JUNE 1979

FEDERAL RESERVE BULLETIN

Recent Labor Market Developments

Foreign Exchange Operations: Interim Report

FEDERAL RESERVE BULLETIN (USPS 351-150). Controlled Circulation Postage Paid at Washington, D.C. POSTMASTER: Send address changes to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

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

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

VOLUME 65 □ NUMBER 6 □ JUNE 1979

FEDERAL RESERVE BULLETIN

Board of Governors of the Federal Reserve System
Washington, D.C.

PUBLICATIONS COMMITTEE

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

Michael J. Prell, *Staff Director*

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

Table of Contents

Recent Labor Market Developments

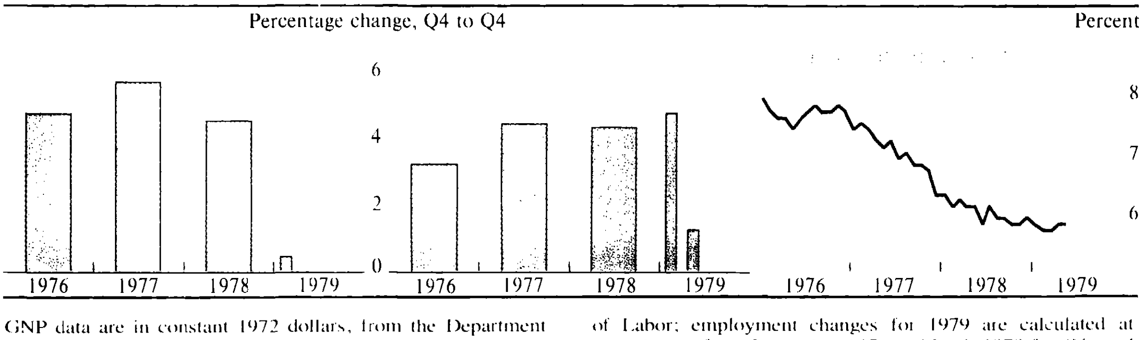
Robert S. Gay of the Wages, Prices, and Productivity Section, Division of Research and Statistics, prepared this article with the assistance of A. Michael Berman.

Sustained economic expansion in the past year and a half brought with it substantial gains in employment and increasing tautness in labor markets. But with the pace of economic activity slowing this year, there have been signs recently of easing in labor demand. The overall rate of unemployment fell during the first half of 1978 and has remained about unchanged since then, with jobless rates at fairly low levels among skilled and experienced workers. In this environment, and with inflation accelerating, increases in wage rates also have picked up somewhat. The stepup in the rise of total compensation and unit labor costs has been still more marked, reflecting the government-mandated cost increases and the sluggish growth in productivity.

Employment has grown briskly throughout the current expansion (chart 1). During the first three years following the cyclical trough in early 1975, private nonfarm payroll employment rose at a 4 percent annual rate, well above the average gain in the five previous postwar expansions. From the end of 1977 until early 1979, hiring in the private sector was particularly vigorous, at a 4¾ percent annual rate of increase, with gains widespread among industry groups. The belated resurgence in business outlays for plant and equipment in this cycle stimulated especially large employment increases in the durable goods and construction industries during this later period. However, labor demand has moderated substantially in recent months. Payroll employment showed no increase in April, in part due to a collective bargaining dispute in the trucking industry. Hiring picked up again in May but at a much slower pace than earlier in the year.

The strength of labor demand through early 1979 contributed to favorable labor market conditions for those in skilled occupations and with previous work experience. Hiring of less experienced workers also was robust, and new jobseekers continued to be drawn into the labor market by the improved prospects for employment. In addition, employers in goods-producing industries lengthened work shifts and maintained overtime hours at a high level to meet production schedules. Nevertheless, the degree

1. Real GNP, employment, and unemployment



GNP data are in constant 1972 dollars, from the Department of Commerce; percentage change for 1979 is calculated from 1978 Q4 to 1979 Q1 at an annual rate. Data on payroll employment and unemployment rate are from the Department of Labor; employment changes for 1979 are calculated at annual rates from December 1978 to March 1979 for Q1, and from March to May for Q2.

of labor utilization has not been so intensive as in previous periods of particularly tight labor markets.

The increase in payroll employment since late 1977 has been much larger than would be expected on the basis of historical relationships between output changes and labor demand. From 1947 to 1967, growth in real output exceeded employment gains by a substantial margin and output per hour of work in the nonfarm business sector rose 2½ percent annually. The rise in output per hour began to slow in the late 1960s, and since 1967 annual increases have averaged only 1¼ percent. Over the four quarters of 1978, real output and employment grew at about the same rate and hence output per hour rose only fractionally. This poor performance was surprising in light of the rapid growth in output last year and the rather moderate gain in productivity the preceding year. The lackluster advances in productivity during the past few years have contributed to persistent, rapid rates of increase in unit labor costs, which are a major factor influencing changes in the price level. In the nonfarm business sector, the increase in these costs was 9 percent over the four quarters of 1978, up from 6¼ percent during the preceding year.

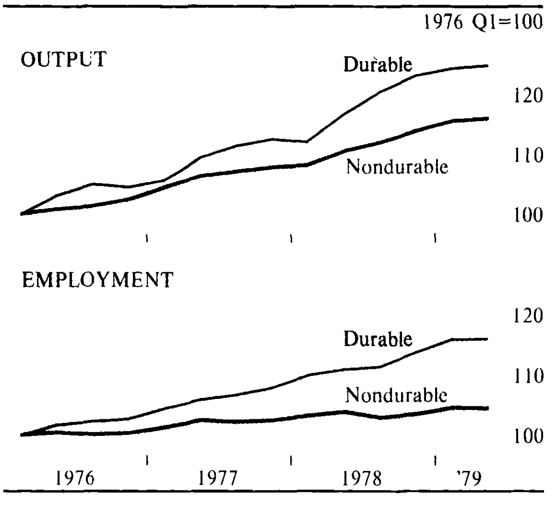
Higher unit labor costs also have resulted from a sharp acceleration in compensation growth since late 1977. Legislated increases in payroll taxes that became effective at the beginning of both 1978 and 1979 contributed heavily to the acceleration, and wage rates for a significant portion of the work force were boosted by changes in the federal minimum wage law. Moreover, upward pressure on wages has intensified in the past year and a half as sharp increases in consumer prices have eroded the purchasing power of workers' earnings.

EMPLOYMENT

The growth of nonfarm payroll employment from the end of 1977 to early 1979 was quite vigorous, continuing the pattern of unusually strong gains seen during the first three years of the current economic expansion. Over the four quarters of 1978, private payroll employment advanced by 3½ million. This robust demand for labor last year reflected increased spending for nonresidential construction activity supplemented by strong demands for housing, consumer goods, and capital equipment. Moreover, hiring gains remained sizable in the first quarter of 1979, despite the sharply reduced pace of economic activity. Since March, however, employment growth has moderated appreciably. Additions to private payrolls averaged 60,000 per month during April and May, about one-fifth of the average monthly gain in the preceding half year.

All major industry groups shared in the hiring gains posted over the five quarters ending in March. In the manufacturing sector, employment rose at an annual rate of 820,000, with more than four-fifths of the increase in the durable goods sector (chart 2). Early in the expansion, employment in hard goods industries grew slowly compared with previous postwar cycles, in line with the sluggish performance of business fixed investment. In more recent years, however, increased spending for plant and equipment has stimulated substantial job gains. Employers in the durable goods sector expanded their work force at an annual rate of 700,000 jobs from late 1977 to the first quarter of 1979, substantially faster than the pace earlier

2. Manufacturing output and employment



Output is based on Federal Reserve industrial production indexes for manufacturing, seasonally adjusted. Employment is based on seasonally adjusted data from the Department of Labor. Data for May 1979 are used for 1979 Q2.

in the cyclical recovery. Employment increases were widespread among metal-producing and metal-using industries; exceptionally large gains were registered in transportation equipment and in nonelectrical machinery (especially construction equipment and computers). During April and May of this year, employment in durable goods industries fell about 25,000 each month; declines were reported in most categories except nonelectrical machinery.

Unlike the generally strong growth at durable goods establishments over the last year and a half, employment gains in the nondurable goods sector have been small, totaling only 120,000 per year compared with average annual increases of 230,000 earlier in the expansion. The printing and publishing industry registered notable job increases, but employment in such industries as apparel, textiles, and tobacco declined. As a result, employment in the nondurable goods sector still has not regained the peak cyclical level reached in late 1973.

The rate of job increase has been exceptionally rapid among construction workers as employment in the building trades has risen at an annual rate of 440,000, or 11 percent, since late 1977. The surge in construction hiring reflected a sharp rise in spending for nonresidential structures, particularly commercial and industrial buildings, while housing demand continued strong. Moreover, increased hiring for road repairs further buoyed growth in construction employment in recent months.

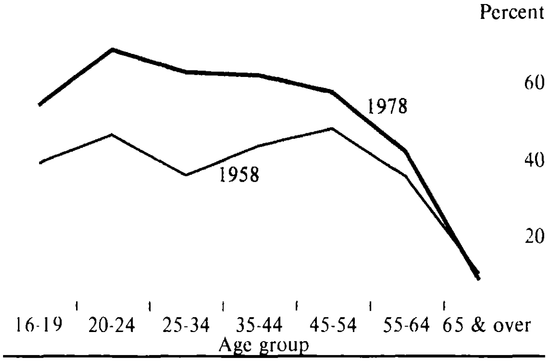
With output expanding briskly, employers in goods-producing industries continued to lengthen the workweek during 1978 and early 1979 to meet higher production schedules and to limit the overhead costs associated with hiring and training new workers. Average weekly hours for factory workers rose from an already high level of 40½ in late 1977 to 40¾ in the first quarter of this year, about the same as the previous peak level of 1973. The use of overtime was sharply curtailed in April partially because of the effects of labor disputes and holidays, but the rebound in May left overtime hours—an important indicator of factory labor demands—almost ½ hour below the first-quarter average. Meanwhile, employers in the service-producing sector have responded to the growth in sales by hiring more workers, many of whom work part-time, rather than by lengthening work schedules.

Employment in the private service-oriented sector (trade, service, and finance industries) has moved steadily upward since the end of 1977, advancing 2.2 million at an annual rate. This hiring pace exceeded the postwar trend rate of growth. With consumer activity brisk, trade establishments registered a gain of 840,000 at an annual rate. The service industries, which have experienced persistently strong growth during both recession and recovery, showed a similar increase. The trade-service-finance complex now accounts for almost 60 percent of the jobs in nonfarm businesses compared with 40 percent 30 years ago.

In contrast with the private economy, the government sector has not added significant numbers of workers to payrolls during most of the past year and a half. At the state and local government level, growth in jobs has been damped by reduced needs for educational personnel and by heightened fiscal austerity. A buildup in federally funded public service jobs did provide a boost to state and local payrolls until mid-1978 as an additional 415,000 of such jobs were funded early in 1977 under Titles II and VI of the Comprehensive Employment and Training Act (CETA). Allowing for a tendency to substitute subsidized workers for normal hiring, this program probably accounted for two-fifths of the increase of 540,000 in state and local jobs between May 1977 when the buildup began and May 1978 when it was completed. But later in 1978, enrollment levels actually declined because of uncertainties about future funding for the program. Consequently, in May of this year state and local employment was essentially unchanged from the level of a year earlier. The slow growth in this sector recently is in sharp contrast with the trend in the late 1960s and early 1970s, when state and local governments were a major source of job opportunities. At the federal level, civilian employment has remained virtually unchanged at 2¾ million for more than a decade.

Following the demographic pattern of employment evident for many years, adult women accounted for the bulk of the growth in job-holders. An increase of 2½ million in the number of employed women aged 20 years and older since the end of 1977 represents nearly 60 percent of the total growth in employment, although adult women account for only two-fifths of the labor force. Job opportunities for women continue to be concentrated in service-oriented industries, which absorbed more than half of the increase in employment among women in 1978, about the same proportion as in other recent years. Another one-fifth went to work in factory jobs, however, especially in durable goods industries in which women previously had not been employed in substantial numbers. Reflecting the widening of job opportunities for women in the industrial sector, the occupational distribution of women's employment also changed somewhat as a greater number of women became employed in less traditional, blue-collar jobs.

3. Labor force participation rates for women



Based on annual averages of civilian labor force and population data from the Department of Labor.

Labor Supply and Unemployment

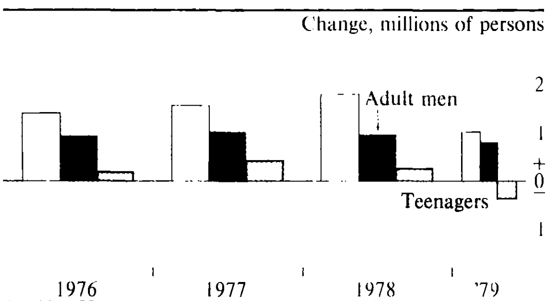
Substantial growth in the labor force accompanied the strong demand for labor. The civilian labor force climbed at an annual rate of 2½ percent over the past five quarters, well above the long-run trend of 1¾ percent. Until mid-1978, employment grew even faster than the labor supply, and the unemployment rate dropped from 6.6 percent in late 1977 to 5.8 percent in June 1978. Since then, the unemployment rate has shown little change.

Paralleling the employment change, more than half of the net increase in the labor force since late 1977 has been concentrated among women 20 years of age and older. This growth reflects both the strong gains in employment and a continued trend toward higher labor force participation among women of nearly all ages. The average participation rate for adult women has risen from 35 percent in the late 1950s to more than 50 percent in 1979. The pattern of participation rates across age groups also has changed significantly over the past two decades (chart 3). In the late 1950s, women aged 20 to 24 and those aged 45 to 54 were most active in the work force; participation rates tended to be lower among women 25 to 34 years old, a large number of whom had preschool children at home. By 1978 the proportion of 25- to 34-year-old women in the labor force had moved sharply upward, from less than 40 percent to more than 60 percent. The participation rate for this age group now exceeds that of all other age groups with the exception of women between the ages of 20 and 24 years, a substantial proportion of whom are unmarried or have no children.

A major influence on the growth in labor force participation by women is their changing social status. Job opportunities for women outside the home have broadened, and women have gradually moved into more varied jobs than in the 1950s. In addition, the tendency for women in their late twenties and early thirties to remain in the labor force after marriage has been accompanied by a sharp drop in fertility rates to about half the rate of two decades ago, while participation among mothers of small children also has risen sharply. Finally, married women may have elected to seek employment to maintain family living standards in the face of the erosion of real income associated with the inflation of the 1970s.

Teenagers also continued to play a role in the expansion of the labor force during 1978 despite the fact that the proportion of young persons in the population, which had grown rapidly from the 1950s through 1975, had begun to fall. Declines in the teenage population have been offset by a sharp rise in participation rates, particularly among female teenagers. Consequently, the teenage labor supply expanded at a 3 percent rate over the five quarters ending in March, about in line with the long-run trend rate (chart 4). New entrants to the labor force tend to be sensitive to the state of labor demand, and a larger number of job opportunities may have encouraged many teenagers to seek employment. Teenage employment leveled off early in 1979, however, and subsequently labor force participation among teenagers began to drop. By May the number of 16- to 19-year olds in the labor force had declined nearly 200,000 from the level in December 1978.

4. Growth in labor force



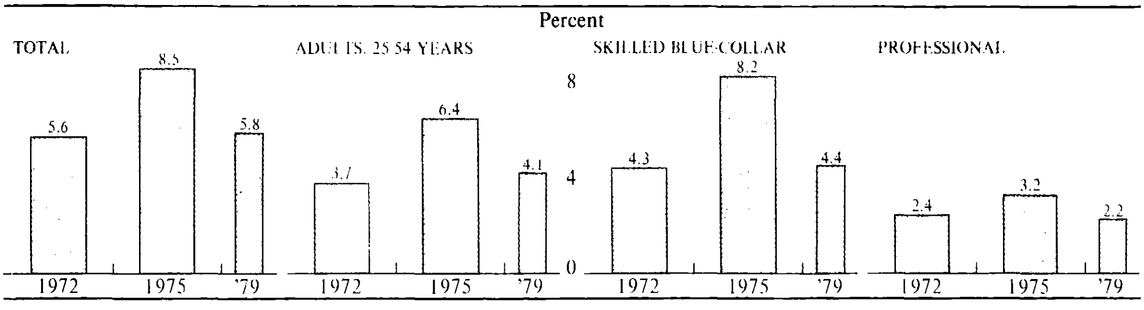
Data refer to the civilian labor force, from the Department of Labor. Change for 1979 is from 1978 Q4 to May 1979 expressed at an annual rate.

In the first 3½ years of the current expansion, the growth of labor demand exceeded the substantial rate of increase in the labor force, and by mid-1978 the overall unemployment rate fell below 6 percent for the first time since late 1974. The improvement in joblessness was widespread among worker groups. Since last summer, the overall jobless rate has fluctuated between 5.7 and 6.0 percent.

Labor market conditions have been especially favorable for skilled and experienced workers (chart 5). For example, unemployment rates for skilled blue-collar workers and adult men 25 years and older declined 1/2 to 1 percentage point during the first half of 1978. Since then, jobless rates for both white-collar and blue-collar workers as well as for adults 25 to 54 years old have been close to the levels of 1972 when the overall unemployment rate was 5.6 percent. Nonetheless, unemployment rates for most experienced worker groups—among which labor shortages generally appear first—are about 1/2 to 1½ percentage points above those that prevailed in previous periods of tight labor markets such as 1965, 1969, and 1973.

Labor turnover rates for the manufacturing sector also indicate the extent of labor market tightness. During the early phases of an economic upturn, employers rehire laid-off workers, and jobseekers are attracted to the labor force by improved job prospects. As the expansion continues, however, the supply of experienced workers is drawn down; consequently, employers often step up recruiting efforts in an attempt to bid workers away from other jobs, resulting in an acceleration of wage increases. The new-hire rate rises as firms take

5. Unemployment rates, selected years



Skilled blue-collar is craft and kindred workers; professional is professional and technical workers. Data for 1972 and 1975 are annual averages; the 1979 bars are average rates for January through May, seasonally adjusted, from the Department of Labor.

on more workers or replace those who have gone elsewhere. At the same time, quit rates also tend to rise, reflecting to a certain extent the increased willingness of workers to seek new jobs as labor demand strengthens and job opportunities widen. During the five quarters ending in March, both the new-hire rate and the quit rate in manufacturing moved up a little more than 1/4 of a percentage point, with the new-hire rate reaching 3⅓ percent in the first part of 1979 and the quit rate climbing to 2⅓ percent. In contrast, over the four quarters of 1972 turnover rates rose more quickly and reached levels at year-end that were appreciably above those observed in early 1979. Thus, while labor markets for experienced workers are relatively tight, recent measures of labor turnover do not suggest the pervasive scarcity that existed in 1973.

Despite the favorable labor market conditions for experienced workers, the overall jobless rate continued to be high by historical standards, with unemployment especially adverse among teenage, nonwhite, and unskilled workers. Even though teenage employment rose substantially from late 1977 to early 1979, the jobless rate for teenage workers did not show much variation and in May 1979 stood at 16.8 percent. For nonwhite teenagers, the May unemployment rate was an extremely high 37 percent; in fact, unemployment for this group has shown little improvement since the beginning of the cyclical upturn. As experienced workers have been drawn into the work force from the ranks of the unemployed, young workers have accounted for a greater share of total unemployment; more than 25 percent of all unemployed workers now are teenagers, even though they account for less than 10 percent of the labor force.

Among nonwhite workers, little progress was made in reducing joblessness during the first three years after the cyclical trough. Employment gains in the past year and a half did contribute to a decline of 1½ percentage points in the unemployment rate for this group, but at 11.6 percent in May it still was more than twice the rate for white workers.

Throughout the postwar era, sustained periods of employment growth have not been sufficient to improve the relative labor market situation of young workers and nonwhites, as shown in the table. In 1978 the teenage unemployment rate was five times that of white males 25 years and over; for adult nonwhites the ratio was more than three to one. These ratios are not markedly different from those in previous periods of relatively tight labor markets such as 1965 and 1972. This similarity suggests that the structural component of unemployment—the mismatching of workers' skills and experience with job requirements—has not been reduced significantly over the past decade and a half.

Selected unemployment rates

Percent except for ratios

Year	White males, 25 years and over	Teen-agers, 16 to 19 years	Nonwhite adults, 20 years and over	Relative unemployment ratio	
				Teen-agers	Nonwhite adults
	(1)	(2)	(3)	(4)	(5)
1965 ...	2.5	14.8	6.6	5.9	2.6
1972 ...	2.9	16.2	7.7	5.6	2.7
1978 ...	3.0	16.3	9.6	5.4	3.2

Column 4 equals column 2 divided by column 1; column 5 equals column 3 divided by column 1. Rates are based on Department of Labor data.

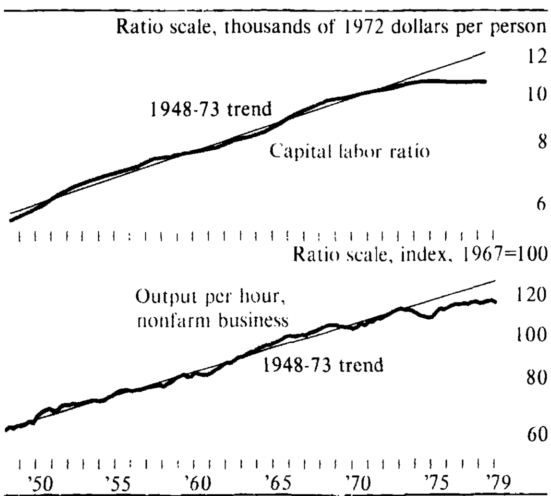
Productivity and Labor Costs

One of the most striking economic developments of the past dozen years has been the weak performance of productivity compared with the 1950s and 1960s. Since 1967, output per hour in the nonfarm sector advanced at an annual rate of 1.2 percent, less than half the pace recorded in the preceding two decades. Following the extraordinarily large drop in productivity during the last recession, output per hour rebounded in the first two years of the recovery to a 3.6 percent annual rate, about the same as in previous cyclical recoveries. Hopes of a sustained improvement in productivity have been dashed, however, by the lackluster gains posted since early 1977.

The reasons for the long-run slowdown in productivity growth are not entirely clear. A large part of the sluggishness in productivity apparently has occurred outside the manufacturing sector and may reflect, in part, difficulties in measuring real output. In service-producing industries particularly, price indexes may not adequately reflect improvements in quality. As a result, output in those industries may be overdeflated in the national income accounts, thereby reducing measured real output and productivity. Nevertheless, other developments clearly have contributed to the lower productivity trend.

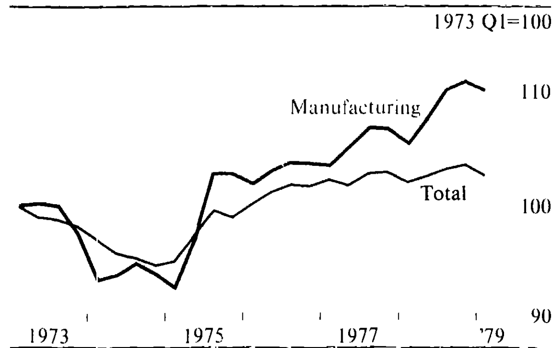
One important factor appears to have been the change in the composition of the work force toward a greater proportion of young and inexperienced workers. Relatively weak investment in new plant and equipment also may have played a role. Growth of the nation's stock of private capital relative to the size of the labor force has slowed markedly from the 2½ percent rate in the 1950s and 1960s (chart 6). The slowdown in capital formation may reflect the effects of persistent inflation. Profitability of investment has not improved substantially because of swollen replacement costs for capital assets. Perhaps more important, increased variability of price changes associated with high rates of inflation may have heightened uncertainty about the long-term profitability of investment commitments. In addition, an increasing proportion of capital spending has been allocated to government-required investments for pollution abatement and improved health and safety conditions in the workplace, the benefits of which are not included in measured output.

6. Capital-labor ratio and output per hour



Capital-labor ratio is calculated as the private nonresidential capital stock (annual data) from the Department of Commerce, divided by civilian labor force (for the fourth quarter of the year indicated) seasonally adjusted, from the Department of Labor. Output per hour is seasonally adjusted, from the Department of Labor.

7. Output per hour, nonfarm business sector



Based on seasonally adjusted data from the Department of Labor.

Even with these adverse long-term developments, the performance of productivity in 1978 was dismal for a period of strong output gains. Although growth of real output in the private nonfarm sector decelerated from 6 percent during 1977 to 5¼ percent over 1978, employment continued to grow at almost the same rate. Consequently, growth in output per hour slowed to 0.7 percent. The weakening of productivity growth apparently was not the result of the shortages of skilled labor and widespread production bottlenecks that often curb productivity gains in the later stage of an expansion. Labor markets for skilled workers did tighten in 1978, but as we have seen, there was no evidence of widespread worker shortages. Moreover, capacity utilization rates moved up rapidly during 1978 but at year-end were still below their 1973 peak levels.

In contrast with the poor overall performance of productivity last year, the manufacturing sector experienced a rather impressive gain (chart 7). Indeed, factory output per hour accelerated to a 3¾ percent rate of increase, as a sharp advance in manufacturing production substantially exceeded the growth in the number of factory jobs and the lengthening of the workweek. A speedup in productivity growth during the mature phase of an expansion is unusual and suggests that manufacturers have been making an effort to keep employment levels in careful balance with production needs. Among sectors other than the manufacturing sector, output per hour, which has been on a considerably slower growth trend than factory productivity throughout the decade, apparently fell on average.

The meager overall productivity gains in recent years, combined with large increases in compensation, have resulted in substantial upward pressures on costs and prices. Unit labor costs—an important determinant of price pressures—rose 5.8 percent in the nonfarm business sector over the four quarters of 1976 and 6.3 percent during 1977. The cost picture deteriorated significantly last year when productivity growth slowed and compensation increases accelerated. The rise in unit labor costs in the nonfarm business sector during 1978 was 9 percent, the largest increase since 1974. In manufacturing, however, cost pressures were more moderate as improvement in productivity offset larger compensation increases. Thus factory unit labor costs rose 5.8 percent over the four quarters of last year—about the same as in 1977, but well below the pace for the private economy as a whole.

Wages and Compensation

In the past year and a half, wage increases have continued to be influenced by high inflation rates, as well as by a relatively taut labor market and boosts in minimum wage rates. The index of average hourly earnings for production and nonsupervisory workers in the private nonfarm economy, which adjusts for interindustry shifts in employment and changes in manufacturing overtime, has increased at an 8.4 percent rate since late 1977, up from the 7.5 percent rise recorded over the preceding four quarters.

To a large degree this rapid rate of wage increase illustrates the considerable inertia that exists in the wage-determination process. For a large portion of the job market, wages are set under lengthy collective bargaining agreements or reflect long-term attachments between firms and workers. In such situations, wage adjustments are likely to be influenced strongly by bargaining power and equity considerations—which typically involve maintaining wages relative to inflation—rather than by shifting conditions in the labor market. Supporting workers' desires to sustain real incomes are employers' concerns for declining morale and, consequently, productivity. Thus, higher inflation rates result in larger wage adjustments—although with a substantial delay—often through formal or informal cost-of-living arrangements as well as catchup increases when contracts are renegotiated.

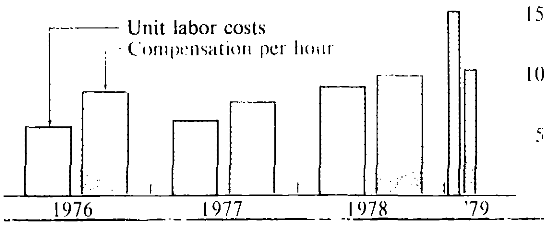
The effects of larger price increases can be seen most clearly in the manufacturing sector, in which strong unions and long-term attachments between workers and firms are most prevalent. The acceleration in prices early in 1978 did not find its way immediately into wage adjustments. In the first three quarters of the year, the hourly earnings index for manufacturing increased at an annual rate of 8¼ percent, about the same as in 1977. Late in 1978, however, wage increases began to pick up; since the third quarter of last year, the index for factory workers has been rising at an 8⅔ percent annual rate, with higher cost-of-living payments contributing to the upward momentum.

Outside the manufacturing sector, wages also rose faster in 1978 than in 1977. A substantial part of the acceleration, however, was the result of a legislated increase in the minimum wage from $2.30 to $2.65 per hour on January 1. The effects of the minimum-wage hike were most evident in the less unionized trade and service sectors, which also have the largest concentrations of low-wage workers. After increasing 7.3 percent in 1977, the average hourly earnings index for trade and services surged upward at an annual rate of 11.1 percent in the first quarter of 1978. During the remainder of the year, wage increases in the trade and service sectors resumed their more moderate 1977 pace. In January 1979, average wage rates in low-wage industries again rose sharply as the minimum wage was boosted to $2.90 per hour, but the impact on overall wage changes was not so great as in 1978. Increases in the trade sector, for example, were at a 10.5 percent annual rate in the first quarter of this year compared with 12.3 percent early in 1978.

Fringe benefits have continued to rise faster than wages over the past year and a half, and legislated increases in payroll taxes for social insurance have added further to the rise in total

8. Labor costs, nonfarm business sector

Percentage change, Q4 to Q4



Data for 1979 are annual rates of change from 1978 Q4 to 1979 Q1, seasonally adjusted, from the Department of Labor.

compensation. Increases in hourly compensation accelerated sharply, from 7.6 percent in 1977 to 9.8 percent at an annual rate over the past five quarters (chart 8). As much as half of the acceleration may be attributable to changes in social security taxes and the minimum-wage hikes. Further government-mandated increases in payroll taxes and minimum wage rates are scheduled for 1980 and 1981.

Due to the relatively light collective bargaining calendar in 1978, the overall impact of negotiated agreements on wage changes was smaller than in the previous year. Only about 2.6 million workers negotiated major settlements, whereas in 1977 more than 3.8 million workers reached agreements. The majority of those bargaining in 1978 were in the construction, railroad, and bituminous coal-mining industries. Deferred wage increases under prior settlements and cost-of-living adjustments accounted for a large portion of the changes in union wage rates in 1978. Escalator clauses continued to cover nearly 60 percent of workers in major bargaining units. This proportion has remained roughly the same since the runup in prices during 1973–74 led to a sharp increase in the use of escalator clauses.

With prices continuing to rise rapidly thus far in 1979, demands for substantial catchup increases to recoup losses in purchasing power appear likely in the upcoming collective bargaining negotiations. The national master freight agreement negotiated in April provided for a base-wage increase in the first year of 8½ percent plus an additional rise under a cost-of-living escalator clause. Other key contracts expire this year in the electrical equipment, automobile, and farm machinery industries.

To brake the momentum of wage and price increases, the President initiated an anti-inflation program on October 24, 1978, encompassing voluntary wage and price standards, regulatory reform, and federal budgetary restraint. Under the voluntary pay standard, annual increases in private compensation (wages plus private fringe benefits) should not exceed 7 percent. In multiyear contracts the standard for first-year increases in wages and fringe benefits is a maximum of 8 percent, but an average annual increase of 7 percent over the contract life is needed for compliance. Workers who earn less than $4.00 per hour or who had signed contracts before October 24 are exempt. The general price standard directs firms to hold increases to 1/2 percentage point below their average annual rise during 1976–77. Firms unable to meet the general price standard because of unavoidable cost increases must demonstrate, as an alternative, that their before-tax profit margins do not exceed those in the best two of the last three years and that their total profit does not exceed the previous year's level by more than 6½ percent plus the increase in sales volume.

Compliance with the voluntary wage and price standards is likely to come under increasing pressure in the coming months. Consumer prices so far this year have accelerated to a 13 percent rate of rise, up from 9 percent in 1978. Much of the acceleration has come from higher costs for food, energy, and homeownership, which generally are not covered by the program. Nevertheless, the surge in prices—even if it proves to be temporary—has sharply depressed real earnings. The decline in workers' purchasing power is likely to result in wage demands beyond the guidelines, and the subsequent rise in unit labor costs could spur another round of price hikes. With economic activity beginning to slow, however, demand pressures on prices should ease. In such an environment, the guidelines program might prevent food and fuel prices from generating another acceleration in wage and price increases. □

Treasury and Federal Reserve Foreign Exchange Operations: Interim Report

This interim report, covering the period February through April 1979, is the thirteenth of a series providing information on Treasury and System foreign exchange operations to supplement the regular series of semiannual reports that are usually issued each March and September. It was prepared by Alan R. Holmes, Manager, System Open Market Account, and Executive Vice President in charge of the Foreign Function of the Federal Reserve Bank of New York, and Scott E. Pardee, Deputy Manager for Foreign Operations of the System Open Market Account and Vice President in the Foreign Function of the Federal Reserve Bank of New York.

During the February–April period under review, the dollar came into increasingly heavy demand against most major foreign currencies. This demand largely took the form of the unwinding of previously adverse leads and lags, the covering of speculative positions, and the reversal of portfolio shifts out of the dollar, which had built up last year.

At first, the reflux of funds mainly reflected growing confidence in the measures taken by U.S. and foreign authorities in late 1978 to correct what had become an excessive decline in the dollar. The measures had included a sharp tightening of Federal Reserve monetary policy, coordinated intervention in the exchange market by U.S., German, Swiss, and Japanese authorities, and provision for up to $30 billion of foreign currency resources to finance U.S. participation in that intervention. The authorities had intervened in substantial amounts to blunt selling pressure on the dollar through the year-end.

Although many market participants expected renewed downward pressure on the dollar in early 1979, such pressure failed to materialize. On occasions when the dollar came on offer in January and February, the authorities quickly met the pressures, helping to restore a sense of two-way risk to the market. Moreover, as part of the broad effort of U.S. authorities to deal with the inflation and dollar problems, the Fed-

1. Foreign exchange operations:
Summary, January 31–April 30, 1979

Millions of dollars equivalent

Type of transaction	Transactions with German Federal Bank
Reciprocal currency arrangements [1]	
Commitments outstanding, January 31, 1979	4,168.2
Drawings or repayments (–), Feb. 1–Apr. 30, 1979	145.5 / –4,355.2[2]
Commitments outstanding, April 30, 1979	0
U.S. Treasury swap arrangement [1]	
Commitments outstanding, January 31, 1979	613.0
Drawings or repayments (–), Feb. 1–Apr. 30, 1979	–613.3[3]
Commitments outstanding, April 30, 1979	0
	Transactions with Swiss National Bank
Reciprocal currency arrangements [1]	
Commitments outstanding, January 31, 1979	446.7
Drawings or repayments (–), Feb. 1–Apr. 30, 1979	40.4 / –487.1
Commitments outstanding, April 30, 1979	0
Special swap arrangement [4]	
Commitments outstanding, January 31, 1979	139.3
Repayments, Feb. 1–Apr. 30, 1979	139.3
Commitments outstanding, April 30, 1979	0

1. Data are on a transaction-date basis.
2. Repayments include revaluation adjustments from swap renewals, which amounted to $41.5 million for drawings on the German Federal Bank renewed during the period.
3. Repayments include revaluation adjustments from swap renewals, which amounted to $0.3 million for drawings on the German Federal Bank during the period.
4. Data are on a value-date basis.

eral Reserve kept interest rates firm, even as the growth of the monetary aggregates remained sluggish in February and March.

Once market participants no longer expected dollar rates to decline, traders began to respond to the relatively high interest rates in the United States compared with rates in many other industrial countries. Substantial amounts of funds began to move out of Germany, Switzerland, and Japan. The central banks of those countries took the opportunity to mop up liquidity by purchasing their own currencies against dollars sold out of reserves, in effect unwinding part of their intervention of last year. The U.S. authorities also purchased German marks, Swiss francs, and Japanese yen to repay borrowings, which had arisen out of previous operations, and to restore depleted balances.

The flow into dollars slowed as market participants reacted to the political upheavals in Iran, the associated shortfall in world oil production, the sharp rise in the international prices of oil and other key commodities, and evidence of generally more rapid inflation in the United States. Adverse news for the United States occasionally sparked some selling of dollars, but the pressures did not cumulate. Moreover, many of these developments were seen as serious for other countries as well, particularly as inflation rates began to rise sharply abroad. Indeed, as oil supplies became short, leading to a scramble for spot crude around the world and prompting members of the Organization of Petroleum Exporting Countries to jack up their prices, exchange market sentiment turned bearish for currencies of countries that were most heavily dependent on oil imports for their energy needs. These included Japan, in particular, and several European countries. The United States was viewed as better able to cope with oil-supply and price problems, and the dollar was one of the currencies, along with the pound sterling and the Canadian dollar, that came into demand as concerns heightened in March and April over the world energy outlook in general.

By that time, also, the market was responding to clear evidence of an improvement in current-account positions. In particular, Japan's current-account surplus virtually disappeared in the early months of the year. For our part, a rapid acceleration in U.S. exports and a slowing in import growth led to a further narrowing of the U.S. trade and current-account deficits and bolstered expectations that further progress toward reducing those deficits was likely over the rest of the year.

In view of concerns over the price outlook for the United States, indications that the U.S. economy was cooling down somewhat were taken positively by the market, as was the further firming of U.S. interest rates by the Federal Reserve when the monetary aggregates began to grow more sharply in April. By the end of the month, the dollar was very strongly bid in the exchange market and the authorities of the United States, Germany, Switzerland, and Japan intervened vigorously to contain the demand pressures. On balance, for the three-month period, the dollar advanced about 1 percent against the German mark and Swiss franc, and 10 percent against the Japanese yen.

During the period, U.S. authorities intervened as a seller of foreign currencies only in February. That intervention amounted to some \$656 million equivalent of German marks, Swiss francs, and Japanese yen. The bulk of this intervention--\$535 million equivalent—was in marks, of which \$323.5 million equivalent was by the Treasury out of balances and \$211.5 million equivalent was by the Federal Reserve. Operations by the System in marks were financed partly out of balances and partly by drawings of \$145.5 million equivalent under the swap arrangement with the German Federal Bank.

The Federal Reserve sold \$45.8 million equivalent of Swiss francs financed by drawings on the swap line with the Swiss National Bank and from balances. For its part the Treasury sold \$24.8 million equivalent of francs from balances. In addition, the Federal Reserve and the Treasury, respectively, sold \$33.8 million equivalent and \$16.6 million equivalent of Japanese yen out of balances. In early March the Treasury placed another \$1,351.5 million equivalent of mark-denominated notes, bringing the total amount of marks raised in the German capital market to \$2,946.7 million equivalent since December 1978. As with earlier such issues, the Treasury then warehoused the pro-

2. U.S. Treasury securities, foreign currency denominated, January 31–April 30, 1979[1]

Millions of dollars equivalent; issues or redemptions ( )

Issues	Commitments, Jan. 31	Feb. 1 through Apr. 30	Commitments, Apr. 30
Government series			
Swiss National Bank	531.2	531.2	0
Public series			
Switzerland	1,203.0	0	1,203.0
Germany	1,595.2	1,351.5	2,946.7
Total	3,329.3	531.2 1,351.5	4,149.7

1. Because of rounding, figures may not add to totals. Data are on a value-date basis.

ceeds of this new borrowing with the Federal Reserve.

With the dollar strengthening in the exchanges, the U.S. authorities bought $2,218.7 million equivalent of foreign currencies in the New York market. In addition, the U.S. authorities purchased $4,972.8 million equivalent of currencies from correspondents, mainly from the German Federal Bank and the Swiss National Bank in connection with their own sales of dollars. These acquisitions were used by the Federal Reserve and the Treasury to repay all outstanding swap debt to foreign central banks. The Federal Reserve repaid $4,355.2 million equivalent of mark debt to the German Federal Bank, $487.1 million equivalent of Swiss franc debt to the Swiss National Bank, and $139.3 million equivalent of pre-1971 swap debt to the Swiss central bank. For its part, the Exchange Stabilization Fund (ESF) repaid $613.3 million equivalent of marks to the German Federal Bank and liquidated $531.2 million equivalent of pre-1971 Swiss franc-denominated obligations. The remaining foreign currency acquisitions were added to System and ESF balances, which rose by $1,088 million equivalent to $6,286 million equivalent as of April 30.

During the period under review, the Federal Reserve and the U.S. Treasury realized net profits from current operations. Table 3 presents these profit figures as well as figures on unrealized profits and losses. The table presents the results of ESF operations separately from those of the Treasury general account, which issued the foreign currency-denominated securities. The realized profits on current operations reflect liquidation of current swap debts and sales of currencies out of the balances held by the System, the ESF, and the Treasury general account. Unrealized profits and losses reflect revaluation of System and Treasury foreign currency assets and liabilities as of April 30. Losses on the final liquidation of pre-August 1971 Swiss franc debts, undertaken to protect the U.S. gold stock, are shown in table 3. □

3. Net profits and losses (–) on U.S. Treasury and Federal Reserve foreign exchange operations[1]

Millions of dollars

Period	Related to current operations			On liquidations of foreign currency debts outstanding as of Aug. 15, 1971	
	Federal Reserve	U.S. Treasury			
		Exchange Stabilization Fund	General account	Federal Reserve	Exchange Stabilization Fund
Feb. 1 through Apr. 30, 1979	21.6	4.6	8.5	123.5	471.2
Valuation profits and losses on outstanding assets and liabilities as of Apr. 30, 1979	14.4	285.3	.3	...	...

1. Data are on a value-date basis.

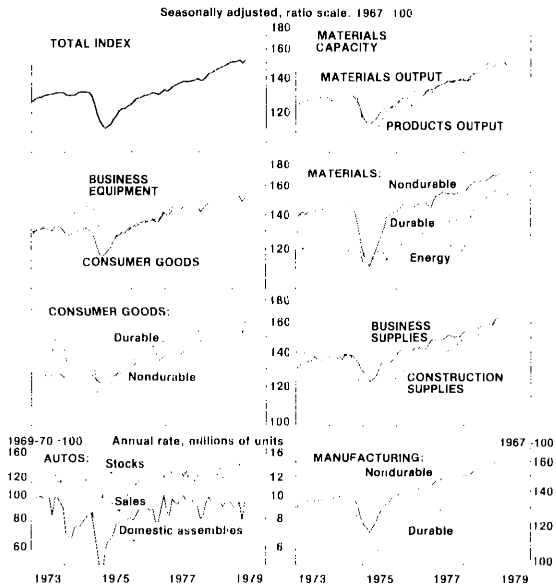
Industrial Production

Released for publication June 15

Industrial production increased an estimated 1.3 percent in May, after a largely strike-related decline of 1.4 percent now indicated for April. Increases in production during the month were widespread among major products and materials. However, output of both consumer goods and construction supplies remained below their March levels. Overall, the May index, at 152.1 percent of the 1967 average, was 5.7 percent higher than that of a year earlier.

Output of consumer goods rose 1.8 percent in May, after a 2.5 percent decline in April. Auto assemblies increased 19 percent to an annual rate of 9.4 million units—the same annual rate as in March. But, with auto sales down from earlier rates, assemblies are scheduled to be lower in June. The production of home goods, such as appliances, carpeting, and furniture, increased sharply in May but remained below the March level. Output of consumer nondurable goods was about unchanged, after a small decline in April. Business equipment was one of the few areas that has continued to show strength. Production in this sector advanced 1.3 percent in May, after a strike-related 0.9 percent drop in April; the May increase reflected large gains in transit equipment, particularly business vehicles, and sustained strength in commercial equipment.

Production of materials also rebounded in May, to a level 0.3 percent higher than that in March. Output of durable goods materials rose sharply, reflecting increases in basic metals, consumer durable goods parts, and equipment parts. Output of nondurable goods materials advanced again in May, reflecting continued strength in chemical and paper materials and some recovery from strike-related declines in other components. Production of energy materials edged down slightly further in May.



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

Industrial production	1967 = 100, 1979, Apr.[p]	1967 = 100, 1979, May[e]	Percentage change from preceding month to: 1978, Dec.	1979, Jan.	Feb.	Mar.	Apr.	May	Percentage change 5/78 to 5/79
Total	**150.2**	**152.1**	**.9**	**.0**	**.2**	**.7**	**−1.4**	**1.3**	**5.7**
Products, total	148.5	150.5	.9	.2	.5	.5	1.7	1.3	5.2
Final products	145.1	147.4	.8	.2	.4	.8	1.8	1.6	4.9
Consumer goods	148.6	151.3	.6	.0	.3	.9	2.5	1.8	2.9
Durable	151.7	161.0	.1	.6	.2	1.4	7.2	6.1	.5
Nondurable	147.4	147.5	1.0	.2	.2	.7	.3	.1	4.1
Business equipment	170.5	172.7	.9	.6	.5	.9	.9	1.3	7.8
Intermediate products	161.8	162.7	1.6	.5	.7	.6	.6	.6	6.6
Construction supplies	158.3	159.2	1.1	.2	.1	.7	1.2	.6	5.9
Materials	152.9	154.6	.7	.5	.1	.9	.8	1.1	6.5

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

Statements to Congress

Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 15, 1979.

I am pleased to appear today on behalf of the Federal Reserve Board to discuss H.R. 3864, the Consumer Checking Account Equity Act of 1979. I understand that the bill was introduced in response to the recent ruling by the U.S. Court of Appeals for the District of Columbia that automatic transfers from savings accounts, credit union share drafts, and savings and loan association remote service units will not be authorized by law after January 1, 1980. While the legal demise of these accounts is not yet certain, since the affected regulatory agencies are planning to appeal the decision, the Board believes that now is an opportune time for the Congress to reconsider the issue to see whether agreement can be reached on a more rational system that would permit consumers to obtain interest on their transactions balances.

The Federal Reserve Board for some time has supported the principle of interest payments on transactions balances at all depositary institutions. Our support of this principle is based on considerations of both economic equity and efficiency. Corporate depositors as well as some informed smaller depositors already earn something approaching market rates of return on their transactions balances through the implicit receipt of interest in the form of banking services provided at little or no charge. Alternatively, sophisticated depositors are able to minimize their holdings of non-interest-bearing deposits by placing their funds in overnight investments that can be readily mobilized for transactions purposes. It is only fair that smaller, less sophisticated depositors have similar opportunities. In addition, since the prohibition against explicit interest payments on transactions balances has led banks to compete on the basis of checking and other services at low or no cost, deposit customers are encouraged to make a greater use of such services than would be the case if they were explicitly priced.

The payment of interest on transactions accounts would encourage financial institutions to compete for deposits directly and to charge for their services on the basis of costs incurred. Most members of the public would likely be better off in an environment in which all depositary institutions offered explicit interest on transactions balances—consumers would have a more rational basis for choosing among financial services; they would probably receive higher effective interest returns on their funds due both to increased competition for transactions balances among financial institutions and to increased efficiency in the financial sector; and deposit customers would have less need to spend time and money attempting to minimize their holdings of nonearning transactions balances.

The Board, however, would urge a more gradual and, we believe, less disruptive approach than that contained in H.R. 3864. Given our lack of knowledge about the transitional problems, it seems important that the removal of the prohibition should be accomplished gradually, by extending an activity with which experience has already been gained. I am referring to nationwide negotiable order of withdrawal (NOW) accounts, which could be implemented by legislation similar to the NOW proposal passed by the Senate Banking Committee in 1977 as part of S. 2055. Specifically, the Board favors nationwide NOW accounts, authorized for all depositary institutions but limited initially to individuals and nonprofit institutions. Such accounts should be subject to rate ceilings on deposits, equal among the institutions, during a transitional period. And the Board strongly believes that all nationwide NOW accounts must be subject to reserve requirements, both because of the importance of the reserve requirement mechanism for the efficient conduct of monetary policy and in the interests of institutional equity.

A major virtue of this alternative approach is that it would moderate the transitional impact on commercial bank and thrift institution earnings that is likely to result from competition for market shares when a new interest-bearing transactions account is first introduced. That the transitional effect on earnings can be significant is evidenced by our experience with NOW accounts. In the early years of NOWs in New England, the combination of ceiling interest rates on deposit balances and no or low service charges for NOW drafts was much more costly to depositary institutions than could be justified in the long run. Over time, the New England institutions increasingly came to link explicit interest on transactions accounts with explicit charges for checking and other services rendered. Minimum-balance requirements were developed, and service charges began to approximate true costs. Experience gained in the two original NOW states was used to advantage in those states that later received NOW account authority. Thus, we would expect that institutions in the other 43 states, when given NOW authority, would also be able to build upon this experience in designing their service packages. As a result, an effective implementation date of January 1, 1980, probably would provide institutions with a sufficient planning horizon if the enabling legislation proceeds promptly.

Nevertheless, Board staff analysis suggests that, without a deposit rate ceiling coordinated by the agencies, the actual cost of NOW account funds to the institutions might rise temporarily by several percentage points above the rate sustainable in the long run in those states gaining NOW powers for the first time. Our staff estimates that, in the absence of such regulation, pre-tax earnings of all commercial banks during the worst year of the transition period could be expected to be between 5 and 7 percent lower than otherwise. While such earnings reductions would not pose problems for the vast majority of commercial banks, they would be troublesome for individual institutions that have unusual concentrations of consumer accounts or that may already be experiencing an earnings squeeze. Thrift institutions could be expected to compete vigorously with the banks for interest-bearing transactions accounts and such competition could be quite costly to them, since for most this would constitute a new service line. The earnings of thrift institutions already are being squeezed by the currently high cost of their liabilities, especially money market certificates, and by the limited flexibility of the yields they can earn on their long-term portfolios of fixed-rate mortgages.

Thus, the Board is quite concerned about the transitional impact of interest on transactions accounts, and we believe there are several reasons why our proposal would have a much smaller short-run impact on the earnings of financial intermediaries than would the program contained in H.R. 3864. First, the approach we suggest would contain specific and clear authority for the coordinated imposition of a ceiling rate on transactions balances, to be followed by an orderly phasing out of that ceiling over a period of time. Second, nationwide NOW accounts for individuals and nonprofit organizations would be a logical extension of existing programs in New England and New York. Depositary institutions in other states could use the experience of existing NOW institutions to avoid pitfalls in designing and implementing their own NOW packages. Third, limiting interest payments to individuals and nonprofit organizations would reduce the exposure of financial institutions to earnings drains while still providing interest relief to those groups least able to obtain direct returns on their transactions balances by other means. Finally, the basic characteristics of a NOW account are consistent with the powers of all depositary institutions, since they can be regarded as a form of savings account. They thus may be less costly to develop for thrift institutions, which are familiar with the structure and administration of savings accounts. Also, state authorities may find that permitting thrift depositors to write drafts against savings deposits would be less difficult to implement than obtaining demand deposit powers for state-chartered thrift institutions.

Once the short-run impact of interest on transactions accounts has been absorbed by the financial system, the categories of depositors eligible for NOWs could be broadened and the ceiling rate phased out. However, the longer-run effects of major institutional changes are always uncertain, and the Board believes that such liberalization should be considered only after experience is gained with a more cautious program—a program that has substantial benefits for consumers, encourages efficiency and competition in the financial sector, maintains the safety and soundness of the financial system, allows for revision over time, and protects the Federal Reserve's ability to regulate the money supply.

With the Board's general preference for NOWs as background, I would like to discuss briefly some specific concerns the Board has with H.R. 3864.

First, the legislation proposes that the level of reserve ratios for transactions accounts at covered savings and loan associations be set by the Federal Home Loan Bank Board and that reserve ratios for covered credit unions be set by the National Credit Union Board. Although these agencies would be required to consult with the Federal Reserve Board in setting reserve requirements, it is clear that the decision would rest solely with those agencies. However, the setting of reserve ratios on transactions balances—that is, the setting of reserve ratios on money—is an integral tool of monetary policy. Such power ought properly to be the province of the nation's central bank.

Second, the proposed legislation would require savings and loan members of the Federal Home Loan Bank System to hold reserves in the form of currency and coin, or in deposits at their respective Home Loan Bank; the form and place of reserves held by federally chartered credit unions would be specified by the National Credit Union Board. Again, to exercise control over transactions balances, the central bank must have control over the total amount of reserves supporting these balances. The reserve accounting could conceivably be handled by—and the necessary reserve deposits passed through from—the primary regulatory agencies. But unless required reserves are held only in vault cash or in balances at Federal Reserve Banks, the Federal Reserve's ability to control reserve availability is compromised.

Apart from the monetary policy implications of the treatment of reserve requirements under H.R. 3864, the bill could lead to a worsening of the competitive imbalances that already exist among our various financial institutions and could lead to operational difficulties as well. For example, if the agencies were to set reserve ratios for savings and loan associations and credit unions lower than those imposed on transactions accounts at member commercial banks, member banks would be placed at a disadvantage to thrift institutions—as they are now to nonmember banks—in competing for checking-type funds. Also, unless reserve balances of thrift institutions are credited to their accounts at the Federal Reserve Banks, such funds could not be used as clearing balances for purposes of settling checks passed through the Federal Reserve payments system. The clearing mechanism is a vital part of our monetary system and should be accessible to all kinds of transactions accounts on equal terms and conditions.

In addition, the reserve requirement provisions contained in H.R. 3864 seem inequitable and deficient with respect to the classes of depositary institutions that would be subject to required reserves and the types of deposit accounts that would be subject to reserves. According to our reading of the bill, four classes of institutions—insured nonmember commercial banks, insured mutual savings banks, state-chartered credit unions, and state-chartered savings and loan associations that are not members of the Federal Home Loan Bank System—would not be subject to any reserve requirements under the bill. Further, it would appear that financial institutions (except for Federal Reserve members) would be required to maintain reserves only against demand deposits but not against NOWs. Obviously, if reserves were not required to be maintained against NOW accounts, thrift institutions would avoid offering interest-bearing demand deposit accounts but instead would gain a competitive advantage over member banks by offering reserve-free NOWs.

The ambiguities and exclusions in the treatment of reserves under H.R. 3864 not only would complicate the conduct of monetary policy and lead to competitive inequities but also might encourage unnecessary and disruptive switching of charters by savings and loan associations and credit unions in order to avoid reserve requirements. Indeed, as you know, the nonuniversality of reserve requirements for banks has created substantial competitive problems within the commercial banking industry; H.R. 3864 would likely extend these difficulties to thrift institutions.

I would like to turn now to a final point that I hope will demonstrate the complexity of this area as well as underscore the Board's strong belief that interest on transactions balances should be coupled with a solution to the membership problem. As I noted earlier, the payment of interest on transactions accounts would exert downward pressure on bank earnings. This would make member banks even more aware of the costs of membership and, in all likelihood, serve to accelerate the rate of membership attrition. Here, again, our experience with NOW accounts in New England is instructive—the introduction of NOW accounts there placed particular pressure on bank earnings, and membership withdrawals in that region increased sharply.

But even if all institutions were required to hold equal reserves with the System against interest-bearing transactions balances, the membership problem might still be exacerbated. The question would arise as to whether, and to what extent, nonmembers holding reserves with the System should be allowed access to Federal Reserve services such as check clearing, wire transfer, and use of the discount window. If nonmembers were given access to System services, they would be subject to a substantially lower reserve requirement burden than members—because nontransactions accounts would not be reserved—but would have access to valuable rights and privileges of membership. As a result, withdrawals of member banks to "nonmember service" status would be vastly encouraged.

Thus, while the Board continues to endorse the general principle of interest on transactions balances, we could not support such a program unless steps are taken to halt member bank attrition and reverse the declining proportion of deposits subject to reserve requirements administered by the Federal Reserve. The provisions of H.R. 3864, or even our preferred alternative of extending NOWs nationwide, would accelerate withdrawals by Federal Reserve members and would, therefore, undermine the ability of the central bank to conduct monetary policy effectively and to continue to backstop the liquidity of our banking system. The concerns of the Board now are even more pressing than in June of 1977 when former Chairman Burns stated before the Senate Banking Committee: "We could not support nationwide extension of NOW account authority if that extension were not coupled with action to lighten the burden of Federal Reserve membership. The risk to the safety and soundness of our banking system of enacting the first part of the package without the second would, in the Board's judgment, be intolerably large." □

Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, May 23, 1979.

I appreciate the opportunity to appear before this committee today to discuss the condition of the U.S. banking system. Before presenting the Board's testimony, I want to emphasize our belief that this regular exchange of views is helpful to the federal regulators as well as to the Congress. The oversight hearings process should aid in focusing on—and dealing with—perceived banking problems as they begin to develop.

At the outset, I believe it important to recognize that commercial banks in our country function as the department stores of finance. They serve both business and consumers, provide both short- and longer-term credit accommodation, and are involved as important financing sources in virtually all areas and lines of economic activity. Because of this pervasive and continuous involvement, banks tend to reflect the condition of the economy. When times are good, the banking system appears to be in good shape; when economic problems occur, they are likely to show up in the condition of banks as well.

This linkage has been dramatically demonstrated over the past few years. During the unusually severe recession of 1974–75, the banking system experienced its greatest problems since the 1930s. Primarily as a result of the downturn, classified assets of banks more than tripled from year-end 1973 to year-end 1975. Moreover, bank earnings, hurt by large loan losses and loss reserve provisions, leveled off or declined after their sharp rise during the early 1970s. A significant number of banks required remedial attention, and some—including a few large ones—had to be merged. Perhaps most serious, that earlier period witnessed the first significant erosion of public confidence in the banking system in almost four decades.

Since 1975, the economy has experienced a long expansion, albeit at an uneven rate. Predictably, the condition of the banking system has steadily improved. By year-end 1978, the dollar volume of classified assets was down by more than 20 percent from the peak, and nonperforming loans at large banks had been reduced by more than one-third, even though total bank assets had expanded sharply in the interim. Much of this improvement in asset quality reflected a gradual workout of problems in the real estate sector, the area in which banks experienced by far their greatest difficulties during the recession, although other types of lending showed substantial improvement as well. Since 1975 also, bank earnings have experienced strong growth. Over the last three years, profits after taxes have risen more than 50 percent in nominal terms, and the increase in 1978 alone was the largest for any single year in the past several decades. One major factor contributing to this outstanding earnings performance has been the rapid growth in bank loans, which reflected strong demands for credit both at home and abroad.

The economy has now reached the point at which growth has slowed—necessarily, in view of the accelerated inflation and limited potential for further gains in output—and many analysts are predicting a recession in the period ahead. Although the Board does not necessarily subscribe to this view of an inevitable recession, there obviously is a heightened risk of more difficult times in some industries and regions. And if a downturn of size should occur, the question is how well the banking system would weather it. Our view is that the system generally is again in good shape to face adversity, although financial problems could be exacerbated in those relatively few banks that have not yet recovered from their difficulties during the previous recession. We will be monitoring these institutions with special care in the period ahead.

Meanwhile, the current rapid inflation is having a major impact, and one that is largely negative, on the condition of the banking system. First, inflation creates conditions that may adversely affect the quality of bank loan portfolios. Inflation tends to generate ballooning credit demands, even while interest rates are rising. High interest rates and rising indebtedness, in turn, expose borrowers to the risk of heavy debt-servicing burdens—especially if things don't turn out as well as expected. The potentially harmful effect that spiraling interest rates can have on certain borrowers was vividly demonstrated in the case of the real estate investment trusts (REITs) just a few years ago, when borrowing costs first rose sharply with tight money conditions and then sales and rentals failed to come through with the onset of recession. True, there were many other problems in the REIT industry—and in building generally—during that period. But an economic slowdown necessarily brings with it slower sales and reduced cash flows for many firms.

A second way that inflation may adversely affect the condition of the banking system is by putting downward pressure on bank capital ratios. Indeed, the moderate decline in the ratio of equity capital to total assets for insured banks from 6.1 percent at year-end 1976 to 5.8 percent at year-end 1978 can be attributed mainly to the effects of the rapid inflation experienced over the last two years. This is because the inflation has been reflected in rapid growth of nominal gross national product and hence in the needed financing associated with growth in real output and sales, even at a moderate pace. Bank credit, therefore, has been expanding rapidly, as banks have performed their traditional role in accommodating customer needs, and this expansion has tended to outrun the internal growth of capital from retention of earnings.

At the same time, inflation has limited external additions to bank capital by making equity financing more expensive. By pushing up interest rates, inflation encourages holders of bank stock to switch out of these stocks and into higher-yielding debt instruments. The lack of demand drives the price of bank stocks down, thereby making equity financing more costly. In addition, inflation tends to make bank stocks less attractive relative to many other stocks. The reason is that banks, unlike most other businesses, hold few real assets whose market or replacement value can be expected to rise because of the inflation.

The adverse effects of inflation on bank stock prices is clearly evident in the market. During the last several years, the stocks of most of the nation's major banking organizations consistently have sold at only five to eight times annual earnings. Moreover, most of these stocks are trading at significant discounts from book value.

The current economic recovery and the attendant inflation have also featured an unusually strong and sustained expansion in consumer spending. As a result, and perhaps reflecting also vigorous institutional promotion, consumer debt has risen very rapidly—15 percent per year, on average, over the past three years.

Consumer debt-servicing burdens have risen apace, with monthly payments in relation to disposable income reaching a postwar record high late last year. This situation has raised questions about the capacity of consumers to service this debt, particularly if there should be any marked slowing in income gains or substantially higher unemployment. The implications for the banking systems are of great importance because consumer loans make up more than 20 percent of bank loan portfolios.

To date, the rise in consumer debt has not resulted in any appreciable rise in delinquency rates. However, we believe that the buildup of consumer debt could become a problem and should be closely monitored. Accordingly, we are in the process of reinforcing bank examination procedures to assure a careful review of the quality of consumer lending and the controls over this lending that banks are employing.

Economic shocks and dislocations also can have an impact on the banking system, primarily by affecting the financial condition of borrowers. By far the most severe exogenous shock to the economy in recent years was the quadrupling in oil prices by the cartel of the Organization of Petroleum Exporting Countries in late 1973. This action radically altered the cost structures of many businesses as well as the pattern of spending by consumers and others. The consequent downward pressure on profits in the affected industries increased the risk exposure of banks lending to these companies. Today's energy situation, though apparently not representing such a marked change as in 1973, will likely bring significant adjustments in some industries and markets also. Bank supervisors, accordingly, will have to be alert to possible consequences on the portfolios of affected banks.

Not all exogenous forces affecting the economy are this dramatic. Some evolve very slowly but still have an important cumulative impact on various parts of the economy and on the banks serving it. One major example that comes to mind is the migration in recent years of business firms and population to the sunbelt. This migration is having major impacts on the economies of the sunbelt states and has provided banks located in these areas with strong growth trends and numerous business opportunities. On the other hand, the migration has had adverse effects in other areas of the country and has required banks in these areas to adjust their operations to a slower pace of expansion. Sharply different rates of bank growth—a necessary feature of our decentralized banking system—require close attention by supervisors since they imply different strategies for such elements of banking condition as capital, liquidity, and lending policies.

Another relatively new element in banking has been the strong trend toward international business. While the expansion in office facilities and in business abroad has brought many benefits to American banks, it has also exposed them to certain risks—both economic and political. Probably the major risk relates to lending. In addition to normal credit risks, lending abroad involves so-called country risks. These include the possibility that a foreign country may not be able to generate enough foreign exchange to service its debts, as well as the more remote chance that a change in government could result in the repudiation by the new regime of some or all of its foreign indebtedness. Historically, American banks have had excellent results in their foreign lending, with the ratios of losses to loans significantly below those sustained domestically. However, this good record should not obscure the relatively unpredictable economic and political risks associated with some of this lending, particularly in the uncertain environment that prevails.

I hope that these examples have helped to demonstrate the close link that exists between banks and the economy and to show that the condition of the banking system is inevitably exposed to various unpredictable economic shocks and surprises. When the economy experiences problems such as a recession, rapid inflation, or major dislocation, we can be quite sure that many banks—the department stores of finance—will encounter some degree of adversity also.

Given our inability to know in advance what economic problems will emerge, how can bank supervisors help to ensure that banks will be able to overcome these difficulties and continue to serve effectively the banking needs of our country? One thing that we can do is to make sure that banks employ prudent lending standards and hold their commitments within reasonable bounds. We recognize that banks must take risks in order to meet the legitimate borrowing needs of their communities. But these risks must not be excessive, they must not unduly tax the resources of the institution, and they must promise adequate compensation after allowance for risk.

Second, banks must keep their capital ratios sufficiently high to cushion losses and to maintain public confidence during adversity. It is evident that banks are now having difficulties maintaining their capital ratios due to inflation and poor equity capital markets. However, the supervisors will expect banks to resist any slippage through the current period of difficulty and to make every effort to improve these ratios whenever possible, particularly when the environment for equity financing turns more favorable.

Third, banks should be encouraged to employ the principles of diversification in all major aspects of their operations, both at home and abroad. In particular, they should strive to diversify their loan and security portfolios, to avoid undue reliance on volatile sources of funds, and to maintain adequate liquidity to meet all foreseeable contingencies. Diversification will not prevent banks from taking losses, but it should reduce the possibility of a bank encountering such major difficulties that its viability is threatened.

Since the hearings last year, the Federal Reserve, in cooperation with the other federal banking agencies, has taken several actions designed to encourage diversification of risk and to assure prompt and effective supervisory response to emerging banking problems. A new uniform examination system for assessing country risk in international lending by U.S. banks was developed. This system is designed to identify and discourage undue concentration of credit by banks in individual foreign countries. The agencies also introduced a new uniform bank rating system that expands the number of financial factors the agencies will consider in rating banks. This rating system should help us identify more precisely those banks in need of particularly close supervisory attention.

Turning to the bank holding company area, there is substantial evidence that the condition of holding companies is continuing to improve. This improvement in large part reflects the healthier condition of bank subsidiaries, which constitute a very large part of most holding company organizations. But parent companies and their nonbank subsidiaries also are generally in better condition than during the mid-1970s. Holding company management appears to be exercising greater prudence in parent company financing, and fewer parent companies are experiencing difficulties in meeting their debt service commitments. In the nonbank sector, most holding companies appear to have turned around the major problem areas, such as mortgage banking, that emerged during the mid-1970s. Here again, the economic expansion has played an important role.

Several actions have been taken during the past year that should help improve bank holding company supervision. One major step was the introduction of a bank holding company rating system. This system has standardized the evaluation of the financial condition of holding companies and has helped to identify those companies with significant financial problems. The Federal Reserve also is continuing to implement its recently expanded program for inspecting bank holding companies. This program involves the inspection on an annual basis of all holding companies with consolidated total assets exceeding $300 million and incorporates a standardized report form focusing attention on the assets of nonbank subsidiaries, holding company debt, and the financial condition of the consolidated organization.

The passage last year by the Congress of the omnibus Financial Institutions Regulatory Act should prove helpful in our supervisory responsibilities. As requested by the supervisory agencies, this act provided for expanded cease-and-desist powers and civil penalties for violations of banking laws and regulations. The act also gave the Federal Reserve the authority to require the divestiture of a nonbank subsidiary of a holding company if such subsidiary constitutes a serious risk to the safety of a holding company bank.

In recent months the supervisory agencies have been actively implementing numerous other titles of the act. This implementation process, which is now largely behind us, has required the issuance of regulations and policy statements on interlocking directorates, changes in bank control, correspondent accounts, financial privacy, and electronic fund transfers. During the large-scale implementation effort, the supervisory agencies have worked closely together to assure uniformity in the resulting regulations and supervisory procedures. It is too early to say, of course, what experience will be in monitoring and enforcing these new requirements.

One section of the act also created the Federal Financial Institutions Examination Council. The council, which is composed of principals from the five federal financial regulatory agencies, should help to increase even further the cooperation and coordination among the agencies that have been achieved in recent years. The council is now a going business, and I can assure you that the Federal Reserve will make every effort to help the council carry out its mandate to accomplish greater uniformity and coordination in supervisory standards and procedures. This is certainly no time to permit potentially damaging banking practices to slip between any cracks in the supervisory process. □

Statement by Nancy H. Teeters, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, May 24, 1979.

I am pleased to have the opportunity today to testify on behalf of the Federal Reserve Board on proposals to repeal or modify the Credit Control Act of 1969. As you know, under the act the Board could be authorized to control and regulate extensions of credit if the President "determines that such action is necessary or appropriate for the purpose of controlling inflation generated by the extension of credit in an excessive volume." The President's authorization may specify particular classes of credit that should be the target of Board regulations, or it may be a more general request to the Board for actions to limit what the President deems to be an inflationary expansion of credit.

To implement controls under the President's authorization, the Board is given a broad range of powers over credit transactions, which it may exercise at its discretion. Those powers encompass not only the regulation of the terms of credit contracts, such as downpayments, maturities, and interest rates, but also the licensing of borrowers or lenders and requirements for recordkeeping. In addition, the Board may set maximum loan-to-deposit or loan-to-asset ratios for creditors or debtors. Assistance in implementing these sweeping regulations may be obtained from any appropriate state or federal agency.

Credit controls as an instrument of anti-inflation policy have most appeal at times when fiscal and monetary policies cannot, for one reason or another, be employed flexibly. During World War II and for a while thereafter, monetary policy was constrained by a pledge to maintain a low interest rate on U.S. Treasury securities. As a result, the Federal Reserve could not effectively control growth in the monetary and credit aggregates since it had to supply as much bank reserves as needed to maintain an unchanged level of interest rates. Regulating nonrate terms of credit extensions seemed to be one of the few ways to discourage borrowing in such an environment. Thus, regulations limiting consumer credit were used on three occasions in this period—World War II, 1948–49, and the Korean War—and regulations affecting mortgage credit were used during the Korean War.

However, with monetary and fiscal policies able to adapt to changing circumstances—as they are at present—there is little need to risk the market distortions, the administrative burdens and complexities, and the problems of equity that are inherent in credit controls. If credit controls are to be used, it would require circumstances in which the need is clear and obvious—a national emergency, such as a war, or a clearly perceived imbalance in the distribution of available credit.

The nature of financial markets in this country makes credit controls both unneeded—save for very exceptional circumstances—and extremely difficult to administer. Our credit markets reflect the borrowing and lending decisions of vast numbers of consumers and businesses and are an important means through which our economic resources are efficiently allocated among competing uses. The market is so large and fluid that credit is generally available to all qualified borrowers, though the price—that is, interest rate—will vary so as to ration the supplies of funds.

Imposition of controls in such a free, well-functioning market inevitably invokes a response by market participants, who attempt to circumvent the controls. Lenders seek the most profitable outlets for their funds, whether at home or abroad. And borrowers, who may be blocked out of one market, may seek funds in another. The fungibility of money and credit makes it most difficult to administer credit controls selectively, and enhances the likelihood that one set of controls will only give rise to another.

One of the principal problems with attempting to control inflation by controlling credit is that the increases in credit often observed during inflations may be a result, as well as a cause, of increases in prices. In many inflationary situations credit will be growing simply to keep up with the rising costs of items usually purchased with borrowed funds. In addition, rapid inflation can occur, at least for a short period, without a marked pickup in credit usage. Since last summer, for example, aggregate credit use by private, domestic nonfinancial borrowers is estimated to have changed little on balance, despite an acceleration of inflation.

Nor can credit-financed purchases by certain sectors or in certain markets be easily pinpointed as significant stimulants to inflation. Credit expansion has been reasonably well balanced during the current cyclical upswing, and there has been no evidence of developing speculative excesses. Much attention has been focused on borrowing by households, with concern expressed that consumers were assuming excessive amounts of debt in order to make purchases in anticipation of future price increases. The rise in household indebtedness has slowed recently, however, as growth in net extensions of both mortgages and consumer installment loans has fallen off, and debt repayments also have begun to decline slightly when compared to the level of disposable income. Moreover, objective indicators of debt-servicing trouble, such as delinquency and default rates, do not indicate widespread problems in handling the debt load.

Business borrowing has picked up, in part to finance the rebuilding of inventories depleted at the end of last year, but thus far inventory stocks appear to have been kept in close alignment with sales. Nonetheless, this situation will bear careful watching for signs of an excessive buildup.

Selective credit controls might be effective in holding down a narrow category of spending and might be appropriate if there were shortages of particular goods, such as automobiles and other consumer durable goods during World War II. However, even if such shortages occurred, rationing or excise taxes might be a more effective and equitable means of treating the problem.

Moreover, even if the expansion of certain types of credit could be identified as adding to inflationary pressures, control of such credit might well be ineffective in reducing demands. If controls were imposed on one type of credit, other credit could be substituted by lenders or borrowers, or liquid assets could be drawn down to support spending. This problem would be heightened by the large volume of existing credit commitments, the use of which would be difficult to regulate. Consumers, for example, have access to sizable pools of credit through credit cards issued by banks, stores, and oil companies. Businesses have loan commitments from banks and insurance companies among others. Even if new commitments were controlled, the outstanding volume would take some time to draw down, delaying and reducing the potential impact of credit controls. Over the longer run, as controls began to impinge on borrowing ability, both borrowers and lenders would be likely to discover and utilize alternative credit instruments to finance spending.

The flexibility of credit markets, and the inherent fungibility of money, would tend to vitiate any form of credit control. In periods of demand pressures, credit controls would have to be pervasive to have any chance of being effective. Controls on business borrowing probably would be even more difficult than for consumers, given the wide array of funds available from different sources, especially to large corporations. For example, regulations would have to cover accounts receivable financing and international capital flows to constrain effectively all sources of funds for business spending.

For this reason, a large bureaucracy would probably have to be created to administer controls. In the absence of a national consensus as to their necessity, detection of violations would depend almost entirely on the regulators, since both borrowers and lenders may have an incentive to circumvent the controls. Regulatory staff also would be needed to decide on exemptions to the controls, as obvious inequities arose. Their cost also would include the paperwork and compliance burden borne by lenders and borrowers. These direct costs would likely escalate with the duration of the controls as they were extended to counter the ingenuity of the private sector.

But the costs of controls probably would substantially exceed those that could be directly measured by the labor and materials devoted to compliance. Perhaps the most important costs would be the hardest to measure—distortions to markets and resource allocation. With many normal avenues for competition among lenders no longer allowed, energies and resources probably would be directed into the socially wasteful activity of devising methods to circumvent the regulations. Moreover, to the extent that controls retained any effectiveness, credit allocation and the underlying resource allocation it supports would be responding to the signals given by the controls, rather than by relative interest rates reflecting competitive opportunities in private markets. Although, to some extent, this reallocation may conform to the wishes of the regulators, our experience with controls in other markets teaches us that unintended side effects from interference with private decisions are not infrequent. Furthermore, the burden of the regulations is likely to fall most heavily on small businesses and households with moderate or low incomes. These borrowers or lenders probably would have the most limited access to alternative means of financing or to liquid assets with which to blunt the effect of the controls, and small businesses would be especially inconvenienced by the paperwork load.

All these factors suggest that under most circumstances policies other than credit controls would have superior results with fewer undesirable side effects. Measured application of fiscal and monetary restraint over the coming years would seem to be the best method for achieving our goal of reducing inflation, and thereby lowering interest rates, without unduly disrupting the expansion of income and employment. The reduction of inflation will not take place quickly—it probably will require an extended period of moderate growth in output and demand. Credit controls seem particularly inappropriate for such an extended time horizon, since the longer they are in force, the lower is their effectiveness and the higher is their cost.

There may be situations in the future, however, in which mandatory credit controls could be a useful component of national economic policy. One such circumstance could occur if it were necessary to undertake a major and rapid redirection of resource allocation in response to a national emergency, like an outbreak of war. At the beginning of the Korean War, for example, there was a considerable amount of panic buying of consumer durable goods in anticipation of future shortages. The quick imposition of strict credit controls could temporarily dampen this type of reaction and would initiate the process of freeing resources to meet the emergency. The greater public support for controls likely to exist in such a situation would enhance the feasibility of administering them.

The Credit Control Act of 1969 is useful to the extent that it provides a means for dealing with such contingencies promptly. It does not appear that voluntary credit controls could be employed under such circumstances without additional statutory authority. However, if the Congress feels that the availability of credit control measures may lead to unwise use of them, it may want to repeal the act, as proposed in S. 35. In view of the widespread recognition of the drawbacks associated with mandatory controls, there would appear to be little chance they would be used unnecessarily. Certainly, the history of the past 10 years is consistent with this view.

If it ever became necessary to impose credit controls in a national emergency, like the Korean War, they would need to be applied with minimum delay to avoid anticipatory and counterproductive actions by borrowers and lenders that would dilute their effect. Thus, if the act is to be retained, the changes suggested by S. 389 would seem unwise. In the time that the Congress was acting on a concurrent resolution, businesses and consumers would be making purchases, negotiating credit and credit lines, and drawing on existing loan agreements to accumulate liquid assets. All these actions would tend to aggravate the condition that occasioned the need for credit regulations in the first place. □

Statement by G. William Miller, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on International Economic Policy of the Foreign Relations Committee, U.S. Senate, May 24, 1979.

Mr. Chairman, members of this subcommittee, I am pleased to participate in your important hearings on the vital international economic issues that confront the United States today. My statement this morning identifies an agenda of issues facing the world economy as we enter the 1980s—issues that deserve our attention so that we may begin to develop specific solutions to them.

We Face Common Problems, Have Common Interests

In an increasingly interdependent world economy, all countries are affected by favorable and unfavorable developments originating in other countries. The world economy faces a number of economic problems and concerns common to, and affecting, nearly all countries—rampant rates of inflation, the reduced availability and increasing relative cost of raw materials, particularly energy, and sluggish investment. Moreover, gaps in standards of living between the citizens of industrial and developing countries persist and even may be widening. In meeting the challenge of dealing with these problems that affect the welfare of most individuals, all countries have a stake in maintaining a well-functioning international economic system in which goods, services, and capital move freely to satisfy economic needs and wants. In finding solutions to these problem areas, it is essential that the United States—the world's most important economy—provide creative leadership.

We cannot delay our exploration of ways to strengthen the performance of the world economy. Given the medium-term nature of many of today's underlying economic problems and the planning and implementation lags associated with major policy initiatives, efforts must be taken soon to affect the outcome in the 1980s.

Economies Becoming More Open and More Dependent on Each Other

In recent decades, international trade has been expanding more rapidly than the growth of gross national product, and exports and imports constitute an increasing share of most countries' output and expenditures (chart 1).[1] On the whole, we all have benefited from greater international specialization, with the availability of lower-priced imports helping to contain inflationary pressures by strengthening the forces of competition and spurring productivity.

As economies have become more open, however, they also have become more susceptible to external developments affecting the supply and prices of the goods that they import. Over time, the major economies have become increasingly dependent on imported raw materials. Even the United States, which once was more self-sufficient in many raw materials than other countries, has increased its reliance on imports of these commodities. By 1978, net imports accounted for more than half the U.S. use of 20 important metals and other minerals. If the United States and other economies are not to suffer from a secular, steep rise of raw materials prices, the pace of the absorption of the world's resources needs to be balanced by the development of new sources of supply.

Developments in recent years affecting the price and supply of energy have been especially troublesome for the United States and for other economies. Industrial and developing countries still are coping with the problems resulting from the 1973–74 oil shock. The latest price increases by the Organization of Petroleum Exporting Countries are setting back the limited progress oil-importing countries have made in recent years in containing inflation and in resuming economic expansion. The latest OPEC price increases, moreover, weaken the stability of the international payments system and, in particular, aggravate the financing problems facing the non-oil developing economies.

Despite the vast internal sources of energy of the United States, our energy consumption is outdistancing our domestic energy production. As a result, whereas net U.S. oil imports in the early 1950s accounted for less than a tenth of U.S. consumption, these imports now approach nearly one-half of consumption. Moreover, the United States has relied increasingly on oil produced by Middle Eastern and North African oil producers, so that more than 50 percent of U.S. oil imports last year were derived from these sources compared with less than 30 percent in the 1963–73 decade. The adverse consequences for the non-OPEC countries resulting from such an event as the disruption of Iranian oil production reinforce the urgency for the United States and other oil-importing countries to reduce their dependence on imported oil and the need for these countries to conserve energy, to expand alternative energy supplies now available, and to develop new sources of energy.

New Challenges, New Opportunities

The expansion of production capacities for commodities that periodically are in short supply could be aided by improving the process of transferring technology from industrial countries to less-industrialized economies. Broadening the opportunities for the transfer of technology in manufacturing also would help promote the economic development of the developing countries. The role of technology transfers would be enhanced by the maintenance in less industrialized countries of an economic climate that attracts foreign investment and by reaching agreement on a code of conduct relating to the transfer of proprietary technology and industrial property rights. The United Nations Conference on Science and Technology for Development that is scheduled to convene in August in Vienna provides an opportunity to bring the resources and skills of science and technology better to bear in advancing the growth of developing countries, with mutual benefit to the world economy. It is important that the United States play an active role at this conference and that the conference succeed in reducing those barriers that impede the smooth transfer of technology across borders.

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

A new challenge to the world trading system is being posed by the emergence of newly industrializing countries as competitive exporters of manufactured products. This development is a logical consequence of a greater transfer of technology and the successful efforts by developing countries to develop their economies. To allow their citizens to benefit from the low cost of these goods, the more industrialized nations must be prepared to permit imports from these emerging countries. Firms and workers displaced by these imports should not be required to assume the full adjustment burdens resulting from this development. Appropriate measures by governments in industrial countries will be necessary in order to facilitate the shift of their productive resources into export industries in which these countries enjoy a comparative advantage. The emerging economies, in turn, must be encouraged to open their markets to the high-technology goods produced in industrial countries.

The worldwide economic downturn during 1974–75 precipitated protectionist demands throughout the industrial world. The Tokyo Round of Multilateral Trade Negotiations is important not only because the world economy will benefit from the trade liberalization it provides, but, perhaps more crucially, because these negotiations countered the emerging tendencies toward protectionist actions. We must continue to be alert, however, to the need to place the interests of the general consuming public ahead of those few special interests that perennially seek protection from the rigors of international competiton.

Impressive Expansion of International Capital Markets

The expansion of international capital transactions, and particularly the growth of international bank lending, has been one of the impressive developments in international finance in the past decade. International capital markets have channeled sizable accumulations of savings in some countries to other countries that could utilize these funds effectively. In recent years, the Eurocurrency and Eurobond markets have played an especially important role in recycling massive surpluses of the oil-exporting countries. Industrial, developing, and Communist economies all have been active participants in these markets.

Despite the generally smooth functioning and rapid growth of the Eurocurrency market in recent years, the less-regulated nature of this market periodically has been a source of concern among policymaking authorities. The operations of this market have raised questions about the market's impact on the efficacy of domestic monetary policy, about the competitiveness of Eurocurrency banks vis-a-vis national banking systems, about the role of this market in facilitating exchange-market speculation, and about the soundness of the banking practices followed by banks involved in the Eurocurrency market. In recent years, central bank and treasury officials, both here and abroad, have focused attention on these and related aspects of the Eurocurrency market. The objective of these deliberations has been to ensure that this market performs its important financial intermediary functions without at the same time weakening the structure of national banking systems or market confidence in the international financial system.

Several aspects of the rapid expansion of multinational banking deserve close examination. There is a need to improve the ability of bank supervisory authorities to evaluate bank lending on a consolidated basis. For some countries, more comprehensive statistical reports and more thorough supervisory procedures are needed to ensure that the consolidated operations of banks meet standards of prudence. Supervisory authorities in a number of countries are making progress in this area—a development that will benefit all. In addition, there is a need for improved evaluation of country risk. It is important to both borrowers and lenders that international bank credit be extended on a scale and be used in a manner that ensures that funds are employed effectively and that borrowers are able to service their debts. Finally, there is a need to evaluate whether the growth of Eurobanking should be controlled. In this regard, a range of techniques, including the possibility of imposing reserve requirements on the liabilities of banks in the Euromarket, deserves to be explored.

Achieving Sustainable, Noninflationary Growth

In a world economy that has become more open, inflation and recession in major countries have serious effects on other countries. The attainment of sustained, noninflationary growth by industrial countries not only would yield direct benefits to these countries, but also would strengthen the world economy in various ways. First, it would reduce the pressures in these countries to adopt protectionist trade policies. In addition, the expansion of import demand by industrial countries in an environment of noninflationary growth would be one of the best ways to contribute effectively and lastingly to the growth of their trading partners in the developing world.

High rates of inflation have plagued most industrial countries during the past decade. Many developing countries have experienced even higher rates of inflation than those recorded in industrial countries. Rates of inflation in some developing countries in excess of 30 percent per year are not uncommon, and several of the larger developing countries in Latin America even have experienced triple-digit inflation. While external influences, such as high prices for OPEC oil, no doubt have contributed to worldwide inflation, in most instances these external influences only have intensified an inflation that basically is homegrown and fed by high wage demands, business pricing practices, government regulation and spending policies, and excessively expansionary monetary policies.

The costs of high rates of inflation are well known. They have resulted in arbitrary shifts in the distribution of income and wealth. High inflation rates also have weakened the investment climate, which, in turn, has intensified cost pressures and has contributed to sluggish economic growth. Finally, high and divergent inflation rates among countries have been a principal factor in generating instability in foreign exchange markets.

The inflation problem has developed over a long period and has become imbedded in the structure of most economies. It, therefore, would be unrealistic to expect to eradicate it in a short time, and the disruption to the economies and societies of trying to do so would be enormous. This makes it even more important for economic policymakers in the period ahead to persist in maintaining sound fiscal and monetary policies that will prevent the development of further inflationary momentum and to seek to lower the inflation rates somewhat each year. In addition, governments must avoid, when possible, adopting other policies and regulations that have price-raising effects.

Capital formation has an essential role to play in achieving and maintaining steady, noninflationary growth in industrial economies. Investment spending performs two functions in the process of promoting noninflationary growth. First, it is an important component of aggregate demand. Second, investment spending creates productive capacity, providing the means to employ a growing labor force and to increase the output of the economy. By increasing the ratio of capital to employed labor, the productivity of labor can be raised. Also, higher investment spending typically is associated with an increase in the flow of innovation and brings the average industrial plant closer to the state of "best practice" technology, further raising the average level of productivity. Higher productivity is an important variable curbing or offsetting inflationary pressures. It is through productivity growth, of course, that real incomes can rise in the long run.

A marked feature of the current economic recovery in industrial economies has been the lower rate of productivity increases in this expansion compared with earlier recoveries. This, in part, reflects the weakness of fixed investment expenditures. For a number of industrial countries—for example, the United States, Japan, Germany, and Canada—investment as a percentage of GNP has been lower on average in the past five years, at a time of relatively slow economic growth, than in the earlier period of higher GNP growth. A variety of factors have contributed to the weakness of investment spending in recent years—low levels of capital utilization, the effects of the oil shock, weak profits, and uncertainty generated by high inflation rates.

Governments can best foster increased private investment spending by providing an economic climate that is conducive to business enterprise.

Government officials in many industrial countries are giving increasing recognition to the need to provide more scope for market forces to operate and to encourage private initiative.

Appropriate government policies can stimulate private investment spending. Cost-effective incentives—such as liberalization of depreciation allowances—and the elimination of various disincentives—such as unnecessary and burdensome regulations—would go far to encourage private investment. In addition, maintenance of sound monetary and fiscal policies that succeed in curbing inflation, stimulating personal savings, and reducing the pace of government spending, will provide an environment that is conducive to an expansion of private investment spending. Finally, appropriate government support to intensify the efforts by the private sector in enlarging the role of research and in developing improved technology is likely to have substantial payoffs in additional investment and higher productivity.

The Evolving Monetary System

The changes in the international monetary system in recent years have been substantial—managed floating has replaced the adjustable peg system, the status of the dollar as an international asset has undergone changes, and the role of the International Monetary Fund (IMF) in guiding the international monetary system has been enlarged.

The amended Articles of Agreement of the IMF that were put into place last year provide a framework for the evolution of the international monetary system in the period ahead. We must be prepared to examine objectively our attitude toward various proposals designed to strengthen the functioning of the international monetary system.

Despite expressions of doubt in recent years about the future role of the dollar as an international currency, the dollar continues to play a prominent role in private and official transactions. About 80 percent of all official foreign exchange reserves are held in dollars, a comparable fraction of private financial assets and liabilities is denominated in dollars, and about half of world trade is estimated to be denominated in dollars. Proposals to reduce the official role of the dollar in the international monetary system, therefore, could have important implications for the operation of the system. The United States did not elect that the dollar assume a key role in the international monetary system. That role developed as a result of an evolutionary process that now may be changing. Proposals to reduce the international role of the dollar and to expand that of the special drawing right—such as establishing a substitution account in the IMF—should be evaluated in the context of the longer-term development of the international monetary system. We must ensure that any plan to reduce the dollar's role will not restrict the freedom of the United States to pursue appropriate domestic economic objectives, that it will facilitate the maintenance of an open system of world trade and capital movements, and that it will contribute to more, rather than less, international monetary stability.

It is in our mutual interest to achieve an economic environment that avoids excessively large swings in exchange rates. World trade and finance respond more effectively to signals that are not erratic. When exchange-rate adjustment on the basis of fundamentals is necessary, such adjustment should take place in an orderly fashion. Article IV of the amended Articles of Agreement of the IMF provides new procedures for international surveillance over countries' exchange-rate policies and the adjustment of external imbalances. We need to explore how to make more effective use of these procedures.

The recent strengthening of the value of the U.S. dollar on foreign exchange markets reflects the market's favorable reassessment of underlying trends of U.S. and foreign economic performance and policy, as well as the effects of the November 1 measures to support the dollar. Market participants now recognize the willingness of the United States and its major trading partners to engage, if required, in substantial intervention. The November 1 measures have provided the United States a necessary breathing spell during which its monetary, fiscal, and wage-price policies can take hold in dealing with the fundamental economic and financial factors that most influence a country's exchange rate—international current-account developments, relative inflation rates, and relative rates of real economic growth.

In the final analysis, one cannot decree greater stability of exchange rates. Such stability will require a narrowing of inflation-rate differentials at a lower level of inflation, as well as the achievement of rates of economic growth and structural adjustments in national economies that are consistent with a sustainable pattern of international payments.

Need for U.S. Leadership and Continued International Cooperation

The United States should play an active and constructive role in international deliberations on the issues that I have raised this morning. If the United States is to maintain its leadership role, it must set a good example—by addressing and solving its urgent internal economic problems, especially those related to inflation and energy, and by demonstrating its support for the international financial institutions.

The economic summits held each year since 1975 have provided a forum for strengthening the process of international consultation and cooperation. Continued cooperative efforts—such as next month's summit meeting in Tokyo—will be required to deal with worldwide economic problems. In an increasingly interdependent world economy, policymakers need to consider the effects of their actions on others when formulating national policies. A frank exchange of views and policy intentions could contribute to better-informed policy formulation in each country and could set the stage for sharing of possible solutions to common problems. □

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, Housing and Urban Affairs, U.S. Senate, June 5, 1979.

I am happy to appear before this subcommittee to address the issues raised by S. 15. This bill would amend the Equal Credit Opportunity Act to prohibit a credit-card issuer from discriminating in any aspect of the issuance or use of a credit card on the basis of a person's place of residence. In part, this prohibition is directed toward those numerical credit-scoring systems employed by card issuers that weight ZIP code, census tract, or a similar representation for the applicant's residence. The Equal Credit Opportunity Act prohibits discrimination on the basis of race, color, religion, national origin, sex, marital status, age, receipt of public assistance, or exercise of federally protected consumer rights. A creditor can violate the act either by discriminating intentionally on a prohibited basis or by engaging in credit practices that have the "effect" of discriminating.

Obviously, certain uses of "place of residence" in granting credit, especially when small areas are considered, can discriminate illegally. The Board agrees that such uses are offensive and would not oppose a congressional prohibition. However, S. 15 raises several general issues that transcend the specific proposal and it represents a significant departure from the existing prohibitions in the act. Rather than identifying a specific group that needs protection, the proposed bill forbids the use or consideration of a particular characteristic, "place of residence." When use of the place-of-residence characteristic does discriminate illegally, then the "effects test" already prohibits its use. Detection and rectification of violations of effects tests, however, are complicated by the need for case-by-case judicial proceedings.

However, legislative remedies for effects-test problems also raise competing considerations. First, it is not always clear when use of a particular characteristic has the effect of discriminating. Correlation with a prohibited basis is usually less than perfect. Moreover, the degree of association may vary from creditor to creditor. For example, scoring ZIP codes in New York City is more likely to have an illegally discriminatory impact than it would in a rural area.

Second, there is the problem of defining the prohibition so as not to preclude legitimate, nondiscriminatory uses. For example, identifying place of residence by city block probably would discriminate, whereas identifying it by state probably would not. The state in which an applicant lives might be important to a national credit-card issuer since higher rate ceilings, lower-cost creditor remedies, or the existence of expedited collection procedures could require different credit standards. Similarly, for the local credit-card issuer, a prohibition on considering place of residence would preclude limiting its cards to customers that reside within its trade or market area. Like many factors used in credit decisions, the fact that the size of the area considered forms a continuum makes it even more difficult to draw the line between legitimate and nonlegitimate uses of particular characteristics.

Third, limiting the legitimate, nondiscriminatory uses of characteristics will adversely affect the overall accuracy of credit decisions. This is likely to result in higher costs, less favorable terms, and fewer loans.

It may be that the use of ZIP codes should be prohibited, but the Congress should take note of the fact that other characteristics can be called into question. For example, homeownership may correlate highly with marital status, age, and race. Bills have been introduced prohibiting the use of occupation and title. Almost anything related to financial status is likely to show some degree of correlation with one or more prohibited bases.

Although the effects-tests considerations I've discussed appear most clearly in numerical credit-scoring models, they also apply equally to judgmental systems. All credit analysis, whether performed by loan officers or credit-scoring systems, uses the principle that past credit experience predicts future credit performance. Thus, future creditworthy applicants will resemble recent creditworthy borrowers. A judgmental system uses the experience of its credit officers to estimate the profile of past credit-worthy customers. A credit-scoring system uses statistics to measure the characteristics associated with repayment.

A common argument is that judgmental credit evaluation systems are preferable because credit officers personally review each application and give an applicant individual treatment. This is contrasted with numerical credit-scoring systems that appear to be mechanistic and impersonal. Furthermore, the latter systems often include factors that do not obviously relate to creditworthiness and do not appear to consider each applicant individually. Interestingly, some of the information on these applications is viewed as offensive when considered explicitly in a numerical model but is the very same information customarily used in the judgmental systems. In truth, both judgmental and numerical credit systems function in almost identical fashions.

Arguably, properly developed scoring systems offer significant advantages over judgmental systems to creditors and applicants. First, these systems have the capability of assessing creditworthiness more accurately than judgmental systems. Credit officers may recall past experience imperfectly or use the information inaccurately. More accurate credit analysis benefits the applicants with fewer arbitrary decisions and the creditors with lower costs. As a result, one might expect more credit or more favorable terms to be available in the long run. Second, scoring systems ensure that an applicant will be treated more evenly, both from credit officer to credit officer and from day to day, than judgmental systems. Third, scoring systems offer less opportunity for personal prejudices to influence credit decisions. Finally, from an enforcement perspective, numerical systems permit evaluation of the characteristics scored and how the analysis considered them. In contrast, each credit officer balances the available information mentally, so that a regulatory agency or a person denied credit cannot replicate the judgmental process. This makes the evaluation of judgmental systems much more difficult.

In conclusion, recognizing the problems outlined above and the precedent-setting nature of the proposed legislation, the Board would not oppose a prohibition such as contained in S. 15, if limited to a census tract identification number, the last two digits of a ZIP code, or similar identifiers, and if the Congress determines that explicit consideration of place of residence should be barred because its use is likely to have an illegally discriminatory effect. Thank you for the opportunity to appear here today. I will be pleased to answer any questions you may have. □

Announcements

Regulatory Changes To Help Small Savers

A series of regulatory changes that will help small savers obtain a higher return on their deposits has been announced jointly by the Federal Home Loan Bank Board, the Federal Deposit Insurance Corporation, and the Federal Reserve Board.

The measures, which are effective July 1 for all federally insured commercial banks, savings and loan associations, and mutual savings banks, are as follows:

1. An increase of one-quarter of a percent in the maximum rate of interest that commercial banks and thrift institutions may pay on passbook savings accounts. This will raise the ceiling for commercial banks to 5¼ percent and for savings and loan associations and mutual savings banks to 5½ percent. The ceiling rate on negotiable order of withdrawal accounts in New England and New York will remain at 5 percent for all depositary institutions.

2. A new savings certificate with a maturity of four years or more that will have a rate ceiling based on the yield for four-year government securities as determined each month by the Treasury Department. The ceiling for commercial banks will be 1¼ percentage points below the yield on four-year securities and the ceiling for thrift institutions will be 1 percentage point below the Treasury yield.

3. Elimination of all requirements for minimum denominations on consumer-type time deposits except for the $10,000 minimum required for money market certificates. Institutions may set their own minimums if they desire.

4. A new early-withdrawal penalty in all deposit categories for new certificates issued or renewed after July 1. If deposits mature in more than one year, the minimum penalty will be six months' loss of interest. If the deposit matures in one year or less, the minimum penalty will be three months' loss of interest. The present penalty of a loss of three months' interest and payment of interest on the funds withdrawn at the passbook rate will continue to apply to all time deposits issued before July 1.

In announcing the improved opportunities for small savers, the agencies said they would plan to consult toward the end of this year to determine whether further adjustments in interest rate ceilings were appropriate.

The small saver proposals, which were issued on April 3 by the regulators, drew more than 3,000 responses. The actions were announced after consultation among the agencies and after consideration of the comments that were received.

The rate ceiling for the new certificate will change on the first calendar day of each month, based on the average four-year yield on Treasury securities as determined and announced by the Treasury Department.

This yield will be announced three business days prior to the first day of the month and will be based on the average daily yields for the preceding five business days. Thus, the ceiling rate that will be in effect beginning July 1 will be announced by the Treasury on June 27, based on the average daily yields on four-year Treasury securities for June 20 through June 26.

If the certificate had been in effect on June 1, the nominal ceiling for June (based on the average four-year Treasury yield for May 21–25) would have been 7.85 percent for commercial banks and 8.10 percent for thrift institutions. The corresponding effective yields, including continuous compounding, would be 8.28 percent for banks and 8.56 percent for thrift institutions. The new variable-rate ceiling certificate does not replace the existing four-, six-, and eight-year fixed note time deposits, whose ceilings will remain in effect.

In a related development, the agencies ruled that banks and savings and loan associations may accept deposits that have been pooled by depositors to reach a minimum-denomination requirement, but the institutions may not solicit or promote pooled deposits in any way.

With regard to federal credit unions, the National Credit Union Administration (NCUA) is not mandating specific maturities—which may range from 90 days on—for its share certificate accounts (similar to certificates of deposit). However, in order to maintain consistency among financial institutions, the maximum rates payable on such certificates will be set at a rate comparable to that of savings and loan associations.

In addition, NCUA is making certificates of indebtedness subject to the same term and interest rate limitations as share certificates. The agency is also barring the issuance of certificates of indebtedness to natural persons who are not members of the issuing federal credit union.

Electronic Settlement

The Federal Reserve Board announced on May 14, 1979, its intention to participate in a test of a new financial service aimed at speeding and improving the clearing of checks with large dollar value.

The concept, called electronic settlement, is to be tested in the second half of 1979. The program initially will affect only checks of $100,000 or more issued by corporate customers of a small number of large banks. No checks of consumers will be involved.

In electronic settlement, the usual process of clearing and settling paper checks is discontinued after checks are deposited in the first bank, and the process shifts to electronic means of clearance and settlement. This process, to be used in the test to permit speedier clearance of large-value checks, is as follows:

1. A business in Minneapolis sends a check for $100,000 or more to a company in Atlanta. The company deposits the check in its Atlanta bank.

2. The bank in Atlanta—instead of sending the check to the Federal Reserve for collection—transfers the payment instructions on the check (the amount of the check, the identification of the bank on which the check is drawn, and the account number of the business issuing the check) to magnetic tape. It does the same for all other checks of $100,000 or more received that day.

3. The magnetic tape is deposited at the Atlanta Federal Reserve Bank. The Atlanta Federal Reserve, using computers to sort the payment instructions by destination, transmits these instructions to the appropriate Federal Reserve office. In the case being described, Atlanta transmits the information to the Minneapolis Federal Reserve Bank.

4. The Minneapolis Reserve Bank delivers by the most expeditious means the payment instructions to the bank on which the check was drawn. Finally, that bank debits its customer's account.

Checks for more than $100,000 cleared by the Federal Reserve are estimated to account for about one-tenth of 1 percent of total Federal Reserve check volume and in some districts for about 50 percent of the total dollar value of checks.

The Board's action was prompted by two concerns. One, transportation delays caused by weather, aircraft malfunctions, and other factors have generated an increased level of check-clearing float within the Federal Reserve check-clearing system. Two, the Federal Reserve and private sector check-clearing systems rely heavily on special air and surface transportation systems that consume fuel and could be subject to reduced reliability as fuel becomes scarce.

Electronic settlement will ameliorate the problem of transportation delays and thus the risk of Federal Reserve float for checks of large dollar value. In addition, the removal of the large items from the check collection system will mean less need for special priority transportation systems. Electronic settlement of large checks can also provide certainty of time of settlement to business customers, enabling them to achieve better cash management.

Results of testing electronic settlement should provide valuable insight and operating experience in support of efforts by the financial industry to develop new and more convenient financial services.

The test is expected to begin in the second half of the year. It will involve from six to ten banks in three Federal Reserve Districts. If the test proves successful, the electronic settlement system will be enlarged and the dollar limit may be lowered, perhaps eventually to $1,000. During the pilot test, the paper checks will be forwarded on a delayed basis to the banks on which they are drawn. The Federal Reserve has no present plans for electronic settlement of consumer's checks.

The Board may reassess for high-value checks its policy of making credit available to depositing banks based on fixed time schedules, and is studying the possibility of making credit schedules reflect accurately the actual collection times.

Improved ACH Services

The Federal Reserve Board on May 14, 1979, announced actions to improve its automated clearinghouse services, by means of which electronic fund transfers are cleared and settled. The improvements are intended to provide better service to the consumers, financial institutions, and corporations that use Federal Reserve automated clearinghouse (ACH) facilities.

The changes approved by the Board will give users of ACH services more time to get certain types of payment instructions to Federal Reserve ACHs and will result in earlier availability to financial institutions of the funds being paid. Financial institutions can thus credit the accounts of their customers at an earlier time.

These improvements in ACH services follow the linkage, approved by the Federal Reserve in April 1978, of 36 ACHs into a national network. ACHs move money by electronically transmitted payment instructions rather than by paper checks. For example, an employer may transfer instructions through an ACH for payroll payments from the employer's account in a financial institution to the financial institutions in which the employees have accounts.

The improvements in ACH services adopted by the Board will be subjected to a pilot test and phased in later over a period of several months. In the pilot program, three to five ACHs will exchange payments to test the feasibility of the new time schedules. The remaining ACHs will be phased into the new procedures according to schedules to be determined by the local Federal Reserve Bank and the local ACH association.

The Board believes that the electronic transfer of funds made possible by ACHs is superior to payment by cash or check in many instances, due to enhanced security, convenience, and reliability of payment. As volume develops, electronic transfer can become substantially cheaper than other forms of payment.

The improvements in time schedule are of two kinds. The first will provide financial institutions with five additional hours for initiating debit and credit payments, such as direct deposit of payroll and preauthorized bill payment, and cash concentration. For example, if payday is Friday and the employee is to have access to his wages on that day, the financial institution that is initiating the payments on behalf of the employer must deposit the payments instructions at the ACH by 5 a.m. Thursday. This interval covers transmission between ACHs and time for the receiving bank to credit the employee's account.

The second improvement allows some types of payments, such as cash concentration transfers made in the interests of improving cash management, to be handled even more expeditiously. For example, a financial institution collecting funds on behalf of a corporate customer from another financial institution can initiate debits to those accounts as late as 9 p.m. Thursday for Friday settlement. At present, cash concentration transfers must be initiated at the same time as other ACH payments. This change in schedule will allow corporations to collect funds from any financial institution in the nation on an overnight basis.

At present, some 6,000 corporations, governments, and other entities are using ACH services. The Federal Reserve, with the assistance of the National Automated Clearing House Association, has consulted with corporate officials and others to identify the ways to make best use of the more economical and more secure movement of funds made possible by ACH services.

Large corporations interviewed in the course of formulating the changes have indicated they are making use of ACH services for the electronic transfer of one or more of the following types of payment: direct deposit of managerial salaries and retirement benefits, the collection of preauthorized insurance premiums and credit-card bills, and payments or collections made to improve cash management. Such corporations include: Allied Chemical Corporation, Aluminum Company of America, American Express Company, American Motors Corporation, The Dow Chemical Company, Equitable Life Assurance Society, General Motors Corporation, International Business Machines Corporation, Metropolitan Life Insurance Company, NCR Corporation, TRW Inc., U.S. Postal Service, U.S. Steel Corporation, Westinghouse Electric Corporation, and Xerox Corporation.

Allied Chemical, American Motors, and General Motors are now using the ACH services for direct deposit of management payroll and are planning to use it for direct deposit of retirement benefits. Alcoa, Dow Chemical, and IBM are also using ACH services for their management payroll and are exploring its application to hourly payroll. NCR and U.S. Steel also have their direct deposit payroll payments sent through ACH. NCR is considering ACH services for direct deposit of dividend payments while U.S. Steel is considering electronic transfer payments through ACHs for cash management purposes.

Among other major firms, American Telephone & Telegraph Company, Southern Pacific Company, and Standard Oil Company of California are actively studying the use of electronic payments.

Proposed Actions

The Federal Reserve Board on May 21, 1979, proposed an amendment to Regulation E (Electronic Fund Transfers) that would make written notice of loss or theft of an EFT card effective when the consumer mails or otherwise transmits the notice. The Board asked for comment by June 25, 1979.

The regulatory agencies (Federal Home Loan Bank Board, Federal Deposit Insurance Corporation, and Federal Reserve Board) have requested comment through July 2, 1979, on a proposal to subject repurchase agreements of less than $100,000 to the same interest rate ceilings as deposits of similar maturities and on a proposal to liberalize the penalty for early withdrawal of deposits for all accounts in the event of the death of a depositor.

Regulation E: Ruling

The Federal Reserve Board has adopted as part of its Regulation E (Electronic Fund Transfers) a rule requiring that issuers of EFT cards make certain disclosures to cardholders regarding the consumer's liability for the use of lost or stolen cards as a precondition to imposing any liability on EFT cardholders.

The Electronic Fund Transfer Act of 1978 (Title XX of the Financial Institutions Regulatory and Interest Rate Control Act of 1978), which protects consumers in their use of EFT, directs the Board to issue implementing regulations. EFT services permit customers to transfer funds without the use of checks, such as by the use of an EFT card. EFT cards may be used by consumers to withdraw cash from their accounts at automated teller machines or to debit the consumer's account at the point of sale for purchases of goods or services.

The Board earlier this year issued a set of final rules implementing sections of the act that became effective February 8, 1979. Other sections of the act do not become effective until May 1980. In March, together with its final rules, the Board proposed further rules regarding disclosure of consumer liability for unauthorized use of EFT cards, and the Board has adopted a modified version of one of the proposed alternatives.

Under the further final rule as adopted, effective August 1, 1979, consumers will have no financial responsibility for unauthorized use of EFT cards if the card issuer has not made the following disclosures:

1. The consumer's liability for unauthorized use of the card.

2. The telephone number and address for reporting a lost or stolen card.

3. The days when an institution can be notified of loss or theft of a card.

Financial institutions may make these disclosures at a time of their own choosing. However, until the disclosures are made, a consumer cannot be held liable for unauthorized use of the EFT access device.

Until August 1, the consumer's liability will be determined by the provisions of the EFT Act that went into effect February 8; namely, consumers are liable for unauthorized use of their cards as provided in the act whether or not they were advised of their potential liability.

In May 1980, financial institutions will be required, by provisions of the act, to make the above disclosures and others to all consumers who use EFT services.

The EFT Act provides that consumers who report loss or theft of a card within two business days of learning of such loss or theft are liable for up to $50 of unauthorized use. Liability rises to a limit of $500 if this time limit is passed and the financial institution shows that losses would not have occurred but for the consumer's failure to report. If the consumer fails to report unauthorized use of a card within 60 days after issuance of a periodic statement showing unauthorized use, the act provides that the consumer's loss may be unlimited with respect to transfers made after the 60 days.

NEW STATISTICAL TABLE

A new statistical table (table 3.20, page A63) appears in this issue of the BULLETIN. It provides more comprehensive data than previously published on the country breakdown of U.S. banks' claims on foreigners. The new table, containing quarterly data, combines claims held by banking offices in the United States with those held by foreign branches. The institutions covered are U.S.-chartered banks; that is, U.S.-owned banks with headquarters in the United States and U.S. subsidiaries of foreign-owned banks. Data are not provided for foreign subsidiaries of U.S. banks or the U.S. agencies and branches of foreign-owned banks; however, bank-reported claims and liabilities vis-a-vis foreigners in tables 3.15 through 3.19 do include those data for U.S. agencies and branches of foreign banks.

To reduce duplication as much as possible, the figures have been adjusted to eliminate intrabank claims; that is, claims on foreign branches held by a U.S. office, or by another foreign branch, of the same parent bank.

The foreign claims held by the U.S. offices included in the data in table 3.20 are the same as those that are, or have been, published in the BULLETIN as "claims on foreigners reported by banks in the United States," except that (as noted above) table 3.20 excludes the claims held by agencies and branches of foreign banks as well as the claims of U.S. offices on their own foreign branches. The foreign branch claims correspond to those shown in lines 7 through 10 of Table 3.13 of the BULLETIN. Data for the country breakdown of the foreign branch claims are collected quarterly and are published in statistical release E.11 (121) available from Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

The claims in table 3.20 differ in several respects from those included in the semiannual Country Exposure Lending Survey (CELS) prepared jointly by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve and filed by the reporting banks on a consolidated basis. The claims reported in the CELS include those held by majority-owned foreign subsidiaries of U.S.-chartered banks, whereas those in table 3.20 do not. On the other hand, the CELS excludes claims on local borrowers denominated in local currency, whereas such claims are included in table 3.20. Furthermore, the reporting panel is not identical in the two cases. Information in the CELS (released by the Board as soon as available) provides considerable detail, including a maturity breakdown, rather than merely total claims on each country. However, table 3.20 is updated quarterly rather than semiannually and provides more timely information on total claims per country.

SYSTEM MEMBERSHIP: ADMISSION OF STATE BANKS

The following banks were admitted to membership in the Federal Reserve System during the period May 11 through June 10, 1979:

Virginia
Fairfax ....George Mason Bank
Wyoming
Cody ....Western Bank of Cody
Mills .... State Bank of Mills

CONSUMER ADVISORY COUNCIL MEETING

The Consumer Advisory Council met on June 6 and 7, 1979, at the Federal Reserve in Washington, D.C.

The meeting dealt with Regulation Q, the regulation that governs the payment of interest on deposits; proposed regulations to cover the use of electronic fund transfers; Equal Credit Opportunity and credit-scoring systems; and the costs and benefits of consumer credit regulations.

NEW DATA SERIES

Monthly estimates of security repurchase agreements of all commercial banks with the nonbank public have been prepared. These data are available on a seasonally adjusted and not seasonally adjusted basis beginning June 1974. In addition, a not seasonally adjusted series, estimated with somewhat less complete information, has been constructed for the period November 1969 to May 1974. These series are available on request from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

TOURS OF FEDERAL RESERVE BOARD BUILDING

The Federal Reserve Board has announced the inauguration of public tours of its main building on Wednesdays and Thursdays.

The Board building, located in Washington, D.C., was dedicated by President Franklin D. Roosevelt on October 20, 1937. The architect was Dr. Paul Philippe Cret, who also designed the Folger Shakespeare Library and the Pan American Union building.

The interior of the Board building has been renovated, but the principal and distinctive architectural features of the building have been maintained and are a part of the tour program, as are rotating coin and art exhibits.

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON APRIL 17, 1979

1. Domestic Policy Directive

The information reviewed at this meeting suggested that growth in real output of goods and services had slowed substantially in the first quarter of 1979 from the rapid annual rate of 6.9 percent in the fourth quarter of 1978. Average prices, as measured by the fixed-weight price index for gross domestic business product, appeared to have increased considerably faster in the first quarter than in the prior two quarters, when they rose at an annual rate of 8.0 percent.

The staff projection of growth in output over the four quarters of 1979 had been reduced slightly from the one prepared a month earlier. The reduction reflected a revised estimate of much slower expansion for the first quarter, when economic activity was adversely affected by unusually severe weather; this slower growth was expected to be offset only in part by some rebound in the second quarter. The projection continued to suggest sluggish growth in the third and fourth quarters. The rise in average prices was projected to remain rapid, and the rate of unemployment was expected to move up moderately as the year progressed.

The dollar value of total retail sales expanded considerably in March after having changed little earlier in the year when the weather was an adverse influence. For the first quarter as a whole, retail sales declined in real terms, following a sharp advance in the fourth quarter of 1978. Unit sales of new automobiles rose substantially in March, reflecting large increases in sales of small domestic and foreign models; the first-quarter pace of sales was somewhat above that in the previous quarter.

The index of industrial production rose 0.8 percent in March following two months of virtually no change; the rate of advance for the first quarter was only about half that for the second half of 1978.

In March total nonfarm payroll employment registered another large gain, which included a further sizable increase in manufacturing. The rate of unemployment remained at 5.7 percent, about the level prevailing since midsummer 1978.

Total private housing starts were expected to rebound in March, after a sharp decline earlier in the year in part because of the weather; but scattered market reports suggested that the rebound would be limited. It appeared likely that the annual rate for the quarter as a whole would be well below the totals for 1977 and 1978. In February total sales of new and existing single-family houses fell for the fourth consecutive month.

The index of average hourly earnings of private nonfarm production workers, which had increased 8½ percent during 1978, rose at an annual rate of about 8¾ percent during the first quarter. The recent rise was affected by the January advance in the minimum wage.

Producer prices of finished goods and of materials increased sharply further in March. Over the first quarter, prices of finished goods rose at an annual rate of almost 14 percent, compared with a rate of about 9 percent over the preceding six months. Consumer prices advanced at an annual rate of about 12 percent over the first two months of the year, compared with a rate of 8½ percent during the second half of 1978. Particularly large increases in retail prices of food and energy and in homeownership costs contributed to the acceleration.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies had risen about 1¼ percent since the March 20 meeting of the Committee. The strength of the dollar was especially pronounced against the yen and, to a lesser extent, against the Swiss franc and the mark. The U.S. merchandise trade deficit declined in February to about half the large deficit in January; the average for the two months was somewhat above the monthly average in the fourth quarter of 1978.

Total credit at U.S. commercial banks expanded at a much slower pace in March than in January and February, as growth in real estate and business loans moderated considerably and banks reduced their holdings of securities. However, commercial paper issued by nonfinancial firms increased sharply, and the overall rate of short-term business borrowing was maintained. For the first quarter as a whole, nonfinancial businesses substantially increased their borrowing in short- and intermediate-term markets. At the same time, they reduced their public offerings of bonds to the smallest quarterly total since 1973.

The narrowly defined money supply, M-1, grew somewhat in March after having declined in both January and February. The broader monetary aggregates, M-2 and M-3, expanded at relatively slow rates during the month, although growth in both measures picked up somewhat from the pace earlier in the year. The performance of M-1 reflected in part the continuing impact of movements of funds from demand deposits to savings deposits associated with the growth of the automatic transfer service (ATS) and of negotiable order of withdrawal (NOW) accounts in New York State. With market interest rates remaining at high levels, expansion in M-2 and M-3 was restrained by relatively limited inflows of interest-bearing deposits, despite further large flows into money market certificates at both commercial banks and nonbank thrift institutions. The behavior of all three monetary aggregates was still being influenced by shifts of funds from deposits to money market mutual funds and other high-yielding market instruments. From the fourth quarter of 1978 to the first quarter of 1979, M-1 declined at an annual rate of 2½ percent, while M-2 and M-3 expanded at annual rates of about 1½ percent and 4½ percent respectively.

In March, banks increased sharply further their reliance on nondeposit sources to supplement their loanable funds, including Eurodollars and repurchase agreements. However, a substantial decline in large-denomination time deposits outstanding during the month partially offset the increase in nondeposit sources of funds.

At its meeting on March 20 the Committee had decided on ranges of tolerance for the annual rates of growth in M-1 and M-2 during the March–April period of 4 to 8 percent and 3½ to 7½ percent respectively. The Committee had agreed that early in the coming intermeeting period operations should continue to be directed toward maintaining the weekly average federal funds rate at around 10 percent or slightly higher. Subsequently, if the two-month growth rates of M-1 and M-2, given approximately equal weight, appeared to be significantly above or below the midpoints of the indicated ranges, the objective for the funds rate was to be raised or lowered in an orderly fashion within a range of 9¾ to 10½ percent.

In late March and early April staff projections suggested that over the March–April period M-1 would grow at a rate close to the lower limit of the range established by the Committee and M-2 at a rate just below the midpoint of its range. These projections were not viewed as sufficiently weak in relation to the Committee's ranges to call for a change in the federal funds rate objective of 10 percent or slightly higher.

Short-term interest rates fluctuated over a fairly wide range during the intermeeting period and generally rose a little on balance. Rates on short-term Treasury bills were under particular pressure in late March and early April from sales of bills by foreign official institutions. Long-term interest rates and mortgage yields also edged up on balance during the period.

In the Committee's discussion of the current economic situation and outlook, attention was drawn to the indications of considerably slower growth in real output of goods and services in the first quarter of 1979 than had appeared likely earlier. It was noted that residential construction and consumer spending for goods had weakened more than had been anticipated, and that such expansion as had occurred in the first quarter apparently reflected a substantial acceleration in the growth of business inventories. With respect to inventories, the observation was made that the overall rate of accumulation in the first two months of the year was not as high as had been feared earlier and that it seemed to be attributable largely to transitory influences.

The members in general anticipated relatively slow growth in economic activity for the near term, and some believed that growth could remain at a sluggish pace for an extended period. In view of business-cycle history, however, a number of members expressed doubt that growth could be sustained at a slow pace for many quarters. Many continued to believe that the probabilities of a downturn in activity before the end of 1979 were fairly high, especially in view of the unusually long duration of the current business expansion. It was also suggested by some that a pickup in activity, based in part on a surge in business demands for equipment and for inventories, might occur and persist for a time before an eventual downturn.

Various reasons were cited for thinking that economic activity might be near a cyclical turning point. Foremost among them was the dampening effect on expenditures for consumption and housing arising from the recent slowing of growth in personal income, from the impact of inflation on the purchasing power of personal income and on consumer wealth, and from the high level of consumer debt. Continued weakness in consumer spending might result in an unwanted increase in inventories. It was suggested that the relatively high rates of resource utilization and the recent strong preference in the business community to incur short-term rather than long-term debt were characteristic features of the late stages of a business expansion. And it was observed that over recent quarters the total of funds raised by nonfinancial sectors of the economy was estimated to have fallen considerably in relation to nominal gross national product, indicating a weakening in the overall demand for credit.

As at other recent meetings, great concern was expressed about inflation. It was observed that the rate of increase in prices had tended to accelerate from year to year recently and that there were few if any indications of a near-term reversal in that momentum. Forecasters in general had failed to anticipate the degree of the rise in prices, and some differences of opinion were expressed about the prospects for abatement in the rate of inflation in the latter part of 1979.

At its meeting on February 6, 1979, the Committee had agreed that from the fourth quarter of 1978 to the fourth quarter of 1979 average rates of growth in the monetary aggregates within the following ranges appeared to be consistent with broad economic aims: M-1, 1½ to 4½ percent; M-2, 5 to 8 percent; and M-3, 6 to 9 percent. The associated range for the rate of growth in commercial bank credit was 7½ to 10½ percent. It had also been agreed that the longer-run ranges, as well as the particular aggregates for which such ranges were specified, would be reconsidered in July or at any time that conditions might warrant.

In contemplating policy for the period immediately ahead, the Committee continued to face uncertainties concerning the forces affecting monetary growth. A staff analysis had suggested that M-1, after having registered a decline in the first quarter, would expand over the April-May period, reflecting in part rapid growth in nominal GNP. It was anticipated that shifts of funds from demand deposits to savings accounts with automatic transfer services and to NOW accounts in New York State, which were estimated to have depressed growth of M-1 by about 3 percentage points from the fourth quarter of 1978 to the first quarter of 1979, would have a somewhat less dampening effect on growth of M-1 in the period immediately ahead than in the first quarter. Moreover, it was assumed that the public's demand for money in relation to income would continue to shift downward, but at a sharply slower pace than in recent months. Thus, the rise in the income velocity of M-1 was expected to be relatively rapid, but less than the unusually rapid rate of the two most recent calendar quarters.

In the Committee's discussion at this meeting, as at the meeting on March 20, 1979, several members stressed their concern about the degree of the shortfall in monetary growth relative to the longer-run ranges that the Committee had adopted at its meeting on February 6. It was observed that restrictive policy actions taken in late 1978 had contributed to the recent slowing of monetary growth (after allowance for the impact of special factors) and apparently also to a moderation of the expansion in economic activity. Now, some easing in money market conditions might be appropriate, with the objective of raising growth of the monetary aggregates over a number of months into the longer-run ranges and of helping to support economic activity later in the year.

However, an easing in money market conditions was generally regarded as premature in the current environment of rapidly rising prices, although it was felt that monetary policy could have little if any immediate effect on prices of food, energy, and housing items, which had been largely responsible for the recent acceleration of the overall rise. Given the staff expectation of a near-term strengthening of monetary growth, most members advocated or found acceptable a policy of directing operations early in the period immediately ahead toward maintaining the money market conditions currently prevailing, as represented by a federal funds rate of 10 percent or slightly higher, and of having the objective for operations later in the period before the next regular meeting determined on the basis of incoming evidence on rates of growth of the monetary aggregates over the April–May period in relation to the growth rates currently anticipated.

A few members advocated an immediate increase in the objective for the federal funds rate to 10¼ percent or 10½ percent and a range for subsequent operations providing for a further increase in the funds rate if incoming evidence suggested relative strength in growth of the monetary aggregates. They stressed the recent acceleration in the rise in prices and high rates of resource use, and they continued to believe that action should be taken to demonstrate that inflation represented the greatest risk to economic stability over a period of time. In their view, inflationary expectations had increased over recent months while interest rates on balance had changed little. In the current circumstances, moreover, they attached little significance to the behavior of the monetary aggregates.

At the conclusion of the discussion the Committee decided that ranges of tolerance for the annual rates of growth in M-1 and M-2 over the April–May period should be 4 to 8 percent and 4 to 8½ percent respectively. The Manager was instructed to direct open market operations initially toward maintaining the federal funds rate at about the current level, represented by a rate of about 10 percent or slightly higher. Subsequently, if the two-month growth rates of M-1 and M-2 appeared to be close to or beyond the upper or lower limits of the indicated ranges, the objective for the funds rate was to be raised or lowered in an orderly fashion within a range of 9¾ to 10½ percent. It was also agreed that in assessing the behavior of the aggregates, the Manager should give approximately equal weight to M-1 and M-2.

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

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

The information reviewed at this meeting suggests that in the first quarter of 1979 growth in real output of goods and services slowed substantially from the rapid rate in the last quarter of 1978, while the rise in prices accelerated. In March the dollar value of total retail sales, industrial production, and nonfarm payroll employment expanded considerably, but part of the strength was attributable to recovery from the effects of severe weather in the preceding two months. For the first quarter as a whole, retail sales in real terms declined somewhat, following a sharp increase in the fourth quarter of 1978, and the advance in industrial output slowed appreciably. Growth in employment remained strong in the quarter, however, and the unemployment rate in March, at 5.7 percent, was virtually unchanged from its level in late 1978 and the first two months of 1979. Over recent months, broad measures of prices have increased at a faster pace than during 1978, and the index of average hourly earnings has continued to rise rapidly.

The trade-weighted value of the dollar against major foreign currencies has risen over the past four weeks, with the dollar showing particular strength against the yen, the Swiss franc, and the mark. The U.S. trade deficit in February was about half the size of the large deficit in January, but the average for the two months was above the monthly average in the fourth quarter of 1978.

M-1 increased slightly in March after having declined in both January and February. With market interest rates continuing high, inflows of the interest-bearing deposits included in M-2 and M-3 remained at reduced levels, despite substantial flows into money market certificates at both commercial banks and nonbank thrift institutions, and the broader monetary aggregates continued to grow at relatively slow rates. From the fourth quarter of 1978 to the first quarter of 1979, M-1 declined at an annual rate of about 2½ percent, in part because of the effects of the growth of the automatic transfer service, and M-2 and M-3 grew at rates of about 1½ percent and 4½ percent respectively. The behavior of all three monetary aggregates was affected by shifts of funds from deposits to money market mutual funds and other liquid assets. Since mid-March, market interest rates generally have risen somewhat, on balance.

Taking account of past and prospective developments in employment, unemployment, production, investment, real income, productivity, international trade and payments, and prices, it is the policy of the Federal Open Market Committee to foster monetary and financial conditions that will resist inflationary pressures while encouraging moderate economic expansion and contributing to a sustainable pattern of international transactions. The Committee agreed that these objectives would be furthered by growth of M-1, M-2, and M-3 from the fourth quarter of 1978 to the fourth quarter of 1979 within ranges of 1½ to 4½ percent, 5 to 8 percent, and 6 to 9 percent respectively. The associated range for bank credit is 7½ to 10½ percent. These ranges will be reconsidered in July or at any time as conditions warrant.

In the short run, the Committee seeks to achieve bank reserve and money market conditions that are broadly consistent with the longer-run ranges for monetary aggregates cited above, while giving due regard to the program for supporting the foreign exchange value of the dollar and to developing conditions in domestic financial markets. Early in the period before the next regular meeting, System open market operations are to be directed at maintaining the weekly average federal funds rate at about the current level. Subsequently, operations shall be directed at maintaining the weekly average federal funds rate within the range of 9¾ to 10½ percent. In deciding on the specific objective for the federal funds rate the Manager shall be guided mainly by the relationship between the latest estimates of annual rates of growth in the April-May period of M-1 and M-2 and the following ranges of tolerance: 4 to 8 percent for M-1 and 4 to 8½ percent for M-2. If, with approximately equal weight given to M-1 and M-2, their rates of growth appear to be close to or beyond the upper or lower limits of the indicated ranges, the objective for the funds rate is to be raised or lowered in an orderly fashion within its range.

If the rates of growth in the aggregates appear to be above the upper limit or below the lower limit of the indicated ranges at a time when the objective for the funds rate has already been moved to the corresponding limit of its range, the Manager will promptly notify the Chairman, who will then decide whether the situation calls for supplementary instructions from the Committee.

> Votes for this action: Messrs. Miller, Balles, Black, Kimbrel, Mayo, Partee, and Mrs. Teeters. Votes against this action: Messrs. Volcker, Coldwell, and Wallich.

Messrs. Volcker, Coldwell, and Wallich dissented from this action because they continued to favor a somewhat more restrictive policy posture, in view of strong inflationary forces reinforced by pressure on capacity in some industries. They believed that, despite uncertainty about prospects for economic activity later this year, some additional firming in money market conditions at this time would help in limiting inflationary pressures by curbing inflationary expectations quickly.

On April 27 the Committee held a telephone conference to review the situation and to consider whether supplementary instructions were needed. However, no change was made in the domestic policy directive adopted at the meeting on April 17.

2. Authorization for Foreign Currency Operations

On May 9 the Committee voted to amend paragraph 5 of the authorization for foreign currency operations, effective immediately, to authorize purchases of U.S. government securities from foreign central banks under agreements for repurchase of such securities within 30 calendar days, when appropriate in connection with arrangements to provide investment facilities for foreign currency holdings. Paragraph 5 as amended reads as follows:

> 5. Foreign currency holdings shall be invested insofar as practicable, considering needs for minimum working balances. When appropriate in connection with arrangements to provide investment facilities for foreign currency holdings, U.S. Government securities may be purchased from foreign central banks under agreements for repurchase of such securities within 30 calendar days.

> Votes for this action: Messrs. Miller, Volcker, Balles, Black, Coldwell, Kimbrel, Mayo, Partee, Mrs. Teeters, and Mr. Wallich. Votes against this action: None.

This action was taken on the recommendation of the Manager of the System Open Market Account to provide an additional investment mechanism for System balances of foreign currencies. The mechanism involved (1) a transaction with a foreign central bank in which the System would sell a foreign currency spot and buy it forward; and (2) a repurchase agreement in which the System would acquire U.S. Treasury securities from the foreign central bank for the same period of time involved in the foreign currency transaction.

* * * * *

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

Law Department

Statutes, regulations, interpretations, and decisions

AMENDMENTS TO REGULATION Q

The Board of Governors has amended Regulation Q, Interest on Deposits, to provide additional returns to savers.

Effective July 1, 1979, sections 217.4, 217.6, and 217.7 are amended to read as follows:

Section 217.4
Payment of the Time Deposits Before Maturity

* * * * *

(d) *Penalty for early withdrawals.* Where a time deposit with an original maturity of one year or less, or any portion thereof, is paid before maturity, a depositor shall forfeit at least three months of interest on the amount withdrawn at the rate being paid on the deposit. If the amount withdrawn has remained on deposit for less than three months, all interest shall be forfeited. Where a time deposit with an original maturity of more than one year, or any portion thereof, is paid before maturity, a depositor shall forfeit at least six months interest on the amount withdrawn at the rate being paid on the deposit. If the amount has remained on deposit for less than six months, all interest shall be forfeited.[11] 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. 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. A time deposit may be paid before maturity without a forfeiture of interest as prescribed by this paragraph in the following circumstances:***

(e) *Disclosure of early withdrawal penalty.* At the time a depositor enters into a time deposit contract with a member bank, the bank shall provide a written statement of the effect of the penalty prescribed in paragraph (d) of this section, which shall (1) state clearly that the customer has contracted to keep his funds on deposit for the stated maturity, and (2) describe fully and clearly how such penalty provisions apply to time deposits in such bank, in the event the bank, notwithstanding the contract provisions, permits payment before maturity. Such statements shall be expressly called to the attention of the customer.

* * * * *

Section 217.6 --
Advertising of Interest On Deposits

* * * * *

(e) *Penalty for early withdrawals.* Any advertisement, announcement, or solicitation relating to interest paid by a member bank on time deposits shall include clear and conspicuous notice that the bank is prohibited from allowing payment of a time deposit before maturity unless substantial interest is forfeited. Such notice may state that, "Substantial interest penalty is required for early withdrawal."

* * * * *

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

* * * * *

(b) *Fixed ceiling time deposits of less than $100,000.* Except as provided in paragraphs (a), (d), (e), (f), and (g), no member bank shall pay interest on any time deposit at a rate in excess of the applicable rate under the following schedule:

11. The provisions of this paragraph apply to all time deposit contracts entered into on or after July 1, 1979, and to all existing time deposit contracts that are extended or renewed (whether by automatic renewal or otherwise) on or after such date. All contracts not subject to the provisions of this paragraph shall be subject to the restrictions of § 217.4(d) in effect prior to July 1, 1979, which provided that 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 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.

Maturity	*Maximum per cent*
30 days or more but less than 90 days	5
90 days or more but less than 1 year	5½
1 year or more but less than 30 months	6
30 months or more but less than 4 years	6½
4 years or more but less than 6 years	7¼
6 years or more but less than 8 years	7½
8 years or more	7¾

(c) *Savings deposits.* No member bank shall pay interest at a rate in excess of 5¼ per cent on any savings deposit. Provided, however, that no member bank shall pay interest at a rate in excess of 5 per cent on any savings deposit that is subject to negotiable orders of withdrawal, the issuance of which is authorized by Federal law.

(d) *Governmental unit time deposits of less than $100,000.* Except as provided in paragraphs (a), (f), and (g), no member bank shall pay interest on any time deposit which consists of funds deposited to the credit of, or in which the entire beneficial interest is held by, 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, at a rate in excess of 8 per cent.[2]

(e) *Individual Retirement Account and Keogh (H.R. 10) Plan deposits of less than $100,000.* Except as provided in paragraphs (a) and (g), a member bank may pay interest on any time deposit with a maturity of three years or more that consists of funds deposited to the credit of, or in which the entire beneficial interest is held by, an individual pursuant to an Individual Retirement Account agreement or Keogh (H.R. 10) Plan established pursuant to 26 U.S.C. (I.R.C. 1954) §§ 408, 401, at a rate not in excess of 8 per cent.[2]

(f) *26-week money market time deposits of less than $100,000.* Except as provided in paragraph (a), a member bank may pay interest on any nonnegotiable time deposit of $10,000 or more, with a maturity of 26 weeks, at a rate not to exceed the rate established (auction average on a discount basis) for United States Treasury bills with maturities of 26 weeks issued on or immediately prior to the date of deposit. Rounding such rate to the next higher rate is not permitted. A member bank may not compound interest during the term of this deposit. A member bank may offer this category of time deposit to all depositors.

(g) *Time deposits of less than $100,000 with maturities of four years or more.* Except as provided in paragraphs (a) and (b), a member bank may pay interest on any nonnegotiable time deposit with a maturity of four years or more that is issued on or after the first day of every month at a rate not to exceed one and one-quarter per cent below the average 4-year yield for United States Treasury securities as determined and announced by the United States Department of the Treasury three business days prior to the first day of such month. The average 4-year yield will be rounded by the United States Department of the Treasury to the nearest 5 basis points. A member bank may offer this category of time deposit to all depositors.

2. The ceiling rate on this category is the highest fixed ceiling rate that may be paid on time deposits under $100,000 by any Federally insured commercial bank, mutual savings bank, or savings and loan association.

Interpretation of Regulation Q

The Board of Governors has issued an interpretation of Regulation Q, Interest on Deposits, which provides that under Regulation Q member banks may accept funds pooled by depositors but may not solicit pooled funds through advertisement, announcement or other notice where the purpose of such pooling is to pay higher rates of interest on deposits.

Effective May 30, 1979, a new section 217.155 is added to read as follows:

Section 217.155 — Pooling of funds to obtain higher interest rates

(a) The Board of Governors has reviewed its previous rulings concerning acceptance of pooled funds by member banks. Under these rulings, the Board had expressed the view that a member bank that paid a higher rate on a deposit that it knew or had reason to know resulted from funds aggregates (pooled) principally for the purpose of obtaining a higher rate of interest would be acting contrary to the spirit of Regulation Q. This interpretation replaces these prior Board rulings that had been issued in the form of letter opinions in 1968 and 1970.

(b) The Board has determined that member banks accepting and paying higher rates of interest on pooled deposits from depositors who themselves have pooled their funds whether or not the bank knows or has reason to know that such funds have been pooled would not be violating Regulation Q. However, member banks are not permitted to solicit, advise or encourage depositors to pool funds for the purpose of paying higher interest rates. In addition, member banks are not permitted to solicit deposits from customers on the basis that the funds will be pooled by the bank for the purpose of paying higher interest rates. The Board believes that participation by member banks in encouraging or establishing pooling arrangements constitutes a device to avoid interest rate limitations. The Board further believes that adopting this new policy will facilitate the administration of Regulation Q interest rate ceilings.

(c) The Board would regard any advertisement, announcement or solicitation by a member bank indicating that it will accept pooled funds or that funds can be pooled to obtain higher rates as a violation of Regulation Q. For example, printed and broadcast advertisements stating that depositors can achieve higher interest rates by pooling their funds with others and depositing them in the bank would be inappropriate. In addition, in responding to inquiries from depositors concerning available deposit instruments and rates, member banks are not permitted to suggest the practice of pooling as a means of meeting minimum denomination requirements. Similarly, any advertisement, announcement or solicitation, written or oral, by a member bank discussing a policy, practice, program, or procedure for accepting pooled deposits would not be permitted. If, for example, two depositors come into a member bank on their own with checks of $5,000 each seeking to purchase jointly one $10,000 minimum denomination money market time deposit, the bank is permitted to accept such funds in the form of a money market time deposit and to pay the ceiling rate on such deposits. However, a member bank could not arrange to introduce, directly or indirectly, separate depositors that are seeking to pool their funds.

(d) This interpretation is not intended to affect other well-established practices which involve pooling of funds such as money market mutual funds, trust department aggregation of temporarily idle balances of *bona fide* fiduciary accounts, or combination of funds held in escrow by a person acting in a fiduciary or custodial capacity. In addition, member banks are expected to report interest earned by depositors on pooled funds in accordance with the regulations of the Internal Revenue Service.

* * * * *

The Board has issued this interpretation based upon its statutory authority under section 19 of the Federal Reserve Act, 12 U.S.C. 461, 371a and 371b.

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

Orders Under Section 3 of Bank Holding Company Act

Hawkeye Bancorporation,
Des Moines, Iowa

Order Denying Acquisition of Bank

Hawkeye Bancorporation, Des Moines, Iowa, 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 (less directors' qualifying shares) of Mount Pleasant Bank and Trust Company, Mount Pleasant, Iowa ("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, including those submitted by the Iowa Department of Banking, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the third largest banking organization in Iowa, controls 20 banks with aggregate deposits of approximately $662.0 million, representing 4.5 percent of total deposits in commercial banks in Iowa.[1] Acquisition of Bank, with deposits of $27.1 million, would increase Applicant's share of commercial bank deposits in Iowa by 0.2 percent and would not result in a significant increase in the concentration of banking resources in Iowa.

Bank is the second largest of seven banks located in the relevant banking market[2] and controls 27.5 percent of deposits in commercial banks in the market. Applicant's subsidiary, Hawkeye Bank and Trust Company, Burlington, Iowa, operates three banking offices in the relevant

1. All banking data are as of June 30, 1978.

2. The relevant banking market is approximated by all of Henry County and the northwestern portion of Lee County, Iowa.

banking market.[3] Through its subsidiary, Applicant controls deposits of $12.9 million, representing 13.0 percent of market deposits, and ranks as the third largest banking organization in the relevant banking market.[4] From the record it appears that consummation of the proposal would eliminate a significant amount of direct competition between Bank and Applicant's subsidiary bank, inasmuch as both organizations compete in the relevant banking market. The Board regards this elimination of existing competition as an adverse factor in its consideration of this application.

In addition to the elimination of existing competition, the acquisition of Bank by Applicant would have adverse effects upon the concentration of banking resources in the relevant banking market. Upon consummation of the proposal, Applicant would become the largest banking organization in the market, and would increase its share of market deposits from 13.0 to 40.5 percent. Thus, the Board views the effects of the proposal on concentration of banking resources in the relevant banking market as an adverse factor in its consideration of this application. Moreover, those effects are regarded as more serious in light of the fact that the market is already highly concentrated with the four largest banking organizations in the market holding 81.7 percent of market deposits.

Accordingly, the Board finds on the basis of the foregoing and other facts of record that approval of the application would have substantially adverse effects on competition, and that such adverse competitive effects weigh sufficiently against approval so that the application should not be approved unless the anticompetitive effects are outweighed by considerations relating to the convenience and needs of the community to be served.

The financial and managerial resources of Applicant, its subsidiaries and Bank are regarded as generally satisfactory, and their future prospects appear favorable, particularly in light of Applicant's proposal to increase Bank's capital. Thus, considerations relating to banking factors lend some weight toward approval of the application. In addition, through its nonbank subsidiaries, Applicant proposes to offer Bank's customers new services, such as investment management, credit card and agricultural services. However, there is no indication that these proposed new services can not be obtained elsewhere in the relevant banking market, or that Applicant could not offer such services through its present subsidiary bank in the market. Accordingly, the Board finds that considerations relating to the convenience and needs of the community to be served do not outweigh the substantially adverse competitive effects that would result from Applicant's acquisition of Bank.[5]

On the basis of the foregoing and other facts in the record, and in light of the factors set forth in section 3(c) of the Act, it is the Board's judgment that approval of the proposal would not be in the public interest. Accordingly, the application should be, and hereby is, denied for the reasons summarized above.

By order of the Board of Governors, effective May 25, 1979.

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

(Signed) EDWARD T. MULRENIN,
[SEAL] *Assistant Secretary of the Board.*

Longview Financial Corporation,
Longview, Texas

Order Approving
Formation of Bank Holding Company

Longview Financial Corporation, Longview, Texas, 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 through acquisition of 80 percent or more (less directors' qualifying shares) of the voting shares of Longview Bank and Trust Company, Longview, Texas ("Bank").

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

3. Applicant entered the relevant banking market in July 1976 by acquiring certain assets and assuming liabilities of two banks located in the market, each of which was subsequently dissolved.

4. The Board notes that a director and shareholder of Applicant is also a principal shareholder of two other banks in the relevant banking market (including the market's largest bank), which hold an aggregate of $38.3 million, representing 38.9 percent of market deposits.

5. Comments have been submitted on behalf of certain banks competing in the relevant banking market indicating that they do not object to the proposed acquisition. In the Board's view, the fact that competitors do not object to a particular proposal does not alter the competitive effects of the proposal and is not determinative of whether the proposal is in the public interest.

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

Applicant is a recently organized non-operating corporation formed for the purpose of becoming a bank holding company through the acquisition of Bank. Bank is the 111th largest banking organization in the state of Texas with total deposits of approximately $57.8 million.[1] Bank is located in Longview, Texas, and is the fourth largest of 17 banking organizations in the relevant banking market which is approximated by the Longview SMSA, consisting of Gregg and Harrison Counties. Bank controls approximately 10.2 percent of the market's total deposits. The transaction has as its purpose the transfer of the ownership of shares of Bank from individuals to a corporation owned by the same individuals. Three principals of Applicant are affiliated with banking organizations in separate markets from Bank; these organizations are of such size and distant location as to preclude any adverse competitive effects that might result from consummation of the proposal. In addition, two principals of Applicant are also principals of White Oak Bancshares, Inc., the proposed holding company for White Oak State Bank, White Oak, Texas, which holds deposits of approximately $16.2 million.[2] White Oak State Bank is located in the same banking market as Bank and controls 2.9 percent of market deposits. The two banks together control 13.1 percent of total market deposits and would rank second in the market as a single organization. However, approval of the application will not affect market entry conditions or result in any unfair competitive advantage. Denial of the application is unlikely to result in severance of existing relationships beyond those steps to which Applicant has made commitment as a matter of record, including steps to attain compliance with Title II of the Financial Institutions Regulatory and Interest Rate Control Act of 1978. Given the relative market shares of the organizations involved and the number of banking alternatives available in the market, it does not appear that consummation of this transaction would have any significant adverse effect upon existing or potential competition or increase the concentration of banking resources in any relevant area. Therefore, competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant are dependent upon those of Bank, which are considered to be generally satisfactory. Applicant proposes to service the debt it will incur as a result of the proposed transaction over a 12-year period. Based on Bank's past earnings and Applicant's commitments, it appears that Applicant will be able to meet its annual debt-servicing requirements and maintain Bank's capital position. Additionally, the financial conditions of the related banking organizations appear to be satisfactory.[3] Accordingly, considerations relating to the banking factors are consistent with approval of the application. Considerations relating to the convenience and needs of the community to be served are also consistent with approval of the application.

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

By order of the Secretary of the Board, acting pursuant to authority delegated from the Board of Governors, effective May 31, 1979.

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

Michigan National Corporation,
Bloomfield Hills, Michigan

Order Approving Acquisition of Bank

Michigan National Corporation, Bloomfield Hills, Michigan ("MNC"), 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 (less directors' qualifying shares) of Michigan National Bank-Ann Arbor, Ann Arbor, Michigan ("Bank"), a proposed new bank.

Notice of the application, affording opportunity for interested persons to submit comments and

1. All banking data are as of December 31, 1977, and reflect bank holding company formations and acquisitions approved as of November 30, 1978.

2. By separate action of this date, the Board approved the application of White Oak Bancshares, Inc., White Oak, Texas, to become a bank holding company with respect to White Oak State Bank.

3. Where principals of an Applicant are engaged in operating a chain of one-bank holding companies, the Board has indicated it is appropriate to analyze such organizations by the standards normally applied to multibank holding companies. *Nebraska Banco, Inc.*, Ord., Nebraska, (62 FEDERAL RESERVE BULLETIN 638 (1976)).

views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those of National Bank and Trust Company of Ann Arbor, Ann Arbor Bank and Trust Company, and Huron Valley National Bank, all of Ann Arbor, Michigan, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

MNC, the second largest commercial banking organization in Michigan, controls 18 banks with aggregate deposits of approximately $4.1 billion, representing 10.9 percent of the deposits in commercial banks in the state.[1] Since this application involves the acquisition of a proposed *de novo* bank, consummation of the proposal would not immediately increase Applicant's share of deposits in commercial banks in Michigan, nor would it increase the concentration of banking resources in that state.

Bank is to be located in the Ann Arbor banking market, and will represent MNC's initial entry into that market.[2] The nearest office of any of Applicant's subsidiary banks to Bank's proposed location is 22 road miles east of Bank, although one of MNC's subsidiary banks does have an application pending to open a branch in the Ann Arbor market. It is the Board's view that consummation of this proposal would add an additional full-service banking competitor to the market. Moreover, Applicant's *de novo* entry would have no adverse effects on potential competition. Accordingly, it appears from the facts of record that consummation of the proposal would not result in any adverse effects upon competition in any relevant area. Thus, competitive considerations are consistent with approval of the application.

With regard to MNC's financial and managerial resources, Protestants contend that MNC is undercapitalized, that its loan loss reserves are inadequate, and that certain transactions between MNC and its officers, directors, and shareholders reflect adversely on management.[3] Protestants further contend their criticisms are confirmed by the pendency of an investigation by the Securities and Exchange Commission into these matters.

The Board finds that the capitalization of MNC and its subsidiary banks is generally satisfactory. Moreover, Protestants' arguments regarding MNC's capitalization were not found to be persuasive at Bank's charter hearing before the Comptroller of the Currency. MNC's loan loss reserves, although smaller than those of its peer group, appear to be sufficient in view of its low loan loss experience and conservative lending policies. The insider transactions at issue appear to relate primarily to sale and leaseback arrangements regarding the premises of various of MNC's subsidiary banks. Although certain of these transactions appear to have been made on a less than arms-length basis, MNC has taken corrective actions regarding such transactions and on balance the Board believes that MNC's managerial resources are generally satisfactory.

MNC's future prospects appear favorable. Bank has no operating history; however, based upon its planned management, capitalization, and projected earnings, Bank's future prospects as a subsidiary of MNC appear favorable. Thus, considerations relating to banking factors are consistent with approval of the application.

The establishment of Bank would provide a new and convenient banking alternative for the area's residents. As a subsidiary of MNC, Bank would have access to MNC's resources and would be able to institute and develop a full line of banking services. Thus, considerations relating to the convenience and needs of the community to be served lend some weight toward approval of the application. Accordingly, it is the Board's judgment that approval of the application to acquire Bank would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after that date, and (c) Bank shall be opened for business not later than six months after the effective date of this Order. Each of the periods described in (b) and (c) may be extended for good cause by the Board, or by the Federal Reserve Bank of Chicago pursuant to delegated authority.

By order of the Board of Governors, effective May 25, 1979.

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

(Signed) EDWARD T. MULRENIN,
[SEAL] *Assistant Secretary of the Board.*

1. All banking data are as of June 30, 1978, and reflect bank holding company formations and acquisitions approved as of March 31, 1979.

2. The Ann Arbor banking market is approximated by Washtenaw County, Michigan (minus Salem township), plus the southwestern most townships of Livingston County.

3. Protestants also question MNC's use of preferred stock to satisfy its commitment to inject $10 million of equity capital into its subsidiary banks. The Board has previously determined that such preferred stock is adequate to satisfy the commitment.

Old Kent Financial Corporation,
Grand Rapids, Michigan

Order Approving Acquisition of Bank

Old Kent Financial Corporation, Grand Rapids, Michigan, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of the successor by consolidation to Central Michigan Bank and Trust, Big Rapids, Michigan ("Bank"). The bank with which Bank is to be consolidated has no significance except as a means to facilitate the acquisition of shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Bank.

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

Applicant, a multi-bank holding company, is the sixth largest banking organization in the state of Michigan, with eight subsidiary banks in that state with a total of $1.3 billion in deposits, representing 3.5 percent of the total deposits in commercial banks in the state.[1] Acquisition of Bank, with deposits of $52.8 million, would increase Applicant's share of commercial bank deposits in Michigan by one-tenth of one percent, and would not have an appreciable effect upon concentration of banking resources in the state.

Bank is the largest of five commercial banks in the Big Rapids banking market[2] with approximately 44.2 percent of total commercial bank deposits in the market. None of Applicant's subsidiary banks competes in the Big Rapids market, and Applicant's nearest subsidiary bank is located about 35 miles from Bank's nearest branch office. From the record it appears that no significant competition presently exists between Applicant's banking subsidiaries and Bank, and it appears unlikely that any significant competition would develop between them in the future. Furthermore, it does not appear that the market is attractive for *de novo* entry since the per capita income, deposits per bank office and population density of Mecosta County are below the state average. In addition, a number of large- and medium-sized banking organizations remain available as potential entrants into the Big Rapids market. Accordingly, consummation of the proposal would have only a slightly adverse effect on potential competition and would have no adverse effect on existing competition or concentration of banking resources in the relevant market. Thus, the Board concludes that competitive considerations weigh only slightly against approval of the application.

The financial and managerial resources of Applicant and its subsidiaries are regarded as satisfactory and their future prospects appear favorable, particularly in light of certain commitments made by Applicant in connection with this application. The financial and managerial resources of Bank are regarded as generally satisfactory. Accordingly, banking factors are consistent with approval of the application.

Applicant has indicated that it will increase the range of savings programs offered by Bank, eliminate the add-on method of calculating interest on Bank's new loans, and make available to Bank the corporate services offered by Applicant and its subsidiary, Old Kent Leasing Corporation. Considerations relating to the convenience and needs of the community to be served are consistent with and lend weight toward approval sufficient to outweigh the slightly adverse competitive effects associated with the proposal. Accordingly, it is the Board's judgment that the proposed transaction would be consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective May 18, 1979.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, Partee, and Teeters.

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

1. Banking data are as of June 30, 1978.
2. The Big Rapids banking market is approximated by Mecosta County, Michigan, and the southern eight townships in Osceola County, Michigan.

Texas American Bancshares, Inc.,
Forth Worth, Texas

Order Approving Acquisition of Bank Shares

Texas American Bancshares, Inc., Fort Worth, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 75 percent of the voting shares of Riverside State Bank, Fort Worth, Texas ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those filed on behalf of Ella Jackson, Willie Wingfield, and Brenda Evans and those filed by Mr. Ronald C. Fernandes, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is the seventh largest banking organization in Texas, with ten subsidiary banks holding total deposits of $1.76 billion, representing 2.9 percent of total deposits in commercial banks in the state.[1] Bank, which is not among the larger banking organizations in Texas, holds total deposits of $68.9 million, representing 0.1 percent of total deposits in commercial banks in Texas. Bank is presently considered to be a subsidiary of Applicant due to Applicant's direct ownership of 24.99 percent of Bank's outstanding voting shares and control of an additional 13.11 percent of Bank's outstanding voting shares held by Applicant in a fiduciary capacity through the trust department of Applicant's lead bank, Fort Worth National Bank, Fort Worth, Texas ("FWNB"). Because Bank is already a subsidiary of Applicant, the effect of the acquisition of the remainder of Bank's outstanding voting shares will be to consolidate Applicant's control of Bank, and approval of the application would not result in any increase in the percentage of bank deposits in Texas deemed to be controlled by Applicant.

Applicant is the largest banking organization in the Fort Worth banking market with approximately 28.4 percent of total deposits in commercial banks in the market.[2] Of this market share 1.9 percent are held through Bank, and approval of the subject application would result in consolidation of Applicant's control over Bank's market share. While it appears that approval of the application would result in the elimination of some existing competition between Applicant and Bank, the amount of competition eliminated would be slight in view of the long-standing relationship between Bank and Applicant's lead bank, FWNB. Bank was organized in 1946 by a group of officers, directors, and shareholders of FWNB; a majority of Bank's shares was controlled by FWNB for eight years, and the two institutions have remained closely associated. Moreover, 39 additional banking organizations will remain as competitors in the Fort Worth banking market, and the market will remain attractive for *de novo* entry. Accordingly, the Board concludes that the proposed acquisition would have only slightly adverse effects upon existing competition.

The financial and managerial resources of Applicant and Bank are regarded as generally satisfactory and the future prospects of each appear favorable. Accordingly, banking factors are consistent with approval of the application.

As part of its analysis of this application, the Board has considered the comments submitted by Ronald C. Fernandes, Executive Director of the Minority Procurement Program of the Mexican American Chamber of Commerce, Fort Worth, Texas, and comments submitted by counsel on behalf of Ella Jackson, Willie Wingfield, and Brenda Evans ("Protestants"). Mr. Fernandes has requested that the Board "review" this application "with consideration for the minority community and the policies that adversely affect our community." However, Mr. Fernandes has not provided the Board with any facts that would tend to substantiate his generalized statements.[3] In the absence of any such facts, and in light of other facts of record indicating that Applicant and its subsidiary banks are serving the convenience and needs

1. All banking data are as of December 31, 1977, and reflect bank holding company formations and acquisitions approved as of June 30, 1978.

2. The Fort Worth banking market is approximated by the Fort Worth Ranally Metropolitan Area ("RMA"), consisting of Tarrant County and portions of Denton, Johnson, Parker, and Wise Counties in Texas.

3. Mr. Fernandes has provided the Board with his own affidavit stating that his request for a Community Reinvestment Act Statement from FWNB was initially met with confusion on the part of employees of FWNB, although a Statement was soon provided to him. In addition, he notes that FWNB did not choose to become an underwriter of the Fort Worth Minority Enterprise Small Business Investment Corporation, of which he is an organizer. However, he has neither alleged nor produced any evidence tending to show, that FWNB's decision not to participate as an underwriter was anything other than a legitimate business decision. Accordingly, the Board does not consider either of the above specific comments as adversely reflecting upon Applicant's or FWNB's performance in serving the convenience and needs of the community.

of their communities, including the credit needs of low- and moderate-income segments of such communities, the Board concludes that Mr. Fernandes' comments are not sufficient to warrant the denial of this application.

Protestants contend that approval of the proposed acquisition would not serve the convenience and needs of the Fort Worth community because FWNB engages in illegal discriminatory employment practices. The protest arises out of complaints filed by Ella Jackson and Willie Wingfield with the Equal Employment Opportunity Commission ("EEOC") and subsequent suits filed by all of the Protestants against FWNB, now pending before the United States District Court for the Northern District of Texas. As in the earlier protest,[4] Protestants claim that the percentage of black and other minority employees of FWNB is less than that existing in the work force in the Fort Worth SMSA, and that black and other minority employees at FWNB are disproportionately found at lower salary levels and are underrepresented at higher salary levels. Protestants believe that Applicant may extend discriminatory employment practices to Bank should this application be approved.

Protestants suggest that their protest to the subject application may be distinguished from their earlier protest to the acquisition of Bank of Fort Worth because they have submitted some additional data, and the fact that regulations have been issued implementing the Community Reinvestment Act of 1977 (12 U.S.C. § 2901 *et seq.* (Supp. 1978)) ("CRA") since the date of the Board's Order pertaining to Bank of Fort Worth.[5]

CRA requires federal regulators of financial institutions to consider an applicant's record of meeting the credit needs of its entire community; however, nothing in the CRA relates to employment practices. Protestants do not claim and allege no basis for claiming, that Applicant or its subsidiary banks have failed to meet the credit needs of their communities. Therefore, it is the Board's opinion that the considerations in the CRA are not relevant to their protest. However, as the Board has previously stated "[d]iscrimination in employment on the basis of race or sex is unlawful, and evidence of unlawful conduct by a bank holding company may be relevant to the Board's consideration of applications under the Act and may clearly bear on the managerial integrity of an applicant."[6] After taking all of the facts of record into consideration, the Board concludes that the evidence submitted by Protestants does not support any adverse finding regarding Applicant or the likely effect of its acquisition of Bank.

This conclusion is further supported by the actions of those federal agencies that are directly responsible for the enforcement and implementation of equal employment opportunity laws and regulations as they affect Applicant. The EEOC has formally considered the complaints of two of the Protestants regarding FWNB's employment practices and in both cases dismissed the complaints as being without merit.[7] Moreover, the Treasury Department has reviewed FWNB's equal employment opportunity program and has certified that FWNB is in compliance with relevant standards pertaining to employment non-discrimination, and all employment data submitted by Protestants predate this certification. Upon consideration of these facts and all of the additional data submitted to the Board in connection with this application, the Board believes that Protestants' claims do not support an adverse finding. Neither does it appear that Board action on this application would impair any remedy available to Protestants by law.

In connection with this proposal Applicant proposes to expand Bank's services, including lock box and trust services and payroll processing. Bank will benefit from Applicant's lending expertise and provision of data processing facilities. In addition, Bank will be able to offer rates on credit-related insurance through Applicant's insurance subsidiary lower than the rates currently charged by Bank. Accordingly, the Board finds that considerations relating to the convenience and needs of the community to be served lend weight toward approval of the application sufficient to outweigh the slightly adverse competitive effects associated with the proposal. It is the Board's judgment that the proposed transaction is consistent with the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made before the thirtieth

4. Ella Jackson and Willie Wingfield protested an earlier application by Applicant to acquire voting shares of Bank of Forth Worth, also located in Fort Worth, Texas. The application was approved by the Board on November 1, 1978 (64 FEDERAL RESERVE BULLETIN 982 (December 1978)).

5. The Board's Order approving Applicant's acquisition of Bank of Fort Worth was issued five days before the regulations required by the statute to implement CRA took effect.

6. 64 FEDERAL RESERVE BULLETIN 982, 983 (December 1978). See, Application by American Security Corporation, Washington, D.C., to acquire the successor by merger to American Security and Trust Company, Washington, D.C. (62 FEDERAL RESERVE BULLETIN 255 (March 1976)).

7. A third protestant, Brenda Evans, has not filed a complaint with the EEOC.

calendar day following the effective date of this Order, or later than three months after the effective date of this Order unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Dallas, pursuant to delegated authority.

By order of the Board of Governors, effective May 2, 1979.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, Partee, and Teeters.

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

White Oak Bancshares, Inc.,
White Oak, Texas

Order Approving
Formation of Bank Holding Company

White Oak Bancshares, Inc., White Oak, Texas, 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 through acquisition of 80 percent or more of the voting shares (less directors' qualifying shares) of White Oak State Bank, White Oak, Texas ("Bank").

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

Applicant is a recently organized non-operating corporation formed for the purpose of becoming a bank holding company through the acquisition of Bank. Bank is the 562nd largest banking organization in the state of Texas with total deposits of approximately $16.2 million.[1] Bank is located in White Oak, Texas, and is the eleventh largest of 17 banking organizations in the Longview banking market.[2] Bank controls approximately 2.9 percent of the market's total deposits. This proposal is essentially a reorganization of existing ownership from individuals to a corporation owned by the same individuals. Three principals of Applicant are affiliated with banking organizations in separate markets from Bank; these organizations are of such size and distant location as to preclude any competitive effect as a result of consummation of the proposal. In addition, certain principals of Applicant are principals of Longview Bank and Trust Company ("Longview Bank"), Longview, Texas,[3] which holds deposits of approximately $57.8 million. Longview Bank is located in the same banking market as Bank and controls 10.2 percent of the market deposits. The two banks together control 13.1 percent of total market deposits and would rank second in the market as a single organization. Approval of the application will not affect market entry conditions or result in any unfair competitive advantage, and denial of the application is unlikely to result in severance of existing relationship beyond those steps to which Applicant has made commitment as a matter of record, including steps to attain compliance with Title II of the Financial Institutions Regulatory and Interest Rate Control Act of 1978. Given the relative size and market share of the bank and the presence of numerous banking alternatives in the market, it does not appear that consummation of this proposal will have any significant adverse effect upon existing or potential competition or increase the concentration of banking resources in any relevant area. Therefore, competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant are dependent upon those of Bank, which are considered to be generally satisfactory. Applicant proposes to service the debt it will incur as a result of the proposed transaction over a 12-year period. Based on Bank's past earnings and Applicant's commitments of record, it appears that Applicant will be able to meet its annual debt-servicing requirements and maintain Bank's capital position. Additionally, the financial conditions of the related banking organizations appear to be satisfactory.[4] Accordingly, considerations relating to the banking factors are consistent with approval of the application. Considerations relating to the convenience and needs

1. All banking data are as of December 31, 1977, and reflect bank holding company formations and acquisitions approved as of November 30, 1978.

2. The Longview banking market is approximated by the Longview SMSA, which is defined as Gregg and Harrison Counties, Texas.

3. By separate action of this date, the Board approved the application of Longview Financial Corporation, Longview, Texas, to become a bank holding company with respect to Longivew Bank.

4. Where principals of an Applicant are engaged in operating a chain of one-bank holding companies, the Board has indicated it is appropriate to analyze such organizations by the standards normally applied to multi-bank holding companies. *Nebraska Banco, Inc.*, Ord., Nebraska, (62 FEDERAL RESERVE BULLETIN 638 (1976)).

of the community to be served also are consistent with approval of the application.

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 following the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Dallas, pursuant to delegated authority.

By order of the Secretary of the Board, acting pursuant to authority delegated from the Board of Governors, effective May 31, 1979.

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

Wood & Huston Bancorporation, Inc.,
Marshall, Missouri

Order Approving
Formation of a Multi-Bank Holding Company

Wood & Huston Bancorporation, Inc., Marshall, Missouri, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company through acquisition of 100 percent, less directors' qualifying shares, of the voting shares of Wood and Huston Bank ("Marshall Bank"), Marshall, Missouri, and of Missouri Southern Bank ("Southern Bank"), West Plains, Missouri, a proposed *de novo* 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, including those of West Plains Bank ("Protestant"), West Plains, Missouri, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is a non-operating corporation organized for the purpose of becoming a bank holding company. Marshall Bank ($43.9 million in deposits),[1] is the 93rd largest of 714 commercial banks in Missouri and Southern Bank is a proposed *de novo* bank. Upon consummation of the proposed transaction, Applicant would control approximately 0.2 percent of total commercial bank deposits in the state.

Marshall Bank is the largest of six commercial banks located in the Saline County, Missouri, banking market and holds approximately 43.3 percent of total commercial bank deposits in the market. This proposal involves a restructuring of Bank's ownership from individuals to a corporation owned by the same individuals and, therefore, would not result in any adverse effects on competition or concentration of resources in any relevant market. Southern Bank is a proposed *de novo* bank to be located in the Howell County, Missouri, banking market. Inasmuch as Southern Bank is a proposed new bank and located in a banking market different than that of Marshall Bank, consummation of the proposal will neither eliminate existing competition nor increase the concentration of banking resources in any relevant area. Accordingly, it appears from the facts of record that competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant, Marshall Bank and Southern Bank, are considered satisfactory and the future prospects for each appear favorable. While Applicant will incur some debt in connection with this proposal, it appears, in light of Marshall Bank's past earnings and sound condition, that Applicant will have the necessary financial flexibility to meet its debt servicing requirements while maintaining adequate capital positions for both banks. Thus, considerations relating to banking factors are consistent with approval of the application. Southern Bank will be located in an area that has experienced substantial economic and population growth and will provide the public with an additional source of banking services. Although consummation of the proposal would effect no changes in the banking services offered by Marshall Bank, considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

In its review of this application, the Board has given careful consideration to the comments submitted by Protestant concerning the acquisition by Applicant of Southern Bank. Protestant contends that Southern Bank will lack adequate capital and management and, consequently, Southern Bank will not be able to compete in the relevant market in a prudent manner.

Protestant submitted evidence in opposition to the chartering of Southern Bank in hearings before the State Banking Board and the Commissioner of Finance of the State of Missouri. The State Board and the Commissioner have found that Southern Bank was adequately capitalized and that adequate demand for banking services exists in

1. All banking data are as of June 30, 1978.

Howell County to support an additional bank. In this latter regard, the record shows that county population increased by 17.3 percent between 1970 and 1976 and employment increased by 8 percent between 1973 and 1977. In addition, the population of Howell County exceeds that of other Missouri counties where new banks have recently been chartered and where the number of banking alternatives were greater. Thus, it appears that Southern Bank has adequate capital and that the market can reasonably be expected to support an additional banking facility. In addition, the record indicates that an experienced banker has been appointed as managing officer of Southern Bank. Thus, the Board finds that the proposed management of Southern Bank is satisfactory. 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 transactions shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after that date, and (c) Missouri Southern Bank, West Plains, Missouri, shall be opened for business not later than six months after the effective date of this Order. Each of the periods described in (b) and (c) may be extended for good cause by the Board, or by the Federal Reserve Bank of Kansas City pursuant to delegated authority.

By order of the Board of Governors, effective May 21, 1979.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, Partee, and Teeters.

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

ORDERS UNDER SECTION 4 OF BANK HOLDING COMPANY ACT

Barclays Bank Limited,
London, England

Barclays Bank International Limited,
London, England

Order Approving Acquisition of American Credit Corporation

Barclays Bank Limited ("Barclays") and its wholly-owned subsidiary, Barclays Bank International Limited ("BBIL"), both of London, England, together referred to as Applicants, each of which is a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*), have applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 U.S.C. § 225.4(b)(2)) to acquire all of the outstanding shares of American Credit Corporation ("ACC"), Charlotte, North Carolina, and its subsidiaries.[1] ACC engages in direct consumer lending; sales financing; factoring; commercial lending; leasing; and selling, as agent, credit-related insurance and underwriting credit life and credit accident and health insurance.[2] These activities have been determined by the Board to be closely related to banking (12 C.F.R. §§ 225.4(a)(1), (6), 9(ii), and (10)). ACC also engages through subsidiaries in underwriting property and casualty insurance; underwriting and selling ordinary life insurance; underwriting and selling level term credit life insurance; underwriting credit life insurance for unaffiliated organizations; non-full payout leasing; and rug manufacturing. While these activities have not been determined by the Board to be closely related to banking and Applicants have committed to divest certain of these subsidiaries, BBIL has also proposed to acquire certain of ACC's impermissible subsidiaries on the basis of section 2(h)(2) of the Act (12 U.S.C. § 1841(h)(2)).

Notice of the applications, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (44 *Federal Register* 2426 (1979)). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 4(c)(8) of the Act.

Applicants comprise the largest banking organization in the United Kingdom and the eleventh largest in the world, with consolidated assets of approximately $42 billion and consolidated deposits of about $37 billion.[3] Barclays engages in retail and wholesale banking, merchant banking, development finance and related financial services

1. Applicant proposes to acquire the shares of ACC and its subsidiaries by merging them into non-operating wholly-owned subsidiaries of BBIL. The subsidiaries into which ACC is to be merged have no significance except as a means to facilitate the acquisition of ACC.

2. Applicant also proposes to acquire indirectly a wholly-owned subsidiary of ACC engaged solely in owning, leasing, and managing property exclusively for use in ACC's consumer finance business. ACC could itself provide such activities directly through a division or department and the Board believes that section 4(c)(8) of the Act permits, with the Board's approval, the acquisition of shares of a wholly-owned subsidiary of § 4(c)(8) company that engages in activities that such a company could engage in directly.

3. Financial data are as of December 31, 1977.

through more than 3,000 offices in the United Kingdom and 1,700 offices in more than 75 countries worldwide. Its subsidiary, BBIL, is the holding company for Barclays' foreign operations and holds two domestic subsidiary banks located in the United States, Barclays Bank of California, and Barclays Bank of New York.[4] In addition, BBIL holds two branches in New York, one branch each in Boston, Chicago, and the Virgin Islands, agencies in San Francisco and Atlanta, and a representative office in Houston. Applicants do not presently have any nonbanking subsidiaries in the United States.

In connection with its consideration of these applications, the Board has required Applicants to provide sufficient information to permit the Board to assess the financial strength and operating performance of Applicants. In particular, the Board has analyzed the financial and managerial resources of Barclays, BBIL and their subsidiaries, and has found them to be satisfactory. Furthermore, Applicants have committed that they will provide sufficient information to enable the Board to monitor and assess their operations on a continuing basis.

ACC is the thirteenth largest noncaptive finance company and the 23rd largest of all finance companies in the United States[5] with total receivables of approximately $688 million. ACC operates 346 offices in 244 local consumer finance markets located in 22 states. While its operations are widespread, ACC derives more than 40 percent of its business from North Carolina and South Carolina and almost 90 percent from the southeastern United States. ACC does not operate offices in California or New York, in which states Applicants also engage in lending through their subsidiary banks, and they derive only an insubstantial amount of loan business from these two states through mail solicitation. Because the geographic markets for direct consumer lending and sales finance are generally local and regional, respectively, acquisition of ACC by Applicants would have no adverse effects on existing competition in the relevant areas. Similarly, there does not appear to be any significant competition between the two organizations in the regional leasing markets in which ACC competes, inasmuch as Applicants engage in personal property leasing in New York and California and ACC derives less than 1 percent of its lease receivables from those states. Thus, it appears that consummation of the proposed transaction would have no significant adverse effects on existing competition.

While both Applicants and ACC are of such size that either might expand *de novo* into markets in which the other competes, it is unlikely that substantial competition would develop between them in the future. As foreign institutions, Applicants are generally unfamiliar with the relevant markets in which ACC competes and has not heretofore evidenced an interest in those areas of the country, and it does not appear probable that they would expand into these markets on a *de novo* basis. Given the competitive structure of the consumer finance industry and the large number of potential entrants into all product lines in which ACC competes, the Board finds that the effect of consummation of the proposed acquisition on probable future competition would not be significant.

Affiliation with Applicants will provide ACC with greater access to an assured and less costly source of funds and under Applicants' direction ACC would be able to expand its operations nationally.[6] Applicants will cause ACC to offer new and expanded services to its customers at each of its offices, including loans with longer maturities, larger second mortgage loans, family financial counseling, consumer leases, and consumer revolving credit loans. Applicants also propose to reduce the rates on consumer loans for borrowers scoring in the highest tenth percentile on credit scoring tests, and states that following consummation, ACC will offer at reduced premiums in each state the several types of credit insurance that it will write. In addition, ACC will offer its commercial customers expanded services such as larger commercial loans and leases, international factoring, expanded fixed asset commercial loans, corporate insurance premiums and diversification of items leased.

On the basis of these and other facts of record, the Board concludes that the benefits to the public that would result from Applicants' acquisition of ACC, including the reduction in insurance premiums that Applicants propose to establish, are

4. As a result of the 1966 amendments to the Bank Holding Company Act, Barclays became a multi-bank holding company by virtue of its ownership of a subsidiary bank in California and three branches in New York. Barclays' multi-state operations were grandfathered as of that time. In 1971, Barclays converted one of its New York branches into a state-chartered subsidiary bank, a transaction that essentially reorganized Barclays' operations in that state. See the Board's Order and Statement of December 29, 1970, in Barclays Bank Limited/Barclays Bank of New York, (57 FEDERAL RESERVE BULLETIN 44 (1971)).

5. *American Banker*, June 19, 1978.

6. In this regard, Applicants commit to waive ACC's dividends during the first year following ACC's expansion.

sufficient to outweigh the slightly adverse effects on competition that would result from the proposed acquisition.

In making this determination, the Board has given due consideration to all public comments received on the applications, including those of Mr. Anthony R. Martin-Trigona ("Protestant"). Protestant states that it would be "unwise" to allow foreign banking institutions to engage in the consumer finance business in this country because such institutions have different "formulae for allocating resources, and often act contrary, or capriciously, to local or domestic interests of the consuming public." Protestant has requested that the Board hold a formal hearing to investigate this charge.

Protestant has not demonstrated that the Board's approval of the application or denial of his request for a formal hearing would injure him in any manner. In the absence of a showing of injury that would be caused by the Board's action, Protestant lacks the primary requisite for standing to intervene in this matter. The bare statement that he is a former customer of Applicant, unaccompanied by even an allegation of harm to be suffered due to Board action in this matter, is not sufficient to confer standing on Protestant. Protestant has also failed to demonstrate that a hearing is necessary for, or useful to, a full consideration of the application. Therefore, the Board has denied the request for a hearing.

With respect to the allegation that the acquisition of ACC by Applicants would not be in the public interest, Protestant has not provided any evidence that approval of the acquisition would be detrimental in any way to the interest of the American public. There is no evidence in the record that consummation of the proposal would, with respect to these applications, result in any undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest.

Based on the foregoing and other facts of record, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the Act is favorable. Accordingly, the applications are hereby approved subject to the conditions that (1) ACC will cease to underwrite and sell level term credit life insurance within 30 days of consummation of the transaction; (2) ACC will continue to negotiate the sale of Virginia Rugs, Inc., Keysville, Virginia, and complete the divestiture of this subsidiary promptly; and (3) Applicants maintain on a continuing basis the public benefits that the Board has found to be reasonably expected to result from this proposal with regard to insurance underwriting activities.

Under the terms of the application, BBIL also proposes to acquire and retain, under section 2(h)(2) of the Act, as added by section 8(e) of the International Banking Act of 1978, shares of certain subsidiaries of ACC engaged in activities that are not permissible for bank holding companies, and that Applicants would ordinarily be required to divest as a condition of approval under section 4(c)(8) of the Act.[7] In this connection, Applicants have committed to divest themselves of such subsidiaries if the Board so conditions approval and relying on that commitment, the Board conditions its approval of this application on Applicants' divestiture of ACC's impermissible insurance underwriting and leasing activities within one year of consummation of the transaction.

The approval of this application is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof. The transaction shall not be made 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, acting pursuant to authority hereby delegated.

By order of the Board of Governors, effective May 17, 1979.

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

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

7. Section 2(h) provides an exemption from the prohibitions of section 4 of the Act for a foreign bank holding company, principally engaged in the banking business outside the United States, to own shares of a foreign company that does some direct or indirect business in the United States. The exempt foreign company (the "investor company") must be principally engaged in business outside the United States and may acquire shares of a nonbanking company in the United States only if the U.S. company is engaged in the same general line of business as, or in a business related to, that of the investor company. BBIL, which is the proposed "investor company", is not itself engaged in the same general line of business as the ACC subsidiaries that it proposes to acquire and, therefore, BBIL would not qualify for the exemption provided in section 2(h)(2) to acquire and retain such subsidiaries.

Citicorp,
New York, New York

Order Approving Second Mortgage Lending and Acting as Agent or Broker in the Sale of Credit-Related Insurance

Citicorp, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(1)), for permission to establish *de novo*, through its subsidiary, Nationwide Financial Services Corporation, St. Louis, Missouri ("Nationwide"), an office of Citicorp Person-to-Person Financial Center of Connecticut, Inc., in Westport, Connecticut ("Person-to-Person"). Person-to-Person would engage in the activities of second-mortgage lending and selling credit-related insurance in connection with such loans. Such nonbank activities have been determined by the Board to be closely related to banking and therefore permissible for bank holding companies (12 C.F.R. §§ 225.4(a)(1) and (9)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors has been duly published.[1] The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those received from twelve protestants[2], in the light of the considerations specified in section 4(c)(8) of the Act.

Applicant controls two banks with aggregate domestic deposits of approximately $19.3 billion; it is the second largest banking organization in the United States and the largest in the state of New York.[3] Applicant also controls a number of domestic nonbank subsidiaries engaged in a variety of nonbanking activities, including consumer and commercial finance; factoring; mortgage banking; the sale and underwriting of credit-related insurance; and leasing. Applicant's subsidiary, Nationwide (the parent of Person-to-Person), engages in the activities of making consumer loans, selling credit-related insurance, financing mobile homes, and other sales-finance products through offices in 26 states.

Person-to-Person proposes to engage in the activities of making second-mortgage loans to individuals and businesses and acting as agent or broker in the sale of credit-related insurance in connection with such loans. The activities would be conducted from an office in Westport, Connecticut, and would serve primarily an area within the state of Connecticut.[4]

Twelve protestants have submitted comments in opposition to the subject application. Two of the protestants, the Connecticut Bankers Association ("CBA") and the Connecticut Bank and Trust Company ("CBTC") both of Hartford, Connecticut, also request that the Board hold a formal hearing on the application in order to submit or elicit evidence in support of their allegations concerning the subject proposal.

On March 16, 1979, the Board considered the subject proposal and protests thereto, including the requests of CBA and CBTC that the Board order a formal evidentiary hearing. The Board determined not to order a formal hearing at that time, but to grant CBA and CBTC an opportunity for an informal presentation before members of the Board's staff. The presentation was held in Washington, D.C., on March 29, 1979, at which CBA and CBTC presented their reasons why a formal hearing was required; Applicant was represented and set forth its reasons why a formal hearing was not required. CBA and CBTC requested a further opportunity to provide the Board with additional written submissions in support of their requests for a hearing and on the merits of the proposal, and materials were subsequently received by the Board. Applicant submitted a response thereto. In reaching the conclusions set forth below, the Board has considered Applicant's amended proposal, Applicant's supplementary comments and submissions, as well as all of the comments and submissions by protestants.

Section 4(c)(8) of the Act provides that the Board may approve a bank holding company's application to engage in a nonbanking activity only after the Board has determined that the proposed activity is closely related to banking so as to be a proper incident thereto. The Act further provides that this determination by the Board may be made

1. This application was originally being processed under the procedures set forth in section 225.4(b)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(1)) as a proposal to engage *de novo* in activities determined by the Board to be closely related to banking. Accordingly, notice of the application was published in local newspapers of general circulation in several cities in Connecticut. Because of the protests filed and the hearing requested, it was determined that the application should be processed at the Board.

2. The protestants to the application are listed in the Appendix to this Order.

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

4. This proposal involves *de novo* entry into Connecticut by Person-to-Person. It is expected that Person-to-Person would serve customers located in the Connecticut counties of Litchfield, New Haven, Fairfield, Hartford, and Middlesex.

by rule or order. The Board has determined by regulation that second-mortgage lending of the type proposed by Person-to-Person, and the sale as agent of credit-related insurance in connection with such loans, are permissible nonbank activities. None of the comments received have raised the issue that the proposed activities are not closely related to banking.

To approve an application under section 4(c)(8) of the Act the Board must also determine that the performance of the proposed activities by a nonbank subsidiary of a bank holding company can reasonably be expected to produce benefits to the public such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Section 4(c)(8) of the Act provides that the Board may approve a bank holding company's application to engage in, or to acquire, voting shares of a company engaged in nonbanking activities only after notice of the proposal and an opportunity for a hearing on the matter.

Protestants have set forth four principal issues in opposition to the subject proposal. These issues may be summarized as follows:

(1) *Branch Banking:* The inter-relationships among Applicant, Citibank, N.A. (a wholly-owned subsidiary of Applicant)("Citibank"), Nationwide, and Person-to-Person would constitute a unitary operation and, therefore, branch banking in violation of Connecticut and federal law.

(2) *Banking Business:* The proposed activities of Person-to-Person would constitute "banking business" under Connecticut law and thereby violate state law.

(3) *Adverse Effects versus Public Benefits:* Protestants present three basic arguments on the public benefits aspects of the proposal: A) The proposed operation of Person-to-Person would produce anti-competitive effects that would not be outweighed by the public benefits to be derived therefrom; B) Applicant and its subsidiary bank, Citibank, have failed to meet the credit needs of New York City and surrounding communities, as required by the Community Reinvestment Act; and C) the Connecticut statutes regulating insurance activities must be considered by the Board in making a determination on the public benefits question.

(4) *Hearing:* There exist disputed material facts for which a formal proceeding is required before the Board may consider the proposal on its merits.

1. Branch Banking

Under federal as well as Connecticut law a national bank situated in a state other than Connecticut may not maintain a branch office in the state of Connecticut.[5] Citibank is a national bank that maintains offices in New York state; therefore, it is precluded from having a branch office in the state of Connecticut. Moreover, the Board may not grant approval for a proposal that would result in a violation of federal or state law.[6]

CBA and CBTC allege that Person-to-Person would constitute a branch bank of Citibank based upon the unitary operation of Citicorp, Citibank, Nationwide, and Person-to-Person. CBA and CBTC further allege that "close evidentiary examination of the nature of the lending and advisory activities engaged in by Person-to-Person is necessary in light of *Independent Bankers Association of America* v. *Heimann*, Civil Action No. 78-0811, (D.C. Dist. Ct., March 30, 1979) ("*Independent Bankers of America*"); *i.e.*, "(t)o the extent that Citicorp Person-to-Person may be engaged in interviewing and advising customers of Citibank N.A. with respect to services available through Citibank N.A., in referring customers to Citibank N.A., or otherwise soliciting indirectly or directly, business for Citibank N.A., this decision suggests that those activities may constitute branch banking." CBA and CBTC have requested the Board to hold a hearing on this question in order to elicit evidence concerning the structure, management, and operations of Citicorp, Citibank, Nationwide, and Person-to-Person.

Applicant has provided the Board with specific responses to each of the evidentiary inquiries raised by CBA and CBTC in connection with this issue. Applicant has assured the Board that all of Person-to-Person's activities would be engaged in on behalf of Person-to-Person. Applicant has stated that there will be no interlocking officers, directors or management personnel between Citibank and Person-to-Person; that Person-to-Person would not be funded by Citibank; that Person-to-Person would not serve as a loan production office for Citibank; and that Person-to-Person would not

5. In general, § 36-59(4) of the *Connecticut General Statutes* prohibits a foreign banking corporation except a national bank having its main office in Connecticut, from maintaining any office within Connecticut to solicit deposits or conduct a general bank or banking and trust business. Under 12 U.S.C. § 36(c), a national bank is authorized to establish and operate a branch office at a location within a state if state-chartered banks are so authorized by the law of the state in question. A branch is defined to "include . . . any branch place of business . . . at which deposits are received, or checks paid, or money lent". (12 U.S.C. § 36(f)).

6. *Whitney National Bank in Jefferson Parish* v. *Bank of New Orleans and Trust Co.*, 379 U.S. 411 (1965).

perform any services for customers of Citibank, nor solicit or make any loans or take any deposits on behalf of Citibank. Applicant has also assured the Board that Citibank would not participate in, or purchase any loans from, Person-to-Person. CBA and CBTC have not submitted any evidence that Person-to-Person, directly or indirectly, or through any device, will act for, on behalf of, or be controlled by, Citibank. Neither CBA nor CBTC has provided the Board with any evidence indicating that Applicant's undertakings in connection with this proposal are otherwise than as Applicant has stated. The record shows that Nationwide, including its subsidiary, Person-to-Person, is an independent company that has been lawfully engaged in nonbank activities for a number of years as a Board-approved subsidiary of Applicant, a bank holding company. Furthermore, there is no evidence in the record indicating that the operations of the other offices of Citicorp Person-to-Person Financial Center, Inc., constitute *de facto* branch banking by Citibank.

Reliance by CBA and CBTC on *Independent Bankers of America* is misplaced. That case is clearly distinguishable from the subject proposal which involves activity of a nonbanking subsidiary of a bank holding company. In *Independent Bankers of America*, the Comptroller of the Currency had promulgated an interpretive ruling providing that a loan production office of a national bank would not be a branch of a national bank, within the meaning of 12 U.S.C. § 36(f), if employees or agents of a national bank or of a subsidiary corporation of such bank originated loans at locations other than at the main office or a branch office of the bank provided such loans were approved at the main office or branch office of such national bank, or its subsidiary. The District Court found, as a matter of law, that such a loan production office would be engaged in activities on behalf of the national bank and, therefore, would be a branch within the meaning of 12 U.S.C. § 36(f).

The establishment and operation by a bank holding company of nonbanking subsidiaries is authorized, contemplated and lawful under the Bank Holding Company Act. (*Grandview Bank & Trust Co.* v. *Board of Governors*, 550 F.2d 415 (8th cir. 1977), *cert. denied*, 98 S.Ct. 64 (1977)). The legislative history of the 1970 Amendments to the Act makes it clear that Congress intended to allow bank holding companies to expand the range of their business activities into areas such as those at issue here. In enacting the Bank Holding Company Act, Congress consciously and intentionally excluded the possibility that mere affiliation in a bank holding company system will cause the bank holding company's subsidiary banks, and *a fortiori* holding company nonbank subsidiaries, to be engaged in "branch" banking.

The Board, acting pursuant to congressional mandate, has authorized the activities of second-mortgage lending and the sale of credit-related insurance as proper activities for a nonbanking subsidiary of a bank holding company. CBA and CBTC do not assert that, as a matter of law, bank holding company proposals to engage in the activities of second-mortgage lending and the sale of credit-related insurance are nonpermissible activities within the meaning of section 4(c)(8) of the Act and the Board's Regulation Y. CBA and CBTC only allege that the subject proposal would be a branch of Citibank without submitting any supporting evidence.

On the question of whether this proposal would constitute *de facto* branch banking, CBA and CBTC have made allegations unsupported by any evidence of record. CBA and CBTC have failed to show that there is any factual dispute between the parties that would be relevant to the Board's determination as to whether this proposal would violate branch banking restrictions. On the basis of the record in this matter, the Board concludes that the subject proposal would not violate federal or Connecticut branching restrictions. The Board also finds there are not material issues of fact on this question that would warrant the Board ordering a formal hearing.

2. Banking Business

Person-to-Person would engage in the activities of second-mortgage lending and the sale of credit-related accident, life and health insurance. Pursuant to its authority under section 4(c)(8) of the Act, the Board has determined these activities to be "closely related to banking". While the term "banking business" is nowhere defined in the Act, the Act defines "bank" to mean "any institution organized under the laws of the United States [or] any state . . . which (1) accepts deposits that the depositor has a legal right to withdraw on demand, and (2) engages in the business of making commercial loans." (12 U.S.C. § 1841(c)). Moreover, section 36-5a(b) of the *Connecticut General Statutes* prohibits a subsidiary of an out-of-state bank holding company from establishing or maintaining an office in Connecticut that would engage in the "banking business".

Person-to-Person would not be a "bank" nor would it be engaged in the "banking business" in violation of federal or Connecticut law. In interpreting a particular state law, the Board considers the statute itself, any judicial interpretations of that law, and, in the absence of any such interpretations, opinions of the state's Attorney General or relevant administrative agency.[7] The courts of the state of Connecticut have not issued an interpretation of section 36-5a. However, the Connecticut Bank Commissioner has interpreted the statute, and has done so with regard to the proposed activities of Person-to-Person.[8] The Connecticut Bank Commissioner determined that Person-to-Person's proposed activities are not "banking business" and proceeded to grant Person-to-Person the relevant operating license required under state law. The Commissioner determined that:

> Section 2 of this Act [Connecticut Public Act 77-228] authorizes any "person" to engage in the secondary mortgage loan business. Banks, national banks, savings and loan associations, federal savings and loan associations, credit unions, and federal credit unions are among those entities which are exempt from the licensing requirements of Public Act 77-228.
> The Connecticut Legislature has therefore specifically provided that corporations which are not banks, may be licensed as second-mortgage lenders. Since this licensing statute exempts banks, the statute exists solely for the purpose of licensing nonbanks. It is clear, therefore, that the business which is authorized by these licensing statutes is not "banking business".[9]

The Board is of the view that the Commissioner's opinion is reasonable and consistent with the language of the statute he is charged to enforce. The Board finds that the proposed second-mortgage lending activities of Person-to-Person would not constitute "banking business" under federal or Connecticut law. Determination of this issue is a matter of law, which is conceded by CBA and CBTC, and they have not raised any factual issues relevant to the Board's determination on this question. Therefore, the Board is of the view that no purpose would be served in holding a hearing on this issue.

3. Public Benefits versus Adverse Effects

Under section 4(c)(8) of the Act, the Board must find that the performance of the proposed activity by an applicant can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.

This proposal contemplates the opening of a new office that would offer the communities it would serve an additional source of second-mortgage lending, thereby increasing overall competition in Westport and the surrounding area. In the absence of evidence to the contrary, the Board views *de novo* entry as a positive public benefit since it would provide an additional competitive source in a market. The Board's regulation permitting *de novo* activity by a bank holding company was promulgated based on this consideration and was derived in part from the Board's experience in administering the Bank Holding Company Act. By the language in section 4(c)(8), and in the legislative history of the Act, Congress made it clear that the Board could differentiate between bank holding company proposals to engage in nonbanking activities through the acquisition of a going concern and proposals to engage in these activities on a *de novo* basis.[10] The Board is of the view that the opening of a new office of a nonbanking subsidiary of a bank holding company favors the public interest by introducing an additional source of credit and insurance into Westport and the surrounding area.

A. Anti-Competitive Effects of the Proposal

CBA and CBTC assert that the subject proposal

7. See, *e.g.*, the Board's Order dated February 16, 1979, dismissing the applications of Credit and Commerce American Holdings, N.V., Netherlands Antilles, and Credit and Commerce American Investment, N.V., The Netherlands, to become bank holding companies by acquiring Financial General Bankshares, Inc., Washington, D.C. (65 FEDERAL RESERVE BULLETIN 254 (1979)).

8. By action of December 8, 1978, the Connecticut Banking Commissioner ("Commissioner") granted Citicorp the license required by Connecticut Public Act 77-228, thereby authorizing Person-to-Person to engage in the second mortgage loan business. The Commissioner determined that CBA (one of the protestants requesting a hearing in this matter, and a protestant before the Commissioner) did not have standing to challenge his approval of the license application under Connecticut law. However, by letter dated December 8, 1978, addressed to Mr. William DeLana, counsel for CBA, the Commissioner expressly found:

> There has been no factual basis for suggesting a possibility that Citicorp Person-to Person may serve, in effect, as a branch bank of Citibank and thereby violate state and federal law; therefore, your suggesting that I deny the application because of this possibility is inappropriate.

The Commissioner also noted that the cases cited by CBA in support of its allegation that Person-to-Person would operate as a branch of Citibank, were inapposite, *i.e.*, *First National Bank v. First Bank Stock Corporation*, 306 F.2d 937 (1962), *Independent Bankers Association of Georgia v. Board of Governors of the Federal Reserve System* 516 F.2d 1206 (1975). In conclusion, he states, "For either of the above cases to be relevant, CBA would have to prove that Citibank controls Citicorp Person-to-Person."

9. Letter dated December 8, 1978, to Harold E. Read, Jr., Esq., Connecticut counsel for Citicorp, approving the licensing application for the subject proposal.

10. H.R. Rep. No. 91-1747, 91st Cong., 2d Sess. 17-18 (1970)(Conference Report).

would have adverse competitive effects. In particular, CBA and CBTC allege that the proposal would (1) create an undue concentration of resources, (2) cause a decrease in competition in the market, and (3) result in unfair competition.

In support of their allegations, CBA and CBTC cite the overall size of Applicant and the structure of the Connecticut banking market; however, these facts have not been disputed by Applicant. Furthermore, the Board finds, for the reasons stated below, that there is no merit to the allegations made by CBA and CBTC concerning the competitive factors that would warrant denial of this application.

Protestants allege that "(t)he proliferation of Citicorp lending subsidiaries, [moreover] through the United States could well lead to an undue concentration of resources and economic leverage." In effect, protestants would have the Board determine at this time, that, at some time in the future Citicorp's lending subsidiaries will exist throughout the United States and that the existence of these subsidiaries will create an undue concentration of resources. The Board is unable to conclude at this time that the mere existence of Citicorp's lending subsidiaries throughout the United States would lead to an undue concentration of resources. Even if the Board were to find that the future proliferation of Citicorp's lending subsidiaries throughout the United States would lead to an undue concentration of resources, it is not clear how such a finding would be relevant to a determination that the instant proposal, which is to open one *de novo* office, would result in an undue concentration of resources.

CBA and CBTC also assert that the Person-to-Person office would lead to a decrease in competition. The reasoning behind this argument appears to be the following: The Connecticut banking market is highly competitive and Connecticut banks have low profit ratios compared to banks located in other markets in the United States. Citibank is significantly larger than all of the banking organizations in Connecticut and has much higher profit ratios than banks in Connecticut.[11] Accordingly, in view of the disparity between the profit ratios of Connecticut banks and the profit ratios of Citibank, the Westport office of Person-to-Person would have a competitive advantage over banks in Connecticut, and this disparity would eventually lead to a decrease in the number of banks in Connecticut.[12] Applicant has not disputed the data submitted by CBA and CBTC. Based upon the foregoing, there would not appear to be any disputed issue of material fact that would warrant a hearing and the Board so concludes. Furthermore, the Board is unable to conclude that the addition of another source of second-mortgage lending in Westport would lead to an overall decrease in competition in the Connecticut banking market. The relevant product market is second-mortgage lending in which both banking and nonbanking institutions compete and the Board is of the view that the addition of a *de novo* office through an indirect subsidiary of Citicorp would not have significant adverse competitive effects. On the contrary, such *de novo* entry should have a salutary effect on competition.

In addition to their allegation that the proposed office of Person-to-Person would lead to a decrease in competition in the Connecticut banking market, CBA and CBTC further allege that Person-to-Person would engage in unfair competitive practices.[13] CBA and CBTC also request the Board to address the question of voluntary tie-ins. The fact that an organization the size of Applicant is involved is insufficient to establish that such an organization would engage in unfair competition. Furthermore, there is no evidence that Applicant has engaged in unfair competitive practices in operating its other nonbanking subsidiaries that engage in the same or similar activities as would Person-to-Person.[14]

B. Applicability of the Community Reinvestment Act ("CRA")

11. In this regard, it should be noted that the Board has determined that Person to Person would not be either a "branch" of Citibank or "engaged in the banking business." In addition to protestants, Person-to-Person would be in competition with organizations other than banks engaged in second-mortgage lending and the sale of credit-related insurance.

12. The Board notes that Person-to-Person would primarily compete with Connecticut institutions.

13. First Stamford Bank & Trust Company, Stamford, Connecticut ("First Stamford"), alleges that the proposal would result in an unfair tax burden on Connecticut banks. This contention appears to be based upon First Stamford's belief that Person-to-Person would operate as an out-of-state bank and, consequently, would not be subject to the same taxation as banks located in Connecticut. As discussed in the text, there is nothing in the record to indicate that the operation of Person-to-Person would constitute branch banking or banking business. Accordingly, the fact that Connecticut law taxes banks differently from nonbank institutions located within its borders does not constitute unfair competition.

In addition, Citytrust, Bridgeport, Connecticut, alleges that the similarity in the names of Person to Person's parent, Citicorp, and Citytrust would result in confusion on the part of Citytrust's customers, resulting in unfair competition on the part of Applicant. The Board notes that the name of Applicant's subsidiary involved here is Citicorp Person-to-Person Financial Center of Connecticut, Inc. The Board finds no reasonable basis for concluding that there is such similarity between that name and Citytrust as to result in unfair competition.

14. Section 106 of the Act and section 225.4(c) of the Board's Regulation Y (12 C.F.R. § 225.4(c)) prohibit coercive tie-in arrangements. The record reveals no violations of the tie-in prohibitions by Applicant in connection with its nonbank subsidiaries.

CBA and CBTC request the Board to consider the factors set forth in the Community Reinvestment Act ("CRA"), *e.g.*, the extent to which Applicant and its banking subsidiary, Citibank, have met the credit needs of New York City and its surrounding communities.[15] The provisions of CRA make it clear that CRA does not apply to applications filed pursuant to section 4(c)(8) of the Act.[16] Thus, the Board finds that CRA is not applicable to an application by a bank holding company to engage in second-mortgage lending and the sale of credit-related insurance. CBA and CBTC alternatively argue that if it is determined that the activities of Person-to-Person would constitute "banking business", CRA should be considered by the Board in acting on this proposal. Based upon the facts of record, and the discussion hereinabove, the Board has determined that the subject proposal would not constitute branch banking or "banking business" under Connecticut law. Therefore, the Board concludes that the CRA is not applicable to this proposal.

C. Insurance Activities

Person-to-Person's insurance agency activities will assure that credit-related insurance would be available to its customers. Applicant has committed that Person-to-Person will offer such credit-related insurance to its customers below the state's *prima facie* rates. Furthermore, the proposal will provide an additional and alternative source of credit and credit-related insurance in the market. The Board has determined that increased competition, added convenience and lower credit-related insurance rates are benefits to the public. Based upon the foregoing and other facts of record, the Board finds that the balance of the public interest factors is favorable and lends weight toward approval of this application.

CBA and CBTC allege that Person-to-Person has not obtained the license required by section 38-72 of the *Connecticut General Statutes* to engage in its proposed insurance activities; furthermore, that section 38-72a of the *Connecticut General Statutes* would preclude Person-to-Person from selling fire or casualty insurance. In addition, CBA and CBTC assert that the Board must consider the impact of these provisions as part of its public benefits analysis of this proposal.

The Board notes that section 38-72 of the *Connecticut General Statutes* merely requires that one seeking to engage in the sale of credit-related insurance as agent, under certain circumstances, must make application to the Insurance Commissioner. The statute further provides, in section 38-72(8)(B), for an exemption from state examination where the premium for the credit related accident, life, and health insurance is included in the financing or mortgaging agreement. It appears that this would be the nature and extent of the proposed insurance activities of Person-to-Person. In view of the nature of the proposed insurance activities of Person-to-Person, the statutory prohibition in section 38-72a of *Connecticut General Statutes* is inapplicable to the subject proposal.

CBA and CBTC further assert that the Board must consider the impact of these state statutes as part of its public benefits analysis.[17] The Board notes that the first two issues raised by CBA and CBTC are solely questions of law and do not require a hearing for their resolution. In view of the Board's determination that the Connecticut statutes at issue here do not apply to this proposal, the third point raised by CBA and CBTC is moot. The Board, therefore, concludes that a formal hearing is not required in connection with the Board's consideration of Person-to-Person's proposed insurance activities.

Based upon the foregoing and other facts of record, the Board finds that the balance of the public interest factors is favorable and lends weight toward approval of this application.

4. Hearing

In order to be entitled to a hearing on a proposal under section 4(c)(8) of the Act, a petitioner must present issues of fact that are material to the Board's decision and disputed by the relevant parties.[18] Unsupported allegations do not entitle protestants to a hearing in this matter because there are no facts in dispute that bear upon the determi-

15. The Community Reinvestment Act (12 U.S.C. § 2903) requires that in connection with the examination of a regulated financial institution within the Board's jurisdiction, the Board shall "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods." The statute further requires the Board to take that record into account in acting on applications subject to CRA.

16. Section 803(3)(F) of the Community Reinvestment Act (12 U.S.C. § 2902(3)(F)).

17. In *Florida Association of Insurance Agents, Inc.*, v. *Board of Governors of the Federal Reserve System* Nos. 75-3151 to 75-3153, 75-3342, 75-3343, 75-3358, (CA 5th Cir. March 19, 1979), the state statutes severely limited the potential extent of the applicants' insurance activities. The statutes at issue here do not apply to Person-to-Person's proposed insurance activities.

18. In *Independent Bankers Association of Georgia* v. *Board of Governors of the Federal Reserve System*, 516 F.2d 1206 (D.C. Cir. 1975) ("*Independent Bankers of Georgia*"), the Court stated:

> . . . an agency is not required to conduct an evidentiary hearing when it can serve absolutely no purpose. In such a circumstance, denial of a hearing may be proper even though adjudicatory proceedings are provided for

nation the Board must make. Such a finding is consistent with the legislative history of section 4(c)(8) of the Act.

The record in this case is devoid of any facts that support, or tend to support, the allegations made by CBA and CBTC. Reliance by CBA and CBTC on *Independent Bankers of Georgia* is misplaced. In *Independent Bankers of Georgia* the petitioner had a factual basis upon which to base its allegation that the proposal would constitute branch banking. The Court there ordered a hearing to be held on the branch banking allegation based upon information in the record showing the applicant's proclivity "in the past for using puppet corporations to avoid branching laws," and the holding company system's "allegedly questionable record of expansion in the past" (at 1224). In that case the applicant proposed to transfer to the newly formed nonbank subsidiary the "bulk" of the real estate lending activity of the holding company's banking subsidiary. There is no such history with respect to Applicant's operation of its subsidiaries. As discussed above, Citibank is not funding, or otherwise sponsoring, the proposed activities of Nationwide or Person-to-Person. In these circumstances, and lacking any reasonable basis to believe that the proposal at issue involves anything other than the expansion by a bank holding company of its recognized and lawful nonbanking activities, the Board finds protestants' reliance on the *Independent Bankers of Georgia* decision as misplaced and concludes that a hearing on the branch banking question raised by CBA and CBTC would serve no purpose.

In the absence of evidence to the contrary, as in this case, *de novo* entry by a bank holding company is generally viewed by the Board as having positive effects on competition and the public's convenience and needs, since it would introduce a new competitor into the area. The fact that an organization the size of Applicant is involved is insufficient to establish that such an organization would engage in unfair competition. Furthermore, there is no evidence that Applicant has engaged in unfair competitive practices in operating its nonbanking subsidiaries that engage in the same or similar activities as proposed for this new office of Person-to-Person. Thus, since there are no facts in dispute on the question of whether public benefits outweigh adverse effects, but only a dispute on the conclusion to be drawn therefrom, CBA and CBTC are not entitled to a hearing.

Even though the Board is not required to hold a hearing, it could do so if the Board deemed such a proceeding appropriate under the circumstances. However, as discussed above, the allegations of CBA and CBTC, as well as those of the other protestants, are unsupported by any evidence in the record. The facts of record support the conclusions that the subject proposal would not constitute branch banking or otherwise violate state law, and that the balance of public interest considerations is favorable. Based upon the foregoing, the Board concludes that it would be inappropriate to hold a hearing on the subject application and the request for a hearing is hereby denied.

In making the foregoing determinations, the Board has considered all the facts of record and the allegations of the various protestants. The Board notes that Person-to-Person would engage *de novo* in its proposed activities and has relied upon Applicant's assurances regarding such proposed activities. Moreover, it appears that consummation of this proposed transaction would not result in any undue concentration of resources, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. The findings contained herein do not preclude contrary findings with respect to any or all of the Board's determinations should the facts regarding Applicant's actual operation of Person-to-Person prove to be other than as Applicant has represented.

Upon consideration of the request by CBA and CBTC for a stay of the Board's order pending judicial review thereof, the Board finds that the requested stay should not be granted for the following reasons.[19] The Board finds it unlikely, for the reasons discussed above, that CBA or CBTC will succeed on the merits of a court appeal of the Board's action.[20] The Board further finds by this order that they have failed to raise any issues

by statute. The agency, however, carries a heavy burden of justification. Where Congress has plainly given interested parties the right to a full hearing, the agency must show that the parties could gain nothing thereby because they disputed none of the material facts upon which the agency decision could rest.

Also, *America Bancorporation* v. *Board of Governors*, 509 F.2d 29 (8th Cir. 1974).

19. The Board has taken into consideration the four factors that courts apply in deciding whether to stay agency orders: (1) Likelihood of success on the merits; (2) irreparable injury to movant; (3) substantial harm to interested parties; and (4) public interest, *Virginia Petroleum Jobbers Association* v. *FPC*, 259 F. 2d 921 (D.C. 1958).

20. If a "strong" showing is made on the remaining three factors, a stay may be granted if a "substantial" case on the merits is made. *Washington Metropolitan Area Transit Commission* v. *Holiday Tours, Inc.*, 559 F. 2d 841 (D.C. Cir. 1977). In this case, there does not appear to be a "strong" showing on the remaining three factors, and the Board need not determine whether a "substantial" case on the merits has been made.

that would warrant denial of the subject application. Indeed, the record relied upon by the Board in this order contradicts the claims of CBA or CBTC. Furthermore, based upon a review of the facts, it does not appear that CBA or CBTC will suffer irreparable harm if the stay is denied. Finally, the public interest would not be served by a stay for, if the stay were granted, the community would lose an immediate additional source of second-mortgage lending.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder or to prevent evasion thereof.

The transaction shall be made not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to delegated authority.

By order of the Board of Governors, effective May 25, 1979.

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

(Signed) Edward T. Mulrenin,
[SEAL] *Assistant Secretary of the Board.*

Appendix

List of Protestants:

Connecticut Bankers Association
Hartford, Connecticut
Connecticut Bank and Trust Company
Hartford, Connecticut
Putnam Trust Company/The Bank of Greenwich
Greenwich, Connecticut
Citytrust
Bridgeport, Connecticut
State National Bank of Connecticut
Bridgeport, Connecticut
Connecticut National Bank
Bridgeport, Connecticut
Colonial Bancorp
Waterbury, Connecticut
First Stamford Bank & Trust Company
Stamford, Connecticut
The Fidelity Trust Company
Stamford, Connecticut
Merchants Bank and Trust Company
Norwalk, Connecticut
Union Trust Company
Stamford, Connecticut
Westport National Bank
Westport, Connecticut

F.N.B. Corporation, Sharon, Pennsylvania

Order Approving Acquisition of a Consumer Finance Company

F.N.B. Corporation, Sharon, Pennsylvania, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)) to acquire, through a proposed *de novo* subsidiary, F.N.B. Consumer Discount Company, substantially all of the assets of TRY-M Consumer Discount Company ("TRY-M"), Warren, Pennsylvania. TRY-M makes consumer cash loans and acts as agent for the sale of credit life and credit accident and health insurance related to its extensions of credit. These activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(1) and (9)(ii)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (44 *Federal Register* 15,538 (1979)). The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those of the Honorable William B. Washabaugh, Jr., Bankruptcy Judge, U.S. District Court for the Western District of Pennsylvania, in light of the factors set forth in section 4(c)(8) of the Act.

Applicant controls one bank with deposits of approximately $160 million, representing about 0.3 percent of total deposits in commercial banks in the state.[1] Applicant also controls Citizens Budget Company ("Citizens"), Youngstown, Ohio, a consumer finance subsidiary that makes consumer installment loans, purchases installment

1. Financial and market data are as of December 31, 1978.

sales finance contracts, and sells life and accident and health insurance directly related to its extensions of credit. Citizens operates seven offices in Ohio and one in Pennsylvania. TRY-M currently operates seven offices in western Pennsylvania.

Applicant's subsidiary bank and the Brookfield, Ohio office of Citizens both compete in the Sharon, Pennsylvania banking market.[2] The Greenville, Pennsylvania office of TRY-M is also located in this market. Applicant holds, through its bank subsidiary and Citizens' Brookfield office, $10.1 million in consumer finance receivables, representing 16.4 percent of such receivables originated by financial institutions in the Sharon market. TRY-M controls, through its Greenville office, approximately $1.1 million in consumer finance receivables originated in the Sharon market, representing about 1.7 percent of consumer finance receivables originated in the market. Thus, upon consummation of the proposed acquisition, Applicant's share of the relevant consumer finance market would increase slightly to 18.1 percent. However, forty financial organizations, engaged in making direct personal cash loans to consumers, currently operate 75 offices in the Sharon market. The four largest organizations control only 41.3 percent of personal cash loans originated in the market. In view of the small increase in Applicant's market share, the large number of alternative organizations that offer consumer finance lending in the Sharon market, and the weakness of TRY-M as an effective competitor in that market, it appears that consummation of the proposal would not have significant adverse effects on existing competition in the relevant area.

The Board notes that TRY-M has experienced operational difficulties and in 1974 it filed to reorganize under Chapter XI of the Federal Bankruptcy Act. Since that time, TRY-M closed two offices and reduced total receivables outstanding from approximately $11 million to less than $8 million. In view of these problems and TRY-M's future prospects, it does not appear that TRY-M is a likely entrant into the local consumer finance markets where Citizens currently has offices. While Applicant, through Citizens, could be considered a potential entrant into the other consumer finance markets in which TRY-M competes, the loss of Applicant as a potential entrant would not appear to have any significant adverse effects on potential competition given the large number of possible entrants into TRY-M's local markets and the small shares of those markets currently held by TRY-M.

Consummation of the proposal will ensure the continued availability of personal loans and related insurance services to TRY-M's customers at its present locations. Upon consummation of the proposal Applicant intends to make available to the public larger loans with longer maturities than TRY-M has been able to offer and to institute sales financing from each office location. Affiliation with Applicant would provide the company with an assured source of funds at more favorable terms than has been previously available. On the basis of these and other facts of record, the Board concludes that the benefits to the public that would result from the acquisition of TRY-M are sufficient to outweigh any slightly adverse effects on competition that might result from the proposed acquisition. Furthermore, there is no evidence in the record that consummation of this proposed transaction would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects upon the public interest.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) of the Act is favorable. Accordingly, the application is approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The transaction shall not be made later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Cleveland pursuant to authority hereby delegated.

By order of the Board of Governors, effective May 11, 1979.

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

(Signed) Griffith L. Garwood,
Deputy Secretary of the Board.

[SEAL]

2. The Sharon banking market consists of Mercer County, Pennsylvania, and Brookfield and Hartford Townships in Trumbull County, Ohio.

ORDERS APPROVED UNDER BANK MERGER ACT

First City Bank of Dallas,
Dallas, Texas

United National Bank,
Dallas, Texas

Order Approving Application for Merger of Banks

First City Bank of Dallas, Dallas, Texas ("Applicant"), has applied for the Board's approval, pursuant to the Bank Merger Act (12 U.S.C. § 1828(c)), of the merger of Applicant with United National Bank, Dallas, Texas ("Bank"), under the charter and title of Applicant. Applicant is a wholly-owned subsidiary of First City Bancorporation of Texas, Inc., Houston, Texas ("First City Bancorp").

As required by the Bank Merger Act, notice of the proposed transaction in a form approved by the Board was published, and reports on competitive factors were requested from the U.S. Attorney General, the Office of the Comptroller of the Currency, the Commissioner of Banking of the State of Texas, and the Federal Deposit Insurance Corporation. The Board has considered the application and all comments and reports received in light of the factors set forth in the Bank Merger Act.

Applicant is a wholly-owned subsidiary of First City Bancorp, the second largest banking organization in Texas. First City Bancorp controls 31 banking subsidiaries in Texas with $4.8 billion in deposits representing 8.0 percent of total statewide commercial bank deposits.[1] First City Bancorp controls six subsidiary banks located in the Dallas banking market holding total deposits of $597.9 million, representing 5.2 percent of market deposits.[2] Upon consummation First City Bancorp will hold 5.7 percent of market deposits and its rank in the market as the fourth largest banking organization would remain unchanged.

Applicant is the 21st largest bank in Texas with total deposits of $370.2 million, representing 0.6 percent of total commercial bank deposits in the state. It is the fourth largest bank in the Dallas banking market. United National Bank is the 155th largest bank in Texas with total deposits of $63.0 million, representing 0.1 percent of total commercial bank deposits in the state. United National Bank is the 25th largest bank in the Dallas banking market and holds 0.5 percent of market deposits. Upon consummation of the proposed transaction, First City Bank would hold total deposits of $433.2 million, or 3.7 percent of market deposits. While Applicant's rank in the market would not change, it will become the 16th largest in the state.

Approval of the subject proposal would result in a slight increase in the concentration of banking resources within the Dallas banking market and would remove one independent competitor from the market. Bank's physical plant limits its ability to provide the services expected of a full-service bank and consequently limits its potential to become a full-service competitor within the Dallas banking market. It appears from the above that approval of the subject application would have a slightly negative effect upon competition within the relevant market. Therefore, the Board concludes that competitive considerations associated with the application are slightly adverse.

The Board has examined information of record concerning the financial and managerial resources of Applicant, Bank, and First City Bancorp and concludes that the financial and managerial resources and future prospects of the institutions involved are satisfactory.

In its submissions on the convenience and needs of the community to be served, Applicant has stated that Bank must cease operation after consummation as required by state law but that Applicant intends to maintain a trust office at Bank's location. Applicant therefore warrants that it will offer existing customers of Bank the benefit of the following services in addition to continuing to provide those currently offered by Applicant: increased lending capacity, specialized lending services, trust services, electronic data processing, investment services, and improved facilities. Applicant will provide these services directly or will provide them indirectly through First City Bancorp and its other subsidiaries. In view of Applicant's commitment to offer a wider range of services as a result of the proposed merger, Applicant would thereby provide more banking service alternatives to the community.

After considering the competitive effects associated with the application, the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served, the Board finds that consummation of the proposal would be consistent with the public interest. On the basis of the record and for the reasons summarized above, the application to merge is hereby

1. Unless otherwise noted, all banking data are as of December 31, 1977, and reflect bank holding company formations and acquisitions approved as of February 28, 1979.

2. The Dallas baking market is the relevant market and is approximated by the Dallas RMA.

approved.

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

By order of the Board of Governors, effective May 2, 1979.

Voting for this action: Chairman Miller and Governors Coldwell, Partee, and Teeters. Voting against this action: Governor Wallich.

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

The Ohio Citizens Trust Company,
Toledo, Ohio

The Peoples State Bank,
Wauseon, Ohio

Order Approving Application for Merger of Banks

The Ohio Citizens Trust Company, Toledo, Ohio ("Applicant"), a state member bank of the Federal Reserve System, has applied for the Board's approval, pursuant to the Bank Merger Act (12 U.S.C. § 1828(c)), to merge with The Peoples State Bank, Wauseon, Ohio ("Bank"), under the charter and title of Applicant. Incident to the proposed merger, the existing offices of Bank would become branch offices of the resulting bank.

As required by the Bank Merger Act, notice of the proposed merger was published in a form approved by the Board, and reports on competitive effects were requested from the United States Attorney General, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. A report was submitted by the United States Attorney General and the Comptroller of the Currency.[1] The Board received comment from the Greater Toledo Housing Coalition, Toledo, Ohio ("Protestant"). The Board has considered the application and all comments and reports received in light of the factors set forth in the Bank Merger Act.

Applicant operates 20 offices with aggregate deposits of approximately $392 million and is the 17th largest commercial bank in the state of Ohio, representing 1.0 percent of total deposits in commercial banks in the state.[2] The proposed merger would not appreciably increase Applicant's share of state deposits nor would it significantly increase the concentration of banking resources in the state.

Bank, with deposits of $29.0 million, is the 131st largest bank in the state of Ohio, and operates two offices and has received approval to establish an additional office in the village of Wauseon, a community in the Fulton County banking market, the relevant banking market.[3] Bank is the second largest banking organization in the market controlling 16.2 percent of market deposits. Applicant and Bank are located in separate banking markets, and no significant existing competition would be eliminated between Applicant and Bank by consummation of this proposal.

Although Applicant could enter the Fulton County market by establishing a *de novo* branch, the market does not appear attractive for such entry due to the low per capita income and deposits per banking office in the area. Bank could also enter the market area served by Applicant; however, in light of all the facts of record, it does not appear that Bank could be a viable competitor in that market. In view of the facts discussed above and based upon the record, the Board concludes that consummation of the proposed transaction would have no significant adverse effects on competition in the relevant market.

The financial and managerial resources and future prospects of Applicant are regarded as satisfactory and those of Bank are regarded as generally satisfactory. The financial and managerial resources of the resulting institution would also be satisfactory.

The Board has considered the application in light of the Community Reinvestment Act (12 U.S.C. § 2901) ("CRA") which requires that the Board assess an institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution; and take that record into account in its evaluation of an application (12 U.S.C. § 2903). Applicant has high community-wide[4] levels of conventional lending, and in addition it

1. The United States Attorney General expressed the view that the merger would not have a significantly adverse effect on competition. The Comptroller of the Currency, in its report, stated that the merger would not have a substantially adverse effect on competition.

2. All banking data are as of June 30, 1978.

3. The Fulton County banking market includes all of Fulton County except portions of two townships in the southeastern corner of the county. The market also includes the southern half of Seneca, Fairfield, and Ogden Townships in Lenawee County, Michigan.

4. Pursuant to the Board's Regulation BB (12 CFR 228.3) Applicant delineates its community as all of Lucas County,

participates in a variety of community development programs. However, the Board views certain aspects of Applicant's record of lending to low- and moderate-income neighborhoods with some concern. Protestant, a citizen's organization, contends that Applicant's mortgage and home-improvement lending policies have had the effect of discriminating against minorities and older neighborhoods, and thus believes that Applicant has had a poor record under the CRA. Protestant's contentions are based on its analysis of the data which Applicant provided to it pursuant to the Home Mortgage Disclosure Act of 1975 (12 U.S.C. § 2803), which requires, *inter alia*, disclosure by certain banks of the number and dollar amount of loans originated or purchased during each fiscal year, to be itemized by census tract. Protestant has analyzed the data supplied for the fiscal year 1977 and has concluded that Applicant has not met certain credit needs of the entire community.

An inquiry was conducted by staff of the Board and the Federal Reserve Bank of Cleveland into the allegations made by the Protestant. This investigation disclosed that the lending activity in the low- to moderate-income census tracts was low in certain respects. Several factors, including the percentage of owner-occupied residences in these tracts, a low amount of housing stock in some neighborhoods as a result of urban renewal programs for the older Toledo area and low average income, may have contributed to this result. A review of Applicant's marketing program did not reveal any intent or effort to discourage loan demand from low- to moderate-income neighborhoods. Nonetheless, based on the present record, it does not appear to the Board that Applicant has made a sufficient effort to lend in low- and moderate-income areas.

In view of the Board's concern in this area, the Board has obtained from Applicant a commitment that it will make increased efforts to communicate with members of its community to enable it to serve better the credit needs of low- and moderate-income neighborhoods. Based on this commitment, and other aspects of Applicant's overall record in serving its community, the Board believes that approval of the application is consistent with the purposes of the CRA.

With respect to other convenience and needs considerations, Bank's customers would have access to Applicant's higher lending limit, thereby enabling Bank to meet the credit needs of its large commercial and agricultural customers. In addition, Applicant would offer a number of new and expanded services, including trust services, leasing, cash management and payroll and account reconciliation services. Applicant would also introduce mobile home financing and indirect installment lending at Bank.

Accordingly, the Board regards considerations relating to the convenience and needs of the community to be served, including Applicant's commitment with respect to low- and moderate-income areas, as lending weight towards approval of the application. Based upon the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

On the basis of the record and for the reasons summarized above, the application to merge and, incident thereto, to establish branches, is approved. 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 date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Cleveland pursuant to delegated authority.

By order of the Board of Governors, effective May 31, 1979.

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

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

CERTIFICATIONS PURSUANT TO THE BANK HOLDING COMPANY TAX ACT OF 1976

Hansen-Lawrence Agency, Inc.,
Worden, Montana

Final Certification Pursuant to the Bank Holding Company Tax Act of 1976 [Docket No. TCR 76-166]

Hansen-Lawrence Agency, Inc., Worden, Montana ("Agency"), has requested a final certification pursuant to section 1101(c) of the Internal Revenue Code (the "Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that it has (before the expiration of

---

Perrysburg and Northwood townships in northern Wood County, all in Ohio, and the southeastern corner of Monroe County, Michigan.

the period prohibited property is permitted to be held by a bank holding company under the Bank Holding Company Act (12 U.S.C. § 1841, *et seq.*) ("BHC Act")) disposed of all the property the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act.

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

1. Effective December 28, 1978, the Board issued to Agency a prior certification with respect to its proposed divestiture of all its right, title, and interest to certain real property[2] through the *pro rata* distribution of such property to the common shareholders of Agency. The Board's order certified that:

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

(B) the real property that Agency proposes to distribute to its shareholders is "prohibited property" within the meaning of section 1103(c) of the Code; and

(C) the distribution by Agency of all its right, title, and interest in the real property is necessary or appropriate to effectuate the policies of section 4 of the BHC Act.

2. On December 28, 1978, Agency distributed, on a *pro rata* basis, all its right, title, and interest in the real property to its common shareholders.

3. Following the distribution, Agency retained no interest in the real Property.

4. Agency has represented that it holds no other property the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act.

On the basis of the foregoing information, it is hereby certified that Agency has (before the expiration of the period prohibited property is permitted to be retained under the BHC Act to be held by a bank holding company) disposed of all the property the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective May 15, 1979.

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

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

2. The Real Property at issue is described at page 2 of the Board's Order of December 28, 1978, granting Agency's request for a prior certification.

Lindoe, Inc.,
Pueblo, Colorado

Final Certification Pursuant to the Bank Holding Company Act of 1976 [Docket No. TCR 76-160]

Lindoe, Inc., Pueblo, Colorado ("Lindoe"), has requested a final certification pursuant to section 1101(e) of the Internal Revenue Code (the "Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that it has (before the expiration of the period prohibited property is permitted under the Bank Holding Company Act ("BHC Act") to be held by a bank holding company) disposed of all property the disposition of which is necessary or appropriate to effectuate section 4 of the Act.

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

1. Effective June 13, 1978, the Board issued a prior certification pursuant to section 1101(a) of the Code with respect to Lindoe's proposed divestiture of all its right, title and interest in the Colonial Motel, Estes Park, Colorado, through the pro rata distribution of such property to the shareholders of Lindoe. The Board's order certified that:

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

(B) the Colonial Motel is "prohibited property" within the meaning of section 1103(c) of the Code; and

(C) the distribution by Lindoe of all of its right, title and interest in the Colonial is necessary or appropriate to effectuate section 4 of the BHC Act.

2. On July 1, 1978, Lindoe distributed to its

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

shareholders, on a *pro rata* basis, all of its interest in Colonial Motel. Lindoe does not presently hold any interest in Colonial Motel.

3. The prior certification issued June 13, 1978, was granted upon the representation of Lindoe that it will elect, for purposes of Part VIII of Subchapter O of Chapter 1 of the Code, to have the determination of whether property is "prohibited property" or is property eligible to be distributed without recognition of gain under section 1101(b)(1) of the Code, made under the BHC Act as if such act did not contain, respectively, the proviso of section 4(a)(2) thereof as provided in section 1103(g) of the Code. Lindoe has made such an election by resolution of its board of directors and has filed a written statement with the Board to that effect. Section 1103(g) of the Code provides that a company making such election must dispose of either all banking property or all nonbanking property.

4. Lindoe has represented to the Board that it has disposed of all of its nonbanking property and that it does not presently own or control any nonbanking shares or property or engage in any nonbanking activities.

On the basis of the foregoing information, it is hereby certified that Lindoe has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) disposed of all of the property the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective May 11, 1979.

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

ORDER UNDER SECTION 2 OF THE BANK HOLDING COMPANY ACT

First International Bancshares, Inc.,
Dallas, Texas

Order Granting Determination Under the Bank Holding Company Act

First International Bancshares, Inc., Dallas, Texas ("FIB"), a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended, has requested a determination under section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)), that FIB and its subsidiary, First National Bank in Dallas, Dallas, Texas ("Bank"), are not in fact capable of controlling Mrs. Eleanor Lindsey Love ("Love") an individual residing in Athens, Texas, in connection with a sale to Love by Bank, as successor trustee of the Ellen Lindsey Key Trust ("Trust"), of 70 shares of seven percent of the outstanding voting shares of First State Bank of Kerens, Kerens, Texas ("Kerens Bank"), notwithstanding the fact that Love is indebted to Bank.

Under section 2(g)(3) of the Act shares transferred after January 1, 1966, by any bank holding company to a transferee that is indebted to the transferor are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee. Although the shares of Kerens Bank sold to Love were owned and transferred by Bank, as successor trustee of the Trust, a determination respecting FIB is necessary because under section 2(g)(1) of the Act, FIB is deemed to own directly shares owned by its subsidiary bank. No request for a hearing was made by FIB. FIB has submitted to the Board evidence to support its contention that it, directly or through its subsidiary, Bank, is not in fact capable of controlling Love, and the Board has received no contradictory evidence. Based upon the evidence of record in this matter, it is hereby determined that FIB is not in fact capable of controlling Love.

This determination is based upon the evidence of record in this matter, including the following facts: FIB acquired ownership of the above-described voting shares of Kerens Bank through the qualification of Bank, its subsidiary, as successor trustee to Trust. The only indebtedness of Love to FIB or its subsidiaries is the debt relating to the financing of the sale by Bank to Love of said 70 shares of stock of Kerens Bank; no other agreements exist between Love and FIB, Bank or their affiliates; and FIB and Bank have committed that, in the event they or their affiliate become the owner of the 70 shares of Kerens Bank, they will report that occurrence to the Federal Reserve Bank of Dallas, will place the shares in a trust administered by a trustee acceptable to the Board of Governors, and will apply to retain the shares or dispose of them within one year. Furthermore, Love holds no director, officer or employee position with FIB or any of its subsidiaries. Also, Love personally and independently owns 725 shares of Kerens Bank, free and clear of any indebtedness in favor of FIB, Bank or any other company or person. Finally, resolutions were submitted by the Board's of Directors of FIB, and Bank and an affidavit was submitted by Love, stating that FIB and Bank do not control and in fact are not capable of controlling Love. FIB and Bank also commit to refrain from entering into any future agreements pursuant to which FIB, Bank or any of their affiliates would be capable of controlling Love.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(1)), effective May 31, 1979.

(Signed) GRIFFITH L. GARWOOD,

[SEAL] *Deputy Secretary of the Board.*

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During May 1979 the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	*Bank(s)*	*Board Action (Effective date)*
The Avoca Company, Avoca, Nebraska	Farmers State Bank, Avoca, Nebraska	May 14, 1979
Citizens Bancgroup & Co., St. Ann, Missouri	Citizens National Bank of Greater St. Louis, Maplewood, Missouri	May 9, 1979
Cushing Bancshares, Inc., Cushing, Texas	The First National Bank of Cushing Cushing, Texas	May 25, 1979
Falsbuilding, Inc., Columbia Falls, Montana	United National Bank, Libby, Montana	May 31, 1979
Jacomo Bancshares, Inc., Blue Springs, Missouri	Bank of Jacomo, Blue Springs, Missouri	May 3, 1979
Kent Bancshares, Inc., Kent, Illinois	State Bank of Kent, Kent, Illinois	May 29, 1979
Lindale Bancshares, Inc., Lindale, Texas	Lindale State Bank Lindale, Texas	May 23, 1979
Mainland Bancshares, Inc., La Marque, Texas	First Bank of La Marque, La Marque, Texas	May 1, 1979
National Detroit Corporation, Detroit, Michigan	Peoples Bank and Trust of Alpena, Alpena, Michigan	May 22, 1979
United Bancshares, Inc., Tulsa, Oklahoma	United Bank, Tulsa, Oklahoma	May 11, 1979

Sections 3 and 4

Applicant	Bank(s)	Nonbanking company (or activity)	Board Action (Effective date)
Peoples of Indianola, Inc., Indianola, Mississippi	Peoples Bank of Indianola, Indianola, Mississippi	to engage *de novo* in credit-related insurance agency activities.	May 16, 1979

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
Colonial American Bankshares Corporation, Lynchburg, Virginia	Metropolitan Bank of Central Virginia, Lynchburg, Virginia	Richmond	May 14, 1979
NB Corporation, Charlottesville, Virginia	State Bank of Keysville, Keysville, Virginia	Richmond	May 24, 1979
The Summit Bancorporation, Summit, New Jersey	The Chatham Trust Company, Chatham Township, New Jersey	New York	May 11, 1979

Sections 3 and 4

Applicant	Nonbanking Company (or activity)	Reserve Bank	Effective date
Pittsburgh National Corporation, Pittsburgh, Pennsylvania	to engage *de novo* in the activity of underwriting, as reinsurer, credit life and credit accident and health insurance	Cleveland	May 29, 1979

Order Approved Under Bank Merger Act

Applicant	Bank(s)	Reserve Bank	Effective date
Fidelity American Bank, Norfolk, Virginia	The First National BAnk of Yorktown, Yorktown, Virginia	Richmond	May 30, 1979

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.

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.

Gibraltar Financial Corp. of California v. *Board of Governors*, filed March 1979, U.S.C.A. for the District of Columbia.

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

California Life Corporation v. *Board of Governors*, filed January 1979, U.S.C.A. for the District of Columbia.

Consumers Union of the United States v. *G. William Miller, et al.*, filed December 1978, U.S.D.C. for the District of Columbia.

Ella Jackson et al., v. *Board of Governors*, filed November 1978, U.S.C.A. for the Fifth Circuit.

Manchester-Tower Grove Community Organization/ACORN v. *Board of Governors*, filed September 1978, U.S.C.A. for the District of Columbia.

Beckley v. *Board of Governors*, filed July 1978, U.S.D.C. for the Northern District of Illinois.

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

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

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

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

Citicorp v. *Board of Governors*, filed March 1979, U.S.C.A. for the Second Circuit.

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

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

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

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

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

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

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

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

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

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

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

Financial and Business Statistics

CONTENTS

Domestic Nonfinancial Statistics

International Statistics

1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1978[r] Q2	1978[r] Q3	1978[r] Q4	1979[r] Q1	1978[r] Dec.	1979 Jan.[r]	1979 Feb.[r]	1979 Mar.[r]	1979 Apr.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[13]								
Member bank reserves									
1 Total	6.2	8.6	2.3	2.9	0.1	6.0	21.0	1.8	4.9
2 Required	6.7	8.6	2.1	2.8	0.4	6.6	20.9	3.3	5.5
3 Nonborrowed	.6	6.6	4.6	3.3	4.9	2.2	20.6	1.3	2.8
4 Monetary base[1]	7.6	9.3	8.4	5.7	7.9	8.6	.5	4.6	5.0
Concepts of money[2]									
5 M-1	9.2	7.9	4.1	2.1	2.0	5.0	-3.7	1.3	17.7
6 M-1 +	7.2	6.1	2.6	-5.0	1.2	8.0	6.6	-1.2	11.2
7 M-2	8.4	9.8	7.6	1.8	2.9	1.1	2.3	3.8	14.1
8 M-3	8.4	10.3	9.3	4.7	5.6	2.9	4.8	6.2	11.0
Time and savings deposits									
Commercial banks									
9 Total	11.5	11.3	12.3	8.4	5.3	9.0	8.6	1.4	2.1
10 Savings	3.8	2.9	0.2	9.6	7.0	11.8	-12.0	4.9	0.0
11 Other time	11.4	17.9	18.2	15.6	11.2	12.8	20.0	13.2	20.2
12 Thrift institutions[3]	8.5	11.1	11.6	8.8	9.5	8.3	8.2	9.5	6.8
13 Total loans and investments at commercial banks[4]	14.9	11.8	10.7	11.0	.4	25.3	10.9	5.8	13.6

Item	1978 Q2	1978 Q3	1978 Q4	1979 Q1	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.	1979 May
	Interest rates (levels, percent per annum)								
Short-term rates									
14 Federal funds[5]	7.28	8.09	9.58	10.07	10.07	10.06	10.09	10.01	10.24
15 Federal Reserve discount[6]	6.78	7.50	9.09	9.50	9.50	9.50	9.50	9.50	9.50
16 Treasury bills (3-month market yield)[7]	6.48	7.31	8.57	9.38	9.35	9.32	9.48	9.46	9.61
17 Commercial paper (90- to 119-day)[7,8]	7.16	8.03	9.83	10.04	10.25	9.95	9.90	9.85	9.95
Long-term rates									
Bonds									
18 U.S. government[9]	8.43	8.53	8.78	9.03	8.98	9.03	9.08	9.12	9.21
19 State and local government[10]	6.02	6.16	6.28	6.37	6.47	6.31	6.33	6.29	6.25
20 Aaa utility (new issue)[11]	8.98	8.94	9.23	9.58	9.54	9.53	9.62	9.70	9.83
21 Conventional mortgages[12]	9.58	9.80	10.12	10.33	10.30	10.35	10.35	10.35	n.a.

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

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

M-1 + equals M-1 plus savings deposits at commercial banks, NOW accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

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

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

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

4 Quarterly changes calculated from figures shown in table 1.23.

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

6 Rate for the Federal Reserve Bank of New York.

7 Quoted on a bank-discount basis.

8 Beginning Nov. 1977, unweighted average of offering rates quoted by at least five dealers. Previously, most representative rate quoted by these dealers.

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

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

11 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.

12 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.

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

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for weeks ending						
	1979			1979						
	Mar.	Apr.	May^p	Apr. 18	Apr. 25	May 2	May 9	May 16	May 23^p	May 30^p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**126,356**	**127,462**	**128,599**	**128,366**	**129,404**	**129,474**	**128,381**	**128,308**	**127,949**	**128,654**
2 U.S. government securities[1]	105,359	105,618	106,100	105,648	107,267	106,853	105,663	106,384	106,136	106,000
3 Bought outright	104,707	105,369	106,003	105,648	106,632	106,473	105,663	106,384	106,136	105,763
4 Held under repurchase agreements	652	249	97	0	635	380	0	0	0	237
5 Federal agency securities	7,633	7,515	7,475	7,464	7,610	7,628	7,434	7,434	7,434	7,468
6 Bought outright	7,468	7,464	7,433	7,464	7,464	7,464	7,434	7,434	7,434	7,425
7 Held under repurchase agreements	165	51	42	0	146	164	0	0	0	43
8 Acceptances	152	61	40	0	195	122	0	0	0	91
9 Loans	999	897	1,769	949	991	1,217	1,488	1,759	1,703	2,290
10 Float	5,933	6,518	6,662	7,394	6,468	6,934	7,013	6,090	6,706	6,040
11 Other Federal Reserve assets	6,280	6,853	6,553	6,911	6,874	6,720	6,784	6,641	5,970	6,764
12 Gold stock	11,514	11,435	11,370	11,418	11,418	11,417	11,408	11,354	11,354	11,354
13 Special Drawing Rights certificate account	1,300	1,300	1,413	1,300	1,300	1,300	1,300	1,300	1,300	1,729
14 Treasury currency outstanding	12,050	12,162	12,231	12,167	12,180	12,207	12,209	12,221	12,240	12,256
ABSORBING RESERVE FUNDS										
15 Currency in circulation	111,764	113,369	114,274	113,976	113,492	113,248	113,885	114,363	114,210	114,690
16 Treasury cash holdings	358	392	373	394	401	385	377	357	361	365
Deposits, other than member bank reserves, with Federal Reserve Banks										
17 Treasury	3,204	2,623	3,350	2,072	3,617	3,398	4,134	3,208	2,960	2,916
18 Foreign	276	286	281	323	250	296	302	241	252	312
19 Other	785	673	821	678	649	759	654	617	568	1,431
20 Other Federal Reserve liabilities and capital	4,434	4,340	4,305	4,302	4,506	4,598	4,028	4,234	4,340	4,540
21 Member bank reserves with Federal Reserve Banks	30,399	30,675	30,210	31,504	31,386	31,714	29,918	30,165	30,151	29,739

Factors	End-of-month figures			Wednesday figures						
	1979			1979						
	Mar.	Apr.	May^p	Apr. 18	Apr. 25	May 2	May 9	May 16	May 23^p	May 30^p
SUPPLYING RESERVE FUNDS										
22 **Reserve bank credit outstanding**	**130,681**	**132,175**	**127,634**	**130,164**	**132,633**	**130,471**	**128,150**	**127,711**	**126,237**	**129,644**
23 U.S. government securities[1]	110,940	108,588	106,185	104,465	108,016	105,231	103,991	104,681	104,009	107,701
24 Bought outright	109,260	107,287	106,185	104,465	105,821	105,231	103,991	104,681	104,009	106,871
25 Held under repurchase agreements	1,680	1,301	0	0	2,195	0	0	0	0	830
26 Federal agency securities	7,832	7,613	7,423	7,464	8,095	7,464	7,434	7,434	7,434	7,574
27 Bought outright	7,464	7,464	7,423	7,464	7,464	7,464	7,434	7,434	7,434	7,423
28 Held under repurchase agreements	368	149	0	0	631	0	0	0	0	151
29 Acceptances	204	252	0	0	575	0	0	0	0	319
30 Loans	963	1,256	1,333	3,171	1,527	1,673	2,372	1,908	2,076	3,468
31 Float	4,337	7,361	6,416	8,046	7,381	9,496	7,550	7,598	6,765	4,239
32 Other Federal Reserve assets	6,405	7,105	6,277	7,018	7,039	6,607	6,803	6,090	5,953	6,343
33 Gold stock	11,479	11,416	11,354	11,418	11,418	11,416	11,382	11,354	11,354	11,354
34 Special Drawing Rights certificate account	1,300	1,300	1,800	1,300	1,300	1,300	1,300	1,300	1,300	1,800
35 Treasury currency outstanding	12,114	12,242	12,289	12,177	12,183	12,205	12,218	12,225	12,251	12,268
ABSORBING RESERVE FUNDS										
36 Currency in circulation	111,988	113,234	115,270	114,177	113,671	113,772	114,504	114,635	114,497	115,346
37 Treasury cash holdings	385	370	357	394	387	388	367	351	384	361
Deposits, other than member bank reserves, with Federal Reserve Banks										
38 Treasury	5,726	3,100	1,974	4,868	4,067	4,569	2,944	3,398	3,259	2,443
39 Foreign	303	388	407	252	275	304	282	245	218	334
40 Other	708	813	852	682	692	687	727	569	642	735
41 Other Federal Reserve liabilities and capital	4,750	4,641	4,715	4,364	4,632	3,967	4,087	4,290	4,364	4,670
42 Member bank reserves with Federal Reserve Banks	31,714	34,587	29,503	30,321	33,809	31,706	30,139	29,102	27,778	31,177

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.

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

1.12 RESERVES AND BORROWINGS Member Banks

Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1977	1978				1979				
	Dec.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May p
All member banks										
Reserves										
1 At Federal Reserve Banks	27,057	28,010	28,701	29,853	31,158	31,935	30,485	30,399	30,675	30,210
2 Currency and coin	9,351	9,605	9,654	9,794	10,330	11,093	10,074	9,776	9,737	10,045
3 Total held[1]	36,471	37,689	38,434	39,728	41,572	43,167	40,703	40,316	40,546	40,382
4 Required	36,297	37,614	38,222	39,423	41,447	42,865	40,494	40,059	40,548	40,098
5 Excess[1]	174	75	212	305	125	302	209	257	−2	284
Borrowings at Federal Reserve Banks[2]										
6 Total	558	1,068	1,261	722	874	994	973	999	897	1,769
7 Seasonal	54	191	221	185	134	112	114	121	134	175
Large banks in New York City										
8 Reserves held	6,244	6,182	6,428	6,682	7,120	7,808	6,995	6,892	6,804	6,553
9 Required	6,279	6,251	6,349	6,658	7,243	7,690	6,976	6,845	6,837	6,545
10 Excess	−35	−69	79	24	−123	118	19	47	−33	8
11 Borrowings[2]	48	78	157	48	99	117	....	45	61	150
Large banks in Chicago										
12 Reserves held	1,593	1,655	1,672	1,791	1,907	2,011	1,824	1,822	1,801	1,649
13 Required	1,613	1,650	1,649	1,765	1,900	2,010	1,823	1,809	1,824	1,712
14 Excess	−20	5	23	26	7	1	1	13	−23	−63
15 Borrowings[2]	26	35	14	4	10	23	10	26	18	59
Other large banks										
16 Reserves held	13,993	14,564	14,862	15,547	16,446	16,942	16,055	15,844	15,948	15,812
17 Required	13,931	14,541	14,867	15,447	16,342	16,923	16,018	15,802	16,014	15,891
18 Excess	62	23	−5	100	104	19	37	42	−66	−79
19 Borrowings[2]	243	363	408	194	276	269	275	215	271	712
All other banks										
20 Reserves held	14,641	15,288	15,472	15,708	16,099	16,406	15,829	15,758	15,993	15,978
21 Required	14,474	15,172	15,357	15,553	15,962	16,242	15,677	15,603	15,873	15,950
22 Excess	167	116	115	155	137	164	152	155	120	28
23 Borrowings[2]	241	592	682	476	489	585	688	713	547	848

Reserve classification	Weekly averages of daily figures for weeks ending									
	1979									
	Mar. 28	Apr. 4	Apr. 11	Apr. 18	Apr. 25	May 2	May 9	May 16	May 23p	May 30p
All member banks										
Reserves										
24 At Federal Reserve Banks	30,040	30,519	29,243	31,504	31,386	31,714	29,918	30,165	30,151	29,739
25 Currency and coin	9,760	9,776	10,071	9,650	9,309	9,963	10,537	10,315	9,378	9,962
26 Total held[1]	39,941	40,430	39,448	41,288	40,829	41,811	40,588	40,607	39,652	39,823
27 Required	39,858	40,042	39,292	41,130	40,716	41,661	40,514	40,350	39,611	39,585
28 Excess[1]	83	388	156	158	113	150	74	257	41	238
Borrowings at Federal Reserve Banks[2]										
29 Total	1,082	867	628	949	991	1,217	1,488	1,759	1,703	2,290
30 Seasonal	134	130	119	128	141	163	161	162	172	199
Large banks in New York City										
31 Reserves held	6,617	7,035	6,597	7,137	6,664	6,885	6,605	6,712	6,303	6,350
32 Required	6,648	6,959	6,601	7,130	6,710	6,836	6,634	6,686	6,447	6,354
33 Excess	−31	76	−4	7	−46	49	−29	26	−144	−4
34 Borrowings[2]	55	0	0	175	11	99	89	154	54	344
Large banks in Chicago										
35 Reserves held	1,779	1,819	1,768	1,983	1,727	1,825	1,701	1,762	1,562	1,629
36 Required	1,783	1,804	1,778	1,977	1,732	1,819	1,707	1,757	1,667	1,693
37 Excess	−4	15	−10	6	−5	6	−6	5	−105	−64
38 Borrowings[2]	0	0	0	69	0	9	132	0	36	93
Other large banks										
39 Reserves held	15,740	15,795	15,459	16,235	16,189	16,564	16,092	16,092	15,611	15,332
40 Required	15,730	15,660	15,474	16,239	16,122	16,584	16,092	16,029	15,629	15,666
41 Excess	10	135	−15	−4	67	−20	0	63	−18	−334
42 Borrowings[2]	213	164	199	244	390	390	564	763	800	806
All other banks										
43 Reserves held	15,805	15,781	15,624	15,933	16,249	16,537	16,190	16,041	15,874	15,874
44 Required	15,697	15,619	15,439	15,784	16,152	16,422	16,081	15,878	15,868	15,872
45 Excess	108	162	185	149	97	115	109	163	6	2
46 Borrowings[2]	814	703	429	461	590	719	703	842	813	1,047

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

2 Based on closing figures.

1.13 FEDERAL FUNDS TRANSACTIONS Money Market Banks

Millions of dollars, except as noted

Type	Apr. 4	Apr. 11	Apr. 18	Apr. 25	May 2	May 9	May 16	May 23	May 30
	1979, week ending Wednesday								
	Total, 46 banks								
Basic reserve position									
1 Excess reserves[1]	136	80	60	48	39	−10	35	37	31
LESS:									
2 Borrowings at Federal Reserve Banks	26	25	307	169	194	309	338	411	696
3 Net interbank federal funds transactions	16,732	22,233	21,461	18,974	16,045	17,799	16,958	17,047	15,474
EQUALS: Net surplus, or deficit (−)									
4 Amount	−16,622	−22,179	−21,707	−19,095	16,201	−18,117	−17,261	−17,421	−16,138
5 Percent of average required reserves	96.6	132.7	121.3	111.6	92.1	107.1	101.1	105.8	98.0
Interbank federal funds transactions									
Gross transactions									
6 Purchases	24,440	28,231	27,904	25,501	23,662	24,622	23,598	23,212	23,585
7 Sales	7,707	5,997	6,443	6,527	7,616	6,824	6,640	6,166	8,111
8 Two-way transactions[2]	6,147	5,643	5,976	4,993	5,854	5,645	5,285	5,224	5,824
Net transactions									
9 Purchases of net buying banks	18,293	22,588	21,929	20,509	17,808	18,977	18,312	17,988	17,761
10 Sales of net selling banks	1,561	354	467	1,534	1,762	1,178	1,354	942	2,287
Related transactions with U.S. government securities dealers									
11 Loans to dealers[3]	4,182	5,657	4,186	3,578	3,832	4,216	3,827	4,001	3,591
12 Borrowing from dealers[4]	1,700	1,402	1,498	1,978	1,808	2,179	2,428	1,776	1,870
13 Net loans	2,482	4,257	2,688	1,600	2,023	2,037	1,399	2,226	1,722
	8 banks in New York City								
Basic reserve position									
14 Excess reserves[1]	65	40	52	−5	35	−14	18	−28	51
LESS:									
15 Borrowings at Federal Reserve Banks	....	....	172	11	....	14	79	54	344
16 Net interbank federal funds transactions	3,987	6,274	5,344	5,090	3,130	3,284	3,340	3,102	2,874
EQUALS: Net surplus, or deficit (−)									
17 Amount	3,923	−6,234	−5,463	−5,105	−3,095	−3,312	−3,401	−3,183	−3,167
18 Percent of average required reserves	62.0	104.2	84.9	84.4	50.1	55.3	56.3	54.9	55.3
Interbank federal funds transactions									
Gross transactions									
19 Purchases	5,057	7,086	6,653	6,071	4,527	4,668	4,688	4,174	4,521
20 Sales	1,070	812	1,309	981	1,398	1,384	1,348	1,072	1,647
21 Two-way transactions[2]	1,070	812	1,310	981	1,398	1,328	1,348	1,065	1,361
Net transactions									
22 Purchases of net buying banks	3,987	6,274	5,344	5,090	3,129	3,340	3,341	3,109	3,160
23 Sales of net selling banks	....	....	....	....	....	56	....	8	286
Related transactions with U.S. government securities dealers									
24 Loans to dealers[3]	2,159	3,179	1,872	1,753	1,990	2,180	1,827	2,027	1,387
25 Borrowing from dealers[4]	606	589	539	678	611	916	895	610	541
26 Net loans	1,553	2,590	1,333	1,076	1,380	1,264	932	1,418	846
	38 banks outside New York City								
Basic reserve position									
27 Excess reserves[1]	71	40	8	53	4	5	17	65	−19
LESS:									
28 Borrowings at Federal Reserve Banks	26	25	135	159	194	295	259	357	352
29 Net interbank federal funds transactions	12,745	15,960	16,117	13,884	12,916	14,515	13,618	13,945	12,600
EQUALS: Net surplus, or deficit (−)									
30 Amount	12,700	−15,945	−16,245	−13,990	−13,106	−14,805	−13,859	−14,238	−12,971
31 Percent of average required reserves	116.8	148.6	141.8	126.4	114.8	135.6	125.6	133.4	120.8
Interbank federal funds transactions									
Gross transactions									
32 Purchases	19,383	21,145	21,251	19,431	19,134	19,955	18,909	19,039	19,064
33 Sales	6,638	5,185	5,134	5,546	6,219	5,440	5,292	5,093	6,464
34 Two-way transactions[2]	5,077	4,831	4,667	4,012	4,456	4,317	3,938	4,159	4,463
Net transactions									
35 Purchases of net buying banks	14,306	16,314	16,584	15,419	14,678	15,637	14,972	14,879	14,601
36 Sales of net selling banks	1,561	354	467	1,534	1,762	1,122	1,354	934	2,001
Related transactions with U.S. government securities dealers									
37 Loans to dealers[3]	2,023	2,480	2,314	1,825	1,841	2,036	2,001	1,974	2,205
38 Borrowing from dealers[4]	1,094	813	959	1,301	1,197	1,263	1,533	1,166	1,329
39 Net loans	929	1,667	1,355	524	644	773	467	808	876

For notes see end of table.

1.13 Continued

Type	1979, week ending Wednesday								
	Apr. 4	Apr. 11	Apr. 18	Apr. 25	May 2	May 9	May 16	May 23	May 30
	5 banks in City of Chicago								
Basic reserve position									
40 Excess reserves[1]	10	1	7	....	5	1	3	26	5
LESS:									
41 Borrowings at Federal Reserve Banks	....	....	64	....	....	126	....	36	91
42 Net interbank federal funds transactions	5,501	6,210	7,073	5,926	5,720	5,741	5,732	5,223	6,112
EQUALS: Net surplus, or deficit (–)									
43 Amount	5,491	6,210	-7,130	-5,926	5,715	5,867	5,729	5,232	6,198
44 Percent of average required reserves	325.4	373.6	383.9	366.8	336.1	368.9	349.4	336.5	392.3
Interbank federal funds transactions									
Gross transactions									
45 Purchases	6,711	7,407	6,711	7,124	6,992	6,951	6,988	6,544	7,378
46 Sales	1,211	1,197	1,211	1,198	1,272	1,211	1,256	1,321	1,266
47 Two-way transactions[2]	1,188	1,170	1,188	1,167	1,272	1,211	1,256	1,321	1,266
Net transactions									
48 Purchases of net buying banks	5,524	6,237	5,524	5,957	5,720	5,741	5,732	5,222	6,112
49 Sales of net selling banks	23	27	23	31	....	....	....	....	....
Related transactions with U.S. government securities dealers									
50 Loans to dealers[3]	608	647	608	387	337	408	431	446	621
51 Borrowing from dealers[4]	26	2	26	15	12	....	15	....	....
52 Net loans	583	645	583	327	326	408	416	446	621
	33 other banks								
Basic reserve position									
53 Excess reserves[1]	62	39	1	53	1	5	14	38	24
LESS:									
54 Borrowings at Federal Reserve Banks	26	25	71	159	194	169	259	321	260
55 Net interbank federal funds transactions	7,245	9,749	9,044	7,959	7,196	8,774	7,886	8,723	6,488
EQUALS: Net surplus, or deficit (–)									
56 Amount	7,209	-9,735	-9,114	8,064	7,391	8,938	8,130	9,006	6,773
57 Percent of average required reserves	78.5	107.4	95.0	85.4	76.1	95.8	86.6	98.8	73.9
Interbank federal funds transactions									
Gross transactions									
58 Purchases	12,672	13,737	12,672	12,307	12,143	13,003	11,922	12,495	11,686
59 Sales	5,427	3,988	5,427	4,348	4,947	4,229	4,036	3,772	5,198
60 Two-way transactions[2]	3,889	3,661	3,889	2,846	3,184	3,107	2,682	2,838	3,197
Net transactions									
61 Purchases of net buying banks	8,782	10,077	8,782	9,461	8,959	9,897	9,240	9,657	8,489
62 Sales of net selling banks	1,538	327	1,538	1,502	1,762	1,122	1,354	934	2,001
Related transactions with U.S. government securities dealers									
63 Loans to dealers[3]	1,415	1,833	1,415	1,438	1,504	1,628	1,570	1,528	1,584
64 Borrowing from dealers[4]	1,068	811	1,068	1,286	1,186	1,263	1,518	1,166	1,329
65 Net loans	347	1,022	347	152	318	365	51	362	255

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

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

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

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

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Loans to member banks									Loans to all others under sec. 13, last par.[4]		
	Under secs. 13 and 13a[1]			Under sec. 10(b)[2]								
				Regular rate			Special rate[3]					
	Rate on 5/31/79	Effective date	Previous rate	Rate on 5/31/79	Effective date	Previous rate	Rate on 5/31/79	Effective date	Previous rate	Rate on 5/31/79	Effective date	Previous rate
Boston	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
New York	9½	11/1/78	8½	10	11/1/78	9	10½	11/1/78	9½	12½	11/1/78	11½
Philadelphia	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
Cleveland	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
Richmond	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
Atlanta	9½	11/3/78	8½	10	11/3/78	9	10½	11/3/78	9½	12½	11/3/78	11½
Chicago	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
St. Louis	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
Minneapolis	9½	11/1/78	8½	10	11/1/78	9	10½	11/1/78	9½	12½	11/1/78	11½
Kansas City	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
Dallas	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
San Francisco	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½

Range of rates in recent years[5]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1970	5½	5½
1971—Jan. 8	5¼-5½	5¼
15	5¼	5¼
19	5-5¼	5¼
22	5-5¼	5
29	5	5
Feb. 13	4¾-5	5
19	4¾	4¾
July 16	4¾-5	5
23	5	5
Nov 11	4¾-5	5
19	4¾	4¾
Dec. 13	4½-4¾	4¾
17	4½-4¾	4½
24	4½	4½
1973—Jan. 15	5	5
Feb. 26	5-5½	5½
Mar. 2	5½	5½
Apr. 23	5½-5¾	5½

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1973—May 4	5¾	5¾
11	5¾-6	6
18	6	6
June 11	6-6½	6½
15	6½	6½
July 2	7	7
Aug. 14	7-7½	7½
23	7½	7½
1974—Apr. 25	7½-8	8
30	8	8
Dec. 9	7¾-8	7¾
16	7¾	7¾
1975—Jan. 6	7¼-7¾	7¾
10	7¼-7¾	7¼
24	7¼	7¼
Feb. 5	6¾-7¼	6¾
7	6¾	6¾
Mar. 10	6¼-6¾	6¼
14	6¼	6¼
May 16	6-6¼	6
23	6	6

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1976—Jan. 19	5½-6	5½
23	5½	5½
Nov. 22	5¼-5½	5¼
26	5¼	5¼
1977—Aug. 30	5¼-5¾	5¼
31	5¼-5¾	5¾
Sept. 2	5¾	5¾
Oct. 26	6	6
1978—Jan. 9	6-6½	6½
20	6½	6½
May 11	6½-7	7
12	7	7
July 3	7-7¼	7¼
10	7¼	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8-8½	8½
20	8½	8½
Nov. 1	8½-9½	9½
3	9½	9½
In effect May 31, 1979	9½	9½

1 Discounts of eligible paper and advances secured by such paper or by U.S. government obligations or any other obligations eligible for Federal Reserve Bank purchase.

2 Advances secured to the satisfaction of the Federal Reserve Bank. Advances secured by mortgages on 1- to 4-family residential property are made at the section 13 rate.

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

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

5 Rates under secs. 13 and 13a (as described above). For description and earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941*, ~~*Banking and Monetary Statistics*~~, *1941–1970*, *Annual Statistical Digest, 1971–75, 1972–76*, and *1973–77*.

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect May 31, 1979		Previous requirements	
	Percent	Effective date	Percent	Effective date
Net demand[2]				
0–2	7	12/30/76	7½	2/13/75
2–10	9½	12/30/76	10	2/13/75
10–100	11¾	12/30/76	12	2/13/75
100–400	12¾	12/30/76	13	2/13/75
Over 400	16¼	12/30/76	16½	2/13/75
Time and savings[2, 3, 4]				
Savings	3	3/16/67	3½	3/2/67
Time[5]				
0–5, by maturity				
30–179 days	3	3/16/67	3½	3/2/67
180 days to 4 years	2½	1/8/76	3	3/16/67
4 years or more	1	10/30/75	3	3/16/67
Over 5, by maturity				
30–179 days	6	12/12/74	5	10/1/70
180 days to 4 years	2½	1/8/76	3	12/12/74
4 years or more	1	10/30/75	3	12/12/74

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

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

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

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

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

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

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

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

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

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

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

Percent per annum

Type and maturity of deposit	Commercial banks: In effect May 31, 1979: Percent	Commercial banks: In effect May 31, 1979: Effective date	Commercial banks: Previous maximum: Percent	Commercial banks: Previous maximum: Effective date	Savings and loan associations and mutual savings banks: In effect May 31, 1979: Percent	Savings and loan associations and mutual savings banks: In effect May 31, 1979: Effective date	Savings and loan associations and mutual savings banks: Previous maximum: Percent	Savings and loan associations and mutual savings banks: Previous maximum: Effective date
1 Savings	5	7/1/73	4½	1/21/70	5¼	(7)	5	(8)
2 Negotiable order of withdrawal accounts[1]	5	1/1/74	(10)	....	5	1/1/74	(10)	....
3 Money market time deposits of less than $100,000[2]	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)
Time (multiple- and single-maturity unless otherwise indicated)[3]								
30–89 days								
4 Mutiple-maturity	5	7/1/73	4¼	1/21/70	(10)	....	(10)	....
5 Single-maturity			5	9/26/66				
90 days to 1 year								
6 Mutiple-maturity	5½	7/1/73	5	7/20/66	5¾	(7)	5¼	1/21/70
7 Single-maturity				9/26/66				
8 1 to 2 years[4]	6	7/1/73	5½	1/21/70	6½	(7)	5¾	1/21/70
9 2 to 2½ years[4]			5¾	1/21/70			6	1/21/70
10 2½ to 4 years[4]	6½	7/1/73	5¾	1/21/70	6¾	(7)	6	1/21/70
11 4 to 6 years[5]	7¼	11/1/73	(11)	....	7½	11/1/73	(11)	....
12 6 to 8 years[5]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
13 8 years or more[5]	7¾	6/1/78	(10)	....	8	6/1/78	(10)	....
14 Issued to governmental units (all maturities)	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
15 Individual retirement accounts and Keogh (H.R. 10) plans[6]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77

1 For authorized states only. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks 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.

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

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

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

5 $1,000 minimum except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) Plan established pursuant to the Internal Revenue Code. The $1,000 minimum requirement was removed for such accounts in December 1975 and November 1976, respectively.

6 3-year minimum maturity.

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

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

9 Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978. The ceiling rate for commercial banks is the discount rate on most recently issued 6-month U.S. Treasury bills. Until March 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 6-month Treasury bill rate is 9 percent or more. The full differential is in effect when the 6-month bill rate is 8¾ percent or less. Thrift institutions may pay a maximum 9 percent when the 6-month bill rate is between 8¾ and 9 percent. Also effective March 15, 1979, interest compounding was prohibited on money market time deposits at all offering institutions. For both commercial banks and thrift institutions, the maximum allowable rates in May were as follows: May 3, 9.570; May 10, 9.617; May 17, 9.459; May 24, 9.602; May 31, 9.409.

10 No separate account category.

11 Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of $1,000; however, the amount of such certificates that an institution could issue was limited to 5 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 denominations of $1,000. There is no limitation on the amount of these certificates that banks can issue.

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1976	1977	1978	1978			1979			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched sale–purchase transactions)										
Treasury bills										
1 Gross purchases	14,343	13,738	16,628	1,978	2,039	0	0	0	2,012	[2] 2,361
2 Gross sales	8,462	7,241	13,725	2,148	3,587	2,751	3,758	228	475	100
3 Redemptions	[2] 5,017	2,136	2,033	0	603	0	500	400	400	[2] 1,240
Others within 1 year[1]										
4 Gross purchases	472	3,017	1,184	73	139	0	0	48	2,600	0
5 Gross sales	0	0	0	0	0	0	0	0	0	0
6 Exchange, or maturity shift	792	4,499	-5,170	385	778	705	673	-30	724	439
7 Redemptions	0	2,500	0	0	0	0	0	0	0	[2] 3,240
1 to 5 years										
8 Gross purchases	[2] 3,202	2,833	4,188	507	628	0	0	426	0	[2] 640
9 Gross sales	177	0	0	0	0	0	0	0	0	0
10 Exchange, or maturity shift	-2,588	6,649	-178	385	-657	705	673	2,205	-724	439
5 to 10 years										
11 Gross purchases	1,048	758	1,526	87	163	0	0	134	0	0
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Exchange, or maturity shift	1,572	584	2,803	0	835	0	0	-2,975	0	0
Over 10 years										
14 Gross purchases	642	553	1,063	139	108	0	0	93	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Exchange, or maturity shift	225	1,565	2,545	0	600	0	0	800	0	0
All maturities[1]										
17 Gross purchases	[2] 19,707	20,898	24,591	2,785	3,075	0	0	700	4,612	[2] 3,000
18 Gross sales	8,639	7,241	13,725	2,148	3,587	2,751	3,758	228	475	100
19 Redemptions	[2] 5,017	4,636	2,033	0	603	0	500	400	400	[2] 4,480
Matched sale–purchase transactions										
20 Gross sales	196,078	425,214	511,126	35,112	40,785	52,661	64,691	56,291	61,669	62,362
21 Gross purchases	196,579	423,841	510,854	36,106	40,546	51,586	60,750	58,426	63,707	61,968
Repurchase agreements										
22 Gross purchases	232,891	178,683	151,618	18,976	7,719	8,133	3,117	6,931	11,817	5,784
23 Gross sales	230,355	180,535	152,436	20,565	8,383	7,049	4,201	6,931	10,137	6,163
24 Net change in U.S. government securities	9,087	5,798	7,743	43	-2,017	2,743	9,283	2,207	7,454	-2,352
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
25 Gross purchases	891	1,433	301	0	0	0	0	0	0	0
26 Gross sales	0	0	173	0	0	0	379	20	0	0
27 Redemptions	169	223	235	12	39	3	10	*	23	*
Repurchase agreements										
28 Gross purchases	10,520	13,811	40,567	6,675	2,544	4,307	713	1,152	2,851	1,173
29 Gross sales	10,360	13,638	40,885	7,196	2,670	4,174	846	1,152	2,482	1,392
30 Net change in federal agency obligations	882	1,383	-426	-533	-165	130	522	-20	345	219
BANKERS ACCEPTANCES										
31 Outright transactions, net	-545	196	0	0	0	0	0	0	0	0
32 Repurchase agreements, net	410	159	366	-479	-236	587	-587	0	204	48
33 Net change in bankers acceptances	-135	-37	-366	-479	-236	587	587	0	204	48
34 Total net change in System Open Market Account	**9,833**	**7,143**	**6,951**	**969**	**-2,419**	**-2,026**	**10,392**	**2,187**	**8,003**	**2,524**

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

2 In 1976, the System acquired $189 million of 2-year Treasury notes in exchange for maturing bills. In April 1979, the System acquired $640 million of 2-day cash management bills in exchange for maturing 2-year notes. New 2-year notes were later obtained in exchange for the maturing bills. Each of these transactions is treated in the table as both a purchase and a redemption.

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

	Account	Wednesday					End of month		
		1979					1979		
		May 2	May 9	May 16	May 23p	May 30p	Mar.	Apr.	May p
		Consolidated condition statement							
	ASSETS								
1	Gold certificate account	11,416	11,382	11,354	11,354	11,354	11,479	11,416	11,354
2	Special drawing rights certificate account	1,300	1,300	1,300	1,300	1,800	1,300	1,300	1,800
3	Coin	392	400	409	417	412	395	405	411
	Loans								
4	Member bank borrowings	1,673	2,372	1,908	2,076	3,468	963	1,256	1,333
5	Other	0	0	0	0	0	0	0	0
	Acceptances								
6	Bought outright	0	0	0	0	0	0	0	0
7	Held under repurchase agreements	0	0	0	0	319	204	252	0
	Federal agency obligations								
8	Bought outright	7,464	7,434	7,434	7,434	7,423	7,464	7,464	7,423
9	Held under repurchase agreements	0	0	0	0	151	368	149	0
	U.S. government securities								
	Bought outright								
10	Bills	37,212	35,972	36,662	35,990	38,852	38,641	39,268	38,166
11	Certificates—Special	0	0	0	0	0	2,600	0	0
12	Other	0	0	0	0	0	0	0	0
13	Notes	54,662	54,662	54,462	54,462	54,462	54,662	54,662	54,462
14	Bonds	13,357	13,357	13,557	13,557	13,557	13,357	13,357	13,557
15	Total[1]	105,231	103,991	104,681	104,009	106,871	109,260	107,287	106,185
16	Held under repurchase agreements	0	0	0	0	830	1,680	1,301	0
17	**Total U.S. government securities**	**105,231**	**103,991**	**104,681**	**104,009**	**107,701**	**110,940**	**108,588**	**106,185**
18	**Total loans and securities**	**114,368**	**113,797**	**114,023**	**113,519**	**119,062**	**119,939**	**117,709**	**114,941**
19	Cash items in process of collection	17,358	13,563	15,028	12,855	13,919	10,271	13,266	12,808
20	Bank premises	397	397	397	397	395	396	397	395
	Other assets								
21	Denominated in foreign currencies[2]	3,745	3,745	3,680	3,680	3,680	3,754	3,745	3,664
22	All other	2,465	2,661	2,013	1,876	2,268	2,255	2,963	2,218
23	**Total assets**	**151,441**	**147,245**	**148,204**	**145,398**	**152,890**	**149,789**	**151,201**	**147,591**
	LIABILITIES								
24	Federal Reserve notes	102,346	103,053	103,170	103,047	103,851	100,654	101,767	103,748
	Deposits								
25	Member bank reserves	31,706	30,139	29,102	27,778	31,177	31,714	34,587	29,503
26	U.S. Treasury—General account	4,569	2,944	3,398	3,259	2,443	5,726	3,100	1,974
27	Foreign	304	282	245	218	334	303	388	407
28	Other	687	727	569	642	735	708	813	852
29	**Total deposits**	**37,266**	**34,092**	**33,314**	**31,897**	**34,689**	**38,451**	**38,888**	**32,736**
30	Deferred availability cash items	7,862	6,013	7,430	6,090	9,680	5,934	5,905	6,392
31	Other liabilities and accrued dividends[3]	1,682	1,632	1,661	1,561	1,719	1,795	1,663	1,673
32	**Total liabilities**	**149,156**	**144,790**	**145,575**	**142,595**	**149,939**	**146,834**	**148,223**	**144,549**
	CAPITAL ACCOUNTS								
33	Capital paid in	1,116	1,117	1,115	1,117	1,123	1,113	1,117	1,124
34	Surplus	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078
35	Other capital accounts	91	260	436	608	750	764	783	840
36	**Total liabilities and capital accounts**	**151,441**	**147,245**	**148,204**	**145,398**	**152,890**	**149,789**	**151,201**	**147,591**
37	MEMO: Marketable U.S. government securities held in custody for foreign and international account	83,902	81,774	80,003	78,151	75,972	89,184	84,423	76,123
		Federal Reserve note statement							
38	Federal Reserve notes outstanding (issued to Bank)	115,868	115,759	115,982	116,400	116,521	114,135	115,604	116,615
	Collateral held against notes outstanding								
39	Gold certificate account	11,416	11,382	11,354	11,354	11,354	11,479	11,416	11,354
40	Special Drawing Rights certificate account	1,300	1,300	1,300	1,300	1,800	1,300	1,300	1,800
41	Eligible paper	1,284	1,969	1,742	1,823	2,585	845	986	1,182
42	U.S. government securities	101,868	101,108	101,586	101,923	100,782	100,511	101,902	102,279
43	**Total collateral**	**115,868**	**115,759**	**115,982**	**116,400**	**116,521**	**114,135**	**115,604**	**116,615**

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

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

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday 1979					End of month 1979		
	May 2	May 9	May 16	May 23	May 30	Mar. 31	Apr. 30	May 31
1 **Loans**	1,672	2,371	1,910	2,076	3,468	964	1,255	1,333
2 Within 15 days	1,582	2,278	1,840	2,032	3,439	905	1,211	1,261
3 16 days to 90 days	90	93	70	44	29	59	44	72
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 **Acceptances**	0	0	0	0	319	204	252	0
6 Within 15 days	0	0	0	0	319	204	252	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**	105,231	103,991	104,681	104,009	107,701	110,940	108,588	106,185
10 Within 15 days[1]	3,711	3,322	2,734	4,042	3,601	7,663	5,284	597
11 16 days to 90 days	16,230	15,149	15,784	16,069	19,267	20,031	18,905	19,267
12 91 days to 1 year	28,004	28,234	33,599	31,333	32,268	25,595	27,113	33,694
13 Over 1 year to 5 years	33,843	33,843	28,571	28,572	28,572	34,208	33,843	28,634
14 Over 5 years to 10 years	11,875	11,875	12,225	12,225	12,225	11,875	11,875	12,225
15 Over 10 years	11,568	11,568	11,768	11,768	11,768	11,568	11,568	11,768
16 **Federal agency obligations**	7,464	7,434	7,434	7,434	7,574	7,832	7,613	7,423
17 Within 15 days[1]	30	0	202	253	385	393	211	234
18 16 days to 90 days	604	644	442	391	357	553	604	357
19 91 days to 1 year	977	937	937	937	793	994	945	793
20 Over 1 year to 5 years	3,507	3,507	3,507	3,507	3,776	3,509	3,507	3,776
21 Over 5 years to 10 years	1,571	1,571	1,571	1,571	1,488	1,573	1,571	1,488
22 Over 10 years	775	775	775	775	775	810	775	775

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	1975	1976	1977	1978 Dec.[r]	1979 Jan.[r]	1979 Feb.[r]	1979 Mar.	1979 Apr.
	Debits to demand deposits [2] (seasonally adjusted)							
1 All commercial banks	25,028.5	29,180.4	34,322.8	41,783.3	44,598.7	43,878.3	44,920.4	46,612.2
2 Major New York City banks	9,670.7	11,467.2	13,860.6	14,661.7	16,345.5	15,432.8	15,644.9	16,898.7
3 Other banks	15,357.8	17,713.2	20,462.2	27,121.6	28,253.1	28,445.5	29,275.5	29,713.5
	Debits to savings deposits [3] (not seasonally adjusted)							
4 All customers	....	....	174.0	445.1	583.5	448.4	598.3	698.0
5 Business [1]	....	....	21.7	68.4	73.7	54.1	76.1	71.7
6 Others	....	....	152.3	376.8	509.8	394.3	522.2	626.4
	Demand deposit turnover [2] (seasonally adjusted)							
7 All commercial banks	105.3	116.8	129.2	139.3	151.2	150.4	154.4	156.8
8 Major New York City banks	356.9	411.6	503.0	520.4	584.2	565.1	571.8	618.4
9 Other banks	72.9	79.8	85.9	99.8	105.8	107.6	111.1	110.1
	Savings deposit turnover [3] (not seasonally adjusted)							
10 All customers	....	....	1.6	2.0	2.7	2.1	2.8	3.2
11 Business [1]	....	....	4.1	6.0	6.8	5.3	7.4	7.0
12 Others	....	....	1.5	1.8	2.5	1.9	2.5	3.0

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

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

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

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

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1975 Dec.	1976 Dec.	1977 Dec.	1978 Dec.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.
	Seasonally adjusted									
MEASURES[1]										
1 M-1	295.4	313.8	338.7	361.2	360.6	361.2	359.7	358.6	359.0	364.3
2 M-1+	456.8	517.2	560.6	587.1	587.7	587.1	583.2	580.0	579.4	584.8
3 M-2	664.8	740.6	809.4	875.8	873.7	875.8	875.0	876.7	879.5	889.8
4 M-3	1,092.4	1,235.6	1,374.3	1,500.1	1,493.1	1,500.1	1,503.7	1,509.7	1,517.5	1,531.4
5 M-4	745.8	803.0	883.1	972.4	969.1	972.4	975.5	978.8	978.5	984.8
6 M-5	1,173.5	1,298.0	1,448.0	1,596.7	1,588.6	1,596.7	1,604.2	1,611.8	1,616.5	1,626.4
COMPONENTS										
7 Currency	73.8	80.8	88.6	97.5	96.6	97.5	98.2	98.9	99.4	100.2
Commercial bank deposits										
8 Demand	221.7	233.0	250.1	263.7	264.0	263.7	261.5	259.7	259.5	264.1
9 Time and savings	450.3	489.2	544.4	611.2	608.5	611.2	615.8	620.2	619.5	620.6
10 Savings	160.7	202.1	219.7	223.0	224.3	223.0	220.8	218.6	217.7	217.7
11 Negotiable CDs[2]	81.0	62.4	73.7	96.6	95.4	96.6	100.5	102.1	99.0	95.0
12 Other time	208.6	224.7	251.0	291.5	288.8	291.5	294.6	299.5	302.8	307.9
13 Nonbank thrift institutions[3]	427.7	495.0	564.9	624.4	619.5	624.4	628.7	633.0	638.0	641.6
	Not seasonally adjusted									
MEASURES[1]										
14 M-1	303.9	322.6	348.2	371.3	362.6	371.3	365.4	351.9	353.7	367.4
15 M-1+	463.6	524.2	568.0	595.1	587.8	595.1	588.2	572.6	575.5	590.3
16 M-2	670.0	745.8	814.9	881.5	871.0	881.5	879.6	871.0	878.2	896.9
17 M-3	1,095.0	1,238.3	1,377.2	1,502.8	1,487.2	1,502.8	1,506.8	1,502.1	1,517.4	1,541.4
18 M-4	753.5	810.0	890.8	981.0	967.4	981.0	980.7	970.6	975.7	989.5
19 M-5	1,178.4	1,302.6	1,453.2	1,602.4	1,583.5	1,602.4	1,607.9	1,601.7	1,614.9	1,634.0
COMPONENTS										
20 Currency	75.1	82.1	90.1	99.1	97.3	99.1	97.4	97.6	98.6	99.9
Commercial bank deposits										
21 Demand	228.8	240.5	258.1	272.2	265.3	272.2	268.0	254.2	255.1	267.5
22 Member	162.8	169.4	177.5	183.0	178.4	183.0	179.3	169.6	170.4	178.5
23 Domestic nonmember	62.6	67.5	76.2	85.2	83.2	85.2	84.6	80.7	80.6	85.1
24 Time and savings	449.6	487.4	542.6	609.7	604.8	609.7	615.3	618.7	622.0	622.1
25 Savings	159.1	200.2	217.7	220.9	222.4	220.9	219.9	218.0	218.9	220.1
26 Negotiable CDs[2]	83.5	64.3	75.9	99.5	96.4	99.5	101.1	99.6	97.5	92.6
27 Other time	207.1	222.9	249.0	289.2	286.0	289.2	294.3	301.1	305.5	309.4
28 Other checkable deposits[4]	0.7	1.4	2.1	2.9	2.9	2.9	2.8	2.8	2.8	2.9
29 Nonbank thrift institutions[3]	424.9	492.5	562.3	621.4	616.2	621.4	627.1	631.1	639.2	644.6
30 U.S. government deposits (all commercial banks)	4.1	4.4	5.1	10.2	8.0	10.2	11.9	8.3	6.5	5.3

1 Composition of the money stock measures is as follows:

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

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

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

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

M-4: M-2 plus large negotiable CDs.

M-5: M-3 plus large negotiable CDs.

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

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

4 Includes NOW accounts at thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

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

NOTES TO TABLE 1.23:

1 Adjusted to exclude domestic commercial interbank loans and Federal funds sold to domestic commercial banks.

2 Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

3 As of Mar. 31, 1976, reclassification of loans reduced these loans by about $1.2 billion.

4 As of Dec. 31, 1977, reclassification of loans at one large bank reduced these loans by about $200 million.

5 As of Dec. 31, 1978, total loans and investments were reduced by $0.1 billion. Total loans were reduced by $1.6 billion, and "Other investments" were increased by $1.5 billion largely as the result of reclassifications of certain tax-exempt obligations.

6 As of Dec. 31, 1978, commercial and industrial loans were reduced by $0.1 billion as a result of reclassifications.

7 As of Dec. 31, 1978, commercial and industrial loans sold outright were increased by $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.

NOTE. Data are for last Wednesday of month except for June 30 and December 31 call report data. Data revised beginning July 1978 to reflect adjustments to preliminary December 31, 1978, call report data.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

Item	1975 Dec.	1976 Dec.	1977 Dec.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.
	Seasonally adjusted										
1 **Reserves**[1]	**34.67**	**34.89**	**36.10**	**38.21**	**38.38**	**39.75**	**41.27**	**41.48**	**40.75**	**40.81**	**40.65**
2 Nonborrowed	34.54	34.84	35.53	37.15	37.10	39.05	40.40	40.48	39.78	39.82	39.73
3 Required	34.40	34.61	35.91	38.02	38.22	39.53	41.04	41.26	40.54	40.66	40.47
4 Monetary base[2]	106.7	118.4	127.8	136.8	137.8	140.0	142.3	143.4	143.3	143.9	144.5
5 **Deposits subject to reserve requirements**[3]	**504.2**	**528.6**	**568.6**	**607.0**	**608.9**	**616.9**	**616.7**	**621.1**	**619.7**	**616.4**	**618.6**
6 Time and savings	336.8	354.1	386.7	416.8	418.3	427.5	429.4	433.5	436.1	434.1	432.0
Demand											
7 Private	164.5	171.5	178.5	186.2	187.2	187.0	185.1	185.6	181.9	180.5	184.7
8 U.S. government	2.9	3.0	3.5	4.0	3.5	2.3	2.3	1.9	1.8	1.8	1.8
	Not seasonally adjusted										
9 Monetary base[2]	108.3	120.3	129.8	136.2	137.5	140.5	144.6	144.4	141.9	142.3	144.2
10 **Deposits subject to reserve requirements**[3]	**510.9**	**534.8**	**575.3**	**605.9**	**608.4**	**615.1**	**624.0**	**627.1**	**614.3**	**614.3**	**621.1**
11 Time and savings	337.2	353.6	386.4	416.6	418.5	425.2	429.6	433.8	434.2	434.9	432.3
Demand											
12 Private	170.7	177.9	185.1	184.7	186.9	188.0	191.9	191.5	178.2	177.5	186.8
13 U.S. government	3.1	3.3	3.8	4.6	3.0	2.0	2.5	1.9	1.8	1.9	2.0

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

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

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

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

1.23 LOANS AND INVESTMENTS All Commercial Banks

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

Category	1975 Dec. 31	1976 Dec. 31	1977 Dec. 31	1978 Nov. 29[p]	1978 Dec. 31[p]	1979 Jan. 31[p]	1979 Feb. 28[p]	1979 Mar. 28[p]	1979 Apr. 25[p]	1979 May 30[p]
	Seasonally adjusted									
1 **Loans and investments**[1]	**721.8**	**785.1**	**870.6**	**977.6**	**[5]977.7**	**998.6**	**1,007.7**	**1,012.6**	**1,023.4**	**1,033.3**
2 Including loans sold outright[2]	726.2	788.9	875.5	981.3	[5]981.5	1,002.2	1,011.3	1,016.2	1,027.0	1,037.0
Loans										
3 Total[1]	496.9	538.9	617.0	715.1	[5]715.4	732.4	738.3	743.4	752.0	758.4
4 Including loans sold outright[2]	501.3	542.7	621.9	718.8	[5]719.2	736.0	741.9	747.0	755.6	762.1
5 Commercial and industrial	176.2	[3]179.7	[4]201.4	230.7	[6]230.9	237.8	240.6	243.5	247.3	251.9
6 Including loans sold outright[2]	178.7	[3]182.1	[4]204.2	232.6	[7]233.4	240.3	243.1	246.1	249.9	254.6
Investments										
7 U.S. Treasury	80.1	98.0	95.6	91.4	88.8	89.4	92.1	90.5	92.0	94.5
8 Other	144.8	148.2	158.0	171.1	[5]173.5	176.8	177.3	178.7	179.4	180.4
	Not seasonally adjusted									
9 **Loans and investments**[1]	**737.0**	**801.6**	**888.9**	**980.4**	**[5]998.2**	**994.6**	**1,000.0**	**1,009.5**	**1,022.0**	**1,032.0**
10 Including loans sold outright[2]	741.4	805.4	893.8	984.1	[5]1,002.0	998.2	1,003.6	1,013.1	1,025.7	1,035.7
Loans										
11 Total[1]	507.4	550.2	629.9	715.5	[5]730.4	726.0	730.3	737.5	747.1	757.4
12 Including loans sold outright[2]	511.8	554.0	634.8	719.2	[5]734.2	729.6	733.9	741.1	750.8	761.1
13 Commercial and industrial	179.3	[3]182.9	[4]205.0	230.7	[6]235.1	235.3	238.6	243.0	248.0	251.9
14 Including loans sold outright[2]	181.8	[3]185.3	[4]207.8	232.6	[7]237.6	237.8	241.1	245.6	250.7	254.6
Investments										
15 U.S. Treasury	84.1	102.5	100.2	93.7	93.6	92.2	93.3	93.9	94.4	93.4
16 Other	145.5	148.9	158.8	171.2	[5]174.3	176.4	176.5	178.2	180.4	181.2

For notes see bottom of opposite page.

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

Billions of dollars except for number of banks

Account	1978							1979			
	June	July^p	Aug.^p	Sept.^p	Oct.^p	Nov.^p	Dec.^p	Jan.^p	Feb.^p	Mar.^p	Apr.^p
	All commercial[1]										
1 **Loans and investments**	985.0	979.4	986.2	1,002.2	1,010.8	1,029.2	1,051.3	1,041.6	1,048.1	1,059.8	1,073.9
2 Loans, gross	722.1	718.0	724.3	738.0	746.7	764.3	782.6	773.0	778.3	787.7	799.0
3 Interbank	46.3	43.5	42.9	45.1	46.0	48.8	56.0	47.0	48.1	50.2	51.9
4 Commercial and industrial	221.6	221.0	222.0	224.5	227.1	230.7	232.8	235.3	238.6	243.0	248.0
5 Other	454.2	453.5	459.4	468.4	473.6	484.8	493.8	490.7	491.6	494.5	499.1
6 U.S. Treasury securities	97.9	96.3	95.2	95.6	94.4	93.7	94.0	92.2	93.3	93.9	94.4
7 Other securities	165.1	165.2	166.7	168.5	169.7	171.2	174.7	176.4	176.5	178.2	180.4
8 **Cash assets, total**	166.8	131.8	140.3	146.8	148.5	150.7	174.7	150.5	158.8	148.1	149.7
9 Currency and coin	12.0	14.9	15.2	15.2	15.1	16.7	17.2	15.3	15.1	15.3	15.7
10 Reserves with Federal Reserve Banks	29.6	23.6	29.7	32.6	34.6	32.6	37.7	29.6	29.4	29.9	33.7
11 Balances with depository institutions	56.0	46.0	45.9	49.4	47.1	48.0	56.3	50.8	54.1	48.8	48.7
12 Cash items in process of collection	69.3	47.3	49.6	49.7	51.7	53.5	63.5	54.7	60.2	54.1	51.6
13 Other assets	63.2	67.3	68.6	70.5	69.9	74.0	77.9	77.3	76.1	72.9	69.9
14 **Total assets/total liabilities and capital**	1,215.0	1,178.6	1,195.1	1,219.5	1,229.2	1,254.0	1,303.9	1,269.5	1,283.0	1,280.8	1,293.5
15 **Deposits**	965.7	931.5	939.8	956.0	957.2	968.1	1,005.8	979.9	988.2	979.4	983.9
16 Demand	374.8	339.0	340.5	351.9	348.7	349.0	382.1	350.8	355.7	343.1	350.8
17 Time and savings	591.0	592.5	599.3	604.1	608.5	619.1	623.7	629.1	632.5	635.2	633.2
18 Savings	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	216.5	216.6	218.6	217.5
19 Time	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	412.7	415.9	417.7	415.7
20 Borrowings	106.8	102.6	108.5	112.1	117.8	126.9	136.8	122.3	122.1	125.1	134.2
MEMO ITEMS											
21 U.S. Treasury note balances included in borrowing	....	....	....	....	....	7.5	12.4	11.6	3.7	4.7	5.8
22 Number of banks	14,698	14,709	14,718	14,723	14,712	14,724	14,712	14,701	14,711	14,716	14,720
	Member										
23 **Loans and investments**	699.7	695.8	698.9	706.9	713.4	724.3	739.5	732.5	736.9	741.2	753.1
24 Loans, gross	519.6	517.6	520.3	527.0	533.9	544.6	558.3	549.6	553.2	555.5	565.1
25 Interbank	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30.3	30.6	30.7	31.1
26 Other	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	519.3	522.6	524.8	534.0
27 U.S. Treasury securities	67.4	65.7	65.3	65.4	64.1	63.5	63.6	62.3	63.4	64.1	64.7
28 Other securities	112.7	112.5	113.3	114.5	115.3	116.2	117.6	120.4	120.2	121.5	123.2
29 **Cash assets, total**	133.8	104.2	111.2	115.4	118.6	121.3	140.2	119.1	125.4	115.5	119.0
30 Currency and coin	8.7	10.8	11.1	11.1	11.1	12.3	12.7	11.2	11.1	11.2	11.5
31 Reserves with Federal Reserve Banks	29.6	23.6	29.7	32.6	34.6	32.6	37.7	29.6	29.4	29.9	33.7
32 Balances with depository institutions	29.1	24.3	22.9	24.0	23.2	25.1	28.6	25.8	27.0	22.3	24.1
33 Cash items in process of collection	66.5	45.4	47.6	47.7	49.7	51.4	61.2	52.5	57.9	52.1	49.7
34 Other assets	55.2	57.3	58.4	60.0	59.3	62.9	65.5	65.5	64.2	61.3	58.1
35 **Total assets/total liabilities and capital**	888.7	857.3	868.5	882.2	891.2	908.5	945.2	917.1	926.5	918.0	930.1
36 **Deposits**	694.3	666.1	670.6	679.6	682.5	688.6	716.3	696.6	701.7	687.9	691.8
37 Demand	282.7	255.0	256.1	262.3	262.6	262.3	286.8	263.5	267.6	253.2	262.0
38 Time and savings	411.5	411.1	414.5	417.2	420.0	426.4	429.5	433.1	434.1	434.5	429.8
39 Savings	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	146.5	146.4	147.7	147.1
40 Time	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	286.6	287.7	286.8	282.7
41 Borrowings	92.1	88.0	93.9	97.2	101.4	108.1	115.9	102.3	104.0	107.1	115.3
MEMO ITEMS											
42 U.S. Treasury note balances included in borrowing	....	....	....	....	....	6.3	11.1	9.3	3.0	3.7	4.5
43 Number of banks	5,622	5,613	5,610	5,593	5,585	5,586	5,565	5,544	5,532	5,531	5,532

1 Figures partly estimated except on call dates.

NOTE. Figures include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries.

Commercial banks: All such banks in the United States, including member and nonmember banks, stock savings banks, nondeposit trust companies, and U.S. branches of foreign banks.

Member banks: The following numbers of noninsured trust companies that are members of the Federal Reserve System are excluded from member banks in tables 1.24 and 1.25 and are included with noninsured banks in table 1.25: 1977—December, 12; 1979—March, 13.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars, except for number of banks

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

1 Includes items not shown separately.

For Note see table 1.24.

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

Millions of dollars, except for number of banks.

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

For notes see opposite page.

1.26 Continued

Liability or capital account	Insured commercial banks	Member banks[1]					Nonmember banks[1]
		Total	Large banks			All other	
			New York City	City of Chicago	Other large		
75 **Demand deposits**	**369,030**	**282,450**	**66,035**	**10,690**	**100,737**	**104,988**	**86,591**
76 Mutual savings banks	1,282	1,089	527	1	256	305	194
77 Other individuals, partnerships, and corporations	279,651	205,591	31,422	7,864	79,429	86,876	74,061
78 U.S. government	7,942	5,720	569	188	1,987	2,977	2,222
79 States and political subdivisions	17,122	11,577	764	252	3,446	7,116	5,545
80 Foreign governments, central banks, etc.	1,805	1,728	1,436	19	211	62	77
81 Commercial banks in United States	39,596	38,213	21,414	1,807	10,803	4,189	1,393
82 Banks in foreign countries	7,379	7,217	5,461	207	1,251	298	162
83 Certified and officers' checks, etc.	14,253	11,315	4,443	352	3,354	3,166	2,937
84 **Time deposits**	**368,562**	**266,496**	**38,086**	**15,954**	**98,525**	**113,931**	**102,066**
85 Accumulated for personal loan payments	79	66	....	....	1	65	13
86 Mutual savings banks	399	392	177	40	148	27	7
87 Other individuals, partnerships, and corporations	292,120	210,439	29,209	12,074	76,333	92,824	81,680
88 U.S. government	864	689	61	40	356	232	175
89 States and political subdivisions	59,087	40,010	1,952	1,554	16,483	20,020	19,077
90 Foreign governments, central banks, etc.	6,672	6,450	3,780	1,145	1,401	124	222
91 Commercial banks in United States	7,961	7,289	2,077	999	3,585	629	672
92 Banks in foreign countries	1,381	1,161	829	103	219	9	220
93 **Savings deposits**	**223,326**	**152,249**	**10,632**	**2,604**	**54,825**	**84,188**	**71,077**
94 Individuals and nonprofit organizations	207,701	141,803	9,878	2,448	51,161	78,316	65,897
95 Corporations and other profit organizations	11,216	7,672	519	148	3,195	3,809	3,544
96 U.S. government	82	65	2	3	24	35	17
97 States and political subdivisions	4,298	2,682	215	4	437	2,025	1,616
98 All other	30	27	18	*	8	2	3
99 **Total deposits**	**960,918**	**701,195**	**114,753**	**29,248**	**254,087**	**303,107**	**259,733**
100 **Federal funds purchased and securities sold under agreements to repurchase**	**91,981**	**85,582**	**21,149**	**8,777**	**41,799**	**13,857**	**6,398**
101 Commercial banks	42,174	39,607	6,991	5,235	21,609	5,773	2,566
102 Brokers and dealers	12,787	11,849	2,130	1,616	6,381	1,722	939
103 Others	37,020	34,126	12,028	1,926	13,809	6,362	2,894
104 Other liabilities for borrowed money	8,738	8,352	3,631	306	3,191	1,225	386
105 Mortgage indebtedness	1,767	1,455	234	27	701	491	316
106 Bank acceptances outstanding	16,661	16,140	8,398	1,260	6,070	412	521
107 Other liabilities	27,124	23,883	8,860	1,525	9,020	4,477	3,494
108 **Total liabilities**	**1,107,188**	**836,607**	**157,026**	**41,144**	**314,868**	**323,569**	**270,849**
109 Subordinated notes and debentures	5,767	4,401	1,001	79	2,033	1,287	1,366
110 **Equity capital**	**85,540**	**63,174**	**12,871**	**2,947**	**21,177**	**26,178**	**22,380**
111 Preferred stock	88	36	....	....	5	31	52
112 Common stock	17,875	12,816	2,645	570	4,007	5,594	5,064
113 Surplus	32,341	23,127	4,541	1,404	8,148	9,034	9,217
114 Undivided profits	33,517	26,013	5,554	921	8,680	10,858	7,509
115 Other capital reserves	1,719	1,182	132	52	337	661	538
116 **Total liabilities and equity capital**	**1,198,495**	**904,182**	**170,899**	**44,170**	**338,079**	**351,034**	**294,595**
MEMO ITEMS							
117 Demand deposits adjusted[2]	252,337	171,864	18,537	5,576	60,978	86,774	80,472
Average for last 15 or 30 days							
118 Cash and due from bank	146,283	124,916	36,862	6,030	45,731	36,293	21,379
119 Federal funds sold and securities purchased under agreements to resell	43,873	33,682	4,272	1,887	16,007	11,517	10,307
120 Total loans	651,874	483,316	76,750	25,722	184,790	196,054	168,558
121 Time deposits of $100,000 or more	183,614	150,160	32,196	13,216	65,776	38,972	33,454
122 Total deposits	944,593	687,543	107,028	28,922	250,804	300,789	257,062
123 Federal funds purchased and securities sold under agreements to repurchase	92,685	86,635	22,896	9,473	40,541	13,725	6,053
124 Other liabilities for borrowed money	8,716	8,326	3,679	370	3,211	1,067	390
125 Standby letters of credit outstanding	18,820	17,658	10,063	1,477	4,820	1,297	1,162
126 Time deposits of $100,000 or more	186,837	152,553	32,654	13,486	66,684	39,728	34,284
127 Certificates of deposit	160,227	129,667	27,950	11,590	56,383	33,743	30,560
128 Other time deposits	26,610	22,886	4,704	1,896	10,301	5,985	3,724
129 Number of banks	14,390	5,593	12	9	153	5,419	8,810

1 Member banks exclude and nonmember banks include 13 noninsured trust companies that are members of the Federal Reserve System.

2 Demand deposits adjusted are demand deposits other than domestic commercial interbank and U.S. government, less cash items reported as in process of collection.

NOTE. Data include consolidated reports, including figures for all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Securities are reported on a gross basis before deductions of valuation reserves. Back data in lesser detail were shown in previous issues of the BULLETIN.

1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $750 Million or More on December 31, 1977, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1979								
	Apr. 4	Apr. 11	Apr. 18	Apr. 25	May 2p	May 9p	May 16p	May 23p	May 30p
1 Cash items in process of collection	47,147	46,235	47,102	41,974	49,126	40,928	46,915	42,341	53,543
2 Demand deposits due from banks in the United States	13,746	13,628	13,126	13,602	13,713	13,883	14,424	12,656	17,408
3 All other cash and due from depository institutions	24,422	29,204	30,363	32,553	30,204	29,286	28,789	26,825	31,241
4 **Total loans and securities**	**470,209**	**465,749**	**471,335**	**465,682**	**469,315**	**467,211**	**468,554**	**467,188**	**471,720**
Securities									
5 U.S. Treasury securities	40,378	40,148	39,958	37,472	36,048	36,455	37,112	37,281	37,012
6 Trading account	7,333	6,446	6,339	5,458	4,404	4,822	5,564	5,457	5,352
7 Investment account, by maturity	33,045	33,702	33,619	32,014	31,644	31,632	31,547	31,824	31,661
8 One year or less	10,760	11,261	11,097	9,788	9,190	9,287	9,157	9,198	9,206
9 Over one through five years	18,015	18,202	18,248	17,926	18,127	18,036	17,940	18,039	17,908
10 Over five years	4,270	4,239	4,274	4,300	4,327	4,308	4,450	4,587	4,546
11 Other securities	64,699	65,371	67,280	66,988	66,711	67,108	66,814	67,019	67,186
12 Trading account	2,891	3,263	3,770	3,194	3,138	3,455	3,161	3,356	3,091
13 Investment account	61,808	62,108	63,510	63,794	63,573	63,654	63,652	63,662	64,095
14 U.S. government agencies	11,956	12,029	12,150	12,349	12,172	12,183	12,173	12,171	12,374
15 States and political subdivision, by maturity	47,066	47,319	48,616	48,699	48,663	48,756	48,767	48,755	48,855
16 One year or less	7,235	7,214	8,371	8,365	8,340	8,241	8,195	8,082	8,258
17 Over one year	39,831	40,105	40,246	40,333	40,323	40,515	40,572	40,674	40,597
18 Other bonds, corporate stocks and securities	2,786	2,760	2,744	2,746	2,738	2,715	2,712	2,735	2,866
Loans									
19 Federal funds sold[1]	30,690	25,820	27,935	25,621	27,324	25,814	25,090	24,391	26,589
20 To commercial banks	19,159	17,016	18,104	17,286	18,303	16,319	15,946	15,753	18,948
21 To nonbank brokers and dealers in securities	8,393	6,304	6,816	5,693	6,836	7,042	7,342	6,704	5,904
22 To others	3,138	2,500	3,015	2,642	2,184	2,453	1,802	1,933	1,737
23 Other loans, gross	344,819	344,878	346,688	346,191	349,853	348,541	350,318	349,350	351,893
24 Commercial and industrial	137,191	137,583	138,726	138,690	140,142	140,469	140,603	140,250	141,326
25 Bankers' acceptances and commercial paper	3,368	3,135	3,376	2,997	3,029	2,907	3,221	2,978	3,577
26 All other	133,823	134,448	135,350	135,693	137,113	137,562	137,382	137,273	137,750
27 U.S. addresses	127,575	128,205	129,189	129,521	130,930	131,377	131,226	131,116	131,630
28 Non-U.S. addressees	6,248	6,243	6,161	6,172	6,183	6,185	6,156	6,157	6,119
29 Real estate	83,739	84,173	84,479	84,675	84,856	85,114	85,502	85,829	86,212
30 To individuals for personal expenditures	61,734	61,906	62,357	62,807	63,145	63,273	63,612	63,850	64,237
To financial institutions									
31 Commercial banks in the U.S.	2,937	2,913	2,908	2,718	2,902	2,704	2,615	2,640	2,834
32 Banks in foreign countries	7,383	7,601	6,826	6,778	6,436	6,300	6,078	6,108	6,214
33 Sales finance, personal finance companies, etc.	8,372	8,712	8,381	8,322	8,696	8,825	8,759	8,656	8,823
34 Other financial institutions	14,479	14,400	14,424	14,364	14,788	14,770	14,719	14,630	14,717
35 To nonbank brokers and dealers in securities	8,935	8,039	8,600	8,443	8,972	7,429	8,754	7,844	7,776
36 To others for purchasing and carrying securities[2]	2,306	2,313	2,308	2,326	2,335	2,419	2,424	2,449	2,455
37 To finance agricultural production	4,600	4,620	4,665	4,667	4,726	4,754	4,768	4,804	4,830
38 All other	13,144	12,619	13,015	12,401	12,853	12,482	12,483	12,291	12,468
39 Less: Unearned income	5,808	5,889	5,941	5,983	5,945	6,013	6,079	6,136	6,243
40 Loan loss reserve	4,569	4,579	4,586	4,607	4,676	4,694	4,700	4,717	4,717
41 Other loans, net	334,442	334,410	336,162	335,600	339,232	337,834	339,538	338,497	340,933
42 Lease financing receivables	5,722	5,720	5,741	5,761	5,794	5,837	5,871	5,910	6,561
43 All other assets	59,815	60,176	58,351	58,204	57,843	57,042	54,624	54,505	54,315
44 **Total assets**	**621,062**	**620,713**	**626,020**	**617,776**	**625,995**	**614,188**	**619,178**	**609,426**	**634,787**
Deposits									
45 Demand deposits	182,137	181,070	181,120	173,982	181,176	168,999	176,310	167,706	181,019
46 Mutual savings banks	892	837	770	715	853	746	754	693	622
47 Individuals, partnerships, and corporations	126,614	127,662	129,965	124,460	128,367	120,335	126,244	120,270	129,446
48 States and political subdivisions	4,330	4,686	4,628	4,764	5,679	4,260	4,558	4,330	4,545
49 U.S. government	3,227	1,657	2,631	1,965	1,450	831	877	598	726
50 Commercial banks in United States	30,633	30,159	27,633	26,800	28,839	27,596	28,739	26,806	29,870
51 Banks in foreign countries	6,600	6,452	6,509	6,734	6,344	6,824	6,859	7,023	7,203
52 Foreign governments and official institutions	1,413	1,236	1,245	1,250	1,506	1,485	1,159	1,226	2,212
53 Certified and officers' checks	8,428	8,380	7,739	7,294	8,140	6,922	7,121	6,760	6,394
54 Time and savings deposits	256,028	254,417	251,872	251,497	250,690	251,068	250,064	250,330	248,857
55 Savings	77,839	77,742	77,183	76,742	76,615	76,556	76,594	76,667	76,594
56 Individuals and nonprofit organizations	72,738	72,679	72,152	71,716	71,634	71,494	71,528	71,589	71,520
57 Partnerships and corporations operated for profit	4,215	4,202	4,118	4,142	4,116	4,164	4,148	4,197	4,184
58 Domestic governmental units	865	834	891	868	840	866	892	857	869
59 All other	22	27	22	17	26	31	26	23	20
60 Time	178,188	176,675	174,689	174,754	174,076	174,512	173,470	173,663	172,263
61 Individuals, partnerships, and corporations	140,413	139,556	138,186	138,344	138,075	138,623	138,085	138,504	137,427
62 States and political subdivisions	23,474	23,245	23,066	23,178	23,004	23,102	22,996	23,201	22,927
63 U.S. government	474	480	478	496	474	477	490	493	484
64 Commercial banks in United States	7,006	6,736	6,534	6,408	6,205	6,066	5,825	5,619	5,442
65 Foreign governments, official institutions, and banks	6,822	6,658	6,424	6,328	6,317	6,244	6,074	5,846	5,983
66 Federal funds purchased[3]	82,423	86,344	87,770	87,648	85,265	84,693	85,177	83,159	93,404
Other liabilities for borrowed money									
67 Borrowings from Federal Reserve Banks	220	87	2,597	940	924	1,569	1,081	1,195	2,352
68 Treasury tax-and-loan notes	492	214	4,214	3,210	3,708	4,216	3,797	2,895	2,481
69 All other liabilities for borrowed money	10,051	10,165	9,793	10,188	12,004	11,281	10,585	10,887	11,355
70 Other liabilities and subordinated note and debentures	47,509	46,105	46,438	48,091	49,756	49,750	49,354	50,467	52,486
71 **Total liabilities**	**578,859**	**578,402**	**583,804**	**575,556**	**583,524**	**571,575**	**576,368**	**566,639**	**591,954**
72 Residual (total assets minus total liabilities)[4]	42,203	42,311	42,215	42,220	42,471	42,613	42,809	42,787	42,834

1 Includes securities purchased under agreements to resell.
2 Other than financial institutions and brokers and dealers.
3 Includes securities sold under agreements to repurchase.
4 This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.28 LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $1 Billion or More on December 31, 1977 Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1979 Apr. 4	Apr. 11	Apr. 18	Apr. 25	May 2p	May 9p	May 16p	May 23p	May 30p
1 Cash items in process of collection	44,831	44,110	44,699	39,607	46,237	38,942	44,634	40,336	50,967
2 Demand deposits due from banks in the United States	12,926	12.899	12,526	12,929	12,974	13,232	13,690	11,947	16,565
3 All other cash and due from depositary institutions	22,999	27.513	28,797	30,671	28,377	27,473	27,136	25,214	29,546
4 **Total loans and securities**	**440,180**	**435.694**	**440,864**	**435,784**	**439,395**	**437,339**	**438,594**	**437,336**	**441,753**
Securities									
5 U.S. Treasury securities	37,901	37.615	37,389	34,995	33,594	34,013	34,678	34,844	34,594
6 Trading account	7,271	6,376	6.249	5,425	4,342	4,780	5,531	5,404	5,313
7 Investment account, by maturity	30,629	31,239	31.140	29.570	29,252	29,234	29,146	29,439	29,281
8 One year or less	10,106	10,603	10,440	9,154	8,594	8,698	8,557	8,615	8,616
9 Over one through five years	16,564	16,708	16,740	16,434	16,649	16,547	16,459	16,555	16.440
10 Over five years	3,959	3,928	3,960	3,983	4,009	3,989	4,130	4,269	4,226
11 Other securities	59,837	60,510	62,314	61,962	61,682	62,075	61,784	61,978	62,118
12 Trading account	2,807	3,193	3,703	3,130	3,084	3,394	3,099	3,295	3,028
13 Investment account	57,030	57,317	58,611	58,832	58.598	58,681	58,685	58,683	59,089
14 U.S. government agencies	11,127	11,190	11,300	11,487	11,299	11,313	11,305	11,302	11.495
15 States and political subdivision, by maturity	43,335	43,587	44,784	44.820	44,788	44,877	44,895	44,875	44,973
16 One year or less	6.650	6,629	7,702	7,674	7,647	7,559	7,518	7,398	7,575
17 Over one year	36,685	36.958	37,083	37,146	37,141	37,319	37,376	37,476	37,398
18 Other bonds, corporate stocks and securities	2,568	2,540	2,527	2,524	2,510	2,491	2,484	2,506	2,621
Loans									
19 Federal funds sold[1]	28,346	23,541	25.544	23,773	25,527	24,080	23,302	22,908	25,001
20 To commercial banks	17,103	15,072	15,954	15,703	16,757	14,833	14,437	14,545	17,700
21 To nonbank brokers and dealers in securities	8,126	5,989	6,602	5.449	6,606	6,815	7,081	6,449	5,581
22 To others	3,118	2,479	2,988	2,622	2,164	2.432	1,784	1,913	1,719
23 Other loans, gross	323,703	323,721	325,360	324,858	328,426	327,086	328,812	327,657	330,204
24 Commercial and industrial	130,171	130,495	131,542	131,510	132,937	133,255	133,346	132,989	134,095
25 Bankers' acceptances and commercial paper	3,312	3,080	3,317	2,941	2,973	2,853	3,165	2,926	3,522
26 All other	126,859	127.414	128,225	128,569	129,964	130,402	130,181	130,062	130,573
27 U.S. addresses	120,665	121,226	122,118	122.450	123,835	124,272	124,076	123,955	124,504
28 Non-U.S. addressees	6,194	6,189	6,107	6,119	6,129	6,130	6,105	6,108	6,069
29 Real estate	78,508	78,937	79,215	79,416	79,595	79,827	80,224	80,525	80,894
30 To individuals for personal expenditures	54,953	55,105	55,510	55,937	56,221	56,346	56,662	56,742	57,092
To financial institutions									
31 Commercial banks in the U.S.	2,854	2,833	2,824	2,640	2,822	2,619	2.537	2,560	2,753
32 Banks in foreign countries	7,323	7,530	6.766	6,728	6,372	6,240	6.019	6,059	6,164
33 Sales finance, personal finance companies, etc.	8,197	8,520	8,187	8,127	8,506	8,637	8.580	8,486	8,652
34 Other financial institutions	14,025	13,959	13,986	13,918	14,344	14,323	14.277	14,194	14,275
35 To nonbank brokers and dealers in securities	8,842	7,959	8,514	8,358	8,884	7,338	8.663	7,754	7,688
36 To others for purchasing and carrying securities[2]	2,064	2,076	2,075	2,093	2,102	2,183	2,196	2,217	2,224
37 To finance agricultural production	4,449	4,470	4,516	4,514	4,571	4,599	4,614	4,647	4,674
38 All other	12,316	11,837	12,225	11,616	12,070	11,717	11,694	11,484	11,692
39 LESS: Unearned income	5,309	5,384	5,430	5,469	5,433	5,495	5,556	5,608	5,716
40 Loan loss reserve	4,298	4,307	4,314	4,336	4,402	4,420	4,426	4,443	4,449
41 Other loans, net	314,096	314,029	315,617	315,054	318,591	317,171	318,831	317,606	320,039
42 Lease financing receivables	5,559	5,557	5,578	5,597	5,617	5,659	5,689	5,729	6,379
43 All other assets	58,331	58,664	56,862	56,701	56,321	55,555	53,178	53,059	52,796
44 **Total assets**	**584,826**	**584,439**	**589,326**	**581,288**	**588,921**	**578,201**	**582,921**	**573,621**	**598,006**
Deposits									
45 Demand deposits	171,155	170,228	169,828	163,006	169,618	158,629	165,527	157,615	170,174
46 Mutual savings banks	854	811	748	692	818	718	725	671	600
47 Individuals, partnerships, and corporations	118,260	119,192	121,147	115,996	119,554	112,254	117,811	112,377	120,929
48 States and political subdivisions	3,782	4,146	4,076	4,126	5,089	3,689	4,003	3,736	4,024
49 U.S. government	2,983	1,514	2,324	1,655	1,068	755	775	542	667
50 Commercial banks in United States	29,190	28,826	26,383	25,584	27,450	26,286	27,389	25,580	28,459
51 Banks in foreign countries	6.543	6,386	6,444	6.678	6,279	6,762	6,791	6,965	7,140
52 Foreign governments and official institutions	1,411	1,233	1,243	1,232	1,504	1,482	1,157	1,222	2,205
53 Certified and officers' checks	8,130	8,120	7,462	7,043	7,855	6,682	6,874	6,522	6,150
54 Time and savings deposits	239,008	237,367	234,925	234,552	233,713	234,020	233,018	233,157	231,555
55 Savings	72,189	72,094	71,576	71,168	71,089	71,012	71,080	71,134	71,055
56 Individuals and nonprofit organizations	67,478	67,437	66,932	66,528	66.473	66,338	66,384	66,435	66,370
57 Partnerships and corporations operated for profit	3,904	3,891	3,816	3,835	3,811	3,853	3,836	3,883	3,869
58 Domestic governmental units	786	740	806	789	780	789	836	793	796
59 All other	20	26	21	16	24	30	25	22	19
60 Time	166,819	165,273	163,349	163,384	162,625	163,008	161,938	162,024	160,500
61 Individuals, partnerships, and corporations	131,516	130,625	129,287	129,410	129,044	129,574	129,000	129,321	128,094
62 States and political subdivisions	21,306	21,071	20,921	21,037	20,880	20,937	20,843	21,030	20,776
63 U.S. government	468	475	472	491	469	475	484	488	479
64 Commercial banks in United States	6,736	6,474	6,272	6,147	5,942	5,804	5,563	5,364	5,194
65 Foreign governments, official institutions, and banks	6,793	6,629	6,396	6,299	6,290	6,218	6,048	5,820	5,958
66 Federal funds purchased[3]	78,300	82,103	83,703	83,428	81,243	80,562	81,218	79,191	89,269
Other liabilities for borrowed money									
67 Borrowings from Federal Reserve Banks	195	87	2,589	934	877	1,532	1,065	1,161	2,324
68 Treasury tax-and-loan notes	463	189	3,969	2,926	3,429	3,918	3,512	2,693	2,297
69 All other liabilities for borrowed money	9,712	9,826	9,340	9,827	11,596	10,951	10,198	10,343	10,950
70 Other liabilities and subordinated note and debentures	46.405	44,963	45,385	47,023	48,602	48,618	48,225	49,342	51,276
71 **Total liabilities**	**545,237**	**544,764**	**549,738**	**541,696**	**549,079**	**538,232**	**542,764**	**533,502**	**557,845**
72 Residual (total assets minus total liabilities)[4]	39,589	39,675	39,587	39,592	39,842	39,969	40,157	40,119	40,160

1 Includes securities purchased under agreements to resell.
2 Other than financial institutions and brokers and dealers.
3 Includes securities sold under agreements to repurchase.
4 This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

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

Millions of dollars, Wednesday figures

Account	1979 Apr. 4	Apr. 11	Apr. 18	Apr. 25	May 2[p]	May 9[p]	May 16[p]	May 23[p]	May 30[p]
1 Cash items in process of collection	17,040	17,205	15,841	14,443	16,659	14,531	15,740	15,030	17,513
2 Demand deposits due from banks in the United States	8,342	8,575	7,909	8,652	8,769	9,203	9,101	7,825	11,314
3 All other cash and due from depositary institutions	4,716	7,046	6,450	5,405	6,818	7,156	7,437	5,517	7,733
4 **Total loans and securities[1]**	**100,950**	**98,916**	**100,291**	**99,152**	**100,834**	**99,282**	**99,118**	**98,994**	**98,738**
Securities									
5 *U.S. Treasury securities[2]*	....	....	....	....	....	....	....	....	....
6 Trading account[2]	....	....	....	....	....	....	....	....	....
7 Investment account, by maturity	7,077	7,157	7,035	6,611	6,491	6,498	6,484	6,610	6,452
8 One year or less	1,584	1,563	1,401	1,189	860	908	898	930	934
9 Over one through five years	4,556	4,660	4,682	4,463	4,665	4,639	4,629	4,618	4,550
10 Over five years	937	934	952	958	966	952	958	1,062	968
11 *Other securities[2]*	....	....	....	....	....	....	....	....	....
12 Trading account[2]	....	....	....	....	....	....	....	....	....
13 Investment account	10,895	10,891	11,335	11,272	11,219	11,136	11,128	11,085	11,264
14 U.S. government agencies	1,343	1,353	1,388	1,372	1,352	1,352	1,359	1,362	1,416
15 States and political subdivision, by maturity	9,001	8,995	9,421	9,373	9,334	9,249	9,232	9,185	9,196
16 One year or less	1,461	1,432	1,879	1,820	1,762	1,680	1,689	1,630	1,696
17 Over one year	7,540	7,562	7,542	7,552	7,572	7,570	7,542	7,555	7,500
18 Other bonds, corporate stocks and securities	551	543	526	527	533	536	538	538	652
Loans									
19 *Federal funds sold[3]*	7,549	5,626	6,881	6,518	7,641	7,232	6,119	6,809	5,358
20 To commercial banks	3,783	2,965	4,169	3,252	4,036	3,160	2,615	3,372	2,926
21 To nonbank brokers and dealers in securities	3,044	1,987	2,140	2,192	2,906	3,032	3,015	2,943	1,922
22 To others	721	674	572	1,074	698	1,040	489	494	510
23 Other loans, gross	77,525	77,348	77,152	76,878	77,625	76,570	77,553	76,672	77,957
24 Commercial and industrial	39,267	39,285	39,476	39,505	39,845	39,977	39,930	39,547	40,534
25 Bankers' acceptances and commercial paper	1,109	960	970	883	850	738	945	806	1,261
26 All other	38,158	38,326	38,506	38,622	38,995	39,239	38,985	38,740	39,273
27 U.S. addressees	35,909	36,070	36,279	36,396	36,730	36,925	36,685	36,429	36,980
28 Non-U.S. addressees	2,249	2,256	2,227	2,225	2,264	2,314	2,300	2,311	2,293
29 Real estate	10,508	10,545	10,576	10,591	10,579	10,585	10,630	10,676	10,858
30 To individuals for personal expenditures	7,372	7,394	7,433	7,481	7,538	7,526	7,578	7,505	7,589
To financial institutions									
31 Commercial banks in the U.S.	974	1,002	956	885	987	971	809	815	831
32 Banks in foreign countries	3,641	3,909	3,213	3,268	2,908	2,997	2,902	3,050	3,005
33 Sales finance, personal finance companies, etc.	3,238	3,416	3,232	3,067	3,252	3,268	3,195	3,169	3,316
34 Other financial institutions	4,232	4,143	4,181	4,167	4,339	4,319	4,285	4,266	4,256
35 To nonbank brokers and dealers in securities	4,983	4,505	4,838	4,844	5,054	3,868	5,054	4,431	4,472
36 To others for purchasing and carrying securities[4]	353	354	357	356	359	414	420	412	419
37 To finance agricultural production	236	230	244	242	243	234	232	240	238
38 All other	2,722	2,564	2,646	2,472	2,520	2,412	2,518	2,560	2,438
39 LESS: Unearned income	684	691	696	705	697	703	715	719	831
40 Loan loss reserve	1,412	1,415	1,415	1,422	1,444	1,451	1,452	1,463	1,462
41 Other loans, net	75,429	75,241	75,040	74,751	75,484	74,416	75,386	74,490	75,664
42 Lease financing receivables	530	536	537	533	534	552	550	550	1,185
43 All other assets[5]	32,742	32,263	31,257	31,895	29,691	29,598	28,442	29,435	27,630
44 **Total assets**	**164,320**	**164,541**	**162,286**	**160,080**	**163,306**	**160,323**	**160,388**	**157,350**	**164,113**
Deposits									
45 *Demand deposits*	56,728	57,037	53,396	52,646	56,021	53,265	53,721	52,306	55,610
46 Mutual savings banks	509	497	409	392	447	414	398	395	314
47 Individuals, partnerships, and corporations	28,602	28,632	28,090	27,187	29,373	26,463	28,017	26,926	29,272
48 States and political subdivisions	385	422	441	376	453	349	442	436	448
49 U.S. government	794	401	599	491	304	140	86	63	84
50 Commercial banks in United States	16,496	17,116	14,450	14,791	15,781	16,149	15,729	15,049	15,382
51 Banks in foreign countries	4,866	4,677	4,906	5,037	4,648	5,262	5,075	5,282	5,459
52 Foreign governments and official institutions	1,205	982	1,014	1,021	1,271	1,258	882	981	1,862
53 Certified and officers' checks	3,871	4,309	3,485	3,351	3,744	3,229	3,091	3,173	2,788
54 *Time and savings deposits*	47,830	47,054	46,200	45,563	45,353	44,932	43,716	43,163	42,910
55 Savings	9,952	9,963	9,988	9,964	9,917	9,881	9,915	9,896	9,872
56 Individuals and nonprofit organizations	9,308	9,334	9,328	9,309	9,253	9,215	9,222	9,224	9,272
57 Partnerships and corporations operated for profit	447	443	443	444	447	447	449	453	402
58 Domestic governmental units	185	169	204	203	201	196	227	205	190
59 All other	12	17	14	7	17	23	17	14	9
60 Time	37,878	37,091	36,212	35,599	35,436	35,051	33,801	33,267	33,038
61 Individuals, partnerships, and corporations	29,179	28,703	28,164	27,728	27,604	27,372	26,516	26,319	25,974
62 States and political subdivisions	1,670	1,640	1,633	1,638	1,686	1,704	1,703	1,704	1,704
63 U.S. government	48	52	48	46	46	46	43	43	42
64 Commercial banks in U.S.	2,876	2,729	2,584	2,456	2,400	2,286	2,042	1,918	1,871
65 Foreign governments, official institutions, and banks	4,105	3,967	3,783	3,731	3,699	3,643	3,497	3,283	3,446
66 Federal funds purchased[6]	23,610	24,615	24,780	25,205	24,152	24,004	24,251	23,018	25,416
Other liabilities for borrowed money									
67 Borrowings from Federal Reserve Banks	....	....	1,225	75	165	100	554	377	550
68 Treasury tax-and-loan notes	....	2	991	486	44	821	752	583	628
69 All other liabilities for borrowed money	4,063	4,309	4,226	4,388	5,108	4,633	4,776	5,003	5,255
70 Other liabilities and subordinated note and debentures	19,250	18,653	18,655	18,936	19,561	19,576	19,383	19,701	20,458
71 **Total liabilities**	**151,482**	**151,670**	**149,472**	**147,300**	**150,405**	**147,332**	**147,153**	**144,151**	**150,829**
72 Residual (total assets minus total liabilities)[7]	12,839	12,871	12,814	12,780	12,901	12,991	13,235	13,199	13,284

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 securities sold under agreements to repurchase.*
7 This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1979								
	Apr. 4	Apr. 11	Apr. 18	Apr. 25	May 2*p*	May 9*p*	May 16*p*	May 23*p*	May 30*p*
	Large weekly reporting banks with assets of $750 million or more								
1 Total loans (gross) and investments adjusted[1]	458,490	456,288	460,850	456,269	458,731	458,895	460,772	459,648	460,898
2 Total loans (gross) adjusted[1]	353,413	350,769	353,612	351,808	355,972	355,332	356,846	355,348	356,699
3 Demand deposits adjusted[2]	101,130	103,019	103,753	103,242	101,762	99,644	99,779	97,961	96,879
4 Time deposits in accounts of $100,000 or more	126,306	124,555	122,206	121,806	121,095	120,992	119,634	119,847	118,030
5 Negotiable CDs	90,979	89,576	87,503	86,880	86,096	86,266	85,078	84,846	83,111
6 Other time deposits	35,326	34,978	34,704	34,926	34,999	34,727	34,556	35,001	34,919
7 Loans sold outright to affiliates[3]	3,604	3,632	3,594	3,648	3,662	3,625	3,563	3,718	3,737
8 Commercial and industrial	2,565	2,618	2,586	2,638	2,597	2,626	2,572	2,715	2,722
9 Other	1,039	1,014	1,008	1,010	1,065	999	991	1,004	1,016
	Large weekly reporting banks with assets of $1 billion or more								
10 Total loans (gross) and investments adjusted[1]	429,830	427,480	431,829	427,245	429,650	429,802	431,602	430,281	431,464
11 Total loans (gross) adjusted[1]	332,092	329,356	332,127	330,288	334,373	333,714	335,140	333,459	334,752
12 Demand deposits adjusted[2]	94,150	95,778	96,421	96,160	94,863	92,646	92,729	91,157	90,081
13 Time deposits in accounts of $100,000 or more	118,790	117,021	114,765	114,436	113,667	113,528	112,150	112,266	110,350
14 Negotiable CDs	86,294	84,735	82,712	82,109	81,200	81,328	80,117	79,802	77,950
15 Other time deposits	32,496	32,286	32,052	32,327	32,466	32,199	32,033	32,464	32,400
16 Loans sold outright to affiliates[3]	3,564	3,583	3,544	3,599	3,615	3,578	3,517	3,672	3,691
17 Commercial and industrial	2,550	2,595	2,565	2,617	2,577	2,606	2,553	2,697	2,704
18 Other	1,014	988	980	982	1,038	972	964	975	987
	Large weekly reporting banks in New York City								
19 Total loans (gross) and investments adjusted[1,4]	98,289	97,055	97,278	97,142	97,952	97,305	97,860	96,989	97,274
20 Total loans (gross) adjusted[1]	80,317	79,007	78,908	79,259	80,242	79,671	80,248	79,294	79,558
21 Demand deposits adjusted[2]	22,398	22,314	22,505	22,922	23,277	22,445	22,165	22,163	22,631
22 Time deposits in accounts of $100,000 or more	32,512	31,674	30,731	30,100	29,795	29,374	28,099	27,546	27,283
23 Negotiable CDs	25,202	24,425	23,548	22,906	22,531	22,108	20,874	20,302	19,881
24 Other time deposits	7,310	7,249	7,184	7,194	7,264	7,266	7,224	7,244	7,402

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.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Domestic Classified Commercial and Industrial Loans

Millions of dollars

Industry classification	Outstanding					Net change during				
	1979					1978	1979	1979		
	Jan. 31 r	Feb. 28 r	Mar. 28 r	Apr. 25 r	May 30 p	Q4	Q1 r	Mar. r	Apr. r	May p
1 Durable goods manufacturing	17,659	18,745	19,478	20,596	20,521	365	1,474	733	1,118	−75
2 Nondurable goods manufacturing	16,363	16,767	17,442	17,542	17,226	213	226	674	101	−316
3 Food, liquor, and tobacco	4,592	4,677	4,804	4,747	4,398	686	−132	127	−58	−349
4 Textiles, apparel, and leather	3,786	3,942	4,189	4,322	4,525	−624	464	246	134	202
5 Petroleum refining	2,337	2,328	2,276	2,112	2,030	153	−367	−52	−164	−83
6 Chemicals and rubber	3,248	3,356	3,488	3,583	3,464	88	−52	131	96	−119
7 Other nondurable goods	2,399	2,463	2,685	2,778	2,811	−89	314	222	93	33
8 Mining (including crude petroleum and natural gas)	9,999	9,971	10,140	10,373	10,858	200	−512	169	233	484
9 Trade	21,009	21,415	22,454	22,930	23,477	817	2,490	1,038	476	547
10 Commodity dealers	1,951	1,946	1,892	1,815	1,954	227	−71	−54	−78	139
11 Other wholesale	10,198	10,366	10,960	11,260	11,336	277	1,524	594	300	77
12 Retail	8,859	9,103	9,602	9,856	10,186	312	1,037	498	254	330
13 Transportation, communication, and other public utilities	13,419	13,760	13,980	14,391	14,515	1,086	569	220	411	124
14 Transportation	5,770	6,009	6,198	6,251	6,329	74	557	190	53	78
15 Communication	1,725	1,829	1,845	1,880	1,872	83	48	16	35	−8
16 Other public utilities	5,924	5,922	5,936	6,260	6,313	930	−37	15	323	53
17 Construction	5,062	5,034	5,355	5,461	5,651	−25	148	322	106	190
18 Services	15,283	15,451	15,844	16,264	16,473	982	887	394	419	210
19 All other[1]	16,132	16,075	14,592	14,892	15,783	−409	−2,316	−1,483	300	891
20 Total domestic loans	114,926	117,218	119,285	122,450	124,504	3,229	2,966	2,067	3,165	2,054
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans	57,562	58,488	59,357	61,389	62,126	1,718	4,084	869	2,032	738

1 Includes commercial and industrial loans at a few banks with assets of $1 billion or more that do not classify their loans.

NOTE. New series. The 134 large weekly reporting commercial banks with domestic assets of $1 billion or more as of December 31, 1977 are included in this series. The revised series is on a last-Wednesday-of-the-month basis.

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations[1]

Billions of dollars, estimated daily-average balances

Type of holder	1974 Dec.	1975 Dec.	1976 Dec.	1977 Sept.	1977 Dec.	1978 Mar.	1978 June	1978 Sept.	1978 Dec.	1979 Mar.[2]
	At commercial banks									
1 All holders, individuals, partnerships, and corporations	**225.0**	**236.9**	**250.1**	**252.7**	**274.4**	**262.5**	**271.2**	**278.8**	**294.6**	**270.4**
2 Financial business	19.0	20.1	22.3	23.7	25.0	24.5	25.7	25.9	27.8	24.4
3 Nonfinancial business	118.8	125.1	130.2	128.5	142.9	131.5	137.7	142.5	152.7	135.9
4 Consumer	73.3	78.0	82.6	86.2	91.0	91.8	92.9	95.0	97.4	93.9
5 Foreign	2.3	2.4	2.7	2.5	2.5	2.4	2.4	2.5	2.7	2.7
6 Other	11.7	11.3	12.4	11.8	12.9	12.3	12.4	13.1	14.1	13.5

	At weekly reporting banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Mar.[3]
7 All holders, individuals, partnerships, and corporations	**124.4**	**128.5**	**139.1**	**139.9**	**137.7**	**139.7**	**141.3**	**142.7**	**147.0**	**121.9**
8 Financial business	15.6	17.5	18.5	19.4	19.4	18.9	19.1	19.3	19.8	16.9
9 Nonfinancial business	69.9	69.7	76.3	73.7	72.0	74.1	75.0	75.7	79.0	64.6
10 Consumer	29.9	31.7	34.6	37.1	36.8	37.1	37.5	37.7	38.2	31.1
11 Foreign	2.3	2.6	2.4	2.3	2.4	2.4	2.5	2.5	2.5	2.6
12 Other	6.6	7.1	7.4	7.3	7.1	7.3	7.2	7.5	7.5	6.7

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 December 31, 1977. See "Announcements," p. 408 in the May 1979 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel: financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

1.33 COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1975 Dec.	1976 Dec.	1977 Dec.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.
	Commercial paper (seasonally adjusted)									
1 All issuers	**48,471**	**52,971**	**65,101**	**77,734**	**80,679**	**83,665**	**85,226**	**87,358**	**90,796**	**92,725**
Financial companies[1]										
Dealer-placed paper[2]										
2 Total	6,212	7,261	8,884	10,949	11,487	12,296	12,915	13,419	14,247	14,961
3 Bank-related	1,762	1,900	2,132	2,868	3,231	3,521	4,413	3,969	3,793	4,251
Directly placed paper[3]										
4 Total	31,404	32,511	40,484	48,460	50,093	51,630	52,880	54,586	55,653	55,313
5 Bank-related	6,892	5,959	7,102	10,925	11,478	12,314	12,191	12,166	12,642	12,788
6 Nonfinancial companies[4]	10,855	13,199	15,733	18,325	19,099	19,739	19,431	19,353	20,896	22,451
	Dollar acceptances (not seasonally adjusted)									
7 Total	**18,727**	**22,523**	**25,450**	**30,579**	**32,145**	**33,700**	**33,749**	**34,337**	**34,617**	**34,391**
Holder										
8 Accepting banks	7,333	10,442	10,434	8,379	8,082	8,579	7,339	7,715	7,645	7,535
9 Own bills	5,899	8,769	8,915	7,012	6,840	7,653	6,214	6,708	6,535	6,685
10 Bills bought	1,435	1,673	1,519	1,366	1,243	927	1,125	1,007	1,110	849
Federal Reserve Banks										
11 Own account	1,126	991	954	....	....	1	....	....	204	252
12 Foreign correspondents	293	375	362	557	585	664	765	750	c793	861
13 Others	9,975	10,715	13,904	21,644	23,478	24,456	25,646	25,829	c25,975	25,744
Basis										
14 Imports into United States	3,726	4,992	6,378	8,575	8,675	8,574	8,869	9,114	9,281	8,679
15 Exports from United States	4,001	4,818	5,863	6,665	7,224	7,586	7,762	7,858	8,104	8,087
16 All other	11,000	12,713	13,209	15,339	16,245	17,540	17,118	17,365	17,232	17,625

1 Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.

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

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

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

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

Percent per annum

Effective date	Rate	Effective date	Rate	Month	Average rate	Month	Average rate
1978—Jan. 10	8	1978—Sept. 15	9½	1977—Aug.	6.83	1978—July	9.00
		28	9¾	Sept.	7.13	Aug.	9.01
May 5	8¼			Oct.	7.52	Sept.	9.41
26	8½	Oct. 13	10	Nov.	7.75	Oct.	9.94
		27	10¼	Dec.	7.75	Nov.	10.94
June 16	8¾					Dec.	11.55
30	9	Nov. 1	10½	1978—Jan.	7.93		
		6	10¾	Feb.	8.00	1979—Jan.	11.75
Aug. 31	9¼	17	11	Mar.	8.00	Feb.	11.75
		24	11½	Apr.	8.00	Mar.	11.75
				May	8.27	Apr.	11.75
		Dec. 26	11¾	June	8.63	May	11.75

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 5–10, 1979

Item	All sizes	Size of loan (in thousands of dollars): 1–24	25–49	50–99	100–499	500–999	1,000 and over
Short-term commercial and industrial loans							
1 Amount of loans (thousands of dollars)	6,849,553	764,236	572,350	582,423	1,571,248	639,108	2,720,187
2 Number of loans	144,174	106,536	17,073	9,420	8,982	1,025	1,137
3 Weighted-average maturity (months)	3.2	3.3	3.3	3.7	3.3	3.3	2.8
4 Weighted-average interest rate (percent per annum)	12.27	12.14	12.01	12.83	12.55	12.63	11.99
5 Interquartile range[1]	11.51–13.10	10.47–13.52	10.75–13.25	11.75–14.20	11.89–13.37	12.00–13.28	11.50–12.45
Percentage of amount of loans							
6 With floating rate	50.1	29.0	39.6	36.8	45.9	56.9	61.8
7 Made under commitment	46.4	20.3	24.1	37.5	47.6	55.3	57.5
Long-term commercial and industrial loans							
8 Amount of loans (thousands of dollars)	1,081,529	242,097			205,214	96,688	537,530
9 Number of loans	16,416	14,943			1,111	154	207
10 Weighted-average maturity (months)	47.6	36.7			51.0	57.2	49.6
11 Weighted-average interest rate (percent per annum)	12.01	11.83			12.25	11.93	12.02
12 Interquartile range[1]	11.50–13.15	10.47–13.16			11.57–13.15	11.75–12.50	11.50–13.25
Percentage of amount of loans							
13 With floating rate	61.7	25.8			52.5	71.4	79.6
14 Made under commitment	55.4	29.3			41.9	61.0	71.2
Construction and land development loans							
15 Amount of loans (thousands of dollars)	591,415	94,199	63,486	93,408	122,193	218,129	
16 Number of loans	15,222	11,013	1,918	1,520	639	133	
17 Weighted-average maturity (months)	7.8	8.4	5.4	2.8	7.8	10.4	
18 Weighted-average interest rate (percent per annum)	11.79	11.22	12.15	12.00	12.43	11.48	
19 Interquartile range[1]	10.21–13.37	10.00–12.55	10.16–13.69	10.50–12.68	11.05–13.75	9.95–13.00	
Percentage of amount of loans							
20 With floating rate	44.2	22.6	24.8	20.2	53.8	64.1	
21 Secured by real estate	92.4	84.1	92.9	97.4	93.8	92.9	
22 Made under commitment	59.3	49.1	48.1	71.7	56.3	63.2	
Type of construction							
23 1- to 4-family	40.9	62.0	80.1	82.3	38.4	4.1	
24 Multifamily	15.8	2.9	3.3	4.0	16.7	29.6	
24 Nonresidential	43.2	35.2	16.5	13.7	44.9	66.2	

Item	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
Loans to farmers							
26 Amount of loans (thousands of dollars)	968,124	154,312	159,679	154,817	166,626	137,522	195,168
27 Number of loans	62,545	43,081	11,189	4,553	2,411	996	315
28 Weighted-average maturity (months)	7.8	8.4	10.7	8.0	8.0	6.1	5.1
29 Weighted-average interest rate (percent per annum)	11.01	10.34	10.40	10.37	10.69	11.69	12.33
30 Interquartile range[1]	10.00–11.83	9.50–11.00	9.73–11.00	9.61–11.00	10.00–11.00	11.00–12.49	11.00–13.50
By purpose of loan							
31 Feeder livestock	11.10	10.35	10.18	10.54	10.60	11.33	12.86
32 Other livestock	11.23	10.47	10.87	10.53	10.71	(2)	(2)
33 Other current operating expenses	10.88	10.31	10.42	10.33	10.78	11.65	12.07
34 Farm machinery and equipment	10.28	10.23	10.25	10.10	(2)	(2)	(2)
35 Other	11.23	10.42	10.83	10.28	10.66	12.61	11.81

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 416 (G.14) statistical release.

1.36 INTEREST RATES Money and Capital Markets

Averages, percent per annum

	Instrument	1976	1977	1978	1979 Feb.	1979 Mar.	1979 Apr.	1979 May	1979, week ending May 5	May 12	May 19	May 26	June 2
	Money market rates												
1	Federal funds[1]	5.05	5.54	7.94	10.06	10.09	10.01	10.24	10.22	10.25	10.25	10.17	10.28
	Prime commercial paper[2,3]												
2	90- to 119-day	5.24	5.54	7.94	9.95	9.90	9.85	9.95	9.87	9.95	9.99	9.98	9.92
3	4- to 6-month	5.35	5.60	7.99	10.01	9.96	10.39	9.98	9.91	10.00	10.03	9.98	9.91
4	Finance company paper, directly placed, 3- to 6-month[3,4]	5.22	5.49	7.78	9.85	9.73	10.15	9.75	9.67	9.77	9.76	9.81	9.70
5	Prime bankers acceptances, 90-day[3,5]	5.19	5.59	8.11	10.01	9.94	10.42	9.98	9.99	10.04	10.00	9.94	9.93
6	Large negotiable certificates of deposit, 3-month, secondary market[6]	5.26	5.58	8.20	10.18	10.13	10.05	10.15	10.21	10.19	10.19	10.08	10.09
7	Eurodollar deposits, 3-month[7]	5.57	6.05	8.74	10.79	10.64	10.60	10.73	10.88	10.80	10.63	10.68	10.53
	U.S. government securities												
	Bills[3,8]												
	Market yields												
8	3-month	4.98	5.27	7.19	9.32	9.48	9.46	9.61	9.58	9.63	9.60	9.64	9.55
9	6-month	5.26	5.53	7.58	9.41	9.47	9.49	9.54	9.60	9.61	9.50	9.49	9.44
10	1-year	5.52	5.71	7.74	9.39	9.38	9.28	9.27	9.40	9.39	9.26	9.14	9.05
	Rates on new issue[9]												
11	3-month	4.989	5.265	7.221	9.265	9.457	9.493	9.592	9.498	9.621	9.506	9.744	9.526
12	6-month	5.266	5.510	7.572	9.349	9.458	9.498	9.562	9.570	9.617	9.459	9.602	9.409
	Capital market rates												
	Government notes and bonds												
	U.S. Treasury												
	Constant maturities[10]												
13	1-year	5.88	6.09	8.34	10.24	10.25	10.12	10.12	10.30	10.27	10.09	9.95	9.88
14	2-year	......	6.45	8.34	9.72	9.79	9.78	9.78	9.92	9.91	9.80	9.63	9.54
15	3-year	6.77	6.69	8.29	9.29	9.38	9.43	9.42	9.54	9.54	9.45	9.27	9.19
16	5-year	7.18	6.99	8.32	9.13	9.20	9.25	9.24	9.36	9.35	9.27	9.08	9.01
17	7-year	7.42	7.23	8.36	9.11	9.15	9.21	9.23	9.34	9.34	9.26	9.08	9.01
18	10-year	7.61	7.42	8.41	9.10	9.12	9.18	9.25	9.36	9.37	9.28	9.11	9.04
19	20-year	7.86	7.67	8.48	9.03	9.08	9.12	9.21	9.28	9.30	9.23	9.11	9.06
20	30-year	......	......	8.49	9.00	9.03	9.08	9.19	9.24	9.27	9.21	9.11	9.06
	Notes and bonds maturing in[11]												
21	3 to 5 years	6.94	6.85	8.30	9.16	9.25	9.32	9.30	9.42	9.42	9.32	9.14	9.08
22	Over 10 years (long-term)	6.78	7.06	7.89	8.43	8.45	8.44	8.55	8.55	8.59	8.61	8.51	8.44
	State and local												
	Moody's series[12]												
23	Aaa	5.66	5.20	5.52	5.66	5.82	5.80	5.81	5.80	5.85	5.90	5.75	5.75
24	Baa	7.49	6.12	6.27	6.75	6.41	6.25	6.38	6.30	6.35	6.45	6.40	6.40
25	*Bond Buyer* series[13]	6.64	5.68	6.03	6.31	6.33	6.29	6.25	6.27	6.30	6.30	6.21	6.16
	Corporate bonds												
	Seasoned issues[14]												
26	All industries	9.01	8.43	9.07	9.63	9.76	9.81	9.96	9.92	9.96	9.98	9.98	9.94
	By rating groups												
27	Aaa	8.43	8.02	8.73	9.26	9.37	9.38	9.50	9.51	9.52	9.51	9.49	9.48
28	Aa	8.75	8.24	8.92	9.50	9.61	9.65	9.86	9.81	9.89	9.89	9.86	9.80
29	A	9.09	8.49	9.12	9.68	9.81	9.88	10.00	9.94	9.97	10.02	10.05	10.02
30	Baa	9.75	8.97	9.45	10.08	10.26	10.33	10.47	10.40	10.47	10.50	10.51	10.45
	Aaa utility bonds[15]												
31	New issue	8.48	8.19	8.96	9.53	9.62	9.70	9.83	......	......	9.85	9.80	......
32	Recently offered issues	8.49	8.19	8.97	9.56	r9.62	9.74	9.84	9.93	9.93	9.85	9.74	9.71
	Dividend/price ratio[16]												
33	Preferred stocks	7.97	7.60	8.25	8.77	8.77	8.29	8.82	8.81	8.79	8.79	8.90	8.83
34	Common stocks	3.77	4.56	5.28	5.43	5.39	5.35	5.58	5.42	5.60	5.66	5.59	5.65

1 Weekly figures are 7-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.

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

3 Yields are quoted on a bank-discount basis.

4 The most representative offering rate published by finance companies.

5 Average of the midpoint of the range of daily dealer closing rates offered for domestic issues.

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

7 Averages of daily quotations for the week ending Wednesday.

8 Except for new bill issues, yields are computed from daily closing bid prices.

9 Rates are recorded in the week in which bills are issued.

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

11 Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years, including a number of very low yielding "flower" bonds.

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

13 Twenty issues of mixed quality.

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

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

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

16 Provided by Standard and Poors' Corporation.

1.37 STOCK MARKET Selected Statistics

Indicator	1976	1977	1978	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.	1979 May
	Prices and trading (averages of daily figures)									
Common stock prices										
1 **New York Stock Exchange (Dec. 31, 1965 = 50)**	**54.45**	**53.67**	**53.76**	**52.74**	**53.69**	**55.76**	**55.06**	**56.18**	**57.50**	**56.21**
2 Industrial	60.44	57.84	58.30	57.50	58.72	61.31	60.42	61.89	63.64	62.21
3 Transportation	39.57	41.07	43.25	41.80	42.49	43.69	42.27	43.22	45.92	45.60
4 Utility	36.97	40.91	39.23	37.88	38.09	38.79	39.22	38.94	38.63	37.48
5 Finance	52.94	55.23	56.74	54.95	55.73	57.59	56.09	57.65	59.50	58.80
6 **Standard & Poor's Corporation (1941–43 = 10)[1]**	**102.01**	**98.18**	**96.11**	**94.71**	**96.10**	**99.70**	**98.23**	**100.11**	**102.10**	**99.73**
7 **American Stock Exchange (Aug. 31, 1973 = 100)**	**101.63**	**116.18**	**144.56**	**144.17**	**149.94**	**159.26**	**160.92**	**171.51**	**181.14**	**180.81**
Volume of trading (thousands of shares)										
8 New York Stock Exchange	21,189	20,936	28,591	24,505	24,622	27,988	25,037	29,536	31,033	28,352
9 American Stock Exchange	2,565	2,514	3,922	3,304	3,430	3,150	2,944	4,105	4,262	3,888
	Customer financing (end-of-period balances, in millions of dollars)									
10 **Regulated margin credit at brokers/dealers[2]**	**8,166**	**9,993**	**11,035**	**11,209**	**11,035**	**10,955**	**10,989**	**11,056**	**11,416**	↑
11 Margin stock[3]	7,960	9,740	10,830	11,000	10,830	10,750	10,790	10,870	11,220	
12 Convertible bonds	204	250	205	209	205	204	195	185	194	
13 Subscription issues	2	3	1	....	1	1	4	1	2	n.a.
Free credit balances at brokers[4]										
14 Margin-account	585	640	835	790	835	810	775	830	835	
15 Cash-account	1,855	2,060	2,510	2,305	2,510	2,565	2,430	2,490	2,550	↓
	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**	↑
By equity class (in percent)[5]										
17 Under 40	12.0	18.0	33.0	32.0	33.0	21.0	29.0	r21.0	23.0	
18 40–49	23.0	36.0	28.0	27.0	28.0	32.0	31.0	r29.0	29.0	n.a.
19 50–59	35.0	23.0	18.0	20.0	18.0	22.0	18.0	r25.0	23.0	
20 60–69	15.0	11.0	10.0	10.0	10.0	12.0	11.0	r12.0	12.0	
21 70–79	8.7	6.0	6.0	6.0	6.0	7.0	6.0	r7.0	7.0	
22 80 or more	6.0	5.0	5.0	5.0	5.0	6.0	5.0	r6.0	6.0	↓
	Special miscellaneous-account balances at brokers (end of period)									
23 **Total balances (millions of dollars)[6]**	**8,776**	**9,910**	....	....	....	....	....	....	....	....
Distribution by equity status (percent)										
24 Net credit status	41.3	43.4	....	....	....	....	....	....	....	....
Debit status, equity of										
25 60 percent or more	47.8	44.9	....	....	....	....	....	....	....	....
26 Less than 60 percent	10.9	11.7	....	....	....	....	....	....	....	....

Margin requirements (percent of market value)[7]

Effective date	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
27 Margin stocks	70	80	65	55	65	50
28 Convertible bonds	50	60	50	50	50	50
29 Short sales	70	80	65	55	65	50

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

2 Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is end-of-month data for member firms of the New York Stock Exchange.

In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.

3 A distribution of this total by equity class is shown on lines 17–22.

4 Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

5 Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

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

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

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1975	1976	1977	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.p
	Savings and loan associations[9]											
1 **Assets**	**338,233**	**391,907**	**459,241**	**504,298**	**508,977**	**515,352**	**520,677**	**523,649**	**529,820**	**534,168**	**539,715**	**543,342**
2 Mortgages	278,590	323,005	381,163	416,677	420,971	425,236	429,420	432,858	435,460	437,905	441,420	445,717
3 Cash and investment securities[1]	30,853	35,724	39,150	44,188	43,987	45,577	45,869	44,855	47,653	49,018	50,130	48,644
4 Other	28,790	33,178	38,928	43,433	44,019	44,539	45,388	45,936	46,707	47,245	48,165	48,981
5 **Liabilities and net worth**	**338,233**	**391,907**	**459,241**	**504,298**	**508,977**	**515,352**	**520,677**	**523,649**	**529,820**	**534,168**	**539,715**	**543,342**
6 Savings capital	285,743	335,912	386,800	413,972	420,405	423,050	425,207	431,009	435,752	438,633	446,981	445,797
7 Borrowed money	20,634	19,083	27,840	37,219	38,595	39,873	40,981	42,960	42,468	41,368	41,592	43,675
8 FHLBB	17,524	15,708	19,945	27,363	28,632	29,456	30,322	31,990	31,758	31,004	31,123	32,333
9 Other	3,110	3,375	7,895	9,856	9,963	10,417	10,659	10,970	10,610	10,364	10,469	11,342
10 Loans in process	5,128	6,840	9,911	11,422	11,222	11,165	r11,015	10,737	10,445	10,287	10,346	10,717
11 Other	6,949	8,074	9,506	13,906	10,676	12,832	14,666	9,918	11,971	14,250	10,919	12,966
12 Net worth[2]	19,779	21,998	25,184	27,779	28,079	28,432	28,808	29,025	29,284	29,630	29,877	30,187
13 MEMO: Mortgage loan commitments outstanding[3]	10,673	14,826	19,875	22,047	21,648	21,503	20,738	18,911	r18,053	19,038	21,085	22,793
	Mutual savings banks[10]											
14 **Assets**	**121,056**	**134,812**	**147,287**	**155,210**	**156,110**	**156,843**	**157,436**	**158,174**	**158,892**	**160,078**	**161,866**	
Loans												
15 Mortgage	77,221	81,630	88,195	92,866	93,403	93,903	94,497	95,157	95,552	95,821	96,136	
16 Other	4,023	5,183	6,210	8,379	8,418	8,272	7,921	7,195	7,744	8,455	9,421	
Securities												
17 U.S. government	4,740	5,840	5,895	5,210	5,172	5,105	5,035	4,959	4,838	4,801	4,814	
18 State and local government	1,545	2,417	2,828	3,098	3,180	3,190	3,307	3,333	3,328	3,167	3,126	
19 Corporate and other[4]	27,992	33,793	37,918	39,592	39,639	39,651	39,679	39,732	40,007	40,307	40,658	
20 Cash	2,330	2,355	2,401	2,080	2,293	2,735	3,033	3,665	3,274	3,306	3,410	
21 Other assets	3,205	3,593	3,839	3,985	4,006	3,988	3,962	4,131	4,149	4,222	4,300	
22 **Liabilities**	**121,056**	**134,812**	**147,287**	**155,210**	**156,110**	**156,843**	**157,436**	**158,174**	**158,892**	**160,078**	**161,866**	n.a.
23 Deposits	109,873	122,877	134,017	139,308	140,816	141,026	141,155	142,701	142,879	143,539	145,650	
24 Regular:[5]	109,291	121,961	132,744	137,690	139,068	139,422	r139,697	141,170	141,388	142,071	r144,042	
25 Ordinary savings	69,653	74,535	78,005	75,578	75,423	74,124	72,398	71,816	69,244	68,817	68,829	
26 Time and other	39,639	47,426	54,739	62,112	63,645	65,298	67,299	69,354	72,145	73,254	75,213	
27 Other	582	916	1,272	1,619	1,747	1,604	1,458	1,531	1,491	1,468	1,608	
28 Other liabilities	2,755	2,884	3,292	5,246	4,570	5,040	5,411	4,565	5,032	5,485	5,048	
29 General reserve accounts	8,428	9,052	9,978	10,654	10,725	10,777	10,870	10,907	10,980	11,054	11,167	
30 MEMO: Mortgage loan commitments outstanding[6]	1,803	2,439	4,066	4,789	4,561	4,843	4,843	4,400	4,366	4,453	4,482	
	Life insurance companies											
31 **Assets**	**289,304**	**321,552**	**351,722**	**378,124**	**381,050**	**382,446**	**385,562**	**389,021**	**393,402**	**395,553**	**399,530**	
Securities												
32 Government	13,758	17,942	19,553	19,536	19,638	19,757	19,711	19,579	19,829	19,922	20,119	
33 United States[7]	4,736	5,368	5,315	5,155	5,156	5,183	4,934	4,795	5,049	5,209	5,324	
34 State and local	4,508	5,594	6,051	5,884	6,001	6,035	6,235	6,250	6,236	6,132	6,106	
35 Foreign[8]	4,514	6,980	8,187	8,524	8,481	8,539	8,542	8,534	8,544	8,581	8,689	
36 Business	135,317	157,246	175,654	194,620	196,152	195,883	197,615	197,342	201,061	201,869	203,971	n.a.
37 Bonds	107,256	122,984	141,891	157,888	159,972	161,347	162,347	161,923	165,552	166,693	167,625	
38 Stocks	28,061	34,262	33,763	36,732	36,180	34,536	34,780	35,419	35,509	35,176	36,346	
39 Mortgages	89,167	91,552	96,848	101,602	102,365	103,161	104,106	105,932	106,397	107,137	108,189	
40 Real estate	9,621	10,476	11,060	11,538	11,583	11,693	11,707	11,776	11,841	11,919	11,959	
41 Policy loans	24,467	25,834	27,556	29,067	29,290	29,521	29,818	30,202	30,506	30,835	31,224	
42 Other assets	16,971	18,502	21,051	21,734	22,022	22,431	22,605	24,190	23,768	23,871	24,068	
	Credit unions[11]											
43 **Total assets/liabilities and capital**	**38,037**	**45,225**	**54,084**	**60,376**	**61,605**	**61,194**	**61,614**	**62,595**	**61,756**	**62,319**	**63,883**	**63,247**
44 Federal	20,209	24,396	29,574	33,437	34,187	33,823	34,215	34,681	34,165	34,419	35,289	34,653
45 State	17,828	20,829	24,510	26,939	27,418	27,371	27,399	27,914	27,591	27,900	28,594	28,594
46 Loans outstanding	28,169	34,384	42,055	49,058	49,984	50,393	51,103	51,807	51,526	51,716	52,480	52,542
47 Federal	14,869	18,311	22,717	26,751	27,355	27,545	28,031	28,583	28,340	28,427	28,918	28,849
48 State	13,300	16,073	19,338	22,307	22,629	22,848	23,072	23,224	23,186	23,289	23,562	23,693
49 Savings	33,013	39,173	46,832	51,456	52,394	52,240	52,418	53,048	51,916	52,484	54,243	53,745
50 Federal (shares)	17,530	21,130	25,849	28,283	28,923	28,865	28,992	29,326	28,427	28,743	29,741	29,339
51 State (shares and deposits)	15,483	18,043	20,983	23,173	23,471	23,375	23,426	23,722	23,489	23,741	24,502	24,406

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Fiscal year 1978	Calendar year 1977	1978		1979		
				H2	H1	H2	Feb.	Mar.	Apr.
U.S. budget									
1 Receipts[1]	81,772	357,762	401,997	175,820	210,650	206,275	32,639	31,144	52,230
2 Outlays[1]	94,729	402,725	450,836	216,781	222,518	238,150	37,739	43,725	40,752
3 Surplus, or deficit (−)	-12,956	-44,963	48,839	40,961	11,870	-31,875	-5,100	12,581	11,478
4 Trust funds	-1,952	7,833	12,693	4,293	4,334	11,755	2,188	-1,155	705
5 Federal funds[2]	-11,004	-52,796	-61,532	45,254	-16,204	-43,630	-7,288	-11,426	10,774
Off-budget entities surplus, or deficit ( )									
6 Federal Financing Bank outlays	2,564	-8,201	−10,614	-6,663	-5,105	−5,082	-995	1,639	-1,102
7 Other[3]	779	-483	287	428	-790	1,841	62	498	542
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit ( )	-14,741	-53,647	59,166	-47,196	17,765	-35,117	-6,033	-13,722	9,834
Financed by									
9 Borrowing from the public	18,027	53,516	59,106	40,284	23,374	30,308	-668	8,012	-4,965
10 Cash and monetary assets (decrease, or increase ( ))	2,899	2,238	-3,023	4,317	−5,098	3,381	8,179	779	2,991
11 Other[4]	387	2,369	3,083	2,597	511	1,428	-1,478	6,489	-1,878
MEMO ITEMS									
12 Treasury operating balance (level, end of period)	17,418	19,104	22,444	12,274	17,526	16,291	6,887	7,685	8,342
13 Federal Reserve Banks	13,299	15,740	16,647	7,114	11,614	4,196	3,443	5,726	3,100
14 Tax and loan accounts	4,119	3,364	5,797	5,160	5,912	12,095	3,444	1,959	5,242

1 Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.

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

3 Includes Pension Benefit Guaranty Corp.; Postal Service Fund; Rural Electrification and Telephone Revolving Fund; and Rural Telephone Bank.

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

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and the *Budget of the United States Government, Fiscal Year 1980.*

NOTES TO TABLE 1.38

1 Holdings of stock of the Federal Home Loan Banks are included in "other assets."

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

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

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

5 Excludes checking, club, and school accounts.

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

7 Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown [redacted] under "business" securities.

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

9 Data reflect benchmark revisions back to 1977.

10 Data for December 1978 through February 1979 have been revised.

11 Data for August through November 1978 have been revised.

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

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

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

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

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Fiscal year 1978	Calendar year 1977 H2	1978 H1	1978 H2	1979 Feb.	1979 Mar.	1979 Apr.
				Receipts					
1 **All sources[1]**	**81,772**	**357,762**	**401,997**	**175,820**	**210,650**	**206,275**	**32,639**	**31,144**	**52,230**
2 Individual income taxes, net	38,800	157,626	180,988	82,911	90,336	98,854	14,509	8,255	25,029
3 Withheld	32,949	144,820	165,215	75,480	82,784	90,148	16,292	16,194	15,537
4 Presidential Election Campaign Fund	1	37	39	1	36	3	5	10	7
5 Nonwithheld	6,809	42,062	47,804	9,397	37,584	10,777	1,037	3,119	17,975
6 Refunds[1]	958	29,293	32,070	1,967	30,068	2,075	2,825	11,068	8,489
7 Corporation income taxes									
8 Gross receipts	9,808	60,057	65,380	25,121	38,496	28,536	1,706	9,879	10,418
9 Refunds	1,348	5,164	5,428	2,819	2,782	2,757	424	578	651
10 Social insurance taxes and contributions, net	25,760	108,683	123,410	52,347	66,191	61,064	13,614	10,373	14,165
11 Payroll employment taxes and contributions[2]	21,534	88,196	99,626	44,384	51,668	51,052	11,528	9,315	9,051
12 Self-employment taxes and contributions[3]	269	4,014	4,267	316	3,892	369	322	321	2,993
13 Unemployment insurance	2,698	11,312	13,850	4,936	7,800	6,727	1,286	198	1,608
14 Other net receipts[4]	1,259	5,162	5,668	2,711	2,831	2,917	478	540	513
15 Excise taxes	4,473	17,548	18,376	9,284	8,835	9,879	1,436	1,434	1,529
16 Customs deposits	1,212	5,150	6,573	2,848	3,320	3,748	527	621	623
17 Estate and gift taxes	1,455	7,327	5,285	2,837	2,587	2,691	426	449	323
18 Miscellaneous receipts[5]	1,612	6,536	7,413	3,292	3,667	4,260	846	712	794
				Outlays[8]					
19 **All types[1]**	**94,729**	**402,725**	**450,836**	**216,781**	**222,518**	**238,150**	**37,739**	**43,725**	**40,752**
20 National defense	22,307	97,501	105,186	50,873	52,979	55,129	8,803	10,159	9,439
21 International affairs	2,197	4,813	5,922	2,896	2,904	2,221	460	896	407
22 General science, space, and technology	1,161	4,677	4,742	2,318	2,395	2,362	422	459	256
23 Energy	794	4,172	5,861	....	2,487	4,461	904	700	665
24 Natural resources and environment	2,532	10,000	10,925	....	4,959	6,119	1,030	855	965
25 Agriculture	581	5,532	7,731	5,477	2,353	4,854	762	457	502
26 Commerce and housing credit	1,392	44	3,325	....	−946	3,291	553	173	100
27 Transportation	3,304	14,636	15,444	....	7,723	8,758	1,095	1,257	1,251
28 Community and regional development	1,340	6,286	11,000	4,924	5,928	6,108	625	773	602
29 Education, training, employment, and social services	5,162	20,985	26,463	10,800	12,792	13,676	2,075	2,578	2,595
30 Health	8,721	38,785	43,676	19,422	21,391	23,942	3,894	4,231	4,060
31 Income security[1]	32,797	137,915	146,212	71,081	75,201	73,305	13,300	14,415	13,316
32 Veterans benefits and services	3,962	18,038	18,974	9,864	9,603	9,545	1,622	2,717	840
33 Administration of justice	859	3,600	3,802	1,723	1,946	1,973	352	347	369
34 General government	883	3,374	3,777	1,749	1,803	2,111	300	435	305
35 General-purpose fiscal assistance	2,092	9,499	9,601	4,926	4,665	4,385	81	67	1,752
36 Interest[6]	7,216	38,009	43,966	19,962	22,280	24,110	4,099	3,807	3,993
37 Undistributed offsetting receipts[6,7]	2,567	−15,053	−15,772	−8,506	−7,945	−8,200	−1,530	−603	−664

1 Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.

2 Old-age, disability and hospital insurance, and railroad retirement accounts.

3 Old-age, disability, and hospital insurance.

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

5 Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.

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

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

8 For some types of outlays the categories are new or represent regroupings; data for these categories are from the *Budget of the United States Government, Fiscal Year 1980*; data are not available for half-years prior to 1978.

In addition, for some categories the table includes revisions in figures published earlier.

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1976	1977			1978				1979
	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 **Federal debt outstanding**	**665.5**	**685.2**	**709.1**	**729.2**	**747.8**	**758.8**	**780.4**	**797.7**	**804.6**
2 Public debt securities	653.5	674.4	698.8	718.9	738.0	749.0	771.5	789.2	796.8
3 Held by public	506.4	523.2	543.4	564.1	585.2	587.9	603.6	619.2	630.5
4 Held by agencies	147.1	151.2	155.5	154.8	152.7	161.1	168.0	170.0	166.3
5 Agency securities	12.0	10.8	10.3	10.2	9.9	9.8	8.9	8.5	7.8
6 Held by public	10.0	9.0	8.5	8.4	8.1	8.0	7.4	7.0	6.3
7 Held by agencies	1.9	1.8	1.8	1.8	1.8	1.8	1.5	1.5	1.5
8 **Debt subject to statutory limit**	**654.7**	**675.6**	**700.0**	**720.1**	**739.1**	**750.2**	**772.7**	**790.3**	**797.9**
9 Public debt securities	652.9	673.8	698.2	718.3	737.3	748.4	770.9	788.6	796.2
10 Other debt[1]	1.7	1.7	1.7	1.7	1.8	1.8	1.8	1.7	1.7
11 MEMO: Statutory debt limit	682.0	700.0	700.0	752.0	752.0	752.0	798.0	798.0	798.0

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

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

NOTE. Data from *Treasury Bulletin* (U.S. Treasury Department).

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

Billions of dollars, end of period

Type and holder	1975	1976	1977	1978	1979				
					Jan.	Feb.	Mar.	Apr.	May
1 **Total gross public debt**	**576.6**	**653.5**	**718.9**	**789.2**	**790.5**	**792.2**	**796.8**	**796.4**	**804.8**
By type									
2 **Interest-bearing debt**	**575.7**	**652.5**	**715.2**	**782.4**	**789.5**	**791.2**	**792.3**	**795.4**	**803.8**
3 Marketable	363.2	421.3	459.9	487.5	496.5	498.0	500.4	504.6	506.9
4 Bills	157.5	164.0	161.1	161.7	162.3	162.4	165.5	163.7	163.1
5 Notes	167.1	216.7	251.8	265.8	272.8	271.4	270.8	275.3	276.1
6 Bonds	38.6	40.6	47.0	60.0	61.4	64.2	64.1	65.5	67.7
7 Nonmarketable[1]	212.5	231.2	255.3	294.8	293.0	293.3	[8] 291.9	290.8	296.9
8 Convertible bonds[2]	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2
9 State and local government series	1.2	4.5	13.9	24.3	24.2	24.2	24.2	24.0	24.0
10 Foreign issues[3]	21.6	22.3	22.2	29.6	30.3	28.2	28.2	25.4	25.2
11 Government	21.6	22.3	22.2	28.0	27.5	25.4	24.0	21.3	21.0
12 Public	0	0	0	1.6	2.8	2.8	4.2	4.2	4.2
13 Savings bonds and notes	67.9	72.3	77.0	80.9	80.8	80.8	80.8	80.8	80.8
14 Government account series[4]	119.4	129.7	139.8	157.5	155.2	157.6	153.8	158.2	164.6
15 Non-interest-bearing debt	1.0	1.1	3.7	6.8	1.0	1.0	4.4	.9	1.0
By holder[5]									
16 U.S. government agencies and trust funds	139.1	147.1	154.8	170.0	167.7	170.1	166.3		
17 Federal Reserve Banks	89.8	97.0	102.5	109.6	101.3	103.5	110.3		
18 **Private investors**	**349.4**	**409.5**	**461.3**	**508.6**	**521.4**	**518.6**	**519.6**		
19 Commercial banks	85.1	103.8	101.4	93.4	95.0	94.0	96.3		
20 Mutual savings banks	4.5	5.9	5.9	5.2	5.2	5.2	5.2		
21 Insurance companies	9.5	12.7	15.1	15.0	15.1	15.1	15.1		
22 Other corporations	20.2	27.7	22.7	20.6	22.5	23.5	23.8	n.a.	n.a.
23 State and local governments	34.2	41.6	55.2	68.6	67.9	68.6	68.8		
Individuals									
24 Savings bonds	67.3	72.0	76.7	80.7	80.6	80.6	80.6		
25 Other securities	24.0	28.8	28.6	30.0	30.4	30.8	31.1		
26 Foreign and international[6]	66.5	78.1	109.6	137.8	142.2	r136.9	132.8		
27 Other miscellaneous investors[7]	38.0	38.9	46.1	57.4	62.5	r63.7	66.0		

1 Includes (not shown separately): Securities issued to the Rural Electrification Administration, depositary bonds, retirement plan bonds, and individual retirement bonds.

2 These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ percent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category above.

3 Nonmarketable dollar-denominated and foreign currency denominated series held by foreigners.

4 Held almost entirely by U.S. government agencies and trust funds.

5 Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

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

7 Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain government deposit accounts, and government sponsored agencies.

8 Includes a nonmarketable Federal Reserve special certificate for $2.6 billion.

NOTE. Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department); data by holder from *Treasury Bulletin*.

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

Par value; millions of dollars, end of period

Type of holder	1977	1978	1979 Feb.	1979 Mar.	1977	1978	1979 Feb.	1979 Mar.
	All maturities				1 to 5 years			
1 **All holders**	**459,927**	**487,546**	**497,976**	**500,400**	**151,264**	**162,886**	**169,352**	**166,221**
2 U.S. government agencies and trust funds	14,420	12,695	12,693	12,685	4,788	3,310	2,710	2,710
3 Federal Reserve Banks	101,191	109,616	103,486	107,655	27,012	31,283	34,208	34,057
4 Private investors	344,315	365,235	381,797	380,060	119,464	128,293	132,435	129,454
5 Commercial banks	75,363	68,890	68,344	69,342	38,691	38,390	38,252	37,183
6 Mutual savings banks	4,379	3,499	3,408	3,395	2,112	1,918	1,752	1,826
7 Insurance companies	12,378	11,635	11,844	11,811	4,729	4,664	5,033	4,949
8 Nonfinancial corporations	9,474	8,272	9,048	9,175	3,183	3,635	3,112	3,166
9 Savings and loan associations	4,817	3,835	3,923	3,627	2,368	2,255	2,149	1,941
10 State and local governments	15,495	18,815	18,589	18,692	3,875	3,997	3,791	4,053
11 All others	222,409	250,288	266,641	264,017	64,505	73,433	78,246	76,335
	Total, within 1 year				5 to 10 years			
12 **All holders**	**230,691**	**228,516**	**233,525**	**239,125**	**45,328**	**50,400**	**45,163**	**45,163**
13 U.S. government agencies and trust funds	1,906	1,488	2,088	2,082	2,129	1,989	1,989	1,989
14 Federal Reserve Banks	56,702	52,801	45,835	50,076	10,404	14,809	11,875	11,929
15 Private investors	172,084	174,227	185,602	186,967	32,795	33,601	31,299	31,245
16 Commercial banks	29,477	20,608	20,220	22,611	6,162	7,490	7,299	7,104
17 Mutual savings banks	1,400	817	820	846	584	496	450	456
18 Insurance companies	2,398	1,838	1,962	1,930	3,204	2,899	2,571	2,646
19 Nonfinancial corporations	5,770	4,048	5,249	5,351	307	369	320	342
20 Savings and loan associations	2,236	1,414	1,608	1,522	143	89	89	86
21 State and local governments	7,917	8,194	8,009	7,679	1,283	1,588	1,511	1,502
22 All others	122,885	137,309	147,735	147,027	21,112	20,671	19,058	19,109
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**161,081**	**161,747**	**162,416**	**165,459**	**12,906**	**19,800**	**21,190**	**21,145**
24 U.S. government agencies and trust funds	32	2	1	*	3,102	3,876	3,876	3,875
25 Federal Reserve Banks	42,004	42,397	35,467	39,266	1,510	2,088	2,119	2,130
26 Private investors	119,035	119,348	126,948	126,193	8,295	13,836	15,195	15,141
27 Commercial banks	11,996	5,707	4,877	6,704	456	956	1,045	995
28 Mutual savings banks	484	150	100	102	137	143	153	142
29 Insurance companies	1,187	753	695	648	1,245	1,460	1,478	1,455
30 Nonfinancial corporations	4,329	1,792	2,522	2,494	133	86	160	173
31 Savings and loan associations	806	262	294	265	54	60	61	60
32 State and local governments	6,092	5,524	5,133	4,793	890	1,420	1,587	1,616
33 All others	94,152	105,161	113,326	111,186	5,380	9,711	10,712	10,699
	Other, within 1 year				Over 20 years			
34 **All holders**	**69,610**	**66,769**	**71,109**	**73,666**	**19,738**	**25,944**	**28,746**	**28,746**
35 U.S. government agencies and trust funds	1,874	1,487	2,087	2,082	2,495	2,031	2,030	2,030
36 Federal Reserve Banks	14,698	10,404	10,368	10,810	5,564	8,635	9,449	9,463
37 Private investors	53,039	54,879	58,654	60,774	11,679	15,278	17,267	17,254
38 Commercial banks	15,482	14,901	15,343	15,907	578	1,446	1,528	1,449
39 Mutual savings banks	916	667	720	744	146	126	133	125
40 Insurance companies	1,211	1,084	1,267	1,282	802	774	800	831
41 Nonfinancial corporations	1,441	2,256	2,727	2,857	81	135	208	143
42 Savings and loan associations	1,430	1,152	1,313	1,258	16	17	16	17
43 State and local governments	1,825	2,670	2,876	2,885	1,530	3,616	3,692	3,841
44 All others	28,733	32,149	34,409	35,841	8,526	9,164	10,890	10,848

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 Mar. 31, 1979: (1) 5,454 commercial banks, 463 mutual savings banks, and 727 insurance companies, each about 80 percent; (2) 434 nonfinancial corporations and 485 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.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

Par value; averages of daily figures, in millions of dollars

Item	1976	1977	1978	1979			1979, week ending Wednesday					
				Feb.	Mar.	Apr.	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28	Apr. 4
1 **U.S. government securities**	**10,449**	**10,838**	**10,285**	**11,612**	**9,882**	**14,280**	**11,240**	**11,664**	**10,258**	**7,686**	**9,115**	**14,362**
By maturity												
2 Bills	6,676	6,746	6,173	6,261	6,204	9,906	5,925	7,116	6,018	5,017	5,993	10,787
3 Other within 1 year	210	237	392	344	320	434	492	344	221	213	424	484
4 1–5 years	2,317	2,320	1,889	2,595	1,744	2,184	2,982	2,191	2,142	1,234	1,393	1,640
5 5–10 years	1,019	1,148	965	1,185	825	674	849	985	1,074	589	640	726
6 Over 10 years	229	388	866	1,227	789	1,083	992	1,028	803	632	664	725
By type of customer												
7 U.S. government securities dealers	1,360	1,267	1,135	1,235	1,170	1,617	1,360	1,505	1,042	948	1,185	1,530
8 U.S. government securities brokers	3,407	3,709	3,838	4,750	3,651	5,043	4,323	4,322	4,324	2,728	3,038	4,332
9 Commercial banks	2,426	2,295	1,804	1,764	1,565	2,095	1,731	1,880	1,589	1,228	1,383	2,201
10 All others[1]	3,257	3,568	3,508	3,863	3,496	5,525	3,826	3,957	3,303	2,781	3,509	6,300
11 **Federal agency securities**	**1,548**	**1,729**	**1,894**	**2,351**	**2,099**	**2,218**	**2,544**	**2,466**	**2,398**	**1,431**	**1,731**	**2,260**

1 Includes, among others, all other dealers and brokers in commodities and securities, foreign banking agencies, and the Federal Reserve System.

NOTE. Averages for transactions are based on number of trading days in the period.

Transactions are market purchases and sales of U.S. government securities dealers reporting to the Federal Reserve Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. government securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase, reverse repurchase (resale), or similar contracts.

1.45 U.S. GOVERNMENT SECURITIES DEALERS Positions and Sources of Financing

Par value; averages of daily figures, in millions of dollars

Item	1976	1977	1978	1979			1979, week ending Wednesday					
				Feb.	Mar.	Apr.	Feb. 7	Feb. 14	Feb. 21	Feb. 28	Mar. 7	Mar. 14
	Positions[2]											
1 **U.S. government securities**	**7,592**	**5,172**	**2,656**	**3,077**	**1,849**	**4,277**	**4,419**	**3,639**	**2,147**	**2,030**	**3,750**	**2,262**
2 Bills	6,290	4,772	2,452	3,060	2,471	4,698	4,382	2,990	2,485	2,253	3,885	2,780
3 Other within 1 year	188	99	260	−72	−262	−276	153	77	−227	−294	−323	−251
4 1–5 years	515	60	−92	−355	−471	−264	−60	−426	−739	−284	−32	−434
5 5–10 years	402	92	40	152	−20	83	71	410	173	12	24	−14
6 Over 10 years	198	149	4	293	131	202	−126	589	455	343	197	181
7 **Federal agency securities**	**729**	**693**	**606**	**761**	**734**	**953**	**1,220**	**861**	**487**	**442**	**450**	**789**
	Sources of financing[3]											
8 **All sources**	**8,715**	**9,877**	**10,204**	**13,370**	**12,378**	**14,680**	**14,174**	**13,407**	**13,481**	**12,418**	**14,093**	**14,287**
Commercial banks												
9 New York City	1,896	1,313	599	2,189	874	1,266	2,376	2,161	2,556	1,663	2,366	1,718
10 Outside New York City	1,660	1,987	2,174	2,402	2,453	2,724	2,592	2,318	2,552	2,146	2,759	2,753
11 Corporations[1]	1,479	2,423	2,370	2,602	2,748	3,000	2,695	2,535	2,592	2,588	2,555	3,091
12 All others	3,681	4,155	5,052	6,176	6,304	7,690	6,511	6,392	5,780	6,021	6,413	6,727

1 All business corporations except commercial banks and insurance companies.

2 New amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase. The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities purchased under agreements to resell.

3 Total amounts outstanding of funds borrowed by nonbank dealer firms and dealer departments of commercial banks against U.S. government and federal agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreement to resell are excluded where the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement.

NOTE. Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1976	1977	1978	1978			1979		
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 **Federal and federally sponsored agencies**	**103,325**	**109,924**	**131,982**	**127,468**	**129,139**	**131,982**	**129,849**	**129,865**	**129,278**
2 Federal agencies	21,896	22,760	23,488	23,279	23,073	23,488	23,431	23,485	23,507
3 Defense Department[1]	1,113	983	868	897	876	868	864	859	839
4 Export-Import Bank[2,3]	7,801	8,671	8,711	8,704	8,392	8,711	8,515	8,499	8,326
5 Federal Housing Administration[4]	575	581	588	598	594	588	582	586	580
6 Government National Mortgage Association participation certificates[5]	4,120	3,743	3,141	3,166	3,166	3,141	3,141	3,141	3,141
7 Postal Service[6]	2,998	2,431	2,364	2,364	2,364	2,364	2,364	2,364	2,364
8 Tennessee Valley Authority	5,185	6,015	7,460	7,195	7,325	7,460	7,620	7,690	7,900
9 United States Railway Association[6]	104	336	356	355	356	356	345	346	357
10 Federally sponsored agencies	81,429	87,164	108,494	104,189	106,066	108,494	106,418	106,380	105,771
11 Federal Home Loan Banks	16,811	18,345	27,563	25,395	26,777	27,563	27,677	28,447	28,265
12 Federal Home Loan Mortgage Corporation	1,690	1,686	2,262	2,063	2,062	2,262	2,262	2,461	2,333
13 Federal National Mortgage Association	30,565	31,890	41,080	39,776	39,814	41,080	41,917	42,405	43,625
14 Federal Land Banks	17,127	19,118	20,360	20,360	20,360	20,360	19,275	19,275	19,275
15 Federal Intermediate Credit Banks	10,494	11,174	11,469	11,554	11,548	11,469	9,978	8,958	7,890
16 Banks for Cooperatives	4,330	4,434	4,843	4,264	4,668	4,843	4,392	3,852	3,351
17 Student Loan Marketing Association[7]	410	515	915	775	835	915	915	980	1,030
18 Other	2	2	2	2	2	2	2	2	2
MEMO ITEMS									
19 **Federal Financing Bank debt**[6,8]	**28,711**	**38,580**	**51,298**	**49,212**	**49,645**	**51,298**	**52,154**	**53,221**	**55,310**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	5,208	5,834	6,898	6,568	6,568	6,898	6,898	6,898	7,131
21 Postal Service[6]	2,748	2,181	2,114	2,114	2,114	2,114	2,114	2,114	2,114
22 Student Loan Marketing Association[7]	410	515	915	775	835	915	915	980	1,030
23 Tennessee Valley Authority	3,110	4,190	5,635	5,370	5,500	5,635	5,795	5,865	6,075
24 United States Railway Association[6]	104	336	356	355	356	356	345	346	357
Other lending[9]									
25 Farmers Home Administration	10,750	16,095	23,825	23,050	23,050	23,825	24,445	25,160	25,985
26 Rural Electrification Administration	1,415	2,647	4,604	4,407	4,489	4,604	4,680	4,735	4,962
27 Other	4,966	6,782	6,951	6,573	6,733	6,951	6,962	7,123	7,656

1 Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

2 Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

3 Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.

4 Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

5 Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.

6 Off-budget.

7 Unlike other federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.

8 The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

9 Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.47 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1976	1977	1978	1978 Nov.	1978 Dec.	1979 Jan.[r]	1979 Feb.[r]	1979 Mar.[r]	1979 Apr.
1 **All issues, new and refunding** [1]	**35,313**	**46,769**	**48,607**	**4,328**	**3,694**	**2,828**	**2,602**	**4,533**	**3,009**
Type of issue									
2 General obligation	18,040	18,042	17,854	1,168	1,698	1,301	934	1,034	1,115
3 Revenue	17,140	28,655	30,658	3,152	1,992	1,506	1,664	3,491	1,883
4 Housing Assistance Administration [2]	......	......	......	......	......	......	......	......	......
5 U.S. government loans	133	72	95	8	4	21	4	8	11
Type of issuer									
6 State	7,054	6,354	6,632	343	497	467	580	436	297
7 Special district and statutory authority	15,304	21,717	24,156	2,848	2,148	958	1,198	2,897	1,433
8 Municipalities, counties, townships, school districts	12,845	18,623	17,718	1,129	1,043	1,382	821	1,192	1,268
9 **Issues for new capital, total**	**32,108**	**36,189**	**37,629**	**4,216**	**3,379**	**2,799**	**2,575**	**4,519**	**2,985**
Use of proceeds									
10 Education	4,900	5,076	5,003	463	319	482	411	267	433
11 Transportation	2,586	2,951	3,460	259	337	248	208	202	121
12 Utilities and conservation	9,594	8,119	9,026	1,241	705	541	735	1,148	457
13 Social welfare	6,566	8,274	10,494	817	1,126	766	796	2,039	1,260
14 Industrial aid	483	4,676	3,526	323	276	269	174	233	134
15 Other purposes	7,979	7,093	6,120	1,113	616	493	251	630	580

1 Par amounts of long-term issues based on date of sale.

2 Only bonds sold pursuant to the 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.

SOURCE. Public Securities Association.

1.48 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1976	1977[r]	1978	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.
1 **All issues** [1]	**53,488**	**53,792**	**45,309**	**3,311**	**3,832**	**3,685**	**3,207**	**4,401**	**3,668**
2 **Bonds**	**42,380**	**42,015**	**35,178**	**2,529**	**2,905**	**2,516**	**2,481**	**3,281**	**3,004**
Type of offering									
3 Public	26,453	24,072	19,939	1,497	1,610	1,651	1,608	1,227	1,282
4 Private placement	15,927	17,943	15,239	1,032	1,295	865	873	2,054	1,722
Industry group									
5 Manufacturing	13,264	12,204	8,839	485	823	405	805	1,031	866
6 Commercial and miscellaneous	4,372	6,234	4,670	414	454	487	112	694	434
7 Transportation	4,387	1,996	1,972	115	135	67	96	123	111
8 Public utility	8,297	8,262	7,112	521	912	819	384	383	532
9 Communication	2,787	3,063	3,306	546	205	290	456	285	259
10 Real estate and financial	9,274	10,258	9,276	448	375	446	627	765	802
11 **Stocks**	**11,108**	**11,777**	**10,131**	**782**	**927**	**1,169**	**726**	**1,120**	**664**
Type									
12 Preferred	2,803	3,916	2,629	157	127	47	149	424	171
13 Common	8,305	7,861	7,502	625	800	1,122	577	696	493
Industry group									
14 Manufacturing	2,237	1,189	1,219	236	148	90	35	42	41
15 Commercial and miscellaneous	1,183	1,834	1,812	110	168	112	111	303	169
16 Transportation	24	456	263	0	12	0	12	113	......
17 Public utility	6,121	5,865	4,973	354	426	800	377	271	358
18 Communication	776	1,379	249	6	10	0	1	175	......
19 Real estate and financial	771	1,049	1,614	75	164	167	190	216	96

1 Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.

SOURCE. Securities and Exchange Commission.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1977	1978	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.
INVESTMENT COMPANIES excluding money market funds									
1 Sales of own shares[1]	6,401	6,645	463	587	602	648	451	523	594
2 Redemptions of own shares[2]	6,027	7,231	607	439	545	607	548	646	769
3 Net sales	357	586	−144	148	57	41	−97	−123	−175
4 Assets[3]	**45,049**	**44,980**	**43,462**	**44,242**	**44,980**	**46,591**	**45,016**	**47,051**	**47,142**
5 Cash position[4]	3,274	4,507	3,793	4,299	4,507	4,624	4,851	4,746	4,862
6 Other	41,775	40,473	39,669	39,943	40,473	41,967	40,165	42,305	42,280

1 Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
2 Excludes share redemption resulting from conversions from one fund to another in the same group.
3 Market value at end of period, less current liabilities.
4 Also includes all U.S. government securities and other short-term debt securities.

NOTE. Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1976	1977	1978	1977 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Q3	1978 Q4[r]	1979 Q1[p]
1 Profits before tax	**155.9**	**173.9**	**[r]202.0**	**177.5**	**178.3**	**172.1**	**205.5**	**205.4**	**224.9**	**226.9**
2 Profits tax liability	64.3	71.8	83.9	72.8	73.9	70.0	85.0	86.2	94.4	89.1
3 Profits after tax	91.6	102.1	[r]118.1	104.7	104.4	102.1	120.5	119.2	130.5	137.8
4 Dividends	37.9	43.7	49.3	44.1	46.3	47.0	48.1	50.1	51.9	54.0
5 Undistributed profits	53.7	58.4	[r]68.8	60.6	58.1	55.1	72.4	69.1	78.6	83.8
6 Capital consumption allowances	97.1	106.0	114.4	107.6	109.3	111.3	113.3	115.4	117.5	119.6
7 Net cash flow	150.8	164.4	183.3	168.2	167.4	166.4	185.7	184.5	196.1	203.4

SOURCE. *Survey of Current Business* (U.S. Department of Commerce.)

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1975	1976	1977 Q1	1977 Q2	1977 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Q3	1978 Q4
1 **Current assets**	**756.3**	**823.1**	**841.6**	**855.7**	**879.1**	**898.3**	**922.7**	**952.2**	**991.2**	**1,026.1**
2 Cash	80.3	87.5	81.6	83.5	83.7	94.6	89.3	91.8	92.4	103.8
3 U.S. government securities	19.0	25.5	26.3	21.8	21.3	20.8	21.0	19.8	18.8	21.0
4 Notes and accounts receivable	271.7	291.5	302.6	311.4	325.3	323.5	335.7	354.6	375.4	381.2
5 Inventories	315.2	341.5	352.0	358.6	367.0	374.3	388.8	397.9	414.2	426.6
6 Other	70.0	77.1	79.2	80.4	81.7	85.2	87.9	88.1	90.4	93.5
7 **Current liabilities**	**448.2**	**488.8**	**503.9**	**510.7**	**530.0**	**543.9**	**571.1**	**591.2**	**624.6**	**660.4**
8 Notes and accounts payable	258.3	269.9	277.2	283.3	293.7	301.0	311.7	324.3	342.1	359.9
9 Other	189.9	218.9	226.8	227.4	236.3	242.9	259.3	266.9	282.5	300.4
10 **Net working capital**	**308.1**	**334.3**	**337.7**	**345.0**	**349.1**	**354.5**	**351.6**	**361.0**	**366.6**	**365.8**
11 MEMO: Current ratio[1]	1.688	1.684	1.670	1.675	1.659	1.652	1.616	1.611	1.587	1.554

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 have been revised and final revisions will appear next month.

SOURCE. Federal Trade Commission.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1977	1978	1977 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Q3	1978 Q4	1979 Q1	1979 Q2[2]
1 **All industries**	**135.72**	**153.60**	**140.38**	**138.11**	**144.25**	**150.76**	**155.41**	**163.96**	**164.23**	**167.52**
Manufacturing										
2 Durable goods industries	27.75	31.59	29.23	28.19	28.72	31.40	32.25	33.99	34.18	37.09
3 Nondurable goods industries	32.33	35.86	33.79	33.22	32.86	35.80	35.50	39.26	37.78	38.81
Nonmanufacturing										
4 Mining	4.49	4.81	4.74	4.50	4.45	4.81	4.99	4.98	5.35	4.89
Transportation										
5 Railroad	2.82	3.33	3.20	2.80	3.35	3.09	3.38	3.49	3.77	3.11
6 Air	1.63	2.34	1.69	1.76	2.67	2.08	2.20	2.39	3.28	2.36
7 Other	2.55	2.42	1.96	2.32	2.44	2.23	2.47	2.55	3.01	2.89
Public utilities										
8 Electric	21.57	24.71	21.90	22.05	23.15	23.83	24.92	26.95	27.06	26.92
9 Gas and other	4.21	4.72	4.32	4.18	4.78	4.62	4.70	4.78	5.24	4.98
10 Communication	15.43	18.15	16.40	15.82	17.07	18.18	18.90	18.46	44.54	46.46
11 Commercial and other[1]	22.95	25.67	23.14	23.27	24.76	24.71	26.09	27.12		

1 Includes trade, service, construction, finance, and insurance.
2 Anticipated by business.

NOTE. Estimates for corporate and noncorporate business, excluding agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

SOURCE. *Survey of Current Business* (U.S. Dept. of Commerce).

1.521 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1973	1974	1975	1976	1977	1978 Q1	1978 Q2	1978 Q3	1978 Q4	1979 Q1
ASSETS										
Accounts receivable, gross										
1 Consumer	35.4	36.1	36.0	38.6	44.0	44.5	47.1	49.7	52.6	54.9
2 Business	32.3	37.2	39.3	44.7	55.2	57.6	59.5	58.3	63.3	66.7
3 Total	67.7	73.3	75.3	83.4	99.2	102.1	106.6	108.0	116.0	121.6
4 LESS: Reserves for unearned income and losses	8.4	9.0	9.4	10.5	12.7	12.8	14.1	14.3	15.6	16.5
5 Accounts receivable, net	59.3	64.2	65.9	72.9	86.5	89.3	92.6	93.7	100.4	105.1
6 Cash and bank deposits	2.6	3.0	2.9	2.6	2.6	2.2	2.9	2.7	3.5	
7 Securities	.8	.4	1.0	1.1	.9	1.2	1.3	1.8	1.3	23.8[1]
8 All other	10.6	12.0	11.8	12.6	14.3	15.0	16.2	17.1	17.3	
9 **Total assets**	**73.2**	**79.6**	**81.6**	**89.2**	**104.3**	**107.7**	**112.9**	**115.3**	**122.4**	**128.9**
LIABILITIES										
10 Bank loans	7.2	9.7	8.0	6.3	5.9	5.8	5.4	5.4	6.5	6.5
11 Commercial paper	19.7	20.7	22.2	23.7	29.6	29.9	31.3	29.3	34.5	38.1
Debt										
12 Short-term, n.e.c.	4.6	4.9	4.5	5.4	6.2	5.3	6.6	6.8	8.1	6.7
13 Long-term, n.e.c.	24.6	26.5	27.6	32.3	36.0	38.0	40.1	41.3	43.6	44.5
14 Other	5.6	5.5	6.8	8.1	11.5	12.9	13.6	15.2	12.6	15.1
15 Capital, surplus, and undivided profits	11.5	12.4	12.5	13.4	15.1	15.7	16.0	17.3	17.2	18.0
16 **Total liabilities and capital**	**73.2**	**79.6**	**81.6**	**89.2**	**104.3**	**107.7**	**112.9**	**115.3**	**122.4**	**128.9**

1 Beginning Q1/1979, asset items on lines 6, 7, and 8 are combined.

NOTE. Components may not add to totals due to rounding.

1.522 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Mar. 30, 1979[1]	Changes in accounts receivable 1979 Jan.	Feb.	Mar.	Extensions 1979 Jan.	Feb.	Mar.	Repayments 1979 Jan.	Feb.	Mar.
1 **Total**	**66,663**	**860**	**756**	**689**	**16,160**	**16,858**	**17,268**	**15,300**	**16,102**	**16,579**
2 Retail automotive (commercial vehicles)	15,042	145	183	269	1,231	1,283	1,391	1,086	1,100	1,122
3 Wholesale automotive	15,189	1,156	655	310	6,723	7,080	6,745	5,567	6,425	6,435
4 Retail paper on business, industrial, and farm equipment	16,005	425	-84	251	1,012	1,123	1,130	1,437	1,207	879
5 Loans on commercial accounts receivable[2] / 6 Factored commercial accounts receivable	6,578	27	108	225	5,261	5,375	5,920	5,234	5,483	6,145
7 All other business credit	13,849	43	110	84	1,933	1,997	2,082	1,976	1,887	1,998

1 Not seasonally adjusted.

2 Beginning January 1979 the categories "Loans on commercial accounts receivable" and "Factored commercial accounts receivable" are combined.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1976	1977	1978	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.
	Terms and yields in primary and secondary markets								
PRIMARY MARKETS									
Conventional mortgages on new homes									
Terms[1]									
1 Purchase price (thous. dollars)	48.4	54.3	62.6	65.1	68.1	71.9	68.3	68.1	71.7
2 Amount of loan (thous. dollars)	35.9	40.5	45.9	47.5	49.6	52.0	49.5	49.9	52.3
3 Loan/price ratio (percent)	74.2	76.3	75.3	74.4	75.1	74.7	74.5	75.4	75.2
4 Maturity (years)	27.2	27.9	28.0	27.9	28.1	28.6	28.6	28.5	28.9
5 Fees and charges (percent of loan amount)[2]	1.44	1.33	1.39	1.40	1.49	1.56	1.56	r1.65	1.76
6 Contract rate (percent per annum)	8.76	8.80	9.30	9.63	9.76	9.92	9.94	10.02	10.04
Yield (percent per annum)									
7 FHLBB series[3]	8.99	9.01	9.54	9.87	10.02	10.18	10.20	10.30	10.34
8 HUD series[4]	8.99	8.95	9.68	10.10	10.30	10.30	10.35	10.35	10.55
SECONDARY MARKETS									
Yield (percent per annum)									
9 FHA mortgages (HUD series)[5]	8.82	8.68	9.70	9.99	10.16	10.17	10.17	10.19	n.a.
10 GNMA securities[6]	8.17	8.04	8.98	9.39	9.54	9.67	9.67	9.70	9.79
FNMA auctions[7]									
11 Government-underwritten loans	8.99	8.73	9.77	10.30	10.50	10.70	10.54	r10.42	10.59
12 Conventional loans	9.11	8.98	10.01	10.56	10.85	11.07	11.04	10.94	11.03
	Activity in secondary markets								
FEDERAL NATIONAL MORTGAGE ASSOCIATION									
Mortgage holdings (end of period)									
13 Total	32,904	34,370	43,311	42,590	43,311	44,329	45,155	46,140	47,028
14 FHA-insured	18,916	18,457	21,243	20,929	21,243	21,704	21,967	22,601	22,773
15 VA-guaranteed	9,212	9,315	10,544	10,535	10,544	10,578	10,606	10,616	10,591
16 Conventional	4,776	6,597	11,524	11,126	11,524	12,046	12,582	13,193	13,664
Mortgage transactions (during period)									
17 Purchases	3,606	4,780	12,303	920	974	1,280	1,173	1,291	883.2
18 Sales	86	67	5	0	0	0	0	0	0
Mortgage commitments[8]									
19 Contracted (during period)	6,247	9,729	18,960	1,275	1,051	479	388	565	n.a.
20 Outstanding (end of period)	3,398	4,698	9,201	9,525	9,201	8,161	7,381	6,573	n.a.
Auction of 4-month commitments to buy									
Government-underwritten loans									
21 Offered[9]	4,929.8	7,974.1	12,978	788.0	627.0	304.9	210.6	r508.4	1,322.7
22 Accepted	2,787.2	4,846.2	6,747.2	321.8	319.6	155.4	161.2	284.4	638.5
Conventional loans									
23 Offered[9]	2,595.7	5,675.2	9,933.0	861.4	417.4	113.5	63.0	144.9	661.9
24 Accepted	1,879.2	3,917.8	5,110.9	386.8	220.9	58.1	45.4	113.5	363.6
FEDERAL HOME LOAN MORTGAGE CORPORATION									
Mortgage holdings (end of period)[10]									
25 Total	4,269	3,276	3,064	3,022	3,064	3,263	3,207	3,510	3,377
26 FHA/VA	1,618	1,395	1,243	1,257	1,243	1,231	1,220	1,260	1,198
27 Conventional	2,651	1,881	1,822	1,766	1,822	2,033	1,989	2,250	2,180
Mortgage transactions (during period)									
28 Purchases	1,175	3,900	6,524	763	596	498	300	350	358
29 Sales	1,396	4,131	6,211	581	540	317	r494	116	364
Mortgage commitments[11]									
30 Contracted (during period)	1,477	5,546	7,451	706	455	374	357	547	540
31 Outstanding (end of period)	333	1,063	1,410	1,617	1,410	1,248	1,177	1,342	1,487

1 Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.

2 Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.

3 Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

4 Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Dept. of Housing and Urban Development.

5 Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.

6 Average net yields to investors on Government National Mortgage Association-guaranteed, mortgage-backed, fully-modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.

7 Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.

8 Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.

9 Mortgage amounts offered by bidders are total bids received.

10 Includes participations as well as whole loans.

11 Includes conventional and government-underwritten loans.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

	Type of holder, and type of property	1974	1975	1976	1977	1978			
						Q1	Q2	Q3	Q4[p]
1	**All holders**	**742,512**	**801,537**	**889,327**	**1,023,505**	**1,051,908**	**1,092,451**	**1,133,122**	**1,169,522**
2	1- to 4-family	449,371	490,761	556,557	656,566	676,573	706,230	734,097	759,617
3	Multifamily	99,976	100,601	104,516	111,841	113,915	116,419	119,207	121,928
4	Commercial	146,877	159,298	171,223	189,274	193,355	198,926	206,045	211,810
5	Farm	46,288	50,877	57,031	65,824	68,065	70,876	73,773	76,167
6	**Major financial institutions**	**542,560**	**581,193**	**647,650**	**745.011**	**764.614**	**794,009**	**822.184**	**846,788**
7	Commercial banks[1]	132,105	136,186	151,326	178,979	184,423	194,469	205,445	213,845
8	1- to 4-family	74,758	77,018	86,234	105,115	108,699	115,389	121,911	126,896
9	Multifamily	7,619	5,915	8,082	9,215	9,387	9,925	10,478	10,906
10	Commercial	43,679	46,882	50,289	56,898	58,407	60,950	64,386	67,019
11	Farm	6,049	6,371	6,721	7,751	7,930	8,205	8,670	9,024
12	Mutual savings banks	74,920	77,249	81,639	88,104	89,800	91,535	93,403	95,044
13	1- to 4-family	49,213	50,025	53,089	57,637	58,747	59,882	61,104	62,178
14	Multifamily	12,923	13,792	14,177	15,304	15,598	15,900	16,224	16,509
15	Commercial	12,722	13,373	14,313	15,110	15,401	15,698	16,019	16,300
16	Farm	62	59	60	53	54	55	56	57
17	Savings and loan associations	249,301	278,590	323,130	381,163	392,428	407,965	420,971	432,922
18	1- to 4-family	200,987	223,903	260,895	310,686	320,064	334,164	345,232	355,291
19	Multifamily	23,808	25,547	28,436	32,513	33,592	34,351	35,446	36,452
20	Commercial	24,506	29,140	33,799	37,964	38,772	39,450	40,293	41,179
21	Life insurance companies	86,234	89,168	91,555	96,765	97,963	100,040	102,365	104,971
22	1- to 4-family	19,026	17,590	16,088	14,727	14,476	14,129	14,189	14,550
23	Multifamily	19,625	19,629	19,178	18,807	18,851	18.745	18,803	19,284
24	Commercial	41,256	45,196	48.864	54,388	55,426	57.463	59,268	60,782
25	Farm	6,327	6,753	7,425	8,843	9,210	9.703	10,105	10,361
26	**Federal and related agencies**	**58,320**	**66,891**	**66,753**	**70,006**	**72,014**	**73,991**	**78,672**	**82,086**
27	Government National Mortgage Assn.	4,846	7,438	4,241	3,660	3,291	3,283	3,560	3,610
28	1- to 4-family	2,248	4,728	1,970	1,548	948	922	897	910
29	Multifamily	2,598	2,710	2,271	2,112	2,343	2,361	2,663	2,700
30	Farmers Home Administration	1,432	1,109	1,064	1,353	1,179	618	1,384	1,084
31	1- to 4-family	759	208	454	626	202	124	460	360
32	Multifamily	167	215	218	275	408	102	240	188
33	Commercial	156	190	72	149	218	104	251	197
34	Farm	350	496	320	303	351	288	433	339
35	Federal Housing and Veterans Admin.	4,015	4,970	5,150	5,212	5,219	5,225	5,295	5,365
36	1- to 4-family	2,009	1,990	1,676	1,627	1,585	1,543	1,565	1,587
37	Multifamily	2,006	2,980	3,474	3,585	3,634	3,682	3,730	3,778
38	Federal National Mortgage Association	29,578	31,824	32,904	34,369	36,029	38,753	41,189	43,311
39	1- to 4-family	23,778	25,813	26,934	28,504	30,208	32,974	35,437	37,579
40	Multifamily	5,800	6,011	5,970	5,865	5,821	5,779	5,752	5,732
41	Federal Land Banks	13,863	16,563	19,125	22,136	22,925	23,857	24,758	25,658
42	1- to 4-family	406	549	601	670	691	727	819	849
43	Farm	13,457	16,014	18,524	21,466	22,234	23,130	23,939	24,809
44	Federal Home Loan Mortgage Corp.	4,586	4,987	4,269	3,276	3,371	2,255	2,486	3,058
45	1- to 4-family	4,217	4,588	3,889	2,738	2,785	1,856	1,994	2,453
46	Multifamily	369	399	380	538	586	399	492	605
47	**Mortgage pools or trusts[2]**	**23,799**	**34,138**	**49,801**	**70,289**	**74,080**	**78,602**	**82,153**	**86,747**
48	Government National Mortgage Assn.	11,769	18,257	30,572	44,896	46,357	48,032	50,844	54,347
49	1- to 4-family	11,249	17,538	29,583	43,555	44,906	46,515	49,276	52,732
50	Multifamily	520	719	989	1,341	1,451	1,517	1,568	1,615
51	Federal Home Loan Mortgage Corp.	757	1,598	2,671	6,610	7,471	9,423	9,934	10,125
52	1- to 4-family	608	1,349	2,282	5,621	6,286	7,797	8,358	8,519
53	Multifamily	149	249	389	989	1,185	1,626	1,576	1,606
54	Farmers Home Administration	11,273	14,283	16,558	18,783	20,252	21,147	1,084	22,275
55	1- to 4-family	6,782	9,194	10,219	11,379	12,235	12,742	360	13,392
56	Multifamily	116	295	532	759	732	1,128	188	1,163
57	Commercial	1,473	1,948	2,440	2,945	3,528	3,301	197	3,510
58	Farm	2,902	2,846	3,367	3,682	3,757	3,976	339	4,210
59	**Individuals and others[3]**	**117,833**	**119,315**	**125,123**	**138,199**	**141,200**	**145,849**	**150,113**	**153,901**
60	1- to 4-family	53,331	56,268	62,643	72,115	74,741	77,466	80,004	82,321
61	Multifamily	24,276	22,140	20,420	20,538	20,327	20,904	21,119	21,390
62	Commercial	23,085	22,569	21,446	21,820	21,603	21,960	22,459	22,823
63	Farm	17,141	18,338	20,614	23,726	24,529	25,519	26,531	27,367

1. Includes loans held by nondeposit trust companies but not bank trust departments.
2. Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.
3. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or separate data are not readily available.

NOTE. Based on data from various institutional and government sources, with some quarters estimated in part by 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 where required, are estimated mainly by Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

1.55 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1976	1977	1978	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.
	Amounts outstanding (end of period)									
1 **Total**	**193,977**	**230,829**	**275,640**	**265,821**	**269,445**	**275,640**	**275,346**	**275,818**	**278,347**	**282,439**
By major holder										
2 Commercial banks	93,728	112,373	136,189	132,702	133,908	136,189	136,452	136,671	137,445	139,816
3 Finance companies	38,919	44,868	54,309	51,984	53,099	54,309	55,004	55,728	56,885	58,225
4 Credit unions	31,169	37,605	45,939	44,635	45,305	45,939	45,526	45,661	46,301	46,322
5 Retailers[2]	19,260	23,490	24,876	22,464	23,006	24,876	23,962	23,246	22,929	23,097
6 Savings and loans	6,246	7,354	8,394	8,177	8,291	8,394	8,427	8,488	8,671	8,833
7 Gasoline companies	2,830	2,963	3,240	3,276	3,173	3,240	3,338	3,274	3,292	3,383
8 Mutual savings banks	1,825	2,176	2,693	2,583	2,663	2,693	2,637	2,750	2,824	2,763
By major type of credit										
9 Automobile	67,707	82,911	102,468	100,159	101,565	102,468	102,890	103,780	105,426	107,159
10 Commercial banks	39,621	49,577	60,564	59,778	60,347	60,564	60,682	61,053	61,742	62,839
11 Indirect paper	22,072	27,379	33,850	33,415	33,709	33,850	33,928	34,261	34,592	35,302
12 Direct loans	17,549	22,198	26,714	26,363	26,638	26,714	26,754	26,792	27,150	27,537
13 Credit unions	15,238	18,099	21,976	21,344	21,664	21,967	21,769	21,834	22,140	22,150
14 Finance companies	12,848	15,235	19,937	19,037	19,554	19,937	20,439	20,893	21,544	22,170
15 Revolving	17,189	39,274	47,051	42,579	43,523	47,051	46,516	45,586	45,240	45,782
16 Commercial banks	14,359	18,374	24,434	22,165	22,724	24,434	24,677	24,502	24,442	24,768
17 Retailers	....	17,937	19,377	17,138	17,626	19,377	18,501	17,810	17,506	17,631
18 Gasoline companies	2,830	2,963	3,240	3,276	3,173	3,240	3,338	3,274	3,292	3,383
19 Mobile home	14,573	15,141	16,042	15,925	16,017	16,042	16,004	16,008	16,092	16,197
20 Commercial banks	8,737	9,124	9,553	9,548	9,572	9,553	9,511	9,495	9,509	9,548
21 Finance companies	3,263	3,077	3,152	3,127	3,150	3,152	3,149	3,147	3,148	3,159
22 Savings and loans	2,241	2,538	2,848	2,775	2,813	2,848	2,859	2,880	2,942	2,997
23 Credit unions	332	402	489	475	482	489	485	486	493	493
24 Other	94,508	93,503	110,079	107,158	108,340	110,079	109,936	110,444	111,589	113,301
25 Commercial banks	31,011	35,298	41,638	41,211	41,265	41,638	41,582	41,621	41,752	42,661
26 Finance companies	22,808	26,556	31,220	29,820	30,395	31,220	31,416	31,688	32,193	32,896
27 Credit unions	15,599	19,104	23,483	22,816	23,159	23,483	23,272	23,341	23,668	23,679
28 Retailers	19,260	5,553	5,499	5,326	5,380	5,499	5,461	5,436	5,423	5,466
29 Savings and loans	4,005	4,816	5,546	5,402	5,478	5,546	5,568	5,608	5,729	5,836
30 Mutual savings banks	1,825	2,176	2,693	2,583	2,663	2,693	2,637	2,750	2,824	2,763
	Net change (during period)[3]									
31 **Total**	**21,647**	**35,278**	**45,066**	**3,382**	**4,104**	**4,400**	**3,061**	**3,308**	**3,731**	**4,068**
By major holder										
32 Commercial banks	10,792	18,645	24,058	1,617	1,925	2,080	1,330	1,630	1,465	2,080
33 Finance companies	2,946	5,948	9,441	863	1,018	1,098	1,341	1,205	1,334	1,377
34 Credit unions	5,503	6,436	8,334	644	779	773	360	402	528	139
35 Retailers[1]	1,059	2,654	1,386	115	186	196	−90	−221	143	306
36 Savings and loans	1,085	1,111	1,041	127	88	115	67	86	173	158
37 Gasoline companies	124	132	276	16	−1	96	100	68	20	73
38 Mutual savings banks	138	352	530	−8	104	42	−47	138	68	−65
By major type of credit										
39 Automobile	10,465	15,204	19,557	1,375	1,755	1,780	1,680	1,565	1,486	1,387
40 Commercial banks	6,334	9,956	10,987	759	839	845	633	739	617	740
41 Indirect paper	2,742	5,307	6,471	354	440	530	387	530	290	477
42 Direct loans	3,592	4,649	4,516	405	399	315	246	209	327	263
43 Credit unions	2,497	2,861	3,868	301	364	391	187	190	245	64
44 Finance companies	1,634	2,387	4,702	315	552	544	860	636	624	583
45 Revolving	2,170	6,248	7,776	346	665	869	433	317	742	875
46 Commercial banks	2,046	4,015	6,060	337	556	610	375	492	588	562
47 Retailers	....	2,101	1,440	−7	110	163	−42	243	134	240
48 Gasoline companies	124	132	276	16	−1	96	100	68	20	73
49 Mobile home	140	565	897	25	75	71	40	56	108	84
50 Commercial banks	70	387	426	−25	19	21	12	15	31	22
51 Finance companies	−182	−189	74	−2	15	11	7	9	11	7
52 Savings and loans	192	297	310	46	34	30	19	28	59	56
53 Credit unions	60	70	87	6	7	9	2	4	7	−1
54 Other	8,872	13,261	16,836	1,636	1,609	1,680	908	1,370	1,395	1,722
55 Commercial banks	2,342	4,287	6,585	554	516	604	310	384	229	756
56 Finance companies	1,494	3,750	4,665	550	451	543	474	560	699	787
57 Credit unions	2,946	3,505	4,379	337	408	373	171	208	276	76
58 Retailers	1,059	553	54	122	76	33	−48	22	9	66
59 Savings and loans	893	814	731	81	54	85	48	58	114	102
60 Mutual savings banks	138	352	530	−8	104	42	−47	138	68	−65

1 The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.

2 Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

3 Net change equals extensions minus liquidations (repayments, charge-offs, and other credits); figures for all months are seasonally adjusted.

NOTE. Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to $64.3 billion at the end of 1978, $58.6 billion at the end of 1977, $54.8 billion at the end of 1976, and $50.9 billion at the end of 1975. Comparable data for Dec. 31, 1979 will be published in the February 1980 BULLETIN.

1.56 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars

Holder, and type of credit	1976	1977	1978	1978			1979			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Extensions[2]									
1 Total	**211,028**	**254,071**	**298,574**	**25,766**	**26,219**	**26,500**	**25,544**	**26,202**	**26,698**	**25,801**
By major holder										
2 Commercial banks	97,397	117,896	142,965	12,190	12,481	12,521	12,153	12,430	12,412	11,870
3 Finance companies	36,129	41,989	50,483	4,605	4,512	4,679	4,547	4,822	5,123	5,271
4 Credit unions	29,259	34,028	40,023	3,401	3,530	3,526	3,241	3,238	3,250	2,753
5 Retailers[1]	29,447	39,133	41,619	3,518	3,571	3,612	3,565	3,460	3,611	3,742
6 Savings and loans	3,898	4,485	5,050	566	489	516	481	468	583	559
7 Gasoline companies	13,387	14,617	16,125	1,335	1,376	1,451	1,440	1,486	1,493	1,505
8 Mutual savings banks	1,511	1,923	2,309	151	260	195	117	298	226	101
By major type of credit										
9 Automobile	63,743	75,641	88,986	7,501	7,787	7,833	7,545	7,756	7,797	7,724
10 Commercial banks	37,886	46,363	53,028	4,345	4,503	4,443	4,286	4,430	4,424	4,432
11 Indirect paper	20,576	25,149	29,336	2,384	2,422	2,451	2,318	2,472	2,449	2,524
12 Direct loans	17,310	21,214	23,692	1,961	2,081	1,992	1,968	1,958	1,975	1,908
13 Credit unions	14,688	16,616	19,486	1,643	1,718	1,738	1,635	1,624	1,587	1,415
14 Finance companies	11,169	12,662	16,472	1,513	1,566	1,652	1,624	1,702	1,786	1,877
15 Revolving	43,934	86,756	104,587	8,846	9,176	9,424	9,417	9,357	9,714	8,918
16 Commercial banks	30,547	38,256	51,531	4,475	4,702	4,814	4,799	4,860	5,024	4,119
17 Retailers		33,883	36,931	3,036	3,098	3,159	3,178	3,011	3,197	3,294
18 Gasoline companies	13,387	14,617	16,125	1,335	1,376	1,451	1,440	1,486	1,493	1,505
19 Mobile home	4,859	5,425	6,067	604	486	502	369	454	516	496
20 Commercial banks	3,064	3,466	3,704	352	280	295	235	295	296	299
21 Finance companies	702	643	886	73	77	74	33	60	61	50
22 Savings and loans	929	1,120	1,239	154	108	111	88	81	139	134
23 Credit unions	164	196	238	25	21	22	13	18	20	13
24 Other	98,492	86,249	98,934	8,815	8,870	8,741	8,213	8,635	8,671	8,663
25 Commercial banks	25,900	29,811	34,702	3,018	2,996	2,969	2,833	2,845	2,668	3,020
26 Finance companies	24,258	28,684	33,125	3,019	2,869	2,953	2,890	3,060	3,276	3,344
27 Credit unions	14,407	17,216	20,299	1,733	1,791	1,766	1,593	1,596	1,643	1,325
28 Retailers	29,447	5,250	4,688	482	473	453	387	449	414	448
29 Savings and loans	2,969	3,365	3,811	412	381	405	393	387	444	425
30 Mutual savings banks	1,511	1,923	2,309	151	260	195	117	298	226	101
	Liquidations[2]									
31 Total	**189,381**	**218,793**	**253,508**	**22,384**	**22,115**	**22,100**	**22,483**	**22,894**	**22,967**	**21,733**
By major holder										
32 Commercial banks	86,605	99,251	118,907	10,565	10,551	10,441	10,823	10,800	10,947	9,790
33 Finance companies	33,183	36,041	41,042	3,742	3,494	3,581	3,206	3,617	3,789	3,894
34 Credit unions	23,756	27,592	31,689	2,757	2,751	2,753	2,881	2,836	2,722	2,614
35 Retailers[1]	28,388	36,479	40,233	3,403	3,385	3,416	3,655	3,681	3,468	3,436
36 Savings and loans	2,813	3,374	4,009	439	401	401	414	382	410	401
37 Gasoline companies	13,263	14,485	15,849	1,319	1,377	1,355	1,340	1,418	1,473	1,432
38 Mutual savings banks	1,373	1,571	1,779	159	156	153	164	160	158	166
By major type of credit										
39 Automobile	53,278	60,437	69,429	6,126	6,032	6,053	5,865	6,191	6,311	6,337
40 Commercial banks	31,552	36,407	42,041	3,586	3,664	3,598	3,653	3,691	3,807	3,692
41 Indirect paper	17,834	19,842	22,865	2,030	1,982	1,921	1,931	1,942	2,159	2,047
42 Direct loans	13,718	16,565	19,176	1,556	1,682	1,677	1,722	1,749	1,648	1,645
43 Credit unions	12,191	13,755	15,618	1,342	1,354	1,347	1,448	1,434	1,342	1,351
44 Finance companies	9,535	10,275	11,770	1,198	1,014	1,108	764	1,066	1,162	1,294
45 Revolving	41,764	80,508	96,811	8,500	8,511	8,555	8,984	9,040	8,972	8,043
46 Commercial banks	28,501	34,241	45,471	4,138	4,146	4,204	4,424	4,368	4,436	3,557
47 Retailers		31,782	35,491	3,043	2,988	2,996	3,220	3,254	3,063	3,054
48 Gasoline companies	13,263	14,485	15,849	1,319	1,377	1,355	1,340	1,418	1,473	1,432
49 Mobile home	4,719	4,860	5,170	579	411	431	329	398	408	412
50 Commercial banks	2,994	3,079	3,278	377	261	274	223	280	265	277
51 Finance companies	884	832	812	75	62	63	26	51	50	43
52 Savings and loans	737	823	929	108	74	81	69	53	80	78
53 Credit unions	104	126	151	19	14	13	11	14	13	14
54 Other	89,620	72,988	82,098	7,179	7,161	7,061	7,305	7,265	7,276	6,941
55 Commercial banks	23,558	25,524	28,117	2,464	2,480	2,365	2,523	2,461	2,439	2,264
56 Finance companies	22,764	24,934	28,460	2,469	2,418	2,410	2,416	2,500	2,577	2,557
57 Credit unions	11,461	13,711	15,920	1,396	1,383	1,393	1,422	1,388	1,367	1,249
58 Retailers	28,388	4,697	4,742	360	397	420	435	427	405	382
59 Savings and loans	2,076	2,551	3,080	331	327	320	345	329	330	323
60 Mutual savings banks	1,373	1,571	1,779	159	156	153	164	160	158	166

1 Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

2 Monthly figures are seasonally adjusted.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, or sector	1973	1974	1975	1976	1977	1978r	1976 H1	1976 H2	1977 H1	1977 H2	1978r H1	1978r H2
						Nonfinancial sectors						
1 **Total funds raised**	**203.8**	**188.8**	**208.1**	**272.5**	**340.5**	**395.6**	**259.6**	**285.6**	**302.2**	**378.9**	**377.8**	**413.8**
2 Excluding equities	196.1	184.9	198.0	261.7	337.4	393.6	245.9	277.5	301.0	373.8	376.4	411.0
By sector and instrument												
3 **U.S. government**	**8.3**	**11.8**	**85.4**	**69.0**	**56.8**	**53.7**	**73.5**	**64.5**	**42.6**	**71.0**	**58.8**	**48.6**
4 Public debt securities	7.9	12.0	85.8	69.1	57.6	55.1	73.4	64.9	43.1	72.2	59.7	50.5
5 Agency issues and mortgages	.4	−.2	−.4	−.1	−.9	−1.4	.1	−.3	−.6	−1.2	−.9	−1.9
6 **All other nonfinancial sectors**	**195.5**	**177.0**	**122.7**	**203.5**	**283.8**	**342.0**	**186.0**	**221.0**	**259.6**	**307.9**	**319.0**	**365.2**
7 Corporate equities	7.7	3.8	10.1	10.8	3.1	2.1	13.6	8.1	1.2	5.1	1.4	2.8
8 Debt instruments	187.9	173.1	112.6	192.6	280.6	339.9	172.4	213.0	258.5	302.8	317.6	362.4
9 **Private domestic nonfinancial sectors**	**189.3**	**161.6**	**109.5**	**182.8**	**271.4**	**312.4**	**168.5**	**197.2**	**252.1**	**290.7**	**301.4**	**323.7**
10 Corporate equities	7.9	4.1	9.9	10.5	2.7	2.6	13.3	7.7	.5	4.9	2.2	3.0
11 Debt instruments	181.4	157.5	99.6	172.3	268.7	309.8	155.2	189.5	251.6	285.8	299.2	320.7
12 Debt capital instruments	105.0	98.0	97.8	126.8	181.1	198.6	117.8	135.9	163.4	198.9	185.5	211.6
13 State and local obligations	14.7	16.5	15.6	19.0	29.2	30.1	19.3	18.7	29.3	29.0	28.6	31.6
14 Corporate bonds	9.2	19.7	27.2	22.8	21.0	20.1	22.2	23.5	16.0	26.0	18.9	21.3
Mortgages												
15 Home	46.4	34.8	39.5	63.7	96.4	104.6	56.9	70.5	88.5	104.2	99.2	110.1
16 Multifamily residential	10.4	6.9	*	1.8	7.4	10.2	.6	3.1	6.4	8.4	9.2	11.2
17 Commercial	18.9	15.1	11.0	13.4	18.4	23.3	13.8	12.9	14.2	22.6	20.4	26.1
18 Farm	5.5	5.0	4.6	6.1	8.8	10.2	4.9	7.3	8.9	8.7	9.3	11.2
19 Other debt instruments	76.4	59.6	1.8	45.5	87.6	111.3	37.4	53.6	88.2	86.9	113.7	109.1
20 Consumer credit	23.8	10.2	9.4	23.6	35.0	49.9	22.9	24.3	35.7	34.4	49.4	50.7
21 Bank loans n.e.c.	39.8	29.0	−14.0	3.5	30.6	35.6	−2.7	9.6	34.0	27.2	41.1	30.2
22 Open market paper	2.5	6.6	−2.6	4.0	2.9	5.2	5.6	2.4	3.5	2.4	5.2	5.2
23 Other	10.3	13.7	9.0	14.4	19.0	20.6	11.6	17.3	15.0	23.0	18.0	23.1
24 By borrowing sector	189.3	161.6	109.5	182.8	271.4	312.4	168.5	197.2	252.1	290.7	301.4	323.7
25 State and local governments	13.2	15.5	13.2	18.5	25.9	25.5	17.6	19.5	22.7	29.0	21.8	29.2
26 Households	80.9	49.2	48.6	89.9	139.6	161.2	82.7	97.1	131.2	148.0	154.6	168.0
27 Farm	9.7	7.9	8.7	11.0	14.7	16.8	9.9	12.1	15.5	13.8	14.6	19.1
28 Nonfarm noncorporate	12.8	7.4	2.0	5.2	12.6	17.7	4.0	6.4	12.8	12.3	20.4	15.3
29 Corporate	72.7	81.8	37.0	58.2	78.7	91.2	54.3	62.2	69.8	87.6	90.1	92.2
30 **Foreign**	**6.2**	**15.3**	**13.2**	**20.7**	**12.3**	**29.5**	**17.5**	**23.8**	**7.5**	**17.2**	17.6	41.5
31 Corporate equities	−.2	−.2	.2	.3	.4	−.5	.3	.3	.6	.2	−.8	−.2
32 Debt instruments	6.4	15.6	13.0	20.4	11.9	30.1	17.2	23.5	6.9	17.0	18.4	41.7
33 Bonds	1.0	2.1	6.2	8.5	5.0	3.9	7.4	9.7	4.4	5.6	4.9	2.9
34 Bank loans n.e.c.	2.8	4.7	3.7	6.6	1.6	15.8	5.4	7.9	−3.2	6.4	6.3	25.2
35 Open market paper	.9	7.3	.3	1.9	2.4	6.6	1.5	2.4	2.7	2.2	3.6	9.6
36 U.S. government loans	1.7	1.5	2.8	3.3	3.0	3.8	2.9	3.6	3.1	2.9	3.6	4.0
						Financial sectors						
37 **Total funds raised**	**57.6**	**36.4**	**11.7**	**29.2**	**58.8**	**95.2**	**27.9**	**30.5**	**61.5**	**56.2**	**103.0**	**87.3**
By instrument												
38 U.S. government related	19.9	23.1	13.5	18.6	26.3	41.4	18.2	19.0	25.0	27.5	41.5	41.3
39 Sponsored credit agency securities	16.3	16.6	2.3	3.3	7.0	23.1	4.1	2.6	9.5	4.4	24.9	21.2
40 Mortgage pool securities	3.6	5.8	10.3	15.7	20.5	18.3	14.2	17.2	17.9	23.1	16.6	20.1
41 Loans from U.S. government	......	.7	.9	−.4	−1.2	......	*	−.7	−2.3	0	......	......
42 Private financial sectors	37.7	13.3	−1.9	10.6	32.6	53.7	9.7	11.5	36.5	28.7	61.5	46.0
43 Corporate equities	1.5	.3	.6	1.0	.6	.5	−.2	2.3	.5	.7	1.0	−.1
44 Debt instruments	36.2	13.0	−2.5	9.6	32.0	53.3	10.0	9.2	36.0	28.0	60.5	46.0
45 Corporate bonds	3.5	2.1	2.9	5.8	10.1	7.5	6.4	5.2	10.1	10.1	8.4	6.6
46 Mortgages	−1.2	−1.3	2.3	2.1	3.1	.9	1.5	2.7	3.3	2.9	2.3	−.4
47 Bank loans n.e.c.	8.9	4.6	−3.6	−3.7	*	1.6	−2.6	−4.8	−2.3	2.3	.6	2.7
48 Open market paper and RPs	17.8	.9	−.1	7.3	14.4	30.7	6.2	8.5	21.4	7.4	35.2	26.2
49 Loans from FHLBs	7.2	6.7	−4.0	−2.0	4.3	12.5	−1.5	−2.5	3.4	5.2	14.1	10.9
By sector												
50 Sponsored credit agencies	16.3	17.3	3.2	2.9	5.8	23.1	4.0	1.8	7.1	4.4	24.9	21.2
51 Mortgage pools	3.6	5.8	10.3	15.7	20.5	18.3	14.2	17.2	17.9	23.1	16.6	20.1
52 Private financial sectors	37.7	13.3	−1.9	10.6	32.6	53.7	9.7	11.5	36.5	28.7	61.5	46.0
53 Commercial banks	14.1	−5.6	−1.4	7.5	4.8	7.4	9.0	6.0	10.0	−.4	12.5	2.4
54 Bank affiliates	2.2	3.5	.3	−.8	1.3	4.3	−1.3	−.3	1.3	1.2	5.8	2.8
55 Savings and loan associations	6.0	6.3	−2.2	*	11.9	16.4	.1	−.1	10.6	13.1	19.7	13.2
56 Other insurance companies	.5	.9	1.0	.9	.9	1.1	.9	.9	.9	1.0	1.0	1.1
57 Finance companies	9.4	6.0	.6	6.4	16.9	19.8	6.0	6.9	17.4	16.4	18.4	21.3
58 REITs	6.5	.6	−1.4	−2.4	−2.4	−1.2	−2.1	−2.7	−2.5	−2.2	−1.2	−1.2
59 Open-end investment companies	−1.2	−.7	−.1	−1.0	−1.0	−1.1	−2.4	.4	−.8	−1.2	−.6	−1.5
60 Money market funds	......	2.4	1.3	*	.2	6.9	−.5	.5	−.5	.9	5.9	8.0
						All sectors						
61 **Total funds raised, by instrument**	**261.4**	**225.1**	**219.8**	**301.7**	**399.4**	**490.8**	**287.5**	**316.0**	**363.7**	**435.0**	**480.8**	**501.1**
62 Investment company shares	−1.2	−.7	−.1	−1.0	−1.0	−1.1	−2.4	.4	−.8	−1.2	−.6	−1.5
63 Other corporate equities	10.4	4.8	10.8	12.9	4.8	3.6	15.8	9.9	2.5	7.0	3.0	4.3
64 Debt instruments	252.3	221.0	209.1	289.8	395.6	488.2	274.1	305.7	362.0	429.2	478.4	498.4
65 U.S. government securities	28.3	34.3	98.2	88.1	84.3	95.2	91.9	84.3	70.0	98.6	100.4	90.0
66 State and local obligations	14.7	16.5	15.6	19.0	29.2	31.5	19.3	18.7	29.3	29.0	28.6	31.6
67 Corporate and foreign bonds	13.6	23.9	36.4	37.2	36.1	31.2	36.1	38.4	30.5	41.7	32.2	30.8
68 Mortgages	79.9	60.5	57.2	87.1	134.0	149.2	77.7	96.4	121.2	146.7	140.2	158.2
69 Consumer credit	23.8	10.2	9.4	23.6	35.0	49.9	22.9	24.3	35.7	34.4	49.4	50.7
70 Bank loans n.e.c.	51.6	38.3	−13.9	6.4	32.2	53.0	.1	12.6	28.4	35.9	47.9	58.1
71 Open market paper and RPs	21.2	14.8	−2.4	13.3	19.8	42.5	13.3	13.3	27.6	11.9	44.0	41.0
72 Other loans	19.1	22.6	8.7	15.3	25.1	36.9	12.9	17.7	19.2	31.0	35.7	38.0

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; quarterly data are at seasonally adjusted annual rates.

Transaction category, or sector	1973	1974	1975	1976	1977	1978r	1976 H1	1976 H2	1977 H1	1977 H2	1978r H1	1978r H2
1 **Total funds advanced in credit markets to nonfinancial sectors**	**196.1**	**184.9**	**198.0**	**261.7**	**337.4**	**393.6**	**245.9**	**277.5**	**301.0**	**373.8**	**376.4**	**411.0**
By public agencies and foreign												
2 Total net advances	34.1	52.6	44.3	54.5	85.4	109.4	49.7	59.3	69.3	101.6	103.7	115.1
3 U.S. government securities	9.5	11.9	22.5	26.8	40.2	43.9	24.4	29.3	27.2	53.2	42.7	45.0
4 Residential mortgages	8.2	14.7	16.2	12.8	20.4	26.5	11.8	13.7	20.0	20.9	23.5	29.5
5 FHLB advances to S&Ls	7.2	6.7	-4.0	-2.0	4.3	12.5	-1.5	-2.5	3.4	5.2	14.1	10.9
6 Other loans and securities	9.2	19.4	9.5	16.9	20.5	26.6	15.0	18.8	18.6	22.4	23.5	29.7
Totals advanced, by sector												
7 U.S. government	2.8	9.7	15.1	8.9	11.8	18.6	6.3	11.5	6.1	17.6	19.5	17.7
8 Sponsored credit agencies	21.4	25.6	14.5	20.6	26.9	46.0	20.0	21.2	26.7	27.2	44.9	47.1
9 Monetary authorities	9.2	6.2	8.5	9.8	7.1	7.0	13.7	6.0	10.2	4.1	12.9	1.0
10 Foreign	.6	11.2	6.1	15.2	39.5	37.8	9.7	20.6	26.4	52.7	26.3	49.2
11 Agency borrowing not included in line 1	19.9	23.1	13.5	18.6	26.3	41.4	18.2	19.0	25.0	27.5	41.5	41.3
Private domestic funds advanced												
12 Total net advances	182.0	155.3	167.3	225.7	278.2	325.6	214.4	237.1	256.8	299.7	314.3	337.2
13 U.S. government securities	18.8	22.4	75.7	61.3	44.1	51.3	67.5	55.1	42.8	45.4	57.7	44.9
14 State and local obligations	14.7	16.5	15.6	19.0	29.2	30.1	19.3	18.7	29.3	29.0	28.6	31.6
15 Corporate and foreign bonds	10.0	20.9	32.8	30.5	22.3	22.3	28.6	32.3	17.2	27.3	22.3	22.4
16 Residential mortgages	48.4	26.9	23.2	52.7	83.2	88.3	45.6	59.7	74.9	91.6	84.9	91.7
17 Other mortgages and loans	97.2	75.4	16.1	60.4	103.7	146.0	51.9	68.9	96.0	111.5	134.9	157.4
18 Less: FHLB advances	7.2	6.7	-4.0	-2.0	4.3	12.5	-1.5	-2.5	3.4	5.2	14.1	10.9
Private financial intermediation												
19 Credit market funds advanced by private financial institutions	165.4	126.2	119.9	191.2	249.6	288.5	174.4	207.9	241.1	258.0	282.7	294.4
20 Commercial banking	86.5	64.5	27.6	58.0	85.8	121.9	46.6	69.4	81.1	90.5	119.5	124.3
21 Savings institutions	36.9	26.9	52.0	71.4	84.8	78.2	70.5	72.4	85.3	84.3	77.5	78.9
22 Insurance and pension funds	23.9	30.0	41.5	51.7	62.0	70.1	53.2	50.2	60.3	63.7	68.8	71.3
23 Other finance	18.0	4.7	-1.1	10.1	16.9	18.4	4.2	15.9	14.5	19.4	16.9	19.9
24 Sources of funds	165.4	126.2	119.9	191.2	249.6	288.5	174.4	207.9	241.1	258.0	282.7	294.4
25 Private domestic deposits	86.6	69.4	90.6	121.5	136.0	131.4	108.3	134.6	127.0	145.0	120.0	142.8
26 Credit market borrowing	36.2	13.0	-2.5	9.6	32.0	53.3	10.0	9.2	36.0	28.0	60.5	46.0
27 Other sources	42.5	43.8	31.9	60.1	81.6	103.9	56.1	64.1	78.2	85.1	102.2	105.6
28 Foreign funds	5.8	16.8	.9	5.1	11.6	12.7	.7	9.5	.7	22.4	4.0	21.4
29 Treasury balances	1.0	-5.1	-1.7	-.1	4.3	8.1	2.3	-2.5	-1.8	10.4	.7	17.0
30 Insurance and pension reserves	18.4	26.0	29.6	34.8	48.0	57.6	35.8	33.8	45.5	50.4	55.9	59.3
31 Other, net	19.4	6.0	3.1	20.3	17.8	25.5	17.2	23.4	33.7	1.9	43.2	7.8
Private domestic nonfinancial investors												
32 Direct lending in credit markets	52.8	42.2	44.9	44.1	60.6	90.3	50.0	38.4	51.6	69.6	92.1	88.8
33 U.S. government securities	19.2	17.5	23.0	19.6	24.6	36.1	25.0	14.1	14.1	35.2	37.6	34.5
34 State and local obligations	5.4	9.3	8.3	6.8	9.1	9.6	7.6	6.0	8.2	10.1	10.8	8.4
35 Corporate and foreign bonds	1.3	4.7	8.0	2.1	1.1	1.8	2.9	1.3	.4	1.8	-3.0	.5
36 Commercial paper	18.3	2.4	-.8	4.1	9.5	28.3	4.8	3.4	13.0	6.0	28.8	27.8
37 Other	8.6	8.2	6.4	11.5	16.2	18.1	9.7	13.5	15.9	16.5	17.8	18.7
38 Deposits and currency	90.6	75.7	96.8	128.8	144.3	140.6	114.3	143.3	132.6	156.0	130.0	151.1
39 Time and savings accounts	76.1	66.7	84.8	112.2	120.1	120.6	99.5	125.0	110.5	129.7	111.5	129.7
40 Large negotiable CDs	18.1	18.8	-14.1	-14.4	9.3	13.2	-19.8	-9.1	-4.4	22.9	11.5	14.9
41 Other at commercial banks	29.6	26.1	39.4	58.1	41.7	46.4	52.0	64.3	45.3	38.2	45.2	47.7
42 At savings institutions	28.5	21.8	59.4	68.5	69.1	61.0	67.3	69.8	69.6	68.7	54.8	67.1
43 Money	14.4	8.9	12.0	16.6	24.2	20.0	14.8	18.3	22.1	26.3	18.6	21.4
44 Demand deposits	10.5	2.6	5.8	9.3	15.9	10.8	8.9	9.6	16.5	15.3	8.5	13.1
45 Currency	3.9	6.3	6.2	7.3	8.3	9.2	6.0	8.6	5.6	11.0	10.1	8.3
46 **Total of credit market instruments, deposits and currency**	**143.4**	**117.8**	**141.6**	**172.9**	**204.9**	**230.9**	**164.3**	**181.6**	**184.2**	**225.6**	**222.1**	**240.0**
47 Public support rate (in percent)	17.4	28.5	22.4	20.8	25.3	27.8	20.2	21.4	23.0	27.2	27.5	28.0
48 Private financial intermediation (in percent)	90.9	81.3	71.7	84.7	89.7	88.6	81.3	87.7	93.9	86.1	89.9	87.3
49 Total foreign funds	6.4	28.0	7.1	20.3	51.1	50.5	10.4	30.1	27.1	75.1	30.3	70.7
MEMO: Corporate equities not included above												
50 **Total net issues**	9.2	4.1	10.7	11.9	3.8	2.6	13.4	10.4	1.7	5.8	2.4	2.7
51 Mutual fund shares	1.2	-.7	-.1	-1.0	-1.0	1.1	-2.4	.4	-.8	-1.2	.6	-1.5
52 Other equities	10.4	4.8	10.8	12.9	4.8	3.6	15.8	9.9	2.5	7.0	3.0	4.3
53 Acquisitions by financial institutions	13.3	5.8	9.7	12.5	6.2	3.7	13.1	12.0	6.1	6.3	2.0	5.4
54 Other net purchases	4.1	-1.6	1.0	-.7	-2.4	1.1	.3	-1.6	-4.4	-.5	.4	-2.6

NOTES BY LINE NUMBER.
1. Line 2 of p. A-44.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities. Included below in lines 3, 13, and 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. Sum of lines 39 and 44.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
33–37. Lines 13–17 less amounts acquired by private finance. Line 37 includes mortgages.
45. Mainly an offset to line 9.
46. Lines 32 plus 38, or line 12 less line 27 plus line 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Sum of lines 10 and 28.
50, 52. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types quarterly, and annually for flows and for amounts outstanding, may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1967 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1976	1977	1978	1978			1979				
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 **Industrial production**	**129.8**	**137.1**	**145.2**	**148.7**	**149.6**	**150.9**	**150.9**	**151.2**	**152.3**	**150.2**	**152.1**
Market groupings											
2 Products, total	129.3	137.1	144.3	147.0	147.7	149.1	149.4	150.2	151.0	148.5	150.5
3 Final, total	127.2	134.9	141.4	144.1	144.5	145.6	145.9	146.5	147.7	145.1	147.4
4 Consumer goods	136.2	143.4	147.4	149.2	149.7	150.6	150.6	151.0	152.4	148.6	151.3
5 Equipment	114.6	123.2	133.1	137.0	137.3	138.7	139.5	140.2	141.4	140.4	142.0
6 Intermediate	137.2	145.1	155.3	158.0	159.3	161.8	162.6	163.7	162.8	161.8	162.7
7 Materials	130.6	136.9	146.5	151.4	152.7	153.8	153.1	152.9	154.2	152.9	154.6
Industry groupings											
8 Manufacturing	129.5	137.1	145.6	149.5	150.4	151.8	151.9	152.2	153.1	150.9	153.0
Capacity utilization (percent)[1]											
9 Manufacturing	80.2	82.4	84.2	85.5	85.8	86.3	86.0	85.9	86.2	84.7	85.6
10 Industrial materials industries	80.4	81.9	84.9	87.1	87.6	86.1	87.4	87.1	87.6	86.7	87.4
11 Construction contracts[2]	190.2	160.5	174.3	193.0	173.0	184.0	181.0	231.0	186.0	187.0	n.a.
12 **Nonagricultural employment, total**[3]	**120.7**	**125.0**	**130.3**	**131.6**	**132.3**	**133.5**	**133.0**	**133.5**	**134.1**	**r134.1**	**134.4**
13 Goods-producing, total	100.2	104.2	108.9	110.1	111.0	111.7	112.0	112.4	113.3	r113.1	113.3
14 Manufacturing, total	97.7	101.0	104.5	105.1	105.9	106.6	107.1	107.4	107.8	r107.6	107.5
15 Manufacturing, production-worker	95.3	98.6	102.1	102.4	103.5	104.3	104.8	105.2	r105.4	r105.1	105.0
16 Service-producing	131.9	136.4	142.1	143.4	144.0	144.2	144.5	145.0	145.5	145.7	146.0
17 **Personal income, total**[4]	**220.4**	**244.0**	**272.5**	**282.2**	**285.0**	**288.5**	**290.3**	**292.6**	**296.2**	**297.1**	n.a.
18 Wages and salary disbursements	189.3	230.1	257.5	266.1	268.8	271.5	274.4	176.9	180.6	281.1	n.a.
19 Manufacturing	177.1	198.6	223.6	230.3	234.8	238.0	238.0	244.1	246.7	245.6	n.a.
20 Disposable personal income	176.8	194.5	216.7	....	226.0	....	....	233.4	....	....	n.a.
21 Retail sales[5]	203.5	224.4	248.0	257.5	262.0	265.3	270.7	r271.7	r275.3	r272.1	271.7
Prices[6]											
22 Consumer[7]	170.5	181.5	195.4	200.9	202.0	202.9	204.7	207.1	209.1	211.5	n.a.
23 Producer finished goods[8]	170.3	180.6	194.6	r199.6	r200.3	202.4	205.2	207.4	208.8	211.2	212.4

1 Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.

2 Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Informations Systems Company, F. W. Dodge Division.

3 Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.

4 Based on data in *Survey of Current Business* (U.S. Department of Commerce). Series for disposable income is quarterly.

5 Based on Bureau of Census data published in *Survey of Current Business* (U.S. Department of Commerce).

6 Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Department of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

7 Beginning Jan. 1978, based on new index for all urban consumers.

8 Beginning with the November 1978 BULLETIN, producer price data in this table have been changed to the BLS series for producer finished goods. The previous data were producer prices for all commodities.

NOTE. Basic data (not index numbers) for series mentioned in notes 3, 4, and 5, and indexes for series mentioned in notes 2 and 6 may also be found in the *Survey of Current Business* (U.S. Department of Commerce).

Figures for industrial production for the last two months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1978			1979	1978			1979	1978			1979
	Q2	Q3	Q4	Q1 r	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 r
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Manufacturing**	**144.4**	**147.7**	**150.6**	**152.4**	**172.0**	**173.7**	**175.4**	**177.1**	**84.0**	**85.0**	**85.9**	**86.1**
2 Primary processing	154.1	158.2	161.9	162.1	178.5	180.2	181.9	183.8	86.3	87.8	89.0	88.2
3 Advanced processing	139.3	142.1	144.5	147.2	168.5	170.2	171.8	173.4	82.7	83.5	84.1	84.9
4 **Materials**	**145.1**	**148.7**	**152.6**	**153.4**	**171.7**	**173.0**	**174.2**	**175.6**	**84.5**	**86.0**	**87.6**	**87.4**
5 Durable goods	144.0	150.4	155.2	155.2	175.2	176.3	177.4	178.4	82.2	85.3	87.5	87.0
6 Basic metal	117.5	124.6	129.4	124.2	146.1	146.5	146.8	147.1	80.4	85.1	88.1	84.4
7 Nondurable goods	163.2	163.2	166.9	169.3	184.4	186.5	188.5	190.7	88.5	87.5	88.5	88.8
8 Textile, paper, and chemical	167.7	168.4	172.2	175.0	193.1	195.4	197.5	199.8	86.8	86.2	87.2	87.6
9 Textile	117.1	117.3	119.4	117.3	144.1	144.7	145.2	145.8	81.2	81.0	82.2	80.5
10 Paper	139.7	134.8	137.2	137.6	154.8	155.8	156.9	158.0	90.3	86.5	87.4	87.1
11 Chemical	201.4	204.4	209.5	215.6	230.1	233.5	236.8	240.2	87.5	87.5	88.5	89.7
12 Energy	125.5	127.0	128.7	129.3	147.8	148.4	148.9	150.2	84.9	85.6	86.4	86.1

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1976	1977	1978	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.	1979 May
	Household survey data									
1 **Noninstitutional population**[1]	**156,048**	**158,559**	**161,058**	**162,033**	**162,250**	**162,448**	**162,633**	**162,909**	**163,008**	**163,260**
2 **Labor force (including Armed Forces)**[1]	**96,917**	**99,534**	**102,537**	**103,745**	**103,975**	**104,277**	**104,621**	**104,804**	**104,193**	**104,325**
3 Civilian labor force	94,773	97,401	100,420	101,628	101,867	102,183	102,527	102,714	102,111	102,247
Employment										
4 Nonagricultural industries[2]	84,188	87,302	91,031	92,476	92,468	93,068	93,335	93,499	92,987	93,134
5 Agriculture	3,297	3,244	3,342	3,275	3,387	3,232	3,311	3,343	3,186	3,184
Unemployment										
6 Number	7,288	6,855	6,047	5,877	6,012	5,883	5,881	5,871	5,937	5,929
7 Rate (percent of civilian labor force)	7.7	7.0	6.0	5.8	5.9	5.8	5.7	5.7	5.8	5.8
8 Not in labor force	59,130	59,025	58,521	58,288	58,275	58,170	58,012	58,105	58,815	58,935
	Establishment survey data									
9 **Nonagricultural payroll employment**[3]	**79,382**	**82,256**	**85,760**	**87,036**	**87,281**	**87,524**	**87,818**	**r88,263**	**r88,267**	**88,438**
10 Manufacturing	18,997	19,647	20,331	20,601	20,729	20,825	20,895	r20,964	r20,928	20,897
11 Mining	779	809	837	903	904	905	r919	r922	r924	920
12 Contract construction	3,576	3,833	4,213	4,368	4,397	4,381	4,385	r4,526	r4,517	4,584
13 Transportation and public utilities	4,582	4,696	4,858	4,947	4,967	4,974	5,001	r5,025	r4,942	4,995
14 Trade	17,755	18,492	19,392	19,701	19,697	19,817	19,883	r19,945	r19,966	20,010
15 Finance	4,271	4,452	4,676	4,774	4,789	4,809	4,829	r4,839	r4,854	4,863
16 Service	14,551	15,249	15,976	16,270	16,327	16,352	16,438	r16,535	r16,578	16,608
17 Government	14,871	15,079	15,478	15,472	15,471	15,461	15,468	r15,507	r15,558	15,561

1 Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

2 Includes self-employed, unpaid family, and domestic service workers.

3 Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the February 1977 benchmark. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

Grouping	1967 proportion	1978 average[p]	1978							1979				
			Mar.	Apr.	May	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.	Apr.[p]	May[e]
	Index (1967 = 100)													
MAJOR MARKET														
1 **Total index**	100.00	145.2	140.9	143.2	143.9	147.8	148.7	149.6	150.9	150.9	151.2	152.3	150.2	152.1
2 **Products**	60.71	144.3	141.6	143.0	143.1	146.5	147.0	147.7	149.1	149.4	150.2	151.0	148.5	150.5
3 Final products	47.82	141.4	138.9	140.5	140.5	143.7	144.1	144.5	145.6	145.9	146.5	147.7	145.1	147.4
4 Consumer goods	27.68	147.4	145.9	147.5	147.0	149.0	149.2	149.7	150.6	150.6	151.0	152.4	148.6	151.3
5 Equipment	20.14	133.1	129.1	130.8	131.6	136.4	137.0	137.3	138.7	139.5	140.2	141.4	140.4	142.0
6 Intermediate products	12.89	155.3	151.4	152.1	152.6	157.0	158.0	159.3	161.8	162.6	163.7	162.8	161.8	162.7
7 **Materials**	39.29	146.5	139.9	143.7	145.1	149.7	151.4	152.7	153.8	153.1	152.9	154.2	152.9	154.6
Consumer goods														
8 *Durable consumer goods*	7.89	158.9	157.5	161.8	160.2	160.3	161.6	161.8	161.9	160.9	161.3	163.5	151.7	161.0
9 Automotive products	2.83	178.6	175.8	184.3	180.0	178.3	185.6	189.0	185.1	181.3	179.0	186.6	161.3	183.5
10 Autos and utility vehicles	2.03	172.5	171.0	182.7	175.6	170.0	180.5	185.0	179.3	173.4	170.7	180.1	147.4	177.6
11 Autos	1.90	148.5	149.7	159.1	151.6	144.4	154.2	159.7	151.8	145.9	144.9	153.7	128.6	153.1
12 Auto parts and allied goods	80	194.0	188.5	188.2	191.5	199.8	199.1	199.0	200.1	201.8	200.2	202.8	197.0	198.0
13 Home goods	5.06	147.8	147.2	149.2	148.9	150.2	148.2	146.5	148.9	149.5	151.3	150.5	146.2	148.4
14 Appliances, A/C, and TV	1.40	132.5	135.4	142.2	138.3	134.4	128.7	123.4	129.1	125.9	130.4	127.6	115.0	121.0
15 Appliances and TV	1.33	134.5	137.9	144.7	140.7	136.9	129.9	124.4	129.8	126.8	131.5	128.9	115.9	......
16 Carpeting and furniture	1.07	164.3	159.3	158.9	163.4	169.0	168.0	164.9	166.8	170.8	172.9	174.1	171.8	......
17 Miscellaneous home goods	2.59	149.3	148.7	149.0	148.8	150.8	150.6	151.3	152.0	153.6	153.7	153.3	152.8	153.3
18 *Nondurable consumer goods*	19.79	142.8	141.3	141.8	141.7	144.4	144.3	144.8	146.2	146.5	146.8	147.9	147.4	147.5
19 Clothing	4.29	125.5	122.4	124.9	125.4	128.9	128.3	......	130.1	130.1	......	......	......	......
20 Consumer staples	15.50	147.6	146.4	146.6	146.2	148.8	148.8	149.2	150.6	151.0	151.3	152.5	152.3	152.2
21 Consumer foods and tobacco	8.33	140.1	138.7	140.8	139.9	141.2	140.4	141.0	143.0	142.1	142.6	145.5	144.7	......
22 Nonfood staples	7.17	156.2	155.3	153.3	153.4	157.4	158.5	158.8	159.6	161.3	161.6	160.4	161.2	161.5
23 Consumer chemical products	2.63	187.1	182.1	182.5	182.0	191.9	191.9	190.7	193.2	196.5	196.3	194.2	194.5	......
24 Consumer paper products	1.92	118.1	118.9	117.7	117.9	118.2	117.6	117.6	116.9	120.1	122.2	121.3	122.6	......
25 Consumer energy products	2.62	153.2	155.0	149.9	150.7	153.3	155.4	156.7	156.9	156.6	155.7	155.3	156.2	......
26 Residential utilities	1.45	161.5	166.9	159.0	157.2	160.9	162.8	162.1	161.1	165.3	168.0	......	......	......
Equipment														
27 Business	12.63	162.0	157.4	159.3	160.2	165.8	166.9	167.2	168.7	169.7	170.6	172.1	170.5	172.7
28 Industrial	6.77	149.9	146.9	147.8	149.7	152.7	152.9	151.8	152.2	154.7	156.0	156.3	155.3	156.4
29 Building and mining	1.44	223.4	221.7	225.1	226.0	226.3	226.5	223.8	222.3	222.3	224.2	223.0	223.2	223.7
30 Manufacturing	3.85	121.9	118.3	119.0	121.3	124.4	125.0	124.2	124.7	127.9	128.9	129.5	128.7	129.5
31 Power	1.47	151.0	148.8	147.3	149.2	154.8	154.0	153.4	155.6	158.5	159.8	161.0	158.2	160.5
32 *Commercial transit, farm*	5.86	176.0	169.4	172.6	172.3	180.8	182.9	184.9	187.8	187.1	187.4	190.4	188.1	191.6
33 Commercial	3.26	208.6	202.0	203.8	204.2	214.1	215.1	214.9	217.1	218.1	218.8	221.5	221.5	222.8
34 Transit	1.93	133.8	126.1	133.7	132.2	138.6	142.6	147.5	151.0	148.2	145.7	149.4	143.3	151.6
35 Farm	67	138.9	137.0	132.9	131.9	142.0	143.2	145.8	151.5	149.5	154.6	157.6	153.8	......
36 Defense and space	7.51	84.5	81.9	82.9	83.6	87.1	86.7	87.2	87.9	88.7	89.1	89.5	89.8	90.5
Intermediate products														
37 Construction supplies	6.42	153.3	147.9	148.5	150.4	155.6	157.0	159.0	160.8	161.2	161.3	160.2	158.3	159.2
38 Business supplies	6.47	157.3	155.0	155.6	155.0	158.4	159.2	159.9	162.7	163.8	166.1	165.4	165.4	......
39 Commercial energy products	1.14	166.5	164.3	163.5	162.7	169.9	168.8	168.8	170.0	172.2	173.6	173.1	172.0	......
Materials														
40 Durable goods materials	20.35	146.9	138.6	142.7	143.9	152.1	154.0	154.9	156.8	155.4	154.4	155.7	153.4	156.0
41 Durable consumer parts	4.58	140.3	133.1	136.8	137.9	144.8	147.3	147.4	148.4	147.8	144.3	145.6	138.6	143.5
42 Equipment parts	5.44	159.1	151.3	154.8	155.8	164.6	166.0	167.6	170.5	170.5	171.6	173.4	174.3	175.5
43 Durable materials n.e.c.	10.34	143.4	134.5	138.9	140.3	148.7	150.5	151.6	153.6	150.8	149.8	151.0	149.2	151.2
44 Basic metal materials	5.57	120.4	110.4	116.7	117.5	126.7	128.2	129.1	130.9	124.6	122.8	125.1	122.9	......
45 Nondurable goods materials	10.47	162.9	160.5	162.0	163.5	164.4	165.7	167.8	167.1	168.3	169.2	170.5	170.9	172.5
46 Textile, paper, and chemical materials	7.62	167.9	165.7	166.4	167.9	170.0	171.0	173.3	172.3	173.7	175.0	176.3	177.7	179.1
47 Textile materials	1.85	117.2	115.1	116.5	116.7	118.7	118.7	120.4	119.0	118.1	115.8	118.0	117.2	......
48 Paper materials	1.62	137.1	137.8	139.2	140.1	137.7	137.3	137.6	136.6	133.5	138.5	140.8	142.3	......
49 Chemical materials	4.15	202.6	199.2	199.5	201.7	205.5	207.6	210.7	210.3	214.3	215.9	216.5	218.4	......
50 Containers, nondurable	1.70	160.5	158.1	160.5	161.9	161.1	163.4	165.6	165.5	167.6	166.2	168.0	165.1	......
51 Nondurable materials n.e.c.	1.14	133.2	129.3	134.6	135.8	131.8	134.5	134.5	135.4	133.4	135.3	135.8	135.0	......
52 Energy materials	8.48	125.2	117.5	123.9	125.2	126.0	128.0	128.4	129.6	128.7	128.9	130.4	129.1	128.8
53 Primary energy	4.65	112.7	104.5	115.5	114.4	111.8	115.9	117.4	116.9	113.5	112.4	115.1	114.1	......
54 Converted fuel materials	3.82	140.5	133.3	134.1	138.6	143.4	142.7	141.8	145.1	147.3	149.1	149.0	147.4	......
Supplementary groups														
55 Home goods and clothing	9.35	137.6	135.9	138.0	138.2	140.3	139.1	138.5	140.2	140.6	141.6	141.7	138.6	140.3
56 Energy, total	12.23	135.1	129.8	133.1	134.2	135.9	137.6	138.2	139.3	138.7	138.8	139.8	138.9	138.6
57 Products	3.76	157.2	157.9	154.1	154.3	158.3	159.3	160.4	161.0	161.3	161.1	160.8	161.0	......
58 Materials	8.48	125.2	117.5	123.9	125.2	126.0	128.0	128.4	129.6	128.7	128.9	130.4	129.1	128.8

For NOTE see opposite page.

2.13 Continued

Grouping	SIC code	1967 proportion	1978 average[p]	1978 Mar.	1978 Apr.	1978 May	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.[r]	1979 Mar.	1979 Apr.[p]	1979 May[e]
				Index (1967 = 100)											
MAJOR INDUSTRY															
1 Mining and utilities	......	12.05	141.6	138.2	140.9	140.9	142.1	144.1	144.5	145.0	144.2	144.0	144.8	144.6	144.9
2 Mining	......	6.36	124.2	119.3	127.2	126.7	124.1	127.6	128.1	127.6	124.0	121.8	124.0	124.1	124.6
3 Utilities	......	5.69	161.0	159.5	156.0	157.0	162.3	162.4	162.9	164.3	166.8	169.0	168.2	167.5	167.8
4 Electric	......	3.88	182.2	178.8	175.0	177.1	184.4	184.1	185.0	186.6	189.4	192.2	......	......	......
5 Manufacturing	......	87.95	145.7	141.4	143.5	144.3	148.7	149.5	150.4	151.8	151.9	152.2	153.1	150.9	153.0
6 Nondurable	......	35.97	154.8	151.4	153.2	154.0	157.1	157.4	158.5	159.6	160.4	160.7	161.5	160.9	161.6
7 Durable	......	51.98	139.3	134.4	136.9	137.6	142.8	144.0	144.8	146.4	146.0	146.2	147.3	144.0	147.1
Mining															
8 Metal	10	.51	121.0	127.6	122.3	120.0	115.6	122.1	125.3	123.9	123.5	124.3	126.3	128.2	......
9 Coal	11, 12	.69	115.7	78.4	129.5	131.7	114.7	114.7	145.1	146.8	116.0	104.0	124.0	129.3	133.9
10 Oil and gas extraction	13	4.40	124.7	123.3	127.3	126.3	124.9	124.5	124.9	123.8	123.2	121.7	121.5	120.6	120.4
11 Stone and earth minerals	14	.75	131.1	128.2	128.9	130.1	133.8	134.0	132.9	134.2	136.7	137.0	136.7	136.2	......
Nondurable manufactures															
12 Foods	20	8.75	142.9	141.1	143.1	142.8	144.4	143.2	144.2	145.7	145.5	146.5	147.7	146.3	......
13 Tobacco products	21	.67	119.2	115.6	121.0	120.2	120.6	119.0	121.5	122.0	120.0	118.8	121.8	......	......
14 Textile mill products	22	2.68	140.0	135.1	138.1	138.5	142.2	142.1	143.9	144.9	143.5	140.5	142.6	141.3	......
15 Apparel products	23	3.31	126.3	122.8	126.1	125.8	130.9	130.6	......	131.4	132.3	......	......	......	......
16 Paper and products	26	3.21	144.5	144.9	145.7	146.6	142.3	145.8	145.3	147.8	144.9	148.0	149.9	149.6	151.9
17 Printing and publishing	27	4.72	129.9	129.1	128.6	128.2	131.0	130.5	132.1	133.0	135.8	137.6	137.0	136.9	137.0
18 Chemicals and products	28	7.74	190.7	185.2	185.5	188.1	194.2	195.9	197.6	197.9	200.8	201.4	200.9	202.1	......
19 Petroleum products	29	1.79	144.2	140.1	141.7	143.4	147.1	147.1	148.9	149.9	147.9	144.5	144.3	145.7	144.1
20 Rubber and plastic products	30	2.24	254.8	243.1	249.1	252.7	263.1	264.1	264.2	267.0	268.1	270.1	272.1	269.0	......
21 Leather and products	31	.86	74.1	72.1	76.0	75.7	74.1	73.8	74.1	74.0	75.1	73.3	73.6	71.0	......
Durable manufactures															
22 Ordnance, private and government	19, 91	3.64	73.7	72.7	73.0	74.3	74.3	73.9	73.6	74.2	73.4	73.5	73.4	74.2	74.5
23 Lumber and products	24	1.64	138.9	136.5	136.9	136.5	139.2	141.2	142.5	146.0	142.0	140.6	140.7	138.1	......
24 Furniture and fixtures	25	1.37	154.7	149.5	148.9	152.8	160.7	160.9	157.6	156.7	161.7	163.6	163.8	161.8	......
25 Clay, glass, stone products	32	2.74	159.2	154.2	156.7	157.9	160.9	162.1	166.3	167.7	168.6	166.9	166.1	163.9	......
26 Primary metals	33	6.57	119.0	106.1	114.3	115.5	127.9	128.6	129.0	130.4	122.0	121.3	121.7	119.2	121.6
27 Iron and steel	331, 2	4.21	113.2	96.4	109.0	110.5	123.2	123.8	124.1	124.5	112.7	112.8	114.4	113.3	......
28 Fabricated metal products	34	5.93	142.6	138.1	139.5	140.4	146.3	146.0	146.9	149.0	151.0	152.2	151.3	150.5	151.0
29 Nonelectrical machinery	35	9.15	155.6	151.5	152.2	152.9	158.7	160.3	160.3	161.8	163.6	164.6	166.7	165.2	166.6
30 Electrical machinery	36	8.05	154.3	149.5	152.3	152.9	158.3	157.9	159.0	161.9	163.9	165.3	166.1	163.5	165.1
31 Transportation equipment	37	9.27	130.5	126.5	130.5	130.1	132.8	137.0	139.3	139.5	137.7	136.3	140.1	128.9	139.8
32 Motor vehicles and parts	371	4.50	168.3	165.1	171.7	168.3	168.9	176.8	180.8	179.7	174.5	171.4	178.1	155.5	175.7
33 Aerospace and miscellaneous transportation equipment	372-9	4.77	94.9	90.1	91.8	93.9	98.9	99.6	100.2	101.7	103.0	103.2	104.3	103.7	106.3
34 Instruments	38	2.11	171.6	168.7	170.5	169.8	174.6	175.3	172.2	179.5	180.4	181.0	182.7	182.1	182.8
35 Miscellaneous manufactures	39	1.51	153.3	153.7	152.9	152.7	154.1	153.9	152.1	153.7	154.8	156.9	157.1	155.4	156.0
				Gross value (billions of 1972 dollars, annual rates)											
MAJOR MARKET															
36 **Products, total**	......	[1]507.4	**609.6**	**601.1**	**608.8**	**606.8**	**613.6**	**621.3**	**625.3**	**632.0**	**628.0**	**632.0**	**638.3**	**623.2**	**635.2**
37 Final	......	[1]390.9	469.3	463.5	470.7	468.2	471.8	478.8	481.6	486.6	481.8	484.4	491.1	476.3	487.7
38 Consumer goods	......	[1]277.5	324.0	321.6	326.3	324.0	324.4	328.1	330.8	332.3	329.0	330.4	334.5	323.9	331.4
39 Equipment	......	[1]113.4	145.3	142.0	144.4	144.2	147.7	150.6	150.9	154.3	152.9	154.1	156.3	152.6	156.4
40 Intermediate	......	[1]116.6	140.4	137.5	138.3	138.6	141.9	142.6	144.0	145.6	146.3	147.4	147.3	146.9	147.5

1 1972 dollars.

NOTE. Published groupings include some series and subtotals not shown separately. For description and historical data, see *Industrial Production—1976 Revision* (Board of Governors of the Federal Reserve System: Washington, D.C.), December 1977.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

	Item	1976	1977	1978	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.
		Private residential real estate activity (thousands of units)									
	New Units										
1	Permits authorized	1,296	1,677	[r]1,801	[r]1,835	[r]1,789	[r]1,827	1,442	1,425	1,621	1,517
2	1-family	894	1,126	[r]1,182	[r]1,209	[r]1,172	[r]1,268	920	881	1,056	1,040
3	2-or-more-family	402	551	[r]619	[r]626	[r]617	[r]557	522	544	565	477
4	Started	1,538	1,986	2,019	2,054	2,107	2,074	1,679	1,381	1,786	1,749
5	1-family	1,163	1,451	1,433	1,436	1,502	1,539	[r]1,139	[r]953	[r]1,266	1,279
6	2-or-more-family	377	535	586	618	605	535	[r]540	[r]428	[r]520	470
7	Under construction, end of period[1]	1,147	1,442	1,355	1,320	1,337	1,345	[r]1,360	[r]1,344	1,316	n.a.
8	1-family	655	829	1,378	781	791	799	[r]812	[r]793	775	n.a.
9	2-or-more-family	492	613	553	539	545	546	[r]549	[r]551	541	n.a.
10	Completed	1,362	1,652	1,866	1,883	1,885	1,888	[r]1,815	[r]1,894	1,954	n.a.
11	1-family	1,026	1,254	1,368	1,414	1,375	1,805	[r]1,331	[r]1,376	1,415	n.a.
12	2-or-more-family	336	398	498	468	510	1,892	[r]484	[r]518	539	n.a.
13	Mobile homes shipped	246	277	276	286	280	303	311	272	[r]270	304
	Merchant builder activity in 1-family units										
14	Number sold	639	819	817	900	803	802	774	697	[r]784	732
15	Number for sale, end of period[1]	433	407	423	407	412	413	412	410	[r]424	426
	Price (thousands of dollars)[2]										
	Median										
16	Units sold	44.2	48.9	55.9	58.3	58.8	59.9	60.3	61.2	60.4	62.4
17	Units for sale	41.6	48.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Average										
18	Units sold	48.1	54.4	62.7	65.7	66.3	67.4	67.7	68.7	68.5	70.2
	Existing Units (1-family)										
19	Number sold	3,002	3,572	3,905	4,290	4,350	4,160	3,710	3,620	3,650	3,760
	Price of units sold (thous. of dollars)[2]										
20	Median	38.1	42.9	48.7	50.1	50.7	50.9	52.0	51.9	53.8	54.7
21	Average	42.2	47.9	55.1	57.3	57.4	58.1	59.8	59.5	61.8	62.5
		Value of new construction[4] (millions of dollars)									
	Construction										
22	**Total put in place**	**148,778**	**172,552**	**202,219**	**211,984**	**215,827**	**218,529**	**208,595**	**205,616**	**[r]211,909**	**214,443**
23	Private	110,416	134,723	157,455	164,096	167,931	170,966	162,260	163,852	[r]168,739	170,353
24	Residential	60,519	80,957	93,088	95,162	97,594	98,793	92,188	94,092	[r]94,759	96,635
25	Nonresidential, total	49,897	53,766	64,367	68,934	70,337	72,173	70,072	69,760	[r]73,980	73,718
	Buildings:										
26	Industrial	7,182	7,713	10,762	12,627	12,529	13,273	12,512	13,022	[r]15,233	14,311
27	Commercial	12,757	14,789	18,280	19,410	20,294	20,049	19,272	18,767	[r]20,658	21,166
28	Other	6,155	6,200	6,659	6,667	6,877	6,922	6,598	6,431	[r]6,977	7,153
29	Public utilities and other	23,803	25,064	28,666	30,230	30,637	31,929	31,688	[r]31,541	[r]31,112	31,088
30	Public	38,312	37,828	44,762	47,888	47,897	47,563	46,335	41,763	[r]43,170	44,089
31	Military	1,521	1,517	1,462	1,409	1,415	1,442	1,621	1,438	[r]1,742	1,529
32	Highway	9,439	9,280	8,627	11,428	10,956	11,176	10,015	9,037	9,332	n.a.
33	Conservation and development	3,751	3,882	3,697	3,851	4,593	4,357	4,865	4,476	4,862	n.a.
34	Other[3]	23,601	23,149	23,503	31,200	30,933	30,588	29,834	26,812	27,234	n.a.

1. Not at annual rates.
2. Not seasonally adjusted.
3. Beginning Jan. 1977 Highway imputations are included in Other.
4. Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.

NOTE. Census Bureau estimates for all series except (a) mobile homes which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 14,000 jurisdictions through 1977, and 16,000 jurisdictions beginning with 1978.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted.

Item	12 months to—		3 months (at annual rate) to—				1 month to—					Index level Apr. 1979 (1967 = 100)[2]
	1978 Apr.	1979 Apr.	1978 June	1978 Sept.	1978 Dec.	1979 Mar.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.	
	Consumer prices[3]											
1 **All items**	**6.6**	**10.4**	**10.7**	**8.5**	**8.5**	**13.0**	**.6**	**.9**	**1.2**	**1.0**	**1.1**	**211.5**
2 Commodities	5.9	10.8	10.5	7.3	9.6	14.5	.8	1.1	1.2	1.1	1.2	203.3
3 Food	8.7	12.0	18.3	4.8	10.2	17.7	1.0	1.4	1.6	1.1	1.0	232.3
4 Commodities less food	4.7	10.3	7.2	8.3	9.6	12.9	.8	.9	1.0	1.1	1.3	188.9
5 Durable	4.7	10.2	9.0	9.1	11.3	10.0	.8	.9	1.0	.5	.9	187.2
6 Nondurable	4.3	10.4	5.5	6.9	6.7	16.5	.6	1.1	.8	1.9	1.9	189.6
7 Services	8.0	9.9	11.0	10.3	7.2	10.6	.4	.5	1.1	.9	.9	227.0
8 Rent	6.5	6.5	8.2	7.3	7.7	3.6	.6	.3	.4	.2	.5	172.0
9 Services less rent	8.2	10.5	11.3	10.8	7.1	11.7	.4	.6	1.1	1.0	1.0	237.1
Other groupings	6.4	10.1										
10 All items less food	6.4	9.4	8.9	9.3	8.5	12.0	.6	.8	1.0	1.0	1.2	206.3
11 All items less food and energy	9.7	14.2	10.4	9.7	7.7	9.3	.4	.5	.9	.8	.9	202.3
12 Homeownership			13.2	14.6	10.9	16.7	.4	.8	1.8	1.3	1.4	251.7
	Producer prices											
13 Finished goods	7.1	10.3	10.3	7.4	10.5	13.7	1.0	r1.3	1.0	1.0	.9	211.2
14 Consumer	6.9	10.7	10.6	7.5	11.1	15.6	1.2	r1.4	r1.1	1.1	.8	210.0
15 Foods	8.5	11.3	11.4	4.9	15.3	20.1	1.2	1.8	r1.5	1.2	−.3	227.6
16 Excluding foods	5.9	10.4	10.5	8.8	8.8	12.9	1.2	r1.2	r.8	1.1	1.4	199.2
17 Capital equipment	7.7	9.2	9.1	7.0	8.8	9.8	.6	1.0	.8	.6	1.1	213.6
18 Materials	5.6	12.1	9.9	7.5	13.0	17.3	.7	r1.5	1.6	1.0	1.0	244.0
19 Intermediate[1]	6.3	10.7	7.2	6.9	11.2	13.2	.7	r1.2	.9	1.1	1.6	236.2
Crude												
20 Nonfood	4.9	18.4	14.9	16.9	19.8	29.5	1.2	1.6	2.8	2.1	−.5	333.3
21 Food	6.2	16.3	26.6	2.8	21.2	30.6	.3	2.8	r3.7	.2	−.3	251.6

1 Excludes intermediate materials for food manufacturing and manufactured animal feeds.
2 Not seasonally adjusted.

3 Figures for consumer prices are those for all urban consumers.

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

	Account	1976	1977	1978	1977	1978				1979
					Q4	Q1	Q2	Q3	Q4	Q1
		Gross national product								
1	**Total**	**1,700.1**	**1,887.2**	**2,107.6**	**1,958.1**	**1,992.0**	**2,087.5**	**2,136.1**	**2,214.8**	**2,264.8**
	By source									
2	Personal consumption expenditures	1,090.2	1,206.5	1,340.1	1,255.2	1,276.7	1,322.9	1,356.9	1,403.9	1,440.4
3	Durable goods	156.6	178.4	197.5	187.2	183.5	197.8	199.5	209.1	211.4
4	Nondurable goods	442.6	479.0	526.5	496.9	501.4	519.3	531.7	553.4	567.9
5	Services	491.0	549.2	616.2	571.1	591.8	605.8	625.8	641.4	661.0
6	Gross private domestic investment	243.0	297.8	345.6	313.5	322.7	345.4	350.1	364.0	371.1
7	Fixed investment	232.8	282.3	329.6	300.5	306.0	325.3	336.5	350.5	354.5
8	Nonresidential	164.6	190.4	222.6	200.3	205.6	220.1	227.5	237.1	244.1
9	Structures	57.3	63.9	77.8	67.4	68.5	76.6	80.9	85.1	85.2
10	Producers' durable equipment	107.3	126.5	144.8	132.8	137.1	143.5	146.6	152.0	158.9
11	Residential structures	68.2	91.9	107.0	100.2	100.3	105.3	109.0	113.4	110.4
12	Nonfarm	65.8	88.9	103.8	97.5	97.3	102.1	105.7	110.2	107.2
13	Change in business inventories	10.2	15.6	16.0	13.1	16.7	20.1	13.6	13.5	16.6
14	Nonfarm	12.2	15.0	16.7	10.4	16.9	22.1	14.6	13.4	17.8
15	Net exports of goods and services	7.4	−11.1	−12.0	−23.2	−24.1	−5.5	−10.7	−7.6	−5.3
16	Exports	163.2	175.5	204.8	172.1	181.7	205.4	210.1	221.9	233.8
17	Imports	155.7	186.6	216.8	195.2	205.8	210.9	220.8	229.5	239.0
18	Government purchases of goods and services	359.5	394.0	433.9	412.5	416.7	424.7	439.8	454.5	458.5
19	Federal	129.9	145.1	153.8	152.2	151.5	147.2	154.0	162.5	164.5
20	State and local	229.6	248.9	280.2	260.3	265.2	277.6	285.8	292.0	294.0
	By major type of product									
21	Final sales, total	1,689.9	1,871.6	2,091.6	1,945.0	1,975.3	2,067.4	2,122.5	2,201.3	2,248.1
22	Goods	760.3	832.6	918.4	859.6	861.8	912.2	927.3	972.5	1,000.8
23	Durable	304.6	341.3	376.8	347.4	351.2	375.8	380.1	400.1	426.0
24	Nondurable	455.7	491.3	541.7	512.2	510.6	536.4	547.2	572.4	574.8
25	Services	778.0	862.8	962.5	893.6	926.4	952.0	973.7	997.7	1,025.9
26	Structures	161.9	191.8	226.7	204.9	203.8	223.4	235.0	244.7	238.1
27	Change in business inventories	10.2	15.6	16.0	13.1	16.7	20.1	13.6	13.5	16.6
28	Durable goods	5.3	8.4	11.7	6.3	14.8	10.8	10.2	10.8	20.1
29	Nondurable goods	4.9	7.2	4.3	6.8	1.9	9.3	3.4	2.7	−3.4
30	MEMO: **Total GNP in 1972 dollars**	**1,271.0**	**1,332.7**	**1,385.7**	**1,354.5**	**1,354.2**	**1,382.6**	**1,391.4**	**1,414.7**	**1,416.3**
		National income								
31	**Total**	**1,359.2**	**1,515.3**	**1,703.7**	**1,576.9**	**1,603.1**	**1,688.1**	**1,728.4**	**1,795.2**	**1,835.4**
32	Compensation of employees	1,036.8	1,153.4	1,301.4	1,199.7	1,241.0	1,287.8	1,317.1	1,359.8	1,406.8
33	Wages and salaries	890.1	983.6	1,101.0	1,021.2	1,050.8	1,090.2	1,113.4	1,149.4	1,185.2
34	Government and government enterprises	187.6	200.8	216.1	208.1	211.4	213.9	216.8	222.3	225.1
35	Other	702.5	782.9	884.8	813.1	839.3	876.3	896.6	927.1	960.1
36	Supplement to wages and salaries	146.7	169.8	200.5	178.4	190.2	197.6	203.6	210.4	221.5
37	Employer contributions for social insurance	69.7	79.4	94.5	82.4	90.2	93.6	95.7	98.6	105.6
38	Other labor income	77.0	90.4	105.9	96.1	100.0	104.0	107.9	111.8	115.9
39	Proprietors' income[1]	88.6	99.8	113.2	107.3	105.0	110.1	114.5	123.0	123.6
40	Business and professional[1]	70.2	79.5	87.8	82.3	83.1	86.1	89.6	92.6	93.0
41	Farm[1]	18.4	20.3	25.3	25.1	21.9	24.0	25.0	30.4	30.6
42	Rental income of persons[2]	22.5	22.5	23.4	22.7	22.8	22.2	24.3	24.4	24.7
43	Corporate profits[1]	127.0	144.2	159.5	148.2	132.6	163.4	165.2	176.6	166.0
44	Profits before tax[3]	155.9	173.9	202.0	178.3	172.1	205.5	205.4	224.9	226.9
45	Inventory valuation adjustment	−14.5	−14.8	−24.4	−14.8	−23.5	−24.9	−20.9	−28.4	−40.2
46	Capital consumption adjustment	−14.4	−14.9	−18.1	−15.3	−16.1	−17.2	−19.3	−19.9	−20.7
47	Net interest	84.3	95.4	106.3	99.0	101.7	104.6	107.4	111.4	114.5

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustments.
3. For after-tax profits, dividends, and the like, see table 1.50.

SOURCE. *Survey of Current Business* (U.S. Dept. of Commerce).

2.17 PERSONAL INCOME AND SAVING

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

Account	1976	1977	1978	1977	1978				1979
				Q4	Q1	Q2	Q3	Q4	Q1
	Personal income and saving								
1 **Total personal income**	**1,380.9**	**1,529.0**	**1,708.0**	**1,593.0**	**1,628.9**	**1,682.4**	**1,731.7**	**1,789.0**	**1,836.0**
2 Wage and salary disbursements	890.1	983.6	1,100.9	1,021.2	1,050.8	1,090.2	1,113.2	1,149.4	1,185.4
3 Commodity-producing industries	307.5	343.7	390.2	357.1	365.9	387.0	396.4	411.3	426.8
4 Manufacturing	237.5	266.3	299.9	277.3	286.9	296.1	302.0	314.4	327.1
5 Distributive industries	216.4	239.1	268.9	247.5	257.0	266.4	271.6	280.4	290.5
6 Service industries	178.6	200.1	225.8	208.5	216.5	222.8	228.5	235.4	242.8
7 Government and government enterprises	187.6	200.8	216.1	208.1	211.4	213.9	216.7	222.3	225.3
8 Other labor income	77.0	90.4	105.9	96.1	100.0	104.0	107.9	111.8	115.9
9 Proprietors' income[1]	88.6	99.8	113.2	107.3	105.0	110.1	114.5	123.0	123.6
10 Business and professional[1]	70.2	79.5	87.8	82.3	83.1	86.1	89.6	92.6	93.0
11 Farm[1]	18.4	20.3	25.3	25.1	21.9	24.0	25.0	30.4	30.6
12 Rental income of persons[2]	22.5	22.5	23.4	22.7	22.8	22.2	24.3	24.4	24.7
13 Dividends	37.9	43.7	49.3	46.3	47.0	48.1	50.1	51.9	54.0
14 Personal interest income	126.3	141.2	159.0	146.0	151.4	156.3	161.7	166.6	172.4
15 Transfer payments	193.9	208.8	226.0	215.9	219.2	220.6	230.4	233.9	239.0
16 Old-age survivors, disability, and health insurance benefits	92.9	105.0	117.4	110.1	112.1	113.7	121.1	122.7	124.8
17 LESS: Personal contributions for social insurance	55.5	61.0	69.7	62.6	67.2	69.2	70.5	72.1	78.8
18 EQUALS: Personal income	1,380.9	1,529.0	1,708.0	1,593.0	1,628.9	1,682.4	1,731.7	1,789.0	1,836.0
19 LESS: Personal tax and nontax payments	196.5	226.0	256.2	233.3	237.3	249.1	263.2	275.1	272.9
20 EQUALS: Disposable personal income	1,184.4	1,303.0	1,451.8	1,359.6	1,391.6	1,433.3	1,468.4	1,513.9	1,563.2
21 LESS: Personal outlays	1,116.3	1,236.1	1,374.9	1,285.9	1,309.2	1,357.0	1,392.5	1,440.9	1,478.3
22 EQUALS: Personal saving	68.0	66.9	76.9	73.7	82.4	76.3	76.0	73.0	84.9
MEMO ITEMS									
Per capita (1972 dollars)									
23 Gross national product	5,906	6,144	6,340	6,226	6,215	6,334	6,360	6,452	6,449
24 Personal consumption expenditures	3,808	3,954	4,080	4,030	4,009	4,060	4,092	4,159	4,155
25 Disposable personal income	4,136	4,271	4,421	4,365	4,370	4,399	4,428	4,485	4,508
26 Saving rate (percent)	5.7	5.1	5.3	5.4	5.9	5.3	5.2	4.8	5.4
	Gross saving								
27 **Gross private saving**	**270.7**	**290.8**	**320.1**	**304.3**	**305.4**	**319.9**	**325.7**	**329.6**	**339.5**
28 Personal saving	68.0	66.9	76.9	73.7	82.4	76.3	76.0	73.0	84.9
29 Undistributed corporate profits[1]	24.8	28.7	26.3	28.0	15.6	30.3	29.0	30.3	22.9
30 Corporate inventory valuation adjustment	−14.5	−14.8	−24.4	−14.8	−23.5	−24.9	−20.9	−28.4	−40.2
Capital consumption allowances									
31 Corporate	111.5	120.9	132.5	124.6	127.4	130.5	134.7	137.4	140.3
32 Noncorporate	66.3	74.3	84.4	77.9	79.9	82.8	86.1	89.0	91.4
33 Wage accruals less disbursements	....	....	....	....	....	....	....	....	....
34 Government surplus, or deficit (−), national income and product accounts	−33.2	18.6	−1.6	−29.6	21.1	6.2	.6	8.0	8.7
35 Federal	−53.8	−48.1	−29.9	−58.6	−52.6	−23.6	−22.8	−20.8	18.4
36 State and local	20.7	29.6	28.3	29.0	31.5	29.8	23.4	28.8	27.1
37 Capital grants received by the United States, net	....	....	....	....	....	....	....	....	1.1
38 Investment	241.7	276.9	320.4	279.5	286.4	326.6	326.6	342.0	351.3
39 Gross private domestic	243.0	297.8	345.6	313.5	322.7	345.4	350.1	364.0	371.1
40 Net foreign	−1.2	−20.9	−25.2	−34.1	−36.3	−18.9	−23.5	−22.1	19.8
41 Statistical discrepancy	4.2	4.7	1.8	4.8	2.2	.5	.4	4.3	2.1

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE. *Survey of Current Business* (U.S. Dept. of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1976	1977	1978	1977 Q4	1978 Q1	1978 Q2	1978 Q3	1978 Q4
1 Merchandise exports	114,694	120,576	141,844	29,637	30,787	35,256	36,486	39,315
2 Merchandise imports	124,047	151,706	175,988	39,009	42,707	43,125	44,478	45,678
3 Merchandise trade balance[2]	−9,353	−31,130	−34,144	−9,372	−11,920	−7,869	−7,992	−6,363
4 Military transactions, net	312	1,334	531	5	210	444	12	−136
5 Investment income, net[3]	15,933	17,507	19,915	3,812	4,877	4,581	4,878	5,580
6 Other service transactions, net	2,469	1,705	2,814	482	532	835	666	781
7 Balance on goods and services[3,4]	**9,361**	**−10,585**	**−10,885**	**−5,072**	**−6,302**	**−2,009**	**−2,436**	**−138**
8 Remittances, pensions, and other transfers	−1,878	−1,932	−2,048	−473	−504	−536	−496	−513
9 U.S. government grants (excluding military)	−3,145	−2,776	−3,028	−591	−778	−781	−779	−691
10 Balance on current account[3]	**4,339**	**−15,292**	**−15,961**	**−6,136**	**−7,584**	**−3,326**	**−3,711**	**−1,342**
11 Not seasonally adjusted[3]				−5,245	−6,382	−2,803	−6,326	−449
12 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−4,213	−3,679	−4,657	−838	−896	−1,176	−1,498	−1,086
13 Change in U.S. official reserve assets (increase, −)	−2,530	231	872		246	329	115	182
14 Gold		−118	−65	−60				−65
15 Special drawing rights (SDRs)	−78	−121	1,249	−29	−16	−104	−43	1,412
16 Reserve position in International Monetary Fund	−2,212	−294	4,231	42	324	437	195	3,275
17 Foreign currencies	−240	302	−4,543	47	−62	−4	−37	−4,440
18 Change in U.S. private assets abroad (increase, −)[3]	**−43,865**	**−30,740**	**−54,963**	**−13,862**	**−14,417**	**−5,320**	**−8,833**	**−26,394**
19 Bank-reported claims	−21,368	−11,427	−33,957	−8,750	6,270	−503	−5,622	−21,562
20 Nonbank-reported claims	2,030	−1,700	−2,256	−1,184	−2,222	267	−36	−265
21 Long-term	5	25	33	−279	−57	80	62	−52
22 Short-term	−2,035	−1,725	−2,289	−905	2,165	187	−98	−213
23 U.S. purchase of foreign securities, net	−8,852	−5,398	−3,389	−731	−949	−1,103	−467	−870
24 U.S. direct investments abroad, net[3]	−11,614	−12,215	−15,361	−3,197	−4,976	−3,981	−2,708	−3,697
25 Change in foreign official assets in the United States (increase, +)	18,073	37,124	33,967	15,543	15,760	−5,685	4,852	19,040
26 U.S. Treasury securities	9,333	30,294	24,063	12,900	12,965	−5,728	3,029	13,797
27 Other U.S. government obligations	573	2,308	656	973	117	211	443	−115
28 Other U.S. government liabilities[5]	4,993	1,644	2,810	390	804	−312	350	1,968
29 Other U.S. liabilities reported by U.S. banks	969	773	5,043	909	1,456	−493	946	3,134
30 Other foreign official assets[6]	2,205	2,105	1,395	371	418	637	84	256
31 Change in foreign private assets in the United States (increase, +)[3]	**18,897**	**13,746**	**29,293**	**4,522**	**2,336**	**6,090**	**10,637**	**10,230**
32 U.S. bank-reported liabilities	10,990	6,719	16,860	3,143	−314	1,836	7,965	7,373
33 U.S. nonbank-reported liabilities	−507	257	1,676	425	495	248	986	−53
34 Long-term	−958	−620	−49	−242	38	−68	106	−125
35 Short-term	451	877	1,725	667	457	316	880	72
36 Foreign private purchases of U.S. Treasury securities, net	2,783	563	2,248	−299	881	847	−1,053	1,573
37 Foreign purchases of other U.S. securities, net	1,284	2,869	2,899	803	462	1,308	533	596
38 Foreign direct investments in the United States, net[3]	4,347	3,338	5,611	450	812	1,852	2,206	741
39 Allocation of SDRs								
40 Discrepancy	9,300	−927	11,449	771	4,555	9,087	−1,562	−630
41 Owing to seasonal adjustments				1,445	917	108	−2,455	1,431
42 Statistical discrepancy in recorded data before seasonal adjustment	9,300	−927	11,449	−674	3,638	8,979	893	−2,061
MEMO ITEMS								
Changes in official assets								
43 U.S. official reserve assets (increase, −)	−2,530	−231	872		246	329	115	182
44 Foreign official assets in the United States (increase, +)	13,080	35,480	31,157	15,153	14,956	−5,373	4,502	17,072
45 Changes in Organization of Petroleum Exporting Countries (OPEC) official assets in the Unites States (part of line 25 above)	9,581	6,733	−570	1,024	1,963	2,838	−1,592	1,897
46 Transfers under military grant programs (excluded from lines 1, 4, and 9 above)	373	194	274	71	75	57	69	73

1 Seasonal factors are no longer calculated for lines 13 through 46.

2 Data are on an international accounts (IA) basis. Differs from the census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of line 4.

3 Includes reinvested earnings of incorporated affiliates.

4 Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition excludes certain military sales to Israel from exports and excludes U.S. government interest payments from imports.

5 Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.

6 Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1976	1977	1978	1978			1979			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	115,156	121,150	143,575	12,901	13,451	13,282	13,132	13,507	14,452	13,883
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	121,009	147,685	172,026	14,852	14,825	15,032	16,231	14,806	15,273	16,036
3 **Trade balance**	**5,853**	**-26,535**	**28,451**	**-1,950**	**-1,374**	**-1,749**	**-3,099**	**-1,299**	**-821**	**-2,153**

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	1976	1977	1978	1978		1979				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May[p]
1 **Total**	**18,747**	**19,312**	**18,650**	**17,967**	**18,650**	**20,468**	**20,292**	**21,658**	**21,403**	**[3]22,230**
2 Gold stock, including Exchange Stabilization Fund[1]	11,598	11,719	11,671	11,642	11,671	11,592	11,544	11,479	11,418	11,354
3 Special Drawing Rights[2]	2,395	2,629	4,374	1,522	1,558	2,661	2,672	2,667	2,602	[3]2,624
4 Reserve position in International Monetary Fund	4,434	4,946	1,047	1,099	1,047	1,017	1,120	1,121	1,097	[3]1,193
5 Convertible foreign currencies[4]	320	18	1,558	3,704	4,374	5,198	4,956	6,391	6,286	7,059

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 3.24.

2 Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; and $1,139 million on Jan. 1, 1979; plus net transactions in SDRs.

3 Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

4 Beginning November 1978, valued at current market exchange rates.

3.13 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1975	1976	1977	1978				1979		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[p]
	All foreign countries									
1 **Total, all currencies**	**176,493**	**219,420**	**258,897**	**287,369**	**r292,594**	**r295,980**	**r306,145**	**r295,118**	**295,341**	**305,821**
2 Claims on United States	6,743	7,889	11,623	14,976	12,169	13,426	16,690	15,340	15,065	21,669
3 Parent bank	3,665	4,323	7,806	10,693	7,879	9,046	12,161	10,789	10,188	16,092
4 Other	3,078	3,566	3,817	4,283	4,290	4,380	4,529	4,551	4,877	5,577
5 Claims on foreigners	163,391	204,486	238,848	262,063	r269,410	r271,468	r278,135	r268,116	268,052	271,206
6 Other branches of parent bank	34,508	45,955	55,772	63,493	67,748	68,403	70,340	66,653	64,249	64,973
7 Banks	69,206	83,765	91,883	95,222	98,104	101,043	102,805	97,696	99,147	101,253
8 Public borrowers[1]	5,792	10,613	14,634	r23,890	r24,220	r23,324	r24,041	r24,060	24,874	25,095
9 Nonbank foreigners	53,886	64,153	76,560	r79,458	r79,338	r78,698	r80,949	79,707	79,782	79,885
10 Other assets	6,359	7,045	8,425	10,330	11,015	11,086	11,320	11,662	12,224	12,946
11 **Total payable in U.S. dollars**	**132,901**	**167,695**	**193,764**	**r211,799**	**r210,938**	**218,289**	**224,290**	**r214,312**	**213,100**	**222,533**
12 Claims on United States	6,408	7,595	11,049	14,168	11,328	12,530	15,732	14,506	14,130	20,636
13 Parent bank	3,628	4,264	7,692	10,535	7,688	8,877	11,975	10,596	9,958	15,901
14 Other	2,780	3,332	3,357	3,633	3,640	3,653	3,757	3,910	4,172	4,735
15 Claims on foreigners	123,496	156,896	178,896	r193,193	r194,881	200,777	203,498	r194,416	193,269	195,948
16 Other branches of parent bank	28,478	37,909	44,256	50,880	52,887	54,721	55,410	51,799	49,615	49,735
17 Banks	55,319	66,331	70,786	71,892	72,644	76,473	78,389	r73,458	74,393	76,765
18 Public borrowers[1]	4,864	9,022	12,632	r20,235	r20,295	r19,612	r19,862	20,092	20,613	21,277
19 Nonbank foreigners	34,835	43,634	51,222	r50,186	r49,055	r49,971	r49,837	49,067	48,648	48,171
20 Other assets	2,997	3,204	3,820	4,438	4,729	4,982	5,060	5,390	5,701	5,949
	United Kingdom									
21 **Total, all currencies**	**74,883**	**81,466**	**90,933**	**99,084**	**101,887**	**102,032**	**106,593**	**100,786**	**101,179**	**102,144**
22 Claims on United States	2,392	3,354	4,341	2,940	3,119	3,706	5,370	3,960	3,912	5,019
23 Parent bank	1,449	2,376	3,518	2,014	2,230	2,779	4,448	2,930	2,689	3,544
24 Other	943	978	823	926	889	927	922	1,030	1,223	1,475
25 Claims on foreigners	70,331	75,859	84,016	93,364	95,774	95,220	98,137	93,690	94,032	93,840
26 Other branches of parent bank	17,557	19,753	22,017	24,691	26,516	25,802	27,830	25,911	24,474	24,911
27 Banks	35,904	38,089	39,899	42,677	43,926	44,353	45,013	42,531	44,032	42,964
28 Public borrowers[1]	881	1,274	2,206	4,549	4,692	4,526	4,522	4,549	4,548	4,608
29 Nonbank foreigners	15,990	16,743	19,895	21,447	20,640	20,539	20,772	20,699	20,978	21,357
30 Other assets	2,159	2,253	2,576	2,780	2,994	3,106	3,086	3,136	3,235	3,285
31 **Total payable in U.S. dollars**	**57,361**	**61,587**	**66,635**	**70,008**	**70,209**	**71,761**	**75,860**	**70,502**	**70,525**	**71,499**
32 Claims on United States	2,273	3,275	4,100	2,598	2,877	3,475	5,113	3,738	3,618	4,710
33 Parent bank	1,445	2,374	3,431	1,895	2,187	2,727	4,386	2,878	2,610	3,488
34 Other	828	902	669	703	690	748	727	860	1,008	1,222
35 Claims on foreigners	54,121	57,488	61,408	66,242	66,132	67,031	69,416	65,364	65,416	65,214
36 Other branches of parent bank	15,645	17,249	18,947	20,934	21,377	21,197	22,838	21,171	19,884	20,370
37 Banks	28,224	28,983	28,530	29,859	29,680	30,565	31,482	29,113	30,185	29,393
38 Public borrowers[1]	648	846	1,669	3,471	3,595	3,467	3,317	3,342	3,414	3,523
39 Nonbank foreigners	9,604	10,410	12,263	11,978	11,480	11,802	11,779	11,738	11,933	11,928
40 Other assets	967	824	1,126	1,168	1,200	1,255	1,331	1,400	1,491	1,575
	Bahamas and Caymans									
41 **Total, all currencies**	**45,203**	**66,774**	**79,052**	**88,755**	**r86,290**	**89,720**	**91,085**	**87,899**	**87,993**	**96,307**
42 Claims on United States	3,229	3,508	5,782	10,053	7,247	7,501	8,985	9,753	8,994	14,560
43 Parent bank	1,477	1,141	3,051	7,090	4,255	4,437	5,779	6,646	5,780	10,957
44 Other	1,752	2,367	2,731	2,963	2,992	3,064	3,206	3,107	3,214	3,603
45 Claims on foreigners	41,040	62,048	71,671	76,651	r76,867	80,006	79,774	75,792	76,507	79,070
46 Other branches of parent bank	5,411	8,144	11,120	12,348	12,618	13,526	12,906	11,477	11,841	12,086
47 Banks	16,298	25,354	27,939	29,472	30,317	33,060	33,675	31,638	31,534	33,839
48 Public borrowers[1]	3,576	7,105	9,109	r12,356	r12,088	r11,529	r11,514	11,392	12,125	12,541
49 Nonbank foreigners	15,756	21,445	23,503	r22,475	r21,844	r21,891	r21,679	21,285	21,007	20,604
50 Other assets	933	1,217	1,599	2,051	2,176	2,213	2,326	2,354	2,492	2,677
51 **Total payable in U.S. dollars**	**41,887**	**62,705**	**73,987**	**83,007**	**r80,222**	**83,710**	**84,767**	**81,669**	**81,736**	**89,861**

For notes see opposite page.

3.13 Continued

Liability account	1975	1976	1977	1978[2] Sept. r	1978 Oct. r	1978 Nov. r	1978 Dec. r	1979 Jan. r	1979 Feb.	1979 Mar. p
	All foreign countries									
52 **Total, all currencies**	**176,493**	**219,420**	**258,897**	**287,369**	**292,594**	**295,980**	**306,145**	**295,118**	**295,341**	**305,821**
53 To United States	20,221	32,719	44,154	48,016	49,974	55,651	57,005	52,212	53,841	55,139
54 Parent bank	12,165	19,773	24,542	22,115	24,412	28,997	27,682	23,951	23,696	20,109
55 Other banks in United States } 56 Nonbanks	8,057	12,946	19,613	10,064	8,362	9,084	12,304	8,188	9,143	12,812
56 Nonbanks				15,837	17,200	17,570	17,019	20,073	21,002	22,218
57 Foreigners	149,815	179,954	206,579	230,087	233,023	230,707	238,973	232,706	231,398	240,241
58 Other branches of parent bank	34,111	44,370	53,244	61,505	64,916	65,807	67,994	65,246	62,559	62,709
59 Banks	72,259	83,880	94,140	97,309	95,577	93,434	97,247	92,340	93,751	101,691
60 Official institutions	22,773	25,829	28,110	33,978	33,612	32,212	31,936	31,137	31,704	34,050
61 Nonbank foreigners	20,672	25,877	31,085	37,295	38,918	39,254	41,796	43,983	43,384	41,791
62 Other liabilities	6,456	6,747	8,163	9,266	9,597	9,622	10,167	10,200	10,102	10,441
63 **Total payable in U.S. dollars**	**135,907**	**173,071**	**198,572**	**215,230**	**215,517**	**222,873**	**230,160**	**220,210**	**219,734**	**228,180**
64 To United States	19,503	31,932	42,881	45,862	47,741	53,697	54,869	50,182	51,651	53,061
65 Parent bank	11,939	19,559	24,213	21,165	23,432	28,124	26,611	22,967	22,635	19,077
66 Other banks in United States } 67 Nonbanks	7,564	12,373	18,669	9,724	8,008	8,813	12,050	7,927	8,837	12,577
67 Nonbanks				14,973	16,301	16,760	16,208	19,288	20,179	21,407
68 To foreigners	112,879	137,612	151,363	164,662	163,061	164,194	169,987	164,437	162,438	169,259
69 Other branches of parent bank	28,217	37,098	43,268	49,897	51,973	53,323	53,894	51,305	48,650	48,493
70 Banks	51,583	60,619	64,872	62,948	58,530	58,333	62,536	58,025	58,809	65,119
71 Official institutions	19,982	22,878	23,972	28,259	27,707	26,667	26,404	25,567	26,089	28,299
72 Nonbank foreigners	13,097	17,017	19,251	23,558	24,851	25,871	27,153	29,540	28,890	27,348
73 Other liabilities	3,526	3,527	4,328	4,706	4,715	4,982	5,304	5,591	5,645	5,860
	United Kingdom									
74 **Total, all currencies**	**74,883**	**81,466**	**90,933**	**99,084**	**101,887**	**102,032**	**106,593**	**100,786**	**101,179**	**102,144**
75 To United States	5,646	5,997	7,753	7,507	7,560	8,295	9,730	8,118	9,538	10,086
76 Parent bank	2,122	1,198	1,451	1,346	1,389	1,609	1,887	1,585	2,055	1,461
77 Other banks in United States } 78 Nonbanks	3,523	4,798	6,302	3,150	2,949	3,234	4,232	2,693	3,216	3,677
78 Nonbanks				3,011	3,222	3,452	3,611	3,840	4,267	4,948
79 To foreigners	67,240	73,228	80,736	88,204	90,766	90,105	93,202	88,942	87,798	88,068
80 Other branches of parent bank	6,494	7,092	9,376	11,852	12,030	13,015	12,786	12,712	11,303	10,910
81 Banks	32,964	36,259	37,893	37,333	38,854	37,795	39,917	36,142	36,655	38,318
82 Official institutions	16,553	17,273	18,318	22,019	21,980	20,940	20,963	19,700	20,313	21,845
83 Nonbank foreigners	11,229	12,605	15,149	17,000	17,902	18,355	19,536	20,388	19,527	16,995
84 Other liabilities	1,997	2,241	2,445	3,373	3,561	3,632	3,661	3,726	3,843	3,990
85 **Total payable in U.S. dollars**	**57,820**	**63,174**	**67,573**	**70,227**	**71,158**	**72,812**	**77,030**	**72,048**	**72,293**	**72,639**
86 To United States	5,415	5,849	7,480	7,124	7,198	7,908	9,328	7,736	9,179	9,756
87 Parent bank	2,083	1,182	1,416	1,279	1,329	1,563	1,836	1,539	2,018	1,418
88 Other banks in United States } 89 Nonbanks	3,332	4,667	6,064	3,092	2,902	3,178	4,144	2,601	3,122	3,626
89 Nonbanks				2,753	2,967	3,167	3,348	3,596	4,039	4,712
90 To foreigners	51,447	56,372	58,977	61,757	62,589	63,389	66,216	62,629	61,405	61,215
91 Other branches of parent bank	5,442	5,874	7,505	9,175	9,169	10,174	9,635	9,890	8,393	7,985
92 Banks	23,330	25,527	25,608	22,592	22,837	22,672	25,287	21,642	21,911	23,017
93 Official institutions	14,498	15,423	15,482	18,185	17,893	17,075	17,091	15,834	16,544	18,030
94 Nonbank foreigners	8,176	9,547	10,382	11,805	12,690	13,468	14,203	15,263	14,557	12,183
95 Other liabilities	959	953	1,116	1,346	1,371	1,515	1,486	1,683	1,709	1,668
	Bahamas and Caymans									
96 **Total, all currencies**	**45,203**	**66,774**	**79,052**	**88,755**	**86,290**	**89,720**	**91,085**	**87,899**	**87,993**	**96,307**
97 To United States	11,147	22,721	32,176	34,379	35,677	40,631	38,781	36,927	36,546	37,623
98 Parent bank	7,628	16,161	20,956	16,750	18,045	22,252	19,806	17,054	15,726	13,681
99 Other banks in United States } 100 Nonbanks	3,520	6,560	11,220	5,511	4,415	4,852	6,199	4,275	4,863	7,370
100 Nonbanks				12,118	13,217	13,527	12,776	15,598	15,957	16,572
101 To foreigners	32,949	42,899	45,292	52,574	48,953	47,400	50,447	49,153	49,534	56,585
102 Other branches of parent bank	10,569	13,801	12,816	14,762	15,635	14,715	16,094	14,266	13,697	13,983
103 Banks	16,825	21,760	24,717	27,393	22,512	21,974	23,104	22,290	23,299	28,725
104 Official institutions	3,308	3,573	3,000	4,451	4,402	4,306	4,208	4,602	4,429	4,956
105 Nonbank foreigners	2,248	3,765	4,759	5,968	6,404	6,405	7,041	7,995	8,109	8,921
106 Other liabilities	1,106	1,154	1,584	1,802	1,660	1,689	1,857	1,819	1,913	2,099
107 **Total payable in U.S. dollars**	**42,197**	**63,417**	**74,463**	**84,317**	**81,323**	**85,012**	**86,364**	**83,152**	**83,332**	**91,474**

[1] In May1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

[2] In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1976	1977	1978	1978			1979			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[p]	Apr.[p]
						A. By type				
1 **Total**[1]	**95,634**	**131,097**	**162,303**	**152,203**	**156,285**	**162,303**	**162,656**	**159,813**	**154,325**	**147,102**
2 Liabilities reported by banks in the United States[2]	17,231	18,003	23,086	22,040	21,719	23,086	22,600	23,163	23,239	24,021
3 U.S. Treasury bills and certificates[3]	37,725	47,820	67.650	57,967	62.635	67.650	68.415	65,558	59,652	51,329
U.S. Treasury bonds and notes										
4 Marketable	11,788	32,164	35.877	36,153	36,222	35.877	36.026	35,509	36.033	36,285
5 Nonmarketable[4]	20,648	20,443	20.970	21,426	20,993	20.970	20,952	20,912	20,471	20,467
6 U.S. securities other than U.S. Treasury securities[5]	8,242	12,667	14,720	14,617	14,716	14,720	14.663	14,671	14,930	15,000
						B. By area				
7 **Total**	**95,634**	**131,097**	**162,303**	**152,203**	**156,285**	**162,303**	**162,656**	**159,813**	**154,325**	**147,102**
8 Western Europe[1]	45,882	70,748	92.946	85,118	88,412	92,946	94,397	92.587	90,166	84,643
9 Canada	3,406	2,334	2,486	2,619	2,446	2,486	2,150	1,911	3,088	3,044
10 Latin America and Caribbean	4,926	4,649	5,029	4.615	4,499	5.029	4,330	4,402	4,201	4,783
11 Asia	37,767	50,693	58,656	56,928	57.834	58.656	58,962	57,753	54,063	51,270
12 Africa	1,893	1,742	2,443	2,184	2,301	2,443	2.299	2,371	2.135	2,529
13 Other countries[6]	1,760	931	743	741	793	743	518	789	672	833

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	1975	1976	1977	1978			1979
				June	Sept.	Dec.	Mar.[p]
1 Banks' own liabilities	560	781	925	1,464	1,768	2,233	1,989
2 Banks' own claims[1]	1,459	1,834	2,356	2,622	2,989	3,565	2,646
3 Deposits	656	1,103	941	1,084	1,400	1,734	1,157
4 Other claims	802	731	1,415	1,538	1,589	1,831	1,489
5 Claims of banks' domestic customers[2]				809	446	367	476

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

	Item	1975	1976	1977	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.p	1979 Apr.p
					A. By holder and type of liability						
1	**All foreigners**	**95,590**	**110,657**	**126,168**	**150,296**	**158,231**	**166,011**	**163,824**	**163,479**	**166,997**	**158,058**
2	Banks' own liabilities				71,087	75,265	77,711	74,210	76,287	85,232	84,558
3	Demand deposits	13,564	16,803	18,996	17,553	18,264	19,199	17,785	17,201	16,696	18,368
4	Time deposits[1]	10,267	11,347	11,521	12,279	12,514	12,298	12,120	11,967	12,389	12,516
5	Other[2]				9,652	8,641	9,527	8,889	9,235	8,302	10,045
6	Own foreign offices[3]				31,603	35,847	36,687	35,416	37,883	47,845	43,630
7	Banks' custody liabilities[4]				79,209	82,966	88,300	89,614	87,192	81,765	73,500
8	U.S. Treasury bills and certificates[5]	37,414	40,744	48,906	59,068	63,130	68,178	68,999	66,508	60,587	53,280
9	Other negotiable and readily transferable instruments[6]				17,355	17,439	17,581	18,197	18,504	19,009	18,063
10	Other				2,786	2,397	2,541	2,418	2,180	2,169	2,157
11	**Nonmonetary international and regional organizations**[7]	**5,699**	**5,714**	**3,274**	**2,929**	**2,225**	**2,617**	**2,317**	**2,095**	**2,364**	**2,300**
12	Banks' own liabilities				336	417	916	762	506	769	791
13	Demand deposits	139	290	231	133	153	330	333	272	276	270
14	Time deposits[1]	148	205	139	116	102	94	88	102	99	100
15	Other[2]				87	161	492	340	131	394	422
16	Banks' custody liabilities[4]				2,593	1,809	1,701	1,555	1,589	1,595	1,509
17	U.S. Treasury bills and certificates	2,554	2,701	706	403	183	201	183	193	211	212
18	Other negotiable and readily transferable instruments[6]				2,189	1,625	1,499	1,367	1,393	1,382	1,294
19	Other				1	1	1	5	3	2	2
20	**Official institutions**[8]	**50,461**	**54,956**	**65,822**	**79,999**	**84,050**	**90,481**	**90,828**	**88,721**	**82,891**	**75,350**
21	Banks' own liabilities				11,479	10,829	11,732	10,504	11,077	10,425	12,193
22	Demand deposits	2,644	3,394	3,528	3,050	3,416	3,389	2,699	2,759	2,864	3,602
23	Time deposits[1]	3,423	2,321	1,797	2,399	2,345	2,334	2,288	2,169	2,524	2,491
24	Other[2]				6,030	5,068	6,008	5,517	6,149	5,036	6,100
25	Banks' custody liabilities[4]				68,520	73,221	78,749	80,324	77,645	72,467	63,157
26	U.S. Treasury bills and certificates[5]	34,199	37,725	47,820	57,958	62,331	67,394	68,228	65,558	59,652	51,329
27	Other negotiable and readily transferable instruments[6]				10,352	10,783	11,185	11,905	12,026	12,772	11,789
28	Other				210	107	170	191	60	43	40
29	**Banks**[9]	**29,330**	**37,174**	**42,335**	**51,372**	**55,363**	**56,861**	**54,683**	**56,006**	**65,900**	**63,408**
30	Banks' own liabilities				46,417	50,529	52,035	49,932	51,218	60,995	58,309
31	Unaffiliated foreign banks				14,814	14,682	15,349	14,517	13,335	13,150	14,679
32	Demand deposits	7,534	9,104	10,933	10,148	10,066	11,239	10,425	9,426	9,349	10,207
33	Time deposits[1]	1,873	2,297	2,040	1,564	1,735	1,489	1,479	1,322	1,262	1,309
34	Other[2]				3,102	2,881	2,621	2,612	2,587	2,539	3,164
35	Own foreign offices[3]				31,603	35,847	36,687	35,416	37,883	47,845	43,630
36	Banks' custody liabilities[4]				4,955	4,834	4,826	4,751	4,788	4,905	5,098
37	U.S. Treasury bills and certificates	335	119	141	381	371	300	302	399	425	587
38	Other negotiable and readily transferable instruments[6]				2,447	2,561	2,417	2,422	2,416	2,416	2,482
39	Other				2,126	1,902	2,109	2,027	1,973	2,064	2,029
40	**Other foreigners**	**10,100**	**12,814**	**14,736**	**15,996**	**16,593**	**16,052**	**15,995**	**16,657**	**15,842**	**17,000**
41	Banks' own liabilities				12,855	13,490	13,028	13,012	13,487	13,044	13,265
42	Demand deposits	3,248	4,015	4,304	4,222	4,628	4,242	4,328	4,744	4,207	4,289
43	Time deposits[1]	4,823	6,524	7,546	8,201	8,331	8,380	8,264	8,375	8,504	8,617
44	Other[2]				432	531	406	420	368	333	359
45	Banks' custody liabilities[4]				3,141	3,103	3,024	2,983	3,170	2,798	3,735
46	U.S. Treasury bills and certificates	325	198	240	326	245	282	285	358	299	1,152
47	Other negotiable and readily transferable instruments[6]				2,367	2,471	2,480	2,503	2,669	2,439	2,498
48	Other				448	387	262	195	143	60	85
49	MEMO: Negotiable time certificates of deposit held in custody for foreigners				10,992	10,821	10,926	11,080	11,021	11,231	11,077

1 Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."

2 Includes borrowings under repurchase agreements.

3 U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly-owned subsidiaries of head office or parent foreign bank.

4 Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.

5 Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.

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

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

8 Foreign central banks and foreign central governments and the Bank for International Settlements.

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

NOTE. Data for time deposits prior to Apr. 1978 represent short-term only.

3.16 Continued

	Item	1975	1976	1977	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.p	1979 Apr.p
		B. By area and country									
1	**Total**[1]	**95,590**	**110,657**	**126,168**	**150,296**	**158,231**	**166,011**	**163,824**	**163,479**	**166,997**	**158,058**
2	**Foreign countries**	**89,891**	**104,943**	**122,893**	**147,367**	**156,006**	**163,394**	**161,507**	**161,385**	**164,633**	**155,758**
3	Europe	44,072	47,076	60,295	73,171	78,129	r84,605	83,774	81,670	81,891	77,027
4	Austria	759	346	318	473	514	506	555	505	524	484
5	Belgium-Luxembourg	2,893	2,187	2,531	2,449	2,471	2,546	2,481	2,179	2,443	2,358
6	Denmark	329	356	770	1,734	1,827	1,946	2,036	2,074	2,131	1,596
7	Finland	391	416	323	424	388	346	379	357	361	367
8	France	7,726	4,876	5,269	8,421	8,817	8,631	8,377	8,173	8,891	9,291
9	Germany	4,543	6,241	7,239	13,345	15,652	17,286	15,770	13,868	12,995	9,363
10	Greece	284	403	603	887	907	826	683	761	671	656
11	Italy	1,059	3,182	6,857	7,346	7,761	7,674	8,723	8,056	8,142	8,939
12	Netherlands	3,407	3,003	2,869	2,501	2,518	2,402	2,536	2,786	2,766	2,823
13	Norway	994	782	944	1,210	1,102	1,271	1,411	1,445	1,572	1,477
14	Portugal	193	239	273	386	379	330	254	246	279	231
15	Spain	423	559	619	702	885	778	759	704	763	950
16	Sweden	2,277	1,692	2,712	3,187	3,216	3,131	2,955	2,656	2,520	2,596
17	Switzerland	8,476	9,460	12,343	14,195	15,463	18,564	19,864	19,808	18,560	15,636
18	Turkey	118	166	130	164	163	157	141	141	132	110
19	United Kingdom	6,867	10,018	14,125	12,232	12,826	14,214	13,080	13,788	15,368	15,824
20	Yugoslavia	126	189	232	158	190	254	174	184	176	207
21	Other Western Europe	2,970	2,673	1,804	3,012	2,777	3,334	3,296	3,706	3,284	3,775
22	U.S.S.R.	40	51	98	82	73	82	150	62	59	84
23	Other Eastern Europe[2]	197	236	236	262	198	325	150	171	257	258
24	Canada	2,919	4,659	4,607	7,465	8,073	6,963	6,622	7,037	8,044	8,819
25	Latin America and Caribbean	15,028	19,132	23,670	28,461	31,111	31,470	30,909	32,257	38,065	35,164
26	Argentina	1,146	1,534	1,416	1,650	1,504	1,498	1,682	1,789	1,534	1,498
27	Bahamas	1,874	2,770	3,596	4,870	6,309	6,615	7,391	7,283	13,087	9,961
28	Bermuda	184	218	321	387	425	428	386	464	375	351
29	Brazil	1,219	1,438	1,396	1,441	1,234	1,130	1,099	1,150	1,137	1,251
30	British West Indies	1,311	1,877	3,998	5,921	6,692	5,978	5,715	6,846	6,971	6,516
31	Chile	319	337	360	333	341	399	376	358	343	447
32	Colombia	417	1,021	1,221	1,483	1,612	1,756	1,769	1,867	1,925	2,065
33	Cuba	6	6	6	7	7	13	7	13	6	7
34	Ecuador	120	320	330	369	348	322	321	274	330	335
35	Guatemala[3]	...	...	...	368	357	416	352	386	339	360
36	Jamaica[3]	...	...	...	57	43	52	72	43	75	80
37	Mexico	2,070	2,870	2,876	3,101	3,413	3,397	3,178	3,158	3,178	3,234
38	Netherlands Antilles[4]	129	158	196	352	368	308	321	361	318	335
39	Panama	1,115	1,167	2,331	2,396	2,808	2,992	2,818	2,491	2,938	2,900
40	Peru	243	257	287	323	337	363	320	347	403	360
41	Uruguay	172	245	243	210	211	233	222	220	236	231
42	Venezuela	3,309	3,118	2,929	3,696	3,550	3,809	3,336	3,705	3,201	3,424
43	Other Latin America and Caribbean	1,393	1,797	2,167	1,494	1,553	1,760	1,544	1,501	1,669	1,809
44	Asia	22,384	29,766	30,488	34,542	34,843	36,394	36,650	36,485	32,911	30,617
45	China (Mainland)	123	48	53	49	57	67	65	105	273	45
46	China (Taiwan)	1,025	990	1,013	1,319	1,247	499	546	505	599	667
47	Hong Kong	605	894	1,094	1,368	1,189	1,256	1,400	1,436	1,253	1,453
48	India	115	638	961	899	843	790	804	838	857	929
49	Indonesia	369	340	410	575	439	449	575	357	479	567
50	Israel	387	392	559	453	469	674	669	625	608	673
51	Japan	10,207	14,363	14,616	19,937	21,355	21,969	21,428	21,764	18,109	14,846
52	Korea	390	438	602	790	750	795	771	827	748	728
53	Philippines	700	628	687	594	578	639	612	549	642	562
54	Thailand	252	277	264	352	279	427	379	307	277	343
55	Middle East oil-exporting countries[5]	7,355	9,360	8,979	6,823	6,381	7,420	8,120	7,872	7,818	8,434
56	Other Asia	856	1,398	1,250	1,384	1,256	1,411	1,283	1,300	1,247	1,371
57	Africa	3,369	2,298	2,535	2,540	2,636	2,886	2,693	2,804	2,650	2,982
58	Egypt	342	333	404	322	312	404	337	278	329	359
59	Morocco	68	87	66	84	30	32	29	32	43	34
60	South Africa	166	141	174	266	294	168	179	207	242	246
61	Zaire	62	36	39	39	43	43	48	42	50	55
62	Oil-exporting countries[6]	2,240	1,116	1,155	1,230	1,335	1,525	1,379	1,549	1,256	1,554
63	Other Africa	491	585	698	600	622	715	721	697	729	734
64	Other countries	2,119	2,012	1,297	1,189	1,214	1,076	860	1,132	1,072	1,149
65	Australia	2,006	1,905	1,140	975	977	838	655	934	862	957
66	All other	113	107	158	213	236	239	204	198	211	192
67	**Nonmonetary international and regional organizations**	**5,699**	**5,714**	**3,274**	**2,929**	**2,225**	**2,617**	**2,317**	**2,095**	**2,364**	**2,300**
68	International	5,415	5,157	2,752	1,789	1,033	1,485	1,210	919	1,189	1,128
69	Latin American regional	188	267	278	856	870	808	809	865	872	872
70	Other regional[7]	96	290	245	284	323	324	299	311	303	300

1 Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.

3 Included in "Other Latin America and Caribbean" through March 1978.

4 Includes Surinam through December 1975.

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

6 Comprises Algeria, Gabon, Libya, and Nigeria.

7 Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

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	1975	1976	1977	1978			1979			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[p]	Apr.[p]
1 **Total**	**58,308**	**79,301**	**90,206**	**97,097**	**105,425**	**114,606**	**105,406**	**103,938**	**108,993**	**104,197**
2 **Foreign countries**	**58,275**	**79,261**	**90,163**	**97,057**	**105,379**	**114,550**	**105,366**	**103,899**	**108,947**	**104,150**
3 Europe	11,109	14,776	18,114	19,345	20,565	24,181	20,743	20,454	21,299	20,856
4 Austria	35	63	65	111	142	140	147	115	177	130
5 Belgium-Luxembourg	286	482	561	1,061	1,232	1,200	1,504	1,376	1,802	1,377
6 Denmark	104	133	173	160	193	254	172	170	166	204
7 Finland	180	199	172	232	260	305	281	264	297	250
8 France	1,565	1,549	2,082	2,752	2,716	3,737	2,629	2,275	2,921	2,874
9 Germany	380	509	644	808	838	900	840	717	907	826
10 Greece	290	279	206	161	134	164	162	169	192	170
11 Italy	443	993	1,334	1,358	1,453	1,504	1,402	1,395	1,311	1,450
12 Netherlands	305	315	338	494	602	680	681	619	581	532
13 Norway	131	136	162	238	282	299	251	252	206	242
14 Portugal	30	88	175	106	180	171	169	173	209	208
15 Spain	424	745	722	893	980	1,110	905	1,103	909	807
16 Sweden	198	206	218	348	465	537	449	388	313	300
17 Switzerland	199	379	564	781	1,045	1,283	1,051	970	1,068	878
18 Turkey	164	249	360	293	283	283	179	132	145	147
19 United Kingdom	5,170	7,033	8,964	8,115	8,417	10,124	8,444	8,886	8,575	8,633
20 Yugoslavia	210	234	311	293	302	363	400	409	448	475
21 Other Western Europe[1]	76	85	86	138	107	122	135	110	124	424
22 U.S.S.R	406	485	413	387	321	366	327	309	319	298
23 Other Eastern Europe[2]	513	613	566	617	612	638	617	621	630	633
24 Canada	2,834	3,319	3,355	3,610	4,522	5,142	4,961	5,049	5,181	4,747
25 Latin America and Caribbean	23,863	38,879	45,850	49,295	54,346	56,507	52,372	50,390	54,406	51,147
26 Argentina	1,377	1,192	1,478	1,461	1,698	2,266	2,134	2,360	2,753	2,926
27 Bahamas	7,583	15,464	19,858	19,210	23,546	21,118	20,873	18,640	19,893	17,985
28 Bermuda	104	150	232	352	141	189	175	155	150	135
29 Brazil	3,385	4,901	4,629	5,596	6,137	6,251	6,259	6,259	6,553	6,180
30 British West Indies	1,464	5,082	6,481	7,178	6,432	9,173	5,368	5,122	7,435	5,464
31 Chile	494	597	675	832	862	968	1,012	939	964	978
32 Colombia	751	675	671	793	936	1,012	1,054	1,019	1,004	945
33 Cuba	14	13	10	*	4	*	*	*	4	4
34 Ecuador	252	375	517	621	680	705	700	768	839	903
35 Guatemala[3]	....	....	....	85	89	94	87	110	89	95
36 Jamaica[3]	....	....	....	45	49	40	37	48	61	127
37 Mexico	3,745	4,822	4,909	4,927	5,255	5,417	5,449	5,398	5,562	5,709
38 Netherlands Antilles[4]	72	140	224	212	242	268	259	222	282	213
39 Panama	1,138	1,372	1,410	2,485	2,531	3,074	3,179	3,493	2,900	3,575
40 Peru	805	933	962	945	931	918	873	846	834	839
41 Uruguay	57	42	80	63	58	52	50	44	46	48
42 Venezuela	1,319	1,828	2,318	3,105	3,367	3,474	3,324	3,481	3,527	3,555
43 Other Latin America and Caribbean	1,302	1,293	1,394	1,386	1,388	1,487	1,538	1,487	1,512	1,466
44 Asia	17,706	19,204	19,236	21,565	22,743	25,511	24,232	25,102	25,131	24,541
45 China (Mainland)	22	3	10	10	6	4	15	13	16	20
46 China (Taiwan)	1,053	1,344	1,719	1,285	1,356	1,499	1,457	1,767	1,841	1,814
47 Hong Kong	289	316	543	1,484	1,385	1,573	1,620	1,952	2,036	1,713
48 India	57	69	53	66	46	54	61	60	52	73
49 Indonesia	246	218	232	144	188	143	141	123	124	135
50 Israel	721	755	584	555	719	872	996	896	909	760
51 Japan	10,944	11,040	9,839	10,629	11,997	12,734	12,566	12,220	12,811	12,077
52 Korea	1,791	1,978	2,336	1,788	1,792	2,277	2,239	2,478	2,546	2,712
53 Philippines	534	719	594	732	717	680	607	692	660	710
54 Thailand	520	442	633	734	758	753	753	830	778	760
55 Middle East oil-exporting countries[5]	744	1,459	1,746	2,127	2,188	3,118	2,333	2,487	1,939	2,420
56 Other Asia	785	863	947	2,012	1,592	1,804	1,446	1,585	1,419	1,346
57 Africa	1,933	2,311	2,518	2,219	2,163	2,221	2,145	2,092	1,968	1,977
58 Egypt	123	126	119	56	68	107	82	83	73	104
59 Morocco	8	27	43	40	36	82	97	88	66	64
60 South Africa	657	957	1,066	990	906	860	838	760	701	680
61 Zaire	181	112	98	161	162	164	156	155	155	151
62 Oil-exporting countries[6]	382	524	510	438	439	452	438	456	455	462
63 Other	581	565	682	534	551	556	533	550	518	516
64 Other countries	830	772	1,090	1,023	1,041	988	914	813	961	882
65 Australia	700	597	905	879	894	877	792	704	830	755
66 All other	130	175	186	145	147	111	122	108	131	127
67 **Nonmonetary international and regional organizations**[7]	33	40	43	41	45	56	40	39	46	46

1 Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.

3 Included in "Other Latin America and Caribbean" through March 1978.

4 Includes Surinam through December 1975.

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

6 Comprises Algeria, Gabon, Libya, and Nigeria.

7 Excludes the Bank for International Settlements, which is included in "Other Western Europe."

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	1975	1976	1977	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.[p]	1979 Apr.[p]
1 **Total**	**58,308**	**79,301**	**90,206**			**r125,641**			**120,639**	
2 Banks' own claims on foreigners				97,097	105,425	114,606	105,406	r103,938	108,993	104,197
3 Foreign public borrowers				8,378	9,235	10,047	10,304	r10,498	10,846	10,862
4 Own foreign offices[1]				36,581	40,403	40,882	37,933	35,581	37,087	35,537
5 Unaffiliated foreign banks				30,912	33,552	40,379	34,494	r34,718	37,529	34,318
6 Deposits				4,002	4,396	5,506	4,670	5,146	6,345	5,481
7 Other				26,910	29,157	34,873	29,824	r29,572	31,184	28,837
8 All other foreigners				21,225	22,234	23,298	22,674	r23,141	23,530	23,480
9 Claims of banks' domestic customers[2]						r11,035			11,646	
10 Deposits						972			1,143	
11 Negotiable and readily transferable instruments[3]						4,762			4,863	
12 Outstanding collections and other claims[4]	5,467	5,756	6,176			r5,301			5,640	
13 MEMO: Customer liability on acceptances						r14,913			15,082	

1 U.S. banks: includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches and majority-owned subsidiaries of foreign banks: principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly-owned subsidiaries of head office or parent foreign bank.

2 Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.

3 Principally negotiable time certificates of deposit and bankers acceptances.

4 Data for March 1978 and for period prior to that are outstanding collections only.

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' domestic customers are available on a quarterly basis only.

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	1978 June	1978 Sept.	1978 Dec.	1979 Mar.[p]	1979 June	1979 Sept.
1 Total			55,433	59,907	73,468	71,139		
By borrower								
2 Maturity of 1 year or less[1]			44,103	47,055	58,185	54,949		
3 Foreign public borrowers			3,067	3,702	4,528	4,581		
4 All other foreigners			41,036	43,353	53,658	50,368		
5 Maturity of over 1 year[1]			11,330	12,852	15,282	16,190		
6 Foreign public borrowers			2,931	3,925	5,315	5,946		
7 All other foreigners			8,399	8,927	9,967	10,245		
By area								
Maturity of 1 year or less[1]								
8 Europe			9,627	10,454	15,049	12,107		
9 Canada			1,598	1,948	2,670	2,528		
10 Latin America and Caribbean			17,203	18,759	20,867	21,535		
11 Asia			13,695	13,769	17,534	16,939		
12 Africa			1,457	1,535	1,496	1,299		
13 All other[2]			523	591	569	541		
Maturity of over 1 year[1]								
14 Europe			2,920	3,104	3,158	3,108		
15 Canada			344	794	1,426	1,456		
16 Latin America and Caribbean			5,886	6,859	8,448	9,312		
17 Asia			1,298	1,305	1,401	1,515		
18 Africa			631	580	636	619		
19 All other[2]			252	211	214	180		

1 Remaining time to maturity.

2 Includes nonmonetary international and regional organizations.

NOTE. The first available data are for June 1978.

3.20 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

	1975	1976	1977				1978				1979
			Mar.	June	Sept.	Dec.	Mar.	June[2]	Sept.	Dec.	Mar.
1 **Total**	**167.0**	**207.7**	**206.7**	**217.8**	**226.7**	**239.4**	**247.2**	**246.0**	**247.3**	**266.6**	**264.9**
2 G-10 countries and Switzerland	88.0	100.1	99.7	104.1	108.8	115.3	116.6	112.8	113.9	125.3	119.2
3 Belgium-Luxembourg	5.3	6.1	6.4	6.3	7.1	8.4	8.3	8.3	8.4	9.0	9.4
4 France	8.5	10.0	10.2	10.6	10.5	11.0	11.4	11.4	11.7	12.4	11.7
5 Germany	7.8	8.7	7.8	8.2	8.6	9.6	9.0	9.1	9.7	11.4	10.7
6 Italy	5.2	5.8	6.0	6.4	6.0	6.5	6.0	6.4	6.0	6.6	5.7
7 Netherlands	2.8	2.8	2.6	3.1	3.0	3.5	3.4	3.4	3.5	4.4	3.8
8 Sweden	1.0	1.2	1.4	1.7	1.9	1.9	2.0	2.1	2.2	2.1	2.0
9 Switzerland	2.4	3.0	2.5	3.0	3.3	3.3	4.0	4.1	4.3	5.4	4.5
10 United Kingdom	36.3	41.5	40.4	41.4	44.1	46.5	46.5	45.0	44.4	47.2	46.4
11 Canada	3.8	5.1	6.1	6.4	6.6	5.8	6.9	5.1	4.9	5.9	5.8
12 Japan	14.9	15.9	16.4	17.0	17.6	18.8	19.1	17.9	18.8	20.9	19.2
13 Other developed countries	10.7	15.1	16.3	16.9	18.1	18.6	20.5	19.3	18.7	19.2	18.2
14 Austria	.7	1.2	1.2	1.2	1.3	1.3	1.5	1.5	1.5	1.7	1.7
15 Denmark	.6	1.0	1.2	1.4	1.5	1.6	1.6	1.7	1.9	2.0	2.0
16 Finland	.9	1.1	1.1	1.1	1.2	1.2	1.2	1.1	1.0	1.2	1.1
17 Greece	1.4	1.7	1.7	1.8	2.0	2.2	2.7	2.3	2.2	2.3	2.3
18 Norway	1.4	1.5	1.7	1.7	1.8	1.9	1.9	2.1	2.1	2.1	2.1
19 Portugal	.3	.4	.5	.5	.6	.6	.7	.6	.5	.6	.6
20 Spain	1.9	2.8	3.0	3.2	3.5	3.6	3.6	3.6	3.5	3.4	3.0
21 Turkey	.6	1.3	1.4	1.4	1.4	1.5	1.5	1.4	1.5	1.5	1.4
22 Other Western Europe	.6	.7	.8	.8	1.2	.9	1.4	1.2	1.0	1.0	1.0
23 South Africa	1.2	2.2	2.3	2.3	2.3	2.4	2.5	2.4	2.2	2.0	1.7
24 Australia	1.3	1.2	1.4	1.5	1.5	1.4	1.9	1.4	1.3	1.4	1.3
25 Oil-exporting countries[3]	6.9	12.6	13.3	15.0	16.5	17.6	19.2	19.1	20.4	22.8	22.7
26 Ecuador	.4	.7	.8	.9	1.1	1.1	1.3	1.4	1.6	1.6	1.5
27 Venezuela	2.3	4.1	3.9	4.6	5.1	5.5	5.5	5.6	6.2	7.2	7.2
28 Indonesia	1.6	2.2	2.3	2.2	2.2	2.2	2.1	1.9	1.9	2.0	1.9
29 Middle East countries	1.6	4.2	5.0	5.5	6.3	6.9	8.3	8.3	8.7	9.5	9.5
30 African countries	1.0	1.4	1.3	1.8	1.9	1.9	2.0	1.9	2.0	2.5	2.6
31 Non-oil developing countries	34.2	43.1	44.0	45.8	47.6	50.0	49.9	48.9	49.5	52.7	53.1
32 Argentina	1.7	1.9	2.0	2.1	2.4	2.9	3.0	3.0	2.9	3.0	2.9
33 Brazil	8.0	11.1	11.5	11.8	11.8	12.7	13.0	13.3	14.0	14.9	14.6
34 Chile	.5	.8	.7	.7	.8	.9	1.1	1.3	1.3	1.6	1.7
35 Colombia	1.2	1.3	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.4	1.5
36 Mexico	9.0	11.7	11.8	12.2	12.6	11.9	11.2	11.0	10.7	10.8	10.9
37 Peru	1.4	1.8	1.9	2.0	1.9	1.9	1.7	1.8	1.8	1.7	1.6
38 Other Latin America	2.6	2.7	2.4	2.4	2.5	2.7	3.5	3.3	3.4	3.8	3.5
39 India	.2	.2	.2	.2	.3	.3	.3	.2	.3	.2	.2
40 Israel	.9	1.0	.8	.8	.7	.9	.8	.7	.7	1.0	1.0
41 Korea (South)	2.4	3.1	3.2	3.4	3.6	3.9	3.7	3.6	3.5	3.9	4.2
42 Malaysia[4]	.3	.5	.6	.7	.7	.7	.6	.6	.6	.6	.6
43 Philippines	1.7	2.2	2.3	2.3	2.4	2.5	2.6	2.7	2.8	2.8	3.2
44 Taiwan	1.7	2.3	2.4	2.7	2.9	3.1	3.1	2.5	2.4	2.9	3.1
45 Thailand	.7	.7	.8	.8	.9	1.7	1.1	1.1	1.1	1.2	1.2
46 Other Asia	.6	.4	.2	.4	.4	.3	.4	.3	.3	.3	.3
47 Egypt	.4	.4	.4	.4	.4	.3	.3	.3	.4	.4	.4
48 Morocco	.1	.2	.3	.3	.4	.5	.4	.5	.5	.6	.6
49 Zaire	.3	.2	.3	.3	.3	.3	.3	.2	.2	.2	.2
50 Other Africa[5]	.5	.6	1.0	1.0	1.2	1.2	1.4	1.2	1.3	1.4	1.4
51 Eastern Europe	3.7	5.2	5.1	5.5	5.5	6.5	6.3	6.4	6.6	6.9	6.7
52 U.S.S.R.	1.0	1.5	1.5	1.5	1.5	1.6	1.4	1.4	1.4	1.3	1.1
53 Yugoslavia	.6	.8	.9	.9	1.0	1.1	1.2	1.3	1.3	1.5	1.6
54 Other	2.1	2.8	2.8	3.1	3.0	3.8	3.7	3.7	3.9	4.1	4.0
55 Offshore banking centers	19.4	26.2	22.7	25.4	25.3	26.1	29.0	31.4	29.6	30.6	35.4
56 Bahamas	7.3	11.8	8.2	9.5	9.9	9.8	11.3	11.8	11.3	10.4	14.1
57 Bermuda	.5	.5	.5	.5	.5	.6	.6	.7	.7	.7	.6
58 Cayman Islands and other British West Indies	2.5	3.8	3.7	4.8	4.3	3.8	4.5	6.3	6.2	6.9	7.2
59 Netherlands Antilles	.6	.6	.6	.5	.6	.7	.7	.6	.6	.8	.7
60 Panama	2.6	2.7	2.9	2.9	2.8	3.1	3.2	3.2	3.0	2.6	3.2
61 Lebanon	.2	.1	.2	.2	.1	.2	.2	.1	.1	.1	.1
62 Hong Kong	1.6	2.3	2.6	2.8	3.1	3.7	4.0	4.1	4.0	4.3	4.6
63 Singapore	3.8	4.4	3.9	4.2	3.9	3.7	4.0	3.8	2.9	3.9	4.0
64 Others	.1	......	......	......	.1	.5	.5	.8	.8	.9	.9
65 Miscellaneous and unallocated[6]	4.1	5.4	5.6	5.1	5.0	5.3	5.7	8.1	8.6	9.1	9.6

1 The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.13 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.17 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches). However, see also footnote 2.

2 For June 1978 and subsequent dates, the claims of the U.S. offices in this table include only banks' own claims payable in dollars. For earlier dates the claims of the U.S. offices also include customer claims and foreign currency claims (amounting in June 1978 to $10 billion).

3 Includes Algeria, Bahrain, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, and United Arab Emirates in addition to countries shown individually.

4 Foreign branch claims only through December 1976.

5 Excludes Liberia.

6 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	1977	1978	1979 Jan.–Apr.p	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.p	1979 Apr.p
	Holdings (end of period) [4]									
1 **Estimated total[1]**	**38,640**	**44,933**	....	**43,627**	**43,852**	**44,933**	**46,205**	**45,662**	**47,524**	**48,136**
2 **Foreign countries[1]**	**33,894**	**39,812**	....	**38,476**	**38,474**	**39,812**	**41,336**	**40,958**	**42,926**	**43,182**
3 Europe[1]	13,936	17,072	....	15,260	15,654	17,072	18,360	18,501	20,171	20,603
4 Belgium-Luxembourg	19	19	....	19	19	19	19	19	19	19
5 Germany[1]	3,168	8,705	....	6,645	7,102	8,705	8,864	8,860	10,216	10,812
6 Netherlands	911	1,358	....	1,356	1,351	1,358	1,433	1,517	1,587	1,637
7 Sweden	100	285	....	231	266	285	320	355	360	415
8 Switzerland	497	977	....	731	915	977	1,818	1,508	1,537	1,510
9 United Kingdom	8,888	5,373	....	5,915	5,674	5,373	5,489	5,823	5,991	5,735
10 Other Western Europe	349	354	....	365	327	354	417	420	461	473
11 Eastern Europe	4	....	....	....	....	....	....	....	....	....
12 Canada	288	152	....	151	151	152	150	146	166	226
13 Latin America and Caribbean	551	416	....	426	416	416	433	417	418	397
14 Venezuela	199	144	....	144	144	144	183	183	183	183
15 Other Latin American and Caribbean	183	110	....	119	109	110	88	72	72	52
16 Netherlands Antilles	170	162	....	162	162	162	162	162	162	162
17 Asia	18,745	21,483	....	21,942	21,565	21,483	21,704	21,205	21,483	21,268
18 Japan	6,860	11,528	....	11,560	11,483	11,528	12,226	12,422	12,729	12,982
19 Africa	362	691	....	691	691	691	691	691	691	691
20 All other	11	−3	....	6	−3	−3	−3	−3	−3	−3
21 **Nonmonetary international and regional organizations**	**4,746**	**5,121**	....	**5,151**	**5,378**	**5,121**	**4,869**	**4,704**	**4,598**	**4,954**
22 International	4,646	5,089	....	5,118	5,345	5,089	4,837	4,666	4,560	4,915
23 Latin American regional	100	33	....	33	33	33	33	38	38	38
	Transactions (net purchases, or sales (−), during period)									
24 **Total[1]**	**22,843**	**6,292**	**3,203**	**1,410**	**225**	**1,081**	**1,272**	**−543**	**1,862**	**612**
25 **Foreign countries[1]**	**21,130**	**5,916**	**3,370**	**646**	**−3**	**1,338**	**1,524**	**−378**	**1,968**	**256**
26 Official institutions	20,377	3,712	409	577	69	−346	150	−517	524	252
27 Other foreign[1]	753	2,205	2,963	69	−72	1,683	1,375	141	1,443	4
28 **Nonmonetary international and regional organizations**	**1,713**	**375**	**−167**	**764**	**227**	**−256**	**−252**	**−165**	**−106**	**356**
MEMO: Oil-exporting countries										
29 Middle East[2]	4,451	−1,785	−1,636	−401	−241	−127	−461	−693	−31	−452
30 Africa[3]	−181	329	....	200	−1	....	....	....	....	*

1 Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents.
2 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3 Comprises Algeria, Gabon, Libya, and Nigeria.
4 Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

3.22 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1976	1977	1978	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.	1979 Mayp
1 Deposits	352	424	367	379	367	338	343	303	388	407
Assets held in custody										
2 U.S. Treasury securities[1]	66,532	91,962	117,126	112,434	117,126	116,961	114,005	107,854	99,674	91,327
3 Earmarked gold[2]	16,414	15,988	15,463	15,525	15,463	15,448	15,432	15,426	15,406	15,381

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	1977	1978	1979 Jan.-Apr.p	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.r	1979 Apr.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	14,155	20,130	6,300	1,509	1,461	1,438	1,361	1,384	1,941	1,614
2 Foreign sales	11,479	17,723	5,522	1,523	1,359	1,102	1,301	1,264	1,437	1,520
3 **Net purchases, or sales (−)**	**2,676**	**2,408**	**779**	**14**	**103**	**336**	**60**	**120**	**505**	**94**
4 **Foreign countries**	**2,661**	**2,454**	**760**	**-15**	**102**	**336**	**61**	**104**	**501**	**94**
5 Europe	1,006	1,271	146	-91	-10	264	7	52	104	-2
6 France	40	47	74	-4	1	-38	-6	16	33	31
7 Germany	291	620	-58	−30	8	264	18	20	−1	59
8 Netherlands	22	-22	-80	7	6	9	-35	-15	-19	10
9 Switzerland	152	-585	46	−118	-88	23	30	12	-12	-17
10 United Kingdom	613	1,218	265	58	67	74	85	19	109	52
11 Canada	65	74	88	22	6	38	7	6	57	30
12 Latin America and Caribbean	127	151	66	13	-2	16	34	-25	36	22
13 Middle East[1]	1,390	781	320	42	109	4	16	46	242	48
14 Other Asia	59	187	137	4	1	15	49	30	61	-3
15 Africa	5	13	3	2	-2	-1	-2	6	1	3
16 Other countries	8	3	-1	2	1	1	4	1	1	2
17 **Nonmonetary international and regional organizations**	**15**	**46**	**19**	**1**	**1**	*	**1**	**16**	**3**	**1**
BONDS[2]										
18 Foreign purchases	7,739	7,955	2,254	727	437	884	641	453	581	579
19 Foreign sales	3,560	5,509	2,118	530	439	564	704	547	489	378
20 **Net purchases, or sales (−)**	**4,179**	**2,446**	**135**	**197**	**-2**	**320**	**63**	**94**	**92**	**200**
21 **Foreign countries**	**4,083**	**2,037**	**258**	**137**	**−12**	**128**	**54**	**28**	**79**	**96**
22 Europe	1,850	915	279	89	25	146	39	110	1	129
23 France	-34	30	29	−10	3	17	18	*	13	2
24 Germany	20	68	78	-12	-45	10	42	13	4	19
25 Netherlands	72	19	-61	−4	-1	−6	-4	10	−27	−20
26 Switzerland	94	-100	35	9	9	39	8	6	12	8
27 United Kingdom	1,690	930	200	110	9	109	54	93	27	134
28 Canada	141	102	60	−5	*	6	11	10	33	6
29 Latin America and Caribbean	64	78	65	13	−1	5	23	9	24	9
30 Middle East[1]	1,695	810	-176	−19	−8	21	−34	-106	25	-61
31 Other Asia	338	131	31	60	23	5	16	4	3	14
32 Africa	6	1	1	*	*	*	*	1	*	*
33 Other countries	*	1	0	*	*	3	*	*	1	-1
34 **Nonmonetary international and regional organizations**	**96**	**409**	**123**	**60**	**10**	**192**	**118**	**-122**	**13**	**104**
	Foreign securities									
35 **Stocks, net purchases, or sales (−)**	**-410**	**527**	**-2**	**-19**	**163**	**12**	**11**	**28**	**2**	**13**
36 Foreign purchases	2,255	3,666	1,197	299	360	232	265	232	331	369
37 Foreign sales	2,665	3,139	1,199	318	197	244	254	260	329	356
38 **Bonds, net purchases, or sales (−)**	**−5,096**	**4,017**	**-920**	**-677**	**446**	**73**	**550**	**322**	**-39**	**-9**
39 Foreign purchases	8,040	11,044	3,785	941	856	1,020	783	942	1,182	879
40 Foreign sales	13,136	15,061	4,705	1,618	1,302	948	1,333	1,264	1,220	888
41 **Net purchases, or sales (−) of stocks and bonds**	**5,506**	**-3,490**	**-922**	**696**	**-283**	**61**	**-540**	**-349**	**37**	**4**
42 **Foreign countries**	**-3,949**	**-3,313**	**-682**	**507**	**-303**	**19**	**513**	**141**	**-19**	**-9**
43 Europe	1,100	-40	-326	13	102	53	124	-42	3	-163
44 Canada	2,404	-3,237	-708	747	246	24	305	-184	228	10
45 Latin America and Caribbean	-82	201	240	-17	18	*	60	70	54	55
46 Asia	-97	350	114	236	21	15	141	19	152	84
47 Africa	2	-441	-14	1	1	*	3	5	8	2
48 Other countries	267	-146	12	6	4	5	1	2	7	2
49 **Nonmonetary international and regional organizations**	**−1,557**	**-177**	**-240**	**-189**	**20**	**41**	**27**	**-209**	**-17**	**13**

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 SHORT TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

Type, and area or country	Liabilities to foreigners					Claims on foreigners				
	1977	1978				1977	1978			
	Dec.	Mar.	June	Sept.	Dec.	Dec.	Mar.	June	Sept.	Dec.
1 **Total**	**7,910**	**8,361**	**8,792**	**9,683**	**9,817**	**16,221**	**18,399**	**18,162**	**18,252**	**20,021**
By type										
2 Payable in dollars	7,109	7,477	7,967	8,853	8,829	14,803	16,636	16,598	16,284	18,257
3 Payable in foreign currencies	801	884	825	831	988	1,418	1,763	1,564	1,968	1,764
4 Deposits with banks abroad in reporter's name	....	....	....	....	....	613	783	673	803	937
5 Other	....	....	....	....	....	805	980	890	1,165	827
By area or country										
6 **Foreign countries**	**7,695**	**8,214**	**8,661**	**9,559**	**9,692**	**16,220**	**18,397**	**18,160**	**18,250**	**20,020**
7 Europe	2,491	2,820	2,993	3,173	3,394	5,764	5,508	5,273	5,884	7,007
8 Austria	21	26	26	33	45	24	21	28	25	26
9 Belgium-Luxembourg	116	171	167	165	240	211	187	155	172	167
10 Denmark	14	23	22	17	17	56	47	40	34	51
11 Finland	9	12	3	3	9	13	13	53	50	19
12 France	238	273	302	266	336	513	545	533	622	688
13 Germany	284	335	356	391	399	450	420	436	535	808
14 Greece	85	108	82	71	37	41	42	40	44	99
15 Italy	128	104	156	188	162	387	381	451	400	446
16 Netherlands	232	253	220	219	216	166	184	192	174	222
17 Norway	7	9	18	23	23	40	40	45	42	66
18 Portugal	11	7	25	11	8	69	27	54	34	42
19 Spain	77	94	105	110	141	387	408	376	351	317
20 Sweden	28	37	38	51	70	117	117	78	80	102
21 Switzerland	263	211	282	308	338	220	202	285	346	253
22 Turkey	108	93	92	102	55	39	35	29	31	30
23 United Kingdom	735	937	962	1,070	1,188	2,795	2,619	2,338	2,817	3,491
24 Yugoslavia	90	82	84	76	28	20	24	27	23	34
25 Other Western Europe	10	8	18	17	25	25	33	24	28	21
26 U.S.S.R.	24	15	19	27	29	55	44	37	33	67
27 Other Eastern Europe	12	23	17	25	28	135	121	51	44	59
28 Canada	504	530	524	566	658	2,681	3,428	3,502	3,722	3,259
29 Latin America	1,201	1,353	1,421	1,536	1,521	4,467	5,943	6,001	5,147	6,008
30 Argentina	40	53	74	131	124	53	53	61	65	65
31 Bahamas	329	327	321	353	312	2,019	3,122	3,081	2,357	2,695
32 Brazil	49	62	63	87	74	493	482	479	418	618
33 Chile	17	14	23	14	11	45	40	37	40	57
34 Colombia	42	26	42	42	38	84	80	79	69	95
35 Cuba	*	*	*	*	*	*	*	*	*	*
36 Mexico	114	169	185	238	142	314	312	331	382	436
37 Panama	22	12	71	59	44	91	175	97	76	107
38 Peru	15	22	17	19	50	32	30	30	25	27
39 Uruguay	3	5	9	7	15	5	6	4	5	7
40 Venezuela	216	264	185	232	318	269	306	309	284	264
41 Other Latin American republics	118	107	101	121	105	281	268	229	223	240
42 Netherlands Antilles	25	41	30	19	35	12	24	19	21	17
43 Other Latin America	209	250	299	213	255	768	1,045	1,245	1,182	1,381
44 Asia	2,835	2,814	3,008	3,534	3,324	2,777	2,970	2,810	2,904	3,136
45 China, Mainland	8	1	1	2	47	9	22	21	23	23
46 China, Taiwan	156	167	170	178	150	157	144	173	157	269
47 Hong Kong	40	32	30	61	67	98	85	92	127	142
48 India	37	26	10	23	27	38	85	93	85	80
49 Indonesia	56	57	59	49	67	375	185	152	167	144
50 Israel	63	68	59	68	69	38	47	43	85	64
51 Japan	695	761	807	865	898	1,068	1,379	1,142	1,157	1,239
52 Korea	103	99	107	103	42	171	133	168	161	177
53 Philippines	74	95	107	157	98	99	94	96	107	110
54 Thailand	17	11	27	43	55	23	32	30	29	37
55 Other Asia	1,588	1,498	1,631	1,985	1,804	702	764	800	804	850
56 Africa	571	594	603	661	708	386	402	430	439	452
57 Egypt	13	19	25	34	40	34	31	36	29	35
58 Morocco	112	130	148	145	166	21	22	16	16	15
59 South Africa	20	30	36	34	45	75	71	88	73	79
60 Zaire	46	55	57	56	88	15	11	16	12	12
61 Other Africa	380	360	338	391	371	241	268	274	309	311
62 Other countries	93	104	111	89	86	146	145	143	154	158
63 Australia	75	89	97	75	75	111	111	109	114	120
64 All other	18	14	14	14	11	35	34	34	40	38
65 **Nonmonetary international and regional organizations**	**215**	**147**	**132**	**125**	**125**	**1**	**1**	**2**	**2**	**1**

NOTE. Reported by exporters, importers, and industrial and commercial concerns and other nonbanking institutions in the United States. Data exclude claims held through U.S. banks and intercompany accounts between U.S. companies and their affiliates.

3.25 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Large Nonbanking Concerns in the United States

Millions of dollars, end of period

Type and country	1975	1976	1977	1978	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.
1 **Total**	**3,799**	**5,720**	**7,136**	**9,604**	**8,957**	**10,107**	**8,644**	**10,533**	**11,288**	**9,604**
By type										
2 Payable in dollars	3,042	4,984	6,121	8,301	7,643	8,820	7,410	9,262	9,979	8,301
3 Deposits	2,710	4,505	5,703	7,786	7,172	8,284	6,986	8,710	9,342	7,786
4 Short-term investments [1]	332	479	418	515	471	536	424	552	637	515
5 Payable in foreign currencies	757	735	1,015	1,302	1,314	1,288	1,234	1,271	1,309	1,302
6 Deposits	511	404	547	873	698	668	738	797	839	873
7 Short-term investments [1]	246	331	468	429	616	620	496	474	470	429
By country										
8 United Kingdom	1,306	1,838	2,120	2,754	1,878	1,869	2,245	2,981	3,168	2,754
9 Canada	1,156	1,698	1,777	2,151	2,537	3,013	2,452	2,858	2,851	2,151
10 Bahamas	546	1,355	1,896	2,519	3,217	3,543	2,247	2,819	3,038	2,519
11 Japan	343	133	153	246	279	276	253	226	249	246
12 All other	446	716	1,190	1,934	1,046	1,406	1,447	1,649	1,934	1,934

1 Negotiable and other readily transferable foreign obligations payable on demand or having a contractural maturity of not more than 1 year from the date on which the obligation was incurred by the foreigner.

NOTE. Data represent the assets abroad of large nonbanking concerns in the United States. They are a portion of the total claims on foreigners reported by nonbanking concerns in the United States and are included in the figures shown in table 3.26.

3.26 LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

Area and country	Liabilities to foreigners: 1977 Dec.	1978 Mar.	1978 June	1978 Sept.	1978 Dec.	Claims on foreigners: 1977 Dec.	1978 Mar.	1978 June	1978 Sept.	1978 Dec.
1 **Total**	**3,175**	**3,149**	**3,077**	**3,102**	**2,985**	**5,077**	**5,143**	**5,067**	**5,008**	**5,139**
2 Europe	2,425	2,498	2,422	2,460	2,347	864	937	943	927	1,081
3 Germany	255	295	282	290	265	74	75	71	76	73
4 Netherlands	287	292	266	275	258	82	81	76	74	71
5 Switzerland	241	241	236	246	162	49	48	55	58	52
6 United Kingdom	1,222	1,228	1,214	1,242	1,174	310	332	363	341	497
7 Canada	62	58	56	60	60	1,776	1,792	1,811	1,781	1,833
8 Latin America	284	248	248	230	226	1,402	1,387	1,298	1,283	1,233
9 Bahamas	148	142	141	138	143	40	42	2	2	2
10 Brazil	7	6	7	7	6	144	154	143	144	158
11 Chile	1	1	1	1	1	203	194	190	176	139
12 Mexico	30	27	26	26	23	177	183	188	217	212
13 Asia	342	284	290	289	292	817	810	803	812	762
14 Japan	305	250	255	254	261	66	83	78	70	66
15 Africa	2	2	2	3	3	161	156	154	149	170
16 All other [1]	60	60	60	61	57	59	60	59	56	59

1 Includes nonmonetary international and regional organizations.

3.27 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on May 31, 1979 Per-cent	Month effective	Country	Rate on May 31, 1979 Per-cent	Month effective	Country	Rate on May 31, 1979 Per-cent	Month effective
Argentina	18.0	Feb. 1972	France	9.5	Aug. 1977	Norway	7.0	Feb. 1978
Austria	3.75	Jan. 1979	Germany, Fed. Rep. of.	4.0	Mar. 1979	Sweden	6.5	July 1978
Belgium	8.0	May 1979	Italy	10.5	Sept. 1978	Switzerland	1.0	Feb. 1978
Brazil	33.0	Nov. 1978	Japan	4.25	Apr. 1979	United Kingdom	12.0	Apr. 1979
Canada	11.25	Jan. 1979	Mexico	4.5	June 1942	Venezuela	5.0	Oct. 1970
Denmark	8.0	July 1977	Netherlands	7.0	May 1979			

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.28 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1976	1977	1978	1978 Dec.	Jan.	1979 Feb.	Mar.	Apr.	May
1 Eurodollars	5.58	6.03	8.74	11.62	11.16	10.79	10.64	10.60	10.75
2 United Kingdom	11.35	8.07	9.18	12.28	12.61	13.28	11.98	11.64	11.76
3 Canada	9.39	7.47	8.52	10.44	10.87	10.94	11.08	11.18	11.26
4 Germany	4.19	4.30	3.67	4.09	3.85	4.13	4.42	5.50	5.89
5 Switzerland	1.45	2.56	0.74	0.22	0.05	0.13	0.03	0.93	1.54
6 Netherlands	7.02	4.73	6.53	10.25	8.69	7.42	7.35	7.23	7.82
7 France	8.65	9.20	8.10	6.59	6.55	6.83	7.05	6.96	7.63
8 Italy	16.32	14.26	11.40	11.24	11.12	11.38	11.46	11.52	11.37
9 Belgium	10.25	6.95	7.14	9.28	8.93	8.23	7.63	7.63	8.16
10 Japan	7.70	6.22	4.75	4.76	4.52	4.50	4.54	5.13	5.25

NOTE. Rates are for 3-month interbank loans except for Canada, finance company paper; Belgium, time deposits of 20 million francs and over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

3.29 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1976	1977	1978	1978 Dec.	1979 Jan.	Feb.	Mar.	Apr.	May
1 Australia/dollar	122.15	110.82	114.41	114.15	114.04	113.12	112.15	110.85	110.57
2 Austria/schilling	5.5744	6.0494	6.8958	7.2621	7.3821	7.3510	7.3312	7.1862	7.1222
3 Belgium/franc	2.5921	2.7911	3.1809	3.3637	3.4276	3.4153	3.3971	3.3271	3.2732
4 Canada/dollar	101.41	94.112	87.729	84.763	84.041	83.638	85.187	87.235	86.534
5 Denmark/krone	16.546	16.658	18.156	19.063	19.487	19.423	19.269	18.958	18.562
6 Finland/markka	25.938	24.913	24.337	24.957	25.252	25.186	25.161	24.976	24.974
7 France/franc	20.942	20.344	22.218	23.178	23.570	23.395	23.328	22.967	22.691
8 Germany/deutsche mark	39.737	43.079	49.867	53.217	54.056	53.862	53.754	52.745	52.422
9 India/rupee	11.148	11.406	12.207	12.174	12.185	12.124	12.138	12.191	12.066
10 Ireland/pound	180.48	174.49	191.84	198.61	200.53	200.42	203.73	201.97	198.43
11 Italy/lira	.12044	.11328	.11782	.11863	.11955	.11899	.11888	.11858	.11744
12 Japan/yen	.33741	.37342	.47981	.51038	.50571	.49877	.48470	.46241	.45797
13 Malaysia/ringgit	39.340	40.620	43.210	45.524	45.487	45.488	45.440	45.023	44.934
14 Mexico/peso	6.9161	4.4239	4.3896	4.3950	4.4038	4.3952	4.3835	4.3780	4.3805
15 Netherlands/guilder	37.846	40.752	46.284	49.120	50.082	49.856	49.801	48.794	48.132
16 New Zealand/dollar	99.115	96.893	103.64	105.45	105.64	105.32	105.39	104.96	104.37
17 Norway/krone	18.327	18.789	19.079	19.574	19.730	19.610	19.619	19.444	19.270
18 Portugal/escudo	3.3159	2.6234	2.2782	2.1472	2.1358	2.1065	2.0855	2.0482	2.0214
19 South Africa/rand	114.85	114.99	115.01	115.01	114.96	116.76	118.40	117.94	118.22
20 Spain/peseta	1.4958	1.3287	1.3073	1.4085	1.4293	1.4427	1.4490	1.4679	1.5131
21 Sri Lanka/rupee	11.908	11.964	6.3834	6.4700	6.4491	6.4439	6.4593	6.4455	6.4239
22 Sweden/krona	22.957	22.383	22.139	22.808	22.987	22.898	22.901	22.772	22.755
23 Switzerland/franc	40.013	41.714	56.283	59.703	59.840	59.699	59.473	58.220	57.894
24 United Kingdom/pound	180.48	174.49	191.84	198.61	200.53	200.42	203.78	207.34	205.87
MEMO:									
25 United States/dollar[1]	105.57	103.31	....	88.52	87.77	88.25	88.39	89.49	90.31

1 Index of weighted average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972 76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on page 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable transfers.

Guide to Tabular Presentation and Statistical Releases

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected	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
*	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

Federal Reserve Board of Governors

G. WILLIAM MILLER, *Chairman*
HENRY C. WALLICH

PHILIP E. COLDWELL
J. CHARLES PARTEE

OFFICE OF BOARD MEMBERS

JOSEPH R. COYNE, *Assistant to the Board*
KENNETH A. GUENTHER, *Assistant to the Board*
JAY PAUL BRENNEMAN, *Special Assistant to the Board*
FRANK O'BRIEN, JR., *Special Assistant to the Board*
JOSEPH S. SIMS, *Special Assistant to the Board*
DONALD J. WINN, *Special Assistant to the Board*

LEGAL DIVISION

NEAL L. PETERSEN, *General Counsel*
ROBERT E. MANNION, *Associate General Counsel*
ALLEN L. RAIKEN, *Associate General Counsel*
CHARLES R. MCNEILL, *Assistant to the General Counsel*
J. VIRGIL MATTINGLY, *Assistant General Counsel*
GILBERT T. SCHWARTZ, *Assistant General Counsel*

OFFICE OF THE SECRETARY

THEODORE E. ALLISON, *Secretary*
GRIFFITH L. GARWOOD, *Deputy Secretary*
*EDWARD T. MULRENIN, *Assistant Secretary*
RICHARD H. PUCKETT, *Manager, Regulatory Improvement Project*

DIVISION OF CONSUMER AFFAIRS

JANET O. HART, *Director*
NATHANIEL E. BUTLER, *Associate Director*
JERAULD C. KLUCKMAN, *Associate Director*
ANNE GEARY, *Assistant Director*

DIVISION OF BANKING SUPERVISION AND REGULATION

JOHN E. RYAN, *Director*
†FREDERICK C. SCHADRACK, *Deputy Director*
FREDERICK R. DAHL, *Associate Director*
WILLIAM TAYLOR, *Associate Director*
WILLIAM W. WILES, *Associate Director*
JACK M. EGERTSON, *Assistant Director*
DON E. KLINE, *Assistant Director*
ROBERT S. PLOTKIN, *Assistant Director*
THOMAS A. SIDMAN, *Assistant Director*
SAMUEL H. TALLEY, *Assistant Director*

OFFICE OF STAFF DIRECTOR FOR MONETARY AND FINANCIAL POLICY

STEPHEN H. AXILROD, *Staff Director*
EDWARD C. ETTIN, *Deputy Staff Director*
MURRAY ALTMANN, *Assistant to the Board*
PETER M. KEIR, *Assistant to the Board*
STANLEY J. SIGEL, *Assistant to the Board*
NORMAND R. V. BERNARD, *Special Assistant to the Board*

DIVISION OF RESEARCH AND STATISTICS

JAMES L. KICHLINE, *Director*
JOSEPH S. ZEISEL, *Deputy Director*
JOHN H. KALCHBRENNER, *Associate Director*
JOHN J. MINGO, *Senior Research Division Officer*
ELEANOR J. STOCKWELL, *Senior Research Division Officer*
JAMES M. BRUNDY, *Associate Research Division Officer*
ROBERT A. EISENBEIS, *Associate Research Division Officer*
JARED J. ENZLER, *Associate Research Division Officer*
J. CORTLAND G. PERET, *Associate Research Division Officer*
MICHAEL J. PRELL, *Associate Research Division Officer*
HELMUT F. WENDEL, *Associate Research Division Officer*
ROBERT M. FISHER, *Assistant Research Division Officer*
FREDERICK M. STRUBLE, *Assistant Research Division Officer*
STEPHEN P. TAYLOR, *Assistant Research Division Officer*
LEVON H. GARABEDIAN, *Assistant Director*

DIVISION OF INTERNATIONAL FINANCE

EDWIN M. TRUMAN, *Director*
ROBERT F. GEMMILL, *Associate Director*
GEORGE B. HENRY, *Associate Director*
CHARLES J. SIEGMAN, *Associate Director*
SAMUEL PIZER, *Senior International Division Officer*
JEFFREY R. SHAFER, *Associate International Division Officer*
DALE W. HENDERSON, *Assistant International Division Officer*
LARRY J. PROMISEL, *Assistant International Division Officer*
RALPH W. SMITH, JR., *Assistant International Division Officer*

and Official Staff

NANCY H. TEETERS

OFFICE OF STAFF DIRECTOR FOR MANAGEMENT

JOHN M. DENKLER, *Staff Director*
ROBERT J. LAWRENCE, *Deputy Staff Director*
JOSEPH W. DANIELS, SR., *Director of Equal Employment Opportunity*
HARRY A. GUINTER, *Program Director for Contingency Planning*

DIVISION OF DATA PROCESSING

CHARLES L. HAMPTON, *Director*
BRUCE M. BEARDSLEY, *Associate Director*
UYLESS D. BLACK, *Assistant Director*
GLENN L. CUMMINS, *Assistant Director*
ROBERT J. ZEMEL, *Assistant Director*

DIVISION OF PERSONNEL

DAVID L. SHANNON, *Director*
JOHN R. WEIS, *Assistant Director*
CHARLES W. WOOD, *Assistant Director*

OFFICE OF THE CONTROLLER

JOHN KAKALEC, *Controller*

DIVISION OF SUPPORT SERVICES

DONALD E. ANDERSON, *Director*
JOHN L. GRIZZARD, *Associate Director*
WALTER W. KREIMANN, *Associate Director*
JOHN D. SMITH, *Assistant Director*

OFFICE OF STAFF DIRECTOR FOR FEDERAL RESERVE BANK ACTIVITIES

WILLIAM H. WALLACE, *Staff Director*

DIVISION OF FEDERAL RESERVE BANK EXAMINATIONS AND BUDGETS

ALBERT R. HAMILTON, *Director*
CLYDE H. FARNSWORTH, JR., *Associate Director*
CHARLES W. BENNETT, *Assistant Director*
P. D. RING, *Assistant Director*
RAYMOND L. TEED, *Assistant Director*

DIVISION OF FEDERAL RESERVE BANK OPERATIONS

JAMES R. KUDLINSKI, *Director*
WALTER ALTHAUSEN, *Assistant Director*
BRIAN M. CAREY, *Assistant Director*
HARRY A. GUINTER, *Assistant Director*
LORIN S. MEEDER, *Assistant Director*

*On loan from Office of the Controller.
†On loan from the Federal Reserve Bank of New York.

FOMC and Advisory Councils

FEDERAL OPEN MARKET COMMITTEE

G. WILLIAM MILLER, *Chairman* PAUL A. VOLCKER, *Vice Chairman*

JOHN BALLES
ROBERT BLACK
PHILIP E. COLDWELL
MONROE KIMBREL
ROBERT MAYO
J. CHARLES PARTEE
NANCY H. TEETERS
HENRY C. WALLICH

MURRAY ALTMANN, *Secretary*
NORMAND R. V. BERNARD, *Assistant Secretary*
NEAL L. PETERSEN, *General Counsel*
JAMES H. OLTMAN, *Deputy General Counsel*
ROBERT E. MANNION, *Assistant General Counsel*
STEPHEN H. AXILROD, *Economist*
HARRY BRANDT, *Associate Economist*
RICHARD G. DAVIS, *Associate Economist*
EDWARD C. ETTIN, *Associate Economist*
GEORGE B. HENRY, *Associate Economist*
PETER M. KEIR, *Associate Economist*
MICHAEL KERAN, *Associate Economist*
JAMES L. KICHLINE, *Associate Economist*
JAMES PARTHEMUS, *Associate Economist*
KARL SCHELD, *Associate Economist*
EDWIN M. TRUMAN, *Associate Economist*
JOSEPH S. ZEISEL, *Associate Economist*

ALAN R. HOLMES, *Manager, System Open Market Account*
PETER D. STERNLIGHT, *Deputy Manager for Domestic Operations*
SCOTT E. PARDEE, *Deputy Manager for Foreign Operations*

FEDERAL ADVISORY COUNCIL

J. W. MCLEAN, TENTH DISTRICT, *President*
~~RICHARD H. VAUGHAN, NINTH DISTRICT, *Vice President*~~

HENRY S. WOODBRIDGE, JR., FIRST DISTRICT
WALTER B. WRISTON, SECOND DISTRICT
WILLIAM B. EAGLESON, JR., THIRD DISTRICT
MERLE E. GILLIAND, FOURTH DISTRICT
J. OWEN COLE, FIFTH DISTRICT
FRANK A. PLUMMER, SIXTH DISTRICT
ROGER E. ANDERSON, SEVENTH DISTRICT
CLARENCE C. BARKSDALE, EIGHTH DISTRICT
JAMES D. BERRY, ELEVENTH DISTRICT
CHAUNCEY E. SCHMIDT, TWELFTH DISTRICT

HERBERT V. PROCHNOW, *Secretary*
WILLIAM J. KORSVIK, *Associate Secretary*

CONSUMER ADVISORY COUNCIL

WILLIAM D. WARREN, Los Angeles, California, *Chairman*
MARCIA A. HAKALA, Omaha, Nebraska, *Vice Chairman*

ROLAND E. BRANDEL, San Francisco, California
JAMES L. BROWN, Milwaukee, Wisconsin
MARK E. BUDNITZ, Boston, Massachusetts
JOHN G. BULL, Fort Lauderdale, Florida
ROBERT V. BULLOCK, Frankfort, Kentucky
CARL FELSENFELD, New York, New York
JEAN A. FOX, Pittsburgh, Pennsylvania
RICHARD H. HOLTON, Berkeley, California
EDNA DECOURSEY JOHNSON, Baltimore, Maryland
RICHARD F. KERR, Cincinnati, Ohio
ROBERT J. KLEIN, New York, New York
HARVEY M. KUHNLEY, Minneapolis, Minnesota
PERCY W. LOY, Portland, Oregon
R. C. MORGAN, El Paso, Texas
FLORENCE M. RICE, New York, New York
RALPH J. ROHNER, Washington, D. C.
RAYMOND J. SAULNIER, New York, New York
HENRY B. SCHECHTER, Washington, D. C.
E. G. SCHUHART II, Amarillo, Texas
BLAIR C. SHICK, Cambridge, Massachusetts
THOMAS R. SWAN, Portland, Maine
ANNE GARY TAYLOR, Alexandria, Virginia
RICHARD A. VAN WINKLE, Salt Lake City, Utah
RICHARD D. WAGNER, Simsbury, Connecticut
MARY W. WALKER, Monroe, Georgia

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK, branch, *or facility* Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON* 02106	Robert M. Solow Robert P. Henderson	Frank E. Morris James A. McIntosh	
NEW YORK* 10045	Robert H. Knight Boris Yavitz	Paul A. Volcker Thomas M. Timlen	
Buffalo 14240	Frederick D. Berkeley		John T. Keane
PHILADELPHIA 19105	John W. Eckman Werner C. Brown	David P. Eastburn Richard L. Smoot	
CLEVELAND* 44101	Robert E. Kirby Arnold R. Weber	Willis J. Winn Walter H. MacDonald	
Cincinnati 45201	Lawrence H. Rogers, II		Robert E. Showalter
Pittsburgh 15230	G. Jackson Tankersley		Robert D. Duggan
RICHMOND* 23261	Vacant Maceo A. Sloan	Robert P. Black George C. Rankin	
Baltimore 21203	I. E. Killian		Jimmie R. Monhollon
Charlotte 28230	Robert E. Elberson		Stuart P. Fishburne
Culpeper Communications and Records Center . 22701			Albert D. Tinkelenberg
ATLANTA 30303	Clifford M. Kirtland, Jr. William A. Fickling, Jr.	Monroe Kimbrel Robert P. Forrestal	
Birmingham 35202	William H. Martin, III		Hiram J. Honea
Jacksonville 32203	Copeland D. Newbern		Charles D. East
Miami 33152	Castle W. Jordan		F. J. Craven, Jr.
Nashville 37203	Cecelia Adkins		Jeffrey J. Wells
New Orleans 70161	Levere C. Montgomery		George C. Guynn
CHICAGO* 60690	Robert H. Strotz John Sagan	Robert P. Mayo Daniel M. Doyle	
Detroit 48231	Jordan B. Tatter		William C. Conrad
ST. LOUIS 63166	Armand C. Stalnaker William B. Walton	Lawrence K. Roos Donald W. Moriarty, Jr.	
Little Rock 72203	G. Larry Kelley		John F. Breen
Louisville 40232	James F. Thompson		Donald L. Henry
Memphis 38101	Frank A. Jones, Jr.		L. Terry Britt
MINNEAPOLIS 55480	Stephen F. Keating William G. Phillips	Mark H. Willes Thomas E. Gainor	
Helena 59601	Patricia P. Douglas		John D. Johnson
KANSAS CITY 64198	Harold W. Andersen Joseph H. Williams	Roger Guffey Henry R. Czerwinski	
Denver 80217	A. L. Feldman		Wayne W. Martin
Oklahoma City 73125	Christine H. Anthony		William G. Evans
Omaha 68102	Durward B. Varner		Robert D. Hamilton
DALLAS 75222	Irving A. Mathews Gerald D. Hines	Ernest T. Baughman Robert H. Boykin	
El Paso 79999	A. J. Losee		Fredric W. Reed
Houston 77001	Gene M. Woodfin		J. Z. Rowe
San Antonio 78295	Pat Legan		Carl H. Moore
SAN FRANCISCO 94120	Joseph F. Alibrandi Cornell C. Maier	John J. Balles John B. Williams	
Los Angeles 90051	Caroline L. Ahmanson		Richard C. Dunn
Portland 97208	Loran L. Stewart		Angelo S. Carella
Salt Lake City 84125	Wendell J. Ashton		A. Grant Holman
Seattle 98124	Lloyd E. Cooney		Gerald R. Kelly

* Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

Federal Reserve Board Publications

Available from Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Where a charge is indicated, remittance should accompany request and be made payable to the order of the Board of Governors of the Federal Reserve System. Remittance from foreign residents should be drawn on a U.S. bank. (Stamps and coupons are not accepted.)

THE FEDERAL RESERVE SYSTEM—PURPOSES AND FUNCTIONS. 1974. 125 pp.

ANNUAL REPORT.

FEDERAL RESERVE BULLETIN. Monthly. $20.00 per year or $2.00 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $18.00 per year or $1.75 each. Elsewhere, $24.00 per year or $2.50 each.

BANKING AND MONETARY STATISTICS, 1914–1941. (Reprint of Part 1 only) 1976. 682 pp. $5.00.

BANKING AND MONETARY STATISTICS, 1941-1970. 1976. 1,168 pp. $15.00.

ANNUAL STATISTICAL DIGEST

1971-75. 1976. 339 pp. $4.00 per copy for each paid subscription to *Federal Reserve Bulletin*; all others $5.00 each.

1972-76. 1977. 338 pp. $10.00 per copy.

1973-77. 1978. 361 pp. $12.00 per copy.

FEDERAL RESERVE CHART BOOK. Issued four times a year in February, May, August, and November. Subscription includes one issue of Historical Chart Book. $7.00 per year or $2.00 each in the United States, its possessions, Canada, and Mexico. Elsewhere, $10.00 per year or $3.00 each.

HISTORICAL CHART BOOK. Issued annually in Sept. Subscription to Federal Reserve Chart Book includes one issue. $1.25 each in the United States, its possessions, Canada, and Mexico; 10 or more to one address, $1.00 each. Elsewhere, $1.50 each.

CAPITAL MARKET DEVELOPMENTS. Weekly. $15.00 per year or $.40 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $13.50 per year or $.35 each. Elsewhere, $20.00 per year or $.50 each.

SELECTED INTEREST AND EXCHANGE RATES—WEEKLY SERIES OF CHARTS. Weekly. $15.00 per year or $.40 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $13.50 per year or $.35 each. Elsewhere, $20.00 per year or $.50 each.

THE FEDERAL RESERVE ACT, as amended through December 1976, with an appendix containing provisions of certain other statutes affecting the Federal Reserve System. 307 pp. $2.50.

REGULATIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

PUBLISHED INTERPRETATIONS OF THE BOARD OF GOVERNORS, as of June 30, 1978. $7.50.

INDUSTRIAL PRODUCTION—1976 EDITION. 1977. 304 pp. $4.50 each; 10 or more to one address, $4.00 each.

BANK CREDIT-CARD AND CHECK-CREDIT PLANS. 1968. 102 pp. $1.00 each; 10 or more to one address, $.85 each.

SURVEY OF CHANGES IN FAMILY FINANCES. 1968. 321 pp. $1.00 each; 10 or more to one address, $.85 each.

REPORT OF THE JOINT TREASURY-FEDERAL RESERVE STUDY OF THE U.S. GOVERNMENT SECURITIES MARKET. 1969. 48 pp. $.25 each; 10 or more to one address, $.20 each.

JOINT TREASURY-FEDERAL RESERVE STUDY OF THE GOVERNMENT SECURITIES MARKET: STAFF STUDIES—PART 1. 1970. 86 pp. $.50 each; 10 or more to one address, $.40 each. PART 2. 1971. 153 pp. and PART 3. 1973. 131 pp. Each volume $1.00; 10 or more to one address, $.85 each.

OPEN MARKET POLICIES AND OPERATING PROCEDURES—STAFF STUDIES. 1971. 218 pp. $2.00 each; 10 or more to one address, $1.75 each.

REAPPRAISAL OF THE FEDERAL RESERVE DISCOUNT MECHANISM. *Vol. 1.* 1971. 276 pp. *Vol. 2.* 1971. 173 pp. *Vol. 3.* 1972. 220 pp. Each volume $3.00; 10 or more to one address, $2.50 each.

THE ECONOMETRICS OF PRICE DETERMINATION CONFERENCE, October 30-31, 1970, Washington, D.C. 1972. 397 pp. Cloth ed. $5.00 each; 10 or more to one address, $4.50 each. Paper ed. $4.00 each; 10 or more to one address, $3.60 each.

FEDERAL RESERVE STAFF STUDY: WAYS TO MODERATE FLUCTUATIONS IN HOUSING CONSTRUCTION. 1972. 487 pp. $4.00 each; 10 or more to one address, $3.60 each.

LENDING FUNCTIONS OF THE FEDERAL RESERVE BANKS. 1973. 271 pp. $3.50 each; 10 or more to one address, $3.00 each.

IMPROVING THE MONETARY AGGREGATES: REPORT OF THE ADVISORY COMMITTEE ON MONETARY STATISTICS. 1976. 43 pp. $1.00 each; 10 or more to one address, $.85 each.

ANNUAL PERCENTAGE RATE TABLES (Truth in Lending—Regulation Z) *Vol. I* (Regular Transactions). 1969. 100 pp. *Vol. II* (Irregular Transactions). 1969. 116 pp. Each volume $1.00, 10 or more of same volume to one address, $.85 each.

FEDERAL RESERVE MEASURES OF CAPACITY AND CAPACITY UTILIZATION. 1978. 40 pp. $1.75 each, 10 or more to one address, $1.50. each.

THE BANK HOLDING COMPANY MOVEMENT TO 1978: A COMPENDIUM. 1978. 289 pp. $2.50 each, 10 or more to one address, $2.25 each.

IMPROVING THE MONETARY AGGREGATES: STAFF PAPERS. 1978. 170 pp. $4.00 each, 10 or more to one address, $3.75 each.

1977 CONSUMER CREDIT SURVEY. 1978. 119 pp. $2.00 each.

Consumer Education Pamphlets

(Short pamphlets suitable for classroom use. Multiple copies available without charge.)

Consumer Handbook To Credit Protection Laws.
The Equal Credit Opportunity Act and . . . Age.
The Equal Credit Opportunity Act and . . . Credit Rights in Housing.
The Equal Credit Opportunity Act and . . . Doctors, Lawyers, Small Retailers, and Others Who May Provide Incidental Credit.
The Equal Credit Opportunity Act and . . . Women.
Fair Credit Billing.
A Guide to Federal Reserve Regulations.
How to File A Consumer Credit Complaint.
If You Borrow To Buy Stock.
If You Use A Credit Card.
Truth in Leasing.
U.S. Currency.
What Truth in Lending Means to You.

Staff Studies

(Studies and papers on economic and financial subjects that are of general interest.)

Summaries Only Printed in the Bulletin

(Limited supply of mimeographed copies of full text available upon request for single copies.)

The Behavior of Member Bank Required Reserve Ratios and the Effects of Board Action, 1968–77, by Thomas D. Simpson. July 1978. 39 pp.
Foothold Acquisitions and Bank Market Structure, by Stephen A. Rhoades and Paul Schweitzer, July 1978. 8 pp.
Interest Rate Ceilings and Disintermediation, by Edward F. McKelvey. Sept. 1978. 105 pp.
The Relationship Between Reserve Ratios and the Monetary Aggregates Under Reserves and Federal Funds Rate Operating Targets, by Kenneth J. Kopecky. Dec. 1978. 58 pp.
Tie-ins Between the Granting of Credit and Sales of Insurance by Bank Holding Companies and Other Lenders, by Robert A. Eisenbeis and Paul R. Schweitzer. Feb. 1979. 75 pp.
Geographic Expansion of Banks and Changes in Banking Structure, by Stephen A. Rhoades. Mar. 1979. 40 pp.
Impact of the Dollar Depreciation on the U.S. Price Level: An Analytical Survey of Empirical Estimates, by Peter Hooper and Barbara R. Lowery. Apr. 1979. 53 pp.
Innovations in Bank Loan Contracting: Recent Evidence, by Paul W. Boltz and Tim S. Campbell. May 1979. 40 pp.

Printed in Full in the Bulletin

(Included under "Reprints.")

Reprints

(Except for Staff Papers, Staff Studies, and some leading articles, most of the articles reprinted do not exceed 12 pages.)

Measures of Security Credit. 12/70.
Revision of Bank Credit Series. 12/71.
Assets and Liabilities of Foreign Branches of U.S. Banks. 2/72.
Bank Debits, Deposits, and Deposit Turnover Revised Series. 7/72.
Yields on Newly Issued Corporate Bonds. 9/72.
Recent Activities of Foreign Branches of U.S. Banks. 10/72.
Revision of Consumer Credit Statistics. 10/72.
One-Bank Holding Companies Before the 1970 Amendments. 12/72.
Yields on Recently Offered Corporate Bonds. 5/73.
Rates on Consumer Instalment Loans. 9/73.
New Series for Large Manufacturing Corporations. 10/73.
U.S. Energy Supplies and Uses, *Staff Economic Study* by Clayton Gehman. 12/73.
The Structure of Margin Credit. 4/75.
New Statistical Series on Loan Commitments at Selected Large Commercial Banks. 4/75.
An Assessment of Bank Holding Companies, *Staff Economic Study* by Robert J. Lawrence and Samuel H. Talley. 1/76.
Industrial Electric Power Use. 1/76.
Revision of Money Stock Measures. 2/76.
Survey of Finance Companies, 1975. 3/76.
Revised Series for Member Bank Deposits and Aggregate Reserves. 4/76.
Industrial Production—1976 Revision. 6/76.
Federal Reserve Operations in Payment Mechanisms: A Summary. 6/76.
New Estimates of Capacity Utilization: Manufacturing and Materials. 11/76.
Bank Holding Company Financial Developments in 1976. 4/77.
Survey of Terms of Bank Lending—New Series. 5/77.
The Commercial Paper Market. 6/77.
The Federal Budget in the 1970's. 9/78.
Summary Measures of the Dollar's Foreign Exchange Value. 10/78.
Survey of Time and Savings Deposits at Commercial Banks, January 1979. 5/79.
Redefining the Monetary Aggregates. 1/79.
U.S. International Transactions in 1978. 4/79.

Anticipated Schedule of Release Dates for Public Periodic Releases—Board of Governors of the Federal Reserve System [1]

Weekly Releases	*Approximate Release Day* [2]	*Date or Period to which Data Refer*
Aggregate Reserves and Member Bank Deposits. H.3 (502)	~~Tuesday~~	Week ended previous Wednesday
Applications and Reports Received or Acted on and All Other Actions of the Board. H.2 (501)	Friday	Week ended previous Saturday
Assets and Liabilities of All Commercial Banks in the United States. H.8 (510)	Wednesday	Wednesday, 2 weeks earlier
Changes in State Member Banks. K.3 (615)	Tuesday	Week ended previous Saturday
Deposits, Reserves, and Borrowings of Member Banks. H.7 (509)	Wednesday	Week ended 3 Wednesdays earlier
Factors Affecting Bank Reserves and Condition Statement of Federal Reserve Banks. H.4.1 (503)	Thursday	Week ended previous Wednesday
Foreign Exchange Rates. H.10 (512)	Monday	Week ended previous Friday
Money Stock Measures. H.6 (508)	Thursday	Week ended Wednesday of previous week
Reserve Positions of Major Reserve City Banks. H.5 (507)	Friday	Week ended Wednesday of previous week
Selected Interest Rates and Bond Prices. H.15 (519)	Monday	Week ended previous Saturday
Weekly Condition Report of Large Commercial Banks and Domestic Subsidiaries. H.4.2 (504)	Wednesday	Wednesday, 1 week earlier
Weekly Summary of Banking and Credit Measures. H.9 (511)	Thursday	Week ended previous Wednesday; and week ended Wednesday of previous week
Semimonthly Release		
Research Library—Recent Acquisitions. J.2 (601)	1st and 16th of month	Period since last release
Monthly Releases		
Bank Credit at all Commercial Banks in the U.S. G.7 (407)	15th of month	Previous month
Capacity Utilization: Manufacturing and Materials. G.3 (402)	17th of month	Previous month

[1] The Board's official mailing list is being computerized, and three-digit identification codes have been assigned to each individual release.

[2] Release dates are those anticipated or usually met. However, it should be noted that for some releases there is normally a certain variability because of reporting or processing procedures. Moreover, for all series unusual circumstances may, from time to time, result in a release date being later than anticipated.

Monthly Releases (cont.)	*Approximate Release Day*	*Date or Period to which Data Refer*
Changes in Status of Banks and Branches. G.4.5 (404)	25th of month	Previous month
Commercial and Industrial Loans Outstanding by Industry. G.27 (429)	1st Wednesday of month	Last Wednesday of previous month
Consumer Instalment Credit. G.19 (421)	3rd working day of month	2nd month previous
Debits and Deposit Turnover at Commercial Banks. G.6 (406)	25th of month	Previous month
Federal Reserve System Memorandum on Exchange Charges. K.14 (628)	5th of month	Period since last release
Finance Companies. G.20 (422)	5th working day of month	2nd month previous
Foreign Exchange Rates. G.5 (405)	1st of month	Previous month
Industrial Production. G.12.3 (414)	15th of month	Previous month
Loan Commitments at Selected Large Commercial Banks. G.21 (423)	20th of month	2nd month previous
Maturity Distribution of Outstanding Negotiable Time Certificates of Deposit. G.9 (410)	24th of month	Last Wednesday of previous month
Monthly Report of Condition for U.S. Agencies, Branches, and Domestic Banking Subsidiaries of Foreign Banks. G.11 (412)	15th of month	2nd month previous
Selected Interest Rates and Bond Prices. G.13 (415)	6th of month	Previous month
Summary of Equity Security Transactions. G.16 (418)	Last week of month	Release date
Monthly Supplement to Survey of Terms of Bank Lending. G.14 (416)	15th of month	3rd month previous

Quarterly Releases		
Automobile Credit E.4 (114)	14th of April, July, October, and January	Previous quarter
Finance Rates and Other Terms on Selected Types of Consumer Instalment Credit Extended by Major Finance Companies. E.10 (120)	25th of January, April, July, and October	2nd month previous
Flow of Funds: Seasonally adjusted and unadjusted. Z.1 (780)	15th of February, May, August, and November	Previous quarter
Geographical Distribution of Assets and Liabilities of Major Foreign Branches of U.S. Banks. E.11 (122)	15th of March, June, September, and December	Previous quarter
Interest Rates on Selected Consumer Instalment Loans at Reporting Commercial Banks. E.12 (122)	15th of March, June, September, and December	February, May, August, and November
Sales Revenue, Profits, and Dividends of Large Manufacturing Corporations. E.6 (116)	10th of March, July, September, and December	2nd quarter previous

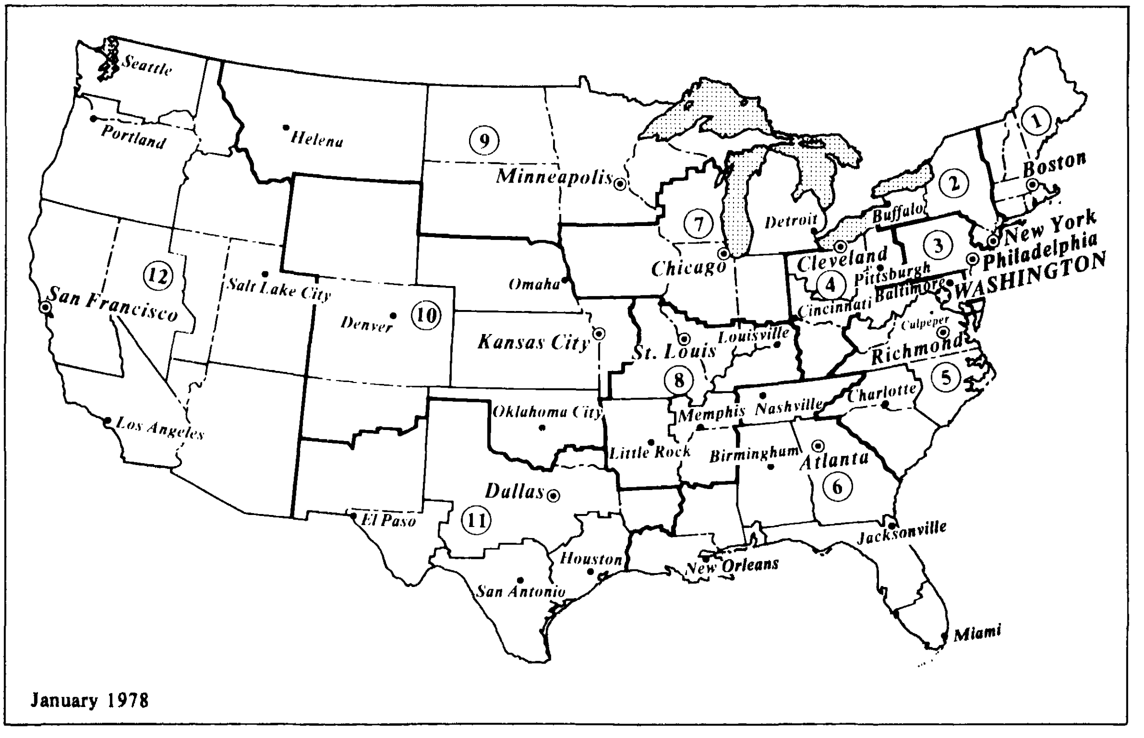
Semiannual Releases	*Approximate Release Day*	*Date or Period to which Data Refer*
Assets and Liabilities of Commercial Banks, by Class of Bank. E.3.4 (113)	May and November	End of previous December and June
List of OTC Margin Stocks. E.7 (117)	April, and October	Release date
Assets, Liabilities, and Capital Accounts of Commercial and Mutual Savings Banks—Reports of Call (Joint Release of the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and Office of the Comptroller of the Currency. Published and distributed by FDIC.)	May and November	End of previous December and June
Annual Releases		
Aggregate Summaries of Annual Surveys of Security Credit Extension. C.2 (101)	February	End of previous June
Insured Bank Income by Size of Bank. C.4 (103)	End of May	Previous year
State Member Banks of Federal Reserve System and Nonmember Banks that Maintain Clearing Accounts with Federal Reserve Banks. G.4 (403)	1st quarter of year	End of previous year
(Supplements issued monthly)	15th of month	Previous month

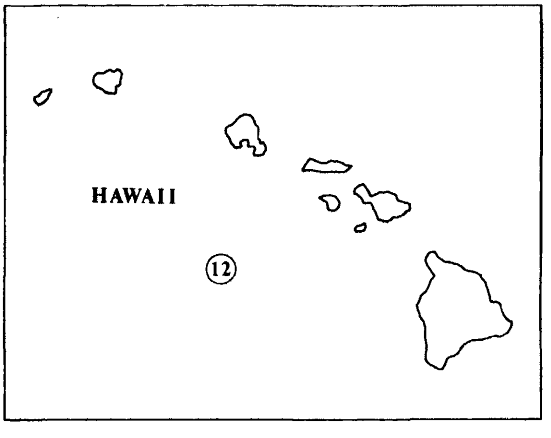
Index to Statistical Tables

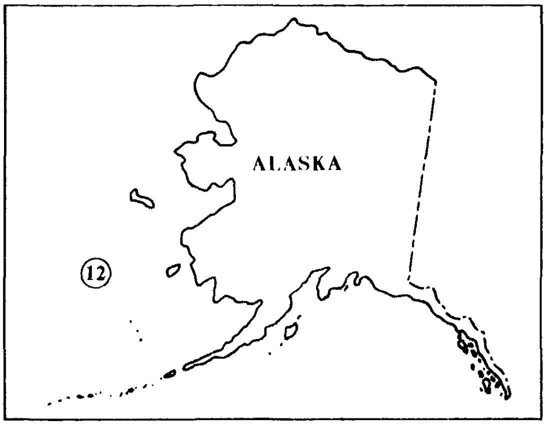
References are to pages A-3 through A-68 although the prefix "A" is omitted in this index

The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories







LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility