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MAY 1978

# FEDERAL RESERVE BULLETIN

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Domestic Financial Developments in the First Quarter of 1978

Repurchase Agreements and Federal Funds

Exercise of Consumer Rights

Survey of Time and Savings Deposits, January 1978

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# FEDERAL RESERVE BULLETIN

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

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367 SURVEY OF TIME AND SAVINGS DEPOSITS AT COMMERCIAL BANKS, JANUARY 1978

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373 STATEMENTS TO CONGRESS

G. William Miller, Chairman of the Board of Governors, reports before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, on April 25, 1978, that monetary growth ranges for the year ahead are expected to support further economic expansion and a lower unemployment rate, but inflation may not decelerate until later.

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382 RECORD OF POLICY ACTIONS OF THE FEDERAL OPEN MARKET COMMITTEE

At the meeting held on March 21, 1978, the Committee decided that growth in *M-1* and *M-2* over the March-April period at annual rates within ranges of 4 to 8 per cent and 5½ to 9 per cent, respectively, would be appropriate. It was understood that in assessing the behavior of these aggregates the Manager should continue to give approximately equal weight to the behavior of *M-1* and *M-2*.

In the judgment of the Committee such growth rates were likely to be associated with a weekly-average Federal funds rate of about 6¼ per cent. The members agreed that if growth rates of the aggregates over the 2-month period appeared to be deviating significantly from the midpoints of the indicated ranges, the operational objective for the weekly-average Federal funds rate should be modified in an orderly fashion within a range of 6½ to 7 per cent. It was also agreed, however, that a reduction in the rate below 6¼ per cent would not be sought until the Committee had had an opportunity for further consultation.

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Two State banks were admitted to membership in the Federal Reserve System.

#### 430 INDUSTRIAL PRODUCTION

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# Domestic Financial Developments in the First Quarter of 1978

*This report, which was sent to the Joint Economic Committee of the U.S. Congress, highlights the important developments in domestic financial markets during the winter and early spring.*

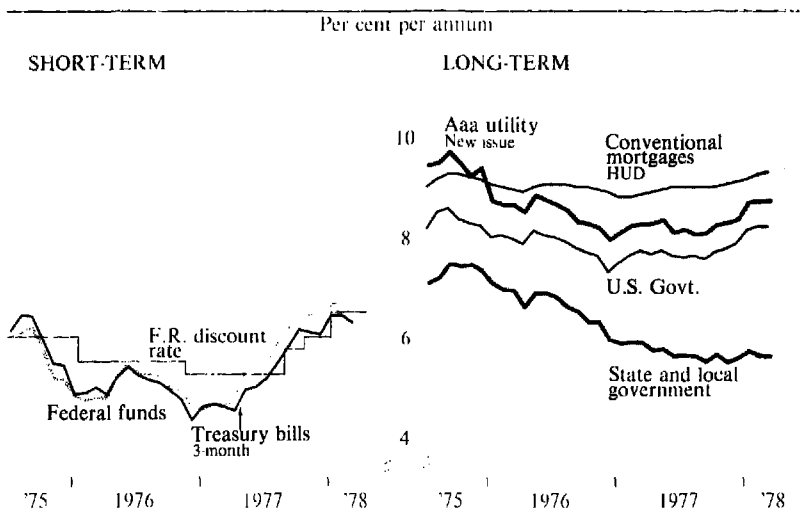
Growth of the major monetary aggregates slowed during the first quarter of 1978, apparently reflecting in large measure the effects of the weather-induced lull in the growth of economic activity and a higher level of market interest rates. The rate of increase in *M-1* for the quarter was well below the average for all of 1977. Inflows to commercial banks of interest-bearing deposits subject to regulatory ceilings also weakened, as did deposit flows into nonbank thrift institutions, thus contributing to slower growth of *M-2* and *M-3* for the quarter.

As flows into deposit accounts subject to regulatory ceilings abated in the first quarter, commercial banks continued to rely on managed

liabilities to help support the expansion of their loan portfolios. Banks issued substantial amounts of large-denomination time deposits, which are not subject to regulatory ceilings, and increased their use of nondeposit sources of funds. Thrift institutions, especially savings and loan associations, were able to extend sizable amounts of mortgage credit, though at a pace below the record high levels of late 1977; they financed these extensions in part by stepping up their borrowing from Federal home loan banks.

The total volume of credit raised by nonfinancial sectors in the first quarter appears to have remained around the high level of the fourth quarter of 1977. Businesses increased their borrowing slightly as a rapid increase in their bank loans more than offset a reduction in their use of other forms of credit. In the household sector, mortgage financing slowed from the record pace of the fourth quarter, while consumer credit remained strong. Credit de-

## Interest rates



### NOTES:

Monthly averages except for F.R. discount rate and conventional mortgages (based on quotations for one day each month). Yields: U.S. Treasury bills, market yields on 3 month issues; prime commercial paper, dealer offering rates; conventional mortgages, rates on first mortgages in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development; Aaa utility bonds, weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to Aaa basis; U.S. Govt. bonds, market yields adjusted to 20 year constant maturity by U.S. Treasury; State and local gov't. bonds (20 issues, mixed quality). *Bond Buyer*.

mands by the U.S. Treasury were again heavy, reflecting another sizable budget deficit. State and local governments maintained their borrowing close to the pace of the fourth quarter, as they continued to refund in advance debt obligations issued at higher interest rates.

In early January the Federal Reserve raised the discount rate on advances to member banks from 6 to 6½ per cent; this action was designed to help stabilize conditions prevailing in international exchange markets. Concurrently, the System became less accommodative in the provision of reserves to the banking system through open market operations, and the rate on Federal funds (overnight loans of immediately available bank funds) increased to about 6¾ per cent from 6½ per cent in December. The Federal funds

rate remained at the 6¾ per cent level to mid-April, as growth of the monetary aggregates was generally within the longer-run ranges set by the Federal Open Market Committee. Most other short-term interest rates rose along with the Federal funds rate in early January. Over the rest of the quarter, however, many of these rates tended to edge lower; some of this decline stemmed from the substantial demand for Treasury bills by foreign central banks, which were investing dollars purchased in foreign exchange markets. As a result, many short-term market rates increased only about 5 to 10 basis points, on balance, over the quarter.

Increases in interest rates on many longer-term securities in the first quarter equaled or even exceeded somewhat the upward movement

Changes in selected monetary aggregates  
Per cent, seasonally adjusted annual rates

Item	1975	1976	1977	1977				1978
				Q1	Q2	Q3	Q4	Q1
<b>Member bank reserves:</b>								
Total .....	-3	1.0	5.2	4.1	2.9	7.3	6.1	8.5
Nonborrowed .....	3.2	1.2	2.7	4.0	1.8	1.7	3.5	14.5
<b>Concepts of money:<sup>1</sup></b>								
M-1 .....	4.4	5.7	7.8	6.9	8.1	8.1	7.2	5.0
M-2 .....	8.3	10.9	9.8	10.9	9.0	9.9	8.0	6.4
M-3 .....	11.1	12.8	11.7	12.2	10.2	11.9	10.6	7.4
M-4 .....	6.5	7.1	10.0	10.2	8.2	9.5	10.7	10.0
M-5 .....	9.6	10.3	11.7	11.7	9.6	11.6	12.1	9.5
<b>Time and savings deposits at commercial banks:</b>								
Total (excluding large CD's) .....	11.7	15.0	11.2	13.7	9.7	11.2	8.5	7.5
Savings .....	17.5	25.0	11.1	21.3	8.8	7.3	5.4	2.2
Other time .....	7.8	7.4	11.4	7.2	10.5	14.6	11.4	12.0
<b>Thrift institutions<sup>2</sup></b> .....	15.6	15.8	14.6	14.1	11.9	15.0	14.4	8.8
<b>MEMO (change in billions of dollars, seasonally adjusted):</b>								
Large negotiable CD's at large banks .....	-5.6	-19.1	8.0	.4	-.2	.7	7.1	8.8
All other large time deposits <sup>3</sup> .....	-3.6	-1.0	11.7	.5	-.4	5.2	6.4	6.4
Small time deposits ....	18.6	16.5	13.7	3.4	6.6	3.3	.4	1.1
Nondeposit sources of funds <sup>4</sup> .....	-5.9	14.9	11.9	0.0	2.1	4.3	3.9	5.8

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

<sup>2</sup>Savings and loan associations, mutual savings banks, and credit unions.

<sup>3</sup>Included in M-2 and M-3.

<sup>4</sup>Nondeposit sources of funds include borrowings by commercial banks from other than commercial banks in the form

of Federal funds purchased, securities sold under agreements to repurchase, and other liabilities for borrowed money, plus gross liabilities to own foreign branches (Euro dollar borrowings), loans sold to affiliates, loan repurchase agreements, borrowings from Federal Reserve Banks, and other minor items.

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

of short-term rates over that period. Like short-term rates, yields on intermediate- and long-term instruments shifted upward with the rise in the Federal funds rate in January. This movement tended to reinforce a rising trend in long-term rates that had been evident through December as investors revised upward their expectations about the future strength of demands for money and credit. Long-term rates showed little change in February and early March but began to rise again in late March and early April, apparently reflecting market concern about indications of an acceleration in the rate of inflation and the possibility of a more restrictive policy stance by the Federal Reserve.

**MONETARY AGGREGATES AND BANK CREDIT**

Largely because of the slower growth of economic activity, the pace of expansion of *M-1*—currency and privately held demand deposits at commercial banks—declined to an annual rate of 5 per cent in the first quarter, about 2½ percentage points below the average rate for 1977. Special factors—including severe winter

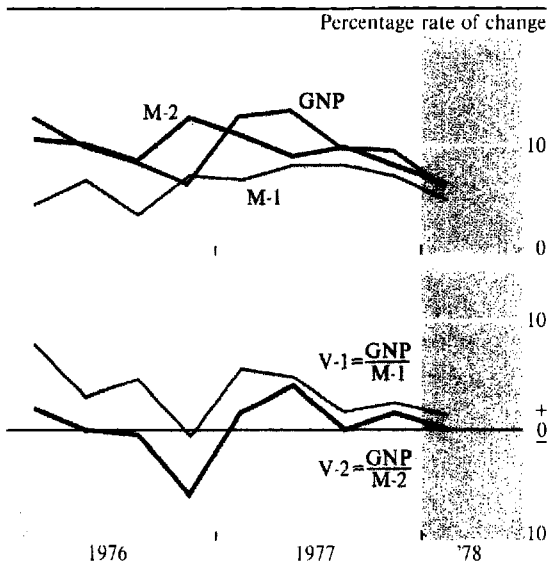
weather, the lengthy coal strike, and a slower-than-usual pace of tax refund disbursements by the Treasury—led to a slight decline in *M-1* during February. By late March, however, these factors were no longer restricting money demand, and expansion in *M-1* resumed.

*M-1* grew at about the same rate as GNP during the first quarter, and as a result, velocity—the ratio of GNP to *M-1*—increased only very slightly. Apparently, the substantial rise in interest rates that occurred between April and October of 1977 was no longer prompting further efforts by the public to economize on cash balances, and the upward movements of rates in the first quarter had only a small effect on money demand. Moreover, in the first quarter, as in the previous five quarters, *M-1* grew about in line with expectations based on historical relationships among money, income, and interest rates. Earlier in the current economic expansion, the effects of financial innovations on cash-management practices had given rise to extraordinarily large increases in velocity.

Growth of *M-2* also slowed in the first quarter—to an annual rate of about 6½ per cent from 8 per cent in the fourth quarter. The reduction in *M-2* growth resulted from a slowing of inflows of savings deposits to commercial banks as well as from a moderation in the rate of increase of *M-1*. The rate of expansion of savings deposits held by individuals declined sharply in the first quarter, and savings accounts of businesses and of State and local governments contracted for the third consecutive quarter.

Flows into small-denomination time accounts at banks, which had slowed markedly in the fourth quarter, continued to expand at a reduced pace in the first 3 months of 1978. The slow growth of savings and small-denomination time deposits was attributable to the rise in market interest rates in the second half of 1977 and early 1978, which brought yields on market instruments maturing in 4 years or less well above regulatory ceilings on deposits of comparable maturity. The relative attractiveness of returns available in credit markets during the first quarter was reflected in a substantial rise in fund flows to money market mutual funds and in noncompetitive tenders in auctions of

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



Seasonally adjusted annual rates. Money stock data are quarterly averages.

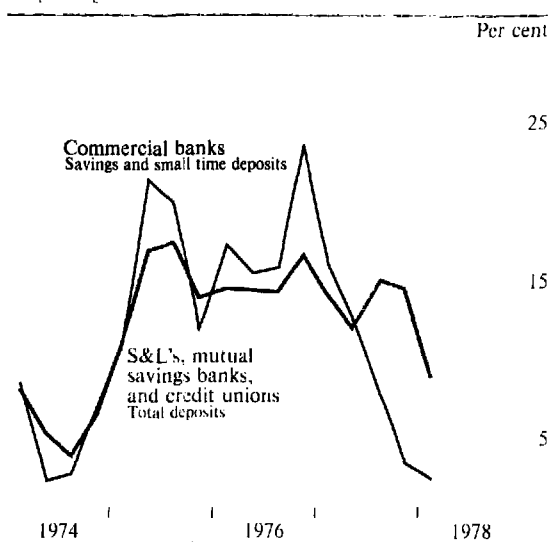


Treasury securities. As in the two previous quarters, growth in *M-2* was supported by the issuance of large time deposits (other than negotiable certificates of deposit (CD's) at weekly reporting banks), which are not subject to rate ceilings. Increases in these deposits accounted for more than three-fourths of the growth in the time and savings deposit component of *M-2* in the first quarter.

Faced with weak inflows of deposits subject to regulatory ceilings, banks—especially large ones—again relied heavily on managed liabilities during the first quarter to finance the accumulation of earning assets. Total large-denomination time deposits, including both negotiable and nonnegotiable CD's, increased more than in the fourth quarter, and other borrowings—principally repurchase agreements and purchases of Federal funds from nonbanking institutions—also rose more strongly. The average level of borrowings by member banks at Federal Reserve discount windows fell substantially, however, as the spread between the discount and Federal funds rates generally narrowed.

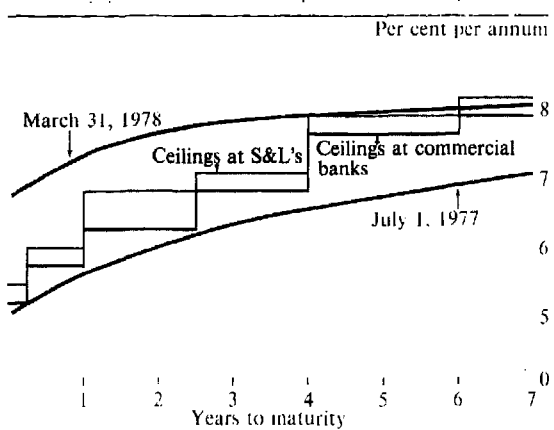
The use of managed liabilities enabled banks to expand total loans and investments at an annual rate of 10½ per cent in the first 3 months of 1978, the largest gain since the second quarter of 1977. The faster growth of bank credit was accounted for by an increase in holdings

Deposit growth



of Treasury securities in February, which reversed the pattern of disinvestment that had prevailed in the previous two quarters. Portfolios of other investment securities, which had risen throughout 1977, were essentially unchanged in the first quarter. The expansion in loans eased only slightly from the rapid pace of the fourth quarter, as real estate and business lending remained strong while net credit extensions to consumers slowed somewhat.

Treasury yield curves and deposit rate ceilings



Data reflect annual effective yields. Ceiling rates are yields derived from continuous compounding of the nominal ceiling rates. Market yield data are on an investment yield basis.

BUSINESS CREDIT

Bank lending to businesses—as measured by changes in business loans net of holdings of bankers acceptances—surged to an annual rate of 20 per cent in the first quarter. Both large and small banks experienced rapid increases. Data from the largest banks indicated that growth was distributed widely across industries: loans to manufacturing, trade, construction, and service industries displayed particular strength. Term business loans at these large banks expanded more than \$2 billion, the greatest quarterly increase since late 1974. These loans, which have maturities of 1 year or more, accounted for half of the first-quarter expansion in total business loans net of bankers acceptances at the largest banks. This acceleration in term lending apparently was related to height-

Business loans and short- and intermediate-term business credit  
Seasonally adjusted changes at annual percentage rates

Period	Business loans <sup>1</sup>		Total short- and intermediate-term business credit <sup>2</sup>
	Total	Excluding bank holdings of bankers acceptances	
1975—Q1 ..	-5.2	-6.8	-3.9
Q2 ..	-8.7	-9.0	-8.9
Q3 ..	-3.1	-3.5	-1.1
Q4 ..	.7	-3.2	-4.4
1976—Q1 ..	-6.7	-4.8	..
Q2 ..	1.4	2.2	6.1
Q3 ..	3.9	1.1	1.1
Q4 ..	12.0	8.2	11.6
1977—Q1 ..	11.4	16.4	16.7
Q2 ..	12.6	13.3	16.4
Q3 ..	10.2	8.9	9.4
Q4 ..	16.0	14.9	18.0
1978—Q1 ..	16.4	19.8	17.1

<sup>1</sup>At all commercial banks based on last Wednesday of month data, adjusted for outstanding amounts of loans sold to affiliates.

<sup>2</sup>Short- and intermediate-term business credit is business loans at commercial banks excluding bank holdings of bankers acceptances plus nonfinancial company commercial paper and finance company loans to businesses measured from end of month to end of month.

ened demand for such loans by corporations. Survey data indicate that interest rates on term loans rose more than rates on similar market instruments in the first quarter, and that banks generally were no more willing to make fixed-rate term loans than they had been in other recent months.

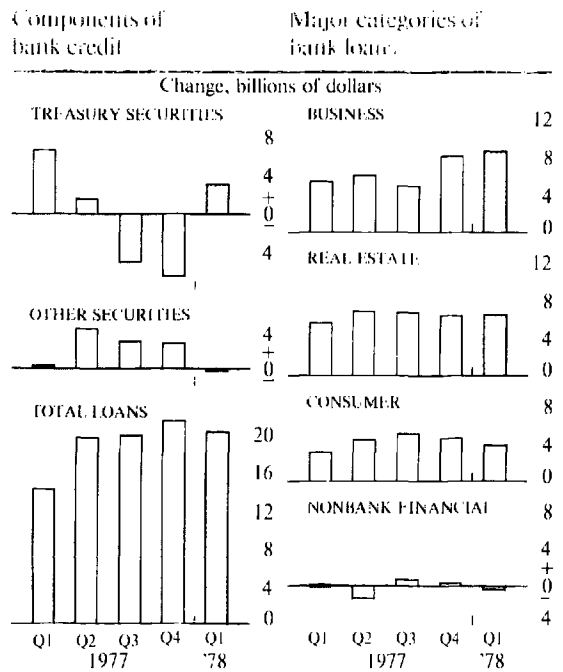
The volume of short- and intermediate-term funds raised by businesses from nonbank sources was a little lower during the quarter. On balance, commercial paper issued by non-financial corporations was about unchanged, with a sizable gain during March roughly offsetting declines in January and February. Those earlier declines had resulted mainly from repayments of paper issued by public utilities during December to cover temporarily inadequate cash flows. In March, however, commercial paper issued by utilities declined less than seasonally. Growth in business loans at finance companies abated somewhat from the very rapid pace of the fourth quarter, with automobile-related credit again accounting for most of the advance.

As businesses in general increased their reli-

ance on bank borrowing during the first quarter, the volume of new long-term financing declined markedly. Gross bond and equity issuance by U.S. corporations fell to a seasonally adjusted annual rate of \$34 billion, the slowest quarterly pace since 1974.

Public bond offerings by most categories of issuers dropped off sharply during January and February but recovered somewhat in March and April. The volume of industrial and public utility issues was particularly light. Offerings by financial concerns, however, picked up toward the end of the quarter, resuming the historically high pace of late 1977. Private placements of corporate debt are estimated to have moderated in the first quarter.

Yields on long-term corporate bonds continued to rise during the first quarter, partly in response to increased investor apprehension about an acceleration in the rate of inflation. The Federal Reserve index of yields on recently offered Aaa-rated utility bonds rose from 8.48 per cent at the end of 1977 to 8.75 per cent at the end of the first quarter of 1978. Rates climbed further during April, reaching their



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


highest levels since mid-1976. The slower pace of new bond offerings and the concurrent rise in term loans at banks this year may reflect a reluctance of potential corporate borrowers to enter into long-term obligations at existing interest rates. Following the widespread strengthening of balance sheet positions during 1975-76, many corporations are capable of turning to short- and intermediate-term borrowing and of slowing their accumulation of liquid assets without reducing their liquidity positions to unacceptably low levels.

Stock prices were generally lower on the New York Stock Exchange (NYSE) during the first quarter of 1978, at least partly in response to conditions of uncertainty created by the decline of the U.S. dollar on international currency markets, a temporary slowing in domestic economic expansion, and a more rapid rate of inflation. Over the quarter, the NYSE composite index declined 5.0 per cent from its level at the end of 1977. As during 1977, however, stock prices of smaller firms generally outperformed those of the more highly capitalized corporations that dominate the NYSE index. Both the American Stock Exchange (AMEX) index and the National Association of Securities Dealers Automated Quotation (NASDAQ) over-the-counter index—which reflect the stock price performance of smaller corporations—registered further increases during the first quarter.

A vigorous rally in the stock market in April returned the NYSE index to its level at year-end and carried the AMEX and NASDAQ indexes higher. The rally—reportedly sparked by heavy stock purchases by institutional and foreign investors—appeared to have been spurred partly by a stabilization of the U.S. dollar on international currency markets, by indications of a resurgence in domestic economic activity after a weather-related winter slowdown, and by evidence that economic policy actions were being undertaken to slow the rate of inflation.

The generally lower level of stock prices on the New York Stock Exchange limited the incentive for new corporate equity issues during the first quarter. The volume of new issues, estimated at a seasonally adjusted annual rate of \$7 billion, was the smallest since the trough

Gross offerings of new security issues  
Billions of dollars, seasonally adjusted annual rates

Type	1977 <sup>a</sup>				1978
	Q1	Q2	Q3	Q4	Q1 <sup>b</sup>
<b>Corporate securities—Total</b>	48	50	61	59	34
<b>Bonds</b> .....	38	40	49	43	27
Publicly offered .....	22	20	33	24	15
Privately placed .....	16	20	16	19	12
<b>Stocks</b> .....	10	10	12	16	7
<b>Foreign securities</b> .....	4	13	13	5	4
<b>State and local </b> .....	44	50	47	46	41

<sup>a</sup> Revised.

<sup>b</sup> Estimated.

in stock prices in late 1974. Public utilities, which tend to have less flexibility in adjusting their debt-to-equity ratios, continued to account for the bulk of new equity issues.

## GOVERNMENT SECURITIES

In the municipal securities market, gross bond issuance proceeded at a \$41 billion annual pace during the first quarter. Although down somewhat from the record quarterly levels of 1977, volume remained large by historical standards. Repeating the 1977 pattern, advance refundings of outstanding higher-coupon issues accounted for about one-fifth of new offerings. A sizable decline since late 1975 in interest rates on tax-exempt bonds—particularly lower-rated issues—remained a strong incentive for refunding, although a Treasury Department ruling in late 1977 placed tighter limits on the type of issues that may be refunded in advance.

The *Bond Buyer* index of long-term tax-exempt yields was about unchanged on balance over the first quarter. While net acquisitions of municipal bonds by commercial banks slowed during the first quarter in the face of the increased volume of business loans, continued strong demand for tax-exempt investment outlets by property-casualty insurance companies, investment companies, and individuals has helped keep rates on tax-exempt bonds in an historically low range relative to taxable yields.

The Treasury borrowed a total of \$20.8 billion net (not seasonally adjusted) during the first

Federal Government borrowing and cash balance  
 Quarterly totals, billions of dollars, not seasonally adjusted

Item	1976			1977				1978
	Q2	Q3	Q4	Q1	Q2	Q3	Q4*	Q1
<b>Treasury financing:</b>								
Budget surplus, or deficit (-)	2.0	-13.0	-22.8	-18.7	8.6	-12.2	-28.8	-25.8
Off-budget deficit <sup>1</sup> .....	-.6	-1.8	.4	-4.3	.1	-4.9	-1.3	-3.7
Net cash borrowings, or repayments (-) .....	9.4	18.0	17.4	17.6	-1.1	<sup>1</sup> 19.5	20.7	20.8
Other means of financing <sup>2</sup>	-4.0	-.7	-.8	2.7	-.4	.4	2.6	1.3
Change in cash balance .....	6.8	2.6	-5.7	-2.6	7.2	<sup>2</sup> 2.8	-6.8	-5.9
<b>Federally sponsored credit agencies, net cash borrowings<sup>3</sup> .....</b>	.5	1.7	.4	.7	3.0	1.8	2.0	4.5

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

<sup>2</sup>Checks issued less checks paid, accrued items, and other transactions.

<sup>3</sup>Includes debt of the Federal Home Loan Mortgage Cor-

poration, Federal home loan banks, Federal land banks, Federal intermediate credit banks, banks for cooperatives, and Federal National Mortgage Association (including discount notes and securities guaranteed by the Government National Mortgage Association)

<sup>4</sup>Includes \$2.5 billion of borrowing from the Federal Reserve on September 30, which was repaid October 4 after the new debt ceiling bill became law.

\*Revised.

quarter to help finance a \$25.8 billion budget deficit and a \$3.7 billion deficit of off-budget programs. Increases in outstanding marketable obligations accounted for \$15.6 billion of the net borrowing, primarily in the form of notes and bonds. Net financing by Federally sponsored credit agencies jumped to \$4.5 billion, the highest level since 1974, as the Federal Home Loan Bank System and the Federal National Mortgage Association (FNMA) borrowed to help finance their support of the residential mortgage market. FNMA acquired \$2.1 billion of mortgages in the first quarter, and the Federal home loan banks advanced \$1.1 billion (not seasonally adjusted) to savings and loan associations.

Continuing the pattern of late 1977, foreign official institutions and State and local governments remained major sources of demand for Treasury obligations during the first quarter. Foreign official institutions increased their holdings of marketable and nonmarketable securities by \$13.7 billion, primarily investing dollar proceeds acquired from intervention in foreign exchange markets. State and local governments, using the proceeds of advance refunding operations, invested \$2.5 billion in special nonmarketable Treasury obligations.

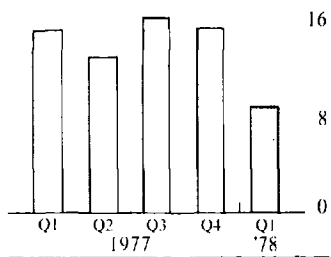
## MORTGAGE AND CONSUMER CREDIT

Net mortgage lending during the first quarter of 1978 was at an estimated annual rate of \$126 billion, down sharply from the record pace of \$142 billion during the final quarter of 1977. Reduced lending on residential properties accounted for the entire decline, as expansion of nonresidential mortgage credit continued at its pace in late 1977. Among major lenders, the slowdown was most pronounced at depository institutions, where net mortgage acquisitions declined in the face of a weakening in deposit inflows. Delays in construction due to bad weather may have further disrupted mortgage flows during the early months of the year.

Largely because of their smaller cash flow, savings and loan associations, the largest suppliers of residential mortgage funds, reduced their net lending by more than 15 per cent from recent record levels. These associations also curtailed new mortgage commitments; the result was the first quarterly decline in outstanding commitments (seasonally adjusted) since 1974. The slackening in deposit growth also forced savings and loans to rely increasingly on advances from the Federal home loan banks, and

## Deposits at savings and loans

Annual rate of change, per cent



Seasonally adjusted. Quarterly averages at annual rates.

on other borrowed funds, to help meet take-downs of mortgage commitments. Outstanding advances increased \$3.6 billion on a seasonally adjusted basis, reaching a level above the 1974 peak. Savings and loans expanded their holdings of liquid assets (seasonally adjusted) during the first quarter at the greatly reduced pace of the previous quarter. The Federal Home Loan Bank Board, in an attempt to free additional funds for mortgage lending, reduced its minimum liquidity requirements for the associations, effective May 1.

Among other major lenders, commercial banks also slowed their net mortgage acquisitions significantly from the strong pace of late 1977, in part because of increased demand for business loans. Mortgage lending by life insurance companies, primarily on nonresidential properties, changed little. The flow of funds into markets for mortgages insured by the Federal Housing Administration or guaranteed by the Veterans Administration held up relatively well, as reductions in issues of mortgage-backed, pass-through securities guaranteed by the Government National Mortgage Association were roughly offset by increased mortgage purchases by FNMA. A general increase in home-mortgage interest rates since late 1977 made the purchase price on outstanding 4-month FNMA purchase commitments attractive to mortgage originators possessing such commitments.

The combination of slower deposit flows into

## Net change in mortgage debt outstanding

Billions of dollars, seasonally adjusted annual rates

Change—	1977 <sup>r</sup>				1978
	Q1	Q2	Q3	Q4	Q1 <sup>e</sup>
<b>By type of property:</b>					
Total .....	108	131	139	142	126
Residential .....	84	104	107	109	93
Other <sup>1</sup> .....	24	27	32	33	33
<b>By type of holder:</b>					
Commercial banks .....	20	27	29	26	22
Savings and loans .....	50	59	62	63	53
Mutual savings banks ..	4	6	8	8	7
Life insurance companies .....	2	4	5	8	7
FNMA and GNMA .....	( <sup>3</sup> )	6	-3	( <sup>3</sup> )	6
Other <sup>2</sup> .....	32	29	38	37	31

<sup>1</sup>Includes commercial and other nonresidential as well as farm properties.

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

<sup>3</sup>Less than \$500 million.

<sup>r</sup>Revised.

<sup>e</sup>Partially estimated.

thrift institutions, sustained demand for mortgages, and a rise in interest rates on other long-term instruments pushed home mortgage yields higher during the first quarter. Average rates on new commitments for conventional mortgages on new homes increased from 9.10 per cent at the end of 1977 to 9.30 per cent at the end of March, the highest since 1974. During the quarter, rate ceilings on Government-underwritten home mortgages were raised by 0.25 of a percentage point to 8.75 per cent. Nonrate terms and credit standards are also reported to have tightened somewhat in recent months; many lenders, for example, now are said to be insisting upon larger downpayments.

Consumer instalment credit, the other major source of household financing, expanded at a record seasonally adjusted annual rate of \$37 billion during the first quarter. Automobile credit, buttressed by a sharp recovery in new-car sales in March, continued to account for more than 40 per cent of total growth in instalment credit. □

# Repurchase Agreements and Federal Funds

Over the past decade, large commercial banks have made significant fundamental changes in their management of assets and liabilities. Before the mid-1960's deposit liabilities had served as the traditional source of bank funds to support lending and investment activities. The introduction of the large-denomination negotiable certificate of deposit (CD) in the early 1960's, however, marked a change in attitude by banks. Rather than passively relying on growth in deposits, large banks began to focus more aggressively on discretionary sources of funds—funds that could be obtained as needed to supplement deposits during periods of heavy demand for credit.<sup>1</sup> This process, which has come to be known as liability management, has enabled large banks to exert greater direct control over the cost and supply of funds.

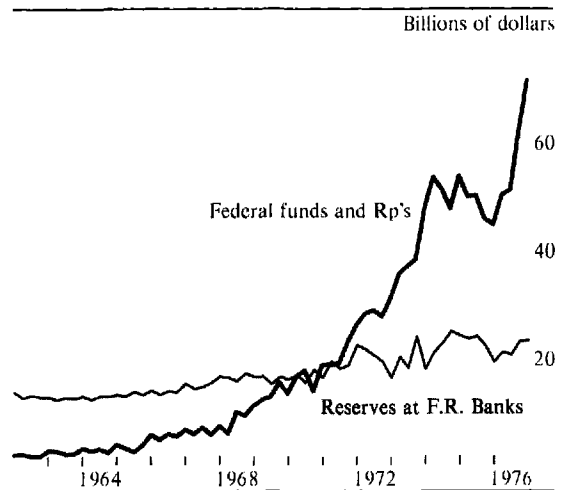
In addition to CD's, large banks have come to rely increasingly on Federal funds and repurchase agreements (Rp's) as important tools of liability management. These discretionary borrowings have increased rapidly in recent years. At large weekly reporting banks, for example, the amount of funds raised in the Federal funds and Rp markets jumped from \$12 billion in 1969 to more than \$80 billion in 1978. Moreover, such borrowings, which were once used almost exclusively to adjust reserve positions, are now more than twice as large as required reserves. Indeed, the ratio of gross purchases of Federal funds and Rp's to reserves maintained at Federal Reserve Banks for large banks had climbed from

less than 20 per cent in 1962 to well over 200 per cent at year-end 1976 (Chart 1).

In a special survey of 46 large member banks conducted by the Federal Reserve System during the statement week ended December 7, 1977, the structure of borrowings of Federal funds and Rp's by banks was examined in detail. The banks were asked to indicate the volume of funds obtained through Rp's and, separately, the amounts obtained through Federal funds. Data on both the source and the maturities of these funds were also collected.

The findings of the survey suggest that bank transactions in Federal funds and Rp's are conducted with a wide variety of institutions and, although essentially short term in nature, over a wide range of maturities. When compared with a similar special survey conducted in April 1974, the results indicated that, although Federal funds have remained the principal source of borrowed funds to banks, they have grown at a much slower pace than have Rp's over the 3-year period.

1. Federal funds and reserves at F.R. Banks



NOTE - This article was prepared by Wayne J. Smith of the Financial Reports Section, Division of Research and Statistics.

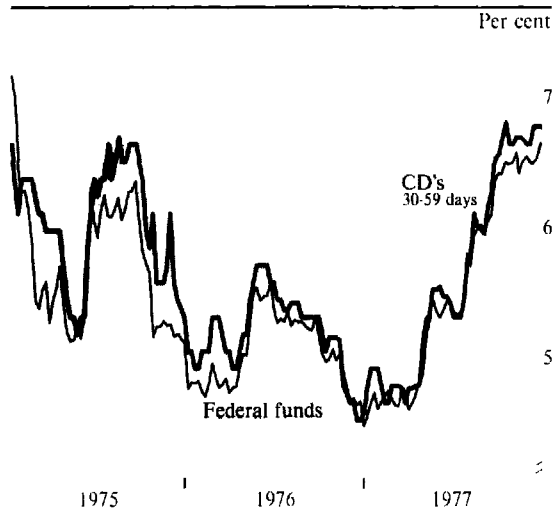
<sup>1</sup> Emphasis on discretionary sources of funds has also tended to reduce the need for banks to adjust their holdings of liquid assets to support credit demand, resulting in considerably more loan-oriented portfolios.

## NONRESERVABLE BORROWINGS

While the strategy of banks in liability management may dictate obtaining funds in a variety of markets, Federal funds and Rp's form a large share of banks' discretionary borrowings. In addition to the ease and convenience, borrowing tends to be relatively less costly in these markets than in alternative markets (Chart 2). Furthermore, unlike CD's or Euro-dollars, both Rp's collateralized by U.S. Treasury or Federal agency securities and borrowings of Federal funds are exempt from reserve requirements for banks that are members of the Federal Reserve System. Under the Board's Regulation D, member banks are required to maintain reserves in the form of vault cash or balances at a Federal Reserve Bank on all deposits, including certain other obligations issued to borrow funds.

The effective cost of such discretionary borrowings is considerably reduced by the exemption from reserve requirements. For example, the difference in effective interest rates between borrowing in Federal funds or Rp's and in obligations that are subject to reserve requirements can vary from 20 to more than 50 basis points, depending on the level of interest rates. This difference in effective rates reflects the opportunity cost of maintaining a portion of the proceeds of a reservable borrowing in a non-interest-earning capacity.

2. Selected commercial bank borrowing rates



Federal funds and Rp's have other features in common. Both are in general transacted for very short-term periods and both are settled in immediately available funds.<sup>2</sup> The funds are immediately available in the sense that a bank receives the proceeds from the borrowing on the same business day that the borrowing transaction is executed, usually by transfer over the Federal Reserve wire facilities. By contrast, settlement in clearinghouse funds resulting from payment by check would involve a delay in the availability of funds until the check had been cleared. Immediately available funds permit the bank more flexibility to make instant adjustments to its balance sheet in the event of unexpected changes in deposits and loans.

## REPURCHASE AGREEMENTS

Repurchase agreements involving U.S. Treasury and Federal agency securities have become the fastest growing source of discretionary funds to banks. Generally transacted in denominations of \$5 million or more, these instruments are basically arrangements by which the bank sells government securities at a specified price under commitment to repurchase the same or similar securities at a later date. The securities are considered collateral for the transaction to protect the purchaser against default by the bank. Since the price of the security may be affected by market movements, purchasers may require that the value of the securities be greater than the amount of funds supplied, thus establishing an additional "margin" of protection. The transfer of collateral is usually effected by issuance of a nonnegotiable safekeeping receipt to the purchaser, stating whether the securities are to be held at the Federal Reserve under book entry or in the vault of the borrowing bank. Sometimes actual physical transfer of the collateral is also provided at the purchaser's request, although such transfers are not very common because of the relatively short maturi-

<sup>2</sup> In addition, Federal funds and Rp's are not restricted by Regulation Q interest rate ceilings; thus they compete more favorably with similar money market instruments.

1. Repurchase agreements on U.S. Treasury and Federal agency securities,  
for week ended December 7, 1977, 46 large banks

Seven-day average dollar volume in millions of dollars

Buyers	Maturity					
	Total	1 day	Continuing contract	2-7 days	8-30 days	More than 30 days
Member commercial banks.....	2,803.5	1,541.1	170.1	358.7	427.8	305.8
Nonmember domestic commercial banks.....	255.8	147.2	23.2	27.7	26.2	31.5
Branches and agencies of foreign banks operating in U.S..	38.6	25.1		13.5		
Edge Act and Agreement Corporations.....	40.6	29.4		10.1	.4	.7
Other depository institutions <sup>1</sup> .....	77.8	59.1	.1	12.4	1.4	4.8
Agencies of the U.S. <sup>2</sup> .....	403.5	385.1		7.8	7.1	3.5
Securities dealers.....	1,976.1	397.5	248.4	215.4	608.4	506.4
Credit unions.....	61.9	32.4	.8	18.0		10.7
Financial businesses.....	1,701.7	1,042.0	155.2	303.4	160.0	41.1
Nonfinancial businesses.....	10,472.4	3,256.8	1,198.5	2,203.1	2,913.0	901.0
State and local governments.....	3,787.7	2,188.8	144.5	432.2	681.2	341.0
Foreign banks and foreign official institutions.....	323.0	225.7		58.1	37.4	1.8
All others <sup>3</sup> .....	248.4	150.8	16.7	37.4	33.5	10.0
Total.....	22,191.0	9,481.0	1,957.5	3,697.8	4,896.4	2,158.3

<sup>1</sup> Includes mutual savings banks, savings and loan associations, and cooperative banks.

<sup>2</sup> Includes Federal Home Loan Bank Board and other Federal agencies.

<sup>3</sup> Includes nonprofit organizations, such as hospitals and educational institutions, and others.

ties of these agreements. The right of the purchaser to substitute securities at the maturity of the agreement is as a rule accepted by the bank, but very little substitution actually occurs.

Participation by banks in the Rp market developed largely as a competitive measure to maintain or regain funds that otherwise might have been invested in money market assets by large corporations. Securities dealers, however, were among the first institutions to offer Rp's. During the periods of monetary restraint that followed the Treasury-Federal Reserve accord of 1951, securities dealers frequently had difficulty in obtaining adequate financing of inventories through bank sources.<sup>3</sup> Rates on dealer loans ranged from 3½ to 4 per cent, whereas rates on U.S. Treasury securities rarely exceeded 3¼ per cent. As a result, dealers began to look elsewhere for cheaper sources of financing.

Expanding on corporate relationships that had already been established, the dealers began to encourage many of their customers to become lenders through Rp's as an alternative to the direct investment in securities. Corporate activity in repurchase agreements continued to grow

throughout the 1950's and early 1960's as businesses became more aware of the opportunity cost of maintaining idle balances in demand deposit accounts at banks. Rather than placing temporary excess funds in demand deposits, corporate treasurers began to transact Rp's with both banks and securities dealers.

Today, many commercial banks regard Rp's as one of a number of alternative sources of funds that may be used to finance their securities portfolios or their lending activities. The rate paid by commercial banks generally ranges from 10 to 15 basis points below the Federal funds rate but may vary depending on the availability of securities. At large commercial banks, efforts are made each day to arrange Rp's on securities that are not being used as collateral for other purposes.

Current estimates of the volume of Rp's by banks suggest that nearly \$40 billion is traded under this arrangement. The 46 banks that participated in the Federal Reserve System's special survey reported an average of \$22.2 billion of these agreements each day during the survey week (Table 1), thus accounting for slightly more than half of the estimated total. Additional data obtained from the 1974 survey of 45 of the banks indicated that the volume of Rp's has grown by nearly \$14 billion, or about 155 per cent, from the 1974 level of \$8.7 billion (Table 2).

<sup>3</sup> Securities dealers can earn profits by selling securities at a higher price than the original purchase price, or by borrowing funds to finance holdings of securities at rates lower than the rate obtained from the securities.



## 2. Repurchase agreements and Federal funds for week ended April 24, 1974, 45 large banks

Seven-day average dollar volume in millions of dollars

Buyers	Type			Maturity					
	Rp's on U.S. Govt. and agency securities	Federal funds	Total	1 day	Continuing contract	2-7 days	8-29 days	30-90 days	More than 90 days
Member commercial banks.....	1,001.7	13,083.7	14,085.4	11,404.1	1,421.7	234.8	182.0	456.8	385.8
Nonmember domestic commercial banks.....	455.4	3,889.4	4,344.8	2,827.0	1,347.7	69.5	30.4	56.1	14.0
Branches and agencies of foreign banks operating in United States.....	.1	3,183.1	3,183.2	2,347.0	72.8	44.0	209.2	350.1	160.0
Edge Act and Agreement Corporations.....	28.7	116.2	145.0	95.5	6.5		4.2	38.5	
Savings and loan associations and cooperative banks.....	64.0	2,889.4	2,953.4	1,766.5	511.1	97.4	131.5	370.5	76.1
Savings banks.....	7.2	1,643.5	1,650.8	1,198.5	432.5	4.1	.2	14.0	1.2
Federal home loan banks.....	6.8	1,173.0	1,179.8	680.0	5.8	6.4	147.5	240.4	99.5
All other agencies of the United States.....	235.8	483.1	719.0	367.8	6.0	100.1	59.2	50.7	135.0
Securities dealers.....	941.1	66.4	1,007.5	136.7	93.5	133.0	245.5	368.4	30.2
Business corporations <sup>1</sup> .....	2,110.4		2,110.4	1,013.8	190.5	452.7	349.7	88.8	14.7
State and local governments.....	3,033.2		3,033.2	1,240.0	181.1	429.7	482.5	490.7	209.0
Foreign banks and foreign official institutions.....	613.4		613.4	342.5	165.5	31.2	67.0	7.0	
All others <sup>2</sup> .....	235.0		235.0	76.1	43.8	50.0	39.2	24.7	1.0
Total.....	8,733.2	26,528.1	35,261.4	23,496.0	4,479.1	1,653.4	1,948.8	2,557.1	1,126.8

<sup>1</sup> Includes both financial and nonfinancial corporations.<sup>2</sup> Includes credit unions, nonprofit organizations, such as hospitals and educational institutions, and others.

## BUYERS OF REPURCHASE AGREEMENTS

The increasing use of Rp's by businesses—both financial and nonfinancial organizations—has accounted for much of the rapid growth in this source of funds to banks. In the 1977 survey, businesses contributed almost 55 per cent to total Rp's transacted with banks, while they accounted for only 24 per cent in 1974 (Table 3). Since 1974 the volume of Rp's by businesses has increased more than 400 per cent.

One of the reasons for the growing use of Rp's by businesses has been the recent development of sophisticated cash management techniques. Corporate cash management involves procedures designed to speed the receipt of income, delay disbursement of payments, and reduce the uncertainty about daily cash-flow patterns, thus permitting businesses to hold only a minimal amount of funds without explicit interest return. These procedures have resulted in a more efficient use of corporate funds and have served greatly to increase the availability of funds for investment in money market assets. Corporate treasurers have thus increasingly used Rp's as an attractive alternative to maintaining surplus funds in non-interest-earning demand deposits.

Because of their flexibility and security, Rp's are ideally suited to supplement cash management techniques. They may be tailored to any desired short-term maturity and are relatively free of risk. In addition, like money market assets in general, Rp's may be used not only to invest temporary excess cash but also to earn interest on funds being accumulated for tax or dividend payments and on the proceeds of long-term financing temporarily awaiting disbursement.

## 3. Buyers of repurchase agreements

Percentage distribution

Buyers	Week ended Dec. 7, 1977	Week ended Apr. 24, 1974
Member commercial banks.....	12.6	11.5
Nonmember domestic commercial banks.....	1.1	5.2
Branches and agencies of foreign banks operating in the United States.....	.2	
Edge Act and Agreement Corporations.....	.2	.3
Other depository institutions.....	.3	.8
Agencies of the United States.....	1.8	2.8
Securities dealers.....	8.9	10.8
Businesses.....	54.9	24.2
State and local governments.....	17.1	34.7
Foreign banks and foreign official institutions.....	1.4	7.0
All others.....	1.5	2.7
Total.....	100.0	100.0

State and local governments, which were the primary source of Rp funds to the banks that were sampled in 1974, continued to supply a sizable amount of funds during the 1977 survey week. Despite having been displaced by businesses as the principal buyers of Rp's, they nevertheless accounted for 17 per cent of the total funds supplied to the banks.<sup>4</sup> Moreover, since 1974 the volume of Rp's transacted by these governmental bodies has grown nearly 25 per cent. State and local governments have found Rp's to be an attractive short-term investment for reasons similar to those of businesses. They have often been faced with maintaining sizable balances at times throughout the year because the timing patterns of tax receipts and of expenditures never exactly match. Repurchase agreements have provided the opportunity for converting these temporary balances into interest-earning assets.<sup>5</sup>

Other member commercial banks and securities dealers also represented important purchasers of Rp's in both the 1974 and the 1977 survey weeks. Unlike businesses or State and local governments, these institutions operate in the Rp market both to obtain funds and to supply funds. As mentioned earlier, banks and securities dealers obtain funds to finance securities inventories. In addition, these institutions often provide funds by purchasing Rp's when opportunities arise, enabling them to profit from differences in interest rates. For example, the bank or dealer may purchase securities under an Rp at one rate and then sell the securities at a slightly lower rate under another Rp, thus re-

gaining the funds initially supplied plus a profit. Alternatively, banks may purchase securities under an Rp from other banks simply to obtain the collateral for a short time.

#### MATURITIES OF REPURCHASE AGREEMENTS

More than half of all Rp's reported in the 1977 survey were executed either for only 1 day or under continuing contract (Table 4). Continuing contract refers to any transaction that may remain in effect for more than 1 day but that has no specified maturity and does not require advance notice by the purchaser to terminate. In general, such arrangements consist of 1-day transactions that are automatically rolled over each day until the bank is notified by the purchaser to terminate the transaction.

Only 10 per cent of the maturities extended for periods beyond 30 days, while about 39 per cent ranged from 2 to 30 days. The relatively low level of activity in the longer maturities has probably reflected the existence of investment alternatives that may earn higher interest, such as certificates of deposit and commercial paper.

The very short maturities tended to be more prevalent among banking and financial buyers in the Rp market: 66 per cent of the Rp's purchased by these institutions had maturities of 1 day or were under continuing contract in contrast to 45 per cent for nonfinancial businesses, securities dealers, and State and local governments. Nevertheless, 64 per cent of all Rp's purchased by nonfinancial businesses, securities dealers, and State and local governments extended for periods of fewer than 8 days.

#### 4. Maturities of repurchase agreements

Percentage distribution

Maturity	Week ended Dec. 7, 1977
1 day . . . . .	42.7
Continuing contract . . . . .	8.8
2-7 days . . . . .	16.7
8-30 days . . . . .	22.1
Over 30 days . . . . .	9.7
Total . . . . .	100.0

<sup>4</sup> The timing of the two surveys may have been partly responsible for the apparent shift in relative importance between State and local governments and businesses. The April 1974 survey was conducted immediately following a tax date, when State and local government funds were at their peak and corporate balances had been reduced by tax outlays. In contrast, the 1977 survey was conducted before a quarterly tax date.

<sup>5</sup> In addition, since November 1974 State and local governments have also been permitted to hold savings deposits at commercial banks. These deposits have increased sharply when market rates on Rp's have fallen below the Regulation Q ceiling rate on savings deposits. Such a situation occurred in December 1976, for example, when savings deposits held by these governments at large weekly reporting banks rose from \$1.7 billion to \$2.9 billion. In contrast, when market rates on Rp's have risen above the ceiling rate on savings, savings deposits have declined.

## FEDERAL FUNDS

Of the total volume of discretionary funds borrowed by the 46 banks that participated in the special 1977 survey, \$35.8 billion, or about 62 per cent, was obtained through purchases of Federal funds. The term "Federal funds" historically has referred to the transfer of a deposit at a Federal Reserve Bank from one member bank to another. Such transactions represented the overnight borrowing and lending of excess reserve balances by member banks to adjust reserve positions. Today, Federal funds transactions need not involve a transfer at a Federal Reserve Bank nor necessarily involve two member banks. Indeed, Federal funds are currently traded by a variety of institutions that do not maintain accounts at Federal Reserve Banks, including nonmember banks, branches of foreign banks operating in the United States, mutual savings banks, and savings and loan associations.

To a large extent, the present-day Federal funds market has evolved as a result of Federal Reserve regulation. As trading in Federal funds became more widespread throughout the 1960's, the Federal Reserve issued several important rulings that had the effect of altering the structure of the market and the types of institutions from which member banks could borrow without the borrowings being subject to reserve requirements. In 1964 the Board noted that purchases of funds by member banks from other banking institutions did not differ fundamentally from traditional Federal funds purchases, even though these borrowings did not go through a Federal Reserve Bank. In effect, this ruling served to alter the concept of Federal funds by including transactions that resulted simply from bookkeeping entries at correspondent banks.<sup>6</sup> Later in 1964 the Board granted permission for Edge Act and Agreement corporations to participate in the market. In 1970 the Board ruled that member banks could borrow Federal funds free of reserve requirements from any member or nonmember commercial bank, savings bank,

savings and loan association, cooperative bank, domestic office of a foreign bank, and the Export-Import Bank. As a result of these rulings, the term Federal funds has come to mean any borrowing or lending of immediately available funds by any of these participants.

In more recent years, immediately available funds have been transferred for periods of longer than 1 day. These transactions are basically similar to regular Federal funds in all aspects other than maturity and have been designated "term Federal funds." Term Federal funds generally command higher interest rates than do regular Federal funds and have not been extensively traded.

The Federal funds market contributes significantly to a more efficient utilization of bank resources. Through its redistribution of reserves within the banking system, excess reserves held by smaller banks are channeled to larger banks and converted to loanable funds. In addition, the market assists the Federal Reserve in the conduct of monetary policy. Since only minimal excess reserves are held by the banking system as a whole, the impact of policy actions tends to be felt more quickly by all sizes of banks. Finally, the rate on Federal funds serves as an important indicator of current credit conditions and generally forms the basis for other short-term rates.

## LENDERS OF FEDERAL FUNDS

Although basically an interbank market, the Federal funds market includes participants other than commercial banks, such as mutual savings banks, savings and loan associations, and Federal agencies (Table 5). Nevertheless, commercial banks are the primary suppliers of Federal funds. In both the 1974 and 1977 surveys, commercial banks, largely dominated by System members, accounted for about 65 per cent of the Federal funds supplied to the banks that were surveyed (Table 6).

Commercial bank participation in the interbank market tends to be characterized by well-established market patterns. Smaller banks act basically as sellers of funds, selling to larger correspondents and regional money center banks.

<sup>6</sup> Correspondent bookkeeping transfers of Federal funds consisted basically of reducing the correspondent bank's deposit balance at the member bank and crediting an account designated "Federal funds purchased" from the correspondent.

5. Federal funds for week ended December 7, 1977, 46 large banks

Seven-day average dollar volume in millions of dollars

Lenders	Maturity					
	Total	1 day	Continuing contract	2-7 days	8-30 days	More than 30 days
Member commercial banks	17,908.0	16,982.2	512.2	79.1	143.7	190.8
Nonmember domestic commercial banks	5,529.2	4,726.2	558.8	18.4	162.7	63.1
Branches and agencies of foreign banks operating in U.S.	2,190.3	2,155.2	1.8	1.4	4.1	27.8
Edge Act and Agreement Corporations	210.0	181.5		1.0	5.5	22.0
Other depository institutions <sup>1</sup>	5,946.9	4,047.4	364.5	83.7	370.8	1,080.5
Agencies of the U.S. <sup>2</sup>	2,245.6	1,983.4	.5	33.1	49.8	178.8
Securities dealers	1,689.2	1,689.2				
All other	149.3	79.0	6.5	63.7	.1	
Total	35,868.5	31,844.1	1,444.3	280.4	736.7	1,563.0

<sup>1</sup> Includes mutual savings banks, savings and loan associations, and cooperative banks.  
<sup>2</sup> Includes Federal Home Loan Bank Board and other Federal agencies.

The arrangement most often used is the continuing contract. The denomination of transactions ranges from \$50,000 to \$5 million or more. Larger regional banks tend to be sellers of funds but may often be borrowers. Rather than engage in continuing contracts, this group usually makes direct inquiries of potential purchasing banks, frequently through Federal funds brokers, to obtain the most attractive yield. Amounts provided by these banks range from \$5 million to \$40 million per transaction. Large money center banks tend to be basically purchasers of funds, although at times they may sell funds to accommodate smaller correspondents.

Other depository institutions, consisting mainly of mutual savings banks and savings and loan associations, also provide substantial

amounts of Federal funds to commercial banks. These institutions, which accounted for about 17 per cent of the funds supplied, operate in the Federal funds market as a means of earning interest on liquid balances that might otherwise remain temporarily idle. Offices of foreign banks and Federal agencies are other important lenders of Federal funds. Federal agencies participate in the market for reasons similar to those of other depository institutions, while participation by foreign-related banking organizations to some extent parallels participation by commercial banks.

6. Lenders of Federal funds

Percentage distribution

Lender	Week ended Dec. 7, 1977	Week ended Apr. 24, 1974
Member commercial banks	49.9	49.3
Nonmember domestic commercial banks	15.4	14.7
Branches and agencies of foreign banks in the United States	6.1	12.0
Edge Act and Agreement Corporations	.6	.4
Other depository institutions	16.6	17.1
Agencies of the United States	6.3	6.2
Securities dealers	4.7	.3
All others	.4	
Total	100.0	100.0

7. Maturities of Federal funds

Percentage distribution

Maturity	Week ended Dec. 7, 1977
1 day	88.7
Continuing contract	4.0
2-7 days	.9
8-30 days	2.0
Over 30 days	4.4
Total	100.0

MATURITIES OF FEDERAL FUNDS

The Federal funds market is essentially an overnight market. Almost 93 per cent of the total funds reported in the 1977 survey were supplied for 1 day or were under continuing contract (Table 7). Less than 3 per cent of the

funds were transacted in maturities of 2 to 30 days, while slightly more than 4 per cent extended for periods of longer than 30 days.

Despite its very short-term nature, the Federal funds market is regarded by many banks as a permanent source of financing. Since funding requirements may vary considerably each day, participants are careful not to borrow in excess of their projected needs. To a large extent, the

Federal funds market serves as a residual market for funds. Once financing requirements have been established for a particular day and other funds obtained, any deficit is generally met through purchases of Federal funds. This mechanism allows banks to match sources and uses of funds much more closely and contributes to a more efficient utilization of bank resources. □

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## Staff Economic Studies

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

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

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

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

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### STUDY SUMMARY

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#### MORTGAGE BORROWING AGAINST EQUITY IN EXISTING HOMES: MEASUREMENT, GENERATION, AND IMPLICATIONS FOR ECONOMIC ACTIVITY

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*Prepared as a staff study in early 1978*

The relationship between home mortgage lending and homebuilding has changed dramatically in recent years. This shift has occurred as the household sector has raised unprecedented amounts of mortgage funds against inflated equity in the stock of existing homes and used these funds for a variety of purposes other than homebuilding. Mortgage borrowing on a large scale for such purposes may, of course, have significant implications for the efficiency of Federal housing support programs operating through the mortgage markets. In view of the well-known sensitivity of the supply and cost of home mortgage credit to changes in general financial conditions, such a development also may influence the impact of monetary policy on various sectors of the economy.

This study examines borrowing against housing equity within the context of other developments in the structure of income and wealth in the household sector and in an environment of general price inflation. It analyzes the volume of net funds borrowed against equity in existing homes and examines the various ways in which households have raised these funds. The extent to which the borrowed funds have been used to support personal consumption expenditures or to change the composition of household balance sheets is also considered as are possible implications for future economic activity.

The conclusion is that household borrowing against equity in existing homes has accounted for nearly half of total home mortgage debt formation during the past 2 years, about double

the proportion during the previous 5 years. These funds have been raised primarily in connection with transactions in existing homes, rather than through junior mortgages or refinancings of outstanding first mortgages, both of which have received much attention in the press. Moreover, it appears that significant portions of the funds raised against housing equity have served to bolster personal consumption expenditures during much of the current economic

expansion but that some portions have supported capital expenditures, substituted for other forms of household debt, or contributed to acquisitions of financial assets. It is argued that exogenous changes in household financial net worth, household expectations about future levels of income, and the spread between long- and short-term interest rates determine in part how funds raised in connection with transactions in existing homes are used. □

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# Exercise of Consumer Rights Under the Equal Credit Opportunity and Fair Credit Billing Acts

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In November 1977 the Board of Governors initiated a survey of selected large creditors to determine to what extent consumers were exercising their rights under the Equal Credit Opportunity Act and the Fair Credit Billing Act. The survey was also designed to determine the cost to creditors of complying with these laws.

An inquiry requesting information in connection with credit-card and other types of revolving-credit operations was sent to a group of nine creditors. Areas covered in the inquiry were the right to a separate credit history for married persons, notification by creditors of specific reasons for denial of credit, and customers' use of their rights under the law regarding the resolution of billing disputes.

The initial notices regarding the right to a separate credit history for married persons were enclosed with billing statements rather than mailed separately in order to hold down the cost. About 11 per cent of the customers requested that separate credit histories be maintained. The average cost to the creditors of printing and processing the notices was less than 1 cent per notice, and the average cost of processing the return requests and providing the necessary credit information was about 9 cents per request.

The survey showed that a substantial proportion of the applicants who were rejected for revolving credit accounts requested the reasons for the denial if such reasons had not been stated at the time of rejection; many of these applicants then provided sufficient additional information to warrant the granting of credit.

Although a large number of credit customers raised questions concerning their billing statements each month, relatively few followed the formal procedures provided by Regulation Z. Most of the companies, however, indicated that

they had treated the informal questions the same as the formal ones.

In order to obtain information from a national cross-section of consumers with a minimum burden on the consumer credit industry, the Board selected nine large creditors that were believed to have readily available records. This group included four major retailers (Alden's, Inc.; Federated Department Stores, Inc.; J. C. Penney and Co., Inc.; and Sears, Roebuck and Co.); three banks (Bank of America, First National Bank of Chicago, and Maryland National Bank); one travel and entertainment card issuer (American Express Co.); and one oil company (Shell Oil Co.). Information was gathered from all companies except Alden's; the data reported by Federated Department Stores represent the combined answers of 13 of its 16 department and specialty store divisions.

## SEPARATE CREDIT HISTORY

Under Regulation B married persons have the right to a separate credit history. All creditors with open-end credit contracts were required to send a notice advising their married customers of this right by June 1, 1977, unless the company already had arranged to maintain access to the account records for each person entitled to use the account. American Express had such an arrangement for each person who had been issued a card on an account. The other seven reporting creditors, however, sent notices to each of their married customers informing them of their right to separate credit histories.

The total initial mailing of somewhat less than 48.5 million notices by the seven companies yielded more than 5 million returns (about 11



## 1. Separate credit history

Creditor	Notices					
	Number sent	Number of return requests	Percentage resulting in requests	Total cost (dollars)	Average cost per notice sent (dollars)	
Federated Department Stores .....	5,600,536	471,875	8.4	64,880	.012	
J. C. Penney .....	10,252,692	818,659	8.0	64,556	.006	
Sears .....	23,000,000	3,000,000	13.0	68,095	.003	
Bank of America .....	3,130,529	326,783	10.4	88,697	.028	
First National Bank of Chicago .....	861,453	82,561	9.6	5,000	.006	
Maryland National Bank .....	1,056,365	77,501	7.3	23,940	.023	
Shell Oil .....	4,500,000	430,000	9.6	45,000	.010	
American Express <sup>1</sup> .....	.....	.....	.....	.....	.....	
Cost of dual reporting of credit records, in dollars						
	Processing initial requests	Reporting new information	Total for initial returns	Average initial cost per account	Cost of reporting new accounts per account	Annual maintenance cost of dual reporting per account
Federated Department Stores .....	31,575	262,466	94,041	.20	.00 to 1.50	39,825
J. C. Penney .....	12,061	31,614	43,675	.05	Negligible	Negligible
Sears .....	94,134	55,555	149,689	.05	.01	88,667
Bank of America .....	55,543	36,744	92,287	.28	.10	3,600
First National Bank of Chicago .....	6,571	13,571	20,142	.24	.14	23,880
Maryland National Bank .....	22,392	5,470	27,862	.36	.12	13,600
Shell Oil .....	19,700	9,900	29,600	.07	Negligible	3,000
American Express <sup>1</sup> .....	.....	.....	.....	.....	.....	.....

<sup>1</sup>American Express provides separate access to its credit records for each credit-card holder and, therefore, was not required to send a special notice.

<sup>2</sup>Excludes two divisions that maintain manual operations and report to credit-reporting agencies only on demand.

<sup>3</sup>Represents estimates from only five divisions.

<sup>4</sup>Reported an additional cost, estimated at \$900,000, of annotating history record cards to reflect the requested changes.

per cent) from customers who requested the maintenance of separate credit histories. The difference in the rate of return among the reporting companies was relatively small, ranging from about 7.3 per cent for Maryland National Bank to 13 per cent for Sears (Table 1).

Direct cost estimates for the nearly 50 million notices sent totaled \$360,168; however, since some companies were unable to identify and include all administrative costs, this figure accounted for only a portion of the total cost. Furthermore, Penney's noted that the inclusion of the required notice with the billing statement displaced advertising inserts, which resulted in a loss of sales estimated at \$665,000. Federated Department Stores also noted a loss of revenue due to the displacement of advertising inserts but did not estimate the amount. Although all of the reporting companies enclosed the required notice with the monthly billing statement, Bank of America noted that it had spent \$68,000 to mail the notice separately to inactive BankAmericard accounts.

The identifiable costs of printing, processing, and mailing each notice averaged slightly less than 1 cent. There was considerable variation among the companies, however, with the average identifiable cost per notice ranging from a low of 0.3 cent to a high of 2.8 cents.

Processing the more than 5 million returns and initially reporting the new information to the credit-reporting agencies cost a little more than \$450,000 for the seven companies, or an average of about 9 cents per request. Again the costs reported by the different companies varied sharply—from about 5 cents per request to 36 cents per request (Table 1).

Once the reporting of credit records on a dual basis for existing accounts had been completed, the cost of reporting new accounts on that basis ranged from "negligible" or "nominal" to about 14 cents per account. Federated Department Stores reported a range from "negligible" to \$1.50 for its divisions. The cost of maintaining dual reporting varied widely, from "negligible" to nearly \$89,000 a year. If the 3 million

requests received by Sears had resulted in about the same number of dual-reporting accounts, the annual total cost would have amounted to 3 cents per account. The same calculation for the other companies suggests an average annual maintenance cost per account of about 1 cent for Bank of America and Shell, 9 cents for Federated Department Stores, 18 cents for Maryland National Bank, and 29 cents for First National Bank of Chicago. Each of the last two companies had less than 100,000 dual-reporting accounts, which suggests that maintaining any dual reporting system may involve a significant element of fixed cost or that the wide variation in reporting maintenance costs may be the result of the different approaches used in estimating costs.

**ADVERSE ACTION NOTICES**

The revisions in Regulation B that became effective June 1, 1977, required creditors to inform rejected credit applicants of the reasons for the denial either initially or upon request. Sears, First National Bank of Chicago, Bank of America, and 1 of the 13 divisional respondents of Federated Department Stores furnished all rejected credit applicants with the reasons

for the adverse action at the time of the denial. The other companies provided reasons for denial only upon request. Maryland National Bank received such requests from 12 per cent of rejected applicants; Federated Department Stores, from 20 per cent; and American Express, from 23 per cent. Shell stated that each month about 4,600 rejected applicants requested the specific reasons for the denial.

Many of the rejected credit applicants who were initially given reasons for credit denial supplied additional information, and a high proportion of these were then granted credit. Sears, which initially sent reasons for the credit denial to all rejected applicants, received additional credit information from 4 per cent of these, and in half of the cases the information was sufficient to warrant the granting of credit. These proportions were even larger for Bank of America, which received additional information from 8 per cent of its rejected applicants and which was then able to grant credit to three-fourths of them. First National Bank of Chicago, the third company that provided reasons initially to all rejected applicants, received requests for reconsideration from about 35 per cent of such applicants, and of those who provided additional information one-third were granted credit.

2. Adverse action on applications for credit

Creditor	Applicants rejected for credit who			Average cost per account of providing reasons for credit denial (dollars)	
	Requested reasons for denial (per cent)	Were given reason, then provided more information (per cent of col. 1)	Provided more information and were given credit (per cent of col. 2)	Initially	Upon request
	(1)	(2)	(3)	(4)	(5)
Federated Department Stores	20	34	26	1.43	.22 to 5.25
J. C. Penney	<sup>(2)</sup>	n.a.	n.a.	...	.56
Sears	<sup>(100)</sup>	4	50	.59	...
Bank of America	<sup>(100)</sup>	8	75	1.07	2.20
First National Bank of Chicago	<sup>(100)</sup>	<sup>(1)</sup>	33	.60	...
Maryland National Bank	12	45	35	...	4.14
Shell Oil	<sup>(5)</sup>	70	72	.58	.38
American Express	23	30	60	1.75	3.00 to 5.25

<sup>1</sup>Represents an estimate by one division only.

<sup>2</sup>Approximately 13.3 per cent wrote to J.C. Penney regarding their rejection, but it is not known how many asked for specific reasons.

<sup>3</sup>All rejected credit applicants were given the reasons initially.

<sup>4</sup>Approximately 3,000 of the 8,600 rejected applicants per month requested reconsideration, and some provided additional information.

<sup>5</sup>Approximately 4,600 rejected applicants per month requested specific reasons for denial.

n.a. Not available.

## 3. Experience with fair credit billing

Creditor	Average number of active accounts billed monthly	Average number of billing statement inquiries	Billing statement inquiries (per cent)	Number of formal inquiries asserted monthly	Annual cost of billing error statements (dollars)
Federated Department Stores	3,366,000	86,000	2.55	4,300	\$47,447
J. C. Penney	12,082,395	113,875	.94	n.a.	\$7,308
Sears	18,600,000	n.a.	n.a.	9,167	<sup>(b)</sup>
Bank of America	2,464,469	119,164	4.84	3,047	<sup>(b)</sup>
First National Bank of Chicago	901,000	57,000	6.33	5,000	<sup>(b)</sup>
Maryland National Bank	401,000	2,606	.87	134	<sup>(b)</sup>
Shell Oil	3,500,000	37,000	1.06	1,150	\$67,300
American Express	3,800,000	86,000	2.26	n.a.	\$25,760

<sup>(a)</sup>Represents estimate of printing costs only for monthly mailing.

<sup>(b)</sup>The billing error statement is printed on the back of the billing statement and the costs reported are those for printing the full billing statement provided to those persons who raise billing inquiries.

<sup>(c)</sup>The billing error statement is printed on the back of the billing statement and no specific costs were reported.

<sup>(d)</sup>Mails the statement semiannually but estimates that mailing the shorter monthly statement would cost \$247,600 per year.

<sup>(e)</sup>Represents estimate of printing costs only for mailing semiannual statements  
n.a. Not available.

A similar pattern existed for those specifically requesting reasons for the denial of credit in that the additional information was often adequate to warrant the granting of credit. Federated Department Stores estimated that about one-third of those requesting reasons for credit denial during the first 7 months after the revised Regulation B went into effect provided additional information, and in one-fourth of these cases credit was granted. The highest proportions were shown by Shell: almost 70 per cent of those requesting specific reasons supplied additional information, and in three-fourths of those cases credit was granted (Table 2).

The cost of providing reasons for the denial of credit to the rejected applicants varied widely. For the three companies that provided reasons initially, the average cost per rejected account ranged from 59 cents to \$1.07. For the other companies the average cost of responding to specific requests for reasons for credit denial varied from 22 cents to \$5.25.

## BILLING INQUIRIES

A considerable number of credit customers raised questions concerning their billing state-

ments each month (Table 3). The extent of the increase in the number of customer inquiries since the billing-error sections were incorporated into Regulation Z is not known, but the figures reported by the eight creditors for recent months showed that the proportion of monthly billing statements questioned ranged from about 1 per cent for Penney's, Maryland National Bank, and Shell to about 5 per cent for Bank of America and 6 per cent for the First National Bank of Chicago. Only a small proportion of these questions were submitted according to the formal procedures provided by Regulation Z, but most of the companies indicated that they had treated all questions alike, whether presented in a formal or informal manner.

Creditors are permitted to use either a semi-annual billing-error statement, informing customers of their rights and the appropriate procedures, or a shorter monthly statement. Only Shell, American Express, and one division of Federated Department Stores used the semi-annual statement. The other companies found the monthly statement, which in some cases could be printed on the back of the billing statement, to be less costly than a semiannual statement. Precise cost figures, however, could not be provided by most companies. [ ]

# Survey of Time and Savings Deposits at Commercial Banks, January 1978

During the 3 months ended January 25, 1978, total time and savings deposits at insured commercial banks, not adjusted for seasonal variation, expanded at a quarterly rate of 3½ per cent compared with 2¼ per cent over the preceding survey quarter.<sup>1</sup> For the 6 months covering the two most recent survey periods, time and savings deposits subject to Regulation Q ceiling rates had grown only slightly, as banks experienced net outflows in the earlier period followed by small net inflows in the later period. In contrast, large-denomination (\$100,000 or more) time deposits grew sharply in both periods, accounting for more than 90 per cent of the growth of total time and savings deposits between the end of July and the end of January.

Although total net inflows to savings and small-denomination (less than \$100,000) time deposits registered growth of less than 1 per cent between the October and January surveys, expansion in the longest-maturity categories re-

mained strong. Such growth reflects the higher interest rate ceilings on these accounts that encourage individuals to extend the maturity of their bank deposits. Since July 1973, when the ceilings on time deposits maturing in 4 years or more and with minimum denominations of \$1,000 were temporarily suspended, growth in this category has totaled more than \$70 billion.<sup>2</sup> By comparison shorter-maturity time deposits issued to households and businesses in small denominations declined about \$10 billion over the same interval.

## SAVINGS DEPOSITS

Throughout the intersurvey period, yields on short-term market instruments, such as 90-day Treasury bills, exceeded by 1 to 1¼ percentage points the maximum return banks may legally offer on savings deposits. Expansion of savings deposits, not adjusted for seasonal variation, matched the slow pace of the preceding 3 months—a period when market yields had ranged from ½ to 1 percentage point above the passbook ceiling rate. All of the \$1.6 billion growth was concentrated in accounts held by individuals, accounts that tend to be the least sensitive to movements of interest rates. Meanwhile, a small absolute decline in savings de-

NOTE.—John R. Williams of the Board's Division of Research and Statistics prepared this article.

<sup>1</sup> Surveys of time and savings deposits (STSD) at all member banks were conducted by the Board of Governors in late 1965, in early 1966, and quarterly in 1967. In January and July 1967 the surveys also included data for all insured nonmember banks collected by the Federal Deposit Insurance Corporation (FDIC). Since the beginning of 1968 the Board of Governors and the FDIC have conducted joint quarterly surveys to provide estimates for all insured commercial banks based on a probability sample of banks. The results of all earlier surveys have appeared in previous BULLETINS from 1966 to 1978, the most recent being February 1978.

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

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

<sup>2</sup> Prior to July 1973, the maximum rate payable was 5½ per cent at commercial banks for all small-denomination deposits maturing in 2 years or more. At that time, an estimated \$600 million was outstanding in commercial bank time accounts with original maturities of 4 years or more. Then, during the 4-month period when ceilings were suspended, about \$9 billion flowed into these accounts. Effective November 1, 1973, a ceiling rate of 7.25 per cent at commercial banks was established for deposits of 4 years or more. Effective December 23, 1974, the ceiling was raised to 7.50 per cent for deposits of 6 years or more.

posits of businesses offset a slight rise in such holdings of governmental units within the United States.

The January survey provides evidence that a few large banks raised offering rates on savings deposits, in light of the continued sluggish inflows of such deposits. On new deposits issued to individuals in late January, the maximum offering rate of 5 per cent prevailed at 89 per cent of banks with total outstanding deposits greater than \$100 million, up from 87 per cent in late October. Similarly, the proportion of large banks paying the ceiling interest rate on accounts of businesses rose to 95 per cent from 92 per cent, and on accounts of domestic gov-

ernmental units the proportion rose to 95 per cent from 89 per cent. Taking all banks together, the average rate paid on all types of savings deposits, weighted by the amounts outstanding, rose over the period to 4.92 per cent from 4.90 per cent.

## SMALL-DENOMINATION TIME DEPOSITS

By the end of the survey period, yields on Treasury securities had moved above regulatory rate ceilings on bank time deposits issued to consumers and businesses for all comparable

### 1. Types of time and savings deposits held by insured commercial banks on survey dates, July 27 and October 26, 1977, and January 25, 1978

Type of deposit	Number of issuing banks			Deposits				
	July 27	Oct. 26	Jan. 25	In millions of dollars			Percentage change	
				July 27	Oct. 26	Jan. 25	July 27- Oct. 26	Oct. 26- Jan. 25
<b>Total time and savings deposits</b> .....	14,405	14,409	14,333	518,117	529,862	548,293	2.3	3.5
<b>Savings</b> .....	14,405	14,409	14,333	215,391	216,896	218,539	.7	.8
Issued to:								
Individuals and nonprofit organizations.....	14,405	14,409	14,333	199,629	201,011	202,653	.7	.8
Partnerships and corporations operated for profit (other than commercial banks).....	8,986	9,141	9,463	10,310	10,808	10,568	4.8	-2.2
Domestic governmental units.....	6,922	7,891	8,391	5,310	4,968	5,206	-6.4	4.8
All other.....	704	724	1,251	142	108	112	-24.0	3.5
IRA and Keogh Plan time deposits with original maturities of 3 years or more.....	(1)	8,808	9,088	(1)	1,546	2,084		34.8
<b>Other interest-bearing time deposits in denominations of less than \$100,000</b> .....	14,173	14,166	14,090	167,363	165,097	166,717	-1.4	1.0
Issued to:								
Domestic governmental units.....	10,789	10,838	10,688	4,688	4,334	4,118	-7.6	-5.0
Accounts with original maturity of:								
30 up to 90 days.....	4,812	5,147	5,201	1,068	949	862	-11.1	-9.1
90 up to 180 days.....	8,321	8,008	7,367	1,622	1,396	1,243	-13.9	-10.9
180 days up to 1 year.....	3,774	4,802	4,882	746	823	854	10.3	3.7
1 year and over.....	8,345	8,431	8,680	1,253	1,166	1,159	-6.9	-6
Other than domestic governmental units.....	14,173	14,166	14,090	162,674	160,764	162,598	-1.2	1.1
Accounts with original maturity of:								
30 up to 90 days.....	5,836	6,638	6,629	7,635	7,327	6,250	-4.0	-14.7
90 up to 180 days.....	11,495	11,699	11,751	31,599	30,626	31,459	-3.1	2.7
180 days up to 1 year.....	8,264	8,999	8,808	4,661	3,539	3,587	-24.1	1.4
1 up to 2½ years.....	13,701	13,825	13,508	34,207	34,601	33,977	1.2	-1.8
2½ up to 4 years <sup>2</sup> .....	12,628	12,549	12,476	18,768	18,539	18,463	-1.2	-4
4 up to 6 years <sup>2</sup> .....	12,108	12,401	12,390	51,691	50,366	50,848	-2.6	1.0
6 years and over <sup>2</sup> .....	9,372	8,894	9,198	14,113	15,766	18,016	11.7	14.3
<b>Interest-bearing time deposits in denominations of \$100,000 or more</b> .....	11,376	11,636	11,747	128,593	140,451	156,122	9.2	11.2
<b>Non-interest-bearing time deposits</b> .....	1,709	1,686	1,625	4,790	4,052	4,019	-15.4	-8
In denominations of:								
Less than \$100,000.....	1,378	1,381	1,379	1,396	862	692	-38.2	-19.8
\$100,000 or more.....	740	720	623	3,394	3,190	3,327	-6.0	4.3
Club accounts (Christmas savings, vacation, or similar club accounts).....	9,155	8,929	9,212	1,981	1,820	813	-8.1	-55.3

<sup>1</sup> Data not collected.

<sup>2</sup> Excludes all IRA and Keogh Plan accounts with original maturity of 3 years or more.

NOTE.—All banks that had either discontinued offering or never

offered certain deposit types as of the survey date are not counted as issuing banks. However, small amounts of deposits held at banks that had discontinued issuing certain deposit types are included in the amounts outstanding.

Figures may not add to totals because of rounding.

2. Small-denomination time and savings deposits held by insured commercial banks on January 25, 1978, compared with October 26, 1977, by type of deposit, by most common rate paid on new deposits in each category, and by size of bank

Deposit group, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Jan. 25	Oct. 26	Jan. 25	Oct. 26	Jan. 25	Oct. 26	Jan. 25	Oct. 26	Jan. 25	Oct. 26	Jan. 25	Oct. 26
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars), or percentage distribution					
<b>Savings deposits</b>												
Individuals and non-profit organizations												
Issuing banks	14,333	14,409	13,300	13,381	1,033	1,028	202,653	201,011	76,926	76,403	125,727	124,608
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	4.4	4.6	4.4	4.6	4.1	5.1	3.1	3.6	3.4	3.4	3.0	3.8
4.01-4.50	9.5	9.3	9.7	9.4	6.7	7.5	9.5	9.7	9.6	9.5	9.4	9.9
4.51-5.00	86.1	86.1	85.9	86.0	89.1	87.4	87.4	86.6	87.1	87.1	87.5	86.3
Paying ceiling rate <sup>1</sup>	86.1	86.1	85.9	86.0	89.1	87.4	87.4	86.6	87.1	87.1	87.5	86.3
Partnerships and corporations												
Issuing banks	9,463	9,141	8,444	8,124	1,019	1,017	10,568	10,808	3,205	3,340	7,363	7,469
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	1.3	1.5	1.4	1.5	1.5	1.5	1.6	1.1	1.1	1.0	1.4	1.1
4.01-4.50	7.6	7.1	7.9	7.2	4.7	6.3	5.7	7.0	5.8	6.8	5.7	7.1
4.51-5.00	91.1	91.4	90.7	91.3	94.7	92.2	93.6	91.9	93.1	92.2	93.8	91.7
Paying ceiling rate <sup>1</sup>	90.9	91.2	90.4	91.0	94.7	92.2	93.6	91.9	93.1	92.1	93.8	91.7
Domestic govt. units												
Issuing banks	8,391	7,891	7,690	7,178	701	714	5,206	4,968	2,760	2,544	2,447	2,424
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	3.7	5.3	4.0	5.6	7.7	1.8	1.4	2.0	1.8	2.9	9	1.1
4.01-4.50	10.7	9.9	11.3	9.9	4.2	9.1	7.1	8.8	11.0	14.0	2.6	3.4
4.51-5.00	85.6	84.8	84.7	84.4	95.1	89.1	91.5	89.2	87.2	83.1	96.5	95.5
Paying ceiling rate <sup>1</sup>	85.3	84.5	84.4	84.1	95.1	89.1	91.5	89.1	87.1	82.9	96.5	95.5
All other												
Issuing banks	1,251	724	1,104	558	147	166	112	108	37	24	75	84
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	9.8	17.0	10.9	21.5	2.0	1.7	1.4	1.4	1.7	3.4	1.3	1.8
4.01-4.50	18.9	12.3	21.4	16.0	(2)	(2)	1.1	(2)	.3	(2)	(2)	(2)
4.51-5.00	71.3	70.7	67.7	62.5	98.0	98.3	98.5	98.6	98.0	96.6	98.7	99.2
Paying ceiling rate <sup>1</sup>	71.3	70.7	67.7	62.5	98.0	98.3	98.5	98.6	98.0	96.6	98.7	99.2
IRA and Keogh Plan time deposits with original maturities of 3 years or more												
Issuing banks	9,088	8,808	8,151	7,887	938	921	2,082	1,544	846	635	1,236	909
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	7.9	9.3	8.2	9.7	4.5	6.7	2.5	4.8	2.0	4.4	2.8	5.0
6.01-7.00	5.5	8.1	5.7	8.2	3.9	7.1	2.7	4.1	4.1	4.7	1.7	3.7
7.01-7.50	48.1	57.9	49.2	59.7	37.7	43.2	39.0	49.0	52.1	58.6	30.1	42.3
7.51-7.75	38.6	24.6	36.9	22.5	53.9	43.0	55.8	42.1	41.8	32.3	65.3	49.0
Paying ceiling rate <sup>1</sup>	38.6	24.4	36.9	22.2	53.9	43.0	55.8	42.0	41.8	32.0	65.3	49.0
<b>Time deposits in denominations of less than \$100,000</b>												
Domestic govt. units:												
Maturing in -												
30 up to 90 days												
Issuing banks	5,201	5,147	4,540	4,460	661	686	862	949	532	563	330	386
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	3.1	2.7	3.3	2.5	2.4	4.2	.6	.6	(2)	.2	1.6	1.1
4.51-5.00	64.9	58.6	63.9	56.4	72.2	72.9	57.7	53.7	55.6	55.8	61.1	50.7
5.01-5.50	10.0	22.5	10.7	24.5	5.6	9.5	11.4	21.9	10.9	24.6	12.2	17.9
5.51-7.75	21.9	16.2	22.2	16.6	19.8	13.5	30.3	23.8	33.6	19.3	25.1	30.4
Paying ceiling rate <sup>1</sup>	1.2	(2)	1.4	(2)	(2)	(2)	3.2	(2)	5.2	(2)	(2)	(2)
90 up to 180 days												
Issuing banks	7,367	8,008	6,563	7,234	804	774	1,224	1,395	903	1,022	321	373
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	1.0	1.3	.9	1.2	1.6	1.6	.1	.3	(2)	.3	.2	.2
4.51-5.00	11.4	13.1	11.9	13.5	6.6	9.9	9.4	11.7	10.4	13.4	6.7	6.9
5.01-5.50	76.4	74.7	76.1	74.5	78.6	76.8	69.2	76.5	67.9	76.9	73.0	75.2
5.51-7.75	11.3	10.9	11.0	10.8	13.3	11.7	21.3	11.6	21.7	9.4	20.1	17.7
Paying ceiling rate <sup>1</sup>	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
180 days up to 1 year												
Issuing banks	4,882	4,802	4,299	4,225	583	577	853	822	612	582	241	240
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	.1	.7	(2)	.7	.7	.2	.2	(2)	(2)	(2)	(2)	(2)
4.51-5.00	7.7	8.1	7.8	7.7	6.8	11.4	19.1	20.4	10.2	12.2	41.6	40.2
5.01-5.50	67.0	65.5	66.7	65.1	69.6	68.6	40.8	47.2	41.9	50.1	37.8	40.3
5.51-7.75	25.2	25.7	25.5	26.5	22.9	19.8	40.1	32.4	47.8	37.7	20.6	19.4
Paying ceiling rate <sup>1</sup>	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)

For notes see page 372.

TABLE 2—Continued

Deposit group, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)				
	Jan. 25	Oct. 26	Less than 100		100 and over		Jan. 25	Oct. 26	Less than 100		100 and over		
			Jan. 25	Oct. 26	Jan. 25	Oct. 26			Jan. 25	Oct. 26	Jan. 25	Oct. 26	
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars), or percentage distribution						
<b>Time deposits in denominations of less than \$100,000 (cont.)</b>													
<b>Domestic govt. units (cont.)</b>													
<b>1 year and over</b>													
Issuing banks	8,680	8,431	7,875	7,619	805	812	1,152	1,160	945	931	207	228	
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100	
5.00 or less	1.1	2.5	.8	2.2	4.3	5.5	.4	.6	.1	.1	2.1	2.5	
5.01-5.50	7.1	4.1	7.0	3.8	8.7	6.4	5.9	5.3	2.9	.8	19.8	23.4	
5.51-6.00	62.9	64.7	63.0	64.7	62.0	64.0	60.1	63.3	61.4	65.8	54.4	52.7	
6.01-7.75	28.8	28.8	29.2	29.3	25.0	24.1	33.5	30.9	35.7	33.2	23.7	21.3	
<b>Paying ceiling rate</b>	(2)	(2)	(2)	(2)	.2	(2)	(2)	(2)	(2)	(2)	(2)	(2)	
<b>Other than domestic govt. units:</b>													
<b>Maturing in—</b>													
<b>30 up to 90 days</b>													
Issuing banks	6,629	6,638	5,741	5,723	888	915	6,229	7,305	1,507	1,659	4,722	5,645	
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100	
4.50 or less	2.5	1.6	2.6	1.3	1.7	3.0	.8	.8	(2)	(2)	1.1	1.0	
4.51-5.00	97.5	98.4	97.4	98.7	98.3	97.0	99.2	99.2	100.0	100.0	98.9	99.0	
<b>Paying ceiling rate</b>	97.5	98.4	97.4	98.7	98.3	96.7	99.2	99.2	100.0	100.0	98.9	99.0	
<b>90 up to 180 days</b>													
Issuing banks	11,751	11,699	10,733	10,688	1,018	1,011	31,459	30,527	12,356	12,185	19,103	18,342	
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100	
4.50 or less	.5	.5	.6	.6	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	
4.51-5.00	8.2	7.1	8.7	7.5	3.6	2.5	6.6	5.8	5.3	6.4	7.4	5.5	
5.01-5.50	91.2	92.4	90.7	91.9	96.4	97.5	93.4	94.2	94.7	93.6	92.6	94.5	
<b>Paying ceiling rate</b>	91.1	92.2	90.7	91.9	95.4	95.8	92.5	90.1	94.7	93.6	91.2	87.7	
<b>180 days up to 1 year</b>													
Issuing banks	8,808	8,999	7,933	8,112	875	886	3,579	3,520	2,158	1,907	1,421	1,613	
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100	
4.50 or less	.5	.5	.4	.4	1.4	1.4	(2)	.1	(2)	(2)	.1	.2	
4.51-5.00	7.0	6.9	7.4	7.4	3.1	2.8	1.4	3.5	1.9	4.8	.6	2.0	
5.01-5.50	92.5	92.6	92.2	92.3	95.5	95.8	98.6	96.4	98.1	95.1	99.3	97.8	
<b>Paying ceiling rate</b>	91.1	92.2	90.7	92.0	94.5	94.6	97.8	96.3	96.9	95.1	99.3	97.8	
<b>1 up to 2½ years</b>													
Issuing banks	13,508	13,825	12,485	12,807	1,023	1,018	33,973	34,600	20,984	21,611	12,990	12,989	
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100	
5.00 or less	.7	.6	.7	.7	.1	.1	.1	.1	.1	.1	.1	.1	
5.01-5.50	2.0	3.6	2.1	3.9	1.2	.7	.9	1.8	1.0	2.5	.6	.6	
5.51-6.00	97.3	95.7	97.2	95.4	98.7	99.3	99.0	98.1	98.8	97.3	99.3	99.3	
<b>Paying ceiling rate</b>	96.9	95.4	96.9	95.2	97.3	97.7	98.7	97.9	98.8	97.3	98.7	98.8	
<b>2½ up to 4 years</b>													
Issuing banks	12,476	12,549	11,474	11,552	1,002	997	18,428	18,506	10,637	10,612	7,791	7,894	
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100	
6.00 or less	2.0	2.6	2.0	2.6	2.2	2.2	1.2	1.3	.5	1.1	2.2	1.5	
6.01-6.50	98.0	97.4	98.0	97.4	97.8	97.8	98.8	98.7	99.5	98.9	97.8	98.5	
<b>Paying ceiling rate</b>	97.5	97.2	97.6	97.2	96.8	97.0	97.9	98.2	98.7	98.4	96.8	98.0	
<b>4 up to 6 years</b>													
Issuing banks	12,390	12,401	11,390	11,404	1,001	998	50,599	50,136	26,930	26,609	23,669	23,528	
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100	
6.50 or less	.9	2.3	.7	2.0	2.9	4.8	1.3	2.5	.4	.7	2.4	4.5	
6.51-7.00	13.0	15.9	13.6	16.6	6.0	7.7	9.0	13.8	12.9	18.4	4.6	8.7	
7.01-7.25	86.1	81.9	85.7	81.4	91.1	87.5	89.7	83.6	86.7	80.9	93.0	86.8	
<b>Paying ceiling rate</b>	86.1	81.9	85.7	81.4	91.1	87.5	89.7	83.6	86.7	80.9	93.0	86.8	
<b>6 years and over</b>													
Issuing banks	9,198	8,894	8,285	8,007	913	887	17,739	15,479	7,222	6,314	10,517	9,164	
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100	
5.00 or less	.6	.6	.6	.7	.2	.2	(2)	(2)	(2)	(2)	(2)	(2)	
5.01-5.50	6.1	7.6	5.8	7.3	8.7	9.6	4.4	6.8	1.0	1.6	6.7	10.5	
5.51-7.50	93.3	91.8	93.6	92.0	91.1	90.2	95.6	93.1	99.0	98.4	93.3	89.5	
<b>Paying ceiling rate</b>	93.3	91.8	93.6	92.0	91.0	90.1	93.0	90.5	99.0	98.4	88.9	85.2	
<b>Club accounts</b>													
Issuing banks	9,212	8,929	8,428	8,190	784	739	810	1,776	356	767	453	1,008	
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100	
0.00	46.0	46.6	47.5	48.4	29.6	26.7	23.4	21.8	32.5	31.1	16.3	14.8	
0.01-4.00	15.2	17.3	15.5	17.4	12.7	15.7	14.9	13.3	19.0	18.7	11.7	9.1	
4.01-4.50	7.4	8.1	7.3	8.0	9.2	9.4	14.2	9.0	14.4	9.9	14.0	8.4	
4.51-5.50	31.3	28.0	29.7	26.2	48.5	48.2	47.5	55.9	34.0	40.3	58.0	67.7	

For notes see page 372.

3. Average of most common interest rates paid on various categories of time and savings deposits at insured commercial banks on January 25, 1978

Type of deposit	Bank size (total deposits in millions of dollars)						
	All size groups	Less than 20	20 up to 50	50 up to 100	100 up to 500	500 up to 1,000	1,000 and over
Savings and small-denomination time deposits.....	5.58	5.77	5.73	5.62	5.54	5.50	5.44
Savings, total.....	4.92	4.95	4.91	4.92	4.93	4.90	4.92
Individuals and nonprofit organizations.....	4.92	4.94	4.90	4.92	4.93	4.89	4.92
Partnerships and corporations.....	4.96	5.00	4.94	4.97	4.98	4.99	4.95
Domestic governmental units.....	4.95	4.92	4.95	4.90	4.98	4.99	4.97
All other.....	4.98	4.70	5.00	5.00	4.98	5.00	5.00
IRA and Keogh Plan time deposits with maturity of 3 years or more.....	7.55	7.48	7.48	7.49	7.57	7.54	7.63
Other time deposits in denominations of less than \$100,000, total.....	6.43	6.39	6.54	6.44	6.41	6.41	6.36
Domestic governmental units, total.....	5.84	5.94	5.99	5.60	5.56	6.20	5.71
Maturing in--							
30 up to 90 days.....	5.54	5.97	5.40	5.30	5.31	5.99	5.33
90 up to 180 days.....	5.69	5.50	5.94	5.56	5.63	6.03	5.80
180 days up to 1 year.....	5.83	5.88	6.37	5.40	5.31	6.31	6.06
1 year and over.....	6.23	6.29	6.13	6.39	5.99	6.70	6.32
Other than domestic governmental units, total.....	6.44	6.41	6.56	6.46	6.43	6.42	6.37
Maturing in--							
30 up to 90 days.....	4.99	5.00	5.00	5.00	4.99	4.96	5.00
90 up to 180 days.....	5.46	5.48	5.47	5.47	5.47	5.49	5.44
180 days up to 1 year.....	5.49	5.48	5.50	5.48	5.49	5.50	5.50
1 up to 2½ years.....	5.99	5.99	6.00	5.99	6.00	6.00	5.99
2½ up to 4 years.....	6.49	6.50	6.50	6.49	6.49	6.48	6.48
4 up to 6 years.....	7.22	7.23	7.21	7.22	7.21	7.24	7.21
Over 6 years.....	7.48	7.49	7.50	7.50	7.47	7.47	7.46
MEMO: Club accounts <sup>1</sup> .....	3.53	2.63	2.69	3.51	3.85	3.91	4.15

<sup>1</sup> Club accounts are excluded from all of the above categories.

NOTE.—The average rates were calculated by weighting the most common rate reported on each type of deposit at each bank by the

amount of that type of deposit outstanding. All banks that had either discontinued offering or never offered particular deposit types as of the survey date were excluded from the calculations for those specific deposit types.

maturities except 6 years and over.<sup>3</sup> Although more than 90 per cent of banks were paying the ceiling rate for nearly all deposit categories, they still experienced a net outflow of nearly \$½ billion of small time deposits maturing in less than 6 years, while attracting about \$2¼ billion in deposits with longer maturities. Banks also acquired \$½ billion of deposit inflows to

<sup>3</sup> When comparing investment alternatives it is important to take account of the effects of interest compounding on the stated nominal rates. For a given stated rate, the effective rate is at a legal maximum when the bank employs continuous compounding of interest on the basis of a 360 day year. Therefore, given the current nominal rate ceilings (listed in BUREAU OF FEDERAL RESERVE Table 1.16 on page A10), the highest legal yields on small-denomination time deposits issued to consumers and businesses are as follows: savings deposits, 5.20 per cent; time deposits maturing in under 1 year, 5.73 per cent; 1 up to 2½ years, 6.27 per cent; 2½ up to 4 years, 6.81 per cent; 4 up to 6 years, 7.63 per cent; 6 years and over, 7.90 per cent. Since this survey records only the stated nominal rates of interest paid by banks and does not record the method of compounding, the number of banks offering maximum effective yields cannot be determined.

a separate category of accounts—individual retirement accounts (IRA) and Keogh accounts with maturities of 3 years and more—on which the nominal ceiling rate is 7¾ per cent; the weighted-average rate paid on these accounts was 7.55 per cent in January.<sup>1</sup>

Banks continued to experience net outflows from time deposits issued to governmental units in the United States. On these time deposits banks may pay stated rates up to 7¾ per cent without regard to maturity. In fact, however, the average interest rates on various maturity categories exceeded the ceilings for issues to nongovernmental units by only ¼ to ½ of a percentage point; these spreads probably were limited by the fact that banks must pledge securities against government deposits. Moreover, with about three-quarters of such deposits ma-

<sup>1</sup> Unknown amounts of individual retirement accounts and Keogh accounts are included in the savings deposits category and among categories of time deposits maturing in less than 3 years.



turing within 1 year, the average rate offered in January for all maturities was only 5¾ per cent, somewhat below the average rate of 6½ per cent on issues to individuals, partnerships, and corporations.

### OTHER TIME DEPOSITS

Given continued strength in loan demand between November and January, coupled with slow growth of deposits subject to interest rate ceilings, banks relied heavily on managed liabilities, including large-denomination time deposits that are not subject to rate ceilings. Banks obtained nearly \$15¾ billion of such depos-

its—the largest inter-survey growth since July 1973. Based on comparable not-seasonally-adjusted data, which are not shown in the tables, large negotiable certificates of deposit at weekly reporting banks grew about \$6¾ billion.

Non-interest-bearing time deposits were essentially unchanged over the period, as a slight decline in small-denomination accounts offset a small rise in large-denomination deposits. Finally, club accounts, which normally display a seasonal decline between October and January, fell \$1 billion to a level of about \$800 million. This is somewhat below the \$1.1 billion level recorded a year earlier, suggesting a gradual attrition in these low-yielding deposits. □

### NOTES TO TABLE 2:

<sup>1</sup> See BULLETIN Table 1.16 on page A10 for the ceiling rates that existed at the time of each survey.

<sup>2</sup> Less than .05 per cent.

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

in the amounts outstanding. Therefore, the deposit amounts shown in Table 1 may exceed the deposit amounts shown in this table.

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

Figures may not add to totals because of rounding.

## Statements to Congress

*Statement by G. William Miller, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, April 25, 1978.*

Mr. Chairman, members of the committee, it is a pleasure to meet with you and to report, on behalf of the Board of Governors of the Federal Reserve System, about the outlook for the national economy and about the course that the Federal Reserve has charted for monetary policy over the year ahead. I look forward to a continuing dialogue with you on these matters at this committee's regular monetary oversight hearings.

### *Economic activity is rebounding*

The economy is currently rebounding from a slack period early in the year when economic activity was constrained by severe weather and the long coal strike. Retail sales and industrial production have risen sharply since midwinter. Auto sales have strengthened. Housing starts increased markedly in March from the relatively depressed levels of January and February.

Employment has grown steadily since the beginning of the year. Although the length of the average workweek declined in the first quarter, the number of people on the Nation's payrolls rose substantially between December and March, and the unemployment rate edged down from 6.4 to 6.2 per cent. These favorable trends in the labor market are depicted, along with the behavior of real gross national product, in the attached chart <sup>1</sup>. The continuing uptrend

in employment suggests that businessmen have had sufficient confidence in the underlying strength of the economy to be positioning themselves for further increases in production.

Looking ahead, growth in economic activity is expected to be sustained over future months by expanding consumer and business demands. The near-term prospects for good gains in consumer spending appear favorable, as indexes of consumer sentiment have remained at high levels.

Business spending also should provide impetus to expansion. Inventories generally remain lean, and businesses are likely to be building their stocks in the next few quarters. Business investment in plant and equipment, after lagging early in the economic upswing, has increased at a good pace over the past 2 years. Surveys of capital spending plans and other advance indicators suggest at least moderate further growth in the year ahead.

Although State and local governments by and large continue to pursue cautious financial policies, they also may register significant increases in real expenditures in the period ahead. Residential construction should show sizable increases in the next few months before tapering off gradually in the second half of this year. And the foreign trade deficit, while remaining large, should moderate somewhat from the very high first-quarter rate.

### *But inflation has worsened*

While the prospects for economic activity thus appear to remain favorable, there are other aspects of recent economic performance that reflect fundamental problems, which will not be put behind us quickly. Inflation undoubtedly is the most troubling of these to the American people. Even as growth in real GNP was interrupted in the first quarter, the rate of increase

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

in prices accelerated. Wholesale prices rose at a 9.6 per cent annual rate during the past 3 months—well above the already uncomfortably high rates experienced last year. Consumer price increases also accelerated. To be sure, a substantial spurt in volatile food prices contributed importantly to the advance in the broad price indexes, but prices of industrial commodities and of services also have continued to rise at a brisk pace. These unfavorable trends in prices are displayed in the charts.

#### *Upward cost pressures remain*

There is little reason to be optimistic about the likelihood of achieving a significant reduction in underlying inflationary forces in the near future. Cost pressures remain strong. In 1977, for example, total compensation per hour in the private business sector rose almost 9 per cent, while productivity increased only 2½ per cent; as a result, unit labor costs rose more than 6 per cent. There has been no sign of any abatement of the advance in wage rates, and at this stage of economic expansion there is little likelihood of a sustained pick-up in productivity growth. Therefore, rising unit labor costs can be expected to continue to exert considerable upward pressure on prices.

#### *Governmental programs have added to costs and inflation*

Price pressures have been exacerbated by governmental actions. Certain tax actions, while they have helped to reduce the budgetary deficit and in this way have worked to restrain one of the forces feeding inflation, simultaneously have added to labor costs. This has been the case, for instance, with increases in employer contributions for social security and unemployment insurance. Some other governmental actions also have added to inflationary forces without any compensating restraint. In this class are the increase in the minimum wage, agricultural price supports, and various import restrictions. In general, there has been a tendency by Government over the years to treat the problems of individual sectors without adequate regard to the cumulative inflationary bias that the programs have imparted to the economy.

#### *So too has the declining international value of the dollar*

Another disturbing aspect of economic performance in the opening months of this year has been the pronounced widening of the foreign trade deficit and the weakness of the international value of the dollar. The estimated trade deficit was greatly enlarged in the first quarter of 1978, as exports remained sluggish and imports in nearly all categories increased sharply. Against this backdrop, the dollar declined in foreign exchange markets, and by the end of March its trade-weighted value against other major currencies was 8½ per cent lower than early last fall. The depreciation of the dollar is tending to raise the domestic price structure in various ways: higher prices of imported finished goods raise directly the prices paid by consumers; higher prices of imported materials raise the costs of domestic manufacturers; and higher prices of foreign goods reduce the pressure to hold down prices of the domestically produced goods with which they compete in our markets.

In recent weeks, the dollar has risen relative to other major currencies. Such a trend, if continued, will help moderate inflationary pressures.

#### *The President's anti-inflation program offers hope of breaking inflationary psychology*

President Carter recently outlined a broad program to help deal with the problem of inflation. The Federal Reserve welcomes this initiative. Given the support of the Congress and of the general public, the program is a constructive step toward breaking the inflationary patterns and psychology that today are so firmly entrenched. The job of containing inflation requires a concerted effort on the part of all Americans. The Federal Reserve will play its part in supporting the President's initiative by exercising appropriate restraint in the provision of bank reserves, credit, and money.

The prospects for inflation will play a major role in shaping future financial developments. The strength of the dollar on foreign exchange markets is influenced by expectations about in-

flation. So, too, is the level of interest rates in domestic credit markets. The increase in interest rates during the past 12 months—especially the increase of  $\frac{1}{2}$  to  $\frac{3}{4}$  of a percentage point in long-term bond rates—may be attributable in part to heightened inflationary expectations.

*Monetary policy has been adjusted to restrain unduly rapid monetary growth*

Yields on most short-term market instruments today are about  $1\frac{1}{4}$  to 2 percentage points higher than a year ago. This rise has occurred gradually as the Federal Reserve adjusted its policies in light of the tendency for monetary expansion to exceed the growth ranges that had been established. The tendency was most pronounced in the case of the narrowly defined money stock, *M-1*, which includes only currency and demand deposits. Largely as a result of the rapid expansion of *M-1*, however, growth in the broader monetary aggregates—*M-2* and *M-3*—also has remained near the upper ends of their ranges. *M-2* is *M-1* plus time and savings deposits at commercial banks (other than large negotiable certificates of deposit), while *M-3* includes also time and savings deposits at thrift institutions.

For most of the current cyclical expansion, growth in *M-1* has been well within the ranges established by the Federal Reserve. Indeed, early in the expansion, growth was near the low end of the range. In part, this was the result of actions by the public to shift funds from demand deposits to interest-bearing savings deposits and market instruments in response to financial innovations that made it easier to transfer funds in and out of savings deposits. In part, it seems to have reflected a lagged response to the unusually high level of interest rates reached during the 1973-74 inflation. And in part, it may also have reflected the return of confidence during economic recovery, which made the public more willing to spend out of existing cash balances and which thus reduced the need for the Federal Reserve to supply additional money to the economy.

By last year, the moderating impact on money growth of such factors had considerably lessened. Moreover, persisting upward cost and price pressures were making it difficult for the

Federal Reserve to hold money growth within bounds while not risking undue interference with continued economic expansion. Finally, it is possible that the public earlier had reduced its cash balances to unsustainably low levels relative to income and that some part of the sizable expansion in money last year reflected a restoration of cash balances to more normal levels.

*Money growth has slowed*

Growth in the monetary aggregates slowed during the latter part of 1977 and in the early months of 1978. *M-1* has moved back within the ranges of the Federal Open Market Committee, while *M-2* has moved from the upper limits of the ranges toward the lower limits. *M-3* has behaved about the same as *M-2*. This moderation of monetary expansion has reflected in part the cumulative impact of the restraining actions and rise of short-term interest rates that began in the spring of last year. The influence of interest rates has been most evident in the case of the interest-bearing components of the monetary aggregates. As market rates of interest rose relative to deposit rate ceilings, some savers shifted their funds from deposits at banks and nonbank thrift institutions into market instruments, in the process contributing to the slowing of growth of *M-2* and *M-3*.

*With credit demands strong, liquidity of banks and thrifts has come under pressure*

The slowing of monetary expansion in recent months, in conjunction with strong credit demands, has been accompanied by some erosion in the liquidity of depository institutions. To finance business, consumer, and mortgage credit demands, commercial banks have turned increasingly to the short-term credit markets as a source of funds. There has been marked growth in the outstanding volume of large-denomination time deposits, which are not subject to regulatory interest rate ceilings, and in the nondeposit interest-bearing liabilities of banks. At the same time, banks have appreciably reduced their holdings of Treasury securities. Despite these changes in bank portfolios, however, customary measures of bank liquidity still

indicate more comfortable conditions than prevailed a few years ago.

Thrift institutions, with the exception of credit unions, have experienced much the same pressures as commercial banks since mortgage loan demand has remained strong. To accommodate that demand, institutions—in particular, savings and loan associations, which are the largest home mortgage lenders—have borrowed heavily from Federal home loan banks and curtailed their acquisitions of securities.

The savings and loans have also utilized other sources of funds, including the growing markets for private mortgage-backed bonds and mortgage pass-through securities, to sustain new mortgage lending. These markets promise ultimately to give thrift institutions greater flexibility in managing their portfolios and to make the residential mortgage market less dependent on thrift institutions' deposit flows. At present, however, with deposit flows running weaker and liquidity coming under pressure, savings and loans have cut back on the outstanding volume of loan commitments since the year-end. And mortgage interest rates have risen moderately in recent months.

*Credit remains generally ample, however*

Despite the greater pressures experienced by depository institutions, credit generally remains in ample supply. Borrowers are experiencing little difficulty in raising needed funds at current interest rate levels. And while higher than a year ago, interest rates are at relatively modest levels after allowance is made for the effect of inflation.

*Monetary growth ranges for the year ahead are expected to support further economic expansion and a lower unemployment rate, but inflation may not decelerate until later*

The ranges of monetary expansion adopted by the Federal Open Market Committee for the year ending with the first quarter of 1979 reflect our belief that growth in the monetary aggregates should be moderate, with credit remaining in reasonably good supply. The Committee has specified a growth range for *M-1* of 4 to 6½ per cent. For *M-2*, the range selected is 6½ to

9 per cent, and for *M-3*, 7½ to 10 per cent. These ranges are the same as the Committee had earlier specified for the year ending with the fourth quarter of 1978. Although the FOMC at this time has not made a further reduction in its monetary growth ranges, it remains firmly committed to a gradual reduction in monetary growth over time to rates more nearly consistent with reasonable price stability. The ranges just adopted in fact contemplate that actual monetary growth in 1978 and into early 1979 will be slower than last year. Because there have been signs of a resurgence in *M-1* growth over the last few weeks, the Federal Reserve has recently been less accommodative in supplying reserves in order to keep monetary growth within reasonable bounds over the long run. The money market in consequence has tightened a bit over the past few days.

In addition to adopting ranges for the monetary aggregates, the FOMC also adopted an associated range for bank credit that projects an increase of between 7½ and 10½ per cent over the 1-year period ahead. Such a range would allow for continued expansion in bank credit at around its recent pace.

It was the consensus of the FOMC that expansion of monetary and credit aggregates within these ranges would be consistent with moderate growth in real GNP over the coming year and with some further decline in the unemployment rate. However, upward price pressures remain strong, and the rate of increase in the average price level, therefore, might be somewhat more rapid over the year ahead than it was in 1977. Full and effective public support of the administration's anti-inflation program, and success in keeping the budget deficit under control, would aid in restraining upward pressure on prices and would help create conditions whereby we could look forward to a gradual deceleration of the inflationary process.

Let me supplement this with my own views about the outlook for the economy in quantitative terms. My personal expectation is that, over the year ending with the first quarter of 1979, real GNP probably will increase in a range of 4¼ to 5 per cent, the unemployment rate probably will drop into the area of 5¼ to 6 per cent,

and the GNP price deflator is likely to rise by 6¼ to 7¼ per cent. It is hardly necessary to add that quantitative projections, such as these, are subject to considerable margins of uncertainty. Necessarily they have to be re-evaluated on the basis of incoming economic data and changing conditions here and abroad.

Specifying growth rates for the monetary aggregates, too, is subject to considerable uncertainty. The growth in the narrowly defined money supply (*M-1*) needed to support economic expansion depends in part on changes in the velocity of money—that is, on the rate at which the public uses the existing stock of money to finance transactions. Velocity may rise rapidly or slowly, depending on shifting public preferences for demand deposits as compared with other assets and on the state of consumer and business confidence.

The behavior of the broader aggregates—*M-2* and *M-3*—will be affected in the year ahead also by the constraint placed on the ability of depository institutions to attract funds under existing regulatory ceilings on deposit rates. If heavy demands for money and credit should place further upward pressure on market interest rates, deposits subject to regulatory rate ceilings will be placed at a substantial, competitive disadvantage. In such a circumstance, growth of *M-2*

and *M-3* could fall short of the ranges set by the FOMC, unless there are upward adjustments in the ceiling rates on some or all categories of time and savings deposits.

*Federal Reserve should not be left to combat inflation alone. Effective anti-inflation program requires cooperative effort*

The Federal Reserve believes that its determination to hold monetary growth within the ranges just adopted will work to curb inflation over the longer run and at the same time provide adequate money and credit for continued economic growth. However, under current conditions—when inflationary pressures are to a great extent embodied in the structure of the economy—any deceleration in monetary growth rates has to be undertaken with caution. The pace of deceleration cannot proceed much more rapidly than the pace at which built-in inflationary pressures are wrung out of the economy if satisfactory economic growth is to be maintained. Thus, bringing inflation under control urgently requires the cooperative efforts of the administration, the Congress, the Federal Reserve, and the private sectors of the economy. The Federal Reserve should not be left to combat inflation alone.

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*Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, May 9, 1978.*

I appreciate this opportunity to present the views of the Board of Governors of the Federal Reserve System on the Full Employment and Balanced Growth Act—known popularly as the Humphrey-Hawkins bill. This proposed legislation would amend the Employment Act of 1946 by setting forth specific economic goals and by providing explicit roles in the economic policy-planning process for the President, the Congress, and the Federal Reserve.

The several, somewhat different versions of the act now under discussion in the Congress contain substantial improvements over the earlier bill on which I testified before this committee in the spring of 1976. Particularly welcome is the increased emphasis of the current bills on the need to reduce inflation as well as unemployment. The Federal Reserve strongly supports this change, as the more specific recognition of the goal of price stability addresses a major inadequacy of both the 1946 Act and the amendments to it proposed in earlier versions of the Humphrey-Hawkins bill.

We are encouraged also by deletion of some of the major inflationary features of the previous

bill. The Board had been especially concerned by the provisions that would have required the Federal Government to become the employer of last resort and by the very high wage standards mandated for such Federally funded jobs. The new versions of the bill require that all special programs that provide job opportunities to the hard-core unemployed be designed to avoid drawing workers from private employment, and the wage rate provisions appear to be more reasonable than those of the earlier bill.

The bills under discussion today also no longer contain those provisions that would have unduly restricted economic policy by requiring a comprehensive policy-planning process directed toward the achievement of an unemployment rate goal of 3 per cent, with no regard for any inflationary consequences until that goal was reached. That earlier structure would have stripped monetary policy of its ability to respond flexibly to changing economic conditions.

These improvements in the current bills are clearly all to the good. However, the Federal Reserve continues to have reservations about some of the provisions that still remain. I would emphasize in particular that the unemployment goals to be attained within 5 years are extremely ambitious. The goals established by the bill—3 per cent for workers aged 20 years and over and 4 per cent for workers aged 16 years and over—were last achieved only during the 1966–69 period, when the U.S. economy was suffering from demand-pull inflation stemming from the military manpower requirements and heavy spending pressures of the Vietnam war.

The historically low unemployment goals, moreover, tend to ignore the significant changes that have occurred in the composition of our labor force over the past decade or so. Due to changes in the age distribution of our population and to increases in the participation rate for certain groups, the numbers of teenagers and adult women in the labor force have grown dramatically. For example, in the last 10 years, total population has increased about 9 per cent, while the numbers of adult women and teenagers in the labor force have risen 42 and 40 per cent, respectively. If the unemployment rate for the first quarter of this year were to be

adjusted to take account of this change in labor force composition, it would have been nearly 0.5 percentage point lower than the 6.2 per cent rate that was reported.

Efforts to keep our rapidly expanding labor force fully employed have been further complicated because those seeking work have often lacked the skills required to handle the jobs available. Also, the job markets in which opportunities occur have often been at locations far distant from the persons in search of work. These structural problems, I believe, can be attributed in part to the higher skills required by a technologically advancing society and in part to geographical shifts in population and in job opportunities—broadly from north to south and also from central cities to the suburbs. Moreover, in the case of unproved workers, such as unskilled teenagers, the unemployment problem has been aggravated by increases in the minimum wage. Such increases have tended to mean that marginally productive job applicants become unemployable on an economic basis at the going wage.

In our present circumstances, therefore, it is unlikely that macroeconomic policies alone can achieve the low unemployment goals of the Humphrey-Hawkins bill without running the grave risk of substantially exacerbating the inflation problem. If sole reliance were to be placed on general economic policies to reach these very ambitious unemployment rate objectives, certain critical labor skills could be expected to come into short supply and some industries would be pressed above practicable capacity limits, well before aggregate demands had risen sufficiently to absorb the more marginal types of workers.

It seems to me abundantly clear, therefore, that any hope of attaining the Humphrey-Hawkins unemployment targets without escalating price pressures will depend on a major effort to develop special employment programs. These are needed to make our unemployed more employable, to put the jobless in touch with available jobs, and to generate employer interest in taking on marginal workers—perhaps at an initially subsidized wage cost that makes their employment economically attractive. Moreover,

although our structural employment problems are aggravated by business cycle downturns, they appear also to be growing over time, so their correction is likely to require more than the countercyclical programs contained in Title II of the proposed bill.

Apart from training and other programs for the hard-core unemployed, careful consideration also needs to be given to the recent shortfall in business investment spending and to the effects this is likely to have on the creation of new job opportunities. Unfortunately, during the past 5 years, growth in the Nation's stock of capital has been slowing relative to growth in our labor force. If this trend persists, it may mean a slower creation of new jobs relative to our employment needs as well as a slower increase in the general productivity of our economy. Thus, there is an important stake for all of us in finding effective means of encouraging more investment in productive plant and equipment, through stronger incentives for business and perhaps some structural revision in the tax laws.

In addition, the Board is deeply concerned that the emphasis and organization of the current bills still appear to place the objective of controlling inflation in a role distinctly subordinate to that of reducing unemployment. Although the reduction of inflation is mentioned in one way or another five or six separate times in the bills, the prescription for moderating inflation is quite vague. Moreover, in the House-passed version, the President is not even required to report on progress or plans for controlling inflation until the third year of the program.

The amendment introduced by Senator Proxmire seeks to redress this relative imbalance in objectives by adding an explicit goal for reducing inflation to 3 per cent or less, on the same timetable set forth for achieving the unemployment rate goals. The Federal Reserve supports the inclusion of a specific interim inflation rate objective, though we believe that greater flexibility for revision should be provided than the amendment contemplates. A possible approach would be to permit the President to recommend modification in the inflation rate goal and/or the timetable for attainment, starting with the third

*Economic Report* after the law becomes effective. This alternative would provide parallel treatment for both the inflation and the unemployment goals.

The Board would urge also that every effort be made to reduce or eliminate the many inflationary biases that are at work in the economy, some of which are a result of longstanding Federal programs. We are encouraged by recognition in the Humphrey-Hawkins bill of the need for structural measures to combat inflation—including the removal or modification of governmental restrictions that have anticompetitive effects or add needlessly to costs, and the effective enforcement of the antitrust laws. But there is a need to re-examine the relative costs and benefits of other Federally mandated programs as well, such as the Davis-Bacon Act, the minimum wage for teenagers, extended unemployment insurance, and the full indexing of all public retirement benefits. Also, we would recommend that the inflationary costs as well as the potential benefits explicitly be taken into account in setting our environmental quality goals, particularly at the outer margins of the improvements specified. Meaningful progress in reducing the over-all inflation rate will require a comprehensive attack on the problem, program by program, in the public as well as the private sector.

Let me turn now to the specifics of the Humphrey-Hawkins bill that apply to monetary policy. The procedures currently contemplated for evaluating and monitoring the role of the Federal Reserve in economic policy planning and coordination have substantially improved upon the rigidity of the earlier bills. The Federal Reserve would now be required to provide an independent statement setting forth its intended policies for the year ahead, along with an explanation of their relationship to the economic goals presented in the *Economic Report* of the President.

In the House-passed version of the bill the role of reviewing the intended policies of the Federal Reserve remains appropriately with the banking committees of the Congress. The Board believes that this assignment is consistent with the quarterly oversight procedures now in place



and that it would benefit from the accumulated experience and familiarity of these committees with the Federal Reserve and the major issues encountered in the formulation of monetary policy. And to the extent that the Congress determines that action may be called for in order to ensure the consistency of monetary policy with the purposes of the bill, the Board would favor a provision that assigns principal responsibility to the banking committees.

In order to provide further consistency with the current procedures for congressional review of monetary policy, the Board supports the inclusion of the last sentence of Section 2A of the Federal Reserve Act, as appears in H.R. 50. Section 2A provides that the Federal Reserve not be required to adhere strictly to its intended policies for the year ahead if the Board and the Federal Open Market Committee should determine that these policies, as reported to the Congress, cannot or should not be achieved because of changing conditions. That language was wisely included in the Federal Reserve Reform Act in order to preserve the flexibility essential to the proper conduct of monetary policy. Its inclusion in the Humphrey-Hawkins bill would avoid the statutory inconsistency that might otherwise occur.

One potential problem inherent in the planning for general economic policies designed to control both unemployment and inflation is that trends in employment tend to respond more quickly to changes in policy, including monetary policy, than do trends in prices. Actions that stimulate a general expansion in spending for goods and services tend to generate needs for additional workers fairly early in the process. While this step-up in demands for workers and the materials they use may exert some immediate upward pressure on wages and prices, the full impact of the stimulus is likely to be stretched out over a fairly extended period. Some wage and price adjustments are delayed until the expiration of existing contracts, or until the strengthening trend develops sufficient upward momentum. But when these contracts are eventually adjusted, they often generate additional catch-up demands for further adjustments in other sectors of the economy. Because of this

long trail on inflation, public policies are in danger of giving insufficient weight to potential inflationary pressures unless they focus on a planning horizon that looks beyond the next year or two.

Thus, the inclusion of inflation as well as unemployment rate targets to be attained on the same timetable 3 to 5 years out would be a desirable addition to the Humphrey-Hawkins bill. Policy-makers would then be guided by both of these longer-range economic goals, and the undue focus on short-term objectives that can occur would tend to be moderated. It must be recognized, of course, that the linkages between current policy actions and the performance of the economy over a longer horizon are quite tenuous. Moreover, since current economic conditions can often change in abrupt and unexpected ways, appropriate adjustments in short-term policy goals may require revisions in longer-range policy plans as well. But so long as the longer-range unemployment and inflation rate goals are not considered rigid absolutes, it would be preferable to make adjustments in short-term policy with an eye to their implications for the timing and attainability of longer-run objectives, especially with respect to price developments.

In conclusion, I want to assure you that the Federal Reserve fully shares the desires of the Congress and the administration to achieve conditions that will foster the creation of jobs for all of our people who are able and willing to work. Since the passage of the Employment Act in 1946, this has been an explicit objective of national economic policy to which the Federal Reserve has subscribed. The economic history of this and other countries in the postwar period, however, has amply demonstrated that our performance with respect to inflation has a critical bearing on the chances for actually achieving meaningful and sustainable full employment. High and rising rates of inflation, quite aside from the inequitable consequences they bring to our people, tend to distort economic decisions, sap consumer purchasing power, and lead to conditions that are likely in time to reduce rather than enhance employment prospects. We must be on guard also to avoid

the higher Federal expenditures and therefore larger budget deficits that might follow from mechanical efforts to achieve the employment objectives of this bill.

While the current versions of the Humphrey-Hawkins bill take more account than earlier versions of the threat that inflation poses to our economic health, they still do not acknowledge adequately the crucial need to reduce inflation, both as an integrated element in the process of

achieving full employment and as a necessary condition for effective public and private planning. There is a real risk that the Humphrey-Hawkins bill, if enacted with the present lopsided emphasis, will accord by law a back seat to the need for more effective control over inflation. It seems paradoxical that this might take place at precisely the time when inflationary pressures are coming to represent the major threat to the stability of our economic process.

# Record of Policy Actions of the Federal Open Market Committee

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MEETING HELD ON MARCH 21, 1978

## 1. Domestic Policy Directive

The information reviewed at this meeting suggested that growth in real output of goods and services in the first quarter of 1978 had been adversely affected by unusually severe weather and by the lengthy strike in coal mining but that the underlying economic situation had changed little. It now appeared that growth in the current quarter had slowed from the pace in the fourth quarter of 1977, estimated by the Commerce Department to have been at an annual rate of 3.8 per cent. Staff projections suggested, however, that the shortfall in growth from the rate expected at the time of the February meeting would be about made up over the next quarter or two and that on the average over the four quarters of 1978 output would grow at a good pace.

The rise in average prices -as measured by the fixed-weighted price index for gross domestic business product- appeared to have stepped up in the first quarter from the annual rate of 5.4 per cent estimated for the fourth quarter of 1977, mainly because of large increases in prices of farm products and foods. It was expected that over the remaining quarters of 1978 the rate of increase in prices would be below that of the first quarter but would remain above that of the fourth quarter of 1977. It was also anticipated that the unemployment rate would move downward gradually over the year.

In the first quarter, according to staff estimates, expansion in final sales in real terms had slowed much more than growth in output, and the rate of business inventory accumulation had picked up from the sharply reduced pace in the final quarter of 1977. Consumer expenditures for goods in real terms- which had grown at a rapid pace in the fourth quarter- apparently declined in the first quarter, at least in part because of the severe weather. Moreover, construction activity -public as well as private- was adversely affected by the weather.

The staff projections for the rest of 1978 suggested that consumer spending for goods in real terms would rebound in the second quarter and would continue to grow thereafter—particularly in the fourth quarter, following the reduction in personal income taxes assumed to take effect on October 1. It was anticipated that business fixed investment would expand moderately, owing in part to stimulative modifications of the investment tax credit that were assumed to be retroactive to the beginning of the year, but that residential construction would begin to edge down after midyear in response to the less favorable mortgage market conditions that appeared to be developing.

In February the index of industrial production rose 0.5 per cent, recovering more than half of the decline in January that was attributable in large part to the severe weather and to the coal strike. Unfavorable weather in some parts of the country continued to restrict output in February, and the ongoing strike held coal mining at a reduced level. Dwindling supplies of coal in some areas caused limitations on industrial use of electric power, but secondary effects of the strike appeared to have been small.

Nonfarm payroll employment increased considerably further between mid-January and mid-February. Employment in the service-producing industries continued to grow at about the average rate of the second half of 1977. In manufacturing the gain in employment was sizable for the third successive month, and the average workweek recovered part of the weather-induced decrease of January. As measured by the survey of households, total employment edged up in February while the labor force changed little, and the unemployment rate declined 0.2 of a percentage point to 6.1 per cent—1.5 percentage points below a year earlier and the lowest figure since late 1974.

According to the Census Bureau's advance estimate, total retail sales in February had recovered only a small portion of the substantial decline of the month before, at least in part because of continuing unfavorable weather. Unit sales of new automobiles—domestic and foreign combined—rose 5 per cent, retracing half of the January drop, and sales rose further in early March.

Private housing starts—which had declined from an annual rate of 2.20 million units in December to 1.55 million units in January—recovered only to 1.58 million units in February, as adverse

weather apparently remained a significant inhibiting factor. Regionally, changes from January to February were quite diverse: Starts rose 43 per cent in the North Central States and 5 per cent in the West, while they declined 10 per cent in the South and 39 per cent in the Northeast.

The latest Department of Commerce survey of business spending plans, taken in late January and February, suggested that spending for plant and equipment would expand 10.9 per cent in 1978, whereas the survey taken in late November and December had suggested an increase of 10.1 per cent. However, the increment of 0.8 of a percentage point reflected a downward revision in the estimated level of spending for 1977. The expansion in 1977 now was indicated to have been 12.7 per cent, compared with the previous estimate of 13.7 per cent.

The index of average hourly earnings for private nonfarm production workers was unchanged in February, after having increased sharply in January when higher minimum wage rates became effective. Over the 2-month period the index rose at an annual rate of 7.6 per cent, about the same as the average rate of increase during 1977.

The wholesale price index for all commodities rose 1.1 per cent in February, compared with 0.9 per cent in January and an average rise of 0.6 per cent in the preceding 3 months. In February the increase in the index for prices of farm products and processed foods was more than twice as large as the average for the preceding 4 months. Average prices of industrial commodities continued to rise at a somewhat faster pace than in the latter part of 1977.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies rose sharply on March 9 and 10 in anticipation of the conclusion of discussions between the governments of the United States and Germany. In a joint statement on March 13, 1978, U.S. and German authorities announced that continued forceful action would be taken to counter disorderly conditions in exchange markets and that close cooperation to that end would be maintained. Included in the cooperative effort were an increase of \$2 billion in the System's swap arrangement with the German Federal Bank, an arrangement for the U.S. Treasury to sell SDR 600 million (approximately \$740 million) to purchase German marks, and a willingness of the United States

to draw on its reserve position in the IMF (automatically available in amounts up to approximately \$5 billion) if and as necessary to acquire additional foreign exchange. The authorities also announced that developments during the first quarter of 1978 would be particularly important in determining the course of economic policies in Germany directed toward the objective of noninflationary growth and that in the United States high priority would be given to swift and resolute action to conserve energy and to develop new sources. Nevertheless, market participants apparently were disappointed by the announcements, and the value of the dollar receded to about its level in the last few days of February.

The U.S. foreign trade deficit remained very large in January. Interpretation of the data for recent months had been complicated by the 2-month dock strike that had ended on November 29 and by changes in the method for compiling the statistics, but it appeared that imports had continued to rise along with expansion in economic activity in the United States, while exports had shown no upward momentum.

At U.S. commercial banks growth in total credit during February was close to the sizable rate in January and about in line with the average for 1977. In February bank holdings of Treasury securities expanded substantially following a series of monthly declines. However, growth of total loans slowed, reflecting a sharp contraction in loans to finance holdings of securities. Growth in real estate and consumer loans apparently slowed a little, while expansion in business loans remained at about the average pace in 1977. Large banks significantly expanded their lending to manufacturing companies and to wholesale and retail trade concerns, but their lending to public utilities declined as the utilities drew down their inventories of coal.

For nonfinancial businesses the general pattern of short-term borrowing in February was little changed from that in January. Continued strong expansion in borrowings from banks was offset only in part by a further net run-off of outstanding commercial paper. Utilities accounted for much of the further decline in outstanding commercial paper issued by nonfinancial businesses.

At this meeting revised measures of the monetary aggregates incorporating the effects of new benchmark data for deposits at nonmember banks and revised seasonal factors were available to

the Committee. These revised data, scheduled for publication on March 23, indicated that in February, *M-1* had contracted at an annual rate of about 1 per cent. On the basis of the revised series, *M-1* had grown at an annual rate of about 4¼ per cent during the first 2 months of 1978 and about 7¼ per cent during 1977. After revisions *M-2* had grown at rates of about 4½ per cent in February, 6¼ per cent over the January-February period, and 9¼ per cent during 1977.

Inflows to commercial banks of the interest-bearing deposits included in *M-2* were about maintained in February, but they consisted almost entirely of large-denomination time deposits (in amounts of \$100,000 or more) exempt from Regulation Q ceilings on interest rates. Inflows of time and savings deposits subject to such ceilings slowed to a low rate, as yields on market instruments of comparable maturities remained above the ceiling rates throughout the month. To finance credit expansion in the face of the slowing in over-all inflows of deposits included in *M-2*, large banks issued a substantial volume of negotiable CD's and raised a sizable amount of funds from nondeposit sources.

Deposit growth at nonbank thrift institutions remained slow in February. Like the savings and smaller time accounts at commercial banks, deposits at the thrift institutions continued to be adversely affected by competition from market securities. Only the longest-term deposits at the thrift institutions provided effective yields above those available on competitive market securities.

At its February meeting the Committee had decided that operations in the period immediately ahead should be directed toward maintaining about the prevailing money market conditions, provided that the monetary aggregates appeared to be growing at approximately the rates then expected. Specifically, the Committee had sought to maintain the weekly-average Federal funds rate around 6¼ per cent, so long as *M-1* and *M-2* appeared to be growing over the February-March period at annual rates within ranges of 1 to 6 and 4½ to 8½ per cent, respectively. The members also agreed that if growth in the aggregates appeared to be approaching or moving beyond the limits of their specified ranges, the operational objective for the weekly-average Federal funds rate should be varied in an orderly fashion within a range of 6½ to 7 per cent. It was understood that in assessing the behavior of

the aggregates, the Manager of the System Open Market Account should give approximately equal weight to the behavior of *M-1* and *M-2*.

As the inter-meeting period progressed, it became evident that in February *M-1* had contracted somewhat and *M-2* had increased relatively little. Staff projections for the February–March period suggested that *M-1* would grow at a rate below the lower limit of the range specified by the Committee and that *M-2* would grow at a rate close to its lower limit. It also appeared, however, that the weakness in the aggregates might reflect the prolongation of the coal strike and the severe winter weather and thus would prove to be temporary. Against this background, and in view of recent developments in foreign exchange markets, the Committee voted on March 10 to instruct the Manager to continue aiming at a Federal funds rate of  $6\frac{3}{4}$  per cent for the time being. For the full inter-meeting period, the funds rate averaged  $6\frac{3}{4}$  per cent.

Market interest rates in general changed little over the inter-meeting period, reflecting the stability in the Federal funds rate and, apparently, more or less of a balance among developments affecting the public's expectations concerning monetary policy—namely, some slowing of the economic expansion and of growth in the monetary aggregates on one side, and some pick-up in the rate of increase in prices and continuing uncertainties in foreign exchange markets on the other. However, Treasury bill rates declined somewhat, in large part because of demands for bills from foreign central banks.

Borrowing by the U.S. Treasury remained relatively strong during the inter-meeting period. In addition to regular debt roll-overs, \$3.3 billion of securities were auctioned to raise new money—\$3.0 billion of short-term cash-management bills and \$300 million of bills added to the regular weekly and monthly auctions. Incoming data on Treasury receipts and expenditures and on the cash balance implied, however, that Federal financing through the first quarter would be significantly smaller than had been suggested in late January. Borrowing by Federally sponsored credit agencies rose to \$1.6 billion in February from the already expanded volume of \$1.0 billion in January, in large part because of the midquarter financing of the Federal Home Loan Bank System.

Mortgage lending by private institutions apparently continued



to slacken in February from the record pace of late 1977. At commercial banks the increase in mortgage loans was the smallest in about a year. In January, the latest month for which data were available, mortgage acquisitions by savings and loan associations slowed significantly. Also, mortgage lending commitments outstanding at these associations declined for the first time in 3 years.

In the Committee's discussion of the economic situation and prospects, the members agreed—as they had at other recent meetings—that the expansion in activity was likely to be sustained throughout 1978. The range of views with respect to the average rate of growth in real GNP over the four quarters of the year was not wide. Half of the members present believed that real output would grow at about the rate projected by the staff; of the remainder, some thought that output would grow somewhat less than projected, and some thought that it would grow somewhat more.

One of the members who thought that growth in real GNP would fall somewhat short of the rate projected by the staff believed that the shortfall would be concentrated in the second half of the year. In his view, the second-quarter rebound in growth from the weather-retarded pace in the first quarter might be greater than projected by the staff, and the magnitude of that rebound—in conjunction with some acceleration in the rate of inflation—might generate forces that would adversely affect construction activity and consumer spending in the second half.

Attention was drawn to the considerable improvement in the employment situation in recent months. The pace of growth in payroll employment over the past 6 months was regarded as indicative of near-term strength in the expansion of output. One member remarked that the unemployment rate had come close to the zone that he would characterize as reflecting full employment, suggesting that there was less time than he had anticipated earlier for growth in output to diminish toward a rate that could be sustained for the longer term. However, another member noted that the substantial decline in the unemployment rate in recent months—from 6.7 per cent in November to 6.1 per cent in February—reflected in part a sharp deceleration in growth of the civilian labor force. If, as he suspected, that deceleration proved to be an aberration in the statistics, the decline in the unemployment rate might well be reversed to some degree in coming months.

The Committee members agreed that the rate of price advance was likely to remain relatively rapid in 1978, and they expressed a great deal of concern about this prospect. The comment was made that the pace of increase in prices appeared to be accelerating in this country while decelerating in European countries. Several members observed that inflation led to recession, and it was suggested that the greater the inflation, the worse the ensuing recession. For that reason, it was suggested, special emphasis should be given to the Committee's long-standing objective of helping to resist inflationary pressures while simultaneously encouraging continued economic expansion. It was noted that an effective program to reduce the rate of inflation had to extend beyond monetary policy.

At its meeting in February the Committee had agreed that from the fourth quarter of 1977 to the fourth quarter of 1978 average rates of growth in the monetary aggregates within the following ranges appeared to be consistent with broad economic aims: *M-1*, 4 to 6½ per cent; *M-2*, 6½ to 9 per cent; and *M-3*, 7½ to 10 per cent. The associated range for the rate of growth in commercial bank credit was 7 to 10 per cent. It had also been agreed that the longer-run ranges, as well as the particular aggregates for which such ranges were specified, would be subject to review and modification at subsequent meetings.

In the Committee's discussion of policy for the period immediately ahead, it was suggested that an easing of money market conditions would be inappropriate in light of the outlook for prices, the recent behavior of the dollar in foreign exchange markets, and the likelihood that the demand for money would strengthen substantially again as growth of nominal GNP picked up. It was also suggested that a firming of money market conditions in the absence of actual evidence of excessive growth of the monetary aggregates would be premature, given the weakness of recent economic statistics, the still unsettled coal strike, and uncertainty about the strength of the prospective rebound in economic activity. However, a number of members favored some firming of money market conditions during the inter-meeting period with a view to keeping under control the anticipated pick-up in monetary growth, unless data for the first 2 weeks of the period suggested that monetary growth over the March-April period was likely to be significantly

weaker than expected. There was also some sentiment for a slight easing if the incoming data suggested unexpected weakness in monetary growth.

These differences of emphasis notwithstanding, members of the Committee did not differ greatly in their preferences for operating specifications for the period immediately ahead, and all favored a return to basing decisions for open market operations between meeting dates primarily on the behavior of the monetary aggregates. In its previous five directives the Committee had called for giving greater weight than usual to money market conditions in conducting operations in the period until the next meeting.

For the annual rate of growth in *M-1* over the March–April period most members favored ranges with an upper limit of 8 or 9 per cent and a lower limit of 4 or 4½ per cent; one member indicated a preference for a range of 2 to 7 per cent. For the growth rate in *M-2* over the 2 months, the members' preferences for the upper limit ranged from 9 to 10 per cent and for the lower limit from 5 to 6 per cent.

All of the members favored directing open market operations during the coming inter-meeting period initially toward the objective of maintaining the Federal funds rate at about the prevailing level of 6¾ per cent. Views differed somewhat with respect to the degree of leeway for operations during the inter-meeting period in the event that growth in the aggregates appeared to be deviating significantly from the midpoints of the specified ranges. Some members favored retaining the present range of 6½ to 7 per cent for the funds rate but others preferred 6¾ to 7¼ per cent and one advocated 6¾ to 7 per cent. Some who wished to retain the 6½ to 7 per cent range suggested an understanding to the effect that operations would not be directed toward a rate below 6¾ per cent before the Committee had had an opportunity for further consultation.

At the conclusion of the discussion the Committee decided that growth in *M-1* and *M-2* over the March–April period at annual rates within ranges of 4 to 8 per cent and 5½ to 9 per cent, respectively, would be appropriate. It was understood that in assessing the behavior of these aggregates the Manager should continue to give approximately equal weight to the behavior of *M-1* and *M-2*.

It was the Committee's judgment that such growth rates were likely to be associated with a weekly-average Federal funds rate of about  $6\frac{3}{4}$  per cent. The members agreed that if growth rates of the aggregates over the 2-month period appeared to be deviating significantly from the midpoints of the indicated ranges, the operational objective for the weekly-average Federal funds rate should be modified in an orderly fashion within a range of  $6\frac{1}{2}$  to 7 per cent. It was also agreed, however, that a reduction in the rate below  $6\frac{3}{4}$  per cent would not be sought until the Committee had had an opportunity for further consultation.

As customary, it was understood that the Chairman might call upon the Committee to consider the need for supplementary instructions before the next scheduled meeting if significant inconsistencies appeared to be developing among the Committee's various objectives. The members also agreed that in the conduct of day-to-day operations, account should be taken of emerging financial market conditions, including the conditions in foreign exchange markets.

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

The information reviewed at this meeting suggests that growth in real output of goods and services has been adversely affected in the current quarter by unusually severe weather and the lengthy strike in coal mining but that there has been little change in the underlying economic situation. In February industrial production recovered much of the decline of the preceding month, and nonfarm payroll employment increased considerably further. The unemployment rate declined from 6.3 to 6.1 per cent. Retail sales picked up somewhat from the sharply reduced level of January. The pace of the rise in prices stepped up in February, reflecting large increases in farm products and processed foods. The index of average hourly earnings was unchanged, after having advanced sharply in January when higher minimum wages became effective.

The trade weighted value of the dollar against major foreign currencies rose sharply in anticipation of the U.S. German announcements on March 13. Subsequently, the dollar declined to about the level at the end of February. The U.S. trade statistics reported for January showed a continuing large deficit.

*M-1* declined and *M-2* increased relatively little in February, apparently in part because of the economic effects of the coal strike

and the severe weather. Inflows to banks of the interest-bearing deposits included in *M-2* were about maintained, but the inflows were almost entirely into large-denomination time deposits exempt from ceilings on interest rates. Inflows to nonbank thrift institutions remained slow. Market interest rates have changed little in recent weeks.

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

At its meeting on February 28, 1978, the Committee agreed that growth of *M-1*, *M-2*, and *M-3* within ranges of 4 to 6½ per cent, 6½ to 9 per cent, and 7½ to 10 per cent, respectively, from the fourth quarter of 1977 to the fourth quarter of 1978 appears to be consistent with these objectives. These ranges are subject to reconsideration at any time as conditions warrant.

The Committee seeks to encourage near-term rates of growth in *M-1* and *M-2* on a path believed to be reasonably consistent with the longer-run ranges for monetary aggregates cited in the preceding paragraph. Specifically, at present, it expects the annual growth rates over the March-April period to be within ranges of 4 to 8 per cent for *M-1* and 5½ to 9 per cent for *M-2*. In the judgment of the Committee such growth rates are likely to be associated with a weekly-average Federal funds rate of about 6½ per cent. If, giving approximately equal weight to *M-1* and *M-2*, it appears that growth rates over the 2-month period will deviate significantly from the midpoints of the indicated ranges, the operational objective for the Federal funds rate shall be modified in an orderly fashion within a range of 6½ to 7 per cent. In the conduct of day-to-day operations, account shall be taken of emerging financial market conditions, including the conditions in foreign exchange markets.

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

Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Jackson, Partee, Wallich, Willes, and Winn. Votes against this action: None. Absent and not voting: Messrs. Burns and Gardner.

## 2. Authorization for Foreign Currency Operations

Paragraph 1D of the Committee's authorization for foreign currency operations authorizes the Federal Reserve Bank of New York, for the System Open Market Account, to maintain an over-all open position in all foreign currencies not to exceed \$1.0 billion unless a larger position is expressly authorized by the Committee. On February 28, 1978, the Committee had authorized an open position of \$2.0 billion.

At this meeting the Committee authorized an open position of \$2.25 billion. This action was taken in view of the scale of recent and potential Federal Reserve operations in the foreign exchange markets undertaken pursuant to the Committee's foreign currency directive.

Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Jackson, Partee, Waldich, Willes, and Winn. Votes against this action: None. Absent and not voting: Messrs. Burns and Gardner.

## 3. Procedural Instructions with Respect to Operations Under the Foreign Currency Documents

Paragraph 1B of the procedural instructions with respect to the conduct of operations under the Committee's foreign currency authorization and directive instructed the Manager to clear with the Foreign Currency Subcommittee or, under certain circumstances, with the Chairman of the Committee any transactions that would result in gross transactions (excluding swap drawings and repayments) in a single foreign currency exceeding \$100 million on any day or \$300 million since the most recent regular meeting of the Committee.

At this meeting the Committee amended paragraph 1B to raise the levels of gross transactions beyond which clearance is required to \$200 million on any day and to \$500 million since the most recent regular meeting, and to clarify its intention that the measure of gross transactions used for this purpose should exclude not only swap drawings and repayments but also purchases and sales of currencies incidental to such repayments. This action was taken

to relax the dollar limits on gross transactions, which had on occasion hampered ongoing operations, and to remove an ambiguity in the language.

As amended, paragraph 1B read as follows:

1. The Manager shall clear with the Subcommittee (or with the Chairman, if the Chairman believes that consultation with the Subcommittee is not feasible in the time available):

\* \* \* \* \*

B. Any transaction which would result in gross transactions (excluding swap drawings and repayments, and purchases and sales of any currencies incidental to such repayments), in a single foreign currency exceeding \$200 million on any day or \$500 million since the most recent regular meeting of the Committee.

Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Jackson, Partee, Wallich, Willes, and Winn. Votes against this action: None. Absent and not voting: Messrs. Burns and Gardner.

#### 4. Review of Continuing Authorizations

This being the first regular meeting of the Federal Open Market Committee following the election of new members from the Federal Reserve Banks to serve for the year beginning March 1, 1978, the Committee followed its customary practice of reviewing all of its continuing authorizations and directives. The Committee reaffirmed the authorization for domestic open market operations, the authorization for foreign currency operations, and the foreign currency directive, in the forms in which they were presently outstanding. The Committee also reaffirmed the procedural instructions with respect to operations under the foreign currency documents not affected by the action described in the preceding section.

Votes for these actions: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Jackson, Partee, Wallich, Willes, and Winn. Votes against these actions: None. Absent and not voting: Messrs. Burns and Gardner.

In reviewing the authorization for domestic open market operations, the Committee took special note of paragraph 3, which authorizes the Reserve Banks to engage in the lending of U.S. Government securities held in the System Open Market Account under such instructions as the Committee might specify from time to time. That paragraph had been added to the authorization on October 7, 1969, on the basis of a judgment by the Committee that in the existing circumstances such lending of securities was reasonably necessary to the effective conduct of open market operations and to the effectuation of open market policies, and on the understanding that the authorization would be reviewed periodically. At this meeting the Committee concurred in the judgment of the Manager that the lending activity in question remained reasonably necessary and that, accordingly, the authorization should remain in effect subject to periodic review.

#### 5. Agreement to "Warehouse" Currencies for the Exchange Stabilization Fund (ESF)

At its meeting of January 17-18, 1977, the Committee had agreed to a suggestion by the Treasury that the Federal Reserve undertake to "warehouse" foreign currencies held by the ESF--that is, to make spot purchases of foreign currencies from the ESF and simultaneously to make forward sales of the same currencies to the ESF--if that should prove necessary to enable the ESF to deal with potential liquidity strains. Specifically, the Committee had agreed that the Federal Reserve would be prepared, if requested by the Treasury, to warehouse up to \$1½ billion of eligible foreign currencies, of which half would be for periods of up to 12 months and half for periods of up to 6 months. It was noted that the agreement to warehouse currencies would be subject to review by the Committee at its organizational meeting each March in connection with the regular review of all outstanding authorizations. At this meeting the Committee reaffirmed the agreement.

Votes for this action: Messrs. Miller, Volcker, Baughman, Eastburn, Jackson, Partee, Wallich, Willes, and Winn. Vote against this action: Mr. Coldwell. Absent and not voting: Messrs. Burns and Gardner.

\* \* \* \* \*

Records of policy actions taken by the Federal Open Market Committee at each meeting, in the form in which they will appear in the Board's *Annual Report*, are released about a month after the meeting and are subsequently published in the BULLETIN.



# Law Department

## Statutes, regulations, interpretations, and decisions

### EQUAL CREDIT OPPORTUNITY

#### TRUTH IN LENDING

The Board of Governors has amended its regulations B and Z to revise the Board's procedures for issuing official staff interpretations.

Effective April 21, 1978, Section 202.1(d) is amended to read as follows:

#### SECTION 202.1—AUTHORITY, SCOPE, ENFORCEMENT PENALTIES AND LIABILITIES, INTERPRETATIONS

\* \* \* \* \*

##### (d) ISSUANCE OF STAFF INTERPRETATIONS.

(1) Unofficial staff interpretations will be issued at the staff's discretion where the protection of section 706(e) of the Act is neither requested nor required, or where a rapid response is necessary.

(2)(i) Official staff interpretations will be issued at the discretion of designated officials. No such interpretation will be issued approving creditors' forms or statements. Any request for an official staff interpretation of this Part must be in writing and addressed to the Director of the Division of Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The request must contain a complete statement of all relevant facts concerning the credit transaction or arrangement and must include copies of all pertinent documents.

(ii) Within 5 business days of receipt of the request, an acknowledgment will be sent to the person making the request. If, in the opinion of the designated officials, issuance of an official staff interpretation is appropriate, it will be published in the *Federal Register* to become effective 30 days after the publication date. If a request for public comment is received, the effective date will be suspended. The interpretation will then be republished in the *Federal Register* and the public

given an opportunity to comment. Any official staff interpretation issued after opportunity for public comment shall become effective upon publication in the *Federal Register*.

(3) Any request for public comment on an official staff interpretation of this Part must be in writing and addressed to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, and postmarked or received by the Secretary's office within 30 days of the interpretation's publication in the *Federal Register*. The request must contain a statement setting forth the reasons why the person making the request believes that public comment would be appropriate.

(4) Pursuant to section 706(e) of the Act, the Board has designated the Director and other officials "duly authorized" to issue, at their discretion, official staff interpretations of this Part.

Effective April 21, 1978, Section 226.1(d), is amended to read as follows:

#### SECTION 226.1—AUTHORITY, SCOPE, PURPOSE, ETC.

##### (d) ISSUANCE OF STAFF INTERPRETATIONS.

(1) Unofficial staff interpretations will be issued at the staff's discretion where the protection of section 130(f) of the Act is neither requested nor required, or where a rapid response is necessary.

(2)(i) Official staff interpretations will be issued at the discretion of designated officials. No such interpretation will be issued approving creditors' or lessors' forms or statements. Any request for an official staff interpretation of this Part must be in writing and addressed to the Director of the Division of Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The request must contain a complete statement of all relevant facts concerning the credit or lease transaction or arrangement and must include copies of all pertinent documents.

(ii) Within 5 business days of receipt of the

request, an acknowledgement will be sent to the person making the request. If, in the opinion of the designated officials, issuance of an official staff interpretation is appropriate, it will be published in the *Federal Register* to become effective 30 days after the publication date. If a request for public comment is received, the effective date will be suspended. The interpretation will then be republished in the *Federal Register* and the public given an opportunity to comment. Any official staff interpretation issued after opportunity for public comment shall become effective upon publication in the *Federal Register*.

(3) Any request for public comment on an official staff interpretation of this Part must be in writing and addressed to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, and postmarked or received by the Secretary's office within 30 days of the interpretation's publication in the *Federal Register*. The request must contain a statement setting forth the reasons why the person making the request believes that public comment would be appropriate.

(4) Pursuant to section 130(f) of the Act, the Board has designated the Director and other officials of the Division of Consumer Affairs as officials "duly authorized" to issue, at their discretion, official staff interpretations of this Part.

**MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM**

The Board of Governors has amended its Regulation H to conform its treatment of State member bank loans secured by improved real estate or a mobile home located or to be located in a special flood-hazardous area in a community that does not participate in the National Flood Insurance Program with recent statutory changes contained in the Housing and Community Development Act of 1977 that remove the prohibitions against such loans and include a notice requirement for loans made in special flood-hazardous areas.

Effective April 30, 1978, Section 208.8(e) is amended by revoking Sections 208.8(e)(2), (5), renumbering Section 208.8(e)(3) as Section 208.8(e)(2) and Section 208.8(e)(4) as Section 208.8(e)(3), amending the renumbered Section 208.8(e)(3) to include the provision of notice to borrowers of the availability of Federal disaster relief assistance, and adding Appendix A. Section 208.8 is amended to read as follows:

**SECTION 208.8--BANKING PRACTICES**

\* \* \* \* \*

**(e) LOANS BY STATE MEMBER BANKS IN SPECIAL FLOOD HAZARDOUS AREAS.**

(1) Property securing loan must be insured against flood.

(2) Records of compliance.

(3)(i) Notice of special flood hazards and availability of federal disaster relief assistance. Each State member bank shall, as a condition of making, increasing, extending or renewing any loan secured by improved real estate or a mobile home located or to be located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards, mail or deliver as soon as feasible but not less than 10 days in advance of closing of the transaction (or not later than the bank's commitment, if any, if the period between commitment and closing is less than 10 days) a written notice to the borrower stating: (1(a)) That the property securing the loan is or will be located in an area so identified, or in lieu of such notification a State member bank may obtain satisfactory written assurances from a seller or lessor stating that such seller or lessor has notified the borrower, prior to the execution of any agreement for sale or lease, that the property securing the loan is or will be located in an area so identified; and (2(b)) whether, in the event of damage to the property caused by flooding in a federally-declared disaster, Federal disaster relief assistance will be available for such property. Each State member bank shall require the borrower, prior to closing, to provide the bank with a written acknowledgment that the property securing the loan is or will be located in an area so identified and that the borrower has received the above-required notice regarding Federal disaster relief assistance.

(ii) Sample notices: A State member bank providing written notice containing the language presented in Appendix A within the time limits prescribed in paragraph (a) will be considered to be in compliance with the notice requirements of paragraph (a).

**APPENDIX A--SAMPLE NOTICES**

(1) Notice to borrower of special flood hazards: Notice is hereby given to \_\_\_\_\_ that the improved real estate or mobile home described in the attached instru-

ment is or will be located in an area designated by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. This area is delineated on the community's Flood Insurance Rate Map ("FIRM") or, if the FIRM is unavailable, on the community's Flood Hazard Boundary Map ("FHBM"). This area has a 1 per cent chance of being flooded within any given year. The risk of exceeding the 1 per cent chance increases with time periods longer than one year. For example, during the life of a 30-year mortgage, a structure located in a special flood-hazardous area has a 26 per cent chance of being flooded.

(2) Notice to borrower about federal disaster relief assistance. (a) Notice in participating communities. The improved real estate or mobile home securing your loan is or will be located in a community that is now participating in the National Flood Insurance Program. In the event such property is damaged by flooding in a federally-declared disaster, Federal disaster relief assistance may be available. However, such assistance will be unavailable if your community has been identified as a special flood-hazardous area for one year or longer and is not participating in the National Flood Insurance Program at the time assistance would be approved. This assistance, usually in the form of a loan with a favorable interest rate, may be available for damages incurred in excess of your flood insurance.

(b) Notice in non-participating communities. The improved real estate or mobile home securing your loan is or will be located in a community that is not participating in the National Flood Insurance Program. This means that such property is not eligible for Federal flood insurance. In the event such property is damaged by flooding in a federally-declared disaster, Federal disaster relief assistance will be unavailable if your community has been identified as a special flood-hazardous area for one year or longer. Such assistance may be available only if at the time assistance would be approved your community is participating in the National Flood Insurance Program or has been identified as a special flood-hazardous area for less than one year.

**RESERVES OF MEMBER BANKS  
INTEREST ON DEPOSITS**

The Board of Governors of the Federal Reserve

System has amended its Regulations D and Q to exempt from deposit treatment a member bank's liability on its promissory note that evidences an investment of funds by the United States Treasury. Consequently, these liabilities of member banks will not be subject to the reserve requirements and interest rate limitations imposed on member bank deposits.

Effective July 6, 1978, Section 204.1(f) of Regulation D and Section 217.1(f) of Regulation Q are amended to read as follows:

**SECTION 204.1—DEFINITIONS**

\* \* \* \* \*

(f) DEPOSITS AS INCLUDING CERTAIN PROMISSORY NOTES AND OTHER OBLIGATIONS. For the purposes of this Part, the term "deposits" also includes a member bank's liability on any promissory note, acknowledgment of advance, due bill, banker's acceptance, or similar obligation (written or oral) that is issued or undertaken by a member bank as a means of obtaining funds to be used in its banking business, except any such obligation that:

(1) Is issued to (or undertaken with respect to) and held for the account of (i) a domestic banking office<sup>6</sup> of another bank, or (ii) the United States or an agency thereof, or the Government Development Bank for Puerto Rico;

\* \* \* \* \*

**SECTION 217.1—DEFINITIONS**

\* \* \* \* \*

(f) DEPOSITS AS INCLUDING CERTAIN PROMISSORY NOTES AND OTHER OBLIGATIONS. For the purposes of this Part, the term "deposits" also includes any member bank's liability on any promissory note, acknowledgment of advance, due bill, or similar obligation (written or oral) that is issued or undertaken by a member bank principally as a means of obtaining funds to be used in its banking business, except any such obligation that:

(1) Is issued to (or undertaken with respect to) and held for the account of (i) a bank or an institution the time deposits of which are exempt from § 217.7 pursuant to § 217.3(g), or (ii) the United States or an agency thereof, or the Government Development Bank for Puerto Rico;

\* \* \* \* \*

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

### ORDERS UNDER SECTION 3 OF BANK HOLDING COMPANY ACT

Eicher Bancorporation,  
Iowa City, Iowa

#### *Order Denying Formation of a Bank Holding Company*

EICHER BANCORPORATION, Iowa City, Iowa, 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 98.5 per cent or more of the voting shares of Hawkeye State Bank, Iowa City, Iowa ("Bank").

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank (deposits of \$17.4 million).<sup>1</sup> Upon consummation of the proposed acquisition, Applicant would control the 223rd largest bank in Iowa, holding approximately 0.13 per cent of the total deposits in commercial banks in the State. Bank is the fifth largest of nine banks in the Iowa City banking market<sup>2</sup> and controls approximately 6.2 per cent of total deposits in commercial banks in the market. The proposal involves a restructuring of Bank's ownership from an individual to a corporation owned by the same individual. In analyzing the competitive effects of this proposal, it is necessary to consider the fact that Applicant's principal is also a principal in a corporation that controls uniBank and Trust, Coralville, Iowa ("uniBank"), which is three miles from Bank and is the fourth largest bank in the Iowa City banking market. UniBank, which holds deposits of \$19.7 million, controls approximately 7.0 per cent of total market deposits. Consummation of the pro-

posal would increase the market share controlled by Applicant's principal to 13.2 per cent.

As part of its analysis of the competitive effects of this proposal, the Board has taken into consideration the competitive effects of the original transaction by which a common share ownership relationship between Bank and uniBank was established.<sup>3</sup> In this case, the Board has considered the competitive effects of the purchase of Bank's shares by Applicant's principal in 1977. At that time Applicant's principal indirectly controlled uniBank. The Board finds that the effect of Bank's acquisition by Applicant's principal was to eliminate significant competition that existed at that time between Bank and uniBank. 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 structure of the Iowa City banking market and the market shares of the organizations involved, the Board concludes that approval of this proposal would perpetuate an adverse competitive situation. While denial of this proposal might not immediately alter the anticompetitive relationship existing between these two banking organizations, a denial would strengthen the possibility that Bank and uniBank could again become independent and competing organizations in the future. On the other hand, approval would solidify and strengthen the common ownership of the two banks and would eliminate or significantly diminish the likelihood of disaffiliation of the banks and deconcentration of the market.

The Board has indicated on previous occasions that it believes that a holding company should constitute a source of financial and managerial strength to its subsidiary banks and that the Board will closely examine the condition of an applicant in each case with this consideration in mind.<sup>4</sup> As

<sup>3</sup> See the Board's Order of May 11, 1977, denying the application by Mahaska Investment Company, Oskaloosa, Iowa, 63 Federal Reserve BULLETIN 579 (1977), and the Board's Order of November 18, 1977, denying the application by Citizens Bancorp, Inc., Hartford City, Indiana, 63 Federal Reserve BULLETIN 1083 (1977).

<sup>4</sup> The Bank Holding Company Act requires that the Board, in acting on an application to acquire a bank, inquire into the financial and managerial resources of an applicant. While this proposal involves the transfer of the ownership of Bank from individuals to a corporation owned by the same individuals, (Footnote continued on following page)

<sup>1</sup> All banking data are as of December 30, 1976.

<sup>2</sup> The Iowa City banking market is approximated by all except the north central portion of Johnson County plus the town of West Branch in Cedar County.

part of the subject proposal. Applicant would assume a substantial portion of the debt incurred by Applicant's principal in acquiring his shares of Bank. Applicant proposes to service this debt over a 12-year period through dividends to be declared by Bank and tax benefits to be derived from filing consolidated tax returns. In the Board's view, Applicant's financial projections over the debt retirement period appear to be unduly optimistic and it does not appear that Applicant will possess the financial flexibility necessary to meet its annual debt service requirements while maintaining adequate capital at Bank. The Board is of the view that it would not be in the public interest to approve the formation of a bank holding company with an initial debt structure that could result in the weakening of Bank's overall financial condition. Furthermore, the Board concludes financial pressures on the other banking organization with which Applicant's principal is associated could place additional pressures on Applicant and Bank. In addition, based on certain policies and practices currently in evidence at uniBank, managerial considerations are viewed as somewhat less than satisfactory. Accordingly, the Board concludes that the considerations relating to banking factors weigh against approval of the application.

As stated previously, consummation of this proposal would result in a restructuring of Bank's present ownership. No significant changes in Bank's operations or in the services to be offered to Bank's customers are contemplated. Consequently, considerations relating to the convenience and needs of the community to be served lend no weight toward approval, and, in the Board's judgment, do not outweigh the adverse financial, managerial, and competitive considerations involved in the proposal.

On the basis of all of the facts of record, the Board concludes that the financial and managerial considerations involved in this proposal present adverse circumstances bearing upon the financial and managerial resources and future prospects of both Applicant and Bank. The Board also concludes that the proposal would have significant adverse competitive effects. Such adverse

circumstances are not outweighed by any benefits that would result in serving the convenience and needs of the community. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest and that the application should be denied.

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

By order of the Board of Governors effective April 25, 1978.

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

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

Ellis Banking Corporation,  
Bradenton, Florida

#### *Order Denying Acquisition of Banks*

Ellis Banking Corporation, Bradenton, Florida, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 51 per cent or more of the voting shares each of Madeira Beach Bank, Madeira Beach, Florida ("Madeira Bank"), and First Gulf Beach Bank and Trust Company, St. Petersburg Beach, Florida ("First Gulf Bank").

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

Applicant, the ninth largest banking organization in Florida, controls 26 banks with aggregate deposits of approximately \$805.6 million, representing 2.9 per cent of total deposits in commercial banks in Florida.<sup>1</sup> Acquisition of Madeira Bank and First Gulf Bank, with deposits of \$37.2 million and \$52.7 million, respectively, would increase Applicant's share of commercial bank deposits in Florida by four-tenths of 1 per cent, and

(Footnote 4 continued)

the Act requires that before an organization is permitted to become a bank holding company and thus obtain the benefits associated with the holding company structure, it must secure the Board's approval. Section 3(e) of the Act provides that the Board must, in every case, consider, among other things, the financial and managerial resources of both the applicant company and the bank to be acquired. The Board's action in this case is based on a consideration of such factors.

<sup>1</sup> Unless otherwise indicated, banking data are as of August 31, 1977.

would not have an appreciable effect upon the concentration of banking resources in the State.

Madeira Bank is the fourteenth largest of 28 commercial banks in the relevant banking market,<sup>22</sup> and controls 2.6 per cent of deposits in commercial banks in the market. First Gulf Bank is the tenth largest bank in the market, and controls 3.6 per cent of deposits in commercial banks in the market. While consummation of the proposal would appear to eliminate some existing competition inasmuch as Madeira Bank and First Gulf Bank operate in the same market, the Board notes that both banks were organized by a group of four families who have held more than eighty per cent of the shares of both banks since their organization, and the nature of this relationship is such that little, if any, meaningful competition presently exists between Madeira Bank and First Gulf Bank. Viewed in light of this relationship, the effects of the proposed acquisition on existing competition between Madeira Bank and First Gulf Bank are not significant.

While there would be minimal effects on competition between the two Banks, consummation of this proposal would eliminate existing competition between Applicant and Madeira and First Gulf Banks. Applicant, with two subsidiary banks in the relevant banking market, controls deposits of \$68.9 million, representing 4.7 per cent of market deposits, and ranks as the eighth largest of eighteen banking organizations in the market. Viewed as a single banking organization because of common ownership, Madeira Bank and First Gulf Bank together hold aggregate deposits of \$89.9 million, representing 6.2 per cent of market deposits, and would rank as the sixth largest banking organization in the relevant banking market. Accordingly, the Board regards the elimination of existing competition between Applicant and Madeira and First Gulf Banks that would result from consummation of the proposal as an adverse factor in its consideration of the instant applications.

In addition to eliminating existing competition between Applicant and Madeira and First Gulf Banks, consummation of this proposal would have adverse effects upon the concentration of banking resources in the relevant banking market. The acquisition of both banks would increase Applicant's share of market deposits from 4.7 per cent to 10.9 per cent, thereby increasing Applicant's rank from the eighth to the fourth largest banking

organization in the market. The proposed acquisitions would increase the deposits held by the four largest banking organizations from 55.4 per cent to 58.4 per cent of market deposits. The Board views the effects of the proposal on concentration of banking resources in the relevant banking market as an adverse factor in its consideration of these applications.

Accordingly, the Board finds on the basis of the foregoing and other facts of record that competitive considerations relating to this application weigh sufficiently against approval so that it should not be approved unless the anticompetitive effects are outweighed by considerations relating to the convenience and needs of the community to be served.<sup>23</sup>

The financial and managerial resources of Applicant and its subsidiaries are regarded as satisfactory, and their future prospects appear favorable. The financial and managerial resources and future prospects of both Madeira Bank and First Gulf Bank are likewise regarded as satisfactory. Accordingly, considerations relating to banking factors are consistent with approval of the application.

Applicant proposes to assist both banks in improving their trust services, expanding their lending activities, and offering specialized lending and investment services to their customers. However, there is no indication that the needs of the customers of either Madeira Bank or First Gulf Bank are not currently being met, that the proposed services cannot be obtained elsewhere in the relevant banking market, or that Applicant could not offer such services through its present subsidiary banks in the market. Accordingly, the Board finds that considerations relating to convenience and needs of the community to be served do not outweigh the adverse competitive effects that would result from Applicant's acquisition of Madeira Bank and First Gulf Bank.

On the basis of the facts in the record, and in light of the factors set forth in § 3(c) of the Act, it is the Board's judgment that approval of the

<sup>22</sup> The relevant banking market is approximated by the southern portion of Pinellas County.

<sup>23</sup> In its official letter of comment concerning the instant applications, the United States Department of Justice found that the proposed acquisitions would have several adverse competitive effects on which it based its recommendation that the Board deny the applications. In particular, it noted that under recently-enacted Florida law, banks may establish branches within the county of the bank's main office, and that inasmuch as the immediate areas served by Madeira and First Gulf Banks are conducive to *de novo* entry, the Applicant has the resources to expand its operations in the market through branching rather than acquisition.

proposal would not be in the public interest. Accordingly, the applications are denied for the reasons summarized herein.

By Order of the Board of Governors, effective April 24, 1978.

Voting for this action: Chairman Miller and Governors Wallich, Jackson, and Partee. Absent and not voting: Governors Gardner and Caldwell.

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

[SEAL]

First City Bancorporation of Texas, Inc.,  
Houston, Texas

#### *Order Approving Acquisition of Bank*

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

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

Applicant, the second largest banking organization in Texas, controls 28 banks with aggregate deposits of approximately \$4.2 billion, representing 7.8 per cent of total commercial bank deposits in Texas.<sup>1</sup> Acquisition of Bank (\$30.0 million in deposits) would increase Applicant's share of Statewide commercial bank deposits by less than 0.1 per cent and would have no appreciable effect upon the concentration of banking resources in the State.

Bank is the 38th largest of 108 banking organi-

zations in the Dallas banking market, which is the relevant banking market,<sup>2</sup> and controls approximately 0.3 per cent of the total deposits in commercial banks in the market. Applicant is the fourth largest banking organization in the Dallas market, controlling five banking subsidiaries therein with aggregate deposits of approximately \$498 million, representing 4.9 per cent of market deposits. Applicant's nearest subsidiary bank is approximately 15 miles south of Bank. While there is some existing competition between Applicant's subsidiary banks and Bank, the amount of such competition does not appear to be significant. Accordingly, on the basis of the above and other facts of record, it is concluded that consummation of the proposed transaction would have only a slightly adverse effect on competition in the Dallas banking market.

The financial and managerial resources and future prospects of Applicant, its subsidiaries, and Bank are regarded as generally satisfactory and consistent with approval. Affiliation with Applicant would enable Bank to draw upon Applicant's greater financial resources and expertise and thereby offer new and improved services to its customers. In this regard, Applicant has indicated that it intends to improve Bank's physical facilities and to offer a variety of additional banking services through Bank, including trust services not currently made available by Lewisville banks, and that reduced credit insurance rates will be made available at Bank for its loan customers. Considerations relating to the convenience and needs of the community to be served lend weight toward approval of the application and outweigh any slightly adverse effects on existing competition that might result from consummation of the proposal. Accordingly, it has been determined that the proposed acquisition would be in the public interest and that the application should be approved.

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

<sup>1</sup> All banking data are as of June 30, 1977, and reflect bank holding company formations and acquisitions approved as of February 28, 1978.

<sup>2</sup> The Dallas banking market is approximated by the Dallas RMA, which includes Dallas County and portions of six adjacent counties.

By order of the Secretary of the Board, acting pursuant to delegated authority from the Board of Governors, effective April 18, 1978.

(Signed) THEODORE E. ALLISON,

[SEAL]

*Secretary of the Board.*

First International Baneshares, Inc.,  
Dallas, Texas

*Order Approving Acquisition of Bank*

First International Baneshares, Inc., Dallas, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1843(a)(3)) (the "Act") to acquire 100 per cent of the voting shares, less directors' qualifying shares, of the successor by merger to First State Bank & Trust Company of Houston, Houston, Texas ("Bank"). The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Bank.

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

Applicant, the third largest banking organization in Texas, controls 28 banking subsidiaries<sup>1</sup> with aggregate deposits of approximately \$4.138 billion, representing 7.72 per cent of total commercial bank deposits in Texas.<sup>2</sup> Acquisition of Bank (approximately \$58.7 million in deposits) would increase Applicant's share of Statewide commercial bank deposits by slightly over 0.1 per cent and would have no appreciable effect upon the concentration of banking resources in the State.

Bank is the twenty-ninth largest of 123 banking organizations in the Houston banking market,

which is the relevant banking market,<sup>3</sup> and controls approximately 0.45 per cent of the total deposits in commercial banks in the market. Applicant is the fifth largest banking organization in the Houston market, controlling six banking subsidiaries therein with aggregate deposits of approximately \$558.3 million, which represents 4.3 per cent of market deposits. Applicant has two subsidiary banks in the market within approximately 25 miles of Bank and the nearer of those is 12.5 miles west. While there is some existing competition between Applicant's subsidiary banks and Bank, the amount of such competition does not appear to be significant. Accordingly, on the basis of the above and other facts of record, it is concluded that consummation of the proposed transaction would have only a slightly adverse effect on competition in the Houston banking market.

Considerations relating to the financial and managerial resources and future prospects of Bank, Applicant, and its subsidiaries are regarded as generally satisfactory and consistent with approval, particularly in light of Bank's retention of \$200,000 of interim capital. Applicant will provide Bank with necessary expertise and capability to develop Bank's loan administration and investment management techniques. Affiliation of Bank with Applicant will enable Bank to utilize the specialized lending divisions of Applicant's lead bank in expanding the types of lending services currently offered including international services. Also, Applicant has indicated that it intends to offer reduced credit insurance rates to Bank's loan customers through its two credit-related insurance underwriting subsidiaries. Considerations relating to the convenience and needs of the community to be served lend weight toward approval of the application and outweigh any slightly adverse effects on existing competition that might result from consummation of the proposal. Accordingly, it has been determined that the proposed acquisition would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after the effective date of this Order, unless such period

<sup>1</sup> The number of subsidiaries includes the acquisition of City National Bank of Wichita Falls, Wichita Falls, Texas, on January 6, 1978 (64 Federal Reserve Bulletin 116 (1978)), which has not yet been consummated.

<sup>2</sup> All banking data are as of June 30, 1977, and reflect bank holding company formations and acquisitions approved as of February 28, 1978.

<sup>3</sup> The Houston banking market is approximated by the Houston RMA, which includes Harris County and portions of five adjacent counties.



is extended for good cause by the Board or by the Federal Reserve Bank of Dallas acting pursuant to delegated authority.

By order of the Secretary of the Board, acting pursuant to delegated authority from the Board of Governors, effective April 20, 1978.

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

[SEAL]

The Royal Trust Company,  
Montreal, Quebec, Canada

#### *Order Approving Acquisition of Bank*

The Royal Trust Company, Montreal, Quebec, Canada ("Applicant"), and its wholly-owned direct and indirect subsidiaries, Royal Trustco Limited, Ottawa, Ontario, Canada ("Trustco"), and Royal Trust Bank Corp., Miami, Florida ("Bank Corp."), each of which is a bank holding company within the meaning of the Bank Holding Company Act, have applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 51 per cent or more of the voting shares of The American Bank of Orange County, Orlando, Florida ("Bank").

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

Applicant, with total assets of approximately \$4.7 billion (as of September 30, 1977), is one of the largest financial institutions in Canada and operates, through its subsidiaries and other interests, in both Europe and the Caribbean Islands. In the United States, Applicant controls seven Florida banks<sup>1</sup> and operates one nonbank subsidiary. Through its seven subsidiary banks, Applicant controls aggregate deposits of approximately \$197.2 million, representing 1.0 per cent of total deposits held by commercial banks in Florida and

ranks as the twenty-third largest commercial banking organization in that State.<sup>2</sup> Consummation of the subject proposal would increase Applicant's share of Statewide commercial bank deposits by less than 0.1 per cent and would not have a significant effect upon the concentration of banking resources in Florida.

Bank (\$9.7 million in deposits) is the 14th largest of 21 banking organizations (controlling 37 banks) in the Orlando banking market (the relevant market) and holds approximately 0.6 per cent of market deposits.<sup>3</sup> Applicant is not currently represented in the relevant market and its closest banking subsidiary to Bank is located approximately 75 miles southwest of Bank. There does not appear to be any existing competition between Bank and any of Applicant's banking and nonbanking subsidiaries and, in view of the distances involved, it does not appear likely that any significant competition would develop in the future. While it appears that Applicant could enter the Orlando banking market *de novo*, in view of Bank's size and its market position the Board regards the proposed acquisition of Bank as essentially a foothold entry by Applicant into the Orlando market and such entry by Applicant should enable Bank to become a more effective competitor in that market. In addition, approval of this proposal will result in the severance of ownership and director interlocks between Bank and another bank in the Orlando banking market. Therefore, on the basis of the facts of record, the Board concludes that consummation of the proposal would not have any significant adverse effects upon either existing or potential competition in any relevant area.

The financial and managerial resources and future prospects of Applicant, its subsidiaries and Bank are regarded as generally satisfactory, especially in light of recent improvements in Bank Corp.. Therefore, considerations relating to banking factors are consistent with approval of the applications. Applicant will provide Bank with its expertise in a wide area of banking services; accordingly, considerations relating to the convenience and needs of the community to be served are consistent with approval. It is the Board's judgment that the proposed acquisition would be

<sup>1</sup> Applicant currently controls six of these subsidiary banks through Bank Corp., which was formed in 1976 to hold directly all of Applicant's banking interests in the United States. By action of March 30, 1978, the Board approved Bank Corp.'s acquisition of a seventh bank, Baymeadows Banc, Jacksonville, Florida, held directly by Applicant.

<sup>2</sup> Unless otherwise indicated, all bank data are as of December 31, 1977, and reflect bank holding company formations and acquisitions approved through January 31, 1978.

<sup>3</sup> The Orlando banking market is approximated by Orange County and almost all of Seminole County, except for the most northern section which includes the towns of Oviedo and Sanford. Market data are as of June 30, 1977.

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

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

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Governors Gardner and Burns. Governor Burns was a member of the Board at the time of its action on this application.

(Signed) GRIFFITH L. GARWOOD,

[SEAL] Deputy Secretary of the Board.

Security Bancorp,  
Walnut Creek, California

*Order Denying  
Formation of Bank Holding Company*

Security Bancorp, Walnut Creek, California, 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 all of the voting shares (less directors' qualifying shares) of the successor by merger to Security National Bank, Walnut Creek, California.

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)).

On the basis of the record, the application is denied for the reasons set forth in the Board's Statement, which will be released at a later date.

By order of the Board of Governors, effective April 14, 1978.

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

(Signed) GRIFFITH L. GARWOOD,

[SEAL] Deputy Secretary of the Board.

*Statement*

Security Bancorp, Walnut Creek, California, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act, 12 U.S.C. § 1842(a)(1) of formation of a bank holding company by acquiring all of the voting shares (less directors' qualifying shares) of the successor by merger to Security National Bank, Walnut Creek, California ("Bank"). The proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of shares of Bank. By Order dated April 14, 1978, the Board denied this application for the reasons set forth below.

Notice of the application, affording opportunity for interested persons to submit comments and views has been given in accordance with § 3(b) of the Act, 12 U.S.C. § 1842(b). The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the factors set forth in § 3(c) of the Act, 12 U.S.C. § 1843(c).

Applicant is a nonoperating corporation organized for the purpose of becoming a bank holding company through the acquisition of Bank (\$156.9 million in deposits).<sup>1</sup> Upon acquisition of Bank, Applicant would control the 31st largest banking organization in California and .2 per cent of total deposits in commercial banks in the State.

Bank is the 14th largest banking organization in the relevant banking market,<sup>2</sup> controlling .5 per cent of the deposits therein. The proposed transaction involves a transfer of ownership of Bank from an individual to a corporation owned by the same individual and consummation of the proposal would not have any adverse effect upon existing or potential competition nor would it increase the concentration of banking resources in the market. Thus, the Board concludes that competitive considerations are consistent with, but do not lend weight toward, approval of the application.

The financial resources and future prospects of Applicant and Bank are considered satisfactory and consistent with approval of the application. While there would be no immediate increase in the services offered by Bank as a result of the proposed transaction, the considerations relating to the convenience and needs of the community

<sup>1</sup> All banking data are as of June 30, 1977.

<sup>2</sup> The relevant banking market is approximated by the San Francisco SMSA.

to be served are consistent with approval of the application.

Applicant's principal shareholder is Adnan M. Khashoggi, a Saudi Arabian citizen. Mr. Khashoggi, primarily through his personal holding company, Triad Holding Corporation, S.A., Luxembourg, has worldwide investments in companies engaged in international trade, investment banking, and finance. He also serves as sales agent for various companies. Approximately 97 per cent of the voting shares of Bank are owned by Mr. Khashoggi and approximately the same proportion of the voting shares of Applicant would be owned by him after consummation of the proposed transaction.

The Board's analysis of the managerial resources of an Applicant or its proposed subsidiary bank does not customarily extend to shareholders who do not serve as officers, directors or policy-making employees of those organizations.<sup>3</sup> In the Board's view, however, where an individual exercises a pervasive or controlling influence, or has the power to exercise such influence, over an organization, whether by reason of stock ownership or control over officers, directors or employees, that individual may appropriately be regarded as part of the organization's managerial resources, and the Board may consider such an individual in its assessment of an organization's managerial resources.

Mr. Khashoggi's ownership of approximately 97 per cent of the voting shares of Bank enables him to elect all of Bank's directors and to control and direct Bank's management. In addition to electing Bank's board of directors, the record reflects that Mr. Khashoggi provides broad guidance to Bank in terms of his own objectives as principal shareholder. In view of the above and other facts of record, it is the Board's judgment that Mr. Khashoggi's ability to influence Bank is such that he should be considered as part of its management.

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

During the pendency of the subject application, the Board was aware that investigations were being conducted by United States law enforcement authorities into questionable payment practices by United States companies and that those investigations also involved Mr. Khashoggi. In view of the investigations and Mr. Khashoggi's important position with respect to Bank and the proposed bank holding company, the Board requested from the United States Department of Justice and the Securities and Exchange Commission any information concerning Mr. Khashoggi that may be relevant to the banking factors the Board is required to consider under the Act. In connection with their investigations, the Department of Justice and the SEC have sought Mr. Khashoggi's testimony. Mr. Khashoggi, however, has been unwilling to submit to questioning in a manner satisfactory to those agencies. As a result of Mr. Khashoggi's lack of cooperation in these matters, the agencies have been unable to respond adequately to the Board's requests for information.

On February 17, 1978, the Board considered the subject application and was advised of negotiations then in progress between the Department of Justice and representatives of Mr. Khashoggi whereby it was anticipated that an agreement might have been reached in the near future for Mr. Khashoggi to submit to questioning. In view of the incomplete record and the prospect that those negotiations might soon result in an agreement, the Board decided not to take final action on the application at that time. Rather, the Board acted to defer a final decision on the application for 60 days and informed Applicant that when the Board reconsidered the application a relevant factor would be the status of the above investigations and, in particular, Mr. Khashoggi's cooperation in those investigations. It was the Board's judgment that deferral of final consideration for a short period was reasonable under the circumstances.

Since it last considered the application, the Board has been informed that the negotiations with Mr. Khashoggi have been terminated and that he has not evidenced a willingness to cooperate with the agencies in their investigations. As a result, Mr. Khashoggi's lack of cooperation leaves unanswered the Board's original requests for information from the Department of Justice and the SEC. In addition, his lack of cooperation with formal investigations undertaken by United States law enforcement authorities raises some concern whether Mr. Khashoggi would be personally available and accountable to bank supervisory au-

thorities should the need arise. In the Board's view, a requirement for a favorable finding with respect to an Applicant's managerial resources is that management will be accessible to and cooperate with supervisory personnel. Furthermore, Mr. Khashoggi's unwillingness thus far to cooperate with United States law enforcement authorities is not in keeping with what the Board regards as acceptable conduct for the management of a bank holding company.<sup>1</sup>

On the basis of the foregoing and the facts of record, the Board is unable to reach a favorable conclusion with respect to the managerial resources of Bank or Applicant. While the other factors the Board is required to consider in acting on the application are consistent with approval, they are not sufficient to outweigh the adverse managerial factors relating to the subject application. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest and the application should be denied.

Board of Governors of the Federal Reserve System, effective May 2, 1978.

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

[SEAL]

The Viking Corporation,

Denison, Iowa

Order Approving

Formation of Bank Holding Company

The Viking Corporation, Denison, Iowa, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company through acquisitions of 80 per cent or more of the voting shares of Crawford County Trust and Savings Bank, Denison, Iowa ("Bank").

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

Applicant was recently organized under the laws of the State of Iowa for the purpose of becoming a bank holding company with respect to Bank (aggregate deposits of approximately \$22.0 mil-

lion).<sup>1</sup> Upon acquisition of Bank, Applicant would control the 173rd largest bank in Iowa holding about 0.17 per cent of the total deposits in commercial banks in the State. Bank is the largest of nine banks competing in the Crawford County banking market<sup>2</sup> with approximately 25.7 per cent of the deposits in commercial banks therein. The proposal to form a bank holding company represents a restructuring of the existing ownership from individual to corporate form and a shift of control within the present directors group.

Two principals of Applicant are also principals in four other one-bank holding companies and one of Applicant's principals is an officer of seven other commercial banks. The closest of these is forty road miles from Bank and all are in separate banking markets. In light of the distances separating these banks, the chain banking relationship does not present adverse competitive effects. Consummation of the proposal would eliminate no existing or potential competition and it does not appear that there would be any adverse competitive effects on other banks in the market. Competitive factors are consistent with approval of the application.

The Board has received adverse comment on this application from Mr. Fred Koch, a minority shareholder of bank. Mr. Koch alleged certain discrepancies between this application and the offering circular by which Applicant offered to purchase minority shares of bank. Mr. Koch apparently believes that the offering circular was misleading to minority shareholders.<sup>3</sup> However, the offering circular does not appear to be misleading in any material respect. Moreover, there is no evidence in the record to indicate that principals of Applicant have acted in bad faith toward the minority shareholders of Bank. The condition of each of the other banks and bank holding companies with which principals of Applicant are associated is satisfactory, and the Board believes that Applicant will serve as a source of managerial strength to Bank. Although Applicant will incur debt in connection with this proposal,

<sup>1</sup> All deposit data are as of June 30, 1977.

<sup>2</sup> The Crawford County banking market is approximated by all of Crawford County.

<sup>3</sup> The Board has indicated that it views evidence that an Applicant has dealt fraudulently with minority shareholders of a proposed subsidiary bank as reflecting adversely on the Applicant's ability to be a source of managerial strength for the bank. See the Board's Order dated October 26, 1977, approving the formation of a bank holding company by Benson Bancshares, Inc., Benson, Minnesota. 63 Federal Reserve Bulletin 1009 (1977).

<sup>1</sup> See also, *Florida National Banks of Florida, Inc.* 62 Federal Reserve Bulletin.

Bank's projected income should provide sufficient funds to service this debt without unduly burdening Bank's capital position. Financial and managerial factors are consistent with approval of the application.

Applicant has proposed no new or expanded services upon approval of the application. Convenience and needs factors are consistent with, but lend no weight to, approval of the application.

On the basis of all the evidence in the record the Board concludes that all the relevant factors are consistent with approval. Consummation of the proposed transaction would be in the public interest and the application should be approved.

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

By order of the Board of Governors effective April 24, 1978.

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

(Signed) CATHY E. MINEHAN,  
[SEAL] Assistant Secretary of the Board.

The Wedge Holding Company,  
Alton, Illinois

*Order Approving  
Formation of Bank Holding Company*

The Wedge Holding Company, Alton, Illinois, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 81.885 per cent of the outstanding voting shares of Alton Banking and Trust Co., Alton, Illinois ("Bank").

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

Applicant, a nonoperating corporation with no subsidiaries, was formed for the purpose of becoming a bank holding company by acquiring shares of Bank. Bank has total deposits of \$52.1

million, representing 0.08 per cent of total deposits in commercial banks in the State of Illinois.<sup>1</sup> Bank is the 40th largest of 162 commercial banks in the St. Louis banking market,<sup>2</sup> controlling 0.6 per cent of the deposits in commercial banks therein.

One of the principals of Applicant is also a principal of a one-bank holding company that owns Cedar Falls Trust and Savings Bank, Cedar Falls, Iowa ("Savings Bank"). Savings Bank does not operate in the St. Louis banking market. In light of that fact, the distance between the markets respectively served by Bank and Savings Bank, and the fact that the proposed transaction represents no more than the restructuring of the existing ownership of Bank, it appears that consummation of the proposal would not have an adverse effect on existing or potential competition. Accordingly, it is concluded that competitive considerations are consistent with approval of the application.

Where a principal of the applicant is engaged in establishing a chain of one-bank holding companies, the Board applies multi-bank holding company standards not only in its competitive analysis, but also in assessing the financial and managerial resources and future prospects both of an applicant seeking to become a one-bank holding company and of its proposed subsidiary bank.<sup>3</sup> The condition of Savings Bank suggests that Applicant's principals would conduct the operations of the proposed holding company and of Bank in a satisfactory manner. Further, the financial resources of Applicant, which are dependent upon those of Bank, are considered to be consistent with approval of the application, and their future prospects appear favorable. Although Applicant will incur some debt as a result of this proposal, it appears that income and dividends from Bank, as well as savings resulting from the filing of consolidated tax returns, should provide Applicant with sufficient revenues to meet its debt service requirements without adversely affecting the financial condition of Bank.<sup>4</sup> Therefore, considerations

<sup>1</sup> All banking data are as of June 30, 1977.

<sup>2</sup> The St. Louis banking market is defined as the St. Louis Ranally Metro Area.

<sup>3</sup> See e.g., the Board's Order of June 14, 1976, denying the application of Nebraska Banco, Inc., Ord., Nebraska, 62 Federal Reserve BULLETIN 638 (1976).

<sup>4</sup> In this connection, the Board notes that Applicant has made a commitment that Applicant's principals will pay or cause to be paid from other sources all principal and interest on the acquisition debt if payment of any such principal and interest with distributions from Bank would reduce Bank's gross capital.  
(Footnote continued on following page)

relating to banking factors are consistent with approval of the application.

While no major changes are contemplated in Bank's services, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. Accordingly, it is the Board's judgment that consummation of the proposed transaction would be consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective April 19, 1978.

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

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

[SEAL.]

#### ORDERS UNDER SECTION 4 OF BANK HOLDING COMPANY ACT

Bankshares of Nebraska,  
Grand Island, Nebraska

Hastings State Company,  
Hastings, Nebraska

#### *Order Approving Acquisition of First Savings Company of Hastings*

Bankshares of Nebraska, Inc., Grand Island, Nebraska ("Bankshares"), and Hastings State Company, Hastings, Nebraska ("HSC"), bank holding companies within the meaning of the Bank Holding Company Act, have each applied for the

Board's approval, under § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to acquire, respectively, 80.4 per cent and 19.6 per cent of the voting shares of First Savings Company of Hastings, Hastings, Nebraska ("Company"), a *de novo* corporation. Company would engage in the activities of operating an industrial loan and investment company pursuant to the laws of Nebraska, and also of acting as insurance agent for the sale of credit life insurance directly related to extensions of credit by Company. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(2) and (9)(ii)).

Notice of the applications, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (43 *Fed. Reg.* 2227 (1978)). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in the light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Bankshares is the eighth largest banking organization in Nebraska by virtue of its control of The First National Bank of Grand Island, Grand Island, Nebraska ("FNB"), which has deposits of approximately \$74.9 million, representing 1.1 per cent of total deposits in commercial banks in the State.<sup>1</sup> FNB is the largest of seven banks in the relevant market,<sup>2</sup> controlling 32.6 per cent of the total deposits in commercial banks in that market. Bankshares also controls First Savings Company, Grand Island, Nebraska ("First Savings"), an industrial bank with assets of approximately \$6 million, located in the relevant market.

HSC ranks as the 102nd largest banking organization in Nebraska through its control of Hastings State Bank, Hastings, Nebraska ("Hastings Bank"). Hastings Bank has deposits of approximately \$15.2 million, representing 0.23 per cent of total deposits in commercial banks in the State, and is the third largest of five banks in the relevant market,<sup>3</sup> controlling approximately 8.2 per cent of the total deposits in commercial banks in that market. Through Company, Bankshares and HSC

(Footnote 4 continued)

tal-to average annual total assets ratio below eight per cent. In addition, Applicant has committed that no dividends on Applicant's common or preferred stock will be declared so long as Applicant's income is required to service its acquisition debt. Further, Applicant has agreed to forego its right to redeem its preferred stock at any time subsequent to five years from the date of issuance so long as funds are required to service and retire its acquisition debt.

<sup>1</sup> All banking data are as of December 31, 1976.

<sup>2</sup> The relevant banking market is approximated by Hall County, Nebraska.

<sup>3</sup> The relevant banking market is approximated by Adams County, Nebraska.

propose to engage in industrial loan activities,<sup>4</sup> including the making of consumer, commercial and real estate loans. Company would also engage in the sale of credit-related insurance. Since the acquisition of Company would be *de novo*, no existing competition would be eliminated between Company and the subsidiaries of either Bankshares or HSC. Also, since Bankshares' existing subsidiaries conduct business in a market separate and distinct from that of HSC's only subsidiary (Hastings Bank),<sup>5</sup> approval of the applications would not eliminate any existing competition between Bankshares and HSC.

Approval of this application would eliminate Bankshares as a potential entrant in the Adams County market. However, Nebraska law precludes FNB from branching, and the Nebraska bank holding company statutes preclude Bankshares from acquiring *de novo* commercial banks. It appears, however, that in the absence of this proposal, Bankshares would have the ability to establish Company on its own. Despite this fact, the association with HSC through this ownership arrangement is not considered adverse since HSC is not in a dominant market position. Indeed, Bankshares' financial strength and experience with its other industrial bank and HSC's knowledge of the Adams County market should contribute to Company's ability to compete with the larger institutions in the market.<sup>6</sup> On balance, therefore, the Board does not find the effects of this proposal on potential competition are sufficiently adverse to require denial of this application.

While the Board has previously expressed concern about the competitive effects of joint activity by bank holding companies,<sup>7</sup> given the facts of

record in this case, including the structure of the Adams County banking market, the relatively small size of the two institutions, and the Nebraska laws prohibiting both multibank holding companies and branching, it is unlikely that any significant potential competition would be eliminated by approval of this application or that other significant adverse effects would result therefrom. On the other hand, in the circumstances of this proposal the Board finds that consummation of the proposal would result in public benefits. Company would provide the Hastings area with both an additional competitor and an additional source of loans and credit-related insurance, which results the Board regards as being in the public interest.

There is no evidence in the record indicating that consummation of this proposal would result in undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices or other adverse effects.

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

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

By order of the Board of Governors, effective April 4, 1978.

Voting for this action: Chairman Miller and Governors Wallich and Jackson. Voting against this action: Governors Coldwell and Partee. Absent and not voting: Governors Gardner and Burns. Governor Burns was a member of the Board at the time of its action on this application.

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

[SEAL.]

<sup>4</sup> Under Nebraska law, an industrial loan and investment company is authorized to issue both paid-up and instalment certificates of indebtedness, and is subject to regulation and examination by the Nebraska Department of Banking and Finance.

<sup>5</sup> Company would serve Hastings Bank's market, Adams County, and although Adams and Hall Counties are contiguous they are defined as separate banking markets.

<sup>6</sup> HSC, through Hastings Bank, controls 5.22 per cent of the market savings deposits and ranks fourth of eight financial institutions in the Adams County Market. The three larger institutions, a savings and loan association and two commercial banks, have a combined market total of 84.7 per cent of market savings deposits.

<sup>7</sup> See the Board's Order dated April 15, 1974, approving the formation of a joint venture between The Fort Worth National Corporation, Fort Worth, Texas, and Shawmut Association, Inc., Boston, Massachusetts, by acquiring shares of American Cattle and Crop Services Corporation, Guymon, Oklahoma, a *de novo* corporation (60 Federal Reserve Bulletin 382 (1974)). See also the Board's Order dated October 1, 1974, denying acquisition of a *de novo* bank by Southeast

*Dissenting Statement of Governor Partee*

I am unable to concur with the majority in its decision since I do not find that the public benefits of this proposal outweigh the possible adverse effects of formation of a joint venture by two bank holding companies to engage in industrial banking and credit related insurance activities. The facts indicate that in the absence of a joint venture one of the two bank holding companies would in all likelihood apply on its own to form an industrial loan company in Hastings. Since there do not appear to be any additional public benefits to be derived from having this activity carried out jointly rather than by one bank holding company alone, the joint venture should not be approved. Furthermore, since the State of Nebraska prohibits both multibank holding companies and branch banking, it would appear that the only vehicle for significant competition between these two holding companies would be through the establishment of competing industrial banks. By approving this joint venture, the Board has foreclosed this possibility in the Hastings area.

For the above reasons, I would deny these applications.

*Dissenting Statement of Governor Coldwell*

I join Governor Partee in his finding that the Board should not approve the formation of a joint venture to form an industrial bank when it appears more than likely that one of the two bank holding companies, in the absence of Board approval of the joint venture, would apply to engage in this activity on its own. In addition, it appears to me that the Board's approval in this case, like certain "chain banking" arrangements recently approved by the Board,<sup>1</sup> fosters evasion of state prohibitions on multi-bank holding companies. By permitting two bank holding companies to combine their resources by means of a joint venture, the Board is condoning a concentration of economic power that would otherwise be impermissible under State law. For these reasons, I would deny these applications.

First Union Bancorporation,  
St. Louis, Missouri

*Order Approving Retention  
of St. Louis Union Trust Company*

First Union Bancorporation, St. Louis, Missouri, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to retain shares of St. Louis Union Trust Company, St. Louis, Missouri ("Trust Company"), a company that engages in personal and group trust activities, probate activities, corporate fiduciary activities, and making investments in money market instruments for its own account. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(4)). Trust Company also makes investments in equity securities for its own account within the limitation imposed by § 4(c)(6) of the Act.<sup>1</sup>

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (43 *Fed. Reg.* 4679 (1978)). The time for filing comments and views has expired, and the Board has considered the application and all comments received in the light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, the second largest banking organization in Missouri, controls eighteen subsidiary banks in that State with aggregate deposits of \$1.7 billion, representing approximately 9 per cent of the total deposits in commercial banks in Missouri.<sup>2</sup> Applicant also engages, through subsidiaries, in underwriting credit-related insurance, acting as agent in the sale of credit related insurance, consumer finance, and holding properties used as bank premises by three of its subsidiary banks.

Trust Company is a state-chartered non-deposit trust company that operates, in effect, as the trust

<sup>1</sup> See, for example, the Dissenting Statement of Governor Coldwell to the Board's Order dated February 27, 1978, approving the formation of a bank holding company by Suceco, Inc., El Dorado, Kansas.

<sup>1</sup> Section 4(c)(6) of the Act permits a bank holding company to acquire shares of any company that do not include more than 5 per centum of the outstanding voting shares of such company.

<sup>2</sup> AS of June 30, 1977.



department of Applicant's lead bank, First National Bank in St. Louis, St. Louis, Missouri ("Bank").<sup>3</sup> Trust Company is the twenty-third largest trust organization in the United States and the largest in Missouri.<sup>4</sup> In 1976, Trust Company derived \$13.8 million in gross income from its operations, representing approximately 51.5 per cent<sup>5</sup> of income from fiduciary services received by trust organizations in the St. Louis market.<sup>6</sup> This approximation is overstated because the aggregate figure upon which this percentage is based does not include income received by certain other nondepository trust companies in the St. Louis market, for which data is not readily available.

Trust Company was affiliated with Bank through common stockholders and directors before Applicant was formed as a holding company with respect to Bank in 1969, at which time both Bank and Trust Company became subsidiaries of Applicant.<sup>7</sup> It does not appear that the corporate reorganization by which Applicant acquired Company eliminated any competition. Currently, three of Applicant's subsidiary banks engage in certain business activities in which Trust Company engages. However, none of these banks compete in the St. Louis market, and it does not appear that any significant competition exists between them and Trust Company. Thus, approval of the proposed retention should have no adverse effect on competition.

Approval of the application would avoid disruption of Trust Company's service to customers of Bank and of Applicant's other subsidiary banks. The Board concludes that the benefits to the public that can reasonably be expected to result from Applicant's continued ownership of shares

of Trust Company outweigh any possible adverse effects that might result from Applicant's retention of those shares.

There is no evidence in the record indicating that consummation of the proposal would result in undue concentration of resources, conflicts of interests, unsound banking practices, or other adverse effects.

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

By order of the Board of Governors, effective April 10, 1978.

Voting for this Action: Chairman Miller and Governors Wallich, Jackson, and Partee. Absent and not voting: Governors Gardner and Coldwell.

(Signed) CATHY E. MINIHAN,  
[SEAL] Assistant Secretary of the Board.

Mercantile Bancorporation, Inc.,  
St. Louis, Missouri

#### *Order Approving Acquisition of Thorp Credit Company of Charleston*

Mercantile Bancorporation, Inc., St. Louis, Missouri, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to acquire through its subsidiary, Franklin Finance Company, Clayton, Missouri ("Franklin"), the assets of Thorp Credit Company of Charleston, Charleston, West Virginia ("Thorp Charleston"), an industrial loan company that also acts as insurance agent for the sale of insurance that is directly related to extensions of credit by Thorp Charleston, including

<sup>3</sup> While Trust Company generally does not accept deposits, it does receive deposits under the circumstances permitted by § 225.4(a)(4) of the Board's Regulation Y.

<sup>4</sup> Based on market value of trust assets.

<sup>5</sup> The two largest of these control trust assets of approximately \$125 million and \$100 million respectively.

<sup>6</sup> The St. Louis market is defined as the City of St. Louis and St. Louis County, portions of St. Charles, Lincoln, Franklin, and Jefferson Counties in Missouri, and portions of Jersey, Macoupin, Madison, St. Clair, and Monroe Counties in Illinois.

<sup>7</sup> Applicant has held shares of Trust Company under the authority of § 4(c)(5) of the Act, which permits bank holding companies to hold shares of a kind that are eligible for investment by national banks. Applicant now proposes to relocate the main office of Bank and continue Trust Company's activities at the old location, which would become a branch facility of Bank. Under Missouri law, a State bank may not engage in trust activities at a branch facility, and, accordingly, Applicant seeks to retain Trust Company as a nonbank subsidiary under § 4(c)(8) of the Act.

credit life and disability insurance.<sup>1</sup> Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(2) and (9)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been given in accordance with § 4 of the Act (43 *Fed. Reg.* 3437). The time for filing comments and views has expired, and the Board has considered the application and all comments received in the light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, the largest banking organization in Missouri, controls 28 banks with aggregate deposits of approximately \$2 billion, representing 10.9 per cent of the total commercial bank deposits in the State.<sup>2</sup> Applicant also engages through subsidiaries in a variety of nonbanking activities, including mortgage banking, consumer finance, insurance agency and real and personal property leasing. Franklin directly and through subsidiaries presently operates 40 consumer finance and industrial loan offices in 12 States, including 10 offices in West Virginia.

Thorp Charleston operates a single industrial loan office in the Charleston personal loan market.<sup>3</sup> On December 31, 1976, Thorp Charleston had \$1.9 million in personal loans outstanding. Franklin also operates a small loan office, and through a subsidiary, an industrial loan office in the Charleston market.<sup>4</sup> Franklin has indicated that it plans to close both of its present offices upon consummation of the proposed transaction.<sup>5</sup> The record indicates that on December 31, 1976, Franklin had an aggregate of \$1.2 million in personal loans outstanding in the Charleston market,

representing approximately 4 per cent of Franklin's total personal loans outstanding. Thus, upon acquisition of Thorp Charleston, Franklin would hold approximately \$3.1 million in personal loans outstanding, representing 4.5 per cent of total personal loans outstanding in the market. However, the record indicates that 75 organizations having an aggregate of 81 offices, including banks, consumer finance companies and credit unions, originate personal loans in the Charleston market. Accordingly, the Board concludes that the acquisition of Thorp Charleston by Applicant would eliminate some existing competition between Thorp Charleston and Franklin. However, in light of the large number of competitors originating personal loans in the Charleston market, and the small amount of competition between the two firms, the Board does not view these effects on competition as significant.

Acquisition by Applicant of Thorp Charleston would ensure the continuation of the availability of personal loans and related credit life and credit disability insurance services to Thorp Charleston's customers at Thorp Charleston's present location. In addition, affiliation of the two firms may increase the availability of loanable funds to Franklin's customers, and may enable Franklin to become a more effective competitor in the Charleston market. While the benefits to the public that would result from Applicant's acquisition of Thorp Charleston are not substantial, based on these and other facts of record, the Board concludes that such benefits are sufficient to outweigh any adverse effects on competition that may result from the acquisition. Furthermore, there is no evidence in the record to indicate that consummation of the proposed transaction would result in undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices or other effects that would be adverse to the public interest.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors the Board is required to consider under § 4(c)(8) is favorable. Accordingly, the application is approved for the reasons summarized above. The acquisition shall be accomplished no later than three months after the effective date of this Order, unless such period is extended by the Board or

<sup>1</sup> Thorp Charleston's parent, FFI Thorp Corporation (FFI<sup>2</sup>), intends to dispose of its two West Virginia offices and withdraw from the State, primarily because of the difficulty FFI has experienced in obtaining industrial loan licenses in West Virginia. Accordingly, on March 10, 1978, Applicant received approval from the Federal Reserve Bank of St. Louis, acting pursuant to delegated authority of its application to acquire the assets of Thorp Credit Company of Parkersburg, Parkersburg, West Virginia, FFI's other West Virginia office.

<sup>2</sup> All banking data are as of June 30, 1977.

<sup>3</sup> The Charleston personal loan market is approximated by the Charleston SMSA, which consists of Kanawha and Putnam Counties.

<sup>4</sup> Applicant's subsidiary banks, which also make personal loans, operate only in Missouri and do not compete in the Charleston market.

<sup>5</sup> Franklin has entered into an agreement with a finance company having offices in the Charleston market, to sell the shares of its industrial loan subsidiary, contingent upon its acquisition of Thorp Charleston. Under this agreement Franklin would transfer its subsidiary's industrial loan license, but not its personal loan receivables (\$0.6 million outstanding on

December 31, 1976). With respect to the small loan office, Franklin proposes to close it and liquidate its personal loan receivables (\$0.6 million on December 31, 1976).

the Federal Reserve Bank of St. Louis. The approval of this application is subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective April 7, 1978.

Voting for this action: Chairman Miller and Governors Wallfisch, Jackson, and Partee. Absent and not voting: Governors Gardner and Coldwell.

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

Omaha National Corporation,  
Omaha, Nebraska

*Order Approving Acquisition  
of Wyoming Trust and Management Co.*

Omaha National Corporation, Omaha, Nebraska, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to acquire Wyoming Trust and Management Company, Gillette, Wyoming ("Trust Company"), a company that engages in the activity of generating trust accounts that are currently and would continue to be managed by itself and by Omaha National Bank, Omaha, Nebraska, a subsidiary of Applicant. Such activity has been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(4)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (42 *Fed. Reg.* 45954 (1977)). The time for filing comments and views has expired, and the Board has considered the application and all comments received including those submitted by The Bank of Commerce, Sheridan, Wyoming ("Sheridan Bank"), and Wyoming National Bank, Casper, Wyoming ("Casper Bank"), in light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, a one-bank holding company, controls the largest bank in Nebraska with deposits of \$453.9 million, representing 6.7 per cent of

the total deposits in commercial banks in the State.<sup>1</sup> Through nonbank subsidiaries Applicant engages in lending and leasing activities pursuant to section 4(c)(8) of the Act.

Trust Company was organized in 1970 under the Wyoming Business Corporation Act. It operates one office in Gillette, Wyoming, that solicits passive trusts and has generated trust assets of \$1 million that are managed by the Estate and Trust Division of Applicant's subsidiary bank. Through the acquisition of Trust Company, Applicant proposes to solicit trust business in the state of Wyoming. Applicant will continue Trust Company's solicitation of passive trusts that will require management in the future and will seek active trust business, including appointments under wills to manage estates and other appointments as trustee. The Estate and Trust Division of Applicant's subsidiary bank would provide Trust Company with all accounting and other support services for trusts as agent for Trust Company and manage the trust assets. Since 1975 Applicant's subsidiary bank has managed accounts for Trust Company on an agency basis. In view of this existing relationship between Applicant and Trust Company and the fact that Trust Company has been relatively inactive, functioning primarily to solicit trust accounts for Applicant's subsidiary bank, it appears that consummation of the proposal would not have any significant adverse effects on competition in any relevant area.

The letters of comments submitted in connection with this application by Sheridan Bank and Casper Bank make the contentions that Trust Company is not properly organized under Wyoming law, that its activities are not closely related to banking as required by § 4(c)(8) of the Act, that Applicant, being located in Nebraska, is barred by section 3(d) of the Bank Holding Company Act from acquiring a trust company in Wyoming, and that approval of the application would not be in the public interest. Since these comments were filed with the Board, Trust Company was granted a charter by the State Examiner of the State of Wyoming to operate as a trust company pursuant to the Wyoming law governing the organization of financial institutions, as amended in 1977.<sup>2</sup> The Board has determined that performing the activities that may be conducted by a trust company

<sup>1</sup> All banking data are as of June 30, 1977.

<sup>2</sup> Trust Company applied for such a charter on December 29, 1977, and the State Examiner held a hearing on the charter application on February 16, 1978. The charter application was (Footnote continued on following page)

is closely related to banking, as set forth in section 225.4(a)(4) of the Board's Regulation Y. Furthermore, the acquisition of Trust Company by an out-of-state bank holding company is not barred by section 3(d) of the Bank Holding Company Act because Trust Company is not a "bank" within the meaning of the Act and neither accepts deposits nor makes loans of any kind. As discussed below, the Board has concluded that approval of the application would be in the public interest. In light of these considerations, the Board concludes that the objections to approval of the application submitted by Sheridan Bank and Casper Bank do not have a basis in fact and do not weight against approval of the application.

It is anticipated that Applicant's acquisition of Trust Company would result in benefits to the public by providing a fuller range of fiduciary services in Wyoming. Applicant proposes to staff Trust Company with a full-time representative to solicit business and counsel customers, thereby increasing the business expertise available to the public through Trust Company. Furthermore, there is no evidence in the record to indicate that consummation of the proposed transaction would result in any undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices, or other effects that would be adverse to the public interest. The Board concludes that the benefits to the public can reasonably be expected to result from consummation of this proposal are consistent with approval of the application.

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

The transaction shall be made not later than

three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City, pursuant to authority hereby delegated.

By order of the Board of Governors, effective April 28, 1978.

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

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

United Missouri Bancshares, Inc.,  
Kansas City, Missouri

*Order Approving Acquisition  
of City Bond and Mortgage Company*

United Missouri Bancshares, Inc., Kansas City, Missouri, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)) to acquire City Bond and Mortgage Company, Kansas City, Missouri ("City Bond"), a company that engages in the activity of originating and servicing residential, apartment, commercial and industrial loans.<sup>1</sup> City Bond also engages in the activity of acting as agent for the sale of credit life insurance, credit accident and health insurance, and mortgage protection life and mortgage protection disability insurance directly related to its extensions of credit.<sup>2</sup> The Board has determined that such activities are so closely related to banking as to be a proper incident thereto (12 CFR § 225.4(a)(1) and (9)). Additionally, City Bond currently engages in certain other activities that the Board has not determined are closely related to banking.

<sup>1</sup> Applicant also originally applied to acquire indirectly 50 per cent of the shares of Central Management, Inc., ("CMI"), a subsidiary of City Bond that was engaged in acting as an investment adviser to a real estate investment trust. However, Applicant has stated that CMI's advisory contract has been terminated, and that City Bond will divest its interest in CMI on or before consummation of the proposed acquisition. Accordingly, Applicant has indicated that its application with respect to CMI should not be considered by the Board.

<sup>2</sup> City Bond also acts as agent for the sale of property and casualty insurance sold in connection with its extensions of credit. However, Applicant's proposal to acquire City Bond does not include an application for this activity and Applicant has stated that the sale of property and casualty insurance by City Bond will be terminated on or before acquisition by Applicant.

(Footnote 2 Continued)

approved on March 7, 1978, subject to the condition that Trust Company meet the appropriate capital requirements. Applicant has stated that it will pay the necessary capital into Trust Company.

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (42 *Fed. Reg.* 61084 (1977)). The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, the sixth largest banking organization in Missouri, controls nineteen subsidiary banks in that State with aggregate deposits of \$919 million, representing approximately 4.83 per cent of the total deposits in commercial banks in Missouri.<sup>3</sup> With six subsidiary banks in the market, Applicant is the third largest banking organization in the Kansas City market having an aggregate of \$604.2 million in deposits, representing approximately 10.9 per cent of commercial bank deposits in the market.<sup>4</sup> Applicant does not currently engage in any significant nonbanking activities.

City Bond operates a single mortgage banking office in Kansas City, Missouri. As of June 30, 1977, City Bond, with a real estate mortgage servicing portfolio of \$138.6 million,<sup>5</sup> ranked 234th among all mortgage companies in the United States. City Bond engages principally in the origination and servicing of 1-4 family residential mortgage loans in the Kansas City market, as well as multifamily and commercial and industrial mortgage loans. It also makes construction loans, and engages in credit-related insurance agency activities. In 1976, City Bond originated \$1.6 million 1-4 family residential mortgage loans, representing approximately less than one half of one per cent of such loans in the Kansas City market. Applicant, through its subsidiary banks in the Kansas City market, is likewise engaged in originating commercial and industrial mortgage loans, as well as 1-4 family residential mortgage loans and construction loans. In 1976, Applicant originated \$2.0 million of 1-4 family residential mortgage loans, representing approximately less

than one-half per cent of such loans in the Kansas City market. In addition to City Bond and Applicant, there are numerous other financial organizations originating all types of mortgage loans in the Kansas City market.

While consummation of the proposal would appear to eliminate some existing competition inasmuch as Applicant and City Bond operate in the same market, the Board notes that City Bond was formed to assume the mortgage loans business of Applicant's lead bank when it became a national bank in 1934, that City Bond still maintains its office in the lead bank's main building, and that there is and has been significant common share ownership of Applicant and City Bond. Thus, it appears that the nature of this relationship is such that little, if any, meaningful competition presently exists between Applicant and City Bond. Viewed in light of the history of the established relationship between Applicant and City Bond, the effects of consummation of the proposed transaction on existing competition appear to be slight. Accordingly, the Board concludes that the proposed acquisition of City Bond by Applicant would not have significant adverse effects on competition.

The facts of record indicate that City Bond's market share has declined in recent years. Acquisition by Applicant of City Bond would provide City Bond with access to Applicant's substantial financial resources and widespread investor relationships. For example, the proposed transaction would result in an immediate injection of \$300,000 into City Bond's capital accounts. Thus, it is anticipated that the proposed affiliation of City Bond with Applicant will enable City Bond to continue to better serve its existing customers, and to revitalize itself to become a more aggressive competitor in the mortgage banking business. On the basis of these and other facts of record, the Board concludes that the benefits to the public that would result from Applicant's acquisition of City Bond are sufficient to outweigh any possible adverse effects on the public interest that might result from the proposed acquisition. Furthermore, there is no evidence of record to indicate that consummation of the proposed acquisition would result in undue concentration of resources, conflicts of interest, unsound banking practices, or other adverse effects.

City Bond directly and through subsidiaries also holds investments in certain real property, an activity the Board has not determined to be permissible for bank holding companies. Therefore, City Bond must dispose of such real estate holdings

<sup>3</sup> All banking data are as of December 31, 1976, unless otherwise noted, and reflect the acquisition by Applicant of the Cass County Bank, Peculiar, Missouri, approved by the Board by Order of December 23, 1977.

<sup>4</sup> The Kansas City market is defined as Johnson and Wyandotte Counties in Kansas, and Jackson, Clay, and Platte Counties and the northern half of Cass County in Missouri.

<sup>5</sup> *American Banker* of October 24, 1977. As of June 30, 1976, it had a real estate mortgage servicing portfolio of \$151.8 million and was the nation's 202nd largest mortgage company.

no later than two years from the effective date of this Order.<sup>6</sup> City Bond also holds an interest in excess of five per cent and manages an uncompleted mobile home park, and is thereby engaged in real estate development and property managing activities which the Board has determined are not permissible for bank holding companies. Applicant has stated that on or before consummation of the subject proposal, City Bond will reduce its interest in the mobile home park to 5 per cent or less and cease its management and development activities with respect to the mobile home park. Finally, in servicing loans for institutional investors, City Bond is obligated by contract to manage the property in the event of default by the borrower, and City Bond is currently managing several of such properties. However, Applicant has stated that upon consummation of the proposed acquisition, it will cause City Bond to obtain the services of a property manager to maintain and manage any such defaulted property.

Based upon the above and upon other facts of record, the Board has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved subject to the conditions that City Bond divest its interest in CMI and cease its advisory activities prior to consummation of the proposed acquisition, that it dispose of the real estate holdings no later than two years from the effective date of this Order, that it reduce its interest in the mobile home park to no more than 5 per cent on or before consummation of this proposal, and that it cease all impermissible property management activities on or before consummation of this proposal. This determination is also subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof. The transaction shall be made not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City.

By Order of the Board of Governors, effective April 25, 1978.

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

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

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

The Brantley Company, Inc.,  
Blackshear, Georgia

[Docket No. TCR 76 134]

The Brantley Company, Inc., Blackshear, Georgia ("Brantley") has requested a prior certification pursuant to section 1101(b) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that its proposed divestiture of 8,360 shares of The Blackshear Bank, Blackshear, Georgia ("Bank"), presently held by Brantley, through the *pro rata* distribution of such shares to the shareholders of Brantley, 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:<sup>1</sup>

1. Brantley is a corporation organized under the laws of the State of Georgia on April 6, 1891.
2. Brantley first acquired a substantial portion of Bank's outstanding voting shares in 1891. As of February 20, 1957, Brantley owned and controlled 428 shares, representing 42.8 per cent of the outstanding voting shares, of Bank. Additional shares of Bank were subsequently acquired through stock dividends and some Bank shares were sold such that on July 7, 1970, Brantley held 836 shares, representing 41.8 per cent of the outstanding voting shares of Bank. Brantley purchased 20 shares of Bank on July 27, 1970, and on July 19, 1971, one share of Bank was issued to Bank's shareholders for every one share of stock then outstanding. On July 30, 1976, five shares of Bank were issued to Bank's shareholders in

<sup>6</sup> In accomplishing a divestiture of such property, Applicant has indicated its willingness to transfer irrevocably the subject real estate to an independent trustee who shall have the duty of divesting the property within the applicable time period.

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

exchange for every one share of stock then outstanding. Immediately thereafter, Bank issued 5,000 additional shares of stock in order to increase its capital. None of these shares were acquired by Brantley. Thus, Brantley now holds 8,560 shares, representing 34.24 per cent of the outstanding voting shares, of Bank.<sup>2</sup>

3. Brantley became a bank holding company on December 31, 1971, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 per cent of the outstanding voting shares of Bank, and it registered as such with the Board on May 21, 1971. Brantley would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of its ownership and control on that date of more than 25 per cent of the outstanding voting shares of Bank.

4. Brantley holds property acquired by it on or before July 7, 1970, the disposition of which, but for clause (ii) of section 4(c) of the BHC Act and the proviso of section 4(a)(2) of that Act, would be necessary or appropriate to effectuate section 4 of the BHC Act, if Brantley were to continue to be a bank holding company beyond December 31, 1980, and which property, but for such clause and such proviso, would be "prohibited property" within the meaning of section 1103(c) of the Code. Sections 1103(g) and 1103(h) of the Code provide that any bank holding company may elect, for purposes of Part VIII of subchapter O of chapter 1 of the Code, to have the determination whether property is "prohibited property", or is property eligible to be distributed without recognition of

gain under section 1101(b)(1) of the Code, made under the BHC Act as if that Act did not contain clause (ii) of section 4(c) or the proviso of section 4(a)(2). Brantley has represented that it will make such an election.<sup>3</sup>

5. Brantley has committed to the Board that it will terminate all interlocking relationships between Brantley and Bank by July 1, 1978.

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

(A) Brantley 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 8,360 shares of Bank that Brantley proposes to distribute to its shareholders are all or part of the property by reason of which Brantley controls (within the meaning of section 2(a) of the BHC Act) a bank or bank holding company; and

(C) the distribution of such 8,360 shares is necessary or appropriate to effectuate the policies of the BHC Act.

This certification is based upon the representations made to the Board by Brantley 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 Brantley, or that Brantley has failed to disclose to the Board other material facts, it may revoke this certification. This certification is granted upon the condition that after July 1, 1978, no person holding an office or position (including an advisory or honorary position) with Brantley or any of its subsidiaries as a director, policymaking employee or consultant, or who performs (directly or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Bank or any of its subsidiaries, and is also conditioned upon Brantley's making the elections required by sections 1103(g) and 1103(h) of the Code at such time and in such manner as the Secretary of the Treasury or his delegate may by regulation prescribe.

By order of the Board of Governors, acting through its Acting General Counsel, pursuant to

<sup>2</sup> Under subsection (c) of section 1101 of the Code, property acquired after July 7, 1970, generally does not qualify for the tax benefits of section 1101(b) when distributed by an otherwise qualified bank holding company. However, where such property was acquired by a qualified bank holding company in a transaction in which gain was not recognized under section 305(a) of the Code or section 368(a)(1)(E) of the Code, then section 1101(b) is applicable. Brantley has indicated that the shares of Bank acquired on July 19, 1971, and June 30, 1976, were acquired in transactions in which gain was not recognized under section 305(a) and section 368(a)(1)(E), respectively, of the Code. Accordingly, even though such shares were acquired after July 7, 1970, those shares would nevertheless qualify as property eligible for the tax benefits provided in section 1101(b) of the Act, by virtue of section 1101(c), if the shares of Bank were in fact received in a transaction in which gain was not recognized under sections 305(a) or 368(a)(1)(E) of the Code.

Of the total 8,560 shares of Bank presently held by Brantley, 200 shares represent property acquired after July 7, 1970, for which none of the exemptions provided in section 1101(c) of the Code appears to be available. Brantley has represented that it will divest these shares of Bank through the sale of such shares.

<sup>3</sup> Sections 1103(g) and 1103(h) of the Code require that an election thereunder be made "at such time and in such manner as the Secretary [of the Treasury] or his delegate may by regulations prescribe." As of this date no such regulations have been promulgated.

delegated authority, (12 CFR § 265.2(b)(3)), effective April 3, 1978.

(Signed) GRIFFITH L. GARWOOD,

[SEAL] Deputy Secretary of the Board.

UniCapital Corporation,

Atlanta, Georgia

[Docket No. TCR 76-148]

UniCapital Corporation, Atlanta, Georgia ("UniCapital"), has requested a prior certification pursuant to section 6158(a) of the Internal Revenue Code ("Code"), as added by section 3(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its sale on September 12, 1977, of 55,896 shares of The First National Bank of Cape Canaveral, Cape Canaveral, Florida ("Bank"), to First Bankers Corporation of Florida, Pompano Beach, Florida ("First Bankers"), was necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act"). UniCapital has also requested a final certification pursuant to section 6158(c)(2) of the Code, as added by section 3(a) of the Tax Act, that it 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.

In connection with these requests, the following information is deemed relevant for purposes of issuing the prior and final certification:<sup>1</sup>

1. United States Finance Company, Inc., Atlanta, Georgia ("Finance"), was a corporation organized under the laws of the State of Georgia on February 19, 1958. UniCapital is a corporation organized under the laws of the State of Delaware on May 9, 1969.

2. On February 29, 1968, Finance, through its wholly-owned subsidiary Security Financial Corporation ("Security"), held indirect ownership and control of approximately 94 per cent of the outstanding voting shares of Bank. On June 13, 1969, Finance was merged into UniCapital, a corporation having no business or subsidiaries, and UniCapital thereby acquired indirect ownership and control of Bank.

3. UniCapital 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 at that time of more than 25 per cent of the outstanding voting shares of Security, and by virtue of its indirect ownership and control at that time, through Security, of more than 25 per cent of the outstanding voting shares of Bank, and it registered as such with the Board on July 21, 1971.<sup>2</sup> UniCapital 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 per cent of the outstanding voting shares of Security and Bank respectively.

4. On September 12, 1977, UniCapital held 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 UniCapital were to remain a bank holding company beyond December 31, 1980, and which property is "prohibited property" within the meaning of sections 6158(f)(2) and 1103(c) of the Code.

5. On September 12, 1977, UniCapital sold all of the 55,896 shares of Bank owned by it, representing 96.1 per cent of the outstanding voting shares of Bank, to First Bankers for \$1,935,678 in cash.

6. Neither UniCapital nor any subsidiary of UniCapital holds any interest in First Bankers, Bank, or in any other bank or any company that controls a bank.

7. Neither First Bankers nor any subsidiary of First Bankers, including Bank, holds any interest in UniCapital or any subsidiary of UniCapital.

8. No officer, director (including honorary or advisory director) or employee with policy-making functions of UniCapital or any subsidiary of UniCapital also holds any such position with First Bankers, or any subsidiary of First Bankers, including Bank, or with any other bank or any company that controls a bank.

9. UniCapital does not control in any manner the election of a majority of directors, or exercise a controlling influence over the management or policies, of First Bankers or any subsidiary of First Bankers, including Bank, or of any other bank or company that controls a bank.

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

<sup>2</sup> Security 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 per cent of the outstanding voting shares of Bank, and it registered as such with the Board on July 16, 1971.



On the basis of the foregoing information, it is hereby certified that:<sup>22</sup>

(A) at the time of its sale of 55,896 shares of Bank to First Bankers, UniCapital was a qualified bank holding company, within the meaning of section 6158(f)(1) and section 1103(b) of the Code, and satisfied the requirements of those sections;

(B) the shares of Bank that UniCapital sold to First Bankers were all or part of the property by reason of which UniCapital controlled (within the

meaning of section 2(a) of the BHC Act) a bank or bank holding company;

(C) the sale of the shares of Bank was necessary or appropriate to effectuate the policies of the BHC Act;

(D) UniCapital 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 UniCapital 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 UniCapital, or that UniCapital 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 Acting General Counsel pursuant to delegated authority (12 CFR § 265.2(b)(3)), effective March 31, 1978.

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

[SEAL]

<sup>22</sup> Pursuant to section 6158(a) of the Code, with respect to the sale of bank property, the Board must certify before such sale that the sale is necessary or appropriate to effectuate the policies of the BHC Act. UniCapital requested such certification by letter dated August 9, 1977. On that date, the application of First Bankers to acquire UniCapital's interest in Bank was approved by the Federal Reserve Bank of Atlanta acting pursuant to delegated authority. At that time, UniCapital informed the Board of its intention to sell the shares of Bank in September 1977. UniCapital clearly met the requirements for a prior certification at the time it filed the request and at the time of the sale of the shares of Bank on September 21, 1977. The issuance of this certification is based, in part, upon such circumstances.

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

BY THE BOARD OF GOVERNORS

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

Section 3

<i>Applicant</i>	<i>Bank(s)</i>	<i>Board action (effective date)</i>
Bank of Montana System, Great Falls, Montana	Midstate Bank of Montana, Lewistown, Montana	4/17/78
Central National Corporation, Richmond, Virginia	The Citizens National Bank of Emporia, Emporia, Virginia	4/28/78
First Bancorp, Inc., Corsicana, Texas	Clifton Bank, Clifton, Texas	4/19/78
First Gridley Bancorporation, Inc., Gridley, Illinois	First Bank & Trust Co. of Gridley, Gridley, Illinois	4/19/78

Section 3 - Continued

<i>Applicant</i>	<i>Bank(s)</i>	<i>Board action (effective date)</i>
First Steuben Bancorp, Inc., Toronto, Ohio	Community National Bank, Flushing, Ohio	4/26/78
United Michigan Corporation, Flint, Michigan	Community State Bank of Fowlerville, Fowlerville, Michigan	4/28/78

ORDER APPROVED UNDER BANK MERGER ACT

<i>Applicant</i>	<i>Bank(s)</i>	<i>Reserve Bank</i>	<i>Effective date</i>
Metropolitan Bank and Trust Company, Tampa, Florida	American Guaranty Bank, Tampa, Florida	Atlanta	4/27/78

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

<i>Applicant</i>	<i>Bank(s)</i>	<i>Reserve Bank</i>	<i>Effective date</i>
First Missouri Banks, Inc., Creve Coeur, Missouri	Montgomery County Bank, Montgomery City, Missouri	St. Louis	4/28/78

Section 4

<i>Applicant Bank(s)</i>	<i>Nonbanking company (or activity)</i>	<i>Reserve Bank</i>	<i>Effective date</i>
BancOhio Corporation, Columbus, Ohio	Franklinton Assurance Company, Phoenix, Arizona	Cleveland	4/6/78

## PENDING CASES INVOLVING THE BOARD OF GOVERNORS\*

- Hawkeye Bancorporation v. Board of Governors*, filed April 1978, U.S.C.A. for the Eighth Circuit.
- Dakota Bankshares, Inc. v. Board of Governors*, filed April 1978, U.S.C.A. for the Eighth Circuit.
- Citicorp v. Board of Governors*, filed March 1978, U.S.C.A. for the Second Circuit.
- Security Bancorp and Security National Bank v. Board of Governors*, filed March 1978, U.S.C.A. for the Ninth Circuit.
- Michigan National Corporation v. Board of Governors*, filed January 1978, U.S.C.A. for the Sixth Circuit.
- Wisconsin Bankers Association v. Board of Governors*, filed January 1978, U.S.C.A. for the District of Columbia.
- Gelfand v. Board of Governors*, filed December 1977, U.S.C.A. for the Fifth Circuit.
- Vickers-Henry Corp. v. Board of Governors*, filed December 1977, U.S.C.A. for the Ninth Circuit.
- Emch v. The United States of America, et al.*, filed November 1977, U.S.D.C. for the Eastern District of Wisconsin.
- Corbin v. Federal Reserve Bank of New York, Board of Governors, et al.*, filed October 1977, U.S.D.C. for the Southern District of New York.
- Central Bank v. Board of Governors*, filed October 1977, U.S.C.A. for the District of Columbia.
- Investment Company Institute v. Board of Governors*, filed September 1977, U.S.C.A. for the District of Columbia.
- Plaza Bank of West Port v. Board of Governors*, filed September 1977, U.S.C.A. for the Eighth Circuit.
- First State Bank of Abilene, Texas v. Board of Governors*, filed August 1977, U.S.C.A. for the District of Columbia.
- BankAmerica Corporation v. Board of Governors*, filed May 1977, U.S.D.C. for the Northern District of California.
- BankAmerica Corporation v. Board of Governors*, filed May 1977, U.S.C.A. for the Ninth Circuit.
- Central Wisconsin Bankshares, Inc. v. Board of Governors*, filed June 1976, U.S.C.A. for the Seventh Circuit.
- National Urban League, et al. v. Office of the Comptroller of the Currency, et al.*, filed April 1976, U.S.D.C. for the District of Columbia Circuit.
- Memphis Trust Company v. Board of Governors*, filed February 1976, U.S.D.C. for the Western District of Tennessee.
- First Lincolnwood Corporation v. Board of Governors*, filed February 1976, U.S.C.A. for the Seventh Circuit.
- Roberts Farms, Inc. v. Comptroller of the Currency, et al.*, filed November 1975, U.S.D.C. for the Southern District of California.
- Florida Association of Insurance Agents, Inc. v. Board of Governors, and National Association of Insurance Agents, Inc. v. Board of Governors*, filed August 1975, actions consolidated in U.S.C.A. for the Fifth Circuit.
- David R. Merrill, et al. v. Federal Open Market Committee of the Federal Reserve System*, filed May 1975, U.S.D.C. for the District of Columbia.
- Bankers Trust New York Corporation v. Board of Governors*, filed May 1973, U.S.C.A. for the Second Circuit.

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

# Announcements

## CHANGE IN DISCOUNT RATE

The Board of Governors of the Federal Reserve System has announced its approval of actions by the directors of the 12 Federal Reserve Banks, increasing the discount rate of those Banks from 6½ per cent to 7 per cent.

Action was taken in recognition of increases that have already occurred in other short-term interest rates, and this action will bring the discount rate into closer alignment with short-term rates generally.

The discount rate is the interest rate that member banks are charged when they borrow from their district Federal Reserve Banks.

The new rate was effective at the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and San Francisco on May 11, 1978, and at the Reserve Banks of Boston and Dallas on May 12, 1978.

## NEW TYPES OF TIME CERTIFICATES

Under action announced jointly by the Federal Home Loan Bank Board, the Federal Deposit Insurance Corporation, and the Federal Reserve Board, commercial banks, mutual savings banks, and savings and loan associations will be allowed to offer their customers two new types of time certificates at interest rates higher than those presently permitted.

The action, which is effective June 1, will provide more flexibility for financial institutions to compete for funds to assure an adequate flow of credit into housing, and to meet other borrowing needs.

The two instruments are (1) a short-term money market certificate with a ceiling interest rate that changes weekly for new deposits with changes in the average yield on new issues of 6-month Treasury bills, and (2) an 8-year certificate with a fixed maximum rate of interest.

Interest rates available on Treasury securities in the open market now exceed the maximum rates

that banks and savings and loan associations are permitted to pay on comparable deposit maturities. The two new certificates will provide these institutions with the tools to become more competitive with interest rates in the open market.

The action by the Federal Home Loan Bank Board applies to members of the Federal Home Loan Bank System, principally Federally insured savings and loan associations; that of the Federal Deposit Insurance Corporation to Federally insured mutual savings banks and commercial banks that are not members of the Federal Reserve System; and that of the Federal Reserve to commercial banks that are members of the Federal Reserve System, including all national banks.

The announcement was made after consultation among the three agencies and with the U.S. Treasury Department and the Comptroller of the Currency.

No change was made in the rates on passbook savings nor in the maximum permissible rates that may be paid by banks or savings and loan associations on time deposits ranging from 30 days to less than 8 years.

The main features of the two new instruments are:

1. *Money market certificates* will have many of the characteristics of a 6-month Treasury bill. They must be issued in minimum denominations of \$10,000 with a 6-month (26-week) maturity. The maximum permissible rate of interest that may be paid will be tied to the average (auction) yield for the 6-month Treasury bill in the most recent weekly auction.

Treasury bills are auctioned weekly, normally on Monday, and are issued three business days later, normally on Thursday. The ceiling rate on the money market certificates—which are nonnegotiable—will be adjusted each week effective on the day the new 6-month bills are issued. Commercial banks may pay a rate not to exceed the auction average (auction average on a discount basis), and savings and loan associations and mutual savings banks may pay ¼ of 1 per cent more. If a holiday falls on Monday, the auction is held the previous Friday.

The average yield on Treasury bills is an-

nounced by the Treasury Department late in the day of the auction. The average yield on 6-month Treasury bills auctioned May 8, 1978, was 6.986 per cent. Since institutions may offer this new certificate for the first time beginning June 1, the ceiling rate will be pegged initially to the Treasury bill auction to be held Friday, May 26.

2. *Long-term certificates* may be issued in minimum denominations of \$1,000 with maturities of 8 years or more at a maximum rate of 7<sup>3</sup>/<sub>4</sub> per cent for commercial banks and 8 per cent for savings and loan associations and mutual savings banks.

The introduction of an 8-year fixed-ceiling certificate will not only add to the ability of financial institutions to compete more effectively for funds but will also have the advantage of lengthening the deposit structure of institutions, thus contributing to greater stability in the cost and availability of funds.

Both the money market certificate and the new long-term certificate are subject to existing penalties for early withdrawal, namely a loss of 90 days' interest and the payment of any remaining interest at the passbook rate. All issuing institutions, however, are permitted to lend on the collateral of their time deposits, so long as the loan carries an interest rate at least 1 per cent higher than the rate being paid on the deposit pledged.

As a result of the joint action, the maximum permissible rate that may be paid by all depository institutions on new deposits of governmental units and individual retirement and Keogh Plan accounts will move to 8 per cent. This ceiling rate is fixed at the highest rate a Federally insured bank or savings and loan may pay on time deposits with maturities of more than 6 months (26 weeks). Rates on existing governmental, individual retirement, and Keogh Plan accounts may not be increased until they mature.

## REGULATION Q: Amendment

The Board of Governors on May 1, 1978, approved a plan that will permit individual customers of member banks to transfer funds automatically from their savings to their checking accounts.

Member banks may offer the new service beginning November 1, 1978. It will increase the convenience and efficiency of savings accounts and can be used to cover checking overdrafts or to maintain a minimum level of funds in a checking account.

The Board said that it will closely monitor the

flow of funds to thrift institutions and to banks after automatic transfer becomes effective, to determine what, if any, changes take place as a result of the action.

Automatic transfers will be possible only if arrangements are made in advance between the bank and the customer. Use of the service will be entirely voluntary on the part of the customer. Banks will be permitted, but not required, to offer the service.

The Board acted after extensive review of a record number of responses—1,380—to its proposal of the automatic transfer plan issued in early February. A majority of 721 (52 per cent) of the individuals, groups, governmental agencies, and institutions responding favored the proposal.

Customers making automatic transfer arrangements with their banks can avoid the substantial fees banks usually charge for overdraft checks. Similarly, customers using the service will be able to keep checking accounts at a pre-determined level to avoid check service charges. Participating depositors, as well as merchants and others to whom overdraft checks are written, can avoid the embarrassment of having such checks returned.

The automatic transfer service will be an alternative for depositors in member banks to two services already permitted under Board rules: transfers from savings by telephone and preauthorized bill payment. It will also be an alternative to plans under which banks automatically make loans to cover customers' checks.

The principal features of the automatic transfer service plan adopted by the Board are as follows:

1. Customers of banks offering arrangements for the automatic transfer of funds from savings to checking accounts may make an agreement with their bank for the transfer of funds to cover their checks or to maintain a pre-determined amount in their checking account. This means that without further instructions funds may be withdrawn from savings accounts and transferred to checking accounts to pay for checks for which there are insufficient funds in the customers' checking accounts.
2. No penalty—such as a forfeiture of interest or a service charge—will be required for automatic transfers, at least initially. The Board said, however, that competitive and other developments will remain under continuing review and will be considered again by the Board no later than November 1, 1979—a year after the effective date.
3. The service will be available only to individuals.
4. Automatic transfer service may be offered

beginning November 1, 1978. Banks will therefore have a reasonable period to evaluate the costs and benefits of the automatic transfer service and to prepare for an orderly introduction of the service, including possible service charges.

5. The service will be entirely voluntary on the part of both the bank and the customer and may be cancelled in accordance with the terms of the automatic transfer agreement between the bank and the customer. No transfers may be made without the customer's consent.

6. Participating banks are required to disclose prominently, and to call to the attention of depositors, the fact that the bank—as in the past—reserves the right in an automatic transfer plan to require not less than 30 days' notice of withdrawal from savings accounts.

7. Arrangements may be made between thrift institutions, such as savings and loan associations, and member banks for the automatic transfer of funds from the thrift institution to checking accounts in the commercial bank.

In addition to the expected benefits to individuals, there will be a saving that benefits the public at large through lower operational costs of the Federal Reserve System due to a reduction in the number of checks written on accounts with insufficient funds. Such checks must be returned to the bank on which they are written, and they involve costly hand processing and multiple handling.

Approval of the automatic transfer service as announced amends Regulation Q (Interest on Deposits). The Board has had the new service under consideration since it was first proposed in March 1976. The proposal was revised and issued for further comment in February of this year.

The proposal in February would have imposed on automatic transfers from savings a minimum forfeiture of interest equal to the amount of interest earned in the last 30 days on the sum transferred. Instead, the plan adopted by the Board imposes no penalty, at least initially.

In giving its approval to the automatic transfer plan, the Board said that in its view the service does not violate the prohibition against payment of interest on demand deposits since the key distinction between demand and savings deposits is preserved. This distinction, drawn in the Board's regulation, is that a bank must reserve the right to at least 30 days' notice prior to withdrawal of a savings deposit. Banks offering automatic transfer service are required to continue to reserve this right.

Further, the Board said that it has given serious consideration to competitive aspects, and it has

concluded that the automatic transfer service will not seriously affect the flow of funds to thrift institutions since this service is likely to affect most the division of commercial bank deposits among savings and demand deposits and is similar to preauthorized bill payment and telephone withdrawal services that both banks and savings and loan associations are now permitted to offer.

## IMPROVED FUNDS TRANSFERS AND CLEARING SERVICES

The Board of Governors has authorized Federal Reserve Banks to provide services necessary to tie together facilities for a nationwide network for making payments electronically rather than by check.

The Board also approved other Federal Reserve services to facilitate transfers of funds among member banks over a privately operated wire network.

The Board said it expects these actions to enhance and improve financial services to individuals and to financial institutions; to encourage the use of electronic movement of funds as a more efficient and less costly alternative to check payments; and to stimulate the development of nongovernmental services that will lower the cost of banking services to the public.

The Board said that it intends to publish a proposed schedule of charges for automated clearinghouse (ACH) services as soon as such a schedule can reasonably be developed. It is contemplated that such charges for ACH services will be considered in the context of possible charges for other Reserve Bank services. To achieve equity under such a program allowance might be made for balances held by users at Reserve Banks.

The services approved by the Board were proposed for public comment—which has been favorable—last December 27. They are:

1. Providing Federal Reserve clearing and settlement services for electronic payments made through local or regional automated clearinghouse associations. This will permit the connection of these facilities into a national network for making funds transfers electronically rather than by check.

2. Providing Federal Reserve net settlement services to member banks to complete transfers of funds made over a communications network known as Bankwire—owned by an association of banks.

*Bankwire* is operated by the Payment and Administrative Communications Corporation. It pro-

vides transfers of funds among some 200 banks throughout the country. Net settlement of Bankwire transfers by member banks will begin as soon as final arrangements are completed.

Under the terms of the arrangement with Bankwire, member banks will appoint Bankwire as their agent. Settlement for funds transfers over Bankwire will be made by crediting or debiting member bank reserve accounts. Bankwire is responsible for supplying the information needed to make settlement: net amounts to be credited or debited to the respective member banks.

Implementation of the nationwide exchange of payments among ACH's will begin in May and the program is expected to be operational by year-end.

*An automated clearinghouse association* is a local or regional association of banks and other depositories agreeing to initiate and receive among themselves electronic transfers of funds authorized by customers of member financial institutions. Such electronic transfers are made only on behalf of customers who request them. Depositors who prefer to use checks may continue to do so.

The Federal Reserve currently operates 32 automated clearinghouses. These consist of computers—used also for other Federal Reserve functions—where payment instructions recorded on magnetic tapes are sorted and cleared. The payment instructions are from customers of member banks and other financial institutions that are members of automated clearinghouse associations. At present, these electronic payments are generally cleared locally.

The planned nationwide connection of ACH's will make possible the interchange of electronic payments by some 9,000 banks and 1,000 thrift institutions that are members of the National Automated Clearing House Association. When the linkage has been made, a member bank or other financial institution that is a member of an automated clearinghouse association—for instance, in Dallas—will be able to present payment instructions on magnetic tape to the nearest Federal Reserve Bank's electronic clearinghouse. Such tapes bear instructions to make payments to financial institutions that are members of automated clearinghouse associations in other parts of the Nation. The Federal Reserve Bank that receives the electronically recorded payment instructions will sort them and forward them to their destinations.

This parallels the sorting and forwarding of payment instructions recorded on checks. But the electronically recorded payment instructions will

be forwarded over the Federal Reserve's communications system rather than by mail or courier.

The Federal Reserve office serving the area where payments are destined to be made—for instance, the San Francisco Federal Reserve Bank—will sort and forward the payment instructions to the indicated depositories. The depositories involved—in this example, members of the Dallas and the San Francisco clearinghouse associations—will debit the accounts of the customers who are making payments and credit the accounts of customers receiving payments.

Two recently initiated programs paved the way for and demonstrated the feasibility of such inter-district electronic payments. One is the ongoing Treasury program for direct deposit of recurring Federal payments. The other program was a pilot test of interregional electronic payment transfers conducted during most of last year by the Federal Reserve and the National Automated Clearing House Association.

The program approved by the Board does not alter the Treasury's direct deposit program.

## NEW CONSUMER PAMPHLET

*Truth in Leasing*, the latest in a series of consumer education pamphlets, is now available for public distribution.

The pamphlet gives a simplified explanation of the Consumer Leasing Act, which was intended to help consumers compare the cost of one lease with another or with the cost of buying for cash or on credit. It also covers the law's limits on balloon payments under open-end leases and the regulation of lease advertising.

Copies of *Truth in Leasing* may be obtained, singly or in bulk, free of charge from the Board of Governors in Washington or from any of the 12 Federal Reserve Banks. Requests should be addressed to the Board's Publications Services or to the Publication Departments at any of the Federal Reserve Banks.

## UNIFORM INTERAGENCY RATING SYSTEM FOR BANKS

The three Federal bank regulatory agencies have adopted a uniform interagency system for rating the condition and soundness of the Nation's commercial banks.

The new rating system is being implemented by the Federal Deposit Insurance Corporation (for

insured State-chartered banks that are not members of the Federal Reserve System), by the Board of Governors of the Federal Reserve System (for State chartered member banks), and by the Office of the Comptroller of the Currency (for national banks).

The new Uniform Interagency Bank Rating System has two main elements:

1. An assessment by Federal bank examiners of five critical aspects of a bank's operations and condition. These are: adequacy of the bank's capital; the quality of the bank's assets (its loans and investments); the ability of the bank's management and administration; the quantity and quality of the bank's earnings; and the level of its liquidity.

2. A combination of these basic factors into a composite over-all rating of the bank's condition and soundness. Banks will be placed in one of five groups, ranging from banks that are sound in almost every respect to those with excessive weaknesses requiring urgent aid.

The agencies agreed upon the qualitative characteristics that would place a bank in one or another of the five over-all groups, with composite rating group 1 being the best and group 5 being the weakest.

Until adoption of the uniform rating system the three agencies used systems with technical differences that made difficult meaningful reporting to the Congress on the over-all soundness of the Nation's banking system.

It is expected that agreement on what factors constitute the main characteristics of a bank's condition and soundness and on how these factors should be combined into an over-all rating will provide a basis for comparable judgments by supervisors about all Federally insured banks.

The Federal Deposit Insurance Corporation has indicated that it will continue to maintain its existing problem bank list for insurance exposure purposes.

## REGULATIONS D AND Q: Amendments

The Board of Governors has amended Regulation D (Reserves of Member Banks) and Regulation Q (Interest on Deposits) to facilitate the participation of member banks in a newly announced Treasury program for the handling of its funds in commercial banks and other depositories.

The new Treasury tax-and-loan investment program is designed to permit the Treasury to earn interest on its funds in commercial banks. Pre-

viously, these funds - which can be withdrawn at any time by the Treasury - have been treated as demand deposits, which may earn no interest.

The Treasury tax-and-loan investment program will enable the Treasury to invest its non-interest-bearing funds in interest-bearing notes of commercial banks.

The Board has amended its rules to provide that such notes will not be regarded as deposits subject to Regulation D or to Regulation Q.

The Board's action will be effective on July 6, 1978, as will the Treasury's tax-and-loan investment program.

## REGULATIONS G, T, AND U: Amendment

The Board of Governors has amended its requirements for inclusion of stocks in the Board's list of over-the-counter (OTC) stocks that are subject to margin requirements.

The amendments to Regulations G, T, and U (Securities Credit by Persons other than Banks, Brokers, or Dealers; Credit by Brokers and Dealers; and Credit by Banks for the Purpose of Purchasing or Carrying Margin Stocks) will affect the next list of OTC margin stocks that is expected to be published this fall by the Board.

The amendment requires that if a stock is to be included in the Board's OTC list, at least four dealers in it must regularly submit *bona fide* bids and offers for the stock to an automated quotation system, such as the National Association of Securities Dealers Automated Quotation System that links major brokers throughout the country. For the listing to be continued, three dealers must regularly submit such bids and offers.

Previously, stocks included on the list were those for which dealers regularly published *bona fide* bids and offers.

The Board had announced a proposal to make this change on March 14. Since comment was generally favorable, the proposal was adopted essentially unchanged.

## REGULATIONS D AND Q: Interpretation

The Board of Governors has announced adoption of an interpretation to Regulations D (Reserves of Member Banks) and Q (Interest on Deposits) that extends the kinds of bankers acceptances eligible for discount by Federal Reserve Banks.



The interpretation makes bankers acceptances secured by field warehouse receipts covering readily marketable goods eligible for discount. That is, such acceptances may be used as collateral for Federal Reserve loans to member banks.

The interpretation was adopted as proposed by the Board last December, with some technical changes based on comment received. Comment was generally favorable.

A 1933 interpretation by the Board had held that acceptances backed by field warehouse receipts were not eligible for discount and therefore could not be used as collateral for loans to member banks.

In reviewing the matter, the Board concluded that changes in commercial law and in commercial practices since 1933 had made revision of the interpretation desirable.

A bankers acceptance is primarily a time draft used to finance the shipment or storage of goods.

## REGULATION Z:

### Exemption of Consumer Leasing Laws

The Board of Governors had adopted criteria under which States may apply for exemption from the consumer leasing requirements of the Truth in Lending Act and the Board's Regulation Z (Truth in Lending).

A State may also apply to the Board for a determination that its law is not inconsistent with or pre-empted by the Federal consumer leasing law.

The main features of the criteria of State consumer leasing laws are the same as for exemptions for State laws from other provisions of the Truth in Lending Act and Regulation Z. These are:

A determination by the Board that the State law imposes requirements substantially similar to, or is more protective and confers greater consumer benefits than, the relevant Federal law.

A Board determination that the State law makes adequate provision for enforcement.

The Board may not determine that a State law is inconsistent with, or is pre-empted by, Federal law if the State law provides greater protection or benefits.

The Board also delegated authority to make these findings to the Director of the Board's Division of Consumer Affairs. The Director may not deny or revoke an exemption or make a finding of inconsistency.

## CHANGES IN BOARD STAFF

The Board of Governors has announced the following promotions in the Division of Federal Reserve Bank Examinations and Budgets, effective April 9, 1978.

Albert R. Hamilton from Associate Director to Director of the Division.

Clyde H. Farnsworth, Jr., from Assistant Director to Associate Director of the Division.

In addition, the Board has announced the retirement of Thomas E. Mead, Assistant Director, Division of Banking Supervision and Regulation on April 28, 1978.

## PROPOSED INTERPRETATION AND AMENDMENT

The Board of Governors has proposed a revised interpretation of its Regulation Z (Truth in Lending) to cover all cases in which a debt is repaid in payments of varying amounts. The Board asked for comment by May 24, 1978.

The Board has also proposed to amend its Regulation T (Credit by Brokers and Dealers) to permit a broker or dealer to extend and maintain credit on certain nonconvertible corporate bonds, with a 30 per cent margin requirement. The Board asked for comment by June 15, 1978.

## OFFICIAL STAFF INTERPRETATIONS: Revised Procedures

The Board of Governors has revised its procedure for issuing official staff interpretations of its Regulation B (Equal Credit Opportunity) and Regulation Z (Truth in Lending).

The Board said that it will issue all official staff interpretations of the regulations with an effective date 30 days after publication of the interpretation. Further, if an interpretation is challenged before the effective date, it will be reissued for public comment before final action is taken. The change in procedure was effective April 24, 1978.

The Board made the change after receiving a number of complaints about existing procedures, which has been to publish an official staff interpretation in the *Federal Register* within 2 weeks of issuance, to be effective upon publication. Those questioning this procedure have taken the

view that an official staff interpretation is a "rule," as defined in the Administrative Procedures Act, calling for general notice and opportunity for comment before becoming effective.

An official staff interpretation provides a defense to any creditor acting in good faith in conformity with it. Official staff interpretations are limited to clarifications of technical points, or other matters not involving significant policy implications. They may be appealed to the Board.

**SYSTEM MEMBERSHIP:  
Admission of State Banks**

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

*Oregon*

North Bend .....Northwest Commerce Bank

*Wyoming*

Rawlins .....Wyoming Bank of Rawlins

# Industrial Production

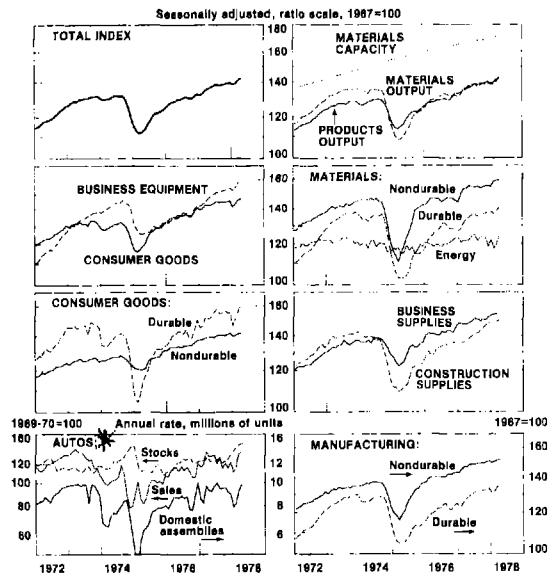
Released for publication May 15

Industrial production increased an estimated 1.1 per cent in April, following a rise of 1.3 per cent (revised) in March. About one-fourth of the April increase was due to further resumption of coal production following the end of the recent strike. Advances in output last month were widespread among most products and materials; particularly large gains occurred in automotive products, business equipment, and durable materials. At 142.5 per cent of the 1967 average, the April index is 2 per cent above the average for the first quarter when output was reduced by severe weather and strikes.

Output of consumer goods rose 0.8 per cent in April. Auto assemblies increased more than 6 per cent to an annual rate of 9.8 million units; production of other consumer goods increased only a little after large gains in the two preceding months. Output of business equipment advanced sharply for the third successive month, and production of construction supplies increased somewhat further in April.

Production of materials increased 1.6 per cent, following a sharp rise in March. Output of durable materials rose 1.7 per cent in April, reflecting increases in basic metal materials and parts for

equipment and consumer durable goods. However, production of nondurable materials increased only slightly further. Output of energy materials surged 3.8 per cent, as coal production returned to about normal following the strike settlement.



F.R. indexes, seasonally adjusted. Latest figures: April. \*Auto sales and stocks include imports.

Industrial production	1967 = 100*		Percentage change from preceding month to -						Percentage change 4/77 to 4/78
	1978		1977		1978				
	Mar. <sup>#</sup>	Apr. <sup>#</sup>	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
<b>Total</b> .....	<b>141.0</b>	<b>142.5</b>	.3	.3	-.6	.3	1.3	1.1	<b>4.7</b>
Products, total .....	141.5	142.6	.4	.6	-1.3	.8	1.4	.8	5.0
Final products .....	138.8	140.0	.4	.4	2.0	1.1	1.8	.9	4.4
Consumer goods .....	146.1	147.3	.2	.4	-2.7	1.3	1.7	.8	3.1
Durable .....	157.5	161.1	1.0	.4	6.0	3.3	4.1	2.3	6.3
Nondurable .....	141.5	141.8	.8	.4	-1.3	.5	.6	.2	1.7
Business equipment .....	157.4	158.9	.6	.3	-.9	1.0	2.1	1.0	8.0
Intermediate products .....	151.8	152.6	.4	1.3	.8	.1	.2	.5	7.2
Construction supplies .....	149.3	150.1	1.1	1.2	.6	.3	.4	.5	9.4
Materials .....	140.1	142.4	.1	-.1	.3	.4	1.1	1.6	4.3

\*Seasonally adjusted.

<sup>#</sup> Preliminary.

<sup>\*</sup> Estimated.

# Financial and Business Statistics

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Item	1977			1978	1977		1978		
	Q2	Q3	Q4	Q1	Nov.	Dec.	Jan.	Feb.	Mar.
Monetary and credit aggregates (annual rates of change, seasonally adjusted in per cent) <sup>1,2</sup>									
<b>Member bank reserves</b>									
1 Total	72.9	77.3	76.1	8.5	75.3	75.9	715.2	710.9	8.7
2 Required	73.5	76.8	76.3	8.3	73.9	78.0	712.7	711.8	7.4
3 Nonborrowed	71.8	71.7	73.5	14.5	720.9	716.1	718.3	713.7	- 6.2
<b>Concepts of money<sup>1</sup></b>									
4 M-1	8.1	8.1	7.2	5.0	0.4	7.2	9.6	- 1.1	3.5
5 M-2	9.0	9.9	8.0	6.4	5.4	5.7	8.9	4.4	5.3
6 M-3	10.2	11.9	10.6	7.4	7.8	7.6	8.7	5.5	6.1
<b>Time and savings deposits</b>									
Commercial banks:									
7 Total	8.3	10.3	13.0	13.1	18.3	10.9	12.3	713.7	11.4
8 Other than large CD's	9.7	11.2	8.5	7.5	9.3	4.6	8.4	8.4	6.5
9 Thrift institutions <sup>2</sup>	11.9	15.0	14.4	8.8	11.2	10.3	8.5	76.9	7.5
10 Total loans and investments at commercial banks <sup>3</sup>	13.3	9.8	9.3	8.5	11.8	0.7	12.1	10.1	9.1
Interest rates (levels, per cent per annum)									
Short-term rates									
11 Federal funds <sup>4</sup>	5.16	5.82	6.51	6.76	6.56	6.70	6.78	6.79	6.89
12 Federal Reserve discount <sup>5</sup>	5.25	5.42	5.93	6.46	6.00	6.37	6.50	6.50	6.50
13 Treasury bills (3-month market yield) <sup>6</sup>	4.84	5.50	6.11	6.39	6.07	6.44	6.45	6.29	6.29
14 Commercial paper (90- to 119-day) <sup>7</sup>	5.15	5.74	6.56	6.76	6.61	6.75	6.76	6.75	6.82
Long-term rates									
Bonds:									
15 U.S. Govt. <sup>8</sup>	7.68	7.60	7.78	8.19	7.87	8.14	8.22	8.21	8.32
16 State and local government <sup>9</sup>	5.70	5.59	5.57	5.65	5.57	5.71	5.62	5.61	5.80
17 Aaa utility (new issue) <sup>10</sup>	8.21	8.09	8.27	8.70	8.34	8.68	8.69	8.71	8.90
18 Conventional mortgages <sup>11</sup>	8.95	9.00	9.05	9.23	9.10	9.15	9.25	79.30	9.40

<sup>1</sup> M-1 equals currency plus private demand deposits adjusted.  
<sup>2</sup> M-2 equals M-1 plus bank time and savings deposits other than large negotiable certificates of deposit (CD's).  
<sup>3</sup> M-3 equals M-2 plus deposits at mutual savings banks, savings and loan associations, and credit union shares.  
<sup>4</sup> Savings and loan associations, mutual savings banks, and credit unions.  
<sup>5</sup> Quarterly changes calculated from figures shown in Table 1.2.3.  
<sup>6</sup> Seven-day averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).  
<sup>7</sup> Rate for the Federal Reserve Bank of New York.  
<sup>8</sup> Quoted on a bank-discount rate basis.

<sup>7</sup> Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by these dealers.  
<sup>8</sup> Market yields adjusted to a 20-year maturity by the U.S. Treasury.  
<sup>9</sup> Bond Buyer series for 20 issues of mixed quality.  
<sup>10</sup> 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.  
<sup>11</sup> 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.  
<sup>12</sup> Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter.

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for weeks ending—						
	1978			1978						
	Feb.	Mar.	Apr. <sup>a</sup>	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr. 12	Apr. 19 <sup>b</sup>	Apr. 26 <sup>b</sup>
<b>SUPPLYING RESERVE FUNDS</b>										
1 Reserve Bank credit outstanding....	115,227	114,848	116,841	112,254	116,460	117,211	116,520	114,241	116,467	118,551
2 U.S. Govt. securities <sup>1</sup> .....	98,739	99,573	101,345	97,548	100,955	101,498	101,286	99,211	101,451	102,452
3 Bought outright.....	98,032	98,436	100,851	97,548	99,585	99,058	99,195	99,211	101,451	102,228
4 Held under repurchase agreement.....	707	1,137	494	.....	1,370	2,440	2,091	.....	.....	224
5 Federal agency securities.....	8,069	8,217	8,013	7,944	8,334	8,515	8,278	7,929	7,929	7,967
6 Bought outright.....	7,982	7,948	7,929	7,944	7,935	7,929	7,929	7,929	7,929	7,929
7 Held under repurchase agreement.....	87	269	84	.....	399	586	349	.....	.....	38
8 Acceptances.....	106	279	137	.....	378	573	589	.....	.....	31
9 Loans.....	405	344	539	.....	280	385	304	.....	.....	809
10 Float.....	5,347	4,261	4,054	4,482	4,101	3,993	3,701	4,339	4,111	4,296
11 Other Federal Reserve assets.....	2,561	2,174	2,753	2,032	2,412	2,248	2,362	2,592	2,737	2,997
12 Gold stock.....	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718
13 Special Drawing Rights certificate account.....	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
14 Treasury currency outstanding.....	11,423	11,460	11,500	11,459	11,461	11,470	11,464	11,494	11,497	11,512
<b>ABSORBING RESERVE FUNDS</b>										
15 Currency in circulation.....	101,190	102,017	103,258	102,048	102,168	102,322	102,655	103,389	103,555	103,251
16 Treasury cash holdings.....	389	394	393	393	395	396	395	397	390	388
Deposits, other than member bank reserves with F.R. Banks:										
17 Treasury.....	5,707	4,705	5,001	2,555	5,394	6,528	5,441	3,905	3,412	6,321
18 Foreign.....	297	303	345	311	263	282	371	258	333	339
19 Other <sup>2</sup> .....	772	740	738	830	797	676	773	741	701	772
20 Other F.R. liabilities and capital....	3,926	3,962	3,741	4,207	4,148	3,907	3,766	3,543	3,724	3,794
21 Member bank reserves with F.R. Banks.....	27,337	27,155	27,833	26,338	27,725	27,539	27,552	26,471	28,817	28,167
<b>End-of-month figures</b>										
<b>1978</b>										
	Feb.	Mar.	Apr. <sup>a</sup>	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr. 12	Apr. 19 <sup>b</sup>	Apr. 26 <sup>b</sup>
<b>SUPPLYING RESERVE FUNDS</b>										
22 Reserve Bank credit outstanding....	112,134	115,932	119,664	113,281	116,317	118,231	113,774	113,366	118,221	121,354
23 U.S. Govt. securities <sup>1</sup> .....	98,450	101,577	103,500	96,777	100,747	102,443	96,941	97,977	101,168	103,923
24 Bought outright.....	98,450	99,890	102,768	96,777	99,984	99,160	96,539	97,977	101,168	102,357
25 Held under repurchase agreement.....	.....	1,687	732	.....	763	3,283	402	.....	.....	1,566
26 Federal agency securities.....	7,982	8,193	8,064	7,938	8,189	8,761	8,028	7,929	7,929	8,192
27 Bought outright.....	7,982	7,929	7,929	7,938	7,929	7,929	7,929	7,929	7,929	7,929
28 Held under repurchase agreement.....	.....	264	135	.....	260	832	99	.....	.....	263
29 Acceptances.....	.....	770	290	.....	181	607	193	.....	.....	216
30 Loans.....	304	332	1,751	413	356	364	159	.....	.....	1,764
31 Float.....	3,499	2,732	2,898	6,082	4,526	3,737	6,153	4,747	5,686	4,276
32 Other Federal Reserve assets.....	1,899	2,328	3,161	2,071	2,318	2,319	2,300	2,542	2,882	2,983
33 Gold stock.....	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718
34 Special Drawing Rights certificate account.....	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
35 Treasury currency outstanding.....	11,396	11,441	11,516	11,461	11,464	11,480	11,483	11,497	11,497	11,516
<b>ABSORBING RESERVE FUNDS</b>										
36 Currency in circulation.....	101,369	102,392	103,133	102,406	102,471	102,728	103,213	103,858	103,649	103,520
37 Treasury cash holdings.....	388	393	390	396	391	396	397	397	388	386
Deposits, other than member bank reserves with F.R. Banks:										
38 Treasury.....	3,615	4,705	7,177	1,582	6,689	4,389	4,938	2,595	6,625	8,729
39 Foreign.....	445	352	481	300	248	276	585	268	249	460
40 Other <sup>2</sup> .....	698	740	684	941	631	765	751	759	709	796
41 Other F.R. liabilities and capital....	3,933	3,860	4,080	4,578	3,901	3,889	3,457	3,654	3,760	3,879
42 Member bank reserves with F.R. Banks.....	26,047	27,900	28,203	27,507	26,419	30,236	24,884	26,301	27,306	28,069

<sup>1</sup> Includes securities loaned—fully guaranteed by U.S. Govt. securities pledged with F.R. Banks—and excludes (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.  
<sup>2</sup> Includes certain deposits of foreign-owned banking institutions

voluntarily held with member banks and redeposited in full with Federal Reserve Banks.

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

## 1.12 RESERVES AND BORROWINGS Member Banks

Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1976	1977					1978			
	Dec.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. <sup>a</sup>
<b>All member banks</b>										
Reserves:										
1 At F.R. Banks.....	26,430	26,373	26,152	26,933	26,783	27,057	28,129	27,337	27,155	27,833
2 Currency and coin.....	8,548	8,712	8,887	8,820	8,932	9,351	9,980	9,320	8,992	9,031
3 Total held <sup>1</sup> .....	35,136	35,186	35,156	35,860	35,782	36,471	38,185	36,738	36,231	36,944
4 Required.....	34,964	34,987	34,965	35,521	35,647	36,297	37,880	36,605	35,925	36,814
5 Excess <sup>1</sup> .....	172	199	191	339	135	174	305	133	306	130
Borrowings at F.R. Banks: <sup>2</sup>										
6 Total.....	62	1,071	634	1,319	840	558	481	405	344	539
7 Seasonal.....	12	101	112	114	83	54	32	52	47	43
<b>Large banks in New York City</b>										
8 Reserves held.....	6,520	6,272	6,025	6,175	6,181	6,244	6,804	6,563	6,276	6,184
9 Required.....	6,602	6,247	6,022	6,120	6,175	6,279	6,775	6,584	6,193	6,309
10 Excess.....	-82	25	3	55	6	-35	29	-21	83	-125
11 Borrowings <sup>2</sup> .....	15	157	75	133	132	48	77	12	21	61
<b>Large banks in Chicago</b>										
12 Reserves held.....	1,632	1,653	1,655	1,666	1,607	1,593	1,733	1,623	1,629	1,665
13 Required.....	1,641	1,622	1,634	1,656	1,609	1,613	1,684	1,633	1,620	1,695
14 Excess.....	-9	31	21	10	-2	-20	49	-10	9	-30
15 Borrowings <sup>2</sup> .....	4	5	12	24	23	26	14	.....	11	11
<b>Other large banks</b>										
16 Reserves held.....	13,117	13,290	13,362	13,711	13,607	13,993	14,487	13,867	13,729	14,143
17 Required.....	13,053	13,270	13,355	13,598	13,602	13,931	14,504	13,861	13,662	14,075
18 Excess.....	64	20	7	113	5	62	-17	6	67	68
19 Borrowings <sup>2</sup> .....	14	530	183	681	355	243	164	150	92	249
<b>All other banks</b>										
20 Reserves held.....	13,867	13,971	14,114	14,308	14,387	14,641	15,161	14,685	14,597	14,799
21 Required.....	13,668	13,848	13,954	14,147	14,261	14,474	14,917	14,527	14,450	14,735
22 Excess.....	199	123	160	161	126	167	244	158	147	64
23 Borrowings <sup>2</sup> .....	29	379	364	481	330	241	226	243	220	218
	Weekly averages of daily figures for weeks ending—									
	1978									
	Feb. 22	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr. 12	Apr. 19 <sup>b</sup>	Apr. 26 <sup>b</sup>
<b>All member banks</b>										
Reserves:										
24 At F.R. Banks.....	28,035	26,961	26,468	26,338	27,725	27,539	27,552	26,471	28,817	28,167
25 Currency and coin.....	8,554	9,085	9,111	9,558	8,458	8,842	8,935	9,356	8,887	8,797
26 Total held <sup>1</sup> .....	36,672	36,132	35,664	35,981	36,267	36,463	36,566	35,904	37,786	37,046
27 Required.....	36,380	36,012	35,400	35,850	36,119	36,215	36,291	35,916	37,437	37,011
28 Excess <sup>1</sup> .....	292	120	264	131	148	248	275	-12	349	35
Borrowings at F.R. Banks: <sup>2</sup>										
29 Total.....	446	391	395	248	280	385	304	171	239	809
30 Seasonal.....	53	58	47	41	47	52	45	37	36	49
<b>Large banks in New York City</b>										
31 Reserves held.....	6,734	6,213	5,964	6,420	6,200	6,258	6,220	6,168	6,631	6,116
32 Required.....	6,692	6,233	5,990	6,334	6,229	6,199	6,241	6,114	6,657	6,172
33 Excess.....	42	-20	-26	86	-29	59	-21	54	-26	-56
34 Borrowings <sup>2</sup> .....	.....	11	77	5	.....	.....	.....	.....	.....	59
<b>Large banks in Chicago</b>										
35 Reserves held.....	1,591	1,550	1,573	1,628	1,641	1,712	1,683	1,638	1,797	1,639
36 Required.....	1,589	1,565	1,559	1,621	1,648	1,648	1,660	1,650	1,826	1,631
37 Excess.....	2	-15	14	7	-7	64	23	-12	-29	8
38 Borrowings <sup>2</sup> .....	.....	49	.....	.....	.....	.....	.....	.....	41	1
<b>Other large banks</b>										
39 Reserves held.....	13,671	13,692	13,607	13,432	13,858	13,845	13,956	13,620	14,483	14,036
40 Required.....	13,595	13,719	13,476	13,537	13,748	13,830	13,827	13,766	14,284	14,173
41 Excess.....	76	-27	131	-105	110	15	129	-146	199	-137
42 Borrowings <sup>2</sup> .....	177	60	82	83	75	128	79	55	63	521
<b>All other banks</b>										
43 Reserves held.....	14,676	14,677	14,520	14,501	14,568	14,648	14,707	14,478	14,700	15,066
44 Required.....	14,504	14,495	14,375	14,358	14,494	14,538	14,563	14,386	14,670	15,035
45 Excess.....	172	182	145	143	74	110	144	92	30	31
46 Borrowings <sup>2</sup> .....	269	271	236	160	205	257	225	116	135	228

<sup>1</sup> Adjusted to include waivers of penalties for reserve deficiencies in accordance with Board policy, effective Nov. 19, 1975, of permitting transitional relief on a graduated basis over a 24-month period when a nonmember bank merges into an existing member bank, or when a

nonmember bank joins the Federal Reserve System. For weeks for which figures are preliminary, figures by class of bank do not add to total because adjusted data by class are not available.

<sup>2</sup> Based on closing figures.



1.13 FEDERAL FUNDS TRANSACTIONS Money Market Banks

Millions of dollars, except as noted

Type	1978, week ending --									
	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	April 5	April 12	April 19	April 26	
Total, 46 banks										
<b>Basic reserve position</b>										
1 Excess reserves <sup>1</sup> .....	4	109	4	26	144	282	36	107	-24	
<b>LESS:</b>										
2 Borrowings at F.R. Banks.....	50	77	4	6	42	16	7	41	300	
3 Net interbank Federal funds transactions.....	16,450	18,764	19,309	19,027	14,849	17,322	22,855	20,233	17,699	
<b>EQUALS: Net surplus, or deficit (-):</b>										
4 Amount.....	-16,496	-18,732	-19,309	-19,007	-14,748	-17,056	-22,826	-20,167	-18,023	
5 Per cent of average required reserves.....	108.6	126.8	127.2	124.3	96.7	112.0	150.2	124.4	117.0	
<b>Interbank Federal funds transactions</b>										
<b>Gross transactions:</b>										
6 Purchases.....	23,555	26,121	25,948	26,936	23,573	25,649	29,580	27,442	24,398	
7 Sales.....	7,106	7,357	6,639	7,909	8,724	8,327	6,726	7,209	6,699	
8 Two-way transactions <sup>2</sup> .....	5,364	5,531	4,673	4,920	5,419	6,011	5,734	5,547	5,310	
<b>Net transactions:</b>										
9 Purchases of net buying banks.....	18,191	20,590	21,275	22,016	18,155	19,638	23,846	21,895	19,088	
10 Sales of net selling banks.....	1,741	1,827	1,967	2,989	3,306	2,316	992	1,662	1,389	
<b>Related transactions with U.S. Govt. securities dealers</b>										
11 Loans to dealers <sup>3</sup> .....	2,891	4,120	4,601	3,360	2,147	3,360	4,095	3,508	3,371	
12 Borrowing from dealers <sup>4</sup> .....	1,899	1,787	1,757	2,184	2,780	2,428	2,014	2,049	2,575	
13 Net loans.....	993	2,333	2,844	1,176	-633	932	2,081	1,458	796	
8 banks in New York City										
<b>Basic reserve position</b>										
14 Excess reserves <sup>1</sup> .....	14	-6	30	-20	43	16	72	8	37	
<b>LESS:</b>										
15 Borrowings at F.R. Banks.....		77							59	
16 Net interbank Federal funds transactions.....	4,849	6,848	7,567	7,505	5,552	6,399	8,296	6,343	5,334	
<b>EQUALS: Net surplus, or deficit (-):</b>										
17 Amount.....	-4,836	-6,932	-7,537	-7,525	-5,510	-6,383	-8,224	-6,336	-5,356	
18 Per cent of average required reserves.....	84.7	126.8	130.5	132.2	97.9	112.5	148.2	103.8	95.6	
<b>Interbank Federal funds transactions</b>										
<b>Gross transactions:</b>										
19 Purchases.....	5,891	7,525	8,216	8,235	6,175	7,360	8,993	7,585	6,132	
20 Sales.....	1,042	677	650	730	623	961	698	1,242	798	
21 Two-way transactions <sup>2</sup> .....	830	677	649	730	623	953	698	673	798	
<b>Net transactions:</b>										
22 Purchases of net buying banks.....	5,061	6,848	7,567	7,505	5,552	6,408	8,296	6,912	5,334	
23 Sales of net selling banks.....	212					8		569		
<b>Related transactions with U.S. Govt. securities dealers</b>										
24 Loans to dealers <sup>3</sup> .....	1,484	2,340	2,620	1,874	1,015	1,920	2,831	2,345	2,032	
25 Borrowing from dealers <sup>4</sup> .....	926	966	1,971	1,003	1,228	1,198	1,419	1,496	1,514	
26 Net loans.....	558	1,374	1,650	871	-213	722	1,412	848	518	
38 banks outside New York City										
<b>Basic reserve position</b>										
27 Excess reserves <sup>1</sup> .....	-10	115	-26	46	101	266	-36	100	-61	
<b>LESS:</b>										
28 Borrowings at F.R. Banks.....	50		4	6	42	16	7	41	241	
29 Net interbank Federal funds transactions.....	11,600	11,915	11,742	11,522	9,297	10,923	14,559	13,890	12,356	
<b>EQUALS: Net surplus, or deficit (-):</b>										
30 Amount.....	-11,660	-11,801	-11,772	-11,482	-9,238	-10,673	-14,602	-13,831	-12,667	
31 Per cent of average required reserves.....	126.7	126.7	125.2	119.6	96.0	111.6	151.4	136.9	129.2	
<b>Interbank Federal funds transactions</b>										
<b>Gross transactions:</b>										
32 Purchases.....	17,664	18,596	17,732	18,701	17,399	18,289	20,587	19,857	18,266	
33 Sales.....	6,064	6,680	5,990	7,179	8,012	7,366	6,028	5,967	5,901	
34 Two-way transactions <sup>2</sup> .....	4,534	4,854	4,024	4,190	4,796	5,058	5,037	4,874	4,512	
<b>Net transactions:</b>										
35 Purchases of net buying banks.....	13,130	13,742	13,708	14,511	12,603	13,231	15,550	14,983	13,755	
36 Sales of net selling banks.....	1,529	1,827	1,967	2,989	3,306	2,308	992	1,093	1,389	
<b>Related transactions with U.S. Govt. securities dealers</b>										
37 Loans to dealers <sup>3</sup> .....	1,407	1,780	1,981	1,487	1,132	1,439	1,264	1,163	1,339	
38 Borrowing from dealers <sup>4</sup> .....	973	821	787	1,181	1,552	1,229	596	553	1,061	
39 Net loans.....	435	959	1,194	306	-420	210	668	610	278	

For notes see end of table.

## I.13 Continued

Type	1978, week ending									
	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	April 5	April 12	April 19	April 26	
5 banks in City of Chicago										
<b>Basic reserve position</b>										
40 Excess reserves <sup>1</sup> .....	1	12	15	2	66	61		1	3	
LESS:										
41 Borrowings at F.R. Banks.....	49							41		
42 Net interbank Federal funds transactions.....	5,377	5,433	5,172	5,806	5,053	5,658	6,815	6,425	5,654	
EQUALS: Net surplus, or deficit (-):										
43 Amount.....	-5,427	-5,421	-5,157	-5,804	-4,988	5,597	6,814	-6,464	5,651	
44 Per cent of average required reserves.....	372.3	373.7	340.8	377.2	323.9	361.0	442.5	386.6	371.6	
<b>Interbank Federal funds transactions</b>										
Gross transactions:										
45 Purchases.....	6,420	6,660	6,053	6,889	6,590	6,705	7,541	7,332	6,729	
46 Sales.....	1,043	1,227	882	1,083	1,536	1,047	726	907	1,075	
47 Two-way transactions <sup>2</sup> .....	1,043	1,227	882	1,083	1,536	1,047	726	907	1,075	
Net transactions:										
48 Purchases of net buying banks.....	5,377	5,433	5,171	5,806	5,054	5,658	6,815	6,425	5,654	
49 Sales of net selling banks.....										
<b>Related transactions with U.S. Govt. securities dealers</b>										
50 Loans to dealers <sup>3</sup> .....	254	390	426	357	255	499	393	285	193	
51 Borrowing from dealers <sup>4</sup> .....	333	256	242	313	596	159	58	61	220	
52 Net loans.....	-79	135	183	44	-342	339	336	224	27	
33 other banks										
<b>Basic reserve position</b>										
53 Excess reserves <sup>1</sup> .....	109	103	41	44	35	206	-37	98	-64	
LESS:										
54 Borrowings at F.R. Banks.....	1		4	6	42	16	7		241	
55 Net interbank Federal funds transactions.....	6,223	6,483	6,570	5,716	4,243	5,265	7,744	7,465	6,711	
EQUALS: Net surplus, or deficit (-):										
56 Amount.....	-6,232	-6,379	-6,615	-5,678	-4,251	-5,075	-7,788	-7,367	7,016	
57 Per cent of average required reserves.....	77.7	81.2	83.8	70.5	52.6	63.4	96.1	87.4	84.7	
<b>Interbank Federal funds transactions</b>										
Gross transactions:										
58 Purchases.....	11,244	11,936	11,679	11,812	10,809	11,584	13,046	12,525	11,537	
59 Sales.....	5,021	5,453	5,108	6,097	6,565	6,319	5,302	5,060	4,826	
60 Two-way transactions <sup>2</sup> .....	3,491	3,627	3,143	3,108	3,260	4,011	4,311	2,967	3,436	
Net transactions:										
61 Purchases of net buying banks.....	7,752	8,309	8,536	8,705	7,549	7,573	8,736	8,558	8,101	
62 Sales of net selling banks.....	1,529	1,827	1,967	2,989	3,306	2,308	992	1,093	1,389	
<b>Related transactions with U.S. Govt. securities dealers</b>										
63 Loans to dealers <sup>3</sup> .....	1,153	1,389	1,555	1,130	877	941	871	878	1,147	
64 Borrowing from dealers <sup>4</sup> .....	640	565	544	868	956	1,070	538	492	841	
65 Net loans.....	513	824	1,011	261	-79	129	333	386	305	

<sup>1</sup> 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.

<sup>2</sup> 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.

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

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

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Per cent per annum

Federal Reserve Bank	Current and previous levels											
	Loans to member banks—									Loans to all others under Sec. 13, last par. <sup>4</sup>		
	Under Secs. 13 and 13a <sup>1</sup>			Under Sec. 10(b) <sup>2</sup>								
				Regular rate			Special rate <sup>3</sup>					
Rate on 4/30/78	Effective date	Previous rate	Rate on 4/30/78	Effective date	Previous rate	Rate on 4/30/78	Effective date	Previous rate	Rate on 4/30/78	Effective date	Previous rate	
Boston	6½	1/10/78	6	7	1/10/78	6½	7½	1/10/78	7	9½	1/10/78	9
New York	6½	1/9/78	6	7	1/9/78	6½	7½	1/9/78	7	9½	1/9/78	9
Philadelphia	6½	1/20/78	6	7	1/20/78	6½	7½	1/20/78	7	9½	1/20/78	9
Cleveland	6½	1/20/78	6	7	1/20/78	6½	7½	1/20/78	7	9½	1/20/78	9
Richmond	6½	1/13/78	6	7	1/13/78	6½	7½	1/13/78	7	9½	1/13/78	9
Atlanta	6½	1/16/78	6	7	1/16/78	6½	7½	1/16/78	7	9½	1/16/78	9
Chicago	6½	1/9/78	6	7	1/9/78	6½	7½	1/9/78	7	9½	1/9/78	9
St. Louis	6½	1/13/78	6	7	1/13/78	6½	7½	1/13/78	7	9½	1/13/78	9
Minneapolis	6½	1/10/78	6	7	1/10/78	6½	7½	1/10/78	7	9½	1/10/78	9
Kansas City	6½	1/10/78	6	7	1/10/78	6½	7½	1/10/78	7	9½	1/10/78	9
Dallas	6½	1/13/78	6	7	1/13/78	6½	7½	1/13/78	7	9½	1/13/78	9
San Francisco	6½	1/13/78	6	7	1/13/78	6½	7½	1/13/78	7	9½	1/13/78	9

Range of rates in recent years<sup>5</sup>

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1970.....	5½	5½	1973—Jan. 15.....	5	5	1975—Jan. 6.....	7¼-7¾	7¾
1971—Jan. 8.....	5¼-5½	5¼	Feb. 26.....	5-5½	5¼	10.....	7¼-7¾	7¼
15.....	5¼	5¼	Mar. 2.....	5½	5½	24.....	7¼	7¼
19.....	5-5¼	5¼	Apr. 23.....	5½-5¾	5½	5.....	6¾-7¼	6¾
22.....	5-5¾	5	May 4.....	5¾	5¾	7.....	6¾	6¾
29.....	5	5	11.....	5¾-6	6	Mar. 10.....	6¾-6¾	6¼
Feb. 13.....	4¾-5	5	18.....	6	6	14.....	6¼	6¼
19.....	4¾	4¾	June 11.....	6-6½	6½	May 16.....	6-6¼	6
July 16.....	4¾-5	5	15.....	6½	6½	23.....	6	6
23.....	5	5	July 2.....	7	7	1976—Jan. 19.....	5½-6	5½
Nov. 11.....	4¾-5	5	Aug. 14.....	7-7½	7½	23.....	5½	5½
19.....	4¾	4¾	23.....	7½	7½	Nov. 22.....	5½-5½	5¼
Dec. 13.....	4½-4¾	4¾	1974—Apr. 25.....	7½-8	8	26.....	5¼	5¼
17.....	4½-4¾	4½	30.....	8	8	1977—Aug. 30.....	5¼-5¾	5¼
24.....	4½	4½	Dec. 9.....	7¾-8	7¾	31.....	5¼-5¾	5¾
			16.....	7¾	7¾	Sept. 2.....	5¾	5¾
						Oct. 26.....	6	6
						1978—Jan. 9.....	6-6½	6½
						20.....	6½	6½
						In effect Apr. 30, 1978....	6½	6½

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

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

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

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

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

1.15 MEMBER BANK RESERVE REQUIREMENTS<sup>1</sup>

Per cent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect Apr. 30, 1978		Previous requirements	
	Per cent	Effective date	Per cent	Effective date
Net demand: <sup>2</sup>				
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.....	16¾	12/30/76	16½	2/13/75
Time: <sup>2,3</sup>				
Savings.....	3	3/16/67	3½	3/2/67
Other time:				
0-5, maturing in--				
30-179 days.....	3	3/16/67	3½	3/2/67
180 days to 4 years.....	4 2½	1/8/76	3	3/16/67
4 years or more.....	4 1	10/30/75	3	3/16/67
Over 5, maturing in--				
30-179 days.....	6	12/12/74	5	10/1/70
180 days to 4 years.....	4 2½	1/8/76	3	12/12/74
4 years or more.....	4 1	10/30/75	3	12/12/74
	Legal limits, Apr. 30, 1978			
	Minimum		Maximum	
Net demand:				
Reserve city banks.....	10		22	
Other banks.....	7		14	
Time.....	3		10	

<sup>1</sup> 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.

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

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

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

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

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

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

**1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions**  
 Per cent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Apr. 30, 1978		Previous maximum		In effect Apr. 30, 1978		Previous maximum	
	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date
1 Savings.....	5	7/1/73	4½	1/21/70	5¼	(6)	5	(7)
2 Negotiable order of withdrawal (NOW) accounts <sup>1</sup> .....	5	1/1/74			5	1/1/74		
Time (multiple- and single-maturity unless otherwise indicated): <sup>2</sup>								
30-89 days:								
4 Multiple-maturity.....	5	7/1/73	4½	1/21/70	(8)		(8)	
4 Single-maturity.....	5	7/1/73	5	9/26/66	(8)		(8)	
90 days to 1 year:								
5 Multiple-maturity.....	5½	7/1/73	5	7/20/66	5½	(6)	5¼	1/21/70
6 Single-maturity.....	5½	7/1/73	5	9/26/66	5½	(6)	5¼	1/21/70
7 1 to 2 years <sup>3</sup> .....	6	7/1/73	5½	1/21/70	6½	(6)	5¼	1/21/70
8 2 to 2½ years <sup>3</sup> .....	6	7/1/73	5½	1/21/70	6½	(6)	5	1/21/70
9 2½ to 4 years <sup>3</sup> .....	6½	7/1/73	5½	1/21/70	6½	(6)	6	1/21/70
10 4 to 6 years <sup>4</sup> .....	7¼	11/1/73	(9)		7½	11/1/73	(9)	
11 6 years or more <sup>4</sup> .....	7½	12/23/74	7¼	11/1/73	7½	12/23/74	7½	11/1/73
12 Governmental units (all maturities).....	7¼	12/23/74	7½	11/27/74	7¼	12/23/74	7½	11/27/74
13 Individual retirement accounts and Keogh (I.R. 10) plans <sup>5</sup> .....	7¼	7/6/77	(8)		7¼	7/6/77	(8)	

1 For authorized States only. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks were first permitted to offer NOW accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976.

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

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

4 \$1,000 minimum except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (I.R. 10) Plan established pursuant to the Internal Revenue Code. The \$1,000 minimum requirement was removed for such accounts in December 1975 and November 1976, respectively.

5 3-year minimum maturity.

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

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

8 No separate account category.

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

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

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

**1.161 MARGIN REQUIREMENTS**

Per cent of market value; effective dates shown.

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

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

difference between the market value (100 per cent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

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

## 1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars.

Type of transaction	1975	1976	1977	1977				1978		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
<b>U.S. GOVT. SECURITIES</b>										
<b>Outright transactions (excl. matched sale-purchase transactions)</b>										
<b>Treasury bills:</b>										
1 Gross purchases.....	11,562	14,343	13,738	2,005			3,109	696	379	748
2 Gross sales.....	5,599	8,462	7,241	303	1,877	436	311	1,323	1,974	50
3 Redemptions.....	26,431	25,017	2,136	317		300			1,100	31
<b>Others within 1 year:<sup>1</sup></b>										
4 Gross purchases.....	3,886	472	3,017	2,616			99	56		288
5 Gross sales.....										
6 Exchange, or maturity shift.....	-4	792	4,499	320	-45	1,352	623	-511	-653	261
7 Redemptions.....	3,549		2,500		2,500					
<b>1 to 5 years:</b>										
8 Gross purchases.....	23,284	23,202	2,833	681			628	311		813
9 Gross sales.....		177								
10 Exchange, or maturity shift.....	3,854	-2,588	6,649	-320	45	-1,267	623	511	1,109	-261
<b>5 to 10 years:</b>										
11 Gross purchases.....	1,510	1,048	758	96			166	89		370
12 Gross sales.....										
13 Exchange, or maturity shift.....	-4,697	1,572	584			-325			-906	
<b>Over 10 years:</b>										
14 Gross purchases.....	1,070	642	553	128			108	100		147
15 Gross sales.....										
16 Exchange, or maturity shift.....	848	225	1,565			240			450	
<b>All maturities:<sup>1</sup></b>										
17 Gross purchases.....	221,313	219,707	20,898	5,526			4,110	1,252	379	2,367
18 Gross sales.....	5,599	8,639	7,241	303	1,877	436	311	1,323	1,974	50
19 Redemptions.....	29,980	25,017	4,636	317	2,500	300			1,100	31
<b>Matched sale-purchase transactions</b>										
20 Gross sales.....	151,205	196,078	425,214	39,552	48,204	56,899	32,320	54,859	40,128	44,976
21 Gross purchases.....	152,132	196,579	423,841	39,694	44,772	57,477	35,001	51,016	44,270	44,129
<b>Repurchase agreements</b>										
22 Gross purchases.....	140,311	232,891	178,683	16,700	9,578	6,472	18,071	10,229	16,057	13,155
23 Gross sales.....	139,538	230,355	180,535	15,469	11,889	4,433	18,208	12,130	16,057	11,468
24 Net change in U.S. Govt. securities.....	7,434	9,087	5,798	6,279	-10,118	1,880	6,342	-5,815	1,447	3,127
<b>FEDERAL AGENCY OBLIGATIONS</b>										
<b>Outright transactions:</b>										
25 Gross purchases.....	1,616	891	1,433				707			
26 Gross sales.....										
27 Redemptions.....	246	169	223	25		*	32	*	22	53
<b>Repurchase agreements:</b>										
28 Gross purchases.....	15,179	10,520	13,811	1,136	741	615	2,712	1,680	1,966	2,638
29 Gross sales.....	15,566	10,360	13,638	978	1,051	484	2,392	2,131	1,966	2,374
<b>BANKERS ACCEPTANCES</b>										
30 Outright transactions, net.....	163	-545	-196	*	-4					
31 Repurchase agreements, net.....	-35	410	159	351	-478	248	705	-954		770
32 Net change in total System Account.....	8,539	9,833	7,143	6,764	-10,910	2,260	8,042	-7,220	1,425	4,107

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

<sup>2</sup> In 1975, the System obtained \$421 million of 2-year Treasury notes in exchange for maturing bills. In 1976 there was a similar transaction

amounting to \$189 million. Acquisition of these notes is treated as a purchase; the run-off of bills, as a redemption.

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

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

Millions of dollars

Account	Wednesday					End of month		
	1978					1978		
	Mar. 29	Apr. 5	Apr. 12	Apr. 19 <sup>1</sup>	Apr. 26 <sup>2</sup>	Feb.	Mar.	Apr. <sup>3</sup>
<b>Consolidated condition statement</b>								
<b>ASSETS</b>								
1 Gold certificate account.....	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718
2 Special Drawing Rights certificate account.....	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
3 Coin <sup>1</sup> .....	320	309	305	308	308	339	323	324
Loans:								
4 Member bank borrowings.....	364	159	171	556	1,764	304	332	1,751
5 Other.....								
Acceptances:								
6 Bought outright.....								
7 Held under repurchase agreements.....	607	193			216		770	290
Federal agency obligations:								
8 Bought outright.....	7,929	7,929	7,929	7,929	7,929	7,982	7,929	7,929
9 Held under repurchase agreements.....	832	99			263		264	135
U.S. Govt. securities								
Bought outright:								
10 Bills.....	38,222	35,007	36,445	38,965	40,154	38,536	38,358	40,565
11 Certificates—Special.....								
12 Other.....								
13 Notes.....	51,486	51,984	51,984	52,510	52,510	50,516	51,984	52,510
14 Bonds.....	9,452	9,548	9,548	9,693	9,693	9,398	9,548	9,693
15 Total <sup>2</sup> .....	99,160	96,539	97,977	101,168	102,357	98,450	99,890	102,768
16 Held under repurchase agreements.....	3,283	402			1,566		1,687	732
17 Total U.S. Govt. securities.....	102,443	96,941	97,977	101,168	103,923	98,450	101,577	103,500
18 Total loans and securities.....	112,175	105,321	106,077	109,653	114,095	106,736	110,872	113,605
19 Cash items in process of collection.....	9,513	13,400	11,163	12,571	11,111	10,489	8,354	9,087
20 Bank premisses.....	385	384	383	385	386	380	385	387
Other assets:								
21 Denominated in foreign currencies.....	66	62	90	140	54	18	80	54
22 All other.....	1,868	1,854	2,069	2,357	2,543	1,501	1,863	2,720
23 Total assets.....	137,295	134,298	133,055	138,382	141,465	132,431	134,845	139,145
<b>LIABILITIES</b>								
24 F.R. notes.....	91,964	92,436	93,062	92,848	92,697	90,703	91,666	92,331
Deposits:								
25 Member bank reserves.....	30,236	24,884	26,301	27,306	28,069	26,047	27,900	28,203
26 U.S. Treasury—General account.....	4,389	4,938	2,595	6,625	8,729	3,615	4,705	7,177
27 Foreign.....	276	585	268	249	460	445	352	481
28 Other <sup>3</sup> .....	765	751	759	709	796	698	740	684
29 Total deposits.....	35,666	31,158	29,923	34,889	38,054	30,805	33,697	36,545
30 Deferred availability cash items.....	5,776	7,247	6,416	6,885	6,835	6,990	5,622	6,189
31 Other liabilities and accrued dividends.....	1,302	1,265	1,331	1,308	1,287	1,328	1,234	1,420
32 Total liabilities.....	134,708	132,106	130,732	135,930	138,873	129,826	132,219	136,485
<b>CAPITAL ACCOUNTS</b>								
33 Capital paid in.....	1,048	1,048	1,047	1,047	1,049	1,044	1,047	1,050
34 Surplus.....	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029
35 Other capital accounts.....	510	115	247	376	514	532	550	581
36 Total liabilities and capital accounts.....	137,295	134,298	133,055	138,382	141,465	132,431	134,845	139,145
37 MEMO: Marketable U.S. Govt. securities held in custody for foreign and intl. account.....	88,336	88,898	89,038	88,218	86,590	83,261	88,965	85,141
<b>Federal Reserve note statement</b>								
38 F.R. notes outstanding (issued to Bank).....	103,431	103,570	103,744	103,904	104,165	102,773	103,427	104,164
Collateral held against notes outstanding:								
39 Gold certificate account.....	11,718	11,718	11,718	11,718	11,717	11,718	11,718	11,717
40 Special Drawing Rights certificate account.....	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
41 Eligible paper.....	333	144	144	593	1,645	292	309	1,580
42 U.S. Govt. securities.....	90,130	90,458	90,632	90,343	89,553	89,513	90,150	89,617
43 Total collateral.....	103,431	103,570	103,744	103,904	104,165	102,773	103,427	104,164

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

<sup>2</sup> Includes securities loaned—fully guaranteed by U.S. Govt. securities pledged with F.R. Banks—and excludes (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.

<sup>3</sup> Includes certain deposits of domestic nonmember banks and foreign-

owned banking institutions voluntarily held with member banks and redeposited in full with F.R. Banks.

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

## 1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday					End of month		
	1978					1978		
	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26	Feb. 28	Mar. 31	Apr. 30
1 Loans.....	363	159	172	556	1,764	303	331	1,751
2 Within 15 days.....	356	139	157	550	1,736	294	315	1,731
3 16 days to 90 days.....	7	20	15	6	28	9	16	20
4 91 days to 1 year.....								
5 Acceptances.....	607	193			216		770	290
6 Within 15 days.....	607	193			216		770	290
7 16 days to 90 days.....								
8 91 days to 1 year.....								
9 U.S. Govt. securities.....	102,443	96,941	97,977	101,168	103,923	98,450	101,577	103,500
10 Within 15 days <sup>1</sup> .....	6,967	3,101	2,181	3,318	5,727	2,512	4,642	3,710
11 16 days to 90 days.....	18,849	16,136	18,025	18,984	20,219	19,549	19,400	21,381
12 91 days to 1 year.....	29,838	30,623	30,690	31,214	30,325	30,377	30,454	30,757
13 Over 1 year to 5 years.....	29,272	29,376	29,376	29,611	29,611	28,824	29,376	29,611
14 Over 5 years to 10 years.....	9,846	9,941	9,941	10,132	10,132	9,571	9,941	10,132
15 Over 10 years.....	7,671	7,764	7,764	7,909	7,909	7,617	7,764	7,909
16 Federal agency obligations.....	8,761	8,028	7,929	7,929	8,192	7,982	8,193	8,064
17 Within 15 days <sup>1</sup> .....	873	105	6	26	283	222	305	189
18 16 days to 90 days.....	233	257	258	238	265	140	233	231
19 91 days to 1 year.....	1,110	1,121	1,121	1,121	1,152	1,127	1,110	1,152
20 Over 1 year to 5 years.....	4,044	4,044	4,043	4,043	3,991	3,954	4,044	3,991
21 Over 5 years to 10 years.....	1,624	1,624	1,644	1,644	1,644	1,659	1,624	1,644
22 Over 10 years.....	877	877	857	857	857	880	877	857

<sup>1</sup> Holdings under repurchase agreements are classified as maturing within 15 days in accordance with maximum maturity of the agreements.

## 1.20 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1974	1975	1976	1977		1978		
				Nov.	Dec.	Jan.	Feb.	Mar.
Debits to demand deposits <sup>2</sup> (seasonally adjusted)								
1 All commercial banks.....	22,937.8	25,028.5	29,180.4	36,253.5	36,427.2	36,923.3	36,156.1	36,883.0
2 Major New York City banks.....	8,434.8	9,670.7	11,467.2	14,216.3	14,651.4	14,432.0	13,483.1	13,701.6
3 Other banks.....	14,503.0	15,357.8	17,713.2	22,037.3	21,775.8	22,491.3	22,672.9	23,181.3
Debits to savings deposits <sup>3</sup> (not seasonally adjusted)								
4 All customers.....				326.0	353.8	392.6	328.7	382.7
5 Business <sup>1</sup> .....				42.2	49.5	48.7	40.1	49.7
6 Others.....				283.8	304.3	343.8	288.6	333.0
Demand deposit turnover <sup>2</sup> (seasonally adjusted)								
7 All commercial banks.....	99.0	105.3	116.8	131.4	131.0	131.5	129.4	132.7
8 Major New York City banks.....	321.6	356.9	411.6	524.4	539.9	512.2	496.4	521.5
9 Other banks.....	70.6	72.9	79.8	88.6	86.8	89.0	89.9	92.1
Savings deposit turnover <sup>3</sup> (not seasonally adjusted)								
10 All customers.....				1.5	1.6	1.8	1.5	1.7
11 Business <sup>1</sup> .....				3.9	4.6	4.7	3.9	4.8
12 Others.....				1.4	1.5	1.7	1.4	1.6

<sup>1</sup> 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).

<sup>2</sup> Represents accounts of individuals, partnerships, and corporations, and of States and political subdivisions.

<sup>3</sup> Excludes negotiable orders of withdrawal (NOW) accounts and special club accounts, such as Christmas and vacation clubs.

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



## 1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1974	1975	1976	1977	1977			1978		
	Dec.	Dec.	Dec.	Dec.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Seasonally adjusted										
MEASURES <sup>1</sup>										
1 M-1.....	282.8	294.5	312.6	336.7	334.6	334.7	336.7	339.4	339.1	340.1
2 M-2.....	612.1	664.1	739.6	807.6	800.2	803.8	807.6	813.6	816.6	820.2
3 M-3.....	981.2	1,091.8	1,235.6	1,374.1	1,356.7	1,365.5	1,374.1	1,384.1	1,390.5	1,397.6
4 M-4.....	701.1	745.4	802.3	881.6	866.5	874.6	881.6	889.9	896.0	902.2
5 M-5.....	1,070.2	1,173.2	1,298.3	1,448.1	1,423.0	1,436.4	1,448.1	1,460.4	1,469.8	1,479.6
COMPONENTS										
6 Currency.....	67.8	73.7	80.7	88.5	87.1	87.7	88.5	89.3	90.0	90.6
Commercial bank deposits:										
7 Demand.....	215.1	220.8	231.9	248.2	247.5	247.0	248.2	250.1	249.1	249.5
8 Time and savings.....	418.3	450.9	489.7	544.9	531.9	540.0	544.9	550.5	556.8	562.1
9 Negotiable CD's <sup>2</sup> .....	89.0	81.3	62.7	74.0	66.4	70.9	74.0	76.3	79.4	82.0
10 Other.....	329.3	369.6	427.0	470.9	465.5	469.1	470.9	474.2	477.5	480.1
11 Nonbank thrift institutions <sup>3</sup> .....	369.1	427.8	496.0	566.5	556.5	561.7	566.5	570.5	573.8	577.4
Not seasonally adjusted										
MEASURES <sup>1</sup>										
12 M-1.....	291.2	303.2	321.7	346.4	334.0	336.8	346.4	345.2	333.3	335.4
13 M-2.....	617.5	669.3	744.8	813.0	797.5	801.2	813.0	818.3	811.4	818.7
14 M-3.....	983.8	1,094.3	1,237.5	1,375.5	1,351.7	1,358.5	1,375.5	1,386.5	1,383.4	1,397.5
15 M-4.....	707.9	752.8	809.1	888.9	865.8	872.8	888.9	894.6	888.3	899.0
16 M-5.....	1,074.2	1,177.7	1,301.8	1,451.4	1,420.0	1,430.1	1,451.4	1,462.9	1,460.3	1,477.7
COMPONENTS										
17 Currency.....	69.0	75.1	82.1	90.0	86.9	88.4	90.0	88.6	88.9	89.9
Commercial bank deposits:										
18 Demand.....	222.2	228.1	239.5	256.4	247.0	248.4	256.4	256.6	244.4	245.5
19 Member.....	159.7	162.1	168.5	176.3	170.0	170.3	176.3	175.9	167.4	168.5
20 Domestic nonmember.....	58.5	62.6	67.5	75.8	72.7	73.8	75.8	76.3	72.8	73.0
21 Time and savings.....	416.7	449.6	487.4	542.5	531.8	536.0	542.5	549.4	555.0	563.6
22 Negotiable CD's <sup>2</sup> .....	90.5	83.5	64.3	75.9	68.3	71.6	75.9	76.4	76.9	80.2
23 Other.....	326.3	366.2	423.1	466.6	463.5	464.4	466.6	473.0	478.1	483.4
24 Nonbank thrift institutions <sup>3</sup> .....	366.3	424.9	492.7	562.5	554.2	557.3	562.5	568.2	571.9	578.8
25 U.S. Govt. deposits (all commercial banks).....	4.9	4.1	4.4	5.1	3.7	3.5	5.1	4.2	4.2	4.6

<sup>1</sup> Composition of the money stock measures is as follows:

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

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

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

M-4: M-2 plus large negotiable CD's.

M-5: M-3 plus large negotiable CD's.

For a description of the latest revisions in the money stock measures see "Money Stock Measures: Revision" in the April 1978 BULLETIN, pp. 338 and 339.

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

<sup>2</sup> Negotiable time CD's issued in denominations of \$100,000 or more by large weekly reporting commercial banks.

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

## NOTES TO TABLE 1.21:

<sup>1</sup> Adjusted to exclude domestic commercial interbank loans.

<sup>2</sup> 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. Prior to Aug. 28, 1974, the institutions included had been defined somewhat differently, and the reporting panel of banks was also different. On the new basis, both "Total loans" and "Commercial and industrial loans" were reduced by about \$100 million.

<sup>3</sup> Data beginning June 30, 1974, include one large mutual savings bank that merged with a nonmember commercial bank. As of that date there were increases of about \$500 million in loans, \$100 million in "Other" securities, and \$600 million in "Total loans and investments."

As of Oct. 31, 1974, "Total loans and investments" of all commercial banks were reduced by \$1.5 billion in connection with the liquidation of one large bank. Reductions in other items were: "Total loans," \$1.0

billion (of which \$0.6 billion was in "Commercial and industrial loans"), and "Other securities," \$0.5 billion. In late November "Commercial and industrial loans" were increased by \$0.1 billion as a result of loan reclassifications at another large bank.

<sup>4</sup> Reclassification of loans reduced these loans by about \$1.2 billion as of Mar. 31, 1976.

<sup>5</sup> Reclassification of loans at one large bank reduced these loans by about \$300 million as of Dec. 31, 1977.

<sup>6</sup> As of April 26, 1976, total loans sold were increased by \$400 million and business loans sold were reduced by \$700 million as the result of reclassifications at one large bank.

NOTE.—Data are for last Wednesday of month except for June 30 and Dec. 31; data are partly or wholly estimated except when June 30 and Dec. 31 are call dates.

## 1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

Item	1974 Dec.	1975 Dec.	1976 Dec.	1977						1978		
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Seasonally adjusted												
1 Reserves <sup>1</sup> .....	36.57	34.68	34.93	35.27	35.50	35.52	35.81	35.96	36.14	36.60	36.93	36.67
2 Nonborrowed.....	15.84	34.55	34.89	34.95	34.44	34.89	34.50	35.10	35.57	36.12	36.53	36.34
3 Required.....	36.31	34.42	34.29	35.00	35.30	35.31	35.60	35.71	35.95	36.33	36.69	36.47
4 Deposits subject to reserve requirements <sup>2</sup> .....	486.1	504.6	528.9	547.2	550.5	553.0	558.5	564.4	569.1	575.7	577.8	582.2
5 Time and savings.....	322.1	337.1	354.3	368.9	370.8	373.0	377.1	383.5	387.0	390.5	395.4	399.2
6 Demand:												
7 Private.....	160.6	164.5	171.4	175.3	176.5	176.7	178.3	178.0	178.5	182.1	179.5	179.6
7 U.S. Govt.....	3.3	2.9	3.2	3.0	3.2	3.3	3.1	3.0	3.6	3.1	3.0	3.4
Not seasonally adjusted												
8 Deposits subject to reserve requirements <sup>2</sup> .....	491.8	510.9	534.8	547.6	548.3	552.1	558.2	562.1	575.3	581.3	572.5	579.5
9 Time and savings.....	321.7	337.2	353.6	369.5	371.7	373.0	377.5	380.7	386.4	390.3	393.2	399.3
10 Demand:												
10 Private.....	166.6	170.7	177.9	175.6	174.1	175.2	178.0	178.7	185.1	187.9	176.1	176.7
11 U.S. Govt.....	3.4	3.1	3.3	2.6	2.5	3.8	2.7	2.6	3.8	3.1	3.1	3.5

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

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

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

## 1.23 LOANS AND INVESTMENTS All Commercial Banks

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

Category	1973 Dec. 31	1974 Dec. 31	1975 Dec. 31	1976 Dec. 31	1977		1978			
					Nov. 30 "	Dec. 31 "	Jan. 25 "	Feb. 22 "	Mar. 29 "	Apr. 26 "
Seasonally adjusted										
1 Loans and investments <sup>1</sup> .....	633.4	690.4	721.1	784.4	866.1	865.4	874.3	881.9	888.8	904.8
2 Including loans sold outright <sup>2</sup> .....	637.7	695.2	725.5	788.2	870.5	870.0	878.8	886.2	892.9	909.3
Loans:										
3 Total.....	449.0	500.2	496.9	538.9	611.2	612.9	622.4	625.4	633.5	645.0
4 Including loans sold outright <sup>2</sup> .....	453.3	505.0	501.3	542.7	615.6	617.5	626.9	629.7	637.6	649.5
5 Commercial and industrial.....	156.4	183.3	176.0	179.5	201.6	202.2	204.6	207.1	211.0	214.4
6 Including loans sold outright <sup>2</sup> .....	159.0	186.0	178.5	181.9	204.7	205.5	207.7	210.1	213.9	216.7
Investments:										
7 U.S. Treasury.....	54.5	50.4	79.4	97.3	95.0	93.5	92.5	97.5	96.5	98.4
8 Other.....	129.9	139.8	144.8	148.2	159.9	159.0	159.4	159.0	158.8	161.4
Not seasonally adjusted										
9 Loans and investments <sup>1</sup> .....	647.3	705.6	737.0	801.6	866.4	884.5	872.7	875.0	886.5	901.8
10 Including loans sold outright <sup>2</sup> .....	651.6	710.4	741.4	805.4	870.8	889.1	877.2	879.3	890.6	906.3
Loans:										
11 Total <sup>1</sup> .....	458.5	510.7	507.4	550.2	610.1	625.7	617.0	617.9	629.4	640.2
12 Including loans sold outright <sup>2</sup> .....	462.8	515.5	511.8	554.0	614.6	630.4	621.5	622.2	633.5	644.7
13 Commercial and industrial.....	159.4	186.8	179.3	182.9	200.8	206.0	202.5	205.0	210.9	214.7
14 Including loans sold outright <sup>2</sup> .....	162.0	189.5	181.8	185.3	203.9	209.3	205.6	208.0	213.8	217.0
Investments:										
15 U.S. Treasury.....	58.3	54.5	84.1	102.5	97.9	98.9	97.2	98.9	97.9	98.9
16 Other.....	130.6	140.5	145.5	148.9	158.4	159.8	158.5	158.1	159.2	162.7

For notes see bottom of opposite page.

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

Billions of dollars except for number of banks

Account	1976		1977 <sup>1</sup>					1978 <sup>1</sup>			
	Dec. <sup>3</sup>	July <sup>2</sup>	Aug. <sup>2</sup>	Sept. <sup>2</sup>	Oct. <sup>2</sup>	Nov. <sup>2</sup>	Dec. <sup>2</sup>	Jan. <sup>2</sup>	Feb. <sup>2</sup>	Mar. <sup>2</sup>	Apr. <sup>2</sup>
All commercial											
1 Loans and investments	846.4	875.0	886.8	891.4	897.7	915.0	931.6	919.9	924.4	934.4	946.1
2 Loans, gross	594.9	620.7	632.2	637.1	642.9	658.7	673.4	664.2	667.4	677.2	684.4
Investments:											
3 U.S. Treasury securities	102.5	100.0	99.4	98.5	97.7	97.8	98.9	97.2	98.9	97.9	98.9
4 Other	148.9	154.3	155.2	155.9	157.1	158.4	159.3	158.5	158.1	159.2	162.7
5 Cash assets	136.1	126.9	135.5	128.7	129.4	138.8	150.1	128.0	146.5	131.4	134.0
6 Currency and coin	12.1	13.5	13.7	13.9	13.9	14.7	15.8	14.1	13.9	14.3	14.2
7 Reserves with F.R. Banks	26.1	27.2	28.2	30.0	28.3	26.3	32.1	26.6	31.0	30.2	27.6
8 Balances with banks	49.6	42.4	45.3	42.7	44.4	46.8	48.8	43.3	47.4	43.8	44.5
9 Cash items in process of collection	48.4	43.9	48.3	42.1	42.8	51.0	53.5	44.0	54.2	43.1	47.7
10 Total assets/total liabilities and capital <sup>1</sup>	1,030.7	1,059.3	1,079.7	1,076.7	1,083.9	1,117.5	1,145.4	1,112.8	1,136.7	1,134.6	1,149.1
11 Deposits	838.2	843.2	857.6	852.1	858.8	883.5	908.5	880.3	895.8	892.4	906.4
Demand:											
12 Interbank	45.4	38.2	39.6	37.1	37.5	41.8	43.7	37.3	42.8	37.6	39.0
13 U.S. Govt.	3.0	3.8	2.5	8.0	3.6	4.7	7.2	4.5	5.8	4.8	6.0
14 Other	288.4	273.9	285.1	272.5	279.4	293.2	307.0	283.8	287.8	279.4	291.3
Time:											
15 Interbank	9.2	8.3	8.0	8.3	8.5	9.0	9.6	9.2	8.8	9.1	9.1
16 Other	492.2	519.0	522.6	526.1	529.9	534.8	541.1	545.5	550.7	561.5	561.1
17 Borrowings	80.2	92.2	94.8	96.5	96.8	101.0	107.1	101.7	105.7	107.3	106.5
18 Total capital accounts <sup>2</sup>	78.1	79.0	79.6	80.1	80.5	81.4	81.6	82.2	82.6	83.2	83.6
19 MEMO: Number of banks	14,671	14,709	14,713	14,724	14,718	14,718	14,703	14,702	14,683	14,689	14,689
Member											
20 Loans and investments	620.5	628.9	637.9	640.8	645.2	658.6	670.8	659.5	661.8	668.6	676.8
21 Loans, gross	442.9	451.3	459.9	463.0	467.1	479.0	489.9	481.8	483.1	490.5	495.3
Investments:											
22 U.S. Treasury securities	74.6	70.8	70.5	69.6	68.9	69.2	69.9	67.7	69.2	68.2	68.8
23 Other	103.1	106.8	107.5	108.3	109.3	110.3	111.1	110.0	109.5	109.9	112.7
24 Cash assets, total	108.9	101.2	108.6	103.1	102.3	110.6	121.7	102.2	117.2	104.8	106.5
25 Currency and coin	9.1	9.9	10.0	10.2	10.2	10.8	11.7	10.4	10.2	10.6	10.5
26 Reserves with F.R. Banks	26.0	27.2	28.2	30.0	28.3	26.3	32.1	26.6	31.0	30.2	27.6
27 Balances with banks	27.4	22.0	24.0	22.5	22.8	24.7	26.6	23.0	24.6	22.9	22.7
28 Cash items in process of collection	46.5	42.1	46.4	40.4	41.0	48.9	51.3	42.2	51.4	41.2	45.7
29 Total assets/total liabilities and capital <sup>1</sup>	772.9	780.1	796.3	793.2	796.5	823.9	847.0	818.0	835.7	833.2	843.3
30 Deposits	618.7	611.0	622.2	617.0	620.9	641.8	660.8	636.8	649.2	645.1	655.1
Demand:											
31 Interbank	42.4	35.3	36.6	34.3	34.6	38.7	40.4	34.4	39.5	34.7	36.0
32 U.S. Govt.	2.1	2.8	1.7	6.4	2.6	3.6	5.3	3.4	4.4	3.7	4.5
33 Other	215.5	202.2	211.0	200.3	205.3	216.4	226.3	208.4	211.8	205.1	213.4
Time:											
34 Interbank	7.2	6.3	6.0	6.3	6.5	6.8	7.4	7.1	6.7	7.0	6.9
35 Other	351.5	364.4	366.9	369.6	372.0	376.2	381.4	383.5	386.9	394.7	394.3
36 Borrowings	71.7	80.4	82.5	84.0	83.8	87.8	93.4	88.0	90.8	91.8	91.1
37 Total capital accounts <sup>2</sup>	58.6	59.4	59.9	60.2	60.6	61.2	61.4	61.7	62.1	62.4	62.7
38 MEMO: Number of banks	5,759	5,701	5,676	5,692	5,686	5,686	5,668	5,658	5,658	5,652	5,652

<sup>1</sup> Includes items not shown separately.

Effective Mar. 31, 1976, some of the item "reserve for loan losses" and all of the item "unearned income on loans" are no longer reported as liabilities. As of that date the "valuation" portion of "reserve for loan losses" and the "unearned income on loans" have been netted against "other assets" and against "total assets" as well.

Total liabilities continue to include the deferred income tax portion of "reserve for loan losses."

<sup>2</sup> Effective Mar. 31, 1976, includes "reserves for securities" and the contingency portion (which is small) of "reserve for loan losses."<sup>3</sup> Figures partly estimated except on call dates.

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

Commercial banks: All such banks in the United States, including member and nonmember banks, stock savings banks, nondeposit trust companies, and U.S. branches of foreign banks, but excluding one national bank in Puerto Rico and one in the Virgin Islands.

Member banks: The following numbers of noninsured trust companies that are members of the Federal Reserve System are excluded from member banks in Tables 1.24 and 1.25 and are included with noninsured banks in Table 1.25: 1974—June, 2; December, 3; 1975—June and December, 4; 1976 (beginning month shown)—July, 5; December, 7; 1977—January, 8.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars except for number of banks

Account	1975		1976		1977		1975		1976		1977	
	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30
	Total insured						National (all insured)					
1 Loans and investments, gross.....	762,400	773,701	827,692	854,736	441,135	443,959	476,602	488,240				
Loans:												
2 Gross.....	535,170	539,021	578,710	601,141	315,738	315,628	340,679	351,311				
3 Net.....	(2)	520,976	560,062	581,163	(2)	305,280	329,968	339,955				
Investments:												
4 U.S. Treasury securities.....	83,629	90,947	101,463	100,566	46,799	49,688	55,729	53,346				
5 Other.....	143,602	143,731	147,517	153,029	78,598	78,642	80,193	83,582				
6 Cash assets.....	128,256	124,072	129,581	130,724	78,026	75,488	76,074	74,641				
7 Total assets/total liabilities <sup>1</sup> .....	944,654	942,519	1,004,001	1,040,952	553,285	548,702	583,315	599,743				
8 Deposits.....	775,209	776,957	825,010	847,373	447,590	444,251	469,378	476,381				
Demand:												
9 U.S. Govt.....	3,108	4,622	3,020	2,817	1,788	2,858	1,674	1,632				
10 Interbank.....	40,259	37,502	44,068	44,965	22,305	20,329	23,148	22,876				
11 Other.....	276,384	265,671	285,201	284,544	159,840	152,383	163,347	161,358				
Time:												
12 Interbank.....	10,733	9,406	8,249	7,721	7,302	5,532	4,909	4,599				
13 Other.....	444,725	459,753	484,470	507,323	256,355	263,147	276,298	285,915				
14 Borrowings.....	56,775	63,828	75,302	81,157	40,875	45,187	54,420	57,283				
15 Total capital accounts.....	68,474	68,988	72,065	75,503	38,969	39,501	41,323	43,142				
16 MEMO: Number of banks.....	14,372	14,373	14,397	14,425	4,741	4,747	4,735	4,701				
	State member (all insured)						Insured nonmember					
17 Loans and investments, gross.....	137,620	136,915	144,000	144,597	183,645	192,825	207,089	221,898				
Loans:												
18 Gross.....	100,823	98,889	102,277	102,144	118,609	124,503	135,753	147,685				
19 Net.....	(2)	96,037	99,474	99,200	(2)	119,658	130,618	142,008				
Investments:												
20 U.S. Treasury securities.....	14,720	16,323	18,849	19,296	22,109	24,934	26,884	27,923				
21 Other.....	22,077	21,702	22,873	23,157	42,927	43,387	44,450	46,288				
22 Cash assets.....	30,451	30,422	32,859	35,918	19,778	18,161	20,647	20,164				
23 Total assets/total liabilities.....	180,495	179,649	189,578	195,455	210,874	214,167	231,106	245,753				
24 Deposits.....	143,409	142,061	149,491	152,471	184,210	190,644	206,140	218,519				
Demand:												
25 U.S. Govt.....	467	869	429	371	853	894	917	813				
26 Interbank.....	16,265	15,833	19,295	20,568	1,689	1,339	1,624	1,520				
27 Other.....	50,984	49,659	52,204	52,571	65,560	63,629	69,649	70,615				
Time:												
28 Interbank.....	2,712	3,074	2,384	2,134	719	799	956	988				
29 Other.....	72,981	72,624	75,178	76,826	115,389	123,980	132,993	144,581				
30 Borrowings.....	12,771	15,300	17,310	19,718	3,128	3,339	3,571	4,155				
31 Total capital accounts.....	13,105	12,791	13,199	13,441	16,400	16,696	17,543	18,919				
32 MEMO: Number of banks.....	1,046	1,029	1,023	1,019	8,585	8,597	8,639	8,705				
	Noninsured nonmember						Total nonmember					
33 Loans and investments, gross.....	13,674	15,905	18,819	22,940	197,319	208,730	225,909	244,839				
Loans:												
34 Gross.....	11,283	13,209	16,336	20,865	129,892	137,712	152,090	168,551				
35 Net.....	(2)	13,092	16,209	20,679	(2)	132,751	146,828	162,687				
Investments:												
36 U.S. Treasury securities.....	490	472	1,054	993	22,599	25,407	27,939	28,917				
37 Other.....	1,902	2,223	1,428	1,081	44,829	45,610	45,879	47,370				
38 Cash assets.....	5,359	4,362	6,496	8,330	25,137	22,524	27,144	28,494				
39 Total assets/total liabilities.....	20,544	21,271	26,790	33,390	231,418	235,439	257,897	279,143				
40 Deposits.....	11,323	11,735	13,325	14,658	195,533	202,380	219,466	233,177				
Demand:												
41 U.S. Govt.....	6	4	4	8	859	899	921	822				
42 Interbank.....	1,552	1,006	1,277	1,504	3,241	2,346	2,901	3,025				
43 Other.....	2,308	2,555	3,236	3,588	67,868	66,184	72,885	74,203				
Time:												
44 Interbank.....	1,291	1,292	1,164	1,164	2,010	2,092	1,997	2,152				
45 Other.....	6,167	6,876	7,766	8,392	121,556	130,857	140,760	152,974				
46 Borrowings.....	3,449	3,372	4,842	7,056	6,577	6,711	8,413	11,212				
47 Total capital accounts.....	651	663	818	893	17,051	17,359	18,361	19,813				
48 MEMO: Number of banks.....	261	270	275	293	8,846	8,867	8,914	8,998				

<sup>1</sup> Includes items not shown separately.  
<sup>2</sup> Not available.

For Note see Table 1.24.

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

Asset and liability items are shown in millions of dollars.

Asset account	Insured commercial banks	Member banks <sup>1</sup>				All other	Non-member banks <sup>1</sup>
		Total	Large banks				
			New York City	City of Chicago	Other large		
1 Cash bank balances, items in process	140,401	119,931	37,228	4,748	43,071	34,883	20,477
2 Currency and coin	11,322	8,309	786	166	2,741	4,618	3,012
3 Reserves with F.R. Banks	25,582	25,582	2,658	1,592	11,035	10,297	10,297
4 Demand balances with banks in United States	34,233	21,301	9,956	242	2,979	8,124	12,939
5 Other balances with banks in United States	4,544	2,559	50	8	948	1,552	1,986
6 Balances with banks in foreign countries	3,570	3,206	346	174	1,785	900	365
7 Cash items in process of collection	61,150	58,974	23,433	2,565	23,583	9,392	2,176
8 Total securities held—Book value	253,100	178,314	22,398	8,518	57,243	90,155	74,798
9 U.S. Treasury	98,633	70,747	11,319	3,700	23,234	32,494	27,897
10 Other U.S. Govt. agencies	35,232	21,954	1,435	629	5,911	13,979	13,278
11 States and political subdivisions	113,002	81,356	9,276	3,953	26,854	41,273	31,646
12 All other securities	6,142	4,198	368	236	1,224	2,370	1,944
13 Unclassified total	91	58			19	39	33
14 Trading-account securities	6,524	6,399	2,912	762	2,465	260	125
15 U.S. Treasury	3,824	3,815	2,019	458	1,232	105	9
16 Other U.S. Govt. agencies	629	612	228	125	224	35	18
17 States and political subdivisions	1,471	1,438	536	97	726	79	32
18 All other trading acct. securities	510	477	129	82	264	2	33
19 Unclassified	91	58			19	39	33
20 Bank investment portfolios	246,575	171,914	19,486	7,756	54,777	89,895	74,673
21 U.S. Treasury	94,810	66,912	9,300	3,242	22,002	32,389	27,887
22 Other U.S. Govt. agencies	34,603	21,343	1,207	504	5,687	13,945	13,261
23 States and political subdivisions	111,531	79,918	8,740	3,856	26,128	41,194	31,614
24 All other portfolio securities	5,632	3,721	239	154	960	2,368	1,911
25 F.R. stock and corporate stock	1,590	1,342	296	105	489	452	248
26 Federal funds sold and securities resale agreement	42,200	33,672	3,450	1,366	17,721	11,135	8,623
27 Commercial banks	34,701	26,484	1,461	1,180	13,524	10,319	8,311
28 Brokers and dealers	5,104	4,960	1,337	143	2,828	652	144
29 Others	2,396	2,228	652	43	1,369	163	168
30 Other loans, gross	581,099	435,012	72,932	22,648	161,728	177,704	146,088
31 Less: Unearned income on loans	14,273	9,632	600	85	3,116	5,831	4,641
32 Reserves for loan loss	6,549	5,216	1,225	326	1,923	1,742	1,333
33 Other loans, net	560,277	420,164	71,107	22,237	156,689	170,130	140,113
<b>Other loans, gross, by category</b>							
34 Real estate loans	169,334	117,012	9,227	2,172	42,901	62,713	52,322
35 Construction and land development	19,606	14,940	2,327	429	7,169	5,014	4,666
36 Secured by farmland	7,607	3,259	20	12	435	2,893	4,348
37 Secured by residential	96,512	67,990	4,516	1,146	25,297	37,030	28,522
38 1- to 4-family residences	91,276	64,582	4,038	1,041	24,008	35,496	27,194
39 FHA-insured or VA-guaranteed	7,233	6,708	568	60	518	2,562	1,016
40 Conventional	84,053	57,874	3,470	981	20,490	32,934	26,179
41 Multifamily residences	4,716	3,408	479	105	1,289	1,535	1,328
42 FHA-insured	367	306	106	22	107	71	61
43 Conventional	4,369	3,102	373	83	1,183	1,463	1,267
44 Secured by other properties	45,609	30,824	2,364	585	10,099	17,776	14,786
45 Loans to financial institutions	33,962	32,105	11,465	4,050	13,800	2,890	1,858
46 To R.I.T.'s and mortgage companies	9,039	8,690	2,813	1,009	4,180	688	450
47 To domestic commercial banks	2,581	2,074	679	113	1,029	253	507
48 To banks in foreign countries	6,621	6,446	3,008	286	2,624	528	175
49 To other depository institutions	1,250	1,100	98	47	718	237	150
50 To other financial institutions	14,472	13,795	4,768	2,595	5,249	1,183	677
51 Loans to security brokers and dealers	11,478	11,239	6,508	1,693	2,808	231	239
52 Other loans to purchase/carry securities	4,257	3,542	418	342	1,819	964	715
53 Loans to farmers—except real estate	26,271	14,434	154	127	3,392	10,760	11,836
54 Commercial and industrial loans	180,730	151,470	36,443	11,083	58,955	44,989	35,260
55 Loans to individuals	134,381	92,783	6,237	1,966	32,768	51,813	41,597
56 Installment loans	107,454	74,070	4,916	1,210	26,608	41,636	33,484
57 Passenger automobiles	47,716	30,562	887	149	8,950	20,576	17,154
58 Residential-repair/modernize	7,071	4,711	297	61	1,682	2,671	2,359
59 Credit cards and related plans	16,348	14,377	1,929	815	7,932	3,701	1,971
60 Charge-account credit cards	12,697	11,334	1,281	776	6,403	2,874	1,363
61 Check and revolving credit plans	3,651	3,043	648	39	1,529	826	608
62 Other retail consumer goods	17,214	11,737	365	60	4,263	7,049	5,477
63 Mobile homes	9,051	6,365	183	24	2,283	3,875	2,686
64 Other	8,163	5,372	182	36	1,980	3,175	2,791
65 Other installment loans	19,105	12,682	1,138	125	3,780	7,639	6,423
66 Single-payment loans to individuals	26,927	18,714	1,621	757	6,160	10,177	8,213
67 All other loans	14,687	12,426	2,581	1,214	5,286	3,345	2,261
68 Total loans and securities, net	857,167	633,492	97,251	32,226	232,142	271,872	223,782
69 Direct lease financing	5,433	5,094	964	136	3,125	871	339
70 Fixed assets—Buildings, furniture, real estate	20,681	15,388	2,191	721	5,882	6,593	5,296
71 Investment in unconsolidated subsidiaries	2,816	2,775	1,290	234	1,161	90	41
72 Customer acceptances outstanding	11,822	11,357	5,459	794	4,800	303	465
73 Other assets	28,438	24,850	8,359	1,246	10,811	4,434	3,653
74 Total assets	1,066,758	812,886	152,743	40,105	300,993	319,045	254,052

For notes see opposite page.

1.26 Continued

Liability or capital account	Insured commercial banks	Member banks <sup>1</sup>					Non-member banks <sup>1</sup>
		Total	Large banks			All other	
			New York City	City of Chicago	Other large		
75 Demand deposits.....	334,879	260,255	60,788	10,020	93,342	96,105	74,633
76 Mutual savings banks.....	1,355	1,180	596	1	258	325	175
77 Other individuals, partnerships, and corporations.....	255,804	191,532	31,048	7,343	72,990	80,151	64,273
78 U.S. Govt.....	5,279	4,095	356	138	1,815	1,787	1,184
79 States and political subdivisions.....	16,719	11,572	773	264	3,498	7,037	5,147
80 Foreign governments, central banks, etc.....	1,478	1,444	192	16	214	22	34
81 Commercial banks in United States.....	34,016	32,875	16,823	1,718	10,513	3,819	1,151
82 Banks in foreign countries.....	6,713	6,571	5,203	199	1,013	157	142
83 Certified and officers' checks, etc.....	13,516	10,987	4,797	341	3,042	2,807	2,529
84 Time deposits.....	309,412	223,635	32,640	13,458	77,932	99,605	85,777
85 Accumulated for personal loan payments.....	122	98			11	87	24
86 Mutual savings banks.....	307	295	122	69	88	17	12
87 Other individuals, partnerships, and corporations.....	245,125	176,081	24,649	10,037	60,163	81,233	69,043
88 U.S. Govt.....	811	660	50	46	356	208	151
89 States and political subdivisions.....	48,847	33,495	1,517	1,309	13,623	17,046	15,352
90 Foreign governments, central banks, etc.....	7,189	6,883	3,999	1,308	1,522	54	306
91 Commercial banks in United States.....	5,428	4,700	1,517	607	1,896	681	728
92 Banks in foreign countries.....	1,583	1,422	787	82	274	280	161
93 Savings deposits.....	217,555	152,871	11,515	3,027	55,808	82,521	64,684
94 Individuals and nonprofit organizations.....	201,982	141,902	10,541	2,828	51,981	76,553	60,081
95 Corporations and other profit organizations.....	10,618	7,618	596	179	3,182	3,661	3,000
96 U.S. Government.....	57	49	4		16	29	8
97 States and political subdivisions.....	4,859	3,267	355	20	617	2,274	1,593
98 All other.....	38	35	20		11	5	3
99 Total deposits.....	861,847	636,761	104,944	26,506	227,081	278,231	225,095
100 Federal funds purchased and securities sold under agreements to repurchase.....	80,475	76,053	19,246	8,847	37,148	10,811	4,422
101 Commercial banks.....	40,568	38,676	7,239	5,918	21,034	4,485	1,892
102 Brokers and dealers.....	10,327	9,920	1,872	1,551	5,197	1,299	408
103 Others.....	29,580	27,457	10,135	1,378	10,917	5,027	2,123
104 Other liabilities for borrowed money.....	6,941	6,594	2,305	134	3,299	855	347
105 Mortgage indebtedness.....	832	587	75	16	293	202	236
106 Bank acceptances outstanding.....	12,448	11,983	6,063	802	4,813	305	465
107 Other liabilities.....	21,082	18,543	6,979	980	6,972	3,612	2,701
108 Total liabilities.....	983,615	750,520	139,612	37,285	279,697	294,016	233,266
109 Subordinated notes and debentures.....	5,452	4,296	1,116	81	1,920	1,179	1,156
110 Equity capital.....	77,691	58,070	12,014	2,740	19,466	23,850	19,630
111 Preferred stock.....	76	31			2	29	45
112 Common stock.....	16,800	12,196	2,534	570	3,869	5,223	4,608
113 Surplus.....	30,310	22,243	4,550	1,325	7,901	8,467	8,070
114 Undivided profits.....	28,784	22,414	4,891	791	7,289	9,442	6,373
115 Other capital reserves.....	1,721	1,187	39	53	405	690	534
116 Total liabilities and equity capital.....	1,066,758	812,866	152,743	40,105	300,993	319,045	254,052
MEMO ITEMS:							
117 Demand deposits adjusted <sup>2</sup> .....	234,434	164,312	20,176	5,599	57,431	81,106	70,123
Average for last 15 or 30 days:							
118 Cash and due from bank.....	130,354	111,396	32,164	4,734	41,131	33,367	18,964
119 Federal funds sold and securities purchased under agreements to resell.....	45,457	35,524	4,308	1,467	17,459	12,290	9,997
120 Total loans.....	562,308	421,470	71,435	22,100	157,150	170,785	140,838
121 Time deposits of \$100,000 or more.....	137,978	112,438	26,334	10,410	46,080	29,613	25,540
122 Total deposits.....	845,729	622,100	96,770	25,565	233,052	276,712	223,636
123 Federal funds purchased and securities sold under agreements to repurchase.....	85,514	81,480	23,101	10,134	37,645	10,600	4,034
124 Other liabilities for borrowed money.....	6,792	6,436	2,125	110	3,470	732	356
125 Standby letters of credit outstanding.....	13,068	12,223	6,744	1,036	3,515	928	845
126 Time deposits of \$100,000 or more.....	141,125	114,857	26,424	10,626	47,351	30,276	26,268
127 Certificates of deposit.....	118,970	96,381	22,542	9,270	38,845	25,724	22,589
128 Other time deposits.....	22,155	18,477	3,882	1,356	8,686	4,553	3,679
129 Number of banks.....	14,420	5,691	12	9	154	5,516	8,739

<sup>1</sup> Member banks exclude and nonmember banks include 10 noninsured trust companies that are members of the Federal Reserve System, and member banks exclude 2 national banks outside the continental United States.

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

NOTE. Data include consolidated reports, including figures for all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Securities are reported on a gross basis before deductions of valuation reserves. Holdings by type of security will be reported as soon as they become available.

Back data in lesser detail were shown in previous BULLETINS. Details may not add to totals because of rounding.

## 1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1978									
	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5 <sup>1</sup>	Apr. 12 <sup>2</sup>	Apr. 19 <sup>3</sup>	Apr. 26 <sup>4</sup>	
<b>1 Total loans and investments</b> .....	<b>445,432</b>	<b>449,801</b>	<b>452,846</b>	<b>448,017</b>	<b>447,645</b>	<b>459,338</b>	<b>455,098</b>	<b>460,972</b>	<b>453,529</b>	
Loans:										
2 <i>Federal funds sold</i> .....	23,635	25,878	26,925	24,929	25,271	30,143	25,933	28,076	23,969	
3 To commercial banks.....	18,877	19,430	20,105	19,882	20,214	21,292	19,363	21,556	18,150	
To brokers and dealers involving—										
4 U.S. Treasury securities.....	2,261	3,511	3,790	2,426	2,274	4,944	3,703	3,856	3,076	
5 Other securities.....	460	601	582	532	507	691	647	662	673	
6 To others.....	2,037	2,336	2,448	2,089	2,276	3,216	2,220	2,002	2,070	
7 <i>Other, gross</i> .....	320,578	320,891	322,828	321,675	322,096	326,445	325,344	327,749	326,523	
8 Commercial and industrial.....	126,773	127,137	128,042	128,362	128,804	129,564	130,027	130,731	130,609	
9 Agricultural.....	4,557	4,595	4,649	4,677	4,711	4,740	4,746	4,777	4,793	
For purchasing or carrying securities:										
To brokers and dealers:										
10 U.S. Treasury securities.....	1,189	2,125	1,790	1,102	818	2,363	1,558	2,000	1,354	
11 Other securities.....	8,757	8,685	9,557	8,716	8,044	9,176	8,905	9,446	8,645	
To others:										
12 U.S. Treasury securities.....	106	104	100	99	100	101	101	100	101	
13 Other securities.....	2,612	2,579	2,584	2,544	2,559	2,584	2,583	2,597	2,609	
To nonbank financial institutions:										
14 Personal and sales finance cos., etc.....	7,317	7,393	7,519	7,510	7,486	7,685	7,566	7,524	7,590	
15 Other.....	15,094	15,097	15,046	15,010	15,104	15,282	15,156	15,055	15,029	
16 Real estate.....	75,879	76,061	76,391	76,585	76,788	76,937	77,239	77,562	77,713	
To commercial banks:										
17 Domestic.....	2,278	2,030	1,880	2,002	1,990	2,098	1,969	1,956	2,054	
18 Foreign.....	6,428	6,064	5,984	5,880	6,238	6,244	5,998	5,717	5,637	
19 Consumer instalment.....	46,784	46,770	46,878	46,986	47,234	47,382	47,558	47,845	48,098	
20 Foreign govts., official institutions, etc.....	1,652	1,739	1,627	1,681	1,736	1,686	1,630	1,594	1,654	
21 All other loans.....	21,152	20,512	20,781	20,521	20,484	20,603	20,308	20,845	20,637	
22 Less: Loan loss reserve and unearned income on loans.....	9,544	9,628	9,665	9,694	9,629	9,587	9,676	9,746	9,764	
23 <i>Other loans, net</i> .....	311,034	311,263	313,163	311,981	312,467	316,858	315,668	318,003	316,759	
Investments:										
24 U.S. Treasury securities.....	44,969	46,786	46,297	44,754	44,038	46,405	46,698	46,071	44,524	
25 Bills.....	6,589	7,750	7,454	6,706	6,328	7,743	7,726	7,385	5,659	
Notes and bonds, by maturity:										
26 Within 1 year.....	8,779	8,774	8,745	8,426	8,393	8,310	8,476	8,433	8,449	
27 1 to 5 years.....	25,081	25,804	25,889	25,509	25,221	25,746	25,556	25,505	25,614	
28 After 5 years.....	4,520	4,458	4,209	4,113	4,096	4,606	4,940	4,748	4,802	
29 <i>Other securities</i> .....	65,794	65,874	66,461	66,353	65,869	65,932	66,799	68,822	68,277	
Obligations of States and political subdivisions:										
30 Tax warrants, short-term notes, and bills.....	6,886	6,906	7,270	7,060	6,532	6,533	6,878	8,401	8,118	
31 All other.....	43,169	43,271	43,541	43,444	43,469	43,424	43,773	44,325	44,362	
Other bonds, corporate stocks, and securities:										
32 Certificates of participation <sup>2</sup> .....	2,741	2,739	2,741	2,751	2,786	2,738	2,739	2,815	2,802	
33 All other, including corporate stocks.....	12,998	12,958	12,909	13,098	13,082	13,237	13,409	13,281	12,995	
34 Cash items in process of collection.....	47,423	37,616	45,353	39,643	37,316	46,461	42,153	42,055	41,647	
35 Reserves with F.R. Banks.....	21,595	18,553	20,018	19,814	23,192	18,499	19,737	20,459	20,025	
36 Currency and coin.....	6,057	5,783	6,018	6,149	6,572	5,659	6,285	6,314	6,454	
37 Balances with domestic banks.....	14,967	13,484	13,878	14,247	13,399	15,290	13,204	14,043	13,478	
38 Investments in subsidiaries not consolidated.....	3,072	3,118	3,110	3,056	3,069	3,109	3,142	3,132	3,173	
39 Other assets.....	63,630	63,299	62,952	64,417	64,553	66,497	66,617	64,248	64,060	
<b>40 Total assets/total liabilities</b> .....	<b>602,176</b>	<b>592,054</b>	<b>604,175</b>	<b>595,343</b>	<b>595,746</b>	<b>614,853</b>	<b>606,236</b>	<b>611,223</b>	<b>602,366</b>	
Deposits:										
41 <i>Demand deposits</i> .....	191,532	175,897	191,386	178,321	177,269	193,949	185,761	189,474	184,443	
42 Individuals, partnerships, and corps.....	136,346	128,210	135,366	128,802	128,408	135,717	136,595	135,453	132,836	
43 States and political subdivisions.....	6,360	5,437	5,944	6,018	5,665	5,738	5,767	5,743	6,103	
44 U.S. Govt.....	2,745	1,052	5,730	1,829	2,702	3,281	1,783	4,662	2,853	
Domestic interbank:										
45 Commercial.....	29,172	26,028	28,036	25,858	24,482	29,496	25,450	27,114	25,959	
46 Mutual savings.....	885	845	908	737	757	1,057	893	872	853	
Foreign:										
47 Governments, official institutions, etc.....	1,238	1,227	1,149	1,167	1,359	1,652	1,629	1,198	1,382	
48 Commercial banks.....	7,139	6,720	6,655	7,459	7,130	6,568	6,554	6,898	6,883	
49 Certified and officers' checks.....	7,647	6,378	7,598	6,451	6,766	10,440	7,090	7,534	7,574	
50 <i>Time and savings deposits</i> <sup>3</sup> .....	254,902	257,096	257,648	259,176	260,621	259,556	259,080	258,866	260,069	
51 Savings <sup>4</sup> .....	92,642	93,089	93,265	93,524	94,014	94,494	94,057	93,351	93,156	
52 Time.....	162,260	164,007	164,383	165,652	166,607	165,062	165,023	165,515	166,913	
53 Individuals, partnerships, and corps.....	122,255	123,820	124,362	125,654	126,549	125,898	125,884	125,747	126,722	
54 States and political subdivisions.....	24,891	24,968	24,827	24,954	24,916	24,648	24,804	25,363	25,657	
55 Domestic interbank.....	5,233	5,464	5,495	5,435	5,524	5,218	5,143	5,201	5,317	
56 Foreign govts., official institutions, etc.....	8,461	8,272	8,241	8,162	8,160	7,841	7,690	7,618	7,556	
57 Federal funds purchased, etc. <sup>5</sup> .....	76,734	79,137	76,753	78,878	78,930	81,651	81,389	82,974	76,451	
Borrowings from:										
58 F.R. Banks.....	574	651	232	165	119	29	68	435	1,450	
59 Others.....	5,022	5,476	5,123	5,189	5,496	5,854	5,783	5,673	5,949	
60 Other liabilities, etc. <sup>6</sup> .....	28,092	28,406	27,795	28,309	27,943	28,427	28,648	28,412	28,444	
61 Total equity capital and subordinated notes/debentures <sup>7</sup> .....	45,320	45,391	45,238	45,305	45,368	45,387	45,507	45,389	45,560	

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

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

Millions of dollars, Wednesday figures

Account	1978									
	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5 <sup>u</sup>	Apr. 12 <sup>u</sup>	Apr. 19 <sup>u</sup>	Apr. 26 <sup>u</sup>	
1 Total loans and investments.....	92,146	92,153	93,766	91,505	90,049	94,070	93,178	94,706	92,394	
Loans:										
2 Federal funds sold <sup>1</sup> .....	3,870	3,839	4,552	5,042	4,704	4,427	4,560	4,388	5,028	
3 To commercial banks.....	2,383	2,141	2,653	3,456	3,178	2,080	2,652	1,859	2,801	
To brokers and dealers involving—										
4 U.S. treasury securities.....	766	898	1,242	892	793	1,231	1,480	2,119	1,751	
5 Other securities.....				2	2	4	1	1	1	
6 To others.....	721	800	657	692	731	1,112	427	409	475	
7 Other groups.....	69,562	69,319	70,144	68,435	68,083	70,334	68,706	69,236	67,846	
8 Commercial and industrial.....	34,297	34,194	34,602	34,377	34,628	34,552	34,508	34,391	33,951	
9 Agricultural.....	161	165	167	171	166	164	156	155	157	
For purchasing or carrying securities:										
To brokers and dealers:										
10 U.S. Treasury securities.....	1,052	1,864	1,653	962	679	2,200	1,388	1,729	1,189	
11 Other securities.....	4,733	4,615	5,212	4,550	4,083	4,777	4,562	4,873	4,467	
To others:										
12 U.S. Treasury securities.....	26	26	25	25	25	25	25	25	25	
13 Other securities.....	351	345	342	339	339	342	344	355	356	
To nonbank financial institutions:										
14 Personal and sales finance cos., etc.....	2,416	2,405	2,477	2,435	2,382	2,513	2,387	2,415	2,501	
15 Other.....	4,921	4,972	4,925	4,899	4,874	4,895	4,869	4,851	4,801	
16 Real estate.....	9,049	9,065	9,035	9,033	8,986	8,986	8,976	8,982	8,998	
To commercial banks:										
17 Domestic.....	832	590	555	610	523	669	571	589	637	
18 Foreign.....	2,911	2,720	2,663	2,630	2,922	2,765	2,645	2,461	2,456	
19 Consumer instalment.....	4,319	4,328	4,329	4,333	4,336	4,345	4,355	4,394	4,409	
20 Foreign govts., official institutions, etc.....	234	265	236	258	244	323	289	223	294	
21 All other loans.....	4,260	3,765	3,923	3,813	3,896	3,778	3,631	3,793	3,605	
22 Less: Loan loss reserve and unearned income on loans.....	1,709	1,720	1,718	1,718	1,677	1,645	1,685	1,686	1,686	
23 Other loans, net.....	67,853	67,599	68,426	66,717	66,406	68,689	67,021	67,550	66,160	
Investments:										
24 U.S. Treasury securities.....	10,365	10,669	10,547	9,591	9,162	11,106	11,481	11,240	10,178	
25 Bills.....	1,413	1,597	1,598	1,218	1,071	2,251	2,497	2,522	1,682	
Notes and bonds, by maturity:										
26 Within 1 year.....	1,593	1,590	1,560	1,292	1,251	1,199	1,239	1,206	1,178	
27 1 to 5 years.....	6,329	6,437	6,406	6,192	6,051	6,569	6,468	6,446	6,350	
28 After 5 years.....	1,030	1,045	983	889	789	1,087	1,277	1,066	968	
29 Other securities.....	10,058	10,046	10,241	10,155	9,777	9,848	10,116	11,528	11,028	
Obligations of States and political subdivisions:										
30 Tax warrants, short-term notes, and bills.....	1,154	1,118	1,157	1,137	744	745	940	2,238	1,967	
31 All other.....	6,809	6,831	6,961	6,884	6,930	6,996	7,074	7,271	7,208	
Other bonds, corporate stocks, and securities:										
32 Certificates of participation <sup>2</sup> .....	402	402	402	414	425	425	425	449	452	
33 All other, including corporate stocks.....	1,693	1,695	1,721	1,720	1,678	1,682	1,677	1,570	1,401	
34 Cash items in process of collection.....	15,674	12,191	15,149	13,206	12,688	16,670	13,100	13,032	14,144	
35 Reserves with F.R. Banks.....	5,829	3,955	5,520	3,838	5,361	4,154	5,023	5,454	3,755	
36 Currency and coin.....	918	913	916	969	1,025	955	972	960	952	
37 Balances with domestic banks.....	7,242	6,281	6,706	7,379	6,197	8,037	6,413	6,894	6,719	
38 Investments in subsidiaries not consolidated.....	1,549	1,557	1,556	1,561	1,571	1,591	1,602	1,613	1,619	
39 Other assets.....	26,243	25,635	24,550	26,541	25,964	27,228	26,841	25,766	25,198	
40 Total assets/total liabilities.....	149,601	142,685	148,163	144,999	142,855	152,705	147,129	148,425	144,781	
Deposits:										
41 Demand deposits.....	56,549	47,583	54,834	51,121	49,459	55,996	50,091	50,971	51,109	
42 Individuals, partnerships, and corps.....	30,526	25,877	28,801	27,219	26,790	27,645	27,448	26,302	27,403	
43 States and political subdivisions.....	737	445	649	623	563	442	451	478	518	
44 U.S. Govt.....	368	91	1,237	203	437	656	342	784	581	
Domestic interbank:										
45 Commercial.....	14,386	11,967	13,871	12,980	11,280	14,084	11,809	13,081	12,313	
46 Mutual savings.....	453	427	489	351	399	586	473	445	446	
Foreign:										
47 Governments, official institutions, etc.....	1,012	972	936	937	1,140	1,401	1,416	999	1,151	
48 Commercial banks.....	5,638	5,142	5,107	5,947	5,625	5,040	5,049	5,398	5,230	
49 Certified and officers' checks.....	3,429	2,662	3,744	2,861	3,225	6,142	3,103	3,484	3,467	
50 Time and savings deposits <sup>3</sup> .....	45,400	45,309	44,955	45,013	45,478	45,289	45,416	45,641	45,702	
51 Savings <sup>4</sup> .....	9,910	9,926	9,917	9,908	9,973	10,012	10,000	9,947	9,924	
52 Time.....	35,490	35,383	35,038	35,105	35,505	35,277	35,416	35,694	35,768	
53 Individuals, partnerships and corps.....	26,336	26,470	26,195	26,351	26,747	26,859	26,949	27,230	27,338	
54 States and political subdivisions.....	1,700	1,685	1,701	1,673	1,679	1,690	1,672	1,724	1,744	
55 Domestic interbank.....	1,600	1,557	1,532	1,492	1,533	1,444	1,496	1,543	1,572	
56 Foreign govts., official institutions, etc.....	5,135	4,963	4,910	4,896	4,855	4,600	4,583	4,392	4,295	
57 Federal funds purchased, etc. <sup>5</sup> .....	20,042	21,812	21,260	21,613	20,497	23,335	23,472	23,780	19,485	
Borrowings from:										
58 F.R. Banks.....	80	540	35						410	
59 Others.....	2,213	2,401	2,244	2,242	2,505	2,893	2,943	2,910	2,836	
60 Other liabilities, etc. <sup>6</sup> .....	12,278	12,010	11,791	11,969	11,887	12,262	12,248	12,179	12,284	
61 Total equity capital and subordinated notes/debentures <sup>7</sup> .....	13,039	13,030	13,044	13,041	13,029	12,930	12,959	12,944	12,955	

<sup>1</sup> Includes securities purchased under agreements to resell.

<sup>2</sup> Federal agencies only.

<sup>3</sup> Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.

<sup>4</sup> For amounts of these deposits by ownership categories, see Table 1.30.

<sup>5</sup> Includes securities sold under agreements to repurchase.

<sup>6</sup> Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.

<sup>7</sup> Includes reserves for securities and contingency portion of reserves for loans.



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

Millions of dollars, Wednesday figures

Account	1978									
	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5 <sup>u</sup>	Apr. 12 <sup>u</sup>	Apr. 19 <sup>u</sup>	Apr. 26 <sup>u</sup>	
<b>1 Total loans and investments</b> .....	<b>353,286</b>	<b>357,648</b>	<b>359,080</b>	<b>356,512</b>	<b>357,596</b>	<b>365,268</b>	<b>361,920</b>	<b>366,266</b>	<b>361,135</b>	
Loans:										
2 <i>Federal funds sold</i> <sup>1</sup> .....	19,765	22,039	22,373	19,887	20,567	25,716	21,373	23,688	18,941	
3 To commercial banks.....	16,494	17,289	17,452	16,426	17,036	19,212	16,711	19,697	15,349	
To brokers and dealers involving—										
4 U.S. treasury securities.....	1,495	2,613	2,548	1,534	1,481	3,713	2,223	1,737	1,325	
5 Other securities.....	460	601	582	530	505	687	646	661	672	
6 To others.....	1,316	1,536	1,791	1,397	1,545	2,104	1,793	1,593	1,595	
7 <i>Other, gross</i> .....	251,016	251,572	252,684	253,240	254,013	256,111	256,638	258,511	258,677	
8 Commercial and industrial.....	92,476	92,943	93,440	93,985	94,176	95,012	95,519	96,340	96,658	
9 Agricultural.....	4,396	4,430	4,482	4,506	4,545	4,576	4,590	4,622	4,636	
For purchasing or carrying securities:										
To brokers and dealers:										
10 U.S. treasury securities.....	137	261	137	140	139	163	170	271	165	
11 Other securities.....	4,024	4,070	4,345	4,166	3,961	4,399	4,343	4,573	4,178	
To others:										
12 U.S. Treasury securities.....	80	78	75	74	75	76	76	75	76	
13 Other securities.....	2,261	2,234	2,242	2,205	2,220	2,242	2,239	2,242	2,253	
To nonbank financial institutions:										
14 Personal and sales finance cos., etc.....	4,901	4,988	5,042	5,075	5,104	5,172	5,179	5,109	5,089	
15 Other.....	10,173	10,125	10,121	10,111	10,230	10,387	10,287	10,204	10,228	
16 Real estate.....	66,830	66,996	67,356	67,552	67,802	67,951	68,263	68,580	68,715	
To commercial banks:										
17 Domestic.....	1,446	1,440	1,325	1,392	1,467	1,429	1,398	1,367	1,417	
18 Foreign.....	3,517	3,344	3,321	3,250	3,316	3,479	3,353	3,256	3,181	
19 Consumer instalment.....	42,465	42,442	42,549	42,653	42,898	43,037	43,203	43,451	43,689	
20 Foreign govts., official institutions, etc.....	1,418	1,474	1,391	1,423	1,492	1,363	1,341	1,371	1,360	
21 All other loans.....	16,892	16,747	16,858	16,708	16,588	16,825	16,677	17,052	17,032	
Less: Loan reserve and unearned income on loans.....	7,835	7,908	7,947	7,976	7,952	7,942	7,991	8,060	8,078	
23 <i>Other loans, net</i> .....	243,181	243,664	244,737	245,264	246,061	248,169	248,647	250,453	250,599	
Investments:										
24 <i>U.S. Treasury securities</i> .....	34,604	36,117	35,750	35,163	34,876	35,299	35,217	34,831	34,346	
25 Bills.....	5,176	6,153	5,856	5,488	5,257	5,492	5,229	4,863	3,977	
Notes and bonds, by maturity:										
26 Within 1 year.....	7,186	7,184	7,185	7,134	7,142	7,111	7,237	7,227	7,271	
27 1 to 5 years.....	18,752	19,367	19,483	19,317	19,170	19,177	19,088	19,059	19,264	
28 After 5 years.....	3,490	3,413	3,226	3,224	3,307	3,519	3,663	3,682	3,834	
29 <i>Other securities</i> .....	55,736	55,828	56,220	56,198	56,092	56,084	56,683	57,294	57,249	
Obligations of States and political subdivisions:										
30 Tax warrants, short-term notes, and bills.....	5,732	5,788	6,113	5,923	5,788	5,788	5,938	6,163	6,151	
31 All other.....	36,360	36,440	36,580	36,560	36,539	36,428	36,699	37,054	37,154	
Other bonds, corporate stocks, and securities:										
32 Certificates of participation <sup>2</sup> .....	2,339	2,337	2,339	2,337	2,361	2,313	2,314	2,366	2,350	
33 All other, including corporate stocks.....	11,305	11,263	11,188	11,378	11,404	11,555	11,732	11,711	11,594	
34 Cash items in process of collection.....	31,749	25,425	30,204	26,437	24,628	29,791	29,053	29,023	27,503	
35 Reserves with F.R. Banks.....	15,766	14,998	14,498	15,976	17,831	14,345	14,714	15,005	16,270	
36 Currency and coin.....	5,139	4,870	5,102	5,180	5,547	4,704	5,313	5,354	5,502	
37 Balances with domestic banks.....	7,725	7,203	7,172	6,868	7,202	7,253	6,791	7,149	6,759	
38 Investments in subsidiaries not consolidated.....	1,523	1,561	1,554	1,495	1,498	1,518	1,540	1,519	1,554	
39 Other assets.....	37,387	37,664	38,402	37,876	38,589	39,269	39,776	38,482	38,862	
<b>40 Total assets/total liabilities</b> .....	<b>452,575</b>	<b>449,369</b>	<b>456,012</b>	<b>450,344</b>	<b>452,891</b>	<b>462,148</b>	<b>459,107</b>	<b>462,798</b>	<b>457,585</b>	
Deposits:										
41 <i>Demand deposits</i> .....	134,983	128,314	136,552	127,200	127,810	137,953	135,670	138,503	133,334	
42 Individuals, partnerships, and corps.....	105,820	102,333	106,565	101,583	101,618	108,072	109,607	109,151	105,433	
43 States and political subdivisions.....	5,623	4,992	5,295	5,395	5,102	5,296	5,316	5,265	5,585	
44 U.S. Govt.....	2,377	961	4,493	1,626	2,265	2,625	1,441	3,878	2,272	
Domestic interbank:										
45 Commercial.....	14,786	14,061	14,165	12,878	13,202	15,412	13,641	14,033	13,646	
46 Mutual savings.....	432	418	419	386	358	471	420	427	407	
Foreign:										
47 Governments, official institutions, etc.....	226	255	213	230	219	251	213	199	231	
48 Commercial banks.....	1,501	1,578	1,548	1,512	1,505	1,528	1,505	1,500	1,653	
49 Certified and officers' checks.....	4,218	3,716	3,854	3,590	3,541	4,298	3,987	4,050	4,107	
50 <i>Time and savings deposits</i> <sup>3</sup> .....	209,512	211,787	212,693	214,163	215,143	214,267	213,664	213,225	214,367	
51 Savings <sup>4</sup> .....	82,732	83,163	83,348	83,616	84,041	84,482	84,057	83,404	83,222	
52 Time.....	126,770	128,624	129,345	130,547	131,102	129,785	129,607	129,821	131,145	
53 Individuals, partnerships, and corps.....	95,919	97,350	98,167	99,303	99,802	99,039	98,935	98,517	99,384	
54 States and political subdivisions.....	23,191	23,283	23,126	23,281	23,237	22,958	23,132	23,639	23,913	
55 Domestic interbank.....	3,633	3,907	3,963	3,943	3,991	3,774	3,647	3,658	3,745	
56 Foreign govts., official institutions, etc.....	3,326	3,309	3,331	3,266	3,305	3,241	3,107	3,226	3,261	
57 Federal funds purchased, etc. <sup>5</sup> .....	56,692	57,325	55,493	57,265	58,433	58,316	57,917	59,194	56,966	
Borrowings from:										
58 F.R. Banks.....	494	111	197	165	119	29	68	435	1,040	
59 Others.....	2,809	3,075	2,879	2,947	2,991	2,961	2,840	2,763	3,113	
60 Other liabilities, etc. <sup>6</sup> .....	15,814	16,396	16,004	16,340	16,056	16,165	16,400	16,233	16,160	
61 Total equity capital and subordinated notes/debentures <sup>7</sup> .....	32,281	32,361	32,194	32,264	32,339	32,457	32,548	32,445	32,605	

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

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1978								
	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5 <sup>a</sup>	Apr. 12 <sup>a</sup>	Apr. 19 <sup>a</sup>	Apr. 26 <sup>a</sup>
<b>Total loans (gross) and investments adjusted<sup>1</sup></b>									
1 Large banks.....	433,821	437,969	440,526	435,827	435,070	445,535	443,443	447,206	443,089
2 New York City banks.....	90,640	91,142	92,276	89,157	88,025	92,966	91,640	93,944	90,642
3 Banks outside New York City.....	343,181	346,827	348,250	346,670	347,045	352,569	351,802	353,262	352,447
<b>Total loans (gross), adjusted</b>									
4 Large banks.....	323,058	325,309	327,768	324,720	325,163	333,198	329,945	332,313	330,388
5 New York City banks.....	70,217	70,427	71,488	69,411	69,086	72,012	70,043	71,176	69,436
6 Banks outside New York City.....	252,841	254,882	256,280	255,309	256,077	261,186	259,902	261,137	260,852
<b>Demand deposits, adjusted<sup>2</sup></b>									
7 Large banks.....	112,192	111,201	112,267	110,991	112,769	114,711	116,375	115,643	113,984
8 New York City banks.....	26,121	23,334	24,577	24,732	25,054	24,586	24,840	24,074	24,071
9 Banks outside New York City.....	86,071	87,867	87,690	86,259	87,715	90,125	91,535	91,569	89,913
<b>Large negotiable time CD's included in time and savings deposits<sup>3</sup></b>									
Total:									
10 Large banks.....	78,148	79,640	79,956	81,111	82,293	80,977	81,059	80,756	81,866
11 New York City.....	24,490	24,474	24,136	24,301	24,737	24,504	24,633	24,822	24,896
12 Banks outside New York City.....	53,658	55,166	55,820	56,810	57,556	56,473	56,426	55,934	56,970
Issued to IPC's:									
13 Large banks.....	52,506	53,931	54,292	55,533	56,476	55,884	56,180	55,836	56,739
14 New York City banks.....	16,817	17,029	16,729	16,960	17,380	17,444	17,576	17,855	17,992
15 Banks outside New York City.....	35,689	36,902	37,563	38,573	39,096	38,440	38,604	37,981	38,747
Issued to others:									
16 Large banks.....	25,642	25,709	25,664	25,578	25,817	25,093	24,879	24,970	25,137
17 New York City banks.....	7,673	7,445	7,407	7,441	7,357	7,060	7,057	6,967	6,904
18 Banks outside New York City.....	17,969	18,264	18,257	18,237	18,460	18,033	17,822	17,953	18,223
<b>All other large time deposits<sup>4</sup></b>									
Total:									
19 Large banks.....	31,660	31,722	31,716	31,727	31,477	31,290	31,497	32,050	32,317
20 New York City banks.....	6,118	6,018	6,001	5,920	5,829	5,828	5,906	5,970	5,977
21 Banks outside New York City.....	25,542	25,704	25,715	25,807	25,648	25,462	25,591	26,080	26,340
Issued to IPC's:									
22 Large banks.....	18,035	17,978	18,079	18,062	18,001	17,979	18,019	17,983	18,053
23 New York City banks.....	4,782	4,694	4,705	4,644	4,576	4,625	4,648	4,642	4,627
24 Banks outside New York City.....	13,253	13,284	13,374	13,418	13,425	13,354	13,371	13,341	13,426
Issued to others:									
25 Large banks.....	13,625	13,744	13,637	13,665	13,476	13,311	13,478	14,067	14,264
26 New York City banks.....	1,336	1,324	1,296	1,276	1,253	1,203	1,258	1,328	1,350
27 Banks outside New York City.....	12,289	12,420	12,341	12,389	12,223	12,108	12,220	12,739	12,914
<b>Savings deposits, by ownership category</b>									
<b>Individuals and nonprofit organizations:</b>									
28 Large banks.....	86,218	86,628	86,881	87,187	87,601	88,087	87,707	86,947	86,766
29 New York City banks.....	9,177	9,201	9,197	9,217	9,273	9,316	9,300	9,214	9,193
30 Banks outside New York City.....	77,041	77,427	77,684	77,970	78,328	78,771	78,407	77,733	77,573
<b>Partnerships and corporations for profit:<sup>5</sup></b>									
31 Large banks.....	4,897	4,923	4,825	4,898	4,968	4,976	4,942	4,906	4,970
32 New York City banks.....	484	480	473	470	478	485	478	470	473
33 Banks outside New York City.....	4,413	4,443	4,402	4,428	4,490	4,491	4,464	4,430	4,447
<b>Domestic governmental units:</b>									
34 Large banks.....	1,495	1,499	1,477	1,412	1,414	1,405	1,375	1,477	1,441
35 New York City banks.....	230	218	225	201	205	200	205	252	254
36 Banks outside New York City.....	1,265	1,281	1,252	1,211	1,209	1,205	1,170	1,225	1,187
<b>All other:<sup>6</sup></b>									
37 Large banks.....	32	39	32	27	31	26	33	27	29
38 New York City banks.....	19	27	22	20	17	11	17	11	14
39 Banks outside New York City.....	13	12	10	7	14	15	16	16	15
<b>Gross liabilities of banks to their foreign branches</b>									
40 Large banks.....	4,765	4,958	5,887	4,645	4,494	4,145	4,202	4,443	4,249
41 New York City banks.....	2,424	2,521	3,573	2,239	2,619	2,195	2,253	2,435	2,290
42 Banks outside New York City.....	2,341	2,437	2,314	2,406	1,875	1,950	1,949	2,008	1,959
<b>Loans sold outright to selected institutions by all large banks<sup>7</sup></b>									
43 Commercial and industrial <sup>8</sup> .....	2,307	2,217	2,251	2,236	2,230	2,163	2,214	2,219	2,254
44 Real estate <sup>8</sup> .....	236	239	236	237	237	237	245	242	246
45 All other <sup>8</sup> .....	2,088	2,097	2,123	2,139	2,051	2,040	1,996	1,991	1,991

<sup>1</sup> Exclusive of loans and Federal funds transactions with domestic commercial banks.

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

<sup>3</sup> Certificates of deposit (CD's) issued in denominations of \$100,000 or more.

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

<sup>5</sup> Other than commercial banks.

<sup>6</sup> Domestic and foreign commercial banks, and official international organizations.

<sup>7</sup> To bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

<sup>8</sup> Data revised beginning July 7, 1977, due to reclassifications at one large bank.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Commercial and Industrial Loans

Millions of dollars

Industry classification	Outstanding					Net change during--					Adjustment bank ▲
	1978					1977	1978	1978			
	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26 <sup>1</sup>	Q4	Q1	Feb.	Mar.	Apr. <sup>2</sup>	
<b>Total loans classified<sup>2</sup></b>											
1 Total	104,768	105,360	105,608	106,077	105,799	4,395	2,023	1,198	2,481	1,031	745
Durable goods manufacturing:											
2 Primary metals	2,754	2,743	2,775	2,778	2,800	256	-86	119	68	46	90
3 Machinery	5,234	5,188	5,167	5,263	5,294	4	491	288	276	60	176
4 Transportation equipment	2,723	2,686	2,649	2,717	2,644	-89	447	155	168	79	-21
5 Other fabricated metal products	2,272	2,348	2,423	2,435	2,444	-26	351	76	193	172	-28
6 Other durable goods	3,533	3,526	3,579	3,600	3,615	-231	52	39	145	82	-20
Nondurable goods manufacturing:											
7 Food, liquor, and tobacco	3,853	3,815	3,799	3,851	3,845	324	52	11	76	-8	21
8 Textiles, apparel, and leather	3,572	3,649	3,720	3,652	3,686	-663	280	165	231	114	-65
9 Petroleum refining	2,478	2,469	2,458	2,487	2,569	235	-221	41	-181	91	-249
10 Chemicals and rubber	3,415	3,527	3,534	3,504	3,475	-37	532	244	270	60	39
11 Other nondurable goods	2,206	2,220	2,234	2,225	2,183	74	62	17	-33	-23	26
12 Mining, including crude petroleum and natural gas	9,526	9,648	9,703	9,843	9,853	537	451	88	395	327	306
Trade:											
13 Commodity dealers	2,251	2,261	2,189	2,209	2,169	502	300	-19	78	-82	125
14 Other wholesale	8,486	8,618	8,626	8,587	8,687	439	787	227	487	201	390
15 Retail	7,626	7,764	7,740	7,815	7,806	-235	565	284	297	180	96
16 Transportation	5,602	5,499	5,539	5,307	5,298	17	378	54	326	-304	239
17 Communication	1,416	1,562	1,508	1,552	1,565	115	11	57	-96	149	22
18 Other public utilities	4,971	4,910	4,915	4,982	5,026	290	569	-178	375	55	210
19 Construction	4,634	4,702	4,704	4,739	4,771	-31	200	-14	170	137	-39
20 Services	12,304	12,406	12,535	12,638	12,664	286	675	179	263	360	330
21 All other domestic loans	7,450	7,627	7,771	7,777	7,822	419	34	178	-174	372	-857
22 Bankers acceptances	3,690	3,465	3,353	3,439	2,906	2,455	-2,533	-574	-114	-784	2
23 Foreign commercial and industrial loans	4,772	4,727	4,687	4,677	4,677	-238	-54	-123	11	-95	-48
MEMO ITEMS:											
24 Commercial paper included in total classified loans <sup>1</sup>	131				124	-75	-27	-11	-5	7	
25 Total commercial and industrial loans of all large weekly reporting banks	128,804	129,564	130,027	130,731	130,609	5,622	2,975	1,633	3,195	1,805	-13
<b>"Terms" loans classified<sup>3</sup></b>											
	1977		1978			1977	1978	1978			Adjustment bank ▲
	Dec. 28	Jan. 25	Feb. 22	Mar. 29	Apr. 26 <sup>1</sup>	Q4	Q1	Feb.	Mar.	June	
26 Total	46,626	48,215	48,818	49,369	49,989	352	1,903	603	751	620	840
Durable goods manufacturing:											
27 Primary metals	1,546	1,559	1,564	1,579	1,671	120	13	5	15	92	46
28 Machinery	2,286	2,403	2,473	2,529	2,488	-51	203	70	56	-41	40
29 Transportation equipment	1,317	1,432	1,466	1,489	1,449	-112	152	34	23	-40	20
30 Other fabricated metal products	834	882	877	902	964	59	50	-5	25	62	18
31 Other durable goods	1,698	1,630	1,602	1,572	1,603	-76	105	-28	30	31	-21
Nondurable goods manufacturing:											
32 Food, liquor, and tobacco	1,498	1,436	1,492	1,522	1,638	98	69	56	30	116	45
33 Textiles, apparel, and leather	1,058	973	983	1,038	1,068	-96	40	10	55	30	-60
34 Petroleum refining	2,268	2,136	2,000	1,873	1,850	271	-174	-136	-127	-23	-221
35 Chemicals and rubber	1,727	1,926	2,017	2,116	2,127	-18	215	91	99	11	174
36 Other nondurable goods	1,147	1,198	1,182	1,169	1,083	53	2	-16	-13	-86	20
37 Mining, including crude petroleum and natural gas	6,501	6,569	6,811	7,084	7,429	217	530	242	273	345	53
Trade:											
38 Commodity dealers	236	294	262	254	244	42	16	32	8	-10	34
39 Other wholesale	1,665	1,874	1,928	1,993	2,068	125	202	54	65	75	126
40 Retail	2,448	2,476	2,539	2,554	2,689	48	54	63	15	135	52
41 Transportation	3,484	3,726	3,747	3,885	3,623	-141	233	21	138	-262	168
42 Communication	840	901	908	924	964	54	47	7	16	40	37
43 Other public utilities	3,266	3,802	3,855	3,822	3,723	-36	34	53	-33	-99	590
44 Construction	1,990	2,002	1,973	2,066	2,081	-21	165	-29	93	15	-89
45 Services	5,366	5,746	5,807	5,880	6,031	85	307	61	73	151	207
46 All other domestic loans	2,726	2,627	2,750	2,457	2,576	184	-57	123	293	119	-212
47 Foreign commercial and industrial loans	2,725	2,623	2,582	2,661	2,620	-453	33	-41	79	-41	-97

<sup>1</sup> Reported for the last Wednesday of each month.

<sup>2</sup> Includes "term" loans, shown below.

<sup>3</sup> Outstanding loans with an original maturity of more than 1 year and all outstanding loans granted under a formal agreement—revolving credit or standby—on which the original maturity of the commitment was in excess of 1 year.

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

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations

Billions of dollars, estimated daily-average balances

Type of holder	At commercial banks									
	1973 Dec.	1974 Dec.	1975 Dec.	1976		1977				1978
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
1 All holders, IPC.....	220.1	225.0	236.9	236.1	250.1	242.3	253.8	252.7	274.4	262.5
2 Financial business.....	19.1	19.0	20.1	19.7	22.3	21.6	25.9	23.7	25.0	24.5
3 Nonfinancial business.....	116.2	118.8	125.1	122.6	130.2	125.1	129.2	128.5	142.9	131.5
4 Consumer.....	70.1	73.3	78.0	80.0	82.6	81.6	84.1	86.2	91.0	91.8
5 Foreign.....	2.4	2.3	2.4	2.3	2.7	2.4	2.5	2.5	2.5	2.4
6 Other.....	12.4	11.7	11.3	11.5	12.4	11.6	12.2	11.8	12.9	12.3

Type of holder	At weekly reporting banks									
	1974 Dec.	1975 Dec.	1976 Dec.	1977				1978		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
7 All holders, IPC.....	119.7	124.4	128.5	129.2	131.4	133.0	139.1	137.1	132.5	131.9
8 Financial business.....	14.8	15.6	17.5	17.4	18.0	17.9	18.5	18.3	18.1	18.2
9 Nonfinancial business.....	66.9	69.9	69.7	70.0	72.1	72.2	76.3	73.8	70.7	68.9
10 Consumer.....	29.0	29.9	31.7	32.8	32.4	33.4	34.6	35.2	34.4	35.4
11 Foreign.....	2.2	2.3	2.6	2.4	2.3	2.5	2.4	2.4	2.4	2.3
12 Other.....	6.8	6.6	7.1	6.6	6.7	7.0	7.4	7.4	6.9	7.0

NOTE.—Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.

1.33 COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1975 Dec.	1976 Dec.	1977 Dec.	1977				1978		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Commercial paper (seasonally adjusted)										
1 All issuers.....	48,459	53,025	65,112	61,542	62,724	62,753	65,112	65,488	65,477	67,354
Financial companies: <sup>1</sup>										
Dealer-placed paper: <sup>2</sup>										
2 Total.....	6,202	7,250	8,871	8,471	8,540	8,497	8,871	9,018	8,918	8,889
3 Bank-related.....	1,762	1,900	2,132	1,846	1,961	1,980	2,132	2,035	1,997	1,993
Directly-placed paper: <sup>3</sup>										
4 Total.....	31,374	32,500	40,399	37,850	38,803	38,954	40,399	41,586	42,137	42,781
5 Bank-related.....	6,892	5,959	7,003	7,069	7,012	6,567	7,003	7,109	7,616	8,031
6 Nonfinancial companies <sup>4</sup> .....	10,883	13,275	15,842	15,221	15,381	15,302	15,842	14,884	14,422	15,684
Dollar acceptances (not seasonally adjusted)										
7 Total.....	18,727	22,523	25,654	23,317	23,908	24,088	25,654	25,252	25,411	26,181
Held by:										
8 Accepting banks.....	7,333	10,442	10,434	7,473	8,673	8,952	10,434	7,785	7,513	7,375
9 Own bills.....	5,899	8,769	8,915	6,566	7,248	7,702	8,915	6,772	6,583	6,375
10 Bills bought.....	1,435	1,673	1,519	907	1,424	1,251	1,519	1,013	931	1,000
F.R. Banks:										
11 Own account.....	1,126	991	954	482	.....	248	954	.....	.....	1
12 Foreign correspondents.....	293	375	362	287	422	392	362	371	456	522
13 Others.....	9,975	10,715	13,904	15,075	14,813	14,495	13,904	17,096	17,442	18,283
Based on:										
14 Imports into United States.....	3,726	4,992	6,532	5,654	5,886	5,973	6,532	6,637	6,842	6,979
15 Exports from United States.....	4,001	4,818	5,895	5,544	5,584	5,803	5,895	5,840	5,739	6,034
16 All other.....	11,000	12,713	13,227	12,119	12,438	12,312	13,227	12,774	13,026	13,168

<sup>1</sup> 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.  
<sup>2</sup> Includes all financial company paper sold by dealers in the open market.

<sup>3</sup> As reported by financial companies that place their paper directly with investors.

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

1.34 PRIME RATE CHARGED BY BANKS on Short-term Business Loans  
Per cent per annum

Effective date	Rate	Effective date	Rate	Month	Average rate	Month	Average rate
1976—June 1	7	1977—May 13	6½	1976—Sept.	7.00	1977—July	6.75
7	7¼	31	6¾	Oct.	6.78	Aug.	6.83
Aug. 2	7	Aug. 22	7	Nov.	6.50	Sept.	7.13
Oct. 4	6¾	Sept. 16	7¼	Dec.	6.35	Oct.	7.52
Nov. 1	6½	Oct. 7	7½	1977—Jan.	6.25	Nov.	7.75
Dec. 13	6¼	Oct. 24	7¼	Feb.	6.25	Dec.	7.75
		1978 Jan. 10	8	Mar.	6.25	1978 Jan.	7.93
				Apr.	6.25	Feb.	8.00
				May	6.41	Mar.	8.00
				June	6.75	Apr.	8.00

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, Feb. 6-11, 1978

Item	All sizes	Size of loan (in thousands of dollars)					
		1-24	25-49	50-99	100-499	500-999	1,000 and over
Short-term commercial and industrial loans							
1 Amount of loans (thousands of dollars)	7,401,695	1,095,609	689,553	729,562	1,984,349	530,499	2,372,123
2 Number of loans	200,127	154,809	20,931	11,570	11,080	859	878
3 Weighted-average maturity (months)	3.1	3.2	3.3	2.6	3.0	2.8	3.1
4 Weighted-average interest rate (per cent per annum)	8.95	9.65	9.44	9.26	9.03	8.78	8.34
5 Interquartile range <sup>1</sup>	8.24-9.60	8.77-10.47	8.50-10.01	8.50-10.00	8.27-9.84	8.24-9.25	8.00-8.75
Percentage of amount of loans:							
6 With floating rate	51.5	34.9	40.8	40.6	60.3	46.9	59.3
7 Made under commitment	37.9	14.9	20.3	25.9	38.0	59.1	52.7
Long-term commercial and industrial loans							
8 Amount of loans (thousands of dollars)	1,311,928		361,327		420,109	69,872	460,620
9 Number of loans	31,161		28,547		2,364	105	144
10 Weighted-average maturity (months)	40.0		28.6		39.0	45.5	49.1
11 Weighted-average interest rate (per cent per annum)	9.19		9.54		9.37	8.87	8.81
12 Interquartile range <sup>1</sup>	8.50-9.92		8.50-10.47		9.00-9.92	8.00-9.61	8.00-9.20
Percentage of amount of loans:							
13 With floating rate	42.3		15.6		30.2	72.4	69.6
14 Made under commitment	54.7		18.6		74.1	53.5	65.6
Construction and land development loans							
15 Amount of loans (thousands of dollars)	803,264	82,792	126,435	222,919	127,991		112,423
16 Number of loans	20,791	13,375	3,737	2,901	637		141
17 Weighted-average maturity (months)	10.6	6.5	20.5	3.2	10.6		13.8
18 Weighted-average interest rate (per cent per annum)	9.69	9.67	9.62	9.33	9.70		10.07
19 Interquartile range <sup>1</sup>	9.00-10.34	9.20-10.34	9.20-9.92	8.36-10.00	9.17-10.29		9.27-10.78
Percentage of amount of loans:							
20 With floating rate	38.7	18.4	11.3	8.0	53.8		80.2
21 Secured by real estate	92.1	85.7	87.3	97.3	87.8		94.3
22 Made under commitment	42.8	56.3	17.8	27.3	65.6		53.4
23 Type of construction: 1- to 4-family	38.7	61.6	54.6	55.1	31.7		11.5
24 Multifamily	6.4	5.8	2.1	2.2	12.0		9.6
25 Nonresidential	54.9	32.6	43.3	42.7	56.3		78.9
Loans to farmers							
26 Amount of loans (thousands of dollars)	796,500	162,130	168,848	135,149	83,650	117,118	129,604
27 Number of loans	64,797	46,784	11,355	4,219	1,224	942	272
28 Weighted-average maturity (months)	10.0	7.8	11.3	13.0	9.0	10.9	8.4
29 Weighted-average interest rate (per cent per annum)	9.16	9.13	9.16	9.11	9.26	9.22	9.15
30 Interquartile range <sup>1</sup>	8.75-9.50	8.68-9.40	8.68-9.50	8.75-9.46	9.00-9.50	8.91-9.38	8.50-9.69
By purpose of loan:							
31 Feeder livestock	9.17	9.09	8.97	8.89	9.39	9.31	9.77
32 Other livestock	9.07	9.07	9.37	8.73	9.53	9.12	8.92
33 Other current operating expenses	9.14	9.03	9.26	9.24	9.17	9.15	9.06
34 Farm machinery and equipment	9.31	9.40	9.35	9.47	9.44	(2)	(2)
35 Other	9.16	9.29	9.01	9.20	9.27	9.43	8.96

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

<sup>2</sup> Fewer than three sample loans.

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

1.36 INTEREST RATES Money and Capital Markets

Averages, per cent per annum

Instrument	1975	1976	1977	1978				1978, week ending				
				Jan.	Feb.	Mar.	Apr.	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29
<b>Money market rates</b>												
1 Federal funds <sup>1</sup>	5.82	5.05	5.54	6.70	6.78	6.79	6.89	6.82	6.86	6.74	6.78	7.00
<b>Prime commercial paper<sup>2</sup></b>												
2 90- to 119-day	6.26	5.24	5.54	6.75	6.76	6.75	6.82	6.75	6.78	6.80	6.82	6.87
3 4- to 6-month	6.33	5.35	5.60	6.79	6.80	6.80	6.86	6.80	6.83	6.85	6.86	6.91
4 Finance company paper, directly placed, 3- to 6-month <sup>3</sup>	6.16	5.22	5.49	6.69	6.74	6.73	6.74	6.75	6.75	6.75	6.72	6.74
5 Prime bankers acceptances, 90-day <sup>4</sup>	6.30	5.19	5.59	6.86	6.82	6.79	6.92	6.80	6.85	6.84	6.92	7.06
<b>Large negotiable certificates of deposit</b>												
6 3-month, secondary market <sup>5</sup>	6.43	5.26	5.58	6.71	6.89	6.85	7.04	6.86	6.95	6.99	6.94	7.14
7 3-month, primary market <sup>6</sup>		5.15	5.52	6.83	6.77	6.75	6.83	6.74	6.80	6.83	6.82	6.95
8 Euro-dollar deposits, 3-month <sup>7</sup>	6.97	5.57	6.05	7.32	7.28	7.27	7.38	7.34	7.40	7.35	7.30	7.43
<b>U.S. Govt. securities</b>												
<b>Bills<sup>8</sup></b>												
<b>Market yields:</b>												
9 3-month	5.80	4.98	5.27	6.44	6.45	6.29	6.29	6.34	6.37	6.29	6.22	6.26
10 6-month	6.11	5.26	5.53	6.70	6.74	6.63	6.73	6.66	6.73	6.70	6.70	6.80
11 1-year	6.30	5.52	5.71	6.80	6.86	6.82	6.96	6.89	6.94	6.91	6.93	7.06
<b>Rates on new issue:</b>												
12 3-month	5.838	4.989	5.265	6.448	6.457	6.319	6.306	6.310	6.417	6.373	6.140	6.294
13 6-month	6.122	5.266	5.510	6.685	6.740	6.644	6.700	6.666	6.717	6.743	6.563	6.777
14 Constant maturities: <sup>9</sup>												
1-year	6.76	5.88	6.09	7.28	7.34	7.31	7.45	7.39	7.43	7.40	7.42	7.57
<b>Capital market rates</b>												
<b>Government notes and bonds</b>												
<b>U.S. Treasury</b>												
<b>Constant maturities:<sup>9</sup></b>												
15 2-year			6.45	7.49	7.57	7.58	7.74	7.65	7.71	7.68	7.72	7.87
16 3-year	7.49	6.77	6.69	7.61	7.67	7.70	7.85	7.79	7.82	7.81	7.83	7.95
17 5-year	7.77	7.18	6.99	7.77	7.83	7.86	7.98	7.94	7.97	7.95	7.96	8.05
18 7-year	7.90	7.42	7.23	7.86	7.94	7.95	8.06	8.02	8.04	8.04	8.04	8.13
19 10-year	7.99	7.61	7.42	7.96	8.03	8.04	8.15	8.12	8.14	8.15	8.12	8.21
20 20-year	8.19	7.86	7.67	8.14	8.22	8.21	8.32	8.27	8.31	8.33	8.30	8.36
21 30-year				8.18	8.25	8.23	8.34	8.30	8.32	8.35	8.31	8.38
<b>Notes and bonds maturing in<sup>10</sup></b>												
22 3 to 5 years	7.55	6.94	6.85	7.71	7.76	7.76	7.90	7.83	7.87	7.87	7.87	7.98
23 Over 10 years (long-term)	6.98	6.78	7.06	7.50	7.60	7.63	7.74	7.68	7.72	7.74	7.72	7.78
<b>State and local:</b>												
<b>Moody's series:<sup>11</sup></b>												
24 Aaa	6.42	5.66	5.20	5.20	5.24	5.11	5.41	5.10	5.40	5.40	5.40	5.45
25 Baa	7.62	7.49	6.12	5.91	5.82	5.85	5.88	5.75	5.75	5.80	5.90	6.05
26 Bond Buyer series <sup>12</sup>	7.05	6.64	5.68	5.71	5.62	5.61	5.80	5.69	5.76	5.74	5.79	5.89
<b>Corporate bonds</b>												
<b>Seasoned issues:<sup>13</sup></b>												
27 All industries	9.57	9.01	8.43	8.74	8.78	8.80	8.88	8.81	8.85	8.87	8.89	8.93
<b>By rating groups:</b>												
28 Aaa	8.83	8.43	8.02	8.41	8.47	8.47	8.56	8.48	8.53	8.56	8.57	8.59
29 Aa	9.17	8.75	8.24	8.59	8.65	8.66	8.74	8.67	8.70	8.72	8.72	8.77
30 A	9.65	9.09	8.49	8.76	8.79	8.83	8.93	8.85	8.88	8.91	8.93	8.98
31 Baa	10.61	9.75	8.97	9.17	9.20	9.22	9.32	9.25	9.27	9.30	9.33	9.38
<b>Aaa utility bonds:<sup>14</sup></b>												
32 New issue	9.40	8.48	8.19	8.68	8.69	8.71	8.90	8.83	8.88	8.88	8.93	8.92
33 Recently offered issues	9.41	8.49	8.19	8.60	8.67	8.67	8.85	8.75	8.82	8.84	8.84	8.91
<b>Dividend/price ratio</b>												
34 Preferred stocks	8.38	7.97	7.60	7.93	7.99	8.07	8.06	8.13	8.13	8.07	8.04	7.99
35 Common stocks	4.31	3.77	4.56	5.32	5.49	5.68	5.42	5.63	5.58	5.55	5.34	5.19

<sup>1</sup> 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.  
<sup>2</sup> Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by those dealers.  
<sup>3</sup> Averages of the most representative daily offering rates published by finance companies for varying maturities in this range.  
<sup>4</sup> Beginning Aug. 15, 1974, the rate is the average of the midpoint of the range of daily dealer closing rates offered for domestic issues; prior data are averages of the most representative daily offering rate quoted by dealers.  
<sup>5</sup> Weekly figures (week ending Wednesday) are 7-day averages of the daily midpoints as determined from the range of offering rates at large New York City banks; monthly figures are averages of total days in the month.  
<sup>6</sup> Posted rates, which are the annual interest rates most often quoted on new offerings of negotiable CD's in denominations of \$100,000 or more by large New York City banks. Rates prior to 1976 not available. Weekly figures are for Wednesday dates.

<sup>7</sup> Averages of daily quotations for the week ending Wednesday.  
<sup>8</sup> Except for new bill issues, yields are computed from daily closing bid prices. Yields for all bills are quoted on a bank-discount basis.  
<sup>9</sup> Yields on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.  
<sup>10</sup> Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years, including a number of very low yielding "flower" bonds.  
<sup>11</sup> General obligations only, based on figures for Thursday, from Moody's Investors Service.  
<sup>12</sup> Twenty issues of mixed quality.  
<sup>13</sup> Averages of daily figures from Moody's Investors Service.  
<sup>14</sup> Compilation of the Board of Governors of the Federal Reserve System.  
 Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering; those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations.

## 1.37 STOCK MARKET Selected Statistics

Indicator	1975	1976	1977	1977			1978			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Prices and trading (averages of daily figures)										
Common stock prices										
1 New York Stock Exchange (Dec. 31, 1965 = 50)	45.73	54.45	53.67	51.37	51.87	51.83	49.89	49.41	49.50	51.75
2 Industrial	51.88	60.44	57.84	54.99	55.62	55.55	53.45	52.80	52.77	55.48
3 Transportation	30.73	39.57	41.07	38.33	39.30	39.75	39.15	38.90	38.95	41.19
4 Utility	31.45	36.97	40.91	40.38	40.33	40.36	39.09	39.02	39.26	39.69
5 Finance	46.62	52.94	55.23	53.24	54.04	53.85	50.91	50.60	51.44	55.04
6 Standard & Poor's Corporation (1941 43 = 10) <sup>1</sup>	85.17	102.01	98.18	93.78	94.28	93.82	90.28	88.98	88.82	92.71
7 American Stock Exchange (Aug. 31, 1973 = 100)	83.15	101.63	116.18	115.41	117.80	124.88	121.73	123.35	126.11	133.67
Volume of trading (thousands of shares) <sup>2</sup>										
8 New York Stock Exchange	18,568	21,189	20,936	19,689	23,557	21,475	20,388	19,400	22,617	34,780
9 American Stock Exchange	2,150	2,565	2,514	2,080	2,061	3,008	2,254	2,300	2,940	4,151
Customer financing (end-of-period balances, in millions of dollars)										
10 Regulated margin credit at brokers/dealers and banks <sup>3</sup>	6,500	9,011	10,866	10,583	10,680	10,866	10,690	10,901	11,027	
11 Brokers, total	5,540	8,166	9,993	9,756	9,859	9,993	9,839	10,024	10,172	
12 Margin stock <sup>4</sup>	5,390	7,960	9,740	9,560	9,610	9,740	9,590	9,780	9,920	
13 Convertible bonds	147	204	250	192	246	250	246	242	250	
14 Subscription issues	3	2	3	4	3	3	3	2	2	
15 Banks, total	960	845	873	827	822	873	857	877	855	
16 Margin stocks	909	800	827	783	778	827	809	838	824	
17 Convertible bonds	36	30	30	27	28	30	27	25	24	
18 Subscription issues	15	15	16	17	16	16	15	14	7	
19 Unregulated nonmargin stock credit at banks <sup>5</sup>	2,281	2,817	2,568	2,579	2,604	2,568	2,565	2,544	2,544	
MEMO: Free credit balances at brokers <sup>6</sup>										
20 Margin-account	475	585	640	615	630	640	660	635	630	
21 Cash-account	1,525	1,855	2,060	1,850	1,845	2,060	1,925	1,875	1,790	
Margin-account debt at brokers (percentage distribution, end of period)										
22 Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
By equity class (in per cent): <sup>7</sup>										
23 Under 40	24.0	12.0	18.0	27.0	17.0	19.0	25.0	25.0	21.0	
24 40-49	28.8	23.0	36.0	35.0	33.0	34.0	34.0	34.0	33.0	
25 50-59	22.3	35.0	23.0	18.0	26.0	24.0	20.0	20.0	24.0	
26 60-69	11.6	15.0	11.0	9.8	12.0	11.0	10.0	10.0	11.0	
27 70-79	6.9	8.7	6.0	6.0	7.0	7.0	6.0	6.0	6.0	
28 80 or more	5.3	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	
Special miscellaneous-account balances at brokers (end of period)										
29 Total balances (millions of dollars) <sup>8</sup>	7,290	8,776	9,910	9,640	9,710	9,910	9,880	10,150	10,190	
Distribution by equity status (per cent)										
30 Net credit status	43.8	41.3	43.4	42.8	41.8	43.4	42.4	42.0	42.6	
Debit status, equity of—										
31 60 per cent or more	40.8	47.8	44.9	43.8	45.5	44.9	43.6	43.0	43.7	
32 Less than 60 per cent	15.4	10.9	11.7	13.4	12.7	11.7	14.0	14.0	13.5	

<sup>1</sup> 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.

<sup>2</sup> Based on trading for a 5½-hour day.

<sup>3</sup> Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended by brokers is end-of-month data for member firms of the New York Stock Exchange; June data for banks are universe totals; all other data for banks are estimates for all commercial banks based on data from a sample of reporting banks.

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

<sup>4</sup> A distribution of this total by equity class is shown on lines 23-28.

<sup>5</sup> Nonmargin stocks are those not listed on a national securities exchange and not included on the Federal Reserve System's list of over-the-counter margin stocks. At banks, loans to purchase or carry nonmargin stocks are unregulated; at brokers, such stocks have no loan value.

<sup>6</sup> Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

<sup>7</sup> Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

<sup>8</sup> Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.

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

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1976			1977						1978		
	1974	1975	1976	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>1</sup>	Mar. <sup>2</sup>
Savings and loan associations												
1 Assets	295,545	338,233	391,907	433,728	440,101	444,383	450,563	455,644	459,282	464,279	469,726	475,315
2 Mortgages	249,301	278,590	323,005	355,856	361,582	366,838	371,714	376,468	381,216	384,235	387,644	392,438
3 Cash and investment securities <sup>1</sup>	23,251	30,853	35,724	41,057	41,069	39,709	40,642	40,522	39,197	40,356	41,646	41,904
4 Other	22,993	28,790	33,178	36,815	37,450	37,836	38,207	38,654	38,869	39,688	40,436	40,973
5 Liabilities and net worth	295,545	338,233	391,907	433,728	440,101	444,383	450,563	455,644	459,282	464,279	469,726	475,315
6 Savings capital	242,974	285,743	335,912	368,385	371,247	377,208	379,604	381,333	386,875	389,620	391,917	399,032
7 Borrowed money	24,780	20,614	19,083	20,960	22,026	22,920	24,206	25,547	27,803	27,906	28,673	29,319
8 FHLBB	21,508	17,524	15,708	15,724	16,255	16,908	17,546	18,282	19,952	20,136	20,609	21,076
9 Other	3,272	3,110	3,375	5,236	5,771	6,012	6,660	7,265	7,851	7,770	8,064	8,243
10 Loans in process	3,244	5,128	6,840	9,338	9,662	9,741	9,856	9,924	9,932	9,849	9,924	10,437
11 Other	6,105	6,949	8,074	11,280	13,053	10,176	12,226	13,839	9,491	11,464	13,449	10,495
12 Net worth <sup>2</sup>	18,442	19,779	21,998	23,765	24,113	24,338	24,671	25,001	25,181	25,440	25,763	26,032
13 MEMO: Mortgage loan commitments outstanding <sup>3</sup>	7,454	10,673	14,826	21,907	21,901	21,631	21,555	21,270	19,886	19,534	20,625	22,233
Mutual savings banks												
14 Assets	109,550	121,056	134,812	143,036	143,815	144,666	145,651	146,346	147,190	148,415	149,437	
Loans:												
15 Mortgage	74,891	77,221	81,630	84,700	85,419	86,079	86,769	87,333	88,104	88,815	89,159	
16 Other	3,812	4,023	5,183	7,176	7,119	6,878	7,115	7,241	6,240	6,843	7,448	
Securities:												
17 U.S. Govt.	2,555	4,740	5,840	6,101	6,019	6,192	6,101	6,071	5,901	5,883	5,939	
18 State and local government	930	1,545	2,417	2,594	2,762	2,777	2,808	2,809	2,828	2,887	2,809	
19 Corporate and other <sup>4</sup>	22,550	27,992	33,793	36,674	36,878	36,927	37,073	37,221	37,909	38,260	38,421	
20 Cash	2,167	2,330	2,355	2,001	1,857	1,992	2,011	1,887	2,416	1,896	1,845	
21 Other assets	2,645	3,205	3,593	3,789	3,760	3,821	3,773	3,783	3,792	3,832	3,817	
22 Liabilities	109,550	121,056	134,812	143,036	143,815	144,666	145,651	146,346	147,190	148,415	149,437	
23 Deposits	98,701	109,873	122,877	130,111	130,381	131,688	132,250	132,537	133,892	134,685	135,084	
24 Regular	98,221	109,291	121,961	128,748	129,030	130,230	130,913	131,319	132,608	133,236	133,716	
25 Ordinary savings	64,286	69,653	74,535	77,069	77,163	77,640	77,503	77,460	77,930	77,680	77,767	
26 Time and other	33,935	39,639	47,426	51,679	51,867	52,590	53,410	53,859	54,678	55,556	55,949	
27 Other	480	582	916	1,363	1,351	1,458	1,337	1,208	1,284	1,450	1,386	
28 Other liabilities	2,888	2,755	2,884	3,379	3,779	3,254	3,632	3,938	3,319	3,665	4,177	
29 General reserve accounts	7,961	8,428	9,052	9,546	9,654	9,723	9,769	9,882	9,980	10,065	10,175	
30 MEMO: Mortgage loan commitments outstanding <sup>6</sup>	2,040	1,803	2,439	4,049	4,198	4,254	4,423	4,458	4,066	3,998	4,027	
Life insurance companies												
31 Assets	263,349	289,304	321,552	336,651	338,964	341,382	343,738	347,182	350,506	352,914	355,068	
Securities:												
32 Government	10,900	13,758	17,942	18,916	19,174	19,515	19,519	19,681	19,508	19,579	19,677	
33 United States <sup>7</sup>	3,372	4,736	5,368	5,628	5,831	5,883	5,810	5,993	5,693	5,717	5,748	
34 State and local	3,667	4,508	5,594	5,847	5,881	5,994	5,979	5,967	6,016	6,009	6,073	
35 Foreign <sup>8</sup>	3,861	4,514	6,980	7,441	7,462	7,638	7,730	7,721	7,799	7,853	7,856	
36 Business	119,637	135,317	157,246	168,498	169,747	170,606	172,005	174,109	175,204	177,134	178,718	
37 Bonds	97,717	107,256	122,984	135,262	136,752	138,046	139,909	141,354	142,095	145,244	147,202	
38 Stocks	21,920	28,061	34,262	33,236	32,995	32,560	32,096	32,755	33,109	31,890	31,516	
39 Mortgages	86,234	89,167	91,552	93,106	93,326	94,070	94,684	95,110	96,765	97,171	97,475	
40 Real estate	8,331	9,621	10,476	10,901	10,926	10,930	11,024	11,113	11,201	11,252	11,318	
41 Policy loans	22,862	24,467	25,834	26,780	26,946	27,087	27,220	27,355	27,508	27,628	27,762	
42 Other assets	15,385	16,971	18,502	18,450	18,845	19,174	19,286	19,814	20,320	20,150	20,118	
Credit unions												
43 Total assets/liabilities and capital	31,948	38,037	45,225	50,218	50,904	52,136	52,412	53,141	54,084	53,982	54,989	56,703
44 Federal	16,715	20,209	24,396	27,290	27,632	28,384	28,463	28,954	29,574	29,579	30,236	31,274
45 State	15,233	17,828	20,829	22,928	23,272	23,752	23,949	24,187	24,510	24,403	24,753	25,429
46 Loans outstanding	24,432	28,169	34,384	38,657	39,711	40,573	40,865	41,427	42,055	41,876	42,331	43,379
47 Federal	12,730	14,869	18,311	20,591	21,194	21,692	21,814	22,224	22,717	22,590	22,865	23,555
48 State	11,702	13,300	16,073	18,066	18,517	18,881	19,051	19,203	19,338	19,286	19,466	19,824
49 Savings	27,518	33,013	39,173	43,658	43,982	45,103	45,441	45,977	46,832	47,317	48,093	49,706
50 Federal (shares)	14,370	17,530	21,130	23,873	24,080	24,775	24,945	25,303	25,849	26,076	26,569	27,514
51 State (shares and deposits)	13,148	15,483	18,043	19,785	19,902	20,328	20,496	20,674	20,983	21,241	21,524	22,192

For notes see bottom of page A30.



## 1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1976	Transition quarter (July-Sept. 1976)	Fiscal year 1977	Calendar year					
				1976		1977		1978	
				H2	III	H2	Jan.	Feb.	Mar.
<b>U.S. Budget</b>									
1 Receipts <sup>1</sup> .....	299,197	81,687	356,861	157,868	189,410	175,787	33,201	26,795	24,879
2 Outlays <sup>1,2,3</sup> .....	365,643	94,657	401,902	193,629	199,482	216,747	36,918	33,787	40,004
3 Surplus, or deficit (-).....	-66,446	-12,970	-45,041	-35,761	-10,072	-40,961	-3,717	-6,992	-15,125
4 Trust funds.....	2,409	-1,952	7,833	-4,621	7,332	4,293	-3,946	2,850	-1,147
5 Federal funds <sup>4</sup> .....	-68,855	-11,018	-52,874	-31,140	-17,405	45,254	230	-9,843	-13,978
<b>Off-budget entities surplus, or deficit (-)</b>									
6 Federal Financing Bank outlays.....	-5,915	-2,575	-8,415	-5,176	-2,075	6,663	907	-1,084	-1,149
7 Other <sup>5,6</sup> .....	-1,355	793	-269	3,809	2,086	428	267	-209	-16
<b>U.S. Budget plus off-budget, including Federal Financing Bank</b>									
8 Surplus, or deficit (-).....	-73,716	-14,752	-53,725	-37,125	-14,233	-47,196	4,891	8,285	-16,290
<b>Financed by:</b>									
9 Borrowing from the public <sup>3,7</sup> .....	82,922	18,027	53,516	35,457	16,480	40,284	6,027	5,108	9,656
10 Cash and monetary assets (decrease, or increase (-)).....	-7,796	-2,899	-2,238	2,153	-4,666	4,317	-229	5,171	993
11 Other <sup>8</sup> .....	-1,396	-373	2,440	-485	2,420	2,597	907	-1,993	5,640
<b>MIMO ITEMS:</b>									
12 Treasury operating balance (level, end of period).....	14,836	17,418	19,104	11,670	16,255	12,274	12,481	7,391	6,407
13 F.R. Banks.....	11,975	13,299	15,740	10,393	15,183	7,114	11,228	3,615	4,705
14 Tax and loan accounts.....	2,854	4,119	3,364	1,277	1,072	5,160	1,253	3,776	1,702
15 Other demand accounts <sup>7</sup> .....	7								

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

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

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

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

<sup>5</sup> Includes Pension Benefit Guaranty Corp.; Postal Service Fund, Rural

Electrification; Telephone Revolving Fund, Rural Telephone Bank; and Housing for the Elderly or Handicapped Fund until October 1978.

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

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

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

## NOTES TO TABLE 1.38

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

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

<sup>3</sup> Excludes figures for loans in process, which are shown as a liability.

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

<sup>5</sup> Excludes checking, club, and school accounts.

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

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

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

NOTE.—*Savings and loan associations*: Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of Federally insured associations and annual reports of other associations.

Even when revised, data for current and preceding year are subject to further revision.

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

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

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

## 1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1976	Transition quarter (July-Sept. 1976)	Fiscal year 1977	Calendar year					
				1976		1977		1978	
				II2	III	II2	Jan.	Feb.	Mar.
Receipts									
1 All sources <sup>1</sup> .....	299,197	81,687	356,861	157,868	189,410	175,787	33,201	26,795	24,879
2 Individual income taxes, net.....	130,794	38,715	156,725	75,899	77,948	82,877	20,217	10,620	8,258
3 Withheld.....	123,408	32,949	144,820	68,023	73,303	75,480	13,111	12,811	14,469
4 Presidential Election Campaign Fund.....	34	1	37	1	37	1	1	6	9
5 Nonwithheld.....	35,528	6,809	42,062	8,426	32,959	9,397	7,154	905	2,537
6 Refunds <sup>2</sup> .....	28,175	1,043	30,194	1,541	28,350	2,001	48	3,102	11,756
7 Corporation income taxes:									
8 Gross receipts.....	46,783	9,808	60,057	20,706	37,133	25,121	2,273	1,521	8,682
9 Refunds.....	5,374	1,348	5,164	2,886	2,324	2,819	282	508	659
10 Social insurance taxes and contributions, net.....	92,714	25,760	108,683	47,596	58,099	52,347	7,997	12,427	8,560
11 Payroll employment taxes and contributions <sup>2</sup> .....	76,391	21,534	88,196	40,427	45,242	44,384	6,898	10,479	7,616
12 Self-employment taxes and contributions <sup>3</sup> .....	3,518	269	4,014	286	3,687	316	259	266	322
13 Unemployment insurance.....	8,054	2,698	11,312	4,379	6,575	4,936	403	1,192	144
14 Other net receipts <sup>4</sup> .....	4,752	1,259	5,162	2,504	2,595	2,711	437	490	478
15 Excise taxes.....	16,963	4,473	17,548	8,910	8,432	9,284	1,492	1,259	1,395
16 Customs.....	4,074	1,212	5,150	2,361	2,519	2,848	494	441	603
17 Estate and gift.....	5,216	1,455	7,327	2,943	4,332	2,837	447	434	462
18 Miscellaneous receipts <sup>5</sup> .....	8,026	1,612	6,536	3,236	3,269	3,292	563	602	577
Outlays <sup>6</sup>									
19 All types <sup>1,6</sup> .....	365,643	94,657	401,902	193,629	199,482	216,747	36,918	33,787	40,004
20 National defense.....	89,430	22,307	97,501	45,002	48,721	50,873	7,974	8,676	10,701
21 International affairs <sup>6</sup> .....	5,567	2,180	4,831	3,028	2,522	2,896	300	- 110	795
22 General science, space, and technology.....	4,370	1,161	4,677	2,377	2,108	2,318	370	392	433
23 Energy.....	3,127	794	4,172	.....	.....	.....	.....	319	542
24 Natural resources and environment.....	8,124	2,532	10,000	.....	.....	.....	.....	641	841
25 Agriculture.....	2,502	584	5,526	2,019	2,628	5,477	1,790	57	680
26 Commerce and housing credit.....	3,795	1,391	31	.....	.....	.....	.....	626	52
27 Transportation.....	13,438	3,306	14,636	.....	.....	.....	.....	1,076	991
28 Community and regional development.....	4,709	1,340	6,283	3,192	3,149	4,924	755	773	1,461
29 Education, training, employment, and social services.....	18,737	5,162	20,985	9,083	9,775	10,800	1,996	2,058	2,214
30 Health.....	33,448	8,720	38,785	19,329	18,654	19,422	2,680	3,635	3,895
31 Income security <sup>7</sup> .....	126,598	32,710	137,004	65,367	69,917	71,047	12,912	12,073	13,109
32 Veterans benefits and services.....	18,432	3,962	18,038	8,542	9,382	9,864	686	1,529	2,662
33 Administration of justice.....	3,320	859	3,600	1,839	1,783	1,723	307	326	290
34 General government.....	2,927	878	3,357	1,714	1,587	1,749	166	355	374
35 General-purpose fiscal assistance.....	7,235	2,092	9,499	4,729	4,333	4,926	2,317	52	43
36 Interest <sup>7</sup> .....	34,589	7,246	38,092	18,409	18,927	19,962	2,628	3,353	3,091
37 Undistributed offsetting receipts <sup>7,8</sup> .....	-14,704	2,567	-15,053	7,869	-6,803	8,506	-475	677	581

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

<sup>2</sup> Old-age, disability and hospital insurance, and Railroad Retirement accounts.

<sup>3</sup> Old-age, disability, and hospital insurance.

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

<sup>5</sup> Deposits of earnings by F.R. Banks and other miscellaneous receipts.

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

<sup>7</sup> Effective September 1976, "Interest" and "Undistributed Offsetting

Receipts" reflect the accounting conversion for the interest on special issues for U.S. Govt. accounts from an accrual basis to a cash basis.

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

<sup>9</sup> For some types of outlays the categories are new or represent regroupings; data for these categories are from the *Budget of the United States Government, Fiscal Year 1979*; data are not available for half years or for months prior to February 1978.

Two categories have been renamed: "Law enforcement and justice" has become "Administration of justice" and "Revenue sharing and general purpose fiscal assistance" has become "General purpose fiscal assistance."

In addition, for some categories the table includes revisions in figures published earlier.

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1974		1975		1976			1977		
	Dec. 31	June 30	Dec. 31	June 30	Sept. 30	Dec. 31	June 30	Sept. 30	Dec. 31	
1 Federal debt outstanding.....	504.0	544.1	587.6	631.9	<sup>2</sup> 646.4	665.5	685.2	709.1	729.2	
2 Public debt securities.....	492.7	533.7	576.6	620.4	634.7	653.5	674.4	698.8	718.9	
3 Held by public.....	351.5	387.9	437.3	470.8	488.6	506.4	523.2	543.4	564.1	
4 Held by agencies.....	141.2	145.3	139.3	149.6	146.1	147.1	151.2	155.5	154.8	
5 Agency securities.....	11.3	10.9	10.9	11.5	11.6	12.0	10.8	10.3	10.2	
6 Held by public.....	9.3	9.0	8.9	9.5	9.7	10.0	9.0	8.5	8.4	
7 Held by agencies.....	2.0	1.9	2.0	2.0	1.9	1.9	1.8	1.8	1.8	
8 Debt subject to statutory limit.....	493.0	534.2	577.8	621.6	635.8	654.7	675.6	700.0	720.1	
9 Public debt securities.....	490.5	532.6	576.0	619.8	634.1	652.9	673.8	698.2	718.3	
10 Other debt <sup>1</sup> .....	2.4	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	
11 Memo: Statutory debt limit.....	495.0	577.0	595.0	636.0	636.0	682.0	700.0	700.0	752.0	

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

<sup>2</sup> Gross Federal debt and agency debt held by the public increased

\$0.5 billion due to a retroactive reclassification of the Export-Import Bank certificates of beneficial interest from loan asset sales to debt, effective July 1, 1975.

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

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

Billions of dollars, end of period

Type and holder	1973	1974	1975	1976	1977		1978		
					Dec.	Jan.	Feb.	Mar.	Apr.
1 Total gross public debt.....	469.1	492.7	576.6	653.5	718.9	721.6	729.8	738.0	736.6
By type:									
2 Interest-bearing debt.....	467.8	491.6	575.7	652.5	715.2	720.6	728.5	736.9	733.1
3 Marketable.....	270.2	282.9	363.2	421.3	459.9	466.8	470.8	478.3	472.2
4 Bills.....	107.8	119.7	157.5	164.0	161.1	161.2	161.8	165.7	159.6
5 Notes.....	124.6	129.8	167.1	216.7	251.8	257.1	258.5	262.2	262.2
6 Bonds.....	37.8	33.4	38.6	40.6	47.0	48.5	50.5	50.4	50.4
7 Nonmarketable <sup>1</sup> .....	197.6	208.7	212.5	231.2	255.3	253.8	257.7	258.7	260.9
8 Convertible bonds <sup>2</sup> .....	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2
9 State and local govt. series.....	*	.6	1.2	4.5	13.9	14.8	15.4	16.4	17.6
10 Foreign issues <sup>3</sup> .....	26.0	22.8	21.6	22.3	22.2	22.8	22.6	23.6	23.4
11 Savings bonds and notes.....	60.8	63.8	67.9	72.3	77.0	77.4	77.8	78.2	78.6
12 Govt. account series <sup>4</sup> .....	108.0	119.1	119.4	129.7	139.8	136.4	139.4	138.0	138.8
13 Non-interest-bearing debt.....	1.2	1.1	1.0	1.1	3.7	1.0	1.3	1.0	3.5
By holder: <sup>5</sup>									
14 U.S. Govt. agencies and trust funds.....	123.4	138.2	145.3	149.6	154.8	151.5	154.2		
15 F.R. Banks.....	75.0	80.5	84.7	94.4	102.5	97.0	95.5		
16 Private investors.....	260.9	271.0	349.4	409.5	461.3	473.1	477.1		
17 Commercial banks.....	60.3	55.6	85.1	103.8	102.4	102.2	103.5		
18 Mutual savings banks.....	2.9	2.5	4.5	5.7	6.0	5.9	5.9		
19 Insurance companies.....	6.4	6.2	9.5	12.5	15.6	15.3	15.3		
20 Other corporations.....	10.9	11.0	20.2	26.5	22.2	22.9	21.8		
21 State and local governments.....	29.2	29.2	34.2	41.6	55.1	56.4	58.3		
Individuals:									
22 Savings bonds.....	60.3	63.4	67.3	72.0	76.7	77.1	77.6		
23 Other securities.....	16.9	21.5	24.0	28.8	28.6	29.0	29.1		
24 Foreign and international <sup>6</sup> .....	54.7	58.8	66.5	78.1	109.6	112.5	115.5		
25 Other miscellaneous investors <sup>7</sup> .....	19.3	22.8	38.0	40.5	45.0	51.7	50.3		

<sup>1</sup> Includes (not shown separately): Securities issued to the Rural Electrification Administration and to State and local governments, depository bonds, retirement plan bonds, and individual retirement bonds.

<sup>2</sup> These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ per cent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category above.

<sup>3</sup> Nonmarketable foreign government dollar-denominated and foreign currency denominated series.

<sup>4</sup> Held almost entirely by U.S. Govt. agencies and trust funds.

<sup>5</sup> Data for F.R. Banks and U.S. Govt. agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

<sup>6</sup> 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.

<sup>7</sup> Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain Govt. deposit accounts, and Govt.-sponsored agencies.

NOTE.—Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues. Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Dept.); data by holder from *Treasury Bulletin*.

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

Par value; millions of dollars, end of period

Type of holder	1976	1977	1978		1976	1977	1978	
			Feb.	Mar.			Feb.	Mar.
			All maturities				1 to 5 years	
1 All holders	421,276	459,927	470,766	478,252	141,132	151,264	164,317	167,661
2 U.S. Govt. agencies and trust funds	16,485	14,420	13,996	13,982	6,141	4,788	4,779	4,774
3 F. R. Banks	96,971	101,191	98,450	101,576	31,249	27,012	28,824	30,386
4 Private investors	307,820	344,315	358,320	362,693	103,742	119,464	130,715	132,581
5 Commercial banks	78,262	75,363	74,761	73,852	40,005	38,691	40,583	41,251
6 Mutual savings banks	4,072	4,379	4,251	4,200	2,010	2,112	2,218	2,243
7 Insurance companies	10,284	12,378	12,146	11,902	3,885	4,729	5,126	5,063
8 Nonfinancial corporations	14,193	9,474	9,297	8,197	2,618	3,183	3,430	3,537
9 Savings and loan associations	4,576	4,817	4,954	5,014	2,360	2,368	2,438	2,495
10 State and local governments	12,252	15,495	15,883	16,564	2,543	3,875	4,023	4,911
11 All others	184,182	222,409	237,028	242,963	50,321	64,505	72,796	72,991
			Total, within 1 year				5 to 10 years	
12 All holders	211,035	230,691	228,805	232,997	43,045	45,328	41,554	41,554
13 U.S. Govt. agencies and trust funds	2,012	1,906	1,171	1,163	2,879	2,129	2,129	2,129
14 F. R. Banks	51,569	56,702	52,438	53,360	9,148	10,404	9,571	10,010
15 Private investors	157,454	172,084	175,195	178,474	31,018	32,795	29,853	29,414
16 Commercial banks	31,213	29,477	26,553	25,237	6,278	6,162	6,149	5,957
17 Mutual savings banks	1,214	1,400	1,233	1,162	567	584	507	507
18 Insurance companies	2,191	2,398	2,096	1,905	2,546	3,204	2,906	2,909
19 Nonfinancial corporations	11,009	5,770	5,239	4,168	370	307	299	267
20 Savings and loan associations	1,984	2,236	2,313	2,267	155	143	130	171
21 State and local governments	6,622	7,917	8,190	7,587	1,465	1,283	1,272	1,253
22 All others	103,220	122,885	129,572	136,148	19,637	21,112	18,589	18,350
			Bills, within 1 year				10 to 20 years	
23 All holders	163,992	161,081	161,817	165,652	11,865	12,906	14,356	14,325
24 U.S. Govt. agencies and trust funds	449	32	12	2	3,102	3,102	3,102	3,102
25 F. R. Banks	41,279	42,004	38,537	38,809	1,363	1,510	1,536	1,588
26 Private investors	122,264	119,035	123,269	126,842	7,400	8,295	9,719	9,635
27 Commercial banks	17,303	11,996	9,479	9,236	339	456	732	611
28 Mutual savings banks	1,454	1,484	1,343	1,327	139	137	139	135
29 Insurance companies	1,463	1,187	990	900	1,114	1,245	1,172	1,163
30 Nonfinancial corporations	9,939	4,329	3,625	2,628	142	133	130	148
31 Savings and loan associations	1,266	806	876	889	64	54	56	63
32 State and local governments	5,556	6,092	6,189	5,414	718	890	995	1,296
33 All others	86,282	94,152	101,766	107,448	4,884	5,380	6,494	6,217
			Other, within 1 year				Over 20 years	
34 All holders	47,043	69,610	66,988	67,344	14,200	19,738	21,734	21,715
35 U.S. Govt. agencies and trust funds	1,563	1,874	1,159	1,161	2,350	2,495	2,814	2,814
36 F. R. Banks	10,290	14,698	13,901	14,551	3,642	5,564	6,081	6,233
37 Private investors	35,190	53,039	51,927	51,632	8,208	11,679	12,838	12,669
38 Commercial banks	13,910	15,482	17,074	16,001	427	578	744	797
39 Mutual savings banks	760	916	890	835	143	146	153	152
40 Insurance companies	728	1,211	1,106	1,005	548	802	844	862
41 Nonfinancial corporations	1,070	1,441	1,613	1,540	55	81	99	76
42 Savings and loan associations	718	1,430	1,437	1,378	13	16	17	17
43 State and local governments	1,066	3,875	2,001	2,173	904	1,530	1,404	1,516
44 All others	16,938	28,733	27,806	28,700	6,120	8,526	9,576	9,248

NOTE.—Direct public issues only. Based on Treasury Survey of Ownership from *Treasury Bulletin* (U.S. Treasury Dept.).

Data complete for U.S. Govt. agencies and trust funds and F.R. Banks, but data for other groups include only holdings of those institutions that report. The following figures show, for each category, the number and proportion reporting as of Mar. 31, 1978: (1) 5,480 commercial

banks, 465 mutual savings banks, and 728 insurance companies, each about 90 per cent; (2) 436 nonfinancial corporations and 485 savings and loan assns., each about 50 per cent; and (3) 495 State and local govts., about 40 per cent.

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

## 1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

Par value; averages of daily figures, in millions of dollars

Item	1975	1976	1977	1978			1978, week ending Wednesday—					
				Jan.	Feb.	Mar.	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5
1 U.S. Govt. securities.....	6,027	10,449	10,838	10,740	10,200	10,620	11,895	10,463	9,180	8,876	12,186	12,968
By maturity:												
2 Bills.....	3,889	6,676	6,746	6,956	5,835	6,678	6,833	7,244	5,322	5,697	7,187	8,600
3 Other within 1 year.....	223	210	237	400	317	345	503	328	391	332	249	377
4 1-5 years.....	1,414	2,317	2,318	1,923	2,240	1,923	2,911	1,736	1,810	1,462	2,531	1,984
5 5-10 years.....	363	1,019	1,148	720	1,169	1,027	1,007	670	915	739	1,507	1,337
6 Over 10 years.....	138	229	388	741	640	648	641	486	741	646	712	669
By type of customer:												
7 U.S. Govt. securities dealers.....	885	1,360	1,267	1,358	1,509	1,320	1,835	1,400	1,119	1,163	1,402	1,666
8 U.S. Govt. securities brokers.....	1,750	3,407	3,709	3,663	2,962	3,324	3,578	3,069	2,829	2,688	4,029	4,119
9 Commercial banks.....	1,451	2,426	2,295	2,180	2,069	2,134	2,248	2,125	1,882	1,731	2,553	2,413
10 All others <sup>1</sup> .....	1,941	3,257	3,567	3,540	3,661	3,842	4,234	3,869	3,350	3,293	4,202	4,770
11 Federal agency securities.....	1,043	1,548	693	1,460	1,668	1,847	2,697	1,782	1,805	1,545	1,862	1,732

<sup>1</sup> Includes—among others—all other dealers and brokers in commodities and securities, foreign banking agencies, and the F.R. System.

Note.—Averages for transactions are based on number of trading days in the period.

Transactions are market purchases and sales of U.S. Govt. securities dealers reporting to the F.R. Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. Govt. securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase, reverse repurchase (resale), or similar contracts.

## 1.45 U.S. GOVERNMENT SECURITIES DEALERS Positions and Sources of Financing

Par value; averages of daily figures, in millions of dollars

Item	1975	1976	1977	1978			1978, week ending Wednesday					
				Jan.	Feb.	Mar.	Feb. 8	Feb. 15	Feb. 22	Mar. 1	Mar. 8	Mar. 15
Positions <sup>2</sup>												
1 U.S. Govt. securities.....	5,884	7,592	5,172	4,373	4,845	3,519	5,728	5,457	4,194	3,896	4,244	3,916
2 Bills.....	4,297	6,290	4,772	4,052	3,351	2,773	3,682	4,193	3,185	2,317	2,923	2,923
3 Other within 1 year.....	265	188	99	91	68	226	165	86	21	—	193	221
4 1-5 years.....	886	515	60	120	792	460	744	358	594	1,330	975	597
5 5-10 years.....	300	402	92	117	387	67	725	495	198	155	133	53
6 Over 10 years.....	136	198	149	227	248	7	412	325	155	107	21	20
7 Federal agency securities.....	943	729	693	504	622	794	576	619	519	765	801	867
Sources of financing <sup>3</sup>												
8 All sources.....	6,666	8,715	9,877	9,976	9,695	9,586	9,197	10,558	9,929	8,862	9,366	10,431
Commercial banks:												
9 New York City.....	1,621	1,896	1,313	926	533	777	857	458	534	360	1,010	1,189
10 Outside New York City.....	1,466	1,660	1,987	2,342	2,377	2,067	2,396	2,644	2,426	2,075	2,005	2,522
11 Corporations <sup>1</sup> .....	842	1,479	2,358	2,492	2,299	2,406	2,134	2,303	2,316	2,407	2,334	2,565
12 All others.....	2,738	3,681	4,170	4,216	4,485	4,335	3,810	5,153	4,653	4,021	4,018	4,155

<sup>1</sup> All business corporations except commercial banks and insurance companies.

<sup>2</sup> Net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase. The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities purchased under agreements to resell.

<sup>3</sup> Total amounts outstanding of funds borrowed by nonbank dealer

firms and dealer departments of commercial banks against U.S. Govt. and Federal agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreement to resell are excluded where the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement.

Note.—Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

## 1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1974	1975	1976	1977				1978	
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
<b>1 Federal and Federally sponsored agencies.....</b>	<b>89,381</b>	<b>97,680</b>	<b>103,325</b>	<b>108,379</b>	<b>109,046</b>	<b>109,427</b>	<b>110,409</b>	<b>111,520</b>	<b>112,945</b>
2 <i>Federal agencies.....</i>	<i>12,719</i>	<i>19,046</i>	<i>21,896</i>	<i>23,055</i>	<i>23,143</i>	<i>23,257</i>	<i>23,345</i>	<i>23,293</i>	<i>23,284</i>
3 Defense Department.....	1,312	1,220	1,113	1,016	1,006	991	983	974	963
4 Export-Import Bank <sup>1</sup> .....	2,893	7,188	7,801	9,246	9,246	9,246	9,156	9,156	9,156
5 Federal Housing Administration <sup>4</sup> .....	440	564	575	579	583	585	581	599	602
6 Government National Mortgage Association participation certificates <sup>5</sup> .....	4,280	4,200	4,120	3,768	3,768	3,768	3,741	3,743	3,743
7 Postal Service <sup>6</sup> .....	721	1,750	2,998	2,431	2,431	2,431	2,431	2,431	2,431
8 Tennessee Valley Authority.....	3,070	3,915	5,185	5,705	5,785	5,905	6,015	6,045	6,045
9 United States Railway Association <sup>6</sup> .....	3	209	104	310	324	331	336	345	344
10 <i>Federally sponsored agencies.....</i>	<i>76,662</i>	<i>78,634</i>	<i>81,429</i>	<i>85,324</i>	<i>85,903</i>	<i>86,170</i>	<i>87,164</i>	<i>88,227</i>	<i>89,661</i>
11 Federal home loan banks.....	21,890	18,900	16,811	17,162	17,325	17,867	18,345	18,692	19,893
12 Federal Home Loan Mortgage Corporation.....	1,551	1,550	1,690	1,686	1,686	1,686	1,686	1,768	1,768
13 Federal National Mortgage Association.....	28,167	29,963	30,565	31,491	31,572	31,333	31,890	32,024	32,553
14 Federal land banks.....	12,653	15,000	17,127	18,719	19,118	19,118	19,118	19,498	19,350
15 Federal intermediate credit banks.....	8,589	9,254	10,494	11,693	11,623	11,421	11,174	11,103	10,958
16 Banks for cooperatives.....	3,589	3,655	4,330	4,061	4,052	4,208	4,434	4,625	4,622
17 Student Loan Marketing Association <sup>7</sup> .....	220	310	410	510	525	535	515	515	515
18 Other.....	3	2	2	2	2	2	2	2	2
<b>MIMO ITEMS:</b>									
19 <b>Federal Financing Bank debt<sup>8</sup>.....</b>	<b>4,474</b>	<b>17,154</b>	<b>28,711</b>	<b>35,418</b>	<b>36,722</b>	<b>37,095</b>	<b>38,580</b>	<b>39,522</b>	<b>40,605</b>
Lending to Federal and Federally sponsored agencies:									
20 Export-Import Bank <sup>1</sup> .....	4,595	5,208	5,924	5,924	5,924	5,924	5,834	5,834	5,834
21 Postal Service <sup>6</sup> .....	500	1,500	2,748	2,181	2,181	2,181	2,181	2,181	2,181
22 Student Loan Marketing Association <sup>7</sup> .....	220	310	410	510	525	535	515	515	515
23 Tennessee Valley Authority.....	895	1,840	3,110	3,880	3,960	4,080	4,190	4,220	4,220
24 United States Railway Association <sup>6</sup> .....	3	209	104	310	324	331	336	345	344
Other lending: <sup>9</sup>									
25 Farmers Home Administration.....	2,500	7,000	10,750	14,615	15,295	15,295	16,095	16,760	17,545
26 Rural Electrification Administration.....	566	566	1,415	2,382	2,467	2,535	2,647	2,809	2,947
27 Other.....	356	1,134	4,966	5,616	6,046	6,214	6,782	6,858	7,019

<sup>1</sup> Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

<sup>2</sup> Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

<sup>3</sup> Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.

<sup>4</sup> Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

<sup>5</sup> 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.

<sup>6</sup> Off-budget.

<sup>7</sup> 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.

<sup>8</sup> 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.

<sup>9</sup> 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	1975	1976	1977	1977				1978	
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 All issues, new and refunding <sup>1</sup> .....	30,607	35,313	46,769	4,022	3,816	3,338	3,655	3,283	2,716
By type of issue:									
2 General obligation.....	16,020	18,040	18,042	1,267	1,521	982	1,372	1,875	1,128
3 Revenue.....	14,511	17,140	28,655	2,746	2,286	2,350	2,274	1,408	1,588
4 Housing Assistance Administration <sup>2</sup> .....									
5 U.S. Govt. loans.....	76	133	72	9	9	6	9		
By type of issuer:									
6 State.....	7,438	7,054	6,354	401	837	299	517	833	311
7 Special district and statutory authority.....	12,441	15,304	21,717	2,364	1,607	1,592	1,846	1,122	1,264
8 Municipalities, counties, townships, school districts.....	10,660	12,845	18,623	1,247	1,363	1,441	1,283	1,328	1,140
9 Issues for new capital, total.....	29,495	32,108	36,189	2,376	3,082	2,514	2,343	2,904	1,990
By use of proceeds:									
10 Education.....	4,689	4,900	5,076	356	352	381	348	560	414
11 Transportation.....	2,208	2,586	2,951	176	327	113	184	224	56
12 Utilities and conservation.....	7,209	9,594	8,119	659	402	474	525	481	377
13 Social welfare.....	4,392	6,566	8,274	672	1,069	691	659	855	509
14 Industrial aid.....	445	483	4,676	313	455	589	282	245	304
15 Other purposes.....	10,552	7,979	7,093	200	477	266	345	539	330

<sup>1</sup> Par amounts of long-term issues based on date of sale.

<sup>2</sup> 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	1975	1976 <sup>r</sup>	1977 <sup>r</sup>	1977 <sup>r</sup>				1978	
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 All issues <sup>1</sup> .....	53,619	53,488	54,205	4,177	4,221	5,331	6,531	3,013	.....
2 Bonds.....	42,756	42,380	42,193	3,477	3,093	3,411	5,362	2,380	.....
By type of offering:									
3 Public.....	32,583	26,453	24,186	1,908	2,114	2,211	1,542	1,382	.....
4 Private placement.....	10,172	15,927	18,007	1,569	979	1,200	3,820	998	.....
By industry group:									
5 Manufacturing.....	16,980	13,264	12,510	795	648	726	2,375	268	.....
6 Commercial and miscellaneous.....	2,750	4,372	5,887	672	571	546	753	280	.....
7 Transportation.....	3,439	4,387	2,033	138	120	178	345	123	.....
8 Public utility.....	9,658	8,297	8,261	1,023	854	851	476	284	.....
9 Communication.....	3,464	2,787	3,059	319	8	288	189	519	.....
10 Real estate and financial.....	6,469	9,274	10,438	530	892	821	1,223	907	.....
11 Stocks.....	10,863	11,108	12,013	700	1,128	1,920	1,169	633	.....
By type:									
12 Preferred.....	3,458	2,803	3,878	421	304	364	473	171	.....
13 Common.....	7,405	8,305	8,135	279	824	1,556	696	462	.....
By industry group:									
14 Manufacturing.....	1,670	2,237	1,265	38	83	56	166	5	.....
15 Commercial and miscellaneous.....	1,470	1,183	1,838	86	325	122	124	138	.....
16 Transportation.....	1	24	418	40		50			.....
17 Public utility.....	6,235	6,121	6,058	478	583	878	604	360	.....
18 Communication.....	1,002	776	1,379	3		725	110		.....
19 Real estate and financial.....	488	771	1,054	55	137	88	165	130	.....

<sup>1</sup> Figures, which represent gross proceeds of issues maturing in more than 1 year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than \$100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment

companies other than closed-end, intracorporate transactions, and sales to foreigners.

SOURCE.—Securities and Exchange Commission.

## 1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1976	1977	1977				1978		
			Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
<b>INVESTMENT COMPANIES excluding money market funds</b>									
1 Sales of own shares <sup>1</sup> .....	4,226	6,401	558	542	511	557	638	451	613
2 Redemptions of own shares <sup>2</sup> .....	6,802	6,027	469	519	430	562	465	348	459
3 Net sales.....	-2,496	357	89	23	81	5	173	103	154
4 Assets <sup>3</sup> .....	47,537	45,049	45,046	43,435	45,050	45,049	43,000	42,747	43,984
5 Cash position <sup>4</sup> .....	2,747	3,274	3,403	3,481	3,487	3,274	3,608	4,258	4,331
6 Other.....	44,790	41,775	41,643	39,954	41,563	41,775	39,392	38,489	39,653

<sup>1</sup> 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.

<sup>2</sup> Excludes share redemption resulting from conversions from one fund to another in the same group.

<sup>3</sup> Market value at end of period, less current liabilities.

<sup>4</sup> Also includes all U.S. Govt. securities and other short-term debt securities.

NOTE.—Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

## 1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1975	1976	1977	1976			1977			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Profits before tax.....	123.5	156.9	171.7	159.2	159.9	154.8	161.7	174.0	172.8	178.3
2 Profits tax liability.....	50.2	64.7	69.2	66.1	65.9	63.9	64.4	69.7	69.3	73.3
3 Profits after tax.....	73.3	92.2	102.5	93.1	94.0	90.9	97.3	104.3	103.5	105.0
4 Dividends.....	32.4	35.8	41.2	35.0	36.0	38.4	38.5	40.3	42.3	43.6
5 Undistributed profits.....	40.9	56.4	61.3	58.1	58.0	52.5	58.8	64.0	61.2	61.4
6 Capital consumption allowances.....	89.5	97.2	104.7	95.9	98.2	100.4	102.0	103.5	105.8	107.6
7 Net cash flow.....	130.4	153.6	166.0	154.0	156.2	152.9	160.8	167.5	167.0	169.0

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).



1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, end of period

Account	1972	1973	1974	1975	1976			1977		
					Q2	Q3	Q4	Q1	Q2	Q3
1 Current assets	574.4	643.2	712.2	731.6	775.4	791.8	816.8	845.3	874.7	909.8
2 Cash	57.5	61.6	62.7	68.1	70.8	71.1	77.0	75.0	77.9	79.1
3 U.S. Govt. securities	10.2	11.0	11.7	19.4	23.3	23.9	26.4	27.3	24.1	24.1
4 Notes and accounts receivable	243.4	269.6	293.2	298.2	321.8	328.5	328.2	346.6	361.4	379.1
5 U.S. Govt. <sup>1</sup>	3.4	3.5	3.5	3.6	3.7	4.3	4.3	4.7	4.8	5.3
6 Other	240.0	266.1	289.7	294.6	318.1	324.2	323.9	342.0	356.6	373.8
7 Inventories	215.2	246.7	288.0	285.8	295.6	302.1	315.4	322.1	332.5	343.1
8 Other	48.1	54.4	56.6	60.0	63.9	66.3	69.8	74.3	78.8	84.5
9 Current liabilities	352.2	401.0	450.6	457.5	475.9	484.1	499.9	516.6	532.0	556.3
10 Notes and accounts payable	234.4	265.9	292.7	288.0	293.8	291.7	302.9	309.0	318.9	329.7
11 U.S. Govt. <sup>1</sup>	4.0	4.3	5.2	6.4	6.8	7.0	7.0	6.8	5.7	6.2
12 Other	230.4	261.6	287.5	281.6	287.0	284.7	295.9	302.2	313.2	323.5
13 Accrued Federal income taxes	15.1	18.1	23.2	20.7	22.0	24.9	26.8	28.6	24.5	26.9
14 Other	102.6	117.0	134.8	148.8	160.1	167.5	170.2	179.0	188.6	199.7
15 Net working capital	222.2	242.3	261.5	274.1	299.5	307.7	316.9	328.7	342.8	353.5

<sup>1</sup> Receivables from, and payables to, the U.S. Govt. exclude amounts offset against each other on corporations' books. SOURCE.—Securities and Exchange Commission.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1976 <sup>r</sup>	1977 <sup>r</sup>	1976			1977				1978
			Q2	Q3	Q4	Q1	Q2	Q3	Q4 <sup>r</sup>	
1 All industries	120.15	135.72	118.12	122.55	125.22	130.16	134.24	140.38	138.11	146.25
Manufacturing										
2 Durable goods industries	23.57	27.75	22.54	24.59	25.50	26.30	27.26	29.23	28.19	29.81
3 Nondurable goods industries	28.70	32.33	28.09	30.20	28.93	30.13	32.19	33.79	33.22	33.18
Nonmanufacturing										
4 Mining	4.00	4.49	3.83	4.21	4.13	4.24	4.49	4.74	4.50	5.24
Transportation:										
5 Railroad	2.51	2.82	2.64	2.69	2.63	2.71	2.57	3.20	2.80	3.38
6 Air	1.29	1.63	1.44	1.12	1.41	1.62	1.43	1.69	1.76	2.42
7 Other	3.60	2.55	4.16	3.44	3.49	2.96	2.96	1.96	2.32	2.32
Public utilities:										
8 Electric	18.77	21.57	18.82	18.22	19.49	21.19	21.14	21.90	22.05	23.70
9 Gas and other	3.45	4.21	3.03	3.45	3.96	4.16	4.16	4.32	4.18	4.99
10 Communication	13.28	15.43	12.62	13.64	14.30	14.19	15.32	16.40	15.82	41.21
11 Commercial and other <sup>1</sup>	20.99	22.95	20.94	20.99	21.36	22.67	22.73	23.14	23.27	

<sup>1</sup> Includes trade, service, construction, finance, and insurance. <sup>2</sup> Anticipated by business.

agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

NOTE.—Estimates for corporate and noncorporate business, excluding

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).

## 1.521 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1972	1973	1974	1975	1976		1977				
					Q3	Q4	Q1	Q2	Q3	Q4	
<b>ASSETS</b>											
Accounts receivable, gross											
1 Consumer.....	31.9	35.4	36.1	36.0	37.6	38.6	39.2	40.7	42.3	44.0	
2 Business.....	27.4	32.3	37.2	39.3	42.4	44.7	47.5	50.4	50.6	55.2	
3 Total.....	59.3	67.7	73.3	75.3	80.0	83.4	86.7	91.2	92.9	99.2	
4 LESS: Reserves for unearned income and losses	7.4	8.4	9.0	9.4	10.2	10.5	10.6	11.1	11.7	12.7	
5 Accounts receivable, net.....	51.9	59.3	64.2	65.9	69.9	72.9	76.1	80.1	81.2	86.5	
6 Cash and bank deposits.....	2.8	2.6	3.0	2.9	2.6	2.6	2.7	2.5	2.5	2.6	
7 Securities.....	.9	.8	.4	1.0	1.2	1.1	1.0	1.2	1.8	.9	
8 All other.....	10.0	10.6	12.0	11.8	12.7	12.6	13.0	13.7	14.2	14.3	
9 Total assets.....	65.6	73.2	79.6	81.6	86.4	89.2	92.8	97.5	99.6	104.3	
<b>LIABILITIES</b>											
10 Bank loans.....	5.6	7.2	9.7	8.0	5.5	6.3	6.1	5.7	5.4	5.9	
11 Commercial paper.....	17.3	19.7	20.7	22.2	21.7	23.7	24.8	27.5	25.7	29.6	
Debt:											
12 Short-term, n.e.c.....	4.3	4.6	4.9	4.5	5.2	5.4	4.5	5.5	5.4	6.2	
13 Long-term, n.e.c.....	22.7	24.6	26.5	27.6	31.0	32.3	34.0	35.0	34.8	36.0	
14 Other.....	4.8	5.6	5.5	6.8	9.5	8.1	9.5	9.4	13.7	11.5	
15 Capital, surplus, and undivided profits.....	10.9	11.5	12.4	12.5	13.4	13.4	13.9	14.4	14.6	15.1	
16 Total liabilities and capital.....	65.6	73.2	79.6	81.6	86.4	89.2	92.8	97.5	99.6	104.3	

NOTE.—Components may not add to totals due to rounding.

## 1.522 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Feb. 28, 1978 <sup>1</sup>	Changes in accounts receivable during—			Extensions			Repayments			
		1977		1978		1977		1978		1978	
		Dec.	Jan.	Jan.	Feb.	Dec.	Jan.	Feb.	Dec.	Jan.	Feb.
1 Total.....	56,564	906	777	461	13,386	12,707	13,468	12,480	11,930	13,007	
2 Retail automotive (commercial vehicles)....	12,123	332	161	161	1,156	1,023	1,038	824	862	877	
3 Wholesale automotive.....	12,620	294	285	86	5,731	5,141	5,436	5,437	4,856	5,350	
4 Retail paper on business, industrial, and farm equipment.....	14,588	96	311	72	1,003	1,004	1,258	907	693	1,186	
5 Loans on commercial accounts receivable....	3,899	53	35	75	2,334	2,411	2,508	2,281	2,446	2,433	
6 Factored commercial accounts receivable....	2,206	-43	-7	-2	1,599	1,591	1,694	1,642	1,598	1,696	
7 All other business credit.....	11,128	174	62	69	1,563	1,537	1,534	1,389	1,475	1,465	

<sup>1</sup> Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1977			1977			1978			
	1975	1976	1977	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	
Terms and yields in primary and secondary markets										
<b>PRIMARY MARKETS</b>										
Conventional mortgages on new homes										
Terms: <sup>1</sup>										
1	Purchase price (thous. dollars).....	44.6	48.4	54.3	54.0	56.4	57.7	58.0	59.9	58.8
2	Amount of loan (thous. dollars).....	33.3	35.9	40.5	40.2	42.0	42.6	43.3	44.0	43.5
3	Loan/price ratio (per cent).....	74.7	74.2	76.3	76.1	76.5	75.5	76.4	75.3	75.5
4	Maturity (years).....	26.8	27.2	27.9	27.6	28.2	28.0	28.3	27.3	27.4
5	Fees and charges (per cent of loan amount) <sup>2</sup> .....	1.54	1.44	1.33	1.35	1.38	1.32	1.41	1.32	1.37
6	Contract rate (per cent per annum).....	8.75	8.76	8.80	8.84	8.85	8.87	8.93	8.96	9.03
Yield (per cent per annum):										
7	FHA/VA series <sup>3</sup> .....	9.01	8.99	9.01	9.07	9.07	9.09	9.15	9.18	9.26
8	HUD series <sup>4</sup> .....	9.10	8.99	8.95	9.00	9.05	9.10	9.15	9.25	9.30
<b>SECONDARY MARKETS</b>										
Yields (per cent per annum) on—										
9	FHA mortgages (HUD series) <sup>5</sup> .....	9.19	8.82	7.96	8.78	8.78	8.91	9.11	.....	9.29
10	GNMA securities <sup>6</sup> .....	8.52	8.17	8.04	8.16	8.19	8.29	8.56	8.64	8.60
FNMA auctions: <sup>7</sup>										
11	Government-underwritten loans.....	9.26	8.99	8.73	8.74	8.85	8.94	9.17	9.31	9.35
12	Conventional loans.....	9.37	9.11	8.98	9.05	9.16	9.19	9.32	9.49	9.61
Activity in secondary markets										
<b>FEDERAL NATIONAL MORTGAGE ASSOCIATION</b>										
Mortgage holdings (end of period)										
13	Total.....	31,824	32,904	34,370	34,123	34,192	34,370	34,756	35,408	36,030
14	FHA-insured.....	19,732	18,916	18,457	18,602	18,535	18,457	18,500	18,664	18,759
15	VA-guaranteed.....	9,573	9,212	9,315	9,287	9,267	9,315	9,398	9,599	9,727
16	Conventional.....	2,519	4,776	6,597	6,234	6,389	6,597	6,858	7,146	7,543
Mortgage transactions (during period)										
17	Purchases.....	4,263	3,606	4,780	251	352	497	636	879	891
18	Sales.....	2	86	67	.....	.....	.....	5	.....	4
Mortgage commitments: <sup>8</sup>										
19	Contracted (during period).....	6,106	6,247	9,729	897	975	1,333	1,810	1,942	1,563
20	Outstanding (end of period).....	4,126	3,398	4,698	3,702	4,192	4,698	5,781	6,851	7,445
Auction of 4-month commitments to buy—										
Government-underwritten loans:										
21	Offered <sup>9</sup> .....	7,042.6	4,929.8	7,974.1	613.2	105.2	1,184.5	1,779.8	1,199.1	523.7
22	Accepted.....	3,848.3	2,787.2	4,846.2	400.5	152.7	794.0	970.9	623.1	334.9
Conventional loans:										
23	Offered <sup>9</sup> .....	1,401.3	2,595.7	5,675.2	758.1	537.6	591.6	949.9	1,214.1	823.5
24	Accepted.....	765.0	1,879.2	3,917.8	529.0	386.3	359.4	449.6	566.0	512.5
<b>FEDERAL HOME LOAN MORTGAGE CORPORATION</b>										
Mortgage holdings (end of period) <sup>10</sup>										
25	Total.....	4,987	4,269	3,276	3,402	3,266	3,276	3,163	3,044	3,372
26	FHA/VA.....	1,824	1,618	1,395	1,424	1,406	1,395	1,382	1,381	1,388
27	Conventional.....	3,163	2,651	1,881	1,978	1,860	1,881	1,782	1,663	1,985
Mortgage transactions (during period)										
28	Purchases.....	1,716	1,175	3,900	428	576	489	401	363	344
29	Sales.....	1,020	1,396	4,131	354	677	477	503	470	120
Mortgage commitments: <sup>11</sup>										
30	Contracted (during period).....	982	1,477	5,546	465	574	361	367	363	593
31	Outstanding (end of period).....	111	333	1,063	1,329	1,233	1,063	961	1,021	1,233

<sup>1</sup> 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.

<sup>2</sup> Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.

<sup>3</sup> Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

<sup>4</sup> Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Dept. of Housing and Urban Development.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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.

<sup>8</sup> 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.

<sup>9</sup> Mortgage amounts offered by bidders are total bids received.

<sup>10</sup> Includes participations as well as whole loans.

<sup>11</sup> Includes conventional and Government-underwritten loans.

## 1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1973	1974	1975	1976	1977			1978
					Q2	Q3	Q4	Q1 <sup>1</sup>
1 All holders.....	682,321	742,512	801,537	889,327	*948,826	*985,607	1,021,169	1,048,380
2 1- to 4-family.....	416,211	449,371	490,761	556,557	*600,262	*627,770	652,405	671,050
3 Multifamily.....	93,132	99,976	100,601	104,516	*107,094	*108,957	111,286	113,137
4 Commercial.....	131,725	146,877	159,298	171,223	*179,578	*184,815	191,593	195,899
5 Farm.....	41,253	46,288	50,877	57,031	61,892	64,080	65,885	68,294
6 Major financial institutions.....	505,400	542,560	581,193	647,650	*690,340	*717,365	742,763	761,276
7 Commercial banks <sup>1</sup> .....	119,068	132,195	136,186	151,326	162,778	170,378	176,678	181,178
8 1- to 4-family.....	67,998	74,758	77,018	86,234	93,393	97,746	101,361	103,942
9 Multifamily.....	6,932	7,619	5,915	8,082	8,003	8,383	8,692	8,914
10 Commercial.....	38,696	43,679	46,882	50,289	54,038	56,565	58,657	60,151
11 Farm.....	5,442	6,049	6,371	6,721	7,344	7,684	7,968	8,171
12 Mutual savings banks.....	73,230	74,920	77,249	81,639	84,076	86,079	88,104	89,687
13 1- to 4-family.....	48,811	49,213	50,025	53,089	55,000	56,313	57,637	58,673
14 Multifamily.....	12,343	12,923	13,792	14,177	14,602	14,952	15,304	15,579
15 Commercial.....	12,012	12,722	13,373	14,313	14,422	14,762	15,110	15,381
16 Farm.....	64	62	59	60	52	52	53	54
17 Savings and loan associations.....	231,733	249,301	278,590	323,130	*350,632	*366,838	381,216	392,438
18 1- to 4-family.....	187,078	200,987	223,903	260,895	*284,433	*298,459	310,729	319,879
19 Multifamily.....	22,779	23,808	25,547	28,436	*30,505	*31,585	32,518	33,475
20 Commercial.....	21,876	24,506	29,140	33,799	*35,694	*36,794	37,969	39,087
21 Life insurance companies.....	81,369	86,234	89,168	91,555	92,854	94,070	96,765	97,973
22 1- to 4-family.....	20,426	19,026	17,590	16,088	15,418	15,022	14,727	14,427
23 Multifamily.....	18,451	19,625	19,629	19,178	18,891	18,831	18,807	18,857
24 Commercial.....	36,496	41,256	45,196	48,864	50,405	51,742	54,388	55,546
25 Farm.....	8,996	6,327	6,753	7,425	8,140	8,475	8,843	9,143
26 Federal and related agencies.....	46,721	58,320	66,891	66,753	68,338	69,068	70,006	71,849
27 Government National Mortgage Assn.....	4,029	4,846	7,438	4,241	3,912	3,599	3,660	3,342
28 1- to 4-family.....	1,455	2,248	4,728	1,970	1,654	1,522	1,548	1,414
29 Multifamily.....	2,574	2,598	2,710	2,271	2,258	2,077	2,112	1,928
30 Farmers Home Admin.....	1,366	1,432	1,109	1,064	1,043	1,292	1,353	1,413
31 1- to 4-family.....	743	759	208	454	410	548	626	654
32 Multifamily.....	29	167	215	218	97	192	275	287
33 Commercial.....	218	156	190	72	126	142	149	156
34 Farm.....	376	350	496	320	410	410	303	316
35 Federal Housing and Veterans Admin.....	3,476	4,015	4,970	5,150	5,259	5,130	5,212	5,212
36 1- to 4-family.....	2,013	2,009	1,990	1,676	1,711	1,566	1,627	1,578
37 Multifamily.....	1,463	2,006	2,980	3,474	3,548	3,564	3,585	3,634
38 Federal National Mortgage Assn.....	34,175	29,578	31,824	32,904	33,918	34,148	34,369	36,029
39 1- to 4-family.....	20,370	23,778	25,813	26,934	27,933	28,178	28,504	30,208
40 Multifamily.....	3,805	5,800	6,011	5,970	5,985	5,970	5,865	5,821
41 Federal land banks.....	11,071	13,863	16,563	19,125	20,818	21,523	22,136	22,925
42 1- to 4-family.....	123	406	549	601	628	649	670	691
43 Farm.....	10,948	13,457	16,014	18,524	20,190	20,874	21,466	22,234
44 Federal Home Loan Mortgage Corp.....	2,604	4,586	4,987	4,269	3,488	3,376	3,276	2,928
45 1- to 4-family.....	2,446	4,217	4,588	3,889	2,901	2,818	2,738	2,447
46 Multifamily.....	158	369	399	380	487	558	538	481
47 Mortgage pools or trusts <sup>2</sup> .....	18,040	23,799	34,138	49,801	58,748	64,667	70,289	73,557
48 Government National Mortgage Assn.....	7,890	11,769	18,257	30,572	36,573	41,089	44,896	46,357
49 1- to 4-family.....	7,561	11,249	17,538	29,583	35,467	39,865	43,555	44,906
50 Multifamily.....	329	520	719	989	1,106	1,224	1,341	1,451
51 Federal Home Loan Mortgage Corp.....	766	757	1,598	2,671	4,460	5,332	6,610	7,917
52 1- to 4-family.....	617	608	1,349	2,282	3,938	4,642	5,621	6,733
53 Multifamily.....	149	149	249	389	522	690	989	1,184
54 Farmers Home Admin.....	9,384	11,273	14,283	16,558	17,115	18,426	19,783	19,283
55 1- to 4-family.....	5,458	6,782	9,194	10,219	10,814	11,127	11,379	11,700
56 Multifamily.....	138	116	295	532	777	768	759	780
57 Commercial.....	1,124	1,473	1,948	2,440	2,680	2,824	2,945	3,024
58 Farm.....	2,664	2,902	2,846	3,367	3,444	3,527	3,682	3,779
59 Individuals and others <sup>3</sup> .....	112,160	117,833	119,315	125,123	131,400	*134,507	138,111	141,698
60 1- to 4-family.....	51,112	53,131	56,268	62,643	66,592	*69,315	71,665	73,801
61 Multifamily.....	23,982	24,276	22,140	20,420	20,313	20,501	20,501	20,746
62 Commercial.....	21,303	23,085	22,569	21,446	22,213	*21,986	22,375	22,554
63 Farm.....	15,763	17,141	18,338	20,614	22,312	*23,043	23,570	24,597

<sup>1</sup> Includes loans held by nondeposit trust companies but not bank trust departments.

<sup>2</sup> Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.

<sup>3</sup> Other holders include mortgage companies, real estate investment trusts, State and local credit agencies, State and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or separate data are not readily available.

NOTE.—Based on data from various institutional and Govt. sources, with some quarters estimated in part by Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Dept. of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations where required, are estimated mainly by Federal Reserve. Multifamily debt refers to loans on structures of 5 or more units.

1.55 CONSUMER INSTALMENT CREDIT Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1975	1976	1977	1977				1978		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Amounts outstanding (end of period)										
1 Total	164,955	185,489	216,572	207,294	209,141	212,074	216,572	215,925	216,297	219,203
By holder:										
2 Commercial banks	78,667	89,511	105,291	101,564	102,504	103,469	105,291	105,466	105,663	107,166
3 Finance companies	35,994	38,639	44,015	42,333	42,704	43,322	44,015	43,970	44,107	44,486
4 Credit unions	25,666	30,546	37,036	35,779	35,993	36,488	37,036	36,851	37,217	38,185
5 Retailers <sup>1</sup>	18,002	19,052	21,082	18,725	18,961	19,629	21,082	20,525	20,060	19,920
6 Others <sup>2</sup>	6,626	7,741	9,149	8,894	8,978	9,166	9,149	9,114	9,250	9,446
By type of credit:										
7 Automobile	55,879	66,116	79,352	77,207	77,845	78,757	79,352	79,376	79,984	81,666
8 Commercial banks	31,583	37,984	46,119	44,933	45,399	45,845	46,119	46,247	46,547	47,534
9 Indirect	18,353	21,176	25,370	24,717	24,972	25,228	25,370	25,476	25,696	26,327
10 Direct	13,200	16,808	20,749	20,216	20,427	20,616	20,749	20,771	20,851	21,207
11 Finance companies	11,155	12,489	14,263	13,930	13,998	14,205	14,263	14,260	14,374	14,577
12 Credit unions	12,741	15,163	18,385	17,761	17,867	18,113	18,385	18,293	18,475	18,955
13 Others	430	480	585	584	581	594	585	576	588	600
14 Mobile homes	14,423	14,572	15,014	14,880	14,929	14,999	15,014	14,978	14,973	15,067
15 Commercial banks	8,649	8,734	8,862	8,828	8,839	8,856	8,862	8,819	8,807	8,845
16 Finance companies	3,451	3,273	3,109	3,119	3,116	3,123	3,109	3,115	3,098	3,085
17 Home improvement	9,405	10,990	12,952	12,532	12,703	12,879	12,952	12,904	12,963	13,162
18 Commercial banks	4,965	5,554	6,473	6,265	6,377	6,447	6,473	6,445	6,436	6,479
Revolving credit:										
19 Bank credit cards	9,501	11,351	14,262	12,651	12,829	13,096	14,262	14,369	14,174	14,142
20 Bank check credit	2,810	3,041	3,724	3,504	3,551	3,601	3,724	3,776	3,822	3,844
21 All other	72,937	79,418	91,269	86,519	87,283	88,743	91,269	90,522	90,376	91,377
22 Commercial banks, total	21,188	22,847	25,850	25,383	25,510	25,626	25,850	25,809	25,877	26,322
23 Personal loans	14,629	15,669	17,740	17,373	17,452	17,555	17,740	17,708	17,769	18,002
24 Finance companies, total	21,238	22,749	26,498	25,144	25,448	25,850	26,498	26,452	26,489	26,675
25 Personal loans	17,263	18,554	21,302	20,256	20,498	20,852	21,302	21,248	21,283	21,416
26 Credit unions	10,754	12,799	15,518	14,991	15,081	15,289	15,518	15,440	15,594	15,999
27 Retailers	18,002	19,052	21,082	18,725	18,961	19,629	21,082	20,525	20,060	19,920
28 Others	1,755	1,971	2,321	2,277	2,283	2,350	2,321	2,296	2,356	2,411
Net change (during period) <sup>3</sup>										
29 Total	7,504	20,533	31,090	2,351	2,626	2,853	2,736	2,424	2,661	4,068
By holder:										
30 Commercial banks	2,821	10,845	15,779	1,228	1,315	1,384	1,611	1,115	1,280	2,021
31 Finance companies	90	2,644	5,376	378	487	543	500	460	418	662
32 Credit unions	3,771	4,880	6,490	458	469	566	641	495	603	836
33 Retailers <sup>1</sup>	69	1,050	2,032	144	280	184	12	309	202	367
34 Others <sup>2</sup>	933	1,115	1,413	143	75	177	3	44	158	182
By type of credit:										
35 Automobile	3,007	10,238	13,235	1,105	850	1,241	1,297	1,185	1,104	1,522
36 Commercial banks	559	6,431	8,135	714	587	725	835	637	599	882
37 Indirect	334	2,823	4,194	466	295	444	486	407	389	564
38 Direct	894	3,608	3,941	248	292	281	349	240	210	318
39 Finance companies	532	1,334	1,774	128	52	242	127	247	201	238
40 Credit unions	1,872	2,422	3,222	228	222	263	328	244	300	406
41 Other	44	50	105	34	11	10	7	56	4	4
42 Mobile homes	195	150	441	32	44	74	76	52	23	108
43 Commercial banks	123	85	128	10	15	23	60	2	2	46
44 Finance companies	73	177	164	3	11	4	8	36	9	2
45 Home improvement	851	1,585	1,967	143	201	211	173	165	171	217
46 Commercial banks	271	588	920	77	115	99	110	70	69	74
Revolving credit:										
47 Bank credit cards	1,220	1,850	2,911	279	287	243	250	160	285	448
48 Bank check credit	14	231	683	49	57	27	46	65	87	120
49 All other	2,577	6,479	11,853	743	1,188	1,057	895	857	991	1,653
50 Commercial banks, total	1,080	1,659	3,003	99	254	267	310	180	238	451
51 Personal loans	858	1,040	2,070	56	142	183	235	81	167	263
52 Finance companies, total	348	1,509	3,749	251	448	293	378	177	223	419
53 Personal loans	279	1,290	2,748	223	353	235	254	162	183	309
54 Credit unions	1,580	2,045	2,719	197	204	252	252	205	252	358
55 Retailers	69	1,050	2,032	144	280	184	12	309	202	367
56 Others	196	217	350	52	2	61	33	15	76	58

<sup>1</sup> Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

<sup>2</sup> Mutual savings banks, savings and loan associations, and auto dealers.

<sup>3</sup> Net change equals extensions minus liquidations (repayments, charge-offs, and other credits); figures for all months are seasonally adjusted.

NOTE: Total consumer noninstalment credit outstanding credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit amounted to \$44.2 billion at the end of 1977, \$38.7 billion at the end of 1976, \$35.7 billion at the end of 1975, and \$33.8 billion at the end of 1974. Comparable data for Dec. 31, 1978, will be published in the February 1979 BULLETIN.

1.56 CONSUMER INSTALMENT CREDIT Extensions and Liquidations

Millions of dollars

Holder, and type of credit	1975	1976	1977	1977				1978		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Extensions <sup>3</sup>										
1 Total.....	164,169	193,328	225,645	19,164	19,787	19,680	20,138	19,586	20,179	21,595
By holder:										
2 Commercial banks.....	77,312	94,220	110,777	9,442	9,802	9,688	10,226	9,625	9,905	10,608
3 Finance companies.....	31,173	36,028	41,770	3,514	3,653	3,602	3,743	3,575	3,691	3,914
4 Credit unions.....	24,096	28,587	34,592	2,773	2,858	2,920	3,093	2,820	3,028	3,309
5 Retailers <sup>1</sup> .....	27,049	29,188	33,202	2,860	2,961	2,857	2,647	3,102	2,976	3,148
6 Others <sup>2</sup> .....	4,539	5,305	6,303	575	512	612	428	464	579	616
By type of credit:										
7 Automobile.....	51,413	62,988	72,888	6,109	6,083	6,330	6,721	6,263	6,400	6,822
8 Commercial banks.....	28,573	36,585	42,570	3,640	3,642	3,717	3,941	3,650	3,700	3,924
9 Indirect.....	15,766	19,882	22,904	2,028	1,976	2,076	2,153	2,026	2,065	2,173
10 Direct.....	12,807	16,704	19,666	1,612	1,666	1,641	1,788	1,624	1,635	1,751
11 Finance companies.....	9,674	11,209	12,635	1,013	989	1,097	1,143	1,088	1,080	1,173
12 Credit unions.....	12,683	14,675	17,041	1,376	1,414	1,458	1,581	1,421	1,565	1,679
13 Others.....	483	518	642	80	38	58	55	105	55	46
14 Mobile homes.....	4,333	4,841	5,244	424	457	464	460	449	406	502
15 Commercial banks.....	2,622	3,071	3,153	261	270	280	300	250	236	284
16 Finance companies.....	764	690	615	51	61	54	60	101	62	74
17 Home improvement.....	3,556	6,736	8,066	679	718	761	722	618	710	770
18 Commercial banks.....	2,722	3,245	3,968	340	373	370	384	327	338	352
Revolving credit:										
19 Bank credit cards.....	20,428	25,862	31,761	2,847	2,973	2,828	2,973	2,948	3,143	3,231
20 Bank check credit.....	4,024	4,783	5,886	485	487	492	531	556	535	608
21 All other.....	78,435	88,117	101,754	8,620	9,067	8,804	8,731	8,751	8,985	9,662
22 Commercial banks, total.....	18,944	20,673	23,439	1,870	2,056	2,001	2,096	1,893	1,953	2,209
23 Personal loans.....	13,386	14,480	16,828	1,346	1,463	1,434	1,518	1,338	1,405	1,537
24 Finance companies, total.....	20,657	24,087	28,349	2,440	2,596	2,441	2,530	2,380	2,541	2,659
25 Personal loans.....	16,944	19,579	22,323	1,938	2,044	1,914	1,975	1,851	1,989	2,105
26 Credit unions.....	10,134	12,340	14,604	1,240	1,282	1,285	1,326	1,236	1,288	1,429
27 Retailers.....	27,049	29,188	33,202	2,860	2,961	2,857	2,647	3,102	2,976	3,148
28 Others.....	1,642	1,830	2,160	211	172	221	131	138	227	217
Liquidations <sup>3</sup>										
29 Total.....	156,665	172,795	194,533	16,814	17,160	16,826	17,402	17,162	17,518	17,527
By holder:										
30 Commercial banks.....	74,491	83,376	94,998	8,214	8,487	8,305	8,615	8,509	8,625	8,587
31 Finance companies.....	31,263	33,384	36,372	3,135	3,166	3,059	3,244	3,114	3,273	3,252
32 Credit unions.....	20,325	23,707	27,103	2,316	2,389	2,354	2,452	2,325	2,425	2,473
33 Retailers <sup>1</sup> .....	26,980	28,138	31,170	2,716	2,681	2,673	2,659	2,793	2,774	2,781
34 Others <sup>2</sup> .....	3,606	4,191	4,890	432	437	435	432	420	421	434
By type of credit:										
35 Automobile.....	48,406	52,750	59,610	5,005	5,234	5,089	5,424	5,078	5,296	5,300
36 Commercial banks.....	28,014	30,154	34,435	2,926	3,055	2,991	3,106	3,013	3,101	3,042
37 Indirect.....	16,101	17,059	18,710	1,562	1,681	1,632	1,667	1,619	1,676	1,609
38 Direct.....	11,913	13,095	15,726	1,364	1,374	1,360	1,439	1,394	1,425	1,433
39 Finance companies.....	9,142	9,875	10,819	885	937	855	1,017	841	879	935
40 Credit unions.....	10,811	12,253	13,819	1,148	1,193	1,195	1,253	1,177	1,265	1,273
41 Others.....	439	468	536	46	49	48	48	48	51	50
42 Mobile homes.....	4,517	4,691	4,793	392	413	390	384	398	383	394
43 Commercial banks.....	2,944	2,986	3,025	251	255	257	240	248	234	238
44 Finance companies.....	837	867	806	54	72	50	68	65	71	72
45 Home improvement.....	4,675	5,151	6,098	536	517	550	549	514	539	553
46 Commercial banks.....	2,451	2,657	3,048	263	257	272	274	257	269	278
Revolving credit:										
47 Bank credit cards.....	19,208	24,012	28,851	2,567	2,687	2,585	2,723	2,788	2,858	2,783
48 Bank check credit.....	4,010	4,552	5,202	436	430	466	485	491	448	488
49 All other.....	75,849	81,638	89,977	7,877	7,880	7,747	7,836	7,894	7,994	8,009
50 Commercial banks, total.....	17,864	19,014	20,436	1,771	1,802	1,734	1,786	1,713	1,715	1,758
51 Personal loans.....	12,528	13,439	14,757	1,291	1,321	1,250	1,284	1,258	1,238	1,274
52 Finance companies, total.....	21,005	22,578	24,676	2,189	2,148	2,148	2,152	2,203	2,318	2,240
53 Personal loans.....	16,665	18,289	19,596	1,714	1,692	1,678	1,722	1,688	1,806	1,796
54 Credit unions.....	8,554	10,295	11,884	1,043	1,078	1,033	1,075	1,031	1,036	1,071
55 Retailers.....	26,980	28,138	31,170	2,716	2,681	2,673	2,659	2,793	2,774	2,781
56 Others.....	1,446	1,613	1,811	158	170	159	165	153	151	159

<sup>1</sup> Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

<sup>2</sup> Mutual savings banks, savings and loan associations, and auto dealers.

<sup>3</sup> Monthly figures are seasonally adjusted.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, or sector	1974	1975	1976	1977	1975		1976		1977	
					H1	H2	H1	H2	H1	H2
<b>Nonfinancial sectors</b>										
1 Total funds raised	189.6	205.6	268.3	335.9	180.8	230.4	254.5	282.1	306.2	365.6
2 Excluding equities	185.8	195.5	257.8	327.4	170.3	220.8	241.1	274.4	297.3	357.5
<b>By sector and instrument:</b>										
3 U.S. Govt.	11.8	85.4	69.0	56.8	79.6	91.2	73.1	64.9	40.3	73.2
4 Public debt securities	12.0	85.8	69.1	57.6	80.4	91.3	73.0	65.3	40.9	74.4
5 Agency issues and mortgages	-2	-4	-1	-9	-8	-1	-1	-3	-6	-1.2
6 All other nonfinancial sectors	177.8	120.2	199.2	279.1	101.1	139.2	181.4	217.1	265.9	292.4
7 Corporate equities	3.8	10.0	10.5	8.5	10.5	9.6	13.3	7.6	8.9	8.1
8 Debt instruments	174.0	110.1	188.8	270.6	90.7	129.6	168.0	209.5	257.0	284.3
9 Private domestic nonfinancial sectors	162.4	107.0	179.0	266.9	93.1	120.9	166.2	191.7	260.9	272.9
10 Corporate equities	4.1	9.9	10.5	8.1	10.3	9.5	13.3	7.7	8.2	8.0
11 Debt instruments	158.3	97.1	168.4	258.8	82.8	111.4	152.9	184.0	252.7	265.0
12 Debt capital instruments	98.7	95.8	122.7	172.8	93.8	97.8	111.7	133.7	159.3	186.2
13 State and local obligations	17.1	13.6	15.1	28.1	12.3	14.9	14.7	15.5	28.3	27.9
14 Corporate bonds	19.7	27.2	22.8	18.0	33.4	21.1	20.4	25.3	14.4	21.6
<b>Mortgages:</b>										
15 Home	34.8	39.5	63.6	90.0	33.4	45.6	57.1	70.2	85.5	94.5
16 Multifamily residential	6.9	*	1.6	7.0	4	4	6	2.6	5.3	8.8
17 Commercial	15.1	11.0	13.4	20.9	9.4	12.6	13.9	12.9	16.7	25.0
18 Farm	5.0	4.6	6.1	8.7	5.1	4.0	5.0	7.3	9.0	8.5
19 Other debt instruments	59.6	7.3	45.7	86.1	-11.0	13.6	41.2	50.3	93.4	78.7
20 Consumer credit	10.2	9.4	23.6	35.6	2.2	16.6	22.9	24.2	35.5	35.7
21 Bank loans n.e.c.	29.1	-14.5	3.7	30.0	-20.9	-8.2	-3	7.8	37.4	22.5
22 Open market paper	6.6	-2.6	4.0	2.5	-1.4	-3.8	6.4	1.6	4.4	6.2
23 Other	13.7	9.0	14.4	18.0	9.0	9.0	12.2	16.7	16.0	19.9
24 By borrowing sector	162.4	107.0	179.0	266.9	93.1	120.9	166.2	191.7	260.9	272.9
25 State and local governments	16.2	11.2	14.6	24.8	10.0	12.3	13.0	16.3	21.7	27.9
26 Households	49.2	48.6	89.8	130.9	37.3	59.9	83.9	95.6	129.6	132.2
27 Farm	7.9	8.7	11.0	15.1	8.7	8.8	10.6	11.6	16.6	13.6
28 Nonfarm noncorporate	7.4	2.0	5.2	10.8	-1.1	5.1	2.7	7.6	10.9	10.7
29 Corporate	81.8	36.6	58.3	85.3	38.3	34.8	56.1	60.5	82.1	88.4
30 Foreign	15.4	13.2	20.3	12.2	8.0	18.3	15.2	25.4	5.0	19.5
31 Corporate equities	-2	1	0	4	1	1	*	-1	6	2
32 Debt instruments	15.7	13.0	20.3	11.8	7.9	18.2	15.1	25.5	4.3	19.3
33 Bonds	2.1	6.2	8.4	5.0	5.7	6.8	7.3	9.5	4.3	5.7
34 Bank loans n.e.c.	4.7	3.7	6.7	6	-4	7.8	3.4	10.0	-5.8	7.0
35 Open market paper	7.3	3	1.9	2.8	-8	1.4	1.5	2.4	2.7	3.0
36 U.S. Govt. loans	1.6	2.8	3.3	3.4	3.4	2.2	2.9	3.6	3.1	3.6
<b>Financial sectors</b>										
37 Total funds raised	39.4	14.0	28.6	62.7	15.1	12.8	27.8	29.4	63.1	62.3
<b>By instrument:</b>										
38 U.S. Govt. related	23.1	13.5	18.6	26.1	14.5	12.6	18.6	18.6	25.7	26.6
39 Sponsored credit agency securities	16.6	2.3	3.3	6.9	1.9	2.8	4.5	2.1	10.1	3.7
40 Mortgage pool securities	5.8	10.3	15.7	20.4	11.5	9.2	14.2	17.2	17.9	22.9
41 Loans from U.S. Govt.	7	9	4	-1.2	1.1	6	*	7	-2.3	41
42 Private financial sectors	16.3	4	10.0	36.5	6	2	9.1	10.8	37.4	35.7
43 Corporate equities	16.3	*	9	7	1	1	7	2.2	-3	43
44 Debt instruments	16.0	4	9.2	36.6	6	3	9.8	8.6	37.7	35.6
45 Corporate bonds	2.1	2.9	5.8	8.7	2.3	3.5	7.0	4.5	8.1	9.2
46 Mortgages	-1.3	2.3	2.1	3.1	1.4	3.2	1.4	2.8	3.1	3.1
47 Bank loans n.e.c.	4.6	-3.6	-3.7	-2	-4.7	-2.5	-3.0	-4.4	-2.7	2.3
48 Open market paper and Rp's	3.9	2.8	7.1	20.8	8.2	-2.6	6.1	8.1	25.8	15.7
49 Loans from FHLB's	6.7	-4.0	-2.0	4.3	-6.6	-1.3	-1.6	-2.4	3.5	5.2
<b>By sector:</b>										
50 Sponsored credit agencies	17.3	3.2	2.9	5.7	3.0	3.4	4.5	1.4	7.8	3.7
51 Mortgage pools	5.8	10.3	15.7	20.4	11.5	9.2	14.2	17.2	17.9	22.9
52 Private financial sectors	16.3	4	10.0	36.5	6	2	9.1	10.8	37.4	35.7
53 Commercial banks	-1.1	1.7	7.4	11.1	5.7	-2.3	9.0	5.9	14.7	7.5
54 Bank affiliates	3.5	3	8	1.3	9	-3	-1.3	-3	1.3	1.2
55 Savings and loan associations	6.3	-2.2	*	11.9	-6.8	2.3	5	-5	11.0	12.8
56 Other insurance companies	9	1.0	1.0	1.0	9	1.0	1.0	1.0	1.0	1.0
57 Finance companies	4.5	5	6.4	15.1	-1.4	2.4	5.7	7.1	14.3	15.9
58 REIT's	6	-2.0	-2.8	-2.4	-2.0	-1.9	-2.5	-3.0	-2.9	-1.8
59 Open-end investment companies	-7	-1	-1.0	-1.5	7	-9	-2.5	5	-1.4	-1.6
60 Money market funds	2.4	1.3	-3	1	2.6	*	-7	2	-5	8
<b>All sectors</b>										
61 Total funds raised, by instrument	229.0	219.5	296.8	398.6	195.9	243.2	282.2	311.4	369.2	427.9
62 Investment company shares	-7	-1	-1.0	-1.5	7	-9	-2.5	5	-1.4	-1.6
63 Other corporate equities	4.8	10.2	12.2	9.9	9.8	10.5	15.1	9.3	10.0	9.8
64 Debt instruments	224.9	209.5	285.6	390.2	185.4	233.6	269.6	301.6	360.7	419.7
65 U.S. Govt. securities	34.3	98.2	88.1	84.2	93.1	103.2	91.9	84.3	68.4	99.9
66 State and local obligations	17.1	13.6	15.1	28.1	12.3	14.9	14.7	15.5	28.3	27.9
67 Corporate and foreign bonds	23.9	36.3	37.0	31.7	41.3	31.3	34.7	39.3	26.8	36.5
68 Mortgages	60.5	57.2	86.8	129.7	49.5	65.0	77.9	95.7	119.5	139.8
69 Consumer credit	10.2	9.4	23.6	35.6	2.2	16.6	22.9	24.2	35.5	35.7
70 Bank loans n.e.c.	38.4	-14.4	6.7	30.4	-25.9	-2.9	1	13.4	28.9	31.8
71 Open market paper and Rp's	17.8	5	13.0	26.1	6.1	-5.0	14.0	12.0	32.9	19.3
72 Other loans	22.7	8.7	15.3	24.5	6.9	10.5	13.4	17.2	20.2	28.7

## 1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; half-year data are at seasonally adjusted annual rates.

Transaction category, or sector	1974	1975	1976	1977	1975		1976		1977		
					H1	H2	H1	H2	H1	H2	
<b>1 Total funds advanced in credit markets to nonfinancial sectors</b>	<b>185.8</b>	<b>195.5</b>	<b>257.8</b>	<b>327.4</b>	<b>170.3</b>	<b>220.8</b>	<b>241.1</b>	<b>274.4</b>	<b>297.3</b>	<b>357.5</b>	<b>1</b>
By public agencies and foreign:											
2 Total net advances	52.7	44.3	54.6	84.6	55.0	31.6	53.2	56.0	73.6	95.5	2
3 U.S. Govt. securities	11.9	22.5	26.8	39.7	33.4	11.6	27.1	26.5	30.6	48.8	3
4 Residential mortgages	14.7	16.2	12.8	20.4	16.9	15.5	12.1	13.5	20.1	20.8	4
5 FHLB advances to S&L's	6.7	-4.0	-2.0	4.3	-6.6	1.3	-1.6	-2.4	3.5	5.2	5
6 Other loans and securities	19.5	9.5	16.9	20.2	11.3	7.8	15.6	18.3	19.5	20.8	6
Totals advanced, by sector											
7 U.S. Govt.	9.8	15.1	8.9	10.9	15.9	14.3	6.4	11.4	6.0	15.8	7
8 Sponsored credit agencies	25.6	14.5	20.6	26.8	16.5	12.6	20.7	20.6	27.5	26.1	8
9 Monetary authorities	6.2	8.5	9.8	7.1	7.6	9.5	14.5	5.2	11.6	7.7	9
10 Foreign	11.2	6.1	15.2	39.7	15.0	2.7	11.6	18.8	28.5	50.9	10
11 Agency borrowing not included in line 1	23.1	13.5	18.6	26.1	14.5	12.6	18.6	18.6	25.7	26.6	11
<b>Private domestic funds advanced</b>											
12 Total net advances	156.1	164.8	221.8	269.0	129.8	199.7	206.6	217.0	249.4	288.6	12
13 U.S. Govt. securities	22.4	75.7	61.3	44.5	59.7	91.6	64.8	57.8	37.9	51.2	13
14 State and local obligations	17.1	13.6	15.1	28.1	12.3	14.9	14.7	15.5	28.3	27.9	14
15 Corporate and foreign bonds	20.9	32.8	30.3	19.2	38.8	26.8	33.9	33.9	15.6	22.7	15
16 Residential mortgages	26.9	23.2	52.4	76.5	16.7	29.6	45.5	59.2	70.7	82.4	16
17 Other mortgages and loans	75.4	15.6	60.8	105.0	-4.3	35.5	53.2	68.3	100.3	109.7	17
18 Less: FHLB advances	6.7	-4.0	-2.0	4.3	-6.6	-1.3	-1.6	-2.4	3.5	5.2	18
<b>Private financial intermediation</b>											
19 Credit market funds advanced by private financial institutions	126.3	119.9	187.2	242.7	99.8	140.0	167.6	206.8	235.5	250.0	19
20 Commercial banking	64.6	27.6	58.0	79.8	14.4	40.7	44.5	71.5	80.6	79.1	20
21 Savings institutions	26.9	52.0	71.7	86.4	48.5	55.4	71.8	71.7	84.7	88.0	21
22 Insurance and pension funds	30.0	41.5	47.6	61.1	38.3	44.7	47.8	47.3	58.2	63.9	22
23 Other finance	4.7	-1.1	9.9	15.5	-1.4	-7	3.4	16.3	11.9	19.0	23
24 Sources of funds	126.3	119.9	187.2	242.7	99.8	140.0	167.6	206.8	235.5	250.0	24
25 Private domestic deposits	69.4	90.9	122.8	135.4	90.3	91.5	106.1	139.5	122.9	147.8	25
26 Credit market borrowing	16.0	.4	9.2	36.6	.6	.3	9.8	8.6	37.7	35.6	26
27 Other sources	40.9	28.6	55.1	70.7	9.0	48.2	51.7	58.7	74.9	66.6	27
28 Foreign funds	14.5	-4	3.1	1.3	-5.6	4.8	-2.6	8.8	-2.9	5.5	28
29 Treasury balances	-5.1	-1.7	-1	4.2	-3.5	.1	2.9	-3.1	-1.1	9.5	29
30 Insurance and pension reserves	26.0	29.0	35.8	48.6	26.4	31.5	35.1	36.5	47.2	50.0	30
31 Other, net	5.4	1.7	16.4	16.6	8.3	11.7	16.2	16.6	31.7	1.5	31
<b>Private domestic nonfinancial investors</b>											
32 Direct lending in credit markets	45.9	45.3	43.8	62.9	30.6	60.0	48.8	38.8	51.6	74.2	32
33 U.S. Govt. securities	18.2	22.2	19.4	23.8	6.0	38.4	22.6	16.1	11.3	36.3	33
34 State and local obligations	10.0	6.3	4.7	5.6	7.2	5.5	3.9	5.5	7.0	4.3	34
35 Corporate and foreign bonds	4.7	8.2	4.0	.2	10.8	5.6	4.9	3.1	-1.9	2.2	35
36 Commercial paper	4.8	3.1	4.0	16.6	1.5	4.7	6.7	1.3	18.8	14.4	36
37 Other	8.2	5.5	11.8	16.6	5.1	6.0	10.8	12.8	16.4	16.9	37
38 Deposits and currency	75.7	97.1	130.1	143.6	96.0	98.2	111.0	149.3	127.2	160.0	38
39 Time and savings accounts	66.7	84.8	113.0	120.9	73.0	96.5	98.3	127.6	106.7	135.1	39
40 Large negotiable CD's	18.8	-14.0	-14.2	10.8	-27.8	-2	-18.0	-10.4	-2.7	24.2	40
41 Other at commercial banks	26.1	39.4	58.1	40.4	39.3	39.4	50.2	66.0	41.9	38.9	41
42 At savings institutions	21.8	59.4	69.1	69.7	61.5	57.4	66.1	72.1	67.4	72.0	42
43 Money	8.9	12.3	17.2	22.7	23.0	1.7	12.7	21.6	20.5	25.0	43
44 Demand deposits	2.6	6.1	9.9	14.5	17.3	5.0	7.8	11.9	16.2	12.8	44
45 Currency	6.3	6.2	7.3	8.2	5.7	6.7	4.9	9.8	4.3	12.2	45
<b>46 Total of credit market instruments, deposits and currency</b>	<b>121.5</b>	<b>142.4</b>	<b>174.0</b>	<b>206.5</b>	<b>126.6</b>	<b>158.2</b>	<b>159.8</b>	<b>188.1</b>	<b>178.8</b>	<b>234.2</b>	<b>46</b>
47 Public support rate (in per cent)	28.4	22.7	21.2	25.8	32.3	15.2	22.1	20.4	24.8	26.7	47
48 Private financial intermediation (in per cent)	80.9	72.8	84.4	90.2	76.9	70.1	81.1	87.3	94.4	86.6	48
49 Total foreign funds	25.7	5.8	18.3	41.0	9.4	2.1	9.0	27.6	25.6	56.4	49
MEMO: Corporate equities not included above											
50 Total net issues	4.1	10.0	11.2	8.4	10.5	9.5	12.6	9.8	8.5	8.2	50
51 Mutual fund shares	-7	-1	-1.0	-1.5	-7	-9	-2.5	.5	-1.4	-1.6	51
52 Other equities	4.8	10.2	12.2	9.9	9.8	10.5	15.1	9.3	10.0	9.8	52
53 Acquisitions by financial institutions	5.8	9.4	12.3	6.7	10.7	8.1	12.6	12.0	4.4	9.1	53
54 Other net purchases	-1.6	.6	-1.1	1.6	-2	1.4	*	-2.2	4.1	-1.9	54

## NOTES BY LINE NO.

1. Line 2 of p. A-44.
2. Sum of lines 3-6 or 7-10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by Federally sponsored credit agencies, and net issues of Federally related mortgage pool securities. Included below in lines 3, 13, and 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. Lines 39 plus 44.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.

## 29. Demand deposits at commercial banks.

30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
- 33-37. Lines 13-17 less amounts acquired by private finance. Line 37 includes mortgages.
45. Mainly an offset to line 9.
46. Lines 32 plus 38 or line 12 less line 27 plus line 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Lines 10 plus 28.
- 50, 52. Includes issues by financial institutions.

NOTE.—Full statements for sectors and transaction types quarterly, and annually for flows and for amounts outstanding, may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.



2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1967 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1975	1976	1977	1977				1978			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. <sup>a</sup>	Apr. <sup>a</sup>
1 Industrial production.....	117.8	129.8	137.0	138.5	138.9	139.3	139.7	138.8	139.2	141.0	142.5
Market groupings:											
2 Products, total.....	119.3	129.3	137.1	138.8	138.9	139.5	140.3	138.5	139.6	141.5	142.6
3 Final, total.....	118.2	127.2	134.9	136.8	136.5	137.0	137.6	134.9	136.4	138.8	140.0
4 Consumer goods.....	124.0	136.2	143.4	144.9	144.9	145.2	145.8	141.8	143.7	146.1	147.3
5 Equipment.....	110.2	114.6	123.2	125.6	125.0	125.8	126.2	125.4	126.3	128.8	129.9
6 Intermediate.....	123.1	137.2	145.1	146.5	147.8	148.4	150.4	151.6	151.5	151.8	152.6
7 Materials.....	115.5	130.6	136.9	137.9	138.9	139.0	138.8	139.2	138.6	140.1	142.4
8 Industry groupings:											
Manufacturing.....	116.3	129.5	137.1	139.0	139.4	139.9	140.5	138.7	139.3	141.3	142.7
Capacity utilization (per cent) <sup>1</sup> in -											
9 Manufacturing.....	73.6	80.2	82.4	82.9	82.9	82.9	83.0	81.7	81.8	82.7	84.6
10 Industrial materials industries.....	73.6	80.4	81.9	82.0	82.4	82.3	81.9	81.9	81.4	82.0	83.2
11 Construction contracts <sup>2</sup> .....	162.3	190.2	253.0	279.0	244.0	258.0	299.0	270.0	266.0	254.0	.....
12 Nonagricultural employment, total <sup>3</sup> .....	117.0	120.6	124.7	125.7	125.9	126.4	126.7	127.1	127.6	128.4	129.3
13 Goods-producing, total.....	97.1	100.3	104.1	104.7	105.0	105.4	105.4	105.7	106.3	107.1	108.9
14 Manufacturing, total.....	94.3	97.5	100.6	100.8	101.1	101.4	102.2	102.7	103.2	103.7	104.0
15 Manufacturing, production-worker.....	91.3	95.2	98.3	98.5	98.8	99.1	100.0	100.7	101.3	101.7	101.9
16 Service-producing.....	127.8	131.7	136.0	137.1	137.3	137.9	138.3	138.8	139.3	140.0	140.5
17 Personal income, total <sup>4</sup> .....	200.0	220.7	245.1	249.2	252.8	255.7	259.0	259.4	260.9	263.7	.....
18 Wages and salary disbursements.....	188.5	208.6	231.5	235.2	239.1	240.9	242.2	244.7	246.8	250.5	.....
19 Manufacturing.....	157.3	177.7	199.3	202.2	205.3	206.9	209.7	211.3	214.5	219.4	.....
20 Disposable personal income.....	199.2	217.8	239.0	.....	.....	245.3	.....	.....	.....	.....	.....
21 Retail sales <sup>5</sup> .....	184.6	203.5	224.4	225.4	232.2	235.3	237.1	228.8	235.6	238.2	242.9
Prices: <sup>6</sup>											
22 Consumer <sup>7</sup> .....	161.2	170.5	181.6	184.0	184.5	185.4	186.1	187.2	188.4	189.8	.....
23 Wholesale.....	174.9	183.0	194.2	195.8	196.3	197.0	198.2	199.9	202.0	203.8	.....

<sup>1</sup> Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.

<sup>2</sup> Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.

<sup>3</sup> Based on data in *Employment and Earnings* (U.S. Dept. of Labor). Series covers employees only, excluding personnel in the Armed Forces.

<sup>4</sup> Based on data in *Survey of Current Business* (U.S. Dept. of Commerce). Series for disposable income is quarterly.

<sup>5</sup> Based on Bureau of Census data published in *Survey of Current Business* (U.S. Dept. of Commerce).

<sup>6</sup> Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Dept. of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Dept. of Labor.

<sup>7</sup> Beginning Jan. 1978, based on new index for all urban consumers.

NOTE.—Basic data (not index numbers) for series mentioned in notes 3, 4, and 5, and indexes (or series mentioned in notes 2 and 6) may also be found in the *Survey of Current Business* (U.S. Dept. of Commerce).

Figures for industrial production for the last 2 months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1977				1978				1977				1978
	Q2	Q3	Q4	Q1 <sup>a</sup>	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 <sup>a</sup>	
	Output (1967 = 100)				Capacity (per cent of 1967 output)				Utilization rate (per cent)				
1 Manufacturing.....	136.9	138.7	139.9	139.8	165.6	167.1	168.7	170.3	82.7	83.0	82.9	82.1	
2 Primary processing.....	146.3	147.3	148.2	148.1	171.8	173.5	175.1	176.8	85.1	84.9	84.6	83.8	
3 Advanced processing.....	132.0	129.3	135.6	135.4	162.2	163.8	165.3	166.9	81.4	81.9	82.0	81.1	
4 Materials.....	137.7	138.1	138.9	139.3	166.6	167.8	168.9	170.4	82.6	82.3	82.2	81.7	
5 Durable goods.....	135.1	136.0	137.7	138.0	170.3	171.6	172.8	174.0	79.4	79.2	79.6	79.3	
6 Basic metal.....	116.4	109.4	109.4	110.7	145.1	145.3	145.5	145.8	80.2	75.3	75.2	75.9	
7 Nondurable goods.....	154.6	154.4	155.0	157.6	177.2	178.8	180.4	182.3	87.2	86.3	85.9	86.5	
8 Textile, paper, and chemical.....	159.9	159.2	159.5	162.5	185.4	187.1	188.9	190.8	86.3	85.1	84.5	85.2	
9 Textile.....	110.9	112.3	117.9	115.5	141.9	142.5	143.0	143.5	78.1	78.8	82.4	80.5	
10 Paper.....	134.3	135.1	132.3	137.1	150.1	151.3	152.5	153.6	89.5	89.3	86.7	89.3	
11 Chemical.....	191.8	189.5	188.9	193.7	218.7	221.2	223.6	226.6	87.7	85.7	84.5	85.5	
12 Energy.....	122.6	123.4	121.9	119.9	144.7	145.2	145.7	147.2	84.8	85.0	83.7	81.4	

## 2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1975	1976	1977	1977			1978			
				Oct.	Nov.	Dec.	Jan.	Feb. <sup>1</sup>	Mar. <sup>2</sup>	Apr. <sup>2</sup>
Household survey data										
1 Noninstitutional population <sup>1</sup> . . . . .	153,449	156,048	158,559	159,334	159,522	159,736	159,937	160,128	160,313	160,504
2 Labor force (including Armed Forces) <sup>1</sup> . . . . .	94,793	96,917	99,534	100,205	101,009	101,048	101,228	101,217	101,536	101,902
3 Civilian labor force . . . . .	92,613	94,773	97,401	98,071	98,877	98,919	99,107	99,093	99,414	99,784
Employment:										
4 Nonagricultural industries <sup>2</sup> . . . . .	81,403	84,188	87,302	88,140	88,857	89,286	89,527	89,761	89,956	90,526
5 Agriculture . . . . .	3,380	3,297	3,244	3,243	3,357	3,323	3,354	3,242	3,310	3,526
Unemployment:										
6 Number . . . . .	7,830	7,288	6,855	6,688	6,663	6,310	6,226	6,090	6,148	5,983
7 Rate (per cent of civilian labor force) . . . . .	8.5	7.7	7.0	6.8	6.7	6.4	6.3	6.1	6.2	6.0
8 Not in labor force . . . . .	58,655	59,130	59,025	59,130	58,512	58,688	58,709	58,911	58,776	58,602
Establishment survey data										
9 Nonagricultural payroll employment <sup>3</sup> . . . . .	17,051	79,443	82,142	82,902	83,245	83,429	83,719	84,046	84,537	85,156
10 Manufacturing . . . . .	18,347	18,956	19,555	19,666	19,715	19,868	19,972	20,075	20,164	20,224
11 Mining . . . . .	745	783	831	859	863	711	705	24,733	24,933	25,334
12 Contract construction . . . . .	3,512	3,594	3,845	3,911	3,950	3,947	3,916	711	725	893
13 Transportation and public utilities . . . . .	4,498	4,509	4,589	4,610	4,634	4,652	4,628	4,651	4,674	4,700
14 Trade . . . . .	17,000	17,694	18,291	18,414	18,512	18,610	18,744	18,744	18,843	18,902
15 Finance . . . . .	4,223	4,316	4,508	4,572	4,597	4,611	4,630	4,647	4,672	4,696
16 Service . . . . .	14,006	14,644	15,333	15,533	15,608	15,663	15,693	15,791	15,882	15,953
17 Government . . . . .	14,720	14,948	15,190	15,337	15,366	15,367	15,431	15,480	15,533	15,571

<sup>1</sup> 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).

<sup>2</sup> Includes self-employed, unpaid family, and domestic service workers.

<sup>3</sup> Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the February 1977 benchmark. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

## 2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

Grouping	1967 pro- por- tion	1977												1978			
		1977 aver- age	Feb.	Mar.	Apr.	Sept.	Oct.	Nov.	Dec.	Jan. <sup>a</sup>	Feb.	Mar. <sup>a</sup>	Apr. <sup>a</sup>				
Index (1967 = 100)																	
<b>MAJOR MARKET</b>																	
1 Total index.....	100.00	137.1	133.2	135.3	136.1	138.5	138.9	139.3	139.7	138.8	139.2	141.0	142.5				
2 Products.....	60.71	137.1	133.6	135.1	135.8	138.8	138.9	139.5	140.3	138.5	139.6	141.5	142.6				
3 Final products.....	47.82	134.9	131.6	133.3	134.1	136.8	136.5	137.0	137.6	134.9	136.4	138.8	140.0				
4 Consumer goods.....	27.68	143.4	140.5	142.9	142.9	144.9	144.9	145.2	145.8	141.8	143.7	146.1	147.3				
5 Equipment.....	20.14	123.2	119.2	120.0	122.1	125.6	125.0	125.8	126.2	125.4	126.3	128.1	129.9				
6 Intermediate products.....	12.89	145.1	141.6	141.8	142.3	146.5	147.8	148.4	150.4	151.6	151.5	151.8	152.6				
7 Materials.....	39.29	136.9	132.7	135.5	136.5	137.9	138.9	139.0	138.8	139.2	138.6	140.1	142.4				
<b>Consumer goods</b>																	
8 Durable consumer goods.....	7.89	153.1	146.1	152.4	151.5	155.6	156.8	155.2	155.8	146.5	151.3	157.5	161.1				
9 Automotive products.....	2.83	174.2	161.7	178.3	173.9	177.0	179.4	173.6	172.4	157.5	162.7	176.2	185.1				
10 Autos and utility vehicles.....	2.03	169.2	152.7	176.1	171.2	172.6	176.1	167.6	165.5	145.9	153.9	171.0	183.5				
11 Autos.....	1.90	148.4	132.8	155.8	150.6	151.6	154.3	147.5	143.6	127.4	131.5	149.7	159.1				
12 Auto parts and allied goods.....	.80	186.8	184.3	184.1	181.3	188.1	187.6	188.7	190.4	187.8	185.3	189.1	189.0				
13 Home goods.....	5.06	141.3	137.3	137.9	138.8	143.6	144.2	145.0	146.6	140.3	144.7	147.2	147.7				
14 Appliances, A/C, and TV.....	1.40	127.3	118.5	124.1	126.4	129.4	128.6	131.4	132.8	116.1	133.3	135.4	136.1				
15 Appliances and TV.....	1.33	130.5	121.1	126.5	129.9	134.1	131.6	133.0	134.6	117.4	135.7	138.0	.....				
16 Carpeting and furniture.....	1.07	152.2	146.0	144.6	145.0	159.0	160.5	160.0	161.5	159.1	160.2	161.5	.....				
17 Misc. home goods.....	2.59	144.3	144.0	142.7	143.0	144.9	145.8	146.3	147.7	145.9	144.6	147.8	148.5				
18 Nondurable consumer goods.....	19.79	139.6	138.3	139.1	139.4	140.7	140.1	141.2	141.8	139.9	140.6	141.5	141.8				
19 Clothing.....	4.29	125.2	123.6	123.9	124.4	128.3	128.0	126.4	126.9	118.3	121.9	125.7	.....				
20 Consumer staples.....	15.50	143.6	142.2	143.3	143.6	144.1	143.5	145.3	145.9	145.9	145.7	146.3	146.5				
21 Consumer foods and tobacco.....	8.33	135.5	133.3	136.0	136.1	137.1	135.2	136.7	137.9	136.5	138.1	139.1	.....				
22 Nonfood staples.....	7.17	152.9	152.6	151.8	152.5	152.4	153.4	155.1	155.2	156.6	154.6	154.6	155.1				
23 Consumer chemical products.....	2.63	180.5	175.7	175.9	178.1	182.5	183.7	186.9	186.5	187.4	184.3	186.9	.....				
24 Consumer paper products.....	1.92	117.1	113.3	117.4	116.6	116.4	117.6	118.5	119.8	121.4	118.9	119.7	.....				
25 Consumer energy products.....	2.62	151.4	158.3	152.8	153.0	148.6	149.1	149.9	149.7	151.5	151.2	149.8	.....				
26 Residential utilities.....	1.45	159.0	161.8	157.4	158.5	153.8	155.8	155.6	158.5	161.7	.....	.....	.....				
<b>Equipment</b>																	
27 Business equipment.....	12.63	149.2	143.5	144.8	147.1	152.1	152.6	153.5	154.0	152.6	154.2	157.4	158.9				
28 Industrial equipment.....	6.77	138.5	133.2	134.4	136.3	141.4	141.8	142.6	143.0	144.3	144.8	146.8	148.0				
29 Building and mining equipment.....	1.44	202.5	192.9	197.9	200.5	204.5	205.7	206.7	208.3	211.1	214.9	221.2	224.6				
30 Manufacturing equipment.....	3.85	113.9	108.5	109.0	112.0	117.6	118.5	118.7	118.8	118.8	118.0	118.5	119.0				
31 Power equipment.....	1.47	140.2	139.3	138.3	136.7	141.4	139.8	142.1	143.7	146.1	145.7	148.0	148.9				
32 Commercial transit, farm equipment.....	5.86	161.6	155.3	156.9	159.5	164.4	165.1	165.9	166.9	162.2	165.3	169.8	171.5				
33 Commercial equipment.....	3.26	191.6	185.6	186.1	189.7	193.7	195.4	197.4	198.8	198.5	200.9	203.3	205.1				
34 Transit equipment.....	1.93	117.8	108.7	113.0	115.2	125.1	122.3	118.9	121.1	111.1	115.8	124.4	126.5				
35 Farm equipment.....	.67	142.3	142.5	141.8	141.0	134.9	142.1	147.8	144.5	131.4	134.4	137.0	.....				
36 Defense and space equipment.....	7.51	79.6	78.5	78.5	79.9	80.9	78.9	79.3	79.5	79.7	79.1	80.6	81.2				
<b>Intermediate products</b>																	
37 Construction supplies.....	6.42	140.8	135.6	136.4	137.2	143.2	144.9	146.5	148.3	149.2	148.7	149.3	150.1				
38 Business supplies.....	6.47	149.5	147.6	147.3	147.5	149.7	150.5	150.1	152.6	153.8	154.2	154.2	.....				
39 Commercial energy products.....	1.14	164.6	164.9	163.6	164.6	162.7	163.0	160.9	165.6	165.5	164.9	164.5	.....				
<b>Materials</b>																	
40 Durable goods materials.....	20.35	134.5	128.4	131.9	133.8	135.7	137.1	137.2	138.7	138.2	137.0	138.7	141.1				
41 Durable consumer parts.....	4.58	132.0	124.1	126.8	129.4	135.8	135.4	136.5	135.7	133.0	131.0	133.9	136.5				
42 Equipment parts.....	5.44	143.1	137.3	137.8	140.7	146.8	147.6	147.2	149.2	148.7	146.6	151.0	152.3				
43 Durable materials n.e.c.....	10.34	131.1	125.5	131.1	132.2	129.8	132.4	132.3	134.3	134.9	134.7	134.6	137.4				
44 Basic metal materials.....	5.57	110.9	105.5	113.6	115.0	106.8	110.0	107.9	110.3	112.1	111.0	110.9	.....				
45 Nondurable goods materials.....	10.47	153.5	150.4	153.3	153.7	153.9	154.4	155.4	155.3	155.0	158.5	159.3	159.5				
46 Textile, paper, and chem. mat.....	7.62	158.3	153.9	158.4	159.0	159.0	160.0	159.3	159.3	160.7	162.9	164.0	163.9				
47 Textile materials.....	1.85	113.0	109.8	113.2	111.8	114.5	118.5	117.8	117.3	114.9	115.8	115.7	.....				
48 Paper materials.....	1.62	133.5	133.5	133.9	132.2	135.2	134.4	132.2	130.2	135.0	137.8	138.5	.....				
49 Chemical materials.....	4.15	188.2	181.6	188.0	190.6	188.2	188.5	188.6	189.5	191.4	193.9	195.8	.....				
50 Containers, nondurable.....	1.70	150.9	150.2	148.9	148.5	151.2	148.9	156.7	154.4	150.4	158.7	158.2	.....				
51 Nondurable materials n.e.c.....	1.14	125.3	126.8	126.1	125.6	124.1	125.4	128.5	129.9	123.6	128.9	129.3	.....				
52 Energy materials.....	8.48	122.4	120.8	121.8	121.3	123.5	124.0	123.0	118.7	122.2	117.7	119.7	124.3				
53 Primary energy.....	4.65	107.3	103.1	107.0	106.0	110.0	112.2	111.6	103.0	105.2	101.6	107.4	.....				
54 Converted fuel materials.....	3.82	140.7	142.4	139.9	140.1	140.0	138.4	136.9	137.7	142.8	137.3	134.7	.....				
<b>Supplementary groups</b>																	
55 Home goods and clothing.....	9.35	133.9	131.0	131.5	132.2	136.5	136.8	136.5	137.5	130.2	134.3	136.8	137.2				
56 Energy, total.....	12.23	132.5	132.9	132.3	132.5	133.0	133.0	132.3	132.5	129.3	129.3	130.4	133.5				
57 Products.....	3.76	155.4	160.3	156.0	156.5	153.0	153.3	153.2	154.5	155.8	155.3	154.2	.....				
58 Materials.....	8.48	122.4	120.8	121.8	121.3	123.5	124.0	123.0	118.7	122.2	117.7	119.7	124.3				

For NOTE see opposite page.

## 2.13 Continued

Grouping	SIC code	1967 proportion	1977 average	1977								1978				
				Feb.	Mar.	Apr.	Sept.	Oct.	Nov.	Dec.	Jan. 78	Feb.	Mar. 78	Apr. 78		
Index (1967 = 100)																
<b>MAJOR INDUSTRY</b>																
1	Mining and utilities	12.05	136.2	137.1	136.6	135.7	135.1	135.8	135.5	133.9	137.4	136.9	138.6	141.6		
2	Mining	6.36	117.8	116.3	120.6	119.2	118.0	119.6	118.8	113.4	115.0	114.9	121.0	127.3		
3	Utilities	5.69	156.5	160.3	154.8	154.0	154.1	154.0	154.2	156.7	162.3	161.3	158.1	157.6		
4	Electric	3.88	175.5	179.1	175.8	170.4	173.7	173.6	173.3	175.9	183.6					
5	Manufacturing	87.95	137.1	132.6	135.1	135.8	139.0	139.4	139.9	140.5	138.7	139.3	141.3	142.7		
6	Nondurable	35.97	148.1	145.3	147.0	147.0	149.5	149.6	150.1	150.9	149.8	150.5	151.5	152.0		
7	Durable	51.98	129.5	124.0	126.8	128.0	131.7	132.4	132.7	133.4	131.1	131.6	134.3	136.2		
<b>Mining</b>																
8	Metal mining	10	.51	105.4	128.5	133.8	126.1	71.4	80.0	84.8	104.3	121.4	119.9	127.9		
9	Coal	11, 12	.69	118.0	100.8	124.1	118.4	133.0	141.4	140.6	74.6	54.8	56.5	78.6	129.0	
10	Oil and gas extraction	13	4.40	118.0	115.8	117.5	117.5	119.6	119.4	117.8	118.4	121.1	121.1	125.3	126.6	
11	Stone and earth minerals	14	.75	124.9	124.9	126.1	124.0	126.7	128.1	127.2	126.5	130.0	128.9	127.8		
<b>Nondurable manufactures</b>																
12	Foods	20	8.75	137.9	136.4	138.7	138.0	138.3	137.3	139.4	140.4	139.3	140.6	141.1		
13	Tobacco products	21	.67	114.3	116.8	104.3	112.1	113.5	113.8	117.5	120.6	113.4	118.7			
14	Textile mill products	22	2.68	137.1	132.3	134.4	134.6	140.7	142.4	141.6	143.7	137.1	137.0	137.8		
15	Apparel products	23	3.31	124.2	124.4	122.2	121.4	127.7	129.0	125.1	125.8	118.6	121.1			
16	Paper and products	26	3.21	137.4	136.5	135.5	136.3	139.1	137.9	137.8	138.6	139.9	143.7	144.6	145.3	
17	Printing and publishing	27	4.72	124.7	122.4	124.8	123.4	124.2	125.7	126.2	127.5	129.9	127.8	128.3	129.1	
18	Chemicals and products	28	7.74	180.7	174.9	180.0	180.6	181.3	182.3	183.1	183.0	184.4	183.5	184.5		
19	Petroleum products	29	1.79	141.0	145.2	143.3	143.4	141.9	141.4	140.5	139.3	139.7	139.0	140.4	141.4	
20	Rubber & plastic products	30	2.24	232.2	220.3	225.6	226.0	239.5	236.3	238.5	240.1	238.7	240.0	243.5		
21	Leather and products	31	.86	75.3	75.0	73.8	74.7	74.0	77.0	78.1	77.3	74.5	73.0	75.2		
<b>Durable manufactures</b>																
22	Ordinance, pvt. & govt.	19, 91	3.64	73.9	72.6	72.8	74.6	75.1	74.4	74.1	73.8	72.3	71.2	72.5	73.0	
23	Lumber and products	24	1.64	133.4	132.2	132.1	130.6	137.1	135.7	137.5	138.1	138.5	135.5	137.3		
24	Furniture and fixtures	25	1.37	140.9	137.1	135.1	135.4	145.6	146.6	146.0	146.6	146.4	150.6	151.0		
25	Clay, glass, stone products	32	2.74	146.1	139.0	143.7	145.0	145.5	148.0	152.8	152.1	152.2	152.5	152.8		
26	Primary metals	33	6.57	110.2	100.2	108.3	112.2	109.0	113.5	111.2	111.0	107.4	106.2	106.6	110.6	
27	Iron and steel	331, 2	4.21	103.4	91.3	97.9	103.9	104.6	107.7	104.3	103.8	99.5	96.3	96.8		
28	Fabricated metal products	34	5.93	130.9	125.8	127.5	127.6	133.6	133.8	135.8	136.4	136.9	136.7	138.3	139.5	
29	Nonelectrical machinery	35	9.15	144.8	139.8	139.8	142.9	147.4	148.9	149.7	151.7	150.1	150.2	151.5	152.8	
30	Electrical machinery	36	8.05	141.9	137.6	137.6	139.6	144.6	144.2	146.0	147.3	144.0	146.4	149.2	150.4	
31	Transportation equipment	37	9.27	121.1	120.5	120.5	119.8	125.5	124.3	122.0	122.2	116.2	118.4	127.5	130.7	
32	Motor vehicles & parts	371	4.50	159.7	161.2	161.2	158.1	165.6	168.4	163.0	161.8	146.6	153.0	167.0	173.2	
33	Aerospace & misc. tr. eq.	372-9	4.77	84.7	82.3	82.3	83.8	87.7	82.8	83.3	84.9	87.6	85.8	90.5	90.7	
34	Instruments	38	2.11	159.1	157.0	156.9	157.8	160.3	162.2	163.1	164.7	163.4	163.5	166.5	167.3	
35	Miscellaneous mfrs.	39	1.51	149.1	147.9	147.4	145.6	150.7	151.0	151.8	152.5	153.0	151.8	153.5	154.4	
<b>MAJOR MARKET</b>																
Gross value (billions of 1972 dollars, annual rates)																
36	Products, total	1507.4	583.9	569.4	578.2	578.3	590.1	591.3	591.3	594.7	582.0	590.4	601.2	605.9		
37	Final products	1390.9	452.1	441.1	449.0	448.5	456.8	457.8	457.3	458.7	445.1	453.7	463.4	467.6		
38	Consumer goods	1277.5	317.5	312.2	316.8	316.1	319.1	319.5	320.0	320.4	311.2	318.1	321.9	325.4		
39	Equipment	113.4	134.6	128.9	132.1	132.6	137.6	138.1	137.3	138.2	133.9	135.8	141.4	142.0		
40	Intermediate products	116.6	131.9	128.4	129.1	130.1	133.5	133.8	134.1	135.9	136.7	136.9	137.8	138.8		

1 1972 dollars.

NOTE.—Published groupings include some series and subtotals not shown

separately. For description and historical data, see *Industrial Production - 1976 Revision* (Board of Governors of the Federal Reserve System: Washington, D.C.), Dec. 1977.

## 2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates. Exceptions noted.

Item	1977			1977				1978		
	1975	1976	1977	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Private residential real estate activity (thousands of units)										
NEW UNITS										
1 Permits authorized.....	927	1,296	18,133	1,695	1,850	1,893	1,811	1,496	1,511	1,715
2 1-family.....	669	894	12,265	1,135	1,216	1,257	1,210	1,027	954	1,075
3 2-or-more-family.....	278	402	5,861	560	634	636	601	469	557	640
4 Started.....	1,160	1,540	1,986	2,012	2,139	2,096	2,203	1,548	1,574	2,074
5 1-family.....	892	1,163	1,451	1,508	1,532	1,544	1,574	1,156	1,100	1,439
6 2-or-more-family.....	268	377	535	504	607	552	629	392	474	635
7 Under construction, end of period <sup>1</sup>	1,003	1,147	1,442	1,149	1,189	1,211	1,249	1,263	1,266	.....
8 1-family.....	531	655	829	708	729	746	770	786	790	.....
9 2-or-more-family.....	472	492	613	442	460	466	479	478	476	.....
10 Completed.....	1,297	1,362	1,652	1,875	1,665	1,769	1,641	1,759	1,677	.....
11 1-family.....	866	1,026	1,254	1,458	1,249	1,280	1,299	1,296	1,218	.....
12 2-or-more-family.....	430	336	398	417	416	489	342	463	459	.....
13 Mobile homes shipped.....	213	250	613	300	319	318	324	322	269	276
Merchant builder activity in 1-family units:										
14 Number sold.....	544	639	819	845	870	819	857	806	754	794
15 Number for sale, end of period <sup>1</sup>	383	433	407	389	398	401	403	404	407	406
Price (thous. of dollars) <sup>2</sup>										
Median:										
16 Units sold.....	39.3	44.2	48.9	48.5	51.4	51.8	52.9	51.1	53.4	53.7
17 Units for sale.....	38.9	41.6	48.2	45.9	46.7	46.7	47.7	48.2	.....	.....
Average:										
18 Units sold.....	42.5	48.1	54.4	53.9	57.2	57.8	57.6	58.5	59.4	60.3
EXISTING UNITS (1-family)										
19 Number sold.....	2,452	3,002	3,572	3,880	3,930	4,160	4,140	3,780	3,460	3,770
Price of units sold (thous. of dollars): <sup>2</sup>										
20 Median.....	35.3	38.1	42.9	43.8	44.0	44.5	44.2	45.5	46.3	46.5
21 Average.....	39.0	42.2	47.9	47.9	48.2	48.5	48.3	50.3	51.3	51.1
Value of new construction <sup>4</sup> (millions of dollars)										
CONSTRUCTION										
22 Total put in place.....	134,293	147,481	170,685	175,065	174,409	173,104	176,734	171,249	178,204	184,478
23 Private.....	93,624	109,499	133,652	135,812	136,710	137,464	140,468	137,312	143,600	148,860
24 Residential.....	46,472	60,519	81,067	81,677	83,022	84,005	87,246	81,111	86,922	89,954
25 Nonresidential, total.....	47,152	48,980	52,585	54,135	53,688	53,459	53,222	56,201	56,678	58,906
Buildings:										
26 Industrial.....	8,017	7,182	7,182	7,484	7,579	7,716	7,132	7,484	7,563	9,094
27 Commercial.....	12,804	12,757	14,604	16,054	15,846	15,404	14,627	14,986	15,043	15,940
28 Other.....	5,585	6,155	6,226	6,370	6,337	6,437	6,200	6,065	5,806	6,316
29 Public utilities and other.....	20,746	22,886	24,573	24,227	23,926	23,902	25,263	27,666	28,266	27,556
30 Public.....	40,669	37,982	37,033	39,253	37,699	35,641	36,266	33,937	34,603	35,618
31 Military.....	1,392	1,508	1,478	1,493	1,381	1,286	1,370	1,410	1,474	1,424
32 Highway.....	10,861	9,756	9,170	8,915	9,507	8,281	7,877	7,006	.....	.....
33 Conservation and development.....	3,256	3,722	3,765	4,910	3,141	3,464	3,851	3,900	.....	.....
34 Other <sup>3</sup> .....	25,160	22,996	22,620	23,925	23,670	22,610	23,168	21,621	.....	.....

1 Not at annual rates.

2 Not seasonally adjusted.

3 Beginning Jan. 1977 Highway imputations are included in Other.

4 Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports (C-30-76-5)*, issued by the Bureau in July 1976.

NOTE:—Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are for 14,000 jurisdictions reporting to the Census Bureau.

2.15 CONSUMER AND WHOLESALE PRICES

Percentage changes based on seasonally adjusted data, except as noted.

Item	12 months to		3 months (at annual rate) to						1 month to			Index level Mar. 1978 (1967 = 100) <sup>3</sup>			
	1977	1978	1977			1978			1977				1978		
	Mar.	Mar.	June	Sept.	Dec.	Mar.	Nov.	Dec.	Jan.	Feb.	Mar.		Mar.	Mar.	
<b>Consumer prices<sup>4</sup></b>															
1 All items.....	6.4	6.5	7.8	4.5	4.9	9.3	.4	.4	.8	.6	.8	189.8			
2 Commodities.....	5.9	5.7	6.7	2.5	4.9	9.3	.5	.5	.9	.5	.8	181.6			
3 Food.....	5.5	8.3	11.5	1.9	4.2	16.4	.5	.4	1.3	1.2	1.3	204.2			
4 Commodities less food.....	6.1	4.6	4.2	2.7	5.4	6.1	.5	.5	.7	.2	.6	170.0			
5 Durable.....	6.9	4.7	3.5	1.5	5.2	8.7	.2	.5	1.0	.7	.5	168.3			
6 Nondurable.....	5.4	4.1	4.7	3.4	5.1	3.1	.5	.3	.4	.3	.6	170.7			
7 Services.....	7.2	7.8	9.4	7.6	4.9	9.1	.4	.4	.6	.7	.8	204.9			
8 Rent.....	5.7	6.4	6.2	6.7	6.3	6.2	.6	.5	.6	.4	.6	160.5			
9 Services less rent.....	7.4	8.1	9.9	8.0	4.8	9.6	.4	.4	.6	.8	.9	213.0			
Other groupings:															
10 All items less food.....	6.6	6.2	6.8	5.3	5.0	8.1	.4	.4	.8	.5	.7	185.9			
11 All items less food and energy.....	6.3	6.3	6.9	5.1	5.3	8.0	.4	.5	.9	.4	.7	183.4			
12 Homeownership.....	5.6	9.5	10.4	8.5	7.1	12.2	.7	.7	1.0	.7	1.2	218.3			
<b>Wholesale prices</b>															
13 All commodities.....	6.8	6.1	4.0	2.1	6.7	12.0	.8	.4	.9	1.0	1.0	203.8			
14 Farm products, and processed foods and feeds.....	6.1	4.9	-3.1	-14.8	14.5	28.8	2.3	.3	1.1	2.5	2.9	200.3			
15 Farm products.....	8.6	1.4	-20.3	-21.3	17.9	44.0	9.3	.3	1.7	2.8	4.7	205.3			
16 Processed foods and feeds.....	4.6	7.0	8.2	-10.9	12.5	21.1	1.8	.6	.8	2.3	1.7	196.8			
17 Industrial commodities.....	7.1	6.5	6.4	6.7	4.9	8.0	.3	.5	.7	.7	.5	204.1			
Materials, supplies, and components of which:															
18 Crude nonfood materials <sup>1</sup> .....	19.8	4.9	8.1	-5.3	18.5	17.3	2.3	1.8	1.5	1.0	1.5	275.9			
19 Intermediate materials <sup>2</sup> .....	6.8	6.4	5.5	7.1	4.0	9.2	6.1	.4	.9	.8	.5	211.5			
Finished goods, excluding foods:															
20 Consumer.....	6.2	5.3	7.8	4.0	4.4	5.3	.3	.3	.5	.3	.5	178.2			
21 Durable.....	4.6	6.1	6.9	5.6	5.3	6.8	.3	.4	.7	.3	.6	158.9			
22 Nondurable.....	7.3	4.8	7.7	3.0	4.3	4.1	6.3	.4	.4	.3	.3	191.0			
23 Producer.....	5.9	7.6	6.8	6.0	10.5	7.3	.5	.6	.5	.7	.6	194.5			
MEMO:															
24 Consumer foods.....	4.5	7.2	4.3	2.3	7.4	21.0	1.2	.5	1.1	2.9	.8	200.1			

<sup>1</sup> Excludes crude foodstuffs and feedstuffs.

<sup>2</sup> Excludes intermediate materials for food manufacturing and manufactured animal feeds.

<sup>3</sup> Not seasonally adjusted.

<sup>4</sup> Beginning Jan. 1978 figures for consumer prices are those for all urban consumers.

SOURCE: -Bureau of Labor Statistics.

▲ NOTE: -The index level reported for Jan. 1978 (1967 = 100) for all commodities (line 13) in the March BULLETIN was incorrect. The figure should have been 199.9, rather than 199.1.

## 2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1975	1976	1977	1976		1977			1978
				Q4	Q1	Q2	Q3	Q4	
Gross national product									
1 Total.....	1,528.8	1,706.5	1,889.6	1,755.4	1,810.8	1,869.9	1,915.9	1,961.8	1,992.9
By source:									
2 Personal consumption expenditures.....	980.4	1,094.0	1,211.2	1,139.0	1,172.4	1,194.0	1,218.9	1,259.5	1,284.0
3 Durable goods.....	132.9	158.9	179.8	166.3	177.0	178.6	177.6	186.0	184.0
4 Nondurable goods.....	409.3	442.7	480.7	458.8	466.6	474.4	481.8	499.9	505.8
5 Services.....	438.2	492.3	550.7	513.9	528.8	541.1	559.5	573.7	594.3
6 Gross private domestic investment.....	189.1	243.3	294.2	243.4	271.8	294.9	303.6	306.7	314.4
7 Fixed investment.....	200.6	230.0	276.1	244.3	258.0	273.2	280.0	293.2	297.9
8 Nonresidential.....	149.1	161.9	185.1	167.6	177.0	182.4	187.5	193.5	197.7
9 Structures.....	52.9	55.8	61.5	57.0	57.9	61.0	62.6	64.5	65.1
10 Producers' durable equipment.....	96.3	106.1	123.6	110.6	119.2	121.4	124.9	129.0	132.6
11 Residential structures.....	51.5	68.0	91.0	76.7	81.0	90.8	92.5	99.7	100.2
12 Nonfarm.....	49.5	65.7	88.4	74.3	78.5	88.2	89.9	97.1	97.4
13 Change in business inventories.....	-11.5	13.3	18.2	-9	13.8	21.7	23.6	13.5	16.5
14 Nonfarm.....	-15.1	14.9	17.1	1.4	14.1	22.4	23.1	9.0	15.5
15 Net exports of goods and services.....	20.4	7.8	-10.9	3.0	8.2	-9.7	7.5	-18.2	22.6
16 Exports.....	147.3	162.9	174.7	168.5	170.4	178.1	179.9	170.6	178.3
17 Imports.....	126.9	155.1	185.6	165.6	178.6	187.7	187.4	188.8	200.8
18 Govt. purchases of goods and services.....	338.9	361.4	395.0	370.0	374.9	390.6	400.9	413.8	417.1
19 Federal.....	123.3	130.1	145.4	134.2	136.3	143.6	148.1	153.8	153.1
20 State and local.....	215.6	231.2	249.6	235.8	238.5	247.0	252.9	260.0	264.1
By major type of product:									
21 Final sales, total.....	1,540.3	1,693.1	1,871.4	1,756.3	1,797.0	1,848.2	1,892.2	1,948.2	1,976.4
22 Goods.....	686.2	764.2	834.7	774.7	805.9	827.1	843.5	862.5	864.9
23 Durable goods.....	258.2	303.4	341.3	312.6	334.4	341.0	342.3	347.6	352.2
24 Nondurable.....	428.0	460.9	493.4	460.6	471.5	486.1	501.2	514.9	512.6
25 Services.....	699.2	782.0	867.4	813.8	833.7	855.3	881.6	898.8	929.2
26 Structures.....	143.5	160.2	187.5	166.9	171.2	187.5	190.7	200.4	198.9
27 Change in business inventories.....	-11.5	13.3	18.2	-9	13.8	21.7	23.6	13.5	16.5
28 Durable goods.....	-9.2	4.1	9.1	.6	7.8	11.5	10.3	6.8	13.9
29 Nondurable goods.....	-2.2	9.3	9.1	-3.1	6.0	10.2	13.4	6.8	2.6
30 MEMO: Total GNP in 1972 dollars.....	1,202.1	1,274.7	1,337.3	1,287.4	1,311.0	1,330.7	1,347.4	1,360.2	1,358.3
National income									
31 Total.....	1,217.0	1,364.1	1,520.5	1,402.1	1,450.2	1,505.7	1,540.5	1,585.7	1,620.4
32 Compensation of employees.....	930.3	1,036.3	1,156.3	1,074.2	1,109.9	1,144.7	1,167.4	1,203.3	1,242.5
33 Wages and salaries.....	805.7	891.8	990.0	923.2	951.3	980.9	998.9	1,029.1	1,057.4
34 Government and Government enterprises.....	175.4	187.2	199.9	192.5	194.8	197.2	200.6	206.9	209.9
35 Other.....	630.3	704.6	790.1	730.7	756.4	783.6	798.3	822.2	847.5
36 Supplement to wages and salaries.....	124.6	144.5	166.3	150.9	158.6	163.8	168.5	174.3	185.1
37 Employer contributions for social insurance.....	59.8	68.6	77.7	70.9	75.4	77.1	78.2	80.2	87.4
38 Other labor income.....	64.9	75.9	88.6	80.0	83.2	86.7	90.3	94.0	97.8
39 Proprietors' income <sup>1</sup> .....	86.0	88.0	98.2	88.7	95.1	97.0	95.5	105.0	102.4
40 Business and professional <sup>1</sup> .....	62.8	69.4	78.5	72.0	74.3	77.3	80.0	82.4	82.8
41 Farm <sup>1</sup> .....	23.2	18.6	19.7	16.6	20.7	19.7	15.5	22.7	19.7
42 Rental income of persons <sup>2</sup> .....	22.3	23.3	25.3	24.1	24.5	24.9	25.5	26.4	26.9
43 Corporate profits <sup>1</sup> .....	99.3	128.1	139.9	123.1	125.4	140.2	149.0	144.8	144.8
44 Profits before tax <sup>3</sup> .....	123.5	156.9	171.7	154.8	161.7	174.0	172.8	178.3	178.3
45 Inventory valuation adjustment.....	-12.0	-14.1	-14.6	-16.9	-20.6	-17.8	-5.9	-14.1	-24.6
46 Capital consumption adjustment.....	-12.2	-14.7	-17.2	-14.8	-15.6	-15.9	-17.9	-19.4	-20.6
47 Net interest.....	79.1	88.4	100.9	92.0	95.3	98.9	103.1	106.1	109.4

<sup>1</sup> With inventory valuation and capital consumption adjustments.<sup>2</sup> With capital consumption adjustments.<sup>3</sup> For after-tax profits, dividends, etc., see Table I.50.

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).

## 2.17 PERSONAL INCOME AND SAVING

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

Account	1975	1976	1977	1977					1978
				Q4	Q1	Q2	Q3	Q4	
Personal income and saving									
1 Total personal income . . . . .	1,253.4	1,382.7	1,536.7	1,432.2	1,476.8	1,517.2	1,549.8	1,603.0	1,636.7
2 Wage and salary disbursements . . . . .	805.7	891.8	990.0	923.2	951.3	980.9	998.9	1,029.1	1,057.4
3 Commodity-producing industries . . . . .	275.0	308.4	346.4	317.7	328.9	345.4	351.0	360.2	370.1
4 Manufacturing . . . . .	211.0	238.2	267.3	245.1	255.4	265.9	270.0	278.0	288.5
5 Distributive industries . . . . .	195.4	217.1	242.8	226.4	234.5	240.5	244.4	251.8	260.6
6 Service industries . . . . .	159.9	179.0	200.9	186.7	193.0	197.7	202.8	210.2	216.8
7 Government and government enterprises . . . . .	175.4	187.2	199.9	192.5	194.8	197.2	200.6	206.9	209.9
8 Other labor income . . . . .	64.9	75.9	88.6	80.0	83.2	86.7	90.3	94.0	97.8
9 Proprietors' income <sup>1</sup> . . . . .	86.0	88.0	98.2	88.7	95.1	97.0	95.5	105.0	102.4
10 Business and professional <sup>1</sup> . . . . .	62.8	69.4	78.5	72.0	74.3	77.3	80.0	82.4	82.8
11 Farm <sup>1</sup> . . . . .	23.2	18.6	19.7	16.6	20.7	19.7	15.5	22.7	19.7
12 Rental income of persons <sup>2</sup> . . . . .	22.3	23.3	25.3	24.1	24.5	24.9	25.5	26.4	26.9
13 Dividends . . . . .	32.4	35.8	41.2	38.4	38.5	40.3	42.3	43.6	43.8
14 Personal interest income . . . . .	115.6	130.3	147.8	136.4	140.3	145.4	150.3	155.2	159.8
15 Transfer payments . . . . .	176.8	192.8	206.9	198.0	203.5	203.0	208.7	212.6	216.1
16 Old-age survivors, disability, and health insurance benefits . . . . .	81.4	92.9	105.0	98.4	99.9	101.8	108.5	110.0	111.7
17 LESS: Personal contributions for social insurance . . . . .	50.4	55.2	61.3	56.6	59.6	60.8	61.7	62.9	67.5
18 EQUALS: Personal income . . . . .	1,253.4	1,382.7	1,536.7	1,432.2	1,476.8	1,517.2	1,549.8	1,603.0	1,636.7
19 LESS: Personal tax and nontax payments . . . . .	169.0	196.9	227.5	209.5	224.4	224.8	226.1	234.7	236.3
20 EQUALS: Disposable personal income . . . . .	1,084.4	1,185.8	1,309.2	1,222.6	1,252.4	1,292.5	1,323.8	1,368.3	1,400.5
21 LESS: Personal outlays . . . . .	1,004.2	1,119.9	1,241.9	1,166.3	1,201.0	1,223.9	1,250.5	1,292.2	1,317.9
22 EQUALS: Personal saving . . . . .	80.2	65.9	67.3	56.3	51.4	68.5	73.3	76.1	82.6
MEMO ITEMS:									
Per capita (1972 dollars):									
23 Gross national product . . . . .	5,629	5,924	6,167	5,966	6,064	6,143	6,206	6,254	6,234
24 Personal consumption expenditures . . . . .	3,629	3,817	3,971	3,892	3,934	3,943	3,963	4,045	4,035
25 Disposable personal income . . . . .	4,014	4,137	4,293	4,177	4,202	4,268	4,305	4,394	4,401
26 Saving rate (per cent) . . . . .	7.4	5.6	5.1	4.6	4.1	5.3	5.5	5.6	5.9
Gross saving									
27 Gross private saving . . . . .	259.4	272.5	293.9	261.6	262.9	292.1	310.5	309.9	.....
28 Personal saving . . . . .	80.2	65.9	67.3	56.3	51.4	68.5	73.3	76.1	82.6
29 Undistributed corporate profits <sup>1</sup> . . . . .	16.7	27.6	29.5	20.8	22.5	30.3	37.4	27.9	.....
30 Corporate inventory valuation adjustment . . . . .	-12.0	-14.1	-14.6	-16.9	-20.6	-17.8	-5.9	-14.1	-24.6
Capital consumption allowances:									
31 Corporate . . . . .	101.7	111.8	121.9	115.2	117.6	119.4	123.7	127.0	130.1
32 Noncorporate . . . . .	60.8	67.2	75.1	69.2	71.4	73.8	76.2	78.9	80.7
33 Wage accruals less disbursements . . . . .	.....	.....	.....	.....	.....	.....	.....	.....	.....
34 Government surplus, or deficit (-), national income and product accounts . . . . .	-64.3	-35.6	-20.3	-29.4	-11.5	-14.9	-26.0	-28.9	.....
35 Federal . . . . .	-70.2	-54.0	-49.5	-55.9	-38.8	-40.3	-58.9	-60.0	.....
36 State and local . . . . .	5.9	18.4	29.2	26.5	27.3	25.4	32.9	31.1	.....
37 Capital grants received by the United States, net . . . . .	.....	.....	.....	.....	.....	.....	.....	.....	.....
38 Investment . . . . .	201.0	242.5	273.3	237.5	254.7	276.1	285.4	277.2	278.5
39 Gross private domestic . . . . .	189.1	243.3	294.2	243.3	271.8	294.9	303.6	306.7	314.4
40 Net foreign . . . . .	11.8	-.9	-20.9	-5.9	-17.1	-18.8	-18.2	-29.5	-35.8
41 Statistical discrepancy . . . . .	5.9	5.5	-.2	5.3	3.3	-1.2	.9	-3.9	.....

<sup>1</sup> With inventory valuation and capital consumption adjustments.<sup>2</sup> With capital consumption adjustment.

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).



## 3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.

Item credits or debits	1975	1976	1977	1976		1977			
				Q3	Q4	Q1	Q2	Q3	Q4
1 Merchandise exports	107,088	114,694	120,472	29,603	29,711	29,457	30,655	30,870	29,490
2 Merchandise imports	98,043	124,014	151,713	32,411	33,305	36,606	38,309	38,429	38,369
3 Merchandise trade balance <sup>2</sup>	9,045	-9,320	-31,241	-2,808	-3,594	-7,149	-7,654	-7,559	-8,879
4 Military transactions, net	-876	366	1,432	235	235	514	309	559	50
5 Investment income, net	5,954	9,808	11,935	2,667	2,424	3,187	3,439	3,166	2,143
6 Other service transactions, net	2,042	2,743	2,460	781	598	330	546	845	740
7 Balance on goods and services <sup>3</sup>	16,164	3,596	15,414	875	-337	-3,118	-3,360	-2,989	-5,946
8 Remittances, pensions, and other transfers	-1,719	1,878	-2,008	461	-473	-526	492	-510	-480
9 U.S. Govt. grants (excluding military)	-2,893	-3,146	2,787	1,475	-572	-637	-723	-824	-604
10 Balance on current account	11,552	-1,427	20,209	-1,061	-1,382	4,281	4,575	4,323	7,030
11 Not seasonally adjusted				-3,809	303	-3,404	-4,667	-6,844	-5,294
12 Change in U.S. Govt. assets, other than official reserve assets, net (increase, -)	-3,463	-4,213	-3,666	-1,405	-1,142	-909	825	-1,169	-763
13 Change in U.S. official reserve assets (increase, -)	-607	-2,530	-231	-407	228	-388	6	151	
14 Gold			-118			-58			-60
15 Special Drawing Rights (SDR's)	66	78	121	18	29		83	9	29
16 Reserve position in International Monetary Fund (IMF)	-466	-2,212	294	716	461	-389	-80	133	42
17 Foreign currencies	75	-240	302	327	718	59	169	27	47
18 Change in U.S. private assets abroad (increase, -)	-27,478	-36,216	-22,162	-6,597	-13,108	1,627	9,464	-3,405	-10,921
19 Bank-reported claims	-13,532	-20,904	-11,694	-3,372	-9,148	3,446	-4,553	-1,709	-8,878
20 Long-term	-2,357	-2,124	741	-306	-480		23	445	13
21 Short-term	-11,175	-18,780	-10,953	-2,394	-8,668	3,752	-4,576	-1,264	8,865
22 Nonbank-reported claims	-1,447	-1,986	96	723	-967	722	-1,129	1,518	237
23 Long-term	-432	10	350	66	10	45	68	240	3
24 Short-term	-1,015	-1,996	446	657	-957	-767	-1,197	1,278	240
25 U.S. purchase of foreign securities, net	-6,235	-8,730	-5,362	-2,743	-2,171	-692	-1,784	2,156	-731
26 U.S. direct investments abroad, net	6,264	-4,596	-5,009	-1,205	-822	-404	-1,998	-1,058	-1,549
27 Change in foreign official assets in the United States (increase, -)	6,960	17,945	37,419	3,070	6,977	5,719	7,908	8,249	15,542
28 U.S. Treasury securities	4,408	9,333	30,091	1,260	3,909	5,149	5,124	6,950	12,868
29 Other U.S. Govt. obligations	905	566	2,310	66	116	100	609	627	974
30 Other U.S. Govt. liabilities <sup>4</sup>	1,701	4,938	1,874	1,819	852	712	456	321	385
31 Other U.S. liabilities reported by U.S. banks	-2,158	893	1,126	599	1,769	-420	752	150	944
32 Other foreign official assets <sup>5</sup>	2,104	2,215	2,018	524	331	178	967	501	372
33 Change in foreign private assets in the United States (increase, -)	7,376	16,575	11,842	5,131	5,102	-3,209	5,873	5,671	3,508
34 U.S. bank-reported liabilities	628	10,982	6,751	1,774	5,008	-5,298	6,344	2,656	3,049
35 Long-term	280	175	366	75	221	47	105	194	20
36 Short-term	908	10,807	6,385	1,699	4,787	-5,345	6,239	2,462	3,029
37 U.S. nonbank-reported liabilities	240	-616	2	-297	-242	-374	405	629	152
38 Long-term	330	-947	-448	-241	-311	229	-183	56	-92
39 Short-term	94	331	450	-56	69	145	-222	573	244
40 Foreign private purchases of U.S. Treasury securities, net	2,590	2,783	628	3,026	88	1,047	-1,370	1,250	-299
41 Foreign purchases of other U.S. securities, net	2,503	1,250	2,934	68	21	879	736	516	803
42 Foreign direct investments in the United States, net	1,414	2,176	1,527	561	403	537	568	619	197
43 Allocation of SDR's									
44 Discrepancy	5,660	9,866	-2,993	1,268	3,325	1,440	1,077	-5,773	337
45 Owing to seasonal adjustments				-2,622	1,780	652	-90	-2,388	1,826
46 Statistical discrepancy in recorded data before seasonal adjustment	5,660	9,866	-2,993	3,890	1,545	788	1,167	-2,785	-2,163
MEMO ITEMS:									
Changes in official assets:									
47 U.S. official reserve assets (increase, -)	-607	-2,530	-231	-407	228	-388	6	151	
48 Foreign official assets in the United States (increase, +)	5,259	13,007	35,545	1,251	6,125	5,007	7,452	7,928	15,157
49 Changes in Organization of Petroleum Exporting Countries (OPEC) official assets in the United States (part of line 27 above)	7,092	9,324	6,758	1,774	805	3,249	1,073	1,438	998
50 Transfers under military grant programs (excluded from lines 1, 4, and 9 above)	2,217	386	195	156	94	46	27	32	90

1 Seasonal factors are no longer calculated for lines 13 through 50.

2 Data are on an international accounts (IA) basis. Differs from the Census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of Line 4.

3 Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition

excludes certain military sales to Israel from exports and excludes U.S. Govt. interest payments from imports.

4 Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.

5 Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

## 3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1975	1976	1977	1977				1978		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments.....	107,130	114,802	121,144	11,037	9,375	9,475	11,007	10,014	9,922	10,912
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses.....	96,115	120,678	147,696	12,605	12,996	11,833	13,123	12,393	14,439	13,693
3 Trade balance.....	11,014	-5,876	-26,552	-1,569	-3,621	-2,358	2,116	2,379	4,516	2,781

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. Data for 1977 reflect these changes. However, the quarterly international-accounts-basis data in Table 3.10 will not incorporate the 1977 revisions until June. The latter 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. Dept. of Commerce, Bureau of the Census).

## 3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1974	1975	1976	1977			1978			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Total.....	15,883	16,226	18,747	19,048	19,155	19,317	19,454	19,373	19,192	18,842
2 Gold stock, including Exchange Stabilization Fund <sup>1</sup> .....	11,652	11,599	11,598	11,658	11,658	11,719	11,718	11,718	11,718	11,718
3 Special Drawing Rights <sup>2</sup> .....	2,374	2,335	2,395	2,530	2,548	2,629	2,629	2,671	2,693	2,669
4 Reserve position in International Monetary Fund.....	1,852	2,212	4,434	4,842	4,933	4,951	4,934	4,966	4,701	4,388
5 Convertible foreign currencies.....	5	80	320	18	16	18	173	18	80	67

<sup>1</sup> Gold held under earmark at F.R. Banks for foreign and international accounts is not included in the gold stock of the United States; see Table 3.24.

<sup>2</sup> Includes allocations by the International Monetary Fund (IMF) of SDR's as follows: \$867 million on Jan. 1, 1970; \$717 million on Jan. 1, 1971; and \$710 million on Jan. 1, 1972; plus net transactions in SDR's.

<sup>3</sup> Beginning July 1974, the IMF adopted a technique for valuing the

SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974. At valuation used prior to July 1974 (SDR1 - \$1,20635) total U.S. reserve assets at end of Apr. amounted to \$18,604; SDR holdings, \$2,626, and reserve position in IMF, \$4,193.

## 3.13 SELECTED U.S. LIABILITIES TO FOREIGNERS

Millions of dollars, end of period

Holder, and type of liability	1974	1975	1976	1977				1978		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>a</sup>	Mar. <sup>b</sup>
1 Total.....	119,164	126,552	151,356	174,709	178,937	184,720	192,270	194,021	197,280	207,070
2 Foreign countries.....	115,842	120,929	142,873	167,295	171,541	177,087	184,625	186,320	189,682	199,155
3 Official institutions <sup>1</sup> .....	76,823	80,712	91,975	111,208	117,057	123,142	126,032	129,782	132,651	140,545
4 Short-term, reported by banks in the United States <sup>2</sup> .....	53,079	49,530	53,619	56,805	59,835	62,214	64,527	66,514	70,471	77,512
U.S. Treasury bonds and notes:										
5 Marketable <sup>3</sup> .....	5,059	6,671	11,788	25,581	28,633	31,519	32,116	33,830	33,554	34,538
6 Nonmarketable <sup>4</sup> .....	16,339	19,976	20,648	21,128	20,351	20,462	20,443	20,473	19,602	19,513
7 Other readily marketable liabilities <sup>5</sup> .....	2,346	4,535	5,920	7,694	8,238	8,947	8,946	8,965	9,024	8,982
Commercial banks abroad:										
8 Short-term, reported by banks in the United States <sup>2,6</sup> .....	30,106	29,516	37,329	40,414	38,755	37,981	42,510	40,329	40,758	42,280
9 Other foreigners.....	8,913	10,701	13,569	15,673	15,729	15,964	16,083	16,209	16,273	16,330
10 Short-term, reported by banks in the United States <sup>2</sup> .....	8,415	10,000	12,592	14,046	14,038	14,196	14,325	14,391	14,347	14,383
11 Marketable U.S. Treasury bonds and notes <sup>3,7</sup> .....	498	701	977	1,627	1,691	1,768	1,758	1,818	1,926	1,947
12 Nonmonetary international and regional organization <sup>8</sup> .....	3,322	5,623	8,483	7,414	7,396	7,633	7,645	7,701	7,598	7,915
13 Short-term, reported by banks in the United States <sup>2</sup> .....	3,171	5,292	5,450	3,555	3,396	3,258	2,898	3,248	2,697	3,160
14 Marketable U.S. Treasury bonds and notes <sup>3</sup> .....	151	331	3,033	3,859	4,000	4,375	4,746	4,453	4,901	4,755

<sup>1</sup> Includes Bank for International Settlements.<sup>2</sup> Includes Treasury bills as shown in Table 3.15.<sup>3</sup> Derived by applying reported transactions to benchmark data.<sup>4</sup> Excludes notes issued to foreign official nonreserve agencies.<sup>5</sup> Includes long-term liabilities reported by banks in the United States and debt securities of U.S. Federally sponsored agencies and U.S. corporations.<sup>6</sup> Includes short-term liabilities payable in foreign currencies to commercial banks abroad and to other foreigners.<sup>7</sup> Includes marketable U.S. Treasury bonds and notes held by commercial banks abroad and other foreigners.<sup>8</sup> Principally the International Bank for Reconstruction and Development and the Inter-American and Asian Development Banks.

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

## 3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Area	1974	1975	1976	1977				1978		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>a</sup>	Mar. <sup>b</sup>
1 Total.....	76,823	80,712	91,975	111,208	117,057	123,142	126,032	129,782	132,651	140,545
2 Western Europe <sup>1</sup> .....	44,328	45,701	45,882	60,724	65,039	68,147	70,707	72,557	74,401	76,219
3 Canada.....	3,662	3,132	3,406	2,508	1,863	1,919	2,334	2,078	1,389	1,633
4 Latin American republics.....	4,419	4,450	4,906	4,466	4,269	4,843	4,633	4,562	5,103	5,709
5 Asia.....	18,627	22,551	34,108	40,333	42,700	45,450	45,676	48,084	49,154	54,187
6 Africa.....	3,160	2,983	1,893	2,144	2,027	1,792	1,742	1,706	1,899	1,769
7 Other countries <sup>2</sup> .....	2,627	1,895	1,780	1,033	1,159	991	940	795	705	1,028

<sup>1</sup> Includes Bank for International Settlements.<sup>2</sup> Includes countries in Oceania and Eastern Europe, and Western European dependencies in Latin America.

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

3.15 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States  
By Holder and by Type of Liability  
Millions of dollars, end of period

Holder, and type of liability	1974	1975	1976	1977				1978		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>6</sup>	Mar. <sup>6</sup>
1 All foreigners, excluding the International Monetary Fund.....	94,771	94,338	108,990	114,820	116,024	117,649	124,260	124,482	128,273	137,335
2 Payable in dollars.....	94,004	93,781	108,266	114,075	115,260	116,817	123,449	123,765	127,500	136,480
Deposits:										
3 Demand.....	14,051	13,564	16,803	16,893	16,895	16,461	18,967	17,377	17,675	17,167
4 Time <sup>1</sup> .....	9,907	10,250	11,316	11,601	11,515	11,372	11,521	11,518	12,054	11,297
5 U.S. Treasury bills and certificates <sup>2</sup> .....	35,662	37,414	40,744	43,207	44,700	47,130	48,906	51,094	54,233	61,077
6 Other short-term liabilities <sup>3</sup> .....	34,384	32,552	39,403	42,373	42,150	41,854	44,054	43,776	43,539	46,939
7 Payable in foreign currencies.....	766	558	724	745	764	832	812	717	772	854
8 Nonmonetary international and regional organizations <sup>4</sup> .....	3,171	5,293	5,450	3,555	3,396	3,258	2,899	3,248	2,696	3,159
9 Payable in dollars.....	3,171	5,284	5,445	3,523	3,376	3,237	2,889	3,237	2,687	3,155
Deposits:										
10 Demand.....	139	139	290	214	173	173	231	186	180	245
11 Time <sup>1</sup> .....	111	148	205	134	140	142	139	129	120	129
12 U.S. Treasury bills and certificates <sup>2</sup> .....	497	2,554	2,701	1,875	802	767	706	959	1,111	1,317
13 Other short-term liabilities <sup>3</sup> .....	2,424	2,443	2,250	1,300	2,261	2,155	1,813	1,963	1,277	1,464
14 Payable in foreign currencies.....		8	5	32	20	20	11	11	9	4
15 Official institutions, banks, and other foreigners..	91,600	89,046	103,540	111,265	112,628	114,391	121,361	121,234	125,576	134,175
16 Payable in dollars.....	90,834	88,496	102,821	110,552	111,884	113,579	120,560	120,528	124,813	133,325
Deposits:										
17 Demand.....	13,912	13,426	16,513	16,679	16,722	16,288	18,736	17,191	17,495	16,922
18 Time <sup>1</sup> .....	9,796	10,119	11,142	11,468	11,375	11,229	11,382	11,390	11,934	11,168
19 U.S. Treasury bills and certificates <sup>2</sup> .....	35,165	34,860	38,042	41,331	43,898	46,364	48,200	50,135	53,122	59,759
20 Other short-term liabilities <sup>3</sup> .....	31,961	30,092	37,123	41,073	39,889	39,699	42,242	41,813	42,262	45,475
21 Payable in foreign currencies.....	766	549	719	713	744	812	801	706	763	850
22 Official institutions <sup>6</sup> .....	53,079	49,530	53,619	56,805	59,835	62,214	64,527	66,514	70,471	77,512
23 Payable in dollars.....	52,952	49,530	53,619	56,805	59,835	62,214	64,527	66,514	70,471	77,512
Deposits:										
24 Demand.....	2,951	2,644	3,394	3,133	2,990	2,557	3,528	2,673	2,782	2,804
25 Time <sup>1</sup> .....	4,167	3,423	2,321	1,987	1,903	1,848	1,797	1,788	2,532	1,718
26 U.S. Treasury bills and certificates <sup>2</sup> .....	34,656	34,199	37,725	40,802	43,424	45,849	47,820	49,752	52,689	59,307
27 Other short-term liabilities <sup>3</sup> .....	11,178	9,264	10,179	10,882	11,518	11,960	11,382	12,301	12,468	13,682
28 Payable in foreign currencies.....	127									
29 Banks and other foreigners.....	38,520	39,515	49,921	54,461	52,793	52,177	56,834	54,721	55,105	56,663
30 Payable in dollars.....	37,881	38,966	49,202	53,747	52,049	51,365	56,033	54,014	54,342	55,813
31 Banks <sup>7</sup> .....	29,467	28,966	36,610	39,701	38,011	37,169	41,708	39,622	39,994	41,430
Deposits:										
32 Demand.....	8,231	7,534	9,104	9,676	9,677	9,666	10,933	10,274	10,570	10,118
33 Time <sup>1</sup> .....	1,885	1,873	2,297	1,842	1,858	1,805	2,040	1,995	1,876	1,796
34 U.S. Treasury bills and certificates.....	232	335	119	125	127	141	141	152	165	161
35 Other short-term liabilities <sup>3</sup> .....	19,119	19,224	25,089	28,057	26,349	25,557	28,595	27,202	27,383	29,354
36 Other foreigners.....	8,414	10,000	12,592	14,046	14,037	14,196	14,325	14,392	14,348	14,383
Deposits:										
37 Demand.....	2,729	3,248	4,015	3,870	4,055	4,065	4,275	4,245	4,143	4,000
38 Time <sup>1</sup> .....	3,744	4,823	6,524	7,638	7,614	7,576	7,546	7,606	7,526	7,654
39 U.S. Treasury bills and certificates.....	277	325	198	404	346	373	240	231	268	291
40 Other short-term liabilities <sup>3</sup> .....	1,664	1,604	1,854	2,133	2,022	2,182	2,265	2,310	2,411	2,438
41 Payable in foreign currencies.....	639	549	719	713	744	812	801	706	763	850

<sup>1</sup> Excludes negotiable time certificates of deposit, which are included in "Other short-term liabilities."  
<sup>2</sup> Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.  
<sup>3</sup> Includes liabilities of U.S. banks to their foreign branches, liabilities of U.S. agencies and branches of foreign banks to their head offices and foreign branches of their head offices, bankers acceptances, commercial paper, and negotiable time certificates of deposit.

<sup>4</sup> Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.  
<sup>5</sup> Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.  
<sup>6</sup> Foreign central banks and foreign central governments and their agencies, and Bank for International Settlements.  
<sup>7</sup> Excludes central banks, which are included in "Official institutions."

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

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

By Country

Millions of dollars, end of period

Area and country	1974	1975	1976	1977				1978		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>a</sup>	Mar. <sup>a</sup>
1 Total.....	94,771	94,338	108,990	114,820	116,024	117,649	124,260	124,482	128,273	137,335
2 Foreign countries.....	91,600	89,046	103,540	111,265	112,628	114,391	121,361	121,234	125,576	134,175
3 Europe.....	48,813	43,988	46,938	51,457	52,919	54,369	60,052	59,407	60,798	63,586
4 Austria.....	607	754	348	448	410	375	319	302	302	420
5 Belgium-Luxembourg.....	2,506	2,898	2,275	2,667	2,736	2,662	2,547	2,680	2,796	3,041
6 Denmark.....	332	332	363	1,172	1,250	1,264	771	1,045	1,051	1,046
7 Finland.....	266	391	422	248	232	263	330	302	315	363
8 France.....	4,287	7,733	4,875	4,799	5,006	4,683	5,248	5,141	4,660	5,026
9 Germany.....	9,429	4,357	5,965	4,289	5,280	5,580	7,030	8,599	10,366	11,313
10 Greece.....	248	284	403	629	648	643	603	538	547	570
11 Italy.....	2,577	1,072	3,206	5,792	6,320	6,778	6,862	6,207	5,952	5,637
12 Netherlands.....	3,234	3,411	3,007	3,216	3,088	2,996	2,876	2,951	3,050	3,139
13 Norway.....	1,040	996	785	1,190	1,023	641	949	988	890	1,212
14 Portugal.....	310	195	239	173	191	266	273	205	188	174
15 Spain.....	382	426	561	723	724	647	609	703	645	714
16 Sweden.....	1,138	2,286	1,693	2,483	2,734	3,136	2,718	2,718	2,832	2,817
17 Switzerland.....	10,139	8,514	9,458	9,923	9,757	9,884	12,390	12,106	12,748	13,617
18 Turkey.....	152	118	166	93	106	118	130	187	172	130
19 United Kingdom.....	7,584	6,886	10,004	11,427	11,096	12,119	14,035	12,484	11,856	12,104
20 Yugoslavia.....	183	126	188	119	130	171	242	219	195	138
21 Other Western Europe <sup>1</sup> .....	4,073	2,970	2,672	1,839	1,948	1,910	1,799	1,781	1,960	1,865
22 U.S.S.R.....	82	40	51	53	68	66	99	68	98	72
23 Other Eastern Europe.....	206	200	255	173	162	167	234	184	173	191
24 Canada.....	3,529	3,076	4,784	4,492	4,913	4,686	4,668	5,351	4,788	4,595
25 Latin America.....	11,754	14,942	19,026	24,478	22,354	22,417	23,575	23,149	24,167	25,223
26 Argentina.....	886	1,147	1,538	2,187	2,421	2,594	1,466	1,796	1,978	1,860
27 Bahamas.....	1,054	1,827	2,750	3,769	3,409	3,534	3,082	3,689	4,132	4,132
28 Brazil.....	1,034	1,227	1,432	1,101	1,055	935	1,389	1,106	970	1,320
29 Chile.....	276	317	335	342	340	322	359	386	411	415
30 Colombia.....	305	417	1,017	1,156	1,182	1,152	1,213	1,218	1,199	1,282
31 Cuba.....	7	6	6	6	6	6	6	6	7	8
32 Mexico.....	1,770	2,066	2,848	2,823	2,741	2,850	2,802	2,906	3,002	2,706
33 Panama.....	510	1,099	1,140	947	946	986	2,302	2,170	2,101	2,113
34 Peru.....	272	244	257	288	259	235	286	264	266	261
35 Uruguay.....	165	172	245	245	226	258	242	229	279	227
36 Venezuela.....	3,413	3,289	3,095	3,037	3,212	3,780	2,913	3,001	3,231	3,422
37 Other Latin American republics.....	1,316	1,494	2,081	2,320	2,199	2,140	2,473	2,369	2,493	2,813
38 Netherlands Antilles <sup>2</sup> .....	158	129	140	169	156	184	188	187	185	189
39 Other Latin America.....	589	1,507	2,142	3,916	3,840	3,566	4,401	4,428	4,357	4,476
40 Asia.....	21,139	21,539	28,472	26,463	28,165	28,948	29,219	29,697	32,159	36,854
41 China, People's Republic of (Mainland).....	50	123	47	44	48	52	53	54	48	56
42 China, Republic of (Taiwan).....	818	1,025	989	924	899	926	1,012	1,040	994	1,026
43 Hong Kong.....	530	623	892	1,153	993	971	1,091	1,033	1,118	1,157
44 India.....	261	126	648	850	886	980	975	1,025	1,011	957
45 Indoneisa.....	1,221	369	340	453	905	739	406	892	502	487
46 Israel.....	389	386	391	416	465	490	558	460	453	484
47 Japan.....	10,931	10,218	14,380	11,444	13,272	14,835	14,634	14,507	17,044	21,756
48 Korea.....	384	390	437	600	596	572	601	605	737	681
49 Philippines.....	747	698	627	559	630	603	696	668	616	643
50 Thailand.....	333	252	275	264	271	251	262	256	307	314
51 Middle East oil-exporting countries <sup>3</sup> .....	4,623	6,461	8,073	8,527	7,933	7,365	7,679	7,978	8,142	8,000
52 Other.....	845	867	1,372	1,230	1,267	1,164	1,252	1,178	1,187	1,292
53 Africa.....	3,551	3,373	2,300	3,023	2,786	2,560	2,532	2,503	2,643	2,469
54 Egypt.....	103	343	333	484	393	331	404	346	357	341
55 Morocco.....	38	68	88	68	61	31	66	100	79	51
56 South Africa.....	130	169	143	208	232	240	175	192	252	185
57 Zaire.....	84	63	35	36	33	30	39	41	50	45
58 Oil-exporting countries <sup>4</sup> .....	2,814	2,239	1,116	1,564	1,403	1,214	1,154	1,178	1,264	1,225
59 Other.....	383	491	585	664	664	715	694	645	640	621
60 Other countries.....	2,831	2,128	2,019	1,352	1,500	1,411	1,314	1,128	1,022	1,449
61 Australia.....	2,742	2,014	1,911	1,206	1,348	1,269	1,154	937	875	1,243
62 All other.....	89	114	108	146	152	142	161	190	147	205
63 Nonmonetary international and regional organizations.....	3,171	5,293	5,450	3,555	3,396	3,258	2,899	3,248	2,696	3,159
64 International.....	2,900	5,064	5,091	3,186	3,079	2,922	2,636	2,998	2,435	2,966
65 Latin American regional.....	202	187	136	157	134	128	98	79	73	63
66 Other regional <sup>5</sup> .....	69	42	223	212	183	208	165	171	189	130

For notes see bottom of p. A59.

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

Supplemental "Other" Countries <sup>1</sup>

Millions of dollars, end of period

Area and country	1975		1976		1977		Area and country	1975		1976		1977	
	Dec.	Apr.	Dec.	Apr.	Dec.	Dec.		Apr.	Dec.	Apr.	Dec.		
<b>Other Western Europe</b>						<b>Other Asia</b>							
1 Cyprus	6	38	69	58	62	25 Afghanistan	41	57	57	90	112		
2 Iceland	33	30	40	32	19	26 Bangladesh	54	44	54	55	51		
3 Ireland, Republic of	75	43	237	131		27 Burma	31	34	13	9			
<b>Other Eastern Europe</b>						<b>Other Africa</b>							
4 Bulgaria	19	14	34	11	34	28 Cambodia	4	3	4	12			
5 Czechoslovakia	32	11	21	31	46	29 Jordan	39	23	37	23	31		
6 German Democratic Republic	17	3	11	24	15	30 Laos	2	2	1	3	1		
7 Hungary	13	11	19	16	17	31 Lebanon	117	132	140	133	143		
8 Poland	66	74	77	64	65	32 Malaysia	77	130	396	511	157		
9 Rumania	44	29	19	23	51	33 Nepal	28	34	33	35	49		
<b>Other Latin American republics</b>						<b>Other Africa</b>							
10 Bolivia	110	117	133	135	157	34 Pakistan	74	92	189	135	253		
11 Costa Rica	124	134	146	170	175	35 Singapore	256	344	280	300	295		
12 Dominican Republic	169	170	275	280	326	36 Sri Lanka (Ceylon)	13	10	23	27	26		
13 Ecuador	120	150	319	311	329	37 Vietnam	62	66	66	50	59		
14 El Salvador	171	212	178	214	227	<b>Other Africa</b>							
15 Guatemala	260	368	409	392	513	38 Ethiopia (incl. Eritrea)	60	72	41	48	42		
16 Haiti	38	48	47	68	57	39 Ghana	23	45	27	37	35		
17 Honduras	99	137	137	210	152	40 Ivory Coast	18	17	10	26	65		
18 Jamaica	41	59	35	43	32	41 Kenya	19	39	46	185	46		
19 Nicaragua	133	158	120	133	165	42 Liberia	53	63	77	95	82		
20 Paraguay	43	50	49	60	59	43 Southern Rhodesia	1	1	1	1	1		
21 Surinam <sup>2</sup>		13	30	17	14	44 Sudan	12	17	22	30	30		
22 Trinidad and Tobago	131	44	167	85	202	45 Tanzania	30	20	48	57	46		
<b>Other Latin America:</b>						<b>All Other</b>							
23 Bermuda	170	197	177	199	237	46 Tunisia	29	34	20	15	29		
24 British West Indies	1,311	2,284	1,874	2,434	4,142	47 Uganda	22	50	43	117	30		
						48 Zambia	78	14	35	55	22		
						49 New Zealand	42	48	45	75	80		

<sup>1</sup> Represents a partial breakdown of the amounts shown in the "Other" categories on Table A.16.<sup>2</sup> Surinam included with Netherlands Antilles until January 1976.

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

Millions of dollars, end of period

Holder, and area or country	1974	1975	1976	1977				1978		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>a</sup>	Mar. <sup>b</sup>
1 Total	1,285	1,812	2,449	2,526	2,579	2,747	2,781	2,726	2,721	2,910
2 Nonmonetary international and regional organizations	822	415	269	330	352	352	386	388	418	432
3 Foreign countries	464	1,397	2,180	2,196	2,227	2,396	2,395	2,338	2,303	2,479
4 Official institutions, including central banks	124	931	1,337	1,074	1,089	1,313	1,296	1,226	1,201	1,176
5 Banks, excluding central banks	261	366	621	713	715	707	716	719	705	749
6 Other foreigners	79	100	222	409	422	376	384	393	397	553
<i>Area or country:</i>										
7 Europe	226	330	570	708	719	704	696	701	679	845
8 Germany	146	214	346	307	308	309	307	313	310	321
9 United Kingdom	59	66	124	200	205	200	180	176	177	199
10 Canada	19	23	29	27	27	26	35	45	44	45
11 Latin America	115	140	248	341	339	330	343	342	351	394
12 Middle East oil-exporting countries <sup>1</sup>	94	894	1,286	1,056	1,064	1,285	1,285	1,216	1,191	1,156
13 Other Asia	7	8	46	38	53	42	29	29	32	33
14 African oil-exporting countries <sup>2</sup>	*	*	*	*	1	1	*	*	*	*
15 Other Africa	1	1	*	23	22	6	5	5	5	5
16 All other countries	*	*	1	1	2	1	1	*	*	*

<sup>1</sup> Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).<sup>2</sup> Comprises Algeria, Gabon, Libya, and Nigeria.

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

## NOTES TO TABLE A.16:

<sup>1</sup> Includes Bank for International Settlements.<sup>2</sup> Surinam included with Netherlands Antilles until January 1976.<sup>3</sup> Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).<sup>4</sup> Comprises Algeria, Gabon, Libya, and Nigeria.<sup>5</sup> Asian, African, and European regional organizations, except BIS, which is included in "Other Western Europe."

## 3.19 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

## By Country

Millions of dollars, end of period

Area and country	1974	1975	1976	1977				1978		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>a</sup>	Mar. <sup>a</sup>
1 Total	39,056	50,231	69,237	69,125	75,104	74,726	79,915	81,492	80,512	85,542
2 Foreign countries	39,055	50,229	69,232	69,114	75,094	74,714	79,906	81,482	80,510	85,533
3 Europe	6,255	8,987	12,220	13,352	13,767	13,019	15,458	14,594	14,775	16,057
4 Austria	21	15	44	117	75	52	52	95	98	72
5 Belgium-Luxembourg	384	352	662	558	782	751	793	897	787	812
6 Denmark	46	49	85	140	126	107	130	140	127	121
7 Finland	122	128	139	95	111	106	101	104	108	115
8 France	673	1,471	1,445	1,356	1,341	1,320	1,616	1,367	1,598	1,852
9 Germany	589	416	517	615	768	645	655	687	663	794
10 Greece	64	49	79	103	98	107	94	86	112	119
11 Italy	345	370	929	1,065	1,104	1,157	1,284	1,130	1,121	1,118
12 Netherlands	348	300	304	447	304	352	352	373	379	468
13 Norway	119	71	98	109	120	122	131	141	162	140
14 Portugal	20	16	65	148	138	120	138	103	117	116
15 Spain	196	249	373	346	471	401	414	425	423	416
16 Sweden	180	167	180	139	172	143	169	182	158	127
17 Switzerland	335	237	485	700	681	614	633	719	840	803
18 Turkey	15	86	176	337	329	344	312	286	272	276
19 United Kingdom	2,580	4,718	6,277	6,766	6,623	6,369	8,167	7,416	7,451	8,397
20 Yugoslavia	22	38	41	34	28	29	56	42	36	34
21 Other Western Europe	22	27	52	43	259	50	89	127	61	33
22 U.S.S.R.	46	103	99	89	82	81	100	112	90	77
23 Other Eastern Europe	131	127	171	146	155	150	173	162	170	168
24 Canada	2,776	2,817	3,049	3,400	3,626	3,803	3,716	4,052	4,216	4,407
25 Latin America	12,377	20,532	34,270	33,142	38,651	37,890	40,377	42,975	41,425	43,762
26 Argentina	720	1,203	964	939	1,076	1,085	1,180	1,214	1,131	1,181
27 Bahamas	3,405	7,570	15,336	13,593	18,930	18,115	19,678	22,131	21,310	22,529
28 Brazil	1,418	2,221	3,322	3,011	3,121	2,962	3,084	2,938	2,967	3,148
29 Chile	290	360	387	431	435	443	507	507	502	502
30 Colombia	713	689	586	528	570	554	573	548	541	480
31 Cuba	14	13	13	13	10	15	10	14	4	3
32 Mexico	1,972	2,802	3,432	3,488	3,261	3,201	2,997	2,993	2,791	2,851
33 Panama	505	1,052	1,257	1,063	1,431	1,652	1,262	1,801	1,673	1,544
34 Peru	518	583	704	785	737	735	769	774	760	767
35 Uruguay	63	51	38	42	47	60	71	59	56	55
36 Venezuela	704	1,086	1,564	1,656	1,654	1,714	1,840	1,736	1,891	1,823
37 Other Latin American republics	852	967	1,125	1,224	1,290	1,316	1,466	1,491	1,461	1,472
38 Netherlands Antilles <sup>1</sup>	62	49	40	75	61	139	86	92	80	106
39 Other Latin America	1,142	1,885	5,503	6,293	5,426	5,898	6,854	6,678	6,259	7,301
40 Asia	16,226	16,057	17,672	16,566	16,856	17,315	17,766	17,289	17,524	18,594
41 China, People's Republic of (Mainland)	4	22	3	27	20	22	12	14	15	12
42 China, Republic of (Taiwan)	500	736	991	1,303	1,321	1,275	1,371	1,265	1,308	1,302
43 Hong Kong	223	258	271	360	357	466	465	435	420	497
44 India	14	21	41	59	48	54	35	47	54	80
45 Indonesia	157	102	76	67	97	60	77	54	64	45
46 Israel	255	491	551	304	348	347	441	368	362	351
47 Japan	12,518	10,776	10,997	9,303	9,341	9,578	9,778	9,476	9,708	10,252
48 Korea	955	1,561	1,714	2,001	1,998	1,876	2,070	2,208	2,066	1,844
49 Philippines	372	384	559	477	489	508	470	476	528	554
50 Thailand	458	499	422	617	612	594	616	618	630	641
51 Middle East oil-exporting countries <sup>2</sup>	330	524	1,312	1,340	1,531	1,783	1,583	1,525	1,570	2,035
52 Other	441	684	735	708	695	752	849	803	795	982
53 Africa	855	1,228	1,481	1,656	1,828	1,749	1,728	1,757	1,768	1,826
54 Egypt	111	101	127	134	155	130	114	122	111	103
55 Morocco	18	9	13	48	44	31	30	48	34	29
56 South Africa	329	545	763	802	881	823	840	868	882	944
57 Zaire	98	34	29	15	7	7	7	8	8	7
58 Oil-exporting countries <sup>3</sup>	115	231	253	306	378	358	321	312	360	318
59 Other	185	308	296	350	362	399	416	400	373	424
60 Other countries	565	609	540	998	966	939	861	814	802	887
61 Australia	466	535	441	863	839	815	743	687	661	725
62 All other	99	73	99	135	127	124	117	127	141	162
63 Nonmonetary international and regional organizations	*	1	5	10	9	12	9	10	2	9

<sup>1</sup> Includes Surinam until January 1976.<sup>2</sup> Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).<sup>3</sup> Comprises Algeria, Gabon, Libya, and Nigeria.

## 3.20 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

By Type of Claim

Millions of dollars, end of period

Type	1974	1975	1976	1977				1978		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>a</sup>	Mar. <sup>b</sup>
1 Total.....	39,056	50,231	69,237	69,125	75,104	74,726	79,915	81,492	80,512	85,542
2 Payable in dollars.....	37,859	48,888	67,392	67,375	73,104	72,849	77,813	79,361	78,442	83,470
3 Loans, total.....	11,287	13,200	18,016	18,135	18,040	17,486	19,962	18,484	18,603	21,230
4 Official institutions, including central banks.....	381	613	1,448	1,007	1,085	1,048	1,019	1,101	1,093	1,023
5 Banks, excluding central banks.....	7,332	7,635	10,974	11,736	11,305	11,103	12,979	11,517	11,773	14,211
6 All other, including nonmonetary international and regional organizations.....	3,574	4,951	5,594	5,392	5,649	5,335	5,964	5,866	5,737	5,995
7 Collections outstanding.....	5,637	5,467	5,756	6,025	6,005	6,045	6,184	6,342	6,365	6,680
8 Acceptances made for accounts of foreigners.....	11,237	11,147	12,358	13,645	13,735	13,462	14,212	13,592	13,689	13,888
9 Other claims <sup>1</sup> .....	9,698	19,075	31,462	29,569	35,324	35,856	37,456	40,943	39,785	41,672
10 Payable in foreign currencies.....	1,196	1,342	1,645	1,756	2,090	1,876	2,101	2,131	2,670	2,072
11 Deposits with foreigners.....	669	656	1,063	840	922	879	941	940	895	902
12 Foreign government securities, commercial and finance paper.....	289	314	89	265	356	405	454	370	338	407
13 Other claims.....	238	372	493	645	722	593	707	822	837	764

<sup>1</sup> Includes claims of U.S. banks on their foreign branches and claims of U.S. agencies and branches of foreign banks on their head offices and foreign branches of their head offices.

NOTE.— Short-term claims are principally the following items payable on demand or with a contractual maturity of not more than 1 year: loans

made to, and acceptances made for, foreigners; drafts drawn against foreigners, where collection is being made by banks and bankers for their own account or for account of their customers in the United States; and foreign currency balances held abroad by banks and bankers and their customers in the United States. Excludes foreign currencies held by U.S. monetary authorities.

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

Millions of dollars, end of period

Type, and area or country	1974	1975	1976	1977				1978		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>a</sup>	Mar. <sup>b</sup>
1 Total.....	7,179	9,536	11,898	12,631	12,716	12,338	12,644	12,754	12,840	12,946
By type:										
2 Payable in dollars.....	7,099	9,419	11,750	12,416	12,486	12,106	12,389	12,513	12,593	12,692
3 Loans, total.....	6,490	8,316	10,093	10,609	10,760	10,421	10,671	10,822	10,870	11,055
4 Official institutions, including central banks.....	1,324	1,351	1,407	1,761	1,777	1,794	1,918	1,911	1,961	1,956
5 Banks, excluding central banks.....	929	1,567	2,232	2,321	2,419	2,289	2,385	2,405	2,385	2,466
6 All other, including nonmonetary international and regional organizations.....	4,237	5,399	6,454	6,527	6,564	6,338	6,368	6,506	6,524	6,633
7 Other long-term claims.....	609	1,103	1,656	1,807	1,726	1,685	1,718	1,691	1,723	1,637
8 Payable in foreign currencies.....	80	116	148	216	229	232	254	240	247	254
By area or country:										
9 Europe.....	1,908	2,704	3,328	3,707	3,664	3,402	3,484	3,436	3,429	3,370
10 Canada.....	501	555	637	456	461	424	434	425	414	407
11 Latin America.....	2,614	3,468	4,856	5,381	5,542	5,572	5,776	5,915	6,076	6,270
12 Asia.....	1,619	1,795	1,904	1,872	1,768	1,742	1,776	1,800	1,760	1,738
13 Japan.....	258	296	382	359	339	320	317	337	297	304
14 Middle East oil-exporting countries <sup>1</sup> .....	384	220	146	161	173	154	181	193	211	195
15 Other Asia.....	977	1,279	1,376	1,353	1,257	1,268	1,277	1,270	1,251	1,239
16 Africa.....	366	747	890	873	857	850	855	863	848	862
17 Oil-exporting countries <sup>2</sup> .....	62	151	271	221	201	176	190	188	172	177
18 Other.....	305	596	619	651	657	674	664	675	677	685
19 All other countries <sup>3</sup> .....	171	267	282	343	423	348	319	316	313	301

<sup>1</sup> Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

<sup>2</sup> Comprises Algeria, Gabon, Libya, and Nigeria.

<sup>3</sup> Includes nonmonetary international and regional organizations.



## 3.22 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1974	1975	1976 Dec.	1977					1978	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
All foreign countries										
1 Total, all currencies	151,905	176,493	219,420	234,592	244,998	247,023	249,414	259,399	258,969	257,142
2 Claims on United States	6,900	6,743	7,889	8,192	11,914	8,243	9,074	11,764	10,012	9,530
3 Parent bank	4,464	3,665	4,323	4,630	8,231	4,535	5,238	7,810	5,932	5,410
4 Other	2,435	3,078	3,566	3,562	3,683	3,698	3,836	3,953	4,080	4,119
5 Claims on foreigners	138,712	163,391	204,486	218,869	225,165	230,363	231,826	238,999	239,751	238,676
6 Other branches of parent bank	27,559	34,508	45,955	48,317	52,074	51,903	54,285	56,058	55,359	54,501
7 Other banks	60,283	69,206	83,765	85,533	87,746	91,871	89,213	91,884	92,214	92,278
8 Official institutions	4,077	5,792	10,613	13,829	14,193	14,456	14,854	14,644	15,255	15,035
9 Nonbank foreigners	46,793	53,886	64,153	71,190	71,152	72,103	73,474	76,422	76,926	76,862
10 Other assets	6,294	6,359	7,045	7,530	7,919	8,457	8,514	8,637	9,204	8,937
11 Total payable in U.S. dollars	105,969	132,901	167,695	179,034	188,181	187,541	188,405	194,279	193,284	189,777
12 Claims on United States	6,603	6,408	7,595	7,748	11,434	7,690	8,504	11,172	9,390	8,768
13 Parent bank	4,428	3,628	4,264	4,560	8,177	4,448	5,145	7,679	5,781	5,162
14 Other	2,175	2,780	3,332	3,188	3,257	3,243	3,358	3,493	3,609	3,606
15 Claims on foreigners	96,209	123,496	156,896	167,716	173,212	175,858	175,785	179,103	179,417	176,854
16 Other branches of parent bank	19,688	28,478	37,909	39,995	42,983	42,963	44,338	44,560	43,924	42,965
17 Other banks	45,067	55,319	66,331	66,826	68,790	71,592	68,925	70,787	70,520	69,657
18 Official institutions	3,289	4,864	9,022	12,232	12,705	12,779	12,887	12,621	13,078	13,029
19 Nonbank foreigners	28,164	34,835	43,634	48,663	48,734	48,794	49,634	51,135	51,895	51,204
20 Other assets	3,157	2,997	3,204	3,570	3,535	3,963	4,117	4,004	4,478	4,155
United Kingdom										
21 Total, all currencies	69,804	74,883	81,466	83,270	88,033	90,154	88,748	90,933	90,789	89,626
22 Claims on United States	3,248	2,392	3,354	2,307	3,422	2,729	2,955	4,341	3,701	2,577
23 Parent bank	2,472	1,449	2,376	1,397	2,556	1,789	2,123	3,518	2,928	1,775
24 Other	776	943	978	910	866	940	833	823	773	801
25 Claims on foreigners	64,111	70,331	75,859	78,607	82,154	84,766	83,331	84,016	84,346	84,393
26 Other branches of parent bank	12,724	17,557	19,753	20,015	22,463	22,178	21,476	22,017	21,427	21,114
27 Other banks	32,701	35,904	38,089	38,784	39,876	41,923	40,530	39,899	40,605	40,996
28 Official institutions	788	881	1,274	1,983	1,955	2,052	2,145	2,206	2,303	2,100
29 Nonbank foreigners	17,898	15,990	16,743	17,826	18,259	18,613	19,180	19,895	20,010	20,183
30 Other assets	2,445	2,159	2,253	2,355	2,458	2,659	2,462	2,576	2,742	2,656
31 Total payable in U.S. dollars	49,211	57,361	61,587	62,686	66,895	67,243	65,369	66,635	65,744	63,870
32 Claims on United States	3,146	2,273	3,275	2,130	3,259	2,545	2,744	4,100	3,443	2,186
33 Parent bank	2,468	1,445	2,374	1,348	2,527	1,748	2,062	3,431	2,815	1,558
34 Other	678	828	902	781	732	797	682	669	628	628
35 Claims on foreigners	44,694	54,121	57,488	59,419	62,584	63,596	61,587	61,408	61,094	60,521
36 Other branches of parent bank	10,265	15,645	17,249	17,550	19,865	19,497	18,519	18,947	18,102	17,782
37 Other banks	23,716	28,224	28,981	29,109	29,808	31,134	29,560	28,530	28,661	28,641
38 Official institutions	610	648	846	1,574	1,555	1,595	1,639	1,669	1,770	1,640
39 Nonbank foreigners	10,102	9,604	10,410	11,095	11,355	11,370	11,849	12,263	12,560	12,457
40 Other assets	1,372	967	824	1,138	1,052	1,103	1,038	1,126	1,208	1,163
Bahamas and Caymans										
41 Total, all currencies	31,733	45,203	66,774	73,284	78,430	75,962	76,769	79,053	80,040	79,662
42 Claims on United States	2,464	3,329	3,508	4,875	7,455	4,687	5,259	5,765	4,994	5,847
43 Parent bank	1,081	1,477	1,141	2,465	4,861	2,104	2,552	3,038	2,097	2,918
44 Other	1,383	1,752	2,367	2,410	2,595	2,583	2,707	2,728	2,897	2,919
45 Claims on foreigners	28,453	41,640	62,048	67,124	69,680	69,685	69,839	71,672	74,431	72,234
46 Other branches of parent bank	3,478	5,411	8,144	8,259	9,828	9,266	10,611	11,120	11,272	11,025
47 Other banks	11,354	16,298	25,354	25,482	26,368	27,131	25,912	27,940	28,795	28,156
48 Official institutions	2,022	3,576	7,105	8,599	9,203	9,207	9,198	9,109	9,303	9,428
49 Nonbank foreigners	11,599	15,756	21,445	24,783	24,281	24,082	24,119	23,503	24,061	23,615
50 Other assets	815	933	1,217	1,285	1,294	1,589	1,670	1,616	1,615	1,601
51 Total payable in U.S. dollars	28,726	41,887	62,705	68,192	72,932	70,415	71,728	73,988	74,790	74,233

## 3.22 Continued

Liability account	1974	1975	1976 Dec.	1977					1978	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
All foreign countries										
52 Total, all currencies.....	151,905	176,493	219,420	234,592	244,998	247,023	249,414	259,399	258,969	257,142
53 To United States.....	11,982	20,221	32,719	36,360	40,338	39,951	42,372	44,495	46,113	46,101
54 Parent bank.....	5,809	12,165	19,773	19,438	20,073	22,706	25,037	24,882	28,636	27,304
55 Other.....	6,173	8,057	12,946	16,922	20,265	17,246	17,335	19,613	17,477	18,798
56 To foreigners.....	132,990	149,815	179,954	189,743	197,151	198,771	198,866	206,496	204,435	201,945
57 Other branches of parent bank.....	26,941	34,111	44,370	47,221	49,963	49,903	51,511	53,157	51,882	50,861
58 Other banks.....	65,675	72,259	83,880	86,457	91,124	89,542	89,649	94,140	90,715	90,710
59 Official institutions.....	20,185	22,773	25,829	27,776	28,014	29,888	28,667	28,110	28,677	28,840
60 Nonbank foreigners.....	20,189	20,672	25,877	28,289	28,050	29,437	29,038	31,088	33,140	32,524
61 Other liabilities.....	6,933	6,456	6,747	8,488	7,519	8,300	7,977	8,408	8,421	8,106
62 Total payable in U.S. dollars.....	107,890	135,907	173,071	183,263	192,943	192,723	193,246	199,047	198,199	194,871
63 To United States.....	11,437	19,503	31,932	35,482	39,403	38,915	41,476	43,330	44,895	44,963
64 Parent bank.....	5,641	11,939	19,559	19,168	19,759	22,398	24,745	24,562	28,333	26,993
65 Other.....	5,795	7,564	12,373	16,314	19,644	16,517	16,731	18,669	16,562	17,771
66 To foreigners.....	92,503	112,879	137,612	142,684	149,461	149,417	147,566	151,285	148,851	145,852
67 Other branches of parent bank.....	19,330	28,217	37,098	39,483	41,793	41,543	42,681	43,191	41,802	40,684
68 Other banks.....	43,656	51,583	60,619	61,117	65,547	62,892	62,094	64,872	61,562	60,621
69 Official institutions.....	17,444	19,982	22,878	24,481	24,695	26,366	25,113	23,972	24,546	24,443
70 Nonbank foreigners.....	12,072	13,097	17,017	17,604	17,427	18,679	17,679	19,250	20,940	20,103
71 Other liabilities.....	3,951	3,526	3,527	5,097	4,079	4,391	4,204	4,532	4,454	4,256
United Kingdom										
72 Total, all currencies.....	69,804	74,883	81,466	83,270	88,033	90,154	88,748	90,933	90,789	89,626
73 To United States.....	3,978	5,646	5,997	7,933	7,922	7,310	7,237	7,753	6,008	6,785
74 Parent bank.....	510	2,122	1,198	1,611	1,425	1,364	1,375	1,451	1,253	1,550
75 Other.....	3,468	3,523	4,798	6,322	6,496	5,946	5,862	6,302	4,755	5,236
76 To foreigners.....	63,409	67,240	73,228	72,848	77,580	79,837	79,087	89,736	82,160	80,331
77 Other branches of parent bank.....	4,762	6,494	7,092	8,395	8,934	9,187	9,491	9,376	9,999	9,037
78 Other banks.....	32,040	32,964	36,259	34,163	37,024	36,676	36,974	37,893	36,915	36,764
79 Official institutions.....	15,258	16,553	17,273	17,366	18,553	20,366	19,555	18,318	19,309	19,580
80 Nonbank foreigners.....	11,349	11,229	12,605	12,923	13,070	13,608	13,066	15,149	15,937	14,950
81 Other liabilities.....	2,418	1,997	2,241	2,488	2,532	3,007	2,424	2,445	2,621	2,509
82 Total payable in U.S. dollars.....	49,666	57,820	63,174	63,334	67,689	68,594	66,289	67,573	66,619	65,021
83 To United States.....	3,744	5,415	5,849	7,676	7,622	7,004	7,012	7,480	5,737	6,479
84 Parent bank.....	484	2,083	1,182	1,563	1,363	1,288	1,339	1,416	1,222	1,524
85 Other.....	3,261	3,332	4,666	6,113	6,259	5,716	5,673	6,063	4,515	4,955
86 To foreigners.....	44,594	51,447	56,372	54,539	58,962	60,304	58,285	58,977	59,671	57,386
87 Other branches of parent bank.....	3,256	5,442	5,874	7,131	7,535	7,724	7,871	7,505	8,164	7,211
88 Other banks.....	20,526	23,330	25,527	23,254	25,984	25,306	24,605	25,608	24,015	23,352
89 Official institutions.....	13,225	14,498	15,423	15,252	16,430	18,053	17,171	15,482	16,459	16,541
90 Nonbank foreigners.....	7,587	8,176	9,547	8,902	9,013	9,221	8,638	10,382	11,033	10,282
91 Other liabilities.....	1,328	959	953	1,119	1,105	1,286	991	1,116	1,210	1,156
Bahamas and Caymans										
92 Total, all currencies.....	31,733	45,203	66,774	73,284	78,430	75,962	76,769	79,053	80,040	79,662
93 To United States.....	4,815	11,147	22,121	24,487	28,741	28,442	30,641	32,140	35,772	35,044
94 Parent bank.....	2,636	7,628	16,161	15,288	16,524	18,538	20,572	20,921	24,713	23,372
95 Other.....	2,180	3,520	6,560	9,198	12,218	9,905	10,069	11,219	11,060	11,672
96 To foreigners.....	26,140	32,949	42,899	46,468	48,328	46,034	44,571	45,294	42,912	41,362
97 Other branches of parent bank.....	7,702	10,569	13,801	13,206	13,756	13,844	13,308	12,818	11,642	11,598
98 Other banks.....	14,050	16,825	21,760	23,881	26,933	23,678	23,374	24,717	22,256	22,707
99 Official institutions.....	2,377	3,308	3,573	4,592	3,184	3,357	3,053	3,000	3,183	3,197
100 Nonbank foreigners.....	2,011	2,248	3,765	4,789	4,455	5,155	4,836	4,759	5,831	5,761
101 Other liabilities.....	778	1,106	1,154	2,330	1,361	1,485	1,557	1,619	1,356	1,356
102 Total payable in U.S. dollars.....	28,840	42,197	63,417	68,627	73,733	71,187	72,286	74,464	75,438	75,204

## 3.23 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1976	1977	1978	1977				1978		
			Jan.- Mar. <sup>a</sup>	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>b</sup>	Mar. <sup>b</sup>
Holdings (end of period) <sup>4</sup>										
1 Estimated total.....	15,799	38,620	.....	31,066	34,324	37,661	38,620	40,101	40,380	41,240
2 Foreign countries.....	12,765	33,874	.....	27,207	30,323	33,285	33,874	35,648	35,479	36,485
3 Europe.....	2,330	13,916	.....	10,163	12,603	14,003	13,916	15,044	14,895	15,206
4 Belgium-Luxembourg.....	14	19	.....	19	20	20	19	19	19	19
5 Germany.....	764	3,168	.....	1,957	2,165	2,742	3,168	3,373	3,494	3,816
6 Netherlands.....	288	911	.....	719	821	911	911	930	954	1,029
7 Sweden.....	191	100	.....	125	125	100	100	125	125	155
8 Switzerland.....	261	477	.....	488	474	476	477	391	401	400
9 United Kingdom.....	485	8,888	.....	6,506	8,640	9,419	8,888	9,839	9,513	9,418
10 Other Western Europe.....	323	349	.....	343	353	331	349	362	384	363
11 Eastern Europe.....	4	4	.....	4	4	4	4	4	4	4
12 Canada.....	256	288	.....	292	294	293	288	285	250	251
13 Latin America.....	313	551	.....	516	519	533	551	543	587	551
14 Venezuela.....	149	199	.....	183	183	199	199	201	241	200
15 Other Latin America republics.....	36	17	.....	18	21	11	17	10	14	8
16 Netherlands Antilles <sup>1</sup> .....	118	170	.....	158	158	167	170	162	162	162
17 Asia.....	9,323	18,745	.....	15,941	16,611	18,104	18,745	19,413	19,378	20,120
18 Japan.....	2,687	6,860	.....	5,635	5,958	6,547	6,860	7,463	7,617	8,313
19 Africa.....	543	362	.....	279	279	348	362	362	362	351
20 All other.....	*	11	.....	16	18	5	11	2	7	6
21 Nonmonetary international and regional organizations.....	3,034	4,746	.....	3,859	4,001	4,376	4,746	4,453	4,901	4,755
22 International.....	2,906	4,646	.....	3,759	3,900	4,276	4,646	4,358	4,781	4,640
23 Latin American regional.....	128	100	.....	100	100	100	100	95	120	115
Transactions (net purchases, or sales (-), during period)										
24 Total.....	8,096	22,823	2,260	3,483	3,257	3,337	959	1,481	278	861
25 Foreign countries.....	5,393	21,110	2,611	2,564	3,116	2,962	589	1,774	-169	1,006
26 Official institutions.....	5,116	20,328	2,424	2,493	3,052	2,885	598	1,714	-277	986
27 Other foreign.....	276	782	189	71	65	76	-9	59	108	22
28 Nonmonetary international and regional organizations.....	2,704	1,713	10	919	141	376	370	-292	447	-145
MEMO: Oil-exporting countries										
29 Middle East <sup>2</sup> .....	3,887	4,451	-55	161	284	869	324	56	-184	72
30 Africa <sup>3</sup> .....	221	181	-10			69	13			-10

<sup>1</sup> Includes Surinam until January 1976.<sup>2</sup> Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).<sup>3</sup> Comprises Algeria, Gabon, Libya, and Nigeria.<sup>4</sup> Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

## 3.24 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1974	1975	1976	1977			1978			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Deposits.....	418	353	352	425	416	424	422	445	352	481
Assets held in custody:										
2 U.S. Treasury securities <sup>1</sup> .....	55,600	60,019	66,532	83,832	89,497	91,962	95,945	98,465	105,362	102,044
3 Earmarked gold <sup>2</sup> .....	16,838	16,745	16,414	15,988	15,872	15,988	15,726	15,735	15,727	15,686

<sup>1</sup> Marketable U.S. Treasury bills, certificates of indebtedness, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.<sup>2</sup> The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

NOTE.—Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

## 3.25 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1976	1977	1978				1977				1978			
			Jan.- Mar. <sup>1</sup>	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>2</sup>	Mar. <sup>2</sup>				
U.S. corporate securities														
<b>Stocks</b>														
1 Foreign purchases.....	18,227	14,154	3,262	1,012	973	1,282	1,235	1,024	825	1,413				
2 Foreign sales.....	15,485	11,479	2,593	847	752	899	945	909	762	921				
3 Net purchases, or sales (-).....	2,743	2,676	670	165	222	383	290	115	63	492				
4 Foreign countries.....	2,730	2,661	689	170	223	385	286	116	63	510				
5 Europe.....	329	1,006	391	57	109	200	156	30	41	319				
6 France.....	256	40	55	5	27	1	-3	12	-2	68				
7 Germany.....	68	291	130	14	37	64	58	45	33	52				
8 Netherlands.....	199	22	27	18	5	10	9	4	13	9				
9 Switzerland.....	-100	152	-58	6	2	34	3	54	-16	12				
10 United Kingdom.....	333	613	311	80	52	106	109	60	57	194				
11 Canada.....	324	65	-48	-3	20	21	14	-19	-26	-3				
12 Latin America.....	152	127	3	-3	-4	27	15	-9	-4	17				
13 Middle East <sup>1</sup> .....	1,803	1,389	325	108	93	128	100	107	48	170				
14 Other Asia.....	119	59	12	8	2	8	1	6	1	5				
15 Africa.....	7	5	3	2	2	*	*	*	2	1				
16 Other countries.....	-4	8	2	1	2	2	*	1	1	*				
17 Nonmonetary international and regional organizations.....	13	15	-19	-5	-1	-2	4	-1	1	-19				
<b>Bonds<sup>2</sup></b>														
18 Foreign purchases.....	5,529	7,766	1,577	503	942	743	354	459	524	593				
19 Foreign sales.....	4,322	3,432	1,303	383	292	226	267	377	348	579				
20 Net purchases, or sales (-).....	1,207	4,334	273	120	650	517	87	83	176	15				
21 Foreign countries.....	1,248	4,238	267	123	650	507	41	101	131	35				
22 Europe.....	91	2,005	38	33	376	320	19	133	32	-127				
23 France.....	39	-39	3	1	*	5	11	-4	1	5				
24 Germany.....	-49	59	27	3	5	4	9	1	7	19				
25 Netherlands.....	-29	72	-12	21	2	20	*	7	1	20				
26 Switzerland.....	158	158	1	12	-7	-7	-6	-7	3	5				
27 United Kingdom.....	23	1,702	18	6	324	324	28	125	22	-129				
28 Canada.....	96	141	19	15	4	1	-1	7	7	5				
29 Latin America.....	94	64	27	13	11	-1	3	11	6	11				
30 Middle East <sup>1</sup> .....	1,179	1,695	153	79	124	159	4	-59	75	137				
31 Other Asia.....	-165	338	29	-14	135	27	16	9	11	9				
32 Africa.....	-25	-6	-1	-3	*	*	*	*	-1	*				
33 Other countries.....	-21	*	*	*	*	*	*	*	*	*				
34 Nonmonetary international and regional organizations.....	-41	96	7	2	*	10	46	-18	45	-20				
Foreign securities														
35 Stocks, net purchases, or sales (-).....	-323	-404	330	30	106	34	59	103	113	114				
36 Foreign purchases.....	1,937	2,265	872	168	247	214	291	255	280	337				
37 Foreign sales.....	2,259	2,669	542	138	141	180	232	152	167	223				
38 Bonds, net purchases, or sales (-).....	-8,730	-5,005	-1,243	-650	-281	-320	-330	-569	-176	-497				
39 Foreign purchases.....	4,932	8,420	2,015	695	786	593	885	691	522	802				
40 Foreign sales.....	13,662	13,424	3,258	1,345	1,066	913	1,215	1,260	698	1,300				
41 Net purchases, or sales (-) of stocks and bonds.....	-9,053	-5,409	-913	-620	-175	-285	271	-466	-64	-383				
42 Foreign countries.....	-7,155	-3,852	-691	-613	-24	-308	-293	-473	17	-235				
43 Europe.....	843	1,099	330	-24	-33	-260	108	98	95	137				
44 Canada.....	-5,245	2,402	-627	-573	45	9	-175	-446	-4	-177				
45 Latin America.....	*	-80	100	35	-170	-2	-68	6	37	69				
46 Asia.....	-699	5	-498	29	136	-57	51	-114	-113	-270				
47 Africa.....	48	2	1	1	-2	*	1	-2	*	*				
48 Other countries.....	-416	-267	6	-81	1	2	-210	-3	2	6				
49 Nonmonetary international and regional organizations.....	-1,898	-1,557	-221	-6	-151	23	22	7	-80	-148				

<sup>1</sup> Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

<sup>2</sup> Includes State and local government securities, and securities of U.S. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

## 3.26 SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

Type, and area or country	1976					1977				
	Dec.	Mar.	June	Sept.	Dec. <sup>a</sup>	Dec.	Mar.	June	Sept.	Dec. <sup>a</sup>
	Liabilities to foreigners					Claims on foreigners				
1 Total	6,606	6,604	6,424	7,122	7,822	14,162	14,963	16,166	14,983	15,887
By type:										
2 Payable in dollars	5,894	5,837	5,772	6,329	7,078	13,163	13,947	15,054	13,936	14,517
3 Payable in foreign currencies	712	767	652	792	745	999	1,016	1,113	1,047	1,370
4 Deposits with banks abroad in reporter's name						442	431	448	414	620
5 Other						557	585	665	612	750
By area or country:										
6 Foreign countries	6,398	6,412	6,254	6,968	7,611	14,161	14,961	16,165	14,981	15,885
7 Europe	2,235	2,144	2,208	2,374	2,536	5,282	5,237	5,820	5,057	5,653
8 Austria	10	9	10	12	21	21	23	26	24	24
9 Belgium-Luxembourg	169	177	138	119	107	162	170	218	232	218
10 Denmark	7	15	14	16	14	56	48	40	44	56
11 Finland	2	2	10	11	9	77	40	90	59	13
12 France	200	163	157	171	236	438	436	413	430	513
13 Germany	174	175	163	226	284	378	367	377	393	452
14 Greece	48	80	73	78	85	51	90	86	52	41
15 Italy	131	135	154	139	161	384	473	440	342	387
16 Netherlands	141	168	205	176	230	166	172	182	161	166
17 Norway	29	37	33	35	30	51	42	42	38	42
18 Portugal	13	23	20	12	11	40	35	30	34	69
19 Spain	40	52	68	74	77	369	325	322	307	387
20 Sweden	34	36	36	41	28	90	93	92	91	118
21 Switzerland	190	214	236	245	257	241	154	179	146	221
22 Turkey	13	12	21	97	108	25	32	37	52	39
23 United Kingdom	883	698	730	736	733	2,446	2,475	3,027	2,469	2,674
24 Yugoslavia	123	113	110	92	90	26	30	28	20	20
25 Other Western Europe	9	16	6	9	9	20	18	15	15	25
26 U.S.S.R.	7	5	16	11	24	156	105	76	62	55
27 Other Eastern Europe	13	13	10	14	12	85	103	102	96	134
28 Canada	409	427	448	454	563	2,458	2,426	2,573	2,501	2,612
29 Latin America	1,040	1,121	1,020	1,027	1,189	3,582	4,408	4,938	4,535	4,333
30 Argentina	44	42	50	50	42	44	46	51	53	53
31 Bahamas	260	256	216	222	300	1,391	1,881	2,244	1,873	1,906
32 Brazil	72	49	37	76	49	682	535	457	414	517
33 Chile	16	24	13	17	34	35	28	40	45	45
34 Colombia	13	18	22	24	42	59	75	72	85	84
35 Cuba	*	*	*	*	*	1	1	1	*	*
36 Mexico	102	121	120	103	115	332	317	301	304	316
37 Panama	34	12	11	12	22	74	105	121	221	88
38 Peru	25	24	21	13	15	42	32	28	40	33
39 Uruguay	4	4	3	4	3	5	6	5	5	5
40 Venezuela	219	260	208	225	222	190	210	240	256	275
41 Other Latin American republics	141	148	141	122	126	276	237	237	257	280
42 Netherlands Antilles	10	11	17	9	25	9	14	8	8	12
43 Other Latin America	100	160	151	154	210	441	914	1,146	987	718
44 Asia	2,049	2,057	1,890	2,492	2,737	2,276	2,316	2,315	2,388	2,746
45 China, People's Republic of (Mainland)	1	3	2	1	8	3	7	7	12	9
46 China, Republic of (Taiwan)	119	113	138	152	156	197	130	131	139	157
47 Hong Kong	40	42	27	25	40	96	107	93	73	98
48 India	23	39	41	44	37	55	35	51	42	37
49 Indonesia	98	94	80	60	60	179	206	184	185	378
50 Israel	37	37	45	58	63	41	51	70	46	38
51 Japan	193	172	183	604	695	912	969	927	1,023	1,057
52 Korea	76	96	95	81	108	117	130	158	153	173
53 Philippines	53	59	73	78	74	86	86	90	111	99
54 Thailand	24	19	11	17	17	22	27	22	24	23
55 Other Asia	1,385	1,383	1,196	1,372	1,480	568	569	582	579	679
56 Africa	605	591	589	568	563	393	429	370	346	397
57 Egypt	27	29	33	45	13	28	70	24	22	38
58 Morocco	45	30	72	105	112	11	12	11	10	21
59 South Africa	54	33	27	29	20	87	80	69	75	75
60 Zaire	36	39	39	48	46	21	19	17	19	15
61 Other Africa	444	460	418	341	372	247	248	248	221	248
62 Other countries	77	72	98	111	93	170	150	149	153	144
63 Australia	59	53	78	93	75	105	114	110	113	110
64 All other	19	19	20	18	18	65	36	40	41	34
65 Nonmonetary international and regional organizations	208	192	170	154	212	1	2	1	1	1

NOTE.—Reported by exporters, importers, and industrial and commercial concerns and other nonbanking institutions in the United States.

Data exclude claims held through U.S. banks and intercompany accounts between U.S. companies and their affiliates.

3.27 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Large Nonbanking Concerns in the United States  
Millions of dollars, end of period

Type and country	1973	1974	1975	1976	1977				1978	
					Sept. <sup>1</sup>	Oct. <sup>1</sup>	Nov. <sup>1</sup>	Dec. <sup>1</sup>	Jan.	Feb. <sup>1</sup>
1 Total.....	3,185	3,357	3,799	5,468	6,921	7,694	7,575	6,769	7,324	7,937
By type:										
2 Payable in dollars.....	2,641	2,660	3,042	4,788	6,235	6,922	6,652	5,804	6,310	6,947
3 Deposits.....	2,604	2,591	2,710	4,415	5,783	6,468	6,207	5,402	5,856	6,462
4 Short-term investments <sup>1</sup> .....	37	69	332	373	442	504	445	402	454	485
5 Payable in foreign currencies.....	544	697	757	680	695	722	924	965	1,014	990
6 Deposits.....	431	429	511	373	358	374	489	552	561	541
7 Short-term investments <sup>1</sup> .....	113	268	246	302	337	348	435	413	453	449
By country:										
8 United Kingdom.....	1,128	1,350	1,306	1,837	1,799	1,882	2,098	1,989	1,680	1,787
9 Canada.....	775	967	1,156	1,539	1,627	1,956	1,863	1,706	2,108	2,228
10 Bahamas.....	597	391	546	1,264	1,784	2,383	2,086	1,781	2,317	2,507
11 Japan.....	336	398	343	113	143	150	220	139	197	258
12 All other <sup>1</sup> .....	349	252	446	715	1,568	1,323	1,308	1,154	1,122	1,157

<sup>1</sup> Negotiable and other readily transferable foreign obligations payable on demand or having a contractual maturity of not more than 1 year from the date on which the obligation was incurred by the foreigner.

NOTE.—Data represent the assets abroad of large nonbanking concerns in the United States. They are a portion of the total claims on foreigners reported by nonbanking concerns in the United States and are included in the figures shown in Table 3.26.

3.28 LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States  
Millions of dollars, end of period

Area and country	1976		1977			1976		1977		
	Dec.	Mar.	June	Sept.	Dec. <sup>1</sup>	Dec.	Mar.	June	Sept.	Dec. <sup>1</sup>
	Liabilities to foreigners					Claims on foreigners				
1 Total.....	3,564	3,501	3,336	3,327	3,119	4,922	4,891	4,827	4,625	4,631
2 Europe.....	2,723	2,653	2,497	2,555	2,385	851	844	827	754	742
3 Germany.....	396	391	370	407	255	72	84	76	76	70
4 Netherlands.....	277	272	262	272	288	156	154	147	81	82
5 Switzerland.....	260	178	177	224	241	57	53	43	42	49
6 United Kingdom.....	1,418	1,386	1,273	1,251	1,229	238	204	219	215	204
7 Canada.....	87	80	79	76	71	1,530	1,475	1,486	1,462	1,473
8 Latin America.....	271	274	283	276	261	1,521	1,489	1,457	1,371	1,404
9 Bahamas.....	163	163	167	159	156	36	34	34	36	40
10 Brazil.....	5	5	7	7	7	133	125	125	134	144
11 Chile.....	1	1	1	1	1	248	210	208	201	203
12 Mexico.....	18	23	26	30	30	195	180	178	187	176
13 Asia.....	423	432	408	358	338	775	817	833	809	797
14 Japan.....	397	413	386	319	305	77	96	111	94	66
15 Africa.....	2	2	3	3	2	187	199	158	165	157
16 All other <sup>1</sup> .....	58	59	67	59	60	58	67	67	63	59

<sup>1</sup> Includes nonmonetary international and regional organizations.

## 3.29 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

Country	Rate on Apr. 30, 1978		Country	Rate on Apr. 30, 1978		Country	Rate on Apr. 30, 1978	
	Per cent	Month effective		Per cent	Month effective		Per cent	Month effective
Argentina.....	18.0	Feb. 1972	France.....	9.5	Aug. 1977	Norway.....	7.0	Feb. 1978
Austria.....	5.5	June 1977	Germany, Fed. Rep. of.....	3.0	Dec. 1977	Sweden.....	7.0	Apr. 1978
Belgium.....	5.5	Mar. 1978	Italy.....	11.5	Aug. 1977	Switzerland.....	1.0	Feb. 1978
Brazil.....	28.0	May 1976	Japan.....	3.5	Mar. 1978	United Kingdom.....	7.5	Apr. 1978
Canada.....	8.5	Apr. 1978	Mexico.....	4.5	June 1942	Venezuela.....	5.0	Oct. 1970
Denmark.....	9.0	Mar. 1977	Netherlands.....	4.0	Apr. 1978			

NOTE.—Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with

more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

## 3.30 FOREIGN SHORT-TERM INTEREST RATES

Per cent per annum, averages of daily figures

Country, or type	1975	1976	1977	1977		1978			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Euro-dollars.....	7.02	5.58	6.03	7.09	7.12	7.32	7.28	7.27	7.38
2 United Kingdom.....	10.63	11.35	8.07	5.32	6.76	6.23	6.82	6.72	7.47
3 Canada.....	8.00	9.39	7.47	7.34	7.20	7.08	7.14	7.44	8.14
4 Germany.....	4.87	4.19	4.30	4.09	3.94	3.52	3.45	3.49	3.54
5 Switzerland.....	3.01	1.45	2.56	2.32	2.20	.92	.50	.46	.40
6 Netherlands.....	5.17	7.02	4.73	5.94	6.65	5.01	5.28	5.35	4.62
7 France.....	7.91	8.65	9.20	9.28	9.88	9.25	10.45	9.86	8.35
8 Italy.....	10.37	16.32	14.26	11.74	11.38	10.99	(1)	(1)	11.75
9 Belgium.....	6.63	10.25	6.95	6.38	7.75	8.29	6.75	6.41	5.55
10 Japan.....	11.64	7.70	6.22	5.37	5.75	5.33	5.25	4.86	4.50

1 Unquoted.

NOTE.—Rates are for 3-month interbank loans except for—Canada, finance company paper; Belgium, time deposits of 20 million francs and

over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

## 3.31 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1975	1976	1977	1977		1978			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Australia/dollar.....	130.77	122.15	110.82	112.70	113.36	113.82	113.56	113.83	113.97
2 Austria/shilling.....	5.7467	5.5744	6.0494	6.2551	6.4734	6.5698	6.6893	6.8221	6.8081
3 Belgium/franc.....	2.7253	2.5921	2.7911	2.8396	2.9608	3.0425	3.0930	3.1589	3.1419
4 Canada/dollar.....	98.30	101.41	94.112	90.145	91.132	90.810	89.850	88.823	87.592
5 Denmark/krone.....	17.437	16.546	16.658	16.327	16.833	17.324	17.610	17.839	17.807
6 Finland/markka.....	27.285	25.938	24.913	23.986	24.299	24.816	24.527	24.013	23.900
7 France/franc.....	23.354	20.942	20.344	20.614	20.844	21.196	20.628	21.256	21.803
8 Germany/deutsche mark.....	40.729	39.737	43.079	44.633	46.499	47.220	48.142	49.181	48.964
9 India/rupee.....	11.926	11.148	11.406	11.576	11.712	12.195	12.331	12.185	11.815
10 Ireland/pound.....	222.16	180.48	174.49	181.78	185.46	193.53	193.96	190.55	184.97
11 Italy/lira.....	.15328	.12044	.11328	.11388	.11416	.11469	.11619	.11692	.11644
12 Japan/yen.....	.33705	.33741	.37342	.40872	.41491	.41481	.41603	.43148	.45084
13 Malaysia/ringgit.....	41.753	39.340	40.620	41.910	42.201	42.230	42.374	42.428	42.057
14 Mexico/peso.....	8.0000	6.9161	4.4239	4.4096	4.4059	4.3963	4.3972	4.3928	4.3945
15 Netherlands/guilder.....	39.632	37.846	40.752	41.366	42.955	44.084	44.880	45.994	45.865
16 New Zealand/dollar.....	121.16	99.115	96.893	99.392	100.59	101.95	102.07	102.20	101.92
17 Norway/krone.....	19.180	18.327	18.789	18.328	19.056	19.401	19.025	18.775	18.621
18 Portugal/escudo.....	3.9286	3.3159	2.6234	2.4575	2.4755	2.4840	2.4806	2.4483	2.4075
19 South Africa/rand.....	136.47	114.85	114.99	115.04	115.04	115.02	115.05	115.05	115.05
20 Spain/peseta.....	1,7424	1,4958	1,3287	1,2060	1,2237	1,2397	1,2394	1,2497	1,2475
21 Sri Lanka/rupee.....	14.385	11.908	11.964	8.7721	6.2000	6.2167	6.4028	6.5000	6.4950
22 Sweden/krona.....	24.141	22.957	22.383	20.848	21.044	21.413	21.554	21.693	21.731
23 Switzerland/franc.....	38.743	40.013	41.714	45.507	48.168	50.353	52.422	52.693	52.511
24 United Kingdom/pound.....	222.16	180.48	174.49	181.78	185.46	193.53	193.96	190.55	184.97
MEMO:									
25 United States/dollar 1.....	82.20	89.68	89.10	87.29	85.52	84.05	83.74	82.94	83.10

1 Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland, May 1970 parities = 100. Weights are 1972 global trade of each of the 10 countries.

NOTE.—Averages of certified noon buying rates in New York for cable transfers.

# Guide to Tabular Presentation and Statistical Releases

## GUIDE TO TABULAR PRESENTATION

### SYMBOLS AND ABBREVIATIONS

p	Preliminary	SMSA's	Standard metropolitan statistical areas
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)	REIT's	Real estate investment trusts
e	Estimated	*	Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions)
c	Corrected	.....	(1) Zero, (2) no figure to be expected, or (3) figure delayed or, (4) no change (when figures are expected in percentages).
n.e.c.	Not elsewhere classified		
Rp's	Repurchase agreements		
IPC's	Individuals, partnerships, and corporations		

### GENERAL INFORMATION

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. Govt. securities" may include guaranteed issues of U.S. Govt. agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct

obligations of the Treasury. "State and local govt." also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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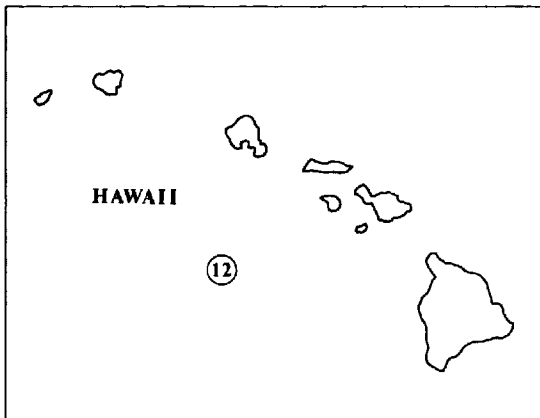
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# The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories



## LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- ★ Board of Governors of the Federal Reserve System
- ⊙ Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility