
NOVEMBER 1977

FEDERAL RESERVE BULLETIN

Domestic Financial Developments in the Third Quarter of 1977
Changes in Time and Savings Deposits, April–July 1977

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ber 9, 1977. Chairman Burns pointed out the target ranges for growth in the monetary aggregates that were decided at the FOMC meeting held on October 18. The ranges for the period extending from the third quarter of this year to the third quarter of 1978 were: 4 to 6½ per cent for *M-1*, as previously specified at the July meeting; 6½ to 9 per cent for *M-2*; and 8 to 10½ per cent for *M-3*.

994 RECORD OF POLICY ACTIONS OF THE FEDERAL OPEN MARKET COMMITTEE

At its meeting on September 20, 1977, the Federal Open Market Committee agreed that annual rates of growth in *M-1* and *M-2* over the September-October period within ranges of 2 to 7 per cent and 4 to 8 per cent, respectively, would be appropriate. The Committee decided that operations should be directed initially toward a Federal funds rate of 6¼ per cent and that the rate could be modified within a range of 6 to 6½ per cent depending on growth rates of *M-1* and *M-2* during the 2-month period.

1008 LAW DEPARTMENT

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The Board of Governors approved actions by the directors of the 12 Federal Reserve Banks to increase the discount rate from 5¾ per cent to 6 per cent.

A program of intensified supervision of bank holding companies will become effective January 1, 1978.

Regulation Q (Interest on Deposits) has been modified to provide consumers with more flexibility in handling their time deposit accounts. (See Law Department.)

Regulation M (Foreign Activities of National Banks) has been amended to reduce reserve requirements on the dollar deposits that foreign branches of U.S. banks use to lend funds to American borrowers.

The Board of Governors has issued for comment proposals for revised financial reporting requirements to be implemented for the March 1978 income and condition reports. Uniform guidelines for the enforcement of the Truth in Lending law and its regulatory rules (the Board's Regulation Z) have also been proposed for public comment by the five Federal agencies that regulate banks, thrift institutions, and credit unions.

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Domestic Financial Developments in the Third Quarter of 1977

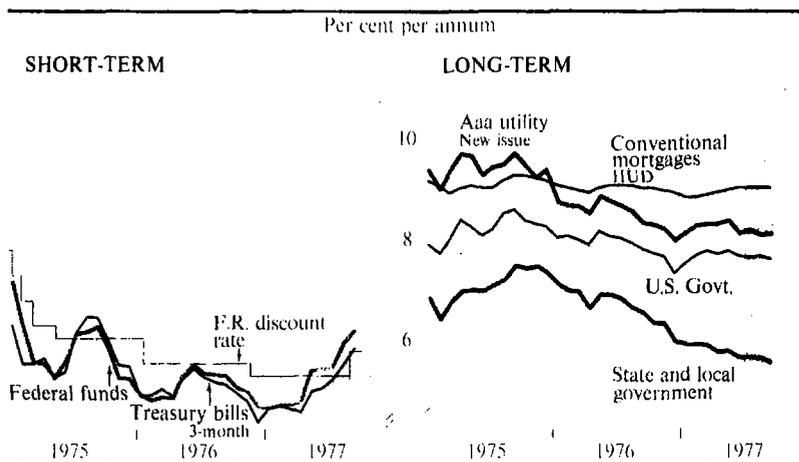
This report, which was sent to the Joint Economic Committee of the U.S. Congress, highlights the important developments in domestic financial markets during the summer and early fall.

Total borrowing by nonfinancial sectors in domestic credit markets expanded substantially further during the third quarter, as increases in credit extended to households and to governments more than offset a small decline in funds raised by nonfinancial businesses. The slowing of business borrowing was confined to short-term obligations, which had grown quite rapidly in the first two quarters of the year; businesses continued to make substantial use of long-term credit markets. Instalment borrowing by households was maintained near the high second-quarter pace, while the growth of mortgage indebtedness accelerated further. In the public sector, State

and local government borrowing remained close to the record rate of the second quarter, and the Federal Government became a sizable net borrower again, following seasonal debt paydowns in the second quarter.

Despite some slowing in the pace of economic expansion, *M-1* accelerated to a seasonally adjusted annual rate of 9.3 per cent in the third quarter from the already advanced rate of 8.4 per cent in the preceding quarter. Growth of *M-1* over the two quarters thus exceeded by a wide margin its expansion earlier in the current economic upswing, when the rate of increase averaged around 5.5 per cent. Inflows to time and savings accounts at banks and thrift institutions also were larger in the third quarter than in the second. This acceleration occurred despite increases in market interest rates that brought them above ceiling rates on savings accounts and shorter-term time deposits. On average over the quar-

Interest rates



NOTES:

Monthly averages except for F.R. discount rate and conventional mortgages (based on quotations for one day each month). Yields: U.S. Treasury bills, market yields on 3-month issues; prime commercial paper, dealer offering rates; conventional mortgages, rates on first mortgages in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development; Aaa utility bonds, weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to Aaa basis; U.S. Govt. bonds, market yields adjusted to 20-year constant maturity by U.S. Treasury; State and local govt. bonds (20 issues, mixed quality), *Bond Buyer*.

ter, *M-2* grew at a 10.3 per cent seasonally adjusted annual rate, compared with a 9.2 per cent rate in the second quarter, and *M-3* rose at a 12.3 per cent annual rate—up from a 10 per cent rate the preceding quarter.

With growth in the key monetary aggregates exceeding the longer-run ranges adopted by the Federal Open Market Committee, Federal Reserve operations gradually became less accommodative in providing reserves to the banking system. As a consequence, the interest rate on Federal funds (overnight loans of immediately available bank funds) advanced from 5¾ per cent in late June to around 6½ per cent by the middle of October. The rise in the Federal funds rate was accompanied by a substantial increase in member bank borrowing from Federal Reserve Banks. In order to

restrain such borrowing, the discount rate was increased from 5¼ per cent to 5¾ per cent in late August and to 6 per cent near the end of October, thereby bringing it into better alignment with other short-term interest rates.

Most short-term market interest rates rose about 1 percentage point from the end of June through October. Despite strong credit demands in long-term markets, long-term rates changed little on balance over the summer, although some upward rate pressures did emerge in October. The relative stability of long-term rates appeared to reflect continued strong flows of funds to investors with a preference for long-term instruments, over-all stability in the inflation rate, and the effects on market expectations of the slower growth of economic activity.

Changes in selected monetary aggregates

Per cent, seasonally adjusted annual rates

Item	1975	1976	1976	1977		
			Q4	Q1	Q2	Q3
Member bank reserves:						
Total	-2	1.0	4.4	2.7	3.0	9.2
Nonborrowed	3.2	1.2	4.8	2.6	1.9	3.6
Concepts of money:¹						
<i>M-1</i>	4.4	5.6	6.5	4.2	8.4	9.3
<i>M-2</i>	8.3	10.9	12.5	9.9	9.2	10.3
<i>M-3</i>	11.1	12.8	14.4	11.3	10.0	12.3
<i>M-4</i>	6.5	7.1	9.8	9.3	8.5	9.7
<i>M-5</i>	9.7	10.3	12.7	10.9	9.4	11.9
Time and savings deposits at commercial banks:						
Total (excluding large CD's) .	11.7	15.2	17.1	14.0	9.8	11.0
Savings	17.4	25.0	24.7	21.9	7.9	6.8
Other time	7.8	7.7	10.8	7.1	11.6	14.6
Thrift institutions ²	15.8	15.8	17.3	13.4	11.1	15.3
MEMO (change in billions of dollars, seasonally adjusted):						
Large CD's	-5.3	-19.2	-3.1	.3	-.3	.5
U.S. Govt. demand deposits at all member banks	-.2	.3	.1	-.8	.4	.2
Nondeposit sources of funds ³	-5.9	14.9	7.1	3.4	3.7	3.2

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

M-2 is *M-1* plus bank time and savings deposits other than large CD's.

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

M-4 is *M-2* plus large negotiable CD's.

M-5 is *M-3* plus large negotiable CD's.

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

³Nondeposit sources of funds include borrowings by commer-

cial 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.

MONETARY AGGREGATES AND BANK CREDIT

The rapid rate of growth in *M-1* during the second and third quarters apparently was attributable in large measure to the growing demand for transactions balances associated with the expanding economy. Over the two quarters, the velocity of *M-1*—the ratio of gross national product to *M-1*—increased at about a 2 per cent annual rate, which is slightly below the trend rate of increase established by this measure over the last 25 years. Moderate growth in *M-1* velocity has prevailed recently despite an upturn in short-term market interest rates beginning in April, which ordinarily might be expected to induce more intensive efforts to reduce non-interest-bearing demand balances. The recent behavior of *M-1* velocity also stands in marked contrast to its rapid growth earlier in the economic recovery. The pick-up in velocity in 1975 and early 1976 seems to have been caused partly by the introduction of important money substitutes—for example, savings accounts for businesses and for State and local govern-

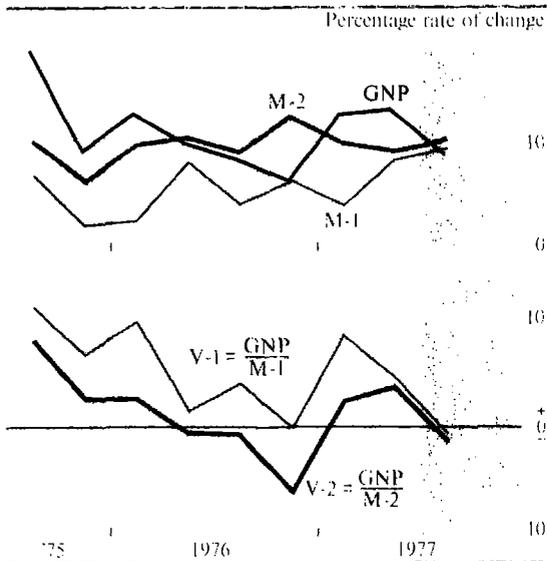
ments and negotiable orders of withdrawal (NOW) accounts for consumers—as well as by increased utilization of other cash-management devices designed to economize on demand deposit balances. The recent behavior of *M-1* velocity may reflect a moderation in the pace at which these means of reducing holdings of *M-1* are being adopted.

The interest-bearing components of the broader measures of money, *M-2* and *M-3*, increased more rapidly last quarter than in the second quarter. At banks, inflows into savings deposits slowed slightly, as the accounts of businesses and governmental units either remained unchanged or declined somewhat with the advance in short-term interest rates. Individuals and nonprofit organizations did not appear to react so promptly to rising market yields, however, and their savings balances at banks recorded large gains over the quarter.

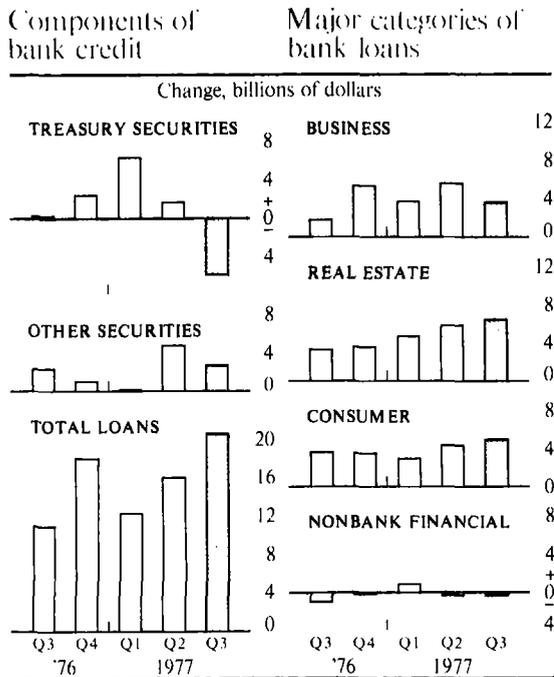
Growth in deposits at thrift institutions and in the time-deposit component of *M-2* accelerated in the third quarter, despite increases in market interest rates to levels that equaled or exceeded regulatory ceiling rates for short-term time deposits. Flows into time deposits apparently were buoyed somewhat by the actions of a number of banks and thrift institutions, which raised rates to ceiling levels, reinstated the offering of long-term accounts that still enjoyed a rate advantage, and stepped up promotional campaigns to attract time deposits. These efforts probably contributed to the large measure of success experienced by banks and thrift institutions in their attempt to retain funds held in the so-called "wild card" accounts that began maturing in July. Banks and thrift institutions had issued about \$27 billion of these 4-year time deposits between July and October 1973, when there were no regulatory ceilings on offering rates for such instruments. Thrift institutions, with higher ceiling rates than commercial banks on all deposit maturities, enjoyed substantially larger inflows in the third quarter than they had earlier in the year.

Large negotiable certificates of deposit at major banks registered a small increase in the

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



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



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

third quarter on a quarterly-average basis, following a small decline in the second quarter. Among managed liabilities, however, banks continued to rely more heavily on non-deposit sources of funds than on large CD's—particularly short-term borrowing from business corporations and other nonbank lenders through purchases of Federal funds and sales of securities under repurchase agreements. The rise in borrowings of member banks from Reserve Banks during the quarter accounted for about \$500 million of the \$3½ billion quarterly-average increase in total bank borrowing from nondeposit sources.

Total loans and investments at all commercial banks expanded at a seasonally adjusted annual rate of 8.5 per cent in the third quarter, compared with the 11.2 per cent growth in the second quarter. Banks reduced their holdings of U.S. Treasury securities by about \$6 billion over the quarter. Acquisitions of tax-exempt and Government agency securities slowed from the high rate of the second quarter but remained substantial. Despite a pronounced moderation in the growth of business loans,

the expansion of total loans outstanding continued at a rapid pace, surpassing the second-quarter rate by a large margin. Real estate and consumer loans accounted for more than half the increase in loans held by banks in the third quarter.

BUSINESS CREDIT

Short-term credit demands of nonfinancial business firms continued to expand in the third quarter, but at a somewhat less rapid pace than earlier in the year. Business loans at commercial banks increased at a 7.5 per cent annual rate compared with a rate of nearly 12 per cent in the preceding quarter, and outstanding nonfinancial commercial paper declined. Much of this latter decrease was attributable to redemptions of commercial paper by public utilities that were marketing a heavy volume of capital market issues. Business borrowing from finance companies, however, reached a record level during the quarter, reflecting in part the importance of their role in financing a rising level of automobile inventories.

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

Period	Business loans		Column 2 plus nonfinancial company commercial paper ²
	Total ¹	Excluding bank holdings of bankers acceptances	
1975—Q1	(1) -5.2	(2) -6.8	(3) -5.0
Q2	-8.7	-9.0	-11.2
Q3	-3.1	-3.5	-4.0
Q4	.7	-3.2	-6.5
1976—Q1	-6.7	-4.8	-2.9
Q2	1.4	2.2	6.4
Q3	3.9	1.1	-1.7
Q4	12.0	8.2	9.6
1977—Q1	8.1	13.0	13.1
Q2	11.9	12.5	15.9
Q3	7.5	6.3	4.9

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

²Short-term business credit is business loans excluding bank holdings of bankers acceptances plus nonfinancial company commercial paper measured from end-of-month to end-of-month.

Gross offerings of new security issues

Billions of dollars, seasonally adjusted annual rates

Type of issue	1976		1977		
	Q3	Q4	Q1	Q2	*Q3
Corporate securities—					
Total	56	53	46	46	54
Bonds	47	43	36	36	45
Publicly offered	26	26	23	20	32
Privately placed	21	17	13	16	13
Stocks	9	10	10	10	9
Foreign securities	12	9	4	13	13
State and local govt. bonds	36	36	43	53	47

* Estimated.

† Revised.

The slower pace of business lending was evident at both large and small banks. At the large banks that report the industrial composition of their business loans, the weakness was noticeable in loans to public utilities, durable goods manufacturers, and mining and other extractive industries. Loans to manufacturers of nondurable goods, on the other hand, continued to expand steadily. With interest rates rising on money market sources of funds to banks and on alternative outlets for short-term business borrowing, banks raised their prime rate a total of 1 percentage point between the end of June and the latter part of October. By the end of October the prime rate was 7¾ per cent at most major banks.

In contrast to the slowing of expansion in short-term business credit, the volume of long-term financing by businesses increased during the third quarter. Gross bond and equity issuance by U.S. corporations rose to a seasonally adjusted annual rate of \$54 billion, from the \$46 billion annual pace of the first half of 1977. The expanded activity was concentrated in the long-term debt market in which offerings by manufacturing and other industrial concerns rebounded from their relatively moderate pace of the first half, boosting total seasonally adjusted public bond issues to their highest level in more than 2 years. Public utilities continued to issue a high volume of bonds during the quarter, with a portion of the proceeds applied toward paying down outstanding short-term borrowings and

adding to liquid asset positions, as well as toward supporting sizable capital investment programs. In addition, finance companies continued to borrow heavily to help accommodate strong demand for business and consumer credit, largely related to automobile financing.

Lower-rated firms—those with bond ratings less than Aa—accounted for about 50 per cent of public bond offerings during the third quarter, a greater proportion than during the first half of this year. Private placements of bonds, a second major source of financing for lower-rated companies, are estimated to have declined slightly during the third quarter, although they were still substantial by historical standards.

Long-term bond yields remained relatively constant during the third quarter, despite the sharp rise in short-term rates and the large volume of bond financing. The Federal Reserve index of yields on new Aaa-rated utility bonds declined from 8.07 per cent at the end of the second quarter to 7.97 per cent in early September—near its 3-year low—before backing up in late September to end the third quarter at 8.14 per cent. Heavy investment demand from such traditional long-term lenders as life insurance companies and pension funds helped to maintain the relative stability of bond yields, although long-term rates increased somewhat during late September and in the initial weeks of the fourth quarter.

Stock prices declined during the third quarter, apparently reflecting investor uncertainty regarding the prospects for the economy, corporate profits, and the level of interest rates. The New York Stock Exchange composite index fell 4.2 per cent, leaving it 8.8 per cent below its level at year-end 1976. The American Stock Exchange (AMEX) index registered a more moderate decline, while the National Association of Securities Dealers Automated Quotation (NASDAQ) over-the-counter index increased slightly during the third quarter. Both the AMEX and NASDAQ indexes—which reflect the stock-price performance of generally smaller corporations—remained above their levels at the end of 1976. New

corporate stock offerings continued at the same relatively slow pace as in recent quarters. Public utilities again accounted for the majority of new issues, as they have since mid-1976.

GOVERNMENT SECURITIES

In the municipal securities market, gross bond issuance by State and local governments proceeded at a seasonally adjusted annual rate of \$45 billion during the third quarter, a volume exceeded only by the record second-quarter pace. As during the first half of this year, about one-fifth of the issues represented advance refundings of outstanding higher-coupon obligations. Largely reflecting this increased advance refunding activity, State and local bond issues through the first 9 months of this year have already surpassed the annual total for 1976, which itself was a record.

The continued large volume of advance refundings can be attributed to the substantial reduction in the cost of municipal bond financing since late 1975. The *Bond Buyer* index of long-term, tax-exempt yields declined slightly further during the third quarter of 1977, closing the period at 5.51 per cent—near its lowest level in 3 years. Demand for tax-exempt in-

vestment outlets by property-casualty insurance companies, commercial banks, and municipal bond funds helped the market absorb the quarter's large volume of new issues with minimal pressure on rates, although municipal yields did back up along with other interest rates during early October.

To finance an \$11.5 billion Federal budget deficit (not seasonally adjusted), along with a \$5.3 billion deficit from off-budget programs, the Treasury borrowed \$19.5 billion in the credit markets during the third quarter of 1977. In the previous quarter, seasonal tax receipts had allowed a small reduction in total Federal debt outstanding.

The Treasury raised \$12.6 billion net through the sale of marketable obligations during the July–September period. Increases in outstanding notes and bonds accounted for the bulk of this total as the Treasury continued its efforts to lengthen the maturity structure of its debt. At the same time, however, \$1.0 billion was added to outstanding Treasury bills—compared with a net paydown of more than \$9.0 billion during the second quarter. A major source of demand for Treasury securities was foreign official institutions, whose holdings rose by nearly \$6.0 billion during the period.

The Treasury supplemented its marketable

Federal Government borrowing and cash balance

Quarterly totals, billions of dollars, not seasonally adjusted

Item	1976				1977		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Treasury financing:							
Budget surplus, or deficit (–) ..	–22.8	2.0	–13.0	–22.8	–18.7	8.6	–11.5
Off-budget deficit ¹	–3.7	–.6	–1.8	.4	–4.3	.1	–5.3
Net cash borrowings, or repayments (–)	24.1	9.4	18.0	17.4	17.6	–1.1	419.5
Other means of financing ²	2.0	–4.0	–.7	–.8	2.7	–.4	.1
Change in cash balance	–.4	6.8	2.6	–5.7	–2.6	7.2	42.8
Federally sponsored credit agencies, net cash borrowings³	.3	.5	1.7	.4	.7	2.9	2.3

¹Includes 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.

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

³Includes debt of the Federal Home Loan Mortgage Corporation, Federal home loan banks, Federal land banks, Federal

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

⁴Includes \$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.

⁵Estimated.

⁶Revised.

borrowings in the third quarter with \$6.9 billion raised through nonmarketable obligations, \$2.8 billion of which was provided by State and local governments investing the proceeds from advance refunding operations. The \$6.9 billion total also included a special \$2.5 billion nonmarketable security issued to the Federal Reserve System at the close of September in order to build up the Treasury's deposit balances in advance of a possible expiration of its authority to borrow. The obligation was repaid a few days into the fourth quarter after a new debt ceiling bill became law.

MORTGAGE AND CONSUMER CREDIT

Net mortgage lending during the third quarter rose to a seasonally adjusted annual rate of \$134 billion, exceeding the second quarter's record \$127 billion pace. Lending on

Net change in mortgage debt outstanding

Billions of dollars, seasonally adjusted annual rates

Change—	1976		1977		
	'Q3	'Q4	'Q1	'Q2	'Q3
By type of debt:					
Total	94	97	102	127	134
Residential	74	77	78	96	100
Other ¹	20	20	24	31	34
By type of holder:					
Commercial banks	15	14	17	23	28
Savings and loans	47	52	48	59	62
Mutual savings banks ...	4	5	4	6	8
Life insurance companies	2	3	2	5	5 ¹
FNMA and GNMA	-1	-5	(²)	7	-4
Other ³	27	28	31	27	35

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

²Includes 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.

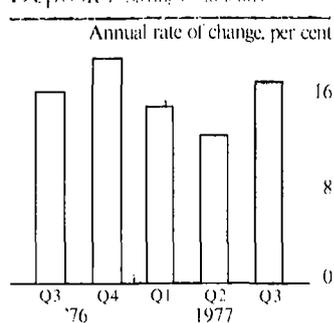
³Less than \$500 million.

⁴Partially estimated.

⁵Revised.

both residential and nonresidential properties reached record rates, with strength in the residential sector concentrated in the 1- to 4-family area. Multifamily residential mortgage lending, though somewhat recovered

Deposits Savings and loans



Seasonally adjusted. Quarterly averages at annual rates.

from depressed 1975-76 volumes, remained well below the record levels of 1972-74.

Savings and loan associations continued as the predominant suppliers of mortgage funds during the third quarter, expanding their portfolios at a record seasonally adjusted annual rate of \$62 billion. Substantial deposit inflows during the quarter enabled these institutions to support this high level of lending without significantly straining their liquidity. Despite rising short-term interest rates in the open market, deposits at savings and loans grew at a 16.8 per cent seasonally adjusted annual rate in the third quarter, well above the growth experienced during the first half of 1977. Increases in borrowings by savings and loans from Federal home loan banks were relatively moderate in light of typical seasonal patterns, while liquid asset holdings declined only slightly as a percentage of total assets.

Net change in consumer instalment debt outstanding

Billions of dollars, seasonally adjusted annual rates

Change—	1976		1977		
	Q3	Q4	Q1	Q2	Q3
By type of debt:					
Total	19	21	27	30	29
Automobile	9	9	12	13	12
Other	10	12	15	17	17
By type of holder:					
Commercial banks	10	12	12	15	14
Finance companies	2	3	6	4	5
Credit unions	5	2	7	7	4
Retail firms	1	2	1	2	3
Other	1	2	1	2	2

¹Estimated.

Among other major lenders, commercial banks supplied about 20 per cent of total net mortgage funds during the third quarter, increasing their holdings at a record seasonally adjusted annual rate of \$28 billion. Issues of mortgage-backed, pass-through securities—primarily obligations backed by Federally underwritten mortgages and guaranteed by the Government National Mortgage Association—expanded as well. In addition, a California-based commercial bank successfully marketed the first public issue of pass-through securities backed by a pool of mortgages not underwritten by the Federal Government.

The strength of deposit flows into savings

and loan associations during the third quarter contributed to the stability in home mortgage interest rates. Average rates on conventional new-home mortgages remained at 9.00 per cent at the end of September, unchanged from the end-of-June level.

Consumer instalment credit outstanding, the other major area of household debt, is estimated to have expanded at a seasonally adjusted annual rate of \$29 billion during the third quarter, down only slightly from the second quarter's record \$30 billion pace. Automobile credit continued to account for more than 40 per cent of the total increase, as new car sales continued to be strong. □

Changes in Time and Savings Deposits at Commercial Banks, April–July 1977

Inflows of time and savings deposits to insured commercial banks accelerated over the 3-month period ending July 27, 1977, with a pick-up in time deposit growth more than offsetting a slowdown in growth of savings deposits. Total time and savings deposits increased by nearly \$14 billion, or about 2¾ per cent at a quarterly rate, not seasonally adjusted—up from 2¼ per cent in the preceding 3 months.¹

Savings inflows moderated in the April–July interval as short-term market rates in late May rose above the regulatory ceilings on commercial bank passbook savings accounts for the first time since September 1976. Savings deposits rose by a modest \$2½ billion compared with the \$8 billion rise in the previous 3-month interval. In contrast, growth in interest-bearing time deposits advanced more rapidly, rising by \$10½ billion, up from the \$3 billion increase in such deposits in each of the two previous survey quarters. The rapid expansion mainly resulted from the first increase in

large-denomination (greater than \$100,000) time deposits since late 1974; such deposits registered a gain of more than \$6 billion in the interval from April to July, after having fallen by about \$3 billion between January and April and by about \$40 billion during the preceding nine quarters. Interest-bearing, small-denomination (less than \$100,000) time deposits grew by \$4½ billion as compared with the \$6 billion increase in the previous quarter.

SAVINGS DEPOSITS

As the yield advantage of savings accounts over competing short-term market instruments, such as Treasury bills, narrowed and then vanished in late May, inflows to savings accounts slowed to about 1¼ per cent at a quarterly rate, not seasonally adjusted—the smallest rise since the October 1974 survey.

Individuals and nonprofit organizations showed substantial interest sensitivity as they limited the expansion of their holdings of savings accounts to less than \$3 billion after having increased such holdings by \$6½ billion in the previous survey quarter. Similarly, savings inflows to business accounts slowed to \$600 million after having risen by \$1 billion in the preceding 3-month period. Domestic governmental units reacted most promptly to the rise in competing rates of interest, reducing their holdings of savings balances by \$800 million.

The number of commercial banks paying the ceiling rate of interest on each of the ownership categories of savings deposits rose slightly between April and July, a reversal of the rate cutting evident in late 1976 and early

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

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

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

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

Type of deposit	Number of issuing banks			Deposits				
				In millions of dollars			Percentage change	
	Jan. 26	Apr. 27	July 27	Jan. 26	Apr. 27	July 27	Jan. 26- Apr. 27	Apr. 27- July 27
Total time and savings deposits	14,376	14,397	14,365	492,813	504,299	518,117	2.3	2.7
Savings	14,376	14,397	14,365	204,603	212,860	215,420	4.0	1.2
Issued to:								
Individuals and nonprofit organizations...	14,373	14,397	14,365	189,829	196,394	199,183	3.5	1.4
Partnerships and corporations operated for profit (other than commercial banks)	8,497	9,003	8,948	8,869	9,880	10,482	11.4	6.1
Domestic governmental units.....	6,965	6,639	6,936	5,575	6,444	5,625	15.6	12.7
All other.....	714	731	670	329	143	131	-56.7	8.4
Interest-bearing time deposits in denominations of less than \$100,000	14,072	14,103	14,131	157,643	163,602	168,146	3.8	2.8
Issued to:								
Domestic governmental units.....	10,751	10,531	10,675	4,309	4,789	4,553	11.1	-4.9
Accounts with original maturity of:								
30 up to 90 days.....	4,298	4,360	4,671	931	945	1,038	1.4	9.9
90 up to 180 days.....	8,036	8,364	8,185	1,458	1,679	1,601	15.2	-4.6
180 days up to 1 year.....	4,251	4,104	3,670	651	847	696	30.2	-17.9
1 year and over.....	8,258	8,152	8,288	1,269	1,317	1,218	3.8	7.5
Other than domestic governmental units.....	14,043	14,074	14,131	153,334	158,814	163,593	3.6	3.0
Accounts with original maturity of:								
30 up to 90 days.....	5,686	5,916	5,793	6,980	7,220	7,690	3.4	6.5
90 up to 180 days.....	11,091	11,784	11,458	31,105	31,747	31,814	2.1	.2
180 days up to 1 year.....	8,540	8,519	8,134	4,535	4,095	4,697	-9.7	14.7
1 up to 2½ years.....	13,622	13,720	13,662	33,979	34,077	34,243	.3	.5
2½ up to 4 years.....	12,132	12,452	12,614	17,646	18,119	18,999	2.7	4.9
4 up to 6 years.....	12,071	12,394	12,121	48,047	50,962	51,877	6.1	1.8
6 years and over.....	8,526	9,082	9,414	11,043	12,594	14,274	14.0	13.3
Interest-bearing time deposits in denominations of \$100,000 or more	10,980	11,242	11,358	124,719	121,699	127,826	-2.4	5.0
Non-interest-bearing time deposits	1,651	1,665	1,654	4,867	4,729	4,774	-2.8	1.0
In denominations of:								
Less than \$100,000.....	1,423	1,287	1,321	1,680	1,358	1,387	-19.2	2.1
\$100,000 or more.....	672	769	736	3,186	3,371	3,387	5.8	.5
Club accounts (Christmas savings, vacation, or similar club accounts)	8,798	8,754	9,053	982	1,409	1,952	43.5	38.5

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.

1977. As a result of the general movement to higher rates, the weighted-average rate paid on all new issues of savings deposits increased slightly, from 4.90 to 4.91 in the survey quarter.

SMALL-DENOMINATION TIME DEPOSITS

In the interval from April to July, ceiling rates on most intermediate- and long-term, small-denomination time deposits remained substantially above yields on alternative money market instruments of comparable maturity. Consequently, growth in small-denomination time deposits remained moderately strong, advancing by nearly 3 per cent to an outstanding level of \$168 billion. All of the growth in this deposit category was concentrated in holdings

of nongovernmental entities, which continued, as in recent quarters, to lengthen the maturity structure of their holdings of these deposits. Holdings of small time deposits by domestic governmental units, about three-quarters of which have maturities of less than 1 year, declined in all except the shortest maturity category. The growth in time deposits maturing in less than 90 days reflected shifts from lower-yielding savings accounts and temporary investments in anticipation of rising market rates.

In an apparent effort to retain funds held in "wild card" time accounts² that began matur-

²Between July and October 1973, interest rate ceilings were temporarily suspended on time deposits with maturities greater than 4 years and with denominations of \$1,000 to \$100,000. During this period, banks issued an estimated \$9 billion of such deposits.

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)			
			Less than 100		100 and over				Less than 100		100 and over	
	July 27	Apr. 27	July 27	Apr. 27	July 27	Apr. 27	July 27	Apr. 27	July 27	Apr. 27	July 27	Apr. 27
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars), or percentage distribution					
Time deposits in denominations of less than \$100,000 (cont.)												
Other than domestic governmental units:												
Maturing in:												
30 up to 90 days												
Issuing banks	5,793	5,916	4,926	5,067	866	849	7,669	7,199	1,568	1,415	6,102	5,784
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	5.5	3.7	5.5	2.0	5.6	13.9	1.6	12.4	.3	6.5	1.9	13.8
4.51-5.00	94.5	96.3	94.5	98.0	94.4	86.1	98.4	87.6	99.7	93.5	98.1	86.2
Paying ceiling rate¹	94.1	92.8	94.5	95.8	92.0	74.8	97.6	80.9	99.7	88.9	97.1	78.9
90 up to 180 days												
Issuing banks	11,457	11,784	10,501	10,824	956	960	31,802	31,730	13,074	12,764	18,728	18,967
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less . . . . .	.9	.6	.9	.5	.2	1.0	(2)	.1	(2)	.1	(2)	.1
4.51-5.00	9.0	13.2	9.4	13.1	4.4	13.8	7.2	15.7	8.0	8.8	6.6	20.3
5.01-5.50	90.1	86.2	89.7	86.3	95.4	85.2	92.8	84.2	92.0	91.1	93.4	79.5
Paying ceiling rate¹	87.5	85.2	87.5	85.7	87.9	79.7	86.3	81.1	90.8	90.2	83.2	75.0
180 days up to 1 year												
Issuing banks	8,134	8,519	7,287	7,667	847	852	4,664	4,060	2,948	2,442	1,716	1,618
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less . . . . .	.5	1.1	.4	.9	1.7	2.7	.1	.6	(2)	.4	.3	1.0
4.51-5.00	7.0	10.3	7.3	10.1	4.0	12.1	2.7	10.2	2.7	7.8	2.6	13.8
5.01-5.50	92.5	88.7	92.3	89.1	94.2	85.2	97.2	89.2	97.3	91.9	97.2	85.2
Paying ceiling rate¹	91.2	87.0	91.5	88.1	89.0	76.9	96.1	85.0	96.9	91.8	94.7	74.7
1 up to 2½ years												
Issuing banks	13,662	13,720	12,698	12,757	964	964	34,242	33,966	21,342	21,288	12,900	12,678
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less . . . . .	.7	.8	.8	.7	.2	4	.1	.2	.2	.1	(2)	.4
5.01-5.50	2.9	4.0	2.9	3.7	2.6	7.9	1.9	4.9	1.6	2.9	2.4	8.2
5.51-6.00	96.4	95.3	96.3	95.6	97.2	91.6	98.0	94.9	98.2	97.0	97.5	91.4
Paying ceiling rate¹	95.7	91.9	95.9	92.3	93.3	86.3	95.8	92.0	97.6	94.7	92.7	87.4
2½ up to 4 years												
Issuing banks	12,605	12,452	11,669	11,516	936	936	18,921	18,009	10,963	10,578	7,959	7,431
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	2.9	5.4	2.7	5.0	5.5	10.6	2.2	9.0	.4	6.3	4.5	12.9
6.01-6.50	97.1	94.6	97.3	95.0	94.5	89.4	97.8	91.0	99.6	93.7	95.5	87.1
Paying ceiling rate¹	94.6	92.6	94.9	93.2	91.4	84.8	95.1	89.5	98.5	93.0	90.3	84.6
4 up to 6 years												
Issuing banks	12,121	12,394	11,187	11,469	934	925	51,133	50,099	26,389	25,503	24,744	24,596
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.50 or less	2.0	4.3	1.6	3.7	7.3	11.2	4.5	7.9	.4	5.0	8.9	11.1
6.51-7.00	18.0	18.0	18.5	18.2	12.5	15.9	15.6	16.9	18.7	16.6	12.2	17.1
7.01-7.25	80.0	77.7	80.0	78.1	80.2	72.9	79.9	75.2	80.9	78.4	78.9	71.9
Paying ceiling rate¹	80.0	77.6	80.0	77.9	79.9	72.9	79.9	74.9	80.9	77.9	78.8	71.9
6 years and over												
Issuing banks	9,405	9,082	8,593	8,268	811	814	13,827	12,438	6,144	5,361	7,683	7,077
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less . . . . .	.7	.6	.7	.5	1.7	.8	(2)	.1	(2)	(2)	(2)	.2
5.01-7.25	5.4	12.0	4.8	11.1	11.6	21.4	7.5	16.3	2.6	9.0	11.4	21.9
7.26-7.50	93.9	87.4	94.5	88.4	87.7	77.8	92.5	83.6	97.4	91.0	88.6	78.0
Paying ceiling rate¹	93.9	87.4	94.5	88.4	87.7	77.6	92.5	83.6	97.4	91.0	88.6	78.0
Club accounts												
Issuing banks	9,053	8,754	8,328	8,016	725	738	1,836	1,327	763	548	1,073	779
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
0.00	48.5	48.5	50.6	50.4	24.2	27.1	20.0	20.0	29.4	29.0	13.3	13.6
0.01-4.00	16.9	15.3	16.9	15.4	16.5	14.2	18.2	15.6	23.8	19.9	14.2	12.6
4.01-4.50	7.4	8.5	7.3	8.6	9.2	8.1	14.0	14.1	14.5	14.5	13.7	13.9
4.51-5.50	27.2	27.7	25.2	25.6	50.2	50.5	47.8	50.3	32.3	36.7	58.8	59.9

¹ See p. A10 for maximum interest rates payable on time and savings deposits at the time of each survey. The ceiling rate is included in the rate interval in the line above.

² Less than .05 per cent.

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

held at banks that had discontinued issuing deposits are not included in the amounts outstanding. Therefore, the deposit amounts shown in Table 1 may exceed the deposit amounts shown in this table.

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

Figures may not add to totals because of rounding.

3. Average of most common interest rates paid on various categories of time and savings deposits at insured commercial banks on July 27, 1977

Type of deposit	Bank size (total deposits in millions of dollars)						
	All size groups	Less than 20	20 up to 50	50 up to 100	100 up to 500	500 up to 1,000	1,000 and over
Savings and small-denomination time deposits.....	5.54	5.73	5.70	5.60	5.51	5.41	5.38
Savings, total.....	4.91	4.94	4.90	4.92	4.93	4.82	4.92
Individuals and nonprofit organizations.....	4.91	4.94	4.90	4.92	4.93	4.82	4.92
Partnerships and corporations.....	4.95	4.97	4.93	4.97	4.97	4.90	4.94
Domestic governmental units.....	4.94	4.94	4.95	4.94	4.98	4.86	4.95
All other.....	4.98	5.00	5.00	5.00	4.95	5.00	5.00
Time deposits in denominations of less than \$100,000, total..	6.35	6.32	6.48	6.39	6.34	6.31	6.26
Domestic governmental units, total.....	5.53	5.60	5.58	5.40	5.50	5.44	5.37
<i>Maturing in</i>							
30 up to 90 days.....	5.14	5.28	5.08	4.84	5.25	5.11	5.06
90 up to 180 days.....	5.43	5.47	5.33	5.37	5.47	5.47	5.37
180 days up to 1 year.....	5.44	5.50	5.59	5.32	5.25	5.56	5.45
1 year and over.....	6.05	6.11	6.03	6.29	5.89	6.07	5.89
Other than domestic governmental units, total.....	6.38	6.37	6.51	6.41	6.36	6.33	6.27
<i>Maturing in</i>							
30 up to 90 days.....	4.99	5.00	5.00	5.00	5.00	4.96	5.00
90 up to 180 days.....	5.45	5.48	5.43	5.46	5.49	5.46	5.41
180 days up to 1 year.....	5.48	5.49	5.48	5.48	5.49	5.45	5.46
1 up to 2½ years.....	5.98	5.98	6.00	5.99	5.99	5.95	5.97
2½ up to 4 years.....	6.48	6.50	6.50	6.49	6.48	6.46	6.46
4 up to 6 years.....	7.17	7.19	7.19	7.22	7.15	7.16	7.12
Over 6 years.....	7.45	7.49	7.50	7.48	7.45	7.45	7.39
MIMO: Club accounts ¹	3.65	2.39	3.08	3.54	3.90	3.69	4.39

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

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

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

ing in July, some banks raised their offering rates on all maturity categories of small-denomination time deposits. Specifically, the proportion of banks paying the maximum allowable rate of 7½ per cent on those deposits with original maturities of 6 years or more increased by a substantial 6 percentage points to 94 per cent, while the proportion paying the maximum of 7¼ per cent for deposits maturing in 4 to 6 years rose to 80 per cent from just under 78 per cent. Some banks had cut interest rates on long-maturity time deposits in late 1976 and early 1977 when market rates were falling and inflows were strong.

The average rate paid on all new issues of interest-bearing, small-denomination time deposits, weighted by the amount of outstanding deposits, rose moderately in the 3-month period ending July 1977. Average rates paid on both governmental and nongovernmental accounts increased by similar amounts, from 5.47 to 5.53 per cent on the former and from 6.32 to 6.38 per cent on the latter. The lower rates paid on issues to governmental entities reflect the shorter maturity structure of these deposits as well as the fact that banks are

required to pledge securities against governmental deposits.

OTHER TIME DEPOSITS

In the face of increasing loan demand and weakening savings deposit inflows, commercial banks increased their outstanding volume of interest-bearing, large-denomination time deposits for the first time since early 1975, from a level of \$122 billion to \$128 billion. Data from weekly reporting banks (not shown in tables) indicate that growth of large negotiable certificates of deposit at large banks registered \$3.8 billion, or almost two-thirds of the total large-denomination time deposit expansion. The level of non-interest-bearing time deposits—principally escrow accounts and compensating balances held against loans—remained about unchanged at nearly \$5 billion. Club accounts increased seasonally by \$550 million to a level of \$2 billion at the end of July. More than half of the issuing banks, holding about one-fifth of such deposits, paid no interest on club accounts. □

APPENDIX TABLES

A1. Savings deposits issued to individuals and nonprofit organizations

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)			Paying ceiling rate ¹ (5.00 per cent)	Total	Most common rate (per cent)			Paying ceiling rate ¹ (5.00 per cent)
		4.00 or less	4.01 to 4.50	4.51 to 5.00			4.00 or less	4.01 to 4.50	4.51 to 5.00	
	Number of banks					Millions of dollars				
All banks	14,365	626	1,544	12,196	12,195	199,183	6,939	21,646	170,597	170,433
Size of bank (total deposits in millions of dollars):										
Less than 20	8,575	475	920	7,180	7,180	20,481	523	1,399	18,559	18,559
20-50	3,638	38	463	3,137	3,137	31,359	591	4,980	25,788	25,788
50-100	1,176	67	88	1,021	1,021	23,399	1,134	1,484	20,781	20,781
100-500	784	33	44	707	707	44,466	1,652	2,892	39,922	39,922
500-1,000	102	9	16	77	77	18,920	1,912	3,130	13,878	13,878
1,000 and over	90	4	13	73	72	60,558	1,128	7,761	51,670	51,505

A2. Savings deposits issued to partnerships and corporations operated for profit

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)			Paying ceiling rate ¹ (5.00 per cent)	Total	Most common rate (per cent)			Paying ceiling rate ¹ (5.00 per cent)
		4.00 or less	4.01 to 4.50	4.51 to 5.00			4.00 or less	4.01 to 4.50	4.51 to 5.00	
	Number of banks					Millions of dollars				
All banks	8,948	103	726	8,118	8,086	10,481	87	845	9,550	9,468
Size of bank (total deposits in millions of dollars):										
Less than 20	3,745	179	3,566	3,537	3,537	889	49	840	837	837
20-50	3,153	76	387	2,690	2,690	1,247	27	121	1,099	1,099
50-100	1,088	16	92	981	981	1,164	5	50	1,110	1,110
100-500	770	8	39	723	723	2,476	14	107	2,355	2,355
500-1,000	102	2	18	82	79	1,077	(2)	(2)	902	873
1,000 and over	90	1	12	77	76	3,627	(2)	(2)	3,243	3,194

A3. Savings deposits issued to domestic governmental units

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)			Paying ceiling rate ¹ (5.00 per cent)	Total	Most common rate (per cent)			Paying ceiling rate ¹ (5.00 per cent)
		4.00 or less	4.01 to 4.50	4.51 to 5.00			4.00 or less	4.01 to 4.50	4.51 to 5.00	
	Number of banks					Millions of dollars				
All banks	6,936	196	688	6,052	6,009	5,625	76	449	5,100	5,056
Size of bank (total deposits in millions of dollars):										
Less than 20	3,812	150	234	3,428	3,399	852	43	8	801	797
20-50	1,860	38	363	1,459	1,459	1,226	1	130	1,096	1,096
50-100	630	31	599	599	599	699	91	608	608	608
100-500	494	3	41	450	441	1,089	(2)	(2)	1,049	1,030
500-1,000	73	2	11	60	56	489	(2)	(2)	359	349
1,000 and over	67	3	8	56	55	1,269	30	52	1,188	1,176

For notes, see p. 983.

A4. Savings deposits issued to all others

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)			Paying ceiling rate ¹ (5.00 per cent)	Total	Most common rate (per cent)			Paying ceiling rate ¹ (5.00 per cent)
		4.00 or less	4.01 to 4.50	4.51 to 5.00			4.00 or less	4.01 to 4.50	4.51 to 5.00	
		Number of banks				Millions of dollars				
All banks	670	3		667	667	131	1		130	130
Size of bank (total deposits in millions of dollars):										
Less than 20	262			262	262	7			7	7
20-50	269			269	269	13			13	13
50-100	52			52	52	15			15	15
100-500	65	3		62	62	57	1		56	56
500-1,000	4			4	4	(³)			(³)	(³)
1,000 and over	17			17	17	39			39	39

A5. Government time deposits in denominations of less than \$100,000---

Maturities of 30 up to 90 days

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)			Paying ceiling rate ¹ (7.75 per cent)	Total	Most common rate (per cent)			Paying ceiling rate ¹ (7.75 per cent)
		5.00 or less	5.01 to 5.50	5.51 to 7.75			5.00 or less	5.01 to 5.50	5.51 to 7.75	
		Number of banks				Millions of dollars				
All banks	4,671	3,425	829	417		1,038	676	271	91	
Size of bank (total deposits in millions of dollars):										
Less than 20	2,302	1,448	629	225		356	195	91	70	
20-50	1,278	1,046	48	183		152	123	19	11	
50-100	458	427	31			179	172	7		
100-500	484	394	84	7		177	71	99	(²)	
500-1,000	81	55	24	2		81	47	(²)	(²)	
1,000 and over	68	55	13			92	67	(²)		

A6. Government time deposits in denominations of less than \$100,000—

Maturities of 90 up to 180 days

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)			Paying ceiling rate ¹ (7.75 per cent)	Total	Most common rate (per cent)			Paying ceiling rate ¹ (7.75 per cent)
		5.00 or less	5.01 to 5.50	5.51 to 7.75			5.00 or less	5.01 to 5.50	5.51 to 7.75	
		Number of banks				Millions of dollars				
All banks	8,185	1,085	6,731	369		1,598	203	1,354	42	
Size of bank (total deposits in millions of dollars):										
Less than 20	4,565	379	4,044	142		772	32	730	10	
20-50	2,374	541	1,626	207		291	116	149	26	
50-100	519	67	452			131	24	107		
100-500	574	64	500	10		204	5	199	1	
500-1,000	83	19	55	9		51	(²)	41	(²)	
1,000 and over	70	15	54	1		149	(²)	127	(²)	

For notes, see p. 983.

**A7. Government time deposits in denominations of less than \$100,000—
Maturities of 180 days up to 1 year**

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)			Paying ceiling rate ¹ (7.75 per cent)	Total	Most common rate (per cent)			Paying ceiling rate ¹ (7.75 per cent)
		5.00 or less	5.01 to 5.50	5.51 to 7.75			5.00 or less	5.01 to 5.50	5.51 to 7.75	
		Number of banks					Millions of dollars			
All banks	3,670	390	2,691	589		694	170	348	176	
Size of bank (total deposits in millions of dollars):										
Less than 20	1,469	266	974	229		140	27	64	48	
20-50	1,347		1,102	245		199		117	82	
50-100	338	52	250	36		105	45	36	23	
100-500	379	53	273	52		169	92	69	8	
500-1,000	70	11	43	16		32	1	22	9	
1,000 and over	67	8	49	10		48	5	39	5	

**A8. Government time deposits in denominations of less than \$100,000—
Maturities of 1 year or more**

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)				Paying ceiling rate ¹ (7.75 per cent)	Total	Most common rate (per cent)				Paying ceiling rate ¹ (7.75 per cent)
		5.00 or less	5.01 to 5.50	5.51 to 6.00	6.01 to 7.75			5.00 or less	5.01 to 5.50	5.51 to 6.00	6.01 to 7.75	
		Number of banks					Millions of dollars					
All banks	8,288	325	536	5,806	1,622	3	1,214	25	102	870	217	1
Size of bank (total deposits in millions of dollars):												
Less than 20	4,308	203	421	2,569	1,116		457	8	33	316	100	
20-50	2,596		38	2,386	172		321		1	306	15	
50-100	632	67	16	349	200		127	6	(3)	49	71	
100-500	614	43	44	418	109	3	231	8	64	144	15	1
500-1,000	80	9	10	41	20		32	1	2	16	14	
1,000 and over	59	3	8	43	4		45	2	3	39	1	

**A9. Other time deposits in denominations of less than \$100,000—
Maturities of 30 up to 90 days**

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)		Paying ceiling rate ¹ (5.00 per cent)	Total	Most common rate (per cent)		Paying ceiling rate ¹ (5.00 per cent)
		4.50 or less	4.51 to 5.00			4.50 or less	4.51 to 5.00	
		Number of banks				Millions of dollars		
All banks	5,793	320	5,472	5,451	7,669	121	7,548	7,489
Size of bank (total deposits in millions of dollars):								
Less than 20	2,639	234	2,406	2,406	376	3	372	372
20-50	1,497	38	1,459	1,459	418	1	417	417
50-100	790		790	790	774		774	774
100-500	686	36	650	633	2,089	8	2,081	2,062
500-1,000	98	10	87	85	1,407	(2)	(2)	1,300
1,000 and over	83	2	81	79	2,606	(2)	(2)	2,564

For notes, see p. 983.

A10. Other time deposits in denominations of less than \$100,000—
Maturities of 90 up to 180 days

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)			Paying ceiling rate ¹ (5.50 to per cent)	Total	Most common rate (per cent)			Paying ceiling rate ¹ (5.50 per cent)
		4.50 or less	4.51 to 5.00	5.01 to 5.50			4.50 or less	4.51 to 5.00	5.01 to 5.50	
		Number of banks				Millions of dollars				
All banks	11,458	98	1,031	10,329	10,028	31,814	1	2,277	29,536	27,464
Size of bank (total deposits in millions of dollars):										
Less than 20	6,053	58	297	5,699	5,548	3,630	(²)	80	3,549	3,525
20-50	3,292	38	599	2,655	2,617	4,610	(²)	(²)	4,055	3,937
50-100	1,156	94	1,062	1,021	4,835	405		4,430	4,409	
100-500	771	20	752	698	7,772	81		7,692	7,545	
500-1,000	95	2	80	76	2,888	(²)	(²)	2,736	2,572	
1,000 and over	90	9	81	68	8,079	1,006		7,274	5,476	

A11. Other time deposits in denominations of less than \$100,000—
Maturities of 180 days up to 1 year

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)			Paying ceiling rate ¹ (5.50 to per cent)	Total	Most common rate (per cent)			Paying ceiling rate ¹ (5.50 per cent)
		4.50 or less	4.51 to 5.00	5.01 to 5.50			4.50 or less	4.51 to 5.00	5.01 to 5.50	
		Number of banks				Millions of dollars				
All banks	8,134	44	569	7,520	7,418	4,664	5	124	4,535	4,481
Size of bank (total deposits in millions of dollars):										
Less than 20	4,481	29	387	4,065	4,065	1,635	(²)	33	1,602	1,602
20-50	1,928	86	1,842	1,804	605	20		585	584	
50-100	877	62	815	795	707	28		680	670	
100-500	666	9	639	605	703	(²)	3	700	685	
500-1,000	95	5	82	78	314	(²)	(²)	305	301	
1,000 and over	86	1	78	71	699	(²)	(²)	662	639	

A12. Other time deposits in denominations of less than \$100,000—
Maturities of 1 up to 2½ years

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)			Paying ceiling rate ¹ (6.00 to per cent)	Total	Most common rate (per cent)			Paying ceiling rate ¹ (6.00 per cent)
		5.00 or less	5.01 to 5.50	5.51 to 6.00			5.00 or less	5.01 to 5.50	5.51 to 6.00	
		Number of banks				Millions of dollars				
All banks	13,662	98	394	13,171	13,076	34,242	37	657	33,548	32,800
Size of bank (total deposits in millions of dollars):										
Less than 20	7,929	58	329	7,542	7,484	9,321	24	246	9,050	8,924
20-50	3,614	38	24	3,552	3,552	8,473	(²)	(²)	8,433	8,433
50-100	1,156	16	1,140	1,140	3,548	67		3,481	3,481	
100-500	774	15	759	733	5,223	65		5,159	5,053	
500-1,000	100	2	92	92	1,786	(²)	(²)	1,622	1,622	
1,000 and over	90	4	86	75	5,891	88		5,803	5,286	

For notes, see p. 983.

A13. Other time deposits in denominations of less than \$100,000—
Maturities of 2½ up to 4 years

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)		Paying ceiling rate ¹ (6.50 per cent)	Total	Most common rate (per cent)		Paying ceiling rate ¹ (6.50 per cent)
		6.00 or less	6.01 to 6.50			6.00 or less	6.01 to 6.50	
Number of banks					Millions of dollars			
All banks	12,614	365	12,249	11,938	18,967	407	18,560	18.033
Size of bank (total deposits in millions of dollars):								
Less than 20	6,959	237	6,722	6,480	3,780	19	3,761	3,752
20-50	3,590	76	3,514	3,514	4,823	26	4,797	4,797
50-100	1,120		1,120	1,079	2,359		2,359	2,249
100-500	763	37	726	703	3,272	118	3,155	2,992
500-1,000	95	7	89	86	1,048	68	980	941
1,000 and over	87	8	79	75	3,684	177	3,507	3,302

A14. Other time deposits in denominations of less than \$100,000—
Maturities of 4 up to 6 years

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)			Paying ceiling rate ¹ (7.25 per cent)	Total	Most common rate (per cent)			Paying ceiling rate ¹ (7.25 per cent)
		6.50 or less	6.51 to 7.00	7.01 to 7.25			6.50 or less	6.51 to 7.00	7.01 to 7.25	
Number of banks					Millions of dollars					
All banks	12,121	242	2,184	9,695	9,693	51,133	2,301	7,955	40,877	40,861
Size of bank (total deposits in millions of dollars):										
Less than 20	6,939	150	1,298	5,491	5,491	8,194	63	1,638	6,494	6,494
20-50	3,185	24	594	2,567	2,567	11,394	44	2,475	8,874	8,874
50-100	1,063		175	888	888	6,801		813	5,988	5,988
100-500	753	49	97	607	604	10,548	892	1,469	8,186	8,170
500-1,000	96	8	11	77	77	4,486	216	894	3,377	3,377
1,000 and over	85	11	8	66	66	9,710	1,086	666	7,958	7,958

A15. Other time deposits in denominations of less than \$100,000—
Maturities of 6 years or more

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)			Paying ceiling rate ¹ (7.50 per cent)	Total	Most common rate (per cent)			Paying ceiling rate ¹ (7.50 per cent)
		5.00 or less	5.01 to 7.25	7.26 to 7.50			5.00 or less	5.01 to 7.25	7.26 to 7.50	
Number of banks					Millions of dollars					
All banks	9,414	66	506	8,842	8,842	13,915	3	1,032	12,881	12,881
Size of bank (total deposits in millions of dollars):										
Less than 20	4,961	29	294	4,638	4,638	1,289	(3)	44	1,245	1,245
20-50	2,636		86	2,550	2,550	2,840		4	2,836	2,836
50-100	996	31	31	934	934	2,015	2	109	1,904	1,904
100-500	651	4	68	579	579	3,096	(2)	(2)	2,823	2,823
500-1,000	87	1	13	73	73	1,323	(2)	(2)	1,211	1,211
1,000 and over	82		13	69	69	3,352		490	2,862	2,862

For notes, see p. 983.

A16. Club accounts—Christmas savings, vacation, or similar club accounts

Most common interest rates paid by insured commercial banks on new deposits, July 27, 1977

Group	Total	Most common rate (per cent)				Paying ceiling rate ¹ (5.50 per cent)	Total	Most common rate (per cent)				Paying ceiling rate ¹ (5.50 per cent)
		0.00	.01 to 4.00	4.01 to 4.50	4.51 to 5.50			0.00	.01 to 4.00	4.01 to 4.50	4.51 to 5.50	
Number of banks						Millions of dollars						
All banks	9,053	4,393	1,527	674	2,460	163	1,836	367	334	257	878	23
Size of bank (total deposits in millions of dollars):												
Less than 20	4,862	2,950	762	355	796	226	99	45	39	42		
20-50	2,587	985	507	206	889	136	256	65	71	47	73	9
50-100	879	283	138	47	411		281	60	66	25	131	
100-500	594	142	101	46	305	25	485	76	106	47	256	11
500-1,000	69	16	14	9	31	2	135	24	33	(2)	56	(?)
1,000 and over	62	17	5	11	28		453	43	14	(2)	319	

NOTES TO APPENDIX TABLES 1-16:

¹ See p. A10 for maximum interest rates payable on time and saving deposits at the time of each survey. The ceiling rate is the top of the rate interval immediately to the left.

² Omitted to avoid individual bank disclosure.

³ Less than \$500,000.

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 these tables.

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 Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Trade of the Committee on Ways and Means, U.S. House of Representatives, November 3, 1977.

I am pleased to appear before this subcommittee today to discuss the important topic of U.S. international transactions and our trade and current-account deficits.

The deficit of the United States on current-account transactions is expected to amount to \$16 billion to \$20 billion in 1977 and may well be at least that large in 1978. The anticipated 1977 current-account deficit is the composite result of a trade deficit that could be on the order of \$30 billion and a surplus on the order of \$12 billion in other current-account transactions. It is important to note this composition of the U.S. current-account deficit. Focusing on the trade balance alone makes the U.S. situation appear weaker, just as it makes the situations of Japan and Germany look stronger, than it actually is. Japan and Germany have substantial deficits on service transactions.

The factors that may have contributed to our deficit can be grouped under three headings: (1) the pace of recovery in the United States, compared with that in other countries; (2) oil imports; and (3) the degree of international competitiveness of our economy. I shall briefly comment on each of these factors.

The U.S. economy is substantially ahead of most other economies in the expansion phase of the current cycle. This has meant that our imports have risen faster than our exports. As other countries catch up, this situation should be corrected. On the basis of current forecasts, the Organization for Economic Cooperation and Development (OECD) countries,

and quite likely the non-oil-developing countries as well, should be experiencing real growth in 1978 no faster than the United States. We may, therefore, have to wait until after 1978 before most other countries have fully caught up with the United States. Making an adjustment for these cyclical differences is difficult both conceptually and operationally. I would not think it unreasonable, however, to attribute something like \$10 billion to \$15 billion of our current-account deficit to this factor.

Our oil imports, estimated at \$45 billion in 1977, have also contributed substantially to our deficit. It would be a mistake, however, to view the increase in these imports, over some earlier period, as a complete measure of the impact of oil on our external position. Our exports to the Organization of Petroleum Exporting Countries (OPEC) also have risen rapidly in recent years. A more meaningful, but still not entirely satisfactory, assessment of the oil impact on the U.S. current account would be to look at our current-account balance excluding both imports from and exports to OPEC. Such a calculation, which ignores our large surplus on services with OPEC, indicates that our current-account position with the non-OPEC countries was in surplus in the first half of 1977.

It is also useful to remember that the United States depends far less upon imported oil than other countries in relation to the size of the respective economies. Unfortunately, this ability of the United States to take care of its oil needs from domestic sources has diminished over the past several years as domestic oil production declined.

The competitiveness of American exports and of our economy generally can be assessed by a variety of criteria although none of them

is completely satisfactory. An examination of the share of U.S. exports in the markets of particular countries indicates that we have not experienced a declining share in most of them, although in the aggregate our share of exports to the Group of Ten countries has declined somewhat from the peak in 1975. Such calculations suggest that our exports continue to be competitive. An examination of so-called "real" exchange rates, that is, exchange rates adjusted for different degrees of price inflation here and abroad, also suggests that neither our export nor our domestic economy has, over the past 2 years, lost price competitiveness. Furthermore, recent investigations show that foreign demand for our exports responds to increases in income abroad much as our own demand for foreign goods has responded to increases in our own income.

So long as OPEC maintains a current-account surplus, presently on the order of \$40 billion, the rest of the world taken together inevitably must have a deficit with these countries of equal magnitude. The greatest contribution that could be made toward better world payments balance would be a decline in the OPEC surplus. The problem created by the OPEC surplus is intensified by additional surpluses run by some oil-importing countries, including Japan, Germany, Switzerland, and the Netherlands, which may amount to over \$15 billion in 1977. An important step toward better balance in world payments would be a reduction in these non-OPEC surpluses. A number of countries now in deficit are approaching debt levels that make a reduction of those deficits, and of the rate of external borrowing, highly desirable. A number of countries, indeed, have already achieved such reductions. But one must recognize that when one country reduces its deficit the deficits of other countries are likely to increase; in addition, the surpluses of those in surplus diminish.

Under these circumstances, a current-account deficit of some magnitude for the

United States, despite its negative implications, seems unavoidable and indeed not undesirable from the viewpoint of global stability. An effort to bring our international balance back into equilibrium quickly could raise the deficits of other countries to unsustainable rates. We must, however, remain aware of the negative implications of a large and continuing U.S. current-account deficit. Such a deficit tends to exert a negative influence on economic activity in this country. It also tends to put downward pressure on the U.S. dollar and thereby eventually to intensify inflationary pressures. And it tends to create pressure for interference with the free flow of trade through quotas, tariffs, and other restrictions. Concern over the outlook for the dollar could also cause official and private holders of dollar-denominated assets to seek to shift to assets denominated in other currencies, thereby intensifying the pressure on the dollar. Such a development also might prompt the OPEC countries to raise the price of oil. And, taking a longer view, a stance for the United States as a heavy importer of foreign capital, which is the necessary implication of a large current-account deficit, is not consonant with our position as a wealthy country that traditionally has exported capital to countries with lower per capita incomes.

The best means of dealing with our deficit, because it is also the most fundamental, is to hold down and reduce our rate of inflation. This will increase our underlying price competitiveness with respect to that very large part of the world where inflation rates remain high.

Measures to reduce the importation of oil, through conservation and increased domestic production, likewise are urgent. In this way, measures that we ought to take in order to strengthen our economy from a domestic point of view also would serve the purpose of reducing our current-account deficit and of contributing to a better balance in global payments positions. □

Additional statement follows.

Statement by Arthur F. Burns, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, November 9, 1977.

I am pleased to meet with this committee once again to present the report of the Board of Governors of the Federal Reserve System on the condition of the national economy and the course of monetary policy.

It might be useful to begin this testimony with a few comments on economic developments during the past several years. I do so because I believe that analysis of the current situation will be helped materially if we start with a reasonably clear understanding of how we got to where we are.

The key economic problems confronting our Nation today have their origin in events that extend back over a considerable time. A major conditioner of national economic affairs at present continues to be the fact that inflation was allowed to get so far out of control in the latter part of the 1960's and the early 1970's. Precisely why that happened is a very complex matter, involving both shocks to our economy—the chief one being the quantum jump in oil prices—and some mistaken actions by governmental and private decision-makers alike. But it is no part of my immediate concern to explore or assign responsibility. The point I want to stress is simply that the distortions of the inflationary blow-up that occurred in the 1972–74 period are still casting a heavy shadow on our economic environment.

Certainly, the recession of 1974–75 would not have been nearly so severe, and indeed might not have occurred at all, had it not been for the inflationary stress of the preceding several years. Blinded by the dizzying advance of prices and the effects of that advance on their nominal profits, businessmen were slow to recognize that the underlying condition of demand for their products was deteriorating. They thus continued aggressive programs of inventory expansion and capital-goods expansion longer than was prudent, with the consequence that economic imbal-

ances cumulated to major proportions in 1973 and 1974. By the time businessmen recognized the mistaken assessments they had made, the need to scale back operations had become enormous. The worst recession in a generation ensued.

The scars of both the recession and its prelude are with us still. Psychologically, the recession was profoundly disturbing because of its magnitude and because it caught so many people by surprise. A good many of our citizens, it seems clear, had developed inordinate faith in government's ability to manage and sustain economic expansion. When they discovered that that faith was not justified, the experience was sobering—particularly for the not inconsiderable number of businessmen who in the froth of the earlier prosperity had added excessively to their short-term debts. Out of that trauma was born a resolve in the minds of many businessmen to be much more cautious in managing inventories, and also in adding to their fixed costs or in enlarging their current liabilities.

And, as this committee knows well, it was not only the business sector that was affected. Many State and local governments encountered problems that were just as searing—with New York City representing only the extreme case. That was partly because their normal expenditures tend to respond more elastically to inflation than do revenues, and partly because their budgets—particularly those of local governments—were hard hit during the recession by the costs of income-maintenance programs. It was not so long ago, as you may recall, that grave concern was being voiced across our land about the financial health of many State and local governments.

The special legacy of inflation and recession has inevitably been on our minds at the Federal Reserve in hammering out monetary policy throughout the past 2½ years of recovery. We have recognized, on the one hand, that formidable risks of adding to inflationary expectations would accompany any pursuit of aggressive monetary ease. But at the same time, we have been sensitive to our obligation to foster financial conditions favorable to encouraging job opportunities, so that the unem-

ployment rate—which has remained very high by historical yardsticks—might be further reduced.

What we feel has been virtually obligatory in these circumstances is a middle course of moderate monetary expansion. That, in fact, is the course we have pursued to the best of our ability. Monetary aggregates, to be sure, have sometimes grown very slowly for short timespans; in other periods, they have grown very rapidly. Over all, however, the path has been one of moderation. This is evidenced, for instance, by an average annual rate of growth of about 6 per cent in *M-1*—the narrow money stock, which includes only currency and demand deposits—during the 10 full quarters of this recovery.

The rise in *M-1* and in related monetary aggregates has been sufficient to finance a large gain in the physical volume of output and employment. Indeed, nearly 7 million jobs have been created since March 1975—a performance without parallel in both absolute and percentage terms since World War II. But the increases in the money supply, while so favorable to the physical expansion of economic activity, were sufficiently limited to permit a retreat from double-digit inflation. And clearly, the increases that occurred in the money supply have not excited new inflationary expectations—a fact evidenced by the dramatically atypical behavior of interest rates in this expansion. Short-term interest rates, despite the advances of recent months, are not materially higher today than they were at the beginning of this expansion. And long-term rates are actually lower by a significant margin. Charts 1 and 2 of the appendix to this statement, which depict the behavior of interest rates, make this entirely clear.¹

All in all, we at the Federal Reserve are satisfied that monetary policy has made an important contribution to the recovery and to the basic economic health of this Nation. Among other things, monetary policy has helped to produce a receptive, orderly envi-

ronment for a massive amount of debt restructuring. During this expansion, business firms have been notably successful in reducing the ratio of short- to long-term debt, and State and local governments as well have been able to strengthen their financial posture. Progress of this kind has not only enhanced the potential of businesses and governmental units to play a continuing supportive role in the economic expansion; it has also quieted the not inconsiderable nervousness many investors felt a short time ago about holding debt issues, especially those enjoying less than top ratings. That is a very constructive financial-market development.

The recovery of economic activity during the past 2½ years has had features that might have been expected from the special circumstances that prevailed earlier. For instance, retail sales and housing starts weakened at the very beginning of 1973—well in advance of the peak of the previous cyclical expansion. These activities consequently avoided some of the extreme end-phase distortion that occurred elsewhere in the economy, and they have displayed the most conspicuous elements of strength during the current expansion. In both instances, the percentage gains since the recession trough in March 1975 are greater than has been usual in previous expansions. By contrast, a large residue of caution has characterized business spending for both inventories and fixed capital.

Indeed, the control that businesses are exercising nowadays over inventories has produced very prompt slowing in production whenever consumer spending showed signs of hesitancy. That fact goes a long way toward explaining why we have had considerable unevenness in the rate of over-all economic advance. While the pauses have produced some anxiety from time to time, the new determination of businessmen not to allow their inventories to become unbalanced is actually a constructive development.

A worrisome feature of businessmen's current caution, however, is their marked reluctance to proceed with capital investment programs comparable to those of previous expansions. In the 2½ years since the recession

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

trough, "real" capital outlays have increased less than half as much as they did, on average, over like periods in previous postwar expansions. The shortfall has been especially marked in the case of major long-lived industrial projects, and it has occurred even in industries—such as basic chemicals—in which the rate of capacity utilization is well advanced. The relative weakness of spending on plant and equipment is, indeed, the most troublesome feature of the current expansion. In large part this weakness is due to the unsatisfactory performance of corporate profits—a difficulty that I discussed at length in a recent speech and one that must be overcome soon if the recovery is to take on a more balanced character and hence enjoy a good chance of being sustained.

One other unusual weakness of this recovery—and this again is something that could have been reasonably anticipated—has been the subdued expenditure pattern, until recently, of State and local governments. Their "real" spending, like that of businesses for fixed-capital assets, also is up by only about half as much from the recession trough as has been typical in previous expansions—a clear reflection of the generalized financial strains that State and local governments have experienced.

In sum, the character of the current economic recovery has differed in some major respects from that of earlier recoveries. This fact has considerable bearing on prospects for the continuation of the recovery and also for policy formulation. One thing that should be apparent is that the obstacles that have stood in the way of more vigorous economic growth are not likely to be successfully addressed by conventional stimulative actions. Simply opening up the monetary faucets or spewing out funds from the Treasury does not seem a promising course in view of the widespread concerns that now exist—particularly in the business and financial community. We need policies, rather, that are attuned to our special legacy—namely, past inflation, its aftermath of recession, and fears of new troubles that may yet come from a continuing high rate of inflation.

It has not been easy during recent months to interpret economic or financial developments with as much confidence as one would like to feel. This committee is aware, I am sure, of the wide divergence of judgment that has been expressed by private economists. A similar diversity of views—although less pronounced—has existed within the Federal Reserve System. This is simply a time when honest differences in assessment can easily arise among conscientious analysts. At the September meeting of the Federal Open Market Committee, for instance, the consensus favoring some firming of monetary policy found 2 of the 12 Committee members dissenting because they felt that the policy allowed for more firming than they believed to be justified and another two members dissenting because they thought that the intended firming was inadequate.

I can report, nevertheless, that the dominant view within the Federal Reserve is that economic expansion will persist well into 1978, probably at a pace sufficiently strong to result in some further reduction in the unemployment rate. The collective belief is that the reduced rate of increase in real gross national product (GNP) in the third quarter is now giving way to quicker expansion. A key element in this expectation is the emergence recently of a strong pattern in State and local government spending and employment—reflecting the improved budget position of these governments. Also supportive of the view that early 1978 will witness good gains in general economic activity is the fact that business capital spending, although far from robust, is moving ahead, and in particular is showing some recovery in major industrial construction.

The judgments that we in the System have about the more distant future are much more tentative—mainly because of uncertainties about capital formation and the generally weak trend of activity in foreign economies. Lagging recovery abroad has, of course, worked to the serious detriment of our export trades and this in turn has caused some weakening of the dollar in foreign exchange markets. The uneasiness that now appears to

prevail in many parts of the business world casts a cloud on the longer-run prospects of the economy, but the possibility that the general expansion will actually accelerate as 1978 unfolds—particularly if capital spending can be invigorated—is very much a part of my own thinking as well as that of some other members of the Federal Reserve.

I must call your attention to a striking fact. The somewhat mixed character of recent economic news has been reflected in equity prices quoted on the stock exchanges, but it has had little counterpart in other financial developments. General credit expansion, indeed, has proceeded at a brisk pace this year—with an intensity that I do not think has been fully appreciated. The Federal Reserve has naturally given some weight to the evolving pattern of credit expansion in the course of its monetary policy deliberations. We have not been able to assume, as some others appear to have done, that the intense reaching out for credit is a process without significance.

The total amount of funds raised in credit markets this year not only has expanded very rapidly from quarter to quarter in absolute terms but also has expanded much more rapidly than has the dollar value of GNP. Preliminary estimates indicate that total borrowings by all entities in this country ran at an annual rate of about \$400 billion in the third quarter of this year—or some \$90 billion more than in the third quarter of 1976. This raised the ratio of total borrowings to the dollar value of GNP above 20 per cent, close to the all-time peak recorded during the speculative boom of early 1973. It is hardly surprising, I submit, that such a volume of fundraising should press against available supplies of credit and tend to cause some interest rates to move upward. I would note especially that the quest for credit accommodation has not been confined to just a few sectors of the economy; rather, it has been very broadly diffused.

Households have absorbed a huge total of credit this year, mainly in the form of mortgage and instalment debt. Their net addition to mortgage and instalment debt, which was \$46 billion in 1975 and \$82 billion in 1976, rose to an annual rate of \$105 billion in the first

half of this year and to an estimated rate of \$115 billion in the third quarter. This, I might add, has raised the combined instalment and mortgage repayment burden that households face—relative to their disposable income—close to the previous high experienced in 1973. I do not mean to imply that this as yet is a matter for serious concern. But this is an area that warrants continuing close scrutiny for signs of excess, with special attention given to the apparently increasing tendency of homeowners to borrow heavily against the accumulated equity in their residences.

Business firms, too, have borrowed much more this year than last. During the early stages of this economic expansion, the sum of retained earnings and depreciation actually exceeded outlays by nonfinancial corporations for inventories and fixed capital. This relationship was reversed in 1976, and—with the tempo of capital spending picking up this year—a larger “financing gap” than existed in 1976 has developed. For all of 1977, the Board’s staff estimates that nonfinancial corporations will raise a net total of about \$80 billion in credit markets, up almost 40 per cent from last year. The higher volume of business borrowing this year is being distributed between short- and long-term debt, with the former showing the more prominent rise—partly because some of the higher-rated industrial corporations have largely completed their desired balance-sheet restructuring.

I know that it is widely believed that short-term and intermediate-term business borrowing has been sluggish. True, there has been some unevenness in borrowing pressures from region to region and from one type of lending institution to another; but any impression that shorter-dated business credit demands have been anemic is decidedly wrong. There has, in fact, been an impressively rapid rise since late last year in the combined total of business credit raised from banks, the commercial paper market, and finance companies. The rate of increase, to be sure, did slow materially this September, but that seems to have been an erratic deviation from the basic trend; preliminary data indicate extremely fast-paced growth of business loans in October.

Moreover, it has not been only the private sector of the economy that has reached out aggressively for credit this year. Borrowing by State and local governments has been running at record levels, partly because these governments have moved to take advantage of the significant renewal of lender confidence in tax-exempt securities. Our Board staff estimates that the net borrowing of State and local governments during this year for all purposes will come to about \$25 billion, up more than 60 per cent from the net borrowing in 1976. Much of this money is being used to finance construction of such things as water treatment and sewer systems and municipal power facilities.

And not to be forgotten is the continuing large appetite of the Federal Government for credit. Thus far during calendar 1977, it is true, such borrowing has been smaller than in the like period of 1976, reflecting a reduced budget deficit. But the rate of Federal borrowing nevertheless has remained exceptionally large and—what is more significant—it is now heading upward again, in contrast to the normal pattern of progressively lower financing needs as economic expansion proceeds. That reflects, of course, various tax cuts or tax-cut extensions embodied in the Tax Reduction Act of 1977 and various spending initiatives taken last spring with a view to quickening the pace of economic growth. For the full fiscal year 1978, the combined unified and off-budget deficit is now officially estimated at about \$69 billion—nearly \$16 billion higher than for fiscal year 1977. The Treasury started this fiscal year with a large cash balance. Even so, it appears likely that in the 6-month period ending with March 1978 the Treasury will have to raise about \$10 billion more in financial markets than it did in the corresponding period 1 year earlier.

I have dwelt at some length on the evolving pattern of credit extension because, as I noted earlier, I do not think that what has been happening in credit markets is as widely appreciated as it should be. The vigor of credit extension certainly suggests a sense of greater dynamism in the economy than appears, for example, from business statistics for the third quarter. The vigor of credit extension is not,

however, patently at odds with economic developments averaged out over several quarters. And it may be, of course, that undue attention has been given to the summer pause in trying to gauge how well the economy is doing. That is a possibility that the Federal Reserve has had to weigh. It would be a happier situation if there were less apparent conflict between different kinds of evidence, but in making decisions on monetary policy we must do the best we can with whatever evidence can be mustered.

There is no rigid link between the total volume of credit outstanding in the economy and the Nation's stock of money, but movements in credit and money do tend, of course, to be positively related. If the demand for credit begins to strengthen at a time when financial institutions are relatively liquid, a good amount of credit expansion can occur without much—if any—change in monetary balances. But as the economy grows and credit expansion continues, sooner or later a need for enlarged money balances will arise in order to facilitate the enlarged total of credit transactions. Such a process has unquestionably been at work this year, and it explains in some measure why the growth of *M-1*—the narrow money stock—has accelerated recently in relation to money growth earlier in this expansion.

As you know, the Federal Open Market Committee (FOMC) has, however, the ability to take prompt steps that will in time check any unwanted acceleration in the money aggregates. There has been considerable discussion recently in economic and financial circles as to why we at the Federal Reserve have allowed money growth in the past 6 or 7 months to exceed the upside limit we had projected for longer-term monetary expansion. *M-1* actually grew at an average annual rate of 9 per cent during the second and third quarters of this year—well above the 6½ per cent upper end of the longer-term growth range previously projected. Growth in the broader monetary aggregates has also run above their anticipated upper limits, but the excess in their case has been minor. The growth actually recorded in them has shown

no quickening compared with earlier stages of the economic expansion. Still, their growth has rather consistently exceeded our objectives.

The high rate of growth in each of the major monetary aggregates during the past 6 months is thus a setback to the Federal Reserve's policy of gradually reducing the rates of growth of the monetary aggregates, so that they may in time be once again consistent with general price stability. But it is only a temporary setback. A zigzag course is sometimes inevitable or perhaps even desirable.

One fact that needs to be borne in mind is that the acceleration of money growth has not occurred in a smooth pattern. Instead, the tendency toward excess has proceeded in fits and starts, so it was virtually impossible to judge how durable—or meaningful—this or that large increase in *M-1* was likely to be. Often in the past, spurts in monetary growth such as occurred in April and July of this year have been followed by strong reversals. Things did not quite happen that way this year.

Besides, it was virtually impossible even 3 months ago to isolate with any confidence the causes of the sudden spurt in monetary growth. While still somewhat obscure, the forces at work have now become clearer. At practically every hearing thus far held under House Concurrent Resolution 133, I have called attention to the dynamism of financial technology. More specifically, I have kept stressing that the growth of *M-1* was for a time being retarded by such things as the development of negotiable orders of withdrawal accounts, the newly enjoyed authority of businesses and State and local governments to have passbook savings accounts, and the steadily increasing tendency of individuals as well as corporations to carry at least a part of their transactions balances in one or another type of income-earning asset. Such developments—which served to retard the growth of *M-1* appreciably during 1975 and 1976—appear to have waned considerably this year. Econometric work done at the Board indicates that within the past half year the growth of *M-1* moved back to something like

its pre-1974 relationship to economic activity. But we still do not know whether the slowing of changes in financial technology is more than a temporary aberration.

Under the circumstances, we have judged it wise to move cautiously in adapting policy. We have felt very keenly the need for some clarification of ambiguities before striking out decisively. We well realize that the middle course actually followed—that of gradually limiting the availability of bank reserves and thereby slowing the growth of money—has left us open to the charge of temporizing. In fact, we did not temporize at all, but we did move prudently.

On the one hand, restrictive action vigorous enough to have kept *M-1* growth within the projected ranges would, we believe, have forced a far steeper climb in short-term interest rates than actually has occurred since April. This could have proved destructive to the smooth functioning of financial markets and might eventually have brought serious injury to our economy.

On the other hand, a determined effort by the Federal Reserve System to prevent any rise in interest rates during recent months would have produced—in the face of the credit pressures that have been experienced—a rate of monetary expansion well above the rise that has actually occurred. That would have been very damaging, for it would have practically destroyed any remaining hope of achieving mastery over the inflationary forces that now move our society. Indeed, the Federal Reserve might then have been viewed as having transformed itself into an engine of inflation—such as it was a generation ago when it reluctantly pursued a course of pegging Government security prices.

The increase of short-term interest rates that has occurred since late April has thus served to check what otherwise might have been an explosion of the money supply. By taking measures to curb the growth of money, we have demonstrated that we remain alert to the dangers of inflation. As a consequence, long-term interest rates, which nowadays are extremely sensitive to expectations of inflation, have remained substantially sta-

ble. Had we not taken steps to bring the money supply under control, I have little doubt that fears of inflation would now be running stronger, and that long-term interest rates, which play such a significant role in shaping investment decisions, would therefore now be higher than they in fact are. In that event, of course, the continuance of economic expansion would be less secure.

At the most recent meeting of the FOMC, held on October 18, we deliberated at length on the monetary growth aggregates that appeared desirable in the coming year. For the period extending from the third quarter of this year to the third quarter of 1978, the Committee decided to retain the growth range of 4 to 6½ per cent for *M-1* specified at the July meeting. Some sentiment was initially expressed for reducing the upper end of the *M-1* band with a view to compensating for the excessive growth that has been occurring. Other members favored widening the *M-1* band because of uncertainty as to whether the basic relationship between money growth and GNP was again changing. In the end, there was a consensus that the growth range previously established for *M-1* should be retained until more certain knowledge developed as to the relative importance of the influences now conditioning *M-1* growth.

However, in the case of the broader money stock measures—which have been behaving more normally—the Committee decided to lower both the upper and the lower bounds of the projected growth ranges by ½ of a percentage point. Thus, the 12-month growth range for *M-2*—a measure of money that includes, in addition to *M-1*, savings and consumer-type deposits at commercial banks—was set at 6½ to 9 per cent. That for *M-3*—a still broader measure, which includes the deposits of thrift institutions as well—was set at 8 to 10½ per cent.

A crucial consideration in lowering the longer-term ranges for the broader aggregates was the Committee's wish to reaffirm its intent of gradually bringing down the growth of the monetary aggregates to rates compatible with reasonable price stability. Such action seemed particularly appropriate at a time when the

behavior of *M-1* might be interpreted as indicating that the Federal Reserve was faltering in its determination to lean against inflationary pressures. No such faltering has occurred, nor is it likely to occur. October's sharp advance of the wholesale price index should remind everyone of the need for unrelenting efforts to contain the push of inflation. The resolve of the Federal Reserve to undernourish and weaken inflation remains undiminished. We fully recognize that a powerful inflationary bias has become embedded in our economic life over many years and that general price stability cannot therefore be restored quickly; but we do not intend to depart from pursuing the maximum degree of monetary firmness consistent with our companion obligation to foster financial conditions that favor expansion of job opportunities.

I want to assure this committee that, in lowering the growth ranges for the broader aggregates, we did not overlook the implications for thrift institutions and the borrowers they serve. The new upper ends of the ranges for *M-2* and *M-3* are compatible, in our judgment, with a substantial flow of new savings into thrift institutions in the year ahead. These institutions are less vulnerable to deposit outflows than they were in earlier years, since a very large and increasing portion of their liabilities now consist of longer-dated certificates. Their earnings position has also strengthened considerably, and they enjoy relatively large liquid assets and good capability to borrow if necessary. In short, even if deposit inflows were to slow appreciably in the coming year, the ability of these institutions to support the homebuilding industry will probably remain strong.

I would like to emphasize one additional point before concluding this statement. The objective of the administration and the Federal Reserve to achieve better price performance in our country is obviously not being helped by the recent depreciation of the dollar against foreign currencies. A cheaper dollar in foreign exchange markets spells higher costs of imported goods—and these now have a much larger role in our domestic markets than they did a decade or two ago. Depreciation of the

dollar can also cause serious international difficulties since the dollar is a store of value not only for foreign central banks but also for multinational corporations and individuals of wealth all over the world. We dare not, therefore, be complacent about the current depreciating tendencies of the dollar.

It is not easy to counter these tendencies at a time when our trade deficit has become enormous—a phenomenon that partly reflects the more advanced degree of economic recovery achieved in this country than abroad. To some extent imbalance in our foreign trade will be self-correcting as economic activity strengthens abroad, but we surely should seize every opportunity to help accentuate any tend-

ency toward improvement. That means, first of all, that we need to adopt an energy policy that relies less heavily on imports of oil. It means, secondly, that we must have a business environment that is hospitable to new investments. And it means, finally, that responsible monetary, fiscal, and structural policies are required to protect our international price competitiveness. In short, and fortunately, these international considerations reinforce our basic domestic needs.

We at the Federal Reserve, I need hardly tell you, will continue to devote our energies to the maintenance of a sound dollar—a dollar that is both strong here at home and strong abroad. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON SEPTEMBER 20, 1977

1. Domestic Policy Directive

The information reviewed at this meeting suggested that real output of goods and services—which had expanded at an annual rate of 6.2 per cent in the second quarter, according to revised estimates of the Commerce Department—had grown less rapidly in the current quarter. The rise in average prices—as measured by the fixed-weighted price index for gross domestic business product—appeared to have slowed from that of the second quarter, now estimated to have been at an annual rate of 7.5 per cent. Staff projections suggested that real GNP would grow moderately over the year ahead, although at a slightly lower rate than projected a month earlier. The projections also suggested that the rate of increase in prices, while below that in the first half of 1977, would remain high.

According to staff estimates, the third-quarter slowing of growth in real GNP was accounted for by a sharp cutback in the rate of business inventory accumulation, following a large increase in the second quarter, as businesses attempted to prevent an excessive build-up of stocks. It was estimated that growth in final sales of goods and services in real terms was about the same in the third quarter as in the second.

Staff projections of moderate growth in real GNP over the year ahead reflected expectations that growth in consumer spending would pick up gradually; that expansion in business capital outlays would be sustained; and that increases in State and local government purchases of goods and services would remain large, in part because of the stimulus of increased Federal public works and job-related programs. It was still anticipated that the expansion in residential construction activity would taper off as the period progressed and

that slow export growth combined with a somewhat faster rise in imports would exert a drag on domestic economic activity over much of the year ahead.

In August industrial production declined by 0.5 per cent, about as much as it had risen in July. A substantial part of the decline was accounted for by curtailments in automobile assemblies and electric utility power generation, both of which had increased sharply in July, but decreases in output were widespread. Production of iron ore was reduced by a strike.

Capacity utilization in manufacturing also declined in August, for the most part reflecting decreases in the transportation equipment and nonelectrical machinery industries. Utilization in the materials-producing industries edged down to 82.7 per cent. This rate was appreciably lower than at the comparable stage of other recent business expansions, in part because of larger supplies from foreign sources.

In association with the decrease in industrial output, employment in manufacturing fell in August—returning to the level of May—and the length of the average workweek declined for the second successive month. Total nonfarm payroll employment increased moderately, however, as employment outside the manufacturing sector continued to grow. According to the household survey, total civilian employment also rose moderately, but the labor force expanded sharply and the unemployment rate increased 0.2 of a percentage point to 7.1 per cent—the same level as in June. From April through August the unemployment rate fluctuated between 6.9 and 7.1 per cent.

The rise in personal income accelerated in July, as a result of a cost-of-living increase in social security payments, and then slowed in August to about the same rate as in May and June. In August total wage and salary disbursements increased little. Disbursements expanded substantially in government, reflecting gains in State and local payrolls attributable to a rise in Federally sponsored public service jobs, but declined in manufacturing and gained little in other industries.

The dollar value of retail sales had increased 1.7 per cent in August, according to the advance report. The August level of sales was somewhat above the earlier peak reached in March and moderately above the average for the second quarter. Sales gains in August

were widespread among types of outlets and were particularly strong at furniture and appliance stores, apparel stores, and gasoline stations. Sales of new automobiles, which had fallen in July, recovered almost to the high rate that had prevailed throughout the second quarter.

The adjustment in inventories proceeded in July, when the book value of nondurable goods stocks actually declined. The increase in the book value of total manufacturing and trade stocks was substantially below the monthly-average increases in the first two quarters of 1977.

Private housing starts rose appreciably in July to an annual rate of nearly 2.1 million units and then edged down in August to a rate slightly above 2.0 million. The average for the 2 months was 7 per cent above the average for the second quarter, in large part because of gains in starts of multifamily units.

The Department of Commerce survey of business plans taken in late July and August suggested that spending for plant and equipment would be 13.3 per cent greater in 1977 than in 1976; the survey taken in May had suggested a year-to-year gain of 12.3 per cent. The latest survey implied average increases of somewhat less than 3 per cent in the third and fourth quarters of the year, compared with 3½ per cent in the first two quarters.

New orders for nondefense capital goods, which had increased about 5 per cent in June, were indicated by the partial sample estimate to have fallen about 10 per cent in July. Much of the rise and subsequent decline was accounted for by orders for commercial aircraft, apparently for export. The level of new orders in July was well below the average for the second quarter and about equal to the average for the first quarter. Manufacturers' shipments of non-defense capital goods expanded in July, and unfilled orders for such goods leveled off after having risen during the preceding 6 months. Contract awards for commercial and industrial buildings—measured in terms of floor space—declined in July and were moderately below the average for the second quarter.

The index of average hourly earnings for private nonfarm production workers, which had increased substantially in July according to revised data, advanced little in August. Over the first 8 months of 1977 the index rose at an annual rate of 6.8 per cent; over the 12 months of 1976 the index had risen 6.9 per cent.

The wholesale price index for all commodities, which had declined in June and changed little in July, was about unchanged again in August. Average prices of farm products and foods declined sharply for the third successive month and were back down to about the level of December 1976. Average prices of industrial commodities continued to rise at a more moderate pace than in the latter part of 1976 and the first 4 months of 1977.

The consumer price index rose 0.4 per cent in July, considerably less than in any month in the first half of 1977. Retail prices of foods changed little, after having increased about 7 per cent over the preceding 6 months. Average prices of nonfood commodities also changed little in July, in part because of reductions for gasoline and used cars, but prices of services continued to rise at an annual rate of about 10 per cent.

The weighted-average exchange rate for the dollar against leading foreign currencies recovered further over the inter-meeting period and returned to the level of late June. During the period the Swedish krona was devalued by 10 per cent and was withdrawn from the European "snake" arrangement; the Norwegian and Danish kroner were devalued by 5 per cent within that arrangement. Upward pressure on sterling intensified, and the Bank of England intervened in the market to maintain the exchange rate for the pound against the dollar.

The U.S. foreign trade deficit declined in July from the record level of June and was about equal to the average for the second quarter. Imports of petroleum and products fell, following an increase of about 20 per cent in June. Inflows of capital, both private and foreign official, were sizable in July.

At U.S. commercial banks, growth in total credit accelerated during August to a rate somewhat above the average for the first 7 months of 1977. Growth in total loans remained at the advanced pace of July, while bank holdings of U.S. Treasury securities declined much less than in July and holdings of other securities continued to increase moderately. Expansion of business loans picked up from the reduced rate in July. Outstanding commercial paper issued by nonfinancial businesses increased in August, but by somewhat less than it had declined in July.

Growth in the narrowly defined money stock (*M-1*) slowed to an annual rate of about 5½ per cent in August from the July rate of

more than 18 per cent. Nevertheless, growth over the 2-month period, at an annual rate of almost 12 per cent, was more rapid than the advanced rate of the second quarter.

Growth in the more broadly defined measures of money, *M-2* and *M-3*, also slowed during August—to annual rates of 6.4 and 11.2 per cent, respectively—mainly because of deceleration of growth in the demand deposit and currency components common to all three measures of money. Expansion of the bank time and savings deposits included in the broader aggregates also slowed substantially, but inflows of deposits to nonbank thrift institutions remained strong. Over the July–August period, *M-2* and *M-3* grew at annual rates of 11.6 and 13.7 per cent, respectively.

At its August meeting the Committee had decided that during the August–September period growth in *M-1* and *M-2* within ranges of 0 to 5 per cent and 3 to 8 per cent, respectively, would be appropriate. It had judged that these growth rates were likely to be associated with a weekly-average Federal funds rate of about 6 per cent. The Committee had agreed that if growth rates in 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 $5\frac{3}{4}$ to $6\frac{1}{4}$ per cent.

Data that had become available in the weeks immediately following the August FOMC meeting suggested that over the August–September period *M-1* was growing at a rate in the upper half and *M-2* at a rate near the midpoint of their respective ranges. Accordingly, the System Account Manager continued to seek a Federal funds rate of around 6 per cent. Near the end of the inter-meeting period, growth in *M-1* for the 2-month period appeared to be exceeding the upper limit of its range and growth in *M-2* appeared to be in the upper half of its range. Therefore, the Manager sought a firming in the Federal funds rate to around $6\frac{1}{8}$ per cent, and the rate averaged close to that level in the 5 days just prior to this meeting of the Committee.

During the initial weeks of the inter-meeting period, market interest rates declined somewhat from the levels that had prevailed in mid-August. But in early September, when it became evident that growth in the monetary aggregates had not receded so much in August as market participants had anticipated and that the Federal

funds rate was remaining above 6 per cent, other market interest rates turned up. Over the inter-meeting period, short-term rates posted net advances ranging up to about $\frac{1}{4}$ of a percentage point. Long-term rates, however, changed little on balance. Early in the inter-meeting period major commercial banks raised their prime rate on business loans $\frac{1}{4}$ of a percentage point to 7 per cent, and in the second week of September most of them raised the rate to $7\frac{1}{4}$ per cent.

Stock prices declined further during the inter-meeting period. Just prior to the September meeting, several major indexes of stock prices reached their lowest levels since the end of 1975 and early 1976.

On August 29 the Board of Governors of the Federal Reserve System announced its approval of action by directors of five Federal Reserve Banks raising the discount rate from $5\frac{1}{4}$ to $5\frac{3}{4}$ per cent, effective August 30; on August 30 and September 1 increases at the remaining Reserve Banks were approved. In announcing the approval, the Board stated that its action was intended as a technical move for the purpose of bringing the discount rate into better alignment with other short-term interest rates and that the action was taken to reduce the incentive for member banks to borrow from the Federal Reserve. Daily-average borrowings had risen from \$323 million in July to \$1,084 million in August; in the week ending August 24, they had reached \$1,665 million. In the week ending September 14, daily-average borrowings were down to \$337 million.

During the inter-meeting period the U.S. Treasury raised \$6.3 billion of new money, including \$1.5 billion in conjunction with a regular rollover of \$1.9 billion of maturing 2-year notes and \$3.0 billion through a new offering in the regular cycle of 4-year notes. Also, the Treasury sold \$1.8 billion of short-dated, cash-management bills, which it refinanced at maturity by adding to the regular weekly bill auctions. This marked the Treasury's first sizable use of the bill market for new money since late 1976.

Gross offerings of new State and local government bonds increased substantially in August. Part of the large volume consisted of offerings that had originally been scheduled for September and then were advanced to August. Advance refunding of outstanding municipal issues rose to a record level.

The volume of new publicly offered corporate bonds declined in

August, in large part for seasonal reasons. As in July, the bulk of the new offerings were from lower-rated issuers, reflecting the continuing reduction of risk premiums for such securities. Downward pressure on risk premiums in the public market apparently reflected some continuing spillover of funds from the private placement market—where the supply of investable funds being provided by insurance companies and pension funds remained large.

Growth in mortgage credit also remained strong in August. Mortgage loans outstanding at commercial banks continued to rise at a rapid pace, and new issues of GNMA-guaranteed, mortgage-backed securities increased further. At savings and loan associations the record volume of mortgage commitments outstanding at the end of July suggested that mortgage holdings had risen substantially further. Nevertheless, the liquidity position of these associations remained comfortable, reflecting the strong growth in deposits and large inflows of funds from mortgage repayments.

In the Committee's discussion of the economic situation and outlook, the members agreed—as they had at the August meeting—that the expansion was likely to continue for some time, and most of them expected that real GNP would grow at about the moderate pace projected by the staff. However, some members expressed doubts about the vigor of the expansion. One member reiterated a view that he had expressed at the August meeting, to the effect that growth was likely to fall short of the rate projected for the balance of this year and then to exceed the projected rates in the first half of 1978.

It was suggested during the discussion that recent developments bore some resemblance to those in 1976. Last year, it was recalled, progressive diminution in the quarterly rates of growth in real GNP had fostered concern that the expansion might be coming to an end and had given rise to recommendations for a stimulative fiscal program. It was noted, however, that the 1976 slowing had been caused by an inventory adjustment; final sales of goods and services had been strong throughout the year. It was observed that a similar adjustment of inventories had begun in the third quarter of this year and that once again the expansion in real final sales had been maintained while growth in total real GNP had slowed.

In view of the continued strength in final takings, it was suggested that the recent cutbacks in production and in employment in some

activities were likely to be temporary. It was also observed that the performance of the recent unemployment statistics might have been affected by inadequate seasonal adjustments.

In the discussion, members offered reasons for expecting greater or less strength in business activity over the next year or so than suggested by the staff projections. Thus, some doubts were expressed that growth in consumer spending would pick up as much as projected and, in particular, that over the year ahead sales of new automobiles would increase further from the currently advanced levels. These doubts were attributed in part to the surge in spending for durable goods and the substantial rise in consumer debt that had already occurred. It was also suggested that expansion in consumer spending might be dampened by the adverse effect that the decline in stock prices had had on wealth. On the other hand, it was noted that rising real estate values had tended to increase consumers' wealth, and that the liquidity of real estate holdings—while less than that of market securities—had been increasing as a result of the greater ease with which homeowners could refinance first mortgages and obtain second mortgages. The comment was made that many second mortgages were being undertaken for the purpose of refinancing outstanding instalment debt.

Some concern was expressed about the sluggishness of economic activity in other major industrial countries, particularly in Europe, and about its effect on net exports and thus on domestic economic activity. However, the view was also expressed that in some major countries the foundation for improvement in activity was being laid by a slowing of the rise in wages and prices, a reduction of growth in money supplies, and a strengthening of external positions.

Business fixed investment was described as a sector whose contribution to over-all economic growth might well be greater than projected, as businessmen responded to further growth in economic activity and increases in capacity utilization. Moreover, business confidence was said to have increased somewhat, although it was still being adversely affected by uncertainties concerning Government tax and energy policies. It was suggested that the contribution to over-all economic growth from Federal Government expenditures also could be greater than projected.

Concern was expressed about the outlook for both unemployment and prices. It was remarked that even if real GNP grew at a

moderate pace over the next year. little progress would be made in reducing the unemployment rate—which was still significantly above the level that might be regarded as “full employment,” even if that level were judged for structural reasons to be considerably higher than in the past. Moreover, one member observed, recent experience had shown that high unemployment did not greatly reduce the rate of inflation, and the staff projections did suggest persistence of both a rapid rate of inflation and a high rate of unemployment. To a few members, those prospects for unemployment and prices indicated that active public discussion of some form of an incomes policy would be appropriate. Others observed that an incomes policy both workable and likely to have fairly wide support had not yet been devised, and also that an effort to institute such a policy probably would have an adverse effect on business fixed investment. One member expressed the view that the longer-run outlook for unemployment and inflation called for a shift in the policy mix toward a firmer monetary policy—to limit growth of liquidity—and an easier fiscal policy.

At its July meeting the Committee had agreed that from the second quarter of 1977 to the second 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*, 7 to 9½ per cent; and *M-3*, 8½ to 11 per cent. The associated range for the rate of growth in commercial bank credit was 7 to 10 per cent. It was agreed that the longer-run ranges, as well as the particular aggregates for which such ranges were specified, would be subject to review and modification at subsequent meetings.

In their discussion at this meeting of policy for the immediate future, Committee members differed in their views on the appropriate response to the recent rapid growth in the monetary aggregates. It was noted that growth in *M-1* and *M-2* had not slowed so much in August as had been expected and that it apparently was picking up somewhat in September—making it likely that the rates of monetary expansion in the third quarter would be high relative to the Committee’s longer-run ranges. Some members thought that the Committee’s primary objective in the period immediately ahead should be to resist continued rapid expansion in the aggregates, in light of the implications of such expansion for inflation and inflationary expecta-

tions. On the other hand, some members advocated avoiding substantial increases in interest rates at present, in light of their doubts about the economic outlook. It was also noted that the recent high rate of growth in *M-1* might represent a return to a more typical relationship between that rate and the growth rate in nominal GNP—following a period in which the demand for money had been held down by changes in financial practices—and accordingly that it might not warrant the kind of policy response that would be appropriate under other circumstances. Most members, however, were of the opinion that the Committee could not afford to ignore either the uncertainties in a generally favorable economic outlook or the recent high rates of monetary growth, and they favored finding some middle ground.

These differences in members' views were reflected in their preferences for operating specifications for the period immediately ahead. For the annual rate of growth in *M-1* over the September–October period, most members favored a range with a lower limit of 2 or 3 per cent and an upper limit of 7 or 8 per cent. For *M-2*, most favored a range of 4 to 8 or 4 to 9 per cent. However, one member, who advocated maintaining relatively stable money market conditions, preferred ranges of 2 to 9 per cent for *M-1* and $5\frac{1}{2}$ to $9\frac{1}{2}$ per cent for *M-2*. Another member favored a range of 0 to 5 per cent for *M-1*.

With respect to the Federal funds rate, a variety of views were expressed as to both the objective toward which operations should be directed initially and the degree of leeway that should be provided during the inter-meeting period in the event that the aggregates appeared to be deviating significantly from the midpoints of the specified ranges. Most members favored directing operations initially toward a funds rate of $6\frac{1}{8}$ per cent—the prevailing level—or $6\frac{1}{4}$ per cent, but some sentiment also was expressed for a higher initial objective. In view of the rapid monetary growth over recent months, the members in general believed that it would be desirable to avoid any significant decline in the weekly-average Federal funds rate from its current level, and almost all favored 6 per cent for the lower limit of the range. The view was expressed that a weekly-average Federal funds rate above $6\frac{1}{2}$ per cent should not be sought before the Committee had had an opportunity for further consultation, and a majority favored $6\frac{1}{2}$ per cent as the upper limit for the

range. There was, however, considerable sentiment for an upper limit of $6\frac{3}{4}$ per cent.

At the conclusion of the discussion the Committee agreed that growth in *M-1* and *M-2* over the September–October period at annual rates within ranges of 2 to 7 and 4 to 8 per cent, respectively, would be appropriate. It was understood that in assessing the behavior of the aggregates, the Manager should give approximately equal weight to the behavior of *M-1* and *M-2*.

The Committee decided that operations should be directed initially toward a weekly-average Federal funds rate of $6\frac{1}{4}$ per cent. The members agreed that if growth rates 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 to $6\frac{1}{2}$ per cent. As customary, it was understood that the Chairman might call upon the Committee to consider the need for supplementary instructions before the next scheduled meeting if significant inconsistencies appeared to be developing among the Committee's various objectives.

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

The information reviewed at this meeting suggests that real output of goods and services has grown less rapidly in the current quarter than in the second quarter. In August industrial output declined by about as much as it had risen in July. Employment increased moderately but the labor force rose more and the unemployment rate edged up to 7.1 per cent, the same as in June. The dollar value of total retail sales, which had turned up in July, rose appreciably in August. The wholesale price index for all commodities was about unchanged; average prices of farm products and foods declined sharply for the third successive month, and average prices of industrial commodities continued to rise at a more moderate pace than in the early months of 1977. So far this year the index of average hourly earnings has advanced at about the same pace as it had on the average during 1976.

The weighted average exchange rate for the dollar against leading foreign currencies has recovered further in recent weeks, returning to the level of late June. In July the U.S. foreign trade deficit was at about the second-quarter rate, and there were sizable net inflows of foreign private and official capital.

Growth in *M-1* and *M-2* slowed in August from the exceptionally

rapid rates in July. Expansion of both demand deposits and time and savings deposits at banks slackened. Growth in *M-3* also slowed, although inflows to nonbank thrift institutions remained strong. Business short-term borrowing increased somewhat from the reduced pace in July, but remained below the volume of preceding months. Short-term interest rates, which had risen appreciably in early August, most recently have advanced somewhat further. Yields on longer-term market securities, however, have changed little on balance in recent months. Federal Reserve discount rates were increased from 5¼ to 5¾ per cent in late August and early September, and member bank borrowings receded from the high levels of the latter part of August.

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 July 19, 1977, the Committee agreed that growth of *M-1*, *M-2*, and *M-3* within ranges of 4 to 6½ per cent, 7 to 9½ per cent, and 8½ to 11 per cent, respectively, from the second quarter of 1977 to the second 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 September–October period to be within the ranges of 2 to 7 per cent for *M-1* and 4 to 8 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 6¼ 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 6 to 6½ per cent.

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

Votes for this action: Messrs. Burns, Volcker, Coldwell, Gardner, Guffey, Jackson, Mayo, and Par-

tee. Votes against this action: Messrs. Lilly, Morris, Roos, and Wallich.

Messrs. Lilly and Wallich dissented from this action because it allowed for somewhat more firming in money market conditions than they thought was appropriate at present in view of their judgment that the economic situation was not very strong. They also felt that the rapid monetary growth over recent months might represent an increase in the public's demand for money in relation to growth in GNP of a kind that should be accommodated. Mr. Lilly believed, in addition, that further tightening in money market conditions would not be effective in dealing with the underlying structural inflation.

Messrs. Morris and Roos dissented on the ground that the policy adopted by the Committee represented an inadequate response to the rapid rates of monetary growth over recent months, which in their view were not compatible with a healthy economy over the longer run. Mr. Roos felt that, if the Committee did not take action now that would assure a reduction in the rate of growth in *M-1*, the rate of inflation would accelerate and more drastic action would need to be taken later on.

2. Authorization for Domestic Open Market Operations

On September 30, 1977, Committee members voted to increase from \$2 billion to \$3 billion the limit on Federal Reserve Bank holdings of special short-term certificates of indebtedness purchased directly from the Treasury, specified in paragraph 2 of the authorization for domestic open market operations, effective immediately.

Votes for this action: Messrs. Burns, Coldwell, Gardner, Guffey, Jackson, Lilly, Mayo, Partee, Roos, Wallich, Eastburn, and Timlen. Votes against this action: None. (Messrs. Eastburn and Timlen voted as alternates for Messrs. Morris and Voleker, respectively.)

This action was taken on the recommendation of Chairman Burns. The Chairman had advised the Committee that the current temporary debt ceiling of \$700 billion would expire at midnight on September 30, 1977; that unless congressional action to extend the

temporary ceiling were completed before that time, the ceiling would revert to its permanent level of \$400 billion; and that under the temporary ceiling, the Treasury had leeway to borrow an additional amount between \$2 billion and \$3 billion and had requested that the System stand ready to purchase that day directly from the Treasury such amounts of special short-term certificates of indebtedness as the Treasury might be able to issue under the temporary ceiling.

* * * * *

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

INTEREST ON DEPOSITS

The Board of Governors has approved amendments to its Regulation Q relating to penalties for early withdrawals.

Effective December 1, 1977, Section 217.4(d) is amended to read as follows:

SECTION 217.4—PAYMENT OF TIME DEPOSITS BEFORE MATURITY

* * * * *

(d) Penalty for Early Withdrawals.*** Any amendment of a time deposit contract that results in an increase in the rate of interest paid or in a reduction in the maturity of the deposit constitutes a payment of the time deposit before maturity.***

(1) where a member bank pays all or a portion of a time deposit upon the death of any owner of the time deposit funds;^{1a}

* * * * *

LOAN GUARANTEES FOR DEFENSE PRODUCTION

The Board of Governors has amended its Regulation V to reflect that the Department of Energy now possesses the authority formerly held by the Energy Research and Development Administration to guarantee V-loans.

^{1a} For the purposes of this provision, an "owner" of time deposit funds is any individual who at the time of his or her death has full legal and beneficial title to all or a portion of such funds or, at the time of his or her death, has beneficial title to all or a portion of such funds and full power of disposition and alienation with respect thereto.

Effective October 1, 1977, Section 1 of Regulation V (Loan Guarantees for Defense Production) of the Board of Governors is amended by deleting "Energy Research and Development Administration" and substituting "the Department of Energy" after "the Department of Agriculture".

RULES REGARDING AVAILABILITY OF INFORMATION

RULES OF PROCEDURE

The Board of Governors has amended its Rules Regarding Availability of Information and Rules of Procedure to conform the rules to current practices.

1. Section 261.3(a) is amended by revising the last sentence to read as follows:

* * * * *

The Board also publishes in the Federal Register notice of receipt of applications pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1842), and notices of formal hearings ordered by the Board.

2. Section 262.3(g) (4) is amended by deleting the words, "Each such Order is published in the Federal Register."

RULES REGARDING DELEGATION OF AUTHORITY

In order to expedite and facilitate the performance of its functions, the Board of Governors has delegated to the Secretary of the Board authority to approve certain conforming changes in the Board's outstanding rules and regulations.

Effective October 5, 1977, § 265.2(a)(16) is amended to read as follows:

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

(a) The Secretary of the Board (or, in the Secretary's absence, the Acting Secretary) is authorized:

* * * * *

(16) Under the provisions of section 11(i) of the

Federal Reserve Act (12 U.S.C. § 248(i)) to conform references to administrative positions or units in outstanding rules and regulations of the Board with Changes in the administrative structure of the Board, the Government of the United States and agencies thereof, and to conform citations and references in outstanding rules and regulations of the Board with other regulatory or statutory changes adopted or promulgated by the Board, the Government of the United States and agencies thereof.

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

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

Benson Bancshares, Inc.,
Benson, Minnesota

*Order Approving
Formation of Bank Holding Company*

Benson Bancshares, Inc., Benson, Minnesota, 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 88 per cent (or more) of the voting shares of Swift County Bank, Benson, Minnesota ("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)).

By Order of June 7, 1976 (62 Federal Reserve BULLETIN 611 (1976)), the Board suspended processing of the application pending receipt of advice from the Securities and Exchange Commission as to whether certain facts in the record of the application gave rise to a violation of the provisions of the Securities Exchange Act of 1934. (15 U.S.C. § 78(a) *et seq.*) The Securities and Exchange Commission having expressed no formal opinion regarding the question of a violation of the securities laws by

Applicant's principals, the Board has determined to resume processing of the application and further orders that the determination whether to approve this application be made on the complete record as it now stands.

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company through the acquisition of Bank. Bank, with deposits of \$21.6 million,¹ is the largest of 11 banking organizations in the relevant market² and controls approximately 17.9 per cent of the total commercial bank deposits in the relevant market. Upon acquisition of Bank, Applicant would control the seventy-first largest banking organization in Minnesota, holding 0.13 per cent of the total deposits in commercial banks in the State. Inasmuch as the proposed transaction is essentially a reorganization whereby the shareholders who presently control Bank directly will control Bank indirectly through Applicant, and since Applicant presently has no subsidiaries and engages in no activities, consummation of the proposal would not eliminate existing or potential competition, or increase the concentration of banking resources in any relevant market. Therefore, competitive considerations are consistent with approval of the application.

The financial resources of Applicant, which are dependent upon those of Bank, are considered to be

¹All banking data are as of December 31, 1976.

²The relevant banking market is approximated by Swift County and most of Pope County.

generally satisfactory, and future prospects of both Applicant and Bank appear favorable. Although Applicant would incur some debt as a result of this proposal, it appears that Applicant's income will be sufficient to meet its debt service requirements without adversely affecting the financial condition of Bank.

Prior to February 15, 1973, the last known sale of Bank's shares was at a price of \$250 per share. No active market existed for shares of Bank, which were then held by 37 persons. On February 15, 1973, Bank's principal shareholders and their related interests held 56 per cent of Bank's shares. On that date, they offered, by means of a letter to Bank's shareholders, to purchase the stock of Bank for \$300 per share. The letter did not state that the book value (excluding reserves) of Bank's stock at that time was \$467 per share. Bank's shareholders had, however, received a copy of Bank's statement of condition as of year-end 1972 on January 10, 1973. As a result of the February 1973 offer, Bank's principals acquired an additional 5 per cent of Bank's stock. Shortly thereafter, Bank's management reduced Bank's dividend from \$10 per share to \$5 per share; a suggestion for a reduction in dividends was made to the Bank by an examiner representing the Federal Deposit Insurance Corporation.

On February 11, 1974, a second letter from Bank's principals informed Bank's shareholders that Bank's principals intended to form a bank holding company and offered to purchase the remaining shares of Bank for \$400 per share. This second offer was made without disclosing that the book value (excluding reserves) of Bank's stock was \$522 per share. Again, a copy of Bank's statement of condition had been mailed to Bank's shareholders a month earlier. As a result of the second tender offer, Bank's principals increased their holdings to 90 per cent of the outstanding shares of Bank.

During 1974, following the second tender offer, Bank recovered on a number of loans that had previously been written off and also achieved the highest earnings in its history. Bank then quadrupled its dividend to \$20 per share. In the fall of 1974, while this application was being prepared, Bank converted from a cash method of accounting to the accrual method of accounting. The effect of that change, implemented in early 1975, was to increase the book value of Bank's stock by approximately \$250 per share before tax considerations.

Among the factors enumerated in § 3(c) of the Act that the Board must consider in acting on applications is the managerial resources of the

acquiring bank holding company. In assessing the managerial resources of an applicant, the Board must consider all of the factors that bear upon the competence, quality and integrity of the management of an applicant.³

Certainly corporate insiders who seek to purchase shares of the company from shareholders who do not have comparable access to material information about the company have a special responsibility to deal fairly with those whose shares they wish to buy. This responsibility is particularly heavy where, as in this case, the company is not subject to periodic reporting requirements under the securities laws and publicly available information about the company is limited. Under such circumstances there is a high potential for abuse. Although the Board does not bear primary responsibility for enforcing the securities laws, it may, in assessing the managerial resources of a bank holding company applicant, take account of evidence indicating that management has violated legal or fiduciary obligations of fair dealing with minority shareholders. Even though the evidence does not establish a violation of law, it may establish a pattern of conduct that has a significant adverse bearing on the managerial factor, and the Board may deny the application on that ground alone.

The conduct of Applicant's principals may be construed, depending upon the inferences one draws, in different lights. In one light, it may appear that Applicant's principals offered a more than adequate price for unmarketable stock and were merely receptive to supervisory suggestions in reducing Bank's dividend. In another light, however, it may appear that Applicant's principals made an offer at an unfairly low price in relation to book value, intentionally concealed the book value of Bank's stock, and manipulated Bank's dividend to encourage acceptance of their offer. In this worse light, their conduct may be construed as overreaching in the treatment of Bank's minority shareholders,⁴ and would reflect so adversely upon the quality and integrity of the proposed bank holding company's management that the Board would be obliged to deny the application on the basis of Applicant's managerial resources.

³See the Board's Order denying the application of Florida National Bank of Florida, Inc., to acquire the Citizens Bank of Bunnell (62 Federal Reserve BULLETIN 696 (1976)).

⁴In *Western Bancshares, Inc. v. Board of Governors of the Federal Reserve System*, 480 F.2d 749 (10th Cir., 1973), the U.S. Court of Appeals held that the Board could not deny an application to form a bank holding company solely because unequal offers (Footnote continued on next page)

The facts in the record of this application present a very close case. It is clear that shareholders of Bank were not given sufficient facts upon which to base a fully informed decision as to the sale of their shares of Bank's stock. However, on the basis of the facts in the record of this application, including the absence of any complaint by those shareholders who dealt with Applicant's principals⁹ and the absence of formal action by other agencies that have been advised of this matter, the Board has concluded that evidence sufficiently establishing conduct on the part of Applicant's proposed management that would support an adverse finding with respect to the managerial resources of Applicant is not present in this record. Moreover, other aspects of applicant's managerial resources appear satisfactory. Accordingly, on balance, the Board concludes that considerations relating to managerial factors do not warrant denial 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 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 Minneapolis pursuant to delegated authority.

By order of the Board of Governors, effective October 26, 1977.

had been made to the majority and the minority shareholders of the bank to be acquired. The Board's Order denying that application (58 Federal Reserve BULLETIN 843 (1972)) was based upon the proposition that the practice of making unequal offers to shareholders was contrary to the public interest. The Board's Order did not consider the adverse implications such practices had upon the integrity of the principals of the bank involved and hence upon the managerial resources of the proposed bank holding company. Consequently, the Board does not view that decision as affecting its authority to consider how business practices employed by the principals of a bank holding company in acquiring the stock of a bank reflect upon the managerial resources of the proposed bank holding company.

⁹To the contrary, the record contains letters from each of three shareholders who dealt with Applicant's principals expressing satisfaction with the transaction.

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

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

Dissenting Statement of Governor Lilly

The Board's majority and I differ significantly in our respective judgments of the conclusions to be drawn from the evidence of record in this case bearing on the managerial resources factor. Both as expressed in the majority statement and as reasonably implied therefrom, serious questions are presented regarding the conduct of Applicant's proposed management—a number of which questions remain unresolved. In particular, the record reflects actions by Applicant's principals in the matters of tender for Bank's stock and changes in the Bank's dividend policy and accounting practices that I find are sufficiently inequitable and lacking in arm's-length character as to warrant denial of the application. As the majority stated:

Even though the evidence does not establish a violation of law, it may establish a pattern of conduct that has a significant adverse bearing on the managerial factor, and the Board may deny the application on that ground alone.

The conduct of Applicant's principals may be construed, depending upon the inferences one draws, in different lights. . . . [I]t may appear that Applicant's principals made an offer at an unfairly low price in relation to book value, intentionally concealed the book value of Bank's stock, and manipulated Bank's dividend to encourage acceptance of their offer. In this . . . light, their conduct may be construed as overreaching in the treatment of Bank's minority shareholders . . . and would reflect so adversely upon the quality and integrity of the proposed bank holding company's management that the Board would be obliged to deny the application on the basis of Applicant's managerial resources.

On the foregoing rationale, I would deny the application.

B.O.C. Corporation,
Sheridan, Wyoming

Order Approving Acquisition of Bank

B.O.C. Corporation, Sheridan, Wyoming, a bank holding company within the meaning of the Bank

Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares (less directors' qualifying shares) of The Wyoming Security Bank, Sheridan, Wyoming ("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, the eighth largest banking organization in Wyoming, controls one bank with deposits of \$46.7 million, representing 2.5 per cent of total deposits in commercial banks in the State.¹ Applicant's acquisition of Bank would increase Applicant's share of total deposits only slightly and would not result in a significant increase in the concentration of banking resources in the State. Upon acquisition of Bank, Applicant's rank among other banking organizations in Wyoming would be unchanged.

Bank holds deposits of approximately \$2.9 million, representing 2.8 per cent of the total deposits in commercial banks in the Sheridan banking market,² and ranks as the smallest of five banks operating in the market. Applicant's sole subsidiary bank, Bank of Commerce, Sheridan, Wyoming ("Commerce Bank"), is also located in the Sheridan banking market. It holds deposits representing 45.3 per cent of the market's total deposits in commercial banks and ranks as the largest bank in the market. The second largest bank in the market holds deposits representing 36.8 per cent total deposits in the market. With the two largest banking organizations in the market together controlling more than 82 per cent of the market's deposits, the market can be characterized as concentrated.

Consummation of the subject proposal would result in an increase in the level of concentration of banking resources within the relevant market and the elimination of some competition between Commerce Bank and Bank. The Board normally considers such effects as adverse factors in acting upon an application for approval of a proposed acquisition. However, in its consideration of the

subject proposal, the Board notes that Bank, which opened *de novo* by principals of Applicant, in this regard, shareholders of approximately 80 per cent of Applicant's shares are also shareholders of more than 90 per cent of Bank's shares. Furthermore, the president of Bank, who also serves as chairman of its board of directors, is executive vice president of Applicant. Thus, the subject proposal essentially represents a reorganization of Bank's present ownership. In view of these facts, the slight increase in concentration within the market that would result from approval of Applicant's proposal is not considered serious. Moreover, during the last three years the Sheridan banking market has become less concentrated due to the *de novo* entry of the State's largest banking organization. With respect to the elimination of competition, it appears that little, if any, competition actually exists between Commerce Bank and Bank due to their common control and management. Although approval of the subject proposal may lessen the possibility that the two banks would become independent of each other in the future, there is no evidence in the record to indicate that denial of the application would increase the likelihood of such possibility in the foreseeable future. Principals of Applicant are also principals of Security Bancshares of Montana, Inc., Billings, Montana, a holding company that controls three banks in Montana, none of which operates in the Sheridan banking market. On the basis of all of the facts of record, including the fact that Bank was organized *de novo* by principals of Applicant, the Board concludes that the proposed acquisition of Bank by Applicant would not have significant adverse effects on competition.

The financial and managerial resources of Applicant, its subsidiary and Bank are regarded as satisfactory and the future prospects for each appear favorable. Thus, the banking factors are consistent with approval. The financial strength of Applicant would enable Bank to occupy new, permanent bank facilities, which Bank would be unable to afford if it were not to become a subsidiary of Applicant. These considerations relating to the convenience and needs of the community to be served may not be substantial, but they do lend some weight toward approval of the application and, in the Board's view, outweigh any slightly adverse effects on competition that might result from consummation of this proposal. Therefore, it is the Board's judgment that the proposed acquisition of Bank would be in the public interest and that the application should be approved.

¹All banking data are as of December 31, 1976, and reflect holding company formations and acquisitions approved through September 30, 1977.

²The Sheridan banking market, the relevant geographic market for purposes of analyzing the competitive effects of the subject proposal, is approximated by all of Sheridan County, Wyoming.

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 Minneapolis pursuant to delegated authority.

By order of the Board of Governors, effective October 27, 1977.

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

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

[S.E.A.]

Crystal State Agency, Inc.,
Minneapolis, Minnesota

Order Approving Acquisition of Bank

Crystal State Agency, Inc., Minneapolis, Minnesota, 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 94.1 per cent of the voting shares of Wayzata Bank & Trust Company, Wayzata, Minnesota ("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, the 39th largest banking organization in Minnesota, controls one bank, Crystal State Bank, Crystal, Minnesota, with total deposits of approximately \$28.5 million, representing .2 of one per cent of the total deposits in commercial banks in the State.¹ Applicant also operates a general insurance agency business.² Acquisition of Bank (\$41.9 million in deposits) would increase Applicant's share of Statewide commercial bank deposits by .3

of one per cent and would make Applicant the 13th ranking banking organization in Minnesota, without having a significant effect upon the concentration of banking resources in the State.

Bank is the 15th largest of the 113 banking organizations in the Minneapolis-St. Paul banking market³ and controls approximately .5 of one per cent of the total deposits in commercial banks in the market. Applicant's subsidiary bank is also located in the Minneapolis-St. Paul banking market and is the 22nd largest banking organization in the market and controls .3 of one per cent of total market deposits. Upon consummation of the proposed acquisition, Applicant's share of market deposits would increase to .8 of one per cent and Applicant would thereby become the 10th largest banking organization in the market. Although consummation of the proposal will result in the elimination of a very slight amount of existing competition, in view of the relative sizes of the banks involved and the nature of the market, the amount is not significant. Moreover, the market is dominated by two large regional bank holding companies that together control two-thirds of market deposits, and while Applicant's rank in the market will improve as a result of the proposed acquisition, Applicant's share of market deposits will not increase significantly and numerous other banking alternatives will remain in the market. In light of the above and other facts of record, the Board concludes that the proposed acquisition will not have significant adverse competitive effects.

The financial and managerial resources and future prospects of Applicant, its subsidiary bank and Bank are regarded as satisfactory. Although Applicant will incur debt in connection with the subject proposal, it appears that Applicant will be able to meet its debt service requirements without adversely affecting the financial position of Bank. Thus, considerations relating to banking factors are consistent with approval. Bank appears to have adequately served the needs of the community in the past, and while Applicant does not contemplate any immediate changes in the services offered by Bank, the affiliation would enable Bank to offer its customers the indirect benefits of increased operating efficiency. These operating efficiencies should result in an enhancement of the services offered by Bank and this benefit is viewed as outweighing any slightly adverse competitive effects that may be associated with this proposal. Accordingly, convenience and needs considerations are consistent

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

²Applicant, a "company covered in 1970" as that term is defined in the Act, has conducted a general insurance agency business continuously since January 23, 1963. This activity is permanently "grandfathered" pursuant to § 4 (a)(2) of the Act, and the Board sees no reason to require Applicant to terminate this activity at this time.

³The relevant market is approximated by the Minneapolis-St. Paul RMA adjusted to include all of Carver County.

with approval of the proposed transaction. It is the Board's judgment that the proposed transaction is in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective October 26, 1977.

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

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

[SEAL]

First Charter Financial Corporation,
Syracuse, Indiana

Order Approving Retention of Bank Shares

First Charter Financial Corporation, Syracuse, Indiana, 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 retain 2.7 per cent of the voting shares of State Bank of Syracuse, Syracuse, Indiana ("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)).

At the time Applicant became subject to the Act as a one-bank holding company, Applicant owned directly 8,967 of Bank's voting shares (48.8 per cent), and held options to purchase 300 additional shares (1.6 percent) that it had transferred to bank's directors in 1964 and 1968. Between 1971 and 1976, Applicant increased its stock ownership in Bank from 48.8 per cent to 51.5 per cent through exercise of these options, the purchase of 218 shares in five transactions, and receipt of five shares as a gift. These options were apparently exercised and the additional shares were acquired in the belief that

Applicant already owned or controlled a majority of the voting shares of Bank, and that, accordingly, prior Board approval was not required under § 3(a) of the Bank Holding Company Act (12 U.S.C. § 1842(a)). In its original Registration Statement Applicant indicated that it owned 50.4 percent of Bank's voting shares, including the voting shares it owned directly and the shares it had transferred to directors subject to options. Upon being informed by the Federal Reserve Bank of Chicago that the Board's approval of the transaction was required, Applicant submitted this application.

Applicant's retention of the additional shares of Bank would not significantly affect competition between Bank and any competing institution, or diminish the ability of Bank to meet the convenience and needs of its community. The financial and managerial resources and future prospects of Applicant and Bank are generally satisfactory. It is the Board's judgment that the proposed transaction is in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective October 26, 1977.

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

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

[SEAL]

GEMA Financial Corporation
Chicago, Illinois

Order Approving Formation of Bank Holding Company

GEMA Financial Corporation, Chicago, Illinois, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 80 per cent or more of the voting shares of The Lawndale Trust and Savings Bank, Chicago, 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 is a non-operating corporation organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of \$34 million.¹ Upon acquisition of Bank, Applicant would control the 297th largest commercial banking organization in the State of Illinois and approximately 0.05 per cent of total deposits in commercial banks in that State.

Bank is the 168th largest bank in the relevant market,² controlling approximately 0.08 per cent of the total deposits in commercial banks in that market. Since Applicant has no other banking subsidiaries and Applicant's principals do not control any other banks, consummation of the proposal would not have any adverse effects upon either existing or potential competition nor would it increase the concentration of banking resources in any relevant area. Thus, the Board concludes that the competitive effects of the proposal are consistent with approval of the application.

The financial resources and future prospects of Applicant, which are dependent upon those of Bank, appear satisfactory and are regarded as being consistent with approval of the application to become a bank holding company. The debt to be incurred by Applicant in connection with this proposal appears to be serviceable without having an adverse effect on the financial condition of Bank. Based on the record, the Board also concludes that Applicant's and Bank's managerial resources are satisfactory. Therefore, considerations relating to banking factors are regarded as being consistent with approval.

While no major changes are contemplated in Bank's services, considerations relating to convenience and needs of the community to be served are consistent with approval. Accordingly, it is the Board's judgment that Applicant's proposal to form a bank holding company 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 Chicago pursuant to delegated authority.

By order of the Board of Governors, effective October 20, 1977.

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

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

[SEAL]

First of Iowa Bank Shares, Inc.,
Delhi, Iowa

*Order Denying
Formation of Bank Holding Company*

First of Iowa Bank Shares, Inc., Delhi, Iowa, 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 95.4 per cent of the voting shares of Delhi Savings Bank, Delhi, Iowa ("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, including those submitted by the Iowa Department of Banking, 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 organized for the purpose of becoming a bank holding company through the acquisition of Bank. Bank, with deposits of \$9.4 million,¹ is the third largest of seven banking organizations in the relevant banking market² and controls approximately 14 per cent of total market deposits. Upon acquisition of Bank, Applicant would control one of the smaller banking organizations in Iowa.

Inasmuch as the proposed transaction is essentially a reorganization whereby the shareholder who presently controls Bank directly will control Bank indirectly through Applicant, and since Applicant presently has no subsidiaries and engages in no activities, consummation of the proposal would not have any adverse effects upon existing or potential competition, nor would it increase the concentration of banking resources in the relevant market. Therefore, the Board concludes that com-

¹All banking data are as of December 31, 1976.

²The Chicago banking market, the relevant market, is approximated by Cook and DuPage Counties, and the southern portion of Lake County, Illinois.

¹All banking data are as of December 31, 1976.

²The relevant banking market is approximated by Delaware County, Iowa.

petitive considerations are consistent with approval of the application.

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

The president of Bank is its principal shareholder and, under this proposal, would become the president and principal shareholder of Applicant. Prior to acquiring control of Bank in 1976, Applicant's principal operated a general insurance agency, and has had only limited banking experience, although he has served as a director of Bank since 1969. He presently divides his time and energies between his insurance and banking interests. The record indicates that policies and practices employed at Bank have hindered its overall operations. The Board, therefore, cannot conclude at this time that Bank's management has demonstrated a record that would warrant a favorable finding with respect to managerial factors.⁴ Since no management changes are contemplated by Applicant and consummation of this proposal would perpetuate and enhance present management's control of Bank,⁵ the Board is of the view that the record of Bank's operations indicates that managerial factors should be regarded as an adverse consideration.

With regard to financial considerations, the

Board notes that Applicant would incur a sizeable debt in connection with the proposed acquisition of Bank's shares. Applicant proposes to service this debt over a 12-year period through dividends to be declared by Bank, tax benefits to be derived from filing consolidated tax returns, and insurance income resulting from the incorporation into Bank's operations of the insurance agency business conducted by Applicant's principal. In light of the policies and practices in evidence in Bank's existing operations, as well as its generally inexperienced management, Applicant's projections for successful operations may be suspect. Therefore, there is a significant degree of uncertainty in Applicant's projections, and the Board is unable to conclude that the Applicant will be able to manage the Bank properly to insure that the projections are fulfilled. In sum, the Board does not presently view Applicant's management as being capable of implementing a financial plan that would enable Applicant to serve as a source of strength to Bank or one that would enhance Bank's prospects. Accordingly, the Board concludes that considerations relating to financial resources and future prospects of Applicant and Bank weigh against approval of this application.

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

On the basis of the circumstances concerning this application, the Board concludes that the banking considerations involved in this proposal present adverse factors bearing upon the financial and managerial resources and future prospects of Applicant and Bank. Such adverse factors are not outweighed by any procompetitive effects or by benefits that would result in better serving the convenience and needs of the community. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest and that the application should be denied.

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

By order of the Board of Governors, effective October 31, 1977.

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

(Signed) ROBERT E. MATTHEWS,
Assistant Secretary of the Board.

[SEAL.]

³The 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 to be 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.

⁴The Board's conclusion on the quality of Applicant's management is based upon the facts presently contained in the record. This action is taken without prejudice to the Applicant, and if Bank shows improvement in its operations and management competence, the Board would be receptive to consideration of an application at some time in the future.

⁵The Board notes in this connection that the Iowa Department of Banking has indicated that Applicant's principal may not be able to maintain his present ownership position in Bank absent the formation of the proposed bank holding company.

*Dissenting Statement of
Vice Chairman Gardner and Governor Wallich*

We would approve the application of First of Iowa Bank Shares, Inc., to become a bank holding company by acquiring Delhi Savings Bank ("Bank"). The facts presented in this case pose a close question and, on balance, warrant approval of the application. The proposal is merely a means to complete the transfer of ownership of Bank among members of the same family. Prospective acquisition of the Bank by a new bank holding company (First of Iowa Bank Shares) will simply continue in a holding company form the ownership structure that exists presently in the Bank. In June 1976, Applicant's principal purchased control of Bank from his brother with whom he had previously jointly controlled Bank. Bank's operations have shown some improvement since he assumed control. Accordingly, the managerial and financial factors, although regarded by the majority as adverse, should be regarded in a more favorable light since the operations of the Bank have improved, and the denial of the holding company application, which would assist the present shareholders in completing the transfer of ownership, serves little purpose.

We are pleased that the majority recognizes that this is a particularly narrow issue and that it would be willing to consider an application at some time in the future if the Bank demonstrates continued improvement in its operations and management competence. However, we disagree with the majority's conclusion and would approve the proposal now based on the present record.

Lake View Bancorp, Inc.,
Northbrook, Illinois

*Order Approving
Formation of Bank Holding Company*

Lake View Bancorp, Inc., Northbrook, Illinois, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to form a bank holding company by acquiring 99.9 per cent of the voting shares of Lake View Trust and Savings Bank, Chicago, 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 is a recently chartered, nonoperating corporation organized under the laws of Delaware for the purpose of becoming a bank holding company by acquiring Bank (\$351.4 million in deposits).¹ Upon acquisition of Bank, Applicant would control the eleventh largest commercial bank in the State of Illinois and would control approximately 0.6 per cent of the total deposits held by commercial banks in that State.

Bank, located approximately five miles northwest of downtown Chicago, is the eleventh largest of 333 commercial banks located in the Chicago banking market² and holds approximately 0.8 per cent of the total commercial bank deposits in that market. The proposed transaction involves the transfer of ownership of Bank from an individual to a corporation owned by the same individual.³ Applicant's principal, the current owner of Bank, is also the owner and director of an additional bank and two registered one-bank holding companies.⁴ Each of these organizations operates in the Chicago banking market and competes with Bank. Nevertheless, given the size of the respective banking organizations involved and the structure of the Chicago banking market, it is the Board's view that the combination of these entities would have no significant adverse effects upon competition within that market. Moreover, because the subject proposal is essentially a corporate reorganization and Applicant has no subsidiaries, it does not appear that consummation of the proposal would have any adverse effect upon either existing or potential competition or increase the concentration of banking resources, or have any other adverse effect upon any other banks, in the relevant market. Thus, the Board concludes that the competitive con-

¹All banking data are as of December 31, 1976.

²The Chicago banking market, the relevant geographic market for purposes of analyzing the competitive effects of the proposed transaction, is approximated by Cook and DuPage Counties and the southern portion of Lake County.

³Prior to the sale of Bank on March 25, 1976, to William N. Lane, Applicant's principal, Bank was owned by NI Industries, Inc., New York, New York ("NI"), a diversified manufacturing company, which became a bank holding company by virtue of the 1970 Amendments to the Act. On May 5, 1972, NI filed an irrevocable declaration to divest its interest in Bank by year-end 1980. Sale of Bank to Applicant's principal was intended to comply with that commitment.

⁴These organizations are Pioneer Bank & Trust Co., Chicago, Illinois (\$306.3 million in deposits); Northbrook Bancorp, Inc., which controls Northbrook Trust & Savings Bank, Northbrook, Illinois (\$65.3 million in deposits); and Northwestco, Inc., which controls Northwest National Bank of Chicago (\$327.4 million in deposits).

siderations are consistent with approval of the application.

The financial resources of Applicant, which are dependent upon those of Bank, and the managerial resources of Applicant are considered to be satisfactory, 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 should provide Applicant with sufficient revenues to meet its debt service requirements without adversely affecting the financial condition of Bank. Furthermore, the financial and managerial resources of the other banking organizations with which Applicant's principal is associated are regarded as generally satisfactory. Accordingly, considerations relating to banking factors are consistent with approval of the application. While no significant changes are contemplated in Bank's operations or services, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. Therefore, 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.³

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

By order of the Board of Governors, effective October 17, 1977.

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

(Signed) ROBERT E. MATTHEWS,
Assistant Secretary of the Board.

[SEAL]

Concurring Statement of Governor Coldwell

I concur in the Board's action approving the application of Lake View Bancorp, Inc., to form a

bank holding company by acquiring Lake View Trust and Savings Bank. Nevertheless, I am concerned with the "chain banking" arrangement that will be further entrenched by the combination of Applicant with three other affiliated banking organizations within the Chicago banking market.

The facts of record indicate that Applicant's principal, the current owner of Bank, is also the owner and director of an additional bank and two registered one-bank holding companies in the Chicago banking market. It appears that Applicant's principal is using the one-bank holding companies solely as vehicles to facilitate his individual ownership of three separate banks in Illinois, a State that prohibits multi-bank holding companies. In my view, it is clear that this series of one-bank holding companies by Applicant's principal results in a "chain banking" arrangement that serves as a substitute for either a multi-bank holding company or branch banking facilities. Such arrangements could permit tightly interlocked one-bank holding companies to act as multi-bank holding companies without meeting the regulatory constraints for multi-bank holding companies. In this sense, they are evasions of the regulatory and statutory framework of the Bank Holding Company Act, which evasion the Board should not sanction. Of particular concern to me is the possibility that "chain banking" may be adverse to the public interest because it can result in undue concentrations of financial power, which the Board prohibits in its regulation of multi-bank holding companies.

In acting upon one-bank holding company formations in previous situations wherein individuals have been involved in "chain banking," the Board has stated that it is more appropriate to analyze the financial considerations and managerial resources of such organizations under the standards that are normally applicable in analyzing acquisitions by multi-bank holding companies.¹ In addition, the Board has indicated that it is inappropriate to ignore the identity of interests between an applicant and affiliated banking organizations in assessing the competitive effects of a proposal that would bring an additional bank into the affiliated group through the formation of a bank holding company.² This is

balance in connection with the loan to finance the purchase of Bank's shares.

¹See Board's Order dated June 14, 1976, denying the formation of a bank holding company by Nebraska Banco, Inc., Ord, Nebraska, 62 Federal Reserve BULLETIN 638 (1976).

²See Board Order, dated May 11, 1977, denying the formation of a bank holding company by Mahaska Investment Company, Oskaloosa, Iowa, 1977 Federal Reserve BULLETIN 579 (June).

³In its order of January 3, 1977, denying Applicant's previous proposal to become a bank holding company by acquiring Bank, the Board noted that the terms of the loan used to finance the purchase of Bank's shares were dependent upon a compensating balance provided by Bank, an action that the Board regarded as an improper use of Bank's funds. Applicant has stated that with respect to the subject proposal, there no longer exists any agreement or understanding for Bank to maintain a compensating

especially pertinent where a proposed acquisition involves the use of a holding company by an individual or group of individuals to acquire control of a bank that is a competitor of another bank under the control of essentially the same individual or group of individuals. In this case, Applicant's principal controls four banking organizations that are all located within five miles of one another in the Chicago banking market and control in the aggregate approximately 2.4 per cent of that market's total deposits. In favorably assessing this proposal's financial considerations and managerial resources, the Board has applied the more restrictive standards for analyzing multi-bank holding companies. I believe, however, that the more restrictive standards should also have been applied in assessing the competitive considerations, although an analysis of the facts in this case would not have been so adverse as to warrant denial.

In conclusion, I am of the opinion that, in all cases involving similar "chain banking" one-bank holding company arrangements, the Board should apply its multi-bank holding company standards in assessing all the statutory factors in section 3(c) of the Act.

ORDERS UNDER SECTION 4 OF BANK HOLDING COMPANY ACT

UB Financial Corp.,
Phoenix, Arizona

Order Approving Credit-Related Insurance Activities

UB Financial Corp., Phoenix, Arizona, 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 recommence through its subsidiary, H.S. Pickrell Company, the activity of acting as broker or agent for the sale, by mail solicitation, of credit-related life and accident and health insurance, solely in connection with extensions of credit by H.S. Pickrell Company. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(9)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (42 *Federal Register* 39478). The time for filing comments and views has expired, and the Board has considered the application and all com-

ments received in the light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1842(c)(8)).

Applicant is the fourth largest banking organization in Arizona and controls one bank, United Bank of Arizona. H.S. Pickrell Company ("Pickrell") is engaged in the mortgage banking business and makes, sells, and services loans secured by mortgages or deeds of trust on real property, and arranges for such loans by insurance companies, savings and loan associations, commercial and savings banks, pension funds, and other institutional investors. Pickrell has its main office in Phoenix and maintains other offices in Tucson and Mesa, Arizona and Albuquerque, New Mexico.

By Order of March 28, 1972, the Board approved Applicant's application to retain Pickrell. The Board's Order was limited to an approval for Applicant to acquire Pickrell and engage in mortgage banking activities. It appears that in addition to mortgage banking activities, Pickrell has participated in certain credit life and credit accident and health insurance activities which were not included in Applicant's application to retain Pickrell.

Pickrell provided lists of its mortgagors to an unaffiliated third party insurance company which solicited the purchase of credit life insurance. In those instances where a mortgagor elected to purchase such insurance, the insurance company forwarded the necessary forms to Pickrell to allow Pickrell to impound and pay the insurance premiums out of the mortgagor's monthly payment. Pickrell received a share of the premiums for handling the payments. Pickrell also mailed material prepared by the insurance company to the mortgagor describing the availability of credit accident and health insurance. If the mortgagor elected to purchase that insurance, Pickrell again handled the premium payments in return for a share of the premium.

In the Board's view, Pickrell's actions constitute engaging in credit insurance activities. Since Applicant's approval from the Board did not include engaging in insurance activities, Pickrell's participation in those activities constituted a violation of the Board's Regulation Y.¹

In acting on applications pursuant to § 4(c)(8) of the Act to continue to engage in activities in situations where the necessary prior approval of the Board was not obtained for such activities, the Board applies the same standards as it does to applications to commence such activities initially. In addition, the Board considers the competitive

¹See 12 CFR §225. 4(c)(2).

effects of such proposals as of the time that the activity was commenced.

The credit insurance Pickrell offers is a supplementary service and has no competitive significance independent of the mortgage credit extended by Pickrell. Credit insurance is readily available from other financial institutions in the market. It does not appear that Applicant's engaging in insurance activities would have any significant adverse effect on existing or future competition. Moreover, there is no evidence in the record indicating that approval of this proposal would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest.

As indicated above, the subject application is an after-the-fact request for the Board's approval to engage in activities that were commenced in violation of the Board's Regulation Y. It is the Board's view, on the basis of the facts and circumstances of the subject application, that the violation was the result of a misinterpretation of the Act. In acting on this application the Board has taken into consideration the fact that Applicant, upon becoming aware of the existence of the violation, immediately ceased the activity and took steps to conform its operations to the Act by filing the subject application. In addition, Applicant's management has taken steps to prevent violations from occurring in the future, including the initiation of an affirmative program under the direction of one of its officers to ensure that the management of Applicant's subsidiaries is aware of its responsibilities under the Bank Holding Company Act. The Board expects that these actions will assist Applicant in avoiding a recurrence of similar violations. In consideration of the above and other information in the record evidencing Applicant's intent to comply with the requirements of the Bank Holding Company Act, the Board has determined that the circumstances of the above violation do not warrant denial of the application.

Based upon the foregoing and other considerations reflected in the record, 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 October 3, 1977.

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

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

UB Financial Corp.,
Phoenix, Arizona

*Order Approving Retention
of an Office of H.S. Pickrell Company*

UB Financial Corp., Phoenix, Arizona, 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 an office of H.S. Pickrell Company, Phoenix, Arizona, located in Mesa, Arizona, and continue to engage in mortgage banking activities, including originating, selling, and servicing mortgage loans. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(1) and (3)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (42 *Federal Register* 39478). The time for filing comments and views has expired, and the Board has considered the application and all comments received in the light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant is the fourth largest banking organization in Arizona and controls one bank, United Bank of Arizona. H.S. Pickrell Company ("Pickrell") is engaged in the mortgage banking business and makes, sells, and services loans secured by mortgages or deeds of trust on real property, and arranges for such loans by insurance companies, savings and loan associations, commercial and savings banks, pension funds, and other institutional investors. Pickrell has its main office in Phoenix and maintains other offices in Tucson and Mesa, Arizona and Albuquerque, New Mexico.

By Order of March 28, 1972, Applicant received the Board's approval to retain Pickrell. In April 1972, Pickrell opened a new office in Mesa, Arizona, without the prior approval of the Board.

Applicant has indicated that it was in the process of completing its assimilation of Pickrell and was unaware that the Mesa office had been newly established. Thus, Applicant's approval from the Board to retain Pickrell did not include the Mesa office and the operation of that office would constitute a violation of the Board's Regulation Y.¹

In acting on applications pursuant to § 4(c)(8) of the Act to retain offices in situations where the necessary prior approval of the Board was not obtained for such offices, the Board applies the same standards as it does to applications to establish such offices initially. In addition, the Board considers the competitive effects of such proposals as of the time that the offices were established.

At the time that it approved Applicant's application to retain Pickrell, the Board noted that only a slight amount of existing competition existed between Applicant and Pickrell. Neither Applicant nor Pickrell had more than a minor share of the mortgage banking business in any local market in Arizona, or in the State as a whole. The Board concluded at that time that Applicant's acquisition of Pickrell would have no adverse effects on competition and would strengthen Pickrell's competitive position in the State. Inasmuch as the Mesa office of Pickrell that is the subject of this application was opened *de novo*, it appears that Applicant's retention of that office would likewise have no adverse effects upon either potential or existing competition. Moreover, there is no evidence in the record indicating that retention of this office would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest.

As indicated above, the subject application is an after-the-fact request for the Board's approval to conduct operations at an office that was opened in violation of the Board's Regulation Y. It is the Board's view, on the basis of the facts and circumstances of the subject application, that the violation was inadvertent. In acting on this application the Board has taken into consideration the fact that Applicant, upon becoming aware of the existence of the violation, took steps to conform its operations to the Act by filing the subject application. In addition, Applicant's management has taken steps to prevent violations from occurring in the future, including the initiation of an affirmative program under the direction of one of its officers to ensure that the management of Applicant's subsidiaries is

aware of its responsibilities under the Bank Holding Company Act. The Board expects that these actions will assist Applicant in avoiding a recurrence of similar violations. In light of the above and other information in the record evidencing Applicant's intent to comply with the requirements of the Bank Holding Company Act, the Board has determined that the circumstances of the above violation do not warrant denial of the application.

Based upon the foregoing and other considerations reflected in the record, 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 October 3, 1977.

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

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

[SEAL]

United Missouri Bancshares, Inc.,
Kansas City, Missouri

Order Approving Acquisition of
United Missouri Insurance 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 § 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 shares of United Missouri Insurance Company, Phoenix, Arizona ("Company"), a company that will engage *de novo* in the activity of underwriting, as reinsurer, credit life and credit accident and health insurance directly related to extensions of credit by the bank holding company system. Such activity has been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(10)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (42 Fed. Reg. 41914 (1977)). The time for

¹See 12 CFR § 225.4(c)(2).

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 sixth largest bank holding company in Missouri, controls nineteen subsidiary banks with aggregate deposits of \$919 million,¹ representing 4.83 per cent of the total deposits in commercial banks in the State. Company will be chartered under the laws of Arizona and will engage in the activity of underwriting, as reinsurer, credit life and credit accident and health insurance sold in connection with extensions of credit by Applicant's lending subsidiaries. Inasmuch as the subject proposal involves engaging in this activity *de novo*, consummation of this transaction would not have any adverse effect upon existing or potential competition in any relevant market.

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

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

Applicant proposes to offer, through Company, various credit life and credit accident and health insurance coverages to its customers at rates ranging from 5.0 to 6.7 per cent below the *prima facie* rates established in Missouri.² The Board is of the view that the reductions in insurance premiums that Applicant proposes to establish are, and will continue to be, in the public interest.

Based upon the foregoing and other considerations reflected in the record, including a

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

²*Prima facie* rates are the maximum rates allowed by the State for particular types of insurance coverage. Where no *prima facie* rate exists for a type of coverage, the insurance company may apply to the State insurance department for approval of a proposed rate.

commitment by Applicant to maintain on a continuing basis the public benefits which the Board has found to be reasonably expected to result from this proposal and upon which the approval of this proposal is based, the Board has determined that the balance of the public interest factors the Board is required to consider under § 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

By order of the Board of Governors, effective October 20, 1977.

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

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

ORDER UNDER BANK MERGER ACT

Isabella Bank and Trust,
Mount Pleasant, Michigan

Order Denying Application for Merger of Banks

Isabella Bank and Trust, Mount Pleasant, Michigan ("Isabella Bank"), a member State bank of the Federal Reserve System, has applied for the Board's approval pursuant to the Bank Merger Act (12 U.S.C. § 1828(c)) of the merger of that bank with Shepherd State Bank, Shepherd, Michigan ("Shepherd Bank"), under the charter and title of Isabella Bank. Incident to the proposed merger, the present offices of Shepherd Bank would become branch offices of the resulting bank.

As required by the Act, notice of the proposed merger, in form approved by the Board, has been published, and the Board has requested reports on the competitive factors from the Attorney General, Comptroller of the Currency and the Federal Deposit Insurance Corporation ("FDIC"). The Board

has considered the application and all comments¹ and reports² received in light of the factors set forth in the Act.

Isabella Bank operates five offices with aggregate deposits of approximately \$46.4 million,³ representing 0.15 per cent of total deposits in commercial banks in Michigan, and ranks as the 80th largest bank in the State. Consummation of the proposed merger would not appreciably increase Isabella Bank's share of deposits in the State, nor would it significantly increase the concentration of banking resources in Michigan. However, as discussed below, consummation of the proposal would have significant adverse effects on concentration of banking resources within the relevant banking market.

Shepherd Bank holds deposits of approximately \$11.6 million and operates two offices, both of which are located in the Mount Pleasant banking market.⁴ With 8.0 per cent of total deposits in commercial banks in the relevant market, Shepherd Bank ranks as the fourth largest of six banks operating therein. Each of Isabella Bank's five offices is also located in the Mount Pleasant banking market. Isabella Bank holds 31.8 per cent of the deposits in commercial banks in the market and ranks as the largest bank therein. The second and third largest banks in the market hold 26.4 per cent and 22.7 per cent of such deposits, respectively. The four largest banks in the market together hold 88.9 per cent of the market's deposits, and thus, the market is viewed as highly concentrated. Consummation of the subject proposal would substantially increase the percentage of commercial bank deposits held by the market's largest bank to almost 40 per cent of such deposits. That bank would also then operate seven of the 17 banking offices in the market. The percentage of market deposits held by

the four largest banks in the market would increase to 96.5 per cent. Thus, the proposed merger would significantly increase the concentration of banking resources in the market. Moreover, consummation of the proposed merger would substantially increase the disparity in size between Isabella Bank and the market's second and third largest banks as well as lessen, to a significant degree, the likelihood of the market becoming less concentrated in the future. The Board regards these as adverse factors lending weight toward denial of the proposal.

In addition to the adverse effects on concentration, the record in this matter demonstrates that substantial competition presently existing between Isabella Bank and Shepherd Bank would be eliminated upon consummation of the merger. A distance of seven and one-half miles separates the closest offices of each of these two banks and no offices of other banks intervene. More importantly, Shepherd Bank derives about 11 per cent of its demand deposits, 14 per cent of its time and savings deposits and 15 per cent of its commercial loans from the service area of Isabella Bank. Isabella Bank, in turn, derives 1.5 per cent of its demand deposits, 2.5 per cent of its time and savings deposits and 4.5 per cent of its commercial loans from the service area of Shepherd Bank. The proposed merger would reduce the number of banking alternatives operating in the market.⁵ In light of all of the facts of record, including the comments submitted by Protestants, the Board concludes that consummation of the proposed merger would have significant adverse effects on competition within the Mount Pleasant banking market.

The financial and managerial resources and future prospects of both banks are regarded as satisfactory and consistent with approval, but do not weigh in favor of the proposal. Under the Act, the subject application should not be approved unless the anticompetitive effects that would result from the merger are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served. Upon consummation of the merger, Isabella Bank proposes to offer 24-hour bank teller machine services, credit card services, overdraft checking, FHA improvement and SBA loans, and trust services to the customers of Shepherd Bank. Although each of these services is currently offered by other firms in the market,

¹The Board has received comments in opposition to the subject proposal from American Security Bank, Mount Pleasant and Central National Bank of Alma, Alma, both in Michigan (collectively referred to herein as "Protestants"). In summary, Protestants allege that consummation of the proposed merger would have significant anticompetitive effects by increasing the concentration of banking resources and eliminating existing competition within the market. Because the comments of Protestants are, in substance, discussed in this Order, Protestants' allegations are not set forth separately.

²The reports of the Department of Justice and the FDIC conclude that the proposed merger would have an adverse effect on competition. No report was received from the Comptroller of the Currency.

³All banking data are as of December 31, 1976.

⁴The Mount Pleasant banking market, the relevant geographic market for purposes of analyzing the competitive effects of the subject proposal, is approximated by all of Isabella County and the southern portion of Clare County, both in Michigan.

⁵In this regard, it is noted that both Isabella Bank and Shepherd Bank are the resulting banks from other mergers within the past 15 years.

provision of these services at offices of Shepherd Bank would serve the convenience of customers using those offices. Thus, considerations relating to the convenience and needs of the communities to be served lend some weight toward approval of the application. The Board finds, however, that neither the considerations relating to the banking factors nor the considerations relating to the public benefits clearly outweigh the significant adverse competitive effects of the proposed merger.

On the basis of all of the facts of record, and in light of factors set forth in the Act, it is the Board's judgment that approval of the proposal would not be in the public interest. Accordingly, the application is denied for the reasons summarized herein.

By order of the Board of Governors, effective October 12, 1977.

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

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

[SEAL]

**ORDER APPROVING
APPLICATION TO BECOME A
MEMBER OF THE FEDERAL RESERVE SYSTEM**

Harvard Tower Bank,
Tulsa, Oklahoma

Harvard Tower Bank, Tulsa, Oklahoma ("Applicant"), a proposed new bank chartered under the laws of the State of Oklahoma, has applied, pursuant to section 9 of the Federal Reserve Act (12 U.S.C. 321-338) and the Board's Regulation H (12 CFR 208), to become a member of the Federal Reserve System.

Applicant, which has not opened for business, was organized in 1975 for the purpose of obtaining a State bank charter and engaging in a commercial banking business. Applicant's application for a charter was approved by the Oklahoma State Banking Board by Order dated April 14, 1975. Approval of Applicant's charter was conditioned, in part, upon Applicant filing an application for insurance coverage for its deposits from the Federal Deposit Insurance Corporation ("FDIC") or for membership in the Federal Reserve System. Applicant filed an application with the FDIC on August 24, 1976, for insurance pursuant to section 5 of the Federal Deposit Insurance Act (12 U.S.C. 1815). That application was denied by the FDIC on February 15, 1977, on the basis of unfavorable findings with

regard to the future earnings prospects of Applicant, the convenience and needs of the community to be served, and the general character of Applicant's management.

Under section 9 of the Federal Reserve Act (12 U.S.C. 322), the Board, in acting upon an application to become a member of the Federal Reserve System, is required to consider the financial condition of the applying bank, the general character of its management, and whether or not the corporate powers of the institution are consistent with the purposes of the Federal Reserve Act. In addition, under section 4(b) of the Federal Deposit Insurance Act (12 U.S.C. 1814), the admission to membership in the Federal Reserve System of an uninsured State bank automatically confers deposit insurance upon the bank from the time the Board certifies to the FDIC that the bank is a member of the Federal Reserve System. The Board's certificate to the FDIC is required to state that the Board has given consideration to the factors enumerated in section 6 of the Federal Deposit Insurance Act (12 U.S.C. 1816), namely, the financial history and condition of the bank; the adequacy of its capital structure; the bank's future earnings prospects; the general character of its management; the convenience and needs of the community to be served by the bank; and whether or not the bank's corporate powers are consistent with the purposes of the Federal Deposit Insurance Act. The Board has considered the subject application in light of the statutory factors set forth above.

Applicant would be located at a major intersection in the south central portion of the city of Tulsa and would have a service area of approximately 13 square miles. The northern half of Applicant's proposed service area is highly developed with little space available for additional development. The southern half of the area, on the other hand, is currently undergoing a substantial amount of commercial as well as residential development. The population of the proposed service area is approximately 51,000, which represents an increase of approximately 51 per cent since 1970. Average family income in the area is approximately \$24,500 as compared to the Statewide average of approximately \$14,000. Five banks presently operate in the proposed service area, one of which opened in June of this year. The other four banks that compete in the area have, over the past five years, either doubled or tripled their total deposits. Deposit growth in the entire Tulsa banking market¹ over the

¹The Tulsa banking market is approximated by the Tulsa SMSA.

same period of time has been strong, increasing at an annual rate of 13.6 per cent. Based on the foregoing and other information in the record, it is apparent that the economy of the area that would be served by Applicant has expanded in recent years and, in the Board's view, it is reasonable to conclude that it will continue to expand in the foreseeable future.

Applicant's proposed location at a major intersection should make it a convenient source of banking services. The population per banking office ratio in the proposed service area is substantially above the ratio for the Tulsa banking market and more than double the ratio for the State. Even after Applicant opens for business, the population per banking office ratio in the service area would be greater than that of the market and the State. In addition, the results of a survey submitted since the FDIC's action on Applicant's application for deposit insurance reflect a favorable disposition on the part of individuals towards a bank that would be located at Applicant's site. Although it does not appear that Applicant will offer any banking services that are not presently available from other banks in the area, Applicant will be open for business on Saturdays, making it the only commercial bank in the area to be open on that day. It is the Board's judgment on the basis of the above and other information in the record that the convenience and needs factors are favorable and reflect favorably on the future earnings prospects of Applicant.

Applicant has no operating history and its future earnings prospects are, of course, related to the amount of deposits Applicant will be able to attract. In denying Applicant's application for deposit insurance, the FDIC indicated that it did not believe that Applicant would acquire deposit volume sufficient to support satisfactory earnings within a reasonable period. The FDIC's views with respect to Applicant's future earnings prospects appear to have been based principally on its adverse finding concerning the convenience and needs factors. As indicated above, the Board has reached a different conclusion than did the FDIC with respect to the convenience and needs of the community to be served by Applicant. Based on the above and other information in the record, it is the Board's reasoned judgment that Applicant's future earnings prospects are consistent with approval of the subject application.

In denying its application for deposit insurance, the FDIC stated that the managerial factors did not support approval. The FDIC view with respect to

managerial factors was apparently due to reservations concerning the financial affairs and banking experience of two individuals affiliated with Applicant. Since the time of the FDIC's action, those two individuals have disassociated themselves from Applicant. In the Board's judgment, the general character of Applicant's management is satisfactory and consistent with approval of the subject application. Applicant's proposed capital appears to be adequate and its corporate powers are consistent with the Federal Reserve Act and with the Federal Deposit Insurance Act. Accordingly, the Board finds that those factors are consistent with approval of the subject application.

In view of the foregoing discussion and having considered the facts of record in light of the statutory factors the Board must consider under section 9 of the Federal Reserve Act and section 6 of the Federal Deposit Insurance Act, it is the Board's judgment that the application should be, and is hereby, approved.

By order of the Board of Governors, effective October 19, 1977.

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

(Signed) ROBERT E. MATTHEWS,
[SLAU] *Assistant Secretary of the Board.*

ORDER GRANTING DETERMINATION UNDER BANK HOLDING COMPANY ACT

First Security Corporation,
Salt Lake City, Utah

First Security Corporation, Salt Lake City, Utah ("FSC"), a bank holding company within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841(a)) ("the Act"), has requested a determination, pursuant to section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)) that FSC is not in fact capable of controlling Mr. John Price, an individual residing in Salt Lake City, Utah, or Security Savings & Loan Association, Pocatello, Idaho ("Security") (formerly First Security Savings and Loan Association), notwithstanding the fact that the purchase by Mr. Price from FSC of all of the outstanding voting shares of Security was financed, in part, by a loan from First Security Bank of Utah, National Association, Salt Lake City, Utah ("FSB"), a banking subsidiary of FSC, and that Mr. Price is otherwise indebted to FSB.

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

Notice of an opportunity for hearing with respect to FSC's request for a determination under section 2(g)(3) was published in the *Federal Register* on August 23, 1977 (42 *Federal Register* 42380). The time provided for requesting a hearing has expired. No such request has been received by the Board. FSC has submitted to the Board evidence to support FSC's contention that it is not in fact capable of controlling Mr. Price or Security, directly or indirectly.

It is hereby determined that FSC is not in fact capable of controlling Mr. Price or Security. This determination is based upon the evidence of record in this matter, including the following facts: FSC is a publicly-owned corporation and is not affiliated with Mr. Price or with any business in which Mr. Price has an interest. The sale of Security to Mr. Price appears to have been the result of arms-length negotiations and Mr. Price's purchase of the shares of Security appears to have been as an investment for his own account and not as a nominee or representative of any other party. There is no evidence to indicate that the sale was motivated by an intent to evade the requirements of the Act. All interlocking relationships¹ between Security and FSC or any of FSC's subsidiaries have been terminated. The terms governing the debt relationship between FSB and Mr. Price arising from FSB's financing of Mr. Price's purchase of the shares of Security are limited to those reasonably required to protect FSB's security interest. Additionally, the other indebtedness to FSB of Mr. Price and his business interests arose in the ordinary course of business. Mr. Price's personal financial resources are substantial and support the conclusion that FSC is not in fact capable of controlling him or Security by reason of the indebtedness. FSC has submitted a resolution of its executive committee disclaiming any capability or intent on FSC's part of controlling

Mr. Price, or businesses controlled or affiliated with Mr. Price, and Security has submitted a resolution of its board of directors affirming that neither FSC or any of its subsidiaries and affiliates is capable of controlling Security, directly or indirectly, and that Security will not acquiesce in any such control or attempt to control its operations or management. In addition, FSC submitted an affidavit from its president averring that FSC has not and will not attempt to exercise a controlling influence over Mr. Price or any corporations controlled by him. Mr. Price, in his affidavit, states that FSC is not capable of controlling him or Security and that he will not permit or acquiesce in any such control or attempt to control.

Accordingly it is ordered. That the request of FSC for a determination pursuant to section 2(g)(3) be and hereby is granted. This determination is based upon the representations made to the Board by FSC and Mr. Price, and is conditioned upon the continued absence of interlocking relationships between Security and FSC and its subsidiaries. In the event the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that FSC or Mr. Price has failed to disclose to the Board other material facts, this determination may be revoked, and any change in the facts or circumstances relied upon by the Board in making this determination could result in the Board reconsidering the determination made herein.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 CFR § 265.2(b)(1)), effective October 31, 1977.

**PRIOR AND FINAL
CERTIFICATION PURSUIT TO THE
BANK HOLDING COMPANY TAX ACT OF 1976**

H. F. Ahmanson & Company,
Los Angeles, California

[Docket No. TCR 76-101]

H. F. Ahmanson & Company, Los Angeles, California ("Ahmanson"), has requested a prior certification pursuant to section 6158(a) of the Internal Revenue Code (the "Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that the sale on November 5, 1976, by Ahmanson and its subsidiary, Ahmanson Bank and Trust Company, Beverly Hills, California ("Bank"), of 400,000 shares of California Overseas Banks, Beverly Hills, Califor-

¹An "interlocking relationship" shall be deemed to exist between two companies if any person holding an office or position (including an advisory or honorary position) with a company as an officer, director, trustee, policy-making employee or consultant, or who performs functions comparable to those usually associated with such office or position, holds any such office or position with the other company.

nia ("COB"), a corporation created and availed of solely for the purpose of receiving the commercial banking assets of Bank, was necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act"). Ahmanson has also requested a final certification pursuant to section 6158(c)(2) of the Code 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.¹

In connection with these requests, the following information is deemed relevant for purposes of issuing the requested certifications:²

1. Ahmanson is a corporation organized under the laws of the State of California on January 28, 1928.

2. On December 2, 1957, Ahmanson acquired direct ownership and control of 4,517 shares, representing 90.34 per cent of the total outstanding voting shares of Bank.

3. Ahmanson 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 Bank, and it registered as such with the Board on August 20, 1971. Ahmanson 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 Bank. On November 5, 1976, Ahmanson owned and controlled 100 per cent of the outstanding voting shares (less directors' qualifying shares) of Bank.

4. On November 8, 1976, Ahmanson 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 Ahmanson 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 November 24, 1971, Ahmanson filed with the Board an irrevocable declaration, pursuant to section 225.4(d) of the Board's Regulation Y that it would cease to be a bank holding company by December 31, 1980.

6. Ahmanson organized COB under the laws of the State of California for the sole purpose of receiving the commercial banking assets of Bank. On October 6, 1976, COB received approval from the Federal Deposit Insurance Corporation of its application for deposit insurance. COB received authorization to engage in the commercial banking business under the laws of the State of California from the California State Banking Department effective November 8, 1976.

7. On November 8, 1976, COB issued 40,000 shares of its voting stock in exchange for \$250,000 in cash. Of such shares, 39,400 were issued to Ahmanson and 100 of such shares were issued to each of the six initial directors of COB. The shares issued to the directors of COB were held in trust by those individuals for the benefit of Ahmanson. On the same date, 360,000 shares of COB were issued to Bank in exchange for all of the commercial banking assets and liabilities of Bank as of that date. Such assets included certain real property and all improvements thereon, known as 9145 Wilshire Boulevard, Beverly Hills; 3701 Wilshire Boulevard, Los Angeles; and 1460 Westwood Boulevard, Los Angeles, all in California.

8. On November 8, 1976, Ahmanson and Bank sold all of the 400,000 shares, representing 100 per cent of the outstanding voting shares of COB to a group of individuals headed by Mr. Roberto S. Benedicto for \$5,114,060 in cash.

9. Effective November 8, 1976, the California State Banking Department approved a change in the name of Bank to Ahmanson Trust Company and issued a replacement certificate of authority for Ahmanson Trust Company to engage in the trust business. Ahmanson Trust Company, the shares of which were retained by Ahmanson, was thereby empowered to transact the business of a trust company as defined and provided for in the Financial Code of the State of California, but not to accept deposits that the depositor has a right to withdraw on demand or engage in the business of making commercial loans. On November 23, 1976, Ahmanson Trust Company amended its articles of incorporation to reflect the change in its business activities.

10. Neither Ahmanson nor any subsidiary of Ahmanson holds any interest (including a debtor-

¹Pursuant to sections 2(d)(2) and 3(e)(2) of the Tax Act, in the case of any sale that takes place on or before December 31, 1976 (the 90th day after the date of the enactment of the Tax Act), the certification described in section 6158(a) shall be treated as made before the sale, and the certification described in section 6158(c)(2) shall be treated as made before the close of the calendar year following the calendar year in which the last such sale occurred, if application for such certification was made before the close of December 31, 1976. Ahmanson's request for such certifications was received by the Board on October 21, 1976.

²This information derives from Ahmanson's correspondence with the Board concerning its requests for certification, Ahmanson's Registration Statement filed with the Board pursuant to the BHC Act, and other records of the Board.

creditor relationship) in COB or in any other bank or any company that controls a bank.

11. None of the individuals that purchased the shares of COB holds any interest (including a debtor-creditor relationship) in Ahmanson or any subsidiary of Ahmanson.

12. No officer, director (including honorary or advisory director) or employee with policy-making functions of Ahmanson or any subsidiary of Ahmanson also holds any such position with COB, or with any other bank or any company that controls a bank.

13. Ahmanson does not control in any manner the election of a majority of directors or exercise a controlling influence over the management or policies of COB, or of any other bank or company that controls a bank.

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

(A) at the time of the exchange of the commercial banking assets of Bank for shares of COB and the sale of the shares of COB by Ahmanson and Bank, Ahmanson was a qualified bank holding corporation, within the meaning of sections 6158(d)(1) and 1103(b) of the Code, and satisfied the requirements of those sections;

(B) the assets that Bank exchanged for shares of

COB were all or part of the property by reason of which Ahmanson controlled (within the meaning of section 2(a) of the BHC Act) a bank or bank holding company;

(C) the exchange of the commercial banking assets of Bank for shares of COB and the sale of those shares by Ahmanson and Bank was necessary or appropriate to effectuate the policies of the BHC Act; and

(D) Ahmanson 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 Ahmanson 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 Ahmanson, or that Ahmanson has failed to disclose to the Board other material facts, it may revoke this certification.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 CFR § 265.2(b)(3)), effective October 17, 1977.

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

[SEAL]

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

BY THE BOARD OF GOVERNORS

During October 1977, the Board of Governors approved the application listed below. A copy is available upon request to Publication Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	Bank(s)	Board action (effective date)
First National Cincinnati Corporation, Cincinnati, Ohio	The Third National Bank of Circleville, Circleville, Ohio	10/31/77

BY FEDERAL RESERVE BANKS

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies of the orders are available upon request to the Reserve Banks.

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
United Bank Corporation of New York, Hempstead, New York	Hempstead Bank, Hempstead, New York	New York	8/18/77
New Virginia Bancorporation, Springfield, Virginia	The Bank of Warrenton, Warrenton, Virginia	Richmond	10/26/77
First Bankers Corporation of Florida, Pompano Beach, Florida	National Bank of Cape Canaveral, Cape Canaveral, Florida	Atlanta	8/9/77
Old Kent Financial Corporation, Grand Rapids, Michigan	Peoples Bank and Trust, N.A., Trenton, Michigan	Chicago	10/25/77
Ameribanc, Inc., St. Joseph, Missouri	Morgan County Bank, Versailles, Missouri	Kansas City	8/26/77
First Texas Bancorp, Inc., Georgetown, Texas	First National Bank, Belton, Texas	Dallas	9/14/77

ORDER APPROVED UNDER BANK MERGER ACT

Applicant	Bank(s)	Reserve Bank	Effective date
40 Main Street Bank, Hempstead, New York	Hempstead Bank, Hempstead, New York	New York	8/18/77

PENDING CASES INVOLVING THE BOARD OF GOVERNORS*

Central Bank v. Board of Governors, filed October 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.

First Security Corporation v. Board of Governors, filed March 1977, U.S.C.A. for the Tenth Circuit.

Farmers State Bank of Crosby v. Board of Governors, filed January 1977, U.S.C.A. for the Eighth Circuit.

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

First Security Corporation v. Board of Governors, filed August 1976, U.S.C.A. for the Tenth Circuit.

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

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.

Farmers & Merchants Bank of Las Cruces, New Mexico v. Board of Governors, filed April 1976, U.S.C.A. for the District of Columbia Circuit.

Grandview Bank & Trust Company v. Board of Governors, filed March 1976, U.S.C.A. for the Eighth Circuit.

Association of Bank Travel Bureaus, Inc. v. Board of Governors, filed February 1976, U.S.C.A. for the Seventh Circuit.

Memphis Trust Company v. Board of Governors, filed February 1976, U.S.D.C. for the Western District of Tennessee.

First Lincolnwood Corporation v. Board of Governors, filed February 1976, U.S.C.A. for the Seventh Circuit.

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

Florida Association of Insurance Agents, Inc. v. Board of Governors, and National Association

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

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

Louis J. Roussel v. Board of Governors, filed April 1975, U.S.D.C. for the Eastern District of Louisiana.

Georgia Association of Insurance Agents, et al. v. Board of Governors, filed October 1974, U.S.C.A. for the Fifth Circuit.

Alabama Association of Insurance Agents, et al. v. Board of Governors, filed July 1974, U.S.C.A. for the Fifth Circuit.

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

— — — — —
 † Decisions have been handed down in these cases, subject to appeals noted.

‡ The Board of Governors is not named as a party in this action.

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 from 5¾ per cent to 6 per cent, effective October 26.

The Board's action was taken in recognition of increases that have occurred recently in other short-term interest rates and will bring the discount rate into closer alignment with short-term rates generally. The increase will also reduce the incentive for member banks to borrow from the Federal Reserve. Member bank borrowings increased to more than \$1.8 billion during the week ending October 19 compared with a level of \$337 million 5 weeks earlier.

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

SUPERVISION OF BANK HOLDING COMPANIES

The Board of Governors has announced a program of intensified supervision of bank holding companies.

The program—which includes new inspection requirements—becomes effective January 1, 1978. It will subject 85 to 90 per cent of total bank holding company assets to Federal Reserve review every year.

The modified program for supervision of bank holding companies calls for:

1. A standardized "Report of Bank Holding Company Inspection" to be used by all Reserve Banks in the inspection of companies subject to the new program.

2. An annual inspection of most large bank holding companies.

Bank holding companies whose condition will be reported on the basis of the criteria of the new standardized inspection form include:

1. All bank holding companies with consolidated assets of more than \$300 million.

2. Bank holding companies with assets of less

than \$300 million that control subsidiaries—other than banks—that extend credit (such as finance companies and mortgage companies).

Bank holding companies to be inspected annually—the Federal Reserve now inspects most bank holding companies no less than once in 3 years—include most of those with assets greater than \$300 million. (Companies with exceptionally low debt to equity ratios *and* whose subsidiaries extend relatively little credit would not be examined annually.)

Criteria and frequency of inspection of bank holding companies not qualifying for the new procedures will remain unchanged.

In adopting its new supervisory program for bank holding companies the Board said:

"The development of numerous complex and diverse bank holding company structures and activities has prompted the expansion of the Board's continuing program for their supervision and regulation.

"Implementation of the proposed annual inspection guideline would markedly increase the System's review of total assets controlled by bank holding companies and would afford increased opportunity to identify and supervise those holding companies warranting increased supervisory attention.

"It is believed that the scope of the proposed inspection required by the new format—which includes a requirement for classification of the loans of nonbank subsidiaries that extend credit—would reasonably insure a determination of the financial condition of large bank holding companies."

The new inspection report was developed by a task force including supervisory personnel of both the Board of Governors and the Federal Reserve Banks. The Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency were both consulted in developing the program.

REGULATION Q: Amendment

The Board of Governors on November 1, 1977, modified its rules to provide consumers with more flexibility in handling their time deposit accounts. A

change in the rules concerning early withdrawal of time deposits will:

1. Permit member banks, at the request or upon permission of their depositors, to extend the maturity of a time deposit without penalty when there is no increase in the rate of interest.

2. Permit member banks to pay a time deposit before maturity without penalty upon the death of any owner of the deposit, whether or not that owner's name appears on the deposit. This will ease the administrative burden in the settlement of estates.

Prior to this change, Regulation Q (Interest on Deposits) required that an extension of maturity be treated as a payment of a time deposit before maturity subject to the penalty for early withdrawal and permitted a member bank to pay a time deposit before maturity without penalty following the death of a person whose name appears on the deposit.

The new rules are effective December 1, 1977. The Board's rules in this respect will then be the same as those of the Federal Deposit Insurance Corporation and of the Federal Home Loan Bank Board.

Reductions in the maturity as well as increases in the rate of interest paid on the deposit will continue to be treated as an early withdrawal subject to penalty.

The penalty for withdrawal of a time deposit before maturity is (1) a reduction of the interest rate paid on the portion of the time deposit withdrawn to the maximum permissible passbook savings rate, and (2) a loss of 3 months' interest on the portion withdrawn.

Customers entering into a time deposit contract must be supplied with a written statement specifying that the customer has contracted to keep the funds on deposit for a fixed time and describing the penalty for early withdrawal.

REGULATION M: Amendment and Proposal

In a move designed to improve the competitive position of U.S. banks abroad, the Board of Governors has amended Regulation M (Foreign Activities of National Banks) to reduce reserve requirements on the dollar deposits that foreign branches of U.S. banks use to lend funds to American borrowers.

Effective December 1, the Board reduced the required reserve on this type of deposit from 4 per cent to 1 per cent. This reserve requirement was

originally established in 1969 as part of a then-needed effort to moderate the use of Euro-dollars in the financing of U.S. domestic credit.

No change was made in the 4 per cent reserve required on borrowings by member banks from their overseas branches or from foreign banks abroad.

The Board's action will not affect loans by U.S. banks to foreign borrowers and should have no impact upon the availability of credit from domestic offices of U.S. banks.

The action will enable the foreign branches of American banks to compete on more equal terms with foreign banks in lending to U.S. borrowers. In recent years foreign banks have increased their efforts to lend to U.S. corporations from offices outside the United States. As the spread between Euro-dollar lending and deposit rates has narrowed, the Board's Euro-dollar reserve requirement on U.S. branch lending to U.S. residents has become an important factor limiting the ability of overseas offices of U.S. banks to bid for the business of U.S. firms against foreign banks that are not required to maintain reserves against Euro-dollar deposits. Outstanding loans to U.S. residents from foreign branches of U.S. banks currently amount to about \$500 million; they have ranged between \$200 million and \$800 million over the past 2 years.

The new 1 per cent reserve requirement must be maintained by affected banks beginning December 1, based initially on the level of deposits during the period of October 20–November 16.

In announcing the reduction, the Board also said that it intends to monitor developments in foreign branch lending to U.S. residents. To aid in this monitoring and to regularize the basis for reserve reporting, the Board has issued a proposal to amend Regulation M to provide that a 1-week period—instead of the current 4—be used by banks in computing their required reserves on Euro-dollar transactions. Comment on the proposal will be received by the Board through December 6.

PROPOSED CHANGES

The Board of Governors on October 20, 1977, issued for comment proposals for revised financial reporting requirements that would provide new information on the foreign operations of State member banks and additional information on large banks. The Board asked for comment through November 21, 1977.

In addition, uniform guidelines for the enforcement of the Truth in Lending law and its regulatory rules (Regulation Z—Truth in Lending) have been proposed for public comment by the five Federal agencies that regulate banks, thrift institutions, and credit unions. Comment should be sent by December 6, 1977, to *Interagency Enforcement Policy—Regulation Z*, Washington, D.C. 20219.

CHANGES IN BOARD STAFF

The Board of Governors has announced the following official staff appointments and promotions effective October 9, 1977:

John D. Paulus, Chief of the Banking Section, has been named Associate Research Division Officer in the Division of Research and Statistics. Mr. Paulus, who joined the Board's staff in 1972, holds an A.B. from the University of Michigan and a Ph.D. from the University of Chicago.

Edward T. Mulrenin has been appointed Assistant Controller. Mr. Mulrenin, with the Board since 1973, is a graduate of Fordham University and holds an M.B.A. from Columbia University and a J.D. from George Washington University.

John R. Weis has been appointed Assistant Director of the Division of Personnel. Mr. Weis, who joined the Board's staff in 1972, holds a B.A. from the University of Maryland where he also did graduate work in the area of personnel management and organizational behavior.

Richard H. Puckett and Jared J. Enzler have been promoted to Associate Research Division Officers in the Division of Research and Statistics.

**FEDERAL RESERVE ACT:
Revised Edition**

The Board of Governors has published a reprint of the Federal Reserve Act and related statutes. The revised edition includes legislation enacted through 1976.

A complimentary copy is being sent to the head office of each member bank of the Federal Reserve System. Additional copies may be obtained by member banks at a cost of \$2.50 each. Copies are also available to the public at \$2.50 each, from the Board's Division of Administrative Services or any Federal Reserve Bank.

**SYSTEM MEMBERSHIP:
Admission of State Bank**

The following bank was admitted to membership in the Federal Reserve System during the period October 16, 1977, through November 15, 1977:

South Dakota

Pierre American State Bank of
South Dakota

Industrial Production

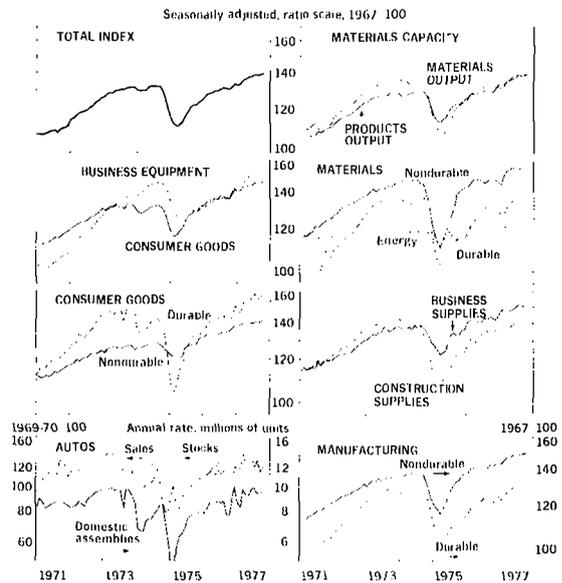
Released for publication November 15

Industrial production increased by an estimated 0.3 per cent in October to 139.1 per cent of the 1967 average, following a 0.4 per cent gain in September. Increases in output were widespread among products and most materials. Industrial production in October was 6.8 per cent higher than a year earlier.

Output of consumer goods rose 0.6 per cent in October, reflecting another sizable gain in durable goods. Output of automotive products, which include auto assemblies, increased 2.2 per cent, and production of home goods rose 0.6 per cent. Output of nondurable consumer goods again increased only slightly as in September. Production of business equipment in October increased 0.3 per cent, despite strikes in the aircraft industry that reduced appreciably the output of transit equipment. Production of construction supplies increased sharply for the second successive month.

Output of durable goods materials increased slightly in October; production of iron and steel was reduced further, and the output of copper remained below pre-strike levels. Output of nondurable goods materials was about unchanged. Energy materials output rose sharply, reflecting a large in-

crease in coal output to build stocks reduced by recent wildcat strikes and in anticipation of a possible strike in December.



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

Industrial production	Seasonally adjusted, 1967 = 100				Per cent changes from—		
	1977				Month ago	Year ago	Q2 to Q3
	July	Aug.	Sept. ^a	Oct. ^b			
Total	138.7	138.2	138.7	139.1	.3	6.8	1.1
Products, total	138.7	138.4	138.9	139.4	.4	7.9	1.6
Final products	136.8	136.2	136.7	137.0	.2	8.1	1.4
Consumer goods	145.4	144.6	145.2	146.0	.6	7.4	1.3
Durable goods	158.0	154.5	156.4	158.2	1.2	13.9	2.0
Nondurable goods	140.3	140.6	140.8	141.1	.2	4.8	.9
Business equipment	151.2	151.0	151.4	151.8	.3	11.9	1.7
Intermediate products	146.3	146.4	146.9	148.5	1.1	7.0	2.1
Construction supplies	141.2	141.7	143.5	145.5	1.4	7.9	2.5
Materials	138.9	138.0	138.4	138.8	.3	5.3	.5

^a Preliminary.

^b Estimated.

Financial and Business Statistics

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Item	1976	1977				1977				
	Q4	Q1	Q2	Q3	May	June	July	Aug.	Sept.	
Monetary and credit aggregates (annual rates of change, seasonally adjusted in per cent) ^{1,2}										
Member bank reserves										
1 Total	4.4	2.7	3.0	9.0	1.5	4.8	16.9	9.8	11.5	
2 Required	4.0	3.0	3.5	8.6	1.9	6.9	12.5	12.5	11.8	
3 Nonborrowed	4.8	2.6	1.9	3.4	-3.1	2.9	14.9	-15.4	14.6	
Concepts of money ¹										
4 M-1	6.5	4.2	8.4	9.3	7.7	4.5	18.3	15.9	7.3	
5 M-2	12.5	9.9	9.2	10.3	4.7	8.1	16.6	6.4	7.9	
6 M-3	14.4	11.3	10.0	12.3	7.3	9.8	16.1	11.4	12.0	
Time and savings deposits										
Commercial banks:										
7 Total	12.2	12.5	8.3	10.0	8.3	13.2	11.0	6.9	7.6	
8 Other than large CD's	17.1	14.0	9.8	11.0	7.6	10.7	15.4	7.1	8.4	
9 Thrift institutions ²	17.3	13.4	11.2	15.4	11.2	12.2	15.5	18.4	17.9	
10 Total loans and investments at commercial banks ³	10.8	8.8	11.9	9.4	10.3	8.9	9.3	12.3	3.7	
Interest rates (levels, per cent per annum)										
Short-term rates										
11 Federal funds ⁴	4.88	4.66	5.16	5.82	5.39	5.42	5.90	6.14	6.47	
12 Treasury bills (3-month market yield) ⁵	4.67	3.63	4.84	5.50	5.02	5.19	5.49	5.81	6.16	
13 Commercial paper (90- to 119-day) ⁶	4.91	4.74	5.15	5.74	5.42	5.38	5.75	6.09	6.51	
14 Federal Reserve discount ⁷	5.39	5.25	5.25	5.42	5.25	5.25	5.27	5.75	5.80	
Long-term rates										
Bonds:										
15 U.S. Govt. ⁸	7.54	7.62	7.68	7.60	7.64	7.60	7.64	7.57	7.71	
16 State and local government ⁹	6.18	5.88	5.70	5.59	5.62	5.63	5.62	5.51	5.64	
17 Aaa utility (new issue) ¹⁰	8.15	8.17	8.21	8.09	8.08	8.14	8.04	8.07	8.23	
18 Conventional mortgages ¹¹	8.95	8.82	8.95	9.00	9.00	9.00	9.00	9.00	9.00	

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

² M-2 equals M-1 plus bank time and savings deposits other than large negotiable CD's.

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

⁴ Savings and loan associations, mutual savings banks, and credit unions.

⁵ Quarterly changes calculated from figures shown in Table 1.23.

⁶ Seven-day averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).

⁷ Quoted on a bank-discount rate basis.

⁸ Most representative offering rate quoted by five dealers.

⁹ Rate for the Federal Reserve Bank of New York.

¹⁰ Market yields adjusted to a 20-year maturity by the U.S. Treasury.

¹¹ Bond Buyer series for 20 issues of mixed quality.

¹² 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.

¹³ 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.

¹⁴ Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter.

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for weeks ending—						
	1977			1977						
	Aug.	Sept.	Oct. ^a	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19 ^b	Oct. 26 ^b
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding....	110,886	112,171	113,392	109,084	111,964	117,116	118,786	110,855	112,352	112,730
2 U.S. Govt. securities ¹	95,977	97,618	98,037	94,747	96,723	102,860	103,925	96,317	96,402	98,047
3 Bought outright.....	95,835	96,427	97,395	94,059	96,723	99,354	101,172	95,883	96,402	97,862
4 Held under repurchase agreement.....	142	1,191	642	688	.....	3,506	2,753	434	.....	185
5 Federal agency securities.....	7,412	7,419	7,389	7,366	7,329	7,554	7,600	7,374	7,329	7,358
6 Bought outright.....	7,403	7,338	7,329	7,343	7,329	7,329	7,329	7,329	7,329	7,329
7 Held under repurchase agreement.....	9	81	60	23	.....	225	271	45	.....	29
8 Acceptances.....	34	109	91	74	4	262	366	59	4	34
9 Loans.....	1,071	634	1,319	337	738	718	883	1,051	1,861	1,443
10 Float.....	3,543	3,634	4,085	3,943	4,269	2,912	3,266	3,744	4,430	3,432
11 Other Federal Reserve assets.....	2,850	2,757	2,471	2,618	2,901	2,810	2,746	2,310	2,327	2,416
12 Gold stock.....	11,595	11,595	11,595	11,595	11,595	11,595	11,595	11,595	11,595	11,595
13 Special Drawing Rights certificate account.....	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
14 Treasury currency outstanding.....	11,189	11,228	11,272	11,225	11,229	11,242	11,231	11,267	11,271	11,284
ABSORBING RESERVE FUNDS										
15 Currency in circulation.....	97,780	98,180	98,868	98,704	98,154	97,714	98,122	99,047	99,194	98,856
16 Treasury cash holdings.....	433	436	429	440	433	431	433	432	432	426
Deposits, other than member bank reserves with F.R. Banks:										
17 Treasury.....	6,025	6,956	6,618	3,842	6,188	12,089	12,622	5,520	4,704	5,985
18 Foreign.....	310	368	298	464	283	346	327	267	327	287
19 Other ²	607	668	699	661	733	603	730	871	617	656
20 Other F.R. liabilities and capital....	3,341	3,434	3,501	3,311	3,545	3,622	3,576	3,309	3,426	3,623
21 Member bank reserves with F.R. Banks.....	26,373	26,152	27,046	25,683	26,653	26,349	27,002	25,471	27,719	26,977
End-of-month figures										
1977										
SUPPLYING RESERVE FUNDS										
22 Reserve Bank credit outstanding....	113,641	118,845	109,385	111,945	113,724	122,230	114,503	113,226	111,833	114,751
23 U.S. Govt. securities ¹	98,436	104,715	94,597	96,114	96,878	104,275	100,004	98,220	94,278	99,362
24 Bought outright.....	97,357	102,405	94,597	95,300	96,878	99,595	98,742	97,737	94,278	98,068
25 Held under repurchase agreement.....	1,079	2,310	.....	814	.....	4,680	1,262	483	.....	1,294
26 Federal agency securities.....	7,505	7,639	7,329	7,370	7,329	7,680	7,461	7,389	7,329	7,529
27 Bought outright.....	7,354	7,329	7,329	7,329	7,329	7,329	7,329	7,329	7,329	7,329
28 Held under repurchase agreement.....	151	310	.....	41	.....	351	132	60	.....	200
29 Acceptances.....	131	482	.....	150	4	436	88	153	4	222
30 Loans.....	1,265	1,069	922	358	2,707	1,292	467	687	3,551	1,182
31 Float.....	3,842	2,067	3,973	5,270	4,110	5,545	3,765	4,553	4,366	3,907
32 Other Federal Reserve assets.....	2,462	2,873	2,564	2,683	2,696	3,002	2,718	2,224	2,305	2,549
33 Gold stock.....	11,595	11,595	11,595	11,595	11,595	11,595	11,595	11,595	11,595	11,595
34 Special Drawing Rights certificate account.....	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
35 Treasury currency outstanding.....	11,161	11,206	11,291	11,227	11,231	11,246	11,250	11,270	11,273	11,288
ABSORBING RESERVE FUNDS										
36 Currency in circulation.....	97,943	97,823	98,940	98,754	98,091	98,101	98,756	99,585	99,259	99,133
37 Treasury cash holdings.....	440	434	421	433	434	429	431	434	430	425
Deposits, other than member bank reserves with F.R. Banks:										
38 Treasury.....	6,115	15,740	6,398	3,989	9,803	11,197	6,521	4,630	5,215	6,375
39 Foreign.....	535	382	425	324	249	300	298	247	243	344
40 Other ²	679	853	715	616	757	769	561	710	562	708
41 Other F.R. liabilities and capital....	3,623	3,659	3,704	3,332	3,395	3,696	3,228	3,304	3,466	3,637
42 Member bank reserves with F.R. Banks.....	28,262	23,953	22,868	28,519	25,021	31,779	28,753	28,381	26,726	28,212

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

² Includes certain deposits of foreign-owned banking institutions

voluntarily held with member banks and redeposited in full with Federal Reserve Banks.

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

1.12 RESERVES AND BORROWINGS Member Banks

Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1976					1977				
	Dec.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct. ^a
All member banks										
Reserves:										
1 At F.R. Banks.....	26,430	25,725	25,849	26,096	25,970	25,646	26,663	26,373	26,152	27,046
2 Currency and coin.....	8,548	8,326	8,134	8,368	8,610	8,609	8,622	8,712	8,887	8,821
3 Total held ¹	35,136	34,199	34,135	34,613	34,732	34,406	35,391	35,136	35,156	35,977
4 Required.....	34,964	34,234	33,870	34,602	34,460	34,293	35,043	34,987	34,965	35,520
5 Excess ¹	172	35	265	11	272	113	348	199	191	451
Borrowings at F.R. Banks: ²										
6 Total.....	62	79	110	73	200	262	336	1,071	634	1,319
7 Seasonal.....	12	12	13	14	31	55	60	101	112	113
Large banks in New York City										
8 Reserves held.....	6,520	6,442	6,331	6,264	6,310	6,241	6,359	6,272	6,025	6,132
9 Required.....	6,602	6,537	6,259	6,351	6,279	6,188	6,342	6,247	6,022	6,121
10 Excess.....	-82	95	72	87	31	53	17	25	3	11
11 Borrowings ²	15	47	44	16	18	36	74	157	75	133
Large banks in Chicago										
12 Reserves held.....	1,632	1,624	1,610	1,629	1,637	1,662	1,573	1,653	1,655	1,640
13 Required.....	1,641	1,624	1,611	1,634	1,634	1,627	1,606	1,622	1,634	1,656
14 Excess.....	-9	100	1	1	3	35	33	31	21	16
15 Borrowings ²	4	3	3	*	4	15	6	5	12	24
Other large banks										
16 Reserves held.....	13,117	12,683	12,779	13,090	13,067	12,869	13,438	13,290	13,362	13,573
17 Required.....	13,053	12,765	12,705	13,110	12,996	12,943	13,286	13,270	13,355	13,597
18 Excess.....	64	82	74	20	71	74	152	20	7	24
19 Borrowings ²	14	4	29	23	62	80	79	530	183	674
All other banks										
20 Reserves held.....	13,867	13,450	13,415	13,630	13,718	13,634	14,021	13,971	14,114	14,283
21 Required.....	13,668	13,308	13,295	13,507	13,551	13,535	13,809	13,848	13,954	14,146
22 Excess.....	199	142	120	123	167	99	212	123	160	137
23 Borrowings ²	29	28	34	34	116	131	177	379	364	488
	Weekly averages of daily figures for weeks ending									
	1977									
	Aug. 24	Aug. 31	Sept. 7	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19 ^a	Oct. 26 ^a
All member banks										
Reserves:										
24 At F.R. Banks.....	26,498	26,470	25,755	25,683	26,653	26,349	27,002	25,471	27,719	26,977
25 Currency and coin.....	8,201	8,773	8,941	9,281	8,177	9,120	8,990	9,201	8,620	8,407
26 Total held ¹	34,800	35,343	34,797	35,060	34,924	35,614	36,218	34,798	36,413	35,443
27 Required.....	34,772	34,974	34,566	34,739	34,927	35,382	35,817	34,629	36,278	35,297
28 Excess ¹	28	371	231	321	3	232	401	169	135	146
Borrowings at F.R. Banks: ²										
29 Total.....	1,665	1,393	636	337	738	718	883	1,051	1,861	1,443
30 Seasonal.....	116	130	114	108	109	115	117	113	112	116
Large banks in New York City										
31 Reserves held.....	6,178	6,128	5,995	6,202	5,808	6,096	6,325	5,768	6,650	5,744
32 Required.....	6,110	6,100	6,037	6,046	5,905	6,028	6,280	5,839	6,591	5,778
33 Excess.....	68	28	-42	156	-97	68	45	71	59	-44
34 Borrowings ²	443	26	49	37	217	159	159	285	200	200
Large banks in Chicago										
35 Reserves held.....	1,572	1,681	1,612	1,695	1,652	1,594	1,663	1,651	1,634	1,675
36 Required.....	1,586	1,634	1,611	1,667	1,660	1,597	1,642	1,597	1,744	1,642
37 Excess.....	-14	47	1	28	-8	-3	21	54	110	33
38 Borrowings ²	798	729	137	54	198	293	307	661	1,014	588
Other large banks										
39 Reserves held.....	13,052	13,480	13,199	13,243	13,398	13,571	13,832	13,265	13,650	13,570
40 Required.....	13,167	13,341	13,121	13,277	13,399	13,532	13,676	13,288	13,864	13,579
41 Excess.....	115	139	78	-34	-1	39	156	-23	-214	-9
42 Borrowings ²	798	729	137	54	198	293	307	661	1,014	588
All other banks										
43 Reserves held.....	13,998	14,056	13,991	13,920	14,066	14,353	14,398	14,114	14,159	14,410
44 Required.....	13,909	13,899	13,797	13,749	13,963	14,225	14,219	13,905	14,079	14,298
45 Excess.....	89	157	194	171	103	128	179	209	80	112
46 Borrowings ²	424	638	450	283	294	410	402	377	506	640

¹ Adjusted to include waivers of penalties for reserve deficiencies in accordance with Board policy, effective Nov. 19, 1975, of permitting transitional relief on a graduated basis over a 24-month period when a nonmember bank merges into an existing member bank, or when a

nonmember bank joins the Federal Reserve System. For weeks for which figures are preliminary, figures by class of bank do not add to total because adjusted data by class are not available.

² Based on closing figures.

1.13 FEDERAL FUNDS TRANSACTIONS of Money Market Banks

Millions of dollars, except as noted

Type	1977, week ending Wednesday--								
	Aug. 31	Sept. 7	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26
Total, 46 banks									
Basic reserve position									
1 Excess reserves ¹	156	13	210	-17	52	191	111	-16	38
2 LESS:									
3 Borrowings at F.R. Banks	225	58	5	264	76	202	138	795	345
3 Net interbank Federal funds transactions	15,102	18,968	21,174	19,406	14,978	15,361	20,620	18,666	16,378
EQUALS: Net surplus, or deficit (-):									
4 Amount	15,171	-19,014	-20,968	-19,687	-15,002	15,373	-20,647	-9,477	-16,684
5 <i>Per cent of average required reserves</i>	102.2	129.7	141.1	133.3	100.6	100.6	141.5	122.9	113.2
Interbank Federal funds transactions									
Gross transactions:									
6 Purchases	22,411	26,178	28,075	26,430	23,969	23,847	27,466	24,945	22,681
7 Sales	7,309	7,210	6,902	7,024	8,991	8,486	8,646	6,279	6,304
8 Two-way transactions ²	4,788	4,901	4,984	4,866	5,156	5,159	4,820	4,937	5,373
Net transactions:									
9 Purchases of net buying banks	17,624	21,277	23,091	21,564	18,813	18,688	22,646	20,008	17,309
10 Sales of net selling banks	2,522	2,309	1,917	2,159	3,835	3,327	2,026	1,342	931
Related transactions with U.S. Govt. securities dealers									
11 Loans to dealers ³	3,497	4,230	4,138	3,374	2,594	3,409	5,475	4,498	3,049
12 Borrowing from dealers ⁴	1,629	1,950	1,865	1,636	2,969	2,503	2,384	2,133	1,762
13 Net loans	1,868	2,281	2,273	1,739	-375	906	3,091	2,365	1,287
8 banks in New York City									
Basic reserve position									
14 Excess reserves ¹	62	69	100	24	36	68	32	42	4
15 LESS:									
16 Borrowings at F.R. Banks	26	29		199		159		285	200
16 Net interbank Federal funds transactions	4,927	7,187	8,090	7,218	6,832	6,608	8,494	6,173	5,195
EQUALS: Net surplus, or deficit (-):									
17 Amount	4,892	7,285	-7,990	-7,441	-6,797	-6,699	-8,525	-6,416	5,391
18 <i>Per cent of average required reserves</i>	88.8	133.0	145.7	139.0	124.4	117.4	160.5	106.6	103.4
Interbank Federal funds transactions									
Gross transactions:									
19 Purchases	5,835	8,065	8,744	7,808	7,902	7,187	8,984	7,203	6,271
20 Sales	908	878	654	590	1,070	579	490	1,030	1,076
21 Two-way transactions ²	908	878	654	590	1,070	579	490	991	1,076
Net transactions:									
22 Purchases of net buying banks	4,927	7,187	8,090	7,218	6,832	6,608	8,494	6,212	5,195
23 Sales of net selling banks								39	
Related transactions with U.S. Govt. securities dealers									
24 Loans to dealers ³	1,690	2,218	2,439	2,107	1,425	1,842	3,357	2,595	1,819
25 Borrowing from dealers ⁴	791	859	899	1,083	1,086	1,298	1,246	1,181	1,004
26 Net loans	899	1,359	1,540	1,024	338	545	2,111	1,413	815
38 banks outside New York City									
Basic reserve position									
27 Excess reserves ¹	95	82	110	67	66	122	143	58	34
28 LESS:									
29 Borrowings at F.R. Banks	199	29	5	66	76	44	138	510	145
29 Net interbank Federal funds transactions	10,175	11,781	13,084	12,188	8,146	8,753	12,126	12,493	11,182
EQUALS: Net surplus, or deficit (-):									
30 Amount	-10,279	-11,729	-12,979	-12,246	-8,206	-8,675	12,122	-13,061	11,294
31 <i>Per cent of average required reserves</i>	110.1	127.8	138.4	130.1	86.8	90.6	130.6	132.9	118.6
Interbank Federal funds transactions									
Gross transactions:									
32 Purchases	16,576	18,113	19,331	18,622	16,067	16,660	18,483	17,742	16,410
33 Sales	6,401	6,332	6,248	6,434	7,921	7,907	6,356	5,249	5,228
34 Two-way transactions ²	3,880	4,032	4,330	4,276	4,086	4,580	4,330	3,946	4,297
Net transactions:									
35 Purchases of net buying banks	12,696	14,090	15,001	14,346	11,981	12,080	14,152	13,796	12,113
36 Sales of net selling banks	2,522	2,309	1,917	2,159	3,835	3,327	2,026	1,303	931
Related transactions with U.S. Govt. securities dealers									
37 Loans to dealers ³	1,806	2,013	1,699	1,267	1,169	1,567	2,118	1,903	1,230
38 Borrowing from dealers ⁴	837	1,091	966	553	1,883	1,206	1,137	952	758
39 Net loans	969	922	734	714	-714	361	981	952	472

For notes see end of table.

1.13 Continued

Type	1977, week ending Wednesday									
	Aug. 31	Sept. 7	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26	
5 banks in City of Chicago										
Basic reserve position										
40 Excess reserves ¹	48	17	39	4	3	18	82	12	16	
LESS:										
41 Borrowings at F.R. Banks.....				18				40		
42 Net interbank Federal funds transactions.....	5,614	6,636	7,035	6,761	4,684	5,288	6,391	6,446	5,524	
EQUALS: Net surplus, or deficit (-):										
43 Amount.....	5,566	6,619	6,997	6,775	4,687	5,270	6,309	6,498	5,508	
44 <i>Per cent of average required reserves</i>	364.7	440.6	448.6	436.2	314.7	343.6	423.6	397.5	358.6	
Interbank Federal funds transactions										
Gross transactions:										
45 Purchases.....	6,763	7,584	7,875	7,720	5,934	6,310	7,275	7,229	6,517	
46 Sales.....	1,149	948	840	959	1,250	1,023	884	783	1,014	
47 Two-way transactions ²	1,149	947	838	955	1,208	1,023	879	770	1,014	
Net transactions:										
48 Purchases of net buying banks.....	5,613	6,636	7,037	6,765	4,727	5,287	6,396	6,495	5,524	
49 Sales of net selling banks.....			2	4	43		5	12		
Related transactions with U.S. Govt. securities dealers										
50 Loans to dealers ³	281	421	330	239	190	254	491	372	195	
51 Borrowing from dealers ⁴	125	144	312	108	846	241	269	128	171	
52 Net loans.....	156	277	18	131	657	13	222	243	24	
33 other banks										
Basic reserve position										
53 Excess reserves ¹	47	65	71	3	19	105	60	46	18	
LESS:										
54 Borrowings at F.R. Banks.....	199	29	5	48	76	44	138	470	145	
55 Net interbank Federal funds transactions.....	4,561	5,145	6,048	5,427	3,462	3,466	5,735	6,047	5,659	
EQUALS: Net surplus, or deficit (-):										
56 Amount.....	4,713	5,110	5,982	5,472	3,519	3,405	5,813	6,563	5,786	
57 <i>Per cent of average required reserves</i>	60.3	66.6	76.5	69.6	44.2	42.3	74.6	80.1	72.5	
Interbank Federal funds transactions										
Gross transactions:										
58 Purchases.....	9,813	10,530	11,456	10,902	10,133	10,350	11,208	10,513	9,873	
59 Sales.....	5,252	5,385	5,408	5,475	6,671	6,884	5,472	4,466	4,214	
60 Two-way transactions ²	2,730	3,076	3,492	3,321	2,879	3,557	3,452	3,176	3,283	
Net transactions:										
61 Purchases of net buying banks.....	7,083	7,454	7,964	7,581	7,254	6,793	7,756	7,337	6,590	
62 Sales of net selling banks.....	2,522	2,309	1,915	2,155	3,792	3,327	2,021	1,291	931	
Related transactions with U.S. Govt. securities dealers										
63 Loans to dealers ³	1,525	1,592	1,369	1,028	980	1,313	1,627	1,532	1,035	
64 Borrowing from dealers ⁴	713	947	654	445	1,037	965	869	823	587	
65 Net loans.....	813	645	715	583	57	348	759	709	448	

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

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

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

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

NOTE.—Weekly averages of daily figures. For description of series, see Federal Reserve BULLETIN for August 1964, 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. ⁴	
	Under Secs. 13 and 13a ¹			Under Sec. 10(b) ²						Rate on 10/31/77	Effective date		Previous rate
	Rate on 10/31/77	Effective date	Previous rate	Regular rate			Special rate ³						
Rate on 10/31/77				Effective date	Previous rate	Rate on 10/31/77	Effective date	Previous rate					
Boston	6	10/26/77	5 3/4	6 1/2	10/26/77	6 1/4	7	10/26/77	6 3/4	9	10/26/77	8 3/4	
New York	6	10/26/77	5 3/4	6 1/2	10/26/77	6 1/4	7	10/26/77	6 3/4	9	10/26/77	8 3/4	
Philadelphia	6	10/26/77	5 3/4	6 1/2	10/26/77	6 1/4	7	10/26/77	6 3/4	9	10/26/77	8 3/4	
Cleveland	6	10/26/77	5 3/4	6 1/2	10/26/77	6 1/4	7	10/26/77	6 3/4	9	10/26/77	8 3/4	
Richmond	6	10/26/77	5 3/4	6 1/2	10/26/77	6 1/4	7	10/26/77	6 3/4	9	10/26/77	8 3/4	
Atlanta	6	10/26/77	5 3/4	6 1/2	10/26/77	6 1/4	7	10/26/77	6 3/4	9	10/26/77	8 3/4	
Chicago	6	10/26/77	5 3/4	6 1/2	10/26/77	6 1/4	7	10/26/77	6 3/4	9	10/26/77	8 3/4	
St. Louis	6	10/26/77	5 3/4	6 1/2	10/26/77	6 1/4	7	10/26/77	6 3/4	9	10/26/77	8 3/4	
Minneapolis	6	10/26/77	5 3/4	6 1/2	10/26/77	6 1/4	7	10/26/77	6 3/4	9	10/26/77	8 3/4	
Kansas City	6	10/26/77	5 3/4	6 1/2	10/26/77	6 1/4	7	10/26/77	6 3/4	9	10/26/77	8 3/4	
Dallas	6	10/26/77	5 3/4	6 1/2	10/26/77	6 1/4	7	10/26/77	6 3/4	9	10/26/77	8 3/4	
San Francisco	6	10/26/77	5 3/4	6 1/2	10/26/77	6 1/4	7	10/26/77	6 3/4	9	10/26/77	8 3/4	

Range of rates in recent years⁵

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	5 1/2	5 1/2	1973--Jan. 15	5	5	1975--Jan. 6	7 1/4-7 3/4	7 3/4
1971 Jan. 8	5 1/4-5 1/2	5 1/4	Feb. 26	5-5 1/2	5 1/2	10	7 1/4-7 3/4	7 1/4
15	5 1/4	5 1/4	Mar. 2	5 1/2	5 1/2	24	7 1/4	7 1/4
19	5-5 1/4	5 1/4	Apr. 23	5 1/2-5 3/4	5 1/2	Feb. 5	6 3/4-7 1/4	6 3/4
22	5-5 1/4	5	May 4	5 3/4	5 3/4	7	6 3/4	6 3/4
29	5	5	11	5 3/4-6	6	Mar. 10	6 1/4-6 3/4	6 1/4
Feb. 13	4 3/4-5	5	18	6	6	14	6 1/4	6 1/4
19	4 1/4	4 3/4	June 11	6-6 1/2	6 1/2	May 16	6 6/4	6
July 16	4 3/4-5	5	15	6 1/2	6 1/2	23	6	6
23	5	5	July 2	7	7	1976--Jan. 19	5 1/2-6	5 1/2
Nov. 11	4 3/4-5	5	Aug. 14	7-7 1/2	7 1/2	23	5 1/2	5 1/2
19	4 3/4	4 3/4	23	7 1/2	7 1/2	Nov. 22	5 1/4-5 1/2	5 1/4
Dec. 13	4 1/2-4 3/4	4 3/4	1974--Apr. 25	7 1/2-8	8	26	5 1/4	5 1/4
17	4 1/2-4 3/4	4 1/2	30	8	8	1977--Aug. 30	5 1/4-5 3/4	5 1/4
24	4 1/2	4 1/2	Dec. 9	7 3/4-8	7 3/4	31	5 1/4-5 3/4	5 3/4
			16	7 3/4	7 3/4	Sept. 2	5 3/4	5 3/4
						Oct. 26	6	6
						In effect Oct. 31, 1977	6	6

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

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

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

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

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

1.15 MEMBER BANK RESERVE REQUIREMENTS¹

Per cent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect Oct. 31, 1977		Previous requirements	
	Per cent	Effective date	Per cent	Effective date
Net demand: ²				
0-2.....	7	12/30/76	7½	2/13/75
2-10.....	9½	12/30/76	10	2/13/75
10-100.....	11¼	12/30/76	12	2/13/75
100-400.....	12¾	12/30/76	13	2/13/75
Over 400.....	16¼	12/30/76	16½	2/13/75
Time: ^{2,3}				
Savings.....	3	3/16/67	3½	3/2/67
Other time:				
0-5, maturing in				
30-179 days.....	3	3/16/67	3½	3/2/67
180 days to 4 years.....	4 2/2	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 2/2	1/8/76	3	12/12/74
4 years or more.....	4 1	10/30/75	3	12/12/74
		Legal limits, Oct. 31, 1977		
		Minimum		Maximum
Net demand:				
Reserve city banks.....		10		22
Other banks.....		7		14
Time.....		3		10

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

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

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

(c) Member banks are required under the Board's Regulation M to maintain reserves against foreign branch deposits computed on the basis of net balances due from domestic offices to their foreign branches and against foreign branch loans 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. A reserve of 4 per cent is required for each of these classifications.

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

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

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

1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions
Per cent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Sept. 30, 1977		Previous maximum		In effect Sept. 30, 1977		Previous maximum	
	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date
1 Savings.....	5	7/1/73	4½	1/21/70	5¼	(6)	5	(7)
2 Negotiable order of withdrawal (NOW) accounts ¹	5	1/1/74			5	1/1/74		
Time (multiple- and single-maturity unless otherwise indicated): ²								
3 30-89 days:								
4 Multiple-maturity.....	5	7/1/73	4½	1/21/70	(8)		(8)	
4 Single-maturity.....			5	9/26/66				
90 days to 1 year:								
5 Multiple-maturity.....	5½	7/1/73	5	7/20/66	5¾	(6)	5¼	1/21/70
6 Single-maturity.....				9/26/66				
7 1 to 2 years ³	6	7/1/73	5½	1/21/70	6½	(9)	5¼	1/21/70
8 2 to 2½ years ³			5½	1/21/70			6	1/21/70
9 2½ to 4 years ³	6½	7/1/73	5¾	1/21/70	6¾	(9)	6	1/21/70
10 4 to 6 years ⁴	7¼	11/1/73	(9)		7½	11/1/73	(9)	
11 6 years or more ⁴	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
12 Governmental units (all maturities).....	7¾	12/23/74	7½	11/27/74	7¾	12/23/74	7½	11/27/74
13 Individual retirement accounts and Keogh (H.R. 10) plans ⁵	7¾	7/6/77	(8)		7¾	7/6/77	(8)	

¹ For authorized States only. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks were first permitted to offer NOW accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976.

² For exceptions with respect to certain foreign time deposits see the Federal Reserve BULLETIN for October 1962 (p. 1279), August 1965 (p. 1094), and February 1968 (p. 167).

³ A minimum of \$1,000 is required for savings and loan associations, except in areas where mutual savings banks permit lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.

⁴ \$1,000 minimum except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) Plan established pursuant to the Internal Revenue Code. The \$1,000 minimum requirement was removed for such accounts in December 1975 and November 1976, respectively.

⁵ 3-year minimum maturity.

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

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

⁸ No separate account category.

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

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

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

1.161 MARGIN REQUIREMENTS

Per cent of market value; effective dates shown.

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

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

difference between the market value (100 per cent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1974	1975	1976	1977						
				Mar.	Apr.	May	June	July	Aug.	Sept.
U.S. GOVT. SECURITIES										
Outright transactions (excl. matched sale-purchase transactions)										
Treasury bills:										
1 Gross purchases	11,660	11,562	14,343		1,671	681	2,696	118	812	2,005
2 Gross sales	5,830	5,599	8,462	368	260	489	1,154	753	176	303
3 Redemptions	4,550	26,431	25,017		19	400	600	500		317
Others within 1 year: ¹										
4 Gross purchases	450	3,886	472	41	20		89			2,616
5 Gross sales										
6 Exchange, or maturity shift	1,183	4	792	266	374	1,209	478	238	2,321	320
7 Redemptions	131	3,549								
1 to 5 years:										
8 Gross purchases	797	23,284	23,202	174	327		200			681
9 Gross sales			177							
10 Exchange, or maturity shift	697	3,854	2,588	266	374	865	478	238	1,664	320
5 to 10 years:										
11 Gross purchases	434	1,510	1,048	46	104		68			96
12 Gross sales										
13 Exchange, or maturity shift	1,675	4,697	1,572			1,174			782	
Over 10 years:										
14 Gross purchases	196	1,070	642	37	38		114			128
15 Gross sales										
16 Exchange, or maturity shift	205	848	225			900			125	
All maturities: ¹										
17 Gross purchases	13,537	221,313	319,707	298	2,160	681	3,167	118	812	5,526
18 Gross sales	5,830	5,599	8,639	368	260	489	1,154	753	176	303
19 Redemptions	4,682	29,980	25,017		19	400	600	500		317
Matched sale-purchase transactions										
20 Gross sales	64,229	151,205	196,078	30,115	32,287	28,532	36,258	27,947	45,831	39,552
21 Gross purchases	62,801	152,132	196,579	30,828	32,852	27,306	36,449	27,301	46,170	39,694
Repurchase agreements										
22 Gross purchases	71,333	140,311	232,891	14,368	13,397	29,308	14,748	13,973	4,397	16,700
23 Gross sales	70,947	139,538	230,355	14,860	11,862	30,448	11,506	15,719	5,648	15,469
24 Net change in U.S. Govt. securities	1,984	7,434	9,087	151	3,980	2,573	4,845	3,528	276	6,279
FEDERAL AGENCY OBLIGATIONS										
Outright transactions:										
25 Gross purchases	3,087	1,616	891		346		380			
26 Gross sales										
27 Redemptions	322	246	169	36		*	33		69	25
Repurchase agreements:										
28 Gross purchases	23,204	15,179	10,520	523	709	2,164	1,656	1,672	265	1,136
29 Gross sales	22,735	15,566	10,360	546	639	2,278	1,056	1,938	459	978
BANKERS ACCEPTANCES										
30 Outright transactions, net	511	163	545	19	51	-45	15	24	15	*
31 Repurchase agreements, net	420	-35	410	-23	653	-729	528	204	247	351
32 Net change in total System Account	6,149	8,539	9,833	50	4,998	3,461	6,305	4,020	801	6,764

¹ Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): 1974, 131; 1975, 3,549; 1976, none; Sept. 1977, 2,500.

² In 1975, the System obtained \$421 million of 2-year Treasury notes in exchange for maturing bills. In 1976 there was a similar transaction

amounting to \$189 million. Acquisition of these notes is treated as a purchase; the run-off of bills, as a redemption.

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

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

Millions of dollars

Account	Wednesday					End of month		
	1977					1977		
	Sept. 28	Oct. 5	Oct. 12	Oct. 19 ¹	Oct. 26 ²	Aug.	Sept.	Oct. ³
Consolidated condition statement								
ASSETS								
1 Gold certificate account.....	11,595	11,595	11,595	11,595	11,595	11,595	11,595	11,595
2 Special Drawing Rights certificate account.....	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
3 Coin ¹	294	297	299	303	305	284	308	310
Loans:								
4 Member bank borrowings.....	1,292	467	687	3,551	1,182	1,265	1,069	922
5 Other.....								
Acceptances:								
6 Bought outright.....	4	4	4	4	1	4	4	
7 Held under repurchase agreements.....	432	84	149		221	127	478	
Federal agency obligations:								
8 Bought outright.....	7,329	7,329	7,329	7,329	7,329	7,354	7,329	7,329
9 Held under repurchase agreements.....	351	132	60		200	151	310	
U.S. Govt. securities								
Bought outright:								
10 Bills.....	41,758	40,385	39,380	35,921	39,711	40,021	41,548	36,240
11 Certificates- Special.....							2,500	
12 Other.....								
13 Notes.....	49,423	49,856	49,856	49,856	49,856	48,963	49,856	49,856
14 Bonds.....	8,414	8,501	8,501	8,501	8,501	8,373	8,501	8,501
15 Total ²	99,595	98,742	97,737	94,278	98,068	97,357	102,405	94,597
16 Held under repurchase agreements.....	4,680	1,262	483		1,294	1,079	2,310	
17 Total U.S. Govt. securities.....	104,275	100,004	98,220	94,278	99,362	98,436	104,715	94,597
18 Total loans and securities.....	113,683	108,020	106,449	105,162	108,295	107,337	113,905	102,848
19 Cash items in process of collection.....	11,489	10,439	11,983	10,908	9,756	9,715	7,607	8,541
20 Bank premises.....	378	379	379	380	381	377	379	381
Other assets:								
21 Denominated in foreign currencies.....	64	20	20	18	18	55	65	18
22 All other.....	2,560	2,319	1,825	1,907	2,150	2,030	2,429	2,165
23 Total assets.....	141,263	134,269	133,750	131,473	133,700	132,593	137,488	127,058
LIABILITIES								
24 F.R. notes.....	87,578	88,234	89,048	88,719	88,575	87,506	87,361	88,380
Deposits:								
25 Member bank reserves.....	31,779	28,753	28,381	26,726	28,212	28,262	23,953	22,868
26 U.S. Treasury- General account.....	11,197	6,521	4,630	5,215	6,375	6,115	15,740	6,398
27 Foreign.....	300	298	247	243	344	535	382	425
28 Other ³	769	561	710	562	708	679	853	715
29 Total deposits.....	44,045	36,133	33,968	32,746	35,639	35,591	40,928	30,406
30 Deferred availability cash items.....	5,944	6,674	7,430	6,542	5,849	5,873	5,540	4,568
31 Other liabilities and accrued dividends.....	1,202	1,100	1,060	1,097	1,150	1,089	1,165	1,127
32 Total liabilities.....	138,769	132,141	131,506	129,104	131,213	130,059	134,994	124,481
CAPITAL ACCOUNTS								
33 Capital paid in.....	1,013	1,016	1,016	1,019	1,021	1,011	1,016	1,022
34 Surplus.....	983	983	983	983	983	983	983	983
35 Other capital accounts.....	498	129	245	367	483	540	495	572
36 Total liabilities and capital accounts.....	141,263	134,269	133,750	131,473	133,700	132,593	137,488	127,058
37 MEMO: Marketable U.S. Govt. securities held in custody for foreign and intl. account.....	62,807	64,546	65,737	67,050	67,772	60,717	63,781	68,768
Federal Reserve note statement								
38 F.R. notes outstanding (issued to Bank).....	93,780	93,777	93,940	94,139	94,175	93,289	93,762	94,288
Collateral held against notes outstanding:								
39 Gold certificate account.....	11,591	11,591	11,591	11,591	11,591	11,591	11,591	11,590
40 Special Drawing Rights certificate account.....	855	855	855	855	855	752	855	855
41 Acceptances.....								
42 U.S. Govt. securities.....	82,885	82,885	82,885	83,085	83,185	82,135	82,885	83,185
43 Total collateral.....	95,331	95,331	95,331	95,531	95,631	94,478	95,331	95,630

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

² Includes securities loaned—fully guaranteed by U.S. Govt. securities pledged with F.R. Banks— and excludes (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.

³ Includes certain deposits of domestic nonmember banks and foreign-

owned banking institutions voluntarily held with member banks and redeposited in full with F.R. Banks.

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

I.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday					End of month		
	1977					1977		
	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26	Aug. 31	Sept. 30	Oct. 31
1 Loans.....	1,292	468	687	3,551	1,182	1,267	1,069	922
2 Within 15 days.....	1,265	424	630	3,525	1,157	1,224	1,032	883
3 16 days to 90 days.....	27	44	57	26	25	43	37	39
4 91 days to 1 year.....								
5 Acceptances.....	436	88	153	4	222	131	482	
6 Within 15 days.....	432	84	152	4	222	127	478	
7 16 days to 90 days.....	4	4	1			4	4	
8 91 days to 1 year.....								
9 U.S. Govt. securities.....	104,275	100,004	98,220	94,278	99,362	98,436	104,715	94,597
10 Within 15 days ¹	8,597	5,670	4,651	3,955	4,339	3,989	6,709	4,197
11 16 days to 90 days.....	19,027	17,664	18,058	14,069	18,683	18,881	20,858	14,222
12 91 days to 1 year.....	31,415	31,294	30,135	30,878	30,964	30,774	31,772	30,757
13 Over 1 year to 5 years.....	28,097	28,110	28,110	28,110	28,110	27,750	28,110	28,155
14 Over 5 years to 10 years.....	10,507	10,547	10,547	10,547	10,547	10,451	10,547	10,547
15 Over 10 years.....	6,632	6,719	6,719	6,719	6,719	6,591	6,719	6,719
16 Federal agency obligations.....	7,680	7,461	7,389	7,329	7,529	7,505	7,639	7,329
17 Within 15 days ¹	376	207	134	117	242	305	335	42
18 16 days to 90 days.....	346	369	369	326	379	209	355	379
19 91 days to 1 year.....	893	820	820	848	841	915	884	841
20 Over 1 year to 5 years.....	3,679	3,679	3,732	3,704	3,752	3,711	3,679	3,752
21 Over 5 years to 10 years.....	1,563	1,563	1,511	1,511	1,492	1,542	1,563	1,492
22 Over 10 years.....	823	823	823	823	823	823	823	823

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

I.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				
				May	June	July	Aug.	Sept.
Debits to demand deposits ² (seasonally adjusted)								
1 All commercial banks.....	22,937.8	25,028.5	29,180.4	34,687.0	34,805.2	34,098.5	35,644.8	36,083.9
2 Major New York City banks.....	8,434.8	9,670.7	11,467.2	13,979.7	14,049.7	13,501.0	14,351.0	14,389.6
3 Other banks.....	14,503.0	15,357.8	17,713.2	20,707.3	20,755.5	20,597.5	21,293.8	21,694.2
Debits to savings deposits ³ (not seasonally adjusted)								
4 All customers.....						359.1	366.2	347.5
5 Business ¹						43.6	55.0	50.0
6 Others.....						315.6	311.2	297.5
Demand deposit turnover ² (seasonally adjusted)								
7 All commercial banks.....	99.0	105.3	116.8	133.7	133.6	127.5	133.8	134.7
8 Major New York City banks.....	321.6	356.9	411.6	504.7	524.2	479.7	519.3	533.9
9 Other banks.....	70.6	72.9	79.8	89.4	88.8	86.1	89.2	90.1
Savings deposit turnover ³ (not seasonally adjusted)								
10 All customers.....						1.7	1.7	1.6
11 Business ¹						4.3	5.2	4.6
12 Others.....						1.5	1.5	1.5

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

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

³ Excludes 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	1973 Dec.	1974 Dec.	1975 Dec.	1976 Dec.	1977					
					Apr.	May	June	July	Aug.	Sept.
Seasonally adjusted										
MEASURES:										
1 M-1.....	270.5	283.1	294.8	312.4	320.5	320.7	321.9	326.8	328.4	330.4
2 M-2.....	571.4	612.4	664.3	740.3	764.6	767.6	772.8	783.5	787.7	792.9
3 M-3.....	919.6	981.5	1,092.6	1,237.1	1,281.2	1,289.0	1,299.5	1,316.9	1,329.4	1,342.7
4 M-4.....	634.4	701.4	746.5	803.5	826.2	829.9	836.8	846.3	850.9	856.2
5 M-5.....	982.5	1,070.5	1,174.7	1,300.3	1,342.8	1,351.3	1,363.5	1,379.8	1,392.6	1,405.9
COMPONENTS										
6 Currency.....	61.5	67.8	73.7	80.5	83.1	83.6	84.0	85.1	85.5	86.4
Commercial bank deposits:										
7 Demand.....	209.0	215.3	221.0	231.9	237.4	237.1	238.0	241.6	242.8	244.0
8 Time and savings.....	363.9	418.3	451.7	491.1	505.7	509.2	514.8	519.5	522.5	525.8
9 Negotiable CD's ²	63.0	89.0	82.1	63.3	61.6	62.3	63.9	62.8	63.2	63.2
10 Other.....	300.9	329.3	369.6	427.9	444.1	446.9	450.9	456.7	459.4	462.6
11 Nonbank thrift institutions ³	348.1	369.1	428.3	496.8	516.6	521.4	526.7	533.5	541.7	549.8
Not seasonally adjusted										
MEASURES:										
12 M-1.....	238.3	291.3	303.2	321.3	322.3	315.5	321.4	327.2	325.1	328.2
13 M-2.....	576.5	617.5	669.3	745.3	770.0	766.2	774.5	784.0	784.3	788.9
14 M-3.....	921.8	983.8	1,094.3	1,237.9	1,290.2	1,290.3	1,305.7	1,322.1	1,326.6	1,336.8
15 M-4.....	640.5	708.0	752.8	809.5	830.1	827.4	837.5	846.8	848.8	854.3
16 M-5.....	985.8	1,074.3	1,177.7	1,302.1	1,350.3	1,351.4	1,368.7	1,384.9	1,391.0	1,402.2
COMPONENTS										
17 Currency.....	62.7	69.0	75.1	82.0	82.8	83.4	84.2	85.7	85.8	86.1
Commercial bank deposits:										
18 Demand.....	215.7	222.2	228.1	239.3	239.6	232.1	237.1	241.4	239.3	242.1
19 Member.....	156.5	159.7	162.1	168.5	167.6	161.8	165.1	167.7	166.2	167.5
20 Domestic nonmember.....	56.3	58.5	62.6	67.3	68.3	66.6	68.3	69.5	69.1	70.4
21 Time and savings.....	362.2	416.7	449.6	488.2	507.7	511.8	516.1	519.6	524.7	526.1
22 Negotiable CD's ²	64.0	90.5	83.5	64.3	60.1	61.2	63.0	62.8	64.4	65.4
23 Other.....	298.2	326.3	366.2	423.9	447.7	450.7	453.2	456.9	459.2	460.7
24 Nonbank thrift institutions ³	345.3	366.3	424.9	492.6	520.2	524.1	531.1	538.1	542.3	547.9
25 U.S. Govt. deposits (all commercial banks).....	6.3	4.9	4.1	4.7	5.6	3.8	5.2	3.9	3.7	5.4

¹ Composition of the money stock measures is as follows:

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

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

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

M-4: M-2 plus large negotiable CD's.

M-5: M-3 plus large negotiable CD's.

For a description of the latest revisions in the money stock measures see "Money Stock Measures: Revision" on pp. 305 and 306 of the March 1977 BULLETIN.

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

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

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

NOTES TO TABLE 1.23:

¹ Adjusted to exclude domestic commercial interbank loans.

² Loans sold are those sold outright to banks' own foreign branches, nonconsolidated nonbank affiliates of the bank, the banks' holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company. Prior to Aug. 28, 1974, the institutions included had been defined somewhat differently, and the reporting panel of banks was also different. On the new basis, both "Total loans" and "Commercial and industrial loans" were reduced by about \$100 million.

³ Reclassification of loans reduced these loans by about \$1.2 billion as of Mar. 31, 1976.

⁴ Data beginning June 30, 1974, include one large mutual savings bank that merged with a nonmember commercial bank. As of that date there were increases of about \$500 million in loans, \$100 million in "Other" securities, and \$600 million in "Total loans and investments."

As of Oct. 31, 1974, "Total loans and investments" of all commercial banks were reduced by \$1.5 billion in connection with the liquidation of one large bank. Reductions in other items were: "Total loans," \$1.0 billion (of which \$0.6 billion was in "Commercial and industrial loans"), and "Other securities," \$0.5 billion. In late November "Commercial and industrial loans" were increased by \$0.1 billion as a result of loan reclassifications at another large bank.

NOTE: Data are for last Wednesday of month except for June 30 and Dec. 31; data are partly or wholly estimated except when June 30 and Dec. 31 are call dates.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

Item	1973 Dec.	1974 Dec.	1975 Dec.	1976 Dec.	1977						
					Mar.	Apr.	May	June	July	Aug.	Sept.
Seasonally adjusted											
1 Reserves ¹	34.94	36.60	34.73	34.95	34.31	34.68	34.72	34.86	35.35	35.64	35.63
2 Nonborrowed.....	33.64	35.87	34.60	34.90	34.20	34.61	34.52	34.60	35.03	34.58	35.00
3 Required.....	34.64	36.34	34.47	34.68	34.09	34.49	34.51	34.71	35.08	35.44	35.42
4 Deposits subject to reserve requirements ²	442.3	486.2	505.4	529.6	535.2	538.4	537.6	544.5	547.7	551.4	552.9
5 Time and savings.....	279.2	322.1	337.9	355.0	361.3	361.4	363.1	367.0	369.2	370.8	372.4
6 Demand:											
7 Private.....	158.1	160.6	164.5	171.4	171.1	173.4	172.3	173.8	175.8	177.0	176.9
8 U.S. Govt.....	5.0	3.5	3.0	3.2	2.8	3.6	2.1	3.7	2.8	3.6	3.7
Not seasonally adjusted											
8 Deposits subject to reserve requirements ²	447.5	491.8	510.9	534.8	534.0	541.3	535.8	544.5	547.6	548.3	552.1
9 Time and savings.....	278.5	321.7	337.2	353.6	361.7	362.3	364.7	367.8	369.5	371.7	373.0
10 Demand:											
11 Private.....	164.0	166.6	170.7	177.9	169.1	175.0	168.5	173.0	175.6	174.1	175.2
12 U.S. Govt.....	5.0	3.4	3.1	3.3	3.2	4.0	2.5	3.7	2.6	2.5	3.8

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

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

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

1.23 LOANS AND INVESTMENTS All Commercial Banks

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

Category	1973 Dec. 31	1974 ⁴ Dec. 31	1975 Dec. 31	1976 Dec. 31	1977					
					May 25 "	June 30 "	July 27 "	Aug. 31 "	Sept. 28 "	Oct. 26 "
Seasonally adjusted										
1 Loans and investments ¹	633.4	690.4	721.1	784.4	819.4	825.5	831.8	840.4	843.1	852.6
2 Including loans sold outright ²	637.7	695.2	725.5	788.2	823.4	829.5	835.9	844.5	847.1	856.7
Loans:										
3 Total.....	449.0	500.2	496.9	538.9	562.1	567.0	574.5	582.4	587.6	597.8
4 Including loans sold outright ²	453.3	505.0	501.3	542.7	566.1	571.0	578.6	586.5	591.6	601.9
5 Commercial and industrial ³	156.4	183.3	176.0	179.5	185.9	188.3	189.6	191.6	191.9	195.7
6 Including loans sold outright ^{2,3}	159.0	186.0	178.5	181.9	188.7	191.1	192.4	194.4	194.7	198.6
Investments:										
7 U.S. Treasury.....	54.5	50.4	79.4	97.3	104.6	105.3	102.9	102.6	99.5	97.2
8 Other.....	129.9	139.8	144.8	148.2	152.7	153.2	154.4	155.4	156.0	157.6
Not seasonally adjusted										
9 Loans and investments ¹	647.3	705.6	737.0	801.6	816.6	830.5	829.1	837.6	843.1	850.8
10 Including loans sold outright.....	651.6	710.4	741.4	805.4	820.6	834.5	833.1	841.7	847.2	854.9
Loans:										
11 Total ¹	458.5	510.7	507.4	550.2	561.3	574.4	575.4	583.6	589.3	596.6
12 Including loans sold outright ²	462.8	515.5	511.8	554.0	565.3	578.4	579.5	587.7	593.4	600.7
13 Commercial and industrial ³	159.4	186.8	179.3	182.9	186.1	190.7	189.6	190.6	192.3	195.1
14 Including loans sold outright ^{2,3}	162.0	189.5	181.8	185.3	188.9	193.5	192.4	193.4	195.1	197.9
Investments:										
15 U.S. Treasury.....	58.3	54.5	84.1	102.5	101.9	101.7	99.5	98.9	98.0	97.2
16 Other.....	130.6	140.5	145.5	148.9	153.4	154.4	154.2	155.1	155.8	157.0

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	1975	1976 ¹	1977								
	Dec. 31	Dec.	Feb.	Mar.	Apr. ²	May ²	June ²	July ²	Aug. ²	Sept. ²	Oct. ²
All commercial											
1 Loans and investments	775.8	846.4	831.6	840.4	846.5	853.1	864.5	866.2	877.8	882.4	888.6
2 Loans, gross	546.2	594.9	580.4	587.0	590.4	597.8	609.5	612.5	623.8	628.6	634.4
3 Investments:											
4 U.S. Treasury securities	84.1	102.5	102.6	104.7	103.0	101.9	101.3	99.5	98.9	98.0	97.2
4 Other	145.5	148.9	148.5	148.7	153.1	153.4	153.7	154.2	155.1	155.8	157.0
5 Cash assets	133.6	136.1	127.1	122.8	122.7	119.4	124.5	124.7	134.0	127.5	127.5
6 Currency and coin	12.3	12.1	12.5	12.9	13.3	13.1	13.6	13.3	13.6	13.8	13.7
7 Reserves with F.R. Banks	26.8	26.1	28.6	26.9	28.2	24.0	23.5	27.1	28.2	30.0	28.3
8 Balances with banks	47.3	49.6	41.5	41.9	40.1	41.3	42.9	40.4	44.0	41.7	42.7
9 Cash items in process of collection	47.3	48.4	44.4	41.1	41.0	41.0	44.4	43.9	48.3	42.1	42.8
10 Total assets/total liabilities and capital ¹	964.9	1,030.7	1,011.6	1,018.2	1,024.8	1,026.9	1,044.9	1,047.4	1,068.2	1,065.5	1,071.8
11 Deposits	786.3	838.2	809.3	817.1	819.4	818.9	833.7	836.4	850.5	844.8	851.8
12 Demand:											
13 Interbank	41.8	45.4	36.6	37.6	33.9	35.2	37.3	37.7	39.0	36.6	37.0
13 U.S. Govt.	3.1	3.0	3.8	3.1	7.4	3.6	3.0	3.8	2.5	8.0	3.6
14 Other	278.7	288.4	264.5	263.1	267.9	262.8	272.5	272.3	282.7	269.9	277.1
15 Time:											
16 Interbank	12.0	9.2	8.6	8.9	8.6	8.5	8.9	8.3	8.0	8.3	8.5
16 Other	450.6	492.2	495.9	504.4	501.6	508.8	511.9	514.4	518.4	522.0	525.7
17 Borrowings	60.2	80.2	87.6	84.5	88.2	87.6	90.2	90.6	93.1	94.8	95.1
18 Total capital accounts ²	69.1	78.1	76.8	77.1	77.5	78.1	78.7	78.9	79.4	79.7	80.2
19 MEMO: Number of banks	14,633	14,671	14,688	14,685	14,690	14,695	14,702	14,709	14,713	14,724	14,724
Member											
20 Loans and investments	578.6	620.5	605.9	611.8	614.8	620.2	629.1	628.9	637.9	640.8	645.2
21 Loans, gross	416.4	442.9	429.9	434.6	435.9	441.5	450.1	451.3	459.9	463.0	467.1
22 Investments:											
23 U.S. Treasury securities	61.5	74.6	73.7	74.9	73.0	72.6	72.6	70.8	70.5	69.6	68.9
23 Other	100.7	103.1	102.3	102.3	105.8	106.1	106.4	106.7	107.5	108.3	109.3
24 Cash assets, total	108.5	108.9	102.8	100.0	99.4	95.7	100.5	101.1	108.5	103.1	102.3
25 Currency and coin	9.2	9.1	9.3	9.6	9.9	9.7	10.0	9.9	10.0	10.2	10.2
26 Reserves with F.R. Banks	26.8	26.0	28.6	26.9	28.2	24.0	23.5	27.1	28.2	30.0	28.3
27 Balances with banks	26.9	27.4	22.2	24.0	21.9	22.6	24.2	21.9	23.9	22.5	22.8
28 Cash items in process of collection	45.5	46.5	42.7	39.5	39.4	39.3	42.7	42.2	46.4	40.4	41.0
29 Total assets/total liabilities and capital ¹	733.6	772.9	755.1	759.7	762.7	763.9	778.9	780.1	796.2	793.2	796.5
30 Deposits	590.8	618.7	592.0	598.1	597.8	597.4	609.4	610.6	622.1	617.0	620.9
31 Demand:											
32 Interbank	38.6	42.4	34.1	35.3	31.6	32.9	34.9	35.3	36.6	34.3	34.6
32 U.S. Govt.	3.2	2.1	2.7	2.1	5.9	2.7	2.2	2.8	1.7	6.4	2.6
33 Other	210.8	215.5	196.6	195.9	199.0	195.1	202.7	202.1	211.0	200.3	205.3
34 Time:											
35 Interbank	10.0	7.2	6.6	6.9	6.6	6.5	6.9	6.3	6.0	6.3	6.5
35 Other	329.1	351.5	351.9	357.9	354.7	360.3	362.7	364.1	366.9	369.6	372.0
36 Borrowings	53.6	71.7	78.0	75.3	78.1	77.5	80.0	80.4	82.5	84.0	83.8
37 Total capital accounts ²	52.1	58.6	57.9	58.1	58.3	58.8	59.2	59.5	59.9	60.2	60.6
38 MEMO: Number of banks	5,788	5,759	5,740	5,739	5,726	5,708	5,721	5,701	5,676	5,692	5,692

¹ Includes items not shown separately.

² 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.

³ Total liabilities continue to include the deferred income tax portion of "reserve for loan losses."

⁴ Effective Mar. 31, 1976, includes "reserves for securities" and the contingency portion (which is small) of "reserve for loan losses."

⁵ Figures partly estimated except on call dates.

NOTE: Figures include all bank-promises 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		1975		1976	
	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31
	Total insured				National (all insured)			
1 Loans and investments, gross.....	736,164	762,400	773,696	827,692	428,167	441,135	443,955	476,602
Loans:								
2 Gross.....	526,272	535,170	539,017	578,712	312,229	315,738	315,624	340,679
3 Net.....	(2)	(2)	520,970	560,069	(2)	(2)	305,275	329,968
Investments:								
4 U.S. Treasury securities.....	67,833	83,629	90,947	101,459	37,606	46,799	49,688	55,729
5 Other.....	142,060	143,602	143,731	147,520	78,331	78,598	78,642	80,193
6 Cash assets.....	125,181	128,256	124,072	129,578	75,686	78,026	75,488	76,074
7 Total assets/total liabilities ¹	914,781	944,654	942,510	1,004,020	536,836	553,285	548,697	583,315
8 Deposits.....	746,348	775,209	776,957	825,001	431,646	447,590	444,251	469,378
Demand:								
9 U.S. Govt.....	3,106	3,108	4,622	3,020	1,723	1,788	2,858	1,674
10 Interbank.....	41,244	40,259	37,503	44,072	21,096	22,305	20,329	23,148
11 Other.....	261,903	276,384	265,670	285,190	152,576	159,840	152,382	163,347
Time:								
12 Interbank.....	10,252	10,733	9,407	8,250	6,804	7,302	5,532	4,909
13 Other.....	429,844	444,725	459,754	484,468	249,446	256,355	263,148	276,298
14 Borrowings.....	59,310	56,775	63,823	75,308	41,954	40,875	45,183	54,420
15 Total capital accounts.....	65,986	68,474	68,989	72,070	37,483	38,969	39,502	41,323
16 MEMO: Number of banks.....	14,320	14,372	14,373	14,397	4,730	4,741	4,747	4,735
	State member (all insured)				Insured nonmember			
17 Loans and investments, gross.....	134,759	137,620	136,915	144,000	173,238	183,645	192,825	207,089
Loans:								
18 Gross.....	100,968	100,823	98,889	102,278	113,074	118,609	124,503	135,754
19 Net.....	(2)	(2)	96,037	99,475	(2)	(2)	119,658	130,626
Investments:								
20 U.S. Treasury securities.....	12,004	14,720	16,323	18,847	18,223	22,109	24,934	26,882
21 Other.....	21,787	22,077	21,702	22,874	41,942	42,927	43,387	44,451
22 Cash assets.....	31,466	30,451	30,422	32,859	18,029	19,778	18,161	20,644
23 Total assets/total liabilities.....	179,787	180,495	179,645	189,573	198,157	210,874	214,167	231,130
24 Deposits.....	141,995	143,409	142,061	149,481	172,707	184,210	190,644	206,141
Demand:								
25 U.S. Govt.....	443	467	869	429	940	853	894	917
26 Interbank.....	18,751	16,265	15,834	19,296	1,397	1,689	1,339	1,627
27 Other.....	48,621	50,984	49,658	52,194	60,706	65,560	63,629	69,648
Time:								
28 Interbank.....	2,771	2,712	3,074	2,384	676	719	799	957
29 Other.....	71,409	72,981	72,624	75,177	108,989	115,389	123,980	132,991
30 Borrowings.....	14,380	12,771	15,300	17,318	2,976	3,128	3,339	3,569
31 Total capital accounts.....	12,773	13,105	12,791	13,199	15,730	16,400	16,696	17,547
32 MEMO: Number of banks.....	1,064	1,046	1,029	1,023	8,526	8,585	8,597	8,639
	Noninsured nonmember				Total nonmember			
33 Loans and investments, gross.....	11,725	13,674	15,905	18,819	184,963	197,319	208,730	225,908
Loans:								
34 Gross.....	9,559	11,283	13,209	16,336	122,633	129,892	137,712	152,091
35 Net.....	(2)	(2)	13,092	16,209	(2)	(2)	132,751	146,836
Investments:								
36 U.S. Treasury securities.....	358	490	472	1,054	18,581	22,599	25,407	27,936
37 Other.....	1,808	1,902	2,223	1,428	43,750	44,829	45,610	45,880
38 Cash assets.....	3,534	5,359	4,362	6,496	21,563	25,137	22,524	27,141
39 Total assets/total liabilities.....	16,277	20,544	21,271	26,790	214,434	231,418	235,439	257,921
40 Deposits.....	8,314	11,323	11,735	13,325	181,021	195,533	202,380	219,467
Demand:								
41 U.S. Govt.....	11	6	4	4	951	859	899	921
42 Interbank.....	1,338	1,552	1,006	1,277	2,735	3,241	2,346	2,904
43 Other.....	2,124	2,308	2,555	3,236	62,830	67,868	66,184	72,884
Time:								
44 Interbank.....	957	1,291	1,292	1,041	1,633	2,010	2,092	1,998
45 Other.....	3,883	6,167	6,876	7,766	112,872	121,556	130,857	140,758
46 Borrowings.....	3,110	3,449	3,372	4,842	6,086	6,577	6,711	8,412
47 Total capital accounts.....	570	651	663	818	16,300	17,051	17,359	18,366
48 MEMO: Number of banks.....	253	261	270	275	8,779	8,846	8,867	8,914

¹ Includes items not shown separately.² Not available.

For Note see Table 1.24.

1.26 COMMERCIAL BANK ASSETS AND LIABILITIES Detailed Balance Sheet, March 31, 1977

Asset and liability items are shown in millions of dollars.

Asset account	Insured commercial banks	Member banks ¹					Non-member banks ¹
		Total	Large banks			All other	
			New York City	City of Chicago	Other large		
1 Cash bank balances, items in process	125,193	106,148	31,527	3,960	38,001	32,660	19,049
2 Currency and coin	12,118	8,974	923	162	2,880	5,009	3,144
3 Reserves with F.R. Banks	28,031	28,031	6,025	1,724	10,410	9,872	1
4 Demand balances with banks in United States	29,261	17,608	6,655	114	3,217	7,622	11,656
5 Other balances with banks in United States	5,184	3,043	27	21	1,085	1,900	2,152
6 Balances with banks in foreign countries	4,171	3,688	578	59	2,030	1,022	482
7 Cash items in process of collection	46,428	44,814	17,320	1,880	18,380	7,234	1,614
8 Total securities held Book value	249,841	176,540	20,197	8,116	56,924	91,304	73,304
9 U.S. Treasury	103,675	75,386	11,526	3,771	25,543	34,546	28,292
10 Other U.S. Govt. agencies	34,315	21,052	1,172	471	5,317	14,092	13,264
11 States and political subdivisions	105,615	75,865	7,210	3,598	24,841	40,216	29,751
12 All other securities	6,143	4,181	290	276	1,201	2,415	1,962
13 Unclassified total	92	57			22	35	35
14 <i>Trading-account securities</i>	5,339	5,233	2,075	687	2,251	220	106
15 U.S. Treasury	3,168	3,155	1,470	434	1,172	80	13
16 Other U.S. Govt. agencies	566	561	211	33	292	25	5
17 States and political subdivisions	1,104	1,073	369	95	536	73	31
18 All other trading acct. securities	409	388	25	125	230	7	21
19 Unclassified	92	57			22	35	35
20 <i>Bank investment portfolios</i>	244,502	171,307	18,122	7,429	54,672	91,084	73,198
21 U.S. Treasury	100,507	72,231	10,057	3,337	24,371	34,466	28,279
22 Other U.S. Govt. agencies	33,750	20,491	961	438	5,025	14,067	13,259
23 States and political subdivisions	104,512	74,792	6,841	3,503	24,305	40,143	29,720
24 All other portfolio securities	5,733	3,793	264	151	971	2,407	1,941
25 F.R. stock and corporate stock	1,544	1,302	291	83	483	445	243
26 Federal funds sold and securities resale agreement	44,703	35,244	2,497	2,152	18,742	11,853	9,514
27 Commercial banks	37,369	28,124	705	1,441	14,689	11,289	9,300
28 Brokers and dealers	4,362	4,208	399	672	2,699	438	154
29 Others	2,972	2,912	1,393	39	1,354	126	60
30 Other loans, gross	536,794	405,594	70,710	21,530	149,631	163,722	131,200
31 Less: Unearned income on loans	12,704	8,660	546	80	2,860	5,175	4,045
32 Reserves for loan loss	6,306	5,038	1,191	316	1,826	1,706	1,267
33 Other loans, net	517,784	391,896	68,974	21,135	144,945	156,842	125,888
Other loans, gross, by category							
34 <i>Real estate loans</i>	<i>153,309</i>	<i>106,810</i>	<i>9,315</i>	<i>1,966</i>	<i>38,372</i>	<i>57,156</i>	<i>46,499</i>
35 Construction and land development	17,215	13,442	2,590	414	6,309	4,128	3,773
36 Secured by farmland	6,979	2,981	17	10	293	2,661	3,998
37 Secured by residential	86,655	61,444	4,460	963	22,314	33,707	25,211
38 1- to 4-family residences	82,250	58,255	4,028	859	21,161	32,206	23,995
39 FHA-insured or VA-guaranteed	7,887	6,843	598	47	3,666	2,532	1,043
40 Conventional	74,364	51,412	3,430	812	17,495	29,674	22,952
41 Multifamily residences	4,405	3,189	432	104	1,151	1,501	1,216
42 FHA-insured	370	305	116	25	85	78	66
43 Conventional	4,035	2,884	315	78	1,068	1,423	1,150
44 Secured by other properties	42,459	28,943	2,248	579	9,456	16,660	13,517
45 <i>Loans to financial institutions</i>	<i>33,501</i>	<i>31,511</i>	<i>11,103</i>	<i>4,254</i>	<i>13,380</i>	<i>2,774</i>	<i>1,990</i>
46 To REIT's and mortgage companies	9,793	9,453	3,250	1,230	4,330	644	339
47 To domestic commercial banks	2,524	1,879	531	118	946	284	645
48 To banks in foreign countries	5,925	5,777	2,636	276	2,383	483	147
49 To other depository institutions	1,085	977	115	24	684	154	107
50 To other financial institutions	14,175	13,424	4,571	2,606	5,038	1,208	751
51 Loans to security brokers and dealers	9,632	9,409	5,566	1,424	2,186	232	223
52 Other loans to purchase/carry securities	4,060	3,375	386	310	1,734	945	685
53 Loans to farmers, except real estate	23,667	13,080	120	154	3,033	9,773	10,586
54 Commercial and industrial loans	178,765	146,103	36,184	10,658	56,061	43,201	32,662
55 Loans to individuals	119,885	83,380	5,839	1,750	29,298	46,493	36,505
56 <i>Instalment loans</i>	<i>95,312</i>	<i>66,110</i>	<i>4,339</i>	<i>1,029</i>	<i>23,584</i>	<i>37,158</i>	<i>29,201</i>
57 Passenger automobiles	44,171	26,478	792	133	7,680	17,874	14,692
58 Residential-repair/modernize	6,528	4,518	308	52	1,793	2,365	2,010
59 Credit cards and related plans	14,094	12,380	1,668	667	6,764	3,281	1,713
60 Charge-account credit cards	10,978	9,803	1,146	633	5,518	2,507	1,175
61 Check and revolving credit plans	3,116	2,578	522	34	1,247	775	538
62 Other retail consumer goods	15,970	10,952	331	72	3,882	6,668	5,017
63 Mobile homes	8,697	6,163	177	28	2,205	3,753	2,534
64 Other	7,273	4,789	154	44	1,676	2,915	2,483
65 Other instalment loans	17,549	11,781	1,239	106	3,465	6,971	5,768
66 Single-payment loans to individuals	24,573	17,270	1,499	721	5,714	9,335	7,303
67 All other loans	13,975	11,926	2,197	1,075	5,565	3,148	2,050
68 Total loans and securities, net	813,872	604,982	91,959	31,486	221,094	260,444	208,949
69 Direct lease financing	5,119	4,829	1,072	130	2,850	777	290
70 Fixed assets Buildings, furniture, real estate	19,815	14,809	1,994	650	5,759	6,406	5,008
71 Investment in unconsolidated subsidiaries	2,472	2,438	1,097	213	1,042	85	34
72 Customer acceptances outstanding	11,661	11,303	5,737	629	4,623	313	358
73 Other assets	33,351	30,164	12,619	1,508	11,775	4,262	3,255
74 Total assets	1,011,482	774,673	146,005	38,576	285,143	304,948	236,942

For notes see opposite page.

1.26 Continued

Liability or capital account	Insured commercial banks	Member banks ¹					Non-member banks ¹
		Total	Large banks			All other	
			New York City	City of Chicago	Other large		
75 Demand deposits.....	316,260	246,707	59,781	9,454	86,536	90,936	69,571
76 Mutual savings banks.....	1,703	1,057	517	1	584	284	145
77 Other individuals, partnerships, and corporations.....	241,902	182,142	31,068	6,798	68,453	75,823	59,760
78 U.S. Govt.....	3,422	2,283	112	31	623	1,517	1,140
79 States and political subdivisions.....	16,238	11,212	626	242	3,340	7,004	5,027
80 Foreign governments, central banks, etc.....	1,270	1,249	988	19	212	30	20
81 Commercial banks in United States.....	34,890	33,781	18,080	1,955	10,125	3,621	1,128
82 Banks in foreign countries.....	6,140	5,979	4,741	150	969	118	161
83 Certified and officers' checks, etc.....	11,194	9,004	3,648	258	2,560	2,538	2,190
84 Time deposits.....	293,127	212,408	32,154	12,333	72,420	95,502	80,719
85 Accumulated for personal loan payments.....	117	112	128	4	10	102	25
86 Mutual savings banks.....	352	331	128	4	139	21	21
87 Other individuals, partnerships, and corporations.....	230,513	165,815	23,878	8,781	55,372	77,784	64,698
88 U.S. Govt.....	689	486	68	28	230	211	152
89 States and political subdivisions.....	46,368	31,771	1,388	1,182	12,804	16,397	14,597
90 Foreign governments, central banks, etc.....	7,401	7,126	3,942	1,207	1,929	48	275
91 Commercial banks in United States.....	6,384	5,512	1,996	1,013	1,703	800	872
92 Banks in foreign countries.....	1,284	1,206	754	79	233	140	78
93 Savings deposits.....	213,702	152,966	12,072	3,275	56,721	80,898	60,737
94 Individuals and nonprofit organizations.....	197,632	141,168	10,868	2,945	52,604	74,751	56,464
95 Corporations and other profit organizations.....	9,651	7,143	583	248	3,016	3,296	2,508
96 U.S. Government.....	52	40	4	1	22	13	12
97 States and political subdivisions.....	6,242	4,500	535	82	1,054	2,830	1,742
98 All other.....	126	115	82	1	25	8	11
99 Total deposits.....	823,090	612,081	104,006	25,063	215,676	267,336	211,027
100 Federal funds purchased and securities sold under agreements to repurchase.....	73,846	70,496	15,854	9,249	35,905	9,489	3,350
101 Commercial banks.....	40,778	39,292	6,646	6,303	21,715	4,628	1,486
102 Brokers and dealers.....	8,472	8,145	1,454	1,335	4,484	870	327
103 Others.....	24,597	23,060	7,754	1,610	9,705	3,991	1,537
104 Other liabilities for borrowed money.....	5,229	4,977	2,373	102	2,119	383	252
105 Mortgage indebtedness.....	797	570	58	4	307	202	228
106 Bank acceptances outstanding.....	12,778	11,920	6,340	632	4,634	314	358
107 Other liabilities.....	17,433	15,097	4,939	807	6,049	3,303	2,442
108 Total liabilities.....	932,674	715,142	133,570	35,856	264,689	281,027	217,656
109 Subordinated notes and debentures.....	5,145	4,095	1,120	82	1,826	1,066	1,051
110 Equity capital.....	73,662	55,436	11,315	2,638	18,628	22,855	18,236
111 Preferred stock.....	67	25	2	2	2	23	42
112 Common stock.....	16,419	11,994	2,453	570	3,847	5,24	4,430
113 Surplus.....	29,165	21,497	4,230	1,243	7,686	8,438	7,671
114 Undivided profits.....	26,266	20,706	4,594	772	6,670	8,671	5,562
115 Other capital reserves.....	1,745	1,215	38	53	424	700	531
116 Total liabilities and equity capital.....	1,011,482	774,673	146,005	38,576	285,143	304,948	236,942
MEMORANDUM:							
117 Demand deposits adjusted.....	231,519	165,830	24,269	5,588	57,408	78,564	65,690
Average for last 15 or 30 days:							
118 Cash and due from bank.....	121,842	103,888	29,188	4,578	38,072	32,050	17,956
119 Federal funds sold and securities purchased under agreements to resell.....	42,908	33,274	3,121	1,384	16,897	11,873	9,675
120 Total loans.....	521,907	395,421	70,296	21,429	145,777	157,820	126,586
121 Time deposits of \$100,000 or more.....	129,513	105,527	26,714	9,715	41,042	28,056	23,986
122 Total deposits.....	805,559	596,858	95,782	25,106	211,304	264,665	208,712
123 Federal funds purchased and securities sold under agreements to repurchase.....	76,919	73,461	19,126	9,305	35,188	9,842	3,458
124 Other liabilities for borrowed money.....	4,489	4,231	2,052	90	1,739	350	258
125 Standby letters of credit outstanding.....	12,593	11,931	6,925	996	3,242	768	662
126 Time deposits of \$100,000 or more.....	131,851	107,632	26,650	9,501	42,859	28,621	24,219
127 Certificates of deposit.....	109,696	88,947	22,351	8,270	34,294	24,033	20,749
128 Other time deposits.....	22,155	18,685	4,299	1,231	8,565	4,589	3,470
129 Number of banks.....	14,405	5,737	12	9	154	5,562	8,678

¹ Member banks exclude and nonmember banks include 10 uninsured trust companies that are members of the Federal Reserve System, and member banks exclude 2 national banks outside the continental United States.

² 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-preratives 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.

Bank data in lesser detail were shown in previous BULLETINS. Details may not add to totals because of rounding.

1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1977							
	Sept. 7	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26
1 Total loans and investments	434,446	431,197	432,499	430,839	436,236	435,914	435,912	433,025
Loans:								
2 Federal funds sold ¹	25,774	24,350	23,554	23,214	26,933	25,822	23,339	21,624
3 To commercial banks	18,311	18,839	17,841	18,464	20,671	19,467	16,117	16,423
To brokers and dealers involving—								
4 U.S. Treasury securities	4,872	2,980	3,140	2,249	3,406	3,121	4,434	2,728
5 Other securities	578	505	476	382	674	663	514	550
6 To others	2,013	2,026	2,097	2,119	2,182	2,571	2,274	1,923
7 Other, gross	304,994	303,542	305,991	305,670	307,834	308,973	310,394	309,375
8 Commercial and industrial	119,244	119,283	120,326	120,289	120,688	121,404	121,699	122,432
9 Agricultural	4,734	4,766	4,774	4,789	4,788	4,771	4,786	4,798
For purchasing or carrying securities:								
To brokers and dealers:								
10 U.S. Treasury securities	2,700	1,568	2,021	1,408	2,127	1,792	2,266	975
11 Other securities	9,049	8,865	9,181	8,991	9,313	8,960	9,501	8,750
To others:								
12 U.S. Treasury securities	73	72	70	69	71	72	72	97
13 Other securities	2,600	2,597	2,600	2,607	2,597	2,614	2,612	2,637
To nonbank financial institutions:								
14 Personal and sales finance cos., etc.	7,678	7,501	7,490	7,379	7,413	7,682	7,614	7,619
15 Other	15,117	15,146	14,978	15,146	15,360	15,399	15,063	15,225
16 Real estate	70,390	70,726	71,287	71,446	71,335	71,592	71,981	72,248
To commercial banks:								
17 Domestic	2,119	1,699	2,031	2,003	2,147	1,995	2,151	2,003
18 Foreign	6,088	5,875	5,889	5,980	5,984	6,337	6,353	6,409
19 Consumer instalment	43,435	43,615	43,493	43,792	43,881	43,999	44,122	44,339
20 Foreign governments, official institutions, etc.	1,589	1,615	1,625	1,544	1,605	1,647	1,646	1,528
21 All other loans	20,178	20,214	20,226	20,227	20,525	20,709	20,528	20,315
22 Less: Loan loss reserve and unearned income on loans	9,341	9,387	9,406	9,347	9,256	9,286	9,346	9,369
23 Other loans, net	295,653	294,155	296,585	296,323	298,578	299,687	301,048	300,006
Investments:								
24 U.S. Treasury securities	47,945	46,870	46,717	45,713	45,122	44,405	45,571	45,183
25 Bills	8,454	8,056	8,336	7,640	7,737	7,311	7,979	7,709
Notes and bonds, by maturity:								
26 Within 1 year	9,195	9,175	9,110	9,001	8,710	8,760	8,916	8,937
27 1 to 5 years	26,332	25,788	25,425	25,273	24,848	24,524	23,936	23,812
28 After 5 years	3,964	3,851	3,846	3,799	3,827	3,810	4,740	4,725
29 Other securities	65,074	65,822	65,643	65,589	65,603	66,000	65,954	66,212
Obligations of States and political subdivisions:								
30 Tax warrants, short-term notes, and bills	9,005	9,655	9,230	9,156	8,982	9,547	9,062	9,114
31 All other	42,062	42,216	42,089	42,257	42,291	42,493	42,567	42,605
Other bonds, corporate stocks, and securities:								
32 Certificates of participation ²	2,115	2,051	2,141	2,210	2,190	2,128	1,908	2,092
33 All other, including corporate stocks	11,892	11,900	12,183	11,966	12,140	11,832	12,417	12,401
34 Cash items in process of collection	41,257	40,192	36,888	36,877	41,846	44,133	38,592	37,113
35 Reserves with F.R. Banks	15,330	22,146	18,567	22,989	22,579	22,169	20,205	21,231
36 Currency and coin	5,793	6,215	6,035	6,299	5,454	6,042	6,064	6,254
37 Balances with domestic banks	12,564	13,083	12,179	13,322	15,453	14,013	14,649	13,046
38 Investments in subsidiaries not consolidated	2,783	2,842	2,857	2,872	2,842	2,837	2,813	2,918
39 Other assets	54,861	55,594	54,751	54,182	55,519	55,052	53,407	53,706
40 Total assets/total liabilities	567,034	571,269	563,776	567,380	579,929	580,160	571,642	567,293
Deposits:								
41 Demand deposits	179,609	181,255	174,307	176,526	185,841	185,404	178,991	176,166
42 Individuals, partnerships, and corporations	130,128	133,635	126,319	125,673	131,393	135,194	129,106	128,625
43 States and political subdivisions	5,572	5,474	6,012	5,746	5,931	5,967	5,883	5,666
44 U.S. Govt.	1,701	1,520	3,256	5,359	2,909	1,301	2,467	1,755
Domestic interbank:								
45 Commercial	26,782	25,106	23,741	25,178	29,121	27,194	26,679	25,239
46 Mutual savings	1,040	895	814	799	1,104	1,027	917	783
Foreign:								
47 Governments, official institutions, etc.	1,650	1,194	1,285	1,212	1,419	1,110	1,136	1,154
48 Commercial banks	6,103	6,321	6,110	6,077	6,324	6,447	6,055	6,160
49 Certified and officers' checks	6,633	7,110	6,770	6,482	7,640	7,164	6,748	6,784
50 Time and savings deposits ³	238,704	238,901	239,243	241,752	242,108	241,890	242,526	242,836
51 Savings ⁴	93,708	93,418	93,290	93,406	93,803	93,608	93,357	93,025
52 Time	144,996	145,483	145,953	148,346	148,305	148,282	149,169	149,811
53 Individuals, partnerships, and corporations	111,708	112,140	111,996	113,711	113,566	113,504	113,803	114,320
54 States and political subdivisions	21,157	21,268	21,459	21,696	21,607	21,795	22,055	22,061
55 Domestic interbank	4,089	4,076	4,267	4,490	4,533	4,496	4,551	4,671
56 Foreign govts., official institutions, etc.	6,541	6,488	6,589	6,825	6,974	6,892	7,191	7,184
57 Federal funds purchased, etc. ⁵	74,015	75,886	72,032	72,277	76,412	77,093	70,758	71,916
Borrowings from:								
58 F.R. Banks	335	136	2,446	877	232	481	3,233	690
59 Others	4,291	4,473	5,030	5,290	4,965	4,797	4,993	5,372
60 Other liabilities, etc. ⁶	26,541	26,885	27,028	26,873	26,480	26,523	27,232	26,277
61 Total equity capital and subordinated notes/debentures ⁷	43,539	43,733	43,690	43,785	43,891	43,972	43,909	44,036

¹ Includes securities purchased under agreements to resell.² Federal agencies only.³ Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.⁴ For amounts of these deposits by ownership categories, see Table 1.30.⁵ Includes securities sold under agreements to repurchase.⁶ Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.⁷ Includes reserves for securities and contingency portion of reserves for loans.

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

Millions of dollars, Wednesday figures

Account	1977								
	Sept. 7	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26	
1 Total loans and investments	94,205	92,107	93,994	92,287	93,554	94,035	95,936	94,662	
Loans:									
2 Federal funds sold ¹	3,683	3,961	4,490	4,327	3,918	4,949	4,282	4,721	
3 To commercial banks	2,142	2,132	2,458	2,699	2,136	2,573	2,482	3,053	
4 To brokers and dealers involving:									
5 U.S. Treasury securities	918	1,051	1,154	733	925	1,067	1,084	941	
6 Other securities	6								
6 To others	617	778	878	895	857	1,299	716	727	
7 Other, gross	70,348	68,090	69,522	65,502	69,814	69,650	71,392	69,605	
8 Commercial and industrial	33,950	33,678	34,140	33,949	34,178	34,312	34,797	35,183	
9 Agricultural	124	128	144	150	155	156	162	160	
For purchasing or carrying securities:									
To brokers and dealers:									
10 U.S. Treasury securities	2,515	1,410	1,768	1,234	1,926	1,615	2,070	833	
11 Other securities	4,913	4,829	5,048	4,850	4,877	4,628	5,140	4,589	
To others:									
12 U.S. Treasury securities	25	24	24	23	23	23	23	38	
13 Other securities	382	382	379	378	377	376	362	364	
To nonbank financial institutions:									
14 Personal and sales finance cos., etc.	2,696	2,555	2,572	2,480	2,502	2,695	2,708	2,687	
15 Other	4,760	4,731	4,693	4,793	4,849	4,743	4,689	4,731	
16 Real estate	8,823	8,863	8,864	8,846	8,814	8,828	8,841	8,876	
To commercial banks:									
17 Domestic	958	502	786	670	818	673	877	629	
18 Foreign	2,940	2,683	2,772	2,883	2,847	3,101	3,156	3,088	
19 Consumer instalment	4,172	4,206	4,193	4,270	4,229	4,243	4,261	4,282	
20 Foreign governments, official institutions, etc.	431	348	380	350	422	453	457	347	
21 All other loans	3,759	3,751	3,759	3,676	3,797	3,804	3,849	3,798	
22 Less: Loan loss reserve and unearned income on loans	1,752	1,761	1,747	1,709	1,666	1,664	1,695	1,699	
23 Other loans, net	68,596	66,329	67,775	66,793	68,148	67,986	69,697	67,906	
Investments:									
24 U.S. Treasury securities	11,715	11,166	10,946	10,558	10,799	10,495	11,132	11,283	
25 Bills	3,065	2,895	2,847	2,620	2,759	2,651	2,939	3,049	
Notes and bonds, by maturity:									
26 Within 1 year	1,492	1,501	1,466	1,456	1,559	1,568	1,541	1,582	
27 1 to 5 years	6,310	5,931	5,795	5,660	5,644	5,450	5,306	5,325	
28 After 5 years	848	839	838	822	837	826	1,346	1,327	
29 Other securities	10,211	10,651	10,753	10,609	10,689	10,615	10,835	10,752	
Obligations of States and political subdivisions:									
30 Tax warrants, short-term notes, and bills	2,223	2,561	2,463	2,470	2,349	2,426	2,312	2,342	
31 All other	6,295	6,319	6,384	6,399	6,444	6,452	6,623	6,481	
Other bonds, corporate stocks, and securities:									
32 Certificates of participation ²	193	193	193	194	194	193	192	192	
33 All other, including corporate stocks	1,500	1,578	1,743	1,596	1,702	1,544	1,698	1,737	
34 Cash items in process of collection	11,667	12,333	11,601	12,409	13,371	13,445	12,452	11,867	
35 Reserves with F.R. Banks	3,564	5,946	3,514	6,337	7,364	5,023	5,787	4,971	
36 Currency and coin	839	861	861	892	824	900	879	910	
37 Balances with domestic banks	5,129	5,856	5,321	6,143	7,449	5,749	7,022	5,744	
38 Investments in subsidiaries not consolidated	1,377	1,376	1,380	1,375	1,384	1,386	1,372	1,381	
39 Other assets	18,984	19,819	19,285	19,169	20,112	20,229	19,932	18,955	
40 Total assets/total liabilities	135,765	138,298	135,956	138,612	144,058	140,767	141,380	138,490	
Deposits:									
41 Demand deposits	47,710	48,895	47,367	49,183	51,735	49,644	49,973	48,583	
42 Individuals, partnerships, and corporations	26,065	27,754	25,948	26,319	27,131	27,517	26,613	26,775	
43 States and political subdivisions	480	436	495	427	474	419	528	440	
44 U.S. Govt.	137	173	616	711	490	142	386	324	
Domestic interbank:									
45 Commercial	11,412	11,378	11,268	12,788	13,839	12,060	13,580	11,999	
46 Mutual savings	562	477	399	395	615	557	483	376	
Foreign:									
47 Governments, official institutions, etc.	1,416	961	1,026	958	1,093	887	892	918	
48 Commercial banks	4,713	4,666	4,698	4,645	4,717	4,920	4,421	4,645	
49 Certified and officers' checks	2,925	3,050	2,917	2,940	3,376	3,132	3,070	3,106	
50 Time and savings deposits ³	41,163	41,106	40,805	41,748	42,308	42,541	43,033	43,358	
51 Savings ⁴	10,438	10,400	10,357	10,369	10,374	10,320	10,236	10,185	
52 Time	30,725	30,706	30,448	31,379	31,934	32,221	32,787	33,173	
53 Individuals, partnerships, and corporations	23,296	23,419	23,019	23,688	23,917	24,161	24,402	24,528	
54 States and political subdivisions	1,396	1,397	1,423	1,452	1,431	1,484	1,612	1,649	
55 Domestic interbank	1,510	1,465	1,481	1,563	1,665	1,689	1,654	1,813	
56 Foreign govts., official institutions, etc.	3,703	3,616	3,696	3,874	4,125	4,107	4,358	4,429	
57 Federal funds purchased, etc. ⁵	20,966	22,203	20,088	20,751	23,537	22,291	20,061	19,904	
Borrowings from:									
58 F.R. Banks	204		1,522				1,123		
59 Others	1,537	1,634	1,796	2,138	1,966	1,969	2,130	2,346	
60 Other liabilities, etc. ⁶	11,811	11,899	11,798	12,208	11,923	11,720	12,467	11,702	
61 Total equity capital and subordinated notes/debentures ⁷	12,374	12,561	12,580	12,584	12,589	12,612	12,603	12,597	

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

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

Millions of dollars, Wednesday figures

Account	1977							
	Sept. 7	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26 ¹
1 Total loans and investments	340,241	339,090	338,505	338,552	342,682	341,879	339,976	338,363
Loans:								
2 Federal funds sold ¹	22,091	20,389	19,064	18,887	23,015	20,883	19,057	16,903
3 To commercial banks	16,169	16,707	15,383	15,765	18,535	16,894	13,635	13,370
To brokers and dealers involving—								
4 U.S. Treasury securities	3,954	1,929	1,986	1,516	2,481	2,054	3,350	1,787
5 Other securities	572	505	476	382	674	663	514	550
6 To others	1,396	1,248	1,219	1,224	1,325	1,272	1,558	1,196
7 Other, gross	234,646	235,452	236,469	237,168	238,020	239,323	239,002	239,770
8 Commercial and industrial	85,294	85,605	86,186	86,340	86,510	87,092	86,902	87,249
9 Agricultural	4,610	4,638	4,630	4,639	4,633	4,615	4,624	4,638
For purchasing or carrying securities:								
To brokers and dealers:								
10 U.S. Treasury securities	185	158	253	174	201	177	196	142
11 Other securities	4,136	4,036	4,133	4,141	4,436	4,332	4,361	4,161
To others:								
12 U.S. Treasury securities	48	48	46	46	48	49	49	59
13 Other securities	2,218	2,215	2,221	2,229	2,220	2,238	2,250	2,273
To nonbank financial institutions:								
14 Personal and sales finance cos., etc.	4,982	4,946	4,918	4,899	4,911	4,987	4,906	4,932
15 Other	10,357	10,415	10,285	10,353	10,511	10,656	10,374	10,494
16 Real estate	61,567	61,863	62,423	62,600	62,521	62,764	63,140	63,372
To commercial banks:								
17 Domestic	1,161	1,197	1,245	1,333	1,329	1,322	1,274	1,374
18 Foreign	3,148	3,192	3,117	3,097	3,137	3,236	3,197	3,321
19 Consumer instalment	39,263	39,409	39,300	39,572	39,652	39,756	39,861	40,057
20 Foreign governments, official institutions, etc.	1,258	1,267	1,245	1,194	1,183	1,189	1,181	1,181
21 All other loans	16,419	16,463	16,467	16,551	16,728	16,905	16,679	16,517
22 Less: Loan reserve and unearned income on loans	7,589	7,626	7,659	7,638	7,590	7,622	7,651	7,670
23 Other loans, net	227,057	227,826	228,810	229,530	230,430	231,701	231,351	232,100
Investments:								
24 U.S. Treasury securities	36,230	35,704	35,771	35,155	34,323	33,910	34,439	33,900
25 Bills	5,389	5,161	5,489	5,020	4,978	4,660	5,040	4,660
Notes and bonds, by maturity:								
26 Within 1 year	7,703	7,674	7,644	7,545	7,151	7,192	7,375	7,355
27 1 to 5 years	20,022	19,857	19,630	19,613	19,204	19,074	18,630	18,487
28 After 5 years	3,116	3,012	3,008	2,977	2,990	2,984	3,394	3,398
29 Other securities	54,863	55,171	54,860	54,980	54,914	55,385	55,129	55,460
Obligations of States and political subdivisions:								
30 Tax warrants, short-term notes, and bills	6,782	7,094	6,767	6,736	6,633	7,121	6,750	6,772
31 All other	35,767	35,897	35,705	35,858	35,847	36,041	35,944	36,124
Other bonds, corporate stocks, and securities:								
32 Certificates of participation ²	1,922	1,858	1,948	2,016	1,996	1,935	1,716	1,900
33 All other, including corporate stocks	10,392	10,322	10,440	10,370	10,438	10,288	10,719	10,664
34 Cash items in process of collection	29,590	27,859	25,287	24,468	28,475	30,688	26,140	25,246
35 Reserves with F. R. Banks	11,766	16,200	15,053	16,652	15,215	17,146	14,418	16,260
36 Currency and coin	4,954	5,354	5,174	5,407	4,630	5,142	5,185	5,344
37 Balances with domestic banks	7,435	7,227	6,858	7,179	8,004	8,264	7,627	7,302
38 Investments in subsidiaries not consolidated	1,406	1,466	1,477	1,497	1,458	1,451	1,441	1,537
39 Other assets	35,877	35,775	35,466	35,013	35,407	34,823	35,475	34,751
40 Total assets/total liabilities	431,269	432,971	427,820	428,768	435,871	439,393	430,262	428,803
Deposits:								
41 Demand deposits	131,899	132,360	126,940	127,343	134,106	135,770	129,018	127,583
42 Individuals, partnerships, and corporations	104,063	105,881	100,371	99,354	104,262	107,677	102,493	101,850
43 States and political subdivisions	5,092	5,038	5,517	5,319	5,457	5,548	5,355	5,226
44 U.S. Govt.	1,564	1,347	2,640	4,648	2,419	1,159	2,081	1,431
Domestic interbank:								
45 Commercial	15,370	13,728	12,473	12,390	15,282	15,134	13,099	13,240
46 Mutual savings	478	418	415	404	489	470	434	407
Foreign:								
47 Governments, official institutions, etc.	234	233	259	254	326	223	244	236
48 Commercial banks	1,390	1,655	1,412	1,432	1,607	1,527	1,634	1,515
49 Certified and officers' checks	3,708	4,060	3,853	3,542	4,264	4,032	3,678	3,678
50 Time and savings deposits ³	197,541	197,795	198,438	200,004	199,800	199,349	199,503	199,478
51 Savings ³	83,270	83,018	82,933	83,037	83,429	83,288	83,121	82,840
52 Time	114,271	114,777	115,505	116,967	116,371	116,061	116,382	116,638
53 Individuals, partnerships, and corporations	88,412	88,721	88,977	90,023	89,649	89,343	89,401	89,792
54 States and political subdivisions	19,761	19,871	20,036	20,244	20,176	20,311	20,443	20,412
55 Domestic interbank	2,579	2,611	2,786	2,927	2,868	2,807	2,897	2,858
56 Foreign govts., official institutions, etc.	2,838	2,872	2,893	2,951	2,849	2,833	2,785	2,755
57 Federal funds purchased, etc. ⁵	53,049	53,683	51,944	51,526	52,875	54,802	50,697	52,012
Borrowings from:								
58 F. R. Banks	131	136	924	877	232	481	2,110	690
59 Others	2,754	2,839	3,234	3,152	2,999	2,828	2,863	3,026
60 Other liabilities, etc. ⁶	14,730	14,986	15,230	14,665	14,557	14,803	14,765	14,575
61 Total equity capital and subordinated notes/debentures ⁷	31,165	31,172	31,110	31,201	31,302	31,360	31,306	31,439

¹ Includes securities purchased under agreements to resell.² Federal agencies only.³ Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.⁴ For amounts of these deposits by ownership categories, see Table 1.30.⁵ Includes securities sold under agreements to repurchase.⁶ Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.⁷ Includes reserves for securities and contingency portion of reserves for loans.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account and bank group		1977							
		Sept. 7	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26 ¹
Total loans (gross) and investments, adjusted¹									
1	Large banks	423,357	420,646	422,033	419,719	422,674	423,738	426,999	423,968
2	New York City banks	92,857	91,234	92,497	90,627	92,266	92,453	94,272	92,679
3	Banks outside New York City	330,500	328,812	329,536	329,092	330,408	331,285	332,718	331,289
Total loans (gross), adjusted									
4	Large banks	310,338	307,354	309,673	308,417	311,949	313,333	315,465	312,573
5	New York City banks	70,931	69,417	70,768	69,460	70,778	71,343	72,315	70,644
6	Banks outside New York City	239,407	237,937	238,905	238,957	241,171	241,990	243,150	241,929
Demand deposits, adjusted²									
7	Large banks	109,869	114,437	110,422	109,117	111,965	112,776	111,253	112,059
8	New York City banks	24,494	25,011	23,882	23,275	24,035	23,987	23,555	24,393
9	Banks outside New York City	85,375	89,426	86,540	85,837	87,930	88,789	87,698	87,666
Large negotiable time CD's included in time and savings deposits³									
Total:									
10	Large banks	64,697	64,927	65,245	67,449	67,684	67,750	68,483	69,055
11	New York City	19,880	19,760	19,533	20,497	21,157	21,374	21,944	22,391
12	Banks outside New York City	44,817	45,167	45,712	46,952	46,527	46,376	46,539	46,664
Issued to IPC's⁴:									
13	Large banks	43,944	44,096	43,268	45,396	45,556	45,594	45,823	46,413
14	New York City Banks	13,813	13,814	13,460	14,145	14,560	14,730	15,018	15,232
15	Banks outside New York City	30,121	30,282	30,408	31,251	30,996	30,864	30,805	31,181
Issued to others:									
16	Large banks	20,763	20,831	21,377	22,053	22,128	22,156	22,660	22,642
17	New York City banks	6,067	5,946	6,073	6,352	6,597	6,644	6,926	7,159
18	Banks outside New York City	14,696	14,885	15,304	15,701	15,531	15,512	15,734	15,483
All other large time deposits⁴									
Total:									
19	Large banks	27,161	27,130	27,408	27,514	27,781	27,790	28,149	28,416
20	New York City banks	5,509	5,560	5,555	5,564	5,762	5,775	5,892	5,927
21	Banks outside New York City	21,652	21,570	21,853	21,950	22,019	22,015	22,257	22,489
Issued to IPC's:									
22	Large banks	15,358	15,400	15,571	15,642	15,827	15,913	16,302	16,323
23	New York City banks	4,232	4,276	4,257	4,277	4,412	4,447	4,548	4,570
24	Banks outside New York City	11,126	11,124	11,314	11,370	11,465	11,468	11,654	11,753
Issued to others:									
25	Large banks	11,803	11,730	11,837	11,867	11,904	11,875	11,942	12,093
26	New York City banks	1,287	1,284	1,298	1,287	1,350	1,328	1,344	1,357
27	Banks outside New York City	10,516	10,446	10,539	10,580	10,554	10,547	10,603	10,736
Savings deposits, by ownership category									
Individuals and nonprofit organizations:									
28	Large banks	86,828	86,549	86,499	86,621	86,962	86,813	86,645	86,324
29	New York City banks	9,571	9,529	9,498	9,521	9,518	9,477	9,422	9,390
30	Banks outside New York City	77,257	77,020	77,001	77,100	77,444	77,336	77,223	76,934
Partnerships and corporations for profit:									
31	Large banks	5,167	5,172	5,134	5,168	5,145	5,121	5,164	5,170
32	New York City banks	571	562	560	561	543	538	528	524
33	Banks outside New York City	4,596	4,610	4,574	4,607	4,602	4,583	4,576	4,646
Domestic governmental units:									
34	Large banks	1,664	1,644	1,609	1,588	1,663	1,644	1,577	1,496
35	New York City banks	265	273	267	270	292	279	264	250
36	Banks outside New York City	1,399	1,371	1,342	1,318	1,371	1,355	1,313	1,246
All other:⁶									
37	Large banks	49	53	48	39	33	40	31	35
38	New York City banks	31	36	32	17	21	26	22	21
39	Banks outside New York City	18	17	16	12	12	14	9	14
Gross liabilities of banks to their foreign branches									
40	Large banks	3,824	4,469	4,172	4,696	5,033	5,381	6,665	5,243
41	New York City banks	2,123	1,962	2,539	3,198	2,930	3,015	4,252	2,846
42	Banks outside New York City	1,701	2,507	1,633	1,498	2,103	2,366	2,413	2,407
Loans sold outright to selected institutions by all large banks⁷									
43	Commercial and industrial	2,800	2,822	2,813	2,775	2,797	2,804	2,762	2,879
44	Real estate	230	226	215	221	240	216	241	226
45	All other	1,028	1,010	1,029	1,050	1,030	1,057	1,053	1,009

¹ Exclusive of loans and Federal funds transactions with domestic commercial banks.

² All demand deposits except U.S. Govt. and domestic commercial banks, less cash items in process of collection.

³ Certificates of deposit (CD's) issued in denominations of \$100,000 or more.

⁴ All other time deposits issued in denominations of \$100,000 or more (not included in large negotiable CD's).

⁵ Other than commercial banks.

⁶ Domestic and foreign commercial banks, and official international organizations.

⁷ To bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Commercial and Industrial Loans

Millions of dollars

Industry classification	Outstanding					Net change during				
	1977					1977		1977		
	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26 ¹	Q1	Q2	Aug. ²	Sept.	Oct. ³
Total loans classified ²										
1 Total	97,682	98,170	98,596	99,090	99,557	-916	1,532	258	752	1,875
Durable goods manufacturing:										
2 Primary metals	2,494	2,448	2,444	2,451	2,436	377	-161	67	104	58
3 Machinery	4,571	4,641	4,661	4,684	4,665	108	38	263	90	94
4 Transportation equipment	2,386	2,337	2,374	2,403	2,365	74	94	85	50	21
5 Other fabricated metal products	1,975	1,961	2,000	1,965	1,996	181	70	67	106	21
6 Other durable goods	3,732	3,743	3,762	3,704	3,704	90	323	59	71	-28
Nondurable goods manufacturing:										
7 Food, liquor, and tobacco	3,456	3,469	3,534	3,545	3,580	151	-21	119	180	124
8 Textiles, apparel, and leather	4,020	4,053	4,017	3,912	3,884	381	475	20	45	-136
9 Petroleum refining	2,713	2,740	2,826	2,783	2,824	-305	285	77	15	111
10 Chemicals and rubber	2,881	2,920	2,928	2,940	2,914	131	68	45	68	33
11 Other nondurable goods	2,168	2,143	2,180	2,172	2,176	147	22	83	71	8
12 Mining, including crude petroleum and natural gas	8,232	8,235	8,258	8,292	8,379	94	757	25	73	147
Trade:										
13 Commodity dealers	1,324	1,431	1,452	1,561	1,602	204	-434	114	58	278
14 Other wholesale	6,860	6,953	7,013	7,061	7,081	465	36	130	130	221
15 Retail	7,200	7,171	7,165	7,228	7,340	405	380	9	40	140
16 Transportation	4,968	4,930	4,906	4,916	4,908	-140	-128	51	3	60
17 Communication	1,268	1,359	1,333	1,330	1,298	-10	-152	23	13	30
18 Other public utilities	5,040	5,114	5,057	5,094	5,112	-61	12	94	-89	72
19 Construction	4,541	4,477	4,517	4,499	4,467	64	294	3	167	-74
20 Services	11,053	11,051	11,040	11,069	11,001	398	331	7	-73	-52
21 All other domestic loans	7,922	8,020	8,027	7,978	7,992	303	105	253	17	70
22 Bankers' acceptances	3,766	3,873	3,993	4,313	4,583	2,930	-263	108	-33	817
23 Foreign commercial and industrial loans	5,112	5,101	5,109	5,188	5,250	-135	545	36	114	138
MEMO:										
24 Commercial paper included in total classified loans	233				201	216	34	-40	30	32
25 Total commercial and industrial loans of all large weekly reporting banks	120,290	120,688	121,404	121,699	122,432	1,197	2,741	395	1,029	2,142
"Term" loans classified ³										
26 Total	46,516	45,901	46,076	46,337	46,631	630	675	175	261	294
Durable goods manufacturing:										
27 Primary metals	1,388	1,323	1,394	1,426	1,420	204	133	71	32	6
28 Machinery	2,520	2,414	2,306	2,337	2,384	33	-32	108	31	47
29 Transportation equipment	1,382	1,404	1,382	1,429	1,373	-13	43	-22	47	56
30 Other fabricated metal products	832	813	785	775	831	44	12	28	10	56
31 Other durable goods	1,722	1,719	1,734	1,774	1,774		97	15	40	
Nondurable goods manufacturing:										
32 Food, liquor, and tobacco	1,435	1,363	1,368	1,400	1,441	14	23	5	32	41
33 Textiles, apparel, and leather	1,150	1,204	1,149	1,154	1,173	27	79	55	5	19
34 Petroleum refining	1,938	1,975	1,988	1,997	2,129	202	168	13	9	132
35 Chemicals and rubber	1,646	1,677	1,705	1,745	1,746	103	99	28	40	1
36 Other nondurable goods	1,128	1,118	1,088	1,094	1,094	78	96	30	6	
37 Mining, including crude petroleum and natural gas	6,375	6,250	6,295	6,283	6,328	173	519	45	-12	45
Trade:										
38 Commodity dealers	171	180	209	194	209	-1	-28	29	15	15
39 Other wholesale	1,483	1,478	1,485	1,540	1,588	16	4	7	55	48
40 Retail	2,325	2,331	2,379	2,399	2,495	223	57	48	20	96
41 Transportation	3,649	3,607	3,624	3,625	3,622	-164	-124	17	1	-3
42 Communication	748	764	785	786	812	-68	-31	21	1	26
43 Other public utilities	3,771	3,416	3,358	3,302	3,413	243	-136	58	56	111
44 Construction	1,833	1,873	1,904	2,042	1,956	32	172	31	138	-86
45 Services	5,301	5,247	5,288	5,315	5,185	113	190	41	27	-130
46 All other domestic loans	2,432	2,464	2,733	2,542	2,502	-167	1	269	-191	-40
47 Foreign commercial and industrial loans	3,287	3,281	3,117	3,178	3,156	62	399	-164	61	-22

¹ Reported for the last Wednesday of each month.

² Includes "term" loans, shown below.

³ Outstanding loans with an original maturity of more than 1 year and

all outstanding loans granted under a formal agreement—revolving credit or standby—on which the original maturity of the commitment was in excess of 1 year.

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations

Billions of dollars, estimated daily-average balances

Type of holder	At commercial banks									
	1972	1973	1974	1975	1976				1977	
	Dec.	Dec.	Dec.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
1 All holders, IPC.....	208.0	220.1	225.0	236.9	227.9	234.2	236.1	250.1	242.3	253.8
2 Financial business.....	18.9	19.1	19.0	20.1	19.9	20.3	19.7	22.3	21.6	25.9
3 Nonfinancial business.....	109.9	116.2	118.8	125.1	116.9	121.2	122.6	130.2	125.1	129.2
4 Consumer.....	65.4	70.1	73.3	78.0	77.2	78.8	80.0	82.6	81.6	84.1
5 Foreign.....	1.5	2.4	2.3	2.4	2.4	2.5	2.3	2.7	2.4	2.5
6 Other.....	12.3	12.4	11.7	11.3	11.4	11.4	11.5	12.4	11.6	12.2

	At weekly reporting banks									
	1973	1974	1975	1976	1977					
	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	June	July	Aug.
7 All holders, IPC.....	118.1	119.7	124.4	128.5	124.7	127.5	124.4	128.7	131.0	128.0
8 Financial business.....	14.9	14.8	15.6	17.5	16.7	16.7	17.0	17.8	18.9	18.0
9 Nonfinancial business.....	66.2	66.9	69.9	69.7	67.8	68.5	67.2	69.5	70.7	68.8
10 Consumer.....	28.0	29.0	29.9	31.7	31.5	33.5	31.5	32.3	32.6	32.4
11 Foreign.....	2.2	2.2	2.3	2.6	2.2	2.3	2.4	2.4	2.2	2.5
12 Other.....	6.8	6.8	6.6	7.1	6.5	6.6	6.4	6.7	6.7	6.4

NOTE.—Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.

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

1.33 COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1974	1975	1976	1977						
	Dec.	Dec.	Dec.	Mar.	Apr.	May	June	July	Aug.	Sept.
Commercial paper (seasonally adjusted)										
1 All issuers.....	49,742	48,145	52,623	54,546	56,715	57,434	61,237	60,323	60,320	61,391
Financial companies: ¹										
Dealer-placed paper: ²										
2 Total.....	4,599	6,220	7,271	7,196	7,286	7,555	8,196	8,261	8,167	8,493
3 Bank-related.....	1,814	1,762	1,900	1,839	1,778	1,805	1,894	1,744	1,650	1,846
4 Directly-placed paper: ³										
4 Total.....	31,801	31,230	32,365	33,873	34,753	34,949	37,593	36,773	36,699	37,670
5 Bank-related.....	6,518	6,892	5,959	6,126	5,703	5,999	6,636	6,344	6,394	7,069
6 Nonfinancial companies ⁴	13,342	10,695	12,987	13,475	14,676	14,930	15,538	15,289	15,454	15,228
Dollar acceptances (not seasonally adjusted)										
7 Total.....	18,484	18,727	22,523	22,694	22,899	23,201	23,440	23,499	23,091	23,317
Held by:										
8 Accepting banks.....	4,226	7,333	10,442	7,797	7,761	7,326	7,630	7,601	7,647	7,473
9 Own bills.....	3,685	5,899	8,769	6,367	6,309	6,218	6,356	6,464	6,580	6,566
10 Bills bought.....	542	1,435	1,673	1,421	1,381	1,108	1,273	1,137	1,067	907
F.R. Banks:										
11 Own account.....	999	1,126	991	280	881	108	621	393	131	482
12 Foreign correspondents.....	1,109	293	375	435	394	385	360	296	304	287
13 Others.....	12,150	9,975	13,447	14,191	13,863	15,382	14,829	15,209	15,009	15,075
Based on:										
14 Imports into United States.....	4,023	3,726	4,992	4,983	5,114	5,124	5,635	5,570	5,446	5,654
15 Exports from United States.....	4,067	4,001	4,818	5,222	5,376	5,642	5,729	5,842	5,747	5,544
16 All other.....	10,394	11,000	12,713	12,489	12,410	12,436	12,076	12,088	11,899	12,119

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

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

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

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

1.34 PRIME RATE CHARGED BY BANKS on Short-term Business Loans
Per cent per annum

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

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, Aug. 1-6, 1977

Item	All sizes	Size of loan (in thousands of dollars)					
		1-24	25-49	50-99	100-499	500-999	1,000 and over
Short-term commercial and industrial loans							
1 Amount of loans (thousands of dollars).....	8,184,373	895,501	660,159	693,427	2,102,846	626,169	3,206,271
2 Number of loans.....	174,527	129,887	20,838	10,947	10,734	1,015	1,106
3 Weighted-average maturity (months).....	3.0	2.6	3.0	2.5	2.8	2.8	3.5
4 Weighted-average interest rate (per cent per annum).....	7.87	9.24	8.56	8.75	7.87	7.59	7.22
5 Interquartile range ¹	6.92-8.66	8.30-10.11	8.00-9.20	7.78-10.00	7.19-8.32	6.94-8.00	6.75-7.45
Percentage of amount of loans:							
6 With floating rate.....	52.7	26.1	29.3	50.9	53.0	55.2	64.6
7 Made under commitment.....	40.8	13.9	17.5	20.7	36.8	59.4	56.3
Long-term commercial and industrial loans							
8 Amount of loans (thousands of dollars).....	1,195,225	375,556			206,220	86,110	527,338
9 Number of loans.....	25,464	24,063			1,121	116	164
10 Weighted-average maturity (months).....	63.8	51.7			116.6	46.5	54.7
11 Weighted-average interest rate (per cent per annum).....	8.09	9.35			7.03	8.18	7.60
12 Interquartile range ¹	6.95-9.16	8.45-10.00			4.41-9.00	7.50-9.11	6.85-8.77
Percentage of amount of loans:							
13 With floating rate.....	53.4	23.3			41.2	61.5	78.4
14 Made under commitment.....	53.6	15.4			64.7	54.1	76.5
Construction and land development loans							
15 Amount of loans (thousands of dollars).....	570,762	163,298	141,147	48,143	109,676	108,497	
16 Number of loans.....	30,413	25,343	3,751	689	554	7.6	
17 Weighted-average maturity (months).....	13.1	11.7	10.3	9.9	10.5	23.6	
18 Weighted-average interest rate (per cent per annum).....	8.70	9.16	8.84	8.93	8.70	7.73	
19 Interquartile range ¹	8.16-9.28	8.24-9.84	8.27-9.25	8.48-9.43	8.23-9.34	7.76-9.00	
Percentage of amount of loans:							
20 With floating rate.....	29.0	8.4	9.0	45.8	51.5	55.7	
21 Secured by real estate.....	73.4	67.6	59.5	87.5	84.0	83.4	
22 Made under commitment.....	44.2	39.7	29.3	64.4	62.6	42.9	
23 Type of construction: 1- to 4-family.....	41.4	44.2	54.0	59.9	30.2	23.7	
24 Multifamily.....	7.3	8.4	1.4	4.0	10.5	11.4	
25 Nonresidential.....	51.4	47.5	44.6	36.1	59.3	64.8	
Loans to farmers							
26 Amount of loans (thousands of dollars).....	871,995	162,789	157,705	113,508	118,272	92,800	226,921
27 Number of loans.....	64,828	47,939	10,788	3,412	1,871	618	199
28 Weighted-average maturity (months).....	7.0	6.9	10.1	5.8	8.3	5.6	5.6
29 Weighted-average interest rate (per cent per annum).....	8.72	8.98	8.79	8.81	8.82	8.90	8.33
30 Interquartile range ¹	8.25-9.24	8.50-9.27	8.59-9.27	8.59-9.20	8.16-9.31	8.59-9.31	7.51-9.04
31 By purpose of loan:							
32 Feeder livestock.....	8.40	8.88	8.76	8.80	8.75	8.60	8.03
33 Other livestock.....	8.60	8.69	8.61	8.46	8.48	8.58	(2)
34 Other current operating expenses.....	9.00	8.97	9.01	8.87	9.06	9.01	8.66
35 Farm machinery and equipment.....	9.02	9.07	9.23	9.12	9.30	(2)	8.57
36 Other.....	8.60	9.25	7.80	8.81	8.47	8.98	8.61

¹ Interest rate range that covers the middle 50 per cent of the total dollar amount of loans made.
² Fewer than three sample loans.

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

1.36 INTEREST RATES Money and Capital Markets

Averages, per cent per annum

Instrument	1974	1975	1976	1977				1977, week ending--				
				July	Aug.	Sept.	Oct.	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29
Money market rates												
Prime commercial paper ¹												
1 90- to 119-day	10.05	6.26	5.24	5.38	5.75	6.09	6.51	6.25	6.36	6.50	6.61	6.55
2 4- to 6-month	9.87	6.33	5.35	5.41	5.84	6.17	6.55	6.30	6.39	6.54	6.66	6.61
Finance company paper, directly placed,												
3 3- to 6-month ²	8.62	6.16	5.22	5.38	5.71	6.04	6.41	6.13	6.23	6.38	6.50	6.50
4 Prime bankers acceptances, 90-day ³	9.92	6.30	5.19	5.43	5.88	6.16	6.57	6.30	6.48	6.64	6.62	6.53
5 Federal funds ⁴	10.51	5.82	5.05	5.42	5.90	6.14	6.47	6.35	6.41	6.41	6.50	6.49
Large negotiable certificates of deposit												
6 3-month, secondary market ⁵	10.27	6.43	5.26	5.46	5.91	6.18	6.24	6.37	6.43	6.58	6.80	6.72
7 3-month, primary market ⁶			5.15	5.32	5.82	6.04	6.53	6.29	6.30	6.63	6.63	6.57
8 Euro-dollar deposits, 3-month ⁷	10.96	6.97	5.57	5.80	6.30	6.57	7.14	6.78	7.06	7.33	7.16	7.01
U.S. Govt. securities												
Bills:⁸												
Market yields:												
9 3-month	7.84	5.80	4.98	5.19	5.49	5.81	6.16	5.89	6.09	6.32	6.17	6.09
10 6-month	7.95	6.11	5.26	5.40	5.83	6.04	6.43	6.16	6.33	6.52	6.49	6.37
11 1-year	7.71	6.30	5.52	5.57	5.97	6.13	6.52	6.21	6.38	6.61	6.59	6.49
Rates on new issue:												
12 3-month	7.886	5.838	4.989	5.146	5.500	5.770	6.188	5.982	6.108	6.156	6.282	6.207
13 6-month	7.926	6.122	5.266	5.351	5.810	5.991	6.410	6.185	6.286	6.381	6.496	6.478
Notes and bonds maturing in												
14 9 to 12 months ⁹	8.25	6.70	5.84	5.89	6.35	6.53	6.96	6.64	6.77	7.02	7.08	6.97
Constant maturities:¹⁰												
15 1-year	8.18	6.76	5.88	5.94	6.37	6.53	6.97	6.63	6.79	7.05	7.07	6.96
Capital market rates												
Government notes and bonds												
U.S. Treasury:												
Constant maturities:¹⁰												
16 2-year			6.31	6.27	6.61	6.71	7.11	6.82	6.88	7.14	7.22	7.17
17 3-year	7.82	7.49	6.77	6.51	6.79	6.84	7.19	6.94	6.97	7.18	7.28	7.28
18 5-year	7.80	7.77	7.18	6.84	7.03	7.04	7.32	7.10	7.18	7.32	7.36	7.39
19 7-year	7.71	7.90	7.42	7.12	7.24	7.21	7.44	7.26	7.32	7.47	7.47	7.50
20 10-year	7.56	7.99	7.61	7.33	7.40	7.34	7.52	7.40	7.43	7.54	7.55	7.57
21 20-year	8.05	8.19	7.86	7.60	7.64	7.57	7.71	7.61	7.63	7.72	7.73	7.74
22 30-year				7.64	7.68	7.64	7.77	7.68	7.71	7.79	7.79	7.81
Notes and bonds maturing in⁹:												
23 3 to 5 years	7.81	7.55	6.94	6.67	6.90	6.92	7.23	6.98	7.05	7.21	7.30	7.32
24 Over 10 years (long-term)	6.99	6.98	6.78	6.97	7.00	6.94	7.08	6.97	7.01	7.09	7.11	7.12
State and local:												
Moody's series:¹¹												
25 Aaa	5.89	6.42	5.66	5.21	5.28	5.27	5.31	5.27	5.30	5.35	5.34	5.25
26 Baa	6.53	7.62	7.49	6.00	5.95	5.83	5.94	5.83	5.88	5.95	5.93	5.98
27 Bond Buyer series ¹²	6.17	7.05	6.64	5.63	5.62	5.51	5.64	5.51	5.60	5.70	5.67	5.59
Corporate bonds												
Seasoned issues ¹³												
28 All industries	9.03	9.57	9.01	8.33	8.34	8.31	8.42	8.34	8.36	8.41	8.44	8.46
By rating groups:												
29 Aaa	8.57	8.83	8.43	7.94	7.98	7.92	8.04	7.96	7.99	8.04	8.05	8.06
30 Aa	8.84	9.17	8.75	8.12	8.17	8.15	8.26	8.18	8.19	8.24	8.29	8.30
31 A	9.20	9.65	9.09	8.40	8.40	8.37	8.48	8.39	8.43	8.47	8.51	8.52
32 Baa	9.50	10.61	9.75	8.87	8.82	8.80	8.89	8.82	8.82	8.86	8.91	8.95
Aaa utility bonds:¹⁴												
33 New issue	9.33	9.40	8.48	8.14	8.04	8.07	8.23	8.14	8.15	8.20	8.22	8.28
34 Recently offered issues	9.34	9.41	8.49	8.12	8.05	8.07	8.22	8.12	8.14	8.23	8.21	8.24
Dividend/price ratio												
35 Preferred stocks	8.23	8.38	7.97	7.51	7.55	7.58	7.60	7.56	7.62	7.72	7.56	7.56
36 Common stocks	4.47	4.31	3.77	4.59	4.72	4.82	4.97	4.87	4.86	4.94	5.04	5.05

¹ Averages of the most representative daily offering rates quoted by dealers.

² Averages of the most representative daily offering rates published by finance companies for varying maturities in this range.

³ Beginning Aug. 15, 1974, the rate is the average of the midpoint of the range of daily dealer closing rates offered for domestic issues; prior data are averages of the most representative daily offering rate quoted by dealers.

⁴ Weekly figures are 7-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.

⁵ Weekly figures are 7-day averages of the daily midpoints as determined from the range of offering rates; monthly figures are averages of total days in the month.

⁶ Posted rates, which are the annual interest rates most often quoted on new offerings of negotiable CDs in denominations of \$100,000 or more. Rates prior to 1976 not available. Weekly figures are for Wednesday dates.

⁷ Averages of daily quotations for the week ending Wednesday.

⁸ Except for new bill issues, yields are computed from daily closing bid prices. Yields for all bills are quoted on a bank-discount basis.

⁹ 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.

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

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

¹² Twenty issues of mixed quality.

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

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

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

1.37 STOCK MARKET Selected Statistics

Indicator	1977									
	1974	1975	1976	Apr.	May	June	July	Aug.	Sept.	Oct.
Prices and trading (averages of daily figures)										
Common stock prices										
1 New York Stock Exchange (Dec. 31, 1965 = 50).....	43.84	45.73	54.45	53.92	53.96	54.31	54.94	53.51	52.66	51.37
2 Industrial.....	48.08	51.88	60.44	58.47	58.13	58.44	58.90	57.30	56.41	54.99
3 Transportation.....	31.89	30.73	39.57	41.51	43.25	43.29	43.52	41.04	39.99	38.33
4 Utility.....	29.82	31.45	36.97	40.24	41.14	41.59	42.44	41.50	40.93	40.38
5 Finance.....	49.67	46.62	52.94	54.30	54.80	55.15	57.29	56.52	55.33	53.24
6 Standard & Poor's Corporation (1941-43 = 10) ¹	82.85	85.17	102.01	99.05	98.76	99.29	100.19	97.75	96.23	93.78
7 American Stock Exchange (Aug. 31, 1973 = 100).....	79.97	83.15	101.63	111.70	113.72	116.28	122.03	119.33	118.08	115.41
Volume of trading (thousands of shares) ²										
8 New York Stock Exchange.....	13,883	18,568	21,189	21,214	20,277	22,007	23,656	18,831	18,270	19,689
9 American Stock Exchange.....	1,908	2,150	2,565	2,500	2,440	2,720	2,880	2,140	2,080	2,080
Customer financing (end-of-period balances, in millions of dollars)										
10 Regulated margin credit at brokers/dealers and banks ³										
11 Brokers, total.....	4,836	6,500	9,011	9,885	10,068	10,255	10,490	10,592	10,617	.....
12 Margin stock ⁴	3,980	5,540	8,166	9,078	9,267	9,432	9,667	9,763	9,793	.....
13 Convertible bonds.....	3,840	5,390	7,960	8,880	9,070	9,230	9,460	9,560	824	.....
14 Subscription issues.....	137	147	204	196	196	198	204	196	9,590	.....
15 Banks, total.....	3	3	2	2	1	4	3	7	783	.....
16 Margin stocks.....	856	960	845	807	801	823	823	829	196	.....
17 Convertible bonds.....	815	909	800	764	761	779	780	787	24	.....
18 Subscription issues.....	30	36	30	25	25	25	24	23	7	.....
19 Unregulated nonmargin stock credit at banks ⁵	11	15	15	18	15	19	19	19	17	.....
20 MFMO: Free credit balances at brokers ⁶	2,064	2,281	2,817	2,350	2,345	2,403	2,419	2,438	2,434	.....
21 Margin-account.....	410	475	585	615	625	595	600	605	600	.....
22 Cash-account.....	1,425	1,525	1,855	1,715	1,710	1,805	1,860	1,745	1,745	.....
Margin-account debt at brokers (percentage distribution, end of period)										
22 Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	.....
By equity class (in per cent): ⁷										
23 Under 40.....	45.4	24.0	12.0	16.5	17.8	12.9	16.2	17.4	18.0	.....
24 40-49.....	23.0	28.8	23.0	34.1	35.6	27.0	32.9	32.0	36.0	.....
25 50-59.....	13.9	22.3	35.0	25.4	23.0	33.0	26.4	27.0	23.0	.....
26 60-69.....	8.8	11.6	15.0	11.8	11.0	13.3	12.0	12.0	11.0	.....
27 70-79.....	4.6	6.9	8.7	6.8	7.0	8.0	7.0	7.0	6.0	.....
28 80 or more.....	4.3	5.3	6.0	5.4	5.0	5.8	5.5	5.0	5.0	.....
Special miscellaneous-account balances at brokers (end of period)										
29 Total balances (millions of dollars) ⁸	7,010	7,290	8,776	9,300	9,360	9,470	9,730	9,660	9,640	.....
30 Distribution by equity status (per cent)										
31 Net credit status.....	41.1	43.8	41.3	41.4	41.0	41.0	40.9	41.1	41.7	.....
32 Debit status, equity of:--										
31 60 per cent or more.....	32.4	40.8	47.8	46.3	46.3	47.8	47.1	46.2	45.9	.....
32 Less than 60 per cent.....	26.5	15.4	10.9	12.4	12.6	11.2	12.0	12.4	12.4	.....

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

² Based on trading for a 5½-hour day.

³ Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended by brokers is end-of-month data for member firms of the New York Stock Exchange; June data for banks are universe totals; all other data for banks are estimates for all commercial banks based on data from a sample of reporting banks.

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

⁴ A distribution of this total by equity class is shown below.

⁵ Nonmargin stocks are those not listed on a national securities exchange and not included on the Federal Reserve System's list of over-the-counter margin stocks. At banks, loans to purchase or carry nonmargin stocks are unregulated; at brokers, such stocks have no loan value.

⁶ Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

⁷ Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

⁸ Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.

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

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1974			1975			1976			1977				
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.		
Savings and loan associations														
1 Assets	295,545	338,233	391,999	398,299	403,591	409,357	414,436	421,865	427,041	433,828	440,202	444,480		
2 Mortgages	249,301	278,590	323,130	326,056	329,086	333,703	338,984	344,631	350,765	355,991	361,719	366,975		
3 Cash and investment securities ¹	23,251	30,853	35,660	38,252	39,505	39,656	39,061	40,461	39,626	40,990	41,002	39,621		
4 Other	22,993	28,790	33,209	33,991	35,000	35,998	36,391	36,773	36,650	36,847	37,481	37,884		
5 Liabilities and net worth	295,545	338,233	391,999	398,299	403,591	409,357	414,436	421,865	427,041	433,828	440,202	444,480		
6 Savings capital	242,974	285,743	336,030	341,211	344,616	352,194	354,318	357,965	364,349	368,513	371,376	377,320		
7 Borrowed money	24,780	20,634	19,087	18,455	18,256	18,283	18,880	19,804	20,558	20,964	22,031	22,934		
8 FHLBB	21,508	17,524	15,708	15,029	14,661	14,325	14,809	15,000	15,595	15,724	16,255	16,919		
9 Other	3,272	3,110	3,379	3,426	3,595	3,958	4,071	4,804	4,963	5,240	5,776	6,015		
10 Loans in process	3,244	5,128	6,836	6,718	6,783	7,351	7,899	8,505	9,123	9,332	9,657	9,742		
11 Other	6,105	6,949	8,015	9,667	11,418	8,833	10,360	12,287	9,515	11,220	12,990	10,112		
12 Net worth ²	18,442	19,779	22,031	22,248	22,518	22,696	22,979	23,304	23,496	23,799	24,148	24,372		
13 MEMO: Mortgage loan commitments outstanding ³	7,454	10,673	14,828	15,079	16,796	19,304	21,242	22,274	22,037	21,911	21,905	21,620		
Mutual savings banks														
14 Assets	109,550	121,056	134,812	135,906	137,307	138,901	139,496	140,593	141,778	143,036	143,815			
Loans:														
15 Mortgage	74,891	77,221	81,630	81,826	81,982	82,273	82,687	83,075	84,051	84,700	85,419			
16 Other	3,812	4,023	5,183	5,956	6,254	6,389	6,050	6,650	6,887	7,176	7,119			
Securities:														
17 U.S. Govt.	2,555	4,740	5,840	5,917	6,096	6,360	6,323	6,248	6,604	6,101	6,019			
18 State and local government	930	1,545	2,417	2,295	2,366	2,431	2,504	2,539	2,544	2,594	2,762			
19 Corporate and other ⁴	22,550	27,992	33,793	34,475	35,088	35,928	36,322	36,455	36,349	36,674	36,878			
20 Cash	2,167	2,330	2,355	1,800	1,835	1,823	1,900	1,922	2,071	2,001	6,857			
21 Other assets	2,645	3,205	3,593	3,637	3,686	3,668	3,709	3,703	3,771	3,789	3,760			
22 Liabilities	109,550	121,056	134,812	135,906	137,307	138,901	139,496	140,593	141,778	143,036	143,815			
23 Deposits	98,701	109,873	122,877	123,864	124,728	126,687	126,938	127,791	129,332	130,111	130,381			
24 Regular:	98,221	109,291	121,961	122,874	123,721	125,624	125,731	126,587	128,071	128,748	129,030			
25 Ordinary savings	64,286	69,653	74,535	74,621	75,038	76,260	76,336	76,384	77,033	77,069	77,163			
26 Time and other	33,935	39,639	47,426	48,253	48,683	49,364	49,395	50,203	51,038	51,679	51,867			
27 Other	480	582	916	989	1,007	1,063	1,207	1,261	1,261	1,363	1,351			
28 Other liabilities	2,888	2,755	2,884	2,940	3,368	2,939	3,230	3,381	2,939	3,379	3,779			
29 General reserve accounts	7,961	8,428	9,052	9,102	9,211	9,275	9,329	9,422	9,506	9,546	9,654			
30 MEMO: Mortgage loan commitments outstanding ⁶	2,040	1,803	2,439	2,584	2,840	3,161	3,287	3,521	4,079	4,049	4,198			
Life insurance companies														
31 Assets	263,349	289,304	321,552	323,407	325,094	326,753	328,786	331,028	334,386	336,651	338,964			
Securities:														
32 Government	10,900	13,758	17,942	18,198	18,443	18,470	18,500	18,475	18,579	18,916	19,174			
33 United States ⁷	3,372	4,736	5,368	5,537	5,592	5,546	5,544	5,396	5,400	5,628	5,831			
34 State and local	3,667	4,508	5,594	5,657	5,709	5,732	5,758	5,797	5,813	5,847	5,881			
35 Foreign ⁸	3,861	4,514	6,980	7,004	7,142	7,192	7,198	7,282	7,366	7,441	7,462			
36 Business	119,637	135,317	157,246	159,213	160,463	161,214	162,816	164,126	166,859	168,498	169,747			
37 Bonds	97,717	107,256	122,984	125,910	127,603	128,596	130,057	131,568	133,497	135,262	136,752			
38 Stocks	21,920	28,061	34,262	33,303	32,860	32,618	32,759	32,558	33,362	33,236	32,995			
39 Mortgages	86,234	89,167	91,552	91,566	91,585	91,786	92,200	92,358	92,854	93,106	93,326			
40 Real estate	8,331	9,621	10,476	10,556	10,629	10,738	10,802	10,822	10,897	10,901	10,926			
41 Policy loans	22,862	24,467	25,834	25,911	26,034	26,207	26,364	26,500	26,657	26,780	26,946			
42 Other assets	15,385	16,971	18,502	17,963	17,940	18,338	18,104	18,747	18,540	18,450	18,845			
Credit unions														
43 Total assets/liabilities and capital	31,948	38,037	44,897	44,906	45,798	47,111	47,348	48,322	49,479	49,501	50,123	52,153		
44 Federal	16,715	20,209	24,164	24,188	24,756	25,596	25,697	26,259	27,017	26,951	27,304	28,384		
45 State	15,233	17,828	20,733	20,718	21,042	21,515	21,651	22,063	22,462	22,550	22,819	23,769		
46 Loans outstanding	24,432	28,169	34,033	34,188	34,549	35,411	36,019	36,936	38,134	38,597	39,613	40,651		
47 Federal	12,730	14,869	18,022	18,081	18,275	18,776	19,050	19,583	20,303	20,456	21,036	21,692		
48 State	11,702	13,300	16,011	16,107	16,274	16,635	16,969	17,353	17,831	18,141	18,577	18,959		
49 Savings	27,518	33,013	39,264	39,344	39,981	41,161	41,394	42,125	43,196	43,294	43,575	44,914		
50 Federal (shares)	14,370	17,530	21,149	21,165	21,559	22,346	22,524	22,955	23,608	23,661	23,882	24,775		
51 State (shares and deposits)	13,148	15,483	18,115	18,179	18,442	18,815	18,870	19,170	19,588	19,633	19,693	20,139		

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	1977			
				H1	H2	H1	July	Aug.	Sept.	
U.S. Budget										
1 Receipts ¹	299,197	81,686	356,861	159,742	157,868	189,410	24,952	29,676	36,642	
2 Outlays ^{1,2,3}	365,658	94,659	401,896	180,559	-193,629	199,482	33,630	34,720	35,097	
3 Surplus, or deficit (-).....	-66,461	-12,973	-45,035	-20,816	-35,761	-10,072	-8,678	-5,044	1,545	
4 Trust funds.....	2,409	-1,952	7,833	5,503	-4,621	7,332	-3,348	2,384	3,900	
5 Federal funds ⁴	-68,870	-11,021	-52,868	-26,320	-31,140	-17,405	-5,330	-7,429	-2,355	
Off-budget entities surplus, or deficit (-)										
6 Federal Financing Bank outlays.....	-5,915	-2,575	-8,415	-3,222	-5,176	-2,075	-1,606	-1,241	-892	
7 Other ^{2,5}	-1,355	793	-269	-1,119	3,809	-2,086	-122	-290	-786	
U.S. Budget plus off-budget, including Federal Financing Bank										
8 Surplus, or deficit (-).....	-73,731	-14,755	-53,718	-25,158	-37,125	-14,233	-10,406	-6,575	-133	
Financed by:										
9 Borrowing from the public ³	82,922	18,027	53,516	33,561	35,457	16,480	1,803	7,780	10,024	
10 Cash and monetary assets (decrease, or increase (-)).....	-7,796	-2,899	-2,238	-7,909	2,153	-4,666	6,730	2,740	-12,093	
11 Other ⁶	-1,196	-373	2,440	-495	-485	2,420	1,874	-3,944	2,202	
MEMO ITEMS:										
12 Treasury operating balance (level, end of period).....	14,836	17,418	19,104	14,836	11,670	77,311	10,154	7,063	19,104	
13 F.R. Banks.....	11,975	13,299	15,740	11,975	10,393	65,372	8,789	6,115	15,740	
14 Tax and loan accounts.....	2,854	4,119	3,364	2,854	1,277	11,940	1,365	948	3,364	
15 Other demand accounts ⁷	7			7						

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

² Outlay totals reflect the reclassification of the Export-Import Bank from off-budget status to unified budget status.

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

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

⁵ Includes Pension Benefit Guaranty Corp., Postal Service Fund, Rural

Electrification and Telephone Revolving Fund, Rural Telephone Bank, and Housing for the Elderly or Handicapped Fund.

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

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

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

NOTES TO TABLE 1.38

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

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

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

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

⁵ Excludes checking, club, and school accounts.

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

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

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

NOTE.—*Savings and loan associations*: Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of Federally insured associations and annual reports of other associations.

Even when revised, data for current and preceding year are subject to further revision.

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

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

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

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1976	Transition quarter (July-Sept. 1976)	Fiscal year 1977	Calendar year					
				1976		1977		1977	
				III	II2	III	July	Aug.	Sept.
Receipts									
1 All sources ¹	299,197	81,686	356,861	159,742	157,868	189,410	24,952	29,676	36,642
2 Individual income taxes, net.....	130,794	39,611	156,725	64,959	75,899	77,948	12,438	12,725	17,327
3 Withheld.....	123,408	32,949	144,820	63,859	68,023	73,303	12,240	12,429	11,776
4 Presidential Election Campaign Fund.....	34	1	37	33	1	37			
5 Nonwithheld.....	35,528	6,809	42,062	27,879	8,426	32,959	923	660	5,903
6 Refunds ²	28,175	1,139	30,194	26,813	1,541	28,350	726	364	352
7 Corporation income taxes:									
8 Gross receipts.....	46,783	9,808	60,057	27,973	20,706	37,133	1,968	1,288	8,770
9 Refunds.....	5,374	1,348	5,164	2,639	2,886	2,324	430	479	394
10 Social insurance taxes and contributions, net.....	92,714	25,760	108,683	51,828	47,596	58,099	7,961	12,958	7,828
11 Payroll employment taxes and contributions ²	76,391	21,534	88,196	40,947	40,427	45,242	6,725	10,347	6,990
12 Self-employment taxes and contributions ³	3,518	269	4,014	3,250	286	3,687			309
13 Unemployment insurance.....	8,054	2,698	11,312	5,193	4,379	6,575	800	2,161	94
14 Other net receipts ⁴	4,752	1,259	5,162	2,438	2,504	2,595	437	450	434
15 Excise taxes.....	16,963	4,473	17,548	8,204	8,910	8,432	1,567	1,523	1,589
16 Customs.....	4,074	1,212	5,150	2,147	2,361	2,519	446	543	494
17 Estate and gift.....	5,216	1,455	7,327	2,643	2,943	4,332	505	547	454
18 Miscellaneous receipts ⁵	8,026	1,612	6,536	4,630	3,236	3,269	498	572	575
Outlays									
19 All types ^{1, 6}	365,658	94,659	401,896	180,559	193,629	199,482	33,630	34,720	35,097
20 National defense.....	89,996	22,518	96,721	44,052	45,002	48,721	8,004	8,412	8,979
21 International affairs.....	5,067	1,997	5,593	2,668	3,028	2,522	463	497	868
22 General science, space, and technology.....	4,370	1,161	4,677	1,708	2,377	2,108	357	420	393
23 Natural resources, environment, and energy.....	11,282	3,324	14,335	6,900	7,206	6,855	1,266	1,404	1,511
24 Agriculture.....	2,502	584	5,330	417	2,019	2,628	334	740	50
25 Commerce and transportation.....	17,248	4,700	14,731	5,766	9,643	5,945	978	988	1,863
26 Community and regional development.....	5,300	1,530	7,394	2,411	3,192	3,149	627	875	941
27 Education, training, employment, and social services.....	18,167	5,013	19,718	9,116	9,083	9,775	1,656	1,970	1,801
28 Health.....	33,448	8,720	38,838	17,008	19,329	18,654	3,115	3,469	3,316
29 Income security ¹	126,598	32,710	137,151	64,526	65,367	69,917	11,590	11,598	11,643
30 Veterans benefits and services.....	18,432	3,962	18,040	9,450	8,542	9,382	1,338	1,430	1,325
31 Law enforcement and justice.....	3,320	859	3,589	1,784	1,839	1,783	291	269	267
32 General government.....	2,927	878	3,338	870	1,734	1,587	198	347	326
33 Revenue sharing and general purpose fiscal assistance.....	7,119	2,024	9,404	3,664	4,729	4,333	2,257	44	65
34 Interest ⁷	34,589	7,246	38,092	18,560	18,409	18,927	2,494	2,844	2,722
35 Undistributed offsetting receipts ^{7, 8}	-14,704	-2,567	-15,053	-8,340	-7,869	-6,803	-1,338	-587	-973

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

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

³ Old-age, disability, and hospital insurance.

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

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

⁶ Outlay totals reflect the reclassification of the Export-Import Bank

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

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

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

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1974		1975		1976			1977	
	June 30	Dec. 31	June 30	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 Federal debt outstanding.....	486.2	504.0	544.1	587.6	631.9	2 646.4	665.5	680.1	685.2
2 Public debt securities.....	474.2	492.7	533.7	576.6	620.4	634.7	653.5	669.2	674.4
3 Held by public.....	336.0	351.5	387.9	437.3	470.8	488.6	506.4	524.3	523.2
4 Held by agencies.....	138.2	141.2	145.3	139.3	149.6	146.1	147.1	144.9	151.2
5 Agency securities.....	12.0	11.3	10.9	10.9	11.5	11.6	12.0	10.9	10.8
6 Held by public.....	10.0	9.3	9.0	8.9	9.5	2 9.7	10.0	9.1	9.0
7 Held by agencies.....	2.0	2.0	1.9	2.0	2.0	1.9	1.9	1.8	1.8
8 Debt subject to statutory limit.....	476.0	493.0	534.2	577.8	621.6	635.8	654.7	670.3	675.6
9 Public debt securities.....	473.6	490.5	532.6	576.0	619.8	634.1	652.9	668.6	673.8
10 Other debt ¹	2.4	2.4	1.6	1.7	1.7	1.7	1.7	1.7	1.7
11 M.M.O.: Statutory debt limit.....	495.0	495.0	577.0	595.0	636.0	636.0	682.0	682.0	700.0

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

² Gross Federal debt and Agency debt held by the public increased

\$0.5 billion due to a retroactive reclassification of the Export-Import Bank certificates of beneficial interest from loan asset sales to debt, effective July 1, 1975.

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

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

Billions of dollars, end of period

Type and holder	1973	1974	1975	1976	1977				
					June	July	Aug.	Sept.	Oct.
1 Total gross public debt ¹	469.9	492.7	576.6	653.5	674.4	673.9	685.2	698.8	697.4
By type:									
2 Interest-bearing debt.....	467.8	491.6	575.7	652.5	673.4	671.4	684.1	697.6	696.3
3 Marketable.....	270.2	282.9	363.2	421.3	431.1	430.2	438.1	443.5	447.4
4 Bills.....	107.8	119.7	157.5	164.0	155.1	154.2	154.3	156.1	156.2
5 Notes.....	124.6	129.8	167.1	216.7	232.9	231.4	238.1	241.7	245.6
6 Bonds.....	37.8	33.4	38.6	40.6	43.2	44.7	45.8	45.7	45.7
7 Nonmarketable ²	197.6	208.7	212.5	231.2	242.2	241.1	245.9	254.1	248.9
8 Convertible bonds ³	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2
9 Foreign issues ⁴	26.0	22.8	21.6	22.3	21.7	21.5	21.4	21.8	21.1
10 Savings bonds and notes.....	60.8	63.8	67.9	72.3	74.7	75.2	75.5	75.8	76.2
11 Govt. account series ⁵	108.0	119.1	119.4	129.7	134.8	132.4	136.3	140.1	136.9
By holder: ⁶									
12 U.S. Govt. agencies and trust funds.....	129.6	141.2	139.3	147.1	151.2	148.7	151.9	.....	.....
13 F.R. Banks.....	78.5	80.5	87.9	97.0	102.2	98.6	98.4	.....	.....
14 Private investors.....	261.7	271.0	349.4	409.5	421.0	426.5	434.9	.....	.....
15 Commercial banks.....	60.3	55.6	85.1	103.8	102.4	100.1	100.0	.....	.....
16 Mutual savings banks.....	2.9	2.5	4.5	5.7	6.0	6.0	6.0	.....	.....
17 Insurance companies.....	6.4	6.1	9.3	12.5	14.2	14.1	13.1	.....	.....
18 Other corporations.....	10.9	11.0	20.2	26.5	23.8	23.5	24.5	.....	.....
19 State and local governments.....	29.2	29.2	33.8	41.6	47.8	47.8	52.7	.....	.....
Individuals:									
20 Savings bonds.....	60.3	63.4	67.3	72.0	74.4	74.9	75.2	.....	.....
21 Other securities.....	16.9	21.5	24.0	28.8	28.6	28.4	28.5	.....	.....
22 Foreign and international ⁷	55.5	58.4	66.5	78.1	87.9	90.2	91.9	.....	.....
23 Other miscellaneous investors ⁸	19.3	23.2	38.6	40.5	36.0	41.5	42.1	.....	.....

¹ Includes \$1.1 billion of non-interest-bearing debt (of which \$611 million on Oct. 31, 1977, was not subject to statutory debt limitations).

² Includes (not shown separately): Securities issued to the Rural Electrification Administration and to State and local governments, depository bonds, retirement plan bonds, and individual retirement bonds.

³ These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ per cent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category above.

⁴ Nonmarketable foreign government dollar-denominated and foreign currency denominated series.

⁵ Held only by U.S. Govt. agencies and trust funds.

⁶ Data for F.R. Banks and U.S. Govt. agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

⁷ Consists of the investments of foreign balances and international accounts in the United States. Beginning with July 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.

⁸ Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain Govt. deposit accounts, and Govt.-sponsored agencies.

NOTE.—Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Dept.); data by holder from *Treasury Bulletin*.

1.43 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity

Par value; millions of dollars, end of period

Type of holder	1975		1976		1977		1977	
	1975	1976	Aug.	Sept.	1975	1976	Aug.	Sept.
	All maturities				1 to 5 years			
1 All holders	363,191	421,276	438,146	443,508	112,270	141,132	144,790	148,428
2 U.S. Govt. agencies and trust funds	19,397	16,485	14,709	14,619	7,058	6,141	5,948	5,931
3 F. R. Banks	87,934	96,971	98,436	102,215	30,518	31,249	28,161	29,178
4 Private investors	255,860	307,820	355,001	326,674	74,694	103,742	110,681	113,319
5 Commercial banks	64,398	78,262	74,227	75,132	29,629	40,005	38,945	39,724
6 Mutual savings banks	3,300	4,072	4,402	4,422	1,524	2,010	2,136	2,144
7 Insurance companies	7,565	10,284	11,177	11,533	2,359	3,885	4,253	4,282
8 Nonfinancial corporations	9,365	14,193	12,349	11,126	1,967	2,618	2,811	2,518
9 Savings and loan associations	2,793	4,576	5,294	5,179	1,558	2,360	2,764	2,758
10 State and local governments	9,285	12,252	17,219	16,960	1,761	2,543	4,271	4,221
11 All others	159,154	184,182	200,333	202,322	35,894	50,321	55,501	57,672
	Total, within 1 year				5 to 10 years			
12 All holders	199,692	211,035	216,141	217,917	26,436	43,045	45,879	45,872
13 U.S. Govt. agencies and trust funds	2,769	2,012	1,024	951	3,283	2,879	2,139	2,139
14 F. R. Banks	46,845	51,569	53,185	55,637	6,463	9,148	10,479	10,666
15 Private investors	150,078	157,454	161,912	161,329	16,690	31,018	33,261	33,067
16 Commercial banks	29,875	31,213	27,789	28,109	4,071	6,278	6,607	6,504
17 Mutual savings banks	983	1,214	1,310	1,334	448	567	641	640
18 Insurance companies	2,024	2,191	1,975	2,116	1,592	2,546	2,952	3,066
19 Nonfinancial corporations	7,105	11,009	9,050	7,979	175	370	287	375
20 Savings and loan associations	914	1,984	2,298	2,198	216	155	147	149
21 State and local governments	5,288	6,622	9,381	9,111	782	1,465	1,256	1,257
22 All others	103,889	103,220	110,129	110,483	9,405	19,637	21,370	21,076
	Bills, within 1 year				10 to 20 years			
23 All holders	157,483	163,992	154,283	156,091	14,264	11,865	13,037	13,001
24 U.S. Govt. agencies and trust funds	207	449	270	182	4,233	3,102	3,102	3,102
25 F. R. Banks	38,018	41,279	40,440	42,236	1,507	1,363	1,423	1,471
26 Private investors	119,258	122,264	113,573	113,654	8,524	7,400	8,512	8,428
27 Commercial banks	17,481	17,303	9,546	10,556	552	339	545	480
28 Mutual savings banks	554	454	397	438	232	139	151	204
29 Insurance companies	1,513	1,463	964	1,128	1,154	1,114	1,305	1,276
30 Nonfinancial corporations	5,829	9,939	6,962	5,875	61	142	131	131
31 Savings and loan associations	518	1,266	1,148	1,041	82	64	70	58
32 State and local governments	4,566	5,556	7,751	7,481	896	718	842	857
33 All others	88,797	86,282	86,806	87,135	5,546	4,884	5,468	5,431
	Other, within 1 year				Over 20 years			
34 All holders	42,209	47,043	61,858	61,826	10,530	14,200	18,299	18,288
35 U.S. Govt. agencies and trust funds	2,562	1,563	754	769	2,053	2,350	2,495	2,495
36 F. R. Banks	8,827	10,290	12,745	13,381	2,601	3,642	5,188	5,262
37 Private investors	30,820	35,190	48,359	47,675	5,876	8,208	10,616	10,531
38 Commercial banks	12,394	13,910	18,243	17,553	271	427	340	315
39 Mutual savings banks	429	760	913	896	112	143	164	110
40 Insurance companies	511	728	1,011	987	436	548	692	793
41 Nonfinancial corporations	1,276	1,070	2,088	2,104	57	55	70	123
42 Savings and loan associations	396	718	1,150	1,157	22	13	16	16
43 State and local governments	722	1,066	1,630	1,630	558	904	1,468	1,513
44 All others	15,092	16,938	23,323	23,348	4,420	6,120	7,865	7,660

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 Sept. 30, 1977: (1) 5,492 commercial

banks, 466 mutual savings banks, and 728 insurance companies, each about 90 per cent; (2) 440 nonfinancial corporations and 486 savings and loan assns., each about 50 per cent; and (3) 496 State and local govts., about 40 per cent.

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

Par value; averages of daily figures, in millions of dollars

Item	1974	1975	1976	1977			1977, week ending Wednesday -					
				July	Aug. ¹	Sept.	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19
1 U.S. Govt. securities.....	3,579	6,027	10,449	9,078	10,288	9,987	10,417	9,668	10,418	9,991	1,569	12,686
By maturity:												
2 Bills.....	2,550	3,889	6,676	5,905	6,208	6,391	6,724	6,928	6,298	6,665	6,664	8,041
3 Other within 1 year.....	250	223	210	194	339	211	169	212	240	264	234	242
4 1-5 years.....	465	1,414	2,317	1,790	2,216	2,267	2,266	1,491	2,780	2,048	2,223	2,569
5 5-10 years.....	256	363	1,019	752	1,079	785	895	686	770	737	2,033	1,470
6 Over 10 years.....	58	138	229	438	446	334	363	350	330	277	415	363
By type of customer:												
7 U.S. Govt. securities dealers.....	652	885	1,360	962	1,106	1,190	959	1,312	1,409	1,311	1,195	1,267
8 U.S. Govt. securities brokers.....	965	1,750	3,407	3,007	3,439	3,516	4,486	3,171	3,628	3,454	4,673	4,770
9 Commercial banks.....	998	1,451	2,426	2,124	2,274	2,017	2,052	1,794	2,040	2,129	2,096	2,381
10 All others ¹	964	1,941	3,257	2,986	3,469	3,265	2,920	3,392	3,340	3,097	3,605	4,268
11 Federal agency securities....	965	1,043	1,548	1,543	1,863	1,595	1,691	1,633	1,618	1,239	2,384	1,697

¹ Includes—among others—all other dealers and brokers in commodities and securities, foreign banking agencies, and the F.R. System.

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.

NOTE.—Averages for transactions are based on number of trading days in the period.

1.45 U.S. GOVERNMENT SECURITIES DEALERS Positions and Sources of Financing

Par value; averages of daily figures, in millions of dollars

Item	1974	1975	1976	1977			1977, week ending Wednesday					
				July	Aug.	Sept.	Aug. 24	Aug. 31	Sept. 7	Sept. 14	Sept. 21	Sept. 28
Positions ²												
1 U.S. Govt. securities.....	2,580	5,884	7,592	4,724	2,951	5,011	3,514	3,980	5,734	5,354	5,671	4,056
2 Bills.....	1,932	4,297	6,290	5,034	3,883	5,323	4,745	4,358	5,475	5,621	6,359	4,318
3 Other within 1 year.....	-6	265	188	-7	-191	13	-255	230	27	29	-49	48
4 1-5 years.....	265	886	515	-291	-661	-378	-848	185	80	-388	-763	-257
5 5-10 years.....	302	300	402	-192	-79	41	141	-17	48	6	18	-124
6 Over 10 years.....	88	136	198	181	-1	93	13	54	104	98	142	72
7 Federal agency securities....	1,212	943	729	776	522	652	708	884	642	545	716	710
Sources of financing ³												
8 All sources.....	3,977	6,666	8,715	9,532	8,738	10,424	9,215	9,122	10,692	11,432	11,027	9,109
Commercial banks:												
9 New York City.....	1,032	1,621	1,896	1,289	808	922	869	599	928	1,115	1,342	452
10 Outside New York City...	1,064	1,466	1,660	1,574	1,824	2,365	2,289	1,890	2,108	2,409	2,876	2,180
11 Corporations ¹	459	842	1,479	2,307	2,347	2,663	2,557	2,626	3,031	3,189	2,572	2,036
12 All others.....	1,423	2,738	3,681	4,361	3,759	4,473	3,500	4,007	4,625	4,720	4,237	4,440

¹ All business corporations except commercial banks and insurance companies.

² Net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase. The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities purchased under agreements to resell.

³ Total amounts outstanding of funds borrowed by nonbank dealer

firms and dealer departments of commercial banks against U.S. Govt. and Federal agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreement to resell are excluded where the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement.

NOTE.—Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1973	1974	1975	1977					
				Mar.	Apr.	May	June	July	Aug.
1 Federal and Federally sponsored agencies.....	71,594	89,381	97,680	103,673	105,579	105,823	107,152	108,243	107,868
2 <i>Federal agencies</i>	11,554	12,719	19,046	22,413	22,462	22,316	22,229	22,332	22,322
3 Defense Department ¹	1,439	1,312	1,220	1,077	1,068	1,059	1,044	1,035	1,024
4 Export-Import Bank ^{2,3}	2,625	2,893	7,188	8,615	8,610	8,596	8,742	8,742	8,742
5 Federal Housing Administration ⁴	415	440	564	592	598	594	588	583	579
6 Government National Mortgage Association participation certificates ⁵	4,390	4,280	4,200	3,845	3,803	3,803	3,803	3,768	3,768
7 Postal Service ⁶	250	721	1,750	2,998	2,998	2,856	2,431	2,431	2,431
8 Tennessee Valley Authority.....	2,435	3,070	3,915	5,070	5,155	5,175	5,370	5,410	5,490
9 United States Railway Association ⁶		3	209	216	230	233	242	263	288
10 <i>Federally sponsored agencies</i>	60,040	76,662	78,634	81,260	83,117	84,248	84,922	86,011	85,546
11 Federal home loan banks.....	15,362	21,890	18,900	16,626	16,678	16,851	16,921	17,328	17,196
12 Federal Home Loan Mortgage Corporation.....	1,784	1,551	1,550	957	957	1,698	1,698	1,698	1,686
13 Federal National Mortgage Association.....	23,002	28,167	29,963	30,392	30,684	30,843	31,378	31,566	31,301
14 Federal land banks.....	10,062	12,653	15,000	17,304	18,137	18,137	18,137	18,719	18,719
15 Federal intermediate credit banks.....	6,932	8,589	9,254	10,670	10,920	11,174	11,418	11,654	11,786
16 Banks for cooperatives.....	2,695	3,589	3,655	4,899	5,254	5,113	4,948	4,604	4,356
17 Student Loan Marketing Association ⁷	200	220	310	410	415	430	430	440	500
18 Other.....	3	3	2	2	2	2	2	2	2
MEMO ITEMS:									
19 Federal Financing Bank debt^{6,8}		4,474	17,154	31,312	30,823	31,007	30,820	32,443	33,800
Lending to Federal and Federally sponsored agencies:									
20 Export-Import Bank ³			4,595	5,273	5,273	5,273	5,420	5,420	5,420
21 Postal Service ⁶		500	1,500	2,748	2,748	2,606	2,181	2,181	2,181
22 Student Loan Marketing Association ⁷		220	310	410	415	430	430	440	500
23 Tennessee Valley Authority.....		895	1,840	3,245	3,330	3,350	3,545	3,585	3,665
24 United States Railway Association ⁶		3	209	216	230	233	242	263	288
Other lending: ⁹									
25 Farmers Home Administration.....		2,500	7,000	11,750	11,750	12,250	12,900	13,650	14,465
26 Rural Electrification Administration.....			566	1,677	1,806	1,864	2,042	2,105	2,184
27 Other.....		356	1,134	5,993	5,271	5,001	4,060	4,799	5,097

¹ Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

² Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

³ Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.

⁴ Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

⁵ Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.

⁶ Off-budget.

⁷ Unlike other Federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.

⁸ The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other Federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

⁹ Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.47 NEW SECURITY ISSUES State and Local Government and Corporate
Millions of dollars

Type of issue or issuer, or use	1974	1975	1976	1977					
				Jan.	Feb.	Mar.	Apr.	May	June
State and local government									
1 All issues, new and refunding ¹	24,315	30,607	35,313	3,429	3,150	4,140	3,566	4,308	5,347
By type of issue:									
2 General obligation.....	13,563	16,020	18,040	1,867	1,624	1,812	1,701	2,032	2,265
3 Revenue.....	10,212	14,511	17,140	1,552	1,518	2,323	1,862	2,272	3,079
4 Housing Assistance Administration ²	461								
5 U.S. Govt. loans.....	79	76	133	10	8	5	3	4	3
By type of issuer:									
6 State.....	4,784	7,438	7,054	468	441	705	769	875	1,476
7 Special district and statutory authority.....	8,638	12,441	15,304	1,786	1,335	1,818	1,388	1,836	1,873
8 Municipalities, counties, townships, school districts.....	10,817	10,660	12,845	1,166	1,367	1,612	1,407	1,593	1,994
9 Issues for new capital, total.....	23,508	29,495	32,108	3,084	3,019	3,209	2,939	3,781	4,456
By use of proceeds:									
10 Education.....	4,730	4,689	4,900	489	502	472	249	497	807
11 Transportation.....	1,712	2,208	2,586	104	410	180	119	508	218
12 Utilities and conservation.....	5,634	7,209	9,594	1,050	935	804	703	1,235	1,202
13 Social welfare.....	3,820	4,392	6,366	483	580	600	658	438	816
14 Industrial aid.....	494	445	483	15	12	38	42	130	23
15 Other purposes.....	7,118	10,552	7,979	943	580	1,115	1,168	973	1,390
Corporate									
16 All issues ³	38,313	53,619	53,356	3,989	2,708	5,495	3,639	3,735	5,321
17 Bonds.....	32,066	42,756	42,262	3,387	1,888	4,300	3,048	2,487	4,286
By type of offering:									
18 Public.....	25,903	32,583	26,453	2,786	1,102	2,610	1,961	1,600	2,045
19 Private placement.....	6,160	10,172	15,808	601	786	1,690	1,087	887	2,241
By industry group:									
20 Manufacturing.....	9,867	16,980	13,243	817	568	1,049	1,128	644	1,006
21 Commercial and miscellaneous.....	1,845	2,750	4,361	743	346	454	180	112	363
22 Transportation.....	1,550	3,439	4,357	165	47	241	129	169	25
23 Public utility.....	8,873	9,658	8,297	634	210	756	602	581	1,237
24 Communication.....	3,710	3,464	2,787	50	290	808	324	294	371
25 Real estate and financial.....	6,218	6,469	9,222	979	426	991	684	688	1,284
26 Stocks.....	6,247	10,863	11,094	602	820	1,195	591	1,248	1,035
By type:									
27 Preferred.....	2,253	3,458	2,789	103	128	520	163	212	332
28 Common.....	3,994	7,405	8,305	499	692	675	428	1,036	703
By industry group:									
29 Manufacturing.....	544	1,670	2,237	89	175	76	220	8	176
30 Commercial and miscellaneous.....	940	1,470	1,183	136	94	114	114	126	437
31 Transportation.....	22	1	24			125			103
32 Public utility.....	3,964	6,235	6,101	352	225	842	172	1,031	229
33 Communication.....	217	1,002	776		267		10		45
34 Real estate and financial.....	562	488	771	25	60	38	75	84	45

¹ Par amounts of long-term issues based on date of sale.
² Only bonds sold pursuant to the 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.
³ Figures, which represent gross proceeds of issues maturing in more than 1 year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less

than \$100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.
 SOURCE: State and local government securities, Securities Industry Association; corporate securities, Securities and Exchange Commission.

1.48 CORPORATE SECURITIES Net Change in Amounts Outstanding

Millions of dollars

Source of change, or industry	1974	1975	1976	1975			1976			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
All issues¹										
1 New issues	39,344	53,255	53,123	15,602	9,079	13,363	13,671	14,229	11,385	13,838
2 Retirements	9,935	10,991	12,184	3,211	2,576	3,116	2,315	3,668	2,478	3,723
3 Net change	29,399	42,263	40,939	12,390	6,503	10,247	11,356	10,561	8,907	10,115
Bonds and notes										
4 New issues	31,354	40,468	38,994	11,460	6,654	9,595	9,404	10,244	8,701	10,645
5 Retirements	6,255	8,583	9,109	2,336	2,111	2,549	1,403	3,159	1,826	2,721
6 Net change: Total	25,098	31,886	29,884	9,124	4,543	7,047	8,001	7,084	6,875	7,924
By industry:										
7 Manufacturing	7,404	13,219	8,978	4,574	1,442	2,069	2,966	1,529	1,551	2,932
8 Commercial and other ²	1,116	1,605	2,259	483	221	528	203	726	610	720
9 Transportation, including railroad	341	2,165	3,078	429	147	1,588	985	488	1,092	513
10 Public utility	7,308	7,236	6,829	1,977	1,395	1,211	1,820	1,260	2,109	1,640
11 Communication	3,499	2,980	1,687	810	472	429	498	953	335	-99
12 Real estate and financial	5,428	4,682	7,054	852	866	1,222	1,530	2,128	1,178	2,218
Common and preferred stock										
13 New issues	7,980	12,787	14,129	4,142	2,425	3,768	4,267	3,985	2,684	3,193
14 Retirements	3,678	2,408	3,075	875	465	567	912	509	1,652	1,002
15 Net change: Total	4,302	10,377	11,055	3,266	1,960	3,200	3,355	3,477	2,032	2,191
By industry:										
16 Manufacturing	17	1,607	2,634	500	412	433	838	1,120	744	68
17 Commercial and other ²	135	1,137	762	490	108	462	88	318	117	239
18 Transportation, including railroad	20	65	96	7	53	4	5	25	17	49
19 Public utility	3,834	6,015	6,171	1,866	1,043	1,537	2,174	1,300	932	1,765
20 Communication	398	1,084	854	359	97	604	47	735	19	53
21 Real estate and financial	207	468	538	43	247	160	203	21	203	153

¹ Excludes issues of investment companies.² Extractive and commercial and miscellaneous companies.NOTE.—Securities and Exchange Commission estimates of cash transactions only, as published in the Commission's *Statistical Bulletin*.

New issues and retirements exclude foreign sales and include sales of securities held by affiliated companies, special offerings to employees, new stock issues, and cash proceeds connected with conversions of bonds into stocks. Retirements, defined in the same way, include securities retired with internal funds or with proceeds of issues for that purpose.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1975	1976	1977						
			Mar.	Apr.	May	June	July	Aug.	Sept.
INVESTMENT COMPANIES excluding money market funds									
1 Sales of own shares ¹	3,302	4,226	463	558	421	639	573	501	558
2 Redemptions of own shares ²	3,686	6,802	553	468	531	510	515	493	469
3 Net sales	-384	2,496	-90	63	110	129	58	8	89
4 Assets ³	42,179	47,537	44,516	44,862	44,403	46,255	45,651	45,038	45,046
5 Cash position ⁴	3,748	2,747	3,474	2,776	2,859	2,901	3,068	3,135	3,403
6 Other	38,431	44,790	41,042	42,086	41,544	43,354	42,583	41,903	41,643

¹ Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.² Excludes share redemption resulting from conversions from one fund to another in the same group.³ Market value at end of period, less current liabilities.⁴ Also includes all U.S. Govt. securities and other short-term debt securities.

NOTE.—Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Account	1974	1975	1976	1975	1976				1977	
				Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 Profits before tax	126.9	123.5	156.9	141.0	153.5	159.2	159.9	154.8	161.7	174.0
2 Profits tax liability	52.4	50.2	64.7	57.9	63.1	66.1	65.9	63.9	64.4	69.7
3 Profits after tax	74.5	73.3	92.2	83.1	90.4	93.1	94.0	90.9	97.3	104.3
4 Dividends	31.0	32.4	35.8	32.5	33.6	35.0	36.0	38.4	38.5	40.3
5 Undistributed profits	43.5	40.9	56.4	50.6	56.8	58.1	58.0	52.5	58.8	64.0
6 Capital consumption allowances	81.6	89.5	97.2	92.2	94.1	95.9	98.2	100.4	102.0	103.5
7 Net cash flow	125.1	130.4	153.6	142.8	150.9	154.0	156.2	152.9	160.8	167.5

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	
					Q1	Q2	Q3	Q4	Q1	Q2
1 Current assets	574.4	643.2	712.2	731.6	753.5	775.4	791.8	816.8	845.3	874.7
2 Cash	57.5	61.6	62.7	68.1	68.4	70.8	71.1	77.0	75.0	77.9
3 U.S. Govt. securities	10.2	11.0	11.7	19.4	21.7	23.3	23.9	26.4	27.3	24.1
4 Notes and accounts receivable	243.4	269.6	293.2	298.2	310.9	321.8	328.5	328.2	346.6	361.4
5 U.S. Govt. ¹	3.4	3.5	3.5	3.6	3.6	3.7	4.3	4.3	4.7	4.8
6 Other	240.0	266.1	289.7	294.6	307.3	318.1	324.2	323.9	342.0	356.6
7 Inventories	215.2	246.7	288.0	285.8	288.8	295.6	302.1	315.4	322.1	332.5
8 Other	48.1	54.4	56.6	60.0	63.6	63.9	66.3	69.8	74.3	78.8
9 Current liabilities	352.2	401.0	450.6	457.5	465.9	475.9	484.1	499.9	516.6	532.0
10 Notes and accounts payable	234.4	265.9	292.7	288.0	286.9	293.8	291.7	302.9	309.0	318.9
11 U.S. Govt. ¹	4.0	4.3	5.2	6.4	6.4	6.8	7.0	7.0	6.8	5.7
12 Other	230.4	261.6	287.5	281.6	280.5	287.0	284.7	295.9	302.2	313.2
13 Accrued Federal income taxes	15.1	18.1	23.2	20.7	23.9	22.0	24.9	26.8	28.6	24.5
14 Other	102.6	117.0	134.8	148.8	155.0	160.1	167.5	170.2	179.0	188.6
15 Net working capital	222.2	242.3	261.5	274.1	287.6	299.5	307.7	316.9	328.7	342.8

¹ Receivables from, and payables to, the U.S. Govt. exclude amounts offset against each other on corporations' books.

SOURCE: Estimates published in Statistical Bulletin (Securities and Exchange Commission).

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Industry	1976	1975	1976				1977			
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 ²	Q4 ²
1 All industries	120.82	111.80	114.72	118.12	122.55	125.22	130.16	134.24	138.43	142.02
Manufacturing										
2 Durable goods industries	23.50	21.07	21.63	22.54	24.59	25.50	26.30	27.26	27.96	29.74
3 Nondurable goods industries	29.22	25.75	27.58	28.09	30.20	28.93	30.13	32.19	33.40	34.58
Nonmanufacturing										
4 Mining	3.98	3.82	3.83	3.83	4.21	4.13	4.24	4.49	4.52	4.54
Transportation:										
5 Railroad	2.35	2.39	2.08	2.64	2.69	2.63	2.71	2.57	2.74	3.19
6 Air	1.31	1.65	1.18	1.44	1.12	1.41	1.62	1.43	1.84	2.05
7 Other	3.56	3.56	3.29	4.16	3.44	3.49	2.96	2.96	2.18	1.72
Public utilities:										
8 Electric	18.90	17.92	18.56	18.82	18.22	19.49	21.19	21.14	22.24	22.72
9 Gas and other	3.47	3.00	3.36	3.03	3.45	3.96	4.16	4.16	4.47	4.78
10 Communication	12.93	12.22	12.54	12.62	13.64	14.30	14.19	15.32	15.32	15.32
11 Commercial and other ¹	20.87	20.44	20.68	20.94	20.99	21.36	22.67	22.73	39.08	38.70

¹ Includes trade, service, construction, finance, and insurance.

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		
					Q2	Q3	Q4	Q1	Q2	Q3
ASSETS										
Accounts receivable, gross										
1 Consumer.....	31.9	35.4	36.1	36.0	36.7	37.6	38.6	39.2	40.7	42.3
2 Business.....	27.4	32.3	37.2	39.3	42.4	42.4	44.7	47.5	50.4	50.6
3 Total.....	59.3	67.7	73.3	75.3	79.2	80.0	83.4	86.7	91.2	92.9
4 Less: Reserves for unearned income and losses	7.4	8.4	9.0	9.4	9.8	10.2	10.5	10.6	11.1	11.7
5 Accounts receivable, net.....	51.9	59.3	64.2	65.9	69.4	69.9	72.9	76.1	80.1	81.2
6 Cash and bank deposits.....	2.8	2.6	3.0	2.9	2.7	2.6	2.6	2.7	2.5	2.5
7 Securities.....	.9	.8	.4	1.0	.8	1.2	1.1	1.0	1.2	1.8
8 All other.....	10.0	10.6	12.0	11.8	12.4	12.7	12.6	13.0	13.7	14.2
9 Total assets.....	65.6	73.2	79.6	81.6	85.3	86.4	89.2	92.8	97.5	99.6
LIABILITIES										
10 Bank loans.....	5.6	7.2	9.7	8.0	6.9	5.5	6.3	6.1	5.7	5.4
11 Commercial paper.....	17.3	19.7	20.7	22.2	22.2	21.7	23.7	24.8	27.5	25.7
Debt:										
12 Short-term, n.e.c.....	4.3	4.6	4.9	4.5	5.0	5.2	5.4	4.5	5.5	5.4
13 Long-term, n.e.c.....	22.7	24.6	26.5	27.6	30.1	31.0	32.3	34.0	35.0	34.8
14 Other.....	4.8	5.6	5.5	6.8	7.8	9.5	8.1	9.5	9.4	13.7
15 Capital, surplus, and undivided profits.....	10.9	11.5	12.4	12.5	13.2	13.4	13.4	13.9	14.4	14.6
16 Total liabilities and capital.....	65.6	73.2	79.6	81.6	85.3	86.4	89.2	92.8	97.5	99.6

NOTE: -Components may not add to totals due to rounding.

1.522 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Sept. 30, 1977 ¹	Charges in accounts receivable during--			Extensions			Repayments		
		1977			1977			1977		
		July	Aug.	Sept.	July	Aug.	Sept.	July	Aug.	Sept.
1 Total.....	50,577	1,103	1,968	240	12,152	13,218	11,702	11,049	11,250	11,942
2 Retail automotive (commercial vehicles).....	11,257	296	269	239	1,030	1,022	1,004	734	753	765
3 Wholesale automotive.....	9,399	686	1,187	960	5,493	6,321	4,233	4,807	5,134	5,193
4 Retail paper on business, industrial, and farm equipment.....	13,434	197	296	369	788	805	1,097	591	509	728
5 Loans on commercial accounts receivable.....	3,960	28	2	19	2,301	2,270	2,499	2,273	2,272	2,480
6 Factored commercial accounts receivable.....	2,274	120	17	-58	1,261	1,429	1,477	1,381	1,412	1,535
7 All other business credit.....	10,253	16	201	151	1,279	1,371	1,392	1,263	1,170	1,241

¹ Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1974	1975	1976	1977					
				Apr.	May	June	July	Aug.	Sept.
Terms and yields in primary and secondary markets									
PRIMARY MARKETS									
Conventional mortgages on new homes									
Terms: ¹									
1 Purchase price (thous. dollars).....	40.1	44.6	48.4	53.4	52.8	53.1	53.7	54.9	55.9
2 Amount of loan (thous. dollars).....	29.8	33.3	35.9	39.6	39.9	39.5	40.0	40.8	41.5
3 Loan/price ratio (per cent).....	74.3	74.7	74.2	75.5	77.4	76.0	76.2	76.5	76.1
4 Maturity (years).....	26.3	26.8	27.2	27.3	27.9	27.2	27.9	28.2	28.2
5 Fees and charges (per cent of loan amount) ²	1.30	1.54	1.44	1.30	1.34	1.25	1.31	1.30	1.34
6 Contract rate (per cent per annum).....	8.71	8.75	8.76	8.73	8.74	8.78	8.79	8.81	8.82
Yield (per cent per annum):									
7 FH/BB series ³	8.92	9.01	8.99	8.94	8.96	8.98	9.00	9.02	9.04
8 HUD series ⁴	9.22	9.10	8.99	8.90	8.95	9.00	9.00	9.00	9.00
SECONDARY MARKETS									
Yields (per cent per annum) on—									
9 FHA mortgages (HUD series) ⁵	9.55	9.19	8.82	8.57	8.74	8.74	8.74	8.74	8.72
10 GNMA securities ⁶	8.72	8.52	8.17	7.96	8.04	7.95	7.95	8.03	8.03
11 FNMA auctions ⁷									
12 Government-underwritten loans.....	9.31	9.26	8.99	8.67	8.74	8.75	8.72	8.76	8.74
Conventional loans.....	9.43	9.37	9.11	8.97	9.08	9.12	9.07	9.06	9.05
Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION									
Mortgage holdings (end of period)									
13 Total.....	29,578	31,824	32,904	32,938	33,580	33,918	33,954	34,029	34,149
14 FHA-insured.....	19,189	19,732	18,916	18,745	18,939	18,974	18,887	18,785	18,704
15 VA-guaranteed.....	8,310	9,573	9,212	9,125	9,399	9,509	9,449	9,388	9,344
16 Conventional.....	2,080	2,519	4,776	5,069	5,241	5,435	5,618	5,866	6,100
Mortgage transactions (during period)									
17 Purchases.....	6,953	4,263	3,606	391	947	656	322	405	385
18 Sales.....	4	2	86		7				
Mortgage commitments: ⁸									
19 Contracted (during period).....	10,765	6,106	6,247	716	1,452	999	357	531	364
20 Outstanding (end of period).....	7,960	4,126	3,398	5,411	5,773	5,854	5,062	4,717	3,522
Auction of 4-month commitments to buy—									
Government-underwritten loans:									
21 Offered ⁹	5,462.6	7,042.6	4,929.8	456.1	1,842.8	278.9	206.4	314.9	112.9
22 Accepted.....	2,371.4	3,848.3	2,787.2	269.8	1,027.4	127.8	131.4	221.4	75.4
Conventional loans:									
23 Offered ⁹	1,195.4	1,401.3	2,595.7	348.1	1,164.6	371.1	286.8	370.2	246.4
24 Accepted.....	656.5	765.0	1,879.2	280.7	751.7	263.0	184.4	236.7	184.4
FEDERAL HOME LOAN MORTGAGE CORPORATION									
Mortgage holdings (end of period) ¹⁰									
25 Total.....	4,586	4,987	4,269	3,355	3,285	3,389	3,483	3,424	3,376
26 FHA/VA.....	1,904	1,824	1,618	1,542	1,523	1,502	1,481	1,463	1,443
27 Conventional.....	2,682	3,163	2,651	1,813	1,763	1,887	2,001	1,961	1,933
Mortgage transactions (during period)									
28 Purchases.....	2,191	1,716	1,175	235	310	379	236	455	479
29 Sales.....	52	1,020	1,396	388	329	336	79	479	386
Mortgage commitments: ¹¹									
30 Contracted (during period).....	4,553	982	1,477	606	525	511	511	567	547
31 Outstanding (end of period).....	2,390	111	333	1,112	1,314	1,293	1,350	1,352	1,353

¹ Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.

² Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.

³ Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

⁴ Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Dept. of Housing and Urban Development.

⁵ Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.

⁶ Average net yields to investors on Government National Mortgage Association-guaranteed, mortgage-backed, fully-modified pass-through

securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.

⁷ Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.

⁸ Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.

⁹ Mortgage amounts offered by bidders are total bids received.

¹⁰ Includes participations as well as whole loans.

¹¹ Includes conventional and Government-underwritten loans.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1972	1973	1974	1975	1976		1977	
					Q4	Q1	Q2	Q3
1 All holders.....	603,417	682,321	742,512	801,537	889,062	912,528	947,196	983,565
2 1- to 4-family.....	372,154	416,211	449,371	490,761	556,344	572,709	599,219	626,333
3 Multifamily.....	82,840	93,132	99,976	100,601	104,269	105,586	105,902	107,850
4 Commercial.....	112,665	131,725	146,877	159,298	171,399	174,937	180,260	185,526
5 Farm.....	35,758	41,253	46,288	50,877	57,050	59,296	61,815	63,856
6 Major financial institutions.....	450,000	505,400	542,560	581,193	647,650	662,390	688,798	715,168
7 Commercial banks ¹	99,314	119,068	132,105	136,186	151,326	154,628	161,128	168,528
8 1- to 4-family.....	57,004	67,998	74,758	77,018	86,234	88,116	91,820	96,039
9 Multifamily.....	5,778	6,932	7,619	5,915	8,082	8,258	8,605	9,000
10 Commercial.....	31,751	38,696	43,679	46,882	50,289	51,388	53,548	56,008
11 Farm.....	4,781	5,442	6,049	6,371	6,721	6,866	7,155	7,481
12 Mutual savings banks.....	67,556	73,230	74,920	77,249	81,639	82,273	84,051	86,103
13 1- to 4-family.....	46,229	48,811	49,213	50,025	53,089	53,502	54,658	55,993
14 Multifamily.....	10,910	12,343	12,923	13,792	14,177	14,291	14,600	14,956
15 Commercial.....	10,355	12,012	12,722	13,373	14,313	14,422	14,734	15,094
16 Farm.....	62	64	62	59	60	58	59	60
17 Savings and loan associations.....	206,182	231,733	249,301	278,590	323,130	333,703	350,765	366,975
18 1- to 4-family.....	166,410	187,078	200,987	223,903	260,895	269,932	284,541	298,122
19 Multifamily.....	21,051	22,779	23,808	25,547	28,436	29,199	30,517	31,863
20 Commercial.....	18,721	21,876	24,506	29,140	33,799	34,572	35,707	36,990
21 Life insurance companies.....	76,948	81,369	86,234	89,168	91,555	91,786	92,854	93,562
22 1- to 4-family.....	22,315	20,426	19,026	17,590	16,088	15,699	15,418	15,533
23 Multifamily.....	17,347	18,451	19,625	19,629	19,178	18,921	18,891	19,033
24 Commercial.....	31,608	36,496	41,256	45,196	48,864	49,526	50,405	50,790
25 Farm.....	5,678	5,996	6,327	6,753	7,425	7,640	8,140	8,206
26 Federal and related agencies.....	40,157	46,721	58,320	66,891	66,753	67,066	68,301	69,135
27 Government National Mortgage Assn.....	5,113	4,029	4,846	7,438	4,241	4,013	3,912	3,599
28 1- to 4-family.....	2,513	1,455	2,248	4,728	1,970	1,670	1,654	1,522
29 Multifamily.....	2,600	2,574	2,598	2,710	2,271	2,343	2,258	2,077
30 Farmers Home Admin.....	1,019	1,366	1,432	1,109	1,064	500	1,043	1,342
31 1- to 4-family.....	279	743	759	208	454	98	410	528
32 Multifamily.....	29	29	167	215	218	28	97	125
33 Commercial.....	320	218	156	190	72	64	126	162
34 Farm.....	391	376	350	496	320	310	410	527
35 Federal Housing and Veterans Admin.....	3,338	3,476	4,015	4,970	5,150	5,223	5,222	5,100
36 1- to 4-family.....	2,199	2,013	2,009	1,990	1,676	1,730	1,701	1,552
37 Multifamily.....	1,139	1,463	2,006	2,980	3,474	3,493	3,521	3,548
38 Federal National Mortgage Assn.....	19,791	24,175	29,578	31,824	32,904	33,831	33,918	34,148
39 1- to 4-family.....	17,697	20,370	23,778	25,813	26,934	26,836	27,933	28,178
40 Multifamily.....	2,094	3,805	5,800	6,011	5,970	6,995	5,985	5,970
41 Federal land banks.....	9,107	11,071	13,863	16,563	19,125	19,942	20,818	21,523
42 1- to 4-family.....	13	123	406	549	601	611	628	649
43 Farm.....	9,094	10,948	13,457	16,014	18,524	19,331	20,190	20,874
44 Federal Home Loan Mortgage Corp.....	1,789	2,604	4,586	4,987	4,269	3,557	3,388	3,423
45 1- to 4-family.....	1,754	2,446	4,217	4,588	3,889	3,200	2,901	2,931
46 Multifamily.....	35	158	369	399	380	357	487	492
47 Mortgage pools or trusts ²	14,404	18,040	23,799	34,138	49,801	55,462	58,748	64,398
48 Government National Mortgage Assn.....	5,504	7,890	11,769	18,257	30,572	34,260	36,573	41,089
49 1- to 4-family.....	5,353	7,561	11,249	17,538	29,583	33,190	35,467	39,865
50 Multifamily.....	151	329	520	719	989	1,070	1,106	1,224
51 Federal Home Loan Mortgage Corp.....	441	766	757	1,598	2,671	3,570	4,460	5,294
52 1- to 4-family.....	331	617	608	1,349	2,282	3,112	3,938	4,675
53 Multifamily.....	110	149	149	249	389	458	522	619
54 Farmers Home Admin.....	8,459	9,384	11,273	14,283	16,558	17,632	17,715	18,015
55 1- to 4-family.....	5,017	5,458	6,782	9,194	10,219	10,821	10,814	10,996
56 Multifamily.....	131	138	116	295	532	786	777	791
57 Commercial.....	867	1,124	1,473	1,948	2,440	2,570	2,680	2,726
58 Farm.....	2,444	2,664	2,902	2,846	3,367	3,455	3,444	3,502
59 Individuals and others ³	98,856	112,160	117,833	119,315	124,858	127,610	131,349	134,864
60 1- to 4-family.....	45,040	51,112	53,331	56,268	62,430	64,192	67,336	69,750
61 Multifamily.....	21,465	23,982	24,276	22,140	20,173	19,387	18,536	18,152
62 Commercial.....	19,043	21,303	23,085	22,569	21,622	22,395	23,060	23,756
63 Farm.....	13,308	15,763	17,141	18,338	20,633	21,636	22,417	23,206

¹ Includes loans held by nondeposit trust companies but not bank trust departments.

² Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.

³ Other holders include mortgage companies, real estate investment trusts, State and local credit agencies, State and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or separate data are not readily available.

NOTE.—Based on data from various institutional and Govt. sources, with some quarters estimated in part by Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Dept. of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations where required, are estimated mainly by Federal Reserve. Multifamily debt refers to loans on structures of 5 or more units.

1.55 CONSUMER INSTALMENT CREDIT¹ Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1974	1975	1976	1977						
				Mar. ²	Apr. ²	May ²	June ²	July ²	Aug. ²	Sept.
	Amounts outstanding (end of period)									
1 Total	157,454	164,955	185,489	186,776	189,720	192,828	196,998	199,971	204,358	207,294
By holder:										
2 Commercial banks	75,846	78,667	89,511	90,585	92,377	93,875	96,149	97,794	100,059	101,564
3 Finance companies	36,087	35,994	38,639	39,188	39,561	40,127	40,712	41,398	41,987	42,333
4 Credit unions	21,895	25,666	30,546	31,448	31,912	32,704	33,750	34,122	35,077	35,779
5 Retailers ¹	17,933	18,002	19,052	17,585	17,734	17,911	18,032	18,137	18,475	18,725
6 Others ²	5,693	6,626	7,741	7,971	8,136	8,211	8,355	8,520	8,760	8,894
By type of credit:										
7 Automobile	52,871	55,879	66,116	67,850	69,298	70,857	72,829	74,304	76,027	77,207
8 Commercial banks	30,994	31,553	37,984	39,133	40,175	41,060	42,307	43,211	44,262	44,933
9 Indirect	18,687	18,353	21,176	21,658	22,189	22,606	23,258	23,735	24,277	24,717
10 Direct	12,306	13,200	16,808	17,476	17,986	18,453	19,050	19,476	19,985	20,216
11 Finance companies	10,623	11,155	12,489	12,593	12,757	13,023	13,219	13,597	13,783	13,930
12 Credit unions	10,869	12,741	15,163	15,611	15,841	16,234	16,754	16,938	17,412	17,761
13 Others	386	430	480	513	525	540	549	558	570	584
14 Mobile homes	14,618	14,423	14,572	14,447	14,521	14,540	14,627	14,713	14,812	14,880
15 Commercial banks	8,972	8,649	8,734	8,609	8,648	8,680	8,722	8,761	8,794	8,828
16 Finance companies	3,525	3,451	3,273	3,190	3,170	3,149	3,136	3,126	3,114	3,119
17 Home improvement	8,522	9,405	10,990	11,122	11,315	11,507	11,794	12,025	12,329	12,532
18 Commercial banks	4,694	4,965	5,554	5,534	5,626	5,744	5,889	6,022	6,158	6,265
Revolving credit:										
19 Bank credit cards	8,281	9,501	11,351	11,020	11,215	11,287	11,563	11,754	12,227	12,651
20 Bank check credit	2,797	2,810	3,041	3,075	3,094	3,148	3,230	3,295	3,409	3,504
21 All other	70,364	72,937	79,418	79,263	80,277	81,488	82,955	83,889	85,554	86,519
22 Commercial banks, total	20,108	21,188	22,847	23,214	23,619	23,955	24,437	24,752	25,209	25,383
23 Personal loans	13,771	14,629	15,669	16,002	16,263	16,464	16,749	16,932	17,238	17,373
24 Finance companies, total	21,590	21,238	22,749	23,277	23,506	23,827	24,223	24,538	24,951	25,143
25 Personal loans	16,985	17,263	18,554	18,751	18,938	19,214	19,540	19,808	20,118	20,256
26 Credit unions	9,174	10,754	12,799	13,177	13,371	13,703	14,141	14,297	14,697	14,991
27 Retailers	17,933	18,002	19,052	17,585	17,734	17,911	18,032	18,137	18,475	18,725
28 Others	1,559	1,755	1,971	2,011	2,047	2,092	2,121	2,157	2,221	2,277
	Net change (during period) ³									
29 Total	9,280	7,504	20,533	2,971	2,898	2,655	2,422	2,464	2,651	2,351
By holder:										
30 Commercial banks	3,975	2,821	10,845	1,562	1,462	1,235	1,422	1,150	1,448	1,228
31 Finance companies	731	-90	2,644	583	391	460	182	524	321	378
32 Credit unions	2,262	3,771	4,880	611	634	665	519	368	472	458
33 Retailers ¹	1,538	69	1,050	113	223	210	144	286	170	144
34 Others ²	774	933	1,115	102	187	84	154	136	240	143
By type of credit:										
35 Automobile	500	3,007	10,238	1,383	1,205	1,247	963	1,069	1,054	1,105
36 Commercial banks	-508	559	6,431	848	747	620	745	584	725	714
37 Indirect	-310	-334	2,823	429	382	273	365	290	357	466
38 Direct	-198	894	3,608	419	364	347	380	294	368	248
39 Finance companies	-116	532	1,334	242	134	258	-28	275	65	128
40 Credit unions	1,123	1,872	2,422	294	297	352	244	208	237	228
41 Other	2	44	50	-1	27	17	2	2	27	34
42 Mobile homes	1,068	-195	150	54	65	-6	34	57	55	32
43 Commercial banks	632	-323	85	15	24	12	3	19	3	10
44 Finance companies	166	-73	-177	.....	-14	-24	-21	12	-18	-3
45 Home improvement	1,094	881	1,585	169	188	133	181	165	183	143
46 Commercial banks	611	271	588	80	72	66	75	76	62	77
Revolving credit:										
47 Bank credit cards	1,443	1,220	1,850	263	278	192	238	184	315	279
48 Bank check credit	543	14	231	53	60	103	90	39	60	49
49 All other	4,631	2,577	6,479	1,049	1,101	985	916	951	984	743
50 Commercial banks, total	1,255	1,080	1,659	302	281	242	271	248	283	99
51 Personal loans	858	1,040	1,509	223	206	170	180	143	161	86
52 Finance companies, total	746	-348	1,509	340	271	227	226	260	273	251
53 Personal loans	486	279	1,290	279	220	184	185	228	186	223
54 Credit unions	948	1,580	2,045	264	283	258	239	129	200	197
55 Retailers	1,538	69	1,050	113	223	210	144	286	170	144
56 Others	145	196	217	29	43	48	36	28	59	52

¹ Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

² Mutual savings banks, savings and loan associations, and auto dealers.

³ Net change equals extensions minus liquidations (repayments, charge-offs, and other credits); figures for all months are seasonally adjusted.

NOTE.—Total consumer noninstalment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to \$38.7 billion at the end of 1976, \$35.7 billion at the end of 1975, and \$33.8 billion at the end of 1974. Comparable data for Dec. 31, 1977, will be published in the BULLETIN for February 1978.

1.56 CONSUMER INSTALMENT CREDIT Extensions and Liquidations
Millions of dollars

Holder, and type of credit	1974	1975	1976	1977						
				Mar. ^r	Apr. ^r	May ^r	June ^r	July ^r	Aug. ^r	Sept.
Extensions ¹										
1 Total	157,200	164,169	193,328	18,496	18,784	18,503	18,810	18,631	19,204	19,164
By holder:										
2 Commercial banks	72,605	77,312	94,220	9,072	9,182	9,070	9,232	9,143	9,426	9,442
3 Finance companies	34,061	31,173	36,028	3,526	3,444	3,359	3,444	3,335	3,459	3,514
4 Credit unions	19,596	24,096	28,587	2,787	2,861	2,860	2,769	2,663	2,806	2,773
5 Retailers ¹	27,034	27,049	29,188	2,615	2,721	2,728	2,806	2,951	2,840	2,860
6 Others ²	3,904	4,539	5,305	496	576	485	559	540	673	575
By type of credit:										
7 Automobile	45,429	51,413	62,988	6,199	6,106	6,048	6,063	5,966	6,158	6,109
8 Commercial banks	26,406	28,573	36,585	3,627	3,532	3,416	3,527	3,553	3,616	3,640
9 Indirect	15,576	15,766	19,882	1,959	1,888	1,791	1,865	1,905	1,925	2,028
10 Direct	10,830	12,807	16,704	1,669	1,644	1,625	1,661	1,649	1,692	1,612
11 Finance companies	8,604	9,674	11,209	1,111	1,073	1,114	1,099	963	1,036	1,013
12 Credit unions	10,015	12,683	14,675	1,418	1,431	1,457	1,390	1,402	1,434	1,376
13 Others	404	483	518	43	70	60	47	48	72	80
14 Mobile homes	5,782	4,323	4,841	445	479	415	420	455	479	424
15 Commercial banks	3,486	2,622	3,071	267	285	275	244	267	279	261
16 Finance companies	1,376	764	690	56	58	50	48	55	55	51
17 Home improvement	5,211	5,556	6,736	648	668	636	686	671	733	679
18 Commercial banks	2,789	2,722	3,245	319	317	317	328	330	332	340
Revolving credit:										
19 Bank credit cards	17,098	20,428	25,862	2,406	2,576	2,621	2,640	2,566	2,711	2,847
20 Bank check credit	4,227	4,024	4,783	475	475	506	521	499	510	485
21 All other	79,453	78,425	88,117	8,324	8,480	8,277	8,480	8,476	8,612	8,620
22 Commercial banks, total	18,599	18,944	20,673	1,977	1,998	1,935	1,973	1,928	1,990	1,870
23 Personal loans	13,176	13,386	14,480	1,418	1,435	1,396	1,413	1,350	1,404	1,346
24 Finance companies, total	23,796	20,657	24,087	2,352	2,307	2,188	2,289	2,309	2,361	2,440
25 Personal loans	17,162	16,944	19,579	1,861	1,833	1,744	1,850	1,836	1,870	1,938
26 Credit unions	8,560	10,134	12,340	1,207	1,266	1,233	1,225	1,113	1,207	1,240
27 Retailers	27,034	27,049	29,188	2,615	2,721	2,728	2,806	2,951	2,840	2,860
28 Others	1,463	1,642	1,830	171	189	193	187	175	214	211
Liquidations ³										
29 Total	147,920	156,665	172,795	15,525	15,886	15,849	16,388	16,167	16,553	16,814
By holder:										
30 Commercial banks	68,630	74,491	83,376	7,510	7,720	7,835	7,810	7,992	7,978	8,214
31 Finance companies	33,330	31,263	33,384	2,943	3,053	2,899	3,261	2,811	3,138	3,135
32 Credit unions	17,334	20,325	23,707	2,177	2,227	2,195	2,250	2,295	2,333	2,316
33 Retailers ¹	25,496	26,980	28,138	2,502	2,497	2,518	2,662	2,665	2,670	2,716
34 Others ²	3,130	3,606	4,191	394	389	401	405	404	433	432
By type of credit:										
35 Automobile	44,939	48,406	52,750	4,816	4,901	4,801	5,100	4,897	5,104	5,005
36 Commercial banks	26,915	28,014	30,154	2,779	2,786	2,796	2,781	2,969	2,891	2,926
37 Indirect	15,886	16,101	17,059	1,529	1,506	1,518	1,500	1,615	1,568	1,562
38 Direct	11,029	11,913	13,095	1,250	1,279	1,278	1,281	1,354	1,324	1,364
39 Finance companies	8,720	9,142	9,875	869	939	856	1,127	688	970	885
40 Credit unions	8,892	10,811	12,253	1,125	1,134	1,106	1,146	1,146	1,197	1,148
41 Others	402	439	468	44	43	43	45	46	45	46
42 Mobile homes	4,715	4,517	4,691	391	414	421	386	397	424	392
43 Commercial banks	2,854	2,944	2,986	252	261	263	241	248	264	251
44 Finance companies	1,210	837	867	57	72	74	68	68	73	54
45 Home improvement	4,117	4,675	5,151	480	480	502	505	506	551	546
46 Commercial banks	2,178	2,451	2,657	239	245	251	253	254	270	263
Revolving credit:										
47 Bank credit cards	15,655	19,208	24,012	2,142	2,298	2,430	2,403	2,382	2,396	2,567
48 Bank check credit	3,684	4,010	4,552	422	415	402	431	459	450	436
49 All other	74,821	75,849	81,648	7,274	7,479	7,292	7,564	7,535	7,628	7,877
50 Commercial banks, total	17,345	17,864	19,014	1,675	1,716	1,692	1,702	1,680	1,707	1,771
51 Personal loans	12,278	12,528	13,439	1,196	1,230	1,226	1,233	1,207	1,243	1,291
52 Finance companies, total	23,050	21,005	22,578	2,012	2,036	1,961	2,063	2,049	2,089	2,189
53 Personal loans	16,676	16,665	18,289	1,583	1,613	1,560	1,666	1,609	1,684	1,714
54 Credit unions	7,613	8,554	10,295	943	984	975	986	984	1,008	1,043
55 Retailers	25,496	26,980	28,138	2,502	2,497	2,518	2,662	2,665	2,670	2,716
56 Others	1,318	1,446	1,613	142	146	146	151	146	155	158

¹ Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

² Mutual savings banks, savings and loan associations, and auto dealers.
³ Monthly figures are seasonally adjusted.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; half-year data are at seasonally adjusted annual rates.

Transaction category, or sector	1971	1972	1973	1974	1975	1976	1975		1976	
							III	II2	III	II2
Nonfinancial sectors										
1 Total funds raised.....	153.5	177.8	202.0	189.6	205.6	268.3	180.8	230.4	254.5	282.1
2 Excluding equities.....	142.1	167.2	194.3	185.8	195.5	257.8	170.3	220.8	241.1	274.4
By sector and instrument:										
3 U.S. Govt.....	24.9	15.1	8.3	11.8	85.4	69.0	79.6	91.2	73.1	64.9
4 Public debt securities.....	26.0	14.3	7.9	12.0	85.8	69.1	80.4	91.3	73.0	65.3
5 Agency issues and mortgages.....	-1.1	.8	.4	.2	.4	-1	-1	-1	-1	.3
6 All other nonfinancial sectors.....	128.6	162.7	193.8	177.8	120.2	199.2	101.1	139.2	181.4	217.1
7 Corporate equities.....	11.5	10.5	7.7	3.8	10.0	10.5	10.5	9.6	13.3	7.6
8 Debt instruments.....	117.2	152.2	186.1	174.0	110.1	188.8	90.7	129.6	168.0	209.5
9 Private domestic nonfinancial sectors.....	123.5	158.7	187.5	162.4	107.0	179.0	93.1	120.9	166.2	191.7
10 Corporate equities.....	11.4	10.9	7.9	4.1	9.9	10.5	10.3	9.5	13.3	7.7
11 Debt instruments.....	112.0	147.8	179.7	158.3	97.1	168.4	82.8	111.4	152.9	184.0
12 Debt capital instruments.....	86.8	102.3	105.0	98.7	95.8	122.7	93.8	97.8	111.7	133.7
13 State and local obligations.....	17.4	14.7	14.7	17.1	13.6	15.1	12.3	14.9	14.7	15.5
14 Corporate bonds.....	18.8	12.2	9.2	19.7	27.2	22.8	32.6	21.8	19.8	25.8
Mortgages:										
15 Home.....	28.6	42.6	46.4	34.8	39.5	63.6	33.4	45.6	57.1	70.2
16 Multifamily residential.....	9.7	12.7	10.4	6.9	*	1.6	-4	-4	-6	2.6
17 Commercial.....	9.8	16.5	18.9	15.1	11.0	13.4	9.4	12.6	13.9	12.9
18 Farm.....	2.4	3.6	5.5	5.0	4.6	6.1	5.1	4.0	5.0	7.3
19 Other debt instruments.....	25.3	45.5	76.6	59.6	1.3	45.7	-11.0	13.6	41.2	50.3
20 Consumer credit.....	13.1	18.9	22.0	10.2	9.4	23.6	2.2	16.6	22.9	24.2
21 Bank loans n.e.c.....	8.1	18.9	39.8	29.1	-14.5	3.7	-20.9	8.2	-3	7.8
22 Open market paper.....	-4	.8	2.5	6.6	-2.6	4.0	-1.4	3.8	6.4	1.6
23 Other.....	4.4	6.9	10.3	13.7	9.0	14.4	9.0	9.0	12.2	16.7
24 By borrowing sector.....	123.5	158.7	187.5	162.4	107.0	179.0	93.1	120.9	166.2	191.7
25 State and local governments.....	17.7	14.5	13.2	16.2	11.2	14.6	10.0	12.3	13.0	16.3
26 Households.....	45.2	66.6	79.0	49.2	48.6	89.8	37.3	59.9	83.9	95.6
27 Farm.....	4.5	5.8	9.7	7.9	8.7	11.0	8.7	8.8	10.6	11.6
28 Nonfarm noncorporate.....	11.6	14.1	12.9	7.4	2.0	5.2	-1.1	5.1	2.7	7.6
29 Corporate.....	44.5	57.7	72.7	81.8	36.6	58.3	38.3	34.8	56.1	60.5
30 Foreign.....	5.2	4.0	6.2	15.4	13.2	20.3	8.0	18.3	15.2	25.4
31 Corporate equities.....	*	-4	.2	-2	1	*	1	1	*	1
32 Debt instruments.....	5.2	4.4	6.4	15.7	13.0	20.3	7.9	18.2	15.1	25.5
33 Bonds.....	.9	1.0	1.0	2.1	6.2	8.4	5.7	6.8	7.3	9.5
34 Bank loans n.e.c.....	2.1	3.0	2.8	4.7	3.7	6.7	-4	7.8	3.4	10.0
35 Open market paper.....	.3	1.0	.9	7.3	.3	1.9	-8	1.4	1.5	2.4
36 U.S. Govt. loans.....	1.8	1.5	1.7	1.6	2.8	3.3	3.4	2.2	2.9	3.6
Financial sectors										
37 Total funds raised.....	15.4	28.3	51.6	39.4	14.0	28.6	15.1	12.8	27.8	29.4
By instrument:										
38 U.S. Govt. related.....	5.9	8.4	19.9	23.1	13.5	18.6	14.5	12.6	18.6	18.6
39 Sponsored credit agency securities.....	1.1	3.5	16.3	16.6	2.3	3.3	1.9	2.8	4.5	2.1
40 Mortgage pool securities.....	4.8	4.9	3.6	5.8	10.3	15.7	11.5	9.2	14.2	17.2
41 Loans from U.S. Govt.....			.7	.7	.9	-4	1.1	.6	*	-7
42 Private financial sectors.....	9.5	19.9	31.7	16.3	4	10.0	.6	2	9.1	10.8
43 Corporate equities.....	3.5	2.8	1.5	.3	*	.7	1	-1	-7	2.2
44 Debt instruments.....	6.0	17.1	30.2	16.0	4	9.2	.6	3	9.8	8.6
45 Corporate bonds.....	3.8	5.1	3.5	2.1	2.9	5.8	2.3	3.5	7.0	4.5
46 Mortgages.....	2.1	1.7	-1.2	-1.3	2.3	2.1	1.4	3.2	1.4	2.8
47 Bank loans n.e.c.....	1.9	5.9	8.9	4.6	-3.6	-3.7	-4.7	-2.5	-3.0	4.4
48 Open market paper and Rp's.....	.9	4.4	11.8	3.9	2.8	7.1	8.2	-2.6	6.1	8.1
49 Loans from F.H.B.'s.....	-2.7	*	7.2	6.7	-4.0	-2.0	-6.6	-1.3	-1.6	-2.4
By sector:										
50 Sponsored credit agencies.....	1.1	3.5	16.3	17.3	3.2	2.9	3.0	3.4	4.5	1.4
51 Mortgage pools.....	4.8	4.9	3.6	5.8	10.3	15.7	11.5	9.2	14.2	17.2
52 Private financial sectors.....	9.5	19.9	31.7	16.3	4	10.0	.6	2	9.1	10.8
53 Commercial banks.....	2.4	4.8	8.1	-1.1	1.7	7.4	5.7	-2.3	9.0	5.9
54 Bank affiliates.....	-4	.7	2.2	3.5	.3	.8	.9	.3	-1.3	.3
55 Foreign banking agencies.....	1.6	.8	5.1	2.9	-3	.4	-.9	2	-1.5	2.4
56 Savings and loan associations.....	-1	2.0	6.0	6.3	-2.2	*	-6.8	2.3	.5	.5
57 Other insurance companies.....	.6	.5	.5	.5	1.0	1.0	.9	1.0	1.0	1.0
58 Finance companies.....	2.7	6.2	9.4	4.5	5	6.4	-1.4	2.4	5.7	7.1
59 R.I.T.'s.....	2.9	6.3	6.5	.6	-2.0	-2.8	-2.0	-1.9	-2.5	-3.0
60 Open-end investment companies.....	1.3	.5	-1.2	-.7	-1.0	-7	.9	.9	-2.5	.5
61 Money market funds.....				2.4	1.3	-3	2.6	*	-7	2
All sectors										
62 Total funds raised, by instrument.....	168.9	206.1	253.7	229.0	219.5	296.8	195.9	243.2	282.2	311.4
63 Investment company shares.....	1.3	.5	-1.2	-.7	-1	-1.0	.7	.9	-2.5	.5
64 Other corporate equities.....	13.7	13.8	10.4	4.8	10.2	12.2	9.8	10.5	15.1	9.3
65 Debt instruments.....	154.0	192.8	244.5	224.9	209.5	285.6	185.4	233.6	269.6	301.6
66 U.S. Govt. securities.....	30.9	23.6	28.3	34.3	98.2	88.1	93.1	103.2	91.9	84.3
67 State and local obligations.....	17.4	14.7	14.7	17.1	13.6	15.1	12.3	14.9	14.7	15.5
68 Corporate and foreign bonds.....	23.5	18.4	13.6	23.9	36.3	37.0	41.3	31.3	34.7	39.3
69 Mortgages.....	52.6	77.0	79.9	60.5	57.2	86.8	49.5	65.0	77.9	95.7
70 Consumer credit.....	13.1	18.9	22.0	10.2	9.4	23.6	2.2	16.6	22.9	24.2
71 Bank loans n.e.c.....	12.1	27.8	51.6	38.4	-14.4	6.7	-25.9	-2.9	.1	13.4
72 Open market paper and Rp's.....	.8	4.1	15.2	17.8	.5	13.0	6.1	-5.0	14.0	12.0
73 Other loans.....	3.5	8.4	19.1	22.7	8.7	15.3	6.9	10.5	13.4	17.2

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	1971	1972	1973	1974	1975	1976	1975		1976	
							II1	II2	III1	III2
1 Total funds advanced in credit markets to nonfinancial sectors	142.1	167.2	194.3	185.8	195.5	257.8	170.3	220.8	241.1	274.4
By public agencies and foreign:										
2 Total net advances	43.4	19.8	34.1	52.7	44.3	54.6	55.0	33.6	53.2	56.0
3 U.S. Govt. securities	34.4	7.6	9.5	11.9	22.5	26.8	33.4	11.6	27.1	26.5
4 Residential mortgages	7.0	7.0	8.2	14.7	16.2	12.8	16.9	15.5	12.1	13.5
5 FHLB advances to S&I's	-2.7	*	7.2	6.7	-4.0	2.0	6.6	-1.3	-1.6	-2.4
6 Other loans and securities	4.6	5.1	9.2	19.5	9.5	16.9	11.3	7.8	15.6	18.3
Totals advanced, by sector										
7 U.S. Govt.	2.8	1.8	2.8	9.8	15.1	8.9	15.9	14.3	6.4	11.4
8 Sponsored credit agencies	5.2	9.2	21.4	25.6	14.5	20.6	16.5	12.6	20.7	20.6
9 Monetary authorities	8.9	.3	9.2	6.2	8.5	9.8	7.6	9.5	14.5	5.2
10 Foreign	26.4	8.4	.6	11.2	6.1	15.2	15.0	-2.7	11.6	18.8
11 Agency borrowing not included in line 1	5.9	8.4	19.9	23.1	13.5	18.6	14.5	12.6	18.6	18.6
Private domestic funds advanced										
12 Total net advances	104.6	155.9	180.2	156.1	164.8	221.8	129.8	199.7	206.6	237.0
13 U.S. Govt. securities	3.6	16.0	18.8	22.4	75.7	61.3	59.7	91.6	64.8	57.8
14 State and local obligations	17.4	14.7	14.7	17.1	13.6	15.1	12.3	14.9	14.7	15.5
15 Corporate and foreign bonds	19.5	13.1	10.0	20.9	32.8	30.3	38.8	26.8	26.8	33.9
16 Residential mortgages	31.2	48.2	48.4	26.9	23.2	52.4	16.7	29.6	45.5	59.2
17 Other mortgages and loans	37.4	63.9	95.4	75.4	15.6	60.8	-4.3	35.5	53.2	68.3
18 Less: FHLB advances	2.7	*	7.2	6.7	4.0	2.0	6.6	-1.3	-1.6	2.4
Private financial intermediation										
19 Credit market funds advanced by private financial institutions	110.3	149.7	164.9	126.3	119.9	187.3	99.8	140.0	167.6	207.1
20 Commercial banking	50.6	70.5	86.5	64.6	27.6	58.0	14.4	40.7	44.5	71.5
21 Savings institutions	39.9	48.2	36.9	26.9	52.0	71.9	48.5	55.4	71.8	72.0
22 Insurance and pension funds	13.7	17.2	23.9	30.0	41.5	47.6	38.3	44.7	47.8	47.3
23 Other finance	6.1	13.9	17.5	4.7	1.1	9.9	-1.4	-7.7	3.4	16.3
24 Sources of funds	110.3	149.7	164.9	126.3	119.9	187.3	99.8	140.0	167.6	207.1
25 Private domestic deposits	89.4	100.8	86.5	69.4	90.9	123.0	90.3	91.5	106.1	139.8
26 Credit market borrowing	6.0	17.1	30.2	16.0	.4	9.2	.6	.3	9.8	8.6
27 Other sources	14.9	31.8	48.2	40.9	28.6	55.1	9.0	48.2	51.7	58.7
28 Foreign funds	-3.9	5.3	6.9	14.5	-4	3.1	-5.6	4.8	-2.6	8.8
29 Treasury balances	2.2	.7	-1.0	5.1	1.7	-1	-3.5	-1	-2.9	-3.1
30 Insurance and pension reserves	8.6	11.6	18.4	26.0	29.0	35.8	26.4	31.5	35.1	36.5
31 Other, net	7.9	14.1	23.9	5.4	1.7	16.4	-8.3	11.7	16.2	16.6
Private domestic nonfinancial investors										
32 Direct lending in credit markets	.3	23.3	45.5	45.9	45.3	43.7	30.6	60.0	48.8	38.6
33 U.S. Govt. securities	10.7	3.9	19.5	18.2	22.2	19.2	6.0	38.4	22.6	15.9
34 State and local obligations	.8	3.0	5.4	10.0	6.3	4.7	7.2	5.5	3.9	5.5
35 Corporate and foreign bonds	8.3	4.4	1.3	4.7	8.2	4.0	10.8	5.6	4.9	3.1
36 Commercial paper	-1.1	2.9	12.5	4.8	3.1	4.0	1.5	4.7	6.7	1.3
37 Other	3.0	9.1	6.8	8.2	5.5	11.8	5.1	6.0	10.8	12.8
38 Deposits and currency	92.8	105.2	90.4	75.7	97.1	130.3	96.0	98.2	111.0	149.5
39 Time and savings accounts	79.1	83.8	76.1	66.7	84.8	113.0	73.0	96.5	98.3	127.6
40 Large negotiable CD's	6.3	7.7	18.1	18.8	-14.0	14.2	-27.8	-2	-18.0	10.4
41 Other at commercial banks	33.2	30.6	29.6	26.1	39.4	58.1	39.3	50.2	50.2	66.0
42 At savings institutions	39.6	45.4	28.5	21.8	59.4	69.1	61.5	57.4	66.1	72.1
43 Money	13.7	21.4	14.3	8.9	12.3	17.3	23.0	1.7	12.7	21.9
44 Demand deposits	10.4	17.0	10.3	2.6	6.1	10.0	17.3	-5.0	7.8	12.1
45 Currency	3.4	4.4	3.9	6.3	6.2	7.3	5.7	6.7	4.9	9.8
46 Total of credit market instruments, deposits and currency	93.2	128.5	136.0	121.5	142.4	174.0	126.6	158.2	159.8	188.1
47 Public support rate (in per cent)	30.5	11.8	17.5	28.4	22.7	21.2	32.3	15.2	22.1	20.4
48 Private financial intermediation (in per cent)	105.4	96.1	91.5	80.9	72.8	84.5	76.9	70.1	81.1	87.4
49 Total foreign funds	22.5	13.7	7.5	25.7	5.8	18.3	9.4	2.1	9.0	27.6
MEMO: Corporate equities not included above										
50 Total net issues	15.0	13.3	9.2	4.1	10.0	11.2	10.5	9.5	12.6	9.8
51 Mutual fund shares	1.3	-.5	-1.2	-.7	-1	-1.0	.7	-.9	-2.5	.5
52 Other equities	13.7	13.8	10.4	4.8	10.2	12.2	9.8	10.5	15.1	9.3
53 Acquisitions by financial institutions	19.2	15.3	13.3	5.8	9.4	12.3	10.7	8.1	12.6	12.0
54 Other net purchases	-4.3	2.1	-4.1	-1.6	.6	-1.1	-2	1.4	*	-2.2

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	1974	1975	1976	1977							
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
1 Industrial production.....	129.3	117.8	129.8	135.3	136.1	137.0	137.8	138.7	138.2	138.7	139.1
Market groupings:											
2 Products, total.....	129.3	119.3	129.3	135.1	135.8	136.5	137.3	138.7	138.4	138.9	139.4
3 Final, total.....	125.1	118.2	127.2	133.3	134.1	134.7	135.4	136.8	136.2	136.7	137.0
4 Consumer goods.....	128.9	124.0	136.2	142.9	142.9	143.1	143.8	145.4	144.6	145.2	146.0
5 Equipment.....	120.0	110.2	114.6	120.0	122.1	123.2	124.1	124.8	124.8	125.0	124.5
6 Intermediate.....	135.3	123.1	137.2	141.8	142.3	143.5	144.7	146.3	146.4	146.9	148.5
7 Materials.....	132.4	115.5	130.6	135.5	136.5	137.8	138.7	138.9	138.0	138.4	138.8
8 Industry groupings:											
Manufacturing.....	129.4	116.3	129.5	135.1	135.8	137.1	137.8	138.5	138.6	138.9	139.3
Capacity utilization (per cent) ¹ in											
9 Manufacturing.....	84.2	73.6	80.2	82.1	82.3	82.8	83.0	83.1	83.0	82.9	82.8
10 Industrial materials industries.....	87.7	73.6	80.4	81.6	82.1	82.7	83.0	82.9	82.2	82.3	82.3
11 Construction contracts ²	173.9	162.3	190.2	207.0	250.0	317.0	284.0	218.0	267.0	279.0	.....
12 Nonagricultural employment, total ³	119.1	116.9	120.6	123.6	124.0	124.4	124.7	125.1	125.2	125.7	.....
13 Goods-producing, total.....	106.2	96.9	100.3	103.2	104.1	104.5	104.7	104.9	104.4	104.7	.....
14 Manufacturing, total.....	103.1	94.3	97.5	99.8	100.4	100.8	100.9	101.0	100.7	100.9	.....
15 Manufacturing, production-worker.....	102.1	91.3	95.2	97.6	98.3	98.9	98.9	98.8	98.3	98.5	.....
16 Service-producing.....	126.1	127.8	131.7	134.8	134.9	135.3	135.6	136.1	136.6	137.1	.....
17 Personal income, total ⁴	184.3	200.0	220.7	239.2	241.0	242.1	243.3	245.6	246.9	248.8	.....
18 Wages and salary disbursements.....	178.9	188.5	208.6	225.7	227.9	229.7	230.8	232.3	232.9	234.6	.....
19 Manufacturing.....	157.6	157.3	177.7	194.4	196.0	198.5	200.4	201.2	200.1	201.5	.....
20 Disposable personal income.....	180.8	199.2	217.8	.....	.....	239.4	.....	.....	240.7	.....	.....
21 Retail sales ⁵	171.2	186.0	206.6	227.4	227.2	226.1	223.1	224.9	228.3	225.5	.....
Prices: ⁶											
22 Consumer.....	147.7	161.2	170.5	178.2	179.6	180.6	181.8	182.6	183.3	184.0	.....
23 Wholesale.....	160.1	174.1	182.9	191.9	194.3	195.2	194.4	194.9	194.6	195.3	.....

¹ Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.
² Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
³ Based on data in *Employment and Earnings* (U.S. Dept. of Labor). Series covers employees only, excluding personnel in the Armed Forces.
⁴ Based on data in *Survey of Current Business* (U.S. Dept. of Commerce). Series for disposable income is quarterly.
⁵ Based on Bureau of Census data published in *Survey of Current Business* (U.S. Dept. of Commerce).

⁶ Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Dept. of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Dept. of Labor.

NOTE.—Basic data (not index numbers) for series mentioned in notes 3, 4, and 5, and indexes for series mentioned in notes 2 and 6 may also be found in the *Survey of Current Business* (U.S. Dept. of Commerce). Figures for industrial production for the last 2 months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1976			1977			1976			1977		
	Q4	Q1	Q2	Q3 ^r	Q4	Q1	Q2	Q3 ^r	Q4	Q1	Q2	Q3 ^r
	Output (1967 = 100)						Capacity (per cent of 1967 output)			Utilization rate (per cent)		
1 Manufacturing.....	131.2	133.1	136.9	138.7	162.8	164.0	165.6	167.1	80.6	81.2	82.7	83.0
2 Primary processing.....	138.8	140.1	146.3	147.6	168.8	170.2	171.8	173.5	82.2	82.3	85.1	85.1
3 Advanced processing.....	127.2	129.3	132.0	134.0	159.6	160.6	162.2	163.8	79.7	80.5	81.4	81.8
4 Materials.....	131.9	133.1	137.7	138.4	164.3	165.5	166.6	167.8	80.3	80.4	82.6	82.5
5 Durable goods.....	128.4	129.2	135.1	136.1	167.8	169.0	170.3	171.6	76.5	76.5	79.4	79.3
6 Basic metal.....	107.4	108.6	116.4	110.2	144.4	144.8	145.1	145.3	74.4	75.0	80.2	75.8
7 Nondurable goods.....	146.9	149.5	154.6	154.7	174.1	175.6	177.2	178.8	84.4	85.1	87.2	86.5
8 Textile, paper, and chemical.....	151.4	153.9	159.9	159.6	182.0	183.6	185.4	187.1	83.2	83.8	86.3	85.3
9 Textile.....	112.1	111.3	110.9	112.5	140.6	141.4	141.9	142.5	79.7	78.7	78.1	79.0
10 Paper.....	130.2	131.7	134.3	135.7	147.9	148.9	150.1	151.3	88.1	88.4	89.5	89.7
11 Chemical.....	177.3	181.6	191.8	190.0	213.7	216.2	218.7	221.2	83.0	84.0	87.7	85.9
12 Energy.....	122.0	122.0	122.6	124.0	143.9	144.3	144.7	145.2	84.8	84.5	84.8	85.4

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1974	1975	1976	1977						
				Apr.	May	June	July	Aug.	Sept.	Oct.
Household survey data										
1 Noninstitutional population ¹	150,827	153,449	156,048	157,986	158,228	158,456	158,682	158,899	159,114	159,334
2 Labor force (including Armed Forces) ¹	93,240	94,793	96,917	98,892	99,286	99,770	99,440	99,834	99,999	100,236
3 Civilian labor force	91,011	92,613	94,773	96,760	97,158	97,641	97,305	97,697	97,868	98,102
Employment:										
4 Nonagricultural industries ²	82,443	81,403	84,188	86,763	87,022	87,341	87,348	87,519	87,880	87,958
5 Agriculture	3,492	3,380	3,297	3,260	3,386	3,338	3,213	3,252	3,215	3,272
Unemployment:										
6 Number	5,076	7,830	7,288	6,737	6,750	6,962	6,744	6,926	6,773	6,872
7 Rate (per cent of civilian labor force)	5.6	8.5	7.7	7.0	6.9	7.1	6.9	7.1	6.9	7.0
8 Not in labor force	57,587	58,655	59,130	59,094	58,943	58,686	59,242	59,064	59,114	59,099
Establishment survey data										
9 Nonagricultural payroll-employment ³	78,413	77,050	79,443	81,686	81,921	82,121	82,366	82,480	82,807	82,926
10 Manufacturing	20,046	18,347	18,958	19,528	19,600	19,622	19,648	19,609	19,653	19,638
11 Mining	694	745	783	847	845	855	834	818	851	854
12 Contract construction	3,957	3,515	3,593	3,842	3,861	3,876	3,917	3,889	3,896	3,940
13 Transportation and public utilities	4,696	4,499	4,508	4,575	4,586	4,579	4,572	4,577	4,613	4,610
14 Trade	17,017	16,997	17,694	18,203	18,235	18,247	18,294	18,363	18,425	18,429
15 Finance	4,208	4,222	4,315	4,463	4,480	4,489	4,506	4,519	4,541	4,564
16 Service	13,617	14,008	14,645	15,182	15,197	15,245	15,372	15,463	15,477	15,523
17 Government	14,177	14,773	14,947	15,046	15,117	15,208	15,223	15,242	15,351	15,368

¹ Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

² Includes self-employed, unpaid family, and domestic service workers.

³ Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the February 1977 benchmark. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value
 Monthly data are seasonally adjusted.

Grouping	1967 proportion	1976 average	1976			1977								
			Aug.	Sept.	Oct.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	
MAJOR MARKET														
Index (1967 = 100)														
1 Total index	100.00	129.8	131.3	130.6	130.2	135.3	136.1	137.0	137.8	138.7	138.2	138.7	139.1	
2 Products	60.71	129.3	130.1	129.4	129.2	135.1	135.8	136.5	137.3	138.7	138.4	138.9	139.4	
3 Final products	47.82	127.2	128.0	126.9	126.7	133.3	134.1	134.7	135.4	136.8	136.2	136.7	137.0	
4 Consumer goods	27.68	136.2	137.0	135.7	135.9	142.9	142.9	143.1	143.8	145.4	144.6	145.2	146.0	
5 Equipment	20.14	114.6	115.6	114.8	114.2	120.0	122.1	123.2	124.1	124.8	124.8	125.0	124.5	
6 Intermediate products	12.89	137.2	138.4	138.7	138.8	141.8	142.3	143.5	144.7	146.3	146.4	146.9	148.5	
7 Materials	39.29	130.6	133.0	132.4	131.8	135.5	136.5	137.8	138.7	138.9	138.0	138.4	138.8	
Consumer goods														
8 Durable consumer goods	7.89	141.4	144.2	138.7	138.9	152.4	151.5	152.2	155.8	158.0	154.5	156.4	158.2	
9 Automotive products	2.83	154.8	157.8	147.6	147.8	178.3	173.9	172.8	179.8	184.8	176.7	177.9	181.9	
10 Autos and utility vehicles	2.03	149.8	157.5	139.2	136.3	176.1	171.2	167.4	177.4	184.1	172.6	174.2	179.7	
11 Autos	1.90	132.0	137.3	121.0	120.2	155.8	150.6	148.5	156.8	161.4	150.9	151.6	154.3	
12 Auto parts and allied goods	.80	167.6	158.4	168.6	176.6	184.1	181.3	186.6	185.8	186.6	187.2	187.6	187.8	
13 Home goods	5.06	133.9	136.5	133.8	133.9	137.9	138.8	140.6	142.3	142.9	141.9	144.3	145.1	
14 Appliances, A/C, and TV	1.40	114.6	120.5	113.1	115.7	124.1	126.4	131.0	133.1	130.1	129.2	133.1	134.8	
15 Appliances and TV	1.33	117.2	123.2	116.6	118.5	126.5	129.9	134.8	136.8	134.4	132.7	137.9		
16 Carpeting and furniture	1.07	144.1	145.0	146.3	146.2	144.6	145.0	147.3	151.2	154.1	154.6	159.2		
17 Misc. home goods	2.59	140.1	141.7	139.8	138.6	142.7	143.0	143.1	143.6	145.1	143.6	144.1	144.5	
18 Nondurable consumer goods	19.79	134.1	134.2	134.5	134.7	139.1	139.4	139.5	139.1	140.3	140.6	140.8	141.1	
19 Clothing	4.29	124.0	120.7	121.5	123.3	123.9	124.4	125.5	125.7	124.1	124.5			
20 Consumer staples	15.50	136.9	137.9	138.0	138.0	143.3	143.6	143.4	142.9	144.8	145.1	145.5	145.7	
21 Consumer foods and tobacco	8.33	130.7	131.9	132.6	133.1	136.0	136.1	135.0	135.4	137.1	137.7	138.0		
22 Nonfood staples	7.17	144.1	144.9	144.2	143.7	151.8	152.5	153.2	151.7	153.8	153.7	154.4	154.2	
23 Consumer chemical products	2.63	166.4	168.9	169.2	168.3	175.9	178.1	180.8	179.3	179.4	184.5	185.9		
24 Consumer paper products	1.92	113.3	113.9	111.9	110.9	117.4	116.6	118.4	116.3	117.4	117.0	116.5		
25 Consumer energy products	2.62	144.4	143.3	142.9	142.9	152.8	153.0	150.8	149.8	154.9	149.6	150.6		
26 Residential utilities	1.45	151.1	149.3	148.4	148.7									
Equipment														
27 Business equipment	12.63	136.3	137.6	137.0	135.7	144.8	147.1	148.9	150.1	151.2	151.0	151.4	151.8	
28 Industrial equipment	6.77	128.0	128.1	129.5	129.6	134.4	136.3	138.4	140.0	140.7	140.2	140.6	141.3	
29 Building and mining equipment	1.44	177.7	180.3	180.3	181.2	197.9	200.5	205.3	208.1	210.6	203.9	202.0	202.1	
30 Manufacturing equipment	3.85	106.5	107.2	108.2	108.1	109.0	112.0	112.8	115.0	114.3	115.3	117.0	117.8	
31 Power equipment	1.47	135.3	132.2	135.8	136.0	138.3	136.7	139.9	139.3	141.2	142.5	142.2	143.0	
32 Commercial transit, farm equipment	5.86	145.8	148.6	145.8	142.6	156.9	159.5	161.2	161.9	163.3	163.6	164.0	164.0	
33 Commercial equipment	3.26	173.5	176.2	176.8	177.5	186.1	189.7	191.1	191.4	191.7	192.5	193.9	195.2	
34 Transit equipment	1.93	104.1	106.4	98.2	97.6	113.0	115.2	116.5	118.5	121.5	123.2	123.9	119.8	
35 Farm equipment	.67	131.4	136.7	131.4	102.0	141.8	141.0	144.4	143.2	144.6	139.3	134.7		
36 Defense and space equipment	7.51	78.4	78.5	77.6	78.0	78.5	79.9	80.0	80.3	80.4	80.8	80.8	78.4	
Intermediate products														
37 Construction supplies	6.42	132.6	134.9	134.1	134.8	136.4	137.2	138.7	139.9	141.2	141.7	143.5	145.5	
38 Business supplies	6.47	141.8	141.8	143.2	142.8	147.3	147.5	148.4	149.6	151.3	151.0	150.2		
39 Commercial energy products	1.14	157.1	157.7	157.5	155.4	163.6	164.6	165.8	164.2	168.2	165.6	164.6		
Materials														
40 Durable goods materials	20.35	126.8	131.4	129.9	128.3	131.9	133.8	135.2	136.4	136.8	135.5	136.0	136.4	
41 Durable consumer parts	4.58	121.6	125.9	123.6	118.4	126.8	129.4	132.0	134.5	137.2	134.9	134.8	135.5	
42 Equipment parts	5.44	133.9	138.1	138.3	138.0	137.8	140.7	141.7	143.0	145.0	145.6	146.7	145.5	
43 Durable materials n.e.c.	10.34	125.5	130.6	128.3	127.5	131.1	132.2	133.2	133.8	132.4	130.4	130.8	132.1	
44 Basic metal materials	5.57	110.9	120.0	113.7	172.0	113.6	115.0	117.8	116.3	112.6	109.3	108.6		
45 Nondurable goods materials	10.47	146.3	146.3	147.6	147.5	153.3	153.7	155.4	154.7	154.1	154.8	155.1	155.2	
46 Textile, paper, and chem. mat.	7.62	151.1	150.6	152.4	152.5	158.4	159.0	160.7	160.1	158.9	159.6	160.3	160.8	
47 Textile materials	1.85	115.1	114.9	114.6	112.6	113.2	111.8	111.8	109.0	110.1	112.3	115.2		
48 Paper materials	1.62	130.8	132.2	131.2	132.1	133.9	132.2	136.2	134.4	134.3	135.6	137.3		
49 Chemical materials	4.15	175.1	173.5	177.6	178.3	188.0	190.6	192.2	192.7	190.3	190.1	189.5		
50 Containers, nondurable	1.70	142.7	143.9	143.5	141.7	148.9	148.5	152.3	152.4	152.4	156.2	153.9		
51 Nondurable materials n.e.c.	1.14	119.9	121.7	122.1	122.4	126.1	125.6	123.1	122.9	124.9	121.2	122.4		
52 Energy materials	8.48	120.2	120.1	119.9	120.8	121.8	121.3	122.3	124.3	125.2	123.3	123.6		
53 Primary energy	4.65	107.1	107.9	108.4	108.6	107.0	106.0	106.6	109.7	108.9	108.6	110.7		
54 Converted fuel materials	3.82	136.2	134.9	134.2	135.5	139.9	140.1	141.4	142.0	145.1	141.3	139.3		
Supplementary groups														
55 Home goods and clothing	9.35	129.4	129.2	128.1	129.0	131.5	132.2	133.6	134.7	134.3	133.9	135.0	135.8	
56 Energy, total	12.23	128.8	128.5	128.3	128.8	132.3	132.1	132.5	133.5	135.6	132.8	133.3	133.7	
57 Products	3.76	148.2	147.7	147.3	146.8	156.0	156.5	155.3	154.1	158.9	154.4	154.8		
58 Materials	8.48	120.2	120.1	119.9	120.8	121.8	121.3	122.3	124.3	125.2	123.3	123.6		

For NOTE see opposite page.

2.13 Continued

Grouping	SIC code	1967 proportion	1976 average	1976			1977							
				Aug.	Sept.	Oct. ¹	Mar.	Apr.	May	June	July ¹	Aug.	Sept. ¹	Oct. ¹
MAJOR INDUSTRY														
Index (1967 = 100)														
1	Mining and utilities	12.05	131.6	131.3	131.6	132.5	136.6	135.7	137.1	138.8	139.4	135.4	135.7	136.8
2	Mining	6.36	114.2	114.0	115.5	116.1	120.6	119.2	119.5	122.8	119.8	116.7	119.0	120.5
3	Utilities	5.69	151.0	150.5	149.6	150.8	154.8	154.0	156.7	156.8	161.4	156.2	154.5	154.9
4	Electric	3.88	167.6	167.6	166.0	167.0								
5	Manufacturing	87.95	129.5	131.2	130.5	129.8	135.1	135.8	137.1	137.8	138.5	138.6	138.9	139.3
6	Nondurable	35.97	140.9	140.4	142.3	141.9	147.0	147.0	148.5	148.4	148.6	149.2	149.3	149.9
7	Durable	51.98	121.7	125.0	122.4	121.4	126.8	128.0	129.3	130.5	131.6	131.3	131.8	131.9
Mining														
8	Metal mining	10	.51	122.8	124.5	123.2	126.1	133.8	126.1	120.5	121.3	101.9	70.0	71.2
9	Coal	11, 12	.69	117.2	112.6	121.3	126.4	124.1	118.4	122.4	133.4	120.7	113.6	133.0
10	Oil and gas extraction	13	4.40	112.0	112.2	113.1	112.5	117.5	117.5	118.3	121.3	120.6	121.2	121.4
11	Stone and earth minerals	14	.75	118.3	118.8	119.2	120.0	126.1	124.0	123.0	122.5	126.7	125.0	124.9
Nondurable manufactures														
12	Foods	20	8.75	132.3	134.8	134.6	134.8	138.7	138.0	138.3	136.9	138.3	138.9	138.2
13	Tobacco products	21	.67	117.9	114.8	115.4	118.3	104.3	112.1	105.2	119.2	114.5	117.4	
14	Textile mill products	22	2.68	136.4	135.1	136.4	134.2	134.4	134.6	136.0	135.4	137.2	135.8	138.1
15	Apparel products	23	3.31	122.2	117.5	119.5	122.9	122.2	121.4	123.5	122.1	121.1	121.7	
16	Paper and products	26	3.21	133.0	134.6	132.1	132.3	135.5	136.3	139.5	139.3	139.2	140.3	140.3
17	Printing and publishing	27	4.72	120.6	120.6	120.6	119.3	124.8	123.4	124.4	124.1	124.9	125.0	124.9
18	Chemicals and products	28	7.74	169.3	169.7	171.3	170.7	180.0	180.6	182.8	183.5	182.6	183.2	183.1
19	Petroleum products	29	1.79	133.1	133.8	133.9	130.3	143.3	143.4	142.4	140.0	140.4	139.5	140.5
20	Rubber & plastic products	30	2.24	200.2	189.3	212.4	211.1	225.6	226.0	232.4	235.2	235.2	237.4	239.4
21	Leather and products	31	.86	80.9	78.3	77.9	77.2	73.8	74.7	76.2	74.1	74.1	74.5	74.1
Durable manufactures														
22	Ordnance, pvt. & govt.	19, 91	3.64	72.7	73.6	73.0	72.3	72.8	74.6	74.4	74.1	75.0	75.5	74.8
23	Lumber and products	24	1.64	125.1	127.9	128.7	129.6	132.1	130.6	133.0	132.4	132.9	131.8	135.1
24	Furniture and fixtures	25	1.37	132.7	133.8	133.6	134.5	135.1	135.4	137.5	139.9	143.0	142.6	144.6
25	Clay, glass, stone products	32	2.74	137.1	137.6	137.9	139.9	143.7	145.0	145.0	147.7	148.0	148.4	147.3
26	Primary metals	33	6.57	108.9	118.3	113.0	109.9	108.3	112.2	117.1	114.7	114.4	113.0	111.4
27	Iron and steel	331, 2	4.21	104.9	116.0	108.6	105.1	97.9	103.9	111.0	109.2	110.9	110.6	104.5
28	Fabricated metal products	34	5.93	123.3	125.8	126.5	123.5	127.5	127.6	128.2	130.8	132.0	134.0	135.0
29	Nonelectrical machinery	35	9.15	135.0	136.4	136.8	134.3	139.8	142.9	142.6	144.0	145.7	145.2	146.5
30	Electrical machinery	36	8.05	131.6	135.4	133.9	135.0	137.6	139.6	141.8	142.6	143.6	143.9	145.8
31	Transportation equipment	37	9.27	110.6	114.6	104.7	104.3	120.5	119.8	120.3	123.7	125.6	123.6	124.1
32	Motor vehicles & parts	371	4.50	140.7	149.7	130.6	128.4	161.2	158.1	157.7	163.2	166.2	164.1	164.5
33	Aerospace & misc. tr. eq.	372-9	4.77	82.2	81.6	80.3	81.6	82.3	83.8	85.2	86.5	87.3	85.6	86.2
34	Instruments	38	2.11	148.2	149.5	148.7	150.2	156.9	157.8	157.4	158.2	159.0	158.3	158.9
35	Miscellaneous mfrs.	39	1.51	143.5	142.3	143.7	142.4	147.4	145.6	148.0	148.4	150.4	147.5	149.9
MAJOR MARKET														
Gross value (billions of 1972 dollars, annual rates)														
36	Products, total	1507.4	550.4	555.5	548.2	548.1	578.2	578.3	582.2	585.9	590.5	589.9	591.5	594.3
37	Final products	1390.9	425.7	429.8	421.5	421.6	449.0	448.5	451.0	453.7	457.8	456.0	457.8	459.9
38	Consumer goods	1277.5	301.6	303.5	299.4	300.4	316.8	316.1	316.3	318.9	321.5	319.6	321.0	323.2
39	Equipment	113.4	124.0	126.4	121.9	121.3	132.1	132.6	134.6	134.9	136.2	136.4	137.1	136.8
40	Intermediate products	1116.6	124.8	126.0	126.6	126.2	129.1	130.1	131.4	131.8	132.8	133.4	134.0	134.5

¹ 1972 dollars.

NOTE.—Published groupings include some series and subtotals not shown separately. For summary description and historical data, see BULLETIN for June 1976, pp. 470-79. Availability of detailed descriptive and historical data will be announced in a forthcoming BULLETIN.

The industrial production indexes have been revised back to January 1976, on the basis of more complete information now available. A complete set of the revised 1976 series is attached to the September G.12.3 release which may be obtained from the Publications Section, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates. Exceptions noted.

Item	1974	1975	1976	1977						
				Mar.	Apr.	May ^r	June ^r	July ^r	Aug.	Sept. ^r
Private residential real estate activity (thousands of units)										
NEW UNITS										
1 Permits authorized.....	1,074	927	1,296	1,687	1,605	1,615	1,678	1,639	1,772	1,696
2 1-family.....	644	669	894	1,188	1,051	1,077	1,105	1,089	1,156	1,092
3 2-or-more-family.....	431	278	402	499	554	538	573	550	616	604
4 Started.....	1,338	1,160	1,540	2,089	1,880	1,937	1,897	2,083	2,034	2,040
5 1-family.....	888	892	1,163	1,503	1,413	1,455	1,389	1,437	1,459	1,492
6 2-or-more-family.....	450	268	377	586	467	482	508	646	575	548
7 Under construction, end of period ¹	1,189	1,003	1,147	1,237	1,268	1,302	1,323	1,344	1,366	.....
8 1-family.....	516	531	655	732	748	771	787	793	806	.....
9 2-or-more-family.....	673	472	492	505	520	531	536	550	560	.....
10 Completed.....	1,692	1,297	1,362	1,707	1,540	1,536	1,647	1,678	1,651	.....
11 1-family.....	931	866	1,026	1,236	1,226	1,177	1,209	1,272	1,230	.....
12 2-or-more-family.....	760	430	336	471	314	359	438	406	421	.....
13 Mobile homes shipped.....	329	213	250	275	252	251	264	251	270	288
Merchant builder activity in 1-family units:										
14 Number sold.....	501	544	639	867	775	774	806	701	839	.....
15 Number for sale, end of period ¹	407	383	433	435	441	441	444	451	464	.....
Price (thous. of dollars) ²										
Median:										
16 Units sold.....	35.9	39.3	44.2	46.2	48.7	49.3	49.0	48.8	49.5	.....
17 Units for sale.....	36.2	38.9	41.6	42.9	43.3	43.9	44.3	44.8	45.1	.....
Average:										
18 Units sold.....	38.9	42.5	48.1	51.6	54.6	54.4	53.9	53.7	54.3	54.0
EXISTING UNITS (1-family)										
19 Number sold.....	2,272	2,452	3,002	3,410	3,300	3,450	3,420	3,510	3,720	3,880
Price of units sold (thous. of dollars): ²										
20 Median.....	32.0	35.3	38.1	41.0	42.0	42.2	43.4	43.7	43.9	43.8
21 Average.....	35.8	39.0	42.2	45.5	46.5	46.8	47.7	48.0	48.1	47.9
Value of new construction³ (millions of dollars)										
CONSTRUCTION										
22 Total put in place.....	138,499	134,293	147,481	163,790	167,605	172,239	174,378	172,264	170,967	173,721
23 Private.....	100,165	93,624	109,499	128,387	131,421	133,816	135,026	133,024	132,751	134,536
24 Residential.....	50,377	46,472	60,519	76,677	79,616	82,542	82,181	79,643	79,126	80,483
25 Nonresidential, total.....	49,788	47,152	48,980	51,710	51,805	51,274	52,845	53,381	53,625	54,053
Buildings:										
26 Industrial.....	7,902	8,017	7,182	7,162	7,279	7,184	7,066	7,210	7,646	7,376
27 Commercial.....	15,945	12,804	12,757	13,677	13,851	13,760	15,235	15,533	15,257	15,625
28 Other.....	5,797	5,585	6,155	5,850	6,271	6,077	6,206	6,474	6,294	6,487
29 Public utilities and other.....	20,144	20,746	22,886	25,021	24,404	24,253	24,338	24,164	24,428	24,565
30 Public.....	38,333	40,669	37,982	35,403	36,184	38,423	39,352	39,240	38,216	39,185
31 Military.....	1,188	1,392	1,508	1,452	1,494	1,642	1,566	1,538	1,448	1,488
32 Highway.....	12,066	10,861	9,756	9,153	9,052	9,835	10,792	9,539	9,258	.....
33 Conservation and development.....	2,740	3,256	3,722	3,675	4,012	3,562	3,196	4,252	4,026	.....
34 Other ⁴	22,339	25,160	22,996	21,123	21,626	23,384	23,798	23,911	23,484	.....

¹ Not at annual rates.

² Not seasonally adjusted.

³ Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports (C-30-76-5)*, issued by the Bureau in July 1976.

⁴ Beginning Jan. 1977 Highway imputations are included in Other.

NOTE.—Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are for 14,000 jurisdictions reporting to the Census Bureau.

2.15 CONSUMER AND WHOLESALE PRICES

Percentage changes based on seasonally adjusted data, except as noted.

Item	12 months to--		3 months (at annual rate) to-				1 month to--					Index level Sept. 1977 (1967 = 100) ¹
	1976	1977	1976	1977			1977					
	Sept.	Sept.	Dec.	Mar.	June	Sept.	May	June	July	Aug.	Sept.	
Consumer prices												
1 All items.....	5.5	6.6	4.2	10.0	8.1	4.2	.6	.6	.4	.3	.3	184.0
2 Commodities.....	3.9	5.7	3.4	10.4	7.4	2.3	.5	.5	.1	.3	.2	176.6
3 Food.....	2.1	7.1	.....	14.6	12.7	1.7	.7	.8	.1	.3	.1	194.5
4 Commodities less food.....	5.0	4.9	5.7	7.4	4.2	2.7	.4	.2	.1	.3	.2	166.7
5 Durable.....	5.9	4.8	6.0	10.5	2.5	1.0	.2	.1	0.0	.1	.2	164.5
6 Nondurable.....	4.3	5.0	5.4	5.5	5.2	4.2	.5	.4	.3	.4	.3	168.4
7 Services.....	8.3	7.9	5.1	9.8	9.4	7.4	.7	.8	.8	.5	.5	197.7
8 Rent.....	5.6	6.2	5.3	6.3	6.3	7.0	.4	.5	.6	.5	.6	155.3
9 Services less rent.....	8.7	8.2	5.4	10.4	9.7	7.5	.7	.8	.8	.5	.5	205.4
Other groupings:												
10 All items less food ¹	6.6	6.4	5.3	6.9	7.8	5.7	.6	.6	.4	.4	.6	180.9
11 All items less shelter ¹	5.4	6.3	4.3	9.4	8.4	3.4	.5	.7	.3	.3	.2	181.2
12 Homeownership ¹	5.7	7.6	1.2	9.1	9.6	10.6	.6	.8	1.1	.6	.8	209.1
Wholesale prices												
13 All commodities.....	4.0	5.7	7.1	10.2	3.6	1.9	.4	.7	-.1	.1	.5	195.3
14 Farm products, and processed foods and feeds.....	3.9	.5	6.6	19.1	-2.5	17.0	.3	-3.6	-2.1	-2.1	-.4	183.9
15 Farm products.....	2.6	5.2	5.8	26.0	-21.6	-22.3	-2.3	-6.8	-1.8	-4.3	-.2	181.9
16 Processed foods and feeds.....	4.8	4.0	6.5	15.6	10.8	14.1	1.8	-1.7	-2.4	.8	-.6	184.2
17 Industrial commodities.....	6.8	7.0	7.6	7.9	5.3	7.6	.4	.3	.5	.5	.8	197.8
Materials, supplies, and components of which:												
18 Crude materials ²	9.2	12.2	21.6	21.9	-2.0	8.9	.8	-1.6	0.0	1.9	.3	283.7
19 Intermediate materials ³	7.2	6.8	7.1	8.0	4.7	7.8	.3	.2	.6	.5	.7	206.0
Finished goods, excluding foods:												
20 Consumer.....	5.4	6.4	5.2	8.5	6.5	5.2	.5	.4	.2	.3	.7	173.7
21 Durable.....	4.7	5.5	3.3	7.0	6.0	5.4	.4	.3	.3	1.0	.1	152.1
22 Nondurable.....	6.0	6.9	6.5	9.5	7.0	4.8	.5	.5	.2	0.0	1.0	188.2
23 Producer.....	6.1	6.7	9.5	5.3	6.3	5.6	.6	.4	.4	.4	.5	185.6
MEMO:												
24 Consumer foods.....	4.5	6.5	8.4	12.7	13.8	7.5	2.1	-1.3	-.7	-.9	-.3	189.7

¹ Not seasonally adjusted.² Excludes crude foodstuffs and feedstuffs, plant and animal fibers, oilseeds, and leaf tobacco.³ Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE.—Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

Account	1974	1975	1976	1976			1977		
				Q2	Q3	Q4	Q1	Q2	Q3 ²
Gross national product									
1 Total.....	1,412.9	1,528.8	1,706.5	1,691.9	1,727.3	1,755.4	1,810.8	1,869.9	1,911.3
By source:									
2 Personal consumption expenditures.....	889.6	980.4	1,094.0	1,078.5	1,102.2	1,139.0	1,172.4	1,194.0	1,216.7
3 Durable goods.....	122.0	132.9	158.9	156.7	159.3	166.3	177.0	178.6	177.7
4 Nondurable goods.....	376.3	409.3	442.7	437.1	444.7	458.8	466.6	474.4	477.2
5 Services.....	391.3	438.2	492.3	484.6	498.2	513.9	528.8	541.1	561.5
6 Gross private domestic investment.....	214.6	189.1	243.3	244.4	254.3	243.4	271.8	294.9	300.6
7 Fixed investment.....	205.7	200.6	230.0	226.1	232.8	244.3	258.0	273.2	280.8
8 Nonresidential.....	150.6	149.1	161.9	159.8	164.9	167.6	177.0	182.4	187.7
9 Structures.....	54.5	52.9	55.8	55.8	56.0	57.0	57.9	61.0	62.6
10 Producers' durable equipment.....	96.2	96.3	106.1	104.0	109.0	110.6	119.2	121.4	125.1
11 Residential structures.....	55.1	51.5	68.0	66.3	67.8	76.7	81.0	90.8	93.1
12 Nonfarm.....	52.7	49.5	65.7	64.1	65.7	74.3	78.5	88.2	90.6
13 Change in business inventories.....	8.9	11.5	13.3	18.3	21.5	-.9	13.8	21.7	19.8
14 Nonfarm.....	10.8	15.1	14.9	20.4	22.0	1.4	14.1	22.4	19.3
15 Net exports of goods and services.....	6.0	2.0	7.8	10.2	7.9	3.0	8.2	9.7	11.6
16 Exports.....	137.9	147.3	162.9	160.6	168.4	168.5	170.4	178.1	174.9
17 Imports.....	131.9	126.9	155.1	150.4	160.6	165.6	178.6	187.7	186.6
18 Govt. purchases of goods and services.....	302.7	338.9	361.4	358.9	363.0	370.0	374.9	390.6	405.6
19 Federal.....	111.1	123.3	130.1	128.5	130.2	134.2	136.3	143.6	151.5
20 State and local.....	191.5	215.6	231.2	230.4	232.7	235.8	238.5	247.0	254.1
By major type of product:									
21 Final sales, total.....	1,404.0	1,540.3	1,693.1	1,673.7	1,705.8	1,756.3	1,797.0	1,848.2	1,891.5
22 Goods.....	639.6	686.2	764.2	761.7	746.0	774.7	805.9	827.1	835.0
23 Durable goods.....	247.8	258.2	303.4	301.9	313.4	312.6	334.4	341.0	339.6
24 Nondurable.....	390.8	428.0	460.9	459.7	464.1	460.6	471.5	486.1	495.4
25 Services.....	626.8	699.2	782.0	770.8	791.8	813.8	833.7	855.3	884.7
26 Structures.....	147.4	143.5	160.2	159.4	159.6	166.9	171.2	187.5	191.5
27 Change in business inventories.....	8.9	11.5	13.3	18.3	21.5	-.9	13.8	21.7	19.8
28 Durable goods.....	7.1	-9.2	4.1	7.0	10.7	.6	7.8	11.5	8.7
29 Nondurable goods.....	1.8	-2.2	9.3	11.2	12.4	3.1	6.0	10.2	11.1
30 MEMO: Total GNP in 1972 dollars.....	1,217.8	1,202.1	1,274.7	1,271.5	1,283.7	1,287.4	1,311.0	1,330.7	1,343.2
National income									
31 Total.....	1,136.0	1,217.0	1,364.1	1,353.9	1,379.6	1,402.1	1,450.2	1,505.7	1,555.5
32 Compensation of employees.....	875.8	930.3	1,036.3	1,024.9	1,046.5	1,074.2	1,109.9	1,144.7	1,165.6
33 Wages and salaries.....	764.1	805.7	891.8	882.4	900.2	923.2	951.3	980.9	997.1
34 Government and Government enterprises.....	160.0	175.4	187.2	185.4	188.2	192.5	194.8	197.2	200.6
35 Other.....	604.1	630.3	704.6	697.0	712.0	730.7	756.4	783.6	796.5
36 Supplement to wages and salaries.....	111.7	124.6	144.5	142.5	146.3	150.9	158.6	163.8	168.5
37 Employer contributions for social insurance.....	56.1	59.8	68.6	68.0	69.1	70.9	75.4	77.1	78.2
38 Other labor income.....	55.6	64.9	75.9	74.5	77.3	80.0	83.2	86.7	90.3
39 Proprietors' income ¹	86.4	86.0	88.0	90.4	86.2	88.7	95.1	97.0	95.5
40 Business and professional ¹	60.9	62.8	69.4	68.8	70.0	72.0	74.3	77.3	80.0
41 Farm ¹	25.4	23.2	18.6	21.6	16.2	16.6	20.7	19.7	15.5
42 Rental income of persons ²	21.4	22.3	23.3	22.9	23.3	24.1	24.5	24.9	25.5
43 Corporate profits ¹	83.6	99.3	128.1	129.2	133.5	123.1	125.4	140.2	140.0
44 Profits before tax ³	126.9	123.5	156.9	159.2	159.9	154.8	161.7	174.0	174.0
45 Inventory valuation adjustment.....	-40.4	-12.0	-14.1	-15.5	-11.7	-16.9	-20.6	-17.8	-6.1
46 Capital consumption adjustment.....	-2.9	-12.2	-14.7	-14.6	-14.7	-14.8	-15.6	-15.9	-17.9
47 Net interest.....	69.0	79.1	88.4	86.5	90.1	92.0	95.3	98.9	102.9

¹ With inventory valuation and capital consumption adjustments.² With capital consumption adjustments.³ For after-tax profits, dividends, etc., see Table 1.50.

SOURCE.--Survey of Current Business (U.S. Dept. of Commerce).

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted.

Account	1974	1975	1976	1976			1977		
				Q2	Q3	Q4	Q1	Q2	Q3 ^a
Personal income and saving									
1 Total personal income.....	1,154.9	1,253.4	1,382.7	1,366.7	1,393.9	1,432.2	1,476.8	1,517.2	1,548.3
2 Wage and salary disbursements.....	764.6	805.7	891.8	882.4	960.2	933.2	951.3	980.9	997.1
3 Commodity-producing industries.....	274.6	275.0	308.4	306.7	310.8	317.7	328.9	345.4	350.4
4 Manufacturing.....	211.4	211.0	238.2	236.7	240.2	245.1	255.4	265.9	269.5
5 Distributive industries.....	184.3	195.4	217.1	213.7	220.2	226.4	234.5	240.5	243.7
6 Service industries.....	145.1	159.9	179.0	176.6	180.9	186.7	193.0	197.7	202.3
7 Government and government enterprises.....	160.5	175.4	187.2	185.4	188.2	192.5	194.8	197.2	200.6
8 Other labor income.....	55.6	64.9	75.9	74.5	77.3	80.0	83.2	86.7	90.3
9 Proprietors' income ¹	86.2	86.0	88.0	90.4	86.2	88.7	95.1	97.0	95.5
10 Business and professional ¹	60.9	62.8	69.4	68.8	70.0	72.0	74.3	77.3	80.0
11 Farm ¹	25.4	23.2	18.6	21.6	16.2	16.6	20.7	19.7	15.5
12 Rental income of persons ²	21.4	22.3	23.3	22.9	23.3	24.1	24.5	24.9	25.5
13 Dividends.....	31.0	32.4	35.8	35.0	36.0	38.4	38.5	40.3	42.3
14 Personal interest income.....	103.0	115.6	130.3	127.5	132.2	136.4	140.3	145.4	152.7
15 Transfer payments.....	140.8	176.8	192.8	188.7	194.3	198.0	203.5	203.0	208.6
16 Old-age survivors, disability, and health insurance benefits.....	70.1	81.4	92.9	89.3	95.8	98.4	99.9	101.8	104.3
17 LESS: Personal contributions for social insurance.....	47.7	50.4	55.2	54.8	55.6	56.6	59.6	60.8	61.7
18 EQUALS: Personal income.....	1,154.9	1,253.4	1,382.7	1,366.7	1,393.9	1,432.2	1,476.8	1,517.2	1,548.3
19 LESS: Personal tax and nontax payments.....	170.3	169.0	196.9	192.6	200.6	209.5	224.4	224.8	227.8
20 EQUALS: Disposable personal income.....	984.6	1,084.4	1,185.8	1,174.1	1,193.3	1,222.6	1,252.4	1,292.5	1,320.5
21 LESS: Personal outlays.....	913.0	1,004.2	1,119.9	1,103.8	1,128.5	1,166.3	1,201.0	1,223.9	1,248.0
22 EQUALS: Personal saving.....	71.7	80.2	65.9	70.3	64.8	56.3	51.4	68.5	72.5
MEMO ITEMS:									
Per capita (1972 dollars):									
23 Gross national product.....	5,746	5,629	5,924	5,916	5,961	5,966	6,064	6,143	6,187
24 Personal consumption expenditures.....	3,589	3,629	3,817	3,794	3,820	3,892	3,934	3,943	3,952
25 Disposable personal income.....	3,973	4,014	4,137	4,130	4,135	4,177	4,202	4,268	4,290
26 Saving rate (per cent).....	7.3	7.4	5.6	6.0	5.4	4.6	4.1	5.3	5.5
Gross saving									
27 Gross private saving.....	209.5	259.4	272.5	275.4	277.2	261.6	262.9	292.1	.....
28 Personal saving.....	71.7	80.2	65.9	70.3	64.8	56.3	51.4	68.5	72.5
29 Undistributed corporate profits ¹	2	16.7	27.6	28.0	31.6	20.8	22.5	30.3	.....
30 Corporate inventory valuation adjustment.....	-40.4	-12.0	-14.1	-15.5	-11.7	-16.9	-20.6	-17.8	-6.1
Capital consumption allowances:									
31 Corporate.....	84.6	101.7	111.8	110.4	112.9	115.2	117.6	119.4	123.7
32 Noncorporate.....	53.1	60.8	67.2	66.6	68.0	69.2	71.4	73.8	76.2
33 Wage accruals less disbursements.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
34 Government surplus, or deficit (-), national income and product accounts.....	-3.2	-64.3	-35.6	-33.3	-32.4	-29.4	-11.5	-14.9	.....
35 Federal.....	-10.7	-70.2	-54.0	-46.2	-53.5	-55.9	-38.8	-40.3	.....
36 State and local.....	7.6	5.9	18.4	12.9	21.1	26.5	27.3	25.4	.....
37 Capital grants received by the United States, net.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
38 Investment.....	210.1	201.0	242.5	246.5	252.8	237.5	254.7	276.1	279.5
39 Gross private domestic.....	214.6	189.1	243.3	244.4	254.1	243.3	271.8	294.9	300.6
40 Net foreign.....	4.5	11.8	-.9	2.2	-1.5	-5.9	-17.1	-18.8	-21.1
41 Statistical discrepancy.....	5.8	5.9	5.5	4.5	8.0	5.3	3.3	-1.2	.....

¹ With inventory valuation and capital consumption adjustments.² With capital consumption adjustment.

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.¹

Item credits or debits	1974	1975	1976	1976				1977	
				Q1	Q2	Q3	Q4	Q1	Q2
1 Merchandise exports	98,306	107,088	114,694	27,000	28,380	29,603	29,711	29,458	30,488
2 Merchandise imports	103,673	98,043	124,014	28,343	29,955	32,411	33,305	36,561	38,347
3 Merchandise trade balance ²	-5,367	9,045	-9,320	-1,343	-1,575	-2,808	-3,594	-7,103	-7,859
4 Military transactions, net	-2,083	876	366	65	-39	235	235	516	464
5 Investment income, net	8,744	5,954	9,808	2,437	2,280	2,667	2,424	3,252	3,401
6 Other service transactions, net	865	2,042	2,743	523	839	781	598	340	629
7 Balance on goods and services ³	2,160	16,164	3,596	1,552	1,505	875	-337	-2,995	-3,365
8 Remittances, pensions, and other transfers	-1,714	-1,719	-1,878	-485	-459	-461	-473	-526	-508
9 U.S. Govt. grants (excluding military)	-5,475	-2,893	-3,146	-544	-556	-1,475	-572	-637	-735
10 Balance on current account	-5,028	11,552	-1,427	523	490	-1,061	1,382	-4,158	-4,605
11 Not seasonally adjusted				1,458	621	-3,809	303	-3,409	-4,812
12 Change in U.S. Govt. assets, other than official reserve assets, net (increase, -)	365	-3,463	-4,213	-723	-944	-1,405	-1,142	-909	-827
13 Change in U.S. official reserve assets (increase, -)	-1,434	-607	2,530	-773	-1,578	-407	-228	-388	6
14 Gold								58	
15 SDR's	172	-66	78	-45	14	-18	-29		-83
16 Reserve position in IMF	-1,265	-466	-2,212	-237	-798	-716	-461	-389	-80
17 Foreign currencies	3	75	-240	491	-794	327	718	59	169
18 Change in U.S. private assets abroad (increase, -)	-25,960	-27,478	-36,216	-9,254	-7,257	-6,597	-13,108	1,627	-10,952
19 Bank-reported claims	-19,516	-13,532	-20,904	-3,630	-4,754	-3,372	-9,148	3,446	-5,426
20 Long-term	-1,183	-2,357	-2,124	-289	-377	-978	-480	-306	-28
21 Short-term	-18,333	-11,175	-18,780	-3,341	-4,377	-2,394	-8,668	3,752	-5,398
22 Nonbank-reported claims	-3,221	-1,447	-1,986	-738	-1,004	723	-967	-722	-1,179
23 Long-term	474	-432	10	-191	145	66	-10	45	85
24 Short-term	-2,747	-1,015	-1,996	-547	-1,149	657	-957	-767	-1,264
25 U.S. purchase of foreign securities, net	-1,854	-6,236	-8,730	-2,460	-1,357	2,743	-2,171	692	-1,746
26 U.S. direct investments abroad, net	-1,368	-6,264	-4,596	-2,427	-1,452	-1,205	-822	-404	-2,602
27 Change in foreign official assets in the United States (increase, +)	10,981	6,960	17,945	3,847	4,051	3,070	6,977	5,719	6,935
28 U.S. Treasury securities	3,282	4,408	9,333	1,998	2,166	1,260	3,909	5,149	4,757
29 Other U.S. Govt. obligations	902	905	566	68	316	66	116	100	588
30 Other U.S. Govt. liabilities ⁴	724	1,701	4,938	1,524	743	1,819	852	712	307
31 Other U.S. liabilities reported by U.S. banks	5,818	-2,158	893	-412	135	-599	1,769	-420	410
32 Other foreign official assets ⁵	254	2,104	2,215	669	691	524	331	178	873
33 Change in foreign private assets in the United States (increase, +)	22,631	7,376	16,575	3,009	3,333	5,132	5,102	-3,209	6,056
34 U.S. bank-reported liabilities	16,017	628	10,982	672	3,528	1,774	5,008	-5,298	6,321
35 Long-term	9	-280	175	-105	-16	75	221	47	98
36 Short-term	16,008	908	10,807	777	3,544	1,699	4,787	-5,345	6,223
37 U.S. nonbank-reported liabilities	1,844	240	-616	161	-238	-297	-242	-374	-208
38 Long-term	-90	334	-947	-233	-162	-241	-311	-229	-102
39 Short-term	1,934	-94	331	394	-76	-56	69	-145	-196
40 Foreign private purchases of U.S. Treasury securities, net	697	2,590	2,783	437	-592	3,026	-88	1,047	-1,273
41 Foreign purchases of other U.S. securities, net	378	2,503	1,250	1,030	131	68	21	879	820
42 Foreign direct investments in the United States, net	3,695	1,414	2,176	709	504	561	403	537	486
43 Allocation of SDR's									
44 Discrepancy	-1,555	5,660	9,866	3,372	1,905	1,268	3,325	1,317	3,388
45 Owing to seasonal adjustments				717	129	-2,622	1,780	524	-205
46 Statistical discrepancy in recorded data before seasonal adjustment	-1,555	5,660	9,866	2,655	1,776	3,890	1,545	793	3,593
MEMO ITEMS:									
47 Changes in official assets:									
47 U.S. official reserve assets (increase, -)	-1,434	-607	-2,530	-773	-1,578	-407	228	-388	6
48 Foreign official assets in the U.S. (increase, +)	10,257	5,259	13,007	2,323	3,308	1,251	6,125	5,007	6,628
49 Changes in OPEC official assets in the U.S. (part of line 27 above)	10,841	7,092	9,324	3,482	3,263	1,774	805	3,249	824
50 Transfers under military grant programs (excluded from lines 1, 4, and 9 above)	1,817	2,217	386	50	86	156	94	46	28

¹ Seasonal factors are no longer calculated for lines 13 through 50.² Data are on an international accounts (IA) basis. Differs from the Census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of Line 4.³ Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition

excludes certain military sales to Israel from exports and excludes U.S. Govt. interest payments from imports.

⁴ Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.⁵ Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.NOTE.—Data are from Bureau of Economic Analysis, *Survey of Current Business* (U.S. Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1974	1975	1976	1977						
				Mar.	Apr.	May	June	July	Aug.	Sept.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments.....	97,908	107,130	114,802	10,072	9,970	10,395	10,112	10,150	9,563	10,916
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses.....	100,252	96,115	120,678	12,459	12,593	11,616	12,932	12,476	12,232	12,631
3 Trade balance.....	-2,344	+11,014	-5,876	-2,387	-2,623	-1,221	-2,820	2,326	-2,669	1,715

Note.—Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Before 1974 imports were reported on a customs import value basis. For calendar year 1974 the f.a.s. import value was \$100.3 billion, about 0.7 per cent less than the corresponding customs import value. The international-accounts-basis data shown in Table 3.10 adjust the Census basis data for reasons of coverage and timing. On the export side, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military

exports (which are combined with other military transactions and are reported separately in the "service account"). On the import side, the largest single adjustment is the addition of imports into the Virgin Islands (largely oil for a refinery on St. Croix), which are not included in Census statistics.

SOURCE: FT 900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Dept. of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1974	1975	1976	1977						
				Apr.	May	June	July	Aug.	Sept. ^a	Oct. ^b
1 Total.....	15,883	16,226	18,747	18,868	19,195	19,156	18,927	19,055	³ 18,988	³ 19,048
2 Gold stock, including Exchange Stabilization Fund ¹	11,652	11,599	11,598	11,658	11,658	11,658	11,658	11,658	11,658	11,658
3 Special Drawing Rights ²	2,374	2,335	2,395	2,384	2,470	2,486	2,498	2,483	³ 2,489	³ 2,530
4 Reserve position in International Monetary Fund.....	1,852	2,212	4,434	4,720	4,972	4,920	4,716	4,859	³ 4,776	³ 4,842
5 Convertible foreign currencies.....	5	80	320	106	95	92	55	55	65	18

¹ Gold held under earmark at F.R. Banks for foreign and international accounts is not included in the gold stock of the United States; see Table 3.24.

² Includes allocations by the International Monetary Fund of SDR's as follows: \$867 million on Jan. 1, 1970; \$717 million on Jan. 1, 1971; and \$710 million on Jan. 1, 1972; plus net transactions in SDR's.

³ Beginning July 1974, the IMF adopted a technique for valuing the

SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974. At valuation used prior to July 1974 (SDR1 = \$1.20635) total U.S. reserve assets at end of Oct. amounted to \$19,091; SDR holdings, \$2,586, and reserve position in IMF, \$4,829.

3.13 SELECTED U.S. LIABILITIES TO FOREIGNERS

Millions of dollars, end of period

Holder, and type of liability	1974	1975	1976	1977						
				Mar.	Apr.	May	June	July	Aug. ^b	Sept. ^b
1 Total	119,164	126,552	151,356	151,871	157,020	161,224	163,096	168,370	165,917	174,190
2 Foreign countries	115,842	120,929	142,873	143,770	149,306	152,532	154,913	161,950	158,761	166,766
3 Official institutions ¹	76,823	80,712	91,975	96,788	99,748	101,546	103,099	107,045	107,479	110,518
4 Short-term, reported by banks in the United States ²	53,079	49,530	53,619	56,046	57,486	58,260	57,413	60,059	56,773	56,713
5 U.S. Treasury bonds and notes: Marketable ³	5,059	6,671	11,788	13,772	14,694	15,846	17,808	18,856	22,547	25,057
6 Nonmarketable ⁴	16,339	19,976	20,648	21,106	20,976	20,950	20,917	20,837	20,655	21,128
7 Other readily marketable liabilities ⁵	2,346	4,535	5,920	5,864	6,592	6,490	6,961	7,293	7,504	7,620
Commercial banks abroad:										
8 Short-term, reported by banks in the United States ^{2,6}	30,106	29,516	37,329	32,816	35,356	36,239	36,677	39,946	35,922	40,474
9 Other foreigners	8,913	10,701	13,569	14,166	14,202	14,747	15,137	14,959	15,360	15,774
10 Short-term, reported by banks in the United States ²	8,415	10,000	12,592	13,008	12,873	13,393	13,615	13,377	13,684	14,027
11 Marketable U.S. Treasury bonds and notes ^{3,7}	498	701	977	1,158	1,329	1,354	1,522	1,582	1,676	1,747
12 Nonmonetary international and regional organization ⁸	3,322	5,623	8,483	8,101	7,714	8,692	8,183	6,420	7,156	7,424
13 Short-term, reported by banks in the United States ²	3,171	5,292	5,450	4,282	5,287	6,557	5,727	3,834	4,216	3,565
14 Marketable U.S. Treasury bonds and notes ³	151	331	3,033	3,819	2,427	2,135	2,456	2,586	2,940	3,859

¹ Includes Bank for International Settlements.² Includes Treasury bills as shown in Table 3.15.³ Derived by applying reported transactions to benchmark data.⁴ Excludes notes issued to foreign official nonreserve agencies.⁵ Includes long-term liabilities reported by banks in the United States and debt securities of U.S. Federally sponsored agencies and U.S. corporations.⁶ Includes short-term liabilities payable in foreign currencies to commercial banks abroad and to other foreigners.⁷ Includes marketable U.S. Treasury bonds and notes held by commercial banks abroad and other foreigners.⁸ Principally the International Bank for Reconstruction and Development and the Inter-American and Asian Development Banks.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks (including Federal Reserve banks) and brokers in the United States. Data exclude the holdings of dollars of the International Monetary Fund derived from payments of the U.S. subscription, and from the exchange transactions and other operations of the IMF. Data also exclude U.S. Treasury letters of credit and nonnegotiable, non-interest-bearing special U.S. notes held by nonmonetary international and regional organizations.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Area	1974	1975	1976	1977						
				Mar.	Apr.	May	June	July	Aug. ^b	Sept. ^b
1 Total	76,823	80,712	91,975	96,788	99,748	101,546	103,099	107,045	107,479	110,518
2 Western Europe ¹	44,328	45,701	45,882	47,929	48,733	50,048	52,789	55,113	57,170	60,105
3 Canada	3,662	3,132	3,406	2,684	2,752	2,798	2,699	2,653	2,557	2,507
4 Latin American republics	4,419	4,450	4,906	4,834	4,396	4,672	4,240	4,338	4,248	4,454
5 Asia	18,627	22,551	34,108	37,730	39,946	40,331	39,835	41,163	40,355	40,270
6 Africa	3,160	2,983	1,893	1,628	1,883	1,821	1,938	2,460	2,265	2,144
7 Other countries ²	2,627	1,895	1,780	1,983	2,038	1,876	1,600	1,318	884	1,038

¹ Includes Bank for International Settlements.² Includes countries in Oceania and Eastern Europe, and Western European dependencies in Latin America.

NOTE.—Data represent breakdown by area of line 3, Table 3.13.

3.15 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States
By Holder and by Type of Liability
Millions of dollars, end of period

Holder, and type of liability	1974	1975	1976	1977						
				Mar.	Apr.	May	June	July	Aug. ⁶	Sept. ⁶
1 All foreigners, excluding the International Monetary Fund	94,771	94,338	108,990	106,152	111,002	114,449	113,432	117,216	110,595	114,779
2 Payable in dollars	94,004	93,781	108,266	105,291	110,194	113,796	112,758	116,256	109,705	114,035
Deposits:										
3 Demand	14,051	13,564	16,803	15,101	15,382	16,732	16,272	17,496	15,950	16,884
4 Time ¹	9,907	10,250	11,316	11,244	11,282	11,612	12,082	11,833	11,745	11,614
5 U.S. Treasury bills and certificates ²	35,662	37,414	40,744	43,498	44,661	45,463	44,110	44,413	42,240	43,181
6 Other short-term liabilities ³	34,384	32,552	39,403	35,448	38,869	39,990	40,294	42,515	39,770	42,356
7 Payable in foreign currencies	766	558	724	861	809	653	675	969	890	744
8 Nonmonetary international and regional organizations ⁴	3,171	5,293	5,450	4,283	5,287	6,557	5,728	3,834	4,216	3,565
9 Payable in dollars	3,171	5,284	5,445	4,279	5,284	6,551	5,715	3,819	4,178	3,533
Deposits:										
10 Demand	139	139	290	203	119	172	228	122	142	214
11 Time ¹	111	148	205	241	207	167	156	154	147	144
12 U.S. Treasury bills and certificates ²	497	2,554	2,701	2,743	2,849	2,977	2,521	2,191	1,990	1,875
13 Other short-term liabilities ³	2,424	2,443	2,250	1,093	2,109	3,234	2,811	1,352	1,900	1,300
14 Payable in foreign currencies	8	8	5	3	3	6	13	15	38	32
15 Official institutions, banks, and other foreigners	91,600	89,046	103,540	101,870	105,715	107,892	107,705	113,382	106,379	111,214
16 Payable in dollars	90,834	88,496	102,821	101,012	104,910	107,246	107,043	112,437	105,527	110,502
Deposits:										
17 Demand	13,912	13,426	16,513	14,898	15,262	16,559	16,044	17,374	15,808	16,670
18 Time ¹	9,796	10,102	11,112	11,003	11,076	11,445	11,926	11,679	11,599	11,471
19 U.S. Treasury bills and certificates ²	35,165	34,860	38,042	40,755	41,812	42,485	41,589	42,221	40,250	41,306
20 Other short-term liabilities ³	31,961	30,109	37,153	34,355	36,760	36,756	37,483	41,163	37,870	41,056
21 Payable in foreign currencies	766	549	719	858	805	647	662	945	852	712
22 Official institutions ⁶	53,079	49,530	53,619	56,046	57,486	58,260	57,413	60,059	56,773	56,713
23 Payable in dollars	52,952	49,530	53,619	56,046	57,486	58,260	57,413	60,059	56,773	56,713
Deposits:										
24 Demand	2,951	2,644	3,394	2,638	2,747	2,676	2,705	3,642	3,122	3,131
25 Time ¹	4,167	3,423	2,321	2,266	2,335	2,441	2,506	2,401	2,241	1,975
26 U.S. Treasury bills and certificates ²	34,656	34,199	37,725	40,399	41,508	42,197	41,322	41,926	39,810	40,780
27 Other short-term liabilities ³	11,178	9,264	10,179	10,744	10,896	10,947	10,880	12,090	11,600	10,827
28 Payable in foreign currencies	127									
29 Banks and other foreigners	38,520	39,515	49,921	45,824	48,230	49,362	50,292	53,323	49,606	54,501
30 Payable in dollars	37,881	38,966	49,202	44,966	47,424	48,985	49,630	52,378	48,754	53,789
31 Banks ⁷	29,467	28,966	36,610	31,958	34,551	35,592	36,015	39,001	35,070	39,763
Deposits:										
32 Demand	8,231	7,534	9,104	8,392	8,712	9,772	9,551	10,136	8,936	9,688
33 Time ¹	1,885	1,856	2,267	1,742	1,675	1,808	2,128	1,826	1,868	1,879
34 U.S. Treasury bills and certificates ²	232	335	119	108	104	108	100	144	112	121
35 Other short-term liabilities ³	19,119	19,241	25,120	21,716	24,060	23,904	24,236	26,895	24,154	28,074
36 Other foreigners	8,414	10,000	12,592	13,008	12,873	13,393	13,614	13,376	13,684	14,027
Deposits:										
37 Demand	2,729	3,248	4,015	3,868	3,803	4,111	3,788	3,595	3,751	3,850
38 Time ¹	3,744	4,823	6,524	6,996	7,065	7,196	7,292	7,453	7,490	7,617
39 U.S. Treasury bills and certificates ²	277	325	198	248	201	180	167	151	328	404
40 Other short-term liabilities ³	1,664	1,604	1,854	1,896	1,804	1,906	2,367	2,177	2,116	2,155
41 Payable in foreign currencies	639	549	719	858	805	647	662	945	852	712

¹ Excludes negotiable time certificates of deposit, which are included in "Other short-term liabilities."

² Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

³ Includes liabilities of U.S. banks to their foreign branches, liabilities of U.S. agencies and branches of foreign banks to their head offices and foreign branches of their head offices, bankers acceptances, commercial paper, and negotiable time certificates of deposit.

⁴ Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.

⁵ Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

⁶ Foreign central banks and foreign central governments and their agencies, and Bank for International Settlements.

⁷ Excludes central banks, which are included in "Official institutions."

NOTE: "Short-term obligations" are those payable on demand, or having an original maturity of 1 year or less.

3.16 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

By Country

Millions of dollars, end of period

Area and country	1974	1975	1976	1977						
				Mar.	Apr.	May	June	July	Aug. ^a	Sept. ^a
1 Total	94,771	94,338	108,990	106,152	111,002	114,449	113,432	117,216	110,595	114,779
2 Foreign countries	91,600	89,046	103,540	101,870	105,715	107,892	107,705	113,382	106,379	111,214
3 Europe	48,813	43,988	46,938	44,363	45,049	48,232	49,627	50,604	48,936	51,398
4 Austria	607	754	348	499	506	409	465	455	498	448
5 Belgium-Luxembourg	2,506	2,898	2,275	2,566	2,609	2,641	2,704	2,822	2,691	2,667
6 Denmark	369	332	363	569	809	974	1,178	1,154	1,032	1,172
7 Finland	266	391	422	312	306	242	258	209	210	246
8 France	4,287	7,733	4,875	4,817	4,748	4,920	5,089	4,745	4,894	4,795
9 Germany	9,429	4,357	5,965	4,677	4,490	4,825	4,271	4,937	4,413	4,290
10 Greece	248	284	403	302	350	409	556	573	709	753
11 Italy	2,577	1,072	3,206	2,361	2,625	3,509	4,636	5,422	5,538	5,646
12 Netherlands	3,234	3,411	3,007	3,181	2,924	3,111	3,545	3,397	3,328	3,214
13 Norway	1,040	996	785	746	906	999	1,195	1,203	1,140	1,192
14 Portugal	310	195	239	209	184	238	163	222	169	173
15 Spain	382	426	561	555	501	586	667	642	543	722
16 Sweden	1,138	2,286	1,693	1,717	2,047	2,431	2,390	1,963	1,782	2,483
17 Switzerland	10,139	8,514	9,458	8,927	8,798	8,436	9,323	9,162	9,386	9,928
18 Turkey	152	118	166	88	81	68	127	101	203	95
19 United Kingdom	7,584	6,886	10,004	10,368	10,704	11,959	10,701	11,250	10,193	11,354
20 Yugoslavia	183	126	188	96	111	102	115	125	142	191
21 Other Western Europe ¹	4,073	2,970	2,672	2,144	2,132	2,136	2,009	1,973	1,845	1,801
22 U.S.S.R.	82	40	51	50	41	66	73	88	70	53
23 Other Eastern Europe	206	200	255	178	176	172	162	160	151	174
24 Canada	3,520	3,076	4,784	4,324	4,823	4,869	4,253	4,456	4,631	4,437
25 Latin America	11,754	14,942	19,026	19,052	20,437	19,944	20,771	23,038	21,545	24,559
26 Argentina	886	1,147	1,538	1,890	1,845	1,971	1,699	1,754	2,022	2,181
27 Bahamas	1,054	1,827	2,740	2,184	4,001	2,744	3,777	5,518	4,415	6,074
28 Brazil	1,034	1,227	1,432	1,108	1,225	1,175	1,357	1,398	1,233	1,096
29 Chile	276	317	335	403	329	432	393	373	353	342
30 Colombia	305	417	1,017	1,201	1,253	1,172	1,196	1,220	1,164	1,152
31 Cuba	7	6	6	6	6	8	7	6	6	6
32 Mexico	1,770	2,066	2,848	2,747	2,699	2,764	2,832	2,869	2,790	2,797
33 Panama	510	1,099	1,140	1,001	1,008	984	941	1,015	954	947
34 Peru	272	244	257	246	255	219	224	241	273	288
35 Uruguay	165	172	245	241	263	251	234	242	230	244
36 Venezuela	3,413	3,289	3,095	2,927	2,440	2,992	2,463	2,532	2,887	3,037
37 Other Latin American republics	1,316	1,494	2,081	2,429	2,284	2,270	2,376	2,238	2,154	2,126
38 Netherlands Antilles ²	158	129	140	162	173	215	207	158	180	169
39 Other Latin America	589	1,507	2,142	2,508	2,656	2,745	3,066	3,476	2,886	3,900
40 Asia	21,130	21,539	28,472	29,614	30,459	29,933	28,456	30,296	26,911	26,452
41 China, People's Republic of (Mainland)	50	123	47	52	52	53	44	49	47	44
42 China, Republic of (Taiwan)	818	1,025	989	1,067	1,138	1,210	1,196	1,259	925	921
43 Hong Kong	530	623	892	1,018	993	950	931	1,028	1,047	1,151
44 India	261	126	648	537	648	721	814	746	743	850
45 Indonesia	1,221	369	340	480	887	531	282	782	589	503
46 Israel	389	386	391	509	436	503	547	484	467	416
47 Japan	10,931	10,218	14,380	13,271	13,071	12,481	12,387	12,837	11,690	11,440
48 Korea	384	390	437	386	430	472	534	633	527	600
49 Philippines	747	698	627	652	624	634	614	653	561	559
50 Thailand	333	252	275	312	308	275	257	281	293	264
51 Middle East oil-exporting countries ³	4,623	6,461	8,073	9,988	10,399	10,447	9,283	9,976	8,828	8,442
52 Other ⁴	845	867	1,372	1,346	1,473	1,655	1,568	1,568	1,195	1,262
53 Africa	3,551	3,373	2,300	2,285	2,587	2,753	2,671	3,284	3,177	3,023
54 Egypt	103	343	333	251	245	360	314	401	603	484
55 Morocco	38	68	88	94	91	93	81	73	61	68
56 South Africa	130	169	143	136	176	184	237	264	192	208
57 Zaire	84	63	35	39	28	30	30	40	38	36
58 Oil-exporting countries ⁵	2,814	2,239	1,116	964	1,151	1,205	1,145	1,541	1,430	1,564
59 Other ⁶	383	491	585	802	896	881	866	966	853	664
60 Other countries	2,831	2,128	2,019	2,231	2,361	2,162	1,926	1,704	1,179	1,345
61 Australia	2,742	2,014	1,911	2,101	2,223	2,026	1,800	1,553	1,007	1,198
62 All other	89	114	108	130	138	135	126	151	172	146
63 Nonmonetary international and regional organizations	3,171	5,293	5,450	4,283	5,287	6,557	5,728	3,834	4,216	3,565
64 International	2,900	5,064	5,091	3,960	4,995	6,230	5,365	3,484	3,816	3,182
65 Latin American regional	202	187	136	136	110	118	144	165	187	171
66 Other regional ⁶	69	42	223	187	182	209	218	186	213	212

For notes see bottom of p. A59.

3.17 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

Supplemental "Other" Countries¹

Millions of dollars, end of period

Area and country	1975		1976		1977	Area and country	1975		1976		1977
	Apr.	Dec.	Apr.	Dec.			Apr.	Apr.	Dec.	Apr.		Dec.	Apr.
Other Western Europe						Other Asia					
1 Cyprus	17	6	38	68	58	25 Afghanistan	19	41	57	55	90
2 Iceland	20	33	43	40	32	26 Bangladesh	50	54	44	54	54
3 Ireland, Republic of	29	75	43	236	131	27 Burma	49	31	34	13	13
Other Eastern Europe						28 Cambodia	4	4	3	4	4
4 Bulgaria	13	19	14	34	11	29 Jordan	30	39	23	37	23
5 Czechoslovakia	11	32	11	19	31	30 Laos	5	2	2	1	1
6 German Democratic Republic	18	17	3	11	31	31 Lebanon	180	117	132	140	133
7 Hungary	11	13	11	18	16	32 Malaysia	92	77	130	394	511
8 Poland	42	66	74	75	64	33 Nepal	22	28	34	32	35
9 Rumania	14	44	29	19	23	34 Pakistan	118	74	92	188	135
Other Latin American republics						35 Singapore	215	256	344	280	300
10 Bolivia	93	110	117	121	135	36 Sri Lanka (Ceylon)	13	13	10	22	27
11 Costa Rica	120	124	134	134	170	37 Vietnam	70	62	66	50	50
12 Dominican Republic	214	169	170	274	280	Other Africa					
13 Ecuador	157	120	150	319	311	38 Ethiopia (incl. Eritrea)	76	60	72	41	48
14 El Salvador	144	171	212	176	214	39 Ghana	13	23	45	27	37
15 Guatemala	255	260	368	340	392	40 Ivory Coast	11	18	17	10	26
16 Haiti	34	38	48	46	68	41 Kenya	32	19	39	46	185
17 Honduras	92	99	137	134	210	42 Liberia	33	53	63	76	95
18 Jamaica	62	41	59	34	43	43 Southern Rhodesia	3	1	1	1	1
19 Nicaragua	126	133	158	113	133	44 Sudan	14	12	17	22	30
20 Paraguay	38	43	50	47	60	45 Tanzania	21	30	20	48	57
21 Surinam ²			13	29	17	46 Tunisia	23	29	34	19	15
22 Trinidad and Tobago	31	131	44	167	85	47 Uganda	38	22	50	43	43
Other Latin America:						48 Zambia	18	78	14	35	55
23 Bermuda	100	170	197	177	199	All Other					
24 British West Indies	627	1,311	2,284	1,874	2,377	49 New Zealand	36	42	48	43	75

¹ Represents a partial breakdown of the amounts shown in the "Other" categories on Table 3.16.

² Surinam included with Netherlands Antilles until January 1976.

3.18 LONG-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

Millions of dollars, end of period

Holder, and area or country	1974	1975	1976	1977							
				Mar.	Apr.	May	June	July	Aug. ²	Sept. ³	
1 Total	1,285	1,812	2,427	2,300	2,505	2,214	2,376	2,322	2,321	2,503	
2 Nonmonetary international and regional organizations	822	415	264	267	250	261	279	269	313	317	
3 Foreign countries	464	1,397	2,163	2,033	2,256	1,953	2,097	2,053	2,008	2,186	
4 Official institutions, including central banks	124	931	1,337	1,163	1,358	1,069	1,135	1,081	991	1,090	
5 Banks, excluding central banks	261	366	621	648	631	615	650	644	680	708	
6 Other foreigners	79	100	204	222	267	270	312	329	337	389	
Area or country:											
7 Europe	226	330	570	571	583	579	628	634	664	706	
8 Germany	146	214	346	354	304	297	312	307	308	307	
9 United Kingdom	59	66	124	103	131	133	147	162	169	197	
10 Canada	19	23	29	37	35	34	35	33	27	27	
11 Latin America	115	140	230	263	264	254	280	287	304	321	
12 Middle East oil-exporting countries ¹	94	894	1,236	1,091	1,304	1,015	1,130	1,075	972	1,056	
13 Other Asia ²	7	8	96	67	68	69	18	18	34	52	
14 African oil-exporting countries ³	*	*	*	*	*	*	*	*	*	*	
15 Other Africa ⁴	1	1	*	2	2	2	6	6	6	23	
16 All other countries	*	*	1	1	1	1	1	1	1	1	

¹ Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

² Includes Middle East oil-exporting countries until December 1974.

³ Comprises Algeria, Gabon, Libya, and Nigeria.

⁴ Includes African oil-exporting countries until December 1974.

NOTE.—Long-term obligations are those having an original maturity of more than 1 year.

NOTES TO TABLE 3.16:

¹ Includes Bank for International Settlements.

² Surinam included with Netherlands Antilles until January 1976.

³ Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

⁴ Includes oil-exporting countries until December 1974.

⁵ Comprises Algeria, Gabon, Libya, and Nigeria.

⁶ 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						
				Mar.	Apr.	May	June	July	Aug. ^a	Sept. ^b
1 Total.....	39,056	50,231	68,908	65,156	65,874	68,160	70,563	69,546	68,641	68,474
2 Foreign countries.....	39,055	50,229	68,903	65,150	65,869	68,156	70,550	69,537	68,630	68,463
3 Europe.....	6,255	8,987	12,122	10,896	12,033	12,913	13,769	12,748	12,342	13,127
4 Austria.....	21	15	44	58	63	43	53	63	53	117
5 Belgium-Luxembourg.....	384	352	662	570	470	589	759	505	477	558
6 Denmark.....	46	49	85	67	84	84	85	86	100	141
7 Finland.....	122	128	139	141	126	130	113	101	103	95
8 France.....	673	1,471	1,445	1,337	1,511	1,546	1,455	1,503	1,471	1,356
9 Germany.....	589	416	517	535	550	503	575	647	671	614
10 Greece.....	64	49	79	54	70	65	51	66	68	138
11 Italy.....	345	370	929	870	946	979	875	972	1,012	1,019
12 Netherlands.....	348	300	304	252	385	362	480	471	371	447
13 Norway.....	119	71	98	133	142	148	124	121	135	109
14 Portugal.....	20	16	65	98	90	100	97	110	138	148
15 Spain.....	196	249	373	291	363	302	284	323	344	346
16 Sweden.....	180	167	180	77	116	79	101	153	151	139
17 Switzerland.....	335	237	485	496	496	473	484	488	533	700
18 Turkey.....	15	86	176	274	291	322	333	333	329	337
19 United Kingdom.....	2,580	4,718	6,179	5,230	5,939	6,803	7,485	6,458	6,054	6,550
20 Yugoslavia.....	22	38	41	37	31	55	58	49	35	34
21 Other Western Europe.....	22	27	52	56	51	40	51	42	47	43
22 U.S.S.R.....	46	103	99	104	108	82	90	88	81	89
23 Other Eastern Europe.....	131	127	171	218	203	209	216	169	169	146
24 Canada.....	2,776	2,817	3,049	3,737	3,701	3,554	3,607	3,728	3,978	3,334
25 Latin America.....	12,377	20,532	34,039	32,017	31,789	32,560	33,413	33,367	32,810	32,801
26 Argentina.....	720	1,203	964	914	873	886	904	839	856	947
27 Bahamas.....	3,405	7,570	15,336	15,431	14,157	15,127	16,058	15,061	13,624	13,337
28 Brazil.....	1,418	2,221	3,322	2,948	3,186	3,061	3,030	3,026	3,059	3,002
29 Chile.....	290	360	387	357	420	362	349	373	382	432
30 Colombia.....	713	689	586	544	565	505	495	514	542	528
31 Cuba.....	14	13	13	13	13	13	13	13	13	14
32 Mexico.....	1,972	2,802	3,432	3,295	3,302	3,249	3,204	3,469	3,480	3,478
33 Panama.....	505	1,052	1,026	849	753	840	905	1,278	1,463	1,031
34 Peru.....	518	583	704	733	756	741	797	796	784	785
35 Uruguay.....	63	51	38	39	35	36	32	38	39	41
36 Venezuela.....	704	1,086	1,564	1,241	1,197	1,359	1,348	1,421	1,435	1,658
37 Other Latin American republics.....	852	967	1,125	1,132	1,079	1,176	1,144	1,181	1,233	1,223
38 Netherlands Antilles ¹	62	49	40	41	54	36	69	64	57	75
39 Other Latin America.....	1,142	1,885	5,503	4,482	5,401	5,170	5,066	5,295	5,844	6,252
40 Asia.....	16,226	16,057	17,672	16,118	15,760	16,606	16,979	17,025	16,837	16,553
41 China, People's Republic of (Mainland).....	4	22	3	5	3	15	30	13	9	58
42 China, Republic of (Taiwan).....	500	736	991	1,124	1,099	1,221	1,259	1,275	1,236	1,273
43 Hong Kong.....	223	258	271	317	337	298	337	359	272	353
44 India.....	14	21	41	32	24	34	39	25	65	64
45 Indonesia.....	157	102	76	53	41	39	72	65	56	67
46 Israel.....	255	491	551	328	287	280	334	311	323	304
47 Japan.....	12,518	10,776	10,997	9,486	9,397	9,591	9,935	9,698	9,623	9,342
48 Korea.....	955	1,561	1,714	1,736	1,807	1,912	1,861	1,981	2,069	2,006
49 Philippines.....	372	384	559	463	490	498	418	372	478	467
50 Thailand.....	458	499	422	491	468	519	558	584	580	617
51 Middle East oil-exporting countries ²	330	524	1,312	1,389	1,170	1,469	1,275	1,476	1,368	1,239
52 Other ³	441	684	735	693	638	730	860	867	758	762
53 Africa.....	855	1,228	1,481	1,603	1,572	1,559	1,773	1,658	1,720	1,651
54 Egypt.....	111	101	127	149	146	152	141	158	149	134
55 Morocco.....	18	9	13	26	35	34	36	46	43	48
56 South Africa.....	329	545	763	792	783	778	810	821	799	801
57 Zaire.....	98	34	29	10	8	7	9	8	6	15
58 Oil-exporting countries ⁴	115	231	253	343	291	243	422	290	357	305
59 Other ³	185	308	296	283	309	344	355	333	365	347
60 Other countries.....	565	609	540	779	1,013	963	1,009	1,010	943	997
61 Australia.....	466	535	441	663	894	846	878	861	795	862
62 All other.....	99	73	99	116	119	117	132	150	148	135
63 Nonmonetary international and regional organizations.....	*	1	5	6	5	4	13	10	11	10

¹ Includes Surinam until January 1976.² Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).³ Includes oil-exporting countries until December 1974.⁴ 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						
				Mar.	Apr.	May	June	July	Aug. ^p	Sept. ^p
1 Total	39,056	50,231	68,908	65,156	65,874	68,160	70,563	69,546	68,641	68,474
2 Payable in dollars	37,859	48,888	67,263	63,259	64,188	66,396	68,784	67,880	66,705	66,731
3 Loans, total	11,287	13,200	18,141	15,766	16,396	16,647	16,074	17,602	16,718	17,851
4 Official institutions, including central banks	381	613	1,448	784	741	967	983	851	1,018	1,010
5 Banks, excluding central banks	7,332	7,665	11,142	9,740	10,550	10,638	9,985	11,523	10,641	11,496
6 All other, including nonmonetary international and regional organizations	3,574	4,921	5,552	5,241	5,105	5,041	5,105	5,228	5,059	5,345
7 Collections outstanding	5,637	5,467	5,756	6,190	6,316	6,317	6,417	6,352	6,200	6,075
8 Acceptances made for accounts of foreigners	11,237	11,147	12,358	12,790	12,976	13,045	13,166	13,431	13,533	13,739
9 Other claims ¹	9,698	19,075	31,007	28,513	28,499	30,387	33,127	30,494	30,255	29,066
10 Payable in foreign currencies	1,196	1,342	1,645	1,897	1,686	1,764	1,779	1,667	1,936	1,743
11 Deposits with foreigners	669	656	1,063	1,100	918	864	845	817	1,036	845
12 Foreign government securities, commercial and finance paper	289	314	89	323	332	377	302	277	233	239
13 Other claims	238	372	493	474	436	522	631	572	667	660

¹ Includes claims of U.S. banks on their foreign branches and claims of U.S. agencies and branches of foreign banks on their head offices and foreign branches of their head offices.

NOTE.—Short-term claims are principally the following items payable on demand or with a contractual maturity of not more than 1 year: loans

made to, and acceptances made for, foreigners; drafts drawn against foreigners, where collection is being made by banks and bankers for their own account or for account of their customers in the United States; and foreign currency balances held abroad by banks and bankers and their customers in the United States. Excludes foreign currencies held by U.S. monetary authorities.

3.21 LONG-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

Millions of dollars, end of period

Type, and area or country	1974	1975	1976	1977						
				Mar.	Apr.	May	June	July	Aug. ^p	Sept. ^p
1 Total	7,179	9,536	11,898	12,204	12,458	12,294	12,191	12,210	12,447	12,626
By type:										
2 Payable in dollars	7,099	9,419	11,750	12,015	12,257	12,091	11,991	12,008	12,229	12,410
3 Loans, total	6,490	8,316	10,097	10,411	10,534	10,399	10,296	10,323	10,504	10,586
4 Official institutions, including central banks	1,324	1,351	1,407	1,625	1,647	1,642	1,653	1,676	1,702	1,748
5 Banks, excluding central banks	929	1,567	2,232	2,194	2,193	2,273	2,260	2,238	2,267	2,310
6 All other, including nonmonetary international and regional organizations	4,237	5,399	6,458	6,591	6,693	6,484	6,383	6,408	6,535	6,528
7 Other long-term claims	609	1,103	1,653	1,604	1,723	1,693	1,695	1,685	1,725	1,824
8 Payable in foreign currencies	80	116	148	190	201	202	200	202	218	216
By area or country:										
9 Europe	1,908	2,704	3,314	3,616	3,698	3,650	3,687	3,606	3,665	3,687
10 Canada	501	555	637	566	558	501	483	485	455	456
11 Latin America	2,614	3,468	4,870	4,911	4,990	5,042	5,016	5,045	5,224	5,398
12 Asia	1,619	1,795	1,904	1,896	1,933	1,884	1,832	1,862	1,860	1,870
13 Japan	258	296	382	417	416	420	410	391	371	358
14 Middle East oil-exporting countries ¹	384	220	146	152	149	149	151	155	170	168
15 Other Asia ²	977	1,279	1,376	1,327	1,368	1,316	1,271	1,317	1,319	1,344
16 Africa	366	747	890	890	953	898	860	857	898	873
17 Oil-exporting countries ³	62	151	271	211	228	213	213	191	219	221
18 Other ⁴	305	596	619	678	725	685	647	666	679	651
19 All other countries ⁵	171	267	282	327	327	319	313	353	344	342

¹ Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

² Includes Middle East oil-exporting countries until December 1974.

³ Comprises Algeria, Gabon, Libya, and Nigeria.

⁴ Includes oil-exporting countries until December 1974.

⁵ 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				1977			
					Dec. '	Feb. '	Mar. '	Apr. '	May '	June '	July	Aug. '
All foreign countries												
1 Total, all currencies	151,905	176,493	219,420	215,769	223,020	223,222	229,542	236,480	235,637	235,195		
2 Claims on United States	6,900	6,743	7,887	6,666	7,054	8,674	7,359	7,398	10,681	8,748		
3 Parent bank	4,464	3,665	4,323	3,361	3,399	5,276	3,928	3,610	7,134	5,188		
4 Other	2,435	3,078	3,564	3,306	3,655	3,398	3,430	3,788	3,547	3,560		
5 Claims on foreigners	138,712	163,391	204,488	201,665	208,547	207,575	214,786	221,667	217,458	218,897		
6 Other branches of parent bank	27,559	34,508	45,955	47,979	48,621	48,164	49,464	52,364	48,012	47,909		
7 Other banks	60,283	69,206	83,765	77,923	81,692	79,782	83,937	86,930	84,738	85,951		
8 Official institutions	4,077	5,792	10,609	11,256	11,885	12,517	13,045	13,194	13,572	13,820		
9 Nonbank foreigners	46,793	53,886	64,159	64,508	66,349	67,112	68,340	69,180	71,136	71,217		
10 Other assets	6,294	6,359	7,045	7,437	7,419	6,973	7,397	7,414	7,497	7,550		
11 Total payable in U.S. dollars	105,969	132,901	167,695	165,307	172,141	172,134	176,603	182,396	179,647	179,628		
12 Claims on United States	6,603	6,408	7,593	6,379	6,655	8,300	6,949	6,984	10,263	8,304		
13 Parent bank	4,428	3,628	4,264	3,316	3,352	5,232	3,903	3,590	7,095	5,118		
14 Other	2,175	2,780	3,330	3,063	3,303	3,068	3,047	3,393	3,168	3,186		
15 Claims on foreigners	96,209	123,496	156,898	155,305	161,961	160,531	166,162	172,011	166,059	167,721		
16 Other branches of parent bank	19,688	28,478	37,909	40,034	40,900	40,300	41,350	43,910	39,272	39,587		
17 Other banks	45,067	55,319	66,331	60,909	64,613	63,061	66,319	68,858	66,250	67,223		
18 Official institutions	3,289	4,864	9,018	9,920	10,587	11,174	11,682	11,758	12,110	12,223		
19 Nonbank foreigners	28,164	34,835	43,640	44,442	45,862	45,996	46,810	47,486	48,427	48,689		
20 Other assets	3,157	2,997	3,204	3,623	3,525	3,303	3,492	3,401	3,325	3,603		
United Kingdom												
21 Total, all currencies	69,804	74,883	81,466	78,708	81,268	80,150	83,178	84,734	83,484	83,315		
22 Claims on United States	3,248	2,392	3,354	1,772	2,311	2,541	2,714	2,450	3,129	2,307		
23 Parent bank	2,472	1,449	2,376	1,011	1,302	1,698	1,850	1,553	2,249	1,397		
24 Other	776	943	978	761	1,009	843	863	897	881	911		
25 Claims on foreigners	64,111	70,331	75,859	74,713	76,865	75,559	78,333	80,087	78,083	78,643		
26 Other branches of parent bank	13,724	17,557	19,753	21,450	21,091	21,707	21,097	22,079	20,534	19,615		
27 Other banks	32,701	35,904	38,089	35,517	37,098	35,585	38,660	39,199	38,147	39,209		
28 Official institutions	2,788	881	1,274	1,681	1,722	1,728	1,948	1,764	1,863	1,983		
29 Nonbank foreigners	17,898	15,990	16,743	16,064	16,954	16,539	16,627	17,045	17,538	17,836		
30 Other assets	2,445	2,159	2,253	2,224	2,092	2,050	2,131	2,197	2,272	2,365		
31 Total payable in U.S. dollars	49,211	57,361	61,587	60,038	62,353	61,179	63,481	64,841	62,815	62,707		
32 Claims on United States	3,146	2,273	3,275	1,684	2,173	2,430	2,590	2,338	3,011	2,130		
33 Parent bank	2,468	1,445	2,374	1,008	1,297	1,690	1,842	1,547	2,237	1,348		
34 Other	678	828	902	676	876	740	748	791	774	782		
35 Claims on foreigners	44,694	54,121	57,488	57,492	59,342	57,894	60,030	61,582	58,875	59,431		
36 Other branches of parent bank	10,265	15,645	17,249	19,114	18,691	19,232	18,619	19,496	17,761	17,151		
37 Other banks	23,716	28,224	28,983	26,767	28,373	26,941	29,521	29,972	28,872	29,602		
38 Official institutions	1,610	648	846	1,407	1,426	1,415	1,624	1,437	1,473	1,574		
39 Nonbank foreigners	10,102	9,604	10,410	10,204	10,852	10,306	10,267	10,676	10,769	11,104		
40 Other assets	1,372	967	824	862	839	855	861	922	930	1,145		
Bahamas and Caymans												
41 Total, all currencies	31,733	45,203	66,774	66,100	69,526	70,950	71,540	74,853	74,727	73,842		
42 Claims on United States	2,464	3,229	3,506	3,687	3,409	4,996	3,540	3,970	6,445	5,431		
43 Parent bank	1,081	1,477	1,141	1,384	1,037	2,703	1,251	1,394	4,062	3,023		
44 Other	1,383	1,752	2,365	2,303	2,372	2,293	2,290	2,576	2,383	2,408		
45 Claims on foreigners	28,453	41,040	62,050	60,999	64,783	64,654	66,581	69,528	66,973	67,116		
46 Other branches of parent bank	3,478	5,411	8,144	7,815	9,060	8,095	8,703	9,638	7,586	8,250		
47 Other banks	11,354	16,298	25,354	23,435	25,339	25,234	25,588	27,372	25,967	25,475		
48 Official institutions	2,022	3,576	7,101	7,225	7,495	7,784	8,062	8,344	8,628	8,591		
49 Nonbank foreigners	11,599	15,756	21,451	22,523	22,890	23,540	24,228	24,174	24,791	24,800		
50 Other assets	815	933	1,217	1,413	1,333	1,300	1,419	1,356	1,309	1,295		
51 Total payable in U.S. dollars	28,726	41,887	62,705	61,571	64,946	66,366	66,550	69,930	69,548	68,767		

3.22 Continued

Liability account	1974	1975	1976			1977				
			Dec. '	Feb. '	Mar. '	Apr. '	May '	June '	July	Aug. '
All foreign countries										
52 Total, all currencies.....	151,905	176,493	219,420	215,769	223,020	223,222	229,542	236,480	235,637	235,194
53 To United States.....	11,982	20,221	32,721	30,128	34,008	33,054	34,793	37,242	37,713	35,482
54 Parent bank.....	5,809	12,165	19,775	18,879	20,527	18,256	20,497	22,825	19,670	18,559
55 Other.....	6,173	8,057	12,946	11,249	13,481	14,798	14,295	14,416	18,043	16,923
56 To foreigners.....	132,990	149,815	179,953	178,760	182,120	183,203	187,619	191,822	189,347	191,206
57 Other branches of parent bank.....	26,941	34,111	44,370	46,477	47,615	46,386	48,137	50,291	47,015	48,777
58 Other banks.....	65,675	72,259	83,878	78,333	80,071	82,180	84,114	84,263	86,919	86,361
59 Official institutions.....	20,185	22,773	25,829	26,658	26,438	26,150	27,328	28,247	27,084	27,778
60 Nonbank foreigners.....	20,189	20,672	25,877	27,291	27,996	28,486	28,040	29,021	28,329	28,290
61 Other liabilities.....	6,933	6,456	6,747	6,882	6,893	6,965	7,130	7,416	8,577	8,506
62 Total payable in U.S. dollars.....	107,890	135,907	173,071	170,379	177,936	177,270	181,813	187,643	184,722	183,888
63 To United States.....	11,437	19,503	31,934	29,313	33,042	32,068	33,883	36,130	36,751	34,605
64 Parent bank.....	5,641	11,939	19,561	18,633	20,273	18,011	20,241	22,382	19,396	18,290
65 Other.....	5,795	7,564	12,373	10,581	12,769	14,057	13,640	13,748	17,355	16,315
66 To foreigners.....	92,503	112,879	137,610	137,502	140,395	141,479	144,220	147,346	142,957	144,145
67 Other branches of parent bank.....	19,330	28,217	37,098	39,523	40,646	39,307	40,677	42,739	38,939	41,027
68 Other banks.....	43,656	51,583	60,617	56,129	57,795	60,025	60,931	60,263	61,771	61,031
69 Official institutions.....	17,444	19,982	22,878	23,626	23,650	23,241	24,369	25,299	24,159	24,481
70 Nonbank foreigners.....	12,072	13,097	17,017	18,225	18,305	18,906	18,242	19,045	18,088	17,607
71 Other liabilities.....	3,951	3,526	3,527	3,663	3,600	3,724	3,712	4,167	5,013	5,137
United Kingdom										
72 Total, all currencies.....	69,804	74,883	81,466	78,708	81,268	80,150	83,178	84,734	83,484	83,315
73 To United States.....	3,978	5,646	5,997	4,871	6,365	6,272	5,845	6,894	8,537	7,934
74 Parent bank.....	510	2,122	1,198	1,191	1,537	1,515	1,460	2,150	2,217	1,611
75 Other.....	3,468	3,524	4,798	3,681	4,828	4,756	4,386	4,743	6,320	6,323
76 To foreigners.....	63,409	67,240	73,228	71,523	72,665	71,787	75,145	75,683	72,585	72,875
77 Other branches of parent bank.....	4,762	6,494	7,092	7,981	8,247	7,762	8,569	8,936	7,987	8,395
78 Other banks.....	32,040	32,964	36,259	32,097	33,835	33,749	35,933	34,960	34,623	34,189
79 Official institutions.....	15,258	16,553	17,273	18,204	17,711	17,260	17,538	18,086	17,148	17,368
80 Nonbank foreigners.....	11,349	11,229	12,605	13,242	12,872	13,016	13,106	13,701	12,827	12,922
81 Other liabilities.....	2,418	1,997	2,241	2,313	2,238	2,091	2,187	2,157	2,362	2,506
82 Total payable in U.S. dollars.....	49,666	57,820	63,174	61,331	63,346	62,373	64,343	65,735	63,848	63,354
83 To United States.....	3,744	5,415	5,849	4,704	6,189	6,108	5,688	6,679	8,348	7,676
84 Parent bank.....	484	2,083	1,182	1,166	1,506	1,498	1,438	2,083	2,184	1,563
85 Other.....	3,261	3,332	4,666	3,538	4,683	4,610	4,250	4,596	6,164	6,113
86 To foreigners.....	44,594	51,447	56,372	55,675	56,283	55,390	57,720	58,136	54,550	54,565
87 Other branches of parent bank.....	3,256	5,442	5,874	6,906	7,184	6,561	7,333	7,660	6,583	7,132
88 Other banks.....	20,526	23,330	25,527	22,211	23,845	23,818	25,172	24,135	23,681	23,278
89 Official institutions.....	13,225	14,498	15,423	16,345	15,817	15,394	15,674	16,301	15,295	15,252
90 Nonbank foreigners.....	7,587	8,176	9,547	10,213	9,437	9,617	9,541	10,040	8,990	8,903
91 Other liabilities.....	1,328	959	953	953	874	875	936	920	951	1,113
Bahamas and Caymans										
92 Total, all currencies.....	31,733	45,203	66,774	66,100	69,526	70,950	71,540	74,853	74,727	73,824
93 To United States.....	4,815	11,147	22,723	21,638	24,299	23,082	25,162	26,625	25,080	23,608
94 Parent bank.....	2,636	7,628	16,163	15,207	17,110	14,514	16,426	18,366	14,835	14,410
95 Other.....	2,180	3,520	6,560	6,431	7,190	8,568	8,735	8,258	10,245	9,198
96 To foreigners.....	26,140	32,949	42,897	43,166	43,841	46,618	45,136	46,477	47,161	47,904
97 Other branches of parent bank.....	7,702	10,569	13,801	14,406	14,713	14,123	14,001	14,662	13,736	14,642
98 Other banks.....	14,050	16,825	21,758	20,981	20,456	23,245	22,296	22,693	24,166	23,878
99 Official institutions.....	2,377	3,308	3,573	3,339	3,540	3,917	4,130	4,216	4,322	4,592
100 Nonbank foreigners.....	2,011	2,248	3,765	4,439	5,132	5,334	4,709	4,906	4,936	4,792
101 Other liabilities.....	778	1,106	1,154	1,295	1,385	1,249	1,243	1,751	2,487	2,330
102 Total payable in U.S. dollars.....	28,840	42,197	63,417	62,382	65,755	67,168	67,518	70,816	70,399	69,221

3.23 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1975	1976	1977		1977					
			Jan.-- Sept. ^a	Mar.	Apr.	May	June	July	Aug. ^b	Sept. ^c
Holdings (end of period) ⁴										
1 Estimated total.....	7,703	15,798		18,748	18,450	19,335	21,787	23,024	27,163	30,663
2 Foreign countries.....	7,372	12,765		14,929	16,024	17,200	19,331	20,439	24,223	26,803
3 Europe.....	1,085	2,340		2,870	3,505	3,624	4,862	5,815	8,070	9,769
4 Belgium-Luxembourg.....	13	14		14	14	16	18	19	19	19
5 Germany.....	215	764		894	1,112	1,112	1,262	1,266	1,847	1,957
6 Netherlands.....	16	288		388	388	418	492	503	634	719
7 Sweden.....	276	191		188	188	148	149	149	155	125
8 Switzerland.....	55	261		317	397	429	439	485	478	488
9 United Kingdom.....	363	485		713	1,069	1,181	2,190	3,068	4,607	6,111
10 Other Western Europe.....	143	323		354	332	316	312	322	327	344
11 Eastern Europe.....	4	4		4	4	4	4	4	4	4
12 Canada.....	395	256		270	268	271	279	283	288	292
13 Latin America.....	200	312		405	448	472	481	481	514	517
14 Venezuela.....	4	149		258	193	193	193	193	193	183
15 Other Latin America republics.....	29	35		26	21	21	18	18	18	18
16 Netherlands Antilles ¹	161	118		120	119	113	114	114	145	159
17 Asia.....	5,370	9,323		11,068	11,476	12,528	13,407	13,567	15,059	15,931
18 Japan.....	3,271	2,687		3,123	3,174	3,773	4,290	4,314	5,025	5,635
19 Africa.....	321	543		305	305	279	279	279	279	279
20 All other.....	*	*		11	23	27	23	13	13	17
21 Nonmonetary international and regional organizations.....	331	3,033		3,819	2,426	2,135	2,456	2,586	2,940	3,859
22 International.....	322	2,905		3,700	2,318	2,032	2,353	2,440	2,830	3,759
23 Latin American regional.....	9	128		118	108	103	103	146	110	100
Transactions (net purchases, or sales (-), during period)										
24 Total.....	1,994	8,095	14,865	936	-298	885	2,451	1,238	4,139	3,500
25 Foreign countries.....	1,814	5,393	14,039	1,184	1,094	1,176	2,131	1,108	3,784	2,581
26 Official institutions.....	1,612	5,116	13,234	1,047	922	1,152	1,962	1,048	3,691	2,509
27 Other foreign.....	202	276	805	137	172	24	168	59	93	71
28 Nonmonetary international and regional organizations.....	180	2,702	826	-248	-1,392	-291	321	130	354	919
MEMO: Oil-exporting countries										
29 Middle East ²	1,797	3,887	2,971	408	338	392	397	-14	528	162
30 Africa ³	170	221	-264	-51		-26				

¹ Includes Surinam until January 1976.² Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States). Data not available until 1975.³ Comprises Algeria, Gabon, Libya, and Nigeria. Data not available until 1975.⁴ Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

3.24 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1974	1975	1976	1977						
				Apr.	May	June	July	Aug.	Sept.	Oct.
1 Deposits.....	418	353	352	305	436	379	468	534	382	425
Assets held in custody:										
2 U.S. Treasury securities ¹	55,600	60,019	66,532	73,261	73,964	74,098	75,443	75,976	79,285	83,832
3 Earmarked gold ²	16,838	16,745	16,414	16,282	16,221	16,184	16,179	16,117	16,073	15,988

¹ Marketable U.S. Treasury bills, certificates of indebtedness, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.² The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

NOTE.—Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.25 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1975	1976	1977		1977					
			Jan.- Sept. ^a	Mar.	Apr.	May	June	July	Aug. ^b	Sept. ^b
U.S. corporate securities										
Stocks										
1 Foreign purchases.....	15,347	18,227	10,797	1,101	1,135	1,207	1,196	1,373	1,023	1,010
2 Foreign sales.....	10,678	15,474	8,899	980	913	978	948	1,162	900	845
3 Net purchases, or sales (-).....	4,669	2,752	1,733	121	222	229	248	211	123	165
4 Foreign countries.....	4,651	2,740	1,718	116	222	209	254	209	124	170
5 Europe.....	2,491	336	647	72	105	128	42	29	37	57
6 France.....	262	256	1	4	-6	3	21	24	13	5
7 Germany.....	251	68	110	-4	38	37	12	20	-1	14
8 Netherlands.....	359	199	1	-10	-7	27	*	10	-2	18
9 Switzerland.....	899	100	118	30	38	4	-20	5	-7	6
10 United Kingdom.....	594	340	493	55	47	67	43	57	69	80
11 Canada.....	361	325	10	9	5	33	3	12	-5	3
12 Latin America.....	-7	155	89	14	21	17	17	4	1	-3
13 Middle East ¹	1,640	1,803	916	17	97	92	186	171	95	108
14 Other Asia ²	142	117	49	3	5	4	10	-7	-3	8
15 Africa.....	10	7	3	*	*	*	*	*	1	2
16 Other countries.....	15	-4	5	1	-1	1	2	*	-2	1
17 Nonmonetary international and regional organizations.....	18	12	14	5	1	20	7	2	1	-5
Bonds³										
18 Foreign purchases.....	5,408	5,529	5,620	348	856	609	976	752	670	475
19 Foreign sales.....	4,642	4,322	2,628	208	245	332	394	286	248	379
20 Net purchases, or sales (-).....	766	1,207	2,992	140	611	277	582	467	421	96
21 Foreign countries.....	1,795	1,248	2,950	112	566	308	569	499	396	98
22 Europe.....	113	92	1,272	75	100	99	314	232	130	33
23 France.....	82	40	22	-2	-5	-7	-3	1	1	1
24 Germany.....	-6	-50	39	*	-4	13	12	12	1	3
25 Netherlands.....	-8	-29	51	-3	7	-28	57	11	0	21
26 Switzerland.....	117	158	178	31	-4	19	17	35	21	12
27 United Kingdom.....	-52	23	1,006	43	106	102	223	197	96	6
28 Canada.....	128	96	135	3	6	1	7	30	13	15
29 Latin America.....	31	94	52	1	3	*	2	12	18	13
30 Middle East ¹	1,553	1,179	1,338	48	454	192	235	153	150	54
31 Other Asia ²	-35	-165	161	-6	4	17	10	72	84	-13
32 Africa.....	5	-25	-5	-2	*	*	*	*	*	3
33 Other countries.....	1	-21	*	*	*	*	*	*	*	*
34 Nonmonetary international and regional organizations.....	-1,030	-41	40	27	45	-31	13	-32	25	-2
Foreign securities										
35 Stocks, net purchases, or sales (-).....	-189	-322	-590	-62	-40	-7	-56	-265	-63	30
36 Foreign purchases.....	1,541	1,937	1,528	187	157	204	173	159	169	168
37 Foreign sales.....	1,730	2,259	2,116	249	197	211	229	423	232	138
38 Bonds, net purchases, or sales (-).....	-6,325	-8,729	4,024	-56	-11	-866	-765	205	989	-685
39 Foreign purchases.....	2,383	4,932	6,215	628	606	607	636	786	852	701
40 Foreign sales.....	8,708	13,661	10,239	684	617	1,473	1,401	991	1,841	1,386
41 Net purchases, or sales (-) of stocks and bonds.....	-6,515	-9,505	-4,612	-118	-51	-873	-821	-467	-1,052	-655
42 Foreign countries.....	4,323	-7,155	3,163	-149	4	-201	-692	-393	-213	-649
43 Europe.....	-53	-844	-866	54	2	-124	-271	267	-8	-24
44 Canada.....	-3,202	5,246	2,273	-83	-94	-128	-292	241	255	-573
45 Latin America.....	-306	1	199	35	69	-13	-39	52	-7	35
46 Asia.....	-622	-700	-171	-155	25	62	-94	57	55	-7
47 Africa.....	15	48	6	*	*	*	3	1	*	1
48 Other countries.....	-155	-416	-59	*	2	2	2	5	1	-81
49 Nonmonetary international and regional organizations.....	-2,192	-1,898	-1,452	31	-55	-673	-129	-76	-839	-6

¹ Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

² Includes Middle East oil-exporting countries until 1975.

³ Includes State and local government securities, and securities of U.S. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.26 SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

Type, and area or country	1976				1977				1976				1977				
	June ^a	Sept. ^a	Dec. ^a	Mar.	June ^b	Sept. ^b	Dec. ^b	Mar.	June ^c	Sept. ^c	Dec. ^c	Mar.	June ^d	Sept. ^d	Dec. ^d	Mar.	June ^e
	Liabilities to foreigners								Claims on foreigners								
1 Total	6,266	6,408	6,582	6,551	6,386	13,820	13,164	14,156	14,943	16,140							
By type:																	
2 Payable in dollars.....	5,640	5,671	5,870	5,787	5,737	12,823	12,104	13,169	13,943	15,018							
3 Payable in foreign currencies.....	626	737	712	764	648	997	1,060	987	1,000	1,122							
4 Deposits with banks abroad in reporter's name.....						558	592	442	431	448							
5 Other.....						439	468	545	569	674							
By area or country:																	
6 Foreign countries.....	6,020	6,222	6,374	6,359	6,216	13,819	13,163	14,155	14,940	16,139							
7 Europe.....	2,273	2,387	2,227	2,126	2,208	5,326	5,151	5,269	5,218	5,808							
8 Austria.....	13	15	10	9	10	17	21	21	23	27							
9 Belgium-Luxembourg.....	233	183	166	168	138	193	195	162	170	218							
10 Denmark.....	12	13	7	15	14	30	26	56	48	40							
11 Finland.....	1	17	2	2	10	131	135	77	40	90							
12 France.....	159	185	200	163	157	363	413	426	422	402							
13 Germany.....	228	256	174	175	163	358	492	378	367	377							
14 Greece.....	29	28	48	80	73	47	56	51	90	86							
15 Italy.....	116	148	131	135	154	335	358	384	473	439							
16 Netherlands.....	170	141	141	168	205	146	142	166	172	182							
17 Norway.....	22	24	29	37	33	52	43	51	42	42							
18 Portugal.....	3	5	13	23	20	22	28	40	35	30							
19 Spain.....	51	36	40	52	68	432	336	369	325	322							
20 Sweden.....	24	35	34	36	36	84	62	90	93	92							
21 Switzerland.....	213	243	190	214	236	270	253	241	154	179							
22 Turkey.....	20	16	13	12	21	31	23	25	32	37							
23 United Kingdom.....	839	888	878	689	730	2,602	2,365	2,445	2,475	3,027							
24 Yugoslavia.....	108	113	123	113	110	28	30	26	30	27							
25 Other Western Europe.....	7	8	7	6	6	14	17	20	18	15							
26 U.S.S.R.....	10	19	9	15	16	96	81	156	105	76							
27 Other Eastern Europe.....	16	14	13	13	10	75	79	85	103	102							
28 Canada.....	372	327	379	403	420	2,201	2,196	2,464	2,432	2,570							
29 Latin America.....	1,095	1,028	1,037	1,118	1,017	3,055	2,831	3,579	4,400	4,928							
30 Argentina.....	49	48	44	42	50	43	39	44	46	51							
31 Bahamas.....	330	251	260	256	216	1,150	940	1,384	1,869	2,231							
32 Brazil.....	97	58	72	49	37	462	417	682	535	457							
33 Chile.....	15	16	17	16	24	46	26	34	35	28							
34 Colombia.....	19	11	13	18	22	57	66	59	75	72							
35 Cuba.....						1	1	1	1	1							
36 Mexico.....	72	74	99	118	117	332	352	332	317	301							
37 Panama.....	12	10	34	12	10	101	83	74	105	120							
38 Peru.....	31	32	25	24	21	39	35	42	32	28							
39 Uruguay.....	3	3	4	4	3	4	22	5	6	5							
40 Venezuela.....	184	222	219	260	208	186	215	194	214	245							
41 Other Latin American republics.....	102	104	141	148	140	188	182	276	237	236							
42 Netherlands Antilles ¹	55	68	10	11	17	10	9	9	14	8							
43 Other Latin America.....	127	129	100	160	151	436	444	441	914	1,146							
44 Asia.....	1,705	1,978	2,052	2,057	1,891	2,703	2,401	2,282	2,314	2,318							
45 China, People's Republic of (Mainland).....	1	1	1	3	2	16	5	3	7	8							
46 China, Republic of (Taiwan).....	122	127	110	113	138	212	134	197	130	131							
47 Hong Kong.....	28	33	40	42	27	104	88	96	107	93							
48 India.....	10	11	23	39	41	51	53	55	35	51							
49 Indonesia.....	115	131	110	94	80	143	179	185	206	184							
50 Israel.....	34	32	37	37	45	53	48	41	51	70							
51 Japan.....	272	247	193	172	184	1,170	1,010	912	969	934							
52 Korea.....	60	85	76	96	95	129	142	117	130	158							
53 Philippines.....	18	28	53	59	73	114	93	86	84	87							
54 Thailand.....	11	23	24	19	11	19	23	22	27	22							
55 Other Asia.....	1,035	1,260	1,385	1,383	1,196	692	625	568	569	582							
56 Africa.....	532	435	603	588	587	378	406	392	429	368							
57 Egypt.....	22	25	27	29	33	28	36	28	70	24							
58 Morocco.....	32	42	43	27	70	12	9	10	12	9							
59 South Africa.....	88	65	54	33	27	83	78	87	80	69							
60 Zaire.....	12	24	36	39	39	25	28	21	19	17							
61 Other Africa.....	377	279	444	460	418	230	255	247	248	248							
62 Other countries.....	44	67	76	68	92	155	178	170	147	145							
63 Australia.....	32	50	57	49	72	100	112	105	111	106							
64 All other.....	12	18	19	19	20	56	67	65	36	40							
65 Nonmonetary international and regional organizations.....	246	186	208	192	170	1	1	1	2	1							

¹ Includes Surinam until 1976.

NOTE.—Reported by exporters, importers, and industrial and com-

mercial 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 ^r	1977					
					Mar. ^r	Apr. ^r	May ^r	June ^r	July	Aug. ^r
1 Total.....	3,185	3,357	3,799	5,468	6,451	6,441	7,481	7,685	7,357	7,739
By type:										
2 Payable in dollars.....	2,641	2,660	3,042	4,788	5,776	5,707	6,787	6,895	6,619	6,976
3 Deposits.....	2,604	2,591	2,710	4,415	5,321	5,125	6,264	6,424	6,195	6,475
4 Short-term investments ¹	37	69	332	373	455	582	523	471	424	501
5 Payable in foreign currencies.....	544	697	757	675	675	733	695	790	739	764
6 Deposits.....	431	429	511	447	373	423	361	389	352	394
7 Short-term investments ¹	113	268	246	228	302	310	334	401	387	370
By country:										
8 United Kingdom.....	1,128	1,350	1,306	1,712	1,879	1,713	1,920	2,318	2,123	2,194
9 Canada.....	775	967	1,156	1,356	1,518	1,616	1,645	1,652	1,725	1,930
10 Bahamas.....	597	391	546	1,810	1,782	1,736	2,414	2,114	2,113	2,225
11 Japan.....	336	398	343	146	147	155	158	184	149	139
12 All other.....	349	252	446	726	1,125	1,221	1,344	1,417	1,247	1,251

¹ 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 ^r			1977		1976 ^r			1977	
	June	Sept.	Dec.	Mar.	June	June	Sept.	Dec.	Mar.	June ^r
	Liabilities to foreigners					Claims on foreigners				
1 Total.....	4,008	3,791	3,567	3,504	3,331	4,982	5,006	4,925	4,894	4,827
2 Europe.....	3,036	2,858	2,725	2,655	2,499	929	901	853	847	829
3 Germany.....	425	406	396	391	370	35	73	72	84	76
4 Netherlands.....	233	290	277	272	262	211	211	156	154	147
5 Switzerland.....	467	327	260	178	177	56	54	57	53	43
6 United Kingdom.....	1,516	1,470	1,420	1,388	1,274	310	245	240	207	221
7 Canada.....	166	111	89	82	81	1,511	1,507	1,530	1,475	1,486
8 Latin America.....	250	257	270	272	275	1,609	1,637	1,521	1,489	1,457
9 Bahamas.....	184	157	163	163	167	37	37	36	34	34
10 Brazil.....	5	5	5	5	7	165	172	133	125	125
11 Chile.....	1	1	1	1	1	306	244	248	210	208
12 Mexico.....	6	7	17	21	23	187	219	195	180	178
13 Asia.....	489	498	423	432	406	712	739	775	817	831
14 Japan.....	388	402	397	413	384	85	80	77	96	108
15 Africa.....	2	2	2	2	3	163	165	187	199	158
16 All other ¹	64	64	58	59	67	59	58	58	67	67

¹ Includes nonmonetary international and regional organizations.

3.29 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

Country	Rate on Oct. 31, 1977		Country	Rate on Oct. 31, 1977		Country	Rate on Oct. 31, 1977	
	Per cent	Month effective		Per cent	Month effective		Per cent	Month effective
Argentina	18.0	Feb. 1972	France	9.5	Aug. 1977	Norway	6.0	Sept. 1976
Austria	5.5	June 1977	Germany, Fed. Rep. of	3.5	Sept. 1975	Sweden	8.0	Oct. 1976
Belgium	6.0	June 1977	Italy	11.5	Aug. 1977	Switzerland	1.5	July 1977
Brazil	28.0	May 1976	Japan	4.25	Sept. 1977	United Kingdom	5.5	Oct. 1977
Canada	7.5	May 1977	Mexico	4.5	June 1942	Venezuela	5.0	Oct. 1970
Denmark	9.0	Mar. 1977	Netherlands	3.5	May 1977			

NOTE.—Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with

more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.30 FOREIGN SHORT-TERM INTEREST RATES

Per cent per annum, averages of daily figures

Country, or type	1974	1975	1976	1977					
				May	June	July	Aug.	Sept.	Oct.
1 Euro-dollars	11.01	7.02	5.58	5.80	5.78	5.80	6.30	6.56	7.14
2 United Kingdom	13.34	10.63	11.35	7.63	7.81	7.77	6.91	6.03	5.05
3 Canada	10.47	8.00	9.39	7.44	7.16	7.27	7.44	7.31	7.23
4 Germany	9.80	4.87	4.19	4.43	4.24	4.20	4.04	4.07	4.06
5 Switzerland		3.01	1.45	3.98	3.80	3.01	2.41	2.37	2.23
6 Netherlands		5.17	7.02	3.03	2.84	3.05	3.48	4.39	4.55
7 France		7.91	8.65	9.13	9.01	8.67	8.51	8.38	8.41
8 Italy		10.37	16.32	15.49	14.65	14.09	13.94	12.42	12.05
9 Belgium		6.63	10.25	6.94	6.88	6.85	6.20	6.20	6.25
10 Japan		11.64	7.70	5.75	6.05	6.25	6.24	5.32	5.25

NOTE.—Rates are for 3-month interbank loans except for Canada, finance company paper; Belgium, time deposits of 20 million francs and

over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

3.31 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1974	1975	1976	1977					
				May	June	July	Aug.	Sept.	Oct.
1 Australia/dollar	143.89	130.77	122.15	110.31	110.80	112.20	110.47	110.37	111.90
2 Austria/shilling	5.3564	5.7467	5.5744	5.9533	5.9647	6.1691	6.0792	6.0377	6.1567
3 Belgium/franc	2.5713	2.7253	2.5921	2.7700	2.7713	2.8208	2.8107	2.7910	2.8229
4 Canada/dollar	102.26	98.30	101.41	95.364	94.549	94.230	93.028	93.168	91.010
5 Denmark/krone	16.442	17.437	16.546	16.638	16.544	16.769	16.590	16.188	16.359
6 Finland/markka	26.565	27.285	25.938	24.530	24.524	24.902	24.801	23.977	24.139
7 France/franc	20.805	23.354	20.942	20.190	20.240	20.607	20.415	20.314	20.574
8 Germany/deutsche mark	38.723	40.729	39.737	42.394	42.453	43.827	43.168	43.034	43.904
9 India/rupee	12.460	11.926	11.148	11.320	11.286	11.342	11.465	11.450	11.605
10 Ireland/pound	234.03	222.16	180.48	171.85	171.91	172.26	173.97	174.31	177.11
11 Italy/lira	15372	15328	12044	11279	11295	11330	11332	11318	11353
12 Japan/yen	34302	33705	33741	36046	36652	37756	37499	37486	39263
13 Malaysia/ringgit	41.682	41.753	39.340	40.255	40.270	40.443	40.606	40.600	41.088
14 Mexico/peso	8.0000	8.0000	6.9161	4.3890	4.3582	4.3528	4.3629	4.3776	4.4069
15 Netherlands/guilder	37.267	39.632	37.846	40.7009	40.326	40.983	40.831	40.604	41.048
16 New Zealand/dollar	140.02	121.16	99.115	96.002	96.264	97.160	96.826	96.812	98.152
17 Norway/krone	18.119	19.180	18.327	18.956	18.915	19.023	18.863	18.226	18.232
18 Portugal/escudo	3.9506	3.9286	3.3159	2.5818	2.5802	2.5953	2.5678	2.4606	2.4601
19 South Africa/rand	146.98	136.47	114.85	115.00	114.88	114.98	115.00	115.00	115.04
20 Spain/peseta	1.7337	1.7424	1.4958	1.4491	1.4404	1.2382	1.1804	1.1824	1.1902
21 Sri Lanka/rupee	14.978	14.385	11.908	13.700	13.664	13.700	13.721	12.301	11.618
22 Sweden/krona	22.563	24.141	22.957	22.962	22.625	22.991	22.472	20.602	20.846
23 Switzerland/franc	33.688	38.743	40.013	39.694	40.170	41.487	41.523	42.115	43.909
24 United Kingdom/pound	234.03	222.16	180.48	171.85	171.91	172.26	173.97	174.31	177.11
MEMO:									
25 United States/dollar	84.11	82.20	89.68	89.99	89.91	88.67	89.10	89.52	88.38

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	REIT's	Real estate investment trusts
rp	Revised preliminary	*	Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions)
e	Estimated	.....	(1) Zero, (2) no figure to be expected, or (3) figure delayed or, (4) no change (when figures are expected in percentages).
c	Corrected		
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 gov't." 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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CHANGES IN TIME AND SAVINGS DEPOSITS AT COMMERCIAL BANKS, April-July 1977, 11/77.

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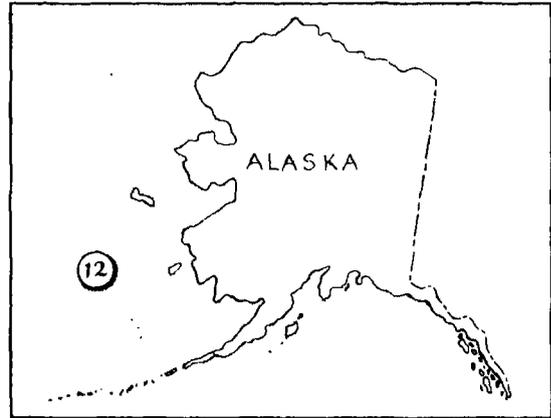
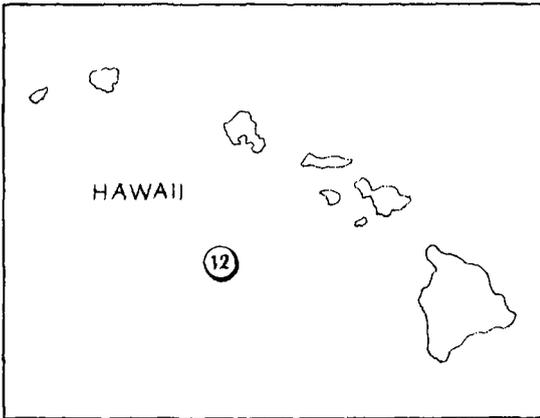
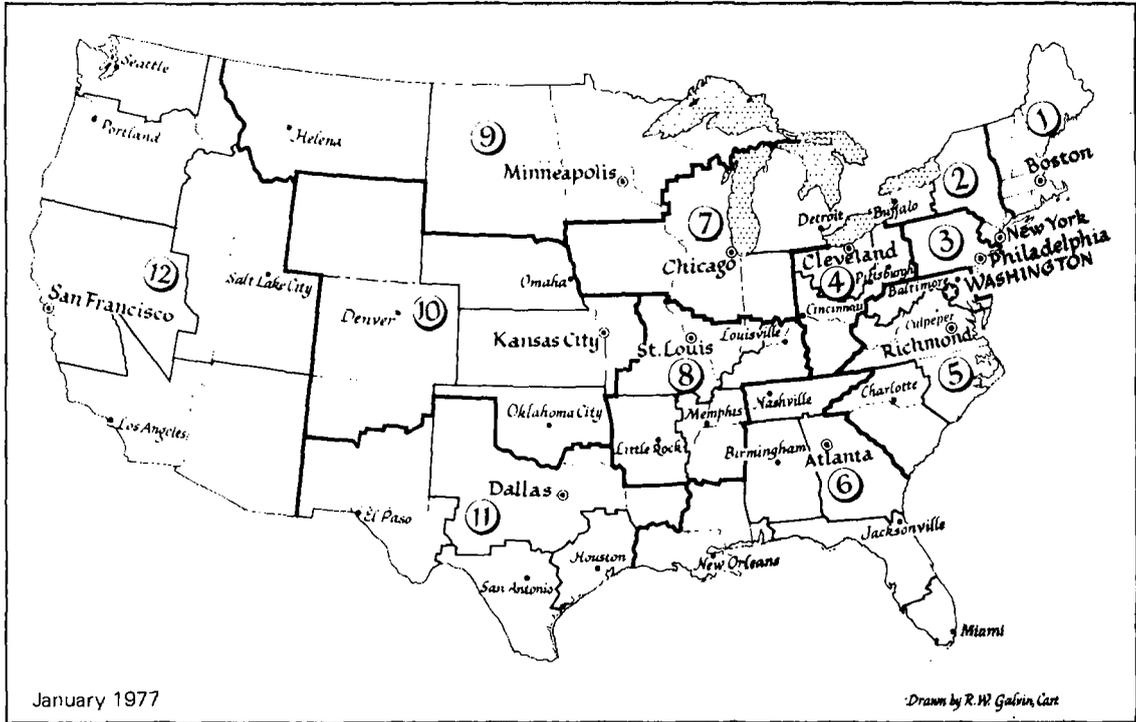
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The Federal Reserve System

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