259	366	560	477	479	617
7 *Under construction, end of period*	*1,189*	*1,003*	....	*1,064*	*1,063*	*1,074*	*1,107*	*1,141*	*1,168*	....
8 1-family	516	531	....	609	615	622	641	665	678	....
9 2-or-more-family	673	472	....	455	448	452	466	477	489	....
10 *Completed*	*1,692*	*1,297*	....	*1,373*	*1,307*	*1,401*	*1,387*	*1,314*	*1,445*	....
11 1-family	931	866	....	1,052	1,038	1,094	1,017	976	1,104	....
12 2-or-more-family	760	430	....	321	269	307	370	338	341	....
13 Mobile homes shipped	329	213	250	233	224	252	255	277	251	251
Merchant builder activity in 1-family units:										
14 Number sold	501	544	....	589	606	640	744	729	696	....
15 Number for sale, end of period	407	383	....	406	411	406	415	419	430	....
Price (thous. of dollars)[1]										
Median:										
16 Units sold	35.9	39.3	....	46.1	44.6	44.2	44.8	45.5	46.1	....
17 Units for sale	36.2	38.9	....	40.5	40.7	40.8	40.9	41.0	41.2	....
Average:										
18 Units sold	38.9	42.6	....	49.2	48.0	48.5	48.2	50.5	50.2	51.0
EXISTING UNITS (1-family)										
19 Number sold	2,272	2,452	2,998	2,990	2,900	3,070	3,330	3,290	3,320	3,560
Price of units sold (thous. of dollars):[1]										
20 Median	32.0	35.3	38.1	38.6	38.9	39.4	38.7	38.5	38.8	39.0
21 Average	35.8	39.0	42.2	41.9	43.2	43.4	42.7	42.4	42.9	43.3
				Value of new construction[2] (millions of dollars; monthly figures, seasonally adjusted)						
[illegible] CONSTRUCTION										
22 **Total put in place**	**138,526**	**132,043**	**144,458**	**145,403**	**141,055**	**142,031**	**146,281**	**146,805**	**150,478**	**151,580**
23 *Private*	*100,179*	*93,034*	*108,012*	*106,487*	*104,288*	*104,682*	*108,650*	*112,833*	*116,409*	*117,662*
24 Residential	50,378	46,476	59,437	58,685	57,176	55,427	58,701	63,428	66,413	68,378
25 Nonresidential, total	49,801	46,558	48,575	47,802	47,112	49,255	49,949	49,405	49,996	49,284
Buildings:										
26 Industrial	7,902	8,017	6,915	6,738	6,097	6,902	6,894	6,407	6,461	6,501
27 Commercial	15,945	12,804	12,561	12,006	12,574	12,984	12,786	12,560	12,522	12,552
28 Other	5,797	5,585	6,268	6,229	6,178	6,689	6,669	6,489	6,677	6,701
29 Public utilities and other	20,157	20,152	22,831	22,829	22,263	22,680	23,600	23,949	24,336	23,530
30 *Public*	*38,347*	*39,009*	*36,446*	*38,916*	*36,767*	*37,349*	*37,631*	*33,972*	*34,069*	*33,918*
31 Military	1,188	1,391	1,479	1,368	1,448	1,450	1,352	1,467	1,622	1,567
32 Highway	12,069	10,345	8,616	10,292	8,297	9,596	8,856	8,738	7,830	....
33 Conservation and development	2,741	3,227	3,370	3,674	3,573	3,618	4,281	2,976	4,112	....
34 Other	22,349	24,046	20,548	23,582	23,449	22,685	23,142	20,791	20,505	....

1 Not seasonally adjusted.

2 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 WHOLESALE PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	12 months to— 1975 Dec.	12 months to— 1976 Dec.	3 months (at annual rate) to— 1976 Mar.	1976 June	1976 Sept.	1976 Dec.	1 month to— 1976 Aug.	1976 Sept.	1976 Oct.	1976 Nov.	1976 Dec.	Index level Dec. 1976 (1967 = 100)[1]
						Consumer prices						
1 **All items**	**7.0**	**4.8**	**2.9**	**6.1**	**5.8**	**4.2**	.5	.4	.3	.3	.4	**174.3**
2 *Commodities*	*6.3*	*3.3*	*−1.2*	*6.3*	*4.7*	*3.6*	*.5*	*.2*	*.3*	*.2*	*.4*	*168.1*
3 Food	6.5	0.6	−7.9	7.2	1.8	1.1	.3	....	.3	−.2	.2	181.7
4 Commodities less food	6.2	5.1	2.9	5.6	6.6	5.4	.6	.4	.4	.4	.5	160.6
5 Durable	7.6	6.1	6.9	6.5	5.8	5.2	.5	.4	.3	.4	.6	158.4
6 Nondurable	5.2	4.4	.8	4.7	7.3	5.1	.8	.4	.4	.5	.4	162.3
7 *Services*	*8.1*	*7.3*	*10.6*	*6.2*	*7.1*	*5.4*	*.6*	*.5*	*.5*	*.4*	*.4*	*185.8*
8 Rent	5.2	5.5	5.5	5.1	5.4	5.9	.3	.5	.5	.4	.5	148.3
9 Services less rent	8.6	7.6	11.7	6.2	7.3	5.4	.5	.6	.6	.4	.4	192.6
Other groupings:												
10 All items less food[1]	7.1	6.2	5.3	7.0	7.4	5.3	.6	.7	.5	.5	.3	172.2
11 All items less shelter[1]	6.9	4.9	3.0	6.9	5.6	4.3	.4	.4	.4	.4	.3	172.2
12 Homeownership[1]	7.9	3.8	1.9	4.3	8.0	1.2	.6	.5	.2	....	.1	195.0
						Wholesale prices						
13 **All commodities**	**4.2**	**4.7**	**−1.8**	**6.6**	**4.7**	**9.0**	−.1	.9	.6	.6	.9	**187.1**
14 *Farm products, and processed foods and feeds*	*−.3*	*−1.1*	*−15.8*	*18.0*	*−11.0*	*7.9*	*−2.9*	*1.0*	*−.9*	*.2*	*2.7*	*183.9*
15 Farm products	5.5	1.1	−21.0	22.1	−8.3	8.0	−2.9	1.9	−1.2	−.5	3.7	191.6
16 Processed foods and feeds	−3.8	−1.1	−12.4	15.6	−12.5	7.7	−2.9	.5	−.7	.6	2.0	179.0
17 *Industrial commodities*	*6.0*	*6.4*	*3.2*	*3.6*	*9.6*	*8.9*	*.7*	*.9*	*1.0*	*.8*	*.3*	*187.4*
Materials, supplies, and components of which:												
18 Crude materials[2]	4.5	13.5	1.9	17.3	14.4	21.3	.1	−.5	4.0	2.3	−1.3	262.3
19 Intermediate materials[3]	5.4	6.3	3.7	3.3	9.3	9.3	.7	1.0	.7	.8	.7	194.1
Finished goods, excluding foods:												
20 Consumer	6.7	4.8	.5	2.3	10.1	6.8	.6	1.1	.7	.7	.2	165.9
21 Durable	5.1	3.9	3.4	1.1	5.1	6.2	.3	1.0	1.0	.5	.1	147.8
22 Nondurable	7.6	5.4	−.9	2.6	13.3	7.2	.9	1.1	.7	.7	.4	178.0
23 Producer	8.2	6.5	6.8	3.3	5.7	10.0	.2	.8	1.4	.2	.7	178.9
24 MEMO: Consumer foods	5.5	−2.5	−20.5	16.8	−12.2	11.7	−2.2	.7	−.4	.8	2.4	180.9

1 Not seasonally adjusted.
2 Excludes crude foodstuffs and feedstuffs, plant and animal fibers, oilseeds, and leaf tobacco.
3 Excludes intermediate materials for food manufacturing and manufactured animal feeds.
SOURCE.—Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted

	Account	1974	1975	1976p	1975 Q3	1975 Q4	1976 Q1	1976 Q2	1976 Q3	1976 Q4p
						Gross national product				
1	**Total**	**1,413.2**	**1,516.3**	**1,692.4**	**1,548.7**	**1,588.2**	**1,636.2**	**1,675.2**	**1,708.9**	**1,748.5**
	By source:									
2	*Personal consumption expenditures*	*887.5*	*973.2*	*1,078.6*	*987.3*	*1,012.0*	*1,043.6*	*1,064.7*	*1,088.5*	*1,117.5*
3	Durable goods	121.6	131.7	156.3	136.0	141.8	151.4	155.0	157.6	161.2
4	Nondurable goods	376.2	409.1	440.3	414.6	421.6	429.1	434.8	441.8	455.5
5	Services	389.6	432.4	482.0	436.7	448.6	463.2	474.9	489.1	500.8
6	*Gross private domestic investment*	*215.0*	*183.7*	*241.2*	*197.7*	*201.4*	*229.6*	*239.2*	*247.0*	*249.0*
7	Fixed investment	204.3	198.3	227.7	198.6	205.7	214.7	223.2	231.9	241.1
8	*Nonresidential*	*149.2*	*147.1*	*160.0*	*146.1*	*148.7*	*153.4*	*157.9*	*163.0*	*165.5*
9	Structures	54.1	52.0	55.4	51.8	52.1	53.2	54.9	56.0	57.5
10	Producers' durable equipment	95.1	95.1	104.5	94.2	96.6	100.2	103.0	107.0	108.0
11	Residential structures	55.1	51.2	67.8	52.6	57.0	61.3	65.3	68.9	75.6
12	Nonfarm	52.7	49.0	65.1	50.2	54.2	58.6	62.9	66.3	72.7
13	Change in business inventories	10.7	−14.6	13.5	2.0	−4.3	14.8	16.0	15.1	7.9
14	Nonfarm	12.2	−17.6	13.6	4.2	−9.5	12.7	17.3	15.6	8.9
15	*Net exports of goods and services*	*7.5*	*20.5*	*6.9*	*21.4*	*21.0*	*8.4*	*9.3*	*r4.7*	*5.2*
16	Exports	144.4	148.1	161.9	148.2	153.7	154.1	160.3	r167.7	165.6
17	Imports	136.9	127.6	155.1	126.8	132.7	145.7	151.0	r163.0	160.4
18	*Govt. purchases of goods and services*	*303.3*	*339.0*	*365.8*	*343.2*	*353.8*	*354.7*	*362.0*	*369.6*	*376.8*
19	Federal	111.6	124.4	133.4	124.6	130.4	129.2	131.2	134.5	138.9
20	State and local	191.6	214.5	232.3	218.6	223.4	225.5	230.9	235.0	238.0
	By major type of product:									
21	Final sales, total	1,402.5	1,531.0	1,679.0	1,550.6	1,592.5	1,621.4	1,659.2	r1,694.7	1,742.6
22	*Goods, total*	*639.7*	*681.7*	*761.5*	*703.5*	*719.7*	*742.3*	*758.4*	*766.1*	*779.2*
23	Durable goods	247.2	254.4	301.7	265.0	270.0	282.7	301.2	308.2	314.8
24	Nondurable	392.4	427.3	459.8	438.4	449.7	459.6	457.1	457.9	464.1
25	Services	626.6	692.5	771.3	700.2	719.5	742.6	759.6	r781.5	801.4
26	Structures	146.9	142.1	159.7	145.0	149.1	151.3	157.3	162.2	168.0
27	Change in business inventories	10.7	14.6	13.5	2.0	4.3	14.8	16.0	15.1	7.9
28	Durable goods	7.1	12.1	4.3	−7.0	−10.6	−3.6	5.4	6.8	8.5
29	Nondurable goods	3.6	−2.6	9.2	5.0	6.3	18.5	10.6	8.3	.5
	MEMO:									
30	**Total GNP in 1972 dollars**	**1,214.0**	**1,191.7**	**1,265.0**	**1,209.3**	**1,219.2**	**1,246.3**	**1,260.0**	**r1,272.2**	**1,281.5**
						National income				
31	**Total**	**1,135.7**	**1,207.6**	**1,349.4**	**1,233.4**	**1,264.6**	**1,304.7**	**1,337.4**	**1,362.5**	....
32	Compensation of employees	875.8	928.8	1,028.4	935.2	963.1	994.4	1,017.2	1,037.5	1,064.5
33	*Wages and salaries*	*764.5*	*806.7*	*890.4*	*811.7*	*836.4*	*861.5*	*881.1*	*897.8*	*921.0*
34	Government and Government enterprises	160.4	175.8	190.7	177.3	182.2	185.4	188.7	191.7	197.0
35	Other	604.1	630.8	699.7	634.4	654.1	676.1	692.4	706.1	724.0
36	*Supplement to wages and salaries*	*111.3*	*122.1*	*138.0*	*123.5*	*126.7*	*132.9*	*136.2*	*139.6*	*143.5*
37	Employer contributions for social insurance	55.8	59.7	67.9	60.2	61.6	65.9	67.1	68.6	70.2
38	Other labor income	55.5	62.5	70.1	63.3	65.2	67.1	69.0	71.1	73.3
39	*Proprietors' income*[1]	*86.9*	*90.2*	*96.7*	*95.5*	*97.2*	*93.2*	*100.3*	*96.1*	*97.1*
40	Business and professional[1]	61.1	65.3	73.8	66.3	69.0	71.4	72.8	74.4	76.8
41	Farm[1]	25.8	24.9	22.8	29.2	28.3	21.9	27.5	21.7	20.3
42	Rental income of persons[2]	r21.0	r22.4	r23.5	r22.1	r22.9	r23.3	r23.1	r23.4	24.3
43	Corporate profits[1]	84.8	91.6	118.1	105.3	105.6	115.1	116.4	122.0	....
44	Profits before tax[3]	127.6	114.5	148.8	126.9	131.3	141.1	146.2	150.2	....
45	Inventory valuation adjustment	−39.8	−11.4	−14.6	−9.0	−12.3	−11.5	−14.4	−12.6	−20.0
46	Capital consumption adjustment	−3.0	−11.5	−15.5	−12.6	13.5	−14.5	−15.4	−15.7	−16.4
47	Net interest	67.1	74.6	82.1	74.9	75.8	78.6	80.3	83.5	86.0

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	1974	1975	1976p	1975 Q3	1975 Q4	1976 Q1	1976 Q2	1976 Q3	1976 Q4p
					Personal income and saving				
1 **Total personal income**	**1,153.3**	**1,249.7**	**1,375.4**	**1,265.5**	**1,299.7**	**1,331.3**	**1,362.0**	**1,386.0**	**1,422.1**
2 *Wage and salary disbursements*	*765.0*	*806.7*	*890.4*	*811.7*	*836.4*	*961.5*	*881.1*	*897.8*	*921.0*
3 Commodity-producing industries	273.9	275.3	304.8	272.2	285.8	295.3	302.9	307.0	314.0
4 Manufacturing	211.4	211.7	237.0	212.5	220.3	229.6	235.6	238.9	243.8
5 Distributive industries	184.4	195.6	214.9	196.8	202.3	208.3	212.8	216.5	221.8
6 Service industries	145.9	159.9	180.0	161.3	166.1	172.4	176.7	182.7	188.3
7 Government and government enterprises	160.9	175.8	190.7	177.3	182.2	185.4	188.7	191.7	197.0
8 Other labor income	55.5	62.5	70.1	63.3	65.2	67.1	69.0	71.1	73.3
9 *Proprietors' income*[1]	*86.9*	*90.2*	*96.7*	*95.5*	*97.2*	*93.2*	*100.3*	*96.1*	*97.1*
10 Business and professional[1]	61.1	65.3	73.8	66.3	69.0	71.4	72.8	74.4	76.8
11 Farm[1]	25.8	24.9	22.8	29.2	28.3	21.9	27.5	21.7	20.3
12 Rental income of persons[2]	21.0	22.4	23.5	22.4	22.9	23.3	23.1	23.4	24.3
13 Dividends	30.8	32.1	35.1	32.6	32.2	33.1	34.4	35.4	37.7
14 Personal interest income	101.4	110.7	123.1	111.0	114.4	118.0	120.7	125.0	128.7
15 Transfer payments	140.3	175.2	191.3	179.1	182.5	188.6	187.6	192.4	196.6
16 Old-age survivors, disability, and health insurance benefits	70.1	81.4	93.0	84.7	86.3	88.1	89.5	95.8	98.4
17 LESS: Personal contributions for social insurance	47.6	50.0	54.9	50.1	51.0	53.4	54.3	55.2	56.6
18 EQUALS: Personal income	1,153.3	1,249.7	1,375.4	1,265.5	1,299.7	1,331.3	1,362.0	1,386.0	1,422.1
19 LESS: Personal tax and nontax payments	170.4	168.8	193.6	174.0	197.8	183.8	189.5	195.8	205.3
20 EQUALS: Disposable personal income	982.9	1,080.9	1,187.8	1,091.5	1,119.9	1,147.6	1,172.5	1,190.2	1,216.9
21 LESS: Personal outlays	910.7	996.9	1,104.0	1,011.1	1,036.2	1,068.0	1,089.6	1,114.3	1,144.0
22 EQUALS: Personal saving	72.2	84.0	77.8	80.5	83.7	79.5	82.9	75.8	72.9
MEMO:									
Per capita, 1972 dollars:									
23 Gross national product	3,968	4,007	4,141	4,009	4,049	4,103	4,143	4,142	4,171
24 Personal consumption expenditures	887.5	973.2	1,078.6	987.3	1,012.0	1,043.6	1,064.7	1,088.5	1,117.5
25 Disposable personal income	840.8	855.5	890.7	857.1	867.5	880.4	890.5	892.0	900.2
26 Saving rate (per cent)	7.3	7.8	6.6	7.4	7.5	6.9	7.1	6.4	6.0
					Gross saving				
27 **Gross private saving**	**211.6**	**255.6**	**276.4**	**262.7**	**269.4**	**273.8**	**279.1**	**278.6**	....
28 Personal saving	72.2	84.0	77.8	80.5	83.7	79.5	82.9	75.8	72.9
29 Undistributed corporate profits[1]	1.7	10.3	18.8	17.9	16.2	20.6	18.5	r21.5	....
30 Corporate inventory valuation adjustment	-39.8	-11.4	-14.6	-9.0	-12.3	-11.5	-14.4	-12.6	-20.0
Capital consumption allowances:									
31 Corporate	84.6	100.9	112.8	103.1	106.4	108.8	111.6	113.9	116.9
32 Noncorporate	53.1	60.4	67.0	61.3	63.2	64.8	66.1	67.7	69.3
33 Wage accruals less disbursements	....	....	....	....	....	....	....	....	....
34 *Government surplus, or deficit (−), national income and product accounts*	*-4.2*	*-64.4*	*-44.5*	*-58.1*	*-61.5*	*-51.6*	*-44.9*	*r-44.7*	....
35 Federal	-11.5	-71.2	-58.3	-66.0	-69.4	-63.8	-54.1	r-57.4	....
36 State and local	7.3	6.9	13.9	7.9	7.9	12.2	9.2	12.7	....
37 Capital grants received by the United States, net	-2.0	....	....	....	....	....	....	....	....
38 *Investment*	*211.9*	*195.6*	*239.5*	*209.8*	*214.0*	*229.4*	*240.0*	*r242.9*	*245.8*
39 Gross private domestic	215.0	183.7	241.2	196.7	201.4	229.6	239.2	247.0	249.0
40 Net foreign	-3.0	11.9	-1.7	13.1	12.6	-.2	.8	r-4.1	-3.2
41 Statistical discrepancy	6.8	4.4	7.6	5.1	6.1	7.2	5.8	r8.7	....

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	1973	1974	1975	1975		1976		
					Q3	Q4	Q1	Q2	Q3
1	Merchandise exports	71,410	98,310	107,088	26,562	27,657	26,836	28,428	29,581
2	Merchandise imports	70,499	103,679	98,058	24,483	25,437	28,510	29,771	32,614
3	Merchandise trade balance [2]	911	−5,369	9,030	2,079	2,220	−1,674	−1,343	−3,033
4	Military transactions, net	−2,287	−2,083	−883	−115	12	−5	−146	366
5	Investment income, net	5,178	10,227	6,007	1,682	1,670	2,279	2,460	2,712
6	Other service transactions, net	102	812	2,163	619	455	458	765	824
7	**Balance on goods and services [3]**	**3,905**	**3,586**	**16,316**	**4,265**	**4,357**	**1,058**	**1,736**	**869**
8	*Unilateral transfers*	*−3,883*	*−7,185*	*−4,620*	*−1,044*	*−1,251*	*−1,118*	*−920*	*−1,925*
9	Remittances, pensions, and other transfers	−1,945	−1,710	−1,727	−429	−433	−483	−452	−464
10	U.S. Govt. grants (excluding military)	−1,938	−5,475	−2,893	−615	−818	−635	−468	−1,461
11	**Balance on current account**	**22**	**−3,598**	**11,697**	**3,221**	**3,106**	**−60**	**816**	**−1,056**
12	*Not seasonally adjusted*	....	....	....	*513*	*4,305*	*1,479*	*771*	*−4,033*
13	U.S. Govt. capital transactions, other than official reserve assets, net (outflow,−)	−1,492	1,089	−1,731	−401	−453	798	−212	301
14	*Change in U.S. official reserve assets (increase,−)*	*209*	*−1,434*	*−607*	*−342*	*89*	*−773*	*−1,578*	*−407*
15	Gold	....	....	....	....	....	....	....	....
16	SDR's	9	−172	−66	−25	−21	−45	14	−18
17	Reserve position in IMF	−33	−1,265	−466	−95	−57	−237	−798	−716
18	Foreign currencies	233	3	−75	−222	167	−491	−794	327
19	**Change in U.S. private assets abroad (increase,−)**	**−13,998**	**−32,323**	**−27,523**	**−3,297**	**−10,375**	**−8,550**	**−7,288**	**−7,040**
20	*Bank-reported claims*	*−5,980*	*−19,494*	*−13,487*	*−617*	*−5,348*	*−3,582*	*−4,767*	*−3,339*
21	Long-term	−933	−1,183	−2,373	−608	−943	−250	−385	−989
22	Short-term	−5,047	−18,311	−11,114	−9	−4,405	−3,332	−4,382	−2,350
23	*Nonbank-reported claims*	*−2,378*	*−3,221*	*−1,522*	*−972*	*−972*	*−751*	*−962*	*350*
24	Long-term	−396	−474	−441	−139	−379	−187	146	21
25	Short-term	−1,982	−2,747	−1,081	−833	−593	−564	−1,108	329
26	U.S. purchase of foreign securities, net	−671	−1,854	−6,206	−938	−2,361	−2,460	−1,357	−2,806
27	U.S. direct investments abroad, net	−4,968	−7,753	−6,307	−770	−1,694	−1,757	−202	−1,245
28	*Change in foreign official assets in the United States (increase,+)*	*5,145*	*10,257*	*5,166*	*−1,977*	*2,272*	*2,460*	*3,308*	*1,258*
29	U.S. Treasury securities	114	3,282	4,338	−2,847	1,069	1,998	2,166	1,261
30	Other U.S. Govt. obligations	582	902	891	25	307	68	316	66
31	Other U.S. liabilities reported by U.S. banks	4,126	5,818	−2,158	320	134	−275	135	−595
32	Other foreign official assets	323	254	2,095	525	762	669	691	526
33	**Change in foreign private assets in the United States (increase,+)**	**12,220**	**21,452**	**8,427**	**4,313**	**3,103**	**1,454**	**3,225**	**5,458**
34	*U.S. bank-reported liabilities*	*4,702*	*16,017*	*647*	*1,639*	*691*	*675*	*3,518*	*1,719*
35	Long-term	227	9	−300	−114	146	−91	−25	67
36	Short-term	4,475	16,008	947	1,753	545	766	3,543	1,652
37	*U.S. nonbank-reported liabilities*	*1,035*	*1,615*	*171*	*−141*	*−68*	*24*	*−248*	*−141*
38	Long-term	298	−212	345	−99	10	−332	−188	−215
39	Short-term	737	1,827	−174	−42	−78	356	−60	74
40	Foreign private purchases of U.S. Treasury securities, net	−214	697	2,667	2,125	213	453	−598	3,020
41	Foreign purchases of other U.S. securities, net	4,041	378	2,505	738	1,038	1,030	131	77
42	Foreign direct investments in the United States, net	2,656	2,745	2,437	−48	1,229	−728	422	784
43	Allocations of SDR's	....	....	....	....	....	....	....	....
44	*Discrepancy*	*−2,107*	*4,557*	*4,570*	*−1,517*	*2,258*	*4,671*	*1,729*	*1,485*
45	Owing to seasonal adjustments	....	....	....	−2,561	1,275	1,349	−76	−2,829
46	Statistical discrepancy in recorded data before seasonal adjustment	−2,107	4,557	4,570	1,044	983	3,322	1,805	4,314
	MEMO:								
	Changes in official assets:								
47	U.S. official reserve assets (increase,−)	209	−1,434	−607	−342	89	−773	−1,578	−407
48	Foreign official assets in the U.S. (increase,+)	5,145	10,257	5,166	−1,977	2,272	2,460	3,308	1,258
49	Transfers under military grant programs (excluded from lines 1, 4, and 10 above)	2,809	1,817	2,232	56	177	50	99	156

1 Seasonal factors are no longer calculated for capital transactions—lines 14 through 49.

2 Adjusted to a balance of payments basis; among other adjustments, excludes military transactions and includes imports into the Virgin Islands.

3 Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition excludes special military sales from exports and U.S. Govt. interest payments from imports.

NOTE.—Data are from Bureau of Economic Analysis, *Survey of Current Business* (U.S. Dept. of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data, are seasonally adjusted

Item	1974	1975	1976	1976 June^r	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	97,908	107,130	114,807	9,713	r10,011	r9,687	9,872	9,728	9,625	10,515
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	r100,252	r96,115	120,677	10,095	10,849	10,446	r10,650	r10,406	10,531	11,066
3 **Trade balance**	**r-2,344**	**+11,014**	**-5,870**	**-382**	**r-838**	**r-759**	**r-778**	**r-678**	**-906**	**-551**

NOTE.—Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Before 1974 imports were reported on a customs import value basis. For calendar year 1974 the f.a.s. import value was $100.3 billion, about 0.7 per cent less than the corresponding customs import value. The international-accounts-basis data shown in Table 3.10 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.—U.S. Dept. of Commerce, Bureau of the Census, Summary of U.S. Export and Import Merchandise Trade (FT 900).

3.12 U.S. RESERVE ASSETS

Millions of dollars; end of period

Type of asset	1973	1974	1975	1976 July	Aug.	Sept.	Oct.	Nov.	Dec.	1977 Jan.
1 **Total**	**[3] 14,378**	**15,883**	**16,226**	**18,246**	**18,586**	**18,945**	**19,013**	**19,416**	**18,747**	**[4] 19,087**
2 Gold stock, including Exchange Stabilization Fund [1]	[3] 11,652	11,652	11,599	11,598	11,598	11,598	11,598	11,598	11,598	11,658
3 Special Drawing Rights [2]	[3] 2,166	2,374	2,335	2,318	2,325	2,357	2,352	2,365	2,395	[4] 2,375
4 Reserve position in International Monetary Fund	[3] 552	1,852	2,212	3,466	3,818	3,952	3,997	4,307	4,434	[4] 4,682
5 Convertible foreign currencies	8	5	80	864	845	1,038	1,066	1,146	320	372

1 Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see 3.24.

2 Includes allocations by the International Monetary Fund 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 Change in par value of U.S. dollar on Oct. 18, 1973 increased total reserve assets by $1,436 million, gold stock by $1,165 million, SDR's by $217 million, and reserve position in IMF by $54 million.

4 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 January amounted to $19,309; SDR holdings, $2,482; and reserve position in IMF, $4,797.

3.13 SELECTED U.S. LIABILITIES TO FOREIGNERS

Millions of dollars; end of period

Holder, and type of liability	1973	1974 Dec.[9]	1974 Dec.[9]	1975	1976 July	1976 Aug.	1976 Sept.	1976 Oct.	1976 Nov.[p]	1976 Dec.[p]
1 **Total**	**92,490**	**119,240**	**119,164**	**126,558**	**139,169**	**138,743**	**140,788**	**143,711**	**144,677**	**151,037**
2 Foreign countries	90,487	115,918	115,842	120,926	132,430	131,693	133,032	136,081	136,451	142,618
3 *Official institutions*[1]	*66,861*	*76,801*	*76,823*	*80,681*	*85,924*	*86,716*	*86,076*	*86,815*	*87,679*	*91,797*
4 Short-term, reported by banks in the United States.[2]	43,923	53,057	53,079	49,513	50,474	51,249	49,657	49,017	49,216	53,457
U.S. Treasury bonds and notes:										
5 Marketable[3]	5,701	5,059	5,059	6,671	9,519	9,835	10,800	11,027	11,367	11,788
6 Nonmarketable[4]	15,564	16,339	16,339	19,976	20,151	19,801	19,803	20,876	21,131	20,648
7 Other readily marketable liabilities[5]	1,673	2,346	2,346	4,521	5,780	5,831	5,816	5,895	5,965	5,904
Commercial banks abroad										
8 Short-term reported by banks in the United States[2,6]	17,694	30,314	30,106	29,516	34,743	32,828	34,610	36,940	35,527	37,309
9 *Other foreigners*	*5,932*	*8,803*	*8,913*	*10,729*	*11,763*	*12,149*	*12,346*	*12,326*	*13,245*	*13,512*
10 Short-term, reported by banks in the United States[2]	5,502	8,305	8,415	10,028	10,932	11,238	11,475	11,399	12,275	12,536
11 Marketable U.S. Treasury bonds and notes[1,7]	430	498	498	701	831	911	871	927	970	976
12 Nonmonetary international and regional organizations[8]	2,003	3,322	3,322	5,632	6,739	7,050	7,756	7,630	8,226	8,419
13 Short-term, reported by banks in the United States[2]	1,955	3,171	3,171	5,301	5,671	5,649	5,965	5,102	5,505	5,391
14 Marketable U.S. Treasury bonds and notes[3]	48	151	151	331	1,068	1,401	1,791	2,528	2,721	3,028

1 Includes Bank for International Settlements.
2 Includes Treasury bills as shown in Table 3.15.
3 Derived by applying reported transactions to benchmark data.
4 Excludes notes issued to foreign official nonreserve agencies.
5 Includes long-term liabilities reported by banks in the United States and debt securities of U.S. Federally sponsored agencies and U.S. corporations.
6 Includes short-term liabilities payable in foreign currencies to commercial banks abroad and to other foreigners.
7 Includes marketable U.S. Treasury bonds and notes held by commercial banks abroad and other foreigners.
8 Principally the International Bank for Reconstruction and Development and the Inter-American and Asian Development Banks.
9 Data in the two columns shown for this date differ because of changes in reporting coverage. Figures in the first column are comparable in coverage with those for the preceding date; figures in the second column are comparable with those shown for the following date.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks (including Federal Reserve banks) and brokers in the United States. Data exclude the holdings of dollars of the International Monetary Fund derived from payments of the U.S. subscription, and from the exchange transactions and other operations of the IMF. Data also exclude U.S. Treasury letters of credit and nonnegotiable, non-interest-bearing special U.S. notes held by nonmonetary international and regional organizations.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars; end of period

Area	1973	1974 Dec.[3]	1974 Dec.[3]	1975	1976 July	1976 Aug.	1976 Sept.	1976 Oct.	1976 Nov.[p]	1976 Dec.[p]
1 **Total**	**66,861**	**76,801**	**76,823**	**80,681**	**85,924**	**86,716**	**86,076**	**86,815**	**87,679**	**91,797**
2 Western Europe[1]	45,764	44,328	44,328	45,676	42,321	41,504	41,564	41,927	44,059	45,820
3 Canada	3,853	3,662	3,662	3,132	3,410	3,212	3,417	3,389	2,406	3,406
4 Latin American republics	2,544	4,419	4,419	4,448	4,000	4,378	4,286	4,092	4,089	4,850
5 Asia	10,887	18,604	18,626	22,545	30,994	32,629	32,427	33,436	33,860	34,099
6 Africa	788	3,161	3,161	2,983	3,134	3,098	2,758	2,414	1,925	1,843
7 Other countries[2]	3,025	2,627	2,627	1,897	2,065	1,895	1,624	1,557	1,340	1,779

1 Includes Bank for International Settlements.
2 Includes countries in Oceania and Eastern Europe, and Western European dependencies in Latin America.
3 See Note 9 to Table 3.13.

NOTE.—Data represent breakdown by area of line 3, Table 3.13.

3.15 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

By Holder and by Type of Liability

Millions of dollars; end of period

Holder, and type of liability	1973	1974 Dec.[8]	1974 Dec.[8]	1975	1976 July	1976 Aug.	1976 Sept.	1976 Oct.	1976 Nov.[p]	1976 Dec.[p]
1 **All foreigners, excluding the International Monetary Fund**	**69,074**	**94,847**	**94,771**	**94,350**	**101,820**	**100,964**	**101,708**	**102,458**	**102,523**	**108,694**
2 *Payable in dollars*	*68,477*	*94,081*	*94,004*	*93,793*	*101,147*	*100,295*	*101,006*	*101,691*	*101,742*	*107,972*
Deposits:										
3 Demand	11,310	14,068	14,051	13,564	14,714	14,198	14,793	14,658	15,846	16,790
4 Time[1]	6,882	10,106	9,932	10,348	10,259	10,194	10,644	10,548	10,754	11,370
5 U.S. Treasury bills and certificates[2]	31,886	35,662	35,662	37,414	39,632	40,964	40,119	38,934	38,661	40,744
6 Other short-term liabilities[3]	18,399	34,246	34,359	32,466	36,542	34,939	35,450	37,552	36,482	39,069
7 *Payable in foreign currencies*	*597*	*766*	*766*	*558*	*673*	*669*	*702*	*766*	*781*	*722*
8 **Nonmonetary international and regional organizations[4]**	**1,955**	**3,171**	**3,171**	**5,293**	**5,671**	**5,649**	**5,966**	**5,102**	**5,518**	**5,391**
9 *Payable in dollars*	*1,955*	*3,171*	*3,171*	*5,284*	*5,665*	*5,641*	*5,962*	*5,098*	*5,502*	*5,387*
Deposits:										
10 Demand	101	139	139	139	483	379	331	256	287	290
11 Time[1]	83	111	111	148	192	148	151	164	199	206
12 U.S. Treasury bills and certificates	296	497	497	2,554	3,129	3,475	4,031	3,196	3,604	2,701
13 Other short-term liabilities[5]	1,474	2,424	2,424	2,443	1,862	1,639	1,449	1,482	1,412	2,190
14 *Payable in foreign currencies*				*8*	*6*	*8*	*4*	*4*	*4*	*5*
15 **Official institutions, banks, and other foreigners**	**67,119**	**91,676**	**91,600**	**89,057**	**96,149**	**95,315**	**95,742**	**97,356**	**97,018**	**103,303**
16 *Payable in dollars*	*66,522*	*90,910*	*90,834*	*88,508*	*95,482*	*94,654*	*95,045*	*96,594*	*96,241*	*102,585*
Deposits:										
17 Demand	11,209	13,928	13,912	13,426	14,231	13,819	14,462	14,402	15,559	16,500
18 Time[1]	6,799	9,995	9,821	10,200	10,067	10,046	10,493	10,383	10,555	11,164
19 U.S. Treasury bills and certificates[2]	31,590	35,165	35,165	34,860	36,504	37,489	36,088	35,738	35,057	38,042
20 Other short-term liabilities[3]	16,925	31,822	31,935	30,023	34,680	33,300	34,001	36,070	35,070	36,879
21 *Payable in foreign currencies*	*597*	*766*	*766*	*549*	*667*	*661*	*697*	*762*	*776*	*718*
22 **Official institutions[6]**	**43,923**	**53,057**	**53,079**	**49,513**	**50,474**	**51,249**	**49,657**	**49,017**	**49,216**	**53,457**
23 *Payable in dollars*	*43,795*	*52,930*	*52,952*	*49,513*	*50,474*	*51,249*	*49,657*	*49,017*	*49,216*	*53,457*
Deposits:										
24 Demand	2,125	2,951	2,951	2,644	2,932	2,380	2,544	2,706	2,672	3,393
25 Time[1]	3,911	4,257	4,167	3,423	2,251	2,207	2,144	2,127	2,130	2,334
26 U.S. Treasury bills and certificates[2]	31,511	34,656	34,656	34,182	36,016	36,974	35,653	35,241	34,674	37,668
27 Other short-term liabilities[5]	6,248	11,066	11,178	9,264	9,275	9,688	9,317	8,943	9,740	10,062
28 *Payable in foreign currencies*	*127*	*127*	*127*							
29 **Banks and other foreigners**	**23,196**	**38,619**	**38,520**	**39,544**	**45,675**	**44,066**	**46,084**	**48,339**	**47,802**	**49,846**
30 *Payable in dollars*	*22,727*	*37,980*	*37,881*	*38,995*	*45,008*	*43,404*	*43,387*	*47,577*	*47,026*	*49,128*
31 Banks[7]	17,224	29,676	29,467	28,966	34,076	32,167	33,913	36,178	34,751	36,592
Deposits:										
32 Demand	6,941	8,248	8,231	7,534	7,992	7,934	8,233	8,361	8,946	9,082
33 Time[1]	529	1,942	1,910	1,942	2,275	2,206	2,578	2,291	2,001	2,388
34 U.S. Treasury bills and certificates	11	232	232	335	155	162	176	223	174	169
35 Other short-term liabilities[5]	9,743	19,254	19,094	19,155	23,654	21,865	22,925	25,303	23,631	24,953
36 Other foreigners	5,502	8,304	8,414	10,029	10,932	11,238	11,474	11,399	12,275	12,536
Deposits:										
37 Demand	2,143	2,729	2,730	3,248	3,307	3,505	3,686	3,335	3,942	4,024
38 Time[1]	2,359	3,796	3,744	4,836	5,541	5,632	5,771	5,965	6,424	6,442
39 U.S. Treasury bills and certificates	68	277	277	342	333	353	259	274	209	205
40 Other short-term liabilities[5]	933	1,502	1,664	1,605	1,751	1,747	1,759	1,824	1,700	1,864
41 *Payable in foreign currencies*	*469*	*639*	*639*	*549*	*667*	*661*	*697*	*762*	*776*	*718*

1 Excludes negotiable time certificates of deposit, which are included in "Other short-term liabilities."

2 Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

3 Includes liabilities of U.S. banks to their foreign branches, liabilities of U.S. agencies and branches of foreign banks to their head offices and foreign branches of their head offices, bankers acceptances, commercial paper, and negotiable time certificates of deposit.

4 Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.

5 Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

6 Foreign central banks and foreign central governments and their agencies, and Bank for International Settlements.

7 Excludes central banks, which are included in "Official institutions."

8 Data in the two columns shown for this date differ because of changes in reporting coverage. Figures in the first column are comparable with those for the preceding date; figures in the second column are comparable with those shown for the following date.

NOTE. "Short-term obligations" are those payable on demand, or having an original maturity of 1 year or less.

3.16 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

By Country

Millions of dollars end of period

	Area and country	1973	1974 Dec.[7]	1974 Dec.[7]	1975	1976 July	1976 Aug.	1976 Sept.	1976 Oct.[p]	1976 Nov.[p]	1976 Dec.[p]
1	**Total**	**69,074**	**94,847**	**94,771**	**94,350**	**101,820**	**100,964**	**101,708**	**102,458**	**102,523**	**108,694**
2	**Foreign countries**	**67,119**	**91,676**	**91,600**	**89,057**	**96,149**	**95,315**	**95,742**	**97,356**	**97,018**	**103,303**
3	*Europe*	*40,742*	*48,667*	*48,813*	*43,988*	*39,899*	*38,990*	*40,165*	*39,967*	*42,586*	*46,767*
4	Austria	161	607	607	754	589	412	335	334	332	348
5	Belgium-Luxembourg	1,483	2,506	2,506	2,898	1,977	1,976	1,946	1,879	2,085	2,268
6	Denmark	659	369	369	332	322	440	317	372	416	373
7	Finland	165	266	266	391	446	435	415	407	378	419
8	France	3,483	4,287	4,287	7,733	4,408	4,214	4,355	4,409	4,642	4,875
9	Germany	13,227	9,420	9,429	4,357	4,961	4,738	5,964	6,532	5,418	5,964
10	Greece	389	248	248	284	361	350	337	405	378	403
11	Italy	1,404	2,617	2,577	1,072	2,263	2,641	1,574	1,583	2,884	3,206
12	Netherlands	2,886	3,234	3,234	3,411	2,184	2,189	2,565	2,534	2,694	2,813
13	Norway	965	1,040	1,040	996	898	684	789	690	740	785
14	Portugal	534	310	310	195	250	257	193	177	206	239
15	Spain	305	382	382	426	416	419	540	506	478	565
16	Sweden	1,885	1,138	1,138	2,286	2,384	2,227	1,979	1,295	1,420	1,693
17	Switzerland	3,377	9,986	10,139	8,514	9,551	9,250	9,016	8,332	8,846	9,473
18	Turkey	98	152	152	118	80	100	65	74	88	166
19	United Kingdom	6,148	7,559	7,584	6,886	6,289	6,139	7,292	7,953	8,516	10,004
20	Yugoslavia	86	183	183	126	128	142	128	131	147	188
21	Other Western Europe[1]	3,352	4,073	4,073	2,970	2,150	2,130	2,103	2,089	2,628	2,681
22	U.S.S.R.	22	82	82	40	35	34	70	80	84	51
23	Other Eastern Europe	110	206	206	200	209	215	182	184	204	254
24	*Canada*	*3,627*	*3,517*	*3,520*	*3,076*	*3,995*	*3,790*	*4,780*	*4,033*	*3,944*	*4,748*
25	*Latin America*	*7,664*	*12,038*	*11,754*	*14,954*	*18,964*	*17,619*	*17,490*	*19,065*	*17,684*	*19,005*
26	Argentina	924	886	886	1,147	1,407	1,510	1,437	1,374	1,293	1,535
27	Bahamas	852	1,448	1,054	1,827	4,838	3,006	2,628	4,817	2,685	2,789
28	Brazil	860	1,034	1,034	1,227	1,308	1,200	1,132	1,323	1,168	1,431
29	Chile	158	276	276	317	301	303	325	298	315	336
30	Colombia	247	305	305	417	762	772	767	804	922	1,016
31	Cuba	7	7	7	6	6	7	6	6	6	6
32	Mexico	1,296	1,770	1,770	2,078	2,110	2,301	2,348	2,475	2,860	2,838
33	Panama	282	488	510	1,099	1,050	1,387	912	866	1,188	1,140
34	Peru	135	272	272	244	235	239	236	247	243	256
35	Uruguay	120	147	165	172	219	226	244	233	238	245
36	Venezuela	1,468	3,413	3,413	3,289	2,747	3,092	3,208	2,644	3,009	3,072
37	Other Latin American republics	884	1,316	1,316	1,494	1,790	1,703	1,750	1,676	1,740	2,035
38	Netherlands Antilles[2]	71	158	158	129	135	149	147	160	157	161
39	Other Latin America	359	519	589	1,507	2,057	1,723	2,348	2,142	1,860	2,147
40	*Asia*	*10,839*	*21,073*	*21,130*	*21,539*	*27,522*	*29,360*	*28,406*	*29,745*	*28,910*	*28,465*
41	China, People's Republic of (Mainland)	38	50	50	123	42	45	45	48	59	47
42	China, Republic of (Taiwan)	757	818	818	1,025	1,070	1,131	1,122	1,182	1,022	977
43	Hong Kong	372	530	530	623	788	842	874	887	858	889
44	India	85	261	261	126	938	1,047	985	1,048	910	648
45	Indonesia	133	1,221	1,221	369	1,122	1,002	995	1,154	314	339
46	Israel	327	386	389	386	298	324	300	310	325	385
47	Japan	6,967	10,897	10,931	10,218	13,631	14,194	14,424	14,664	14,736	14,378
48	Korea	195	384	384	390	346	369	350	366	324	436
49	Philippines	515	747	747	698	636	653	622	582	606	635
50	Thailand	247	333	333	252	244	249	215	223	244	274
51	Middle East oil-exporting countries[3]	....	4,633	4,623	6,461	7,286	8,127	7,198	7,741	8,109	8,041
52	Other[4]	1,202	813	844	867	1,122	1,376	1,276	1,540	1,403	1,416
53	*Africa*	*1,056*	*3,551*	*3,551*	*3,373*	*3,473*	*3,469*	*3,076*	*2,782*	*2,296*	*2,299*
54	Egypt	35	103	103	343	236	200	186	213	171	333
55	Morocco	11	38	38	68	60	107	80	85	72	88
56	South Africa	114	130	130	169	123	164	165	183	132	143
57	Zaire	87	84	84	63	45	36	37	45	64	35
58	Oil-exporting countries[5]	....	2,814	2,814	2,239	2,443	2,368	2,075	1,732	1,321	1,113
59	Other[4]	808	383	383	491	567	593	533	524	537	587
60	*Other countries*	*3,190*	*2,831*	*2,831*	*2,128*	*2,296*	*2,087*	*1,824*	*1,763*	*1,598*	*2,019*
61	Australia	3,131	2,742	2,742	2,014	2,185	1,964	1,711	1,645	1,486	1,911
62	All other	59	89	89	114	111	122	114	119	112	108
63	**Nonmonetary international and regional organizations**	**1,955**	**3,171**	**3,171**	**5,293**	**5,671**	**5,649**	**5,966**	**5,102**	**5,506**	**5,391**
64	International	1,627	2,900	2,900	5,064	5,383	5,285	5,613	4,717	5,109	5,055
65	Latin American regional	272	202	202	187	176	168	154	182	160	133
66	Other regional[6]	57	69	69	42	112	196	199	203	237	203

For notes see bottom of p. A59.

3.17 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

Supplemental "Other" Countries [1]

Millions of dollars end of period

	Area and country	1974 Apr.	1974 Dec.	1975 Apr.	1975 Dec.	1976 Apr.
	Other Western Europe:					
1	Cyprus	10	7	17	6	......
2	Iceland	11	21	20	33	......
3	Ireland, Republic of	53	29	29	75	39
	Other Eastern Europe:					
4	Bulgaria	6	36	13	19	13
5	Czechoslovakia	19	34	11	32	10
6	German Democratic Republic	3	36	18	17	3
7	Hungary	8	14	11	13	10
8	Poland	36	55	42	66	65
9	Rumania	16	25	14	44	28
	Other Latin American republics:					
10	Bolivia	102	96	93	110	104
11	Costa Rica	88	118	120	124	69
12	Dominican Republic	137	128	214	169	149
13	Ecuador	90	122	157	120	......
14	El Salvador	129	129	144	171	128
15	Guatemala	245	219	255	260	177
16	Haiti	28	35	34	38	33
17	Honduras	71	88	92	99	69
18	Jamaica	52	69	62	41	49
19	Nicaragua	119	127	125	133	89
20	Paraguay	40	46	38	43	43
21	Surinam[2]	......	......	......	......	12
22	Trinidad and Tobago	21	107	31	131	......
	Other Latin America:					
23	Bermuda	201	116	100	170	......
24	British West Indies	354	449	627	1,311	......
	Other Asia:					
25	Afghanistan	11	18	19	41	54
26	Bangladesh	12	21	50	54	......
27	Burma	42	65	49	31	34
28	Cambodia	4	4	4	4	......
29	Jordan	6	22	30	39	20
30	Laos	3	3	5	2	2
31	Lebanon	68	126	180	117	......
32	Malaysia	40	63	92	77	105
33	Nepal	21	25	22	28	34
34	Pakistan	108	91	118	74	89
35	Singapore	165	245	215	256	......
36	Sri Lanka (Ceylon)	13	14	13	13	9
37	Vietnam	98	126	70	62	33
	Other Africa:					
38	Ethiopia (incl. Eritrea)	118	95	76	60	70
39	Ghana	22	18	13	23	......
40	Ivory Coast	13	7	11	62	......
41	Kenya	20	31	32	19	37
42	Liberia	29	39	33	53	61
43	Southern Rhodesia	1	2	3	1	1
44	Sudan	2	4	14	12	17
45	Tanzania	12	11	21	30	18
46	Tunisia	17	19	23	29	33
47	Uganda	11	13	38	22	......
48	Zambia	66	22	18	78	......
	All Other:					
49	New Zealand	33	47	36	42	29

[1] Represents a partial breakdown of the amounts shown in the "Other" categories on Table 3.16.

[2] Surinam included with Netherlands Antilles until January 1976.

3.18 LONG-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

Millions of dollars end of period

	Holder, and area or country	1973	1974	1975	1976 June	1976 July	1976 Aug.	1976 Sept.	1976 Oct.	1976 Nov.p	1976 Dec.p
1	**Total**	**1,462**	**1,285**	**1,812**	**2,255**	**2,308**	**2,254**	**2,218**	**2,315**	**2,310**	**2,382**
2	**Nonmonetary international and regional organizations**	**761**	**822**	**415**	**189**	**235**	**246**	**214**	**333**	**308**	**259**
3	**Foreign countries**	**700**	**464**	**1,397**	**2,066**	**2,073**	**2,008**	**2,003**	**1,983**	**2,003**	**2,123**
4	Official institutions, including central banks	310	124	931	1,490	1,479	1,402	1,386	1,314	1,313	1,329
5	Banks, excluding central banks	291	261	364	435	451	457	458	499	524	597
6	Other foreigners	100	79	100	141	143	149	159	170	165	196
	Area or country:										
7	Europe	470	226	330	459	463	470	470	489	507	538
8	Germany	159	146	214	308	307	311	312	310	309	313
9	United Kingdom	66	59	66	88	89	92	91	99	125	132
10	Canada	8	19	23	24	26	26	26	28	26	29
11	Latin America	132	115	140	107	117	122	125	151	152	230
12	Middle East oil-exporting countries[1]	....	94	894	1,458	1,448	1,369	1,340	1,286	1,239	1,251
13	Other Asia[2]	82	7	8	16	17	20	41	27	77	73
14	African oil-exporting countries[3]	....	*	*	*	*	*	*	*	*	*
15	Other Africa[4]	1	1	1	1	1	1	1	1	1	1
16	All other countries	7	*	*	1	1	1	1	1	1	1

[1] Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

[2] Includes Middle East oil-exporting countries until December 1974.

[3] Comprises Algeria, Gabon, Libya, and Nigeria.

[4] Includes African oil-exporting countries until December 1974.

NOTE.—Long-term obligations are those having an original maturity of more than 1 year.

NOTES TO TABLE 3.16:

[1] Includes Bank for International Settlements.

[2] Surinam included with Netherlands Antilles until January 1976.

[3] Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

[4] Includes oil-exporting countries until December 1974.

[5] Comprises Algeria, Gabon, Libya, and Nigeria.

[6] Asian, African, and European regional organizations, except BIS, which is included in "Other Western Europe."

[7] Data in the two columns shown for this date differ because of changes in reporting coverage. Figures in the first column are comparable with those shown for the preceding date; figures in the second column are comparable with those shown for the following date.

3.19 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States
By Country
Millions of dollars; end of period

	Area and country	1973	1974	1975	1976						
					June	July	Aug.	Sept.	Oct.	Nov.p	Dec.p
1	**Total**	**20,723**	**39,056**	**50,240**	**57,965**	**59,332**	**58,016**	**60,317**	**60,986**	**64,190**	**68,782**
2	**Foreign countries**	**20,723**	**39,055**	**50,238**	**57,964**	**59,331**	**58,015**	**60,305**	**60,981**	**64,184**	**68,742**
3	*Europe*	*3,970*	*6,255*	*8,987*	*9,567*	*10,003*	*9,487*	*9,436*	*10,435*	*10,887*	*12,133*
4	Austria	11	21	15	35	24	24	47	42	54	44
5	Belgium-Luxembourg	147	384	352	537	562	472	437	504	501	662
6	Denmark	48	46	49	62	68	50	57	64	129	86
7	Finland	108	122	128	125	133	176	129	137	136	141
8	France	621	673	1,471	1,145	1,100	929	1,169	1,096	1,098	1,447
9	Germany	311	589	436	384	432	414	501	585	667	563
10	Greece	35	64	49	53	70	68	117	88	76	79
11	Italy	316	345	370	552	644	617	648	733	877	928
12	Netherlands	133	348	300	318	251	266	254	399	240	307
13	Norway	72	119	71	71	74	78	68	79	85	85
14	Portugal	23	20	16	40	53	57	55	46	53	65
15	Spain	222	196	249	285	302	239	265	264	304	431
16	Sweden	153	180	167	106	97	143	106	101	93	267
17	Switzerland	176	335	237	401	374	442	417	499	510	472
18	Turkey	10	15	86	99	81	77	80	125	140	158
19	United Kingdom	1,459	2,580	4,718	5,074	5,435	5,167	4,844	5,376	5,591	6,064
20	Yugoslavia	10	22	38	45	45	40	28	37	38	45
21	Other Western Europe	25	22	27	57	42	50	56	54	58	56
22	U.S.S.R.	46	46	103	70	69	53	52	83	103	97
23	Other Eastern Europe	44	131	108	110	147	125	107	123	134	136
24	*Canada*	*1,955*	*2,776*	*2,817*	*3,166*	*3,027*	*3,050*	*3,169*	*3,129*	*3,136*	*3,097*
25	*Latin America*	*5,900*	*12,377*	*20,540*	*27,030*	*28,477*	*27,614*	*30,042*	*29,275*	*31,628*	*33,694*
26	Argentina	499	720	1,203	1,149	1,149	1,149	961	902	858	962
27	Bahamas	883	3,405	7,577	11,466	12,381	11,532	14,192	12,587	14,616	15,197
28	Brazil	900	1,418	2,221	2,700	2,633	2,773	2,892	3,125	3,267	3,385
29	Chile	151	290	360	342	364	352	343	350	358	393
30	Colombia	397	713	689	534	537	501	459	517	523	574
31	Cuba	12	14	13	16	13	13	13	13	14	13
32	Mexico	1,373	1,972	2,804	3,494	3,562	3,559	3,456	3,211	3,298	3,214
33	Panama	274	505	1,052	840	697	778	809	1,119	780	1,031
34	Peru	178	518	583	623	665	666	694	638	630	688
35	Uruguay	55	63	51	34	31	31	28	28	35	37
36	Venezuela	518	704	1,086	1,153	1,237	1,503	1,305	1,338	1,512	1,552
37	Other American republics	493	852	967	980	1,059	978	1,112	1,037	1,069	1,153
38	Netherlands Antilles[1]	13	62	49	33	28	29	42	41	46	40
39	Other Latin America	154	1,142	1,885	3,667	4,121	3,751	3,737	4,369	4,620	5,457
40	*Asia*	*8,224*	*16,226*	*16,057*	*16,240*	*15,898*	*15,832*	*15,695*	*16,099*	*16,516*	*17,763*
41	China People's Republic of (Mainland)	31	4	22	10	12	4	4	5	3	3
42	China, Republic of (Taiwan)	140	500	737	863	908	939	981	991	1,099	996
43	Hong Kong	147	223	258	273	296	251	252	208	267	361
44	India	16	14	21	38	36	36	33	64	48	41
45	Indonesia	88	157	102	160	125	108	119	117	120	76
46	Israel	155	255	491	315	269	257	313	320	330	554
47	Japan	6,398	12,518	10,776	10,389	10,340	10,116	10,220	10,534	10,429	10,992
48	Korea	403	955	1,561	1,713	1,614	1,551	1,594	1,555	1,577	1,720
49	Philippines	181	372	384	524	389	459	472	478	495	560
50	Thailand	273	458	499	490	465	437	434	415	414	418
51	Middle East oil-exporting countries[2]	....	330	524	746	780	836	721	765	1,082	1,312
52	Other[3]	392	441	684	719	665	838	552	647	653	731
53	*Africa*	*388*	*855*	*1,228*	*1,314*	*1,310*	*1,395*	*1,332*	*1,382*	*1,394*	*1,491*
54	Egypt	35	111	101	117	117	115	114	106	109	133
55	Morocco	5	18	9	21	18	15	17	8	15	13
56	South Africa	129	329	545	689	698	695	691	772	748	767
57	Zaire	61	98	34	28	24	24	23	14	25	29
58	Oil-exporting countries[4]	....	115	231	181	185	268	176	215	213	256
59	Other[3]	158	185	308	279	269	277	312	267	284	293
60	*Other countries*	*286*	*565*	*609*	*647*	*617*	*638*	*631*	*661*	*625*	*565*
61	Australia	243	466	535	548	542	553	521	558	502	467
62	All other	43	99	73	100	74	85	110	103	123	98
63	**Nonmonetary international and regional organizations**	**1**	*	**1**	**1**	**1**	*	**12**	**6**	**6**	**39**

1 Includes Surinam until January 1976.
2 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3 Includes oil-exporting countries until December 1974.
4 Comprises Algeria, Gabon, Libya, and Nigeria.

3.20 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States
By Type of Claim

Millions of dollars; end of period

Type	1973	1974	1975	1976 June	July	Aug.	Sept.	Oct.	Nov.[p]	Dec.[p]
1 **Total**	**20,723**	**39,056**	**50,240**	**57,965**	**59,332**	**58,016**	**60,317**	**60,986**	**64,190**	**68,782**
2 *Payable in dollars*	*20,061*	*37,859*	*48,910*	*56,370*	*57,875*	*56,474*	*58,661*	*59,282*	*62,385*	*67,160*
3 Loans, total	7,660	11,296	13,247	15,190	15,597	15,266	14,914	16,221	16,342	18,300
4 Official institutions, including central banks	284	381	613	820	737	1,016	793	1,060	1,419	1,455
5 Banks, excluding central banks	4,538	7,337	7,705	9,130	9,670	9,059	9,003	10.067	9,614	11,002
6 All other, including nonmonetary international and regional organizations	2,838	3,579	4,928	5,240	5,190	5,191	5,118	5,144	5,303	5,803
7 Collections oustanding	4,307	5,637	5,467	5,517	5,542	5,495	5,746	5,586	5,731	5,947
8 Acceptances made for accounts of foreigners	4,160	11,237	11,147	11,541	11,451	11,144	11,213	11,461	11,422	12.371
9 Other claims[1]	3,935	9,689	19,049	24,123	25,285	24,568	26,789	26,015	28,890	30.542
10 *Payable in foreign currencies*	*662*	*1,196*	*1,329*	*1,595*	*1,457*	*1,542*	*1,656*	*1,704*	*1,805*	*1,622*
11 Deposits with foreigners	428	669	656	954	850	903	1,029	1.052	1,084	1.039
12 Foreign government securities, commercial and finance paper	119	289	301	158	132	143	120	102	85	84
13 Other claims	115	238	372	484	475	496	507	550	635	498

[1] Includes claims of U.S. banks on their foreign branches and claims of U.S. agencies and branches of foreign banks on their head offices and foreign branches of their head offices.

NOTE.—Short-term claims are principally the following items payable on demand or with a contractual maturity of not more than 1 year: loans made to, and acceptances made for, foreigners; drafts drawn against foreigners, where collection is being made by banks and bankers for their own account or for account of their customers in the United States; and foreign currency balances held abroad by banks and bankers and their customers in the United States. Excludes foreign currencies held by U.S. monetary authorities.

3.21 LONG-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

Millions of dollars outstanding; end of period

Type, and area or country	1973	1974	1975	1976 June	July	Aug.	Sept.	Oct.	Nov.[p]	Dec.[p]
1 Total	**5,996**	**7,179**	**9,540**	**10,216**	**10,386**	**10,960**	**11,205**	**11,345**	**11,613**	**11,666**
By type:										
2 *Payable in dollars*	*5,924*	*7,099*	*9,423*	*10,094*	*10,253*	*10,827*	*11,064*	*11,206*	*11,457*	*11,510*
3 *Loans, total*	*5,446*	*6,490*	*8,489*	*8,957*	*9,098*	*9,603*	*9,552*	*9,670*	*9,831*	*9,906*
4 Official institutions, including central banks	1,156	1,324	1,350	1,346	1,323	1,340	1,312	1,323	1,370	1,427
5 Banks, excluding central banks	591	929	1,740	1,961	2,085	2,220	2,039	2,115	2,163	2,181
6 All other, including nonmonetary international and regional organizations	3,698	4,237	5,399	5,650	5,690	6,043	6,201	6,232	6,297	6,298
7 Other long-term claims	478	609	934	1,138	1,155	1,224	1,512	1,536	1,629	1,605
8 *Payable in foreign currencies*	*72*	*80*	*116*	*121*	*133*	*133*	*142*	*139*	*154*	*156*
By area or country:										
9 Europe	1,271	1,908	2,708	2,741	2,871	3,093	3,133	3,191	3,287	3,239
10 Canada	490	501	555	590	575	592	623	570	590	586
11 Latin America	2,116	2,614	3,468	4,081	4,103	4,383	4,519	4,565	4,694	4,793
12 *Asia*	*1,582*	*1,619*	*1,795*	*1,766*	*1,810*	*1,835*	*1,856*	*1,900*	*1,885*	*1,886*
13 Japan	251	258	296	324	337	355	370	381	368	391
14 Middle East oil-exporting countries[1]	....	384	220	182	183	187	171	171	141	146
15 Other Asia[2]	1,331	977	1,279	1,260	1,290	1,293	1,316	1,348	1,382	1.349
16 *Africa*	*355*	*366*	*747*	*736*	*742*	*771*	*800*	*839*	*888*	*884*
17 Oil-exporting countries[3]	....	62	151	197	212	226	236	259	269	264
18 Other[4]	355	305	596	539	529	544	564	580	619	620
19 All other countries[5]	181	171	235	301	286	287	274	281	270	278

[1] Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

[2] Includes Middle East oil-exporting countries until December 1974.

[3] Comprises Algeria, Gabon, Libya, and Nigeria.

[4] Includes oil-exporting countries until December 1974.

[5] Includes nonmonetary international and regional organizations.

3.22 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars; end of period

Asset account	1973	1974	1975	1976						
				May	June	July^r	Aug.^r	Sept.^r	Oct.	Nov.^p
					All foreign countries					
1 **Total, all currencies**	**121,866**	**151,905**	**176,493**	**194,592**	**194,481**	**196,770**	**196,097**	**199,764**	**206,216**	**207,274**
2 *Claims on United States*	*5,091*	*6,900*	*6,743*	*9,610*	*6,613*	*8,703*	*6,973*	*6,628*	*10,133*	*7,556*
3 Parent bank	1,886	4,464	3,665	6,450	3,272	5,569	3,927	3.247	7,028	4,280
4 Other	3,205	2,435	3,078	3,160	3,341	3,134	3,046	3,381	3,105	3,276
5 *Claims on foreigners*	*111,974*	*138,712*	*163,391*	*178,215*	*181,239*	*181,233*	*182,428*	*186,114*	*188,968*	*192,510*
6 Other branches of parent bank	19,177	27,559	34,508	39,982	40,975	41,682	40,959	41.133	41.523	42,693
7 Other banks	56,368	60,283	69,206	73,611	74,400	71,760	71,801	74.790	76,131	77,158
8 Official institutions	2,693	4,077	5,792	7,717	7,814	8.444	8,766	9,208	9,205	9,540
9 Nonbank foreigners	33,736	46,793	53,886	56,905	58,049	59,347	60,902	60.983	62,109	63,120
10 Other assets	4,802	6,294	6,359	6,767	6,629	6,834	6,695	7.022	7,115	7,207
11 **Total payable in U.S. dollars**	**79,445**	**105,969**	**132,901**	**146,438**	**145,994**	**149,065**	**147,200**	**150,394**	**155,854**	**156,317**
12 *Claims on United States*	*4,599*	*6,603*	*6,408*	*9,294*	*6,296*	*8,434*	*6,659*	*6,268*	*9,789*	*7,213*
13 Parent bank	1,848	4,428	3,628	6,374	3,203	5,524	3,888	3,184	6.984	4,217
14 Other	2,751	2,175	2,780	2,921	3,093	2,910	2,771	3.085	2,805	2,996
15 *Claims on foreigners*	*73,018*	*96,209*	*123,496*	*133,900*	*136,629*	*137,240*	*137,335*	*140,880*	*142,724*	*145,788*
16 Other branches of parent bank	12,799	19,688	28,478	32,121	32,857	33,790	32,971	33,319	33,775	34,357
17 Other banks	39,527	45,067	55,319	57,532	58,856	56.597	56,422	58,877	59.239	60.229
18 Official institutions	1,777	3,289	4,864	6,553	6,611	7,148	7,606	7.906	7,885	8,289
19 Nonbank foreigners	18,915	28,164	34,835	37,695	38,304	39,704	40,337	40.778	41.824	42,913
20 Other assets	1,828	3,157	2,997	3,243	3,070	3.392	3,206	3.246	3.342	3,315
					United Kingdom					
21 **Total, all currencies**	**61,732**	**69,804**	**74,883**	**75,926**	**74,460**	**73,494**	**73,229**	**73,589**	**76,854**	**77,249**
22 *Claims on United States*	*1,789*	*3,248*	*2,392*	*2,443*	*1,702*	*1,862*	*1,758*	*2,036*	*3,456*	*3,426*
23 Parent bank	738	2,472	1,449	1,534	802	1,002	938	1,081	2,613	2.538
24 Other	1,051	776	943	909	900	860	821	955	843	888
25 *Claims of foreigners*	*57,761*	*64,111*	*70,331*	*71,189*	*70,526*	*69,359*	*69,298*	*69,217*	*70,962*	*71,469*
26 Other branches of parent bank	8,773	12,724	17,557	18,619	18,143	18,843	18,044	17,745	18,158	17.949
27 Other banks	34,442	32,701	35,904	36,270	35,799	33,589	34.135	34.405	35,336	35,838
28 Official institutions	735	788	881	851	888	909	1.007	1,138	1,211	1,168
29 Nonbank foreigners	13,811	17,898	15,990	15,499	15,695	16,018	16,112	15,929	16,257	16,514
30 Other assets	2,183	2,445	2,159	2,294	2,233	2,273	2,173	2,335	2.436	2,354
31 **Total payable in U.S. dollars**	**40,323**	**49,211**	**57,361**	**56,667**	**55,360**	**54,871**	**54,522**	**54,547**	**57,161**	**57,699**
32 *Claims on United States*	*1,642*	*3,146*	*2,273*	*2,322*	*1,614*	*1,780*	*1,658*	*1,902*	*3,324*	*3,313*
33 Parent bank	730	2,468	1,445	1,519	795	997	934	1.064	2.606	2,523
34 Other	912	678	828	803	819	783	724	838	719	789
35 *Claims on foreigners*	*37,817*	*44,694*	*54,121*	*53,467*	*52,900*	*52,250*	*52,006*	*51,782*	*52,912*	*53,532*
36 Other branches of parent bank	6,509	10,265	15,645	15,860	15,455	16,204	15,401	15,195	15,629	15,405
37 Other banks	23,389	23,716	28,224	27,218	27,066	25,370	25,826	25.866	26,421	27,000
38 Official institutions	510	610	648	635	631	659	799	862	912	817
39 Nonbank foreigners	7,409	10,102	9,604	9,754	9,747	10,018	9,980	9.859	9,950	10,311
40 Other assets	865	1,372	967	879	846	841	858	863	925	854
					Bahamas and Caymans					
41 **Total, all currencies**	**23,771**	**31,733**	**45,203**	**57,247**	**57,118**	**59,913**	**57,677**	**60,753**	**63,507**	**61,758**
42 *Claims on United States*	*2,210*	*2,464*	*3,229*	*5,884*	*3,716*	*5,835*	*3,554*	*3,330*	*5,464*	*2,892*
43 Parent bank	317	1,081	1,477	3,950	1,636	3,864	1,641	1,257	3,490	766
44 Other	1,893	1,383	1,752	1,935	2,081	1,971	1,913	2,072	1,973	2,126
45 *Claims on foreigners*	*21,041*	*28,453*	*41,040*	*50,040*	*52,363*	*52,898*	*52,933*	*56,255*	*56,806*	*57,634*
46 Other branches of parent bank	1,928	3,478	5,411	6,435	7,254	7,149	6,791	7,250	7,296	7,389
47 Other banks	9,895	11,354	16,298	20,173	21,205	20,669	20,217	22,447	22,136	22,438
48 Official institutions	1,151	2,022	3,576	5,091	5,160	5,699	5,929	6,059	6,040	6,485
49 Nonbank foreigners	8,068	11,599	15,756	18,342	18,744	19,381	19,995	20,498	21,334	21,322
50 Other assets	520	815	933	1,322	1,039	1,180	1,190	1,169	1,238	1,232
51 **Total payable in U.S. dollars**	**21,937**	**28,726**	**41,887**	**53,545**	**53,365**	**56,076**	**53,520**	**56,600**	**59,217**	**57,672**

3.22 Continued

	Liability account	1973	1974	1975	1976 May	June	July[r]	Aug.	Sept.[r]	Oct.	Nov.[p]
					All foreign countries						
1	**Total, all currencies**	**121,866**	**151,905**	**176,493**	**194,592**	**194,481**	**196,770**	**196,097**	**199,764**	**206,216**	**207,274**
2	*To United States*	*5,610*	*11,982*	*20,221*	*28,272*	*27,968*	*28,614*	*27,116*	*30,066*	*29,541*	*30,853*
3	Parent bank	1,642	5,809	12,165	15,918	16,502	15,945	16,493	19,045	17,953	19,154
4	Other	3,968	6,173	8,057	12,354	11,467	12,669	10,623	11,020	11,588	11,699
5	*To foreigners*	*111,615*	*132,990*	*149,815*	*160,261*	*160,364*	*161,543*	*162,635*	*163,241*	*169,928*	*169,782*
6	Other branches of parent bank	18,213	26,941	34,111	38,994	39,969	41,061	40,064	40,115	41,040	40,259
7	Other banks	65,389	65,675	72,259	75,919	75,527	74,189	74,348	75,033	78,879	79,158
8	Official institutions	10,330	20,185	22,773	22,467	21,605	22,233	23,393	23,700	24,957	23,967
9	Nonbank foreigners	17,683	20,189	20,672	22,881	23,262	24,060	24,829	24,393	25,052	26,399
10	Other liabilities	4,641	6,933	6,456	6,059	6,148	6,612	6,346	6,458	6,747	6,638
11	**Total payable in U.S. dollars**	**80,374**	**107,890**	**135,907**	**151,124**	**150,502**	**153,169**	**151,749**	**155,109**	**160,333**	**160,772**
12	*To United States*	*5,027*	*11,437*	*19,503*	*27,572*	*27,167*	*27,848*	*26,348*	*29,178*	*28,779*	*29,964*
13	Parent bank	1,477	5,641	11,939	15,657	16,229	15,691	16,254	18,714	17,719	18,918
14	Other	3,550	5,795	7,564	11,914	10,938	12,157	10,094	10,464	11,060	11,046
15	*To foreigners*	*73,189*	*92,503*	*112,879*	*120,445*	*120,145*	*121,944*	*122,148*	*122,638*	*128,250*	*127,491*
16	Other branches of parent bank	12,554	19,330	28,217	31,661	32,758	33,850	32,687	32,919	33,848	32,566
17	Other banks	43,641	43,656	51,583	54,559	54,085	53,568	53,298	53,500	56,290	56,836
18	Official institutions	7,491	17,444	19,982	19,791	19,036	19,580	20,585	20,756	21,848	20,924
19	Nonbank foreigners	9,502	12,072	13,097	14,434	14,266	14,947	15,579	15,463	16,264	17,165
20	Other liabilities	2,158	3,951	3,526	3,107	3,190	3,377	3,252	3,294	3,304	3,317
					United Kingdom						
21	**Total, all currencies**	**61,732**	**69,804**	**74,883**	**75,926**	**74,460**	**73,494**	**73,229**	**73,589**	**76,854**	**77,249**
22	*To United States*	*2,431*	*3,978*	*5,646*	*6,483*	*5,874*	*5,628*	*5,266*	*5,379*	*5,310*	*5,520*
23	Parent bank	136	510	2,122	1,796	1,562	1,727	1,520	1,442	1,468	1,459
24	Other	2,295	3,468	3,523	4,687	4,312	3,901	3,746	3,938	3,842	4,061
25	*To foreigners*	*57,311*	*63,409*	*67,240*	*67,212*	*66,536*	*65,594*	*65,883*	*66,026*	*69,151*	*69,368*
26	Other branches of parent bank	3,944	4,762	6,494	7,030	7,288	6,927	6,668	6,788	6,826	6,783
27	Other banks	34,979	32,040	32,964	33,189	33,313	31,487	30,834	31,015	32,488	33,690
28	Official institutions	8,140	15,258	16,553	15,782	14,825	15,462	16,147	16,389	17,567	16,181
29	Nonbank foreigners	10,248	11,349	11,229	11,212	11,110	11,718	12,234	11,834	12,270	12,713
30	Other liabilities	1,990	2,418	1,997	2,231	2,050	2,272	2,080	2,184	2,394	2,360
31	**Total payable in U.S. dollars**	**39,689**	**49,666**	**57,820**	**57,923**	**56,574**	**55,978**	**55,701**	**55,625**	**58,031**	**58,757**
32	*To United States*	*2,173*	*3,744*	*5,415*	*6,271*	*5,682*	*5,443*	*5,093*	*5,183*	*5,152*	*5,330*
33	Parent bank	113	484	2,083	1,759	1,546	1,703	1,498	1,404	1,448	1,447
34	Other	2,060	3,261	3,332	4,513	4,136	3,740	3,595	3,779	3,704	3,883
35	*To foreigners*	*36,646*	*44,594*	*51,447*	*50,727*	*50,044*	*49,691*	*49,746*	*49,579*	*52,017*	*52,503*
36	Other branches of parent bank	2,519	3,256	5,442	5,863	6,218	5,878	5,604	5,790	5,742	5,520
37	Other banks	22,051	20,526	23,330	22,544	22,690	21,765	20,910	20,526	21,493	23,040
38	Official institutions	5,923	13,225	14,498	13,914	13,074	13,604	14,296	14,418	15,550	14,283
39	Nonbank foreigners	6,152	7,587	8,176	8,406	8,062	8,444	8,936	8,846	9,233	9,660
40	Other liabilities	870	1,328	959	925	848	844	862	862	862	924
					Bahamas and Caymans						
41	**Total, all currencies**	**23,771**	**31,733**	**45,203**	**57,247**	**57,118**	**59,913**	**57,677**	**60,753**	**63,507**	**61,758**
42	*To United States*	*1,573*	*4,815*	*11,147*	*18,286*	*18,286*	*19,370*	*18,237*	*21,308*	*20,734*	*21,246*
43	Parent bank	307	2,636	7,628	11,529	12,203	11,611	12,311	15,333	14,094	14,899
44	Other	1,266	2,180	3,520	6,757	6,083	7,759	5,927	5,975	6,640	6,347
45	*To foreigners*	*21,747*	*26,140*	*32,949*	*38,112*	*37,817*	*39,411*	*38,380*	*38,411*	*41,815*	*39,515*
46	Other branches of parent bank	5,508	7,702	10,569	11,918	12,117	13,317	12,416	11,854	13,381	11,548
47	Other banks	14,071	14,050	16,825	20,303	19,724	20,350	20,125	20,621	22,240	20,908
48	Official institutions	492	2,377	3,308	2,950	2,917	2,811	2,857	2,712	2,784	3,198
49	Nonbank foreigners	1,676	2,011	2,248	2,941	3,059	2,933	2,982	3,224	3,409	3,861
50	Other liabilities	451	778	1,106	849	1,016	1,131	1,059	1,035	958	997
51	**Total payable in U.S. dollars**	**22,328**	**28,840**	**42,197**	**54,160**	**53,834**	**56,636**	**54,154**	**57,232**	**59,970**	**58,244**

3.23 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1974	1975	1976	1976 June	July	Aug.	Sept.	Oct.	Nov.p	Dec.p
	Holding, end of period[4]									
1 Estimated total	**5,708**	**7,703**	....	**10,608**	**11,419**	**12,147**	**13,462**	**14,482**	**15,058**	**15,792**
2 *Foreign countries*	**5,557**	**7,372**	....	**10,026**	**10,350**	**10,746**	**11,671**	**11,954**	**12,337**	**12,763**
3 *Europe*	*885*	*1,085*	....	*1,566*	*1,604*	*1,733*	*2,024*	*2,064*	*2,293*	*2,329*
4 Belgium-Luxembourg	10	13	....	12	11	9	9	13	14	14
5 Germany	9	215	....	227	221	324	518	535	746	764
6 Netherlands	6	16	....	283	283	283	282	283	288	288
7 Sweden	251	276	....	291	291	275	240	242	192	191
8 Switzerland	30	55	....	101	132	171	268	267	291	261
9 United Kingdom	493	363	....	380	368	383	396	403	433	485
10 Other Western Europe	81	143	....	268	294	284	307	317	325	321
11 Eastern Europe	5	4	....	4	4	4	4	4	4	4
12 Canada	713	395	....	340	341	337	386	390	250	256
13 Latin America	100	200	....	182	203	271	178	160	302	312
14 Latin American republics	12	33	....	34	39	39	30	36	177	184
15 Netherlands Antilles[1]	83	161	....	141	157	222	138	113	115	118
16 Asia	3,709	5,370	....	7,466	7,701	7,883	8,552	8,808	8,950	9,323
17 Japan	3,498	3,271	....	3,075	3,077	2,952	3,052	3,093	2,587	2,687
18 Africa	151	321	....	471	501	521	531	531	543	543
19 All other	*	*	....	*	*	*	*	*	*	*
20 Nonmonetary international and regional organizations	**151**	**331**	....	**582**	**1,068**	**1,401**	**1,791**	**2,528**	**2,721**	**3,028**
21 International	97	322	....	582	1,065	1,388	1,768	2,504	2,655	2,905
22 Latin American regional	53	9	....	*	3	13	23	23	66	123
	Transactions, net purchases, or sales (−), during period									
23 Total	**472**	**1,994**	**8,089**	**1,205**	**810**	**729**	**1,315**	**1,019**	**577**	**734**
24 Foreign countries	**−573**	**1,814**	**5,392**	**772**	**324**	**396**	**925**	**283**	**383**	**427**
25 Official institutions	−642	1,612	5,116	717	294	316	964	227	340	421
26 Other foreign	69	202	276	55	31	80	−39	56	43	6
27 Nonmonetary international and regional organizations	**101**	**180**	**2,698**	**434**	**486**	**333**	**390**	**736**	**193**	**307**
MEMO: Oil-exporting countries										
28 Middle East[2]	....	1,797	3,876	611	246	228	315	98	630	140
29 Africa[3]	....	170	221	40	30	20	10	....	11	....

1 Includes Surinam until January 1976.

2 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States). Data not available until 1975.

3 Comprises Algeria, Gabon, Libya, and Nigeria. Data not available until 1975.

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.

3.24 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars outstanding, end of period

Assets	1973	1974	1975	1976 July	Aug.	Sept.	Oct.	Nov.	Dec.	1977 Jan.
1 Deposits	251	418	352	295	254	393	362	305	352	383
Assets held in custody:										
2 U.S. Treasury securities[1]	52,070	55,600	60,019	62,955	63,457	64,215	64,942	63,962	66,532	66,992
3 Earmarked gold[2]	17,068	16,838	16,745	16,607	16,565	16,590	16,505	16,457	16,414	16,343

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.

3.25 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

	Transactions, and area or country	1974	1975	1976	1976 June	July	Aug.	Sept.	Oct.	Nov.ᵖ	Dec.ᵖ
					U.S. corporate securities[3]						
	Stocks										
1	Foreign purchases	7,636	15,347	18,188	1,432	1,595	1,050	1,124	1,226	977	1,544
2	Foreign sales	7,096	10,678	15,449	1,178	1,363	962	1,116	1,321	1,025	1,269
3	**Net purchases, or sales (−)**	**540**	**4,669**	**2,740**	**254**	**232**	**88**	**9**	**−95**	**−49**	**275**
4	**Foreign countries**	**527**	**4,651**	**2,727**	**252**	**233**	**85**	**7**	**−98**	**−50**	**281**
5	Europe	281	2,491	332	−47	−32	−19	−60	−251	−118	111
6	France	203	262	215	24	72	28	23	−12	−25	37
7	Germany	39	251	83	−27	−20	−11	−6	−16	−13	24
8	Netherlands	330	359	−201	2	−22	−21	−26	−37	−29	−35
9	Switzerland	36	899	−104	−47	−58	−11	−55	−95	−44	−7
10	United Kingdom	−377	594	340	20	5	12	29	−72	−5	84
11	Canada	−6	361	305	−5	44	35	5	18	1	60
12	Latin America	−33	−7	157	11	3	−24	10	−17	25	1
13	Middle East[1]	....	1,640	1,803	266	209	92	60	126	64	115
14	Other Asia[2]	288	142	117	20	10	−2	−4	28	−23	9
15	Africa	−6	10	9	3	−3	3	−4	−3	1	2
16	Other countries	3	15	−4	3	1	2	*	1	*	−17
17	**Nonmonetary international and regional organizations**	**13**	**18**	**12**	**2**	**−2**	**3**	**2**	**4**	**2**	**−6**
	Bonds[3]										
18	Foreign purchases	8,571	5,393	5,523	391	307	411	361	625	355	533
19	Foreign sales	7,582	4,641	4,306	155	154	232	375	386	356	524
20	**Net purchases, or sales (−)**	**988**	**752**	**1,217**	**236**	**153**	**179**	**−14**	**239**	**−1**	**9**
21	**Foreign countries**	**1,472**	**1,782**	**1,382**	**236**	**161**	**173**	**−9**	**203**	**113**	**6**
22	Europe	741	106	91	29	49	29	−16	−10	24	53
23	France	96	82	38	6	10	4	−1	−1	5	7
24	Germany	33	−11	−48	−1	−3	−3	*	5	4	1
25	Netherlands	183	15	28	−2	4	−3	*	−5	3	−20
26	Switzerland	96	117	158	18	35	16	−7	−2	−3	13
27	United Kingdom	395	87	22	8	3	23	7	*	15	54
28	Canada	45	128	94	1	2	9	18	−1	16	7
29	Latin America	43	31	93	*	7	9	5	29	6	27
30	Middle East[1]	....	1,553	1,178	224	104	121	18	156	74	−21
31	Other Asia[2]	632	−42	−158	−19	−2	5	−15	3	−5	−43
32	Africa	*	5	−26	*	1	*	−19	−2	−2	−14
33	Other countries	10	1	−22	*	*	*	*	*	*	−2
34	**Nonmonetary international and regional organizations**	**−483**	**−1,030**	**−38**	*	**−8**	**6**	**−4**	**64**	**−115**	**3**
					Foreign securities						
35	**Stocks, net purchases, or sales (−)**	**184**	**−189**	**−334**	**−44**	**−129**	**−11**	**−27**	**−1**	**−1**	**−9**
36	Foreign purchases	1,907	1,541	1,912	162	128	123	126	132	167	194
37	Foreign sales	1,723	1,730	2,247	206	257	134	153	133	168	203
38	**Bonds, net purchases, or sales (−)**	**−2,218**	**−6,301**	**8,475**	**−532**	**−1,734**	**−478**	**−427**	**−367**	**−400**	**−1,256**
39	Foreign purchases	1,036	2,383	4,932	281	440	333	363	452	455	670
40	Foreign sales	3,254	8,683	13,406	813	2,173	811	790	819	855	1,926
41	**Net purchases, or sales (−) of stocks and bonds**	**−2,034**	**−6,490**	**8,818**	**−576**	**−1,862**	**−489**	**−454**	**−369**	**−402**	**−1,265**
42	**Foreign countries**	**−1,974**	**−4,299**	**−6,920**	**−582**	**−1,044**	**−423**	**−471**	**−282**	**−270**	**−736**
43	Europe	−546	−53	−836	−52	−130	−60	−145	−37	−10	−139
44	Canada	−1,508	−3,178	−511	−328	−853	−98	−331	−301	−26	−640
45	Latin America	−93	−306	9	10	19	47	20	13	−28	37
46	Asia	142	−622	−615	12	−93	−317	−16	34	−10	1
47	Africa	7	15	56	11	9	1	*	1	*	2
48	Other countries	22	−155	−416	−234	3	3	2	9	−197	3
49	**Nonmonetary international and regional organizations**	**−60**	**−2,192**	**−1,898**	**6**	**−819**	**−66**	**17**	**−87**	**−132**	**−529**

[1] Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

[2] Includes Middle East oil-exporting countries until 1975.

[3] 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 investment abroad.

3.26 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: 1974 Dec.	1975 Dec.	1976 Mar.	1976 June	1976 Sept.p	Claims on foreigners: 1974 Dec.r	1975 Dec.r	1976 Mar.r	1976 June	1976 Sept.p
1	Total	5,927	6,010	6,326	6,301	6,335	11,266	12,172	12,733	13,899	13,220
	By type:										
2	*Payable in dollars*	*5,017*	*5,393*	*5,659*	*5,663*	*5,696*	*10,241*	*11,025*	*11,688*	*12,895*	*12,173*
3	*Payable in foreign currencies*	*910*	*617*	*667*	*638*	*639*	*1,024*	*1,146*	*1,045*	*994*	*1,048*
4	Deposits with banks abroad in reporter's name						473	565	483	501	505
5	Other						551	581	562	493	543
	By area or country:										
6	**Foreign countries**	**5,769**	**5,734**	**6,108**	**6,056**	**6,149**	**11,265**	**12,171**	**12,732**	**13,888**	**13,220**
7	*Europe*	*3,016*	*2,338*	*2,342*	*2,284*	*2,282*	*4,450*	*4,504*	*4,946*	*5,344*	*5,162*
8	Austria	20	14	6	13	16	26	16	17	17	21
9	Belgium-Luxembourg	524	299	296	233	181	128	133	116	193	195
10	Denmark	24	9	12	12	13	42	39	35	30	26
11	Finland	16	14	10	7	21	120	91	36	138	139
12	France	202	149	205	159	185	428	293	358	365	418
13	Germany	313	149	152	228	256	335	355	305	360	489
14	Greece	39	19	25	29	28	65	33	41	47	56
15	Italy	124	172	124	115	126	395	380	406	335	357
16	Netherlands	117	114	162	170	141	143	167	176	147	141
17	Norway	9	20	22	22	24	36	41	58	52	43
18	Portugal	19	4	3	3	5	81	44	45	22	28
19	Spain	56	81	68	51	36	367	407	516	432	335
20	Sweden	41	29	25	24	35	89	62	80	84	62
21	Switzerland	138	130	159	213	239	136	242	207	270	254
22	Turkey	8	25	14	20	16	26	27	26	31	23
23	United Kingdom	1,256	996	928	845	806	1,847	1,905	2,289	2,609	2,370
24	Yugoslavia	40	76	91	108	113	22	36	30	28	30
25	Other Western Europe	5	8	6	7	8	21	14	18	14	17
26	U.S.S.R.	48	20	23	10	19	91	150	106	96	81
27	Other Eastern Europe	16	11	10	16	14	50	70	80	75	79
28	*Canada*	*307*	*295*	*316*	*373*	*332*	*1,613*	*2,109*	*2,244*	*2,211*	*2,224*
29	*Latin America*	*929*	*914*	*1,177*	*1,073*	*1,007*	*2,336*	*2,369*	*2,564*	*3,055*	*2,814*
30	Argentina	38	36	41	42	41	67	58	48	43	39
31	Bahamas	374	277	376	330	251	594	667	883	1,150	924
32	Brazil	118	96	91	90	53	468	409	475	462	417
33	Chile	22	14	11	15	16	106	36	27	46	26
34	Colombia	14	17	16	19	11	54	49	47	57	66
35	Cuba	*	*	*	*	*	1	1	1	1	1
36	Mexico	60	82	92	72	74	308	362	331	332	352
37	Panama	28	24	17	14	11	132	92	86	103	84
38	Peru	14	23	24	26	28	44	41	37	39	35
39	Uruguay	2	3	2	3	3	5	4	4	4	22
40	Venezuela	49	100	163	184	222	193	178	156	186	215
41	Other Latin American republics	83	71	71	95	100	199	160	171	185	180
42	Netherlands Antilles [1]	26	35	58	54	68	20	12	7	10	9
43	Other Latin America	101	138	214	130	129	147	301	292	437	445
44	*Asia*	*1,237*	*1,719*	*1,699*	*1,749*	*2,024*	*2,326*	*2,634*	*2,493*	*2,729*	*2,418*
45	China, People's Republic of (Mainland)	17	6	5	8	7	17	65	35	23	11
46	China, Republic of (Taiwan)	92	97	110	124	129	138	164	100	215	136
47	Hong Kong	19	17	23	28	33	62	110	66	104	83
48	India	7	7	9	10	11	37	39	60	51	53
49	Indonesia	60	137	137	133	146	92	143	158	166	196
50	Israel	50	29	23	28	26	44	54	42	53	48
51	Japan	348	295	307	290	275	1,230	1,130	1,161	1,169	1,008
52	Korea	75	69	53	62	83	201	263	105	127	143
53	Philippines	25	14	18	18	28	97	96	106	114	93
54	Tahiland	10	18	18	11	23	24	22	20	19	22
55	Other Asia	536	1,031	995	1,038	1,263	384	549	640	691	625
56	*Africa*	*193*	*395*	*508*	*532*	*437*	*374*	*414*	*351*	*391*	*422*
57	Egypt	3	37	30	22	25	15	22	22	28	36
58	Morocco	14	8	7	32	42	7	10	10	12	9
59	South Africa	43	100	113	88	65	101	93	78	86	79
60	Zaire	18	6	7	12	24	24	28	28	30	33
61	Other Africa	115	245	351	377	281	227	261	213	235	267
62	*Other countries*	*86*	*73*	*65*	*43*	*67*	*165*	*141*	*133*	*157*	*180*
63	Australia	56	55	47	32	50	116	102	97	101	113
64	All other	30	17	18	12	18	49	39	36	56	67
65	**Nonmonetary international and regional organizations**	**158**	**276**	**219**	**246**	**186**	*	**1**	**1**	**1**	**1**

[1] Includes Surinam until 1976.

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.

3.27 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 May r	1976 June r	1976 July r	1976 Aug. r	1976 Sept.	1976 Oct. p	1976 Nov. p
1	**Total**	**3,164**	**3,357**	**3,791**	**5,204**	**4,949**	**5,185**	**5,142**	**4,750**	**4,869**	**5,133**
	By type:										
2	*Payable in dollars*	*2,625*	*2,660*	*3,035*	*4,516*	*4,315*	*4,552*	*4,538*	*4,075*	*4,284*	*4,597*
3	Deposits	2,588	2,591	2,703	4,090	3,970	4,192	4,119	3,705	3,893	4,210
4	Short-term investments [1]	37	69	332	426	345	360	419	370	391	387
5	*Payable in foreign currencies*	*540*	*697*	*756*	*689*	*632*	*634*	*604*	*675*	*586*	*535*
6	Deposits	435	429	510	452	432	431	377	447	344	308
7	Short-term investments [1]	105	268	246	237	200	203	227	228	242	227
	By country:										
8	United Kingdom	1,118	1,350	1,304	1,915	1,915	2,068	2,082	1,712	1,641	1,691
9	Canada	765	967	1,153	1,521	1,276	1,415	1,397	1,356	1,400	1,563
10	Bahamas	589	390	546	1,035	1,029	918	823	810	1,059	1,059
11	Japan	306	398	343	245	190	139	137	146	116	135
12	All other	386	252	445	488	539	645	703	726	653	685

[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.

3.28 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	Liabilities to foreigners: 1974 Dec.	1975 Dec.	1976 Mar.	1976 June p	1976 Sept. p	Claims on foreigners: 1974 Dec.	1975 Dec.	1976 Mar.	1976 June p	1976 Sept. p
1	**Total**	**3,889**	**4,277**	**4,092**	**3,960**	**3,705**	**4,544**	**4,959**	**5,152**	**5,008**	**4,958**
2	Europe	3,033	3,280	3,128	3,007	2,790	1,007	1,002	949	959	925
3	Germany	474	506	446	425	406	23	41	38	39	77
4	Netherlands	218	202	214	214	270	280	217	219	211	211
5	Switzerland	572	505	466	448	308	44	55	52	52	50
6	United Kingdom	1,256	1,629	1,601	1,520	1,441	364	396	349	365	290
7	Canada	110	164	153	175	121	1,290	1,426	1,473	1,516	1,510
8	Latin America	216	269	248	222	230	1,384	1,633	1,770	1,602	1,547
9	Bahamas	177	210	184	157	132	19	8	7	37	37
10	Brazil	3	4	5	5	5	187	171	182	164	171
11	Chile	1	1	1	1	1	435	315	312	306	244
12	Mexico	3	3	6	6	7	153	216	209	187	219
13	Asia	460	496	496	489	498	681	669	685	709	736
14	Japan	367	397	394	388	402	112	90	91	85	80
15	Africa	6	2	2	2	2	127	168	214	163	181
16	All other [1]	65	66	65	64	64	54	60	62	59	58

[1] Includes nonmonetary international and regional organizations.

3.28 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

Country	Rate as of Jan. 31, 1977: Per cent	Rate as of Jan. 31, 1977: Month effective	Country	Rate as of Jan. 31, 1977: Per cent	Rate as of Jan. 31, 1977: Month effective	Country	Rate as of Jan. 31, 1977: Per cent	Rate as of Jan. 31, 1977: Month effective
Argentina	18.0	Feb. 1972	France	10.5	Sept. 1976	Norway	6.0	Sept. 1976
Austria	4.0	June 1976	Germany, Fed. Rep. of	3.5	Sept. 1975	Sweden	8.0	Oct. 1976
Belgium	8.0	Jan. 1976	Italy	15.0	Oct. 1976	Switzerland	2.0	June 1976
Brazil	28.0	May 1976	Japan	6.5	Oct. 1975	United Kingdom	12.25	Jan. 1977
Canada	8.5	Dec. 1976	Mexico	4.5	June 1942	Venezuela	5.0	Oct. 1970
Denmark	10.0	Dec. 1976	Netherlands	5.0	Jan. 1977			

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.

3.29 FOREIGN SHORT-TERM INTEREST RATES

Per cent per annum; averages of daily figures

Country, or type	1974	1975	1976	1976 Aug.	1976 Sept.	1976 Oct.	1976 Nov.	1976 Dec.	1977 Jan.
1 Euro-dollars	11.01	7.02	5.58	5.68	5.53	5.46	5.29	5.01	5.14
2 United Kingdom	13.34	10.63	11.35	11.07	12.11	14.57	14.75	14.27	13.53
3 Canada	10.47	8.00	9.39	9.54	9.40	9.34	9.08	8.51	8.24
4 Germany	9.80	4.87	4.19	4.51	4.57	4.76	4.61	4.82	4.70
5 Switzerland		3.01	1.45	1.17	1.40	1.80	2.12	1.98	1.24
6 Netherlands		5.17	7.02	12.92	12.67	10.23	8.22	6.51	6.18
7 France		7.91	8.65	9.58	9.53	10.39	10.41	10.55	10.02
8 Italy		10.37	16.32	17.43	16.83	18.61	17.76	17.13	15.68
9 Belgium		6.63	10.25	11.55	13.90	13.94	12.48	10.73	8.49
10 Japan		11.64	7.70	7.75	7.50	7.50	8.00	8.00	7.50

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.

3.30 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1974	1975	1976	1976 Aug.	1976 Sept.	1976 Oct.	1976 Nov.	1976 Dec.	1977 Jan.
1 Australia/dollar	143.89	130.77	122.15	124.18	124.25	123.40	120.66	105.29	108.53
2 Austria/shilling	5.3564	5.7467	5.5744	5.5645	5.6567	5.7960	5.8332	5.9061	5.8852
3 Belgium/franc	2.5713	2.7253	2.5921	2.5632	2.6046	2.6822	2.7047	2.7483	2.7249
4 Canada/dollar	102.26	98.30	101.41	101.49	102.56	102.81	101.46	98.204	98.985
5 Denmark/krone	16.442	17.437	16.546	16.448	16.694	16.968	16.934	17.145	16.967
6 Finland/markka	26.565	27.285	25.938	25.754	25.781	25.938	26.073	26.315	26.313
7 France/franc	20.805	23.354	20.942	20.131	20.334	20.072	20.042	20.055	20.108
8 Germany/deutsche mark	38.723	40.729	39.737	39.538	40.169	41.165	41.443	41.965	41.792
9 India/rupee	12.460	11.926	11.148	11.143	11.036	11.243	11.155	11.296	11.231
10 Ireland/pound	234.03	222.16	180.48	178.28	172.72	163.77	163.81	167.84	171.24
11 Italy/lira	.15372	.15328	.12044	.11936	.11837	.11684	.11554	.11521	.11372
12 Japan/yen	.34302	.33705	.33741	.34410	.34800	.34344	.33879	.33933	.34359
13 Malaysia/ringgit	41.682	41.753	39.340	40.077	39.753	39.575	39.513	39.550	39.718
14 Mexico/peso	8.0000	8.0000	6.9161	8.0000	5.0286	4.8535	4.0200	4.8626	4.8114
15 Netherlands/guilder	37.267	39.632	37.846	37.393	38.390	39.265	39.678	40.240	39.953
16 New Zealand/dollar	140.02	121.16	99.115	99.657	98.869	98.484	95.392	92.179	94.839
17 Norway/krone	18.119	19.180	18.327	18.150	18.427	18.812	18.954	19.193	18.946
18 Portugal/escudo	3.9506	3.9286	3.3159	3.1982	3.2062	3.1920	3.1742	3.1674	3.1276
19 South Africa/rand	146.98	136.47	114.85	114.84	114.77	114.85	114.88	114.95	114.94
20 Spain/peseta	1.7337	1.7424	1.4958	1.4651	1.4721	1.4675	1.4626	1.4634	1.4577
21 Sri Lanka/rupee	14.978	14.385	11.908	11.504	11.516	11.453	11.479	11.246	11.421
22 Sweden/krona	22.563	24.141	22.957	22.660	22.998	23.511	23.699	24.051	23.734
23 Switzerland/franc	33.688	38.743	40.013	40.302	40.431	40.876	40.958	40.823	40.127
24 United Kingdom/pound	234.03	222.16	180.48	178.28	172.72	163.77	163.81	167.84	171.24
MEMO:									
25 United States/dollar [1]	84.11	82.20	89.68	90.46	90.25	90.88	91.06	90.55	90.35

[1] Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. May 1970 parities = 100. Weights are 1972 global trade of each of the 10 countries.

NOTE.—Averages of certified noon buying rates in New York for cable transfers.

Board of Governors and Staff are shown on following page.

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Index to Statistical Tables

References are to pages A-3 through A-68 although the prefix "A" is omitted in this index

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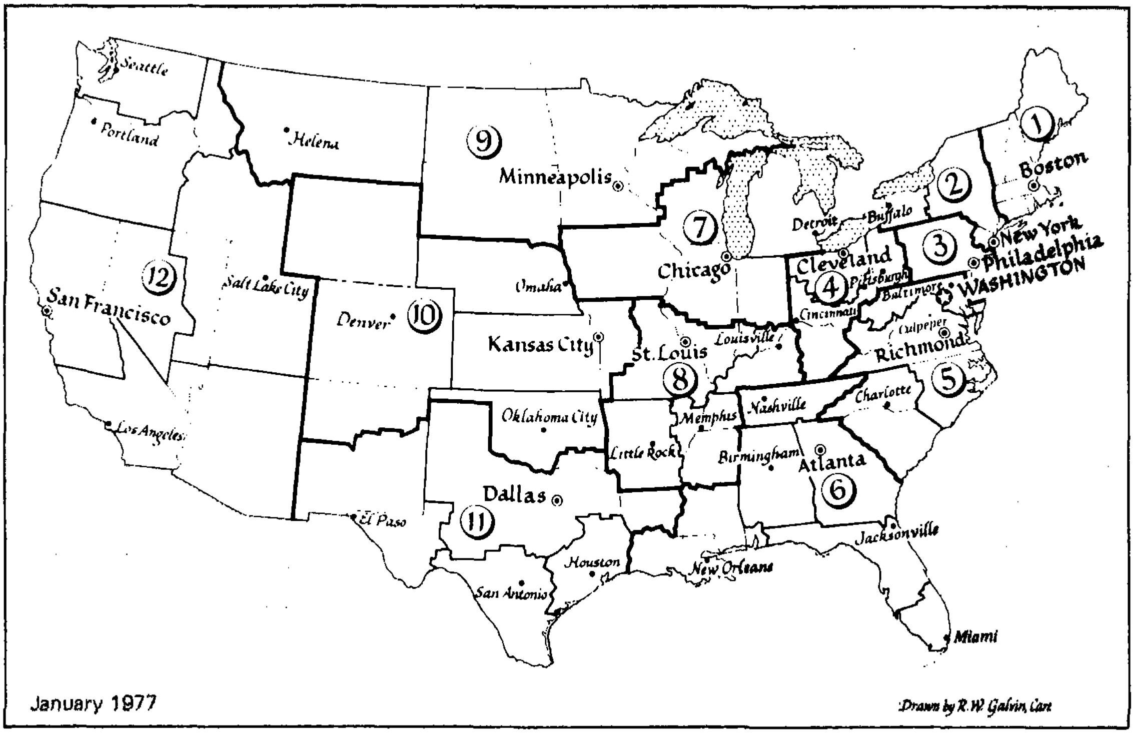

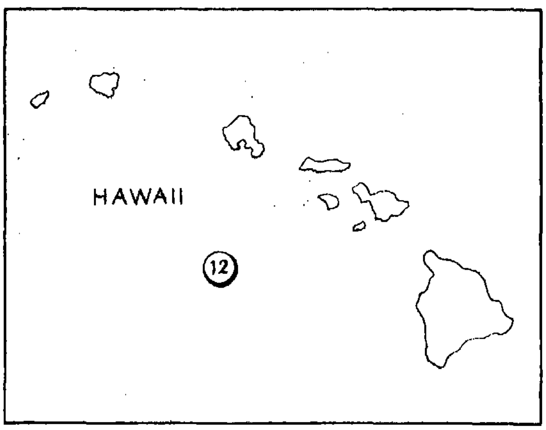

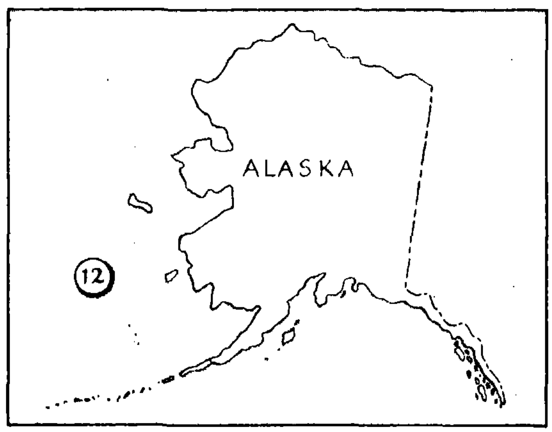

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- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility

Guide to Tabular Presentation and Statistical Releases

GUIDE TO TABULAR PRESENTATION

SYMBOLS AND ABBREVIATIONS

p	Preliminary
r	Revised
rp	Revised preliminary
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).

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Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

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In some of the tables details do not add to totals because of rounding.

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	Issue	*Page*
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