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BULLETIN

Federal Reserve and the Payments System
Cyclical and Secular Developments in the U.S. Steel Industry
Domestic Financial Developments in the Fourth Quarter of 1980

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Federal Reserve and the Payments System

Upgrading Electronic Capabilities for the 1980s

George W. Mitchell, former Vice Chairman, Board of Governors, and Raymond F. Hodgdon, Office of Staff Director for Federal Reserve Bank Activities, prepared this article.

The Federal Reserve System has embarked on a major new program to modernize its communications network. The upgrading is needed because the current system and its technology are 10 years old and are inadequate for the electronic communications requirements of the 1980s. The project, known as FRCS-80 (Federal Reserve Communications System for the Eighties), is one of the largest, most complex undertakings of its kind that the Federal Reserve System as a whole has ever attempted; the design may well serve as an example for others interested in computer-based communications.

Planning for FRCS-80 began in late 1975 on the assumption that access to Federal Reserve services would broaden during the 1980s and that the volume of electronic payments would increase; the new system was designed, therefore, to accommodate all types of depository institutions. This assumption has been validated by the recent Monetary Control Act (MCA) of 1980 (Public Law 96–221), the growing use of electronic technology in the delivery of banking services, and market forces generally.

The new system will be a general-purpose data communications network that will satisfy the Federal Reserve's internal communications requirement for providing services to the financial community, the Treasury, and other government agencies. It will be a communications system capable of handling the anticipated volume of electronic payments during the next decade. FRCS-80 will provide a standard method for transmitting electronic payments to all Federal Reserve locations and a standard nationwide approach for authorized financial institutions to access and use the network for electronic transfers both of funds and securities and of payments through automated clearinghouses (ACHs).

Thus, the functions of the existing separate communications networks will be consolidated into a single network providing better service at less cost.[1] Historically, as the need for new data communications applications emerged, the most frequent solution was the implementation of independent data communications systems tailored to a single application; the result was the current melange of communications networks. With FRCS-80, new communications requirements will be satisfied without the development of another network or the need for major design changes.

The expected benefits of the network are as follows:

1. Improve the reliability, efficiency, and availability of communications services to financial institutions.
2. Accommodate significant volume increases in the 1980s.
3. Reduce the total cost of System communications.
4. Provide a standard that will be recognized by the industry for connecting financial institutions to FRCS-80.
5. Offer increased security of data moving within the Federal Reserve System.
6. Facilitate check truncation or the conversion of checks into electronic debits by forwarding essential payment information needed for collection.

1. The current networks link more than 500 direct-access endpoints and include (1) a central "switch" in Culpeper, Virginia; (2) a leased communications service; and (3) 12 separate Federal Reserve intra-District systems. The FRCS-80 is intended to replace a number of these high-overhead facilities with one standardized system flexible enough to accomodate present and future needs.

7. Offer financial institutions greater overall flexibility through terminal resource sharing.

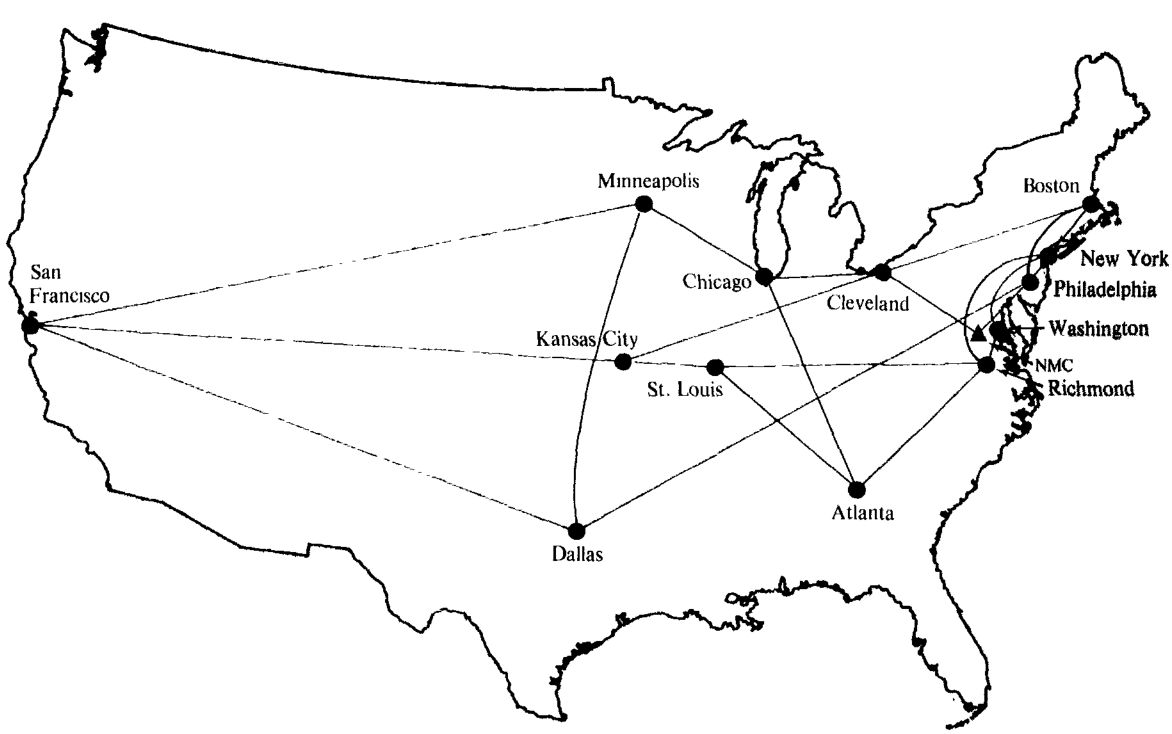
8. Minimize disruption from converting to the new network by using transition aids, which will allow current software to be compatible with the new network.

The new system employs proven state-of-the-art communications software and hardware configured to permit the Federal Reserve to take full advantage of dedicated and dial-up data transmission services. The conceptual design of FRCS-80 is that of a distributed "packet-switched" network "augmented" by circuit-switching facilities.

No single central switching site, such as the current switch in Culpeper, Virginia, will be required to coordinate the operation of the network. Rather than revolve around a computerized hub, as does the current Fed Wire, FRCS-80's computer power will be distributed initially among the 12 Federal Reserve Bank headquarters cities, the Treasury Department in Washington, and the Federal Reserve's operations center in Culpeper. Distributing communications in this manner is expected to improve the reliability of a system now being pressed to its limits with a volume of 175,000 funds transfers and other bank-to-bank messages on an average day.

Packet-switching describes the way in which messages are broken down into small sets of data, or packets, and then are combined with other message fragments in transit in order to maximize the efficiency of transmissions through the communications lines. The messages are reassembled into their original form at the receiving point. Augmented refers to the capability to acquire additional transmission capacity on demand. Augmentation is required to accommodate in a cost effective way the fluctuations that will occur in transmitting electronic payments.

1. FRCS-80 district office spine network



FRCS-80 will consist of 14 interconnected communications processors (nodes). In moving from one Federal Reserve Bank city to another, any FRCS-80 message will travel no more than two of the network nodes. Each of the computerized nodes reads the message's address and switches it in the proper direction. If any computer is not functioning, the message can be rerouted through other Federal Reserve cities without placing a major burden on the system's speed or message capacity.[2]

A possible deployment of nodes and circuits to support the projected 1980 traffic requirements is shown in chart 1. As traffic demands warrant, additional nodes can be located at Federal Reserve branch and regional check processing center offices.

In order to understand the role that FRCS-80 will play in the transfer of funds, the various payments activities of the Federal Reserve are examined for the likely impact of enhanced electronic capability on performance and efficiency.

FEDERAL RESERVE ROLE IN PAYMENTS

Among the several functions delegated to the Federal Reserve by the Congress are two that influence the nation's payments system—the clearing and settlement of transfers of funds among deposit accounts at financial institutions and the circulation of currency and coin. In 1979 the cost of performing these two functions accounted for well over half of the System's total expenditures of almost $800 million.

Federal Reserve payment services are decentralized among the Federal Reserve Banks, branches, and offices. In all, 48 offices serve directly or indirectly the currency, coin, and deposit transfer needs of 15,000 commercial banks and 28,000 thrift institutions.

In the Federal Reserve, as in many private and public enterprises, the technological changes in data handling, storage, and telecommunications that took place in the 1960s and 1970s have already had a significant effect on operations. For example, as check-sorting machines and electronic accounting displaced manually operated proof machines, productivity in check processing almost doubled—from a little over 800 items per hour in the late 1960s to nearly 1,600 in 1979. More significant productivity changes are likely to take place when income payments, bill remittances, intercorporate transfers, and in some measure payments at the point of sale are initiated and delivered electronically.

The Federal Reserve has long been among early users of new computer and telecommunication technologies. Technological innovation has helped the Federal Reserve to reduce the resource cost of its operations and to increase the certainty and security of its funds transfer activities. The first computers used for check processing were installed in the early 1960s. Its wire transfer network, dating back to 1918, was fully automated in the early seventies. In cooperation with the commercial banking system, in the early 1970s the Federal Reserve initiated in California the operation of an ACH for handling of electronic transfers in volume. By 1978, ACH service was available nationwide.

Prospectively, market and technological forces interacting with the MCA and, to a lesser extent, the Electronic Fund Transfer Act (title XX of Public Law 95–630) will alter the operating environment and infrastructure of the U.S. payments system. In consequence, the payment patterns of users and providers of payment services are likely to undergo marked transformation.

The MCA specifies that the Federal Reserve must begin to charge fees for its services and to make these services available to all depository institutions by September 1981. At present, full services are provided directly and without cost only to member banks—all national banks and those state-chartered banks that elect to become members of the Federal Reserve System. However, member correspondent banks afford non-

2. The network can expand to meet volume increases, as well as to have multiple connections with terminals and/or other communications systems, and can tap additional circuit capacity on demand during peak volume hours. Most important, FRCS-80 will reduce restrictions on how and where data will be processed in the Federal Reserve System, as each node is in direct contact with three others in the network. This feature would allow the Federal Reserve Bank of Chicago, for example, to receive and process communications for the Federal Reserve Bank of Cleveland if its computer were inoperative. The need to invoke this kind of backup will be determined by a network management center (NMC) to be located in the Culpeper facility. (The NMC also will be responsible for software testing and billing for the System's use.)

members access to the Federal Reserve, and checks drawn on nonmember banks are included in Federal Reserve courier deliveries of items presented for payment.

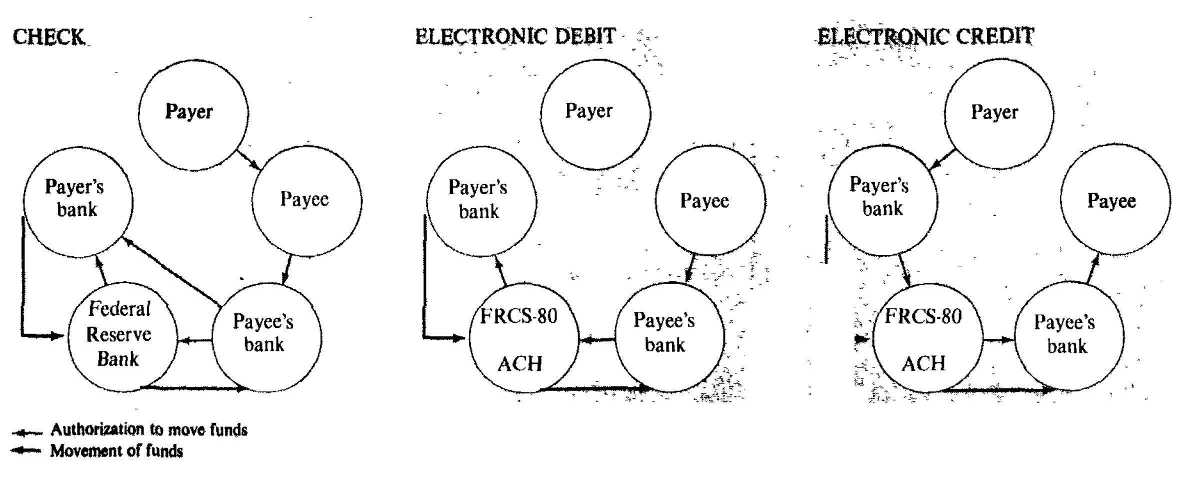
The new statute is also phasing out the longstanding policy of insulating depository institutions from the competition of market interest rates and of insulating banks from competition in providing payment services. As interest earnings are accrued on consumer transaction accounts and as explicit pricing of payment services to consumers becomes prevalent, providers of payment services will have a compelling incentive to search for more cost-effective methods of servicing deposit accounts. This incentive should lead to changes in the payment habits of consumers and businesses.

CHECK-CLEARING SERVICES

At present nearly all deposit transfers are made by check. The number of transfers executed in 1979 is estimated to total between 33 billion and 35 billion. In 1979 the total processed by the Federal Reserve was 15.1 billion checks with a value of $8.5 trillion. Most check payments involve significant delays before value is transferred because the instructions to transfer funds and the actual transfer of funds do not flow together. The clearing process involves the physical movement of checks to at least four different locations, excluding return to the check writer (chart 2): (1) The check is presented or mailed to the payee, who in turn (2) carries or mails it to his bank. (3) The payee's bank forwards the check to the bank on which it is drawn, either directly or through one or more clearing facilities. If the check is sent to a clearing facility, (4) the clearer must deliver it to the paying bank. Upon such delivery or "presentment," value is transferred from the payer's bank to the payee's bank, usually by debiting and crediting accounts maintained at Federal Reserve Banks or at correspondent commercial banks. Moreover, about 1 percent of the checks handled will probably have to repeat these movements in reverse because of some defect in the instrument or endorsement or because the check was written on a closed account or one with insufficient funds.

By a longstanding practice, when a check reaches a Federal Reserve office the amount will be credited to the account of the depositing bank on the day received, the following day, or at the latest, the day after—depending on the location of the bank on which the check is drawn. Availability is not conditional on the time the Federal Reserve receives the funds from the paying bank, and any processing or delivery delay gives rise to Federal Reserve float (credit extended by Federal Reserve Banks to paying banks). This schedule introduces an important element of certainty

2. Typical deposit transfers



1. Transaction costs and expedited availability[1]

Face value of checks (dollars)	Percent of	
	Check volume of 1,187 million items	Check value of $544 billion
0–65 (little or no advantage)	**63.3**	**2.9**
0–2	1.4	*
2–4	2.5	*
4–8	7.8	.1
8–16	16.3	.4
16–32	19.4	.9
32–65	15.9	1.5
65–8,000 (significant advantage)	**36.0**	**32.4**
65–130	12.8	2.4
130–250	10.7	3.9
250–500	6.4	4.6
500–1,000	3.0	4.4
1,000–2,000	1.5	4.5
2,000–4,000	1.0	5.5
4,000–8,000	.6	7.1
Over 8,000 (high priority)	**.7**	**64.8**
8,000–16,000	.3	8.0
16,000–32,000	.2	8.6
32,000–65,000	.1	9.0
Over 65,000	.1	39.2

1. Availability advantage based on an additional transaction cost for expedited clearing of 4 cents and an interest rate of 10 percent. Based on a survey of check volumes handled in June 1979 by Federal Reserve offices.

*Less than .05 percent.

in the clearing process that is valuable to banks and their customers. It does, however, involve an extension of Federal Reserve credit to the banking system, and tightly scheduled Federal Reserve clearing deadlines must be met to avoid excessive levels of float.

The accompanying distribution of check sizes (table 1) indicates how the Federal Reserve availability schedule may influence clearing practices. It is typically impossible to gain availability of more than two days, apart from weekends and holidays, by expediting presentment, and for the majority of checks the maximum improvement is one day. Assuming an interest rate of 10 percent and an additional cost of 4 cents to "out-sort" and separately deliver the large-value items, the table indicates that for nearly two-thirds of the items in a typical cash letter the cost of special handling would exceed the earnings from earlier availability. Checks with values ranging from $65 to $8,000 accounting for 36 percent of volume earn enough from earlier availability to warrant expedited processing. Items in excess of $8,000, depending on their frequency (only 0.7 percent of volume for the nation as a whole), have availability earnings that justify special couriers or electronic collection.

In the first three quarters of 1980, the Federal Reserve handled check, draft, and other payment orders directed to more than 40,000 deposi-

2. Check processing volumes at Federal Reserve offices, third quarter 1980

Office	Number of checks (millions)	Value of checks (billions of dollars)	Average value (dollars)
All offices	**3,896.9**	**1,985.8**	**510**
Chicago, Illinois	232.5	143.8	620
New York, New York	200.1	156.2	780
Minneapolis, Minnesota	188.4	62.4	330
Philadelphia, Pennsylvania	161.3	64.9	400
Boston, Massachusetts	157.3	79.2	500
Dallas, Texas	139.0	68.4	490
Denver, Colorado	138.7	48.8	350
Jacksonville, Florida	120.0	46.6	390
Los Angeles, California	119.7	77.4	650
Baltimore, Maryland	109.3	46.0	420
St. Louis, Missouri	103.7	48.9	470
Atlanta, Georgia	102.9	76.1	740
Kansas City, Missouri	100.4	40.5	400
San Francisco, California	100.1	38.7	390
Windsor Locks, Connecticut	99.7	38.8	390
Miami, Florida	98.7	52.5	530
Charlotte, North Carolina	96.7	82.7	860
Detroit, Michigan	96.1	59.3	620
Cranford, New Jersey	94.0	45.9	490
Cleveland, Ohio	87.8	41.2	470
Milwaukee, Wisconsin	81.6	33.9	420
Richmond, Virginia	77.3	33.8	440
Houston, Texas	74.5	46.5	620
Jericho, New York	73.6	28.0	380
Cincinnati, Ohio	71.0	31.7	450
New Orleans, Louisiana	70.7	33.0	470
Des Moines, Iowa	70.2	26.8	380
Pittsburgh, Pennsylvania	67.2	41.7	620
Utica, New York	64.7	53.8	830
Birmingham, Alabama	55.5	24.0	430
Seattle, Washington	51.9	36.3	700
Indianapolis, Indianna	49.6	23.9	480
Nashville, Tennessee	48.6	19.0	390
Omaha, Nebraska	48.1	18.2	380
Portland, Oregon	47.2	19.4	410
Oklahoma City, Oklahoma	46.2	27.6	600
Columbia, South Carolina	43.8	16.1	370
Buffalo, New York	35.7	23.1	650
Louisville, Kentucky	34.4	20.7	600
San Antonio, Texas	33.7	17.0	500
Salt Lake City, Utah	33.6	15.3	460
Columbus, Ohio	33.4	15.2	460
Little Rock, Arkansas	31.9	15.3	480
Memphis, Tennessee	30.9	14.5	470
Charleston, West Virginia	27.8	8.5	310
Lewiston, Maine	22.8	6.3	280
Helena, Montana	13.9	8.9	640
El Paso, Texas	10.9	9.0	830

SOURCE. "1980 PACS Expense Report, Third Quarter" (Board of Governors of the Federal Reserve System, Division of Federal Reserve Bank Operations, Planning and Control System Sections processed).

tory institutions at the annual rate of 61.7 million items per banking day (table 2). Accommodating all of the permutations of any two of these institutions involves a maze of great size and, for paper processing and transport, of great complexity. Two-thirds of Federal Reserve offices handle a million or more checks per banking day. The greater part of the check sorting to convert incoming to outgoing items and to maintain the necessary financial controls for funds transfers running to hundreds of millions of dollars takes place between midnight and 6 a.m. Defects in check instruments and adjustments for errors inherent in handling cash letters on a tight time schedule required the expenditure of nearly $30 million in 1979.

ELECTRONIC CLEARING SERVICES

Existing Federal Reserve facilities for electronic deposit transfers are the Fed Wire and ACHs. Fed Wire is used primarily for large-dollar transfers between financial institutions. In 1979 volume was only 35.1 million transactions, but the value transferred was $64.2 trillion (almost eight times the value transferred by check on only 2 percent of the volume). These payments can be originated by telephone, on paper, or through terminals or computers. The service is nationwide and secure; value is transferred on reserve accounts at the time the information is sent.

The ACH network is a nationwide electronic clearing and settlement mechanism that offers automated credit and debit transfer services to all financial institutions. This network is composed of 38 regional ACHs that have been organized by the members of the ACH association in the region. The members of ACH associations are depository institutions that have agreed to abide by the rules and procedures for the initiation and delivery of electronic payments. The members include 10,500 commercial banks and 2,700 thrift institutions; all receive payments but only about 500 initiate payments for business and government customers. At present, the Federal Reserve operates 37 of these ACH clearing and settlement facilities. The financial institutions in New York operate their own ACH, but use Federal Reserve delivery and settlement facilities. In the third quarter of 1980, the Federal Reserve processed debit-and-credit transfers at its ACH facilities at an annual rate of 233 million.

In contrast to deposit transfers authorized by check or draft, those made by electronic credit and, to a large degree, electronic debit are much simpler, more direct, and more certain (chart 2). Credits are initiated by instructions from a payer to his bank to credit the account of the payee at his bank on a specific date. Such instructions go to automated clearinghouses for delivery to the receiving bank; in an automated environment the instructions are initiated and received by computers and terminals. Payrolls, social security, and other high-volume, repetitive credit transfers are well suited to this technology. Debit transfers initiated by payees as a result of prior arrangement with payers are becoming common. They are well suited to any periodic bill-paying transaction and especially those involving repetitive amounts such as monthly insurance premiums.

Because many commercial banks and other depository institutions do not have the equipment to receive electronic payment messages from ACHs, electronic transfer is not fully cost effective. In such cases, conversion into paper is required. As more institutions install terminal equipment and begin to use magnetic tape, this limitation will become less important.

COMPETITION AND COORDINATION IN PAYMENT INFRASTRUCTURE

Payment systems necessarily involve some measure of coordination and competition among banks and between the central bank and the banking system. Coordination in the infrastructure is needed to insure the integrity and quality of a payments service among a large number of depository institutions. Competition in providing payments services centers primarily on the quality and price of services offered to the customers of depository institutions. The area of competition tends to be complementary to the area of coordination, but there are overlaps associated with clearing and settlement services.

Since the Federal Reserve has no deposit accounts other than those of the federal government, commercial banks, other depository institutions, and foreign central banks, its role is confined to clearing and settlement of transfers between these entities. All transfers between accounts at any depository institution are cleared and settled within that institution; the Federal Reserve clearing offices do not knowingly handle such transactions. Banks in the same community commonly exchange checks drawn on each other and so no clearing facilities, and often no settlement facilities, need be provided by the Federal Reserve. All other deposit transfers are cleared by the Federal Reserve or correspondent banks; often, nonbank processors are involved.

Although the Federal Reserve has offices in 48 locations, a bank often finds it more convenient to use correspondent clearing services. Correspondents are most active in servicing local or regional institutions, but their clearing activities may also be nationwide.

Cost, convenience, and the availability of funds are elements in the competition in clearing and settlement functions. Competitive alternatives exist at the stage at which checks are being prepared for clearing. The Federal Reserve sets standards and conditions for the acceptance of items it will clear. If such requirements are not met, items must be cleared outside the Federal Reserve or "qualified" by a bank or nonbank processor before being accepted for clearing at a Federal Reserve office.

The Federal Reserve determines the form and time for presenting items to paying banks. If it combines checks drawn on the several banks whose processing is done by a correspondent, holding company, or nonbank, those processors must fine-sort the items by bank on which drawn. If the Federal Reserve fine-sorts to the bank level or even some intrabank locations, it enlarges its competitive service and enhances its competitive posture.

At present banks and check processors using Federal Reserve clearing facilities make their own arrangements for delivery of items to Federal Reserve offices in light of deadlines and funds availability. According to a recent survey, some 4,200 cash letters are sent daily to the Federal Reserve. The Federal Reserve makes deliveries of checks to 8,300 paying banks or their processors. Most of these deliveries are by courier.

The funds availability schedules of the Federal Reserve are also competitive. Although the schedules used by the Federal Reserve in 1980 have not changed since 1951, the installation of improved processing equipment in recent years has made it possible to move forward deadlines for delivery of items to the Federal Reserve in order to achieve some given funds availability. The practical result has been to reduce fractionally the deferrals in the regular schedule.

In fixing deadlines and the availability schedules, the Federal Reserve was attempting to add certainty to funds transfer and to make settlement as expeditious as possible. To achieve these ends, the time required for collection has been based on typical processing and delivery experience, but contingencies such as equipment failures and uncommon transportation delays have deferred some collections. As a result Federal Reserve float has been a regular, though highly variable, characteristic of the clearing operation. Float has value proportional to the level of interest rates and the size of the checks being cleared. The Monetary Control Act of 1980 requires the Federal Reserve to treat float as a service and to charge for it.

At recent levels of interest rates it has become increasingly profitable for banks whose customers deposit checks for large amounts to speed availability of funds by arranging for special courier service to paying banks. As the Federal Reserve now accords the same processing and availability treatment to all items regardless of size, many banks provide special handling for large-value items. The flexibility of FRCS-80 will also permit more efficient processing: "low-value" items can be accommodated in off-peak hours so that "high-value" items can realize for depositors the earning potential associated with earlier availability.

★ ★ ★

In summary, the upgrading of the Federal Reserve's electronic payment capabilities for the 1980s will directly enhance the efficiency of the nation's payment system. FRCS-80 will indirectly influence the choice of users primarily because it can augment the number of payment options and upgrade the certainty, promptness, and integrity of payment transactions. The observable cost reduction in clearing among these options may be small but the indirect savings large. For example, the ability to credit wages and salaries electronically to employee deposit accounts yields major savings in transaction costs for the employer, and depository institutions need not provide tellers, machines, or processing capability for payroll checks. The ability of merchants, utilities, and other vendors to receive consumer payments electronically involves transaction savings, but greater incentives for change come from savings in accounting, billing, and record-keeping before and after payment.

Thus, although FRCS-80 can have important economies for the Federal Reserve, its broader influence should be one of making generally available more efficient payment alternatives. Whereas in the past payers had a major role in deciding how a payment would be made—whether by cash, by check, or by electronic credit or debit—now payees are likely to have more influence on that choice. Collection of checks can be accelerated by using electronic clearing, imposing penalties on late transfers of availability, or providing discounts for early payment. Thus, the emergence of new electronic payment capability with comparative advantages to payers and payees differentiated by price has significant implications for the entire payments system. □

Cyclical and Secular Developments in the U.S. Steel Industry

Richard D. Raddock of the Board's Business Conditions Section, Division of Research and Statistics, prepared this article.

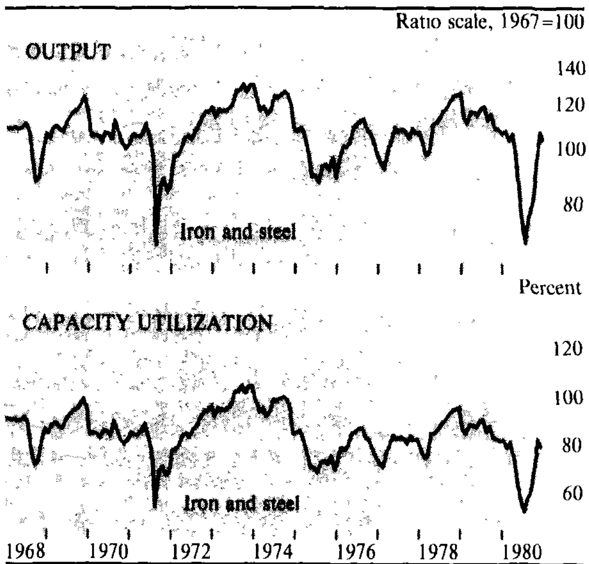
Production by the U.S. steel industry plummeted during the sharp contraction in overall economic activity in the first half of 1980. Output declined more rapidly than employment, and unit labor costs increased markedly. Sales, as well as profits, also dropped sharply. Iron and steel production, which had peaked in late 1978, had already fallen substantially during 1979 while total industrial production changed little. The additional 36 percent drop in iron and steel output from January through July of 1980 accounted for about one-eighth of the total decline in the output of the nation's manufacturing, mining, and utility industries during that period. However, steelmaking made a vigorous recovery in the four months that followed the July trough in industrial production. By November, steel output equaled the level at the beginning of the year, but eased at year's end to a level substantially below its peak in 1978 (chart 1).

The decline in 1980 was associated with disparate developments among steel-using industries. On the one hand, the output of automobiles, appliances, and construction supplies, all heavy users of steel, fell sharply. These cutbacks reflected the drop in sales and the need to reduce excessive stocks. On the other hand, some factors tended to damp the decline in steel output. Because oil drilling and output of defense equipment and of office and computing equipment remained strong throughout the recession, they continued to consume a substantial amount of steel. At the same time, imports of steel were cut back, thereby lessening some of the impact of reduced demand on the domestic steel industry. Steel inventories also were liquidated during the spring and summer of 1980, when the domestic production of iron and steel fell much more sharply than the use of steel.

In August 1980, a key producer announced that it was restarting some furnaces; its inventories of semifinished steel were so low that more output was required in order to continue operations at certain finishing mills. A rebound in the production of consumer durable goods spurred sharp increases in orders, and production of steel picked up in the fall of 1980. Just as the earlier shift from accumulation to liquidation of inventories had sped up the decline in output, the ending of the liquidation accentuated the rebound.

The recovery in steel production, however, has not been complete. In December 1980, iron and steel output was 16 percent below its most recent peak of late 1978, a level that was 3 percent below the high in 1973 and only slightly

1. Output and capacity utilization



Federal Reserve series; seasonally adjusted.

above the high in 1969. In fact, at the end of 1980, the output index of the iron and steel industry was lower than in 1969, whereas total industrial production was more than a third higher.

Steel output in the United States had grown relatively slowly even before the peaks in 1969 and 1973. From 1955 to 1973, it grew at an average annual rate of 1.3 percent, compared with a rise of 4.5 percent per year for total industrial production. Indeed, the rate of growth of steel output was much slower than that of steel production abroad. In the mid-1950s, the United States produced more steel than Germany, Japan, and the Soviet Union combined. Less than 30 years later in 1980, U.S. steel output was less than half the production in these three countries together and significantly less than in the Soviet Union alone. Between 1956 and 1974—the year in which the rapid worldwide expansion in steel output peaked—production of raw steel rose tenfold in Japan, tripled in the Soviet Union, and doubled in the European Economic Community (EEC); *it rose less than one-third in the United* States. The rapid rise in steel output abroad plus the worldwide slowdown in economic growth since 1974 has led to excess capacity and intense competition in international steel markets—factors that have adversely affected the U.S. steel industry.

The slow growth in domestic steel output and capacity has been related to the use of increasingly older coke ovens, furnaces, and mills and a relatively poor productivity performance. The costs of pollution abatement and safety regulations and the relatively rapid increases in prices paid by the industry for labor, raw materials, and energy have also contributed to the sharpness of the increases in steel costs and prices. Many domestic users have turned to lower-priced imported steel and/or switched from steel to plastics and other alternative materials. Although major integrated steel producers still account for the bulk of steel shipped by the domestic industry, "minimills," which use electric furnaces and continuous casting to recycle scrap metal into steel mill products, have increased their market share.[1]

DIMENSIONS OF THE DECLINE AND RECOVERY

During the year after its peak in December 1978, the production of iron and steel declined 15 percent. Then from February to May of 1980 new orders for iron and steel fell more than 40 percent; reflecting this weakness, many plants —particularly older ones—were closed, and output plummeted during the spring and early summer to the lowest level since 1971. This 19-month drop of nearly 50 percent brought the operating rate for iron and steel producers down from a high of almost 95 percent of capacity to a low of 51.6 percent. In magnitude, it ranks with the severe cyclical declines in iron and steel production that began in 1957 and 1969 (table 1).

1. Major declines in iron and steel production[1]

Period	Indexes, 1967 = 100		Decline (percent)
	High	Low	
July 1953–April 1954	99.9	64.3	35.6
August 1957–April 1958	95.3	51.7	45.8
November 1969–August 1971	123.0	67.5	45.1
September 1973–July 1975	129.8	87.0	33.0
December 1978–July 1980	125.3	68.1	45.7

1. Based on the iron and steel component of the Federal Reserve index of industrial production, seasonally adjusted.

Associated with, but lagging somewhat behind, the cutbacks in production were massive layoffs of workers. From June 1979 to August 1980, 170,000 workers lost their jobs in the iron and steel industries as employment dropped 21 percent to 660,000, the lowest level excluding strike periods since 1939 (table 2).

Each successive employment peak in the iron and steel industry since 1953 has fallen short of the one before, although production continued to trend up until 1973. Output per employee (productivity) in the iron and steel industry rose at a 2 percent annual rate from the mid-1950s until 1973. But from 1973 to 1978 productivity rose only slightly—in part because the 1978 output peak remained below the 1973 peak. In the

1. Compared with recycling by minimills, the traditional integrated production of steel involves more extensive processing activities that typically include the conversion of coal to coke in coke ovens; the production of iron from iron ore, coke, and other materials in a blast furnace; the conversion of iron into steel in an open hearth or oxygen furnace; and the formation of products in a rolling mill. The total process is relatively energy- and capital-intensive.

2. Major declines in iron and steel employment[1]

Period	Number of employees (thousands) High	Low	Decline	Decline (percent)
June 1953–October 1954	990.9	833.6	157.3	15.9
February 1957–May 1958	986.4	756.9	229.5	23.3
June 1968–October 1971	902.8	732.1	170.7	18.9
June 1974–November 1975	868.4	742.2	126.2	14.5
June 1979–August 1980	833.4	662.3	171.1	20.5

1. Based on U.S. Department of Labor, Bureau of Labor Statistics, data for total employment in blast furnaces, basic steel production, and iron and steel foundries, seasonally adjusted.

recent curtailment, as is typical in periods of recession, output dropped more sharply than employment—in fact, the decline was twice as much in percentage terms as the decline in employment, while output per employee fell about one-third.

With the sharp decline in the output of steel in the spring and summer of 1980, profits nose-dived. Income before taxes of corporations whose major products are iron and steel declined from $1 billion in the first quarter of the year to $100 million in the third quarter. Steel companies were forced to cut back spending for plant and equipment.

The cash-flow problem was exacerbated by increases in wage rates. Average hourly earnings of production workers in blast furnaces and steel mills rose at an annual rate of 11 percent during the recession. In contrast, according to the Bureau of Labor Statistics, producer prices for steel mill products rose at a rate of only 5 percent during this period, as officially reported prices eased somewhat at the end of the period. Moreover, trade reports indicate that even the price increases reported by the Bureau of Labor Statistics were not realized in the marketplace because competitive discounting from list prices was substantial during the summer.

Following the July low in output, a swift rebound ensued. By October, the level of new orders was twice as high as in May. The recovery in steel production followed the runup in new orders, but it was less exuberant. From July to November 1980, the level of production rebounded nearly 60 percent to equal the level in January. By November, the utilization rate for iron and steel had risen about 30 percentage points to around 81 percent.

The jump in output far exceeded the 5 percent increase in employment, and total employee productivity rebounded sharply. A large gain in productivity is a phenomenon that is typical of a cyclical recovery because hours worked usually are not increased so much as output in the recovery. But the productivity gain also is related to the continued mothballing of some of the less-efficient plants.

Sources of Decline in 1979–80

The sharp drop and the subsequent sharp rise in steel output in 1979 and 1980 stemmed largely from changes in demand for motor vehicles and for new construction and were greatly intensified by the excessive accumulation and subsequent liquidation of inventories.

During 1978, steel production had risen rapidly and by December was about 17 percent above a year earlier. With this increase, steel output exceeded the apparent use of steel, and inventories were built up; part of this accumulation evidently was intended as a hedge against anticipated price increases and increasing backlogs of orders. Partly because of the excessive inventories, production of basic iron and steel fell more than 10 percent in the first two months of 1979, while that of steel mill products declined about 18 percent. By March 1979, total inventories of steel mill shapes and forms had been reduced noticeably.

Steel output then increased in March, but a strike and a lockout in the trucking industry in April resulted in declines in iron and steel output and in total industrial production. After activity in the trucking industry was resumed, production in most industries recovered in 1979 before contracting in 1980. Steel output, in contrast, failed to regain its late 1978 highs and weakened substantially in the second half of 1979. The main reason for this weakness was that output of motor vehicles and of construction supplies declined further in the second half of 1979 and even at the end of 1980 were still far below their levels in March 1979. These two lagging markets accounted for nearly one-third of the use of steel mill products in March 1979, and directly and indirectly accounted for a larger share of the ensuing 45 percent decline in output of steel mill products.

Steel for Consumer Durable Goods[2]

In early 1979, approximately one-fifth of the output of domestic steel mills was shipped to producers of motor vehicles and appliances. Sales of new, North American-produced cars trended down during 1979, and in response to this development, production of motor vehicles and parts was cut back substantially. By December 1979, motor vehicle output was one-fourth below its level a year earlier. This sharp decline was a major factor in slowing the growth of total industrial output in 1979 and accounted for more than half of the 37 percent fall in the output of steel for consumer durable goods during 1979. That year, demand for less fuel-efficient cars contracted sharply, largely because of reduced availability of gasoline in the spring, concerns about future fuel shortages, and extraordinary price increases for petroleum products. U.S. automobile producers were only partly prepared for the shift in demand to smaller cars, and domestic production fell far more than total sales as imports of small, fuel-efficient cars increased significantly.

Despite the marked curtailment in the production of cars and trucks in the second half of 1979, stocks of large cars and light-duty trucks were still excessive relative to sales at the end of the year, and the reduction in stocks continued into early 1980. The need to reduce dealers' stocks also was stimulated by the rapid acceleration in inflation; and high interest rates made it more costly for dealers to finance inventories and for buyers to finance purchases. Sales of new U.S.-produced cars did pick up in late 1979 and early 1980 with the introduction of the new models, but then, reflecting other developments in the economy, they declined sharply further. Consequently, production of motor vehicles was cut a further 25 percent by mid-1980.

Sales of other steel-using consumer durable goods also declined in real terms in 1980. From the end of 1979 to mid-1980 the output of appliances, television sets, and air conditioners was reduced nearly a fourth. Production of steel for consumer durable goods fell more than 50 percent during the 1980 decline. The overall cyclical reduction in consumer steel from its 1978 peak was roughly 70 percent, compared with declines of 40 percent for motor vehicles and parts and 25 percent for appliances, TVs, and air conditioners (chart 2). The exceptionally large decline in consumer steel was due in part to a shift from inventory accumulation to liquidation, which greatly intensified the weakness from the sagging sales of motor vehicles and appliances.

Construction Steel

Steel sold directly to the construction industry typically accounts for about one-eighth of shipments of steel mill products. The market for construction steel can be approximated by total new public and private construction put-in-place, excluding that for new single-family houses and additions and alterations. Such construction activity contracted briefly in the first quarter of 1979 and then rose in late 1979.

Toward the end of the year, interest rates rose rapidly, and adverse conditions of financing contributed to the weakness in construction in 1980. The constant-dollar value of new, steel-using construction peaked in January 1980 and apparently reached a low in August after a fall of 18 percent—two-thirds as much as in the 1973–75 decline. Output of construction steel plummeted 50 percent from January to July 1980, far greater than the drop in overall construction and greater than the decline in construction steel in the 1974–75 period (chart 2).

Equipment Steel

An interesting aspect of the latest recession has been the short and relatively mild decline in production of equipment, which consumes about a third of the steel mill output. From a March 1980 cyclical peak to a June trough, output of equipment edged down only 2.7 percent, one-third as much as the drop in total industrial production from January to July. Over the recent

2. The five steel mill product components of the industrial production index are based on industry data on shipments from iron and steel producers to user industries. The five components are consumer durable steel, construction steel, equipment steel, can and closure steel, and miscellaneous steel.

period, demand for defense equipment has continued strong, and production of business equipment has been unusually resilient in the face of widespread contractions in output, sales, and profits.[3]

In recessions before 1973, output of business equipment tended to decline more than total industrial production. But since the energy crisis of 1973, this has not been true. In the 1974–75 period, production of business equipment declined about as much as total industrial production, and in 1980 less than half as much. The rapid growth in drilling for oil and gas and the major retooling in the auto industry to increase car fuel efficiency have been significant in sustaining the demand for capital goods in recent years. In addition, output of office and computing machines and commercial and military aircraft have been only mildly affected by this recession.

Even though the demand for equipment remained quite strong, output of steel used to produce equipment had declined about 40 percent by July 1980 from the range maintained for most of the period from late 1978 to March 1980 (chart 2). This decline in output of equipment steel was larger than the reduction in 1974–75, but it was somewhat less than in the three preceding recessions. In those earlier recessions, total production of equipment fell an average of 17 percent, considerably more than the 2.7 percent in 1980.

3. The business equipment market grouping of industrial production series includes oil and gas well drilling; it does not include automobiles used by businesses.

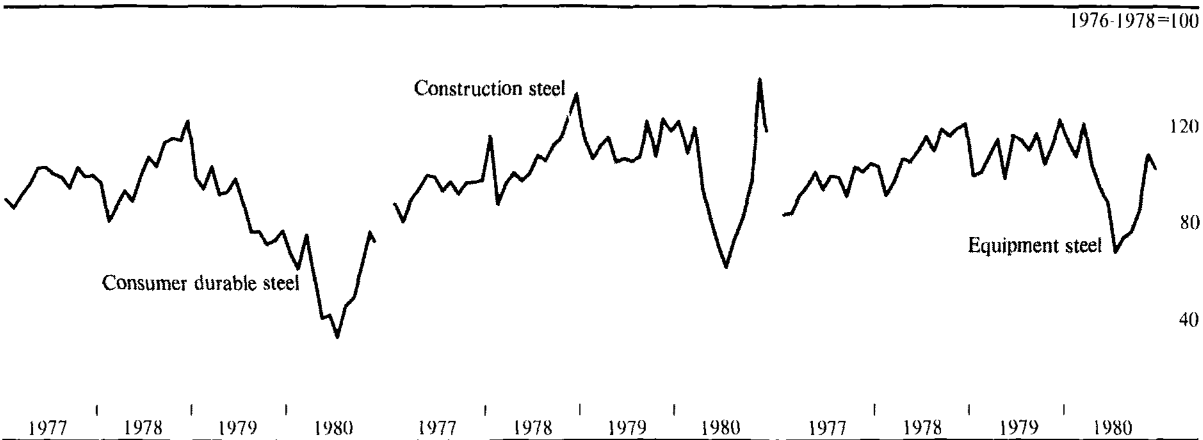
Production of most of the remaining one-third or more of steel mill products fell more than 40 percent from its 1978 peak to the 1980 trough. Output of iron and steel foundries—producers of castings used for pipe, railroad wheels, furnaces, and motor vehicles—also fell by a similarly large amount.

Imports and Exports of Steel

In the 1980 recession, U.S. production of iron and steel declined far more than can be accounted for by curtailment in the apparent domestic consumption of steel; this difference can reflect increases in imports, declines in exports of steel, or liquidation of inventories.

Imported steel, however, increased its market share only slightly during the recession, and this increase reflected the sharp drop in domestic production rather than a rise in imports. After having risen sharply in the 1960s, imports peaked in late 1977 and early 1978. Since then, the annual volume of imports has declined. In fact, the level of imports has fallen in recent months below the average for the seventies (chart 3). Nevertheless, imports still supply one-sixth to

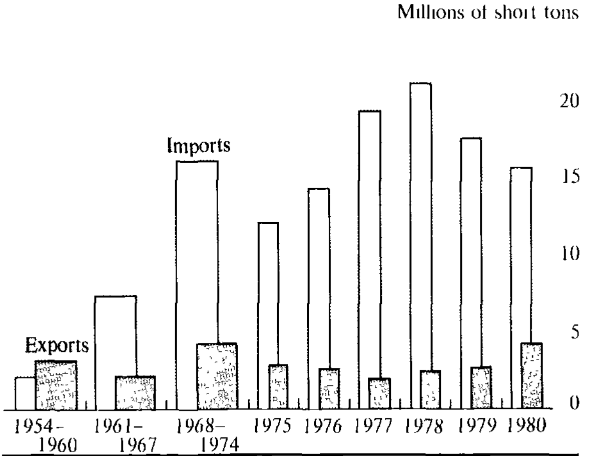
2. Output of consumer durables, construction put-in-place, and equipment compared with related types of steel



"Special consumer durable goods" includes motor vehicles and parts, appliances, TVs, and air conditioners, and cutlery. "Construction-put-in-place" in 1972 prices is for total private plus public less single-family houses and additions and alterations. "Equipment" is the gross value of products of total equipment less business vehicles and truck trailers.

SOURCE: Federal Reserve index of industrial production except for construction-put-in-place, which is from the Bureau of Census.

3. Imports and exports of steel mill products



Annual averages for seven-year periods or annual data.
SOURCE. Department of Commerce, *Survey of Current Business*

one-fifth of domestic consumption—a share that is larger than in other major industrial countries.

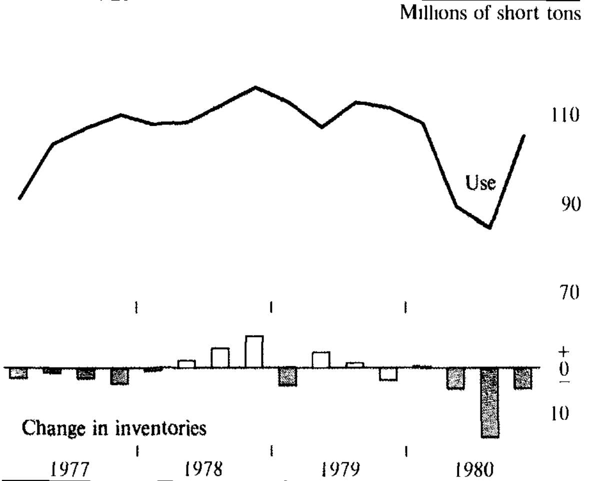
Imported steel mill products have dropped largely due to (1) higher prices since 1978 when the trigger price mechanism (TPM) was introduced and (2) weaker demand and price discounting in the United States during the period of decline in 1980. Informal attempts were also made to have foreign sources limit or reduce their exports to the United States. The TPM raises the price of imported steel to a minimum price based on the production cost in the low-cost country, Japan. Although the TPM was lifted for several months during 1980 because of an antidumping suit brought by a major producer, the TPM was reinstituted in October and has contributed to significant increases in import prices since then.

While imports have fallen since 1978, exports of steel mill products have increased from very low levels. On balance, net imports have had a rather noticeable decline, which together with the sharp cutbacks in domestic production reduced the new supply of steel dramatically relative to use.

Supply, Use, and Inventory Change

The new domestic supply of steel mill products equals production plus net imports. The new supply exceeded estimated use in late 1978, fluctuated around use during 1979, and fell below use in the spring and summer of 1980 (chart 4). Between the second half of 1978 and the 1980 trough, the overall decline in new supply was about 50 percent, compared with a decrease in use of about 34 percent.

4. Steel mill products



Federal Reserve estimates, seasonally adjusted annual rates, based on American Iron and Steel Institute and Department of Commerce data. Fourth quarter preliminary.

The change in inventory is equal to the new supply less use. Consequently, in the second half of 1978, inventories of steel mill shapes and forms held by producers, users (manufacturers only), and service centers rose 3.4 million tons to 36.6 million tons. After fluctuating moderately in 1979 and early 1980, steel stocks fell 6.2 million tons from April 1980 to a low of 29.8 million tons in October (chart 4).[4] This liquidation of stocks intensified the decline in steel output and employment in the recent recession, as similar swings have done in the past.

Largely because of such swings between accumulation and liquidation of stocks, production of industrial materials—iron and steel, textiles, chemicals, and nonferrous metals—has historically fluctuated more than use. The inventory-

4. Assuming a \$530 average price per ton in 1980 (\$243 in 1972), the drop of 6.8 million tons from the end of 1978 to October 1980 is worth about \$3.6 billion in 1980 prices or \$1.7 billion in 1972 prices. The bulk of the decline occurred in about five months in 1980 and converts to an annual rate of inventory liquidation of \$7.5 billion in 1980 prices or \$3.4 billion in 1972 prices.

related rebound in the output of such materials helps explain the sharp rebound in industrial production and employment during the final quarter of 1980.

The cessation of liquidation and the beginning of accumulation have particularly accelerated the rebound in production of iron and steel. In the four months from March to July 1980, the production index for iron and steel plunged from 106 to 68 (1967 = 100); in the next four months, it rose to about 107, thereby surpassing the March level.

Only a part of this rebound can be explained by the increase in final use of steel. Just as the earlier decline in industrial use of steel was smaller than the contraction in supply, the recovery in use in the latter part of 1980 was smaller also—37 percent compared with the 73 percent increase in supply (chart 4). There is some evidence, however, that even this increase in apparent use is an overestimate. Among major users, motor vehicle production has recovered about one-third of its overall cyclical decline, construction (excluding single-family houses and additions and alterations) has recovered little, and equipment production has increased about 2 percent after a slight decline (chart 2).

In contrast, the inventory liquidation that had been so severe in the summer and fall evidently ended in November 1980 when the new supply of steel mill products had increased to as much as, or more than, the amount of steel being used. Then, in December, production of iron and steel eased, apparently reflecting this development as well as declines in new orders for steel in November. Weekly raw steel production, not seasonally adjusted, changed little in the first weeks of 1981 at a time of year when output normally increases. Production of iron and steel still was about one-sixth below its high in 1978.

Secular Stagnation and Competition

From 1967 until the end of 1980, U.S. production of iron and steel increased on average less than 1 percent a year. By year-end 1980, it was nearly a fifth below the high in 1973–74 when worldwide demand for steel was exceptionally strong. Productive capacity in the industry, which also has grown very slowly—about 1 percent per year since 1967, has not been an important constraint on output since 1974. The slow growth of U.S. output and capacity reflects the erosion of the share of steel in the production of industrial materials. The use of iron and steel has been reduced by weakness in areas such as highway construction and by technological changes, including downsizing of cars, miniaturization of electronic equipment, and the substitution of plastics and aluminum for steel.

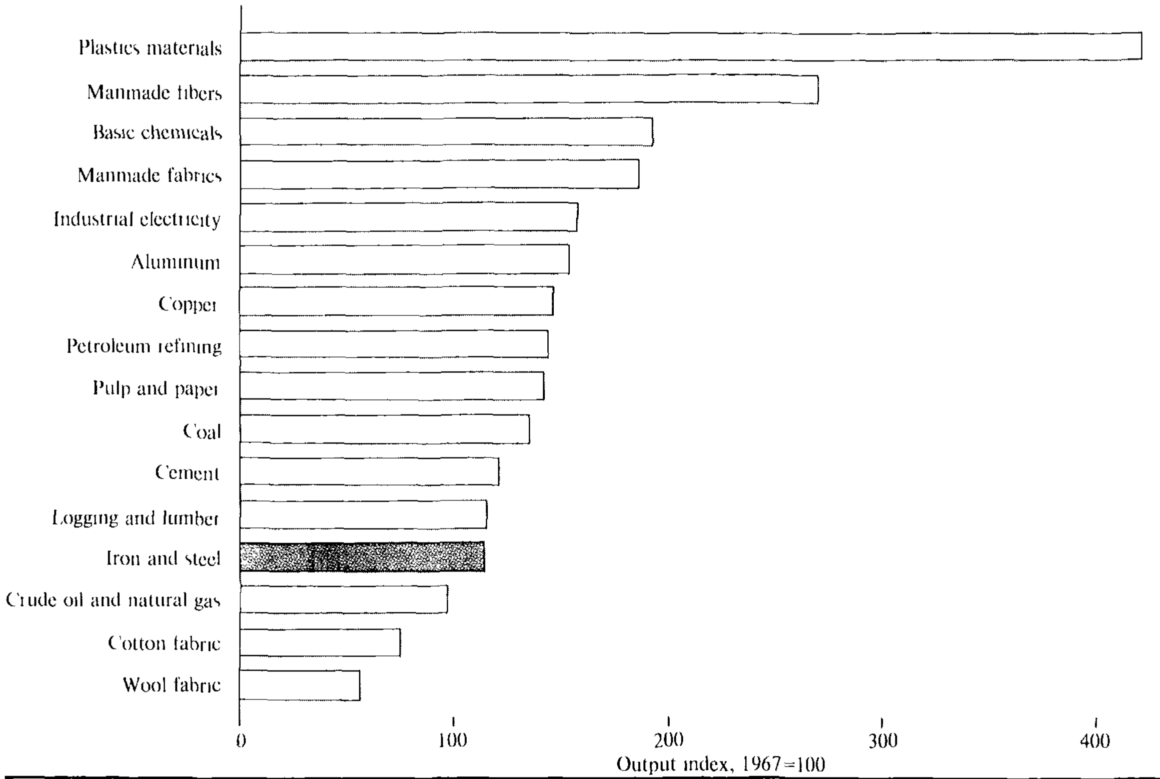
If the share of iron and steel used in production of durable goods had remained unchanged from the 1971 technological relationships, the consumption of steel would have risen 40 percent from the cyclical peak in 1969 to that in 1979.[5] Actually, steel supply grew only about 15 percent. Thus, in the 1970s changes in technology have reduced the use of steel about 2 to 3 percent per year. By 1980, this hypothetical reduction amounted to an estimated 30 million tons of steel mill products per year.

Output of steel has grown more slowly than that of industrial materials in the aggregate (chart 5). Between 1967 and 1979, iron and steel production rose 13 percent, about one-fourth as much as the increase in output of all industrial materials or of total industrial production. Over the same period, the combined output of plastics and durable materials other than iron and steel increased 75 percent (chart 5). Output of plastics materials, which have replaced steel and wood in many applications, quadrupled over the same period.

Rising imports of steel mill products and declining exports also have slowed the growth of output of the U.S. steel industry. But in terms of lost domestic sales, this slowing was more of a problem in the sixties than in the seventies. In 1950, before the reconstruction of industrial facilities destroyed in World War II, the U.S. steel industry produced almost half of the world's steel. Over the next quarter-century, this share dropped to one-sixth, as steel industries around

5. The use of iron and steel in constant dollars based on 1971 technological relationships is estimated roughly by combining production indexes for major steel-consuming industries with weights based on the technical coefficients from the 1971 input–output table published by the Department of Commerce.

5. Output of materials, fuel, and power in 1979



the world were built up. Until 1959, the United States was a net exporter of steel. In the late 1950s and the 1960s, however, the world export price of steel fell substantially below the U.S. price, and imports increased so much that by 1971 they were about one-sixth of the apparent U.S. consumption of steel. During this period exports of steel declined. Then, until 1977–78 a variety of factors—a worldwide steel shortage with foreign prices higher than controlled U.S. steel prices, the energy crisis, and a sharp recession—kept imports below the 1971 level. The trigger price mechanism and weak demand caused imports to decline in 1979–80 to a level not much different from that in 1971–72.

U.S. producers began to lose their comparative advantage in marketing steel in the late 1950s when ocean transportation costs and world iron ore prices began to decline. Major new iron ore mines were developed in Australia, Brazil, and elsewhere. "By the 1960s virtually any country with a deep water port could obtain its basic raw materials at costs competitive with the United States or Western Europe."[6] Meanwhile, costs of materials to U.S. steel producers have continued to rise, in part because of a reliance on domestic sources of raw materials which, in the case of the Mesabi iron ore mines, were depleted of their most easily accessible, high-quality ores.[7] The cost advantage in producing iron and steel has shifted from the United States, and even more from Western Europe to Japan and developing countries that have much lower labor costs. The average production cost advantage held by Japan over the United States in late 1980 was roughly $50 per net ton,[8] in part because

6. Robert W. Crandall, "The Economics of the Current Steel Crisis in OECD Member Countries," *Steel in the 80s*, Paris Symposium, February 1980, p. 140.

7. The iron ore deposits located in the U.S. Lake Superior district supply four-fifths of the iron ore mined in the United States. Three-fourths of the ore mined in the Lake Superior district comes from the Mesabi range (Minnesota). Roughly three-eighths of the iron consumed in producing iron in the United States is imported. Most of the imports come from Canada and to a lesser extent from Venezuela and Brazil.

8. Peter Marcus, *World Steel Dynamics*, Paine, Webber, Mitchell, Hutchins, Inc.

many of the existing plants in the United States and Europe are older, smaller, and less efficient than the new ones in other countries.

Labor costs in the U.S. steel industry are high relative not only to those abroad but also to those in other U.S. manufacturing industries. Workers at blast furnaces and steel mills averaged $12.51 per hour in November 1980, the highest in manufacturing and about 65 percent higher than the average for all manufacturing. Since 1974, this differential has grown from the range of 25 to 40 percent that had persisted over the preceding 20 years. Since that year, earnings of steelworkers have been determined under the experimental negotiating agreement, under which the union agrees not to strike in return for automatic annual wage increases of 3 percent plus cost-of-living adjustments. This formula has given steelworkers much larger wage increases than workers in most other industries.

U.S. imports of steel mill products do not come only from low-cost producers such as Japan. Some imports come from relatively high-cost producers in Europe that have excess capacity. Many countries developed expansion plans in the period of rapid growth in world steel output that culminated in the 1973–74 steel boom. Investment based on these plans led to capacity that turned out to be unneeded because of the recessions and slower industrial growth that followed. For the years 1975–78, the average capacity utilization rate (in percent) for steel producers was only 65.6 in Japan, 74.1 in the United Kingdom, 61.6 in West Germany, 67.2 in France, and 65.7 in the total EEC. Compared with these low rates the U.S. steel companies were doing relatively well with an average operating rate of 80.6 percent.[9] This excess capacity has contributed to the financial problems of steel producers in many countries.

Performance and Changing Structure

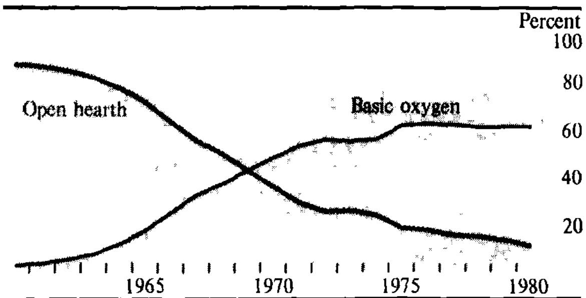
With the slow growth in the domestic consumption of steel and intense international competition, U.S. steelmaking capacity has shown little net growth in recent years. Although new minimills, furnaces, rolling mills, and continuous casters have been installed, the last totally new, "greenfield," integrated steel mill in the United States was built in 1967. Because older plants are generally less productive than new ones, productivity gains and profit rates tend to be relatively low—about the lowest among manufacturing industries in the United States. Low productivity gains and rapidly rising input costs have pushed up unit costs and, in turn, steel prices have risen rapidly—at a 12 percent rate since the end of 1973. Such price increases have contributed to the reduction in the quantity of steel purchased from U.S. producers.

Despite this bleak picture, structural change is occurring continuously. Whereas some of the old integrated mills located near the iron ore deposits around Lake Superior and the coal mines in West Virginia have been cutting back their capacity, others are modernizing. New minimills are expanding rapidly in the South and West, reflecting the more rapid growth of population and economic activity in these areas.

Minimills are usually located close to supplies of scrap metal, which is melted and rerefined in electric furnaces. Most minimills employ a continuous casting process that saves labor and energy by converting the metal directly into a limited range of steel mill products. Minimills now have the capacity to produce about 15 million tons of merchant bar, reinforcing bar, wire, and plate annually, or about one-seventh of the tonnage of all steel mill products.

U.S. producers have replaced most of the old open-hearth furnaces with basic oxygen and energy-saving electric furnaces (chart 6), but they

6. Distribution of steel output by type of furnace



SOURCE. American Iron and Steel Institute.

9. *Technology and Steel Industry Competitiveness*, Congress of the United States, Office of Technology Assessment, 1980, p. 126.

still rely on open-hearth furnaces for a small part of their output; Japan uses none. More efficient, continuous casting is being employed more often, but the U.S. industry lags far behind that in Japan and the EEC. With continued modernization and more moderate wage increases, the U.S. steel industry probably would be able to continue to compete effectively for the bulk of the domestic market in steel. That market may continue to shrink inland and to be supplied less from integrated mills and more from minimills and specialty producers. □

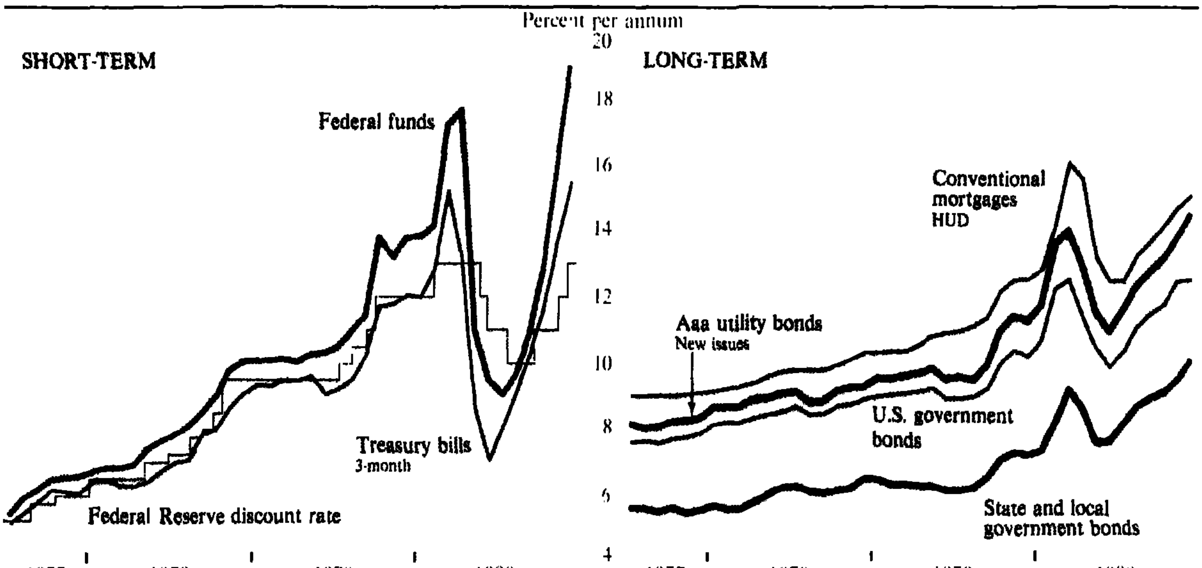
Domestic Financial Developments in the Fourth Quarter of 1980

This report, which was sent to the Joint Economic Committee of the U.S. Congress on February 6, 1981, highlights the important developments in domestic financial markets during the fall and early winter.

Growth in the narrow monetary aggregates slowed in the fourth quarter, but remained rapid by historical standards and in relation to the objectives of the Federal Open Market Committee (FOMC) for 1980. For the year as a whole, M-1A and M-1B expanded at rates close to the upper ends of the ranges adopted by the Committee after adjustment for the unanticipated degree of shifting of funds into checkable, interest-bearing deposits. However, growth of M-2 from the fourth quarter of 1979 to the fourth quarter of 1980 was about ½ of a percentage point above the top of its 1980 target range, despite a marked fourth-quarter deceleration produced by sharply reduced expansion of its nontransaction component. Growth of M-3 slowed only slightly in the fourth quarter and was at about the upper end of its target range for the year.

Credit demands grew substantially in the fourth quarter, fed by rising economic activity and unabated inflation. Market interest rates reached new highs as the Federal Reserve sought to moderate the expansion of money and credit. The growth of nonborrowed reserves fell well short of the increase in required reserves during the quarter, and borrowing at the discount win-

Interest rates



Monthly averages except for Federal Reserve discount rate and conventional mortgages (based on quotations for one day each month). Yields, U.S. Treasury bills, market yields on three-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 U.S. Department 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. government bonds, market yields adjusted to 20-year constant maturity by U.S. Treasury; state and local government bonds (20 issues, mixed quality), *Bond Buyer*.

Changes in reserves and monetary aggregates

Based on seasonally adjusted data unless otherwise noted, in percent[1]

Item	1978	1979	1980	1979	1980			
				Q4	Q1	Q2	Q3	Q4
Member bank reserves[2]								
Total	6.2	2.6	7.1	11.6	4.3	4	6.7	16.5
Nonborrowed	6.3	.3	7.8	5.1	3.3	7.4	12.4	7.2
Required	6.3	2.4	6.8	10.4	5.1	.7	5.8	15.2
Monetary base[3]	9.2	7.8	8.5	9.3	7.7	5.2	9.9	10.3
Concepts of money[4]								
M-1A	7.4	5.0	5.0	4.5	4.6	-4.4	11.5	8.2
M-1B	8.2	7.7	7 3	4.9	5.7	-2.5	14.6	10.8
M-2	8.4	9.0	9.9	7.2	7.3	5.6	16.0	9.2
M-3	11.3	9.8	10.0	9.1	8.0	5.8	13 0	11.8
Nontransaction components of M-2								
Total (M-2 minus M-1B)	8.5	9.4	10 7	7.9	7.9	8.3	16.4	8.7
Small time deposits	16.2	23 1	15.1	25.8	17.4	23.7	1.0	15.5
Savings deposits	-.5	-11.9	-4.3	-21.4	-20.3	-23.3	27.8	.6
Money market mutual fund shares (n.s.a.)	163.9	324.2	90 3	120.0	151.9	82.7	75 7	-15.5
Overnight RPs and overnight Eurodollar deposits (n.s.a.)	25.4	17.2	22.9	-33.1	9.0	-57.4	135.6	19.2
MEMO (change in billions of dollars)								
Managed liabilities at commercial banks	73.5	59.7	n.a.	8.6	10.5	-3.1	-13.2	n.a.
Large time deposits, gross	50.4	19.6	22.0	10.7	6.3	6.2	-4.3	13.8
Nondeposit funds	23 1	40.1	n a.	-2.1	4.2	-9.3	-8.9	n.a.
Net due to foreign related institutions	6.6	25.2	-24.4	.1	-2.3	-8 6	-11.5	-2.0
Other[5]	16.5	15.0	n.a.	-2.1	6.4	-.4	2.5	n.a.
U.S. government deposits at commercial banks	3.3	1.5	.6	-4.0	1.6	-1.6	2.9	-2.3

1. Changes are calculated from the average amounts outstanding in each quarter.

2. Annual rates of change in reserve measures have been adjusted for regulatory changes in reserve requirements.

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

4. M-1A is currency plus private demand deposits net of deposits due to foreign commercial banks and official institutions. M-1B is M-1A plus other checkable deposits (negotiable order of withdrawal accounts, accounts subject to automatic transfer service, credit union share draft balances, and demand deposits at mutual savings banks). M-2 is M-1B plus overnight repurchase agreements (RPs) issued by commercial banks, overnight Eurodollar deposits held by U.S. nonbank residents at Caribbean branches of U.S. banks, money market mutual fund shares, and savings and small time deposits at all depository institutions. M-3 is M-2 plus large time deposits at all depository institutions and term RPs issued by commercial banks and savings and loan associations.

5. Consists of borrowings from other than commercial banks through federal funds purchased and securities sold under repurchase agreements plus loans sold to affiliates, loans sold under repurchase agreements, and other borrowings.

n.s.a. Not seasonally adjusted.

dow rose sharply. The System raised the basic discount rate twice during the quarter, from 11 to 13 percent. In addition, a surcharge of 2 percent on frequent borrowings by large banks was instituted in November and raised to 3 percent in early December.

The federal funds rate increased from less than 11 percent in September to around 20 percent by year-end. Yields on Treasury bills and other short-term instruments rose sharply until about mid-December—increasing 4 to 6 percentage points—and then fell moderately in the following weeks. The commercial bank prime rate climbed to a historical high of 21½ percent at the end of the year. Many long-term rates also moved to new highs during the quarter. Reflecting these pressures and the rising cost of funds to lending institutions, rates on new home mortgage commitments rose to around 15 percent in December.

In the fourth quarter, household borrowing both in the consumer credit and in the mortgage markets exceeded the pace of the third quarter. Nonfinancial businesses also raised a greater volume of funds than in the third quarter and continued to rely more heavily on borrowing from commercial banks than on issuance of bonds or commercial paper. But bank credit stayed well within the range specified by the FOMC even with a large increase in the fourth quarter. Borrowing by the U.S. Treasury remained near the pace of the preceding quarter, but debt financing by state and local governments declined in the face of record borrowing costs despite a surge in tax-exempt revenue bonds to purchase single-family mortgages.

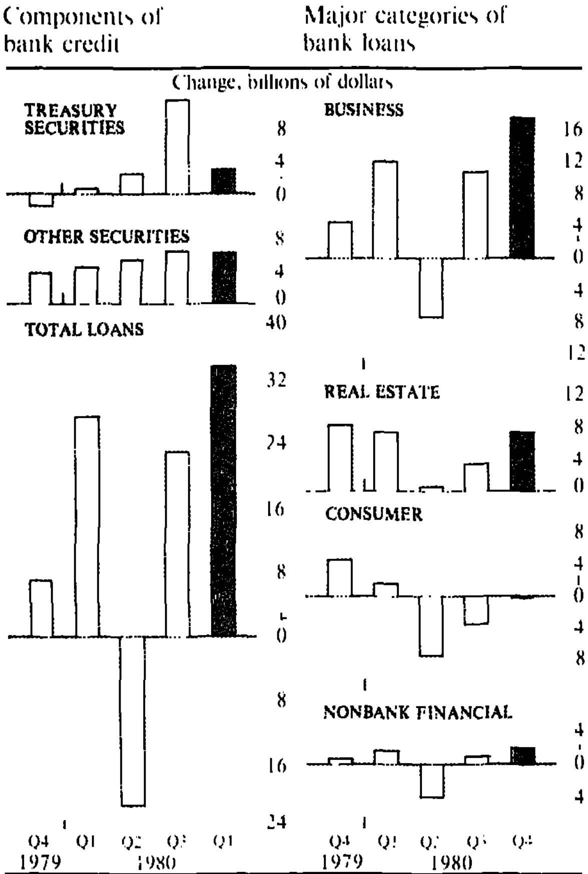
MONETARY AGGREGATES AND BANK CREDIT

The growth of M-1A and M-1B weakened progressively in each month of the fourth quarter —extending the slowdown begun in September —and finally turned sharply negative in December. For the quarter as a whole, the growth rates of both M-1A and M-1B declined about 3½ percentage points, to rates of 8 percent and 10¾ percent respectively. As in the third quarter, growth in M-1A (after adjustment for shifts to interest-bearing checkable accounts) appears to have retraced some of the substantial second quarter shortfall from historical money demand patterns. Thus, expansion of M-1 measures for the year appears to have been only a little below that consistent with their past behavior in relation to prices, economic activity, and interest rates.

Over 1980 M-1B grew considerably more than M-1A owing to the rapid expansion of interest-bearing checkable deposits that gained momentum following passage in March of the Depository Institutions Deregulation and Monetary Control Act of 1980. Among other provisions, the act made permanent the then-temporary authorization for automatic transfers from savings (ATS) and credit union share draft accounts and authorized commercial banks and thrift institutions to begin offering negotiable order of withdrawal (NOW) accounts nationwide at year-end. These features prompted aggressive promotion of ATS accounts by commercial banks in anticipation of heightened competition for household transaction balances. The resultant greater-than-expected conversions of demand deposits, savings deposits, and other liquid assets to ATS accounts depressed M-1A growth about 1 percentage point and boosted M-1B growth about ½ percentage point, relative to targets set earlier in the year. Such shifts produced a difference of somewhat more than 2 percentage points in annual growth rates for M-1A and M-1B during 1980, compared with the difference of ½ percentage point that was originally assumed.

Outflows of savings deposits at commercial banks and thrift institutions—common in periods of high market interest rates—resumed in November and December after unusual strength during the summer and early fall, strength that appeared to be associated in part with a desire for liquidity in an environment of uncertain prospects for the economy and for interest rates. In addition, shares of money market mutual funds (MMMFs) contracted in the fourth quarter. The reported yields on MMMF shares tend to lag movements in market interest rates, and with the sharp increases in market rates in the closing months of 1980, some investors shifted away from the MMMFs. In contrast, the net inflow to small-denomination time deposits during the quarter picked up sharply. The bulk of this inflow was directed to six-month money market certificates (MMCs) when yields moved well above the 12 percent "cap" on the maximum rate permitted on 2½-year, small-saver certificates (SSCs) during the last two months of the quarter. The growth of small time deposits only partially offset the weakness in savings deposits and MMMFs, however, and growth in nontransaction balances in M-2 slowed to an annual rate of 8¾ percent in the fourth quarter, about half the advanced third-quarter pace. As a result, the reduction in the rate of expansion in M-2 was more marked than for the narrower aggregates. The rate of increase in M-3 fell only slightly in the quarter as banks issued large-denomination time deposits to offset the weakening inflows of demand and savings deposits.

The strong growth of reservable deposit liabilities during the summer and early fall raised required reserves of depository institutions well above those provided through open market operations. As a consequence, borrowing at the discount window began rising from minimal levels in the summer to more than $2 billion in late November and early December. The greater tautness in the market for reserves, coupled with increases in the discount rate and the application of surcharges to frequent borrowing by large institutions, led to record highs in the federal funds rate by mid-December. Near the end of the year, borrowing at the discount window began to



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

decline gradually in reflection of the weakening of the monetary aggregates, and by early January borrowing had moved to $1¼ billion to $1½ billion.

In November, the reserve requirement provisions of the Monetary Control Act began to be implemented. After a phase-in period ending in September 1987, virtually all institutions holding transaction accounts or nonpersonal time deposits, including branches and agencies of foreign banks, will be subject to a single uniform reserve requirement structure. (Reserve requirements against the newly authorized NOW accounts are effective immediately, however.) All such institutions holding reserves are also entitled to the same borrowing privileges from the Federal Reserve as member banks. The reserve provisions of the Monetary Control Act are expected to produce long-run benefits by promoting equity among financial institutions and enhancing the effectiveness of the Federal Reserve's control of money and credit.

As in the early months of the year, business credit demands in the fourth quarter were diverted from the bond market to short-term markets as firms avoided incurring long-term indebtedness at record high interest rates. Moreover, the credit demands were focused largely on commercial banks as increases in bank lending rates tended to lag changes in market rates, and this boosted bank credit expansion. Real estate lending also picked up sharply in the fourth quarter, while consumer lending expanded in December after nine consecutive months of contraction. Although banks continued to enlarge their holdings of U.S. Treasury securities, the rate of increase slowed from the third quarter.

In light of the reduced inflows to core deposits, banks increased their managed liabilities in the fourth quarter, after two quarters of decline, in order to fund their asset expansion. With the cost of Eurodollar funds moving further above rates on domestic large certificates of deposit (adjusted for reserve requirements), the borrowing was concentrated entirely in domestically issued instruments; banks reduced net liabilities to their own foreign branches in the fourth quarter, albeit at a slower rate than in the preceding three months.

Business Finance

Commercial banks lent firms almost $17 billion in the fourth quarter, expanding their business loan portfolios at an annual rate of more than 20 percent, the highest seen since the fall of 1979. Total short- and intermediate-maturity borrowing by businesses increased at a somewhat slower rate than bank loans to businesses in the fourth quarter as the commercial paper liabilities of nonfinancial corporations contracted on balance over the quarter. The decline in commercial paper outstanding, which was very sharp in the first month of the quarter, reflected the relatively attractive lending rates available at commercial banks. The spread between the bank prime rate and the commercial paper rate continued to be narrow through most of the quarter, but the spread widened in December as the prime rate reached and remained at its record high while commercial paper rates began to fall from peak levels. Nonfinancial commercial paper increased slightly in November for the first time since June, and with bank lending rates trailing declines in market rates in December, issuance of nonfinancial commercial paper rose more rapidly.

Yields on corporate bonds moved up to new highs during the fourth quarter before edging off in the last weeks of the period. In mid-December, the Federal Reserve index of yields on newly issued, Aaa-rated utility bonds was above 14½ percent—¼ percentage point above the level reached in the early spring. As long-term interest rates rose over the quarter, the volume of corporate financing declined sharply. Notes and bonds publicly offered by all corporations totaled $23 billion at a seasonally adjusted annual rate in the fourth quarter, about half the level of the third quarter. Reduced issuance by nonfinancial business, a total of only $16 billion, accounted for most of the decline. A relatively large

Business loans and short- and intermediate-term business credit

Seasonally adjusted annual rates of change, in percent[1]

Period	Business loans at banks[2]	Short- and intermediate-term business credit[3]
1974	19 3	23.6
1975	-3.8	-4.0
1976	1.3	4.5
1977	10.5	13.6
1978	16.3	18.4
1979	17.5	20.0
1980	11.2	12.2[e]
1979-Q1	20.5	20.6
Q2	16.6	19.0
Q3	22.7	27.3
Q4	6.0	7.8
1980-Q1	16.7	22.0
Q2	-9.6	.6
Q3	14.4	8.0
Q4	22.3[e]	16.5[e]

1. Growth rates calculated between last months of period.
2. Based on monthly averages of Wednesday data for domestically chartered banks and an average of current and previous month-end data for foreign-related institutions. Adjusted for outstanding amounts of loans sold to affiliates. Includes holdings of bankers acceptances.
3. Short- and intermediate-term business credit is business loans at commercial banks plus nonfinancial commercial paper plus finance company loans to businesses and bankers acceptances outstanding outside banks. Commercial paper is a prorated average of Wednesday data. Finance company loans and bankers acceptances outstanding are averages of current and previous month-end data.
e. Estimated.

Gross offerings of new security issues

Seasonally adjusted annual rates, in billions of dollars

Type of security	1979	1980			
	Q4	Q1	Q2	Q3	Q4[e]
Domestic corporate	45	66	89	79	53
Publicly offered bonds	23	26	66	47	23
Nonfinancial	19	22	49	38	16
Financial	4	4	17	9	7
Privately offered bonds	10	21	8	9	10
Stocks	12	19	15	23	20
Foreign	5	2	6	3	3
State and local government bonds	48	32	57	57	44

e. Estimated.

proportion of the issues that were brought to market had comparatively short maturities of five to ten years, a typical development during periods of high bond yields when borrowers are reluctant to issue high coupon debt with long terms to maturity. Many of the public offerings by industrial corporations were convertible bonds with ratings of Baa and below, probably reflecting both the high level of equity prices and the lack of funds available through private placements, which are the usual means of capital market financing for lower-rated firms.

Private placements of corporate bonds are estimated to have remained relatively small in the fourth quarter, even though the cash flow of life insurance companies, the major purchasers of privately placed bonds, was above the unusually low levels earlier in the year. The new commitment activity of these investors remained depressed, apparently in recognition of the potential for future contractions of cash flow as additional policy loans might be induced by rising interest rates.

Stock prices generally rose during the fourth quarter, nearly equaling and in some cases surpassing previous highs. The major indexes of stock prices increased between 3 and 8 percent. The elevated level of share prices continued to encourage a large volume of issuance, including initial public offerings, and the volume of equity issues offered in the fourth quarter was again at a record level, well above the high reached the preceding quarter. For 1980, the volume of new corporate stock issued was more than one and a half times that in 1979 and surpassed the previous high in 1972. Industrial corporations accounted for much of the increase in volume of issuance both for the fourth quarter and for the year.

GOVERNMENT FINANCE

Municipal bond yields also attained unprecedented levels during the fourth quarter. At the peak, the *Bond Buyer* index for general obligation bonds reached 10.56 percent and that for revenue bonds reached 11.41 percent. In these circumstances, the gross volume of bonds issued by state and local governments declined considerably in the fourth quarter, $44 billion (seasonally adjusted annual rate). This decline occurred despite a sharp rise in the volume of housing-related revenue bond issues induced in part by anticipation of statutory restrictions on such issues beginning January 1, 1981. A record volume of nonhousing offerings were postponed during the quarter, as issuers apparently awaited more favorable conditions for long-term borrowings that could be delayed.

The Treasury's net cash borrowing from the public totaled $27.7 billion (not seasonally adjusted) in the fourth quarter, about the same as in the third. The combined budget deficit exceeded borrowing by a substantial margin in the fourth quarter, as the Treasury met nearly $9 billion of its financing needs by drawing down the cash balance built up in previous quarters. About $29 billion of marketable debt was sold to the public. More than half of this amount was raised through sales of bills, including $7 billion in cash management bills scheduled to mature in late April 1981, after the tax date. The volume of noncompetitive tenders in the Treasury's regular weekly and monthly bill auctions rose in the fourth quarter in response to high interest rates, but remained below the highs reached in March. Nonmarketable debt declined $1.5 billion during the quarter, mostly reflecting runoffs of the Treasury's foreign series. (However, during the fourth quarter, foreign official institutions increased their holdings of marketable Treasury debt by almost $7 billion in custody accounts at the New York Federal Reserve Bank.) In addition, redemptions of savings bonds accelerated to about $500 million last quarter as the sharp rise in market interest rates apparently outweighed the favorable impact of an increase in the yields on savings bonds effective November 1.

Net cash borrowing by federally sponsored agencies totaled $9.1 billion (not seasonally adjusted) for the fourth quarter, considerably higher than the $2.2 billion registered in the third quarter, and also above such borrowing in the fourth quarter of 1979. More than three-fourths of the borrowing was accounted for by the Federal Home Loan Banks (FHLBs) and the Federal National Mortgage Association (FNMA), which stepped up their support of the residential mort-

Federal government borrowing and cash balance
Not seasonally adjusted, in billions of dollars

Item	1978	1979				1980			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Treasury financing									
Budget surplus, or deficit (−)	−23.8	−20.4	21.4	−4.4	−24.6	−27.1	8.2	−15.4	−33.6
Off-budget deficit[1]	−.1	−3.0	−5.2	−4.2	−.9	−3.8	−4.4	−4.9	−2.2
Combined deficit	−23.9	−23.4	16.2	−8.6	−25.5	−30.9	3.8	−20.3	−35.8
New cash borrowings, or repayments (−)	15.3	10.6[2]	−4.6	12.4	18.9	19.1	5.4	27.1	27.7
Other means of financing[3]	2.6	4.2	−1.9	2.9	−1.7	4.1	−3.1	.1	−.6
Change in cash balance	−6.1	−8.6	9.8	6.7	−8.3	−7.7	5.9	6.9	−8.7
Federally sponsored credit agencies, net cash borrowings[4]	5.2	6.3	5.5	4.7	7.3	8.6	5.1	2.2	9.1[e]

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. Includes $2.6 billion of borrowing from the Federal Reserve on March 31, which was repaid April 4 following enactment of a new debt-ceiling bill.

3. Checks issued less checks paid, accrued items, and other transactions.

4. Includes debt of the Federal Home Loan Mortgage Corporation, Federal Home Loan Banks, Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, and Federal National Mortgage Association.

e. Estimated.

gage market. The FHLBs made large advances to member thrift institutions, and FNMA purchased a sizable volume of mortgages.

Mortgage and Consumer Finance

Net mortgage formation increased during the fourth quarter, and the rate of expansion was nearly double the severely depressed second-quarter pace. Mortgage lending for both residences and other real estate essentially returned to the rates of growth of the first quarter of the year prior to the contraction in real activity. Among major mortgage lenders, commercial banks substantially increased their mortgage lending in the fourth quarter; savings and loan associations also increased their rate of mortgage acquisitions and remained by far the biggest source of home financing. The $3 billion of housing revenue bond issues offered by state and local governments in the fourth quarter was half again as large as the third-quarter pace. In the market for existing houses, an additional source of mortgage funds was "creative" financing by home sellers who offered such arrangements as assumptions of first mortgages combined with seller takebacks of second mortgages; however, lender enforcement of due-on-sale clauses in those states that allow such clauses put a constraint on assumptions.

The fourth-quarter increase in net mortgage lending followed a rapid rise in commitment activity at major mortgage lenders in earlier months when mortgage interest rates were lower. At savings and loan associations, outstanding mortgage commitments rose almost 50 percent over the summer and early fall, and with the usual lags in the mortgage process, a substantial volume of these commitments were utilized in the fourth quarter. However, new mortgage commitments at savings and loan associations fell appreciably in the fourth quarter as market interest rates moved higher. Outstanding commitments declined somewhat despite relatively strong deposit flows and aggressive marketing by some associations of renegotiable-rate mortgages carrying lower interest rates than those offered on fixed-rate mortgages. By the end of December, average interest rates on new commitments for conventional fixed-rate home mortgages at savings and loan associations rose to about 15 percent. Near the end of November, the ceiling rate for mortgages underwritten by the Federal Housing Administration and the Veterans Administration was raised to 13½ from 13 percent in line with market conditions.

Consumer installment credit continued to recover from the sharp decline in the second quarter and grew at a seasonally adjusted annual rate of more than 3 percent in the fourth quarter, somewhat above the third-quarter pace. Automobile credit increased moderately, at an annual rate of about 2 percent during the fourth quarter. Interest rates on loans for new autos at commercial banks edged up from the previous quarter but remained well below the peak reached in May. However, the availability of auto credit was limited by tighter nonrate terms and lending standards at some lenders, especially in states with binding usury ceilings. The largest portion of the increase in consumer installment credit was accounted for by finance companies. At commercial banks the contraction in net consumer installment lending, which had begun in March, moderated.

Net change in mortgage debt outstanding

Seasonally adjusted annual rates, in billions of dollars

Mortgage debt	1979			1980			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4[e]
By type of debt							
Total	164	161	150	144	73	123	142
Residential	117	115	114	104	44	92	102
Other[1]	47	46	36	40	29	31	40
By type of holder							
Commercial banks	30	34	32	27	6	16	29
Savings and loans	51	44	34	25	*	40	45
Mutual savings banks	4	4	2	2	*	−1	1
Life insurance companies	11	14	15	16	12	11	10
FNMA and GNMA	7	3	10	12	8	1	5
GNMA mortgage pools	19	24	27	18	17	19	15
FHLMC and FHLMC pools	4	5	3	3	3	5	3
Other[2]	38	33	27	41	27	32	34

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

2. Includes mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, Farmers Home Administration and Farmers Home pools, Federal Land Banks, Federal Housing Administration, Veterans Administration, and individuals.

e. Partially estimated.

* Between $0.5 billion and $−0.5 billion.

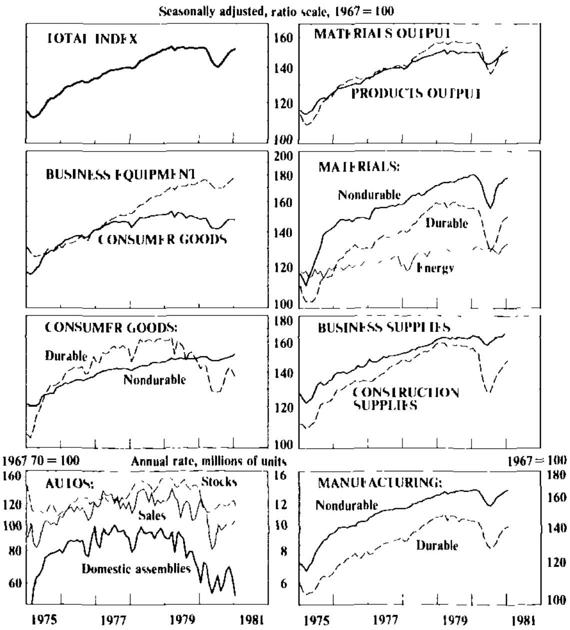
Industrial Production

Released for publication February 17

Industrial production increased an estimated 0.6 percent in January, after increases of 1.9, 1.7, and 1.0 percent in October, November, and December respectively. Gains continued to be broadly based, except for motor vehicles and steel, which declined again in January. The total index in January, at 151.8 percent of the 1967 average, was 0.6 percent below a year earlier and 1.1 percent below the March 1979 high.

Output of consumer goods in January was again about unchanged, reflecting a sharp drop in autos and trucks purchased by consumers but sizable gains in some other major components. Autos were assembled at an annual rate of 5.4 million units—almost 15 percent below December and 10 percent below the depressed rate in January 1980. Production of home goods, after sharp rises last fall, increased moderately again in January, and output of nondurable consumer goods increased 0.9 percent. Output of business equipment continued at the strong pace of recent months, with sizable advances in building and mining, manufacturing, power, and commercial equipment; as a whole it was almost 2 percent above its year-earlier level. Output of construction supplies increased 1.2 percent further; although production in this sector registered large gains in recent months, January output was still 5½ percent below a year earlier.

Production of materials advanced 0.7 percent in January, with sizable gains in the durable and energy groupings. Within durable materials, the output of consumer durable goods parts and raw steel declined, but production of equipment parts and other durable materials advanced sharply. Nondurable materials increased 0.5 percent, with a sharp rise in chemicals partially offset by a reduction in paper. Production of energy materials was up 0.8 percent.



Federal Reserve indexes, seasonally adjusted. Latest figures: January. Auto sales and stocks include imports.

Grouping	1967 = 100		Percentage change from preceding month						Percentage change Jan. 1980 to Jan. 1981
	1980	1981	1980					1981	
	Dec.ᵖ	Jan.ᵉ	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	
Total industrial production	**150.9**	**151.8**	**1.0**	**1.6**	**1.9**	**1.7**	**1.0**	**.6**	**−.6**
Products, total	149.8	150.5	.7	1.0	1.3	1.0	.7	.5	.4
Final products	148.1	148.6	.3	.8	1.3	1.1	.5	.3	1.1
Consumer goods	147.9	147.8	.5	1.1	1.6	.9	.0	−.1	−.1
Durable	141.1	137.5	.2	3.2	5.2	2.4	−1.3	−2.6	−3.4
Nondurable	150.6	151.9	.6	.4	.3	.3	.5	.9	1.2
Business equipment	176.4	178.2	.1	.1	1.1	1.3	1.0	1.0	1.9
Defense and space	101.0	101.9	−.3	.5	1.1	1.5	1.0	.9	5.1
Intermediate products	156.2	157.5	2.1	2.0	1.2	.8	1.7	.8	−2.1
Construction supplies	145.9	147.7	3.5	3.2	2.3	1.6	2.2	1.2	−5.6
Materials	152.7	153.8	1.5	2.7	2.8	2.7	1.5	.7	−2.0

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

Statements to Congress

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Appropriations, U.S. Senate, January 27, 1981.

I am pleased to participate in this hearing and to outline some of the key issues for economic policy in 1981 and beyond. The inauguration of a new President and the installation of a new Congress provide a prime opportunity to reassess federal budgetary trends and, in particular, the role that fiscal policy can play in solving the economic problems that confront us. Coming from the Federal Reserve, I will naturally want to focus special attention on the interrelations among fiscal policy, monetary policy, and conditions in the capital markets.

I have spoken often of the importance of breaking the inflationary momentum that grips our economy. That seems to me the preeminent objective of economic policy, partly because prospects for *sustained* growth rest on success in that effort.

As you know, inflationary pressures remain intense today even though the level of economic activity is little higher now than it was in early 1979; unemployment has been high for almost a year; and appreciable excess capacity persists in many important industries. Indeed, the underlying inflation rate today appears at least as high, and probably higher, than a year ago. Declining productivity has compounded the effects of growing wage increases in pushing up unit labor costs. Moreover, as we look to the months immediately ahead, the possibility of a renewed surge in energy and food prices represents a serious source of concern.

I believe that the public is acutely aware of the dangers of continuously escalating prices and recognizes that combating inflation must be our top economic priority. That perception is an important first step in moving toward price stability. But the general perception will be meaningless unless it is accompanied by a sustained commitment to concrete policies that will, in fact, reduce inflation, even when those policies entail risks and strains for particular groups or for the economy as a whole in the short run. Given the deeply ingrained patterns of inflationary behavior and expectations that now characterize our attitudes and our institutions, we should not assume that changes in those behavior patterns or expectations will come easily. To underestimate the challenge would be to miss the opportunity to set the economy in a new direction. In the wake of missed opportunity we would only face more prolonged, and ultimately more painful, adjustments.

Conversely, if we truly face up to the job and successfully turn the corner in terms of inflation and inflationary expectations, then I believe that progress will come more readily. The baleful interactions among inflation, low savings, congested capital markets, low growth, deteriorating productivity, and budgetary deficits can potentially give way to a benign process of mutually reinforcing growth, investment, and a return to price stability.

As part of that process, the Federal Reserve has been, and will continue to be, guided by the need to maintain a disciplined monetary policy. Our various targets for monetary and credit growth are an important means of expressing that intent.

At the beginning of last year, we adopted objectives for the monetary aggregates that were generally agreed to be broadly appropriate with the need to encourage a return to a more stable economic environment. Over the course of the year, growth of the various measures of money and credit was—on balance—close to or only slightly above the upper ends of the announced ranges. With the quick and surprisingly strong recovery in business activity in the latter part of the year, the expansion of money and credit was not sufficient to meet all the demands for financing the combination of real growth and rising prices. Even though monetary aggregates for a time exceeded targeted growth, interest rates returned to historically high levels, placing heavy burdens on the more credit-sensitive areas of the economy and threatening the continuation of the recovery.

Looking at that immediate situation, the point can be and has been made that high interest rates and strained capital markets may dim prospects for business expansion and private job creation that would otherwise be desirable. Certainly, housing, some smaller businesses, and others particularly dependent on credit feel unusually strong pressures. But the problem cannot usefully be viewed in the single dimension of monetary policy, and our sights must extend beyond the next few months.

I see no alternative to continued restraint of excessive growth in money and credit if we are to break the inflationary momentum. If that momentum is not broken, interest rates will remain high indefinitely. In that connection, expectational factors can be particularly important. To the extent that economic trends and public policies are perceived as consistent with more inflation rather than less and government financing needs are expected to remain high, savings are discouraged and borrowing encouraged. In an already inflating economy, the net result of trying to bridge the gap by excessive creation of money and credit would be to validate the inflationary expectations and inflationary trends that give rise to the problems in the first place. The way to get interest rates lower and to keep them there is to deal with inflation first.

The events of the past several months demonstrate clearly that heavy reliance on monetary policy in that effort focuses the immediate strains and risks on financial markets and those most dependent on them. Strong complementary actions in other areas are essential for a balanced, effective program to produce the earliest possible impact on inflationary behavior and to clear the way for sustained, full, and broad-based expansion in real activity.

The first—and perhaps the most important—of these other instruments is the fiscal posture of the federal government. As recently as last spring, a substantial effort was made by the administration and the Congress to reduce the growth of expenditures and to restore budgetary discipline. In spite of that effort, trends in federal spending continue to exceed growth in the inflat ing, nominal gross national product. For ir stance, the budget submitted by the outgoin administration projected federal spending (ir cluding off-budget outlays) of more than 24 pei cent of the GNP during the current fiscal yeai fully 1 percentage point higher than last year an appreciably above any earlier year of th postwar period. To be sure, a significant part c this year's higher spending and the enlarge deficit reflects higher unemployment. But th underlying trend reflected in "out year" budge projections—which have almost always falle short of subsequent reality—remains excessive even without taking account of needed tax reduc tions.

I see no escape from the central propositio that to make room for tax reductions and fc private credit demands—both required to sup port economic growth and productivity gain —federal expenditures and off-budget credit prc grams will have to be cut back sharply fror current projections.

The problem is not limited to the current fisca year. The time has come to take a hard look a the "built-in" spending programs that are nc readily—or at all—controllable by the annua appropriations process. This process of spendin control should begin immediately, with the air of achieving substantial gains over a period c several years. The need is all the more urgent i light of the broad consensus that defense spenc ing must rise.

I know the task is difficult in the best c circumstances—and those difficulties are mult plied by the institutional setting in which yo work, where the focus has been more on th effects of appropriations in the current or nex fiscal year than on the longer-term budgetar consequences of the so-called entitlement prc grams.

What must justify the effort is its centra importance. I have some sense of what you kno more directly—that every federal program ha some legitimate purpose and a well-entrenche constituency; that particular groups—includin those that clearly support reductions in the ag gregate—will argue that their program is th exception; that one man's concept of fluff and fa is another man's perceived sacrifice; that a ger eral consensus on a broad objective can dissolv in the process of allocating cuts. I also know that it is easy (and right!) for me to say that the decisions about what should be cut back are properly yours and the President's, not mine. But I must emphasize that, in the interests of a healthy economy and moderating tensions in financial markets, I see no alternative to large spending cuts.

In that connection, I need not linger over the desirability of prudent tax reduction and restructuring. As things stand, federal taxes are absorbing a rising share of aggregate personal and corporate income, and the sheer size of that tax burden adds to costs and impairs incentives. But I must convey to you my conviction that decisions for substantial tax reduction must not run ahead of the harder decisions to achieve large cuts in spending programs. If these decisions are not in harness, the potential benefits of tax reduction could all too easily be swamped by inflationary forces and congested credit markets, damaging the very incentives and investment sought. And, appraisals of the beneficial effects of tax reduction on economic growth, and therefore the revenue "feedback," need to be realistic in light of experience.

Beyond the budgetary process itself, but often related to it, are the myriads of government programs that tend to raise costs or insulate sectors of the economy from market forces. Indeed, I believe a substantial part of the inflationary bias built into our economy over the past quarter century comes from such programs.

I recognize that some of those programs reflect a conviction that, within our market-oriented system, those experiencing financial and business reverses not entirely or primarily of their own making are entitled to an economic "safety net." There is a legitimate view that—at a time of economic pressure and strain—the dependence of one sector of the economy on another may at times require cushioning pressures of the weakest links in the system so that its problems do not infect others. Other programs reflect valid concerns about the environment, health, and safety. What is necessary is to achieve a better balance between those continuing objectives and the requirements of a well-functioning competitive economy, and particularly examination of those regulations and policies that may not even serve well their immediate objectives.

Accomplishing these goals will require an enormous effort by the Congress and the administration in the months and years ahead. We are talking about changing behavior patterns that are grounded in an assumption that inflation will continue—an assumption that has been years in the making. Achieving that change is not a simple process. But neither is it beyond our collective capacity, working together with the understanding of what is at stake. The result will repay the effort many times over. That understanding is critical to success and I hope will underlie your deliberations and actions in the weeks and months ahead. □

Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Temporary Subcommittee on Industrial Growth and Productivity of the Committee on the Budget, U.S. Senate, January 27, 1981.

I appreciate this opportunity to discuss with you my personal views on the prospects for increased growth in productivity in the United States and particularly on the role that the federal government should take in such an effort. Your outline lists an impressive range of issues in this area. I hope it is agreeable to the committee if I address myself principally to the interaction between productivity and inflation and to implications of financial and regulatory actions by the government.

The decline in productivity is a familiar fact. Though all its roots are not fully understood, I believe that in good part they are related to inflation. Inflation hampers business investment, an important source of productivity, by distorting reported profits; such distortion results in excessive taxes, thereby reducing the return on investment. The uncertainty created by inflation raises costs, by requiring higher risk premiums, and generally interferes with business planning. One major contribution to increased productivity would be to lower the rate of inflation.

But there is also an important reverse relation, running from productivity to inflation. This causal nexus involves a consideration of trends in unit labor costs—defined as the total compensation paid to workers divided by the amount they produce—which most economists believe is the most important determinant of underlying price trends. This belief arises from the fact that labor inputs directly account for about two-thirds of the costs of producing the gross national product. Any tendency for price increases to fall short of the trend in these costs means that other unit costs of production, or more likely profit margins, must be reduced. Because some minimum level of profit must be maintained for firms to remain in business, the inflation rate cannot remain below the rate of increase in unit labor costs for any extended period. In the short run, of course, other factors, including shifts in demand, resulting perhaps from business fluctuations caused by changes in government deficits or the growth of the money supply or disruption in supplies in industries such as energy and food, can pull prices away from unit labor costs. But in the long run, prices will follow unit labor costs. Changes in unit labor costs in turn are determined by the difference between wage increases and the rate of improvement in worker productivity.

In this framework, we can see the serious implications of the deteriorating trend in productivity. In the earlier postwar period, labor became accustomed to increases in real wages on the order of $2\frac{1}{2}$ percent or so that accompanied the productivity gains of that era. These expectations have adjusted sluggishly to the slower growth of productivity. Thus, efforts are being made today by workers to increase real wages at a rate faster than the advance in output per hour. Such efforts, however, only tend to squeeze businesses. Firms then find that they must increase prices at ever-increasing rates to maintain profitability. The resulting acceleration in prices frustrates labor's original efforts to increase its standard of living. These efforts run into the hard fact that there is not enough additional output to meet these demands. Inflation rates consequently trend up.

This analysis underscores the importance of improving our productivity performance. But to compare productivity with the rate of inflation or nominal wage demands is not a plausible way of looking at the problem. Wage demands, even though stated in current dollars, take into account the rate of inflation. In other words, they are actually demands for increases in real wages. The real increases demanded may be relatively moderate and not much above gains in productivity. But it is the difference that is decisive, because it can give rise to an upward wage–price spiral. An increase in rate of growth in productivity above the level of real wage demands could be converted into a winding down of the inflation rate. The increase would not have to be large relative to the rate of inflation, since real wage demands also tend to be low relative to our present high rate of inflation.

Those who argue that a 1 or 2 percent gain in productivity would not make much of a dent in our high rate of inflation ignore the dynamic aspect of the relationship between the efforts of labor to increase real wages and the productivity gains that make these increases possible. If the trend rate of increase in productivity is larger than the real wage gains sought by employees and if the degree of competition does not diminish, firms will be able to increase prices by less and less while still maintaining profits. If this deceleration continues to work over time, the gains in terms of reducing the inflation rate could be substantial. At the same time, the reduced rate of price increase will enable labor to realize the fruits of productivity gains in rising standards of living.

A wide range of federal programs have been offered as a means of bolstering productivity. Many of these would require more government intervention and regulation in private markets. In my view, most of the regulatory and interventive proposals may do more harm than good with respect to productivity. The costs of some of them are indirect and not readily apparent. Many government regulations indeed are plainly adverse to productivity, a situation that is not likely to be remedied by piling regulation on regulation.

Some forms of market intervention, including price supports, wage and income supports, import restrictions, and a variety of regulations, seek to insulate certain individuals or business firms from market pressures. While the purposes of such protection may be worthy, one inevitable by-product of these policies is to reduce efficiency. Government actions may lead to a suboptimal allocation of resources, thereby limiting the growth potential of the economy, or they may simply add to costs, thus contributing to the inflationary bias of the system. These risks are present whether the market pressures originate at home or abroad.

One of the most common types of suggestions for government actions to encourage productivity growth has been a call for intervention in the credit markets to stimulate increased capital investment by business. Programs of this sort include interest rate subsidies, direct government loans, or loan guarantees designed to affect credit allocation to competing groups of borrowers. Such programs seem to imply that funds are not available from private lenders for creditworthy borrowers. That, however, is likely to be the case only in small part, given the efficient nature of our capital markets. Thus, pushing money into some particular sector by means of subsidies to lenders may result to some extent in pushing other money out of that sector. Also, to the extent that borrowers who previously did not receive credit now can draw on the limited pool of available savings, other borrowers may be crowded out. That is the ultimate result of the already enormously expanded demands of the federal government on capital markets as represented by its direct deficit and by the borrowings of off-budget and sponsored agencies, which in fiscal year 1981 are estimated to total up to $110 billion. That amount is of roughly the same order of magnitude as total personal saving.

The rationing of credit through mechanisms other than the normal adjustment of interest rates to balance supplies and demands for funds would also carry a very expensive price tag in terms of market distortions. For example, managers of firms might be less inclined to produce their products efficiently if government programs ensured credit supplies at below market interest rates. Supplies of subsidized credit might exceed what would strictly be needed to achieve specific purposes and so might be partly wasted. Given the advantages of doing so, unworthy or nonessential purposes would be dressed up as deserving, creating excessive demands on the program or depriving some of the deserving. Finally, government measures to finance or otherwise subsidize, in the nature of our democratic process, are likely to focus on trouble spots, such as old and perhaps inefficient firms and industries. In that way, activities that the market would eliminate would tend to be preserved, and the progress of productivity would be impaired. In general, government intervention in credit allocation tends to politicize financial markets as decisions would have to be made as to what types of loans are to be favored over other uses of funds. Because of these distortions, an expansion of our governmental presence in credit markets is more likely to depress the productivity performance of the U.S. economy than to improve it.

If the Congress were to decide that actions to stimulate investment are necessary in order to boost productivity, I would suggest that changes in the federal tax structure would be potentially the most fruitful approach. The logic of this approach rests in part on the role federal taxation has played in discouraging investment by reducing its profitability. This is an especially important problem during inflationary times if, as is the case today, tax deductions for depreciation are allowed only on a historical cost basis, rather than at a rate that enables the plant and equipment to be replaced at current prices.

On several previous occasions during the postwar period, incentives to and financing of business capital formation have been increased through a variety of mechanisms. These include accelerated depreciation, an investment tax credit, and a reduction in corporate profit tax rates. Not surprisingly, a similar set of proposals has been advanced in recent years to help improve capital formation and, hopefully, the productivity problem. Judging from studies of the effects of tax incentives to stimulate investment introduced in the past, these types of incentives would probably have their desired effects.

Proposals also have often been made to increase investment by stimulating personal saving, and they have indeed been used in various countries. Given the adverse treatment that American savers have received through the interaction of inflation, regulation, and the tax system, I have considerable sympathy for such proposals on equity grounds.

For example, we must seriously ask ourselves whether it makes sense to tax as savers' income the inflation premium inherent in present-day high interest rates, thereby driving interest rates still higher. By the same token, I would question the wisdom of continuing to allow a tax deduction to borrowers for the same premium, with the same upward effect on interest rates. In this regard, we must also ask ourselves whether it makes sense to subsidize homeowners through tax deductibility of the inflation premium at a time when the resulting high mortgage rates cause a depreciation of old mortgages that creates serious pressures for the financial institutions that serve housing.

On efficiency grounds, however, I must question the merit of subsidies to particular forms of saving. The main effect of subsidies is likely to be to reshuffle the allocation of savings among savings instruments, rather than to raise total saving. I feel less certain about this judgment in relation to a device employed in France and known as the Monory Law (Law for the Channeling of Savings to the Financing of Enterprises), which allows a tax deduction, within limits, for investment in equities. Even though this measure may have no great effect in promoting saving, it seems to raise share prices and thus to reduce the cost of equity capital as well as to improve the structure of financing.

Another way to increase available savings is to reduce the demands made by the public sector on financial markets. Moving toward budget balance would free for private sector use far more funds than are likely to result from most schemes designed specifically to increase savings. Thus, while a tax cut has much to recommend it in terms of changing incentives, it should be approached circumspectly from the point of view of its budgetary impact. Right now taxes are far too high to permit adequate incentives and savings. But to increase the deficit would be inflationary, and tax reduction must, therefore, be conditional on progress in reducing government spending. Any tax cut matched by expenditure restraint would be helpful, but in light of our need to stimulate productivity, a cut directed toward raising investment, both in tangible and also in human capital, would be particularly appealing.

For its part, the Federal Reserve is attempting to foster an environment that should facilitate a reduction in overall inflation pressures and thus promote more vigorous growth and prosperity. A reduction of inflation, as I noted earlier, should make an important contribution to productivity. Also, a lower inflation rate is the only feasible way of reducing interest rates. An easier monetary policy might reduce interest rates for a short period, perhaps on the order of a few weeks or months. But, as soon as the inflationary implications of this policy became obvious to the market —and this would not take long—interest rates would move up with expected inflation, as they have done before. Thus, the Federal Reserve really has no option other than to exert restraint in order to set the stage for the long-run gains in employment and productivity that we have every right to expect from the American economy.

Since your committee's outline refers to social compacts and other organizational arrangements, I would like to close by mentioning an item of personal interest that may not be unfamiliar to you—the tax-oriented incomes policy usually referred to as TIP. There are many forms of TIP that can be broadly classified into proposals that depend on the "carrot" and on the "stick" approach respectively. My preference is for an approach that levies a tax on firms granting excessive wage increases. This approach would be simpler administratively and probably more effective than the alternative. In my judgment, such a device could be enacted once public concern about the persistence of inflation began to exceed the natural reluctance of business and labor to accept such a proposal.

On the other hand, I am aware that the carrot approach might be more appealing and easier to enact than my stick approach. In view of the current budgetary problems, however, such a TIP would only be appropriate if and when general economic conditions or spending restrictions justified a reduction in federal taxes, the benefits of which could then be withheld from noncompliers. The *Economic Report of the President* by the former Council of Economic Advisers explores various kinds of TIP in detail and concludes that it would be too late to tie a TIP to a 1981 tax cut, though it might be considered on a subsequent occasion. I would just say that any tax cut proposal should be examined with a view to whether a TIP could be associated with it. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Joint Economic Committee of the U.S. Congress, February 5, 1981.

I am pleased to be here to review with you the current economic situation, to share with you my views on some critical considerations in the shaping of monetary policy, and to explore the relationship of monetary and other economic policies. I have emphasized on a number of occasions that we now have a rare opportunity to adopt and reinforce policies to bring inflation under control and to set the stage for sustained expansion and productivity growth. That sense of opportunity stems, in substantial part, from a conviction that the American people recognize that we must decisively turn the corner toward price stability and reduce the demands on the federal government for spending and regulation. That will, in turn, lay the groundwork for restoration of vigorous and sustained economic growth.

At the same time, there must be understanding that reducing inflation will require changes in behavior patterns that have become deeply ingrained. In the short run, some sacrifice and pain are inevitable. The discipline required will be amply repaid if strong policies are carried through with persistence and resolution.

To be successful, the effort must be carried out over a broad range of policies. Each of the policies will entail difficult choices, which must be confronted directly. But those choices will be made easier to the extent that policies are integrated in such a way as to avoid excessive burdens or emphasis on one policy instrument or another and do not work at cross purposes. It is in that light that I welcome this chance to discuss the Federal Reserve's commitment to a monetary policy consistent with reducing inflation and to consider some of the implications for other policies.

First, a few words about the current unsatisfactory economic situation. Last year we experienced exceptionally sharp swings in real output and employment, and on balance there was virtually no economic growth. Inflation did not slow. Productivity performance remained dismal, and unemployment rose.

Looked at over a longer period, real wages have tended to decline, reflecting both the absence of productivity growth and the sharp increases in the prices of basic items such as food and energy. Despite some recent improvement in household balance sheets, savings remain relatively low.

Some important industries—including those related to energy and defense—have continued to expand vigorously. However, a number of basic industries—such as autos, steel, and housing—came under severe pressures in 1980. Wide swings in consumer spending created uncertainties about future sales, and weak markets brought pressures on profits for many corporations. In addition, many firms had to contend with high and sharply fluctuating interest rates. With the slow growth of final sales over the year, the margin of unused plant and equipment in some industries remains sizable. The contrasting movements in different sectors of the economy add to the complexities facing economic policy.

Considerable softening in labor markets has taken place in many areas of the country. But there has been little reflection of that development in lower wage settlements or reduced cost pressures. With inflation high and real wages falling, the effects of unemployment have been offset by the desire to "keep up" with prices and to restore real income—a desire that, however understandable, cannot be met so long as productivity fails to rise and higher energy and food prices must be absorbed. Instead, the self-defeating inflationary spiral is perpetuated.

The challenge is to break the insidious pattern of rising prices and costs that, itself, underlies so much of the problems of high unemployment, slow growth, and high interest rates.

Inflation has been building for a long time. There are a number of contributing factors—insufficient saving and investment, declining productivity growth, large and persistent budget deficits, huge increases in oil prices, and adverse events in agricultural markets—accompanied at times by excessive growth of money and credit.

But whatever the particular causes of inflation, we are faced today with circumstances in which expectations and behavior patterns tend to keep the momentum going, discouraging thrift, encouraging speculation, and building in higher costs for the future. Those attitudes must be changed. They will not be changed without strong and credible policy commitments and, I suspect, visible evidence for a time that inflation is, indeed, subsiding.

Firmly disciplined monetary policy has a central—indeed indispensable—role to play in the process of restoring price stability. As you know, setting specific targets for monetary and credit growth is one aspect of that policy.

Last year's rapidly changing economic conditions, changing inflationary expectations, the imposition of credit controls in the spring, and other factors resulted in wide swings in the demand for money and credit. After a very sharp but very short downturn, the economy rebounded much more strongly than almost anyone expected last fall and early this winter. After falling short for a time, the monetary aggregates temporarily exceeded their growth targets. There was unusual—and undesirable—volatility in financial markets.

On balance, most of the monetary aggregates did finish the year within or very close to our target ranges. But it was also evident that the expansion of money was not sufficient to meet the demands for financing rising prices, large deficits, and faster real growth.

I am well aware that the resulting increase in interest rates has placed a particularly heavy burden on housing, small business, and other credit-sensitive sectors of the economy.

The basic point is, however, that we cannot escape that problem by simply creating more money. In the end, that course could only aggravate inflation. Indeed, if the Federal Reserve were perceived to be validating the inflationary process, inflationary expections would surge and lead to still higher interest rates. In the end, lower interest rates are dependent on reducing inflation, and restoring price stability will require lower rates of monetary and credit growth.

In pursuing that necessary approach of monetary restraint, the pressures converging on financial markets can be relieved by appropriate fiscal and other policies aimed toward restoring productivity, reducing costs, and restoring budgetary balance. Events in financial markets last year demonstrated all too clearly the dangerous strains that arise in credit markets when necessary monetary restraint is accompanied by large deficits and expanding business activity.

The proposition that the budget can be balanced or can move into surplus only when the economy is operating at reasonably satisfactory levels has merit. But the record of the past decades, even by that test, is poor. We have had only one balanced budget in the last twelve years and two in the last twenty—periods that included mostly prosperous years. Furthermore, government spending continues to consume an ever-increasing share of our national resources, making balance more difficult and requiring a tax load that is itself a drag on the economy. According to the budget just submitted by the outgoing administration, federal budget and off-budget spending will approach one-quarter of the gross national product this fiscal year. Federal taxes will be equivalent to 21.4 percent of GNP—close to the wartime record of 21.9 percent.

Against that background, I see no escape from the proposition that a large cutback from projected increases in spending in coming years is a crucial linchpin in an effective overall economic program. I know how difficult that will be to accomplish in practice. Many people will support cutbacks in general, but not in their favorite program—and virtually every program is somebody's favorite. Furthermore, any realistic expenditure control program must extend over years and include important "uncontrollable" items—including entitlement programs.

Administration spokesmen have rightly emphasized that the purpose of the program should not be simply one of aiming toward a balanced budget but of making room for large tax reductions. In fact, taxes are rising. Without a cut, federal receipts will reach the highest level ever in fiscal year 1982 relative to GNP. I do not doubt the proposition that our level and structure of taxation reduces incentives, acts as a deterrent to investment, and distorts economic decisionmaking. But it is critically important that tax reduction proceed in harness with spending restraint, and as a practical matter the credibility of that approach will depend on early congressional action to deal with spending. The point is only reinforced by the consensus that one large element in the budget—defense spending—needs to be increased.

I would also emphasize the relevance to any attack on inflation of changing or modifying other government policies that have tended to increase costs or reduce competitive pressures.

Over the years we have established a number of programs that have the objective of sheltering different groups from unanticipated economic setbacks or from competitive forces. We have also embarked on extensive and expensive new efforts to promote safety, to improve the environment, and to serve other purposes. Each of these programs has laudable and even necessary objectives. It can also be legitimately pointed out that most of them, taken individually, do not have a decisive impact on inflation.

However, I believe the effect of many of these programs, taken together and operating over a number of years, has been much more important. Their cumulative impact has been to contribute significantly to the inflationary bias in our economy. Like cutting the budget, addressing this problem will require difficult tradeoffs. But I believe this is an area to which we have paid far too little attention in the past and one that I would encourage all of us to look at more carefully in the future, with the intention of seeking the objectives of these programs with less cost in real terms or in inflation.

I do not want to minimize in any way the enormous challenge facing the Congress, the administration, and the Federal Reserve. However, I do believe we may be seeing fundamental changes in public attitudes that should make things possible now that have not been possible in the past. I am confident we can capitalize on this newfound opportunity, making whatever short-term sacrifice is involved in the interest of restoring a stronger and more stable economy.

Statement by Nancy H. Teeters, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, February 5, 1981.

I am pleased to appear before you to present the views of the Board of Governors on the proposed "Cash Discount Act." Unlike the current law, the proposal provides that a discount—in whatever amount—which is offered by a seller to a customer to induce payment by cash, by check, or by means other than an open-end credit plan or credit card, is not a disclosable finance charge under the Truth in Lending Act. The bill would also extend the current ban on the imposition of a credit-card surcharge for another two years.

The Board has testified previously in favor of omitting these discounts from the finance charge as a way of encouraging them, and I do so again this morning. Also, as I have done previously, I must express the Board's uncertainty about the wisdom of prohibiting surcharges in view of their economic similarity to discounts. Their permissibility might in fact help assure that cash customers are not forced to subsidize credit-card users.

In our view, it is time to take a fresh look at the cash discount issue. During the six years since the Truth in Lending Act was first amended to encourage the offering of cash discounts, the Congress has repeatedly considered the discount–surcharge issue. Testimony has been delivered at length. The Federal Reserve, meanwhile, has carefully constructed regulations to carry out the statutory provisions regarding availability and notice to consumers of discounts. Despite these congressional and regulatory efforts, what we have not seen is merchants offering discounts—at least not to any appreciable degree. If we believe that encouraging merchants to reward cash buyers is a goal worthy of diligent pursuit, then we must try to identify the impediments that have, in fact, discouraged the concept.

Our guess is that the current 5 percent limit on the size of the discount is not the culprit. Rather, it may, once again, be a case of government regulation creating part of the problem—regulation that is grounded on a set of well-intentioned arguments but that introduces such friction into otherwise simple transactions that compliance is simply not worth the merchant's risk or effort.

If this analysis is correct, two features in the current regulation are probably most important in discouraging the development of cash-paying incentive plans. First is the obvious difficulty in drawing a clear economic distinction between a permitted discount and a prohibited surcharge. It is true that discounts and surcharges may not be as identical in practice as, say, a half-empty glass of water is to a half-full one. Nevertheless, it is difficult to quarrel with the fact that the distinction is, at best, uncertain.

Second, the well-intentioned protections in the statute to insure equitable treatment of consumers have, once again, led to seemingly complicated regulatory provisions. The current statute and the proposed bill specify that any discount must be offered to "all prospective buyers." Its availability must be disclosed to all of them "clearly and conspicuously in accordance with regulations of the Board." But who are "*all* prospective buyers"? Those who present credit cards, or all those who enter the merchant's door? What signs meet the test of "clear and conspicuous" disclosure when there are several store entrances and numerous independent cash registers? How do you disclose to customers who purchase by phone? May the discount be limited to certain types of property or to certain branches of stores? We have sought to provide answers to these questions in our regulations.

Unfortunately, by issuing rules beyond the basic provision we have again probably made simple things so complicated that the public throws up its hands in frustration. Although in our current proposals to simplify Regulation Z we have proposed trimming back these regulations, the obvious way for any merchant to avoid regulatory burden is simply not to offer discounts. And that, apparently, is what has happened.

I therefore would recommend for subcommittee consideration a very simple rule: that one-time discounts or surcharges offered by the seller for the purpose of inducing payment by cash, checks, or means other than use of an open-end credit plan or a credit card shall not constitute a finance charge and that the availability of the discount or surcharge be disclosed to customers. This would leave out the specific requirement that "all" customers be notified and that any disclosure be "clear and conspicuous"—not, of course, because we favor hidden plans but because of the uncertainties this standard produces with the inevitable need for clarification.

Of course, it is possible that authorizing discounts and surcharges without calling them finance charges opens up a potential loophole in the blanket embrace of Truth in Lending. Not only are discounts essentially equivalent to surcharges, but both are essentially equivalent to finance charges. They do represent a cost of using credit.

Therefore, if we are right that the 5 percent limit has not itself been the impediment to merchants offering discounts, this limit might be retained to insure that the exclusion of discounts and surcharges does not become a vehicle that could be used to defeat the basic Truth in Lending protections. In our view, the best chance of accomplishing the goals the Congress began pursuing six years ago would be to retain this limit, but to allow discounts and surcharges to be used with minimal government interference. □

Announcements

PROPOSED ACTION

The Federal Reserve Board on February 3, 1981, requested public comment, through April 15, on a revision and simplification of its Regulation C (Home Mortgage Disclosure).

REPORT FORMS FOR FOREIGN BANKS

The Federal Reserve Board has adopted forms to be filed by foreign organizations that conduct a banking business in the United States in order to meet supervisory and regulatory requirements under the Bank Holding Company Act and the International Banking Act of 1978.

The forms [annual report of foreign banking organizations (FR Y-7) and confidential report of operations (FR 2068)] are designed in part to implement the Board's national treatment concept of supervision of foreign banking organizations by requiring financial reporting substantially equivalent to that required of domestic banking organizations.

The reports require submission of financial statements, which will in part be open to public inspection and in part be held confidential. These reports of foreign banking organizations include financial statements as prepared for use in the home country; discussion of the accounting practices used in preparing such statements; financial statements concerning material, majority-owned unconsolidated foreign companies; financial statements concerning all related U.S. companies 25 percent or more owned by the foreign banking organization; disclosure of reserves, of earnings, and of loan loss experience; description of U.S. activities and U.S. investments adequate for use in determining compliance with the Bank Holding Company Act and the International Banking Act as well as information on shareholders, directors, and executive officers of affected banking institutions.

For organizations with fiscal years ending between October 1980 and February 1981, the first reports are to be filed by June 30, 1981. All other foreign banking organizations shall file the reports within four months of the end of their fiscal years.

The annual report of foreign banking organizations (FR Y-7), like the previous version, will be open to public inspection. The foreign banking organization confidential report of operations (FR 2068) will be confidential.

The Board also has adopted another form, the report of intercompany transactions for foreign banking organizations and their U.S. bank subsidiaries (FR Y-8f), which will be confidential. The FR Y-8f is intended to monitor the effects of intercompany transactions on the safety and soundness of a U.S. subsidiary bank that is owned by a foreign banking organization. It parallels the report for domestic banking companies (FR Y-8) and is to be filed quarterly beginning with the second quarter of 1981.

The forms and instructions may be obtained upon request from the Federal Reserve Board or from the Federal Reserve Banks.

REGULATION K: INTERPRETATION

The Federal Reserve Board on January 19, 1981, adopted an interpretation of its Regulation K (International Banking Operations) dealing with investments by a U.S. banking organization in a foreign company (including a foreign bank) that does business in the United States.

The interpretation applies to investments of U.S. Edge corporations, member banks, and bank holding companies. The interpretation permits them to invest—with the prior consent of the Board—in foreign companies that conduct domestic as well as international business in the United States. Previously, such investments could be made only if the business of the foreign company in the United States was exclusively international.

The Board said it would normally grant permission for such investments if (1) the foreign company's business is conducted predominantly abroad, (2) the activities in the United States of the foreign company are banking or closely related to banking, and (3) the U.S. banking organization does not own 25 percent or more of the foreign company's voting stock or does not otherwise control it.

Federal Reserve Regulatory Service

The Federal Reserve Board has announced that it will begin publication of the first part of a new looseleaf service that will include all Board regulations and related interpretations and documents.

The new service, entitled the "Federal Reserve Regulatory Service," will consist of four publications—a complete service covering all Board regulations and related materials, and three separate handbooks pertaining to securities credit, consumer affairs, and monetary policy.

These publications are designed to help those who must refer frequently to the Board's regulatory materials. They will be updated at least on a monthly basis and each will be cross-indexed.

The first handbook—the Securities Credit Transactions Handbook—is scheduled for publication in February. It will contain Regulations G, T, U, and X dealing with extensions of credit for the purchase of securities, together with all related statutes, Board interpretations, rulings, and staff opinions.

This publication will be followed in March by a similar handbook on Monetary Policy and Reserve Requirements, containing Regulations A, D, and Q, plus related materials. It will, for convenient reference, also contain the rules of the Depository Institutions Deregulation Committee.

The Consumer and Community Affairs Handbook, containing Regulations B, C, D, E, Z, AA, BB, and associated documents, and the complete service, containing all Board regulations and related materials, are planned for publication in June.

Enforcement of ERISA

The Federal Reserve Board has adopted procedures for bringing to the attention of the Department of Labor possible significant violations by state member banks of the Employee Retirement Income Security Act (ERISA).

The Board acted upon a recommendation to federal supervisors of financial institutions by the Federal Financial Institutions Examination Council.

ERISA provides that the Secretary of Labor may use the facilities of other agencies, with their consent, to help discharge the Department's responsibilities under the act and directs the agencies to cooperate with the Secretary to the extent permitted by law.

Changes in Board Staff

The Board of Governors has announced the following official staff actions.

Theodore E. Allison, the Secretary of the Board, has been promoted to Staff Director for Federal Reserve Bank Activities, effective January 19, 1981.

Clyde H. Farnsworth, Jr., Deputy Director, has been named Director of the Division of Federal Reserve Bank Operations, effective January 19, 1981.

Jared J. Enzler, Deputy Associate Director, has been promoted to Senior Deputy Associate Director, Division of Research and Statistics, effective January 12, 1981.

J. Virgil Mattingly, Jr., Assistant General Counsel, has been promoted to Associate General Counsel, Legal Division, effective February 4, 1981.

Gilbert T. Schwartz, Assistant General Counsel, has been made Associate General Counsel, Legal Division, effective February 4, 1981.

Michael E. Bleier, Senior Counsel, has been appointed Assistant General Counsel, Legal Division, effective February 4, 1981. Mr. Bleier, who joined the Board's staff in 1971, holds a J.D. from Georgetown University.

Maryellen A. Brown, Senior Counsel, has been named Assistant to the General Counsel, Legal Division, effective February 4, 1981. Ms. Brown joined the Board's staff in 1974. She holds

J.D. and L.L.M. degrees from the University of Wisconsin.

Joe M. Cleaver, Chief, Financial Structure Section, has been appointed Assistant Director, Division of Research and Statistics, effective January 12, 1981. Mr. Cleaver holds an M.A. from the University of Maryland. He joined the Board's staff in 1967.

Anthony F. Cole, Senior Attorney in the Legal Division, has been appointed Special Assistant to the Board for Congressional Liaison, effective February 4, 1981. Mr. Cole holds an A.B. from the College of William and Mary, an M.A. from Rutgers University, and a J.D. from the College of William and Mary, Marshall-Wythe School of Law.

Cornelius K. Hurley, Jr., Senior Counsel, has been appointed Assistant General Counsel, Legal Division, effective February 4, 1981. Mr. Hurley received a J.D. from Georgetown University before coming to the Board in 1974.

Donald L. Kohn, Chief, Capital Markets Section, has been appointed Deputy Associate Director, Division of Research and Statistics, effective January 12, 1981. Mr. Kohn holds a Ph.D. from the University of Michigan and was with the Federal Reserve Bank of Kansas City before joining the Board's staff in 1975.

David E. Lindsey, Chief, Banking Section, has been named Assistant Director, Division of Research and Statistics, effective January 12, 1981. Mr. Lindsey has been a member of the Board's staff since 1974. He holds a B.A. degree from Earlham College and a Ph.D from the University of Chicago.

William Robert Maloni, Director, Congressional Relations Office, Federal Home Loan Bank Board, has been named Special Assistant to the Board for Congressional Liaison, effective February 4, 1981. Mr. Maloni holds a B.A. from Duquesne University and has taken graduate courses at George Washington University and the University of Maryland.

Lawrence Slifman, Chief, National Income Section, has been appointed Assistant Director, Division of Research and Statistics, effective January 12, 1981. Mr. Slifman came to the Board in 1970 after earning his Ph.D. from Washington University in St. Louis.

James L. Stull has been made Manager of the Operations Review Program in the Office of Board Members, effective January 25, 1981. Mr. Stull received a B.S. from the University of Maryland. Since coming to the Board in August 1970, he has served in the Division of Federal Reserve Bank Operations.

The Board has also announced the resignations of John J. Mingo, Senior Deputy Associate Director, Division of Research and Statistics, and Jeffrey R. Shafer, Deputy Associate Director, Division of International Finance.

Enforcement Proceedings Settlement

The Federal Reserve Board announced on February 9, 1981, the payment of $50,000 each by Mid America Bancorporation, Inc., and Irwin L. Jacobs, both of Minneapolis, Minnesota, in settlement of enforcement proceedings instituted against them by the Board.

In October 1980, the Board issued notices of charges and notices of assessment of civil money penalty against Mid America, a multibank holding company, and Mr. Jacobs, a Minneapolis businessman. The notices were issued in connection with charges of submitting false or misleading information to the Board with respect to a stock redemption transaction undertaken in April 1980 and with actions inconsistent with commitments made to the Board.

The Board alleged in the notices that during the course of a redemption of shares by Mid America—as a result of which Mr. Jacobs would obtain control of the bank holding company—Mid America and Mr. Jacobs submitted false or misleading information to the Board to induce the Board to withhold formal supervisory proceedings that would have blocked the stock redemption transaction. The Board charged that Mid America and Mr. Jacobs (1) made commitments to the Board that they later purposefully invalidated; and (2) made statements to the Board that were misleading and, through misstatements and omissions, failed to describe adequately the true and complete purpose of the stock redemption transaction, which was the liquidation of the bank holding company.

The Board's notices said that the material omissions and misleading statements, and the invalidation of the commitments, constituted unsafe or unsound practices in the conduct of the affairs of Mid America Bancorporation, Inc., and violated the Board's Regulation Y (which implements the Bank Holding Company Act).

To prevent the liquidation of Mid America prior to the completion of the administrative proceedings started by the notices of charges, the Board issued a temporary cease-and-desist order prohibiting Mid America's sales of its subsidiary banks and Mr. Jacobs' sale of one bank that he had committed to transfer to Mid America. Mid America and Mr. Jacobs filed a lawsuit in the U.S. District Court of Minnesota to overturn the temporary cease-and-desist order and, in addition, to enjoin the Board's cease-and-desist and civil-money-penalty assessment proceedings. The U.S. District Court of Minnesota dismissed this lawsuit on December 18, 1980. The Court held that it was without jurisdiction to interfere with the ongoing administrative cease-and-desist and penalty proceedings, and that the Board acted within its authority in issuing the temporary cease-and-desist order to prevent the serious weakening of the condition of the bank holding company and to maintain the status quo pending the completion of the administrative proceedings.

To settle the proceedings instituted against them, Mid America and Mr. Jacobs, without admitting liability, paid a penalty of $50,000 each, which has been turned over by the Board to the U.S. Treasury. In addition, Mr. Jacobs agreed not to purchase more than 10 percent of any shares of any bank or bank holding company for the next five years, without prior approval of the Federal Reserve Board.

The Board's proceedings against Mid America and Mr. Jacobs did not involve, in any manner, the activities of Mid America's seven subsidiary banks, whose conditions are all reported to be satisfactory by their primary federal and state supervisory agencies.

SYSTEM MEMBERSHIP: ADMISSION OF STATE BANKS

The following banks were admitted to membership in the Federal Reserve System during the period December 11, 1980, through February 10, 1981:

California
Torrance .... Pacific Heritage Bank
Colorado
Louisville.............. Louisville State Bank
Oregon
Forest Grove ... Farmers and Merchants Bank
Newport.................. Yaquina Bay Bank
Utah
Salt Lake City .... Guardian State Bank
... Rocky Mountain State Bank
Virginia
Hillsville .... Bank of Carroll
Urbana .... Bank of Middlesex
Wyoming
Laramie .... Citizens Bank
Wheatland .... American Bank of Wheatland
Worland .... First Wyoming Bank–Worland
Wright .... First Wyoming Bank–Wright

Record of Policy Actions of the Federal Open Market Committee

Meeting Held on December 18–19, 1980

1. Domestic Policy Directive

The information reviewed at this meeting suggested that real GNP expanded more in the fourth quarter than in the third. Average prices as measured by the fixed-weight price index for gross domestic business product were continuing to rise at a rapid pace, close to the average annual rate of about $10\frac{1}{2}$ percent recorded in the first three quarters of the year.

The dollar value of retail sales rose substantially further in November, according to the advance report, after a large increase over the five preceding months. Sales of new automobiles were at an annual rate of 9.1 million units in November, marginally above the October rate. A brisk selling pace of foreign cars sustained total unit sales as sales of domestic autos edged down.

The index of industrial production rose an estimated 1.4 percent in November, following substantial gains in each of the three preceding months. Capacity utilization in manufacturing increased about 1 percentage point further in November to 78.8 percent, 3.9 percentage points above its July trough but well below earlier peaks.

Nonfarm payroll employment expanded substantially in November for the fourth consecutive month, and the unemployment rate was essentially unchanged at $7\frac{1}{2}$ percent. Employment gains were widespread, and the average workweek in manufacturing lengthened slightly.

In November private housing starts remained at the annual rate of about $1\frac{1}{2}$ million units recorded in September and October. Sales of new homes edged off slightly further in October, and sales of existing houses declined for the first time since May.

Producer prices of finished goods rose appreciably in October and November, but the rate of increase over the two months was considerably below the exceptional pace in the third quarter. In October consumer prices continued to rise rapidly; average prices of energy items fell, but mortgage interest rates rose sharply after having declined over the preceding three months. The rise in the index of average hourly earnings of private nonfarm production workers accelerated sharply in October and November; over the first eleven months of the year the index rose at an annual rate of about $9\frac{1}{2}$ percent, compared with an increase of about $8\frac{1}{4}$ percent during 1979.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies had risen about $2\frac{1}{2}$ percent over the interval since the Committee's meeting in mid-November. The U.S. foreign trade deficit in October was essentially unchanged from the August–September level, which was well below the rate in the first half of the year. The volume and value of oil imports were up somewhat in October from the sharply reduced levels of the third quarter, while the value of non-oil imports was little changed. Total exports in October also were close to the third-quarter level.

At its meeting on November 18, the Committee had decided that open market operations in the period until this meeting should be directed toward expansion of reserve aggregates consistent with growth of M-1A, M-1B, and M-2 over the period from September to December at annual rates of about $2\frac{1}{2}$ percent, 5 percent, and $7\frac{3}{4}$ percent respectively, or somewhat less, provided that in the period before the next regular meeting the weekly average federal funds rate remained within a range of 13 to 17 percent. Shortly after the November 18 meeting, incoming data indicated that the monetary aggregates were growing considerably faster than the rates consistent with the Committee's objectives for the September-to-December period. Required reserves and member bank demands for reserves expanded substantially in relation to the constrained supply of reserves being made available through open market operations. These developments were associated with additional upward pressures on the federal funds rate and other short-term interest rates; in the first statement week after the meeting, the funds rate was at about or somewhat above the upper limit of the range of 13 to 17 percent specified by the Committee, compared with an average of $14\frac{1}{2}$ percent in mid-November. In a telephone conference on November 26, the Committee raised the upper limit of the intermeeting range for the funds rate to 18 percent.

On December 4 the Board of Governors announced an increase from 12 to 13 percent in basic discount rates at Federal Reserve Banks and an increase from 2 to 3 percentage points in the surcharge on frequent borrowings of large institutions, effective December 5. This action exerted additional upward pressure on the federal funds rate; in trading during the morning of December 5, the rate generally was well above 18 percent. At the same time, incoming data suggested that M-1A and M-1B currently might be growing a little less rapidly than projected a week earlier, which would imply some reduction in member bank demands for reserves in relation to the supply being made available through open market operations.

In light of uncertainties about the duration and extent of upward pressure on the federal funds rate while markets were adjusting to the discount rate action, the Committee decided in the afternoon of December 5 to provide the Manager for Domestic Operations leeway to pursue the short-run objectives for the reserve aggregates without operations being precisely constrained in the current statement week by the 18 percent upper limit of the intermeeting range for the federal funds rate. On December 12 the Committee decided to extend this leeway for operations through the period before the meeting. In the statement weeks of December 10 and 17 the funds rate averaged 18.8 percent and 19.8 percent. Member bank borrowings receded to an average of about \$1.6 billion in the two statement weeks ending December 17 from an average of about \$2.2 billion in the preceding two statement weeks.

Growth in M-1A and M-1B moderated further in November to annual rates of about 7 percent and $9\frac{1}{4}$ percent respectively, but these growth rates were still well above those consistent with the Committee's objectives for the period from September to December. In early December growth in both measures of money slowed substantially further. Expansion in M-2 and M-3 continued to accelerate in November, reflecting a surge in both small- and large-denomination time deposits. From the fourth quarter of 1979 through November, growth of M-1A was in the upper part of the range set by the Committee for the year ending in the fourth quarter of 1980; M-1B and M-2 grew at rates somewhat above the upper limits of their ranges, while M-3 grew at a rate slightly above the upper limit of its range.

Total credit outstanding at U.S. commercial banks continued to expand in November at about the rapid pace of the previous three months. Growth in business loans remained especially vigorous, but expansion in other bank loans was also sizable and banks added further to their holdings of securities. Outstanding commercial paper of nonfinancial corporations continued to fall in November, extending the decline that had begun in August.

Pressures on bank reserve positions and strong business demands for credit, along with large Treasury financings, were associated with sharp further increases in short-term interest rates over the intermeeting period. Rate increases were especially pronounced for bank CDs and commercial paper, which rose 3 to 6 percentage points, while Treasury bill rates advanced 1 to 3 percentage points. Most long-term bond yields moved up about $\frac{1}{2}$ to 1 percentage point over the interval. The prime rate charged by commercial banks on short-term business loans was raised from $16\frac{1}{4}$ percent to a new high of 21 percent. In home mortgage markets, average rates on new commitments for fixed-rate loans rose more than $\frac{1}{2}$ percentage point further, and new commitment activity was reported to be quite limited at prevailing rates.

The staff projections presented at this meeting suggested that the accelerated growth of real GNP in the current quarter was likely to be followed by some decline in the first part of 1981 and by sluggish recovery later in the year. Accordingly, the unemployment rate was expected to increase during 1981. The rise in the fixed-weight price index for gross domestic business product was projected to remain rapid, although not quite so rapid in the second half of the year as in the first half.

In the Committee's discussion of the economic situation and its implications for policy, the members noted the clear possibility of a decline in activity in the early part of the new year and of a sluggish performance over 1981 as a whole, although some members expressed the view that underlying expansive forces were strong. It was observed that the statistical indicators of prospective activity had not been signaling a near-term contraction, but that the greater-than-anticipated expansion in GNP in the current quarter had itself contributed to developments, including the sharp rise in interest rates, that were likely to produce some decline in the early part of 1981. Later in the year, assuming monetary expansion to be consistent with the Committee's longer-run objectives, the recovery was likely to be limited unless progress was made in reducing inflation. The need to deal with the deep-seated problem of inflation was emphasized, as was the difficulty of doing so without accepting risks of unsatisfactory economic performance in the short run. It was generally recognized that the course of economic activity remained difficult to forecast because of the unpredictability of behavior based on inflationary expectations and because of uncertainties about the fiscal and other economic policies of the new administration to be inaugurated on January 20.

At its meeting in July 1980, the Committee had reaffirmed the following ranges for monetary growth from the fourth quarter of 1979 to the fourth quarter of 1980 that it had established in February: M-1A, $3\frac{1}{2}$ to 6 percent; M-1B, 4 to $6\frac{1}{2}$ percent; M-2, 6 to 9 percent; and M-3, $6\frac{1}{2}$ to $9\frac{1}{2}$ percent. The associated range for the rate of growth in commercial bank credit was 6 to 9 percent. For the period from the fourth quarter of 1980 to the fourth quarter of 1981, the Committee had looked toward a reduction in the ranges for growth of M-1A, M-1B, and M-2 on the order of $\frac{1}{2}$ percentage point from the ranges adopted for 1980, abstracting from institutional influences affecting the behavior of the aggregates. During the course of 1980, an inconsistency had become apparent between the longer-run ranges for M-1A and M-1B as a result of faster-than-expected growth of ATS and NOW accounts, which had been at the expense partly of demand deposits and partly of savings deposits and other instruments not included in the narrowly defined aggregates. In that light, the specified range for growth of M-1B in 1980 should have been somewhat higher than that actually adopted, while the range for M-1A should have been somewhat lower, consistent with the intended economic result.

At this meeting the Committee began a review of the ranges for 1981 in the expectation that at the meeting scheduled for early February it would complete the review and establish ranges for the year within the framework of the Full Employment and Balanced Growth Act of 1978 (the Humphrey-Hawkins Act). The Committee once again faced unusual uncertainties concerning the forces affecting monetary growth, in part because of some sizable variations evident in the demand for both narrowly and broadly defined money in relation to nominal GNP during 1980. For the year ahead, moreover, the institutional changes expected to result from the Monetary Control Act of 1980 would need to be evaluated and interpreted. Relationships among the monetary aggregates will be affected by the introduction of NOW accounts on a nationwide basis as of December 31, 1980, as authorized by the act. A staff analysis suggested that during 1981 shifts of funds from demand deposits into NOW accounts would be substantial and would significantly retard the growth of M-1A. At the same time, transfers from savings deposits and other interest-bearing assets into NOW accounts would enhance the growth of M-1B. However, estimates of such shifts varied within wide ranges. Shifts of funds into NOW accounts were not expected to affect growth of M-2 significantly because virtually all of the funds likely to be shifted into such accounts are included in M-2.

In the Committee's discussion of policy for the near term, the members considered rates of monetary growth over the first three months of 1981 against the background of the tentative ranges specified earlier for growth over the year as a whole, pending the completion of the review of those ranges scheduled for the meeting in early February. The midpoints of the tentative ranges for 1981, abstracting from the effects of the introduction of NOW accounts on a nationwide basis, were $4\frac{1}{4}$ percent for M-1A, $4\frac{3}{4}$ percent for M-1B, and 7 percent for M-2. It was considered likely that the substantial weakening of the demand for cash balances evident in recent weeks would persist for a time, in response to the sharp increase in interest rates over the past few months and to the slackening of economic activity projected for the months ahead; but growth of M-2 was expected to be greater in relation to growth of the narrowly defined aggregates than suggested by the tentative ranges for 1981.

Most of the members favored specification of monetary growth rates for the first quarter that were consistent with the tentative ranges for growth over the full year ahead. In view of the excessively rapid monetary growth in recent months, they were willing to accept a shortfall from those rates for a time, provided that the shortfall developed concurrently with some abatement of pressures in the money market. However, one member favored specification of higher rates of monetary growth for the first quarter, and another member favored specification of lower rates.

A number of members continued to express concern about the economic and financial effects of the high degree of variability of interest rates in 1980. In the light of the current prospects for economic activity and for the demand for money, these members wished to set a policy course for the near term that would tend both to avoid additional pressures in the money market and to moderate the expected easing of pressures. While the Committee's general practice had been to relax the constraint implied by the intermeeting range for the federal funds rate when the constraint became binding, some members felt that a somewhat narrower range than specified for most recent intermeeting periods might be appropriate to provide an opportunity for review of the situation if market interest rates changed by a sizable amount. It was also suggested that the Committee hold a consultation before the next scheduled meeting if it appeared that the rate might decline quickly toward the lower end of the range. One member expressed the opinion that setting 18 percent as the upper end of the range, which would lead to a prompt easing in money market conditions consistent with a decline in the funds rate to or below that level, would contribute over time to a reduction in the volatility of both interest rates and monetary growth.

At the conclusion of the discussion, the Committee decided to seek behavior of reserve aggregates associated with growth of M-1A, M-1B, and M-2 over the first quarter along a path consistent with the ranges for growth in 1981 contemplated in July 1980, abstracting from the effects of deposit shifts connected with the introduction of NOW accounts on a nationwide basis. The members recognized that the spread of NOW accounts and ATS accounts nationally was likely to widen the differential between growth of M-1A and M-1B to an unpredictable extent and that operational paths for reserves would have to be adjusted in the light of the developing differential. Some shortfall in growth would be acceptable in the near term if that developed in the context of reduced pressures in the money market. If it appeared during the period before the next regular meeting that fluctuations in the federal funds rate, taken over a period of time, within a range of 15 to 20 percent were likely to be inconsistent with the monetary and related reserve paths, the Manager for Domestic Operations was promptly to notify the Chairman, who would then decide whether the situation called for supplementary instructions from the Committee.

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

The information reviewed at this meeting suggests that real GNP expanded more in the fourth quarter than in the third, and prices on the average continued to rise rapidly. In November retail sales, industrial production, and nonfarm payroll employment expanded substantially further, and the unemployment rate was essentially unchanged at $7\frac{1}{2}$ percent. Housing starts remained at their September–October level. The rise in the index of average hourly earnings has been somewhat more rapid this year than in 1979.

The weighted average value of the dollar in exchange markets has risen considerably further over the past month. The U.S. trade deficit was unchanged in October, remaining well below the rate in the first half.

Growth in M-1A and M-1B continued to moderate in November but was still relatively rapid; growth in M-2 continued to accelerate, reflecting a further pickup in expansion of its nontransaction component. In early December, growth of M-1A and M-1B slowed substantially further. From the fourth quarter of 1979 to November, growth of M-1A was in the upper part of the range set by the Committee for growth over the year ending in the fourth quarter of 1980; M-1B and M-2 grew at rates somewhat above the upper limits of their respective ranges. Expansion in commercial bank credit was about as rapid in November as on the average in the preceding three months. Short-term market interest rates have risen sharply further in recent weeks. Long-term market yields have also risen, although considerably less, and average rates on new home mortgage commitments have continued upward. On December 4 the Board of Governors announced an increase in Federal Reserve discount rates from 12 to 13 percent and an increase in the surcharge from 2 to 3 percentage points on frequent borrowing of large institutions.

The Federal Open Market Committee seeks to foster monetary and financial conditions that will help to reduce inflation, encourage economic recovery, and contribute to a sustainable pattern of international transactions. At its meeting in July, the Committee agreed that these objectives would be furthered by growth of M-1A, M-1B, M-2, and M-3 from the fourth quarter of 1979 to the fourth quarter of 1980 within ranges of 3½ to 6 percent, 4 to 6½ percent, 6 to 9 percent, and 6½ to 9½ percent respectively. The associated range for bank credit was 6 to 9 percent. For the period from the fourth quarter of 1980 to the fourth quarter of 1981, the Committee looked toward a reduction in the ranges for growth of M-1A, M-1B, and M-2 on the order of ½ percentage point from the ranges adopted for 1980, abstracting from institutional influences affecting the behavior of the aggregates.

In the short-run the Committee seeks behavior of reserve aggregates associated with growth of M-1A, M-1B, and M-2 over the first quarter along a path consistent with the ranges for growth in 1981 contemplated earlier, which will be reviewed in February 1981. Those ranges, abstracting from the effects of deposit shifts connected with the introduction of NOW accounts on a nationwide basis, imply growth in these aggregates centered on 4¼ percent, 4¾ percent, and 7 percent respectively. It is recognized that the introduction of NOW and ATS accounts nationwide at the beginning of 1981 is likely to widen the discrepancy between growth in M-1A and M-1B to an extent that cannot now be accurately estimated, and operational reserve paths will be developed in the light of evaluation of those differences as they emerge. In the light of the rapid growth of monetary and credit aggregates in recent months, some shortfall in growth would be acceptable in the near term if that developed in the context of reduced pressures in the money market. If it appears during the period before the next meeting that fluctuations in the federal funds rate, taken over a period of time, within a range of 15 to 20 percent are likely to be inconsistent with the monetary and related reserve paths, the Manager for Domestic Operations is promptly to notify the Chairman, who will then decide whether the situation calls for supplementary instructions from the Committee.

Votes for this action: Messrs. Volcker, Gramley, Guffey, Morris, Partee, Rice, Roos, Schultz, Solomon, and Winn. Votes against this action: Mrs. Teeters and Mr. Wallich.

Mrs. Teeters dissented from this action because she believed that the objectives for monetary growth were unduly restrictive in terms of their eventual effects on output and employment without improving prospects for significantly tempering the rate of inflation. Pending completion of the Committee's review of its ranges for growth in 1981, she preferred specification of moderately higher rates for monetary growth over the first quarter.

Mr. Wallich dissented from this action because, given the excessive monetary expansion in recent months, he favored specification of lower monetary growth rates for the first quarter of 1981 than those adopted at this meeting along with a higher intermeeting range for the federal funds rate. In his view, such a policy stance was appropriate both to restrain monetary growth if economic activity remained strong and to moderate the probable decline in interest rates if economic activity weakened.

2. Authorization for Domestic Open Market Operations

On January 23, 1981, the Committee voted to increase from $3 billion to $4 billion the limit on changes between Committee meetings in System Account holdings of U.S. government and federal agency securities specified in paragraph 1(a) of the authorization for domestic open market operations, effective immediately, for the period ending with the close of business on February 3, 1981.

Votes for this action: Messrs. Volcker, Gramley, Guffey, Morris, Partee, Rice, Roos, Schultz, Solomon, Mrs. Teeters, Messrs. Wallich, and Winn.

This action was taken on recommendation of the Manager for Domestic Operations. The Manager had advised that since the December meeting, substantial net sales of securities had been undertaken to absorb reserves in association with a seasonal reduction in currency and deposits. The leeway for further sales had been reduced to about $1 billion, and additional sales in excess of that amount might be required over the rest of the intermeeting interval.

Legal Developments

AMENDMENT TO REGULATION E

The Board of Governors has amended its Regulation E, Electronic Fund Transfers: to exempt overdraft credit plans from § 913(1) of the Act. That section prohibits a creditor from conditioning an extension of credit on repayment by means of preauthorized debits. The amendment creates an exception for overdraft credit plans, which have historically included an automatic payment feature.

Effective January 15, 1981, Regulation E is amended as follows:

Section 205.3 is amended by redesignating footnote 1 as footnote 1b and by revising § 205.3(d)(2) and (3) to read as follows:

Section 205.3—Exemptions

* * * * *

(d) Certain automatic transfers.* * *

(2) Into a consumer's account by the financial institution, such as the crediting of interest to a savings account;[1a]

(3) From a consumer's account to an account of the financial institution, such as a loan payment;[1a] or

* * * * *

1.a The financial institution remains subject to § 913 of the Act regarding compulsory use of electronic fund transfers. A financial institution may, however, require the automatic repayment of credit that is extended under an overdraft credit plan or that is extended to maintain a specified minimum balance in the consumer's account. Financial institutions also remain subject to §§ 915 and 916 regarding civil and criminal liability.

* * * * *

AMENDMENTS TO REGULATION F

The Board of Governors has amended its Regulation F, Securities of Member State Banks consistent with recent amendments to regulations of the Securities and Exchange Commission ("SEC"), concerning (a) Safe Harbor from Liability for Projections, (b) Corporate Governance, (c) Dividend Reinvestment Plans, and (d) Tender Offers. The Board has also issued an interpretation relating to (a) Issuer Tender Offers and (b) Going Private Transactions. Finally, the Board has adopted certain technical amendments to Regulation F.

1. Section 206.3 of Regulation F is amended by revising the title of the section and by adding paragraph (d) to read as follows:

Section 206.3—Inspection and Publication of Information and Safe Harbor from Liability for Forward-Looking Statements Filed under the Act.

* * * * *

(d) Safe harbor from liability for forward-looking statements.

(1) A statement within the coverage of paragraph (d)(2) of this section which is made by or on behalf of a bank filing any statement, report, or document under the Act or by an outside reviewer retained by the bank shall be deemed not to be a fraudulent statement (as defined in paragraph (d)(4) of this section), unless it is shown that such statement was made or reaffirmed without a reasonable basis or was disclosed other than in good faith.

(2) Paragraph (d)(1) of this section applies to (i) a forward-looking statement (as defined in paragraph (d)(3) of this section) made in a document filed with the Board or in an annual report to shareholders meeting the requirements of § 206.5(c) of Regulation F (12 CFR 206.5)(c)); (ii) a statement reaffirming the forward-looking statement referred to in paragraph (d)(2)(i) of this section subsequent to the date the document was filed or the annual report was made publicly available; or (iii) a forward-looking statement made prior to the date the document was filed or the date the annual report was made publicly available if such forward-looking statement is affirmed in a filed document or annual report made publicly available within a reasonable time after the making of such forward-looking statement.

(3) For the purpose of this subsection, the term "forward-looking statement" shall mean and shall be limited to:

(i) A statement containing a projection of revenues, income (loss), earnings (loss) per share, capital expenditures, dividends, capital structure or other financial items:

(ii) A statement of management's plans and objectives for future operations;

(iii) A statement of future economic performance contained in management's discussion and analysis of the summary of earnings as called for by general instructions (g) and (h) to the Quarterly Report on Form F-4; and

(iv) Disclosed statements of the assumptions underlying or relating to any of the statements described in paragraph (d)(3)(i), (ii), or (iii) of this section.

(4) For the purpose of this regulation the term "fraudulent statement" shall mean a statement which is an untrue statement of a material fact, a statement false or misleading with respect to any material fact, an omission to state a material fact necessary to make a statement not misleading or which constitutes the employment of a manipulative, deceptive, or fraudulent device, contrivance, scheme, transaction, act, practice, course of business, or an artifice to defraud, as those terms are used in the Securities Act of 1934 or the regulations promulgated thereunder.

(5) Notwithstanding any of the provisions of paragraphs (d)(1) through (4) of this section, this rule shall apply only to forward-looking statements made by or on behalf of a bank, if, at the time such statements are made or reaffirmed, the bank is subject to the reporting requirements of the Securities Exchange Act of 1934 and has filed its most recent annual report with the Board on Form F-2.

2. Section 206.5 is amended by adding paragraphs (b)(5) and (e)(6) and revising paragraphs (d)(1) and (2); g(1)(i), (ii); g(2), (ii), (iii); g(3); i(3)(i), (ii), (iii); (h); i and (k) to read as follows:

Section 206.5—Proxy Statements and Other Solicitations under Section 14 of the Act.

(a) *Requirement of statement.* No solicitation of a proxy with respect to a security of a bank registered pursuant to section 12 of the Act shall be made unless each person solicited is concurrently furnished, or has previously been furnished, with a written proxy statement containing the information required by Form F-5. If any bank having such a security outstanding fails to solicit proxies from the holders of any such security in such a manner as to require the furnishing of such a proxy statement, such bank shall transmit to all holders of record of such security a statement containing the information required by Form F-5. The "information statement" required by the preceding sentence shall be transmitted (1) at least 20 calendar days prior to any annual or other meeting of the holders of such security at which such holders are entitled to vote, or (2) in the case of corporate action taken with the written authorization or consent of security holders, at least 20 days prior to the earliest date on which the corporate action may be taken. A proxy statement or an "information statement" required by this paragraph is hereinafter sometimes referred to as a "Statement".

(b) *Exceptions.* The requirements of this § 206.5 shall not apply to the following:

* * * * *

(5) The furnishing of proxy voting advice by any person (the "advisor") to any other person with whom the advisor has a business relationship, if:

(i) The advisor renders financial advice in the ordinary course of his business:

(ii) The advisor discloses to the recipient of the advice any significant relationship with the bank or any of its affiliates, or a shareholder proponent of the matter on which advice is given, as well as any material interest of the advisor in such matter:

(iii) The advisor receives no special commission or remuneration for furnishing the proxy voting advice from any person other than a recipient of the advice and other persons who receive similar advice under this subsection; and

(iv) The proxy voting advice is not furnished on behalf of any person soliciting proxies or on behalf of a participant in an election subject to the provisions of § 206.5(i).

NOTE —The solicitations excepted by paragraphs (b)(1) and (b)(5) remain subject to the prohibitions against false and misleading statements in § 206.5(h).

(c) *Annual report to security holders to accompany Statements.*

(1) Any Statement furnished on behalf of the bank that relates to an annual meeting of security holders at which directors are to be elected shall be accompanied or preceded by an annual report to such security holders containing such financial statements for the last 2 fiscal years as will, in the opinion of the bank, adequately reflect the financial position of the bank at the end of each such year and the results of its operations for each such year. The financial statements included in the annual report may omit details or summarize information if such statements, considered as a whole in the light of other information contained in the report and in the light of the financial statements of the bank filed or to be filed with the Board, will not by such procedure omit any material information necessary to a fair presentation or to make the financial statements not misleading under the circumstances. Subject to the foregoing requirements with respect to financial statements, the annual report to security holders may be in any form deemed suitable by the bank and the information required by paragraphs (c)(1)(i) to (iv) of this paragraph may be presented in an appen-

dix or other separate section of the report, provided that the attention of security holders is called to such presentation.

* * * * *

(2) Bank's Statement, or the report, shall contain an undertaking in bold face or otherwise reasonably prominent type to provide without charge to each person solicited, on the written request of any such person, a copy of the bank's annual report on Form F-2 including the financial statements and the schedules thereto, required to be filed with the Board pursuant to § 206.4 of this Part for the bank's most recent fiscal year, and shall indicate the name and address of the person to whom such a written request is to be directed.

* * * * *

(3) Eight copies of each annual report sent to security holders pursuant to this paragraph (c) shall be sent to the Board not later than (i) the date on which such report is first sent or given to security holders, or (ii) the date on which preliminary copies of the bank Statement are filed with the Board pursuant to paragraph (f), whichever date is later. Such annual report is not deemed to be "soliciting material" or to be "filed" with the Board or otherwise subject to this § 206.5 or the liabilities of section 18 of the Act, except to the extent that the bank specifically requests that it be treated as a part of the proxy soliciting material or incorporates it in the proxy statement by reference.

* * * * *

(d) *Requirements as to proxy.*

(1) the form of proxy (i) shall indicate in bold-face type whether or not the proxy is solicited on behalf of the bank's board of directors or, if provided other than by a majority of the board of directors, shall indicate in bold-face type the identity of the persons on whose behalf the solicitation is made, (ii) shall provide a specifically designated blank space for dating the proxy, and (iii) shall identify clearly and impartially each matter or group of related matters intended to be acted upon whether proposed by the bank or by security holders. No reference need be made, however, to matters as to which discretionary authority is conferred under paragraph (d)(3) of this section.

(2)(i) Means shall be provided in the form of proxy whereby the person solicited is afforded an opportunity to specify by boxes a choice between approval or disapproval of, or abstention with respect to, each matter or group of related matters referred to therein as intended to be acted upon, other than elections to office. A proxy may confer discretionary authority with respect to matters as to which a choice is not so specified by the security holder if the form of proxy states in bold-faced type how the shares represented by the proxy are intended to be voted in each such case.

(ii) A form of proxy which provides for the election of directors shall set forth the names of persons nominated for election as directors. Such form of proxy shall clearly provide any of the following means for security holders to withhold authority to vote for each nominee:

(A) A box opposite the name of each nominee which may be marked to indicate that authority to vote for such nominee is withheld; or

(B) An instruction in bold-face type which indicates that the security holder may withhold authority to vote for any nominee by lining through or otherwise striking out the name of any nominee; or

(C) Designated blank spaces in which the shareholder may enter the names of nominees with respect to whom the shareholder chooses to withhold authority to vote; or

(D) Any other similar means, provided that clear instructions are furnished indicating how the shareholder may withhold authority to vote for any nominee.

(iii) Such form of proxy also may provide a means for the security holder to grant authority to vote for the nominees set forth, as a group: *Provided,* That there is a similar means for the security holder to withhold authority to vote for such group of nominees. Any such form of proxy which is executed by the security holder in such manner as not to withhold authority to vote for the election of any nominee shall be deemed to grant such authority: *Provided,* That the form of proxy so states in bold-face type.

Instructions. 1. Paragraph (ii) does not apply in the case of a merger, consolidation or other plan if the election of directors is an integral part of the plan.
2. If applicable State law gives legal effect to votes cast against a nominee, then in lieu of, or in addition to, providing a means for security holders or withhold authority to vote, the bank should provide a similar means for security holders to vote against each nominee.

(e) ***

(6) All proxy statements shall disclose, under an appropriate caption, the date by which proposals of security holders intended to be presented at the next annual meeting must be received by the bank for inclusion in the bank's proxy statement and form of proxy relating to that meeting, such date to be calculated in accordance with the provisions of § 206.5(k)(iii)(A). If the date of the next annual meeting is subsequently advanced by more than 30

calendar days or delayed by more than 90 calendar days from the date of the annual meeting to which the proxy statement relates, the bank shall, in a timely manner, inform security holders of such change, and the date by which proposals of security holders must be received, by any means reasonably calculated to so inform them.

* * * * *

(g) *Mailing communications for security holders.* If the bank has made or intends to make any proxy solicitation subject to this § 206.5, the bank shall perform such of the following acts as may be requested in writing with respect to the same subject matter or meeting by any security holder who is entitled to vote on such matter or to vote at such meeting and who shall first defray the reasonable expenses to be incurred by the bank in the performance of the act or acts requested:

(1) The bank shall mail or otherwise furnish to such security holder the following information as promptly as practicable after the receipt of such request:

(i) A statement of the approximate number of holders of record of any class of securities, any of the holders of which have been or are to be solicited on behalf of the bank, or any group of such holders that the security holder shall designate;

(ii) If the bank has made or intends to make, through bankers, brokers, or other persons, any solicitation of the beneficial owners of securities of any class, a statement of the approximate number of such beneficial owners, or any group of such owners that the security holder shall designate;

* * * * *

(2)(i) ***

(ii) Any such material that is furnished by the security holder shall be mailed with reasonable promptness by the bank after receipt of a tender of the material to be mailed, of envelopes or other containers therefor, of postage or payment for postage, and of evidence that such material has been filed with the Board pursuant to paragraph (f). The bank need not, however, mail any such material that relates to any matter to be acted upon at an annual meeting of security holders prior to the earlier of (*a*) a day corresponding to the first date on which the bank's proxy soliciting material was released to security holders in connection with the last annual meeting of security holders, or (*b*) the first day on which solicitation is made on behalf of management. With respect to any such material that relates to any matter to be acted upon by security holders otherwise than at an annual meeting, such material need not be mailed prior to the first day on which solicitation is made on behalf of the bank;

(iii) The bank shall be responsible for such proxy statement, form of proxy, or other communication.

(3) In lieu of performing the acts specified above, the bank may, at its option, furnish promptly to such security holder a reasonably current list of the names and addresses of such of the holders of record specified in paragraph (g)(1)(i) of this section as the security holder shall designate, and a list of the names and addresses of the bankers, brokers, or other persons specified in paragraph (g)(1)(ii) of this section as the security holder shall designate together with a statement of the approximate number of beneficial owners solicited or to be solicited through each such banker, broker, or other person and a schedule of the handling and mailing costs of each such banker, broker, or other person, if such schedule has been supplied to the bank.

The foregoing information shall be furnished promptly upon the request of the security holder or at daily or other reasonable intervals as it becomes available to the bank.

(h) *False or misleading statements.*

(1) No solicitation or communication subject to this section shall be made by means of any Statement, form of proxy, notice of meeting, or other communication, written or oral containing any statement that, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or that omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter that has become false or misleading. Depending upon particular circumstances, the following may be misleading within the meaning of this paragraph: predictions as to specific future market values; material that directly or indirectly impugns character, integrity, or personal reputation, or directly or indirectly makes charges concerning improper, illegal, or immoral conduct or associations, without factual foundation; failure so to identify a Statement, form of proxy, and other soliciting material as clearly to distinguish it from the soliciting material of any other person or persons soliciting for the same meeting or subject matter; claims made prior to a meeting regarding the results of a solicitation.

* * * * *

(i) *Special provisions applicable to election contests.*

* * * * *

(3) *Filing of information required by Form F-6.*

(i) No solicitation subject to this paragraph (i) shall be made by any person other than the bank unless at least five business days prior thereto, or such shorter period as the Board may authorize upon a showing of good cause therefor, there has been filed with the Board and with each exchange upon which any security of the bank is listed, by or on behalf of each participant in such solicitation, a statement in duplicate containing the information specified by Form F-6.

(ii) Within five business days after a solicitation subject to this paragraph (i) is made by the bank, or such longer period as the Board may authorize upon a showing of good cause therefor, there shall be filed with the Board and with each exchange upon which any security of the bank is listed, by or on behalf of each participant in such solicitation, other than the bank, a statement in duplicate containing the information specified by Form F-6.

(iii) If any solicitation on behalf of the bank or any other person has been made, or if proxy material is ready for distribution, prior to a solicitation subject to this paragraph (i) in opposition thereto, a statement in duplicate containing the information specified in Form F-6 shall be filed by or on behalf of each participant in such prior solicitation, other than the bank, as soon as reasonably practicable after the commencement of the solicitation in opposition thereto, with the Board and with each exchange on which any security of the bank is listed.

* * * * *

(6) *Application of this paragraph to annual report.* Notwithstanding the provisions of § 206.5(c), three copies of any portion of the annual report referred to in that paragraph that comments upon or refers to any solicitation subject to this paragraph (i), or to any participant in any such solicitation, other than the solicitation by the bank shall be filed with the Board as proxy material subject to this § 206.5. Such portion of the annual report shall be filed with the Board in preliminary form at least five business days prior to the date copies of the report are first sent or given to security holders.

* * * * *

(k) *Proposals of security holders.*

(1) If any security holder of a bank notifies the bank of his intention to present a proposal for action at a forthcoming meeting of the bank's security holder the bank shall set forth the proposal in its pro statement and identify it in its form of proxy ai provide means by which security holders can mal the specification required by § 206.5(d)(2). If tl bank issues an information statement pursuant paragraph (a) of this section, it shall identify tl proposal and indicate the disposition proposed to l made of the proposal by the management at tl meeting. The bank, however, need not include proposal in its information statement if such propc al is submitted less than 60 days in advance of a d corresponding to the date of mailing a proxy stat ment or information statement in connection wi the last annual meeting of security holders. Notwit standing the foregoing, the bank shall not be r quired to include the proposal in its proxy stateme or form of proxy unless the security holder (herei after, the "proponent") has complied with the r quirements of this paragraph and paragraphs (k)(and (3) of this section:

(i) *Eligibility.* At the time he submits the propc al, the proponent shall be a record or benefic owner of a security entitled to be voted at t meeting on his proposal, and he shall continue own such security through the date on which t meeting is held. If the bank requests documenta support for a proponent's claim that he is beneficial owner of a voting security of the issue the proponent shall furnish appropriate docume tation within 10 business days after receiving t request. In the event the bank includes the prop nent's proposal in its proxy soliciting materials f the meeting and the proponent fails to comp with the requirement that he continuously be voting security holder through the meeting dat the bank shall not be required to include a proposal submitted by the proponent in its pro soliciting materials for any meeting held in t following two calendar years.

(ii) Notice. The proponent shall notify the bank writing of his intention to appear personally at t meeting to present his proposal for action. T proponent shall furnish the requisite notice at t time he submits the proposal, except that if was unaware of the notice requirement at tl time he shall comply with it within 10 busine days after being informed of it by the bank. If t proponent, after furnishing in good faith the r tice required by this provision, subsequently c termines that he will be unable to appear person ly at the meeting, he shall arrange to have anotl security holder of the issuer present his propo on his behalf at the meeting. In the event t proponent or his proxy fails, without good cau to present the proposal for action at the meetir the bank shall not be required to include any proposals submitted by the proponent in its proxy soliciting materials for any meeting held in the following two calendar years.

(iii) Timeliness. The proponent shall submit his proposal sufficiently far in advance of the meeting so that it is received by the bank within the following time periods:

(A) Annual Meetings. A proposal to be presented at an annual meeting shall be received by the management at the issuer's principal executive offices not less than 90 days in advance of a date corresponding to the date set forth on the bank's proxy statement released to security holders in connection with the previous year's annual meeting of security holders, except that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than 30 calendar days from the date of the previous year's annual meeting a proposal shall be received by the bank in reasonable time before the solicitation is made.

(B) Other Meetings. A proposal to be present at any meeting other than an annual meeting shall be received at a reasonable time before the solicitation is made.

NOTE: In order to curtail controversy as to the date on which a proposal was received by the bank, it is suggested that proponents submit their proposals by Certified Mail-Return Receipt Requested.

(iv) Number and length of proposals. The proponent may submit a maximum of two proposals of not more than 300 words each for inclusions in the management's proxy materials for a meeting of security holders. If the proponent fails to comply with either of these requirements, or if he fails to comply with the 200-word limit on supporting statements mentioned in paragraph (k)(2) of this section, he shall be provided the opportunity by the bank to reduce, within 10 business days, the items submitted by him to the limits required by this rule.

(2) If the bank opposes any proposal received from a proponent, it shall also, at the request of the proponent, include in its proxy statement a statement of the proponent of not more than 200 words in support of the proposal, which statement shall not include the name and address of the proponent. The statement and request of the proponent shall be furnished to the bank at the time that the proposal is furnished, and the bank shall not be responsible for such statement. The proxy statement shall also include either the name and address of the proponent or a statement that such information will be furnished by the issuer or by the Board to any person, orally or in writing as requested, promptl upon the receipt of any oral or written reques therefor. If the name and address of the proponen are omitted from the proxy statement, they shall b furnished to the Board at the time of filing the bank' preliminary proxy material pursuant to § 206.5(f)(1)

(3) The bank may omit a proposal and any statement in support thereof from its proxy statemen and form of proxy under any of the followin circumstances:

(i) If the proposal is, under the laws of the issuer's domicile, not a proper subject for action b security holders;

NOTE: A proposal that may be improper under the applicable Stat law when framed as a mandate or directive may be proper whe framed as a recommendation or request.

(ii) If the proposal would, if implemented, requir the issuer to violate any State law or Federal lav of the United States, or any law of any foreig jurisdiction, to which the issuer is subject, excep that this provision shall not apply with respect t any foreign law compliance with which would b violative of any State law or Federal law of th United States;

(iii) If the proposal or the supporting statement i contrary to any of the Board's proxy rules an regulations, including § 206.5(h) which prohibit false or misleading statements in proxy solicitin materials;

(iv) If the proposal relates to the enforcement of personal claim or the redress of a personal grievance against the bank, or any other person;

(v) If the proposal deals with a matter that is no significantly related to the bank's business;

(vi) If the proposal deals with a matter that i beyond the bank's power to effectuate;

(vii) If the proposal deals with a matter relating t the conduct of the ordinary business operations o the bank;

(viii) If the proposal relates to an election t office;

(ix) If the proposal is counter to a proposal to b submitted by the bank at the meeting;

(x) If the proposal has been rendered moot;

(xi) If the proposal is substantially duplicative o a proposal previously submitted to the management by another proponent, which proposal wil be included in the bank's proxy materials for th meeting;

(xii) If substantially the same proposal has previously been submitted to security holders in th bank's proxy statement and form of proxy relatin to any annual or special meeting of securit holders held within the preceding five calenda years, it may be omitted from the bank's proxy materials relating to any meeting of security holders held within three calendar years after the latest such previous submission; *Provided*, That:

(A) If the proposal was submitted at only one meeting during such preceding period, it received less than 3 per cent of the total number of votes cast in regard thereto; or

(B) If the proposal was submitted at only two meetings during such preceding period, it received at the time of its second submission less than 6 per cent of the total number of votes cast in regard thereto; or

(C) If the proposal was submitted at three or more meetings during such preceding period, it received at the time of its latest submission less than 10 per cent of the total number of votes cast in regard thereto; and

(xiii) If the proposal relates to specific amounts of cash or stock dividends.

(4) Whenever the bank asserts, for any reason, that a proposal and any statement in support thereof received from a proponent may properly be omitted from its proxy statement and form of proxy, it shall file with the Board, not later than 50 days prior to the date the preliminary copies of the proxy statement and form of proxy are filed pursuant to § 206.5(f)(1), or such shorter period prior to such date as the Board or its staff may permit, five copies of the following items: (i) The proposal; (ii) any statement in support thereof as received from the proponent; (iii) a statement of the reasons why the bank deems such omission to be proper in the particular case; and (iv) where such reasons are based on matters of law, a supporting opinion of counsel. The bank shall at the same time, if it has not already done so, notify the proponent of its intention to omit the proposal from its proxy statement and form of proxy and shall forward to him a copy of the statement of reasons why the bank deems the omission of the proposal to be proper and a copy of such supporting opinion of counsel.

* * * * *

3. Section 206.5 is amended by deleting paragraphs (l) and (m). The paragraph designations are being reserved.

4. Section 206.6 is amended by adding a new paragraph (j) and present paragraphs (j) through (u) are redesignated as paragraphs (k) through (v).

Section 206.6—"Insiders" Securities Transaction and Reports under Section 16 of the Act.

* * * * *

(j) *Exemption for acquisitions under dividend reinvestment plans.* Any acquisition of securities resulting from reinvestment of dividends or interest shall be exempt from section 16 if it is made pursuant to a plan providing for the regular reinvestment in such securities of dividends payable thereon or of dividends or interest payable on other securities of the same bank: *Provided*, That the plan is made available on the same terms to all holders of securities of the class on which the reinvested dividends or interest are being paid.

* * * * *

5. A new section, § 206.8, is added to Part 206 to read as follows:

Section 206.8—Tender Offers.

(a) *Scope of and definitions applicable to this section*

(1) Scope. (i) No person, directly or indirectly by use of the mails or any means or instrumentality of interstate commerce or any facility of a national securities exchange or otherwise, shall make a tender offer for, or a request or invitation for tenders of, any class of equity security which is registered pursuant to Section 12 of the Act, of a State member bank if, after consummation thereof, such person would, directly or indirectly, be the beneficial owner of more than 5 per cent of such class, unless on the date of the commencement of the tender offer such person has complied with the requirements of paragraph (c)(1) of this section. The definition of beneficial owner set forth in § 206.4(h)(5)(i) for the purposes of Section 13(d)(1) of the Act shall apply also for purposes of Section 14(d)(1) of the Act.

(2) Definitions. Unless the context otherwise requires, all terms used in this section have the same meaning as in the Act and in § 206.2 promulgated thereunder. In addition, for purposes of sections 14(d) and 14(e) of the Act and this section the following definitions apply:

(i) The term "bidder" means any person who makes a tender offer or on whose behalf a tender offer is made;

(ii) The term "subject bank" means any State member bank which is the issuer of securities which are sought by a bidder pursuant to a tender offer;

(iii) The term "security holders" means holders of record and beneficial owners of securities which are the subject of a tender offer;

(iv) The term "beneficial owner" shall have the same meaning as that set forth in § 206.4(h)(5)(i): *Provided, however*, That, except with respect to paragraphs (c) and (i)(4) of this section and Item 6 of the Form F-13, the term shall not include a person who does not have or share investment power or who may be deemed to be a beneficial owner by virtue of his right to acquire beneficial ownership as set forth in § 206.4(h)(5)(i)

(v) The term "tender offer material" means:

(A) The bidder's formal offer, concluding all the material terms and conditions of the tender offer and all amendments thereto;

(B) The related transmittal letter (whereby securities of the subject bank which are sought in the tender offer may be transmitted to the bidder or its depository) and all amendments thereto; and

(C) Press releases, advertisements, letters and other documents published by the bidder or sent or given by the bidder to security holders which, directly or indirectly, solicit, invite or request tenders of the securities being sought in the tender offer;

(vi) The term "business day" means any day, other than Saturday, Sunday or a Federal holiday, and shall consist of the time period from 12:01 a.m. through 12:00 midnight Eastern time. In computing any time period under section 14(d)(5) or section 14(d)(6) of the Act or under CFR Part 206 the date of the event which begins the running of such time period shall be included *except that* if such event occurs in other than a business day such period shall begin to run on and shall include the first business day thereafter; and

(vii) The term "security position listing" means, with respect to securities of any issuer held by a registered clearing agency in the name of the clearing agency or its nominee, a list of those participants in the clearing agency on whose behalf the clearing agency holds the bank's securities and of the participants' respective positions in such securities as of a specified date.

(b) *Date of commencement of a tender offer.*

(1) Commencement. A tender offer shall commence for the purposes of section 14(d) of the Act and the rules promulgated thereunder at 12:01 a.m. on the date when the first of the following events occurs:

(i) The long-form publication of the tender offer is first published by the bidder pursuant to paragraph (d)(1)(i) of this section.

(ii) The summary advertisement of the tender offer is first published by the bidder pursuant to paragraph (d)(1)(i) of this section.

(iii) The summary advertisement or the long-form publication of the tender offer is first published by the bidder pursuant to paragraph (d)(1)(i) of this section.

(iv) Definitive copies of a tender offer, in which the consideration offered by the bidder consists of securities registered pursuant to the Securities Act of 1933, are first published or sent or given t the bidder to security holders; or

(v) The tender offer is first published or sent (given to security holders by the bidder by ai means not otherwise referred to in subparagrapl (1)(i) through (1)(iv) of this paragraph.

(2) Public announcement. A public announceme by a bidder through a press release, newspap advertisement or public statement which includ the information at subparagraph (3) of this par graph with respect to a tender offer in which tl consideration consists solely of cash and/or secu ties exempt from registration under section 3 of tl Securities Act of 1933 shall be deemed to constitu the commencement of a tender offer under subpar graph (1)(v) of this paragraph *except that* su tender offer shall not be deemed to be first publish or sent or given to security holders by the bidd under subparagraph (1)(v) or this paragraph on tl date of such public announcement if within fi business days of such public announcement, tl bidder *either*:

(i) Makes a subsequent public announceme stating that the bidder has determined not continue with such tender offer, in which eve subparagraph (1)(v) of this paragraph shall n apply to the initial public announcement; or

(ii) Complies with paragraph (c)(1) of this sectic and contemporaneously disseminates the discl sure required by paragraph (f) of this section security holders pursuant to paragraph (d) of th section or otherwise in which event:

(A) The date of commencement of such tend offer under subparagraph (1) of this paragra will be determined by the date the informatic required by paragraph (f) of this section is fir published or sent or given to security holde pursuant to paragraph (d) of this section (otherwise; and

(B) Notwithstanding subparagraph (2)(ii)(A) this paragraph, section 14(d)(7) of the Act sh be deemed to apply to such tender offer fro the date of such public announcement.

(3) Information. The information referred to in su paragraph (2) of this paragraph is as follows:

(i) The identity of the bidder.

(ii) The identity of the subject company; and

(iii) The amount and class of securities bei sought and the price or range of prices bei offered therefor.

(4) Announcements not resulting in commencemer A public announcement by a bidder through a pre release, newspaper advertisement or public stat ment which only discloses the information in su paragraphs (4)(i) through (4)(iii) of this paragra concerning a tender offer in which the consideratic

consists solely of cash and/or securities exempt from registration under section 3 of the Securities Act of 1933 shall not be deemed to constitute the commencement of a tender offer under subparagraph (1)(v) of this paragraph.

(i) The identity of the bidder.

(ii) The identity of the subject company; and

(iii) A statement that the bidder intends to make a tender offer in the future for a class of equity securities of the subject bank which statement does not specify the amount of securities of such class to be sought or the consideration to be offered therefor.

(5) Public Announcement. A public announcement concerning a tender offer by a bidder through a press release, newspaper advertisement or public statement which states that the offering will be made only by means of a prospectus and discloses the name of the bank and the title of the securities to be surrendered in exchange for the securities to be offered and the basis upon which the exchange may be made where the consideration consists solely or in part of securities to be registered under the Securities Act of 1933 shall not be deemed to constitute the commencement of a tender offer under subparagraph (1)(v) of this paragraph: *Provided*. That such bidder files a registration statement with respect to such securities promptly after such public announcement.

(c) *Filing and transmission of tender offer statement*.

(1) Filing and transmittal. No bidder shall make a tender offer if, after consummation thereof, such bidder would be the beneficial owner of more than 5 percent of the class of the subject bank securities for which the tender offer is made, unless as soon as practicable on the date of the commencement of the tender offer such bidder:

(i) Files with the Board six copies of a Tender Offer Statement on Form F-13 (12 CFR 206.82) including all exhibits thereto;

(ii) Hand delivers a copy of such Form F-13, including all exhibits thereto;

(A) To the subject bank at its principal executive office; and

(B) To any other bidder, which has filed a Form F-13 with the Board relating to a tender offer that has not yet terminated for the same class of securities of the subject bank, at such bidder's principal executive office or at the address of the person authorized to receive notices and communications (which is disclosed on the cover sheet of such other bidder's Form F-13);

(iii) Gives telephonic notice of the information required by paragraphs (f)(5)(ii) (A) and (B) of this section and mails by means of first class mail a copy of such Form F-13, including all exhibits thereto:

(A) To each national securities exchange where such class of the subject bank's securities is registered and listed for trading (which may be based upon information contained in the subject bank's most recent Annual Report on Form F-2 (12 CFR 206.42) filed with the Board unless the bidder has reason to believe that such information is not current) which telephonic notice shall be made when practicable prior to the opening of each such exchange; and

(B) To the National Association of Securities Dealers, Inc. ("NASD") if such class of the subject bank's securities are authorized for quotation in the NASDAQ interdealer quotation system.

(2) Additional materials. The bidder shall file with the Board six copies of any additional tender offer materials as an exhibit to the Form F-13 required by this section, and if a material change occurs in the information set forth in such Form F-13, six copies of an amendment to Form F-13 each of which shall include all exhibits other than those required by Item 11(a) of Form F-13 disclosing such change and shall send a copy of such additional tender offer material or such amendment to the subject bank and to any exchange and/or the NASD, as required by subparagraph (1) of this paragraph, promptly but not later than the date such additional tender offer material or such change is first published, sent or given to security holders.

(3) Certain announcements. Notwithstanding the provisions of subparagraph (2) of this paragraph, if the additional tender offer material or an amendment to Form F-13 discloses only the number of shares deposited to date, and/or announces an extension of the time during which shares may be tendered, then the bidder may file such tender offer material or amendment and send a copy of such tender offer material or amendment to the subject bank, any exchange and/or the NASD, as required by subparagraph (1) of this paragraph, promptly after the date such tender offer material is first published or sent or given to security holders.

(d) *Dissemination of certain tender offers*

(1) Materials deemed published or sent or given. A tender offer in which the consideration consists solely of cash and/or securities exempt from registration under section 3 of the Securities Act of 1933 shall be deemed "published or sent or given to security holders" within the meaning of section 14(d)(1) of the Act if the bidder complies with all of the requirements of any one of the following subparagraphs: *Provided, however*, That any such tender

offer may be published or sent or given to security holders by other methods, but with respect to summary publication, and the use of stockholder lists and security position listings pursuant to paragraph (e), paragraphs (d)(1)(ii) and (iii) are exclusive.

(i) Long-form publication. The bidder makes adequate publication in a newspaper of long-form publication of the tender offer.

(ii) Summary publication.

(A) The bidder makes adequate publication in a newspaper or newspapers of a summary advertisement of the tender offer; and

(B) Mails by first class mail or otherwise furnishes with reasonable promptness the bidder's tender offer materials to any security holder who requests such tender offer materials pursuant to the summary advertisement or otherwise.

(iii) Use of stockholder lists and security position listings. Any bidder using stockholder lists and security position listings pursuant to paragraph (e) of this section shall comply with subparagraphs (1)(i) or (1)(ii) of this paragraph on or prior to the date of the bidder's request for such lists or listing pursuant to paragraph (e)(1) of this section.

(2) Adequate publication. Depending on the facts and circumstances involved, adequate publication of a tender offer pursuant to this section may require publication in a newspaper with a national circulation or may only require publication in a newspaper with metropolitan or regional circulation or may require publication in a combination thereof: *Provided, however,* That publication in all editions of a daily newspaper with a national circulation shall be deemed to constitute adequate publication.

(3) Publication of changes. If a tender offer had been published or sent or given to security holders by one or more of the methods enumerated in subparagraph (1) of this paragraph a material change in the information published, sent or given to security holders shall be promptly disseminated to security holders in a manner reasonably designed to inform security holders of such change: *Provided, however,* That if the bidder has elected pursuant to paragraph (e)(6)(i) of this section to require the subject company to disseminate amendments disclosing material changes to the tender offer materials pursuant to paragraph (e) of this section the bidder shall disseminate material changes in the information published or sent or given to security holders at least pursuant to paragraph (e) of this section.

(e) *Dissemination of certain tender offers by the use of stockholder lists.*

(1) Obligations of the subject bank. Upon receipt by a subject bank at its principal executive offices of a bidder's written request, meeting the requirements of paragraph (e)(5) of this section, the subject shal comply with the following:

(i) The subject bank shall notify promptly transfe agents and any other person who will assist th subject in complying with the requirements of thi paragraph of the receipt by the subject bank of request by a bidder pursuant to this paragraph.

(ii) The subject bank shall promptly ascertai whether the most recently prepared stockholde list, written or otherwise, within the access of th subject bank was prepared as of a date earlier tha ten business days before the date of the bidder' request and, if so, the subject bank shall promptl prepare or cause to be prepared a stockholder lis as of the most recent practicable date which sha not be more than ten business days before th date of the bidder's request.

(iii) The subject bank shall make an election t comply and shall comply with all of the provision of either subparagraph (2) or subparagraph (3) c this paragraph. The subject's bank's electior once made, shall not be modified or revoke during the bidder's tender offer and extension thereof.

(iv) No later than the second business day afte the date of the bidder's request, the subject ban shall orally notify the bidder, which notificatio shall be confirmed in writing, of the subje bank's election made pursuant to subparagrap (1)(iii) of this paragraph. Such notification sha indicate (A) the approximate number of securit holders of the class of securities being sought b the bidder and, (B) if the subject bank elects t comply with subparagraph (2) of this paragrapl appropriate information concerning the locatio for delivery of the bidder's tender offer material and the approximate direct costs incidental to th mailing to security holders of the bidder's tend offer materials computed in accordance with sul paragraph (7)(ii) of this paragraph.

(2) Mailing of tender offer materials by the subje bank. A subject bank which elects pursuant t subparagraph (1)(iii) of this paragraph to compl with the provisions of this paragraph shall perfor the acts prescribed by the following subparagraph:

(i) The subject bank shall promptly contact eac participant named on the most recent securit position listing of any clearing agency within th access of the subject bank and make inquiry each such participant as to the approximate nun ber of beneficial owners of the subject ban securities being sought in the tender offer held b each such participant.

(ii) No later than the third business day aft delivery of the bidder's tender offer materia pursuant to subparagraph (7)(i) of this paragrapl the subject bank shall begin to mail or cause to be mailed by means of first class mail a copy of the bidder's tender offer materials to each person whose name appears as a record holder of the class of securities for which the offer is made on the most recent stockholder list referred to in subparagraph (1)(ii) of this paragraph. The subject bank shall use its best efforts to complete the mailing in a timely manner but in no event shall such mailings be completed in a substantially greater period of time than the subject bank would complete a mailing to security holders of its own materials relating to the tender offer.

(iii) No later than the third business day after the delivery of the bidder's tender offer materials pursuant to subparagraph (7)(i) of this paragraph, the subject bank shall begin to transmit or cause to be transmitted a sufficient number of sets of the bidder's tender offer materials to the participants named on the security position listings described in subparagraph (2)(i) of this paragraph. The subject bank shall use its best efforts to complete the transmittal in a timely manner but in no event shall such transmittal be completed in a substantially greater period of time than the subject bank would complete a transmittal to such participants pursuant to security position listings or clearing agencies of its own material relating to the tender offer.

(iv) The subject bank shall promptly give oral notification to the bidder, which notification shall be confirmed in writing, of the commencement of the mailing pursuant to subparagraph (2)(ii) of this paragraph and of the transmittal pursuant to subparagraph (2)(iii) of this paragraph.

(v) During the tender offer and any extension thereof the subject bank shall use reasonable efforts to update the stockholder list and shall mail or cause to be mailed promptly following each update a copy of the bidder's tender offer materials (to the extent sufficient sets of such materials have been furnished by the bidder) to each person who has become a record holder since the later of (A) the date of preparation of the most recent stockholder list referred to in subparagraph (e)(1)(ii) of this section or (B) the last preceding update.

(vi) If the bidder has elected pursuant to subparagraph (6)(i) of this paragraph to require the subject bank to disseminate amendments disclosing materials changes to the tender offer materials pursuant to this paragraph, the subject bank, promptly following delivery of each such amendment, shall mail or cause to be mailed a copy of each such amendment to each record holder whose name appears on the shareholder list described in subparagraphs (1)(ii) and (2)(v) of this paragraph and shall transmit or cause to be transmitted sufficient copies of such amendment to each participant named on security position listings who received sets of the bidder's tender offer materials pursuant to subparagraph (2)(iii) of this paragraph.

(vii) The subject bank shall not include any communication other than the bidder's tender offer materials or amendments thereto in the envelopes or other containers furnished by the bidder.

(viii) Promptly following the termination of the tender offer, the subject bank shall reimburse the bidder the excess, if any, of the amounts advanced pursuant to subparagraph (6)(iii)(C) over the direct costs incidental to compliance by the subject bank and its agents in performing the acts required by this paragraph computed in accordance with subparagraph (7)(ii) of this paragraph.

(3) Delivery of stockholder lists and security position listings. A subject bank which elects pursuant to subparagraph (1)(iii) of this paragraph to comply with the provisions of this paragraph shall perform the acts prescribed by the following:

(i) No later than the third business day after the date of the bidder's request, the subject bank shall furnish to the bidder at the subject bank's principal executive office a copy of the names and addresses of the record holders on the most recent stockholder list referred to in subparagraph (1)(ii) of this paragraph and a copy of the names and addresses of participants identified on the most recent security position listing of any clearing agency which is within the access of the subject bank.

(ii) If the bidder has elected pursuant to subparagraph (6)(i) of this paragraph to require the subject bank to disseminate amendments disclosing material changes to the tender offer materials, the subject bank shall update the stockholder list by furnishing the bidder with the name and address of each record holder named on the stockholder list, and not previously furnished to the bidder, promptly after such information becomes available to the subject bank during the tender offer and any extensions thereof.

(4) Liability of subject bank and others. Neither the subject bank nor any affiliate or agent of the subject bank nor any clearing agency shall be:

(i) Deemed to have made a solicitation or recommendation respecting the tender offer within the meaning of section 14(d)(4) based solely upon the compliance by the subject bank or any affiliate or agent of the subject bank with one or more requirements of this section;

(ii) Liable under any provision of the Federal securities laws to the bidder or to any security holder based solely upon the inaccuracy of the current names or addresses on the stockholder list or security position listing, unless such inaccuracy results from a lack of reasonable care on the part of the subject bank or any affiliate or agent of the subject bank.

(iii) Deemed to be an "underwriter" within the meaning of section (2)(11) of the Securities Act of 1933 for any purpose of that Act or any rule or regulation promulgated thereunder based solely upon the compliance or noncompliance by the subject bank or any affiliate or agent of the subject bank with one or more of the requirements of this paragraph;

(iv) Liable under any provision of the federal securities laws for the disclosure in the bidder's tender offer materials, including any amendment thereto, based solely upon the compliance or noncompliance by the subject bank or any affiliate or agent of the subject bank with one or more of the requirements of this paragraph.

(5) Content of the bidder's request. The bidder's written request referred to in subparagraph (1) of this paragraph shall include the following:

(i) The identity of the bidder;

(ii) The title of the class of securities which is the subject of the bidder's tender offer;

(iii) A statement that the bidder is making a request to the subject bank pursuant to subparagraph (1) of this paragraph for the use of the stockholder list and security position listings for the purpose of disseminating a tender offer to security holders;

(iv) A statement that the bidder is aware of and will comply with the provisions of subparagraph (6) of this paragraph;

(v) A statement as to whether or not it has elected pursuant to subparagraph (6)(i) of this paragraph to disseminate amendments disclosing material changes to the tender offer materials pursuant to this paragraph; and

(vi) The name, address and telephone number of the person whom the subject bank shall contact pursuant to subparagraph (1)(iv) of this paragraph.

(6) Obligations of the bidder. Any bidder who requires that a subject bank comply with the provisions of subparagraph (1) of this paragraph, shall comply with the following:

(i) The bidder shall make an election whether or not to require the subject bank to disseminate amendments disclosing material changes to the tender offer materials pursuant to this paragraph, which election shall be included in the request referred to in subparagraph (1) of this paragraph and shall not be revocable by the bidder during the tender offer and extensions thereof.

(ii) With respect to a tender offer subject to section 14(d)(1) of the Act in which the consideration consists solely of cash and/or securities exempt from registration under section 3 of the Securities Act of 1933, the bidder shall comply with the requirements of paragraph (d)(1)(iii) of this section.

(iii) If the subject bank elects to comply with subparagraph (2) of this paragraph,

(A) The bidder shall promptly deliver the tender offer materials after receipt of the notification from the subject bank, as provided in subparagraph (1)(iv) of this paragraph;

(B) The bidder shall promptly notify the subject bank of any amendment to the bidder's tender offer materials requiring compliance by the subject bank with subparagraph (2)(vi) of this paragraph and shall promptly deliver such amendment to the subject bank pursuant to subparagraph (7)(i) of this paragraph;

(C) The bidder shall advance to the subject bank an amount equal to the approximate cost of conducting mailings to security holders computed in accordance with subparagraph (7)(ii) of this paragraph;

(D) The bidder shall promptly reimburse the subject bank for the direct costs incidental to compliance by the subject bank and its agents in performing the act required by this section computed in accordance with subparagraph (7)(ii) of this paragraph which are in excess of the amount advanced pursuant to subparagraph (6)(iii)(C) of this paragraph, and

(E) The bidder shall mail by means of first class mail or otherwise furnish with reasonable promptness the tender offer materials to any security holder who requests such materials.

(iv) If the subject bank elects to comply with subparagraph (3) of this paragraph:

(A) The subject bank shall use the stockholder and security position listings furnished to the bidder pursuant to subparagraph (3) of this paragraph exclusively in the dissemination of tender offer materials to security holders in connection with the bidder's tender offer and extensions thereof;

(B) The bidder shall return the stockholder lists and security position listings furnished to the bidder pursuant to subparagraph (3) of this paragraph promptly after the termination of the bidder's tender offer;

(C) The bidder shall accept, handle and return the stockholder lists and security position listings furnished to the bidder pursuant to subparagraph (3) of this paragraph to the subject bank on a confidential basis;

(D) The bidder shall not retain any stockholder list or security position listing furnished by the subject bank pursuant to subparagraph (3) of this paragraph, or any copy thereof, nor retain any information derived from any such list or listing or copy thereof after the termination of the bidder's tender offer;

(E) The bidder shall mail by means of first class mail, at its own expense, a copy of its tender offer materials to each person whose identity appears on the stockholder list as furnished and updated by the subject bank pursuant to subparagraphs (3)(i) and (3)(ii) of this paragraph;

(F) The bidder shall contact the participants named on the security position listing of any clearing agency, make inquiry of each participant as to the appropriate number of sets of tender offer materials required by each such participant, and furnish, at its own expense, sufficient sets of tender offer materials and any amendment thereto to each such participant for subsequent transmission to the beneficial owners of the securities being sought by the bidder;

(G) The bidder shall mail by means of first class mail or otherwise furnish with reasonable promptness the tender offer materials to any security holder who requests such materials; and

(H) The bidder shall promptly reimburse the subject bank for direct costs incidental to compliance by the subject bank and its agents in performing the acts required by this section computed in accordance with subparagraph (7)(ii) of this paragraph.

(7) Delivery of materials, computation of direct costs.

(i) Whenever the bidder is required to deliver tender offer materials or amendments to tender offer materials, the bidder shall deliver to the subject bank at the location specified by the subject bank in its notice given pursuant to subparagraph (1)(iv) of this paragraph a number of sets of the materials or of the amendment, as the case may be, at least equal to the approximate number of security holders specified by the subject bank in such notice, together with appropriate envelopes or other containers therefor: *Provided, however,* That such delivery shall be deemed not to have been made unless the bidder has complied with subparagraph (6)(iii)(C) of this paragraph at the time the materials or amendments, as the case may be, are delivered.

(ii) The approximate direct cost of mailing the bidder's tender offer materials shall be computed by adding (A) the direct cost incidental to the mailing of the subject bank's last annual report to shareholders (excluding employee time), less the costs of preparation and printing of the report, and postage, plus (B) the amount of first class postage required to mail the bidder's tender offer materials. The approximate direct costs incidental to the mailing of the amendments to the bidder's tender offer materials shall be computed by adding (C) the estimated direct costs of preparing mailing labels, or updating shareholder lists and of third party handling charges plus (D) the amount of first class postage required to mail the bidder's amendment. Direct costs incidental to the mailing of the bidder's tender offer materials thereto when finally computed may include all reasonable charges paid by the subject bank to third parties for supplies or services, including costs attendant to preparing shareholder lists, mailing labels, handling the bidder's materials, contacting participants named on security position listings and for postage, but shall exclude indirect costs, such as employee time which is devoted to either contesting or supporting the tender offer on behalf of the subject bank. The final billing for direct costs shall be accompanied by an appropriate accounting in reasonable detail.

(f) *Disclosure requirements with respect to tender offers.*

(1) Information required on date of commencement

(i) Long-form publication. If a tender offer is published, sent or given to security holders on the date of commencement by means or long-form publication pursuant to paragraph (d)(1)(i) of this section such long-form publication shall include the information required by subparagraph (5)(i) of this paragraph.

(ii) Summary publication. If a tender offer is published, sent or given to security holders on the date of commencement by means of summary publication pursuant to paragraph (d)(1)(ii) of this section:

(A) The summary advertisement shall contain and shall be limited to, the information required by subparagraph (5)(ii) of this paragraph; and

(B) The tender offer materials furnished by the bidder upon the request of any security holder shall include the information required by subparagraph (5)(i) of this paragraph.

(iii) Use of stockholder lists and security position listings. If a tender offer is published or sent or given to security holders on the date of commencement by the use of stockholder lists and security position listings pursuant to paragraph (d)(1)(iii).

(A) Either (1) the summary advertisement shall contain, and shall be limited to the information required by subparagraph (5)(ii) of this paragraph, or (2) if long-form publication of the tender offer is made, such long-form publication shall include the information required by subparagraph (5)(i) of this paragraph, and

(B) The tender offer materials transmitted to security holders pursuant to such lists and security position listings and furnished by the bidder upon the request of any security holder shall include the information required by subparagraph (5)(i) of this paragraph.

(iv) Other tender offers. If a tender offer is published or sent or given to security holders other than pursuant to paragraph (d)(1) of this section the tender offer materials that are published or sent or given to security holders on the date of commencement of such offer shall include the information required by subparagraph (5)(i) of this paragraph.

(2) Information required in summary advertisement made after commencement. A summary advertisement published subsequent to the date of commencement of the tender offer shall include at least the information specified in subparagraphs (5)(i)(A)–(D) and (5)(ii)(D) of this paragraph.

(3) Information required in other tender offer materials published after commencement. Except for summary advertisements described in subparagraph (2) of this paragraph and tender offer materials described in subparagraphs (1)(ii)(B) and (1)(iii)(B) of this paragraph, additional tender offer materials published, sent or given to security holders subsequent to the date of commencement shall include the information required by subparagraphs (5)(i) of this paragraph and may omit any of the information required by subparagraphs (5)(i)(E–H) of this paragraph which has been previously furnished by the bidder in connection with the tender offer.

(4) Material changes. A material change in the information published or sent or given to security holders shall be promptly disclosed to security holders in additional tender offer materials.

(5) Information to be included

(i) Long-form publication and tender offer materials. The information required to be disclosed by subparagraphs (1)(i), (1)(ii)(B), (1)(iii)(A)(b) and (1)(iv) of this paragraph shall include the following:

(A) The identity of the holder;

(B) The identity of the subject bank;

(C) The amount of class of securities being sought and the type and amount of consider ation being offered therefor;

(D) The scheduled expiration date of the tende offer, whether the tender offer may be extende and, if so, the procedures for extension of th tender offer;

(E) The exact dates prior to which, and afte which, security holders who deposit their secu rities will have the right to withdraw thei securities pursuant to section 14(d)(5) of the Ac and paragraph (g) of this section and the manne in which shares will be accepted for paymen and in which withdrawal may be effected;

(F) If the tender offer is for less than all th outstanding securities of a class of equity secur ities and the bidder is not obligated to purchase all of the securities tendered, the period o periods, and in the case of the period from th commencement of the offer, the date of th expiration of such period during which th securities will be taken up pro rata pursuant t Section 14(d)(6) of the Act or paragraph (h) an the present intention or plan of the bidder wit respect to the tender offer in the event of a oversubscription by security holders;

(G) The disclosure required by Items 1(c); (with respect to persons other than the bidder excluding sub-items (b) and (d)); 3; 4; 5; 6; 7; 8 and 10 of Form F-13 (12 CFR 206.82) or a fai and adequate summary thereof; *Provided, how ever,* That negative responses to any such iten or sub-item of Form F-13 need not be included and

(H) The disclosure required by Item 9 of Forn F-13 or a fair and adequate summary thereof. I the information required by Item 9 is summa rized, appropriate instructions shall be include stating how complete financial information ca be obtained.

(ii) Summary publication. The information re quired to be disclosed by subparagraphs (1)(ii)(A and (1)(iii)(A)(a) of this paragraph in a summar advertisement is as follows:

(A) The information required by subparagrap (5)(i)(A) through (F) of this paragraph;

(B) If the tender offer is for less than all th outstanding securities of a class of equity secu rities, a statement as to whether the purpose o one of the purposes of the tender offer is t acquire or influence control of the business o the subject bank;

(C) A statement that the information require by subparagraph (5)(i)(G) of this paragraph i incorporated by reference into the summar advertisement;

(D) Appropriate instructions as to how securit holders may obtain promptly, at the bidder's expense, the bidder's tender offer materials; and

(E) In a tender offer published or sent or given to security holders by the use of stockholder lists and security position listings pursuant to paragraph (d)(1)(iii) of this section a statement that a request is being made for such lists and listings and that tender offer materials will be mailed to record holders and will be furnished to brokers, banks and similar persons whose name appears or whose nominee appears on the list of stockholders or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of such securities.

(iii) No transmittal letter. Neither the initial summary advertisement nor any subsequent summary advertisement shall include a transmittal letter (whereby securities of the subject bank which are sought in the tender offer may be transmitted to the bidder or its depository) or any amendment thereto.

(g) *Additional withdrawal rights*,

(1) Rights. In addition to the provisions of section 14(d)(5) of the Act, any person who has deposited securities pursuant to a tender offer has the right to withdraw any such securities during the following periods:

(i) At any time until the expiration of fifteen business days from the date of commencement of such tender offer; and

(ii) On the date and until the expiration of ten business days following the date of commencement of another bidder's tender offer other than pursuant to paragraph (b)(2) of this section for securities of the same class: *Provided*, That the bidder has received notice or otherwise has knowledge of the commencement of such other tender offer: *And, provided further*, That withdrawal may only be effected with respect to securities which have not been accepted for payment in the manner set forth in the bidder's tender offer prior to the date such other tender offer is first published, sent or given to security holders.

(2) Computation of time periods. The time periods for withdrawal rights pursuant to this section shall be computed on a concurrent, as opposed to a consecutive, basis.

(3) Knowledge of competing offer. For the purposes of this section, a bidder shall be presumed to have knowledge of another tender offer, as described in subparagraph (1)(ii) of this paragraph, on the date such bidder receives a copy of the Form F-13 (12 CFR 206.82) pursuant to paragraph (c) of this section from such other bidder.

(4) Notice of withdrawal. Notice of withdrawal pursuant to this paragraph shall be deemed to be timely upon the receipt by the bidder's depository of a written notice of withdrawal specifying the name(s) of the tendering stockholder(s), the number or amount of the securities to be withdrawn and the name(s) in which the certificate(s) is (are) registered, if different from that of the tendering security holder(s). A bidder may impose other reasonable requirements, including certificate numbers and a signed request for withdrawal accompanied by a signature guarantee, as conditions precedent to the physical release of withdrawn securities.

(h) *Exemption from statutory pro rata requirements*. The limited pro rata provisions of section 14(d)(6) of the Act shall not apply to any tender offer for less than all the outstanding securities of the class for which the tender offer is made to the extent that the bidder provides in the tender offer materials disseminated to security holders on the date of commencement of the tender offer that in the event more securities are deposited during the period(s) described in subparagraphs (1) and/or (2) of this paragraph than the bidder is bound or willing to accept for payment, all securities deposited during such period(s) will be accepted for payment as nearly as practicable on a pro rata basis, disregarding fractions, according to the number of securities deposited by each depositor.

(1) Any period which exceeds ten days from the date of commencement of the tender offer.

(2) Any period which exceeds ten days from the date that notice of an increase in the consideration offered is first published, sent or given to security holders.

(i) *Solicitation/recommendations statements with respect to certain tender offers*.

(1) Filing and transmittal of recommendation statement. No solicitation or recommendation to security holders shall be made by recommendation to security holders shall be made by any person described in subparagraph (4) of this paragraph with respect to a tender offer for such securities unless as soon as practicable on the earliest date such solicitation or recommendation is first published or sent or given to security holders such person complies with the following subparagraphs.

(i) Such persons shall file with the Board six copies of a Tender Offer Solicitation/Recommendation Statement on Form F-12 (12 CFR 206.81) including all exhibits thereto; and

(ii) If such person is either the subject bank or an affiliate of the subject bank,

(A) Such person shall deliver a copy of the Form F-12 to the bidder at its principal office or at the address of the person authorized to receive notices and communications (which is set forth on the cover sheet of the bidder's Form F-13 (12 CFR 206.82) filed with the Commission; and

(B) Such person shall give telephonic notice (which notice to the extent possible shall be given prior to the opening of the market) of the information required by Items 2 and 4(a) of Form F-12 and shall mail a copy of the Form to each national securities exchange where the class of securities is registered and listed for trading and, if the class is authorized for quotation in the NASDAQ interdealer quotation system, to the National Association of Securities Dealers, Inc. ("NASD").

(iii) If such person is neither the subject bank nor an affiliate of the subject bank,

(A) Such person shall mail a copy of the schedule to the bidder at its principal office or at the address of the person authorized to receive notices and communications (which is set forth on the cover sheet of the bidder's Form F-13 filed with the Board), and

(B) Such person shall mail a copy of the Form to the subject bank at its principal office.

(2) Amendments. If any material change occurs in the information set forth in the Form F-12 required by this section, the person who filed such Form F-12 shall:

(i) File with the Board six copies of an amendment on Form F-12 disclosing such change promptly, but not later than the date such materials is first published, sent or given to security holders; and

(ii) Promptly deliver copies and give notice of the amendment in the same manner as that specified in subparagraph (1)(ii) or subparagraph (1)(iii) of this paragraph, whichever is applicable; and

(iii) Promptly disclose and disseminate such change in a manner reasonably designed to inform security holders of such change.

(3) Information required in solicitation or recommendation. Any solicitation or recommendation to holders of a class of securities referred to in section 14(d)(1) of the Act with respect to a tender offer for such securities shall include the name of the person making such solicitation or recommendation and the information required by Items 1, 2, 3(b), 4, 6, 7 and 8 of Form F-12 or a fair and adequate summary thereof; *Provided, however,* That such solicitation or recommendation may omit any such information previously furnished to security holders of such class of securities by such person with respect to such tender offer.

(4) Applicability.

(i) Except as is provided in subparagraphs (4)(ii) and (5) of this paragraph, paragraph (i) shall only apply to the following persons:

(A) The subject bank, any director, officer, employee, affiliate or subsidiary of the subject bank;

(B) Any record holder or beneficial owner of any security issued by the subject bank, by the bidder, or by any affiliate of either the subject bank or the bidder; and

(C) Any person who makes a solicitation or recommendation to security holders on behalf of any of the foregoing or on behalf of the bidder other than by means of a solicitation or recommendation to security holders which has been filed with the board pursuant to this paragraph or paragraph (c) of this section.

(ii) Notwithstanding paragraph (4)(i) of this paragraph, paragraph (i) shall not apply to the following persons:

(A) A bidder who has filed a Form F-13 pursuant to paragraph (c) of this section;

(B) Attorneys, banks, brokers, fiduciaries or investment advisers who are not participating in a tender offer in more than a ministerial capacity and who furnish information and/or advice regarding such tender offer to their customers or clients on the unsolicited request and such customers or clients or solely pursuant to a contract or a relationship providing for advice to the customer or client to whom the information and/or advice is given.

(5) Stop-look-and-listen communication. Paragraph (i) shall not apply to the subject bank with respect to a communication by the subject bank to its security holders which only;

(i) Identifies the tender offer by the bidder;

(ii) States that such tender offer is under consideration by the subject bank's board of directors and/or management;

(iii) States that on or before a specified date (which shall be no later than 10 business days from the date of commencement of such tender offer) the subject bank will advise such security holders of (A) whether the subject bank recommends acceptance or rejection of such tender offer; expresses no opinion and remains neutral toward such tender offer; or is unable to take a position with respect to such tender offer and (B) the reason(s) for the position taken by the subject bank with respect to the tender offer (including the inability to take a position); and

(iv) Requests such security holders to deter making a determination whether to accept or reject such tender offer until they have been advised of the subject bank's position with respect thereto pursuant to subparagraph (5)(iii) of this paragraph.

(6) Statement of management's positon. A statement by the subject bank of its position with respect to a tender offer which is required to be published or sent or given to security holders pursuant to paragraph (m) of this section shall be deemed to constitute a solicitation or recommendation within the meaning of this section and section 14(d)(4) of the Act.

(j)-(l) *Reserved.*

(m) *Unlawful tender offer practices.* No person who makes a tender offer shall:

(1) Hold such tender offer open for less than twenty business days from the date such offer is first published or sent or given to security holders.

(2) Increase the offered consideration or the dealer's soliciting fee to be given in tender offer unless such tender offer remains open for at least ten business days from the date that notice of such increase is first published, sent or given to security holders.

(3) Fail to pay the consideration offered or return the securities deposited by or on behalf of security holders promptly after the termination or withdrawal of a tender offer.

(4) Extend the length of a tender offer without issuing a notice of such extension by press release or other public announcement, which notice shall include disclosure of the approximate number of securities deposited to date and shall be issued no later than the earlier of (i) 9:00 a.m. Eastern time, on the next business day after the scheduled expiration date of the offer or (ii), if the class of securities which is the subject of the tender offer is registered on one or more national securities exchanges, the first opening of any one of such exchanges on the next business day after the scheduled expiration date of the offer.

(5) Position of subject bank. As a means reasonably designed to prevent fraudulent, deceptive or manipulative acts or practices within the meaning of section 14(e) of the Act, the subject bank, no later than 10 business days from the date the tender offer is first published or sent or given, shall publish, send or give to security holders a statement disclosing that the subject bank:

(i) Recommends acceptance or rejection of the bidder's tender offer;

(ii) Expresses no opinion and is remaining neutral toward the bidder's tender offer; or

(iii) Is unable to take a position with respect to the bidder's tender offer. Such statement shall also include the reason(s) for the position (including the inability to take a position) disclosed therein.

(6) Material change. If any material change occurs in the disclosure required by this section, the subject bank shall promptly publish, send or give a statement disclosing such material change to security holders.

(n) *Material change.* If any material change occurs in the facts set forth in the statement required by paragraph (c)(1) of this section, the person who filed such statement shall promptly file with the Board an amendment disclosing such change.

(o) *Restrictions on control persons:* When a person makes a tender offer for, or a request or invitation for tenders of, any class of equity securities of a bank registered pursuant to section 12 of the Act, and such person has filed a statement with the Board pursuant to this section, any other person controlling, or controlled by or under common control with ("control person"), the issuing bank shall not thereafter, during the period such tender offer, request or invitation continues, purchase any class of equity securities of the issuing bank unless:

(1) The control person has filed with the Board a statement containing the information specified below with respect to any proposed purchases:

(i) The title and amount of equity securities to be purchased, the names of the persons or classes or persons from whom, and the market in which, the securities are to be purchased, including the name of any exchange on which the purchase is to be made:

(ii) The purpose for which the purchase is to be made and any plan or proposal for the disposition of such securities; and

(iii) The source and amount of funds or other consideration used or to be used in making the purchases, and if any part of the purchase price or proposed purchase price is represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding, or trading the securities, a description of the transaction and the names of the parties thereto.

(2) The control person has at any time within the past 6 months sent or given to the equity security holders of the issuing bank the substance of the information contained in the statement required by

paragraph (o)(1) of this section and a copy has been filed with the Board.

6. Section 206.41 (Form F-1) is amended by removing (b) of Item 10 in its entirety.
7. Section 206.42 (Form F-2) is corrected by (a) changing the word "appropriate" in paragraph (g) of Item 3 to "approximate" and; (b) adding the phrase "per share" between the words "and" and "dividends" in the first sentence of instruction (2) to Item 4.
8. Section 206.44 (Form F-4) is corrected by: (a) removing footnote (1) from Part B; (b) changing the references in Part C to footnote 2 to footnote 1.
9. Section 206.51 (Form F-5) is amended by (a) removing the phrase "the management of" in Item 3, paragraphs (1) and (2); (b) removing the word "management" in Item 3(a), paragraph 1, Item 4(a), paragraphs (1) and (2), Item 6 and adding the word "bank" and; (c) removing the phrase "of management" in Item 8.
10. Section 206.51 is amended by revising the title of the section and the Form F-5; paragraph (C) of Item 5 and paragraph (i) of Item 6 is redesignated as paragraph (j) and a new paragraph (i) of Item 6 is added, all to read as follows:

Section 2106.51—Form for Proxy Statement or Statement Where the Bank Does Not Solicit Proxies (Form F-5).

Board of Governors of the Federal Reserve System

Form F-5.—Proxy Statement or Statement Where Management Does Not Solicit Proxies

* * * * *

Item 5. ***

(C) If action is to be taken with respect to the election of directors and if the persons solicited have cumulative voting rights, (1) make a statement that they have such rights, (2) briefly describe such rights, (3) state briefly the conditions precedent to the exercise thereof, and (4) if discretionary authority to cumulate votes is solicited, so indicate.

* * * * *

Item 6. Directors and Principal Officers.

* * * * *

(i) *Shares voted at last meeting.* With respect to those classes of voting stock which participated in the election of directors at the most recent meeting at which directors were elected:

(1) State in an introductory paragraph the percentage of shares present at the meeting and voting or withholding authority to vote in the election directors; and (2) disclose in tabular format, follo ing such introductory paragraph, the percentage total shares cast for and withhold from the vote f or, where applicable, cast against, each nominc which respectively, were voted for and withhe from the vote for, or voted against, such nomine When groups of classes or series of classes vc together in the election of a director of directoı they shall be treated as a single class for the purpo of the preceding sentence.

Instructions.

(1) Calculate the percentage of shares present at t meeting and voting or withholding authority to vote the election of directors, referred to in paragraph g(by dividing the total shares cast for and withheld frc the vote for or, where applicable, voted against, t director in respect of whom the highest aggregi number of shares was cast by the total number shares outstanding which were eligible to vote as the record date for the meeting.

(2) No information need be given in response to Ite 6(g) unless, with respect to any class of voting sto (or group of classes which voted together), 5 perce or more of the total shares cast for and withheld frc the vote for or, where applicable, cast against a nominee were withheld from the vote for or cı against such nominee.

(3) If a bank elects less than the entire board directors annually, disclosure is required as to directors if 5 per cent or more of the total shares cı for and withheld from, the vote for, or where applic ble, cast against any incumbent director were withhe from, or cast against the vote for such director at t meeting at which he was most recently elected.

(4) No information need be given in response to Ite 6(g) if the bank has previously furnished to its securi holders a report of the results of the most rece meeting of security holders at which directors we elected which includes: (1) A description of ea matter voted upon at the meeting and a statement the percentage of the shares voting which were vot for and against each such matter; and (2) the inform tion which would be called for by this Item 6(g). I bank has previously furnished such results to security holders, this fact should be set forth in t bank's cover letter accompanying the filing of prelin nary proxy materials with the Board.

* * * * *

Section 206.53—[Redesignated as § 206.81 anc Revised]

11. Section 206.53 (Form F-12) is redesignated § 206.81 (Form F-12) and is revised to read as follow

Section 206.81—Form for Statement to be Filed Pursuant to Section 13(d)(4) of the Securities and Exchange Act of 1934 (Form F–12)

Board of Governors of the Federal Reserve System

Form F–12.—Solicitation/Recommendation Statement Pursuant to Section 14(d)(4) of the Securities Exchange Act of 1934

(Amendment No.)

(Name of Subject Bank)

(Name of Person(s) Filing Statement)

(Title of Class of Securities)

(CUSIP Number of Class of Securities)

(Name, address and telephone number of person authorized to receive notice and communications on behalf of the person(s) filing statement)

Instructions: Six copies of this statement, including all exhibits, should be filed with the Board.

General Instructions:
(A) The items numbers and captions of the items shall be included but the text of the items is to be omitted. The answers to the items shall be so prepared as to indicate clearly the coverage of the items without referring to the text of the items. Answer every item. If an item is inapplicable or the answer is in the negative so state.
(B) Information contained in exhibits to the statement may be incorporated by reference in answer or partial answer to any item or sub-item of the statement unless it would render such answer misleading, incomplete, unclear or confusing. Material incorporated by reference shall be clearly identified in the reference by page, paragraph, caption or otherwise. An express statement that the specified matter is incorporated by reference shall be made at the particular place in the statement where the information is required. A copy of any information or a copy of the pertinent pages of a document containing such information which is incorporated by reference shall be submitted with this statement as an exhibit and shall be deemed to be filed with the Board for all purposes of the Act.

Item 1. Security and Subject Company
State the title of the class of equity, securities to which this statement relates and the name and the address of the principal executive offices of the subject bank.

Item 2. Tender Offer of the Bidder
Identify the tender offer to which this statement relates, the name of the bidder and the address of its principal executive offices or, if the bidder is a natural person, the bidder's residence or business address (which may be based on the bidder's Form F–13 (12 CFR 206.82) filed with the Board).

Item 3. Identity and Background
(a) State the name and business address of the person filing this statement.
(b) If material, describe any contract, agreement, arrangement or understanding and any actual or potential conflict of interest between the person filing this statement or its affiliates and: (1) The subject bank, its executive officers, directors or affiliates; or (2) the bidder, its executive officers, directors or affiliates.

Instruction: If the person filing this statement is the subject bank and if the materiality requirement of Item 3(b) if applicable to any contract, agreement, arrangement or understanding between the subject bank or any affiliate of the subject bank and any executive officer or director of the subject bank, it shall not be necessary to include a description thereof in this statement, or in any solicitation or recommendation published, sent or given to security holders if such information, or information which does not differ materially from such information, has been disclosed in any proxy statement, report or other communication sent within one year of the filing date of this statement by the subject bank to the then holders of the securities and has been filed with the Board: *Provided*, That this statement and the solicitation or recommendation published, sent or given to security holders shall contain specific reference to such proxy statement, report or other communication and that a copy of the pertinent portion(s) thereof is filed as an exhibit to this statement.

Item 4. The Solicitation or Recommendation
(a) State the nature of the solicitation or the recommendation. If this statement relates to a recommendation, state whether the person filing this statement is advising security holders of the securities being sought by the bidder to accept or reject the tender offer or to take other action with respect to the tender offer and, if so, furnish a description of such other action being recommended. If the person filing this statement is the subject bank and a recommendation is not being made, state whether the subject bank is either expressing no opinion and is remaining neutral toward the tender offer or is unable to take a position with respect to the tender offer.
(b) State the reason(s) for the position (including the inability to take a position) stated in (a) of this Item.

Instruction: Conclusory statements such as "The tender offer is in the best interest of shareholders," will not be considered sufficient disclosure in response to Item 4(b).

Item 5. Persons Retained, Employed or to be Compensated
Identify any person or class of persons employed, retained or to be compensated by the person filing this statement or by any person on its behalf, to make solicitations or recommendations to security holders and describe briefly the terms of such employment, retainer or arrangement for compensation.

Item 6. Recent Transactions and Intent With Respect to Securities
(a) Describe any transaction in the securities referred to in Item 1 which was affected during the past 60 days by the person(s) named in response to Item 3(a) and by any executive officer, director, affiliate or subsidiary of such person(s).
(b) To the extent known by the person filing this statement, state whether the persons referred to in Item 6(a) presently intend to tender to the bidder, sell or hold securities of the class of securities being sought by the bidder which are held of record or beneficially owned by such person.

Item 7. Certain Negotiations and Transactions by the Subject Bank
(a) If the person filing this statement is the subject bank, state whether or not any negotiation is being undertaken or is underway by the subject bank in response to the tender offer which relates to or would result in:

(1) An extraordinary transaction such as a merger or reorganization, involving the subject bank, or any subsidiary of the subject bank;
(2) A purchase, sale or transfer of a material amount of assets by the subject bank or any subsidiary of the subject bank;
(3) A tender offer for or other acquisition of securities by or of the subject bank; or
(4) Any material change in the present capitalization or dividend policy of the subject bank.

Instruction. If no agreement in principle has yet been reached, the possible terms of any transaction or the parties thereto need not be disclosed if in the opinion of the Board of Directors of the subject bank such disclosure would jeopardize continuation of such negotiations. In such event, disclosure that negotiations are being undertaken or are underway and are in the preliminary stages will be sufficient.

(b) Describe any transaction, board resolution, agreement in principle, or a signed contract in response to the tender offer, other than one described pursuant to Item 3(b) of this statement, which relates to or would result in one or more of the matters referred to in Item 7(a) (1), (2), (3) or (4).

Item 8. Additional Information to be Furnished
Furnish such additional information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not materially misleading.

Item 9. Material to be Filed as Exhibits
Furnish a copy of:
(a) Any written solicitation or recommendation which is published or sent or given to security holders in connection with the solicitation or recommendation referred to in Item 4.
(b) If any oral solicitation or recommendation to security holders is to be made by or on behalf of the person filing this statement, any written instruction, or other material which is furnished to the persons making the actual oral solicitation or recommendation for their use, directly or indirectly, in connection with the solicitation or recommendation.
(c) Any contract, agreement, arrangement or understanding described in Item 3(b) or the pertinent portion(s) of any proxy statement, report or other communication referred to in Item 3(b).

Signature. After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

(Date)

(Signature)

(Name and Title)

Instruction. The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative (other than an executive officer of a corporation or bank or a general partner of a partnership), evidence of the representative's authority to sign on behalf of such person shall be filed with the statement. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

Section 206.54—[Redesignated as § 206.82 and Amended]

12. Section 206.54 (Form F-13) is redesignated § 206.82 and the title. General Instructions B and C

and Instruction No. 2 of Item 6 is revised as to read as follows:

Section 206.82—Statement to be Filed Pursuant to Section 14(d)(1) of the Securities Exchange Act of 1934 (Form F-13).

* * * * *

General Instructions. A.

* * * * *

B. Information in exhibits to the statement may be incorporated by reference in answer or partial answer to any item or sub-item of the statement unless it would render such answer misleading, incomplete, unclear or confusing. Material incorporated by reference shall be clearly identified in the reference by page, paragraph, caption or otherwise. An express statement that the specified matter is incorporated by reference shall be made at the particular place in the statement where the information is required. A copy of any information or a copy of the pertinent pages of a document containing such information which is incorporated by reference shall be submitted with this statement as an exhibit and shall be deemed to be filed with the Comptroller for all purposes of the Act.

C. If the statement is filed by a partnership, limited partnership, syndicate or other group, the information called for by Items 2–7, inclusive, shall be given with respect to; (i) Each partner of such partnership; (ii) each partner who is denominated as a general partner or who functions as a general partner of such limited partnership; (iii) each member of such syndicate or group; and (iv) each person controlling such partner or member. If the statement is filed by a bank or corporation, or if a person referred to in (i), (ii), (iii) or (iv) of this instruction is a bank or corporation, the information called for by the above mentioned items shall be given with respect to: (a) Each executive officer and director of such bank or corporation: (b) each person controlling such bank or corporation: and (c) each executive officer and director of any bank or corporation ultimately in control of such bank or corporation. A response to an item in the statement is required with respect to the bidder and to all other persons referred to in this instruction unless such item specifies to the contrary.

* * * * *

Item 6. Interest in Securities of the Subject Bank.

* * * * *

Instructions. 1. * * *

2. If the information required by Item 6(b) of this Form is available to the bidder at the time this statement is initially filed with the Board pursuant to paragraph (d)(1)(i) of this section, such information should be included in such initial filing. However, if such information is not available to the bidder at the time of such initial filing, it shall be filed with the Board promptly but in no event later than two business days after the date of such filing and, if material, shall be disclosed in a manner reasonably designed to inform security holders. The procedure specified by this instruction is provided for the purpose of maintaining the confidentiality of the tender offer in order to avoid possible misuse of inside information.

* * * * *

13. Section 206.104 is added to read as follows:

206.104—Board Policy Regarding Issuer Tender Offer and Going Private Transactions

The Board is not proposing to amend Regulation F to conform it to the Securities and Exchange Commission's "issuer tender offer" regulation. The Board must approve any reduction in the amount, or the retirement of any part of a member bank's common or preferred capital stock pursuant to section 9 of the Federal Reserve Act. 12 U.S.C. 324(i) (1970). The Board also notes that issuer tender offers are very rare among member banks. Therefore, instead of adopting substantially similar regulations to Rule 13E–4 and Schedule 13E–101, the Board will withhold its approval to the reduction in the amount of the retirement of any part of a member bank's equity securities registered under Section 12 of the Act unless the requirements of rules 13e–4 and 13e–101 are met in all material respects.

Also, the Board is not proposing to amend Regulation F to conform it to the Commission's "going private" regulations. The Board notes that its supervisory powers under the Federal Reserve Act make those member bank issuers with classes of equity securities registered pursuant to Section 12 subject to more extensive regulatory oversight than most issuers subject to Commission's jurisdiction. Pursuant to Section 9 of the Federal Reserve Act, the Board must approve substantially all of the corporate transactions involving member banks subject to Rule 13e–3. Instead of adopting the Commission's "going private" regulations the Board will withhold its approval to any Rule 13e–3 type corporate transaction unless the requirements of rules 13e–3 and 13e–100 are met in all material respects. *See*, 45 *Federal Register* 71575 (Oct. 29, 1980).

AMENDMENTS TO REGULATION Q

The Board of Governors has amended its Regulation Q (Interest on Deposits) to incorporate the rules of the Depository Institutions Deregulation Committee, adopted pursuant to the Depository Institutions Deregulation Act of 1980. The amendments to Regulation Q are technical in nature.

Effective January 15, 1981 Regulation Q is amended as follows:

1. Section 217.3(f) of Regulation Q (12 CFR Part 217.3(f)) is amended by adding the following:

(f) *No interest after maturity or expiration of notice.* ***

Provided, however, that a member bank may provide in any time deposit contract that if the deposit, or any portion thereof, is withdrawn not more than seven days after a maturity date, interest will be paid thereon at the originally specified contract rate. A member bank may specify in the time deposit contract that interest will be paid at any other lower rate. However, in no event may the rate specified be less than the current rate paid on savings deposits by the member bank.

2. Section 217.4(d) (12 CFR Part 217.4(d)) is revised to read as follows:

(d) *Penalty for early withdrawals.*

(1)(i) For time deposit contracts entered into before July 1, 1979, that have not been renewed or extended on or after July 1, 1979, the following minimum early withdrawal penalty shall apply. Where a time deposit, or any portion thereof, is paid before maturity, a member bank may pay interest on the amount withdrawn at a rate not to exceed that prescribed in § 217.7 for a savings deposit and, in addition, the depositor shall forfeit three months of interest payable at such rate. If, however, the amount withdrawn has remained on deposit for three months or less, all interest shall be forfeited.

(ii) For time deposit contracts entered into, renewed, or extended on or after July 1, 1979, but prior to June 2, 1980, that have not been renewed or extended on or after June 2, 1980, the following minimum early withdrawal penalty shall apply:

(A) Where a time deposit with an original maturity or required notice period of one year or less, or any portion thereof, is paid before maturity or before the expiration of the required notice period, a depositor shall forfeit at least three months of interest on the amount withdrawn at the rate being paid on the deposit. the amount withdrawn has remained on depo for less than three months, all interest on t amount withdrawn shall be forfeited.

(B) Where a time deposit with an original m turity or required notice period of more th one year, or any portion thereof, is paid befc maturity or before the expiration of the requir notice period, a deposit shall forfeit at least s months of interest on the amount withdrawn the rate being paid on the deposit. If the amou has remained on deposit for less than s months, all interest on the amount withdra shall be forfeited. (The provisions of this su paragraph (ii) may be applied, with the conse of the depositor, to time deposits specified subparagraph (i) above.)

(iii) For time deposit contracts entered into, newed, or extended on or after June 2, 1980, t following minimum early withdrawal penalty sh apply:

(A) Where a time deposit with an original n turity or required notice period of less than thi months, or any portion thereof, is paid befc maturity, a depositor shall forfeit an amount least equal to the amount of interest that co have been earned on the amount withdrawn the nominal (simple interest) rate being paid the deposit had the funds remained on depo until maturity.

(B) Where a time deposit with an original n turity or required notice period of three mon or more to one year, or any portion thereof, paid before maturity, a depositor shall forfeit amount at least equal to three months of int est earned, or that could have been earned, the amount withdrawn at the nominal (sim interest) rate being paid on the deposit, rega less of the length of time the funds withdra have remained on deposit.

(C) Where a time deposit with an original n turity or required notice period of more than c year, or any portion thereof, is paid bef maturity, a depositor shall forfeit an amount least equal to six months of interest earned, that could have been earned, on the amo withdrawn at the nominal (simple interest) r being paid on the deposit, regardless of t length of time the funds withdrawn have mained on deposit.

(2) Notwithstanding the provisions of paragra (d)(1), where a time deposit, or any portion there maintained in an Individual Retirement Acco established in accordance with 26 U.S.C. § 408 paid before maturity within seven days after t establishment of the Individual Retirement Acco

pursuant to the provisions of 26 CFR § 1.408-(1)(d)(4), or where a time deposit, or any portion thereof, maintained in a Keogh (H.R. 10) Plan account established in accordance with 26 U.S.C. § 401 is paid before maturity within seven days after the establishment of the Keogh (H.R. 10) Plan, a depositor shall forfeit an amount at least equal to the interest earned on the amount withdrawn at the nominal (simple interest) rate being paid on the deposit.

(3) A member bank, with the depositor's consent, may compute the minimum penalty required to be imposed on withdrawals from time deposits opened prior to June 2, 1980, on the basis of the nominal (simple interest) rate.

(4) Where necessary to comply with the requirements of this paragraph, any interest already paid to or for the account of the depositor shall be deducted from the amount requested to be withdrawn.

(5) Any amendment of a time deposit contract that results in an increase in the rate of interest paid or in a reduction in the maturity of the deposit constitutes a payment of the time deposit before maturity.

(6) For purposes of computing the penalty required to be imposed under this paragraph, under a time deposit agreement that provides that subsequent deposits reset the maturity of the entire account, each deposit maintained in the account for at least a period equal to the original maturity of the deposit may be regarded as having matured individually and been redeposited at intervals equal to such period. When a time deposit is payable only after notice, for funds on deposit for at least the notice period, the penalty for early withdrawal shall be imposed for at least the notice period.

(7) A member bank may permit a depositor to withdraw interest credited to a time deposit during any term at any time during such term without penalty. If the deposit or account is automatically renewed on the same terms (including at the same rate of interest), interest credited during the preceding term or terms as well as the renewal term may be paid at any time during the renewal term without penalty, unless the deposit agreement specifically provides otherwise. If the rate of interest paid during the renewal term or the maturity period of the renewal term is different, interest in the account at the commencement of the renewal term shall be treated as principal, and only interest for the renewal term may be paid at any time without penalty during such term.

(8) A time deposit, or a portion thereof, may be paid before maturity without a forfeiture of interest as prescribed by this paragraph in the following circumstances:

(i) Where a member bank pays all or a portion of a time deposit representing funds contributed to an Individual Retirement Account or a Keogh (H.R. 10) Plan established pursuant to 26 U.S.C. (IRC 1954) §§ 408, 401 when the individual for whose benefit the account is maintained attains age 59-½ or is disabled (as defined in 26 U.S.C. (IRC 1954) § 72(m)(7)) or thereafter; or

(ii) Where a member bank pays that portion of a time deposit on which Federal deposit insurance has been lost as the result of the merger of two or more Federally insured banks in which the depositor previously maintained separate time deposits, for a period of one year from the date of the merger.

(9) A time deposit, or the portion thereof requested, must be paid before maturity without a forfeiture of interest as prescribed by this paragraph in the following circumstances:

(i) Where requested, upon the death of any owner[11] of the time deposit funds; or

(ii) Where requested, when the owner[11] of the time deposit is determined to be legally incompetent by a court or other administrative body of competent jurisdiction.

3. Section 217.6 of Regulation Q (12 CFR Part 217.6) is amended by deleting paragraph (i) and redesignating paragraph (j) as paragraph (i).

4. Section 217.7 of Regulation Q (12 CFR Part 217.7) is amended by revising paragraphs (c), (f) and (g) to read as follows:

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

* * * * *

(c) *Savings deposits.* No member bank shall pay interest at a rate in excess of 5-¼ per cent on any savings deposit. No member bank shall pay interest at a rate in excess of 5-¼ per cent on any savings deposit that is subject to negotiable orders of withdrawal, the issuance of which is authorized by Federal law.

* * * * *

(f) *26-week money market time deposits of less than $100,000.* Except as provided in paragraphs (a), (b) and (d), a member bank may pay interest on any

11. For the purposes of this provision, an "owner" of time deposit funds is any individual who died or was determined to be incompetent on or after August 1, 1979, and who at the time of his or her death or determination of incompetence had full legal and beneficial title to all or a portion of such funds or, at the time of his or her death or determination of incompetence, had beneficial title to all or a portion of such funds and full power of disposition and alienation with respect thereto.

nonnegotiable time deposit of $10,000 or more, with a maturity of 26 weeks at a rate not to exceed the rates set forth below:

Rate established (auction average on a discount basis) for U.S Treasury bills with maturities of 26 weeks issued on or immediately prior to the date of deposit ("Bill Rate")	Maximum percent
7.50 percent or below	7.75
Above 7.50 percent	Bill Rate plus one-quarter of one percent

Rounding rates to the next higher rate is not permitted and interest may not be compounded during the term of this deposit. A member bank may offer this category of time deposit to all depositors. However, a member bank may pay interest on any nonnegotiable time deposit of $10,000 or more with a maturity of 26 weeks which consists of funds deposited to the credit of, or in which the entire beneficial interest is held by:

(1) the United States, any State of the United States, or any county, municipality or political subdivision thereof, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, Guam, or political subdivision thereof; or

(2) an individual pursuant to an Individual Retirement Account agreement or Keogh (H.R. 10) Plan established pursuant to 26 U.S.C. (IRC 1954) §§ 408, 401,

at a rate not to exceed the ceiling rate payable on the same category of deposit by any Federally insured savings and loan association or mutual savings bank.[3]

(g) *Time deposits of less than $100,000 with maturities of 2-½ years or more.* Except as provided in paragraphs (a), (b), (d) and (e), a member bank may pay interest on any nonnegotiable time deposit with a maturity of 2-½ years or more that is issued on or Thursday of every other week at a rate not to exceed the higher of one-quarter of one per cent below the average 2-½ years yield for United States Treasury securities as determined and announced by the United States Department of the Treasury immediately prio to such Thursday, or 9.25 per cent. The average 2-½ year yield will be rounded by the United State Department of the Treasury to the nearest 5 basi points. Except as provided below, in no event shall th rate of interest paid exceed 11.75 per cent. A membe bank may offer this category of time deposit to a depositors. However, a member bank may pay inte est on any nonnegotiable time deposit with a maturit of 2-½ years or more which consists of funds deposi ed to the credit of, or in which the entire benefici interest is held by:

(1) the United States, any State of the Unite States, or any county, municipality or political sub division thereof, the District of Columbia, the Com monwealth of Puerto Rico, the Virgin Islands American Samoa, Guam, or political subdivisio thereof; or

(2) an individual pursuant to an Individual Retire ment Account agreement or Keogh (H.R. 10) Pla established pursuant to 26 U.S.C. (I.R.C. 195 §§ 408, 401,

at a rate not to exceed the ceiling rate payable on th same category of deposit by any Federally insure savings and loan association or mutual savings bank

* * * * *

5. Section 217.147 of Regulation Q (12 CFR Pa 217.147) is amended to read as follows:

Premiums, Finders Fees, Prepayment of Interest an Payment of Interest in Merchandise.

For the regulatory text relating to premiums, finde fees, prepayment of interest and payment of interest i merchandise, see 12 CFR §§ 1204.109, 1204.11 1204.111 and 1204.114.

6. Sections 217.149 and 217.154 of Regulation (12 CFR §§ 217.149 and 217.154) are hereby rescinde

AMENDMENTS TO RULES REGARDING DELEGATION OF AUTHORITY

1. In order to expedite and facilitate the performan of certain of its functions with respect to applicatio and notices under the Bank Holding Company Ac Bank Merger Act, Federal Reserve Act, Internation Banking Act, Federal Reserve Act, and Change Bank Control Act, the Board of Governors has del gated to the Director of the Division of Banki Supervision and Regulation the authority to grant

3. The ceiling rate of interest payable for this category of deposit by Federally insured savings and loan associations and mutual savings banks is 7.75 per cent when the Bill Rate is 7.25 per cent or lower, one-half of one per cent above the Bill Rate when the Bill Rate is above 7.25 per cent but below 8.50 per cent, 9.00 per cent when the Bill Rate is 8.50 per cent or above but below 8.75 per cent, and one-quarter of one per cent above the Bill Rate when the Bill Rate is 8.75 per cent or above.

4. The ceiling rate of interest payable for this category of deposit Federally insured savings and loan associations and mutual savin banks is one-quarter of one per cent above the rate that may be pa by member banks.

deny requests for modification, including extension of time, to fulfill commitments or conditions relied on by the Board in acting on such applications.

Effective January 21, 1981, Section 265.2(c) is amended by adding subparagraph (29) to read as follows:

Section 265.2—Specific Functions Delegated to Board Employees and to Federal Reserve Banks

* * * * *

(c) ***

* * * * *

(29) To grant or deny requests for modification, including extension of time, for the performance of a commitment or condition relied on by the Board or its delegee in taking any action under the provisions of the Bank Holding Company Act, the Bank Merger Act, the Change in Bank Control Act of 1978, the Federal Reserve Act or the International Banking Act. In acting on requests hereunder, the Director may take into account changed circumstances and good faith efforts to fulfill the commitments or conditions, and shall consult with the Directors of other interested divisions, where appropriate. The Director may not take any action hereunder that would be inconsistent with or result in an evasion of the provisions of the Board's original action.

* * * * *

2. This amendment to the Board's Rules Regarding Delegation of Authority permits the Director of the Board's Division of Banking and Supervision and Regulation to approve applications by a company to acquire a bank and to permit an individual to acquire a bank when immediate or expeditious action is necessary.

Effective January 21, 1981, section 265.2(c) is amended by adding subparagraph (30) to read as follows:

Section 265.2—Specific Functions Delegated to Board Employees and to Federal Reserve Banks

* * * * *

(c) * * *

* * * * *

(30) Under the provisions of § 3(a) of the Bank Holding Company Act (12 U.S.C. § 1842(a)) and the Change In Bank Control Act (12 U.S.C. § 1817(j)) to take actions the Reserve Bank could take under paragraphs (f)(22) and (f)(30) of this section if immediate or expeditious action is required to avert failure of a bank or because of an emergency.

* * * * *

3. Section 8 of the Securities Exchange Act of 1934 requires nonmember banks wishing to extend credit in connection with securities transactions to enter into an agreement with the Board to comply with the provisions of law and the Board's rules in connection with such extensions of credit. The Board has delegated to the Federal Reserve Banks authority to receive such agreements.

Effective January 21, 1981, Section 265.2(f) is amended by adding subparagraph (53) to read as follows:

Section 265.2—Specific Functions Delegated to Board Employees and to Federal Reserve Banks

* * * * *

(f) * * *

* * * * *

(53) Under the provisions of section 8(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78h(a)) concerning extensions of credit to finance securities transactions, to accept agreements on behalf of the Board from nonmember banks in the form prescribed by the Board.

* * * * *

4. Section 265.2(f) of the Board's Rules Regarding Delegation of Authority is hereby amended to eliminate the requirement that Federal Reserve Banks may approve the application of a State member bank to establish a branch only if the proposed branch has already been approved by the appropriate State supervisory authority.

Effective January 21, 1981, paragraph (f)(1) of section 265.2 is revised to read as follows:

Section 265.2—Specific Functions Delegated to Board Employees and Federal Reserve Banks

* * * * *

(f) * * *

(1) Under the provisions of the third paragraph of section 9 of the Federal Reserve Act (12 U.S.C. § 321), section 5155 of the Revised Statutes (12 U.S.C. § 36), and § 208.8 of this chapter (Regulation H), to approve the establishment by a State

member bank of a domestic branch if the Reserve Bank is satisfied that approval is warranted after giving consideration to:

(i) the bank's capitalization in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the volume of its risk assets and of its marginal and inferior quality assets, all considered in relation to the strength of its management;
(ii) the ability of bank's management to cope successfully with existing or foreseeable problems, and to staff the proposed branch without any significant deterioration in the overall management situation;
(iii) the convenience and needs of the community;
(iv) the competitive situation (either actual or potential);
(v) the prospects for profitable operations of the proposed branch within a reasonable time, and the ability of the bank to sustain the operational losses of the proposed branch until it becomes profitable; and
(vi) the reasonableness of bank's investment in bank premises after the expenditure for the proposed branch.

* * * * *

AMENDMENTS TO RULES OF PROCEDURE

The Board of Governors has amended its Rules of Procedure to permit waiver of public notice and other procedural rules for applications that require immediate or expeditious action.

Effective January 21, 1981, Rules of Procedure is amended by adding the following paragraph (l):

Section 262.3—Applications

* * * * *

(l) *Waiver.* The Board, or the officer or Reserve Bank authorized to approve an application, may waive or modify any procedural requirements for that application prescribed or cited in this section and may excuse any failure to comply with them upon a finding that immediate action on the application is necessary to prevent the probable failure of a bank or company or that an emergency exists requiring expeditious action.

* * * * *

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

Orders Under Section 3 of Bank Holding Company Act

Batavia Banc Corporation, Chicago, Illinois

Order Denying Formation of a Bank Holding Company

Batavia Banc Corporation, Chicago, Illinois, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 100 percent of the voting shares of Batavia Bank, Batavia, Illinois ("Bank").

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

Applicant, a nonoperating Illinois corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $32.5 million.[1] Upon acquisition of Bank, Applicant would control the 427th largest bank in Illinois and would hold approximately 0.04 percent of the total deposits of commercial banks in the state.

Bank is the 8th largest of 24 commercial banks in the Aurora banking market, and holds approximately 4.3 percent of the total deposits in commercial banks in the market.[2] While Applicant's principals are principals of two other one-bank holding companies, the banking subsidiaries of these holding companies do not compete in the relevant banking market. It appears from the facts of record that consummation of the proposal would not result in any adverse effects upon competition or increase the concentration of banking resources in any relevant area. Accordingly, 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 finan-

1. All banking data are as of December 31, 1979.
2. The Aurora banking market is approximated by the southern two-thirds of Kane County and the northern one-third of Kendall County, including the city of Yorkville, in Illinois.

cial and managerial strength to its subsidiary bank(s), and that the Board would closely examine the condition of an applicant in each case with this consideration in mind. In this case, the Board concludes that the record in this application presents adverse considerations that warrant denial of the proposal to form a bank holding company.

With regard to financial considerations, the Board notes that in connection with this proposal, Applicant would incur a sizeable debt that includes an equity capital injection of $672,000 into Bank. Applicant proposes to service this debt over a 25-year period, and projects reaching a debt-to-equity ratio of less than 30 percent by the end of the 12th year. Applicant anticipates that this capital injection and projected improvements in Bank's earnings will allow Applicant to service its acquisition debt while maintaining an adequate capital level in Bank. However, in light of Bank's historical performance and the performance of the two banks with which Applicant's principals are affiliated, Applicant's overall projections are unrealistic; for example, its projections of Bank's earnings are overly optimistic, while its projections of growth are low. Thus, based on the record in this case, it is the Board's view that Bank is unlikely to generate sufficient earnings to enable Applicant to service its debt while maintaining adequate capital in Bank, as well as affording Applicant the flexibility to meet any unforeseen problems that might arise at Bank. In light of these facts and other facts of record, the Board concludes that considerations relating to Applicant's financial resources and future prospects weigh against approval of this application. While managerial considerations are generally satisfactory, it is the Board's judgment that Applicant's principals have not established a sufficient record of performance to mitigate the adverse financial considerations of the application.

No significant changes in Bank's operations or services are expected to be made as a result of this proposal. Accordingly, convenience and needs factors lend no weight toward approval of this application.

On the basis of all of the facts of record, the Board concludes that the banking considerations involved in this proposal present adverse factors bearing upon the financial resources and future prospects of Applicant and Bank. Such adverse factors are not outweighed by any 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 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 30, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

Citicorp, New York, New York

Order Approving Acquisition of Bank

Citicorp, 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 section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of Citibank (South Dakota), N.A., Sioux Falls, South Dakota ("Bank"), a proposed new bank.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with 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)).

Citicorp, the largest banking organization in the state of New York, with total consolidated assets of $111 billion,[1] operates through its two banking subsidiaries, Citibank, N.A., New York, New York ("Citibank"), and Citibank (New York State), N.A., Buffalo, New York ("Citibank-Buffalo"), 309 banking offices in New York state and 209 banking offices abroad. Citicorp also engages in a wide variety of nonbanking activities in 40 states.

Bank is a newly established bank organized by Citicorp to engage principally in nationwide consumer credit card lending activities currently conducted by Citibank-Buffalo. In addition, Bank will engage in limited deposit-taking and commercial lending activities. Citicorp proposes to relocate its credit card activities to South Dakota in light of the absence of that state of usury ceilings on consumer loan receivables.[2]

1. Banking data are as of June 30, 1980.

2. South Dakota law permits commercial banks to charge rates of interest on consumer loan receivables as agreed by contract. Until recently, New York law imposed usury ceilings on commercial bank credit card lending. The Supreme Court, in *Marquette National Bank v. First of Omaha Serv. Corp.*, 439 U.S. 249 (1978), affirmed the right of a national bank to charge interest rates to out-of-state credit card customers at the rate permitted by the law of its home state.

Section 3(d) of the Act (12 U.S.C. § 1842(d)) prohibits the Board from approving any application by a bank holding company to acquire any bank located outside of the state in which the operations of the bank holding company's banking subsidiaries are principally conducted unless such acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication." On March 12, 1980, South Dakota amended its banking laws to permit an out-of-state bank holding company to acquire a single new bank located in the state.[3] The statute provides that such bank may have only a single banking office and that "such single banking office shall be operated in a manner and at a location which is not likely to attract customers from the general public in the state to the substantial detriment of existing banks in the state."[4] The South Dakota statute further provides that any acquisition under this provision must be approved by the South Dakota Banking Commission after consideration of the following factors: (1) whether the convenience and benefit to the public outweigh any adverse competitive effects; (2) whether the acquisition may result in undue concentration of resources or substantial lessening of competition; and (3) whether the location or proposed location of the banking office of the bank to be acquired is likely to attract the general public to the substantial detriment of existing banks.

Citicorp has asserted that Bank, in order to comply with South Dakota law, will not solicit or encourage personal or commercial deposits or loans from customers in South Dakota; however, Bank will not refuse such deposits or loans on an unsolicited basis. Bank will not have facilities to accept savings accounts, although it will have one teller primarily for the convenience of its employees. Moreover, Bank's proposed location is not designed to attract customers from the general public. The South Dakota Banking Commission, after a hearing on this matter, approved the application of Citicorp to acquire Bank and found that the acquisition met the statutory requirements for approval under South Dakota law. In reviewing the above facts, the Board has determined that the proposed acquisition is in accord with South Dakota law and, furthermore, that the South Dakota statute specifically authorizes the acquisition of a bank chartered in South Dakota by an out-of-state bank holding company as required by section 3(d) of the Act.

In view of the limitations imposed upon the operations of banks acquired under the above-referenced South Dakota statute and the limited commercial lending and demand deposit-taking activities that Citicorp proposes for Bank, the Board has considered whether Bank will operate as a "bank" within the meaning of section 2(c) of the Act (12 U.S.C. § 1841(c)). Section 2(c) defines "bank" to mean any institution that (1) accepts deposits that the depositor has a legal right to withdraw on demand, and (2) engages in the business of making commercial loans. The preliminary national bank charter granted to Bank authorizes Bank to engage in the full range of lending and deposit-taking activities permitted to national banks.

Citicorp has stated, both as part of its application and in hearings before the South Dakota Banking Commission and the Office of the Comptroller of the Currency, that Bank will accept demand deposits from credit card merchants, Citicorp subsidiaries, correspondent banks, and accounts resulting from Bank's overline lending activity. It appears to the Board that Bank's operations will satisfy the demand deposit-taking requirement of section 2(c).

With respect to whether Bank will be deemed to be engaged in the business of making commercial loans, Citicorp states that Bank will purchase on a continuing basis participations in commercial loans made by Citibank, other bank and nonbank lenders, and also will make direct commercial loans in states other than South Dakota. Bank also will participate in overline loans offered by bank and nonbank financial institutions in South Dakota in accordance with the decision of the South Dakota Banking Commission approving Citicorp's application which sought to encourage Bank's participation in such loans.[5] In light of the facts in this case and the Board's earlier rulings on this issue, the Board has determined that Bank's commercial lending activities warrant it being considered as engaged in the "business of making commercial loans" within the meaning of section 2(c) of the Act. In view of the purpose of the Bank Holding Company Act to "restrain undue concentration of commercial banking resources and to prevent possible abuses related to the control of commercial credit,"[6] the Board believes that the inclusion of Bank as a "bank" within the meaning of section 2(c) is in furtherance of the Act's

3. Chapter 331 (House Bill No. 1370), 1980 South Dakota Session Laws.

4. The Supreme Court's decision in *Lewis* v. *BT Investment Managers, Inc.*, — U.S —, 100 S. Ct. 2009 (1980), creates some uncertainty as to the ability of states to limit bank holding company activities under section 3(d) of the Act. The Court stated that it is "doubtful" that section 3(d) gives states authority to impose restrictions on bank holding company activities since the only authority conferred by that section is authority to permit expansion into a state. The Court's holding striking state restrictions on bank holding company activities, however, applies only to activities conducted pursuant to section 4(c)(8) of the Act, as opposed to section 3 of the Act, which is applicable here. Accordingly, for purposes of this application, the South Dakota statute is presumed valid on its face.

5. Loan participation purchases are considered by the Board to be commercial loans made by the purchasing bank if the loans made by the originating bank are in fact commercial loans.

6 S. Rep. No. 91-1084 (U.S. Code Cong. & Admin. News 5519, 5541 (1970)).

purposes. Accordingly, the Board is of the opinion that Bank should be regarded as a "bank" for purposes of the Act.

The proposed acquisition represents a transfer of Citicorp's existing credit card activities from Citibank-Buffalo to Bank. The proposal is thus essentially an internal reorganization that will not alter the number of firms or the structure of the national market for bank credit card services. To the extent that Bank will purchase participations in commercial loans made by Citibank, the proposal may further be viewed as an internal reorganization of Citicorp's business without competitive effect. Because of the limitations imposed on Bank's operations by South Dakota law, Bank will not generally be in direct competition with local commercial banks in the state; however, Bank will engage de novo in providing some needed banking services in South Dakota, including overline banking services to other South Dakota banks, consistent with South Dakota law. To the extent that Bank will offer banking services as a new competitor in the market, the effect of the proposal will be procompetitive. Accordingly, the overall competitive effects of the proposal are consistent with approval.

The financial and managerial resources and future prospects of Citicorp, its subsidiaries and Bank are regarded as satisfactory. Bank's proposed overline lending activities should increase the availability of credit for South Dakota businesses and enhance the state's capital resources and access to out-of-state financing sources. Testimony at the administrative hearings on this matter by both South Dakota bankers and the Governor of South Dakota indicates that South Dakota is in need of capital; that need may in part be alleviated by Bank. Based upon the above facts and all the evidence of record in this matter, the Board finds that convenience and needs factors are positive and lend weight toward approval of the proposal.

On the basis of all the facts of record in this matter,[7] it is the Board's judgment that approval of the application would be in the public interest and that the application should be approved. On the basis of the record, the application is approved for the reasons summarized above. The 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 New York pursuant to delegated authority.

By order of the Board of Governors, effective January 19, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

7. The facts of record in this application include the written transcripts of hearings held by the South Dakota Banking Commission on June 10, 1980, and by the Comptroller of the Currency on July 15 and 17, 1980. The Board has received a request for a hearing on the application by Option Advisory Services, Inc., New York, New York ("Protestant"), asserting that a hearing is required to examine the legality of the proposal under the McFadden Act and alleged deficiencies in Citicorp's filings with the Securities and Exchange Commission. The Board has determined that Protestant's comments are without merit and do not present material facts in dispute such as to warrant a hearing under the Board's Rules of Procedure (12 C.F.R. § 262.3(e)) Under section 3(b) of the Act, a hearing is required only if the primary supervisory agency of the bank to be acquired recommends disapproval. The primary supervisory agency in this case, the Comptroller of the Currency, has approved the application Moreover, Protestant's comments and hearing request were not received by the Board within the 30 day comment period following publication of notice of the application in the *Federal Register* and, under the Board's Rules of Procedure, the Board is not required to consider them.

Florida Coast Banks, Inc., Pompano Beach, Florida

Order Approving Acquisition of Bank

Florida Coast Banks, Inc., Pompano Beach, Florida, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)) to acquire 51 percent of the outstanding voting shares of First Bank and Trust Company of Palm Beach County ("Bank"), Boynton Beach, Florida.

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

Applicant, the 22nd largest banking organization in Florida, controls two banks with aggregate deposits of $211.4 million, representing 0.6 percent of total deposits in commercial banks in the state.[1] Acquisition of Bank, the 61st largest banking organization in the state with deposits of $113.7 million, would increase Applicant's share of commercial bank deposits in Florida by three-tenths of one percent and would not have an appreciable effect upon the concentration of banking resources in the state.

1. All banking data are as of June 30, 1979

Bank is the tenth largest of 27 banking organizations in the relevant banking market,[2] with 5.14 percent of deposits in commercial banks in that market. Applicant is currently represented in the relevant banking market through its recently opened de novo subsidiary ($6.8 million in deposits), the 22nd largest banking organization in the market, controlling 0.3 percent of deposits in commercial banks in the market. Acquisition of Bank would increase Applicant's share of market deposits by 5.1 percent and Applicant would become the tenth largest banking organization in the market. Although consummation of the proposal would eliminate some existing competition between Bank and Applicant's banking subsidiary, in view of the relative size of these organizations, their market shares, and the number of remaining banking alternatives in the market, it appears that consummation of this proposal would not have seriously adverse effects upon competition in the relevant market. Accordingly, in light of the above and other facts of record, the Board concludes that consummation of the proposed transaction would have only a slightly adverse effect on competition in the relevant market.

The financial and managerial resources and future prospects of Applicant, its subsidiaries, and Bank are regarded as satisfactory. Although Applicant will incur debt in connection with the proposed acquisition, it appears that Applicant will continue to serve as a source of strength for its subsidiary banks. In addition, upon consummation of the proposed transaction Applicant will inject capital into Bank, thereby strengthening Bank's financial position. Thus, the Board concludes that banking factors are consistent with approval of the application. Upon consummation of the proposed transaction, Applicant would assist Bank in expanding its services to include specialized lending services such as accounts receivable financing and term credits, and provide assistance in developing new programs such as NOW accounts and automatic teller machines, which Bank is currently unprepared to offer. Accordingly, the Board concludes that considerations relating to the convenience and needs of the community to be served lend weight toward approval and outweigh any adverse competitive effects associated with this application. Accordingly, it is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made before the thirtieth calendar day following the effective date of this Order or 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 19, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

2. The relevant banking market, the eastern Palm Beach banking market, is approximated by all of Palm Beach County excluding the Belle Glade area.

Heritage Racine Corporation, Racine Wisconsin

Order Approving Formation of a Bank Holding Company

Heritage Racine Corporation, Racine, Wisconsin, has applied for the Board's approval under section 3(a)(1) of the Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 80 percent or more of the voting shares of Heritage Bank and Trust ("Wind Point Bank"), Heritage National Bank of Racine ("Racine Bank"), and Heritage Bank-Mt. Pleasant ("Mt. Pleasant Bank"), all located in Racine, Wisconsin (collectively referred to as "Banks").[1]

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

Applicant is a nonoperating corporation with no subsidiaries, organized for the purpose of becoming a bank holding company through the acquisition of Banks, which have aggregate deposits of $107.6 million,[2] representing 0.5 percent of total deposits in commercial banks in Wisconsin, and 19.8 percent of the total deposits in commercial banks in the Racine banking market.[3] Upon consummation of this proposal, Applicant would be the 18th largest banking organi-

1. Applicant proposes to acquire 82.2 percent of Wind Point Bank; 94.2 percent of Racine Bank; and 84.0 percent of Mt. Pleasant Bank.
2. Banking data are as of December 31, 1979, except as otherwise noted.
3. Banks are all located in the Racine banking market, which is approximated by the Racine Ranally Metro Area (RMA). See *Heritage Racine Corporation*, 66 FEDERAL RESERVE BULLETIN 419 (1980). On April 21, 1980, the Board denied a proposal by Applicant to acquire, in addition to the three banks now proposed to be acquired, a fourth bank, also located in the Racine market, not controlled by Applicant's principals.

zation the state and the second largest banking organization in the Racine market.

This proposal involves a restructuring of Banks' ownership from individuals to a corporation owned substantially by those same individuals. Applicant's principals, Mr. Samuel C. Johnson and members of his immediate family, currently control each of Banks. Wind Point Bank controls deposits of $68.0 million, representing 12.4 percent of total market deposits; Mt. Pleasant Bank controls deposits of $21.3 million, representing 3.9 percent of market deposits; and, Racine Bank controls deposits of $21.9 million, representing 4.0 percent of market deposits. Applicant's principals organized Wind Point Bank as a new bank in 1970, and in 1974 organized Mt. Pleasant Bank, also as a new bank. In 1976, Applicant's principals acquired Racine Bank, an existing bank. The Johnson family currently controls 70 percent or more of the outstanding shares of each of the three banks, and there are numerous director and officer interlocks between these banks. In view of these relationships, it appears that no meaningful competition currently exists between Banks and, accordingly, that consummation of the proposal would not eliminate any existing competition between the three banks.

In analyzing the competitive effects of an application to form a bank holding company where an individual or group of individuals, controlling in a personal capacity more than one bank in a relevant banking market, seeks to transfer control of one or more of the banks to a holding company, the Board takes into consideration the competitive effects of the transaction whereby common ownership was established between the banks in the market.[4] At the time of their acquisition of Racine Bank in 1976, Applicant's principals also controlled Wind Point Bank and Mt. Pleasant Bank, both of which had been organized de novo a few years earlier. Viewed as a single banking organization because of substantial common control, Wind Point Bank and Mt. Pleasant Bank together held aggregate deposits of $56.3 million, representing 12.9 percent of total market deposits.[5] Racine Bank then controlled deposits of $11.9 million, representing 2.7 percent of total market deposits. The acquisition of Racine Bank by Applicant's principals only modestly increased the share of total market deposits then held by Applicant's principals and would not have exceeded the Department of Justice Merger Guidelines.[6] On the basis of all of the facts of record concerning competition in the relevant banking market at the time of the acquisition of Racine Bank in 1976 by Applicant's principal including the size of the banks involved and th number of banks remaining as attractive entry vehicl for holding companies not represented in the marke the Board concludes that the acquisition of Racir Bank by Applicant's principals had only a slightl adverse effect on existing competition at the time The seriousness of this adverse effect is even furth mitigated, in the Board's view, by the fact that th entry and initial expansion in the Racine market b Applicant's principals were accomplished by the orga nization of de novo banks, thereby increasing compet tion in the market at the time.

The financial and managerial resources and futu prospects of Applicant and Banks appear to be gene ally satisfactory. In view of certain commitmen made by Applicant to increase Banks' capital an certain other commitments made by Mr. Johnso banking factors lend some weight toward approval.[8] I reaching this conclusion, the Board has considere Protestant's allegations that Banks are controlled b S. C. Johnson & Son, Inc. ("Johnson Wax"), Racin Wisconsin, a producer of industrial and househol chemicals privately owned by the Johnson family, i violation of the Act. Protestant has requested that th Board order a hearing to investigate the relationshi between Johnson Wax and Banks. The Board ha previously determined that a violation of law, in som circumstances, may reflect so adversely upon manag rial factors as to warrant denial of an application und section 3 of the Act.[9]

Protestant's allegation that Johnson Wax contro Banks is based in large part on the fact that a majorit of the directors of Wind Point Bank and Mt. Pleasa Bank are officers of Johnson Wax, as are three of th nine directors of Racine Bank. It appears that Prote

4. E.g., *Mid-Nebraska Bancshares, Inc.*, 64 FEDERAL RESERVE BULLETIN 589 (1978), aff'd sub nom. *Mid-Nebraska Bancshares, Inc.* v. *Board of Governors*, 627 F 2d. 266 (D.C. Cir 1980)

5. Deposit data relating to Banks at the time Racine Bank was acquired by the Johnson family are as of December 31, 1975

6. 1 *CCH Trade Reg. Rep* ¶ 4510.

7 Protestant alleges that the acquisition of Racine Bank by Appl cant's principals eliminated substantial competition and that consu mation of this proposal would further an anticompetitive arrangemen Protestants rely on the Board's decision in *Eicher Bancorporation*, FEDERAL RESERVE BULLETIN 399 (1978) However, the Board fin that the proposal in that case differs significantly from the propos here. Contrary to the proposal here, the increase in share of tot market deposits resulting from the acquisition by the Applicant principal in *Eicher* of another bank in the relevant market exceed the Justice Department Merger Guidelines In addition, the releva market involved in *Eicher* contained fewer and smaller banks than th Racine market Thus, the anticompetitive effects of the acquisition another bank by the applicant's principal in *Eicher* was likely to b more serious Finally, in *Eicher*, the Board found, in addition anticompetitive effects, that considerations relating to financial ar managerial resources weighed against approval of the application

8 In the Board's denial of Applicant's previous application become a bank holding company (see *supra*, n 3), the Board foun that considerations relating to banking factors weighed against a proval of the application This finding relates only to the previo proposal to acquire four banks, while Applicant now proposes acquire only three banks.

9. E g., *Florida National Banks of Florida, Inc* (Citizens Bank Bunnell), 62 FEDERAL RESERVE BULLETIN 696, 698 (1976); *Sello Inc.*, 63 FEDERAL RESERVE BULLETIN 156, 157-158 (1977)

tant's allegations, even if accepted as true, would not reflect so adversely on the integrity of Applicant's managment as to warrant denial of the application for adverse managerial resources. The record indicates that Johnson Wax owns no shares of any of Banks, and that Mr. Johnson and his immediate family own and control both Johnson Wax and Banks in their personal capacities. Thus it seems clear from the record that Applicant's principals, by reason of their personal stock ownership, control the election of the directors of Banks. The Bank Holding Company Act restricts control of banks and nonbanks by a company; the Act does not prohibit an individual from controlling in his or her personal capacity both a bank and a nonbank company.[10]

Protestant also alleges that Banks are used to benefit Johnson Wax. For example, Protestant claims that Banks give preferential treatment to employees of Johnson Wax. After a review of the record, the Board finds that there is no evidence of substance to support these allegations.

Since Banks' primary supervisory authorities have not requested a hearing on the application, the Board is not required to conduct one.[11] For the reasons stated above, the Board does not believe that a hearing would resolve issues of fact material to this application. Accordingly, Protestant's request for a hearing is denied.

It appears that affiliation of Banks with Applicant would allow Banks to be operated more efficiently and would afford them additional managerial and financial flexibility, thereby allowing Banks to better serve their commercial and other customers. It is the Board's judgment that convenience and needs considerations lend weight toward approval, and together with banking factors, are sufficient to outweigh the slightly adverse competitive effects associated with this proposal.

Based on the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisitions are 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 transactions 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.

By order of the Board of Governors, effective January 29, 1981.

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

(Signed) JAMES MCAFEE,

[SEAL] *Assistant Secretary of the Board.*

10. Protestant's other allegations in this regard do not warrant denial of this proposal. The incidental services allegedly provided by Johnson Wax to Banks would not permit Johnson Wax to exercise such a significant influence over the management and operations of Banks as to result in control of the institutions In addition, to the extent that the granting to Mr. Johnson of a right of first refusal with respect to Applicant's shares evidences any control over Applicant, such control would be exercised by Mr. Johnson, not by Johnson Wax.

11 E.g., *Farmers and Merchants Bank of Las Cruces* v. *Board of Governors*, 567 F.2d 1082 (D.C. Cir 1977).

Union De Inversion Mobiliaria, S.A., Madrid, Spain

Banco Occidental, S.A., Madrid, Spain

TBK-Inversiones, S.A., Madrid, Spain

Compagnie de Gestion Belgo-Luxembourgeoise, S.A., Luxembourg

Order Approving Formation of Bank Holding Companies

Union de Inversion Mobiliaria, S.A., Banco Occidental, S.A., and TBK-Inversiones, S.A., all of Madrid, Spain, and Compagnie de Gestion Belgo-Luxembourgeoise, S.A. ("Cogebel"), Luxembourg, have 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 bank holding companies by the acquisition of 64.1 percent of the voting shares of Banco Comercial de Mayaguez ("Bank"), Mayaguez, Puerto Rico. Most of these shares would be held by Cogebel, which is a direct or an indirect subsidiary of each of the other applicants.

Notice of the applications, affording opportunity for interested persons to comment, has been given in accordance with section 3(b) of the Act, and the time for filing comments has expired. The Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act.

Applicants belong to the Occidental group of companies that is based in Spain and controlled by Gregorio Diego Jimenez. Their combined assets approximate $1.2 billion.[1] Except for Banco Occidental the Applicants are nonoperating holding companies. Banco Occidental is the 20th largest of 38 privately owned "national banks" in Spain and is the 11th

1 Banking data are as of September 30, 1978

largest of 24 national banks classified as "industrial banks." As an industrial bank Banco Occidental serves individuals and small- to medium-size businesses through 37 offices in Spain. Banco Occidental also conducts a commercial banking business through its indirect subsidiary, Banco Comercial Occidental, S.A. Combined these two institutions operate 96 offices in Spain and rank 19th of 109 Spanish commercial and industrial banking organizations.[2] Banco Occidental holds interests in a variety of other companies, most of which are located in Spain. None of the Applicants engages in any business activity in the United States directly or indirectly, and under rules the Board recently adopted (45 *Federal Register* 81,537 (1980)), to be codified as (12 C.F.R. § 211.23), if the proposed transaction is consummated Applicants would be qualified foreign banking organizations eligible for the exemptions prescribed by those rules.

Bank is the 12th largest of 16 banking organizations in Puerto Rico and the 8th largest of 11 banks domiciled there. Bank operates five offices, serving primarily a retail clientele, and holds deposits of $88 million, representing 8.1 percent of the deposits in commercial banks in Puerto Rico.[3] Banco Occidental maintains a representative office in San Juan, Puerto Rico, conducting a wholesale internationally oriented business, but it appears that consummation of this proposal would not have any substantial adverse effects on competition or concentration in any relevant area. Competitive considerations are therefore consistent with approval of these applications.

Applicants have been associated with Bank since 1974 when members of the Occidental group bought a minority interest in Bank, as permitted by the Act, and they have been represented on Bank's board of directors since 1975. In December 1977, however, the nature of Applicants' association with Bank changed dramatically. At that time members of the Occidental group of companies provided Bank capital funds the Federal Deposit Insurance Corporation and the Secretary of the Treasury of the Commonwealth of Puerto Rico considered necessary to alleviate financial difficulties Bank was then experiencing. As a result of the increase in Bank's capital, Applicants' voting interest in Bank increased to 23 percent, and an additional 47 percent of Bank's shares were issued to Patricio Ruedas, a friend of Mr. Diego. On the basis of this ownership interest Mr. Diego assumed effective control of Bank and exercised that control chiefly through employees and former employees of Banco Occident and Banco Comercial Occidental.

In several respects the 1977 acquisition of Bank' shares superficially resembled transactions the Boar has considered violations of the Act by compani acquiring bank shares indirectly or through individual without the Board's prior approval.[4] However, b cause of the unusual circumstances and the ver compelling public interest in the consummation of th transaction, even if the Board concluded that Appl cants had violated the Act in 1977, it would not b compelled to deny these applications on that accoun In the first place, upon inquiry Applicants were led t believe, and continue to believe, that the Board' approval was not required for Mr. Ruedas' acquis tion. It is Applicants' contention that Mr. Rueda acquisition was made for Mr. Diego personally and n on behalf of any of the Occidental companies. Mor over, Applicants cooperated with Bank's primary s pervisors and have cooperated with the Board's staf and they have established an internal managemer compliance and reporting system and submitted to th Board thorough undertakings designed to insure th they will remain aware of and in compliance with law and regulations applicable to them as bank holdin companies and as a result of their operations in Puert Rico.

It is also clear from Applicants' conduct both befor and after the 1977 acquisition that their intention at a times has been to adhere to applicable rules an appropriate standards of conduct. Finally, the assis ance Applicants have extended to Bank has been c value in preserving Bank as a viable competitor i Puerto Rico, and the consequences of requiring divestiture of Bank could be particularly damaging i that respect. This combination of circumstances pe suades the Board that even if Applicants were found t have violated the Act, that factor would not by itse require denial of the applications.

If any of these circumstances had been different, th Board would be disposed to go forward and adjudicat the question whether Applicants, acting through M Ruedas, acquired control of Bank in violation of th Act. A bare claim of ignorance would obviously hav been an unsatisfactory explanation of a violation of th Act. The Board expects companies to ascertain an meet their legal responsibilities under the Act with th greatest care and will hold them answerable for failure to do so. An adjudication of the question i these circumstances, however, will not have a materi bearing on the disposition of these applications o other regulatory actions by the Board.

2. It is Banco Occidental's intention formally to absorb this subsidiary, the operations of which have already been largely integrated with Banco Occidental's In furtherance of this plan, all but three of Banco Comercial Occidental's offices were transferred to Banco Occidental on December 29, 1980.

3. Since the date of these data, Bank has received approval to establish a sixth office.

4. See, e.g., *First National Holding Corp.*, 63 FEDERAL RESERVE BULLETIN 929 (1977).

Applicants' financial and managerial resources and future prospects are regarded as satisfactory, and since 1977 Bank's condition has improved steadily under Mr. Diego's direction. Applicants and Mr. Diego have shown a willingness to supply to Bank capital and managerial support as needed and the Board has reason to believe that Applicants will continue to serve as a source of strength to Bank in the future.[5] The support Bank has received from Mr. Diego and Applicants has preserved the institution as a competitor in Puerto Rico and enabled it to expand its service to its community. Banking factors and considerations relating to the convenience and needs of the communities Bank serves therefore lend weight toward approval of these applications, and it is the Board's judgment that consummation of the proposal would be in the public interest.

In reaching this conclusion the Board has given due consideration to comments received from a group of Bank's minority shareholders which chiefly is dissatisfied with the method by which directors of Bank are chosen.[6] The protestants concede that the majority shareholders have afforded minority shareholders appropriate representation in every annual election of Bank's directors, and whether the majority shareho ers are obliged to do more than that, as the minor group contends, is a question of contract interpre tion that should appropriately be resolved in anoth forum. It is not established, based on the record in tl case, that the existence of this dispute with several Bank's minority shareholders reflects adversely Applicants' intentions or their managerial resource

On the basis of the record, the applications a approved for the reasons summarized above.[7] T transaction shall not be made before the thirtie calendar day following the effective date of this Orc or later than three months after the effective date this Order unless such period is extended for go cause by the Board or by the Federal Reserve Bank New York pursuant to delegated authority.

By order of the Board of Governors, effecti January 27, 1981.

Voting for this action: Chairman Volcker and Govern Wallich, Partee, Teeters, Rice, and Gramley. Absent and r voting: Vice Chairman Schultz.

(Signed) JAMES MCAFE

[SEAL] *Assistant Secretary of the Boa*

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During January 1981, the Board of Governors approved the applications listed below. Copies are available up request to Publications Services, Division of Support Services, Board of Governors of the Federal Reser System, Washington, D.C. 20551.

Section 3

Applicant	Bank(s)	Board action (effective dat
Cameron Investment Company, Inc. Park Falls, Wisconsin	Bank of Cameron, Cameron, Wisconsin	January 16, 19
First American Corporation, Kalamazoo, Michigan	The First National Bank of Alger County, Munising, Michigan	January 30, 19
First City Bancorporation of Texas, Inc., Houston, Texas	Valley View Bank, Dallas, Texas	January 26, 19
First City Bancorporation of Texas, Inc., Houston, Texas	The Bank of South Texas, Alice, Texas	January 29, 19
Willmar Bancorporation, Inc., Willmar, Minnesota	Citizens National Bank of Willmar, Willmar, Minnesota	January 30, 19

5. Applicants will not consummate this proposal before Cogebel's capital has been increased to 310 million Luxembourg francs (approximately $10 million).

6. Horacio M. Royo also made the Board aware of litigation he instituted against Bank, which has no apparent bearing on the merits of these applications. There are no facts in the record from which the Board might conclude that the Board's action on these applicati could affect Mr. Royo or his interests or the litigation to which he i party.

7. As part of these applications, Applicants have agreed to conti to provide information the Board considers necessary for the pro discharge of its supervisory responsibilities.

Sections 3 and 4

Applicant	Bank(s)	Nonbanking company (or activity)	Reserve Bank	Effective date
Financial Bancshares Company, Becker, Minnesota	Santiago State Bank, Santiago, Minnesota	to engage in general insurance activities in three communities with populations not exceeding 5,000	Minneapolis	1/15/81

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Anadarko Bancshares, Inc., Anadarko, Oklahoma	Anadarko Bank and Trust Company, Anadarko, Oklahoma	Kansas City	December 24, 1980
Anchor Bancorporation Inc., Farmer City, Illinois	Anchor State Bank, Anchor, Illinois	Chicago	January 14, 1981
Anchor Banshares, Inc., Alliance, Nebraska	The Anchor Bank, Merriman, Nebraska	Kansas City	December 26, 1980
Borresen Investments, Inc., Westbrook, Minnesota	Westbrook State Bank, Westbrook, Minnesota	Minneapolis	January 26, 1981
Burr Oak Banco, Inc., Burr Oak, Kansas	The Burr Oak State Bank, Burr Oak, Kansas	Kansas City	December 26, 1980
Childress Bancshares, Inc., Childress, Texas	The First National Bank in Childress, Childress, Texas	Dallas	January 2, 1981
Choctaw Bancorp, Inc., Choctaw, Oklahoma	Choctaw State Bank, Choctaw, Oklahoma	Kansas City	January 22, 1981
Colorado National Bankshares, Inc., Denver, Colorado	Arvada State Bank, Arvada, Colorado	Kansas City	December 30, 1980
Commerce Southwest Inc., Dallas, Texas	Central National Bank of McKinney, McKinney, Texas White Rock Bank of Dallas, Dallas, Texas	Dallas	January 20, 1981
Connecticut River Bancorp, Inc., Charlestown, New Hampshire	Peoples National Bank of Littleton, Littleton, New Hampshire	Boston	January 14, 1981
Denver City Bancshares, Inc., Denver City, Texas	Yoakum County Bancshares, Inc., Denver City, Texas	Dallas	January 8, 1981
Echo Bancshares, Inc., Echo, Minnesota	Citizens State Bank of Echo, Echo, Minnesota	Minneapolis	January 14, 1981

Section 3—continued

Applicant	Bank(s)	Reserve Bank	Effective date
Elgin Bancshares, Inc., Kansas City, Missouri	Union National Bank and Trust Company of Elgin, Elgin, Illinois	Chicago	January 9, 1981
Elston Corporation, Crawfordsville, Indiana	Elston Bank & Trust Company Crawfordsville, Indiana	Chicago	January 14, 1981
Etowah Bancing Company, Etowah, Tennessee	Southern United Bank of McMinn County, Etowah, Tennessee	Atlanta	January 9, 1981
Everly Bancorporation, Everly, Iowa	Everly State Bank, Everly, Iowa	Chicago	January 13, 1981
F & M Holding Company, Summersville, West Virginia	Farmers and Merchants Bank of Summersville, Summersville, West Virginia	Richmond	January 14, 1981
Federated Bancshares, Inc., Otterville, Missouri	The Bank of Otterville, Otterville, Missouri	Kansas City	December 22, 1980
Fifth Third Bancorp, Cincinnati, Ohio	The Farmers Bank, West Union, Ohio	Cleveland	January 19, 1981
First Citizens Bancshares, Inc., Waxahachie, Texas	Citizens National Bank in Waxahachie, Waxahachie, Texas	Dallas	January 16, 1981
FIRST NATIONAL BANCORP., New Castle, Indiana	First National Bank in New Castle, New Castle, Indiana	Chicago	January 16, 1981
First Southern Bancshares, Inc., Mount Juliet, Tennessee	Bank of Mount Juliet, Mount Juliet, Tennessee	Atlanta	January 23, 1981
First State Holding Company of Prescott, Prescott, Arkansas	Bank of Prescott, Prescott, Arkansas	St. Louis	December 29, 1980
First United, Inc., Central City, Kentucky	First National Bank of Central City, Central City, Kentucky	St. Louis	January 12, 1981
First United Bancorporation, Inc., Fort Worth, Texas	The Southwest State Bank, Brownwood, Texas	Dallas	December 30, 1980
Georgia Bancshares, Inc., Macon, Georgia	The Farmers National Bank of Monticello, Monticello, Georgia	Atlanta	January 27, 1981
Golden Summit Corporation, Milton, Florida	Santa Rosa State Bank, Milton, Florida	Atlanta	December 29, 1980
Hardin County Bancorporation, Eldora, Iowa	Hardin County Savings Bank of Eldora Iowa, Eldora, Iowa,	Chicago	January 16, 1981
The Highland Ban-Corp., Inc., Cleveland, Oklahoma	The Cleveland Bank, Cleveland, Oklahoma	Kansas City	January 13, 1981
Independent Bank Corporation, Ionia, Michigan	The Peoples Bank of Leslie, Leslie, Michigan	Chicago	January 16, 1981
Jersey Village Bancshares, Inc., Houston, Texas	Jersey Village Bank, Houston, Texas	Dallas	January 12, 1981
Mercantile Bancorporation Inc., St. Louis, Missouri	Peoples Bank of Kansas City Kansas City, Missouri	St. Louis	January 13, 1981

Section 3—continued

Applicant	Bank(s)	Reserve Bank	Effective date
Metro BancShares, Inc., Alvarado, Texas	Alvarado State Bank, Alvarado, Texas	Dallas	January 15, 1981
Metropolitan Bancorporation, Tampa, Florida	First Bank and Trust Company, Belleair Bluffs, Florida	Atlanta	January 27, 1981
Michigan National Corporation, Bloomfield Hills, Michigan	Michigan National Bank—Grosse Pointe, Grosse Pointe Woods, Michigan	Chicago	January 15, 1981
Middle River Bancshares, Inc., Middle River, Minnesota	First National Bank of Middle River, Middle River, Minnesota	Minneapolis	December 30, 1980
New Salem Bancorporation, Inc., New Salem, North Dakota	Security State Bank of New Salem, New Salem, North Dakota	Minneapolis	December 30, 1980
Mulvane Bankshares, Inc., Mulvane, Kansas	The Mulvane State Bank, Mulvane, Kansas	Kansas City	January 19, 1981
Northern Bancshares, Inc., Chillicothe, Texas	The First National Bank of Chillicothe, Chillicothe, Texas	Dallas	December 31, 1980
Orient Bancorporation, San Francisco, California	Bank of the Orient, San Francisco, California	San Francisco	January 14, 1981
PTD Bancorp., Inc., Potosi, Wisconsin	Potosi State Bank, Potosi, Wisconsin	Chicago	January 2, 1981
Pike Bancshares, Inc., Petersburg, Indiana	The First National Bank of Petersburg, Petersburg, Indiana	St. Louis	January 13, 1981
Planters Holding Company, Indianola, Mississippi	Planters Bank & Trust Company, Ruleville, Mississippi	St. Louis	January 8, 1981
Republic of Texas Corporation, Dallas, Texas	Houston National Bank-Kingwood, Kingwood, Texas Houston National Bank West, Houston, Texas	Dallas	January 9, 1981
Sahara Bancorp, Inc., New Brighton, Minnesota	First State Bank of New Brighton, New Brighton, Minnesota	Minneapolis	January 23, 1981
Savannah Bancshares, Inc., Savannah, Missouri	First Community State Bank of Savannah, Savannah, Missouri	Kansas City	January 9, 1981
Schertz Bancshares Corporation, Shertz, Texas	Schertz Bank & Trust, Schertz, Texas	Dallas	January 9, 1981
Security State Holding Company, Lindstrom, Minnesota	Security State Bank of Lindstrom, Lindstrom, Minnesota	Minneapolis	January 15, 1981
South Georgia Bankshares Corp., Lyons, Georgia	The Peoples Bank of Lyons, Lyons, Georgia	Atlanta	December 31, 1980
South Dakota Bancshares, Inc., Pierre, South Dakota	Sully County Bank, Onida, South Dakota	Minneapolis	January 7, 1981
Strong City Banco, Inc., Lincoln, Nebraska	Strong City State Bank, Strong City, Kansas	Kansas City	December 19, 1980

Section 3—continued

Applicant	Bank(s)	Reserve Bank	Effective date
The Summitt Bancorporation, Summit, New Jersey	The Maplewood Bank and Trust Company, Maplewood, New Jersey	New York	January 8, 1981
Sweet Springs Bancshares, Inc., Sweet Springs, Missouri	Chemical Bank, Sweet Springs, Missouri	Kansas City	January 23, 1981
Tri-County Bancorp., Roachdale, Indiana	Tri-County Bank & Trust Company, Roachdale, Indiana	Chicago	January 20, 1981
Union Bancshares, Incorporated, San Antonio, Texas	Union State Bank, San Antonio, Texas	Dallas	January 2, 1981
Union Bank Corporation, Upton, Wyoming	Union State Bank, Upton, Wyoming	Kansas City	December 26, 198(
United Mercantile Bancshares, Inc., Shreveport, Louisiana	United Mercantile Bank, Shreveport, Louisiana	Dallas	January 26, 1981
United Banks of Colorado, Inc., Denver, Colorado	Bank of Durango, Durango, Colorado	Kansas City	January 20, 1981
United Banks of Colorado, Inc., Denver, Colorado,	Bank of Ignacio Ignacio, Colorado	Kansas City	January 20, 1981
West Brook Bancshares, Inc., Westchester, Illinois	West Brook Bank, Westchester, Illinois	Chicago	January 26, 1981

Pending Cases Involving the Board of Governors

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

Wilshire Oil Company of Texas v. *Board of Governors, et al.*, filed U.S.D.C. for New Jersey.

9 to 5 Organization for Women Office Workers v. *Board of Governors*, filed December 1980, U.S.D.C. for the District of Massachusetts.

Wilshire Oil Company of Texas v. *Board of Governors*, filed December 1980, U.S.C.A. for the District of Columbia.

Securities Industry Association v. *Board of Governors, et al.*, filed October 1980, U.S.D.C. for the District of Columbia.

Securities Industry Association v. *Board of Governors, et al.*, filed October 1980, U.S.C.A. for the District of Columbia.

A. G. Becker, Inc. v. *Board of Governors, et al.*, filed October 1980, U.S.D.C. for the District of Columbia.

A. G. Becker, Inc. v. *Board of Governors, et al.*, filed October 1980, U.S.C.A. for the District of Columbia.

Independent Insurance Agents of America and Inde pendent Insurance Agents of Missouri v. *Board c Governors*, filed September 1980, U.S.C.A. for th Eighth Circuit.

Independent Insurance Agents of America and Inde pendent Insurance Agents of Virginia v. *Board c Governors*, filed September 1980, U.S.C.A. for th Fourth Circuit.

Nebraska Bankers Association, et al. v. *Board c Governors, et al.*, filed September 1980, U.S.D.C for the District of Nebraska.

Republic of Texas Corporation v. *Board of Governors* filed September 1980, U.S.C.A. for the Fifth Ci cuit.

Consumers Union of the United States, Inc., v. *Boar of Governors, et al.*, filed August 1980, U.S.D.C for the District of Columbia.

A. G. Becker Inc., v. *Board of Governors, et al.*, file August 1980, U.S.D.C. for the District of Columbia

Otero Savings and Loan Association v. *Board c Governors*, filed August 1980, U.S.D.C. for th District of Columbia.

Edwin F. Gordon v. *Board of Governors, et al.*, file August 1980, U.S.C.A. for the Fifth Circuit.

Martin-Trigona v. *Board of Governors*, filed July 1980, U.S.C.A. for the District of Columbia.

U.S. League of Savings Associations v. *Depository Institutions Deregulation Committee, et al.*, filed June 1980, U.S.D.C. for the District of Columbia.

Berkovitz, et al. v. *Government of Iran, et al.*, filed June 1980, U.S.D.C. for the Northern District of California.

Mercantile Texas Corporation v. *Board of Governors*, filed May 1980, U.S.C.A. for the Fifth Circuit.

Corbin, Trustee v. *United States*, filed May 1980, United States Court of Claims.

Louis J. Roussel v. *Board of Governors*, filed April 1980, U.S.D.C. for the District of Columbia.

Ulyssess S. Crockett v. *United States, et al.*, filed April 1980, U.S.D.C. for the Eastern District of North Carolina.

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

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

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

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

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

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

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

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

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

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

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

Financial and Business Statistics

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1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1980				1980				
	Q1r	Q2r	Q3r	Q4	Aug	Sept	Oct	Nov	Dec
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
Reserves of depository institutions									
1 Total	4.3	0.4	6.7	16.5	15.3	21.3	5.2	35.9	1.6
2 Required	5.1	0.7	5.8	15.2	14.9	22.9	6.8	27.0	0.0
3 Nonborrowed	3.3	7.4	12.4	7.2	7.0	0.7	5.4	13.2	13.4
4 Monetary base[2]	7.8	5.2	9.9	11.2	15.0r	9.7	10.1	15.0r	4.9
Concepts of money and liquid assets[3]									
5 M-1A	4.6	4.4	11.5	8.1	19.3	12.3r	9.1r	6.5r	−11.1
6 M-1B	5.8	2.6	14.6	10.8	21.8r	15.8	11.8r	8.7r	−9.0
7 M-2	7.3	5.6	16.0	9.1	14.9r	8.7r	8.8	10.4	2.0
8 M-3	8.0	5.8	13.0	11.6	14.0r	9.6r	10.8r	15.2r	7.4
9 L ...	8.6	7.8	9.7	n.a.	13.0r	12.5r	6.4r	14.3	n.a.
Time and savings deposits									
Commercial banks									
10 Total	8.2	10.0	4.9	15.0	8.0r	12.5r	11.7r	23.2r	18.3
11 Savings[4]	−19.8	−21.7	27.5	1.7	26.4r	8.8r	10.0r	−8.7r	−40.0
12 Small-denomination time[5]	28.9	33.1	0.7	17.1	0.9r	6.6r	11.3r	31.6r	39.6
13 Large-denomination time[6]	11.1	10.6	−7.2	23.4	2.1r	22.5r	14.1r	38.2r	39.5
14 Thrift institutions[7]	2.6	4.8	9.9	11.6	11.5r	10.2r	11.7r	12.7r	11.1
15 Total loans and securities at commercial b	9.5	−.5	7.0	14.8	17.9	14.1	13.3	16.6	12.6
	1980				1980				1981
	Q1	Q2	Q3	Q4	Sept	Oct	Nov	Dec	Jan.
	Interest rates (levels, percent per annum)								
Short-term rates									
16 Federal funds[9]	15.05	12.69	9.83	15.85	10.87	12.81	15.85	18.90	19.08
17 Discount window borrowing[10]	12.51	12.45	10.35	11.78	10.17	11.00	11.47	12.87	13.00
18 Treasury bills (3-month market yield)[11]	13.35	9.62	9.15	13.61	10.27	11.62	13.73	15.49	15.02
19 Commercial paper (3-month)[11,12]	14.54	11.18	9.65	15.26	10.97	12.52	15.18	18.07	16.58
Long-term rates									
Bonds									
20 U.S. government[13]	11.78	10.58	10.95	12.23	11.47	11.75	12.44	12.49	12.29
21 State and local government[14]	8.23	7.95	8.58	n.a.	8.94	9.11	9.56	10.11	9.66
22 Aaa utility (new issue)[15]	13.22	11.77	12.20	13.49	12.74	13.18	13.85	14.51	14.12
23 Conventional mortgages[16]	14.32	12.70	13.12	14.62	13.65	14.10	14.70	15.05	n.a.

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

2 Includes reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.

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

M-1B: M-1A plus negotiable order of withdrawal and automated transfer service accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

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

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

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

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

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

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

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

8 Changes calculated from figures shown in table 1.23.

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

10 Rate for the Federal Reserve Bank of New York.

11 Quoted on a bank-discount basis.

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

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

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

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

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

1.11 RESERVES OF DEPOSITORY INSTITUTIONS, RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week-ending						
	1980		1981	1980			1981			
	Nov	Dec	Jan	Dec 17	Dec 24	Dec 31	Jan 7	Jan 14	Jan 21	Jan 28
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	**142,984**	**143,250**	**142,819**	**143,982**	**144,173**	**145,857**	**146,082**	**143,691**	**143,002**	**140,192**
2 U.S. government securities[1]	120,656	119,074	119,362	121,322	119,337	117,608	121,449	120,543	119,952	116,988
3 Bought outright	119,094	118,548	118,795	120,724	119,071	117,098	119,139	120,543	119,753	116,988
4 Held under repurchase agreements	1,562	526	567	598	266	510	2,310		199	
5 Federal agency securities	9,087	8,821	8,812	8,881	8,749	8,837	9,050	8,739	8,754	8,739
6 Bought outright	8,761	8,743	8,734	8,739	8,739	8,739	8,739	8,739	8,739	8,739
7 Held under repurchase agreements	326	78	73	142	10	98	311		15	
8 Acceptances	397	124	68	112	30	191	268		32	
9 Loans	2,156	1,617	1,405	1,505	1,649	1,627	1,117	1,332	1,419	1,793
10 Float	4,288	5,797	4,161	4,221	6,038	9,049	5,699	4,489	3,650	3,235
11 Other Federal Reserve assets	6,400	7,817	9,011	7,941	8,370	8,544	8,498	8,587	9,195	9,437
12 Gold stock	11,163	11,161	11,160	11,161	11,161	11,161	11,161	11,161	11,160	11,159
13 Special drawing rights certificate account	3,325	3,313	2,518	3,368	3,368	3,125	2,518	2,518	2,518	2,518
14 Treasury currency outstanding	13,439	13,422	13,437	13,408	13,410	13,485	13,427	13,431	13,438	13,446
ABSORBING RESERVE FUNDS										
15 Currency in circulation	132,787	135,676	133,416	135,365	135,960	136,971	136,121	134,479	132,811	131,370
16 Treasury cash holdings	458	446	439	445	446	445	436	440	437	443
Deposits, other than member bank reserves with Federal Reserve Banks										
17 Treasury	2,964	2,722	3,172	2,784	2,287	3,286	2,979	3,085	3,109	3,498
18 Foreign	314	353	380	386	395	375	373	530	304	275
19 Other	401	403	541	391	392	416	651	395	672	468
20 Other Federal Reserve liabilities and capital	4,772	4,881	4,872	4,977	4,974	4,857	4,909	4,971	4,973	4,753
21 Reserve accounts[2]	29,215	26,664	27,114	21,572	27,659	27,277	27,718	26,900	27,809	26,508

Factors	End-of-month figures			Wednesday figures						
	1980		1981	1980			1981			
	Nov	Dec	Jan	Dec 17	Dec 24	Dec 31	Jan 7	Jan 14	Jan 21	Jan 28
SUPPLYING RESERVE FUNDS										
22 Reserve bank credit outstanding	**146,115**	**146,383**	**139,328**	**148,364**	**147,075**	**146,382**	**142,271**	**145,550**	**137,992**	**138,371**
23 U.S. government securities[1]	120,812	121,328	117,169	122,123	118,308	121,328	117,331	121,571	113,812	115,138
24 Bought outright	118,936	119,299	117,169	120,069	118,308	119,299	117,331	121,571	113,812	115,138
25 Held under repurchase agreements	1,876	2,029		2,054		2,029				
26 Federal agency securities	9,165	9,264	8,739	9,128	8,739	9,264	8,739	8,739	8,739	8,739
27 Bought outright	8,761	8,739	8,739	8,739	8,739	8,739	8,739	8,739	8,739	8,739
28 Held under repurchase agreements	404	525		389		525				
29 Acceptances	523	776		327		776				
30 Loans	2,284	1,809	1,304	1,616	1,388	1,809	854	2,539	1,349	1,553
31 Float	6,792	4,467	2,280	6,561	9,673	4,467	6,521	3,863	4,894	3,061
32 Other Federal Reserve assets	6,539	8,739	9,836	8,609	8,967	8,738	8,826	8,838	9,198	9,880
33 Gold stock	11,162	11,160	11,159	11,161	11,161	11,161	11,161	11,160	11,159	11,159
34 Special drawing rights certificate account	3,368	2,518	2,518	3,368	3,368	2,518	2,518	2,518	2,518	2,518
35 Treasury currency outstanding	13,779	13,838	13,450	13,408	13,423	13,838	13,427	13,437	13,444	13,450
ABSORBING RESERVE FUNDS										
36 Currency in circulation	134,104	137,244	130,688	135,904	136,771	137,244	135,552	134,042	132,325	131,372
37 Treasury cash holdings	449	437	441	441	447	437	437	440	440	440
Deposits, other than member bank reserves with Federal Reserve Banks										
38 Treasury	2,435	3,062	3,038	2,653	2,540	3,062	3,217	2,814	3,013	2,974
39 Foreign	368	411	573	287	413	411	257	301	248	302
40 Other	478	617	515	403	379	617	529	370	536	439
41 Other Federal Reserve liabilities and capital	5,061	4,671	4,579	5,009	4,741	4,671	4,878	4,891	4,701	4,649
42 Reserve accounts[2]	31,528	27,456	26,621	31,604	29,735	27,456	24,507	29,807	23,850	25,323

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

2. Includes reserve balances of all depository institutions.

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

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1979	1980								1981
	Dec	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan p
1 Reserve balances with Reserve Banks[1]	32,473	32,755	32 125	31 384	28,923	29,164	29,976	29 215	26,664	27,114
2 Total vault cash (estimated)								15,311	18,149	19,293
3 Vault cash at institutions with required reserve balances[2]	11,344	10,999	11,141	11,287	11,262	11,811	11,678	11,876	12,602	13,587
4 Vault cash equal to required reserves at other institutions	n a	n a	n a	n a	n a	n a	n a	439	704	700
5 Surplus vault cash at other institutions[3]	n a	n a	n a	n a	n a	n a	n a	2,996	4,843	5,006
6 Reserve balances + total vault cash[4]	43,972	43,968	43,479	42,859	40,373	41,164	41,815	44,674	44,940	46,520
7 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	n a	n a	n a	n a	n a	n a	n a	41,678	40,097	41,514
8 Required reserves (estimated)	43,578	43,785	43,268	42,575	40,071	40,908	41,498	40,723	40,067	41,022
9 Excess reserve balances at Reserve Banks[4,6]	394	183	211	284	302	256	317	955	30	492
10 Total borrowings at Reserve Banks	1,473	1,028	380	395	659	1,311	1,335	2,156	1,617	1,405
11 Seasonal borrowings at Reserve Banks	82	63	12	7	10	26	67	99	116	120
Large commercial banks										
12 Reserves held									24,940	26,267
13 Required									25,819	26,600
14 Excess									879	333
Small commercial banks										
15 Reserves held									13,719	13,935
16 Required									13,523	13,691
17 Excess	n a	n a	n a	n a	n a	n a	n a	n a	196	244
U S agencies and branches										
18 Reserves held									260	253
19 Required									230	230
20 Excess									30	23
All other institutions										
21 Reserves held									494	513
22 Required									495	501
23 Excess									-1	12
	Weekly averages of daily figures for week ending									
	Nov 26	Dec 3	Dec 10	Dec 17	Dec 24	Dec 31	Jan 7p	Jan 14p	Jan 21p	Jan 28p
24 Reserve balances with Reserve Banks[1]	28,068	27,510	26,096	27,572	27,659	27,277	27,718	26,900	27,809	26,508
25 Total vault cash (estimated)	16,937	18,317	18 064	18,317	17,663	18,482	17,841	20,390	20,244	18,827
26 Vault cash at institutions with required reserve balances[2]	11,385	12,413	12,531	12,660	12,345	12 954	12,498	14,268	14,066	13,736
27 Vault cash equal to required reserves at other institutions	730	740	700	700	700	700	700	700	700	700
28 Surplus vault cash at other institutions[3]	4,822	5,164	4,833	4,957	4,618	4 828	4,643	5,422	5,478	4,391
29 Reserve balances + total vault cash[4]	45,134	45,955	44,288	46,013	45,456	45,882	45,681	47,403	48 165	45,442
30 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	40,312	40,791	39 455	41,056	40,838	41,054	41,038	41 981	42,687	41,051
31 Required reserves (estimated)	39,995	39,910	39,193	40,554	40,029	40,558	40,374	41,240	42,180	40,651
32 Excess reserve balances at Reserve Banks[4,6]	317	881	262	502	809	496	664	741	507	400
33 Total borrowings at Reserve Banks	2,215	2,142	1 786	1,505	1,649	1,627	1 117	1,332	1,419	1,793
34 Seasonal borrowings at Reserve Banks	115	110	111	124	119	116	112	105	123	137
Large commercial banks										
35 Reserves held	25,354	25,698	24,495	25,584	25,757	25 700	25,897	26,698	27,380	25,881
36 Required	25,724	25,631	25,171	26,248	25,773	26,163	26,050	26,797	27,629	26,222
37 Excess	370	67	676	- 664	-- 16	463	153	99	249	341
Small commercial banks										
38 Reserves held	13,618	13,880	13,517	13,706	13,828	13,955	13,832	13 889	14,185	13,929
39 Required	13,574	13,547	13,324	13,566	13,551	13,643	13,598	13,693	13,825	13,698
40 Excess	44	333	193	140	277	312	234	196	360	231
U S agencies and branches										
41 Reserves held	235	237	244	274	261	262	271	264	252	244
42 Required	228	244	230	223	221	234	242	221	223	231
43 Excess	7	7	14	51	40	28	29	43	29	13
All other institutions										
44 Reserves held	487	500	454	535	463	527	565	529	496	473
45 Required	469	488	468	517	484	518	484	529	503	500
46 Excess	18	12	14	18	- 21	9	81	0	7	27

1 Includes all reserve balances of depository institutions

2 Prior to Nov 13, 1980, the figures shown reflect only the vault cash held by member banks

3 Total vault cash at institutions without required reserve balances less vault cash equal to their required reserves

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

5 Reserve balances with Federal Reserve Banks plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions

6 Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves (This measure of excess reserves is comparable to the old excess reserve concept published historically)

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

Averages of daily figures, in millions of dollars

By maturity and source	1980 and 1981, week ending Wednesday								
	Dec 3	Dec 10r	Dec 17	Dec 24r	Dec 31r	Jan 7	Jan 14	Jan 21	Jan 28
One day and continuing contract									
1 Commercial banks in United States	51,213	52,762	51,140	46,737	45,865	50,819	52,180	48,688	44,424
2 Other depository institutions, foreign banks and foreign official institutions, and U S government agencies	14,205	14 384	14,076	13,898	13,846	14,516	15,309	14,602	14,227
3 Nonbank securities dealers	2,581	2,355	2,864	2,682	2,242	2,784	2,937	2,899	2,768
4 All other	15,484	17,964	17,847	16,656	14,598	16,120	17,728	17,817	17,326
All other maturities									
5 Commercial banks in United States	4,501	4,001	4,070	4,324	5,266	4,606	4,181	3,993	4,196
6 Other depository institutions, foreign banks and foreign official institutions, and U S government agencies	7,225	7,300	7,534	7,750	7,738	7,112	7,138	7,058	7,303
7 Nonbank securities dealers	4,494	4,139	4,136	4,495	4,491	4 150	4,085	4,652	4,916
8 All other	12,147	10,304	9,981	10,820	13,847	12,062	11,356	11,864	12,377
MEMO. Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	14 697	14,141	14,411	13,385	15,531	18,124	17,016	13,879	11,356
10 Nonbank securities dealers	2,721	2,976	2,950	3,254	2,772	3,614	3,726	3,032	2,547

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit[1]			Extended credit						Emergency credit to all others under section 13[3]		
				Seasonal credit			Special circumstances[2]					
	Rate on 1/31/81	Effective date	Previous rate	Rate on 1/31/81	Effective date	Previous rate	Rate on 1/31/81	Effective date	Previous rate	Rate on 1/31/81	Effective date	Previous rate
Boston	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
New York	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Philadelphia	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
Cleveland	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Richmond	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Atlanta	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Chicago	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
St Louis	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Minneapolis	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Kansas City	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Dallas	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
San Francisco	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15

Range of rates in recent years[4,5]

Effective date	Range (or level)—All F R Banks	F R. Bank of N Y	Effective date	Range (or level) All F R Banks	F R Bank of N Y	Effective date	Range (or level)—All F R. Banks	F R Bank of N Y
In effect Dec 31, 1970	5½	5½	1974 Apr 25	7½–8	8	1978 July 10	7¼	7¼
1971— Jan 8	5¼–5½	5¼	30	8	8	Aug 21	7¾	7¾
15	5¼	5¼	Dec 9	7¾ 8	7¾	Sept 22	8	8
19	5–5¼	5¼	16	7¾	7¾	Oct. 16	8–8½	8½
22	5–5¼	5				20	8½	8½
29	5	5	1975 Jan 6	7¼	7¼	Nov 1	8½–9½	9½
Feb 13	4¾–5	5	10	7¼	7¼	3	9½	9½
19	4¾	4¾	24	7¼	7¼			
July 16	4¾ 5	5	Feb 5	6¾–7¼	6¾	1979 July 20	10	10
23 .	5	5	7	6¾	6¾	Aug 17	10–10½	10½
Nov 11	4¾–5	5	Mar 10	6¼–6¾	6¼	20	10½	10½
19	4¾	4¾	14	6¼	6¼	Sept 19	10½–11	11
Dec. 13	4½–4¾	4¾	May 16	6 6¼	6	21	11	11
17	4½ 4¾	4½				Oct 8	11–12	12
24	4½	4½	1976— Jan 19	5½ 6	5½	10	12	12
			23	5½	5½			
1973— Jan 15	5	5	Nov 22	5¼–5½	5¼	1980 - Feb 15	12–13	13
Feb 26	5–5½	5½	26	5¼	5¼	19	13	13
Mar 2	5½	5½				May 29	12–13	13
Apr 23	5½–5¾	5½	1977 Aug 30	5¼ 5¾	5¼	30	12	12
May 4	5¾	5¾	31	5¼–5¾	5¾	June 13	11–12	11
11	5¾ 6	6	Sept 2	5¾	5¾	16	11	11
18	6	6	Oct 26	6	6	July 28	10–11	10
June 11	6 6½	6½				29	10	10
15	6½	6½	1978 - Jan 9	6–6½	6½	Sept 26	11	11
July 2	7	7	20	6½	6½	Nov 17	12	12
Aug 14 . .	7–7½	7½	May 11	6½–7	7	Dec 5	12–13	13
23	7½	7½	12	7	7	8	13	13
			July 3	7–7¼	7¼	In effect Jan 31, 1981	13	13

1 Effective Dec 5, 1980, a 3 percent surcharge was applied to short term adjustment credit borrowings by institutions with deposits of $500 million or more who borrowed in successive weeks or in more than 4 weeks in a calendar quarter

2. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution as described in section 201.3(b) (2) of Regulation A

3. Applicable to emergency advances to individuals, partnerships, and corporations as described in section 201.3(c) of Regulation A

4 Rates for short-term adjustment credit For description and earlier data see the following publications of the Board of Governors. *Banking and Monetary Statistics, 1914 1941* and *1941–1970, Annual Statistical Digest, 1971–1975, 1972–1976, 1973–1977,* and *1974–1978*

5 Twice in 1980, the Federal Reserve applied a surcharge to short-term adjustment credit borrowings by institutions with deposits of $500 million or more who had borrowed in successive weeks or in more than 4 weeks in a calendar quarter A 3 percent surcharge was in effect from Mar 17, 1980, through May 7, 1980 On Nov 17, 1980, a 2 percent surcharge was adopted which was subsequently raised to 3 percent on Dec 5, 1980

1.15 DEPOSITORY INSTITUTIONS RESERVE REQUIREMENTS[1]

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	Member bank requirements before implementation of the Monetary Control Act		Type of deposit, and deposit interval	Depository institution requirements after implementation of the Monetary Control Act[5]	
	Percent	Effective date		Percent	Effective date
Net demand[2]			*Net transaction accounts*[6]		
0-2	7	12/30/76	$0-$25 million	3	11/13/80
2-10	9½	12/30/76	Over $25 million	12	11/13/80
10-100	11¾	12/30/76			
100-400	12¾	12/30/76	*Nonpersonal time deposits*[7]		
Over 400	16¼	12/30/76	By original maturity		
			Less than 4 years	3	11/13/80
Time and savings[2,3]			4 years or more	0	11/13/80
Savings	3	3/16/67			
			Eurocurrency liabilities		
Time[4]			All types	3	11/13/80
0-5, by maturity					
30-179 days	3	3/16/67			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			
Over 5, by maturity					
30-179 days	6	12/12/74			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			

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. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

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 as amended through 1978 specified different ranges of requirements for reserve city banks and for other banks. Reserve cities were designated under a criterion adopted effective Nov. 9, 1972, by which a bank having net demand deposits of more than $400 million was considered to have the character of business of a reserve city bank. The presence of the head office of such a bank constituted designation of that place as a reserve city. Cities in which there were Federal Reserve Banks or branches were also reserve cities. Any banks having net demand deposits of $400 million or less were considered to have the character of business of banks outside of reserve cities and were permitted to maintain reserves at ratios set for banks not in reserve cities.

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

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

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

(b) The average reserve requirement on savings and other time deposits before implementation of the Monetary Control Act had to be at least 3 percent, the minimum specified by law.

4. (a) Effective Nov. 2, 1978, a supplementary reserve requirement of 2 percent was imposed on large time deposits of $100,000 or more, obligations of affiliates, and ineligible acceptances. This supplementary requirement was eliminated with the maintenance period beginning July 24, 1980.

(b) Effective with the reserve maintenance period beginning Oct. 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount. This marginal requirement was increased to 10 percent beginning April 3, 1980, was decreased to 5 percent beginning June 12, 1980, and was reduced to zero beginning July 24, 1980. Managed liabilities are defined as large time deposits, Eurodollar borrowings, repurchase agreements against U.S. government and federal agency securities, federal funds borrowings from nonmember institutions, and certain other obligations. In general, the base for the marginal reserve requirement was originally the greater of (a) $100 million or (b) the average amount of the managed liabilities held by a member bank, Edge corporation, or family of U.S. branches and agencies of a foreign bank for the two statement weeks ending Sept. 26, 1979. For the computation period beginning Mar. 20, 1980, the base was lowered by (a) 7 percent or (b) the decrease in an institution's U.S. office gross loans to foreigners and gross balances due from foreign offices of other institutions between the base period (Sept. 13-26, 1979) and the week ending Mar. 12, 1980, whichever was greater. For the computation period beginning May 29, 1980, the base was increased by 7½ percent above the base used to calculate the marginal reserve in the statement week of May 14-21, 1980. In addition, beginning Mar. 19, 1980, the base was reduced to the extent that foreign loans and balances declined.

5. For existing nonmember banks and thrift institutions, there is a phase-in period ending Sept. 3, 1987. For existing member banks the phase-in period is about three years, depending on whether their new reserve requirements are greater or less than the old requirements. For existing agencies and branches of foreign banks, the phase-in ends Aug. 12, 1982. All new institutions will have a two-year phase-in beginning with the date that they open for business.

6. Transaction accounts include all deposits on which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, telephone and preauthorized transfers (in excess of three per month), for the purpose of making payments to third persons or others.

7. In general, nonpersonal time deposits are time deposits, including savings deposits, that are not transaction accounts and in which the beneficial interest is held by a depositor that is not a natural person. Also included are certain transferable time deposits held by natural persons, and certain obligations issued to depository institution offices located outside the United States. For details, see section 204.2 of Regulation D.

NOTE. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. After implementation of the Monetary Control Act, nonmembers may maintain reserves on a pass-through basis with certain approved institutions.

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

Percent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Jan 31, 1981		Previous maximum		In effect Jan 31, 1981		Previous maximum	
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date
1 Savings	5¼	7/1/79	5	7/1/73	5½	7/1/79	5¼	(1)
2 Negotiable order of withdrawal accounts [2]	5¼	12/31/80	5	1/1/74	5¼	12/31/80	5	1/1/74
Time accounts [3]								
Fixed ceiling rates by maturity [4]								
3 14–89 days [5]	5¼	8/1/79	5	7/1/73	(6)		(6)	
4 90 days to 1 year	5¾	1/1/80	5½	7/1/73	6	1/1/80	5¾	(1)
5 1 to 2 years [7]	6	7/1/73	5½	1/21/70	6½	(1)	5¾	1/21/70
6 2 to 2½ years [7]			5¾	1/21/70			6	1/21/70
7 2½ to 4 years [7]	6½	7/1/73	5¾	1/21/70	6¾	(1)	6	1/21/70
8 4 to 6 years [8]	7¼	11/1/73	(9)		7½	11/1/73	(9)	
9 6 to 8 years [8]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more [8]	7¾	6/1/78	(6)		8	6/1/78	(6)	
11 Issued to governmental units (all maturities) [10]	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
12 Individual retirement accounts and Keogh (H R 10) plans (3 years or more) [10,11]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77
Special variable ceiling rates by maturity								
13 6-month money market time deposits [12]	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)
14 2½ years or more	(14)	(14)	(15)	(15)	(14)	(14)	(15)	(15)

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

2 For authorized states only, federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks in Massachusetts and New Hampshire were first permitted to offer negotiable order of withdrawal (NOW) accounts on Jan 1, 1974 Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb 27, 1976, and in New York State on Nov 10, 1978, and in New Jersey on Dec 28, 1979 Authorization to issue NOW accounts was extended to similar institutions nationwide effective Dec 31, 1980

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

4 Effective Nov 10, 1980, the minimum notice period for public unit accounts at savings and loan associations was decreased to 14 days and the minimum maturity period for time deposits at savings and loan associations in excess of $100,000 was decreased to 14 days Effective Oct 30, 1980, the minimum maturity or notice period for time deposits was decreased from 30 days to 14 days for mutual savings banks.

5 Effective Oct 30, 1980, the minimum maturity or notice period for time deposits was decreased from 30 days to 14 days for commercial banks

6 No separate account category

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

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

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 percent of its total time and savings deposits Sales in excess of that amount, as well as certificates of less than $1,000, were limited to the 6½ percent ceiling on time deposits maturing in 2½ years or more

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

10 Accounts subject to fixed rate ceilings See footnote 8 for minimum denomination requirements

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

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

13 Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978 The ceiling rate for commercial banks on money market time deposits entered into before June 5, 1980, is the discount rate (auction average) on most recently issued six-month U S Treasury bills Until Mar 15, 1979, the ceiling rate for savings and loan associations and mutual savings banks was ¼ percentage point higher than the rate for commercial banks Beginning March 15, 1979, the ¼-percentage-point interest differential is removed when the six-month Treasury bill rate is 9 percent or more The full differential is in effect when the six-month bill rate is 8¾ percent or less Thrift institutions may pay a maximum 9 percent when the six-month bill rate is between 8¾ and 9 percent Also effective March 15, 1979, interest compounding was prohibited on six-month money market time deposits at all offering institutions The maximum allowable rates in January for commercial banks and thrift institutions were as follows Jan 1, 13 661, Jan 8, 13.432, Jan 15, 14 478, Jan 22, 14 721, Jan 29, 14 371 Effective for all six-month money market certificates issued beginning June 5, 1980, the interest rate ceilings will be determined by the discount rate (auction average) of most recently issued six-month U S Treasury bills as follows

Bill rate	*Commercial bank ceiling*	*Thrift ceiling*
8 75 and above	bill rate + ¼ percent	bill rate + ¼ percent
8.50 to 8 75	bill rate + ¼ percent	9 00
7 50 to 8 50	bill rate + ¼ percent	bill rate + ½ percent
7 25 to 7 50	7 75	bill rate + ½ percent
Below 7 25	7 75	7 75

The prohibition against compounding interest in these certificates continues

14 Effective Jan 1, 1980, commercial banks, savings and loan associations, and mutual savings banks were authorized to offer variable-ceiling nonnegotiable time deposits with no required minimum denomination and with maturities of 2½ years or more The maximum rate for commercial banks is ¾ percentage point below the yield on 2½-year U S Treasury securities, the ceiling rate for thrift institutions is ¼ percentage point higher than that for commercial banks Effective Mar 1, 1980, a temporary ceiling of 11¾ percent was placed on these accounts at commercial banks, the temporary ceiling is 12 percent at savings and loan associations and mutual savings banks Effective for all variable ceiling nonnegotiable time deposits with maturities of 2½ years or more issued beginning June 2, 1980, the ceiling rates of interest will be determined as follows

Treasury yield	*Commercial bank ceiling*	*Thrift ceiling*
12 00 and above	11 75	12 00
9 50 to 12 00	Treasury yield − ¼ percent	Treasury yield
Below 9 50	9 25	9 50

Interest may be compounded on these time deposits The ceiling rates of interest at which these accounts may be offered vary biweekly The maximum allowable rates in January for commercial banks were as follows Jan 8, 11 75, Jan 22, 11 75 The maximum allowable rates in January for thrift institutions were as follows Jan 8, 12 00, Jan 22, 12 00

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

NOTE Before Mar 31, 1980, the maximum rates that could be paid by federally insured commercial banks, mutual savings banks, and savings and loan associations were 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 Title II of the Depository Institutions Deregulation and Monetary Control Act of 1980 (P L 96 221) transferred the authority of the agencies to establish maximum rates of interest payable on deposits to the Depository Institutions Deregulation Committee The maximum rates on time deposits in denominations of $100,000 or more with maturities of 30–89 days were suspended in June 1970, such deposits maturing in 90 days or more were suspended in May 1973 For information regarding previous interest rate ceilings on all types of accounts, see earlier issues of the FEDERAL RESERVE BULLETIN, the *Federal Home Loan Bank Board Journal*, and the *Annual Report of the Federal Deposit Insurance Corporation*

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1978	1979	1980	1980 June	July	Aug	Sept	Oct	Nov	Dec
U S GOVERNMENT SECURITIES										
Outright transactions (excluding matched sale-purchase transactions)										
Treasury bills										
1 Gross purchases	16,628	15,998	7,668	322	0	0	200	991	0	1,331
2 Gross sales	13,725	6,855	7,331	0	2,264	47	237	531	600	0
3 Exchange	0	0	0	0r	0	0	0	0	0	0
4 Redemptions	2,033	2,900	3,389	0	950	0	0	700	500	49
Others within 1 year[1]										
5 Gross purchases	1,184	3,203	912	121	0	137	0	0	0	100
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shift	−5,170	17,339	12,427	412	311	2,423	589	596	2,368	754
8 Exchange		−11,308	−18,251	−1,479	−788	−3,134	−1,459	−420	−879	−967
9 Redemptions	0	2,600	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	4,188	2,148	2,138	465	0	541	0	0	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−178	−12,693	−8,909	−412	−311	−720	−589	−596	−2,368	−754
13 Exchange		7,508	13,412	1,479	788	1,750	1,459	420	500	967
5 to 10 years										
14 Gross purchases	1,526	523	703	164	0	236	0	0	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shift	2,803	−4,646	−3,092	0	0	−1,703	0	0	0	0
17 Exchange		2,181	2,970	0	0	1,000	0	0	220	0
Over 10 years										
18 Gross purchases	1,063	454	811	129	0	320	0	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	2,545	0	−426	0	0	0	0	0	0	0
21 Exchange		1,619	1,869	0	0	384	0	0	159	0
All maturities[1]										
22 Gross purchases	24,591	22,325	12,232	1,200	0	1,234	200	991	0	1,431
23 Gross sales	13,725	6,855	7,331	0	2,264	47	237	531	600	0
24 Redemptions	2,033	5,500	3,389	0	950	0	0	700	500	49
Matched transactions										
25 Gross sales	511,126	627,350	674,000	50,590	48,370	72,315	55,766	55,787	40,944	79,754
26 Gross purchases	510,854	624,192	675,496	52,076	46,023	71,645	56,207	56,462	41,129	78,734
Repurchase agreements										
27 Gross purchases	151,618	107,051	113,902	12,810	10,719	2,783	3,203	20,145	24,169	11,534
28 Gross sales	152,436	106,968	113,040	15,258	10,110	3,016	2,743	19,808	23,924	11,381
29 Net change in U S government securities	7,743	6,896	3,869	238	−4,952	284	863	771	−670	516
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	301	853	668	0	0	0	0	0	0	0
31 Gross sales	173	399	0	0	0	0	0	0	0	0
32 Redemptions	235	134	145	2	2	*	91	21	0	22
Repurchase agreements										
33 Gross purchases	40,567	37,321	28,895	3,035	1,737	1,082	977	5,922	4,825	1,889
34 Gross sales	40,885	36,960	28,863	3,351	1,242	1,132	1,188	5,734	4,880	1,767
35 Net change in federal agency obligations	−426	681	555	−318	492	−50	−302	167	−55	99
BANKERS ACCEPTANCES										
36 Outright transactions, net	0	0	0	0	0	0	0	0	0	0
37 Repurchase agreements, net	−366	116	73	7	−64	−33	222	67	−43	253
38 Net change in bankers acceptances	−366	116	73	7	−64	−33	222	67	−43	253
39 **Total net change in System Open Market Account**	**6,951**	**7,693**	**4,497**	**−73**	**−4,523**	**202**	**784**	**1,005**	**−768**	**868**

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

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1980	1981				1980		1981
	Dec 31	Jan 7	Jan 14	Jan. 21	Jan 28	Nov	Dec	Jan
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,161	11,161	11,160	11,159	11 159	11 162	11,161	11,159
2 Special drawing rights certificate account	2 518	2,518	2,518	2,518	2,518	3 368	2,518	2,518
3 Coin	397	389	399	425	447	416	397	468
Loans								
4 To depository institutions	1,809	854	2,539	1,349	1,553	2 284	1,809	1,304
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Held under repurchase agreements	776	0	0	0	0	523	776	0
Federal agency obligations								
7 Bought outright	8 739	8,739	8,739	8,739	8,739	8,761	8,739	8,739
8 Held under repurchase agreements	525	0	0	0	0	404	525	0
U S government securities								
Bought outright								
9 Bills	43,688	41,720	45,960	38,201	39,527	43,425	43,688	41,558
10 Notes	58,718	58 718	58,718	58,718	58,718	58,618	58,718	58,718
11 Bonds	16,893	16 893	16,893	16,893	16 893	16,893	16,893	16,893
12 Total[1]	119,299	117,331	121,571	113,812	115,138	118 936	119,299	117,169
13 Held under repurchase agreements	2,029	0	0	0	0	1,876	2,029	0
14 Total U S government securities	121,328	117,331	121,571	113 812	115,138	120,812	121,328	117,169
15 Total loans and securities	**133,177**	**126,924**	**132,849**	**123,900**	**125,430**	**132,784**	**133,177**	**127,212**
16 Cash items in process of collection	12,554	13,657	10,521	11,702	8,654	12,831	12,554	7,865
17 Bank premises	457	456	459	458	458	457	457	458
Other assets								
18 Denominated in foreign currencies[2]	5,104	5,043	5,232	5,414	5,974	3,631	5,104	5,993
19 All other	3,177	3,327	3,147	3,326	3,448	2,451	3,177	3,385
20 Total assets	**168,545**	**163,475**	**166,285**	**158,902**	**158,088**	**167,100**	**168,545**	**159,058**
LIABILITIES								
21 Federal Reserve notes	124,241	122,951	121 444	119,746	118,808	121,191	124,241	118,147
Deposits								
22 Depository institutions	27 456	24,507	29,807	23,850	25,323	31,528	27,456	26,621
23 U S Treasury—General account	3,062	3,217	2,814	3,013	2,974	2,435	3,062	3,038
24 Foreign—Official accounts	411	257	301	248	302	368	411	573
25 Other	617	529	370	536	439	478	617	515
26 Total deposits	**31,546**	**28,510**	**33,292**	**27,647**	**29,038**	**34,809**	**31,546**	**30,747**
27 Deferred availability cash items	8,087	7,136	6,658	6,808	5 593	6,039	8,087	5,585
28 Other liabilities and accrued dividends[3]	2,265	2,209	2,222	2,058	2,017	2,317	2,265	1,957
29 Total liabilities	**166,139**	**160,806**	**163,616**	**156,259**	**155,456**	**164,356**	**166,139**	**156,436**
CAPITAL ACCOUNTS								
30 Capital paid in	1,203	1,203	1,203	1,204	1,208	1,199	1,203	1,208
31 Surplus	1,203	1,203	1,203	1,203	1,203	1,145	1,203	1,203
32 Other capital accounts	0	263	263	236	221	400	0	211
33 Total liabilities and capital accounts	**168,545**	**163,475**	**166,285**	**158,902**	**158,088**	**167,100**	**168,545**	**159,058**
34 MEMO Marketable U S government securities held in custody for foreign and international account	91,795	92,871	92,983	92,520	93,027	90,529	91,795	92,756
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to bank)	140,184	140,256	140,467	140,599	140,843	138,699	140,184	140,717
36 Less-held by bank[4]	15,943	17,305	19,023	20,853	22,035	17,508	15,943	22,570
37 Federal Reserve notes, net	124,241	122 951	121,444	119,746	118,808	121,191	124,241	118,147
Collateral for Federal Reserve notes								
38 Gold certificate account	11,161	11,161	11,160	11,159	11,159	11,162	11,161	11,159
39 Special drawing rights certificate account	2,518	2,518	2,518	2,518	2,518	3,368	2,518	2,518
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U S government and agency securities	110,562	109,272	107,766	106 069	105,131	106,661	110,562	104,470
42 Total collateral	**124,241**	**122,951**	**121,444**	**119,746**	**118,808**	**121,191**	**124,241**	**118,147**

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

2 Includes U S government securities held under repurchase agreement against receipt of foreign currencies and foreign currencies warehoused for the U S Treasury Assets shown in this line are revalued monthly at market exchange rates

3 Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments

4 Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1980	1981				1980		1981
	Dec 31	Jan 7	Jan 14	Jan 21	Jan 28	Nov 30	Dec 31	Jan 31
1 Loans—Total	1,809	854	2,539	1,349	1,553	2,283	1,809	1,304
2 Within 15 days	1,757	768	2,464	1,310	1,505	2,272	1,757	1,255
3 16 days to 90 days	52	86	75	39	48	11	52	49
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	776	0	0	0	0	523	776	0
6 Within 15 days	776	0	0	0	0	523	776	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—Total	121,328	117,331	121,571	113,812	115,138	120,812	121,328	117,169
10 Within 15 days[1]	4,780	1,931	4,244	3,547	4,385	5,494	4,780	2,125
11 16 days to 90 days	23,499	21,652	23,635	16,769	19,948	23,086	23,499	24,904
12 91 days to 1 year	30,187	30,886	30,831	30,634	27,943	28,934	30,187	27,279
13 Over 1 year to 5 years	34,505	34,505	34,505	34,505	34,505	34,942	34,505	34,505
14 Over 5 years to 10 years	13,355	13,355	13,354	13,355	13,355	13,354	13,355	13,354
15 Over 10 years	15,002	15,002	15,002	15,002	15,002	15,002	15,002	15,002
16 Federal agency obligations—Total	9,264	8,739	8,739	8,739	8,739	9,165	9,264	8,739
17 Within 15 days[1]	705	31	31	73	73	556	705	73
18 16 days to 90 days	426	582	604	550	550	467	426	550
19 91 days to 1 year	1,519	1,508	1,586	1,750	1,750	1,495	1,519	1,749
20 Over 1 year to 5 years	4,837	4,862	4,762	4,597	4,597	4,870	4,837	4,597
21 Over 5 years to 10 years	1,092	1,071	1,071	1,085	1,085	1,092	1,092	1,085
22 Over 10 years	685	685	685	684	684	685	685	685

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

1.20 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1977	1978	1979	1980				
				July	Aug	Sept	Oct	Nov
	Debits to demand deposits[1] (seasonally adjusted)							
1 All commercial banks	34,322.8	40,297.8	49,750.7	63,088.5	65,385.9	65,111.5	65,645.5	67,780.0
2 Major New York City banks	13,860.6	15,008.7	18,512.2	25,538.8	26,705.7	26,103.5	26,034.2	26,822.1
3 Other banks	20,462.2	25,289.1	31,238.5	37,549.8	38,680.2	39,008.0	39,611.4	40,957.9
	Debits to savings deposits[2] (not seasonally adjusted)							
4 ATS/NOW[3]	5.5	17.1	83.3	161.6	145.2	175.0	193.0	172.8
5 Business[4]	21.7	56.7	77.4	85.1	84.9	91.4	98.6	94.2
6 Others[5]	152.3	359.7	557.6	633.7	631.1	719.2	775.5	570.2
7 All accounts	179.5	432.9	718.2	880.4	861.2	985.6	1,067.1	837.2
	Demand deposit turnover[1] (seasonally adjusted)							
8 All commercial banks	129.2	139.4	163.4	203.7	205.5	202.1	201.4	209.7
9 Major New York City banks	503.0	541.9	646.2	844.5	859.6	818.5	779.3	842.2
10 Other banks	85.9	96.8	113.2	134.4	134.7	134.4	135.0	140.5
	Savings deposit turnover[2] (not seasonally adjusted)							
11 ATS/NOW[3]	6.5	7.0	7.8	9.7	8.2	9.4	10.0	8.4
12 Business[4]	4.1	5.1	7.2	8.5	7.9	8.5	8.9	8.6
13 Others[5]	1.5	1.7	2.9	3.6	3.5	4.0	4.3	3.2
14 All accounts	1.7	1.9	3.3	4.3	4.1	4.7	5.0	4.0

1 Represents accounts of individuals, partnerships, and corporations, and of states and political subdivisions

2 Excludes special club accounts, such as Christmas and vacation clubs

3 Accounts authorized for negotiable orders of withdrawal (NOW) and accounts authorized for automatic transfer to demand deposits (ATS) ATS data availability starts with December 1978

4 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).

5 Savings accounts other than NOW, business, and, from December 1978, ATS

NOTE Historical data for the period 1970 through June 1977 have been estimated, these estimates are based in part on the debits series for 233 SMSAs which were available through June 1977 Back data 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 before July 1977

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1977 Dec	1978 Dec	1979 Dec r	1980 Dec	1980 July r	Aug r	Sept r	Oct r	Nov r	Dec
					Seasonally adjusted					
MEASURES[1]										
1 M-1A	328.4	351.6	369.8	384.8	373.5	379.5	383.4	386.3	388.4	384.[illegible]
2 M-1B	332.6r	360.1r	386.9	411.9	395.5	402.7	408.0	412.0	415.0	411.[illegible]
3 M-2	1,294.1	1,401.5	1,526.0	1,673.6	1,612.5	1,632.5	1,644.4	1,656.5	1,670.8	1,673.[illegible]
4 M-3	1,460.3	1,623.6	1,775.5	1,958.1	1,867.7	1,889.5	1,904.6	1,921.8	1,946.1	1,958[illegible]
5 L[2]	1,720.2r	1,934.9r	2,151.8	n a	2,258.2	2,282.7	2,306.5	2,318.8	2,346.5	n a
COMPONENTS										
6 Currency	88.7	97.6	106.3	116.4	112.1	113.5	113.9	115.1	115.8	116.[illegible]
7 Demand deposits	239.7	253.9	263.5	268.4	261.4	266.0	269.5	271.2	272.6	268.[illegible]
8 Savings deposits	486.4r	475.8r	417.0	394.2	398.0	408.1	412.1	414.2	407.9	394.[illegible]
9 Small-denomination time deposits[3]	454.9	533.8	656.2	762.8	712.4	712.6	716.4	723.6	741.6	762.[illegible]
10 Large-denomination time deposits[4]	145.2	194.7	219.0	247.9	224.0	223.3	226.8	229.8	238.8	247.[illegible]
					Not seasonally adjusted					
MEASURES[1]										
11 M-1A	337.2	360.9	379.4	394.7	375.5	377.3	382.6	388.0	391.1	394.[illegible]
12 M-1B	341.4r	369.5r	396.4	421.8	397.5	400.5	407.2	413.7	417.7	421.[illegible]
13 M-2	1,295.9	1,403.6r	1,527.7	1,675.0	1,618.0	1,629.5	1,642.3	1,656.9	1,665.7	1,675.[illegible]
14 M-3	1,464.5	1,629.2	1,780.8	1,963.0	1,870.8	1,886.6	1,902.3	1,923.0	1,942.1	1,963.[illegible]
15 L[2]	1,723.2r	1,938.3r	2,154.3	n a	2,259.6	2,278.6	2,296.1	2,317.6	2,344.7	n a
COMPONENTS										
16 Currency	90.3	99.4	108.3	118.5	112.7	113.7	113.7	114.9	116.6	118.[illegible]
17 Demand deposits	247.0	261.5	271.1	276.2	262.7	263.6	268.9	273.1	274.5	276.[illegible]
18 Other checkable deposits[5]	4.2r	8.6r	17.0	27.1	22.0	23.2	24.6	25.7	26.6	27[illegible]
19 Overnight RPs and Eurodollars[6]	18.6	23.9	25.3	32.2	29.1	31.6	32.9	32.5	32.6	32.[illegible]
20 Money market mutual funds	3.8	10.3	43.6	75.8	80.6	80.7	78.2	77.4	77.0	75.[illegible]
21 Savings deposits	483.1r	472.6r	414.1	391.5	401.0	408.8	412.4	412.9	405.8	391.[illegible]
22 Small-denomination time deposits[3]	451.3	529.8	651.2	757.0	712.9	711.1	714.9	723.7	735.9	757.[illegible]
23 Large-denomination time deposits[4]	147.7	198.2	222.6	251.4	221.7	223.3	226.5	230.6	240.0	251.[illegible]

1 Composition of the money stock measures is as follows

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

M-1B M-1A plus negotiable order of withdrawal and automatic transfer service accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks

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

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

2 L M-3 plus other liquid assets such as term Eurodollars held by U S residen[illegible] other than banks, bankers acceptances, commercial paper, Treasury bills and oth[illegible] liquid Treasury securities, and U S savings bonds

3 Small-denomination time deposits are those issued in amounts of less tha[illegible] $100,000

4 Large-denomination time deposits are those issued in amounts of $100,0[illegible] or more and are net of the holdings of domestic banks, thrift institutions, the U[illegible] government, money market mutual funds, and foreign banks and official instit[illegible]tions

5 Includes ATS and NOW balances at all institutions, credit union share dra[illegible] balances, and demand deposits at mutual savings banks

6 Overnight (and continuing contract) RPs are those issued by commerci[illegible] banks to the nonbank public, and overnight Eurodollars are those issued by C[illegible]ribbean branches of member banks to U S nonbank customers

NOTE Latest monthly and weekly figures are available from the Board's H 6(50[illegible] release Back data are available from the Banking Section, Division of Researc[illegible] and Statistics

1.22 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS[1] AND MEMBER BANK DEPOSITS

Billions of dollars, averages of daily figures

Item	1978 Dec	1979 Dec r	1980 Dec	1980 June	July	Aug	Sept	Oct	Nov [2r]	Dec
	Seasonally adjusted									
1 **Total reserves[3]**	**41.16**	**43.46**	**40.13**	**43.96**	**42.78**	**40.75**	**41.52**	**41.73**	**41.23**	**40.13**
2 Nonborrowed reserves	40.29	41.98	38.44	43.58	42.39	40.09	40.21	40.42	39.17	38.44
3 Required reserves	40.93	43.13	39.58	43.76	42.50	40.45	41.26	41.52	40.73	39.58
4 Monetary base[4]	142.2	153.7	159.8	159.0r	158.8	158.2	159.5	160.9	160.7	159.8
5 **Member bank deposits subject to reserve requirements[5]**	**616.1**	**644.5**	**701.8**	**658.0**	**658.5**	**667.8**	**678.2**	**684.7**	**694.3**	**701.8**
6 Time and savings	428.7	451.2	504.0	467.9	467.0	474.2	482.0	486.7	494.0	504.0
Demand										
7 Private	185.1	191.5	196.0	188.4	189.1	191.5	194.5	195.6	198.1	196.0
8 U.S. government	2.2	1.8	1.9	1.7	2.5	2.1	1.8	2.4	2.2	1.9
	Not seasonally adjusted									
9 Monetary base[4]	144.6	156.2	162.5	158.6	159.6	158.0	159.0r	160.6	161.5	162.5
10 **Member bank deposits subject to reserve requirements[5]**	**624.0**	**652.7**	**710.3**	**656.9**	**658.2**	**662.5**	**675.6**	**684.2**	**694.6**	**710.3**
11 Time and savings	429.6	452.1	505.0	467.4	466.0	471.8	479.6	485.7r	493.0	505.0
Demand										
12 Private	191.9	198.6	203.2	187.2	190.0	189.0	193.9	196.4	199.6	203.2
13 U.S. government	2.5	2.0	2.1	2.3	2.2	1.7	2.1	2.1	1.9	2.1

1. Reserves of depository institutions series reflect actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. Before Nov. 13, 1980, the date of implementation of the Monetary Control Act, only the reserves of commercial banks that were members of the Federal Reserve System were included in the series. Since that date the series include the reserves of all depository institutions. In conjunction with the implementation of the act, required reserves of member banks were reduced about $4.3 billion and required reserves of other depository institutions were increased about $1.4 billion. Effective Oct. 11, 1979, an 8 percentage point marginal reserve requirement was imposed on "Managed Liabilities." This action raised required reserves about $320 million. Effective Mar. 12, 1980, the 8 percentage point marginal reserve requirement was raised to 10 percentage points. In addition the base upon which the marginal reserve requirement was calculated was reduced. This action increased required reserves about $1.7 million in the week ending Apr. 2, 1980. Effective May 29, 1980 the marginal reserve requirement was reduced from 10 to 5 percentage points and the base upon which the marginal reserve requirement was calculated was raised. This action reduced required reserves about $980 million in the week ending June 18, 1980. Effective July 24, 1980, the 5 percent marginal reserve requirement on managed liabilities and the 2 percent supplementary reserve requirement against large time deposits were removed. These actions reduced required reserves about $3.2 billion.

2. Reserve measures for November reflect increases in required reserves associated with the reduction of weekend avoidance activities of a few large banks. The reduction in these activities lead to essentially a one-time increase in the average level of required reserves that need to be held for a given level of deposits entering the money supply. In November, this increase in required reserves is estimated at $550 to $600 million.

3. Reserve balances with Federal Reserve Banks plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.

4. Includes reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.

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

NOTE. Latest monthly and weekly figures are available from the Board's H.3(502) statistical release. Back data and estimates of the impact on required reserves and changes in reserve requirements are available from the Banking Section, Division of Research and Statistics.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars, averages of Wednesday figures

Category	1977 Dec	1978 Dec	1979 Dec	1980 Nov	1980 Dec	1977 Dec	1978 Dec	1979 Dec	1980 Nov	1980 Dec
	Seasonally adjusted					Not seasonally adjusted				
1 **Total loans and securities[2]**	**891.1**	**1,014.3[3]**	**1,132.5[4]**	**1,221.2**	**1,234.1**	**899.1**	**1,023.8[3]**	**1,143.0[4]**	**1,223.3**	**1,245.7**
2 U.S. Treasury securities	99.5	93.4	93.8	109.3	109.6	100.7	94.6	95.0	108.2	111.0
3 Other securities	159.6	173.1[3]	191.5	212.5	214.3	160.2	173.9[3]	192.3	212.7	215.2
4 Total loans and leases[2]	632.1	747.8[3]	847.2[4]	899.4	910.1	638.3	755.4[3]	855.7[4]	902.4	919.5
5 Commercial and industrial loans	211.2[5]	246.5[6]	290.5[4]	318.4	323.1	212.6[5]	248.2[6]	292.4[4]	318.4	325.3
6 Real estate loans	175.2[5]	210.5	242.4[4]	258.3	260.9	175.5[5]	210.9	242.9[4]	259.6	261.4
7 Loans to individuals	138.2	163.9[3]	185.0[4]	174.8[9]	175.2	139.0	164.8[3]	186.2[4]	176.2[9]	176.2
8 Security loans	20.6	19.4	18.3	16.9	17.9	22.0	20.7	19.6	17.2	19.1
9 Loans to nonbank financial institutions	25.8[5]	27.1[7]	30.3[4]	30.2	30.7	26.3[5]	27.6[7]	30.8[4]	30.3	31.3
10 Agricultural loans	25.8	28.2	31.0	33.9	34.2	25.7	28.1	30.8	34.0	34.1
11 Lease financing receivables	5.8	7.4	9.5	11.0	11.1	5.8	7.4	9.5	11.0	11.1
12 All other loans	29.5	44.9[3]	40.2[4]	56.0[9]	56.9	31.5	47.6[3]	43.5[4]	55.8[9]	61.0
MEMO										
13 **Total loans and securities plus loans sold[2,9]**	**895.9**	**1,018.1[3]**	**1,135.3[4,8]**	**1,223.9**	**1,236.8**	**903.9**	**1,027.6[3]**	**1,145.7[4,8]**	**1,226.0**	**1,248.4**
14 Total loans plus loans sold[2,9]	636.9	751.6[3]	850.00[4,8]	902.1	912.8	643.0	759.2[3]	858.4[4,8]	905.1	922.2
15 Total loans sold to affiliates[9]	4.8	3.8	2.8[8]	2.6	2.7	4.8	3.8	2.8[8]	2.6	2.7
16 Commercial and industrial loans plus loans sold[9]	213.9[5]	248.5[6,10]	292.3[4,8]	320.1	324.9	215.3[5]	250.1[6,10]	294.2[4,8]	320.1	327.1
17 Commercial and industrial loans sold[9]	2.7	1.9[10]	1.8[8]	1.7	1.8	2.7	1.9[10]	1.8[8]	1.7	1.8
18 Acceptances held	7.5	6.8	8.5	8.7	7.8	8.6	7.5	9.4	9.1	8.5
19 Other commercial and industrial loans	203.7[5]	239.7	282.0	309.7	315.3	203.9[5]	240.9	283.1	309.3	316.8
20 To U.S. addressees[11]	193.8[5]	226.6	263.2	287.6	293.5	193.7[5]	226.5	263.2	287.1	293.5
21 To non-U.S. addressees	9.9[5]	13.1	18.8	22.1	21.8	10.3[5]	14.4	19.8	22.2	23.3
22 Loans to foreign banks	13.5	21.2	18.7	24.6	24.0	14.6	23.0	20.1	23.9	25.8
23 Loans to commercial banks in the United States	54.1	57.3	77.8	n.a.	n.a.	56.9	60.3	81.9	n.a.	n.a.

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

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	December outstanding			Outstanding in 1980								
	1977	1978	1979	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Total nondeposit funds												
1 Seasonally adjusted[2]	61.8	85.4	118.8	124.2	119.9	114.1	112.2	107.3	112.0	118.6	n.a.	n.a.
2 Not seasonally adjusted	60.4	84.4	117.4	121.1	123.0	114.2	116.4	110.3	112.5	119.6	n.a.	n.a.
Federal funds, RPs, and other borrowings from nonbanks												
3 Seasonally adjusted[3]	58.4	74.8	88.0	94.7	94.2	96.7	98.5	94.0	100.2	104.4	n.a.	n.a.
4 Not seasonally adjusted	57.0	73.8	86.5	91.7	97.4	96.8	102.7	97.1	100.8	105.4	n.a.	n.a.
5 Net Eurodollar borrowings, not seasonally adjusted	1.3	6.8	28.1	26.9	23.0	14.6	10.9	10.3	8.9	11.5	7.5	7.0
6 Loans sold to affiliates, not seasonally adjusted[4,5]	4.8	3.8	2.8	2.6	2.6	2.8	2.8	2.9	2.9	2.8	2.6	2.7
MEMO												
7 Domestic chartered banks net positions with own foreign branches, not seasonally adjusted[6]	12.5	10.2	6.5	5.9	2.6	−5.4	−8.4	−10.3	14.5	12.9	−14.2	−14.7
8 Gross due from balances	21.1	24.9	22.8	24.4	27.3	30.1	32.7	35.8	38.2	38.3	37.2	37.5
9 Gross due to balances	8.6	14.7	29.3	30.4	30.0	24.7	24.3	25.5	23.7	25.5	23.0	22.7
10 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted[7]	11.1	17.0	21.6	20.9	20.5	19.9	19.3	20.6	23.3	24.4	21.7	21.7
11 Gross due from balances	10.3	14.2	28.9	28.4	28.4	28.5	30.8	30.9	30.3	30.8	32.3	33.7
12 Gross due to balances	21.4	31.2	50.5	49.4	48.8	48.4	50.1	51.6	53.6	55.2	54.1	55.4
13 Security RP borrowings, seasonally adjusted[8]	36.3	44.8	49.2	45.3	43.7	49.0	55.0	57.5	56.2	59.7	58.8	63.4
14 Not seasonally adjusted	35.1	43.6	47.9	44.3	46.0	48.8	54.7	59.1	58.7	59.5	60.9	61.7
15 U.S. Treasury demand balances, seasonally adjusted[9]	4.4	8.7	8.1	8.6	9.5	8.6	10.9	11.8	12.6	14.0	6.9	7.6
16 Not seasonally adjusted	5.1	10.3	9.7	9.0	8.5	10.0	9.3	9.3	14.2	12.7	6.6	9.0
17 Time deposits, $100,000 or more, seasonally adjusted[10]	162.0	213.0	227.6	240.2	242.1	237.6	234.0	234.4	238.8	241.6	249.3	257.5
18 Not seasonally adjusted	165.4	217.9	232.8	238.3	240.2	235.5	230.0	232.1	236.7	241.1	250.8	263.4

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus U.S. branches, agencies, and New York investment company subsidiaries of foreign banks and Edge Act corporations.
2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates. Includes averages of Wednesday data for domestic chartered banks and averages of current and previous month-end data for foreign-related institutions.
3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.
4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.
5. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million due to corrections of two New York City banks.
6. Includes averages of daily figures for member banks and quarterly call repe figures for nonmember banks.
7. Includes averages of current and previous month-end data until August 197 beginning September 1979 averages of daily data.
8. Based on daily average data reported by 122 large banks beginning Februa 1980 and 46 banks before February 1980.
9. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes commercial banks. Averages of daily data.
10. Averages of Wednesday figures.

NOTE. Security RP borrowings, U.S. Treasury demand balances, and time d posits in denomination of $100,000 or more have revised to reflect benchma adjustments to call reports.

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

Billions of dollars except for number of banks

Account	1980 Mar	1980 Apr	1980 May	1980 June	1980 July	1980 Aug	1980 Sept	1980 Oct	1980 Nov	1980 Dec	1981 Jan
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and investments, excluding interbank	1,087.2	1,089.5	1,083.1	1,086.6	1,091.5	1,104.7	1,115.1	1,132.3	1,148.0	1,174.5	1,163.5
2 Loans, excluding interbank	799.0	798.8	789.7	790.4	790.6	799.1	806.9	819.5	830.5	849.3	838.2
3 Commercial and industrial	258.3	259.2	256.0	256.8	256.4	258.7	262.9	268.2	274.8	280.7	276.9
4 Other	540.7	539.6	533.7	533.6	534.1	540.3	543.9	551.3	555.7	568.6	561.3
5 U.S. Treasury securities	93.5	93.9	95.2	97.6	100.3	102.1	103.3	106.0	110.0	110.8	110.8
6 Other securities	193.9	197.2	199.5	201.0	203.3	205.3	206.1	209.4	211.5	215.1	214.4
7 Cash assets, total	153.8	168.2	172.4	150.4	154.1	148.7	156.6	156.0	175.7	194.4	159.4
8 Currency and coin	16.8	16.8	17.8	17.4	17.7	18.4	18.0	18.5	17.1	20.2	18.9
9 Reserves with Federal Reserve Banks	34.2	33.2	37.9	29.5	32.1	28.9	31.2	31.6	30.3	28.2	25.1
10 Balances with depository institutions	43.1	49.7	47.9	45.4	44.7	45.6	46.6	47.0	56.2	63.0	54.9
11 Cash items in process of collection	59.8	68.6	68.9	58.0	59.6	55.8	60.9	58.8	72.2	83.0	60.5
12 Other assets[2]	121.7	135.7	140.1	144.0	143.8	150.4	154.6	154.9	151.5	166.8	152.2
13 Total assets/total liabilities and capital	**1,362.7**	**1,393.5**	**1,395.7**	**1,381.0**	**1,389.4**	**1,403.8**	**1,426.3**	**1,443.2**	**1,475.2**	**1,535.6**	**1,475.1**
14 Deposits	1,032.1	1,060.0	1,057.3	1,044.7	1,050.1	1,059.5	1,074.9	1,091.1	1,124.3	1,185.4	1,127.1
15 Demand	354.5	377.4	370.2	358.0	363.6	363.4	370.0	376.3	393.4	432.7	351.7
16 Savings	196.5	189.3	192.3	197.8	205.7	208.7	209.4	211.4	210.0	201.8	212.4
17 Time	481.1	493.4	494.8	488.9	480.8	487.4	495.5	503.5	520.9	550.9	563.0
18 Borrowings	142.1	147.0	154.1	152.5	158.6	160.1	165.3	163.4	159.0	156.8	158.2
19 Other liabilities	84.2	81.2	78.5	76.6	74.8	76.2	76.4	75.6	79.0	80.0	77.6
20 Residual (assets less liabilities)	104.2	105.2	105.7	107.1	106.0	108.0	109.6	113.1	112.9	113.5	112.3
MEMO											
21 U.S. Treasury note balances included in borrowing	9.4	14.3	5.1	13.1	7.6	8.7	15.2	11.5	4.4	9.5	8.6
22 Number of banks	14,626	14,629	14,639	14,646	14,658	14,666	14,678	14,760	14,692	14,693	14,689
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and investments, excluding interbank	1,156.6	1,158.8	1,151.2	1,157.1			1,192.4				
24 Loans, excluding interbank	865.0	864.7	854.4	857.4			877.0				
25 Commercial and industrial	301.7	302.0	298.1	297.8			307.1				
26 Other	563.4	562.7	556.2	559.6			573.1				
27 U.S. Treasury securities	96.2	95.5	95.9	97.2			104.5				
28 Other securities	195.4	198.6	201.0	202.4			207.7				
29 Cash assets, total	174.0	187.3	190.7	172.0			179.8				
30 Currency and coin	16.8	16.8	17.8	17.4			18.0				
31 Reserves with Federal Reserve Banks	35.0	33.9	38.7	30.3			31.7				
32 Balances with depository institutions	61.1	66.6	63.8	64.6	n.a.	n.a.	67.6	n.a.	n.a.	n.a.	n.a.
33 Cash items in process of collection	61.2	69.9	70.4	59.7			62.5				
34 Other assets[2]	166.8	181.1	186.1	190.3			204.4				
35 Total assets/total liabilities and capital	**1,497.5**	**1,527.2**	**1,528.0**	**1,519.4**			**1,576.6**				
36 Deposits	1,073.5	1,101.1	1,097.1	1,088.7			1,122.2				
37 Demand	373.6	396.6	387.7	379.1			391.2				
38 Savings	196.7	189.5	192.6	198.2			209.8				
39 Time	503.2	515.0	516.9	511.4			521.2				
40 Borrowings	186.5	190.8	196.3	197.9			212.6				
41 Other liabilities	130.9	127.8	126.6	124.1			130.6				
42 Residual (assets less liabilities)	106.5	107.4	108.1	108.7			111.2				
MEMO											
43 U.S. Treasury note balances included in borrowing	9.4	14.3	5.1	13.1			15.2				
44 Number of banks	14,995	15,004	15,016	15,019			15,069				

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

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

1.26 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $750 Million or More on December 31, 1977, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1980					1981			
	Dec 3	Dec 10	Dec 17	Dec 24	Dec 31p	Jan 7p	Jan 14p	Jan 21p	Jan 28p
1 Cash items in process of collection	57,523	53,041	59,847	58,349	66,135	56,771	56,394	52,111	49,658
2 Demand deposits due from banks in the United States	19,552	18,350	19,445	19,693	21,616	21,679	19,508	20,194	20,352
3 All other cash and due from depository institutions	24,939	28,822	36,903	34,051	34,259	31,220	35,746	29,750	30,958
4 Total loans and securities	**554,114**	**553,537**	**556,070**	**555,851**	**564,173**	**567,897**	**561,445**	**557,275**	**553,178**
Securities									
5 U S Treasury securities	39,409	39,556	39,179	37,984	39,605	40,667	40,457	40,333	39,777
6 Trading account	4,987	5,175	4,788	3,883	4,363	6,399	6,616	6,552	6,339
7 Investment account, by maturity	34,422	34,381	34,391	34,101	35,242	34,268	33,841	33,780	33,438
8 One year or less	9,161	9,201	9,166	9,096	10,269	9,591	9,353	9,331	9,178
9 Over one through five years	21,947	21,846	21,821	21,691	21,616	21,274	20,990	20,950	20,790
10 Over five years	3,314	3,334	3,404	3,313	3,357	3,403	3,498	3 500	3,469
11 Other securities	77,106	77,755	77,302	77,806	78,443	78,630	77,734	77,384	77,560
12 Trading account	3,132	3,781	3,018	3,067	3,315	3,327	2,531	2,308	2,510
13 Investment account	73,974	73,974	74,284	74,739	75,128	75,303	75,203	75,076	75,051
14 U S *government agencies*	15,813	15,801	16,025	16,220	16,229	16,348	16,214	16,132	16,124
15 States and political subdivision, by maturity	55,363	55,393	55,505	55,726	56,062	56,137	56,130	56,101	56,063
16 One year or less	7,398	7,380	7,403	7,415	7,394	7,273	7,201	7,202	7,244
17 Over one year	47,965	48,013	48,102	48,311	48,668	48,864	48,929	48,899	48,819
18 Other bonds, corporate stocks and securities	2,798	2,780	2,754	2,792	2,837	2,818	2,858	2,843	2,864
Loans									
19 Federal funds sold[1]	30,173	29,109	28,057	27,484	27,873	33 997	30,181	29,019	26,781
20 To commercial banks	22,110	20,201	20,644	19,401	19,468	24 103	21,822	19,072	18,171
21 To nonbank brokers and dealers in securities	5 621	6,092	5,540	6,054	6,414	7,854	6,059	7,359	6,366
22 To others	2 442	2,816	1,873	2,028	1,990	2,040	2,300	2,588	2,244
23 Other loans, gross	420 241	419,975	424,377	425,361	430,569	427,039	425,570	423,054	421,559
24 Commercial and industrial	172,262	172,758	174,015	172,637	174,862	173,230	173,116	171,922	171,414
25 Bankers acceptances and commercial paper	4,104	3,952	3,709	3,696	4,206	4,218	4,632	3,957	4,191
26 All other	168,158	168,806	170,306	168,941	170,656	169,012	168,484	167,965	167,223
27 U S. addressees	161,191	161,944	163,213	161,871	163,373	161 773	161,194	160,597	159,818
28 Non-U S addressees	6,968	6,862	7,093	7,069	7,283	7 238	7,290	7,368	7,405
29 Real estate	110,734	111,023	111,304	111,480	111,754	112,212	112,534	112,631	112,866
30 To individuals for personal expenditures	71,295	71,481	71,824	72,380	72,308	72 625	72,389	72,132	71,954
To financial institutions									
31 Commercial banks in the United States	4,142	3,568	4,245	4,937	5,310	4,538	4,674	4,094	4,220
32 Banks in foreign countries	8,600	8,638	8,812	9,541	9,702	9 442	9,434	9,701	8,952
33 Sales finance, personal finance companies etc	9,276	9,597	10,446	9,977	10,076	10 231	9,999	9,966	9,934
34 Other financial institutions	15,566	15,513	15,883	15,638	15,921	15,591	15,390	15,267	15,291
35 To nonbank brokers and dealers in securities	6,795	6,251	6,471	6,144	7,842	6 928	6,404	5,748	5,548
36 To others for purchasing and carrying securities[2]	2,155	2,185	2,198	2,168	2,154	2 103	2,170	2,140	2,198
37 To finance agricultural production	5,331	5,282	5,284	5,300	5,413	5 358	5,332	5,306	5,335
38 All other	14,083	13,678	13,894	15,158	15,227	14 781	14,126	14,147	13,845
39 LESS Unearned income	7,004	7,040	7,040	7,033	6,659	6 696	6,767	6,772	6,752
40 Loan loss reserve	5,811	5,818	5,806	5,750	5,658	5,740	5,731	5,743	5,748
41 Other loans, net	407,426	407,117	411,531	412,578	418,252	414 603	413,072	410,539	409,060
42 Lease financing receivables	9,094	9,091	9,103	9,143	9,323	9,309	9,500	9,518	9,595
43 All other assets	83,118	82,808	83,298	84,340	87,679	83,686	85,436	82,347	82,035
44 Total assets	**748,341**	**745,650**	**764,666**	**761,427**	**783,186**	**770,563**	**768,029**	**751,195**	**745,778**
Deposits									
45 Demand deposits	208,807	200,310	208,365	208,168	228,294	207,061	202,528	191,408	185,619
46 Mutual savings banks	718	602	619	700	838	744	713	611	574
47 Individuals, partnerships, and corporations	144,843	141,117	145,550	145,234	158,403	142,451	140,643	132,416	127,993
48 States and political subdivisions	4,804	4,641	4,804	4,885	5,835	5 126	4,817	5,178	4,846
49 U S government	2,963	2,077	1,248	1,457	1,107	1,609	1,835	1,465	1,676
50 Commercial banks in the United States	36,783	33,160	37,400	37,607	41,431	39,132	37,146	34,091	34,045
51 Banks in foreign countries	7,661	8,797	7,931	8,884	8,994	7 820	7,560	8,349	8,047
52 Foreign governments and official institutions	2,149	1,870	1,477	2,020	2,459	1,658	1,475	1 822	1,457
53 Certified and officers' checks	8,884	8,046	9,335	7,381	9,227	8,519	8,338	7,474	6,980
54 Time and savings deposits	300,957	302,872	305,889	311,016	313,979	316,497	316,514	318,849	320,888
55 Savings	74,976	74,344	73,406	71,643	72,557	75,211	75,171	75,244	74,301
56 Individuals and nonprofit organizations	70,287	69,744	69,000	67,416	68,303	70,964	70,920	71,132	70,166
57 Partnerships and corporations operated for profit	4,021	3,983	3,781	3,633	3,596	3,538	3,556	3,452	3,482
58 Domestic governmental units	649	598	605	567	636	689	673	637	631
59 All other	19	20	21	26	23	20	22	23	21
60 Time	225,981	228,527	232,483	239,373	241,422	241,286	241,343	243,605	246,587
61 Individuals, partnerships, and corporations	193,223	195,394	198,484	203,867	205,830	206,273	206,392	208,209	210,739
62 States and political subdivisions	19,872	19,817	19,897	20,434	20,185	19,967	20,008	20,239	20,750
63 U S government	291	292	270	301	300	301	314	297	309
64 Commercial banks in the United States	6,285	6,614	7,454	8,135	8,421	8,175	8,233	8,558	8,448
65 Foreign governments, official institutions, and banks	6,309	6,411	6,377	6,636	6,686	6,569	6,396	6,302	6,340
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	740	1,322	725	656	1,055	316	1,950	582	467
67 Treasury tax-and-loan notes	432	168	5,590	7,022	6,696	2,803	2,408	4,385	5,987
68 All other liabilities for borrowed money[3]	126,742	128,838	129,342	122,448	119,826	133,397	134,613	125,522	121,101
69 Other liabilities and subordinated notes and debentures	60,784	62,387	65,126	62,570	63,120	60,192	59,774	60,213	61,289
70 Total liabilities	**698,462**	**695,898**	**715,038**	**711,880**	**732,970**	**720,266**	**717,786**	**700,959**	**695,351**
71 Residual (total assets minus total liabilities)[4]	49,878	49,752	49,628	49,547	50,216	50,297	50,243	50,236	50,426

1 Includes securities purchased under agreements to resell
2 Other than financial institutions and brokers and dealers
3 Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec 31, 1977, see table 1 13
4 This is not a measure of equity capital for use in capital adequacy analysi for other analytic uses

1.27 LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $1 Billion or More on December 31, 1977, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1980					1981				Adjustment bank, 1980
	Dec 3	Dec 10	Dec 17	Dec 24	Dec 31p	Jan 7p	Jan 14p	Jan 21p	Jan 28p	
1 Cash items in process of collection	54,702	50,479	57,025	55,348	62,721	54,006	53,483	49,135	47,182	33
2 Demand deposits due from banks in the United States	18,959	17,797	18,844	18,858	20,871	20,849	18,840	19,538	19,689	– 19
3 All other cash and due from depository institutions	23,151	26 935	34,599	31,626	31,837	29,210	33,559	27,536	28,738	– 241
4 Total loans and securities	**517,051**	**516,512**	**518,945**	**518,739**	**526,062**	**529,603**	**523,956**	**520,108**	**516,504**	**1,368**
Securities										
5 U S Treasury securities	36,618	36,784	36,403	35,190	36,650	37,812	37,671	37,502	36,981	146
6 Trading account	4,926	5,140	4,747	3,842	4,314	6,349	6,555	6,473	6,267	.
7 Investment account, by maturity	31,692	31,644	31,655	31,348	32,337	31,463	31,115	31,029	30,715	146
8 One year or less	8,491	8,516	8,484	8,410	9,475	8,852	8,704	8,678	8,524	69
9 Over one through five years	20,240	20,152	20,125	19,996	19,886	19,588	19,294	19,228	19,097	76
10 Over five years	2,960	2,976	3,046	2,941	2,976	3,022	3,117	3,124	3,094	1
11 Other securities	70,725	71,334	70,827	71,289	71,897	72,033	71,182	70,869	71,036	103
12 Trading account	3,075	3,714	2,939	2,999	3,233	3,226	2,461	2,239	2,426	
13 Investment account	67,650	67,621	67,888	68,290	68,664	68,806	68,722	68,630	68,610	103
14 U.S. government agencies	14,585	14,547	14,745	14,895	14,903	14,988	14,868	14,829	14,822	50
15 States and political subdivision, by maturity	50,440	50,466	50,562	50,777	51,097	51,189	51,183	51,145	51,096	56
16 One year or less	6,607	6,597	6,610	6,622	6,584	6,489	6,407	6,404	6,442	8
17 Over one year	43,833	43,869	43,952	44,155	44,514	44,700	44,776	44,741	44,654	48
18 Other bonds, corporate stocks and securities	2,625	2,607	2,580	2,618	2,663	2,629	2,671	2,656	2,692	-3
Loans										
19 Federal funds sold[1]	26,768	25,802	24,895	24,593	24,361	30,163	26,912	25,950	24,058	37
20 To commercial banks	19,228	17,317	17,937	17,046	16,485	20,919	19,033	16,711	15,998	37
21 To nonbank brokers and dealers in securities	5,143	5,705	5,131	5,550	5,917	7,233	5,606	6,677	5,839	
22 To others	2,398	2,780	1,827	1,996	1,959	2,011	2,273	2,563	2,221	
23 Other loans, gross	394,780	394,472	398,688	399,480	404,506	401,055	399,711	397,322	395,953	1,128
24 Commercial and industrial	163,502	164,025	165,193	163,810	165,920	164,350	164,253	163,142	162,702	339
25 Bankers acceptances and commercial paper	3,885	3,754	3,504	3,495	4,006	4,015	4,435	3,767	4,008	
26 All other	159,617	160,271	161,689	160,315	161,913	160,334	159,818	159,375	158,694	339
27 U S addressees	152,718	153,477	154,666	153,316	154,701	153,167	152,600	152,080	151,362	339
28 Non-U S addressees	6,898	6,794	7,023	6,998	7,212	7,167	7,218	7,295	7,332	.
29 Real estate	104,408	104,676	104,931	105,106	105,381	105,777	106,111	106,194	106,432	418
30 To individuals for personal expenditures	62,865	63,013	63,318	63,791	63,646	63,937	63,727	63,492	63,376	362
To financial institutions										
31 Commercial banks in the United States	4,018	3,437	4,126	4,782	5,179	4,420	4,556	3,990	4,103	– 6
32 Banks in foreign countries	8,523	8,557	8,722	9,454	9,624	9,339	9,362	9,629	8,880	7
33 Sales finance, personal finance companies, etc	9,092	9,413	10,274	9,796	9,910	10,069	9,836	9,806	9,777	1
34 Other financial institutions	15,158	15,112	15,471	15,233	15,519	15,190	15,007	14,888	14,921	2
35 To nonbank brokers and dealers in securities	6,724	6,175	6,380	6,058	7,701	6,830	6,306	5,662	5,456	.
36 To others for purchasing and carrying securities[2]	1,910	1,937	1,955	1,922	1,909	1,866	1,944	1 902	1,965	
37 To finance agricultural production	5,175	5,128	5,130	5,143	5,259	5,209	5,185	5,163	5,192	6
38 All other	13,405	12,999	13,188	14,384	14,457	14,069	13,424	13,454	13,148	- 1
39 LESS: Unearned income	6,365	6,399	6,396	6,395	6,029	6,062	6,132	6 130	6,115	35
40 Loan loss reserve	5,475	5,481	5,472	5,417	5,323	5,398	5,387	5,406	5,410	11
41 Other loans, net	382,940	382,591	386,820	387,667	393,154	389,595	388,191	385 786	384,427	1,081
42 Lease financing receivables	8,827	8,824	8,836	8,876	9,050	9,038	9,230	9,246	9,324	
43 All other assets	80,884	80,727	81,116	82,145	85,190	81,493	83,233	80 099	79,787	153
44 Total assets	**703,574**	**701,274**	**719,365**	**715,591**	**735,731**	**724,200**	**722,302**	**705,663**	**701,223**	**1,295**
Deposits										
45 Demand deposits	196,054	188,074	195,692	195,178	213,896	194,105	190,014	179,115	174,276	302
46 Mutual savings banks	687	574	596	671	806	712	688	581	551	.
47 Individuals, partnerships, and corporations	134,851	131,275	135,427	134,785	147,094	132,200	130,831	122,959	119,131	240
48 States and political subdivisions	4,283	4,145	4,265	4,251	5,192	4,560	4,190	4,437	4,227	15
49 U S government	2,723	1,929	1,098	1,330	990	1,424	1,579	1,114	1,477	2
50 Commercial banks in the United States	35,247	31,862	36,002	36,280	39,774	37,638	35,768	32,743	32,772	9
51 Banks in foreign countries	7,573	8,706	7,819	8,801	8,879	7,743	7,481	8,272	7,954	11
52 Foreign governments and official institutions	2,119	1,854	1,472	2,003	2,454	1,657	1,474	1,821	1,454	.
53 Certified and officers' checks	8,571	7,729	9,013	7,055	8,706	8,170	8,002	7,188	6,709	26
54 Time and savings deposits	280,511	282,393	285,320	290,213	293,037	295,181	295,220	297,578	299,661	774
55 Savings	69,328	68,740	67,870	66,241	67,120	69,484	69,387	69,511	68,635	238
56 Individuals and nonprofit organizations	65,002	64,503	63,819	62,347	63,213	65,574	65,465	65,726	64,841	214
57 Partnerships and corporations operated for profit	3,712	3,669	3,486	3,351	3,311	3,267	3,288	3,184	3,208	19
58 Domestic governmental units	595	547	544	517	573	622	611	577	565	5
59 All other	19	20	21	26	23	20	22	23	21	
60 Time	211,183	213,653	217,449	223,971	225,917	225,697	225,834	228,067	231,026	536
61 Individuals, partnerships, and corporations	180,603	182,696	185,621	190,702	192,601	192,965	193,103	194,930	197,460	451
62 States and political subdivisions	17,975	17,929	18,026	18,525	18,249	18,027	18,118	18,318	18,814	79
63 U S government	276	277	255	[illegible]	284	285	298	282	294	5
64 Commercial banks in the United States	6,020	6,340	7,170	7,823	8,096	7,852	7,918	8,235	8,118	2
65 Foreign governments, official institutions, and banks	6,309	6,411	6,377	6,636	6,686	6,569	6,396	6,302	6,340	
Liabilities for borrowed money										
66 Borrowings from Federal Reserve Banks	603	1,298	640	543	972	211	1,816	540	368	
67 Treasury tax-and-loan notes	360	128	5,223	6,527	6,225	2,555	2,185	3,997	5,516	
68 All other liabilities for borrowed money[3]	120,033	121,931	122,403	115,692	113,098	126,525	127,826	118,666	114,383	27
69 Other liabilities and subordinated notes and debentures	59,386	60,966	63,725	61,155	61,558	58,621	58,294	58,816	59,899	73
70 Total liabilities	**656,948**	**654,790**	**673,002**	**669,307**	**688,786**	**677,199**	**675,355**	**658,711**	**654,102**	**1,176**
71 Residual (total assets minus total liabilities)[4]	46,625	46,484	46,364	46,284	46,945	47,001	46,946	46,951	47,121	118

1 Includes securities purchased under agreements to resell
2. Other than financial institutions and brokers and dealers
3 Includes federal funds purchased and securities sold *under agreement to repurchase*; for information on these liabilities at banks with assets of $1 billion or more on Dec 31, 1977, see table 1 13
4 This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses

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

Millions of dollars, Wednesday figures

Account	1980					1981			
	Dec 3	Dec 10	Dec 17	Dec 24	Dec 31p	Jan. 7p	Jan 14p	Jan 21p	Jan 28p
1 Cash items in process of collection	21,348	20,636	23,140	19,879	24,782	20,614	21,628	18,696	18,644
2 Demand deposits due from banks in the United States	13,340	12,850	13,237	12,343	14,724	15,101	13,387	14,305	14,527
3 All other cash and due from depository institutions	6,480	7,223	11,737	8,528	7,742	8,286	11,388	5,904	7,178
4 Total loans and securities[1]	**125,853**	**124,994**	**125,774**	**126,070**	**129,586**	**129,279**	**126,775**	**125,235**	**123,296**
Securities									
5 U S Treasury securities[2]									
6 Trading account[2]									
7 Investment account, by maturity	8,440	8,446	8,474	8,320	8,418	8,238	7,990	7,990	7,985
8 One year or less	1,402	1,437	1,442	1,438	1,454	1,585	1,619	1,593	1,614
9 Over one through five years	6,500	6,471	6,494	6,343	6,412	6,113	5,817	5,848	5,834
10 Over five years	538	538	539	539	551	539	554	549	537
11 Other securities[2]									
12 Trading account[2]									
13 Investment account	13,803	13,809	13,802	13,859	13,676	13,752	13,698	13,702	13,765
14 U S government agencies	2,312	2,307	2,302	2,301	2,305	2,319	2,303	2,298	2,296
15 States and political subdivision, by maturity	10,885	10,894	10,890	10,946	10,750	10,797	10,753	10,776	10,757
16 One year or less	1,835	1,822	1,809	1,825	1,664	1,668	1,562	1,562	1,554
17 Over one year	9,050	9,072	9,081	9,121	9,087	9,129	9,190	9,214	9,203
18 Other bonds, corporate stocks and securities	606	608	611	613	620	636	642	627	622
Loans									
19 Federal funds sold[3]	8,831	7,889	6,790	7,189	7,284	9,819	7,994	7,780	7,254
20 To commercial banks	5,399	4,044	3,292	3,555	3,461	5,414	4,210	3,914	3,836
21 To nonbank brokers and dealers in securities	2,317	2,888	2,747	2,676	3,061	3,605	2,678	2,890	2,545
22 To others	1,116	957	751	957	762	801	1,105	976	872
23 Other loans, gross	[illegible],737	97,824	99,672	99,667	103,141	100,435	100,084	98,762	97,385
24 Commercial and industrial	[illegible]105	51,780	51,864	50,754	51,836	51,243	51 551	51,082	50,680
25 Bankers acceptances and commercial paper	894	832	594	537	767	790	1 183	942	1,056
26 All other	50,211	50,948	51,269	50,217	51,068	50,453	50 368	50,140	49,624
27 U S addressees	47,976	48,682	48,884	47,854	48,558	47,995	47 784	47,528	47,010
28 Non-U S addressees	2,235	2,266	2,385	2,364	2,510	2,458	2 584	2,612	2,614
29 Real estate	14,573	14,611	14,651	14,741	14,826	14,816	14,890	14,891	14,941
30 To individuals for personal expenditures	9,148	9,187	9,242	9,318	9,369	9,446	9 392	9,403	9,396
31 To financial institutions Commercial banks in the United States	1,413	1,218	1,607	2,043	2,081	1,502	1,660	1,268	1,280
32 Banks in foreign countries	4,110	4,056	4,221	4,780	4,990	4,689	4,686	4,918	4,260
33 Sales finance, personal finance companies, etc	3,836	4,141	4,718	4,371	4,395	4,547	4,342	4,238	4,181
34 Other financial institutions	4,453	4,486	4,668	4,690	4,848	4,703	4,621	4,562	4,454
35 To nonbank brokers and dealers in securities	3,932	3,478	3,628	3,394	4,838	3,960	3,602	3,055	3,024
36 To others for purchasing and carrying securities[4]	413	428	460	420	405	395	431	424	472
37 To finance agricultural production	506	492	481	461	435	439	444	447	422
38 All other	4,247	3,948	4,132	4,694	5,117	4,695	4,465	4,474	4,274
39 LESS Unearned income	1,134	1,139	1,140	1,164	1,149	1,157	1,187	1,190	1,198
40 Loan loss reserve	1,825	1,836	1,824	1,801	1,783	1,809	1,804	1,808	1,804
41 Other loans, net	94,778	94,848	96,708	96,702	100,208	97,470	97,093	95,764	94,382
42 Lease financing receivables	1,705	1,705	1,710	1,711	1,758	1,768	1,966	1,966	1,973
43 All other assets[5]	33,346	33,746	33,707	33,741	37,241	36,975	38,782	34,272	34,615
44 Total assets	**202,072**	**201,153**	**209,305**	**202,273**	**215,832**	**212,022**	**213,926**	**200,380**	**200,234**
Deposits									
45 Demand deposits	68,558	66,066	69,820	67,066	77,180	69,113	69,240	64,510	64,199
46 Mutual savings banks	339	285	290	350	436	383	363	307	285
47 Individuals, partnerships, and corporations	34,564	33,358	35,004	33,694	38,646	33,926	35,087	32,596	32,274
48 States and political subdivisions	414	353	330	421	578	366	467	528	525
49 U S government	694	484	294	333	173	350	401	291	352
50 Commercial banks in the United States	20,534	19,248	21,818	20,592	24,145	23,240	22,373	19,279	20,231
51 Banks in foreign countries	5,947	6,949	6,080	6,868	7,045	5,832	5,680	6,607	6,184
52 Foreign governments and official institutions	1,836	1,487	1,186	1,645	2,073	1,355	1,139	1,523	1,160
53 Certified and officers' checks	4,230	3,900	4,818	3,162	4,083	3,662	3,731	3,379	3,186
54 Time and savings deposits	54,851	54,910	55,866	56,994	57,318	57,961	57,590	57,962	58,096
55 Savings	9,858	9,788	9,666	9,480	9,547	9,558	9,476	9,330	9,150
56 Individuals and nonprofit organizations	9,379	9,325	9,239	9,063	9,124	9,131	9,059	8,928	8,746
57 Partnerships and corporations operated for profit	350	341	320	311	308	305	297	290	289
58 Domestic governmental units	124	117	99	98	107	115	113	104	111
59 All other	5	6	7	8	8	6	7	7	4
60 Time	44,992	45,122	46,201	47,514	47,770	48,403	48,114	48,633	48,946
61 Individuals, partnerships, and corporations	38,381	38,500	39,570	40 761	41,064	41,882	41,575	42,044	42,395
62 States and political subdivisions	1,781	1,763	1,703	1,600	1,436	1,384	1,339	1,413	1,508
63 U S government	22	21	21	14	14	14	22	25	24
64 Commercial banks in the United States	1,992	1,993	2,149	2,278	2,370	2,305	2,460	2,515	2,347
65 Foreign governments, official institutions, and banks	2,817	2,845	2,758	2 860	2,886	2,818	2,719	2,636	2,672
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks		815			475		1,490		
67 Treasury tax-and-loan notes	31		1,703	1 941	1,833	95	1	1	1
68 All other liabilities for borrowed money[6]	39,706	39,391	40,165	37,392	37,976	45,713	47,020	39,535	38,223
69 Other liabilities and subordinated notes and debentures	23,346	24,435	26,201	23,538	25,296	23,402	22,958	22,816	24,175
70 Total liabilities	**186,492**	**185,617**	**193,755**	**186,931**	**200,077**	**196,283**	**198,300**	**184,825**	**184,695**
71 Residual (total assets minus total liabilities)[4]	15,580	15,536	15,550	15,341	15,755	15,738	15,627	15,555	15,539

1 Excludes trading account securities
2 Not available due to confidentiality
3 Includes securities purchased under agreements to resell
4 Other than financial institutions and brokers and dealers
5 Includes trading account securities
6 Includes federal funds purchased and securities sold under agreements to repurchase
7 This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1980					1981				Adjustment bank, 1980
	Dec 3	Dec 10	Dec 17	Dec 24	Dec 31p	Jan 7p	Jan 14p	Jan 21p	Jan 28p	
BANKS WITH ASSETS OF $750 MILLION OR MORE										
1 Total loans (gross) and securities adjusted[1]	540,677	542,626	544 026	544,295	551,712	551,692	547,446	546,623	543,287	1,451
2 Total loans (gross) adjusted[1]	424,162	425,315	427,545	428,506	433,664	432,395	429,255	428,907	425,949	1,197
3 Demand deposits adjusted[2]	111,537	112,032	109,870	100,755	119,621	109,548	107,153	103,740	100,240	347
4 Time deposits in accounts of $100,000 or more	147,881	150,077	152,991	158,511	159,440	158,366	158,214	160,217	162,382	113
5 Negotiable CDs	107,404	109,046	111,327	115,608	116,374	114,836	114,303	115,893	117,670	54
6 Other time deposits	40,477	41,030	41,664	42,903	43,066	43,530	43,912	44 324	44,712	58
7 Loans sold outright to affiliates[3]	2,657	2,668	2,712	2,736	2,748	2,773	2,778	2,753	2,760	
8 Commercial and industrial	1,742	1,768	1,767	1,791	1,800	1,862	1,865	1,833	1,850	
9 Other	915	900	945	946	947	911	913	920	910	
BANKS WITH ASSETS OF $1 BILLION OR MORE										
10 Total loans (gross) and securities adjusted[1]	505,646	507,638	508,750	508,723	515,750	515,724	511,887	510,943	507,928	1,382
11 *Total loans (gross) adjusted*[1]	398,303	399,519	401,520	402,244	407,202	405,879	403,034	402,572	399,910	1,133
12 Demand deposits adjusted[2]	103,383	103,803	101,567	102 219	110,410	101,036	99,183	96,122	92,845	258
13 Time deposits in accounts of $100,000 or more	139,268	141,426	144,234	149,499	150 394	149,315	149,236	151,266	153,475	110
14 Negotiable CDs	101,224	102 866	105,092	109,197	109,936	108,428	107,974	109,622	111,453	54
15 Other time deposits	38,043	38,559	39,143	40,302	40,458	40,888	41,262	41,645	42,022	56
16 Loans sold outright to affiliates[3]	2,614	2,630	2,669	2,693	2,711	2,733	2,738	2,708	2,725	
17 Commercial and industrial	1,719	1,746	1,744	1,768	1,783	1,839	1,838	1,801	1,825	
18 Other	895	884	925	925	928	893	900	907	900	
BANKS IN NEW YORK CITY										
19 Total loans (gross) and securities adjusted[1, 4]	122,000	122,706	123,839	123,437	126,976	125,329	123,896	123,052	121,183	
20 Total loans (gross) adjusted[1]	99 756	100,451	101 563	101,258	104,883	103,338	102,208	101,360	99,522	
21 Demand deposits adjusted[2]	25,982	25,697	24,568	26,261	28,081	24,909	24,838	26,244	24,972	
22 Time deposits in accounts of $100,000 or more	35,549	35,632	36,529	37,720	37,701	38,263	38,033	38,579	38,826	
23 Negotiable CDs	26,655	26,657	27,457	28,583	28,649	29,154	28,877	29,294	29,595	
24 Other time deposits	8,894	8,975	9,072	9,137	9,052	9,109	9,156	9,285	9,232	

1 Exclusive of loans and federal funds transactions with domestic commercial banks

2 All demand deposits except U S government and domestic banks less cash items in process of collection

3 Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company

4 Excludes trading account securities

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Domestic Classified Commercial and Industrial Loans

Millions of dollars

Industry classification	Outstanding					Net change during					Adjustment bank[1]
	1980				1981	1980				1981	
	Sept. 24	Oct. 29	Nov 26	Dec 31	Jan 28p	Q3r	Q4	Nov	Dec.	Jan p	
1 Durable goods manufacturing	23,512	23,335	24,088	24,675	24,378	783	1,163	754	587	−299	2
2 Nondurable goods manufacturing	19,533	20,273	20,804	20,503	19,359	1,195	970	530	−301	−1,142	−1
3 Food, liquor, and tobacco	4,350	4,584	4,921	5,384	4,915	649	1,033	337	463	−466	−3
4 Textiles, apparel, and leather	5,204	5,070	4,906	4,150	4,096	269	−1,054	−164	−756	−54	.
5 Petroleum refining	2,686	3,153	3,129	3,633	3,185	−28	947	−24	504	−448	......
6 Chemicals and rubber	3,733	3,846	4,158	3,917	3,782	30	184	312	−241	−135	.....
7 Other nondurable goods	3,559	3,620	3,690	3,419	3,381	275	−140	70	−271	−39	2
8 Mining (including crude petroleum and natural gas)	13,956	14,716	15,338	16,421	16,251	199	2,464	622	1,083	−170	
9 Trade	24,950	26,270	27,050	26,247	25,543	350	1,298	781	−803	−704	.....
10 Commodity dealers	2,118	2,470	2,402	2,563	2,116	588	444	−69	161	−447	.
11 Other wholesale	11,586	11,876	12,182	12,303	12,058	−94	717	306	122	−244	.
12 Retail	11,245	11,923	12,467	11,381	11,368	−144	136	544	−1,086	−12	.
13 Transportation, communication, and other public utilities	19,223	19,316	20,099	21,316	20,747	478	2,093	783	1,217	−567	−2
14 Transportation	7,735	7,788	8,019	8,374	8,260	136	638	231	354	−112	−2
15 Communication	2,993	3,094	3,161	3,319	3,184	154	326	67	158	−136	..
16 Other public utilities	8,495	8,434	8,919	9,623	9,303	188	1,128	484	704	−320	
17 Construction	6,030	5,924	5,992	5,993	5,950	60	−37	69	1	−42	−2
18 Services	21,311	21,530	22,160	22,853	23,250	1,014	1,542	630	693	397	
19 All other[2]	15,402	15,634	16,146	16,692	15,883	403	1,290	511	546	−1,150	341
20 **Total domestic loans**	**143,917**	**146,998**	**151,678**	**154,701**	**151,362**	**4,483**	**10,784**	**4,679**	**3,024**	**−3,678**	**339**
21 MEMO Term loans (original maturity more than 1 year) included in domestic loans	76,536	76,912	78,956	81,736	81,779	2,241	5,200	2,044	2,780	46	−3

1. Adjustment bank amounts represent accumulated adjustments originally made to offset the cumulative effects of mergers These adjustment amounts should be added to outstanding data for any date in the year to establish comparability with any date in the subsequent year Changes shown have been adjusted for these amounts

2 Includes commercial and industrial loans at a few banks with assets of $1 billion or more that do not classify their loans

NOTE New series. The 134 large weekly reporting commercial banks with domestic assets of $1 billion or more as of December 31, 1977, are included in this series The revised series is on a last-Wednesday-of-the-month basis Partly estimated historical data are available from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D C , 20551

1.31 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations[1]

Billions of dollars, estimated daily-average balances

Type of holder	Commercial banks									
	1975 Dec.	1976 Dec	1977 Dec	1978 Dec	1979[2] Sept	1979[2] Dec	1980 Mar	1980 June	1980 Sept	1980 Dec
1 **All holders—Individuals, partnerships, and corporations**	**236.9**	**250.1**	**274.4**	**294.6**	**292.4**	**302.2**	**288.4**	**288.6**	**302.0**	**316.8**
2 Financial business	20.1	22.3	25.0	27.8	26.7	27.1	28.4	27.7	29.6	29.8
3 Nonfinancial business	125.1	130.2	142.9	152.7	148.8	157.7	144.9	145.3	151.9	162.3
4 Consumer	78.0	82.6	91.0	97.4	99.2	99.2	97.6	97.9	101.8	104.0
5 Foreign	2.4	2.7	2.5	2.7	2.8	3.1	3.1	3.3	3.2	3.3
6 Other	11.3	12.4	12.9	14.1	14.9	15.1	14.4	14.4	15.5	17.4
	Weekly reporting banks									
	1975 Dec	1976 Dec	1977 Dec	1978 Dec	1979[3] Sept.	1979[3] Dec	1980 Mar	1980 June	1980 Sept	1980 Dec.
7 **All holders—Individuals, partnerships, and corporations**	**124.4**	**128.5**	**139.1**	**147.0**	**132.7**	**139.3**	**133.6**	**133.9**	**140.6**	**147.4**
8 Financial business	15.6	17.5	18.5	19.8	19.7	20.1	20.1	20.2	21.2	21.6
9 Nonfinancial business	69.9	69.7	76.3	79.0	69.1	74.1	69.1	69.2	72.4	77.7
10 Consumer	29.9	31.7	34.6	38.2	33.7	34.3	34.2	33.9	36.0	36.3
11 Foreign	2.3	2.6	2.4	2.5	2.8	3.0	3.0	3.1	3.1	3.1
12 Other	6.6	7.1	7.4	7.5	7.4	7.8	7.2	7.5	7.9	8.7

1 Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p 466.

2 Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0, nonfinancial business, 146.9, consumer, 98.3; foreign, 2.8, and other, 15.1.

3 After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. See "Announcements," p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel, financial business, 18.2, nonfinancial business, 67.2, consumer, 32.8, foreign, 2.5; other, 6.8.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1977 Dec	1978 Dec	1979[1] Dec.	1980 Dec	1980 June	1980 July	1980 Aug.	1980 Sept	1980 Oct	1980 Nov	1980 Dec
	Commercial paper (seasonally adjusted)										
1 **All issuers**	**65,036**	**83,420**	**112,803**	**125,068**	**123,937**	**122,259**	**122,607**	**123,460**	**122,383**	**124,776**	**125,068**
Financial companies[2]											
Dealer-placed paper[3]											
2 Total	8,888	12,300	17,579	19,847	19,100	18,207	19,092	19,509	18,992	19,556	19,847
3 Bank-related	2,132	3,521	2,874	3,561	3,188	3,198	3,313	3,370	3,442	3,436	3,561
Directly placed paper[4]											
4 Total	40,612	51,755	64,931	68,083	62,623	63,777	64,550	65,542	66,628	67,345	68,083
5 Bank-related	7,102	12,314	17,598	22,382	19,436	19,239	19,909	19,692	21,146	21,939	22,382
6 Nonfinancial companies[5]	15,536	19,365	30,293	37,138	42,214	40,275	38,965	38,409	36,763	37,875	37,138
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**25,450**	**33,700**	**45,321**	**54,744**	**54,356**	**54,334**	**54,486**	**55,774**	**56,610**	**55,226**	**54,744**
Holder											
8 Accepting banks	10,434	8,579	9,865	10,564	10,051	9,764	9,644	10,275	11,317	10,236	10,564
9 Own bills	8,915	7,653	8,327	8,963	9,113	8,603	8,544	9,004	9,808	8,837	8,963
10 Bills bought	1,519	927	1,538	1,601	939	1,161	1,100	1,270	1,509	1,399	1,601
Federal Reserve Banks											
11 Own account	954	1	704	776	373	310	277	499	566	523	776
12 Foreign correspondents	362	664	1,382	1,791	1,784	1,899	1,841	1,820	1,915	1,852	1,791
13 Others	13,700	24,456	33,370	41,614	42,147	42,361	42,724	43,179	42,813	42,616	41,614
Basis											
14 Imports into United States	6,378	8,574	10,270	11,776	11,536	12,109	11,861	11,731	12,254	11,774	11,776
15 Exports from United States	5,863	7,586	9,640	12,712	11,339	12,401	12,582	12,991	13,445	13,670	12,712
16 All other	13,209	17,540	25,411	30,257	31,480	29,824	30,043	31,052	30,911	29,782	30,257

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979.

2. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing, factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.

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

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

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

1.33 PRIME RATE CHARGED BY BANKS on Short-Term Business Loans

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1980—Sept 19	12.50	1980—Dec 2	18.50	1980—Jan	15.25	1980—Aug	11.12
26	13.00	5	19.00	Feb	15.63	Sept	12.23
Oct 1	13.50	10	20.00	Mar	18.31	Oct	13.79
17	14.00	16	21.00	Apr	19.77	Nov	16.06
29	14.50	19	21.50	May	16.57	Dec	20.35
Nov. 6	15.50			June	12.63		
17	16.25	1981—Jan 2	20.50	July	11.48	1981—Jan	20.16
21	17.00	9	20.00				
26	17.75						

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 3–8, 1980

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)	13,100,722	729,247	549,089	562,389	1,819,646	665,483	8,774,868
2 Number of loans	131,579	92,779	16,539	9,235	10,024	1,049	1,953
3 Weighted-average maturity (months)	2.2	3.0	3.5	2.9	3.0	3.4	1.7
4 Weighted-average interest rate (percent per annum)	15.71	15.97	15.72	16.39	15.52	15.87	15.68
5 Interquartile range[1]	15.12–16.65	14.75–17.23	13.52–17.11	15.50–17.50	14.50–16.75	15.31–16.61	15.25–16.50
Percentage of amount of loans							
6 With floating rate	50.5	25.0	27.9	40.7	52.1	68.3	53.0
7 Made under commitment	45.7	25.1	22.3	35.3	46.4	65.6	48.0
8 With no stated maturity	25.2	14.9	12.0	17.4	24.3	31.0	27.1
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS		←		→			
9 Amount of loans (thousands of dollars)	3,152,110		306,233		571,615	171,411	2,102,851
10 Number of loans	17,989		15,060		2,245	245	439
11 Weighted-average maturity (months)	46.3		48.3		34.4	40.6	49.6
12 Weighted-average interest rate (percent per annum)	15.07		15.42		15.29	15.20	14.95
13 Interquartile range[1]	14.50–15.62		14.93–16.65		14.75–15.50	14.50–16.25	14.50–15.50
Percentage of amount of loans							
14 With floating rate	70.1		39.3		29.5	72.3	85.5
15 Made under commitment	58.1		29.0		25.1	70.2	70.3
CONSTRUCTION AND LAND DEVELOPMENT LOANS						←	→
16 Amount of loans (thousands of dollars)	1,072,203	105,341	242,030	167,557	230,726	326,549	
17 Number of loans	24,383	13,527	6,586	2,637	1,413	221	
18 Weighted-average maturity (months)	13.4	9.4	5.0	19.4	10.0	18.0	
19 Weighted-average interest rate (percent per annum)	15.31	15.23	14.64	14.74	15.24	16.16	
20 Interquartile range[1]	14.00–16.65	14.04–16.99	13.10–15.50	14.00–14.75	14.00–17.00	15.50–17.00	
Percentage of amount of loans							
21 With floating rate	44.4	22.7	8.8	45.6	47.9	74.7	
22 Secured by real estate	81.9	84.3	98.2	96.7	89.8	56.0	
23 Made under commitment	60.9	48.7	60.9	21.5	78.2	73.0	
24 With no stated maturity	16.5	4.9	26.9	3.1	35.8	5.8	
Type of construction							
25 1- to 4-family	40.9	75.0	66.9	57.7	24.9	13.3	
26 Multifamily	8.2	2.2	10.0	3.6	8.9	10.7	
27 Nonresidential	50.9	22.7	23.1	38.7	66.2	76.0	
LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
28 Amount of loans (thousands of dollars)	1,301,641	191,079	217,452	190,952	196,075	275,324	230,759
29 Number of loans	72,123	46,721	14,605	5,800	2,838	1,789	370
30 Weighted-average maturity (months)	7.3	6.7	7.1	5.6	6.6	10.6	5.8
31 Weighted-average interest rate (percent per annum)	15.46	15.10	15.02	15.22	15.55	15.74	15.96
32 *Interquartile range*[1]	14.49–16.64	14.30–15.97	14.32–15.95	14.04–16.21	15.00–16.10	14.48–16.64	14.93–17.05
By purpose of loan							
33 Feeder livestock	15.45	15.10	15.09	14.93	15.23	15.79	16.32
34 Other livestock	15.35	15.19	15.96	14.84	15.46	15.30	(2)
35 Other current operating expenses	15.44	15.17	15.14	15.33	15.88	15.97	15.21
36 Farm machinery and equipment	15.13	15.01	14.81	15.44	15.42	(2)	(2)
37 Other	15.75	14.91	13.90	16.06	15.79	15.44	17.25

1 Interest rate range that covers the middle 50 percent of the total dollar amount of loans made

2 Fewer than 10 sample loans

NOTE For more detail, see the Board's E.2(416) statistical release

1.35 INTEREST RATES Money and Capital Markets

Averages, percent per annum; weekly and monthly figures are averages of business day data unless otherwise noted

Instrument	1978	1979	1980	1980			1981	1981, week ending				
				Oct	Nov	Dec	Jan	Jan. 2	Jan 9	Jan 16	Jan 23	Jan 30
	Money market rates											
1 Federal funds[1]	7.93	11.19	13.36	12.81	15.85	18.90	19.08	18.45	20.06	19.64	19.35	18.12
Commercial paper[2,3]												
2 1-month	7.76	10.86	12.76	12.59	15.23	18.95	17.73	17.89	17.45	18.23	18.16	17.07
3 3-month	7.94	10.97	12.66	12.52	15.18	18.07	16.58	16.34	15.87	16.95	17.23	16.38
4 6-month	7.99	10.91	12.29	12.32	14.73	16.49	15.10	15.05	14.66	15.35	15.40	15.02
Finance paper, directly placed[2,3]												
5 1-month	7.73	10.78	12.44	12.32	14.87	17.87	16.97	16.66	16.70	17.11	17.43	16.71
6 3-month	7.80	10.47	11.49	11.24	13.14	15.00	14.49	14.63	14.03	14.33	14.80	14.80
7 6-month	7.78	10.25	11.28	11.15	13.07	14.78	14.09	14.53	13.81	13.94	14.31	14.24
8 Bankers acceptances, 3-month[3,4]	8.11	11.04	12.78	12.69	15.34	17.96	16.62	16.21r	15.96	17.01	17.30	16.32
Certificates of deposit, secondary market[5]												
9 1-month	7.88	11.03	12.91	12.69	15.39	19.24	17.99	17.87	17.67	18.44	18.54	17.43
10 3-month	8.22	11.22	13.07	12.94	15.68	18.65	17.19	16.99	16.55	17.42	17.82	17.03
11 6-month	8.61	11.44	12.99	12.99	15.36	17.10	15.92	15.76	15.50	15.92	16.34	15.92
12 Eurodollar deposits, 3-month[6]	8.78r	11.96	14.00	13.55	16.46	19.47	18.07	17.79	17.06	18.06	18.60	18.56
U S Treasury bills[3,7]												
Secondary market												
13 3-month	7.19	10.07	11.43	11.62	13.73	15.49	15.02	14.31	14.31	15.19	15.65	15.01
14 6-month	7.58	10.06	11.37	11.63	13.50	14.64	14.08	13.73	13.69	14.06	14.59	14.01
15 1-year	7.74	9.75	10.89	11.30	12.66	13.23	12.62	12.38	12.26	12.50	13.03	12.68
Auction average[8]												
16 3-month	7.221	10.041	11.506	11.580	13.888	15.661	14.724	13.908	13.601	15.318	15.595	15.199
17 6-month	7.572	10.017	11.374	11.566	13.612	14.770	13.883	13.411	13.182	14.228	14.471	14.121
18 1-year	7.678	9.817	10.748	11.136	12.219	13.261	12.554	12.074			..	13.033
	Capital market rates											
U S TREASURY NOTES AND BONDS												
Constant maturities[9]												
19 1-year	8.34	10.67	12.05	12.49	14.15	14.88	14.08	13.86	13.68	13.91	14.52	14.24
20 2-year	8.34	10.12	11.77	12.09	13.51	14.08	13.26	13.00	12.85	13.15	13.69	13.39
21 2½-year[10]	.					...	.	12.75	.	13.10	.	13.25
22 3-year	8.29	9.71	11.55	12.01	13.31	13.65	13.01	12.81	12.72	12.91	13.32	13.13
23 5-year	8.32	9.52	11.48	11.86	12.83	13.25	12.77	12.54	12.53	12.69	13.01	12.89
24 7-year	8.36	9.48	11.43	11.79	12.71	13.00	12.66	12.43	12.40	12.62	12.85	12.78
25 10-year	8.41	9.44	11.46	11.75	12.68	12.84	12.57	12.36	12.31	12.53	12.72	12.74
26 20-year	8.48	9.33	11.39	11.75	12.44	12.49	12.29	12.05	11.98	12.27	12.48	12.48
27 30-year	8.49	9.29	11.30	11.59	12.37	12.40	12.14	11.95	11.85	12.12	12.31	12.32
Composite[11]												
28 Over 10 years (long-term)	7.89	8.74	10.81	11.20	11.83	11.89	11.65	11.49	11.39	11.62	11.79	11.80
STATE AND LOCAL NOTES AND BONDS												
Moody's series[12]												
29 Aaa	5.52	5.92	7.85	8.38	8.71	9.44	8.98	9.00	8.80	8.80	9.00	9.30
30 Baa	6.27	6.73	9.01	9.41	9.74	10.64	9.90	10.20	9.90	9.90	9.90	9.90
31 *Bond Buyer* series[13]	6.03	6.52	8.59	9.11	9.56	10.11	9.66	9.76	9.49	9.57	9.68	9.91
CORPORATE BONDS												
32 Seasoned issues, all industries[14]	9.07	10.12	12.75	13.07	13.64	14.04	13.80	13.82	13.65	13.74	13.88	13.93
By rating group												
33 Aaa	8.73	9.63	11.94	12.31	12.97	13.21	12.81	12.83	12.59	12.76	12.91	12.98
34 Aa	8.92	9.94	12.50	12.68	13.34	13.78	13.52	13.54	13.34	13.51	13.60	13.62
35 A	9.12	10.20	12.89	13.05	13.59	14.03	13.83	13.82	13.72	13.72	13.90	13.97
36 Baa	9.45	10.69	13.67	14.23	14.64	15.14	15.03	15.09	14.93	14.96	15.08	15.15
Aaa utility bonds[15]												
37 New issue	8.96	10.03	12.74	13.18	13.85	14.51	14.12	...	14.05	14.07	14.29	14.06
38 Recently offered issues	8.97	10.02	12.70	13.13	13.91	14.38	14.17	14.15	14.10	14.17	14.33	14.08
MEMO. Dividend/price ratio[16]												
39 Preferred stocks	8.25	9.07	10.57	10.64	11.35	11.94	11.64p	12.09	11.55	11.47	11.53	11.54
40 Common stocks	5.28	5.46	5.25	4.80	4.63	4.74	4.76	4.67	4.70	4.76	4.83	4.84

1. Weekly figures are seven-day averages of daily effective rates for the week ending Wednesday, the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates

2. Beginning November 1977, unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper) Previously, most representative rate quoted by those dealers and finance companies Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper, and 30–59 days, 90–119 days, and 150–179 days for finance paper

3. Yields are quoted on a bank-discount basis.

4 Dealer closing offered rates for domestic issues (top-rated banks)

5 Five-day average of rates quoted by five dealers

6 Averages of daily quotations for the week ending Wednesday

7 Except for auction averages, yields are computed from daily closing bid prices

8 Rates are recorded in the week in which bills are issued.

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

10 Each monthly figure is an average of only five business days near the end of the month. The rate for each month was used to determine the maximum interest rate payable in the following month on small saver certificates, until June 2, 1980 Each weekly figure is calculated on a biweekly basis and is the average of five business days ending on the Monday following the calendar week Beginning June 2, the biweekly rate is used to determine the maximum interest rate payable in the following two-week period on small saver certificates (See table 1 16)

11 Unweighted averages for all outstanding notes and bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds Based on daily closing bid prices

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

13 Twenty issues of mixed quality

14 Averages of daily figures from Moody's Investors Service

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

16 Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues· four public utilities, four industrials, one financial, and one transportation Common stock ratios on the 500 stocks in the price index

1.36 STOCK MARKET Selected Statistics

Indicator	1978	1979	1980	1980 July	1980 Aug	1980 Sept	1980 Oct	1980 Nov	1980 Dec.	1981 Jan
				Prices and trading (averages of daily figures)						
Common stock prices										
1 New York Stock Exchange (Dec 31, 1965 = 50)	53 76	55 67	68 06	68 56	70 87	73.12	75 17	78 15	76 69	76 24
2 Industrial	58 30	61 82	78.64	78 67	82 15	84 92	88 00	92 32	90 37	89 23
3 Transportation	43 25	45 20	60.52	59 14	62 48	65 89	70 76	77 22	75.74	74 43
4 Utility	[illegible] 23	36 46	37 35	38 77	38 18	38 77	38 44	38 35	37 84	38 53
5 Finance	[illegible] 74	58 65	64 28	66 76	67 22	69 33	68 29	67 21	67 46	70 04
6 Standard & Poor's Corporation (1941–43 = 10)[1]	96 11	98 34	118 71	119.83	123 50	126 49	130 22	135 65	133 48	132 97
7 American Stock Exchange (Aug 31, 1973 = 100)	144 56	186 56	300 94	310 29	321 87	337 01	350 08	349 97	347 56	344 21
Volume of trading (thousands of shares)										
8 New York Stock Exchange	28,591	32,233	44,867	46,444	45,984	50,397	44,860	54,895	46,620	45,500
9 American Stock Exchange	3,622	4,182	6,377	6,195	6,452	7,880	7,087	7,852	6,410	6,024
				Customer financing (end-of-period balances, in millions of dollars)						
10 **Regulated margin credit at brokers/dealers**[2]	**11,035**	**11,619**	**14,271**	**11,522**	**12,007**	**12,731**	**13,293**	**14,363**	**14,721**	n.a
11 Margin stock[3]	10,830	11,450	14,500	11,320	11,800	12,520	13,080	14,140	14,500	n.a
12 Convertible bonds	205	167	219	198	204	208	211	220	219	n.a
13 Subscription issues	1	2	2	4	3	3	2	3	2	n.a
Free credit balances at brokers[4]										
14 Margin-account	835	1,105	2,120	1,665	1,695	1,850	1,950[c]	2,120[c]	2,105	n.a
15 Cash-account	2,510	4,060	5,590	4 905	4,925	5,680	5,500[c]	5,590[c]	5,970	n.a
				Margin-account debt at brokers (percentage distribution, end of period)						
16 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	n a
By equity class (in percent)[5]										
17 Under 40	33 0	16 0	14 0	12 0	11 0	13 0	13.0	13 0	14 0	n a
18 40–49	28 0	29 0	30.0	27 0	25 0	28 0	29 0	18 0	30.0	n a
19 50–59	18 0	27 0	25 0	28 0	30 0	26 0	25 0	31 0	25 0	n a
20 60–69	10 0	14 0	14 0	16 0	16 0	15.0	15 0	18.0	14 0	n a
21 70–79	6 0	8 0	9 0	9 0	10.0	10 0	10 0	11 0	9 0	n a
22 80 or more	5 0	7 0	8 0	8 0	8 0	8 0	8 0	9 0	8 0	n a
				Special miscellaneous-account balances at brokers (end of period)						
23 **Total balances (millions of dollars)**[6]	**13,092**	**16,150**	**21,690**	**17,886**	**18,350**	**19,283**	**19,929**	**21,600**	**21,690**	n a
Distribution by equity status (percent)										
24 Net credit status	41 3	44 2	47 8	48 7	48 2	49 0	46 8	46 5	47 8	n a
Debt status, equity of										
25 60 percent or more	45 1	47 0	44 4	43 8	44 6	43 4	46 2	46 8	44 4	n a
26 Less than 60 percent	13 6	8 8	7 7	8 0	7 0	7 6	7 0	6.7	7 7	n a

Margin requirements (percent of market value and effective date)[7]

	Mar 11, 1968	June 8, 1968	May 6, 1970	Dec 6, 1971	Nov 24, 1972	Jan 3, 1974
27 Margin stocks	70	80	65	55	65	50
28 Convertible bonds	50	60	50	50	50	50
29 Short sales	70	80	65	55	65	50

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

2 Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock Credit extended is end-of-month data for member firms of the New York Stock Exchange

In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights

3 A distribution of this total by equity class is shown on lines 17–22

4 Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand

5 Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values

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

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

1.37 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1978	1979	1980 Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
			Savings and loan associations									
1 **Assets**	**523,542**	**578,962**	**589,120**	**590,725**	**592,931**	**594,397**	**596,620**	**603,295**	**609,320**	**617,773**	**623,939**	**629,676**
2 Mortgages	432,808	475,688	478,952	480,032	479,956	481,042	482,839	487,036	491,895	496,495	499,973	502,718
3 Cash and investment securities[1]	44,884	46,341	50,702	50,373	52,466	52,408	52,165	53,336	53,435	56,146	57,302	57,562
4 Other	45,850	56,933	59,466	60,320	60,509	60,947	61,616	62,923	63,990	65,132	66,664	69,396
5 **Liabilities and net worth**	**523,542**	**578,962**	**589,120**	**590,725**	**592,931**	**594,397**	**596,620**	**603,295**	**609,320**	**617,773**	**623,939**	**629,676**
6 Savings capital	430,953	470,004	478,075	478,400	481,411	486,680	488,896	497,403	496,991	500,861	503,365	511,024
7 Borrowed money	42,907	55,232	57,193	57,253	55,199	54,796	41,239	55,396	58,418	60,727	62,067	64,464
8 FHLBB	31,990	40,441	42,413	42,724	41,529	40,613	39,882	41,005	42,547	44,325	45,505	47,074
9 Other	10,917	14 791	14,780	14,529	13,670	14,183	13,579	14,391	15,871	16,402	16,562	17,390
10 Loans in process	10,721	9,582	8,149	7,725	7,185	7,031	7,112	7,540	8,243	8,654	8,853	8,732
11 Other	9,904	11,506	12,566	14,143	16,141	12,966	14,364	16,190	12,776	14,502	16,433	12,131
12 Net worth[2]	29,057	32,638	33,137	33,204	32,995	32,924	32,787	32,766	32,892	33,029	33,221	33,325
13 MEMO: Mortgage loan commitments outstanding[3]	18,911	16,007	15,843	14,195	13,931	15,368	18,020	20,278	20,311	19,077	17,979	16,184
			Mutual savings banks[4]									
14 **Assets**	**158,174**	**163,405**	**165,107**	**165,366**	**166,340**	**166,982**	**167,959**	**168,752**	**169,409**	**170,432**	**171,126**	
Loans												
15 Mortgage	95,157	98,908	99,151	99,045	99,163	99,176	99,301	99,289	99,306	99,523	99,677	
16 Other	7,195	9,253	10,131	10,187	10,543	11,148	11,390	11,122	11,415	11,382	11,477	
Securities												
17 U S government[5]	4,959	7,658	7,629	7,548	7,527	7,483	7,796	8,079	8,434	8,622	8,715	
18 State and local government	3,333	2,930	2,824	2,791	2,727	2,706	2,702	2,709	2,728	2,754	2,736	
19 Corporate and other[6]	39,732	37,086	37,493	37,801	38,246	38,276	38,863	39,327	39,609	39,720	39,888	
20 Cash	3,665	3,156	3,361	3,405	3,588	3,561	3,260	3,456	3,153	3,592	3,717	
21 Other assets	4,131	4,412	4,518	4,588	4,547	4,631	4,648	4,770	4,764	4,839	4,916	n a
22 **Liabilities**	**158,174**	**163,405**	**165,107**	**165,366**	**166,340**	**166,982**	**167,959**	**168,752**	**169,409**	**170,432**	**171,126**	
23 Deposits	142,701	146,006	146,328	145,821	146,637	148,606	149,580	150,187	151,765	151,998	152,133	
24 Regular[7]	141,170	144,070	144,214	143,765	144,646	146,416	147,408	148,018	149,395	149,797	150,109	
25 Ordinary savings	71,816	61,123	56,948	54,247	54,669	56,388	57,737	58,191	58,658	57,651	56,256	
26 Time and other	69,354	82,947	87,266	89,517	89,977	90,028	89,671	89,827	90,736	92,146	93,853	
27 Other	1,531	1,936	2,115	2,056	1,990	2,190	2,172	2,169	2,370	2,200	2,024	
28 Other liabilities	4,565	5,873	7,135	7,916	8,161	6,898	6,964	7,211	6,299	7,117	7,644	
29 General reserve accounts	10,907	11,525	11,643	11,629	11,542	11,478	11,416	11,353	11,344	11,317	11,349	
30 MEMO: Mortgage loan commitments outstanding[8]	4,400	3,182	2,397	2,097	1,883	1,898	1,939	1,849	1,883	1,817	1,682	
			Life insurance companies									
31 **Assets**	**389,924**	**432,282**	**439,733**	**442,932**	**447,020**	**450,858**	**455,759**	**459,362**	**464,483**	**468,057**	**473,529**	
Securities												
32 Government	20,009	0,338	20,545	20,470	20,529	20,395	20,736	20,833	20,853	20,942	21,204	
33 United States[9]	4,822	4,888	5,004	5,059	5,107	4,990	5,325	5,386	5,361	5,390	5,568	
34 State and local	6,402	6,428	6,454	6,351	6,352	6,349	6,361	6,421	6,474	6,484	6,568	
35 Foreign[10]	8,785	9,022	9,087	9,060	9,070	9,056	9,050	9,026	9,018	9,068	9,068	
36 Business	198,105	222,332	221,214	222,175	223,556	224,874	228,645	230,477	233,652	236,115	239,150	n. a.
37 Bonds	162,587	178,371	182,536	182,750	183,356	184,329	186,385	187,839	189,586	191,229	191,753	
38 Stocks	35,518	39,757	38,678	39,425	40,200	40,545	42,260	42,638	44,066	44,886	47,397	
39 Mortgages	106,167	118,421	122,314	123,587	124,563	125,455	126,461	127,357	128,089	128,977	129,878	
40 Real estate	11,764	13,007	13,512	13,696	13,981	14,085	14,164	14,184	14,460	14,702	15,183	
41 Policy loans	30,146	34,825	36,901	38,166	38,890	39,354	39,649	39,925	40,258	40,548	40,878	
42 Other assets	23,733	27,563	25,247	24,838	25,501	26,695	26,104	26,586	27,171	26,765	27,236	
			Credit unions									
43 **Total assets/liabilities and capital**	**62,348**	**65,854**	**65,678**	**65,190**	**66,103**	**68,102**	**68,429**	**69,553**	**70,515**	**70,702**	**71,335**	**71,709**
44 Federal	34,760	35,934	36,091	35,834	36,341	37,555	37,573	38,168	39,219	39,155	39,428	39,801
45 State	27,588	29,920	29,587	29,356	29,762	30,547	30,856	31,385	31,296	31,547	31,907	31,908
46 Loans outstanding	50,269	53,125	51,337	50,344	49,469	48,172	47,829	47,884	47,211	47,221	47,299	47,774
47 Federal	27,687	28,698	27,685	27,119	26,550	25,773	25,435	25,401	25,381	25,288	25,273	25,627
48 State	22,582	24,426	23,652	23,225	22,919	22,399	22,394	22,483	21,830	21,933	22,026	22,147
49 Savings	53,517	56,232	56,743	56,338	57,197	59,310	60,574	61,403	63,728	63,957	64,304	64,399
50 Federal (shares)	29,802	35,530	30,948	30,851	31,403	32,764	33,472	33,964	35,961	36,030	36,183	36,348
51 State (shares and deposits)	23,715	25,702	25,795	25,487	25,794	26,546	27,102	27,439	27,767	27,927	28,121	28,051

For notes see bottom of page A28

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980	Calendar year 1979 H2	Calendar year 1980 H1	Calendar year 1980 H2	1980 Oct	1980 Nov	1980 Dec
U.S budget									
1 Receipts[1]	401,997	465,940	520,050	233,952	270,864	262,152	38,923	39,175	48,903
2 Outlays[1,2]	450,804r	493,635r	579,613r	263,004r	289,905r	310,972	56,304	48,049	56,202
3 Surplus, or deficit(−)	−48,807r	−27,694r	−59,563r	−29,052r	−19,041r	−48,821	−17,382	−8,874	−7,299
4 Trust funds	12,693	18,335	8,791	9,679	4,383	−2,551	−7,452	−3,049	5,661
5 Federal funds[3]	−61,532	−46,069	−67,752	−38,773	−23,418	−46,306	−9,929	−5,825	−12,960
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−10,661	−13,261	−14,549	−5,909	−7,735	−7,552	−1,157	−1,358	−1,033
7 Other[4]	302r	793r	303r	765r	−522r	376	1,403	−466	463
U S budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−59,166	−40,162	−73,808r	−34,197	−27,298	−55,998	−17,136	−10,698	−7,869
Source or financing									
9 Borrowing from the public	59,106	33,641	70,515	31,320	24,435	54,764	4,758	9,231	13,667
10 Cash and monetary assets (decrease, or increase (−))[5]	−3,023	−408	−355	3,059	−3,482	−6,730	8,488	4,077	−10,485
11 Other[6]	3,083	6,929	3,648r	−182	6,345	7,964	3,890	−2 610	4,686
MEMO									
12 Treasury operating balance (level, end of period)	22,444	24,176	20,990	15,924	14,092	12,305	12,678	7,226	12,305
13 Federal Reserve Banks	16,647	6,489	4,102	4,075	3,199	3,062	1,864	2,435	3,062
14 Tax and loan accounts	5,797	17,687	16,888	11,849	10,893	9,243	10,814	4,791	9,243

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976

2. Effective Oct 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.

3 Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit)

4 Includes Postal Service Fund, Rural Electrification and Telephone Revolving Fund, and Rural Telephone Bank

5 Includes U S Treasury operating cash accounts; special drawing rights, gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.

6 Includes accrued interest payable to the public, allocations of special drawin rights, deposit funds, miscellaneous liability (including checks outstanding) an asset accounts, seignorage, increment on gold, net gain/loss for U.S. currenc valuation adjustment; net gain/loss for IMF valuation adjustment; and profit o the sale of gold

SOURCE "Monthly Treasury Statement of Receipts and Outlays of the U.S Government," *Treasury Bulletin*, and the *Budget of the United States Governmen Fiscal Year 1981*.

NOTES TO TABLE 1 37

1 Holdings of stock of the Federal Home Loan Banks are included in "other assets "

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

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

4 The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months Beginning April 1979, data are reported on a net-of-valuation-reserves basis Prior to that date, data were reported on a gross-of-valuation-reserves basis.

5 Beginning April 1979, includes obligations of U S. government agencies Before that date, this item was included in "Corporate and other."

6 Includes securities of foreign governments and international organizations and, prior to April 1979, nonguaranteed issues of U S government agencies

7 Excludes checking, club, and school accounts

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

9. Direct and guaranteed obligations Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities

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

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

Mutual savings banks· Estimates of National Association of Mutual Saving Banks for all savings banks in the United States

Life insurance companies Estimates of the American Council of Life Insuranc for all life insurance companies in the United States Annual figures are annua statement asset values, with bonds carried on an amortized basis and stocks a year-end market value. Adjustments for interest due and accrued and for differ ences between market and book values are not made on each item separately bu are included, in total, in "other assets."

Credit unions Estimates by the National Credit Union Administration for group of federal and state-chartered credit unions that account for about 30 percer of credit union assets Figures are preliminary and revised annually to incorporat recent benchmark data

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980r	Calendar year 1979 H2	Calendar year 1980 H1	Calendar year 1980 H2	1980 Oct	1980 Nov	1980 Dec
RECEIPTS									
1 **All sources**[1]	**401,997**	**465,940**	**520,050**	**233,952**	**270,864**	**262,152**	**38,923**	**39,175**	**48,903**
2 Individual income taxes, net	180,988	217,841	244,069	115,488	119,988	131,962	21,150	20,851	23,725
3 Withheld	165,215	195,295	223,763	105,764	110,394	120,924	20,237	20,379	22,844
4 Presidential Election Campaign Fund	39	36	39	3	34	4	0	0	0
5 Nonwithheld	47,804	56,215	63,746	12,355	49,707	14,592	1,454	673	1,150
6 Refunds[1]	32,070	33,705	43,479	2,634	40,147	3,559	540	201	269
Corporation income taxes									
7 Gross receipts	65,380	71,448	72,380	29,169	43,434	28,579	2,598	1,774	10,155
8 Refunds	5,428	5,771	7,790	3,306	4,064	4,518	1,314	771	768
9 Social insurance taxes and contributions, net	123,410	141,591	160,747	71,031	86,597	77,262	11,283	13,242	11,078
10 Payroll employment taxes and contributions[2]	99,626	115,041	133,042	60,562	69,077	66,831	9,645	11,189	10,268
11 Self-employment taxes and contributions[3]	4,267	5,034	5,723	417	5,535	188	0	0	0
12 Unemployment insurance	13,850	15,387	15,336	6,899	8,690	6,742	1,068	1,499	224
13 Other net receipts[4]	5,668	6,130	6,646	3,149	3,294	3,502	570	554	586
14 Excise taxes	18,376	18,745	24,329	9,675	11,383	15,332	2,778	2,080	2,391
15 Customs deposits	6,573	7,439	7,174	3,741	3,443	3,717	654	546	632
16 Estate and gift taxes	5,285	5,411	6,389	2,900	3,091	3,499	610	543	517
17 Miscellaneous receipts[5]	7,413	9,237	12,741	5,254	6,993	6,318	1,163	909	1,174
OUTLAYS									
18 **All types**[1,6]	**450,804r**	**493,635r**	**579,613**	**263,004r**	**289,905r**	**310,972**	**56,304**	**48,049**	**56,202**
19 National defense	105,186	117,681	135,856	62,002	69,132	72,457	13,040	11,812	12,605
20 International affairs	5,922	6,091	10,733	4,617	4,602	5,430	984	674	1,249
21 General science, space, and technology	4,742	5,041	5,722	3,299	3,150	3,205	588	549	618
22 Energy	5,861	6,856	6,313	3,281	3,126	3,997	631	627	845
23 Natural resources and environment	10,925	12,091	13,812	7,350	6,668	7,722	1,406	1,086	1,325
24 Agriculture	7,731	6,238	4,762	1,709	3,193	1,892	221	878	1,355
25 Commerce and housing credit	3,324	2,565	7,782	3,002	3,878	3,163	1,626	-357	1,051
26 Transportation	15,445	17,459	21,120	10,298	9,582	11,547	2,066	1,808	1,870
27 Community and regional development	11,039	9,482	10,068	4,855	5,302	5,370	989	847	872
28 Education, training, employment, social services	26,463	29,685	30,767	14,579	16,686	15,221	2,947	2,223	2,461
29 Health	43,676	49,614	58,165	26,492	29,299	31,263	5,432	4,891	5,716
30 Income security[1,6]	146,180r	160,159r	193,100	85,967r	94,605r	107,912	18,361	17,216	18,944
31 Veterans benefits and services	18,974	19,928	21,183	10 113	9,758	11,731	2,859	719	3,032
32 Administration of justice	3,802	4,153	4,570	2,174	2,291	2,299	466	348	382
33 General government	3,737	4,153	4,505	2,103	2,422	2,432	39	464	446
34 General-purpose fiscal assistance	9,601	8,372	8,584	4,286	3,940	4,191	1,929	210	26
35 Interest[7]	43,966	52,556	64,504	29,045	32,658	35,909	5,349	5,338	10,805
36 Undistributed offsetting receipts[7,8]	-15,772	-18,489	21,933	-12,164	-10,387	-14,769	2,630	-1,285	-7,400

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.

2. Old-age, disability, and hospital insurance, and railroad retirement accounts.

3. Old-age, disability, and hospital insurance.

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

5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.

6. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.

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

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

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1981*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1978		1979				1980		
	Sept. 30	Dec. 31	Mar 31	June 30	Sept 30	Dec. 31.	Mar 31	June 30	Sept 30
1 **Federal debt outstanding**	**780.4**	**797.7**	**804.6**	**812.2**	**833.8**	**852.2**	**870.4**	**884.4**	**914.3**
2 Public debt securities	771.5	789.2	796.8	804.9	826.5	845.1	863.5	877.6	907.7
3 Held by public	603.6	619.2	630.5	626.4	638.8	658.0	677.1	682.7	710.0
4 Held by agencies	168.0	170.0	166.3	178.5	187.7	187.1	186.3	194.9	197.7
5 Agency securities	8.9	8.5	7.8	7.3	7.2	7.1	7.0	6.8	6.6
6 Held by public	7.4	7.0	6.3	5.9	5.8	5.6	5.5	5.3	5.1
7 Held by agencies	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
8 **Debt subject to statutory limit**	**772.7**	**790.3**	**797.9**	**806.0**	**827.6**	**846.2**	**864.5**	**878.7**	**908.7**
9 Public debt securities	770.9	788.6	796.2	804.3	825.9	844.5	862.8	877.0	907.1
10 Other debt[1]	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.6
11 MEMO: Statutory debt limit	798.0	798.0	798.0	830.0	830.0	879.0	879.0	925.0	925.0

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

NOTE. Data from *Treasury Bulletin* (U.S. Treasury Department)

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

Billions of dollars, end of period

Type and holder	1976	1977	1978	1979	1980				1981
					Sept	Oct	Nov	Dec	Jan
1 **Total gross public debt**	**653.5**	**718.9**	**789.2**	**845.1**	**907.7**	**908.2**	**913.8**	**930.2**	**934.1**
By type									
2 Interest-bearing debt	652.5	715.2	782.4	844.0	906.4	906.9	909.4	928.9	929.8
3 Marketable	421.3r	459.9	487.5	530.7	594.5	599.4	605.4	623.2	628.5
4 Bills	164.0	161.1	161.7	172.6	199.8	202.3	208.7	216.1	220.4
5 Notes	216.7	251.8	265.8	283.4	310.9	311.9	311.1	321.6	321.2
6 Bonds	40.6	47.0	60.0	74.7	83.8	85.2	85.5	85.4	86.9
7 Nonmarketable[1]	231.2	255.3	294.8	313.2	311.9	307.5	304.0	305.7	301.3
8 Convertible bonds[2]	2.3	2.2	2.2	2.2	......	...	..	....	...
9 State and local government series	4.5	13.9	24.3	24.6	23.6	23.9	24.0	23.8	23.7
10 Foreign issues[3]	22.3	22.2	29.6	28.8	25.2	24.8	24.5	24.0	23.8
11 Government	22.3	22.2	28.0	23.6	18.7	18.4	18.1	17.6	17.4
12 Public	0	0	1.6	5.3	6.4	6.4	6.4	6.4	6.4
13 Savings bonds and notes	72.3	77.0	80.9	79.9	73.0	73.0	72.8	72.5	71.4
14 Government account series[4]	129.7	139.8	157.5	177.5	189.8	185.7	182.4	185.1	182.2
15 Non-interest-bearing debt	1.1	3.7	6.8	1.2	1.3	1.3	4.4	1.3	4.2
By holder[5]									
16 U.S. government agencies and trust funds	147.1	154.8	170.0	187.1	197.7	193.4	189.7		
17 Federal Reserve Banks	97.0	102.5	109.6	117.5	120.7	121.5	120.4		
18 Private investors	409.5	461.3	508.6	540.5	589.2	593.3	603.2		
19 Commercial banks	103.8	101.4	93.1	97.0	100.9	103.4	101.8		
20 Mutual savings banks	5.9	5.9	5.0	4.7	5.3	5.5	5.6		
21 Insurance companies	12.7	15.5	14.9	14.4	14.4	15.3	15.4		
22 Other companies	27.7	22.7	21.2	23.9	25.5	25.3	24.8	n.a.	n.a.
23 State and local governments	41.6	54.8	64.4	67.4	73.4	73.1	74.6		
Individuals									
24 Savings bonds	72.0	76.7	80.7	79.9	72.7	73.0	72.5		
25 Other securities	28.8	28.6	33.3	34.2	50.0	49.9	52.5		
26 Foreign and international[6]	78.1	109.6	137.8	123.8	126.0	127.6	132.6		
27 Other miscellaneous investors[7]	38.9	46.0	58.2	97.6	120.7	120.2	123.4		

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
2. These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ percent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category (line 5).
3. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.
4. Held almost entirely by U.S. government agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. Consists of investments of foreign balances and international accounts in the United States. Beginning with July 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.
7. Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain government deposit accounts, and government sponsored agencies.

NOTE. Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department), data by holder from *Treasury Bulletin*.

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

Par value; millions of dollars, end of period

Type of holder	1978	1979	1980 Oct	1980 Nov	1978	1979	1980 Oct.	1980 Nov
	All maturities				1 to 5 years			
1 **All holders**	**487,546**	**530,731**	**599,406**	**605,381**	**162,886**	**164,198**	**196,129**	**191,614**
2 U.S. government agencies and trust funds	12,695	11,047	10,078	9,569	3,310	2,555	2,255	1,990
3 Federal Reserve Banks	109,616	117,458	121,482	120,447	31,283	28,469	37,162	35,190
4 Private investors	365,235	402,226	467,845	475,365	128,293	133,173	156,712	154,434
5 Commercial banks	68,890	69,076	76,921	75,691	38,390	38,346	45,571	43,659
6 Mutual savings banks	3,499	3,204	3,746	3,803	1,918	1,668	1,943	1,912
7 Insurance companies	11,635	11,496	12,026	12,095	4,664	4,518	4,679	4,693
8 Nonfinancial corporations	8,272	8,433	8,085	7,880	3,635	2,844	2,741	2,705
9 Savings and loan associations	3,835	3,209	3,994	4,061	2,255	1,763	2,183	2,147
10 State and local governments	18,815	15,735	20,410	21,203	3,997	3,487	4,642	5,286
11 All others	250,288	291,072	342,665	350,633	73,433	80,546	94,952	94,032
	Total, within 1 year				5 to 10 years			
12 **All holders**	**228,516**	**255,252**	**279,673**	**288,481**	**50,400**	**50,440**	**53,337**	**52,893**
13 U S government agencies and trust funds	1,488	1,629	1,084	834	1,989	871	1,398	1,404
14 Federal Reserve Banks	52,801	63,219	56,243	56,660	14,809	12,977	13,192	13,468
15 Private investors	174,227	190,403	230,987	230,987	33,601	36,592	38,747	38,021
16 Commercial banks	20,608	20,171	22,713	23,614	7,490	8,086	5,841	5,915
17 Mutual savings banks	817	836	1,057	1,172	496	459	459	437
18 Insurance companies .	1,838	2,016	1,833	1,949	2,899	2,815	3,043	3,000
19 Nonfinancial corporations	4,048	4,933	4,123	3,916	369	308	367	382
20 Savings and loan associations	1,414	1,301	1,656	1,769	89	69	88	75
21 State and local governments	8,194	5,607	7,067	7,218	1,588	1,540	2,076	1,999
22 All others	137,309	155,539	183,896	191,350	20,671	23,314	26,875	26,212
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**161,747**	**172,644**	**202,309**	**208,721**	**19,800**	**27,588**	**36,926**	**36,893**
24 U S government agencies and trust funds	2	0	1	*	3,876	4,520	3,686	3,686
25 Federal Reserve Banks	42,397	45,337	44,650	44,057	2,088	3,272	5,903	5,941
26 Private investors .	119,348	127,306	157,658	164,663	13,836	19,796	27,338	27,266
27 Commercial banks	5,707	5,938	9,455	8,651	956	993	1,425	1,122
28 Mutual savings banks	150	262	340	337	143	127	186	181
29 Insurance companies	753	473	498	549	1,460	1,305	1,740	1,744
30 Nonfinancial corporations	12	2,793	1,891	1,812	86	218	429	428
31 Savings and loan associations	262	219	801	822	60	58	54	57
32 State and local governments	5,524	3,100	4,912	5,126	1,420	1,762	3,574	3,651
33 All others	105,161	114,522	139,761	147,366	9,711	15,332	19,930	20,083
	Other, within 1 year				Over 20 years			
34 **All holders**	**66,769**	**82,608**	**77,364**	**79,760**	**25,944**	**33,254**	**33,340**	**35,500**
35 U S government agencies and trust funds .	1,487	1,629	1,083	834	1,031	1,472	1,656	1,656
36 Federal Reserve Banks	10,404	17,882	11,593	12,602	8,635	9,520	8,982	9,188
37 Private investors	54,879	63,097	64,688	66,324	15,278	22,262	22,702	24,657
38 Commercial banks	14,901	14,233	13,258	14,963	1,446	1,470	1,371	1,382
39 Mutual savings banks	667	574	717	834	126	113	100	100
40 Insurance companies	1,084	1,543	1,336	1,401	774	842	730	708
41 Nonfinancial corporations	2,256	2,140	2,232	2,104	135	130	425	449
42 Savings and loan associations	1,152	1,081	855	947	17	19	13	13
43 State and local governments	2,670	2,508	2,155	2,091	3,616	3,339	3,051	3,049
44 All others	32,149	41,017	44,135	43,984	9,164	16,340	17,011	18,956

NOTE. Direct public issues only Based on Treasury Survey of Ownership from *Treasury Bulletin* (U S Treasury Department).

Data complete for U.S. government agencies and trust funds and Federal Reserve Banks, but data for other groups include only holdings of those institutions that report The following figures show, for each category, the number and proportion reporting as of Nov 30, 1980. (1) 5,353 commercial banks, 460 mutual savings banks, and 723 insurance companies, each about 80 percent, (2) 413 nonfinancial corporations and 479 savings and loan associations, each about 50 percent; and (3) 491 state and local governments, about 40 percent

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately

1.43 U.S. GOVERNMENT SECURITIES DEALERS Transactions

Par value; averages of daily figures, in millions of dollars

Item	1977	1978	1979	1980			1980, week ending Wednesday					
				Sept	Oct	Nov	Sept 24	Oct 1	Oct 8	Oct 15	Oct 22	Oct 29
1 **U.S. government securities**	**10,838**	**10,285**	**13,183**	**17,608**	**17,464**	**21,716**	**19,832**	**18,413**	**17,836**	**17,905**	**16,068**	**16,823**
By maturity												
2 Bills	6,746	6,173	7,915	10,789	11,543	13,768	11,730	10,818	11,269	12,586	11,155	10,515
3 Other within 1 year	237	392	454	325	350	442	290	465	304	266	430	373
4 1–5 years	2,320	1,889	2,417	3,377	2,745	3,699	4,754	3,777	2,926	2,108	2,256	3,339
5 5–10 years	1,148	965	1,121	1,611	1,060	1,640	1,686	1,281	1,372	1,022	798	988
6 Over 10 years	388	867	1,276	1,506	1,766	2,167	1,372	2,071	1,966	1,922	1,428	1,608
By type of customer												
7 U.S. government securities dealers	1,268	1,135	1,448	1,503	1,296	1,745	1,902	2,093	1,251	1,339	992	1,066
8 U.S. government securities brokers	3,709	3,838	5,170	7,220	7,664	9,536	8,179	7,342	7,732	7,274	7,298	7,998
9 Commercial banks	2,294	1,804	1,904	2,228	2,019	2,366	2,371	2,169	2,127	2,115	1,708	1,969
10 All others[1]	3,567	3,508	4,660	6,657	6,485	8,069	7,381	6,808	6,726	7,178	6,070	5,790
11 **Federal agency securities**	**1,729**	**1,894**	**2,723**	**2,666**	**3,277**	**3,074**	**3,392**	**2,822**	**3,348**	**3,414**	**2,947**	**3,194**

1 Includes, among others, all other dealers and brokers in commodities and securities, foreign banking agencies, and the Federal Reserve System

NOTE. Averages for transactions are based on number of trading days in the period

Transactions are market purchases and sales of U.S. government securities dealers reporting to the Federal Reserve Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. government securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase, reverse repurchase (resale), or similar contracts

1.44 U.S. GOVERNMENT SECURITIES DEALERS Positions and Sources of Financing

Par value; averages of daily figures, in millions of dollars

Item	1977	1978	1979	1980			1980, week ending Wednesday					
				Sept	Oct	Nov	Aug 27	Sept 3	Sept 10	Sept 17	Sept 24	Oct 1
	Positions[1]											
1 **U.S. government securities**	**5,172**	**2,656**	**3,223**	**3,338**	**2,701**	**3,279**	**4,351**	**4,500**	**3,784**	**3,656**	**2,921**	**2,164**
2 Bills	4,772	2,452	3,813	3,753	2,557	3,132	4,300	4,330	4,063	4,467	3,184	2,683
3 Other within 1 year	99	260	−325	−1,685	−1,082	−792	−1,510	−1,603	−1,727	−1,741	−1,788	−1,425
4 1–5 years	60	−92	−455	620	755	−123	939	648	544	118	970	908
5 5–10 years	92	40	160	122	−221	−13	172	674	439	183	−69	−359
6 Over 10 years	149	−4	30	529	692	1,075	450	451	465	629	624	356
7 **Federal agency securities**	**693**	**606**	**1,471**	**320**	**979**	**357**	**428**	**269**	**183**	**259**	**435**	**486**
	Financing[2]											
8 **All sources**	**9,877**	**10,204**	**16,003**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Commercial banks												
9 New York City	1,313	599	1,396	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Outside New York City	1,987	2,174	2,868	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 Corporations[3]	2,358	2,379	3,373	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 All others	4,158	5,052	4,104	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

1 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 agreement to resell

2 Total amounts outstanding of funds borrowed by nonbank dealer firms and dealer departments of commercial banks against U.S. government and federal agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreement to resell are excluded when the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement

3 All business corporations except commercial banks and insurance companies

NOTE. Averages for positions are based on number of trading days in the period, those for financing, on the number of calendar days in the period

1.45 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt outstanding

Millions of dollars, end of period

Agency	1976	1977	1978	1980 Mar	1980 Apr	1980 May	1980 June	1980 July	1980 Aug
1 **Federal and federally sponsored agencies**[1]	**103,848**	**112,472**	**137,063**	**173,216**	**176,880**	**179,062**	**179,353**	**180,119**	**179,545**
2 Federal agencies	22,419	22,760	23,488	25,583	25,776	25,904	26,667	26,810	26,930
3 Defense Department[2]	1,113	983	968	709	688	679	674	661	651
4 Export-Import Bank[3,4]	8,574	8,671	8,711	9,627	9,615	9,597	10,275	10,248	10,232
5 Federal Housing Administration[5]	575	581	588	550	537	531	524	516	508
6 Government National Mortgage Association participation certificates[6]	4,120	3,743	3,141	2,979	2,937	2,937	2,877	2,842	2,842
7 Postal Service[7]	2,998	2,431	2,364	1,837	1,837	1,770	1,770	1,770	1,770
8 Tennessee Valley Authority	4,935	6,015	7,460	9,440	9,695	9,920	10,075	10,300	10,445
9 United States Railway Association[7]	104	336	356	441	467	470	472	473	482
10 Federally sponsored agencies[1]	81,429	89,712	113,575	147,633	151,104	153,158	152,686	153,309	152,615
11 *Federal Home Loan Banks*	16,811	18,345	27,563	35,309	36,352	37,540	36,748	36 039	35,690
12 Federal Home Loan Mortgage Corporation	1,690	1,686	2,262	2,644	2,643	2,642	2,642	2,634	2,634
13 Federal National Mortgage Association	30,565	31,890	41,080	51,614	52,456	52,573	52,389	52,114	52,001
14 Federal Land Banks	17,127	19,118	20,360	15,106	13,940	13,940	13,940	12,765	12,765
15 Federal Intermediate Credit Banks	10,494	11,174	11,469	2,144	2,144	2,144	2,144	1,821	1,821
16 Banks for Cooperatives	4,330	4,434	4,843	584	584	584	584	584	584
17 Farm Credit Banks[1]		2,548	5,081	38,446	41,039	41,629	42,058	45,111	44,824
18 Student Loan Marketing Association[8]	410	515	915	1,785	1,945	2,105	2,180	2,240	2,295
19 Other	2	2	2	1	1	1	1	1	1
MEMO									
20 **Federal Financing Bank debt**[7,9]	**28,711**	**38,580**	**51,298**	**71,885**	**74,009**	**76,009**	**77,408**	**78,870**	**80,024**
Lending to federal and federally sponsored agencies									
21 Export-Import Bank[4]	5,208	5,834	6,898	8,849	8,849	8,849	9,558	9,558	9,558
22 Postal Service[7]	2,748	2,181	2,114	1,587	1,587	1,520	1,520	1,520	1,520
23 Student Loan Marketing Association[8]	410	515	915	1,785	1,945	2,105	2,180	2,240	2,295
24 Tennessee Valley Authority	3,110	4,190	5,635	7,715	7,970	8,195	8,350	8,575	8,720
25 United States Railway Association[7]	104	336	356	441	467	470	472	473	482
Other Lending[10]									
26 Farmers Home Administration	10,750	16,095	23,825	33,410	34,755	35,745	35,745	36,715	37,403
27 Rural Electrification Administration	1,415	2,647	4,604	7,039	7,155	7,631	7,942	8,084	8,233
28 Other	4,966	6,782	6,951	11,059	11,281	11,494	11,641	11,705	11,813

1 In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued Lines 1 and 10 reflect the addition of this item

2 Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs

3 Includes participation certificates reclassified as debt beginning Oct 1, 1976

4 Off-budget Aug. 17, 1974, through Sept 30, 1976; on-budget thereafter.

5 Consists of debentures issued in payment of Federal Housing Administration insurance claims Once issued, these securities may be sold privately on the securities market

6 Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare, Department of Housing and Urban Development, Small Business Administration, and the Veterans Administration

7 Off-budget

8 Unlike other federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare

9 The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

10 Includes FFB purchases of agency assets and guaranteed loans, the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans

1.46 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1977	1978	1979	1980					
				Apr[r]	May[r]	June[r]	July[r]	Aug[r]	Sept
1 **All issues, new and refunding**[1]	**46,769**	**48,607**	**43,490**	**4,947**	**4,713**	**6,063**	**4,907**	**3,809**	**4,255**
Type of issue									
2 General obligation	18 042	17,854	12 109	1,695	1,580	1 924	1,396	804	1,344
3 Revenue	28,655	30,658	31,256	3,251	3,129	4,136	3,506	2,995	2,902
4 Housing Assistance Administration[2]									
5 U S. government loans	72	95	125	1	4	3	5	10	9
Type of issuer									
6 State	6,354	6,632	4,314	466	749	897	185	304	640
7 Special district and statutory authority	21,717	24 156	23,434	2 221	2,326	3,440	3,157	2,212	2,603
8 Municipalities, counties, townships, school districts	18 623	17,718	15,617	2,259	1,633	1,724	1,558	1,283	1,003
9 **Issues for new capital, total**	**36,189**	**37,629**	**41,505**	**4,806**	**4,645**	**5,986**	**4,539**	**3,783**	**3,639**
Use of proceeds									
10 Education	5,076	5,003	5 130	491	310	753	631	266	422
11 Transportation	2,951	3,460	2 441	302	197	344	151	95	425
12 Utilities and conservation	8,119	9,026	8,594	625	721	585	1,260	1,176	716
13 Social welfare	8,274	10,494	15 968	2 071	1,831	3,007	1,695	1,424	1,198
14 Industrial aid	4,676	3,526	3,836	373	526	367	188	341	331
15 Other purposes	7,093	6,120	5 536	944	1,060	930	614	481	547

1 Par amounts of long-term issues based on date of sale

2. Only bonds sold pursuant to the 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority

SOURCE Public Securities Association

1.47 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1977	1978	1979	1980						
				May	June	July	Aug	Sept	Oct	Nov
1 **All issues**[1]	**53,792**	**47,230**	**51,464**	**9,067**	**9,511**	**7,941**	**5,371**	**4,922**	**5,728**	**3,827**
2 **Bonds**	**42,015**	**36,872**	**40,139**	**7,335**	**8,148**	**6,567**	**4,147**	**2,813**	**3,275**	**2,055**
Type of offering										
3 Public	24,072	19 815	25,814	6,810	7,548	5,354	3,843	2,421	2,756	1,405
4 Private placement	17,943	17 057	14,325	525	600	1,213	304	392	519	650
Industry group										
5 Manufacturing	12,204	9,572	9,667	2,400	2 318	2 851	1,499	509	614	88
6 Commercial and miscellaneous	6,234	5,246	3 941	560	1 629	999	203	357	312	432
7 Transportation	1,996	2,007	3,102	364	385	329	338	401	236	86
8 Public utility	8,262	7,092	8,118	723	1,412	316	971	555	754	565
9 Communication	3,063	3,373	4,219	1,171	209	787	580	517	791	163
10 Real estate and financial	10,258	9,586	11,095	2,116	2,195	1,284	556	472	568	722
11 **Stocks**	**11,777**	**10,358**	**11,325**	**1,732**	**1,363**	**1,374**	**1,224**	**2,109**	**2,453**	**1,772**
Type										
12 Preferred	3,916	2,832	3,574	202	382	360	101	392	535	256
13 Common	7,861	7 526	7 751	1 530	981	1,014	1,123	1,717	1,918	1,516
Industry group										
14 Manufacturing	1,189	1,241	1,679	215	127	165	293	502	848	418
15 Commercial and miscellaneous	1 834	1 816	2,623	512	202	390	238	569	321	509
16 Transportation	456	263	255	27	9		32	54	117	53
17 Public utility	5,865	5 140	5 171	615	494	714	463	633	526	227
18 Communication	1,379	264	303	25	126		46	6	67	113
19 Real estate and financial	1,049	1,631	1,293	338	406	104	152	345	574	452

1 Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intra corporate transactions, and sales to foreigners

SOURCE Securities and Exchange Commission

1.48 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1979	1980	1980							
			May	June	July	Aug	Sept	Oct	Nov	Dec
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	7,495	15,293	1,175	1,772	1,890	1,507	1,405	1,523	1,289	1,269
2 Redemptions of own shares[3]	8,393	12,012	647	775	863	1,019	1,228	1,362	1,086	1,720
3 Net sales	−898	3,281	528	997	1,027	488	177	161	203	−451
4 Assets[4]	49,277[r]	58,400	50,539	52,946	54,406	54,941	55,779	56,156	60,329[r]	58,400
5 Cash position[5]	4,983	5,321	6,209	6,495	5,629	5,619	5,481	5,460	5,467[r]	5,321
6 Other	44,294[r]	53,079	44,330	46,451	48,777	49,322	50,298	50,696	54,862[r]	53,079

1. Excluding money market funds.
2 Includes reinvestment of investment income dividends Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group
3 Excludes share redemption resulting from conversions from one fund to another in the same group.
4 Market value at end of period, less current liabilities
5 Also includes all U S government securities and other short-term debt securities

NOTE Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission Data reflect newly formed companies after their initial offering of securities

1.49 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1977[r]	1978[r]	1979[r]	1979[r]				1980[r]		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 **Profits before tax**	**192.6**	**223.3**	**255.4**	**253.1**	**250.9**	**262.0**	**255.4**	**277.1**	**217.9**	**237.6**
2 Profits tax liability	72 6	83 0	87 6	88 5	86.4	88.4	87.2	94.2	71.5	78.5
3 Profits after tax	120.0	140 3	167.7	164 6	164 5	173 6	168 2	182.9	146 4	159 1
4 Dividends	38 7	43.1	48.6	47.5	48.3	48.6	50.1	52.4	54.2	55.1
5 Undistributed profits	81 3	97 2	119 1	117 1	116.2	125 0	118 1	130.5	92.2	104.0
6 Capital consumption allowances	110 4	122 9	139 5	131 9	137.2	142.6	146.4	151.7	155.4	160.5
7 Net cash flow	191 7	220 1	258 6	249 0	253.4	267.6	264.5	282 2	247.6	264.5

SOURCE. *Survey of Current Business* (U.S Department of Commerce)

1.50 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1975	1976	1977	1978	1979			1980		
					Q2	Q3	Q4	Q1	Q2	Q3
1 **Current assets**	**759.0**	**826.8**	**902.1**	**1,030.0**	**1,108.2**	**1,169.5**	**1,200.9**	**1,235.2**	**1,233.8**	**1,255.8**
2 Cash	82.1	88.2	95.8	104.5	100.1	103.7	116.1	110.2	111.5r	113.2
3 U.S. government securities	19.0	23.4	17.6	16.3	18.6	15.8	15.6	15.1	13.8r	16.3
4 Notes and accounts receivable	272.1	292.8	324.7	383.8	421.1	453.0	456.8	471.2	464.2	479.2
5 Inventories	315.9	342.4	374.8	426.9	465.2	489.4	501.7	519.5	525.7	525.1
6 Other	69.9	80.1	89.2	98.5	103.2	107.7	110.8	119.3	118.7	122.0
7 **Current liabilities**	**451.6**	**494.7**	**549.4**	**665.5**	**724.7**	**777.8**	**809.1**	**838.3**	**828.1**	**852.1**
8 Notes and accounts payable	264.2	281.9	313.2	373.7	406.4	438.8	456.3	467.9	463.1	477.3
9 Other	187.4	212.8	236.2	291.7	318.3	339.0	352.8	370.4	364.9	374.8
10 **Net working capital**	**307.4**	**332.2**	**352.7**	**364.6**	**383.5**	**391.7**	**391.8**	**397.0**	**405.7**	**403.7**
11 MEMO Current ratio [1]	1.681	1.672	1.642	1.548	1.529	1.504	1.484	1.474	1.490	1.474

1 Ratio of total current assets to total current liabilities

NOTE. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37

All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics

SOURCE. Federal Trade Commission

1.51 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1979	1980[2]	1979		1980				1981	
			Q3	Q4	Q1	Q2	Q3	Q4[2]	Q1[2]	Q2[2]
1 **Total nonfarm business**	**270.46**	**294.30**	**273.15**	**284.30**	**291.89**	**294.36**	**296.23**	**294.95**	**310.59**	**323.84**
Manufacturing										
2 Durable goods industries	51.07	58.25	52.13	55.03	58.28	59.38	58.19	57.42	60.23	65.36
3 Nondurable goods industries	47.61	56.65	47.97	51.55	53.49	56.32	58.21	57.96	62.46	65.21
Nonmanufacturing										
4 Mining	11.38	13.50	11.40	11.86	11.89	12.81	13.86	15.25	16.07	18.02
Transportation										
5 Railroad	4.03	4.17	4.13	4.24	4.46	4.06	3.98	4.22	3.62	4.07
6 Air	4.01	3.97	3.95	4.55	3.90	4.27	4.06	3.59	4.04	3.41
7 Other	4.31	3.84	4.60	4.41	4.11	3.76	4.18	3.44	3.83	4.13
Public utilities										
8 Electric	27.65	27.44	28.71	27.16	28.98	27.91	28.14	25.05	27.99	27.93
9 Gas and other	6.31	7.18	6.35	6.92	7.28	7.12	7.44	6.90	8.79	8.29
10 Trade and services	79.26	82.28	78.86	82.69	82.17	81.07	81.19	84.87	84.09	87.43
11 Communication and other[1]	34.83	37.02	35.05	35.90	37.34	37.66	36.97	36.26	39.48	40.01

1. "Other" consists of construction, social services and membership organization; and forestry, fisheries, and agricultural services

2 Anticipated by business

SOURCE *Survey of Current Business* (U.S. Dept. of Commerce).

1.52 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1974	1975	1976	1977	1978	1979 Q3	1979 Q4	1980 Q1	1980 Q2	1980 Q3
ASSETS										
Accounts receivable, gross										
1 Consumer	36.1	36.0	38.6	44.0	52.6	62.3	65.7	67.7	70.2	71.7
2 Business	37.2	39.3	44.7	55.2	63.3	68.1	70.3	70.6	70.3	66.9
3 Total	73.3	75.3	83.4	99.2	116.0	130.4	136.0	138.4	140.4	138.6
4 LESS Reserves for unearned income and losses	9.0	9.4	10.5	12.7	15.6	18.7	20.0	20.4	21.4	22.3
5 Accounts receivable, net	64.2	65.9	72.9	86.5	100.4	111.7	116.0	118.0	119.0	116.3
6 Cash and bank deposits	3.0	2.9	2.6	2.6	3.5					
7 Securities	.4	1.0	1.1	.9	1.3	25.8[1]	24.9	23.7	26.1	28.3
8 All other	12.0	11.8	12.6	14.3	17.3					
9 **Total assets**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**137.4**	**140.9**	**141.7**	**145.1**	**144.7**
LIABILITIES										
10 Bank loans	9.7	8.0	6.3	5.9	6.5	7.8	8.5	9.7	10.1	10.1
11 Commercial paper	20.7	22.2	23.7	29.6	34.5	39.2	43.3	40.8	40.7	40.5
Debt										
12 Short-term, n.e.c.	4.9	4.5	5.4	6.2	8.1	9.1	8.2	7.4	7.9	7.7
13 Long-term n.e.c.	26.5	27.6	32.3	36.0	43.6	47.5	46.7	48.9	50.5	52.0
14 Other	5.5	6.8	8.1	11.5	12.6	15.4	14.2	15.7	16.0	14.6
15 Capital, surplus, and undivided profits	12.4	12.5	13.4	15.1	17.2	18.4	19.9	19.2	19.9	19.8
16 **Total liabilities and capital**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**137.4**	**140.9**	**141.7**	**145.1**	**144.7**

1. *Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined*

NOTE. Components may not add to totals due to rounding

1.53 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable *outstanding* Oct. 31, 1980[1]	Changes in accounts receivable 1980 Aug	Changes 1980 Sept	Changes 1980 Oct	Extensions 1980 Aug	Extensions 1980 Sept	Extensions 1980 Oct	Repayments 1980 Aug	Repayments 1980 Sept	Repayments 1980 Oct
1 **Total**	**68,901**	**-412**	**-321**	**647**	**15,545**	**14,808**	**16,781**	**15,957**	**15,129**	**16,134**
2 Retail automotive (commercial vehicles)	12,758	-232	221	-128	883	889	969	1,115	1,110	1,097
3 Wholesale automotive	10,584	-101	-333	62	4,710	4,125	5,223	4,811	4,458	5,161
4 Retail paper on business, industrial and *farm equipment*	22,212	155	586	16	1,601	1,595	1,460	1,446	1,009	1,444
5 Loans on commercial accounts receivable and factored commercial accounts receivable	6,265	-358	-827	408	6,349	5,938	6,756	6,707	6,765	6,348
6 All other business credit	17,082	124	474	289	2,002	2,261	2,373	1,878	1,787	2,084

1 Not seasonally adjusted

1.54 MORTGAGE MARKETS

Millions of dollars; exceptions noted

Item	1978	1979	1980	1980 June	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 (thousands of dollars)	62.6	74.4	83.5	81.3	89.0	88.6	83.7	84.0	77.1	90.1
2 Amount of loan (thousands of dollars)	45.9	53.3	59.3	58.0	63.7	61.5	58.7	61.3	56.1	63.9
3 Loan/price ratio (percent)	75.3	73.9	73.3	74.1	73.5	71.2	72.2	75.0	75.2	72.9
4 Maturity (years)	28.0	28.5	28.2	28.4	28.9	27.7	27.6	28.2	27.6	28.2
5 Fees and charges (percent of loan amount)[2]	1.39	1.66	2.10	2.21	2.13	2.12	2.10	2.16	2.15	2.15
6 Contract rate (percent per annum)	9.30	10.48	12.25	12.24	12.11	11.84	11.95	12.20	12.62	12.86
Yield (percent per annum)										
7 FHLBB series[3]	9.54	10.77	12.65	12.66	12.51	12.25	12.35	12.60	13.04	13.28
8 HUD series[4]	9.68	11.15	13.95	12.45	12.45	13.25	13.70	14.10	14.70	15.05
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	9.70	10.87	13.42	11.85	12.39	13.54	14.26	14.38	14.47	14.08
10 GNMA securities[6]	8.98	10.22	12.55	11.04	11.53	12.34	12.84	12.91	13.55	13.62
FNMA auctions[7]										
11 Government-underwritten loans	9.77	11.17	14.11	12.35	12.65	13.92	14.77	14.94	15.53	15.21
12 Conventional loans	10.01	11.77	14.43	12.93	12.80	13.66	14.45	14.70	15.30	15.54
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
13 Total	43,311	51,091	51,327	55,419	55,362	55,361	55,632	56,188	56,619	57,327
14 FHA-insured	15,511r	18,886	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
15 VA-guaranteed	10,544	10,496	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Conventional	11,524	16,106	18,358	18,001	18,034	18,049	18,074	18,148	18,239	18,358
Mortgage transactions (during period)										
17 Purchases	12,303	10,805	8,100	206	100	167	500	771	579	840
18 Sales	9r	0	0	0	0	0	0	0	0	0
Mortgage commitments[8]										
19 Contracted (during period)	18,959r	10,179	8,044	441	734	1,180	1,070	514	472	403
20 Outstanding (end of period)	9,185r	6,409	3,278	4,215	4,230	4,545	4,789	4,399	3,963	3,278
Auction of 4-month commitments to buy										
Government-underwritten loans										
21 Offered[9]	12,978	8,860	8,605	602.5	1,055.6	1,063.3	907.0	427.8	252.0	242.1
22 Accepted	6,747.2	3,921	4,002	266.5	430.3	628.10	538.0	257.7	135.6	110.8
Conventional loans										
23 Offered[9]	9,933.0	4,495	3,639	169.7	228.7	430.4	347.7	107.6	81.6	84.8
24 Accepted	5,111r	2,344	1,749	76.0	140.9	218.8	209.8	93.9	68.8	54.1
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[10]										
25 Total	3,064	4,035	n.a.	4,014	4,151	4,295	4,543	4,727	4,843	n.a.
26 FHA/VA	1,243	1,102	n.a.	1,072	1,066	1,058	1,050	1,044	1,038	n.a.
27 Conventional	1,165r	1,957	n.a.	2,942	3,085	3,237	3,492	3,629	3,715	n.a.
Mortgage transactions (during period)										
28 Purchases	6,525r	5,717	n.a.	225	440	495	521	398	231	n.a.
29 Sales	6,211	4,544	n.a.	232	288	320	275	187	93.7	n.a.
Mortgage commitments[11]										
30 Contracted (during period)	7,451	5,542	n.a.	577	708	476	218	222	180	n.a.
31 Outstanding (end of period)	1,410	797	n.a.	1,246	1,386	1,300	934	726	653	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points, from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.
7. Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.
8. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
9. Mortgage amounts offered by bidders are total bids received.
10. Includes participation as well as whole loans.
11. Includes conventional and government-underwritten loans.

1.55 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1978	1979	1980	1979 Q4	1980 Q1	1980 Q2	1980 Q3	1980 Q4
1 **All holders**	**1,168,486r**	**1,324,856r**	**1,449,633**	**1,333,550**	**1,355,402r**	**1,378,414r**	**1,412,515r**	**1,449,633**
2 1- to 4-family	764,246r	875,874r	956,475	872,068	894,980r	908,119r	931,232r	956,475
3 Multifamily	121,285r	129,261r	137,859	130,713	130,800r	132,430r	134,856r	137,859
4 Commercial	211,749r	237,205r	258,799	238,412	242,709r	246,861r	252,783r	258,799
5 Farm	71,206r	82,516r	96,500	92,357	86,913r	91,004r	93,644r	96,500
6 Major financial institutions	848,177r	938,676r	998,025	939,487	951,402r	958,892r	977,454r	998,025
7 Commercial banks[1]	214,045r	245,187r	264,602	245,998	250,702r	253,103r	258,003r	264,602
8 1- to 4-family	129,167r	149,460r	160,746	145,975	152,553r	153,753r	156,737r	160,746
9 Multifamily	10,266r	11,180r	12,304	12,546	11,557r	11,764r	11,997r	12,304
10 Commercial	66,115r	75,957r	82,688	77,096	77,993r	79,110r	80,626r	82,688
11 Farm	8,497r	8,590r	8,864	10,381	8,599r	8,476r	8,643r	8,864
12 Mutual savings t	95,157	98,908	99,827	98,908	99,151	99,150	99,306	99,827
13 1- to 4-family	62,252	64,706	65,307	64,706	64,865	64,864	64,966	65,307
14 Multifamily	16,529	17,180	17,340	17,180	17,223	17,223	17,249	17,340
15 Commercial	16,319	16,963	17,120	16,963	17,004	17,004	17,031	17,120
16 Farm	57	59	60	59	59	59	60	60
17 Savings and loan associations	432,808	475,797	502,718	475,797	479,078	481,184	492,068	502,718
18 1- to 4-family	356,114	394,436	417,759	394,436	398,114	398,864	408,908	417,759
19 Multifamily	36,053	37,588	39,011	37,588	37,224	37,340	38,185	39,011
20 Commercial	40,641	43,773	45,948	43,773	43,740	43,980	44,975	45,948
21 Life insurance companies	106,167	118,784	130,878	118,784	122,471	125,455	128,077	130,878
22 1- to 4-family	[illegible],436	16,193	18,420	16,193	16,850	17,796	17,996	18,420
23 Multifamily	[illegible],000	19,274	19,813	19,274	19,590	19,284	19,357	19,813
24 Commercial	[illegible],232	71,137	79,843	71,137	73,618	75,693	77,995	79,843
25 Farm	[illegible],499	12,180	12,802	12,180	12,413	12,682	12,729	12,802
26 Federal and related agencies	81,853	97,293	114,325	97,293	104,133	108,742	110,695	114,325
27 Government National Mortgage Association	3,509	3,852	4,453	3,852	3,919	4,466	4,389	4,453
28 1- to 4-family	877	763	709	763	749	736	719	709
29 Multifamily	2,632	3,089	3,744	3,089	3,170	3,730	3,670	3,744
30 Farmers Home Administration	926	1,274	3,725	1,274	2,845	3,375	3,525	3,725
31 1- to 4-family	288	417	1,033	417	1,139	1,383	978	1,033
32 Multifamily	320	71	818	71	408	636	774	818
33 Commercial	101	174	391	174	409	402	370	391
34 Farm	217	612	1,483	612	889	954	1,403	1,483
35 Federal Housing and Veterans Administration	5,419	5,764	5,824	5,764	5,833	5,894	5,769	5,824
36 1- to 4-family	1,641	1,863	1,879	1,863	1,908	1,953	1,826	1,879
37 Multifamily	3,778	3,901	3,945	3,901	3,925	3,941	3,943	3,945
38 Federal National Mortgage Association	43,311	51,091	57,327	51,091	53,990	55,419	55,632	57,327
39 1- to 4-family	37,579	45,488	51,775	45,488	48,394	49,837	50,071	51,775
40 Multifamily	5,732	5,603	5,552	5,603	5,596	5,582	5,561	5,552
41 Federal Land Banks	25,624	31,277	38,131	31,277	33,311	35,574	36,837	38,131
42 1- to 4-family	927	1,552	2,099	1,552	1,708	1,893	1,985	2,099
43 Farm	24,697	29,725	36,032	29,725	31,603	33,681	34,852	36,032
44 Federal Home Loan Mortgage Corporation	3,064	4,035	4,865	4,035	4,235	4,014	4,543	4,865
45 1- to 4-family	2,407	3,059	3,710	3,059	3,210	3,037	3,459	3,710
46 Multifamily	657	976	1,155	976	1,025	977	1,084	1,155
47 Mortgage pools or trusts[2]	88,633	119,278	142,498	119,278	124,632	129,647	136,583r	142,498
48 Government National Mortgage Association	54,347	76,401	93,874	76,401	80,843	84,282	89,452	93,874
49 1- to 4-family	52,732	74,546	91,602	74,546	78,872	82,208	87,276	91,602
50 Multifamily	1,615	1,855	2,272	1,855	1,971	2,074	2,176	2,272
51 Federal Home Loan Mortgage Corporation	11,892	15,180	16,952	15,180	15,454	16,120	16,659	16,952
52 1- to 4-family	9,657	12,149	13,397	12,149	12,359	12,886	13,318	13,397
53 Multifamily	2,235	3,031	3,555	3,031	3,095	3,234	3,341	3,555
54 Farmers Home Administration	22,394	27,697	31,672	27,697	28,335	29,245	30,472r	31,672
55 1- to 4-family	13,400	14,884	16,865	14,884	14,926	15,224	16,226r	16,865
56 Multifamily	1,116	2,163	2,323	2,163	2,159	2,159	2,235r	2,323
57 Commercial	3,560	4,328	5,258	4,328	4,495	4,763	5,059r	5,258
58 Farm	4,318	6,322	7,226	6,322	6,755	7,099	6,952r	7,226
59 Individual and others[3]	149,823r	169,609r	194,785	177,492	175,235r	181,133r	187,783r	194,785
60 1- to 4-family	82,769r	96,358r	111,174	96,037	99,333r	102,685r	106,767r	111,174
61 Multifamily	21,352r	23,350r	26,027	23,436	23,857r	24,486r	25,284r	26,027
62 Commercial	22,781r	24,873r	27,551	24,941	25,450r	25,909r	26,727r	27,551
63 Farm	22,921r	25,028r	30,033	33,078	26,595r	28,053r	29,005r	30,033

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 governmental sources, with some quarters estimated in part by the Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Department of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations when required, are estimated mainly by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

1.56 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1977	1978	1979	1980 June	July	Aug	Sept	Oct	Nov	Dec
	Amounts outstanding (end of period)									
1 **Total**	**230,564**	**273,645**	**312,024**	**304,399**	**303,853**	**305,763**	**306,926**	**307,222**	**308,051**	**313,43**
By major holder										
2 Commercial banks	112,373	136,016	154,177	147,883	146,555	146,548	146,362	145,895	145,147	145,76
3 Finance companies	44,868	54,298	68 318	73,118	73,909	74,433	74,823	74,985	75,690	76,75
4 Credit unions	37,605	44,334	46,517	42,995	42,644	43,347	43,562	43,518	43,606	44,04
5 Retailers[2]	23,490	25,987	28,119	24,786	24,620	24,918	25,301	25,703	26,469	29,41
6 Savings and loans	7,089	7,097	8 424	8,823	8,991	9,141	9,266	9,611	9,687	9,91
7 Gasoline companies	2,963	3,220	3,729	4,175	4,500	4,710	4,872	4,736	4,662	4,71
8 Mutual savings banks	2,176	2,693	2,740	2,619	2,634	2 666	2,740	2,774	2,790	2,83
By major type of credit										
9 Automobile	82,911	101 647	116,362	116,456	116,125	116,868	116,781	116,657	116,517	116,32
10 Commercial banks	49,577	60,510	67,367	64,224	63,344	63,177	62,734	62,350	61,848	61,02
11 Indirect paper	27,379	33,850	38,338	36,948	36,233	36,047	35,768	35,572	35,284	34,85
12 Direct loans	22,198	26,660	29,029	27,276	27,111	27,130	26,966	26,778	26,564	26,16
13 Credit unions	18,099	21 200	22,244	20,558	20,392	20,728	20,831	20,810	20,852	21,06
14 Finance companies	15,235	19,937	26,751	31,674	32,389	32,963	33,216	33,497	33,817	34,24
15 Revolving	39,274	48,309	56,937	53,042	53,036	53,771	54,406	54,598	55,304	59,86
16 Commercial banks	18,374	24,341	29,862	28,280	28,073	28,305	28,403	28,331	28,360	30,00
17 Retailers	17,937	20,748	23,346	20,587	20,463	20,756	21,131	21,531	22,282	25,14
18 Gasoline companies	2,963	3,220	3,729	4,175	4,500	4,710	4,872	4,736	4,662	4,71
19 Mobile home	14,945	15,235	16,838	16,988	17,004	17,068	17,113	17,276	17,293	17,32
20 Commercial banks	9,124	9,545	10,647	10,593	10,568	10,564	10,538	10,502	10,452	10,37
21 Finance companies	3,077	3,152	3,390	3,544	3,546	3,566	3,601	3,657	3,702	3,74
22 Savings and loans	2,342	2,067	2,307	2,391	2,437	2,477	2,511	2,654	2,675	2,73
23 Credit unions	402	471	494	460	453	461	463	463	464	46
24 Other	93,434	108,454	121,887	117,913	117,688	118,056	118,626	118,691	118,937	119,91
25 Commercial banks	35,298	41,620	46,301	44,786	44,570	44,502	44,687	44,712	44,487	44,36
26 Finance companies	26,556	31,209	38,177	37,900	37,974	37,904	38,006	37,831	38,171	38,76
27 Credit unions	19,104	22,663	23,779	21,977	21,799	22,158	22,268	22,245	22,290	22,51
28 Retailers	5,553	5,239	4,773	4,199	4,157	4,162	4,170	4,172	4,187	4,26
29 Savings and loans	4,747	5,030	6,117	6,432	6,554	6,664	6,755	6,957	7,012	7,17
30 Mutual savings banks	2,176	2,693	2,740	2,619	2,634	2,666	2,740	2,774	2,790	2,83
	Net change (during period)[3]									
31 **Total**	**35,462**	**43,079**	**38,381**	**−2,045**	**−1,199**	**489**	**1,055**	**702**	**839**	**1,61**
By major holder										
32 Commercial banks	18,645	23,641	18,161	−1 783	1,749	682	−265	−336	120	−27
33 Finance companies	5,949	9,430	14,020	744	439	387	613	454	594	86
34 Credit unions	6,436	6,729	2,185	−1,298	270	465	36	63	218	37
35 Retailers[2]	2,654	2,497	2,132	68	89	160	456	134	52	31
36 Savings and loans	1,309	7	1 327	96	155	5	93	246	−14	19
37 Gasoline companies	132	257	509	124	132	136	90	98	72	8
38 Mutual savings banks	337	518	47	4	5	18	32	43	37	6
By major type of credit										
39 Automobile	15,204	18,736	14,715	1,026	717	355	84	201	245	30
40 Commercial banks	9,956	10,933	6,857	1,007	−1,083	−344	362	348	138	49
41 Indirect paper	5,307	6,471	4,488	−601	784	286	−282	170	−44	−18
42 Direct loans	4,649	4,462	2,369	406	−299	58	−80	−178	94	−31
43 Credit unions	2,861	3,101	1,044	636	108	215	10	18	101	17
44 Finance companies	2,387	4,702	6,814	617	474	484	436	531	282	61
45 Revolving	6,248	9,035	8,628	−95	38	281	478	273	265	61
46 Commercial banks	4,015	5,967	5,521	−338	−259	−24	81	−19	121	21
47 Retailers	2,101	2,811	2,598	119	165	169	469	194	72	32
48 Gasoline companies	132	257	509	124	132	136	90	98	72	8
49 Mobile home	371	286	1,603	58	14	33	43	141	24	6
50 Commercial banks	387	419	1,102	26	23	8	22	21	−33	−3
51 Finance companies	−187	74	238	12	2	14	30	42	44	4
52 Savings and loans	101	−276	240	29	45	21	35	120	11	4
53 Credit unions	70	69	23	9	6	6	0	0	2	
54 Other	13,639	15,022	13,435	982	534	180	450	87	305	63
55 Commercial banks	4,287	6,322	4,681	−464	384	−306	200	52	70	3
56 Finance companies	3,749	4,654	6,968	115	33	111	147	119	268	19
57 Credit unions	3,505	3 559	1,118	653	156	244	26	45	115	19
58 Retailers	553	−314	466	51	76	−9	−13	−60	20	−
59 Savings and loans	1,208	283	1,087	67	110	16	58	126	25	14
60 Mutual savings banks	337	518	47	4	5	18	32	43	37	6

1 The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments

2 Includes auto dealers and excludes 30-day charge credit held by travel a entertainment companies

3 Net change equals extensions minus liquidations (repayments, charge-of and other credit), figures for all months are seasonally adjusted

1.57 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars; monthly data are seasonally adjusted.

Holder, and type of credit	1977	1978	1979	1980 June	July	Aug	Sept	Oct	Nov	Dec
					Extensions					
1 **Total**	**257,600**	**297,668**	**324,777**	**22,349**	**23,997**	**26,176**	**27,064**	**27,365**	**25,991**	**27,149**
By major holder										
2 Commercial banks	117,896	142,433	154,733	9,892	10,098	11,107	11,671	11,977	11,432	11,484
3 Finance companies	41,989	50,505	61,518	4,439	4,809	5,155	5,355	5,323	4,852	5,185
4 Credit unions	34,028	38,111	34,926	1,318	2,305	3,085	2,752	2,872	2,795	3,035
5 Retailers[1]	42,183	44,571	47,676	4,186	4,148	4,263	4,596	4,291	4,250	4,497
6 Savings and loans	4,978	3,724	5,901	518	582	454	539	695	444	658
7 Gasoline companies	14,617	16,017	18,005	1,847	1,902	1,941	1,965	2,009	2,024	2,061
8 Mutual savings banks	1,909	2,307	2,018	149	153	171	186	198	194	229
By major type of credit										
9 Automobile	75,641	87,981	93,901	5,550	6,068	7,400	7,518	7,544	7,117	7,234
10 Commercial banks	46,363	52,969	53,554	2,815	2,771	3,606	3,713	3,791	3,552	3,271
11 Indirect paper	25,149	29,342	29,623	1,490	1,329	1,866	2,035	2,135	1,962	1,857
12 Direct loans	21,214	23,627	23,931	1,325	1,442	1,740	1,678	1,656	1,590	1,414
13 Credit unions	16,616	18,539	17,397	707	1,197	1,570	1,455	1,457	1,402	1,538
14 Finance companies	12,662	16,473	22,950	2,028	2 100	2,224	2,350	2,296	2,163	2,425
15 Revolving	87,596	105,125	120,174	10,341	10,679	10,700	11,143	11,124	10,953	11,614
16 Commercial banks	38,256	51,333	61,048	4,771	5 059	4,989	5,067	5,264	5,155	5,554
17 Retailers	34,723	37,775	41,121	3 723	3,718	3,770	4,111	3,851	3,774	3,999
18 Gasoline companies	14,617	16,017	18,005	1,847	1 902	1,941	1,965	2,009	2,024	2,061
19 Mobile home	5,712	5,412	6,471	424	377	415	442	513	424	479
20 Commercial banks	3,466	3,697	4,542	281	226	263	250	257	243	254
21 Finance companies	644	886	797	54	52	56	84	89	93	89
22 Savings and loans	1,406	609	948	87	95	78	95	159	74	119
23 Credit unions	196	220	184	2	4	18	13	8	14	17
24 Other	88,651	99,150	104,231	6 034	6,873	7,661	7,961	8,184	7,497	7,822
25 Commercial banks	29,811	34,434	35,589	2 025	2,042	2,249	2,641	2,665	2 482	2,405
26 Finance companies	28,683	33,146	37,771	2,357	2,657	2,875	2,921	2,938	2,596	2,671
27 Credit unions	17,216	19,352	17,345	609	1,104	1,497	1,284	1,407	1,379	1,480
28 Retailers	7,460	6,796	6,555	463	430	493	485	440	476	498
29 Savings and loans	3,572	3,115	4,953	431	487	376	444	536	370	539
30 Mutual savings banks	1,909	2,307	2,018	149	153	171	186	198	194	229
					Liquidations					
31 ***Total***	**222,138**	**254,589**	**286,396**	**24,394**	**25,196**	**25,687**	**26,009**	**26,663**	**25,152**	**25,530**
By major holder										
32 Commercial banks	99,251	118,792	136,572	11,675	11,847	11,789	11,936	12,313	11,552	11,760
33 Finance companies	36,040	41,075	47,498	3,695	4,370	4,768	4,742	4,869	4,258	4,325
34 Credit unions	27,592	31,382	32,741	2,616	2,575	2,620	2,716	2,809	2,577	2,657
35 Retailers[1]	39,529	42,074	45,544	4,118	4,059	4,103	4,140	4,157	4,198	4,181
36 Savings and loans	3,669	3,717	4,574	422	427	449	446	449	458	468
37 *Gasoline companies*	14,485	15,760	17,496	1,723	1,770	1,805	1,875	1,911	1,952	1,978
38 Mutual savings banks	1,572	1,789	1,971	145	148	153	154	155	157	161
By major type of credit										
39 Automobile	60,437	69,245	79,186	6,576	6,785	7,045	7,434	7,343	6,872	6,932
40 Commercial banks	36,407	42,036	46,697	3,822	3,854	3,950	4,075	4,139	3,690	3,762
41 Indirect paper	19,842	22,871	25,135	2,091	2,113	2,152	2,317	2,305	2,006	2,038
42 Direct loans	16,565	19,165	21,562	1,731	1,741	1,798	1,758	1,834	1,684	1,724
43 Credit unions	13,755	15,438	16,353	1,343	1,305	1,355	1,445	1,439	1,301	1,364
44 Finance companies	10,275	11,771	16,136	1 411	1,626	1,740	1,914	1,765	1,881	1,806
45 Revolving	81,348	96,090	111,546	10,436	10,641	10,419	10,665	10 851	10,688	10,998
46 Commercial banks	34,241	45,366	55,527	5 109	5,318	5,013	5,148	5,283	5,034	5,343
47 Retailers	32,622	34,964	38,523	3,604	3,553	3,601	3,642	3,657	3,702	3,677
48 Gasoline companies	14,485	15,760	17,496	1 723	1,770	1,805	1,875	1 911	1,952	1,978
49 Mobile home	5,341	5,126	4,868	366	363	382	399	372	400	413
50 Commercial banks	3,079	3,278	3,440	255	249	271	272	278	276	288
51 Finance companies	831	812	559	42	54	42	54	47	49	41
52 Savings and loans	1,305	885	708	58	50	57	60	39	63	72
53 Credit unions	126	151	161	11	10	12	13	8	12	12
54 Other	75,012	84,128	90,796	7,016	7,407	7,841	7,511	8,097	7,192	7,187
55 Commercial banks	25,524	28,112	30,908	2,489	2,426	2,555	2,441	2,613	2,552	2,367
56 Finance companies	24,934	28,492	30,803	2,242	2,690	2,986	2,774	3,057	2,328	2,478
57 Credit unions	13,711	15,793	16,227	1,262	1,260	1,253	1,258	1,362	1,264	1,281
58 Retailers	6,907	7,110	7,021	514	506	502	498	500	496	504
59 Savings and loans	2,364	2,832	3,866	364	377	392	386	410	395	396
60 Mutual savings banks	1,572	1,789	1,971	145	148	153	154	155	157	161

1 Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies

1.58 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1974	1975	1976	1977	1978	1979	1977	1978		1979		1980
							H2	H1	H2	H1	H2	H1
	Nonfinancial sectors											
1 **Total funds raised**	**191.3**	**210.8**	**271.9**	**338.5**	**400.3**	**394.9**	**378.9**	**384.5**	**416.1**	**380.5**	**408.2**	**325.1**
2 Excluding equities	187.4	200.7	261.1	335.4	398.2	390.6	373.8	387.1	409.3	377.7	402.3	316.5
By sector and instrument												
3 U.S. government	11.8	85.4	69.0	56.8	53.7	37.4	67.4	61.4	46.0	28.6	46.1	62.8
4 Treasury securities	12.0	85.8	69.1	57.6	55.1	38.8	68.6	62.3	47.9	30.9	46.6	63.4
5 Agency issues and mortgages	-.2	-.4	-.1	-.9	-1.4	-1.4	-1.2	-.9	-1.9	-2.3	-.5	-.6
6 All other nonfinancial sectors	179.5	125.4	202.9	281.8	346.6	357.6	311.5	323.1	370.2	351.9	362.1	262.3
7 Corporate equities	3.8	10.1	10.8	3.1	2.1	4.3	5.1	-2.6	6.8	2.8	5.9	8.6
8 Debt instruments	175.6	115.3	192.0	278.6	344.5	353.2	306.4	325.7	363.4	349.1	356.2	253.7
9 Private domestic nonfinancial sectors	164.1	112.1	182.0	267.9	314.4	336.4	294.2	302.5	326.3	338.6	333.0	234.2
10 Corporate equities	4.1	9.9	10.5	2.7	2.6	3.5	4.9	-1.8	7.0	2.8	4.1	6.3
11 Debt instruments	160.0	102.1	171.5	265.1	311.8	333.0	289.3	304.3	319.2	335.8	328.9	227.8
12 Debt capital instruments	98.0	98.4	123.5	175.6	196.6	199.9	192.5	188.0	205.1	198.8	201.1	168.1
13 State and local obligations	16.5	16.1	15.7	23.7	28.3	18.9	25.0	27.8	28.7	16.0	21.8	17.8
14 Corporate bonds	19.7	27.2	22.8	21.0	20.1	21.2	25.4	20.6	19.6	22.4	19.9	33.3
Mortgages												
15 Home	34.8	39.5	63.7	96.4	104.5	109.1	103.1	99.8	109.2	109.8	108.5	72.3
16 Multifamily residential	6.9	*	1.8	7.4	10.2	8.9	8.4	9.3	11.2	8.1	9.7	7.2
17 Commercial	15.1	11.0	13.4	18.4	23.3	25.7	21.9	21.2	25.4	26.0	25.4	20.9
18 Farm	5.0	4.6	6.1	8.8	10.2	16.2	8.7	9.3	11.1	16.6	15.9	16.6
19 Other debt instruments	62.0	3.8	48.0	89.5	115.2	133.0	96.7	116.3	114.1	137.0	127.8	59.7
20 Consumer credit	9.9	9.7	25.6	40.6	50.6	44.2	44.5	50.1	51.0	48.3	39.0	-9.2
21 Bank loans n.e.c.	31.7	-12.3	4.0	27.0	37.3	50.6	26.7	43.1	31.4	48.2	52.9	17.8
22 Open market paper	6.6	-2.6	4.0	2.9	5.2	10.9	2.4	5.3	5.1	12.0	9.7	29.7
23 Other	13.7	9.0	14.4	19.0	22.2	27.3	23.2	17.8	26.5	28.4	26.2	21.3
24 By borrowing sector	164.1	112.1	182.0	267.9	314.4	336.4	294.2	302.5	326.3	338.6	333.0	234.2
25 State and local governments	15.5	13.7	15.2	20.4	23.6	15.5	25.0	21.0	26.1	13.0	18.0	16.0
26 Households	51.2	49.5	90.7	139.9	162.6	165.0	150.4	156.1	169.1	168.1	161.0	91.4
27 Farm	8.0	8.8	10.9	14.7	18.1	25.8	13.8	15.3	20.8	23.5	28.1	23.6
28 Nonfarm noncorporate	7.7	2.0	5.4	12.5	15.4	15.8	12.5	16.3	14.5	15.3	16.0	9.2
29 Corporate	81.7	38.1	59.8	80.3	94.7	114.3	92.4	93.7	95.8	118.7	109.8	94.1
30 Foreign	15.4	13.3	20.8	13.9	32.3	21.1	17.3	20.6	43.9	13.3	29.1	28.1
31 Corporate equities	-.2	.2	.3	.4	-.5	.9	.2	-.8	-.2	*	1.7	2.2
32 Debt instruments	15.7	13.2	20.5	13.5	32.8	20.3	17.1	21.4	44.1	13.3	27.3	25.9
33 Bonds	2.1	6.2	8.6	5.1	4.0	3.9	5.7	5.0	3.0	3.0	4.7	2.0
34 Bank loans n.e.c.	4.7	3.9	6.8	3.1	18.3	2.3	6.5	9.3	27.3	1.0	3.5	2.7
35 Open market paper	7.3	.3	1.9	2.4	6.6	11.2	2.2	3.6	9.6	6.1	16.3	15.7
36 U.S. government loans	1.6	2.8	3.3	3.0	3.9	3.0	2.9	3.6	4.2	3.1	2.8	5.5
	Financial sectors											
37 **Total funds raised**	**39.2**	**12.7**	**24.1**	**54.0**	**81.4**	**87.4**	**60.3**	**80.7**	**82.1**	**87.0**	**87.8**	**59.2**
By instrument												
38 U.S. government related	23.1	13.5	18.6	26.3	41.4	52.4	29.9	38.5	44.3	45.8	59.0	45.8
39 Sponsored credit agency securities	16.6	2.3	3.3	7.0	23.1	24.3	6.8	21.9	24.3	21.5	27.0	25.1
40 Mortgage pool securities	5.8	10.3	15.7	20.5	18.3	28.1	23.1	16.6	20.1	24.2	32.0	20.7
41 Loans from U.S. government	.7	.9	-.4	-1.2	0	0	0	0	0	0	0	0
42 Private financial sectors	16.2	-.8	5.5	27.7	40.0	35.0	30.4	42.2	37.8	41.2	28.8	13.3
43 Corporate equities	.3	.6	1.0	.9	1.7	1.2	.8	2.2	1.1	2.8	-.4	8.5
44 Debt instruments	15.9	-1.4	4.4	26.9	38.3	33.8	29.6	40.0	36.7	38.4	29.2	4.8
45 Corporate bonds	2.1	2.9	5.8	10.1	7.5	7.8	10.1	8.5	6.4	8.7	7.0	10.7
46 Mortgages	-1.3	2.3	2.1	3.1	.9	-1.2	3.0	2.1	-.3	-.5	-1.9	-6.7
47 Bank loans n.e.c.	4.6	-3.7	-3.7	-.3	2.8	-.4	1.2	2.5	3.1	-.7	-.2	.3
48 Open market paper and repurchase agreements	3.8	1.1	2.2	9.6	14.6	18.4	9.5	13.5	15.7	23.0	13.8	-3.5
49 Loans from Federal Home Loan Banks	6.7	-4.0	-2.0	4.3	12.5	9.2	5.8	13.2	11.8	7.8	10.5	4.1
By sector												
50 Sponsored credit agencies	17.3	3.2	2.6	5.8	23.1	24.3	6.8	21.9	24.3	21.5	27.0	25.1
51 Mortgage pools	5.8	10.3	15.7	20.5	18.3	28.1	23.1	16.6	20.1	24.2	32.0	20.7
52 Private financial sectors	16.2	-.8	5.5	27.7	40.0	35.0	30.4	42.2	37.8	41.2	28.8	13.3
53 Commercial banks	1.2	1.2	2.3	1.1	1.3	1.6	1.5	1.5	1.1	1.3	1.8	2.3
54 Bank affiliates	3.5	.3	-.8	1.3	6.7	4.5	1.2	5.8	7.6	6.2	2.9	4.5
55 Savings and loan associations	4.8	-2.3	.1	9.9	14.3	11.4	11.5	16.4	12.2	9.9	12.9	-4.6
56 Other insurance companies	.9	1.0	.9	.9	1.1	1.0	1.0	1.0	1.1	1.0	.9	.8
57 Finance companies	6.0	.5	6.4	17.6	18.6	18.9	18.5	18.9	18.2	23.5	14.3	5.5
58 REITs	.6	-1.4	-2.4	-2.2	-1.0	-.4	-2.0	-1.0	-1.0	-.6	-.1	-.9
59 Open-end investment companies	.7	-.1	-1.0	-.9	-1.0	-2.1	1.3	-.5	-1.5	-.3	-3.9	5.7
	All sectors											
60 **Total funds raised, by instrument**	**230.5**	**223.5**	**296.0**	**392.5**	**481.7**	**482.3**	**439.2**	**465.2**	**498.3**	**467.4**	**496.0**	**384.2**
61 Investment company shares	-.7	-.1	-1.0	-.9	-1.0	-2.1	-1.3	-.5	-1.5	-.3	-3.9	5.7
62 Other corporate equities	4.8	10.8	12.9	4.9	4.7	7.6	7.2	.1	9.4	5.8	9.3	11.4
63 Debt instruments	226.4	212.8	284.1	388.5	478.0	476.8	433.3	465.5	490.4	461.9	490.5	367.2
64 U.S. government securities	34.3	98.2	88.1	84.3	95.2	89.9	97.4	100.0	90.4	74.5	105.2	108.8
65 State and local obligations	16.5	16.1	15.7	23.7	28.3	18.9	25.0	27.8	28.7	16.0	21.8	17.8
66 Corporate and foreign bonds	23.9	36.4	37.2	36.1	31.6	32.9	41.1	34.2	29.1	34.1	31.5	45.9
67 Mortgages	60.5	57.2	87.1	134.0	149.0	158.6	145.1	141.6	156.4	159.8	157.4	110.2
68 Consumer credit	9.9	9.7	25.6	40.6	50.6	44.2	44.5	50.1	51.0	48.3	39.0	-9.2
69 Bank loans n.e.c.	41.0	-12.2	7.0	29.8	58.4	52.5	34.4	54.9	61.8	48.6	56.2	20.9
70 Open market paper and RPs	17.7	-1.2	8.1	15.0	26.4	40.5	14.0	22.4	30.4	41.1	39.8	41.9
71 Other loans	22.7	8.7	15.3	25.2	38.6	39.5	31.8	34.6	42.5	39.4	39.5	30.8

1.59 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted, quarterly data are at seasonally adjusted annual rates

Transaction category, or sector	1974	1975	1976	1977	1978	1979	1977	1978		1979		1980
							H2	H1	H2	H1	H2	H1
1 **Total funds advanced in credit markets to nonfinancial sectors**	**187.4**	**200.7**	**261.1**	**355.4**	**398.2**	**390.6**	**373.8**	**387.1**	**409.3**	**377.7**	**402.3**	**316.5**
By public agencies and foreign												
2 Total net advances	53.7	44.6	54.3	85.1	109.7	80.1	104.2	102.8	116.6	47.6	112.5	104.7
3 U.S. government securities	11.9	22.5	26.8	40.2	43.9	2.0	53.3	43.7	44.0	-22.1	26.2	24.8
4 Residential mortgages	14.7	16.2	12.8	20.4	26.5	36.1	22.0	22.2	30.7	32.6	39.6	33.5
5 FHLB advances to savings and loans	6.7	-4.0	2.0	4.3	12.5	9.2	5.8	13.2	11.8	7.8	10.5	4.1
6 Other loans and securities	20.5	9.8	16.6	20.2	26.9	32.8	23.1	23.7	30.1	29.2	36.3	42.3
Total advanced, by sector												
7 U.S. government	9.8	15.1	8.9	11.8	20.4	22.5	17.8	19.4	21.4	23.8	21.3	32.2
8 Sponsored credit agencies	26.5	14.8	20.3	26.8	44.6	57.5	32.0	39.4	49.8	49.9	65.2	44.0
9 Monetary authorities	6.2	8.5	9.8	7.1	7.0	7.7	4.0	13.4	.5	.9	14.5	14.3
10 Foreign	11.2	6.1	15.2	39.4	37.7	7.7	50.4	30.6	44.9	-27.0	11.7	14.2
11 Agency borrowing not included in line 1	23.1	13.5	18.6	26.3	41.4	52.4	29.9	38.5	44.3	45.8	59.0	45.8
Private domestic funds advanced												
12 Total net advances	156.8	169.7	225.4	276.5	330.0	362.9	299.6	322.8	337.1	375.9	348.8	257.7
13 U.S. government securities	22.4	75.7	61.3	44.1	51.3	87.9	44.1	56.3	46.4	96.6	79.1	83.9
14 State and local obligations	16.5	16.1	15.7	23.7	28.3	18.9	25.0	27.8	28.7	16.0	21.8	17.8
15 Corporate and foreign bonds	20.9	32.8	30.5	22.5	22.5	25.6	27.0	24.1	20.9	26.9	24.3	31.5
16 Residential mortgages	26.9	23.2	52.7	83.3	88.2	81.8	89.4	86.7	89.6	85.1	78.5	45.9
17 Other mortgages and loans	76.8	17.9	63.3	107.3	152.2	157.9	119.7	141.1	163.3	159.1	155.6	82.6
18 LESS: Federal Home Loan Bank advances	6.7	-4.0	2.0	4.3	12.5	9.2	5.8	13.2	11.8	7.8	10.5	4.1
Private financial intermediation												
19 Credit market funds advanced by private financial institutions	125.5	122.5	190.3	255.9	296.9	291.4	265.0	301.7	292.0	308.2	274.5	231.3
20 Commercial banking	66.6	29.4	59.6	87.6	128.7	121.1	90.7	132.5	125.0	124.6	117.6	57.3
21 Savings institutions	24.2	53.5	70.8	82.0	75.9	56.3	82.6	75.8	75.9	57.7	54.9	28.8
22 Insurance and pension funds	29.8	40.6	49.9	67.9	73.5	70.4	70.6	76.9	70.2	75.4	65.5	84.6
23 Other finance	4.8	-1.0	10.0	18.4	18.7	43.6	21.2	16.6	20.8	50.6	36.6	60.7
24 Sources of funds	125.5	122.5	190.3	255.9	296.9	291.4	265.0	301.7	292.0	308.2	274.5	231.3
25 Private domestic deposits	67.5	92.0	124.6	141.2	142.5	136.7	143.8	138.3	146.7	121.7	151.6	149.7
26 Credit market borrowing	15.9	-1.4	4.4	26.9	38.3	33.8	29.6	40.0	36.7	38.4	29.2	4.8
27 Other sources	42.1	32.0	61.3	87.8	116.0	120.9	91.7	123.5	108.6	148.1	93.7	76.8
28 Foreign funds	10.3	-8.7	-4.6	1.2	6.3	26.3	.8	5.7	6.9	49.4	3.2	-16.5
29 Treasury balances	-5.1	1.7	-.1	4.3	6.8	.4	8.5	1.9	11.6	5.1	-4.3	-2.0
30 Insurance and pension reserves	26.2	29.7	34.5	49.4	62.7	49.0	53.4	66.2	59.2	53.9	44.0	59.8
31 Other, net	10.6	12.7	31.4	32.9	40.3	45.2	29.0	49.6	31.0	39.6	50.8	35.4
Private domestic nonfinancial investors												
32 Direct lending in credit markets	47.2	45.8	39.5	47.5	71.4	105.4	64.1	61.1	81.7	106.1	103.5	31.2
33 U.S. government securities	18.9	24.1	16.1	23.0	33.2	57.8	34.2	32.1	34.4	64.1	51.5	14.6
34 State and local obligations	9.3	8.4	3.8	2.6	4.5	-2.5	5.7	7.0	2.0	-2.3	-2.7	-3.4
35 Corporate and foreign bonds	5.1	8.4	5.8	-3.3	-1.4	12.2	-6.5	-3.7	1.0	7.1	17.2	5.3
36 Commercial paper	5.8	-1.3	1.9	9.5	16.3	10.7	10.8	8.2	24.4	12.5	9.0	-8.0
37 Other	8.0	6.2	11.8	15.7	18.7	27.1	19.9	17.5	20.0	24.7	28.5	22.6
38 Deposits and currency	73.8	98.1	131.9	149.5	151.8	144.7	154.5	148.7	154.8	131.1	158.1	158.7
39 Security RPs	-2.2	.2	2.3	2.2	7.5	6.6	.2	9.8	5.1	18.5	-5.3	5.3
40 Money market fund shares	2.4	1.3	*	.2	6.9	34.4	.9	6.1	7.7	30.2	38.6	61.9
41 Time and savings accounts	65.4	84.0	113.5	121.0	115.2	84.7	126.7	110.7	119.8	71.4	97.9	91.6
42 Large at commercial banks	32.4	-15.8	-13.2	23.0	45.9	.4	49.6	33.9	57.9	-25.3	26.0	-11.0
43 Other at commercial banks	11.3	40.3	57.6	29.0	8.2	39.3	11.4	18.4	-1.9	41.3	37.3	60.8
44 At savings institutions	21.8	59.4	69.1	69.0	61.1	45.1	65.7	58.5	63.8	55.4	34.7	41.8
45 Money	8.2	12.6	16.1	26.1	22.2	18.9	26.8	22.1	22.3	10.9	26.8	-.1
46 Demand deposits	1.9	6.4	8.8	17.8	12.9	11.0	16.1	11.6	14.2	1.6	20.3	-9.2
47 Currency	6.3	6.2	7.3	8.3	9.3	7.9	10.8	10.5	8.1	9.3	6.5	9.0
48 **Total of credit market instruments, deposits and currency**	**121.0**	**143.9**	**171.4**	**197.0**	**223.2**	**250.0**	**218.6**	**209.8**	**236.6**	**237.1**	**261.6**	**189.9**
49 Public support rate (in percent)	28.7	22.2	20.8	25.4	27.5	20.5	27.9	26.5	28.5	12.6	28.0	33.1
50 Private financial intermediation (in percent)	80.0	72.2	84.4	92.5	90.0	80.3	88.5	93.5	86.6	82.0	78.7	89.8
51 Total foreign funds	21.5	-2.6	10.6	40.5	44.0	18.6	51.2	36.3	51.8	22.4	14.9	-2.2
MEMO: Corporate equities not included above												
52 **Total net issues**	**4.1**	**10.7**	**11.9**	**4.0**	**3.7**	**5.5**	**5.9**	**-.4**	**7.9**	**5.5**	**5.4**	**17.0**
53 Mutual fund shares	.7	-.1	-1.0	-.9	-1.0	-2.1	-1.3	-.5	-1.5	-.3	-3.9	5.7
54 Other equities	4.8	10.8	12.9	4.9	4.7	7.6	7.2	.1	9.4	5.8	9.3	11.4
55 Acquisitions by financial institutions	5.8	9.6	12.3	7.4	7.6	15.7	8.1	.4	14.7	12.5	18.9	16.7
56 Other net purchases	-1.7	1.1	-.4	-3.4	-3.8	-10.2	-2.2	-.8	-6.8	-7.0	-13.5	.3

NOTES BY LINE NUMBER
1. Line 2 of p. A42.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities. Included below in lines 3, 13, 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, 40, 41, and 46.
17. Includes farm and commercial mortgages.
25. Sum of lines 39, 40, 41, and 46.
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.
47. Mainly an offset to line 9.
48. Lines 32 plus 38, or line 12 less line 27 plus 45.
49. Line 2/line 1.
50. Line 19/line 12.
51. Sum of lines 10 and 28.
52, 54. 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	1978	1979	1980	1980 May	June	July	Aug	Sept	Oct	Nov	Dec p	1981 Jan e
1 **Industrial production**[1]	**146.1**	**152.5**	**147.1**	**144.0**	**141.5**	**140.4**	**141.8**	**141.1**	**146.9r**	**149.4r**	**150.9**	**151.8**
Market groupings												
2 Products, total	144.8	150.0	146.7	143.7	142.5	142.8	143.8	145.3	147.2r	148.7	149.8	150.5
3 Final, total	135.9	147.2	145.3	142.3	142.4	142.8	143.9	143.9	145.8r	147.4r	148.1	148.6
4 Consumer goods	149.1	150.8	145.5	142.4	142.1	142.0	142.7	144.3	146.6	147.9r	147.9	147.8
5 Equipment	132.8	142.2	145.1	144.0	142.6	142.9	142.9	143.2	144.8r	146.8r	148.3	149.7
6 Intermediate	154.1	160.5	151.9	146.2	143.5	144.4	147.6	150.6	152.4	153.6r	156.2	157.5
7 Materials	148.3	156.4	147.7	144.3	140.0	136.5	138.6	142.4	146.4	150.4r	152.7	153.8
Industry groupings												
8 Manufacturing	146.8	153.6	146.6	143.4	140.3	139.1	140.6	143.4	146.4	149.1r	150.4	151.1
Capacity utilization (percent)[1,2]												
9 Manufacturing	84.4	85.7	79.0	77.6	75.7	74.9	75.5	76.7	78.2r	79.4r	79.8	80.0
10 Industrial materials industries	85.6	87.4	79.8	78.3	75.7	73.7	74.6	76.4	78.4	80.3r	81.3	81.7
11 Construction contracts (1972 = 100)[3]	174.1r	185.6r	161.8	125.0	145.0	148.0	192.0	163.0	167.0	210.0	193.0	n.a.
12 Nonagricultural employment, total[4]	131.8r	136.6r	137.8	137.5	136.8	136.6	137.0	137.4	137.9	138.2	139.2	139.0
13 Goods-producing, total	109.8	113.7r	110.9	110.5	109.1	108.0	108.6	109.3	110.0	110.7	111.1	111.8
14 Manufacturing, total	105.4r	108.3r	104.7	104.3	102.9	102.0	102.5	103.1	103.7	104.3	104.6	104.7
15 Manufacturing, production-worker	103.0r	105.4r	n.a.	99.1	97.4	96.2	97.0	97.7	100.7	99.1	99.3	99.6
16 Service-producing	143.8r	149.2r	152.5	152.3	152.1	152.3	152.6	152.7	153.1	153.3r	153.5	154.0
17 Personal income, total	273.3r	308.5r	342.9	335.6r	337.6r	343.0r	345.9r	350.1r	354.8r	358.8	362.1	n.a.
18 Wages and salary disbursements	258.8r	289.5r	314.7	309.2r	309.9r	310.6r	314.4r	317.8r	323.6r	327.9	330.9	n.a.
19 Manufacturing	223.1r	248.6r	261.5	255.5r	254.2r	254.3r	258.5r	262.9r	267.6r	273.1	277	n.a.
20 Disposable personal income[5]	268.7	301.5	334.5	327.7		.	338.0		.	348.8	. . .	.
21 Retail sales[6]	253.8	281.6	299.3	285.0	290.4	299.1	301.0	306.0	308.0	313.1	308.9	321.0
Prices[7]												
22 Consumer	195.4	217.4	n.a.	244.9	247.6	247.8	249.4	251.7	253.9	256.2	258.4	n.a.
23 Producer finished goods	194.6	216.1	n.a.	241.6	243.0	246.6	249.0	248.9	252.2	235.2	254.7	n.a.

1 The industrial production and capacity utilization series have been revised back to January 1979

2 Ratios of indexes of production to indexes of capacity Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce

3 Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F W Dodge Division

4 Based on data in *Employment and Earnings* (U S Department of Labor) Series covers employees only, excluding personnel in the Armed Forces

5 Based on data in *Survey of Current Business* (U S Department of Commerce) Series for disposable income is quarterly

6 Based on Bureau of Census data published in *Survey of Current Business*

7 Data without seasonal adjustment, as published in *Monthly Labor Review* Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U S Department of Labor

NOTE Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business*

Figures for industrial production for the last two months are preliminary and estimated, respectively

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1980 Q1	Q2	Q3	Q4r	1980 Q1	Q2	Q3	Q4	1980 Q1	Q2	Q3	Q4r
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Manufacturing**	**152.8**	**143.9**	**141.0**	**148.6**	**183.3**	**184.8**	**186.3**	**187.8**	**83.4**	**77.9**	**75.7**	**79.1**
2 Primary processing	160.5	145.0	139.6	153.1	188.5	190.0	191.5	193.0	85.1	76.3	72.9	79.3
3 Advanced processing	148.8	143.3	141.8	146.4	180.5	182.0	183.5	185.0	82.5	78.7	77.3	79.1
4 **Materials**	**156.3**	**145.1**	**139.2**	**149.8**	**182.8**	**184.3**	**185.8**	**187.2**	**85.5**	**78.7**	**74.9**	**80.0**
5 Durable goods	155.0	140.6	131.5	145.1	187.2	188.6	190.0	191.5	82.8	74.6	69.2	75.8
6 Metal materials	117.1	100.6	86.6	109.9	140.7	140.8	140.9	141.0	83.2	71.4	61.5	77.9
7 Nondurable goods	179.3	166.0	161.9	175.1	199.8	202.0	204.3	206.5	89.7	82.2	79.2	84.8
8 Textile, paper, and chemical	187.5	171.9	165.6	182.4	208.3	211.0	213.7	216.2	90.0	81.5	77.5	84.4
9 Textile	120.6	116.4	113.4	113.9	138.8	139.2	139.6	140.0	86.9	83.7	81.2	81.3
10 Paper	146.1	142.1	142.9	149.3	154.7	156.0	157.4	158.8	94.5	91.0	90.7	94.0
11 Chemical	233.6	208.3	197.9	226.1	260.4	264.6	268.7	272.9	89.7	78.7	73.6	82.9
12 Energy materials	130.8	130.0	129.6	129.9	151.1	151.8	152.6	153.1	86.6	85.6	85.0	84.8

2.11 Continued

Series	Previous cycle[1]		Latest cycle[2]		1980	1980						1981
	High	Low	High	Low	Jan	July	Aug	Sept	Oct	Nov r	Dec r	Jan
	Capacity utilization rate (percent)											
13 Manufacturing	88.0	69.0	87.2	74.9	83.9	74.9	75.5	76.7	78.2r	79.4	79.8	80.0
14 Primary processing	93.8	68.2	90.1	70.9	86.4	70.9	72.5	75.2	77.6	79.7	80.7	80.9
15 Advanced processing	85.5	69.4	86.2	77.1	82.7	77.1	77.1	77.7	78.5	79.2	79.5	79.7
16 Materials	92.6	69.4	88.8	73.7	86.1	73.7	74.6	76.4	78.4	80.3	81.3	81.7
17 Durable goods	91.5	63.6	88.4	68.0	83.6	68.0	69.1	70.4	73.5r	76.5	77.4	77.9
18 Metal materials	98.3	68.6	96.0	58.4	84.1	58.4	62.2	63.9	71.5	81.2	81.2	80.1
19 Nondurable goods	94.5	67.2	90.9	76.8	90.9	76.8	78.2	82.7	84.4	84.4	85.6	85.7
20 Textile, paper, and chemical	95.1	65.3	91.4	74.5	91.2	74.5	76.4	81.6	83.8	83.9	85.5	85.5
21 Textile	92.6	57.9	90.1	79.5	86.6	82.0	79.5	82.0	82.1r	81.4	80.4	80.6
22 Paper	99.4	72.4	97.6	88.1	96.0	88.1	90.2	93.9	93.0r	93.8	95.1	91.8
23 Chemical	95.5	64.2	91.2	69.6	91.2	69.6	72.5	78.7	82.1	82.1	84.4	85.1
24 Energy materials	94.6	84.8	88.3r	83.1r	86.2	85.6	85.2	84.1	83.1r	85.2	86.0	86.5

1 Monthly high 1973, monthly low 1975

2 Preliminary, monthly highs December 1978 through January 1980, monthly lows July 1980 through October 1980

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons, monthly data are seasonally adjusted Exceptions noted

Category	1978	1979	1980	1980						1981
				July	Aug	Sept	Oct	Nov r	Dec r	Jan
HOUSEHOLD SURVEY DATA										
1 **Noninstitutional population[1]**	**161,058**	**163,620**	**166,246**	**166,391**	**166,578**	**166,789**	**167,005**	**167,201**	**167,396**	**167,585**
2 Labor force (including Armed Forces)[1]	102,537	104,996	106,821	107,119r	107,059r	107,101r	107,288r	107,404	107,191	107,668
3 Civilian labor force	100,420	102,908	104,719	105,020r	104,945r	104,980r	105,167r	105,285	105,067	105,543
Employment										
4 Nonagricultural industries[2]	91,031	93,648	93,960	93,732r	93,793r	93,781r	93,887r	93,999	93,888	94,294
5 Agriculture	3,342	3,297	3,310	3,267r	3,210r	3,399r	3,319r	3,340	3,394	3,403
Unemployment										
6 Number	6,047	5,963	7,448	8,021r	7,942r	7,800r	7,961r	7,946	7,785	7,847
7 Rate (percent of civilian labor force)	6.0	5.8	7.1	7.6r	7.6	7.4r	7.6	7.5	7.4	7.4
8 Not in labor force	58,521	58,623	59,425	59,273r	59,519r	59,687r	59,717r	59,797	60,205	59,917
ESTABLISHMENT SURVEY DATA										
9 **Nonagricultural payroll employment[3]**	**86,697r**	**89,886r**	**90,652**	**89,867**	**90,142**	**90,384**	**90,710**	**90,961**	**91,116**	**91,490**
10 Manufacturing	20,505r	21,062r	20,365	19,828	19,940	20,044	20,157	20,282	20,328	20,357
11 Mining	851	960r	1,025	1,013	1,013	1,028	1,037	1,054	1,069	1,082
12 Contract construction	4,229r	4,483r	4,468	4,322	4,359	4,404	4,442	4,475	4,507	4,612
13 Transportation and public utilities	4,923r	5,141r	5,155	5,114	5,129	5,124	5,147	5,132	5,130	5,149
14 Trade	19,542r	20,269r	20,571	20,506	20,589	20,620	20,641	20,660	20,638	20,757
15 Finance	4,724r	4,974r	5,162	5,167	5,180	5,194	5,214	5,225	5,243	5,265
16 Service	16,252r	17,078r	17,736	17,760	17,788	17,861	17,913	17,969	18,052	18,123
17 Government	15,672r	15,920r	16,171	16,157	16,144	16,109	16,159	16,164	16,149	16,145

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 Department 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 March 1979 benchmark and only seasonally adjusted data are available at this time Based on data from *Employment and Earnings* (U.S. Department of Labor)

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data are seasonally adjusted

Grouping	1967 proportion	1980 Average	1980 Jan	1980 Mar	1980 Apr	1980 May	1980 June	1980 July	1980 Aug	1980 Sept.	1980 Oct	1980 Nov.	1980 Dec.p	1981 Jan e
			Index (1967 = 100)											
MAJOR MARKET														
1 **Total index**	**100.00**	**147.1**	**152.7**	**152.1**	**148.3**	**144.0**	**141.5**	**140.4**	**141.8**	**144.1**	**146.9**	**149.4**	**150.9**	**151.8**
2 Products	60.71	146.7	149.9	150.0	146.6	143.7	142.5	142.8	143.8	145.3	147.2	148.7	149.8	150.5
3 Final products	47.82	145.3	147.0	147.7	145.4	143.1	142.3	142.4	142.8	143.9	145.8	147.4	148.1	148.6
4 Consumer goods	27.68	145.5	147.9	148.6	145.3	142.4	142.1	142.0	142.7	144.3	146.6	147.9	147.9	147.8
5 Equipment	20.14	145.1	145.8	146.6	145.6	144.0	142.6	142.9	142.9	143.2	144.8	146.8	148.3	149.7
6 Intermediate products	12.89	151.9	160.8	158.3	150.8	146.2	143.5	144.5	147.6	150.6	152.4	153.6	156.2	157.5
7 Materials	39.29	147.7	157.0	155.3	151.0	144.3	140.0	136.5	138.6	142.4	146.4	150.4	152.7	153.8
Consumer goods														
8 Durable consumer goods	7.89	136.5	142.3	144.1	136.3	128.8	128.2	128.3	128.6	132.7	139.6	142.9	141.1	137.5
9 Automotive products	2.83	132.6	131.3	141.0	126.3	118.5	121.6	129.2	121.5	130.6	141.8	145.3	138.7	127.2
10 Autos and utility vehicles	2.03	109.9	108.7	122.0	102.3	92.6	97.1	106.4	94.1	105.5	120.2	124.3	115.8	99.3
11 Autos	1.90	103.4	98.0	114.9	97.1	88.4	95.7	105.2	91.3	98.0	110.7	114.3	105.3	90.0
12 Auto parts and allied goods	.80	190.3	188.5	189.1	187.2	184.0	183.7	186.9	191.1	194.2	196.8	198.6	196.8	197.9
13 Home goods	5.06	138.7	148.5	145.8	142.0	134.6	132.0	127.7	132.6	134.0	138.3	141.5	142.5	143.3
14 Appliances, A/C, and TV	1.40	117.3	128.9	122.1	114.8	102.8	105.6	102.3	114.2	116.3	123.5	128.4	128.9	127.8
15 Appliances and TV	1.33	119.6	130.0	125.0	117.5	106.0	108.5	103.4	114.2	117.6	125.6	131.0	131.4	...
16 Carpeting and furniture	1.07	154.9	170.9	169.1	165.8	154.2	146.7	136.1	141.1	146.1	150.2	154.9	155.2	...
17 Miscellaneous home goods	2.59	143.6	149.8	149.0	146.8	143.8	140.2	138.1	139.1	138.6	141.5	143.0	144.6	146.1
18 Nondurable consumer goods	19.79	149.2	150.1	150.3	148.8	147.7	147.6	147.4	148.3	148.9	149.4	149.9	150.6	151.9
19 Clothing	4.29	126.8	130.2	131.8	128.7	127.9	126.7	122.5	123.6	122.1	125.1	127.0	...	...
20 Consumer staples	15.50	155.3	155.6	155.5	154.5	153.2	153.4	154.3	155.1	156.3	156.1	156.3	157.9	159.1
21 Consumer foods and tobacco	8.33	146.9	146.9	147.3	146.2	146.1	146.2	146.4	146.0	147.0	147.7	147.4	148.4	...
22 Nonfood staples	7.17	165.1	165.8	165.0	164.0	161.5	161.7	163.6	165.7	167.1	165.9	166.5	168.8	170.5
23 Consumer chemical products	2.63	208.8	210.5	208.9	206.9	203.0	202.6	204.3	209.3	213.0	210.2	210.0	212.8	...
24 Consumer paper products	1.92	122.9	124.1	121.6	120.4	120.2	120.6	121.5	122.0	122.3	124.8	127.3	127.5	
25 Consumer energy products	2.62	152.3	151.5	152.7	152.8	150.1	150.9	153.5	153.9	154.0	151.5	151.7	155.1	...
26 Residential utilities	1.45	171.7	161.9	169.6	172.5	169.8	170.1	176.5	178.6	178.3	175.0	171.8	...	...
Equipment														
27 Business	12.63	173.2	174.9	176.1	174.2	171.9	169.8	170.1	170.3	170.5	172.3	174.6	176.4	178.2
28 Industrial	6.77	156.9	157.2	159.3	159.3	157.8	155.2	154.8	154.5	154.2	154.4	157.2	159.0	161.8
29 Building and mining	1.44	241.0	222.1	235.6	239.5	242.2	241.0	244.4	243.6	243.4	244.3	250.1	252.6	261.1
30 Manufacturing	3.85	128.2	132.6	133.1	131.9	129.5	126.1	126.0	124.4	123.9	123.9	126.0	128.1	129.5
31 Power	1.47	149.3	157.9	153.2	152.3	149.1	147.1	142.0	145.9	146.1	146.1	147.8	147.9	148.9
32 Commercial transit, farm	5.86	192.0	195.2	195.5	191.5	188.2	186.7	187.8	188.4	189.4	192.8	194.7	196.5	197.1
33 Commercial	3.26	237.3	238.2	240.4	235.6	232.0	228.8	229.0	233.6	237.2	242.0	244.0	246.2	248.6
34 Transit	1.93	139.4	142.8	142.5	143.0	136.3	138.0	140.9	138.4	133.8	135.0	136.6	137.7	134.6
35 Farm	.67	123.3	137.1	129.7	116.4	124.6	121.6	122.5	112.7	116.8	120.2	121.9	124.3	
36 Defense and space	7.51	97.8	97.0	97.1	97.6	97.2	96.8	97.2	96.9	97.4	98.5	100.0	101.0	101.9
Intermediate products														
37 Construction supplies	6.42	140.8	156.4	152.3	139.4	133.0	128.5	128.6	133.1	137.4	140.5	142.8	145.9	147.7
38 Business supplies	6.47	162.8	165.1	164.3	162.0	159.4	158.4	160.4	161.9	163.6	164.3	164.3	166.5	...
39 Commercial energy products	1.14	173.4	172.4	174.1	174.8	172.0	168.7	172.1	173.7	175.2	174.6	174.6	176.0	...
Materials														
40 Durable goods materials	20.35	143.1	156.0	154.2	148.2	139.8	133.8	129.0	131.3	134.2	140.4	146.4	148.6	149.9
41 Durable consumer parts	4.58	109.1	120.8	120.3	110.6	100.1	96.0	93.9	98.1	104.2	110.8	115.5	117.2	116.0
42 Equipment parts	5.44	187.3	199.8	199.2	195.8	190.8	182.5	177.6	176.3	176.0	178.5	184.0	185.9	189.5
43 Durable materials n.e.c.	10.34	135.0	148.5	145.5	139.8	130.5	125.0	118.9	122.4	125.4	133.4	140.4	142.8	144.0
44 Basic metal materials	5.57	104.6	118.8	116.6	109.3	100.0	95.9	84.7	89.4	91.7	102.0	114.0	115.2	
45 Nondurable goods materials	10.47	170.6	181.0	177.0	173.2	165.2	159.6	156.2	159.8	169.7	173.7	174.3	177.3	178.2
46 Textile, paper, and chemical materials	7.62	176.9	189.3	185.2	180.7	171.5	163.4	158.5	163.2	175.1	180.5	181.3	185.5	186.1
47 Textile materials	1.85	116.2	120.1	120.7	117.7	117.6	114.0	114.4	111.0	114.7	114.9	114.0	112.7	...
48 Paper materials	1.62	145.2	148.2	144.2	141.2	141.7	143.4	138.4	142.0	148.2	147.3	149.0	151.5	
49 Chemical materials	4.15	216.5	236.3	230.1	224.3	207.3	193.3	186.1	194.9	212.6	222.9	224.0	231.4	...
50 Containers, nondurable	1.70	165.0	172.7	167.1	166.8	155.8	157.7	159.0	158.8	167.2	168.6	166.9	168.2	...
51 Nondurable materials n.e.c.	1.14	136.8	137.5	137.4	133.0	136.4	136.8	136.6	137.9	137.2	135.7	138.2	136.0	...
52 Energy materials	8.48	130.2	130.0	130.9	130.1	129.6	130.4	130.4	130.0	128.4	127.2	130.4	132.0	133.1
53 Primary energy	4.65	115.1	114.4	115.6	116.4	116.2	117.3	115.6	114.0	114.3	113.7	114.0	115.0	...
54 Converted fuel materials	3.82	148.5	149.0	149.6	146.9	145.8	146.4	148.4	149.4	145.4	143.6	150.5	152.8	...
Supplementary groups														
55 Home goods and clothing	9.35	133.2	140.1	139.4	135.9	131.5	129.5	125.3	128.5	128.5	132.2	134.8	134.2	135.4
56 Energy, total	12.23	138.9	138.6	139.6	139.1	137.9	138.4	139.2	139.2	138.2	136.8	139.1	141.1	142.4
57 Products	3.76	158.7	157.8	159.1	159.5	156.7	156.3	159.1	159.9	160.5	158.5	158.6	161.4	
58 Materials	8.48	130.2	130.0	130.9	130.1	129.6	130.4	130.4	130.0	128.4	127.2	130.4	132.0	133.1

For notes see opposite page

2.13 Continued

Grouping	SIC code	1967 proportion	1980 Avg	1980 Jan	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec p	1981 Jan e
				Index (1967 = 100)											
MAJOR INDUSTRY															
1 Mining and utilities		12.05	150.5	148.2	151.4	150.1	149.6	150.1	150.1	150.5	150.5	150.2	152.3	154.7	156.4
2 Mining		6.36	132.7	133.5	133.0	133.1	133.4	132.9	130.6	129.6	130.5	132.1	135.4	137.7	139.4
3 Utilities		5.69	170.3	164.8	172.0	169.1	167.7	169.3	171.8	173.8	172.7	170.4	171.3	173.6	175.3
4 Electric	...	3.88	190.2	183.4	192.4	187.9	186.0	188.7	192.4	195.4	193.9	190.3	191.4		
5 Manufacturing		87.95	146.6	153.4	152.1	147.9	143.4	140.3	139.2	140.6	143.4	146.4	149.1	150.4	151.1
6 Nondurable	. .	35.97	161.1	166.0	164.7	161.6	158.0	155.3	154.7	156.9	160.3	161.8	163.3	164.9	165.7
7 Durable		51.98	136.6	144.7	143.4	138.4	133.3	129.9	128.3	129.4	131.7	135.8	139.3	140.4	141.1
Mining															
8 Metal	10	.51	108.6	137.6	132.7	123.5	120.8	120.0	83.1	71.2	73.1	90.8	107.2	115.0	
9 Coal	11.12	.69	146.7	141.0	137.2	143.4	145.0	150.0	149.8	154.9	148.9	145.7	151.6	158.3	153.8
10 Oil and gas extraction	13	4.40	133.6	129.9	131.8	132.5	133.9	133.2	134.3	133.6	134.7	135.4	136.8	137.5	140.0
11 Stone and earth minerals	14	.75	131.4	144.6	136.0	133.1	128.1	123.9	123.7	123.5	128.2	129.0	131.5	135.5	
Nondurable manufactures															
12 Foods	20	8.75	149.1	148.5	149.3	147.8	149.5	149.0	148.9	148.3	148.6	149.4	149.5	149.7	...
13 Tobacco products	21	.67	120.1	118.7	122.2	121.9	116.2	113.9	119.6	117.4	119.1	123.1	124.7	. .	
14 Textile mill products	22	2.68	136.8	143.4	142.0	139.9	137.1	133.6	132.5	132.6	133.0	133.8	135.0	134.0	
15 Apparel products	23	3.31	129.0	131.5	136.1	131.3	128.6	127.2	121.5	123.8	126.7	127.5	129.9		
16 Paper and products	26	3.21	151.0	157.4	152.7	148.2	145.7	146.2	143.6	147.1	152.3	153.0	154.3	156.8	153.8
17 Printing and publishing	27	4.72	139.6	138.9	139.2	136.5	135.5	135.4	138.6	140.3	140.3	141.5	142.7	144.8	146.2
18 Chemicals and products	28	7.74	206.6	218.0	213.6	209.1	199.2	191.1	190.3	197.8	206.8	209.1	212.1	217.3	
19 Petroleum products	29	1.79	135.0	147.5	140.7	137.4	133.0	131.3	130.5	126.7	130.5	130.1	132.8	136.9	137.7
20 Rubber and plastic products	30	2.24	255.8	265.5	264.4	261.8	248.1	242.9	242.5	245.9	253.1	259.2	259.6	259.7	
21 Leather and products	31	.86	70.1	74.2	72.8	69.9	70.1	68.5	67.8	67.7	67.2	70.2	71.2	68.3	...
Durable manufactures															
22 Ordnance, private and government	19.91	3.64	78.0	77.1	76.9	77.5	77.9	77.5	77.1	77.2	77.1	79.1	80.0	80.1	80.3
23 Lumber and products	24	1.64	119.5	131.6	25.3	105.2	104.5	109.7	112.8	121.7	122.6	122.2	124.9	124.7	
24 Furniture and fixtures	25	1.37	150.0	160.8	159.5	157.1	149.5	143.1	138.6	141.1	144.8	147.2	147.2	148.8	
25 Clay, glass, stone products	32	2.74	146.5	165.0	156.4	148.8	140.8	134.5	134.2	135.7	141.4	145.2	147.8	151.2	...
26 Primary metals	33	6.57	101.7	116.4	113.7	106.4	96.1	90.4	81.7	86.0	90.1	100.6	113.5	113.3	112.7
27 Iron and steel	331.2	4.21	91.8	107.2	105.9	97.4	84.4	75.4	68.1	75.3	79.8	93.3	107.2	104.7	
28 Fabricated metal products	34	5.93	134.9	145.0	145.5	141.4	133.2	126.1	123.8	125.8	129.0	132.8	133.9	136.3	137.6
29 Nonelectrical machinery	35	9.15	162.6	167.1	166.5	163.2	162.1	158.3	158.5	158.8	159.1	161.1	163.4	165.2	167.8
30 Electrical machinery	36	8.05	172.8	181.7	179.2	177.0	171.4	166.6	165.0	166.7	167.5	170.0	173.3	175.3	177.3
31 Transportation equipment	37	9.27	116.7	122.1	123.8	115.1	109.8	110.0	110.7	108.3	112.9	118.8	121.7	120.5	117.5
32 Motor vehicles and parts	371	4.50	118.8	126.2	130.1	114.7	105.9	106.7	107.9	104.4	113.4	124.2	129.0	126.7	119.4
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	114.8	118.3	117.8	115.5	113.5	113.1	113.4	111.9	112.3	113.6	114.8	114.7	115.8
34 Instruments	38	2.11	171.0	175.9	173.5	173.8	171.0	169.2	167.5	167.6	167.4	169.6	169.9	172.1	175.0
35 Miscellaneous manufactures	39	1.51	147.8	153.8	152.8	151.2	147.3	43.7	144.7	144.2	142.8	145.0	147.5	149.3	150.6
		Gross value (billions of 1972 dollars, annual rates)													
MAJOR MARKET															
36 Products, total	.....	**507.4**	**601.8**	**615.8**	**619.0**	**599.5**	**588.6**	**585.0**	**586.7**	**585.9**	**593.3**	**604.7**	**609.7**	**614.1**	**614.0**
37 Final		390.9[2]	465.2	471.2	475.9	464.5	457.3	455.6	456.9	453.0	458.0	467.7	471.8	474.2	472.6
38 Consumer goods		277.5[2]	313.3	317.6	321.3	312.5	306.3	305.8	307.7	305.1	309.0	316.6	318.7	319.5	317.5
39 Equipment		113.4[2]	151.9	153.6	154.6	152.0	151.0	149.8	149.2	147.9	149.0	151.1	153.1	154.7	155.2
40 Intermediate	...	116.6[2]	136.7	144.6	143.1	135.0	131.3	129.4	129.9	132.9	135.3	137.1	138.0	139.9	141.3

1 The industrial production series has been revised back to January 1979
2 1972 dollars.

NOTE Published groupings include some series and subtotals not shown sep. rately For description and historical data, see *Industrial Production—1976 Revisi.* (Board of Governors of the Federal Reserve System, Washington, D.C), Decem ber 1977

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted

Item	1978	1979	1980	1980 May	June	July	Aug	Sept	Oct r	Nov. r	Dec
	Private residential real estate activity (thousands of units)										
NEW UNITS											
1 Permits authorized	1,801	1,552	1,171	825	1,078	1,2236	1,361	1,564	1,333	1,355	1,233
2 1-family	1,183	981	703	495	628	781	857	914	819	812	732
3 2-or-more-family	618	570	468	330	450	455	504	650	514	543	501
4 Started	2,020	1,745	1,291	906	1,223	1,265	1,429	1,541	1,557	1,563	1,548
5 1-family	1,433	1,194	850	628	757	869	1,003	1,059	1,030	1,012	947
6 2-or-more-family	587	551	441	278	466	396	426	482	527	551	601
7 Under construction, end of period[1]	1,310	1,140	n a	911	871	851	843r	868r	888	913	n a
8 1-family	765	639	n a	495	474	473	474r	500r	516	533	n.a.
9 2-or-more-family	546	501	n a	416	397	378	369r	368	372	380	n a
10 Completed	1,868	1,855	n a	1,536	1,469	1,502	1,405r	1,256r	1,285	1,259	n a
11 1-family	1,369	1,286	n a	970	886	876	917r	753r	818	811	n a
12 2-or-more-family	499	570	n a	566	583	626	488r	503r	467	448	n a
13 Mobile homes shipped	276	277	n a	162	163	215	206	238	246	235	n a
Merchant builder activity in 1-family units											
14 Number sold	818	709	531	458	544	646	632	571r	540	564	545
15 Number for sale, end of period[1]	419	402	343	351	340	333	330	335r	334	338	338
Price (thousands of dollars)[2]											
Median											
16 Units sold	55 8	62 7	64 9	63 2	65 4	64 4	63 2	68 5r	66 0	67 3	67 9
Average											
17 Units sold	62 7	71 9	76 7	73 1	76 3	76 8	76 5	80 3r	77 5	82 2	83 5
EXISTING UNITS (1-family)											
18 Number sold	3,905	3,742	2,881	2,310	2,480	2,920	3,030	3,380	3,300	3,020	2,960
Price of units sold (thous of dollars)[2]											
19 Median	48 7	55 5	61 2	61 2	63 4	64 1	64 9	64 2	62 7	64 3	63 0
20 Average	55 1	64 0	72 9	71 2	75 7	75.7	76 2	75 5	73 4	74 9	74 0
	Value of new construction[3] (millions of dollars)										
CONSTRUCTION											
21 Total put in place	**205,457**	**228,948**	**227,719**	**218,909**	**215,021**	**214,315**	**215,149**	**223,660**	**226,132**	**231,576**	**241,559**
22 Private	159,555	179,948	172,654	164,791	161,349	158,593	162,057	167,882	171,053	177,827	184,453
23 Residential	93,423	99,029	86,287	76,957	73,360	74,277	78,632	84,378	87,375	93,659	96,992
24 Nonresidential, total	66,132	80,919	86,367	87,834	87,989	84,316	83,425	83,504	83,678	84,168	87,461
Buildings											
25 Industrial	10,993	14,953	13,987	14,197	15,022	13,267	13,046	13,102	12,996	13,392	14,672
26 Commercial	18,568	24,924	29,314	30,149	29,609	28,063	27,993	27,425	28,417	28,888	30,030
27 Other	6,739	7,427	8,530	8,571	8,256	8,115	8,095	8,447	8,760	8,799	9,036
28 Public utilities and other	29,832	33,615	34,536	34,917	35,102	34,871	34,291	34,530	33,505	33,089	33,723
29 Public	45,901	49,001	55,065	54,118	53,672	55,721	53,092	55,778	55,078	53,749	57,107
30 Military	1,501	1,641	1,882	1,671	1,748	2,041	2,315	1,717	2,144	1,912	1,848
31 Highway	10,713	11,915	13,450	13,230	14,012	13,758	11,334r	13,804	13,550	12,427	13,347
32 Conservation and development	4,457	4,586	5,081	5,285	4,241	5,896r	4,353r	5,091	4,763	5,109	5,607
33 Other	29,230	30,859	34,652	33,932	33,671	34,026r	35,090r	35,166	34,621	34,301	36,305

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

NOTE Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors All back and current figures are available from originating agency Permit authorizations are those reported to the Census Bureau from 16,000 jurisdictions beginning with 1978

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	12 months to		3 months (at annual rate) to				1 month to					Index level Dec 1980 (1967 = 100)[1]
	1979 Dec	1980 Dec	1980				1980					
			Mar.	June	Sept	Dec	Aug	Sept	Oct	Nov	Dec	
Consumer Prices[2]												
1 **All items**[1]	**13.3**	**12.4**	**18.1**	**11.6**	**7.0**	**12.8**	**.7**	**1.0**	**1.0**	**1.0**	**1.1**	**258.4**
2 Commodities	13.0	11.1	16.1	5.0	12.8	10.6	1.2	1.2	.8	1.0	.7	243.8
3 Food	10.2	10.2	3.8	5.6	18.9	12.5	1.8	1.6	.8	1.1	1.1	266.4
4 Commodities less food	14.3	11.5	22.1	4.7	10.6	9.5	.9	1.1	.8	.9	.6	231.0
5 Durable	10.3	10.7	7.6	6.8	15.7	13.1	1.6	1.6	1.2	1.3	.5	221.1
6 Nondurable	19.6	12.5	39.8	3.5	4.0	6.4	.4	.2	.1	.5	1.0	242.0
7 Services	13.7	14.2	20.9	21.6	−.6	16.1	.1	.7	1.2	1.0	1.5	284.7
8 Rent	7.9	9.1	8.3	10.0	8.6	9.6	.6	1.0	1.0	.6	.7	199.6
9 Services less rent	14.6	14.9	22.8	23.3	1.8	17.0	−.2	.7	1.2	1.1	1.7	300.7
Other groupings												
10 All items less food	14.0	12.9	21.7	13.0	4.6	12.8	.4	.9	1.0	.9	1.1	255.5
11 All items less food and energy	11.3	12.1	15.7	13.5	5.1	14.4	.5	.9	1.2	1.1	1.1	244.5
12 Homeownership	19.8	16.5	24.1	26.6	−5.6	24.5	.2	.6	2.1	1.7	1.7	334.2
Producer Prices												
13 Finished goods	12.6	11.7	19.3	6.7	12.2	8.8	1.5	−.2	.8	.6	.6	254.7
14 Consumer	14.3	11.7	21.6	4.9	13.8	7.2	1.6	.2	.6	.7	.5	255.9
15 Foods	7.6	6.5	−1.2	−7.8	36.9	2.8	4.3	.2	.5	.5	−.4	247.2
16 Excluding foods	18.0	14.3	34.8	11.3	4.4	9.2	.4	−.2	.6	.7	.9	257.6
17 Capital equipment	8.8	11.5	13.4	11.3	8.5	12.6	.7	.1	1.4	.6	1.0	251.1
18 Intermediate materials[3]	16.5	12.3	24.0	5.2	6.4	14.7	.7	.1	.6	.9	1.9	292.6
Crude materials												
19 Nonfood	26.0	19.2	21.9	−3.9	39.1	23.6	2.8	2.2	2.5	1.8	1.0	457.8
20 Food	11.1	8.7	−16.7	10.5	96.4	−5.3	9.0	.4	1.5	.6	−3.3	271.3

1. Not seasonally adjusted
2. Figures for consumer prices are those for all urban consumers
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds

SOURCE. Bureau of Labor Statistics

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1978	1979	1980	1979	1980			
				Q4	Q1	Q2	Q3	Q4
GROSS NATIONAL PRODUCT								
1 **Total**	**2,156.1**	**2,413.9**	**2,628.8**	**2,496.3**	**2,571.7**	**2,564.8**	**2,637.3**	**2,741.4**
By source								
2 Personal consumption expenditures	1,348.7	1,510.9	1,671.1	1,582.3	1,631.0	1,626.8	1,682.2	1,744.4
3 Durable goods	199.3	212.3	211.6	216.1	220.9	194.4	208.8	222.1
4 Nondurable goods	529.8	602.2	674.3	639.2	661.1	664.0	674.2	697.8
5 Services	619.6	696.3	785.3	727.0	749.0	768.4	799.2	824.5
6 Gross private domestic investment	375.3	415.8	396.8	410.0	415.6	390.9	377.1	403.7
7 Fixed investment	353.2	398.3	399.8	410.8	413.1	383.5	393.2	409.4
8 Nonresidential	242.0	279.7	294.7	290.2	297.8	289.8	294.0	297.3
9 Structures	78.7	96.3	108.3	105.1	108.2	108.4	107.3	109.3
10 Producers' durable equipment	163.3	183.4	186.5	185.1	189.7	181.4	186.8	188.0
11 Residential structures	111.2	118.6	105.1	120.6	115.2	93.6	99.2	112.2
12 Nonfarm	106.9	113.9	100.1	115.4	110.1	88.9	94.5	106.9
13 Change in business inventories	22.2	17.5	−3.0	−0.8	2.5	7.4	−16.4	−5.7
14 Nonfarm	21.8	13.4	−1.7	−4.4	1.5	6.1	−12.3	−2.0
15 Net exports of goods and services	−0.6	13.4	26.1	7.6	8.2	17.1	44.5	34.5
16 Exports	219.8	281.3	340.6	306.3	337.3	333.3	342.4	349.2
17 Imports	220.4	267.9	314.5	298.7	329.1	316.2	297.9	314.7
18 Government purchases of goods and services	432.6	473.8	534.8	496.4	516.8	530.0	533.5	558.8
19 Federal	153.4	167.9	199.2	178.1	190.0	198.7	194.9	213.3
20 State and local	279.2	305.9	335.6	318.3	326.8	331.3	338.6	345.5
By major type of product								
21 Final sales, total	2,133.9	2,396.4	2,631.8	2,497.1	2,569.1	2,557.4	2,653.4	2,747.1
22 Goods	946.6	1,055.9	1,132.7	1,078.4	1,116.9	1,106.4	1,129.4	1,178.2
23 Durable	409.8	451.2	459.5	448.1	456.4	444.6	456.5	480.5
24 Nondurable	536.8	604.7	673.2	630.3	660.5	661.8	672.9	697.7
25 Services	976.3	1,097.2	1,230.9	1,142.8	1,178.6	1,205.6	1,249.0	1,290.2
26 Structures	233.2	260.8	265.2	275.1	276.2	252.8	258.9	273.0
27 Change in business inventories	22.2	17.5	−3.0	−0.8	2.5	7.4	−16.0	−5.7
28 Durable goods	17.8	11.5	−4.1	−0.4	−11.8	3.3	−8.4	.3
29 Nondurable goods	4.4	6.0	1.2	−0.5	14.3	4.1	−7.7	−6.1
30 MEMO: **Total GNP in 1972 dollars**	**1,436.9**	**1,483.0**	**1,481.8**	**1,490.6**	**1,501.9**	**1,463.3**	**1,471.9**	**1,490.1**
NATIONAL INCOME								
31 **Total**	**1,745.4**	**1,963.3**	**2,121.4**	**2,031.3**	**2,088.5**	**2,070.0**	**2,122.4**	**n.a.**
32 Compensation of employees	1,299.7	1,460.9	1,596.7	1,518.1	1,558.0	1,569.0	1,597.4	1,662.4
33 Wages and salaries	1,105.4	1,235.9	1,343.8	1,282.4	1,314.5	1,320.4	1,342.3	1,397.8
34 Government and government enterprises	219.6	235.9	253.6	243.3	246.7	250.5	253.9	263.2
35 Other	885.7	1,000.0	1,090.2	1,039.1	1,067.9	1,069.9	1,088.4	1,134.6
36 Supplement to wages and salaries	194.3	225.0	252.9	235.7	243.5	248.6	255.0	264.6
37 Employer contributions for social insurance	92.1	106.4	115.8	109.8	112.6	113.6	116.0	121.1
38 Other labor income	102.2	118.6	137.1	126.0	130.9	135.1	139.1	143.5
39 Proprietors' income[1]	117.1	131.6	130.6	136.3	133.7	124.9	129.7	134.2
40 Business and professional[1]	91.0	100.7	107.2	106.8	107.9	101.6	107.6	111.7
41 Farm[1]	26.1	30.8	23.4	29.5	25.7	23.3	22.1	22.5
42 Rental income of persons[2]	27.4	30.5	31.9	31.0	31.2	31.5	32.0	32.6
43 Corporate profits[1]	199.0	196.8	182.1	189.4	200.2	169.3	177.9	n.a.
44 Profits before tax[3]	223.3	255.4	242.7	255.4	277.1	217.9	237.6	n.a.
45 Inventory valuation adjustment	−24.3	−42.6	−43.3	−50.8	−61.4	−31.1	−41.7	−38.9
46 Capital consumption adjustment	−13.5	−15.9	−17.2	−15.1	−15.4	−17.6	−17.9	−18.1
47 Net interest	115.8	143.4	180.1	156.5	165.4	175.3	185.3	194.3

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustments.
3. For after-tax profits, dividends, and the like, see table 1.49.

SOURCE. *Survey of Current Business* (Department of Commerce).

2.17 PERSONAL INCOME AND SAVING

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

Account	1978	1979	1980	1979	1980			
				Q4	Q1	Q2	Q3	Q4
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**1,721.8**	**1,943.8**	**2,161.0**	**2,032.0**	**2,088.2**	**2,114.5**	**2,182.1**	**2,259.1**
2 Wage and salary disbursements	1,105.2	1,236.1	1,343.8	1,282.2	1,314.7	1,320.4	1,341.8	1,398.3
3 Commodity-producing industries	389.1	437.9	465.5	450.4	461.7	456.0	460.1	484.3
4 Manufacturing	299.2	333.4	350.8	340.4	347.9	343.2	346.7	365.5
5 Distributive industries	270.5	303.0	329.0	315.0	322.6	323.2	329.2	340.9
6 Service industries	226.1	259.2	295.7	273.7	283.6	290.8	298.7	309.9
7 Government and government enterprises	219.4	236.1	253.6	243.1	246.8	250.5	253.9	263.2
8 Other labor income	102.2	118.6	137.1	126.0	130.9	135.1	139.1	143.5
9 Proprietors' income[1]	117.2	131.6	130.6	136.3	133.7	124.9	129.7	134.2
10 Business and professional[1]	91.0	100.8	107.2	106.8	107.9	101.6	107.6	111.7
11 Farm[1]	26.1	30.8	23.4	29.5	25.7	23.3	22.1	22.5
12 Rental income of persons[2]	27.4	30.5	31.9	31.0	31.2	31.5	32.0	32.6
13 Dividends	43.1	48.6	54.4	50.1	52.4	54.2	55.1	56.1
14 Personal interest income	173.2	209.6	286.6	225.7	239.9	253.6	261.8	271.3
15 Transfer payments	223.3	249.4	294.4	263.1	271.7	280.7	310.7	314.4
16 Old-age survivors, disability, and health insurance benefits	116.2	131.8	153.7	139.3	142.0	144.7	163.2	165.1
17 LESS: Personal contributions for social insurance	69.6	80.6	87.9	82.4	86.2	85.9	88.1	91.3
18 EQUALS: Personal income	1,721.8	1,943.8	2,161.0	2,032.0	2,088.2	2,114.5	2,182.1	2,259.1
19 LESS: Personal tax and nontax payments	258.8	302.0	338.7	321.8	323.1	330.3	341.5	360.0
20 EQUALS: Disposable personal income	1,462.9	1,641.7	1,822.2	1,710.1	1,765.1	1,784.1	1,840.6	1,899.1
21 LESS: Personal outlays	1,386.6	1,555.5	1,718.7	1,629.4	1,678.7	1,674.1	1,729.2	1,792.5
22 EQUALS: Personal saving	76.3	86.2	103.6	80.7	86.4	110.0	111.4	106.6
MEMO: Per capita (1972 dollars)								
23 Gross national product	6,568	6,721	6,651	6,730	6,768	6,580	6,597	6,661
24 Personal consumption expenditures	4,136	4,219	4,193	4,251	4,251	4,134	4,172	4,215
25 Disposable personal income	4,487	4,584	4,571	4,596	4,600	4,532	4,565	4,589
26 Saving rate (percent)	5.2	5.2	5.7	4.7	4.9	6.2	6.1	5.6
GROSS SAVING								
27 **Gross saving**	**355.2**	**412.0**	**404.2**	**402.0**	**404.5**	**394.5**	**402.0**	**n.a.**
28 Gross private saving	355.4	398.9	436.4	396.4	413.0	435.9	446.5	n.a.
29 Personal saving	76.3	86.2	103.6	80.7	86.4	110.0	111.4	106.6
30 Undistributed corporate profits[1]	57.9	59.1	45.3	50.6	52.1	42.1	42.8	n.a.
31 Corporate inventory valuation adjustment	-24.3	-42.6	-43.3	-50.8	-61.4	-31.1	-41.7	-38.9
Capital consumption allowances								
32 Corporate	136.4	155.4	175.5	161.5	167.1	173.0	178.4	183.4
33 Noncorporate	84.8	98.2	112.0	103.6	107.4	110.7	113.4	116.4
34 Wage accruals less disbursements	.0	.0	.0	.0	.0	.0	.5	-.5
35 Government surplus, or deficit (-), national income and product accounts	-0.2	11.9	-33.3	4.4	1.7	-29.6	-45.6r	n.a.
36 Federal	-29.2	-14.8	-61.6	-24.5	-36.3	-66.5	-74.2	n.a.
37 State and local	29.0	26.7	28.2	28.9	26.6	23.9	28.6	n.a.
38 Capital grants received by the United States, net	.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1
39 **Gross investment**	**361.6**	**414.1**	**406.0**	**401.3**	**407.3**	**392.5**	**405.0**	**419.0**
40 Gross private domestic	375.3	415.8	396.8	410.0	415.6	390.9	377.1	403.7
41 Net foreign	-13.8	-1.7	9.1	-8.7	-8.3	1.7	27.8	15.3
42 **Statistical discrepancy**	**6.4**	**2.2**	**1.7**	**-0.7**	**2.8**	**-1.9**	**3.0**	**n.a.**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE. *Survey of Current Business* (Department of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1977	1978	1979	1979		1980		
				Q3	Q4	Q1	Q2	Q3p
1 Balance on current account	-14,068	-14,259	-788	1,099	1,802	-2,610	-2,431	4,900
2 Not seasonally adjusted	. .	.	. .	-2,909	486	-2,426	-680	480
3 Merchandise trade balance[2]	-30,873	-33,759	-29,469	-7,060	-9,225	-10,850	-7,505	-2,828
4 Merchandise exports	120,816	142,054	182,055	47,198	50,237	54,708	54,710	56,288
5 Merchandise imports	-151,689	-175,813	-211,524	-54,258	-59,462	-65,558	-62,215	-59,116
6 Military transactions, net	1,628	886	-1,274	-443	-700	-922	-994	-632
7 Investment income, net[3]	17,988	20,899	32,509	9,319	8,883	10,094	6,133	8,467
8 Other service transactions, net	1,794	2,769	3,112	690	792	880	1,261	1,370
9 MEMO. Balance on goods and services[3,4]	-9,464	-9,204	4,878	2,506	-250	-798	-1,105	6,377
10 Remittances, pensions, and other transfers	-1,830	-1,884	-2,142	-529	-665	-565	-564	-574
11 U.S government grants (excluding military)	-2,775	-3,171	-3,524	-878	-887	-1,247	-762	-903
12 Change in U S government assets, other than official reserve assets, net (increase, -)	-3,693	-4,644	-3,783	-766	-925	-1,467	-1,191	-1,320
13 Change in U S official reserve assets (increase, -)	-375	732	-1,132	2,779	-649	-3,268	502	-1,109
14 Gold	-118	-65	-65	0	-65	0	0	0
15 Special drawing rights (SDRs)	-121	1,249	-1,136	0	0	1,152	112	261
16 Reserve position in International Monetary Fund	-294	4,231	-189	-52	27	-34	-99	-294
17 Foreign currencies	158	-4,683	257	2,831	-611	-2,082	489	-554
18 Change in U S private assets abroad (increase, -)[3]	-31,725	-57,279	-56,858	-27,228	-11,918	-7,976	-25,023	-17,767
19 Bank-reported claims	-11,427	-33,631	-25,868	-16,997	-7,213	-274	-21,051	-12,477
20 Nonbank-reported claims	-1,940	-3,853	-2,029	-932	410	-1,474	147	n a.
21 U.S. purchase of foreign securities, net	-5,460	-3,450	-4,643	-2,143	-986	-765	-1,246	-805
22 U S. direct investments abroad, net[3]	-12,898	-16,345	-24,318	-7,156	-4,129	-5,463	-2,873	-4,485
23 Change in foreign official assets in the United States (increase, +)	36,574	33,292	-14,270	5,789	-1,221	-7,215	7,775	8,025
24 U S Treasury securities	30,230	23,523	-22,356	5,024	-5,769	-5,357	4,314	3,769
25 Other U S government obligations	2,308	666	465	335	41	801	250	549
26 Other U S government liabilities[5]	1,159	2,220	-714	216	-924	181	737	305
27 Other U S liabilities reported by U S banks	773	5,488	7,219	56	4,881	-3,185	1,652	1,989
28 Other foreign official assets[6]	2,105	1,395	1,116	158	550	345	822	1,413
29 Change in foreign private assets in the United States (increase, +)[3]	14,167	30,804	51,845	19,152	5,246	14,409	174	2,978
30 U.S bank-reported liabilities	6,719	16,259	32,668	13,185	400	6,355	-4,208	36
31 U S nonbank-reported liabilities	473	1,640	1,692	606	1,050	683	1,331	n a
32 Foreign private purchases of U S Treasury securities, net	534	2,197	4,830	1,466	920	3,278	-1,225	-254
33 Foreign purchases of other U S securities, net	2,713	2,811	2,942	677	313	2,427	1,194	990
34 Foreign direct investments in the United States, net[3]	3,728	7,896	9,713	3,218	2,563	1,666	3,082	2,206
35 Allocation of SDRs	0	0	1,139	0	0	1,152	0	0
36 Discrepancy	-880	11,354	22,848	-825	11,269	6,975	20,194	4,293
37 Owing to seasonal adjustments				-3,641	2,400	-99	1,460	-4,022
38 Statistical discrepancy in recorded data before seasonal adjustment	-880	11,354	23,848	2,816	8,869	7,074	18,734	8,315
MEMO.								
Changes in official assets								
39 U S official reserve assets (increase, -)	-375	732	-1,132r	2,779	-649	-3,268	502	-1,109
40 Foreign official assets in the United States (increase, +)	35,416	31,072	-13,556	5,573	-297	-7,396	7,038	7,720
41 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 23 above)	6,351	-1,137	5,508	1,676	4,955	2,930	4,749	4,380
42 Transfers under military grant programs (excluded from lines 4, 6, and 11 above)	204	236	305	88	139	144	155	110

1. Seasonal factors are no longer calculated for lines 13 through 42
2. Data are on an international accounts (IA) basis Differs from the census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of line 6
3. Includes reinvested earnings of incorporated affiliates
4. Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account The GNP definition makes various adjustments to merchandise trade and service transactions
5. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies
6. Consists of investments in U.S corporate stocks and in debt securities of private corporations and state and local governments

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

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted

Item	1978	1979r	1980	1980 June	July	Aug	Sept	Oct	Nov	Dec
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	143,578	181,651	220,549	18,642	18,075	19,103	18,701	19,088	18,634	19,118
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	171,978	206,256	240,834	19,893	18,995	19,236	19 465	20,060	19,422	21,174
3 **Trade balance**	**−28,400**	**−24,605**	**−20,286**	**−1,251**	**−920**	**−132**	**−764**	**−972**	**−788**	**−2,056**

NOTE Bureau of Census data reported on a free-alongside-ship (f a s) value basis Effective January 1978, major changes were made in coverage, reporting, and compiling procedures. The international-accounts-basis data adjust the Census basis data for reasons of coverage and timing On the *export side*, the largest adjustments are (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military exports (which are combined with other military transactions and are reported separately in the "service account") On the *import side*, the largest single adjustment is the addition of imports into the Virgin Islands (largely oil for a refinery on St Croix), which are not included in Census statistics

SOURCE FT 900 "Summary of U S Export and Import Merchandise Trade" (U S Department of Commerce, Bureau of the Census)

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1977	1978	1979	1980 July	Aug	Sept	Oct	Nov	Dec	Jan p
1 **Total**[1]	**19,312**	**18,650**	**18,956**	**21,845**	**22,691**	**22,994**	**23,967**	**25,673**	**26,756**	**28,316**
2 Gold stock, including Exchange Stabilization Fund[1]	11,719	11,671	11,172	11,172	11,172	11,168	11,163	11 162	11,160	11,159
3 Special drawing rights[2,3]	2 629	1,558	2 724	3,842	4,009	4,007	3,939	3 954	2 610	3,628
4 Reserve position in International Monetary Fund[2]	4,946	1,047	1,253	1,410	1,564	1,665	1,671	1,822	2,852	2,867
5 Foreign currencies[4,5]	18	4,374	3,807	5,421	5,946	6,154	7 194	8 735	10,134	10,662

1 Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States, see table 3 22

2 Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries From July 1974 through December 1980, 16 currencies were used, from January 1981, 5 currencies have been used The U S SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974

3 Includes allocations by the International Monetary Fund of SDRs as follows $867 million on Jan 1, 1970; $717 million on Jan 1, 1971, $710 million on Jan 1, 1972, $1,139 million on Jan 1, 1979, $1,152 million on Jan 1, 1980, and $1,093 million on Jan 1, 1981, plus net transactions in SDRs

4 Beginning November 1978, valued at current market exchange rates

5 Includes U S government securities held under repurchase agreement against receipt of foreign currencies, if any

3.13 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1977	1978[1]	1979	1980 May	June	July	Aug	Sept	Oct	Nov p
					All foreign countries					
1 **Total, all currencies**	**258,897**	**306,795**	**364,233**	**378,899**	**376,722**	**377,813**	**386,200**	**385,011**	**381,764**	**389,086**
2 Claims on United States	11,623	17,340	32,302	35,606	29,069	29,053	36,821	29,308r	30,448	30,580
3 Parent bank	7,806	12,811	25,929	26,139	18,565	17,525	26,684	19,676	21,447	22,214
4 Other	3,817	4,529	6,373	9,467	10,504	11,528	10,137	9,632r	9,001	8,366
5 Claims on foreigners	238,848	278,135	317,175	326,340	330,171	331,301	332,317	338,400r	334,149	340,797
6 Other branches of parent bank	55,772	70,338	79,661	76,317	76,061	75,196	72,417	73,638	72,266	74,058
7 Banks	91,883	103,111	123,395	130,313	132,587	134,624	136,484	139,604	137,668	140,005
8 Public borrowers[2]	14,634	23,737	26,072	25,438	25,632	25,474	26,112	26,492	26,376	26,910
9 Nonbank foreigners	76,560	80,949	88,047	94,272	95,891	96,007	97,304	98,666r	97,839	99,824
10 Other assets	8,425	11,320	14,756	16,953	17,482	17,459	17,062	17,303	17,167	17,709
11 **Total payable in U.S. dollars**	**193,764**	**224,940**	**267,711**	**277,542**	**275,232**	**275,719**	**283,707**	**281,444**	**278,415**	**284,500**
12 Claims on United States	11,049	16,382	31,171	34,314	27,867	27,688	35,508	28,105r	29,031	29,136
13 Parent bank	7,692	12,625	25,632	25,778	18,254	17,209	26,363	19,405	21,050	21,813
14 Other	3,357	3,757	5,539	8,536	9,613	10 479	9,145	8,700r	7,981	7,323
15 Claims on foreigners	178,896	203,498	229,118	234,159	238,213	239,271	239,356	244,922r	240,825	246,489
16 Other branches of parent bank	44,256	55,408	61,525	58,908	58,456	57,813	54,965	56,445	55,054	57,233
17 Banks	70,786	78,686	96,243	102,693	104,902	106,313	107,976	111,651	108,868	110,891
18 Public borrowers[2]	12,632	19,567	21,629	21,221	21,382	21,233	21,785	22,059	22,406	22,831
19 Nonbank foreigners	51,222	49 837	49,721	51,337	53,473	53,912	54,630	54,767r	54,497	55,534
20 Other assets	3,820	5,060	7,422	9,069	9,152	8,760	8,843	8,417	8,559	8,875
					United Kingdom					
21 **Total, all currencies**	**90,933**	**106,593**	**130,873**	**138,930**	**139,066**	**135,669**	**136,467**	**136,872**	**137,096**	**140,715**
22 Claims on United States	4,341	5 370	11,117	11,399	9,157	8,366	8,465	8,022	8,206	8,771
23 Parent bank	3,518	4,448	9,338	9,140	6,870	5,705	6,023	5,788	5,969	6,552
24 Other	823	922	1,779	2,259	2,287	2,661	2,442	2,234	2,237	2,219
25 Claims on foreigners	84,016	98,137	115,123	121,851	124,059	120,914	121,805	122,825	122,890	125,859
26 Other branches of parent bank	22,017	27,830	34,291	34,305	34,824	32,231	31,607	30,792	31,399	32,267
27 Banks	39,899	45,013	51,343	54,076	54,855	54,824	55,530	56,911	56,396	57,423
28 Public borrowers[2]	2,206	4,522	4,919	5,591	5,897	5,710	5,865	6,005	5,943	6,405
29 Nonbank foreigners	19,895	20,772	24,570	27,879	28,483	28,149	28,803	29,117	29,152	29,764
30 Other assets	2,576	3,086	4,633	5,680	5,850	6,389	6,197	6,025	6,000	6,085
31 **Total payable in U.S. dollars**	**66,635**	**75,860**	**94,287**	**98,809**	**98,013**	**93,158**	**93,720**	**94,355**	**94,365**	**97,246**
32 Claims on United States	4,100	5,113	10,746	10,988	8,790	7,831	7,954	7,656	7,637	8,233
33 Parent bank	3,431	4,386	9,297	9,059	6,810	5,629	5,960	5,744	5,817	6,410
34 Other	669	727	1,449	1,929	1,980	2,202	1,994	1,912	1,820	1,823
35 Claims on foreigners	61,408	69,416	81,294	85,013	86,404	82,434	82,705	83,933	83,961	86,246
36 Other branches of parent bank	18,947	22,838	28,928	28,466	28,692	26,083	25,565	24,907	25,577	26,710
37 Banks	28,530	31,482	36,760	38,594	39,050	38,471	39,070	40,817	39,988	40,542
38 Public borrowers[2]	1,669	3,317	3,319	4,277	4,396	4,280	4,327	4,419	4,381	4,706
39 Nonbank foreigners	12,263	11,779	12,287	13,676	14,266	13,600	13,743	13,790	14,015	14,288
40 Other assets	1,126	1,331	2,247	2,808	2,819	2,893	3,061	2,766	2,767	2,767
					Bahamas and Caymans					
41 **Total, all currencies**	**79,052**	**91,735**	**108,977**	**116,538**	**115,276**	**120,243**	**128,429**	**123,076**	**119,379**	**119,597**
42 Claims on United States	5,782	9,635	19,124	21,406	17,682	18,240	25,846	18,281r	19,651	18,283
43 Parent bank	3,051	6,429	15,196	15,334	10,660	10,497	19,129	11,839	13,857	13,026
44 Other	2,731	3,206	3,928	6,072	7,022	7,743	6,717	6,442r	5,794	5,257
45 Claims on foreigners	71,671	79,774	86,718	90,995	93,432	98 001	98,463	100,844r	95,845	97,078
46 Other branches of parent bank	11,120	12,904	9,689	12,454	12,977	14 362	13,160	14,724	13,093	13,169
47 Banks	27,939	33,677	43,171	46,782	48,012	50 780	51,712	52,622	49,664	50,737
48 Public borrowers[2]	9,109	11,514	12,905	11,636	11,554	11,627	12,054	12,076	12,439	12,207
49 Nonbank foreigners	23,503	21,679	20,953	20,123	20,889	21 232	21,537	21,422r	20,649	20,965
50 Other assets	1,599	2,326	3,135	4,137	4,162	4 002	4,120	3,951	3,883	4,236
51 **Total payable in U.S. dollars**	**73,987**	**85,417**	**102,368**	**110,872**	**109,715**	**114,474**	**122,581**	**117,142**	**113,538**	**113,802**

For notes see opposite page

3.13 Continued

Liability account	1977	1978[1]	1979	1980 May	June	July	Aug	Sept	Oct	Nov[p]
					All foreign countries					
52 **Total, all currencies**	**258,897**	**306,795**	**364,233**	**378,899**	**376,722**	**377,813**	**386,200**	**385,011**	**381,764**	**389,086**
53 To United States	44,154	57,948	66,618	73,263	76,120[r]	83,151	87,492	83,922[r]	84,072	86,564
54 Parent bank	24,542	28,590	24,462	26,603	30,918	35,357	37,400	38,398	37,139	36,822
55 Other banks in United States	19,613	12 212	13,968	13,090	12,255[r]	11,415	14,725	12,581[r]	12,828	13,400
56 Nonbanks		17,146	28,188	33,570	32,947	36,379	35,367	32 943	34,105	36,342
57 To foreigners	206,579	238,912	283,344	289,754	284,716[r]	279,567	283 924	287,048[r]	283,835	288,110
58 Other branches of parent bank	53,244	67,496	77 601	72 530	72,061	72,067	69,158	70 258	69,522	71,487
59 Banks	94,140	97,711	122,849	130,805	127,813[r]	122 708	130,344	130,989[r]	131,359	132,180
60 Official institutions	28,110	31,936	35,664	34,910	34,141	33 073	33,080	33 079	30,678	31,046
61 Nonbank foreigners	31,085	41,769	47 230	51 509	50 701	51,719	51 342	52,722[r]	52,276	53,397
62 *Other liabilities*	8 163	9,935	14,271	15,882	15,886	15,095	14 784	14,041[r]	13,857	14,412
63 **Total payable in U.S. dollars**	**198,572**	**230,810**	**273,819**	**285,131**	**282,578**	**283,026**	**291,606**	**288,436**	**285,903**	**292,688**
64 To United States	42,881	55,811	64,530	70,826	73 527[r]	80,630	84,650	81,045[r]	81,239	83,802
65 Parent bank	24,213	27,519	23,403	25,279	29 547	33,977	35,906	36,799	35,447	35,160
66 Other banks in United States	18,669	11,958	13,771	12,826	11,985[r]	11,155	14,419	12 356[r]	12,549	13,104
67 Nonbanks		16,334	27 356	32,721	31,995	35,498	34,325	31 890[r]	33,243	35,538
68 To foreigners	151,363	169,927	201 476	205,263	200,049[r]	194,322	198,754	199,644[r]	197,317	200,817
69 Other branches of parent bank	43,268	53,396	60 513	56,577	56,247	56,206	53 335	54,753	53,576	55,530
70 Banks	64,872	63,000	80 691	87,029	84,467[r]	78,911	86,404	85,355[r]	86,188	86,550
71 Official institutions	23,972	26,404	29,048	28,360	26 961	26,177	26,165	25,659	23,329	23,760
72 Nonbank foreigners	19,251	27,127	31,224	33,297	32,374	33,028	32,850	33,877[r]	34,224	34,977
73 Other liabilities	4,328	5,072	7,813	9,042	9,002	8 074	8,202	7 747[r]	7,347	8,069
					United Kingdom					
74 **Total, all currencies**	**90,933**	**106,593**	**130,873**	**138,930**	**139,066**	**135,669**	**136,467**	**136,872**	**137,096**	**140,715**
75 To United States	7,753	9,730	20 986	19,877	20,012[r]	21,404	20,608	19,343	19,125	20,594
76 Parent bank	1 451	1,887	3 104	2 118	2,410	3,275	2,542	2,951	2,712	3,198
77 Other banks in United States	6,302	4 232	7 693	6,265	6,129[r]	5,567	5 910	5 361	5,768	5,732
78 Nonbanks		3 611	10 189	11 494	11,473	12,562	12,156	11 031	10,645	11,664
79 To foreigners	80,736	93,202	104 032	111,769	112,055[r]	107,739	109,604	111,866	112,536	114,813
80 Other branches of parent bank	9,376	12,786	12,567	13,824	13,767	12 694	13,343	13,295	13,790	13,951
81 Banks	37,893	39,917	47,620	54,309	54 927[r]	51,203	51 452	53,749	56,008	58,127
82 Official institutions	18,318	20,963	24,202	23,628	22,577	21,088	22 600	22,437	19,807	20,437
83 Nonbank foreigners	15,149	19,536	19,643	20 008	20,784	22 754	22,209	22 385	22,931	22,298
84 Other liabilities	2,445	3,661	5,855	7,284	6,999	6,526	6,255	5,663	5,435	5,308
85 **Total payable in U.S. dollars**	**67,573**	**77,030**	**95,449**	**101,170**	**100,117**	**95,314**	**96,453**	**96,403**	**96,133**	**99,135**
86 To United States	7,480	9,328	20,552	19,284	19,321[r]	20,843	20,007	18,687	18,519	19,978
87 Parent bank	1,416	1,836	3,054	2 060	2,315	3,238	2,496	2 892	2,634	3,101
88 Other banks in United States	6,064	4,144	7,651	6,210	6,056[r]	5,486	5,809	5,259	5,682	5,616
89 Nonbanks		3,348	9,847	11,014	10,950	12,119	11,702	10,536	10,203	11,261
90 To foreigners	58,977	66,216	72,397	78,278	77,322[r]	71,489	73,431	75,001	75,250	76,696
91 Other branches of parent bank	7,505	9,635	8,446	10,021	9,758	8,672	9 128	9,215	9,791	9,770
92 Banks	25,608	25,287	29,424	34 488	35,394[r]	31,352	31,726	32 865	34,741	35,998
93 Official institutions	15,482	17,091	20,192	19,558	18,300	16,846	18,253	18,046	15,338	15,989
94 Nonbank foreigners	10,382	14,203	14,335	14,211	13,870	14,619	14,324	14 875	15,380	14,939
95 Other liabilities	1 116	1,486	2,500	3,608	3,474	2 982	3,015	2,715	2,364	2,461
					Bahamas and Caymans					
96 **Total, all currencies**	**79,052**	**91,735**	**108,977**	**116,538**	**115,276**	**120,243**	**128,429**	**123,076**	**119,379**	**119,597**
97 To United States	32,176	39,431	37,719	45,618	48,431	54 190	58,877	56,237[r]	56,139	56,862
98 Parent bank	20,956	20,482	15,267	19,170	22,748	26,589	29,189	29,329	27,694	26,752
99 Other banks in United States	11,220	6,073	5,204	5,721	5,200	4,821	7,460	6,021[r]	5,945	6,508
100 Nonbanks		12,876	17,248	20,727	20,483	22,780	22 228	20,887	22,500	23,602
101 To foreigners	45,292	50,447	68,598	67,971	63,935	63,171	66,593	63,944[r]	60,438	59,492
102 Other branches of parent bank	12,816	16,094	20,875	20,009	20,102	20,409	18,081	17,079	16,719	15,878
103 Banks	24,717	23,104	33,631	32,174	28,917	27,126	34,086	32,181[r]	29,193	28,949
104 Official institutions	3,000	4,208	4,866	5,461	5,096	5,525	4,119	4 250	4,575	4,333
105 Nonbank foreigners	4,759	7,041	9,226	10,327	9,820	10,111	10,307	10 434	9,951	10,332
106 Other liabilities	1,584	1,857	2,660	2,949	2 910	2,882	2,959	2,895	2,802	3,243
107 **Total payable in U.S. dollars**	**74,463**	**87,014**	**103,460**	**112,509**	**111,494**	**116,182**	**124,017**	**118,473**	**115,021**	**115,351**

1. In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches

2 In May 1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1977	1978	1979	1980 June[r]	1980 July[r]	1980 Aug[r]	1980 Sept[r]	1980 Oct	1980 Nov[p]	1980 Dec[p]
1 **Total**[1]	**131,097**	**162,589**	**149,481**[r]	**149,151**	**153,088**	**154,674**	**156,899**	**157,385**	**163,196**	**164,434**
By type										
2 Liabilities reported by banks in the United States[2]	18,003	23,290	30,475	28,912	29,211	29,449	30,918	28,815	29,601	30,483
3 U.S. Treasury bills and certificates[3]	47,820	67,671	47,666	45,907	47,982	49,811	49,361	50,392	55,104	56,243
U.S. Treasury bonds and notes										
4 Marketable	32,164	35,894	37,590	39,784	40,546	39,801	40,799	41,463	41,764	41,431
5 Nonmarketable[4]	20,443	20,970	17,387	15,954	15,954	15,654	15,254	15,254	15,254	14,654
6 U.S. securities other than U.S. Treasury securities[5]	12,667	14,764	16,363[r]	18,594	19,395	19,959	20,567	21,461	21,473	21,623
By area										
7 Western Europe[1]	70,748	93,089	85,602	75,271	78,141	78,424	76,942	76,004	80,899	81,713
8 Canada	2,334	2,486	1,898	2,157	1,907	2,156	1,901	1,736	1,433	1,563
9 Latin America and Caribbean	4,649	5,046	6,291	5,943	6,308	6,050	6,610	6,008	5,722	5,667
10 Asia	50,693	58,817	52,793[r]	62,215	63,086	64,287	67,696	69,042	70,025	70,536
11 Africa	1,742	2,408	2,412	2,694	2,930	3,281	3,232	3,520	3,867	4,128
12 Other countries[6]	931	743	485	871	716	476	518	1,075	1,250	827

1 Includes the Bank for International Settlements.
2 Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3 Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4 Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5 Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6 Includes countries in Oceania and Eastern Europe.

NOTE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.15 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1977	1978[r]	1979 Sept[r]	1979 Dec[r]	1980 Mar[r]	1980 June[r]	1980 Sept
1 Banks' own liabilities	925	2,363	2,401	1,868	2,358	2,693	2,688
2 Banks' own claims[1]	2,356	3,671	3,013	2,419	2,772	2,955	3,161
3 Deposits	941	1,795	1,376	994	1,212	1,048	1,120
4 Other claims	1,415	1,876	1,637	1,425	1,560	1,908	2,040
5 Claims of banks' domestic customers[2]		358	609	580	1,058	798	595

1 Includes claims of banks' domestic customers through March 1978.
2 Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE. Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.16 LIABILITIES TO FOREIGNERS Reported by Banks in the United States Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1977	1978	1979	1980						
				June	July	Aug	Sept	Oct	Nov	Dec p
1 **All foreigners**	**126,168**	**166,877r**	**187,492r**	**186,922r**	**188,295r**	**201,402r**	**191,683r**	**195,827r**	**204,802**	**205,609**
2 Banks' own liabilities		78,730r	117,211r	116,625r	116,497r	128,171r	118,663	121,240r	125,058	125,112
3 Demand deposits	18,996	19,218	23,325	25,870r	22,046r	22,511	22,474	22,457r	22,847	23,859
4 Time deposits[1]	11,521	12,431	13,627	12,780r	12,995r	13,208r	13,824	14,157r	14,773	15,172
5 Other[2]		9,704r	16,419r	16,801r	18,700r	18,785r	18,046r	17,222r	17,101	17,427
6 Own foreign offices[3]		37,376	63,839	61,174r	62,757r	73,667r	64,319r	67,405r	70,336	68,654
7 Banks' custody liabilities[4]	.	88,147r	70,281r	70,297r	71,797r	73,231r	73,020r	74,587r	79,743	80,497
8 U S Treasury bills and certificates[5]	48,906	68,202	48,573	48,193	49,627	51,505	50,731	51,990	56,484	57,595
9 Other negotiable and readily transferable instruments[6]		17,446r	19,359r	19,522r	19,438r	19,141r	19,778r	19,967	20,624	20,070
10 Other		2,499	2,350	2,582r	2,732	2,586r	2,511	2,630	2,635	2,832
11 **Nonmonetary international and regional organizations[7]**	**3,274**	**2,607**	**2,356r**	**3,509r**	**2,903**	**2,820**	**2,549**	**2,734**	**2,476**	**2,283**
12 Banks' own liabilities	.	906	714r	852r	607	501	476	352	383	383
13 Demand deposits	231	330	260	99	214	171	141	115	187	146
14 Time deposits[1]	139	84	151	92	93	101	100	95	92	85
15 Other[2]		492	303r	662r	299	229	235	143	104	152
16 Banks' custody liabilities[4]		1,701	1,643	2,657	2,296	2,319	2,073	2,382	2,093	1,900
17 U S. Treasury bills and certificates	706	201	102	1,106	604	644	316	581	337	254
18 Other negotiable and readily transferable instruments[6]		1,499	1,538	1,551	1,692	1,675	1,757	1,800	1,756	1,646
19 Other		1	2	0	0	0	0	0	0	0
20 **Official institutions[8]**	**65,822**	**90,706**	**78,142**	**74,819r**	**77,193r**	**79,260**	**80,279**	**79,207r**	**84,706**	**86,726**
21 Banks' own liabilities	.	12,129	18,228	16,313r	17,071r	17,591	18,548	16,182r	16,897	17,938
22 Demand deposits	3,528	3,390	4,704	5,009r	4,218	3,898	4,348	3,406	3,553	3,962
23 Time deposits[1]	1,797	2,550	3 041	2,670	2,705r	3,006r	3,477	3,390	3,623	3,633
24 Other[2]		6,189	10,483	8,633r	10,148	10,688r	10,724	9,387r	9,721	10,342
25 Banks' custody liabilities[4]		78,577	59,914	58,507	60,122	61,669	61,731	63,025r	67,808	68,788
26 U S Treasury bills and certificates[5]	47,820	67,415	47,666	45,907	47,982	49,811	49,361	50,392	55,104	56,243
27 Other negotiable and readily transferable instruments[6]		10,992	12 196	12,554	12,092	11,805r	12,307	12,542r	12,648	12,491
28 Other		170	52	45	48	54r	63	90	56	54
29 **Banks[9]** .	**42,335**	**57,495r**	**88,352r**	**89,479r**	**90,111r**	**100,788r**	**89,979r**	**95,012r**	**97,679**	**96,431**
30 Banks' own liabilities	.	52,705r	83,352r	84,080r	84,629r	95,475r	84,737r	89,653r	91,799	90,477
31 Unaffiliated foreign banks	.	15,329r	19,512r	22,907r	21,872r	21,808	20,419	22,249r	21,463	21,822
32 Demand deposits	10,933	11,257	13,274	14,926r	12,882r	13,427	12,995	13,843r	13,714	14,116
33 Time deposits[1]	2,040	1,443	1,680	1,479	1,626r	1,514	1,412	1,724	1,786	1,809
34 Other[2]		2,629r	4,558r	6,502r	7,364	6,867	6,012	6,681r	5,963	5,897
35 Own foreign offices[3]		37,376	63,839	61,174r	62,757r	73,667r	64,319r	67,405	70,336	68,654
36 Banks' custody liabilities[4]		4,790	5,000	5,399r	5,482	5,313	5,241	5,359	5,880	5,954
37 U S. Treasury and certificates	141	300	422	594	557	577	361	515	529	623
38 Other negotiable and readily transferable instruments[6]	.	2,425	2,405	2,522	2,395	2,435	2,533	2,417	2,883	2,743
39 Other		2,065	2,173	2,283r	2,530	2,301	2,347	2,427	2,467	2,588
40 **Other foreigners**	**14,736**	**16,070r**	**18,642r**	**19,115r**	**18,088r**	**18,533r**	**18,876r**	**18,874r**	**19,941**	**20,169**
41 Banks' own liabilities		12,990	14,918r	15,380r	14,190r	14,604r	14,901r	15,052r	15,979	16,315
42 Demand deposits	4,304	4,242	5,087	5,836r	4,732	5,014	4,991	5,093	5,393	5,635
43 Time deposits	7,546	8,353	8,755	8,539r	8,570r	8,588r	8,836	8,948r	9,272	9,644
44 Other[2]		394	1,075r	1,004r	888r	1,002r	1,075r	1,011r	1,315	1,036
45 Banks' custody liabilities[4]		3,080r	3,725r	3,735r	3,898r	3,930r	3,975r	3,822	3,962	3,855
46 U S Treasury bills and certificates	240	285	382	586	484	473	693	502	513	474
47 Other negotiable and readily transferable instruments[6]		2,531r	3,220r	2,895r	3,259r	3,226r	3,181r	3,208	3,337	3,191
48 Other		264	123	254	154	231	100	112	112	190
49 MEMO. Negotiable time certificates of deposit in custody for foreigners		11,007	10,974	11,773	10,500	10,433	10,704	10,799r	10,553	10,735

1 Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments" Data for time deposits before April 1978 represent short-term only

2 Includes borrowing under repurchase agreements

3 U S banks includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies Agencies, branches, and majority-owned subsidiaries of foreign banks principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.

4 Financial claims on residents of the United States other than long-term securities, held by or through reporting banks

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

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

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

8 Foreign central banks and foreign central governments and the Bank for International Settlements

9 Excludes central banks, which are included in "Official institutions"

3.16 LIABILITIES TO FOREIGNERS Continued

Area and country	1977	1978	1979	1980 June	July	Aug	Sept	Oct	Nov	Dec p
1 **Total**	**126,168**	**166,877r**	**187,492r**	**186,922r**	**188,295r**	**201,402r**	**191,683r**	**195,827r**	**204,802**	**205,609**
2 **Foreign countries**	**122,893**	**164,270r**	**185,136r**	**183,413r**	**185,392r**	**198,582r**	**189,134r**	**193,093r**	**202,325**	**203,326**
3 Europe	60,295	85 169r	90,935	82,894r	83,848r	86 077r	83,476	83,990r	90,813	91,305
4 Austria	318	513	413	383	432	390	432	460	519	523
5 Belgium-Luxembourg	2,531	2,550	2,375	3,988r	3,837	3,673	3,696	3 322	3,696	4,019
6 Denmark	770	1 946	1,092	553	534	525	528	493	586	497
7 Finland	323	346	398	438	433	403	311	307	363	455
8 France	5,269	9,214r	10 433	11,272	12,178	12,596	12,332	11 654	12,380	12,127
9 Germany	7 239	17,286	12,935	6,954	7,626	9,121	7 854	7,557	9,171	9,968
10 Greece	603	826	635	626	567	642	591	643	710	667
11 Italy	6,857	7,739	7,782	5,778	7,138	6,530	5,969	6,796	7,308	7,572
12 Netherlands	2 869	2,402	2 327	2 676	2,830	2,491	2 540	2,555	2,794	2,441
13 Norway	944	1,271	1,267	1,282	1,140	1,040	1,074	1,381	1,444	1,344
14 Portugal	273	330	557	391	398	506	571	491	437	374
15 Spain	619	870	1,259	1 366	1,371	1,491	1,321	1,520	1,379	1,500
16 Sweden	2,712	3,121	2,005	1,999	1,795	1,861	1,826	1,813	1,811	1,737
17 Switzerland	12,343	18 225	17 954	14,732r	14,359	14,252	13,524	13 695r	16,574	16,654
18 Turkey	130	157	120	153	156	147	237	171	257	292
19 United Kingdom	14,125	14 265	24 694	24,175r	22,556r	22,925	22,818	23 797r	24,518	23,061
20 Yugoslavia	232	254	266	254	190	139	169	203	225	681
21 Other Western Europe[1]	1,804	3 440	4,070	5,473r	6,006	7,002	7,250	6 880r	6,161	6,949
22 U S S R	98	82	52	49	36	70	39	33	64	69
23 Other Eastern Europe[2]	236	330r	302	351r	267	271	392	220	416	376
24 Canada	4,607	6,969	7,379	9,157	9,228	9,187	10,234	9,992	9,871	10,025
25 Latin America and Caribbean	23,670	31,677r	49 665r	46,946r	49,233r	58,282r	48,781r	52 501r	53,175	53,178
26 Argentina	1,416	1,484	1,582	1,705	1,841	1,880	1,875	1,996	1,996	2 132
27 Bahamas	3,596	6,752	15,255	12,886r	13,172r	21,179	13,924	17,567r	16,783	16,372
28 Bermuda	321	428	430	576	464	559	677	595	555	670
29 Brazil	1 396	1,125	1 005	1 420r	1,434r	1,378	1,168	1,342	1,248	1 221
30 British West Indies	3,998	6,014	11,117	10,285r	11,957r	13,309r	11,410	12,040r	12,493	12,738
31 Chile	360	398	468	450	459r	475	431	448r	456	460
32 Colombia	1,221	1,756	2,617	2,854	2,954r	2,893	2,916	3,037	2,962	3,077
33 Cuba	6	13	13	6	6	7	5	5	6	6
34 Ecuador	330	322	425	455	346	818	381	387	437	371
35 Guatemala[3]		416	414	360	373	372	373	365	359	367
36 Jamaica[3]		52	76	91	137	100	101	85	79	97
37 Mexico	2,876	3 467r	4,185r	4,007r	4 268r	4 291r	4 226r	4,575	4,583	4 549
38 Netherlands Antilles	196	308	499	250	332	314	360	393	568	413
39 Panama	2,331	2 967	4,483	4 179r	4,685	4 617	3,894	3,595	4,575	4,718
40 Peru	287	363	383	346	350	401	355	380	345	403
41 Uruguay	243	231	202	231r	232r	241r	199	220	244	254
42 Venezuela	2,929	3,821	4,192	4 709r	4 350	3,692	4,405	3,659	3,667	3,170
43 Other Latin America and Caribbean	2,167	1,760	2,318	2 138r	1,874r	1 755	2,080	1,811	1,817	2,161
44 Asia	30 488	36,492	33 013r	39 432r	38,048	39,880r	41,847	40,880r	41,996	42,376
China										
45 Mainland	53	67	49	44	38	37	38	46	62	49
46 Taiwan	1,013	502	1,393	1,524	1 438	1,552	1,595	1,610	1,636	1,662
47 Hong Kong	1,094	1 256	1,672	2 270	2 186	1,994r	2,204	2,150r	2,410	2,550
48 India	961	790	527	633	494	631	529	485	438	416
49 Indonesia	410	449	504	807	849	649r	827	811	715	730
50 Israel	559	688	707	584	488	569	534	530	548	883
51 Japan	14,616	21 927	8,907	12,430	12,547	14 059	15,414	15,354	15,720	16,246
52 Korea	602	795	993	1,087	1,482	1,473	1,994	1,809	1,764	1,528
53 Philippines	687	644	795r	848r	935	778	814	838	800	917
54 Thailand	264	427	277	405	405	304	517	403	440	464
55 Middle-East oil-exporting countries[4]	8,979	7,534	15,309r	16,804r	15 378r	15 801r	15,409	14,611	15,214	14,454
56 Other Asia	1,250	1,414	1,879	1 997r	1,808	2,033	1,972	2,232	2,250	2,477
57 Africa	2,535	2,886	3,239	3,695r	3,796r	4,221r	3,902	4,246r	4,725	5,195
58 Egypt	404	404	475	326r	451r	350r	322	269	374	493
59 Morocco	66	32	33	35	33	47	32	57	38	33
60 South Africa	174	168	184	325	360	404	354	288	332	293
61 Zaire	39	43	110	107	78	38	42	36	34	57
62 Oil-exporting countries[5]	1,155	1,525	1,635	2,107r	2,094	2 685	2,459	2,911	3,211	3,540
63 Other Africa	698	715	804	796	779	697	694	685	735	778
64 Other countries	1,297	1,076	904	1,290	1,239	936	894	1,484	1,746	1,247
65 Australia	1,140	838	684	1,019	959	692	613	1,190	1,413	950
66 All other	158	239	220	271	281	243	281	294	333	297
67 Nonmonetary international and regional organizations	3,274	2,607	2,356r	3 509r	2,903	2,820	2,549	2,734	2,476	2,283
68 International	2,752	1 485	1,238	2,394	1,804	1,736	1,389	1,586	1,366	1,156
69 Latin American regional	278	808	806	807	785	800	837	841	801	832
70 Other regional[6]	245	314	313r	307r	314	285	323	307	309	296

1 Includes the Bank for International Settlements Beginning April 1978, also includes Eastern European countries not listed in line 23

2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania

3 Included in "Other Latin America and Caribbean" through March 1978

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

5 Comprises Algeria, Gabon, Libya, and Nigeria

6 Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe"

3.17 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1977	1978	1979	1980						
				June	July	Aug	Sept	Oct	Nov	Dec p
1 **Total**	**90,206**	**115,603**	**133,919r**	**149,513r**	**151,218r**	**163,401r**	**161,518**	**162,658r**	**167,365**	**173,662**
2 **Foreign countries**	**90,163**	**115,547**	**133,887r**	**149,479r**	**151,187r**	**163,363r**	**161,484**	**162,618r**	**167,331**	**173,592**
3 Europe	18,114	24,232	28,429r	29,440r	28,439	29,411r	29,722r	29,259r	32,498	32,075
4 Austria	65	140	284	305	309	280	264	196	250	236
5 Belgium-Luxembourg	561	1,200	1,339	1,866	1,622	1,881	1,954	1,680	1,946	1,619
6 Denmark	173	254	147	167	149	164	180	132	165	127
7 Finland	172	305	202	307	223	215	184	253	248	460
8 France	2,082	3,735	3,322r	2,687r	2,582	3,288	3,232	2,551	3,301	2,962
9 Germany	644	845	1,179	1,143r	1,004	1,131	1,018	987	1,506	946
10 Greece	206	164	154	346	279	265	221	278	265	256
11 Italy	1,334	1,523	1,631	1,940	2,295	2,433	2,560	2,842r	3,062	3,363
12 Netherlands	338	677	514	590	492	632	546	557	749	575
13 Norway	162	299	276	219	270	231	248	335	138	227
14 Portugal	175	171	330	300	346	335	330	341	393	331
15 Spain	722	1,120	1,051	1,189	1,011	1,139	1,106	1,113	1,094	993
16 Sweden	218	537	542	677	534	558	716	763r	633	783
17 Switzerland	564	1,283	1,165	1,237	1,319	1,581	1,337	1,564r	1,932	1,446
18 Turkey	360	300	149	144	143	137	144	123r	149	145
19 United Kingdom	8,964	10,172	13,814r	13,762r	13,175	12,651r	13,080r	12,950r	13,885	14,835
20 Yugoslavia	311	363	611	658	648	647	682	684	689	852
21 Other Western Europe[1]	86	122	175	203	170	172	245	226	234	179
22 U.S.S.R.	413	366	290	289	531	232	241	257	271	281
23 Other Eastern Europe[2]	566	657	1,254	1,412r	1,336	1,438	1,434	1,427	1,389	1,460
24 Canada	3,355	5,152	4,143	5,272	4,654	4,775	5,255	4,614	4,542	4,810
25 Latin America and Caribbean	45,850	57,567	68,011	74,090r	78,690r	89,253r	85,768r	87,665r	89,263	93,769
26 Argentina	1,478	2,281	4,389	5,226	5,234	5,393	5,629	5,859	6,270	5,692
27 Bahamas	19,858	21,555	18,918	25,101r	28,710	31,866	30,269r	30,275r	29,679	29,349
28 Bermuda	232	184	496	175	194	256	216	399	260	243
29 Brazil	4,629	6,251	7,720	8,294r	8,989r	9,251r	9,639	10,135	9,989	10,474
30 British West Indies	6,481	9,692	9,822	8,689r	8,637	14,570	11,980	12,630r	13,651	15,628
31 Chile	675	970	1,441	1,368r	1,359	1,487	1,627	1,721	1,730	1,939
32 Colombia	671	1,012	1,614	1,435	1,448	1,490	1,493	1,575	1,582	1,768
33 Cuba	10	0	4	4	4	3	6	3	3	3
34 Ecuador	517	705	1,025	1,058	1,051	1,136	1,111	1,157	1,157	1,186
35 Guatemala[3]		94	134	120	153	102	105	112	114	137
36 Jamaica[3]		40	47	36	31	31	33	35	40	36
37 Mexico	4,909	5,479	9,099	10,197r	10,660	10,785r	11,123	11,745	12,014	12,590
38 Netherlands Antilles	224	273	248	728	760	725r	710	799	816	820
39 Panama	1,410	3,098	6,031	4,952	4,552	4,931	4,461	3,972	4,367	5,853
40 Peru	962	918	652	711	647	687	671	719	749	891
41 Uruguay	80	52	105	103	91	105	100	100	105	137
42 Venezuela	2,318	3,474	4,669	4,317r	4,469	4,737	4,879	4,710r	5,113	5,438
43 Other Latin America and Caribbean	1,394	1,490	1,598	1,576	1,700	1,697	1,715	1,721r	1,625	1,584
44 Asia	19,236	25,386	30,652r	37,604r	36,282r	36,927r	37,620	37,806r	37,952	39,398
China										
45 Mainland	10	4	35	75	68	50	117	126	187	195
46 Taiwan	1,719	1,499	1,821	2,105r	2,224	2,284	2,492	2,332	2,382	2,469
47 Hong Kong	543	1,479	1,804	2,271r	2,174	2,063	2,099	1,980	2,093	2,193
48 India	53	54	92	83	97	118	84	103	125	196
49 Indonesia	232	143	131	155	205	245	208	214	248	245
50 Israel	584	888	990	1,028	950	1,012	918	1,055	1,127	1,172
51 Japan	9,839	12,671	16,946r	21,902r	20,595r	21,205r	20,663	20,607r	20,320	21,608
52 Korea	2,336	2,282	3,798r	5,420r	5,523r	5,464r	5,574	5,885	5,842	5,620
53 Philippines	594	680	737	780	881	1,019	1,169	1,081	1,120	986
54 Thailand	633	758	935	927r	939	947	947	925	969	876
55 Middle East oil-exporting countries[4]	1,746	3,125	1,548	1,261r	1,120	1,040	1,471	1,258r	1,538	1,555
56 Other Asia	947	1,804	1,813	1,597r	1,506	1,480	1,876	2,240	1,999	2,284
57 Africa	2,518	2,221	1,797	2,016	2,179r	1,977	2,029	2,090	1,933	2,375
58 Egypt	119	107	114	95	112	135	123	159	165	150
59 Morocco	43	82	103	121	134	180	166	119	146	223
60 South Africa	1,066	860	445	616	691	469	535	440	375	370
61 Zaire	98	164	144	107	107	98	101	123	98	94
62 Oil-exporting countries[5]	510	452	391	364	378r	349	374	469	402	805
63 Other	682	556	600	714	757	746	729	780	747	733
64 Other countries	1,090	988	855	1,056	943	1,021	1,091	1,185	1,143	1,165
65 Australia	905	877	673	860	743	793	879	942	915	859
66 All other	186	111	182	196	200	228	213	243	228	306
67 Nonmonetary international and regional organizations[6]	43	56	32	34	31	38	34	40	34	70

1 Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.

3 Included in "Other Latin America and Caribbean" through March 1978.

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

5 Comprises Algeria, Gabon, Libya, and Nigeria.

6 Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

3.18 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1977	1978	1979	1980						
				June r	July	Aug	Sept r	Oct	Nov	Dec p
1 **Total**	**90,206**	**126,851**	**154,017r**	**174,693**	....	....	**187,008**	....	....	....
2 Banks' own claims on foreigners		115,603	133,919r	149,513	151,218r	163,401r	161,518	162,658r	167,365	173,662
3 Foreign public borrowers		10,312r	15,580r	15,844	16,659r	17,419r	18,969	19,046r	20,603	20,472
4 Own foreign offices[1]		41,628	47,475r	56,328	58,520r	64,051r	61,879	61,613r	62,389	66,072
5 Unaffiliated foreign banks		40,496r	40,969r	43,768	42,007	47,500r	46,008	46,574r	48,902	50,151
6 Deposits		5,428	6,253r	6,511	6,165r	7,250r	7,216	7,136r	7,579	8,286
7 Other		35,067r	34,716r	37,258	35,842r	40,250r	38,792	39,438r	41,323	41,865
8 All other foreigners		23,167	29,896r	33,573	34,032r	34,431r	34,661	35,425r	35,472	36,967
9 Claims of banks' domestic customers[2]		11,248	20,098	25,181			25,490			
10 Deposits		480	955	910			1,081			
11 Negotiable and readily transferable instruments[3]		5,414	13,124	17,470		..	15,260		....	
12 Outstanding collections and other claims[4]	6,176	5,353	6,019	6,800			9,148		.	
13 MEMO Customer liability on acceptances		14,969	18,058	22,284		.	23,533		.	.
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]		13,162r	21,578r	23,216	25,416r	24,140r	21,964	22,617	24,399	n a

1 *U S banks* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies *Agencies, branches, and majority-owned subsidiaries of foreign banks* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank

2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers

3. Principally negotiable time certificates of deposit and bankers acceptances

4 Data for March 1978 and for period prior to that are outstanding collections only.

5 Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U S dollars issued by banks abroad For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p 550

NOTE Beginning April 1978, data for banks own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only

3.19 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Maturity, by borrower and area	1978	1979			1980		
	Dec	June	Sept	Dec	Mar	June	Sept r
1 **Total**	**73,771**	**77,740r**	**87,580**	**86,261r**	**85,227r**	**92,748**	**98,892**
By borrower							
2 Maturity of 1 year or less[1]	58,481	60,076r	68,404	65,251r	63,868r	71,368r	76,096
3 Foreign public borrowers	4,583	4,658r	6,142r	7,127r	6,778r	7,089r	8,639
4 All other foreigners	53,898	55,418r	62,262r	58,125r	57,090r	64,279r	67,458
5 Maturity of over 1 year[1]	15,289	17,664	19,176	21,009	21,359	21,380	22,796
6 Foreign public borrowers	5,361	6,433	7,652	8,114	8,430	8,515r	9,592
7 All other foreigners	9,928	11,231	11,524	12,895	12,929	12,865r	13,204
By area							
Maturity of 1 year or less[1]							
8 Europe	15,176	14,033	16,799	15,254r	13,844	17,141r	16,880
9 Canada	2,670	2,703	2,471	1,777	1,818	2,013	2,166
10 Latin America and Caribbean	20,990	23,148	25,690	24,974	23,178	24,417r	28,007
11 Asia	17,579	18,191	21,519	21,673r	23,358r	25,753r	26,892
12 Africa	1,496	1,438	1,401	1,080	1,043	1 320	1,401
13 All other[2]	569	565	524	493	627	724	751
Maturity of over 1 year[1]							
14 Europe	3,142	3,483	3,653	4,140	4,248	4,033	4,715
15 Canada	1,426	1,221	1,364	1,317	1,214	1 199	1,188
16 Latin America and Caribbean	8,464	10,279	11,771	12,821	13,397	13 902	14,192
17 Asia	1,407	1,884	1,578	1,911	1,728	1,524	2,009
18 Africa	637	614	623	652	620	576	567
19 All other[2]	214	183	188	169	152	146	126

1 Remaining time to maturity
2 Includes nonmonetary international and regional organizations

3.20 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1976	1977	1978[2] Sept	1978[2] Dec	1979 Mar	1979 June	1979 Sept	1979 Dec	1980 Mar	1980 June	1980 Sept p
1 **Total**	**206.8**	**240.0**	**247.5**	**266.3**	**264.0**	**275.6**	**294.0**	**303.8**	**307.6**	**328.2**	**338.5**
2 G-10 countries and Switzerland	100.3	116.4	113.5	124.8	119.1	125.3	135.8	138.4	140.4	154.4	159.7
3 Belgium-Luxembourg	6.1	8.4	8.4	9.0	9.4	9.7	10.7	11.1	10.8	13.1	13.6
4 France	10.0	11.0	11.7	12.2	11.7	12.7	12.0	11.6	12.0	14.1	13.9
5 Germany	8.7	9.6	9.7	11.3	10.5	10.8	12.8	12.2	11.4	12.7	12.9
6 Italy	5.8	6.5	6.1	6.7	5.7	6.1	6.1	6.4	6.2	6.9	7.2
7 Netherlands	2.8	3.5	3.5	4.4	3.9	4.0	4.7	4.8	4.3	4.5	4.4
8 Sweden	1.2	1.9	2.2	2.1	2.0	2.0	2.3	2.4	2.4	2.7	2.8
9 Switzerland	3.0	3.6	4.3	5.4	4.5	4.8	5.0	4.8	4.4	3.4	3.5
10 United Kingdom	41.7	46.5	44.2	47.3	46.4	50.3	53.7	56.4	57.6	64.7	67.3
11 Canada	5.1	6.4	4.9	6.0	5.9	5.5	6.0	6.3	6.8	7.2	7.9
12 Japan	15.9	18.8	18.5	20.6	19.0	19.5	22.3	22.4	24.7	25.2	26.2
13 Other developed countries	15.0	18.6	18.7	19.4	18.2	18.2	19.7	19.9	18.8	20.3	20.4
14 Austria	1.2	1.3	1.5	1.7	1.7	1.8	2.0	2.0	1.7	1.8	1.7
15 Denmark	1.0	1.6	1.9	2.0	2.0	1.9	2.0	2.2	2.1	2.2	2.3
16 Finland	1.1	1.2	1.0	1.2	1.2	1.1	1.2	1.2	1.1	1.3	1.2
17 Greece	1.7	2.2	2.2	2.3	2.3	2.2	2.3	2.4	2.4	2.5	2.6
18 Norway	1.5	1.9	2.1	2.1	2.1	2.1	2.3	2.3	2.4	2.4	2.4
19 Portugal	4	.6	5	6	6	5	7	7	6	6	.6
20 Spain	2.8	3.6	3.5	3.5	3.0	3.0	3.3	3.5	3.5	3.9	4.2
21 Turkey	1.3	1.5	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.3
22 Other Western Europe	7	9	1.0	1.3	1.1	9	1.5	1.4	1.4	1.6	1.7
23 South Africa	2.2	2.4	2.2	2.0	1.7	1.8	1.7	1.3	1.1	1.5	1.2
24 Australia	1.2	1.4	1.3	1.4	1.3	1.4	1.3	1.3	1.2	1.2	1.2
25 OPEC countries[3]	12.6	17.6	20.4	22.7	22.6	22.7	23.4	22.9	21.8	20.9	21.2
26 Ecuador	7	1.1	1.6	1.6	1.5	1.6	1.6	1.7	1.8	1.8	1.9
27 Venezuela	4.1	5.5	6.2	7.2	7.2	7.6	7.9	8.7	7.9	7.9	8.3
28 Indonesia	2.2	2.2	1.9	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9
29 Middle East countries	4.2	6.9	8.7	9.5	9.4	9.0	9.2	8.0	7.8	6.9	6.7
30 African countries	1.4	1.9	2.0	2.5	2.6	2.6	2.8	2.6	2.5	2.5	2.4
31 Non-OPEC developing countries	44.2	48.7	49.6	52.6	53.9	55.9	58.8	62.8	63.7	67.5	72.8
Latin America											
32 Argentina	1.9	2.9	2.9	3.0	3.1	3.5	4.1	5.0	5.5	5.6	7.5
33 Brazil	11.1	12.7	14.0	14.9	14.9	15.1	15.1	15.2	15.0	15.3	15.8
34 Chile	8	9	1.3	1.6	1.7	1.8	2.2	2.5	2.5	2.7	3.2
35 Colombia	1.3	1.3	1.3	1.4	1.5	1.5	1.7	2.2	2.1	2.2	2.3
36 Mexico	11.7	11.9	10.7	10.8	10.9	10.7	11.4	12.0	12.1	13.6	14.4
37 Peru	1.8	1.9	1.8	1.7	1.6	1.4	1.4	1.5	1.3	1.4	1.5
38 Other Latin America	2.8	2.6	3.4	3.6	3.5	3.3	3.6	3.7	3.6	3.6	3.9
Asia											
China											
39 Mainland	0	0	0	0	1	1	1	1	1	1	.1
40 Taiwan	2.4	3.1	2.4	2.9	3.1	3.3	3.5	3.4	3.6	3.7	4.1
41 India	2	3	3	2	2	2	2	2	2	2	2
42 Israel	1.0	9	7	1.0	1.0	9	1.0	1.3	9	1.2	1.1
43 Korea (South)	3.1	3.9	3.5	3.9	4.2	5.0	5.3	5.5	6.5	7.1	7.3
44 Malaysia[4]	5	7	6	6	.6	7	7	9	8	9	.9
45 Philippines	2.2	2.5	2.8	2.8	3.2	3.7	3.7	4.2	4.4	4.6	4.8
46 Thailand	7	1.1	1.1	1.2	1.2	1.4	1.6	1.6	1.4	1.5	1.5
47 Other Asia	5	.4	3	2	3	4	3	4	4	5	5
Africa											
48 Egypt	4	3	4	.4	5	7	6	6	7	7	7
49 Morocco	3	5	5	6	6	5	5	6	5	5	6
50 Zaire	2	.3	2	.2	2	2	2	2	.2	2	2
51 Other Africa[5]	1.2	7	1.3	1.4	1.4	1.5	1.6	1.7	1.8	1.8	2.0
52 Eastern Europe	5.2	6.3	6.6	6.9	6.7	6.7	7.2	7.3	7.3	7.2	7.3
53 U.S.S.R	1.5	1.6	1.4	1.3	1.1	9	9	7	6	5	5
54 Yugoslavia	8	1.1	1.3	1.5	1.6	1.7	1.8	1.8	1.9	2.1	2.1
55 Other	2.9	3.7	3.9	4.1	4.0	4.1	4.6	4.8	4.9	4.6	4.7
56 Offshore banking centers	24.7	26.1	30.1	30.9	33.7	37.0	38.6	40.4	42.6	43.8	43.7
57 Bahamas	10.1	9.9	11.5	10.4	12.3	14.4	13.0	13.7	14.0	13.6	12.6
58 Bermuda	5	6	7	7	6	7	.7	8	6	.6	6
59 Cayman Islands and other British West Indies	3.8	3.7	6.7	7.4	7.1	7.4	9.5	9.4	11.3	9.5	10.1
60 Netherlands Antilles	6	7	6	8	8	1.0	1.1	1.2	9	1.1	1.3
61 Panama[6]	3.0	3.1	3.1	3.0	3.4	3.8	3.4	4.3	4.9	5.6	5.7
62 Lebanon	1	2	1	1	1	1	2	2	2	2	2
63 Hong Kong	2.2	3.7	4.0	4.2	4.8	4.9	5.5	6.0	5.7	6.9	7.3
64 Singapore	4.4	3.7	2.9	3.9	4.2	4.2	4.9	4.5	4.7	5.9	5.6
65 Others[7]	0	5	5	5	4	4	4	4	4	4	4
66 Miscellaneous and unallocated[8]	5.0	5.3	8.6	9.1	9.5	9.9	10.6	11.7	13.1	14.3	13.7

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.13 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.17 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches). However, see also footnote 2.

2. Beginning with data for June 1978, the claims of the U.S. offices in this table include only banks' own claims payable in dollars. For earlier dates the claims of the U.S. offices also include customer claims and foreign currency claims (amounting in June 1978 to $10 billion).

3. In addition to the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

4. Foreign branch claims only through December 1976.

5. Excludes Liberia.

6. Includes Canal Zone beginning December 1979.

7. Foreign branch claims only.

8. Includes New Zealand, Liberia, and international and regional organizations.

3.21 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1978	1979	1980 Jan.–Dec.	1980 June	July	Aug.	Sept.	Oct.	Nov.	Dec.p
	Holdings (end of period)[1]									
1 **Estimated total**[2]	**44,946**	**51,344r**	....	**54,195r**	**54,884r**	**54,120r**	**55,869r**	**56,553r**	**57,217**	**57,416**
2 Foreign countries[2]	39,817	45,915r		49,795r	50,590r	49,992r	51,173r	52,075r	52,867	52,828
3 Europe[2]	17,072	24,824r		25,479r	25,259r	24,643r	25,016r	24,783r	24,708	24,334
4 Belgium-Luxembourg	19	60		28	45	89	91	78	74	77
5 Germany[2]	8,705	14,056r		14,095r	13,697r	13,097r	13,110	12,823r	12,758	12,335
6 Netherlands	1,358	1,466		1,437	1,547	1,522	1,640	1,658	1,777	1,884
7 Sweden	285	647		647	650	640	611	607	614	595
8 Switzerland[2]	977	1,868		1,731	1,675	1,675	1,566	1,517	1,489	1,485
9 United Kingdom	5,373	6,236		6,984r	7,074r	7,089r	7,456	7,538r	7,411	7,180
10 Other Western Europe	354	491		556	571	531	542	562	584	777
11 Eastern Europe	0	0			0	0	0	0	0	0
12 Canada	152	232		423	481	469	480	503	532	449
13 Latin America and Caribbean	416	466		616	690	706	768	768	942	999
14 Venezuela	144	103		200	248	261	302	292	292	292
15 Other Latin America and Caribbean	110	200		215	242	240	241	255	278	285
16 Netherlands Antilles	162	163		200	200	205	225	221	372	421
17 Asia	21,488	19,805		22,791r	23,575r	23,585r	24,292r	25,331r	25,966	26,110
18 Japan	11,528	11,175		9,545	9,614	9,465	9,444	9,503	9,547	9,479
19 Africa	691	591		492	592	592	617	685	715	922
20 All other	−3	3		−6	−6	−5	0	5	4	14
21 Nonmonetary international and regional organizations	5,129	5,429		4,400r	4,294	4,128r	4,696	4,478r	4,350	4,588
22 International	5,089	5,388		4,338	4,234	4,066	4,632	4,430	4,302	4,548
23 Latin American regional	41	37		60	60	60	65	44	44	36
	Transactions (net purchases, or sales (−) during period)									
24 **Total**[2]	**6,305**	**6,397r**	**6,072**	**1,757**	**692**	**−767**	**1,752**	**681**	**665**	**199**
25 Foreign countries[2]	5,921	6,099r	6,913	1,820	795	−598	1,181	903	792	−39
26 Official institutions	3,729	1,697	3,841	1,716	762	−745	998	664	302	−334
27 Other foreign[2]	2,193	4,403r	3,073	104	33	146	183	240	490	295
28 Nonmonetary international and regional organizations	383	301	−844	−63	−104	−168	571	−222	−127	237
MEMO: Oil-exporting countries										
29 Middle East[3]	−1,785	−1,014	7,672	1,427	598	140	601	990	561	358
30 Africa[4]	329	−100	330	−100	100	0	25	68	30	207

1 Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2 Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

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

4 Comprises Algeria, Gabon, Libya, and Nigeria.

3.22 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1977	1978	1979	1980 July	Aug.	Sept.	Oct.	Nov.	Dec.	1981 Jan.p
1 Deposits	424	367	429	436	336	460	368	368	411	573
Assets held in custody										
2 U.S. Treasury securities[1]	91,962	117,126	95,075	95,525	96,504	96,227	98,121	102,786	102,417	104,490
3 Earmarked gold[2]	15,988	15,463	15,169	15,034	15,025	14,987	14,986	14,968	14,965	14,893

1 Marketable U.S. Treasury bills, notes, and bonds, and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2 The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.23 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1978	1979	1980 Jan.-Dec.	1980 June	July	Aug.	Sept.	Oct.	Nov.	Dec. p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	20,145	22,781r	40,320	2,559r	3,110r	3,505	3,569	4,438	4,457	4,345
2 Foreign sales	17,723	21,123r	35,044	2,400r	2,800r	3,301	3,329	3,920	3,588	3,783
3 Net purchases, or sales (−)	**2,423**	**1,658r**	**5,276**	**159r**	**310r**	**203**	**241**	**519**	**869**	**562**
4 Foreign countries	**2,469**	**1,642r**	**5,258**	**161r**	**308r**	**205**	**246**	**524**	**867**	**540**
5 Europe	1,283	217	3,036	56	115	42	−83	300	633	222
6 France	47	122	479	9	62	30	33	53	109	57
7 Germany	620	−221	184	5	13	21	18	35	121	7
8 Netherlands	22	71	328	25	27	26	38	−29	−58	17
9 Switzerland	585	519	308	19	82	127	122	83	265	−88
10 United Kingdom	1,230	964	2,502	99	188	216	153	172	251	299
11 Canada	74	552	847	24	81	13	−22	66	263	230
12 Latin America and Caribbean	151	19	143	27	25	32	83	132	57	12
13 Middle East[1]	781	688r	1,209	19r	141r	183	410	126	109	181
14 Other Asia	189	211	7	28	5	22	19	33	18	72
15 Africa	13	14	1	2	1	0	2	2	0	2
16 Other countries	3	7	30	8	2	21	4	3	5	6
17 Nonmonetary international and regional organizations	**−46**	**17**	**18**	**−2**	**2**	**−2**	**−5**	**−6**	**2**	**22**
BONDS[2]										
18 Foreign purchases	7,897r	8,803r	15,356	1,834	1,695	1,087	645	1,612	1,181	946
19 Foreign sales	5,679r	7,608r	9,968	1,152	898	589	481	739	902	826
20 Net purchases, or sales (−)	**2,218r**	**1,195r**	**5,387**	**682**	**797**	**498**	**165**	**873r**	**278**	**121**
21 Foreign countries	**1,878**	**1,330**	**5,454**	**625**	**769**	**475**	**214**	**918**	**283**	**108**
22 Europe	736	626	1,585	105	129	27	23	284	151	−26
23 France	30	11	143	12	8	6	2	16	12	12
24 Germany	2	58	213	−14	50	11	4	30	13	22
25 Netherlands	12	202	65	6	26	7	7	8	−7	17
26 Switzerland	−202	−118	54	10	16	9	0	1	8	14
27 United Kingdom	930	814	1,252	110	196	53	−5	235	154	−113
28 Canada	102	80	135	5	−2	25	12	9	21	7
29 Latin America and Caribbean	98	109	186	23	29	32	18	7	11	4
30 Middle East[1]	810	424	3,416	483	600	382	194	594	105	113
31 Other Asia	131	88	117	5	13	9	14	24	−3	32
32 Africa	−1	1	5	0	0	0	0	0	0	0
33 Other countries	1	1	10	4	1	0	2	0	1	0
34 Nonmonetary international and regional organizations	**341r**	**−134r**	**−66**	**57**	**28**	**23**	**−49**	**−45**	**−4**	**13**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	527	786	−2,239	−174r	−76	201	558	335	129	68
36 Foreign purchases	3,666	4,615	7,870	495r	654	605	694	788	927	721
37 Foreign sales	3,139	5,401	10,108	669r	731	805	1,253	1,143	798	788
38 Bonds, net purchases, or sales (−)	4,185	3,855r	−835	−620r	374	−259	84	−206	91	274
39 Foreign purchases	11,098	12,672r	17,062	1,638r	1,725	1,374	1,231	1,651	1,252	1,786
40 Foreign sales	15,283	16,527r	17,898	2,258r	1,351	1,634	1,316	1,857	1,161	1,512
41 Net purchases, or sales (−), of stocks and bonds	**−3,658**	**−4,641r**	**−3,074**	**−794r**	**298**	**−460**	**−643**	**−561**	**219**	**206**
42 Foreign countries	**−3,471**	**−3,891r**	**−3,950**	**−813r**	**−32**	**−384**	**−680**	**−576**	**196**	**−177**
43 Europe	−61	1,646	958	481r	10	176	110	113	30	86
44 Canada	3,229	2,601	−2,094	−288r	29	42	344	651	327	24
45 Latin America and Caribbean	221	347r	126	−25r	34	14	7	35	−24	−11
46 Asia	186	44r	1,131	−66r	−55	−313	−223	−16	73	84
47 Africa	−441	61r	24	5r	1	0	−4	29	1	13
48 Other countries	−146	25	81	44	7	76	6	16	3	−7
49 Nonmonetary international and regional organizations	**−187**	**−750**	**876**	**19**	**330**	**−76**	**37**	**15**	**23**	**383**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.24 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1978	1979	1979			1980		
			June	Sept	Dec	Mar	June	Sept p
1 **Total**	**14,879**	**16,950**	**15,519**	**15,700**	**16,950**	**17,373**	**18,472**	**18,406**
2 Payable in dollars	11,516	13,932	12,631	12,692	13,932	14,437	15,105	15,203
3 Payable in foreign currencies[2]	3,363	3,018	2,888	3,008	3,018	2,936	3,366	3,203
By type								
4 Financial liabilities	6,305	7,311	6,049	6,131	7,311	7,802	8,307	8,125
5 Payable in dollars	3,841	5,101	3,876	3,877	5,101	5,618	5,751	5,707
6 Payable in foreign currencies	2,464	2,210	2,173	2,254	2,210	2,184	2,556	2,418
7 Commercial liabilities	8,574	9,639	9,470	9,568	9,639	9,571	10,165	10,281
8 Trade payables	4,008	4,380	4,302	4,051	4,380	4,138	4,265	4,370
9 Advance receipts and other liabilities	4,566	5,258	5,168	5,518	5,258	5,433	5,899	5,911
10 Payable in dollars	7,675	8,830	8,755	8,815	8,830	8,819	9,355	9,496
11 Payable in foreign currencies	899	808	715	754	808	752	810	785
By area or country								
Financial liabilities								
12 Europe	3,903	4,579	3,582	3,713	4,579	4,813	5,392	5,214
13 Belgium-Luxembourg	289	345	355	317	345	360	422	404
14 France	167	168	134	126	168	188	341	327
15 Germany	366	497	283	381	497	520	657	557
16 Netherlands	390	834	401	542	834	801	783	766
17 Switzerland	248	168	235	190	168	172	238	224
18 United Kingdom	2,110	2,372	1,955	1,957	2,372	2,568	2,783	2,761
19 Canada	244	445	290	304	445	383	482	456
20 Latin America and Caribbean	1,357	1,483	1,395	1,347	1,483	1,764	1,633	1,718
21 Bahamas	478	375	477	390	375	459	434	412
22 Bermuda	4	81	2	2	81	83	2	1
23 Brazil	10	18	19	14	18	22	25	20
24 British West Indies	194	514	189	198	514	694	700	685
25 Mexico	102	121	131	122	121	101	101	108
26 Venezuela	49	72	68	71	72	70	72	74
27 Asia	791	795	772	757	795	821	775	705
28 Japan	714	723	706	700	723	737	680	615
29 Middle East oil-exporting countries[3]	32	31	25	19	31	26	31	37
30 Africa	5	4	6	5	4	11	10	11
31 Oil-exporting countries[4]	2	1	2	1	1	1	1	1
32 All other[5]	5	4	5	5	4	10	15	21
Commercial liabilities								
33 Europe	3,033	3,621	3,303	3,393	3,621	3,682	4,008	4,010
34 Belgium-Luxembourg	75	137	81	103	137	117	132	107
35 France	321	467	353	394	467	503	485	486
36 Germany	529	534	471	539	534	533	714	670
37 Netherlands	246	227	230	206	227	288	245	272
38 Switzerland	302	310	439	348	310	382	462	451
39 United Kingdom	824	1,073	997	1,015	1,073	994	1,120	1,024
40 Canada	667	868	663	717	868	720	591	590
41 Latin America	997	1,323	1,335	1,401	1,323	1,253	1,271	1,361
42 Bahamas	25	69	65	89	69	4	26	8
43 Bermuda	97	32	82	48	32	47	107	114
44 Brazil	74	203	165	186	203	228	151	156
45 British West Indies	53	21	121	21	21	20	37	12
46 Mexico	106	257	216	270	257	235	272	324
47 Venezuela	303	301	323	359	301	211	210	293
48 Asia	2,932	2,865	3,034	2,996	2,865	2,912	3,053	2,889
49 Japan	448	488	516	517	488	578	411	492
50 Middle East oil-exporting countries[3]	1,523	1,017	1,225	1,070	1,017	901	1,019	937
51 Africa	743	728	891	775	728	742	875	1,036
52 Oil-exporting countries[4]	312	384	410	370	384	382	498	633
53 All other[5]	203	233	243	287	233	263	367	396

1 For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p 550

2 Before December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year

3 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, an United Arab Emirates (Trucial States)

4 Comprises Algeria, Gabon, Libya, and Nigeria

5 Includes nonmonetary international and regional organizations

3.25 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1978	1979	1979			1980		
			June	Sept	Dec	Mar	June^r	Sept^p
1 **Total**	**27,859**	**30,859**	**30,296**	**30,949**	**30,859**	**31,953**	**31,850**	**31,374**
2 Payable in dollars	24 861	27,703	27,394	28,280	27,703	28,956	28,808	28,240
3 Payable in foreign currencies[2]	2,998	3,156	2,902	2,668	3,156	2,997	3,042	3,134
By type								
4 Financial claims	16,522	18,107	19,303	19,176	18,107	19,237	18,499	18,164
5 Deposits	11,062	12,461	13,643	13,730	12,461	13,563	12,658	12,099
6 Payable in dollars	10,000	11,572	12,706	12,830	11,572	12,601	11,778	11,018
7 Payable in foreign currencies	1,061	889	938	901	889	963	879	1,081
8 Other financial claims	5 461	5,646	5,660	5,446	5,646	5,673	5,841	6,065
9 Payable in dollars	3,855	3,792	4,059	4,030	3,792	4,046	4,103	4,395
10 Payable in foreign currencies	1,606	1,854	1 601	1,416	1,854	1,627	1,737	1,670
11 Commercial claims	11,337	12,752	10,993	11 773	12,752	12,716	13,352	13,210
12 Trade receivables	10,778	12,064	10,364	11,061	12,064	12,071	12,656	12,521
13 Advance payments and other claims	559	688	628	712	688	645	695	689
14 Payable in dollars	11,006	12,339	10,629	11,421	12,339	12,309	12,926	12,827
15 Payable in foreign currencies	331	413	363	352	413	407	425	383
By area or country								
Financial claims								
16 Europe	5,218	6,115	5,638	6,562	6,115	5,826	5,835	5,576
17 Belgium-Luxembourg	48	32	54	33	32	19	23	14
18 France	178	177	183	191	177	290	307	381
19 Germany	510	407	361	393	407	298	190	168
20 Netherlands	103	53	62	51	53	39	37	30
21 Switzerland	98	73	81	85	73	89	96	41
22 United Kingdom	4,023	5,053	4,650	5,522	5,053	4,778	4,855	4,546
23 Canada	4,482	4,812	5,146	4,767	4,812	4,882	4,778	4,798
24 Latin America and Caribbean	5,665	6,190	7,433	6,682	6 190	7,512	6,807	6,671
25 Bahamas	2,959	2,680	3,637	3,284	2,680	3,448	2,962	2,757
26 Bermuda	80	30	57	31	30	34	25	65
27 Brazil	151	163	141	133	163	128	120	116
28 British West Indies	1,288	2,001	2,407	1,838	2 001	2,591	2,393	2,283
29 Mexico	163	158	159	156	158	169	178	192
30 Venezuela	150	133	151	139	133	132	139	128
31 Asia	922	693	800	818	693	708	758	792
32 Japan	307	190	217	222	190	226	253	269
33 Middle East oil-exporting countries[3]	18	16	17	21	16	18	16	20
34 Africa	181	253	227	277	253	265	256	260
35 Oil-exporting countries[4]	10	49	23	41	49	40	35	29
36 All other[5]	55	44	61	69	44	43	65	68
Commercial claims								
37 Europe	3,985	4,895	3,833	4,127	4,895	4,751	4,820	4,610
38 Belgium-Luxembourg	144	203	170	179	203	208	255	227
39 France	609	727	470	518	727	703	662	698
40 Germany	399	584	421	448	584	515	504	561
41 Netherlands	267	298	307	262	298	347	297	287
42 Switzerland	198	269	232	224	269	349	429	332
43 United Kingdom	827	905	731	818	905	924	908	979
44 Canada	1,096	843	1 106	1,164	843	862	895	926
45 Latin America and Caribbean	2,547	2,853	2 406	2,595	2 853	2,990	3,281	3,351
46 Bahamas	109	21	98	16	21	19	19	53
47 Bermuda	215	197	118	154	197	135	133	81
48 Brazil	629	647	503	568	647	656	697	709
49 British West Indies	9	16	25	13	16	11	9	17
50 Mexico	506	698	584	648	698	833	921	973
51 Venezuela	292	342	296	346	342	349	394	384
52 Asia	3,082	3,365	2,967	3,116	3,365	3,370	3,540	3,361
53 Japan	976	1,127	1 005	1,128	1,127	1,209	1,130	1,065
54 Middle East oil-exporting countries[3]	717	766	685	701	766	718	829	829
55 Africa	447	556	487	549	556	518	567	699
56 Oil-exporting countries[4]	136	133	139	140	133	114	115	135
57 All other[5]	179	240	194	220	240	225	249	264

1 For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p 550

2 Prior to December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year

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

4 Comprises Algeria, Gabon, Libya and Nigeria

5 Includes nonmonetary international and regional organizations

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Jan 31, 1981		Country	Rate on Jan 31, 1981		Country	Rate on Jan 31, 198	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Argentina	137 01	Dec 1980	France	9 5	Aug 1977	Sweden	12 0	Jan 1981
Austria	6 75	Mar 1980	Germany, Fed Rep. of	7 5	May 1980	Switzerland	3 5	Feb 1981
Belgium	12 0	July 1980	Italy	16 5	Sept 1980	United Kingdom	14 0	Nov 198
Brazil	40 0	June 1980	Japan	7 25	Nov 1980	Venezuela	10 0	July 1980
Canada	17 11	Jan 1981	Netherlands	8 0	Oct 1980			
Denmark	11 00	Oct 1980	Norway	9 0	Nov 1979			

NOTE Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers For countries with more than one rate applicable to such discounts or advances, the r shown is the one at which it is understood the central bank transacts largest proportion of its credit operations

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1978	1979	1980	1980						1981
				July	Aug	Sept	Oct	Nov	Dec	Jan
1 Eurodollars	8 74	11 96	14 00	9 33	10 82	12 07	13 55	16 46	19 47	18
2 United Kingdom	9 18	13 60	16 59	15 82	16 45	15 89	15 87	15 84	14 64	14
3 Canada	8 52	11 91	13 12	10 91	10 47	10 73	11 71	12 96	16 83	16
4 Germany	3 67	6 64	9 45	9 59	8 93	8 90	8 99	9 37	10 11	9
5 Switzerland	0 74	2 04	5 79	5 29	5 52	5 57	5 40	5 53	6 61	5
6 Netherlands	6 53	9 33	10 60	10 06	9 97	10 31	9 63	9.59	9 69	9
7 France	8 10	9 44	12 18	11 87	11 20	11 81	11 69	11 26	11 52	11
8 Italy	11 40	11 85	17 50	17 49	17 30	17 50	18 16	17 51	17 47	17
9 Belgium	7 14	10 48	14 06	13 30	12 52	12 35	12 24	12 40	12 75	12
10 Japan	4 75	6 10	11 45	12 89	12 04	11 46	10 98	9 74	9 60	9

NOTE Rates are for 3-month interbank loans except for the following Canada, finance company paper, Belgium, time deposits of 20 million francs and over, and Japan, loans and discounts that can be called at being held over a minimum of two month-ends

3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1978	1979	1980	1980						1981
				July	Aug	Sept	Oct	Nov	Dec	Jan
1 Australia/dollar	114 41	111 77	114.00	115 85	115 77	117 04	117 43	116 75	116 86	118 19
2 Austria/schilling	6.8958	7 4799	7 7349	8 0578	7 8840	7 8916	7 6714	7 3433	7 1549	7 029
3 Belgium/franc	3.1809	3 4098	3 4247	3 5766	3 4883	3 4844	3 3875	3 2457	3 1543	3 096
4 Canada/dollar	87.729	85 386	85 530	86 783	86 263	85 861	85 538	84 286	83 560	83 974
5 Denmark/krone	18 156	19 010	17 766	18 487	18 070	18 068	17 639	16 962	16 573	16 181
6 Finland/markka	24 337	27 732	26 892	27 699	27 353	27 428	27.122	26 452	25 903	25 752
7 France/franc	22.218	23 504	23 694	24 657	24 106	24 056	23 489	22 515	21 925	21 539
8 Germany/deutsche mark	49.867	54 561	55 089	57.245	55 867	55 883	54.280	52 113	50 769	49 771
9 India/rupee	12.207	12 265	12 686	12.875	12 849	12.903	12 932	12 868	12 608	12 567
10 Ireland/pound	191 84	204 65	205 77	214 74	210 62	210 34	203 88	194 59	189 01	185.54
11 Italy/lira	11782	12035	11694	12026	11801	11742	11441	11000	10704	104
12 Japan/yen	47981	45834	44311	45232	44666	46644	47777	46928	47747	494
13 Malaysia/ringgit	43 210	45 720	45.967	46 658	46 484	47 127	46 902	46 187	45 406	44 994
14 Mexico/peso	4 3896	4 3826	4 3535	4 3511	4.3389	4 3443	4 3324	4 3166	4 3071	4 279
15 Netherlands/guilder	46 284	49 843	50 369	52 337	51 305	51 398	50 052	48 102	46 730	45 810
16 New Zealand/dollar	103 64	102 23	97 337	98 643	97 738	98 309	98 069	96 770	95 404	96 137
17 Norway/krone	19 079	19 747	20 261	20.762	20 555	20 676	20 421	19 938	19 370	19 087
18 Portugal/escudo	2 2782	2 0437	1 9980	2 0466	2 0163	2 0096	1 9756	1 9178	1 8773	1 859
19 South Africa/rand	115 01	118 72	128 54	130 79	131 55	132 73	133 13	133 20	132 83	133 69
20 Spain/peseta	1 3073	1 4896	1 3958	1 4122	1 3810	1 3639	1 3423	1 3085	1 2653	1 240
21 Sri Lanka/rupee	6 3834	6 4226	6 1947	6 3288	6 2980	6 3196	5 9707	5 8139	5 7379	5 952
22 Sweden/krona	22 139	23 323	23 647	24 238	23 953	24 072	23 845	23 240	22 722	22 490
23 Switzerland/franc	56 283	60 121	59 697	62 203	60 527	61 012	60 185	57 942	56 022	54 907
24 United Kingdom/pound	191 84	212 24	232 58	237 32	237 04	240 12	241 64	239 41	234 59	240 29
MEMO										
25 United States/dollar[1]	92 39	88 09	87 39	84 65	86 09	85 50	86 59	89 31	90 99	91 38

1. Index of weighted average exchange value of U S dollar against currencies of other G 10 countries plus Switzerland March 1973 = 100 Weights are 1972–76 global trade of each of the 10 countries Series revised as of August 1978 For description and back data, see "Index of the Weighted-Average Exchange Value of the U S Dollar Revision" on p. 700 of the August 1978 BULLETIN

NOTE Averages of certified noon buying rates in New York for cable transfe

Guide to Tabular Presentation, Statistical Releases, and Special Tables

Guide to Tabular Presentation

Symbols and Abbreviations

c	Corrected	0	Calculated to be zero
e	Estimated	n.a.	Not available
p	Preliminary	n.e.c.	Not elsewhere classified
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)	IPCs	Individuals, partnerships, and corporations
¹	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)	REITs	Real estate investment trusts
		RPs	Repurchase agreements
		SMSAs	Standard metropolitan statistical areas
		......	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

Statistical Releases

List Published Semiannually, with Latest Bulletin Reference

Special Tables

Published Irregularly, with Latest Bulletin Reference

4.20 DOMESTIC AND FOREIGN OFFICES, Commercial Banks with Assets of $100 Million or over[1,p] Consolidated Report of Condition; Sept. 30, 1980

Millions of dollars

Item	Insured	Banks with foreign offices[2]			Banks without foreign offices
		Total	Foreign offices[3]	Domestic offices	
1 **Total assets**	**1,403,268**	**1,048,133**	**343,261**	**735,105**	**355,134**
2 Cash and due from depository institutions	282,330	242,842	126,383	116,459	39,488
3 Currency and coin (U.S. and foreign)	12,424	7,235	277	6,958	5,189
4 Balances with Federal Reserve Banks	25,567	18,577	330	18,247	6,991
5 Balances with other central banks	2,637	2,637	2,573	64	N.A
6 Demand balances with commercial banks in United States	38,395	27,393	4,405	22,988	11,001
7 All other balances with depository institutions in United States and with banks in foreign countries	126,471	121,724	116,789	4,935	4,747
8 Time and savings balances with commercial banks in United States	5,506	2,759	1,503	1,256	2,748
9 Balances with other depository institutions in United States	395	250	113	137	145
10 Balances with banks in foreign countries	120,570	118,715	115,173	3,542	1,855
11 Foreign branches of other U.S. banks	N.A	26,749	25,668	1,081	N.A
12 Other banks in foreign countries	N.A	91,966	89,506	2,460	N.A
13 Cash items in process of collection	76,835	65,276	2,008	63,268	11,559
14 **Total securities, loans, and lease financing receivables**	**1,027,612**	**725,675**	**192,942**	**532,733**	**301,937**
15 *Total securities, book value*	*214,048*	*123,146*	*10,305*	*112,841*	*90,902*
16 U.S. Treasury	63,077	33,868	387	33,482	29,209
17 Obligations of other U.S. government agencies and corporations	31,931	15,914	25	15,890	16,017
18 Obligations of states and political subdivisions in United States	97,377	54,487	651	53,836	42,890
19 All other securities	21,662	18,876	9,243	9,633	2,786
20 Other bonds, notes, and debentures	11,594	9,621	8,005	1,615	1,973
21 Federal Reserve and corporate stock	1,642	1,200	149	1,051	422
22 Trading account securities	8,427	8,056	1,089	6,967	371
23 Federal funds sold and securities purchased under agreements to resell	45,568	24,599	260	24,339	20,969
24 Total loans, gross	777,241	580,303	182,006	398,297	196,938
25 LESS: Unearned income on loans	14,328	7,987	1,642	6,345	6,341
26 Allowance for possible loan loss	7,889	5,770	226	5,544	2,119
27 EQUALS: Loans, net	755,024	566,546	180,138	386,409	188,477
Total loans, gross, by category					
28 Real estate loans	184,935	111,741	6,224	105,516	73,194
29 Construction and land development	N.A	N.A	N.A	22,031	8,002
30 Secured by farmland	N.A	N.A	N.A	772	1,161
31 Secured by residential properties	N.A	N.A	N.A	61,698	41,220
32 1- to 4-family	N.A	N.A	N.A	58,396	39,246
33 FHA-insured or VA-guaranteed	N.A	N.A	N.A	4,094	2,094
34 Conventional	N.A	N.A	N.A	54,302	37,152
35 Multifamily	N.A	N.A	N.A	3,302	1,974
36 FHA-insured	N.A	N.A	N.A	220	111
37 Conventional	N.A	N.A	N.A	3,082	1,863
38 Secured by nonfarm nonresidential properties	N.A	N.A	N.A	21,016	22,812
39 Loans to financial institutions	73,515	70,600	33,858	36,742	2,915
40 REITs and mortgage companies in United States	6,215	5,478	126	5,351	738
41 Commercial banks in United States	5,989	5,413	746	4,667	575
42 U.S. branches and agencies of foreign banks	N.A	2,203	360	1,842	N.A
43 Other commercial banks	N.A	3,211	386	2,825	N.A
44 Banks in foreign countries	33,860	33,616	25,718	7,897	244
45 Foreign branches of other U.S. banks	N.A	401	229	173	N.A.
46 Other	N.A	33,214	25,490	7,725	N.A
47 Finance companies in United States	9,519	9,080	349	8,730	440
48 Other financial institutions	17,932	17,014	6,919	10,096	918
49 Loans for purchasing or carrying securities	11,178	9,454	1,399	8,055	1,724
50 Brokers and dealers in securities	7,259	6,967	1,040	5,927	292
51 Other	3,919	2,488	359	2,128	1,432
52 Loans to finance agricultural production and other loans to farmers	9,917	5,880	677	5,203	4,037
53 Commercial and industrial loans	326,699	270,960	106,627	164,333	55,739
54 U.S. addressees (domicile)	N.A	163,074	7,098	155,977	N.A
55 Non-U.S. addressees (domicile)	N.A	107,885	99,529	8,356	N.A
56 Loans to individuals for household, family, and other personal expenditures	128,392	72,374	6,585	65,789	56,017
57 Installment loans	N.A	N.A	N.A	55,695	47,455
58 Passenger automobiles	N.A	N.A	N.A	18,021	20,617
59 Credit cards and related plans	N.A	N.A	N.A	18,521	8,718
60 Retail (charge account) credit card	N.A	N.A	N.A	14,979	7,388
61 Check and revolving credit	N.A	N.A	N.A	3,542	1,329
62 Mobile homes	N.A	N.A	N.A	3,456	3,412
63 Other installment loans	N.A	N.A	N.A	15,697	14,709
64 Other retail consumer goods	N.A	N.A	N.A	4,361	3,461
65 Residential property repair and modernization	N.A	N.A	N.A	3,751	3,606
66 Other installment loans for household, family, and other personal expenditures	N.A	N.A	N.A	7,585	7,642
67 Single-payment loans	N.A	N.A	N.A	10,094	8,562
68 All other loans	42,605	39,294	26,635	12,659	3,311
69 Loans to foreign governments and official institutions	N.A	25,661	23,530	2,131	N.A
70 Other	N.A	13,633	3,105	10,528	N.A
71 Lease financing receivables	12,973	11,384	2,239	9,145	1,589
72 Bank premises, furniture and fixtures, and other assets representing bank premises	18,159	11,096	1,027	10,069	7,062
73 Real estate owned other than bank premises	1,660	1,177	135	1,042	483
74 All other assets	73,508	67,343	22,775	74,801	6,165
75 *Investment in unconsolidated subsidiaries and associated companies*	*1,496*	*1,458*	956	502	38
76 Customers' liability on acceptances outstanding	39,612	39,298	8,241	31,057	314
77 U.S. addressees (domicile)	N.A	13,713	N.A	N.A	N.A
78 Non-U.S. addressees (domicile)	N.A	25,585	N.A	N.A	N.A
79 Net due from foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	N.A	N.A	3,863	26,370	N.A
80 Other	32,400	25,587	9,714	16,872	5,813

4.20 Continued

Item	Insured	Banks with foreign offices[2]			Banks without foreign offices
		Total	Foreign offices[3]	Domestic offices	
81 **Total liabilities and equity capital[4]**	**1,403,268**	**1,048,133**	**N.A.**	**N.A.**	**355,134**
82 **Total liabilities excluding subordinated debt**	**1,324,114**	**996,054**	**342,969**	**683,318**	**328,060**
83 Total deposits	1,071,469	777,481	285,741	491,740	293,988
84 Individuals, partnerships, and corporations	749,859	493,254	100,662	392,592	256,605
85 U S government	2,364	1,652	226	1,427	712
86 States and political subdivisions in United States	49,811	24,906	547	24,359	24,905
87 All other	254,710	246,277	182,048	64,229	8,433
88 Foreign governments and official institutions	41,600	41,418	33,491	7,927	182
89 Commercial banks in United States	69,886	61,975	15,448	46,527	7,911
90 U S branches and agencies of foreign banks	N A	11,365	3,613	7,752	N A
91 Other commercial banks in United States	N A	50,610	11,835	38,775	N A
92 Banks in foreign countries	143,225	142,884	133,109	9,775	341
93 Foreign branches of other U.S banks	N A	26,792	26,746	46	N A
94 Other banks in foreign countries	N A	116,093	106,363	9,729	N.A
95 Certified and officers' checks, travelers checks, and letters of credit sold for cash	14,724	11,392	2,259	9,133	3,332
96 Federal funds purchased and securities sold under agreements to repurchase in domestic offices and Edge and agreement subsidiaries	129,551	106,084	394	105,690	23,467
97 Interest-bearing demand notes issued to U S Treasury and other liabilities for borrowed money	46,353	41,730	14,278	27,452	4,623
98 Interest-bearing demand notes (note balances) issued to U S Treasury	16,059	12,528	N A	12,528	3,531
99 Other liabilities for borrowed money	30,294	29,202	14,278	14,924	1,093
100 Mortgage indebtedness and liability for capitalized leases	1,805	1,224	13	1,211	581
101 All other liabilities	74,936	69,534	42,542	57,225	5,402
102 Acceptances executed and outstanding	39,728	39,414	6,580	32,834	314
103 Net due to foreign branches, *foreign subsidiaries, Edge and agreement subsidiaries*	N A	N A	26,370	3,863	N A
104 Other	35,208	30,120	9,592	20,528	5,087
105 Subordinated notes and debentures	5,778	4,094	292	3,802	1,684
106 Total equity capital[4]	73,375	47,985	N A	N A	25,390
107 Preferred stock	95	10	N A	N A	85
108 Common stock	14,589	9,532	N A	N A	5,057
109 Surplus	25,861	16,325	N A	N A	9,536
110 Undivided profits and reserve for contingencies and other capital reserves	32,830	22,118	N A	N A	10,712
111 Undivided profits	31,966	21,703	N A	N A	10,263
112 Reserve for contingencies and other capital reserves	864	415	N A	N A	449
MEMO					
Deposits in domestic offices					
113 Total demand	312,252	213,994	0	213,994	98,258
114 Total savings	139,609	73,078	0	73,078	66,531
115 Total time	333,867	204,668	0	204,668	129,199
116 Time deposits of $100,000 or more	183,241	133,488	0	133,488	49,753
117 Certificates of deposit (CDs) in denominations of $100,000 or more	167,788	121,903	0	121,903	45,885
118 Other	15,453	11,584	0	11,584	3,869
119 Savings deposits authorized for automatic transfer and NOW accounts	15,217	9,072	0	9,072	6,145
120 *Money market time certificates of $10,000 and less than $100,000 with original maturities of 26 weeks*	84,552	41,087	0	41,087	43,466
121 Demand deposits adjusted[5]	188,386	108,950	0	108,950	79,437
122 Standby letters of credit, total	42,544	39,759	9,104	30,655	2,785
123 U S. addressees (domicile)	N A	25,708	N A	N A	N A
124 Non-U.S addressees (domicile)	N A	14,052	N A	N A	N A
125 Standby letters of credit conveyed to others through participations (included in total standby letters of credit)	2,138	2,008	265	1,743	130
126 Holdings of commercial paper included in total gross loans	N A	N A	N A	212	425
Average for 30 calendar days (or calendar month) ending with report date					
127 Total assets	1,377,849	1,027,036	316,014	711,022	350,813
128 Cash and due from *depository institutions*	269,262	233,422	123,663	109,758	35,840
129 Federal funds sold *and securities purchased under agreements to resell*	45,602	23,463	485	22,978	22,139
130 Total loans	754,090	564,292	179,364	384,927	189,798
131 Total deposits	1,048,951	758,934	284,592	474,342	290,017
132 Time CDs in denominations of $100,000 or more in domestic offices	165,775	N A	N A	119,997	45,778
133 Federal funds purchased and securities sold under agreements to repurchase	133,995	110,066	359	109,707	23,929
134 Other liabilities for borrowed money	29,178	28,105	13,297	14,808	1,073
135 Number of banks	1,427	177	177	177	1,250

For notes see page A73

4.21 DOMESTIC OFFICES, Insured Commercial Banks with Assets of $100 Million or over[1]
Consolidated Report of Condition; Sept. 30, 1980

Millions of dollars

Item	Insured	Member banks			Non-member insured
		Total	National	State	
1 **Total assets**	**1,090,240**	**934,284**	**703,094**	**231,190**	**155,956**
2 Cash and due from depository institutions	155,947	141,960	94,880	47,080	13,987
3 Currency and coin (U.S. and foreign)	12,147	10,419	8,150	2,268	1,728
4 Balances with Federal Reserve Banks	25,238	25,061	18,329	6,733	176
5 Balances with other central banks	64	64	64	*	*
6 Demand balances with commercial banks in United States	33,989	27,089	15,041	12,048	6,900
7 All other balances with depository institutions in United States and with banks in foreign countries	9,682	6,398	5,041	1,357	3,284
8 Time and savings balances with commercial banks in United States	4,003	2,346	2,125	221	1,657
9 Balances with other depository institutions in United States	282	104	86	18	178
10 Balances with banks in foreign countries	5,397	3,947	2,829	1,118	1,449
11 Cash items in process of collection	74,827	72,928	48,255	24,674	1,899
12 **Total securities, loans, and lease financing receivables**	**834,670**	**700,610**	**540,683**	**159,927**	**134,060**
13 Total securities, book value	203,742	163,241	123,356	39,885	40,501
14 U.S. Treasury	62,690	48,955	36,593	12,362	13,735
15 Obligations of other U.S. government agencies and corporations	31,907	24,524	19,456	5,067	7,383
16 Obligations of states and political subdivisions in United States	96,726	78,997	59,784	19,213	17,729
17 All other securities	12,419	10,765	7 523	3,242	1,654
18 Other bonds, notes, and debentures	3,588	2,262	1,705	557	1,326
19 Federal Reserve and corporate stock	1,493	1,317	973	344	176
20 Trading account securities	7,338	7,186	4,845	2,342	152
21 Federal funds sold and securities purchased under agreements to resell	45,308	38,919	30,861	8,058	6,389
22 Total loans, gross	595,308	505,229	392,237	112,993	90,005
23 LESS: Unearned income on loans	12,686	9,968	8,054	1,914	2,718
24 Allowance for possible loan loss	7,663	6,723	5,054	1,669	940
25 EQUALS: Loans, net	574,886	488,538	379 128	109,409	86,348
Total loans, gross, by category					
26 Real estate loans	178,711	143,602	117,708	25,895	35,108
27 Construction and land development	30,032	25,504	19,862	5,642	4,528
28 Secured by farmland	1,932	1,461	1,330	131	472
29 Secured by residential properties	102,917	83,437	69 614	13,823	19,480
30 1- to 4-family	97,641	79,260	66,502	12,758	18,381
31 FHA-insured or VA-guaranteed	6,188	5,525	4,662	863	663
32 Conventional	91,453	73,735	61,840	11,895	17,718
33 Multifamily	5,276	4,177	3,112	1,065	1,099
34 FHA-insured	331	260	138	122	71
35 Conventional	4,945	3,917	2,974	943	1,028
36 Secured by nonfarm nonresidential properties	43,829	33,200	26,901	6,299	10,629
37 Loans to financial institutions	39,657	37,734	24,119	13,615	1,923
38 REITs and mortgage companies in United States	6,089	5,753	4,408	1,344	337
39 Commercial banks in United States	5,243	4,557	2,722	1,835	686
40 Banks in foreign countries	8,142	7,908	4,244	3,664	234
41 Finance companies in United States	9,170	8,919	5,758	3,162	251
42 Other financial institutions	11,013	10,597	6,987	3,609	417
43 Loans for purchasing or carrying securities	9,779	9,230	5,606	3,624	549
44 Brokers and dealers in securities	6,219	5,994	3 034	2,960	225
45 Other	3,560	3,235	2,571	664	324
46 Loans to finance agricultural production and other loans to farmers	9,240	8,350	7,686	664	890
47 Commercial and industrial loans	220,072	194,026	146,755	47,271	26,046
48 Loans to individuals for household, family, and other personal expenditures	121,807	97,820	80,170	17,651	23,986
49 Installment loans	103,150	82,618	68,169	14,450	20,532
50 Passenger automobiles	38,637	29,553	24,377	5,175	9,085
51 Credit cards and related plans	27,239	24,425	20,105	4,320	2,814
52 Retail (charge account) credit card	22,367	20,230	16,898	3,332	2,137
53 Check and revolving credit	4,872	4,195	3,207	988	677
54 Mobile homes	6,868	5,572	5,073	499	1,295
55 Other installment loans	30,406	23,068	18,614	4,455	7,338
56 Other retail consumer goods	7,822	6,247	5,383	864	1,575
57 Residential property repair and modernization	7,357	5,420	4,438	982	1,937
58 Other installment loans for household, family, and other personal expenditures	15,227	11,401	8,792	2,609	3,826
59 Single-payment loans	18,656	15,202	12,001	3,201	3,455
60 All other loans	15,970	14,467	10,194	4,273	1 503
61 Lease financing receivables	10,734	9,912	7 338	2,574	822
63 Bank premises, furniture and fixtures, and other assets representing bank premises	17,132	14,060	11,479	2,581	3,071
63 Real estate owned other than bank premises	1,524	1,321	1,043	278	203
64 All other assets	80,966	76,333	55,009	21,324	4,634
65 Investment in unconsolidated subsidiaries and associated companies	539	512	439	73	27
66 Customers' liability on acceptances outstanding	31,371	30,726	21,374	9,352	645
67 Net due from foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	26,370	25,119	18,695	6,424	1,251
68 Other	22,686	19,976	14,501	5,475	2,710

4.21 Continued

Item	Insured	Member banks			Nonmember insured
		Total	National	State	
69 **Total liabilities and equity capital**[7]	**1,090,240**	**934,284**	**703,094**	**231,190**	**155,956**
70 **Total liabilities excluding subordinated debt**	**1,011,378**	**867,144**	**652,140**	**215,004**	**144,235**
71 Total deposits	785,728	653,803	495,553	158,250	131,925
72 Individuals, partnerships, and corporations	649,197	533,850	417,884	115,966	115,347
73 U S government	2,139	1 812	1,366	446	327
74 States and political subdivisions in United States	49,265	37,361	30,486	6,875	11,904
75 All other	72,662	70,087	39,539	30,548	2,576
76 Foreign governments and official institutions	8,108	7,860	4,853	3,007	248
77 Commercial banks in United States	54,438	52,528	30,238	22,291	1,910
78 Banks in foreign countries	10,116	9,698	4,448	5,250	417
79 Certified and officers' checks, travelers checks, and letters of credit sold for cash	12,466	10,694	6 278	4,416	1,772
80 Demand deposits	312,252	271,064	190,398	80,666	41,188
81 Mutual savings banks	1,130	963	533	430	167
82 Other individuals, partnerships, and corporations	227,699	192,153	144 922	47 230	35,546
83 U S. government	1,558	1,347	1,064	283	211
84 States and political subdivisions in United States	10,555	8,588	6,840	1,748	1,967
85 All other	58,844	57,320	30,760	26,559	1,525
86 Foreign governments and official institutions	2,301	2,201	917	1,284	100
87 Commercial banks in United States	47,481	46,278	25,966	20,312	1,203
88 Banks in foreign countries	9,063	8,841	3 877	4,963	222
89 Certified and officers' checks, travelers checks, and letters of credit sold for cash	12,466	10,694	6,278	4,416	1,772
90 Time deposits	333,867	272,356	216,822	55,534	61,512
91 Mutual savings banks	360	334	242	93	26
92 Other individuals, partnerships, and corporations	282,135	231,339	184,844	46,495	50,796
93 U S government	513	404	243	160	109
94 States and political subdivisions in United States	37,059	27,529	22,730	4,798	9,530
95 All other	13,800	12,750	8,763	3,987	1,050
96 Foreign governments and official institutions	5,795	5,647	3,925	1,722	148
97 Commercial banks in United States	6,952	6,246	4,266	1,979	707
98 Banks in foreign countries	1,052	857	571	286	195
99 Savings deposits	139,609	110,384	88,334	22,050	29,225
100 Mutual savings banks	*	*	*	0	0
101 Other individuals, partnerships, and corporations	137,872	109,060	87,343	21,717	28,812
102 Individuals and nonprofit organizations	130,329	103,436	82,856	20,580	26,893
103 Corporations and other profit organizations	7,543	5,624	4,487	1,138	1,919
104 U S government	68	61	59	2	7
105 States and political subdivisions in United States	1,651	1,245	916	329	406
106 All other	18	17	16	2	1
107 Foreign governments and official institutions	13	12	11	1	*
108 Commercial banks in United States	5	5	5	*	*
109 Banks in foreign countries	*	*	*	*	*
110 Federal funds purchased and securities sold under agreements to repurchase	129,157	122,062	91,569	30,493	7,095
111 Interest-bearing demand notes issued to U S Treasury and other liabilities for borrowed money	32,075	30,308	20,205	10,103	1,767
112 Interest-bearing demand notes (note balances) issued to U S Treasury	16,059	14,885	11,110	3,775	1,174
113 Other liabilities for borrowed money	16,016	15,423	9,095	6,328	593
114 Mortgage indebtedness and liability for capitalized leases	1,792	1,488	1,211	277	304
115 All other liabilities	62,627	59,482	43,601	15,882	3,145
116 Acceptances executed and outstanding	33,148	32,503	23,091	9,412	645
117 Net due to foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	3,863	3,714	2,977	737	149
118 Other	25,616	23,265	17,533	5,733	2,350
119 Subordinated notes and debentures	5,486	4,408	3 225	1,182	1,078
120 **Total equity capital**[7]	**73,375**	**62,732**	**47,729**	**15,003**	**10,643**
MEMO					
121 Time deposits of $100,000 or more	183,241	155,263	119,561	35,702	27,978
122 Certificates of deposit (CDs) in denominations of $100,000 or more	167,788	141,288	108,752	32,536	26,500
123 Other	15,453	13,975	10,809	3,166	1,477
124 Savings deposits authorized for automatic transfer and NOW accounts	15,217	12,341	9,444	2,896	2,876
125 Money market time certificates of $10,000 and less than $100,000 with original maturities of 26 weeks	84,552	66,199	55,475	10,724	18,353
126 Demand deposits adjusted[5]	188,386	150,511	115,113	35,398	37,876
127 Total standby letters of credit	33,440	31,883	21,764	10,119	1,557
128 Conveyed to others through participation (included in standby letters of credit	1,872	1,761	1,498	262	112
129 Holdings of commercial paper included in total gross loans	637	389	280	109	248
Average for 30 calendar days (or calendar month) ending with report date					
130 Total assets	1,061,835	907,918	684,258	223,660	153,917
131 Cash and due from depository institutions	145,599	132,868	88,723	44,145	12,730
132 Federal funds sold and securities purchased under agreements to resell	45,117	38,501	30,630	7,870	6,616
133 Total loans	574,726	487,719	379,216	108,503	87,006
134 Total deposits	764,359	634,265	483,555	150,709	130,094
135 Time CDs in denominations of $100,000 or more in domestic offices	165,775	139,534	107,737	31,797	26,241
136 Federal funds purchased and securities sold under agreements to repurchase	133,636	126,434	95,110	31,323	7,203
137 Other liabilities for borrowed money	15,881	15,367	8,695	6,672	514
138 Number of banks	1,427	928	769	159	499

For notes see page A73

4.22 DOMESTIC OFFICES, Insured Commercial Bank Assets and Liabilities[1/p]
Consolidated Report of Condition; Sept. 30, 1980

Millions of dollars

Item	Insured	Member banks			Non-member insured
		Total	National	State	
1 **Total assets**	**1,462,155**	**1,089,346**	**833,811**	**255,535**	**372,809**
2 Cash and due from depository institutions	187,014	156,715	107,417	49,298	30,299
3 *Currency and coin (U.S. and foreign)*	17,294	12,800	10,163	2,636	4,494
4 Balances with Federal Reserve Banks	29,923	29,647	22,237	7,410	276
5 Balances with other central banks	64	64	64	*	*
6 Demand balances with commercial banks in United States	48,608	31,710	19,024	12,686	16,898
7 All other balances with depository institutions in United States and banks in foreign countries	13,592	7,722	6,178	1,544	5,870
8 Cash items in process of collection	77,533	74,771	49,750	25,021	2,762
9 **Total securities, loans, and lease financing receivables**	**1,161,898**	**835,335**	**654,112**	**181,223**	**326,564**
10 Total securities, book value	309,737	207,139	160,503	46,636	102,597
11 U S Treasury	97,524	63,089	48,327	14,762	34,435
12 Obligations of other U S government agencies and corporations	55,490	33,849	27,378	6,471	21,641
13 Obligations of states and political subdivisions in United States	142,387	98,612	76,586	22,026	43,775
14 All other securities	14,335	11,589	8,212	3,378	2,746
15 Federal funds sold and securities purchased under agreements to resell	69,020	48,754	39,110	9,644	20,266
16 Total loans, gross	801,445	589,821	463,311	126,509	211,624
17 LESS: Unearned income on loans	19,787	12,917	10,556	2,362	6,870
18 Allowance for possible loan loss	9,593	7,555	5,764	1,791	2,038
19 EQUALS Loans, net	772,065	569,349	446,992	122,357	202,716
Total loans, gross, by category					
20 Real estate loans	255,770	175,409	144,065	31,344	80,361
21 Construction and land development	35,166	27,261	21,375	5,887	7,904
22 Secured by farmland	8,488	3,671	3,090	581	4,817
23 Secured by residential properties	149,413	103,554	86,185	17,368	45,859
24 1- to 4-family	142,904	98,913	82,689	16,224	43,991
25 Multifamily	6,509	4,641	3,497	1,144	1,868
26 Secured by nonfarm nonresidential properties	62,703	40,923	33,415	7,508	21,780
27 Loans to financial institutions	40,455	38,025	24,376	13,649	2,430
28 Loans for purchasing or carrying securities	10,345	9,412	5,762	3,650	934
29 Loans to finance agricultural production and other loans to farmers	31,596	17,018	14,772	2,247	14,578
30 *Commercial and industrial loans*	265,526	212 694	162,707	49,987	52,832
31 Loans to individuals for household, family, and other personal expenditures	178,631	121,469	100,298	21,171	57,162
32 Installment loans	147,619	101,230	84,052	17,178	46,388
33 Passenger automobiles	63,114	39,755	33,101	6,653	23,360
34 Credit cards and related plans	28,451	25,001	20,615	4,386	3,449
35 Mobile homes	10,508	7,220	6,489	731	3,288
36 All other installment loans for household, family, and other personal expenditures	45,546	29,255	23,847	5,408	16,291
37 Single-payment loans	31,012	20,238	16,246	3,992	10,774
38 All other loans	19,122	15,794	11,332	4,462	3,328
39 Lease financing receivables	11,077	10,093	7,507	2,586	984
40 Bank premises, furniture and fixtures, and other assets representing bank premises	24,546	17,138	14,087	3,052	7,408
41 Real estate owned other than bank premises	2,052	1,505	1,192	313	547
42 All other assets	86,644	78,653	57,003	21,650	7,991

4.22 Continued

Item	Insured	Member banks			Non-member insured
		Total	National	State	
43 **Total liabilities and equity capital**[7]	**1,462,155**	**1,089,346**	**833,811**	**255,535**	**372,809**
44 **Total liabilities excluding subordinated debt**	**1,350,749**	**1,008,836**	**771,634**	**237,202**	**341,913**
45 Total deposits	1,114,581	790,453	610,771	179,682	324,128
46 Individuals, partnerships, and corporations	944,626	657,229	521,782	135,447	287,397
47 U S government	2,952	2,134	1,646	488	819
48 States and political subdivisions in United States	77,453	48,437	39,921	8,516	29,016
49 All other	73,774	70,594	39,976	30,618	3,180
50 Certified and officers' checks, travelers checks, and letters of credit sold for cash	15,776	12,060	7,446	4,613	3,716
51 Demand deposits	409,792	311,909	225,334	86,575	97,883
52 Individuals, partnerships, and corporations	315,616	229 325	176,455	52,870	86,291
53 U S government	2,148	1,583	1,265	318	565
54 States and political subdivisions in United States	16,634	11,223	9,071	2,152	5,412
55 All other	59,617	57,719	31,097	26,622	1,898
56 Certified and officers' checks, travelers checks, and letters of credit sold for cash	15,776	12,060	7,446	4,613	3,716
57 Time deposits	493,307	337,157	271,334	65,823	156,150
58 Other individuals, partnerships, and corporations	421,226	288,674	232,918	55,756	132,552
59 U S government	713	479	313	166	234
60 States and political subdivisions in United States	57,257	35,161	29,254	5,907	22,095
61 All other	14,112	12,842	8,848	3,995	1,269
62 Savings deposits	211,482	141,388	114,104	27,284	70,094
63 Corporations and other profit organizations	10,761	6,921	5,584	1,337	3,840
64 Other individuals, partnerships, and corporations	197,023	132,309	106,825	25,484	64,714
65 U S government	90	71	67	4	19
66 States and political subdivisions in United States	3 562	2,053	1,596	457	1,509
67 All other	45	33	30	2	12
68 Federal funds purchased and securities sold under agreements to repurchase	133,437	124,344	93,503	30,841	9,093
69 Interest-bearing demand notes (note balances) issued to U S Treasury and other liabilities for borrowed money	33,426	31,032	20 827	10,205	2,394
70 Mortgage indebtedness and liability for capitalized leases	2,128	1,617	1,313	305	511
71 All other liabilities	67,176	61,389	45 220	16,169	5,787
72 Subordinated notes and debentures	6,271	4,733	3,516	1,217	1,538
73 **Total equity capital**[7]	**105,135**	**75,778**	**58,661**	**17,117**	**29,358**
MEMO					
74 Time deposits of $100,000 or more	219,729	169,337	131,678	37,659	50,392
75 Certificates of deposit (CDs) in denominations of $100 000 or more	200,677	153,972	119,664	34,309	46,705
76 Other	19,052	15,365	12,014	3,351	3,687
77 Savings deposits authorized for automatic transfer and NOW accounts	19,026	14,120	10,968	3,153	4,906
78 Money market time certificates of $10,000 and less than $100 000 with original maturities of 26 weeks	150,598	93,382	78,281	15,101	57,216
79 Demand deposits adjusted[5]	281,860	188,878	148,016	40,862	92,982
80 Total standby letters of credit	34,462	32,261	22 091	10,171	2,201
Average for 30 calendar days (or calendar month) ending with report date					
81 Total deposits	1,091,098	770,059	598,063	171,996	321,040
82 Number of banks	14,416	5,411	4,425	986	9,005

1. Effective December 31, 1978, the report of condition was substantially revised for commercial banks Commercial banks with assets less than $100 million and with domestic offices only were given the option to complete either the abbreviated or the standard set of reports Banks with foreign offices began reporting in greater detail on a consolidated domestic and foreign basis These tables reflect the varying levels of reporting detail.

2. All transactions between domestic and foreign offices of a bank are reported in "Net due from" and "Net due to" (lines 79 and 103) All other lines represent transactions with parties other than the domestic and foreign offices of each bank Since these intra-office transactions are erased by consolidation, total assets and liabilities are the sum of all except intra-office balances

3. Foreign offices include branches in foreign countries and in U S territories and possessions, subsidiaries in foreign countries, and all offices of Edge Act and agreement corporations wherever located

4 Equity capital is not allocated between the domestic and foreign offices of banks with foreign offices

5 Demand deposits adjusted equal demand deposits other than domestic commercial interbank and U S government less cash items in process of collection

6 Domestic offices exclude branches in foreign countries and in U S territories and possessions, subsidiaries in foreign countries, and all offices of Edge Act and agreement corporations wherever located

7 This item contains the capital accounts of U S banks that have no Edge or foreign operations and reflects the difference between domestic office assets and liabilities of U S banks with Edge or foreign operations excluding the capital accounts of their Edge or foreign subsidiaries

N A This item is unavailable for all or some of the banks because of the lesser detail available from banks without foreign offices, the inapplicability of certain items to banks that have only domestic offices and the absence of detail on a fully consolidated basis for banks with foreign offices

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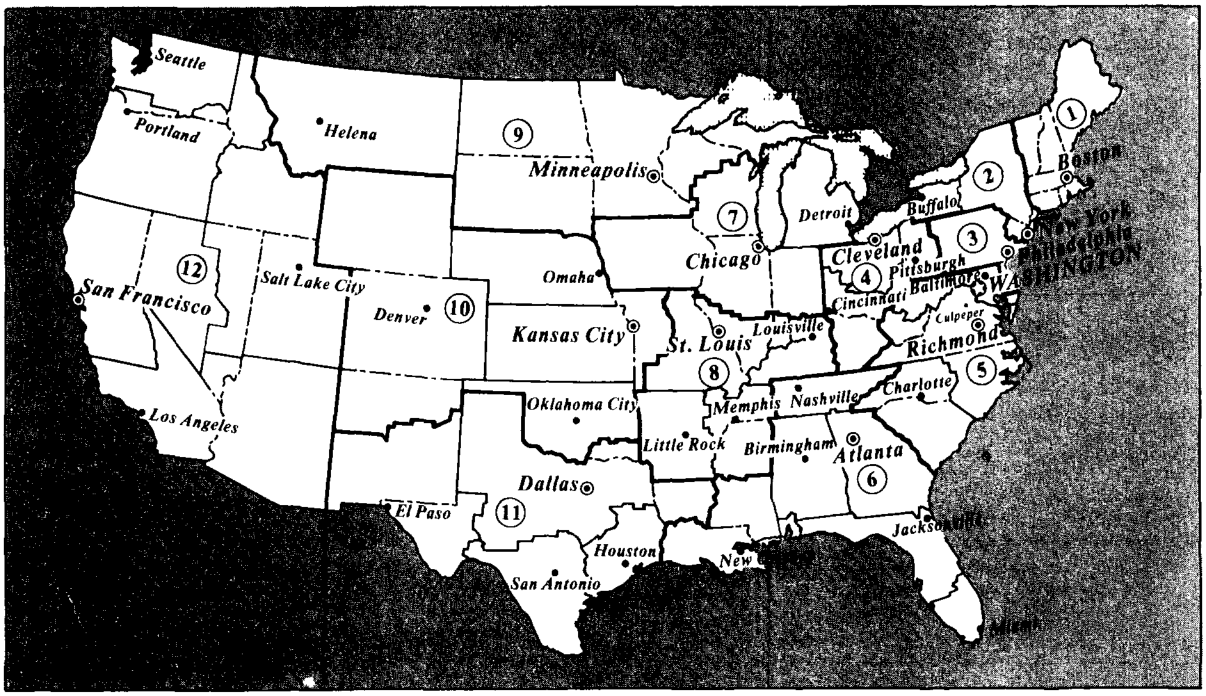

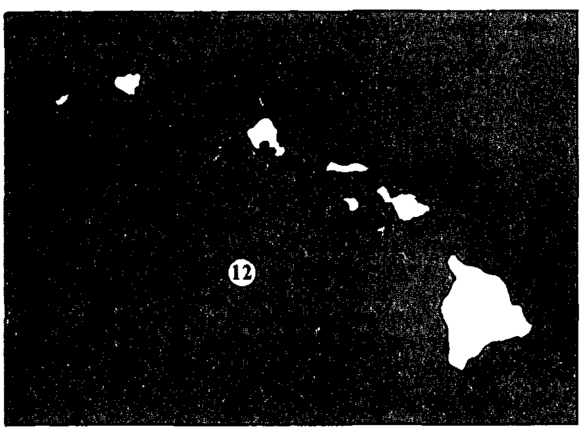

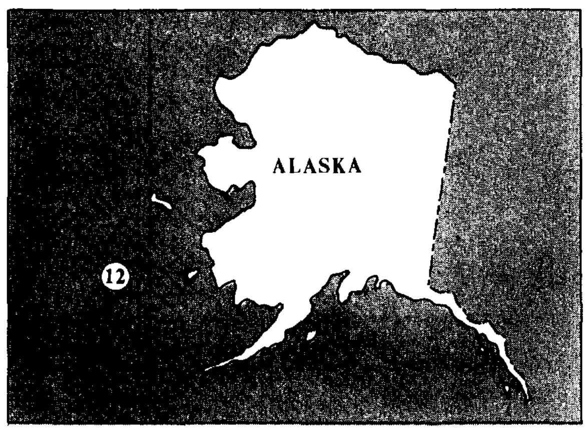

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• Federal Reserve Branch Cities

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