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FEDERAL RESERVE BULLETIN

Domestic Financial Developments in the Fourth Quarter of 1977

Survey of Time and Savings Deposits, October 1977

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Domestic Financial Developments in the Fourth Quarter of 1977

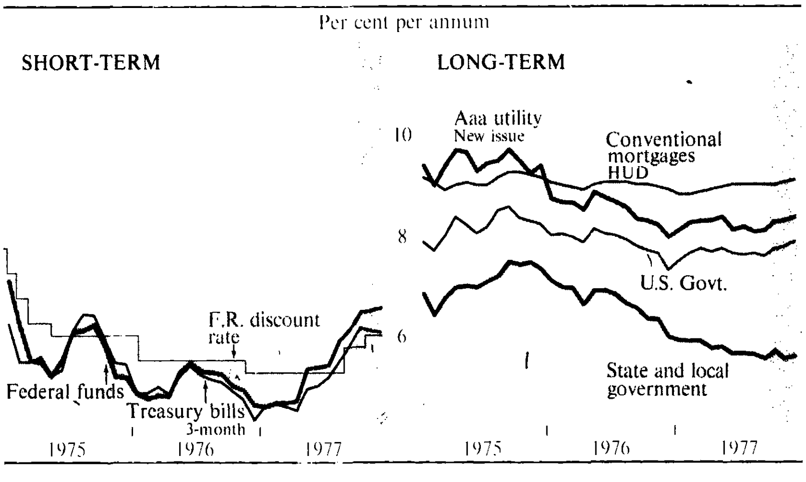
This report, which was sent to the Joint Economic Committee of the U.S. Congress on February 10, 1978, highlights the important developments in domestic financial markets during the fall and early winter.

Credit flows to nonfinancial sectors of the U.S. economy remained strong in the fourth quarter of 1977, supporting a continuing advance in economic activity. Nonfinancial businesses increased their short- and intermediate-term borrowing substantially—especially at banks—more than offsetting a decline in funds raised in long-term credit markets. Borrowing by consumers continued at about the same rapid pace as in the third quarter, with mortgage lending rising to a new record level and the expansion of consumer instalment credit remaining comparatively strong. In the public sector an increase in the Federal Government's deficit during the fourth quarter led to a rise in credit demands by the U.S. Treasury, while borrowing by State and local governments fell off somewhat despite a sizable volume of advance refunding activity.

Growth of the monetary aggregates slowed in the fourth quarter. The narrow money stock (M-1) increased at a 6¾ per cent annual rate, down from 9¼ per cent in the previous quarter. Expansion of the interest-bearing components of M-2 and M-3 also slackened appreciably during the quarter, as market interest rates by early fall had exceeded regulatory ceiling rates for savings and all but the longest-term, small-denomination time accounts at commercial banks and thrift institutions. As a result, growth in M-2 fell to an annual rate of 7½ per cent from 10¼ per cent in the third quarter, and expansion in M-3 declined to a 10¾ per cent rate from 12½ per cent.

Despite the slowing of inflows into demand, savings, and small-denomination time ac-

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*.

counts, most depositary institutions continued to expand loan portfolios at a rapid pace by turning increasingly to other liabilities for sources of funds. During the fourth quarter, banks issued more large-denomination time deposits, which are not subject to regulatory interest rate ceilings, and they also relied more heavily on nondeposit sources of funds. Thrift institutions, with limited access to money markets, borrowed substantial amounts from the Federal home loan banks as well as from other sources.

Short-term interest rates increased early in the fourth quarter. The rate on Federal funds (overnight loans of immediately available bank funds) rose from 6 to 6½ per cent, partly in response to Federal Reserve efforts to restrain money growth, which in early October had accelerated once again. Following the upward movement in market interest rates, the discount rate at the Federal Reserve Banks was raised from 5¾ to 6 per cent in late October. With monetary expansion subsequently moderating, the Federal funds and most other short-term rates changed little between mid-October and the year-end. The rise in short-term interest rates in October was accompanied by an increase in most long-term rates. Bond yields tended to move higher again late in the quarter, perhaps reflecting in part an upward revision in expectations about the prospective strength of economic activity and associated growth in credit demands.

In early January the Federal Reserve raised

Changes in selected monetary aggregates

Per cent, seasonally adjusted annual rates

Item	1975	1976	1977	1977 Q1	1977 Q2	1977 Q3	1977 Q4
Member bank reserves:							
Total	−.2	1.0	5.2	2.7	3.0	9.0	5.7
Nonborrowed	3.2	1.2	2.8	2.6	1.9	3.4	3.0
Concepts of money:[1]							
M-1	4.4	5.6	7.4	4.2	8.4	9.3	6.8
M-2	8.3	10.9	9.6	9.9	9.2	10.3	7.6
M-3	11.1	12.8	11.6	11.3	10.0	12.4	10.7
M-4	6.5	7.1	9.8	9.3	8.5	9.7	10.5
M-5	9.7	10.3	11.7	10.9	9.4	11.9	12.4
Time and savings deposits at commercial banks:							
Total (excluding large CD's)	11.7	15.2	11.1	14.0	9.8	10.9	8.1
Savings	17.5	25.0	10.5	21.1	8.5	6.6	4.6
Other time	7.8	7.7	11.7	8.0	10.8	15.0	11.0
Thrift institutions[2]	15.8	15.8	14.6	13.4	11.2	15.5	15.4
MEMO (change in billions of dollars, seasonally adjusted):							
Large negotiable CD's at large banks	−5.3	−19.2	8.1	.3	−.3	.5	7.6
All other large time deposits[3]	−3.7	−.9	10.6	−.5	−1.1	5.9	6.3
U.S. Govt. demand deposits at all member banks	.2	.2	—	—	−.4	.2	.2
Nondeposit sources of funds[4]	−3.9	17.7	10.4	1.3	.8	4.2	4.1

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

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

[3] Included in *M*-2 and *M*-3.

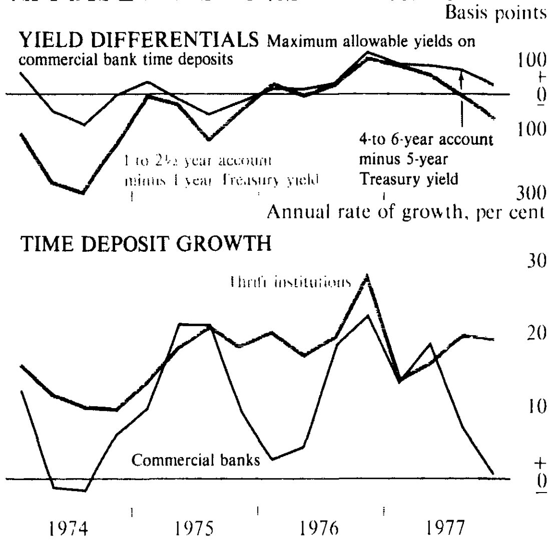
[4] Nondeposit sources of funds include borrowings by commercial banks from other than commercial banks in the form of Federal funds purchased, securities sold under agreements to repurchase, and other liabilities for borrowed money, plus gross liabilities to own foreign branches (Euro-dollar borrowings),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

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

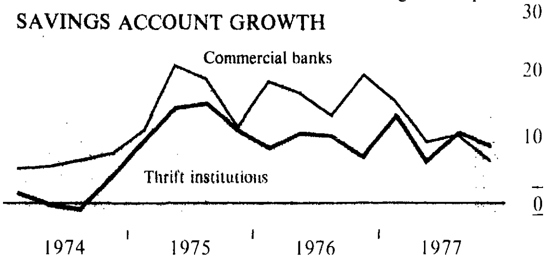
the discount rate to 6½ per cent, primarily in an effort to counter the progressive fall in the value of the dollar on foreign exchange markets. In conjunction with this move, the Federal Reserve also became less accommodative in the provision of reserves to the banking system through open market operations, and the Federal funds rate rose to about 6¾ per cent. Prompt increases in both short- and long-term market yields followed these policy changes, and the dollar exchange rate, on a trade-weighted average basis, declined only a little further over the balance of the month.

MONETARY AGGREGATES AND BANK CREDIT

As in the preceding two quarters, M-1 growth was quite rapid in the first month of the fourth quarter and then slowed in the subsequent 2 months. On average over the quarter, however, the rate of expansion of M-1 while still strong, fell somewhat from the unusually rapid pace of the second and third quarters. The reduction in M-1 growth, and the concomitant



Time deposit growth data are seasonally adjusted. Time deposit yields correspond to current regulatory ceilings assuming continuous compounding of interest on the basis of a 360-day year. Time deposit growth at thrift institutions includes time accounts at mutual savings banks and savings and loan associations. The commercial bank data include only time accounts of less than \$100,000.



Savings yields correspond to current regulatory ceilings assuming continuous compounding of interest on the basis of a 360-day year. Savings account growth data are seasonally adjusted. Thrift institutions include savings and loan associations and mutual savings banks.

rise in velocity, appeared to stem primarily from efforts to reduce non-interest-bearing assets induced by the increases in interest rates that had occurred since the spring. In contrast to 1975 and 1976, the faster growth in velocity did not seem to reflect to any great extent a downward shift in the demand for money relative to income and interest rates. In the fourth quarter, as in the two preceding quarters, the relationships among the growth of M-1 and movements in gross national product and interest rates appeared to conform more closely to pre-1975 patterns than they had earlier in the current expansion.

By early in the fourth quarter, market interest rates had risen above the maximum allowable yields at banks and thrift institutions on savings and small-denomination time deposits maturing in less than 4 years. As a result, inflows of funds to these accounts slowed during the quarter. The relative attractiveness to small savers of financial investments offering market rates of interest was evidenced by a rise in noncompetitive tenders at weekly

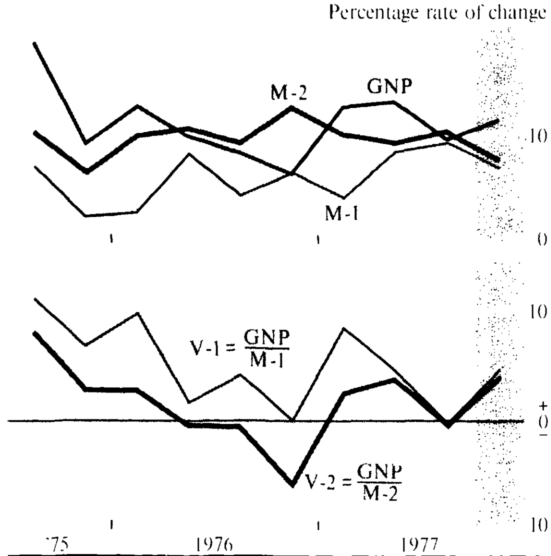
Treasury bill auctions and by increased net sales of shares in money market mutual funds. Inflows of savings deposits at banks slowed to a pace only two-thirds the rate of the preceding quarter. Growth in accounts owned by individuals decelerated markedly over the quarter, while balances in government accounts continued to decline and the level of business accounts showed essentially no change. In addition, there was only modest growth in small-denomination time deposits, with inflows apparently concentrated in longer-maturity accounts on which ceiling rates were still above market yields.

The effect on *M*-2 of the slowdown in inflows of deposits subject to interest rate ceilings was offset in part by a sharp rise in large-denomination time deposits that are included in this aggregate. Even with the increase in these deposits, which accounted for about two-fifths of the expansion in *M*-2 during the fourth quarter, *M*-2 growth slowed in the quarter, resulting in a rise in the velocity of *M*-2 at nearly the same pace as the rise in the velocity of *M*-1.

There also was a sizable increase during the quarter in negotiable certificates of deposit issued by large banks, which are not included in *M*-2. Altogether, total large time deposits—both negotiable and nonnegotiable—expanded $14 billion in the fourth quarter, or more than twice their increase in the preceding 3 months. In addition, banks continued to rely on other managed liabilities, obtaining $4 billion from nondeposit sources of funds. Increased borrowing from nonbank investors in the Federal funds market and through security repurchase agreements accounted for about half of this total, and borrowing in the Euro-dollar market and loan sales to affiliates accounted for most of the rest.

The rise in market interest rates in the second and third quarters had a smaller impact on deposit growth at thrift institutions than at banks, in part because of the higher ceiling rates allowed on deposits at those institutions. Any lessening of deposit inflows that did occur at thrift institutions is not reflected in the quarterly-average growth rates shown in the

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



Data are at seasonally adjusted annual rates of growth. Money stock data are quarterly averages.

table. But, deposit expansion slowed noticeably—from 18 per cent in the third quarter to 10 per cent in the fourth—when measured on the more sensitive end-of-quarter basis. Deposit inflows in the third quarter, however, reportedly had been boosted by shifts of maturing "wild card" deposits from banks to thrift institutions.

Despite moderation in growth of deposits other than large time deposits, commercial banks, through the increased use of managed liabilities, were able to expand total loans and investments by 8¼ per cent at a seasonally adjusted annual rate in the fourth quarter, about the same as the average for the preceding 3 months. Loan growth in the fourth quarter exceeded that in the third quarter, primarily reflecting stepped-up lending to businesses. Real estate and consumer lending remained strong, though growth was below the pace of the preceding quarter. Banks maintained the level of their liquid assets in the fourth quarter, as reductions in holdings of U.S. Government securities were offset by increases in holdings of other securities—including municipal tax warrants—and in bankers acceptances.

The pick-up in loan growth and the moderation of deposit inflows combined to produce a rise in the loan/deposit ratio at all commercial banks. This ratio has increased at both large and small banks, bringing the mean for all banks, on average over the quarter, to its highest level since early 1975. Among smaller banks the increase in this ratio over the last 2 years appears most pronounced at agricultural banks, where the protracted decline in farm income has resulted in a sharp expansion in farm loans and a rate of deposit growth that is less than the national average.

BUSINESS CREDIT

Short- and intermediate-term credit flows to nonfinancial businesses—measured as the sum of bank business loans, finance company business loans, and commercial paper issuance—rose substantially in the fourth quarter, registering a 21 per cent rate of growth compared with an 8 per cent rate in the third quarter. Bank loans to businesses, which had been expanding rapidly throughout the year, accelerated further in the fourth quarter, due to a pick-up in loan growth at large banks. A number of large banks recently appear to have been more aggressive in their lending policies, making selected loans at rates below prime and seeking loans from other than traditional customers, including firms of small- and intermediate-size as well as those in different regional markets. Strong growth in commercial and industrial loans at large banks appeared to be broadly based among industrial categories, with substantial borrowing by manufacturing, trade, and mining firms and by public utilities. At small banks, loan growth was quite rapid earlier in the year but has decelerated slowly in recent quarters.

Commercial paper issued by nonfinancial firms declined during most of the quarter before rising sharply on a seasonally adjusted basis at the end of December. Because of the rise, business borrowing in the commercial paper market increased in the fourth quarter, following a decline in the third. Growth in business borrowing from finance companies accelerated from the third-quarter pace, apparently in conjunction with the rising level of automobile inventories.

In contrast to the pick-up in the expansion of short- and intermediate-term business credit, there was a moderation in the volume of long-term financing by businesses during the fourth quarter. Gross issuance of bonds and equities by both financial and nonfinancial U.S. corporations slowed to a seasonally adjusted annual rate of $48 billion, down from $57 billion in the third quarter, but about the same as in the first half of the year. For 1977, long-term corporate financing fell from the high levels of 1975-76, as firms generally increased their reliance upon shorter-term borrowing. The decline in the volume of new bond and equity issues was concentrated in the nonfinancial corporate sector, where growth in capital expenditures generally was moderate after the first quarter of 1977. The expansion in short-term business borrowing was accompanied by the accumulation of financial assets, thereby enabling nonfinancial

Business loans and short- and intermediate-term business credit

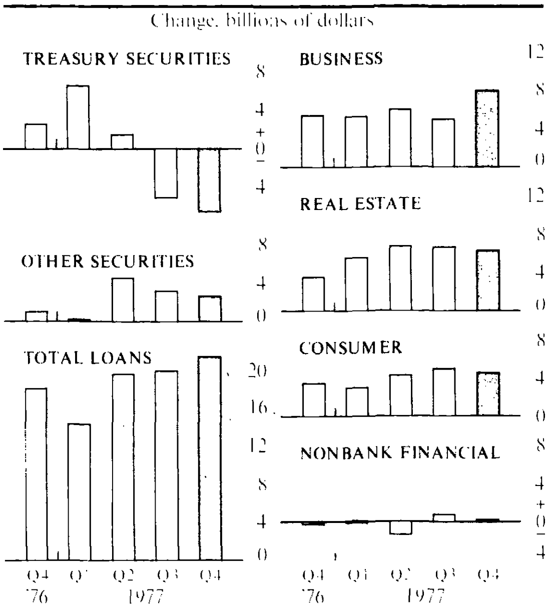
Seasonally adjusted changes at annual percentage rates

Period	Business loans: Total[1]	Business loans: Excluding bank holdings of bankers acceptances	Total short- and intermediate-term business credit[2]
1975—Q1 ...	-5.2	-6.8	-4.1
Q2 ...	-8.7	-9.0	-7.9
Q3 ...	-3.1	-3.5	-1.6
Q4 ...	.7	-3.2	-5.1
1976—Q1 ...	-6.7	-4.8	-4.3
Q2 ...	1.4	2.2	7.4
Q3 ...	3.9	1.1	.3
Q4 ...	12.0	8.2	11.0
1977—Q1 ...	11.4	16.4	17.1
Q2 ...	12.6	13.3	17.7
Q3 ...	10.2	8.9	8.2
Q4 ...	16.0	14.9	20.9

[1]At all commercial banks based on last-Wednesday-of-month data, adjusted for outstanding amounts of loans sold to affiliates.

[2]Short- and intermediate-term business credit is business loans at commercial banks excluding bank holdings of bankers acceptances plus nonfinancial company commercial paper and finance company loans to businesses 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.

corporations, in the aggregate, to maintain liquidity at close to the improved levels that had been reached following widespread balance-sheet restructuring in 1975–76.

The fourth-quarter decline in long-term financing activity apparently was concentrated in the public bond market, in which offerings by industrial concerns dropped off following a third-quarter surge. Public utilities, meanwhile, continued to issue a relatively large volume of bonds during the quarter. Offerings by financial concerns increased and accounted for more than 40 per cent of public bond issues over the period. Finance companies continued to borrow heavily, and savings and loan associations offered publicly more than $500 million of mortgage-backed bonds. Private placements of corporate bonds are estimated to have remained substantial during the fourth quarter. The volume of private placements during the year was second only to the record level in 1976 with life insurance companies continuing to use this market as the major investment outlet for their strong cash flow.

Interest rates on long-term corporate bonds increased during the fourth quarter, apparently in response to rising short-term interest rates and changing investor expectations about future credit demands. The Federal Reserve index of yields on recently issued, Aaa-rated utility bonds rose from 8.12 per cent at the end of the third quarter to close the fourth quarter at 8.48 per cent. In early January long-term rates rose further along with increases in short-term rates.

Movements in stock prices were mixed during the fourth quarter. The New York Stock Exchange (NYSE) composite index fell 0.6 per cent and at year-end was 9.3 per cent below its level 12 months earlier. In contrast, the American Stock Exchange (AMEX) index rose during the fourth quarter and, after posting a 16.4 per cent increase during 1977, finished the year at a new all-time high. The National Association of Securities Dealers Automated Quotation (NASDAQ) over-the-counter index—which like the AMEX index reflects the stock price performance of generally smaller corporations—also increased during the October–December period to register a 7.3 per cent appreciation during 1977. Early in 1978 stock prices on most markets fell sharply, due at least in part to the decline of the U.S. dollar on international currency markets and to the rise in interest rates.

The generally lower level of prices on the New York Stock Exchange during 1977 limited the incentive for new corporate stock

Gross offerings of new security issues

Billions of dollars, seasonally adjusted annual rates

Type	1976	1977			
	Q4	Q1	Q2	Q3	eQ4
Corporate securities—Total	53	46	46	r57	48
Bonds	43	36	36	r48	37
Publicly offered	26	23	20	r34	23
Privately placed	17	13	16	r14	14
Stocks	10	10	10	9	11
Foreign securities	9	4	13	13	6
State and local govt.	36	r44	53	47	41

e Estimated.
r Revised.

issues, and the volume of such offerings declined slightly from the already moderate 1975–76 levels. New corporate stock issues increased somewhat in the fourth quarter, however, in large part reflecting a record $718 million issue by a large utility. Public utilities continued to account for the majority of new stock issues during the October–December period; over the year they raised approximately two-thirds of all the funds obtained in equity markets. The preponderance of utility issues in part reflected relative movements in stock prices last year when the NYSE utility stock price index fell only about 2 per cent compared with a decline of almost 11 per cent in the NYSE index of industrial stock prices.

GOVERNMENT SECURITIES

In the municipal securities market, gross bond issuance was at a $41 billion annual pace during the fourth quarter. Although down somewhat from the record levels of the previous three quarters, volume remained heavy by historical standards and the 1977 annual total reached a record $47 billion. Advance refundings of outstanding higher-coupon issues constituted about one-fourth of the new issues during the fourth quarter and approximately one-fifth of the new offerings for the year as a whole. The marked rise in advance refunding activity was responsible for roughly one-half of the $11.4 billion increase in the volume of new issues of municipal bonds during 1977.

The continued large volume of advance refundings can be attributed in part to the substantial reduction in the cost of municipal bond financing since late 1975. In the fourth quarter of 1977, demand for tax-exempt investment outlets by property-casualty insurance companies and by commercial banks helped the municipal bond market to absorb the sizable volume of new issues with relatively minor pressure on interest rates. The *Bond Buyer* index of long-term, tax-exempt yields declined from 5.51 per cent at the end of September to a 3½-year low of 5.45 per cent in mid-November, before moving up along with other long-term interest rates to close the year at 5.66 per cent.

Treasury demands on credit markets increased somewhat in the fourth quarter in order to finance an expanded Federal budget deficit of $28.0 billion (not seasonally adjusted) and a $1.4 billion deficit from off-

Federal Government borrowing and cash balance

Quarterly totals, billions of dollars, not seasonally adjusted

Item	1976				1977			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	[e]Q4
Treasury financing:								
Budget surplus, or deficit (−)	−22.8	2.0	−13.0	−22.8	−18.7	8.6	−12.2	−28.0
Off-budget deficit[1]	−3.7	−.6	−1.8	.4	−4.3	.1	−4.9	−1.4
Net cash borrowings, or repayments (−)	24.1	9.4	18.0	17.4	17.6	−1.1	[4]19.5	20.6
Other means of financing[2]	2.0	−4.0	−.7	−.8	2.7	−.4	.4	2.0
Change in cash balance	−.4	6.8	2.6	−5.7	−2.6	7.2	[4]2.8	−6.8
Federally sponsored credit agencies, net cash borrowings[3]	.3	.5	1.7	.4	.7	[r]3.0	1.8	2.0

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

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

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

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

[e]Estimated.

[r]Revised.

budget programs. The Treasury borrowed $20.6 billion during the period, including $18.8 billion through the sale of marketable obligations. Although increases in outstanding notes and bonds continued to account for the bulk of new marketable borrowing, the $4.7 billion (net) raised through the sale of Treasury bills was the largest such amount since the first quarter of 1976.

Foreign official institutions were a major source of demand for marketable Treasury obligations; they increased their holdings by approximately $12.3 billion in the fourth quarter, primarily in the process of massive purchases of dollars in the foreign exchange market. In addition, the Federal Reserve System purchased $1.2 billion (net) of marketable Treasury obligations, and $0.7 billion of Federal agency issues in the course of providing reserves to the banking system during the fourth quarter. State and local governments, using the proceeds of advance refunding operations, invested $2.4 billion in special nonmarketable Treasury obligations.

MORTGAGE AND CONSUMER CREDIT

Net mortgage lending during the fourth quarter rose to an estimated seasonally adjusted annual rate of $140 billion, exceeding the third quarter's record of $136 billion. Total annual lending on both residential and nonresidential properties reached record levels during 1977, with strength in the residential sector concentrated in the 1- to 4-family area. Multifamily residential mortgage lending, though somewhat recovered from depressed 1975–76 volumes, remained well below the levels of 1972–74.

Savings and loan associations continued to be the predominant suppliers of residential mortgage funds during the fourth quarter, expanding their loan portfolios at a record seasonally adjusted annual rate of $65 billion. Confronted with a slowing in deposit inflows during the October–December period, these associations increased their reliance on borrowed funds in order to sustain their high level of mortgage lending. Advances from Federal home loan banks increased $2.6 billion on a seasonally adjusted basis, the largest quarterly expansion since 1973–74. Borrowings from other sources, including mortgage-backed bond issues and commercial bank loans, also rose considerably. Liquid asset holdings of savings and loan associations were not run down significantly, however, and as a percentage of total assets, such holdings remained well above the low levels reached in late 1974.

Among other major lenders, commercial banks added to their mortgage holdings at a

Net change in mortgage debt outstanding

In billions of dollars, seasonally adjusted annual rates

Change—	1976	1977			
	Q4	rQ1	rQ2	rQ3	eQ4
By type of property:					
Total	97	107	132	136	140
Residential	77	82	104	108	111
Other[1]	20	25	28	28	29
By type of holder:					
Commercial banks	14	20	28	30	25
Savings and loans	52	48	59	62	65
Mutual savings banks	5	4	6	8	9
Life insurance companies	3	2	5	5	7
FNMA and GNMA	–5	(3)	7	–4	1
Other[2]	28	33	27	35	33

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

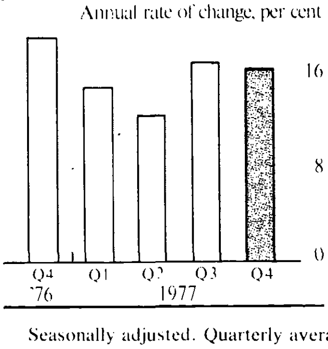
[2]Includes mortgage pools backing securities guaranteed by the Government National Mortgage Association, Federal Home Loan Mortgage Corporation, or Farmers Home Administration, some of which may have been purchased by the institutions shown separately.

[3]Less than $500 million.

e Partially estimated.

r Revised.

Deposits Savings and loans



Seasonally adjusted. Quarterly averages at annual rates.

seasonally adjusted annual rate of $25 billion during the fourth quarter, down somewhat from the record pace of $30 billion in the third quarter. Mortgage lending by life insurance companies increased during the latest quarter, reflecting for the most part stepped-up lending on commercial properties. Issues of mortgage-backed, pass-through securities—primarily obligations backed by Federally underwritten mortgages and guaranteed by the Government National Mortgage Association—expanded briskly as well.

Despite a continued heavy demand for mortgage credit coupled with a slowing in deposit inflows to thrift institutions, home mortgage interest rates rose only slightly during the fourth quarter compared with the rate increases on other long-term instruments. Average rates on new commitments for conventional new-home mortgages increased from 9.00 per cent at the end of September to 9.10 per cent at year-end.

Consumer instalment credit, the other major source of household financing, is estimated to have expanded at a seasonally adjusted annual rate of $29 billion during the fourth quarter, little changed from the third quarter's $30 billion pace. A moderation in the growth of automobile credit, which in part reflected a weakening in automobile sales, was largely offset by stronger increases in other components of consumer credit. □

Survey of Time and Savings Deposits at Commercial Banks, October 1977

Inflows to total time and savings accounts at all insured commercial banks slowed somewhat in the 3-month period ended October 26, 1977. Total time and savings deposits, not seasonally adjusted, rose a little more than $12 billion in comparison with an increase of nearly $14 billion during the previous 3-month period. According to the results of the most recent survey of time and savings deposits,[1] the distribution of inflows among types of deposits and maturity categories contrasts markedly with the previous quarter, reflecting in part the shift in the term structure of yields in financial markets. Competing money market rates rose above the shorter-term ceilings on rates payable by commercial banks, while bank rates on long-term deposits remained competitive.

After having increased $2.5 billion in the previous survey quarter, savings deposits increased only $500 million—the smallest increase in 3 years. For the first time since April 1970, small-denomination (less than $100,000) time accounts registered a net outflow of nearly $1.8 billion, in contrast to the $3.8 billion gain of the previous 3-month period. In light of these weak deposit inflows, the strengthening demand for business loans, and the continued strong demand for real estate and consumer loans, the volume of large-denomination (greater than $100,000) time accounts increased almost $13 billion in the 3-month interval from July to October, nearly double the $6¾ billion increase of the previous 3 months.

SAVINGS DEPOSITS

By the end of October, with the 30-day Treasury bill rate ¾ of a percentage point higher than the legal maximum of 5 per cent that banks may pay on savings accounts, savings deposits grew less than ¼ of a per cent, not seasonally adjusted, over the survey quarter. Domestic governmental units proved most sensitive to the opportunities for higher yields elsewhere and decreased their savings balances about $400 million, or nearly 8 per cent, from July to October. Over this same period, individual holdings of such deposits remained about unchanged with an increase of only $180 million, or $^1/_{10}$ of a per cent. In contrast, savings deposits of businesses rose more than $750 million or 7½ per cent, a much larger increase than in the previous 3-month period.

Despite the restrained growth in savings deposits, the proportion of banks paying less than the ceiling rate on new issues of savings

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NOTE.—Rebekah F. Wright of the Board's Division of Research and Statistics prepared this article.

[1] Surveys of time and savings deposits (STSD) at all member banks were conducted by the Board of Governors in late 1965, in early 1966, and quarterly in 1967. In January and July 1967 the surveys also included data for all insured nonmember banks collected by the Federal Deposit Insurance Corporation (FDIC). Since the beginning of 1968 the Board of Governors and the FDIC have conducted joint quarterly surveys to provide estimates for all insured commercial banks based on a probability sample of banks. The results of all earlier surveys have appeared in previous BULLETINS from 1966 to 1977, the most recent being November 1977.

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

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

deposits was essentially unchanged. The weighted-average rate paid on all new issues of savings deposits was 4.90 per cent in October.

SMALL-DENOMINATION TIME DEPOSITS

Market rates on most intermediate-term debt instruments moved well above the regulatory ceiling rates on small-denomination time deposits of comparable maturity, following the rising pattern of short-term rates that had begun in the second quarter of 1977. Between the July and October surveys, many banks, particularly large banks with total deposits of more than $100 million, raised their offering rates on small-denomination time deposits to the maximum regulatory limits throughout the maturity structure. Most notably, the proportion of large banks paying the legal maximum of 5½ per cent on time deposits maturing in 90 to 180 days rose from 88 to nearly 96 per cent. Likewise, 97 per cent of all large banks were paying the ceiling rate of 6½ per cent on small-denomination time deposits maturing in 2½ to 4 years, up from 92 per cent in the previous survey quarter. In the longest maturity range of 6 years or more, in which the ceiling rate

1. Types of time and savings deposits held by insured commercial banks on survey dates, April 27, July 27, and October 26, 1977

Type of deposit	Number of issuing banks			Deposits: In millions of dollars			Deposits: Percentage change	
	Apr. 27	July 27	Oct. 26	Apr. 27	July 27	Oct. 26	Apr. 27 – July 27	July 27 – Oct. 26
Total time and savings deposits	**14,397**	**14,405**	**14,383**	**504,299**	**518,117**	**530,210**	**2.7**	**2.3**
Savings	**14,397**	**14,405**	**14,383**	**212,860**	**215,391**	**215,902**	**1.2**	**.2**
Issued to:								
Individuals and nonprofit organizations	14,397	14,405	14,383	196,394	199,629	199,809	1.6	.1
Partnerships and corporations operated for profit (other than commercial banks)	9,003	8,986	9,199	9,880	10,310	11,075	4.4	7.4
Domestic governmental units	6,639	6,922	7,868	6,444	5,310	4,904	17.6	7.7
All other	731	704	712	143	142	114	.3	-19.7
IRA and Keogh Plan time deposits with original maturities of 3 years or more	(1)	(1)	8,994	(1)	(1)	1,560	....	....
Other interest-bearing time deposits in denominations of less than $100,000	**14,103**	**14,173**	**14,151**	**163,602**	**167,363**	**165,570**	**2.3**	**-1.1**
Issued to:								
Domestic governmental units	*10,531*	*10,789*	*11,017*	*4,789*	*4,688*	*4,378*	*2.1*	*6.6*
Accounts with original maturity of:								
30 up to 90 days	4,360	4,812	5,256	945	1,068	955	13.0	10.6
90 up to 180 days	8,364	8,321	8,212	1,679	1,622	1,417	3.4	12.6
180 days up to 1 year	4,104	3,774	4,882	847	746	827	11.9	10.8
1 year and over	8,152	8,345	8,595	1,317	1,253	1,178	4.9	-5.9
Other than domestic governmental units	*14,074*	*14,173*	*14,151*	*158,814*	*162,674*	*161,192*	*2.4*	*-.9*
Accounts with original maturity of:								
30 up to 90 days	5,916	5,836	6,676	7,220	7,635	7,358	5.7	3.6
90 up to 180 days	11,784	11,495	11,699	31,747	31,599	30,822	.5	-2.5
180 days up to 1 year	8,519	8,264	8,984	4,095	4,661	3,465	13.8	-25.6
1 up to 2½ years	13,720	13,701	13,820	34,077	34,207	34,398	.4	.6
2½ up to 4 years	12,452	12,628	12,578	18,119	18,768	18,716	3.6	.3
4 up to 6 years	12,394	12,108	12,416	50,962	51,691	50,525	1.4	-2.3
6 years and over	9,082	9,372	8,957	12,594	14,113	15,908	12.1	12.7
Interest-bearing time deposits in denominations of $100,000 or more	**11,242**	**11,376**	**11,771**	**121,699**	**128,593**	**141,310**	**5.7**	**9.9**
Non-interest-bearing time deposits	1,665	1,709	1,748	4,729	4,790	4,057	1.3	-15.3
In denominations of:								
Less than $100,000	1,287	1,378	1,436	1,358	1,396	846	2.8	39.4
$100,000 or more	769	740	724	3,371	3,394	3,211	.7	-5.4
Club accounts (Christmas savings, vacation, or similar club accounts)	8,754	9,155	8,886	1,409	1,981	1,811	40.5	8.5

[1] Data not collected.

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

Figures may not add to totals because of rounding.

2. Small-denomination time and savings deposits held by insured commercial banks on October 26 compared with July 27, 1977, by type of deposit, by most common rate paid on new deposits in each category, and by size of bank

Deposit group, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Oct. 26	July 27	Oct. 26	July 27	Oct. 26	July 27	Oct. 26	July 27	Oct. 26	July 27	Oct. 26	July 27
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars), or percentage distribution					
Savings deposits												
Individuals and nonprofit organizations												
Issuing banks	14,383	14,405	13,382	13,406	1,001	999	199,809	199,629	76,072	75,312	123,737	124,317
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	4.6	4.5	4.5	4.4	5.5	4.7	3.8	3.6	3.2	3.1	4.1	3.9
4.01-4.50	9.7	10.9	9.9	11.2	7.6	7.3	10.2	11.4	10.8	12.1	9.9	10.9
4.51-5.00	85.7	84.6	85.6	84.3	86.9	88.0	86.0	85.0	86.0	84.7	86.0	85.2
Paying ceiling rate [1]	**85.7**	**84.6**	**85.6**	**84.3**	**86.9**	**87.9**	**86.0**	**85.0**	**86.0**	**84.7**	**86.0**	**85.1**
Partnerships and corporations												
Issuing banks	9,199	8,986	8,209	8,001	990	985	11,075	10,309	3,717	3,107	7,358	7,202
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	1.4	1.1	1.4	1.1	1.6	1.2	1.2	.8	1.1	1.0	1.2	.8
4.01-4.50	7.8	8.4	8.0	8.6	6.3	7.0	8.2	8.9	10.2	9.6	7.2	8.6
4.51-5.00	90.8	90.5	90.6	90.3	92.0	91.8	90.6	90.3	88.7	89.4	91.6	90.7
Paying ceiling rate [1]	**90.6**	**90.1**	**90.4**	**89.9**	**92.0**	**91.4**	**90.6**	**89.5**	**88.7**	**89.3**	**91.6**	**89.5**
Domestic governmental units												
Issuing banks	7,868	6,922	7,178	6,279	691	643	4,904	5,310	2,502	2,494	2,401	2,817
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	5.2	2.8	5.5	2.9	2.1	1.3	2.4	2.1	3.7	3.1	1.1	1.1
4.01-4.50	10.7	10.8	10.9	10.9	9.3	9.5	11.4	8.9	19.1	9.9	3.4	8.0
4.51-5.00	84.0	86.5	83.6	86.2	88.7	89.2	86.1	89.0	77.1	87.0	95.6	90.9
Paying ceiling rate [1]	**83.6**	**85.8**	**83.2**	**85.7**	**88.7**	**87.0**	**86.0**	**88.2**	**76.8**	**86.8**	**95.6**	**89.4**
All other												
Issuing banks	712	704	546	617	165	87	114	142	32	46	82	96
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	16.0	.4	20.4	(2)	1.7	3.2	1.2	.7	2.2	(2)	.8	1.0
4.01-4.50	11.5	(2)	14.9	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
4.51-5.00	72.5	99.6	64.7	100.0	98.3	96.8	98.8	99.3	97.8	100.0	99.2	99.0
Paying ceiling rate [1]	**72.5**	**99.6**	**64.7**	**100.0**	**98.3**	**96.8**	**98.8**	**99.3**	**97.8**	**100.0**	**99.2**	**99.0**
IRA and Keogh plan time deposits with original maturities of 3 years or more												
Issuing banks	8,994	....	8,101	....	893	....	1,558	....	662	....	895	....
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	10.2	....	10.5	....	6.9	....	4.8	....	4.4	....	5.0	....
6.01-7.00	8.2	....	8.3	....	7.3	....	4.0	....	4.5	....	3.7	....
7.01-7.50	56.9	....	58.5	....	42.6	....	49.3	....	59.0	....	42.1	....
7.51-7.75	24.7	....	22.7	....	43.3	....	41.9	....	32.0	....	49.2	....
Paying ceiling rate [1]	**24.5**	....	**22.4**	....	**43.3**	....	**41.8**	....	**31.8**	....	**49.2**	....
Time deposits in denominations of less than $100,000												
Domestic governmental units:												
Maturing in												
30 up to 90 days												
Issuing banks	5,256	4,812	4,580	4,165	675	647	955	1,068	567	714	388	354
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	2.6	1.7	2.4	.9	4.1	6.7	.5	7.3	.2	9.2	1.0	3.7
4.51-5.00	58.6	71.6	56.6	71.3	72.5	72.9	54.1	58.4	56.4	62.9	50.6	49.2
5.01-5.50	22.5	17.6	24.5	17.4	9.5	19.2	22.0	25.8	24.8	16.5	17.9	44.4
5.51-7.75	16.3	9.1	16.6	10.3	13.9	1.2	23.4	8.5	18.6	11.4	30.5	2.7
Paying ceiling rate [1]	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
90 up to 180 days												
Issuing banks	8,212	8,321	7,451	7,579	762	742	1,416	1,619	1,047	1,215	369	404
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	1.2	.4	1.2	.3	1.6	2.1	.2	.5	.2	.4	.2	.8
4.51-5.00	13.2	13.2	13.5	13.3	9.9	11.4	12.0	12.7	13.8	14.5	6.8	7.2
5.01-5.50	74.4	81.7	74.2	81.5	76.7	84.0	76.4	84.1	76.7	81.8	75.3	90.9
5.51-7.75	11.2	4.7	11.1	4.9	11.8	2.5	11.4	2.8	9.2	3.3	17.6	1.2
Paying ceiling rate [1]	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
180 days up to 1 year												
Issuing banks	4,882	3,774	4,307	3,251	576	523	826	744	587	491	239	253
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	.6	.6	.7	(2)	.2	4.2	(2)	.3	(2)	(2)	(2)	.9
4.51-5.00	7.9	10.3	7.4	10.3	11.2	10.1	20.3	24.6	12.3	17.0	39.9	39.2
5.01-5.50	65.5	72.9	65.1	73.3	68.6	70.6	47.1	48.0	49.8	46.3	40.6	51.4
5.51-7.75	26.0	16.2	26.8	16.4	20.1	15.2	32.6	27.1	37.9	36.7	19.5	8.6
Paying ceiling rate [1]	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)

Deposit group, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Oct. 26	July 27	Oct. 26	July 27	Oct. 26	July 27	Oct. 26	July 27	Oct. 26	July 27	Oct. 26	July 27
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars), or percentage distribution					
Time deposits in denominations of less than $100,000 (cont.)												
Domestic governmental units (cont.)												
1 year and over												
Issuing banks	8,595	8,345	7,807	7,576	787	769	1,172	1,247	945	937	227	310
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	2.4	4.2	2.1	3.9	5.8	7.4	.6	2.2	.1	1.6	2.6	3.7
5.01-5.50	3.8	6.2	3.6	6.0	6.5	8.4	5.2	8.1	.8	3.4	23.6	22.1
5.51-6.00	65.6	70.4	65.7	70.8	64.7	66.6	64.4	73.0	67.1	75.7	53.1	64.6
6.01-7.75	28.1	19.1	28.6	19.3	23.0	17.6	29.8	16.8	32.0	19.2	20.8	9.5
Paying ceiling rate [1]	(2)	(2)	(2)	(2)	(2)	.4	(2)	.1	(2)	(2)	(2)	.3
Other than domestic governmental units:												
Maturing in												
30 up to 90 days												
Issuing banks	6,676	5,836	5,787	4,952	889	885	7,336	7,611	1,710	1,541	5,626	6,070
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	1.5	5.4	1.3	5.3	3.0	5.7	.7	1.7	(2)	.3	1.0	2.1
4.51-5.00	98.5	94.6	98.7	94.7	97.0	94.3	99.3	98.3	100.0	99.7	99.0	97.9
Paying ceiling rate	**98.5**	**94.2**	**98.7**	**94.7**	**96.7**	**91.9**	**99.3**	**97.5**	**100.0**	**99.7**	**99.0**	**97.0**
90 up to 180 days												
Issuing banks	11,699	11,494	10,715	10,516	984	979	30,726	31,587	12,490	12,775	18,236	18,812
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	.6	.9	.6	.9	(2)	.2	(2)	(2)	(2)	(2)	(2)	(2)
4.51-5.00	7.1	9.6	7.5	10.1	2.5	4.2	5.8	7.6	6.2	9.1	5.4	6.6
5.01-5.50	92.3	89.6	91.8	89.0	97.5	95.5	94.2	92.3	93.8	90.9	94.6	93.4
Paying ceiling rate [1]	**92.2**	**87.0**	**91.8**	**86.9**	**95.7**	**88.0**	**90.2**	**85.8**	**93.8**	**89.7**	**87.7**	**83.1**
180 days up to 1 year												
Issuing banks	8,984	8,264	8,124	7,402	860	863	3,448	4,650	1,868	2,971	1,579	1,680
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	.5	.5	.4	.4	1.4	1.8	.1	.1	(2)	(2)	.2	.3
4.51-5.00	6.8	7.1	7.3	7.5	2.8	3.8	3.7	2.8	5.0	3.0	2.1	2.6
5.01-5.50	92.7	92.3	92.4	92.1	95.7	94.4	96.3	97.1	95.0	97.0	97.7	97.1
Paying ceiling rate [1]	**92.3**	**91.2**	**92.1**	**91.4**	**94.6**	**89.1**	**96.2**	**95.9**	**95.0**	**96.6**	**97.7**	**94.6**
1 up to 2½ years												
Issuing banks	13,820	13,701	12,829	12,714	991	987	34,397	34,207	21,445	21,239	12,952	12,967
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	.7	.7	.7	.8	.1	.2	.1	.1	.2	.2	.1	(2)
5.01-5.50	3.6	2.9	3.8	3.0	.7	2.4	1.8	1.9	2.6	1.6	.6	2.3
5.51-6.00	95.8	96.4	95.5	96.3	99.2	97.4	98.1	98.0	97.3	98.2	99.3	97.6
Paying ceiling rate [1]	**95.4**	**95.6**	**95.3**	**95.8**	**97.6**	**93.5**	**97.8**	**95.7**	**97.3**	**97.5**	**98.8**	**92.8**
2½ up to 4 years												
Issuing banks	12,578	12,619	11,607	11,661	971	958	18,682	18,691	10,771	10,706	7,911	7,985
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	2.5	2.8	2.5	2.6	2.2	5.2	1.2	2.1	1.0	.4	1.5	4.3
6.01-6.50	97.5	97.2	97.5	97.4	97.8	94.8	98.8	97.9	99.0	99.6	98.5	95.7
Paying ceiling rate [1]	**97.3**	**94.7**	**97.3**	**95.0**	**96.9**	**91.7**	**98.3**	**95.1**	**98.5**	**98.6**	**98.1**	**90.6**
4 up to 6 years												
Issuing banks	12,416	12,108	11,445	11,152	970	956	50,215	50,925	26,795	25,992	23,420	24,932
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.50 or less	2.2	2.0	2.0	1.6	4.8	7.1	2.5	4.5	.7	.4	4.5	8.9
6.51-7.00	16.8	18.7	17.6	19.2	7.7	12.7	14.5	16.6	19.4	21.1	8.8	12.0
7.01-7.25	81.0	79.3	80.5	79.2	87.5	80.2	83.1	78.8	79.9	78.5	86.7	79.1
Paying ceiling rate [1]	**81.0**	**79.3**	**80.5**	**79.2**	**87.5**	**79.9**	**83.1**	**78.8**	**79.9**	**78.5**	**86.7**	**79.0**
6 years and over												
Issuing banks	8,957	9,362	8,098	8,534	859	828	15,606	13,622	6,505	5,920	9,101	7,702
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	.6	.8	.6	.8	.2	.7	(2)	(2)	(2)	(2)	(2)	(2)
5.01-7.25	7.3	5.3	7.1	4.7	9.4	11.3	7.4	7.7	3.3	3.2	10.4	11.1
7.26-7.50	92.1	93.9	92.3	94.5	90.4	88.0	92.5	92.3	96.6	96.8	89.6	88.8
Paying ceiling rate [1]	**92.1**	**93.9**	**92.3**	**94.5**	**90.2**	**88.0**	**90.0**	**92.3**	**96.6**	**96.8**	**85.2**	**88.8**
Club accounts												
Issuing banks	8,886	9,155	8,170	8,417	715	738	1,768	1,849	772	773	996	1,076
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
0.00	46.6	48.6	48.3	50.7	27.5	23.8	22.6	20.1	32.7	29.7	14.7	13.1
0.01-4.00	17.5	16.8	17.7	16.8	15.2	16.4	13.0	17.9	17.8	23.2	9.3	14.2
4.01-4.50	7.5	7.3	7.3	7.1	9.6	9.6	8.9	13.6	9.7	13.2	8.3	13.8
4.51-5.50	28.4	27.4	26.7	25.4	47.7	50.3	55.5	48.4	39.8	33.8	67.6	58.9

[1] See BULLETIN Table A8 for the ceiling rates that existed at the time of each survey.

[2] Less than .05 per cent.

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

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

Figures may not add to totals because of rounding.

3. Average of most common interest rates paid on various categories of time and savings deposits at insured commercial banks on October 26, 1977

Type of deposit	Bank size (total deposits in millions of dollars) All size groups	Less than 20	20 up to 50	50 up to 100	100 up to 500	500 up to 1,000	1,000 and over
Savings and small-denomination time deposits	5.55	5.75	5.70	5.61	5.49	5.48	5.41
Savings, total	4.90	4.95	4.88	4.92	4.86	4.88	4.92
Individuals and nonprofit organizations	4.90	4.95	4.89	4.92	4.86	4.87	4.92
Partnerships and corporations	4.94	5.00	4.88	4.98	4.92	4.93	4.95
Domestic governmental units	4.92	4.90	4.83	4.85	4.97	5.00	4.96
All other	4.97	3.04	5.00	5.00	4.96	5.00	5.00
IRA and Keogh Plan time deposits with maturity of 3 years or more	7.44	7.42	7.29	7.51	7.44	7.52	7.49
Other time deposits in denominations of less than $100,000, total	6.39	6.36	6.50	6.42	6.38	6.38	6.32
Domestic governmental units, total	5.71	5.76	5.78	5.48	5.50	6.19	5.60
Maturing in							
30 up to 90 days	5.38	5.38	5.40	5.02	5.30	6.08	5.30
90 up to 180 days	5.51	5.51	5.44	5.44	5.55	5.93	5.63
180 days up to 1 year	5.63	5.67	5.87	5.32	5.27	6.13	5.88
1 year and over	6.26	6.33	6.25	6.40	5.89	6.75	6.14
Other than domestic governmental units, total	6.41	6.39	6.52	6.43	6.39	6.38	6.33
Maturing in							
30 up to 90 days	4.99	5.00	5.00	5.00	4.99	4.96	5.00
90 up to 180 days	5.47	5.48	5.47	5.45	5.50	5.48	5.43
180 days up to 1 year	5.48	5.47	5.50	5.46	5.50	5.46	5.48
1 up to 2½ years	5.99	5.98	6.00	5.98	6.00	6.00	5.99
2½ up to 4 years	6.49	6.50	6.49	6.49	6.48	6.49	6.50
4 up to 6 years	7.19	7.21	7.17	7.21	7.19	7.21	7.17
Over 6 years	7.47	7.49	7.48	7.48	7.46	7.48	7.43
MEMO: Club accounts[1]	3.60	3.20	2.18	3.68	3.84	3.54	4.50

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

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

remained above comparable market rates, the proportion of large banks paying the maximum of 7½ per cent increased from 88 per cent to 90 per cent over the period from July to October.

Despite the increase in the number of banks offering ceiling rates on small-denomination time deposits, yields on money market instruments remained higher than those that banks could offer except in the longest maturity ranges. Consequently, from July to October the outstanding volume of small-denomination time deposits fell $1.8 billion, or 1 per cent, not seasonally adjusted, following the nearly $4 billion rise from April to July.

Among ownership categories, domestic governmental entities reduced their holdings of such deposits, most of which mature in less than 1 year, by $310 million, or 6½ per cent. Similarly, small-denomination time deposits with maturities of less than 4 years held by nondomestic governmental entities declined by just over $2 billion, or nearly 2¼ per cent, in contrast to the $1.6 billion inflow of the previous 3-month period. Even in the 4- to 6-year category, where the ceiling rate remained above market rates on instruments of comparable maturity, the level of deposits declined, as interest-sensitive depositors apparently shifted maturing "wild card" deposits to thrift institutions.[2] However, the decline shown in the table for the category is probably overstated because an unknown portion of deposits formerly included has been reclassified into the new category of time deposits discussed in the next section. On the other hand, nondomestic governmental units chose to enlarge their holdings of such deposits maturing in 6 years or more. These deposits rose almost $1.8

[2] Between July and October 1973, interest rate ceilings were temporarily suspended on time deposits with maturities greater than 4 years and with denominations of $1,000 to $100,000. During this period, banks issued an estimated $9 billion of such deposits. Effective November 1, ceiling rates at commercial banks and thrifts of 7¼ per cent and 7½ per cent, respectively, were established for 4-year deposits.

billion, or by 13 per cent, compared with the $1.5 billion rise over the 3 months from April to July.

As a result of the general rise in offering rates among banks for small-denomination time deposits and the concentration of growth in the longest-maturity category with a higher ceiling rate, the weighted-average rate paid on new issues of such deposits rose from 6.35 per cent to 6.39 per cent.

OTHER TIME DEPOSITS

In July 1977, a new category of time deposits was created under Regulation Q for individual retirement account (IRA) and Keogh Plan deposits with original maturities of 3 years or more. In order to monitor the level of these deposits, an item corresponding to the new category has been added to the survey. As of October 26, 1977, the outstanding volume of IRA and Keogh accounts with original maturities of 3 years or more stood at $1.6 billion. One-quarter of all banks offering such accounts paid the maximum rate of 7¾ per cent permitted under Regulation Q, while more than four-fifths paid at least 7 per cent.

Banks increased their outstanding volume of interest-bearing, large-denomination time deposits by nearly 10 per cent from July to October, from a level of almost $129 billion to more than $141 billion. This, the largest gain in such deposits since the July 1974 survey, reflected the slower growth of deposits subject to Regulation Q ceilings. Non-interest-bearing time deposits—principally escrow accounts and compensating balances held against loans—declined $700 million.[3] Club accounts declined, seasonally $170 million to a level of $1.8 billion. □

[3] Non-interest-bearing time deposits of less than $100,000 accounted for 75 per cent of the total decline. However, because the standard error of this category is extremely high, it is difficult to interpret the decline. For information on the standard error of each category see the "Survey of Time and Savings Deposits, July 1976" the December 1976 Federal Reserve BULLETIN.

Staff Economic Studies

The research staffs of the Board of Governors of the Federal Reserve System and of the Federal Reserve Banks undertake studies that cover a wide range of economic and financial subjects, and other staff members prepare papers related to such subjects. In some instances the Federal Reserve System finances similar studies by members of the academic profession.

From time to time the results of studies that are of general interest to the economics profession and to others are summarized—or they may be printed in full—in this section of the Federal Reserve BULLETIN.

In all cases the analyses and conclusions set forth are those of the authors and do not necessarily indicate concurrence by the Board of Governors, by the Federal Reserve Banks, or by the members of their staffs.

Single copies of the full text of each of the studies or papers summarized in the BULLETIN *are available in mimeographed form. The list of Federal Reserve Board publications at the back of each* BULLETIN *includes a separate section entitled "Staff Economic Studies" that enumerates the papers prepared on these studies for which copies are currently available in mimeographed form.*

STUDY SUMMARY

EXTERNAL CAPITAL FINANCING REQUIREMENTS OF COMMERCIAL BANKS: 1977–81

GERALD A. HANWECK AND JOHN J. MINGO—Staff, Board of Governors
Prepared as a staff study in December 1977

Since 1974 the soundness and stability of the commercial banking system have markedly improved—capital, liquidity, and earnings ratios have made gains, and loan losses have begun to subside. However, there is concern about the ability of the banking system to finance an economic recovery while also maintaining the present capital standards, unless banks are willing or are able to issue large amounts of equity and approved debt capital. This concern has been the subject of a recent report prepared by the staff of the Irving Trust Company. The report projects bank capital needs for the 1977–81 period—assuming that the current aggregate capital/asset ratio is held constant—and concludes that banks will need to average nearly $4.7 billion annually in external capital financing over that period. This amount, which substantially exceeds the yearly capital issuances of the last 5 years, could strain future equity and long-term debt markets. The report concludes that, unless there is a vast improvement in the market for bank stock, bank capital ratios will decline significantly and/or bank loan expansion will be severely constrained.

This staff economic study critiques the Irving Trust Company projections by investigating the implications of alternative assumptions and economic scenarios. In addition, it discusses the propriety of using aggregate capital/asset ratios as the sole, or even as the most appropriate, indicator of banking system soundness or as a practical constraint on bank expansion.

Using alternative "best guess" assumptions to those in the Irving Trust study, the authors estimate aggregate external bank capital needs at \$3.5 billion per year over the 1977–81 period. This amount exceeds only slightly the approximately \$3.1 billion per year in new external bank capital generated over the past 5 years—including new bank formations and issues of locally traded bank stock. The study's projections are based on the critical assumption that bank assets will grow at roughly, but no more than, 10 per cent over the period. This projected rate compares with an actual average yearly growth rate of consolidated assets of 8 per cent over the last 4 years, although large banks grew at rates much higher than the industry average. Should aggregated banking assets grow at much higher rates in the future—for instance, in excess of 12 per cent per year—there is a possibility of a decline in aggregate bank capital ratios.

Even assuming relatively rapid growth rates for bank assets, the potential for a decline in capital ratios and the adverse effects of such a decline are mitigated by several factors. First, some improvement in the market for bank stock is to be expected. Second, there could be increased reliance on long-term subordinated debt, under current regulatory guidelines, to satisfy external capital needs. Third, some minor declines in aggregate bank capital ratios need not be of great concern, especially if other indicators of bank soundness—purchased money ratios, liquid assets, and loan quality—continue to improve from their 1974 lows.

The study concludes that banks, in the aggregate, should have little difficulty in maintaining capital/asset ratios in future years through the issuance of new equity, through long-term subordinated debt, and through the retention of earnings. The problem, in the regulatory sense, will continue to be evident in those banks that expand beyond their ability to absorb increased risk, thereby requiring special supervisory attention. □

Statements to Congress

Statement by Stephen S. Gardner, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Taxation and Debt Management of the Committee on Finance, U.S. Senate, February 6, 1978.

Under the congressional budget procedures adopted in 1974, increases in the Federal debt ceiling have become essentially a reflection of the Federal budget totals the Congress sets with the help of its new budget committees. Debt ceiling hearings, nevertheless, provide an opportunity for review and reassessment of the broader economic implications of a large and rapidly growing Federal debt. My testimony today will, therefore, focus as requested on some of the *financial* implications of an expanding public debt.

The Federal budget document recently sent to the Congress provides projections of expected increases in the Federal debt subject to ceiling, along with estimates of the likely dimensions of needed changes in the debt ceiling itself. While the outstanding Federal debt is expected to remain below the present temporary ceiling of $752 billion during the next 2 months, this temporary leeway expires on March 31. Since the permanent debt ceiling is still set at $400 billion, a new temporary ceiling will obviously be needed by that date.

The budget document estimates that a new temporary ceiling of $781 billion will be needed to accommodate prospective Federal borrowing requirements through the end of the current fiscal year. Of this $29 billion increase, about $10 billion is needed to cover expected growth in agency holdings of Government debt, chiefly to fund future Civil Service retirement liabilities and unemployment compensation. A further increase in the ceiling to $871 billion is estimated to be needed to cover requirements through fiscal 1979, with about $15 billion of the $90 billion increase allotted to expected growth in agency holdings.

The projected need for a higher debt ceiling also reflects the administration's estimate that the Treasury will have to borrow $66 billion from the public during the current fiscal year and then another $73 billion during fiscal 1979. These estimates include borrowing to finance so-called "off-budget" needs as well as regular budget requirements. Since "off-budget" needs add to Federal demands on financial markets, a borrowing figure that covers both types of operations provides a more comprehensive measure of the financial pressures being exerted by Federal requirements. It should be noted that the $66 billion and $73 billion figures relate only to net cash borrowing from the public. Gross borrowing to refinance public holdings of maturing Federal debt will be several times the volume of net borrowing.

Successive fiscal-year cash borrowing totals of $66 billion and $73 billion are obviously large. However, their likely impact on conditions in financial markets will depend on the aggregate volume of savings available in the economy and the accumulated demand for funds from other types of borrowers. Moreover, the significance of given absolute dollar totals of Federal deficit financing must be kept in perspective by also considering the growth in the over-all level of economic activity.

In fiscal year 1976, net Federal borrowing from the public totaled more than $83 billion, substantially more than the annual figures now being projected for the current fiscal year and for fiscal 1979. However, with the economy in fiscal 1976 still in the early stages of recovery from the serious 1974–75 recession, demands for funds from other nonfinancial sectors were relatively moderate. Businesses were making sizable net repayments of short-term loans at commercial banks, and demands for funds to finance multifamily housing and commercial properties remained slack. As a result, net borrowing by the Federal Government and other nonfinancial sectors, combined, amounted to about 15 per cent of GNP—a reasonable total under the circumstances of the recovery taking place that year. Moreover, with credit demands moderate, commercial banks and other institutions were still actively rebuilding liquidity in the aftermath of the 1973–74 financial strains. Consequently, there was a strong demand for U.S. Government securities, and the unusually large net Federal borrowing need was readily accommodated at declining interest rates.

In the fiscal year 1977—which ended last September—net funds raised by sectors other than the Federal Government were more than $100 billion above the fiscal 1976 level. Even though Federal cash borrowing was about $30 billion lower, total borrowing by all sectors still showed a large increase and rose as a percentage of GNP. In bond and mortgage markets financing outside the Federal sector rose by roughly 60 per cent; consumer credit expanded sharply; and bank lending to businesses showed a marked recovery from the earlier cyclical slackness.

As their customers' demands for loans expanded, commercial banks sharply curtailed their acquisitions of Treasury securities; then during the final quarter of the fiscal year they became sizable net sellers of such issues. Nonfinancial corporations were also sellers of Treasury debt on balance over the year as a whole.

Thus, changes on both the demand and supply sides of financial markets contributed to upward pressures on market interest rates during the latter half of fiscal 1977 as the economy continued to expand. Short-term interest rates rose the most, but some increases also developed in note and bond markets, particularly those for intermediate-term Treasury debt, which absorbed a sizable volume of new offerings. Open market operations undertaken by the Federal Reserve to counter the excessively rapid monetary growth that developed in the April and July quarters of 1977 contributed to the rise in short-term rates, although reserves available to the banking system expanded significantly during fiscal 1977 after remaining essentially unchanged in fiscal 1976.

Since the end of fiscal 1977, the current and prospective near-term volume of Federal deficit financing has expanded considerably. Pressures on Federal financing costs stemming from this expanded borrowing might have been greater had it not been for two special types of demands for Treasury debt that became particularly strong in this period. Foreign investors—chiefly central banks and other official institutions—invested a substantial part of their sharply increased holdings of U.S. dollars in Treasury debt. Also, State and local governments continued to acquire a large volume of special Treasury arbitrage bonds and thus limited the volume of new debt the Treasury had to sell to other investors.

The Treasury has projected net Federal cash needs in the current quarter to be not too different from the large volume borrowed in the January quarter of fiscal 1976. During the May–June period, however, it expects the weight of Federal borrowing on financial markets to slacken—with some seasonal debt repayment. During the July–September quarter, although the Treasury is again likely to face a sizable deficit, net borrowing will probably be less than in the current quarter and possibly little different from the comparable period a year ago.

In general, the net impact of the Treasury's future borrowing requirements on financial markets will depend in large measure on the weight of other credit demands at the time. If rising Federal deficits occur in combination with a general strengthening of other demands, this might very well lead to further upward pressure on interest rates, particularly if inflationary increases in the monetary aggregates are to be avoided. In order to encourage the capital spending by businesses that is needed to maintain our Nation's economic growth and international competitiveness, it is, therefore, important to ensure that the Federal Government does not unduly impinge on the financial and real resources that need to be channeled into business expansion.

Before concluding, Mr. Chairman, I would like to offer two comments of a strictly operational character. First, I think the early timing of this hearing in relation to the expiration date of the debt ceiling is all to the good, since it should help to avoid the unfortunate disruption of efficient debt management that invariably develops when the ceiling reverts back to its permanent level—even for a few days. Second, the Federal Reserve hopes that your actions will continue to provide the Treasury with the requisite statutory flexibility to place new debt in whatever maturity sector of the market will best implement its policy goals. □

Statement by, Henry C. Wallich, Member, Board of Governors of the Federal Reserve System before the Subcommittee on International Finance of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, February 6, 1978.

I am pleased to appear before this subcommittee today to discuss U.S. exports and the influences on them of recent exchange-rate movements.[1]

At present the dollar's exchange value on a weighted-average basis is slightly above its level of March 1973, after considerable fluctuations in the nearly 5 years since the widespread adoption of floating exchange rates in that month. It reached a peak value in June 1976, some 10 per cent above its March 1973 level. From June 1976 through September 1977 it declined slightly; then from September through January it recorded a sharp 7 per cent drop.

Movements against some individual foreign currencies, indeed, have been even wider. For instance, the dollar rose by 13 per cent against the German mark and by 6 per cent against the Japanese yen from March through December 1975. Then, from June 1976 to January 1978 the dollar declined by 18 and 19 per cent against the mark and the yen, respectively. During the period of September to January alone the dollar dropped by 9 per cent against the mark and by 10 per cent against the yen.

These wide fluctuations must be viewed in the light of unprecedented economic disturbances, including the quadrupling of oil prices in 1973–74, rapid and divergent rates of inflation around the world, and unprecedentedly large swings in current accounts among industrial countries. While with the benefit of hindsight it would appear that the movement of exchange rates has been excessive at times, this was not necessarily discernible at the moment. In general the system of managed floating exchange rates has served the United States, and the world, reasonably well. Indeed it is hard for me to imagine the world economy functioning as well as it has, in the face of such disturbances, under other exchange-rate systems.

U.S. and world trade has continued to grow, and there is little evidence of major harm to exports and imports from short-term fluctuations in exchange rates. Our exports rose by 68 per cent in value terms and 19 per cent in volume terms from 1973 Q1 through 1977 Q4. A serious threat to world trade, however, could arise if wide fluctuations in exchange rates were to give rise to protectionist pressures in industrial countries, including the United States. So long as we do not encounter protectionism abroad, U.S. exports should continue to grow. It should be remembered

[1] Copies of a recent speech Governor Wallich gave related to this subject are available on request from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

that the industries and jobs most damaged by protectionism, at home or abroad, are those that are most productive and dynamic, while those protected are usually much less so. Floating exchange rates, so long as markets function in an orderly manner, in my view help to forestall or minimize the resort to protectionist measures.

Since 1975 the U.S. trade and current account balances have swung into heavy deficit, as U.S. export growth was dampened by economic sluggishness abroad while imports surged as our economy expanded. The magnitude, if not the direction, of this massive swing was largely unanticipated by exchange-market participants and has been a major factor in the dollar's recent weakness in the exchange markets.

Studies by the Federal Reserve staff and by others attribute the major portion of the decline in our trade and current-account balances to cyclical developments in the U.S. and foreign economies. Just as our 1975 current-account surplus reflected in part an economic recession in 1974-75 that was deeper in the United States than in other industrial countries, so our current-account deficit in 1977 reflected the fact that recovery from the recession had proceeded faster and further in the United States than abroad. As recovery abroad begins to catch up with that in the United States, we may expect more rapid growth in our exports and a reduction of our deficit.

Another part of our deficit stems from the special factors affecting oil. Domestic production is dropping at a time when total consumption is increasing under the stimulus of cyclical expansion. The resulting scissors effect upon oil imports is magnified by the great rise of the price of oil. The oil problem weighs heavily on our balance of payments. Long-term improvement in the balance and a stronger outlook for the dollar depend importantly on how we deal with our energy situation.

It does appear as though we have had a decline in the share of our merchandise exports in world markets over the last year or so. However, short-run indications based on market shares have not proved to be very reliable. So far as I have been able to read the evidence, our present deficits do not stem from a general loss of price competitiveness of U.S. exports. The price performance of the United States has generally been better than that abroad over the past couple of years, with the notable exceptions of Switzerland and Germany. Indeed, adjusting exchange rates for relative price-level movements, we find that the dollar's so-called "real" exchange value has declined by some 9 per cent from the end of 1975 to January 1978. That is, taking into account both changes in relative price levels and changes in exchange rates, the price competitiveness of U.S.-produced goods has increased over this period.

A decline in the dollar's real exchange value produces incentives for U.S. and foreign residents to purchase more goods produced in the United States and fewer goods produced abroad. Federal Reserve studies based on past responses of the trade balance to exchange-rate movements indicate that, in the absence of major secondary disturbances from such an exchange-rate movement, the depreciation in the dollar's weighted-average exchange value since September will lower the current account deficit by $1½ billion to $3 billion at an annual rate by the end of 1978 and by $4 billion to $5½ billion at the end of 1979, compared with the deficit that otherwise would have prevailed. These estimates, of course, are subject to a fairly wide margin of error.

Our investigations indicate that nearly all of the trade balance impact of the exchange-rate change comes from the export side. We estimate that the rise in dollar import prices caused by the drop in the dollar will just about offset the decline in import volume resulting from that drop. The total value of imports, therefore, may not be much affected.

The impact of the decline in the dollar's exchange value upon exports may proceed through two mechanisms. For products that have something like a world market price, the dollar price will tend to rise quickly. This increases dollar receipts of exporters and, if U.S. supply is elastic, also the volume of exports. Industrial materials tend to fall into this category. Higher export prices also may stimulate efforts of producers to sell abroad.

For products that are less standardized, such as machinery or many consumer goods, a drop in the exchange rate may leave the dollar price unchanged initially. This enhances competitiveness and, given an elastic demand abroad, strongly favors an expansion of exports. Over time, both price and volume of exports are likely to rise.

On average, according to our studies, export prices are likely to increase only moderately in response to a depreciation of the dollar, while export volume would tend to rise by somewhat more than half the percentage change in the exchange rate. The full impact of the rate change would normally be expected to occur over a period of 2 years following the exchange-rate change.

With respect to particular products, the increase in export volume depends upon how demand and supply respond to price changes, including exchange-rate changes. These responses, in turn, are affected by the relative importance of the United States in world markets and by the share of exports in total U.S. output of particular industries. Increases will be greater for those U.S. products whose world market share is relatively small and also those whose export share, in relation to total U.S. output, is small. These considerations suggest that we should expect to see proportionally greater expansion of manufactured exports, particularly of consumer goods, than of food or raw material exports.

The pattern of recent bilateral exchange-rate changes suggests that there will be adjustment in the volume of both exports and imports in U.S. trade with Japan and Europe. There should also be gains in U.S. exports to other markets in which U.S. producers compete with Japanese and European producers.

Much larger effects on our exports are likely to come from increasing economic activity in the rest of the world. Since this expected development may take some time to materialize, the anticipated effect in reducing our deficit may also be delayed. Moreover, so long as the Organization of Petroleum Exporting Countries (OPEC) continues to run huge current-account surpluses, other countries as a group *must* run deficits. The United States may have to accept some share of these deficits, since many other countries may have difficulty financing large deficits. While the OPEC countries will be placing their surpluses outside their own territory, including presumably in the United States, it would not seem inappropriate or unsustainable for the United States to share in this aggregate non-OPEC deficit.

I now turn to the subject of exchange rates and the factors determining them. Exchange rates are determined ultimately by fundamental economic factors such as relative inflation rates, relative interest rates, relative rates of real growth, and other structural factors. Central bank intervention can play only a secondary role. This is confirmed by the fact that the dollar's decline in 1977 occurred despite

Price-adjusted exchange value of the weighted-average dollar

March 1973 = 100

Period	CPI-adjusted	WPI-adjusted
1973—March	100.0	100.0
June	95.9	98.3
September	95.4	96.4
December	100.8	98.4
1974—March	100.1	95.5
June	98.0	93.6
September	100.9	101.2
December	96.4	98.5
1975—March	90.9	92.5
June	90.6	95.0
September	98.0	103.6
December	98.3	103.3
1976—March	98.8	102.8
June	100.4	104.3
September	99.2	102.3
December	98.0	102.1
1977—March	97.5	101.8
June	96.3	101.2
September	95.7	100.8
December	91.3	96.8
1978—January[p]	88.9	94.6

NOTE—This measure is calculated for each month by dividing the index of the weighted-average exchange value of the dollar (against 10 leading currencies) by the ratio of foreign to U.S. price indexes. Calculations are shown using both consumer (CPI) and wholesale (WPI) price indexes for comparison. A decline in the resulting index implies an increase in U.S. "competitiveness." January figures are preliminary, based on projections of price indexes for that month.

net intervention purchases of dollars by major foreign central banks totaling nearly \$35 billion. While a large portion of this intervention was not directly aimed at supporting the dollar in general but at moderating the rise of certain foreign currencies and rebuilding the reserves of the United Kingdom and Italy, it nevertheless reduced the supply of dollar-denominated assets in the hands of the public, and to that extent had the effect of generalized intervention.

Despite the ultimate dominance of fundamental economic forces, the exchange market may at times, as the pattern of rate changes during the last 5 years described earlier indicates, produce exaggerated movements. This may happen when the market is faced with great uncertainties or is acting under erroneous perceptions. One such perception, which seems to have held sway recently, is an apparent and often-voiced belief that the United States would welcome a depreciation of the dollar in order to gain a trade advantage. Purportive evidence to support such a view could be the relatively moderate scale of U.S. intervention to support the dollar.

Such an interpretation of U.S. policy, of course, would be entirely erroneous. Its unfortunate result could be an excessive depreciation of the dollar that would threaten the stability of both the U.S. and foreign economies. It could lead to significant increases in prices in the United States and depress investment in export industries and import-competing industries in relatively sluggish foreign economies. It could lead to measures such as greater protection for import-competing industries abroad or increased subsidization of foreign export industries.

The intervention policy of the Federal Reserve and the Treasury relies on free markets in which underlying economic and financial factors determine exchange rates and in which exchange rates, prices, interest rates, and other competitive factors govern the flow of trade and capital transactions. Exchange markets, possibly laboring under misperceptions of U.S. exchange rate policy, have been extremely disorderly recently. As the scale of disorder has increased, so has the scale of U.S. intervention. Intervention by foreign central banks, notably those of Germany, Japan, and Switzerland also increased in the fourth quarter of last year and in the first few days of this year following extremely large and rapid appreciations of their currencies against the dollar.

This increased scale of intervention, particularly by the United States, should serve to restore some measure of calm to the exchange markets. Indeed, most recently conditions in the markets have become more settled. Let me emphasize, however, that intervention can be successful in checking short-run excesses only if the intervention has fundamental economic forces on its side.

One test, which has sometimes been proposed, of whether actual intervention operations serve the purpose of countering disorderly markets by purchases of foreign exchange when the price drops sharply and sales when it rises sharply, is the degree to which intervention is profitable. With the exception of the unwinding of the pre-August 1971 support operations under fixed exchange rates, the recent record of Federal Reserve intervention in this regard is quite positive. In each of the 5 years of intervention operations under the regime of managed floating, the Federal Reserve has realized modest profits on its current operations in foreign currencies, totaling almost \$25 million over the period. While profits are not a necessary criterion of successful intervention and certainly not its objective, they nevertheless suggest that Federal Reserve intervention has tended to smooth exchange-rate fluctuations.

In addition to increasing our scale of intervention to deal with increasing disorder, the Federal Reserve Board sought to deal with the situation in exchange markets by approving an increase in discount rates from 6 to 6½ per cent on January 6. This step was directed toward restoring calm in the exchange markets. A majority of the Board felt that the external situation posed dangers—through adverse effects on economic activity abroad, an increase in the U.S. price level, and possibly through foreign protectionist measures—that could ultimately reduce the economic welfare of U.S. citizens.

An action of this kind serves, in very modest measure, to improve the fundamentals affecting the dollar. But ultimately it is policies that affect the supply of dollars, the tax system, the budget, and through these inflation and economic growth, together with our decisions with respect to energy, that will determine the balance of payments and the value of the dollar. □

Statement by Philip E. Coldwell, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, February 8, 1978.

I am pleased to present a review of the expenditures of the Federal Reserve Banks and the Board of Governors of the Federal Reserve System for 1977 and the budgets of the System for 1978. As you may recall from our testimony last April, I discussed the programs and progress of the System in improving productivity, cost effectiveness, and the quality of Federal Reserve services. These programs yielded even better results than expected during 1977, and our projections suggest that further improvements should be forthcoming in 1978.

1977 RESULTS

Let me begin today by reviewing the financial and operating results of the System during 1977. The approved operating budgets for 1977 totaled $704.8 million for the Federal Reserve Banks, but estimated expenses are $685.4 million, an increase of only 4.1 per cent over 1976 operating expenses. This modest growth in expenses at the Reserve Banks was achieved despite an expansion in the volume of our operations of more than 7 per cent and increases in resource costs also in the 7 per cent range.

The 1977 operating budget of $43.9 million for the Board of Governors compared with estimated expenses of $43.8 million. This represented 6 per cent of total System operating expenses.

Both the Reserve Banks and the Board of Governors achieved significant savings in operations resulting primarily from accelerated programs to achieve cost reductions. Estimated budget savings at the Banks totaled $19.4 million, or 2.8 per cent below the approved budget, and the Board's underrun was $92,000, or 0.2 per cent below its approved budget.

Reserve Bank employment dropped below the 25,000 level for the first time since 1973. Estimated employment for 1977 is 24,493, a decrease of almost 800 employees from 1976 and more than 2,000 employees since 1974.

Employment at the Board as measured by authorized positions has remained relatively steady for the past 2 years and for 1977 amounted to 1,587. Continued increases in requirements in the regulation areas of bank supervision and consumer affairs and sunshine legislation have been absorbed with little change in employment through improvements in productivity and careful reallocation of resources.

Major developments in 1977 affecting System expenses included a new program for consumer compliance examinations, educational programs to familiarize bankers with consumer laws and regulations, an expanded bank holding company inspection program and a new reporting format, volume increases in the operating areas of the Reserve Banks, and inflationary cost increases for the purchase of resources.

In April 1977 the System adopted a new program providing for special consumer affairs examinations of State member banks and a broad educational program for all member banks. The Board has provided specialized training to groups of examiners from all of the

Reserve Banks, placing emphasis on examination procedures, and has also provided training programs to Reserve Bank staff covering techniques for familiarizing commercial bank staff with consumer regulations.

Regarding the impact of volume increases on Reserve Bank operations, we estimate that in 1977 the volume of measurable Federal Reserve output increased by approximately 7 per cent, while the aggregate unit cost of operations decreased by more than 2 per cent. These estimates are based upon operations in all Reserve Bank services with the exception of functional groupings for monetary and economic policy and supervision and regulations, and account for approximately 88 per cent of total expenditures in the Reserve Banks.

Based upon preliminary information, Reserve Bank output per hour in 1977 rose sharply with some of the gain achieved through substitution of capital for labor. Our estimate of the increase in total factor productivity, which measures changes in the use of both capital and labor against changes in output, is 10 per cent for 1977.

Capital expenditures totaled an estimated $71.8 million at the Reserve Banks and $4.1 million at the Board during 1977. Construction of new buildings at Richmond and Boston and the purchase of automation equipment accounted for most of the outlays of the Reserve Banks. Renovation of the Board building and a computer upgrade accounted for most of the outlays at the Board.

1978 BUDGET

I would now like to review our budgets and plans for this year. The 1978 Reserve Bank operating expense budgets total $722.2 million, an increase of $36.8 million or 5.4 per cent over estimated 1977 expenses. Capital outlays are estimated to be $64.8 million, declining $7.0 million from the 1977 estimate primarily due to the completion of the new Boston and Richmond Federal Reserve Banks by early 1978. Total outlays of funds (capital plus operating expenses adjusted for depreciation) are expected to reach $765.6 million, representing an increase of 3.0 per cent over 1977 expenses.

The 1978 Reserve Bank budgets reflect the continuation of efforts to improve the efficiency of operations. In 1978 the Reserve Banks expect to operate with 24,007 employees, a staff reduction of 486 or 2.0 per cent below the estimated 1977 level.

Output per hour is projected to increase by more than 10 per cent, a rate similar to that in each of the previous 2 years. This productivity gain, adjusted for the substitution of capital for labor, yields a total factor productivity increase of 8.3 per cent, which is considerably larger than estimates of productivity growth for the private sector.

The principal portion of the cost increases is expected in expenses for employees' and officers' salaries, and retirement and other benefits. These increased expenses constitute 55 per cent of the $36.8 million increase in total expenses. Even so, salary expenses are expected to rise by only 4.1 per cent, as Reserve Banks reduce further their number of employees and continue to exercise firm control over salary increases. With a salary policy based on performance, the Banks are able to reward outstanding performers while keeping salary expenses to a minimum. Benefits expenses are increasing 8.8 per cent, reflecting the cost of a fully funded retirement program for current employees, adjusted pension rates for currently retired employees, and the upward movement in insurance costs and Social Security rates.

The increased cost of Federal Reserve currency represents 15 per cent of the total increase in expenses and is an expense largely beyond the control of the Reserve Banks since the Bureau of Engraving and Printing sets the price for printing and the public demand determines the volume to be issued. Such costs are expected to advance 9.8 per cent over 1977, reflecting a higher unit price from the Bureau and a larger demand for currency.

Increased depreciation expenses on property and equipment account for another 20 per cent of the advance in total expenses of the Reserve Banks. Property depreciation will increase $4.1 million, primarily reflecting the completion of the new Boston and Richmond Federal Reserve Bank buildings. Equipment depreciation will rise $3.4 million. The primary causes of the increase in equipment depreciation expenses are computer upgrading, the acquisition of high-speed currency processing machines, and the installation of new equipment in the Boston and Richmond Federal Reserve Banks.

The projected 6.1 per cent increase in volume of operations affects primarily the expenses for services to financial institutions and the public (increasing $26.6 million or 5.1 per cent) and for services to the U.S. Treasury and Government agencies (increasing $3.6 million or 4.6 per cent). These output costs reflect full distribution and allocation of support and overhead services. In these volume-related areas, unit costs are projected to decline nearly 1 per cent from 1977.

In 1978 the Federal Reserve Banks will continue to experience increased expenses associated with expanding regulatory responsibilities and revisions to examination procedures. The latest program instituted in this area is the annual inspection of most bank holding companies with consolidated assets over $300 million and the implementation of a standardized "Report of Bank Holding Company Examination." The supervision and regulation function shows an expense increase of $5.8 million, or 10.6 per cent, and 90 additional staff members, or a rise of 7.0 per cent. As these programs reach full-scale implementation, additional costs may need to be funded.

Other System projects scheduled for 1978 include the automated clearing house program, Treasury check truncation, and the Bankwire settlement. The automated clearing house program, in which both government and commercial payments are processed, is planned to include interregional clearings of commercial payments. We anticipate that this expansion will facilitate long-run economies. That is, it will act as an incentive for the conversion of check payments to electronic payments, which will ultimately reduce unit processing costs. As you may know, the Treasury estimates this program now saves approximately $1 million per month.

The Treasury check truncation effort entails the conversion of the data on the check to magnetic tape, with the tapes and a microfilm of the paid checks being sent to the Treasury for processing and the checks being sent to a Government Services Administration storage facility. The Treasury expects this truncation procedure to improve reconcilement of Social Security and welfare payments and to accelerate responses to beneficiaries when questions arise.

As you will recall, during this committee's hearings on Federal Reserve payments mechanism activities last year, inquiries were made concerning access to System settlement facilities by Bankwire. I am pleased to report that the Board announced plans, late last year, to provide such facilities to Bankwire in order to encourage private alternatives in electronic fund transfers.

The anticipated capital outlays during 1978 primarily relate to building programs, computer acquisitions and upgrades, and purchase of high-speed currency processing equipment. The $17.9 million in the buildings account reflects the completion of the Boston and Richmond Bank buildings and the initial phases of new building construction at Miami and San Francisco. Outlays will also be made to consolidate New York Reserve Bank operations now located in several outside facilities, and preliminary costs will be incurred for site and architectural plans for the new Baltimore building. Outlays for data processing/data communications equipment are expected to account for about one-fifth of the capital spending.

Of special interest are the planned purchases of high-speed currency machines. After a 5-year research and development program, our efforts are coming to fruition. We expect these new machines to sort currency, separate fit from unfit and counterfeit from genuine as well as destroy the unfit notes. Our costs of handling currency are expected to decline on a per-unit basis and output per hour will increase sharply.

The 1978 Board operating budget totals $47.6 million, an increase of $4.0 million or 9.3 per cent over 1977 estimated operating expenses. The approved capital budget is projected at $10.5 million, bringing the total 1978 approved outlays to $58.1 million.

The authorized staff positions at the Board are projected to decline slightly in 1978 to a level of 1,568. This decrease is a direct result of the Board's program to reduce its over-all position complement while reallocating resources to high priority areas such as surveillance of banks and bank holding companies.

The increase in the Board's operating budget is reflective of its labor-intensive environment and, measured in real resources, shows a slight decline. Expenses for personnel services including the full-year effect of the 1977 Government-wide general pay increase, the annualized cost of 1977 salary actions, expected 1978 salary actions, and a cost-of-living increase in pensions to our retirees, account for 93 per cent of the total operating budget increase over 1977. New initiatives are planned in the regulatory area to strengthen bank and bank holding company inspection and surveillance programs and the examination of trust activities. Volume increases are also expected in the areas of Freedom of Information requests and material distributed for consumer education and information.

The Board's capital budget includes $9.1 million to complete the renovation of the Board building and $1.4 million to permit more intensive use of the annex building. Both of these projects are expected to be completed in 1978 and are designed to provide for the accommodation of all our staff in the two adjacent buildings. We expect to realize annual savings of nearly $1 million in lease costs.

1978 BUDGET PROCESS

The basic philosophy governing the formulation of the Reserve Banks' budget is established early in the year as the Conference of Presidents of the Federal Reserve Banks and the Board of Governors begin the annual budget process with the development of budget objectives and guidelines. Following discussions and modifications of underlying assumptions between the Conference and the Board, a budget objective based upon these assumptions is approved by the Board, usually in the second quarter of the year.

The 1978 budget objective for the Federal Reserve Banks established a permissible range of expenditure increases between 5.5 and 7.5 per cent. Since salary expenses represent over 45 per cent of Bank budgets, the most restrictive assumption was the 6.0 per cent increase in total salaries with a slight decline in employment. Productivity gains were assumed to average 7.3 per cent Systemwide, and volume was projected to increase by 7 per cent.

As in prior years, the Board's Committee on Federal Reserve Bank Activities reviewed the preliminary budgets of the Banks for compliance with the budget guidelines. Following meetings between the Bank presidents and the committee and the careful review by the boards of directors at each Bank, the final 1978 budget proposals were reduced by $7.9 million.

The budget guidelines for 1978 consisted, in part, of offsetting new initiatives with reductions elsewhere. Both the Banks and the Board achieved this objective in their approved budgets primarily through improvements in productivity. Staff increases necessary to meet the new initiatives were offset by decreases in other staff areas at the Board and by decreases in operating personnel at the Reserve Banks.

This year's budget development process for the Board included the adoption of zero-base budgeting concepts to prepare and review the 1978 budget. The Board's divisions were required to review all existing and proposed new programs and to submit for management review a budget in the form of discrete program levels of effort with a division ranking. Each division's budget was reviewed by the Office of the Controller, the Staff Director for Management, a committee of Board Members, and by the Vice Chairman of the Board. In the course of these reviews, $1.5 million was deleted from the 1978 budget proposals after making room for high priority items. A conscientious effort was made during the review process to stress improvements in productivity and eliminate all but the most essential expenditures.

The Federal Reserve Banks have been experimenting with the zero-base budgeting process since 1976. During 1977, the Federal Reserve Bank of Minneapolis implemented zero-base budgeting in three staff areas in order to assess the effectiveness of this management tool for the budget decision-making process at the Bank. In addition, the Federal Reserve Bank of Chicago used zero-base budgeting to prepare the Bank's Research, Bank Relations and Public Information departments' 1978 budgets. The Board is presently assessing the Board's and Banks' experience in the use of zero-base budgeting.

SUMMARY

In summary, the Board's 1978 budget represents a 9.3 per cent growth over 1977 estimated expenses. This number implies no additional use of real resources and requires the achievement of additional productivity gains in 1978. The overriding constraint to fund new initiatives and increases in volume through decreases in current activities and gains in productivity has been met.

Budgets of the Federal Reserve Banks also reflect the continuation of efforts to improve the efficiency of operations. The projected 5.4 per cent increase in operating expenses compares with an average annual growth rate of 13.6 per cent from 1970 through 1974 and 7.7 per cent from 1974 through 1977. Total employment at the Reserve Banks has declined by 2,156 employees or 8.1 per cent over the last 3 years, and an additional reduction of 2.0 per cent is projected for 1978.

Our weighted-unit cost of clearing checks, processing currency and coin, issuing and redeeming Treasury and other Government agency securities, and performing all other measurable output activities has increased by about 1 per cent per year over the projections for the 3-year period from 1974 through 1977. If unit costs are adjusted for higher prices paid for resources—that is for inflation—real unit costs have declined by approximately 7 per cent per year.

The performance record of the Federal Reserve System over the past few years clearly indicates the high degree of success the System has achieved through its internal efforts to improve operational efficiency. The Board believes that its review and budget processes have created an atmosphere of cost consciousness that has resulted in better productivity, cost efficiency, service to the public, and ultimately in savings to the tax-paying public. □

Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Joint Economic Committee, U.S. Congress, February 8, 1978.

It is a pleasure to appear before the Joint Economic Committee to present my personal views in the area of incomes policies.

Disruptive inflation has plagued our economy for something like 12 years. During that period its virulence has varied, as high as 12.0 per cent in the fourth quarter of 1974 and as low as 1.5 per cent in the second quarter of 1967. But the experience has made clear that we are not "learning to live" with inflation. Increasingly, inflation is seen for what it is—a serious addiction that gradually undermines the vitality and even the viability of the addict.

While inflation is being forecast for the indefinite future at a rate close to that of the present, there is no reason at all to believe that inflation will stabilize if left alone. Inflation has shown itself in recent years to be highly inflexible downward. It has shown no similar inflexibility upward. Any one of a number of factors could send inflation spiraling again. Pressure of demand on limited manufacturing capacity, a major wage breakthrough resulting from special circumstances that nevertheless could set a pattern, food prices, oil prices, all could trigger higher inflation that would then work its way into wages and become resistant to any decline. Such a ratchet mechanism is a tangible threat.

Further acceleration of inflation almost certainly would, after some not very long interval, lead to renewed increases in unemployment. Thus, there is no other choice but to try to bring down unemployment and inflation simultaneously.

It is largely because of concerns like these that a consensus has developed that the economy must be allowed to grow at only a moderate rate. Idle resources, human and material, can be absorbed only gradually. Moreover, the noninflationary limits to that absorption leave a distressingly high margin of unused resources even in the longer run.

Incomes policies have been suggested as a means of winding down inflation more rapidly. In the general view, however, incomes policies are associated with wage and price controls, or at least are seen as a step in that direction. This concern has helped to create an interest in a tax-oriented incomes policy (TIP) that cannot be charged with that defect because it is specifically designed to give full effect to market forces. While numerous versions of TIP exist, their common characteristic is a reliance on the tax system as a means of inducing more moderate behavior of wages and prices. With the committee's permission, I would like to discuss a variant that was developed by Professor Sidney Weintraub of the University of Pennsylvania and myself.

OUTLINE OF PLAN

The essence of the plan consists of a tax penalty on firms granting wage increases in excess of a guideline. The restraint is on wages rather than on prices. But the tax is paid by the firm. In this way, evenhandedness is maintained. The plan can be extended to include a restraint on profits if that is regarded as necessary. To begin with, however, I would like to set forth why a plan focusing on wages combined with a tax paid by corporations seems adequate.

A considerable body of research indicates that prices in the long run are basically determined by wages. Nonwage factors such as those mentioned earlier—demand pressures, nonwage costs—may play an initiating role in price movements. But with wages and other compensation of labor amounting to 75 per cent of gross national product, wages unavoidably are the principal factor in prices. A slowing in wage increases, therefore, will necessarily bring about a slowing in price increases.

If prices follow wages, wage restraint will not lead to any reduction in real wage increases. Given productivity gains of, say, 3 per cent, labor will get the same increase in real wages with a 5 per cent wage increase and 2 per cent inflation as with a 9 per cent wage increase and 6 per cent inflation. The gains from productivity are all that the economy can give to labor, unless it is to be taken away from something else. These gains will go to labor at any level of inflation, so long as the gap between wages and prices, as it normally does, equals gains in productivity. Wage restraint, therefore, imposes no sacrifice upon labor in real terms. On the contrary, by reducing the threat of inflation, wage restraint would permit the economy to move to lower levels of unemployment and to move there more rapidly, thereby benefiting both labor and all others who share in the national income.

TECHNICAL ASPECTS

A tax to be imposed on firms granting excessive wage increases could take one of several forms. It could be imposed as an increase in the corporate income tax, as a payroll tax, through disallowance for income tax purposes of the deduction of any excess wage increases paid, and perhaps others. The plan could also be structured in the form of a tax reduction for firms avoiding excess wage increases.

Disallowance of excess wage increases as tax deductions has the advantage of having already been on the statute books after World War II and after the Korean war. An increase in the corporate income tax has the advantage that it could be scaled easily in proportion to the magnitude of the excess. This would help to make the penalty or threat of a penalty effective while largely eliminating controversies over marginal excesses. A rise in the corporate income tax, moreover, would be less easily shiftable than a payroll tax or denial of deductibility. On the other hand, it might more adversely affect the ability of the firm to invest.

Guideline

The setting of the wage guideline requires a governmental decision. A maximum wage increase equal to long-run productivity gains plus half of the current rate of inflation might be appropriate. The guideline would in no way interfere with the functioning of the market since firms and unions would be entirely free to make settlements above or below it. Thus, the concern that the guideline would become a first step on the way to a system of controls would be unwarranted. Likewise there seems to be no good reason for expecting the "maximum to become a minimum" since the guideline would not represent a maximum. The guideline would be lowered periodically as inflation was being reduced.

Coverage

A good case can be made for subjecting only a limited number of large corporations to the guideline and tax. In an inflation such as the present, which is kept going because one high wage settlement leads to another but in which there is no excess demand for labor, moderation in the settlements of large firms and some consequent slowing of the price trend would probably lead to moderation for most employers. Limiting the plan to large firms would greatly ease administrative complexities. However, an alternative and opposite procedure could also be envisaged—to cover not only all incorporated but also all unincorporated business.

Administrative Problems

The fact that laws disallowing excess wage increases under the post-World-War-II and Korean-war wage and price control legislation have been on the books suggests that the technical problems of measuring excess wage increases have been considered by the legislature and not found to be intractable. There is, of course, a wide range of technical problems to be resolved of which the following are indicative.

In an economy characterized by multicorporate enterprises, how is the tax-paying unit to be defined—a plant, a corporate entity, or an entire conglomerate? How are the excesses to be measured—by total payroll and total employment, or by individual categories of workers, with allowance for overtime, for fringe benefits including deferred compensation, cost-of-living adjustments, and health insurance and all the rest? How are new firms, firms with losses, with multiyear labor contracts, with numerous subsidiaries to be dealt with? Should the TIP penalty be applied for 1 year only, for a fixed multiyear period, or for a lengthy or indefinite period?

A large number of decisions will have to be made in writing the tax regulations. This is the same analysis, however, that firms and unions engage in during wage bargaining sessions and that at the present time the Council on Wage and Price Stability must also undertake. Furthermore, the initial evaluation of a wage package, which would form the basis for a pay-as-you-go approach to the tax, can be revised upon eventual audit by the Internal Revenue Service. Since the tax penalty would be proportionate to the degree of infringement of the guideline, minor differences between the taxpayer and the tax authorities would not involve large amounts of tax and could be compromised as many differences arising in tax audits are.

A TAX TO RESTRAIN THE SHARE OF PROFITS

It was noted earlier that the wage guideline proposal does not contain a corresponding restraint on prices because prices can be expected to follow wages. However, if the evidence supporting this view is not generally accepted, a supplementary device could be introduced that would serve to restrain, not prices, but profits. A failure of prices to move with wages would tend to show itself in a corresponding change in profits. Labor would have a legitimate right to expect that no special benefits for profits should emerge from an acceptance by labor of a wage guideline. To ensure that this expectation is not disappointed, the corporate income tax could be raised so as to prevent the rise in total after-tax profits from exceeding some historical relationship to GNP. This would be a tax proportionate to the "excess profits" of the corporate sector as a whole, but not related to the profits of any particular corporation.

As a practical matter, such a tax increase probably would never be triggered at all. But if it were, the increase in the corporate tax could hardly amount to more than a few percentage points. Such a tax would be an "incomes policy" in the proper sense of the term since it would specifically be designed to deal with income shares. The setting of a profit share, presumably in the light of historical experience and the need for business capital expenditures, would be one of the difficult decisions to be made under this approach.

TAX REVENUES

To the extent that the tax measures proposed here are cast in the form of tax increases for exceeding a guideline, rather than tax reductions withheld, some incremental revenues would be collected. Their magnitude would depend on the nature of the guidelines set and on the magnitude of penalties in relation to violations. These additional revenues could be utilized to reduce the income tax burden. Given the uncertainty of these additional revenues, however, a precise link could probably not be established.

EXPECTED DURATION OF THE PLAN

Since inflation is expected to come to an end under the plan, the arrangements, insofar as they do not involve carryovers from the operative period of the plan, should be terminated when success has been achieved. It might be better to reintroduce the scheme if inflation should revive thereafter rather than to perpetuate it at a time when it is not needed. Even after termination of the plan, a better understanding of the role of wage increases in price determination should prevail and should make it easier to avoid renewed bursts of inflation.

Alternatively, the arrangements could be kept alive even during a period of stable prices as a means of permanently facilitating lower rates of unemployment. It is the pressure of strong demand for labor that, at low levels of unemployment, tends to give rise to excessive wage increases. The threat of such increases, implying demand–pull inflation, in turn prevents the adoption of fiscal and monetary policies that would lead to such lower levels of unemployment. If the wage-increasing effect is restrained by a tax-oriented incomes policy, the achievement of permanently lower levels of unemployment should be within reach.

It should be clear, however, that TIP cannot serve as a counterpoise to, or justification for, overly stimulative fiscal and monetary policies. The rate of growth of the money supply would have to be reduced in line with diminishing inflation and eventually would have to be stabilized at a level consonant with the rate of real growth and the trend in velocity. Fiscal policy would have to limit the government's demands on the credit markets to whatever could be financed with that rate of money growth at stable prices and interest rates consistent with full employment. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON DECEMBER 19–20, 1977

1. Domestic Policy Directive

The information reviewed at this meeting suggested that real output of goods and services was growing in the current quarter at about the third-quarter pace, which the Commerce Department had revised upward appreciably to an annual rate of 4.7 per cent. At the same time the rise in average prices, as measured by the fixed-weighted price index for gross domestic business product, appeared to be stepping up somewhat from an annual rate of 5.1 per cent estimated for the third quarter. Staff projections for the year ahead, which were based on assumptions that did not include reductions in Federal income taxes, differed little from those prepared just before the November meeting of the Committee; they suggested that real GNP would continue to grow at a moderate, although gradually diminishing, pace throughout 1978. It was also expected that the rate of increase in prices would remain high and that the unemployment rate would decline gradually.

The staff estimate of continued growth of real GNP in the current quarter at about the third-quarter pace was attributable to expectations of substantially greater expansion in final sales of goods and services in combination with a decline in the rate of business inventory accumulation. With respect to final sales, there were indications of considerable strength in consumer spending for both durable and nondurable goods and in residential construction. It was anticipated, moreover, that growth in business fixed investment would pick up from the reduced rate in the third quarter.

The staff projections for the year ahead reflected expectations that, in real terms, the expansion in business capital outlays would be relatively strong; the growth in consumer spending would remain moderate; the increases in State and local government purchases of goods and services would continue to be sizable; the expansion in residential construction activity would taper off as the period progressed; and the rise in Federal purchases of goods and services would be smaller than over the past year.

In November industrial production expanded 0.5 per cent, compared with 0.3 per cent in October and 0.4 per cent in September. Increases in output were widespread in November, but automobile assemblies were reduced. Capacity utilization in manufacturing was estimated to have remained at about 83 per cent; in both the materials-producing and the advanced processing industries, utilization rates were close to their levels in the second and third quarters. For the materials-producing industries, the rate was about 10 percentage points below the high reached in the previous period of business expansion.

Nonfarm payroll employment rose substantially in November. In particular, gains were large in services and finance, trade, and State and local government. Employment in manufacturing advanced moderately, and the average workweek edged up further to 40.5 hours, the same as in June. The increase in total employment, as measured by the survey of households, was particularly large. The rise in the civilian labor force also was substantial, however, and the unemployment rate, at 6.9 per cent, remained in the narrow range prevailing since April.

The pace of expansion in personal income had increased sharply to an annual rate of more than 16 per cent in October and then slowed to a rate of about 11 per cent in November, according to statistics released since the Committee's meeting in mid-November. In October growth in wage and salary payments had been augmented by raises in pay for Federal civilian and military personnel. Farm income—bolstered by increased price supports for grains and sugar—advanced in both October and November, after having declined for a half year.

The dollar value of retail sales had risen 1.5 per cent in November according to the advance report. Moreover, the estimate of sales for October had been revised upward substantially and was 2.7 per cent above the September level. As a consequence, the average for the first 2 months of the fourth quarter was up almost 4 per cent from the monthly average for the third quarter. Increases in total sales from one quarter to the next had not been that large since the fourth quarter of 1976.

Although the total value of retail sales advanced in November, unit sales of new domestic and foreign autos declined about 5 per cent. Unit sales appeared to have been trending downward since spring. In October and November the average rate was nearly 10 per cent below that in the second quarter.

Private housing starts rose substantially in October to an annual rate of more than 2.2 million units—the highest monthly rate since the current upswing began in early 1975—and then edged down in November to a rate of about 2.1 million units. The average for the 2 months was 5 per cent higher than that for the third quarter.

The latest Department of Commerce survey of business spending plans, taken in late October and November, suggested that spending for plant and equipment would expand at an annual rate of 5.8 per cent in the fourth quarter of 1977 and at rates of 11.4 and 10.2 per cent in the first and second quarters of 1978, respectively. The survey also indicated that such spending would be 13.7 per cent greater in 1977 as a whole than in 1976; the preceding survey of the Department of Commerce had indicated a year-to-year gain of 13.3 per cent.

Manufacturers' new orders for nondefense capital goods, which had advanced sharply in September, increased somewhat further in October to a level 8½ per cent above the monthly average for the third quarter. Contract awards for commercial and industrial buildings—measured in terms of floor space—in October were close to the average for the third quarter, which was up about 10 per cent from the average for the preceding quarter and 30 per cent from that for the third quarter of 1976.

The index of average hourly earnings for private nonfarm production workers increased relatively little in November following a sharp rise in October. The rate of increase over the first 11 months of 1977 was about 7½ per cent, compared with a rise of about 7 per cent over the 12 months of 1976.

The wholesale price index for all commodities rose sharply in November for the second successive month. Average prices of farm products and foods, which had advanced 1.3 per cent in October, increased 2.3 per cent further to a level 4.8 per cent higher than in November 1976. For industrial commodities, the rise slowed to 0.4 per cent from 0.6 per cent in October and 0.8 per cent in September. Over the 12 months ending in November, the increase in the industrial commodity average was 6.5 per cent.

The consumer price index rose 0.3 per cent in October, marking the fourth consecutive month of moderate increases. From June to October retail prices of foods advanced only about 0.5 per cent, in contrast with a rise of nearly 7 per cent over the first 6 months of the year. The rise in average prices of commodities other than foods continued in October at about the reduced pace of the third quarter, and the advance in prices of services slowed somewhat.

The dollar had been under considerable selling pressure in foreign exchange markets throughout the inter-meeting period, and its trade-weighted value had declined more than 3 per cent further even though central banks purchased a substantial amount of dollars. All major currencies rose against the dollar over the period, and appreciations amounted to 9 per cent for the Swiss franc, 6 per cent for the German mark, and 2 per cent for the Japanese yen. The persistent pressure on the dollar reflected uncertainty about U.S. economic policies, especially with respect to energy, as well as continuing concern in the markets about the deficit in U.S. foreign trade and about the weakness in economic activity in other industrial countries relative to that in the United States.

The U.S. foreign trade deficit increased sharply in October. However, the widening of the deficit was attributable to the 2-month dock strike that was terminated at the end of November. Because of statistical procedures, the strike depressed recorded exports more than recorded imports.

At U.S. commercial banks, expansion of total credit in November was close to the fast pace in October. Bank loans continued to grow at a rapid rate, and the strength was broadly distributed among major loan categories. As in October, banks reduced their holdings of Treasury securities somewhat more than they added to their holdings of other securities.

Commercial banks in the aggregate financed the November increase in loans entirely through managed liabilities. Negotiable CD's at weekly reporting member banks increased $4.5 billion over the month, and other large time deposits not subject to rate ceilings expanded $5.0 billion. The total increase of $9.5 billion for the month was a record for large-denomination time deposits.

The narrowly defined money stock (*M*-1) contracted slightly in November, following a large increase in October. For October and November combined, growth in *M*-1 was at an annual rate of 5 per cent, and for the 11 months ending with November, it was at an annual rate of about 7¼ per cent.

Growth in *M*-2 slowed to an annual rate of 4½ per cent in November. The increase in the interest-bearing component was concentrated in the large-denomination time deposits that are not subject to interest rate ceilings. The total of savings deposits and small-denomination time deposits, which are subject to rate ceilings, declined slightly. Throughout November rate ceilings on all but the longest maturities of bank time accounts were significantly below the yields available on competing market securities. Over the first 11 months of 1977, *M*-2 grew at an annual rate of about 9¼ per cent.

At nonbank thrift institutions, inflows of funds slowed further in November. Growth in *M*-3 was reduced to an annual rate of about 7¼ per cent, from 12½ per cent in October. Over the first 11 months of the year *M*-3 grew at an annual rate of about 11¼ per cent.

At its November meeting the Committee had decided that operations in the period immediatey ahead should be directed toward maintaining about the prevailing money market conditions, provided that monetary aggregates appeared to be growing at approximately the rates then expected. Specifically, the Committee sought to maintain the weekly-average Federal funds rate at about its current level—which was 6½ per cent—so long as *M*-1 and *M*-2 appeared to be growing over the November–December period at annual rates within ranges of 1 to 7 per cent and 5 to 9 per cent, respectively. However, the members also had agreed that if growth in the aggregates appeared to approach or move beyond the limits of their specified ranges, the operational objective for the weekly-average Federal funds rate should be varied in an orderly fashion within a range of 6¼ to 6¾ per cent.

Throughout the period between the November and December meetings, incoming data suggested that growth in *M*-1 and *M*-2 would be well within the ranges that had been specified by the Committee. Accordingly, the Manager of the System Open Market Account sought to maintain reserve conditions consistent with a Federal funds rate of 6½ per cent.

In association with the stability in the Federal funds rate, short-term market interest rates changed little during the inter-meeting period, although a minor realignment in relationships occurred. Rates on Treasury bills declined, reflecting in large part substantial foreign purchases of such securities, while yields on private short-term instruments edged up. Rates on longer-term securities rose somewhat during the period.

The U.S. Treasury raised $10.2 billion of new money during the inter-meeting period, including $1.3 billion in its regular weekly bill auctions, $3.0 billion through 139-day, cash-management bills, and $5.9 billion through 1-year bills and 2- and 4-year notes. Moreover, the Treasury planned to auction $3 billion of 2-year notes on the Wednesday after this meeting and $1.5 billion of 15-year bonds in the following week.

Gross public offerings of corporate bonds in November were close to the October volume, and private placements of bonds were estimated to have remained large. Total gross issues of corporate securities increased as stock offerings—primarily by public utility firms—reached the highest level in nearly 2 years.

Gross offerings of new bonds by State and local governments declined somewhat more than seasonally in November. Advance refundings accounted for about one-fifth of the November total—the same proportion that had prevailed during the first 10 months of the year—although the volume was apparently reduced by a Treasury announcement on November 5 of an intention to issue new regulations restricting certain types of advance refunding issues. Demands for municipal securities continued to be strong from commercial banks, from property-casualty insurance companies, and from individuals through municipal bond investment companies.

The volume of mortgage lending in November apparently remained near the record pace of other recent months. The increase in mortgage loans at commercial banks was larger than in October and near the high monthly-average gain in the third quarter. Outstanding mortgage commitments at savings and loan associations rose to a new record in October. In November these institutions apparently maintained a high level of mortgage lending activity, and they continued to float additional issues of mortgage-backed bonds and to increase their borrowings from the Federal home loan banks. By month-end, outstanding advances from those banks had reached their highest level since early 1975. The average interest rate on new commitments for conventional home mortgages at savings and loan associations changed little in late November and early December.

In the Committee's discussion of the economic situation, the members were in agreement that the expansion in activity was likely to continue throughout the year ahead. A number of members expressed the view that growth in real GNP during 1978 would be as strong as or stronger than that suggested by the staff projections. Other members foresaw substantial strength for the period immediately ahead—in response to the recent pick-up in final sales and consequent adjustment of inventory positions—but less strength later in 1978. It was noted, however, that the administration was planning to propose a substantial reduction in taxes on individual and business incomes in the new year, and that such reductions—depending upon their nature and timing—could have a significant effect on the course of activity.

Although the prospective reductions in taxes were seen as supportive of the rate of expansion in over-all activity, there was some concern about their implications for the mix of policies affecting aggregate demand and, consequently, for business fixed investment over the longer term. It was observed that long-term interest rates were relatively low, after allowing for the prevailing rate of increase in prices; but it was also observed that enlarged deficits in the Federal budget might be accompanied by increases in interest rates as the year progressed. It was suggested, moreover, that the rate of inflation could prove to be higher than expected and could, therefore, hamper the progress of the expansion.

As at other recent meetings, members expressed different assessments of the outlook for business capital spending. A few felt that expansion in such spending would be at least as strong as suggested by the staff projections—which, in turn, were stronger than implied by the surveys of expenditures for the early part of 1978. One of these members suggested that, in a variety of ways, the recent decline in the value of the dollar against other major currencies had increased the attractiveness of investment in industrial facilities in the United States. On the other hand, some members felt that the staff projections of capital outlays were on the optimistic side. In the opinion of one of these, manufacturers had been able to achieve new efficiencies in their production facilities, which added significantly to capacity without requiring large expenditures for additional structures.

With respect to the housing market, it was suggested that a number of forces were at work that might make activity in 1978 fall short of the rates projected by the staff. On the other hand, the thought was expressed that demands might continue to be buoyed by consumer perceptions of homeownership as an effective hedge against inflation.

One member suggested that the expansion in residential construction activity had been sustained at a fast pace, despite the high and rising prices for housing, by such temporary influences as the rapid increase in homeowners' equity and a backlog of demands accumulated earlier during a period of reduced construction activity, whose force might now be spent; consequently, demands for housing in the period ahead might be more closely related to such fundamental factors as family formation and growth in disposable income. It was suggested also that construction activity in some areas might be impeded by elements of the Government's energy program and by moratoria on new hook-ups for utilities, although building activity in the inner cities might be stimulated.

A few members expressed doubts that the demand for automobiles would measure up to the staff projections, which suggested that sales would be sustained in 1978 at about the fast pace of 1977. The observation was made that sizable cutbacks in assemblies, should they be made necessary by slippage in sales, might not be effected until the spring. It was also suggested, however, that some decline in the rate of sales was a reasonable expectation and, in view of the excessive expansion in consumer credit recently, a welcome development.

In commenting on unemployment, one member questioned whether the over-all rate might not be about as low as could be expected, given the rapid growth in the labor force. He suggested that the high rate of unemployment was a structural problem that could not be solved with monetary policy instruments; in his view, growth in real GNP at any rate above the longer-run average would be satisfactory. Another member observed that a particularly troublesome aspect of the situation was that the large increase in employment during the current business expansion had not lowered the unemployment rate for blacks, especially for black teenagers. It was observed that the increase in the minimum wage that would become effective at the beginning of the new year would contribute to that problem, and it was suggested that in the coming year serious attention might again be given to proposals for a youth differential in the minimum wage.

In the Committee's discussion, serious concern was expressed about the recent weakness of the dollar in foreign exchange markets. While it was noted that depreciation of the dollar might in time contribute to improvement in the U.S. trade balance, it was pointed out that it contributed to the rate of inflation in this country and weakened business confidence both here and abroad. Excessive appreciation of foreign currencies, it was suggested, could have adverse effects on over-all economic activity abroad and, consequently, on the U.S. trade balance. The observation was made that the position of the dollar would be strengthened by adoption in this country of an effective energy program, of a tax policy conducive to business investment here, and of a more effective attack on inflation, as well as by pursuit abroad of faster rates of economic growth.

At its October meeting the Committee had agreed that from the third quarter of 1977 to the third quarter of 1978 average rates of growth in the monetary aggregates within the following ranges appeared to be consistent with broad economic aims: *M*-1, 4 to 6½ per cent; *M*-2, 6½ to 9 per cent; and *M*-3, 8 to 10½ per cent. The associated range for the rate of growth in commercial bank credit was 7 to 10 per cent. It was agreed that the longer-run ranges, as well as the particular aggregates for which such ranges were specified, would be subject to review and modification at subsequent meetings.

In the Committee's discussion of policy for the period immediately ahead, the members took note of the slowdown in the growth of the monetary aggregates in recent weeks and of the uncertainties in financial markets usually associated with the year-end. Against that background and in light of the performance of the economy, it was observed that increases in short-term interest rates were probably not warranted at this time. On the other hand, it was suggested, the weakness of the dollar in foreign exchange markets argued against declines in such rates. Accordingly, most members were in favor of the maintenance of prevailing conditions in the money market for the time being and of continuing to give greater weight than usual to money market conditions in conducting open market operations in the period until the next meeting of the

Committee. However, some members indicated a preference for basing operating decisions in the period ahead primarily on the behavior of the monetary aggregates.

The members did not differ greatly in their preferences for ranges of growth for the monetary aggregates over the December–January period. Most of them favored ranges of 2½ to 8½ per cent and 6 to 10 per cent for the annual rates of growth in *M*-1 and *M*-2, respectively. However, there was some sentiment for a slightly lower and some for a slightly higher range for *M*-1. And one member who preferred to base operations on the behavior of the monetary aggregates believed that System operations should be directed toward a firming in money market conditions if it appeared that over the 2-month period *M*-1 would grow at a rate in excess of 6½ per cent.

At the conclusion of the discussion the Committee decided that operations in the period immediately ahead should be directed toward maintenance of prevailing money market conditions, as represented by the current level of the Federal funds rate. However, the members agreed that if growth in the aggregates should appear to approach or move beyond the limits of their specified ranges, the operational objective for the weekly-average Federal funds rate should be varied in an orderly fashion within a range of 6¼ to 6¾ 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 8½ per cent and 6 to 10 per cent, respectively. It was also agreed that in assessing the behavior of the aggregates, the Manager should give approximately equal weight to the behavior of *M*-1 and *M*-2.

The Committee decided to include in the next to last paragraph of its directive to the Federal Reserve Bank of New York the following sentence: "In the conduct of day-to-day operations, account shall be taken of emerging financial market conditions, including the unsettled conditions in foreign exchange markets." This instruction was added to provide the Manager with somewhat greater flexibility, in part because of the Committee's view that pressures on the dollar in foreign exchange markets might appropriately influence the nature and timing of domestic open market operations from day to day.

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 real output of goods and services is growing in the current quarter at about the pace in the third quarter. The dollar value of total retail sales, which had increased sharply in October, rose considerably further in November. Industrial production continued to expand, and employment increased substantially. However, the unemployment rate, at 6.9 per cent, remained in the narrow range prevailing since April. The wholesale price index for all commodities rose sharply in November for the second successive month, reflecting another large increase in average prices of farm products and foods. However, the rise in average prices of industrial commodities was less rapid than in the preceding 2 months. The index of average hourly earnings has advanced at a somewhat faster pace so far this year than it had on the average during 1976.

The dollar has been under considerable pressure in foreign exchange markets in recent weeks, and its trade-weighted value against major foreign currencies has declined more than 3 per cent further since mid-November. In October the U.S. foreign trade deficit widened sharply, primarily as a result of the dock strike at many U.S. ports.

M-1—which had expanded substantially in October—declined slightly in November, and *M*-2 increased relatively little. The total of savings deposits and small-denomination time deposits at commercial banks declined somewhat, but growth in large-denomination time deposits accelerated sharply further as credit demands remained strong. Inflows to nonbank thrift institutions slowed further in November. Market interest rates have changed relatively little since mid-November.

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

At its meeting on October 18, 1977, the Committee agreed that growth of *M*-1, *M*-2, and *M*-3 within ranges of 4 to 6½ per cent, 6½ to 9 per cent, and 8 to 10½ per cent, respectively, from the third quarter of 1977 to the third quarter of 1978 appears to be consistent with these objectives. These ranges are subject to reconsideration at any time as conditions warrant.

At this time, the Committee seeks to maintain about the prevailing money market conditions during the period immediately ahead, provided that monetary aggregates appear to be growing at approximately the rates currently expected, which are believed to be on a path reasonably consistent with the longer-run ranges for monetary aggregates cited in the preceding paragraph. Specifically, the Committee seeks to maintain the weekly-average Federal funds rate at about the current level, so long as *M*-1 and *M*-2 appear to be growing over the December–January period at annual rates within ranges of 2½ to 8½ per cent and 6 to 10 per cent, respectively.

If, giving approximately equal weight to *M*-1 and *M*-2, it appears that growth rates over the 2-month period are approaching or moving beyond the limits of the indicated ranges, the operational objective for the weekly-average Federal funds rate shall be modified in an orderly fashion within a range of 6¼ to 6¾ per cent. In the conduct of day-to-day operations, account shall be taken of emerging financial market conditions, including the unsettled conditions in foreign exchange markets.

If it appears during the period before the next meeting that the operating constraints specified above are proving to be significantly inconsistent, the Manager is promptly to notify the Chairman who will then decide whether the situation calls for supplementary instructions from the Committee.

> Votes for this action: Messrs. Burns, Volcker, Coldwell, Gardner, Guffey, Jackson, Lilly, Mayo, Morris, Partee, and Wallich. Vote against this action: Mr. Roos.

Mr. Roos dissented from this action because he believed that the upper limit of the December–January range for growth in *M*-1 specified by the Committee allowed for the possibility of too rapid growth in that aggregate, particularly in view of the rate at which it had grown so far this year. In his opinion, growth in *M*-1 over the December–January period at a rate in excess of 6½ per cent would require an excessively restrictive policy later, if the Committee's long-range growth path were to be achieved.

Subsequent to the meeting, on January 9, 1978, the Committee voted to raise the range for the Federal funds rate to 6½ to 7 per cent and to instruct the Manager to raise the rate to 6¾ per cent over the next few days. This action was taken upon recommendation of Chairman Burns.

During the preceding 2 weeks the Federal funds rate had averaged a little over 6⅝ per cent, or above the midpoint of the range of 6¼ to 6¾ per cent established at the December meeting. Year-end money market pressures had affected the rate, but most recently the Manager had not discouraged some rise above the midpoint of the range in view of unsettled conditions in foreign exchange markets. Available data had suggested that over the December–January period *M*-1 and *M*-2 would grow at rates within the ranges specified at the December meeting.

On January 6, just before the Chairman recommended this action, the Board of Governors had approved action by directors of two Federal Reserve Banks raising the discount rate from 6 to 6½ per cent. In announcing the increase in the discount rate, the Board had issued the following press release:

"The recent disorder in foreign exchange markets constitutes a threat to orderly expansion of the domestic and international economy. In view of this, the Board of Governors of the Federal Reserve System today approved an increase in the discount rate from 6 per cent to 6½ per cent.

"The Board expressed the hope that the need for the increase will prove temporary. The Board further indicated that the condition of the domestic economy is sound and that credit supplies to sustain economic expansion will remain ample.

"In making the change, the Board acted on requests from directors of the Federal Reserve Banks of New York and Chicago, increasing the discount rates of those Banks to 6½ per cent, effective Monday, January 9. The discount rate is the interest rate that is charged member banks when they borrow from their district Federal Reserve Banks."

On January 9, 1978, the Committee modified the domestic policy directive adopted at its meeting of December 19–20, 1977, by raising the range for the Federal funds rate to 6½ to 7 per cent and by instructing the Manager to raise the rate to 6¾ per cent over the next few days.

Votes for this action: Messrs. Burns, Volcker, Coldwell, Gardner, Guffey, Mayo, Roos, and Wallich. Votes against this action: Messrs. Lilly, Morris, and Partee. Absent and not voting: Mr. Jackson.

Messrs. Lilly, Morris, and Partee voted against this action because they did not believe that the performance of the domestic economy justified an increase in interest rates at this time. Mr. Morris believed, in addition, that the proper response to present conditions in the foreign exchange markets was more aggressive intervention, not a higher level of domestic interest rates.

2. Authorization for Foreign Currency Operations

Paragraph 1D of the Committee's authorization for foreign currency operations authorizes the System Open Market Account to maintain an over-all open position in all foreign currencies not exceeding $1.0 billion, unless a larger position is expressly authorized by the Committee. On January 6, 1978, the Committee authorized an increase in the limit to $1.5 billion. The Foreign Currency Subcommittee (consisting of Messrs. Burns, Gardner, Volcker, and Wallich) recommended the increase of $500 million in the limit in view of the recent scale of operations and the continuing unsettled condition of the foreign exchange markets. It was announced on January 4, 1978, that the Exchange Stabilization Fund of the U.S. Treasury would henceforth be utilized actively together with the $20 billion swap network operated by the Federal Reserve System to check speculation and to help re-establish order in the foreign exchange markets.

Law Department

Statutes, regulations, interpretations, and decisions

TRUTH IN LENDING

The Board of Governors has amended the provision of its Regulation Z concerning descriptive billing of nonsale credit transactions on open end credit accounts.

Effective March 28, 1978, section 226.7(k)(3)(ii) is amended to read as follows:

SECTION 226.7—OPEN END CREDIT ACCOUNTS—SPECIFIC DISCLOSURES

* * * * *

(k) ***

(3) ***

(ii) A description of the transaction, which characterizes it as a cash advance, loan, overdraft loan, or other designation as appropriate, and which includes the amount of the transaction and the date of the transaction[9c] or the date which appears on the document or instrument evidencing the transaction (if the customer signed the document or instrument), or the date of debiting the amount to the account, provided that if only the debiting date is disclosed and the customer submits a proper written notification of a billing error related to the transaction, the creditor shall treat such inquiry as a billing error under §§ 226.2(j) and 226.14, and as an erroneous billing under § 226.14(b), and shall supply documentary evidence of the transaction whether or not the customer requests it, within the time period allowed under § 226.14 for resolution of a billing error without charge to the customer. If the date of debiting is disclosed, it must be reasonably identified as such on the periodic statement.

RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors has delegated to each Federal Reserve Bank the authority to grant extensions of the two-year time period within which a company or bank must dispose of bank shares acquired in satisfaction of a debt previously contracted.

Effective January 26, 1978, section 265.2(f) is amended by adding a new paragraph (37) to read as follows:

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

* * * * *

(f) Each Federal Reserve Bank is authorized, as to member banks or other indicated organizations headquartered in its district, or under subparagraph (25) of this paragraph as to its officers:

* * * * *

(37) Under the provisions of section 2(a)(5)(D) and 3(a) of the Bank Holding Company Act (12 U.S.C. §§ 1841(a)(5)(D), 1842(a)), to extend the time within which a company or a bank must divest itself of bank shares acquired in satisfaction of a debt previously contracted.

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

ORDERS UNDER SECTION 3 OF BANK HOLDING COMPANY ACT

Central National Bancshares, Inc., Des Moines, Iowa

Order Approving Acquisition of Shares of Bank Holding Company

Central National Bancshares, Inc., Des Moines, Iowa, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 80 per cent or more of the voting shares of Associated Bank Corporation, Mason City, Iowa ("Associated"), thereby acquiring indirectly voting shares of the following banks: Iowa Trust & Savings Bank, Estherville, Iowa; The Iowa County Savings Bank, Marengo, Iowa; First Trust & Union Savings Bank, Sigourney, Iowa; Kalona Savings Bank, Kalona, Iowa; Cresco National Bank, Cresco, Iowa; and Community State Bank of Clear Lake ("Clear Lake"), Clear Lake, Iowa.[1] Applicant would also acquire indirectly voting shares of Leasing, Inc., Mason City, Iowa, a subsidiary of Associated. Accordingly, Applicant 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)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to engage, through Leasing, Inc., in the activities of leasing personal property and equipment, and acting as agent, broker, or advisor in leasing of such property. Such activities have been determined by regulation to be closely related to banking (12 CFR § 225.4(a)(6)), and would be conducted in accordance with that regulation.

Notice of these applications has been given in accordance with §§ 3 and 4 of the Act (42 *Federal Register* 58202) and the time for filing comments and views has expired. The Board has considered the applications and all comments received, including those of two of Applicant's minority shareholders ("Protestants"), in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)) and the considerations specified in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, the fifth largest banking organization in Iowa, controls four banks with aggregate deposits of $369 million, representing 2.8 per cent of the total deposits in commercial banks in the State.[2] Associated, the seventeenth largest banking organization in Iowa, controls five banks, other than Clear Lake which would be disposed of promptly upon consummation of this proposal, with aggregate deposits of $94.0 million, representing 0.7 per cent of total deposits in commercial banks in the State. Upon consummation of the proposed transaction and divestiture of Clear Lake, the resulting banking organization would rank as the State's fourth largest banking organization and would control 3.5 per cent of the total deposits in commercial banks in Iowa. While Associated would be eliminated as a potential Statewide competitor, because of the relatively small size of Associated and its lead bank, the Board believes that consummation of the proposal would not have a significantly adverse effect upon either the banking structure or the concentration of banking resources in Iowa.

None of Applicant's bank subsidiaries is located in banking markets where Associated's bank subsidiaries, other than Clear Lake, are situated.[3] Furthermore, the distance separating the closest of Applicant's and Associated's subsidiary banks, other than Clear Lake, is approximately 53 miles, and the amount of deposits and loans derived by Applicant's and Associated's subsidiary banks from each other's markets is small. Accordingly, the Board concludes that no significant existing competition will be eliminated upon consummation of the proposal. With respect to potential competition the Board is of the view that while both Applicant and Associated are capable of entering each other's markets, the loss of either firm as a potential entrant would not be serious. The banking markets in which both banking organizations operate are primarily small and rural, and the two firms cannot be considered highly likely entrants into each other's markets. In addition, several other large Iowa bank holding companies would remain as potential entrants into these markets. Accord-

[1] Applicant has agreed to dispose of all interest in Clear Lake to an unaffiliated third party promptly after consummation of the proposed acquisition of Associated.

[2] All banking data are as of December 31, 1976.

[3] Applicant controls subsidiary banks located in the Algona, Des Moines, Greenfield and Mason City banking markets. Associated, on the other hand, controls subsidiary banks in the Decorah-Cresco, Emmet County, Keokuk County, Marengo and Washington County banking markets. Clear Lake is located in the Mason City banking market.

ingly, based upon these and other facts of record, the Board considers the competitive effects of this proposal to be only slightly adverse.

The financial and managerial resources and future prospects of Applicant and Associated are considered satisfactory and consistent with approval of the subject application. The Board has considered the contention of Protestants that Applicant should concentrate its financial and managerial resources on its existing organization and should not expand at this time. On the basis of the record, however, the Board does not believe that the proposed transaction is likely to affect adversely Applicant's financial or managerial resources or its future prospects.

Considerations relating to the convenience and needs of the communities to be served favor approval of the application. Applicant plans to improve services of Associated's bank subsidiaries in the areas of trust operations, data processing, investment advice, farm management, and loan servicing. Such improvements would be in the public interest and, in the Board's judgment, outweigh the slightly adverse competitive effects of the proposal. Therefore, it is the Board's judgment that the proposal to acquire Associated's bank subsidiaries would be consistent with the public interest, and that the application should be approved.

Applicant has also applied for the Board's approval to acquire indirectly shares of Leasing, Inc., a subsidiary of Associated, and thereby engage indirectly in certain leasing activities permissible under section 225.4(a)(6) of Regulation Y. Applicant's nonbank subsidiaries are not involved in any of the product lines that Leasing Inc., provides and, accordingly, it does not appear that this acquisition would have any adverse effects upon competition. Moreover, there is no evidence in the record that consummation of the proposal would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices or other adverse effects upon the public interest.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the considerations affecting the competitive, banking, and convenience and needs factors under § 3(c) of the Act and the balance of the public interest factors that the Board must consider under § 4(c)(8) of the Act both favor approval of Applicant's applications.

On the basis of the record, the applications are approved for the reasons summarized above. The transaction shall not be made before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Chicago pursuant to delegated authority. The determination concerning Applicant's leasing activities is subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require reports by and make examinations of bank holding companies and their subsidiaries, and 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.

By order of the Board of Governors, effective January 20, 1978.

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

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

Charter Techny Bancorporation, Inc.,
Northfield, Illinois

Order Approving
Formation of a Bank Holding Company

Charter Techny Bancorporation, Inc., Northfield, 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 by acquiring 80 per cent or more of the voting shares of Charter Bank of Techny, Northbrook, Illinois ("Bank"), a proposed new bank. Related to this application, an application for membership in the Federal Reserve System has been filed on behalf 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 application and all comments received have been considered in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, a nonoperating company with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, a proposed new bank in the Chicago banking market.[1] Inasmuch as Bank is a proposed new bank, consummation of the proposal will neither eliminate existing competition nor increase the concentration of banking resources in any relevant area. Principals of Applicant are affiliated with four other one-bank holding companies that control Bank of Clarendon Hills, Bank of Northfield, Bank of Wheaton, and Bank of Winfield, all of which are located in the Chicago banking market. The aggregate deposits of these four banks are $116.8 million, representing only 0.27 per cent of total commercial bank deposits in the Chicago banking market. The distances between these banks and the absolute and relative size and number of banking alternatives available to the public are sufficient to preclude adverse competitive effects. Accordingly, it is concluded that competitive considerations are consistent with approval of the application.

The Board applies multi-bank holding company standards in assessing the financial and managerial resources and future prospects, both of an applicant seeking to become a one-bank holding company and of its proposed subsidiary bank, where principals of the applicant are engaged in establishing a chain of one-bank holding companies.[2] The financial and managerial resources and future prospects of Applicant appear to be satisfactory. Although Applicant would incur some debt in connection with this proposal, it appears that income from Bank will provide sufficient funds to service the debt without unduly burdening the financial condition of either Bank or Applicant. Bank, as a proposed new bank, has no financial or operating history; however, its prospects as a subsidiary of Applicant appear to be favorable. The four one-bank holding companies and their respective subsidiary banks with which Applicant's principals are associated appear to be in a generally satisfactory condition, which suggests that Applicant's principals would conduct the operations of the proposed holding company and Bank in a satisfactory manner. The considerations relating to banking factors are consistent with approval of the application.

[1] The Chicago banking market is approximated by Cook County, DuPage County, and portions of Lake County, Illinois; this market is comprised of 338 banks holding aggregate deposits of $43.7 billion. All deposit data are as of December 31, 1976.

[2] See *e.g.*, Board's Order dated June 14, 1976, denying the application of Nebraska Banco, Inc., Ord, Nebraska, 62 Federal Reserve BULLETIN 638 (1976).

Considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. It has been determined that consummation of the proposed transaction would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be 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 Secretary of the Board, acting pursuant to delegated authority for the Board of Governors, effective January 23, 1978.

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

First Alabama Bancshares, Inc.,
Birmingham, Alabama

Order Approving Acquisition of Bank

First Alabama Bancshares, Inc., Birmingham, Alabama, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares (less directors' qualifying shares) of First Alabama Bank, N.A., Notasulga, Lee County, Alabama ("Bank"), a proposed *de novo* bank formed for the purpose of acquiring certain assets and assuming certain liabilities of First Bank of Macon County, Notasulga, Macon County, Alabama ("First Bank").[1]

In view of the emergency situation involving First Bank, the Comptroller of the Currency has recommended immediate action by the Board in accordance with the provisions of § 3(b) of the Act (12 U.S.C. § 1842(b)) permitting immediate action by the Board in order to prevent the probable failure of a bank. Pursuant to the emergency provisions of the Bank Merger Act, the Comptroller of

[1] Total deposits of First Bank as of January 26, 1978, amounted to $3.8 million.

the Currency has approved Bank's proposal to purchase certain of the assets and assume certain of the liabilities of First Bank. Public notice of the application before the Board is not required by the Bank Holding Company Act, and in view of the emergency situation the Board has not followed its normal practice of affording interested parties the opportunity to submit comments and views. The Board has considered the application and the comments received from the Comptroller of the Currency and the Alabama Superintendent of Banks in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is the second largest banking organization in the State of Alabama with thirteen subsidiary banks and total deposits of $1.2 billion, representing 11.2 per cent of the total deposits in commercial banks in the State.[2] Applicant operates no subsidiaries in the Lee County banking market, where Bank will be located. Bank was formed to acquire certain assets and assume certain liabilities of First Bank, which was declared insolvent and placed in receivership by the Alabama State Banking Board on January 26, 1978. In view of the insolvency of First Bank, the Board finds that any adverse effects on competition that would result from consummation of the acquisition are outweighed by the public interest considerations relating to the proposal. Considerations relating to the convenience and needs of the community to be served lend very strong weight toward approval of the application since the proposal will protect all depositors of First Bank and will insure the continued availability of banking services and the preservation of a viable banking competitor in the community.

The financial and managerial resources and future prospects of Applicant and Bank are regarded as satisfactory. In light of the insolvency of First Bank, financial and managerial factors lend support toward approval of the application.

On the basis of the information before the Board, it is apparent that an emergency situation exists so as to require that the Board act immediately pursuant to the emergency provisions of § 3(b) of the Bank Holding Company Act. It is the Board's judgment that any disposition of the application other than by approval would be inconsistent with the public interest and that the proposed transaction should be approved on a basis that would not preclude immediate consummation of the proposal. Accordingly, the application is approved for the reasons summarized above. The transaction may be consummated immediately but in no event later than three months after the effective date of this Order, unless such period is extended for good 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 30, 1978.

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

(Signed) GRIFFITH L. GARWOOD,

[SEAL] *Deputy Secretary of the Board.*

First International Bancshares, Inc.,
Dallas, Texas

Order Approving Acquisition of Bank

First International Bancshares, Inc., Dallas, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 100 per cent of the voting shares, less directors' qualifying shares, of the successor by merger to City National Bank in Wichita Falls, Wichita Falls, Texas ("Bank"). The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Bank.

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

Applicant, the third largest banking organization in Texas, controls 27 banks with total deposits of $3.98 billion, representing approximately 7.5 per cent of the total deposits in commercial banks in Texas.[1] While acquisition of Bank ($180.9 million in deposits) will increase Applicant's share of deposits

[2] Unless otherwise indicated, all banking data are as of June 30, 1977.

[1] All banking data are as of December 31, 1976, and reflect bank holding company formations and acquisitions approved as of October 31, 1977.

Statewide by 0.3 per cent and change Applicant's rank to second in the State, the Board does not view this result as being particularly significant in the context of this proposal.

Bank is the second largest of twelve banking organizations located in the Wichita Falls banking market, which is the relevant banking market,[2] and controls approximately 31.1 per cent of the total deposits in commercial banks in the market. Applicant's banking subsidiary closest to Bank is located approximately 115 miles southeast of Bank in a separate banking market. Thus, no significant existing competition would be eliminated between Bank and any of Applicant's subsidiary banks upon consummation of this proposal. With respect to potential competition, the Department of Justice is of the view that approval would remove Applicant as a means for deconcentrating the Wichita Falls banking market either by *de novo* or foothold entry. While it appears that consummation of the proposal would have some adverse effects upon potential competition, for the reasons discussed below, the Board concludes that the anticompetitive effects associated with the proposal are only slightly adverse.

The largest banking organization in the Wichita Falls banking market controls the first and fifth largest banks in the market and has director interlocks with the third largest bank in the market, and thus may be regarded as controlling or exerting some influence over 50.2 per cent of the total commercial bank deposits in the market. Acquisition of Bank by Applicant, therefore, may have a positive effect upon competition in the market by introducing a new and aggressive competitor into the Wichita Falls banking market. Furthermore Applicant has committed that upon consummation it would sever director interlocks existing between Bank and another bank in the Wichita Falls banking market, and this should have procompetitive effects within the market. Moreover, even after consummation of this proposal only two of the State's multibank holding companies will be present in the market and, accordingly, there will be numerous other potential entrants as sources of possible future deconcentration in the market. Even after consummation of this proposal, there will remain other points of entry into the market for bank holding companies outside the market. Although Applicant has the financial capability to enter the market *de novo*, demographic data indicate that the Wichita Falls banking market is only slightly attractive for *de novo* entry. Accordingly, on the basis of the above and other facts of record, the Board concludes that consummation of the proposal would have only slightly adverse effects upon competition, and, as discussed below, it is the Board's view that such adverse effects are outweighed by the convenience and needs factors.

The financial and managerial resources and future prospects of Applicant, its subsidiary banks, and Bank are regarded as satisfactory. Considerations relating to banking factors are consistent with approval of the application. Through affiliation with Applicant, Bank will be in a position to draw upon Applicant's financial and managerial resources and to offer to its customers such additional services as factoring, equipment leasing, industrial development, data processing, and corporate cash management services. Bank will also be able to provide credit life and credit accident and health insurance to its customers at rates less than currently offered by Bank. These convenience and needs factors are sufficient to outweigh 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 Dallas pursuant to delegated authority.

By order of the Board of Governors, effective January 6, 1978.

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

(Signed) GRIFFITH L. GARWOOD,
Deputy Secretary of the Board.

[SEAL]

[2] The Wichita Falls banking market is approximated by the Wichita Falls SMSA (which consists of Wichita and Clay Counties in Texas), plus the town of Grandfield, Oklahoma, and the Western portion of Cotton County, Oklahoma.

First Missouri Banks, Inc.,
Creve Coeur, Missouri

Order Approving Acquisition of Bank

First Missouri Banks, Inc., Creve Coeur, Missouri ("Applicant"), 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 50 per cent or more of the voting shares of Bank of Dutzow, Dutzow, Missouri ("Bank").

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

Applicant, the seventeenth largest banking organization in Missouri, controls seven banks with aggregate deposits of $128.5 million,[1] representing 0.7 per cent of total commercial bank deposits in the State. Applicant's acquisition of Bank, with deposits of $5.5 million, would not result in any significant increase in the concentration of banking resources in Missouri.

Bank is the ninth largest of eleven banks operating in the relevant market (which is approximated by Dutzow plus all of Franklin County, Missouri, except for the community of Pacific) and holds 3 per cent of total market deposits. Applicant's nearest subsidiary bank is located approximately 20 miles north of Bank in a separate banking market, and consummation of the proposal would not result in the elimination of any significant existing competition between Bank and Applicant's banking subsidiaries. In view of the relative size of Bank, the low population growth in Bank's area, and other facts of record, it appears that consummation of the proposal would not have any significant adverse effect upon potential competition. Although Applicant has several nonbanking subsidiaries, none of these subsidiaries is engaged in activities that might result in competition with Bank. Accordingly, based upon the above and other facts of record, the Board has determined that competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant, its subsidiaries, and Bank are regarded as satisfactory.[2] Considerations relating to banking factors, therefore, are consistent with approval. While there is no evidence in the record to indicate that the relevant market's banking needs are not being met, it appears that after affiliation Bank will offer its customers additional and improved services, including paying the maximum permissible rates on savings deposits and expanding Friday hours. Accordingly, considerations relating to the convenience and needs of the community to be served lend some slight weight toward approval of the application. It is the Board's judgment that consummation of the proposed acquisition would be in the public interest and that the application should be approved.

On the basis of the facts of record and for the reasons summarized above, the application is approved. 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 St. Louis pursuant to delegated authority.

By order of the Board of Governors, effective January 26, 1978.

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

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

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

[2] The facts of record indicate that a principal of Applicant acquired Bank's shares with funds provided by Applicant's lead bank. That action was taken before Applicant sought Board approval to acquire the identical stock interest in Bank. The Board has scrutinized the underlying facts surrounding the acquisition of Bank's shares by Applicant's principal and is of the view that such an acquisition, in the context of the facts presented by the subject proposal, did not result in Applicant having indirectly acquired control over Bank without the Board's prior approval. Nevertheless, the Board's reservations concerning similar transactions involving acquisitions made by principals of holding companies have been indicated on numerous occasions in the past, and the Board believes it appropriate at this time to caution bank holding companies of its intention to regard such actions as representing an indirect acquisition of control and to hold bank holding companies strictly accountable for such practices. Accordingly, the Board believes bank holding companies should refrain from financing the acquisition of the shares of any bank or company by a person closely associated with the holding company where the holding company proposes to purchase such shares from that person.

First National Financial Corporation,
Kalamazoo, Michigan

Order Approving
Merger of Bank Holding Companies

First National Financial Corporation, Kalamazoo, Michigan, a registered bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to acquire all of the voting shares of American Bankcorp., Inc., Lansing, Michigan ("Bankcorp"), with the resulting company to be known as First American Bank Corporation ("First American").

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 of the United States Department of Justice, the Financial Institutions Bureau of the Michigan Department of Commerce, and American National Holding Company, Kalamazoo, Michigan, in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).[1]

Applicant, the ninth largest banking organization in Michigan, controls twelve banks with aggregate deposits of $624.1 million, representing 2.0 per cent of the total deposits in commercial banks in the State.[2] Bankcorp, the eleventh largest banking organization in Michigan, controls six banks with aggregate deposits of $595.5 million, representing 1.9 per cent of total deposits in commercial banks in the State. Upon consummation of the proposed transaction, the resulting banking organization, First American, would rank as the State's fifth largest banking organization and control 3.9 per cent of the total deposits in commercial banks in Michigan. However, First American would be a distant fifth behind the four larger commercial banking organizations in Michigan. These four banking organizations, headquartered in Detroit, are each at least double the size of First American based on total deposits, and together control approximately 54 per cent of total deposits in commercial banks in Michigan. Given the structure of banking in the State, it does not appear that approval of the subject application would have significantly adverse effects upon the concentration of banking resources in Michigan.

None of Applicant's banking subsidiaries is located in banking markets where Bankcorp's banking subsidiaries are situated.[3] Furthermore, the distance separating the closest of Applicant's and Bankcorp's subsidiary banks is approximately 24 miles, and the amount of deposits and loans held by Applicant's and Bankcorp's subsidiary banks from each other's market area is nominal. Accordingly, the Board concludes that no significant existing competition would be eliminated upon consummation of the proposal.

With respect to potential competition, the Department of Justice has expressed the opinion that Applicant is a likely entrant into two markets where Bankcorp has subsidiary banks, the Ann Arbor[4] and Lansing[5] banking markets, while Bankcorp is a likely entrant into the Kalamazoo banking market[6] where Applicant has its lead bank, and that approval of the application would result in the elimination of potential competition and decrease the possibility that these markets would become less concentrated in the near future.

In response to the Justice Department's comments, Applicant contends that Bankcorp and Applicant are not potential entrants into each other's markets, that there exist other potential entrants into these markets, and that these markets are not particularly concentrated when compared to other Michigan markets. The Financial Institutions Bureau of the Michigan Department of Commerce, in recommending to the Board approval of the proposal, concurs with Applicant in its claim that

[1] American National Holding Company, Kalamazoo, Michigan, in objecting to this application alleges that unfair competition would result from the public confusing the name of American National Holding Company with that of First American Bank Corporation. The Board has determined that resolution of such an allegation rests with the courts and is not properly within the jurisdiction of the Board under § 3(c) of the Act. See Board Order approving the application of First Security Corporation, Sutherland, Nebraska, to acquire First Security Bank, Sutherland, Nebraska (61 *Federal Reserve* BULLETIN 589 (1975)).

[2] All banking data, unless otherwise indicated, are as of December 31, 1976, and reflect bank holding company formations and acquisitions approved as of November 30, 1977.

[3] Applicant has subsidiary banks located in the Adrian, Calumet, Sheboygan, Grand Rapids, Holland, Ironwood, Kalamazoo, Ludington, Menominee, Sault Ste. Marie and Stambaugh markets. Bankcorp, on the other hand, has subsidiary banks located in the Ann Arbor, Lansing, Muskegon and Perry markets.

[4] The Ann Arbor banking market is approximated by the Ann Arbor Standard Metropolitan Statistical Area ("SMSA") or Washtenaw County including the city of Ypsilanti.

[5] The Lansing banking market is approximated by Eaton, Ingham and Clinton Counties, and the southeastern corner of Ionia County, which includes the town of Portland.

[6] The Kalamazoo banking market is approximated by all of Kalamazoo County, the western portion of Calhoun County, the northern portion of St. Joseph County, the eastern portion of Van Buren County, the southern portion of Allegan County, and the southwest portion of Barry County.

the markets where Applicant and Bankcorp presently control banks are not especially attractive for *de novo* entry and that the proposed merger would in fact be procompetitive since it would create a sizable holding company better able to compete with the State's larger Detroit-based banking organizations.

The Board has considered carefully the comments of the Justice Department and, for the reasons discussed below, the Board is unable to conclude that consummation of the proposal would have significantly adverse competitive effects. It is true that the banking markets of Ann Arbor, Lansing, and Kalamazoo may be viewed as highly concentrated;[7] however, based upon the facts of record, it appears that these markets are capable of supporting *de novo* entrants and, even after consummation of this proposal, there will remain other points of entry into these markets as well as a number of other Michigan banking organizations as potential entrants capable of utilizing such entry vehicles.

The Board also finds that to the extent approval of this application might be viewed as having a slightly adverse effect upon potential competition, that effect would be more than offset by the anticipated ability of First American to become a competitor with the larger Detroit-based holding companies on a Statewide basis, thereby improving the overall competitive banking structure in Michigan.[8] Approval may also make it possible for First American itself to become a competitive force within the most significant banking market in Michigan, the Detroit market, which possibility the Board regards as procompetitive and clearly in the public interest.[9] Accordingly, based upon these reasons and other facts of record, including the Board's analysis of the other markets in which Applicant and Bankcorp have banking subsidiaries, the Board finds that consummation of the proposal would not have any significantly adverse effects upon either existing or potential competition nor would it increase significantly the concentration of banking resources in any relevant area. To the extent consummation of the proposal will make it possible for First American to compete more effectively on a Statewide basis, the Board finds the competitive considerations favor approval.

The financial and managerial resources and future prospects of Applicant and Bankcorp, which depend upon those of their subsidiary banks, are considered satisfactory and consistent with approval of the subject application. Therefore, considerations relating to banking factors are consistent with approval.

There is no evidence that the banking needs of the residents of the relevant markets are not presently being met by the existing institutions. Both Applicant and Bankcorp are of sufficient size to improve the services of their present bank subsidiaries, and merger of the two holding companies is unnecessary to ensure continued or increased public benefits in the future. Therefore, considerations relating to convenience and needs of the communities to be served are consistent with, but lend little support toward, approval. Accordingly, it is the Board's judgment that Applicant's proposal to acquire Bankcorp is in the public interest and 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 13, 1978.

Voting for this action: Chairman Burns and Governors Gardner, Coldwell, Jackson, and Lilly. Voting against this action: Governors Wallich and Partee.

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

[7] In the Ann Arbor banking market, the largest two banking organizations control 51.7 per cent of market deposits, and the largest four 71.1 per cent. Approximately similar concentration levels are present in the Lansing banking market, where the largest two banking organizations control 56.8 per cent of market deposits, while the largest four hold 78.0 per cent. With respect to the Kalamazoo banking market, the largest two banking organizations hold 53.2 per cent of market deposits and the largest four have 83.6 per cent. The more limited market definitions employed by the Justice Department give rise to even more dramatic concentration levels than the market definitions used by the Board.

[8] The largest banking organization in Michigan, National Detroit Corporation, Detroit, has six banking subsidiaries with $4.8 billion in deposits; the second largest banking organization, Michigan National Corporation, Bloomfield Hills, has 15 banking subsidiaries with $3.3 billion in deposits; the third largest banking organization, DETROITBANK, Detroit, has five banking subsidiaries with $3.0 billion in deposits; and the fourth largest banking organization, Manufacturers National Corp., Detroit, has five banking subsidiaries with $2.6 billion in deposits.

[9] As of June 30, 1976, the banking organizations operating in the Detroit banking market, which was then defined as being approximated by Macomb, Oakland, and Wayne Counties, controlled approximately 54 per cent of total deposits in commercial banks in Michigan. (For a detailed description of the current definition of the Detroit banking market, see the Board's Order denying the application of National Detroit Corporation, Detroit, Michigan, to acquire The Brighton State Bank, Brighton, Michigan, 63 *Federal Reserve* BULLETIN 583 (1977)).

Dissenting Statement of
Governors Wallich and Partee

We would deny the application of First National Financial Corporation, Kalamazoo, Michigan, to merge with American Bankcorp, Inc., Lansing, Michigan. We are concerned primarily with the significant adverse effect that the proposed acquisition would have upon potential competition.[1]

The facts of record indicate that both Applicant and Bankcorp are aggressive, expansion-minded firms that appear to be likely entrants into each other's market areas. Since its formation in 1972, with three subsidiary banks, Applicant has acquired nine additional banks and currently operates in eleven separate banking markets throughout the State of Michigan.[2] Bankcorp, during the same approximate time period, has also been aggressively expanding since its formation in 1973 with one subsidiary bank, as it has acquired or formed five additional banks and currently operates in four separate markets in Michigan.[3] Many of these 15 markets in which Applicant or Bankcorp could be considered potential competitors are characterized by a relatively high degree of concentration. Twelve have a three-firm concentration level greater than 60 per cent; ten have a level greater than 70 per cent; and five have a level greater than 80 per cent. Approval of the merger, therefore, eliminates both the possibility of *de novo* or foothold entry by either banking organization into each other's markets and the likelihood of possible future deconcentration of these markets by the entry of these organizations. Thus, the Board has today approved the combination of two aggressive and growing organizations (one already possessing a network of banks dispersed throughout the State and the other fully capable of independent development), that will have an adverse effect upon potential competition in several major Michigan banking markets without providing significant public benefits.

There is a danger that the majority decision in this case could be misinterpreted as indicating that *de novo* or foothold entry into highly concentrated markets is no longer expected of those organizations most capable of entering new markets in that manner. It is our understanding, however, that the majority acted as it did in this case because it felt that the combination of two aggressive, medium size bank holding companies would create an organization better able to compete with the four larger Detroit-based banking organizations. We believe the majority's decision should not be taken as encouragement to bank holding companies to eschew *de novo* or foothold entry into highly concentrated markets on the presumption that the Board will be likely to approve less precompetitive means of entry.

For the foregoing reasons, we would deny this application.

[1] The courts have distinguished between two different concepts that are often labeled as "potential competition". The original potential competition doctrine asserts that the behavior of established firms in a given market may be constrained by the *threat* of entry by firms not in the market. The second "potential competition" doctrine, referred to generally as "probable future competition", asserts that if a potential entrant into a market is permitted to acquire one of the largest organizations in the market the possibility of introducing an additional strong competitor through *de novo* entry or foothold entry is eliminated, thus limiting the probability of future deconcentration of the market. We find that the primary anticompetitive effect of the subject application is the elimination of probable future competition.

[2] Applicant has subsidiary banks located in the Adrian, Calumet, Sheboygan, Grand Rapids, Holland, Ironwood, Kalamazoo, Ludington, Menominee, Sault Ste. Marie, and Stambaugh markets.

[3] Bankcorp has subsidiary banks located in the Ann Arbor, Lansing, Muskegon, and Perry markets.

The Fulton National Corporation, Atlanta, Georgia

Order Approving
Acquisition of Bank Holding Companies

The Fulton National Corporation, Atlanta, Georgia, 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 voting shares of four bank holding companies as follows: 86 per cent of the voting shares of DUCO, Inc., Duluth, Georgia, which owns 61 per cent of the voting shares of The Bank of Duluth, Duluth, Georgia; 85 per cent of the voting shares of DORACO, Inc., Doraville, Georgia, which owns 83 per cent of the voting shares of The Northeast Commercial Bank, Doraville, Georgia; 91 per cent of the voting shares of COLPAK Enterprises, Inc., College Park, Georgia, which owns 95 per cent of the voting shares of Bank of the South, College Park, Georgia; and 92 per cent of the voting shares of FORPAK, Inc., Forest Park, Georgia, which owns 89 per cent of the voting shares of Bank of Forest Park, Forest Park, Georgia. (The four bank holding companies are referred to collectively herein as "Companies" and their subsidiaries as "Banks"). Companies exist principally in order to hold the shares of Banks.[1] The applications to acquire voting shares of Companies are treated herein as applications to acquire voting shares of Banks. The proposed transactions would be accomplished by Applicant transferring nonvoting convertible shares of Companies to Applicant's wholly-owned subsidiary, Fulcorp, Inc. Upon transfer, each nonvoting share would attain voting status. Fulcorp, Inc. has applied for the Board's approval pursuant to § 3(a)(1) of the Bank Holding Company Act, 12 U.S.C. § 1842(a)(1) of formation of a bank holding company. Inasmuch as it is a wholly-owned subsidiary of Applicant, formed solely to receive and hold shares of Companies, Fulcorp's proposed acquisitions are treated herein as acquisitions by Applicant.

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)).

The applications are consolidated because of the set of facts common to them. Companies were organized during the period 1967 to 1970 by individuals associated with Applicant's law firm. During that period, Applicant's subsidiary bank, The Fulton National Bank of Atlanta, Atlanta, Georgia ("Fulton Bank") loaned funds to Companies in order for them to acquire voting shares of Banks. Fulton bank held such shares as collateral for its loans. Since that time a close correspondent relationship has existed between Applicant and Banks. In 1972, in connection with a restructuring of Companies, Applicant acquired 100 per cent of the Class A common nonvoting shares of each Company. Although such shares were nonvoting, they provided that, in the event of transfer to a party other than Applicant, they would become voting shares. As indicated above, Applicant has organized Fulcorp to receive its nonvoting shares and invoke this provision. At the time that Applicant's relationship with Companies commenced, Applicant was prohibited by State law from acquiring the banks. The above arrangements were apparently intended to preserve Applicant's opportunity to acquire Banks in the event of a change in the relevant statute.

The Board has on several occasions indicated that acquisitions of bank shares by persons affiliated with a bank holding company may evidence indirect control of such shares by the bank holding company where the persons who acquire the shares do so with funds borrowed from the bank holding company either at preferential rates or without risk of loss to the borrower.[2] Such acquisitions, undertaken without the prior approval of the Board, may constitute violations of the Act.

It appears that Applicant achieved a similar result by lending to corporations organized by "friendly" individuals with the understanding that the proceeds of the loans would be used to acquire voting shares of Banks. In the facts and circumstances of these cases, the Board does not believe that the use of a corporate vehicle negated the fact that Applicant acquired indirect control of Banks. The Board has concluded that Applicant, by virtue of these arrangements, acquired indirect ownership or control of more than 25 per cent of the voting shares of Banks without the Board's prior approval and therefore violated section 3 of the Act.

The Board has noted particularly Applicant's assertion that the shares of Companies that it acquired in 1972 were "nonvoting." The proper characterization of shares is important for purposes of section 2(a)(2)(A) of the Act, which defines control as the direct or indirect ownership, control or power to vote of "25 per centum or more of any class of voting securities."[3] In order to prevent evasions of the Act, the Board believes that its inquiry into whether shares are voting or nonvoting should not end with an applicant's characterization of the shares.

In these cases, as noted previously, the shares were convertible into voting shares upon transfer to another party. As the applications indicate, Applicant is able to convert the shares simply by transferring them to its subsidiary. Upon conversion, the

[1] FORPAK's inactive, wholly-owned subsidiary, Forpak Investment Corporation, ("Forpak Investment") Forest Park, Georgia, is authorized pursuant to § 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), to extend credit secured by second mortgages on real estate. Applicant and its wholly owned subsidiary, Fulcorp, Inc., have applied to acquire indirectly shares of Forpak Investment. In that Forpak Investment is inactive, the Board views these as applications to engage in the nonbanking activity *de novo*. The Board's approval of Applicant's indirect acquisition of Forpak Investment 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.

[2] See, The Jacobus Company and Inland Financial Corporation, 60 *Federal Reserve* BULLETIN 130 (1974); Mid America Bancorporation, 60 *Federal Reserve* BULLETIN 131 (1974); First United Bancorporation, Inc., 61 *Federal Reserve* BULLETIN 889 (1975); First National Holding Corp., 63 *Federal Reserve* BULLETIN 929 (1977).

[3] Section 2(a)(2)(C) of the Act provides that a company has control over a bank or over a company if the Board determines [Footnote continued on next page.]

shares would represent over 80 per cent of the outstanding voting shares of each Company. In addition to their convertibility, the shares carried voting rights for such major corporate actions as merger and liquidation. It is the Board's judgment that the shares of Companies acquired by Applicant, in view of their actual as well as potential voting authority, constitute "voting securities" for purposes of section 2(a)(2)(A) of the Act. Acquisition of in excess of 25 per cent of that class of securities without the Board's prior approval was a violation of section 3 of the Act.

In the Board's judgment, were the events which caused the above violations to occur today, that fact standing alone would probably reflect so adversely on Applicant's management as to warrant denial of the applications. However, the record reflects that Applicant, at the time, had reason to believe that its actions were lawful. In accordance with the Board's policy with respect to past violations, Applicant has given definite undertakings, which have been approved by the Board, that will protect against similar violations in the future. After scrutinizing the underlying facts of these violations, the Board has concluded that the violations do not reflect so adversely on management as to require denial of the applications, and that acceptance of Applicant's undertaking is a sufficient remedy for the violations.

Applicant, the fourth largest banking organization in Georgia, controls one bank, Fulton Bank, in addition to Banks. Fulton Bank holds total deposits of approximately $535.7 million, representing 4.2 per cent of the total deposits in commercial banks in the State.[4] Banks are all located in the Atlanta banking market[5] and have aggregate deposits of approximately $71.3 million.[6] Acquisition of Banks would increase Applicant's share of Statewide deposits in commercial banks by less than one per cent and would have no appreciable effect upon the concentration of banking resources in the State.

Banks together control 1.3 per cent of total deposits in commercial banks in the market. Applicant's subsidiary bank is the fourth largest bank in the market controlling 9.5 per cent of total deposits in commercial banks. Applicant's acquisition of Banks would contribute to an increase in Applicant's deposit share in the market. However, after consummation of the proposed transaction, the three largest banking organizations in the market would control 67.6 per cent of total market deposits. The slight increase in concentration in the market that would result from these transactions is mitigated by the fact that Applicant will be able to compete more effectively with the larger organizations in the market. Inasmuch as Fulton Bank and Banks are located in the same market, the proposals would be expected to result in the elimination of a certain amount of existing competition. However, as a result of the control relationship, as discussed above, that has existed between Applicant and Banks, no significant competition has developed between Fulton Bank and Banks or among Banks.

Nevertheless, in analyzing the competitive effects of applications in which an applicant has acquired control over a bank without the Board's prior approval, the Board examines the effects both at the time of the application and at the time control was established. In this regard, the Board notes that The Northeast Commercial Bank was organized by individuals in Applicant's law firm and that Applicant's control over it has existed since that time. As a *de novo* bank, no competition existed between Applicant and the bank. With respect to The Bank of Duluth, Bank of the South and Bank of Forest Park it appears that some existing competition was eliminated at the time of acquisition; however, due to the small size of the banks, the effect on competition in the market was not significant. Moreover, Applicant's acquisition of control over Banks placed it in a stronger competitive position *vis a vis* the market's larger banking organizations. The Board, accordingly, concludes that competitive

after notice and opportunity for a hearing that the company directly or indirectly exercises a "controlling influence" over the management or policies of the bank or the company. For purposes of controlling influence proceedings pursuant to that section the Board has determined that

> "A company that owns directly or indirectly securities that are immediately convertible at the option of the holder or owner thereof into voting securities presumably owns or controls the voting securities" § 225.2(b)(5) of Regulation Y, 12 C.F.R. 225.2(b)(5).

This regulatory presumption applies in cases where a company may have control over a bank or company other than through the ownership of 25 per cent or more of any class of voting securities. In cases involving questions of control, the Board determines whether control exists pursuant to § 2(a)(2)(A) through the ownership of the requisite percentage of voting shares before inquiring as to the possible existence of controlling influence.

[4] Banking data are as of December 31, 1976.

[5] The Atlanta banking market, which is the relevant banking market for purposes of the proposed transactions, is approximated by Fulton, DeKalb, Cobb, Gwinnett, Clayton, Douglas, Henry and Rockdale Counties.

[6] Duluth Bank (deposits of $16.5 million) is the 24th largest banking organization in the market; Northeast Commercial Bank (deposits of $5.8 million) is the 32nd largest; Bank of the South (deposits of $20 million) is the 21st largest; and Bank of Forest Park (deposits of $29 million) is the 17th largest. Each bank has less than one half of one per cent of total deposits in commercial banks in the market.

considerations, both now and at the time that Applicant acquired control over Banks, are consistent with approval.

Considerations relating to convenience and needs of the communities to be served are also consistent with approval of the applications. As a result of their involvement with Applicant, Banks have been offering a number of services that they would not have been able to offer absent affiliation with a larger organization. In connection with the proposed transactions, Banks will be able to offer a wider variety of savings plans, increase banking hours, and make available additional financial services.

The financial and managerial resources and future prospects of Companies and Banks are viewed as generally satisfactory. Applicant's and Fulton Bank's managerial resources and future prospects viewed in the context of the record on these applications are also considered generally satisfactory. Applicant's financial resources which suffered during the downturn in the real estate industry in the Southeast, are improving. Although Applicant is progressing satisfactorily, the Board believes that Applicant should continue to strengthen its financial resources before attempting to expand through proposals involving diversion of its resources. These applications, however, involve a restructuring of Applicant's present ownership of Companies and would not require any additional expenditures by Applicant. The Board, therefore, does not view these proposals as being expansionary. In view of the foregoing and recent financial information submitted by Applicant, the Board concludes that considerations relating to Applicant's financial resources are consistent with approval of these applications.[7]

On the basis of the record, the 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 nor (b) later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Atlanta pursuant to delegated authority.

By order of the Board of Governors, effective January 30, 1978.

[7] There is nothing in the record that indicates that Fulton Bank's financial resources, at the time it arranged to acquire control of Banks, were incompatible with those investments. Instead, it appears that the difficulties Applicant has experienced were chiefly those common to other banking organizations and arose several years later.

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

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

Concurring Statement of Governor Coldwell

In my view this case is a close parallel to the First National Holding Corp. case approved by the Board on September 28, 1977, on which I registered a dissent. Since the majority of the Board saw fit to approve that application, I believe it would be unjust to reach a different result with respect to Fulton National Corporation.

Heaton Bank Holding Company,
Heaton, North Dakota

Order Denying
Formation of Bank Holding Company

Heaton Bank Holding Company, Heaton, North Dakota, 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 Farmers State Bank, Heaton, North Dakota ("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 nonoperating North Dakota corporation organized for the purpose of becoming a bank holding company by acquiring Bank ($5.1 million in deposits).[1] Upon acquisition of Bank, Applicant would control the 122nd largest banking organization in North Dakota and approximately 0.2 per cent of total deposits in commercial banks in the State. Bank is the smallest of four banks located in the Wells County banking market,[2] and holds

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

[2] The relevant banking market is approximated by Wells County, North Dakota.

approximately 11.4 per cent of the total deposits in commercial banks in the market. Since Applicant has no other banking subsidiaries and Applicant's principals do not control any other banks, consummation of the proposal would not have any adverse effects upon existing or potential competition, nor would it increase the concentration of banking resources in the relevant market. Therefore, the Board concludes that competitive considerations are consistent with approval of the application.

The Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary bank, and that the Board will closely examine the condition of an applicant in each case with this consideration in mind.[3] Having examined such factors in light of the record in this application, the Board concludes that the record presents adverse considerations as they relate to the applicant bank holding company that warrant denial of the proposal to place the ownership of Bank into corporate form.

Applicant's four shareholders are also the principal shareholders of Bank, having acquired control of Bank in February 1977 in apparent anticipation of later placing the ownership of Bank into a corporation. Prior to acquiring control of Bank, three of Applicant's principals were officers and directors of another bank at varying times from 1960 to early 1977, and during that period, that bank's capital and earnings declined apparently due in part to the policies and practices of the three principals. The record indicates that since acquiring control of Bank Applicant's principals have introduced similar policies and practices at Bank. Since no management changes are contemplated by Applicant and consummation of this proposal would perpetuate and enhance present management's control of Bank, the Board is of the view that at the present time managerial considerations should be viewed as weighing against approval of this application.[4]

With respect to Applicant's and Bank's financial resources and future prospects, the Board notes that Applicant would incur a sizable debt in connection with the proposed acquisition of Bank's shares. Applicant proposes to service this debt over a 12-year period primarily through dividends to be declared by Bank. In light of the policies and practices in evidence in the principals' former bank, as well as in Bank's existing operations, the Board believes that Applicant's financial projections may be suspect. Therefore, there is a significant degree of uncertainty as to the Applicant's ability to service its sizable acquisition debt without increasing Bank's dividends or otherwise drawing on Bank's earnings so as to adversely affect Bank's capital position. Accordingly, the Board concludes that considerations relating to financial resources and future prospects of Applicant and Bank weigh against approval of this application.

No significant changes in Bank's operations or in the services offered to customers are anticipated to follow from consummation of the proposed acquisition. Consequently, convenience and needs factors lend no weight towards approval of this 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 and managerial resources and future prospects of Applicant and Bank. Such adverse factors are not outweighed by an procompetitive effects or by benefits that would result in better 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 facts of record, the application is denied for the reasons summarized above.

By order of the Board of Governors, effective January 16, 1978.

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

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

[3] The Bank Holding Company Act requires that the Board, in acting on an application to acquire a bank, inquire into the financial and managerial resources of an applicant. While this proposal involves the transfer of the ownership of Bank from individuals to a corporation owned by the same individuals, the Act requires that before an organization is permitted to become a bank holding company and thus obtain the benefits associated with the holding company structure, it must secure the Board's approval. Section 3(c) of the Act provides that the Board must, in every case, consider, among other things, the financial and managerial resources of *both* the applicant company and the bank to be acquired. The Board's action in this case is based on a consideration of such factors.

[4] The Board's conclusion with respect to managerial considerations is based upon the facts currently contained in the record. A demonstrated record of Bank's successful operations devoid of unfavorable policies and practices could be grounds for a different conclusion with respect to such considerations.

or checking) maintained at the customer's MNC bank of record, or effect payments on any mortgage or installment loan extended to the customer by the customer's bank of record.

Mechanically, ATS functions through the creation by the accommodating bank of a separate and temporary "accommodation account" for the customer desiring to use ATS to perform a banking transaction at a location other than his bank of record. At the end of the business day, all ATS transactions are cleared through two regional data processing centers maintained by MNC (at MNC banks in Lansing and Detroit). Settlement of ATS transactions is made through correspondent balances maintained by each MNC bank at the other MNC banks. MNC's ATS procedures require that each customer be informed that the accommodating bank performing an ATS transaction is not the customer's bank of record and that the ATS transaction is conditional—that is, the deposit is not effected at the customer's bank of record until the accommodating bank settles its accounts with the bank of record and the bank of record confirms the transfer of funds. All forms used in an ATS transaction are required to be clearly labeled as ATS forms. Each MNC bank has executed an agreement with each of the other MNC banks to perform ATS transactions for customers of other MNC banks and to indemnify accommodating MNC banks against loss caused by the performance of certain ATS transactions. MNC banks maintain balances with each other sufficient to compensate for the cost of ATS.

MNC's ATS program was initiated in 1972, and, according to MNC, was developed by MNC banks in response to spontaneous customer demand. MNC does not advertise the availability of ATS to its customers. However, MNC banks do have substantially identical names and they participate in a combined advertising program.[5] MNC subsidiary banks perform in the aggregate approximately 20,000 ATS transactions per day, about three per cent of their total daily banking transactions.

In May 1977, the State of Michigan filed a lawsuit against MNC and its subsidiary banks charging that the establishment and operation of ATS causes MNC and its subsidiary banks to be engaged in illegal branch banking. In July 1977, MNC brought to the Board's attention the lawsuit filed by the State of Michigan and the issues raised in that action. Because of MNC's pending application to acquire Bank and the prospect of Bank's participation in the ATS program, Board staff requested information and views from both MNC and the State of Michigan on ATS.[6]

By Order of November 1, 1977,[7] the Board directed that a public oral presentation be held before members of the Board with respect to whether MNC's ATS program, particularly its proposed initiation at Bank, constitutes branch banking in violation of the branch banking laws of Michigan as made applicable to national banks by the National Bank Act, 12 U.S.C. § 36.[8] The oral presentation was held on November 29, 1977. MNC presented facts and arguments to support its claim that the ATS program is not branch banking and, therefore, not illegal under Federal and State branching laws. Presentations by protestants against ATS were made by the State of Michigan, the Independent Bankers Association of America ("IBAA"), the Michigan Association of Community Bankers ("MACB"), the Conference of State Bank Supervisors (the "Conference"), and by counsel for four banks located in Michigan.[9] The

[5] Each MNC subsidiary bank is named "Michigan National Bank" plus an additional word indicating its geographic location, e.g. "Michigan National Bank—Detroit." The word indicating the location of the bank is often placed in smaller type on the bank's billoards and signs. The MNC subsidiary banks sponsor group advertisements using the name "Michigan National Banks" and the MNC logogram.

[6] In litigation involving MNC's ATS program, the Comptroller of the Currency has taken the position that the branch banking issue raised by ATS and MNC's operations is reserved for the Board. The Comptroller's position has been upheld by two United States district courts. *Central State Bank* v. *Bloom*, (D.D.C., No. 77-0484, July 27, 1977); *First National Bank in Howell* v. *Heimann*, (E.D. Mich., No. 77-2264, October 26, 1977). Both of these cases have been appealed. See also *Whitney National Bank in Jefferson Parish* v. *Bank of New Orleans & Trust Co.*, 379 U.S. 411, 419 (1965), where the court ruled "the statutory proceedings before the Board to be the sole means by which questions as to the organization or operation of a new bank by a bank holding company may be tested." The Court also stated that the Board may not approve a bank holding company proposal that would violate Federal or State law. 379 U.S. at 418-419. If the ATS program does constitute unlawful branching, the approval of MNC's application to acquire Bank would, in view of MNC's express intent to offer the ATS service at Bank, constitute the approval by the Board of an unlawful branch.

[7] 63 Federal Reserve BULLETIN 1092 (1977).

[8] Under the National Bank Act, a national bank may, with the approval of the Comptroller of the Currency, "establish and operate" branches at locations within a State, if State-chartered banks are so authorized by the law of the State in question. 12 U.S.C. § 36(c). A branch is defined to "include . . . any branch place of business . . . at which deposits are received, or checks paid, or money lent." 12 U.S.C. § 36(f).

In Michigan, a State bank generally may establish and operate branches within 25 miles of the bank's principal office, subject to a "home office protection" provision. Mich. Stat. Ann. § 23.710(171). A State bank may not establish and operate a branch at other locations in Michigan.

[9] Central State Bank, Beulah; Peoples State Bank, Williamston; McPherson State Bank, Howell; and First National Bank in Howell, Howell.

Michigan Bankers Association also appeared at the oral presentation.

MNC contends that the establishment and operation of the ATS program among its subsidiary banks does not constitute branch banking, but is merely an extension of traditional correspondent banking services[10] and is the functional equivalent of such banking services as wire transfers of funds available to large commercial customers, automated clearing house operations and direct payroll services. MNC argues that for a facility or place to be a branch of a bank under Federal law, the facility must be *established* and *operated by* the *bank*—that is, the bank must have some possessory interest (e.g., as owner or lessee) in the alleged branch. Since no MNC subsidiary bank was established or is operated by any other MNC bank, none can be a branch of the others. MNC contends that the term "operate" in 12 U.S.C. § 36(c) means control of the activities of the purported branch, and not the mere provision of ATS services, which constitute only some 3 per cent of the banking transactions performed by MNC banks.

MNC maintains that it is a "traditionally recognized" bank holding company; that each of its subsidiary banks has a valid and separate corporate existence; and that each was so licensed by the Comptroller of the Currency and is so operated. MNC claims that the separate corporate existence of an MNC subsidiary bank may not be disregarded or its "corporate veil" pierced except upon a showing of fraud of sham. MNC argues that the fact that its subsidiary banks have substantially identical names and engage in combined advertising is not evidence of a sham but rather is characteristic of and inherent in traditional bank holding company operations and authorized under the Bank Holding Company Act.

The protestants claim that ATS in and of itself constitutes branch banking since, under ATS, MNC subsidiary banks provide customers of other MNC subsidiary banks on a systematic basic the traditional banking services designated in the Federal definition of a branch. The State of Michigan, IBAA, and MACB do not claim that the substantially identical names of the MNC banks, their combined advertising program and other centralized operations, standing alone, constitute branch banking or are illegal.[11] Rather, they claim that these practices, when combined with ATS, give the MNC subsidiary banks both the appearance and the substance of branch banks. The protestants contend that this combination (of branch-like names and advertising with branch-like services) creates a public perception of a branch banking system and gives the MNC subsidiary banks a competitive advantage over other Michigan banks, which are forbidden by the Michigan banking commissioner to offer ATS-type services.[12] The Michigan banking commissioner has taken action to terminate and prevent the offering of ATS-type services by State banks in Michigan (in bank holding company systems). The protestants urge that a Board decision that ATS is not branch banking would create a significant competitive imbalance between State and national banks in Michigan, a result, they contend, that is precluded by Federal branch banking laws. The State of Michigan further contends that MNC's argument that its banks are not branches of one another because of their separate charters has been rejected by a number of courts.[13]

The protestants claim that wire transfers of funds and other correspondent banking practices are distinguishable from the ATS program on several grounds. Their position is that, unlike wire transfers and other correspondent banking practices, ATS is a marketing device designed to attract retail customers.[14] The protestants also argue that all banks have the capability of effecting wire transfers for their customers and, therefore, the offering of wire transfers gives no bank an advantage over its com-

[10] MNC places considerable reliance on the Supreme Court's decision in *United States* v. *Citizens & Southern National Bank*, 422 U.S. 86 (1975), arguing that in that case the Court noted, without disapproval, the use by a bank holding company of extensive interbank correspondent relationships to establish a *de facto* branch banking system. The Board believes that MNC's reliance on *C&S* is misplaced since the Supreme Court was there concerned with the antitrust implications of such practices and not with the legality of such practices under branch banking laws.

[11] The opposition of the four Michigan banks that appeared at the oral presentation was directed not only to ATS but also to MNC's alleged unified operations (combined advertising—allegedly designed to promote the image of one Statewide bank—uniform management and operating policies, centralized accounting, data processing, and clearing systems, common forms, logo, stationery, and procedures, the pervasive operational and management control exerted by MNC and the lack of independence and autonomy among MNC banks), which the four banks contend establish that MNC (even without ATS) is operating a "*de facto* Statewide branch banking system" in violation of State and Federal law.

[12] As a separate ground for determining that MNC's subsidiary banks are engaged in branch banking, the State of Michigan, IBAA and MACB assert that the combination of ATS with MNC's unified operations compels the conclusion that MNC operates its subsidiary banks in a "unitary fashion."

[13] *Commercial National Bank* v. *Board of Governors*, 451 F.2d 86, 89 (8th Cir. 1971); *Whitney National Bank* v. *Bank of New Orleans and Trust Co.*, 323 F.2d 290 (D.C. Cir. 1963) *rev'd on other grounds*, 379 U.S. 411 (1955); *First National Bank of Billings* v. *First Bank Stock Corp.*, 306 F.2d 937 (9th Cir. 1962).

[14] In the Detroit area, for example, banks charge a fee of $3.00 for a wire transfer. MNC banks make no charge to customers for an ATS transaction.

petitors. ATS, on the other hand, is utilized only among MNC banks and provides MNC banks a competitive advantage. The critical distinction, claim the protestants, is that a bank accepting a request for a wire transfer from a customer in no way represents any other bank.[15]

As a supplement to its oral presentation, the State of Michigan has forwarded letters from the banking commissioners of 13 States with restrictive branching laws.[16] Ten State commissioners indicated that they believe ATS is branch banking; one said he thought ATS "very likely" is branch banking; and two were uncertain. Each State banking commissioner was also asked whether a Board finding that ATS is illegal branch banking would prevent banks in his State from offering traditional wire transfers of funds or correspondent banking services. Ten responded that such services would not be affected by a Board decision condemning ATS; three States did not respond.

The Michigan Bankers Association stated that a Board decision could "have a very great effect upon the future operating methods of bank holding companies, upon the competitive status of financial institutions, and upon the long range availability of competitive banking services to the public." The Association urged the Board to consider that allowing ATS would cause independent banks in unit bank and limited branch States to affiliate or to become less competitive.

Based upon its review of the evidence of record, the Board is impressed with the ATS program as an innovative means of providing services to retail banking customers that produces substantial public benefits, both in terms of increased convenience to the individual consumer and enhanced competition in the banking industry. The Michigan banking commissioner is in substantial agreement with the Board in this respect and has indicated that ATS is an "innovative, efficient, and convenient means of transfer funds." The commissioner favors the development of Statewide electronic funds transfer systems and indicated that several studies commissioned by the State have advocated amendment of Michigan law to allow Statewide branch banking. The State of Michigan, however, contends that the ability to branch should be available to all banks rather than being limited to national bank subsidiaries of bank holding companies such as MNC's banks under their ATS program. Although the Board sees significant public benefit in the ATS program, the question whether ATS is branch banking is one of law. Accordingly, the Board is constrained to examine ATS on the basis of the Federal definition of branch in 12 U.S.C. § 36, as that definition has been interpreted by the courts.

After careful consideration of the facts and arguments of all participants in this matter, the Board concludes that its decision on the branch banking issue raised by ATS is controlled by the decision of the United States Supreme Court in *First National Bank in Plant City* v. *Dickinson*, 396 U.S. 122 (1969), *rehearing denied* 396 U.S. 1047 (1970) ("*Plant City*"). In that case, the Court found that an armored car service and an off-premises depository utilized by a national bank to receive deposits from the bank's customers constituted branching on the basis that:

> the term "branch bank" at the very least includes *any* place for receiving deposits or paying checks or lending money apart from the chartered premises. 396 U.S. at 135. (Emphasis in original)

The Court stated that the Federal branching provisions were intended by Congress to promote competitive equality between State and national banks in the area of branch banking and, accordingly, in construing the Federal definition of branch "all those aspects of the transaction that might give the bank an advantage in its competition for customers" must be considered. 396 U.S. at 136-7.

On the basis of the form and agreed-upon procedures of MNC's ATS program, it can be argued persuasively that ATS transactions do not meet the Federal definition of branch. When an accommodating MNC bank receives funds for transfer to a customer's bank of record, the customer does not technically make a deposit at the bank of record. The accommodating bank, which is principally engaged in its own banking business, does not purport to accept deposits as agent for the bank of record, but acts as an independent bank to open an accommodation account for the customer and to transfer the customer's funds to a bank of record. In this respect, ATS resembles wire transfers of funds.[17]

[15] MNC banks compensate each other for the cost of ATS and, by agreement, may not refuse to perform an ATS transaction for a customer of another MNC bank.

[16] Michigan asked for views from banking commissioners in 17 States with branch banking restrictions. Four of the commissioners responded by telephone. The Board has not been advised of the views of the commissioners so responding.

[17] The IBAA argues that the accommodation account is a "fiction" designed to mask the branch banking characteristics of ATS and exists only to "liken" ATS transactions to wire transfers. The protestants also offered evidence tending to show that MNC banks do not uniformly adhere to ATS procedures and, on occasion, treat ATS transactions as if they were routine banking transactions.

In terms of the substance and competitive impact of ATS, however, the receipt of funds by an accommodating bank for transfer to a bank of record effects a deposit at the bank of record and is indistinguishable from a deposit at a branch, particularly as perceived by the customer. The separate corporate status of each MNC bank and the technically conditional nature of ATS transactions have little or no effect on the convenience afforded to the banking customer or the competitive advantage thereby accruing to MNC banks. Such technicalities do not, in the Board's view, insulate ATS transactions from the Supreme Court's ruling in *Plant City* that *any* place or facility that *in substance* accepts deposits for a bank apart from the bank's premises is a branch of that bank. *Plant City* compels the Board to look to the "underlying substance." of the ATS program for purposes of the Federal branching law,[18] because to ignore the substance of ATS would give MNC banks a clear competitive advantage over other banks in Michigan. On this basis, the Board concludes that ATS transactions are, in substance, banking activities of the type specified in the Federal definition of branch in section 36(f) of the National Bank Act. The State of Michigan, acting through its banking commissioner, has treated ATS-type programs as constituting branch banking in violation of Michigan's branch banking laws, and has, on that ground, prohibited State banks in Michigan from offering such programs. Under Michigan branch banking laws as made applicable to national banks by section 36(c) of the National Bank Act, Bank may not engage in ATS.[19]

While ATS has a technical and operational resemblance to traditional wire transfer services, the Board finds ATS to be distinguishable in purpose and substance from wire transfers (and the other banking activities referred to by MNC). All banks generally have the capability of effecting wire transfers for customers, and therefore the offering of wire transfers gives no bank an advantage over its competitors. ATS, on the other hand, is utilized only among MNC banks[20] and provides MNC banks a clear advantage over its competitors. ATS is a routine, systematic program, which, like the armored car in *Plant City*, may be characterized as "a large-scale continuing mode of conducting the banking business designed to bring basic bank services to the customers." 396 U.S. at 137.

The Board next considers whether the performance of ATS transactions by an MNC bank for a customer of another MNC bank satisfies the "establish and operate" provision of Federal branching law, 12 U.S.C. § 36(c). It is principally on the basis of the "establish and operate" clause that MNC distinguishes the armored car and CBCT[21] cases relied on by the protestants against ATS. In those cases the off-premises facilities (none of which was a lawfully chartered bank) were indisputably established, owned and operated by the bank.[22] In MNC's case, no MNC bank has a possessory interest, in the traditional sense, in any other MNC bank. No one MNC bank owns or operates any other MNC bank. Control of all MNC banks is clearly vested in and exercised by the parent bank holding company, MNC, which control is authorized, contemplated and lawful under the Bank Holding Company Act.[23]

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[18] In *Plant City*, the bank and its customers had, by contract, agreed that, when the armored car received funds away from the bank's premises, the armored car acted as the customer's agent for the purposes of transmitting the funds to the bank and that a deposit would not be deemed to have occurred until the funds were delivered to the bank's premises. The Court rejected the contention of the national bank that the funds were not a "deposit" until received in its office. The Court regarded the transaction at the armored car (or off-premises depository) as a deposit at the bank and as causing the bank to be operating a branch.

[19] There is, in the Board's view, a two-part test to be applied to branch banking questions under the National Bank Act. First, it must be determined whether the challenged activity is a traditional banking transaction of the type covered by the Federal definition of "branch" in section 36(f); second, if the activity meets the first test, the performance of the activity by a national bank must then be considered in the context of "competitive equality" in the State. If the challenged activity does not meet the threshold test of "branchness" under section 36(f), the State's treatment of that activity will be irrelevant. If the activity does reach that threshold, however, and the State has subjected the activity, as engaged in by State chartered banks, to State branching limitations, Federal law must be applied in such a way as to maintain competitive equality between national and State banks.

[20] MNC has stated that its subsidiary banks are prepared to offer participation in the ATS system to any bank in Michigan upon payment of reasonable compensation. No bank unaffiliated with MNC has joined the ATS network. Nor does the Board believe such a prospect likely in view of the cost and the logistical, identification and competitive difficulties, particularly when balanced against the benefits that might be expected to flow to an unaffiliated bank as a result of participation in MNC's ATS system.

[21] In *Independent Bankers Association of America* v. *Smith*, 534 F.2d 921 (D.C. Cir. 1976), *cert. denied*, 429 U.S. 862 (1976), the Court held that a customer-bank communication terminal ("CBCT") owned or rented by a national bank at a location away from the bank's premises is a branch under Federal law if the CBCT performs the banking functions of receiving or disbursing funds.

[22] ATS, unlike the armored car and CBCT situations, does not involve the extension or furnishing of banking services by a nonbank at a nonbank location, *i.e.*, at a location that no bank supervisor has authorized as a banking location. Rather, ATS transactions are performed at banks that have been chartered to engage in the banking business at their respective locations. However, in its decision in *Plant City*, the Supreme Court did not rely on the nonbank character of the off-premises facilities, but took the position that the Federal branch definition should be interpreted to promote competitive equality and "includes any place" where traditional banking functions are conducted.

[23] *Grandview Bank & Trust Co.* v. *Board of Governors*, 550 F.2d 415 (8th Cir. 1977), *cert. denied*, 98 S. Ct. 64 (October 3, 1977).

The various MNC subsidiary banks were all acquired or established by MNC. MNC secured the requisite regulatory approval for the creation of all MNC banking subsidiaries chartered after the formation of MNC, and MNC now owns all of the shares of each subsidiary bank. Each of the banks has its own officers, directors and employees and operates independently of any other MNC bank and for its own (and its parent's) benefit. There is no evidence that Bank's separate corporate identity will be ignored by MNC or that Bank was organized as part of a sham or subterfuge to evade branch banking laws. These facts demonstrate that none of MNC's subsidiary banks, including Bank, is established or operated by any other MNC subsidiary bank. Neither the fact that MNC's subsidiary banks have similar names and engage in joint advertising, nor the fact that the public may perceive the MNC banks to be part of a "branch" system is sufficient to establish unlawful branch banking.[24]

On the other hand, the record indicates that the ATS program was established and is operated among the MNC subsidiary banks acting in concert and by agreement. MNC has so stated. By virtue of the agreement among MNC banks to offer ATS, each bank has in substance a place away from its main office for the performance, on a systematic basis, of banking services for its customers and a resulting advantage over other banks in competition for customers.[25] In the Board's opinion, the agreements among the MNC banks to furnish ATS adequately satisfy the "establish" and "operate" provisions of the Federal branching laws.

In conclusion, on the basis of the language and policies embodied in the Federal branch banking laws as construed by the courts, the Board is of the view that MNC's ATS program appears to meet both the "establish" and "operate" provisions, as well as the banking activities test (accepting deposits and disbursing funds), specified in the Federal branch banking law. The Board wishes to emphasize that its decision in this case is based on the particular facts and circumstances of this application, MNC's ATS program, the branching law of Michigan, and the fact that State banks in Michigan may not offer ATS-type programs. The decision herein is not necessarily applicable in other jurisdictions or on other facts.

As discussed above, competitive, financial and managerial factors are consistent with approval of this application and convenience and needs considerations weigh in favor of approval. However, since the Board has concluded that an ATS transaction causes the accommodating bank to operate as a branch of the customer's bank of record, and since branching at Bank's location is prohibited to MNC banks, Bank may not engage in MNC's ATS program.[26]

In their original submissions to the Board, the State of Michigan, the IBAA, and MACB and the four protesting Michigan banks requested a formal hearing on the ATS issue. In its Order of November 1, 1977, the Board declined to grant a formal hearing and ordered an oral presentation. The Board was of the view that the voluminous materials on ATS already in the record and the opportunity provided by the oral presentation to supplement the record would provide an adequate basis for Board decision. In view of the Board's disposition of the ATS branch banking issue, it appears that these hearing requests are now moot. In any event, the Act does not require a hearing on an application filed under Section 3 of the Act, unless, within a specified time period, the Comptroller of the Currency (if the transaction involves a national bank, as here) recommends to the Board disapproval of the application. 12 U.S.C. § 1842(b). No such recommendation for disapproval was filed in this case and, therefore, no hearing is required. *Farmers and Merchants Bank of Las Cruces, New Mexico* v. *Board of Governors*, (D.C. Cir. No. 76-1367, November 7, 1977). In the Board's judgment, no formal hearing is warranted on the facts of this case and the requests for a formal hearing are denied.

On the basis of the extensive record in this case and for the reasons summarized above, the application is approved on the condition that ATS services not be offered at Bank or to any of Bank's customers by any other MNC bank. The transaction shall

[24] The factors (other than ATS) relied upon by the four Michigan banks in support of their contention that MNC is operating a "*de facto* Statewide branch banking system" (see footnote 11, *supra*) have been considered by the Board on numerous occasions. The Board has not found such activities to constitute branch banking and, in a recent Order, has found them to be permissible for bank holding companies and intrinsic to their operation. See United Banks of Colorado, Inc./United Bank of Arvada, N.A. (December 27, 1977). To the same effect, see *Grandview Bank & Trust Co.* v. *Board of Governors*, *supra*.

[25] On this point, the Supreme Court in *Plant City* stated that "[u]nquestionably, a competitive advantage accrues to a bank that provides the service of receiving money for deposit at a place away from its main office." 396 U.S. at 137.

[26] In a hearing before the United States District Court for the Eastern District of Michigan in the State's lawsuit against MNC, MNC has stipulated that, subject to appeal rights, MNC would abide by the Board's decision on the ATS branching issue raised in the context of MNC's application to acquire Bank and would consider that decision applicable to all MNC banks. MNC's stipulation makes it unnecessary for the Board to consider whether to direct MNC to terminate ATS at all MNC banks.

not be made (a) before the thirtieth calendar day following the effective date of this Order nor (b) later than three months after that date, and (c) Bank 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 Chicago pursuant to delegated authority.

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

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

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

Statement of Governor Lilly

Although I was not present during the Board's consideration of this matter and did not vote thereon, I did attend the oral presentation held before the Board on November 29, 1977, and I wish to indicate my agreement with the decision reached by the Board and the rationale for that decision as expressed in the Board's Order.

January 31, 1978

Republic of Texas Corporation,
Dallas, Texas

Order Approving Acquisition of Bank

Republic of Texas Corporation, Dallas, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares (less directors' qualifying shares) of the successor by merger to First National Bank of Duncanville, Duncanville, Texas ("Bank"). The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Bank. Applicant presently controls indirectly 20 per cent of the outstanding voting shares of Bank.

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

Applicant is the fourth largest banking organization in Texas and controls 12 banking subsidiaries, with aggregate deposits of approximately $3.3 billion, representing 6.2 per cent of total commercial bank deposits in the State.[1] Acquisition of Bank ($34.8 million in deposits) would increase Applicant's share of commercial bank deposits in Texas by 0.07 per cent but would not alter Applicant's ranking in the State.

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

Bank is the 30th largest banking organization in the Dallas banking market and controls 0.35 per cent of the total deposits held by commercial banks in the market. Applicant is already a significant competitor in the Dallas banking market. With the addition in 1977 of the four Dallas-area banks as

[1] All banking data are as of December 31, 1976, and reflect bank holding company formations and acquisitions approved as of November 30, 1977.

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

[3] By Order dated June 20, 1977 (42 F.R. 32587) the Board denied Applicant's proposal to acquire Preston State Bank, Dallas, Texas. Accordingly, Applicant must divest itself of its interest in this bank.

subsidiaries, Applicant's shares of market deposits increased to 25.9 per cent, and Applicant presently controls the first and eighth largest banks in the market plus four smaller banks. In addition, the six banks in the Dallas market (including Bank) in which Applicant holds minority interests have aggregate deposits of $379 million, representing 3.8 per cent of market deposits.

Inasmuch as Applicant and Bank operate in the same market, consummation of the proposed transaction would appear to eliminate some existing competition. However, the Board notes that Applicant, or its predecessor in interest, Republic Bank, has held 20 per cent or more of the shares of Bank since its formation in 1961, and that the nature of this relationship is such that little, if any, meaningful competition presently exists between Bank and Applicant's subsidiary banks in the Dallas market. But for the history of the established relationship between Applicant and Bank, the effects on existing competition would be viewed as more serious, but viewed in light of that relationship the effects are only slight. Moreover, while Applicant is the largest organization in the banking market, in view of the facts presented in the record of this application, the Board does not regard the slight increase in concentration of market deposits as significant. Accordingly, the Board concludes that the proposed acquisition of Bank by Applicant would not have significant adverse effects on competition.

The financial and managerial resources of Applicant, its subsidiaries, and Bank are regarded as generally satisfactory and consistent with approval of the application, particularly in light of Applicant's commitment to inject additional capital into Bank upon consummation of the proposal. Considerations relating to banking factors are consistent with approval of the application. Following consummation of the transaction, Applicant intends to assist Bank in providing commercial and industrial banking services to its customers while assisting Bank to continue its residential real estate and consumer lending. In addition, Applicant intends to assist Bank in improving and expanding its facilities. These considerations relating to convenience and needs of the community to be served, while not substantial, lend some weight toward approval of the application, and in the Board's view, outweigh any slightly adverse competitive effects that might result from consummation of this proposal. Accordingly, it is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

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

By Order of the Board of Governors, effective January 20, 1978.

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

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

2nd Charter Financial Corporation

Order Approving Formation of a Bank Holding Company

2nd Charter Financial Corportion, Albion, Indiana, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by retaining 87.6 per cent of the voting shares of The Albion National Bank ("Bank"), Albion, Indiana.

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

Applicant was organized for the purpose of becoming a bank holding company by acquiring shares of Bank, which it did in December 1973 without the Board's approval.[1] Applicant now seeks the Board's approval to retain these shares.

Bank is the fifth largest of seven banking organizations in the relevant banking market, and holds deposits of $14.5 million, representing 10.6 percent[2]

[1] In accordance with the Board's policy regarding violations of the Act, the Board has scrutinized the underlying facts surrounding Applicant's acquisition of Bank. Upon an examination of the facts of record, the Board is of the view that the circumstances surrounding the violation are not such as would call for denial of the application.

[2] All banking data are as of December 31, 1976. The relevant banking market is approximated by Noble County.

of the deposits in commercial banks in the market. It does not appear that approval of the application will result in any adverse competitive effects. Viewed as a present acquisition, the proposal will not eliminate competition or increase the concentration of banking resources in any relevant area. Viewing the competitive circumstances as they existed in 1973 when Applicant acquired shares of Bank, it appears that the original acquisition likewise did not eliminate any significant competition. Principals of Applicant were at that time principals of a second one-bank holding company, the bank subsidiary of which served a separate banking market. Competitive considerations are therefore consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and Bank are considered generally satisfactory, viewed in the light of recent improvements in Bank's operations, recent management changes, and commitments in the record respecting future management practices, and these considerations are consistent with approval of this application. Considerations relating to the convenience and needs of the communities to be served are likewise consistent with approval, although there will be no immediate increase in the services offered by Bank.

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 5, 1978.

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

(Signed) GRIFFITH L. GARWOOD,
Deputy Secretary of the Board.

[SEAL]

The Tayco Corporation,
Chicago, Illinois

Order Approving
Formation of a Bank Holding Company

The Tayco Corporation, Chicago, 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)) to become a bank holding company through the acquisition of shares of Drovers Bank of Chicago, Chicago, Illinois ("Bank"), a *de novo* State bank formed for the purpose of acquiring certain assets and assuming substantially all of the liabilities of The Drovers National Bank of Chicago, Chicago, Illinois ("Drovers National Bank").[1]

In view of the emergency situation involving Drovers National Bank, the Illinois Commissioner of Banks and the Comptroller of the Currency have each recommended immediate action by the Board in accordance with the provisions of § 3(b) of the Act (12 U.S.C. § 1842(b)) permitting immediate action by the Board in order to prevent the probable failure of a bank. Pursuant to the emergency provisions of the Bank Merger Act, the Federal Deposit Insurance Corporation has approved Bank's proposal to purchase the assets and assume the liabilities of Drovers National Bank. Public notice of the application before the Board is not required by the Bank Holding Company Act, and in view of the emergency situation the Board has not followed its normal practice of affording interested parties the opportunity to submit comments and views. The Board has considered the application and the comments received from the Commissioner of Banks and 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 recently organized corporation formed for the purpose of becoming a bank holding company. Bank was formed in order to acquire certain assets and assume certain liabilities of the Drovers National Bank, Chicago, Illinois, which was declared insolvent and placed in receivership by the Comptroller of the Currency on January 19, 1978. At the time of the Comptroller's action, Drovers National Bank had total assets of approximately \$210 million, and it ranked as the 14th largest bank in Chicago. In view of the insolvency of Drovers National Bank, the Board finds that any adverse effects on competition that would result

[1] Total deposits of Drovers Bank as of June 30, 1977, amounted to about \$265 million.

from consummation of the acquisition are outweighed by the public interest considerations relating to the proposal. Considerations relating to convenience and needs of the community to be served lend very strong weight toward approval of the application since the proposal will protect all depositors of Drovers National Bank and will insure the continued availability of banking services and the preservation of a viable banking competitor in the community.

The financial and managerial resources and future prospects of Applicant and Bank are regarded as generally satisfactory. In light of the insolvency of Drovers National Bank and the financial assistance being provided by the Federal Deposit Insurance Corporation for Bank, financial and managerial factors lend support toward approval of the application.

On the basis of the information before the Board, it is apparent that an emergency situation exists so as to require that the Board act immediately pursuant to the emergency provisions of § 3(b) of the Bank Holding Company Act. It is the Board's judgment that any disposition of the application other than by approval would be inconsistent with the public interest and that the proposed transaction should be approved on a basis that would not preclude immediate consummation of the proposal. Accordingly, the application is approved for the reasons summarized above. The transaction may be consummated immediately but in no event later than three months after the effective date of this Order, unless such period is extended for good 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 20, 1978.

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

(Signed) GRIFFITH L. GARWOOD,
Deputy Secretary of the Board.

[SEAL]

ORDER UNDER SECTION 4

Chemical New York Corporation,
New York, New York

Order Approving
Recommencement of Reinsurance Activities

Chemical New York Corporation, New York, New York, a bank holding company within the meaning of the Bank Holding Company 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 CFR § 225.4(b)(1)), to recommence the activity of reinsuring credit life insurance and credit accident and health insurance that is directly related to extensions of credit in North Carolina by The Sun Finance & Loan Co., Boulder, Colorado ("Sun Finance"). Applicant will engage in the reinsurance of credit life insurance through Sun State Life Insurance Company, Cleveland, Ohio ("Sun States"), and the reinsurance of credit accident and health insurance through Great Lakes Insurance Company, Cleveland, Ohio ("Great Lakes"), both of which are subsidiaries of Sunamerica Corporation, Cleveland, Ohio ("Sunamerica"), a subsidiary of Chemical New York Corporation. Such activity has been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(10)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (*42 Fed. Reg.* 55925 (1977)). The time for filing comments and views has expired, and the Board has considered the application and all comments received 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 fourth largest banking organization in New York State, with consolidated assets of $26.6 billion,[1] and controls Chemical Bank, New York, New York. Sunamerica, a holding company indirectly engaged in consumer finance, industrial loan, and credit insurance agent and reinsurance activities, was acquired by Applicant on June 30, 1975, pursuant to Board approval granted by Order of June 27, 1975 (61 *Federal Reserve* BULLETIN 447 (1975)).

The Board's Order approving Applicant's acqui-

[1] Banking and financial data are as of December 31, 1976.

sition of Sunamerica specifically authorized Applicant, through Sun States and Great Lakes, to act as reinsurer for credit-related life insurance and credit-related accident and health insurance sold by Sun Finance. In its application to acquire Sunamerica, Applicant indicated that Sun States and Great Lakes were not engaged in reinsurance activities in North Carolina, and, accordingly, the Board's Order of June 27, 1975, did not authorize Applicant to engage in reinsurance activities in North Carolina. Applicant, however, commenced reinsurance activities in the State of North Carolina on September 1, 1976. Applicant's performance of this activity without the prior approval of the Board was in violation of the Board's Regulation Y.[2] Applicant, at the request of the Board's staff, has terminated its reinsurance activities in North Carolina pending the Board's action on the instant application.

Credit life insurance and credit accident and health insurance are generally made available by banks and other lenders and are designed to assure repayment of a loan in the event of death or disability of the borrower. In connection with its addition of the underwriting of such insurance to the list of permissible activities for bank holding companies, the Board stated:

> To assure that engaging in the underwriting of credit life insurance and credit accident and health insurance can reasonably be expected to be in the public interest, the Board will only approve applications in which an applicant demonstrates that approval will benefit the consumer or result in other public benefits. Normally, such a showing would be made by a projected reduction in rates or increase in policy benefits due to bank holding company performance of this service. (12 CFR § 225.4(a)(10) n. 7)

Applicant had, immediately after its acquisition of Sunamerica, offered rates on credit accident and health insurance sold in North Carolina below the maximum authorized by North Carolina law, and, when it commenced reinsurance activities in that State, Applicant generally continued such rate reductions. Applicant has committed itself to continue to make those reduced rates available upon receiving Board approval to recommence its reinsurance activities in North Carolina. The Board is of the view that the availability of this service at reduced premiums is in the public interest. There is no evidence in the record indicating that consummation of the proposal would result in any undue concentration of resources, adverse effects on competition, conflicts of interests, unsound banking practices, or other effects that would be adverse to the public interest.

As indicated above, the subject application is a request for the Board's approval to recommence operations that were initiated in violation of the Board's Regulation Y. In acting on the application, the Board took into consideration the fact that Applicant, upon becoming aware of the existence of the violation, promptly took steps to terminate the violation and to conform its operations to the Act by filing the subject application. In addition, Applicant's senior management has taken steps to prevent future violations from occurring by centralizing internal review of all of Applicant's activities to evaluate compliance with the substantive and procedural requirements of the Act and the Board's Regulation Y. The Board anticipates that these actions, along with continuation of Applicant's past diligence in consulting with the Federal Reserve Bank of New York as to regulatory requirements, will aid Applicant in preventing future violations of this type. In light of the above and other information of record in this application, the Board has determined that the circumstances of the above violation do not warrant denial of the application.

Based upon the foregoing and other considerations reflected in the record, including Applicant's commitment to maintain on a continuing basis the public benefits that the Board has found to be reasonably expected to result from this proposal and upon which the approval of this proposal is based, the Board has determined that the balance of the public interest factors the Board is required to consider under § 4(c)(8) is favorable. Accordingly, the application is hereby approved. 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.

The 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 New York, pursuant to delegated authority.

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

[2] 12 C.F.R. § 225.4(c)(2).

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

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

PRIOR CERTIFICATIONS PURSUANT TO THE BANK HOLDING COMPANY TAX ACT OF 1976

King Ranch, Inc.,
Kingsville, Texas

[Docket No. TCR 76-144]

King Ranch, Inc., Kingsville, Texas ("KR"), has requested a prior certification pursuant to § 1101(b) of the Internal Revenue Code (the "Code"), as amended by § 2(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that its proposed divestiture of 43,360 shares of common stock of Kleberg First National Bank, Kingsville, Texas ("Bank"), presently held by KR, through the *pro rata* distribution of such shares to the holders of common stock of KR, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act").

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

1. KR is a corporation organized on December 15, 1934 under the laws of the State of Texas.

2. On December 18, 1946, KR acquired ownership and control of 4,345 shares, representing 28.97 per cent of the outstanding voting shares of Bank. On February 27, 1971, KR received an additional 39,105 shares of common stock of Bank in a transaction[2] in which nine shares of Bank common stock were issued to shareholders of Bank for every one share of Bank common stock held by such shareholders.[3]

3. KR became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 per cent of the outstanding voting shares of Bank, and it registered as such with the Board on January 3, 1972. KR would have been a bank holding company on July 7, 1970 if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of its ownership and control on that date of more than 25 per cent of the outstanding voting shares of Bank. KR presently owns and controls 35.67 per cent of the outstanding voting shares of Bank.[4]

4. More than 85 per centum of the voting stock of KR was collectively owned on June 30, 1968, and has been so owned continuously thereafter, directly or indirectly, by members of the same family, or their spouses, who are lineal descendants of common ancestors. Accordingly, KR has been exempt from the prohibitions of § 4 of the BHC Act by virtue of clause (ii) of § 4(c) of the BHC Act.

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

[1] This information derives from KR's correspondence with the Board concerning its request for this certification, KR's Registration Statement filed with the Board pursuant to the BHC Act, and other records of the Board.

[2] Under subsection (c) of § 1101 of the Code, property acquired after July 7, 1970 generally does not qualify for the tax benefits of § 1101(b) when distributed by an otherwise qualified bank holding company. However, where such property was acquired by a qualified bank holding company in a transaction in which gain was not recognized under § 305(a) of the Code, then § 1101(b) is applicable. KR has stated that the shares received on February 27, 1971, were received in a transaction in which gain was not recognized under section 305(a) of the Code. Accordingly, even though the 39,105 shares of Bank common stock were acquired by KR after July 7, 1970, those shares would nevertheless qualify as property eligible for the tax benefits provided in § 1101(b) of the Code, by virtue of § 1101(c), if the Bank shares were, in fact, received in a transaction in which no gain was recognized under § 305(a) of the Code.

[3] On October 27, 1976, KR purchased an additional 10,000 shares of common stock of Bank. However, since these shares were acquired by KR after July 7, 1970, the provisions of § 1101(b) are made inapplicable by § 1101(c)(1), and KR has not requested a prior certification with respect to the distribution of these shares.

[4] KR also presently owns approximately 16 per cent of the outstanding shares of the State Bank of Kingsville, Kingsville, Texas, which it also intends to distribute to its shareholders at the same time that it distributes the shares of Bank. However, since KR does not control the Kingsville bank, within the meaning of § 2(a)(2) of the BHC Act, its shares of that bank are not eligible to be distributed without recognition of gain pursuant to § 1101(b)(1) of the Code.

has represented that it will make such an election.[5]

6. KR and Bank have committed to the Board that no person holding an office or position (including an advisory or honorary position) with KR or any of its subsidiaries as a director, policy-making employee or consultant, or who performs (directly, or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Bank or any of its subsidiaries. KR and Bank have further committed that all such interlocking relationships presently existing between KR and Bank and their respective subsidiaries will be terminated.

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

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

(B) the 43,360 shares of Bank covered by the instant request that KR proposes to distribute to its shareholders are part of the property by reason of which KR controls (within the maning of § 2(a) of the BHC Act) a bank or a bank holding company; and

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

This certification is based upon the representations and commitments made to the Board by KR and upon the facts set forth above. In the event the Board should determine that facts material to this certification are otherwise than as represented by KR, or that KR has failed to disclose to the Board other material facts or to fulfill any commitments made to the Board in connection herewith, it may revoke this certification.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 CFR 265.2(b)(3)), effective November 22, 1977.

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

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

Republic of Texas Corporation
Dallas, Texas

[Docket No. TCR 76-108]

Republic of Texas Corporation, Dallas, Texas ("Republic") has requested a prior certification pursuant to section 6158(a) of the Internal Revenue Code (the "Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that each sale by The Howard Corporation ("Howard") of certain of its nonbanking assets, which assets are described in Schedule A hereto ("Howard Assets"), was necessary or appropriate to effectuate section 4 of the Bank Holding Company Act (12 U.S.C. § 1843) ("BHC Act").

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

1. On July 7, 1970, Republic National Bank of Dallas ("Old Republic Bank"), a national banking association, indirectly controlled 29.9 per cent of the voting shares of Oak Cliff Bank and Trust Company, Dallas, Texas ("Oak Cliff Bank").

2. On July 7, 1970, Old Republic Bank indirectly controlled, through Howard, a trusteed affiliate, property, including the Howard Assets, the disposition of which would have been necessary or appropriate to effectuate section 4 of the BHC Act if Old Republic Bank were to have continued to be a bank holding company beyond December 31, 1980, which property was "prohibited property" within the meaning of sections 6158(f)(2) and 1103(c) of the Code.

3. Old Republic Bank became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its indirect control at that time of more than 25 per cent of the outstanding voting shares of Oak Cliff Bank, and it registered as such with the Board on September 24, 1971. Old Republic Bank would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of its indirect control on that date of more than 25 per cent of the outstanding voting shares of Oak Cliff Bank.

4. Republic is a corporation that was organized under the laws of the State of Delaware on July 12, 1972, for the purpose of effecting the reorganization of Old Republic Bank into a subsidiary of Republic.

[1] This information derives from Republic's correspondence with the Board concerning its request for this certification, Republic's Registration Statement filed with the Board pursuant to the BHC Act as well as the Registration Statement of Republic National Bank and other records of the Board.

5. On September 10, 1973, the Board ruled that in the event Republic were to become a bank holding company through the acquisition of the successor by merger to Old Republic Bank, Republic would not be regarded as a "successor" to Old Republic Bank as defined in section 2(e) of the BHC Act for the purposes of section 2(a)(6) of the BHC Act, or as a "company covered in 1970," as that term is defined in the BHC Act, and that Republic was not entitled to the benefit of any grandfather privileges that Old Republic Bank may have possessed pursuant to the proviso in section 4(a)(2) of the BHC Act.

6. By Order dated October 25, 1973, the Board approved Republic's application under section 3(a)(1) of the BHC Act to become a bank holding company through the acquisition of 100 per cent of the voting shares (less directors' qualifying shares) of the successor by merger to Old Republic Bank and the indirect acquisition of control of 29.9 per cent of the voting shares of Oak Cliff Bank. Pursuant to the provisions of section 4(a)(2) of the BHC Act, Republic was required by that order to divest itself, within two years from the date as of which it would become a bank holding company, of the impermissible nonbanking interests that would be directly or indirectly controlled by the successor by merger to Old Republic Bank, including such impermissible interests held by Howard.

7. On May 9, 1974, in a transaction described in section 368(a)(1)(A) and section 368(a)(2)(D) of the Code, Old Republic Bank was merged into the present Republic National Bank of Dallas ("New Republic Bank"), a national banking association that was a wholly-owned subsidiary (except for directors' qualifying shares) of Republic. New Republic Bank thereby acquired substantially all of the properties of Old Republic Bank and Republic thereupon became a bank holding company. By virtue of two one-year extensions granted by the Board, Republic presently has until May 9, 1978, to complete the divestitures required by the Board's Order of October 25, 1973.

8. As part of the same transaction by which Republic became a bank holding company, in a transaction to which section 351 of the Code applied, Republic acquired beneficial interests in the shares of Howard held by trustees for the benefit of shareholders of New Republic Bank, which shares are shares described in section 2(g)(2) of the BHC Act.

9. The Howard Assets are a part of the property of Howard in which Republic acquired a beneficial interest pursuant to section 2(g)(2) of the BHC Act.

10. The transaction in which each of the Howard Assets was sold and the date on which each such sale occurred are described in Schedule A attached hereto.

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

(A) Prior to May 9, 1974, Old Republic Bank was a "qualified bank holding corporation," within the meaning of subsection (b) of section 1103 of the Code, and satisfied the requirements of that subsection;

(B) New Republic Bank is a corporation that acquired substantially all of the properties of a qualified bank holding corporation, and as such is treated as a qualified bank holding corporation for the purposes of section 1103(b) and section 6158 of the Code, pursuant to section 3(d) of the Tax Act;

(C) Republic is a corporation in control (within the meaning of section 2(a)(2) of the BHC Act) of New Republic Bank, and as such is treated as a qualified bank holding corporation for the purposes of section 1103 (b) and section 6158 of the Code, pursuant to section 3(d) of the Tax Act;

(D) Howard is a subsidiary (within the meaning of § 2(d) of the BHC Act) of Republic, and as such is treated as a qualified bank holding corporation for the purposes of section 1103(b) and section 6158 of the Code, pursuant to section 3(d) of the Tax Act;

(E) Each of the Howard Assets described in Schedule A hereto was "prohibited property" for the purposes of section 6158 of the Code; and

(F) the sale of each of the Howard Assets was necessary or appropriate to effectuate section 4 of the BHC Act.

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

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

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

Schedule A

Republic of Texas Corporation

[Docket No. TCR 76-108]

The following is a description of each of the Howard Assets to which this certification relates.

1. *Sale of 41,689 square feet (including Maxon Building) of Uptown North Real Estate ("Uptown").* On December 10, 1974, Howard sold Uptown to Sedco, Inc., a Texas Corporation, for $1,042,225 cash. Howard acquired Uptown on March 31, 1969.

2. *Sale of Anderson "B", McCrary and Snoddy oil leases (including six working oil wells) located in the East Texas Field, Gregg County, Texas.* On March 14, 1975 Howard sold these leases to General American Oil Company of Texas, a Texas corporation, for $4,166,666 cash. Howard acquired the leases on September 28, 1950.

3. *Sale of ten oil leases in the Panhandle Field, Hutchinson County, Texas.* On May 3, 1976 Howard sold its 50 per cent interest in these oil leases to Oil Patch Leasing Corporation, a Texas corporation for $175,000 cash. Howard acquired the ten oil leases in July 1965.

4. *Sale of Oaklawn Village Shopping Center, Texarkana, Texas ("Oaklawn").* On May 28, 1976 Howard sold Oaklawn to J.J.R. & B. Co., a Texas corporation, for $392,600 cash and assumption of the unpaid principal balance owed by Howard on a note dated March 24, 1966 to the Annuity Board of the Southern Baptist Convention. Howard acquired Oaklawn on March 24, 1966.

5. *Sale of Orange Plaza Shopping Center, Garden Grove, California ("Orange Plaza").* On July 30, 1976, Howard sold Orange Plaza to Orange County Plaza Associates a partnership ("Associates"), for a fifteen year note from Associates to Howard in the principal amount of $729,139 with interest. In addition, Associates assumed the unpaid principal balance owed by Howard on a note dated March 28, 1966 held by the National Life and Accident Insurance Company of Nashville, Tennessee. Howard acquired Orange Plaza in April 1966.

6. *Sale of Highland Park Shopping Center, Dallas, Texas ("Highland").* On December 14, 1976 Howard sold Highland to Henry S. Miller, Jr. for $6,425,000 cash. Howard acquired Highland in February 1966.

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

BY THE BOARD OF GOVERNORS

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

Section 3

Applicant	*Bank(s)*	*Board action (effective date)*
First Colonial Corporation, Chicago, Illinois	Colonial Bank and Trust Company of Chicago, Chicago, Illinois	1/5/78
First National Schaumburg Corporation, Schaumburg, Illinois	Schaumburg State Bank, Schaumburg, Illinois	1/10/78
Old Capitol Bancorporation, Inc., Vandalia, Illinois	The Farmers and Merchants Bank of Vandalia, Vandalia, Illinois	1/24/78
San Bancorp., Sanborn, Iowa	Sanborn Savings Bank, Sanborn, Iowa	1/20/78

Sections 3 and 4

Applicant	Bank(s)	Nonbanking company (or activity)	Reserve Bank	Effective date
Kremmling Holding Company, Kremmling, Colorado	Bank of Kremmling, Kremmling, Colorado	Sale of credit life and credit accident and health insurance	Kansas City	1/13/78
Memphis Bancshares, Inc., Memphis, Missouri	Farmers and Merchants Bank of Memphis, Missouri, Memphis, Missouri	Insurance agency	St. Louis	1/12/78

BY FEDERAL RESERVE BANKS

During December 1977 or January 1978, applications were approved by Federal Reserve Banks as listed below. The orders have been published in the Federal Register, and copies are available upon request to the Reserve Banks.

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Suburban Bancorporation, Hyattsville, Maryland	The Peoples National Bank, Hancock, Maryland	Richmond	1/16/78
Community Banks, Inc., Middleton, Wisconsin	The Bank of Middleton, Middleton, Wisconsin	Chicago	12/30/77
WINGO, LTD., Brooklyn, Iowa	Poweshiek County Savings Bank, Brooklyn, Iowa	Chicago	12/29/77
Citizens Bancorporation, Sheboggan, Wisconsin	North Shore Bank, Shorewood, Wisconsin	Chicago	1/10/78
Delta Bancshares Company, St. Louis, Missouri	Security Bank of Manchester, Manchester, Missouri	St. Louis	1/20/78

(Pending Cases Involving the Board of Governors on following page.)

PENDING CASES INVOLVING THE BOARD OF GOVERNORS†

Gelfand v. *Board of Governors*, filed December 1977, U.S.C.A. for the Fifth Circuit.

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

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

Consumers Union of the United States, Inc. v. *Board of Governors*, filed October 1977, U.S.D.C. for the District of Columbia.

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

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

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

Plaza Bank of West Port v. *Board of Governors*, filed September 1977, U.S.C.A. for the Eighth Circuit.

First State Bank of Abilene, Texas v. *Board of Governors*, filed August 1977, U.S.C.A. for the District of Columbia.

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

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

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

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

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

Association of Bank Travel Bureau, 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.

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

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

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

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.

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

Announcements

CONSUMER ADVISORY COUNCIL: New Members

The Board of Governors of the Federal Reserve System has announced the appointment of five new members to its Consumer Advisory Council. Named to fill existing vacancies were: Richard F. Kerr, Operating Vice President of Federated Department Stores, Inc., Cincinnati, Ohio; Jean A. Fox, Regional Director of the Bureau of Consumer Services, Public Utility Commission of Pennsylvania, Pittsburgh; and Blair C. Shick, Senior Consultant, Arthur D. Little, Inc., Cambridge, Massachusetts.

In addition, the Board expanded Council membership to 28 by naming two other members: Richard H. Holton, Professor of the School of Business Administration, University of California at Berkeley, and Thomas R. Swan, Vice President of the Maine Savings Bank, Portland.

The Council advises the Board on the Board's responsibilities in the field of consumer credit protection law. Beginning with the Truth in Lending Act of 1968, the Congress has directed the Board to write regulations to give effect to many of the consumer credit laws passed since. The Consumer Advisory Council was established by the Congress, at the suggestion of the Board, in 1976. Its members come from all parts of the Nation and include a broad representation of consumer and creditor interests. It has met four times with the Board in the past year.

The Council is chaired by Mrs. Leonor K. Sullivan, a former member of Congress from Missouri, who was a principal author of the Truth in Lending Act. The vice chairman is Dr. William D. Warren, Dean of the School of Law, University of California at Los Angeles.

COMMUNITY REINVESTMENT ACT

The Federal bank and thrift institution regulators have announced plans for developing regulations to carry out the new Community Reinvestment Act (CRA).

The Comptroller of the Currency (supervisor of national banks), the Federal Deposit Insurance Corporation (Federal supervisor of State-chartered banks and savings banks that are not members of the Federal Reserve System), the Federal Home Loan Bank Board (supervisor of Federally chartered savings and loan associations, and savings and loan holding companies), and the Board of Governors of the Federal Reserve System (supervisor of State member banks and bank holding companies)—

1. Announced the following schedule of regional hearings to receive suggestions from the public on how to implement the new law:

Federal Deposit Insurance Corporation
March 20, 10 a.m.
Auditorium
Federal Reserve Bank of Boston
Boston, Massachusetts

Federal Reserve Board
March 23, 10 a.m.
American Room
Peachtree Plaza Hotel
Atlanta, Georgia

Federal Deposit Insurance Corporation
March 27, 10 a.m.
Conference Room C
Fifth Floor
Federal Reserve Bank of Dallas
Dallas, Texas

Comptroller of the Currency
April 5 and 6, 10 a.m.
Conference Room, Fifth Floor
Federal Reserve Bank of Chicago
Chicago, Illinois

Federal Home Loan Bank Board
April 12 and 13, 10 a.m.
Ceremonial Courtroom
Federal Building
450 Golden Gate Avenue
San Francisco, California

2. Invited the public to submit written comment through March 8 on any aspect of interest to individuals or organizations, but particularly to give the agencies responses to a list of questions (available on request to any of the four Federal reg-

ulators) on subjects to be addressed in implementing regulations the four agencies will write.

The CRA is part (Title VIII) of the Housing and Community Development Act (Public Law 95–128) signed into law October 12, 1977. Among other things, it requires the four Federal regulators to have implementing regulations in force not later than November 6, 1978.

The CRA requires that the Federal agencies—

1. Encourage bank and thrift institutions that they supervise to meet the credit needs of their entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the lending institutions.

2. Take into account the lenders' records in meeting this standard in assessing applications by the lenders to open new offices under a Federal charter, obtain Federal deposit insurance, establish branches, carry out mergers, and the like.

IMPROPER PAYMENTS BY BANKS AND BANK HOLDING COMPANIES

The Federal bank regulating agencies issued notice on January 17, 1978, that political contributions and certain other questionable payments by banks and bank holding companies may be regarded as unsafe and unsound banking practices subject to appropriate corrective action.

In a joint policy statement the agencies said they will use their full legal authority to halt such practices, including cease-and-desist orders and referrals to law enforcement agencies for possible prosecution. Such payments may also become a relevant factor in consideration of applications submitted by the organizations that made them.

The policy statement was issued by the Comptroller of the Currency (supervisor of national banks), the Federal Deposit Insurance Corporation (Federal supervisor of insured State-chartered banks that are not members of the Federal Reserve System), and the Board of Governors of the Federal Reserve System (supervisor of State-chartered member banks and of bank holding companies).

Referring to recent disclosures by a small number of banks and bank holding companies of certain questionable payments, the statement expressed the belief of the Federal regulators that continuation of such practices would reflect unfavorably on the banking system as a whole and thus undermine public confidence.

The text of the joint statement by the three agencies is as follows:

Statement of Policy Concerning Improper and Illegal Payments by Banks and Bank Holding Companies

In recent years a number of U.S. corporations have disclosed that they have engaged in certain questionable practices with respect to foreign and domestic payments. These practices have included improper and illegal political contributions, bribes, kickbacks, etc., and have taken place, in some instances, with the knowledge, consent, and even the participation of senior corporate management. Many of the foreign payments, legal under U.S. law at the time they were made, would, as a result of the recently enacted Foreign Corrupt Practices Act of 1977, Public Law 95–213, 91 Stat. 1494 (1977), be illegal if made today. In addition, under Federal and State laws, certain political contributions and other types of payments are illegal.

Recently, a few banks and bank holding companies have disclosed that, over a period of time, they also have engaged in questionable payment practices either directly or through subsidiary banks. Of the questionable payment practices disclosed to date, most have consisted of domestic political contributions. While information presently available does not indicate any significant involvement by banks or bank holding companies in any of the other types of questionable payment practices disclosed by other U.S. corporations, the agencies recognize that the circumstances in which questionable domestic and foreign payments were made by corporations may influence banks and bank holding companies. Thus, although the available information indicates that the number of banking firms that have engaged in improper payment practices is small, Federal bank supervisory agencies are concerned that such practices, if permitted to continue, would come to reflect adversely on the banking system as a whole. It is the judgment of the agencies that the practice of making political contributions and certain other payments, in addition to their possible illegality, may constitute an unsafe or unsound banking practice.

The devices used by banking organizations to make political payments have included compensatory bonuses to employees, improperly designated expense accounts, excessive fees or salaries paid to officers, and low or zero interest rate loans. In addition, political contributions have been made by providing equipment and services without charge to candidates for office. Many of these devices involved clear departures from acceptable accounting practices. Consequent lack of corporate accountability raises serious questions regarding the effectiveness of an institution's own internal audit procedures. For banking organizations to engage in illegal or unethical activities and to attempt to conceal those activities by the use of irregular accounting practices could only serve to undermine public confidence in the banking system.

All banks and bank holding companies subject to the Federal supervisory authority of the Board, the Comptroller of the Currency, and the FDIC are expected not only to conduct their operations in accordance with applicable laws but also to refrain from making payments that may constitute unsafe and unsound banking practices. When violations of law or unsafe and unsound banking practices result from improper payments, the appropriate agency will exercise its full legal authority, including cease-and-desist proceedings and referral to the appropriate law enforcement agency for further action, to ensure that such practices are terminated. In appropriate circumstances, the fact that such payments have been made may reflect so adversely on an organization's management as to be a relevant factor in connection with the consideration of applications submitted by the organization.

In the near future, the agencies expect to institute additional procedures in conjunction with their general and specialized examinations of banks and bank holding companies designed to evaluate individual institutions' controls for ensuring adherence to provisions of law prohibiting unsafe or unsound practices, including the making of contributions to or corporate expenditures on behalf of candidates for elective office, officials of foreign or domestic governments, and others. Banks and bank holding companies are urged to review their own corporate policies and accounting practices to ensure that the funds of the institution are applied for proper purposes only.

REVISED REPORTS OF CONDITION AND INCOME

The Board of Governors has announced that revisions in reports of condition and income, reflecting comments received on proposals issued last October, will go into effect for State member banks for the December 1978 reports.

The revised report of condition and supporting statements will be required for December 31, 1978, data, and the revised income report and supporting statements for the year ending December 31, 1978. The Comptroller of the Currency and the Federal Deposit Insurance Corporation will require similar revised reporting as of the same date for national banks and insured nonmember banks.

On December 20, 1977, the agencies deferred the effective date of March 31, 1978, that had been part of the original proposals issued for comment last October, but at that time they did not indicate a new date.

The Board also announced that a full description of the report revisions and revised detailed reporting instructions would be sent to banks by the end of April.

The revisions to be effective for the December 1978 reports will affect mainly banks with foreign offices, but there will also be a number of changes for other banks with more than \$300 million in assets and some relatively minor changes for smaller banks.

The Board also stated that the banking agencies are developing a simplified call report for smaller banks in order to reduce their reporting burden. This simplified version should be available for the March 1979 reports, with announcement of the detailed specifications by September 1978.

REGULATION Z: Amendment

The Board of Governors has announced that it has modified provisions of its Regulation Z (Truth in Lending) relating to billing for cash-advance check transactions, effective March 28, 1978.

The modification will permit creditors to use—in addition to methods already employed for identifying transactions involving cash-advance checks—the date on which a creditor charges a cash-advance check to the customer's account (the debiting date) in billing the customer.

However, the revised rule also provides that:

1. If the date of debiting is used to identify a cash-advance check charge and if the customer makes any inquiry about that item, the inquiry must be treated as a notification of a billing error, triggering the provisions of the Fair Credit Billing Act for settling billing errors.

2. No finance charge on the transaction will be allowed during the time a credit-card issuer takes to provide required supporting documentary evidence to a customer who questions a billing by using the debiting date for identification.

Creditors may continue to use the date when a cash-advance check is utilized by the customer (the transaction date), or the date written on the check by the customer as presently allowed.

The Board proposed to modify the rules for identifying transactions involving cash-advance checks on September 29, 1977. The proposal, now adopted, was designed to facilitate compliance with the Fair Credit Billing provisions of Truth in Lending and at the same time to maintain requirements adequate to allow customers to identify transactions billed to them. While considering the change, the Board postponed the date for full implementation of the section of Regulation Z relating to cash-advance check transactions from October 28, 1977, to March 28, 1978.

REGULATION Y: Interpretation and Permissible Activity

The Board of Governors on January 26, 1978, issued an interpretation of a section of the Bank Holding Company Act concerning transferred shares or other assets.

The Bank Holding Company Act provides that if a bank holding company transfers shares that it owns to a company or other transferee that is either indebted to the bank holding company or has an officer or director interlock with the bank holding company, control of the shares is presumed not to have changed unless the Board determines otherwise.

The Board has in effect interpreted this Section 2(g)(3) of the act in decisions on specific cases. The interpretation—

1. Codifies these past rulings by the Board to the effect that (a) the presumption of continued control arises when the shares or other assets are transferred to a person who is an officer or director of the company making the transfer and (b) the terms "transferor" and "transferee" include parent or subsidiary companies of each (including a transferred company itself).

2. Interprets Section 2 (g)(3) as being applicable where (a) all or substantially all of the assets of a company or subsidiary are being transferred or (b) the asset being transferred is of such significant size or value as to constitute the transfer of an "activity" of a bank holding company; also, that transfers of partnership interests are covered.

3. Interprets the terms "officer" and "director" to include not only persons with such titles but also those with comparable functions and those holding such offices in honorary or advisory capacities.

4. Provides that, in the interests of expediting proceedings under this provision of the Bank Holding Company Act, no future *Federal Register* notice will be published upon receipt of an application under this section, but that no application under Section 2(g)(3) will be denied by the Board without affording the applicant company an opportunity for a hearing. The Board will continue to publish final decisions under this section in the *Federal Register*.

The Board withdrew a rulemaking proposal under Section 2(g)(3) published in February 1977.

In addition, the Board announced on January 26, 1978, it will resume the processing of applications from bank holding companies to underwrite and deal in Federal Government and municipal securities.

Applications will be processed, however, on a case-by-case basis, and no regulatory action will be taken by the Board to add this activity to its Regulation Y (Bank Holding Companies) as being closely related to banking and permissible for bank holding companies.

On October 19, 1976, the Board announced that it had deferred action on a rulemaking proposal to make underwriting and dealing in Government securities a permissible activity for bank holding companies. It suspended further consideration of applications to engage in this activity in order to allow time for the newly created Municipal Securities Rulemaking Board to take possible action in this field.

A proposal to add this activity to its Regulation Y as permissible for bank holding companies was issued by the Board on April 2, 1974, and has now been withdrawn.

PROPOSED AMENDMENT

The Board of Governors on January 31, 1978, proposed a change in Regulation H (Membership of State Banking Institutions in the Federal Reserve System) that would require State member banks to establish uniform records and procedures concerning securities transactions for trust department and other bank customers. The Board requested comment by March 31, 1978.

NEW PUBLICATION

The Board of Governors has announced publication of a new booklet—*Federal Reserve Measures of Capacity and Capacity Utilization*.

This 40-page pamphlet provides a summary description of the capacity utilization measures published by the Federal Reserve, as well as detailed descriptions of the methodologies currently used in compiling the capacity and capacity utilization series for both manufacturing and industrial materials. It also includes an analysis of capacity utilization developments indicated by these measures, historical data for the output, capacity, and capacity utilization series, and an outline of plans for future efforts to improve and broaden these measures.

Copies of the booklet may be obtained from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The price is $1.75 per copy; in quantities of 10 or more sent to one address, $1.50 each. Remittances should be made payable to the Board of Governors of the Federal Reserve System.

SPECIAL SURVEY: Repurchase Agreements and Other Borrowing by Banks in Immediately Available Funds

Aggregate data from a special survey of repurchase agreements and other nonreservable borrowings by banks in immediately available funds, often called Federal funds, are now available. The survey, in which 46 member banks participated, was conducted during the statement week ended December 7, 1977. Data from the survey may be obtained on request from the Financial Reports Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

The special survey obtained detailed information on the types of institutions supplying funds to the sample banks and the maturity distribution of these funds. Aggregate data from a similar but less detailed survey, conducted in April 1974, are also included for purposes of comparing changes in the various sources of funds over time.

CHANGES IN BOARD STAFF

The Board of Governors has announced the following appointments.

Sidney L. Jones as an Assistant to the Board, effective February 1, 1978. Mr. Jones, a Fellow of the Woodrow Wilson International Center for Scholars, Smithsonian Institution, served as Assistant Secretary for Economic Policy in the Treasury Department from 1974 to 1977. He holds a B.S. from Utah State University and an M.B.A. and Ph.D. from Stanford University.

Cathy E. Minehan as Assistant Secretary of the Board for a 6-month period beginning February 1, 1978. Ms. Minehan, who is Manager, Management Information Department at the Federal Reserve Bank of New York, will replace Robert E. Matthews, who has returned to the Federal Reserve Bank of Philadelphia. She holds a B.A. from the University of Rochester and an M.B.A. from New York University.

Joseph W. Daniels, Sr., as Director of Equal Employment Opportunity in the Office of Staff Director for Management, effective February 21. Prior to joining the Board's staff, Mr. Daniels was Director of Equal Employment Opportunity for the General Services Administration. He holds a B.A. from Lincoln University and has done graduate work at George Washington University.

The Board has also announced the resignations of John D. Hawke, Jr., General Counsel, Milton W. Hudson, Assistant to the Chairman, and Baldwin B. Tuttle, Deputy General Counsel.

ERRATUM

In Line 2 of Table 3.24 (page A64 of the BULLETINS for both January and February 1978) the figure for December 1977 is incorrect. It should be 91,962 instead of 83,832.

SYSTEM MEMBERSHIP: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period January 16, 1978, through February 15, 1978:

Colorado

Windsor ....Bank of Windsor

Nebraska

Omaha ... First Northwestern Trust Co. of Nebraska

North Dakota

Fargo .... First Northwestern Trust Co. of North Dakota

First Trust Company of North Dakota

Financial and Business Statistics

CONTENTS

1.10 MONETARY AGGREGATES AND INTEREST RATES

	Item	1977 Q1	1977 Q2	1977 Q3	1977 Q4	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.
		Monetary and credit aggregates (annual rates of change, seasonally adjusted in per cent)[12]								
	Member bank reserves									
1	Total	2.7	3.0	9.0	5.6	9.8	-.5	9.1	3.7	6.6
2	Required	3.0	3.5	8.6	5.8	12.5	-.8	9.1	2.4	8.7
3	Nonborrowed	2.6	1.9	3.4	2.9	-15.4	14.6	-14.1	19.3	16.7
	Concepts of money [1]									
4	*M*-1	4.2	8.4	9.3	6.8	5.9	7.3	12.0	r1.4	7.6
5	*M*-2	9.9	9.2	10.3	7.6	6.4	7.9	10.1	r4.7	5.7
6	*M*-3	11.3	10.0	12.4	10.8	11.5	12.3	12.5	r7.5	7.5
	Time and savings deposits									
	Commercial banks:									
7	Total	12.5	8.3	10.0	12.9	6.9	7.6	14.6	18.3	12.2
8	Other than large CD's	14.0	9.8	10.9	8.1	6.8	8.6	8.6	9.0	4.3
9	Thrift institutions [2]	13.4	11.2	15.5	15.4	18.4	18.8	15.9	11.8	9.8
10	Total loans and investments at commercial banks [3]	9.5	13.3	9.8	9.3	12.3	3.8	13.5	11.8	-.7
		1977 Q1	**1977 Q2**	**1977 Q3**	**1977 Q4**	**1977 Sept.**	**1977 Oct.**	**1977 Nov.**	**1977 Dec.**	**1978 Jan.**
		Interest rates (levels, per cent per annum)								
	Short-term rates									
11	Federal funds [4]	4.66	5.16	5.82	6.51	6.14	6.47	6.51	6.56	6.70
12	Treasury bills (3-month market yield) [5]	4.63	4.84	5.50	6.11	5.81	6.16	6.10	6.07	6.44
13	Commercial paper (90- to 119-day) [6]	4.74	5.15	5.74	6.56	6.09	6.51	6.54	6.61	6.75
14	Federal Reserve discount [7]	5.25	5.25	5.42	....	5.75	5.80	6.00	6.00	6.37
	Long-term rates									
	Bonds:									
15	U.S. Govt.[8]	7.62	7.68	7.60	7.78	7.57	7.71	7.76	7.87	8.14
16	State and local government [9]	5.88	5.70	5.59	5.57	5.51	5.64	5.49	5.57	5.71
17	Aaa utility (new issue) [10]	8.17	8.21	8.09	8.27	8.07	8.23	8.27	8.34	8.68
18	Conventional mortgages [11]	8.82	8.95	9.00	9.05	9.00	9.00	9.05	9.10	....

1 *M*-1 equals currency plus private demand deposits adjusted.

M-2 equals *M*-1 plus bank time and savings deposits other than large negotiable certificates of deposit (CD's).

M-3 equals *M*-2 plus deposits at mutual savings banks, savings and loan associations, and credit union shares.

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

3 Quarterly changes calculated from figures shown in Table 1.23.

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

5 Quoted on a bank-discount rate basis.

6 Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by these 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 *Bond Buyer* series for 20 issues of mixed quality.

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

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

12 Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter.

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

	Factors	Monthly averages of daily figures			Weekly averages of daily figures for weeks ending—						
		1977		1978	1977			1978			
		Nov.	Dec.	Jan.p	Dec. 14	Dec. 21	Dec. 28	Jan. 4	Jan. 11	Jan. 18p	Jan. 25p
	SUPPLYING RESERVE FUNDS										
1	**Reserve Bank credit outstanding**	**110,650**	**116,382**	**118,747**	**112,574**	**116,571**	**121,748**	**120,184**	**117,750**	**117,339**	**118,415**
2	*U.S. Govt. securities*[1]	*95,421*	*100,185*	*100,076*	*97,416*	*100,532*	*103,365*	*103,544*	*99,635*	*100,482*	*99,710*
3	Bought outright	95,170	98,957	99,544	97,416	99,504	100,990	100,904	99,313	100,105	99,646
4	Held under repurchase agreement	251	1,228	532	....	1,028	2,375	2,640	322	377	64
5	*Federal agency securities*	*7,355*	*7,763*	*8,119*	*7,319*	*7,451*	*8,578*	*8,565*	*8,090*	*8,119*	*8,010*
6	Bought outright	7,329	7,541	8,004	7,319	7,305	8,013	8,004	8,004	8,004	8,004
7	Held under repurchase agreement	26	222	115	....	146	565	501	86	115	6
8	Acceptances	42	326	178	....	270	589	901	124	112	31
9	Loans	840	558	481	509	527	686	506	442	418	591
10	Float	4,660	5,308	7,214	5,193	5,546	6,129	4,285	7,062	5,651	7,248
11	Other Federal Reserve assets	2,332	2,242	2,679	2,137	2,246	2,400	2,441	2,396	2,557	2,827
12	Gold stock	11,595	11,696	11,719	11,718	11,718	11,718	11,718	11,719	11,719	11,719
13	Special Drawing Rights certificate account	1,200	1,208	1,250	1,200	1,200	1,214	1,250	1,250	1,250	1,250
14	Treasury currency outstanding	11,313	11,354	11,393	11,348	11,359	11,364	11,351	11,385	11,392	11,396
	ABSORBING RESERVE FUNDS										
15	Currency in circulation	100,741	102,862	102,091	102,556	102,990	103,713	103,877	103,157	102,136	101,173
16	Treasury cash holdings	415	408	395	403	400	394	392	393	397	397
	Deposits, other than member bank reserves with F.R. Banks:										
17	Treasury	2,399	5,640	7,519	3,210	5,303	9,346	6,887	6,422	5,257	8,210
18	Foreign	301	298	335	270	280	297	366	436	305	283
19	Other[2]	597	658	839	620	620	581	1,152	647	759	966
20	Other F.R. liabilities and capital	3,522	3,718	3,652	3,408	3,672	4,331	3,406	3,419	3,610	3,753
21	Member bank reserves with F.R. Banks	26,783	27,057	28,278	26,374	27,584	27,384	28,422	27,629	29,234	27,997
		End-of-month figures			Wednesday figures						
		1977		1978	1977			1978			
		Nov.	Dec.	Jan.p	Dec. 14	Dec. 21	Dec. 28	Jan. 4	Jan. 11	Jan. 18p	Jan. 25p
	SUPPLYING RESERVE FUNDS										
22	**Reserve Bank credit outstanding**	**11,862**	**118,745**	**112,976**	**111,761**	**120,588**	**125,241**	**119,081**	**111,852**	**118,553**	**118,279**
23	*U.S. Govt. securities*[1]	*96,477*	*102,819*	*97,004*	*94,557*	*101,977*	*105,682*	*101,852*	*94,462*	*99,958*	*98,337*
24	Bought outright	94,438	100,918	97,004	94,557	99,588	101,063	100,842	94,462	99,615	97,888
25	Held under repurchase agreement	2,039	1,901	....	....	2,389	4,619	1,010	....	343	449
26	*Federal agency securities*	*7,460*	*8,455*	*8,004*	*7,305*	*7,551*	*8,825*	*8,230*	*8,004*	*8,222*	*8,044*
27	Bought outright	7,329	8,004	8,004	7,305	7,305	8,013	8,004	8,004	8,004	8,004
28	Held under repurchase agreement	131	451	....	....	246	812	226	....	218	40
29	Acceptances	248	954	....	....	469	734	624	....	214	214
30	Loans	926	265	757	1,238	1,038	1,909	1,096	792	554	2,332
31	Float	4,632	3,810	4,272	6,477	7,229	5,688	4,891	6,197	7,127	6,656
32	Other Federal Reserve assets	2,119	2,442	2,939	2,184	2,324	2,403	2,388	2,397	2,478	2,696
33	Gold stock	11,595	11,718	11,718	11,718	11,718	11,718	11,719	11,719	11,719	11,719
34	Special Drawing Rights certificate account	1,200	1,250	1,250	1,200	1,200	1,250	1,250	1,250	1,250	1,250
35	Treasury currency outstanding	11,308	11,331	11,412	11,351	11,360	11,364	11,384	11,386	11,395	11,398
	ABSORBING RESERVE FUNDS										
36	Currency in circulation	101,856	103,811	100,846	103,039	103,639	104,412	103,948	102,918	101,907	101,076
37	Treasury cash holdings	397	392	391	400	399	390	393	395	396	396
	Deposits, other than member bank reserves with F.R. Banks:										
38	Treasury	2,562	7,114	11,228	2,744	8,201	7,664	6,790	5,360	6,155	9,841
39	Foreign	416	379	422	291	285	327	376	289	253	262
40	Other[2]	719	1,187	871	704	531	630	737	660	641	640
41	Other F.R. liabilities and capital	3,675	3,292	4,109	3,508	3,660	3,902	3,306	3,466	3,666	3,874
42	Member bank reserves with F.R. Banks	26,345	26,870	19,489	25,344	28,152	32,249	27,884	23,118	29,898	26,557

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

2 Includes certain deposits of foreign-owned banking institutions voluntarily held with member banks and redeposited in full with Federal Reserve Banks.

NOTE.—For amounts of currency and coin held as reserves, see Table 1.12.

1.12 RESERVES AND BORROWINGS Member Banks

Millions of dollars

	Reserve classification	Monthly averages of daily figures									
		1976	1977								1978
		Dec.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.p
	All member banks										
	Reserves:										
1	At F.R. Banks	26,430	25,970	25,646	26,663	26,373	26,152	26,933	26,783	27,057	28,278
2	Currency and coin	8,548	8,610	8,609	8,622	8,712	8,887	8,820	8,932	9,351	9,983
3	*Total held*[1]	*35,136*	*34,732*	*34,406*	*35,391*	*35,186*	*35,156*	*35,860*	*35,782*	*36,471*	*38,330*
4	Required	34,964	34,460	34,293	35,043	34,987	34,965	35,521	35,647	36,297	37,880
5	Excess[1]	172	272	113	348	199	191	339	135	174	31
	Borrowings at F.R. Banks:[2]										
6	Total	62	200	262	336	1,071	634	1,319	840	558	481
7	Seasonal	12	31	55	60	101	112	114	83	54	43
	Large banks in New York City										
8	*Reserves held*	*6,520*	*6,310*	*6,241*	*6,359*	*6,272*	*6,025*	*6,175*	*6,181*	*6,244*	*6,791*
9	Required	6,602	6,279	6,188	6,342	6,247	6,022	6,120	6,175	6,279	6,775
10	Excess	−82	31	53	17	25	3	55	6	−35	16
11	Borrowings[2]	15	18	36	74	157	75	133	132	48	77
	Large banks in Chicago										
12	*Reserves held*	*1,632*	*1,637*	*1,662*	*1,573*	*1,653*	*1,655*	*1,666*	*1,607*	*1,593*	*1,705*
13	Required	1,641	1,634	1,627	1,606	1,622	1,634	1,656	1,609	1,613	1,683
14	Excess	−9	3	35	−33	31	21	10	−2	20	22
15	Borrowings[2]	4	4	15	6	5	12	24	23	26	14
	Other large banks										
16	*Reserves held*	*13,117*	*13,067*	*12,869*	*13,438*	*13,290*	*13,362*	*13,711*	*13,607*	*13,993*	*14,272*
17	Required	13,053	12,996	12,943	13,286	13,270	13,355	13,598	13,602	13,931	14,498
18	Excess	64	71	−74	152	20	7	113	5	62	226
19	Borrowings[2]	14	62	80	79	530	183	681	355	243	164
	All other banks										
20	*Reserves held*	*13,867*	*13,718*	*13,634*	*14,021*	*13,971*	*14,114*	*14,308*	*14,387*	*14,641*	*15,081*
21	Required	13,668	13,551	13,535	13,809	13,848	13,954	14,147	14,261	14,474	14,924
22	Excess	199	167	99	212	123	160	161	126	167	157
23	Borrowings[2]	29	116	131	177	379	364	481	330	241	226

	Reserve classification	Weekly averages of daily figures for weeks ending									
		1977						1978			
		Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28	Jan. 4	Jan. 11	Jan. 18p	Jan. 25p
	All member banks										
	Reserves:										
24	At F.R. Banks	27,541	26,779	26,368	26,374	27,584	27,394	28,422	27,629	29,234	27,997
25	Currency and coin	8,249	9,094	9,254	9,837	8,923	9,360	9,421	9,536	10,677	10,131
26	*Total held*[1]	*35,856*	*35,938*	*35,687*	*36,275*	*36,570*	*36,807*	*37,902*	*37,240*	*39,981*	*38,198*
27	Required	35,867	35,500	35,672	35,962	36,425	36,562	37,615	36,935	39,556	37,787
28	Excess[1]	−11	438	15	313	145	245	287	305	425	411
	Borrowings at F.R. Banks:[2]										
29	Total	879	1,079	583	509	527	686	506	442	418	591
30	Seasonal	85	75	65	56	53	53	31	26	25	34
	Large banks in New York City										
31	*Reserves held*	*6,280*	*5,956*	*5,969*	*6,219*	*6,419*	*6,273*	*6,640*	*6,641*	*7,330*	*7,051*
32	Required	6,322	5,848	6,087	6,182	6,401	6,268	6,699	6,517	7,475	6,563
33	Excess	−42	108	−118	37	18	5	−59	124	−145	488
34	Borrowings[2]	252	252	37	93	50	32	101	27	....	211
	Large banks in Chicago										
35	*Reserves held*	*1,575*	*1,587*	*1,618*	*1,646*	*1,562*	*1,606*	*1,774*	*1,549*	*1,877*	*1,596*
36	Required	1,594	1,570	1,620	1,631	1,574	1,593	1,693	1,596	1,834	1,660
37	Excess	−19	17	−2	15	−12	7	81	−47	43	−64
38	Borrowings[2]	33	31	9	8	27	73	....	14	29	19
	Other large banks										
39	*Reserves held*	*13,578*	*13,788*	*13,578*	*13,957*	*13,990*	*14,161*	*14,443*	*14,150*	*15,072*	*14,292*
40	Required	13,602	13,638	13,609	13,840	13,992	14,083	14,399	14,118	15,172	14,488
41	Excess	−24	150	−31	117	2	78	44	32	−100	−196
42	Borrowings[2]	298	386	287	211	229	292	129	204	210	138
	All other banks										
43	*Reserves held*	*14,423*	*14,607*	*14,522*	*14,453*	*14,599*	*14,773*	*15,045*	*14,900*	*15,217*	*15,322*
44	Required	14,349	14,444	14,356	14,309	14,458	14,618	14,824	14,704	15,075	15,076
45	Excess	74	163	166	144	141	155	221	196	142	246
46	Borrowings[2]	296	410	250	197	221	289	276	197	179	223

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

2 Based on closing figures.

1.13 FEDERAL FUNDS TRANSACTIONS Money Market Banks

Millions of dollars, except as noted

	Type	1977, week ending Wednesday—					1978, week ending Wednesday—			
		Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28	Jan. 4	Jan. 11	Jan. 18	Jan. 25
		Total, 46 banks								
	Basic reserve position									
1	Excess reserves[1]	209	8	100	87	128	84	86	37	57
	LESS:									
2	Borrowings at F.R. Banks	422	106	123	175	251	156	129	128	277
3	Net interbank Federal funds transactions	16,212	19,618	20,864	19,431	16,287	15,135	20,710	20,198	18,005
	EQUALS: Net surplus, or deficit (−):									
4	Amount	−16,425	−19,716	−20,887	−19,519	−16,411	−15,207	−20,754	−20,290	−18,225
5	*Per cent of average required reserves*	*110.9*	*130.8*	*136.2*	*125.6*	*106.3*	*94.4*	*132.5*	*115.9*	*114.0*
	Interbank Federal funds transactions									
	Gross transactions:									
6	Purchases	24,445	28,000	28,734	27,426	25,218	25,020	28,330	27,896	24,683
7	Sales	8,233	8,382	7,870	7,995	8,930	9,885	7,620	7,698	6,678
8	Two-way transactions[2]	5,836	5,921	5,329	5,977	5,528	6,092	5,221	5,511	5,575
	Net transactions:									
9	Purchases of net buying banks	18,609	22,079	23,405	21,449	19,689	18,928	23,110	22,385	19,108
10	Sales of net selling banks	2,397	2,462	2,540	2,019	3,402	3,794	2,400	2,188	1,102
	Related transactions with U.S. Govt. securities dealers									
11	Loans to dealers[3]	4,019	3,563	4,684	4,133	3,437	4,004	5,050	2,912	4,006
12	Borrowing from dealers[4]	1,758	1,568	1,822	1,575	2,185	1,693	1,462	1,776	2,340
13	Net loans	2,261	1,994	2,863	2,559	1,252	2,312	3,588	1,136	1,666
		8 banks in New York City								
	Basic reserve position									
14	Excess reserves[1]	91	−35	6	13	16	−46	94	21	30
	LESS:									
15	Borrowings at F.R. Banks	252	37	81	50	32	101	27	....	211
16	Net interbank Federal funds transactions	6,004	7,352	9,076	7,147	6,150	6,528	7,766	6,373	5,314
	EQUALS: Net surplus, or deficit (−):									
17	Amount	−6,165	−7,424	−9,151	−7,185	−6,165	−6,675	−7,699	−6,352	−5,496
18	*Per cent of average required reserves*	*115.5*	*134.5*	*163.4*	*123.4*	*108.5*	*109.4*	*129.8*	*93.1*	*92.6*
	Interbank Federal funds transactions									
	Gross transactions:									
19	Purchases	6,806	8,147	9,412	8,052	7,242	7,291	8,342	7,297	6,246
20	Sales	803	795	335	905	1,092	763	576	924	932
21	Two-way transactions[2]	803	796	335	905	1,092	764	576	924	932
	Net transactions:									
22	Purchases of net buying banks	6,004	7,352	9,076	7,147	6,150	6,527	7,766	6,373	5,314
23	Sales of net selling banks	....	....	....	....	....	....	....	....	....
	Related transactions with U.S. Govt. securities dealers									
24	Loans to dealers[3]	1,978	2,122	2,799	2,530	2,085	2,718	2,902	1,747	2,200
25	Borrowing from dealers[4]	1,076	1,128	1,225	1,095	1,226	1,031	1,147	1,168	1,509
26	Net loans	902	994	1,573	1,435	859	1,687	1,755	579	691
		38 banks outside New York City								
	Basic reserve position									
27	Excess reserves[1]	119	43	93	74	111	130	−9	16	27
	LESS:									
28	Borrowings at F.R. Banks	169	70	41	125	219	55	102	128	66
29	Net interbank Federal funds transactions	10,209	12,266	11,788	12,284	10,138	8,607	12,944	13,825	12,691
	EQUALS: Net surplus, or deficit (−):									
30	Amount	−10,259	−12,292	−11,736	−12,335	−10,246	−8,533	−13,055	−13,938	−12,729
31	*Per cent of average required reserves*	*108.2*	*128.6*	*120.5*	*126.9*	*105.0*	*85.2*	*134.1*	*130.4*	*126.6*
	Interbank Federal funds transactions									
	Gross transactions:									
32	Purchases	17,639	19,853	19,322	19,374	17,976	17,729	19,988	20,599	18,437
33	Sales	7,431	7,587	7,534	7,091	7,838	9,122	7,045	6,774	5,746
34	Two-way transactions[2]	5,033	5,125	4,994	5,072	4,436	5,328	4,645	4,587	4,643
	Net transactions:									
35	Purchases of net buying banks	12,606	14,727	14,329	14,302	13,540	12,401	15,343	16,012	13,794
36	Sales of net selling banks	2,397	2,462	2,540	2,019	3,402	3,794	2,400	2,188	1,102
	Related transactions with U.S. Govt. securities dealers									
37	Loans to dealers[3]	2,041	1,441	1,886	1,603	1,352	1,287	2,148	1,165	1,805
38	Borrowing from dealers[4]	682	441	596	479	959	662	315	608	830
39	Net loans	1,359	1,000	1,289	1,124	393	625	1,833	558	975

For notes see end of table.

1.13 Continued

	Type	1977, week ending Wednesday—					1978, week ending Wednesday—			
		Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28	Jan. 4	Jan. 11	Jan. 18	Jan. 25
		5 banks in City of Chicago								
	Basic reserve position									
40	Excess reserves[1]	16	16	21	2	8	91	-20	19	8
	LESS:									
41	Borrowings at F.R. Banks	20	....	....	23	73	....	14	29	19
42	Net interbank Federal funds transactions	5,968	6,988	6,725	6,193	5,719	5,447	6,502	6,654	6,168
	EQUALS: Net surplus, or deficit (−):									
43	Amount	-5,972	-6,972	−6,704	−6,214	−5,784	−5,356	−6,536	6,663	−6,179
44	*Per cent of average required reserves*	*408.7*	*461.9*	*441.6*	*424.8*	*390.5*	*339.2*	*441.5*	*387.7*	*399.2*
	Interbank Federal funds transactions									
	Gross transactions:									
45	Purchases	7,381	8,165	7,843	7,358	6,747	6,539	7,492	7,928	7,256
46	Sales	1,413	1,178	1,117	1,165	1,028	1,092	991	1,274	1,088
47	Two-way transactions[2]	1,409	1,175	1,093	1,115	992	1,018	911	1,217	1,049
	Net transactions:									
48	Purchases of net buying banks	5,972	6,990	6,749	6,243	5,755	5,522	6,582	6,710	6,206
49	Sales of net selling banks	3	3	24	50	36	74	80	57	39
	Related transactions with U.S. Govt. securities dealers									
50	Loans to dealers[3]	357	299	455	436	278	180	387	201	206
51	Borrowing from dealers[4]	114	121	367	338	476	246	34	228	290
52	Net loans	243	178	88	98	−198	66	353	−28	−84
		33 other banks								
	Basic reserve position									
53	Excess reserves[1]	103	27	72	72	103	39	11	-3	20
	LESS:									
54	Borrowings at F.R. Banks	149	70	41	102	146	55	88	100	47
55	Net interbank Federal funds transactions	4,241	5,278	5,063	6,090	4,419	3,160	6,442	7,172	6,523
	EQUALS: Net surplus, or deficit (−):									
56	Amount	−4,287	−5,320	−5,032	−6,121	−4,462	−3,177	6,519	−7,275	−6,550
57	*Per cent of average required reserves*	*53.5*	*66.1*	*61.2*	*74.1*	*53.9*	*37.7*	*79.0*	*81.1*	*77.0*
	Interbank Federal funds transactions									
	Gross transactions:									
58	Purchases	10,258	11,688	11,480	12,016	11,229	11,189	12,496	12,672	11,181
59	Sales	6,018	6,410	6,417	5,926	6,810	8,030	6,054	5,500	4,658
60	Two-way transactions[2]	3,624	3,950	3,901	3,957	3,444	4,310	3,734	3,370	3,594
	Net transactions:									
61	Purchases of net buying banks	6,634	7,737	7,579	8,059	7,785	6,879	8,762	9,302	7,588
62	Sales of net selling banks	2,393	2,459	2,516	1,969	3,366	3,719	2,320	2,131	1,064
	Related transactions with U.S. Govt. securities dealers									
63	Loans to dealers[3]	1,684	1,142	1,431	1,168	1,074	1,107	1,761	965	1,600
64	Borrowing from dealers[4]	568	320	229	141	483	416	281	379	540
65	Net loans	1,116	822	1,201	1,026	591	691	1,480	585	1,059

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

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

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

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

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Per cent per annum

Current and previous levels

Federal Reserve Bank	Loans to member banks— Under Secs. 13 and 13a[1] Rate on 1/31/78	Effective date	Previous rate	Under Sec. 10(b)[2] Regular rate Rate on 1/31/78	Effective date	Previous rate	Special rate[3] Rate on 1/31/78	Effective date	Previous rate	Loans to all others under Sec. 13, last par.[4] Rate on 1/31/78	Effective date	Previous rate
Boston	6½	1/10/78	6	7	1/10/78	6½	7½	1/10/78	7	9½	1/10/78	9
New York	6½	1/9/78	6	7	1/9/78	6½	7½	1/9/78	7	9½	1/9/78	9
Philadelphia	6½	1/20/78	6	7	1/20/78	6½	7½	1/20/78	7	9½	1/20/78	9
Cleveland	6½	1/20/78	6	7	1/20/78	6½	7½	1/20/78	7	9½	1/20/78	9
Richmond	6½	1/13/78	6	7	1/13/78	6½	7½	1/13/78	7	9½	1/13/78	9
Atlanta	6½	1/16/78	6	7	1/16/78	6½	7½	1/16/78	7	9½	1/16/78	9
Chicago	6½	1/9/78	6	7	1/9/78	6½	7½	1/9/78	7	9½	1/9/78	9
St. Louis	6½	1/13/78	6	7	1/13/78	6½	7½	1/13/78	7	9½	1/13/78	9
Minneapolis	6½	1/10/78	6	7	1/10/78	6½	7½	1/10/78	7	9½	1/10/78	9
Kansas City	6½	1/10/78	6	7	1/10/78	6½	7½	1/10/78	7	9½	1/10/78	9
Dallas	6½	1/13/78	6	7	1/13/78	6½	7½	1/13/78	7	9½	1/13/78	9
San Francisco	6½	1/13/78	6	7	1/13/78	6½	7½	1/13/78	7	9½	1/13/78	9

Range of rates in recent years[5]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1970	5½	5½
1971— Jan. 8	5¼-5½	5¼
15	5¼	5¼
19	5 -5¼	5¼
22	5 -5¼	5
29	5	5
Feb. 13	4¾-5	5
19	4¾	4¾
July 16	4¾-5	5
23	5	5
Nov. 11	4¾-5	5
19	4¾	4¾
Dec. 13	4½-4¾	4¾
17	4½-4¾	4½
24	4½	4½

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1973—Jan. 15	5	5
Feb. 26	5-5½	5½
Mar. 2	5½	5½
Apr. 23	5½-5¾	5½
May 4	5¾	5¾
11	5¾-6	6
18	6	6
June 11	6-6½	6½
15	6½	6½
July 2	7	7
Aug. 14	7-7½	7½
23	7½	7½
1974—Apr. 25	7½-8	8
30	8	8
Dec. 9	7¾-8	7¾
16	7¾	7¾

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1975—Jan. 6	7¼-7¾	7¾
10	7¼-7¾	7¼
24	7¼	7¼
Feb. 5	6¾-7¼	6¾
7	6¾	6¾
Mar. 10	6¼-6¾	6¼
14	6¼	6¼
May 16	6-6¼	6
23	6	6
1976—Jan. 19	5½-6	5½
23	5½	5½
Nov. 22	5¼-5½	5¼
26	5¼	5¼
1977—Aug. 30	5¼-5¾	5¼
31	5¼-5¾	5¾
Sept. 2	5¾	5¾
Oct. 26	6	6
1978—Jan. 9	6-6½	6½
20	6½	6½
In effect Jan. 31, 1978	6½	6½

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

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

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

4 Advances to individuals, partnerships, or corporations other than member banks secured by direct obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. Govt. or any agency thereof.

5 Rates under Secs. 13 and 13a (as described above). For description and earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941*, *Banking and Monetary Statistics, 1941–1970*, *Annual Statistical Digest, 1971–75*, and *Annual Statistical Digest, 1972–76*.

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Per cent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect Jan. 31, 1978		Previous requirements	
	Per cent	Effective date	Per cent	Effective date
Net demand:[2]				
0-2	7	12/30/76	7½	2/13/75
2-10	9½	12/30/76	10	2/13/75
10-100	11¾	12/30/76	12	2/13/75
100-400	12¾	12/30/76	13	2/13/75
Over 400	16¼	12/30/76	16½	2/13/75
Time:[2,3]				
Savings	3	3/16/67	3½	3/2/67
Other time:				
0-5, maturing in -				
30-179 days	3	3/16/67	3½	3/2/67
180 days to 4 years	[4] 2½	1/8/76	3	3/16/67
4 years or more	[4] 1	10/30/75	3	3/16/67
Over 5, maturing in				
30-179 days	6	12/12/74	5	10/1/70
180 days to 4 years	[4] 2½	1/8/76	3	12/12/74
4 years or more	[4] 1	10/30/75	3	12/12/74

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

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

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

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

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

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

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

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

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

Per cent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Sept. 30, 1977		Previous maximum		In effect Sept. 30, 1977		Previous maximum	
	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date
1 Savings	5	7/1/73	4½	1/21/70	5¼	(6)	5	(7)
2 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:								
3 *Multiple-maturity*	5	7/1/73	4½	1/21/70	(8)	....	(8)	....
4 Single-maturity			5	9/26/66				
90 days to 1 year:								
5 Multiple-maturity	5½	7/1/73	5	7/20/66	[3] 5¾	(6)	5¼	1/21/70
6 Single-maturity				9/26/66				
7 1 to 2 years [3]	6	7/1/73	5½	1/21/70	6½	(6)	5¾	1/21/70
8 2 to 2½ years [3]			5¾	1/21/70			6	1/21/70
9 2½ to 4 years [3]	6½	7/1/73	5¾	1/21/70	6¾	(6)	6	1/21/70
10 4 to 6 years [4]	7¼	11/1/73	(9)	....	7½	11/1/73	(9)	....
11 6 years or more [4]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
12 Governmental units (all maturities)	7¾	12/23/74	7½	11/27/74	7¾	12/23/74	7½	11/27/74
13 Individual retirement accounts and Keogh (H.R. 10) plans [5]	7¾	7/6/77	(8)	....	7¾	7/6/77	(8)	....

[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] $1,000 minimum except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) Plan established pursuant to the Internal Revenue Code. The $1,000 minimum requirement was removed for such accounts in December 1975 and November 1976, respectively.

[5] 3-year minimum maturity.

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

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

[8] No separate account category.

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

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

NOTE—Maximum rates that can be paid by Federally insured commercial banks, mutual savings banks, and savings and loan associations are established by the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board under the provisions of 12 CFR 217, 329, and 526, respectively. The maximum rates on time deposits in denominations of $100,000 or more were suspended in mid-1973. For information regarding previous interest rate ceilings on all types of accounts, see earlier issues of the Federal Reserve BULLETIN, the Federal Home Loan Bank Board *Journal*, and the *Annual Report* of the Federal Deposit Insurance Corporation.

1.161 MARGIN REQUIREMENTS

Per cent of market value; effective dates shown.

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

NOTE.—Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 per cent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

	Type of transaction	1975	1976	1977	1977 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	U.S. GOVT. SECURITIES										
	Outright transactions (excl. matched sale-purchase transactions)										
	Treasury bills:										
1	Gross purchases	11,562	14,343	13,738	2,696	118	812	2,005	....	....	3,109
2	Gross sales	5,599	8,462	7,241	1,154	753	176	303	1,877	436	311
3	Redemptions	[2]6,431	[2]5,017	2,136	600	500	....	317	....	300	....
	Others within 1 year:[1]										
4	Gross purchases	3,886	472	3,017	89	....	....	2,616	....	....	99
5	Gross sales	....	....	....	....	....	....	....	....	....	....
6	Exchange, or maturity shift	-4	792	4,499	478	238	2,321	320	-45	1,352	623
7	Redemptions	3,549	....	2,500	....	....	....	....	2,500	....	....
	1 to 5 years:										
8	Gross purchases	[2]3,284	[2]3,202	2,833	200	....	....	681	....	....	628
9	Gross sales	....	177	....	....	....	....	....	....	....	....
10	Exchange, or maturity shift	3,854	2,588	6,649	-478	-238	-1,664	-320	45	r -1,267	623
	5 to 10 years:										
11	Gross purchases	1,510	1,048	758	68	....	....	96	....	....	166
12	Gross sales	....	....	....	....	....	....	....	....	....	....
13	Exchange, or maturity shift	-4,697	1,572	584	....	....	-782	....	....	-325	....
	Over 10 years:										
14	Gross purchases	1,070	642	553	114	....	....	128	....	....	108
15	Gross sales	....	....	....	....	....	....	....	....	....	....
16	Exchange, or maturity shift	848	225	1,565	....	....	125	....	....	240	....
	All maturities:[1]										
17	Gross purchases	[2]21,313	[2]19,707	20,898	3,167	118	812	5,526	....	....	4,110
18	Gross sales	5,599	8,639	7,241	1,154	753	176	303	1,877	436	311
19	Redemptions	[2]9,980	[2]5,017	4,636	600	500	....	317	2,500	300	....
	Matched sale-purchase transactions										
20	Gross sales	151,205	196,078	425,214	36,258	27,947	45,831	39,552	48,204	56,899	32,320
21	Gross purchases	152,132	196,579	423,841	36,449	27,301	46,170	39,694	44,772	57,477	35,001
	Repurchase agreements										
22	Gross purchases	140,311	232,891	178,683	14,748	13,973	4,397	16,700	9,578	6,472	18,071
23	Gross sales	139,538	230,355	180,535	11,506	15,719	5,648	15,469	11,889	4,433	18,208
24	Net change in U.S. Govt. securities	7,434	9,087	5,798	4,845	-3,528	276	6,279	-10,118	1,880	6,342
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions:										
25	Gross purchases	1,616	891	1,433	380	....	....	....	....	....	707
26	Gross sales	....	....	....	....	....	....	....	....	....	....
27	Redemptions	246	169	223	33	....	69	25	....	*	32
	Repurchase agreements:										
28	Gross purchases	15,179	10,520	13,811	1,656	1,672	265	1,136	741	615	2,712
29	Gross sales	15,566	10,360	13,638	1,056	1,938	459	978	1,051	484	2,392
	BANKERS ACCEPTANCES										
30	Outright transactions, net	163	-545	-196	-15	-24	-15	*	-4	....	....
31	Repurchase agreements, net	-35	410	159	528	-204	-247	351	-478	248	705
32	**Net change in total System Account**	**8,539**	**9,833**	**7,143**	**6,305**	**-4,020**	**-801**	**6,764**	**-10,910**	**2,260**	**8,042**

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

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

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

1.18 FEDERAL RESERVE BANKS Condition and F.R. Note Statements

Millions of dollars

	Account	Wednesday					End of month		
		1977	1978				1977		1978
		Dec. 28	Jan. 4	Jan. 11	Jan. 18p	Jan. 25p	Nov.	Dec.	Jan.p
		Consolidated condition statement							
	ASSETS								
1	Gold certificate account	11,718	11,719	11,719	11,719	11,719	11,595	11,718	11,718
2	Special Drawing Rights certificate account	1,250	1,250	1,250	1,250	1,250	1,200	1,250	1,250
3	Coin[1]	281	276	282	303	322	289	282	334
	Loans:								
4	Member bank borrowings	1,909	1,096	792	554	2,332	926	265	757
5	Other	....	....	....	....	....	....	....	....
	Acceptances:								
6	Bought outright	....	....	....	....	....	....	....	....
7	Held under repurchase agreements	734	624	....	214	214	248	954	....
	Federal agency obligations:								
8	Bought outright	8,013	8,004	8,004	8,004	8,004	7,329	8,004	8,004
9	Held under repurchase agreements	812	226	....	218	40	131	457	....
	U.S. Govt. securities								
	Bought outright:								
10	Bills	41,706	41,485	35,105	40,258	37,974	36,081	41,561	37,090
11	Certificates—Special	....	....	....	....	....	....	....	....
12	Other	....	....	....	....	....	....	....	....
13	Notes	50,509	50,509	50,509	50,509	50,965	49,616	50,509	50,965
14	Bonds	8,848	8,848	8,848	8,848	8,949	8,741	8,848	8,949
15	Total[2]	101,063	100,842	94,462	99,615	97,888	94,438	100,918	97,004
16	Held under repurchase agreements	4,619	1,010	....	343	449	2,039	1,901	....
17	**Total U.S. Govt. securities**	**105,682**	**101,852**	**94,462**	**99,958**	**98,337**	**96,477**	**102,819**	**97,004**
18	**Total loans and securities**	**117,150**	**111,802**	**103,258**	**108,948**	**108,927**	**105,111**	**112,493**	**105,765**
19	Cash items in process of collection	13,555	13,106	12,519	14,118	12,817	11,109	9,617	11,188
20	Bank premises	377	377	377	378	379	383	378	379
	Other assets:								
21	Denominated in foreign currencies	16	14	19	14	262	16	18	422
22	All other	2,010	1,997	2,001	2,086	2,055	1,720	2,046	2,138
23	**Total assets**	**146,357**	**140,541**	**131,425**	**138,816**	**137,731**	**131,423**	**137,802**	**133,194**
	LIABILITIES								
24	F.R. notes	93,718	93,233	92,210	91,212	90,396	91,229	93,153	90,159
	Deposits:								
25	Member bank reserves	32,249	27,884	23,118	29,898	26,557	26,345	26,870	19,489
26	U.S. Treasury—General account	7,664	6,790	5,360	6,155	9,841	2,562	7,114	11,228
27	Foreign	327	376	289	253	262	416	379	422
28	Other[3]	630	737	660	641	640	719	1,187	871
29	**Total deposits**	**40,870**	**35,787**	**29,427**	**36,947**	**37,300**	**30,042**	**35,550**	**32,010**
30	Deferred availability cash items	7,867	8,215	6,322	6,991	6,161	6,477	5,807	6,916
31	Other liabilities and accrued dividends	1,341	1,168	1,200	1,272	1,348	1,130	1,234	1,474
32	**Total liabilities**	143,796	138,403	129,159	136,422	135,205	128,878	135,744	130,559
	CAPITAL ACCOUNTS								
33	Capital paid in	1,027	1,030	1,032	1,032	1,035	1,025	1,029	1,039
34	Surplus	983	1,029	1,029	1,029	1,029	983	1,029	1,029
35	Other capital accounts	551	79	205	333	462	537	....	567
36	**Total liabilities and capital accounts**	**146,357**	**140,541**	**131,425**	**138,816**	**137,731**	**131,423**	**137,802**	**133,194**
37	MEMO: Marketable U.S. Govt. securities held in custody for foreign and intl. account	76,347	77,090	77,910	79,705	79,725	74,208	76,055	80,009
		Federal Reserve note statement							
38	F.R. notes outstanding (issued to Bank)	99,479	101,006	101,621	101,862	102,112	96,398	100,534	102,355
	Collateral held against notes outstanding:								
39	Gold certificate account	11,713	11,719	11,719	11,719	11,719	11,591	11,713	11,718
40	Special Drawing Rights certificate account	873	1,250	1,250	1,250	1,250	855	880	1,250
41	Eligible paper	....	995	763	547	2,317	....	....	733
42	U.S. Govt. securities	88,685	87,042	87,889	88,346	86,826	84,795	89,675	88,654
43	**Total collateral**	**101,271**	**101,006**	**101,621**	**101,862**	**102,112**	**97,241**	**102,268**	**102,355**

1 Effective Jan. 1, 1977, Federal Reserve notes of other Federal Reserve Banks were merged into the liability account for Federal Reserve notes.

2 *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.

3 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.

NOTE.—Beginning Jan. 1, 1977, "Operating equipment" was transferred to "Other assets."

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday					End of month		
	1977	1978				1977		1978
	Dec. 28	Jan. 4	Jan. 11	Jan. 18	Jan. 25	Nov. 30	Dec. 31	Jan. 31
1 **Loans**	**1,909**	**1,096**	**790**	**554**	**2,332**	**925**	**266**	**757**
2 Within 15 days	1,904	1,083	775	551	2,324	895	256	740
3 16 days to 90 days	5	13	15	3	8	30	10	17
4 91 days to 1 year								
5 **Acceptances**	**734**	**624**		**214**	**214**	**248**	**954**	
6 Within 15 days	734	624		214	214	248	954	
7 16 days to 90 days								
8 91 days to 1 year								
9 **U.S. Govt. securities**	**105,682**	**101,852**	**94,462**	**99,958**	**98,337**	**96,477**	**102,819**	**97,004**
10 Within 15 days[1]	9,496	5,117	2,628	2,612	4,073	3,950	4,947	5,836
11 16 days to 90 days	18,885	20,143	14,456	19,243	15,752	18,203	20,362	13,155
12 91 days to 1 year	32,330	31,916	32,702	33,427	33,336	30,255	32,539	32,654
13 Over 1 year to 5 years	27,516	27,221	27,221	27,221	27,532	26,888	27,516	27,715
14 Over 5 years to 10 years	10,388	10,388	10,388	10,388	10,477	10,222	10,388	10,477
15 Over 10 years	7,067	7,067	7,067	7,067	7,167	6,959	7,067	7,167
16 **Federal agency obligations**	**8,825**	**8,230**	**8,004**	**8,222**	**8,044**	**7,460**	**8,455**	**8,004**
17 Within 15 days[1]	910	227	52	335	105	292	540	65
18 16 days to 90 days	423	465	413	348	354	291	423	375
19 91 days to 1 year	740	827	827	827	886	836	740	865
20 Over 1 year to 5 years	4,149	4,109	4,110	4,110	4,175	3,726	4,149	4,175
21 Over 5 years to 10 years	1,646	1,648	1,648	1,648	1,623	1,492	1,648	1,623
22 Over 10 years	957	954	954	954	901	823	955	901

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

1.20 BANK DEBITS AND DEPOSIT TURNOVER

Debits are shown in billions of dollars. Monthly data are at annual rates

Bank group, or type of customer	1974	1975	1976	1977				
				Aug.[r]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.
	Debits to demand deposits [2] (seasonally adjusted)							
1 All commercial banks	22,937.8	25,028.5	29,180.4	35,932.7	36,321.9	37,068.4	36,831.9	37,331.1
2 Major New York City banks	8,434.8	9,670.7	11,467.2	14,358.5	14,388.9	14,976.2	14,216.3	14,633.3
3 Other banks	14,503.0	15,357.8	17,713.2	21,574.1	21,933.0	22,092.2	22,615.7	22,697.8
	Debits to savings deposits [3] (not seasonally adjusted)							
4 All customers				335.2	345.5	360.0	334.6	359.2
5 Business [1]				44.5	46.9	47.7	45.3	54.7
6 Others				31.77	298.6	312.3	289.4	304.5
	Demand deposit turnover [2] (seasonally adjusted)							
7 All commercial banks	99.0	105.3	116.8	133.2	133.7	134.2	133.5	134.3
8 Major New York City banks	321.6	356.9	411.6	519.3	533.8	533.9	524.4	539.2
9 Other banks	70.6	72.9	79.8	89.1	89.6	89.0	90.9	90.5
	Savings deposit turnover [3] (not seasonally adjusted)							
10 All customers				1.7	1.6	1.7	1.6	1.7
11 Business [1]				4.2	4.4	4.4	4.1	5.0
12 Others				1.5	1.5	1.5	1.4	1.5

[1] Represents corporations and other profit-seeking organizations (excluding commercial banks but including savings and loan associations, mutual savings banks, credit unions, the Export-Import Bank, and Federally sponsored lending agencies).

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

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

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

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1974 Dec.	1975 Dec.	1976 Dec.	1977 Dec.	1977 July	Aug.	Sept.	Oct.	Nov.	Dec.
	Seasonally adjusted									
MEASURES[1]										
1 *M*-1	283.1	294.8	312.4	335.4	326.8	328.4	330.4	333.7	[r]333.3	335.4
2 *M*-2	612.4	664.3	740.3	806.5	783.5	787.7	792.9	799.6	[r]802.7	806.5
3 *M*-3	981.5	1,092.6	1,237.1	1,374.1	1,316.9	1,329.5	1,343.1	1,357.1	[r]1,365.6	1,374.1
4 *M*-4	701.4	746.5	803.5	881.2	846.3	850.9	856.2	865.9	873.5	881.2
5 *M*-5	1,070.5	1,174.7	1,300.3	1,448.8	1,379.8	1,392.7	1,406.3	1,423.5	[r]1,436.5	1,448.8
COMPONENTS										
6 Currency	67.8	73.7	80.5	88.4	85.1	85.5	86.4	87.1	87.8	88.4
Commercial bank deposits:										
7 Demand	215.3	221.0	231.9	247.0	241.7	242.9	244.0	246.6	245.5	247.0
8 *Time and savings*	*418.3*	*451.7*	*491.1*	*545.8*	*519.5*	*522.5*	*525.8*	*532.2*	*540.3*	*545.8*
9 Negotiable CD's[2]	89.0	82.1	63.3	74.7	62.8	63.2	63.2	66.4	70.9	74.7
10 Other	329.3	369.6	427.9	471.1	456.7	459.3	462.6	465.9	469.4	471.1
11 Nonbank thrift institutions[3]	369.1	428.3	496.8	567.6	533.5	541.7	550.2	557.5	[r]563.0	567.6
	Not seasonally adjusted									
MEASURES[1]										
12 *M*-1	291.3	303.2	321.3	344.9	327.2	325.2	328.2	332.5	[r]335.4	344.9
13 *M*-2	617.5	669.3	745.3	811.7	784.0	784.4	788.9	796.4	[r]800.0	811.7
14 *M*-3	983.8	1,094.3	1,237.9	1,374.3	1,322.1	1,326.6	1,337.1	1,350.6	[r]1,357.4	1,374.3
15 *M*-4	708.0	752.8	809.5	887.6	846.8	848.8	854.3	864.7	[r]871.6	887.6
16 *M*-5	1,074.3	1,177.7	1,302.1	1,450.2	1,384.9	1,391.1	1,402.6	1,419.0	[r]1,429.0	1,450.2
COMPONENTS										
17 Currency	69.0	75.1	82.0	90.0	85.7	85.8	86.1	86.9	88.4	90.0
Commercial bank deposits:										
18 *Demand*	*222.2*	*228.1*	*239.3*	*254.9*	*241.4*	*239.3*	*242.1*	*245.6*	*[r]247.0*	*254.9*
19 Member	159.7	162.1	168.5	176.3	167.7	166.3	167.5	170.0	[r]170.3	176.3
20 Domestic nonmember	58.5	62.6	67.3	74.3	69.5	69.1	70.4	71.3	72.4	74.3
21 *Time and savings*	*416.7*	*449.6*	*488.2*	*542.7*	*519.6*	*523.7*	*526.1*	*532.2*	*536.2*	*542.7*
22 Negotiable CD's[2]	90.5	83.5	64.3	75.9	62.8	64.5	65.4	68.3	71.6	75.9
23 Other	326.3	366.2	423.9	466.8	456.9	459.2	460.7	463.8	464.6	466.8
24 Nonbank thrift institutions[3]	366.3	424.9	492.6	562.6	538.1	542.3	548.2	554.3	557.4	562.6
25 U.S. Govt. deposits (all commercial banks)	4.9	4.1	4.7	5.5	3.9	3.7	5.4	4.1	3.8	5.5

1 Composition of the money stock measures is as follows:

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

M-2: *M*-1 plus savings deposits, time deposits open account, and time certificates of deposit (CD's) other than negotiable CD's of $100,000 or more 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 description of the latest revisions in the money stock measures see "Money Stock Measures: Revision" in the March 1977 BULLETIN, pp. 305 and 306.

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 As of Dec. 31, 1977, commercial and industrial loans were reduced by $300 million as the result of loan reclassifications at one large bank.

5 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 Dec.	1977 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
							Seasonally adjusted					
1	**Reserves** [1]	34.94	36.60	34.73	34.95	34.86	35.35	35.64	35.63	35.90	36.01	36.21
2	Nonborrowed	33.64	35.87	34.60	34.90	34.60	35.03	34.58	35.00	34.59	35.15	35.64
3	Required	34.64	36.34	34.47	34.68	34.71	35.08	35.44	35.42	35.69	35.76	36.02
4	**Deposits subject to reserve requirements** [2]	442.3	486.2	505.4	529.6	544.5	547.7	551.4	552.9	559.4	564.6	569.9
5	Time and savings	279.2	322.1	337.9	355.0	367.0	369.2	370.8	372.4	377.1	383.5	[illegible]
	Demand:											
6	Private	158.1	160.6	164.5	171.4	173.8	175.8	177.0	[illegible]	[illegible]	177.6	[illegible]
7	U.S. Govt.	5.0	3.5	3.0	3.2	3.7	2.8	3.6	3.7	3.3	3.8	[illegible]
							Not seasonally adjusted					
8	**Deposits subject to reserve requirements** [2]	447.5	491.8	510.9	534.8	544.5	547.6	548.3	552.1	558.2	562.1	575.3
9	Time and savings	278.5	321.7	337.2	353.6	367.8	369.5	371.7	373.0	377.5	380.7	386.4
	Demand:											
10	Private	164.0	166.6	170.7	177.9	173.0	175.6	174.1	175.2	178.0	178.7	185.1
11	U.S. Govt.	5.0	3.4	3.1	3.3	3.7	2.6	2.5	3.8	2.7	2.6	3.8

1 Series reflects actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. There are breaks in series because of changes in reserve requirements effective Dec. 12, 1974; Feb. 13, May 22, and Oct. 30, 1975; Jan. 8, and Dec. 30, 1976. In addition, effective Jan. 1, 1976, statewide branching in New York was instituted. The subsequent merger of a number of banks raised required reserves because of higher reserve requirements on aggregate deposits at these banks.

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

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

1.23 LOANS AND INVESTMENTS All Commercial Banks

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

	Category	1973 Dec. 31	1974 Dec. 31 [5]	1975 Dec. 31	1976 Dec. 31	1977 Aug. 31 p	Sept. 28 p	Oct. 26 p	Nov. 30 p	Dec. 31 p	1978 Jan. 25 p
						Seasonally adjusted					
1	**Loans and investments** [1]	633.4	690.4	721.1	784.4	845.6	848.4	857.9	866.1	865.4	874.3
2	Including loans sold outright [2]	637.7	695.2	725.5	788.2	849.7	852.4	862.0	870.5	870.0	878.8
	Loans:										
3	Total	449.0	500.2	496.9	538.9	587.0	592.2	602.5	611.2	612.9	622.4
4	Including loans sold outright [2]	453.3	505.0	501.3	542.7	591.1	596.2	606.6	615.6	617.5	626.9
5	Commercial and industrial [3,4]	156.4	183.3	176.0	179.5	194.6	195.1	199.3	201.6	202.2	204.6
6	Including loans sold outright [2,3,4]	159.0	186.0	178.5	181.9	197.4	197.9	202.2	204.7	205.5	207.7
	Investments:										
7	U.S. Treasury	54.5	50.4	79.4	97.3	103.1	100.1	97.8	95.0	93.5	92.5
8	Other	129.9	139.8	144.8	148.2	155.5	156.1	157.6	159.9	159.0	159.4
						Not seasonally adjusted					
9	**Loans and investments** [1]	647.3	705.6	737.0	801.6	842.8	848.4	856.1	866.4	884.5	872.7
10	Including loans sold outright	651.6	710.4	741.4	805.4	846.9	852.4	860.2	870.8	889.1	877.2
	Loans:										
11	Total [1]	458.5	510.7	507.4	550.2	588.2	594.0	601.3	610.1	625.7	617.0
12	Including loans sold outright [2]	462.8	515.5	511.8	554.0	592.3	598.0	605.4	614.6	630.4	621.5
13	Commercial and industrial [3,4]	159.4	186.8	179.3	182.9	193.6	195.5	198.6	200.8	206.0	202.5
14	Including loans sold outright [2,3,4]	162.0	189.5	181.8	185.3	196.4	198.3	201.5	203.9	209.3	205.6
	Investments:										
15	U.S. Treasury	58.3	54.5	84.1	102.5	99.4	98.5	97.7	97.9	98.9	97.2
16	Other	130.6	140.5	145.5	148.9	155.2	155.9	157.1	158.4	159.8	158.5

For notes see bottom of opposite page.

1.26 COMMERCIAL BANK ASSETS AND LIABILITIES Detailed Balance Sheet, June 30, 1977

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[2]	Non-member banks[1]
1 **Cash bank balances, items in process**	**139,055**	**130,725**	**110,560**	**32,752**	**4,674**	**39,078**	**34,056**	**28,495**
2 Currency and coin	12,729	12,718	9,347	895	171	3,073	5,209	3,381
3 Reserves with F.R. Banks	25,536	25,536	25,536	4,452	1,997	9,261	9,826	1
4 Demand balances with banks in United States	36,269	30,589	18,153	6,669	179	3,341	7,964	18,116
5 Other balances with banks in United States	6,128	4,840	2,813	27	17	1,028	1,740	3,315
6 Balances with banks in foreign countries	5,018	3,800	3,393	335	157	1,875	1,026	1,625
7 Cash items in process of collection	53,375	53,242	51,318	20,374	2,153	20,500	8,291	2,057
8 **Total securities held Book value**	**254,052**	**252,016**	**178,050**	**22,989**	**8,520**	**56,518**	**90,023**	**76,002**
9 U.S. Treasury	101,560	100,565	72,642	12,098	3,898	23,810	32,837	28,917
10 Other U.S. Govt. agencies	35,827	35,250	21,846	1,406	477	5,676	14,287	13,980
11 States and political subdivisions	110,106	109,875	79,216	9,032	3,943	25,822	40,419	30,890
12 All other securities	6,452	6,224	4,273	454	202	1,186	2,432	2,180
13 Unclassified total	108	101	73	....	....	25	48	35
14 *Trading-account securities*	*7,055*	*7,049*	*6,916*	*3,572*	*617*	*2,465*	*262*	*139*
15 U.S. Treasury	3,797	3,797	3,725	2,347	412	877	90	72
16 Other U.S. Govt. agencies	953	953	952	479	38	410	25	....
17 States and political subdivisions	1,764	1,764	1,733	561	123	951	98	32
18 All other trading acct. securities	433	433	432	185	44	202	2	1
19 Unclassified	108	101	73	....	....	25	48	35
20 *Bank investment portfolios*	*246,998*	*244,967*	*171,135*	*19,417*	*7,903*	*54,053*	*89,761*	*75,863*
21 U.S. Treasury	97,762	96,769	68,917	9,751	3,486	22,933	32,747	28,845
22 Other U.S. Govt. agencies	34,874	34,297	20,894	927	439	5,266	14,263	13,980
23 States and political subdivisions	108,342	108,110	77,483	8,471	3,821	24,870	40,321	30,859
24 All other portfolio securities	6,020	5,791	3,841	269	158	984	2,430	2,179
25 F.R. stock and corporate stock	1,618	1,580	1,332	287	100	499	446	286
26 **Federal funds sold and securities resale agreement**	**44,318**	**40,759**	**32,986**	**2,962**	**1,431**	**18,636**	**9,958**	**11,332**
27 Commercial banks	37,469	34,098	26,504	1,509	1,255	14,502	9,239	10,965
28 Brokers and dealers	4,342	4,304	4,219	735	137	2,728	618	123
29 Others	2,507	2,358	2,264	718	40	1,406	101	244
30 **Other loans, gross**	**577,689**	**560,382**	**420,469**	**71,053**	**21,812**	**156,134**	**171,469**	**157,219**
31 LESS: Unearned income on loans	13,610	13,558	9,182	579	85	2,980	5,538	4,429
32 Reserves for loan loss	6,553	6,420	5,119	1,213	324	1,866	1,716	1,435
33 Other loans, net	557,525	540,405	406,169	69,261	21,403	151,289	164,216	151,356
Other loans, gross, by category								
34 *Real estate loans*	*161,276*	*161,047*	*111,520*	*9,218*	*2,017*	*40,619*	*59,666*	*49,756*
35 Construction and land development	18,405	18,392	14,135	2,412	437	6,761	4,525	4,271
36 Secured by farmland	7,358	7,341	3,129	18	9	302	2,800	4,228
37 Secured by residential	91,349	91,214	64,398	4,466	1,016	23,733	35,182	26,951
38 *1- to 4-family residences*	*86,839*	*86,709*	*61,150*	*4,045*	*920*	*22,541*	*33,644*	*25,688*
39 FHA-insured or VA-guaranteed	7,786	7,738	6,710	582	46	3,557	2,526	1,076
40 Conventional	79,053	78,971	54,440	3,463	874	18,984	31,118	24,613
41 *Multifamily residences*	*4,511*	*4,505*	*3,248*	*422*	*96*	*1,192*	*1,539*	*1,263*
42 FHA-insured	353	352	281	108	16	81	76	72
43 Conventional	4,158	4,153	2,967	314	80	1,110	1,463	1,191
44 Secured by other properties	44,164	44,100	29,858	2,322	555	9,823	17,158	14,306
45 *Loans to financial institutions*	*40,151*	*33,371*	*31,419*	*10,625*	*4,179*	*13,592*	*3,024*	*8,732*
46 To REIT's and mortgage companies	9,247	9,234	8,879	2,870	1,128	4,196	684	368
47 To domestic commercial banks	4,573	2,470	1,911	497	116	1,008	290	2,663
48 To banks in foreign countries	10,383	6,165	6,014	2,624	284	2,501	605	4,369
49 To other depository institutions	1,257	1,241	1,126	73	27	822	204	132
50 To other financial institutions	14,691	14,261	13,490	4,561	2,624	5,065	1,240	1,201
51 Loans to security brokers and dealers	10,436	10,180	9,943	5,664	1,303	2,734	241	494
52 Other loans to purch./carry securities	4,142	4,135	3,425	374	353	1,760	939	717
53 Loans to farmers—except real estate	25,642	25,620	14,157	153	126	3,385	10,493	11,486
54 Commercial and industrial loans	192,715	183,767	149,361	36,383	10,819	57,632	44,527	43,354
55 Loans to individuals	127,701	127,590	88,149	6,083	1,860	30,887	49,319	39,552
56 *Instalment loans*	*101,424*	*101,355*	*69,803*	*4,481*	*1,110*	*24,797*	*39,415*	*31,621*
57 Passenger automobiles	44,707	44,694	28,632	845	142	8,342	19,303	16,075
58 Residential-repair/modernize	6,640	6,639	4,447	291	55	1,586	2,516	2,193
59 Credit cards and related plans	14,936	14,929	13,098	1,769	731	7,156	3,441	1,838
60 Charge-account credit cards	11,576	11,576	10,330	1,186	695	5,810	2,639	1,246
61 Check and revolving credit plans	3,360	3,353	2,768	584	36	1,346	803	592
62 Other retail consumer goods	16,601	16,598	11,307	354	64	4,040	6,849	5,295
63 Mobile homes	8,836	8,836	6,224	184	26	2,233	3,781	2,612
64 Other	7,765	7,762	5,082	170	38	1,807	3,068	2,683
65 Other instalment loans	18,539	18,496	12,319	1,221	118	3,674	7,306	6,220
66 Single-payment loans to individuals	26,277	26,235	18,346	1,603	750	6,090	9,904	7,931
67 All other loans	15,624	14,672	12,495	2,553	1,156	5,526	3,260	3,129
68 **Total loans and securities, net**	**857,514**	**834,759**	**618,538**	**95,499**	**31,455**	**226,941**	**264,642**	**238,976**
69 Direct lease financing	5,169	5,168	4,845	879	131	3,003	832	324
70 Fixed assets—Buildings, furniture, real estate	20,360	20,258	15,100	2,071	689	5,867	6,473	5,260
71 Investment in unconsolidated subsidiaries	2,634	2,591	2,555	1,193	212	1,062	88	79
72 Customer acceptances outstanding	12,749	11,882	11,457	5,692	749	4,710	306	1,291
73 Other assets	36,862	35,568	32,144	13,709	1,362	12,718	4,355	4,718
74 **Total assets**	**1,074,343**	**1,040,952**	**795,199**	**151,796**	**39,272**	**293,378**	**310,752**	**279,144**

For notes see opposite page.

1.26 Continued

	Liability or capital 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[2]	Nonmember banks[1]
75	**Demand deposits**	**337,428**	**332,327**	**259,378**	**64,350**	**10,338**	**90,634**	**94,056**	**78,051**
76	Mutual savings banks	1,621	1,443	1,257	684	2	270	301	364
77	Other individuals, partnerships, and corporations	252,889	251,580	189,126	32,633	7,349	71,011	78,134	63,763
78	U.S. Govt	2,826	2,817	2,004	136	31	710	1,126	822
79	States and political subdivisions	17,825	17,752	12,328	636	173	3,794	7,725	5,497
80	Foreign governments, central banks, etc.	1,908	1,454	1,382	1,115	17	225	25	527
81	Commercial banks in United States	37,537	36,909	35,716	19,236	2,289	10,522	3,670	1,821
82	Banks in foreign countries	7,311	6,613	6,471	5,157	159	1,021	134	840
83	Certified and officers' checks, etc.	15,511	13,759	11,094	4,754	318	3,081	2,941	4,417
84	**Time deposits**	**308,831**	**299,840**	**217,098**	**32,405**	**12,921**	**74,985**	**96,787**	**91,733**
85	Accumulated for personal loan payments	134	134	108	....	....	10	98	26
86	Mutual savings banks	363	346	332	136	67	100	30	30
87	Other individuals, partnerships, and corporations	242,952	237,078	170,322	24,043	9,454	57,628	79,197	72,630
88	U.S. Govt	752	752	602	68	46	272	216	150
89	States and political subdivisions	46,541	46,212	31,715	1,372	981	13,134	16,230	14,826
90	Foreign governments, central banks, etc.	9,590	7,967	7,635	4,254	1,520	1,797	65	1,955
91	Commercial banks in United States	6,358	5,770	4,934	1,694	736	1,774	730	1,423
92	Banks in foreign countries	2,142	1,582	1,449	838	118	270	223	693
93	**Savings deposits**	**215,772**	**215,206**	**152,378**	**11,746**	**3,145**	**56,133**	**81,353**	**63,394**
94	Individuals and nonprofit organizations	200,240	199,697	141,252	10,714	2,880	52,234	75,425	58,988
95	Corporations and other profit organizations	10,072	10,056	7,289	603	219	3,076	3,391	2,783
96	U.S. Government	61	61	52	4	....	25	24	9
97	States and political subdivisions	5,331	5,325	3,725	394	46	782	2,504	1,606
98	All other	67	67	60	32	1	17	9	7
99	**Total deposits**	**862,031**	**847,373**	**628,853**	**108,501**	**26,405**	**221,751**	**272,196**	**233,178**
100	**Federal funds purchased and securities sold under agreements to repurchase**	**79,167**	**75,397**	**71,547**	**17,045**	**8,277**	**36,363**	**9,862**	**7,620**
101	Commercial banks	42,487	39,624	37,861	7,203	5,437	20,513	4,707	4,626
102	Brokers and dealers	9,397	9,374	8,979	1,639	1,454	4,973	914	418
103	Others	27,283	26,399	24,707	8,203	1,386	10,877	4,241	2,576
104	Other liabilities for borrowed money	9,047	5,761	5,455	1,914	45	3,030	467	3,592
105	Mortgage indebtedness	807	804	572	57	16	297	201	235
106	Bank acceptances outstanding	13,407	12,536	12,111	6,337	750	4,717	307	1,296
107	Other liabilities	28,093	18,248	15,854	5,256	1,000	6,256	3,342	12,239
108	**Total liabilities**	**992,552**	**960,118**	**734,392**	**139,110**	**36,493**	**272,415**	**286,374**	**258,160**
109	Subordinated notes and debentures	5,393	5,330	4,223	1,118	82	1,881	1,142	1,170
110	**Equity capital**	**76,397**	**75,503**	**56,584**	**11,568**	**2,698**	**19,082**	**23,236**	**19,813**
111	Preferred stock	77	71	28	....	....	2	26	48
112	Common stock	16,719	16,623	12,084	2,496	570	3,850	5,167	4,635
113	Surplus	30,211	29,728	21,794	4,290	1,298	7,839	8,367	8,418
114	Undivided profits	27,608	27,365	21,492	4,744	776	6,994	8,978	6,116
115	Other capital reserves	1,782	1,717	1,187	38	53	396	699	595
116	**Total liabilities and equity capital**	**1,074,343**	**1,040,952**	**795,199**	**151,796**	**39,272**	**293,378**	**310,752**	**279,144**
	MEMO ITEMS:								
117	Demand deposits adjusted[3]	243,690	239,359	170,340	24,604	5,866	58,901	80,969	73,350
	Average for last 15 or 30 days:								
118	Cash and due from bank	132,469	126,370	107,671	29,887	4,764	40,094	32,927	24,798
119	Federal funds sold and securities purchased under agreements to resell	47,876	42,907	33,605	3,667	1,449	16,759	11,730	14,271
120	Total loans	559,178	542,036	407,556	69,936	21,456	151,616	164,548	151,621
121	Time deposits of $100,000 or more	139,145	132,096	107,972	26,712	10,328	43,044	27,888	31,174
122	Total deposits	845,218	830,008	612,859	98,375	25,769	217,875	270,841	232,359
123	Federal funds purchased and securities sold under agreements to repurchase	84,385	80,374	76,761	20,960	9,219	36,604	9,977	7,624
124	Other liabilities for borrowed money	9,553	5,961	5,666	2,172	79	2,980	436	3,887
125	Standby letters of credit outstanding	14,499	13,705	12,902	7,705	1,037	3,302	858	1,598
126	Time deposits of $100,000 or more	140,410	133,981	109,615	26,547	10,360	44,386	28,322	30,795
127	Certificates of deposit	115,589	111,351	90,425	22,011	8,703	35,781	23,930	25,164
128	Other time deposits	24,820	22,630	19,190	4,536	1,657	8,605	4,392	5,630
129	Number of banks	14,718	14,425	5,720	12	9	154	5,545	8,998

1 Member banks exclude and nonmember banks include 10 noninsured trust companies that are members of the Federal Reserve System, and member banks exclude 2 national banks outside the continental United States.
2 Figures for one large national bank have been estimated due to a merger.
3 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	1977 Dec. 14	1977 Dec. 21	1977 Dec. 28	1978 Jan. 4	1978 Jan. 11	1978 Jan. 18	1978 Jan. 25[p]	Adjustment bank, 1977▲
1 **Total loans and investments**	**448,160**	**451,359**	**452,697**	**453,160**	**452,083**	**444,094**	**442,258**	**1,077**
Loans:								
2 *Federal funds sold*[1]	27,699	27,004	27,902	27,991	29,645	25,977	24,988	21
3 To commercial banks	19,305	20,857	22,039	22,882	20,841	20,637	18,059	21
To brokers and dealers involving—								
4 U.S. Treasury securities	5,352	3,163	2,845	3,101	5,383	2,969	4,359	....
5 Other securities	705	782	839	654	864	612	581	....
6 To others	2,337	2,202	2,179	1,354	2,557	1,759	1,989	....
7 *Other, gross*	315,986	319,644	320,649	322,462	320,146	316,981	316,622	701
8 Commercial and industrial	123,942	125,567	125,661	125,782	124,750	124,135	123,955	−313
9 Agricultural	4,649	4,668	4,705	4,723	4,673	4,657	4,639	16
For purchasing or carrying securities:								
To brokers and dealers:								
10 U.S. Treasury securities	2,122	1,598	949	1,767	3,031	1,285	1,802	1
11 Other securities	9,288	9,731	9,956	9,127	8,441	9,029	8,551	....
To others:								
12 U.S. Treasury securities	105	103	102	107	106	107	102	....
13 Other securities	2,606	2,615	2,623	2,618	2,634	2,639	2,643	12
To nonbank financial institutions:								
14 Personal and sales finance cos., etc.	7,742	8,167	8,116	7,750	7,804	7,371	7,242	209
15 Other	15,673	15,561	15,742	16,155	15,605	15,169	15,138	177
16 Real estate	73,628	73,936	74,137	74,459	74,805	74,937	75,076	746
To commercial banks:								
17 Domestic	2,213	2,576	2,603	2,992	2,846	2,375	2,250	....
18 Foreign	6,068	6,215	6,328	6,637	6,270	5,933	6,041	1
19 Consumer instalment	45,721	45,995	46,434	46,651	46,655	46,732	46,750	207
20 Foreign governments, official institutions, etc.	1,444	1,544	1,516	1,608	1,569	1,566	1,631	....
21 All other loans	20,785	21,368	21,777	22,086	20,957	21,046	20,802	63
22 LESS: Loan loss reserve and unearned income on loans	9,544	9,533	9,427	9,361	9,395	9,412	9,429	20
23 *Other loans, net*	306,442	310,111	311,222	313,101	310,751	307,569	307,193	681
Investments:								
24 *U.S. Treasury securities*	46,535	46,381	45,969	45,964	45,032	44,259	43,584	147
25 Bills	8,954	9,067	8,853	8,422	7,689	7,111	6,780	9
Notes and bonds, by maturity:								
26 Within 1 year	8,339	8,406	8,553	9,024	9,030	9,031	8,810	24
27 1 to 5 years	25,290	24,976	24,675	24,624	24,273	24,055	23,888	106
28 After 5 years	3,952	3,932	3,888	3,894	4,040	4,062	4,106	8
29 *Other securities*	67,484	67,863	67,604	66,104	66,655	66,289	66,493	228
Obligations of States and political subdivisions:								
30 Tax warrants, short-term notes, and bills	8,900	8,799	8,725	7,834	8,026	7,757	7,667	37
31 All other	43,067	43,088	43,143	42,913	43,315	43,135	43,370	123
Other bonds, corporate stocks, and securities:								
32 Certificates of participation[2]	2,342	2,452	2,491	2,678	2,719	2,693	2,712	....
33 All other, including corporate stocks	13,175	13,524	13,245	12,679	12,595	12,704	12,744	68
34 Cash items in process of collection	43,962	43,610	46,738	51,631	40,780	41,591	38,653	42
35 Reserves with F.R. Banks	19,029	21,074	25,284	20,443	15,808	23,590	19,995	44
36 Currency and coin	6,558	6,586	7,282	6,841	6,829	6,538	6,449	34
37 Balances with domestic banks	15,062	17,168	16,229	16,461	14,122	14,498	13,730	64
38 Investments in subsidiaries not consolidated	2,867	2,871	2,896	2,952	2,971	3,002	3,037	....
39 Other assets	58,177	57,690	58,445	60,190	60,450	60,628	60,967	71
40 **Total assets/total liabilities**	**593,815**	**600,358**	**609,571**	**611,678**	**593,043**	**593,941**	**585,089**	**1,332**
Deposits:								
41 *Demand deposits*	190,687	194,681	199,851	205,515	186,285	187,569	179,950	438
42 Individuals, partnerships, and corporations	138,502	138,604	143,166	146,604	136,019	135,681	130,281	390
43 States and political subdivisions	6,136	6,279	6,333	6,888	6,010	6,362	6,114	16
44 U.S. Govt.	1,327	3,304	3,738	1,679	1,712	2,975	2,264	6
Domestic interbank:								
45 Commercial	27,794	29,433	29,273	33,238	26,403	26,204	25,153	7
46 Mutual savings	783	805	860	1,155	993	905	883	2
Foreign:								
47 Governments, official institutions, etc.	1,280	1,506	1,913	1,363	1,191	1,185	1,925	....
48 Commercial banks	6,927	6,952	7,630	7,115	6,500	6,241	6,187	....
49 Certified and officers' checks	7,938	7,798	6,938	7,473	7,457	8,016	7,143	17
50 *Time and savings deposits*[3]	249,649	251,152	251,776	252,158	251,956	251,893	252,355	687
51 Savings[4]	92,004	91,765	92,090	92,940	93,150	92,911	92,749	395
52 Time:	157,645	159,387	159,686	159,218	158,806	158,982	159,606	292
53 Individuals, partnerships, and corporations	119,772	120,735	121,159	120,814	120,254	120,464	120,899	252
54 States and political subdivisions	23,067	23,478	23,360	23,312	23,601	23,714	23,866	39
55 Domestic interbank	5,541	5,689	5,792	5,606	5,329	5,247	5,203	....
56 Foreign govts., official institutions, etc.	7,714	7,993	7,889	7,947	8,091	8,061	8,079	....
57 Federal funds purchased, etc.[5]	76,798	77,887	80,358	77,365	78,807	78,324	74,743	34
Borrowings from:								
58 F.R. Banks	1,051	830	1,540	862	650	392	2,098	....
59 Others	5,533	5,378	5,422	5,100	4,989	4,905	5,010	16
60 Other liabilities, etc.[6]	25,679	26,052	26,057	25,914	25,591	26,142	25,958	12
61 Total equity capital and subordinated notes/debentures[7]	44,418	44,428	44,567	44,764	44,765	44,716	44,975	144

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.
4 For amounts of these deposits by ownership categories, see Table 1.30.
5 Includes securities sold under agreements to repurchase.
6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
7 Includes reserves for securities and contingency portion of reserves for loans.
▲ See p. A-23.

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

Millions of dollars, Wednesday figures

	Account	1977 Dec. 14	1977 Dec. 21	1977 Dec. 28	1978 Jan. 4	1978 Jan. 11	1978 Jan. 18	1978 Jan. 25[p]	Adjustment bank, 1977▲
1	**Total loans and investments**	**95,639**	**97,884**	**98,160**	**97,936**	**96,265**	**93,212**	**92,371**	**66**
	Loans:								
2	*Federal funds sold*[1]	*3,323*	*4,424*	*5,198*	*5,060*	*4,885*	*4,111*	*4,274*	....
3	To commercial banks	1,676	2,197	2,981	3,835	3,119	2,896	2,312	....
	To brokers and dealers involving—								
4	U.S. Treasury securities	1,117	1,241	1,227	1,049	1,106	911	1,401	....
5	Other securities	....	....	....	....	....	....	....	....
6	To others	530	986	990	176	660	304	561	....
7	*Other, gross*	*71,925*	*73,465*	*73,139*	*73,088*	*71,278*	*69,489*	*69,017*	*49*
8	Commercial and industrial	35,750	36,534	36,389	35,816	35,152	34,780	34,068	300
9	Agricultural	169	171	168	166	168	172	167	....
	For purchasing or carrying securities:								
	To brokers and dealers:								
10	U.S. Treasury securities	1,885	1,389	799	1,585	2,327	1,142	1,661	....
11	Other securities	5,142	5,311	5,730	4,952	4,586	4,914	4,433	....
	To others:								
12	U.S. Treasury securities	21	21	21	21	21	21	21	....
13	Other securities	396	390	380	390	390	378	377	5
	To nonbank financial institutions:								
14	Personal and sales finance cos., etc.	2,794	3,030	2,929	2,434	2,621	2,364	2,283	110
15	Other	4,955	5,011	5,077	5,174	5,054	4,995	5,068	153
16	Real estate	8,800	8,835	8,812	9,042	8,995	8,994	9,011	284
	To commercial banks:								
17	Domestic	585	885	812	1,214	723	642	627	....
18	Foreign	2,822	3,017	2,965	3,221	2,643	2,501	2,660	....
19	Consumer instalment	4,384	4,390	4,433	4,415	4,409	4,427	4,435	8
20	Foreign governments, official institutions, etc.	283	356	290	352	277	242	266	....
21	All other loans	3,939	4,125	4,334	4,306	3,912	3,917	3,940	9
22	LESS: Loan loss reserve and unearned income on loans	1,746	1,733	1,672	1,648	1,656	1,657	1,647	1
23	*Other loans, net*	*70,179*	*71,732*	*71,467*	*71,440*	*69,622*	*67,832*	*67,370*	*48*
	Investments:								
24	*U.S. Treasury securities*	*11,207*	*10,761*	*10,661*	*11,102*	*11,015*	*10,740*	*10,208*	5
25	Bills	2,490	2,218	2,178	2,324	2,565	2,362	2,128	....
	Notes and bonds, by maturity:								
26	Within 1 year	1,433	1,511	1,536	1,895	1,917	1,863	1,700	4
27	1 to 5 years	6,503	6,232	6,203	6,131	5,671	5,679	5,478	1
28	After 5 years	781	800	744	752	862	836	902	....
29	*Other securities*	*10,930*	*10,967*	*10,834*	*10,334*	*10,743*	*10,529*	*10,519*	*13*
	Obligations of States and political subdivisions:								
30	Tax warrants, short-term notes, and bills	2,142	2,147	2,132	1,781	1,915	1,841	1,790	9
31	All other	6,638	6,607	6,589	6,561	6,865	6,757	6,802	3
	Other bonds, corporate stocks, and securities:								
32	Certificates of participation[2]	190	190	190	424	425	424	425	....
33	All other, including corporate stocks	1,960	2,023	1,923	1,568	1,538	1,507	1,502	1
34	Cash items in process of collection	15,034	13,811	15,216	15,350	13,971	14,283	13,938	1
35	Reserves with F.R. Banks	4,438	5,236	6,017	4,200	3,293	6,543	5,262	3
36	Currency and coin	974	983	1,045	1,034	1,006	968	952	2
37	Balances with domestic banks	7,446	8,638	7,825	7,084	6,322	6,698	6,806	....
38	Investments in subsidiaries not consolidated	1,424	1,424	1,427	1,463	1,489	1,492	1,508	....
39	Other assets	21,792	20,458	21,295	22,517	22,877	22,581	22,869	6
40	**Total assets/total liabilities**	**146,747**	**148,434**	**150,985**	**149,584**	**145,223**	**145,777**	**143,706**	**78**
	Deposits:								
41	*Demand deposits*	*54,103*	*55,686*	*57,799*	*56,880*	*51,521*	*52,644*	*51,230*	26
42	Individuals, partnerships, and corporations	28,627	29,008	31,242	31,730	28,341	28,829	27,531	21
43	States and political subdivisions	427	586	584	516	509	597	611	2
44	U.S. Govt.	103	562	595	186	280	547	431	1
	Domestic interbank:								
45	Commercial	14,000	14,858	14,229	14,462	12,612	12,794	12,489	....
46	Mutual savings	408	418	459	648	569	494	486	2
	Foreign:								
47	Governments, official institutions, etc.	984	1,185	1,625	1,091	931	935	1,681	....
48	Commercial banks	5,484	5,293	6,010	5,437	4,869	4,580	4,753	....
49	Certified and officers' checks	4,070	3,776	3,055	2,810	3,410	3,868	3,248	....
50	*Time and savings deposits*[3]	*44,505*	*44,623*	*44,505*	*44,452*	*44,695*	*44,785*	*45,168*	*41*
51	Savings[4]	9,924	9,904	9,929	10,018	10,057	10,015	10,004	24
52	Time:	34,581	34,719	34,576	34,434	34,638	34,770	35,164	17
53	Individuals, partnerships, and corporations	25,933	26,029	25,920	25,813	25,853	25,888	26,230	11
54	States and political subdivisions	1,691	1,660	1,650	1,565	1,564	1,606	1,575	6
55	Domestic interbank	1,652	1,653	1,679	1,642	1,703	1,711	1,700	....
56	Foreign govts., official institutions, etc.	4,572	4,654	4,611	4,651	4,766	4,808	4,836	....
57	Federal funds purchased, etc.[5]	21,789	21,920	22,320	21,301	22,470	21,743	18,972	2
	Borrowings from:								
58	F.R. Banks	654	350	225	505	190	....	1,478	....
59	Others	2,507	2,386	2,344	2,206	2,321	2,457	2,467	3
60	Other liabilities, etc.[6]	10,459	10,709	11,014	11,414	11,157	11,298	11,534	1
61	Total equity capital and subordinated notes/debentures[7]	12,730	12,760	12,778	12,826	12,869	12,850	12,857	5

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.
4 For amounts of these deposits by ownership categories, see Table 1.30.
5 Includes securities sold under agreements to repurchase.
6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
7 Includes reserves for securities and contingency portion of reserves for loans.
▲ See p. A-23.

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS OUTSIDE NEW YORK CITY
Assets and Liabilities

Millions of dollars, Wednesday figures

	Account	1977 Dec. 14	1977 Dec. 21	1977 Dec. 28	1978 Jan. 4	1978 Jan. 11	1978 Jan. 18	1978 Jan. 25p
1	**Total loans and investments**	**352,521**	**353,475**	**354,537**	**355,224**	**355,818**	**350,882**	**349,887**
	Loans:							
2	*Federal funds sold*[1]	*24,376*	*22,580*	*22,704*	*22,931*	*24,760*	*21,866*	*20,714*
3	To commercial banks	17,629	18,660	19,058	19,047	17,722	17,741	15,747
	To brokers and dealers involving—							
4	U.S. Treasury securities	4,235	1,922	1,618	2,052	4,277	2,058	2,958
5	Other securities	705	782	839	654	864	612	581
6	To others	1,807	1,216	1,189	1,178	1,897	1,455	1,428
7	*Other, gross*	*244,061*	*246,179*	*247,510*	*249,374*	*248,868*	*247,492*	*247,605*
8	Commercial and industrial	88,192	89,033	89,272	89,966	89,598	89,355	89,887
9	Agricultural	4,480	4,497	4,537	4,557	4,505	4,485	4,472
	For purchasing or carrying securities:							
	To brokers and dealers:							
10	U.S. Treasury securities	237	209	150	182	704	143	141
11	Other securities	4,146	4,420	4,226	4,175	3,855	4,115	4,118
	To others:							
12	U.S. Treasury securities	84	82	81	86	85	86	81
13	Other securities	2,210	2,225	2,243	2,228	2,244	2,261	2,266
	To nonbank financial institutions:							
14	Personal and sales finance cos., etc.	4,948	5,137	5,187	5,316	5,183	5,007	4,959
15	Other	10,718	10,550	10,665	10,981	10,551	10,174	10,070
16	Real estate	64,828	65,101	65,325	65,417	65,810	65,943	66,065
	To commercial banks:							
17	Domestic	1,628	1,691	1,791	1,778	2,123	1,733	1,623
18	Foreign	3,246	3,198	3,363	3,416	3,627	3,432	3,381
19	Consumer instalment	41,337	41,605	42,001	42,236	42,246	42,305	42,315
20	Foreign governments, official institutions, etc.	1,161	1,188	1,226	1,256	1,292	1,324	1,365
21	All other loans	16,846	17,243	17,443	17,780	17,045	17,129	16,862
22	LESS: Loan reserve and unearned income on loans	7,798	7,800	7,755	7,713	7,739	7,755	7,782
23	*Other loans, net*	*236,263*	*238,379*	*239,755*	*241,661*	*241,129*	*239,737*	*239,823*
	Investments:							
24	*U.S. Treasury securities*	*35,328*	*35,620*	*35,398*	*34,862*	*34,017*	*33,519*	*33,376*
25	Bills	6,464	6,849	6,675	6,098	5,124	4,749	4,652
	Notes and bonds, by maturity:							
26	Within 1 year	6,906	6,895	7,017	7,129	7,113	7,168	7,110
27	1 to 5 years	18,787	18,744	18,472	18,493	18,602	18,376	18,410
28	After 5 years	3,171	3,132	3,144	3,142	3,178	3,226	3,204
29	*Other securities*	*56,554*	*56,896*	*56,770*	*55,770*	*55,912*	*55,760*	*55,974*
	Obligations of States and political subdivisions:							
30	Tax warrants, short-term notes, and bills	*6,758*	*6,652*	*6,593*	*6,053*	*6,111*	*5,916*	*5,877*
31	All other	*36,429*	*36,481*	*36,554*	*36,352*	*36,450*	*36,378*	*36,568*
	Other bonds, corporate stocks, and securities:							
32	Certificates of participation[2]	2,152	2,262	2,301	2,254	2,294	2,269	2,287
33	All other, including corporate stocks	11,215	11,501	11,322	11,111	11,057	11,197	11,242
34	Cash items in process of collection	28,928	29,799	31,522	36,281	26,809	27,308	24,715
35	Reserves with F.R. Banks	14,591	15,838	19,267	16,243	12,515	17,047	14,733
36	Currency and coin	5,584	5,603	6,237	5,807	5,823	5,570	5,497
37	Balances with domestic banks	7,616	8,530	8,404	9,377	7,800	7,800	6,924
38	Investments in subsidiaries not consolidated	1,443	1,447	1,469	1,489	1,482	1,510	1,529
39	Other assets	36,385	37,232	37,150	37,673	37,573	38,047	38,098
40	**Total assets/total liabilities**	**447,068**	**451,924**	**458,586**	**462,094**	**447,820**	**448,164**	**441,383**
	Deposits:							
41	*Demand deposits*	*136,584*	*138,995*	*142,652*	*148,635*	*134,764*	*134,925*	*128,720*
42	Individuals, partnerships, and corporations	109,875	109,596	111,924	114,874	107,678	106,852	102,750
43	States and political subdivisions	5,709	5,693	5,749	6,372	5,501	5,765	5,503
44	U.S. Govt.	1,224	2,742	3,143	1,493	1,432	2,428	1,833
	Domestic interbank:							
45	Commercial	13,794	14,575	15,044	18,776	13,791	13,410	12,664
46	Mutual savings	375	387	401	507	424	411	397
	Foreign:							
47	Governments, official institutions, etc.	296	321	288	272	260	250	244
48	Commercial banks	1,443	1,659	1,620	1,678	1,631	1,661	1,434
49	Certified and officers' checks	3,868	4,022	3,883	4,663	4,047	4,148	3,895
50	*Time and savings deposits*[3]	*205,144*	*206,529*	*207,271*	*207,706*	*207,261*	*207,108*	*207,187*
51	Savings[4]	82,080	81,861	82,161	82,922	83,093	82,896	82,745
52	Time:	123,064	124,668	125,110	124,784	124,168	124,212	124,442
53	Individuals, partnerships, and corporations	93,839	94,706	95,239	95,001	94,401	94,576	94,669
54	States and political subdivisions	21,376	21,818	21,710	21,747	22,037	22,108	22,291
55	Domestic interbank	3,889	4,036	4,113	3,964	3,626	3,536	3,503
56	Foreign govts., official institutions, etc.	3,142	3,339	3,278	3,296	3,325	3,253	3,243
57	Federal funds purchased, etc.[5]	55,009	55,967	58,038	56,064	56,337	56,581	55,771
	Borrowings from:							
58	F. R. Banks	397	480	1,315	357	460	392	620
59	Others	3,026	2,942	3,078	2,894	2,668	2,444	2,543
60	Other liabilities, etc.[6]	15,220	15,343	15,043	14,500	14,434	14,844	14,424
61	Total equity capital and subordinated notes/debentures[7]	31,688	31,668	31,789	31,938	31,896	31,866	32,118

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

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

	Account and bank group	1977 Dec. 14	1977 Dec. 21	1977 Dec. 28	1978 Jan. 4	1978 Jan. 11	1978 Jan. 18	1978 Jan. 25*p*	Adjustment bank, 1977▲
	Total loans (gross) and investments, adjusted[1]								
1	*Large banks*	*436,186*	*437,459*	*437,482*	*436,647*	*437,791*	*430,494*	*431,378*	*1,095*
2	New York City banks	95,124	96,535	96,039	94,535	94,079	91,331	91,079	67
3	Banks outside New York City	341,062	340,924	341,443	342,112	343,712	339,163	340,299	1,028
	Total loans (gross), adjusted								
4	*Large banks*	*322,167*	*323,215*	*323,909*	*324,579*	*326,104*	*319,946*	*321,301*	*701*
5	New York City banks	72,987	74,807	74,544	73,099	72,321	70,062	70,352	49
6	Banks outside New York City	249,180	248,408	249,365	251,480	253,783	249,884	250,949	652
	Demand deposits, adjusted[2]								
7	*Large banks*	*117,604*	*118,334*	*120,102*	*118,967*	*117,390*	*116,799*	*113,880*	*383*
8	New York City banks	24,966	26,455	27,759	26,882	24,658	25,020	24,372	24
9	Banks outside New York City	92,638	91,879	92,343	92,085	92,732	91,779	89,508	359
	Large negotiable time CD's included in time and savings deposits[3]								
	Total:								
10	**Large banks**	**75,879**	**77,157**	**77,589**	**77,085**	**76,079**	**75,852**	**76,170**	**22**
11	New York City	23,673	23,914	23,802	23,632	23,721	23,824	24,133	....
12	Banks outside New York City	52,206	53,243	53,787	53,453	52,358	52,028	52,037	22
	Issued to IPC's:								
13	*Large banks*	*51,525*	*52,448*	*52,871*	*52,514*	*51,504*	*51,350*	*51,610*	*12*
14	New York City Banks	16,498	16,653	16,568	16,508	16,430	16,440	16,751	....
15	Banks outside New York City	35,027	35,795	36,303	36,006	35,074	34,910	34,859	12
	Issued to others:								
16	*Large banks*	*24,354*	*24,709*	*24,718*	*24,571*	*24,575*	*24,502*	*24,560*	*10*
17	New York City banks	7,175	7,261	7,234	7,124	7,291	7,384	7,382	....
18	Banks outside New York City	17,179	17,448	17,484	17,447	17,284	17,118	17,178	10
	All other large time deposits[4]								
	Total:								
19	**Large banks**	**29,668**	**30,172**	**30,028**	**29,903**	**30,455**	**30,753**	**31,006**	**35**
20	New York City banks	5,984	5,905	5,866	5,944	6,071	6,132	6,193	14
21	Banks outside New York City	23,684	24,267	24,162	23,959	24,384	24,621	24,813	21
	Issued to IPC's:								
22	*Large banks*	*16,876*	*16,892*	*16,867*	*16,733*	*17,156*	*17,436*	*17,602*	*18*
23	New York City banks	4,646	4,598	4,563	4,571	4,691	4,755	4,761	8
24	Banks outside New York City	12,230	12,294	12,304	12,162	12,465	12,681	12,841	10
	Issued to others:								
25	*Large banks*	*12,792*	*13,280*	*13,161*	*13,170*	*13,299*	*13,317*	*13,404*	*17*
26	New York City banks	1,338	1,307	1,303	1,373	1,380	1,377	1,432	6
27	Banks outside New York City	11,454	11,973	11,858	11,797	11,919	11,940	11,972	11
	Savings deposits, by ownership category								
	Individuals and nonprofit organizations:								
28	*Large banks*	*85,406*	*85,296*	*85,635*	*86,482*	*86,620*	*86,451*	*86,276*	*362*
29	New York City banks	9,194	9,177	9,223	9,297	9,321	9,283	9,244	17
30	Banks outside New York City	76,212	76,119	76,412	77,185	77,299	77,168	77,032	345
	Partnerships and corporations for profit:[5]								
31	*Large banks*	*5,193*	*5,104*	*5,097*	*4,997*	*4,988*	*4,950*	*4,966*	*21*
32	New York City banks	515	510	510	502	500	491	489	1
33	Banks outside New York City	4,678	4,594	4,587	4,495	4,488	4,459	4,477	20
	Domestic governmental units:								
34	*Large banks*	*1,380*	*1,337*	*1,339*	*1,438*	*1,520*	*1,484*	*1,477*	*12*
35	New York City banks	205	199	186	207	222	227	254	6
36	Banks outside New York City	1,175	1,138	1,153	1,231	1,298	1,257	1,223	6
	All other:[6]								
37	*Large banks*	*25*	*28*	*19*	*23*	*22*	*26*	*30*	....
38	New York City banks	10	18	10	12	14	14	17	....
39	Banks outside New York City	15	10	9	11	8	12	13	....
	Gross liabilities of banks to their foreign branches								
40	*Large banks*	*4,929*	*5,058*	*6,014*	*6,375*	*5,491*	*5,414*	*5,292*	....
41	New York City banks	3,324	3,489	4,013	4,176	3,595	3,502	3,999	....
42	Banks outside New York City	1,605	1,569	2,001	2,199	1,896	1,912	1,293	....
	Loans sold outright to selected institutions by all large banks[7]								
43	Commercial and industrial	3,172	3,146	3,260	3,172	3,159	3,063	3,074	....
44	Real estate	243	223	224	219	224	236	236	....
45	All other	1,155	1,180	1,164	1,184	1,167	1,168	1,161	....

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.

▲ These amounts represent accumulated adjustments originally made to offset the cumulative effects of mergers. A "positive" adjustment bank should be added to, and a "negative" adjustment bank subtracted from, outstanding data for any date in the year to establish comparability with any date in the subsequent year.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Commercial and Industrial Loans

Millions of dollars

Industry classification	Outstanding 1977 Dec. 28	1978 Jan. 4	Jan. 11	Jan. 18	Jan. 25	Net change during— 1977 Q3	1977 Q4	1977 Nov.	1977 Dec.	1978 Jan.p	Adjustment bank▲
	Total loans classified[2]										
1 Total	**102,000**	**102,814**	**101,879**	**101,301**	**100,992**	**268**	**4,395**	**707**	**1,527**	**-1,706**	**745**
Durable goods manufacturing:											
2 Primary metals	2,750	2,600	2,587	2,539	2,564	74	256	78	392	186	90
3 Machinery	4,567	4,504	4,546	4,641	4,662	-233	-4	-119	29	95	176
4 Transportation equipment	2,297	2,285	2,269	2,374	2,388	-15	-89	88	-151	91	-21
5 Other fabricated metal products	1,949	1,977	2,001	1,961	2,004	11	26	37	-7	55	28
6 Other durable goods	3,501	3,399	3,385	3,391	3,357	66	-231	-137	-64	144	-20
Nondurable goods manufacturing:											
7 Food, liquor, and tobacco	3,780	3,796	3,803	3,787	3,772	128	324	146	37	8	21
8 Textiles, apparel, and leather	3,357	3,231	3,212	3,145	3,174	166	663	259	-270	-183	-65
9 Petroleum refining	2,948	2,856	2,765	2,722	2,713	91	235	98	23	-235	-249
10 Chemicals and rubber	2,844	2,831	2,851	2,827	2,914	124	37	12	-81	70	39
11 Other nondurable goods	2,242	2,236	2,255	2,239	2,244	149	74	30	95	2	26
12 Mining, including crude petroleum and natural gas	8,769	8,905	8,817	9,000	9,017	88	537	86	305	248	306
Trade:											
13 Commodity dealers	1,826	2,046	2,115	2,225	2,202	-379	502	208	6	376	125
14 Other wholesale	7,299	7,825	7,796	7,608	7,773	103	439	31	187	474	390
15 Retail	6,965	6,909	7,033	6,901	7,047	311	-235	62	-510	82	96
16 Transportation	4,985	5,210	5,225	5,192	5,210	-68	17	102	-25	225	239
17 Communication	1,383	1,578	1,490	1,461	1,444	72	115	74	-15	61	22
18 Other public utilities	5,330	5,644	5,648	5,665	5,535	-512	290	44	260	205	210
19 Construction	4,473	4,524	4,530	4,406	4,474	243	-31	74	-67	1	39
20 Services	11,299	11,830	11,642	11,826	11,852	-270	286	124	184	553	330
21 All other domestic loans	8,341	7,652	7,703	7,492	7,448	197	419	146	225	-893	-857
22 Bankers acceptances	6,221	6,072	5,362	5,008	4,317	86	2,455	551	980	1,904	2
23 Foreign commercial and industrial loans	4,874	4,904	4,844	4,891	4,881	-164	-238	-391	6	7	48
MEMO ITEMS:											
24 Commercial paper included in total classified loans[1]	158	....	....	....	133	-85	75	73	20	25	....
25 Total commercial and industrial loans of all large weekly reporting banks	125,661	125,782	124,750	124,135	123,955	684	5,440	1,187	2,054	-1,706	-13

Industry classification	1977 Sept. 28	1977 Oct. 26	1977 Nov. 30	1977 Dec. 28	1978 Jan. 25	1977 Q3	1977 Q4	1977 Nov.	1977 Dec.	1978 Jan.p	Adjustment bank▲
	"Term" loans classified[3]										
26 Total	**46,274**	**46,631**	**46,660**	**46,626**	**48,216**	**-242**	**352**	**29**	**-34**	**1,590**	**840**
Durable goods manufacturing:											
27 Primary metals	1,426	1,420	1,405	1,546	1,559	38	120	-15	141	13	46
28 Machinery	2,337	2,384	2,319	2,286	2,403	-183	-51	-65	-33	117	40
29 Transportation equipment	1,429	1,373	1,339	1,317	1,432	47	-112	-34	22	115	20
30 Other fabricated metal products	775	831	838	834	882	-57	59	7	-4	48	18
31 Other durable goods	1,774	1,774	1,742	1,698	1,630	52	-76	32	44	-68	21
Nondurable goods manufacturing:											
32 Food, liquor, and tobacco	1,400	1,441	1,442	1,498	1,436	-35	98	1	56	-62	-45
33 Textiles, apparel, and leather	1,154	1,173	1,142	1,058	973	4	-96	-31	-84	-85	60
34 Petroleum refining	1,997	2,129	2,167	2,268	2,136	59	271	38	101	132	-221
35 Chemicals and rubber	1,745	1,746	1,770	1,727	1,926	99	-18	24	-43	199	174
36 Other nondurable goods	1,094	1,094	1,119	1,147	1,198	-34	53	25	28	51	20
37 Mining, including crude petroleum and natural gas	6,284	6,328	6,412	6,501	6,570	-91	217	84	89	69	53
Trade:											
38 Commodity dealers	194	209	234	236	294	23	42	25	2	58	34
39 Other wholesale	1,540	1,588	1,592	1,665	1,874	57	125	4	73	209	126
40 Retail	2,400	2,495	2,583	2,448	2,481	75	48	88	135	33	52
41 Transportation	3,625	3,622	3,651	3,484	3,731	24	-141	29	167	247	168
42 Communication	786	812	835	840	901	38	54	23	5	61	37
43 Other public utilities	3,302	3,413	3,294	3,266	3,802	-469	-36	119	28	536	590
44 Construction	2,011	1,956	2,007	1,990	2,002	178	-21	51	-17	12	89
45 Services	5,281	5,185	5,250	5,366	5,746	-20	85	65	116	380	207
46 All other domestic loans	2,542	2,502	2,641	2,726	2,617	110	184	139	85	-109	97
47 Foreign commercial and industrial loans	3,178	3,156	2,878	2,725	2,623	-109	-453	-278	153	-102	212

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.

▲ These amounts represent accumulated adjustments originally made to offset the cumulative effects of mergers. A "positive" adjustment bank should be added to, and a "negative" adjustment bank subtracted from, outstanding data for any date in the year to establish comparability with any date in the subsequent year.

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations

Billions of dollars, estimated daily-average balances

Type of holder	At commercial banks									
	1972 Dec.	1973 Dec.	1974 Dec.	1975 Dec.	1976		1977			
					Sept.	Dec.	Mar.	June	Sept.	Dec.p
1 **All holders, IPC**	**208.0**	**220.1**	**225.0**	**236.9**	**236.1**	**250.1**	**242.3**	**253.8**	**252.7**	**272.9**
2 Financial business	18.9	19.1	19.0	20.1	19.7	22.3	21.6	25.9	23.7	24.6
3 Nonfinancial business	109.9	116.2	118.8	125.1	122.6	130.2	125.1	129.2	128.5	142.8
4 Consumer	65.4	70.1	73.3	78.0	80.0	82.6	81.6	84.1	86.2	90.2
5 Foreign	1.5	2.4	2.3	2.4	2.3	2.7	2.4	2.5	2.5	2.5
6 Other	12.3	12.4	11.7	11.3	11.5	12.4	11.6	12.2	11.8	12.8
	At weekly reporting banks									
	1973 Dec.	1974 Dec.	1975 Dec.	1976 Dec.	1977					
					July	Aug.	Sept.	Oct.	Nov.	Dec.p
7 **All holders, IPC**	**118.1**	**119.7**	**124.4**	**128.5**	**131.0**	**128.0**	**129.2**	**131.4**	**133.0**	**139.2**
8 Financial business	14.9	14.8	15.6	17.5	18.9	18.0	17.4	18.0	17.9	18.4
9 Nonfinancial business	66.2	66.9	69.9	69.7	70.7	68.8	70.0	72.1	72.2	76.4
10 Consumer	28.0	29.0	29.9	31.7	32.6	32.4	32.8	32.4	33.4	34.4
11 Foreign	2.2	2.2	2.3	2.6	2.2	2.5	2.4	2.3	2.5	2.4
12 Other	6.8	6.8	6.6	7.1	6.7	6.4	6.6	6.7	7.0	7.6

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.

Data for August 1976 have been revised as follows: All holders, IPC, 119.4; financial business, 15.3; nonfinancial business, 65.5; consumer, 30.0; foreign, 2.5; all other, 6.1.

1.33 COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1975 Dec.	1976 Dec.	1977 Dec.	1977						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Commercial paper (seasonally adjusted)									
1 **All issuers**	**48,145**	**52,623**	**64,571**	**61,327**	**60,323**	**60,320**	**61,391**	**62,591**	**61,995**	**64,571**
Financial companies:[1]										
Dealer-placed paper:[2]										
2 Total	6,220	7,271	8,899	8,196	8,261	8,167	8,493	8,547	8,493	8,899
3 Bank-related	1,762	1,900	2,132	1,894	1,744	1,650	1,846	1,961	1,980	2,132
Directly-placed paper:[3]										
4 Total	31,230	32,365	40,231	37,593	36,773	36,699	37,670	38,979	38,845	40,231
5 Bank-related	6,892	5,959	7,003	6,636	6,344	6,394	7,069	7,008	6,567	7,003
6 Nonfinancial companies[4]	10,695	12,987	13,443	15,538	15,289	15,454	15,228	15,065	14,657	15,443
	Dollar acceptances (not seasonally adjusted)									
7 **Total**	**18,727**	**22,523**	**25,654**	**23,440**	**23,499**	**23,091**	**23,317**	**23,908**	**24,088**	**25,654**
Held by:										
8 *Accepting banks*	*7,333*	*10,442*	*10,434*	*7,630*	*7,601*	*7,647*	*7,473*	*8,673*	*8,952*	*10,434*
9 Own bills	5,899	8,769	8,915	6,356	6,464	6,580	6,566	7,248	7,702	8,915
10 Bills bought	1,435	1,673	1,519	1,273	1,137	1,067	907	1,424	1,251	1,519
F.R. Banks:										
11 Own account	1,126	991	954	621	393	131	482	....	248	954
12 Foreign correspondents	293	375	362	360	296	304	287	422	392	362
13 Others	9,975	13,447	13,904	14,829	15,209	15,009	15,075	14,813	14,495	13,904
Based on:										
14 Imports into United States	3,726	4,992	6,532	5,635	5,570	5,446	5,654	5,886	5,973	6,532
15 Exports from United States	4,001	4,818	5,895	5,729	5,842	5,747	5,544	5,584	5,803	5,895
16 All other	11,000	12,713	13,227	12,076	12,088	11,899	12,119	12,438	12,312	13,227

1 Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2 Includes all financial company paper sold by dealers in the open market.
3 As reported by financial companies that place their paper directly with investors.
4 Includes public utilities and firms engaged primarily in activities such as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

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

Per cent per annum

Effective date	Rate	Effective date	Rate	Month	Average rate	Month	Average rate
1976—June 1	7	1977—May 13	6½	1976—June	7.20	1977—Apr	6.25
7	7¼	31	6¾	July	7.25	May	6.41
				Aug	7.01	June	6.75
Aug. 2	7	Aug. 22	7	Sept	7.00	July	6.75
				Oct	6.78	Aug	6.83
Oct. 4	6¾	Sept. 16	7¼	Nov	6.50	Sept	7.13
				Dec	6.35	Oct	7.52
Nov. 1	6½	Oct. 7	7½			Nov	7.75
		Oct. 24	7¾	1977—Jan	6.25	Dec	7.75
Dec. 13	6¼			Feb	6.25		
		1978—Jan. 10	8	Mar	6.25	1978—Jan	7.93

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, Nov. 7–12, 1977

Item	All sizes	Size of loan (in thousands of dollars) 1–24	25–49	50–99	100–499	500–999	1,000 and over
		Short-term commercial and industrial loans					
1 Amount of loans (thousands of dollars)	6,072,726	851,269	419,038	665,606	1,424,620	452,092	2,260,100
2 Number of loans	160,330	128,007	12,690	10,986	7,097	719	830
3 Weighted-average maturity (months)	3.1	2.8	2.8	3.6	2.7	3.3	3.3
4 Weighted-average interest rate (per cent per annum)	8.66	9.53	9.12	9.02	8.74	8.47	8.14
5 Interquartile range [1]	7.98–9.20	8.68–10.50	8.51–9.58	8.30–9.46	8.00–9.25	7.98–8.86	7.75–8.48
Percentage of amount of loans:							
6 With floating rate	59.2	36.5	45.9	43.9	66.2	60.2	70.1
7 Made under commitment	40.4	15.9	19.7	22.8	34.8	60.6	58.1
		Long-term commercial and industrial loans					
8 Amount of loans (thousands of dollars)	1,035,642		318,418		154,405	65,136	497,682
9 Number of loans	22,711		21,516		981	99	115
10 Weighted-average maturity (months)	44.7		36.9		35.6	41.5	52.9
11 Weighted-average interest rate (per cent per annum)	8.71		9.16		9.03	8.87	8.30
12 Interquartile range [1]	8.14–9.46		8.42–10.00		8.75–9.38	7.98–9.75	7.95–8.11
Percentage of amount of loans:							
13 With floating rate	53.4		30.3		41.2	71.9	69.5
14 Made under commitment	48.3		36.8		37.8	61.7	57.1
		Construction and land development loans					
15 Amount of loans (thousands of dollars)	597,800	183,346	85,429	81,873	134,728	112,423	
16 Number of loans	26,608	22,199	2,381	1,261	684	82	
17 Weighted-average maturity (months)	8.8	8.3	5.9	8.2	9.1	11.3	
18 Weighted-average interest rate (per cent per annum)	9.19	9.36	8.99	9.68	9.34	8.54	
19 Interquartile range [1]	8.75–9.92	9.00–9.88	8.03–9.50	9.32–10.00	8.84–9.84	8.00–9.95	
Percentage of amount of loans:							
20 With floating rate	37.7	8.8	17.0	24.8	57.1	86.7	
21 Secured by real estate	77.6	68.4	65.3	93.6	90.9	74.3	
22 Made under commitment	50.1	30.8	44.9	41.9	73.7	63.1	
23 Type of construction: 1- to 4-family	44.1	61.9	57.8	70.9	29.3	(2)	
24 Multifamily	8.7	1.0	2.2	6.4	16.7	18.3	
25 Nonresidential	47.2	37.1	39.9	22.8	54.0	79.0	

Item	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
		Loans to farmers					
26 Amount of loans (thousands of dollars)	708,606	146,349	136,895	93,587	103,885	81,366	146,525
27 Number of loans	53,756	39,137	9,624	2,704	1,498	576	217
28 Weighted-average maturity (months)	9.4	8.0	8.3	21.0	6.5	6.6	7.9
29 Weighted-average interest rate (per cent per annum)	9.12	9.14	9.03	9.07	8.91	9.10	9.35
30 Interquartile range [1]	8.68–9.40	8.68–9.38	8.71–9.31	8.68–9.50	8.68–9.24	8.68–9.40	8.75–9.69
By purpose of loan:							
31 Feeder livestock	8.93	8.94	8.87	8.79	9.03	9.22	8.88
32 Other livestock	9.06	9.36	8.98	9.82	8.44	9.09	9.05
33 Other current operating expenses	9.20	9.09	9.09	9.14	8.88	9.23	9.60
34 Farm machinery and equipment	9.18	9.41	9.27	9.17	8.83	8.62	(2)
35 Other	9.19	9.03	9.10	9.19	9.31	8.89	9.37

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

2 Fewer than three sample loans.

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

1.36 INTEREST RATES Money and Capital Markets

Averages, per cent per annum

	Instrument	1975	1976	1977	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.	1978, week ending Jan. 7	Jan. 14	Jan. 21	Jan. 28
							Money market rates					
	Prime commercial paper [1]											
1	90- to 119-day	6.26	5.24	5.54	6.51	6.54	6.61	6.75	6.66	6.73	6.82	6.77
2	4- to 6-month	6.33	5.35	5.60	6.55	6.59	6.64	6.79	6.69	6.77	6.85	6.83
3	Finance company paper, directly placed, 3- to 6-month [2]	6.16	5.22	5.49	6.41	6.49	6.52	6.69	6.58	6.65	6.75	6.75
4	Prime bankers acceptances, 90-day [3]	6.30	5.19	5.59	6.57	6.58	6.60	6.86	6.71	6.98	6.89	6.85
5	Federal funds [4]	5.82	5.05	5.54	6.47	6.51	6.56	6.70	6.69	6.58	6.78	6.72
	Large negotiable certificates of deposit											
6	3-month, secondary market [5]	6.43	5.26	5.58	6.24	6.68	6.72	6.71	6.77	6.88	7.06	6.97
7	3-month, primary market [6]	......	5.15	5.52	6.53	6.56	6.64	6.83	6.70	6.85	6.89	6.88
8	Euro-dollar deposits, 3-month [7]	6.97	5.57	6.05	7.14	7.09	7.15	7.32	7.25	7.26	7.43	7.30
	U.S. Govt. securities											
	Bills: [8]											
	Market yields:											
9	3-month	5.80	4.98	5.27	6.16	6.10	6.07	6.44	6.20	6.60	6.48	6.44
10	6-month	6.11	5.26	5.53	6.43	6.41	6.40	6.70	6.45	6.84	6.74	6.72
11	1-year	6.30	5.52	5.71	6.52	6.52	6.52	6.80	6.57	6.94	6.84	6.82
	Rates on new issue:											
12	3-month	5.838	4.989	5.265	6.188	6.160	6.063	6.448	6.144	6.682	6.535	6.429
13	6-month	6.122	5.266	5.510	6.410	6.433	6.377	6.685	6.423	6.848	6.759	6.709
	Constant maturities: [9]											
14	1-year	6.76	5.88	6.09	6.97	6.95	6.96	7.28	7.03	7.43	7.34	7.30
							Capital market rates					
	Goverment notes and bonds											
	U.S Treasury:											
	Constant maturities: [9]											
15	2-year	......	......	6.45	7.11	7.14	7.18	7.49	7.26	7.59	7.55	7.52
16	3-year	7.49	6.77	6.69	7.19	7.22	7.30	7.61	7.40	7.71	7.66	7.65
17	5-year	7.77	7.18	6.99	7.32	7.34	7.48	7.77	7.59	7.85	7.81	7.79
18	7-year	7.90	7.42	7.23	7.44	7.46	7.59	7.86	7.72	7.93	7.89	7.89
19	10-year	7.99	7.61	7.42	7.52	7.58	7.69	7.96	7.83	8.01	7.98	7.98
20	20-year	8.19	7.86	7.67	7.71	7.76	7.87	8.14	8.01	8.18	8.16	8.17
21	30-year	......	......	......	7.77	7.85	7.94	8.18	8.08	8.21	8.19	8.21
	Notes and bonds maturing in [10]											
22	3 to 5 years	7.55	6.94	6.85	7.23	7.28	7.40	7.71	7.52	7.78	7.75	7.74
23	Over 10 years (long-term)	6.98	6.78	7.06	7.08	7.14	7.23	7.50	7.36	7.54	7.54	7.55
	State and local:											
	Moody's series: [11]											
24	Aaa	6.42	5.66	5.20	5.31	5.15	5.07	5.20	5.15	5.25	5.20	5.20
25	Baa	7.62	7.49	6.12	5.94	5.94	5.79	5.91	5.85	6.00	5.90	5.90
26	*Bond Buyer* series [12]	7.05	6.64	5.68	5.64	5.49	5.57	5.71	5.64	5.75	5.74	5.70
	Corporate bonds											
	Seasoned issues [13]											
27	All industries	9.57	9.01	8.43	8.42	8.48	8.54	8.74	8.64	8.72	8.76	8.79
	By rating groups:											
28	Aaa	8.83	8.43	8.02	8.04	8.08	8.19	8.41	8.30	8.40	8.44	8.47
29	Aa	9.17	8.75	8.24	8.26	8.34	8.40	8.59	8.51	8.56	8.61	8.65
30	A	9.65	9.09	8.49	8.48	8.56	8.57	8.76	8.66	8.74	8.77	8.81
31	Baa	10.61	9.75	8.97	8.89	8.95	8.99	9.17	9.10	9.16	9.20	9.21
	Aaa utility bonds: [14]											
32	New issue	9.40	8.48	8.19	8.23	8.27	8.34	8.68	......	8.70	8.68	......
33	Recently offered issues	9.41	8.49	8.19	8.22	8.24	8.38	8.60	8.48	8.65	8.65	8.62
	Dividend/price ratio											
34	Preferred stocks	8.38	7.97	7.60	7.60	7.67	7.85	7.93	7.83	7.89	7.96	8.01
35	Common stocks	4.31	3.77	4.56	4.97	5.02	5.11	5.32	5.15	5.37	5.33	5.42

1 Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by those 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 Weekly figures are 7-day averages of the daily midpoints as determined from the range of offering rates; monthly figures are averages of total days in the month.

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 basis.

9 Yields on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.

10 Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years.

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

12 Twenty issues of mixed quality.

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

14 Compilation of the Board of Governors of the Federal Reserve System.

Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering; those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations.

1.37 STOCK MARKET Selected Statistics

	Indicator	1975	1976	1977	1977 July	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.
		Prices and trading (averages of daily figures)									
	Common stock prices										
1	**New York Stock Exchange (Dec. 31, 1965 = 50)**	**45.73**	**54.45**	**53.67**	**54.94**	**53.51**	**52.66**	**51.37**	**51.87**	**51.83**	**49.89**
2	Industrial	51.88	60.44	57.84	58.90	57.30	56.41	54.99	55.62	55.55	53.45
3	Transportation	30.73	39.57	41.07	43.52	41.04	39.99	38.33	39.30	39.75	39.15
4	Utility	31.45	36.97	40.91	42.44	41.50	40.93	40.38	40.33	40.36	39.09
5	Finance	46.62	52.94	55.23	57.29	56.52	55.33	53.24	54.04	53.85	50.91
6	**Standard & Poor's Corporation (1941-43 = 10)[1]**	**85.17**	**102.01**	**98.18**	**100.19**	**97.75**	**96.23**	**93.78**	**94.28**	**93.82**	**90.28**
7	**American Stock Exchange (Aug. 31, 1973 = 100)**	**83.15**	**101.63**	**116.18**	**122.03**	**119.33**	**118.08**	**115.41**	**117.80**	**124.88**	**121.73**
	Volume of trading (thousands of shares)[2]										
8	New York Stock Exchange	18,568	21,189	20,936	23,656	18,831	18,270	19,689	23,557	21,475	20,530
9	American Stock Exchange	2,150	2,565	2,514	2,880	2,140	2,080	2,080	2,061	3,008	2,250
		Customer financing (end-of-period balances, in millions of dollars)									
10	**Regulated margin credit at brokers/dealers and banks[3]**	**6,500**	**9,011**	**10,866**	**10,490**	**10,592**	**10,617**	**10,583**	**10,680**	**10,866**	....
11	*Brokers, total*	*5,540*	*8,166*	*9,993*	*9,667*	*9,763*	*9,793*	*9,756*	*r9,859*	*9,993*	....
12	Margin stock[4]	5,390	7,960	9,740	9,460	9,560	9,590	9,560	9,610	9,740	....
13	Convertible bonds	147	204	250	204	196	196	192	r246	250	....
14	Subscription issues	3	2	3	3	7	7	4	3	3	....
15	*Banks, total*	*960*	*845*	*873*	*823*	*829*	*824*	*827*	*822*	*873*	....
16	Margin stocks	909	800	827	780	787	783	783	778	827	....
17	Convertible bonds	36	30	30	24	23	24	27	28	30	....
18	Subscription issues	15	15	16	19	19	17	17	16	16	....
19	**Unregulated nonmargin stock credit at banks[5]**	**2,281**	**2,817**	**2,568**	**r2,568**	**r2,587**	**r2,581**	**r2,579**	**r2,604**	**2,568**	....
	MEMO: Free credit balances at brokers[6]										
20	Margin-account	475	585	640	600	605	600	615	630	640	....
21	Cash-account	1,525	1,855	2,060	1,860	1,745	1,745	1,850	1,845	2,060	....
		Margin-account debt at brokers (percentage distribution, end of period)									
22	**Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	....
	By equity class (in per cent):[7]										
23	Under 40	24.0	12.0	19.0	16.2	17.4	18.0	27.0	17.0	19.0	....
24	40–49	28.8	23.0	34.0	32.9	32.0	36.0	35.0	33.0	34.0	....
25	50–59	22.3	35.0	24.0	26.4	27.0	23.0	18.0	26.0	24.0	....
26	60–69	11.6	15.0	11.0	12.0	12.0	11.0	9.8	12.0	11.0	....
27	70–79	6.9	8.7	7.0	7.0	7.0	6.0	6.0	7.0	7.0	....
28	80 or more	5.3	6.0	5.0	5.5	5.0	5.0	5.0	5.0	5.0	....
		Special miscellaneous-account balances at brokers (end of period)									
29	Total balances (millions of dollars)[8]	7,290	8,776	9,910	9,730	9,660	9,640	9,640	9,710	9,910	....
	Distribution by equity status (per cent)										
30	Net credit status	43.8	41.3	43.4	40.9	41.1	41.7	42.8	41.8	43.4	....
	Debit status, equity of—										
31	60 per cent or more	40.8	47.8	44.9	47.1	46.2	45.9	43.8	45.5	44.9	....
32	Less than 60 per cent	15.4	10.9	11.7	12.0	12.4	12.4	13.4	12.7	11.7	....

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 Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.

NOTE.—For table on "Margin Requirements" see p. A-10, Table 1.161.

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1974	1975	1976	1977 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
						Savings and loan associations[r]						
1 **Assets**	**295,545**	**338,233**	**391,907**	**414,340**	**421,768**	**426,943**	**433,728**	**440,101**	**444,383**	**450,563**	**455,644**	**459,249**
2 Mortgages	249,301	278,590	323,005	338,855	344,500	350,632	355,856	361,582	366,838	371,714	376,468	381,106
3 Cash and investment securities[1]	23,251	30,853	35,724	39,128	39,707	39,693	41,057	41,069	39,709	40,642	40,522	39,202
4 Other	22,993	28,790	33,178	36,357	37,561	36,618	36,815	37,450	37,836	38,207	38,654	38,941
5 **Liabilities and net worth**	**295,545**	**338,233**	**391,907**	**414,340**	**421,768**	**426,943**	**433,728**	**440,101**	**444,383**	**450,563**	**455,644**	**459,249**
6 Savings capital	242,974	285,743	335,912	354,194	357,840	364,222	368,385	371,247	377,208	379,604	381,333	386,856
7 *Borrowed money*	*24,780*	*20,634*	*19,083*	*18,877*	*19,800*	*20,756*	*20,960*	*22,026*	*22,920*	*24,206*	*25,547*	*27,835*
8 FHLBB	21,508	17,524	15,708	14,809	15,000	15,595	15,724	16,255	16,908	17,546	18,282	19,988
9 Other	3,272	3,110	3,375	4,068	4,800	5,161	5,236	5,771	6,012	6,660	7,265	7,847
10 Loans in process	3,244	5,128	6,840	7,905	8,511	9,129	9,338	9,662	9,741	9,856	9,924	9,951
11 Other	6,105	6,949	8,074	10,419	12,348	9,374	11,280	13,053	10,176	12,226	13,839	9,430
12 Net worth[2]	18,442	19,779	21,998	22,945	23,269	23,462	23,765	24,113	24,338	24,671	25,001	25,177
13 MEMO: Mortgage loan commitments outstanding[3]	7,454	10,673	14,826	21,238	22,270	22,032	21,907	21,901	21,631	21,555	21,270	19,961
						Mutual savings banks						
14 **Assets**	**109,550**	**121,056**	**134,812**	**139,496**	**140,593**	**141,778**	**143,036**	**143,815**	**144,666**	**145,651**	**146,346**	....
Loans:												
15 Mortgage	74,891	77,221	81,630	82,687	83,075	84,051	84,700	85,419	86,079	86,769	87,333	....
16 Other	3,812	4,023	5,183	6,050	6,650	6,887	7,176	7,119	6,878	7,115	7,241	....
Securities:												
17 U.S. Govt.	2,555	4,740	5,840	6,323	6,248	6,104	6,101	6,019	6,192	6,101	6,071	....
18 State and local government	930	1,545	2,417	2,504	2,539	2,544	2,594	2,762	2,777	2,808	2,809	....
19 Corporate and other[4]	22,550	27,992	33,793	36,322	36,455	36,349	36,674	36,878	36,927	37,073	37,221	....
20 Cash	2,167	2,330	2,355	1,900	1,922	2,071	2,001	1,857	1,992	2,011	1,887	....
21 Other assets	2,645	3,205	3,593	3,709	3,703	3,771	3,789	3,760	3,821	3,773	3,783	....
22 **Liabilities**	**109,550**	**121,056**	**134,812**	**139,496**	**140,593**	**141,778**	**143,036**	**143,815**	**144,666**	**145,651**	**146,346**	....
23 *Deposits*	*98,701*	*109,873*	*122,877*	*126,938*	*127,791*	*129,332*	*130,111*	*130,381*	*131,688*	*132,250*	*132,537*	....
24 Regular:[5]	98,221	109,291	121,961	125,731	126,587	128,071	128,748	129,030	130,230	130,913	131,319	....
25 Ordinary savings	64,286	69,653	74,535	76,336	76,384	77,033	77,069	77,163	77,640	77,503	77,460	....
26 Time and other	33,935	39,639	47,426	49,395	50,203	51,038	51,679	51,867	52,590	53,410	53,859	....
27 Other	480	582	916	1,207	1,204	1,261	1,363	1,351	1,458	1,337	1,208	....
28 Other liabilities	2,888	2,755	2,884	3,230	3,381	2,939	3,379	3,779	3,254	3,632	3,938	....
29 General reserve accounts	7,961	8,428	9,052	9,329	9,422	9,506	9,546	9,654	9,723	9,769	9,882	....
30 MEMO: Mortgage loan commitments outstanding[6]	2,040	1,803	2,439	3,287	3,521	4,079	4,049	4,198	4,254	4,423	4,458	....
						Life insurance companies						
31 **Assets**	**263,349**	**289,304**	**321,552**	**328,786**	**331,028**	**334,386**	**336,651**	**338,964**	**341,382**	**343,738**	**347,182**	....
Securities:												
32 *Government*	*10,900*	*13,758*	*17,942*	*18,500*	*18,475*	*18,579*	*18,916*	*19,174*	*19,515*	*19,519*	*19,681*	....
33 United States[7]	3,372	4,736	5,368	5,544	5,396	5,400	5,628	5,831	5,883	5,810	5,993	....
34 State and local	3,667	4,508	5,594	5,758	5,797	5,813	5,847	5,881	5,994	5,979	5,967	....
35 Foreign[8]	3,861	4,514	6,980	7,198	7,282	7,366	7,441	7,462	7,638	7,730	7,721	....
36 *Business*	*119,637*	*135,317*	*157,246*	*162,816*	*164,126*	*166,859*	*168,498*	*169,747*	*170,606*	*172,005*	*174,109*	....
37 Bonds	97,717	107,256	122,984	130,057	131,568	133,497	135,262	136,752	138,046	139,909	141,354	....
38 Stocks	21,920	28,061	34,262	32,759	32,558	33,362	33,236	32,995	32,560	32,096	32,755	....
39 Mortgages	86,234	89,167	91,552	92,200	92,358	92,854	93,106	93,326	94,070	94,684	95,110	....
40 Real estate	8,331	9,621	10,476	10,802	10,822	10,897	10,901	10,926	10,930	11,024	11,113	....
41 Policy loans	22,862	24,467	25,834	26,364	26,500	26,657	26,780	26,946	27,087	27,220	27,355	....
42 Other assets	15,385	16,971	18,502	18,104	18,747	18,540	18,450	18,845	19,174	19,286	19,814	....
						Credit unions						
43 **Total assets/liabilities and capital**	**31,948**	**38,037**	**45,225**	**47,974**	**48,999**	**50,186**	**50,218**	**50,904**	**52,136**	**52,412**	**53,141**	**54,084**
44 Federal	16,715	20,209	24,396	25,980	26,594	27,364	27,290	27,632	28,384	28,463	28,954	29,574
45 State	15,233	17,828	20,829	21,994	22,405	22,822	22,928	23,272	23,752	23,949	24,187	24,510
46 *Loans outstanding*	*24,432*	*28,169*	*34,384*	*36,102*	*36,987*	*38,201*	*38,657*	*39,711*	*40,573*	*40,865*	*41,427*	*42,055*
47 Federal	12,730	14,869	18,311	19,151	19,680	20,420	20,591	21,194	21,692	21,814	22,224	22,717
48 State	11,702	13,300	16,073	16,951	17,307	17,781	18,066	18,517	18,881	19,051	19,203	19,338
49 *Savings*	*27,518*	*33,013*	*39,173*	*41,760*	*42,504*	*43,552*	*43,658*	*43,982*	*45,103*	*45,441*	*45,977*	*46,832*
50 Federal (shares)	14,370	17,530	21,130	22,730	23,169	23,825	23,873	24,080	24,775	24,945	25,303	25,849
51 State (shares and deposits)	13,148	15,483	18,043	19,030	19,335	19,727	19,785	19,902	20,328	20,496	20,674	20,983

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

	Type of account or operation	Fiscal year 1976	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Calendar year 1976 H2	Calendar year 1977 H1	Calendar year 1977 H2	Calendar year 1977 Oct.	Calendar year 1977 Nov.	Calendar year 1977 Dec.
	U.S. Budget									
1	Receipts [1]	299,197	81,686	356,861	157,868	189,410	175,787	24,127	27,596	32,794
2	Outlays [1,2,3]	365,658	94,659	401,896	−193,629	199,482	216,747	38,790	36,864	37,646
3	*Surplus, or deficit (−)*	*−66,461*	*−12,973*	*45,035*	*−35,761*	*−10,072*	*40,961*	*−14,663*	*−9,269*	*4,852*
4	Trust funds	2,409	−1,952	7,833	−4,621	7,332	4,293	198	457	700
5	Federal funds [4]	−68,870	−11,021	52,868	−31,140	−17,405	45,254	−14,861	−9,726	−5,552
	Off-budget entities surplus, or deficit (−)									
6	Federal Financing Bank outlays	−5,915	−2,575	−8,415	−5,176	−2,075	6,663	−1,211	−250	1,462
7	Other [2,5]	−1,355	793	269	3,869	−2,086	428	1,750	−183	59
	U.S. Budget plus off-budget, including Federal Financing Bank									
8	*Surplus, or deficit (−)*	*−73,731*	*−14,755*	*−53,718*	*−37,125*	*−14,233*	*−47,196*	*−14,124*	*−9,702*	*6,255*
	Financed by:									
9	Borrowing from the public [3]	82,922	18,027	53,516	35,457	16,480	40,284	1,851	8,854	9,971
10	Cash and monetary assets (decrease, or increase (−))	−7,796	−2,899	−2,238	2,153	−4,666	4,317	9,952	2,278	5,290
11	Other [6]	−1,396	−373	2,440	−485	2,420	2,597	2,321	−1,429	1,573
	MEMO ITEMS:									
12	**Treasury operating balance (level, end of period)**	**14,836**	**17,418**	**19,104**	**11,670**	**r16,255**	**12,274**	**7,687**	**5,471**	**12,274**
13	F.R. Banks	11,975	13,299	15,740	10,393	r15,183	7,114	6,398	2,562	7,114
14	Tax and loan accounts	2,854	4,119	3,364	1,277	r1,072	5,160	1,289	2,909	5,160
15	Other demand accounts [7]	7	....	....	....	....	....	....	....	....

1 Effective June 1977, earned income credit payments in excess of an individual's tax liability, formerly treated as outlays, are classified as income tax refunds retroactive to January 1976.

2 Outlay totals reflect the reclassification of the Export-Import Bank, and the Housing for the Elderly and Handicapped Fund effective October 1978, from off-budget status to unified budget status.

3 Export-Import Bank certificates of beneficial interest (effective July 1, 1975) and loans to the Private Export Funding Corp. (PEFCO), a wholly owned subsidiary of the Export-Import Bank are treated as debt rather than asset sales.

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

5 Includes Pension Benefit Guaranty Corp.; Postal Service Fund, Rural Electrification; and Telephone Revolving Fund, Rural Telephone Bank; and Housing for the Elderly or Handicapped Fund until October 1978.

6 Includes public debt accrued interest payable to the public; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seignorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment.

7 Excludes the gold balance but includes deposits in certain commercial depositories that have been converted from a time deposit to a demand deposit basis to permit greater flexibility in Treasury cash management.

SOURCE.—"Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and *U.S. Budget, Fiscal Year 1978*.

NOTES TO TABLE 1.38

1 Holdings of stock of the Federal home loan banks are included in "other assets."

2 Includes net undistributed income, which is accrued by most, but not all, associations.

3 Excludes figures for loans in process, which are shown as a liability.

4 Includes securities of foreign governments and international organizations and nonguaranteed issues of U.S. Govt. agencies.

5 Excludes checking, club, and school accounts.

6 Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Assn. of the State of New York.

7 Direct and guaranteed obligations. Excludes Federal agency issues not guaranteed, which are shown in this table under "business" securities.

8 Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE.—*Savings and loan associations:* Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of Federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States. Data are reported on a gross-of-valuation-reserves basis.

Life insurance companies: Estimates of the Institute of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

Credit unions: Estimates by the National Credit Union Administration for a group of Federal and State-chartered credit unions that account for about 30 per cent of credit union assets. Figures are preliminary and revised annually to incorporate recent benchmark data.

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

	Source or type	Fiscal year 1976	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Calendar year 1976 H2	Calendar year 1977 H1	Calendar year 1977 H2	Calendar year 1977 Oct.	Calendar year 1977 Nov.	Calendar year 1977 Dec.
	Receipts									
1	**All sources [1]**	**299,197**	**81,686**	**356,861**	**157,868**	**189,410**	**175,786**	**24,127**	**27,596**	**32,794**
2	*Individual income taxes, net*	*130,794*	*39,611*	*156,725*	*75,899*	*77,948*	*82,877*	*13,275*	*13,171*	*13,941*
3	Withheld	123,408	32,949	144,820	68,023	73,303	75,480	12,770	12,916	13,351
4	Presidential Election Campaign Fund	34	1	37	1	37	1	...	...	...
5	Nonwithheld	35,528	6,809	42,062	8,426	32,959	9,397	711	430	770
6	Refunds [1]	28,175	1,139	30,194	1,541	28,350	2,001	206	174	179
7	*Corporation income taxes:*									
8	Gross receipts	46,783	9,808	60,057	20,706	37,133	25,121	2,159	1,386	9,549
9	Refunds	5,374	1,348	5,164	2,886	2,324	2,819	714	466	337
10	*Social insurance taxes and contributions, net*	*92,714*	*25,760*	*108,683*	*47,596*	*58,099*	*52,347*	*6,550*	*10,404*	*6,647*
11	Payroll employment taxes and contributions [2]	76,391	21,534	88,196	40,427	45,242	44,384	5,542	8,750	6,030
12	Self-employment taxes and contributions [3]	3,518	269	4,014	286	3,687	316	...	...	7
13	Unemployment insurance	8,054	2,698	11,312	4,379	6,575	4,936	541	1,216	123
14	Other net receipts [4]	4,752	1,259	5,162	2,504	2,595	2,711	466	438	486
15	Excise taxes	16,963	4,473	17,548	8,910	8,432	9,284	1,529	1,615	1,463
16	Customs	4,074	1,212	5,150	2,361	2,519	2,848	406	459	501
17	Estate and gift	5,216	1,455	7,327	2,943	4,332	2,837	410	439	482
18	Miscellaneous receipts [5]	8,026	1,612	6,536	3,236	3,269	3,292	512	587	549
	Outlays									
19	**All types [1, 6]**	**365,658**	**94,659**	**401,896**	**193,629**	**199,482**	**216,747**	**38,790**	**36,864**	**37,646**
20	National defense	89,996	22,518	96,721	45,002	48,721	50,873	8,087	8,974	8,417
21	International affairs [6]	5,067	1,997	5,593	3,028	2,522	2,896	446	251	371
22	General science, space, and technology	4,370	1,161	4,677	2,377	2,108	2,318	378	389	382
23	Natural resources, environment, and energy	11,282	3,324	14,335	7,206	6,855	8,527	1,259	1,527	1,561
24	Agriculture	2,502	584	5,330	2,019	2,628	5,477	1,103	1,553	1,697
25	Commerce and transportation	17,248	4,700	14,731	9,643	5,945	10,743	3,586	1,777	1,551
26	Community and regional development	5,300	1,530	7,394	3,192	3,149	4,924	628	1,058	795
27	Education, training, employment, and social services	18,167	5,013	19,718	9,083	9,775	10,800	1,761	1,834	1,778
28	Health	33,448	8,720	38,838	19,329	18,654	19,422	3,355	2,613	3,554
29	Income security [1]	126,598	32,710	137,151	65,367	69,917	71,047	11,476	12,635	12,105
30	Veterans benefits and services	18,432	3,962	18,040	8,542	9,382	9,864	1,587	1,571	2,613
31	Law enforcement and justice	3,320	859	3,589	1,839	1,783	1,723	282	321	293
32	General government	2,927	878	3,338	1,734	1,587	1,749	182	376	320
33	Revenue sharing and general purpose fiscal assistance	7,119	2,024	9,404	4,729	4,333	4,926	2,274	249	37
34	Interest [7]	34,589	7,246	38,092	18,409	18,927	19,962	2,908	2,758	6,236
35	Undistributed offsetting receipts [7, 8]	−14,704	−2,567	−15,053	−7,869	−6,803	8,506	524	−1,021	4,063

1 Effective June 1977, earned income credit payments in excess of an individual's tax liability, formerly treated as outlays, are classified as income tax refunds retroactive to January 1976.

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

3 Old-age, disability, and hospital insurance.

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

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

6 Outlay totals reflect the reclassification of the Export-Import Bank from off-budget status to unified budget status. Export-Import Bank certificates of beneficial interest (effective July 1, 1975) and loans to the Private Export Funding Corp. (PEFCO), a wholly owned subsidiary of the Export-Import Bank, are treated as debt rather than asset sales.

7 Effective September 1976, "Interest" and "Undistributed Offsetting Receipts" reflect the accounting conversion for the interest on special issues for U.S. Govt. accounts from an accrual basis to a cash basis.

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

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1974	1975		1976			1977		
	Dec. 31	June 30	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**504.0**	**544.1**	**587.6**	**631.9**	**[2] 646.4**	**665.5**	**680.1**	**685.2**	**709.1**
2 *Public debt securities*	*492.7*	*533.7*	*576.6*	*620.4*	*634.7*	*653.5*	*669.2*	*674.4*	*698.8*
3 Held by public	351.5	387.9	437.3	470.8	488.6	506.4	524.3	523.2	543.4
4 Held by agencies	141.2	145.3	139.3	149.6	146.1	147.1	144.9	151.2	155.5
5 *Agency securities*	*11.3*	*10.9*	*10.9*	*11.5*	*11.6*	*12.0*	*10.9*	*10.8*	*10.3*
6 Held by public	9.3	9.0	8.9	9.5	[2] 9.7	10.0	9.1	9.0	8.5
7 Held by agencies	2.0	1.9	2.0	2.0	1.9	1.9	1.8	1.8	1.8
8 **Debt subject to statutory limit**	**493.0**	**534.2**	**577.8**	**621.6**	**635.8**	**654.7**	**670.3**	**675.6**	**698.5**
9 Public debt securities	490.5	532.6	576.0	619.8	634.1	652.9	668.6	673.8	696.8
10 Other debt[1]	2.4	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7
11 MEMO: Statutory debt limit	495.0	577.0	595.0	636.0	636.0	682.0	682.0	700.0	752.0

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

2 Gross Federal debt and Agency debt held by the public increased $0.5 billion due to a retroactive reclassification of the Export-Import Bank certificates of beneficial interest from loan asset sales to debt, effective July 1, 1975.

NOTE.—Data from *Treasury Bulletin* (U.S. Treasury Dept.).

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

Billions of dollars, end of period

Type and holder	1973	1974	1975	1976	1977				1978
					Sept.	Oct.	Nov.	Dec.	Jan.
1 **Total gross public debt**[1]	**469.9**	**492.7**	**576.6**	**653.5**	**698.8**	**697.4**	**708.0**	**718.9**	**721.6**
By type:									
2 **Interest-bearing debt**	**467.8**	**491.6**	**575.7**	**652.5**	**697.6**	**696.3**	**707.0**	**715.2**	**720.6**
3 *Marketable*	*270.2*	*282.9*	*363.2*	*421.3*	*443.5*	*447.4*	*454.9*	*459.9*	*466.8*
4 Bills	107.8	119.7	157.5	164.0	156.1	156.2	156.7	161.1	161.2
5 Notes	124.6	129.8	167.1	216.7	241.7	245.6	251.1	251.8	257.1
6 Bonds	37.8	33.4	38.6	40.6	45.7	45.7	47.1	47.0	48.5
7 *Nonmarketable*[2]	*197.6*	*208.7*	*212.5*	*231.2*	*254.1*	*248.9*	*252.1*	*255.3*	*253.8*
8 Convertible bonds[3]	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2
9 Foreign issues[4]	26.0	22.8	21.6	22.3	21.8	21.1	21.7	22.2	22.8
10 Savings bonds and notes	60.8	63.8	67.9	72.3	75.8	76.2	76.6	77.0	77.4
11 Govt. account series[5]	108.0	119.1	119.4	129.7	140.1	136.9	138.6	139.8	136.4
By holder:[6]									
12 U.S. Govt. agencies and trust funds	r123.4	r138.2	145.3	r149.6	155.5	152.2	153.9	....	....
13 F.R. Banks	r75.0	80.5	84.7	r94.4	[9]104.7	94.6	96.5	....	....
14 **Private investors**	**r260.9**	**271.0**	**349.4**	**409.5**	**438.6**	**450.6**	**457.6**	....	....
15 Commercial banks	60.3	55.6	85.1	103.8	101.0	100.5	101.4	....	....
16 Mutual savings banks	2.9	2.5	4.5	5.7	6.1	6.0	6.0	....	....
17 Insurance companies	6.4	r6.2	r9.5	12.5	14.5	14.7	15.3	....	....
18 Other corporations	10.9	11.0	20.2	26.5	23.9	23.8	23.4	....	....
19 State and local governments	29.2	29.2	r34.2	41.6	53.5	54.5	55.6	....	....
Individuals:									
20 Savings bonds	60.3	63.4	67.3	72.0	75.6	76.0	76.4	....	....
21 Other securities	16.9	21.5	24.0	28.8	28.3	r28.4	28.5	....	....
22 Foreign and international[7]	r54.7	r58.8	66.5	78.1	r95.5	r101.3	106.7	....	....
23 Other miscellaneous investors[8]	19.3	r22.8	r38.0	40.5	40.7	r45.3	44.2	....	....

1 Includes $1.0 billion of non-interest-bearing debt (of which $611 million on Jan. 31, 1978, 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 that have been so exchanged are removed from this category and recorded in the notes category above.

4 Nonmarketable foreign government dollar-denominated and foreign currency denominated 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 July 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.

9 Includes a nonmarketable Federal Reserve special certificate for $2.5 billion.

NOTE.—Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Dept.); data by holder from *Treasury Bulletin*.

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

Par value; millions of dollars, end of period

	Type of holder	1975	1976	1977 Oct.	1977 Nov.	1975	1976	1977 Oct.	1977 Nov.
		All maturities				1 to 5 years			
1	**All holders**	**363,191**	**421,276**	**447,435**	**454,862**	**112,270**	**141,132**	**149,820**	**153,696**
2	U.S. Govt. agencies and trust funds	19,397	16,485	14,548	14,514	7,058	6,141	5,921	4,793
3	F. R. Banks	87,934	96,971	94,597	96,477	30,518	31,249	28,155	27,558
4	*Private investors*	*255,860*	*307,820*	*338,290*	*343,870*	*74,694*	*103,742*	*115,744*	*121,346*
5	Commercial banks	64,398	78,262	73,127	73,839	29,629	40,005	38,493	39,706
6	Mutual savings banks	3,300	4,072	4,393	4,353	1,524	2,010	2,109	2,146
7	Insurance companies	7,565	10,284	11,576	12,091	2,359	3,885	4,285	4,679
8	Nonfinancial corporations	9,365	14,193	10,305	10,091	1,967	2,618	2,821	3,330
9	Savings and loan associations	2,793	4,576	5,138	5,002	1,558	2,360	2,725	2,599
10	State and local governments	9,285	12,252	16,524	16,582	1,761	2,543	3,930	4,022
11	All others	159,154	184,182	217,227	221,912	35,894	50,321	61,381	64,862
		Total, within 1 year				5 to 10 years			
12	**All holders**	**199,692**	**211,035**	**217,765**	**223,139**	**26,436**	**43,045**	**48,599**	**45,337**
13	U.S. Govt. agencies and trust funds	2,769	2,012	890	1,995	3,283	2,879	2,139	2,129
14	F. R. Banks	46,845	51,569	49,176	51,592	6,463	9,148	10,547	10,349
15	*Private investors*	*150,078*	*157,454*	*167,699*	*169,552*	*16,690*	*31,018*	*35,913*	*32,858*
16	Commercial banks	29,875	31,213	26,572	26,973	4,071	6,278	7,164	6,148
17	Mutual savings banks	983	1,214	1,335	1,342	448	567	655	615
18	Insurance companies	2,024	2,191	2,103	2,218	1,592	2,546	3,135	3,162
19	Nonfinancial corporations	7,105	11,009	6,867	6,011	175	370	367	427
20	Savings and loan associations	914	1,984	2,177	2,182	216	155	161	148
21	State and local governments	5,288	6,622	8,493	8,680	782	1,465	1,325	1,367
22	All others	103,889	103,220	120,153	122,147	9,405	19,637	23,104	21,022
		Bills, within 1 year				10 to 20 years			
23	**All holders**	**157,483**	**163,992**	**156,174**	**156,656**	**14,264**	**11,865**	**12,975**	**12,939**
24	U.S. Govt. agencies and trust funds	207	449	112	112	4,233	3,102	3,102	3,102
25	F. R. Banks	38,018	41,279	36,240	37,192	1,507	1,363	1,467	1,473
26	*Private investors*	*119,258*	*122,264*	*119,822*	*119,353*	*8,524*	*7,400*	*8,406*	*8,364*
27	Commercial banks	17,481	17,303	9,549	10,176	552	339	490	471
28	Mutual savings banks	554	454	444	465	232	139	152	138
29	Insurance companies	1,513	1,463	1,171	1,115	1,154	1,114	1,253	1,254
30	Nonfinancial corporations	5,829	9,939	5,239	4,640	61	142	136	134
31	Savings and loan associations	518	1,266	976	860	82	64	57	56
32	State and local governments	4,566	5,556	6,876	6,851	896	718	918	867
33	All others	88,797	86,282	95,566	95,245	5,546	4,884	5,400	5,444
		Other, within 1 year				Over 20 years			
34	**All holders**	**42,209**	**47,043**	**61,592**	**66,483**	**10,530**	**14,200**	**18,276**	**19,751**
35	U.S. Govt. agencies and trust funds	2,562	1,563	779	1,883	2,053	2,350	2,495	2,495
36	F. R. Banks	8,827	10,290	12,936	14,400	2,601	3,642	5,252	5,505
37	*Private investors*	*30,820*	*35,190*	*47,877*	*50,199*	*5,876*	*8,208*	*10,529*	*11,751*
38	Commercial banks	12,394	13,910	17,023	16,797	271	427	409	541
39	Mutual savings banks	429	760	890	877	112	143	142	142
40	Insurance companies	511	728	931	1,103	436	548	800	778
41	Nonfinancial corporations	1,276	1,070	1,628	1,371	57	55	114	189
42	Savings and loan associations	396	718	1,201	1,322	22	13	18	18
43	State and local governments	722	1,066	1,617	1,829	558	904	1,858	1,645
44	All others	15,092	16,938	24,587	26,902	4,420	6,120	7,189	8,437

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 Nov. 30, 1977: (1) 5,490 commercial banks, 466 mutual savings banks, and 728 insurance companies, each about 90 per cent; (2) 440 nonfinancial corporations and 486 savings and loan assns., each about 50 per cent; and (3) 496 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	1977			1977, week ending Wednesday—				1978, week ending Wednesday	
				Oct.	Nov.	Dec.	Dec. 7	Dec. 14	Dec. 21	Dec. 28	Jan. 4	Jan. 11
1 **U.S. Govt. securities**	**3,579**	**6,027**	**10,449**	**11,231**	**11,086**	**9,301**	**9,618**	**8,840**	**8,766**	**8,715**	**12,497**	**13,711**
By maturity:												
2 Bills	2,550	3,889	6,676	6,916	6,689	5,834	5,773	5,699	5,964	4,840	8,111	8,920
3 Other within 1 year	250	223	210	291	257	264	259	223	292	253	425	308
4 1-5 years	465	1,414	2,317	2,355	2,136	1,865	2,304	1,689	1,371	2,195	1,871	2,374
5 5-10 years	256	363	1,019	1,320	1,372	729	818	814	708	464	851	984
6 Over 10 years	58	138	229	348	631	609	465	415	431	964	1,239	1,125
By type of customer:												
7 U.S. Govt. securities dealers	652	885	1,360	1,195	1,157	1,317	1,167	1,186	1,458	1,125	1,855	1,603
8 U.S. Govt. securities brokers	965	1,750	3,407	4,204	3,912	2,819	3,282	2,823	2,480	2,444	3,484	5,393
9 Commercial banks	998	1,451	2,426	2,126	2,048	1,756	1,619	1,604	1,660	1,684	2,905	2,734
10 All others[1]	964	1,941	3,257	3,705	3,968	3,408	3,550	3,226	3,168	3,462	4,253	3,982
11 **Federal agency securities**	**965**	**1,043**	**1,548**	**1,733**	**1,697**	**1,444**	**1,515**	**1,302**	**2,033**	**871**	**1,281**	**1,523**

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	1977			1977, week ending Wednesday					
				Oct.	Nov.	Dec.	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21
	Positions[2]											
1 **U.S. Govt. securities**	**2,580**	**5,884**	**7,592**	**3,913**	**4,351**	**5,114**	**5,003**	**r3,929**	**4,197**	**4,546**	**5,534**	**5,178**
2 Bills	1,932	4,297	6,290	4,283	3,784	4,312	4,577	r3,515	2,994	3,523	5,090	4,923
3 Other within 1 year	-6	265	188	11	120	210	105	103	108	183	179	169
4 1-5 years	265	886	515	-233	-135	377	-437	r-215	615	595	93	27
5 5-10 years	302	300	402	-84	383	66	r545	321	281	142	35	13
6 Over 10 years	88	136	198	-64	199	147	r215	r205	198	104	137	100
7 **Federal agency securities**	**1,212**	**943**	**729**	**637**	**914**	**788**	**1,040**	**r1,087**	**1,143**	**979**	**1,003**	**759**
	Sources of financing[3]											
8 **All sources**	**3,977**	**6,666**	**8,715**	**8,362**	**9,209**	**11,429**	**9,101**	**10,207**	**9,680**	**10,699**	**12,066**	**12,684**
Commercial banks:												
9 New York City	1,032	1,621	1,896	876	914	1,255	917	1,540	811	994	1,500	1,599
10 Outside New York City	1,064	1,466	1,660	1,954	1,802	2,246	1,752	1,642	1,814	2,070	2,457	2,479
11 Corporations[1]	459	842	1,479	2,469	2,893	2,839	2,686	3,112	2,888	2,797	3,019	3,022
12 All others	1,423	2,738	3,681	3,063	3,599	5,090	3,747	3,914	4,166	4,839	5,090	5,585

1 All business corporations except commercial banks and insurance companies.

2 Net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase. The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities purchased under agreements to resell.

3 Total amounts outstanding of funds borrowed by nonbank dealer firms and dealer departments of commercial banks against U.S. Govt. and Federal agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreement to resell are excluded where the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement.

NOTE.—Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1974	1975	1976	1977 June	July	Aug.	Sept.	Oct.	Nov.
1 **Federal and Federally sponsored agencies**	**89,381**	**97,680**	**103,325**	**107,152**	**108,243**	**107,868**	**108,379**	**109,046**	**109,427**
2 *Federal agencies*	*12,719*	*19,046*	*21,896*	*22,220*	*22,232*	*22,322*	*23,055*	*23,143*	*23,257*
3 Defense Department[1]	1,312	1,220	1,113	1,044	1,035	1,024	1,016	1,006	991
4 Export-Import Bank[2,3]	2,893	7,188	7,801	8,742	8,742	8,742	9,246	9,246	9,246
5 Federal Housing Administration[4]	440	564	575	588	583	579	579	583	585
6 Government National Mortgage Association participation certificates[5]	4,280	4,200	4,120	3,803	3,768	3,768	3,768	3,768	3,768
7 Postal Service[6]	721	1,750	2,998	2,431	2,431	2,431	2,431	2,431	2,431
8 Tennessee Valley Authority	3,070	3,915	5,185	5,370	5,410	5,490	5,705	5,785	5,905
9 United States Railway Association[6]	3	209	104	242	263	288	310	324	331
10 *Federally sponsored agencies*	*76,662*	*78,634*	*81,429*	*84,932*	*86,011*	*85,546*	*85,324*	*85,903*	*86,170*
11 Federal home loan banks	21,890	18,900	16,811	16,921	17,328	17,196	17,162	17,325	17,867
12 Federal Home Loan Mortgage Corporation	1,551	1,550	1,690	1,698	1,698	1,686	1,686	1,686	1,686
13 Federal National Mortgage Association	28,167	29,963	30,565	31,378	31,566	31,301	31,491	31,572	31,333
14 Federal land banks	12,653	15,000	17,127	18,137	18,719	18,719	18,719	19,118	19,118
15 Federal intermediate credit banks	8,589	9,254	10,494	11,418	11,654	11,786	11,693	11,623	11,421
16 Banks for cooperatives	3,589	3,655	4,330	4,948	4,604	4,356	4,061	4,052	4,208
17 Student Loan Marketing Association[7]	220	310	410	430	440	500	510	525	535
18 Other	3	2	2	2	2	2	2	2	2
MEMO ITEMS:									
19 **Federal Financing Bank debt**[6,8]	**4,474**	**17,154**	**28,711**	**30,820**	**32,443**	**33,800**	**35,418**	**36,722**	**37,095**
Lending to Federal and Federally sponsored agencies:									
20 Export-Import Bank[3]	....	4,595	5,208	5,420	5,420	5,420	5,924	5,924	5,924
21 Postal Service[6]	500	1,500	2,748	2,181	2,181	2,181	2,181	2,181	2,181
22 Student Loan Marketing Association[7]	220	310	410	430	440	500	510	525	535
23 Tennessee Valley Authority	895	1,840	3,110	3,545	3,585	3,665	3,880	3,960	4,080
24 United States Railway Association[6]	3	209	104	242	263	288	310	324	331
Other lending:[9]									
25 Farmers Home Administration	2,500	7,000	10,750	12,900	13,650	14,465	14,615	15,295	15,295
26 Rural Electrification Administration	....	566	1,415	2,042	2,105	2,184	2,382	2,467	2,535
27 Other	356	1,134	4,966	4,060	4,799	5,097	5,616	6,046	6,214

1 Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

2 Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

3 Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.

4 Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

5 Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.

6 Off-budget.

7 Unlike other Federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.

8 The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other Federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

9 Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.47 NEW SECURITY ISSUES State and Local Government and Corporate

Millions of dollars

	Type of issue or issuer, or use	1974	1975	1976	1977 May	June	July	Aug.	Sept.	Oct.
		State and local government								
1	**All issues, new and refunding** [1]	**24,315**	**30,607**	**35,313**	**4,308**	**5,347**	...	...	...	...
	By type of issue:									
2	General obligation	13,563	16,020	18,040	2,032	2,265	...	...	...	...
3	Revenue	10,212	14,511	17,140	2,272	3,079	...	...	...	...
4	Housing Assistance Administration [2]	461	...	...	...	...	...	...	...	...
5	U.S. Govt. loans	79	76	133	4	3	...	...	...	...
	By type of issuer:									
6	State	4,784	7,438	7,054	875	1,476	...	...	...	...
7	Special district and statutory authority	8,638	12,441	15,304	1,836	1,873	...	...	...	...
8	Municipalities, counties, townships, school districts	10,817	10,660	12,845	1,593	1,994	...	...	...	...
9	**Issues for new capital, total**	**23,508**	**29,495**	**32,108**	**3,781**	**4,456**	...	...	...	...
	By use of proceeds:									
10	Education	4,730	4,689	4,900	497	807	...	...	...	...
11	Transportation	1,712	2,208	2,586	508	218	...	...	...	...
12	Utilities and conservation	5,634	7,209	9,594	1,235	1,202	...	...	...	...
13	Social welfare	3,820	4,392	6,566	438	816	...	...	...	...
14	Industrial aid	494	445	483	130	23	...	...	...	...
15	Other purposes	7,118	10,552	7,979	973	1,390	...	...	...	...
		Corporate								
16	**All issues** [3]	**38,313**	**53,619**	**53,356**	**3,735**	**5,321**	**4,074**	**3,322**	**3,905**	**4,032**
17	**Bonds**	**32,066**	**42,756**	**42,262**	**2,487**	**4,286**	**3,379**	**2,765**	**3,279**	**3,098**
	By type of offering:									
18	Public	25,903	32,583	26,453	1,600	2,045	2,360	1,947	2,059	2,189
19	Private placement	6,160	10,172	15,808	887	2,241	1,019	818	1,220	909
	By industry group:									
20	Manufacturing	9,867	16,980	13,243	644	1,006	1,165	932	513	623
21	Commercial and miscellaneous	1,845	2,750	4,361	112	363	526	380	623	521
22	Transportation	1,550	3,439	4,357	169	25	143	241	131	113
23	Public utility	8,873	9,658	8,297	581	1,237	480	347	1,014	854
24	Communication	3,710	3,464	2,787	294	371	258	45	319	8
25	Real estate and financial	6,218	6,469	9,222	688	1,284	807	819	679	979
26	**Stocks**	**6,247**	**10,863**	**11,094**	**1,248**	**1,035**	**695**	**557**	**626**	**934**
	By type:									
27	Preferred	2,253	3,458	2,789	212	332	327	178	347	299
28	Common	3,994	7,405	8,305	1,036	703	368	379	279	635
	By industry group:									
29	Manufacturing	544	1,670	2,237	8	176	144	34	38	83
30	Commercial and miscellaneous	940	1,470	1,183	126	437	66	94	86	325
31	Transportation	22	1	24	...	103	100	...	40	...
32	Public utility	3,964	6,235	6,101	1,031	229	363	150	403	395
33	Communication	217	1,002	776	...	45	19	45	3	...
34	Real estate and financial	562	488	771	84	45	3	279	55	131

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	1974	1975	1976	1975			1976			
					Q2	Q3	Q4	Q1	Q2	Q3	Q4
	All issues[1]										
1	New issues	39,344	53,255	53,123	15,602	9,079	13,363	13,671	14,229	11,385	13,838
2	Retirements	9,935	10,991	12,184	3,211	2,576	3,116	2,315	3,668	2,478	3,723
3	**Net change**	**29,399**	**42,263**	**40,939**	**12,390**	**6,503**	**10,247**	**11,356**	**10,561**	**8,907**	**10,115**
	Bonds and notes										
4	New issues	31,354	40,468	38,994	11,460	6,654	9,595	9,404	10,244	8,701	10,645
5	Retirements	6,255	8,583	9,109	2,336	2,111	2,549	1,403	3,159	1,826	2,721
6	**Net change: Total**	**25,098**	**31,886**	**29,884**	**9,124**	**4,543**	**7,047**	**8,001**	**7,084**	**6,875**	**7,924**
	By industry:										
7	Manufacturing	7,404	13,219	8,978	4,574	1,442	2,069	2,966	1,529	1,551	2,932
8	Commercial and other[2]	1,116	1,605	2,259	483	221	528	203	726	610	720
9	Transportation, including railroad	341	2,165	3,078	429	147	1,588	985	488	1,092	513
10	Public utility	7,308	7,236	6,829	1,977	1,395	1,211	1,820	1,260	2,109	1,640
11	Communication	3,499	2,980	1,687	810	472	429	498	953	335	−99
12	Real estate and financial	5,428	4,682	7,054	852	866	1,222	1,530	2,128	1,178	2,218
	Common and preferred stock										
13	New issues	7,980	12,787	14,129	4,142	2,425	3,768	4,267	3,985	2,684	3,193
14	Retirements	3,678	2,408	3,075	875	465	567	912	509	652	1,002
15	**Net change: Total**	**4,302**	**10,377**	**11,055**	**3,266**	**1,960**	**3,200**	**3,355**	**3,477**	**2,032**	**2,191**
	By industry:										
16	Manufacturing	17	1,607	2,634	500	412	433	838	1,120	744	−68
17	Commercial and other[2]	−135	1,137	762	490	108	462	88	318	117	239
18	Transportation, including railroad	−20	65	96	7	53	4	5	25	17	49
19	Public utility	3,834	6,015	6,171	1,866	1,043	1,537	2,174	1,300	932	1,765
20	Communication	398	1,084	854	359	97	604	47	735	19	53
21	Real estate and financial	207	468	538	43	247	160	203	−21	203	153

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	1976	1977	1977						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	INVESTMENT COMPANIES excluding money market funds									
1	Sales of own shares[1]	4,226	6,421	639	573	501	558	542	511	577
2	Redemptions of own shares[2]	6,802	5,976	510	515	493	469	519	430	511
3	Net sales	−2,496	398	129	58	8	89	23	81	46
4	**Assets**[3]	**47,537**	**45,049**	**46,255**	**45,651**	**45,038**	**45,046**	**43,435**	**45,050**	**45,049**
5	Cash position[4]	2,747	3,274	2,901	3,068	3,135	3,403	3,481	3,487	3,274
6	Other	44,790	41,775	43,354	42,583	41,903	41,643	39,954	41,563	41,775

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	1974	1975	1976	1976				1977		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 **Profits before tax**	**126.9**	**123.5**	**156.9**	**153.5**	**159.2**	**159.9**	**154.8**	**161.7**	**174.0**	**172.8**
2 Profits tax liability	52.4	50.2	64.7	63.1	66.1	65.9	63.9	64.4	69.7	69.3
3 Profits after tax	74.5	73.3	92.2	90.4	93.1	94.0	90.9	97.3	104.3	103.5
4 Dividends	31.0	32.4	35.8	33.6	35.0	36.0	38.4	38.5	40.3	42.3
5 Undistributed profits	43.5	40.9	56.4	56.8	58.1	58.0	52.5	58.8	64.0	61.2
6 Capital consumption allowances	81.6	89.5	97.2	94.1	95.9	98.2	100.4	102.0	103.5	105.8
7 Net cash flow	125.1	130.4	153.6	150.9	154.0	156.2	152.9	160.8	167.5	167.0

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

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, end of period

Account	1972	1973	1974	1975	1976			1977		
					Q2	Q3	Q4	Q1	Q2	Q3
1 **Current assets**	**574.4**	**643.2**	**712.2**	**731.6**	**775.4**	**791.8**	**816.8**	**845.3**	**874.7**	**909.8**
2 Cash	57.5	61.6	62.7	68.1	70.8	71.1	77.0	75.0	77.9	79.1
3 U.S. Govt. securities	10.2	11.0	11.7	19.4	23.3	23.9	26.4	27.3	24.1	24.1
4 *Notes and accounts receivable*	*243.4*	*269.6*	*293.2*	*298.2*	*321.8*	*328.5*	*328.2*	*346.6*	*361.4*	*379.1*
5 U.S. Govt.[1]	3.4	3.5	3.5	3.6	3.7	4.3	4.3	4.7	4.8	5.3
6 Other	240.0	266.1	289.7	294.6	318.1	324.2	323.9	342.0	356.6	373.8
7 Inventories	215.2	246.7	288.0	285.8	295.6	302.1	315.4	322.1	332.5	343.1
8 Other	48.1	54.4	56.6	60.0	63.9	66.3	69.8	74.3	78.8	84.5
9 **Current liabilities**	**352.2**	**401.0**	**450.6**	**457.5**	**475.9**	**484.1**	**499.9**	**516.6**	**532.0**	**556.3**
10 *Notes and accounts payable*	*234.4*	*265.9*	*292.7*	*288.0*	*293.8*	*291.7*	*302.9*	*309.0*	*318.9*	*329.7*
11 U.S. Govt.[1]	4.0	4.3	5.2	6.4	6.8	7.0	7.0	6.8	5.7	6.2
12 Other	230.4	261.6	287.5	281.6	287.0	284.7	295.9	302.2	313.2	323.5
13 Accrued Federal income taxes	15.1	18.1	23.2	20.7	22.0	24.9	26.8	28.6	24.5	26.9
14 Other	102.6	117.0	134.8	148.8	160.1	167.5	170.2	179.0	188.6	199.7
15 **Net working capital**	**222.2**	**242.3**	**261.5**	**274.1**	**299.5**	**307.7**	**316.9**	**328.7**	**342.8**	**353.5**

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

SOURCE.—Securities and Exchange Commission.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1976	1975	1976				1977			
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 **All industries**	**120.82**	**111.80**	**114.72**	**118.12**	**122.55**	**125.22**	**130.16**	**134.24**	**138.43**	**142.02**
Manufacturing										
2 Durable goods industries	23.50	21.07	21.63	22.54	24.59	25.50	26.30	27.26	27.96	29.74
3 Nondurable goods industries	29.22	25.75	27.58	28.09	30.20	28.93	30.13	32.19	33.40	34.58
Nonmanufacturing										
4 Mining	3.98	3.82	3.83	3.83	4.21	4.13	4.24	4.49	4.52	4.54
Transportation:										
5 Railroad	2.35	2.39	2.08	2.64	2.69	2.63	2.71	2.57	2.74	3.19
6 Air	1.31	1.65	1.18	1.44	1.12	1.41	1.62	1.43	1.84	2.05
7 Other	3.56	3.56	3.29	4.16	3.44	3.49	2.96	2.96	2.18	1.72
Public utilities:										
8 Electric	18.90	17.92	18.56	18.82	18.22	19.49	21.19	21.14	22.24	22.72
9 Gas and other	3.47	3.00	3.36	3.03	3.45	3.96	4.16	4.16	4.47	4.78
10 Communication	12.93	12.22	12.54	12.62	13.64	14.30	14.19	15.32	39.08	38.70
11 Commercial and other[1]	20.87	20.44	20.68	20.94	20.99	21.36	22.67	22.73		

1 Includes trade, service, construction, finance, and insurance.
2 Anticipated by business.

NOTE.—Estimates for corporate and noncorporate business, excluding agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

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

1.521 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1972	1973	1974	1975	1976 Q2	1976 Q3	1976 Q4	1977 Q1	1977 Q2	1977 Q3
ASSETS										
Accounts receivable, gross										
1 Consumer	31.9	35.4	36.1	36.0	36.7	37.6	38.6	39.2	40.7	42.3
2 Business	27.4	32.3	37.2	39.3	42.4	42.4	44.7	47.5	50.4	50.6
3 *Total*	*59.3*	*67.7*	*73.3*	*75.3*	*79.2*	*80.0*	*83.4*	*86.7*	*91.2*	*92.9*
4 LESS: Reserves for unearned income and losses	7.4	8.4	9.0	9.4	9.8	10.2	10.5	10.6	11.1	11.7
5 Accounts receivable, net	51.9	59.3	64.2	65.9	69.4	69.9	72.9	76.1	80.1	81.2
6 Cash and bank deposits	2.8	2.6	3.0	2.9	2.7	2.6	2.6	2.7	2.5	2.5
7 Securities	.9	.8	.4	1.0	.8	1.2	1.1	1.0	1.2	1.8
8 All other	10.0	10.6	12.0	11.8	12.4	12.7	12.6	13.0	13.7	14.2
9 **Total assets**	**65.6**	**73.2**	**79.6**	**81.6**	**85.3**	**86.4**	**89.2**	**92.8**	**97.5**	**99.6**
LIABILITIES										
10 Bank loans	5.6	7.2	9.7	8.0	6.9	5.5	6.3	6.1	5.7	5.4
11 Commercial paper	17.3	19.7	20.7	22.2	22.2	21.7	23.7	24.8	27.5	25.7
Debt:										
12 Short-term, n.e.c.	4.3	4.6	4.9	4.5	5.0	5.2	5.4	4.5	5.5	5.4
13 Long-term, n.e.c.	22.7	24.6	26.5	27.6	30.1	31.0	32.3	34.0	35.0	34.8
14 Other	4.8	5.6	5.5	6.8	7.8	9.5	8.1	9.5	9.4	13.7
15 Capital, surplus, and undivided profits	10.9	11.5	12.4	12.5	13.2	13.4	13.4	13.9	14.4	14.6
16 **Total liabilities and capital**	**65.6**	**73.2**	**79.6**	**81.6**	**85.3**	**86.4**	**89.2**	**92.8**	**97.5**	**99.6**

NOTE.—Components may not add to totals due to rounding.

1.522 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Nov. 30, 1977[1]	Changes in accounts receivable during— 1977 Sept.	Oct.	Nov.	Extensions 1977 Sept.	Oct.	Nov.	Repayments 1977 Sept.	Oct.	Nov.
1 **Total**	**53,943**	**-240**	**1,522**	**499**	**11,702**	**12,461**	**12,655**	**11,942**	**10,939**	**12,156**
2 Retail automotive (commercial vehicles)	11,630	239	152	146	1,004	942	961	765	790	815
3 Wholesale automotive	11,280	-960	741	-96	4,233	5,488	5,104	5,193	4,747	5,200
4 Retail paper on business, industrial, and farm equipment	14,406	369	415	357	1,097	1,096	1,176	728	681	819
5 Loans on commercial accounts receivable	3,913	19	-128	16	2,499	2,032	2,428	2,480	2,160	2,412
6 Factored commercial accounts receivable	2,294	-58	248	15	1,477	1,506	1,466	1,535	1,258	1,451
7 All other business credit	10,420	151	94	61	1,392	1,397	1,520	1,241	1,303	1,459

[1] Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

	Item	1974	1975	1976	1977 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	53.7	54.9	56.0	54.0	r56.4	57.7
2	Amount of loan (thous. dollars)	29.8	33.3	35.9	40.0	40.8	41.7	40.2	r42.0	42.6
3	Loan/price ratio (per cent)	74.3	74.7	74.2	76.2	76.5	76.3	76.1	r76.5	75.4
4	Maturity (years)	26.3	26.8	27.2	27.9	28.2	28.2	27.6	r28.2	28.0
5	Fees and charges (per cent of loan amount)[2]	1.30	1.54	1.44	1.31	1.30	1.34	1.35	r1.38	1.30
6	Contract rate (per cent per annum)	8.71	8.75	8.76	8.79	8.81	8.82	8.84	8.85	8.87
	Yield (per cent per annum):									
7	FHLBB series[3]	8.92	9.01	8.99	9.00	9.02	9.04	9.07	9.07	9.08
8	HUD series[4]	9.22	9.10	8.99	9.00	9.00	9.00	9.00	9.05	9.10
	SECONDARY MARKETS									
	Yields (per cent per annum) on—									
9	FHA mortgages (HUD series)[5]	9.55	9.19	8.82	8.74	8.74	8.72	8.78	8.78	8.91
10	GNMA securities[6]	8.72	8.52	8.17	7.95	8.03	8.03	8.16	8.19	8.29
	FNMA auctions:[7]									
11	Government-underwritten loans	9.31	9.26	8.99	8.72	8.76	8.74	8.74	8.85	8.94
12	Conventional loans	9.43	9.37	9.11	9.07	9.06	9.05	9.05	9.16	9.19
		Activity in secondary markets								
	FEDERAL NATIONAL MORTGAGE ASSOCIATION									
	Mortgage holdings (end of period)									
13	**Total**	**29,578**	**31,824**	**32,904**	**33,954**	**34,029**	**34,149**	**34,123**	**34,192**	**34,370**
14	FHA-insured	19,189	19,732	18,916	18,887	18,785	18,704	18,602	18,535	18,457
15	VA-guaranteed	8,310	9,573	9,212	9,449	9,388	9,344	9,287	9,267	9,315
16	Conventional	2,080	2,519	4,776	5,618	5,866	6,100	6,234	6,389	6,597
	Mortgage transactions (during period)									
17	Purchases	6,953	4,263	3,606	322	405	385	251	352	497
18	Sales	4	2	86	....	....	....	....	....	....
	Mortgage commitments:[8]									
19	Contracted (during period)	10,765	6,106	6,247	357	531	364	897	975	1,333
20	Outstanding (end of period)	7,960	4,126	3,398	5,062	4,717	3,522	3,702	4,192	....
	Auction of 4-month commitments to buy—									
	Government-underwritten loans:									
21	Offered[9]	5,462.6	7,042.6	4,929.8	206.4	314.9	112.9	613.2	105.2	592.3
22	Accepted	2,371.4	3,848.3	2,787.2	131.4	221.4	75.4	400.5	76.4	397.0
	Conventional loans:									
23	Offered[9]	1,195.4	1,401.3	2,595.7	286.8	370.2	246.4	758.1	268.8	295.8
24	Accepted	656.5	765.0	1,879.2	184.4	236.7	184.4	529.0	193.2	179.7
	FEDERAL HOME LOAN MORTGAGE CORPORATION									
	Mortgage holdings (end of period)[10]									
25	**Total**	**4,586**	**4,987**	**4,269**	**3,483**	**3,424**	**3,376**	**3,402**	**3,266**	**3,276**
26	FHA/VA	1,904	1,824	1,618	1,481	1,463	1,443	1,424	1,406	1,395
27	Conventional	2,682	3,163	2,651	2,001	1,961	1,933	1,978	1,860	1,881
	Mortgage transactions (during period)									
28	Purchases	2,191	1,716	1,175	236	455	479	428	576	489
29	Sales	52	1,020	1,396	79	479	386	354	677	477
	Mortgage commitments:[11]									
30	Contracted (during period)	4,553	982	1,477	511	567	547	465	574	361
31	Outstanding (end of period)	2,390	111	333	1,350	1,352	1,353	1,329	1,233	1,063

1 Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.

2 Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.

3 Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

4 Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Dept. of Housing and Urban Development.

5 Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.

6 Average net yields to investors on Government National Mortgage Association-guaranteed, mortgage-backed, fully-modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.

7 Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.

8 Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA–GNMA Tandem plans.

9 Mortgage amounts offered by bidders are total bids received.

10 Includes participations as well as whole loans.

11 Includes conventional and Government-underwritten loans.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

	Type of holder, and type of property	1973	1974	1975	1976	1977 Q1	1977 Q2	1977 Q3 r	1977 Q4 p
1	**All holders**	**682,321**	**742,512**	**801,537**	**889,327**	**912,582**	**r948,959**	**985,695**	**1,019,688**
2	1- to 4-family	416,211	449,371	490,761	556,557	r573,861	r600,370	626,628	650,397
3	Multifamily	93,132	99,976	100,601	104,516	r105,309	r107,106	109,052	111,450
4	Commercial	131,725	146,877	159,298	171,223	r174,257	r179,591	185,935	192,093
5	Farm	41,253	46,288	50,877	57,031	r59,155	r61,892	64,080	65,748
6	**Major financial institutions**	**505,400**	**542,560**	**581,193**	**647,650**	**r663,210**	**r690,473**	**717,502**	**741,544**
7	*Commercial banks*[1]	*119,068*	*132,105*	*136,186*	*151,326*	*r155,448*	*r162,778*	*170,378*	*176,678*
8	1- to 4-family	67,998	74,758	77,018	86,234	r88,886	r93,393	97,746	101,361
9	Multifamily	6,932	7,619	5,915	8,082	r7,974	r8,003	8,383	8,692
10	Commercial	38,696	43,679	46,882	50,289	r51,624	r54,038	56,565	58,657
11	Farm	5,442	6,049	6,371	6,721	r6,964	7,344	7,684	7,968
12	*Mutual savings banks*	*73,230*	*74,920*	*77,249*	*81,639*	*82,273*	*84,076*	*86,079*	*87,960*
13	1- to 4-family	48,811	49,213	50,025	53,089	53,502	55,000	56,313	57,543
14	Multifamily	12,343	12,923	13,792	14,177	14,291	14,602	14,952	15,279
15	Commercial	12,012	12,722	13,373	14,313	14,422	14,422	14,762	15,085
16	Farm	64	62	59	60	58	52	52	53
17	*Savings and loan associations*	*231,733*	*249,301*	*278,590*	*323,130*	*333,703*	*350,765*	*366,975*	*381,246*
18	1- to 4-family	187,078	200,987	223,903	260,895	269,932	284,541	r296,846	308,390
19	Multifamily	22,779	23,808	25,547	28,436	29,199	30,517	32,110	33,359
20	Commercial	21,876	24,506	29,140	33,799	34,572	35,707	38,019	39,497
21	*Life insurance companies*	*81,369*	*86,234*	*89,168*	*91,555*	*91,786*	*92,854*	*94,070*	*95,660*
22	1- to 4-family	20,426	19,026	17,590	16,088	15,699	15,418	15,022	14,722
23	Multifamily	18,451	19,625	19,629	19,178	18,921	18,891	18,831	18,881
24	Commercial	36,496	41,256	45,196	48,864	49,526	50,405	51,742	53,438
25	Farm	5,996	6,327	6,753	7,425	7,640	8,140	8,475	8,619
26	**Federal and related agencies**	**46,721**	**58,320**	**66,891**	**66,753**	**r66,065**	**r68,338**	**69,068**	**70,175**
27	*Government National Mortgage Assn.*	*4,029*	*4,846*	*7,438*	*4,241*	*4,013*	*3,912*	*3,599*	*3,636*
28	1- to 4-family	1,455	2,248	4,728	1,970	1,670	1,654	1,522	1,538
29	Multifamily	2,574	2,598	2,710	2,271	2,343	2,258	2,077	2,098
30	*Farmers Home Admin.*	*1,366*	*1,432*	*1,109*	*1,064*	*500*	*1,043*	*1,292*	*1,467*
31	1- to 4-family	743	759	208	454	98	410	548	622
32	Multifamily	29	167	215	218	28	97	192	218
33	Commercial	218	156	190	72	64	126	142	162
34	Farm	376	350	496	320	310	410	410	465
35	*Federal Housing and Veterans Admin.*	*3,476*	*4,015*	*4,970*	*5,150*	*5,223*	*r5,259*	*5,130*	*5,291*
36	1- to 4-family	2,013	2,009	1,990	1,676	1,730	r1,711	1,566	1,706
37	Multifamily	1,463	2,006	2,980	3,474	3,493	r3,548	3,564	3,585
38	*Federal National Mortgage Assn.*	*24,175*	*29,578*	*31,824*	*32,904*	*r32,830*	*33,918*	*34,148*	*34,369*
39	1- to 4-family	20,370	23,778	25,813	26,934	26,836	27,933	28,178	28,504
40	Multifamily	3,805	5,800	6,011	5,970	r5,994	5,985	5,970	5,865
41	*Federal land banks*	*11,071*	*13,863*	*16,563*	*19,125*	*19,942*	*20,818*	*21,523*	*22,136*
42	1- to 4-family	123	406	549	601	611	628	649	670
43	Farm	10,948	13,457	16,014	18,524	19,331	20,190	20,874	21,466
44	*Federal Home Loan Mortgage Corp.*	*2,604*	*4,586*	*4,987*	*4,269*	*3,557*	*3,388*	*3,376*	*3,276*
45	1- to 4-family	2,446	4,217	4,588	3,889	3,200	2,901	2,818	2,738
46	Multifamily	158	369	399	380	357	487	558	538
47	**Mortgage pools or trusts**[2]	**18,040**	**23,799**	**34,138**	**49,801**	**55,462**	**58,748**	**64,667**	**70,202**
48	*Government National Mortgage Assn.*	*7,890*	*11,769*	*18,257*	*30,572*	*34,260*	*36,573*	*41,089*	*44,896*
49	1- to 4-family	7,561	11,249	17,538	29,583	33,190	35,467	39,865	43,555
50	Multifamily	329	520	719	989	1,070	1,106	1,224	1,341
51	*Federal Home Loan Mortgage Corp.*	*766*	*757*	*1,598*	*2,671*	*3,570*	*4,460*	*5,332*	*6,610*
52	1- to 4-family	617	608	1,349	2,282	3,112	3,938	4,642	5,621
53	Multifamily	149	149	249	389	458	522	690	989
54	*Farmers Home Admin.*	*9,384*	*11,273*	*14,283*	*16,558*	*17,632*	*17,715*	*18,426*	*18,696*
55	1- to 4-family	5,458	6,782	9,194	10,219	10,821	10,814	11,127	11,379
56	Multifamily	138	116	295	532	786	777	768	779
57	Commercial	1,124	1,473	1,948	2,440	2,570	2,680	2,824	2,963
58	Farm	2,664	2,902	2,846	3,367	3,455	3,444	3,527	3,575
59	**Individuals and others**[3]	**112,160**	**117,833**	**119,315**	**125,123**	**r127,845**	**r131,400**	**134,458**	**137,767**
60	1- to 4-family	51,112	53,331	56,268	62,643	r64,574	r66,592	69,786	72,048
61	Multifamily	23,982	24,276	22,140	20,420	r20,395	r20,313	19,733	19,826
62	Commercial	21,303	23,085	22,569	21,446	r21,479	r22,213	21,881	22,291
63	Farm	15,763	17,141	18,338	20,614	r21,397	r22,312	23,058	23,602

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	1977 June	1977 July	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.
		Amounts outstanding (end of period)									
1	**Total**	**157,454**	**164,955**	**185,489**	**196,998**	**199,971**	**204,358**	**207,294**	**209,141**	**212,074**	**216,557**
	By holder:										
2	Commercial banks	75,846	78,667	89,511	96,149	97,794	100,059	101,564	102,504	103,469	1051291
3	Finance companies	36,087	35,994	38,639	40,712	41,398	41,987	42,333	42,704	43,322	44,000
4	Credit unions	21,895	25,666	30,546	33,750	34,122	35,077	35,779	35,993	36,488	37,036
5	Retailers[1]	17,933	18,002	19,052	18,032	18,137	18,475	18,725	18,961	19,629	21,082
6	Others[2]	5,693	6,626	7,741	8,355	8,520	8,760	8,894	8,978	9,166	9,149
	By type of credit:										
7	*Automobile*	*52,871*	*55,879*	*66,116*	*72,829*	*74,304*	*76,027*	*77,207*	*77,845*	*78,757*	*79,414*
8	Commercial banks	30,994	31,553	37,984	42,307	43,211	44,262	44,933	45,399	45,845	46,119
9	Indirect	18,687	18,353	21,176	23,258	23,735	24,277	24,717	24,972	25,228	25,370
10	Direct	12,306	13,200	16,808	19,050	19,476	19,985	20,216	20,427	20,616	20,749
11	Finance companies	10,623	11,155	12,489	13,219	13,597	13,783	13,930	13,998	14,205	14,325
12	Credit unions	10,869	12,741	15,163	16,754	16,938	17,412	17,761	17,867	18,113	18,385
13	Others	386	430	480	549	558	570	584	581	594	585
14	*Mobile homes*	*14,618*	*14,423*	*14,572*	*14,627*	*14,713*	*14,812*	*14,880*	*14,929*	*14,999*	*15,014*
15	Commercial banks	8,972	8,649	8,734	8,722	8,761	8,794	8,828	8,839	8,856	8,862
16	Finance companies	3,525	3,451	3,273	3,136	3,126	3,114	3,119	3,116	3,123	3,109
17	*Home improvement*	*8,522*	*9,405*	*10,990*	*11,794*	*12,025*	*12,329*	*12,532*	*12,703*	*12,879*	*12,951*
18	Commercial banks	4,694	4,965	5,554	5,889	6,022	6,158	6,265	6,377	6,447	6,473
	Revolving credit:										
19	Bank credit cards	8,281	9,501	11,351	11,563	11,754	12,227	12,651	12,829	13,096	14,262
20	Bank check credit	2,797	2,810	3,041	3,230	3,295	3,409	3,504	3,551	3,601	3,724
21	*All other*	*70,364*	*72,937*	*79,418*	*82,955*	*83,880*	*85,554*	*86,519*	*87,283*	*88,743*	*91,193*
22	Commercial banks, total	20,108	21,188	22,847	24,437	24,752	25,209	25,383	25,510	25,626	25,850
23	Personal loans	13,771	14,629	15,669	16,749	16,922	17,238	17,373	17,452	17,555	17,740
24	Finance companies, total	21,590	21,238	22,749	24,223	24,538	24,951	25,143	25,448	25,850	26,422
25	Personal loans	16,985	17,263	18,554	19,540	19,808	20,118	20,256	20,498	20,852	21,281
26	Credit unions	9,174	10,754	12,799	14,141	14,297	14,697	14,991	15,081	15,289	15,518
27	Retailers	17,933	18,002	19,052	18,032	18,137	18,475	18,725	18,961	19,629	21,082
28	Others	1,559	1,755	1,971	2,121	2,157	2,221	2,277	2,283	2,350	2,321
		Net change (during period)[3]									
29	**Total**	**9,280**	**7,504**	**20,533**	**2,422**	**2,464**	**2,651**	**2,351**	**2,626**	**2,853**	**2,696**
	By holder:										
30	Commercial banks	3,975	2,821	10,845	1,422	1,150	1,448	1,228	1,315	1,384	1,611
31	Finance companies	731	−90	2,644	182	524	321	378	487	543	459
32	Credit unions	2,262	3,771	4,880	519	368	472	458	469	566	641
33	Retailers[1]	1,538	69	1,050	144	286	170	144	280	184	−12
34	Others[2]	774	933	1,115	154	136	240	143	75	177	−3
	By type of credit:										
35	*Automobile*	*500*	*3,007*	*10,238*	*963*	*1,069*	*1,054*	*1,105*	*850*	*1,241*	*1,328*
36	Commercial banks	−508	559	6,431	745	584	725	714	587	725	835
37	Indirect	−310	−334	2,823	365	290	357	466	295	444	486
38	Direct	−198	894	3,608	380	294	368	248	292	281	349
39	Finance companies	−116	532	1,334	−28	275	65	128	52	242	159
40	Credit unions	1,123	1,872	2,422	244	208	237	228	222	263	328
41	Other	2	44	50	2	2	27	34	−11	10	7
42	*Mobile homes*	*1,068*	*−195*	*150*	*34*	*57*	*55*	*32*	*44*	*74*	*75*
43	Commercial banks	632	−323	85	3	19	3	10	15	23	60
44	Finance companies	166	−73	−177	−21	−12	−18	−3	−11	4	−9
45	*Home improvement*	*1,094*	*881*	*1,585*	*181*	*165*	*183*	*143*	*201*	*211*	*171*
46	Commercial banks	611	271	588	75	76	62	77	115	99	110
	Revolving credit:										
47	Bank credit cards	1,443	1,220	1,850	238	184	315	279	287	243	250
48	Bank check credit	543	14	231	90	39	60	49	57	27	46
49	*All other*	*4,631*	*2,577*	*6,479*	*916*	*951*	*984*	*743*	*1,188*	*1,057*	*824*
50	Commercial banks, total	1,255	1,080	1,659	271	248	283	99	254	267	310
51	Personal loans	898	858	1,040	180	143	161	56	142	183	235
52	Finance companies, total	746	−348	1,509	226	260	273	251	448	293	308
53	Personal loans	486	279	1,290	185	228	186	223	353	235	236
54	Credit unions	948	1,580	2,045	239	129	200	197	204	252	252
55	Retailers	1,538	69	1,050	144	286	170	144	280	184	−12
56	Others	145	196	217	36	28	59	52	2	61	−33

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 $38.7 billion at the end of 1976, $35.7 billion at the end of 1975, and $33.8 billion at the end of 1974. Comparable data for Dec. 31, 1977, will be published in the February 1978 BULLETIN.

1.56 CONSUMER INSTALMENT CREDIT Extensions and Liquidations

Millions of dollars

	Holder, and type of credit	1974	1975	1976	1977 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
					Extensions[3]						
1	**Total**	**157,200**	**164,169**	**193,328**	**18,810**	**18,631**	**19,204**	**19,164**	**19,787**	**19,680**	**20,108**
	By holder:										
2	Commercial banks	72,605	77,312	94,220	9,232	9,143	9,426	9,442	9,802	9,688	10,226
3	Finance companies	34,061	31,173	36,028	3,444	3,335	3,459	3,514	3,653	3,602	3,714
4	Credit unions	19,596	24,096	28,587	2,769	2,663	2,806	2,773	2,858	2,920	3,093
5	Retailers[1]	27,034	27,049	29,188	2,806	2,951	2,840	2,860	2,961	2,857	2,647
6	Others[2]	3,904	4,539	5,305	559	540	673	575	512	612	428
	By type of credit:										
7	*Automobile*	*45,429*	*51,413*	*62,988*	*6,063*	*5,966*	*6,158*	*6,109*	*6,083*	*6,330*	*6,743*
8	Commercial banks	26,406	28,573	36,585	3,527	3,553	3,616	3,640	3,642	3,717	3,941
9	Indirect	15,576	15,766	19,882	1,865	1,905	1,925	2,028	1,976	2,076	2,153
10	Direct	10,830	12,807	16,704	1,661	1,649	1,692	1,612	1,666	1,641	1,788
11	Finance companies	8,604	9,674	11,209	1,099	963	1,036	1,013	989	1,097	1,165
12	Credit unions	10,015	12,683	14,675	1,390	1,402	1,434	1,376	1,414	1,458	1,581
13	Others	404	483	518	47	48	72	80	38	58	55
14	*Mobile homes*	*5,782*	*4,323*	*4,841*	*420*	*455*	*479*	*424*	*457*	*464*	*450*
15	Commercial banks	3,486	2,622	3,071	244	267	267	261	270	280	300
16	Finance companies	1,376	764	690	48	55	55	51	61	54	50
17	*Home improvement*	*5,211*	*5,556*	*6,736*	*686*	*671*	*733*	*679*	*718*	*761*	721
18	Commercial banks	2,789	2,722	3,245	328	330	332	340	373	370	384
	Revolving credit:										
19	Bank credit cards	17,098	20,428	25,862	2,640	2,566	2,711	2,847	2,973	2,828	2,973
20	Bank check credit	4,227	4,024	4,783	521	499	510	485	487	492	531
21	*All other*	*79,453*	*78,425*	*88,117*	*8,480*	*8,476*	*8,612*	*8,620*	*9,067*	*8,804*	*8,690*
22	Commercial banks, total	18,599	18,944	20,673	1,973	1,928	1,990	1,870	2,056	2,001	2,096
23	Personal loans	13,176	13,386	14,480	1,413	1,350	1,404	1,346	1,463	1,434	1,518
24	Finance companies, total	23,796	20,657	24,087	2,289	2,309	2,361	2,440	2,596	2,441	2,490
25	Personal loans	17,162	16,944	19,579	1,850	1,836	1,870	1,938	2,044	1,914	1,955
26	Credit unions	8,560	10,134	12,340	1,225	1,113	1,207	1,240	1,282	1,285	1,326
27	Retailers	27,034	27,049	29,188	2,806	2,951	2,840	2,860	2,961	2,857	2,647
28	Others	1,463	1,642	1,830	187	175	214	211	172	221	131
					Liquidations[3]						
29	**Total**	**147,920**	**156,665**	**172,795**	**16,388**	**16,167**	**16,553**	**16,814**	**17,160**	**16,826**	**17,413**
	By holder:										
30	Commercial banks	68,630	74,491	83,376	7,810	7,992	7,978	8,214	8,487	8,305	8,615
31	Finance companies	33,330	31,263	33,384	3,261	2,811	3,138	3,135	3,166	3,059	3,255
32	Credit unions	17,334	20,325	23,707	2,250	2,295	2,333	2,316	2,389	2,354	2,452
33	Retailers[1]	25,496	26,980	28,138	2,662	2,665	2,670	2,716	2,681	2,673	2,659
34	Others[2]	3,130	3,606	4,191	405	404	433	432	437	435	432
	By type of credit:										
35	*Automobile*	*44,929*	*48,406*	*52,750*	*5,100*	*4,897*	*5,104*	*5,005*	*5,234*	*5,089*	*5,414*
36	Commercial banks	26,915	28,014	30,154	2,781	2,969	2,891	2,926	3,055	2,991	3,106
37	Indirect	15,886	16,101	17,059	1,500	1,615	1,568	1,562	1,681	1,632	1,667
38	Direct	11,029	11,913	13,095	1,281	1,354	1,324	1,364	1,374	1,360	1,439
39	Finance companies	8,720	9,142	9,875	1,127	688	970	885	937	855	1,007
40	Credit unions	8,892	10,811	12,253	1,146	1,194	1,197	1,148	1,193	1,195	1,253
41	Others	402	439	468	45	46	45	46	49	48	48
42	*Mobile homes*	*4,715*	*4,517*	*4,691*	*386*	*397*	*424*	*392*	*413*	*390*	*375*
43	Commercial banks	2,854	2,944	2,986	241	248	264	251	255	257	240
44	Finance companies	1,210	837	867	68	68	73	54	72	50	59
45	*Home improvement*	*4,117*	*4,675*	*5,151*	*505*	*506*	*551*	*536*	*517*	*550*	*549*
46	Commercial banks	2,178	2,451	2,657	253	254	270	263	257	272	274
	Revolving credit:										
47	Bank credit cards	15,655	19,208	24,012	2,403	2,382	2,396	2,567	2,687	2,585	2,723
48	Bank check credit	3,684	4,010	4,552	431	459	450	436	430	466	485
49	*All other*	*74,821*	*75,849*	*81,638*	*7,564*	*7,525*	*7,628*	*7,877*	*7,880*	*7,747*	*7,866*
50	Commercial banks, total	17,345	17,864	19,014	1,702	1,680	1,707	1,771	1,802	1,734	1,786
51	Personal loans	12,278	12,528	13,439	1,233	1,207	1,243	1,291	1,321	1,250	1,284
52	Finance companies, total	23,050	21,005	22,578	2,063	2,049	2,089	2,189	2,148	2,148	2,182
53	Personal loans	16,676	16,665	18,289	1,666	1,609	1,684	1,714	1,692	1,678	1,718
54	Credit unions	7,613	8,554	10,295	986	984	1,008	1,043	1,078	1,033	1,075
55	Retailers	25,496	26,980	28,138	2,662	2,665	2,670	2,716	2,681	2,673	2,659
56	Others	1,318	1,446	1,613	151	146	155	158	170	159	165

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

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

3 Monthly figures are seasonally adjusted.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

	Transaction category, or sector	1972	1973	1974	1975	1976	1975		1976		1977	
							H1	H2	H1	H2	H1	
						Nonfinancial sectors						
1	**Total funds raised**	**177.8**	**202.0**	**189.6**	**205.6**	**268.3**	**180.8**	**230.4**	**254.5**	**282.1**	**309.6**	1
2	*Excluding equities*	*167.2*	*194.3*	*185.8*	*195.5*	*257.8*	*170.3*	*220.8*	*241.1*	*274.4*	*300.8*	2
	By sector and instrument:											
3	**U.S. Govt.**	**15.1**	**8.3**	**11.8**	**85.4**	**69.0**	**79.6**	**91.2**	**73.1**	**64.9**	**40.3**	3
4	Public debt securities	14.3	7.9	12.0	85.8	69.1	80.4	91.3	73.0	65.3	40.9	4
5	Agency issues and mortgages	.8	.4	−.2	−.4	−.1	−.8	−.1	.1	.3	−.6	5
6	**All other nonfinancial sectors**	**162.7**	**193.8**	**177.8**	**120.2**	**199.2**	**101.1**	**139.2**	**181.4**	**217.1**	**269.3**	6
7	Corporate equities	10.5	7.7	3.8	10.0	10.5	10.5	9.6	13.3	7.6	8.8	7
8	Debt instruments	152.2	186.1	174.0	110.1	188.8	90.7	129.6	168.0	209.5	260.5	8
9	**Private domestic nonfinancial sectors**	**158.7**	**187.5**	**162.4**	**107.0**	**179.0**	**93.1**	**120.9**	**166.2**	**191.7**	**264.9**	9
10	Corporate equities	10.9	7.9	4.1	9.9	10.5	10.3	9.5	13.3	7.7	8.2	10
11	*Debt instruments*	*147.8*	*179.7*	*158.3*	*97.1*	*168.4*	*82.8*	*111.4*	*152.9*	*184.0*	*256.6*	11
12	*Debt capital instruments*	*102.3*	*105.0*	*98.7*	*95.8*	*122.7*	*93.8*	*97.8*	*111.7*	*133.7*	*163.5*	12
13	State and local obligations	14.7	14.7	17.1	13.6	15.1	12.3	14.9	14.7	15.5	27.2	13
14	Corporate bonds	12.2	9.2	19.7	27.2	22.8	33.4	21.1	20.4	25.3	19.6	14
	Mortgages:											
15	Home	42.6	46.4	34.8	39.5	63.6	33.4	45.6	57.1	70.2	85.6	15
16	Multifamily residential	12.7	10.4	6.9	*	1.6	.4	.4	.6	2.6	4.6	16
17	Commercial	16.5	18.9	15.1	11.0	13.4	9.4	12.6	13.9	12.9	17.3	17
18	Farm	3.6	5.5	5.0	4.6	6.1	5.1	4.0	5.0	7.3	9.2	18
19	*Other debt instruments*	*45.5*	*74.6*	*59.6*	*1.3*	*45.7*	*−11.0*	*13.6*	*41.2*	*50.3*	*93.2*	19
20	Consumer credit	18.9	22.0	10.2	9.4	23.6	2.2	16.6	22.9	24.2	35.2	20
21	Bank loans n.e.c.	18.9	39.8	29.1	−14.5	3.7	−20.9	−8.2	−.3	7.8	37.2	21
22	Open market paper	.8	2.5	6.6	−2.6	4.0	−1.4	−3.8	6.4	1.6	5.0	22
23	Other	6.9	10.3	13.7	9.0	14.4	9.0	9.0	12.2	16.7	15.9	23
24	*By borrowing sector*	*158.7*	*187.5*	*162.4*	*107.0*	*179.0*	*93.1*	*120.9*	*166.2*	*191.7*	*264.9*	24
25	State and local governments	14.5	13.2	16.2	11.2	14.6	10.0	12.3	13.0	16.3	20.6	25
26	Households	66.6	79.1	49.2	48.6	89.8	37.3	59.9	83.9	95.6	129.6	26
27	Farm	5.8	9.7	7.9	8.7	11.0	8.7	8.8	10.6	11.6	16.9	27
28	Nonfarm noncorporate	14.1	12.8	7.4	2.0	5.2	−1.1	5.1	2.7	7.6	10.6	28
29	Corporate	57.7	72.7	81.8	36.6	58.3	38.3	34.8	56.1	60.5	87.2	29
30	**Foreign**	**4.0**	**6.2**	**15.4**	**13.2**	**20.3**	**8.0**	**18.3**	**15.2**	**25.4**	**4.4**	30
31	Corporate equities	−.4	−.2	−.2	.1	*	.1	.1	*	−.1	.6	31
32	*Debt instruments*	*4.4*	*6.4*	*15.7*	*13.0*	*20.3*	*7.9*	*18.2*	*15.1*	*25.5*	*3.9*	32
33	Bonds	1.0	1.0	2.1	6.2	8.4	5.7	6.8	7.3	9.5	4.3	33
34	Bank loans n.e.c.	2.9	2.8	4.7	3.7	6.7	−.4	7.8	3.4	10.0	−5.8	34
35	Open market paper	−1.0	.9	7.3	.3	1.9	−.8	1.4	1.5	2.4	2.2	35
36	U.S. Govt. loans	1.5	1.7	1.6	2.8	3.3	3.4	2.2	2.9	3.6	3.1	36
						Financial sectors						
37	**Total funds raised**	**28.3**	**51.6**	**39.4**	**14.0**	**28.6**	**15.1**	**12.8**	**27.8**	**29.4**	**64.0**	37
	By instrument:											
38	*U.S. Govt. related*	*8.4*	*19.9*	*23.1*	*13.5*	*18.6*	*14.5*	*12.6*	*18.6*	*18.6*	*25.7*	38
39	Sponsored credit agency securities	3.5	16.3	16.6	2.3	3.3	1.9	2.8	4.5	2.1	10.1	39
40	Mortgage pool securities	4.9	3.6	5.8	10.3	15.7	11.5	9.2	14.2	17.2	17.9	40
41	Loans from U.S. Govt.	......	......	.7	.9	−.4	1.1	.6	*	−.7	−2.3	41
42	*Private financial sectors*	*19.9*	*31.7*	*16.3*	*.4*	*10.0*	*.6*	*.2*	*9.1*	*10.8*	*38.3*	42
43	Corporate equities	2.8	1.5	.3	*	.7	.1	−.1	−.7	2.2	.9	43
44	*Debt instruments*	*17.1*	*30.2*	*16.0*	*.4*	*9.2*	*.6*	*.3*	*9.8*	*8.6*	*37.4*	44
45	Corporate bonds	5.1	3.5	2.1	2.9	5.8	2.3	3.5	7.0	4.5	8.2	45
46	Mortgages	1.7	−1.2	−1.3	2.3	2.1	1.4	3.2	1.4	2.8	3.0	46
47	Bank loans n.e.c.	5.9	8.9	4.6	−3.6	−3.7	−4.7	−2.5	−3.0	−4.4	−2.7	47
48	Open market paper and Rp's	4.4	11.8	3.9	2.8	7.1	8.2	−2.6	6.1	8.1	25.4	48
49	Loans from FHLB's	*	7.2	6.7	−4.0	−2.0	−6.6	−1.3	−1.6	−2.4	3.5	49
	By sector:											
50	Sponsored credit agencies	3.5	16.3	17.3	3.2	2.9	3.0	3.4	4.5	1.4	7.8	50
51	Mortgage pools	4.9	3.6	5.8	10.3	15.7	11.5	9.2	14.2	17.2	17.9	51
52	*Private financial sectors*	*19.9*	*31.7*	*16.3*	*.4*	*10.0*	*.6*	*.2*	*9.1*	*10.8*	*38.3*	52
53	Commercial banks	4.8	8.1	−1.1	1.7	7.4	5.7	−2.3	9.0	5.9	15.1	53
54	Bank affiliates	.7	2.2	3.5	.3	−.8	.9	−.3	−1.3	−.3	1.3	54
55	Savings and loan associations	2.0	6.0	6.3	−2.2	*	−6.8	2.3	.5	−.5	10.6	55
56	Other insurance companies	.5	.5	.9	1.0	1.0	.9	1.0	1.0	1.0	1.0	56
57	Finance companies	6.2	9.4	4.5	.5	6.4	−1.4	2.4	5.7	7.1	14.9	57
58	REIT's	6.3	6.5	.6	−2.0	−2.8	−2.0	−1.9	−2.5	−3.0	−2.9	58
59	Open-end investment companies	−.5	−1.2	−.7	−.1	−1.0	.7	−.9	−2.5	.5	−1.1	59
60	Money market funds	......	......	2.4	1.3	−.3	2.6	*	−.7	.2	−.5	60
						All sectors						
61	**Total funds raised, by instrument**	**206.1**	**253.7**	**229.0**	**219.5**	**296.8**	**195.9**	**243.2**	**282.2**	**311.4**	**373.6**	61
62	Investment company shares	−.5	−1.2	−.7	−.1	−1.0	.7	−.9	−2.5	.5	−1.1	62
63	Other corporate equities	13.8	10.4	4.8	10.2	12.2	9.8	10.5	15.1	9.3	10.8	63
64	*Debt instruments*	*192.8*	*244.5*	*224.9*	*209.5*	*285.6*	*185.4*	*233.6*	*269.6*	*301.6*	*363.9*	64
65	U.S. Govt. securities	23.6	28.3	34.3	98.2	88.1	93.1	103.2	91.9	84.3	68.4	65
66	State and local obligations	14.7	14.7	17.1	13.6	15.1	12.3	14.9	14.7	15.5	27.2	66
67	Corporate and foreign bonds	18.4	13.6	23.9	36.3	37.0	41.3	31.3	34.7	39.3	32.2	67
68	Mortgages	77.0	79.9	60.5	57.2	86.8	49.5	65.0	77.9	95.7	119.6	68
69	Consumer credit	18.9	22.0	10.2	9.4	23.6	2.2	16.6	22.9	24.2	35.2	69
70	Bank loans n.e.c.	27.8	51.6	38.4	−14.4	6.7	−25.9	−2.9	.1	13.4	28.7	70
71	Open market paper and Rp's	4.1	15.2	17.8	.5	13.0	6.1	−5.0	14.0	12.0	32.5	71
72	Other loans	8.4	19.1	22.7	8.7	15.3	6.9	10.5	13.4	17.2	20.1	72

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; half-year data are at seasonally adjusted annual rates.

Transaction category, or sector	1972	1973	1974	1975	1976	1975 H1	1975 H2	1976 H1	1976 H2	1977 H1	
1 **Total funds advanced in credit markets to nonfinancial sectors**	**167.2**	**194.3**	**185.8**	**195.5**	**257.8**	**170.3**	**220.8**	**241.1**	**274.4**	**300.8**	1
By public agencies and foreign:											
2 *Total net advances*	*19.8*	*34.1*	*52.7*	*44.3*	*54.6*	*55.0*	*33.6*	*53.2*	*56.0*	*74.0*	2
3 U.S. Govt. securities	7.6	9.5	11.9	22.5	26.8	33.4	11.6	27.1	26.5	31.7	3
4 Residential mortgages	7.0	8.2	14.7	16.2	12.8	16.9	15.5	12.1	13.5	20.0	4
5 FHLB advances to S&L's	*	7.2	6.7	-4.0	-2.0	-6.6	-1.3	-1.6	-2.4	3.5	5
6 Other loans and securities	5.1	9.2	19.5	9.5	16.9	11.3	7.8	15.6	18.3	18.8	6
Totals advanced, by sector											
7 U.S. Govt.	1.8	2.8	9.8	15.1	8.9	15.9	14.3	6.4	11.4	5.9	7
8 Sponsored credit agencies	9.2	21.4	25.6	14.5	20.6	16.5	12.6	20.7	20.6	27.5	8
9 Monetary authorities	.3	9.2	6.2	8.5	9.8	7.6	9.5	14.5	5.2	11.6	9
10 Foreign	8.4	.6	11.2	6.1	15.2	15.0	-2.7	11.6	18.8	28.9	10
11 Agency borrowing not included in line 1	8.4	19.9	23.1	13.5	18.6	14.5	12.6	18.6	18.6	25.7	11
Private domestic funds advanced											
12 *Total net advances*	*155.9*	*180.2*	*156.1*	*164.8*	*221.8*	*129.8*	*199.7*	*206.6*	*237.0*	*252.5*	12
13 U.S. Govt. securities	16.0	18.8	22.4	75.7	61.3	59.7	91.6	64.8	57.8	36.7	13
14 State and local obligations	14.7	14.7	17.1	13.6	15.1	12.3	14.9	14.7	15.5	27.2	14
15 Corporate and foreign bonds	13.1	10.0	20.9	32.8	30.3	38.8	26.8	26.8	33.9	20.9	15
16 Residential mortgages	48.2	48.4	26.9	23.2	52.4	16.7	29.6	45.5	59.2	70.1	16
17 Other mortgages and loans	63.9	95.4	75.4	15.6	60.8	-4.3	35.5	53.2	68.3	101.1	17
18 LESS: FHLB advances	*	7.2	6.7	-4.0	-2.0	-6.6	-1.3	-1.6	2.4	3.5	18
Private financial intermediation											
19 *Credit market funds advanced by private financial institutions*	*149.7*	*164.9*	*126.3*	*119.9*	*187.2*	*99.8*	*140.0*	*167.6*	*206.8*	*233.9*	19
20 Commercial banking	70.5	86.5	64.6	27.6	58.0	14.4	40.7	44.5	71.5	80.1	20
21 Savings institutions	48.2	36.9	26.9	52.0	71.7	48.5	55.4	71.8	71.7	84.6	21
22 Insurance and pension funds	17.2	23.9	30.0	41.5	47.6	38.3	44.7	47.8	47.3	55.3	22
23 Other finance	13.9	17.5	4.7	-1.1	9.9	-1.4	-.7	3.4	16.3	13.9	23
24 *Sources of funds*	*149.7*	*164.9*	*126.3*	*119.9*	*187.2*	*99.8*	*140.0*	*167.6*	*206.8*	*233.9*	24
25 Private domestic deposits	100.8	86.5	69.4	90.9	122.8	90.3	91.5	106.1	139.5	122.8	25
26 Credit market borrowing	17.1	30.2	16.0	.4	9.2	.6	.3	9.8	8.6	37.4	26
27 *Other sources*	*31.8*	*48.2*	*40.9*	*28.6*	*55.1*	*9.0*	*48.2*	*51.7*	*58.7*	*73.7*	27
28 Foreign funds	5.3	6.9	14.5	.4	3.1	5.6	4.8	-2.6	8.8	4.1	28
29 Treasury balances	.7	-1.0	-5.1	-1.7	.1	3.5	.1	2.9	-3.1	1.1	29
30 Insurance and pension reserves	11.6	18.4	26.0	29.0	35.8	26.4	31.5	35.1	36.5	46.2	30
31 Other, net	14.1	23.9	5.4	1.7	16.4	-8.3	11.7	16.2	16.6	32.7	31
Private domestic nonfinancial investors											
32 *Direct lending in credit markets*	*23.3*	*45.5*	*45.9*	*45.3*	*43.8*	*30.6*	*60.0*	*48.8*	*38.8*	*56.0*	32
33 U.S. Govt. securities	3.9	19.5	18.2	22.2	19.4	6.0	38.4	22.6	16.1	11.0	33
34 State and local obligations	3.0	5.4	10.0	6.3	4.7	7.2	5.5	3.9	5.5	9.5	34
35 Corporate and foreign bonds	4.4	1.3	4.7	8.2	4.0	10.8	5.6	4.9	3.1	.4	35
36 Commercial paper	2.9	12.5	4.8	3.1	4.0	1.5	4.7	6.7	1.3	18.7	36
37 Other	9.1	6.8	8.2	5.5	11.8	5.1	6.0	10.8	12.8	16.4	37
38 *Deposits and currency*	*105.2*	*90.4*	*75.7*	*97.1*	*130.3*	*96.0*	*98.2*	*111.0*	*149.5*	*127.1*	38
39 *Time and savings accounts*	83.8	76.1	66.7	84.8	113.0	73.0	96.5	98.3	127.6	106.6	39
40 Large negotiable CD's	7.7	18.1	18.8	-14.0	-14.2	27.8	-.2	-18.0	10.4	-2.6	40
41 Other at commercial banks	30.6	29.6	26.1	39.4	58.1	39.3	39.4	50.2	66.0	41.9	41
42 At savings institutions	45.4	28.5	21.8	59.4	69.1	61.5	57.4	66.1	72.1	67.4	42
43 *Money*	*21.4*	*14.3*	*8.9*	*12.3*	*17.2*	*23.0*	*1.7*	*12.7*	*21.6*	*20.5*	43
44 Demand deposits	17.0	10.3	2.6	6.1	9.9	17.3	-5.0	7.8	11.9	16.2	44
45 Currency	4.4	3.9	6.3	6.2	7.3	5.7	6.7	4.9	9.8	4.3	45
46 **Total of credit market instruments, deposits and currency**	**128.5**	**136.0**	**121.5**	**142.4**	**174.0**	**126.6**	**158.2**	**159.8**	**188.1**	**183.1**	46
47 Public support rate (in per cent)	11.8	17.5	28.4	22.7	21.2	32.3	15.2	22.1	20.4	24.6	47
48 Private financial intermediation (in per cent)	96.1	91.5	80.9	72.8	84.4	76.9	70.1	81.1	87.3	92.6	48
49 Total foreign funds	13.7	7.5	25.7	5.8	18.3	9.4	2.1	9.0	27.6	24.9	49
MEMO: Corporate equities not included above											
50 **Total net issues**	**13.3**	**9.2**	**4.1**	**10.0**	**11.2**	10.5	9.5	12.6	9.8	9.7	50
51 Mutual fund shares	-.5	-1.2	-.7	-.1	-1.0	.7	-.9	-2.5	.5	1.1	51
52 Other equities	13.8	10.4	4.8	10.2	12.2	9.8	10.5	15.1	9.3	10.8	52
53 Acquisitions by financial institutions	15.3	13.3	5.8	9.4	12.3	10.7	8.1	12.6	12.0	6.5	53
54 Other net purchases	-2.1	-4.1	-1.6	.6	-1.1	-.2	1.4	*	-2.2	3.3	54

NOTES BY LINE NO.
1. Line 2 of p. A-44.
2. Sum of lines 3-6 or 7-10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by Federally sponsored credit agencies, and net issues of Federally related mortgage pool securities. Included below in lines 3, 13, and 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. Lines 39 plus 44.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
33-37. Lines 13-17 less amounts acquired by private finance. Line 37 includes mortgages.
45. Mainly an offset to line 9.
46. Lines 32 plus 38 or line 12 less line 27 plus line 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Lines 10 plus 28.
50, 52. Includes issues by financial institutions.

NOTE.—Full statements for sectors and transaction types quarterly, and annually for flows and for amounts outstanding, may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1967 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

	Measure	1975	1976	1977^p	1977 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1978 Jan.^p
1	**Industrial production**	**117.8**	**129.8**	**137.0**	**137.8**	**138.7**	**138.1**	**138.5**	**r138.9**	**139.3**	**139.6**	**138.6**
	Market groupings:											
2	*Products, total*	*119.3*	*129.3*	*137.1*	*137.3*	*138.7*	*138.4*	*138.8*	*r138.9*	*139.6*	*140.3*	*139.3*
3	Final, total	118.2	127.2	135.0	135.4	136.8	136.3	136.8	r136.5	137.2	137.8	136.4
4	Consumer goods	124.0	136.2	143.5	143.8	145.4	144.7	144.9	r144.9	145.4	145.7	143.6
5	Equipment	110.2	114.6	123.3	124.1	124.8	124.9	125.6	r125.0	125.8	127.0	126.5
6	Intermediate	123.1	137.2	145.1	144.7	146.3	146.1	146.5	r147.8	148.5	150.1	149.7
7	Materials	115.5	130.6	136.9	138.7	138.9	137.6	137.9	r138.9	139.0	138.4	137.5
	Industry groupings:											
8	Manufacturing	116.3	129.5	137.1	137.8	138.5	138.6	139.0	r139.4	139.9	140.5	139.0
	Capacity utilization (per cent)[1] in											
9	Manufacturing	73.6	80.2	82.4	83.0	83.1	82.9	82.9	r82.9	82.9	83.0	81.8
10	Industrial materials industries	73.6	80.4	81.9	83.0	82.9	82.0	82.0	r82.4	82.3	81.7	80.9
11	Construction contracts[2]	162.3	190.2	p252	284.0	218.0	267.0	279.0	244.0	258.0	299.0	......
12	**Nonagricultural employment, total**[3]	**r117.0**	**120.6**	**124.7**	**124.7**	**125.1**	**125.2**	**125.7**	**125.9**	**126.4**	**126.7**	**127.1**
13	Goods-producing, total	r97.1	100.3	104.1	104.7	104.9	104.5	104.7	105.0	105.4	105.5	105.9
14	Manufacturing, total	94.3	97.5	100.6	100.9	101.1	100.8	100.8	101.1	101.4	102.2	102.8
15	Manufacturing, production-worker	91.3	95.2	98.3	98.9	r98.9	98.4	98.5	98.8	r99.1	100.1	100.7
16	Service-producing	127.8	131.7	136.0	135.6	136.2	136.6	137.1	137.3	r137.9	138.3	......
17	**Personal income, total**[4]	**200.0**	**220.7**	**245.1**	**243.3**	**245.6**	**247.2**	**r249.2**	**r252.8**	**r255.3**	**258.2**	......
18	Wages and salary disbursements	188.5	208.6	231.5	230.8	232.3	233.4	r235.2	r239.1	r240.4	241.3	......
19	Manufacturing	157.3	177.7	199.3	200.4	201.2	200.7	202.2	r205.3	r206.9	208.3	......
20	Disposable personal income	199.2	217.8	240.3	......	......	241.3	......	......	244.9	......	......
21	Retail sales[5]	184.6	203.5	224.4	221.0	223.7	225.5	225.4	r232.2	r234.9	233.3	229.5
	Prices:[6]											
22	Consumer	161.2	170.5	181.6	r181.8	r182.6	r183.3	r184.0	r184.5	185.4	186.1	......
23	Wholesale	r174.9	r183.0	194.2	r194.5	r194.8	r194.6	r195.8	r196.3	197.0	198.2	199.9

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.

NOTE.—Basic data (not index numbers) for series mentioned in notes 3, 4, and 5, and indexes for series mentioned in notes 2 and 6 may also be found in the *Survey of Current Business* (U.S. Dept. of Commerce).

Figures for industrial production for the last 2 months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

	Series	1977 Q1	Q2	Q3^r	Q4^r	1977 Q1	Q2	Q3	Q4^r	1977 Q1	Q2	Q3^r	Q4^r
		Output (1967 = 100)				Capacity (per cent of 1967 output)				Utilization rate (per cent)			
1	**Manufacturing**	**133.1**	**136.9**	138.7	**139.9**	**164.0**	**165.6**	**167.1**	**168.7**	**81.2**	**82.7**	**83.0**	**82.9**
2	Primary processing	140.1	146.3	147.3	148.1	170.2	171.8	173.5	175.1	82.3	85.1	84.9	84.6
3	Advanced processing	129.3	132.0	129.3	135.6	160.7	162.2	163.8	165.3	80.5	81.4	81.9	82.0
4	**Materials**	**133.1**	**137.7**	**138.1**	**138.8**	**165.5**	**166.6**	**167.8**	**168.9**	**80.4**	**82.6**	**82.3**	**82.2**
5	Durable goods	129.2	135.1	136.0	137.5	169.0	170.3	171.6	172.8	76.5	79.4	79.2	79.6
6	Basic metal	108.6	116.4	109.4	109.1	144.8	145.1	145.3	145.5	75.0	80.2	75.3	75.0
7	Nondurable goods	149.5	154.6	154.4	154.9	175.6	177.2	178.8	180.4	85.1	87.2	86.3	85.8
8	Textile, paper, and chemical	153.9	159.9	159.2	159.6	183.6	185.4	187.1	188.9	83.8	86.3	85.1	84.5
9	Textile	111.3	110.9	112.3	118.7	141.4	141.9	142.5	143.0	78.7	78.1	78.8	83.0
10	Paper	131.7	134.3	135.1	134.2	148.9	150.1	151.3	152.5	88.4	89.5	89.3	88.0
11	Chemical	181.6	191.8	189.5	187.8	216.2	218.7	221.2	223.6	84.0	87.7	85.7	84.0
12	Energy	122.0	122.6	123.4	122.2	144.3	144.7	145.2	145.7	84.5	84.8	85.0	83.9

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1974	1975	1976	1977						1978
				July r	Aug. r	Sept. r	Oct. r	Nov. r	Dec. r	Jan. p
	Household survey data									
1 **Noninstitutional population**[1]	**150,827**	**153,449**	**156,048**	**158.682**	**158,899**	**159,114**	**159,334**	**159,522**	**159,736**	**159,937**
2 **Labor force (including Armed Forces)**[1]	**93,240**	**94,793**	**96,917**	**r99,442**	**r99,751**	**r99,887**	**r100,205**	**101,009**	**101,048**	**101,228**
3 Civilian labor force	91,011	92,613	94,773	r97.307	r97.614	r97.756	r98.071	98,877	98,919	99,107
Employment:										
4 Nonagricultural industries[2]	82,443	81,403	84,188	r87.382	r87.569	r87 889	r88.140	88.857	89,286	89,527
5 Agriculture	3,492	3,380	3,297	r3,206	r3.224	r3,199	r3.243	3.357	3.323	3,354
Unemployment:										
6 Number	5,076	7,830	7,288	r6,719	r6,821	r6,668	r6.688	6.663	6.310	6,226
7 *Rate (per cent of civilian labor force)*	*5.6*	*8.5*	*7.7*	*6.9*	*r7.0*	*r6.8*	*r6.8*	*6.7*	*6.4*	*6.3*
8 **Not in labor force**	**57,587**	**58,655**	**59,130**	**r59,240**	**r59,148**	**r59,226**	**r59,130**	**58,512**	**58,689**	**58,709**
	Establishment survey data									
9 **Nonagricultural payroll employment**[3]	**78,419**	**77,052**	**79,436**	**82,407**	**82,474**	**82,763**	**82,902**	**83,245**	**83,432**	**83,685**
10 Manufacturing	20,048	18,347	18,955	19,666	19,594	19,612	19,666	19,715	19,879	19,983
11 Mining	694	745	783	833	818	856	859	863	713	720
12 Contract construction	3,963	3,515	3.594	3,913	3,893	3,892	3,911	3,950	3.956	3,949
13 Transportation and public utilities	4.696	4,499	4,510	4,572	4,581	4,616	4.610	4,634	4.650	4,628
14 Trade	17,016	16,999	17,690	18,322	18,377	18,431	18,414	18.512	18,592	18.686
15 Finance	4,209	4,223	4,315	4,506	4,524	4,545	4,572	4,597	4,609	4.619
16 Service	13,617	14,007	14,642	15,372	15,448	15,482	15,533	15,608	15,659	15,713
17 Government	14,176	14,719	14,948	15,223	15,239	15,329	15,337	15.366	15.374	15.387

1 Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

2 Includes self-employed, unpaid family, and domestic service workers.

3 Data include all full- and part-time employees who worked during, or received pay for the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the February 1977 benchmark. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

	Grouping	1967 proportion	1977 average[p]	1976 Nov.	1976 Dec.	1977 Jan.	1977 June	1977 July	1977 Aug.	1977 Sept.	1977 Oct.[r]	1977 Nov.	1977 Dec.[p]	1978 Jan.[e]
							Index (1967 = 100)							
	MAJOR MARKET													
1	**Total index**	100.00	137.0	131.5	133.0	132.3	137.8	138.7	138.1	138.5	138.9	139.3	139.6	138.6
2	**Products**	60.71	137.1	131.3	133.4	133.1	137.3	138.7	138.4	138.8	138.9	139.6	140.3	139.3
3	*Final products*	47.82	135.0	129.3	131.5	130.8	135.4	136.8	136.3	136.8	136.5	137.2	137.8	136.4
4	Consumer goods	27.68	143.5	138.4	141.3	139.9	143.8	145.4	144.7	144.9	144.9	145.4	145.7	143.6
5	Equipment	20.14	123.3	116.8	118.0	118.4	124.1	124.8	124.9	125.6	125.0	125.8	127.0	126.5
6	Intermediate products	12.89	145.1	139.0	140.5	142.2	144.7	146.3	146.1	146.5	147.8	148.5	150.1	149.7
7	**Materials**	39.29	136.9	131.9	132.0	131.1	138.7	138.9	137.6	137.9	138.9	139.0	138.4	137.5
	Consumer goods													
8	*Durable consumer goods*	7.89	153.1	143.7	150.5	145.4	155.8	158.0	154.7	155.6	156.8	155.4	156.0	149.3
9	Automotive products	2.83	174.1	161.6	178.8	164.2	179.8	184.8	177.2	177.0	179.4	173.3	172.9	156.4
10	Autos and utility vehicles	2.03	169.3	154.0	176.9	155.8	177.4	184.1	173.1	172.6	176.1	167.7	166.9	144.4
11	Autos	1.90	148.4	138.4	156.3	136.9	156.8	161.4	150.9	151.6	154.3	147.5	143.6	127.4
12	Auto parts and allied goods	.80	186.2	180.5	183.4	185.6	185.8	186.6	187.3	188.1	187.6	187.6	188.2	186.7
13	Home goods	5.06	141.3	133.7	134.5	134.8	142.3	142.9	142.1	143.6	144.2	145.4	146.5	145.2
14	Appliances, A/C, and TV	1.40	127.4	114.9	110.3	113.4	133.1	130.1	129.6	129.4	128.6	132.5	132.5	131.2
15	Appliances and TV	1.33	130.5	117.3	112.3	116.0	136.8	134.4	133.0	134.1	131.6	133.0	134.8	......
16	Carpeting and furniture	1.07	152.2	143.6	144.7	143.7	151.2	154.1	154.8	159.0	160.5	160.2	161.1	......
17	Misc. home goods	2.59	144.4	139.9	143.6	142.7	143.6	145.1	143.6	144.9	145.8	146.3	148.1	147.0
18	*Nondurable consumer goods*	19.79	139.6	136.2	137.6	137.7	139.1	140.3	140.6	140.7	140.1	141.4	141.6	141.3
19	Clothing	4.29	......	123.1	124.1	123.7	125.7	124.1	126.4	128.3	128.0	127.3	......	......
20	Consumer staples	15.50	143.6	139.8	141.3	141.7	142.9	144.8	144.6	144.1	143.5	145.3	145.6	145.5
21	Consumer foods and tobacco	8.33	135.5	132.4	131.8	131.5	135.4	137.1	137.9	137.1	135.2	136.6	136.9	......
22	Nonfood staples	7.17	153.1	148.2	152.3	153.4	151.7	153.8	152.4	152.4	153.4	155.3	155.9	155.8
23	Consumer chemical products	2.63	180.6	173.7	177.5	178.5	179.3	179.4	181.8	182.5	183.7	186.9	187.3	......
24	Consumer paper products	1.92	117.1	114.2	116.6	116.0	116.3	117.4	117.0	116.4	117.6	118.5	119.7	......
25	Consumer energy products	2.62	151.8	147.6	153.1	155.8	149.8	154.9	148.9	148.6	149.1	150.6	150.8	......
26	Residential utilities	1.45	......	153.9	162.1	166.7	......	......	......	......	......	......	......	......
	Equipment													
27	*Business equipment*	12.63	149.2	140.1	142.3	142.3	150.1	151.2	151.1	152.1	152.6	153.5	154.8	154.0
28	Industrial equipment	6.77	138.6	131.1	132.3	131.3	140.0	140.7	140.4	141.4	141.8	143.2	143.8	144.1
29	Building and mining equipment	1.44	202.6	181.5	183.7	187.4	208.1	210.6	203.9	204.5	205.7	208.7	209.3	212.0
30	Manufacturing equipment	3.85	114.0	109.9	110.8	107.8	115.0	114.3	115.3	117.6	118.5	119.1	119.6	119.2
31	Power equipment	1.47	140.1	137.0	137.9	137.5	139.0	141.2	143.7	141.4	139.8	142.1	143.0	142.5
32	Commercial transit, farm equipment	5.86	161.6	150.6	154.1	155.0	161.9	163.3	163.4	164.4	165.1	165.3	167.6	165.5
33	Commerical equipment	3.26	191.6	179.6	184.3	185.2	191.4	191.7	193.0	193.7	195.4	196.7	199.7	200.6
34	Transit equipment	1.93	117.6	107.8	108.0	108.4	118.5	121.5	121.9	125.1	122.3	118.8	120.8	113.4
35	Farm equipment	.67	142.1	132.4	140.3	142.5	143.2	144.6	139.2	134.9	142.1	146.8	145.5	......
36	*Defense and space equipment*	7.51	79.6	77.6	77.2	78.0	80.3	80.4	80.8	80.9	78.9	79.3	80.3	80.1
	Intermediate products													
37	Construction supplies	6.42	140.7	135.8	135.5	136.2	139.9	141.2	141.7	143.2	144.9	146.6	148.0	146.9
38	Business supplies	6.47	149.4	141.9	145.3	148.0	149.6	151.3	150.6	149.7	150.5	150.4	152.0	......
39	Commercial energy products	1.14	164.4	156.2	162.7	164.9	164.2	168.2	165.0	162.7	163.0	162.8	163.6	......
	Materials													
40	*Durable goods materials*	20.35	134.4	128.2	128.7	127.4	136.4	136.8	135.4	135.7	137.1	137.2	138.1	137.1
41	Durable consumer parts	4.58	122.0	126.2	126.3	121.8	134.5	137.2	135.2	135.8	135.4	136.3	135.7	131.5
42	Equipment parts	5.44	143.1	137.2	138.8	135.1	143.0	145.0	145.6	146.8	147.6	147.5	148.8	149.0
43	Durable materials n.e.c	10.34	131.0	124.4	124.3	125.9	133.8	132.4	130.1	129.8	132.4	132.1	133.4	133.2
44	Basic metal materials	5.57	110.9	105.5	104.8	106.6	116.3	112.6	108.7	106.8	110.0	107.9	109.5	......
45	*Nondurable goods materials*	10.47	153.4	147.3	145.8	144.8	154.7	154.1	155.1	153.9	154.4	155.3	154.9	153.4
46	Textile, paper, and chem. mat	7.62	158.3	151.4	150.3	149.3	160.1	158.9	159.6	159.0	160.0	159.3	159.4	158.3
47	Textile materials	1.85	113.2	110.0	113.7	111.0	109.0	110.1	112.2	114.5	118.5	118.0	119.6	......
48	Paper materials	1.62	133.9	131.0	127.6	127.6	134.4	134.3	135.7	135.2	134.4	132.4	135.8	......
49	Chemical materials	4.15	188.0	178.1	175.5	175.1	192.7	190.3	190.1	188.2	188.5	188.4	186.6	......
50	Containers, nondurable	1.70	151.0	145.9	143.8	139.5	152.4	152.4	156.2	151.2	148.9	156.1	156.0	......
51	Nondurable materials n.e.c	1.14	124.7	121.3	119.8	122.6	122.9	124.9	122.4	124.1	125.4	127.6	123.9	......
52	Energy materials	8.48	122.4	121.9	123.4	123.3	124.3	125.2	121.4	123.5	124.0	123.6	119.1	119.2
53	Primary energy	4.65	107.3	106.7	107.0	102.9	109.7	108.9	106.8	110.0	112.2	111.9	102.6	......
54	Converted fuel materials	3.82	140.8	140.3	143.4	148.1	142.0	145.1	139.1	140.0	138.4	137.8	139.1	......
	Supplementary groups													
55	Home goods and clothing	9.35	134.0	128.8	129.7	129.7	134.7	134.3	134.9	136.5	136.8	137.1	137.8	136.4
56	Energy, total	12.23	132.6	130.6	133.3	134.1	133.5	135.6	131.4	132.5	133.0	133.1	130.0	130.2
57	Products	3.76	155.6	150.2	156.0	158.5	154.1	158.9	153.7	153.0	153.3	154.4	154.6	......
58	Materials	8.48	122.4	121.9	123.4	123.3	124.3	125.2	121.4	123.5	124.0	123.6	119.1	119.2

For NOTE see opposite page.

2.13 Continued

	Grouping	SIC code	1967 proportion	1977^p average	1976 Nov.	1976 Dec.	1977 Jan.	1977 June	1977 July	1977 Aug.	1977 Sept.	1977 Oct.^r	1977 Nov.	1977 Dec.^p	1978 Jan.^e
			Index (1967 = 100)												
	MAJOR INDUSTRY														
1	*Mining and utilities*	......	*12.05*	*136.2*	*133.8*	*135.4*	*137.0*	*138.8*	*139.4*	*134.4*	*135.1*	*135.8*	*136.0*	*134.0*	*135.0*
2	Mining	......	6.36	117.9	115.3	115.4	112.8	122.8	119.8	115.4	118.0	119.6	119.0	113.4	112.0
3	Utilities	......	5.69	156.6	154.6	157.9	163.8	156.8	161.4	155.7	154.1	154.0	154.9	157.0	160.7
4	Electric	......	3.88	......	171.8	176.1	183.6	......	......	......	......	......	......	......	......
5	*Manufacturing*	......	*87.95*	*137.1*	*131.4*	*132.5*	*131.6*	*137.8*	*138.5*	*138.6*	*139.0*	*139.4*	*139.9*	*140.5*	*139.0*
6	Nondurable	......	35.97	148.1	143.0	143.3	143.4	148.4	148.6	149.4	149.5	149.6	150.6	150.6	150.3
7	Durable	......	51.98	129.5	123.4	125.0	123.4	130.5	131.6	131.3	131.7	132.4	132.6	133.6	131.0
	Mining														
8	Metal mining	10	.51	105.5	124.5	126.8	130.6	121.3	101.9	70.0	71.4	80.0	84.8	104.5	......
9	Coal	11,12	.69	118.0	122.1	120.6	95.3	133.4	120.7	113.6	133.0	141.4	140.6	74.6	51.0
10	Oil and gas extraction	13	4.40	118.1	112.3	112.8	112.0	121.3	120.6	119.3	119.6	119.4	118.1	118.4	118.7
11	Stone and earth minerals	14	.75	125.0	120.8	118.0	121.6	122.5	126.7	125.0	126.7	128.1	127.2	126.1	......
	Nondurable manufactures														
12	Foods	20	8.75	137.8	134.3	132.9	134.2	136.9	138.3	139.3	138.3	137.3	139.2	138.7	......
13	Tobacco products	21	.67	......	119.6	119.2	114.8	119.2	114.5	117.0	113.5	113.8	117.5	......	......
14	Textile mill products	22	2.68	137.1	133.3	133.7	132.2	135.4	137.2	136.6	140.7	142.4	142.5	144.0	......
15	Apparel products	23	3.31	......	122.7	124.9	123.0	122.1	121.1	124.1	127.7	129.0	128.1	......	......
16	Paper and products	26	3.21	137.5	132.5	131.4	130.6	139.3	139.2	140.3	139.1	137.9	138.8	140.7	140.0
17	Printing and publishing	27	4.72	124.6	119.7	123.0	124.7	124.1	124.9	125.0	124.2	125.7	126.2	126.8	127.9
18	Chemicals and products	28	7.74	180.7	173.7	173.1	172.2	183.5	182.6	182.6	181.3	182.3	183.4	182.6	......
19	Petroleum products	29	1.79	141.2	135.8	138.9	139.7	140.0	140.4	139.9	141.9	141.4	141.4	138.5	139.2
20	Rubber & plastic products	30	2.24	232.2	215.5	216.9	218.9	235.2	235.2	237.4	239.5	236.3	238.2	240.3	......
21	Leather and products	31	.86	75.0	75.8	74.2	74.8	74.1	74.1	74.5	74.0	77.0	77.1	74.4	......
	Durable manufactures														
22	Ordnance, pvt. & govt	19,91	3.64	74.0	71.6	71.3	72.6	74.1	75.0	75.5	75.1	74.4	74.1	74.6	73.6
23	Lumber and products	24	1.64	133.0	129.5	128.1	132.7	132.4	132.9	131.8	137.1	135.7	133.5	136.8	......
24	Furniture and fixtures	25	1.37	141.0	133.7	135.7	135.1	139.9	143.0	142.9	145.6	146.6	146.6	147.1	......
25	Clay, glass, stone products	32	2.74	146.0	143.2	142.8	137.1	147.7	148.0	148.8	145.5	148.0	151.3	152.3	......
26	Primary metals	33	6.57	110.1	104.6	101.5	100.8	114.7	114.4	112.5	109.0	113.5	111.2	109.9	105.6
27	Iron and steel	331,2	4.21	103.3	100.3	93.4	89.7	109.2	110.9	110.6	104.6	107.7	104.3	102.5	......
28	Fabricated metal products	34	5.93	130.9	126.7	128.1	125.7	130.8	132.0	134.0	133.6	133.8	135.8	136.9	135.2
29	Nonelectrical machinery	35	9.15	144.8	137.5	141.5	139.9	144.0	145.7	145.2	147.4	148.9	149.7	151.6	150.5
30	Electrical machinery	36	8.05	141.9	135.7	135.1	134.0	142.6	143.6	143.9	144.6	144.2	145.8	147.7	147.3
31	Transportation equipment	37	9.27	121.1	112.7	117.4	113.5	123.7	125.6	124.3	125.5	124.3	121.9	122.7	115.5
32	Motor vehicles & parts	371	4.50	159.6	145.5	155.0	145.5	163.2	166.2	164.4	165.6	168.4	162.9	161.9	146.3
33	Aerospace & misc. tr. eq	372–9	4.77	84.8	81.7	81.9	83.4	86.5	87.3	86.5	87.7	82.8	83.4	85.7	86.6
34	Instruments	38	2.11	159.1	150.3	155.8	153.7	158.2	159.0	158.3	160.3	162.2	163.0	165.1	163.2
35	Miscellaneous mfrs	39	1.51	149.2	143.7	146.8	147.8	148.4	150.4	147.5	150.7	151.0	151.8	153.4	153.4
			Gross value (billions of 1972 dollars, annual rates)												
	MAJOR MARKET														
36	**Products, total**	......	**[1]507.4**	**584.1**	**558.7**	**571.2**	**564.8**	**585.9**	**590.5**	**590.2**	**590.1**	**591.3**	**592.2**	**595.4**	**585.1**
37	*Final products*	......	*[1]390.9*	*452.3*	*432.6*	*443.8*	*436.7*	*453.7*	*457.8*	*456.9*	*456.8*	*457.8*	*457.9*	*460.6*	*449.8*
38	Consumer goods	......	[1]277.5	317.5	306.4	315.1	308.8	318.9	321.5	320.0	319.1	319.5	320.4	320.5	314.4
39	Equipment	......	[1]113.4	134.8	126.4	128.4	127.9	134.9	136.2	137.0	137.6	138.1	137.3	140.0	135.7
40	Intermediate products	......	[1]116.6	131.8	126.4	127.1	128.2	131.8	132.8	133.1	133.5	133.8	134.3	135.3	135.2

[1] 1972 dollars.

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

The industrial production indexes have been revised back to January 1976, on the basis of more complete information now available. A complete set of the revised 1976 series is attached to the September G.12.3 release which may be obtained from the Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates. Exceptions noted.

Item	1974	1975	1976	1977 June	July	Aug.	Sept.	Oct.[r]	Nov.	Dec.[p]
	Private residential real estate activity (thousands of units)									
NEW UNITS										
1 *Permits authorized*	*1,074*	*927*	*1,296*	*1,678*	*1,639*	*1,772*	*1,695*	*1,850*	*1,893*	*1,858*
2 1-family	644	669	894	1,105	1,089	1,156	1,135	1,216	1,257	1,223
3 2-or-more-family	431	278	402	573	550	616	560	634	636	635
4 *Started*	*1,338*	*1,160*	*1,540*	*1,897*	*2,083*	*2,029*	*2,065*	*2,203*	*2,121*	*2,295*
5 1-family	888	892	1,163	1,389	1,437	1,453	1,523	1,562	1,543	1,605
6 2-or-more-family	450	268	377	508	646	576	542	641	578	690
7 *Under construction, end of period* [1]	*1,189*	*1,003*	*1,147*	*1,323*	*1,344*	*1,359*	*1,368*	*1,418*	*1,449*	....
8 1-family	516	531	655	787	793	799	798	824	848	....
9 2-or-more-family	673	472	492	536	551	559	570	594	602	....
10 *Completed*	*1,692*	*1,297*	*1,362*	*1,647*	*1,671*	*1,699*	*1,907*	*1,624*	*1,789*	....
11 1-family	931	866	1,026	1,209	1,267	1,282	1,493	1,212	1,266	....
12 2-or-more-family	760	430	336	438	404	417	414	412	523	....
13 Mobile homes shipped	329	213	250	264	251	270	300	319	318	324
Merchant builder activity in 1-family units:										
14 Number sold	501	544	639	806	694	825	r828	861	875	901
15 Number for sale, end of period[1]	407	383	433	444	453	467	r482	476	467	482
Price (thous. of dollars)[2]										
Median:										
16 Units sold	35.9	39.3	44.2	r48.7	48.6	49.0	r48.5	51.2	51.6	52.2
17 Units for sale	36.2	38.9	41.6	44.3	44.8	r45.1	45.9	46.7	47.7	48.2
Average:										
18 Units sold	38.9	42.5	48.1	53.9	53.6	54.3	53.9	57.2	58.0	57.5
EXISTING UNITS (1-family)										
19 Number sold	2,272	2,452	3,002	3,420	3,510	3,720	3,880	3,930	4,160	4,140
Price of units sold (thous. of dollars):[2]										
20 Median	32.0	35.3	38.1	43.	43.7	43.9	43.8	44.0	44.5	44.2
21 Average	35.8	39.0	42.2	47.7	48.0	48.1	47.9	48.2	48.5	48.3
	Value of new construction [3] (millions of dollars)									
CONSTRUCTION										
22 **Total put in place**	**138,499**	**134,293**	**147,481**	**174,584**	**173,035**	**172,001**	**175,929**	**177,802**	**177,837**	**180,300**
23 *Private*	*100,165*	*93,624*	*109,499*	*135,232*	*133,795*	*133,774*	*136,676*	*140,103*	*142,196*	*144,052*
24 Residential	50,377	46,472	60,519	82,487	80,825	80,718	82,365	85,697	87,714	89,935
25 Nonresidential, total	49,788	47,152	48,980	52,745	52,970	53,056	54,311	54,406	54,482	54,117
Buildings:										
26 Industrial	7,902	8,017	7,182	7,066	7,210	7,646	7,484	7,579	7,716	7,064
27 Commercial	15,945	12,804	12,757	15,235	15,533	15,257	16,054	15,846	15,404	14,854
28 Other	5,797	5,585	6,155	6,206	6,474	6,294	6,370	6,337	6,437	6,285
29 Public utilities and other	20,144	20,746	22,886	24,238	23,753	23,859	24,404	24,644	24,925	25,914
30 *Public*	*38,333*	*40,669*	*37,982*	*39,352*	*39,240*	*38,228*	*39,253*	*37,699*	*35,641*	*36,248*
31 Military	1,188	1,392	1,508	1,566	1,538	1,460	1,493	1,381	1,286	1,387
32 Highway	12,066	10,861	9,756	10,792	9,539	9,449	9,051	9,507	8,409	....
33 Conservation and development	2,740	3,256	3,722	3,196	4,252	4,120	4,878	3,141	3,454	....
34 Other[4]	22,339	25,160	22,996	23,798	23,911	23,199	23,831	23,670	22,492	....

1 Not at annual rates.
2 Not seasonally adjusted.
3 Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.
4 Beginning Jan. 1977 Highway imputations are included in Other.

NOTE.—Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are 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— 1976 Dec.	12 months to— 1977 Dec.	3 months (at annual rate) to— 1977 Mar.	1977 June	1977 Sept.	1977 Dec.	1 month to— 1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	Index level Dec. 1977 (1967 = 100)[1]
						Consumer prices						
1 **All items**	**4.8**	**6.8**	**10.0**	**8.1**	**4.2**	**4.6**	**.3**	**.3**	**.3**	**.5**	**.4**	**186.1**
2 *Commodities*	*3.3*	*6.1*	*10.4*	*7.4*	*2.3*	*4.6*	*.3*	*.2*	*.2*	*.5*	*.4*	*178.3*
3 Food	.6	8.0	14.6	12.7	1.7	3.7	.3	.1	.1	.6	.2	196.3
4 Commodities less food	5.1	4.9	7.4	4.2	2.7	5.2	.3	.2	.3	.5	.5	168.4
5 Durable	6.1	4.7	10.5	2.5	1.0	5.2	.1	.2	.0	.6	.7	165.9
6 Nondurable	4.4	4.9	5.5	5.2	4.2	5.1	.4	.3	.5	.4	.4	170.3
7 *Services*	*7.3*	*7.9*	*9.8*	*9.4*	*7.4*	*4.9*	*.5*	*.5*	*.4*	*.4*	*.5*	*200.5*
8 Rent	5.5	6.5	6.3	6.3	7.0	6.3	.5	.6	.4	.7	.4	157.9
9 Services less rent	7.6	8.1	9.9	10.1	7.5	4.8	.4	.5	.4	.3	.4	208.2
Other groupings:												
10 All items less food[1]	6.2	6.3	6.9	7.8	5.7	5.0	.4	.6	.4	.5	.3	183.1
11 All items less shelter[1]	4.9	6.3	9.4	8.2	3.6	4.0	.3	.2	.3	.4	.3	183.0
12 Homeownership[1]	3.8	9.2	9.1	9.6	10.6	7.7	.6	.8	.4	.7	.7	213.0
						Wholesale prices						
13 **All commodities**	**4.7**	**5.9**	**10.6**	**r3.6**	**r1.5**	**8.3**	**.1**	**.5**	**.8**	**.7**	**.5**	**198.2**
14 *Farm products, and processed foods and feeds*	*-1.1*	*3.0*	*19.1*	*-2.5*	*-17.0*	*17.3*	*-2.1*	*-.4*	*1.3*	*2.3*	*.4*	*189.5*
15 Farm products	-1.1	-1.7	26.5	r-21.7	r-22.5	22.6	-4.3	-.2	2.4	3.0	-.3	188.3
16 Processed foods and feeds	1.1	5.8	15.4	r10.8	r-13.9	14.2	-.8	-.6	.8	1.7	.9	189.3
17 *Industrial commodities*	*6.4*	*6.7*	*8.1*	*r5.3*	*r7.4*	*6.0*	*.5*	*.8*	*.6*	*.4*	*.5*	*200.0*
Materials, supplies, and components of which:												
18 Crude materials[2]	13.5	11.5	21.7	r-2.1	r9.1	18.2	1.9	.3	-.2	1.3	3.2	292.4
19 Intermediate materials[3]	6.4	6.3	8.0	r4.5	r7.5	5.2	.5	.7	.5	.2	.5	206.5
Finished goods, excluding foods:												
20 Consumer	4.9	6.1	8.7	r6.5	r5.0	4.4	.3	.7	.6	.3	.2	176.2
21 Durable	3.9	6.1	7.0	r6.3	r5.1	6.1	1.0	.1	1.1	.1	.3	156.8
22 Nondurable	5.4	6.2	10.0	r6.7	r4.6	3.7	0.0	1.0	.3	.4	.2	189.1
23 Producer	6.4	7.2	5.5	r6.1	r5.8	11.4	.4	.5	1.5	.7	.5	191.5
MEMO:												
24 Consumer foods	-2.5	6.6	12.7	r13.8	-7.5	9.2	-.9	-.3	.3	.4	1.5	192.9

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 except as noted; quarterly data are at seasonally adjusted annual rates.

	Account	1975	1976	1977[p]	1976 Q3	1976 Q4	1977 Q1	1977 Q2	1977 Q3	1977 Q4[p]
		Gross national product								
1	**Total**	**1,528.8**	**1,706.5**	**1,890.4**	**1,727.3**	**1,755.4**	**1,810.8**	**1,869.9**	**1,915.9**	**1,965.1**
	By source:									
2	*Personal consumption expenditures*	*980.4*	*1,094.0*	*1,210.0*	*1,102.2*	*1,139.0*	*1,172.4*	*1,194.0*	*1,218.9*	*1,255.3*
3	Durable goods	132.9	158.9	179.4	159.3	166.3	177.0	178.6	177.6	184.6
4	Nondurable goods	409.3	442.7	480.1	444.7	458.8	466.6	474.4	481.8	497.7
5	Services	438.2	492.3	550.6	498.2	513.9	528.8	541.1	559.5	572.9
6	*Gross private domestic investment*	*189.1*	*243.3*	*294.3*	*254.3*	*243.4*	*271.8*	*294.9*	*303.6*	*307.0*
7	Fixed investment	200.6	230.0	276.6	232.8	244.3	258.0	273.2	280.0	295.1
8	*Nonresidential*	*149.1*	*161.9*	*185.6*	*164.9*	*167.6*	*177.0*	*182.4*	*187.5*	*195.5*
9	Structures	52.9	55.8	61.6	56.0	57.0	57.9	61.0	62.6	64.9
10	Producers' durable equipment	96.3	106.1	124.0	109.0	110.6	119.2	121.4	124.9	130.7
11	Residential structures	51.5	68.0	90.9	67.8	76.7	81.0	90.8	92.5	99.5
12	Nonfarm	49.5	65.7	88.4	65.7	74.3	78.5	88.2	89.9	97.0
13	Change in business inventories	−11.5	13.3	17.8	21.5	−.9	13.8	21.7	23.6	11.9
14	Nonfarm	−15.1	14.9	17.5	22.0	1.4	14.1	22.4	23.1	10.4
15	*Net exports of goods and services*	*2.0*	*7.8*	*−9.0*	*7.9*	*3.0*	*−8.2*	*−9.7*	*−7.5*	*−10.8*
16	Exports	147.3	162.9	175.6	168.4	168.5	170.4	178.1	179.9	174.3
17	Imports	126.9	155.1	184.7	160.6	165.6	178.6	187.7	187.4	185.1
18	*Govt. purchases of goods and services*	*338.9*	*361.4*	*395.0*	*363.0*	*370.0*	*374.9*	*390.6*	*400.9*	*413.6*
19	Federal	123.3	130.1	145.4	130.2	134.2	136.3	143.6	148.1	153.8
20	State and local	215.6	231.2	249.5	232.7	235.8	238.5	247.0	252.9	259.8
	By major type of product:									
21	Final sales, total	1,540.3	1,693.1	1,872.7	1,705.8	1,756.3	1,797.0	1,848.2	1,892.2	1,953.2
22	*Goods*	*686.2*	*764.2*	*834.5*	*746.0*	*774.7*	*805.9*	*827.1*	*843.5*	*861.5*
23	Durable goods	258.2	303.4	342.0	313.4	312.6	334.4	341.0	342.3	350.4
24	Nondurable	428.0	460.9	492.5	464.1	460.6	471.5	486.1	501.2	511.1
25	Services	699.2	782.0	868.4	791.8	813.8	833.7	855.3	881.6	903.1
26	Structures	143.5	160.2	187.5	159.6	166.9	171.2	187.5	190.7	200.4
27	Change in business inventories	−11.5	13.3	17.8	21.5	−.9	13.8	21.7	23.6	11.9
28	Durable goods	−9.2	4.1	8.8	10.7	.6	7.8	11.5	10.3	5.5
29	Nondurable goods	−2.2	9.3	9.0	12.4	−3.1	6.0	10.2	13.4	6.4
30	MEMO: **Total GNP in 1972 dollars**	**1,202.1**	**1,274.7**	**1,337.6**	**1,283.7**	**1,287.4**	**1,311.0**	**1,330.7**	**1,347.4**	**1,361.4**
		National income								
31	**Total**	**1,217.0**	**1,364.1**	**1,520.3**	**1,379.6**	**1,402.1**	**1,450.2**	**1,505.7**	**1,540.5**	....
32	Compensation of employees	930.3	1,036.3	1,155.8	1,046.5	1,074.2	1,109.9	1,144.7	1,167.4	1,201.3
33	*Wages and salaries*	*805.7*	*891.8*	*989.5*	*900.2*	*923.2*	*951.3*	*980.9*	*998.9*	*1,027.1*
34	Government and Government enterprises	175.4	187.2	199.9	188.2	192.5	194.8	197.2	200.6	206.9
35	Other	630.3	704.6	789.6	712.0	730.7	756.4	783.6	798.3	820.2
36	*Supplement to wages and salaries*	*124.6*	*144.5*	*166.3*	*146.3*	*150.9*	*158.6*	*163.8*	*168.5*	*174.2*
37	Employer contributions for social insurance	59.8	68.6	77.7	69.1	70.9	75.4	77.1	78.2	80.2
38	Other labor income	64.9	75.9	88.6	77.3	80.0	83.2	86.7	90.3	94.0
39	*Proprietors' income*[1]	*86.0*	*88.0*	*97.9*	*86.2*	*88.7*	*95.1*	*97.0*	*95.5*	*104.2*
40	Business and professional[1]	62.8	69.4	78.4	70.0	72.0	74.3	77.3	80.0	82.0
41	Farm[1]	23.2	18.6	19.5	16.2	16.6	20.7	19.7	15.5	22.1
42	Rental income of persons[2]	22.3	23.3	25.3	23.3	24.1	24.5	24.9	25.5	26.4
43	Corporate profits[1]	99.3	128.1	140.8	133.5	123.1	125.4	140.2	149.0	....
44	Profits before tax[3]	123.5	156.9	172.1	159.9	154.8	161.7	174.0	172.8	....
45	Inventory valuation adjustment	−12.0	−14.1	−14.5	−11.7	−16.9	−20.6	−17.8	−5.9	−13.8
46	Capital consumption adjustment	−12.2	−14.7	−17.2	−14.7	−14.8	−15.6	−15.9	−17.9	−19.4
47	Net interest	79.1	88.4	100.9	90.1	92.0	95.3	98.9	103.1	106.4

1 With inventory valuation and capital consumption adjustments.
2 With capital consumption adjustments.
3 For after-tax profits, dividends, etc., see Table 1.50.

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1975	1976	1977p	1976 Q3	1976 Q4	1977 Q1	1977 Q2	1977 Q3	1977 Q4p
	Personal income and saving								
1 **Total personal income**	**1,253.4**	**1,382.7**	**1,536.1**	**1,393.9**	**1,432.2**	**1,476.8**	**1,517.2**	**1,549.8**	**1,600.5**
2 *Wage and salary disbursements*	*805.7*	*891.8*	*989.5*	*900.2*	*923.2*	*951.3*	*980.9*	*998.9*	*1,027.1*
3 Commodity-producing industries	275.0	308.4	346.3	310.8	317.7	328.9	345.4	351.0	359.7
4 Manufacturing	211.0	238.2	267.2	240.2	245.1	255.4	265.9	270.0	277.5
5 Distributive industries	195.4	217.1	242.5	220.2	226.4	234.5	240.5	244.4	250.7
6 Service industries	159.9	179.0	200.8	180.9	186.7	193.0	197.7	202.8	209.7
7 Government and government enterprises	175.4	187.2	199.9	188.2	192.5	194.8	197.2	200.6	206.9
8 Other labor income	64.9	75.9	88.6	77.3	80.0	83.2	86.7	90.3	94.0
9 *Proprietors' income*[1]	*86.0*	*88.0*	*97.9*	*86.2*	*88.7*	*95.1*	*97.0*	*95.5*	*104.2*
10 Business and professional[1]	62.8	69.4	78.4	70.0	72.0	74.3	77.3	80.0	82.0
11 Farm[1]	23.2	18.6	19.5	16.2	16.6	20.7	19.7	15.5	22.1
12 Rental income of persons[2]	22.3	23.3	25.3	23.3	24.1	24.5	24.9	25.5	26.4
13 Dividends	32.4	35.8	41.2	36.0	38.4	38.5	40.3	42.3	43.6
14 Personal interest income	115.6	130.3	147.9	132.2	136.4	140.3	145.4	150.3	155.6
15 Transfer payments	176.8	192.8	206.9	194.3	198.0	203.5	203.0	208.7	212.5
16 Old-age survivors, disability, and health insurance benefits	81.4	92.9	105.0	95.8	98.4	99.9	101.8	108.5	109.8
17 LESS: Personal contributions for social insurance	50.4	55.2	61.2	55.6	56.6	59.6	60.8	61.7	62.9
18 EQUALS: Personal income	1,253.4	1,382.7	1,536.1	1,393.9	1,432.2	1,476.8	1,517.2	1,549.8	1,600.5
19 LESS: Personal tax and nontax payments	169.0	196.9	227.5	200.6	209.5	224.4	224.8	226.1	234.6
20 EQUALS: Disposable personal income	1,084.4	1,185.8	1,308.6	1,193.3	1,222.6	1,252.4	1,292.5	1,323.8	1,365.9
21 LESS: Personal outlays	1,004.2	1,119.9	1,240.9	1,128.5	1,166.3	1,201.0	1,223.9	1,250.5	1,288.1
22 EQUALS: Personal saving	80.2	65.9	67.8	64.8	56.3	51.4	68.5	73.3	77.8
MEMO ITEMS:									
Per capita (1972 dollars):									
23 Gross national product	5,629	5,924	6,167	5,961	5,966	6,064	6,143	6,206	6,259
24 Personal consumption expenditures	3,629	3,817	3,966	3,820	3,892	3,934	3,943	3,963	4,029
25 Disposable personal income	4,014	4,137	4,290	4,135	4,177	4,202	4,268	4,305	4,383
26 Saving rate (per cent)	7.4	5.6	5.2	5.4	4.6	4.1	5.3	5.5	5.7
	Gross saving								
27 **Gross private saving**	**259.4**	**272.5**	294.7	**277.2**	**261.6**	**262.9**	**292.1**	**310.5**	...
28 Personal saving	80.2	65.9	67.8	64.8	56.3	51.4	68.5	73.3	77.8
29 Undistributed corporate profits[1]	16.7	27.6	29.9	31.6	20.8	22.5	30.3	37.4	...
30 Corporate inventory valuation adjustment	−12.0	−14.1	−14.5	−11.7	−16.9	−20.6	−17.8	−5.9	−13.8
Capital consumption allowances:									
31 Corporate	101.7	111.8	121.9	112.9	115.2	117.6	119.4	123.7	127.0
32 Noncorporate	60.8	67.2	75.1	68.0	69.2	71.4	73.8	76.2	78.9
33 Wage accruals less disbursements	...	...	...	...	...	...	...	...	...
34 *Government surplus, or deficit (−), national income and product accounts*	*−64.3*	*−35.6*	*−20.4*	*−32.4*	*−29.4*	*−11.5*	*−14.9*	*−26.0*	...
35 Federal	−70.2	−54.0	−49.6	−53.5	−55.9	−38.8	−40.3	−58.9	...
36 State and local	5.9	18.4	29.2	21.1	26.5	27.3	25.4	32.9	...
37 Capital grants received by the United States, net	...	...	...	...	...	...	...	...	...
38 *Investment*	*201.0*	*242.5*	*275.3*	*252.8*	*237.5*	*254.7*	*276.1*	*285.4*	*284.9*
39 Gross private domestic	189.1	243.3	294.3	254.1	243.3	271.8	294.9	303.6	307.0
40 Net foreign	11.8	−.9	−19.1	−1.5	−5.9	−17.1	−18.8	−18.2	−22.1
41 Statistical discrepancy	5.9	5.5	1.0	8.0	5.3	3.3	−1.2	.9	...

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	1974	1975	1976	1976 Q1	1976 Q3	1976 Q4	1977 Q1	1977 Q2	1977 Q3
1	Merchandise exports	98,306	107,088	114,694	27,000	29,603	29,711	29,458	30,590	30,869
2	Merchandise imports	103,673	98,043	124,014	28,343	32,411	33,305	36,561	38,347	38,378
3	Merchandise trade balance [2]	−5,367	9,045	−9,320	−1,343	−2,808	−3,594	−7,103	−7,757	−7,509
4	Military transactions, net	−2,083	876	366	−65	235	235	516	311	577
5	Investment income, net	8,744	5,954	9,808	2,437	2,667	2,424	3,252	3,504	3,215
6	Other service transactions, net	865	2,042	2,743	523	781	598	340	553	767
7	**Balance on goods and services [3]**	**2,160**	**16,164**	**3,596**	**1,552**	**875**	**−337**	**2,995**	**−3,389**	**−2,950**
8	Remittances, pensions, and other transfers	−1,714	−1,719	−1,878	−485	−461	−473	−526	−492	−567
9	U.S. Govt. grants (excluding military)	−5,475	−2,893	−3,146	−544	−1,475	−572	−637	−723	−785
10	**Balance on current account**	**−5,028**	**11,552**	**−1,427**	**523**	**−1,061**	**−1,382**	**−4,158**	**−4,604**	**−4,302**
11	*Not seasonally adjusted*				*1,458*	*−3,809*	*303*	*−3,409*	4,821	−6,940
12	Change in U.S. Govt. assets, other than official reserve assets, net (increase, −)	−365	−3,463	−4,213	−723	−1,405	−1,142	−909	−825	−1,175
13	*Change in U.S. official reserve assets (increase, −)*	*−1,434*	*−607*	*r −2,530*	*−773*	*−407*	*r 228*	*−388*	*6*	*151*
14	Gold							−58		
15	Special Drawing Rights (SDR's)	−172	−66	−78	−45	−18	29		−83	−9
16	Reserve position in International Monetary Fund (IMF)	−1,265	−466	−2,212	−237	716	−461	−389	80	133
17	Foreign currencies	3	−75	240	−491	−327	718	59	−169	27
18	**Change in U.S. private assets abroad (increase, −)**	**−25,960**	**−27,478**	**−36,216**	**−9,254**	**−6,597**	**−13,108**	**1,627**	**−9,464**	**−2,372**
19	*Bank-reported claims*	*−19,516*	*−13,532*	*−20,904*	*−3,630*	*−3,372*	*−9,148*	*3,446*	*−4,553*	*244*
20	Long-term	1,183	−2,357	−2,124	−289	−978	−480	−306	23	−441
21	Short-term	−18,333	−11,175	−18,780	−3,341	−2,394	−8,668	3,752	−4,576	685
22	*Nonbank-reported claims*	*−3,221*	*−1,447*	*−1,986*	*738*	*723*	*−967*	*−722*	*−1,129*	*674*
23	Long-term	−474	−432	10	191	66	−10	45	68	47
24	Short-term	−2,747	−1,015	−1,996	−547	657	−957	−767	−1,197	627
25	U.S. purchase of foreign securities, net	−1,854	r −6,235	−8,730	−2,460	−2,743	−2,171	−692	−1,784	−2,190
26	U.S. direct investments abroad, net	−1,368	−6,264	−4,596	−2,427	−1,205	−822	−404	−1,998	−1,100
27	*Change in foreign official assets in the United States (increase, +)*	*10,981*	*6,960*	*17,945*	*3,847*	*3,070*	*6,977*	*5,719*	*7,908*	*8,243*
28	U.S. Treasury securities	3,282	4,408	9,333	1,998	1,260	3,909	5,149	5,124	6,943
29	Other U.S. Govt. obligations	902	905	566	68	66	116	100	609	627
30	Other U.S. Govt. liabilities [4]	724	1,701	4,938	1,524	1,819	852	712	456	319
31	Other U.S. liabilities reported by U.S. banks	5,818	−2,158	893	−412	−599	1,769	−420	752	−152
32	Other foreign official assets [5]	254	2,104	2,215	669	524	331	178	967	506
33	**Change in foreign private assets in the United States (increase, +)**	**22,631**	**7,376**	**16,575**	**3,009**	**r 5,131**	**5,102**	**−3,209**	**5,873**	**4,680**
34	*U.S. bank-reported liabilities*	*16,017*	*628*	*10,982*	*672*	*1,774*	*5,008*	*−5,298*	*6,344*	*2,498*
35	Long-term	9	−280	175	−105	75	221	47	105	192
36	Short-term	16,008	908	10,807	777	1,699	4,787	−5,345	6,239	2,306
37	*U.S. nonbank-reported liabilities*	*1,844*	*240*	*−616*	*161*	*−297*	*−242*	*−374*	*405*	*−90*
38	Long-term	−90	334	−947	233	−241	−311	−229	−183	48
39	Short-term	1,934	−94	331	−394	−56	69	145	222	−42
40	Foreign private purchases of U.S. Treasury securities, net	697	2,590	2,783	437	3,026	−88	1,047	−1,370	1,247
41	Foreign purchases of other U.S. securities, net	378	2,503	1,250	1,030	68	21	879	736	514
42	Foreign direct investments in the United States, net	3,695	1,414	2,176	709	561	403	537	568	511
43	Allocation of SDR's									
44	*Discrepancy*	*−1,555*	*5,660*	*9,866*	*3,372*	*1,268*	*3,325*	*1,317*	*1,106*	*−5,225*
45	Owing to seasonal adjustments				717	−2,622	1,780	524	−215	−2,506
46	Statistical discrepancy in recorded data before seasonal adjustment	−1,555	5,660	9,866	2,655	3,890	1,545	793	1,321	−2,719
	MEMO ITEMS:									
	Changes in official assets:									
47	U.S. official reserve assets (increase, −)	−1,434	−607	−2,530	−773	407	228	−388	6	151
48	Foreign official assets in the United States (increase, +)	10,257	5,259	13,007	2,323	1,251	6,125	5,007	7,452	7,924
49	Changes in Organization of Petroleum Exporting Countries (OPEC) official assets in the United States (part of line 27 above)	10,841	7,092	9,324	3,482	1,774	805	3,249	1,073	1,441
50	Transfers under military grant programs (excluded from lines 1, 4, and 9 above)	1,817	2,217	386	50	156	94	46	27	32

1 Seasonal factors are no longer calculated for lines 13 through 50.

2 Data are on an international accounts (IA) basis. Differs from the Census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of Line 4.

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

4 Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.

5 Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1974	1975	1976	1977 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	97,908	107,130	114,802	10,112	10,150	9,563	10,916	9,190	9,304	11,029
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	100,252	96,115	120,678	12,932	12,476	12,232	12,631	12,288	11,386	13,059
3 **Trade balance**	**−2,344**	**+11,014**	**−5,876**	**−2,820**	**−2,326**	**−2,669**	**−1,715**	**−3,098**	**−2,082**	**2,030**

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.—FT 900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Dept. of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1974	1975	1976	1977 July	Aug.	Sept.	Oct.	Nov.	Dec.	1978 Jan.[p]
1 **Total**	**15,883**	**16,226**	**18,747**	**18,927**	**19,055**	**18,988**	**19,048**	**19,155**	**19,317**	[3] **19,455**
2 Gold stock, including Exchange Stabilization Fund[1]	11,652	11,599	11,598	11,658	11,658	11,658	11,658	11,658	11,719	11,719
3 Special Drawing Rights[2]	2,374	2,335	2,395	2,498	2,483	2,489	2,530	2,548	2,629	[3] 2,629
4 Reserve position in International Monetary Fund	1,852	2,212	4,434	4,716	4,859	4,776	4,842	4,933	4,951	[3] 4,934
5 Convertible foreign currencies	5	80	320	55	55	65	18	16	18	173

[1] Gold held under earmark at F.R. Banks for foreign and international accounts is not included in the gold stock of the United States; see Table 3.24.

[2] Includes allocations by the International Monetary Fund (IMF) of SDR's as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; and $710 million on Jan. 1, 1972; plus net transactions in SDR's.

[3] Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974. At valuation used prior to July 1974 (SDR1 = $1.20635) total U.S. reserve assets at end of Jan. amounted to $19,278; SDR holdings, $2,610, and reserve position in IMF, $4,776.

3.13 SELECTED U.S. LIABILITIES TO FOREIGNERS

Millions of dollars, end of period

Holder, and type of liability	1974	1975	1976	1977						
				June	July	Aug.	Sept.	Oct.	Nov.[p]	Dec.[p]
1 **Total**	**119,164**	**126,552**	**151,356**	**163,545**	**168,799**	**166,319**	**174,657**	**178,934**	**184,896**	**192,122**
2 **Foreign countries**	**115,842**	**120,929**	**142,873**	**155,362**	**162,379**	**159,163**	**167,243**	**171,538**	**177,263**	**184,477**
3 *Official institutions*[1]	*76,823*	*80,712*	*91,975*	*103,656*	*107,601*	*108,134*	*111,183*	*117,054*	*123,123*	*125,848*
4 Short-term, reported by banks in the United States.[2]	53,079	49,530	53,619	57,413	60,059	56,810	56,783	59,835	62,204	64,393
U.S. Treasury bonds and notes:										
5 Marketable[3]	5,059	6,671	11,788	18,345	19,393	23,089	25,582	28,634	31,514	32.112
6 Nonmarketable[4]	16,339	19,976	20,648	20,917	20,837	20,655	21,128	20,351	20,462	20,443
7 Other readily marketable liabilities[5]	2,346	4,535	5,920	6,981	7,312	7,580	7,690	8,234	8,943	8,900
Commercial banks abroad:										
8 Short-term, reported by banks in the United States[2,6]	30,106	29,516	37,329	36,687	39,946	35,789	40,392	38,755	38,158	42.532
9 *Other foreigners*	*8,913*	*10,701*	*13,569*	*15,019*	*14,832*	*15,240*	*15,668*	*15,729*	*15,982*	*16,097*
10 Short-term, reported by banks in the United States[2]	8,415	10,000	12,592	13,623	13,377	13,684	14,041	14,038	14,209	14,333
11 Marketable U.S. Treasury bonds and notes[3,7]	498	701	977	1,396	1,455	1,556	1,627	1,691	1,773	1.764
12 **Nonmonetary international and regional organization**[8]	**3,322**	**5,623**	**8,483**	**8,183**	**6,420**	**7,156**	**7,414**	7,396	7,633	7,645
13 Short-term, reported by banks in the United States[2]	3,171	5,292	5,450	5,727	3,834	4,216	3,555	3,396	3,258	2,899
14 Marketable U.S. Treasury bonds and notes[3]	151	331	3,033	2,456	2,586	2,940	3,859	4,000	4,375	4,746

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.

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	1974	1975	1976	1977						
				June	July	Aug.	Sept.	Oct.	Nov.[p]	Dec.[p]
1 **Total**	**76,823**	**80,712**	**91,975**	**103,656**	**107,601**	**108,134**	**111,183**	**117,054**	**123,123**	**125,848**
2 Western Europe[1]	44,328	45,701	45,882	53,342	55,669	57,741	60,701	65,039	68,137	70,561
3 Canada	3,662	3,132	3,406	2,699	2,653	2,553	2,508	1,863	1,919	2,334
4 Latin American republics	4,419	4,450	4,906	4,240	4,340	4,246	4,466	4,269	4,843	4,601
5 Asia	18,627	22,551	34,108	39,839	41,162	40,438	40,330	42,697	45,442	45,667
6 Africa	3,160	2,983	1,893	1,938	2,458	2,265	2,144	2,027	1,792	1,742
7 Other countries[2]	2,627	1,895	1,780	1,598	1,319	891	1,034	1,159	990	943

1 Includes Bank for International Settlements.
2 Includes countries in Oceania and Eastern Europe, and Western European dependencies in Latin America.

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	1974	1975	1976	1977						
					June	July	Aug.	Sept.	Oct.	Nov.p	Dec.p
1	**All foreigners, excluding the International Monetary Fund**	**94,771**	**94,338**	**108,990**	**113,448**	**117,216**	**110,499**	**114,773**	**116,024**	**117,829**	**124,157**
2	*Payable in dollars*	*94,004*	*93,781*	*108,266*	*112,773*	*116,256*	*109,610*	*114,027*	*115,260*	*116,997*	*123,345*
	Deposits:										
3	Demand	14,051	13,564	16,803	16,287	17,496	15,942	16,893	16,895	16,462	18,961
4	Time[1]	9,907	10,250	11,316	12,079	11,833	11,749	11,604	11,515	11,384	11,518
5	U.S. Treasury bills and certificates[2]	35,662	37,414	40,744	44,110	44,413	42,254	43,181	44,700	47,130	48,943
6	Other short-term liabilities[3]	34,384	32,552	39,403	40,296	42,515	39,664	42,349	42,150	42,021	43,924
7	*Payable in foreign currencies*	*766*	*558*	*724*	*675*	*960*	*889*	*745*	*764*	*832*	*811*
8	**Nonmonetary international and regional organizations**[4]	**3,171**	**5,293**	**5,450**	**5,728**	**3,834**	**4,216**	**3,555**	**3,396**	**3,258**	**2,899**
9	*Payable in dollars*	*3,171*	*5,284*	*5,445*	*5,715*	*3,819*	*4,178*	*3,523*	*3,376*	*3,237*	*2,889*
	Deposits:										
10	Demand	139	139	290	228	122	142	214	173	173	231
11	Time[1]	111	148	205	156	154	147	134	140	142	139
12	U.S. Treasury bills and certificates	497	2,554	2,701	2,521	2,191	1,990	1,875	802	767	706
13	Other short-term liabilities[5]	2,424	2,443	2,250	2,811	1,352	1,900	1,300	2,261	2,155	1,813
14	*Payable in foreign currencies*	....	*8*	*5*	*13*	*15*	*38*	*32*	*20*	*20*	*11*
15	**Official institutions, banks, and other foreigners**	**91,600**	**89,046**	**103,540**	**107,720**	**113,382**	**106,283**	**111,218**	**112,628**	**114,571**	**121,258**
16	*Payable in dollars*	*90,834*	*88,496*	*102,821*	*107,058*	*112,437*	*105,431*	*110,504*	*111,884*	*113,759*	*120,457*
	Deposits:										
17	Demand	13,912	13,426	16,513	16,060	17,374	15,801	16,679	16,722	16,288	18,730
18	Time[1]	9,796	10,102	11,112	11,924	11,679	11,603	11,471	11,375	11,241	11,379
19	U.S. Treasury bills and certificates[2]	35,165	34,860	38,042	41,589	42,221	40,264	41,306	43,898	46,364	48,237
20	Other short-term liabilities[3]	31,961	30,109	37,153	37,486	41,163	37,764	41,048	39,889	39,866	42,111
21	*Payable in foreign currencies*	*766*	*549*	*719*	*662*	*945*	*851*	*713*	*744*	*812*	*801*
22	**Official institutions**[6]	**53,079**	**49,530**	**53,619**	**57,413**	**60,059**	**56,810**	**56,783**	**59,835**	**62,204**	**64,393**
23	*Payable in dollars*	*52,952*	*49,530*	*53,619*	*57,413*	*60,059*	*56,810*	*56,783*	*59,835*	*62,204*	*64,393*
	Deposits:										
24	Demand	2,951	2,644	3,394	2,705	3,642	3,122	3,133	2,990	2,557	3,504
25	Time[1]	4,167	3,423	2,321	2,506	2,401	2,248	1,987	1,903	1,848	1,799
26	U.S. Treasury bills and certificates[2]	34,656	34,199	37,725	41,322	41,926	39,825	40,780	43,424	45,849	47,857
27	Other short-term liabilities[5]	11,178	9,264	10,179	10,880	12,090	11,615	10,882	11,518	11,950	11,233
28	*Payable in foreign currencies*	*127*	....	....	....	....	....	....	....	....	....
29	**Banks and other foreigners**	**38,520**	**39,515**	**49,921**	**50,307**	**53,323**	**49,473**	**54,435**	**52,793**	**52,367**	**56,864**
30	*Payable in dollars*	*37,881*	*38,966*	*49,202*	*49,645*	*52,378*	*48,622*	*53,721*	*52,049*	*51,555*	*56,064*
31	Banks[7]	29,467	28,966	36,610	36,025	39,001	34,937	39,679	38,011	37,347	41,732
	Deposits:										
32	Demand	8,231	7,534	9,104	9,565	10,136	8,928	9,676	9,677	9,666	10,942
33	Time[1]	1,885	1,856	2,267	2,124	1,826	1,865	1,849	1,858	1,805	2,036
34	U.S. Treasury bills and certificates	232	335	119	100	144	112	121	127	141	141
35	Other short-term liabilities[3]	19,119	19,241	25,120	24,236	26,895	24,033	28,033	26,349	25,734	28,613
36	Other foreigners	8,414	10,000	12,592	13,620	13,376	13,684	14,042	14,037	14,208	14,332
	Deposits:										
37	Demand	2,729	3,248	4,015	3,790	3,595	3,751	3,870	4,055	4,065	4,283
38	Time[1]	3,744	4,823	6,524	7,294	7,453	7,490	7,634	7,614	7,588	7,544
39	U.S. Treasury bills and certificates	277	325	198	167	151	328	404	346	373	240
40	Other short-term liabilities[5]	1,664	1,604	1,854	2,370	2,177	2,116	2,133	2,022	2,182	2,265
41	*Payable in foreign currencies*	*639*	*549*	*719*	*662*	*945*	*851*	*713*	*744*	*812*	*801*

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."

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	1974	1975	1976	1977						
					June	July	Aug.	Sept.	Oct.	Nov.p	Dec.p
1	**Total**	**r94,771**	**94,338**	**108,990**	**113,448**	**117,216**	**110,499**	**114,773**	**116,024**	**117,829**	**124,157**
2	**Foreign countries**	**r91,600**	**89,046**	**103,540**	**107,720**	**113,382**	**106,283**	**111,218**	**112,628**	**114,571**	**121,258**
3	*Europe*	*r48,813*	*43,988*	*46,938*	*49,627*	*50,604*	*48,953*	*51,431*	*52,910*	*54,419*	*59,909*
4	Austria	607	754	348	465	455	498	448	410	375	319
5	Belgium-Luxembourg	2,506	2,898	2,275	2,704	2,822	2,691	2,667	2,736	2,662	2,547
6	Denmark	369	332	363	1,178	1,154	1,032	1,172	1,250	1,264	771
7	Finland	266	391	422	258	209	217	248	232	263	332
8	France	4,287	7,733	4,875	5,089	4,745	4,894	4,799	5,006	4,683	5,248
9	Germany	9,429	4,357	5,965	4,271	4,937	4,413	4,289	5,280	5,590	7,011
10	Greece	248	284	403	556	573	709	629	648	643	603
11	Italy	r2,577	1,072	3,206	4,636	5,422	5,538	5,770	6,320	6,778	6,862
12	Netherlands	3,234	3,411	3,007	3,545	3,397	3,328	3,216	3,088	2,986	2,866
13	Norway	1,040	996	785	1,195	1,203	1,140	1,190	1,023	641	949
14	Portugal	310	195	239	163	222	169	173	191	266	273
15	Spain	382	426	561	667	642	543	723	724	647	609
16	Sweden	1,138	2,786	1,693	2,390	1,963	1,782	2,483	2,734	3,136	2,718
17	Switzerland	10,139	8,514	9,458	9,323	9,162	9,386	9,920	9,757	9,909	12,393
18	Turkey	152	118	166	127	101	203	93	106	118	130
19	United Kingdom	7,584	6,886	10,004	10,701	11,250	10,226	11,427	11,096	12,144	13,940
20	Yugoslavia	183	126	188	115	125	110	119	130	171	232
21	Other Western Europe[1]	4,073	2,970	2,672	2,009	1,973	1,855	1,839	1,948	1,910	1,776
22	U.S.S.R.	82	40	51	73	88	70	53	68	66	99
23	Other Eastern Europe	206	200	255	162	160	151	173	162	167	234
24	*Canada*	*3,520*	*3,076*	*4,784*	*4,253*	*4,456*	*4,631*	*4,492*	*4,913*	*4,706*	*4,661*
25	*Latin America*	*11,754*	*14,942*	*19,026*	*20,786*	*23,038*	*21,412*	*24,470*	*22,354*	*22,527*	*23,638*
26	Argentina	886	1,147	1,538	1,699	1,754	2,022	2,187	2,421	2,594	1,443
27	Bahamas	1,054	1,827	2,750	3,777	5,518	4,283	5,940	3,769	3,469	3,680
28	Brazil	1,034	1,227	1,432	1,357	1,398	1,233	1,101	1,055	950	1,386
29	Chile	276	317	335	393	373	353	342	340	322	358
30	Colombia	305	417	1,017	1,196	1,220	1,164	1,156	1,182	1,152	1,213
31	Cuba	7	6	6	7	6	6	6	6	6	7
32	Mexico	1,770	2,066	2,848	2,832	2,869	2,790	2,823	2,741	2,850	2,804
33	Panama	510	1,099	1,140	941	1,015	954	947	946	986	2,341
34	Peru	272	244	257	224	241	273	288	259	235	286
35	Uruguay	165	172	245	234	242	230	245	226	258	242
36	Venezuela	3,413	3,289	3,095	2,478	2,532	2,887	3,037	3,212	3,780	2,914
37	Other Latin American republics	1,316	1,494	2,081	2,376	2,238	2,154	2,320	2,199	2,125	2,430
38	Netherlands Antilles[2]	158	129	140	207	158	180	169	156	184	188
39	Other Latin America	589	1,507	2,142	3,066	3,476	2,886	3,908	3,840	3,616	4,345
40	*Asia*	*21,130*	*21,539*	*28,472*	*28,456*	*30,296*	*26,931*	*26,457*	*28,165*	*28,948*	*29,203*
41	China, People's Republic of (Mainland)	50	123	47	44	49	46	44	48	52	53
42	China, Republic of (Taiwan)	818	1,025	989	1,196	1,259	925	924	899	926	1,015
43	Hong Kong	530	623	892	931	1,028	1,066	1,153	993	971	1,088
44	India	261	126	648	814	746	743	850	886	980	975
45	Indonesia	1,221	369	340	282	782	589	453	905	739	406
46	Israel	389	386	391	547	484	467	416	465	490	539
47	Japan	10,931	10,218	14,380	12,387	12,837	11,691	11,440	13,272	14,835	14,629
48	Korea	384	390	437	534	633	527	600	596	572	601
49	Philippines	747	698	627	614	653	561	559	630	603	696
50	Thailand	333	252	275	257	281	293	264	271	251	262
51	Middle East oil-exporting countries[3]	4,623	6,461	8,073	9,283	9,976	8,828	8,525	7,933	7,365	7,686
52	Other	845	867	1,372	1,568	1,568	1,195	1,230	1,267	1,164	1,253
53	*Africa*	*3,551*	*3,373*	*2,300*	*2,671*	*3,284*	*3,177*	*3,023*	*2,786*	*2,569*	*2,529*
54	Egypt	103	343	333	314	401	603	484	393	331	404
55	Morocco	38	68	88	81	73	61	68	61	31	66
56	South Africa	130	169	143	237	264	185	208	232	240	175
57	Zaire	84	63	35	30	40	38	36	33	30	39
58	Oil-exporting countries[4]	2,814	2,239	1,116	1,145	1,541	1,430	1,564	1,403	1,214	1,154
59	Other	383	491	585	866	966	860	664	664	715	691
60	*Other countries*	*2,831*	*2,128*	*2,019*	*1,926*	*1,704*	*1,179*	*1,345*	*1,500*	*1,411*	*1,318*
61	Australia	2,742	2,014	1,911	1,800	1,553	1,007	1,198	1,348	1,276	1,154
62	All other	89	114	108	126	151	172	146	152	135	164
63	**Nonmonetary international and regional organizations**	**3,171**	**5,293**	**5,450**	**5,728**	**3,834**	**4,216**	**3,555**	**3,396**	**3,258**	**2,899**
64	International	2,900	5,064	5,091	5,365	3,484	3,816	3,186	3,079	2,922	2,636
65	Latin American regional	202	187	136	144	165	187	157	134	128	98
66	Other regional[5]	69	42	223	218	186	213	212	183	208	165

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	1975 Apr.	1975 Dec.	1976 Apr.	1976 Dec.	1977 Apr.
	Other Western Europe					
1	Cyprus	17	6	38	68	58
2	Iceland	20	33	43	40	32
3	Ireland, Republic of	29	75	43	236	131
	Other Eastern Europe					
4	Bulgaria	13	19	14	34	11
5	Czechoslovakia	11	32	11	19	31
6	German Democratic Republic	18	17	3	11	......
7	Hungary	11	13	11	18	16
8	Poland	42	66	74	75	64
9	Rumania	14	44	29	19	23
	Other Latin American republics					
10	Bolivia	93	110	117	121	135
11	Costa Rica	120	124	134	134	170
12	Dominican Republic	214	169	170	274	280
13	Ecuador	157	120	150	319	311
14	El Salvador	144	171	212	176	214
15	Guatemala	255	260	368	340	392
16	Haiti	34	38	48	46	68
17	Honduras	92	99	137	134	210
18	Jamaica	62	41	59	34	43
19	Nicaragua	126	133	158	113	133
20	Paraguay	38	43	50	47	60
21	Surinam [2]	......	......	13	29	17
22	Trinidad and Tobago	31	131	44	167	85
	Other Latin America:					
23	Bermuda	100	170	197	177	199
24	British West Indies	627	1,311	2,284	1,874	2,377
	Other Asia					
25	Afghanistan	19	41	57	55	90
26	Bangladesh	50	54	44	54	......
27	Burma	49	31	34	13	......
28	Cambodia	4	4	3	4	......
29	Jordan	30	39	23	37	23
30	Laos	5	2	2	1	......
31	Lebanon	180	117	132	140	133
32	Malaysia	92	77	130	394	511
33	Nepal	22	28	34	32	35
34	Pakistan	118	74	92	188	135
35	Singapore	215	256	344	280	300
36	Sri Lanka (Ceylon)	13	13	10	22	27
37	Vietnam	70	62	66	50	50
	Other Africa					
38	Ethiopia (incl. Eritrea)	76	60	72	41	48
39	Ghana	13	23	45	27	37
40	Ivory Coast	11	18	17	10	26
41	Kenya	32	19	39	46	185
42	Liberia	33	53	63	76	95
43	Southern Rhodesia	3	1	1	1	1
44	Sudan	14	12	17	22	30
45	Tanzania	21	30	20	48	57
46	Tunisia	23	29	34	19	15
47	Uganda	38	22	50	43	......
48	Zambia	18	78	14	35	55
	All Other					
49	New Zealand	36	42	48	43	75

[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	1974	1975	1976	1977 June	1977 July	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.[p]	1977 Dec.[p]
1	**Total**	**1,285**	**1,812**	**2,432**	**2,376**	**2,322**	**2,336**	**2,526**	**2,579**	**2,747**	**2,779**
2	**Nonmonetary international and regional organizations**	**822**	**415**	**269**	**279**	**269**	**313**	**330**	**352**	**352**	**373**
3	**Foreign countries**	**464**	**1,397**	**2,163**	**2,097**	**2,053**	**2,023**	**2,196**	**2,227**	**2,396**	**2,406**
4	Official institutions, including central banks	124	931	1,337	1,135	1,081	1,006	1,074	1,089	1,313	1,309
5	Banks, excluding central banks	261	366	621	650	644	680	713	715	707	716
6	Other foreigners	79	100	204	312	329	337	409	422	376	382
	Area or country:										
7	Europe	226	330	570	628	634	664	708	719	704	696
8	Germany	146	214	346	312	307	308	307	308	309	307
9	United Kingdom	59	66	124	147	162	169	200	205	200	180
10	Canada	19	23	29	35	33	27	27	27	26	33
11	Latin America	115	140	230	280	287	304	341	339	330	343
12	Middle East oil-exporting countries [1]	94	894	1,286	1,130	1,075	987	1,056	1,064	1,285	1,285
13	Other Asia	7	8	46	18	18	34	38	53	42	42
14	African oil-exporting countries [2]	*	*	*	*	*	*	*	1	1	*
15	Other Africa	1	1	*	6	6	6	23	22	6	5
16	All other countries	*	*	1	1	1	1	1	2	1	1

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

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

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] Comprises Algeria, Gabon, Libya, and Nigeria.

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

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	1974	1975	1976	1977						
				June	July	Aug.	Sept.	Oct.	Nov.[p]	Dec.[p]
1 **Total**	**39,056**	**50,231**	**69,139**	**69,732**	**69,608**	**68,592**	**69,107**	**72,152**	**72,335**	**76,953**
2 **Foreign countries**	**39,055**	**50,229**	**69,134**	**69,720**	**69,599**	**68,581**	**69,096**	**72,142**	**72,323**	**76,944**
3 *Europe*	*6,255*	*8,987*	*12,122*	*12,923*	*12,763*	*12,277*	*13,352*	*13,767*	*13,010*	*15,366*
4 Austria	21	15	44	53	63	53	117	75	52	52
5 Belgium-Luxembourg	384	352	662	759	505	476	558	782	751	793
6 Denmark	46	49	85	85	86	100	140	126	107	130
7 Finland	122	128	139	113	101	103	95	111	106	101
8 France	673	1,471	1,445	1,455	1,503	1,471	1,356	1,341	1,320	1,616
9 Germany	589	416	517	575	647	648	615	768	645	627
10 Greece	64	49	79	51	66	68	103	98	107	94
11 Italy	345	370	929	875	972	1,014	1,060	1,104	1,148	1,284
12 Netherlands	348	300	304	480	471	371	447	304	352	352
13 Norway	119	71	98	124	121	135	109	120	120	131
14 Portugal	20	16	65	97	110	138	148	138	120	138
15 Spain	196	249	373	284	323	344	346	471	401	413
16 Sweden	180	167	180	101	153	151	139	172	144	169
17 Switzerland	335	237	485	484	488	533	700	681	614	636
18 Turkey	15	86	176	333	333	329	337	329	344	312
19 United Kingdom	2,580	4,718	6,179	6,638	6,473	6,011	6,771	6,623	6,369	8,104
20 Yugoslavia	22	38	41	58	49	35	34	28	29	56
21 Other Western Europe	22	27	52	51	42	47	43	259	50	89
22 U.S.S.R.	46	103	99	90	88	81	89	82	81	103
23 Other Eastern Europe	131	127	171	216	169	169	146	155	150	168
24 *Canada*	*2,776*	*2,817*	*3,049*	*3,607*	*3,728*	*3,978*	*3,400*	*3,626*	*3,803*	*3,639*
25 *Latin America*	*12,377*	*20,532*	*34,270*	*33,413*	*33,415*	*32,826*	*33,076*	35,099	35,495	37,640
26 Argentina	720	1,203	964	904	839	856	939	1,076	1,085	1,180
27 Bahamas	3,405	7,570	15,336	16,058	15,061	13,647	13,522	15,978	16,582	16,923
28 Brazil	1,418	2,221	3,322	3,030	3,026	3,077	3,011	3,121	2,949	3,075
29 Chile	290	360	387	349	373	382	431	435	441	503
30 Colombia	713	689	586	495	514	542	528	570	554	573
31 Cuba	14	13	13	13	13	13	13	10	15	10
32 Mexico	1,972	2,802	3,432	3,204	3,469	3,455	3,488	3,261	3,216	3,013
33 Panama	505	1,052	1,257	905	1,278	1,463	1,063	1,431	1,719	1,254
34 Peru	518	583	704	797	796	783	785	737	735	770
35 Uruguay	63	51	38	32	38	39	42	47	60	71
36 Venezuela	704	1,086	1,564	1,348	1,421	1,435	1,656	1,654	1,714	1,825
37 Other Latin American republics	852	967	1,125	1,144	1,181	1,233	1,224	1,290	1,316	1,463
38 Netherlands Antilles[1]	62	49	40	69	64	57	75	61	139	86
39 Other Latin America	1,142	1,885	5,503	5,066	5,342	5,844	6,298	5,426	4,968	6,895
40 *Asia*	*16,226*	*16,057*	*17,672*	*16,979*	*17,025*	*16,838*	*16,614*	*16,856*	*17,315*	*17,712*
41 China, People's Republic of (Mainland)	4	22	3	30	13	9	27	20	22	12
42 China, Republic of (Taiwan)	500	736	991	1,259	1,275	1,236	1,303	1,321	1,275	1,371
43 Hong Kong	223	258	271	337	359	272	360	357	466	465
44 India	14	21	41	39	25	65	59	48	54	35
45 Indonesia	157	102	76	72	65	56	67	97	60	77
46 Israel	255	491	551	334	311	323	304	348	347	425
47 Japan	12,518	10,776	10,997	9,935	9,698	9,623	9,351	9,341	9,578	9,777
48 Korea	955	1,561	1,714	1,861	1,981	2,069	2,001	1,998	1,876	2,055
49 Philippines	372	384	559	418	372	478	477	489	508	470
50 Thailand	458	499	422	558	584	580	617	612	594	614
51 Middle East oil-exporting countries[2]	330	524	1,312	1,275	1,476	1,369	1,340	1,531	1,783	1,581
52 Other	441	684	735	860	867	758	708	695	752	831
53 *Africa*	*855*	*1,228*	*1,481*	*1,789*	*1,658*	*1,720*	*1,656*	*1,828*	*1,749*	*1,726*
54 Egypt	111	101	127	157	158	149	134	155	130	114
55 Morocco	18	9	13	36	46	43	48	44	31	30
56 South Africa	329	545	763	810	821	799	802	881	822	840
57 Zaire	98	34	29	9	8	6	15	7	7	7
58 Oil-exporting countries[3]	115	231	253	422	290	357	306	378	358	320
59 Other	185	308	296	355	333	365	350	362	400	416
60 *Other countries*	*565*	*609*	*540*	*1,009*	*1,010*	*943*	*998*	*966*	*952*	*860*
61 Australia	466	535	441	878	861	795	863	839	815	743
62 All other	99	73	99	132	150	148	135	127	137	117
63 **Nonmonetary international and regional organizations**	*****	**1**	**5**	**13**	**10**	**11**	**10**	**9**	**12**	**9**

1 Includes Surinam until January 1976.

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

3 Comprises Algeria, Gabon, Libya, and Nigeria.

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	1974	1975	1976	1977 June	July	Aug.	Sept.	Oct.	Nov.p	Dec.p
1 **Total**	**39,056**	**50,231**	**69,139**	**69,732**	**69,608**	**68,592**	**69,107**	**72,152**	**72,335**	**76,953**
2 *Payable in dollars*	*37,859*	*48,888*	*67,494*	*67,954*	*67,942*	*66,661*	*67,379*	*70,152*	*70,458*	*74,844*
3 *Loans, total*	*11,287*	*13,200*	*18,141*	*16,096*	*17,602*	*16,687*	*18,383*	*18,040*	*17,519*	*19,575*
4 Official institutions, including central banks	381	613	1,448	983	851	1,018	1,007	1,085	1,048	1,023
5 Banks, excluding central banks	7,332	7,665	11,142	10,001	11,523	10,609	11,992	11,305	11,119	12,596
6 All other, including nonmonetary international and regional organizations	3,574	4,921	5,552	5,105	5,228	5,060	5,385	5,649	5,352	5,955
7 Collections outstanding	5,637	5,467	5,756	6,417	6,352	6,200	6,025	6,005	6,059	6,182
8 Acceptances made for accounts of foreigners	11,237	11,147	12,358	13,166	13,431	13,556	13,645	13,735	13,453	14,193
9 Other claims[1]	9,698	19,075	31,238	32,280	30,556	30,218	29,325	32,372	33,428	34,895
10 *Payable in foreign currencies*	*1,196*	*1,342*	*1,645*	*1,779*	*1,667*	*1,931*	*1,728*	*2,006*	*1,876*	*2,109*
11 Deposits with foreigners	669	656	1,063	845	817	1,032	844	922	879	948
12 Foreign government securities, commercial and finance paper	289	314	89	302	277	233	239	356	405	454
13 Other claims	238	372	493	631	572	667	645	722	593	707

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, end of period

Type, and area or country	1974	1975	1976	1977 June	July	Aug.	Sept.	Oct.	Nov.p	Dec.p
1 **Total**	**7,179**	**9,536**	**11,898**	**12,182**	**12,251**	**12,468**	**12,648**	**12,716**	**12,337**	**12,640**
By type:										
2 *Payable in dollars*	*7,099*	*9,419*	*11,750*	*11,982*	*12,049*	*12,250*	*12,432*	*12,486*	*12,102*	*12,385*
3 *Loans, total*	*6,490*	*8,316*	*10,093*	*10,286*	*10,323*	*10,504*	*10,609*	*10,760*	*10,436*	*10,673*
4 Official institutions, including central banks	1,324	1,351	1,407	1,653	1,676	1,712	1,756	1,777	1,790	1,917
5 Banks, excluding central banks	929	1,567	2,232	2,263	2,238	2,279	2,316	2,421	2,300	2,384
6 All other, including nonmonetary international and regional organizations	4,237	5,399	6,454	6,371	6,408	6,513	6,538	6,562	6,346	6,372
7 Other long-term claims	609	1,103	1,656	1,695	1,726	1,746	1,823	1,726	1,667	1,713
8 *Payable in foreign currencies*	*80*	*116*	*148*	*200*	*202*	*218*	*216*	*229*	*235*	*254*
By area or country:										
9 Europe	1,908	2,704	3,314	3,677	3,648	3,706	3,677	3,664	3,401	3,484
10 Canada	501	555	637	483	485	455	456	461	424	430
11 Latin America	2,614	3,468	4,870	5,016	5,045	5,219	5,428	5,542	5,572	5,779
12 *Asia*	*1,619*	*1,795*	*1,904*	*1,832*	*1,862*	*1,846*	*1,872*	*1,768*	*1,742*	*1,774*
13 Japan	258	296	382	381	391	371	359	339	320	317
14 Middle East oil-exporting countries[1]	384	220	146	151	155	170	161	173	153	181
15 Other Asia	977	1,279	1,376	1,301	1,317	1,305	1,353	1,257	1,270	1,276
16 *Africa*	*366*	*747*	*890*	*860*	*857*	*898*	*873*	*857*	*850*	*855*
17 Oil-exporting countries[2]	62	151	271	213	191	219	221	201	176	180
18 Other	305	596	619	647	666	679	651	657	674	674
19 All other countries[3]	171	267	282	313	353	344	343	423	348	318

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

2 Comprises Algeria, Gabon, Libya, and Nigeria.

3 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	1974	1975	1976 Dec.	1977 Apr.	1977 May	1977 June	1977 July	1977 Aug.r	1977 Sept.	1977 Oct.p ▲
	All foreign countries										
1	**Total, all currencies**	**151,905**	**176,493**	**219,420**	**223,222**	**229,542**	**236,480**	**235,637**	**234,592**	**244,955**	**247,049**
2	*Claims on United States*	*6,900*	*6,743*	*7,889*	*8,676*	*7,361*	*7,398*	*10,683*	*8,192*	*11,914*	*8,301*
3	Parent bank	4,464	3,665	4,323	5,276	3,928	3,610	7,134	4,630	8,231	4,604
4	Other	2,435	3,078	3,566	3,400	3,432	3,788	3,549	3,562	3,683	3,697
5	*Claims on foreigners*	*138,712*	*163,391*	*204,486*	*207,573*	*214,784*	*221,667*	*217,456*	*218,869*	*225,123*	*230,295*
6	Other branches of parent bank	27,559	34,508	45,955	48,164	49,464	52,406	48,387	48,317	52,071	51,901
7	Other banks	60,283	69,206	83,765	79,782	83,937	86,887	84,363	85,532	87,741	91,866
8	Official institutions	4,077	5,792	10,609	12,517	13,045	13,194	13,572	13,820	14,182	14,444
9	Nonbank foreigners	46,793	53,886	64,157	67,110	68,337	69,180	71,134	71,200	71,128	72,084
10	Other assets	6,294	6,359	7,045	6,973	7,397	7,414	7,497	7,530	7,919	8,453
11	**Total payable in U.S. dollars**	**105,969**	**132,901**	**167,695**	**172,134**	**176,603**	**182,396**	**179,647**	**179,050**	**188,176**	**187,580**
12	*Claims on United States*	*6,603*	*6,408*	*7,595*	*8,302*	*6,951*	*6,984*	*10,266*	*7,748*	*11,434*	*7,759*
13	Parent bank	4,428	3,628	4,264	5,232	3,903	3,590	7,095	4,560	8,177	4,517
14	Other	2,175	2,780	3,332	3,070	3,049	3,393	3,170	3,188	3,257	3,242
15	*Claims on foreigners*	*96,209*	*123,496*	*156,896*	*160,529*	*166,160*	*172,011*	*166,057*	*167,716*	*173,191*	*175,842*
16	Other branches of parent bank	19,688	28,478	37,909	40,300	41,350	43,952	39,647	39,995	42,983	42,693
17	Other banks	45,067	55,319	66,331	63,061	66,319	68,815	65,875	66,826	68,789	71,591
18	Official institutions	3,289	4,864	9,018	11,174	11,682	11,758	12,110	12,223	12,693	12,766
19	Nonbank foreigners	28,164	34,835	43,638	45,994	46,808	47,486	48,425	48,672	48,726	48,791
20	Other assets	3,157	2,997	3,204	3,303	3,492	3,401	3,325	3,586	3,552	3,979
	United Kingdom										
21	**Total, all currencies**	**69,804**	**74,883**	**81,466**	**80,150**	**83,178**	**84,734**	**83,484**	**83,270**	**88,033**	**90,154**
22	*Claims on United States*	*3,248*	*2,392*	*3,354*	*2,541*	*2,714*	*2,450*	*3,129*	*2,307*	*3,422*	*2,729*
23	Parent bank	2,472	1,449	2,376	1,698	1,850	1,553	2,249	1,397	2,556	1,789
24	Other	776	943	978	843	863	897	881	910	866	940
25	*Claims of foreigners*	*64,111*	*70,331*	*75,859*	*75,559*	*78,333*	*80,087*	*78,083*	*78,607*	*82,154*	*84,766*
26	Other branches of parent bank	12,724	17,557	19,753	21,707	21,097	22,121	20,909	20,015	22,363	22,178
27	Other banks	32,701	35,904	38,089	35,585	38,660	39,157	37,772	38,784	39,576	41,923
28	Official institutions	788	881	1,274	1,728	1,948	1,764	1,863	1,983	1,955	2,052
29	Nonbank foreigners	17,898	15,990	16,743	16,539	16,627	17,045	17,538	17,826	18,259	18,613
30	Other assets	2,445	2,159	2,253	2,050	2,131	2,197	2,272	2,355	2,458	2,659
31	**Total payable in U.S. dollars**	**49,211**	**57,361**	**61,587**	**61,179**	**63,481**	**64,841**	**62,815**	**62,686**	**66,895**	**67,243**
32	*Claims on United States*	*3,146*	*2,273*	*3,275*	*2,430*	*2,590*	*2,338*	*3,011*	*2,130*	*3,259*	*2,545*
33	Parent bank	2,468	1,445	2,374	1,690	1,842	1,547	2,237	1,348	2,527	1,748
34	Other	678	828	902	740	748	791	774	781	732	797
35	*Claims on foreigners*	*44,694*	*54,121*	*57,488*	*57,894*	*60,030*	*61,582*	*58,875*	*59,419*	*62,584*	*63,596*
36	Other branches of parent bank	10,265	15,645	17,249	19,232	18,619	19,538	18,135	17,550	19,865	19,497
37	Other banks	23,716	28,224	28,983	26,941	29,521	29,930	28,497	29,199	29,808	31,134
38	Official institutions	610	648	846	1,415	1,624	1,437	1,473	1,574	1,555	1,595
39	Nonbank foreigners	10,102	9,604	10,410	10,306	10,267	10,676	10,769	11,095	11,355	11,370
40	Other assets	1,372	967	824	855	861	922	930	1,138	1,052	1,103
	Bahamas and Caymans										
41	**Total, all currencies**	**31,733**	**45,203**	**66,774**	**70,950**	**71,540**	**74,853**	**74,727**	**73,284**	**78,430**	**76,031**
42	*Claims on United States*	*2,464*	*3,229*	*3,508*	*4,998*	*3,543*	*3,970*	*6,447*	*4,875*	*7,455*	*4,756*
43	Parent bank	1,081	1,477	1,141	2,703	1,251	1,394	4,062	2,465	4,861	2,173
44	Other	1,383	1,752	2,367	2,295	2,292	2,576	2,385	2,410	2,595	2,583
45	*Claims on foreigners*	*28,453*	*41,040*	*62,048*	*64,652*	*66,579*	*69,528*	*66,970*	*67,124*	*69,680*	*69,685*
46	Other branches of parent bank	3,478	5,411	8,144	8,095	8,703	9,638	7,586	8,259	9,828	9,266
47	Other banks	11,354	16,298	25,354	25,234	25,588	27,372	25,967	25,481	26,367	27,130
48	Official institutions	2,022	3,576	7,101	7,784	8,062	8,344	8,628	8,591	9,192	9,195
49	Nonbank foreigners	11,599	15,756	21,449	23,538	24,226	24,174	24,788	24,793	24,293	24,095
50	Other assets	815	933	1,217	1,300	1,419	1,356	1,309	1,285	1,294	1,589
51	**Total payable in U.S. dollars**	**28,726**	**41,887**	**62,705**	**66,366**	**66,550**	**69,930**	**69,548**	**68,209**	**72,948**	**70,501**

3.22 Continued

	Liability account	1974	1975	1976 Dec.	1977 Apr.	1977 May	1977 June	1977 July	1977 Aug.[r]	1977 Sept.	1977 Oct.[p] ▲
							All foreign countries				
52	**Total, all currencies**	**151,905**	**176,493**	**219,420**	**223,222**	**229,542**	**236,480**	**235,637**	**234,591**	**244,955**	**247,049**
53	*To United States*	*11,982*	*20,221*	*32,721*	*33,054*	*34,792*	*r37,583*	*37,713*	*36,360*	*38,618*	*38,814*
54	Parent bank	5,809	12,165	19,775	18,256	20,497	r23,167	19,670	19,438	18,363	21,599
55	Other	6,173	8,057	12,946	14,798	14,295	14,416	18,043	16,922	20,255	17,215
56	*To foreigners*	*132,990*	*149,815*	*179,953*	*183,203*	*187,619*	*191,822*	*189,347*	*189,739*	*198,817*	*199,929*
57	Other branches of parent bank	26,941	34,111	44,370	46,386	48,137	50,291	47,015	47,221	51,201	50,641
58	Other banks	65,675	72,259	83,878	r82,034	r83,981	r84,142	r86,784	86,453	91,561	89,974
59	Official institutions	20,185	22,773	25,829	r26,297	r27,461	r28,368	r27,218	27,776	28,014	29,885
60	Nonbank foreigners	20,189	20,672	25,877	28,486	28,040	29,021	28,329	28,288	28,040	29,429
61	Other liabilities	6,933	6,456	6,747	6,965	7,130	r7,075	8,577	8,491	7,521	8,306
62	**Total payable in U.S. dollars**	**107,890**	**135,907**	**173,071**	**177,270**	**181,813**	**187,643**	**184,722**	**183,298**	**192,958**	**192,812**
63	*To United States*	*11,437*	*19,503*	*31,934*	*32,068*	*33,882*	*r36,472*	*36,751*	*35,482*	*37,693*	*37,778*
64	Parent bank	5,641	11,939	19,561	18,011	20,241	r22,724	19,396	19,168	18,049	21,291
65	Other	5,795	7,564	12,373	14,057	13,640	13,748	17,355	16,314	19,644	16,487
66	*To foreigners*	*92,503*	*112,879*	*137,610*	*141,479*	*144,220*	*147,346*	*142,957*	*142,680*	*151,147*	*150,597*
67	Other branches of parent bank	19,330	28,217	37,098	39,307	40,677	42,739	38,939	39,483	43,043	42,293
68	Other banks	43,656	51,583	60,617	r59,945	r60,861	r60,185	r61,689	61,113	65,984	63,326
69	Official institutions	17,444	19,982	22,878	r23,320	r24,439	r25,377	r24,240	24,481	24,695	26,363
70	Nonbank foreigners	12,072	13,097	17,017	18,906	18,242	19,045	18,088	17,603	17,425	18,614
71	Other liabilities	3,951	3,526	3,527	3,724	3,712	r3,825	5,013	5,136	4,118	4,437
							United Kingdom				
72	**Total, all currencies**	**69,804**	**74,883**	**81,466**	**80,150**	**83,178**	**84,734**	**83,484**	**83,270**	**88,033**	**90,154**
73	*To United States*	*3,978*	*5,646*	*5,997*	*6,272*	*5,845*	*6,894*	*8,537*	*7,933*	*7,922*	*7,310*
74	Parent bank	510	2,122	1,198	1,515	1,460	2,150	2,217	1,611	1,425	1,364
75	Other	3,468	3,523	4,798	4,756	4,386	4,743	6,320	6,322	6,496	5,946
76	*To foreigners*	*63,409*	*67,240*	*73,228*	*71,787*	*75,145*	*75,683*	*72,585*	*72,848*	*77,580*	*79,837*
77	Other branches of parent bank	4,762	6,494	7,092	7,762	8,569	8,936	7,987	8,395	8,934	9,187
78	Other banks	32,040	32,964	36,259	33,749	35,933	34,960	34,623	34,163	37,024	36,676
79	Official institutions	15,258	16,553	17,273	17,260	17,538	18,086	17,148	17,366	18,553	20,366
80	Nonbank foreigners	11,349	11,229	12,605	13,016	13,106	13,701	12,827	12,923	13,070	13,608
81	Other liabilities	2,418	1,997	2,241	2,091	2,187	2,157	2,362	2,488	2,532	3,007
82	**Total payable in U.S. dollars**	**49,666**	**57,820**	**63,174**	**62,373**	**64,343**	**65,735**	**63,848**	**63,334**	**67,689**	**68,594**
83	*To United States*	*3,744*	*5,415*	*5,849*	*6,108*	*5,688*	*6,679*	*8,348*	*7,676*	*7,622*	*7,004*
84	Parent bank	484	2,083	1,182	1,498	1,438	2,083	2,184	1,563	1,363	1,288
85	Other	3,261	3,332	4,666	4,610	4,250	4,596	6,164	6,113	6,259	5,716
86	*To foreigners*	*44,594*	*51,447*	*56,372*	*55,390*	*57,720*	*58,136*	*54,550*	*54,539*	*58,962*	*60,304*
87	Other branches of parent bank	3,256	5,442	5,874	6,561	7,333	7,660	6,583	7,131	7,535	7,724
88	Other banks	20,526	23,330	25,527	23,818	25,172	24,135	23,681	23,254	25,984	25,306
89	Official institutions	13,225	14,498	15,423	15,394	15,674	16,301	15,295	15,252	16,430	18,053
90	Nonbank foreigners	7,587	8,176	9,547	9,617	9,541	10,040	8,990	8,902	9,013	9,221
91	Other liabilities	1,328	959	953	875	936	920	951	1,119	1,105	1,286
							Bahamas and Caymans				
92	**Total, all currencies**	**31,733**	**45,203**	**66,774**	**70,950**	**71,540**	**74,853**	**74,727**	**73,284**	**78,430**	**76,031**
93	*To United States*	*4,815*	*11,147*	*22,723*	*23,082*	*25,162*	*r26,966*	*25,080*	*24,487*	*27,031*	*27,291*
94	Parent bank	2,636	7,628	16,163	14,514	16,426	r18,708	14,835	15,288	14,814	17,390
95	Other	2,180	3,520	6,560	8,568	8,735	8,258	10,245	9,198	12,218	9,902
96	*To foreigners*	*26,149*	*32,949*	*42,897*	*46,618*	*45,136*	*46,477*	*47,161*	*46,464*	*50,035*	*47,244*
97	Other branches of parent bank	7,702	10,569	13,801	14,123	14,001	14,662	13,736	13,206	15,026	14,623
98	Other banks	14,050	16,825	21,758	23,245	22,296	22,693	24,166	23,878	27,370	24,112
99	Official institutions	2,377	3,308	3,573	3,917	4,130	4,216	4,322	4,592	3,184	3,354
100	Nonbank foreigners	2,011	2,248	3,765	5,334	4,709	4,906	4,936	4,789	4,454	5,155
101	Other liabilities	778	1,106	1,154	1,249	1,243	r1,410	2,487	2,334	1,363	1,495
102	**Total payable in U.S. dollars**	**28,840**	**42,197**	**63,417**	**67,168**	**67,518**	**70,816**	**70,399**	**68,663**	**73,769**	**71,292**

▲ Figures for November will be published in the BULLETIN for March.

3.23 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1975	1976	1977 Jan.—Dec.p	1977 June	July	Aug.	Sept.	Oct.	Nov.p	Dec.p
	Holdings (end of period) [4]									
1 **Estimated total**	**7,703**	**15,798**	....	**22,196**	**23,433**	**27,584**	**31,068**	**34,325**	**37,662**	**38,621**
2 **Foreign countries**	**7,372**	**12,765**	....	**19,740**	**20,848**	**24,644**	**27,209**	**30,324**	**33,286**	**33,875**
3 *Europe*	*1,085*	*2,330*	....	*5,272*	*6,225*	*8,480*	*10,163*	*12,603*	*14,003*	*13,916*
4 Belgium-Luxembourg	13	14	....	18	19	19	19	20	20	19
5 Germany	215	764	....	1,261	1,266	1,847	1,957	2,165	2,742	3,168
6 Netherlands	16	288	....	492	503	633	719	821	911	911
7 Sweden	276	191	....	149	149	155	125	125	100	100
8 Switzerland	55	261	....	439	485	478	488	474	476	477
9 United Kingdom	363	485	....	2,600	3,478	5,017	6,506	8,640	9,419	8,888
10 Other Western Europe	143	323	....	307	321	326	343	353	331	349
11 Eastern Europe	4	4	....	4	4	4	4	4	4	4
12 Canada	395	256	....	279	283	288	292	294	293	288
13 Latin America	200	312	....	480	481	513	517	519	533	551
14 Venezuela	4	149	....	193	193	193	183	183	199	199
15 Other Latin America republics	29	35	....	18	18	18	18	21	11	17
16 Netherlands Antilles [1]	161	118	....	113	113	145	159	158	167	176
17 Asia	5,370	9,323	....	13,407	13,567	15,071	15,942	16,612	18,105	18,746
18 Japan	3,271	2,687	....	4,290	4,314	5,025	5,635	5,958	6,547	6,860
19 Africa	321	543	....	279	279	279	279	279	348	362
20 All other	*	*	....	23	13	12	16	18	5	11
21 **Nonmonetary international and regional organizations**	**331**	**3,033**	....	**2,456**	**2,585**	**2,940**	**3,859**	**4,001**	**4,376**	**4,746**
22 International	322	2,905	....	2,353	2,440	2,830	3,759	3,900	4,276	4,646
23 Latin American regional	*9*	*128*	....	*103*	*146*	*110*	*100*	*100*	*100*	*100*
	Transactions (net purchases, or sales (−), during period)									
24 **Total**	**1,994**	**8,095**	**22,824**	**2,451**	**1,238**	**4,151**	**3,483**	**3,257**	**3,337**	**959**
25 **Foreign countries**	**1,814**	**5,393**	**21,111**	**2,131**	**1,108**	**3,796**	**2,564**	**3,116**	**2,962**	**589**
26 Official institutions	1,612	5,116	20,324	1,962	1,048	3,696	2,493	3,052	2,881	598
27 Other foreign	202	276	785	167	59	101	71	65	81	−9
28 **Nonmonetary international and regional organizations**	**180**	**2,702**	**1,713**	**321**	**130**	**354**	**919**	**141**	**376**	**370**
MEMO: Oil-exporting countries										
29 Middle East [2]	1,797	3,887	4,452	397	−14	533	161	284	869	324
30 Africa [3]	170	221	181	....	....	....	....	....	69	13

[1] Includes Surinam until January 1976.
[2] Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
[3] Comprises Algeria, Gabon, Libya, and Nigeria.
[4] Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

3.24 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1974	1975	1976	1977 July	Aug.	Sept.	Oct.	Nov.	Dec.	1978 Jan.
1 Deposits	418	353	352	468	534	382	425	416	424	422
Assets held in custody:										
2 U.S. Treasury securities [1]	55,600	60,019	66,532	75,443	75,976	79,285	83,832	89,497	83,832	95,945
3 Earmarked gold [2]	16,838	16,745	16,414	16,179	16,117	16,073	15,988	15,872	15,988	15,726

[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	1975[r]	1976	1977 Jan.–Dec.[p]	1977 June	July	Aug.	Sept.	Oct.	Nov.[p]	Dec.[p]
		U.S. corporate securities									
	Stocks										
1	Foreign purchases	15,355	18,227	14,141	1,196	1,373	1,023	1,012	973	1,281	1,230
2	Foreign sales	10,678	15,475	11,476	948	1,162	900	846	752	899	944
3	**Net purchases, or sales (−)**	**4,678**	**2,753**	**2,664**	**248**	**211**	**123**	**166**	**222**	**382**	**286**
4	**Foreign countries**	**4,660**	**2,740**	**2,650**	**254**	**210**	**124**	**170**	**223**	**385**	**282**
5	Europe	2,491	336	1,005	33	29	37	57	109	200	155
6	France	262	256	40	21	−24	−13	5	27	1	−3
7	Germany	251	68	291	12	20	−1	14	37	64	58
8	Netherlands	359	−199	22	*	−10	2	−18	5	10	9
9	Switzerland	899	−100	152	−20	5	−7	6	2	34	3
10	United Kingdom	594	340	612	35	57	67	80	52	106	107
11	Canada	361	324	65	−3	12	−5	−3	20	21	14
12	Latin America	−7	155	127	17	4	1	−3	−4	27	15
13	Middle East[1]	1,649	1,803	1,380	195	171	94	108	93	128	97
14	Other Asia	142	119	59	10	−7	−3	8	2	8	1
15	Africa	10	7	5	*	*	1	2	2	*	*
16	Other countries	15	−4	8	2	*	−2	1	2	2	*
17	**Nonmonetary international and regional organizations**	**18**	**13**	**15**	**−7**	**2**	**−1**	**−5**	**−1**	**3**	**4**
	Bonds[2]										
18	Foreign purchases	5,408	5,529	7,748	976	752	715	504	942	743	343
19	Foreign sales	4,642	4,322	3,474	394	286	252	383	292	226	312
20	**Net purchases, or sales (−)**	**766**	**1,207**	**4,274**	**582**	**467**	**463**	**121**	**650**	**517**	**31**
21	**Foreign countries**	**1,795**	**1,248**	**4,179**	**569**	**499**	**438**	**123**	**650**	**507**	**14**
22	Europe	113	91	1,950	314	232	130	33	376	320	−36
23	France	82	39	39	−3	1	1	1	*	−5	−11
24	Germany	−6	−49	59	12	12	1	3	5	4	9
25	Netherlands	−9	29	72	57	11	*	21	2	20	*
26	Switzerland	117	158	158	17	34	21	12	−7	−7	−6
27	United Kingdom	−52	23	1,647	223	197	96	6	324	324	−27
28	Canada	128	96	141	7	30	13	15	4	1	−1
29	Latin America	31	94	64	2	12	18	13	11	−1	3
30	Middle East[1]	1,553	1,179	1,691	235	153	192	79	124	159	4
31	Other Asia	−35	−165	338	10	72	84	−14	135	27	16
32	Africa	5	−25	6	*	*	*	−3	*	*	*
33	Other countries	1	−21	*	*	*	*	*	*	*	*
34	**Nonmonetary international and regional organizations**	**−1,029**	**−41**	**96**	**13**	**−32**	**25**	**−2**	*****	**10**	**45**
		Foreign securities									
35	**Stocks, net purchases, or sales (−)**	**−188**	**−323**	**−404**	**−60**	**−265**	**−63**	**31**	**106**	**34**	**59**
36	Foreign purchases	1,542	1,937	2,265	169	159	169	169	247	214	291
37	Foreign sales	1,730	2,259	2,669	229	423	232	138	141	180	232
38	**Bonds, net purchases, or sales (−)**	**−6,326**	**−8,730**	**4,957**	**−765**	**−205**	**−1,003**	**−669**	**281**	**320**	**−330**
39	Foreign purchases	2,383	4,932	8,482	636	786	852	710	786	593	885
40	Foreign sales	8,708	13,662	13,439	1,401	991	1,854	1,379	1,066	913	1,215
41	**Net purchases, or sales (−) of stocks and bonds**	**−6,514**	**−9,053**	**5,361**	**−824**	**−469**	**−1,066**	**639**	**−175**	**285**	**−271**
42	**Foreign countries**	**4,323**	**−7,155**	**3,804**	**−696**	**−393**	**−227**	**−632**	**24**	**−308**	**293**
43	Europe	−53	−843	1,064	−272	−267	−22	−24	33	−260	108
44	Canada	−3,202	−5,245	2,394	−292	−241	−255	−573	45	9	−175
45	Latin America	−306	*	−52	−42	52	−7	43	170	−2	−68
46	Asia	−622	−699	−31	−93	57	55	2	136	−57	51
47	Africa	15	48	5	3	1	*	1	−2	*	1
48	Other countries	−155	−416	−267	2	5	1	−81	1	2	−210
49	**Nonmonetary international and regional organizations**	**−2,192**	**−1,898**	**1,557**	**−129**	**−76**	**−839**	**−6**	**−151**	**23**	**22**

1 Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2 Includes State and local government securities, and securities of U.S. Govt agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.26 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	1976		1977			1976		1977		
	Sept.r	Dec.r	Mar.r	June	Sept.p	Sept.r	Dec.r	Mar.r	June	Sept.p
	Liabilities to foreigners					Claims on foreigners				
1 **Total**	**6,427**	**6,597**	**6,582**	**6,421**	**7,119**	**13,160**	**14,154**	**14,951**	**16,144**	**14,866**
By type:										
2 *Payable in dollars*	*5,690*	*5,885*	*5,815*	*5,770*	*6,327*	*12,095*	*13,155*	*13,935*	*15,031*	*13,819*
3 *Payable in foreign currencies*	*737*	*712*	*767*	*652*	*792*	*1,065*	*999*	*1,016*	*1,113*	*1,047*
4 Deposits with banks abroad in reporter's name	....	....	....	....	....	592	442	431	448	414
5 Other	....	....	....	....	....	473	557	585	665	632
By area or country:										
6 **Foreign countries**	**6,241**	**6,388**	**6,391**	**6,251**	**6,965**	**13,159**	**14,153**	**14,949**	**16,143**	**14,865**
7 *Europe*	*2,387*	*2,228*	*2,126*	*2,208*	*2,314*	*5,158*	*5,282*	*5,232*	*5,820*	*5,009*
8 Austria	15	10	9	10	12	21	21	23	26	24
9 Belgium-Luxembourg	183	166	168	138	119	195	162	170	218	230
10 Denmark	13	7	15	14	16	26	56	48	40	44
11 Finland	17	2	2	10	10	135	77	40	90	59
12 France	185	200	163	157	170	418	438	436	413	435
13 Germany	256	174	175	163	226	492	378	367	377	393
14 Greece	28	48	80	73	78	56	51	90	86	53
15 Italy	148	131	135	154	139	358	384	473	440	352
16 Netherlands	141	141	168	205	176	142	166	172	182	161
17 Norway	24	29	37	33	36	43	51	42	42	38
18 Portugal	5	13	23	20	12	28	40	35	30	34
19 Spain	36	40	52	68	74	336	369	325	322	309
20 Sweden	35	34	36	36	41	62	90	93	92	91
21 Switzerland	243	190	214	236	245	253	241	154	179	146
22 Turkey	16	13	12	21	97	23	25	32	37	32
23 United Kingdom	888	880	689	730	736	2,367	2,446	2,475	3,027	2,413
24 Yugoslavia	113	123	113	110	92	30	26	30	28	20
25 Other Western Europe	8	7	6	6	9	17	20	18	15	15
26 U.S.S.R.	19	9	15	16	11	81	156	105	76	64
27 Other Eastern Europe	14	13	13	10	14	79	85	103	102	96
28 *Canada*	*341*	*400*	*427*	*448*	*454*	*2,187*	*2,458*	*2,426*	*2,563*	*2,477*
29 *Latin America*	*1,028*	*1,037*	*1,118*	*1,017*	*1,025*	*2,828*	*3,575*	*4,397*	*4,925*	*4,489*
30 Argentina	48	44	42	50	50	39	44	46	51	53
31 Bahamas	251	260	256	216	222	940	1,384	1,869	2,231	1,831
32 Brazil	58	72	49	37	76	417	682	535	457	414
33 Chile	16	17	16	24	13	26	34	35	28	40
34 Colombia	11	13	18	22	23	66	59	75	72	85
35 Cuba	*	*	*	*	*	1	1	1	1	*
36 Mexico	74	99	118	117	102	352	332	317	301	304
37 Panama	10	34	12	11	12	83	74	105	121	221
38 Peru	32	25	24	21	13	35	42	32	28	30
39 Uruguay	3	4	4	3	4	22	5	6	5	5
40 Venezuela	222	219	260	208	225	212	190	210	240	256
41 Other Latin American republics	104	141	148	141	122	182	276	237	237	257
42 Netherlands Antilles [1]	68	10	11	17	9	9	9	14	8	8
43 Other Latin America	129	100	160	151	154	444	441	914	1,146	984
44 *Asia*	*1,978*	*2,040*	*2,057*	*1,890*	*2,492*	*2,401*	*2,276*	*2,316*	*2,315*	*2,390*
45 China, People's Republic of (Mainland)	1	1	3	2	1	5	3	7	7	12
46 China, Republic of (Taiwan)	127	110	113	138	152	134	197	130	131	139
47 Hong Kong	33	40	42	27	25	88	96	107	93	73
48 India	11	23	39	41	44	53	55	35	51	42
49 Indonesia	131	98	94	80	60	179	179	206	184	185
50 Israel	32	37	37	45	58	48	41	51	70	46
51 Japan	247	193	172	183	604	1,010	912	969	930	1,027
52 Korea	85	76	96	95	81	142	117	130	158	153
53 Philippines	28	53	59	73	78	93	86	86	90	111
54 Thailand	23	24	19	11	17	23	22	27	22	27
55 Other Asia	1,260	1,385	1,383	1,196	1,372	625	568	569	580	574
56 *Africa*	*438*	*606*	*591*	*589*	*568*	*407*	*393*	*429*	*370*	*346*
57 Egypt	25	27	29	33	45	36	28	70	24	22
58 Morocco	44	45	30	72	105	10	11	12	11	10
59 South Africa	66	54	33	27	29	78	87	80	69	75
60 Zaire	24	36	39	39	48	28	21	19	17	19
61 Other Africa	279	444	460	418	341	255	247	248	248	221
62 *Other countries*	*69*	*77*	*72*	*98*	*111*	*178*	*170*	*150*	*149*	*153*
63 Australia	51	59	53	78	93	112	105	114	110	113
64 All other	18	19	19	20	18	67	65	36	40	41
65 **Nonmonetary international and regional organizations**	**186**	**208**	**192**	**170**	**154**	**1**	**1**	**2**	**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	1977					
						June r	July r	Aug. r	Sept. r	Oct.	Nov. p
1	**Total**	**3,185**	**3,357**	**3,799**	**5,468**	**7,679**	**7,444**	**7,735**	**6,859**	**7,623**	**7,587**
	By type:										
2	*Payable in dollars*	*2,641*	*2,660*	*3,042*	*4,788*	*6,914*	*6,689*	*6,999*	*6,163*	*6,900*	*6,671*
3	Deposits	2,604	2,591	2,710	4,415	6,424	6,246	6,475	5,721	6,396	6,196
4	Short-term investments [1]	37	69	332	373	490	443	524	442	504	475
5	*Payable in foreign currencies*	*544*	*697*	*757*	*680*	*765*	*754*	*737*	*695*	*722*	*917*
6	Deposits	431	429	511	373	389	396	394	358	374	482
7	Short-term investments [1]	113	268	246	302	376	358	343	337	348	435
	By country:										
8	United Kingdom	1,128	1,350	1,306	1,837	2,318	2,170	2,194	1,781	1,858	2,097
9	Canada	775	967	1,156	1,539	1,652	1,720	1,930	1,607	1,936	1,831
10	Bahamas	597	391	546	1,264	2,114	2,157	2,220	1,765	2,361	2,117
11	Japan	336	398	343	113	177	144	134	143	150	218
12	All other	349	252	446	715	1,417	1,253	1,257	1,563	1,318	1,324

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	1976		1977			1976		1977		
		Sept. r	Dec. r	Mar. r	June	Sept. p	Sept. r	Dec. r	Mar. r	June	Sept. p
		Liabilities to foreigners					Claims on foreigners				
1	**Total**	**3,791**	**3,567**	**3,504**	**3,338**	**3,366**	**5,004**	**4,922**	**4,891**	**4,824**	**4,586**
2	Europe	2,858	2,725	2,655	2,499	2,596	898	851	844	827	744
3	Germany	406	396	391	370	417	73	72	84	76	76
4	Netherlands	290	277	272	262	280	211	156	154	147	81
5	Switzerland	327	260	178	177	224	54	57	53	43	42
6	United Kingdom	1,470	1,420	1,388	1,276	1,275	243	238	204	219	215
7	Canada	111	89	82	81	78	1,507	1,530	1,475	1,486	1,438
8	Latin America	257	270	272	280	272	1,637	1,521	1,489	1,457	1,371
9	Bahamas	157	163	163	167	159	37	36	34	34	36
10	Brazil	5	5	5	7	7	172	133	125	125	134
11	Chile	1	1	1	1	1	244	248	210	208	201
12	Mexico	7	17	21	23	27	219	195	180	178	187
13	Asia	498	423	432	408	358	739	775	817	830	805
14	Japan	402	397	413	386	319	80	77	96	108	90
15	Africa	2	2	2	3	3	165	187	199	158	165
16	All other [1]	64	58	59	67	59	58	58	67	67	63

1 Includes nonmonetary international and regional organizations.

3.29 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

Country	Rate on Jan. 31, 1978: Per cent	Rate on Jan. 31, 1978: Month effective	Country	Rate on Jan. 31, 1978: Per cent	Rate on Jan. 31, 1978: Month effective	Country	Rate on Jan. 31, 1978: Per cent	Rate on Jan. 31, 1978: Month effective
Argentina	18.0	Feb. 1972	France	9.5	Aug. 1977	Norway	6.0	Sept. 1976
Austria	5.5	June 1977	Germany, Fed. Rep. of	3.0	Dec. 1977	Sweden	8.0	Oct. 1976
Belgium	7.5	Jan. 1978	Italy	11.5	Aug. 1977	Switzerland	1.5	July 1977
Brazil	28.0	May 1976	Japan	4.25	Sept. 1977	United Kingdom	6.5	Jan. 1978
Canada	7.5	May 1977	Mexico	4.5	June 1942	Venezuela	5.0	Oct. 1970
Denmark	9.0	Mar. 1977	Netherlands	4.5	Nov. 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.

3.30 FOREIGN SHORT-TERM INTEREST RATES

Per cent per annum, averages of daily figures

Country, or type	1975	1976	1977	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.
1 Euro-dollars	7.02	5.58	6.03	6.30	6.56	7.14	7.09	7.12	7.32
2 United Kingdom	10.63	11.35	8.07	6.91	6.03	5.05	5.32	6.76	6.23
3 Canada	8.00	9.39	7.47	7.44	7.31	7.23	7.34	7.20	7.08
4 Germany	4.87	4.19	4.30	4.04	4.07	4.06	4.09	3.94	3.52
5 Switzerland	3.01	1.45	2.56	2.41	2.37	2.23	2.32	2.20	.92
6 Netherlands	5.17	7.02	4.73	3.48	4.39	4.55	5.94	6.65	5.01
7 France	7.91	8.65	9.20	8.51	8.38	8.41	9.28	9.88	9.25
8 Italy	10.37	16.32	14.26	13.94	12.42	12.05	11.74	11.38	10.99
9 Belgium	6.63	10.25	6.95	6.20	6.20	6.25	6.38	7.75	8.29
10 Japan	11.64	7.70	6.22	6.24	5.32	5.25	5.37	5.75	5.33

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.

3.31 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1975	1976	1977	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.
1 Australia/dollar	130.77	122.15	110.82	110.47	110.37	111.90	112.70	113.36	113.82
2 Austria/shilling	5.7467	5.5744	6.0494	6.0792	6.0377	6.1567	6.2551	6.4734	6.5698
3 Belgium/franc	2.7253	2.5921	2.7911	2.8107	2.7910	2.8229	2.8396	2.9608	3.0425
4 Canada/dollar	98.30	101.41	94.112	93.028	93.168	91.010	90.145	91.132	90.810
5 Denmark/krone	17.437	16.546	16.658	16.590	16.188	16.359	16.327	16.833	17.324
6 Finland/markka	27.285	25.938	24.913	24.801	23.977	24.139	23.986	24.299	24.816
7 France/franc	23.354	20.942	20.344	20.415	20.314	20.574	20.614	20.844	21.196
8 Germany/deutsche mark	40.729	39.737	43.079	43.168	43.034	43.904	44.633	46.499	47.220
9 India/rupee	11.926	11.148	11.406	11.465	11.450	11.605	11.576	11.712	12.195
10 Ireland/pound	222.16	180.48	174.49	173.97	174.31	177.11	181.78	185.46	193.53
11 Italy/lira	.15328	.12044	.11328	.11332	.11318	.11353	.11388	.11416	.11469
12 Japan/yen	.33705	.33741	.37342	.37499	.37486	.39263	.40872	.41491	.41481
13 Malaysia/ringgit	41.753	39.340	40.620	40.606	40.600	41.088	41,910	42.201	42.230
14 Mexico/peso	8.0000	6.9161	4.4239	4.3629	4.3776	4.4069	4.4096	4.4059	4.3963
15 Netherlands/guilder	39.632	37.846	40.752	40.831	40.604	41.048	41.366	42.955	44.084
16 New Zealand/dollar	121.16	99.115	96.893	96.826	96.812	98.152	99.392	100.59	101.95
17 Norway/krone	19.180	18.327	18.789	18.863	18.226	18.232	18.328	19.056	19.401
18 Portugal/escudo	3.9286	3.3159	2.6234	2.5678	2.4606	2.4601	2.4575	2.4755	2.4840
19 South Africa/rand	136.47	114.85	114.99	115.00	115.00	115.04	115.04	115.04	115.02
20 Spain/peseta	1.7424	1.4958	1.3287	1.1804	1.1824	1.1902	1.2060	1.2237	1.2397
21 Sri Lanka/rupee	14.385	11.908	11.964	*13.721*	*12.301*	*11.618*	*8.7721*	*6.2000*	*6.2167*
22 Sweden/krona	24.141	22.957	22.383	22.472	20.602	20.846	20.848	21.044	21.413
23 Switzerland/franc	38.743	40.013	41.714	41.523	42.115	43.909	45.507	48.168	50.353
24 United Kingdom/pound	222.16	180.48	174.49	173.97	174.31	177.11	181.78	185.46	193.53
MEMO:									
25 United States/dollar [1]	82.20	89.68	89.10	89.10	89.52	88.38	87.29	85.52	84.05

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.

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).

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. Govt. securities" may include guaranteed issues of U.S. Govt. agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local govt." also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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Index to Statistical Tables

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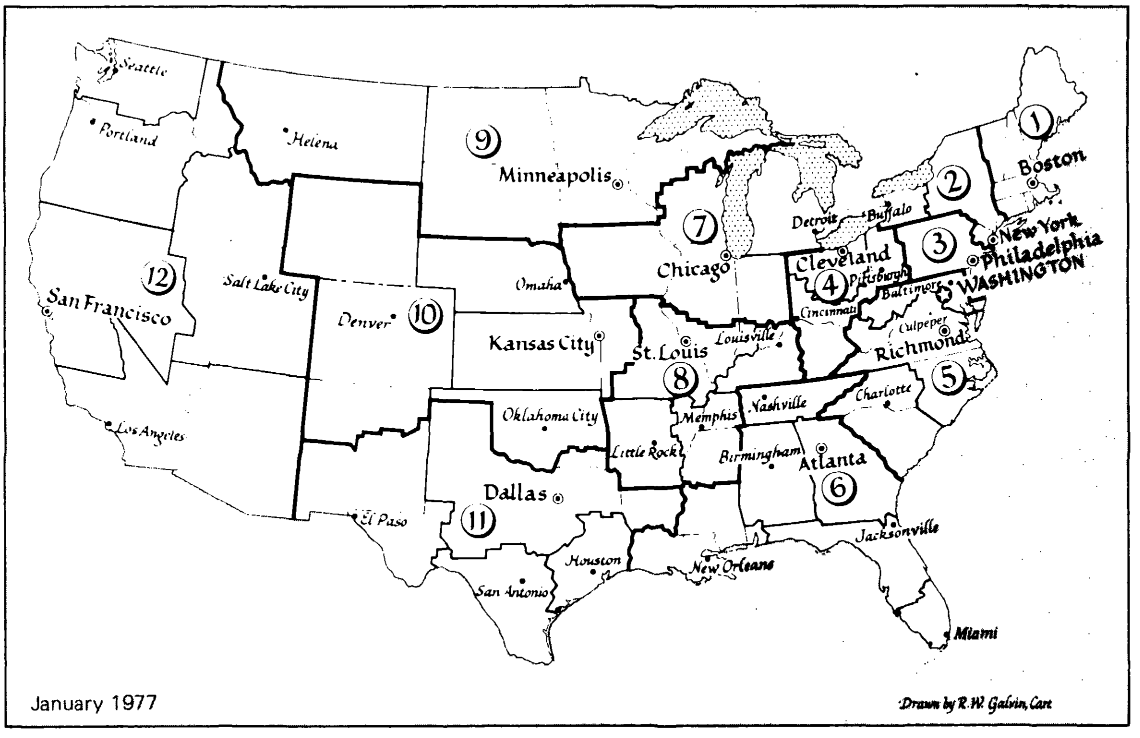
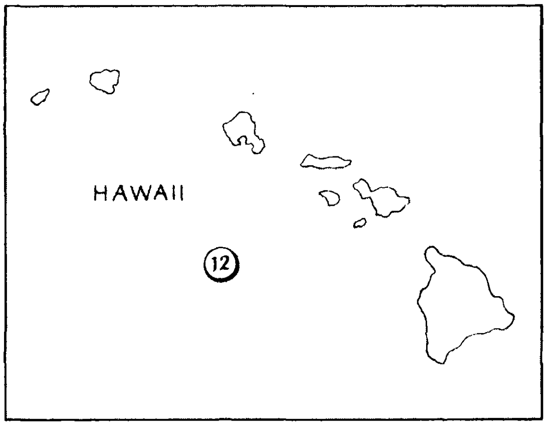
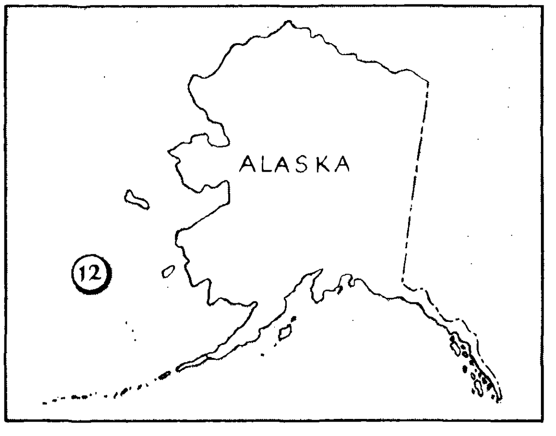
The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories







LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- ⊙ Federal Reserve Bank Cities
- • Federal Reserve Branch Cities
- · Federal Reserve Bank Facility