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Table of Contents

Monetary Policy Report to Congress

Report submitted to the Congress on February 19, 1980, pursuant to the Full Employment and Balanced Growth Act of 1978.[1]

FEDERAL RESERVE POLICY AND THE OUTLOOK FOR 1980

The Objectives of Monetary Policy in 1980

Frequently in the past the decisions about stabilization policy seemed—perhaps sometimes misleadingly—to come down to a choice of how strongly to encourage recovery or to retard expansion. Decisionmakers face a much more complicated set of circumstances today. For some time now, most forecasters have suggested that the economy is on the verge of recession, but the recession has not appeared. Over the same period inflation has continued apace. The outlook for the economy remains obscured by major uncertainties, ranging from the possible economic effects of current international tensions and the prospects for world oil prices and supplies to the attitudes of investors around the world toward the dollar and the threat that inflation may bring increasing distortions of traditional spending and saving patterns. It is not within the powers of monetary and fiscal policy to resolve all of these uncertainties and to ensure a fully satisfactory economic performance.

Nonetheless, the appropriate direction for policy is clear. The greatest contribution the monetary and fiscal authorities can make is to impart a sense of long-range stability in policy and in the economic environment. In present circumstances, that requires an approach that provides assurance that the momentum of inflation will be arrested. Inflation not only represents an imminent threat to the sustainability of the current business expansion but also lies at the heart of many of the longer-range problems of the economy, such as the inadequacy of business capital formation, and the related declines in the productivity and real earnings of American workers, and the vulnerability of the dollar in foreign exchange markets.

Monetary policy clearly has a major role to play in the restoration of price stability. Regardless of the source of the initial impetus, inflation can be sustained over the long run only if the resulting higher level of dollar expenditures is accommodated through monetary expansion. The Federal Reserve is determined not to provide that sustenance but will adhere instead to a course, in 1980 and beyond, aimed at wringing the inflation out of the economy over time.

If recessionary tendencies should develop during 1980—as many expect—the steady anti-inflationary policy stance represented by continuing restraint on growth in the supply of money and credit would be consistent with an easing of conditions in financial markets, as demands for money and credit weaken. That would provide support for economic activity and would help assure the avoidance of a cumulating, deepening downswing. If, on the other hand, inflationary pressures mount, a policy of restrained growth in money and credit would lead to greater tautness in financial markets, thereby damping the expansion of aggregate demand. In any event, prospects for dealing with the inflation problem without serious economic disruption will be materially enhanced if other elements of government also exhibit a firm anti-inflationary commitment and if workers and management recognize that a moderation of their wage demands and pricing policies is in their own long-range interests as well as those of the nation as a whole.

The Growth of Money and Credit in 1980

At its meeting earlier this month, the Federal Open Market Committee (FOMC) established

1. The charts and appendixes for this report are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

ranges of growth for the monetary aggregates that it believed, in light of the prospects for fiscal policy and for private demands, would impose appropriate restraint on inflationary forces in 1980. Measured from the fourth quarter of 1979 to the fourth quarter of 1980, the ranges are: for M-1A, 3½ to 6 percent; for M-1B, 4 to 6½ percent; for M-2, 6 to 9 percent; and for M-3, 6½ to 9½ percent. These ranges are based on the newly adopted definitions of the monetary aggregates; a description of this redefinition appeared in the FEDERAL RESERVE BULLETIN, volume 66 (February 1980) pages 97-114. The FOMC also projected that bank credit would expand between 6 and 9 percent during the current year.

The FOMC's ranges indicate the Federal Reserve's intention to seek an appreciable slowing of monetary expansion from the rates observed in 1979, and thus to move toward noninflationary rates of growth. The deceleration is especially marked in the case of the narrower aggregates. The midpoint of the range for M-1A, for instance, is 4¾ percent; in 1979, M-1A increased 5½ percent. The difference between these two figures actually understates the degree of deceleration in economic terms, however, since the adjustment of the public to the introduction of automatic transfer service (ATS) and New York State negotiable order of withdrawal (NOW) accounts probably reduced the growth of M-1A last year by roughly 1¼ percentage points as funds were transferred out of existing demand deposits to such accounts. In setting the range for 1980, the FOMC assumed, in the context of present law, that the public's adjustment process is about completed and that any shifting from demand deposits to ATS and NOW accounts will have little further impact on M-1A this year. Of course, if NOW accounts were authorized on a nationwide basis, some downward adjustment of the present M-1A range might be needed in order to take account of the accelerated shift out of conventional demand deposits that might result.

The range for M-1B—which includes checkable interest-bearing deposits in addition to currency and demand deposits—also implies a substantial slowing; the midpoint of the range, at 5¼ percent, is well below the actual 7.3 percent expansion in 1979. Of course, because ATS and NOW accounts are included in M-1B, the expansion in 1979 was enlarged by one-time transfers from regular savings deposits and probably other assets to the newly offered transaction accounts—the reverse of the experience with M-1A. For similar reasons, enactment of nationwide NOW account legislation would be expected to raise the growth of this money stock measure this year, and the present range would have to be reconsidered in that light.

M-2 likely would not be affected importantly by NOW account legislation, since it encompasses the major categories of assets that are close substitutes for NOW accounts. Besides M-1B, M-2 includes savings and small-denomination time deposits at commercial banks and thrift institutions, plus certain other highly liquid instruments—namely, money market mutual fund shares, overnight repurchase agreements (RPs), and overnight Eurodollar deposits at Caribbean branches of U.S. banks. The recently introduced 2½-year certificate, which has no specified minimum denomination and carries a ceiling rate close to that on Treasury notes, should serve to bolster growth of small time deposits. Six-month money market certificates likely also will remain popular. Nonetheless, absent a steep decline in market interest rates, the total of interest-bearing deposits subject to federal rate ceilings probably will continue in the months ahead to grow slowly by historical standards. However, growth of M-2 should be buoyed in 1980 as in 1979 by sizable flows into the money market funds. On balance, the prospect is that M-2 this year will grow at a rate somewhat below the increase of 8.8 percent in 1979.

The final monetary measure, M-3, includes, in addition to M-2, large-denomination time deposits of $100,000 or more and term (more than one-day) RPs at banks and thrift institutions. It is thus a very broad aggregate, encompassing most of the liabilities of the depositary institutions plus money market mutual funds. Given the moderation of demands for credit—especially at commercial banks—anticipated for the current year, M-3 appears likely to grow less than the 9.5 percent increase recorded in 1979.

It should be emphasized that, although we view these new monetary definitions as better measures of financial behavior today than the old definitions, the institutional framework is changing rapidly, and this implies an inevitable uncertainty about the behavior of any monetary aggregate. Furthermore, the Committee recognizes that other aspects of financial and economic developments will require careful monitoring in the process of policy determination and implementation. The ranges specified for the monetary aggregates appear adequate to the Committee to provide the necessary degree of flexibility.

The Outlook for the Economy in 1980

It is never an easy matter to project the course of the economy, but the current circumstances pose exceptional difficulties for forecasters. Aside from the uncertainties associated with international political tensions, we find ourselves in an economic environment characterized by historically high rates of interest and inflation, so that past experience may provide only a limited guide to prospective behavior. In order, though, to give the Congress an indication of the Federal Reserve's views about the outlook for the economy, the Board of Governors has assembled, in the accompanying table, ranges that encompass the judgements of its individual numbers about the most likely outcomes for several key variables.

Item	Range	
	Actual 1979	Projected 1980
Change from fourth quarter to fourth quarter, percent		
Nominal gross national product	9.9	7½ to 11
Real gross national product	.8	−2½ to ½
Implicit price deflator	9.0	9 to 11
Average level in fourth quarter		
Employment (millions)	97.7	97 to 98¾
Unemployment rate (percent)	5.9	6¾ to 8
Annual rate of change in fourth quarter, percent		
Consumer price index	13.2	8¾ to 12

The Board members' projections, it must be emphasized, rest on certain important assumptions. It is, for example, assumed that, although the cost of imported oil may rise moderately further over the course of this year, there will not be a repetition of the 1979 price runup and fuel supplies will not be disrupted. It is also assumed that overall federal spending in 1980 will generally be in line with the administration's current forecast and that there will be no federal tax cut.

As can be seen, even with these common assumptions, the range of probable outcomes is relatively wide. Even so, there is recognition that, while considered less likely, the actual outcomes could fall outside of the indicated ranges. Such is the nature of the uncertainties in the economic outlook at present.

Most members of the Board believe that a downturn in activity is likely sometime in 1980. Production cutbacks in the auto sector and a drop in residential construction activity already have occurred; meanwhile, a rising oil import bill continues to act as a drag on aggregate demand. With these depressants on employment and income growth, consumer spending is expected to slacken in the months ahead. It is likely that the tighter consumer and mortgage credit conditions now existing and the already high debt obligations of households will encourage some recovery in the abnormally low personal saving rate in coming quarters. The weakening of consumer demand would also tend to damp plant and equipment spending as softer markets tend to deter businesses from outlays that would add to excess productive capacity. Net exports might rise somewhat, however, owing to the impact on import volume of the weakness in domestic spending and production.

In the labor markets, employment may be flat this year and could well decline somewhat in the goods-producing sectors. At the same time, the growth of the labor force probably will slow, reflecting in part the reduced growth of the working-age population but also the usual cyclical response to slack demand for workers. The unemployment rate, which turned upward last month, is likely to remain in an uptrend over the remainder of the year.

Even in such an economic environment, progress in reducing inflation will be delayed. Indeed, in the first quarter, the rise of the consumer price index could accelerate, owing in large measure to the latest round of oil price increases and to the lagged impact on the index of the rise in mortgage rates last fall. Throughout the coming year, wage demands will reflect efforts of workers to catch up with past inflation, and pressures on unit labor costs may be intensified by cyclical weakness in productivity. Energy prices probably will continue to rise rapidly, as recent increases in prices by the Organization of Petroleum Exporting Countries (OPEC) are passed through to consumers and as domestic gas and oil markets are gradually freed from controls.

Should aggregate demand prove relatively strong, as some think possible, inflationary pressures across the economy could prove more persistent. For example, it must be recognized that any substantial increase in defense spending beyond what already is contemplated in the administration's budget could significantly alter the economic outlook. The lag between authorization and actual federal outlay may be quite long in the case of military hardware, but expectational impacts on employment, production, and private spending can emerge fairly quickly.

The Administration's Short-Term Economic Goals and the Relationship of the Federal Reserve's Monetary Objectives to those Goals

The President's *Economic Report*, submitted to the Congress last month, lays out the following short-term goals for the economy:

Item	1980	1981
Change from fourth quarter to fourth quarter, percent		
Real gross national product	−1.0	2.8
Consumer prices	10.7	8.7
Real disposable income	.5	1.1
Productivity	−.3	1.3
Average level in fourth quarter		
Employment (millions)	97.8	99.7
Unemployment rate (percent)	7.5	7.3

These goals, the *Economic Report* indicates, should be viewed as forecasts rather than as indications of the administration's desires. The administration expects a mild recession, not lasting much past the middle of 1980. A recovery then begins and carries through 1981. The consumer price index rises much less rapidly this year than in 1979 (when it increased 13.3 percent), largely in reflection of an expected slowing in the rise of energy prices and of home purchase and financing costs. A broad price measure less affected by these special factors, the implicit GNP deflator, is projected to rise 9 percent in 1980, the same as in 1979, and to slow to only 8.6 percent in 1981.

There is no apparent incompatibility between the Federal Reserve's 1980 monetary growth ranges and the economic forecast of the administration for 1980. The administration has projected a rise in nominal GNP of about 8 percent; this figure is well within the capacity of the FOMC's monetary ranges to finance.

With regard to the more distant future, the pattern of developments that appears likely this year would seem to be consistent with the resumption of moderate expansion in economic activity in 1981. However, the chances of sustaining an advance over time would be greatly enhanced, in an environment of continued monetary restraint, if there were greater progress in reducing inflationary pressures than is suggested by the administration's price forecast. Such progress would depend on, among other things, continued fiscal prudence, moderate wage and price behavior by labor and business, an improved productivity performance, and maintenance of a strong dollar in exchange markets.

A Review of Recent Economic and Financial Developments

Overview of Developments in 1979

One year ago the Federal Reserve reported to the Congress, as required by the Full Employment and Balanced Growth Act, its objectives for 1979. The Board indicated that, in light of growing pressures on resource availability, a moderation in the rate of economic expansion was essential if inflationary forces were to be contained. The pace of price advance had already accelerated over the preceding year, and it was recognized that if this tendency toward faster inflation were not reversed, the progress that had been achieved by the November 1, 1978, program to bolster the dollar on foreign exchange markets would be jeopardized and the dangers of serious economic disruption would be heightened. Consequently, at its February meeting, the Federal Open Market Committee had set growth ranges for the major monetary aggregates that would be consistent with reasonable restraint of demands for goods and services in the economy.

The first half of 1979 saw a number of unanticipated, negative developments. Economic activity was depressed by inclement weather, by labor disputes, and by gasoline shortages. More critically, foreign oil producers posted drastic price increases, giving added impetus to inflation and draining income from the U.S. economy. In this environment, the Board reported in July that there appeared a significant threat of a mild recession in the months ahead. It also noted that there was little hope of a near-term slowing of inflation. Under these circumstances, the FOMC reaffirmed the previous ranges for monetary aggregates at its July meeting.

Aggregate demand actually proved stronger than generally expected in the second half of 1979, largely because consumers displayed a surprising willingness to spend, reducing their rate of saving to an extraordinarily low level. Real gross national product rose moderately, and the overall unemployment rate remained stable. Inflation, as measured by the implicit GNP deflator, did not abate, but neither did it accelerate, as labor costs and food prices behaved somewhat more favorably than anticipated.

Taking 1979 as a whole, monetary expansion was broadly consistent with the FOMC's objectives—with the major money stock measures falling close to or within the upper halves of the Committee's announced ranges. Meanwhile, real GNP growth was somewhat less rapid and inflation somewhat more rapid than might have been expected last February. Energy supply and price developments provide much of the explanation for this adverse mix of output and inflation; they also represent a major peril to the satisfactory performance of the economy in 1980. Indeed, more secure energy supplies and control of inflation are necessary conditions for the longer-range progress of our economy and must remain priority matters for public policy until they are achieved.

Economic Activity in 1979

Economic activity registered only a small gain last year, following almost four years of brisk expansion. Real gross national product increased about 1 percent over the four quarters of 1979; industrial production rose a bit early in the year but then edged off, finishing the year just marginally above the December 1978 level. Two fundamental factors exerted a pervasive damping influence on aggregate private demand: a near doubling of the average cost of imported oil, which drained income to foreign producers and exacerbated underlying inflationary pressures, and a posture of increasing restraint by monetary and fiscal policy to contain those pressures and to prevent a worsening of long-range price trends.

While these factors were tending to moderate growth of output and expenditure throughout the past year, quarterly movements in activity were importantly influenced by a series of unexpected shocks. In the winter months, unusually severe weather in many parts of the nation depressed activity in several sectors. In the spring, real GNP declined appreciably in response to strikes that disrupted production and transportation and to shortages of gasoline. As the strikes ended and gasoline lines disappeared in the summer, activity snapped back smartly, especially in the retail sector where auto sales were boosted by price incentives offered by dealers and manufacturers in an effort to cut back inventories. Real GNP growth slowed again in the final months of the year, as the special elements of strength in the third quarter dissipated and the basic restraining influences in the economy dominated.

Among the major sectors of the economy, the greatest weakness during 1979 was in residential construction and consumer durable goods. This pattern is typical of periods when aggregate activity levels off, particularly when there is a tightening of financial markets, as there was last year. In 1979, however, the softness of spending on consumer durable goods was exacerbated by the effects of gasoline price and supply developments on the demand for automobiles. Consumer spending on other items proved quite robust, and total personal consumption expenditures rose even though real disposable income was virtually flat. Business fixed investment, which normally lags cyclical turning points, posted a small real gain in 1979; at the same time, perhaps because an economic slowdown was widely anticipated, firms maintained a tight rein on stocks, and despite the problems of the auto sector, inventory accumulation was reduced over the year. Government outlays were flat in 1979, reflecting at least in part public sentiment for restraint on taxes and spending. The one major area of strength was the international trade sector; in constant-dollar terms, the net export balance grew substantially as a result of the relatively faster expansion of foreign economies and the continuing effects on exports and imports of past exchange rate changes.

Personal consumption expenditures. Real consumer outlays grew $1^1/_2$ percent during 1979, compared with $4^1/_2$ percent during 1978. Underlying the weakness in consumer spending was a still sharper deceleration in real disposable income, which rose only $^1/_4$ percent during 1979 after a rise of $4^1/_4$ percent in the preceding year. Growth of nominal income slowed significantly, and household buying power was further eroded by accelerating inflation and by the rise in tax burdens related to higher social security taxes and to the interaction of inflation and a progressive income tax.

All of the advance in real consumer spending occurred in the second half of the year when the saving propensities of households fell to historically low levels. The personal saving rate in the fourth quarter was about $3^1/_4$ percent—1 percentage point less than the previous post-Korean-War record low. The rise in consumer spending after midyear was to some extent a rebound from the weak second quarter, when gasoline shortages had disrupted normal spending patterns and cut demand for large fuel-inefficient cars. In response to falling sales and excessive inventories, domestic automobile producers instituted major sales promotion campaigns in the third quarter and again near the end of the year. As a result, sales were boosted noticeably; indeed, the higher selling rates may well have involved some "borrowing" from future periods.

Consumer sentiment, as measured by opinion surveys, began to deteriorate in 1978 and worsened in 1979, reaching levels that in the past have been associated with recessionary periods. Previous experience with these surveys suggests that there should have been a cyclical downturn in consumer spending. That such a decline did not occur appears at least partly attributable to the strength of inflationary expectations, which encouraged a buy-in-advance mentality. In the latter part of the year, however, consumers began to exhibit less eagerness to purchase durable goods in anticipation of future price increases and to show greater concern about high interest rates and lessened credit availability. Given the already reduced liquidity of the household sector associated with further heavy borrowing in 1979, a turn toward somewhat more cautious spending patterns would not be at all surprising.

Residential construction. Expenditures for residential construction, in constant dollars, fell about 8 percent in 1979; given the magnitude of the rise in interest rates over 1978 and 1979, this is a modest decline by historical standards. The demand for housing was sustained by underlying demographic trends—including substantial population migration and rapid household formation—and by the growing interest in homes as an investment and as an inflation hedge. The combined effects of rising house prices and mortgage interest rates caused the monthly carrying costs of homeownership to climb steeply, but buyers were willing to allocate an increasing share of their income to housing. At the same time, the potentially disruptive effects of rising market interest rates on mortgage credit availability were considerably ameliorated by such institutional developments as the improved ability of thrift institutions to compete for lendable funds, most notably through issuance of six-month money market certificates, and the increasing use of mortgage-related securities.

Private housing starts averaged 1.8 million, at an annual rate, during the first three quarters of 1979, down from the pace of 2.1 million in the latter part of 1978. Starts fell to about a 1.5-million rate in November and December, however, when the terms and availability of construction and mortgage credit tightened dramatically in response to the October 6 monetary actions by the Federal Reserve. Home sales also fell in the closing months of the year, and prices gave some sign of leveling off. In contrast, though, to the 1973 housing downturn, builders are not saddled with outsized inventories of unsold units, and rental vacancy rates generally are very low.

Over the course of 1979, single-family starts fell almost a third from the very high level of the preceding year. Starts of multifamily units declined only 10 percent. An increase in starts of multifamily units built for sale as condominiums or cooperatives was more than offset by a decline in unsubsidized rental units. Building under the section 8 rental subsidy program of the U.S. Department of Housing and Urban Development accounted for one-quarter of all multifamily units, about the same proportion as in 1978.

Business spending. Spending policies of businesses were generally cautious last year as firms, anticipating some slowing of sales, attempted to avoid creating excess capacity or accumulating unwanted inventories. Real business fixed investment rose only 1¾ percent during 1979 compared with 10½ percent in the previous year. As has been common in the advanced stages of economic expansions, spending increases were concentrated in structures, for which there is a long lag between the formulation of plans and the completion of new facilities; earlier in the expansion, capital spending had been dominated by shorter-lived producers' durable equipment such as trucks and fleet autos. Most of the advance in nonresidential structures during 1979 was for commercial and industrial buildings. Investment in equipment was little changed over the year, with gains in machinery and aircraft offsetting declines in motor vehicles.

Given the continuing need for new capital to improve productivity, and thereby to alleviate inflationary pressures and to support rising living standards, the level of business fixed investment last year left much to be desired. After allowance for replacement requirements, the net addition to the nation's capital stock was small. At the end of 1979, the ratio of the stock of business fixed capital to the size of the labor force differed little from the 1975 level; in contrast, the capital-labor ratio increased at an average annual rate of 2.7 percent over the decade of the 1960s, when productivity and real income per capita grew rapidly.

Businesses generally attempted to maintain lean inventories last year. Total inventory investment in constant dollars did accelerate during the first half of the year, however, reflecting primarily an inventory imbalance for large domestic automobiles. After midyear, however, auto makers combined production cutbacks with price incentives to bring stocks back into line with sales. Outside of the automobile industry, businesses generally succeeded in controlling inventory positions throughout 1979. This goal became especially important toward the end of the year when short-term interest rates rose substantially, increasing inventory carrying costs. By year-end, the real stock-sales ratio for manufacturing and trade was in the normal range, suggesting an absence of the kind of inventory imbalances that frequently have aggravated recessionary tendencies in the past.

Government sector. Government outlays for goods and services were about unchanged during 1979 following a moderate rise during the previous year. Public sentiment for spending restraint continued to affect decisionmaking by all levels of government; federal fiscal policy was additionally influenced by the need to avoid any aggravation of inflationary forces in the economy.

Real federal purchases grew about 1 percent during 1979, as higher defense spending more than offset slower growth of outlays in the strategic petroleum reserve and farm price support programs. Total federal expenditures—including transfers—recorded a faster rate of growth in 1979 than in 1978, owing in part to a large midyear cost-of-living increase for social security recipients and to higher interest payments on the public debt. However, inflation-induced increases in nominal incomes and previously legislated increases in social security taxes resulted in a sizable rise in federal tax collections, and as a result, the federal budget deficit—on a national income accounts basis—declined considerably over the year. The high employment budget surplus, an indicator of the thrust of discretionary fiscal policy, increased, signaling greater restraint on aggregate demand.

At the state and local level, real purchases of goods and services declined marginally during 1979 following a sizable increase a year earlier. Construction spending was particularly depressed following federal cutbacks in grants for local public works and public employment programs. Moreover, states and localities also attempted to limit spending by holding down employment growth; the increase in employment during 1979 was about the same as in the previous year but was considerably less than the average annual gains recorded earlier in the decade. Despite this slowdown in the pace of spending, the fiscal position of states and localities deteriorated in 1979 as revenue growth fell far short of the gains posted in the previous year.

Tax cuts by many governmental units and lower car sales and gasoline consumption limited the growth of income and sales tax revenues. As a result, states and localities showed their first operating deficit (budget position net of social insurance funds) in three years.

International trade and payments. Net exports of goods and services were the only major sector that turned in as strong a performance in 1979 as in 1978. On a GNP basis, real net exports increased about $8 billion last year. The U.S. merchandise trade deficit, although swollen by an $18 billion increase in the cost of imported oil, was $29 billion in 1979, $5 billion less than in 1978.

The volume of exports continued to expand rapidly during the past year. Agricultural exports jumped to record rates in the second half as drought in the Soviet Union and Eastern Europe boosted sales. More importantly, the volume of nonagricultural exports rose about 12 percent in 1979; U.S. producers benefited from an improved competitive position brought about by the depreciation of the dollar in 1977 and 1978 and from relatively robust economic growth abroad.

In contrast, U.S. import demand was damped by the sluggish performance of domestic income and industrial production. Imports other than oil rose only marginally in volume terms in 1979, although foreign auto producers captured a record share of the U.S. market as consumer preferences shifted toward fuel-efficient cars. At the same time, the volume of oil imports was virtually unchanged from the 1978 level, with reduced consumption offsetting the impact of a rebuilding of inventories. World oil prices, after remaining flat for two years, jumped sharply. The average cost per barrel of imported oil in December 1979 was 87 percent above the level at the end of 1978. By the fourth quarter, U.S. oil imports were at an annual rate of $75 billion, compared with a $43 billion rate a year earlier.

The current account, which was in deficit by about $14 billion in each of the two previous years, was roughly in balance in 1979. Net receipts from service transactions, continuing their rapid growth of recent years, offset the merchandise trade deficit. The net return on foreign direct investment was especially strong, reflecting continued economic expansion abroad, the favorable effects of the 1977-78 depreciation on the dollar value of foreign profits, and the surge in overseas earnings of U.S. oil companies. Total earnings on U.S. direct investments abroad were on the order of $37 billion; perhaps half of these earnings were reinvested abroad and therefore recorded also as an outflow of U.S. private capital. Earnings of foreign direct investments in the United States also rose, but they are on a much smaller scale.

Prices, Wages, and Productivity

In 1979, prices advanced at historically high rates, primarily as a result of pressures from energy and labor costs. The fixed-weight price index for gross domestic business product, a broad measure of aggregate prices, rose about 10 percent during 1979, a pace more than 1¼ percentage points above the previous year's rate of increase. Other price measures increased even more: the fixed-weight price index for personal consumption expenditures (PCE) rose 10¾ percent while the consumer price index (CPI) increased 13¼ percent. The differences between these two indicators reflected mainly alternative conceptual treatments of homeownership costs. At the producer level, prices of finished consumer goods were up about 12½ percent over the course of last year.

Rapid increases in energy prices, particularly for petroleum products, dominated inflation developments during the year. Imported oil priced under long-term contracts rose steadily, from an official OPEC contract price of $12.91 per barrel in December 1978 to prices ranging from $24 to $30 per barrel one year later. Moreover, the stockpiling of petroleum by some countries and production cutbacks in Iran resulted in spot market prices that were considerably above official OPEC levels. At the same time, in the U.S. market the producer price index for crude oil was up about 50 percent during 1979, reflecting both price increases for domestic uncontrolled oil and the initiation of the administration's decontrol program on June 1.

The large increases experienced in petroleum prices had significant direct and indirect effects. Retail gasoline prices rose more than 50 percent, and fuel oil prices advanced almost 60 percent despite some softening in demand that was attributable both to conservation and to mild weather late in the year. In addition, rising energy costs led to faster price increases for a number of other consumer goods, including transportation services and residential rents. At the producer level, prices of goods such as industrial chemicals and plastics also reflected the steep runup in energy costs.

In contrast to energy prices, food prices increased less sharply in 1979 than in 1978. Over the four quarters, consumer food prices rose $10^1/_4$ percent, following an $11^3/_4$ percent increase in 1978. Although beef remained in relatively short supply during 1979, the greater availability of other meats and poultry contributed to some deceleration of food prices during the summer.

Inflationary pressures persisted in sectors outside energy and food. Prices of consumer goods excluding food and energy accelerated during 1979: the PCE fixed-weight price subindex for such items rose $7^3/_4$ percent in 1979 compared with 7 percent the previous year, and the corresponding CPI subindex rose at an even faster rate. Prices of capital equipment and nonresidential structures rose at a faster pace in 1979 than in 1978. Price movements in commodity markets were quite volatile throughout the year and reflected considerable speculative activity related in part to international political and military tensions.

Wage increases in the nonfarm business sector moderated very slightly to 8 percent in 1979, compared with $8^1/_2$ percent the year before. Compensation per hour, which includes fringe benefits and employer contributions for social insurance as well as wages, rose almost 9 percent, just a shade less than in 1978. The administration's voluntary pay standard probably restrained the advance in compensation somewhat in the face of accelerated price inflation; however, sectors in which cost-of-living protection is prevalent, such as manufacturing, generally experienced the largest gains even though demand for labor in those sectors was relatively weak.

Labor productivity—that is, output per hour worked—declined $2^1/_4$ percent in the nonfarm business sector. As a result, despite the slowing of compensation, the rise in unit labor costs accelerated sharply, from 8 percent in 1978 to $11^1/_2$ percent in 1979. The poor performance of productivity reflected in part the continuation of the weak trend of recent years, associated with sluggish growth of the capital stock, changes in the composition of the labor force, and other long-range factors. In addition, however, there was a cyclical element in the drop in productivity; there is normally a tendency for output per hour to drop when economic expansion decelerates, as employers initially are loath to lay off trained workers for what might prove a short period of slack.

Many workers saw their wage gains outstripped by price increases during 1979. The lack of progress in real wages is not surprising, given the drop in productivity and the adverse terms-of-trade impact of the surge in foreign oil prices. Nonetheless, American workers have become accustomed to an upward trend in their purchasing power, and there are likely to be strong catchup demands this year. The administration's 1980 wage standards take this fact into account, permitting somewhat bigger wage hikes for those workers who experienced relatively small gains in 1979.

Labor Markets

The demand for labor remained quite strong in 1979, despite the sluggishness of output growth. Firms experiencing gains in sales added to their payrolls, while those encountering dips in the demand for their products evidently tended to retain their workers—with the negative consequences for productivity and unit labor costs noted in the preceding section. Over the year as a whole, the number of workers on the payrolls of nonfarm establishments increased 2.1 million, less than in 1978, but nonetheless a sizable gain.

The major area of greatest strength in hiring was the service sector, in which employment rose fairly steadily throughout the year. Manufacturing payrolls, in contrast, declined slightly in the second half of 1979. This weakness was concentrated among durable goods producers, especially in the motor vehicles and steel industries. By the end of the year, about 130,000 auto workers were on indefinite layoff.

The strength of labor demand in the service sector may help to explain the large increase in the number of women in the labor force last year. Many of the occupational groups in the service sector traditionally have had high proportions of female workers. Adult women have accounted for a large percentage of labor force growth in the past several years, and this pattern continued in 1979, when they accounted for two-thirds of the expansion both in the labor force and in total employment.

The overall labor force participation rate grew less rapidly in 1979 so that the smaller increase in employment was still sufficient to hold the unemployment rate almost constant throughout the year, at about 5.8 percent. This is a level that, given the composition of the work force and other characteristics of the labor market, most analysts agree is today consistent with relatively tight labor supplies. Certainly, the proportion of the population employed remained at an all-time high during 1979, and many employers continued to report difficulty in finding well qualified workers. Some statistical indicators of labor market tautness did, however, begin to move in the direction of greater ease as the year progressed; for example, the share of the labor force on layoff, the unemployment rate for males 25 and over, and the blue-collar jobless rate all increased a bit after the first quarter. In January 1980, when the unemployment rate rose from 5.9 to 6.2 percent, the increase largely reflected layoffs of adult male, blue-collar workers.

There were no significant changes over the past year in the structure of unemployment. The jobless rates for nonwhites, for teenagers, and for black teenagers have not improved relative to those for other major population groups. This January, the nonwhite unemployment rate was 11¾ percent, teenage unemployment was 16¼ percent, and black teenage unemployment was 34½ percent. The unemployment rate among nonwhites has remained about twice the level for whites, and teenage unemployment continues to be about three times the rate for adults.

Domestic Financial Markets

Interest rates. Market rates of interest rose substantially during 1979, surpassing the previous highs recorded in 1974. As in that earlier year, sharply accelerated inflation created strong demands for money and credit and correspondingly intense upward pressures on interest rates. These pressures were most evident in the second half of the year, when the Federal Reserve had to adopt an increasingly restrictive posture in order to keep the monetary aggregates within the ranges set earlier and reported to the Congress. On October 6, the System took certain actions aimed at providing greater assurance that its monetary objectives would be achieved. A fundamental change was made in the System's operating procedures, shifting the day-to-day focus of open market operations from the federal funds rate to the growth of member bank reserves.[2] At the same time, the discount rate was raised 1 percentage point to 12 percent, and an 8 percent marginal reserve requirement was applied to certain managed liabilities of commercial banks.[3]

Over the course of 1979, interest rates on short-dated money market instruments such as Treasury bills, large certificates of deposit (CDs), and commercial paper generally rose 2½ to 3 percentage points. In long-term debt markets, taxable bond yields increased 1½ to 2 percentage points, and interest rates on conventional home mortgage loans increased about 2½ percentage points. Short-term rates have fluctuated around their year-end levels during the past several weeks, but bond yields have risen to new highs, apparently at least in part a reflection of concerns about the consequences of a possible stepup in defense spending on the federal budget and on inflation.

Monetary aggregates. The major monetary aggregates grew more slowly in 1979 than they had in 1978.[4] The deceleration was particularly

2. Appendix B describes the new operating procedures.

3. The marginal reserve requirement applies to increases, above a base level, in the total managed liabilities of member banks, Edge corporations, and U.S. agencies and branches of foreign banks. These liabilities include large time deposits ($100,000 and over with maturities of less than a year), Eurodollar borrowings, repurchase agreements against U.S. government and agency securities, and federal funds borrowings from nonmember institutions. (Federal funds borrowings from member banks, Edge corporations, and agencies and branches are exempt to avoid double counting for reserve requirements, and a deduction is permitted against RPs for U.S. government and agency securities held in trading accounts.)

4. The discussion in this section is cast in terms of the former definitions of the monetary aggregates since those were the basis for decisions during 1979.

marked in the case of M-1. The FOMC last February established a range of $1\frac{1}{2}$ to $4\frac{1}{2}$ percent for growth of M-1 (currency and demand deposits) in the year ending with the fourth quarter of 1979; this compared with an increase of $7\frac{1}{4}$ percent in the preceding year. As the Board indicated to the Congress in its initial report under the Humphrey-Hawkins Act, it was estimated that growth in M-1 during 1979 might be reduced as much as 3 percentage points by the shifting of funds from existing demand deposits to newly authorized ATS accounts across the nation and NOW accounts in New York State. This meant that the observed growth rate of M-1 might understate by 3 percentage points its expansion in terms of actual economic impact.

In its midyear report, the Board stated that the FOMC had reaffirmed the range of $1\frac{1}{2}$ to $4\frac{1}{2}$ percent, with the understanding that this range would be adjusted upward to the extent that the impact of ATS-NOW account shifts fell short of the original estimate of 3 percentage points. With inflows to ATS and NOW accounts falling off sharply, the FOMC employed an adjusted M-1 range of 3 to 6 percent during the remainder of the year based on an expected ATS-NOW effect of around $1\frac{1}{2}$ percent.

In any event, M-1 increased 5.5 percent during 1979, and the estimated depressing effect of ATS-NOW accounts amounted to about $1\frac{1}{4}$ percentage points. The aggregate was approaching the upper bound of its range in the late summer, but its growth moderated in the closing months of the year. This slower growth has continued into 1980.

M-2, which includes, in addition to M-1, bank time and savings deposits other than large negotiable CDs, increased 8.3 percent between the fourth quarters of 1978 and 1979. This is slightly above the FOMC's range of 5 to 8 percent, established last February and reaffirmed in July. Expansion of the interest-bearing component was strong, as small-denomination time deposits grew at a very brisk pace, offsetting a contraction in passbook savings accounts. Six-month money market certificates (MMCs) accounted for all of the growth in small time and savings accounts; inflows were especially strong after March, when the federal regulatory agencies eliminated (for periods when the six-month Treasury bill rate exceeds 9 percent) the interest differential of $\frac{1}{4}$ percentage point that had previously given thrift institutions a competitive advantage in the MMC market. These actions were taken partly to reduce cost pressures on thrift institutions and partly to help moderate the flow of funds to depositary institutions so as to restrain inflationary pressures.

M-3, which is M-2 plus deposits at thrift institutions, rose 8.1 percent in 1979, within the FOMC's range of 6 to 9 percent. Deposits at savings and loan associations, mutual savings banks, and credit unions expanded $7\frac{3}{4}$ percent, down from about $10\frac{1}{2}$ percent in 1978 but still well above rates recorded in previous periods of high market interest rates. The key to the sustained growth of thrift institution deposits—particularly for savings and loans and mutual savings banks—was the MMC; however, there was also a sizable increase in large-denomination time deposits outstanding at savings and loans.

Credit flows. Because market interest rates rose further relative to the returns on fixed-interest-ceiling time and savings deposits at commercial banks and thrift institutions, a large volume of funds was placed instead in market debt instruments and in mutual funds or investment trusts during 1979. Money market mutual funds registered spectacular growth, their total assets increasing from $10 billion to $45 billion. (A record surge since year-end has boosted their total assets above the $55 billion mark.) However, the depositary institutions, confronted with heavy credit demands, were able to obtain the lendable funds they desired through the issuance of ceiling-free liabilities such as large CDs, RPs, federal funds, and Eurodollar borrowings and, in the case of savings and loan associations, through borrowing from Federal Home Loan Banks. Consequently, depositary institutions continued to account for a large proportion of credit provided to nonfinancial sectors of the economy, in contrast to the pattern observed at other times when market interest rates have been high. Commercial bank credit increased 12.2 percent over the year ending in the fourth quarter of 1979—compared with the FOMC's projection of $7\frac{1}{2}$ to $10\frac{1}{2}$ percent—despite a leveling off in the fall.

The total volume of funds raised by domestic nonfinancial sectors of the economy in 1979 was about the same as in 1978. Reduced borrowing by governmental units approximately offset an increase in takings by business firms. Aggregate credit expansion was greatest in the first three quarters of the year, as the tightening of financial markets that accompanied the System's October actions contributed to a steep drop in borrowing by households and businesses in the fourth quarter.

The credit needs of the U.S. Treasury declined markedly in 1979 owing to the reduction in the federal budget deficit. The operating budgets of state and local governments meanwhile moved in the opposite direction, from surplus to deficit, but their net borrowing, too, diminished. Although the tax-exempt market was used much more extensively as a source of funds for residential mortgage finance, restrictive Internal Revenue Service regulations brought a virtual cessation of the advance refunding activity that had swelled state and local government bond issuance in the previous year.

The strong demand for housing, both as shelter and as an investment, and an evident desire to maintain past spending levels in the face of declining real disposable income kept borrowing by the household sector at an historically high level during 1979. Over the first three quarters, debt expansion exceeded income growth, and loan repayments as a percent of disposable income moved to a new high. By the latter part of 1979, signs had begun to emerge—in data on loan delinquencies and bankruptcies—that families were encountering some difficulty in meeting their financial obligations.

The heavy debt burdens may have combined with the higher level of interest rates to damp use of household credit in the fourth quarter. In addition, however, credit availability became a significant factor as institutions tightened credit standards or curtailed lending in response to greater uncertainty about financial prospects and reduced earnings margins. Credit supplies were most severely constrained in those parts of the country with low usury ceilings; the year-end federal legislation providing a three-month override of state usury ceilings may provide some relief for borrowers in such areas.

Borrowing by nonfinancial business firms increased substantially in 1979, as the growth of outlays for inventories and fixed capital outstripped the advance in internal funds generated. This "financing gap" was particularly large during the first three quarters of the year; in the fourth quarter the gap narrowed somewhat with the slowing of inventory accumulation.

Increases in business loans at banks and in net issuance of commercial paper accounted for most of the growth in borrowing by nonfinancial enterprises. Mortgage loans rose somewhat, reflecting the strength of commercial construction, but corporate bond issuance remained around the moderate 1978 level as companies were reluctant to incur long-term debts at historically high interest rates. The relatively heavy reliance on shorter-term borrowings was reflected in a further deterioration of traditional measures of balance-sheet strength. Flow of funds account estimates for nonfinancial corporations indicate that the aggregate ratio of short-term debt to total debt has reached a record high and that the ratio of liquid assets to current liabilities has reached a low level seen before only in 1974. Perhaps partly for this reason, the dropoff in business borrowing in the fourth quarter was concentrated in the short-term area.

Foreign Exchange Markets and the Dollar

The dollar was quite strong on foreign exchange markets in the first five months of 1979, following the tightening of U.S. money market conditions and the announcement by the Treasury and the Federal Reserve of a dollar support program on November 1, 1978. The dollar rose more than 5 percent on a trade-weighted average basis, gaining $5^1/_2$ percent against the mark, $7^1/_2$ percent against the Swiss franc, and $14^1/_2$ percent against the yen between the end of December and the end of May. During this period, U.S. and foreign monetary authorities entered the markets to moderate exchange rate movements, reversing in the process a large portion of their 1978 intervention purchases of dollars. By the end of May the Federal Reserve had repaid all its outstanding swap debts to other central banks, the Treasury had reconstituted all of the balances it had raised through the issuance of notes denominated in foreign currencies, and the Federal Reserve and the Treasury both completed repayment of their pre-1971 Swiss franc indebtedness.

In early summer, however, the dollar weakened, mainly in response to the failure of U.S. inflation to moderate and to the absence of a concerted U.S. program to solve its energy problem. The dollar's weakness intensified in early June and continued into September, despite a series of increases in the Federal Reserve's discount rate, a gradual rise in the federal funds rate, and renewed heavy exchange-market intervention in support of the dollar.

By early October the dollar had retraced all of its rebound of earlier in the year, and selling pressures were mounting rapidly amidst accelerating price rises in gold and other commodities and other signs of a worsening in expectations of inflation. In these circumstances, the Federal Reserve's announcement on October 6 of a series of anti-inflation measures—described in the preceding section—was accompanied by a sharp advance of the dollar on exchange markets. By mid-November, the dollar had risen about 4 percent on a weighted-average basis from its early October lows. Foreign monetary authorities subsequently tightened their policies to deal with similar inflationary pressures abroad, and the dollar lost strength. From mid-November through the end of the year the dollar drifted lower in thin markets unsettled by developments associated with the taking of American hostages in Iran. At year-end, the dollar stood close to its early October lows on a weighted-average basis. The dollar has been relatively stable in recent weeks, with trading rather light in an environment of heightened international political uncertainties. □

Treasury and Federal Reserve Foreign Exchange Operations

This 36th joint report reflects the Treasury-Federal Reserve policy of making available additional information on foreign exchange operations from time to time. The Federal Reserve Bank of New York acts as agent for both the Treasury and the Federal Open Market Committee of the Federal Reserve System in the conduct of foreign exchange operations.

This report was prepared by Scott E. Pardee, Manager of Foreign Operations of the System Open Market Account and Senior Vice President in the Foreign Function of the Federal Reserve Bank of New York. It covers the period August 1979 through January 1980. Previous reports have been published in the March and September BULLETINS *of each year beginning with September 1962.*

The October 6 measures by the Federal Reserve had a profound effect on exchange markets for the U.S. dollar. In addition to a rise in the discount rate and the imposition of a marginal reserve requirement on managed liabilities, the Federal Reserve announced that it would place greater emphasis on the supply of bank reserves and less emphasis on the federal funds rate in seeking to moderate the growth of money and credit in the U.S. economy. These measures alleviated many of the concerns that had built up in the market and helped the dollar weather the numerous political and economic shocks that occurred over the rest of 1979 and early 1980.

Previously, the dollar had come under very heavy selling pressure as market psychology became increasingly bearish. Last year's upsurge in international oil prices was already adding massively to our oil import bill, slowing the progress in improving our trade and current-account balances, and exacerbating domestic inflation. Many other prices were also advancing, and speculative buying pressures had erupted in many commodity and real estate markets on the expectation of more inflation to come. As the demand for money had increased in the United States, the Federal Reserve had acted to raise interest rates, but the growth of the monetary aggregates remained uncomfortably high and market participants were concerned that more restraint might be needed. Nevertheless, since the U.S. economy was widely believed to be moving into recession, market participants openly questioned whether the Federal Reserve would be in a position to continue to tighten monetary policy further in order to deal with inflationary expectations.

By contrast, the monetary authorities of other countries were believed to have scope to tighten further. Economic activity was expanding more rapidly in most other countries, and monetary policies were becoming increasingly restrictive in response to buoyant domestic credit demands

1. Federal Reserve reciprocal currency arrangements
Millions of dollars

Institution	Amount of facility	
	Jan. 1, 1979	Jan. 31, 1980
Austrian National Bank	250	250
National Bank of Belgium	1,000	1,000
Bank of Canada	2,000	2,000
National Bank of Denmark	250	250
Bank of England	3,000	3,000
Bank of France	2,000	2,000
German Federal Bank	6,000	6,000
Bank of Italy	3,000	3,000
Bank of Japan	5,000	5,000
Bank of Mexico	360	700[1]
Netherlands Bank	500	500
Bank of Norway	250	250
Bank of Sweden	300	300
Swiss National Bank	4,000	4,000
Bank for International Settlements		
Swiss francs/dollars	600	600
Other authorized European currencies/dollars	1,250	1,250
Total	**29,760**	**30,100**

1. Increased by $340 million effective Aug. 17, 1979.

2. Foreign exchange operations under reciprocal currency arrangements, January 1, 1979–January 31, 1980
Millions of dollars equivalent; drawings, or repayments (—)

Federal Reserve System activity[1]							
Transactions with	Commitments Jan. 1, 1979	1979				1980	Commitments Jan. 31, 1980
		Q1	Q2	Q3	Q4	January	
German Federal Bank	4,434.2	334.2 -1,762.8	790.8 -3,020.8	3,024.0 -292.4	448.5 -913.4	200.6 -742.1	2,630.9[2]
Bank of Japan	106.5	-106.5	0	0	0	0	0
Swiss National Bank	786.3	74.1 -860.5	32.6 0	63.5 -67.9	12.5 -44.2	22.7 -22.7	0
Total	5,327.0	408.4 2,729.8	826.9 -3,020.8	3,087.5 -360.2	461.0 -957.7	223.3 -764.8	2,630.9[2]
Activity by foreign central banks and the BIS[3]							
Bank drawing on System	Outstanding Jan. 1, 1979	1979				1980	Outstanding Jan. 31, 1980
		Q1	Q2	Q3	Q4	January	
Bank for International Settlements[4] (against German marks)	0	0	31.0 -31.0	0 0	39.0 -39.0	49.0 -49.0	0
U.S. Treasury activity[5]							
Transactions with	Commitments Jan. 1, 1979	1979				1980	Commitments Jan. 31, 1980
		Q1	Q2	Q3	Q4	January	
German Federal Bank	889.4	0 -878.2[6]	0 0	337.7 -337.7	0	0	0

1. Because of rounding, details may not add to totals. Data are on a value-date basis with the exception of the last two columns, which include transactions executed in late January for value after the reporting period.
2. Outstanding commitments as of January 31, 1980, also include revaluation adjustments resulting from swap renewals, which amounted to $130.1 million for drawings on the German Federal Bank renewed during 1979 and January 1980.
3. Data are on a value-date basis.
4. BIS drawings and repayments of dollars against European currencies other than Swiss francs to meet temporary cash requirements.
5. Because of rounding, details do not add to total. Data are on a value-date basis.
6. Repayments include revaluation adjustments from swap renewals, which amounted to $11.3 million for drawings on the German Federal Bank renewed during the first quarter.

and to inflationary pressures arising out of the escalation of international oil prices. With interest rates rising in nearly all industrial countries, market participants began to fear that the monetary authorities of major countries were in competition with each other in pressing for even higher interest rates. In addition, market participants became concerned that the authorities of some countries might act to blunt the effects of higher oil prices on domestic price levels through promoting appreciations of their currencies against the dollar. The swiftness of the authorities of many countries to intervene in support of their currencies, even those that had appreciated sharply in earlier months, reinforced this view. By September, market participants questioned whether central bank cooperation in the exchange markets might have broken down. Market concerns about the outlook for international monetary stability were reflected in the runup of prices in gold and other commodities.

In fact, the central banks were in close consultation throughout that time in an effort to determine what could be done individually and jointly to relieve the strains that had built up in the exchange markets. When selling pressure increased on the dollar in September, the U.S. authorities at first intervened heavily, operating mainly in German marks but also in Swiss francs. The German and Swiss central banks, as well as others, also bought sizable amounts of dollars in their markets. When speculative pressures erupted within the European Monetary System (EMS), central banks participating in that arrangement

3. U.S. Treasury securities, foreign currency denominated[1]

Millions of dollars equivalent; issues, or redemptions (−)

Issues	Commitments, Jan. 1, 1979	1979				1980	Commitments, Jan. 31, 1980
		Q1	Q2	Q3	Q4	January	
Government series							
Swiss National Bank	600.4	−597.2	−3.2	0	0	0	0
Public series							
Switzerland	0	1,203.0	0	0	0	0	1,203.0
Germany	1,595.2	1,351.5	0	0	1,118.9	1,168.0	5,233.6
Total	2,195.6	−597.2 2,554.5	−3.2 0	0 0	1,118.9	1,168.0	6,436.6

1. Data are on a value-date basis.

increasingly used currencies other than the dollar in support operations so as not to aggravate pressures on the dollar. By late September, however, it became clear that the dimensions of the flows of funds out of the dollar were too large to be contained by intervention alone. The U.S. authorities scaled back their intervention, while new measures to combat inflation in the United States were being discussed and while senior U.S. officials reviewed the matter of policy coordination with their counterparts in other major countries. Although the dollar continued to decline against most major currencies through the end of September, the market began to sense that something was in the works, and early in October selling pressure on the dollar evaporated on expectations that major policy action by the Federal Reserve was imminent.

The October 6 measures were followed by strong expressions of support by major foreign central banks. Although interest rates continued to advance in several other countries, in few instances did they rise by as much as the increase in market rates in the United States over the next few weeks. Moreover, as the dollar gradually firmed, foreign central banks sought to avoid the impression that they would, at that critical juncture, impede its recovery. In the exchange markets, traders reacted cautiously at first but were soon influenced by the sharply higher interest rates that emerged in the domestic and Eurodollar markets, providing for more favorable interest differentials. Basically, the dollar had become a much more attractive medium for investment and a very expensive currency in which to carry a short position.

The pull of interest rates, coupled with the market's generally favorable response to the Federal Reserve's new policy approach, helped shield the dollar against the various political shocks that soon followed. On November 4, Iranian militants seized the U.S. Embassy in Teheran and held its diplomatic personnel hostage. On November 14, the Iranian authorities threatened to withdraw funds from U.S. banks and to repudiate debts. In response, the United States blocked Iranian official assets in U.S. banks. Then late in the year the Soviet Union intervened militarily in Afghanistan. There were worrisome economic developments as well. With the domestic economy proving much more buoyant than expected, inflation in the United States continued to increase. A further runup in oil prices by the Organization of Petroleum Exporting Countries (OPEC) and a mind-boggling surge of prices in the markets for gold, silver, and other precious metals also occurred.

As these various uncertainties piled up over the year-end, bearish sentiment toward the dollar deepened once again, and dollar rates began to decline. But selling pressures on the dollar did not cumulate, as before. In part, traders remained cautious in the face of rapid-fire and unpredictable events. Moreover, on those occasions in late 1979 and early 1980 when selling pressures threatened to build, the U.S. authorities, in close coordination with the German and Swiss central banks, intervened forcefully and quickly to restore two-way trading. By early 1980, the very fact that the dollar was weathering so many uncertainties began to be taken as a positive sign. The market then focused greater attention on other countries' problems, including adverse shifts in their trade and current-account balances, sharply rising prices, and dangers to them arising out of the Iranian and Afghan situa-

4. Net profits and losses (−) on U.S. Treasury and Federal Reserve current foreign exchange operations[1]

Millions of dollars

Period	Federal Reserve	U.S. Treasury	
		Exchange Stabilization Fund	General Account
1979—Q1	.7	5.7	17.3
Q2	30.8	4.6	21.7
Q3	−12.3	63.4	37.0
Q4	−29.8	20.8	7.5
1980—January	−22.1	0	61.2
Valuation profits and losses on outstanding assets and liabilities as of Jan. 31, 1980	−16.3	−375.0	−296.3

1. Data are on a value-date basis.

tions. By the month-end, dollar rates were firming against major currencies.

On balance for the six months, the U.S. dollar declined a net $1^1/_2$ to 5 percent against the German mark and currencies linked to the mark in the EMS, by $1^3/_4$ percent against the Swiss franc, and by 1 percent against the pound sterling. By contrast, the Japanese yen declined against the dollar by 9 percent. The Canadian dollar advanced by 1 percent against the U.S. dollar.

In intervention during the six-month period, the Federal Reserve and the Treasury sold a total of $5,415.8 million of German marks and $67.0 million of Swiss francs. System operations entailed drawings under the Federal Reserve swap lines in the amount of $2,296.0 million equivalent of marks from the German Federal Bank and $67.0 million of Swiss francs from the Swiss National Bank. The drawings on the German Federal Bank started at a level of $2,053.3 million in early August, reached a peak of $3,746.0 million on October 4, and were reduced to $2,630.9 million by January 31, 1980, with repayments throughout the period stemming from mark acquisitions from correspondents. Use of the swap line with the Swiss National Bank was more sporadic, with peak drawings of $44.2 million on October 1; all drawings in Swiss francs were repaid by January 31, 1980.

U.S. Treasury intervention in marks was financed out of previously acquired balances. The Treasury's $337.7 million equivalent drawing and repayment on the German Federal Bank swap line early in the period reflected temporary financing, while Treasury holdings of German government securities were being liquidated. To augment balances, the U.S. Treasury on two separate occasions issued medium-term mark-denominated notes in the German capital market. The first in November, with maturities of $2^1/_2$ and $3^1/_2$ years, was for $1,118.9 million equivalent of marks. The second, in January, also with maturities of $2^1/_2$ and $3^1/_2$ years was for $1,168.0 million equivalent.

Also during the period the Federal Reserve's reciprocal swap arrangement with the Bank of Mexico was increased by $340 million to $700 million.

As indicated in table 4, the Federal Reserve recorded losses on current operations and on the valuation of balances. The Treasury recorded profits on balances and losses on the valuation of balances.

German Mark

Coming into the period, the upturn in the German economy was in full swing. Strong consumption, a surge in business investment, and a boom in construction made it likely that the government's 4 percent growth target for 1979 would be met, if not exceeded. But progress in achieving faster growth was accompanied by escalating inflation. The explosion in imported oil and raw materials prices, together with the strength of the domestic recovery, had generated a sharp rise in wholesale and consumer prices. At the same time, the current-account surplus had virtually disappeared as higher oil import costs and the fast pace of economic activity led to a sharp expansion of imports. To contain inflationary pressures, the German authorities progressively tightened monetary policy, leading to a substantial increase in domestic interest rates that outpaced increases in the United States and elsewhere. As the exchange market focused on monetary conditions in Germany relative to conditions in other major industrial countries, the mark came into strong demand, particularly in June and July. Heavy intervention by the U.S. and German authorities blunted the mark's rise against the dollar and was partly reflected in an increase in the Federal Reserve's outstanding swap debt with the German Federal Bank to $2,053.3 million equivalent of marks on July 31.

In August, the exchange markets settled down and the mark eased off its highs to trade around DM 1.83 against the dollar. The German authorities then moved to absorb some of the liquidity generated by the summer's intervention, lest it aggravate inflationary pressures at a time when domestic credit expansion was increasing sharply. The German Federal Bank introduced quantitative limits on commercial banks' Lombard borrowings, engaged in foreign exchange swaps against dollars, entered into open-market purchases of marks against shares of U.S. Treasury bills held at the central bank, and otherwise signaled its intention to bring down the growth of central bank money to its target range of 6 to 9 percent. These various operations provided a further boost to German interest rates. Moreover, inasmuch as a substantial reflux of funds out of marks back into dollars had not materialized, many in the market interpreted the German Federal Bank's actions as indicating an unwillingness to let the mark depreciate should the dollar come into demand. By contrast, in the United States the monetary aggregates were expanding rapidly and inflation continued to accelerate at double-digit annual rates. The Federal Reserve increased the discount rate to 10½ percent and moved the federal funds rate higher. Nonetheless, in view of considerable talk of an impending recession in the United States, market participants increasingly questioned whether monetary policy would be tightened sufficiently to contain strong inflationary forces.

By early September the mark was again in strong demand against the dollar. Bidding for marks also gained momentum against European currencies amid fears that the currencies of most other EMS members, who might find it difficult to match the tightening of monetary policy taking place in Germany, would be unable to keep pace with the mark's rise. Market participants therefore came to expect that the mark would be revalued within the EMS as part of an upcoming technical review of the new joint float. The German Federal Bank and other participating central banks sold progressively larger amounts of marks to maintain exchange rate limits within the EMS. Even so, the demand for marks was sufficiently powerful to pull up EMS currencies as a group against the dollar.

In these circumstances, the U.S. authorities intervened forcefully once again, selling substantial amounts of marks almost daily during September, largely in the New York market. The German Federal Bank also intervened as a buyer of dollars in Frankfurt. On September 19, the Federal Reserve raised the federal funds rate further and hiked the discount rate ½ percentage point to 11 percent. But the fact that the Board of Governors had approved the discount rate increase by a split vote of 4 to 3 did little to alleviate the market's concern about the U.S. resolve to combat inflation, and pessimism toward the dollar deepened.

In this environment, the upward adjustment of the mark by 5 percent against the Danish krone and by 2 percent against other EMS currencies over the September 22-23 weekend relieved tensions within the joint float, but not the pressures against the dollar. Meanwhile, spot oil prices were again vaulting upward, and several oil-producing countries raised their official sales prices above limits set by OPEC last June. With the dollar declining again, fears mounted that the oil producers would abandon dollar oil pricing in favor of a basket of currencies, including the mark, or even demand payment for oil in currencies other than the dollar. More broadly, all commodities markets were hit by a speculative fever as asset holders shifted from "paper" currencies into tangible assets—particularly into gold, whose price soared to $447 per ounce early in October. Corporate treasurers, investment managers, and central banks, all seeking to diversify their portfolios, shifted a massive amount of funds into the mark from the dollar. With the strength and diversity of these pressures raising concerns about international financial stability, the U.S. authorities scaled back their intervention operations in late September while policy discussions were being held. By October 2, these pressures had propelled the mark to DM 1.7250—near its record highs—about 6 percent above early-August levels and some 11 percent above the levels of mid-June.

In the period from early August through early October, the Trading Desk sold $4,169.0 million equivalent of marks, shared about evenly between the Federal Reserve and the U.S. Treasury. Most of the Federal Reserve's mark intervention was financed by drawings of $1,844.1 million equivalent on the swap line with the German Federal Bank, bringing total drawings to \$3,746.0 million after allowing for further repayments of \$177.9 million and revaluation adjustments from swap renewals. The remainder of the System's mark sales and all the Treasury's intervention were financed out of balances. The Treasury's \$337.7 million equivalent drawing and repayment on the German Federal Bank swap line reflected temporary financing, while Treasury holdings of German government securities were being liquidated. Meanwhile, net purchases of dollars together with the sizable intervention in EMS currencies boosted Germany's foreign exchange reserves \$3.7 billion from the end of July to \$47.0 billion by the end of September.

With the mark now approaching the levels reached just before the November 1, 1978, U.S. policy package, the exchange markets were alive with rumors of a new support program for the dollar. In the days surrounding the Hamburg meeting between U.S. and German officials and the annual meetings of the International Monetary Fund (IMF) and the World Bank in Belgrade, Yugoslavia, there was increasing discussion of the need for improved monetary policy coordination between the United States and Germany and, in particular, for the United States to take more effective action to bring its inflation under control. When the market learned of Chairman Volcker's early return to Washington from Belgrade, the mark rate dropped back 1¾ percent from its peak to DM 1.7555 on expectations of dramatic new policy action, and the U.S. authorities had no further need to intervene.

On Saturday, October 6, the Federal Reserve announced wide-ranging policy measures aimed at bringing the growth of money and credit under better control and thereby dampening inflationary forces. The actions included an increase of 1 percentage point in the discount rate to 12 percent and the imposition of a marginal reserve requirement of 8 percent on increases in managed liabilities. In addition, the System announced that it would place greater emphasis on the supply of bank reserves in its open market operations and less emphasis on the federal funds rate in seeking to reach its monetary aggregate objectives. Interest rates in the U.S. and Eurodollar markets moved up sharply in the days following these measures. Although the exchange markets were initially unsure about the implications of the new policy procedures, participants reacted positively on balance to the change in U.S. monetary policy and to the rise in dollar interest rates. In fact, the dollar firmed and the mark fell back to trade for several weeks around DM 1.79-DM 1.80 without intervention from the U.S. or German authorities.

Meanwhile, with the German economy continuing to expand even more rapidly than expected, money market rates had again risen rapidly. On October 31, the German Federal Bank raised both the discount and Lombard rates by 1 percentage point to 6 and 7 percent respectively so as to eliminate distortions in the banking system and bring official rates in line with those prevailing in the market. But, although the authorities also increased rediscount quotas by DM 4.4 billion to prevent liquidity from tightening too far, short-term German market interest rates moved higher, eroding part of the increased interest differential favorable to dollar-denominated assets. With respect to fiscal policy, the government's draft 1980 budget also moved toward restraint. The central government's net borrowing requirement was cut to less than DM 30 billion in 1980 through a virtual freeze on real spending coupled with higher tax revenues.

After mid-November, new shocks emanating from the revolutionary upheaval in Iran upset the tenuous balance in the exchange markets. The seizure by Iranian militants of American diplomatic personnel at the Embassy in Teheran produced a crisis in U.S.-Iranian relations, with adverse implications for the already fragile world oil market. The Iranian government announced plans to withdraw its foreign exchange reserves from U.S. banks, threatened to repudiate its foreign debts, and called on OPEC members to abandon the dollar as a reserve and transactions currency. Accusations that the United States was involved in the attack on the Grand Mosque in Mecca, Saudi Arabia, incited violent anti-American demonstrations in Pakistan and Libya, and the Ayatollah Khomeini remained adamant in calling for the Shah's return to Iran before releasing the U.S. hostages. During all of this, the U.S. government sought in various ways to resolve these challenges without the use of force and, to assure that claims of the United States and its citizens on Iran would be protected, President Carter blocked all official Iranian assets in U.S. banks, their foreign branches, and subsidiaries.

In the face of these developments, sentiment toward the mark turned bullish. The exchange markets focused on the dangers to the strategic and financial position of the United States in the Middle East and on the dangers to the dollar's role as a reserve asset. Concern over international oil prices was further heightened when OPEC members, at their semiannual meeting in Caracas on December 17, raised official sales prices another 30 percent, bringing the oil price increase over the year to about 100 percent. So sharp a rise in the price of oil was particularly damaging for a country as heavily dependent as Germany on imports for its energy needs and was likely to drive the current account deeply into deficit. But, given the prevailing market psychology, the OPEC decision was interpreted bearishly for the dollar since it reinforced the market's pessimism about the U.S. inflation outlook. Nonetheless, a sustained surge of buying pressure on the mark did not materialize, in part because traders became increasingly reluctant to assume new positions in such an unpredictable political atmosphere, particularly ahead of the year-end. As a result, the market was thinner and less resilient than normal, and the mark tended to ratchet unsteadily upward. At times commercial sales, for instance, by large U.S. multinationals repatriating funds slowed the mark's rise. On other occasions when upward pressure on the mark threatened to gather momentum, the U.S. and German authorities intervened. Nonetheless, by the year-end the mark had advanced 4¼ percent from mid-November levels back to DM 1.7250.

After mid-November the U.S. and German authorities resumed intervening once again, but their operations were relatively modest, compared with previous months. In the six weeks through the end of December, the Trading Desk sold $716.5 million equivalent of marks, including $396.1 million equivalent for the System and $320.4 million equivalent for the Treasury. The System's mark sales were largely financed by drawings of $251.3 million equivalent on the swap line with the German Federal Bank. However, between early October and the year-end, the System was also able to repay $939.6 million equivalent of mark swap debt through purchases from correspondents so that total drawings outstanding on the swap line with the German Federal Bank stood at $3,126.4 million equivalent at the year-end. The Treasury's intervention was financed out of Exchange Stabilization Fund (ESF) balances that were augmented by the proceeds of a new Treasury issue of mark-denominated securities floated on the German capital market on November 12, 1979. The issue comprised $451.0 million equivalent of 2½-year securities at 8.55 percent and $667.9 million equivalent of 3½-year securities at 8.5 percent.

Coming into the new year, the buildup of sentiment favoring the mark was reinforced by the Soviet Union's military intervention in Afghanistan. The shift in the Middle East strategic balance against the United States raised the possibility that, with the Soviet Union better positioned to exploit instabilities in the vital Persian Gulf area, Middle Eastern holders of dollars would accelerate their purchases of marks and other currencies. Moreover, with oil prices still rising even after the substantial OPEC price hike in December, there was little hope for a near-term reduction of U.S. inflation. All of this contributed to an unsettling rise in the price of gold to $660 an ounce at the onset of the month and led to widespread demand for the mark, propelling the rate to as high as DM 1.6996. But as soon as trading had resumed in the new year, and on several occasions thereafter, the U.S. and German authorities intervened swiftly and forcefully to steady the rate in their own markets and overnight in Hong Kong and Singapore.

This open and coordinated intervention had a strong impact on market psychology and cast doubt on the mark's continued appreciation. At the same time, the implications of the Afghanistan invasion were reassessed in a way that was less favorable for the mark. The continuing deterioration in great power relations underscored Western Europe's exposure in case of further Soviet aggression. These uncertainties led to a further rise in the price of gold to a record $875 an ounce. But, in the exchange markets, portfolio shifts into marks slowed. Indeed, some capital started to flow out of Germany as market participants sought safer havens for their funds, with a substantial part of this flow coming into dollars. Moreover, the recent round of oil price increases, retroactive to January 1, generated some transaction demand for dollars on the part of several oil companies. In these circumstances, the swing of the German current account into a deficit of DM 9 billion for 1979 began to show through in the exchanges, and traders found they had fewer outlets than previously for the marks they had accumulated. As dealers moved to cover their positions, the mark moved lower to around DM 1.7250 by midmonth.

In the final weeks of January, as the exchanges became more settled, market participants focused more closely on changing economic conditions in Germany. Inflation was accelerating rapidly just ahead of key wage negotiations. Moreover, with the oil import bill continuing to swell and with the German economy slowing less rapidly than the economies of its major trading partners, there were expectations that the current-account deficit would widen further this year. These concerns began to weigh on the mark at a time when the dollar was being supported by expectations that U.S. interest rates would move higher. Increased defense expenditures in the President's budget, new evidence that the U.S. economy had not weakened as expected, and statements by U.S. administration officials before the Congress, as well as by Chairman Volcker, that U.S. interest rates would not come down before inflation declined all supported this view. As a result, the mark edged lower to close the period at DM 1.7414, for a net gain of 5¼ percent over the six-month period under review.

During January, the U.S. authorities intervened to sell $290.5 million equivalent of marks for the System, financed in part by drawings of $200.6 million equivalent on the swap line with the German Federal Bank, and $239.9 million equivalent of marks for the Treasury. Meanwhile, the Trading Desk took advantage of further opportunities to buy marks through nonmarket transactions with correspondents, which were used to repay swap debt. Thus, by the end of January, the System's outstanding swap indebtedness to the German Federal Bank declined some $495.5 million equivalent net over the month to stand at $2,630.9 million equivalent after allowing for revaluation adjustments from swap renewals. The Treasury financed its mark sales out of balances, which were further replenished during January through the placement of $1,168.0 million equivalent of mark-denominated bearer bonds in the capital market in Frankfurt, comprising a $560.6 million equivalent 2½-year security at 8.5 percent and a $607.4 million equivalent 3½-year security at 8.45 percent. Reflecting the repayment of swap debt by the U.S. authorities and by the German Federal Bank's partners in the EMS, as well as the conversion of capital exports by the German Federal Bank, Germany's foreign exchange reserves declined $1.2 billion during January to $46.2 billion by the end of the month. However, for the six-month period as a whole, Germany's reserves rose $2.9 billion on balance.

Swiss Franc

With the Swiss franc no longer appreciating in the exchanges during 1979, rising international oil and raw materials prices were quickly transmitted to the domestic economy, and inflation in Switzerland accelerated rapidly. The rise in oil prices also boosted imports at a time when export growth was virtually stagnant, leading to a narrowing of the current-account surplus. Moreover, economic activity remained sluggish, in sharp contrast to the buoyant economic picture in Germany, and domestic interest rates did not keep pace with the rise in interest rates abroad or with the pickup in domestic inflation.

In these circumstances, the franc tended to come on offer in August as it had in earlier periods during the year, especially against the German mark, trading at SF 1.6550 early in the period. The Swiss authorities took advantage of the relative stability of the dollar to sell sizable amounts of dollars, thereby avoiding a depreciation in the franc that would exacerbate inflationary pressures, while also absorbing excess liquidity in the domestic market. Meanwhile, the Federal Reserve bought francs mostly from the Swiss National Bank to repay the remaining $31.7 million equivalent of swap debt incurred earlier in the summer.

During September the sharp deterioration in sentiment toward the dollar was reflected in upward pressure on the Swiss franc. But, with interest differentials against the franc having widened, participants shifting funds out of dollars moved more heavily into currencies like the German mark that appeared to have greater upward leeway and offered a higher rate of return. Even though the franc did not lead the generalized rise in the European currencies against the dollar, the Swiss National Bank intervened forcefully both in Zurich and in New York through the Federal Reserve Bank of New York as agent to moderate the franc's advance. In addition, during September and early October, the Federal Reserve sold $44.2 million equivalent of Swiss francs, financed by drawings on the swap line with the Swiss National Bank.

Largely reflecting these operations, Switzerland's foreign exchange reserves, after declining in August, rose during September to $14.7 billion, up $1.2 billion from levels at the end of July. By October 2, the franc spot rate had risen 7¾ percent above the range of early August to a high of SF 1.5410. At this point, as rumors of a dollar support package began to spread through the exchanges, many participants started covering their long franc positions, and in subsequent days the franc slipped back to around SF 1.5750.

Following the October 6 announcement of policy measures aimed at curbing U.S. money and credit expansion, the Swiss franc fell back more rapidly against the dollar than against the mark. The rise first in dollar-based interest rates and then in German money market rates widened the already adverse interest differentials against franc-denominated assets. Moreover, the public authorities were having difficulty borrowing in the Swiss capital market at the prevailing low level of long-term interest rates. Expectations developed that Swiss interest rates would also firm, and, as the capital market weakened, the incentive increased for bondholders to shift funds out of Switzerland to avoid prospective capital losses. By the end of October the franc declined another 5¾ percent to SF 1.67 against the dollar and 2¼ percent vis-a-vis the mark. During this time, the Federal Reserve was able to acquire sufficient Swiss francs from correspondents to liquidate outstanding swap debt with the Swiss National Bank.

The Swiss authorities were concerned about the decline of the franc in the exchanges. Inflation had quickened to 5 percent on a year-on-year basis, a dramatic upsurge for a country where, for previous years, price increases had been close to 1 percent per year. Domestic money supply growth remained worrisome, and there were some fears of a pickup in wage inflation. Pay raises during the winter wage round—already clouded by a shortage of labor in the construction sector—threatened to escalate sharply if industrial workers' demands to be fully compensated for the rising price of oil were successfully negotiated. Even so, the Swiss authorities held off intervening in the exchanges to avoid jeopardizing the dollar's recovery following the October 6 monetary measures. Instead, the Swiss National Bank allowed foreign exchange swaps executed in the third quarter to mature, thereby draining liquidity from the Swiss money market. The central bank then followed up by raising, on November 2, its discount and Lombard rates by 1 percentage point to 2 and 3 percent respectively and further liberalized restraints on capital inflows by reducing the negative interest charge on nonresident deposits from 10 to 2.5 percent per quarter.

But with foreign interest rates still on the rise, particularly in Germany, interest differentials remained highly adverse to franc-denominated assets, and the franc spot rate continued to weaken. In response, the authorities removed entirely the negative interest charge on nonresident franc deposits on December 1, supported the franc in the exchanges by selling German marks in the forward market against receipts coming due in 1980 and 1981, and provided a smaller-than-usual amount of liquidity to the commercial banks at the month-end. These measures provided a boost to the franc, which rebounded in early December to trade around SF 1.59 against the dollar.

Meanwhile, the international crisis touched off by the Iranian seizure of American hostages at the U.S. Embassy in Teheran was creating confusion and uncertainty in the exchanges. At times, the franc benefited from expectations that certain Middle Eastern oil producers would diversify heavily out of dollars. But these inflows did not cumulate. Moreover, in the midst of turbulent events, most traders were hesitant to take positions that would affect their year-end accounts. As the market thinned out during December, the franc responded mainly to the ebb and flow of commercial orders. On balance, sell orders mainly from U.S. and German corporations repatriating dividends ahead of the year-end outweighed the demand for francs by Swiss corporations, and the franc eased lower toward the year-end.

Early in January, the franc was caught up in a wave of demand as part of the market's initial response to the Soviet invasion of Afghanistan. In response, the Federal Reserve sold $22.7 million equivalent of Swiss francs, financed by drawings on the swap line with the Swiss National Bank, while the Swiss authorities bought dollars in Zurich and in New York through the Federal Reserve Bank of New York as agent. This intervention helped blunt the franc's rise. Moreover, the continuing increase in Swiss inflation was still of concern, and market participants were keenly aware that interest differentials adverse to the franc had widened further.

Once the mark started to ease against the dollar, the franc declined even faster to end the six-month period under review at SF 1.6325, up $1^3/_4$ percent on balance against the dollar. Against the German mark, however, the franc declined $3^1/_2$ percent over the six-month period. By the end of January, the Federal Reserve was able to liquidate in full its swap debt with the Swiss National Bank, using the proceeds of interest earnings on franc-denominated balances as well as some francs acquired in the market. Switzerland's foreign exchange reserves declined $1.6 billion from September levels to $13.1 billion on January 31.

JAPANESE YEN

Over the course of 1979, the previous efforts by the Japanese authorities to boost domestic demand and to reduce excessively large trade and current-account surpluses took hold. A strong revival in consumer spending and an upsurge in business investment promoted a far more rapid rate of growth, at 8 percent or more, of industrial production in Japan than in any other major country. It also generated a sharp upturn in all types of imports, at a time when the prices of oil and other imported commodities were mounting rapidly.

Export and import volumes continued to respond to the earlier appreciation of the yen and to various administrative programs designed specifically to reduce the trade surplus. As a result, the current account swung from a record $16.5 billion surplus in 1978 to near balance in the first half of 1979, and into progressively deeper deficit thereafter. The large deficit on the capital account also continued during the first half of the year, and the implication of the oil shortage for Japan weighed on the yen. The exchange markets reacted to these developments in the spring and summer, and from the beginning of the year to the end of July the yen declined a net $10^1/_2$ percent against the dollar. During that time the Bank of Japan had intervened in substantial volume and foreign exchange reserves plummeted by $8 billion to $21.0 billion.

By the opening of the period under review, the thrust of Japanese economic policy was shifting from stimulus to restraint. The authorities were concerned that the yen's depreciation and the sharp rise in prices of oil and other imported commodities were adding to inflationary pressures, particularly on the wholesale level. Consequently, government investment expenditures—the main force sustaining the domestic expansion in earlier years—were trimmed back to ease capacity constraints in the construction sector and to combat the growth of the budget deficit. Moreover, monetary policy turned less accommodative as signaled by a full-percentage-point increase in the Bank of Japan's discount rate to $5^1/_4$ percent in late July. These actions, particularly on the monetary front, helped bring the exchange market into better balance, and the yen rate traded quietly between ¥216 and ¥218 during most of August.

Beginning in late August, however, the yen came under renewed selling pressure, as concern over Japan's vulnerability to oil-supply disruptions resurfaced. In the face of disarray in the world oil markets, importers in Japan, as elsewhere, sought to anticipate future oil needs. In the process, spot oil prices began rising sharply once again, and the demand for dollars to pay for oil weighed on the exchange market for the yen. Exchange market participants came to fear an even more massive oil import bill for Japan than previously expected. Consequently, the yen resumed its decline, prompting other Japanese importers to hasten to cover their future needs while exporters held off converting their dollar receipts.

Meanwhile, the combined force of the depreciation of the yen and the rise in prices of petroleum and other imported commodities had an explosive effect on the wholesale price index, which accelerated to an annual rate of 18 percent by September. Steps to deal with these problems were widely discussed, but action was postponed through early October, largely because Japan was in the throes of an election campaign. Even after the election, on October 7, the market was concerned that the unexpectedly small majority for the ruling Liberal Democratic Party and intense strains within that party would leave little scope for decisive action on the part of the Japanese government. The upward trend in interest rates abroad, punctuated by the jump in interest rates in the United States following the Federal Reserve's October 6 measures, led to a heavy outflow of capital from Japan.

To blunt the yen's decline in the late summer and early fall, the Japanese authorities intervened heavily in the exchanges. Most of these operations were conducted in Tokyo, but some were carried out in New York through the Federal Reserve Bank of New York as agent. In October the Japanese authorities also initiated restraints on capital outflows, closely monitoring foreign borrowing in the yen bond market as well as foreign currency syndicated lending on the part of Japanese banks and other financial institutions. On November 2 the Bank of Japan raised its discount rate 1 percentage point to 6¼ percent. By that time, Prime Minister Ohira had mended important political fences so that attention could be turned to the variety of economic problems facing the government.

International events nevertheless continued to weigh on exchange market sentiment toward the yen. Skyrocketing spot oil prices and leapfrogging of official prices by OPEC members were seen as especially ominous for Japan. The crisis in United States-Iranian relations exacerbated these concerns, since some 10 percent of Japan's oil imports had come from Iran. Market sentiment toward the yen, therefore, remained bearish, and the yen continued to decline through late November. By November 27, the yen had dropped to as low as ¥251.50, some 13 percent below the levels in late August. Reflecting the heavy intervention by the Japanese authorities, official reserves declined $4.8 billion to $16.2 billion by the end of November.

On November 27 the Finance Ministry and the Bank of Japan jointly announced a series of measures to support the yen. The authorities suspended the import settlement scheme providing Japanese commercial banks with lost-cost yen import financing, decided to increase ceilings on the amount of foreign currency convertible into yen by banking institutions (both domestic and foreign), and tightened reporting requirements on the foreign exchange dealings of banks and major trading houses. At the same time, to counter domestic inflationary pressures, the Ohira government initiated major restraints on already scheduled public works expenditures, substantially slashing the amount of such outlays for the January to March 1980 quarter. The Bank of Japan followed up on these measures with forceful intervention in the exchanges. These various actions helped settle the market, and the yen began to firm somewhat. Beginning in early December, capital outflows tapered off sharply, and the yen came into demand by some countries seeking to diversify their reserves.

In this generally more balanced atmosphere, the yen weathered the uncertainties arising out of the inconclusive OPEC meeting at Caracas in mid-December and the generally heightened world tensions as a result of the Soviet invasion of Afghanistan. The yen rate firmed through mid-December and advanced to as high as ¥230.90 in early January. The yen's rally was not sustained, however. Final figures for 1979 showed a current-account deficit of $8.6 billion, and there was little expectation in the market of any early reversal in view of the unfavorable outlook for Japan's oil import bill, particularly as a further round of official oil price increases was precipitated by OPEC members. The continuing upsurge of wholesale prices also remained a concern, and market participants noted the continuing unfavorable interest rate differential between investments in yen and placements in most other major currencies. By the end of January, the yen had settled back to around ¥239, some 5 percent above its November lows. Japan's foreign exchange reserves showed little further change in December and January, ending the period at $16.8 billion as compared with $21 billion at the end of July.

STERLING

From early in 1979, sterling had advanced sharply as the positive implications of Britain's near self-sufficiency in oil and the pull of high interest rates more than offset concern about Britain's domestic inflation. The markets were further impressed by the tough anti-inflationary measures taken in June by the new Conservative government headed by Margaret Thatcher. By mid-July, sterling had been bid up to as high as $2.3324 before dropping back to $2.2480 at the month-end. The pound had also advanced in trade-weighted terms to as high as 74 percent before closing at 72.7 percent of its Smithsonian parities. From the beginning of the year, Britain's foreign currency reserves had risen by $2.3 billion to $19.2 billion as of July 31.

In August and September, sterling lost some of its buoyancy. During August, the market reacted adversely to a jump in consumer prices to a rate of 15.8 percent per year, which, however, partly reflected the government's decision to raise the value-added tax as an offset to a cut in personal income taxes. Moreover, there was some concern that the gradual easing of exchange controls, announced as part of the Conservative government's budget message, might lead to heavy outflows of funds. But with the domestic money market remaining tight, sterling held fairly firm until early September.

In September, key elements of the Thatcher program were coming under challenge as organized labor showed signs of increasing restiveness. The latest pay settlements showed that wage inflation was still accelerating, with even larger wage demands still to be negotiated. Domestic uncertainties were thus viewed in the market as limiting the pound's upside potential for the time being, and sterling declined against the dollar.

Meanwhile, the German mark had come into heavy demand against both the dollar and the other currencies within the EMS that were linked by formal intervention limits. Sterling is not part of that intervention arrangement. But some traders shifted funds out of the pound into the mark on the possibility that sterling might be brought into the EMS at a depreciated rate. A formal adjustment of the currencies linked to the mark within the EMS on the weekend of September 22–23 relieved the immediate strains among those currencies as well as on the pound's relationship to the mark. Over the next weeks, the pound joined in the broader swings of European currencies against the dollar, rising as the dollar weakened through late September, dropping back in response to the tightening measures by the Federal Reserve in early October, and then settling in around the $2.15 level toward midmonth.

By this time, however, the British authorities were facing an important policy dilemma. Domestic economic growth had virtually stalled, and many analysts were projecting a downturn in 1980. Nevertheless, the case for stimulus was weakened by several facts: inflation was still accelerating; the international trade and current-account deficits were still large; the demand for credit was very strong, both by private companies and by the public sector; and the monetary aggregates continued to rise sharply. Unlike rates in most other countries, interest rates in the United Kingdom, while still high by international comparison, had not risen since June. As a result, favorable interest differentials had progressively narrowed. In late October, the authorities took the calculated risk of eliminating the remaining exchange controls on resident outflows of funds. Although the actual movement of funds was not large, market participants expressed concern that the potential for outflows added to the downside risk for sterling. Spot sterling on November 2 dropped back to as low as $2.058 with the Bank of England intervening to smooth the decline. On balance, from August through October, Britain's foreign currency reserves declined by $1.1 billion.

Sterling steadied over the next days, as traders began to trim positions in anticipation of a hike in interest rates in the United Kingdom. Such a move was widely expected in view of the growing difficulty facing the authorities in placing gilt-edged securities at current rates. When the action came, it exceeded market expectations. On

November 15, the Bank of England's minimum lending rate was jumped by 3 percentage points to a record 17 percent. This move was accompanied by a strong statement by the authorities that they would not accommodate the recent surge in monetary growth. In addition, the supplementary special deposit scheme, the "corset," was extended for a further six months; banks were subsequently asked not to avoid the corset by recourse to the Eurosterling market. After the announcement of these new measures, the government was able to resume financing its deficit, selling large amounts of gilt-edged securities. The higher interest rates prompted renewed bidding for sterling, which advanced to $2.1920 at the end of November.

By that time also, the political crisis in Iran and the U.S. freeze of Iranian assets had generated fears that oil supplies would be cut off, that Iran would decide to take payment for oil in currencies other than the dollar, and that funds would move out of the dollar. Individual OPEC members announced new increases in the price of oil, and this leapfrogging continued even after OPEC's semiannual meeting in Caracas. Among the industrial countries, the United Kingdom was seen in the market as especially able to protect itself in view of the following considerations: an assured supply of oil from the North Sea, an oil-pricing policy linked to current world prices, close traditional relationships with many OPEC members currently piling up reserves, capacious money and capital markets available to foreign investors, and higher interest rates than available almost anywhere else.

Consequently, during the period of international tensions in late 1979 and early 1980, heavy flows of funds came into sterling from the Middle East, Europe, and the United States. As the spot pound began to rise, commercial leads and lags swung in favor of sterling, adding to the upward pressure on the rate. The Bank of England intervened to smooth the rise in the rate but did not meet the market's full demand for sterling lest more substantial intervention might undercut the authorities' domestic monetary policy objectives. As funds continued to flow into sterling, market professionals sensed more upward potential in sterling than in other European currencies. As a result, even though the dollar firmed somewhat against other European currencies in January, sterling continued to advance across the board to as high as $2.2950 by midmonth. The rate dropped back on concerns that the outbreak of a national steel strike could lead to a major challenge to the government's wage policies. The influx of hot money funds nevertheless continued, and the spot rate closed firm at $2.2715 on January 31. Both against the dollar and on a trade-weighted basis, sterling rose almost $1\frac{1}{2}$ percent over the six-month period. Largely reflecting the intervention late in the period, the United Kingdom's foreign currency reserves moved back up to $18.9 billion as of January 31, for a $300 million decline on balance.

French Franc

By the time of the formal inauguration of the EMS in March 1979, the French franc was trading comfortably in the middle of the new joint floating arrangement and, against the German mark, around levels prevailing at the time the EMS had first been proposed. The relative buoyancy of the franc reflected in part an improvement of France's economic performance after several years of stabilization policies aimed at curbing inflation, securing a strong balance of payments, and improving the competitiveness of French industry. France's current account had swung into surplus. Also the rate of inflation, after a brief upsurge in response to the government's relaxation of longstanding price controls, had fallen back to around 9 percent by early 1979. In addition, the franc was bolstered by relatively high interest rates at home that reflected a continuation of the rather restrictive monetary policy directed to narrowing France's remaining adverse inflation differentials vis-a-vis its key trading partners, particularly Germany.

Around midyear, however, market participants began to question whether the franc could maintain its relative firmness. Inflation in France as elsewhere picked up considerably in response to the upsurge in international oil prices. The government's increase in public utility charges and household rents, part of its longer-term strategy of decontrolling prices and reducing public-sector financing needs, also contributed to the overall rise in domestic prices. Meanwhile, unemployment was high and increasing again, even as economic growth remained reasonably strong, partly because of the rapid growth of the labor force and partly because of the shift in policy emphasizing a shakeout of inefficient labor to moderate unit labor costs and to increase competitiveness. Traders became concerned that the French authorities might not have as much scope as those in Germany and elsewhere to tighten monetary policy in response to the rekindling of inflationary pressures. The authorities in fact allowed domestic money market rates to rise, thereby maintaining interest differentials favorable to the franc. Moreover, to the extent that the franc came under selling pressure within the EMS, the Bank of France intervened increasingly through sales of German marks rather than exclusively in dollars, so as not to aggravate pressure on the dollar at the time. As the exchange markets became more settled in early August, the franc steadied within the EMS and traded around FF 4.25 against the dollar. With the impact of the intervention more than offset by valuation adjustments, especially those associated with the French entry into the EMS, official foreign exchange reserves rose to $14.5 billion by the end of July.

By September, however, concerns about the prospects for the French economy intensified. Efforts to improve upon business profitability had failed to generate a strong revival in private investment as had been hoped. Consequently economic growth tapered off, as consumption began to slow under the influence of rising inflation, increased social security contributions, and sluggish real wages. Also, the current-account surplus was being eroded by a sharp swing of the trade account back into deficit. The favorable impact of the franc's appreciation during 1978 on France's terms of trade had run its course. Moreover, a buildup of stocks and inflation-induced anticipatory purchases underpinned a more rapid growth of import volume, while markedly higher oil prices bloated import values. As these developments brought the government's economic policies under growing domestic criticism and cast doubt on the durability of the Barre government's austerity program, market confidence in the franc weakened just as the technical review of the EMS approached. Expectations grew that the franc, along with the other EMS currencies, would be adjusted downward against the German mark, which again was rising rapidly against the dollar in the exchanges. Adverse commercial leads and lags and speculative short positions built up against the franc. Thus, the French currency fell toward its lower limit against the mark within the joint float even as it gained $2^1/_2$ percent against the dollar to trade around FF 4.15. As selling pressures intensified, the Bank of France once again intervened forcefully, selling substantial amounts of marks almost every day during September.

Over the September 22–23 weekend, as part of an overall realignment within the EMS, the parity of the franc was cut 2 percent against the mark. Meanwhile, the authorities had presented their policy proposals for 1980, reflecting a continued commitment to fight against inflation while boosting employment largely through selective measures. The Bank of France reinforced the cautiously restrictive stance of monetary policy by maintaining, in the face of higher inflation, the 11 percent target for monetary growth in 1980. The government's draft budget projected a slight reduction of the government's borrowing requirement to 1.5 percent of gross national product (GNP) as a result of some tax increases and stricter limits on current expenditures. At the same time, investment expenditures were increased and youth employment programs were expanded. These actions helped clear the air. Once the speculative pressures in the exchange market dissipated, following the October measures of the Federal Reserve, the selling of francs dried up. Indeed, as French interest rates continued to rise, thereby preserving the favorable interest differential on franc-denominated assets vis-a-vis mark-denominated instruments, funds began to flow back into the franc and previously adverse leads and lags started to be unwound. These reflows provided sufficient support to the spot rate that it held steady around FF 4.20 through late October and early November even as the current-account surplus narrowed further.

In the aftermath of the sharp deterioration in relations between the United States and Iran and the U.S. freeze of Iranian assets in mid-November, demand for the franc gathered momentum.

France's traditionally good relations with the Middle East benefited the franc in two ways. Part of any anticipated increase in OPEC's dollar sales was expected to gravitate into the franc and, in fact, some inflows from the Middle East did materialize. In addition, market participants felt that the impact of potential oil supply disruptions resulting from the Iranian crisis would be less severe for France than for most other major economies. In this atmosphere, French residents accelerated their spot and forward franc purchases, while nonresidents increasingly covered short positions taken up earlier. Consequently, the franc moved to the top of the EMS in mid-November. These inflows tapered off after the passing of the year-end, but somewhat more favorable figures on output, employment, and prices moderated some of the earlier concerns about prospects for the French economy. The franc then recovered, trading at the close of the period at around FF 4.07 against the dollar, and rebounded to the upper end of the joint float.

During the last $2\frac{1}{2}$ months of the period, the Bank of France on occasion intervened both to moderate the rise in the rate and to keep the franc within the obligatory EMS margin of $2\frac{1}{4}$ percent. These operations, which more than offset earlier intervention sales, together with revaluation adjustments, contributed to a $3.3 billion rise in France's foreign exchange reserves over the six months to $17.8 billion on January 31.

Italian Lira

Following the implementation of the EMS in the early spring of 1979, the Italian lira moved quickly to its 6 percent upper limit and traded for several months at the top of the new joint float. Underpinning the lira was Italy's current-account position, which, after having registered a $6.4 billion surplus in 1978, remained in sizable surplus even as the economy expanded through the early spring. In addition, the lira was buoyed by high domestic interest rates and restrictions on domestic credit expansion, which encouraged Italian commercial banks and companies to satisfy their financing needs through external borrowings. With the lira in heavy demand, the rate moved up to LIT 818.70 by July 31. Meanwhile, the authorities bought substantial amounts of dollars, increasing Italy's foreign exchange reserves to $17.6 billion by July 31 even after repayment of some official debt.

By summer, Italy's inflation performance was again a major cause for concern. Prices had accelerated to 14 to 15 percent per annum, largely in response to increased economic growth and rising import prices, and were expected to reach 17 to 18 percent by the year-end once the dramatic rise in international oil prices worked its way through the economy. An unsettled political situation ahead of the elections in June had prevented parliamentary approval of the longer-range stabilization program, which aimed at diminishing the size of the government deficit in relation to GNP while also orienting expenditures increasingly toward productive investment. Indeed, capital projects had been delayed and the public-sector borrowing requirement was taking up an even larger share of GNP. Moreover, major wage contracts already signed pointed to sizable pay raises above and beyond the comprehensive cost-of-living increases provided under the *scalamobile*. The June election resulted in a loss for the Communist Party and in its return to opposition and produced a coalition minority government headed by the Christian Democrats.

To moderate inflationary pressures, the authorities absorbed surplus liquidity by placing government bonds with the banks and, increasingly, with the general public. Also, the government continued to use some of the increase in foreign exchange reserves to repay outstanding official debt. With respect to interest rates, however, the authorities faced a dilemma. Given the acceleration of inflation, interest rates appeared low from a domestic standpoint. But the current-account surplus was already creating excess demand for the lira in the exchanges and the central bank was already intervening and facing the associated risk of a renewed burst in money supply growth. Consequently, Italian interest rates were kept fairly stable through the summer. Even so, with tourist receipts exceptionally strong, the lira appreciated more rapidly against the dollar than most European currencies and was trading at LIT 812.00 in early September.

During September when strains developed within the EMS, the lira continued to trade at the top of the joint float. It was nonetheless adversely affected by the continued firming of interest rates abroad, which narrowed differentials in favor of lira placements. As earlier capital inflows dried up and even began to be reversed and as tourist receipts tapered off, the lira began to decline within the EMS and the Bank of Italy sold some dollars to support the rate. Then, following the realignment of the currencies within the joint float, which included a downward adjustment of 2 percent for the Italian lira against the German mark, the lira emerged well away from the upper intervention point. The authorities, therefore, had greater scope to raise interest rates to counter increasing domestic inflationary pressures. On October 8 the discount rate was hiked $1\frac{1}{2}$ percentage points to 12 percent. But in view of the sharp advance in foreign interest rates, particularly Eurodollar rates, Italian banks and companies continued to repay previously uncovered Eurocurrency debts and the lira declined more rapidly than other European currencies against the dollar. By mid-November the lira had fallen to the middle of the EMS band, while dropping off $2\frac{1}{2}$ percent to LIT 832.50 against the U.S. currency.

Meanwhile, the less buoyant economic outlook for other countries diminished Italy's export prospects in the months ahead. Consequently, the government's 1980 draft budget sought to provide some stimulus through tax relief, to alleviate the risk of an abrupt economic slowdown. Concern developed, however, in view of the already massive fiscal deficit, the public's growing reluctance to buy long-term government debt, the already high rates of domestic inflation, and the renewed rise in international oil prices that was likely to exacerbate inflation further.

On December 6, the Bank of Italy again acted to tighten monetary policy, by hiking the discount rate 3 percentage points to 15 percent and by tightening credit ceilings. Initially, the boldness of these initiatives was undercut by the lag in Italian short-term interest rates behind the official rate increase. Also, Saudi Arabia's decision to suspend oil deliveries in the wake of reported irregularities in the arrangement of a major oil supply agreement prompted fears that Italy would soon be faced with an oil shortage. By the year-end, however, domestic liquidity had become exceedingly tight, and Italian money market rates, after adjusting more fully to the rise in the discount rate, increased to 18 percent or more. Moreover, the government moved unexpectedly to curb energy demand by raising domestic prices of gasoline, heating oil, and electric power. In view of these developments, sentiment toward the lira improved somewhat. Consequently, as the dollar firmed in the final weeks of January, the lira eased back somewhat less than the German mark and most other European currencies. In fact, by the month-end the lira was again trading nearly at the top of the EMS and, at LIT 807.50, was $1\frac{3}{8}$ percent higher against the dollar over the six-month period under review. Meanwhile, Italy's foreign exchange reserves increased to $18.5 billion as of January 31.

European Monetary System

After having been launched in March, the EMS, with intervention arrangements among seven of the member currencies of the European Community, had experienced some tugging and pulling among exchange rate relationships but no major strains. The authorities had initially planned to review some of the technical features of the EMS mechanism after the first six months of operation. As this review approached in September, some strains began to build within the array of currencies in the joint float in view of disparities in economic performance, current-account positions, and inflation rates among the participants.

Even though the German mark's sharp rise against the dollar pulled up all the EMS currencies and helped reduce inflationary pressures in the member countries, serious questions remained about whether all the currencies could keep pace with the mark. Belgium and Denmark in particular faced widening current-account deficits even though their economies were sluggish and unemployment remained high. The Dutch current account was also in deficit, although the gap was reduced by large exports of natural gas. Increases in the price of oil widened the payments imbalances of all joint float members. But the market remained fearful that many countries with large deficits would be unable to attract sufficient capital inflows to maintain existing parities within the joint float.

During September, while European monetary officials were engaged in their scheduled six-month review of the new currency arrangement, exchange market participants began to speculate on a change in parities within the joint float. By late September, funds were flowing heavily into the mark out of other member currencies, which then fell toward the bottom of the joint float. In response, the respective central banks intervened heavily, mostly by selling marks against their own currencies.

On September 23, the EMS currencies were realigned, with a 5 percent upward adjustment of the mark against the Danish krone and a 2 percent upward adjustment against all other member currencies. This adjustment, together with the Federal Reserve's October 6 announcement of new measures to restrain monetary growth, reduced the immediate strains within the EMS. The mark moved back toward the center of the realigned joint float, while the lira, the French franc, and the krone traded toward the top. The Irish pound and the Dutch guilder fluctuated in the middle of the band, while the Belgian franc remained near the bottom.

The EMS currencies traded in a fairly well-balanced market during the rest of October and into November. But flows of funds back out of the mark remained modest. Meanwhile, the current-account deficits of all member countries continued to widen, and in late November strains reappeared in the markets for the currencies of these countries.

The Dutch authorities responded by raising interest rates sharply and squeezing domestic liquidity. As short-term interest rates snapped higher, the guilder rebounded to trade firmly in the upper half of the joint float by mid-December. The French and Italian authorities responded in a similar fashion, and the French franc and Italian lira strengthened within the EMS. In Ireland, interest rates had remained firm throughout the period, and the Irish pound traded comfortably in the joint float through the end of January.

By contrast, on November 30 the Danish authorities announced a further 4.76 percent downward adjustment in the krone's parity against other EMS members. This move was linked to the government's announcement of a new economic program, combining staff wage and price restraint with heavier taxation. Following these actions, the krone rose briefly to the top of the joint float before moving back toward the bottom where it required further official support in January.

The Belgian franc also came under persistent selling pressure within the joint float. These pressures reflected a widening of the Belgian current-account deficit to $3 billion in 1979, linked to an increasing budget deficit. The Belgian authorities reacted to these pressures by intervening heavily and raising domestic interest rates. But political and social difficulties reduced the government's ability to deal forcefully with the country's underlying payments imbalances. The increases in Belgian interest rates were not sufficient to prevent capital outflows as foreign interest rates rose even more sharply. Moreover, the two downward adjustments in the Danish krone left the franc even more exposed. In response, the Belgian authorities sold large amounts of dollars and other EMS currencies, financing this intervention mostly out of the foreign exchange proceeds of government borrowings. The franc thus stayed above the floor of the joint float through the end of January.

Canadian Dollar

Through early 1979, exchange market sentiment toward the Canadian dollar had been pessismistic. Canada's trade and current-account positions had not improved as rapidly as had been hoped, leaving a gap of some $5 billion to $6 billion to be financed by capital inflows. Moreover, international borrowings by Canada's provincial and municipal corporations tapered down. This left the Canadian dollar dependent on interest-sensitive capital flows and other potentially volatile sources of funds to cover the current-account deficit. But the strain in international oil markets over the course of the year changed the market atmosphere for the Canadian dollar. Canada's wealth of natural resources sheltered it from the uncertainties facing other industrial countries regarding energy supplies and even afforded it the opportunity to increase its exports of natural gas. In addition, interest rates in Canada had risen to levels that attracted funds from abroad. As a result, the Canadian dollar bottomed out in early February, and though it had been higher during the spring, the spot rate was still up on balance by $2^3/_4$ percent at Can.$1.1700 by the end of July. Net intervention purchases of U.S. dollars during that recovery plus the dollar proceeds of medium- and long-term borrowings in Swiss francs and Japanese yen enabled the Canadian authorities to make large repayments on outstanding drawings under the standby facilities with commercial banks. Foreign exchange reserves stood at $2.1 billion through the end of July.

In August and early September, the Canadian dollar nevertheless was again vulnerable to bouts of selling pressure. The most recent figures suggested that Canada's trade performance remained disappointing. Production was running up against capacity restraints in key export industries, and import substitution in response to the previous decline in the exchange rate was proceeding surprisingly slowly. In addition, inflation was accelerating, the budget deficit was already large, and the fiscal gap was likely to widen further if domestic energy prices were not soon brought up to international levels. Moreover, the continuous rise in interest rates in the United States and Western Europe was squeezing out the interest differentials favorable to Canada. As a result, the Canadian dollar came on offer from time to time.

On September 10 the Bank of Canada raised its discount rate $^1/_2$ percentage point to $12^1/_4$ percent, a move that was well received in the market, and restored favorable interest differentials for a time. Later in the month, inflows from Europe and the Middle East in advance of another OPEC meeting helped push the Canadian dollar up to as high as Can.$1.1563 by September 28. Also, the Canadian dollar was bid up by conversions of external borrowings of some government agencies and private corporations. But this buoyancy was short lived in view of the substantial increase in interest rates in other countries, particularly in the United States following the Federal Reserve's October 6 measures. Selling pressure on the Canadian dollar resumed. On October 9, Canada raised its discount rate a further $^3/_4$ percentage point to 13 percent. But commercial leads and lags moved heavily against the Canadian dollar, and the rate dropped some $2^1/_2$ percent to as low as Can.$1.1881 by October 23. The Bank of Canada responded to these pressures by intervening to moderate the decline in the rate. On balance, Canada's official reserves declined a net $183 million to $1.9 billion in the three months ending October 31.

By early November, however, the outlook for the Canadian dollar began to improve. The Bank of Canada had moved further in the direction of monetary restrictiveness by raising its discount rate again, this time by a full percentage point to 14 percent on October 25. Export figures for the year to date were revised upward, which led forecasters to scale back their estimates of the 1979 current-account deficit, eventually to $5 billion. The crisis in Iran shifted much of the market's focus back to concerns about energy. Traders therefore moved to cover short positions, and some adverse commercial leads and lags were unwound. Moreover, the reappointment of Bank of Canada Governor Bouey and Deputy Governor Lawson to new seven-year terms was welcomed in the market as signaling a continuing policy of restraint. In this environment, expectations grew that the government's budget, to be announced in mid-December, would tilt cautiously toward restraint. By early December the Canadian dollar had risen to Can.$1.16.

As expected, the December 11 budget message focused on the need to cut Canada's fiscal deficit and to raise domestic energy prices. Two days later, however, the Clark government lost a vote of confidence on its budget proposals, forcing a national election. Although the Canadian dollar initially came on offer, a net influx of funds continued in response to Canada's attractive interest rates and favorable energy availability. The spot rate soon bounced back, and by January the Canadian dollar was in strong demand. Following news of a 30 percent increase in natural gas export prices as well as of a larger-than-expected November trade surplus, the rate rose to as high as Can.$1.1566 on January 24.

By that time, concerns that the general election to be held in mid-February might result in another minority government began to dampen demand for Canadian dollars. Moreover, another advance in U.S. interest rates, including a particularly sharp rise in bond yields, weighed on the Canadian dollar, which drifted back to Can.\$1.1574 on January 31. On balance, over the six-month period, the Canadian dollar rose $1^1/_8$ percent.

Meanwhile, purchases of U.S. dollars by the Bank of Canada over the last three months of the period, together with sales of more than 250,000 ounces of gold at market prices (well above book value), were used to repay remaining drawings under the short-term credit facilities with Canadian commercial banks. The short-term revolving standby facilities with Canadian banks and with foreign banks remained available to the government of Canada. Canada's foreign exchange reserves changed little during the last three months of the period and stood at \$1.9 billion as of January 31, down \$199 million net over the six-month period. □

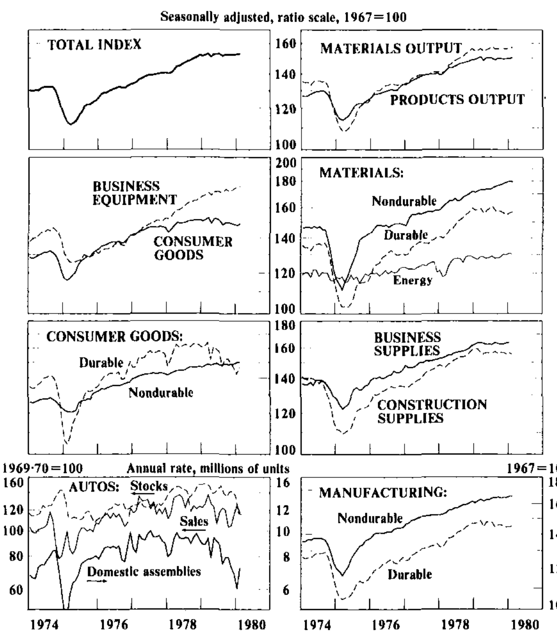
Industrial Production

Released for publication March 14

Industrial production edged up 0.2 percent in February, mainly reflecting increased output of automobiles, trucks, and related parts from very low levels in January. Aside from the large increase in motor vehicles, production in most industries showed little change or declined somewhat. At 153.0 percent of the 1967 level, the index for February is 0.7 percent above its level a year earlier and equal to its recent high in March 1979.

Output of consumer goods increased 0.9 percent in February, due mainly to the rise in autos and utility vehicles. Autos were assembled at an annual rate of 7.2 million units—about 19 percent higher than the rate in January but still about 19 percent below that in February 1979. Home goods production, such as appliances and furniture, declined 0.6 percent, while production of nondurable consumer goods increased slightly further in February. Primarily because of increases in transit equipment and building and mining equipment, output of business equipment rose 0.3 percent; this rise followed increases of 0.6 percent in January and 1.0 percent in December. Output of construction supplies decreased 0.8 percent.

Output of materials edged down in February, reflecting declines in the production of basic steel, nondurable goods materials, and energy materials. Among durable goods materials, output of parts for consumer durable goods increased more than 3 percent due to the large rise in automobile assemblies, while production of equipment parts declined 0.5 percent after a rise of 2 percent in January.



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

Industrial production	1967 = 100		Percentage change from preceding month						Percentage change Feb. 1979 to Feb. 1980
	1980		1979				1980		
	Jan.[p]	Feb.[e]	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
Total	**152.7**	**153.0**	**.5**	**−.1**	**−.1**	**.1**	**.3**	**.2**	**.7**
Products, total	149.8	150.4	.8	−.2	−.1	.2	.1	.4	.3
Final products	146.9	147.9	1.1	−.3	−.1	.2	0	.7	.7
Consumer goods	147.8	149.2	1.0	0	−.5	−.4	−.3	.9	−1.5
Durable	142.4	146.6	2.9	.5	−2.2	−1.7	−2.9	2.9	−9.0
Nondurable	149.9	150.2	.3	−.2	.1	.2	.6	.2	1.7
Business equipment	175.2	175.7	1.2	−.9	.3	1.0	.6	.3	4.0
Intermediate products	160.3	159.9	−.5	0	0	−.1	.4	−.3	−.9
Construction supplies	156.7	155.5	−.6	3	−.1	−.6	.6	−.8	−2.4
Materials	157.2	157.1	.2	0	.1	−.2	.7	−.1	1.2

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

Statements to Congress

Testimony of Peter M. Keir, Assistant to the Board of Governors of the Federal Reserve System, before the Subcommittee on Conservation and Credit of the Committee on Agriculture, U.S. House of Representatives, February 12, 1980.

Mr. Chairman, I am pleased to respond to your request for an assessment of how well coordination between the Commodity Futures Trading Commission (CFTC) and the Federal Reserve has worked in the areas of our mutual interest. One of my functions has been to serve as the Board's liaison officer to the CFTC on questions involving markets for Treasury futures. I am accompanied by Donald Kohn who as chief of the Board's Capital Markets Section has participated in much of the research we have been doing on financial futures.

As you know the 1978 legislation that renewed the authority of the CFTC to regulate futures markets also directed the Commission to elicit the advice of the Treasury and the Federal Reserve before authorizing any additional futures contracts calling for delivery of Treasury securities. When reviewing this advice, the Commission is expected to assess the likely effects of such contracts on the debt management responsibilities of the Treasury and on the general efficiency and integrity of cash markets for U.S. government securities.

In the period since passage of the 1978 act, the CFTC has taken the lead in assuring needed coordination with the Treasury, the Federal Reserve, and the Securities and Exchange Commission (SEC). Shortly after the 1978 legislation was signed, the Commission invited these agencies to participate with it on an informal interagency coordinating committee. This group has served since then as a useful forum for face-to-face discussion of common problems.

At the time the authority of the CFTC was renewed, a sizable number of requests had accumulated for additional new contracts in Treasury futures. These requests sought to extend trading to additional commodity exchanges and to types of contracts not previously traded—involving the delivery of intermediate-term Treasury securities—as well as long-term bonds and bills. Since the bill and bond contracts already trading were then showing rapid growth, the 1978 requests for additional new contracts raised important questions regarding the possible impact of such contracts on the basic cash market for Treasury securities. The answers to these questions were important to the Treasury and to the Federal Reserve because an effectively functioning cash market in government securities is critical both to the successful execution of federal debt management and to the effective implementation of Federal Reserve open market operations.

To assure a considered assessment of such questions, the Treasury and the Federal Reserve urged the CFTC to defer approval of the large backlog of pending requests for new Treasury futures contracts until their economic implications could be more carefully evaluated. The two agencies volunteered to undertake and complete such a study by the spring of 1979. The CFTC acknowledged that a study of this type would be beneficial if it could be completed expeditiously.

In retrospect, we believe this pause for a more considered evaluation of the proposed expansion in Treasury futures contracts was very useful. We believe it helped both us and the CFTC to gain a better understanding of the developing interaction between the cash and futures markets in Treasury securities. In addition, the study provided a full interchange of ideas on what appeared to be deficiencies in the specification of deliverable supplies for some of the proposed (as well as some existing) Treasury futures contracts.

During the course of our study we had several extended discussions with members and staff of the CFTC. Once our report and recommendations were completed, the CFTC reviewed them thoroughly and responded with a detailed set of counterproposals. They accepted some of our suggestions, adapted others in alternative ways that seemed reasonable, and explained their reasoning regarding points on which they disagreed. In the roughly nine months that have elapsed since our study was completed, discussions with the CFTC on additional new contract proposals have continued in the same cooperative vein. In short, the record of interagency coordination on Treasury futures contracts has been good.

This does not mean, however, that all of the Federal Reserve's questions and concerns about markets for Treasury futures have been resolved. For example, we would have preferred that the CFTC adopt a more gradual timetable than it did in the extension of new contracts to additional maturity areas and to competing exchanges—even though we acknowledge that the drive for competitive equity among exchanges would have made the implementation of such a gradual timetable difficult.

The liberal approach actually followed by the CFTC in authorizing a broader range of contracts on additional exchanges does not appear thus far to have added seriously to pressures on deliverable supplies, at least partly because the recently authorized contracts have not attracted much of a following. Instead, most of the continued expansion of trading in Treasury futures has occurred in the limited number of older contracts that have developed a high degree of liquidity. This pattern of growth is about what had been predicted by old hands on the commodity exchanges, who had urged the CFTC to authorize new contracts freely and then to allow market competition to determine which contracts survived. However, it still remains to be seen whether pressures on deliverable supplies from new contracts will intensify once the better capitalized New York Futures Exchange enters the competition and the New York Commodity Exchange gains more experience with its still relatively new contracts.

Among the older high-volume contracts, performance has generally been satisfactory. However, the fact that deliveries on the Chicago Mercantile Exchange's (CME) active three-month Treasury bill contract are limited to a single maturity has on occasion exerted pressure on the deliverable supply and created some distortion of yield relationships in the cash market. One such situation developed last spring when demands for delivery on the June contract threatened to run very high. At that time, speculators were widely expected to seek delivery on a significant part of their heavy long positions, in order to profit from a cyclical downturn in interest rates that appeared to be developing. If interest rate expectations had not been abruptly reversed by the publication of unexpectedly strong economic statistics around mid-June, deliveries on the June contract could have run much higher and might then have produced larger distortions in the cash market than actually developed.

Again in December of last year, deliveries on the three-month bill contract expanded sharply, reaching a record \$1 billion—or nearly 50 percent of the estimated supply available for delivery in the cash market. The strong interest in taking delivery of bills at year-end appears to have been traceable in part to efforts of some participants to reduce their tax liabilities. Current Internal Revenue Service rules require that losses incurred on futures contracts closed out by offsetting trades be treated as capital losses. However, if delivery is taken on a bill futures contract, and the bill is then sold in the cash market, any loss incurred can be charged against current income.

These recent episodes of pressure on the cash market supply of bills deliverable against regular three-month bill futures contracts have admittedly created fairly minor and short-lived market distortions. These episodes do raise enough questions, however, to warrant further efforts by the CFTC to redefine the terms of bill contracts, so they will be less vulnerable to a squeeze. While the CME argues that its emergency rules are perfectly adequate to cope with the limited number of situations in which a squeeze might develop, the record suggests that commodity exchanges typically have a strong incentive to defer emergency action until the last minute. Given this propensity to temporize, it would seem desirable to avoid such potential problems by respecifying the existing contracts to encompass a broader deliverable supply, so long as this can be accomplished without appreciably reducing the contracts' financial appeal. I understand that the CFTC and the exchanges have been exploring possible ways to achieve this objective, and I hope their efforts are successful.

Looking more broadly at the economic functions being served by markets for Treasury futures, it is clear that the Treasury—as the producer of debt deliverable in these markets—does not have the need to hedge against price changes that farmers do in agricultural commodity markets, or that mortgage bankers do in markets for Government National Mortgage Association securities. In these other markets the production process itself creates the need to hedge. Hedgers using Treasury futures are simply buying an available service that happens to dovetail with their particular financial strategies.

Unfortunately, no reliable statistical measures are available that identify the particular financial objectives being sought by market participants using Treasury futures. Moreover, when hedging does occur, it seldom assumes the classic textbook form of complete risk avoidance. For example, government securities dealers who typically earn a large share of their income by taking positions in anticipation of interest rate changes still frequently find it useful to establish short positions in bond futures as a means of hedging interest rate risks when underwriting Treasury offerings of new longer-term debt. In fact, if dealers had not had access to such hedging possibilities over the past year, the general efficiency of financial markets might well have suffered substantially more than it has in view of the greatly increased interest rate volatility that has developed in this period.

Rough judgments expressed by market participants do suggest that the share of transactions undertaken in Treasury futures for essentially hedging purposes is probably not very large. The bulk of transactions appears to be designed largely to facilitate interest rate speculation, and a growing share of activity apparently reflects efforts to avoid taxes. Of course, some speculators seek to limit their risks by confining their operations essentially to arbitrage transactions—that is, they take positions in anticipation of changes in rate spreads, rather than in anticipation of changes in interest rate levels. But their purpose is still speculative.

In conclusion, it seems clear from the record to date that neither the extreme enthusiasm about Treasury futures markets nor the grave concerns that have sometimes been expressed about these markets have been justified. Most of the time these markets have operated fairly smoothly, and the few signs of problems that have emerged have been fairly well contained. Nevertheless, in markets that have been evolving so rapidly, it is difficult to keep in touch with all of the ramifications and implications of what is happening. Under such conditions, all of the government agencies involved—as well as the market participants themselves—would seem well advised to maintain a close surveillance of future developments to make sure that no significant problems are emerging.

That completes my comments Mr. Chairman. You will note that I have not addressed the subject of stock futures that Chairman Stone referred to this morning as one of the more exotic types of new contract requests. The Federal Reserve as the regulator of margin requirements on trades in stocks and stock options does, of course, also have a special interest in proposals for stock futures. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, February 19, 1980.

I welcome this opportunity—my first—to appear before this committee to discuss the Federal Reserve Board's semiannual report on monetary policy. As required by the Full Employment and Balanced Growth Act of 1978, that report presents the objectives for monetary growth adopted by the Federal Open Market Committee for the coming year and relates those objectives to economic trends over the past year and to the outlook for the year ahead.

In presenting the report to the committee, I would like to make a few more personal remarks about the direction that monetary policy is taking and how those policies fit into a broader framework of action to deal with the evident problems of the economy.

The first point that I would emphasize is that the near-term outlook for real economic activity and employment remains highly uncertain. It never has been easy to forecast the direction of aggregate activity around cyclical turning points, and as one prediction of imminent recession after another has gone awry, the past year has been a particularly humbling experience for economic forecasters.

Important uncertainties continue to cloud the outlook for 1980. One of the most critical questions is whether consumers, faced with lower real incomes and expecting higher prices, will continue to spend an extraordinarily high proportion of their income despite heavy debt burdens and reduced liquidity. Purchasing power is again being absorbed by sharply higher oil prices, and there is no assurance that that process will quickly come to an end. The President has, of course, submitted his budget for fiscal 1981. But international political developments have raised some new questions about prospects for defense spending in the years ahead, and there are uncertainties about other elements in the budget as it makes its way through the Congress.

In looking ahead and making judgments about these and other questions, most members of the Federal Reserve Board have shared the view of the administration and of most other economists that an economic downturn will probably develop sometime this year. However, such a result is by no means inevitable and many forecasters appear to be raising their sights.

Unfortunately, the range of uncertainty with respect to inflation is one of how much prices will rise, not whether. Price increases, at least as recorded in the most widely read indexes, could well accelerate in the first quarter partly because the latest round of oil price increases will be reflected in those numbers. The real question is how much progress can be made in reducing the inflation rate in the latter part of the year.

In the past, at critical junctures for economic stabilization policy, we have usually been more preoccupied with the possibility of near-term weakness in economic activity or other objectives than with the implications of our actions for future inflation. To some degree, that has been true even during the long period of expansion since 1975. As a consequence, fiscal and monetary policies alike too often have been prematurely or excessively stimulative, or insufficiently restrictive. The result has been our now chronic inflationary problem, with a growing conviction on the part of many that this process is likely to continue. Anticipations of higher prices themselves help speed the inflationary process.

Nor can we demonstrate that the result has been beneficial in terms of other objectives. To the contrary, unemployment has been higher in the 1970s than in earlier decades. Growth in productivity has declined. Capital spending has not kept up with the needs of a growing labor force. Financial markets have been disturbed and depressed, and institutions responsible for a substantial share of mortgage financing are coming under strain. The recurrent weakness of the foreign exchange value of the dollar has undercut our economic stability at home and our leadership abroad.

The broad objective of policy must be to break that ominous pattern. That is why dealing with inflation has properly been elevated to a position of high national priority. Success will require that policy be consistently and persistently oriented to that end. Vacillation and procrastination, out of fears of recession or otherwise, would run grave risks. Amid the present uncertainties, stimulative policies could well be misdirected in the short run; more importantly, far from assuring more growth over time, by aggravating the inflationary process and psychology such policies would threaten more instability and unemployment.

The implications for monetary policy are clear. While there may be legitimate debate about the impacts of monetary policy in the short run, there is little doubt that inflation cannot persist in the long run unless it is accommodated by excessive expansion of money and credit. Put more affirmatively, restraint on growth in money and credit, maintained over a considerable period of time, must be an essential part of any program to deal with entrenched inflation and inflationary expectations. Accordingly, I see no alternative to a progressive slowing of growth of the monetary aggregates to lay the base for restored stability and growth.

The 1980 growth ranges established by the Federal Open Market Committee (FOMC) for the key monetary aggregates are in line with that basic, continuing objective. In the short run, we believe those targets are fully consistent with an orderly process of economic adjustment and modest growth, provided the inflation rate subsides as the year wears on. We also believe that, should inflationary pressures begin to build more strongly in the context of strengthening demand, those same targets would imply strong financial restraint. In fact, the restraint implied by the new targets would be inconsistent with higher rates of inflation over a significant period of time.

The precise growth ranges are described in the semiannual report on monetary policy and can be seen in the perspective of recent years in an attachment to this statement.[1] I should emphasize that all these data are on the basis of revised definitions (FEDERAL RESERVE BULLETIN, volume 66, February 1980, pp. 97-114). These definitions incorporate some of the recently developed financial instruments that increasingly have been used in place of more conventional means of payment or claims on well-established financial institutions. Because these new forms of "money" or "near money" generally have been expanding rapidly in recent years, the redefined aggregates tend to have somewhat faster growth rates over the past few years than the comparable aggregates as previously defined. The FOMC's new growth ranges for 1980 should not be directly compared with results based on the former definitions of the aggregates. What is significant is that the ranges for the newly defined aggregates in 1980 are expected to result in further slowing of monetary growth this year, following some deceleration over the course of 1979.

As I implied earlier, the behavior of interest rates and the degree of pressure on financial markets in the year ahead will depend critically on the performance of the economy and the strength of inflationary pressures and expectations. Experience suggests that if real activity in fact weakens, interest rates—particularly for short-term instruments—could tend to decline as demands for money and credit moderate. As inflationary forces tend to recede, the decline could be more pronounced and spread more fully into longer-term markets. *In those circumstances*, such market developments would be constructive, tempering any weakness in real activity and tending to support investment activity and housing. At the same time, persistent restraint on monetary growth would be consistent with our resolve to resist inflation. The other side of the coin is that continued strong inflationary forces, accompanied by bulging credit demands, would tend to keep financial markets under strong pressure—and that pressure should confine and dissipate those inflationary forces. In either case, movements of short-term market interest rates—such as the federal funds rate—should not necessarily be taken as harbingers of a fundamental change in the stance of monetary policy; that policy will in any event continue to be directed toward reining in excessive monetary growth.

Let there be no doubt; the Federal Reserve is determined to make every reasonable effort to work toward reducing monetary growth from the levels of recent years, not just in 1980, but in the years ahead.

The policy actions taken on October 6 of last year, which entailed changes in our operating techniques to provide better assurance of containing the growth in the money supply, were one demonstration of that commitment. And I can report that developments since that time with respect to monetary and credit growth have been remarkably consistent with our immediate objectives.

We cannot conclude from those results that our procedures ensure that money growth will always remain tightly on a narrow path over short periods of time, or that that is necessarily wholly desirable. From week to week or month to month, the relationship between bank reserves and the money stock is influenced by unpredictable shifts between different types of deposits and among institutions. There are transitory shifts in demands for money, associated for example with tax refunds, strikes, or the weather. Nonetheless, our new procedures should continue to give us better control over the monetary aggegates, and we are studying what, if any, other aspects of our institutional arrangements might be changed to enhance the efficacy of those procedures.

The increase in the discount rate announced on Friday is another reflection of our commitment to keep credit expansion under control. The most recent data for overall economic activi-

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

ty have, as you know, been relatively strong, and the inflation rate is currently responding to the new oil price increases. Stimulated in large part by international developments, indications are that inflationary anticipations have tended to rise once again, and in combination, these developments appear to be generating somewhat greater demands for money and credit. In the judgment of the Board, these developments underscore the need to take such measures as may be required to maintain firm control over the growth of money and credit.

Sustained monetary restraint is not an easy, automatic, and painless solvent for our economic difficulties—the only claim I will make is that it is essential. It works, in part, by limiting the potential growth in *nominal* economic activity—that is, growth measured in current, inflated dollars. If other policies are working at cross purposes, the restraint can be blunt, uneven, and decidedly uncomfortable, with too much of the impact in the short term falling on employment and income rather than on prices.

Our aim must be otherwise. What all of us would like to achieve is as rapid a transition as we can manage to a more stable and productive economy—an economy in which we can have *real* growth and less unemployment because inflation is dwindling away; an economy in which real incomes are rising even though nominal wages are rising less rapidly; an economy in which we can compete effectively abroad without a weak dollar.

That transition will be speeded to the extent all of us show, not just in our words but in our deeds, that the fight on inflation is in fact of the highest priority. We cannot expect that workers will long be restrained in their wage demands, or businessmen in their pricing policies, if they feel the consequence of self-restraint will be to fall behind in a race with their peers or their costs. We cannot simply rail at "speculators" in foreign exchange, or gold, or commodity markets if our own policies seem to justify their pessimism about the future course of inflation. We cannot reasonably bemoan low savings, historically high interest rates, and congestion in credit markets so long as the return on savings does not reflect the anticipated rate of inflation and the federal government itself runs large deficits, adding to borrowing demands.

Rising demands for wages and cost-of-living protection, anticipatory price increases, skyrocketing gold and commodity prices, sharply declining values in the bond markets—all of these are symptomatic of the inflationary process and undermine the economic outlook. But none of them are inevitable, provided we turn around the expectations of inflation.

To achieve that essential objective will require sustained discipline, not just in monetary policy, but in other areas of public policy. That discipline will certainly need to be reflected in the budgetary decisions of this Congress.

I fully appreciate the need for structural reform and reduction in taxation. Partly because of inflation, the total tax take, relative to gross national product, is reaching a new peacetime high, discouraging investment, adding to costs, and blunting incentives. We need to reverse that process. But the President nonetheless seems to me correct in emphasizing that the time has not yet come for tax reduction. Budgetary balance is neither here nor in prospect. Tax cuts, to put the point simply, need to be earned by spending restraint. That is where the challenge lies.

Beyond the broad decisions about monetary and fiscal policy, there is much more that can be done here and now to speed up the process of restoring price stability. For instance:

1. We can curtail more decisively our dependence on foreign energy, even at the expense of increased costs in the short run, because the alternative is to have still higher prices imposed on us by foreign suppliers over the indefinite future.

2. We can move to eliminate the impediments to competition still imposed in some industries by governing regulation.

3. We can revise legislation that tends to ratchet up wages at the expense of employment.

4. We can review the mass of environmental, safety, and consumer regulations to make sure these worthy objectives are reached without undue impact on costs.

5. We can resist pressures to protect industries from foreign competition, particularly those industries with relatively high wage structures and wage settlements, which have been sluggish in responding to the changing needs of the American consumer.

The list is neither exhaustive nor new. We have been slow to act because so much of it seems to cut across the grain of political sensitivities and, taken individually, many of the measures will not have a dramatic effect. But taken together, the effect would be large and none of it is out of keeping with our basic objectives in economic and social policy.

I sense we are rightly coming to the conclusion that accelerating inflation, declining productivity, and energy dependence are not sustainable options for the United States. In concept, policies to wind down inflation have wide support. What remains is the challenge of converting intellectual consensus into practical action.

The Federal Reserve has a key role to play in that process. We intend to do our part—and to stick with it. □

Chairman Volcker gave a similar statement before the Senate Committee on Banking, Housing, and Urban Affairs, February 25, 1980.

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, February 19, 1980.

I appreciate having this opportunity to present the views of the Federal Reserve Board on the Home Mortgage Disclosure Act. In discussing the act's future, we must address two issues: first, whether the life of the act should be extended beyond its June 27 termination date; and second, if extended, whether its coverage should be broadened or narrowed.

In order to determine what course to follow, I think that we must ask ourselves three basic questions:

1. How useful has the information produced under the act been?
2. How much does producing the information cost?
3. If the information has been useful for certain purposes, how can the reporting requirements be modified to further those purposes in the most cost-effective way?

The original purpose of the act was to provide local citizens and public officials with information about the home purchase and home improvement lending patterns of depositary institutions located in their communities. Armed with this information, citizens and public officials could, as Senator Proxmire stated in March 1975 upon introducing the legislation, "intelligently decide which institution deserved their business." Presumably, an institution with a good community lending record would be rewarded with increased deposits, while an institution with a poor record would suffer a deposit outflow. The public was to be provided with information, and "the free market [would] do the rest."

Two years later, however, the Congress decided that "more coordinated efforts" were necessary "in order to increase the viability of our urban communities." Consequently, it adopted the Community Reinvestment Act (CRA). With the passage of the CRA, the primary vehicle for monitoring "to determine whether depositary institutions are filling their obligations to serve the housing needs of the communities and neighborhoods in which they are located" shifted from the public to the federal financial regulatory agencies. (Incidentally, the focus also shifted from narrower "housing needs" to broader "credit needs.") While citizens used home loan disclosure information before the CRA and perhaps use it even more now, that use is still small in comparison with the number of disclosure reports prepared each year. The predominant use of the information is by the financial regulatory agencies, which analyze it to help monitor lending performance under CRA and to help detect possible ethnic or racial discrimination in violation of the Equal Credit Opportunity and Fair Housing Acts.

Thus, the answer to the first question about the utility of the information is that it provides the principal quantifiable measure by which to gauge the performance of depositary institutions located in urban areas in helping to meet community credit needs that are housing related. Although the yardstick is a more appropriate measure of overall performance for thrift institutions than commercial banks, it nevertheless is a useful one even for banks with their relatively lower volume of home loans.

Even if home loan disclosure information is useful to the agencies, there still is the question of cost. In a study jointly sponsored by the Federal Deposit Insurance Corporation (FDIC) and the Federal Home Loan Bank Board (FHLBB), the 1977 cost of reporting the information was estimated at about $1.50 per loan on average or approximately $6 million for all loans subject to disclosure. (That figure should be considered only as a rough estimate because of the difficulty of determining the number, as opposed to the amount, of covered home mortgage and home improvement loans made nationwide in any given year.) The cost of compliance, however, is not an insignificant burden on depositary institutions, particularly smaller-sized ones. Indeed, as one would expect, the cost per loan rises appreciably—threefold and more—as the number of loans to be reported declines. Consequently, if reporting is continued, efforts should be made to reduce the cost, especially for institutions making fewer than 200 loans per year. (The FDIC-FHLBB study shows a significant per-loan cost escalation for loan volume of less than 200.)

Since home mortgage disclosure information is useful for helping to monitor CRA performance and for enforcing various civil rights laws, the issue becomes how the reporting requirements could be modified to support those uses in the most cost-effective way. The Board believes that the essential usefulness of the information could be preserved while reducing the costs for reporting institutions if three steps were taken:

1. Exempt an institution from reporting requirements if it has a residential mortgage and home improvement loan portfolio of up to $10 million unless it originates more than 200 home purchase loans each calendar year, instead of only exempting an institution that has assets of $10 million or less.

2. Require disclosure *by census tract* only for loans relating to homes located in standard metropolitan statistical area (SMSA) counties that have a population of more than 50,000 persons—rather than require disclosure by census tract of all loans on homes within an SMSA—and by county in other areas within an SMSA.

3. Simplify the reporting categories by grouping together conventional home purchase loans and governmentally insured or guaranteed ones and by eliminating separate disclosure of loans made to nonoccupant borrowers.

The current exemption, based upon asset size, treats commercial banks and thrift institutions unequally. Because commercial banks almost universally devote a smaller percentage of their lendable funds to home loans than do thrift institutions, a bank with assets just above the exemption level almost always will report making or purchasing fewer home loans than a comparable-sized thrift institution. With the reporting cost per loan rising as the number of loans declines, smaller-sized banks bear a disproportionate share of the total cost of disclosure, given their relatively low profile in the residential loan market.

To distribute the cost burden more fairly, the asset-size exemption should be eliminated in favor of an exemption based upon the size of an institution's home purchase and home improvement loan portfolio and the number of home purchase loans made in a year. This two-part test of home loan stock and flow appears better adapted than an asset-size test to measuring whether an institution is a sufficiently prominent participant in the home lending market to be required to report. The Board recommends that an institution be subject to disclosure requirements only if it has a home loan purchase and improvement portfolio of more than $10 million or it makes more than 200 home purchase loans each calendar year. The cutoff of 200 loans per year is based upon the finding of the FDIC-FHLBB study that per-loan reporting costs escalate sharply when fewer than 200 loans have to be reported. On the other hand, the loan flow measure would require reporting by institutions that make a significant number of home purchase loans each year but sell them in the secondary market, thereby not increasing the size of their portfolios.

Under the current asset exemption, 5,160 of the nearly 6,000 commercial banks with a head office in an SMSA were required to report loan information in 1978. If the exemption cutoff were changed along the lines suggested, about 1,394 banks would be required to report (assuming 1978 portfolio size; we have, however, no readily available information on how the cutoff point of

200 loans would affect the number of reporting banks). Although that cutoff would result in a significant decrease in the number of reporting banks (a decrease of about 3,766 banks, or 73 percent), it still would require the major bank lenders in the home loan area to make disclosures. About 67 percent of the amount of all home purchase and home improvement loans held by banks headquartered in SMSAs would be held by banks subject to the changed reporting requirements.

As indicated previously, a combined portfolio-flow measure would significantly reduce the cost of compliance by eliminating from coverage those institutions—particularly smaller commercial banks—with high reporting expenses per loan. Furthermore, the home lending performance of those institutions under both CRA and the civil rights laws is easier to judge since they make relatively few home loans. In most cases, examiners could review all or a sufficient number of their loan files to determine their lending policies and patterns; that would not be feasible for institutions with larger home loan portfolios. Of course, there is a trade-off in reducing institutional compliance costs; the amount of time spent examining institutions that were previously subject to reporting requirements would increase, thereby diminishing the net saving from cutting back on disclosures.

The second recommendation that the Board would make to focus home loan reporting requirements on the areas where the information would be most useful is to require reporting of loans by census tract within SMSAs only for counties with a population of more than 50,000 persons—that is, those counties that are most urban. Loans relating to properties located in SMSA counties with a population of 50,000 or fewer persons would be reported by county.

When we see or hear the term "standard metropolitan statistical area," we think of cities like Boston, Chicago, Dallas, Denver, Los Angeles, maybe even Milwaukee—metropolitan areas with populations greater than one million persons. Although an SMSA, by definition, must have a population of at least 50,000 persons, many SMSAs, particularly in areas of rapid population growth, encompass counties that are predominantly rural and that have much smaller populations.

To illustrate the point, consider the Atlanta SMSA. It currently is composed of 15 counties, but the 2 central counties have two-thirds of the population. Based upon 1970 census figures, none of the outer 10 counties had a population of more than 31,000 people, and 2 counties had as few as 11,000 persons. Moreover, those 10 outer counties are predominantly rural in character. The Atlanta situation is not unique. At least 36 of the 288 SMSAs have 2 or more counties with fewer than 50,000 people (based upon the 1970 census), and many more have at least 1 county in that category.

Although CRA has no geographic limits to its coverage, the major thrust behind its passage was, as the conference committee report states, "to increase the viability of our urban communities." As noted, however, many of the counties in the 288 currently designated SMSAs are not "urban" in character. Generally, fewer loans are made in those nonurban counties, making interpretation of the data more tenuous. Moreover, the critical comparisons between lending patterns and information on race, national origin, family income, and housing stock—comparisons that are at the heart of CRA monitoring and civil rights enforcement—are more difficult to perform for nonurban areas and in some instances would be meaningless. Consequently, requiring disclosure by census tract of loans relating to homes in nonurban counties does relatively little to advance CRA monitoring or civil rights enforcement. Therefore, the Board believes that, to maximize utility and efficiency, census tract reporting should be refocused on urban areas within SMSAs where the information has been used in the past and where it would be most helpful in the future. Continued reporting of the nonurban areas of an SMSA on a county basis would still permit comparisons of the volume of urban versus suburban lending patterns.

At this juncture, let me say a few words about expanding home loan reporting to depositary institutions located outside SMSAs. The Board believes that expansion would be unwise and generally unnecessary. If the act were extended and geographic coverage expanded without any further changes, the 8,700 institutions currently subject to disclosure would be joined by approximately 6,800 additional institutions. About 1,000 institutions that have offices both inside and outside SMSAs would be required to make additional disclosures. Thus, expansion would significantly increase (perhaps double) total reporting costs because of the additional institutions covered and the higher per-loan cost for institutions reporting fewer loans (which would be a common characteristic of institutions that are located outside SMSAs). Moreover, those 6,800 institutions account for less than 15 percent of the home loans held by all depositary institutions. Hence, the cost for obtaining that marginal increase in loan coverage would be high.

Although expansion would provide some useful information for urbanized areas outside SMSAs, generally it would not materially further the purpose of CRA, nor would it particularly enhance civil rights enforcement. The critical link between geographic reporting units—which, for practical purposes, would have to be ZIP code—and population and housing stock characteristics would be either nonexistent or too tenuous in most cases to be of any real help. ZIP codes simply encompass too much territory; in rural areas a town or perhaps several towns and the surrounding countryside may have a single ZIP code.

Returning to the Board's third major recommendation, we believe that the reporting categories should be simplified. The current distinction between conventional and government-insured or guaranteed loans should be eliminated. While it might be interesting information, it has not been critical in any CRA review that the Board has conducted. It is simply too fine a distinction, and it contributes to reporting errors. The same is true of the requirement that home loans to borrowers who do not intend to reside in the home be disclosed separately. It is a theoretically interesting piece of information, but it has not been used—either by the public or by the agencies. The consequences of these proposed changes are illustrated in the two exhibits appended to my testimony.[1]

Community groups have suggested that the reporting period be standardized by substituting calendar-year disclosures for the current fiscal-year dislosures. In our view, the change makes sense and would not increase compliance costs. Another suggestion is that the financial regulatory agencies establish central collection centers—for example, at public libraries or local government offices—for the disclosure reports. While centralized collection and maintenance of the reports would be helpful to the public, we are concerned about the potential costs and logistical problems of specifying convenient repositories for each SMSA. The Comptroller, FDIC, FHLBB, and Federal Reserve System have banks, branches, or regional offices in only 40 of the 288 SMSAs. Therefore, post offices and libraries would be the most likely candidates for collection centers, but presumably both the Postal Service and local library authorities would object to having the burden placed on them; in the case of libraries, the federal government has no authority to require them to serve as collection centers. On the other hand, renting space and paying for minimum maintenance of the records could be more expensive than the cost of reporting. The Board does not support this proposal.

There also has been some discussion of requiring a nationwide, standardized reporting format. The Board has no objection to that requirement for federally chartered institutions. We would only point out that such a requirement might preempt to some degree the home loan disclosure requirements of five states—California, Connecticut, Massachusetts, New Jersey, and New York—all of which have adapted those requirements to their own perceived needs.

That brings me to the ultimate question regarding the Home Mortgage Disclosure Act: should it be renewed? On balance, the Board believes that the reported information, if confined to truly urban areas, is useful for analysis of community reinvestment and civil rights issues. We also believe that the cost of reporting, if reduced along the lines suggested, would be reasonable in relation to the value of the information gained. But the original purpose of the act has been supplanted by CRA. Therefore, we suggest that the Home Mortgage Disclosure Act, as a distinct statute, be allowed to lapse and that more limited and finely focused reporting requirements be incorporated in CRA.

The Board also recommends that a sunset provision—similar to the one that has prompted this review—be attached to any new reporting re-

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

quirements. We suggest that three years would be an appropriate extension period because by then we will have developed sufficient experience with CRA evaluations and with new civil rights enforcement systems to determine how useful the proposed home loan disclosures would be for those purposes and whether further changes or elimination would be appropriate. □

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, February 20, 1980.

I am pleased to appear today on behalf of the Federal Reserve Board to discuss the numerous financial reform measures contained in the Senate-amended H.R. 4986, the related topics contained in H.R. 6198 and H.R. 6216, and recent proposals by Chairman St Germain regarding deposit interest rate ceilings.

Most of the proposed financial reform measures being considered this morning address a range of problems that have as their root cause our escalating rate of inflation. Today's record-high interest rates are a direct product of that inflation, and these have put great pressure on our depositary institutions, with their heritage of loans and investments yielding the lower interest rates of the past. Moreover, the high current yields available in the market have reinforced the efforts of the public to seek interest-bearing substitutes for traditional money balances. Thus, changes in the operating policies of the institutions—and in underlying law and regulation—are being made necessary by the force of events. But the basic problem of the depositary institutions is unlikely to be solved until we begin to make significant progress in reducing the inflation that plagues our nation.

The Federal Reserve Board supports the essential thrust common to the major financial reform proposals before this subcommittee today. We endorse measures that mandate the phasing out of deposit interest rate controls and we favor the authorization of nationwide negotiable order of withdrawal (NOW) accounts. But such actions, in an environment of inflation-induced high interest rates, will work also to intensify the pressures on depositary institutions to find additional ways to reduce their costs and sustain their earnings. For member commercial banks, this is likely to induce accelerated withdrawals from the Federal Reserve System, thereby undermining the ability of the central bank to administer an effective monetary policy. The enactment of these legislative proposals would thus exacerbate the monetary control problem, adding to the already urgent need for a system of universal mandatory reserve requirements. Since this is a matter of absolute top priority, the Board's views presented today have been framed in the expectation that monetary improvement legislation will be enacted soon, and certainly before any of the cost-raising proposals considered here are scheduled to take effect.

In keeping with the chairman's request, I will focus my comments on those sections of the proposed legislation that deal with maximum rates payable on deposits and the payment of interest on transaction accounts. However, the Senate-amended H.R. 4986 addresses many other topics of importance for the financial system. For your information, I have attached as an appendix a summary of the Board's views on the many provisions of H.R. 4986 of relevance to us that cannot be fully covered in my prepared remarks.[1] I would like to discuss briefly three of these provisions before turning to the main subject of these hearings.

Senate-amended H.R. 4986 would override existing Board policy by lengthening the permissible maturity of acquisition debt in one-bank holding company formations. The Board opposes this provision because we believe that the proposed 25-year debt retirement period would lead to substantial increases in the leverage and debt burdens of one-bank holding companies,

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

and could adversely affect the financial soundness of many of our country's smaller banks. However, the Board has recently requested public comment on proposals that would introduce greater flexibility into our existing policies on acquisition debt but would not jeopardize the safety and soundness of bank holding companies. These proposals would shift the Board's focus to the attainment of a reasonable, specified debt-to-equity ratio within a 12-year period, while maintaining adequate capital throughout in the underlying bank. I might note that industry reaction to date on the proposed new procedure has generally been quite favorable.

Another provision of H.R. 4986 calls for a moratorium of indefinite duration on takeovers of U.S. financial institutions by foreign interests. The Board has been reviewing the operations of foreign-owned banks in this country in the course of implementing the International Banking Act. This review has included issues concerned with the acquisition of U.S. banks by foreign bank holding companies and supervisory problems that may be associated with such acquisitions. The Board has found no evidence that foreign ownership has produced harmful consequences for our banking system or for bank customers, and we believe that U.S. bank supervisors have adequate powers to deal with any abuses that might develop.

We are continuing to review the operations of foreign banks, in cooperation with other supervisory agencies. In addition, the General Accounting Office is studying these issues at the request of the chairman of this subcommittee. A moratorium on foreign takeovers of U.S. banks is not needed to provide time to study the issues and would not help in the continuing process of review and evaluation of foreign-owned banks. Meanwhile, it would restrict the ability of some U.S. banks to strengthen their capital base through sales of stock to foreigners—a restriction that would be most burdensome on those banks that may be in the greatest need of capital. More generally, a moratorium could be regarded as a reversal of this country's longstanding policy of neutrality on foreign investment and the free international flow of capital. And it could lead to retaliation by some foreign countries that would adversely impact on U.S. banks abroad.

In sum, a moratorium is a step that should be taken only if there is clear evidence of harmful effects that cannot be dealt with under existing authority. In the absence of such evidence—and none has yet been found—we see no justification for a moratorium.

Senate-amended H.R. 4986 also calls for the federal preemption of existing state usury ceilings on mortgage interest rates, unless overridden by state legislative action. The Board endorses this provision—although we would have preferred the states to act themselves because usury ceilings can at times distort the impact of monetary policy. When market rates exceed such ceilings, credit flows are dramatically reduced in the affected markets. If there were no usury ceilings, restrictive monetary policy could still be expected to impact on housing markets, but the threat of sudden and severe disruptions would be much reduced. It is in the best interests of public policy to avoid these excessive pressure points. The Federal Reserve would then rely on general credit restraint, in this market as in others, to accomplish its policy objectives.

Moreover, the elimination of mortgage interest rate ceilings would allow thrift institutions and others to lend at a market rate of return in the local mortgage markets. The Board has long supported actions, such as the recent authorization of variable-rate mortgages by the Federal Home Loan Bank Board, that would help thrift institutions to earn returns on their overall portfolio of investments that would respond more flexibly to market conditions because this must necessarily accompany the ultimate freeing of these institutions from deposit rate ceiling control. Most thrift institutions and many commercial banks are constrained in their capacity to pay competitive yields on all deposit liabilities because a substantial share of their assets, being long term in character, carry the lower interest rate returns of the past. The competitive position of depositary institutions has eroded further in each succeeding period of credit stringency, as depositors have become more aware of the growing number of alternative higher-yielding investment outlets available to small savers. Indeed, the increased attractiveness of market instruments to depositors has led banks and thrift institutions to promote aggressively the money market certificate—their one short-term deposit instrument whose ceiling rate rises in tandem with market rates. This promotion has increased markedly the average cost of deposits, and so thrift institutions have been experiencing substantial downward pressure on their earnings margins.

In light of these considerations, the Board also favors the widening of the asset powers of thrift institutions so that their portfolio returns may move more closely with market rates of interest. We support those provisions of the legislative proposals that authorize federally chartered thrift institutions to hold up to 20 percent of their assets in consumer loans, commercial paper, and a broader list of market securities. By shortening the average maturity of thrift assets, these investment powers should increase the flexibility of average portfolio returns. Such a limited widening in thrift institution asset possibilities would not likely have a significant adverse impact on overall mortgage credit flows, given the growing variety of alternative sources of mortgage credit.

Along with the liberalization of thrift institution asset powers, the Board strongly endorses the gradual elimination of deposit interest rate controls. We believe that such controls are anticompetitive, are inequitable to small savers, and can be disruptive to financial and housing markets. By restricting competition among commercial banks and thrift institutions, deposit rate ceilings have retarded the adjustment of many of these institutions to a changing market environment. Moreover, when market rates of interest move well above deposit rate ceilings, a substantial volume of savings tends to shift to nondeposit investment alternatives. In consequence, during such periods the housing market—the very market these ceilings were meant to protect and assist—experiences disproportionate declines in credit availability.

Allowing the thrift institutions to earn more market-oriented rates of return on their portfolios by widening their asset powers will help provide the additional earnings flexibility needed to allow them to pay market rates of return on an increasing portion of their deposit liabilities. But the Board believes that the phaseout of deposit rate ceilings must be gradual so as not to threaten unduly the viability of the institutions. The five-year horizon provided in H.R. 6198 and Chairman St Germain's proposal seems an appropriate goal. Market developments are proceeding too rapidly for the ten-year phaseout contained in Senate-amended H.R. 4986 to provide effective relief for depositary institutions and their customers. A five-year phaseout of deposit interest rate ceilings—beginning toward the end of this year—should provide the regulatory agencies sufficient flexibility in managing the transition so as to balance the sometimes conflicting needs for consumer equity, thrift institution viability, and a stable flow of funds to local housing markets.

In this connection, I want to emphasize the importance of maintaining maximum flexibility in the phaseout schedule. The prudent speed of the ceiling rate phaseout is largely dependent on prevailing market conditions. The regulatory agencies should be authorized—as stipulated in Senate-amended HR. 4986 and H.R. 6198—to postpone, adjust, or accelerate the decontrol process as economic conditions warrant or permit. And as also stipulated in both these bills, the regulators should be empowered to reinstate deposit rate ceilings after the end of the phaseout period in emergency situations.

In addition, the Board believes that money market certificates and the longer-term variable-ceiling certificates should be exempt from mandatory increases in ceiling rates until the end of the phaseout period. These deposit instruments already are designed to provide returns that will vary with market conditions and that yield very close to what can be obtained on market securities of comparable quality. Increasing these ceilings on any fixed schedule would quickly eliminate binding restrictions on such deposit rates and could lead to earnings problems arising from competition between types of depositary institutions during the transition period. Similar exemptions should, of course, apply to any other variable-ceiling instruments that float with the market and are introduced during the phaseout period.

With respect to H.R. 6198, introduced by Congressman Barnard, the Board cautions that the "maturity ratchet" phaseout, by means of which rate controls are progressively eliminated beginning with the longest-term instruments on July 1, 1980, would have several undesirable aspects. This proposal effectively eliminates a true transition period because the longest-term account ceiling would be eliminated almost immediately and such accounts might well be marketed at the highest institutional rates offered. Thus, a maturity phaseout could encourage institutions to accept large flows of funds into the longer-term deposit categories during a period when interest rates might in retrospect prove to have been unusually high.

Indeed, the maturity ratchet would act to lengthen the average maturity of liabilities of thrift institutions at the very time that expanded asset powers, such as those included in this bill, would be shortening the average maturity of asset portfolios of thrift institutions, making their return more responsive to movements in market rates. This could render thrift earnings particularly vulnerable if interest rates should begin to decline for any extended period. The Board would recommend that the phaseout procedure permit the institutions, to the extent possible, to choose the maturity structure of their liabilities best fitting their own interest rate expectations and portfolio structure. Raising all ceilings simultaneously best achieves this goal, even though it may delay the time that any one deposit category becomes free of rate control.

The Board also has a problem with the maturity structure incentives implicit in H.R. 6216, introduced by Congressman Patterson. This bill specifically mandates an increase only in the passbook savings account rate as soon as possible after five years. A sudden sharp rate increase in this account category, which would apply to both existing as well as new deposits, would be extremely costly and might well threaten the viability of some institutions—especially those, like savings banks, with a large proportion of their total deposits in passbook form. Moreover, any passbook ceiling rate consistent with the safety and soundness of the institutions probably would be well below market yields and therefore lead to little if any additional deposit inflow. Determining the relevant market rate for passbook accounts would be difficult, moreover, since there is no market instrument that has equivalent liquidity, convenience, and safety. The Board looks forward to the day when market forces determine the rate paid on all deposits and is opposed to those provisions of H.R. 6216 that would require the regulatory agencies to administer interest rate controls for the indefinite future.

With respect to the proposals made by Chairman St Germain at the beginning of these hearings, the Board is concerned that there would be no mandated phaseout schedule, but still a complete elimination of all deposit rate ceilings would take place in 1985. Unless there is movement toward this goal in the interim, a sudden removal of ceilings could be very disruptive to thrift institutions. Although Chairman St Germain calls on the regulatory agencies to raise deposit rate ceilings gradually over the five-year period, it is important to recognize that present law gives any one regulatory agency the authority to prevent any increase in ceiling rates since the existing ceiling rate differential cannot be eliminated without congressional approval. The Board believes that a specific phaseout schedule, with a limited ability for modification by the regulatory agencies, would be preferable. This approach would allow for more certain planning both by financial institutions and by their customers.

As is true of a phaseout of deposit rate ceilings, the Board for some time has supported the principle of interest payments on transaction accounts at all depositary institutions. Our support of this principle is based on considerations of consumer equity and economic efficiency. I want to emphasize, however, that we believe that it is important to ensure an orderly transition to this new environment. This might best be achieved by extending an activity with which the institutions already have some experience. Authorizing NOW accounts nationwide would be a logical extension of existing programs in New England, New York, and most recently New Jersey. Moreover, our concern with transitional problems in the move to interest on transaction accounts suggests that NOWs be subject for a time to a deposit rate ceiling. As with the earnings effect of a phaseout of deposit rate ceilings, the earnings impact of NOW accounts could be especially marked for thrift institutions; thrift institutions are expected to compete vigorously with banks for the new interest-bearing transaction account business. The Board therefore supports an interest rate ceiling on NOWs—a ceiling that would be phased out in concert with all deposit rate ceilings.

While the Board endorses nationwide extension of NOW account authority, it also urges that these accounts—and indeed all transaction balances at all depositary institutions—be subject to Federal Reserve reserve requirements. Nationwide NOW accounts would make legislative enactment of this authority even more imperative because there is ample evidence from our experience in New England and New York that NOW accounts encourage consumers to shift funds out of traditional checking accounts at commercial banks into NOW accounts at banks and thrift institutions. The expansion of the asset powers of thrift institutions, the phaseout of deposit rate ceilings, and the introduction of nationwide NOW accounts all will serve to increase competition in the financial sector. The resulting downward pressure on institutional earnings is certain to make banks more acutely aware of the costs of sterile Federal Reserve reserves and could sharply accelerate the rate of membership attrition, eroding our ability to conduct an effective anti-inflationary monetary policy. I would note that the rate of withdrawal from Federal Reserve membership has already increased dramatically in recent months and has included the two largest banks ever to leave the System. Thus, as I stated at the outset, the Board strongly reiterates its sense of urgency that there be prompt action by the Congress on monetary improvement legislation. □

Announcements

Philip E. Coldwell: Resignation as a Member of the Board of Governors

Philip E. Coldwell has resigned as a member of the Board of Governors, effective February 29, 1980. Mr. Coldwell's letter of resignation and President Carter's letter of acceptance follow:

February 8, 1980

Dear Mr. President:

On January 31, 1980, I completed the term of office to which I was appointed as a Member of the Board of Governors of the Federal Reserve System. Since then I have remained on the Board awaiting nomination and qualification of my successor. However, for personal reasons, I must now resign this position effective February 29, 1980. This resignation also terminates my association with the Federal Reserve System which I have served for nearly 29 years. The Board of Governors' position has been a truly challenging one and I have enjoyed working with the dedicated and productive people in the Federal Reserve System.

I leave with a feeling of accomplishment in contributing to both the efficiency of the Federal Reserve System and the financial and regulatory policies of our nation. However, I leave with a sense of frustration that government stabilization efforts have not achieved control over inflation, nor seem to be fully dedicated to a prompt resolution of the problem. I hope that future government efforts will abandon the policy of gradualism which has permitted the continuing rise of inflationary expectations. Vigorous and accelerating action against inflation is critical to the financial protection of our people and to the economic strength of our nation at home and abroad.

With all best wishes to you.

Sincerely,

P. E. Coldwell

THE WHITE HOUSE
WASHINGTON

February 26, 1980

To Philip Coldwell

Thank you for your letter of February 8. It is with regret that I accept your decision to resign as a Member of the Board of Governors of the Federal Reserve System, effective, as you requested, on February 29, 1980.

Your distinguished career has been a model of professional accomplishment and public service as you have assumed jobs of ever greater responsibility in the Federal Reserve. Your special efforts to cut spending by the Federal Reserve deserve particular commendation.

I read your views on the conduct of anti-inflation policy with genuine personal interest. Ending inflation is a most difficult goal we share, and I appreciate the spirit in which your suggestions were offered.

I know that in the years ahead you will be able to look back with pride on your accomplishments.

Sincerely,

Jimmy Carter

Change in Discount Rate

The Federal Reserve Board approved an increase in the discount rate from 12 percent to 13 percent, effective February 15, 1980. The discount rate is the interest rate that member banks are charged when they borrow from their district Federal Reserve Banks.

The Board has been particularly concerned that recent economic developments, including the large increase in the price of imported oil, are adding to inflationary pressures and may lead to further destabilizing pricing decisions. These developments underscore the need to take such measures as may be required to maintain firm control over growth of money and credit.

In making the change, the Board acted on requests from the directors of the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. Subsequently, the Board approved actions by the directors of the Federal Reserve Banks of Boston and Philadelphia, increasing the discount rate at those Banks from 12 to 13 percent, effective February 19, 1980.

Limitation on Interest Rate

A limitation on the rate of interest that may be paid on 2½-year variable-rate time deposits was announced on February 27, 1980, by the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the National Credit Union Administration.

The action places a temporary ceiling of 12 percent for savings and loan associations, mutual savings banks, and credit unions and 11¾ percent for commercial banks and is effective March 1. Compounding of interest is permitted and the new ceiling will result in an effective yield for 2½-year instruments of 12.94 percent for thrift institutions and 12.65 percent for commercial banks.

The 2½-year certificate has been offered since January 1 with a ceiling rate tied to the yield on U.S. Treasury securities of similar maturity. Under the change, the ceiling rate on 2½-year certificates will be the lower of the new fixed ceiling or the rate determined by the variable formula that has been in effect since January. Ceilings on all other deposit categories remain unchanged.

Under the variable-rate formula, savings and loan associations and mutual savings banks had been able to pay 50 basis points below the yield on Treasury securities maturing in 2½ years. The ceiling rate for banks had been 75 basis points below the Treasury yield. Federal credit unions had been able to offer the same variable rate as thrift institutions on share certificates of 90 days or more.

The variable ceiling is established monthly based on the rate announced by the Treasury three business days before the beginning of each month. The yield on Treasury securities that mature in 2½ years averaged about 14 percent over the five business days ending February 26. This would have meant a ceiling rate during March for this certificate of 13½ percent for thrift institutions and 13¼ percent for commercial banks, which, with compounding, would have permitted effective yields of 14.67 percent and 14.47 percent respectively.

This action was necessary because the agencies believe that a sudden increase of this magnitude would be disruptive to many financial institutions, particularly those holding a high proportion of longer-term fixed-rate loans. The agencies will continue to monitor conditions in the financial markets closely and will be prepared to make whatever future adjustments in the ceiling rate are appropriate.

Policy for Classification of Consumer Installment Credit Based on Delinquency Status

The Federal Reserve Board has adopted an examination policy for the classification of delinquent consumer installment loans held by state banks that are members of the Federal Reserve System.

The Board acted on a recommendation by the Federal Financial Institutions Examination Council to the three federal bank regulators for a uniform examination policy. The Federal Deposit Insurance Corporation and the Comptroller of the Currency are expected to act on the recommendation shortly.

The new policy, which becomes effective for bank examination purposes on June 30, 1980, is as follows:

> This examination policy establishes uniform guidelines for the classification of installment credit based on delinquency status. This use of a formula approach in determining consumer loan classifications parallels, in principle, current industry practices and recognizes the statistical validity of measuring losses predicated on past-due status. The policy covers both open- and closed-end credit. Although the three federal banking agencies have historically relied on delinquency status as a major determinant in classifying consumer in-

stallment credit, no interagency standard has been employed. The policy seeks to provide that standard and should result in more uniform treatment of all classes of insured banks and in more consistent statistical data being developed from bank examination reports.

The general classification policy recognizes that evaluating the quality of a consumer credit portfolio on a loan-by-loan basis is inefficient and unnecessary. For this reason, examiners are expected to adhere closely to the policy in their analysis of consumer credit. Nevertheless, it is recognized that there are instances, particularly when significant amounts are involved, that may warrant exceptions to the formula in order to recognize individual situations when the bank being examined can clearly demonstrate that repayment will occur irrespective of delinquency status. Examples of such situations might include the following: loans well secured by collateral and in the process of collection; loans when the claims have been filed against solvent estates; and loans supported by valid guarantees or insurance.

General Classification Policy

Examiners will adhere to the following general classification policy during examinations of commercial banks.

1. Closed-end consumer installment credit delinquent 120 days or more (5 monthly payments) will be classified loss. Loans delinquent 90 to 119 days (4 monthly payments) will be classified substandard.
2. Open-end consumer installment credit delinquent 180 days or more (7 zero billing cycles) will be classified loss. Loans delinquent 90 to 179 days (4 to 6 zero billing cycles) will be classified substandard.

Definitions

The following definitions are intended to provide guidance in application of the general classification policy.

Consumer Installment Loans. Includes open- and closed-end credit extended to individuals for household, family, and other personal expenditures as defined in the instructions for preparation of call reports. Refer to such instructions for information on any loan when there is doubt as to whether it is covered by the general classification policy.

Delinquency. Closed-end installment credit is considered delinquent when the borrower is in arrears two monthly payments. Loans in arrears two monthly payments are considered thirty days delinquent.

Banks generally treat open-end credit differently from closed-end credit in computing delinquency. A bank credit-card customer generally has 25 days in which to pay billings before the loan is considered delinquent. If no payment is made between 2 billing cycles, the balance is considered 5 days delinquent. If no payment is received before issuance of still another statement, the balance is 35 days delinquent technically; however, current practice is to define accounts with 2 zero billings as 30 days delinquent.

Statutory Bad Debts. Section 5204, USRS (12 U.S.C. 56), contains the definition for Federal Reserve System member banks of what constitutes bad debts. Accordingly, loans delinquent seven monthly payments, or seven billing cycles, are considered 180 days, or six months, past due and will be considered statutory bad debts, unless they are well secured *and* in the process of collection.

Partial Payments. A payment equivalent to 90 percent or more of the contractual payment may be considered a full payment in computing delinquency.

Consumer Installment Loan Examination Scope

The general classification policy provides that performance is the principal criterion in application of the uniform policy during examinations of banks. In addition to loan classification, examination emphasis should focus on the bank's written consumer lending policy, adherence to stated policy, and a review of operating procedures. It is expected that a bank will have written policies suitable for its specific objectives and that they are consistent with prudent banking practices. Procedures for supervising delinquent accounts, including the procedure for renewing and extending past-due loans, and automatic charge-off policy should be fully described. Internal controls should be in place to assure that the bank's written policy is being followed. Banks lacking written policies or failing to implement or follow established policies effectively should be criticized by examiners in reports of examination.

Regulation Z: Delay in Revocation of Amendment

The Federal Reserve Board on February 29, 1980, announced a delay in the effective date of an action revoking an amendment to its Regulation Z (Truth in Lending) that would have allowed an exception to the "cooling off" period for consumers who pledge their homes as security in open-end credit arrangements.

The revocation of the amendment will take effect May 31, 1980, rather than March 31, 1980.

The Board said it was delaying the effective date because of pending congressional action that would permit the type of credit plans developed under the amendment and in order to prevent hardship to creditors and consumers that would occur if creditors were compelled by the approaching effective date to make substantial modifications in their open-end credit plans.

During the two-month extension, creditors will be prohibited from offering new plans or expanding existing ones.

International Conference on Banking and Payments Systems

An international conference to discuss the successes and failures of industrial nations in the evolution of their payments systems will be held April 2-4 in Atlanta, Georgia. The conference is sponsored by the Federal Reserve System and the major trade associations of the U.S. banking industry.

The International Conference on Banking and Payments Systems will feature discussions of recent and prospective innovations in payment practices and technology. Topics will include income payments to individuals, bill payments by individuals, automatic teller machines, payments at point of sale, electronic fund transfer services, credit-card and Eurocheck transactions, intercorporate payments, and the pricing of money payment services.

Regulation T: Changes

The Federal Reserve Board on March 6, 1980, approved several technical changes in its Regulation T (Credit by Brokers and Dealers), which governs credit extensions by securities brokers and dealers.

The action becomes effective June 2, but the Board said it would accept comment until April 30. The changes involve the following:

1. Increasing the time for making a margin deposit from five to seven business days.
2. Allowing a self-regulatory organization (SRO) to approve extension of time requests for margin accounts received from creditors that are not members of the SRO.
3. Increasing from $100 to $500 the amount that a broker-dealer may disregard prior to taking action to achieve compliance with the regulation, such as calling for additional cash or collateral or liquidating the account.
4. Permitting the postmark date to serve as evidence of timely filing of a request for an extension of time by certain broker-dealers.

System Membership: Admission of State Banks

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

Colorado

Colorado Springs . . . . Bank at Broadmoor

Florida

Madeira Beach . Gulf Coast Bank of Pinellas
St. Petersburg . . . . United Bank of Pinellas

Oklahoma

Clayton . . . . .Clayton State Bank

Oregon

Portland . . . . .Columbia Pacific Bank & Trust Company

Record of Policy Actions of the Federal Open Market Committee

Meeting Held on January 8–9, 1980

Domestic Policy Directive

The information reviewed at this meeting suggested that, contrary to the estimates presented at the time of the November 20 meeting, real output of goods and services expanded somewhat further in the fourth quarter of 1979 after its rebound in the third quarter. Average prices, as measured by the fixed-weight price index for gross domestic business product, appeared to have risen at a pace close to the annual rate of about 10 percent experienced during the first three quarters of the year.

Total retail sales strengthened in November and recovered the sizable decline in October, although sales of new automobiles remained at a reduced level. In December, auto sales improved considerably.

The index of industrial production fell 0.5 percent in November, and on balance the level of production was little changed from that in December 1978. Nonfarm payroll employment rose considerably in October and November, following three months of slower expansion, and the rate of unemployment edged down in November from 6.0 to 5.8 percent.

Private housing starts declined somewhat in October and fell sharply further in November to an annual rate of 1.5 million units. Building permits for new units declined substantially in both October and November, and combined sales of new and existing single-family homes appeared to be lower in both months.

The latest survey of business plans taken by the Department of Commerce in late October and November suggested that spending for plant and equipment would be 14.7 percent greater in 1979 than in 1978. The survey also indicated that investment outlays would increase at an annual rate of 12.8 percent over the first half of 1980.

Producer prices of finished goods and consumer prices continued to rise rapidly in November, reflecting in part the continuing diffusion of earlier increases in energy costs. Advances in prices of food contributed importantly to the November rise in producer prices, while further sharp increases in the costs of homeownership were a major factor in sustaining the upward pressure on consumer prices.

The index of average hourly earnings of private nonfarm production workers rose at an annual rate of $9\frac{1}{2}$ percent in November and at a rate of about 8 percent over the first 11 months of 1979, close to the rate of increase in 1978. Labor cost pressures in the nonfarm business sector intensified during 1979, as large increases in total hourly compensation were associated with a decline in productivity.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies had depreciated about 3 percent since mid-November, reflecting in large part developments relating to Iran and Afghanistan and a firming of monetary conditions in a number of foreign countries. The U.S. trade deficit in October and November averaged slightly below the rate for the third quarter. In November a decline in the value of oil imports contributed to the improvement, as a sharp drop in the physical volume of oil more than offset a further rise in its price.

At its meeting on November 20, 1979, the Committee had reaffirmed the broad objectives for monetary growth adopted at its meeting on October 6 and had decided that over the remainder of 1979 the Manager for Domestic Operations should continue to restrain expansion of bank reserves in pursuit of the Committee's objective of decelerating growth of M-1, M-2, and M-3 over the fourth quarter to rates that would hold expansion of these monetary aggregates from the fourth quarter of 1978 to the fourth quarter of 1979 within the Committee's ranges for that period; it was understood at the meeting that persistence of recent relationships might result in growth of M-2 at about the upper limit of its range. Specifically, the Committee instructed the Manager to restrain the expansion of bank reserves to a pace thought to be consistent with growth at average annual rates of about 5 percent for M-1 and 8½ percent for M-2 in November and December, provided that in the period before the next regular meeting the weekly average federal funds rate remained generally within a range of 11½ to 15½ percent.

Over the first four weeks after the November meeting, both total and nonborrowed reserves grew at about the rates projected at the time of the meeting. Member bank borrowings averaged about $1¾ billion, compared with an average of slightly less than $2 billion in the preceding three weeks, and the federal funds rate continued to average around 13½ percent. Toward the end of the four-week period, however, the demand for reserves appeared to be easing relative to the path consistent with desired monetary growth. In the three weeks remaining before this meeting, member bank borrowings declined to a daily average of about $1.1 billion. Despite the decline in borrowings, the federal funds rate edged up to an average of about 14 percent in late December and early January, at least in part because of exceptionally large demands for excess reserves around the year-end holidays.

Expansion in the major monetary aggregates remained at a reduced pace in November and December, after having slowed markedly in October. Over the two-month period, M-1, M-2, and M-3 grew at annual rates of about 3¼ percent, 6 percent, and 5¾ percent respectively.[1] Over the three months from September to December, M-1 grew at a rate of about 3 percent and M-2 and M-3 at rates of about 7 percent and 6¼ percent respectively.

The reduced growth in the monetary aggregates over the fourth quarter was associated with a slowing of expansion in interest-bearing deposits as the quarter progressed. At commercial banks, net flows into money market certificates and large-denomination time deposits accounted for all of the growth in interest-bearing deposits during the quarter. Among nonbank thrift institutions, mutual savings banks and credit unions experienced particularly weak net inflows.

Growth in total loans and investments at commercial banks slowed

1. M-1 comprises private demand deposits and currency in circulation. M-2 comprises M-1 and commercial bank time and savings deposits other than large-denomination certificates of deposit. M-3 is M-2 plus deposits at nonbank thrift institutions (savings and loan associations, mutual savings banks, and credit unions).

sharply in the fourth quarter. Slower expansion was especially pronounced in business loans. Growth in real estate loans remained close to the pace in the first three quarters of the year.

Since the November meeting of the Committee, interest rates had fluctuated over a relatively wide range, although they had been somewhat less volatile than in the previous intermeeting period. On balance, most interest rates had declined. Most banks had reduced their loan rate to prime business borrowers from $15\frac{3}{4}$ to $15\frac{1}{4}$ percent, and a few banks had cut the rate to 15 percent. Mortgage rates had edged higher in the primary market, and available information suggested continued weakness in mortgage commitments and lending activity at nonbank thrift institutions.

Staff projections suggested that growth of nominal gross national product would slow considerably in the current quarter and then pick up gradually over the remainder of 1980. The projections suggested, however, that a contraction in real GNP would develop in the current quarter and would continue later in the year, although at a diminishing pace in the second half, and that the rate of unemployment would increase substantially. The rise in average prices was projected to accelerate slightly during the early part of 1980, mainly because of increases in energy costs, but to subside later.

In the Committee's consideration of the economic outlook, several members stressed the elements of uncertainty in the current situation. The observation was made that the relationships of the past appeared to provide less guidance than usual in appraising the current situation and outlook. In the latter part of 1979, for example, overall activity had been unexpectedly strong and the widely anticipated recession had not developed, although automobile production and housing starts had declined. In the judgment of a number of members, a downturn now seemed to be getting under way, but there was also recognition that it could be delayed for another quarter or two.

Consumption expenditures in particular were stronger in late 1979 than had been anticipated, and the saving rate fell to an exceptionally low level. To the extent that the reduced saving rate was attributable to buying in anticipation of rapid increases in prices, strength in consumer buying could persist for a time. On the other hand, to the extent that the reduced rate reflected pressure on consumer budgets arising from past inflation and from the onset of the heating season with sharply higher prices for energy, the strength in consumer buying could give way rather promptly to substantial weakness.

The outlook for domestic economic activity continued to be clouded by political developments abroad. The problem of the U.S. hostages held in Iran was unresolved, and in recent days international tensions had been heightened by the Soviet Union's invasion of Afghanistan. Increased defense spending could have an impact on economic activity, although current information suggested that increases would be of limited proportions.

Inflation remained a major concern. In part because of earlier increases in oil prices and in mortgage interest rates, the consumer price indexes to be published in the next few months probably would continue to show exceptionally large advances.

At its meeting on July 11, 1979,

the Committee had reaffirmed the following ranges for monetary growth from the fourth quarter of 1978 to the fourth quarter of 1979 that it had established in February: M-1, $1\frac{1}{2}$ to $4\frac{1}{2}$ percent; M-2, 5 to 8 percent; and M-3, 6 to 9 percent. Having established the range for M-1 in February on the assumption that expansion of automatic transfer service (ATS) and negotiable order of withdrawal (NOW) accounts would dampen growth by about 3 percentage points over the year, the Committee also agreed that actual growth of M-1 might vary in relation to its range to the extent of any deviation from that estimate. Later in the year, expansion of such accounts appeared to be reducing measured growth of M-1 over the year by about $1\frac{1}{2}$ percentage points, and after allowance for the deviation from the earlier assumption, the equivalent range was 3 to 6 percent. Over the year ending in the fourth quarter of 1979, M-1 grew about $5\frac{1}{2}$ percent, M-2 about $8\frac{1}{4}$ percent, and M-3 about 8 percent.[2]

At the July meeting the Committee also anticipated that growth of the monetary and credit aggregates over the year ending in the fourth quarter of 1980 might be within the ranges established for 1979. At this meeting the Committee began a review of the ranges for 1980. It was understood that at its meeting scheduled for early February the Committee would complete its review and would establish ranges for 1980 within the framework of the Full Employment and Balanced Growth (Humphrey-Hawkins) Act of 1978.

In the discussion of policy for the near term, the members in general considered rates of monetary growth for the three months from December to March within the framework of some reduction in ranges for growth over the whole of 1980 from those for 1979 in pursuit of the Committee's objective of reducing the rate of inflation. The Committee also took note of a staff analysis indicating that the demand for money could be relatively weak in the first quarter of 1980, if growth of nominal GNP did in fact slow sharply, and could strengthen as the year progressed.

A number of members favored pursuit of somewhat slower monetary growth in the early months of the year than they might accept for the whole year, and some indicated a willingness to tolerate relatively slow monetary growth if significant declines in interest rates developed in the weeks immediately ahead. These views were consistent with the possibility that the demand for money would be relatively weak early in the year and that pressures for monetary growth were likely to increase later in the year if growth of nominal GNP picked up. Moreover, concern was expressed that any substantial declines in interest rates might be interpreted as a significant easing of monetary policy and thus could have adverse consequences for inflationary expectations and for the foreign exchange value of the dollar. Other members of the Committee, however, expressed skepticism about the feasibility of fine tuning policy in an effort to provide for rather small, intrayear variations in the rate of monetary growth.

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2. These growth rates are based on revised data for the monetary aggregates, reflecting new benchmarks for deposits at nonmember banks that were published on January 10, 1980. On the basis of unrevised figures, the growth rates were slightly lower for M-1 and M-2—about 5 percent and 8 percent respectively.

Differences in views concerning the particular rates of monetary growth to be specified for the period from December to March were not great. Preferences were expressed for growth indexed by expansion in M-1 at an annual rate of 4 percent, a rate of 5 percent, and something between the two.

With respect to the acceptable range of fluctuation for the federal funds rate, almost all members preferred to retain the range of $11^1/_2$ to $15^1/_2$ percent originally adopted at the meeting on October 6, 1979, and continued at the meeting on November 20. One member suggested raising the range slightly, to 12 to 16 percent.

At the conclusion of the discussion, the Committee agreed that open market operations in the period until the next meeting should be directed toward expansion of reserve aggregates consistent with growth over the first quarter of 1980 at an annual rate between 4 and 5 percent for M-1 and on the order of 7 percent for M-2, provided that the weekly average federal funds rate remained within a range of $11^1/_2$ to $15^1/_2$ percent. If it appeared during the period before the next regular meeting that the constraint on the federal funds rate was inconsistent with the objective for the expansion of reserves, the Manager for Domestic Operations was promptly to notify the Chairman who would then decide whether the situation called for supplementary instructions from the Committee.

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

The information reviewed at this meeting suggests that real output of goods and services expanded somewhat further in the final quarter of 1979 and that prices on the average continued to rise rapidly. In November retail sales strengthened and nonfarm payroll employment rose considerably further, but industrial production declined somewhat and private housing starts fell. The unemployment rate edged down from 6.0 to 5.8 percent. Producer prices of finished goods and consumer prices continued to rise rapidly, in part because of the spreading effects of earlier increases in energy costs. Over recent months the rise in the index of average hourly earnings has remained close to the rapid pace during 1978.

The trade-weighted value of the dollar against major foreign currencies has depreciated about 3 percent since mid-November, reflecting in large part the Middle East situation as well as a firming of monetary conditions in a number of foreign countries. The U.S. foreign trade deficit in October and November on the average was slightly below the rate for the third quarter.

Growth of the major monetary aggregates, which had slowed in October, remained at reduced rates in the final months of 1979. From the fourth quarter of 1978 to the fourth quarter of 1979 M-1 grew $5^1/_2$ percent, M-2 about $8^1/_4$ percent, and M-3 about 8 percent. Most market interest rates have declined somewhat on balance since the Committee's meeting in late November.

Taking account of past and prospective developments in employment, unemployment, production, investment, real income, productivity, international trade and payments, and prices, the Federal Open Market Committee seeks 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. At its meeting on July 11, 1979, 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 $1^1/_2$ to $4^1/_2$ percent, 5 to 8 percent, and 6 to 9 percent respectively. It appeared that expansion of ATS and NOW accounts would dampen growth of M-1 by about $1^1/_2$ percentage points over the year, half as much as assumed early in the year; thus after allowance for the deviation from the earlier estimate, the equivalent range for M-1 was 3 to 6 percent. The associated range for bank credit was 7½ to 10½ percent. The Committee anticipated that for the period from the fourth quarter of 1979 to the fourth quarter of 1980, growth may be within the same ranges, depending upon emerging economic conditions and appropriate adjustments that may be required by legislation or judicial developments affecting interest-bearing transactions accounts. Ranges for 1980 will be reconsidered at the meeting of the Committee scheduled for early February.

In the short run, the Committee seeks expansion of reserve aggregates consistent with growth over the first quarter of 1980 at an annual rate between 4 and 5 percent for M-1 and on the order of 7 percent for M-2, provided that in the period before the next regular meeting the weekly average federal funds rate remains within a range of 11½ to 15½ percent.

If it appears during the period before the next meeting that the constraint on the federal funds rate is inconsistent with the objective for the expansion of reserves, the Manager for Domestic Operations is promptly to notify the Chairman who will then decide whether the situation calls for supplementary instructions from the Committee.

Votes for this action: Messrs. Volcker, Balles, Black, Coldwell, Kimbrel, Mayo, Partee, Rice, Schultz, Mrs. Teeters, Messrs. Wallich, and Timlen. Votes against this action: None. (Mr. Timlen voted as an alternate member.)

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.

Legal Developments

AMENDMENTS TO REGULATION Q

The Board of Governors of the Federal Reserve System has amended Regulation Q to establish a maximum interest rate ceiling of $11^3/_4$ per cent on the new $2^1/_2$ year variable ceiling time deposit.

Effective February 27, 1980, the Board amends Regulation Q (12 C.F.R. Part 217) as follows:

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

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(g) *Time deposits of less than $100,000 with maturities of $2^1/_2$ years or more.* Except as provided in paragraphs (a), (b), (d), and (e), a member bank may pay interest on any nonnegotiable time deposit with a maturity of $2^1/_2$ years or more that is issued on or after the first day of each month at a rate not to exceed the lower of three quarters of one per cent below the average $2^1/_2$ 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, or $11^3/_4$ per cent. The average $2^1/_2$ 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. However, a member bank may pay interest on any nonnegotiable time deposit with a maturity of $2^1/_2$ years or more which consists of funds deposited to the credit of, or in which the entire beneficial interest is held by:

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

(2) an individual pursuant to an Individual Retirement Account agreement or Keogh (H.R. 10) Plan established pursuant to 26 U.S.C. (I.R.C. 1954) §§ 408, 401, at a rate not to exceed the ceiling rate payable to the same category of deposit by any Federally-insured savings and loan association or mutual savings bank.

REVISED INTERPRETATION OF REGULATION Y

The Board of Governors has revised an interpretation issued in January, 1978 (12 CFR 225.139), in order to amplify its views regarding the nature of indebtedness that gives rise to the presumption of continued control established by § 2(g)(3) of the Bank Holding Company Act.

Effective February 7, 1980, interpretation 225.139 is revised as follows:

1. Footnote 4 is deleted, and footnotes 5, 6, and 7 are renumbered 4, 5, and 6, respectively.

2. A new paragraph (c)(4) is added to read as follows:

(4) The term "indebtedness" giving rise to the presumption of continued control under section 2(g)(3) of the Act is not limited to debt incurred in connection with the transfer; it includes any debt outstanding at the time of transfer from the transferee to the transferor or its subsidiaries. However, the Board believes that not every kind of indebtedness was within the contemplation of the Congress when section 2(g)(3) was adopted. Routine business credit of limited amounts and loans for personal or household purposes are generally not the kinds of indebtedness that, standing alone, support a presumption that the creditor is able to control the debtor. Accordingly, the Board does not regard the presumption of section 2(g)(3) as applicable to the following categories of credit, provided the extensions of credit are not secured by the transferred property and are made in the ordinary course of business of the transferor (or its subsidiary) that is regularly engaged in the business of extending credit: (i) consumer credit extended for personal or household use to an individual transferee; (ii) student loans made for the education of the individual transferee or a spouse or child of the transferee; (iii) a home mortgage loan made to an individual transferee for the purchase of a residence for the individual's personal use and secured by the residence; and (iv) loans made to companies (as defined in section 2(b) of the Act) in an aggregate amount not exceeding ten per cent of the total purchase price (or if not sold, the fair market value) of the transferred property. The amounts and terms of the preceding categories of credit should not differ substantially from similar credit extended in comparable circumstances to others who are not transferees. It should be understood that, while the statu-

tory presumption in situations involving these categories of credit may not apply, the Board is not precluded in any case from examining the facts of a particular transfer and finding that the divestiture of control was ineffective based on the facts of record.

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

Orders Under Section 3 of Bank Holding Company Act

AmeriTrust Corporation, Cleveland, Ohio

Cincinnati Trust Company, Cincinnati, Ohio

AmeriTrust Company, Cleveland, Ohio

Order Approving Acquisition of Bank, Merger of Banks, Establishment of Branches, and Membership in the Federal Reserve System

AmeriTrust Corporation ("Corporation"), Cleveland, Ohio, a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. §1842(a)(3)) to acquire all of the voting shares of Cincinnati Trust Company ("Cincinnati Bank"), Cincinnati, Ohio, a proposed new bank. Cincinnati Bank has applied to the Board under section 9 of the Federal Reserve Act (12 U.S.C. §321) to become a member of the Federal Reserve System.

In addition, AmeriTrust Company ("AmeriTrust"), Cleveland, Ohio, a subsidiary of Corporation, has applied for the Board's approval under the Bank Merger Act ("Merger Act," 12 U.S.C. §1828(c)) to merge with AmeriTrust Company of Franklin County ("Franklin Bank"), Columbus, Ohio, Ameritrust Company of Lake County ("Lake Bank"), Painesville, Ohio, and AmeriTrust Company of Lorain County ("Lorain Bank"), Lorain, Ohio, under the charter and title of AmeriTrust. Incident to the proposed merger, the existing offices of Franklin Bank, Lake Bank, and Lorain Bank would become branch offices of AmeriTrust. AmeriTrust has also applied for the Board's approval under section 9 of the Federal Reserve Act to establish branches at 2351 East 22nd Street, Cleveland, Ohio, and at the corner of Cedar and Richmond Roads, Beachwood, Ohio.

Notice has been given of these applications, as required by section 3(b) of the BHC Act, by the Merger Act, and by the Board's Rules of Procedure (12 C.F.R. § 262.3(b)), affording interested persons the opportunity to submit comments and views. As required by the Merger Act, reports on competitive effects of the mergers were requested from the United States Attorney General, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, and a report was received from the Attorney General. The Board has also received comments from three Cleveland community organizations: Buckeye-Woodland Community Congress ("BWCC"), Citizens to Bring Broadway Back, and Union-Miles Coalition (collectively "Protestants"). Protestants' comments on all the applications relate to AmeriTrust's record under the Community Reinvestment Act of 1977 ("CRA," 12 U.S.C. §§ 2901-05). Because the issues raised by Protestants are the same in each case, the applications have been consolidated before the Board. The Board has considered the applications and all comments and reports received in the light of the factors set forth for the respective applications in section 3(c) of the BHC Act, section 9 of the Federal Reserve Act, the Merger Act, and the CRA.

Competitive considerations are consistent with approval of these applications. Corporation, the largest banking organization in Ohio, controls ten banks, including AmeriTrust, Franklin Bank, Lake Bank, and Lorain Bank, with aggregate deposits of approximately $3.7 billion, representing 9.8 percent of total commercial bank deposits in the state.[1] Since Cincinnati Bank is a proposed new bank, its acquisition by Corporation would have no immediate effect on the concentration of banking resources in Ohio. Cincinnati Bank is to be located in the Cincinnati banking market,[2] nearly 100 miles from Franklin Bank, Corporation's closest existing bank subsidiary. Corporation is not represented in the market, and the acquisition of Cincinnati Bank will not eliminate existing competition or have any adverse effects on potential competition. AmeriTrust, Franklin Bank, Lake Bank, and Lorain Bank are all existing subsidiaries of Corporation. Their merger into AmeriTrust would be a corporate reorganization and would not affect the concentration of banking resources or existing or potential competition in any market in the state.

The financial and managerial resources of Corporation, Cincinnati Bank, AmeriTrust, Franklin Bank, Lake Bank, Lorain Bank, and Corporation's other

1. All banking data are as of September 30, 1978, except as otherwise noted.

2. The Cincinnati Banking market includes Hamilton, Clermont, and portions of Warren and Butler Counties in Ohio; Boone, Campbell, and Kenton Counties in Kentucky; and Dearborn County, Indiana.

subsidiaries are regarded as satisfactory. Cincinnati Bank has no financial or operating history; however, its future prospects as a subsidiary of Corporation appear favorable, and other banking factors specified in the Board's Regulation H (12 C.F.R. § 208.5(a)) are consistent with approval of its application for membership. Therefore, the Board regards banking factors as consistent with approval of these applications. In addition, the corporate powers of Cincinnati Bank are consistent with the purposes of the Federal Reserve Act.

In considering the effect of these applications on the convenience and needs of the communities to be served, the Board notes that Cincinnati Bank would provide an additional source for a full range of banking services in the Cincinnati market and would offer a Braille checking account that is not presently offered in Cincinnati. The two proposed branches of AmeriTrust would provide convenient new banking locations in its community.

In considering convenience and needs, the Board has also considered the CRA records of Corporation's existing and proposed subsidiaries. The CRA requires the Board to assess the records of those subsidiaries of meeting the credit needs of their entire communities, including low and moderate income neighborhoods, consistent with their safe and sound operation, and to take those records into account in its evaluation of these applications. The Board has reviewed the CRA records of Corporation's existing subsidiaries other than AmeriTrust and finds that they are consistent with approval.

With regard to AmeriTrust's CRA record, the Board has considered extensive comments from the Protestants. Initially, BWCC submitted comments raising several questions about AmeriTrust's performance under the Board's CRA regulation (Regulation BB, 12 C.F.R. § 228). BWCC also initially requested that the Board hold a public hearing in connection with the applications in order that it be fully apprised of AmeriTrust's position and have an opportunity to respond in the presence of responsible representatives of AmeriTrust, and because of difficulties it encountered in preparing written evidence promptly. The other Protestants submitted brief statements of support for BWCC's challenge.

Upon receiving BWCC's initial submission critical of AmeriTrust's record, the Board conducted an extensive investigation of AmeriTrust's record, including a full consumer compliance examination of AmeriTrust, and gathered considerable additional data regarding real estate transactions and real estate lending in the Cleveland Standard Metropolitan Statistical Area. In addition, the Federal Reserve Bank of Cleveland attempted to arrange a meeting between BWCC and representatives of Corporation and AmeriTrust ("Applicants"), together with Federal Reserve System staff, to discuss matters raised by the protest. Botl parties expressed reluctance to meet and no mutually agreeable format for a meeting was found. As part of its investigation, staff of the Federal Reserve Bank of Cleveland attended a meeting of BWCC at which BWCC made an oral presentation of materials which it had prepared. Those materials, including affidavits from several of BWCC's members regarding AmeriTrust's handling of their loan applications, were forwarded to AmeriTrust for comment and made part of the record.

Following completion of the Reserve Bank's investigation, a preliminary report of Federal Reserve System findings was prepared and made available to the parties. System staff then held a public meeting in Cleveland on December 12, 1979, to permit both parties to comment on the report. BWCC submitted extensive additional comments covering all aspects of AmeriTrust's performance under Regulation BB. With the exception of brief comments regarding BWCC's initial submission, Applicants have not responded directly to BWCC's allegations. Finally, following initial Board consideration of the applications, Board staff wrote to Applicants and offered them the opportunity to make commitments to improve their performance in areas of Board concern. The applicants responded by making commitments and submitting additional material for the record, and BWCC commented on the commitments and the submission. The Board believes that these procedures have accomplished the purposes for which BWCC requested a hearing.[3]

AmeriTrust has delineated its community for CRA purposes to be Cuyahoga County, Ohio. This delineation appears reasonable and is defined on a basis permitted by Regulation BB. AmeriTrust has adopted a CRA Statement, posted required notices in its branches, and established comment files; and its branch personnel are generally familiar with the requirements of the CRA. BWCC has complained that material it submitted for AmeriTrust's CRA public comment file had not been placed in the file. Board examiners confirmed that two BWCC documents which should have been placed in the file were

3. BWCC's request does not clearly contemplate a formal adjudicatory hearing on any aspect of the applications, nor has it shown that one is necessary. Section 3(b) of the BHC Act requires the Board to hold such a hearing on an application to acquire a state-chartered bank upon the request of the state bank supervisory authority. No such request has been received with respect to Corporation's application, and no other statute requires the Board to hold a formal hearing with respect to any of these applications. BWCC has been given numerous opportunities to place materials in the record and to comment on AmeriTrust's submissions and on the preliminary findings of the Federal Reserve System, and has been given the opportunity it requested for community participation in the application process. Moreover, the material facts regarding AmeriTrust's CRA record are generally not in dispute or are of a character that would not permit a hearing to further clarify them, and the Board believes that no purpose would be served by holding a formal hearing.

retained by AmeriTrust but not placed in the file. However, comments from other organizations were properly placed in AmeriTrust's comment files, and the Board believes that failure to include BWCC's documents in its file was an isolated error in a generally good record of technical compliance and is not a material adverse reflection on AmeriTrust's CRA record.

BWCC contends that AmeriTrust's record of real estate and home improvement lending to low and moderate income neighborhoods, and to areas with a significant black population is poor. BWCC's analysis is based on comparisons of data supplied by AmeriTrust pursuant to the Home Mortgage Disclosure Act ("HMDA," 12 U.S.C. § 2803) with real estate transfer data and with deposit data for AmeriTrust branches located in or near the Buckeye-Woodland area. The Board has analyzed the former comparisons thoroughly. However, as it indicated in its CRA information statement, issued on January 3, 1980, the Board does not believe that comparisons of deposits to loan totals can be prima facie evidence of discrimination. Moreover, a comparison of total deposits to mortgage loans is of little use in considering the record of a commercial bank with a diversified portfolio.[4]

Approximately 23 percent of the population of Cuyahoga County lives in low and moderate income census tracts.[5] Analysis of AmeriTrust's HMDA data for 1977 and 1978 shows that AmeriTrust made 18 times as many mortgage loans in higher income tracts as it did in low and moderate income tracts. However, on a comparative basis, AmeriTrust originated a greater percentage of its mortgages in low and moderate income areas than any other commercial bank in Cleveland. When the number of deed transfers in each census tract for 1977 is used as a proxy for demand, it appears that AmeriTrust was about 1.6 times as active in providing mortgages in higher income areas as in low and moderate income areas, and a variety of other factors such as usury ceilings and the institutional structure of the market may have had an effect on this result. By the same measure, AmeriTrust was about twice as active in providing mortgages in suburban Cuyahoga County as in the City of Cleveland, and twice as active in largely white areas as in largely black areas with similar income characteristics.

In regard to home improvement lending, more than 19 percent of loans purchased or originated by AmeriTrust for 1977 and 1978 were in low and moderate income areas, although its rejection rate for home improvement loan applications was higher (32 percent compared to 19 percent) in the low and moderate income areas. AmeriTrust was somewhat more active in supplying home improvement credit in largely black areas than in largely white areas. AmeriTrust was about 1.6 times as active in supplying consumer instalment credit in higher income areas as it was in low and moderate income areas.

AmeriTrust is the leading provider of Small Business Administration guaranteed loans in Cleveland, with $3 million of such loans outstanding as of December 31, 1978, and an additional $2.1 million in commitments, mostly in low and moderate income areas. AmeriTrust has also recently participated in three large housing projects for the elderly which were sponsored by the United States Department of Housing and Urban Development. However, AmeriTrust no longer makes FHA or VA insured real estate loans, which may be partly responsible for the level of its mortgage lending in low and moderate income areas.

AmeriTrust has been instrumental in the establishment of two community development organizations and has made loans to several others. It has approximately $1.2 million in loans outstanding to these organizations of which over two-thirds is to organizations operating outside of the city of Cleveland. AmeriTrust holds $113 million of state, county, and municipal bonds, many of which finance school, mass transit, public works and hospital programs, although none were used to finance housing.

In addition to comments on AmeriTrust's lending record, BWCC has made a variety of specific comments on other areas of AmeriTrust's performance, including efforts to ascertain credit needs, marketing, board of directors participation, and branches. The Board finds that AmeriTrust relies largely on its branch network to ascertain credit needs. In addition, early in 1979 AmeriTrust instituted a program of meeting with organizations in its community and has met with approximately 25 organizations thus far. It has not conducted surveys or other forms of market research.

AmeriTrust markets its services in a wide variety of media including television, radio, newspapers, and lobby advertising. BWCC's allegation that AmeriTrust's lobby advertising emphasizes different services in inner city branches than in suburban ones appears to be unfounded. AmeriTrust advertises in the *Call and Post*, a black newspaper, and on Cleveland's two black radio stations, although few of these advertisements have mentioned mortgage lending. AmeriTrust has rejected BWCC's suggestion that it advertise in community newsletters, and its program of contacts with local realtors appears largely ineffective.

4. As of July 2, 1979, AmeriTrust had a loan portfolio of $2.6 billion. Its portfolio consisted of 45.6 percent commercial loans, 13.3 percent residential real estate loans, 14.7 percent other real estate loans, 6.3 percent consumer instalment loans, 5.0 percent outstanding credit card balances, and 15.1 percent other types of loans.

5. Population data are from the 1970 United States Census. Low and moderate income census tracts are those where the median family income is less than 80 percent of median family income for the Cleveland Standard Metropolitan Statistical Area. Higher income tracts are all other tracts.

AmeriTrust's board of directors has considered and adopted AmeriTrust's CRA Statement as required by Regulation BB. It appears to have delegated all further CRA responsibility to management. AmeriTrust has branches throughout Cuyahoga County, including low and moderate income areas. In the past four years, it has closed four outmoded facilities in low and moderate income areas and opened two modern ones. Of the 17 AmeriTrust branches offering Saturday hours, only two are located in low and moderate income areas.

On the basis of AmeriTrust's CRA record, the Board concludes that AmeriTrust has offered a full range of services throughout its community and has not arbitrarily excluded any area. AmeriTrust has taken few steps aimed specifically to help meet the credit needs of low and moderate income areas, but while its record leaves room for improvement it would, absent other considerations, be consistent with approval of these applications.[6]

BWCC has also charged that AmeriTrust engages in a pattern or practice of racial discrimination in granting credit. It bases its charges on a comparison of HMDA data with deed transfer data, such as that analyzed above, for the Buckeye-Woodland neighborhood, and on affidavits from three creditworthy individuals from predominantly black areas of Buckeye-Woodland who were denied credit. The Board does not believe that these facts establish a pattern of racial discrimination. The Board staff's analysis of data for Buckeye-Woodland indicates that AmeriTrust's record in that neighborhood shows no significant disparity between largely white and largely black areas when compared to deed transfer data for 1977. The Board does not believe that analysis of lending in this small area, or in AmeriTrust's community as a whole, demonstrates a pattern of discrimination.

As for the three cases, there is no showing that the individuals were denied credit on the basis of their race or the character of the area where they reside. In the course of their investigation, Board examiners reviewed a sample of denied and approved credit applications for mortgage, home improvement, and consumer instalment credit. The denied applications did not appear to have been handled differently in any respect from those approved, and there was no evidence to suggest that race or any other prohibited basis had been considered in acting upon the applications. All denials sampled were made for reasons consistent with sound lending criteria.

Finally, BWCC alleges that AmeriTrust has engaged in a pattern or practice of pre-screening loan applicants in violation of the Board's Regulation B (12 C.F.R. § 202). In support of its allegation, BWCC offers the affidavits of three individuals. Two of these individuals made applications for loans to AmeriTrust and apparently were informed orally that their applications were denied; however, Board examiners could find no record of the applications in AmeriTrust's files. The third individual was refused the opportunity to apply for a loan. AmeriTrust has not contradicted BWCC's allegations with respect to these individuals, and the Board concludes that the cases do involve violations of Regulation B.

In addition, the Board's consumer compliance examination of AmeriTrust revealed other violations of Regulation B. Pre-screening practices were found in the mortgage departments of AmeriTrust's main office and of three out of 17 branch offices sampled by examiners. The examiners were unable to determine the extent of the practices and there was no evidence that the practices were selectively applied. However, the three branches were located in low and moderate income neighborhoods. Examiners also found instances in which AmeriTrust failed to give proper adverse action notices to persons denied credit, and failed to record discrimination monitoring information properly.

The Board views these violations as extremely serious. They make it impossible to conclude with certainty that AmeriTrust has not engaged in discouragement of applications from low and moderate income areas. Because of the seriousness of the violations, the Board communicated its concern to AmeriTrust, offering it the opportunity to adopt steps to eliminate prescreening practices and the effects of discouraging applications and to improve other areas of its performance.

AmeriTrust made five commitments in response to this suggestion. It will:

(1) improve its training programs for lending personnel to prevent future violations,

(2) offer credit counselling to applicants or refer them to independent credit counselling organizations,

(3) make public its real estate appraisal standards,

(4) study the feasibility of making public its lending policies, and

(5) Make the public aware of commitments two, three, and four.

The Board believes that these actions will help to improve AmeriTrust's CRA record, and it expects Ameri-

6. The CRA requires the Board to assess each institution's record of meeting the credit needs of its community and then to "take such record into account in its evaluation of an application for a deposit facility by such institution." 12 U.S.C. § 2902(2). The Board believes that the CRA commits to the Board's discretion the evaluation of an institution's CRA record and the weight that record is given in the context of other statutory considerations. Accordingly, the Board may consider, among other things, the convenience to the communities served afforded by the expansion of well managed financial institutions, the efficiencies inherent in permitting an institution's management to determine its most appropriate corporate structure, and the procompetitive effects of de novo expansion in determining whether an institution's CRA record is consistent with approval in the context of particular proposals. The Board has considered these and similar factors in making its determination in this case.

Trust to formulate detailed plans for satisfying its commitments and to report quarterly to the Federal Reserve Bank of Cleveland on its progress in implementing those plans. The first report should include the results of the study mentioned in item four.

The Board does not believe that the steps offered by AmeriTrust are sufficient to resolve its concerns with AmeriTrust's prescreening practices, however. Accordingly, the Board requires, as a condition of its approval of these applications, that AmeriTrust promptly begin to maintain for a period of one year, or longer if the Board deems necessary, a register of all inquiries and applications for mortgage and home improvement loans made in person at offices of AmeriTrust in Cuyahoga County in a form and a manner acceptable to the Director of the Board's Division of Consumer and Community Affairs. With this condition, and considering AmeriTrust's commitments and other facts of record, it is the Board's judgment that convenience and needs considerations associated with these proposals are consistent with approval, that consummation of Applicants' proposals and entry of Cincinnati Bank into membership in the Federal Reserve System would be in the public interest, and that the applications should be approved.

On the basis of the record, the applications are approved for the reasons and subject to the conditions summarized above. The acquisition of Cincinnati Bank and the merger transactions shall not be made before the thirtieth calendar day following the effective date of this Order. None of the transactions shall be made later than May 21, 1980, and Cincinnati Bank shall be opened for business not later than August 21, 1980, unless these times are extended for good cause by the Board or the Federal Reserve Bank of Cleveland acting under delegated authority.

By order of the Board of Governors, effective February 21, 1980.

Voting for this action: Chairman Volcker and Governors Schultz, Partee, Teeters, and Rice. Concurring: Governors Wallich and Coldwell.

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

Concurring Statement of
Governors Wallich and Coldwell

We do not believe that requiring AmeriTrust to maintain a register of loan inquiries, as the Board has done in its Order, is warranted by the facts of these cases or that it will be of sufficient supervisory value to the Board to justify the costs to AmeriTrust associated with it. Accordingly, although we concur with the majority of the Board in its other findings regarding these applications, we would approve the applications without that requirement.

We are concerned, as is the majority of the Board, with AmeriTrust's violations of Regulation B. However, we believe the remedy the Board has chosen to impose is an excessive response to the deficiency it has identified. These violations were not found to be pervasive throughout the organization. They represent acts by several employees not only in violation of law but in clear violation of AmeriTrust's policy. The shortcoming that gave rise to the violations was AmeriTrust's failure to communicate to and train its employees effectively and to monitor their performance. Appropriately, AmeriTrust has committed, in connection with these applications, to improve its training programs to prevent future violations. The Federal Reserve Bank of Cleveland will monitor AmeriTrust's compliance with that commitment and help ensure that the program is effective. This commitment is designed to correct the deficiencies that have been identified and we do not believe that the register will be substantially more effective in preventing future violations.

In any event, the requirement represents an unwarranted burden. Implementation of the register will involve soliciting detailed information of a personal nature from all applicants and inquirers for loans. In addition to the inconvenience and possible embarrassment to AmeriTrust's customers, staff estimates of the cost to AmeriTrust of complying with the requirement for one year range from $250 thousand to $300 thousand. We are aware that similar requirements are imposed by other regulatory agencies either generally or under particular circumstances. However, the Federal Reserve's examination of AmeriTrust found no evidence that prescreening was used for a prohibited purpose, and AmeriTrust has tendered an affirmative undertaking to prevent future violations. Under these circumstances we do not believe that such a substantial supervisory burden is justified.

Based on the foregoing, we believe the applications should be approved without the imposition of special conditions.

February 21, 1980

Detroitbank Corporation
Detroit, Michigan

Order Denying
Acquisition of Bank Holding Company
and Acquisition of Reinsurance Company

DETROITBANK Corporation, Detroit, Michigan, a bank holding company within the meaning of the Bank

Holding Company Act (the "Act"), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) to acquire 100 percent of the voting shares of the successor by merger to Second National Corporation ("Second National"), Saginaw, Michigan, a bank holding company that controls Second National Bank of Saginaw, Saginaw, Michigan, and Second National Bank of Bay City, Bay City, Michigan (collectively referred to as "Banks"). The company into which Second National is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Second National. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of shares of Second National.

Applicant has also applied 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)) for permission to acquire indirectly, as an incident to its acquisition of Second National, shares of Century Life Insurance Company of Michigan ("Century Life"), Phoenix, Arizona, an existing nonbank subsidiary of Second National. Century Life is a reinsurance company engaged in insuring credit life and credit health insurance written by Union Security Life Insurance Company in connection with extensions of credit by Banks. This activity has been previously determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(10)).

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the Act, and the time for filing views and comments has expired. The Board has considered the applications and all comments received, including those of Mr. Harrison Plum and Ms. Judith P. Schwartz,[1] in light of the factors and considerations set forth in sections 3(c) and 4(c)(8) of the Act.

Applicant, the third largest banking organization in Michigan, controls eight banks with aggregate deposits of approximately $3.40 billion, representing 8.7 percent of total deposits in commercial banks in the state.[2] Second National, the 18th largest banking organization in Michigan, controls two banks with aggregate deposits of $383.9 million, representing 1.0 percent of statewide deposits in commercial banks. Upon consummation of the proposal, Applicant would remain the third largest banking organization in the state, and its share of commercial bank deposits in Michigan would increase to 9.7 percent. As discussed more fully below, viewed in the context of the developing banking structure in Michigan, this increase in concentration of banking resources is of some concern to the Board.

Second National controls the largest of 12 banking organizations competing in the Bay City-Saginaw banking market,[3] holding 25.8 percent of deposits in that market. Second National also controls the smallest of 12 banking organizations in the Tuscola banking market,[4] holding 1.4 percent of market deposits. None of Applicant's subsidiary banks has an office in either of these banking markets, or within 75 miles of any office of Banks. Thus, no significant existing competition would be eliminated upon consummation of the proposal. With regard to potential competition, however, the Board has previously expressed its concern about the adverse competitive effects resulting from the entry into smaller metropolitan areas by one of the largest banking organizations in a state through acquisition of one of the larger independent organizations in these areas.[5] These adverse effects are exacerbated when the bank to be acquired is located in a highly concentrated market.[6]

Because of the small share of deposits held by Second National in the Tuscola banking market, no substantial amount of potential competition would be eliminated as a result of consummation of the proposal. With respect to the Bay City-Saginaw market, however, the Board considers Applicant to be one of the most likely of a small number of banking organizations to enter this market de novo.[7] The Board has recently determined that the portion of the Bay City-Saginaw market comprised of Midland and Saginaw Counties is attractive for de novo entry,[8] and nothing in the record of these applications alters that judgment. In view of the attractiveness for de novo entry of the portion of the market that Applicant seeks to enter, and in view of Applicant's financial and managerial resources, Applicant particularly appears to be a probable entrant into this market. Acquisition of

1. Mr. Plum, a shareholder of Second National, urged denial of the proposal on competitive grounds. Ms. Schwartz, an interested member of the public, urged approval on convenience and needs considerations.

2. Banking data are as of December 31, 1978. Applicant has received the approvals of the Board and the Comptroller of the Currency to establish de novo a ninth bank, Detroit Bank-Novi, N.A. This bank has not commenced business.

3 The Bay City-Saginaw banking market is approximated by Bay, Midland, and Gladwin Counties plus the northern three-quarters of Saginaw County.

4. The Tuscola banking market is approximated by all of Tuscola County, except Arbela, Millington, and Watertown Townships.

5. *E.g.*, *First International Bancshares*, 60 FEDERAL RESERVE BULLETIN 43, 44 (1974).

6. *First City Bancorporation of Texas, Inc.*, 65 FEDERAL RESERVE BULLETIN 862, 864 (1979).

7. Applicant states that its primary objective is to establish a banking presence in the city of Saginaw. Although there are possible foothold entry vehicles in the Bay City-Saginaw market, none is located in the city of Saginaw, and none would be permitted, under state law, to branch into the city. Therefore, Applicant states that foothold entry is not attractive to it.

8. *Old Kent Financial Corporation*, 65 FEDERAL RESERVE BULLETIN 1010, 1012 (1979).

Second National by Applicant would eliminate the probability that these two organizations will come into direct competition and the Board would view this competition as desirable in view of the present structure of the market.

In this regard, the Board finds that the structure of the Bay City-Saginaw market is highly concentrated, with the four largest organizations in the market controlling 79.3 percent of total market deposits. Approval of the proposal would do nothing to reduce the concentration of banking resources in the Bay City-Saginaw market. On the other hand, denial of the proposal preserves the distinct probability that Applicant and Second National will be confronting each other in this highly concentrated market. Competition would be enhanced, and ultimately, consumers of banking services would benefit from such an eventuality. In view of the facts of record, including the financial and managerial resources of Applicant, the large share of deposits in the Bay City-Saginaw banking market held by Second National, the level of concentration, the attractiveness of the market for de novo entry, and other characteristics of that market, the Board concludes that consummation of this proposal would have substantially adverse effects on potential competition in the Bay City-Saginaw market. The Board regards these effects on potential competition as being sufficient to warrant denial of the proposal.

The competitive effects associated with this proposal must also be considered in light of the Board's concerns about the concentration of banking resources within the state. The Board recently expressed particular concern about the rapid increase in the level of concentration of banking resources in Michigan.[9] The proportion of statewide deposits held by Michigan's five largest banking organizations increased from 45.0 percent on December 31, 1976, to 48.1 percent on December 31, 1978. Consummation of this proposal would increase this proportion of deposits to approximately 49.5 percent.[10] The Board believes that such a rapid increase in the concentration of statewide banking resources is an appropriate area for concern, and the Board does not view its responsibilities under the Bank Holding Company Act as requiring it to await the culmination of a trend toward an undue concentration among bank holding companies in Michigan before it intervenes. Indeed, the underlying purpose of the Clayton Act, as incorporated in the Bank Holding Company Act, is to brake the force of a trend toward undue concentration before it gathers momentum. See *Brown Shoe Co.* v. *United States*, 370 U.S. 294, 317-18 (1962).

The Board has, in the recent past, approved acquisitions in Michigan and Texas with facts somewhat similar to those involved in this proposal.[11] The facts supporting these decisions are distinguishable from the facts in this proposal, however. In First National, the applicant was a significantly smaller banking organization than Applicant, and therefore, consummation of that proposal was expected to enable First National to compete more effectively with the larger Detroit-based banking organizations, such as Applicant, on a statewide basis.[12] The 1977 *DETROITBANK* decision involved an acquisition in a market that was not attractive for de novo entry.

Applicant suggests that the competitive effects of its proposal are particularly similar to those discussed in First City Bancorporation. The Board, however, considers the competitive effects of this proposal to be more serious. The organization to be acquired in First City Bancorporation held fewer deposits, and a smaller share of deposits, within its local market than Second National holds in the Bay City-Saginaw market, and operated in a significantly less concentrated banking market than the Bay City-Saginaw market. In addition, deposits are less concentrated in Texas than in Michigan, and the organization to be acquired in First City Bancorporation controlled a smaller share of the total deposits in commercial banks in the state than Second National. Accordingly the Board is satisfied that facts in this proposal indicate that the adverse effects on potential competition and statewide concentration of banking resources are significantly more serious than those associated with the cited cases so as to warrant denial of this proposal, unless such substantially adverse effects are outweighed by factors related to the convenience and needs of the communities to be served.

The financial and managerial resources and future prospects of Applicant, Second National, and their subsidiary banks are satisfactory and consistent with approval of the application. Although Applicant proposes to improve certain banking services offered by Second National, Second National has sufficient resources to serve its community adequately and to expand the services it currently provides. Furthermore, Applicant could provide these services through de novo or foothold entry into the Bay City-Saginaw and Tuscola banking markets. Thus, the Board finds that convenience and needs considerations, including Community Reinvestment Act factors, do not outweigh the substantially adverse effects on either poten-

9. *Old Kent Financial Corporation*, supra note 7, at 1011.
10. This figure reflects bank holding company acquisitions as of January 31, 1980.

11. *E.g., First National Financial Corporation*, 64 FEDERAL RESERVE BULLETIN 119 (1978) ("*First National*"); *DETROITBANK Corporation* (Lake Shore Financial Corporation), 63 FEDERAL RESERVE BULLETIN 926 (1977); *First City Bancorporation of Texas, Inc.*, supra note 6.
12. *First National* at 120.

tial competition or statewide concentration of resources described above.

With respect to the application to acquire Century Life, the Board determined that the balance of public interest factors prescribed by section 4(c)(8) of the Act favored approval of Second National's acquisition of Century Life (41 *Federal Register* 44897 (1976); 62 FEDERAL RESERVE BULLETIN 968 (1976)). Nothing in the record suggests that Applicant's acquisition of Second National would alter that balance. There is no evidence that Applicant's acquisition of Century Life alone would result in undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. In the context of this proposal, however, Applicant could not consummate this acquisition without acquiring control of Banks. Accordingly, the Board concludes that this application must also be denied.

It is the Board's judgment that consummation of the proposal would not be in the public interest and should be denied. On the basis of the record, the applications are denied for the reasons summarized above.

By order of the Board of Governors, effective February 26, 1980.

Voting for this action: Chairman Volcker and Governors Schultz, Wallich, Partee, Teeters, and Rice. Voting against this action: Governor Coldwell. Governors Schultz and Wallich abstained with respect to the application to acquire Century Life.

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

Dissenting Statement of Governor Coldwell

I do not find that consummation of the applications of DETROITBANK Corporation to acquire Second National Corporation and its nonbank subsidiary, Century Life Insurance Company of Michigan, would have such serious adverse effects on competition as to warrant denial. Accordingly, I would approve the applications for the following reasons.

First, while consummation of the proposal would eliminate some potential competition, I do not view the effects of this proposal on such competition in the Bay City-Saginaw banking market to be so significant as to warrant denial. The majority, in denying these applications, found that consummation of this proposal would eliminate substantial probable future competition in this banking market. Although I recently voted with the majority to deny an application by Old Kent Financial Corporation to acquire a banking organization because of the substantially adverse effects of the elimination of probable future competition in the Bay City-Saginaw market,[1] I believe that the anticompetitive effects in Old Kent were more serious. There was stronger evidence in Old Kent to demonstrate that the applicant would be a probable entrant into the Bay City-Saginaw banking market, since it had attempted to acquire another bank in that market in 1974 and had entered another market de novo after the Board denied its application to acquire an existing bank. In addition, in Old Kent, the banking organization to be acquired, although second largest in the Bay City-Saginaw market, had a greater share of statewide commercial bank deposits, and was more capable of and likely to expand into the applicant's markets than Second National. Furthermore, despite the majority's finding concerning the attractiveness for de novo entry of the portion of the Bay City-Saginaw market that Applicant proposes to enter, I would accord some weight to the fact that Applicant has never entered de novo a market outside the Detroit metropolitan area, and to its statement that it would not consider such entry. I also note that Second National's share of deposits in the Bay City-Saginaw market is not substantially greater than the share of the second largest banking organization in the market. Thus, approval would not automatically place Applicant in a dominant position in the market. In view of these facts, I do not believe this case meets the strong evidentiary requirements imposed by the courts in analyzing previous probable future competition cases.[2]

Second, I share some of the majority's concern about the recent increase in the concentration of statewide deposits held by the five largest banking organizations in Michigan, which was one basis for denial in Old Kent.[3] However, I note that the banking organization to be acquired in that application had a larger share of statewide deposits than Second National. I do not consider the effects on statewide concentration of banking resources resulting from consummation of this proposal as being so serious as to warrant denial, either alone or in conjunction with effects on probable future competition in the Bay City-Saginaw banking market.

The majority finds that convenience and need considerations do not outweigh the adverse effects on either potential competition or statewide concentration of resources. Applicant proposes to furnish Second National's bank subsidiaries with an agricultural lending specialist. With respect to commercial and residential mortgage loans, Applicant proposes to make these banks' rates more competitive and to provide a broader array of services. Applicant also proposes to assist

1. *Old Kent Financial Corporation,* 65 FEDERAL RESERVE BULLETIN 1010 (1979).
2. See *United States* v. *Marine Bancorporation,* 418 U.S. 602, 625 (1974).
3. *Old Kent Financial Corporation,* supra note 1, at 1011.

Second National in expanding trust and commercial lending services, and in initiating corporate and international services. I believe that the introduction of these services to Second National's customers would constitute a substantial benefit to the communities to be served that would outweigh any adverse competitive effects that would result from consummation of this proposal.

Based on the foregoing, I believe that the applications should be approved.

Lake Jackson Bancshares, Inc., Lake Jackson, Texas

Order Denying Formation of a Bank Holding Company

Lake Jackson Bancshares, Inc., Lake Jackson, 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 by acquiring 80 percent or more of the voting shares of The Lake Jackson Bank of Lake Jackson, Texas ("Bank"), Lake Jackson, Texas.

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank. Upon acquisition of Bank, Applicant would control the 242nd largest commercial bank in Texas, with 0.1 percent of the total deposits in commercial banks in the state.[1]

Bank holds deposits of $36.2 million, representing approximately 11.4 percent of the total deposits in commercial banks in the market and is the second largest of thirteen banks in the relevant banking market.[2] This proposal involves a restructuring of Bank's ownership from individuals to a corporation owned by those same individuals. The facts of record indicate that two of Applicant's principals also hold 34.43 percent each of Brazosport Bank of Texas ("Brazosport Bank"), Freeport, Texas, which is also located in the relevant banking market. In addition, one of these individuals serves as chairman of the board and the other serves as a director of Brazosport Bank. Brazosport Bank (deposits of $34.8 million) controls 10.9 percent of total market deposits and is the third largest bank in the relevant banking market.

Under section 3(c) of the Bank Holding Company Act, the Board is precluded from approving any proposed acquisition of a bank that, in any part of the country, (1) would result in a monopoly, or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking; or that (2) may substantially lessen competition or tend to create a monopoly or be in restraint of trade in any banking market, unless the Board finds that such anticompetitive effects are clearly outweighed by the convenience and needs of the community to be served.

As part of its analysis of the competitive effects of a proposal involving the restructuring of a bank's ownership into corporate form, the Board takes into consideration the competitive effects of the transaction whereby common share ownership and/or interlocking director/officer relationships were established between the subject bank and one or more of the other banks in the same market.[3] In this case, the Board has considered the competitive effects of the purchase, in November 1976, of Bank's shares by Applicant's principals. At that time, Applicant's principals also held the above-described interest in Brazosport Bank and served as officers and/or directors of Brazosport Bank. Together, Bank and Brazosport Bank controlled, as of December, 1976, total deposits of $60.5 million, representing approximately 26.6 percent of total deposits in the market. The Board finds that the effect of Bank's acquisition by Applicant's principals was to eliminate significant competition that existed at that time between Bank and Brazosport Bank, increase the concentration of banking resources within the Brazoria banking market, and eliminate an independent banking competitor in the market.

In the Board's view, the subject proposal involves the use of the holding company form to further an anticompetitive arrangement. On the basis of all the facts of record, including the sizes of the organizations involved, and their collective position in the relevant market, (together the two banks hold 22.3 percent of the total deposits in commercial banks in the market) the Board concludes that this proposal should be denied since approval of this application would serve to perpetuate a substantially adverse competitive situation.

1. Unless otherwise indicated, all banking data are as of December 31, 1978, and reflect bank holding company formations and acquisitions approved as of October 31, 1979.

2. The relevant banking market is approximated by Brazoria County, excluding the communities of Alvin and Pearland, Texas.

3. *See*, *Mahaska Investment Company*, 63 FEDERAL RESERVE BULLETIN 579 (1977), and *Citizens Bancorp, Inc.*, 63 FEDERAL RESERVE BULLETIN 1083 (1977).

The financial and managerial resources of Applicant, which are dependent upon those of Bank, are considered to be generally satisfactory, and their future prospects appear favorable. While Applicant will incur debt in connection with the proposal, it appears that Applicant will be able to service the debt without adversely affecting the financial condition of Bank. Accordingly, financial and managerial factors are consistent with approval of the application.

No significant changes in Bank's operations or in the services offered to its customers are anticipated to follow from consummation of the proposed acquisition. Consequently, convenience and needs factors lend no weight toward approval of this application.

On the basis of all the facts of record, and in light of the factors set forth in section 3(c) of the Act, it is the Board's judgment that consummation of the proposal to form a bank holding company would not be in the public interest and that the application should be and is hereby denied for the reasons summarized above.

By order of the Board of Governors, effective February 1, 1980.

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

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

Michigan National Corporation, Bloomfield Hills, Michigan

Order Approving Acquisition of Banks

Michigan National Corporation, Bloomfield Hills, Michigan ("Applicant"), 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 Litchfield State Savings Bank, Litchfield, Michigan ("Litchfield Bank"); Michigan Bank-Livingston, Brighton, Michigan ("Brighton Bank"); Michigan Bank-Midland, Midland, Michigan ("Midland Bank"); Michigan Bank-Northwest, Petoskey, Michigan ("Petoskey Bank"); and Michigan Bank-South Metro, Lincoln Park, Michigan ("Lincoln Park Bank"). With the exception of Litchfield Bank, each of these banks is a proposed new bank.

Notice of the applications, affording opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the Act. The time for filing comments has expired, and the Board has considered the applications and all comments received, including those of the Michigan Committee on Law and Housing ("Protestant"), in light of the factors set forth in section 3(c) of the Act (12 U.S.C. §1842(c)).[1]

Applicant, the second largest commercial banking organization in Michigan, controls 19 banks with aggregate deposits of approximately $4.1 billion, representing 10.9 percent of the deposits in commercial banks in the state.[2] Applicant's proposals to acquire the four de novo banks listed above 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. Acquisition of Litchfield Bank, which is the 169th largest commercial bank in Michigan, with deposits of $33.4 million, representing approximately 0.09 percent of statewide deposits, would not alter Applicant's statewide rank or significantly increase its share of deposits in the state. Accordingly, consummation of these proposals would not have an appreciable effect on the concentration of banking resources in Michigan.

Brighton Bank and Lincoln Park Bank are to be located in the Detroit banking market,[3] Midland Bank is to be located in the Saginaw-Bay City banking market,[4] and Petoskey Bank is to be located in the Petoskey banking market.[5] Although Applicant is presently represented in both the Detroit and Saginaw-Bay City banking markets, its market share will not change as a result of consummation since de novo banks are involved, and similarly, no existing competition will be eliminated. Acquisition of Petoskey Bank will have no adverse effect on potential competition, and the record of these applications indicates that upon consummation, each of these three markets will continue to be capable of supporting further de novo entry.

Litchfield Bank has offices in two distinct banking markets. It is the third largest of five banks in the Hillsdale County banking market,[6] holding 15.6 percent of market deposits, and is the fifth largest of 8 banks in the Jackson County banking market, holding 2.0 percent of market deposits.[7] None of Applicant's subsidi-

1. Protestant filed objections to the applications and requested a hearing regarding its objections. The Board also received a letter from the North Central Seven Community Organization in support of Protestant's hearing request.

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

3. The Detroit banking market is approximated by Macomb, Oakland, and Wayne Counties plus 33 cities and townships in adjacent counties.

4. The Midland banking market is approximated by Bay, Midland, and Gladwin Counties and the northern three-quarters of Saginaw County.

5. The Petoskey banking market is approximated by Charlevoix and Emmet Counties and the western fourth of Cheboygan County excluding Makinaw City.

6. The Hillsdale County banking market is approximated by Hillsdale County.

7. The Jackson County banking market is approximated by Jackson County and the eastern one-third of Calhoun County.

ary banks has offices located in either of these banking markets, and the closest offices of Applicant's banking subsidiaries and Litchfield Bank are some 25 miles apart. Applicant has the resources to enter each of Litchfield Bank's markets de novo and become an effective competitor therein. However, in view of the size of Litchfield Bank and the nature of these markets, it appears that the competitive effects of Applicant's acquisition of Litchfield Bank would be only slightly adverse.[8] Thus, the Board concludes that consummation of each of applicant's four de novo proposals would have no adverse effects on competition in any relevant area, while acquisition of Litchfield Bank would have slightly adverse competitive effects.

The financial and managerial resources and future prospects of Applicant, its subsidiaries, and the five banks to be acquired are regarded as generally satisfactory. Accordingly, banking factors are consistent with approval of each proposal.

The Board has considered the applications 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). Protestant, a citizen's organization, raises four principal objections to Applicant's proposed acquisitions. These objections may be summarized as follows:

1. Applicant has not complied with the technical requirements of CRA or the Home Mortgage Disclosure Act of 1975 ("HMDA") (12 U.S.C. § 2803). A significant number of Applicant's banking offices had not posted the required CRA notices when Protestant surveyed those offices, and Protestant experienced considerable difficulty in obtaining the CRA statements and HMDA data that banks must provide.

2. Applicant's subsidiary bank located in the Detroit suburb of Southfield, Michigan (Michigan National Bank-Oakland), has "gerrymandered" the local lending area delineated in its CRA Statement to exclude nearby low- and moderate-income areas, such as those located in Pontiac, Michigan. Approximately three-fifths of the dollar volume of residential mortgage and home improvement loans made by this bank involved loans on property outside of its CRA lending area.

3. Applicant has not met the housing related credit needs of the low- and moderate-income neighborhoods of the Detroit area. There is a significant disparity between the number of mortgage loans extended by Applicant in low- and moderate-income areas and the number of such loans made in all other areas.

4. Applicant's lending patterns indicate that Applicant engages in racial discrimination in the Detroit area. All white neighborhoods in this area received significantly more housing related loans than did racially mixed neighborhoods with similar income levels.

Protestant's initial submissions to the record contained detailed information regarding each of these allegations. Applicant responded to these allegations and thereafter, at the suggestion of the Board's staff, Applicant and Protestant met on three occasions to discuss the issues involved. The third such meeting was conducted by staff members of the Federal Reserve Bank of Chicago and resulted in certain undertakings by Applicant, discussed in greater detail below, designed to resolve some of the issues raised by Protestant. Thereafter, the Board's staff afforded Protestant an opportunity to supplement the record regarding its request for a hearing, and Protestant submitted additional information to support its position.

The Board has examined the submissions of Protestant and Applicant regarding the issues raised by Protestant. It has also considered the results of an examination of each of Applicant's banking subsidiaries by the Office of the Comptroller of the Currency that included an assessment of each bank's CRA record and compliance with HMDA. On the basis of the entire record, the Board makes the following findings.

It appears that several of Applicant's banking subsidiaries have failed to comply with the procedural requirements of CRA and HMDA. These requirements are designed to acquaint the community with each bank's lending policies and to permit members of the community to comment on those policies. The Board views this noncompliance as a serious matter, and expects Applicant to take steps to insure full and continuing compliance with these requirements before consummation of these proposals.

With regard to the lending area of Michigan National Bank-Oakland, Applicant's delineation of that area appears reasonable when viewed in the context of that bank's total lending pattern as opposed to its distribution of housing-related loans only. Although the city of Pontiac was excluded from the lending area of this bank several nearby high income areas were also excluded. Moreover, Pontiac is encompassed by the lending area of another of Applicant's subsidiary banks, Michigan National Bank-North Metro.

With respect to Applicant's performance in meeting the credit needs of low-and moderate-income neighborhoods, several aspects of Applicant's record of extending credit to the Detroit area appear favorable. Applicant's largest Detroit banking subsidiary participates in the Small Business Administration lending

8. Although a principal of Bank is an officer of another bank located in the Jackson County banking market, Applicant has agreed to sever this relationship upon consummation.

program and the FHA home improvement loan program. It participates in several programs designed to provide credit in low- and moderate-income areas such as Neighborhood Housing Services, Inc. This banking subsidiary also holds over $4 million in notes and bonds issued by the Michigan State Housing Development Authority. However, as Protestant alleges, Applicant extends far less housing related credit in low- and moderate-income areas than in the rest of the Detroit area. Applicant's largest Detroit banking subsidiary made an average of seven mortgages per 100,000 units of housing in low- and moderate-income areas during the 1976–1978 period as compared to 101 mortgages per 100,000 units in all other areas in the Detroit SMSA.[9]

The percentage of Applicant's mortgage lending to low- and moderate-income areas is somewhat better than the average for other large Detroit lending institutions. Moreover, the disparity between the amount of funds committed by Applicant to housing-related credit in low- and moderate-income areas and all other areas may be partially the result of factors that affect the demand for such credit. For instance, the percentage of housing units that are owner occupied in these low- and moderate-income areas is approximately one half the percentage of other areas, and Applicant's pattern of lending appears to reflect the pattern of applications it receives. Nevertheless, Applicant's failure to determine systematically the credit needs of the Detroit area and the fact that its advertising has been deposit rather than credit oriented also may have contributed to this disparity. Based on the present record, it appears to the Board that Applicant should broaden its efforts to make credit worthy loans in low- and moderate-income areas in its community.

The statistics presented by Protestant indicate a disparity in lending between largely white and largely black areas. However, this disparity, in light of other information in the record, does not permit a conclusion that racial discrimination has occurred, and there is no evidence of such discrimination against particular applicants.

Applicant has made several commitments to the Board designed to remedy the deficiencies in its CRA performance mentioned above. Specifically, Applicant will increase its credit oriented marketing efforts in low- and moderate-income areas, participate in additional special lending programs, further train its employees regarding compliance with the procedural requirements of CRA, and designate CRA officers to meet with the public regarding Applicant's CRA performance. Applicant has also indicated that it will investigate further Protestant's claims of racial discrimination. The Board regards this latter commitment as an undertaking by Applicant to prevent the occurrence of any such discrimination.

The Board expects depository institutions to take an active role in providing the credit needed to promote the vitality of urban neighborhoods in their communities consistent with sound lending practices, and believes that Applicant's commitments will help improve its record of lending in the low- and moderate-income areas of Detroit. The Board expects prompt compliance with each of these commitments, and will closely monitor Applicant's efforts to effect such compliance.[10] Based on these commitments, 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 CRA.

With respect to other convenience and needs considerations, consummation of Applicant's proposal to acquire the four de novo banks will add additional full service banking competitors to the relevant markets. Applicant will extend banking hours at Litchfield Bank, reduce the minimum balance on certificates of deposit, and assist that bank in offering trust services. On balance, these factors are sufficient to outweigh the slightly adverse competitive effects associated with Applicant's proposal to acquire Litchfield Bank, even considering the deficiencies in Applicant's CRA performance.

With regard to Protestant's hearing request, neither section 3 of the Bank Holding Company Act nor the provisions of CRA require the Board to hold a hearing on an application filed under section 3. 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. It appears, however, that the material facts regarding Applicant's CRA performance are not in dispute, since Applicant has generally accepted the facts cited by Protestant. Rather, it is the conclusions to be drawn from these facts that are disputed. Since material facts are not in dispute and Protestant has been afforded the opportunity both to make extensive submissions to the record and to meet informally with Applicant and staff from the Federal Reserve Bank of Chicago, the Board concludes that a

9. Applicant asserts that its lending performance before November 6, 1978, the effective date of CRA, may not be considered by the Board. Applicant cites no authority for this assertion and the Board finds it to be without merit. In any event, the Board has previously indicated its belief that the "convenience and needs" standard contained in section 3 of the Bank Holding Company Act since 1956 requires consideration of an Applicant's record in meeting the credit needs of its community. *Commerce Bancshares, Inc.*, 64 FEDERAL RESERVE BULLETIN 576, 579 (1978), aff'd per curiam, *Manchester-Tower Grove Community Organization/ACORN* v. *Board of Governors*, No. 78-1898 (D.C. Cir. October 29, 1979).

10. Protestant has suggested that Applicant should make a commitment to achieve specified levels of housing-related lending. The Board does not regard the imposition of such requirements as appropriate, and does not believe that CRA requires this type of commitment.

hearing regarding Protestant's allegations would serve no useful purpose. Accordingly, Protestant's hearing request is hereby denied.

It is the Board's judgment that approval of these applications would be in the public interest and that the applications should be approved. On the basis of the record, the applications are approved for the reasons summarized above. These 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) the four de novo banks 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 November 30, 1979.

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

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

Dissenting Statement of Governor Rice

It seems clear that Applicant has persistently failed to comply with certain basic requirements of CRA regulations and I would therefore deny these applications.

It is not necessary to reach the issue of the adequacy of Applicant's record of extending credit in low- and moderate-income areas to conclude that denial of these applications is warranted. The cornerstone of the regulations adopted by the financial regulatory agencies to implement CRA is the requirement that a depository institution take certain specified steps to apprise the members of its community of the institution's obligations under CRA, the manner in which the institution proposes to meet the credit needs of its community, and the procedure for commenting on the institution's performance in this area. It is undisputed that some of the offices of Applicant's subsidiary banks have not complied with these fundamental requirements.

The regulations setting forth these requirements were published more than one year ago. Applicant has been advised on more than one occasion since the effective date of those regulations that it was not complying with the regulations and also was not in compliance with the similar requirements of the Home Mortgage Disclosure Act, which has been in effect since 1975. The failure of Applicant's management to take prompt steps to remedy this noncompliance strongly suggests that Applicant does not take these responsibilities seriously.

Until Applicant demonstrates that it has complied fully with its obligations under the law, I do not believe the Board should approve these applications.

November 30, 1979

Yellowstone Holding Company, Columbus, Montana

Order Approving Formation of a Bank Holding Company

Yellowstone Holding Company, Columbus, Montana, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 100 percent of the voting shares of The Yellowstone Bank, Laurel, Montana ("Laurel Bank"), The Yellowstone Bank, Absarokee, Montana ("Absarokee Bank") and The Yellowstone Bank, Columbus, Montana ("Columbus Bank"), (collectively referred to as "Banks").

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

Applicant is a nonoperating corporation formed for the purpose of becoming a bank holding company through the acquisition of Banks. Upon acquisition of Laurel Bank, Columbus Bank and Absarokee Bank, with deposits of $23.8 million, $15.0 million and $6.5 million, respectively, Applicant would become the ninth largest banking organization in Montana, holding 1.20 percent of the total deposits in commercial banks in the state.[1] Laurel Bank, Columbus Bank, and Absarokee Bank, which control in the aggregate 72.8 percent of total deposits in commercial banks in the relevant market,[2] are, respectively, the first, second and fourth largest of the six banking organizations operating in the market. Columbus Bank, Laurel Bank, and Absarokee Bank, each were commenced de novo in 1907, 1926, and 1963, respectively, and have been owned and managed by members of the same family since their inception. Thus, initial control of each of these Banks did not eliminate any existing competition

1. All banking data are as of September 30, 1978.
2. All three banks operate in the Stillwater County banking market, which is approximated by the western edge of Yellowstone County, and the northern third of Carbon County, Montana.

nor increase market concentration. Applicant's proposal represents a transfer of ownership of Banks from individuals to a corporation owned by the same individuals. In light of the long-established history of common control of the Banks, it appears that little, if any, competition exists among them. Moreover, there do not appear to be any prospects for disaffiliation of any of the Banks. Therefore, it appears that consummation of the proposal would not eliminate competition or increase the concentration of banking resources in any relevant area. Accordingly competitive factors are considered consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and Banks are considered satisfactory, and their prospects appear favorable, particularly in light of Applicant's commitment to comply promptly with any new policy adopted by the Board concerning the disposition of income from the sale of credit life, health or accident insurance in connection with loans made by Banks. Although Applicant will incur some debt in connection with the acquisition of Banks, it appears that Applicant will have sufficient financial flexibility to meet its debt-servicing requirements while maintaining adequate capital in Banks. Thus considerations relating to banking factors are consistent with approval of the application. Although consummation of the proposal would effect no immediate change in the services offered by Banks, Applicant has indicated that it has purchased expanded computer services to meet anticipated EFT demand in the future. Accordingly, considerations relating to the convenience and needs of the community lend some weight towards approval. Based upon the foregoing and other facts of record, the Board has determined that consummation of the transaction would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be consummated 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 Minneapolis pursuant to delegated authority.

By order of the Board of Governors, effective February 21, 1980.

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

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

Orders Under Section 2 of Bank Holding Company Act

Maryland National Corporation, Baltimore, Maryland

Order Granting Determination Under the Bank Holding Company Act

Maryland National Corporation, Baltimore, Maryland ("MNC"), a bank holding company within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.) (the "Act"), has requested a determination, pursuant to section 2(g)(3) of the Act, that with respect to the sale of all of the assets of Maryland National Optimation Services, Inc., Baltimore, Maryland ("MANOSI"), to American Management Systems, Inc., Arlington, Virginia ("AMSI"), MNC is not in fact capable of controlling AMSI notwithstanding the fact that AMSI is indebted to MNC in connection with its purchase of the MANOSI assets.

Under the provisions of section 2(g)(3) of the Act, shares transferred after January 1, 1966, by any bank holding company to a transferee that 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.

The time provided for requesting a hearing has expired. No such request has been received by the Board. MNC has submitted evidence to the Board to show that it is not in fact capable of controlling MANOSI and AMSI and the Board has received no contradictory evidence. It is hereby determined that MNC is not in fact capable of controlling either AMSI or MANOSI. This determination is based upon the evidence of record in this matter that reflects the following:

The sale of MANOSI's assets by MNC was the result of arm's length negotiations. There is no evidence to indicate that the sale was motivated by an intent to evade the requirements of the Act. The terms governing the debt relationship between MNC and AMSI relating to the financing of the purchase of MANOSI's assets are limited to those reasonably required to protect MNC's extension of credit. The amount of this indebtedness is not significant in relation to the total purchase price, and AMSI's financial resources are sufficient to support the conclusion that MNC is not in fact capable of controlling AMSI by reason of this indebtedness. In addition, there are no officer or director interlocks between MNC or any of its subsidiaries, on the one hand, and AMSI or any of its subsidiaries on the other hand. MNC has submitted a resolution of its board of directors stating that it is not in fact capable of controlling AMSI and that it will not attempt to control AMSI in the future. In addition, AMSI has submitted a resolution to the effect that it is not and will not be controlled by MNC.

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

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 February 7, 1980.

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

Sapp Insurance Agency, Inc., Ebson, Kansas

Order Granting Determination Under the Bank Holding Company Act

Sapp Insurance Agency, Inc., Esbon, Kansas ("Agency"), a bank holding company within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841(a)), by virtue of its indirect control of Esbon State Bank, Esbon, Kansas ("Bank"), has requested a determination, pursuant to the provisions of section 2(g)(3) of the Bank Holding Company Act of 1956 (12 U.S.C. § 1841(g)(3) (the "Act"), that Agency is not in fact capable of controlling Earl E. Sapp or Carl L. Sapp ("Sapp brothers"), individuals to whom it transferred its interest in Bank, notwithstanding the fact that these individuals are officers and directors of Agency and Bank.

Under the provisions of section 2(g)(3) of the Act, shares transferred after January 1, 1966, by any bank holding company to a transferee that is indebted to the transferor or has one or more directors, trustees, or beneficiaries in common with or subject to control by the transferor, are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee.

It is hereby determined that Agency is not, in fact, capable of controlling the Sapp brothers. This determination is based on the evidence of record in this matter, including the following facts. Agency is a small closely held Kansas corporation of which the two Sapp brothers are the sole shareholders. Agency divested its interest in Bank by distributing the Bank shares held by it over pro rata basis to the Sapp brothers, its sole shareholders. Thus, Agency currently holds no interest in Bank. The Sapp brothers, together with their family now hold a total of 85 percent of Bank. Inasmuch as the Sapp brothers are the sole shareholders of agency, the divestiture of Bank does not appear to have been a means for perpetuating Agency's control over Bank. On the basis of the above and other facts of record, it is concluded that control of Agency resides with the Sapp brothers as individuals and that Agency does not control and is not in fact capable of controlling the Sapp brothers in their capacity as transferees of Agency's stock or otherwise.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(1)), effective February 11, 1980.

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

Schroders Limited, London, England

Order Granting Determination Under the Bank Holding Company Act

Schroders Limited ("Schroders"), London, England, a bank holding company within the meaning of the Bank Holding Company Act, has requested a determination under section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)), that it is not in fact capable of controlling, directly or indirectly, Lend Lease Inc. (formerly Vestus Inc. and referred to herein as "Vestus"), a corporation organized under the laws of the state of Delaware, or its parent Lend Lease Corporation Limited ("Lend Lease Corp."), Sydney, Australia, notwithstanding the indebtedness incurred by Vestus and Lend Lease Corp. to a subsidiary of Schroders in connection with the transfer of shares of Vestus by a subsidiary of Schroders to a subsidiary of Lend Lease Corp.

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 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. It is hereby determined that Schroders is not in fact capable of controlling Vestus or Lend Lease Corp. This determination is based upon the evidence of record in this matter, including the following facts.

Prior to the transfer, Schroders and Lend Lease Corp. each owned indirectly through subsidiaries a 50 percent interest in Vestus. Pursuant to the agreement by which Schroders transferred its interest in Vestus to Lend Lease Corp., Schroders loaned Vestus $5 million, evidenced by a note, to enable it to repay loans for which Schroders was the guarantor. The loan to Vestus, payment of which is due in 1982, is unsecured and payment is guaranteed by Lend Lease Corp. Based on the facts of record, it appears that Vestus has adequate resources to repay the loan, and there is no evidence to indicate that the note will not be repaid in accordance with its terms.* In addition, Lend Lease Corp. has sufficient resources to honor its guarantee of Vestus' obligation to Schroders if it is called upon to do so. Moreover, inasmuch as the loan is not secured by the transferred property, there is little likelihood that Schroders would reacquire the property as a result of Vestus' indebtedness to it. Finally, Schroders' Board of Directors adopted a resolution to the effect that Schroders does not, and will not attempt to, exercise a controlling influence directly or indirectly over Vestus or Lend Lease Corp.

Based on these and other facts of record, it is hereby determined that Schroders is not, in fact, capable of controlling Vestus or Lend Lease Corp., and that the request of Schroders for a determination pursuant to section 2(g)(3) should be and hereby is granted. This determination is based on representations made to the Board by Schroders. In the event that the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that Schroders has failed to disclose any material facts, this determination may be revoked; and, any material change in the facts or circumstances relied upon in making this determination or any material breach of any of the commitments upon which the decision is based could result in reconsideration of the determination made herein.

Shortly after its acquisition by Lend Lease Corp., Vestus was merged with several other subsidiaries of Lend Lease Corp., and consequently has greater assets and resources than it did when the loan was made.

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 February 5, 1980.

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

Certifications Pursuant to the Bank Holding Company Tax Act of 1976

Heights Finance Corporation, Peoria, Illinois

Prior Certification Pursuant to the Bank Holding Company Tax Act of 1976

[Docket TCR 76-199]

Heights Finance Corporation ("Heights Finance") Peoria, Illinois, has requested a prior certification pursuant to section 6158(a) of the Internal Revenue Code ("Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its proposed sale of all 590 shares of common stock (the "Heights Ban Shares") of Heights Ban Corporation[1] ("Heights Ban"), Peoria, Illinois, currently held by Heights Finance, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act, 12 U.S.C. § 1841 et seq, ("BHC Act").

In connection with this request, the following information is deemed relevant, for purposes of issuing the requested certification:[2]

1. Heights Finance a corporation organized on October 17, 1963, under the laws of the state of Delaware. Heights Ban is a corporation organized on December 17, 1968, under the laws of the state of Delaware.

2. On December 17, 1968, Heights Finance acquired interest, ownership and control of 2,919 shares, representing 77.8 percent of the outstanding voting shares of First Security Bank ("Bank"), Mackinaw, Illinois. On October 17, 1972, Heights Finance indirectly acquired another 600 shares of Bank common stock.

3. Heights Finance became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and

1. Prior to July 24, 1971, Heights Ban Corporation was known as Commerce Ban Corporation.

2. This information derives from correspondence between Heights Financial and the Board concerning its request for this certification, the Registration Statements of Heights Financial and Heights Ban filed with the Board pursuant to the BHC Act, and other records of the Board.

control, through Heights Ban, of more than 25 percent of the outstanding voting shares of Bank, and it registered as such with the Board of December 28, 1971.[3] Heights Finance would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of its direct and indirect ownership and control on that date of more than 25 percent of the outstanding voting shares of Heights Ban and Bank, respectively. Heights Finance presently owns and controls 100 percent of the outstanding voting shares of Heights Ban.

4. Heights Financial holds property acquired by it on or before July 7, 1970, the disposition of which would be necessary or appropriate to effectuate section 4 of the BHC Act if Heights Financial were to remain a bank holding company beyond December 31, 1980, and which property is "prohibited property" within the meaning of section 1103(c) of the Code.

5. On February 26, 1973, Height Finance made an irrevocable commitment to the Board that it would divest its indirect ownership interest in Bank by December 31, 1980. Accordingly, Heights Financial must divest its shares of Heights Ban, and indirectly its shares of Bank by December 31, 1980. In addition, Heights Financial and Heights Ban have committed to the Board that no person holding an office or position (including an advisory or honorary position) with Heights Financial or any of its subsidiaries as a director, policy-making employee or consultant, or who performs (directly or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will perform any such function with Heights Ban or any of its subsidiaries. Heights Financial and Heights Ban have further committed that all such interlocking relationships presently existing between Heights Financial and Heights Ban and their respective subsidiaries will be terminated.

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

(A) Heights Financial 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) Heights Ban Shares that Heights Financial proposes to sell are part of the property by reason of which Heights Financial controls, within the meaning of section 2(a) of the BHC Act, a bank or a bank holding company; and

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

3. Heights Ban similarly became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its direct ownership and control of more than 25 percent of the outstanding voting shares of Bank, and is registered as such with Board on October 12, 1971.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective February 5, 1980.

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

Sapp Insurance Agency, Esbon, Kansas

Final Certification Pursuant to the Bank Holding Company Tax Act of 1976

[Docket No. TCR 76-154]

Sapp Insurance Agency, Esbon, Kansas ("Agency"), has requested a final certification pursuant to section 1101(e) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that it has (before the expiration of the period prohibited property is permitted under the Bank Holding Company Act (12 U.S.C. § 1841 et. seq.) ("BHC Act") to be held by a bank holding company) ceased to be a bank holding company.

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

1. Effective December 11, 1978, the Board issued a prior certification pursuant to section 1101(b) of the Code with respect to the proposed divestiture of all of the 375 voting shares of Esbon State Bank, Esbon, Kansas ("Bank"), held by Agency, through the pro rata distribution of such shares to the two shareholders of Agency.

The Board's Order certified that:

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

B. the 375 shares of Bank that Agency proposes to distribute are all or part of the property by reason of

1. This information derives from agency's communications 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.

which Agency controls (within the meaning of section 2(a) of the BHC Act) a bank or a bank holding company; and

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

2. On March 22, 1979, Agency distributed the 375 shares of Bank to the two shareholders of Agency.

On the basis of the foregoing information it is hereby certified that Agency has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) ceased to be a bank holding company.

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 February 11, 1980.

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

Determination Regarding "Grandfather Privileges" Under Bank Holding Company Act

Schroders Limited, London, England

Determination Regarding "Grandfather Privileges" Under the Bank Holding Company Act

Section 4 of the Bank Holding Company Act (12 U.S.C. § 1843) provides certain privileges ("grandfather privileges") with respect to nonbanking activities of a company that, by virtue of the 1970 Amendments to the Act, became subject to the Act. Pursuant to section 4(a)(2) of the Act, a "company covered in 1970" may continue to engage, either directly or through a subsidiary, in nonbanking activities that such a company was lawfully engaged in on June 30, 1968 (or on a date subsequent to June 30, 1968, in the case of activities carried on as a result of the acquisition by such company or subsidiary, pursuant to a binding written contract entered into on or before June 30, 1968, of another company engaged in such activities at the time of the acquisition), and has been continuously engaged in since June 30, 1968 (or such subsequent date). Section 4(a)(2) of the Act provides, inter alia, that the Board may terminate such grandfather privileges if, having due regard for the purpose of the Act, it determines that such action is necessary to prevent an undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices.

Notice of the Board's proposed review of grandfather privileges of Schroders Limited ("Schroders"), London, England, and an opportunity for interested persons to submit comments or views or request a hearing, has been given (37 *Federal Register* 22414 and 25204). The time for filing comments, views, and requests has expired, and all those received have been considered by the Board in light of the factors set forth in section 4(a) (2) of the Act.

On the evidence before it, the Board makes the following findings. Schroders became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the Act, by virtue of Schroders' indirect ownership of all of the voting shares (less directors' qualifying shares) of Schroder Trust Company ("Bank"), New York, New York (assets of $116.0 million as of December 31, 1970).[1] Bank, control of which was first acquired by Schroders in 1929, was renamed J. Henry Schroder Bank and Trust Company upon its merger with J. Henry Schroder Banking Corporation, Schroders' New York Investment Company, on January 1, 1978. Bank, which engages principally in a wholesale banking business, is the 22nd largest bank in the state of New York, controlling domestic deposits of $425 million.[2] Schroders, with total assets of $3.15 billion as of December 31, 1978, is a large international banking organization. Its United States activities (total domestic assets of $1.5 billion as of June 30, 1978) represent one-third of its worldwide operations.[3] From the record, it appears that Schroders' financial strength is not dependent upon the resources of Bank, and the Board has found no evidence of any unsound banking practices.

1. While Schroders has held since 1959 shares of J. Henry Schroder Banking Corporation, a corporation organized under Article XII of the *New York Banking Law* §§ 507-19 (McKinney) ("New York Investment Company"), the Board has determined that such a company held by a foreign banking organization, and engaged primarily in international financing activities, should not be regarded as a bank. *European-American Bancorp*, 63 FEDERAL RESERVE BULLETIN 595, 597-98 (1977).

2. Domestic deposit data are as of June 30, 1978. Bank's rank in the state is based on domestic deposits only; however, Bank controlled total deposits of $1.1 billion as of December 31, 1978.

3. On January 29, 1969, and on December 31, 1973, Schroders established wholly-owned subsidiaries to hold Schroders' operations in the United States. Section 4(c)(11) of the Act, in effect, exempts the creation of de novo companies engaged in indefinitely grandfathered activities from the prohibitions of section 4 of the Act. Moreover, in *C.I.T. Financial Corporation*, 63 FEDERAL RESERVE BULLETIN 79, 80 n.3 (1977), the Board determined that section 4(c)(11) should be interpreted to apply the exemption of that section to de novo companies established prior to December 31, 1970 (the date of enactment of the 1970 Amendments to the Act containing this exemption), and that no useful purpose would be served by requiring an application for retention of such companies.

Schroders engages, through its subsidiary J. Henry Schroder Banking Corporation ("Schrobanco"), in certain international financing activities authorized for New York Investment Companies. In particular, Schrobanco issues letters of credit, receives credit balances in connection with international trade, deals in foreign exchange, purchases and discounts acceptances, and engages in commercial lending activities of the type permitted pursuant to section 225.4(a)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(a)(1)). Schroders was engaged through Schrobanco in these activities on June 30, 1968, and has engaged in these activities continuously thereafter.[4] Accordingly, these activities appear to be eligible for retention on the basis of grandfather privileges. Schroders asserts that the Board should view the ownership and operation of a New York Investment Company as an "activity" eligible for grandfather privileges. In a number of previous instances the Board has considered the specific activities actually performed by a nonbank subsidiary rather than the corporate powers of such subsidiary. For example, the Board determined, in adopting section 225.4(a)(4) of Regulation Y (12 C.F.R. § 225.4(a)(4)), that a bank holding company or its subsidiary may engage in some, but not all, of the activities authorized by federal or state law for a trust company. Furthermore, the Board has previously indicated that it would consider separately the particular activities conducted by a New York Investment Company for the purposes of section 4 of the Act.[5] The Board regards Schroders' assertion that its ownership of a New York Investment Company should be grandfathered as particularly inappropriate in this case and as inconsistent with the purposes of the grandfather proviso of section 4(a)(2) of the Act, since it would allow Schroders to conduct nonbanking activities not actually engaged in by Schrobanco on June 30, 1968.

Schroders, through its subsidiaries, including Schrobanco, invests in equity securities of nonbanking firms. The Board, however, does not regard the making of venture capital investments as an activity, and instead views each investment as an independent activity for the purpose of according grandfather privileges.[6] To the extent that shareholdings in any one company do not exceed 5 percent of the outstanding voting shares of that company, they appear to be generally permissible for a bank holding company.[7] Moreover, shareholdings of more than 5 percent of the shares of any company (but less than 25 percent of the outstanding voting shares) that have been held continuously since June 30, 1968, are eligible for grandfather benefits and may be retained. This determination, however, does not authorize the increase of any grandfathered interest or investments in other companies, unless the shareholding in each additional company amounts to not more than 5 percent of the outstanding voting shares of such company.

Several subsidiaries of Schroders, including Schrobanco, have made equity and debt investments in various real estate ventures, either directly by buying, holding, and developing real estate, or indirectly by investing in limited partnerships. The Board has not regarded the making of isolated investments in real estate as an activity eligible for permanent grandfather privileges, but, rather, has viewed each real estate investment as a separate activity.[8] It appears that Schroders has not been engaged in the continuous and active planning, purchasing, development, and selling of real estate investments that would characterize a company actually engaged in general real estate activities. Accordingly, Schroders may retain indefinitely interests in those projects that have been held continuously since June 30, 1968. Schroders may also continue to engage in providing consulting and financial advisory services related to real estate development and in acting as a real estate broker, to the extent that these activities were engaged in by subsidiaries on June 30, 1968.[9] With respect to investments in real estate made between June 30, 1968 and December 31, 1970, Schroders has until December 31 1980, to reduce its interest to 5 percent or less. In several instances, investments in real estate ventures were acquired after December 31, 1970, the date of the 1970 Amendments to the Act.[10] On the basis of the prohibitions of section 4 of

4. While Schrobanco was merged with Bank on January 1, 1979, simultaneously with the merger certain of the assets and business of Schrobanco were transferred to a newly-formed New York Investment Company. Inasmuch as section 4(c)(11) of the Act permits such reorganization of grandfathered activities, the Board does not regard the transaction as a break in the continuity of Schrobanco's grandfathered nonbanking activities for the purposes of section 4(a)(2) of the Act.

5. *European-American Bancorp*, supra note 1.

6. *The Republic National Bank of Dallas*, 59 FEDERAL RESERVE BULLETIN 768, 770-71 (1973).

7. Section 4(c)(6) of the Act permits a bank holding company to acquire and hold, without the Board's approval, "shares of any company which do not include more than 5 percent of the outstanding voting shares of such company."

8. *The Republic National Bank of Dallas*, supra note 6.

9. Schroders must cease to engage in providing impermissible property management activities not later than December 31, 1980, inasmuch as these activities were performed by a company that was not a subsidiary of Schroders on or before June 30, 1968. Permissible property management activities are defined in a 1972 Board release (58 FEDERAL RESERVE BULLETIN 652 (1972)).

10. Schroders (Bermuda) Limited ("SchroBermuda"), a wholly-owned indirect subsidiary of Schroders, has direct and indirect holdings of unimproved real estate in the United States that were acquired after December 31, 1970. The real estate was previously owned by Vestus Inc., a subsidiary of Property Holdings International ("PHI"), a Bermuda corporation, Schroders owned 50 percent of the voting shares of PHI until its liquidation as a part of the dissolution and winding up the affairs of PHI. See *Schroders Limited*, 66 FEDERAL RESERVE BULLETIN 252 (Order of February 5, 1980, determining pursuant to section 2(g)(3) of the Act that Schroders is not capable of controlling Lend Lease Inc. (formerly Vestus Inc.)).

the Act, such investments were impermissible unless Schroders had grandfather privileges for such investments.[11] Accordingly, Schroders should reduce its interest in joint ventures or real estate acquired after December 31, 1970, to 5 percent or less at the earliest practicable date, but in any event no later than December 31, 1982.

Schroders engages through its registered broker/dealer subsidiary, J. Henry Schroder Corporation, in certain investment banking activities, including assisting clients in the private placement of debt and equity securities, but not in retail brokerage or distributing or underwriting securities. In addition, through several subsidiaries, Schroders provides corporate financial advisory services with respect to mergers, acquisitions, corporate reorganizations, financial planning and project finance, and engages in the activities of assisting clients in the private placement of securities, and of preparing economic studies. Another subsidiary provides similar financial advisory services, specializing in acquisitions of, and investments in, oil, gas, and other energy-related companies. It appears that Schroders was engaged in the above investment and corporate advisory services on June 30, 1968, and continuously thereafter. Accordingly, these activities appear to be eligible for retention on the basis of grandfather privileges.

On the basis of the foregoing and all the facts before the Board, it appears that the volume, scope and nature of the activities of Schroders described herein do not demonstrate an undue concentration of resources, decreased or unfair competition, conflicts of interest or unsound banking practices. Thus, there appears to be no reason to require Schroders to terminate its grandfathered interests. It is the Board's judgment that, at this time, termination of the grandfather privileges of Schroders described herein is not necessary in order to prevent an undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices. This determination does not authorize the entry into any new activity or product extension that was not engaged in on June 30, 1968, and continuously therafter, or any activity that is not the subject of this determination.

A significant alteration in the nature or extent of Schroders' activities or a change in location thereof will be cause for a reevaluation by the Board of Schroders' activities under the provisions of section 4(a)(2) of the Act; that is, whenever the alteration or change is such that the Board finds that a termination of the grandfather privileges is necessary to prevent an undue concentration of resources or any of the other adverse consequences at which the Act is directed. No merger, consolidation, acquisition of assets other than in the ordinary course of business, or acquisition of any interest in a going concern, to which Schroders or any nonbank subsidiary thereof is a party, may be consummated without prior approval of the Board. Further, the provision of any credit, property, or service by Schroders or any subsidiary thereof shall not be subject to any condition which, if imposed by a bank, would constitute an unlawful tie-in arrangement under section 106 of the Bank Holding Company Act Amendments of 1970.

The determination herein does not preclude a later review by the Board of Schroders' nonbank activities and a future determination by the Board in favor of termination of grandfather benefits of Schroders. The determination herein is subject to the Board's authority to require modification or termination of the activities of Schroders or any of its nonbanking subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective February 25, 1980.

Voting for this action: Chairman Volcker and Governors Schultz, Wallich, Coldwell, Partee, Teeters, and Rice.

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

11. Although these investments placed Schroders in technical violation of the Act, the acquisitions were made prior to the Board's decision in *The Republic National Bank of Dallas*, supra note 6, to treat each real estate investment as a separate activitiy, and Schroders had a reasonable belief that the acquisitions were permissible. After the *Republic* decision, Schroders took action to prevent further expansion of its real estate activities. In light of these factors, the Board does not view the violations as so serious as to warrant immediate divestiture. In this regard it is noted that since these acquisitions were not made between June 30, 1968, and December 31, 1970, the deadline for divestiture specified in section 4(a)(2) of the Act (December 31, 1980) does not apply.

Orders Approved Under Bank Holding Company Act

By the Board of Governors

During February 1980 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)
Lindsay State Company, Lindsay, Nebraska	Bank of Lindsay, Lindsay, Nebraska	February 20, 1980
Marshall & Ilsley Corporation Milwaukee, Wisconsin	Merchants Bank & Trust, Rhinelander, Wisconsin	February 11, 1980
Mercantile Bankshares Corporation, Baltimore, Maryland	First National Bank of St. Mary's at Leonardtown, Leonardtown, Maryland	February 22, 1980
Northern National Bancshares, Inc., Bemidji, Minnesota	The Northern National Bank of Bemidji, Bemidji, Minnesota	February 1, 1980
S and S Holding Company, Meridian, Idaho	Farmers and Merchants State Bank, Meridian, Idaho	February 20, 1980

Sections 3 and 4

Applicant	Bank(s)	Effective date
Empire Holdings Limited, Road Town, Tortola, British Virgin Islands Empire Holdings, Inc., San Francisco, California	Redwood Bancorp, San Francisco, California	February 1, 1980

Section 4

Applicant	Nonbanking company (or activity)	Effective date
Fidelcor, Inc., Rosemont, Pennsylvania	Fidelity Credit Corporation, Rosemont, Pennsylvania	February 1, 1980

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
American Bancshares, Inc., Monroe, Louisiana	American Bank and Trust Company in Monroe, Monroe, Louisiana	Dallas	February 1, 1980
BGM Bancorporation Gays Mills, Wisconsin	Bank of Gays Mills, Gays Mills, Wisconsin	Chicago	February 25, 1980
Bank of Virginia Company, Richmond, Virginia	The Southwest Bank of Virginia, St. Paul, Virginia	Richmond	February 5, 1980
Banks of Iowa, Inc., Cedar Rapids, Iowa	Cedar Falls Trust & Savings Bank, Cedar Falls, Iowa	Chicago	February 20, 1980
Cary/Grove Bancorp, Inc., Cary, Illinois	Suburban Bank of Cary-Grove, Cary, Illinois	Chicago	February 15, 1980
Chrisman Bancshares, Inc., Chrisman, Illinois	State Bank of Chrisman, Chrisman, Illinois	Chicago	February 25, 1980
Citizens Capital Corporation, Mount Olive, Mississippi	Mount Olive Bank Mount Olive, Mississippi	Atlanta	February 12, 1980
Commerce BancShares of Wyoming, Inc., Sheridan, Wyoming	Security Bank of Buffalo, Buffalo, Wyoming	Kansas City	February 20, 1980
Dublin Bancshares, Inc., Dublin, Georgia	The Morris State Bank, Dublin, Georgia	Atlanta	February 21, 1980
Elk Grove Bancorp, Inc., Elk Grove Village, Illinois	Suburban National Bank of Elk Grove Village, Elk Grove Village, Illinois	Chicago	February 15, 1980
FNB BanShares, Inc., West Union, Iowa	The First National Bank of West Union, West Union, Iowa	Chicago	February 11, 1980
Farmers and Merchants Financial Corp., Argonia, Kansas	The Farmers and Merchants State Bank of Argonia, Argonia, Kansas	Kansas City	February 22, 1980
Ferryville Bancshares, Inc., Ferryville, Wisconsin	Ferryville State Bank, Ferryville, Wisconsin	Chicago	January 31, 1980
Fidelity Southern Corporation, Decatur, Georgia	Fidelity National Bank, Decatur, Georgia	Atlanta	February 12, 1980
First Citizens Bancorp., Cleveland, Tennessee	First Citizens Bank, Cleveland, Tennessee	Atlanta	February 6, 1980
First Citizens Financial Corporation of Vivian, Inc., Vivian, Louisiana	Citizens Bank & Trust Company of Vivian, Louisiana, Vivian, Louisiana	Dallas	February 8, 1980
First National Hayes Center Corp., Hayes Center, Nebraska	The First National Bank of Hayes Center, Hayes Center, Nebraska	Kansas City	February 8, 1980
First Ohio Bancshares, Inc., Toledo, Ohio	First National Bank of Toledo, Toledo, Ohio	Cleveland	February 20, 1980
First State Financial Corporation East Detroit, Michigan	First State Bank of East Detroit, East Detroit, Michigan	Chicago	February 15, 1980
First Virginia Banks, Inc., Falls Church, Virginia	Banks of Frederick County, Stephens City, Virginia	Richmond	February 25, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Forestwood Financial Corporation, Dallas, Texas	Forestwood National Bank of Dallas, Dallas, Texas	Dallas	February 15, 1980
GAB Company, Dallas, Texas	Grand Avenue Bank, Dallas, Texas	Dallas	January 31, 1980
Georgia Bancshares, Inc., Macon, Georgia	First National Bank of Houston County, Perry, Georgia	Atlanta	February 29, 1980
Glidden First National Holding Co., Glidden, Iowa	The First National Bank in Glidden, Glidden, Iowa	Chicago	February 14, 1980
Hi-Bancorp, Inc., Highwood, Illinois	Bank of Highwood, Highwood, Illinois	Chicago	February 27, 1980
Hoffman Bancorp, Inc., Hoffman Estates, Illinois	Suburban Bank of Hoffman-Schaumburg, Schaumburg, Illinois	Chicago	February 15, 1980
Horizon Bancorp, Morristown, New Jersey	The Marine National Bank of Wildwood, Wildwood, New Jersey	New York	February 8, 1980
The Howells Bank, Howells, Nebraska	The Howells Bank, Howells, Nebraska	Kansas City	February 8, 1980
Ida Holding Company, Ida Grove, Iowa	First State Bank, Ida Grove, Iowa	Chicago	February 15, 1980
Indiana Bancorp, Inc., Fort Wayne, Indiana	Indiana Bank and Trust Company of Fort Wayne, Fort Wayne, Indiana	Chicago	February 14, 1980
J. R. Montgomery Bancorporation, Lawton, Oklahoma	City National Bank and Trust Co. of Lawton, Lawton, Oklahoma	Kansas City	February 5, 1980
KGB Bancorporation, Inc., Wesley, Iowa	Exchange State Bank, Wesley, Iowa	Chicago	February 25, 1980
Laurens Bancorp, Ltd., Laurens, Iowa	Laurens State Bank, Laurens, Iowa	Chicago	February 20, 1980
Monticello Bancshares, Inc., Monticello, Minnesota	Wright County State Bank, Monticello, Minnesota	Minneapolis	February 22, 1980
Navigation Bancshares, Inc., Houston, Texas	Navigation Bank, Houston, Texas	Dallas	February 7, 1980
Oakley Holding Company, Buffalo, Minnesota	The Oakley National Bank of Buffalo, Buffalo, Minnesota	Minneapolis	February 4, 1980
O'Hare Banc Corp., Chicago, Illinois	O'Hare International Bank, N.A., Chicago, Illinois	Chicago	February 20, 1980
Peoples Equity Corporation, Wells, Minnesota	Peoples State Bank of Wells, Wells, Minnesota	Minneapolis	February 20, 1980
Sheldon Security Bancorporation, Inc., Sheldon, Iowa	Security State Bank, Sheldon, Iowa	Chicago	February 5, 1980
Subpal Bancorp, Inc., Palatine, Illinois	Suburban National Bank of Palatine, Palatine, Illinois	Chicago	February 15, 1980
Sullivan County Bancshares, Inc., Winigan, Missouri	The Citizens Bank of Winigan, Missouri, Winigan, Missouri	Kansas City	February 8, 1980
Town & Country Bancorporation, Inc., Newport, Minnesota	Town & Country State Bank, Newport, Minnesota	Minneapolis	February 14, 1980
Treasure Valley Bancorp, Inc., Fruitland, Idaho	Treasure Valley State Bank, Fruitland, Idaho	San Francisco	January 28, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Tulsa Bancshares, Inc., Tulsa, Oklahoma	Guaranty Bancorporation, Tulsa, Oklahoma	Kansas City	January 30, 1980
Vienna Bancorp, Inc., Vienna, Illinois	Drovers State Bank, Vienna, Illinois	St. Louis	February 19, 1980
Van Buren Bancorporation, Keosauqua, Iowa	Farmers State Bank, Keosauqua, Iowa	Chicago	February 20, 1980
Western Michigan Corporation, Niles, Michigan	Pacesetter Financial Corporation, Grand Rapids, Michigan	Chicago	February 6, 1980
Woodfield Bancorp, Inc., Schaumburg, Illinois	Suburban National Bank of Woodfield, Schaumburg, Illinois	Chicago	February 15, 1980
American National Corporation, Omaha, Nebraska	ANB Bank, N.A., Omaha, Nebraska	Kansas City	February 22, 1980
Kearney Commercial Bank, Kearney, Missouri	Kearney Commercial Bank, Kearney, Missouri	Kansas City	February 22, 1980
First Chico Bancshares, Inc., Chico, Texas	The First State Bank of Chico, Chico, Texas	Dallas	February 28, 1980
Arvada Bancshares, Ltd., Arvada, Colorado	Arvada State Bank, Arvada, Colorado	Kansas City	February 27, 1980
Bank of New Hampshire Corporation, Manchester, New Hampshire	Bank of New Hampshire, N.A., Manchester, New Hampshire	Boston	February 28, 1980
Coushatta Bancshares, Inc., Coushatta, Louisiana	Bank of Coushatta, Coushatta, Louisiana	Dallas	February 29, 1980
Highland Park Bancshares, Inc., Chicago, Illinois	Bank of Highland Park, Highland Park, Illinois	Chicago	February 29, 1980
Hugoton Bancshares, Inc., Hugoton, Kansas	The Citizens State Bank, Hugoton, Kansas	Kansas City	February 27, 1980
River Valley Bancshares, Incorporated, Lewiston, Missouri	Lewiston State Bank, Lewiston, Missouri	St. Louis	February 29, 1980

Sections 3 and 4

Applicant	Bank(s)	Nonbanking company (or activity)	Reserve Bank	Effective date
First Financial Bancorporation, Inc., Waco, Texas	First Bank & Trust, Bryan, Texas Sabine Bank, Port Arthur, Texas	To engage in leasing certain personal property through acquisition of an existing company	Dallas	February 13, 1980

Section 4

Applicant	Nonbanking company (or activity)	Reserve Bank	Effective date
Affiliated Bankshares of Colorado, Inc., Boulder, Colorado	Underwriting life and disability insurance	Kansas City	February 5, 1980
The Bank of New York Company, Inc., New York, New York	The Bank of New York Life Insurance Company, Phoenix, Arizona	New York	February 14, 1980
First State Agency of Lake Lillian, Inc., Lake Lillian, Minnesota	Operating a general insurance agency in a town of less than 5,000 population	Minneapolis	February 6, 1980
Jan-Mar Corp., Coleraine, Minnesota	Operating a general insurance agency in a town of less than 5,000 population	Minneapolis	February 27, 1980
Liberty National Corporation, Oklahoma City, Oklahoma	To engage de novo in underwriting credit life and credit accident and health insurance in connection with extensions of consumer credit	Kansas City	February 15, 1980
MPS Investment Company, Appleton, Minnesota	Operating a general insurance agency in a town of less than 5,000 population	Minneapolis	February 27, 1980
Pan American Bancshares, Inc., Miami, Florida	Atico Mortgage Corporation, Miami, Florida	Atlanta	February 11, 1980
American Fletcher Corporation, Indianapolis, Indiana	To continue to engage in underwriting activities	Chicago	February 29, 1980

Orders Approved Under Bank Merger Act

Applicant	Bank(s)	Reserve Bank	Effective date
Barclays Bank of New York, New York, New York	Bankers Trust Company, New York, New York	New York	February 1, 1980

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

Albert A. Rapoport v. *Board of Governors and Manufacturers Hanover Trust Co.*, filed February 1980, U.S.D.C. for the District of Columbia.

American Trust Co. of Hawaii, et al., v. *Board of Governors*, filed January 1980, U.S.D.C. for the District of Columbia.

Boggs, et al. v. *Board of Governors*, filed October 1979, U.S.C.A. for the Eighth Circuit.

Independent Bank Corporation v. *Board of Governors*, filed October 1979, U.S.C.A. for the Sixth Circuit.

Wiley v. *United States, et al.*, filed September 1979, U.S.D.C. for the District of Columbia.

County National Bancorporation and TGB Co. v. *Board of Governors*, filed September 1979, U.S.C.A. for the Eighth Circuit.

State of Indiana v. *The United States of America, et al.*, filed September 1979, U.S.D.C. for the District of Columbia.

Edwin F. Gordon v. *Board of Governors, et al.*, filed August 1979, U.S.D.C. for the Northern District of Georgia.

Edwin F. Gordon v. *Board of Governors, et al.*, filed August 1979, U.S.C.A. for the Fifth Circuit.

American Bankers Association v. *Board of Governors, et al.*, filed August 1979, U.S.D.C. for the District of Columbia.

Gregory v. *Board of Governors*, filed July 1979, U.S.D.C. for the District of Columbia.

Donald W. Riegel, Jr. v. *Federal Open Market Committee*, filed July 1979, U.S.D.C. for the District of Columbia.

Connecticut Bankers Association, et al., v. *Board of Governors*, filed May 1979, U.S.C.A. for the District of Columbia.

Ella Jackson et al., v. *Board of Governors*, filed May 1979, U.S.C.A. for the Fifth Circuit.

Memphis Trust Company v. *Board of Governors*, filed May 1979, U.S.C.A. for the Sixth Circuit.

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.

Credit and Commerce American Investment, et al., v. *Board of Governors*, filed March 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.

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

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

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

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

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

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

Membership of the Board of Governors of the Federal Reserve System, 1913-80

APPOINTIVE MEMBERS[1]

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Charles S. Hamlin	Boston	Aug. 10, 1914	Reappointed in 1916 and 1926. Served until Feb. 3, 1936.[3]
Paul M. Warburg	New York	do	Term expired Aug. 9, 1918.
Frederic A. Delano	Chicago	do	Resigned July 21, 1918.
W. P. G. Harding	Atlanta	do	Term expired Aug. 9, 1922.
Adolph C. Miller	San Francisco	do	Reappointed in 1924. Reappointed in 1934 from the Richmond District. Served until Feb. 3, 1936.[3]
Albert Strauss	New York	Oct. 26, 1918	Resigned Mar. 15, 1920.
Henry A. Moehlenpah	Chicago	Nov. 10, 1919	Term expired Aug. 9, 1920.
Edmund Platt	New York	June 8, 1920	Reappointed in 1928. Resigned Sept. 14, 1930.
David C. Wills	Cleveland	Sept. 29, 1920	Term expired Mar. 4, 1921.
John R. Mitchell	Minneapolis	May 12, 1921	Resigned May 12, 1923.
Milo D. Campbell	Chicago	Mar. 14, 1923	Died Mar. 22, 1923.
Daniel R. Crissinger	Cleveland	May 1, 1923	Resigned Sept. 15, 1927.
George R. James	St. Louis	May 14, 1923	Reappointed in 1931. Served until Feb. 3, 1936.[3]
Edward H. Cunningham	Chicago	do	Died Nov. 28, 1930.
Roy A. Young	Minneapolis	Oct. 4, 1927	Resigned Aug. 31, 1930.
Eugene Meyer	New York	Sept.16, 1930	Resigned May 10, 1933.
Wayland W. Magee	Kansas City	May 18, 1931	Term expired Jan. 24, 1933.
Eugene R. Black	Atlanta	May 19, 1933	Resigned Aug. 15, 1934.
M. S. Szymczak	Chicago	June 14, 1933	Reappointed in 1936 and 1948. Resigned May 31, 1961.
J. J. Thomas	Kansas City	do	Served until Feb. 10, 1936.[3]
Marriner S. Eccles	San Francisco	Nov. 15, 1934	Reappointed in 1936, 1940, and 1944. Resigned July 14, 1951.
Joseph A. Broderick	New York	Feb. 3, 1936	Resigned Sept. 30, 1937.
John K. McKee	Cleveland	do	Served until Apr. 4, 1946.[3]
Ronald Ransom	Atlanta	do	Reappointed in 1942. Died Dec. 2, 1947.
Ralph W. Morrison	Dallas	Feb. 10, 1936	Resigned July 9, 1936.
Chester C. Davis	Richmond	June 25, 1936	Reappointed in 1940. Resigned Apr. 15, 1941.
Ernest G. Draper	New York	Mar. 30, 1938	Served until Sept. 1, 1950.[3]
Rudolph M. Evans	Richmond	Mar. 14, 1942	Served until Aug. 13, 1954.[3]
James K. Vardaman, Jr.	St. Louis	Apr. 4, 1946	Resigned Nov. 30, 1958.
Lawrence Clayton	Boston	Feb. 14, 1947	Died Dec. 4, 1949.
Thomas B. McCabe	Philadelphia	Apr. 15, 1948	Resigned Mar. 31, 1951.
Edward L. Norton	Atlanta	Sept. 1, 1950	Resigned Jan. 31, 1952.
Oliver S. Powell	Minneapolis	do	Resigned June 30, 1952.
Wm. McC. Martin, Jr.	New York	Apr. 2, 1951	Reappointed in 1956. Term expired Jan. 31, 1970.
A. L. Mills, Jr.	San Francisco	Feb. 18, 1952	Reappointed in 1958. Resigned Feb. 28, 1965.
J. L. Robertson	Kansas City	do	Reappointed in 1964. Resigned Apr. 30, 1973.
C. Canby Balderston	Philadelphia	Aug. 12, 1954	Served through Feb. 28, 1966.
Paul E. Miller	Minneapolis	Aug. 13, 1954	Died Oct. 21, 1954.

For notes, see opposite page.

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Chas. N. Shepardson	Dallas	Mar. 17, 1955	Retired Apr. 30, 1967.
G. H. King, Jr.	Atlanta	Mar. 25, 1959	Reappointed in 1960. Resigned Sept. 18, 1963.
George W. Mitchell	Chicago	Aug. 31, 1961	Reappointed in 1962. Served until Feb. 13, 1976.[3]
J. Dewey Daane	Richmond	Nov. 29, 1963	Served until Mar. 8, 1974.[3]
Sherman J. Maisel	San Francisco	Apr. 30, 1965	Served through May 31, 1972.
Andrew F. Brimmer	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill	Dallas	May 1, 1967	Reappointed in 1968. Resigned Nov. 15, 1971.
Arthur F. Burns	New York	Jan. 31, 1970	Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
John E. Sheehan	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland	Kansas City	June 11, 1973	Resigned May 15, 1976.
Henry C. Wallich	Boston	Mar. 8, 1974	
Philip E. Coldwell	Dallas	Oct. 29, 1974	Served through Feb. 29, 1980.
Philip C. Jackson, Jr.	Atlanta	July 14, 1975	Resigned Nov. 17, 1978.
J. Charles Partee	Richmond	Jan. 5, 1976	
Stephen S. Gardner	Philadelphia	Feb. 13, 1976	Died Nov. 19, 1978.
David M. Lilly	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller	San Francisco	Mar. 8, 1978	Resigned Aug. 6, 1979.
Nancy H. Teeters	Chicago	Sept. 18, 1978	
Emmett J. Rice	New York	June 20, 1979	
Frederick H. Schultz	Atlanta	July 27, 1979	
Paul A. Volcker	Philadelphia	Aug. 6, 1979	

Chairmen[4]

Charles S. Hamlin	Aug. 10, 1914–Aug. 9, 1916
W. P. G. Harding	Aug. 10, 1916–Aug. 9, 1922
Daniel R. Crissinger	May 1, 1923–Sept. 15, 1927
Roy A. Young	Oct. 4, 1927–Aug. 31, 1930
Eugene Meyer	Sept. 16, 1930–May 10, 1933
Eugene R. Black	May 19, 1933–Aug. 15, 1934
Marriner S. Eccles	Nov. 15, 1934–Jan. 31, 1948
Thomas B. McCabe	Apr. 15, 1948–Mar. 31, 1951
Wm. McC.Martin, Jr.	Apr. 2, 1951–Jan. 31, 1970
Arthur F. Burns	Feb. 1, 1970–Jan. 31, 1978
G. William Miller	Mar. 8, 1978–Aug. 6, 1979
Paul A. Volcker	Aug. 6, 1979–

Vice Chairmen[4]

Frederic A. Delano	Aug. 10, 1914–Aug. 9, 1916
Paul M. Warburg	Aug. 10, 1916–Aug. 9, 1918
Albert Strauss	Oct. 26, 1918–Mar. 15, 1920
Edmund Platt	July 23, 1920–Sept. 14, 1930
J. J. Thomas	Aug. 21, 1934–Feb. 10, 1936
Ronald Ransom	Aug. 6, 1936–Dec. 2, 1947
C. Canby Balderston	Mar. 11, 1955–Feb. 28, 1966
J. L. Robertson	Mar. 1, 1966–Apr. 30, 1973
George W. Mitchell	May 1, 1973–Feb. 13, 1976
Stephen S. Gardner	Feb. 13, 1976–Nov. 19, 1978
Frederick H. Schultz	July 27, 1979–

EX-OFFICIO MEMBERS[1]

Secretaries of the Treasury

W. G. McAdoo	Dec. 23, 1913–Dec. 15, 1918
Carter Glass	Dec. 16, 1918–Feb. 1, 1920
David F. Houston	Feb. 2, 1920–Mar. 3, 1921
Andrew W. Mellon	Mar. 4, 1921–Feb. 12, 1932
Ogden L. Mills	Feb. 12, 1932–Mar. 4, 1933
William H. Woodin	Mar. 4, 1933–Dec. 31, 1933
Henry Morgenthau, Jr.	Jan. 1, 1934–Feb. 1, 1936

Comptrollers of the Currency

John Skelton Williams	Feb. 2, 1914–Mar. 2, 1921
Daniel R. Crissinger	Mar. 17, 1921–Apr. 30, 1923
Henry M. Dawes	May 1, 1923–Dec. 17, 1924
Joseph W. McIntosh	Dec. 20, 1924–Nov. 20, 1928
J. W. Pole	Nov. 21, 1928–Sept. 20, 1932
J. F. T. O'Connor	May 11, 1933–Feb. 1, 1936

1. Under the provisions of the original Federal Reserve Act the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was ten years, and the five original appointive members had terms of two, four, six, eight, and ten years respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to 12 years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven appointive members; that the Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until Feb. 1, 1936; that the appointive members in the office on the date of that act should continue to serve until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be 14 years and that the designation of Chairman and Vice Chairman of the Board should be for a term of four years.

2. Date after words "Resigned" and "Retired" denotes final day of service.

3. Successor took office on this date.

4. Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

Directors of Federal Reserve Banks and Branches

Following is a list of the directorates of the Federal Reserve Banks and Branches as presently constituted. The list shows, in addition to the name of each director, the principal business affiliation, the class of directorship, and the date when the term expires. Each Federal Reserve Bank has nine directors: three Class A and three Class B directors, who are elected by the stockholding member banks, and three Class C directors, who are appointed by the Board of Governors of the Federal Reserve System. All Federal Reserve Bank directors are chosen without discrimination on the basis of race, creed, color, sex, or national origin. Class A directors are representative of the stockholding member banks. Class B directors represent the public and are elected with due but not exclusive consideration to the interests of agriculture, commerce, industry, services, labor, and consumers, and may not be officers, directors, or employees of any bank.

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

In this list of the directorates, names followed by footnote reference 1 ([1]) are Chairmen, those by footnote reference 2 ([2]) are Deputy Chairmen, and those by footnote reference 3 ([3]) indicate new appointments. Terms expire on December 31 of the year shown.

DISTRICT 1—BOSTON

Class A

		Term expires
Richard D. Hill	Chairman of the Board, First National Boston Corporation, Boston, Mass.	1980
Fred A. White	President, Dartmouth National Bank of Hanover, Hanover, N.H.	1981
H. Alan Timm[3]	President, Bank of Maine, N.A., Augusta, Maine	1982

Class B

		Term expires
Weston P. Figgins	Chairman of the Board, Wm. Filene's Sons Company, Boston, Mass.	1980
Robert D. Kilpatrick	President and Chief Executive Officer, Connecticut General Life Insurance Company, Hartford, Conn.	1981
Carol R. Goldberg	Senior Vice President, The Stop & Shop Companies, Inc., Boston, Mass.	1982

Class C

		Term expires
Robert M. Solow[1]	Institute Professor, Massachusetts Institute of Technology, Cambridge, Mass.	1980
Robert P. Henderson[2]	President & Chief Executive Officer, Itek Corporation, Lexington, Mass.	1981
Thomas I. Atkins[3]	Partner, Atkins and Brown, Boston, Mass.	1982

DISTRICT 2—NEW YORK

Class A

Raymond W. Bauer	Chairman and President, United Counties Trust Company, Elizabeth, N.J.	1980
James Whelden	President, Ballston Spa National Bank, Ballston Spa, N.Y.	1981
Gordon T. Wallis[3]	Chairman of the Board, Irving Trust Company, New York, N.Y.	1982

Class B

William S. Sneath	Chairman of the Board, Union Carbide Corporation, New York, N.Y.	1980
Vacancy		1981
Vacancy		1982

Class C

Robert H. Knight, Esq.[1]	Partner, Shearman and Sterling, Attorneys, New York, N.Y.	1980
Gertrude G. Michelson	Senior Vice President, Macy's New York, New York, N.Y.	1981
Boris Yavitz[2]	Dean, Graduate School of Business, Columbia University, New York, N.Y.	1982

—BUFFALO BRANCH

Appointed by Federal Reserve Bank

William S. Gavitt	President, The Lyons National Bank, Lyons, N.Y.	1980
Robert J. Donough	President, Liberty National Bank and Trust Company, Buffalo, N.Y.	1981
M. Jane Dickman	Partner, Touche Ross & Co., Buffalo, N.Y.	1982
Arthur M. Richardson[3]	President and Chief Executive Officer, Security Trust Company, Rochester, N.Y.	1982

Appointed by Board of Governors

John R. Burwell	President, Rollins Container Corporation, Rochester, N.Y.	1980
George L. Wessel	President, Buffalo AFL-CIO Council, Buffalo, N.Y.	1981
Frederick D. Berkeley, III[1]	Chairman of the Board and President, Graham Manufacturing Company, Inc., Batavia, N.Y.	1982

DISTRICT 3—PHILADELPHIA

Class A

		Term expires
John R. Biechler	President and Chief Executive Officer, The Commonwealth National Bank, Harrisburg, Pa.	1980
Robert H. Deacon	President, The Bank of Mid-Jersey, Bordentown, N.J.	1981
Donald J. Seebold	President, The First National Bank of Danville, Danville, Pa.	1982

Class B

Harry A. Jensen[3]	President and Chief Executive Officer, Armstrong Cork Company, Lancaster, Pa.	1980
Richard P. Hauser	Chairman and Chief Executive Officer, John Wanamaker, Philadelphia, Pa.	1981
Eberhard Faber[3]	Chairman of the Board and Chief Executive Officer, Eberhard Faber, Inc., Wilkes-Barre, Pa.	1982

Class C

Werner C. Brown[2]	Chairman, Hercules Incorporated, Wilmington, Del.	1980
John W. Eckman[1]	Chairman and President, Rorer Group, Inc., Fort Washington, Pa.	1981
Jean A. Crockett	Chairman, Department of Finance, Wharton School, University of Pennsylvania, Philadelphia, Pa.	1982

DISTRICT 4—CLEVELAND

Class A

John A. Gelbach	Chairman of the Board, Central National Bank, Cleveland, Ohio	1980
Everett L. Maffett	President and Chief Executive Officer, Eaton National Bank & Trust Co., Eaton, Ohio	1981
John W. Alford	Chairman of the Board and Chief Executive Officer, The Park National Bank, Newark, Ohio	1982

Class B

Hays T. Watkins	Chairman and President, Chessie System, Cleveland, Ohio	1980
Vacancy		1981
John W. Kessler[3]	President, John W. Kessler Company, Columbus, Ohio	1982

Class C

Lloyd M. McBride[3]	President, United Steelworkers of America, Pittsburgh, Pa.	1980
J. L. Jackson[2]	President, Falcon Coal Company Inc., Lexington, Ky.	1981
Robert E. Kirby[1]	Chairman and Chief Executive Officer, Westinghouse Electric Corporation, Pittsburgh, Pa.	1982

—CINCINNATI BRANCH

Appointed by Federal Reserve Bank

		Term expires
Walter W. Hillenmeyer, Jr.	Chairman and Chief Executive Officer, First Security National Bank and Trust Company, Lexington, Ky.	1980
Lawrence C. Hawkins	Senior Vice President, University of Cincinnati, Cincinnati, Ohio	1981
Elden Houts	President, The Citizens Commercial Bank and Trust Company, Celina, Ohio	1981
Oliver W. Birckhead[3]	President and Chief Executive Officer, The Central Trust Co., N.A., Cincinnati, Ohio	1982

Appointed by Board of Governors

Lawrence H. Rogers, II[1]	President and Chief Executive Officer, Omega Communications, Inc., Cincinnati, Ohio	1980
Martin B. Friedman	President, Formica Corporation, Cincinnati, Ohio	1981
Sister Grace Marie Hiltz[3]	President, Sisters of Charity Health Care Systems, Inc., Cincinnati, Ohio	1982

—PITTSBURGH BRANCH

Appointed by Federal Reserve Bank

Vacancy		1980
Thomas V. Mansell[3]	President and Chief Executive Officer, First National Bank of Lawrence County, New Castle, Pa.	1981
R. Burt Gookin	Director, H. J. Heinz Co., Pittsburgh, Pa.	1981
William D. McKain[3]	President, Wheeling National Bank, Wheeling, W. Va.	1982

Appointed by Board of Governors

Milton G. Hulme, Jr.	President and Chief Executive Officer, Mine Safety Appliances Company, Pittsburgh, Pa.	1980
William H. Knoell[1]	President, Cyclops Corporation, Pittsburgh, Pa.	1981
Robert S. Kaplan[3]	Dean, Graduate School of Industrial Administration, Carnegie-Mellon University, Pittsburgh, Pa.	1982

DISTRICT 5—RICHMOND

Class A

Frederic H. Phillips	Senior Vice President, Virginia National Bank, Roanoke, Va.	1980
Vincent C. Burke, Jr.	Chairman of the Board and Chief Executive Officer, The Riggs National Bank of Washington, D.C., Washington, D.C.	1981
William M. Dickson[3]	President and Senior Trust Officer, First National Bank in Ronceverte, Ronceverte, W. Va.	1982

Class B		Term expires
Thomas A. Jordan	Investor, Asheboro, N.C.	1980
Paul G. Miller	Chairman of the Board and Chief Executive Officer, Commercial Credit Company, Baltimore, Md.	1981
James A. Chapman, Jr.[3]	Chairman of the Board and Chief Executive Officer, Inman Mills, Inman, S.C.	1982

Class C

Steven Muller[2]	President, The Johns Hopkins University and Hospital, Baltimore, Md.	1980
Maceo A. Sloan[1]	Executive Vice President and Chief Operating Officer, North Carolina Mutual Life Insurance Company, Durham, N.C.	1981
Paul E. Reichardt	Chairman of the Board and Chief Executive Officer, Washington Gas Light Company, Washington, D.C.	1982

—*BALTIMORE BRANCH*

Appointed by Federal Reserve Bank

Joseph M. Gough, Jr.	President, The First National Bank of St. Mary's, Leonardtown, Md.	1980
Pearl C. Brackett	Assistant/Deputy Manager, Baltimore Regional Chapter of American Red Cross, Baltimore, Md.	1981
Hugh D. Shires[3]	President and Chief Executive Officer, The First National Bank and Trust Company of Western Maryland, Cumberland, Md.	1982
A. R. Reppert	President, The Union National Bank of Clarksburg, Clarksburg, W. Va.	1982

Appointed by Board of Governors

Catherine Byrne Doehler[1]	Director of Development, Baltimore Regional Chapter of American Red Cross, Baltimore, Md.	1980
Joseph H. McLain	President, Washington College, Chestertown, Md.	1981
Edward H. Covell[3]	Vice President, Country Pride Foods Limited, General Manager, Delmarva Division, Easton, Md.	1982

—*CHARLOTTE BRANCH*

Appointed by Federal Reserve Bank

John T. Fielder	President, J. B. Ivey and Company, Charlotte, N.C.	1980
Hugh M. Chapman	Chairman of the Board, The Citizens & Southern National Bank of South Carolina, Columbia, S.C.	1981
J. Banks Scarborough[3]	Chairman and President, Pee Dee State Bank, Timmonsville, S.C.	1982
W. B. Apple, Jr.	President, First National Bank of Reidsville, Reidsville, N.C.	1982

Appointed by Board of Governors		Term expires
Robert E. Elberson[1]	President, Chief Executive Officer, and Director, Hanes Corporation, Winston-Salem, N.C.	1980
Henry Ponder	Office of the President, Benedict College, Columbia, S.C.	1981
Naomi G. Albanese	Dean, School of Home Economics, University of North Carolina at Greensboro, Greensboro, N.C.	1982

DISTRICT 6—ATLANTA

Class A

Hugh M. Willson	President, Citizens National Bank, Athens, Tenn.	1980
Guy W. Botts	Chairman of the Board, Barnett Banks of Florida, Inc., Jacksonville, Fla.	1981
Dan B. Andrews[3]	President, First National Bank of Dickson, Dickson, Tenn.	1982

Class B

Ulysses V. Goodwyn	Executive Vice President, Southern Natural Resources, Inc., Birmingham, Ala.	1980
Floyd W. Lewis	Chairman of the Board and Chief Executive Officer, Middle South Utilities, Inc., New Orleans, La.	1981
Jean McArthur Davis	President, McArthur Dairy, Inc., Miami, Fla.	1982

Class C

William A. Fickling, Jr.[1]	President and Chairman, Charter Medical Corporation, Macon, Ga.	1980
Fred Adams, Jr.	President, Cal-Maine Foods, Inc., Jackson, Miss.	1981
John H. Weitnauer, Jr.[2,3]	Chairman and Chief Executive Officer, Richway, Atlanta, Ga.	1982

—BIRMINGHAM BRANCH

Appointed by Federal Reserve Bank

George S. Shirley	President, The First National Bank of Tuscaloosa, Tuscaloosa, Ala.	1980
Guy H. Caffey, Jr.	Chairman and Chief Executive Officer, Southern Bancorporation of Alabama and Birmingham Trust National Bank, Birmingham, Ala.	1981
C. Gordon Jones[3]	President and Chief Executive Officer, First National Bank of Decatur, Decatur, Ala.	1982
Martha A. McInnis[3]	Executive Vice President, Alabama Environmental Quality Association, Montgomery, Ala.	1982

Appointed by Board of Governors		Term expires
Harold B. Blach, Jr.[1]	President, Blach's, Inc., Birmingham, Ala.	1980
Louis J. Willie	Executive Vice President, Booker T. Washington Insurance Co., Birmingham, Ala.	1981
William H. Martin, III	President and Chief Executive Officer, Martin Industries, Inc., Florence, Ala.	1982

—JACKSONVILLE BRANCH

Appointed by Federal Reserve Bank

DuBose Ausley	President and Chief Executive Officer, Capital City First National Bank, Tallahassee, Fla.	1980
Robert E. Warfield, Jr.	Chairman and President, The First National Bank and Trust Company, Eustis, Fla.	1981
W. M. Palmer, Jr.[3]	Chairman, Florida Crushed Stone Company, Ocala, Fla.	1982
Billy J. Walker[3]	President, Atlantic Bancorporation, Jacksonville, Fla.	1982

Appointed by Board of Governors

Joan W. Stein[1]	Partner, Regency Square Shopping Center, Jacksonville, Fla.	1980
Jerome P. Keuper	President, Florida Institute of Technology, Melbourne, Fla.	1981
Copeland D. Newbern	Chairman of the Board, Newbern Groves, Inc., Tampa, Fla.	1982

—MIAMI BRANCH

Appointed by Federal Reserve Bank

Tully F. Dunlap	Chairman, Florida National Bank, Miami, Fla.	1980
Jane C. Cousins	President, Cousins Associates, Inc., Miami, Fla.	1981
Alfred W. Roepstorff	President, National Bank of Collier County, Marco Island, Fla.	1981
M. G. Sanchez[3]	President and Chief Executive Officer, First Bankers Corporation of Florida, Pompano Beach, Fla.	1982

Appointed by Board of Governors

David G. Robinson[1]	President, Edison Community College, Fort Myers, Fla.	1980
Roy W. Vandegrift, Jr.	President, Vandegrift-Williams Farms, Inc., Pahokee, Fla.	1981
David H. Rush[3]	President, ACR Electronics, Inc., Hollywood, Fla.	1982

—NASHVILLE BRANCH

Appointed by Federal Reserve Bank

James R. Austin	Chairman and Chief Executive Officer, Peoples National Bank, Shelbyville, Tenn.	1980
Ruth W. Ellis	President, Mountain Empire Bank, Johnson City, Tenn.	1981
Charles J. Kane[3]	Chairman and Chief Executive Officer, Third National Bank in Nashville, Nashville, Tenn.	1982
John R. King[3]	President, The Mason and Dixon Lines, Inc., Kingsport, Tenn.	1982

Appointed by Board of Governors		Term expires
Robert C. H. Mathews, Jr.[1]	President, R. C. Mathews, Contractor, Inc., Nashville, Tenn.	1980
John C. Bolinger, Jr.	Management Consultant, Knoxville, Tenn.	1981
Cecelia Adkins	Executive Director, Sunday School Publishing Board, Nashville, Tenn.	1982

—*NEW ORLEANS BRANCH*

Appointed by Federal Reserve Bank

William E. Howard, Jr.	Chairman of the Board, Commercial National Bank and Trust Company of Laurel, Laurel, Miss.	1980
Robert H. Bolton	President, Rapides Bank and Trust Company in Alexandria, Alexandria, La.	1981
Patrick A. Delaney[3]	President, Whitney National Bank of New Orleans, New Orleans, La.	1982
Ben M. Radcliff[3]	President, Ben M. Radcliff Contractor, Inc., Mobile, Ala.	1982

Appointed by Board of Governors

George C. Cortright, Jr.[1]	Partner, George C. Cortright Company, Rolling Fork, Miss.	1980
Horatio C. Thompson	President, Horatio Thompson Investment, Inc., Baton Rouge, La.	1981
Levere C. Montgomery	President, Time Saver Stores, Inc., New Orleans, La.	1982

DISTRICT 7—CHICAGO

Class A

John F. Spies	President, Iowa Trust and Savings Bank, Emmetsburgh, Iowa	1980
A. Robert Abboud	Chairman of the Board, The First National Bank of Chicago, Chicago, Ill.	1981
Patrick E. McNarny[3]	President, First National Bank of Logansport, Logansport, Ind.	1982

Class B

Arthur J. Decio	Chairman of the Board and Chief Executive Officer, Skyline Corporation, Elkhart, Ind.	1980
Dennis W. Hunt	President, Hunt Truck Lines, Inc., Rockwell City, Iowa	1981
Mary Garst	Manager of Cattle Division, Garst Company, Coon Rapids, Iowa	1982

Class C

John Sagan[1]	Vice President-Treasurer, Ford Motor Company, Dearborn, Mich.	1980
Edward F. Brabec	Business Manager, Chicago Journeymen Plumbers, Chicago, Ill.	1981
Stanton R. Cook[2, 3]	President, Tribune Company, Chicago, Ill.	1982

—*Detroit Branch*

Appointed by Federal Reserve Bank

		Term expires
Lawrence A. Johns	President, Isabella Bank and Trust, Mount Pleasant, Mich.	1980
Charles R. Montgomery	President, Michigan Consolidated Gas Company, Detroit, Mich.	1981
James H. Duncan	Chairman and Chief Executive Officer, First American Bank Corporation, Kalamazoo, Mich.	1981
Dean E. Richardson[3]	Chairman, Manufacturers National Bank of Detroit, Detroit, Mich.	1982

Appointed by Board of Governors

Howard F. Sims[1]	President, Sims-Varner Associates, Inc., Detroit, Mich.	1980
Herbert H. Dow	Director and Secretary, The Dow Chemical Company, Midland, Mich.	1981
Russell G. Mawby[3]	President and Trustee, W. K. Kellogg Foundation, Battle Creek, Mich.	1982

District 8—St. Louis

Class A

Donald N. Brandin	Chairman of the Board and Chief Executive Officer, The Boatmen's National Bank of St. Louis, St. Louis, Mo.	1980
George M. Ryrie	President, First National Bank & Trust Co., Alton, Ill.	1981
Donald L. Hunt[3]	President, First National Bank of Marissa, Marissa, Ill.	1982

Class B

Ralph C. Bain	Vice President, Wabash Plastics, Inc., Evansville, Ind.	1980
Tom K. Smith, Jr.	St. Louis, Mo.	1981
Mary P. Holt[3]	President, Clothes Horse, Little Rock, Ark.	1982

Class C

William H. Stroube	Associate Dean of Faculty Programs, Western Kentucky University, Bowling Green, Ky.	1980
William B. Walton[2]	Vice Chairman of the Board, Holiday Inns, Inc., Memphis, Tenn.	1981
Armand C. Stalnaker[1]	Chairman of the Board, General American Life Insurance Co., St. Louis, Mo.	1982

— *Little Rock Branch*

Appointed by Federal Reserve Bank

Thomas E. Hays, Jr.	President and Chief Executive Officer, The First National Bank of Hope, Hope, Ark.	1980
Gordon E. Parker	President and Chief Executive Officer, The First National Bank of El Dorado, El Dorado, Ark.	1981

		Term expires
Shirley J. Pine	Speech Communication, University of Arkansas at Little Rock, Little Rock, Ark.	1981
William H. Bowen[3]	President and Chief Executive Officer, The Commercial National Bank of Little Rock, Little Rock, Ark.	1982

Appointed by Board of Governors

Ronald W. Bailey	Executive Vice President and General Manager, Producers Rice Mill, Inc., Stuttgart, Ark.	1980
G. Larry Kelley	President, Pickens-Bond Construction Co., Little Rock, Ark.	1981
E. Ray Kemp, Jr.[1]	Vice Chairman of the Board and Chief Administrative Officer, Dillard Department Stores, Inc., Little Rock, Ark.	1982

—*LOUISVILLE BRANCH*

Appointed by Federal Reserve Bank

J. David Grissom	Chairman and Chief Executive Officer, Citizens Fidelity Bank and Trust Company, Louisville, Ky.	1980
Fred B. Oney	President, The First National Bank of Carrollton, Carrollton, Ky.	1981
Sister Eileen M. Egan, S.C.N.	President, Spalding College, Louisville, Ky.	1981
Howard Brenner	Vice Chairman of the Board, Tell City National Bank, Tell City, Ind.	1982

Appointed by Board of Governors

Richard O. Donegan[1]	Senior Vice President and Group Executive, General Electric Company, Louisville, Ky.	1980
Wendell G. Rayburn	Dean of University College, University of Louisville, Louisville, Ky.	1981
James F. Thompson	Professor of Economics, Murray State University, Murray, Ky.	1982

—*MEMPHIS BRANCH*

Appointed by Federal Reserve Bank

Charles S. Youngblood	President and Chief Executive Officer, First Columbus National Bank, Columbus, Miss.	1980
Stallings Lipford	President, First-Citizens National Bank of Dyersburg, Dyersburg, Tenn.	1981
Bruce E. Campbell, Jr.	Chairman and President, National Bank of Commerce, Memphis, Tenn.	1981
Earl L. McCarroll	President, The Farmers Bank & Trust Co., Blytheville, Ark.	1982

Appointed by Board of Governors

Frank A. Jones, Jr.	President, Dietz Forge Company, Memphis, Tenn.	1980
Benjamin P. Pierce	President, Tyrone Hydraulics, Inc., Corinth, Miss.	1981
Walter L. Walker	President, LeMoyne-Owen College, Memphis, Tenn.	1982

DISTRICT 9—MINNEAPOLIS

Class A

		Term expires
James H. Smaby	President, Commercial National Bank and Trust Company, Iron Mountain, Mich.	1980
Zane G. Murfitt	President, Flint Creek Valley Bank, Philipsburg, Mont.	1981
Henry N. Ness[3]	Senior Vice President, The Fargo National Bank and Trust Company, Fargo, N. Dak.	1982

Class B

Donald P. Helgeson	Secretary and Vice President, Jack Frost, Inc., St. Cloud, Minn.	1980
Russell G. Cleary	Chairman and President, G. Heileman Brewing Company, LaCrosse, Wis.	1981
Joe F. Kirby[3]	Chairman, Western Surety Company, Sioux Falls, S. Dak.	1982

Class C

Stephen F. Keating[1]	Vice Chairman of the Board, Honeywell, Inc., Minneapolis, Minn.	1980
William G. Phillips[2]	Chairman and Chief Executive Officer, International Multifoods, Minneapolis, Minn.	1981
Sister Generose Gervais	Administrator, St. Mary's Hospital, Rochester, Minn.	1982

—HELENA BRANCH

Appointed by Federal Reserve Bank

Harry W. Newlon[3]	President, First National Bank, Bozeman, Mont.	1980
Jase O. Norsworthy	President, The N.R.G. Company, Billings, Mont.	1980
Lynn D. Grobel	President, First National Bank of Glasgow, Glasgow, Mont.	1981

Appointed by Board of Governors

Patricia P. Douglas[1]	Vice President—Fiscal Affairs, University of Montana, Missoula, Mont.	1980
Norris E. Hanford[2]	Fort Benton, Mont.	1981

DISTRICT 10—KANSAS CITY

Class A

Wayne D. Angell	President, Council Grove National Bank, Ottawa, Kans.	1980
John D. Woods	Chairman and Chief Executive Officer, The Omaha National Bank, Omaha, Nebr.	1981
Howard K. Loomis	President, The Peoples Bank, Pratt, Kans.	1982

Class B		Term expires
James G. Harlow, Jr.	President and Chief Executive Officer, Oklahoma Gas and Electric Co., Oklahoma City, Okla.	1980
Alan R. Sleeper	Alden, Kans.	1981
Charles C. Gates[3]	President and Chairman of the Board, Gates Rubber Company, Denver, Colo.	1982

Class C

Joseph H. Williams[1]	Chairman and Chief Executive Officer, The Williams Companies, Tulsa, Okla.	1980
Doris M. Drury[3]	Professor of Economics, University of Denver, Denver, Colo.	1981
Paul H. Henson[2]	Chairman, United Telecommunications, Inc., Kansas City, Mo.	1982

—DENVER BRANCH

Appointed by Federal Reserve Bank

William H. Vernon	Director, and Former Chairman and Chief Executive Officer, Santa Fe National Bank, Santa Fe, N. Mex.	1980
Delano E. Scott	President and Chairman, The Routt County National Bank of Steamboat Springs, Steamboat Springs, Colo.	1980
Kenneth C. Naramore[3]	President, Stockmen's Bank & Trust Company, Gillette, Wyo.	1981

Appointed by Board of Governors

Alvin F. Grospiron[3]	Denver, Colo.	1980
Caleb B. Hurtt[1,3]	Vice President and General Manager, Martin Marietta Aerospace Corporation, Denver, Colo.	1981

—OKLAHOMA CITY BRANCH

Appointed by Federal Reserve Bank

W. L. Stephenson, Jr.	Chairman and Chief Executive Officer, Central National Bank & Trust Co. of Enid, Enid, Okla.	1980
V. M. Thompson, Jr.	Chairman and Chief Executive Officer, Utica National Bank and Trust Co., Tulsa, Okla.	1980
J. A. Maurer	Chairman, Security National Bank & Trust Co., Duncan, Okla.	1981

Appointed by Board of Governors

Samuel R. Noble	Chairman of the Board, Noble Affiliates, Inc., Ardmore, Okla.	1980
Christine H. Anthony[1]	Oklahoma City, Okla.	1981

—*Omaha Branch*

Appointed by Federal Reserve Bank

		Term expires
F. Phillips Giltner	President, First National Bank of Omaha, Omaha, Neb.	1980
W. W. Cook, Jr.[3]	President, Beatrice National Bank and Trust Company, Beatrice, Nebr.	1981
Joe J. Huckfeldt	President, Gering National Bank and Trust Company, Gering, Nebr.	1981

Appointed by Board of Governors

Robert G. Lueder[1]	President, Lueder Construction Company, Omaha, Nebr.	1980
Gretchen S. Pullen[3]	Chairman of the Board, Swanson Enterprises, Inc., Omaha, Nebr.	1981

District 11—Dallas

Class A

Frank Junell	Chairman of the Board, The Central National Bank of San Angelo, San Angelo, Tex.	1980
Lewis H. Bond	Chairman of the Board and Chief Executive Officer, Texas American Bancshares Inc., Ft. Worth, Tex.	1981
John P. Gilliam[3]	President and Chief Executive Officer, First National Bank in Valley Mills, Valley Mills, Tex.	1982

Class B

Kent Gilbreath	Professor of Economics, Department of Economics and Finance, Baylor University, Waco, Tex.	1980
J. Wayland Bennett	Charles C. Thompson Professor of Agricultural Finance and Associate Dean, College of Agricultural Sciences, Texas Tech University, Lubbock, Tex.	1981
Robert D. Rogers[3]	President, Texas Industries, Inc., Dallas, Tex.	1982

Class C

Irving A. Mathews[1]	Chairman of the Board and Chief Executive Officer, Frost Bros., Inc., San Antonio, Tex.	1980
Gerald D. Hines[2]	Owner, Gerald D. Hines Interests, Houston, Tex.	1981
Margaret S. Wilson	Chairman of the Board and Chief Executive Officer, Scarbroughs Stores, Austin, Tex.	1982

—*El Paso Branch*

Appointed by Federal Reserve Bank

Claude E. Leyendecker	President, Mimbres Valley Bank, Deming, N. Mex.	1980
Arnold B. Peinado, Jr.	Partner, AVC Development, El Paso, Tex.	1981
Vacancy		1981
Arthur L. Gonzales	President, First City National Bank of El Paso, El Paso, Tex.	1982

		Term expires
Appointed by Board of Governors		
Chester J. Kesey[1]	C. J. Kesey Enterprises, Pecos, Tex.	1980
Josefina A. Salas-Porras	Executive Director, BI Language Services, El Paso, Tex.	1981
A. J. Losee	Shareholder, Losee, Carson, & Dickerson, P.A., Artesia, N. Mex.	1982

—HOUSTON BRANCH

Appointed by Federal Reserve Bank

Raymond L. Britton	Labor Arbitrator and Professor of Law, University of Houston, Houston, Tex.	1980
John T. Cater	President, Bank of the Southwest National Association, Houston, Tex.	1981
Ralph E. David	President, First Freeport National Bank, Freeport, Tex.	1981
Will E. Wilson[3]	President and Chief Executive Officer, First Security Bank of Beaumont, N.A., Beaumont, Tex.	1982

Appointed by Board of Governors

Gene M. Woodfin[1]	Chairman of the Board and Chief Executive Officer, Marathon Manufacturing Company, Houston, Tex.	1980
George V. Smith[3]	President and Owner, Smith Pipe and Supply, Inc., Houston, Tex.	1981
Jerome L. Howard	Chairman of the Board and Chief Executive Officer, Mortgage & Trust, Inc., Houston, Tex.	1982

—SAN ANTONIO BRANCH

Appointed by Federal Reserve Bank

John H. Garner	President and Chief Executive Officer, Corpus Christi National Bank, Corpus Christi, Tex.	1980
John H. Holcomb	Owner-Manager, Progreso Haciendas Company, Progreso, Tex.	1981
Charles E. Cheever, Jr.	President, Broadway National Bank, San Antonio, Tex.	1981
George Brannies[3]	Chairman of the Board and President, Mason National Bank, Mason, Tex.	1982

Appointed by Board of Governors

Lawrence L. Crum[3]	Professor of Banking and Finance, The University of Texas at Austin, Austin, Tex.	1980
Carlos A. Zuniga[1]	Zuniga Freight Services, Inc., Laredo, Tex.	1981
Pat Legan	Owner, Legan Properties, San Antonio, Tex.	1982

DISTRICT 12—SAN FRANCISCO

Class A

		Term expires
Ole R. Mettler	President and Chairman, Farmers & Merchants Bank of Central California, Lodi, Calif.	1980
Robert A. Young	Chairman and President, Northwest National Bank, Vancouver, Wash.	1981
Frederick G. Larkin, Jr.	Chairman of the Executive Committee, Security Pacific National Bank, Los Angeles, Calif.	1982

Class B

J. R. Vaughan	Chairmen and Chief Executive, Knudsen Corporation, Los Angeles, Calif.	1980
Malcolm T. Stamper	President, The Boeing Company, Seattle, Wash.	1981
Clair L. Peck, Jr.	Chairman of the Board, C. L. Peck Contractor, Los Angeles, Calif.	1982

Class C

Cornell C. Maier	Chairman, President and Chief Executive Officer, Kaiser Aluminum & Chemical Corp., Oakland, Calif.	1980
Alan C. Furth[3]	President, Southern Pacific Company, San Francisco, Calif.	1981
Caroline L. Ahmanson[2,3]	Chairman of the Board, Caroline Leonetti, Ltd., Beverly Hills, Calif.	1982

—LOS ANGELES BRANCH

Appointed by Federal Reserve Bank

James D. McMahon	President, Santa Clarita National Bank, Newhall, Calif.	1980
Harvey J. Mitchell	President, First National Bank of San Diego County, Escondido, Calif.	1981
Bram Goldsmith[3]	Chairman of the Board, City National Bank, Beverly Hills, Calif.	1982
Fred W. Andrew[3]	President and Chief Operating Officer, Superior Farming Company, Bakersfield, Calif.	1982

Appointed by Board of Governors

Lola M. McAlpin-Grant[3]	Assistant Dean, Loyola Law School, Los Angeles, Calif.	1980
Harvey A. Proctor[1]	Chairman of the Board, Southern California Gas Company, Los Angeles, Calif.	1981
Togo W. Tanaka	President, Gramercy Enterprises, Los Angeles, Calif.	1982

—PORTLAND BRANCH

Appointed by Federal Reserve Bank

Kenneth Smith	General Manager, The Confederated Tribes of Warm Springs, Warm Springs, Oreg.	1980
Jack W. Gustavel	President and Chief Executive Officer, First National Bank of North Idaho, Coeur d'Alene, Idaho	1981

		Term expires
Robert F. Wallace	Chairman of the Board, First National Bank of Oregon, Portland, Oreg.	1981
Merle G. Bryan	President, Forest Grove National Bank, Forest Grove, Oreg.	1982

Appointed by Board of Governors

Loran L. Stewart[1]	Director, Bohemia, Inc., Eugene, Oreg.	1980
Jean Mater	Vice President, Mater Engineering, Ltd., Corvallis, Oreg.	1981
Phillip W. Schneider	Northwest Regional Executive, National Wildlife Federation, Portland, Oreg.	1982

—*Salt Lake City Branch*

Appointed by Federal Reserve Bank

Mary S. Knox	Chairman, Idaho State Bank, Glenns Ferry, Idaho	1980
Robert E. Bryans	Chairman of the Board, Walker Bank & Trust Company, Salt Lake City, Utah	1981
David P. Gardner	President, University of Utah, Salt Lake City, Utah	1981
Fred H. Stringham	President, Valley Bank and Trust Company, South Salt Lake, Utah	1982

Appointed by Board of Governors

J. L. Terteling	President, The Terteling Company, Inc., Boise, Idaho	1980
Wendell J. Ashton[1]	Publisher, Deseret News Publishing Company, Salt Lake City, Utah	1981
Robert A. Erkins	Geothermal Agri/Aquaculturist, White Arrow Ranch, Bliss, Idaho	1982

—*Seattle Branch*

Appointed by Federal Reserve Bank

Rufus C. Smith	Chairman, The First National Bank of Enumclaw, Enumclaw, Wash.	1980
Douglas S. Gamble	President and Chief Executive Officer, Pacific Gamble Robinson Co., Seattle, Wash.	1981
C. M. Berry	President, Seattle-First National Bank, Seattle, Wash.	1981
Donald L. Mellish	Chairman of the Board, National Bank of Alaska, Anchorage, Alaska	1982

Appointed by Board of Governors

Virginia L. Parks	Vice President for Finance and Treasurer, Seattle University, Seattle, Wash.	1980
Lloyd E. Cooney[1]	President and General Manager, KIRO Radio & Television, Seattle, Wash.	1981
Merle D. Adlum	President, Maritime Trades Department, Puget Sound District, AFL/CIO, Seattle, Wash.	1982

Financial and Business Statistics

CONTENTS

Domestic Financial Statistics

POLICY INSTRUMENTS

FEDERAL RESERVE BANKS

MONETARY AND CREDIT AGGREGATES

COMMERCIAL BANK ASSETS AND LIABILITIES

WEEKLY REPORTING COMMERCIAL BANKS

FINANCIAL MARKETS

FEDERAL FINANCE

1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1979 Q1	1979 Q2	1979 Q3	1979 Q4	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
Member bank reserves									
1 Total	−2.3	−3.6	5.1	12.4	11.1	17.4	6.3	16.9	2.0
2 Required	−2.2	−3.5	4.8	11.6	12.0	15.4	6.9	12.6	3.4
3 Nonborrowed	−2.8	−7.5	7.0	6.8	3.8	−2.3	9.9	30.6	8.8
4 Monetary base[2]	5.9	4.8	9.3	9.5	12.2	10.2	5.4	7.8	10.1
Concepts of money and liquid assets[3]									
5 M-1A	0.2	7.8	8.8	4.7	6.9	1.6	5.2	6.2	3.6
6 M-1B	4.8	10.7	10.1	5.3	7.9	2.2	4.4	7.5	4.3
7 M-2	6.3	10.2	10.3	7.2	8.2	6.0	5.8	7.4	7.0
8 M-3	7.9	8.8	10.3	9.9[r]	13.2	9.4	7.4[r]	7.3[r]	7.9
9 L	10.3	13.1	11.7	9.2	16.4	6.9	5.0[r]	8.2[r]	n.a.
Time and savings deposits									
Commercial banks									
10 Total	7.7[c]	1.8[c]	9.1[c]	12.5[c]	16.3[c]	13.7[c]	11.7[c]	0.5[c]	8.0
11 Savings[4]	−15.9[c]	−7.4[c]	−0.4[c]	−15.1[c]	−9.3[c]	−16.4[c]	−29.7[c]	−9.7[c]	−11.7
12 Small denomination time[5]	21.3[c]	22.5[c]	21.5[c]	28.5[c]	19.3[c]	27.6[c]	44.5[c]	17.4[c]	26.2
13 Large-denomination time[6]	20.6[c]	−7.9[c]	6.0[c]	22.6[c]	37.7[c]	28.0[c]	15.2[c]	−7.8[c]	5.7
14 Thrift institutions[7]	8.3	7.4	7.4	6.7	7.0	6.6	6.2	6.1[r]	−0.9
15 Total loans and investments at commercial banks[8]	13.3	11.9	15.8	3.4	21.7	6.6	−.5	4.1	12.8

Item	1979 Q1	1979 Q2	1979 Q3	1979 Q4	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.
	Interest rates (levels, percent per annum)								
Short-term rates									
16 Federal funds[9]	10.07	10.18	10.94	13.58	13.77	13.18	13.78	13.82	14.13
17 Federal Reserve discount[10]	9.50	9.50	10.21	11.92	11.77	12.00	12.00	12.00	12.52
18 Treasury bills (3-month market yield)[11]	9.38	9.38	9.67	11.84	11.70	11.79	12.04	12.00	12.86
19 Commercial paper (3-month)[11,12]	10.04	9.85	19.64	13.35	13.23	13.57	13.24	13.04	13.78
Long-term rates									
Bonds									
20 U.S. government[13]	9.03	9.08	9.03	10.18	9.99	10.37	10.18	10.65	12.21
21 State and local government[14]	6.37	6.22	6.28	7.20	7.08	7.30	7.22	7.35	8.16
22 Aaa utility (new issue)[15]	9.58	9.66	9.64	11.21	10.97	11.42	11.25	11.73	13.57
23 Conventional mortgages[16]	10.33	10.35	11.13	12.38	12.15	12.50	12.50	12.80	14.10

1. Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter. Growth rates for member bank reserves are adjusted for discontinuities in series that result from changes in Regulations D and M.

2. Includes 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. M-1A: Averages of daily figures for (1) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (2) currency outside the Treasury, Federal Reserve banks, and the vaults of commercial banks.

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

M-2: M-1B plus savings and small denomination time deposits at all depositary institutions, overnight RPs at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and money market mutual fund shares.

M-3: M-2 plus large denomination time deposits at all depositary institutions and term RPs at commercial banks and savings and loan associations.

L: M-3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities and U.S. savings bonds.

4. Savings deposits exclude NOW and ATS accounts at commercial banks.

5. Small time deposits are those issued in amounts of less than $100,000.

6. Large time deposits are those issued in amounts of $100,000 or more.

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

8. Quarterly changes calculated from figures shown in table 1.23.

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

10. Rate for the Federal Reserve Bank of New York.

11. Quoted on a bank-discount basis.

12. Beginning Nov. 1977, unweighted average of offering rates quoted by at least five dealers. Previously, most representative rate quoted by these dealers. Before Nov. 1979, data shown are for 90- to 119-day maturity.

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

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

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

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

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week-ending						
	1979	1980		1980						
	Dec.p	Jan.p	Feb.p	Jan. 16p	Jan. 23p	Jan. 30p	Feb. 6p	Feb. 13p	Feb. 20p	Feb. 27p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**140,008**	**138,855**	**135,490**	**139,613**	**138,118**	**135,746**	**134,968**	**134,450**	**137,490**	**135,545**
2 U.S. government securities[1]	117,821	117,855	115,028	118,713	117,695	116,328	115,570	114,574	116,924	113,242
3 Bought outright	117,195	117,493	114,842	118,713	117,323	115,644	115,570	114,431	116,383	113,242
4 Held under repurchase agreements	626	362	186	0	372	684	0	143	541	0
5 Federal agency securities	8,455	8,383	8,299	8,216	8,481	8,457	8,216	8,303	8,468	8,216
6 Bought outright	8,218	8,216	8,216	8,216	8,216	8,216	8,216	8,216	8,216	8,216
7 Held under repurchase agreements	237	167	83	0	265	241	0	87	252	0
8 Acceptances	353	104	67	0	61	143	0	40	207	0
9 Loans	1,454	1,264	1,660	1,226	1,197	1,821	759	1,236	2,194	2,057
10 Float	6,499	5,825	5,617	6,135	5,327	3,587	5,062	4,969	5,306	7,707
11 Other Federal Reserve assets	5,426	5,424	4,818	5,324	5,357	5,409	5,362	5,328	4,390	4,323
12 Gold stock	11,112	11,156	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
13 Special drawing rights certificate account	1,800	2,064	2,968	1,800	1,800	2,801	2,968	2,968	2,968	2,968
14 Treasury currency outstanding	12,917	12,983	13,052	12,973	12,989	12,998	13,040	13,036	13,066	13,076
ABSORBING RESERVE FUNDS										
15 Currency in circulation	123,840	122,939	121,585	123,368	122,060	121,000	121,094	121,714	121,962	121,533
16 Treasury cash holdings	428	442	476	437	444	453	467	475	482	503
Deposits, other than member bank reserves, with Federal Reserve Banks										
17 Treasury	2,963	3,110	3,379	3,281	3,073	3,039	2,976	3,727	3,369	3,682
18 Foreign	318	331	322	283	320	313	322	363	335	277
19 Other	355	434	324	321	346	313	367	286	291	349
20 Other Federal Reserve liabilities and capital	5,349	5,080	4,713	5,006	5,166	5,357	5,056	4,641	4,756	4,564
21 Reserve accounts[2]	32,585	32,724	31,883	32,862	32,671	32,242	31,868	30,421	33,502	31,853

Factors	End-of-month figures			Wednesday figures						
	1979	1980		1980						
	Dec.p	Jan.p	Feb.p	Jan. 16p	Jan. 23p	Jan. 30p	Feb. 6p	Feb. 13p	Feb. 20p	Feb. 27p
SUPPLYING RESERVE FUNDS										
22 **Reserve bank credit outstanding**	**140,705**	**135,202**	**134,555**	**136,420**	**140,386**	**131,672**	**131,648**	**140,739**	**140,706**	**134,002**
23 U.S. government securities[1]	117,458	116,311	115,171	114,774	118,610	112,478	111,849	117,659	118,416	112,301
24 Bought outright	116,291	116,311	114,550	114,774	116,950	112,478	111,849	116,660	116,182	112,301
25 Held under repurchase agreements	1,167	0	621	0	1,660	0	0	999	2,234	0
26 Federal agency securities	8,709	8,216	8,247	8,216	9,123	8,216	8,216	8,823	8,924	8,216
27 Bought outright	8,216	8,216	8,216	8,216	8,216	8,216	8,216	8,216	8,216	8,216
28 Held under repurchase agreements	493	0	31	0	907	0	0	607	708	0
29 Acceptances	704	0	205	0	327	0	0	281	825	0
30 Loans	1,454	828	3,364	1,740	1,116	924	343	3,324	1,101	4,318
31 Float	6,767	4,610	3,154	6,393	5,831	4,468	5,889	5,202	7,084	4,734
32 Other Federal Reserve assets	5,613	5,237	4,414	5,297	5,379	5,586	5,351	5,450	4,356	4,433
33 Gold stock	11,112	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
34 Special drawing rights certificate account	1,800	2,968	2,968	1,800	1,800	2,968	2,968	2,968	2,968	2,968
35 Treasury currency outstanding	13,083	13,169	13,076	12,979	12,989	13,006	13,035	13,044	13,066	13,076
ABSORBING RESERVE FUNDS										
36 Currency in circulation	125,600	121,157	121,288	122,959	121,781	121,182	121,642	122,198	122,170	121,722
37 Treasury cash holdings	494	472	490	438	448	457	471	482	483	513
Deposits, other than member bank reserves, with Federal Reserve Banks										
38 Treasury	4,075	2,931	2,417	3,468	3,309	3,051	3,733	3,395	2,461	4,478
39 Foreign	429	440	450	250	242	249	362	343	294	245
40 Other	1,412	339	350	307	357	261	275	281	332	330
41 Other Federal Reserve liabilities and capital	4,957	5,682	4,668	4,986	5,345	5,349	4,512	4,687	4,771	4,438
42 Reserve accounts[2]	29,792	31,492	32,108	29,963	34,865	28,269	27,828	36,537	37,401	29,492

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

2. Includes reserves of member banks, Edge Act corporations, and U.S. agencies and branches of foreign banks.

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

1.12 RESERVES AND BORROWINGS Member Banks

Millions of Dollars

Reserve classification	1978 Dec.	1979 June	July	Aug.	Sept.	Oct.p	Nov.p	Dec.p	1980 Jan.p	Feb.p
	Monthly averages of daily figures									
All member banks										
Reserves										
1 At Federal Reserve Banks	31,158	29,822	30,191	30,006	29,986	31,599	32,098	32,585	32,724	31,883
2 Currency and coin	10,330	10,154	10,552	10,523	10,726	10,681	10,740	11,323	12,318	11,098
3 Total held[1]	41,572	40,105	40,900	40,687	40,868	42,423	42,979	44,063	45,217	43,196
4 Required	41,447	39,884	40,710	40,494	40,863	42,002	42,770	43,560	44,902	43,026
5 Excess[1]	125	221	190	193	5	421	209	503	315	170
Borrowings at Reserve Banks[2]										
6 Total	874	1,396	1,179	1,097	1,344	2,022	1,908	1,454	1,264	1,660
7 Seasonal	134	188	168	177	169	161	141	81	74	95
Large banks in New York City										
8 Reserves held	7,120	6,346	6,605	6,408	6,437	6,655	6,695	7,206	7,781	6,980
9 Required	7,243	6,415	6,586	6,427	6,378	6,851	6,932	7,329	7,758	7,209
10 Excess	−123	−69	19	−19	59	−196	−237	−123	23	−229
11 Borrowings[2]	99	78	97	79	87	183	139	63	32	124
Large banks in Chicago										
12 Reserves held	1,907	1,726	1,709	1,694	1,654	1,790	1,869	1,990	2,021	1,949
13 Required	1,900	1,697	1,713	1,706	1,760	1,859	1,950	2,001	2,059	1,941
14 Excess	7	29	−4	−12	−106	−69	−81	−11	−38	8
15 Borrowings[2]	10	64	45	6	80	136	118	79	76	100
Other large banks										
16 Reserves held	16,446	15,989	16,374	16,370	16,426	16,519	16,663	17,336	17,719	17,014
17 Required	16,342	15,877	16,339	16,321	16,491	16,796	17,000	17,369	17,967	17,281
18 Excess	104	112	35	49	−65	−277	−337	−33	−248	−267
19 Borrowings[2]	276	586	517	484	600	856	804	697	642	729
All other banks										
20 Reserves held	16,099	16,044	16,212	16,215	16,351	16,495	16,496	16,621	16,843	16,328
21 Required	15,962	15,895	16,072	16,040	16,234	16,424	16,420	16,539	16,779	16,267
22 Excess	137	149	140	175	117	71	76	82	64	61
23 Borrowings[2]	489	668	520	528	577	847	847	615	514	707
Edge corporations										
24 Reserves held	n.a.	n.a.	n.a.	n.a.	n.a.	90	308	333	336	330
25 Required	n.a.	n.a.	n.a.	n.a.	n.a.	72	287	302	314	304
26 Excess	n.a.	n.a.	n.a.	n.a.	n.a.	18	21	31	22	26
U.S. agencies and branches										
27 Reserves held	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	185	26	29	32
28 Required	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	181	20	25	24
29 Excess	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4	6	4	8

Reserve classification	Dec. 26p	Jan. 2p	Jan. 9p	Jan. 16p	Jan. 23p	Jan. 30p	Feb. 6p	Feb. 13p	Feb. 20p	Feb. 27p
	Weekly averages of daily figures for week (in 1979 and 1980) ending									
All member banks										
Reserves										
30 At Federal Reserve Banks	32,908	33,177	33,264	32,862	32,671	32,242	31,868	30,421	33,502	31,853
31 Currency and coin	10,984	11,429	11,359	13,506	12,482	12,251	11,831	11,724	10,283	10,720
32 Total held[1]	44,056	44,767	44,807	46,539	45,325	44,665	43,914	42,360	44,002	42,787
33 Required	43,560	44,217	44,568	45,988	45,082	44,386	43,358	42,531	43,402	43,015
34 Excess[1]	496	550	239	551	243	279	556	−171	600	−228
Borrowings at Reserve Banks[2]										
35 Total	1,224	1,431	732	1,226	1,197	1,821	759	1,236	2,194	2,057
36 Seasonal	80	64	61	74	78	87	73	91	100	109
Large banks in New York City										
37 Reserves held	7,056	7,547	7,383	8,346	7,693	7,546	7,440	6,609	7,422	6,673
38 Required	7,138	7,464	7,752	8,329	7,651	7,469	7,175	7,053	7,427	7,242
39 Excess	−82	83	−369	17	42	77	265	−444	−5	−569
40 Borrowings[2]	90	129	33	46	0	0	0	81	226	207
Large banks in Chicago										
41 Reserves held	1,953	2,131	1,967	2,143	2,002	2,093	1,919	1,919	2,025	1,805
42 Required	2,015	2,066	2,089	2,102	2,045	2,009	1,986	1,903	2,004	1,891
43 Excess	−62	65	−122	41	−43	84	−67	16	21	−86
44 Borrowings[2]	21	111	0	0	0	236	0	125	148	47
Other large banks										
45 Reserves held	17,630	17,365	17,497	18,202	17,881	17,723	17,270	16,542	17,517	16,689
46 Required	17,414	17,603	17,769	18,298	18,134	17,849	17,409	17,165	17,401	17,235
47 Excess	216	−238	−272	−96	−253	−126	−139	−623	116	−546
48 Borrowings[2]	464	663	318	756	650	883	266	558	985	908
All other banks										
49 Reserves held	16,834	16,873	16,619	17,003	16,883	16,851	16,509	16,122	16,451	16,306
50 Required	16,676	16,739	16,598	16,866	16,936	16,774	16,457	16,070	16,253	16,322
51 Excess	158	134	21	137	−53	77	52	52	198	−16
52 Borrowings[2]	649	528	381	424	547	702	493	472	835	895
Edge corporations										
53 Reserves held	336	347	338	376	315	338	330	345	306	315
54 Required	307	315	329	367	281	277	317	310	296	301
55 Excess	29	32	9	9	34	61	13	35	10	14
U.S. agencies and branches										
56 Reserves held	14	14	28	28	37	31	22	46	29	30
57 Required	10	30	31	26	35	8	14	30	21	24
58 Excess	4	−16	−3	2	2	23	8	16	8	6

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 merged into an existing member bank, or when a nonmember bank joins the Federal Reserve System. For weeks for which figures are preliminary, figures by class of bank do not add to total because adjusted data by class are not available.

2. Based on closing figures.

1.13 FEDERAL FUNDS TRANSACTIONS Money Market Banks

Millions of dollars, except as noted

Type	1980, week ending Wednesday					1980, week ending Wednesday			
	Jan. 2	Jan. 9	Jan. 16	Jan. 23	Jan. 30	Feb. 6	Feb. 13	Feb. 20	Feb. 27
	Total, 46 banks								
Basic reserve position									
1 Excess reserves[1]	324	-15	26	75	63	319	-60	293	-91
LESS:									
2 Borrowings at Federal Reserve Banks	404	130	289	181	624	50	432	596	473
3 Net interbank federal funds transactions	22,206	24,759	25,712	24,209	22,754	25,358	26,951	26,445	25,603
EQUALS: Net surplus, or deficit (-)									
4 Amount	-22,285	-24,904	-25,975	-24,314	-23,315	-25,089	-27,443	-26,747	-26,168
5 Percent of average required reserves	116.2	126.6	126.4	124.4	121.8	134.8	150.0	141.9	141.9
Interbank federal funds transactions									
Gross transactions									
6 Purchases	31,238	32,300	32,694	31,086	29,442	32,445	34,096	33,991	32,331
7 Sales	9,032	7,541	6,982	6,878	6,688	7,088	7,144	7,546	6,728
8 Two-way transactions[2]	7,672	6,941	6,782	5,960	6,300	6,750	6,607	7,293	6,488
Net transactions									
9 Purchases of net buying banks	23,567	25,359	25,912	25,127	23,142	25,695	27,489	26,698	25,843
10 Sales of net selling banks	1,360	559	200	918	388	338	538	254	239
Related transactions with U.S. government securities dealers									
11 Loans to dealers[3]	2,563	2,247	2,562	2,324	1,998	2,628	2,377	2,420	2,692
12 Borrowings from dealers[4]	2,744	1,372	1,754	1,811	2,261	1,578	1,861	1,764	1,751
13 Net loans	-181	875	807	513	-263	1,050	516	657	941
	8 banks in New York City								
Basic reserve position									
14 Excess reserves[1]	123	-43	53	46	15	248	-6	140	-55
LESS:									
15 Borrowings at Federal Reserve Banks	129	33	36	0	0	0	68	226	186
16 Net interbank federal funds transactions	5,592	6,460	6,846	6,855	5,516	6,269	7,254	6,733	5,968
EQUALS: Net surplus, or deficit (-)									
17 Amount	-5,958	-6,536	-6,829	-6,809	-5,501	-6,021	-7,328	-6,819	-6,209
18 Percent of average required reserves	88.6	93.2	90.6	98.3	81.7	93.2	115.0	102.1	95.7
Interbank federal funds transactions									
Gross transactions									
19 Purchases	8,018	8,215	8,322	8,071	7,181	8,408	9,187	8,992	8,147
20 Sales	2,066	1,754	1,476	1,216	1,665	2,139	1,933	2,259	2,179
21 Two-way transactions[2]	2,066	1,754	1,476	1,216	1,666	2,139	1,690	2,222	2,179
Net transactions									
22 Purchases of net buying banks	5,952	6,461	6,846	6,855	5,516	6,269	7,497	6,770	5,968
23 Sales of net selling banks	0	0	0	0	0	0	243	37	0
Related transactions with U.S. government securities dealers									
24 Loans to dealers[3]	1,765	1,446	1,785	1,583	1,401	1,956	1,485	1,636	1,713
25 Borrowings from dealers[4]	514	502	760	674	985	887	962	917	898
26 Net loans	1,251	944	1,025	909	415	1,069	523	720	815
	38 banks outside New York City								
Basic reserve position									
27 Excess reserves[1]	201	28	-27	29	47	71	-54	153	-36
LESS:									
28 Borrowings at Federal Reserve Banks	275	97	254	181	624	50	364	370	287
29 Net interbank federal funds transactions	16,254	18,299	18,866	17,353	17,238	19,088	19,698	19,711	19,635
EQUALS: Net surplus, or deficit (-)									
30 Amount	-16,328	-18,368	-19,146	-17,505	-17,815	-19,068	-20,116	-19,928	-19,959
31 Percent of average required reserves	131.1	145.2	147.2	138.6	143.5	156.9	168.7	163.9	166.9
Interbank federal funds transactions									
Gross transactions									
32 Purchases	23,220	24,085	24,372	23,015	22,261	24,037	24,909	24,999	24,184
33 Sales	6,966	5,786	5,506	5,662	5,023	4,949	5,211	5,288	4,549
34 Two-way transactions[2]	5,606	5,187	5,306	4,743	4,635	4,612	4,916	5,071	4,309
Net transactions									
35 Purchases of net buying banks	17,615	18,899	19,066	18,272	17,626	19,426	19,992	19,928	19,875
36 Sales of net selling banks	1,360	599	200	918	388	338	295	217	239
Related transactions with U.S. government securities dealers									
37 Loans to dealers[3]	798	801	777	741	597	671	892	784	979
38 Borrowings from dealers[4]	2,230	870	994	1,136	1,276	691	899	847	852
39 Net loans	-1,432	-69	-217	-396	-678	-20	-7	-63	127

For notes see end of table.

1.13 Continued

Millions of dollars, except as noted

Type	1980, week ending Wednesday					1980, week ending Wednesday			
	Jan. 2	Jan. 9	Jan. 16	Jan. 23	Jan. 30	Feb. 6	Feb. 13	Feb. 20	Feb. 27
	5 banks in City of Chicago								
Basic reserve position									
40 Excess reserves[1]	90	4	-18	0	15	-3	1	21	0
LESS:									
41 Borrowings at Federal Reserve Banks	100	0	0	0	236	0	100	114	9
42 Net interbank federal funds transactions	8,114	7,798	8,121	7,824	7,906	7,949	9,118	8,559	8,152
EQUALS: Net surplus, or deficit (-)									
43 Amount	-8,125	-7,795	-8,138	-7,824	-8,127	-7,952	-9,217	-8,653	-8,160
44 Percent of average required reserves	418.5	397.1	408.6	407.4	431.2	426.3	517.5	459.3	460.7
Interbank federal funds transactions									
Gross transactions									
45 Purchases	9,356	15,028	9,521	9,108	9,102	9,273	10,283	10,078	9,391
46 Sales	1,242	4,528	1,400	1,284	1,196	1,324	1,165	1,518	1,239
47 Two-way transactions[2]	1,242	3,928	1,400	1,284	1,196	1,324	1,165	1,518	1,239
Net transactions									
48 Purchases of net buying banks	8,114	11,100	8,121	7,824	7,906	7,949	9,118	8,559	8,152
49 Sales of net selling banks	0	599	0	0	0	0	0	0	0
Related transactions with U.S. government securities dealers									
50 Loans to dealers[3]	123	678	136	138	110	165	203	139	131
51 Borrowings from dealers[4]	221	840	51	56	77	8	3	53	23
52 Net loans	-98	-162	85	82	32	157	200	86	108
	33 other banks								
Basic reserve position									
53 Excess reserves[1]	111	25	-9	29	32	73	-55	132	-36
LESS:									
54 Borrowings at Federal Reserve Banks	175	97	254	181	389	50	264	256	279
55 Net interbank federal funds transactions	8,140	10,501	10,745	9,529	9,332	11,139	10,579	11,152	11,484
EQUALS: Net surplus, or deficit (-)									
56 Amount	-8,203	-10,574	-11,008	-9,681	-9,688	-11,116	-10,899	-11,276	-11,798
57 Percent of average required reserves	78.0	98.9	100.0	90.4	92.0	108.8	107.5	109.7	115.8
Interbank federal funds transactions									
Gross transactions									
58 Purchases	13,864	9,097	14,851	13,907	13,159	14,765	14,625	14,921	14,793
59 Sales	5,725	1,259	4,106	4,378	3,826	2,626	4,046	3,769	3,309
60 Two-way transactions[2]	4,364	1,259	3,906	3,459	3,439	3,288	3,751	3,552	3,070
Net transactions									
61 Purchases of net buying banks	9,500	7,798	10,945	10,448	9,720	11,477	10,874	11,369	11,723
62 Sales of net selling banks	1,360	0	200	918	388	338	295	217	239
Related transactions with U.S. government securities dealers									
63 Loans to dealers[3]	675	123	641	603	488	507	689	645	848
64 Borrowings from dealers[4]	2,009	31	944	1,081	1,198	683	869	794	830
65 Net loans	-1,334	92	-303	-474	-711	-176	-207	-149	19

1. Based on reserve balances, including adjustments to include waivers of penalties for reserve deficiencies in accordance with changes in policy of the Board of Governors effective Nov. 19, 1975.
2. Derived from averages for individual banks for entire week. Figure for each bank indicates extent to which the bank's average purchases and sales are offsetting.
3. Federal funds loaned, net funds supplied to each dealer by clearing banks, repurchase agreements (purchase 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.[2]		
	Under secs. 13 and 13a[3]			Under sec. 10(b)[1]								
				Regular rate			Special rate[4]					
	Rate on 1/31/80	Effective date	Previous rate	Rate on 1/31/80	Effective date	Previous rate	Rate on 1/31/80	Effective date	Previous rate	Rate on 1/31/80	Effective date	Previous rate
Boston	13	2/19/80	12	13½	2/19/80	12½	14	2/19/80	13	16	2/19/80	15
New York	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Philadelphia	13	2/19/80	12	13½	2/19/80	12½	14	2/19/80	13	16	2/19/80	15
Cleveland	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Richmond	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Atlanta	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Chicago	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
St. Louis	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Minneapolis	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Kansas City	13	2/19/80	12	13½	2/19/80	12½	14	2/19/80	13	16	2/19/80	15
Dallas	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
San Francisco	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15

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
May 4	5¾	5¾
11	5¾–6	6
18	6	6
June 11	6–6½	6½
15	6½	6½

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1973— 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	7¼
10	7¼	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
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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1977— 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	7¼–7¾	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
1979— July 20	10	10
Aug. 17	10–10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980— Feb. 15	12–13	13
19	13	13
In effect Feb. 29, 1980	13	13

1. 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.

2. 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.

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

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

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 and~~ 1941–1970; Annual Statistical Digest, 1971–1975, 1972–1976,* and *1973–1977.* 1974-1978

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect February 29, 1980		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 Aug. 24, 1978, the Regulation M reserve requirements on net balances due from domestic banks to their foreign branches and on deposits that foreign branches lend to U.S residents were reduced to zero from 4 percent and 1 percent, respectively. The Regulation D reserve requirement on borrowings from unrelated banks abroad was also reduced to zero from 4 percent.

(d) Effective with the reserve computation period beginning Nov. 16, 1978, domestic deposits of Edge corporations 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 Nov. 2, 1978, a supplementary reserve requirement of 2 percent was imposed on large time deposits of $100,000 or more, obligations of affiliates, and ineligible acceptances.

Effective with the reserve maintenance period beginning Oct. 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount. Managed liabilities are defined as large time deposits, Eurodollar borrowings, repurchase agreements against U.S. government and federal agency securities, federal funds borrowings from nonmember institutions, and certain other obligations. In general, the base for the marginal reserve requirement is $100 million or the average amount of the managed liabilities held by a member bank, Edge corporation, or family of U.S. branches and agencies of a foreign bank for the two statement weeks ending Sept. 26, 1979.

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				Savings and loan associations and mutual savings banks			
	In effect Feb. 29, 1980		Previous maximum		In effect Feb. 29, 1980		Previous maximum	
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date
1 Savings	5¼	7/1/79	5	7/1/73	5½	7/1/79	5¼	(1)
2 Negotiable order of withdrawal accounts [2]	5	1/1/74	(3)	....	5	1/1/74	(3)	....
Time accounts [4]								
Fixed ceiling rates by maturity								
3 30–89 days	5¼	9/1/79	5	7/1/73	(3)	....	(3)	....
4 90 days to 1 year	5½	7/1/73	5	(5)	5¾[6]	(1)	5¼	1/21/70
5 1 to 2 years [6]	6	7/1/73	5½	1/21/70	6½	(1)	5¾	1/21/70
6 2 to 2½ years [6]			5¾	1/21/70			6	1/21/70
7 2½ to 4 years [6]	6½	7/1/73	5¾	1/21/70	6¾	(1)	6	1/21/70
8 4 to 6 years [7]	7¼	11/1/73	(8)	....	7½	11/1/73	(8)	....
9 6 to 8 years [7]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more [7]	7¾	6/1/78	(3)	....	8	6/1/78	(3)	....
11 Issued to governmental units (all maturities)	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
12 Individual retirement accounts and Keogh (H.R. 10) plans (3 years or more) [9]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77
Special variable ceiling rates by maturity								
13 6 months money market time deposits [10]	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
14 2½ years or more	(12)	(12)	(13)	(13)	(12)	(12)	(13)	(13)

1. July 1, 1973, for mutual savings bank; July 6, 1973 for savings and loan associations.
2. For authorized states only. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks in Massachusetts and New Hampshire were first permitted to offer negotiable order of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976, and in New York State on Nov. 10, 1978.
3. No separate account category.
4. For exceptions with respect to certain foreign time deposits see the FEDERAL RESERVE BULLETIN for October 1962 (p. 1279), August 1965 (p. 1084), and February 1968 (p. 167).
5. Multiple maturity: July 20, 1966; single maturity: September 26, 1966.
6. No minimum denomination. Until July 1, 1979, a minimum of $1,000 was required for savings and loan associations, except in areas where mutual savings banks permitted lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.
7. No minimum denomination. Until July 1, 1979, minimum denomination was $1,000 except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) Plan established pursuant to the Internal Revenue Code. The $1,000 minimum requirement was removed for such accounts in December 1975 and November 1976, respectively.
8. Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of $1,000; however, the amount of such certificates that an institution could issue was limited to 5 percent of its total time and savings deposits. Sales in excess of that amount, as well as certificates of less than $1,000, were limited to the 6½ percent ceiling on time deposits maturing in 2½ years or more.

Effective Nov. 1, 1973, ceilings were reimposed on certificates maturing in 4 years or more with minimum denomination of $1,000. There is no limitation on the amount of these certificates that banks can issue.
9. Accounts maturing in less than 3 years subject to fixed rate ceilings.
10. Must have a maturity of exactly 26 weeks and a minimum denomination of $10,000, and must be nonnegotiable.
11. 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 Mar. 15, 1979, the ceiling rate for savings and loan associations and mutual savings banks was ¼ percentage point higher than the rate for commercial banks. Beginning Mar. 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 6-month money market time deposits at all offering institutions. For both commercial banks and thrift institutions, the maximum allowable rates in January and February were as follows: Jan. 3, 11.880; Jan. 10, 11.858; Jan. 17, 11.783; Jan. 24, 11.886; Jan. 31, 11.846; Feb. 7, 11.985; Feb. 14, 12.256; Feb. 21, 13.013; Feb. 28, 13.629.
12. Effective Jan. 1, 1980, commercial banks, savings and loan associations, and mutual savings banks are authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 2½ years or more. The maximum rate for commercial banks is ¾ percentage points below the yield on 2½ year U.S. Treasury securities; the ceiling rate for thrift institutions is ¼ percentage point higher than that for commercial banks. In February, the ceiling at commercial banks was 10.40 percent, and the ceiling at thrift institutions was 10.65 percent. Effective March 1, a temporary ceiling of 11¾ percent was placed on these accounts at commercial banks; the temporary ceiling is 12 percent at savings and loan associations and mutual savings banks.
13. Between July 1, 1979, and Dec. 31, 1979, commercial banks, savings and loan associations, and mutual savings banks were authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 4 years or more. The maximum rate for commercial banks was 1¼ percentage points below the yield on 4-year U.S. Treasury securities; the ceiling rate for thrift institutions was ¼ percentage point higher than that for commercial banks.

NOTE. 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 with maturities of 30–89 days were suspended in June 1970; such deposits maturing in 90 days or more were suspended in May 1973. For information regarding previous interest rate ceilings on all types of accounts, see earlier issues of the 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	1977	1978	1979	1979 July	Aug.	Sept.	Oct.	Nov.	Dec.	1980 Jan.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched sale-purchase transactions)										
Treasury bills										
1 Gross purchases	13,738	16,628	17,930 [1]	2,252	2,351	1,692	1,528 [1]	2,752	2,464	0
2 Gross sales	7,241	13,725	7,480	0	380	353	780	154	378	1,722
3 Redemptions	2,136	2,033	4,208 [1]	0	0	200	968 [1]	300	0	790
Others within 1 year [2]										
4 Gross purchases	3,017	1,184	3,203	218	57	120	28	0	90	0
5 Gross sales	0	0	0	0	0	0	0	0	0	0
6 Exchange, or maturity shift	4,499	-5,170	7,499	33	1,526	876	-116	-937	-155	-21
7 Redemptions	2,500	0	3,908 [1]	0	0	0	668 [1]	0	0	0
1 to 5 years										
8 Gross purchases	2,833	4,188	3,456 [1]	237	699	354	703 [1]	0	398	0
9 Gross sales	0	0	0	0	0	0	0	0	0	0
10 Exchange, or maturity shift	-6,649	-178	-6,653	-33	-1,591	-876	116	222	155	21
5 to 10 years										
11 Gross purchases	758	1,526	523	96	140	73	0	0	81	0
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Exchange, or maturity shift	584	2,803	-2,465	0	-240	0	0	400	0	0
Over 10 years										
14 Gross purchases	553	1,063	454	142	81	87	0	0	51	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Exchange, or maturity shift	1,565	2,545	1,619	0	305	0	0	314	0	0
All maturities [2]										
17 Gross purchases	20,898	24,591	25,565 [1]	2,945	3,327	2,326	2,259 [1]	2,752	3,084	0
18 Gross sales	7,241	13,725	7,480	0	380	353	780	154	378	1,722
19 Redemptions	4,636	2,033	8,116 [1]	0	0	200	1,636 [1]	300	0	790
Matched sale-purchase transactions										
20 Gross sales	425,214	511,126	626,403	40,310	35,159	41,395	58,656	45,204	53,681	53,025
21 Gross purchases	423,841	510,854	623,245	40,300	35,480	41,583	58,671	45,979	49,738	55,557
Repurchase agreements										
22 Gross purchases	178,683	151,618	107,374	18,464	10,539	10,850	10,599	4,303	7,251	5,704
23 Gross sales	180,535	152,436	107,291	19,690	12,226	10,380	11,336	3,869	6,643	6,872
24 Net change in U.S. government securities	5,798	7,743	6,896	1,708	1,582	2,431	-878	3,507	-629	-1,148
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
25 Gross purchases	1,433	301	853	482	0	0	0	0	0	0
26 Gross sales	0	173	399	0	0	0	0	0	0	0
27 Redemptions	223	235	134	0	*	18	3	*	5	0
Repurchase agreements										
28 Gross purchases	13,811	40,567	37,321	7,247	4,057	5,016	5,146	1,992	2,383	3,049
29 Gross sales	13,638	40,885	36,960	7,434	4,544	4,069	6,188	1,075	2,863	3,543
30 Net change in federal agency obligations	1,383	-426	681	295	-487	928	-1,045	917	-485	-494
BANKERS ACCEPTANCES										
31 Outright transactions, net	-196	0	0	0	0	0	0	0	0	0
32 Repurchase agreements, net	159	-366	116	-241	-684	578	-735	-48	434	-704
33 Net change in bankers acceptances	-37	-366	116	-241	-684	578	-735	-48	434	-704
34 Total net change in System Open Market Account	**7,143**	**6,951**	**7,693**	**1,761**	**412**	**3,937**	**-2,658**	**4,376**	**-679**	**-2,345**

1. 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. In Oct 1979, $668 million of maturing 2- and 4- year notes were exchanged for a like amount of short-term bills, later exchanged for new 2- and 4-year notes. Each of these transactions is treated in the table as both a purchase and a redemption.

2. 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.

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1980					1979	1980	
	Jan. 30p	Feb. 6p	Feb. 13p	Feb. 20p	Feb. 27p	Dec.p	Jan.p	Feb.p
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,172	11,172	11,172	11,172	11,172	11,112	11,172	11,172
2 Special drawing rights certificate account	2,968	2,968	2,968	2,968	2,968	1,800	2,968	2,968
3 Coin	462	469	472	464	456	403	469	468
Loans								
4 Member bank borrowings	924	343	3,324	1,101	4,318	1,454	828	3,364
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	281	825	0	704	0	205
Federal agency obligations								
8 Bought outright	8,216	8,216	8,216	8,216	8,216	8,216	8,216	8,216
9 Held under repurchase agreements	0	0	607	708	0	493	0	31
U.S. government securities								
Bought outright								
10 Bills	41,431	40,802	45,613	45,135	41,254	45,244	45,264	43,503
11 Certificates—Special	0	0	0	0	0	0	0	0
12 Notes	56,494	56,494	56,494	56,411	56,411	56,494	56,494	56,411
13 Bonds	14,553	14,553	14,553	14,636	14,636	14,553	14,553	14,636
14 Total[1]	122,478	111,849	116,660	116,182	112,301	116,291	116,311	114,550
15 Held under repurchase agreements	0	0	999	2,234	0	1,167	0	621
16 Total U.S. government securities	112,478	111,849	117,659	118,416	112,301	117,458	116,311	115,171
17 Total loans and securities	**121,618**	**120,408**	**130,087**	**129,266**	**124,835**	**128,325**	**125,355**	**126,987**
18 Cash items in process of collection	10,905	12,320	11,107	16,342	11,114	13,571	10,050	8,906
19 Bank premises	410	412	411	411	411	408	411	411
20 Denominated in foreign currencies[2]	2,376	2,188	2,163	2,106	2,112	2,483	2,192	2,075
21 All other	2,800	2,751	2,876	1,839	1,910	2,722	2,634	1,928
22 Total assets	**152,711**	**152,688**	**161,256**	**164,568**	**154,978**	**160,824**	**155,251**	**154,915**
LIABILITIES								
23 Federal Reserve notes	109,095	109,547	110,108	110,051	109,615	113,355	108,927	109,170
Deposits								
Reserve accounts								
24 Member banks	27,864	27,452	36,018	37,032	29,129	29,520	31,232	31,725
25 Edge Act corporations	355	358	474	344	335	265	244	328
26 U.S. agencies and branches of foreign banks	50	18	45	25	28	7	16	55
27 Total	28,269	27,828	36,537	37,401	29,492	29,792	31,492	32,108
28 U.S. Treasury—General account	3,051	3,733	3,395	2,461	4,478	4,075	2,931	2,417
29 Foreign—Official accounts	249	362	343	294	245	429	440	450
30 Other	261	275	281	332	330	1,412	339	350
31 Total deposits	31,830	32,198	40,556	40,488	34,545	35,708	35,202	35,325
32 Deferred availability cash items	6,437	6,431	5,905	9,258	6,380	6,804	5,440	5,752
33 Other liabilities and accrued dividends[3]	2,147	2,028	2,188	2,231	1,948	2,667	2,425	2,106
34 Total liabilities	**149,509**	**150,204**	**158,757**	**162,028**	**152,488**	**158,534**	**151,994**	**152,353**
CAPITAL ACCOUNTS								
35 Capital paid in	1,153	1,149	1,152	1,152	1,155	1,145	1,153	1,153
36 Surplus	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145
37 Other capital accounts	904	190	202	243	190	0	959	264
38 Total liabilities and capital accounts	**152,711**	**152,688**	**161,256**	**164,568**	**154,978**	**160,824**	**155,251**	**154,915**
39 MEMO: Marketable U.S. government securities held in custody for foreign and international account	**80,799**	**80,707**	**80,007**	**81,260**	**80,247**	**80,828**	**81,039**	**80,625**
	Federal Reserve note statement							
40 Federal Reserve notes outstanding (issued to Bank)	125,698	126,093	126,474	126,673	127,049	125,301	125,707	127,046
Collateral held against notes outstanding								
41 Gold certificate account	11,172	11,172	11,172	11,172	11,172	11,112	11,172	11,172
42 Special Drawing Rights certificate account	2,968	2,968	2,968	2,968	2,968	1,800	2,968	2,968
43 Eligible paper	583	241	1,598	638	1,576	894	635	1,473
44 U.S. government and agency securities	110,975	111,712	110,736	111,895	111,333	111,495	110,932	111,433
45 Total collateral	**125,698**	**126,093**	**126,474**	**126,673**	**127,049**	**125,301**	**125,707**	**127,046**

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					End of month		
	1980					1979	1980	
	Jan. 30	Feb. 6	Feb. 13	Feb. 20	Feb. 27	Dec. 31	Jan. 31	Feb. 29
1 Loans	924	343	3,324	1,101	4,318	1,453	828	3,364
2 Within 15 days	873	300	3,277	1,083	4,292	1,441	813	3,324
3 16 days to 90 days	51	43	47	18	26	12	15	40
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances	0	0	281	825	0	704	0	205
6 Within 15 days	0	0	281	825	0	704	0	205
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	112,478	111,849	117,659	118,416	112,301	117,458	116,311	115,171
10 Within 15 days[1]	4,397	5,488	6,562	7,033	4,841	3,133	3,878	3,086
11 16 days to 90 days	20,336	17,841	22,496	26,374	23,352	23,708	22,815	27,708
12 91 days to 1 year	34,359	35,113	35,194	31,249	30,348	37,231	36,211	30,615
13 Over 1 year to 5 years	27,864	27,885	27,885	28,886	28,886	27,864	27,885	28,888
14 Over 5 years to 10 years	12,774	12,774	12,774	11,860	11,860	12,774	12,774	11,860
15 Over 10 years	12,748	12,748	12,748	13,014	13,014	12,748	12,748	13,014
16 Federal agency obligations	8,216	8,216	8,823	8,924	8,216	8,709	8,216	8,247
17 Within 15 days[1]	79	0	756	965	188	644	79	219
18 16 days to 90 days	546	594	445	337	268	457	546	268
19 91 days to 1 year	1,277	1,308	1,308	1,308	1,480	1,307	1,277	1,480
20 Over 1 year to 5 years	4,238	4,238	4,238	4,238	4,242	4,234	4,238	4,242
21 Over 5 years to 10 years	1,356	1,356	1,356	1,356	1,318	1,325	1,356	1,318
22 Over 10 years	720	720	720	720	720	742	720	720

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	1976	1977	1978	1979				
				Aug.ʳ	Sept.ʳ	Oct.ʳ	Nov.ʳ	Dec.
	Debits to demand deposits[1] (seasonally adjusted)							
1 All commercial banks	29,180.4	34,322.8	40,297.8 ʳ	52,590.7	54,395.3	53,475.3	51,930.2	54,029.8
2 Major New York City banks	11,467.2	13,860.6	15,008.7	20,360.3	21,118.5	19,681.9	19,222.7	20,497.1
3 Other banks	17,713.2	20,462.2	25,289.1ʳ	32,230.4	33,276.8	33,793.3	32,707.5	33,532.8
	Debits to savings deposits[2] (not seasonally adjusted)							
4 All customers	....	174.0	417.7ʳ	752.2	655.0	819.2	750.2	726.4
5 Business[3]	....	21.7	56.7	81.9	77.9	94.9	86.0	88.1
6 Others	....	152.3	361.0ʳ	643.3	577.0	724.3	664.2	638.3
	Demand deposit turnover[1] (seasonally adjusted)							
7 All commercial banks	116.8	129.2	139.4	171.5	173.3	170.3	166.1	172.6
8 Major New York City banks	411.6	503.0	541.9	708.9	711.5	639.1	643.0	683.9
9 Other banks	79.8	85.9	96.8ʳ	116.0	117.1	119.3	115.6	118.5
	Savings deposit turnover[2] (not seasonally adjusted)							
10 All customers	....	1.6	1.9	3.4	3.1	3.9	3.7	3.6
11 Business[3]	....	4.1	5.1	7.3	6.9	8.4	7.8	8.4
12 Others	....	1.5	1.7	3.2	2.9	3.7	3.5	3.4

1. Represents accounts of individuals, partnerships, and corporations, and of states and political subdivisions.
2. Excludes negotiable order of withdrawal (NOW) accounts and special club accounts, such as Christmas and vacation clubs.
3. 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).

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, 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	1976 Dec.	1977 Dec.	1978 Dec.	1979 Dec.	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.
	Seasonally adjusted									
MEASURES[1]										
1 M-1A	305.0	328.4	351.6	371.5	365.4	367.5	368.0	369.6	371.5	372.6
2 M-1B	307.7	332.5	359.9	387.7	380.7	383.2	383.9	385.3	387.7	389.1
3 M-2	1,166.7	1,294.1	1,400.8	1,523.8r	1,489.5	1,499.7	1,507.2	1,514.5	1,523.8r	1,532.7
4 M-3	1,299.7	1,460.3	1,622.2	1,773.3r	1,719.3	1,738.2	1,751.8	1,762.6r	1,773.3r	1,785.0
5 L[2]	1,523.5	1,715.5	1,926.3	2,138.7	2,074.9	2,103.3	2,115.4	2,124.2r	2,138.7	n.a.
COMPONENTS										
6 Currency	80.7	88.7	97.6	106.1	103.7	104.8	105.4	105.9	106.1	107.3
7 Demand deposits	224.4	239.7	253.9	265.4	261.7	262.7	262.7r	263.7	265.4	265.3
8 Savings deposits	447.7	486.5	476.0	417.7r	450.3	445.3	435.9	422.2	417.7r	413.1
9 Small time deposits[3]	396.6	454.9	533.8	653.4	604.6	614.2	627.5	645.8	653.4	659.3
10 Large time deposits[4]	118.0	145.2	194.7	219.1r	200.4	207.4	213.6	218.3	219.1r	222.0
	Not seasonally adjusted									
MEASURES[1]										
11 M-1A	313.5	337.2	360.9	381.1	363.2	367.0	369.7	372.2	381.1	377.4
12 M-1B	316.1	341.3	369.3	397.3	378.6	382.7	385.5	387.8r	397.3	393.9
13 M-2	1,169.1	1,295.9	1,402.9	1,525.9r	1,486.8	1,498.2	1,507.1	1,509.9	1,525.9r	1,539.0
14 M-3	1,303.8	1,464.5	1,627.8	1,778.9r	1,716.3	1,736.1	1,752.4	1,759.1	1,778.9r	1,793.2
15 L[2]	1,527.1	1,718.5	1,929.8	2,122.7	2,071.0	2,094.6	2,113.6	2,122.7r	2,122.7r	2,141.5
COMPONENTS										
16 Currency	82.1	90.3	99.4	108.0	103.9	104.5	105.2	106.6	108.0	106.5
17 Demand deposits	231.3	247.0	261.5	273.1r	259.3	262.4r	264.5r	265.6	273.1r	270.9
18 Other checkable deposits[5]	2.7	4.1	8.3	16.2	15.3	15.7	15.8	15.7	16.2	16.5
19 Overnight RPs and Eurodollars[6]	13.6	18.6	23.3	24.1r	25.2	26.1	25.6	23.5	24.1r	24.9
20 Money market mutual funds	3.4	3.8	10.3	43.6	31.2	33.7	36.9	40.4	43.6	49.1
21 Savings deposits	444.9	483.2	472.8	414.8r	451.1	445.6	434.6	420.0	414.8r	410.5
22 Small time deposits[3]	393.5	451.3	529.8	648.7	603.3	612.7	627.3	640.8	648.7	663.3
23 Large time deposits[4]	119.7	147.7	198.2	221.5	200.0	206.8	214.2	219.5	222.6r	223.9

1. Composition of the money stock measures is as follows:
M-1A: Averages of daily figures for (1) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (2) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks.
M-1B: M-1A plus NOW and ATS accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.
M-2: M-1B plus savings and small-denomination time deposits at all depositary institutions, overnight RPs at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and money market mutual fund shares.
M-3: M-2 plus large-denomination time deposits at all depositary institutions and term RPs at commercial banks and savings and loan associations.

2. L: M-3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.
3. Small time deposits are those issued in amounts of less than $100,000.
4. Large time deposits are those issued in amounts of $100,000 or more and are net of the holdings of domestic banks, thrift institutions, the U.S. government, money market mutual funds, and foreign banks and official institutions.
5. Includes ATS and NOW balances at all institutions, credit union share draft balances, and demand deposits at mutual savings banks.
6. Overnight (and continuing contract) RPs are those issued by commercial banks to the nonbank public, and overnight Eurodollars are those issued by Caribbean branches of member banks to U.S. nonbank customers.

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. Includes domestic chartered banks; U.S. branches, agencies, and New York investment company subsidiaries of foreign banks; and Edge Act corporations.
2. Excludes loans to commercial banks in the United States.
3. As of Dec. 31, 1978, total loans and investments were reduced by $0.1 billion. "Other securities" were increased by $1.5 billion and total loans were reduced by $1.6 billion largely as the result of reclassifications of certain tax-exempt obligations. Most of the loan reduction was in "all other loans."
4. As of Jan. 3, 1979, as the result of reclassifications, total loans and investments and total loans were increased by $0.6 billion. Business loans were increased by $0.4 billion and real estate loans by $0.5 billion. Nonbank financial loans were reduced by $0.3 billion.
5. As of Dec. 31, 1977, as the result of loan reclassifications, business loans were reduced by $0.2 billion and nonbank financial loans by $0.1 billion; real estate loans were increased by $0.3 billion.
6. As of Dec. 31, 1978, commercial and industrial loans were reduced $0.1 billion as a result of reclassifications.
7. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million and commercial and industrial loans sold were reduced $700 million due to corrections of two banks in New York City.
8. As of Dec. 31, 1978, nonbank financial loans were reduced $0.1 billion as the result of reclassifications.
9. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
10. As of Dec. 31, 1978, commercial and industrial loans sold outright were increased $0.7 billion as the result of reclassifications, but $0.1 billion of this amount was offset by a balance sheet reduction of $0.1 billion as noted above.
11. United States includes the 50 states and the District of Columbia.

NOTE. Data are prorated averages of Wednesday data for domestic chartered banks, and averages of current and previous month-end data for foreign-related institutions.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

Item	1977 Dec.r	1978 Dec.r	1979 Dec.	1979 Juner	Julyr	Aug.r	Sept.r	Oct.r	Nov.r	Dec.	1980 Jan.
	Seasonally adjusted										
1 **Reserves**[1]	**36.00**	**41.16**	**43.51**	**40.53**	**40.78**	**41.11**	**41.43**	**42.19**	**43.07**	**43.51**	**43.51**
2 Nonborrowed	35.43	40.29	42.03	39.11	39.61	40.03	40.09	40.17	41.16	42.03	42.27
3 Required	35.81	40.93	43.11	40.31	40.57	40.89	41.24	41.92	42.83	43.11	43.16
4 Monetary base[2]	127.6	142.2	153.6	145.9	147.1	148.6	150.0	151.5	152.8	153.6	154.9
5 **Deposits subject to reserve requirements**[3]	**567.6**	**616.1**	**644.7**	**614.7**	**619.4**	**625.4**	**631.5**	**638.2**	**642.0**	**644.7**	**643.6**
6 Time and savings	385.6	428.8	451.0	427.6	430.6	436.3	441.7	446.7	450.0	451.0	451.7
Demand											
7 Private	178.5	185.1	191.9	185.0	186.9	187.0	188.1	189.8	190.0	191.9	189.6
8 U.S. government	3.5	2.2	1.8	2.1	1.8	2.1	1.7	1.7	1.9	1.8	2.4
	Not seasonally adjusted										
9 Monetary base[2]	129.8	144.6	156.2	145.6	147.9	148.4	149.4	151.3	153.5	156.2	156.1
10 **Deposits subject to reserve requirements**[3]	**575.3**	**624.0**	**652.9**	**613.9**	**619.2**	**620.4**	**629.0**	**637.8**	**642.2**	**652.9**	**652.0**
11 Time and savings	386.4	429.6	452.0	427.2	429.8	434.1	439.4	445.8	449.1	452.0	454.4
Demand											
12 Private	185.1	191.9	199.0	183.9	187.8	184.5	187.5	190.5	191.4	199.0	195.5
13 U.S. government	3.8	2.5	1.9	2.8	1.6	1.7	2.1	1.6	1.7	1.9	2.2

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 Jan. 8 and Dec. 30, 1976; and Nov. 2, 1978. 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 Regulation D. Private demand deposits include all demand deposits except those due to the U.S. government, less cash items in process of collection and demand balances due from domestic commercial banks.

NOTE. 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[1]

Billions of dollars; averages of Wednesday figures

Category	1977 Dec.	1978 Dec.	1979 Nov.p	1979 Dec.p	1980 Jan.p	1977 Dec.	1978 Dec.	1979 Nov.p	1979 Dec.p	1980p Jan.p
	Seasonally adjusted					Not seasonally adjusted				
1 **Total loans and securities**[2]	**891.1**	**1,014.3**[3]	**1,128.6**[4]	**1,132.5**	**1,144.8**	**899.1**	**1,023.8**[3]	**1,130.7**[4]	**1,143.0**	**1,144.6**
2 U.S. Treasury securities	99.5	93.4	94.3	93.8	93.2	100.7	94.6	93.3	95.0	94.1
3 Other securities	159.6	173.1[3]	190.5[4]	191.5	193.1	160.2	173.9[3]	190.7	192.3	192.7
4 Total loans and leases[2]	632.1	747.8[3]	843.8[4]	847.2	858.5	638.3	755.4[3]	846.7[4]	855.7	857.9
5 Commercial and industrial loans	211.2[5]	246.5[6]	288.3[4]	290.4	295.5	212.6[5]	248.2[6]	288.3[4]	292.4	294.6
6 Real estate loans	175.2[5]	210.5	239.7[4]	242.4	245.0	175.5[5]	210.9	240.9[4]	242.9	245.0
7 Loans to individuals	138.2	164.9	182.3[4]	182.7	183.7	139.0	165.9	183.7	183.8	183.7
8 Security loans	20.6	19.4	18.4	18.3	18.0	22.0	20.7	18.8	19.6	18.3
9 Loans to nonbank financial institutions	25.8[5]	27.1[8]	30.9[4]	30.03	30.07	26.3[5]	27.6[8]	31.0[4]	30.8	30.4
10 Agricultural loans	25.8	28.2	30.4	31.0	31.3	25.7	28.1	30.5	30.8	31.0
11 Lease financing receivables	5.8	7.4	9.1	9.4	9.8	5.8	7.4	9.1	9.4	9.8
12 All other loans	29.5	43.6[3]	44.7	42.6	44.4	31.5	46.6[3]	44.4	45.9	45.1
MEMO:										
13 **Total loans and investments plus loans sold**[2,9,7]	**895.9**	**1,018.1**[3]	**1,132.2**[4]	**1,135.3**	**1,147.4**	**903.9**	**1,027.6**[3]	**1,134.3**[4]	**1,145.7**	**1,147.3**
14 Total loans plus loans sold[2,7]	636.9	751.6[3]	847.4[4]	849.9	861.1	643.0	759.2[3]	850.3[4]	858.4	860.5
15 Total loans sold to affiliates[7,9]	4.8	3.8	3.6	2.8	2.7	4.8	3.8	3.6	2.8	2.7
16 Commercial and industrial loans plus loans sold[7,9]	213.9[5]	248.5[10]	290.9[4]	292.2	297.3	215.3[5]	250.1[10]	290.9[4]	294.2	296.4
17 Commercial and industrial loans sold[7,9]	2.7	1.9[10]	2.5	1.8	1.7	2.7	1.9[10]	2.5	1.8	1.7
18 Acceptances held	7.5	6.8	7.9	8.5	8.3	8.6	7.5	8.2	9.4	8.8
19 Other commercial and industrial loans	203.7[5]	239.7	280.4	282.0	287.2	203.9[5]	240.9	280.1	283.0[1]	285.8
20 To U.S. addressees[11]	193.8[5]	226.6	261.2	263.2	267.3	193.7[5]	226.5	260.7	263.2	265.4
21 To non-U.S. addressees	9.9[5]	13.1	19.3	18.8	19.9	10.3[5]	14.4	19.4	19.8	20.4
22 Loans to foreign banks	13.5	21.2	19.6	18.7	18.8	14.6	23.0	19.1	20.1	19.7
23 Loans to commercial banks in the United States	54.1	57.3	75.1	77.8	78.2	56.9	60.3	76.5	81.9	81.1

For notes see bottom of opposite page.

1.24 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series

Billions of dollars except for number of banks

Account	1979									1980	
	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and investments	1,048.3	1,059.4	1,071.3	1,081.8	1,094.3	1,112.1	1,118.4	1,118.0	1,143.3	1,133.4	1,143.7
2 Loans, gross	773.9	785.3	797.9	807.6	819.4	833.8	839.0	836.7	860.1	849.7	857.1
3 Interbank	44.4	45.9	46.3	48.1	50.3	53.6	54.0	52.6	62.9	57.2	58.0
4 Commercial and industrial	233.0	236.4	240.5	242.0	244.1	249.4	249.8	248.0	253.4	252.6	256.2
5 Other	496.5	503.0	511.2	517.4	525.0	530.9	535.3	536.1	543.7	540.0	542.9
6 U.S. Treasury securities	94.2	93.2	91.6	92.1	90.6	91.9	91.5	92.1	92.5	92.4	93.6
7 Other securities	180.2	181.0	181.7	182.1	184.3	186.4	187.8	189.3	190.7	191.2	192.9
8 Cash assets, total	139.9	158.8	146.3	140.2	145.7	148.5	160.7	158.1	146.4	148.4	149.9
9 Currency and coin	15.6	16.0	16.3	16.1	16.8	16.7	16.6	18.2	17.9	17.3	17.1
10 Reserves with Federal Reserve Banks	33.9	32.8	32.6	29.6	33.7	31.6	34.1	34.7	28.4	28.3	30.7
11 Balances with depositary institutions	39.0	44.6	40.8	41.2	41.1	40.7	45.5	43.7	37.7	43.7	43.4
12 Cash items in process of collection	51.4	65.4	56.5	53.4	54.1	59.5	64.6	61.5	62.4	59.0	58.7
13 Other assets	55.8	52.7	55.1	53.9	53.8	57.5	57.8	59.3	61.2	63.1	65.1
14 Total assets/total liabilities and capital	**1,244.0**	**1,270.9**	**1,272.7**	**1,275.9**	**1,293.8**	**1,318.2**	**1,336.9**	**1,335.4**	**1,351.0**	**1,344.9**	**1,358.7**
15 Deposits	964.4	975.5	971.3	975.2	982.9	996.6	1,023.6	1,017.6	1,030.6	1,022.5	1,029.1
16 Demand	348.0	357.8	352.4	352.6	352.4	358.7	376.6	365.1	377.6	362.4	358.7
17 Savings	215.9	215.5	216.4	218.3	216.6	213.4	207.6	205.0	203.4	200.6	200.0
18 Time	400.5	402.3	402.5	404.2	413.8	424.5	439.4	447.4	449.7	459.6	470.4
19 Borrowings	123.5	132.0	137.1	137.2	140.1	147.0	137.4	135.6	140.5	143.1	145.1
20 Other liabilities	60.8	65.4	65.5	64.9	69.7	71.2	74.0	78.5	74.1	77.5	81.6
21 Residual (assets less liabilities)	95.3	98.1	98.9	98.7	101.1	103.3	101.9	103.7	105.8	101.8	102.9
MEMO:											
22 U.S. Treasury note balances included in borrowing	5.9	4.9	12.9	11.9	8.6	17.8	8.4	5.0	12.8	15.0	8.1
23 Number of banks	14,610	14,616	14,620	14,584	14,607	14,616	14,605	14,608	14,610	14,594	14,609
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
24 Loans and investments	1,114.8	1,131.2	1,146.9	1,153.1	1,169.8	1,197.7	1,200.3	1,200.9	1,229.8	1,217.7	
25 Loans, gross	837.7	854.2	870.7	876.2	892.1	915.9	917.6	916.2	943.1	930.7	
26 Interbank	57.3	61.8	60.4	60.6	63.8	69.2	71.6	71.8	80.5	75.4	
27 Commercial and industrial	264.7	268.8	274.6	276.9	280.5	288.1	288.3	287.9	295.0	295.1	
28 Other	515.6	523.6	535.7	538.6	547.8	558.6	557.7	556.6	567.6	560.1	
29 U.S. Treasury securities	95.6	94.6	93.1	93.5	91.9	93.5	93.1	93.7	94.5	94.3	
30 Other securities	181.5	182.3	183.1	183.5	185.8	188.3	189.5	190.9	192.2	192.7	
31 Cash assets, total	156.6	176.5	167.8	160.4	166.0	172.2	179.9	176.7	169.5	166.5	
32 Currency and coin	15.6	16.1	16.3	16.1	16.8	16.7	16.6	18.2	17.9	17.3	
33 Reserves with Federal Reserve Banks	34.6	33.5	33.4	30.4	34.5	32.5	34.9	35.6	29.0	28.9	
34 Balances with depositary institutions	53.9	60.3	60.3	59.3	59.3	62.4	62.5	60.0	59.0	59.8	
35 Cash items in process of collection	52.5	66.6	57.7	54.7	55.3	60.6	65.9	62.9	63.7	60.4	
36 Other assets	70.8	67.7	71.4	69.7	70.9	76.7	76.5	78.5	81.0	83.7	
37 Total assets/total liabilities and capital	**1,342.1**	**1,375.5**	**1,386.1**	**1,383.2**	**1,406.7**	**1,446.5**	**1,456.7**	**1,456.1**	**1,480.3**	**1,468.0**	**n.a.**
38 Deposits	997.4	1,013.2	1,015.6	1,012.3	1,020.9	1,043.6	1,062.6	1,058.5	1,076.3	1,063.1	
39 Demand	362.0	375.8	376.4	369.7	369.1	383.2	394.2	384.9	400.5	380.5	
40 Savings	216.9	216.7	217.2	219.1	217.6	214.2	208.3	205.9	204.3	201.3	
41 Time	418.5	420.7	422.0	432.5	434.2	446.2	460.1	467.7	471.5	481.3	
42 Borrowings	150.5	159.5	165.4	165.8	169.5	182.1	171.6	169.5	180.5	179.5	
43 Other liabilities	97.1	102.8	104.2	104.4	113.1	115.2	118.5	122.2	115.4	121.1	
44 Residual (assets less liabilities)	97.2	100.0	100.9	100.8	103.2	105.6	104.0	105.8	108.1	104.2	
MEMO:											
45 U.S. Treasury note balances included in borrowing	5.9	4.9	12.9	11.9	8.6	17.8	8.4	5.0	12.8	8.1	
46 Number of banks	14,946	14,954	14,968	14,933	14,960	14,972	14,963	14,969	14,975	14,962	

1. Domestically chartered commercial banks include all commercial banks in the United States except branches of foreign banks; included are member and nonmember banks, stock savings banks, and nondeposit trust companies.
2. Commercial banking institutions include domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York state foreign investment corporations.

NOTE. Figures are partly estimated. They include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Data for domestically chartered commercial banks are for the last Wednesday of the month; data for other banking institutions are for last Wednesday except at end of quarter, when they are for the last day of the month.

1.25 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	80,583	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	75,061	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] Total	Member banks[1] Large banks New York City	Member banks[1] Large banks City of Chicago	Member banks[1] Large banks Other large	Member banks[1] All other	Non-member banks[1]
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	0	0	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	8,600	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	0	0	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:							
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	1980								
	Jan. 2	Jan. 9	Jan. 16	Jan. 23	Jan. 30p	Feb. 6p	Feb. 13p	Feb. 20p	Feb. 27p
1 Cash items in process of collection	59,707	51,467	57,368	51,817	48,944	51,510	55,550	60,049	48,556
2 Demand deposits due from banks in the United States	17,917	16,547	16,736	17,568	18,161	17,092	20,651	18,209	18,936
3 All other cash and due from depositary institutions	36,163	33,391	31,364	35,192	28,544	28,814	36,657	37,331	29,773
4 **Total loans and securities**	**529,849**	**520,247**	**518,302**	**511,954**	**516,124**	**517,988**	**516,536**	**520,429**	**517,020**
Securities									
5 U.S. Treasury securities	36,089	35,956	35,905	35,527	35,690	35,375	35,353	35,394	35,458
6 Trading account	4,876	5,109	5,415	5,188	5,245	5,344	5,105	5,169	5,124
7 Investment account, by maturity	31,214	30,847	30,490	30,339	30,446	30,032	30,248	30,225	30,334
8 One year or less	8,017	7,551	7,242	7,383	7,425	7,246	7,319	7,345	7,476
9 Over one through five years	18,596	18,715	18,629	18,328	18,323	18,134	18,172	18,224	18,203
10 Over five years	4,600	4,581	4,619	4,628	4,698	4,652	4,758	4,656	4,656
11 Other securities	72,025	72,646	72,604	72,680	72,692	73,212	72,784	72,804	72,872
12 Trading account	3,532	3,669	3,553	3,476	3,399	3,775	3,267	3,248	3,257
13 Investment account	68,493	68,977	69,051	69,204	69,293	69,437	69,517	69,556	69,615
14 U.S. government agencies	15,851	15,813	15,855	15,869	15,857	15,890	15,901	15,912	15,848
15 States and political subdivision, by maturity	49,991	50,509	50,533	50,679	50,760	50,866	50,917	50,966	51,097
16 One year or less	6,246	6,349	6,240	6,242	6,347	6,325	6,298	6,375	6,275
17 Over one year	43,744	44,160	44,294	44,437	44,413	44,541	44,618	44,591	44,821
18 Other bonds, corporate stocks and securities	2,651	2,656	2,663	2,656	2,677	2,681	2,699	2,678	2,670
Loans									
19 Federal funds sold[1]	34,194	28,447	27,615	24,896	27,894	28,182	25,912	25,921	24,443
20 To commercial banks	27,939	21,737	20,321	19,190	20,178	20,195	20,127	20,411	18,164
21 To nonbank brokers and dealers in securities	4,698	4,928	5,157	4,276	5,286	5,504	4,310	4,037	4,265
22 To others	1,557	1,781	2,136	1,430	2,430	2,482	1,475	1,473	2,014
23 Other loans, gross	399,827	395,575	394,556	391,285	392,327	393,709	395,030	398,912	396,867
24 Commercial and industrial	159,321	157,832	157,189	156,815	157,001	158,091	159,317	159,803	158,912
25 Bankers' acceptances and commercial paper	5,193	4,753	4,578	4,192	4,302	4,499	4,768	5,174	4,741
26 All other	154,128	153,078	152,612	152,623	152,699	153,592	154,549	154,629	154,171
27 U.S. addressees	147,516	146,487	146,066	146,135	146,239	147,252	148,208	148,237	147,804
28 Non-U.S. addressees	6,611	6,591	6,546	6,488	6,460	6,340	6,341	6,392	6,367
29 Real estate	99,959	100,289	100,497	101,038	101,314	101,323	101,566	101,875	102,190
30 To individuals for personal expenditures	73,215	73,494	73,171	73,342	73,481	73,338	73,244	73,199	73,308
To financial institutions									
31 Commercial banks in the United States	3,772	3,691	3,443	2,876	2,812	3,260	2,982	3,375	3,431
32 Banks in foreign countries	7,563	7,008	7,286	6,146	6,526	6,493	6,761	6,980	6,706
33 Sales finance, personal finance companies, etc	9,452	8,788	8,991	8,572	8,628	8,639	8,718	9,574	9,587
34 Other financial institutions	17,107	16,854	16,582	16,230	16,135	16,128	16,210	16,250	16,017
35 To nonbank brokers and dealers in securities	7,741	7,344	7,307	6,359	6,238	6,143	6,054	7,169	6,627
36 To others for purchasing and carrying securities[2]	2,534	2,507	2,525	2,507	2,499	2,481	2,479	2,504	2,461
37 To finance agricultural production	5,045	5,000	4,959	4,921	4,957	4,947	4,921	4,909	4,928
38 All other	14,117	12,770	12,606	12,479	12,735	12,864	12,778	13,274	12,698
39 LESS: Unearned income	7,102	7,171	7,167	7,210	7,231	7,162	7,202	7,233	7,247
40 Loan loss reserve	5,183	5,205	5,210	5,224	5,248	5,329	5,340	5,368	5,374
41 Other loans, net	387,541	383,198	382,179	378,850	379,848	381,218	382,487	386,310	384,246
42 Lease financing receivables	7,967	8,079	8,082	8,104	8,102	8,136	8,148	8,252	8,192
43 All other assets	65,508	61,746	61,863	62,269	64,598	64,503	64,667	65,418	65,717
44 **Total assets**	**717,111**	**691,478**	**693,716**	**686,904**	**684,475**	**688,043**	**702,211**	**709,688**	**688,194**
Deposits									
45 Demand deposits	219,155	195,986	202,274	190,738	189,480	193,541	201,108	202,691	185,448
46 Mutual savings banks	916	744	769	622	619	640	627	659	549
47 Individuals, partnerships, and corporations	155,734	140,099	142,426	133,722	131,838	132,623	137,569	140,545	128,236
48 States and political subdivisions	5,942	5,105	5,025	4,941	5,280	5,182	4,714	5,052	4,662
49 U.S. government	863	963	1,270	964	774	1,101	1,383	1,324	1,809
50 Commercial banks in the United States	35,975	30,429	32,800	32,356	31,655	34,361	38,153	36,330	32,060
51 Banks in foreign countries	8,337	7,828	8,590	6,894	8,237	8,059	8,185	8,176	8,304
52 Foreign governments and official institutions	1,777	1,937	2,175	2,115	2,211	1,944	1,919	1,890	1,779
53 Certified and officers' checks	9,610	8,880	9,217	9,124	8,866	9,630	8,559	8,716	8,050
54 Time and savings deposits	267,415	270,030	269,082	269,050	269,746	270,769	270,944	270,688	271,764
55 Savings	74,604	74,733	73,845	73,478	72,866	73,307	72,952	72,822	72,318
56 Individuals and nonprofit organizations	70,048	70,151	69,404	69,002	68,416	68,866	68,475	68,447	67,986
57 Partnerships and corporations operated for profit	3,773	3,784	3,702	3,726	3,724	3,693	3,693	3,649	3,632
58 Domestic governmental units	759	774	718	731	704	727	766	707	684
59 All other	24	23	21	18	22	20	18	18	15
60 Time	192,812	195,297	195,237	195,572	196,880	197,463	197,992	197,866	199,446
61 Individuals, partnerships, and corporations	159,958	161,959	162,253	162,526	163,861	164,136	164,617	164,730	166,125
62 States and political subdivisions	21,374	21,692	21,949	22,119	22,306	22,558	22,647	22,446	22,614
63 U.S. government	468	477	446	426	423	425	428	410	409
64 Commercial banks in the United States	5,163	5,295	5,354	5,506	5,429	5,480	5,441	5,435	5,538
65 Foreign governments, official institutions and banks	5,849	5,873	5,234	4,995	4,862	4,865	4,860	4,845	4,760
66 Federal funds purchased[3]	100,898	101,828	95,974	96,102	90,601	95,364	97,875	103,216	93,507
Other liabilities for borrowed money									
67 Borrowings from Federal Reserve Banks	1,545	842	1,290	445	299	21	2,831	476	3,064
68 Treasury tax-and-loan notes	6,926	1,670	4,381	8,213	9,916	5,136	5,166	5,898	4,918
69 All other liabilities for borrowed money	14,678	14,300	13,822	14,175	15,131	15,409	15,999	15,978	16,244
70 Other liabilities and subordinated note and debentures	60,634	60,739	60,787	61,652	63,009	60,979	61,797	64,312	66,879
71 **Total liabilities**	**671,252**	**645,395**	**647,610**	**640,376**	**638,183**	**641,220**	**655,721**	**663,260**	**641,824**
72 Residual (total assets minus total liabilities)[4]	45,859	46,083	46,106	46,528	46,291	46,822	46,490	46,428	46,370

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	1980								
	Jan. 2	Jan. 9	Jan. 16	Jan. 23	Jan. 30p	Feb. 6p	Feb. 13p	Feb. 20p	Feb. 27p
1 Cash items in process of collection	56,419	49,126	54,585	49,508	46,840	49,355	53,312	57,075	46,248
2 Demand deposits due from banks in the United States	17,018	15,731	15,901	16,774	17,350	16,297	19,810	17,269	18,248
3 All other cash and due from depository institutions	33,928	31,496	29,469	32,952	26,476	27,095	34,241	35,003	27,955
4 **Total loans and securities**	**495,082**	**485,412**	**483,332**	**477,446**	**481,597**	**483,235**	**481,944**	**486,062**	**482,412**
Securities									
5 U.S. Treasury securities	33,628	33,477	33,423	33,049	33,216	32,883	32,841	32,860	32,910
6 Trading account	4,846	5,061	5,380	5,140	5,206	5,296	5,050	5,110	5,053
7 Investment account, by maturity	28,782	28,416	28,043	27,909	28,010	27,586	27,791	27,750	27,857
8 One year or less	7,507	7,037	6,728	6,869	6,917	6,738	6,801	6,822	6,953
9 Over one through five years	17,070	17,193	17,096	16,807	16,805	16,610	16,656	16,693	16,673
10 Over five years	4,205	4,186	4,218	4,232	4,288	4,238	4,334	4,235	4,232
11 Other securities	66,312	66,948	66,909	66,938	66,928	67,468	67,039	67,038	67,099
12 Trading account	3,415	3,570	3,449	3,383	3,285	3,683	3,187	3,143	3,158
13 Investment account	62,898	63,378	63,460	63,556	63,643	63,785	63,852	63,895	63,941
14 U.S.government agencies	14,786	14,738	14,780	14,783	14,777	14,796	14,797	14,809	14,738
15 States and political subdivision, by maturity	45,618	46,141	46,175	46,276	46,348	46,466	46,514	46,566	46,693
16 One year or less	5,659	5,771	5,683	5,679	5,784	5,766	5,743	5,816	5,718
17 Over one year	39,960	40,370	40,492	40,596	40,564	40,701	40,771	40,750	40,974
18 Other bonds, corporate stocks and securities	2,493	2,498	2,504	2,497	2,518	2,522	2,540	2,519	2,510
Loans									
19 Federal funds sold[1]	31,401	25,498	24,551	22,297	25,320	25,349	23,370	23,613	21,885
20 To commercial banks	25,562	19,261	17,856	17,206	18,213	18,090	18,195	18,555	16,057
21 To nonbank brokers and dealers in securities	4,339	4,515	4,615	3,717	4,726	4,833	3,756	3,631	3,860
22 To others	1,500	1,723	2,079	1,374	2,381	2,426	1,419	1,428	1,968
23 Other loans, gross	375,110	370,944	369,901	366,663	367,679	369,094	370,299	374,213	372,202
24 Commercial and industrial	151,403	149,934	149,260	148,883	149,060	150,104	151,326	151,766	150,856
25 Bankers' acceptances and commercial paper	5,115	4,674	4,497	4,106	4,211	4,406	4,676	5,075	4,649
26 All other	146,288	145,260	144,762	144,777	144,849	145,698	146,650	146,691	146,207
27 U.S. addressees	139,721	138,715	138,262	138,336	138,435	139,403	140,362	140,348	139,888
28 Non-U.S. addressees	6,567	6,544	6,500	6,442	6,414	6,295	6,288	6,343	6,319
29 Real estate	93,761	94,120	94,310	94,835	95,073	95,113	95,350	95,676	96,001
30 To individuals for personal expenditures	64,656	64,912	64,588	64,772	64,868	64,730	64,663	64,619	64,740
To financial institutions									
31 Commercial banks in the United States	3,694	3,618	3,371	2,781	2,742	3,186	2,879	3,295	3,355
32 Banks in foreign countries	7,485	6,928	7,206	6,072	6,443	6,427	6,686	6,910	6,640
33 Sales finance, personal finance companies, etc	9,259	8,601	8,801	8,387	8,461	8,464	8,541	9,391	9,401
34 Other financial institutions	16,652	16,392	16,142	15,797	15,692	15,691	15,756	15,808	15,585
35 To nonbank brokers and dealers in securities	7,609	7,217	7,209	6,282	6,159	6,074	5,974	7,096	6,533
36 To others for purchasing and carrying securities[2]	2,301	2,276	2,295	2,281	2,270	2,257	2,254	2,288	2,247
37 To finance agricultural production	4,882	4,835	4,792	4,759	4,796	4,790	4,764	4,753	4,772
38 All other	13,407	12,111	11,928	11,812	12,113	12,257	12,105	12,610	12,071
39 LESS: Unearned income	6,487	6,553	6,545	6,580	6,604	6,539	6,574	6,605	6,620
40 Loan loss reserve	4,883	4,903	4,907	4,921	4,943	5,020	5,032	5,058	5,065
41 Other loans, net	363,740	359,488	358,449	355,162	356,132	357,535	358,693	362,550	360,517
42 Lease financing receivables	7,757	7,867	7,872	7,889	7,887	7,920	7,932	8,034	7,974
43 All other assets	63,747	60,035	60,127	60,526	62,765	62,591	62,736	63,557	63,785
44 **Total assets**	**673,952**	**649,668**	**651,287**	**645,095**	**642,914**	**646,493**	**659,974**	**667,000**	**646,622**
Deposits									
45 Demand deposits	205,365	183,775	189,629	178,943	178,015	182,115	189,285	190,501	173,913
46 Mutual savings banks	884	713	736	599	592	613	600	636	527
47 Individuals, partnerships, and corporations	144,815	130,347	132,467	124,457	122,774	123,564	128,222	130,922	119,170
48 States and political subdivisions	5,225	4,536	4,383	4,226	4,638	4,660	4,071	4,520	3,953
49 U.S. government	784	841	1,077	734	688	982	1,256	1,183	1,652
50 Commercial banks in the United States	34,375	29,072	31,384	31,126	30,367	33,025	36,844	34,810	30,836
51 Banks in foreign countries	8,268	7,760	8,539	6,834	8,182	7,996	8,106	8,118	8,226
52 Foreign governments and official institutions	1,776	1,936	2,175	2,114	2,211	1,943	1,918	1,886	1,772
53 Certified and officer's checks	9,238	8,569	8,866	8,852	8,564	9,333	8,268	8,425	7,776
54 Time and savings deposits	248,577	250,967	249,863	249,777	250,454	251,365	251,555	251,325	252,422
55 Savings	69,020	69,131	68,282	67,964	67,406	67,822	67,474	67,348	66,883
56 Individuals and nonprofit organization	64,796	64,896	64,177	63,826	63,295	63,721	63,348	63,315	62,881
57 Partnerships and corporations operated for profit	3,492	3,501	3,427	3,450	3,445	3,415	3,418	3,379	3,364
58 Domestic governmental units	709	710	657	670	644	666	691	637	623
59 All other	24	23	21	18	21	20	18	18	15
60 Time	179,556	181,836	181,581	181,813	183,048	183,543	184,081	183,977	185,539
61 Individuals, partnerships, and corporations	148,942	150,774	150,887	151,065	152,341	152,549	153,020	153,135	154,498
62 States and political subdivisions	19,430	19,712	19,952	20,113	20,281	20,508	20,628	20,446	20,619
63 U.S. government	458	469	438	418	415	417	410	393	396
64 Commercial banks in the United States	4,881	5,012	5,074	5,226	5,159	5,204	5,163	5,158	5,266
65 Foreign governments, official institutions, and banks	5,845	5,869	5,230	4,991	4,852	4,865	4,860	4,845	4,760
66 Federal funds purchased[3]	95,692	96,221	90,552	90,729	85,508	89,930	92,327	97,559	88,216
Other liabilities for borrowed money									
67 Borrowings from Federal Reserve Banks	1,487	756	1,196	417	286	21	2,651	345	2,840
68 Treasury tax-and-loan notes	6,398	1,538	4,046	7,633	9,189	4,796	4,793	5,469	4,548
69 All other liabilities for borrowed money	14,349	13,948	13,471	13,748	14,583	14,938	15,517	15,647	15,915
70 Other liabilities and subordinated note and debentures	59,285	59,447	59,489	60,401	61,648	59,594	60,447	62,922	65,490
71 **Total liabilities**	**631,153**	**606,653**	**608,245**	**601,648**	**599,685**	**602,759**	**616,575**	**623,768**	**603,345**
72 Residual (total assets minus total liabilities)[4]	42,798	43,015	43,041	43,447	43,230	43,733	43,399	43,231	43,277

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	1980								
	Jan. 2	Jan. 9	Jan. 16	Jan. 23	Jan. 30p	Feb. 6p	Feb. 13p	Feb. 20p	Feb. 27p
1 Cash items in process of collection	19,333	18,931	21,372	20,354	19,002	19,249	22,831	19,693	17,180
2 Demand deposits due from banks in the United States	11,359	10,524	11,021	12,160	12,022	11,402	14,699	11,745	13,401
3 All other cash and due from depositary institutions	10,296	7,895	6,985	8,693	5,653	7,209	10,084	11,143	6,692
4 **Total loans and securities**[1]	**117,132**	**112,809**	**112,951**	**108,416**	**112,296**	**111,503**	**111,307**	**113,733**	**112,243**
Securities									
5 U.S. Treasury securities[2]	....	....	....	....	....	....	....	....	....
6 Trading account[2]	....	....	....	....	....	....	....	....	....
7 Investment account, by maturity	6,255	5,951	5,881	5,695	5,775	5,804	5,880	5,857	5,805
8 One year or less	1,259	1,019	1,014	1,032	1,034	1,194	1,225	1,288	1,227
9 Over one through five years	4,385	4,319	4,211	4,004	4,051	3,935	3,980	3,904	3,913
10 Over five years	611	613	656	659	690	674	674	664	664
11 Other securities[2]	....	....	....	....	....	....	....	....	....
12 Trading account[2]	....	....	....	....	....	....	....	....	....
13 Investment account	12,347	12,347	12,308	12,245	12,243	12,294	12,324	12,321	12,387
14 U.S. government agencies	2,532	2,518	2,479	2,426	2,425	2,417	2,412	2,416	2,409
15 States and political subdivision, by maturity	9,222	9,226	9,224	9,213	9,213	9,269	9,303	9,296	9,376
16 One year or less	1,498	1,477	1,450	1,454	1,505	1,542	1,544	1,588	1,492
17 Over one year	7,725	7,750	7,774	7,759	7,708	7,727	7,759	7,707	7,883
18 Other bonds, corporate stocks and securities	592	603	605	606	605	608	608	610	603
Loans									
19 Federal funds sold[3]	9,199	7,296	7,644	6,072	9,266	7,755	7,033	7,526	7,551
20 To commercial banks	7,470	5,446	5,490	4,521	6,552	5,360	5,381	5,821	5,481
21 To nonbank brokers and dealers in securities	1,233	1,237	1,480	1,148	1,338	1,402	1,231	1,201	1,193
22 To others	496	612	673	402	1,375	993	421	503	877
23 Other loans, gross	91,915	89,813	89,724	87,008	87,634	88,291	88,727	90,712	89,176
24 Commercial and industrial	47,977	47,505	47,264	46,886	46,996	47,779	48,371	48,239	47,306
25 Bankers' acceptances and commercial paper	1,897	1,885	1,716	1,364	1,520	1,759	2,016	1,814	1,626
26 All other	46,080	45,621	45,547	45,522	45,476	46,020	46,355	46,424	45,680
27 U.S. addressees	43,854	43,385	43,337	43,325	43,260	43,830	44,195	44,246	43,516
28 Non-U.S. addressees	2,226	2,235	2,210	2,197	2,216	2,190	2,160	2,179	2,164
29 Real estate	12,321	12,298	12,343	12,386	12,450	12,380	12,345	12,452	12,515
30 To individuals for personal expenditures	8,496	8,554	8,562	8,559	8,565	8,577	8,575	8,617	8,644
To financial institutions									
31 Commercial banks in the United States	1,465	1,463	1,443	1,070	974	1,184	950	1,019	1,203
32 Banks in foreign countries	3,590	3,304	3,511	2,618	2,820	2,842	3,241	3,317	3,131
33 Sales finance, personal finance companies, etc.	3,920	3,528	3,682	3,456	3,411	3,426	3,458	3,925	3,980
34 Other financial institutions	5,331	5,186	5,052	4,972	5,026	4,886	4,900	5,038	5,011
35 To nonbank brokers and dealers in securities	4,626	4,300	4,220	3,566	3,451	3,226	3,128	3,978	3,658
36 To others for purchasing and carrying securities[4]	422	425	432	438	440	449	455	474	471
37 To finance agricultural production	282	262	267	250	268	280	291	307	312
38 All other	3,485	2,987	2,947	2,807	3,231	3,261	3,014	3,346	2,946
39 LESS: Unearned income	975	996	1,002	999	1,007	1,000	1,011	1,027	1,020
40 Loan loss reserve	1,609	1,601	1,603	1,605	1,616	1,641	1,646	1,656	1,657
41 Other loans, net	89,331	87,216	87,118	84,404	85,012	85,650	86,070	88,029	86,500
42 Lease financing receivables	1,549	1,565	1,570	1,573	1,555	1,564	1,562	1,577	1,580
43 All other assets[5]	30,546	27,919	27,512	28,019	29,629	30,024	30,116	30,113	29,494
44 **Total assets**	**190,215**	**179,642**	**181,411**	**179,215**	**180,157**	**180,952**	**190,600**	**188,005**	**180,590**
Deposits									
45 Demand deposits	69,403	61,648	66,198	63,836	63,045	63,238	71,828	66,204	61,063
46 Mutual savings banks	519	393	409	322	280	312	337	314	249
47 Individuals, partnerships, and corporations	37,201	32,721	34,152	32,139	31,491	31,499	34,538	33,686	29,544
48 States and political subdivisions	483	605	557	460	494	545	462	530	510
49 U.S. government	96	164	242	110	90	155	464	189	416
50 Commercial banks in the United States	19,500	16,619	18,436	19,437	18,512	18,520	24,794	19,883	19,236
51 Banks in foreign countries	6,321	5,953	6,662	5,154	6,389	6,129	6,241	6,143	6,268
52 Foreign governments and official institutions	932	1,085	1,304	1,331	1,414	1,144	1,122	1,066	1,004
53 Certified and officers' checks	4,351	4,108	4,436	4,885	4,374	4,934	3,871	4,394	3,836
54 Time and savings deposits	44,891	45,371	44,962	44,788	45,280	45,382	45,490	45,289	45,466
55 Savings	9,623	9,682	9,589	9,472	9,380	9,448	9,410	9,389	9,301
56 Individuals and nonprofit organizations	9,121	9,182	9,104	8,990	8,902	8,971	8,930	8,927	8,843
57 Partnerships and corporations operated for profit	334	336	329	327	324	326	324	324	319
58 Domestic governmental units	156	150	144	145	141	140	148	129	133
59 All other	12	13	11	10	13	12	9	9	6
60 Time	35,269	35,689	35,373	35,316	35,899	35,934	36,080	35,900	36,164
61 Individuals, partnerships, and corporations	28,816	29,234	29,455	29,466	30,104	30,035	30,125	29,939	30,265
62 States and political subdivisions	1,439	1,456	1,501	1,492	1,536	1,588	1,636	1,665	1,682
63 U.S. government	45	54	53	51	58	57	58	60	60
64 Commercial banks in the United States	1,250	1,249	1,263	1,393	1,407	1,434	1,425	1,433	1,440
65 Foreign governments, official institutions, and banks	3,718	3,697	3,100	2,914	2,794	2,820	2,836	2,802	2,718
66 Federal funds purchased[6]	32,043	29,878	26,074	25,564	25,182	26,392	26,702	28,548	25,385
Other liabilities for borrowed money									
67 Borrowings from Federal Reserve Banks	....	229	250	....	....	....	570	....	1,201
68 Treasury tax-and-loan notes	1,602	330	912	1,913	2,216	1,293	1,020	1,294	1,145
69 All other liabilities for borrowed money	6,408	6,346	6,094	6,452	7,138	7,513	8,080	8,259	8,026
70 Other liabilities and subordinated note and debentures	21,908	21,868	22,847	22,592	23,123	22,932	22,760	24,279	24,153
71 **Total liabilities**	**176,255**	**165,671**	**167,338**	**165,146**	**165,984**	**166,750**	**176,451**	**173,873**	**166,439**
72 Residual (total assets minus total liabilities)[7]	13,960	13,972	14,073	14,069	14,172	14,202	14,149	14,132	14,152

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

Category	1980								
	Jan. 2	Jan. 9	Jan. 16	Jan. 23	Jan. 30	Feb. 6p	Feb. 13p	Feb. 20p	Feb. 27p
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and investments adjusted[1]	510,424	507,196	506,916	502,322	505,614	507,023	505,971	509,244	508,046
2 Total loans (gross) adjusted[1]	402,310	398,594	398,407	394,116	397,231	398,435	397,833	401,046	399,715
3 Demand deposits adjusted[2]	122,610	113,127	110,836	105,601	108,107	106,568	106,022	104,989	103,022
4 Time deposits in accounts of $100,000 or more	128,367	129,628	129,406	129,076	130,097	130,290	130,400	129,911	131,149
5 Negotiable CDs	91,498	92,266	92,448	91,864	92,639	92,743	92,534	92,000	92,976
6 Other time deposits	36,869	37,363	36,958	37,211	37,458	37,546	37,866	37,911	38,172
7 Loans sold outright to affiliates[3]	2,749	2,646	2,662	2,612	2,656	2,656	2,508	2,539	2,634
8 Commercial and industrial	1,819	1,711	1,728	1,705	1,750	1,805	1,651	1,668	1,706
9 Other	930	934	934	907	906	851	857	871	928
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and investments adjusted[1]	477,196	473,989	473,557	468,961	472,188	473,518	472,475	475,874	474,685
11 Total loans (gross) adjusted[1]	377,255	373,564	373,224	368,974	372,044	373,167	372,595	375,976	374,676
12 Demand deposits adjusted[2]	113,786	104,736	102,582	97,576	100,121	98,753	97,873	97,433	95,177
13 Time deposits in accounts of $100,000 or more	120,267	121,416	121,032	120,650	121,609	121,745	121,870	121,483	122,678
14 Negotiable CDs	85,403	86,078	86,134	85,502	86,231	86,273	86,108	85,673	86,596
15 Other time deposits	34,864	35,338	34,898	35,148	35,377	35,472	35,762	35,810	36,081
16 Loans sold outright to affiliates[3]	2,696	2,597	2,614	2,562	2,606	2,607	2,464	2,495	2,589
17 Commercial and industrial	1,796	1,687	1,704	1,674	1,719	1,774	1,625	1,642	1,679
18 Other	901	910	909	888	887	833	839	853	910
BANKS IN NEW YORK CITY									
19 Total loans (gross) and investments adjusted[1,4]	110,781	108,497	108,623	105,429	107,391	107,600	107,633	109,576	108,236
20 Total loans (gross) adjusted[1]	92,179	90,200	90,434	87,489	89,373	89,502	89,430	91,397	90,044
21 Demand deposits adjusted[2]	30,474	25,933	26,148	23,936	25,441	25,315	23,739	26,439	24,231
22 Time deposits in accounts of $100,000 or more	28,046	28,435	28,009	27,918	28,444	28,394	28,435	28,193	28,410
23 Negotiable CDs	19,576	19,838	20,051	19,864	20,316	20,243	20,216	19,885	20,072
24 Other time deposits	8,470	8,598	7,958	8,054	8,128	8,151	8,219	8,308	8,338

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.

NOTES TO TABLE 1.311.

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus U.S. branches, agencies, and New York investment company subsidiaries of foreign banks and Edge Act corporations.
2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates. Includes averages of Wednesday data for domestic chartered banks and averages of current and previous month-end data for foreign-related institutions.
3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.
4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.
5. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million due to corrections of two New York City banks.
6. Includes averages of daily figures for member banks and quarterly call report figures for nonmember banks.
7. Includes averages of current and previous month-end data.
8. Based on daily average data reported by 46 large banks.
9. Includes U.S. Treasury demand deposits and Treasury tax and loan notes at commercial banks. Averages of daily data.
10. Averages of Wednesday figures.

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

Millions of dollars

Industry classification	Outstanding					Net change during					Adjustment bank[2]
	1979			1980		1979			1980		
	Oct. 31	Nov. 28	Dec. 26	Jan. 30	Feb. 27	Q3	Q4	Dec.	Jan.	Feb.	
1 Durable goods manufacturing	23,472	22,856	23,593	23,692	24,195	2,689	1	737		503	
2 Nondurable goods manufacturing	19,121	18,379	19,205	19,097	19,201	1,503	298	826		104	
3 Food, liquor, and tobacco	5,024	4,968	5,220	4,938	4,882	535	314	252		-56	
4 Textiles, apparel, and leather	4,849	4,608	4,342	4,137	4,331	328	-686	-266		194	
5 Petroleum refining	2,182	1,873	2,677	3,174	3,027	6	705	805		-147	
6 Chemicals and rubber	3,810	3,749	3,836	3,701	3,712	179	209	87		11	
7 Other nondurable goods	3,255	3,182	3,129	3,147	3,249	456	-243	-53		102	
8 Mining (including crude petroleum and natural gas)	11,697	11,502	11,998	12,311	12,448	673	317	495		137	
9 Trade	25,410	25,077	24,885	24,398	25,156	685	230	-192	n.a.	758	n.a.
10 Commodity dealers	2,191	1,861	2,134	2,136	2,172	-58	275	273		37	
11 Other wholesale	12,170	11,902	11,992	11,692	11,923	199	52	90		231	
12 Retail	11,049	11,314	10,759	10,570	11,061	544	-96	-555		491	
13 Transportation, communication, and other public utilities	16,885	17,212	17,830	18,013	17,869	1,434	1,070	618		-143	
14 Transportation	7,065	7,075	7,133	7,170	7,229	380	300	58		59	
15 Communication	2,404	2,475	2,522	2,612	2,627	274	197	47		15	
16 Other public utilities	7,416	7,662	8,176	8,232	8,014	779	574	513		-218	
17 Construction	5,687	5,703	5,759	5,742	5,726	309	-133	56		-16	
18 Services	18,782	18,924	19,399	19,806	19,909	1,108	1,040	475		103	
19 All other[1]	14,494	14,505	14,873r	15,377	15,384	-1,335	348r	368r		6	
20 **Total domestic loans**	**135,547**	**134,158**	**137,542r**	**138,436**	**139,888**	**7,066**	**3,169r**	**3,384r**	**632**	**1,452**	**262**
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans[2]	69,010	69,731	72,439r	74,738	74,631	3,826	4,066r	2,708r	n.a.	-107	n.a.

1. Includes commercial and industrial loans at a few banks with assets of $1 billion or more that do not classify their loans.
2. Data for adjustment bank for individual categories are not yet available. Previously published data are incorrect. Revised data will be published when available.

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.

1.311 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	December outstanding			Outstanding in 1979 and 1980							
	1976	1977	1978	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
Total nondeposit funds											
1 Seasonally adjusted[2]	54.7r	61.8	85.4r	115.3	118.8	129.7	131.0	129.8	125.6	119.9	123.0
2 Not seasonally adjusted	53.3	60.4	84.4r	115.1	121.5	131.3	131.2	130.5	128.4	118.5	121.6
Federal funds, RPs, and other borrowings from nonbanks[3]											
3 Seasonally adjusted[3]	47.1	58.4	74.8	84.5	86.6	92.9	91.3	91.9	85.9	87.9	92.0
4 Not seasonally adjusted	45.8	57.0	73.8	84.3	89.3	94.5	91.5	92.6	88.6	86.5	90.6
5 Net Eurodollar borrowings, not seasonally adjusted	3.7	-1.3	6.8	27.1	28.4	33.1	35.9	34.3	36.2	29.2	28.4
6 Loans sold to affiliates, not seasonally adjusted[4,5]	3.8	4.8	3.8	3.8	3.7	3.7	3.7	3.6	3.6	2.8	2.7
MEMO											
7 Domestic chartered banks net positions with own foreign branches, not seasonally adjusted[6]	-6.0	-12.5	-10.2	5.4	5.6	8.2	10.5	9.1	11.4	6.4	5.9
8 Gross due from balances	12.8	21.1	24.9	20.1	20.3	19.5	21.7	22.1	21.7	22.9	23.0
9 Gross due to balances	6.8	8.6	14.7	25.5	26.0	27.7	32.2	31.2	33.0	29.3	28.9
10 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted[7]	9.7	11.1	17.0	21.7	22.8	24.9	25.4	25.3	24.8	22.8	22.5
11 Gross due from balances	8.3	10.3	14.2	17.6	17.6	16.2	18.1	20.5	21.9	24.2	26.1
12 Gross due to balances	18.1	21.4	31.2	39.3	40.4	41.0	43.5	45.7	46.8	47.0	48.6
13 Security RP borrowings, seasonally adjusted[8]	27.9	36.3	43.8	47.3	45.1	43.0	45.0	46.9	41.8	46.7	48.4
14 Not seasonally adjusted	27.0	35.1	42.4	46.7	44.7	44.7	46.8	46.4	43.9	45.2	45.2
15 U.S. Treasury demand balances, seasonally adjusted[9]	3.9	4.4	8.6	9.2	15.3	12.4	11.1	12.9	5.7	7.9	12.5
16 Not seasonally adjusted	4.4	5.1	10.2	10.8	13.2	9.8	12.4	11.7	5.5	9.5	12.4
17 Time deposits, $100,000 or more, seasonally adjusted[10,5,r]	137.7	162.0	213.0	210.2	213.0	216.4	223.2	228.4	231.3	229.7	230.9
18 Not seasonally adjusted[r]	140.0	165.4	217.9	208.3	209.3	214.2	221.2	227.9	232.6	235.0	234.8

For notes see bottom of page A23.

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

Billions of dollars, estimated daily-average balances

Type of holder	1975 Dec.	1976 Dec.	1977 Dec.	1978 June	1978 Sept.	1978 Dec.	1979[2] Mar.	1979[2] June	1979[2] Sept.	1979[2] Dec.
	Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**236.9**	**250.1**	**274.4**	**271.2**	**278.8**	**294.6**	**270.4**	**285.6**	**292.4**	**302.2**
2 Financial business	20.1	22.3	25.0	25.7	25.9	27.8	24.4	25.4	26.7	27.1
3 Nonfinancial business	125.1	130.2	142.9	137.7	142.5	152.7	135.9	145.1	148.8	157.7
4 Consumer	78.0	82.6	91.0	92.9	95.0	97.4	93.9	98.6	99.2	99.2
5 Foreign	2.4	2.7	2.5	2.4	2.5	2.7	2.7	2.8	2.8	3.1r
6 Other	11.3	12.4	12.9	12.4	13.1	14.1	13.5	13.7	14.9	15.1
	Weekly reporting banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978 Oct.	1978 Nov.	1978 Dec.	1979[3] Mar.	1979[3] June	1979[3] Sept.	1979[3] Dec.
7 **All holders—Individuals, partnerships, and corporations**	**124.4**	**128.5**	**139.1**	**141.3**	**142.7**	**147.0**	**121.9**	**128.8**	**132.7**	**139.3**
8 Financial business	15.6	17.5	18.5	19.1	19.3	19.8	16.9	18.4	19.7	20.1
9 Nonfinancial business	69.9	69.7	76.3	75.0	75.7	79.0	64.6	68.1	69.1	74.1
10 Consumer	29.9	31.7	34.6	37.5	37.7	38.2	31.1	33.0	33.7	34.3
11 Foreign	2.3	2.6	2.4	2.5	2.5	2.5	2.6	2.7	2.8	3.0
12 Other	6.6	7.1	7.4	7.2	7.5	7.5	6.7	6.6	7.4	7.8

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.
2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1
3. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. See "Announcements," p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

1.33 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1976 Dec.r	1977 Dec.r	1978 Dec.r	1979r July	1979r Aug.	1979r Sept.	1979r Oct.[1]	1979r Nov.	1979r Dec.	1980 Jan.
	Commercial paper (seasonally adjusted)									
1 **All issuers**	**53,010**	**65,036**	**83,420**	**102,300**	**104,424**	**107,249**	**107,116**	**109,395**	**112,803**	**116,718**
Financial companies[2]										
Dealer-placed paper[3]										
2 Total	7,263	8,888	12,300	16,964	17,330	18,209	16,133	16,765	17,579	17,768
3 Bank-related	1,900	2,132	3,521	3,951	4,062	4,485	3,052	2,958	2,784	3,034
Directly placed paper[4]										
4 Total	32,622	40,612	51,755	60,450	60,955	61,505	63,338	64,640	64,931	66,342
5 Bank-related	5,959	7,102	12,314	14,722	15,817	15,930	18,024	18,339	17,598	19,221
6 Nonfinancial companies[5]	13,125	15,536	19,365	24,886	26,139	27,535	27,645	27,990	30,293	32,608
	Bankers dollar acceptances (not seasonally adjusted)									
7 **Total**	**22,523**	**25,450**	**33,700**	**39,040**	**42,354**	**42,147**	**43,486**	**43,599**	**45,321**	**47,780**
Holder										
8 Accepting banks	10,442	10,434	8,579	8,288	7,994	8,119	7,785	8,297	9,865r	8,578
9 Own bills	8,769	8,915	7,653	7,243	7,138	7,288	7,121	7,514	8,327r	7,692
10 Bills bought	1,673	1,519	927	1,045	856	831	664	782	1,538	886
Federal Reserve Banks										
11 Own account	991	954	1	1,159	475	1,053	317	269	704	0
12 Foreign correspondents	375	362	664	952	957	1,470	1,498	1,465	1,382	1,431
13 Others	10,715	13,700	24,456	28,641	32,928	31,505	33,886	33,569	33,368	37,771
Basis										
14 Imports into United States	4,992	6,378	8,574	9,499	9,847	9,724	10,129	10,354	10,270	11,217
15 Exports from United States	4,818	5,863	7,586	8,784	9,578	9,354	9,519	9,271	9,640	10,248
16 All other	12,713	13,209	17,540	20,756	22,929	23,069	23,838	23,974	25,411	26,315

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

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
1979—Aug. 16	12	1979—Nov. 1	15¼	1979—Jan	11.75	1979—July	11.54
28	12¼	9	15½	Feb.	11.75	Aug.	11.91
Sept. 7	12¾	16	15¾	Mar.	11.75	Sept.	12.90
14	13	30	15½	Apr.	11.75	Oct.	14.39
21	13¼	Dec. 7	15¼	May	11.75	Nov.	15.55
28	13½	Feb. 19	15¾	June	11.65	Dec.	15.30
Oct. 9	14½	22	16¼-16½			1980—Jan.	15.25
23	15	29	16¾			Feb.	15.63

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

Item	All sizes	Size of loan (in thousands of dollars)					
		1–24	25–49	50–99	100–499	50–999	1,000 and over
SHORT-TERM COMMERCIAL AND INDUSTRIAL LOANS							
1 Amount of loans (thousands of dollars)	8,107,372	696,629	369,217	431,935	1,724,393	685,208	4,199,992
2 Number of loans	128,317	97,398	11,174	6,984	10,369	1,062	1,330
3 Weighted average maturity (months)	3.0	3.6	3.3	3.3	3.5	3.9	2.5
4 Weighted average interest rate (percent per annum)	15.81	14.77	14.92	15.93	15.40	16.01	16.19
5 Interquartile range[1]	15.25–16.82	12.68–16.99	13.21–16.83	14.58–17.48	13.65–16.91	15.25–16.86	15.31–16.70
Percentage of amount of loans							
6 With floating rate	52.6	17.1	21.7	44.7	36.4	66.6	66.3
7 Made under commitment	49.4	19.6	26.1	38.4	43.6	61.1	58.0
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS							
8 Amount of loans (thousands of dollars)	1,646,325		325,742		204,389	137,391	978,803
9 Number of loans	28,827		27,356		1,020	206	244
10 Weighted average maturity (months)	48.5		35.1		39.0	35.7	56.7
11 Weighted average interest rate (percent per annum)	15.55		14.76		15.66	15.43	15.81
12 Interquartile range[1]	15.25–16.50		13.00–16.14		15.00–17.23	15.25–17.00	15.25–16.25
Percentage of amount of loans							
13 With floating rate	71.7		27.8		66.4	74.1	87.0
14 Made under commitment	63.3		33.1		60.3	62.0	74.1
CONSTRUCTION AND LAND DEVELOPMENT LOANS							
15 Amount of loans (thousands of dollars)	1,056,988	205,277	195,753	145,500	276,070	234,388	
16 Number of loans	34,676	25,307	5,348	2,274	1,568	178	
17 Weighted average maturity (months)	9.7	7.9	18.5	6.3	7.4	9.1	
18 Weighted average interest rate (percent per annum)	15.51	14.20	15.73	15.72	15.83	15.96	
19 Interquartile range[1]	14.49–17.25	11.77–16.31	14.58–17.18	13.75–16.99	14.50–17.60	15.50–17.50	
Percentage of amount of loans							
20 With floating rate	40.2	16.2	12.8	29.6	58.2	69.7	
21 Secured by real estate	76.9	70.2	65.8	61.1	90.9	85.3	
22 Made under commitment	40.4	31.3	26.4	31.2	53.0	50.9	
Type of construction							
23 1- to 4-family	38.7	58.5	49.4	20.4	44.2	17.3	
24 Multifamily	7.4	1.3	1.5	4.7	10.9	15.1	
25 Nonresidential	53.9	40.2	49.1	74.8	45.0	67.5	

LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
26 Amount of loans (thousands of dollars)	1,196,869	160,264	184,426	181,529	234,651	248,311	187,688
27 Number of loans	65,936	42,480	12,830	4,933	3,610	1,674	409
28 Weighted average maturity (months)	6.9	7.3	7.1	6.9	7.3	5.8	7.3
29 Weighted average interest rate (percent per annum)	13.63	12.88	13.20	13.32	13.11	13.86	15.35
30 Interquartile range[1]	12.42–14.49	11.83–13.80	11.72–14.42	12.00–14.41	12.00–14.00	13.42–13.80	13.42–17.55
By purpose of loan							
31 Feeder livestock	13.51	12.03	13.20	12.87	13.44	13.45	14.64
32 Other livestock	12.92	12.17	12.55	14.19	11.57	(2)	(2)
33 Other current operating expenses	13.64	13.03	13.28	13.81	12.96	15.45	15.24
24 Farm machinery and equipment	13.16	13.03	13.75	13.53	12.09	(2)	(2)
35 Other	14.55	13.39	12.94	13.30	14.16	14.22	16.77

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.
2. Fewer than 10 sample loans.

NOTE. For more detail, see the Board's E.2(416) statistical release.

1.36 INTEREST RATES Money and Capital Markets

Averages, percent per annum

Instrument	1977	1978	1979	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980, week ending Feb. 2	Feb. 9	Feb. 16	Feb. 23	Mar. 1
	Money market rates											
1 Federal funds[1]	5.54	7.94	11.20	13.18	13.78	13.82	14.13	13.54	12.80	13.64	14.87	14.62
Commercial paper[2,3]												
2 1-month	5.42	7.76	10.86	13.34	13.35	13.07	13.62	13.02	13.01	13.10	14.01	14.46
3 3-month	5.54	7.94	10.97	13.57	13.24	13.04	13.78	13.06	13.08	13.17	14.21	14.77
4 6-month	5.60	7.99	10.91	13.26	12.80	12.66	13.60	12.80	12.79	12.96	14.11	14.68
Finance paper, directly placed[2,3]												
5 1-month	5.38	7.73	10.78	13.25	13.27	13.01	13.58	12.96	12.99	13.03	13.93	14.45
6 3-month	5.49	7.80	10.47	12.52	11.74	11.96	13.05	12.03	12.65	12.72	12.96	13.93
7 6-month	5.50	7.78	10.25	12.00	11.68	11.79	12.39	11.83	11.84	11.97	12.55	13.27
8 Prime bankers acceptances, 90-day[3,4]	5.59	8.11	11.04	13.53	13.31	13.15	14.01	13.11	13.13	13.33	14.65	15.10
Certificates of deposit, secondary market[5]												
9 1-month	5.48	7.88	11.03	13.60	13.36	13.26	13.93	13.16	13.22	13.28	14.47	14.88
10 3-month	5.64	8.22	11.22	13.90	13.43	13.39	14.30	13.36	13.43	13.59	14.93	15.45
11 6-month	5.92	8.61	11.44	13.97	13.42	13.48	14.58	13.59	13.73	13.91	15.16	15.74
12 Eurodollar deposits, 3-month[6]	6.05	8.74	11.96	15.00	14.51	14.33	15.33	14.41	14.29	14.46	15.26	16.46
U.S. Treasury bills[3,7]												
Secondary market												
13 3-month	5.27	7.19	10.07	11.79	12.04	12.00	12.86	12.15	12.05	12.36	13.38	13.78
14 6-month	5.53	7.58	10.06	11.82	11.84	11.84	12.86	11.96	12.03	12.46	13.34	13.82
15 1-year	5.71	7.74	9.75	11.22	10.92	10.96	12.46	11.23	11.51	11.91	13.12	13.53
Auction average[8]												
16 3-month	5.265	7.221	10.041	11.868	12.071	12.036	12.814	12.038	12.086	12.307	13.162	13.700
17 6-month	5.510	7.572	10.017	11.856	11.847	11.851	12.721	11.846	11.985	12.256	13.013	13.629
	Capital market rates											
U.S. TREASURY NOTES AND BONDS												
Constant maturities[9]												
18 1-year	6.09	8.34	10.67	12.39	11.98	12.06	13.92	12.36	12.80	13.22	14.71	15.24
19 2-year	6.45	8.34	10.12	11.81	11.39	11.50	13.42	11.86	12.31	12.71	14.26	14.70
20 2½-year[10]	....	....	....	....	10.90	11.15	14.00	....	....	....	....	....
21 3-year	6.69	8.29	9.71	11.18	10.71	10.88	12.84	11.24	11.83	12.12	13.65	14.07
22 4-year[10]	....	....	....	10.85	....	....	....	....	....	....	....	....
23 5-year	6.99	8.32	9.52	10.93	10.42	10.74	12.60	11.15	11.68	11.99	13.22	13.76
24 7-year	7.23	8.36	9.48	10.80	10.42	10.77	12.53	11.17	11.73	12.02	13.16	13.50
25 10-year	7.42	8.41	9.44	10.65	10.39	10.80	12.41	11.19	11.71	12.01	12.99	13.20
26 20-year	7.67	8.48	9.33	10.37	10.18	10.65	12.21	11.19	11.72	12.00	12.79	12.59
27 30-year	....	8.49	9.29	10.30	10.12	10.60	12.13	11.12	11.63	11.94	12.63	12.57
Composite[11]												
28 3 to 5 years	6.85	8.30	9.58	10.98	10.45	10.76	12.52	11.13	11.66	11.90	13.21	13.57
29 Over 10 years (long-term)	7.06	7.89	8.74	9.80	9.59	10.03	11.55	10.48	10.96	11.25	12.14	12.10
STATE AND LOCAL NOTES AND BONDS												
Moody's series[12]												
30 Aaa	5.20	5.52	5.92	6.49	6.50	6.58	7.28	6.80	7.00	7.00	7.60	8.00
31 Baa	6.12	6.27	6.73	7.66	7.42	7.60	8.12	7.60	7.60	7.90	8.50	9.00
32 *Bond Buyer* series[13]	5.68	6.03	6.52	7.30	7.22	7.35	8.16	7.52	7.71	7.75	8.46	8.72
CORPORATE BONDS												
33 Seasoned issues, all industries[14]	8.43	9.07	10.12	11.37	11.35	11.74	12.92	12.06	12.43	12.74	13.18	13.54
By rating group												
34 Aaa	8.02	8.73	9.63	10.76	10.74	11.09	12.38	11.49	11.95	12.19	12.74	12.88
35 Aa	8.24	8.92	9.94	11.22	11.15	11.56	12.73	11.87	12.17	12.51	12.99	13.45
36 A	8.49	9.12	10.20	11.50	11.46	11.88	12.99	12.20	12.48	12.83	13.16	13.66
37 Baa	8.97	9.45	10.69	11.99	12.06	12.42	13.57	12.69	13.11	13.41	13.82	14.16
Aaa utility bonds[15]												
38 New issue	8.19	8.96	10.03	11.42	11.25	11.73	13.57	....	12.96	13.27	13.92	14.11
39 Recently offered issues	8.19	8.97	10.02	11.36	11.33	11.77	13.35	12.35	12.80	13.17	14.11	13.83
MEMO: Dividend/price ratio[16]												
40 Preferred stocks	7.60	8.25	9.07r	9.95r	10.06r	10.14	10.55	10.30r	10.37	10.44	10.54	10.83
41 Common stocks	4.56	5.28	5.46r	5.71	5.53	5.40	5.24	5.21r	5.23	5.12	5.21	5.41

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 November 1977, unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Previously, most representative rate quoted by those dealers and finance companies. Before Nov. 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper; and 30–59 days, 90–119 days, and 150–179 days for finance paper.
3. Yields are quoted on a bank-discount basis.
4. Average of the midpoint of the range of daily dealer closing rates offered for domestic issues.
5. Five-day average of rates quoted by five dealers (3-month series was previously a 7-day average).
6. Averages of daily quotations for the week ending Wednesday.
7. Except for auction averages, yields are computed from daily closing bid prices.
8. Rates are recorded in the week in which bills are issued.
9. Yield on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.
10. Each figure is an average of only five business days near the end of the month. The rate for each month is used to determine the maximum interest rate payable in the following month on small saver certificates. (See table 1.16).
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 several 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. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

1.37 STOCK MARKET Selected Statistics

Indicator	1977	1978	1979	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.
	Prices and trading (averages of daily figures)									
Common stock prices										
1 **New York Stock Exchange (Dec. 31, 1965 = 50)**	**53.67**	**53.76**	**55.67**	**61.19**	**61.89**	**59.27**	**59.02**	**61.75**	**63.74**	**66.05**
2 Industrial	57.84	58.30	61.82	67.71	69.17	66.68	66.45	69.82	72.67	76.42
3 Transportation	41.07	43.25	45.20	52.48	52.21	48.07	47.61	50.59	52.61	57.92
4 Utility	40.91	39.23	36.46	39.26	38.39	36.58	36.55	37.29	37.08	36.22
5 Finance	55.23	56.74	58.65	68.40	67.21	61.64	60.64	63.21	64.22	61.84
6 **Standard & Poor's Corporation (1941–43 = 10)**[1]	**98.18**	**96.11**	**98.34**	**107.36**	**108.60**	**104.47**	**103.66**	**107.78**	**110.87**	**115.34**
7 **American Stock Exchange (Aug. 31, 1973 = 100)**	**116.18**	**144.56**	**186.56**	**208.29**	**223.00**	**212.33**	**216.58**	**238.83**	**259.54**	**288.99**
Volume of trading (thousands of shares)										
8 New York Stock Exchange	20,936	28,591	32,233	35,870	37,576	37,301	31,126	35,510	52,647	47,827
9 American Stock Exchange	2,514	3,622	4,182	4,503	5,405	5,446	3,938	5,389	9,363	6,903
	Customer financing (end-of-period balances, in millions of dollars)									
10 **Regulated margin credit at brokers/dealers**[2]	**9,993**	**11,035**	**11,615**	**12,236**	**12,178**	**11,483**	**11,083**	**11,615**	**11,982**	n.a.
11 Margin stock[3]	9,740	10,830	11,450	12,060	12,000	11,310	10,920	11,450	11,820	n.a.
12 Convertible bonds	250	205	164	176	177	173	161	164	161	n.a.
13 Subscription issues	3	1	1	*	1	*	2	1	1	n.a.
Free credit balances at brokers[4]										
14 Margin-account	640	835	1,050	910	960	950	955	1,050	1,180	n.a.
15 Cash-account	2,060	2,510	4,060	2,995	3,325	3,490	3,435	4,060	4,680	n.a.
	Margin-account debt at brokers (percentage distribution, end of period)									
16 **Total**	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***	n.a.
By equity class (in percent)[5]										
17 Under 40	18.0	33.0	16.0	14.0	16.0	27.0	17.0	16.0	13.0	n.a.
18 40–49	36.0	28.0	28.0	26.0	26.0	31.0	31.0	31.0	29.0	n.a.
19 50–59	23.0	18.0	24.0	31.0	30.0	20.0	25.0	24.0	25.0	n.a.
20 60–69	11.0	10.0	14.0	14.0	14.0	10.0	13.0	14.0	16.0	n.a.
21 70–79	6.0	6.0	8.0	8.0	8.0	6.0	7.0	8.0	9.0	n.a.
22 80 or more	5.0	5.0	7.0	7.0	6.0	6.0	7.0	7.0	8.0	n.a.
	Special miscellaneous-account balances at brokers (end of period)									
23 **Total balances (million dollars)**[6]	**9,910**	**13,092**	**16,290**	**14,130**	**14,460**	**14,800**	**14,995**	**16,290**	**16,550**	n.a.
Distribution by equity status (percent)										
24 Net credit status	43.4	41.3	48.5	44.1	45.3	44.5	46.5	48.5	45.0	n.a.
Debt status, equity of										
25 60 percent or more	44.9	45.1	43.6	47.8	46.4	45.5	45.0	43.6	47.7	n.a.
26 Less than 60 percent	11.7	13.6	7.9	8.1	8.3	10.0	8.5	7.9	7.3	n.a.

	Margin requirements (percent of market value and effective date)[7]					
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
27 Margin stocks	70	80	65	55	65	50
28 Convertible bonds	50	60	50	50	50	50
29 Short sales	70	80	65	55	65	50

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is end-of-month data for member firms of the New York Stock Exchange.
In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.
3. A distribution of this total by equity class is shown on lines 17–22.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.
6. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.
7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1977	1978	1979										1980
			Mar	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.[1]	Jan.[p]
	Savings and loan associations												
1 **Assets**	**459,241**	**523,542**	**539,582**	**543,320**	**549,031**	**555,409**	**561,037**	**566,493**	**570,479**	**576,251**	**578,922**	**579,307**	**581,996**
2 Mortgages	381,163	432,808	441,358	445,638	450,978	456,544	460,620	464,609	468,307	472,198	474,678	475,797	476,391
3 Cash and investment securities[1]	39,150	44,884	50,153	48,698	48,280	48,253	49,496	50,007	49,3013	49,220	48,180	46,541	48,334
4 Other	38,928	45,850	48,071	48,984	49,773	50,612	50,721	51,877	52,871	54,833	56,064	56,969	57,271
5 **Liabilities and net worth**	**459,241**	**523,542**	**539,582**	**543,320**	**549,031**	**555,409**	**561,037**	**570,479**	**566,493**	**576,251**	**578,922**	**579,307**	**581,996**
6 Savings capital	386,800	430,953	446,898	445,751	447,788	454,642	456,657	457,856	462,626	464,489	465,646	470,171	472,126
7 Borrowed money	27,840	42,907	41,538	43,710	44,324	46,993	48,437	50,437	52,738	54,268	54,433	55,375	55,197
8 FHLBB	19,945	31,990	31,123	32,389	33,003	34,266	35,286	36,009	37,620	39,223	39,638	40,441	40,396
9 Other	7,895	10,917	10,415	11,321	11,321	12,727	13,151	14,428	15,118	15,045	14,795	14,934	14,801
10 Loans in process	9,911	10,721	10,331	10,690	11,118	11,260	11,309	11,047	10,909	10,766	10,159	9,511	8,705
11 Other	9,506	9,904	10,905	12,950	15,259	11,681	13,503	15,712	12,497	14,673	16,324	11,684	13,226
12 Net worth[2]	25,184	29,057	29,910	30,219	30,542	30,833	31,131	31,441	31,709	32,055	32,360	32,566	32,742
13 MEMO: Mortgage loan commitments outstanding[3]	19,875	18,911	21,082	22,915	23,560	22,770	22,360	22,282	22,397	20,930	18,029	16,007	15,456
	Mutual savings banks[4]												
14 **Assets**	**14,287**	**158,174**	**161,866**	**161,231**	**161,380**	**161,814**	**162,598**	**163,388**	**163,431**	**163,133**	**163,205**	**16,366**	
Loans													
15 Mortgage	88,195	95,157	96,136	95,900	96,239	96,743	97,238	97,637	97,973	98,304	98,610	98,924	
16 Other	6,210	7,195	9,421	9,290	9,444	9,577	10,282	10,430	9,982	9,510	9,449	9,259	
Securities													
17 U.S. government[5]	5,895	4,959	4,814	8,193	8,148	8,029	7,992	7,921	7,891	7,750	7,754	7,630	
18 State and local government	2,828	3,333	3,126	3,326	3,264	3,175	3,154	3,149	3,150	3,100	3,003	2,929	
19 Corporate and other[6]	37,918	39,732	40,658	37,211	37,304	37,281	37,171	37,125	37,076	37,210	37,036	37,119	
20 Cash	2,401	3,665	3,410	3,072	2,785	2,764	2,,540	2,866	3,020	2,909	3,010	3,198	n.a.
21 Other assets	3,839	4,131	4,300	4,239	4,198	4,245	4,220	4,260	4,339	4,351	4,343	4,308	
22 **Liabilities**	**147,287**	**158,174**	**161,866**	**161,231**	**161,380**	**161,814**	**162,598**	**163,388**	**163,431**	**163,133**	**163,205**	**163,366**	
23 Deposits	134,017	142,701	145,650	145,096	145,056	146,057	145,757	145,713	146,252	145,096	144,828	145,855	
24 Regular[7]	132,744	141,170	144,042	143,210	143,271	144,161	143,843	143,731	144,258	143,263	143,064	143,903	
25 Ordinary savings	78,005	71,816	68,829	67,758	67,577	68,104	67,537	66,733	65,676	62,672	61,156	61,078	
26 Time and other	54,739	69,354	75,213	75,452	75,694	76,057	76,306	76,998	78,572	80,591	81,908	82,824	
27 *Other*	1,272	1,531	1,608	1,886	1,784	1,896	1,914	1,982	2,003	1,834	1,764	1,952	
28 Other liabilities	3,292	4,565	5,048	5,050	5,172	4,545	5,578	6,350	5,790	6,600	6,872	5,989	
29 General reserve accounts	9,978	10,907	11,167	11,085	11,153	11,212	11,264	11,324	11,388	11,437	11,504	11,522	
30 MEMO: Mortgage loan commitments outstanding[8]	4,066	4,400	4,482	4,449	4,352	4,469	4,214	4,071	4,123	3,749	3,619	3,182	
	Life insurance companies												
31 **Assets**	**351,722**	**389,924**	**399,579**	**402,963**	**405,627**	**409,853**	**414,120**	**418,350**	**421,660**	**423,760**	**427,496**		
Securities													
32 Government	19,553	20,009	20,463	20,510	20,381	20,397	20,468	20,472	20,379	20,429	20,486		
33 United States[9]	5,315	4,822	5,234	5,272	5,149	5,178	5,228	5,229	5,067	5,075	5,122		
34 State and local	6,051	6,402	6,259	6,268	6,272	6,,241	6,243	6,258	6,295	6,339	6,354		
35 Foreign[10]	8,187	8,785	8,970	8,970	8,960	8,978	8,997	8,985	9,017	9,015	9,010	n.a.	n.a.
36 Business	175,654	198,105	204,895	206,160	207,775	209,804	212,876	215,252	216,500	216,183	217,856		
37 Bonds	141,891	162,587	168,622	169,817	171,762	173,130	175,854	176,920	177,698	178,633	179,158		
38 Stocks	33,763	35,518	36,273	36,343	36,013	36,674	37,022	38,332	38,802	37,550	38,698		
39 Mortgages	96,848	106,167	108,417	109,198	110,023	111,123	112,120	113,102	114,368	115,991	117,253		
40 Real estate	11,060	11,764	11,484	12,086	12,101	12,199	12,351	12,738	12,740	12,816	12,906		
41 Policy loans	27,556	30,146	31,160	31,512	31,832	32,131	32,390	32,713	33,046	33,574	34,220		
42 Other assets	21,051	23,733	23,160	23,497	23,515	24,199	23,915	24,073	24,627	24,767	24,775		
	Credit unions												
43 **Total assets/liabilities and capital**	**53,755**	**62,348**	**63,671**	**63,030**	**64,158**	**65,435**	**68,840**	**65,547**	**66,280**	**65,063**	**65,419**	**65,854**	**64,506**
44 Federal	29,564	34,760	35,406	34,758	35,379	36,146	35,413	35,724	36,151	35,537	35,670	35,934	35,228
45 State	24,191	27,588	28,265	28,272	28,779	29,289	29,427	29,823	30,129	29,526	29,749	29,920	29,278
46 Loans outstanding	41,845	50,269	50,828	50,846	51,351	52,028	52,083	52,970	53,545	53,533	56,267	53,125	52,089
47 Federal	22,634	27,687	27,961	27,869	28,103	28,487	28,379	28,848	29,129	29,020	30,613	28,698	28,053
48 State	19,211	22,582	22,867	27,977	23,248	23,541	23,704	24,122	24,416	24,513	25,654	24,426	24,036
49 Savings	46,516	53,517	54,713	54,199	55,107	56,437	56,393	56,583	57,255	55,739	55,797	56,232	55,447
50 Federal (shares)	25,576	29,802	30,212	29,796	30,222	31,048	30,732	30,761	31,097	30,366	30,399	35,530	30,040
51 State (shares and deposits)	20,940	23,715	24,501	24,403	24,885	25,839	25,661	25,822	26,158	25,373	25,398	25,702	25,407

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Calendar year					
				1978	1979		1979		1980
				H2	H1	H2	Nov.	Dec.	Jan.
U.S. budget									
1 Receipts[1]	357,762	401,997	465,940	206,275	246,574	233,952	38,320	42,617	43,429
2 Outlays[1]	402,725	450,836	493,673	238,186	245,616	263,044	46,841	44,010	47,988
3 Surplus, or deficit(–)	–44,963	–48,839	–27,733	–31,912	958	–29,093	–8,522	–1,393	–4,559
4 Trust funds	9,497	12,693	18,335	11,754	4,041	9,679	8,108	565	–5,090
5 Federal funds[2]	–54,460	–61,532	–46,069	–43,666	–4,999	–38,773	–16,630	–1,959	531
Off-budget entities surplus, or deficit (–)									
6 Federal Financing Bank outlays	–8,415	–10,661	–13,261	–5,082	–7,712	–5,909	–538	–735	–714
7 Other[3]	–269	334	832	1,843	–447	805	118	131	103
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (–)	–53,647	–59,166	–40,162	–35,151	–7,201	–34,197	–8,942	–1,997	–5,170
Source or financing									
9 Borrowing from the public	53,516	59,106	33,641	30,314	6,039	31,320	5,548	11,207	–555
10 Cash and monetary assets (decrease, or increase (–))[4]	–2,247	–3,023	–408	3,381	–8,878	3,059	4,533	–10,378	6,403
11 Other[5]	2,378	3,083	6,929	1,456	10,040	–182	–1,139	–1,168	–678
MEMO:									
12 Treasury operating balance (level, end of period)	19,104	22,444	24,176	16,291	17,485	15,924	5,591	15,924	16,602
13 Federal Reserve Banks	15,740	16,647	6,489	4,196	3,290	4,075	2,590	4,075	2,931
14 Tax and loan accounts	3,364	5,797	17,687	12,095	14,195	11,849	3,001	11,849	13,671

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-year figures calculated as a residual (total surplus/deficit less 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 U.S. Treasury operating cash accounts; special drawing rights; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.
5. 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 1981*.

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. The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. Beginning April 1979, data are reported on a net-of-valuation-reserves basis. Prior to that date, data were reported on a gross-of-valuation-reserves basis.
5. Begining April 1979, includes obligations of U.S. government agencies. Prior to that date, this item was included in "Corporate and other."
6. Includes securities of foreign governments and international organizations and, prior to April 1979, nonguaranteed issues of U.S. government agencies.
7. Excludes checking, club, and school accounts.
8. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the state of New York.
9. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "business" securities.
10. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE. *Savings and loan associations:* Estimates by the FHLBB for all 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.

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	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Calendar year 1978 H2	Calendar year 1979 H1	Calendar year 1979 H2	Calendar year 1979 Nov.	Calendar year 1979 Dec.	Calendar year 1980 Jan.
RECEIPTS									
1 **All sources**[1]	**357,762**	**401,997**	**465,940**	**206,275**	**246,574**	**233,952**	**38,320**	**42,617**	**43,429**
2 Individual income taxes, net	157,626	180,988	217,841	98,854	111,603	115,488	18,972	20,192	26,856
3 Withheld	144,820	165,215	195,295	90,148	98,683	105,764	18,725	19,402	17,821
4 Presidential Election Campaign Fund	37	39	36	3	32	3	0	0	0
5 Nonwithheld	42,062	47,804	56,215	10,777	44,116	12,355	589	952	9,061
6 Refunds[1]	29,293	32,070	33,705	2,075	31,228	2,634	342	163	26
Corporation income taxes									
7 Gross receipts	60,057	65,380	71,448	28,536	42,427	29,169	1,684	10,667	2,702
8 Refunds	5,164	5,428	5,771	2,757	2,889	3,306	523	460	465
9 Social insurance taxes and contributions, net	108,683	123,410	141,591	61,064	75,609	71,031	14,433	8,675	10,775
10 Payroll employment taxes and contributions[2]	88,196	99,626	115,041	51,052	59,298	60,562	12,259	7,963	9,085
11 Self-employment taxes and contributions[3]	4,014	4,267	5,034	369	4,616	417	0	0	441
12 Unemployment insurance	11,312	13,850	15,387	6,727	8,623	6,899	1,650	204	675
13 Other net receipts[4]	5,162	5,668	6,130	2,917	3,072	3,149	524	507	574
14 Excise taxes	17,548	18,376	18,745	9,879	8,984	9,675	1,653	1,658	1,448
15 Customs deposits	5,150	6,573	7,439	3,748	3,682	3,741	605	595	611
16 Estate and gift taxes	7,327	5,285	5,411	2,691	2,657	2,900	518	425	509
17 Miscellaneous receipts[5]	6,536	7,413	9,237	4,260	4,501	5,254	977	866	992
OUTLAYS									
18 **All types**[1]	**402,725**	**450,836**	**493,673**	**238,186**	**245,616**	**263,044**	**46,841**	**44,010**	**47,988**
19 National defense	97,501	105,186	117,681	55,124	57,643	62,002	10,734	10,566	11,195
20 International affairs	4,813	5,922	6,091	2,060	3,538	4,617	1,190	899	859
21 General science, space, and technology	4,677	4,,742	5,041	2,383	2,461	3,299	515	432	528
22 Energy	4,172	5,861	6,856	4,279	4,417	3,281	643	625	439
23 Natural resources and environment	10,000	10,925	12,091	6,020	5,672	7,350	538	1,597	1,167
24 Agriculture	5,532	7,731	6,238	4,967	3,020	1,709	769	1,150	1,432
25 Commerce and housing credit	−44	3,324	2,565	3,292	60	3,,002	222	516	676
26 Transportation	14,636	15,445	17,459	8,740	7,688	10,298	1,670	1,862	1,914
27 Community and regional development	6,348	11,039	9,482	5,844	4,499	4,855	973	614	1,304
28 Education, training, employment, social services	20,985	26,463	29,685	14,247	14,467	14,579	2,330	2,461	3,088
29 Health	38,785	43,676	49,614	23,830	24,860	26,492	4,449	4,532	4,980
30 Income security[1]	137,915	146,212	160,198	73,127	81,173	86,007	15,370	14,286	15,150
31 Veterans benefits and services	18,038	18,974	19,928	9,532	10,127	10,113	2,701	1,778	803
32 Administration of justice	3,600	3,802	4,153	1,989	2,096	2,174	350	350	400
33 General government	3,312	3,737	4,153	2,304	2,291	2,103	342	422	384
34 General-purpose fiscal assistance	9,499	9,601	8,372	4,610	3,890	4,286	378	102	1,798
35 Interest[6]	38,009	43,966	52,556	24,036	26,934	29,045	4,719	8,695	3,037
36 Undistributed offsetting receipts[6,7]	−15,053	−15,772	−18,489	−8,199	−8,999	−12,164	−1,052	−6,879	−1,166

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.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1981*.

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1977			1978			1979		
	June 30	Sept. 30	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**685.2**	**709.1**	**729.2**	**758.8**	**780.4**	**797.7**	**804.6**	**812.2**	**833.8**
2 Public debt securities	674.4	698.8	718.9	749.0	771.5	789.2	796.8	804.9	826.5
3 Held by public	523.2	543.4	564.1	587.9	603.6	619.2	630.5	626.4	638.8
4 Held by agencies	151.2	155.5	154.8	161.1	168.0	170.0	166.3	178.5	187.7
5 Agency securities	10.8	10.3	10.2	9.8	8.9	8.5	7.8	7.3	7.2
6 Held by public	9.0	8.5	8.4	8.0	7.4	7.0	6.3	5.9	5.8
7 Held by agencies	1.8	1.8	1.8	1.8	1.5	1.5	1.5	1.5	1.5
8 **Debt subject to statutory limit**	**675.6**	**700.0**	**720.1**	**750.2**	**772.7**	**790.3**	**797.9**	**806.0**	**827.6**
9 Public debt securities	673.8	698.2	718.3	748.4	770.9	788.6	796.2	804.3	825.9
10 Other debt[1]	1.7	1.7	1.7	1.8	1.8	1.7	1.7	1.7	1.7
11 MEMO. Statutory debt limit	700.0	700.0	752.0	752.0	798.0	798.0	798.0	830.0	830.0

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

NOTE. Data from *Treasury Bulletin* (U.S. Treasury Department).

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

Billions of dollars, end of period

Type and holder	1975	1976	1977	1978	1979			1980	
					Oct.	Nov.	Dec.	Jan.	Feb.
1 **Total gross public debt**	**576.6**	**653.5**	**718.9**	**789.2**	**826.8**	**833.8**	**845.1**	**847.7**	**854.6**
By type									
2 Interest-bearing debt	575.7	652.5	715.2	782.4	825.7	832.7	844.0	846.5	853.4
3 Marketable	363.2	421.3	459.9	487.5	515.0	519.6	530.7	535.7	540.6
4 Bills	157.5	164.0	161.1	161.7	161.7	165.1	172.6	175.5	177.4
5 Notes	167.1	216.7	251.8	265.8	280.8	279.7	283.4	284.0	286.8
6 Bonds	38.6	40.6	47.0	60.0	72.5	74.8	74.7	76.1	76.4
7 Nonmarketable[1]	212.5	231.2	255.3	294.8	310.7	313.2	313.2	310.9	312.7
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	24.4	24.5	24.6	24.8	24.5
10 Foreign issues[3]	21.6	22.3	22.2	29.6	28.0	29.2	28.8	30.0	29.6
11 Government	21.6	22.3	22.2	28.0	23.9	23.9	23.6	23.6	23.2
12 Public	0	0	0	1.6	4.2	5.3	5.3	6.4	6.4
13 Savings bonds and notes	67.9	72.3	77.0	80.9	80.5	80.0	79.9	78.6	77.7
14 Government account series[4]	119.4	129.7	139.8	157.5	175.3	177.0	177.5	174.9	178.4
15 Non-interest-bearing debt	1.0	1.1	3.7	6.8	1.1	1.1	1.2	1.2	1.2
By holder[5]									
16 U.S. government agencies and trust funds	139.1	147.1	154.8	170.0	185.7	187.1	187.1	n.a.	n.a.
17 Federal Reserve Banks	89.8	97.0	102.5	109.6	114.6	118.1	117.5	n.a.	n.a.
18 Private investors	349.4	409.5	461.3	508.6	526.5	528.6	540.5	n.a.	n.a.
19 Commercial banks	85.1	103.8	101.4	93.4	93.5	95.0	97.0	n.a.	n.a.
20 Mutual savings banks	4.5	5.9	5.9	5.2	4.5	4.3	4.2	n.a.	n.a.
21 Insurance companies	9.5	12.7	15.1	15.0	14.8	14.4	14.4	n.a.	n.a.
22 Other companies	20.2	27.7	22.7	20.6	24.1	24.0	23.9	n.a.	n.a.
23 State and local governments	34.2	41.6	55.2	68.6	69.7	68.2	68.2	n.a.	n.a.
Individuals									
24 Savings bonds	67.3	72.0	76.7	80.7	80.5	80.1	79.9	n.a.	n.a.
25 Other securities	24.0	28.8	28.6	30.0	32.9	33.7	34.2	n.a.	n.a.
26 Foreign and international[6]	66.5	78.1	109.6	137.8	124.4	120.6	123.8	n.a.	n.a.
27 Other miscellaneous investors[7]	38.0	38.9	46.1	57.4	82.0	88.3	94.8	n.a.	n.a.

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.

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 Nov.	1979 Dec.	1977	1978	1979 Nov.	1979 Dec.
	All maturities				1 to 5 years			
1 **All holders**	**459,927**	**487,546**	**520,573**	**530,731**	**151,264**	**162,886**	**164,395**	**164,198**
2 U.S. government agencies and trust funds	14,420	12,695	11,047	11,047	4,788	3,310	2,560	2,555
3 Federal Reserve Banks	101,191	109,616	108,087	117,458	27,012	31,283	27,554	28,469
4 Private investors	344,315	365,235	401,439	402,226	119,464	128,293	134,281	133,173
5 Commercial banks	75,363	68,890	67,771	69,076	38,691	38,390	37,734	38,346
6 Mutual savings banks	4,379	3,499	3,280	3,204	2,112	1,918	1,700	1,668
7 Insurance companies	12,378	11,635	11,645	11,496	4,729	4,664	4,573	4,518
8 Nonfinancial corporations	9,474	8,272	8,918	8,433	3,183	3,635	3,238	2,844
9 Savings and loan associations	4,817	3,835	3,370	3,209	2,368	2,255	1,944	1,763
10 State and local governments	15,495	18,815	15,999	15,735	3,875	3,997	3,613	3,487
1 All others	222,409	250,288	290,457	291,072	64,505	73,433	81,478	80,546
	Total, within 1 year				5 to 10 years			
12 **All holders**	**230,691**	**228,516**	**247,397**	**255,252**	**45,328**	**50,400**	**47,904**	**50,440**
13 U.S. government agencies and trust funds	1,906	1,488	1,624	1,629	2,129	1,989	871	871
14 Federal Reserve Banks	56,702	52,801	55,101	63,219	10,404	14,809	12,714	12,977
15 Private investors	172,084	174,227	190,671	190,403	32,795	33,601	34,319	36,592
16 Commercial banks	29,477	20,608	20,357	20,171	6,162	7,490	7,064	8,086
17 Mutual savings banks	1,400	817	870	836	584	496	461	459
18 Insurance companies	2,398	1,838	2,068	2,016	3,204	2,899	2,736	2,815
19 Nonfinancial corporations	5,770	4,048	4,977	4,933	307	369	259	308
20 Savings and loan associations	2,236	1,414	1,285	1,301	143	89	64	69
21 State and local governments	7,917	8,194	5,795	5,607	1,283	1,588	1,509	1,540
22 All others	122,885	137,309	155,319	155,539	21,112	20,671	22,225	23,314
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**161,081**	**161,747**	**165,100**	**172,644**	**12,906**	**19,800**	**27,624**	**27,588**
24 U.S. government agencies and trust funds	32	2	0	0	3,102	3,876	4,520	4,520
25 Federal Reserve Banks	42,004	42,397	37,310	45,337	1,510	2,088	3,239	3,272
26 Private investors	119,035	119,348	127,790	127,306	8,295	13,836	19,866	19,796
27 Commercial banks	11,996	5,707	5,863	5,938	456	956	1,017	993
28 Mutual savings banks	484	150	282	262	137	143	134	127
29 Insurance companies	1,187	753	466	473	1,245	1,460	1,394	1,305
30 Nonfinancial corporations	4,329	1,792	2,632	2,793	133	86	230	218
31 Savings and loan associations	806	262	217	219	54	60	58	58
32 State and local governments	6,,092	5,524	3,091	3,100	890	1,420	1,769	1,762
33 All others	94,152	105,161	115,240	114,522	5,380	9,711	15,263	15,332
	Other, within 1 year				Over 20 years			
34 **All holders**	**69,610**	**66,769**	**82,297**	**82,608**	**19,738**	**25,944**	**33,253**	**33,254**
35 U.S. government agencies and trust funds	1,874	1,487	1,624	1,629	2,495	2,031	1,472	1,472
36 Federal Reserve Banks	14,698	10,404	17,791	17,882	5,564	8,635	9,479	9,520
37 Private investors	53,039	54,879	62,881	63,097	11,679	15,278	22,302	22,262
38 Commercial banks	15,482	14,901	14,494	14,233	578	1,446	1,599	1,470
39 Mutual savings banks	916	667	589	574	146	126	113	113
40 Insurance companies	1,211	1,084	1,603	1,543	802	774	873	842
41 Nonfinancial corporations	1,441	2,256	2,345	2,140	81	135	213	130
42 Savings and loan associations	1,430	1,152	1,068	1,081	16	17	19	19
43 State and local governments	1,825	2,670	2,704	2,508	1,530	3,616	3,314	3,339
44 All others	28,733	32,149	40,078	41,017	8,526	9,164	16,172	16,340

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 Dec. 31, 1979: (1) 5,394 commercial banks, 460 mutual savings banks, and 723 insurance companies, each about 80 percent; (2) 419 nonfinancial corporations and 483 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		1980	1979, week ending Wednesday					
				Nov.	Dec.	Jan.p	Nov. 7	Nov. 14	Nov. 21	Nov. 28	Dec. 5	Dec. 12
1 **U.S. government securities**	**10,449**	**10,838**	**10,285**	**16,677**	**15,629**	**16,059**	**15,252**	**17,237**	**14,692**	**19,016**	**16,973**	**17,851**
By maturity												
2 Bills	6,676	6,746	6,173	9,787	10,232	10,460	8,293	9,908	9,640	10,260	10,703	11,275
3 Other within 1 year	210	237	392	607	560	484	299	663	634	692	864	561
4 1–5 years	2,317	2,320	1,889	3,119	2,520	2,662	2,722	3,348	2,166	4,648	2,553	3,033
5 5–10 years	1,019	1,148	965	1,592	1,292	976	1,650	1,683	1,057	1,986	1,720	1,684
6 Over 10 years	229	388	866	1,572	1,026	1,481	2,288	1,635	1,194	1,430	1,134	1,297
By type of customer												
7 U.S. government securities dealers	1,360	1,267	1,135	1,973	1,719	1,800	1,966	2,198	1,710	1,923	2,000	1,701
8 U.S. government securities brokers	3,407	3,709	3,838	6,439	6,296	6,524	5,532	7,207	5,448	7,681	6,524	7,252
9 Commercial banks	2,426	2,295	1,804	2,259	2,033	2,015	2,160	2,407	1,840	2,691	2,105	2,344
10 All others[1]	3,257	3,568	3,508	6,005	6,596	5,708	5,594	5,425	5,694	6,720	6,344	6,554
11 **Federal agency securities**	**1,548**	**1,729**	**1,894**	**3,324**	**3,225**	**2,750**	**2,921**	**3,533**	**3,382**	**3,447**	**3,055**	**3,223**

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		1980	1979, week ending Wednesday					
				Nov.	Dec.p	Jan.p	Oct. 17	Oct. 24	Oct. 31	Nov. 7	Nov. 14	Nov. 21
	Positions[1]											
1 **U.S. government securities**	**7,592**	**5,172**	**2,656**	**3,931**	**3,900**	**3,332**	**1,157**	**671**	**1,180**	**2,280**	**4,752**	**3,285**
2 Bills	6,290	4,772	2,452	4,446	5,760	4,287	2,771	2,399	2,075	2,139	5,009	4,222
3 Other within 1 year	188	99	260	−896	−1,548	−1,105	−828	−735	−735	−865	−682	−888
4 1–5 years	515	60	−92	−197	−681	315	−641	−788	222	382	−300	−530
5 5–10 years	402	92	40	347	385	129	59	−7	−105	356	332	213
6 Over 10 years	198	149	−4	231	57	326	−206	−199	−278	266	393	267
7 **Federal agency securities**	**729**	**693**	**606**	**1,534**	**1,308**	**995**	**1,824**	**1,567**	**1,737**	**1,690**	**1,544**	**1,497**
	Financing[2]											
8 **All sources**	**8,715**	**9,877**	**10,204**	**19,122**	**21,391**	**16,275**	**16,628**	**16,744**	**15,153**	**16,878**	**18,328**	**19,981**
Commercial banks												
9 New York City	1,896	1,313	599	1,778	1,729	859	1,463	1,220	674	1,315	2,107	2,194
10 Outside New York City	1,660	1,987	2,174	3,386	3,778	3,844	3,637	3,227	2,713	2,937	3,238	3,657
11 Corporations[3]	1,479	2,423	2,370	4,102	4,832	3,654	3,123	3,312	3,009	3,526	3,469	4,119
12 All others	3,681	4,155	5,052	9,857	11,054	7,917	8,403	8,985	8,757	9,100	9,514	10,011

1. New amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer department of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase. The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities purchased under agreement to resell.

2. Total amounts outstanding of funds borrowed by nonbank dealer firms and dealer departments of commercial banks against U.S. government and federal agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreeement to resell are excluded where the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement.

3. All business corporations except commercial banks and insurance companies.

NOTE. Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt outstanding

Millions of dollars, end of period

Agency	1976	1977	1978	1979					
				June	July	Aug.	Sept.	Oct.	Nov.
1 **Federal and federally sponsored agencies**[1]	**103,848**	**112,472**	**137,063**	**149,612**	**152,653**	**153,788**	**154,753**	**158,298**r	**161,653**
2 Federal agencies	22,419	22,760	23,488	24,170	24,274	24,415	24,341	24,151r	24,224
3 Defense Department[2]	1,113	983	968	796	787	777	767	757r	748
4 Export-Import Bank[3,4]	8,574	8,671	8,711	8,806	8,783	8,781	8,886	8,881	8,812
5 Federal Housing Administration[5]	575	581	588	562	559	552	551	547	545
6 Government National Mortgage Association participation certificates[6]	4,120	3,743	3,141	3,039	3,004	3,004	3,004	3,004	3,004
7 Postal Service[7]	2,998	2,431	2,364	2,202	2,202	2,202	1,837	1,837	1,837
8 Tennessee Valley Authority	4,935	6,015	7,460	8,335	8,495	8,655	8,850	8,670	8,825
9 United States Railway Association[7]	104	336	356	430	444	444	446	455	453
10 Federally sponsored agencies[1]	81,429	89,712	113,575	125,442	128,379	129,373	130,412	134,147	137,429
11 Federal Home Loan Banks	16,811	18,345	27,563	28,758	29,600	29,994	30,303	31,874	33,296
12 Federal Home Loan Mortgage Corporation	1,690	1,686	2,262	2,522	2,522	2,720	2,622	2,621	2,621
13 Federal National Mortgage Association	30,565	31,890	41,080	45,775	46,341	46,108	46,378	46,861	47,278
14 Federal Land Banks	17,127	19,118	20,360	18,389	17,075	17,075	17,075	16,006	16,006
15 Federal Intermediate Credit Banks	10,494	11,174	11,469	5,122	4,269	3,427	2,676	2,676	2,676
16 Banks for Cooperatives	4,330	4,434	4,843	785	785	785	785	584	584
17 Farm Credit Banks[1]	....	2,548	5,081	22,949	26,606	28,033	29,297	32,189	33,547
18 Student Loan Marketing Association[8]	410	515	915	1,140	1,180	1,230	1,275	1,335	1,420
19 Other	2	2	2	2	1	1	1	1	1
MEMO:									
20 **Federal Financing Bank debt**[7,9]	**28,711**	**38,580**	**51,298**	**60,816**	**61,798**	**62,880**	**64,211**	**65,583**	**66,281**
Lending to federal and federally sponsored agencies									
21 Export-Import Bank[4]	5,208	5,834	6,898	7,846	7,846	7,846	7,953	7,953	7,953
22 Postal Service[7]	2,748	2,181	2,114	1,952	1,952	1,952	1,587	1,587	1,587
23 Student Loan Marketing Association[8]	410	515	915	1,140	1,180	1,230	1,275	1,335	1,420
24 Tennessee Valley Authority	3,110	4,190	5,635	6,610	6,770	6,930	7,125	6,945	7,100
25 United States Railway Association[7]	104	336	356	430	444	444	446	455	453
Other Lending[10]									
26 Farmers Home Administration	10,750	16,095	23,825	29,200	29,765	30,445	31,080	31,670	31,950
27 Rural Electrification Administration	1,415	2,647	4,604	5,497	5,639	5,754	5,926	6,157	6,272
28 Other	4,966	6,782	6,951	8,141	8,202	8,279	8,819	9,481	9,546

1. In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued. Lines 1 and 10 reflect the addition of this item.
2. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
3. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
4. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
5. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
6. Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
7. Off-budget.
8. Unlike other federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.
9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.47 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1977	1978	1979	1979					
				July	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.
1 **All issues, new and refunding**[1]	**46,769**	**48,607**	**43,490**	**3,399**	**4,266[r]**	**2,479**	**4,229**	**4,172**	**3,583**
Type of issue									
2 General obligation	18,042	17,854	12,109	779[r]	743	699	1,037	805	855
3 Revenue	28,655	30,658	31,256	2,617[r]	3,513[r]	1,773	3,180	3,355	2,712
4 Housing Assistance Administration[2]	....	....	....	....	....	....	....	....	....
5 U.S. government loans	72	95	125	3	10	7	12	12	16
Type of issuer									
6 State	6,354	6,632	4,314	234	200	113	294	274	569
7 Special district and statutory authority	21,717	24,156	23,434	1,598[r]	2,558[r]	1,404[r]	2,749	2,697	2,102
8 Municipalities, counties, townships, school districts	18,623	17,718	15,617	1,564[r]	1,498[r]	955[r]	1,174	1,189	896
9 **Issues for new capital, total**	**36,189**	**37,629**	**41,505**	**2,902**	**4,202[r]**	**2,436**	**4,171**	**3,702**	**3,186**
Use of proceeds									
10 Education	5,076	5,003	5,130	383	556	218	311	298	408
11 Transportation	2,951	3,460	2,441	149	151	38	562	97	214
12 Utilities and conservation	8,119	9,026	8,594	608	817	336	1,426	515	409
13 Social welfare	8,274	10,494	15,968	1,166	1,749	1,082	1,191	2,042	1,724
14 Industrial aid	4,676	3,526	3,836	328	422[r]	382	427	369	157
15 Other purposes	7,093	6,120	5,536	268	507	380	254	381	274

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	1978	1979					
				June	July	Aug.	Sept.	Oct.	Nov.
1 **All issues**[1]	**53,488**	**53,792**	**47,230**	**6,247**	**4,095**	**4,083**	**4,308**	**4,561**	**3,834**
2 **Bonds**	**42,380**	**42,015**	**36,872**	**5,356**	**3,114**	**2,859**	**3,021**	**3,532**	**2,589**
Type of offering									
3 Public	26,453	24,072	19,815	4,171	2,247	1,973	2,167	2,669	1,583
4 Private placement	15,927	17,943	17,057	1,185	867	886	854	863	1,006
Industry group									
5 Manufacturing	13,264	12,204	9,572	1,146	968	806	1,095	1,334	322
6 Commercial and miscellaneous	4,372	6,234	5,246	573	241	413	361	214	207
7 Transportation	4,387	1,996	2,007	423	380	171	175	296	257
8 Public utility	8,297	8,262	7,092	1,125	174	137	620	1,107	663
9 Communication	2,787	3,063	3,373	379	26	336	418	433	854
10 Real estate and financial	9,274	10,258	9,586	1,710	1,325	996	353	147	287
11 **Stocks**	**11,108**	**11,777**	**10,358**	**891**	**981**	**1,224**	**1,287**	**1,029**	**1,245**
Type									
12 Preferred	2,803	3,916	2,832	278	392	401	698	195	465
13 Common	8,305	7,861	7,526	613	589	823	589	834	780
Industry group									
14 Manufacturing	2,237	1,189	1,241	47	38	360	394	151	158
15 Commercial and miscellaneous	1,183	1,834	1,816	363	173	266	218	98	286
16 Transportation	24	456	263	3	....	142	4	....	2
17 Public utility	6,121	5,865	5,140	248	598	366	527	662	607
18 Communication	776	1,379	264	30	68	....	83	47	2
19 Real estate and financial	771	1,049	1,631	200	103	91	61	70	190

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	1978	1979	1979 July	Aug.	Sept.	Oct.	Nov.	Dec.	1980 Jan.
INVESTMENT COMPANIES[1]									
1 Sales of own shares[2]	6,645	7,495	744	675	580	617	690	748	958
2 Redemptions of own shares[3]	7,231	8,393	706	832	784	805	579	743	774
3 Net sales	-586	-898	38	-157	-204	-188	111	5	184
4 Assets[4]	44,980	49,493	48,771	50,802	50,147	46,271	48,613	49,277r	51,314
5 Cash position[5]	4,507	4,983	5,052	4,924	5,016	4,521	4,984	4,983	5,713
6 Other	40,473	44,510	43,719	45,878	45,131	41,750	43,629	44,294r	45,601

1. Excluding money market funds.
2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes share redemption resulting from conversions from one fund to another in the same group.
4. Market value at end of period, less current liabilities.
5. Also includes all U.S. government securities and other short-term debt securities.

NOTE. Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1976	1977	1978	1978 Q1	Q2	Q3	Q4	1979 Q1	Q2	Q3
1 **Profits before tax**	**156.0**	**177.1**	**206.0**	**177.5**	**207.2**	**212.0**	**227.4**	**233.3**	**227.9**	**242.3**
2 Profits tax liability	63.8	72.6	84.5	70.8	84.7	87.5	95.1	91.3	88.7	94.0
3 Profits after tax	92.2	104.5	121.5	106.7	122.4	124.5	132.3	142.0	139.3	148.3
4 Dividends	37.5	42.1	47.2	45.1	46.0	47.8	49.7	51.5	52.3	52.8
5 Undistributed profits	54.7	62.4	74.3	61.6	76.4	76.8	82.6	90.5	87.0	95.5
6 Capital consumption allowances	97.1	109.3	119.8	116.5	119.1	120.6	123.1	125.5	130.4	132.8
7 Net cash flow	151.8	171.7	194.1	178.1	195.5	197.3	205.7	216.0	217.3	228.3

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	1978				1979		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 **Current assets**	**759.0**	**826.3**	**900.9**	**925.0**	**954.2**	**992.6**	**1,028.1**	**1,078.6**	**1,110.6**	**1,169.6**
2 Cash	82.1	87.3	94.3	88.8	91.3	91.7	103.7	102.4	100.1	103.6
3 U.S. government securities	19.0	23.6	18.7	18.6	17.3	16.1	17.8	19.2	20.8	17.8
4 Notes and accounts receivable	272.1	293.3	325.0	337.4	356.0	376.4	381.9	405.3	419.0	448.9
5 Inventories	315.9	342.9	375.6	390.5	399.3	415.5	428.3	452.6	469.2	492.7
6 Other	69.9	79.2	87.3	89.7	90.3	92.9	96.3	99.1	101.5	106.7
7 **Current liabilities**	**451.6**	**492.7**	**546.8**	**574.3**	**593.5**	**626.0**	**661.9**	**701.6**	**723.9**	**773.7**
8 Notes and accounts payable	264.2	282.0	313.7	325.2	338.0	356.2	375.1	392.6	410.8	443.1
9 Other	187.4	210.6	233.1	249.0	255.6	269.7	286.8	309.0	313.2	330.6
10 **Net working capital**	**307.4**	**333.6**	**354.1**	**350.7**	**360.6**	**366.6**	**366.2**	**377.0**	**386.7**	**395.9**
11 MEMO: Current ratio[1]	1.681	1.677	1.648	1.611	1.608	1.586	1.553	1.537	1.534	1.512

1. Ratio of total current assets to total current liabilities.

NOTE: For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37.

All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics.

SOURCE. Federal Trade Commission.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1978	1979	1978		1979				1980	
			Q3	Q4	Q1	Q2	Q3	Q4[2]	Q1[2]	Q2[2]
1 **All industries**	**153.82**	**177.09**	**155.41**	**163.96**	**165.94**	**173.48**	**179.33**	**186.95**	**189.49**	**193.83**
Manufacturing										
2 Durable goods industries	31.66	38.23	32.25	33.99	34.00	36.86	39.72	41.30	42.60	44.63
3 Nondurable goods industries	35.96	40.69	35.50	39.26	37.56	39.56	40.50	43.88	43.21	44.38
Nonmanufacturing										
4 Mining	4.78	5.56	4.99	4.98	5.46	5.31	5.42	6.06	6.49	5.97
Transportation										
5 Railroad	3.32	3.93	3.38	3.49	4.02	3.66	4.03	4.20	4.08	4.08
6 Air	2.30	3.24	2.20	2.39	3.35	3.26	3.10	3.39	4.50	3.86
7 Other	2.43	2.95	2.47	2.55	2.71	2.79	3.16	3.15	3.42	3.64
Public utilities										
8 Electric	29.48	32.56	24.92	26.95	27.70	28.06	28.32	26.02	27.94	27.96
9 Gas and other	4.70	5.07	4.70	4.78	4.66	5.18	5.01	5.50	5.28	5.61
10 Communication	18.16	20.56	18.90	18.46	18.75	20.29	20.41	22.71		
11 Commercial and other[1]	25.71	29.35	26.09	27.12	27.73	28.51	29.66	30.72	51.97	53.71

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).

1.53 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1973	1974	1975	1976	1977	1978	1979 Q1	1979 Q2	1979 Q3	1979 Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	35.4	36.1	36.0	38.6	44.0	52.6	54.9	58.7	62.3	65.7
2 Business	32.3	37.2	39.3	44.7	55.2	63.3	66.7	70.1	68.1	70.3
3 Total	67.7	73.3	75.3	83.4	99.2	116.0	121.6	128.8	130.4	136.0
4 LESS: Reserves for unearned income and losses	8.4	9.0	9.4	10.5	12.7	15.6	16.5	17.7	18.7	20.0
5 Accounts receivable, net	59.3	64.2	65.9	72.9	86.5	100.4	105.1	111.1	111.7	116.0
6 Cash and bank deposits	2.6	3.0	2.9	2.6	2.6	3.5				
7 Securities	.8	.4	1.0	1.1	.9	1.3	23.8[1]	24.6	25.8	24.9
8 All other	10.6	12.0	11.8	12.6	14.3	17.3				
9 **Total assets**	**73.2**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**128.9**	**135.8**	**137.4**	**140.9**
LIABILITIES										
10 Bank loans	7.2	9.7	8.0	6.3	5.9	6.5	6.5	7.3	7.8	8.5
11 Commercial paper	19.7	20.7	22.2	23.7	29.6	34.5	38.1	41.0	39.2	43.3
Debt										
12 Short-term, n.e.c.	4.6	4.9	4.5	5.4	6.2	8.1	6.7	8.8	9.1	8.2
13 Long-term n.e.c.	24.6	26.5	27.6	32.3	36.0	43.6	44.5	46.0	47.5	46.7
14 Other	5.6	5.5	6.8	8.1	11.5	12.6	15.1	14.4	15.4	14.2
15 Capital, surplus, and undivided profits	11.5	12.4	12.5	13.4	15.1	17.2	18.0	18.2	18.4	19.9
16 **Total liabilities and capital**	**73.2**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**128.9**	**135.8**	**137.4**	**140.9**

1. Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.

NOTE. Components may not add to totals due to rounding.

1.54 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Dec. 31, 1979[1]	Changes in accounts receivable 1979 Oct.	Nov.	Dec.	Extensions 1979 Oct.	Nov.	Dec.	Repayments 1979 Oct.	Nov.	Dec.
1 **Total**	**70,305**	**399**	**242**	**−561**	**16,354**	**16,505**	**16,443**	**15,955**	**16,263**	**17,004**
2 Retail automotive (commercial vehicles)	15,286	−16	−41	−83	1,151	1,135	1,096	1,167	1,176	1,179
3 Wholesale automotive	13,788	−408	−319	−763	6,079	5,082	5,028	6,487	5,401	5,791
4 Retail paper on business, industrial and farm equipment	18,868	369	261	264	1,300	1,252	1,398	931	991	1,134
5 Loans on commercial accounts receivable[2] / 6 Factored commercial accounts receivable[2]	7,092	168	304	285	5,200	6,635	6,806	5,032	6,331	6,521
7 All other business credit	15,271	286	37	−264	2,624	2,401	2,115	2,338	2,364	2,379

1. Not seasonally adjusted.

2. Beginning January 1979 the categories "Loans on commercial accounts receivable and Factored commercial accounts receivable" are combined.

1.55 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1976	1977	1978	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.[r]	1980 Feb.[p]
	Terms and yields in primary and secondary markets								
PRIMARY MARKETS									
Conventional mortgages on new homes									
Terms[1]									
1 Purchase price (thousands of dollars)	48.4	54.3	62.6	75.5	76.4	77.1[c]	79.4[r]	76.9	78.1
2 Amount of loan (thousands of dollars)	35.9	40.5	45.9	53.9	54.9	55.4[c]	56.0[r]	54.4	55.4
3 Loan/price ratio (percent)	74.2	76.3	75.3	73.4	73.7	73.8	72.9[r]	73.0	72.4
4 Maturity (years)	27.2	27.9	28.0	28.6	28.5	28.5	28.8[r]	28.1	28.7
5 Fees and charges (percent of loan amount)[2]	1.44	1.33	1.39	1.67	1.70	1.82	1.85[r]	2.11	1.78
6 Contract rate (percent per annum)	8.76	8.80	9.30	10.72	10.91	11.04	11.30[r]	11.48	11.61
Yield (percent per annum)									
7 FHLBB series[3]	8.99	9.01	9.54	11.02	11.21	11.37	11.64[r]	11.87	11.93
8 HUD series[4]	8.99	8.95	9.68	11.35	12.15	12.50	12.50	12.80	n.a.
SECONDARY MARKETS									
Yield (percent per annum)									
9 FHA mortgages (HUD series)[5]	8.82	8.68	9.70	11.37	n.a.	12.41	12.24	12.60	n.a.
10 GNMA securities[6]	8.17	8.04	8.98	10.31	11.25	11.57	11.35[r]	11.94	13.16
FNMA auctions[7]									
11 Government-underwritten loans	8.99	8.73	9.77	11.08	12.52	12.75	12.48	12.90	14.48
12 Conventional loans	9.11	8.98	10.01	11.75	12.85	13.66	12.98	13.20	14.12
	Activity in secondary markets								
FEDERAL NATIONAL MORTGAGE ASSOCIATION									
Mortgage holdings (end of period)									
13 Total	32,904	34,370	43,311	49,173	49,744	50,350	51,091	52,106	n.a.
14 FHA-insured	18,916	18,457	21,243	23,535	23,899	24,178	24,489	24,906	n.a.
15 VA-guaranteed	9,212	9,315	10,544	10,345	10,327	10,374	10,496	10,653	n.a.
16 Conventional	4,776	6,597	11,524	15,203	15,517	15,797	16,106	16,546	n.a.
Mortgage transactions (during period)									
17 Purchases	3,606	4,780	12,303	545	859	872	893	1,163	n.a.
18 Sales	86	67	5	0	0	0	0	0	n.a.
Mortgage commitments[8]									
19 Contracted (during period)	6,247	9,729	18,960	1,407	2,369	496	402	n.a.	n.a.
20 Outstanding (end of period)	3,398	4,698	9,201	6,352	7,472	6,974	6,409	5,671	n.a.
Auction of 4-month commitments to buy									
Government-underwritten loans									
21 Offered[9]	4,929.8	7,974.1	12,978	1,421.1	2,943.4	558.4	649.2	516.0	1,169.4
22 Accepted	2,787.2	4,846.2	6,747.2	599.9	1,130.4	264.6	249.3	213.8	563.7
Conventional loans									
23 Offered[9]	2,595.7	5,675.2	9,933.0	527.3	1,049.9	366.1	413.2	443.1	412.1
24 Accepted	1,879.2	3,917.8	5,110.9	325.6	431.2	190.2	152.4	247.2	147.8
FEDERAL HOME LOAN MORTGAGE CORPORATION									
Mortgage holdings (end of period)[10]									
25 Total	4,269	3,276	3,064	3,729	3,726	3,990	4,035	4,124	n.a.
26 FHA/VA	1,618	1,395	1,243	1,132	1,120	1,112	1,102	1,098	n.a.
27 Conventional	2,651	1,881	1,822	2,597	2,606	2,879	2,933	3,026	n.a.
Mortgage transactions (during period)									
28 Purchases	1,175	3,900	6,524	537	552	458	403	280	n.a.
29 Sales	1,396	4,131	6,211	347	530	186	361	180	n.a.
Mortgage commitments[11]									
30 Contracted (during period)	1,477	5,546	7,451	437	504	221	199	296	n.a.
31 Outstanding (end of period)	333	1,063	1,410	1,400	1,312	1,036	797	779	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. *Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.*
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.
7. Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.
8. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
9. Mortgage amounts offered by bidders are total bids received.
10. Includes participation as well as whole loans.
11. Includes conventional and government-underwritten loans.

1.56 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1977	1978	1979	1978 Q4	1979 Q1	1979 Q2	1979 Q3	1979 Q4
1 **All holders**	**1,023,505**	**1,172,754r**	**1,335,023**	**1,172,754r**	**1,206,213r**	**1,252,426r**	**1,295,644r**	**1,335,023**
2 1- to 4-family	656,566	761,843r	872,192	761,843r	784,546r	816,940r	846,115r	872,192
3 Multifamily	111,841	121,972r	130,734	121,972r	123,965r	125,916r	128,256r	130,734
4 Commercial	189,274	212,746r	239,026	212,746r	217,495r	224,499r	232,120r	239,026
5 Farm	65,824	76,193r	93,071	76,193r	80,207	85,071	89,153r	93,071
6 Major financial institutions	745,011	848,095	940,679	848,095r	865,974r	894,385r	919,967r	940,679
7 Commercial banks[1]	178,979	213,963	246,763	213,963	220,063	229,564	239,363	246,763
8 1- to 4-family	105,115	126,966	146,077	126,966	130,585	136,223	142,038	146,077
9 Multifamily	9,215	10,912	12,585	10,912	11,223	11,708	12,208	12,585
10 Commercial	56,898	67,056	77,737	67,056	68,968	71,945	75,016	77,737
11 Farm	7,751	9,029	10,364	9,029	9,287	9,688	10,101	10,364
12 Mutual savings banks	88,104	95,157	98,924	95,157	96,136	97,155	97,929	98,924
13 1- to 4-family	57,637	62,252	64,717	62,252	62,892	63,559	64,065	64,717
14 Multifamily	15,304	16,529	17,183	16,529	16,699	16,876	17,010	17,183
15 Commercial	15,110	16,319	16,965	16,319	16,488	16,662	16,795	16,965
16 Farm	53	57	59	57	57	58	59	59
17 Savings and loan associations	381,163	432,808r	475,797	432,808r	441,358r	456,543r	468,307r	475,797
18 1- to 4-family	310,686	356,114r	394,436	356,114r	363,723r	377,516r	387,992r	394,436
19 Multifamily	32,513	36,053r	37,588	36,053r	36,677r	37,071r	37,277r	37,588
20 Commmercial	37,964	40,641r	43,773	40,641r	40,958r	41,956r	43,038r	43,773
21 Life insurance companies	96,765	106,167r	119,195	106,167	108,417	111,123	114,368	119,195
22 1- to 4-family	14,727	14,436r	16,187	14,436	14,507	14,489	14,884	16,187
23 Multifamily	18,807	19,000r	19,250	19,000	19,080	19,102	19,107	19,250
24 Commercial	54,388	62,232r	71,076	62,232	63,908	66,055	68,513	71,076
25 Farm	8,843	10,499r	12,682	10,499	10,922	11,477	11,864	12,682
26 Federal and related agencies	70,006	81,853	97,293	81,853	86,689	90,095	93,143	97,293
27 Government National Mortgage Assn	3,660	3,509	3,852	3,509	3,448	3,425	3,382	3,852
28 1- to 4-family	1,548	877	763	877	821	800	780	763
29 Multifamily	2,112	2,632	3,089	2,632	2,627	2,625	2,602	3,089
30 Farmers Home Administration	1,353	926	1,274	926	956	1,200	1,383	1,274
31 1- to 4-family	626	288	417	288	302	363	163	417
32 Multifamily	275	320	71	320	180	75	299	71
33 Commercial	149	101	174	101	283	278	262	174
34 Farm	303	217	612	217	191	484	659	612
35 Federal Housing and Veterans Admin	5,212	5,419	5,764	5,419	5,522	5,597	5,672	5,764
36 1- to 4-family	1,627	1,641	1,863	1,641	1,693	1,744	1,795	1,863
37 Multifamily	3,585	3,778	3,901	3,778	3,829	3,853	3,877	3,901
38 Federal National Mortgage Association	34,369	43,311	51,091	43,311	46,410	48,206	49,173	51,091
39 1- to 4-family	28,504	37,579	45,488	37,579	40,702	42,543	43,534	45,488
40 Multifamily	5,865	5,732	5,603	5,732	5,708	5,663	5,639	5,603
41 Federal Land Banks	22,136	25,624	31,277	25,624	26,893	28,459	29,804	31,277
42 1- to 4-family	670	927	1,552	927	1,042	1,198	1,374	1,552
43 Farm	21,466	24,697	29,725	24,697	25,851	27,261	28,430	29,725
44 Federal Home Loan Mortgage Corp	3,276	3,064	4,035	3,064	3,460	3,208	3,729	4,035
45 1- to 4-family	2,738	2,407	3,059	2,407	2,685	2,489	2,850	3,059
46 Mutlifamily	538	657	976	657	775	719	879	976
47 Mortgage pools or trusts[2]	70,289	88,633	119,278	88,633	94,551	102,259	110,648	119,278
48 Government National Mortgage Assn	44,896	54,347	76,401	54,347	57,955	63,000	69,357	76,401
49 1- to 4-family	43,555	52,732	74,546	52,732	56,269	61,246	67,535	74,546
50 Multifamily	1,341	1,615	1,855	1,615	1,686	1,754	1,822	1,855
51 Federal Home Loan Mortgage Corp	6,610	11,892	15,180	11,892	12,467	13,708	14,421	15,180
52 1- to 4-family	5,621	9,657	12,149	9,657	10,088	11,096	11,568	12,149
53 Multifamily	989	2,235	3,031	2,235	2,379	2,612	2,853	3,031
54 Farmers Home Administration	18,783	22,394	27,697	22,394	24,129	25,551	26,870	27,697
55 1- to 4-family	11,397	13,400	14,884	13,400	13,883	14,329	14,972	14,884
56 Multifamily	759	1,116	2,163	1,116	1,465	1,764	1,763	2,163
57 Commercial	2,945	3,560	4,328	3,560	3,660	3,833	4,054	4,328
58 Farm	3,682	4,318	6,322	4,318	5,121	5,625	6,081	6,322
59 Individual and others[3]	138,199	154,173r	177,773	154,173r	158,999r	165,687r	171,886r	177,773
60 1- to 4-family	72,115	82,567r	96,054	82,567r	85,354r	89,345r	92,565r	96,054
61 Multifamily	20,538	21,393r	23,439	21,393r	21,637r	22,094	22,920r	23,439
62 Commerical	21,820	22,837r	24,973	22,837r	23,230r	23,770	24,442r	24,973
63 Farm	23,726	27,376r	33,307	27,376r	28,778r	30,478	31,959r	33,307

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 the Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Department of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations when required, are estimated mainly by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

1.57 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1977	1978	1979	1979 July	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.
	Amounts outstanding (end of period)									
1 **Total**	**230,829**	**275,629**	**311,122**	**295,052**	**299,813**	**303,902**	**305,217**	**307,641**	**311,122**	**308,984**
By major holder										
2 Commercial banks	112,373	136,189	149,604	145,169	147,312	148,657	149,152	149,057	149,604	148,868
3 Finance companies	44,868	54,298	68,318	62,463	63,362	64,822	65,692	67,164	68,318	68,724
4 Credit unions	37,605	45,939	48,186	47,772	48,631	49,214	48,770	48,673	48,186	47,270
5 Retailers[2]	23,490	24,876	27,916	23,713	24,114	24,446	24,860	25,732	27,916	26,985
6 Savings and loans	7,354	8,394	10,361	9,425	9,760	9,972	10,073	10,241	10,361	10,320
7 Gasoline companies	2,963	3,240	4,316	3,872	4,048	4,244	4,174	4,281	4,316	4,433
8 Mutual savings banks	2,176	2,693	2,421	2,638	2,586	2,547	2,496	2,493	2,421	2,384
By major type of credit										
9 Automobile	82,911	102,468	115,022	111,952	113,351	114,765	114,876	115,121	115,022	114,761
10 Commercial banks	49,577	60,564	65,229	64,826	65,389	65,813	65,973	65,646	65,229	64,824
11 Indirect paper	27,379	33,850	37,209	36,475	36,887	37,267	37,469	37,334	37,209	37,020
12 Direct loans	22,198	26,714	28,020	28,351	28,502	28,546	28,504	28,312	28,020	27,804
13 Credit unions	18,099	21,967	23,042	22,844	23,255	23,534	23,322	23,275	23,042	22,604
14 Finance companies	15,235	19,937	26,751	24,282	24,707	25,418	25,581	26,200	26,751	27,333
15 Revolving	39,274	47,051	55,330	47,894	49,270	50,422	50,883	52,060	55,330	54,420
16 Commercial banks	18,374	24,434	28,954	25,927	26,782	27,446	27,600	27,827	28,954	28,841
17 Retailers	17,937	19,377	22,060	18,095	18,440	18,732	19,109	19,952	22,060	21,146
18 Gasoline companies	2,963	3,240	4,316	3,872	4,048	4,244	4,174	4,281	4,316	4,433
19 Mobile home	15,141	16,042	17,409	16,719	16,972	17,105	17,244	17,349	17,409	17,387
20 Commercial banks	9,124	9,553	9,991	9,801	9,912	9,940	10,013	10,036	9,991	9,968
21 Finance companies	3,077	3,152	3,390	3,212	3,231	3,258	3,295	3,321	3,390	3,415
22 Savings and loans	2,538	2,848	3,516	3,198	3,312	3,384	3,418	3,475	3,516	3,502
23 Credit unions	402	489	512	508	517	523	518	517	512	502
24 Other	93,503	110,068	123,361	118,487	120,220	121,610	122,214	123,111	123,361	122,416
25 Commercial banks	35,298	41,638	45,430	44,615	45,229	45,458	45,566	45,548	45,430	45,235
26 Finance companies	26,556	31,209	38,177	34,969	35,424	36,146	36,816	37,643	38,177	37,976
27 Credit unions	19,104	23,483	24,632	24,420	24,859	25,157	24,930	24,881	24,632	24,164
28 Retailers	5,553	5,499	5,856	5,618	5,674	5,714	5,751	5,780	5,856	5,839
29 Savings and loans	4,816	5,546	6,845	6,227	6,448	6,588	6,655	6,766	6,845	6,818
30 Mutual savings banks	2,176	2,693	2,421	2,638	2,586	2,547	2,496	2,493	2,421	2,384
	Net change (during period)[3]									
31 **Total**	**35,278**	**44,810**	**35,491**	**2,443**	**2,446**	**4,446**	**2,186**	**2,407**	**1,349**	**1,372**
By major holder										
32 Commercial banks	18,645	23,813	13,414	662	866	1,521	771	283	218	433
33 Finance companies	5,948	9,430	14,020	1,185	549	1,773	1,076	1,340	1,087	1,096
34 Credit unions	6,436	8,334	2,247	342	391	411	−152	−44	−455	−324
35 Retailers[2]	2,654	1,386	3,040	180	332	443	335	477	282	120
36 Savings and loans	1,111	1,041	1,967	120	253	207	76	143	165	7
37 Gasoline companies	132	276	1,076	2	116	127	122	218	115	50
38 Mutual savings banks	352	530	−273	−48	−61	−36	−42	−10	−63	−10
By major type of credit										
39 Automobile	15,204	19,557	12,554	616	594	1,823	487	533	682	972
40 Commercial banks	9,956	10,987	4,665	72	172	762	203	−76	122	83
41 Indirect paper	5,307	6,471	3,359	51	188	542	237	40	260	72
42 Direct loans	4,649	4,516	1,306	21	−16	220	−34	−116	−138	11
43 Credit unions	2,861	3,868	1,075	183	177	218	−79	−24	−213	−134
44 Finance companies	2,387	4,702	6,814	361	245	843	363	633	773	1,023
45 Revolving	6,248	7,776	8,279	429	787	1,057	664	799	432	289
46 Commercial banks	4,015	6,060	4,520	303	365	546	253	136	24	109
47 Retailers	2,101	1,440	2,683	124	306	384	289	445	293	130
48 Gasoline companies	132	276	1,076	2	116	127	122	218	115	50
49 Mobile home	565	897	1,366	72	182	89	150	103	108	120
50 Commercial banks	387	426	437	17	59	10	105	33	−22	68
51 Finance companies	−189	74	238	11	13	17	27	19	84	48
52 Savings and loans	297	310	668	41	106	57	21	52	51	10
53 Credit unions	70	87	23	3	4	5	−3	−1	−5	−6
54 Other	13,261	16,580	13,292	1,326	883	1,477	885	972	127	−9
55 Commercial banks	4,287	6,340	3,792	270	270	203	210	190	94	173
56 Finance companies	3,750	4,654	6,968	813	291	913	686	688	230	25
57 Credit unions	3,505	4,379	1,149	156	210	188	−70	−19	−237	−184
58 Retailers	553	−54	357	56	26	59	46	32	−11	−10
59 Savings and loans	814	731	1,299	79	147	150	55	91	114	−3
60 Mutual savings banks	352	530	−273	−48	−61	−36	−42	−10	−63	−10

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 credit); 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 $71.1 billion at the end of 1979, $64.6 billion at the end of 1978, $58.6 billion at the end of 1977, and $55.3 billion at the end of 1976.

1.58 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars

Holder, and type of credit	1977	1978	1979	1979 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1980 Jan.
						Extensions[1]					
1 **Total**	**254,071**	**298,351**	**322,558**	**26,139**	**26,848**	**27,583**	**28,634**	**27,695**	**26,464**	**25,671**	**26,702**
By major holder											
2 Commercial banks	117,896	142,720	149,599	12,278	12,292	12,700	13,172	12,718	11,738	11,370	12,126
3 Finance companies	41,989	50,505	61,518	4,641	5,353	5,133	5,489	5,642	5,105	5,249	5,540
4 Credit unions	34,028	40,023	36,778	2,986	3,282	3,361	3,363	2,942	2,808	2,396	2,527
5 Retailers[2]	39,133	41,619	46,092	3,853	3,687	3,921	4,082	3,930	4,161	4,054	4,010
6 Savings and loans	4,485	5,050	7,333	682	592	728	678	571	606	632	485
7 Gasoline companies	14,617	16,125	19,607	1,589	1,525	1,640	1,734	1,773	1,913	1,895	1,889
8 Mutual savings banks	1,923	2,309	1,631	110	117	100	116	119	133	75	125
By major type of credit											
9 Automobile	75,641	88,987	91,847	7,178	7,447	7,667	8,430	7,676	7,066	7,131	7,780
10 Commercial banks	46,363	53,028	50,596	3,952	3,936	4,085	4,544	4,185	3,640	3,808	4,026
11 Indirect paper	25,149	29,336	28,183	2,146	2,151	2,276	2,569	2,376	2,009	2,181	2,154
12 Direct loans	21,214	23,692	22,413	1,806	1,785	1,809	1,975	1,809	1,631	1,627	1,872
13 Credit unions	16,616	19,486	18,301	1,485	1,611	1,661	1,655	1,434	1,399	1,223	1,348
14 Finance companies	12,662	16,473	22,950	1,741	1,900	1,921	2,231	2,057	2,027	2,100	2,406
15 Revolving	86,756	104,587	120,728	10,136	9,856	10,371	10,699	10,424	10,613	10,196	10,475
16 Commercial banks	38,256	51,531	60,406	5,166	5,078	5,280	5,398	5,165	5,014	4,683	5,030
17 Retailers	33,883	36,931	40,715	3,381	3,253	3,451	3,567	3,486	3,686	3,618	3,556
18 Gasoline companies	4,617	16,125	19,607	1,589	1,525	1,640	1,734	1,773	1,913	1,895	1,889
19 Mobile home	5,425	6,067	6,395	547	519	655	531	582	515	490	558
20 Commercial banks	3,466	3,704	3,720	304	297	362	294	374	294	245	351
21 Finance companies	643	886	797	59	71	67	69	83	69	97	87
22 Savings and loans	1,120	1,239	1,687	167	133	206	148	114	139	140	112
23 Credit unions	196	238	191	17	18	20	20	11	13	8	8
24 Other	86,249	98,710	103,588	8,278	9,026	8,890	8,974	9,013	8,270	7,854	7,889
25 Commercial banks	29,811	34,457	34,877	2,856	2,981	2,973	2,936	2,994	2,790	2,634	2,719
26 Finance companies	28,684	33,146	37,771	2,841	3,382	3,145	3,189	3,502	3,009	3,052	3,047
27 Credit unions	17,216	20,299	18,286	1,484	1,653	1,680	1,688	1,497	1,396	1,165	1,171
28 Retailers	5,250	4,688	5,377	472	434	470	515	444	475	436	454
29 Savings and loans	3,365	3,811	5,646	515	459	522	530	457	467	492	373
30 Mutual savings banks	1,923	2,309	1,631	110	117	100	116	119	133	75	125
						Liquidations					
31 **Total**	**218,793**	**253,541**	**287,067**	**23,581**	**24,405**	**25,137**	**24,188**	**25,509**	**24,057**	**24,322**	**25,330**
By major holder											
32 Commercial banks	99,251	118,907	136,185	11,294	11,630	11,834	11,651	11,947	11,455	11,152	11,693
33 Finance companies	36,041	41,075	47,498	3,728	4,168	4,584	3,716	4,566	3,765	4,162	4,444
34 Credit unions	27,592	31,689	34,531	2,842	2,940	2,970	2,952	3,094	2,852	2,851	2,851
35 Retailers[2]	36,479	40,233	43,052	3,565	3,507	3,589	3,639	3,595	3,684	3,772	3,890
36 Savings and loans	3,374	4,009	5,366	442	472	475	471	495	463	467	478
37 Gasoline companies	14,485	15,849	18,531	1,550	1,523	1,524	1,607	1,651	1,695	1,780	1,839
38 Mutual savings banks	1,571	1,779	1,904	160	165	161	152	161	143	138	135
By major type of credit											
39 Automobile	60,437	69,430	79,293	6,488	6,831	7,073	6,607	7,189	6,533	6,449	6,808
40 Commercial banks	36,407	42,041	45,931	3,829	3,864	3,913	3,782	3,982	3,716	3,686	3,943
41 Indirect paper	19,842	22,865	24,824	2,059	2,100	2,088	2,027	2,139	1,969	1,921	2,082
42 Direct loans	16,565	19,176	21,107	1,770	1,764	1,825	1,755	1,843	1,747	1,765	1,861
43 Credit unions	13,755	15,618	17,226	1,440	1,428	1,484	1,437	1,513	1,423	1,436	1,482
44 Finance companies	10,275	11,771	16,136	1,219	1,539	1,676	1,388	1,694	1,394	1,327	1,383
45 Revolving	80,508	96,811	112,449	9,340	9,427	9,584	9,642	9,760	9,814	9,764	10,186
46 Commercial banks	34,241	45,471	55,886	4,672	4,775	4,915	4,852	4,912	4,878	4,659	4,921
47 Retailers	31,782	35,491	38,032	3,118	3,129	3,145	3,183	3,197	3,241	3,325	3,426
48 Gasoline companies	14,485	15,849	18,531	1,550	1,523	1,524	1,607	1,651	1,695	1,780	1,839
49 Mobile home	4,860	5,170	5,029	445	447	473	442	432	412	382	438
50 Commercial banks	3,079	3,278	3,283	292	280	303	284	269	261	267	283
51 Finance companies	832	812	559	45	60	54	52	56	50	13	39
52 Savings and loans	823	929	1,019	93	92	100	91	93	87	89	102
53 Credit unions	126	151	168	15	15	16	15	14	14	13	14
54 Other	72,988	82,130	90,296	7,308	7,700	8,007	7,497	8,128	7,298	7,727	7,898
55 Commercial banks	25,524	28,117	31,085	2,501	2,711	2,703	2,733	2,784	2,600	2,540	2,546
56 Finance companies	24,934	28,492	30,803	2,464	2,569	2,854	2,276	2,816	2,321	2,822	3,022
57 Credit unions	13,711	15,920	17,137	1,387	1,497	1,470	1,500	1,567	1,415	1,402	1,355
58 Retailers	4,697	4,742	5,020	447	378	444	456	398	443	447	464
59 Savings and loans	2,551	3,080	4,347	349	380	375	380	402	376	378	376
60 Mutual savings banks	1,571	1,779	1,904	160	165	161	152	161	143	138	135

1. Monthly figures are seasonally adjusted.

1. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

1.59 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1973	1974	1975	1976	1977	1978	1976	1977		1978		1979
							H2	H1	H2	H1	H2	H1
	Nonfinancial sectors											
1 **Total funds raised**	**203.1**	**191.3**	**210.8**	**271.9**	**338.5**	**400.3**	**274.9**	**298.1**	**378.9**	**384.5**	**416.1**	**384.3**
2 Excluding equities	195.4	187.4	200.7	261.1	335.4	398.2	266.8	296.9	373.8	387.1	409.3	381.6
By sector and instrument												
3 U.S. government	8.3	11.8	85.4	69.0	56.8	53.7	61.4	46.1	67.4	61.4	46.0	27.3
4 Treasury securities	7.9	12.0	85.8	69.1	57.6	55.1	61.8	46.7	68.6	62.3	47.9	29.6
5 Agency issues and mortgages	.4	−.2	−.4	−.1	−.9	−1.4	−.3	−.6	−1.2	−.9	−1.9	−2.3
6 All other nonfinancial sectors	194.9	179.5	125.4	202.9	281.8	346.6	213.4	252.0	311.5	323.1	370.2	357.0
7 Corporate equities	7.7	3.8	10.1	10.8	3.1	2.1	8.1	1.2	5.1	−2.6	6.8	2.7
8 Debt instruments	187.2	175.6	115.3	192.0	278.6	344.5	205.4	250.8	306.4	325.7	363.4	354.3
9 Private domestic nonfinancial sectors	188.8	164.1	112.1	182.0	267.9	314.4	192.3	241.5	294.2	302.5	326.3	340.2
10 Corporate equities	7.9	4.1	9.9	10.5	2.7	2.6	7.7	.5	4.9	−1.8	7.0	2.8
11 Debt instruments	180.9	160.0	102.1	171.5	265.1	311.8	184.6	241.0	289.3	304.3	319.2	337.4
12 Debt capital instruments	105.1	98.0	98.4	123.5	175.6	196.6	126.5	158.7	192.5	188.0	205.1	202.6
13 State and local obligations	14.7	16.5	16.1	15.7	23.7	28.3	10.9	22.3	25.0	27.8	28.7	17.4
14 Corporate bonds	9.2	19.7	27.2	22.8	21.0	20.1	22.9	16.6	25.4	20.6	19.6	23.3
Mortgages												
15 Home	46.4	34.8	39.5	63.7	96.4	104.5	70.0	89.7	103.1	99.8	109.2	111.0
16 Multifamily residential	10.4	6.9	*	1.8	7.4	10.2	3.1	6.4	8.4	9.3	11.2	8.1
17 Commercial	18.9	15.1	11.0	13.4	18.4	23.3	12.5	14.8	21.9	21.2	25.4	25.7
18 Farm	5.5	5.0	4.6	6.1	8.8	10.2	7.3	9.0	8.7	9.3	11.1	17.1
19 *Other debt instruments*	75.8	62.0	3.8	48.0	89.5	115.2	58.0	82.3	96.7	116.3	114.1	134.8
20 Consumer credit	26.0	9.9	9.7	25.6	40.6	50.6	27.6	36.6	44.5	50.1	51.0	48.2
21 Bank loans n.e.c.	37.1	31.7	−12.3	4.0	27.0	37.3	10.8	27.3	26.7	43.1	31.4	46.9
22 Open market paper	2.5	6.6	−2.6	4.0	2.9	5.2	2.3	3.4	2.4	5.3	5.1	10.8
23 Other	10.3	13.7	9.0	14.4	19.0	22.2	17.4	14.9	23.2	17.8	26.5	28.9
24 By borrowing sector	188.8	164.1	112.1	182.0	267.9	314.4	192.3	241.5	294.2	302.5	326.3	340.2
25 State and local governments	13.2	15.5	13.7	15.2	20.4	23.6	11.7	15.7	25.0	21.0	26.1	14.4
26 Households	80.1	51.2	49.5	90.7	139.9	162.6	98.8	129.4	150.4	156.1	169.1	167.5
27 Farm	9.6	8.0	8.8	10.9	14.7	18.1	11.9	15.7	13.8	15.3	20.8	23.6
28 Nonfarm noncorporate	13.0	7.7	2.0	5.4	12.5	15.7	5.8	13.4	12.5	16.3	14.5	15.1
29 Corporate	73.0	81.7	38.1	59.8	80.3	94.5	64.1	67.3	92.4	93.7	95.8	119.4
30 Foreign	6.1	15.4	13.3	20.8	13.9	32.3	21.1	10.5	17.3	20.6	43.9	16.9
31 Corporate equities	−.2	−.2	.2	.3	.4	−.5	.3	.6	.2	−.8	−.2	−.1
32 Debt instruments	6.3	15.7	13.2	20.5	13.5	32.8	20.8	9.9	17.1	21.4	44.1	16.9
33 Bonds	1.0	2.1	6.2	8.6	5.1	4.0	9.7	4.4	5.7	5.0	3.0	3.5
34 Bank loans n.e.c.	2.7	4.7	3.9	6.8	3.1	18.3	5.1	−.4	6.5	9.3	27.3	4.3
35 Open market paper	.9	7.3	.3	1.9	2.4	6.6	2.4	2.7	2.2	3.6	9.6	6.1
36 U.S. government loans	1.7	1.6	2.8	3.3	3.0	3.9	3.6	3.1	2.9	3.6	4.2	3.1
	Financial sectors											
37 ***Total funds raised***	**44.8**	**39.2**	**12.7**	**24.1**	**54.0**	**81.4**	**28.5**	**47.7**	**60.3**	**80.7**	**82.1**	**87.8**
By instrument												
38 U.S. government related	19.9	23.1	13.5	18.6	26.3	41.4	20.7	22.6	29.9	38.5	44.3	45.9
39 *Sponsored credit agency securities*	16.3	16.6	2.3	3.3	7.0	23.1	4.3	7.1	6.8	21.9	24.3	21.7
40 Mortgage pool securities	3.6	5.8	10.3	15.7	20.5	18.3	17.2	17.9	23.1	16.6	20.1	24.2
41 Loans from U.S. government	0	.7	.9	−.4	−1.2	0	−.7	−2.3	0	0	0	0
42 Private financial sectors	24.9	16.2	−.8	5.5	27.7	40.0	7.8	25.1	30.4	42.2	37.8	41.9
43 Corporate equities	1.5	.3	.6	1.0	.9	1.7	2.3	.9	.8	2.2	1.1	2.5
44 Debt instruments	23.4	15.9	−1.4	4.4	26.9	38.3	5.6	24.2	29.6	40.0	36.7	39.3
45 Corporate bonds	3.5	2.1	2.9	5.8	10.1	7.5	5.1	10.2	10.1	8.5	6.4	8.9
46 Mortgages	−1.2	−1.3	2.3	2.1	3.1	.9	2.8	3.1	3.0	2.1	−.3	−.4
47 Bank loans n.e.c.	9.0	4.6	−3.7	−3.7	−.3	2.8	−5.3	−1.8	1.2	2.5	3.1	−1.3
48 Open market paper and RPs	4.9	3.8	1.1	2.2	9.6	14.6	5.0	9.8	9.5	13.5	15.7	24.5
49 Loans from FHLBs	7.2	6.7	−4.0	−2.0	4.3	12.5	−2.0	2.9	5.8	13.2	11.8	7.7
By sector												
50 Sponsored credit agencies	16.3	17.3	3.2	2.6	5.8	23.1	3.5	4.7	6.8	21.9	24.3	21.7
51 Mortgage pools	3.6	5.8	10.3	15.7	20.5	18.3	17.2	17.9	23.1	16.6	20.1	24.2
52 Private financial sectors	24.9	16.2	−.8	5.5	27.7	40.0	7.8	25.1	30.4	42.2	37.8	41.9
53 Commercial banks	1.2	1.2	1.2	2.3	1.1	1.3	2.1	.8	1.5	1.5	1.1	1.1
54 Bank affiliates	2.2	3.5	.3	−.8	1.3	6.7	−.3	1.3	1.2	5.8	7.6	6.2
55 Savings and loan associations	6.0	4.8	−2.3	.1	9.9	14.3	.3	8.3	11.5	16.4	12.2	9.8
56 Other insurance companies	.5	.9	1.0	.9	.9	1.1	.9	.9	1.0	1.0	1.1	1.0
57 Finance companies	9.5	6.0	.5	6.4	17.6	18.6	7.2	16.7	18.5	18.9	18.2	24.4
58 REITs	6.5	.6	−1.4	−2.4	−2.2	−1.0	−2.7	−2.4	−2.0	−1.0	−1.0	−.5
59 Open-end investment companies	−1.2	−.7	−.1	−1.0	−.9	−1.0	.4	−.6	−1.3	−.5	−1.5	−.3
	All sectors											
60 **Total funds raised, by instrument**	**248.0**	**230.5**	**223.5**	**296.0**	**392.5**	**481.7**	**303.4**	**345.8**	**439.2**	**465.2**	**498.3**	**472.1**
61 Investment company shares	−1.2	−.7	−.1	−1.0	−.9	−1.0	.4	−.6	−1.3	−.5	−1.5	−.3
62 Other corporate equities	10.4	4.8	10.8	12.9	4.9	4.7	9.9	2.6	7.2	.1	9.4	5.5
63 Debt instruments	238.8	226.4	212.8	284.1	388.5	478.0	293.1	343.8	433.3	465.5	490.4	466.9
64 U.S. government securities	28.3	34.3	98.2	88.1	84.3	95.2	82.9	71.2	97.4	100.0	90.4	73.4
65 State and local obligations	14.7	16.5	16.1	15.7	23.7	28.3	10.9	22.3	25.0	27.8	28.7	17.4
66 Corporate and foreign bonds	13.6	23.9	36.4	37.2	36.1	31.6	37.7	31.2	41.1	34.2	29.1	35.7
67 Mortgages	79.9	60.5	57.2	87.1	134.0	149.0	95.5	122.9	145.1	141.6	156.4	161.4
68 Consumer credit	26.0	9.9	9.7	25.6	40.6	50.6	27.6	36.6	44.5	50.1	51.0	48.2
69 Bank loans n.e.c.	48.8	41.0	−12.2	7.0	29.8	58.4	10.6	25.1	34.4	54.9	61.8	49.8
70 Open market paper and RPs	8.3	17.7	−1.2	8.1	15.0	26.4	9.6	15.9	14.0	22.4	30.4	41.3
71 Other loans	19.1	22.7	8.7	15.3	25.2	38.6	18.23	18.5	31.8	34.6	42.5	39.8

1.60 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	1978	1976	1977		1978		1979
							H2	H1	H2	H1	H2	H1
1 **Total funds advanced in credit markets to nonfinancial sectors**	**195.4**	**187.4**	**200.7**	**261.1**	**355.4**	**398.2**	**266.8**	**296.9**	**373.8**	**387.1**	**409.3**	**381.6**
By public agencies and foreign												
2 Total net advances	31.8	53.7	44.6	54.3	85.1	109.7	60.3	66.1	104.2	102.8	116.6	45.1
3 U.S. government securities	9.5	11.9	22.5	26.8	40.2	43.9	30.2	27.1	53.3	43.7	44.0	-27.6
4 Residential mortgages	8.2	14.7	16.2	12.8	20.4	26.5	14.7	18.9	22.0	22.2	30.7	33.7
5 FHLB advances to S&Ls	7.2	6.7	-4.0	-2.0	4.3	12.5	-2.0	2.9	5.8	13.2	11.8	7.7
6 Other loans and securities	6.9	20.5	9.8	16.6	20.2	26.9	17.4	17.2	23.1	23.7	30.1	31.2
Total advanced, by sector												
7 U.S. government	2.8	9.8	15.1	8.9	11.8	20.4	11.9	5.9	17.8	19.4	21.4	24.3
8 Sponsored credit agencies	19.1	26.5	14.8	20.3	26.8	44.6	22.2	21.6	32.0	39.4	49.8	50.6
9 Monetary authorities	9.2	6.2	8.5	9.8	7.1	7.0	6.2	10.2	4.0	13.4	.5	-.8
10 Foreign	.6	11.2	6.1	15.2	39.4	37.7	20.0	28.3	50.4	30.6	44.9	-28.9
11 Agency borrowing not included in line 1	19.9	23.1	13.5	18.6	26.3	41.4	20.7	22.6	29.9	38.5	44.3	45.9
Private domestic funds advanced												
12 Total net advances	183.6	156.8	169.7	225.4	276.5	330.0	227.2	253.5	299.6	322.8	337.1	382.4
13 U.S. government securities	18.8	22.4	75.7	61.3	44.1	51.3	52.7	44.1	44.1	56.3	46.4	100.9
14 State and local obligations	14.7	16.5	16.1	15.7	23.7	28.3	10.9	22.3	25.0	27.8	28.7	17.4
15 Corporate and foreign bonds	10.0	20.9	32.8	30.5	22.5	22.5	31.8	18.0	27.0	24.1	20.9	26.9
16 Residential mortgages	48.4	26.9	23.2	52.7	83.3	88.2	58.2	77.1	89.4	86.7	89.6	85.3
17 Other mortgages and loans	98.8	76.8	17.9	63.3	107.3	152.2	71.6	94.9	119.7	141.1	163.3	159.7
18 LESS: FHLB advances	7.2	6.7	-4.0	-2.0	4.3	12.5	-2.0	2.9	5.8	13.2	11.8	7.7
Private financial intermediation												
19 Credit market funds advanced by private financial institutions	161.3	125.5	122.5	190.3	255.9	296.9	202.2	249.1	265.0	301.7	292.0	320.6
20 Commercial banking	84.6	66.6	29.4	59.6	87.6	128.7	68.3	84.6	90.7	132.5	125.0	130.3
21 Savings institutions	35.1	24.2	53.5	70.8	82.0	75.9	70.4	81.4	82.6	75.8	75.9	57.8
22 Insurance and pension funds	23.7	29.8	40.6	49.9	67.9	73.5	47.9	65.2	70.6	76.9	70.2	79.9
23 Other finance	17.9	4.8	-1.0	10.0	18.4	18.7	15.5	18.0	21.2	16.6	20.8	52.6
24 Source of funds	161.3	125.5	122.5	190.3	255.9	296.9	202.2	249.1	265.0	301.7	292.0	320.6
25 Private domestic deposits	97.3	67.5	92.0	124.6	141.2	142.5	132.4	138.6	143.8	138.3	146.7	118.1
26 Credit market borrowing	23.4	15.9	-1.4	4.4	26.9	38.3	5.6	24.2	29.6	40.0	36.7	39.3
27 Other sources	40.6	42.1	32.0	61.3	87.8	116.0	64.2	86.2	91.7	123.5	108.6	163.2
28 Foreign funds	3.0	10.3	-8.7	-4.6	1.2	6.3	-2.8	1.6	.8	5.7	6.9	53.1
29 Treasury balances	-1.0	-5.1	-1.7	-.1	4.3	6.8	-3.9	.1	8.5	1.9	11.6	5.5
30 Insurance and pension reserves	18.4	26.2	29.7	34.5	49.4	62.7	33.2	45.3	53.4	66.2	59.2	60.4
31 Other, net	20.2	10.6	12.7	31.4	32.9	40.3	37.8	39.3	29.0	49.6	31.0	44.2
Private domestic nonfinancial investors												
32 Direct lending in credit markets	45.7	47.2	45.8	39.5	47.5	71.4	30.6	28.6	64.1	61.1	81.7	101.1
33 U.S. government securities	18.8	18.9	24.1	16.1	23.0	33.2	11.0	11.9	34.2	32.1	34.4	64.3
34 State and local obligations	5.4	9.3	8.4	3.8	2.6	4.5	-1.5	-.5	5.7	7.0	2.0	-.8
35 Corporate and foreign bonds	2.0	5.1	8.4	5.8	-3.3	-1.4	6.0	-.1	-6.5	-3.7	1.0	2.2
36 Commercial paper	9.8	5.8	-1.3	1.9	9.5	16.3	1.6	8.2	10.8	8.2	24.4	10.4
37 Other	9.7	8.0	6.2	11.8	15.7	18.7	13.5	9.2	19.9	17.5	20.0	25.1
38 Deposits and currency	101.2	73.8	98.1	131.9	149.5	151.8	141.0	144.5	154.5	148.7	154.8	128.1
39 Security RPs	11.0	-2.2	.2	2.3	2.2	7.5	3.2	4.3	.2	9.8	5.1	18.5
40 Money market fund shares	......	2.4	1.3	*	.2	6.9	.5	-.5	.9	6.1	7.7	30.2
41 Time and savings accounts	75.7	65.4	84.0	113.5	121.0	115.2	122.9	115.3	126.7	110.7	119.8	73.7
42 Large negotiable CDS	17.8	18.4	-14.3	-13.6	9.0	10.8	-7.8	-4.5	22.6	10.1	11.4	-40.6
43 Other at commercial banks	29.5	25.3	38.8	57.9	43.0	43.3	61.5	47.5	38.4	42.1	44.5	58.7
44 At savings institutions	28.5	21.8	59.4	69.1	69.0	61.1	69.3	72.3	65.7	58.5	63.8	55.5
45 Money	14.5	8.2	12.6	16.1	26.1	22.2	14.3	25.4	26.8	22.1	22.3	5.7
46 Demand deposits	10.6	1.9	6.4	8.8	17.8	12.9	5.8	19.6	16.1	11.6	14.2	-4.2
47 Currency	3.9	6.3	6.2	7.3	8.3	9.3	8.6	5.8	10.8	10.5	8.1	10.0
48 **Total of credit market instrument, deposits and currency**	**146.9**	**121.0**	**143.9**	**171.4**	**197.0**	**223.2**	**171.6**	**173.1**	**218.6**	**209.8**	**236.6**	**229.2**
49 Public support rate (in percent)	16.3	28.7	22.2	20.8	25.4	27.5	22.6	22.2	27.9	26.5	28.5	11.8
50 Private financial intermediation (in percent)	87.9	80.0	72.2	84.4	92.5	90.0	89.0	98.2	88.5	93.5	86.6	83.9
51 Total foreign funds	3.6	21.5	-2.6	10.6	40.5	44.0	17.3	29.9	51.2	36.3	51.8	24.2
MEMO: Corporate equities not included above												
52 **Total net issues**	**9.2**	**4.1**	**10.7**	**11.9**	**4.0**	**3.7**	**10.3**	**2.1**	**5.9**	**-.4**	**7.9**	**5.2**
53 Mutual fund shares	-1.2	-.7	-.1	-1.0	-.9	-1.0	.4	-.6	-1.3	-.5	-1.5	-.3
54 Other equities	10.4	4.8	10.8	12.9	4.9	4.7	9.9	2.6	7.2	.1	9.4	5.5
55 Acquisitions by financial institutions	13.1	5.8	9.6	12.3	7.4	7.6	11.8	6.8	8.1	.4	14.7	14.5
56 Other net purchases	-3.9	-1.7	1.1	-.4	-3.4	-3.8	-1.5	-4.7	-2.2	-.8	-6.8	-9.3

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, 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 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	1977	1978	1979	1979 July	Aug.	Sept.	Oct.	Nov.r	Dec.r	1980 Jan.r	Feb.
1 **Industrial production**[1]	**138.2**	**146.1**	**152.2**	**152.8**	**151.6**	**152.4**	**152.2**	**152.1**	**152.2**	**152.7**	**153.0**
Market groupings											
2 Products, total	137.9	144.8	149.7	149.7	148.7	149.9r	149.6	149.4	149.7	149.8	150.4
3 Final, total	135.9	142.2	147.0	147.1	145.6	147.2r	146.8	146.6	146.9	146.9	147.9
4 Consumer goods	145.3	149.1	150.5	150.8	148.2	149.7r	149.7	148.9	148.3	147.8	149.2
5 Equipment	123.0	132.8	142.2	142.1	141.8	143.9r	142.9	143.6	145.1	145.8	146.1
6 Intermediate	145.1	154.1	160.0	159.4	160.6	159.8r	159.8	159.8	159.7	160.3	159.9
7 Materials	138.6	148.3	156.0	157.6	156.0	156.3r	156.3	156.4	156.1	157.2	157.1
Industry groupings											
8 Manufacturing	138.4	146.8	153.2	154.1	152.4	153.5r	153.2	153.0	152.6	153.1	153.4
Capacity utilization (percent)[1,2]											
9 Manufacturing	81.9	84.4	85.7	86.1	84.9	85.3	84.9	84.6	84.2	84.2	84.2
10 Industrial materials industries	82.7	85.6	85.6	87.9	86.8	86.7	86.6	86.4	86.0	86.3	86.1
11 Construction contracts[3]	160.5	174.3	....	165.0	164.0	185.0	171.0	156.0	183.0	190.0	n.a.
12 Nonagricultural employment, total[4]	125.3	131.4	136.0	136.3	136.4	136.5	136.8	136.9	137.2	137.7	137.9
13 Goods-producing, total	104.5	109.8	114.0	114.7	114.1	114.1	114.0	113.8	114.4	114.9	114.9
14 Manufacturing, total	101.2	105.3	107.9	108.4	107.8	107.7	107.5	107.1	107.4	107.4	107.5
15 Manufacturing, production-worker	98.8	102.8	104.9	105.5	104.5	104.5	104.1	103.6	103.9	103.6	103.9
16 Service-producing	136.7	143.2	148.1	148.2	148.7r	148.8r	149.3	149.6	149.7	150.2	150.6
17 Personal income, total[5]	244.4	274.1	306.9	308.5	310.6r	312.8r	316.2r	319.8	323.0	324.9	n.a.
18 Wages and salary disbursements	230.2	258.1	287.1	287.7	289.2	291.9r	294.1	297.4	....	301.5	n.a.
19 Manufacturing	198.3	222.4	246.8	247.6	246.3	248.7r	250.6	251.7	254.7	256.3	n.a.
20 Disposable personal income	194.8	217.7	242.4	....	244.8	....	....	251.0	....	n.a.	n.a.
21 Retail sales[6]	229.8	253.8	280.9	276.5	285.8	293.9	288.9	292.0	294.8	303.9	301.8
Prices[7]											
22 Consumer	181.5	195.4	....	218.9	221.1	223.4	225.4	227.5	229.9	233.2	n.a.
23 Producer finished goods	180.6	194.6	....	216.2	217.3	220.7r	224.2r	225.9	227.8	232.1	n.a.

1. The industrial production and capacity utilization series have been revised. For a description of the changes see the August 1979 BULLETIN, pp. 603–07.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce). Series for disposable income is quarterly.
6. Based on Bureau of Census data published in *Survey of Current Business (U.S. Department of Commerce).*
7. 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.

NOTE: Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business* (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[1]

Seasonally adjusted

Series	1979 Q1	Q2	Q3r	Q4	1979 Q1	Q2	Q3	Q4	1979 Q1	Q2	Q3r	Q4
	Output (167 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Manufacturing**	**153.4**	**153.1**	**152.9**	**152.9r**	**176.9**	**178.2**	**179.5**	**180.8**	**86.7**	**85.9**	**84.6**	**84.6**
2 Primary processing	162.1	161.9	161.8	161.9	182.7	184.2	185.7	187.2	88.7	87.9	86.5	86.5
3 Advanced processing	148.7	148.5	148.1	148.2	173.8	175.0	176.2	177.4	85.6	84.8	83.5	83.5
4 **Materials**	**155.5**	**155.6**	**156.3**	**156.2**	**176.7**	**178.1**	**179.5**	**181.0**	**88.0**	**87.3**	**86.3**	**86.3**
5 Durable goods	158.4	157.7	156.1	156.2	181.5	183.0	184.5	186.0	87.3	86.2	83.9	84.0
6 Metal materials	124.7	124.3	119.5	119.6	139.8	140.3	140.7	141.1	89.2	88.5	84.7	84.8
7 Nondurable goods	172.2	173.4	178.2	177.8	191.7	193.5	195.3	197.3	89.8	89.6	90.3	90.1
8 Textile, paper, and chemical	179.1	181.3	187.0	186.4	199.4	201.3	203.2	205.3	89.8	90.0	91.1	90.8
9 Textile	118.2	119.6	123.7	123.6	136.9	137.3	137.7	138.1	86.3	87.1	89.6	89.5
10 Paper	136.9	140.7	148.4	148.1	148.6	149.6	150.6	151.6	92.1	94.0	97.9	97.6
11 Chemical	222.7	224.8	230.4	229.5	247.2	250.3	253.3	256.3	90.1	89.8	89.9	89.5
12 Energy	127.9	128.1	129.9	129.4	146.7	147.5	148.3	149.2	87.1	86.9	86.8	86.7

1. The capacity utilization series has been revised. For a description of the changes, see the August 1979 BULLETIN, pp. 606–07.

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1977	1978	1979	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.
HOUSEHOLD SURVEY DATA										
1 **Noninstitutional population**[1]	**158,559**	**161,058**	**163,620**	**163,891**	**164,106**	**164,468**	**164,682**	**164,898**	**165,101**	**165,298**
2 Labor force (including Armed Forces)[1]	99,534	102,537	104,996	105,218	105,586	105,688	105,744	106,088	106,310	106,346
3 Civilian labor force	97,401	100,420	102,908	103,128	103,494	103,595	103,652	103,999	104,229	104,260
Employment										
4 Nonagricultural industries[2]	87,302	91,031	93,648	93,689	94,140	94,180	94,223	94,553	94,534	94,626
5 Agriculture	3,244	3,342	3,297	3,315	3,364	3,294	3,385	3,359	3,270	3,326
Unemployment										
6 Number	6,855	6,047	5,963	6,124	5,990	6,121	6,044	6,087	6,425	6,307
7 Rate (percent of civilian labor force)	7.0	6.0	5.8	5.9	5.8	5.9	5.8	5.9	6.2	6.0
8 Not in labor force	59,025	58,521	58,623	58,673	58,519	58,780	59,937	58,810	58,791	58,951
ESTABLISHMENT SURVEY DATA										
9 **Nonagricultural payroll employment**[3]	**82,423**	**86,446**	**89,497**	**89,762**	**89,803**	**89,982**	**90,100**r	**90,241**r	**90,590**r	**90,731**
10 Manufacturing	19,682	20,476	20,979	20,957	20,949	20,899	20,836r	20,881r	20,882r	20,900
11 Mining	813	851	958	968	973	979	983r	991r	1,003r	1,010
12 Contract construction	3,851	4,271	4,642	4,674	4,671	4,694	4,714r	4,783r	4,893r	4,861
13 Transportation and public utilities	4,713	4,927	5,154	5,194	5,180	5,218	5,229r	5,223r	5,206r	5,198
14 Trade	18,516	19,499	20,140	20,126	20,169	20,243	20,308r	20,254r	20,396r	20,505
15 Finance	4,467	4,727	4,964	5,003	4,997	5,018	5,039r	5,056r	5,083r	5,087
16 Service	15,303	16,220	17,047	17,141	17,191	17,257	17,298r	17,357r	17,415r	17,474
17 Government	15,079	15,476	15,613	15,699	15,673	15,674	15,693r	15,696r	15,712r	15,696

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[1]

Monthly data are seasonally adjusted.

Grouping	1967 proportion	1979 Average	1978 Dec.	1979 Jan.	Feb.	June	July	Aug.	Sept.	Oct.	Nov.r	Dec.	1980 Jan.p	Feb.e
			Index (1967 = 100)											
MAJOR MARKET														
1 **Total index**	**100.00**	**152.2**	**151.8**	**151.5**	**152.0**	**152.6**	**152.8**	**151.6**	**152.4**	**152.2**	**152.1**	**152.2**	**152.7**	**153.0**
2 Products	60.71	149.7	149.0	149.2	149.9	150.2	149.7	148.7	149.9	149.6	149.4	149.7	149.8	150.4
3 Final products	47.82	147.0	146.1	146.1	146.8	147.6	147.1	145.6	147.2	146.8	146.6	146.9	146.9	147.9
4 Consumer goods	27.68	150.5	151.5	150.6	151.5	151.8	150.8	148.2	149.7	149.7	148.9	148.3	147.8	149.2
5 Equipment	20.14	142.2	138.6	139.9	140.4	141.9	142.1	141.8	143.9	142.9	143.6	145.1	145.8	146.1
6 Intermediate products	12.89	160.0	159.9	160.8	161.4	159.5	159.4	160.6	159.8	159.8	159.8	159.7	160.3	159.9
7 Materials	39.29	156.0	156.2	155.0	155.2	156.5	157.6	156.0	156.3	156.3	156.4	156.1	157.2	157.1
Consumer goods														
8 Durable consumer goods	7.89	155.5	161.8	160.4	161.1	158.6	157.2	147.5	151.8	152.6	149.2	146.7	142.4	146.6
9 Automotive products	2.83	167.8	186.9	181.4	179.3	175.9	170.3	147.3	157.6	159.2	150.6	142.2	132.8	146.1
10 Auos and utility vehicles	2.03	154.3	179.2	173.2	170.3	167.4	155.6	125.1	139.7	142.4	131.0	121.4	108.9	127.2
11 Autos	1.90	136.7	151.9	145.8	144.9	148.0	141.8	118.5	128.0	129.0	118.3	110.2	98.0	116.8
12 Auto parts and allied goods	80	201.7	206.5	202.2	202.2	197.5	207.8	203.7	203.0	202.1	200.3	195.1	193.5	194.0
13 Home goods	5.06	148.7	147.7	148.6	150.9	148.8	149.8	147.7	148.5	148.8	148.4	149.1	147.8	146.9
14 Appliances, A/C, and TV	1.40	127.5	129.8	124.0	129.8	129.3	129.7	121.2	129.6	128.0	129.7	134.3	128.7	124.4
15 Appliances and TV	1.33	129.3	130.6	124.8	131.4	131.2	131.6	124.1	132.2	130.2	132.4	136.5	130.3	....
16 Carpeting and furniture	1.07	170.6	164.3	170.7	171.8	170.6	171.9	171.7	169.7	169.2	169.1	168.8	170.0	....
17 Miscellaneous home goods	2.59	151.2	150.6	152.8	153.7	150.5	151.6	152.1	150.0	151.7	150.0	149.1	148.9	149.8
18 Nondurable consumer goods	19.79	148.4	147.3	146.7	147.7	149.1	148.2	148.5	148.9	148.6	148.7	149.0	149.9	150.2
19 Clothing	4.29	129.1	132.2	130.1	130.7	130.7	126.9	128.0	129.0	127.7	129.1	129.1	....	....
20 Consumer staples	15.50	153.8	151.5	151.3	152.4	154.2	154.1	154.2	154.3	154.3	154.2	154.5	155.7	156.2
21 Consumer foods and tobacco	8.33	145.4	143.2	141.8	142.4	146.2	147.0	145.3	146.5	146.7	145.9	146.2	146.9	....
22 Nonfood staples	7.17	163.6	161.2	162.4	164.0	163.5	162.4	164.6	163.5	163.2	163.8	164.2	165.9	166.8
23 Consumer chemical products	2.63	205.5	196.5	200.3	203.1	205.9	206.1	209.2	207.2	206.4	207.9	207.6	209.1	....
24 Consumer paper products	1.92	120.8	118.0	119.2	122.7	121.1	119.9	121.2	121.1	121.6	119.3	121.0	122.7	....
25 Consumer energy products	2.62	153.0	157.6	156.0	155.2	152.0	149.8	151.6	150.8	150.5	152.2	152.3	154.3	....
26 Residential utilities	1.45	....	162.5	166.2	167.7	162.3	158.5	163.5	162.2	164.2	166.7	....	....	....
Equipment														
27 Business	12.63	171.3	166.8	168.1	169.0	169.0	171.4	171.5	173.6	172.0	172.5	174.2	175.2	175.7
28 Industrial	6.77	152.1	148.4	151.4	152.5	152.0	151.3	151.7	153.5	151.2	153.3	153.3	157.9	158.2
29 Building and mining	1.44	206.1	206.3	208.8	207.9	205.3	207.4	210.6	212.0	200.6	204.4	204.4	223.4	226.7
30 Manufacturing	3.85	130.3	124.5	127.4	129.1	130.1	130.3	131.1	130.4	130.8	132.5	132.4	132.6	132.0
31 Power	1.47	156.3	154.2	157.8	159.1	156.8	151.0	147.7	156.3	156.3	157.6	157.8	159.7	159.4
32 Commercial, transit, farm	5.86	193.4	188.0	187.4	188.1	194.0	194.6	194.4	196.8	195.9	194.6	198.3	195.3	195.9
33 Commercial	3.26	227.8	218.7	220.8	221.2	226.4	227.0	230.5	231.4	234.2	232.2	236.9	238.0	237.8
34 Transit	1.93	152.2	151.0	146.8	146.6	155.3	155.2	149.4	156.3	154.9	150.3	153.3	143.5	145.9
35 Farm	67	144.8	144.6	142.0	146.9	148.1	151.0	148.3	145.3	128.0	139.5	139.8	136.5	....
36 Defense and space	7.51	93.2	91.4	92.4	92.4	92.3	92.8	92.0	94.0	94.0	95.0	96.2	96.3	96.4
Intermediate products														
37 Construction supplies	6.42	156.9	158.3	159.1	159.3	156.3	156.4	157.3	156.3	156.8	156.7	155.7	156.7	155.5
38 Business supplies	6.47	163.0	161.5	162.5	163.6	162.6	162.4	163.8	163.2	162.7	162.9	163.6	163.9	....
39 Commercial energy products	1.14	172.2	173.0	173.6	173.7	169.4	167.8	170.7	169.8	172.2	174.4	175.0	174.5	....
Materials														
40 Durable goods materials	20.35	157.7	159.5	158.1	158.0	159.5	160.7	157.7	157.6	157.2	156.0	155.1	156.5	156.9
41 Durable consumer parts	4.58	137.0	148.6	148.5	146.0	141.8	138.5	129.7	132.2	132.0	126.8	122.8	122.5	126.9
42 Equipment parts	5.44	189.9	179.2	182.2	184.4	191.0	192.1	190.7	192.0	192.7	195.1	196.6	200.9	199.9
43 Durable materials n.e.c.	10.34	150.0	154.0	149.7	149.4	150.8	154.0	152.7	150.7	149.6	148.3	147.6	148.1	147.6
44 Basin metal materials	5.57	124.0	132.0	124.4	124.1	126.1	130.5	127.7	124.8	121.4	119.9	117.7	118.0	....
45 Nondurable goods materials	10.47	174.9	171.9	171.0	172.4	173.4	174.6	175.8	176.7	177.2	178.3	179.2	180.0	179.2
46 Textile, paper, and chemical materials	7.62	182.9	178.9	177.5	179.6	181.7	182.8	184.3	185.9	186.1	186.7	188.1	188.0	187.3
47 Textile materials	1.85	121.0	120.1	118.3	117.4	122.9	122.2	120.6	124.4	124.3	123.2	123.7	122.9	....
48 Paper materials	1.62	143.2	139.1	133.3	137.4	141.1	146.2	146.7	148.1	148.6	148.4	148.2	146.4	....
49 Chemical materials	4.15	226.1	220.8	221.2	223.9	223.9	224.1	227.5	228.2	228.4	230.2	232.5	233.4	....
50 Containers, nondurable	1.70	164.4	164.8	167.8	165.8	159.2	163.1	162.9	161.8	166.1	168.1	166.8	171.9	....
51 Nondurable materials n.e.c.	1.14	136.7	135.7	132.5	134.1	139.0	137.5	138.2	136.9	134.4	137.4	138.5	138.5	....
52 Energy materials	8.48	128.5	128.8	127.8	127.1	128.3	129.1	127.7	128.1	128.5	130.1	130.0	130.8	130.3
53 Primary energy	4.65	113.1	116.1	111.9	110.6	112.4	112.8	112.0	113.6	114.6	114.9	114.5	115.2	....
54 Converted fuel materials	3.82	147.3	144.4	147.0	147.2	147.6	148.8	146.9	145.7	145.3	148.7	148.8	149.7	....
Supplementary groups														
55 Home goods and clothing	9.35	139.7	140.6	140.1	141.6	140.5	139.3	138.6	139.5	139.1	139.5	139.9	139.2	138.5
56 Energy, total	12.23	137.8	139.1	138.1	137.5	137.2	137.1	136.8	136.8	137.2	139.0	139.0	139.9	139.7
57 Products	3.76	158.8	162.2	161.4	160.8	157.3	155.2	157.4	156.5	157.1	159.0	159.2	160.5	....
58 Materials	8.48	128.5	128.8	127.8	127.1	128.3	129.1	127.7	128.1	128.5	130.1	130.0	130.8	130.3

For notes see opposite page.

2.13 Continued

Grouping	SIC code	1967 proportion	1979 Average	1978 Dec.	1979 Jan.	Feb.	June	July	Aug.	Sept.	Oct.	Nov.r	Dec.	1980 Jan.p	Feb.e
				Index (1967 = 100)											
MAJOR INDUSTRY															
1 Mining and utilities	....	12.05	144.6	145.0	143.9	143.0	143.0	143.7	144.9	144.5	146.0	147.7	148.8	149.4	149.4
2 Mining	....	6.36	125.3	127.4	123.8	120.9	123.9	124.7	126.4	125.8	128.1	130.0	131.8	133.1	132.4
3 Utilities	....	5.69	166.1	164.7	166.2	167.7	164.2	164.8	165.5	165.3	166.1	167.4	167.7	167.6	168.4
4 Electric	....	3.88	....	186.7	188.4	189.9	182.4	182.2	183.6	184.1	184.3	185.7	....	....	....
5 Manufacturing	....	87.95	153.2	152.9	152.5	153.3	153.9	154.1	152.4	153.5	153.2	153.0	152.6	153.1	153.4
6 Nondurable	....	35.97	163.2	161.7	160.7	162.0	163.0	164.1	164.3	164.6	164.0	164.5	164.5	165.4	165.5
7 Durable	....	51.98	146.3	146.8	146.8	147.2	147.6	147.2	144.2	145.9	145.7	145.0	144.4	144.6	145.1
Mining															
8 Metal	10	.51	126.7	123.8	124.2	125.3	123.2	128.6	126.5	122.1	124.1	132.0	136.2	136.7	....
9 Coal	11,12	.69	133.6	144.7	115.9	104.5	137.5	137.1	144.1	142.6	144.7	141.9	146.3	146.0	140.3
10 Oil and gas extraction	13	4.40	121.7	123.8	123.0	120.4	119.6	120.4	121.6	121.6	124.2	126.0	127.5	129.0	128.9
11 Stone and earth minerals	14	.75	137.6	134.8	135.9	135.7	137.3	136.4	138.3	137.5	138.2	141.2	141.0	142.9	....
Nondurable manufacturers															
12 Foods	20	8.75	147.8	144.7	143.9	145.5	149.5	149.4	148.1	148.8	148.6	148.3	148.3	149.5	....
13 Tobacco products	21	.67	117.0	119.1	120.6	116.2	118.3	118.9	107.5	115.6	115.6	113.0	115.6	....	....
14 Textile mill products	22	2.68	143.8	141.7	141.6	139.9	114.6	143.0	144.1	146.9	146.0	147.9	147.1	148.2	....
15 Apparel products	23	3.31	130.7	136.5	130.3	133.5	132.0	129.7	130.1	131.2	128.5	128.8	128.3	....	....
16 Paper and products	26	3.21	150.8	148.5	144.6	146.6	148.0	154.0	153.9	155.3	154.1	153.3	154.7	155.1	153.5
17 Printing and publishing	27	4.72	136.9	134.4	135.6	138.2	136.9	135.6	137.7	137.1	137.2	136.2	137.8	138.4	139.2
18 Chemicals and products	28	7.74	210.4	207.2	206.5	208.6	207.8	210.5	213.1	212.0	211.4	215.1	216.0	216.8	....
19 Petroleum products	29	1.79	143.7	151.3	147.0	146.0	143.9	143.9	143.0	143.1	141.1	142.1	142.8	145.3	146.2
20 Rubber and plastic products	30	2.24	269.9	263.3	267.4	267.5	270.0	278.0	275.7	272.9	274.5	271.3	262.1	265.3	....
21 Leather and products	31	.86	71.3	73.8	74.8	73.4	70.1	69.7	69.7	70.8	70.1	70.4	71.2	72.7	....
Durable manufactures															
22 Ordnance, private and government	19,91	3.64	75.5	74.6	74.9	75.8	75.1	74.6	74.9	75.3	75.3	77.0	77.0	76.8	76.6
23 Lumber and products	24	1.64	136.9	144.0	137.3	137.2	136.8	135.2	138.0	138.6	138.7	136.1	131.7	130.7	....
24 Furniture and fixtures	25	1.37	161.4	157.6	161.7	163.1	159.6	159.5	161.7	162.0	163.3	162.9	161.0	160.4	....
25 Clay, glass, stone products	32	2.74	163.2	164.0	167.4	166.9	162.7	163.3	161.4	160.6	162.3	162.8	164.0	164.6	....
26 Primary metals	33	6.57	121.2	132.1	123.4	120.4	124.3	127.1	121.0	121.7	118.0	117.2	115.4	116.2	114.6
27 Iron and steel	331,2	4.21	113.2	125.3	113.3	110.8	118.1	119.0	112.0	115.0	108.2	108.0	106.6	107.6	....
28 Fabricated metal products	34	5.93	148.5	147.1	149.1	150.8	149.3	149.3	147.6	146.5	147.5	146.9	146.0	146.0	146.2
29 Nonelectrical machinery	35	9.15	163.6	158.1	161.2	162.9	164.5	165.3	166.2	165.1	162.3	162.8	162.9	165.9	165.0
30 Electrical machinery	36	8.05	175.0	167.7	170.9	173.2	175.1	174.4	171.7	176.7	177.3	179.5	181.2	182.7	182.1
31 Transportation equipment	37	9.27	135.2	142.9	141.2	139.9	139.4	135.5	124.7	131.7	133.7	128.2	125.6	122.2	127.9
32 Motor vehicles and parts	371	4.50	159.9	182.1	177.9	173.1	169.6	160.2	138.5	150.6	150.6	139.9	134.6	127.8	139.0
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	112.0	106.0	106.6	108.6	111.0	112.2	111.8	113.9	117.7	117.1	117.2	116.9	117.4
34 Instruments	38	2.11	174.9	173.1	175.2	176.0	175.9	174.0	173.9	172.9	175.0	173.3	175.0	176.7	177.0
35 Miscellaneous manufactures	39	1.51	153.8	151.7	152.0	154.0	152.7	155.7	155.7	153.6	154.5	155.3	154.2	151.2	151.9
				Gross value (billions of 1972 dollars, annual rates)											
MAJOR MARKET															
36 Products, total	....	**507.4**	**623.9**	**631.1**	**626.8**	**627.3**	**628.7**	**622.7**	**613.0**	**622.6**	**621.6**	**617.8**	**617.0**	**615.5**	**620.5**
37 Final	....	390.9[2]	479.8	486.6	481.7	482.0	485.1	479.6	468.8	478.8	477.6	474.4	473.5	471.3	477.1
38 Consumer goods	....	277.5[2]	326.2	334.1	328.9	329.4	329.8	326.0	319.2	323.6	324.6	321.9	320.5	318.5	323.3
39 Equipment	....	113.4[2]	153.6	152.4	152.9	152.6	155.4	153.6	149.6	155.2	153.0	152.5	152.9	152.8	153.8
40 Intermediate	....	116.6[2]	144.2	144.5	145.1	145.3	143.6	143.2	144.2	143.8	144.0	143.4	143.5	144.2	143.3

1. The industrial prodcution series has been revised. For a description of the changes, see "Revision of Industrial Production Index" in the August 1979 BULLETIN, pp. 603–05.
2. 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	1977	1978	1979	1979						1980
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
	Private residential real estate activity (thousand of units)									
NEW UNITS										
1 Permits authorized	1,677	1,801	1,539	1,528	1,654	1,775	1,542	1,263	1,244	1,272
2 1-family	1,125	1,183	971	1,001	1,030	1,015	927	751	780	769
3 2-or-more-family	551	618	568	527	624	760	615	512	464	503
4 Started	1,987	2,020	1,744	1,764	1,788	1,874	1,710	1,522	1,517	1,420
5 1-family	1,451	1,433	1,193	1,222	1,237	1,237	1,139	980	1,036	998
6 2-or-more-family	536	587	550	542	551	637	571	542	481	422
7 Under construction, end of period[1]	1,208	1,310	1,148	1,237	1,232	1,226	1,217	1,194	1,178	n.a.
8 1-family	730	765	644	715	714	717	707	688	675	n.a.
9 2-or-more-family	478	546	504	522	518	508	510	506	503	n.a.
10 Completed	1,656	1,868	1,868	1,745	1,739	1,943	1,824	1,831	1,871	n.a.
11 1-family	1,258	1,369	1,299	1,192	1,199	1,197	1,260	1,211	1,356	n.a.
12 2-or-more-family	399	498	569	553	540	746	564	620	515	n.a.
13 Mobile homes shipped	277	276	277	295	281	270	287	251	241	n.a.
Merchant builder activity in 1-family units										
14 Number sold	820	818	706	768	738	716	674	594	570	594
15 Number for sale, end of period[1]	408	419	405	416	414	412	407	401	401	400
Price (thousand of dollars)[2]										
Median										
16 Units sold	49.0	55.8	62.6	63.8	64.0	65.0	62.3	63.2	61.7	64.4
17 Units for sale	48.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average										
18 Units sold	54.4	62.7	72.0	71.9	74.0	76.8	71.5	74.1	73.0	73.6
EXISTING UNITS (1-family)										
19 Number sold	3,572	3,905	3,742	3,750	3,790	3,900	3,870	3,450	3,350	3,210
Price of units sold (thous. of dollars)[2]										
20 Median	42.8	48.7	55.5	57.9	57.7	57.3	56.3	55.6	56.5	57.9
21 Average	47.1	55.1	64.0	66.7	66.3	66.1	65.2	64.6	65.2	68.2
	Value of new construction[3] (millions of dollars)									
CONSTRUCTION										
22 Total put in place	**173,998**	**206,223**	**226,937**	**231,068**	**230,303**	**232,559**	**238,446**	**237,352**	**242,208**	**246,072**
23 Private	135,824	160,403	178,219	180,103	180,635	181,626	185,566	185,525	190,144	189,083
24 Residential	80,957	93,425	97,201	97,022	97,537	98,996	99,240	99,099	100,331	99,274
25 Nonresidential, total	54,867	66,978	81,018	83,081	83,098	82,630	86,326	86,426	89,813	89,809
Buildings										
26 Industrial	7,713	10,993	14,424	15,547	13,751	13,698	15,019	15,022	15,249	14,652
27 Commercial	14,789	18,568	24,234	24,785	25,818	25,693	26,663	26,923	28,857	30,488
28 Other	6,200	6,739	7,352	7,427	7,532	7,331	7,851	7,722	8,194	9,084
29 Public utilities and other	26,165	30,678	35,008	35,322	35,997	35,908	36,793	36,759	37,513	35,585
30 Public	38,172	45,821	48,719	50,965	49,669	50,932	52,880	51,826	52,063	56,988
31 Military	1,428	1,498	1,627	1,500	1,859	1,658	1,855	1,660	1,702	1,860
32 Highway	8,984	10,286	11,127	11,166	11,507	12,345	14,518	11,900	11,891	n.a.
33 Conservation and development	3,862	4,436	4,732	5,255	5,036	4,900	4,296	4,960	5,124	n.a.
34 Other[4]	23,898	29,601	31,233	33,044	31,267	32,029	32,211	33,306	33,346	n.a.

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.
4. Beginning January 1977 Highway imputations are included in Other.

NOTE. Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are 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 Jan. 1980 (1967 = 100)[1]
	1979 Jan.	1980 Jan.	1979				1979				1980	
			Mar.r	Juner	Sept.r	Dec.r	Sept.r	Oct.r	Nov.r	Dec.r	Jan.	
CONSUMER PRICES[2]												
1 **All items**	**9.3**	**13.9**	**13.0**	**12.8**	**13.8**	**13.7**	**1.2**	**1.0**	**1.0**	**1.2**	**1.4**	**233.2**
2 Commodities	9.3	13.6	13.6	12.7	13.3	12.5	1.2	.8	1.0	1.1	1.4	222.4
3 Food	12.4	8.9	16.0	6.4	6.5	12.1	1.0	.8	.7	1.4	0.0	243.8
4 Commodities less food	7.9	15.7	12.7	15.6	16.4	12.7	1.3	.8	1.1	1.1	2.0	210.4
5 Durable	9.2	10.6	9.3	9.4	9.1	13.2	.6	.8	1.4	1.0	1.1	201.3
6 Nondurable	6.2	22.3	16.0	24.7	25.2	12.8	1.7	.8	.8	1.4	3.2	220.5
7 Services	9.5	14.5	11.8	13.2	14.3	15.8	1.2	1.2	1.1	1.4	1.4	253.1
8 Rent	7.2	8.1	4.3	8.2	10.2	9.0	.8	1.3	.4	.4	.7	184.1
9 Services less rent	9.8	15.5	13.0	13.9	14.9	16.9	1.2	1.2	1.2	1.5	1.5	266.1
Other groupings												
10 All items less food	8.7	15.1	12.2	14.4	15.4	14.2	1.2	1.1	1.1	1.2	1.8	229.9
11 All items less food and energy	8.6	12.0	10.2	10.1	10.9	13.9	.9	1.0	1.1	1.2	1.3	220.6
12 Homeownership	12.4	21.1	16.5	17.8	19.5	25.6	1.5	1.9	2.0	1.8	1.9	292.5
PRODUCER PRICES												
13 Finished goods	9.8	13.0	13.9	7.9	16.1	12.9	1.5	.9	1.3	.9	1.6	232.1
14 Consumer	10.5	14.5	15.3	7.1	20.7	14.0	1.8	.9	1.4	1.0	1.6	233.2
15 Foods	12.9	5.1	18.0	−9.2	15.3	8.3	1.4	−.1	2.0	.2	−.8	231.4
16 Excluding foods	9.0	19.9	13.6	17.2	23.4	17.3	1.9	1.5	1.1	1.4	2.8	231.8
17 Capital equipment	8.4	9.5	10.5	9.4	5.9	9.4	.7	.7	.8	.8	1.6	229.1
18 Materials	10.9	16.9	16.7	12.9	19.8	15.5	1.6	1.5	.9	1.2	2.0	271.7
19 Intermediate[3]	8.8	18.4	14.2	15.4	19.4	16.5	1.5	1.7	1.0	1.2	3.0	268.1
Crude												
20 Nonfood	16.3	28.1	28.3	23.1	25.1	30.0	3.2	2.3	1.7	2.7	2.8	399.0
21 Food	20.1	4.3	29.8	−4.5	16.4	5.7	1.4	0.0	1.1	.3	−3.8	243.0

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers.
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1977	1978	1979p	1978		1979			
				Q3	Q4	Q1	Q2	Q3	Q4r
GROSS NATIONAL PRODUCT									
1 **Total**	**1,899.5**	**2,127.6**	**2,369.4**	**2,159.6**	**2,235.2**	**2,292.1**	**2,329.8**	**2,396.5**	**2,459.4**
By source									
2 Personal consumption expenditures	1,210.0	1,350.8	1,510.0	1,369.3	1,415.4	1,454.2	1,475.9	1,528.6	1,581.2
3 Durable goods	178.8	200.3	213.1	203.5	212.1	213.8	208.7	213.4	216.5
4 Nondurable goods	481.3	530.6	596.9	536.7	558.1	571.1	581.2	604.7	630.6
5 Services	549.8	619.8	700.0	629.1	645.1	669.3	686.0	710.6	734.1
6 Gross private domestic investment	303.3	351.5	387.2	356.2	370.5	373.8	395.4	392.3	387.5
7 Fixed investment	281.3	329.1	368.8	336.1	349.8	354.6	361.9	377.8	380.8
8 Nonresidential	189.4	221.1	254.6	225.9	236.1	243.4	249.1	261.8	264.2
9 Structures	62.6	76.5	92.7	79.7	84.4	84.9	90.5	95.0	100.4
10 Producer's durable equipment	126.8	144.6	161.9	146.3	151.8	158.5	158.6	166.7	163.9
11 Residential structures	91.9	108.0	114.2	110.2	113.7	111.2	112.9	116.0	116.6
12 Nonfarm	88.8	104.4	110.3	106.4	110.0	107.8	109.1	112.0	112.1
13 Change in business inventories	21.9	22.3	18.5	20.0	20.6	19.1	33.4	14.5	6.7
14 Nonfarm	20.7	21.3	16.8	18.5	19.3	18.8	32.6	12.6	3.2
15 Net exports of goods and services	-9.9	-10.3	-4.2	-6.8	-4.5	4.0	-8.1	-2.3	-10.5
16 Exports	175.9	207.2	257.8	213.8	224.9	238.5	243.7	267.3	281.8
17 Imports	185.8	217.5	262.0	220.6	229.4	234.4	251.9	269.5	292.3
18 Government purchases of goods and services	396.2	435.6	476.4	440.9	453.8	460.1	466.6	477.8	501.2
19 Federal	144.4	152.6	166.6	152.3	159.0	163.6	161.7	162.9	178.4
20 State and local	251.8	283.0	309.8	288.6	294.8	296.5	304.9	314.9	322.8
By major type of product									
21 Final sales, total	1,877.6	2,105.2	2,351.0	2,139.5	2,214.5	2,272.9	2,296.4	2,381.9	2,452.7
22 Goods	842.2	930.0	1,031.1	940.9	983.8	1,011.8	1,018.1	1,036.0	1,058.5
23 *Durable*	345.9	380.4	423.4	382.6	402.3	425.5	422.4	424.4	421.4
24 Nondurable	496.3	549.6	607.7	558.3	581.6	586.2	595.7	611.6	637.2
25 Services	866.4	969.3	1,085.0	981.7	1,005.3	1,041.4	1,064.2	1,100.6	1,133.8
26 Structures	190.9	228.2	253.3	237.0	246.0	238.9	247.5	259.8	267.0
27 Change in business inventories	21.9	22.3	18.5	20.0	20.6	19.1	33.4	14.5	6.7
28 Durable goods	11.9	13.9	13.4	10.3	13.4	18.4	24.3	7.3	3.4
29 Nondurable goods	10.0	8.4	5.1	9.7	7.2	.7	9.1	7.2	3.3
30 MEMO: **Total GNP in 1972 dollars**	**1,340.5**	**1,399.2**	**1,431.7**	**1,407.3**	**1,426.6**	**1,430.6**	**1,422.3**	**1,433.3**	**1,440.7**
NATIONAL INCOME									
31 **Total**	**1,525.8**	**1,724.3**	**1,925.1**	**1,752.5**	**1,820.0**	**1,869.0**	**1,897.9**	**1,941.9**	**n.a.**
32 Compensation of employees	1,156.9	1,304.5	1,459.2	1,321.1	1,364.8	1,411.2	1,439.7	1,472.9	1,513.1
33 Wages and salaries	984.0	1,103.5	1,227.4	1,117.4	1,154.7	1,189.4	1,211.5	1,238.0	1,270.6
34 Government and government enterprises	201.3	218.0	233.5	219.2	225.1	228.1	231.2	234.4	240.2
35 Other	782.7	885.5	993.9	898.1	929.6	961.3	980.3	1,003.6	1,030.4
36 Supplement to wages and salaries	172.9	201.0	231.8	203.7	210.1	221.8	228.2	234.8	242.5
37 Employer contributions for social insurance	81.2	94.6	109.1	95.5	98.2	105.8	107.9	109.9	113.0
38 Other labor income	91.8	106.5	122.7	108.2	111.9	116.0	120.3	124.9	129.6
39 Proprietors' income[1]	100.2	116.8	130.8	117.4	125.7	129.0	129.3	130.3	134.6
40 Business and professional[1]	80.5	89.1	98.0	91.3	94.4	94.8	95.5	99.4	102.0
41 Farm[1]	19.6	27.7	32.8	26.1	31.3	34.2	33.7	30.9	32.6
42 Rental income of persons[2]	24.7	25.9	26.9	26.8	27.1	27.3	26.8	26.6	27.0
43 Corporate profits[1]	150.0	167.7	178.7	175.2	184.8	178.9	176.6	180.8	n.a.
44 Profits before tax[3]	177.1	206.0	237.3	212.0	227.4	233.3	227.9	242.3	n.a.
45 Inventory valuation adjustment	-15.2	-25.2	-41.9	-23.0	-28.8	-39.9	-36.6	-44.0	-46.9
46 Capital consumption adjustment	-12.0	-13.1	-16.7	-13.8	-13.8	-14.5	-14.7	-17.6	-20.1
47 Net interest	94.0	109.5	129.5	111.9	117.6	122.6	125.6	131.5	138.4

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* (Department of Commerce).

2.17 PERSONAL INCOME AND SAVING

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

Account	1977	1978	1979p	1978 Q3	1978 Q4	1979 Q1	1979 Q2	1979 Q3	1979 Q4
PERSONAL INCOME AND SAVING									
1 **Total personal income**	**1,531.6**	**1,717.4**	**1,923.7**	**1,742.5**	**1,803.1**	**1,852.6**	**1,892.5**	**1,946.6**	**2,003.1**
2 Wage and salary disbursements	984.0	1,103.3	1,227.6	1,116.8	1,154.3	1,189.3	1,212.4	1,238.1	1,270.4
3 Commodity-producing industries	343.1	387.4	435.2	393.7	408.6	423.0	431.7	438.3	447.7
4 Manufacturing	266.0	298.3	330.9	300.8	312.7	324.8	328.5	331.9	338.3
5 Distributive industries	239.1	269.4	300.8	272.5	281.6	291.1	295.8	304.0	312.4
6 Service industries	200.5	228.7	257.8	231.9	239.4	247.2	252.8	261.3	270.2
7 Government and government enterprises	201.3	217.8	233.7	218.7	224.7	228.0	232.1	234.5	240.1
8 Other labor income	91.8	106.5	122.7	108.2	111.9	116.0	120.3	124.9	129.6
9 Proprietors' income[1]	100.2	116.8	130.8	117.4	125.7	129.0	129.3	130.3	134.6
10 Business and professional[1]	80.5	89.1	98.0	91.3	94.4	94.8	95.5	99.4	102.0
11 Farm[1]	19.6	27.7	32.8	26.1	31.3	34.2	33.7	30.9	32.6
12 Rental income of persons[2]	24.7	25.9	26.9	26.8	27.1	27.3	26.8	26.6	27.0
13 Dividends	42.1	47.2	52.7	47.8	49.7	51.5	52.3	52.8	54.4
14 Personal interest income	141.7	163.3	191.7	167.2	174.3	181.0	187.6	194.4	203.7
15 Transfer payments	208.4	224.1	252.0	228.3	231.8	237.3	243.6	260.8	266.4
16 Old-age survivors, disability, and health insurance benefits	105.0	116.3	132.4	119.8	121.5	123.8	127.1	138.7	140.0
17 LESS: Personal contributions for social insurance	61.3	69.6	80.7	70.2	71.8	78.7	79.8	81.2	82.9
18 EQUALS: Personal income	1,531.6	1,717.4	1,923.7	1,742.5	1,803.1	1,852.6	1,892.5	1,946.6	2,003.1
19 LESS: Personal tax and nontax payments	226.4	259.0	300.0	266.0	278.2	280.4	290.7	306.6	322.1
20 EQUALS: Disposable personal income	1,305.1	1,458.4	1,623.7	1,476.5	1,524.8	1,572.2	1,601.7	1,640.0	1,681.0
21 LESS: Personal outlays	1,240.2	1,386.4	1,550.5	1,405.6	1,453.4	1,493.0	1,515.8	1,569.7	1,623.5
22 EQUALS: Personal saving	65.0	72.0	73.2	70.9	71.5	79.2	85.9	70.3	57.5
MEMO: Per capita (1972 dollars)									
23 Gross national product	6,181	6,402	6,494	6,433	6,506	6,514	6,459	6,494	6,510
24 Personal consumption expenditures	3,974	4,121	4,194	4,138	4,197	4,197	4,155	4,195	4,229
25 Disposable personal income	4,285	4,449	4,511	4,462	4,522	4,536	4,510	4,501	4,496
26 Saving rate (percent)	5.0	4.9	4.5	4.8	4.7	5.0	5.4	4.3	3.4
GROSS SAVING									
27 **Gross private saving**	**295.6**	**324.9**	**349.4**	**330.4**	**336.1**	**345.2**	**360.5**	**352.1**	**n.a.**
28 Personal saving	65.0	72.0	73.2	70.9	71.5	79.2	85.9	70.3	57.5
29 Undistributed corporate profits[1]	35.2	36.0	33.2	40.0	40.1	36.1	35.6	34.0	n.a.
30 Corporate inventory valuation adjustment	−15.2	−25.2	−41.9	−23.0	−28.8	−39.9	−36.6	−44.0	−46.9
Capital consumption allowances									
31 Corporate	121.3	132.9	147.7	134.3	136.8	139.9	145.1	150.4	155.3
32 Noncorporate	74.1	84.0	95.3	85.2	87.7	89.9	93.9	97.5	99.8
33 Wage accruals less disbursements	....	....	....	....	....	....	....	....	....
34 Government surplus, or deficit (−), national income and produce accounts	−19.5	−.3	13.8	−2.3	10.8	15.8	12.7	14.0	n.a.
35 Federal	−46.3	−27.7	−11.0	−20.4	−16.3	−11.7	−7.0	−11.3	n.a.
36 State and local	26.8	27.4	24.8	22.7	27.1	27.6	19.7	25.3	n.a.
37 Capital grants received by the United States, net	....	....	1.1	....	....	1.1	1.1	1.1	1.1
38 Investment	283.6	327.9	368.3	336.5	351.0	362.8	373.1	375.6	361.9
39 Gross private domestic	303.3	351.5	387.2	356.2	370.5	373.8	395.4	392.3	387.5
40 Net foreign	−19.6	−23.5	−18.9	−19.6	−19.4	−11.0	−22.3	−16.7	−25.6
41 Statistical discrepancy	7.5	3.3	4.0	3.9	4.1	.6	−1.3	8.3	n.a.

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE. *Survey of Current Business* (Department of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1976	1977	1978	1978 Q3	1978 Q4	1979 Q1	1979 Q2	1979 Q3
1 Balance on current account	4,605	-14,092	-13,478	-3,164	85	415	-1,056	762
2 Not seasonally adjusted	....	....	....	-5,892	1,120	1,731	-182	-3,080
3 Merchandise trade balance[2]	-9,306	-30,873	-33,770	-7,949	-5,971	-6,115	-7,716	-7,282
4 Merchandise exports	114,745	120,816	142,052	36,532	39,412	41,348	42,792	47,337
5 Merchandise imports	-124,051	-151,689	-175,822	-44,481	-45,383	-47,463	-50,508	-54,619
6 Military transactions, net	674	1,679	492	247	-239	34	-217	-384
7 Investment income, net[3]	15,975	17,989	21,645	4,952	6,599	6,864	7,465	8,794
8 Other service transactions, net	2,260	1,783	3,241	819	1,010	954	775	1,008
9 MEMO: Balance on goods and services[3,4]	9,603	-9,423	-8,392	-1,931	1,399	1,737	307	2,136
10 Remittances, pensions, and other transfers	-1,851	-1,895	-1,934	-463	-524	-517	-466	-504
11 *U.S. government grants (excluding military)*	-3,146	-2,775	-3,152	-770	-790	-805	-897	-870
12 Change in U.S. government assets, other than official reserve assets, net (increase, -)	-4,214	-3,693	-4,656	-1,390	-994	-1,094	-1,001	-756
13 Change in U.S. official reserve assets (increase, -)	-2,558	-375	732	115	182	-3,585	343	2,779
14 Gold	0	-118	-65	0	-65	0	0	0
15 Special drawing rights (SDR)	-78	-121	1,249	-43	1,412	-1,142	6	0
16 Reserve position in International Monetary Fund	-2,212	-294	4,231	195	3,275	-86	-78	-52
17 Foreign currencies	-268	158	-4,683	-37	-4,440	-2,357	415	2,831
18 Change in U.S. private assets aboard (increase, -)[3]	-44,498	-31,725	-57,033	-8,774	-29,442	-2,958	-15,507	-25,348
19 Bank-reported claims	-21,368	-11,427	-33,023	-5,488	-21,980	6,572	-8,266	-15,956
20 *Nonbank-reported claims*	-2,296	-1,940	-3,853	-29	-1,898	-2,719	668	n.a.
21 U.S. purchase of foreign securities, net	-8,885	-5,460	-3,487	-475	-918	-1,056	-629	-2,111
22 U.S. direct investments abroad, net[3]	-11,949	-12,898	-16,670	-2,782	-4,646	-5,755	-7,280	-7,281
23 Change in foreign official assets in the United States (increase, +)	17,573	36,656	33,758	4,641	18,764	-9,391	-10,043	5,562
24 U.S. Treasury securities	9,319	30,230	23,542	3,029	13,422	-8,872	-12,859	5,030
25 Other U.S. government obligations	573	2,308	656	443	-115	-5	94	335
26 Other U.S. government liabilities[5]	4,507	1,240	2,754	122	2,045	-164	257	191
27 Other U.S. liabilities reported by U.S. banks	969	773	5,411	963	3,156	-563	2,321	-100
28 Other foreign official assets[6]	2,205	2,105	1,395	84	256	213	145	106
29 Change in foreign private assets in the United States (increase, +)[3]	18,826	14,167	29,956	10,717	10,475	10,868	16,100	17,497
30 U.S. bank-reported liabilities	10,990	6,719	16,975	7,958	7,556	7,157	12,067	13,009
31 U.S. nonbank-reported liabilities	-578	473	1,640	1,004	-177	-651	1,086	n.a.
32 Foreign private purchases of U.S. Treasury securities, net	2,783	534	2,180	-1,053	1,549	2,583	-239	1,579
33 Foreign purchases of other U.S. securities, net	1,284	2,713	2,867	528	540	790	1,161	591
34 Foreign direct investments in the United States, net[3]	4,347	3,728	6,294	2,280	1,008	989	2,025	2,317
35 Allocation of SDRs	0	0	0	0	0	1,139	0	0
36 Discrepancy	10,265	-937	10,722	-2,145	930	4,606	11,163	-495
37 Owing to seasonal adjustments	....	....	....	-2,716	1,301	985	737	-3,756
38 Statistical discrepancy in recorded data before seasonal adjustment	10,265	-937	10,722	571	-371	3,621	10,426	3,261
MEMO: Changes in offical assets								
39 U.S. official reserve assets (increase, -)	-2,558	-375	732	115	182	-3,585	343	2,779
40 Foreign offical assets in the United States (increase, +)	13,066	35,416	31,004	4,519	16,719	-9,227	-10,299	5,371
41 Change in Organization of Petroleum Exporting Countries offical assets in the United States (part of line 25 above)	9,581	6,351	-727	-1,794	1,803	-1,916	151	1,488
42 Transfers under military grant programs (excluded from lines 4, 6, and 11 above)	373	204	259	69	63	31	48	85

1. Seasonal factors are no longer calculated for lines 13 through 42.
2. Data are on an international accounts (IA) basis. Differs from the census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of line 6.
3. Includes reinvested earnings of incorporated affiliates.
4. Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition makes various adjustments to merchandise trade and service transactions.
5. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
6. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1977	1978	1979	1979[r]						1980
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	121,150	143,578	181,637	15,691	15,713	15,822	16,680	16,928	16,742	17,348
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	147,685	171,978	206,326	16,806	18,277	18,407	19,037	18,548	19,665	20,945
3 **Trade balance**	**−26,535**	**−23,400**	**−24,690**	**−1,115**	**−2,564**	**−2,585**	**−2,357**	**−1,620**	**−2,923**	**−3,597**

NOTE. Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Effective January 1978, major changes were made in coverage, reporting, and compiling procedures. The international-accounts-basis data adjust the Census basis data for reasons of coverage and timing. On the *export side*, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military exports (which are combined with other military transactions and are reported separately in the "service account"). On the *import side*, the largest single adjustment is the addition of imports into the Virgin Islands (largely oil for a refinery on St. Croix), which are not included in Census statistics.

SOURCE. FT 900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1977	1978	1979	1979					1980	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 **Total**[1]	**19,312**	**18,650**	**18,928**	**20,023**	**18,534**	**17,994**	**19,261**	**18,928**	**20,962**	**20,840**
2 Gold stock, including exchange Stabilization Fund[1]	11,719	11,671	11,172	11,259	11,228	11,194	11,112	11,172	11,172	11,172
3 Special drawing rights[2,3]	2,629	1,558	2,724	2,689	2,725	2,659	2,705	2,724	3,871	3,836
4 Reserve position in International Monetary Fund[2]	4,946	1,047	1,253	1,277	1,280	1,238	1,322	1,253	1,251	1,287
5 Foreign Currencies[4]	18	4,374	3,779	4,798	3,301	2,903	4,122	3,779	4,668	4,545

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.22
2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighed 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.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; and $1,139 million on Jan. 1, 1979; plus net transactions in SDRs.
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	1976	1977	1978[1]	1979 June	1979 July	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.p
	All foreign countries									
1 **Total, all currencies**	**219,420**	**258,897**	**306,795**	**327,012**	**326,545**	**350,441**	**360,817r**	**358,320**	**365,587**	**364,237**
2 Claims on United States	7,889	11,623	17,340	29,293	26,605	41,917	37,758r	34,880	37,606	32,309
3 Parent bank	4,323	7,806	12,811	22,641	19,734	35,203	30,004r	28,046	31,133	25,938
4 Other	3,566	3,817	4,529	6,652	6,871	6,714	7,754	6,834	6,473	6,371
5 Claims on foreigners	204,486	238,848	278,135	284,595	286,590	295,011	309,004	309,652	313,409	317,170
6 Other branches of parent bank	45,955	55,772	70,338	69,608	70,124	74,749	80,106	80,126	79,076	79,824
7 Banks	83,765	91,883	103,111	107,673	107,957	111,190	117,994	119,253	122,004	123,213
8 Public borrowers[2]	10,613	14,634	23,737	24,835	24,580	25,132	25,777	25,288	25,568	26,057
9 Nonbank foreigners	64,153	76,560	80,949	82,479	83,929	83,940	85,127	84,985	86,761	88,076
10 Other assets	7,045	8,425	11,320	13,124	13,350	13,513	14,055r	13,788	14,572	14,758
11 **Total payable in U.S. dollars**	**167,695**	**193,764**	**224,940**	**238,298**	**234,445**	**259,035**	**263,630r**	**263,094**	**266,544**	**267,646**
12 Claims on United States	7,595	11,049	16,382	28,223	25,536	40,799	36,527r	33,638	36,362	31,178
13 Parent bank	4,264	7,692	12,625	22,387	19,478	34,939	29,773r	27,674	30,652	25,641
14 Other	3,332	3,357	3,757	5,836	6,058	5,860	6,754	5,964	5,710	5,537
15 Claims on foreigners	156,896	178,896	203,498	203,729	202,426	211,663	220,665	222,543	223,201	229,044
16 Other branches of parent bank	37,909	44,256	55,408	53,136	53,629	58,255	62,058	61,918	60,397	61,618
17 Banks	66,331	70,786	78,686	81,392	79,951	83,466	88,882	90,911	92,730	96,061
18 Public borrowers[2]	9,022	12,632	19,567	20,553	20,188	20,988	21,439	20,909	21,160	21,615
19 Nonbank foreigners	43,634	51,222	49,837	48,648	48,658	48,954	48,286	48,805	48,914	49,750
20 Other assets	3,204	3,820	5,060	6,346	6,483	6,573	6,438	6,913	6,981	7,424
	United Kingdom									
21 **Total, all currencies**	**81,466**	**90,933**	**106,593**	**112,881**	**115,217**	**120,703**	**126,091r**	**127,949**	**131,959**	**130,873**
22 Claims on United States	3,354	4,341	5,370	7,492	8,408	10,559	10,687r	11,653	11,841	11,114
23 Parent bank	2,376	3,518	4,448	5,495	6,177	8,520	8,395r	9,643	9,892	9,335
24 Other	978	823	922	1,997	2,231	2,039	2,292	2,010	1,949	1,779
25 Claims on foreigners	75,859	84,016	98,137	101,693	103,033	106,394	111,598	112,450	115,656	115,121
26 Other branches of parent bank	19,753	23,017	27,830	29,158	28,376	31,800	32,998	32,464	33,487	34,294
27 Banks	38,089	39,899	45,013	44,800	46,291	46,625	49,938	51,466	52,580	51,343
28 Public borrowers[2]	1,274	2,206	4,522	4,872	4,489	4,639	4,882	4,646	4,868	4,919
29 Nonbank foreigners	16,743	19,895	20,772	22,863	23,877	23,330	23,780	23,874	24,721	24,565
30 Other assets	2,253	2,576	3,086	3,696	3,776	3,750	3,806	3,846	4,462	4,638
31 **Total payable in U.S. dollars**	**61,587**	**66,635**	**75,860**	**78,155**	**79,211**	**85,380**	**89,032r**	**91,485**	**93,502**	**94,287**
32 Claims on United States	3,375	4,100	5,113	7,033	7,956	10,146	10,169r	11,164	11,352	10,743
33 Parent bank	2,374	3,431	4,386	5,386	6,060	8,443	8,343r	9,485	9,697	9,294
34 Other	902	669	727	1,647	1,896	1,703	1,826	1,679	1,655	1,449
35 Claims on foreigners	57,488	61,408	69,416	69,451	69,496	73,503	77,145	78,428	80,127	81,292
36 Other branches of parent bank	17,249	18,947	22,838	23,999	23,481	26,983	27,631r	27,092	27,993	28,931
37 Banks	28,983	28,530	31,482	29,803	30,626	31,318	34,276	36,183	36,604	36,760
38 Public borrowers[2]	846	1,669	3,317	3,396	3,166	3,210	3,336	3,206	3,311	3,319
39 Nonbank foreigners	10,410	12,263	11,779	12,253	12,223	11,992	11,902	11,947	12,219	12,282
40 Other assets	824	1,126	1,331	1,671	1,759	1,731	1,718	1,893	2,023	2,252
	Bahamas and Caymans									
41 **Total, all currencies**	**66,774**	**79,052**	**91,735**	**103,387**	**98,839**	**113,512**	**109,925**	**106,484**	**108,872**	**108,911**
42 Claims on United States	3,508	5,782	9,635	20,001	16,613	29,021	24,731	21,394	23,856	19,134
43 Parent block	1,141	3,051	6,429	15,956	12,566	24,929	19,919	17,131	19,868	15,195
44 Other	2,367	2,731	3,206	4,045	4,047	4,092	4,812	4,263	3,988	3,939
45 Claims on foreigners	62,048	71,671	79,774	80,579	79,476	81,370	82,296	82,086	81,959	86,648
46 *Other branches of parent bank*	8,144	11,120	12,904	11,295	11,760	10,745	10,834	10,514	8,854	9,779
47 Banks	25,354	27,939	33,677	36,542	35,053	37,261	38,425	38,820	40,050	42,989
48 Public borrowers[2]	7,105	9,109	11,514	12,445	12,301	12,619	12,757	12,355	12,658	12,890
49 Nonbank foreigners	21,445	23,503	21,679	20,297	20,362	20,745	20,280	20,379	20,397	20,990
50 Other assets	1,217	1,599	2,326	2,807	2,750	3,121	2,898	3,022	3,057	3,129
51 **Total payable in U.S. dollars**	**62,705**	**73,987**	**85,417**	**96,995**	**92,216**	**106,767**	**103,034**	**99,715**	**101,932**	**102,303**

For notes see opposite page.

3.13 Continued

Liability account	1976	1977	1978[1]	1979 June	July	Aug.	Sept.	Oct.	Nov.	Dec.p
				All foreign countries						
52 **Total, all currencies**	**219,420**	**258,897**	**306,795**	**327,012**	**326,545**	**350,441**	**360,817r**	**358,320**	**365,587**	**364,237**
53 To United States	32,719	44,154	57,948	61,064	60,097	67,744	67,609r	65,998r	62,197	66,441
54 Parent bank	19,773	24,542	28,464	19,355	20,256	20,242	21,411r	21,317r	19,292	24,317
55 Other banks in United States	12,946	19,613	12,338	15,008	12,436	17,785	18,617	14,713r	13,897	15,244
56 Nonbanks			17,146	26,701	27,405	29,717	27,581r	29,968r	29,008	26,880
57 To foreigners	179,954	206,579	238,912	254,050	253,785	270,328	280,287r	279,338r	289,537	283,524
58 Other branches of parent bank	44,370	53,244	67,496	66,631	67,961	72,977	78,345	78,103r	77,170	77,629
59 Banks	83,880	94,140	97,711	109,295	105,296	117,794	117,817r	116,058r	128,024	122,827
60 Official institutions	25,829	28,110	31,936	34,303	35,363	33,511	36,196r	35,921r	34,958	35,675
61 Nonbank foreigners	25,877	31,085	41,769	43,821	45,165	46,046	47,929	49,256r	49,385	47,393
62 Other liabilities	6,747	8,163	9,935	11,898	12,663	12,369	12,921	12,984r	13,853	14,272
63 **Total payable in U.S. dollars**	**173,071**	**198,572**	**230,810**	**243,521**	**240,452**	**264,339**	**269,811r**	**268,769**	**272,166**	**273,753**
64 To United States	31,932	42,881	55,811	58,524	57,455	65,126	64,972r	63,408r	59,889	64,315
65 Parent bank	19,599	24,213	27,393	18,333	19,218	19,192	20,245r	20,089r	18,089	23,220
66 Other banks in United States	12,373	18,669	12,084	14,711	12,130	17,345	18,162	14,375r	13,698	15,051
67 Nonbanks			16,334	25,480	26,107	28,589	26,565r	28,944r	28,102	26,044
68 To foreigners	137,612	151,363	169,927	178,631	176,613	192,481	197,903r	198,327r	204,654	201,629
69 Other branches of parent bank	37,098	43,268	53,396	51,101	52,048	56,840	60,588	60,511r	59,429	60,513
70 Banks	60,619	64,872	63,000	71,041	65,945	78,006	76,010r	74,852r	83,605	80,672
71 Official institutions	22,878	23,972	26,404	28,117	29,497	27,468	29,932r	29,653	28,521	29,048
72 Nonbank foreigners	17,017	19,251	27,127	28,372	29,123	30,167	31,373	33,311r	33,099	31,396
73 Other liabilities	3,527	4,328	5,072	6,366	6,384	6,732	6,936r	7,034	7,623	7,809
				United Kingdom						
74 **Total, all currencies**	**81,466**	**90,933**	**106,593**	**112,881**	**115,217**	**120,703**	**126,091r**	**127,949**	**131,959**	**130,873**
75 To United States	5,997	7,753	9,730	12,779	13,626	17,174	18,502r	19,730r	19,612	20,986
76 Parent bank	1,198	1,451	1,887	1,505	1,706	2,669	2,070r	2,258	2,516	3,104
77 Other banks in United States	4,798	6,302	4,232	4,245	4,822	6,155	7,790	8,004r	7,381	8,834
78 Nonbanks			3,611	7,029	7,098	8,350	8,642r	9,468r	9,715	9,048
79 To foreigners	73,228	80,736	93,202	95,385	96,258	98,557	102,533r	103,093r	106,766	104,032
80 Other branches of parent bank	7,092	9,376	12,786	11,353	11,193	11,507	13,045	13,139	12,463	12,567
81 Banks	36,259	37,893	39,917	42,297	41,336	46,256	44,913r	44,440r	49,299	47,620
82 Official institutions	17,273	18,318	20,963	23,140	24,017	21,825	24,461r	24,438r	23,060	24,202
83 Nonbank foreigners	12,605	15,149	19,536	18,595	19,712	18,969	20,114	21,076r	21,944	19,643
84 Other liabilities	2,241	2,445	3,661	4,717	5,333	4,972	5,056r	5,126	5,581	5,855
85 **Total payable in U.S. dollars**	**63,174**	**67,573**	**77,030**	**79,256**	**80,398**	**86,642**	**90,682r**	**92,817**	**94,983**	**95,449**
86 To United States	5,849	7,480	9,328	12,199	13,077	16,572	17,868r	19,187r	19,138	20,552
87 Parent bank	1,182	1,416	1,836	1,460	1,637	2,613	1,966r	2,196	2,467	3,054
88 Other banks in United States	4,667	6,064	4,144	4,174	4,757	6,068	7,715	7,940r	7,338	8,792
89 Nonbanks			3,348	6,565	6,683	7,891	8,187r	9,051r	9,333	8,706
90 To foreigners	56,372	58,977	66,216	65,081	65,403	68,035	70,730r	71,561r	73,542	72,397
91 Other branches of parent bank	5,874	7,505	9,635	7,711	7,377	7,720	8,663	8,955	8,337	8,446
92 Banks	25,527	25,608	25,287	25,436	23,893	28,698	26,851r	26,132r	29,424	29,424
93 Official institutions	15,423	15,482	17,091	19,093	20,288	18,119	20,703r	20,457	19,139	20,192
94 Nonbank foreigners	9,547	10,382	14,203	12,841	13,845	13,498	14,513	16,017r	16,642	14,335
95 Other liabilities	953	1,116	1,486	1,976	1,918	2,035	2,084r	2,069	2,303	2,500
				Bahamas and Caymans						
96 **Total, all currencies**	**66,774**	**79,052**	**91,735**	**103,387**	**98,839**	**113,512**	**109,925**	**106,484**	**108,872**	**108,911**
97 To United States	22,721	32,176	39,431	40,023	37,939	41,734	40,582	38,294	35,013	37,546
98 Parent bank	16,161	20,956	20,356	12,276	12,232	11,117	13,525	12,864	10,955	15,126
99 Other banks in United States	6,560	11,220	6,199	8,973	6,342	10,192	8,947	5,757	5,545	5,343
100 Nonbanks			12,876	18,774	19,365	20,425	18,110	19,673	18,513	17,077
101 To foreigners	42,899	45,292	50,447	61,216	58,724	69,373	67,017	65,920	71,241	68,709
102 Other branches of parent bank	13,801	12,816	16,094	17,104	18,223	20,246	20,730	19,304	21,060	20,833
103 Banks	21,760	24,717	23,104	31,662	28,204	35,121	32,799	32,266	36,498	33,612
104 Official institutions	3,573	3,000	4,208	4,074	4,375	4,751	4,418	4,712	5,176	4,866
105 Nonbank foreigners	3,765	4,759	7,041	8,376	7,922	9,255	9,070	9,638	8,507	9,398
106 Other liabilities	1,154	1,584	1,857	2,148	2,176	2,405	2,326	2,270	2,618	2,656
107 **Total payable in U.S. dollars**	**63,417**	**74,463**	**87,014**	**97,993**	**93,470**	**107,623**	**104,113**	**100,820**	**103,339**	**103,394**

1. In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.
2. In May 1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1977	1978	1979	1979						1980
				July	Aug.	Sept.	Oct.	Nov.	Dec.p	Jan.p
1 **Total**[1]	**131,097**	**162,567**	**149,307**	**148,017**	**148,726**	**149,780**	**146,728**	**141,306**	**149,307**	**145,614**
By type										
2 Liabilities reported by banks in the United States[2]	18,003	23,274	30,331	25,809	25,398	25,619	24,951	26,643	30,331	24,536
3 U.S. Treasury bills and certificates[3]	47,820	67,671	47,666	49,425	50,146	50,842	49,411	43,921	47,666	48,762
U.S. Treasury bonds and notes										
4 Marketable	32,164	35,912	37,672	37,490	38,005	38,106	38,162	37,125	37,672	38,153
5 Nonmarketable[4]	20,443	20,970	17,387	19,797	19,547	19,547	18,497	17,837	17,387	17,434
6 U.S. securities other than U.S. Treasury securities[5]	12,667	14,740	16,251	15,496	15,630	15,666	15,707	15,780	16,251	16,729
By area										
7 Western Europe[1]	70,748	92,989	85,502	86,668	86,485	87,117	85,467	80,838	85,502	82,446
8 Canada	2,334	2,506	1,898	2,116	2,185	2,412	1,954	1,971	1,898	1,922
9 Latin America and Caribbean	4,649	5,045	6,371	5,397	4,497	4,890	4,559	4,579	6,371	4,777
10 Asia	50,693	58,858	52,639	50,537	51,928	52,414	51,782	51,151	52,639	53,243
11 Africa	1,742	2,423	2,412	2,613	3,219	2,513	2,583	2,215	2,412	2,493
12 Other countries[6]	931	746	485	686	412	434	383	552	485	733

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	1976	1977	1978	1979			
			Dec.	Mar.	June	Sept.	Dec.p
1 Banks' own liabilities	781	925	2,235	1,781	1,963	2,323	1,855
2 Banks' own claims[1]	1,834	2,356	3,504	2,602	2,519	2,607	2,435
3 Deposits	1,103	941	1,633	1,121	1,324	1,220r	1,013
4 Other claims	731	1,415	1,871	1,481	1,196	1,386r	1,422
5 Claims of banks' domestic customers[2]	....	....	367	476	520	612	592

1. Includes claims of banks' domestic customers through March 1978.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE: Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.16 LIABILITIES TO FOREIGNERS Reported by Banks in the United States Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1976	1977	1978	1979						1980
				July	Aug.	Sept.	Oct.	Nov.	Dec.p	Jan.p
1 **All foreigners**	**110,657**	**126,168**	**166,997**	**168,992**	**191,719**	**185,695**	**180,656**	**184,251**	**187,491**	**185,627**
2 Banks' own liabilities	....	....	78,904	97,262	117,880	111,716	107,873	117,068	117,300	115,610
3 Demand deposits	16,803	18,996	19,201	19,084	18,910	20,163	17,898	23,338	23,347	20,727
4 Time deposits[1]	11,347	11,521	12,473	12,577	12,747	13,048	12,260	12,554	13,697	12,462
5 Other[2]	....	....	9,702	12,967	12,627	12,694	12,774	12,609	16,198	12,627
6 Own foreign offices[3]	....	....	37,563	52,635	73,595	65,811	64,941	68,567	64,057	68,697
7 Banks' custody liabilities[4]	....	....	88,093	71,730	73,839	73,978	72,783	67,184	70,191	71,113
8 U.S. Treasury bills and certificates[5]	40,744	48,906	68,202	51,467	52,258	52,429	50,452	45,005	48,573	49,851
9 Other negotiable and readily transferable instruments[6]	....	....	17,396	18,047	19,297	19,312	20,141	19,802	19,274	18,759
10 Other	....	....	2,495	2,216	2,284	2,237	2,190	2,376	2,344	2,502
11 **Nonmonetary international and regional organizations**[7]	**5,714**	**3,274**	**2,607**	**3,437**	**3,479**	**2,909**	**2,389**	**2,717**	**2,441**	**1,195**
12 Banks' own liabilities	....	....	906	844	603	491	566	753	710	434
13 Demand deposits	290	231	330	216	154	161	143	214	260	164
14 Time deposits[1]	205	139	84	69	77	82	82	80	152	79
15 Other[2]	....	....	492	559	372	248	342	459	298	191
16 Banks' custody liabilities[4]	....	....	1,701	2,593	2,876	2,418	1,823	1,964	1,732	761
17 U.S. Treasury bills and certificates	2,701	706	201	1,345	1,442	912	327	258	102	102
18 Other negotiable and readily transferable instruments[6]	....	....	1,499	1,247	1,433	1,505	1,494	1,605	1,627	659
19 Other	....	....	1	1	1	1	2	101	2	*
20 **Official institutions**[8]	**54,956**	**65,822**	**90,650**	**75,235**	**75,545**	**76,460**	**74,362**	**70,565**	**77,997**	**73,298**
21 Banks' own liabilities	....	....	12,073	14,382	12,945	13,488	11,981	14,176	18,229	12,293
22 Demand deposits	3,394	3,528	3,390	2,850	2,397	3,139	2,372	5,652	4,723	3,686
23 Time deposits[1]	2,321	1,797	2,531	2,575	2,392	2,320	1,859	1,859	3,086	2,289
24 Other[2]	....	....	6,152	8,957	8,155	8,029	7,749	6,666	10,420	6,319
25 Banks' custody liabilities[4]	....	....	78,577	60,853	62,600	62,972	62,381	56,388	59,768	61,005
26 U.S. Treasury bills and certificates[5]	37,725	47,820	67,415	49,425	50,146	50,842	49,411	43,921	47,666	48,762
27 Other negotiable and readily transferable instruments[6]	....	....	10,992	11,377	12,402	12,080	12,913	12,411	12,050	12,208
28 Other	....	....	170	50	52	51	57	56	52	35
29 **Banks**[9]	**37,174**	**42,335**	**57,720**	**73,085**	**95,469**	**88,947**	**86,155**	**92,716**	**88,547**	**92,451**
30 Banks' own liabilities	....	....	52,935	68,134	90,448	83,800	81,055	87,511	83,439	88,129
31 Unaffiliated foreign banks	....	....	15,372	15,499	16,853	17,989	16,114	18,944	19,382	18,336
32 Demand deposits	9,104	10,933	11,239	11,357	11,757	12,425	10,603	12,879	13,252	11,799
33 Time deposits[1]	2,297	2,040	1,468	1,197	1,525	1,752	1,551	1,624	1,697	1,259
34 Other[2]	....	....	2,664	2,945	3,571	3,813	3,960	4,441	4,432	5,278
35 Own foreign offices[3]	....	....	37,563	52,635	73,595	65,811	64,941	68,567	64,057	68,697
36 Banks' custody liabilities[4]	....	....	4,785	4,951	5,020	5,147	5,100	5,205	5,108	5,418
37 U.S. Treasury and certificates	119	141	300	347	384	406	400	451	422	533
38 Other negotiable and readily transferable instruments[6]	....	....	2,425	2,556	2,509	2,625	2,684	2,611	2,518	2,616
39 Other	....	....	2,060	2,048	2,127	2,116	2,017	2,143	2,168	2,269
40 **Other foreigners**	**12,814**	**14,736**	**16,020**	**17,235**	**17,227**	**17,379**	**17,750**	**18,254**	**18,506**	**18,683**
41 Banks' own liabilities	....	....	12,990	13,901	13,884	13,937	14,271	14,627	14,923	14,754
42 Demand deposits	4,015	4,304	4,242	4,661	4,602	4,439	4,779	4,594	5,112	5,078
43 Time deposits	6,524	7,546	8,353	8,735	8,753	8,894	8,769	8,991	8,762	8,837
44 Other[2]	....	....	394	505	529	604	724	1,043	1,048	840
45 Banks' custody liabilities[4]	....	....	3,030	3,333	3,343	3,442	3,479	3,626	3,583	3,929
46 U.S. Treasury bills and certificates	198	240	285	350	285	269	315	375	382	454
47 Other negotiable and readily transferable instruments[6]	....	....	2,481	2,867	2,953	3,103	3,050	3,175	3,079	3,276
48 Other	....	....	264	117	105	70	114	76	123	199
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	....	....	11,007	10,732	11,099	11,264	11,346	10,821	10,898	10,461

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments." Data for time deposits prior to April 1978 represent short-term only.
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness (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."

3.16 LIABILITIES TO FOREIGNERS Continued

Area and country	1976	1977	1978	1979						1980
				July	Aug.	Sept.	Oct.	Nov.	Dec.p	Jan.p
1 **Total**	**110,657**	**126,168**	**166,997**	**168,992**	**191,719**	**185,695**	**180,656**	**184,251**	**187,491**	**185,627**
2 **Foreign countries**	**104,943**	**122,893**	**164,390**	**165,555**	**188,241**	**182,786**	**178,267**	**181,534**	**185,505**	**184,432**
3 Europe	47,076	60,295	85,382	81,497	86,112	88,584	88,008	87,488	91,311	87,117
4 Austria	346	318	513	444	446	444	426	404	413	374
5 Belgium-Luxembourg	2,187	2,531	2,552	2,493	2,714	2,920	2,710	2,786	2,364	2,118
6 Denmark	356	770	1,946	1,560	1,412	1,100	1,001	1,166	1,092	955
7 Finland	416	323	346	466	508	415	334	390	398	454
8 France	4,876	5,269	9,208	9,616	9,985	10,499	9,340	10,301	10,389	10,524
9 Germany	6,241	7,239	17,286	10,724	10,434	13,129	13,154	10,801	12,935	10,385
10 Greece	403	603	826	760	695	691	632	792	635	831
11 Italy	3,182	6,857	7,674	8,460	9,678	8,551	8,481	8,345	7,782	7,793
12 Netherlands	3,003	2,869	2,402	2,355	2,627	2,281	2,174	2,165	2,327	2,529
13 Norway	782	944	1,271	1,263	1,320	1,402	1,393	1,407	1,267	1,229
14 Portugal	239	273	330	303	411	554	620	595	557	549
15 Spain	559	619	870	1,107	1,060	1,133	1,103	1,184	1,259	1,193
16 Sweden	1,692	2,712	3,121	2,227	2,368	2,062	2,165	2,064	2,005	1,848
17 Switzerland	9,460	12,343	18,560	16,687	15,717	16,642	16,643	17,206	18,501	17,270
18 Turkey	166	130	157	193	160	135	150	145	119	232
19 United Kingdom	10,018	14,125	14,265	18,745	22,579	22,622	24,138	24,043	24,668	25,008
20 Yugoslavia	189	232	254	159	149	142	147	147	266	157
21 Other Western Europe[1]	2,673	1,804	3,693	3,610	3,504	3,493	3,087	3,248	3,981	3,406
22 U.S.S.R.	51	98	82	63	80	52	53	39	52	46
23 Other Eastern Europe[2]	236	236	325	260	265	317	259	261	302	217
24 Canada	4,659	4,607	6,966	7,610	8,376	8,319	8,644	7,280	7,357	9,538
25 Latin America and Caribbean	19,132	23,670	31,606	41,242	56,889	49,408	47,097	51,624	49,347	50,391
26 Argentina	1,534	1,416	1,484	1,697	1,761	1,935	1,693	1,573	1,582	1,633
27 Bahamas	2,770	3,596	6,752	13,107	24,085	18,372	15,377	18,540	15,300	16,264
28 Bermuda	218	321	428	339	415	392	399	404	435	442
29 Brazil	1,438	1,396	1,125	1,294	1,040	1,198	994	1,051	1,005	1,396
30 British West Indies	1,877	3,998	5,991	7,840	13,367	11,202	11,372	12,534	10,842	11,884
31 Chile	337	360	399	465	459	420	425	356	469	396
32 Colombia	1,021	1,221	1,756	2,292	2,378	2,188	2,243	2,377	2,617	2,882
33 Cuba	6	6	13	7	6	9	7	12	13	10
34 Ecuador	320	330	322	443	449	364	482	476	425	386
35 Guatemala[3]	....	....	416	319	320	335	361	374	413	394
36 Jamaica[3]	....	....	52	104	67	175	113	74	76	95
37 Mexico	2,870	2,876	3,417	3,632	3,658	3,549	3,528	3,666	4,094	3,980
38 Netherlands Antilles	158	196	308	422	366	359	609	460	499	346
39 Panama	1,167	2,331	2,968	3,070	3,049	3,336	3,926	4,290	4,483	4,724
40 Peru	257	287	363	425	391	477	388	417	383	375
41 Uruguay	245	243	231	231	222	217	217	185	202	215
42 Venezuela	3,118	2,929	3,821	3,920	3,180	2,903	3,168	3,014	4,192	3,081
43 Other Latin America and Carribbean	1,797	2,167	1,760	1,636	1,675	1,977	1,795	1,822	2,315	1,887
44 Asia	29,766	30,488	36,473	30,818	32,219	32,505	30,615	31,058	32,899	32,940
China										
45 Mainland	48	53	67	42	41	45	49	45	49	46
46 Taiwan	990	1,013	502	769	1,027	1,231	1,339	1,413	1,393	1,386
47 Hong Kong	894	1,094	1,256	1,452	1,571	1,634	1,542	1,624	1,672	1,693
48 India	638	961	790	873	704	674	496	580	527	545
49 Indonesia	340	410	449	509	317	463	555	478	504	748
50 Israel	392	559	674	624	627	626	621	574	663	503
51 Japan	14,363	14,616	21,927	13,104	13,094	13,292	10,885	7,867	8,930	10,350
52 Korea	438	602	795	816	825	938	950	951	995	960
53 Philippines	628	687	644	640	603	632	598	671	800	729
54 Thailand	277	264	427	307	330	421	304	415	281	408
55 Middle-East oil-exporting countries[4]	9,360	8,979	7,529	9,853	11,306	10,688	11,313	14,564	15,212	14,068
56 Other Asia	1,398	1,250	1,414	1,830	1,773	1,862	1,963	1,876	1,871	1,506
57 Africa	2,298	2,535	2,886	3,226	3,818	3,194	3,141	3,105	3,232	3,343
58 Egypt	333	404	404	378	302	245	294	380	475	449
59 Morocco	87	66	32	35	40	40	30	36	32	50
60 South Africa	141	174	168	196	174	235	194	213	184	269
61 Zaire	36	39	43	37	49	73	112	104	110	128
62 Oil-exporting countries[5]	1,116	1,155	1,525	1,699	2,441	1,832	1,711	1,513	1,627	1,516
63 Other Africa	585	698	715	881	811	768	800	859	804	932
64 Other countries	2,012	1,297	1,076	1,162	826	776	762	980	904	1,103
65 Australia	1,905	1,140	838	806	621	549	528	714	684	853
66 All other	107	158	239	355	205	227	234	266	221	251
67 Nonmonetary international and regional organizations	5,714	3,274	2,607	3,437	3,479	2,909	2,389	2,717	2,441	1,195
68 International	5,157	2,752	1,485	2,257	2,427	1,810	1,343	1,504	1,321	813
69 Latin American regional	267	278	808	917	793	824	755	790	813	90
70 Other regional[6]	290	245	314	263	258	275	291	423	308	292

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlement, 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	1976	1977	1978	1979						1980
				July	Aug.	Sept.	Oct.	Nov.	Dec.^p	Jan.^p
1 **Total**	**79,301**	**90,206**	**115,307**	**113,502**	**125,633**	**127,247**	**121,086**	**124,427**	**133,486**	**127,158**
2 **Foreign countries**	**79,261**	**90,163**	**115,251**	**113,455**	**125,582**	**127,196**	**121,049**	**124,383**	**133,454**	**127,122**
3 Europe	14,776	18,114	24,230	24,138	25,774	28,380	26,178	25,890	28,337	25,857
4 Austria	63	65	140	188	223	191	190	168	285	257
5 Belgium-Luxembourg	482	561	1,200	1,669	1,483	1,737	1,559	1,402	1,327	1,386
6 Denmark	133	173	254	137	141	166	116	149	147	127
7 Finland	199	172	305	220	247	227	230	182	202	264
8 France	1,549	2,082	3,742	3,237	3,260	3,766	2,736	3,305	3,303	3,046
9 Germany	509	644	895	939	883	1,840	1,309	1,396	1,168	955
10 Greece	279	206	164	130	267	194	282	171	154	136
11 Italy	993	1,334	1,508	1,196	1,474	1,566	1,424	1,259	1,587	1,344
12 Netherlands	315	338	675	792	559	631	618	603	514	469
13 Norway	136	162	299	181	227	238	236	257	276	178
14 Portugal	88	175	171	235	297	325	349	352	330	282
15 Spain	745	722	1,110	999	969	1,126	1,117	1,050	1,051	902
16 Sweden	206	218	537	401	482	459	603	548	542	733
17 Switzerland	379	564	1,283	1,027	714	1,179	1,171	1,232	1,162	935
18 Turkey	249	360	283	118	148	119	141	151	149	128
19 United Kingdom	7,033	8,964	10,156	10,693	12,347	12,394	11,839	11,426	13,788	11,376
20 Yugoslavia	234	311	363	541	571	584	578	582	611	569
21 Other Western Europe[1]	85	86	122	199	216	247	154	185	175	204
22 U.S.S.R.	485	413	366	282	292	326	349	311	290	263
23 Other Eastern Europe[2]	613	566	657	955	974	1,064	1,175	1,160	1,277	1,206
24 Canada	3,319	3,355	5,152	5,063	5,017	4,787	4,335	4,368	4,346	4,229
25 Latin America and Caribbean	38,879	45,850	57,166	53,941	62,932	62,465	59,225	62,286	67,510	64,203
26 Argentina	1,192	1,478	2,281	3,341	3,259	3,285	3,653	4,157	4,407	4,658
27 Bahamas	15,464	19,858	21,515	16,769	19,931	19,146	17,393	16,046	18,684	19,674
28 Bermuda	150	232	184	179	167	172	485	462	467	432
29 Brazil	4,901	4,629	6,251	6,168	6,548	7,286	7,567	7,497	7,768	7,487
30 British West Indies	5,082	6,481	9,391	6,244	10,723	9,176	6,742	9,131	9,716	7,784
31 Chile	597	675	972	1,120	1,173	1,323	1,396	1,349	1,438	1,374
32 Colombia	675	671	1,012	1,196	1,220	1,259	1,451	1,523	1,611	1,654
33 Cuba	13	10	*	4	6	4	4	4	4	4
34 Ecuador	375	517	705	916	921	943	1,000	1,007	1,025	1,000
35 Guatemala[3]	....	....	94	98	100	103	110	115	134	114
36 Jamaica[3]	....	....	40	47	30	32	29	34	47	51
37 Mexico	4,822	4,909	5,423	7,172	7,699	8,430	8,416	8,336	8,954	8,808
38 Netherlands Antilles	140	224	273	392	342	301	230	227	247	324
39 Panama	1,372	1,410	3,094	4,212	4,400	4,523	4,268	5,774	5,986	4,418
40 Peru	933	962	918	727	730	716	607	604	652	569
41 Uruguay	42	80	52	56	66	60	72	71	105	100
42 Venezuela	1,828	2,318	3,474	3,817	4,040	4,176	4,349	4,392	4,668	4,236
43 Other Latin America and Caribbean	1,293	1,394	1,487	1,483	1,577	1,531	1,455	1,557	1,595	1,516
44 Asia	19,204	19,236	25,494	27,217	28,963	28,546	28,457	29,057	30,624	31,087
China										
45 Mainland	3	10	4	35	29	25	55	31	36	28
46 Taiwan	1,344	1,719	1,499	1,876	1,970	1,935	1,930	1,805	1,821	1,705
47 Hong Kong	316	543	1,579	1,978	1,788	1,859	1,737	1,794	1,804	1,810
48 India	69	53	54	43	75	74	68	69	92	133
49 Indonesia	218	232	143	131	156	140	147	135	131	117
50 Israel	755	584	870	865	857	882	891	842	990	822
51 Japan	11,040	9,839	12,686	13,950	15,050	14,656	14,983	16,155	16,923	17,905
52 Korea	1,978	2,336	2,282	3,469	3,612	3,750	3,839	3,732	3,795	4,100
53 Philippines	719	594	680	743	793	638	724	642	737	640
54 Thailand	442	633	758	925	919	1,036	956	972	935	974
55 Middle East oil-exporting countries[4]	1,459	1,746	3,135	1,807	1,689	1,914	1,190	1,107	1,544	1,394
56 Other Asia	863	947	1,804	1,395	2,026	1,637	1,939	1,776	1,815	1,460
57 Africa	2,311	2,518	2,221	2,082	1,969	2,101	1,926	1,865	1,785	1,865
58 Egypt	126	119	107	115	126	120	122	91	112	116
59 Morocco	27	43	82	34	31	23	66	73	103	103
60 South Africa	957	1,066	860	745	730	704	602	565	445	417
61 Zaire	112	98	164	189	151	149	135	135	142	146
62 Oil-Exporting Countries[5]	524	510	452	491	398	563	435	442	391	486
63 Other	565	682	556	508	533	542	566	559	592	598
64 Other Countries	772	1,090	988	1,013	926	916	928	916	853	976
65 Australia	597	905	877	765	756	744	748	741	673	801
66 All other	175	186	111	248	170	172	180	176	180	175
67 Nonmonetary international and regional organizations[6]	40	43	56	47	51	50	36	44	32	35

1. *Includes the Bank for International Settlements. Beginning April 1978, also* includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

3.18 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1976	1977	1978	1979						1980
				July	Aug.	Sept.	Oct.	Nov.r	Dec.	Jan.p
1 **Total**	**79,301**	**90,206**	**126,485**	...	...	**145,975**	...	...	**153,434**	...
2 Banks' own claims on foreigners	...	...	115,307	113,502	125,633	127,247	121,086	124,427	133,486	127,158
3 Foreign public borrowers	...	...	10,130	11,891	12,510	13,808	14,103	13,657	15,234	14,582
4 Own foreign offices[1]	...	...	41,471	36,213	40,237	39,493	38,164	43,628	46,983	46,254
5 Unaffiliated foreign banks	...	...	40,420	38,793	45,048	46,010	39,799	37,860	40,730	35,806
6 Deposits	...	...	5,458	6,973	7,549	7,394	6,745	5,680	6,271	4,957
7 Other	...	...	34,962	31,820	37,498	38,616	33,054	32,180	34,459	30,849
8 All other foreigners	...	...	23,286	26,605	27,838	27,935	29,021	29,282	30,539	30,515
9 Claims of banks' domestic customers[2]	...	...	11,178	...	...	18,729	...	...	19,948	...
10 Deposits	...	...	480	...	...	975	...	...	955	...
11 Negotiable and readily transferable instruments[3]	...	...	5,344	...	...	11,580	...	...	12,974	...
12 Outstanding collections and other claims[4]	5,756	6,176	5,353	...	...	6,174	...	...	6,019	...
13 MEMO: Customer liability on acceptances	...	...	14,919	...	...	19,733	...	...	21,173	...
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	...	...	12,804	20,537	20,808	18,734	21,615	20,060	18,723	n.a.

1. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.
4. Data for March 1978 and for period prior to that are outstanding collections only.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

NOTE: Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.19 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1978		1979			
	Sept.	Dec.	Mar.	June	Sept.r	Dec.p
1 **Total**	**60,096**	**73,632**	**71,528**	**77,662**	**87,471**	**86,170**
By borrower						
2 Maturity of 1 year or less[1]	47,230	58,363	55,363	60,014	68,119	65,042
3 Foreign public borrowers	3,709	4,589	4,643	4,594	6,051	6,894
4 All other foreigners	43,521	53,774	50,720	55,420	62,068	58,148
5 Maturity of over 1 year[1]	12,866	15,269	16,165	17,648	19,352	21,128
6 Foreign public borrowers	4,230	5,343	5,944	6,427	7,635	8,074
7 All other foreigners	8,635	9,926	10,221	11,221	11,718	13,054
By area						
Maturity of 1 year or less[1]						
8 Europe	10,513	15,126	12,376	14,019	16,782	15,203
9 Canada	1,953	2,670	2,512	2,703	2,466	1,843
10 Latin American and Caribbean	18,624	20,927	21,651	23,090	25,584	24,774
11 Asia	14,014	17,575	16,993	18,199	21,365	21,657
12 Africa	1,535	1,496	1,290	1,438	1,399	1,072
13 All other[2]	591	569	541	565	523	493
Maturity of over 1 year[1]						
14 Europe	3,102	3,142	3,103	3,484	3,665	4,142
15 Canada	794	1,426	1,456	1,221	1,371	1,453
16 Latin America and Caribbean	6,877	8,452	9,325	10,265	11,773	12,792
17 Asia	1,303	1,399	1,471	1,881	1,732	1,920
18 Africa	580	636	629	614	623	652
19 All other[2]	211	214	180	183	189	169

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

	Area or Country	1975	1976	1977	1978				1979			
					Mar.	June[2]	Sept.	Dec.	Mar.	June	Sept.	Dec.
1	**Total**	**167.1**	**206.8**	**241.4**	**244.7**	**247.1**	**247.6**	**266.1**	**263.8**	**275.3**	**293.7**	**304.3**
2	G-10 countries and Switzerland	88.0	100.3	116.4	116.9	112.8	113.7	124.9	119.1	125.3	135.8	139.2
3	Belgium-Luxembourg	5.3	6.1	8.4	8.3	8.3	8.4	9.0	9.4	9.7	10.7	11.1
4	France	8.5	10.0	11.0	11.4	11.4	11.7	12.2	11.7	12.7	12.0	11.6
5	Germany	7.7	8.7	9.6	9.0	9.1	9.7	11.4	10.5	10.8	12.9	12.0
6	Italy	5.2	5.8	6.5	6.0	6.4	6.1	6.6	5.7	6.1	6.1	6.3
7	Netherlands	2.8	2.8	3.5	3.4	3.4	3.5	4.4	3.9	4.0	4.7	4.8
8	Sweden	1.0	1.2	1.9	2.0	2.1	2.2	2.1	2.0	2.0	2.3	2.4
9	Switzerland	2.4	3.0	3.6	4.0	4.1	4.3	5.4	4.5	4.8	5.0	4.8
10	United Kingdom	36.3	41.7	46.5	46.7	45.0	44.4	47.3	46.5	50.4	53.8	55.9
11	Canada	3.8	5.1	6.4	7.0	5.1	5.0	6.0	5.9	5.5	6.0	7.7
12	Japan	14.9	15.9	18.8	19.1	17.9	18.6	20.6	19.0	19.4	22.3	22.4
13	Other developed countries	10.8	15.0	18.6	19.7	19.4	18.6	19.4	18.2	18.2	19.7	19.9
14	Austria	.7	1.2	1.3	1.5	1.5	1.5	1.7	1.7	1.8	2.0	2.0
15	Denmark	.6	1.0	1.6	1.8	1.7	1.9	2.0	2.0	1.9	2.0	2.2
16	Finland	.9	1.1	1.2	1.2	1.1	1.0	1.2	1.2	1.1	1.2	1.2
17	Greece	1.4	1.7	2.2	2.1	2.3	2.2	2.3	2.3	2.2	2.3	2.4
18	Norway	1.4	1.5	1.9	1.9	2.1	2.1	2.1	2.1	2.1	2.3	2.3
19	Portugal	.3	.4	.6	.7	.6	.5	.6	.6	.5	.7	.7
20	Spain	1.9	2.8	3.6	3.6	3.6	3.5	3.4	3.0	3.0	3.3	3.5
21	Turkey	.6	1.3	1.5	1.4	1.4	1.5	1.5	1.4	1.4	1.4	1.4
22	Other Western Europe	.6	.7	.9	1.5	1.2	.9	1.3	1.1	1.0	1.5	1.4
23	South Africa	1.2	2.2	2.4	2.5	2.4	2.2	2.0	1.7	1.8	1.7	1.3
24	Australia	1.3	1.2	1.4	1.5	1.4	1.3	1.4	1.3	1.4	1.3	1.3
25	Oil-exporting countries[3]	6.9	12.6	17.6	19.2	19.2	20.4	22.7	22.6	22.7	23.4	22.8
26	Ecuador	.4	.7	1.1	1.3	1.4	1.6	1.6	1.5	1.6	1.6	1.7
27	Venezuela	2.3	4.1	5.5	5.5	5.6	6.2	7.2	7.2	7.6	7.9	8.7
28	Indonesia	1.6	2.2	2.2	2.1	1.9	1.9	2.0	1.9	1.9	1.9	1.9
29	Middle East countries	1.6	4.2	6.9	8.3	8.4	8.7	9.5	9.4	9.0	9.2	8.0
30	African countries	1.0	1.4	1.9	2.0	1.9	2.0	2.5	2.6	2.6	2.8	2.6
31	Non-oil developing countries	34.1	44.2	48.7	49.7	49.1	49.6	52.5	53.8	56.2	59.1	63.2
	Latin America											
32	Argentina	1.7	1.9	2.9	3.0	3.0	2.9	3.0	3.1	3.5	4.1	5.1
33	Brazil	8.0	11.1	12.7	13.0	13.3	14.0	14.9	14.9	15.1	15.1	15.3
34	Chile	.5	.8	.9	1.1	1.3	1.3	1.6	1.7	1.8	2.2	2.5
35	Colombia	1.2	1.3	1.3	1.2	1.3	1.3	1.4	1.5	1.5	1.7	2.2
36	Mexico	9.0	11.7	11.9	11.2	11.0	10.7	10.8	10.9	11.0	11.7	12.3
37	Peru	1.4	1.8	1.9	1.7	1.8	1.8	1.7	1.6	1.4	1.4	1.5
38	Other Latin America	2.5	2.8	2.6	3.4	3.3	3.4	3.6	3.5	3.3	3.6	3.7
	Asia											
	China											
39	Mainland	.0	.0	.0	.0	.0	.0	.0	.1	.1	.1	.1
40	Taiwan	1.7	2.4	3.1	3.1	2.5	2.4	2.9	3.1	3.3	3.5	3.5
41	India	.2	.2	.3	.3	.2	.3	.2	.2	.2	.2	.2
42	Israel	.9	1.0	.9	.8	.7	.7	1.0	1.0	.9	1.0	1.3
43	Korea (South)	2.4	3.1	3.9	3.6	3.6	3.5	3.9	4.2	5.0	5.3	5.5
44	Malaysia[4]	.3	.5	.7	.7	.6	.6	.6	.6	.7	.7	.9
45	Philippines	1.7	2.2	2.5	2.6	2.7	2.8	2.8	3.2	3.7	3.7	4.3
46	Thailand	.7	.7	1.1	1.1	1.1	1.1	1.2	1.2	1.4	1.6	1.6
47	Other Asia	.5	.5	.4	.4	.3	.3	.2	.3	.4	.3	.4
	Africa											
48	Egypt	.4	.4	.3	.3	.3	.4	.4	.5	.7	.6	.6
49	Morocco	.1	.3	.5	.4	.5	.5	.6	.6	.5	.5	.6
50	Zaire	.3	.2	.3	.3	.2	.2	.2	.2	.2	.2	.2
51	Other Africa[4]	.8	1.2	.7	1.4	1.2	1.3	1.4	1.4	1.5	1.6	1.7
52	Eastern Europe	3.7	5.2	6.3	6.3	6.4	6.6	6.9	6.7	6.7	7.2	7.8
53	U.S.S.R.	1.0	1.5	1.6	1.4	1.4	1.4	1.3	1.1	.9	.9	1.0
54	Yugoslavia	.6	.8	1.1	1.2	1.3	1.3	1.5	1.6	1.7	1.8	1.8
55	Other	2.1	2.9	3.7	3.7	3.7	3.9	4.1	4.0	4.1	4.6	5.0
56	Offshore banking centers	18.9	24.7	26.1	28.8	32.2	30.0	30.6	33.5	36.4	37.9	39.7
57	Bahamas	7.3	10.1	9.8	11.3	12.4	11.7	10.4	12.4	14.5	13.0	13.5
58	Bermuda	.5	.5	.6	.6	.7	.7	.7	.6	.7	.7	.7
59	Cayman Islands and other British West Indies	2.5	3.8	3.8	4.6	6.7	6.4	6.9	6.8	7.0	9.2	9.5
60	Netherlands Antilles	.6	.6	.7	.7	.6	.6	.8	.8	1.0	1.1	1.2
61	Panama	2.6	3.0	3.1	3.1	3.3	3.1	3.0	3.4	3.5	3.0	3.8
62	Lebanon	.2	.1	.2	.2	.1	.1	.1	.1	.1	.2	.2
63	Hong Kong	1.6	2.2	3.7	4.1	4.1	4.0	4.3	4.8	4.9	5.5	6.0
64	Singapore	3.6	4.4	3.7	3.9	3.8	2.9	3.9	4.2	4.2	4.9	4.5
65	Others[6]	.1	.0	.5	.3	.5	.5	.5	.4	.4	.4	.4
66	Miscellaneous and unallocated[7]	4.7	5.0	5.3	5.9	8.1	8.6	9.1	9.5	9.9	10.6	11.8

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. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

3.21 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1978	1979	1980 Jan.	1979 July	Aug.	Sept.	Oct.	Nov.	Dec.	1980 Jan.p
	Holdings (end of period)[1]									
1 **Estimated total**[2]	**44,938**	**50,306**	....	**48,991**	**49,575**	**50,257**	**50,888**	**49,779**	**50,306**	**51,660**
2 Foreign countries[2]	39,817	44,875	....	44,544	44,979	45,060	45,206	44,276	44,875	45,609
3 Europe[2]	17,072	23,705	....	22,213	22,558	22,599	22,692	21,910	23,705	24,183
4 Belgium-Luxembourg	19	60	....	24	24	65	65	60	60	60
5 Germany[2]	8,705	12,937	....	10,781	10,952	10,953	11,082	11,337	12,937	12,913
6 Netherlands	1,358	1,466	....	1,655	1,577	1,667	1,660	1,490	1,466	1,407
7 Sweden	285	647	....	481	525	588	600	593	647	640
8 Switzerland	977	1,868	....	1,843	2,048	2,496	2,427	1,961	1,868	1,894
9 United Kingdom	5,373	6,236	....	6,938	6,895	6,193	6,191	5,955	6,236	6,755
10 Other Western Europe	354	491	....	491	538	637	666	513	491	514
11 Eastern Europe	....	....	....	....	....	....	....	....	....	....
12 Canada	152	232	....	232	233	233	235	234	232	231
13 Latin America and Caribbean	416	546	....	537	539	539	541	539	546	546
14 Venezuela	144	183	....	183	183	183	183	183	183	183
15 Other Latin American and Caribbean	110	200	....	192	192	192	194	192	200	200
16 Netherlands Antilles	162	163	....	162	165	165	164	164	163	163
17 Asia	21,488	19,804	....	20,874	20,960	21,000	21,050	21,005	19,804	20,061
18 Japan	11,528	11,175	....	13,090	12,818	12,789	12,591	12,502	11,175	10,844
19 Africa	691	591	....	691	691	691	691	591	591	591
20 All other	−3	−3	....	−3	−3	−3	−3	−3	−3	−3
21 Nonmonetary international and regional organizations	5,121	5,431	....	4,447	4,596	5,197	5,682	5,503	5,431	6,051
22 International	5,089	5,388	....	4,400	4,551	5,150	5,636	5,463	5,388	6,016
23 Latin American regional	33	40	....	48	46	46	46	40	40	35
	Transactions (net purchases, or sales (−), during period)									
24 ***Total***[2]	***6,297***	***5,368***	***1,357***	***1,497***	***584***	***681***	***632***	***−1,110***	***527***	***1,357***
25 Foreign countries[2]	5,921	5,058	734	1,090	435	81	146	−930	600	734
26 Official institutions	3,727	1,781	481	1,033	515	101	56	−1,037	547	481
27 Other foreign[2]	2,195	3,277	253	57	−81	−20	89	108	53	253
28 Nonmonetary international and regional organizations	375	311	624	407	149	600	487	−180	−73	624
MEMO: Oil-exporting countries										
29 Middle East[3]	−1,785	−1,015	550	−193	394	72	299	64	168	550
30 Africa[4]	329	−100	....	....	....	....	....	−100	....	....

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents.

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

4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.22 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1977	1978	1979	1979 Aug.	Sept.	Oct.	Nov.	Dec.	1980 Jan.	Feb.p
1 Deposits	424	367	429	325	347	351	490	429	439	450
Assets held in custody										
2 U.S. Treasury securities[1]	91,962	117,126	95,075	98,794	100,383	97,965	90,874	95,075	97,116	96,200
3 Earmarked gold[2]	15,988	15,463	15,169	15,296	15,294	15,253	15,230	15,169	15,138	15,109

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2. The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.23 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1978	1979	1980	1979						1980
			Jan.	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	20,142	22,593	3,100	1,768	2,382	2,074	2,385	1,876	2,359	3,100
2 Foreign sales	17,723	20,974	2,415	1,775	2,224	2,023	2,372	1,687	2,182	2,415
3 **Net purchases, or sales (−)**	**2,420**	**1,619**	**685**	**−7**	**158**	**51**	**13**	**189**	**177**	**685**
4 **Foreign countries**	**2,466**	**1,604**	**683**	**−7**	**156**	**58**	**13**	**192**	**173**	**683**
5 Europe	1,283	216	506	−42	−48	−107	−34	77	75	506
6 France	47	122	71	18	19	−20	−48	−18	8	71
7 Germany	620	−221	35	−19	−30	−37	−32	−18	−10	35
8 Netherlands	−22	−71	8	8	−3	*	38	12	−25	8
9 Switzerland	−585	−519	153	−52	−87	−64	−68	−148	−68	153
10 United Kingdom	1,230	964	215	−12	97	19	83	278	155	215
11 Canada	74	550	39	30	78	145	67	14	47	39
12 Latin America and Caribbean	151	−18	92	−17	45	−8	−93	−7	40	92
13 Middle East[1]	781	656	15	−7	44	41	59	133	32	15
14 Other Asia	187	207	29	32	34	−12	18	−29	−21	29
15 Africa	−13	−14	*	−3	−4	−2	−1	1	−3	*
16 Other countries	3	7	2	1	7	1	−3	2	2	2
17 **Nonmonetary international and regional organizations**	**−46**	**15**	**1**	*****	**2**	**−7**	*****	**−3**	**4**	**1**
BONDS[2]										
18 Foreign purchases	7,975	8,790	1,149	869	729	398	827	732	964	1,149
19 Foreign sales	5,517	7,544	494	648	673	288	639	913	550	494
20 **Net purchases, or sales (−)**	**2,458**	**1,246**	**655**	**221**	**56**	**110**	**188**	**−181**	**414**	**655**
21 **Foreign countries**	**2,049**	**1,348**	**523**	**222**	**71**	**23**	**48**	**−118**	**429**	**523**
22 Europe	908	675	205	159	−5	19	88	−205	33	205
23 France	30	11	8	−34	−3	−1	1	11	1	8
24 Germany	68	83	−5	−11	−10	−1	−7	2	2	−5
25 Netherlands	12	−202	−3	−9	−19	−2	−7	−15	−20	−3
26 Switzerland	−100	−61	6	−4	−8	4	*	−53	7	6
27 United Kingdom	930	816	195	232	24	23	103	−124	36	195
28 Canada	102	90	25	8	9	17	8	−1	−16	25
29 Latin America and Caribbean	98	112	14	11	10	−4	6	12	15	14
30 Middle East[1]	810	374	280	40	50	−7	−39	71	406	280
31 Other Asia	131	94	*	5	7	−4	−16	5	−10	*
32 Africa	−1	1	*	*	*	1	*	*	*	*
33 Other countries	1	1	*	*	*	*	1	*	*	*
34 **Nonmonetary international and regional organizations**	**409**	**−102**	**132**	**−1**	**−14**	**87**	**140**	**−63**	**−14**	**132**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	527	−993	−229	−132	−117	−338	−198	−84	−130	−229
36 Foreign purchases	3,666	4,512	623	327	377	420	466	365	406	623
37 Foreign sales	3,139	5,504	853	459	494	758	663	449	536	853
38 Bonds, net purchases, or sales (−)	−4,052	−3,927	−42	−373	−543	−725	−75	−335	−233	−42
39 Foreign purchases	11,043	12,374	1,279	984	1,575	829	1,081	1,080	1,124	1,279
40 Foreign sales	15,094	16,301	1,321	1,357	2,118	1,554	1,156	1,415	1,356	1,321
41 **Net purchases, or sales (−) of stocks and bonds**	**−3,525**	**−4,919**	**−271**	**−505**	**−660**	**−1,063**	**−273**	**−420**	**−363**	**−271**
42 **Foreign countries**	**−3,338**	**−4,149**	**−349**	**−529**	**−577**	**−914**	**−277**	**−301**	**−500**	**−349**
43 Europe	−64	−1,734	176	−397	−290	−120	−38	−119	−282	176
44 Canada	−3,238	−2,614	−297	−178	−128	−891	−358	−97	−80	−297
45 Latin America and Caribbean	201	389	5	30	12	*	11	29	−14	5
46 Asia	350	−212	−228	16	−172	92	112	−118	−128	−228
47 Africa	−441	−14	−2	−2	−1	*	−6	1	2	−2
48 Other countries	−146	25	−4	2	2	5	2	3	3	−4
49 **Nonmonetary international and regional organizations**	**−187**	**−760**	**78**	**24**	**−83**	**−150**	**4**	**−118**	**138**	**78**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.24 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1976	1977	1978r	1978		1979			
				June	Sept.	Mar.r	June	Sept.	Dec.
1 **Total**	**10,099**	**11,085**	**14,676**	**11,870**	**12,786**	**14,265**	**15,164**	**15,372**	...
2 Payable in dollars	9,390	10,284	11,400	11,044	11,955	11,369	12,415	12,477	...
3 Payable in foreign currencies[2]	709	801	3,276	825	831	2,896	2,749	2,895	...
By type									
4 Financial liabilities	...	...	6,145	...	...	5,894	5,781	5,881	...
5 Payable in dollars	...	...	3,745	...	...	3,705	3,735	3,738	...
6 Payable in foreign currencies	...	...	2,400	...	...	2,190	2,046	2,143	...
7 Commercial liabilities	...	...	8,531	...	...	8,371	9,384	9,491	...
8 Trade payables	...	...	3,984	...	...	3,484	4,244	4,015	...
9 Advance receipts and other liabilities	...	...	4,547	...	...	4,886	5,140	5,476	...
10 Payable in dollars	...	...	7,655	...	...	7,664	8,680	8,739	...
11 Payable in foreign currencies	...	...	876	...	...	707	703	753	...
By area or country									
Financial liabilities									
12 Europe	...	...	3,834	...	...	3,570	3,394	3,426	...
13 Belgium-Luxembourg	...	...	287	...	...	264	313	276	...
14 France	...	...	162	...	...	138	134	125	...
15 Germany	...	...	366	...	...	305	271	370	...
16 Netherlands	...	...	389	...	...	422	378	407	...
17 Switzerland	...	...	248	...	...	239	231	185	...
18 United Kingdom	...	...	2,054	...	...	1,992	1,852	1,866	...
19 Canada	...	...	242	...	...	258	292	311	...
20 Latin America and Caribbean	...	...	1,283	...	...	1,279	1,325	1,381	...
21 Bahamas	...	...	426	...	...	411	442	345	...
22 Bermuda	...	...	56	...	...	41	37	37	...
23 Brazil	...	...	10	...	...	13	19	14	...
24 British West Indies	...	...	127	...	...	136	127	139	...
25 Mexico	...	...	102	...	...	101	131	121	...
26 Venezuela	...	...	49	...	...	55	65	68	...
27 Asia	...	...	775	...	...	778	759	752	...
28 Japan	...	...	714	...	...	714	706	700	...
29 Middle East oil-exporting countries[3]	...	...	27	...	...	23	19	19	...
30 Africa	...	...	5	...	...	5	6	5	...
31 Oil-exporting countries[4]	...	...	2	...	...	1	2	1	...
32 All other[5]	...	...	5	...	...	5	5	5	...
Commercial liabilities									
33 Europe	...	...	2,972	...	...	2,941	3,255	3,343	...
34 Belgium-Luxembourg	...	...	75	...	...	70	81	103	...
35 France	...	...	317	...	...	339	339	379	...
36 Germany	...	...	536	...	...	402	481	553	...
37 Netherlands	...	...	208	...	...	194	202	178	...
38 Switzerland	...	...	302	...	...	329	439	348	...
39 United Kingdom	...	...	798	...	...	843	979	992	...
40 Canada	...	...	667	...	...	614	651	715	...
41 Latin America	...	...	995	...	...	1,161	1,319	1,384	...
42 Bahamas	...	...	25	...	...	16	65	89	...
43 Bermuda	...	...	95	...	...	40	80	45	...
44 Brazil	...	...	74	...	...	61	165	186	...
45 British West Indies	...	...	53	...	...	89	121	21	...
46 Mexico	...	...	106	...	...	236	203	256	...
47 Venezuela	...	...	303	...	...	356	323	359	...
48 Asia	...	...	2,950	...	...	2,636	3,021	2,985	...
49 Japan	...	...	438	...	...	411	499	516	...
50 Middle East oil-exporting countries[3]	...	...	1,535	...	...	1,113	1,216	1,039	...
51 Africa	...	...	743	...	...	779	891	775	...
52 Oil-exporting countries[4]	...	...	312	...	...	343	410	385	...
53 All other[5]	...	...	204	...	...	239	246	290	...

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Before December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

3.25 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1976	1977	1978ʳ	1978		1979			
				June	Sept.	Mar.ʳ	June	Sept.	Dec.
1 **Total**	**19,350**	**21,298**	**27,626**	**23,229**	**23,260**	**30,071**	**29,398ʳ**	**29,808**	....
2 Payable in dollars	18,300	19,880	24,604	21,665	21,292	27,241	26,495ʳ	27,109	....
3 Payable in foreign currencies[2]	1,050	1,418	3,022	1,564	1,968	2,829	2,904	2,699	....
By type									
4 Financial claims	....	....	16,276	....	....	19,328	18,382ʳ	18,034	....
5 Deposits	....	....	10,815	....	....	13,895	12,807	12,661	....
6 Payable in dollars	....	....	9,753	....	....	12,975	11,871	11,759	....
7 Payable in foreign currencies	....	....	1,062	....	....	920	936	901	....
8 Other financial claims	....	....	5,461	....	....	5,433	5,575ʳ	5,373	....
9 Payable in dollars	....	....	3,872	....	....	3,893	4,012ʳ	3,984	....
10 Payable in foreign countries	....	....	1,589	....	....	1,540	1,563	1,389	....
11 Commercial claims	....	....	11,351	....	....	10,743	11,016	11,774	....
12 Trade receivables	....	....	10,712	....	....	9,996	10,311	10,965	....
13 Advance payments and other claims	....	....	639	....	....	747	705	809	....
14 Payable in dollars	....	....	10,979	....	....	10,373	10,612	11,366	....
15 Payable in foreign currencies	....	....	371	....	....	370	404	408	....
By area or country									
Financial claims									
16 Europe	....	....	5,035	....	....	5,164	5,458	6,387	....
17 Belgium-Luxembourg	....	....	48	....	....	63	54	33	....
18 France	....	....	178	....	....	171	183	191	....
19 Germany	....	....	510	....	....	266	361	391	....
20 Netherlands	....	....	103	....	....	85	62	51	....
21 Switzerland	....	....	98	....	....	96	81	85	
22 United Kingdom	....	....	3,848	....	....	4,253	4,478	5,357	....
23 Canada	....	....	4,521	....	....	5,196	5,066	4,538	....
24 Latin America and Carribbean	....	....	5,563	....	....	7,883	6,772ʳ	5,943	....
25 Bahamas	....	....	2,871	....	....	4,111	3,173	2,773	....
26 Bermuda	....	....	80	....	....	63	57	61	....
27 Brazil	....	....	151	....	....	137	122	114	....
28 British West Indies	....	....	1,280	....	....	2,443	2,278	1,711	....
29 Mexico	....	....	162	....	....	160	158	155	....
30 Venezuela	....	....	150	....	....	142	148	137	....
31 Asia	....	....	922	....	....	829	800	818	....
32 Japan	....	....	307	....	....	207	216	222	....
33 Middle East oil-exporting countries[3]	....	....	18	....	....	16	17	21	
34 Africa	....	....	181	....	....	204	227	278	....
35 Oil-exporting countries[4]	....	....	10	....	....	26	23	41	
36 All other[5]	....	....	55	....	....	52	61	69	....
Commercial claims									
37 Europe	....	....	3,990	....	....	3,837	3,842	4,170	....
38 Belgium-Luxembourg	....	....	148	....	....	177	174	184	....
39 France	....	....	613	....	....	494	473	549	....
40 Germany	....	....	416	....	....	514	435	467	....
41 Netherlands	....	....	262	....	....	274	306	262	....
42 Switzerland	....	....	198	....	....	230	232	224	
43 United Kingdom	....	....	817	....	....	691	724	815	....
44 Canada	....	....	1,110	....	....	1,121	1,127	1,174	....
45 Latin America and Caribbean	....	....	2,544	....	....	2,391	2,403	2,562	....
46 Bahamas	....	....	109	....	....	117	98	16	....
47 Bermuda	....	....	215	....	....	241	118	152	....
48 Brazil	....	....	626	....	....	491	499	565	....
49 British West Indies	....	....	9	....	....	10	25	13	....
50 Mexico	....	....	506	....	....	489	584	647	....
51 Venezuela	....	....	292	....	....	274	296	345	....
52 Asia	....	....	3,081	....	....	2,756	2,969	3,106	....
53 Japan	....	....	979	....	....	896	1,003	1,129	....
54 Middle East oil-exporting countries[3]	....	....	712	....	....	672	685	661	....
55 Africa	....	....	447	....	....	443	487	548	....
56 Oil-exporting countries[4]	....	....	136	....	....	131	139	139	....
57 All other[5]	....	....	179	....	....	195	189	213	....

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Prior to December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Feb. 29, 1980		Country	Rate on Feb. 29, 1980		Country	Rate on Feb. 29, 1980	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Argentina	18.0	Feb. 1972	France	9.5	Aug. 1977	Norway	9.0	Nov.1979
Austria	5.25	Jan. 1980	Germany, Fed. Rep. of	7.0	Feb. 1980	Sweden	10.0	Jan. 1980
Belgium	12.0	Feb. 1980	Italy	15.0	Dec. 1979	Switzerland	3.0	Feb. 1980
Brazil	33.0	Nov. 1978	Japan	7.25	Feb. 1980	United Kingdom	17.0	Nov. 1979
Canada	14.0	Oct. 1979	Mexico	4.5	June 1942	Venezuela	8.5	May 1979
Denmark	13.0	Feb. 1980	Netherlands	9.5	Nov. 1979			

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1977	1978	1979	1979				1980	
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 Eurodollars	6.03	8.74	11.96	12.61	14.59	15.00	14.51	14.33	15.33
2 United Kingdom	8.07	9.18	13.60	14.11	14.12	16.09	16.71	17.30	17.72
3 Canada	7.47	8.52	11.91	11.89	13.34	14.19	14.02	13.93	13.96
4 Germany	4.30	3.67	6.64	7.82	8.84	9.57	9.54	8.79	8.94
5 Switzerland	2.56	0.74	2.04	1.94	2.57	3.97	5.67	5.45	5.19
6 Netherlands	4.73	6.53	9.33	9.82	10.09	11.86	14.56	11.85	11.99
7 France	9.20	8.10	9.44	11.67	12.14	12.72	12.55	12.31	12.63
8 Italy	14.26	11.40	11.85	11.51	12.71	13.12	16.01	17.00	17.88
9 Belgium	6.95	7.14	10.48	11.88	12.99	14.17	14.49	14.38	14.45
10 Japan	6.22	4.75	6.10	7.00	7.01	8.13	8.42	8.44	9.10

NOTE. Rates are for 3-month interbank loans except for the following: Canada, finance company paper; Belgium, time deposits of 20 million francs and over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1977	1978	1979	1979				1980	
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 Australia/dollar	110.82	114.41	111.77	112.63	111.31	109.34	110.30	110.97	110.41
2 Austria/schilling	6.0494	6.8958	7.4799	7.7211	7.7570	7.8345	8.0039	8.0689	7.9815
3 Belgium/franc	2.7911	3.1809	3.4098	3.4684	3.4656	3.4822	3.5423	3.5688	3.5221
4 Canada/dollar	94.112	87.729	85.386	85.814	85.084	84.771	85.471	85.912	86.546
5 Denmark/krone	16.658	18.156	19.010	19.279	19.110	19.034	18.618	18.568	18.326
6 Finland/markka	24.913	24.337	27.732	26.242	26.483	26.428	26.830	27.082	26.912
7 France/franc	20.344	22.218	23.504	23.826	23.809	24.065	24.614	24.750	24.413
8 Germany/deutsche mark	43.079	49.867	54.561	55.758	55.884	56.470	57.671	57.986	57.203
9 India/rupee	11.406	12.207	12.265	12.289	12.159	12.209	12.350	12.519	12.529
10 Ireland/pound	174.49	191.84	204.65	209.18	208.28	208.70	212.76	214.31	211.59
11 Italy/lira	.11328	.11782	.12035	.12326	.12112	.12112	.12329	.12427	.12346
12 Japan/yen	.37342	.47981	.45834	.44963	.43405	.40834	.41613	.42041	.40934
13 Malaysia/ringgit	40.620	43.210	45.720	46.382	46.074	45.661	45.931	45.868	45.896
14 Mexico/peso	4.4239	4.3896	4.3826	4.3858	4.3825	4.3726	4.3768	4.3780	4.3789
15 Netherlands/guilder	40.752	46.284	49.843	50.635	50.379	50.686	52.092	52.527	51.886
16 New Zealand/dollar	96.893	103.64	102.23	100.28	98.564	96.813	98.100	98.690	97.960
17 Norway/krone	18.789	19.079	19.747	20.080	20.143	19.928	20.092	20.373	20.483
18 Portugal/escudo	2.6234	2.2782	2.0437	2.0297	1.9992	1.9852	2.0036	2.0051	2.0634
19 South Africa/rand	114.99	115.01	118.72	119.91	120.79	120.32	120.79	121.64	122.90
20 Spain/peseta	1.3287	1.3073	1.4896	1.5135	1.5117	1.5051	1.5039	1.5124	1.5006
21 Sri Lanka/rupee	11.964	6.3834	6.4226	6.4126	6.4000	6.4053	6.4300	6.4323	6.4350
22 Sweden/krona	22.383	22.139	23.323	23.860	23.747	23.677	23.935	24.112	23.974
23 Switzerland/franc	41.714	56.283	60.121	62.087	61.350	60.870	62.542	62.693	60.966
24 United Kingdom/pound	174.49	191.84	212.24	219.66	214.38	213.52	220.07	226.41	228.91
MEMO:									
25 United States/dollar[1]	103.31	92.39	88.09	86.73	87.67	88.12	86.32	85.52	86.37

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.

4.10 TIME AND SAVINGS DEPOSITS Held by Insured Commercial Banks on Recent Survey Dates

Type of deposit, denomination, and original maturity	Number of issuing banks			Deposits				
				Millions of dollars			Percentage change	
	Apr. 25, 1979	July 25, 1979	Oct. 31, 1979	Apr. 25, 1979	July 25, 1979	Oct. 31, 1979	Apr. 25-July 25	July 25-Oct. 31
Total time and savings deposits	**14,285**	**14,206**	**14,375**	**615,427**	**625,123**	**650,160**	**1.6**	**4.0**
Savings	14,285	14,206	14,375	216,901	217,522	207,983	0.3	-4.4
Holder								
Individuals and nonprofit organizations	14,285	14,206	14,375	202,133	202,465	194,249	0.2	-4.1
Partnerships and corporations operated for profit (other than commercial banks)	9,684	10,065	10,055	10,255	10,736	9,758	4.7	-9.1
Domestic government units	8,039	8,096	8,462	4,386	4,035	3,600	-8.0	-10.8
All other	1,474	1,605	1,594	126	285	377	125.6	32.1
Interest-bearing time deposits, less than $100,000	14,191	14,113	14,276	201,067	211,633	233,219	5.3	10.2
Holder								
Domestic governmental units[1]	10,506	10,269	10,156	2,928	2,679	2,506	-8.5	-6.5
30 up to 90 days	5,220	5,028	4,556	595	551	403	-7.5	-26.8
90 up to 180 days	7,750	7,168	6,210	890	844	925	-5.2	9.6
180 days up to 1 year	4,749	3,665	3,736	537	398	372	-25.8	-6.6
1 year and over	8,424	7,969	8,177	906	886	806	-2.1	-9.1
Other than domestic governmental units[1]	14,110	14,032	14,189	145,433	140,313	134,012	-3.5	-4.5
30 up to 90 days	5,187	4,692	4,605	3,144	2,762	2,664	-12.1	-3.6
90 up to 180 days	11,065	10,771	10,670	25,156	23,487	21,442	-6.6	-8.7
180 days up to 1 year	8,447	8,357	7,943	3,476	2,763	2,808	-20.5	1.6
1 up to 2½ years	13,840	13,762	13,907	25,257	23,532	20,838	-6.8	-11.4
2½ up to 4 years	12,892	12,819	12,869	15,626	14,668	14,106	-6.1	-3.8
4 up to 6 years	13,467	13,482	13,629	46,367	46,010	44,842	-0.8	-2.5
6 up to 8 years	11,693	11,599	11,534	23,406	23,922	23,652	2.2	-1.1
8 years and over	8,569	8,635	8,265	3,002	3,169	3,661	5.6	15.5
IRA and Keogh Plan time deposits, 3 years or more	10,209	10,433	10,232	4,159	4,486	4,642	7.9	3.5
Money market certificates, $10,000 or more, exactly 6 months	12,395	12,868	13,109	48,547	64,155	92,059	32.2	43.5
Interest-bearing time deposits, $100,000 or more	11,973	11,654	12,863	191,664	189,323	203,187	-1.2	7.3
Non-interest-bearing time deposits	1,489	1,263	1,464	4,248	4,487	4,566	5.6	1.8
Less than $100,000	1,163	944	1,175	826	916	965	10.9	5.3
$100,000 or more	663	663	606	3,422	3,570	3,601	4.3	0.9
Club accounts (Christmas savings, vacation, and the like)	9,334	9,407	8,551	1,548	2,158	1,206	39.4	-44.1

1. Excludes all money market certificates, IRAs, and Keogh Plan accounts.

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

Details may not add to totals because of rounding.

4.11 SMALL-DENOMINATION TIME AND SAVINGS DEPOSITS Held by Insured Commercial Banks on Oct. 31, 1979, Compared with Previous Survey, by Type of Deposit, by Most Common Rate Paid on New Deposits in Each Category, and by Size of Bank

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Oct. 31, 1979	July 25, 1979	Oct. 31, 1979	July 25, 1979	Oct. 31, 1979	July 25, 1979	Oct. 31, 1979	July 25, 1979	Oct. 31, 1979	July 25, 1979	Oct. 31, 1979	July 25, 1979
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars) or percentage distribution					
Savings deposits												
Individuals and nonprofit organizations												
Issuing banks	14,375	14,206	13,127	13,055	1,248	1,151	194,249	202,465	70,631	74,439	123,617	128,026
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	4.7	5.0	4.6	4.8	6.7	7.6	5.0	5.8	3.5	4.2	5.9	6.7
4.51–5.00	11.8	22.6	12.3	23.2	6.4	15.8	7.8	17.5	9.4	18.8	7.0	16.8
5.01–5.25	83.4	72.4	83.1	72.0	87.0	76.6	87.1	76.7	87.1	77.0	87.2	76.5
MEMO: Paying ceiling rate[1]	83.4	72.4	83.1	72.0	87.0	76.6	87.1	76.7	87.1	77.0	87.2	76.5
Partnerships and corporations												
Issuing banks	10,055	10,055	8,858	8,949	1,197	1,106	9,758	10,701	2,575	3,425	7,183	7,276
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	.8	1.2	.7	1.1	2.0	2.4	1.2	2.9	.3	1.0	1.5	3.8
4.51–5.00	8.8	21.1	8.7	21.7	8.9	16.1	8.8	18.2	5.2	19.3	10.1	17.7
5.01–5.25	90.4	77.7	90.6	77.2	89.1	81.5	90.0	78.9	94.5	79.7	88.4	78.5
MEMO: Paying ceiling rate[1]	90.4	77.7	90.6	77.2	89.1	81.5	90.0	78.9	94.5	79.7	88.4	78.5
Domestic governmental units												
Issuing banks	8,419	8,095	7,535	7,259	884	835	3,599	4,035	1,824	2,209	1,775	1,826
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	3.6	4.0	3.9	4.3	1.5	1.9	1.5	2.1	2.5	2.8	.5	1.3
4.51–5.00	7.7	20.1	7.5	20.4	9.0	17.4	10.2	17.8	8.1	14.7	12.3	21.7
5.01–5.25	88.7	75.9	88.6	75.3	89.5	80.7	88.3	80.1	89.4	82.5	87.2	77.1
MEMO: Paying ceiling rates[1]	88.3	75.9	88.2	75.3	89.5	80.7	87.8	80.1	88.3	82.5	87.2	77.1
All other												
Issuing banks	1,585	1,602	1,368	1,425	217	176	360	277	159	106	200	171
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	3.1	9.4	2.4	10.1	7.4	4.0	3.3	1.2	(2)	1.0	6.0	1.3
4.51–5.00	4.6	17.1	4.2	17.4	7.5	14.5	10.3	23.5	13.3	38.0	8.0	14.6
5.01–5.25	92.3	73.5	93.4	72.5	85.1	81.5	86.3	75.3	86.7	61.0	86.0	84.1
MEMO: Paying ceiling rate[1]	92.3	73.5	93.4	72.5	85.1	81.5	86.3	75.3	86.7	61.0	86.0	84.1
Time deposits less than $100,000												
Domestic governmental units												
30 up to 90 days												
Issuing banks	4,485	5,028	3,826	4,346	659	682	383	551	227	373	156	177
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	41.2	51.3	42.0	49.6	36.8	61.9	24.3	36.9	27.5	36.9	19.5	36.8
5.01–5.50	27.9	22.7	27.1	24.2	32.8	12.7	26.6	23.3	26.6	29.9	26.6	9.3
5.51–8.00	30.9	26.1	30.9	26.2	30.4	25.4	49.1	39.8	45.9	33.2	53.9	53.9
MEMO: Paying ceiling rate[1]	22.3	17.6	21.4	17.2	27.6	20.6	42.2	27.8	36.5	20.0	50.5	44.3
90 up to 180 days												
Issuing banks	6,205	7,168	5,418	6,383	787	785	925	844	655	555	270	289
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	3.7	8.5	3.8	9.2	3.0	3.4	1.3	3.3	1.7	4.7	.3	.7
5.01–5.50	76.8	72.5	77.0	72.3	75.3	74.2	83.6	80.9	83.8	80.0	83.1	82.7
5.51–8.00	19.5	18.9	19.2	18.5	21.7	22.3	15.1	15.7	14.6	15.3	16.6	16.6
MEMO: Paying ceiling rate[1]	14.5	14.6	13.6	14.2	20.5	17.4	10.9	10.8	8.7	8.4	16.4	15.4
180 days up to 1 year												
Issuing banks	3,731	3,665	3,157	3,040	574	624	372	398	221	241	151	158
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	4.3	1.3	5.1	1.1	.4	2.4	.6	.8	.7	.1	.3	2.0
5.01–5.50	60.2	72.5	58.7	73.7	68.4	66.5	65.7	67.9	63.6	62.4	68.7	76.3
5.51–8.00	35.5	26.2	36.2	25.1	31.2	31.2	33.8	31.3	35.6	37.5	31.0	21.8
MEMO: Paying ceiling rate[1]	15.8	12.7	14.0	10.7	25.9	22.3	21.9	22.7	17.4	24.5	28.5	19.8
1 year and over												
Issuing banks	8,134	7,934	7,321	7,156	812	778	800	883	621	762	179	121
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.50 or less	3.4	3.3	3.1	3.2	5.6	4.7	16.3	7.3	9.9	7.5	38.7	6.0
5.51–6.00	60.5	60.0	60.2	59.6	63.1	63.6	57.0	53.7	64.2	53.9	32.0	52.4
6.01–8.00	36.1	36.7	36.7	37.2	31.3	31.8	26.6	39.0	25.9	38.6	29.3	41.5
MEMO: Paying ceiling rate[1]	6.1	7.0	4.8	6.5	17.8	11.8	9.0	9.3	5.2	7.1	22.3	23.5

For notes see end of table.

4.11 SMALL-DENOMINATION TIME AND SAVINGS DEPOSITS Continued

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Oct. 31, 1979	July 25, 1979	Oct. 31, 1979	July 25, 1979	Oct. 31, 1979	July 25, 1979	Oct. 31, 1979	July 25, 1979	Oct. 31, 1979	July 25, 1979	Oct. 31, 1979	July 25, 1979
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars), or percentage distribution					
Time deposits less than $100,000 (cont.)												
Other than domestic governmental units												
30 up to 90 days												
Issuing banks	4,600	4,688	3,657	3,786	943	903	2,664	2,753	392	534	2,272	2,219
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	73.7	100	79.5	100	51.4	100	47.6	100	87.2	100	40.8	100
5.01–5.25	26.3	(2)	20.5	(2)	48.6	(2)	52.4	(2)	12.8	(2)	59.2	(2)
MEMO: Paying ceiling rate[1]	26.3	98.4	20.5	98.4	48.6	98.5	52.4	98.4	12.8	100	59.2	98.5
90 up to 180 days												
Issuing banks	10,670	10,771	9,431	9,631	1,239	1,140	21,442	23,487	7,732	9,203	13,710	14,284
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	2.1	6.3	2.3	7.0	.3	.8	.4	2.7	.4	1.4	.5	3.6
5.01–5.50	97.9	93.7	97.7	93.0	99.7	99.2	99.6	97.3	99.6	98.6	99.5	96.4
MEMO: Paying ceiling rate[1]	93.2	91.9	92.6	91.1	97.6	98.3	92.1	95.6	85.7	98.1	95.7	94.1
180 days up to 1 year												
Issuing banks	7,768	8,291	6,814	7,394	954	897	2,798	2,755	1,253	1,532	1,545	1,224
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	4.9	5.0	5.4	5.3	1.5	3.2	1.6	1.2	3.5	1.7	.1	.5
5.01–5.50	95.1	95.0	94.6	94.7	98.5	96.8	98.4	98.8	96.5	98.3	99.9	99.5
MEMO: Paying ceiling rate[1]	94.3	95.0	93.9	94.7	97.4	96.8	97.4	98.8	94.8	98.3	99.5	99.5
1 up to 2½ years												
Issuing banks	13,907	13,762	12,674	12,616	1,233	1,146	20,838	23,532	13,407	15,207	7,431	8,326
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.50 or less	2.1	1.0	2.1	1.0	2.1	1.1	1.8	.9	1.9	.3	1.7	2.0
5.51–6.00	97.9	99.0	97.9	99.0	97.9	98.9	98.2	99.1	98.1	99.7	98.3	98.0
MEMO: Paying ceiling rate[1]	97.6	98.6	97.7	98.8	97.0	97.2	97.7	98.6	98.0	99.7	97.0	96.7
2½ up to 4 years												
Issuing banks	12,866	12,757	11,637	11,626	1,229	1,132	14,104	14,628	8,305	8,535	5,799	6,094
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	2.9	2.0	3.0	2.0	2.4	1.3	3.5	3.0	5.2	4.9	1.1	.4
6.01–6.50	97.1	98.0	97.0	98.0	97.6	98.7	96.5	97.0	94.8	95.1	98.9	99.6
MEMO: Paying ceiling rate[1]	97.0	97.3	97.0	97.3	96.7	97.6	96.1	96.1	94.8	94.0	98.0	99.0
4 up to 6 years												
Issuing banks	12,409	13,482	11,346	12,359	1,062	1,123	38,096	46,010	21,697	25,748	16,399	20,262
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.00 or less	6.6	7.5	6.6	7.7	7.0	5.9	5.6	5.1	5.9	5.5	5.2	4.8
7.01–7.25	92.1	88.0	92.6	88.3	87.6	84.7	91.2	86.3	92.5	89.0	89.6	82.9
7.26–7.60	1.2	4.5	.9	4.1	5.4	9.4	3.2	8.5	1.6	5.6	5.2	12.3
MEMO: Paying ceiling rate[1]	.6	3.4	.3	2.9	3.6	8.4	2.1	7.1	.9	3.9	3.8	11.2
6 up to 8 years												
Issuing banks	11,172	11,521	10,024	10,437	1,148	1,084	22,391	23,881	9,952	10,462	12,439	13,419
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.25 or less	3.8	2.8	3.8	2.6	3.5	3.9	2.5	1.7	1.8	.3	3.0	2.9
7.25–7.50	96.1	95.0	96.2	95.2	94.7	92.9	96.5	94.2	98.2	98.6	95.2	90.7
7.51–7.60	.2	2.3	(2)	2.2	1.8	3.2	1.0	4.1	(2)	1.1	1.8	6.4
MEMO: Paying ceiling rate[1]	.2	2.3	(2)	2.2	1.8	3.2	1.0	4.1	(2)	1.1	1.8	6.4
8 years and over												
Issuing banks	8,018	8,631	6,982	7,641	1,035	991	3,158	3,169	1,376	1,165	1,782	2,004
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.50 or less	3.6	2.5	3.1	1.9	6.7	7.7	13.1	12.0	.2	.3	23.0	18.8
7.51–7.75	96.4	97.5	96.9	98.1	93.3	92.3	86.9	88.0	99.8	99.7	77.0	81.2
MEMO: Paying ceiling rate[1]	95.3	97.4	95.7	98.1	92.4	91.4	85.7	87.0	99.8	99.7	74.9	79.6
IRA and Keogh Plan time deposits, 3 years or more												
Issuing banks	10,227	10,433	9,081	9,377	1,146	1,056	4,636	4,486	1,705	1,711	2,931	2,776
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	5.0	2.6	5.4	2.8	1.7	1.6	2.0	.6	1.9	.9	2.1	.4
6.01–7.00	5.7	5.6	6.0	5.9	3.3	2.8	2.1	1.5	1.5	1.6	2.4	1.4
7.01–7.50	22.1	23.4	23.5	24.5	11.1	13.7	10.4	12.5	16.8	17.0	6.7	.9.7
7.51–8.00	67.2	68.4	65.1	66.9	83.9	81.9	85.5	85.4	79.8	80.4	88.8	88.5
MEMO: Paying ceiling rate[1]	57.4	53.9	55.7	52.2	70.9	68.7	76.0	73.5	72.3	66.6	78.1	77.8

For notes see end of table.

4.11 SMALL-DENOMINATION TIME AND SAVINGS DEPOSITS Continued

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Oct. 31, 1979	July 25, 1979	Oct. 31, 1979	July 25, 1979	Oct. 31 1979	July 25, 1979	Oct. 31, 1979	July 25, 1979	Oct. 31 1979	July 25, 1979	Oct. 31, 1979	July 25, 1979
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars), or percentage distribution					
Time deposits less than $100,000 (cont.)												
Money market certificates, 10,000 or more, 6 months												
Issuing banks	13,109	12,868	11,867	11,722	1,242	1,146	92,059	64,155	40,806	28,856	51,252	35,299
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
11.99 or less	13.6	100	14.5	100	4.9	100	6.0	100	9.3	100	3.4	100
12.00–12.24	3.2	(2)	3.1	(2)	3.8	(2)	2.2	(2)	2.5	(2)	2.0	(2)
12.25–12.65	83.2	(2)	82.4	(2)	91.3	(2)	91.8	(2)	88.2	(2)	94.6	(2)
MEMO: paying ceiling rate[1]	82.3	75.8	81.5	76.1	90.2	72.4	87.7	72.0	87.3	83.3	88.1	63.2
Club accounts												
Issuing banks	8,551	9,407	7,768	8,600	783	808	1,175	2,104	418	894	757	1,210
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
0.00	40.8	41.3	42.7	43.0	22.6	22.9	17.2	19.5	25.7	28.1	12.5	13.2
0.01–4.00	15.2	18.1	15.0	18.3	17.2	15.5	10.6	18.1	16.4	24.9	7.4	13.0
4.01–4.50	5.7	6.8	5.6	6.8	7.1	6.9	5.9	13.2	3.1	13.2	7.4	13.2
4.51–5.50	38.2	33.8	36.7	31.9	53.1	54.6	66.4	49.2	54.8	33.8	72.8	60.5

1. See table 1.16, page A10, for the ceiling rates that existed at the time of each survey.
2. Less than .05 percent

NOTE. All banks that either had discontinued offering or had never offered particular types of deposits as of the survey date are not counted as issuing banks. Moreover, the small amounts of deposits held at banks that had discontinued issuing deposits are not included in the amounts outstanding. Therefore, the deposit amounts shown in table 4.10 may exceed the deposit amounts shown in this table.
The most common interest rate for each instrument refers to the stated rate per annum (before compounding) that banks paid on the largest dollar volume of deposit inflows during the 2-week period immediately preceding the survey date.
Details may not add to totals because of rounding.

4.12 AVERAGE OF MOST COMMON INTEREST RATES PAID on Various Categories of Time and Savings Deposits at Insured Commercial Banks, Oct. 31, 1979

Type of deposit, holder, and original maturity	Bank size (total deposits in millions of dollars)						
	All size groups	Less than 20	20 up to 50	50 up to 100	100 up to 500	500 up to 1,000	1,000 and over
Savings and small-denomination time deposits	**7.20**	**7.15**	**7.50**	**7.31**	**7.25**	**6.94**	**7.01**
Savings, total	5.18	5.15	5.24	5.15	5.20	5.08	5.18
Individuals and nonprofit organizations	5.18	5.15	5.24	5.15	5.20	5.08	5.18
Partnerships and corporations	5.20	5.25	5.24	5.22	5.23	4.95	5.22
Domestic governmental units	5.20	5.14	5.20	5.25	5.23	5.17	5.20
All other	4.88	5.25	5.25	5.07	4.37	5.01	5.21
Other time deposits in denominations of less than $100,000, total	6.70	6.50	6.78	6.83	6.74	6.67	6.63
Domestic governmental units, total	6.05	5.98	5.97	6.37	5.79	6.19	6.83
30 up to 90 days	6.17	6.39	5.92	6.12	5.35	6.57	7.00
90 up to 180 days	5.83	6.01	5.66	6.07	5.64	6.85	6.65
180 days up to 1 year	6.12	5.64	6.58	6.91	5.98	6.70	6.85
1 year and over	6.21	5.97	6.37	6.62	6.42	5.83	6.72
Other than domestic government units, total	6.71	6.52	6.80	6.83	6.75	6.68	6.63
30 up to 90 days	5.12	5.07	5.11	5.01	5.18	5.09	5.14
90 up to 180 days	5.48	5.50	5.41	5.50	5.50	5.50	5.48
180 days up to 1 year	5.48	5.45	5.50	5.46	5.49	5.50	5.48
1 up to 2½ years	5.99	5.99	5.98	6.00	5.99	5.96	5.99
2½ up to 4 years	6.48	6.44	6.48	6.50	6.49	6.46	6.50
4 up to 6 years	7.38	7.17	7.37	7.47	7.39	7.47	7.45
6 up to 8 years	7.50	7.24	7.46	7.54	7.52	7.52	7.55
Over 8 years	7.76	7.75	7.75	7.81	7.73	7.77	7.76
IRA and Keogh Plan time deposits, 3 years or more	7.82	7.79	7.80	7.80	7.84	7.71	7.87
Money market certificates, exactly 6 months	12.50	12.25	12.41	12.56	12.58	12.50	12.57
Club accounts[1]	4.02	2.76	4.04	3.60	3.85	4.18	4.72

1. Club accounts are excluded from all of the other categories.

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

Guide to Tabular Presentation and Statistical Releases

Guide to Tabular Presentation

Symbols and Abbreviations

c	Corrected
e	Estimated
p	Preliminary
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)
*	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)
0	Calculated to be zero
n.a.	Not available
n.e.c.	Not elsewhere classified
IPCs	Individuals, partnerships, and corporations
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.

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List Published Semiannually, with Latest Bulletin Reference

	Issue	*Page*
Anticipated schedule of release dates for individual releases	December 1979	A-76

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AN ASSESSMENT OF BANK HOLDING COMPANIES, by Robert J. Lawrence and Samuel H. Talley. January 1976.

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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.
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Changes in Bank Lending Practices, 1977-79. 10/79.

Index to Statistical Tables

References are to pages A-3 through A-72 although the prefix "A" is omitted in this index

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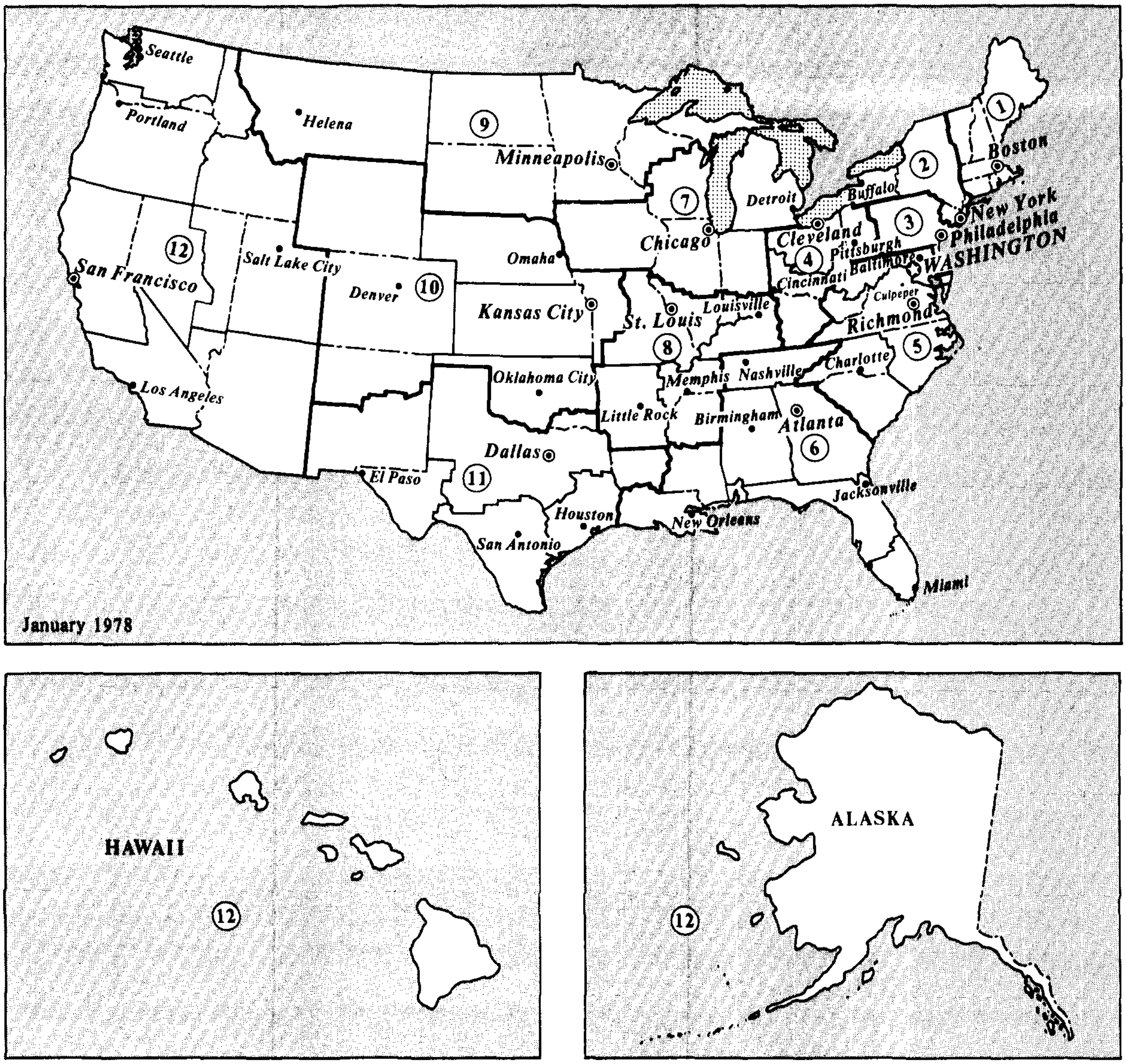

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- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility