SEPTEMBER 1977

FEDERAL RESERVE BULLETIN

Complying with Consumer Credit Regulations—A Challenge

The Importance of an Independent Central Bank

Changes in Time and Savings Deposits, January–April 1977

Treasury and Federal Reserve Foreign Exchange Operations

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

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

NUMBER 9 □ VOLUME 63 □ SEPTEMBER 1977

FEDERAL RESERVE BULLETIN

Board of Governors of the Federal Reserve System

Washington, D.C.

PUBLICATIONS COMMITTEE

Stephen H. Axilrod □ Joseph R. Coyne □ John M. Denkler □ Janet O. Hart
John D. Hawke, Jr. □ James L. Kichline □ Edwin M. Truman

Richard H. Puckett, Staff Director

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

Table of Contents

Complying With Consumer Credit Regulations: A Challenge

This article was prepared in the Division of Consumer Affairs. All footnotes appear at the end of the article.

The Consumer Credit Protection Act, which was passed in 1968, has been the basis for more than a dozen laws and amendments designed by the Congress to help consumers in many ways: To understand the nature and cost of credit; to understand the bills received; to settle billing disputes promptly; to shield consumers from discrimination when they apply for credit; to protect them from shoddy goods and services purchased with a credit card; and to help them through large and complicated transactions such as home buying and leasing of personal property.

In most cases the Congress has directed the Board of Governors of the Federal Reserve System to write regulations with the force of law to transform the general "thou shalts" and "thou shalt nots" of this legislation—as they apply to both consumers and creditors—into specific definitions, directives, and prohibitions.

In this way the Federal Reserve has become the chief source, outside of the Congress, of consumer credit protection laws. A decade ago the Federal Reserve touched the consumer only in a general way as it worked to provide a healthy economic climate; safe and sound banks; and a cheap, efficient payments mechanism. Now the Board is the primary source of regulation and interpretations reaching deep into the economic life of every consumer who uses credit.

The initial task of the Board stemming from the new consumer laws was to write regulations to implement the Truth in Lending section of the Consumer Credit Protection Act of 1968. The Board's Division of Banking Supervision and Regulation drafted those regulations, as well as the many amendments and interpretations of Regulation Z that followed, after the scope and demands of the law and the need for more specific regulatory detail became evident.

By 1974, when the Fair Credit Billing Act, the Equal Credit Opportunity Act, and a substantial number of amendments to the Truth in Lending Act were moving through the Congress (with provisos for Board rulewriting), the Board created a separate office—now the Division of Consumer Affairs—to handle the new responsibilities expected to result from the pending legislation. The function of that office was to lay the groundwork for expeditious writing of the new regulations that appeared inevitable.

The Board and the Division of Consumer Affairs now face a second wave of challenges from the cascade of consumer credit protection laws enacted during the past decade—how to ensure that banks achieve compliance

Principal consumer credit laws

Act	Enacted
Truth in Lending	1968
Fair Credit Billing	1974
Equal Credit Opportunity	1974
Amendments to Truth in Lending	1974
Real Estate Settlement Procedures	1974
Federal Trade Commission Improvement	1975
Home Mortgage Disclosure	1976
Consumer Leasing	1976
Amendments to Equal Credit Opportunity	1976

with the massive body of law and regulation, and at the same time serve the objective both of consumer guidance and protection and of a continuing healthy and innovative credit industry on which consumers and the U.S. economy can depend.

THE COMPLIANCE CHALLENGE

Obviously, examiners of commercial banks could not accomplish the dual task of determining compliance with, and correcting violations of, all of this consumer legislation while still assessing the safety and soundness of banks and their compliance with other banking laws and regulations. Many banks, especially small- and medium-sized institutions, do not have sufficient resources to analyze and implement the regulations, and for this reason some of them may have been losing the opportunity to be leaders in their communities. Without such resources, they may be exposing themselves to serious risks, most important of which are monetary penalties for noncompliance and loss of community confidence. Furthermore, it has become clear that banks have not always fully carried out the intent of the Congress to grant credit on the basis of the ability to repay and to disclose to consumers the costs of credit.

To counteract these inadequacies, the System, in March 1977,[1] instituted a completely new approach to compliance. Through its Division of Consumer Affairs it put into effect a comprehensive new program of compliance examinations of State member banks. This effort was made in coordination with other Federal regulators of financial institutions that effected similar programs for the institutions under their supervision. In addition, the System has offered to all member banks an educational service to help bring them into compliance with the consumer credit protection laws and regulations.

Most of these new statutes and regulations have required changes in the methods by which banks transact business, including:

- The questions banks are permitted—or required—to ask credit applicants.
- The forms banks use.
- The records banks are required to keep.
- The disclosures banks are required to give an applicant.
- The reports banks are required to file with supervisory authorities or have available for public inspection.

These major regulatory changes have been supplemented by the Board through issuance of amendments and interpretations and through unofficial staff letters sent in response to inquiries, all of which are made available to the public. Furthermore, last year the Congress empowered the Board to authorize the staff of its Division of Consumer Affairs to issue so-called "official staff interpretations" upon which creditors can rely without fear of civil liability, and the staff has begun to issue such interpretations. The courts too have been making decisions on the acts, regulations, and interpretations; several hundred court decisions have been reported under Truth in Lending alone.[2] As a result of all these changes, bank management must now read, analyze, and digest a wide variety of new materials, devise new procedures, and retrain personnel.

Over the decade it has become increasingly evident that the regular examination of commercial banks does not provide the best framework for helping banks to comply with consumer laws and regulations. That examination focuses, as it must, on a bank's safety and financial soundness. Although a commercial bank examiner receives training in consumer credit and other regulations[3] and is expected to be alert to signs of noncompliance, the rapid increase in the number and scope of these consumer regulations—especially with the banking business itself in a period of rapid adaptation to change—has made it extremely difficult, indeed almost impossible, for the examiner to do an adequate job. Similar difficulties have been experienced by examiners of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank

Board.[4] These problems of enforcement have led to a series of congressional oversight hearings and to critical reports suggesting ways by which the agencies might increase and improve their efforts.[5]

In September 1976 the Board formed a System task force to seek a solution to the problem of how examiners could deal with their new and increased responsibilities in the area of consumer credit protection. The solution adopted by the Board was the development of a two-pronged program: (1) an advisory and educational service to inform both creditors and borrowers about the provisions of consumer credit statutes and regulations; and (2) the conduct of special examinations of State member banks to determine compliance with the acts and regulations.

The task force, made up of representatives of Federal Reserve Bank and Board staffs, met throughout the fall and winter and prepared recommendations on every aspect of the consumer protection program. Meanwhile, a Compliance Section was established in the Board's Division of Consumer Affairs. Special schools for examiners were initiated. The curriculum in these schools quickly expanded from a 1-week to a 2-week session, and by the time the compliance examination program was established in March 1977, about 100 examiners had been trained. Three Federal Reserve Banks conducted experimental examinations to test the new procedures that were being established. Close coordination was maintained with the staffs of the Federal Deposit Insurance Corporation and of the Office of the Comptroller, who were also actively engaged in developing new examination procedures.

HELPING BANKS UNDERSTAND CONSUMER CREDIT REGULATIONS

The program announced in March of this year emphasized the Federal Reserve's determination to aid every member bank that asked for help in acquainting its personnel with the consumer protection regulations and their requirements, in reviewing its forms and operations, and in bringing itself into compliance if necessary. Each Reserve Bank sent a letter to every member bank in its district explaining the service and offering to arrange for a visit by a trained staff member or members, who would spend as much time as necessary in the bank. Opportunities were also offered for bankers to meet in groups with Reserve Bank staff for discussion and for question-and-answer sessions.

In the first 4 months after the service was inaugurated, about 13 per cent of all State member banks and 9 per cent of all national banks requested help. Meetings with 269 individual banks were held within the System. These meetings, which last from ½ day to 1½ days, have been supplemented by almost 60 group meetings.

At each of these individual bank meetings, an extensive over-all review of the bank's operations is completed. Following a brief discussion with the operating officers, the bank's forms are examined. Forms represent an area in which lack of compliance is most visible. Accordingly, the visits help to ensure that banks are, or will be, using proper forms. Many of the recently enacted regulations provide sample forms, which assist with compliance. Also important is a review of Regulation Z (Truth in Lending) to ensure that there is a thorough understanding of essential aspects of the regulation, including the annual percentage rate and how it is computed, the finance charge, distinctions between open- and closed-end credit, and the right of rescission. Reserve Bank staffs also review or help in the development of a bank's written loan policies.

Responses from the banks that have been visited have been positive. One enthusiastic banker wrote, "It is one of the finest services that the Fed offers . . . ."[6] The service is expected to be particularly helpful to banks that do not have their own in-house counsel, or perhaps have only one in-house attorney who is responsible for answering the myriad of legal questions that face any commercial bank. Reserve Banks are honoring requests as rapidly as possible and will continue to offer the service as long as it is needed. In fact, experience shows that staff turnover as well as new regulatory developments make it necessary for banks—even those that have made a thorough effort to comply—to review their forms and procedures at least every 2 or 3 years to make sure that those forms and procedures are still correct and, even more important, that the proper procedures are still being observed.

EXAMINING FOR COMPLIANCE

From the beginning, the Board has thought that special compliance examinations should be conducted separately from regular commercial or trust examinations, but that when feasible they should be conducted at the same time to minimize disruption of bank operations. The special compliance examiners were to be drawn, whenever possible, from the ranks of commercial examiners, so that they would be thoroughly familiar with the ways in which banks operate. If persons with training in commercial examination were not readily available, training in such procedures was to be provided. All compliance examiners, however, were to be specially trained to examine for compliance with the consumer credit regulations.[7]

The compliance examination, for which an entirely new design was developed, consists of a scientific sampling of loan files for compliance with Regulation Z and a review of accepted and rejected applications for compliance with Regulation B (Equal Credit Opportunity). Special instructional manuals were developed for each regulation. An examination checklist was prepared to make the examinations more efficient and comprehensive. A special examination report was developed specifically to include each consumer law and regulation covered by the compliance examination program.[8]

Procedures were also developed for reporting and correcting violations. However, a number of these procedures are still in the process of being defined. In general, all apparent violations are reported to an officer in charge at the Reserve Bank, who then determines, in consultation with the staff of the Board's Division of Consumer Affairs when necessary, the need for additional investigation or the appropriate corrective measures.

By the end of March 1978, each State member bank should have been examined at least once under these new compliance examination procedures. Compliance examinations at 170 banks have already been completed. During April–December 1978 additional examinations will be made of banks whose condition at the first examination indicated a need for follow-up. At the end of 1978, the program will be evaluated to determine its usefulness and how it can be modified and improved.

FURTHER PROBLEMS AND ACTIVITIES

No examination program can be regarded as fixed or final. Examination procedures are constantly being reviewed and improved as the conditions and circumstances change and as regulators develop more sophistication and expertise. For an entirely new program, such as this one, important questions are expected to remain.

Perhaps the most important problem is how to make the programs of the various supervisory agencies as comparable as possible—although all of these agencies recognize that complete comparability is virtually unattainable. For example, the Federal Trade Commission, which supervises a vast majority of creditors, does not—and could not, without radical restructuring and the creation of a formidable new bureaucracy—have a program for the examination of individual creditors. In addition, a number of other enforcement agencies do not have programs for the periodic examination of the institutions under their supervision. It is nonetheless vital for the agencies that do have an examination capability to apply the same standards and to enforce compliance with similar sanctions. Staffs of the Federal Reserve Board of Governors, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have been in frequent contact during the development of their new compliance programs for banks. Each agency has observed experiments made by the others in order to improve its own bank examination structure.

One of the most significant experiments in achieving comparability among the various agencies supervising financial institutions relates to the sanctions that should be imposed for various violations of the regulations. In that connection difficult questions, particularly with regard to reimbursement of overcharges to consumers, have been raised; included among these questions are the following:

• Should banks be required to reimburse overcharges resulting from violations as far back as July 1, 1969, the effective date of the Truth in Lending Act, or would a more recent date be more appropriate?

• Should there be a *de minimis* rule under which reimbursement would not be required if the average amount reimbursable were so small that the administrative costs did not justify its return? What amount should this be?

• How should an incorrect disclosure with regard to credit insurance be remedied?

• How should an overcharge be reimbursed?

• Will information gathered as required by several statutes be useful as an enforcement tool; and if so, how?

These questions are but a few of many that must be answered as the consumer compliance regulatory function takes shape.

The Board and the other regulators of Federal financial institutions plan to publish proposed guidelines dealing with such questions. The guidelines are being developed with the assistance of an interagency staff-level task force on uniform enforcement procedures. It is hoped that the guidelines can be adopted in final form soon.

To continue the emphasis on strengthening its examination program, the Board plans over the next 4 months to:

• Host the fifth session of the System Consumer Affairs School for Bank Examiners, including approximately four examiners from each Federal Reserve district (November 7–18).

• Hold a 1-week Interagency Consumer Protection Seminar (November 28–December 2). This will be the second such interagency meeting of personnel from the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency. Like the first session held in June, it will be designed to help personnel who are not involved in direct day-to-day consumer affairs compliance examination but who need to understand the various consumer affairs statutes.

• Hold an Interagency Consumer Affairs School for Bank Examiners of the Federal bank regulators during the 2-week period beginning January 23, 1978. This will be the first such school of its kind, and the students will include both examiners and assistant examiners.

* * *

In adopting legislation to protect consumers in their credit transactions, the Congress dramatically changed the ways in which banks and creditors in general deal with consumers and with consumer credit. The challenge that remains is to ensure bank compliance with these new regulatory requirements while maintaining the safety and soundness of financial institutions.

FOOTNOTES

[1]Federal Reserve press release, March 30, 1977. (BULLETIN, April 1977, pp. 427 and 428)

[2]Statement by Philip C. Jackson, Jr., Governor, Board of Governors of the Federal Reserve System, before the Consumer Affairs Subcommittee of the Committee on Banking, Finance and Urban Affairs, House of Representatives, Feb. 9, 1977 (BULLETIN, Feb. 1977, pp. 125–28)

[3]Such as: 12 CFR 215, Regulation O, Loans to Executive Officers of Member Banks; 12 CFR 216, Regulation P, Minimum Security Devices and Procedures for Federal Reserve Banks and State Member Banks; 12 CFR 217, Regulation Q, Interest on Deposits; 12 CFR 221, Regulation U, Credit by Banks for the Purpose of Purchasing or Carrying Margin Stock.

[4]As well as, to a considerable extent, by those of the National Credit Union Administration. The Federal Trade Commission, which has enforcement authority for Regulations B and Z over most other covered creditors, has no regular examination program and focuses its enforcement efforts to a far greater extent on bringing test cases in court.

[5] Senate Hearings of July 27–29, 1976, concerning enforcement of Federal and State consumer protection laws, and hearings of September 15 and 16, 1976, concerning investigation by the Commerce, Consumer and Monetary Affairs Subcommittee in the House of Representatives. Reports by Senate Committee on Banking, Housing and Urban Affairs on October 1, 1976, "Consumer Protection Enforcement Activities by the Three Commercial Bank Regulatory Agencies" and House of Representatives Committee on Government Operations, May 10, 1977, "The Truth in Lending Act: Federal Banking Agencies Enforcement and the Need for Statutory Reform."

[6] Letter of August 24, 1977, from H.E. Harrell, Executive Vice President and Cashier, The Citizens National Bank, Emporia, Virginia.

[7] The full scope of the examination covers the following: Fair Credit Reporting Act; Fair Housing Act; Real Estate Settlement Procedures Act; Equal Credit Opportunity Act (Regulation B), 12 CFR 202; Home Mortgage Disclosure Act (Regulation C), 12 CFR 203; Truth in Lending, Fair Credit Billing, and Consumer Leasing Acts (Regulation Z), 12 CFR 226; Unfair and Deceptive Acts and Practices by Banks and Consumer Complaints (Regulation AA), 12 CFR 227; National Flood Insurance Provisions (Regulation H), 12 CFR 208; and Interest on Deposits (Regulation Q), 12 CFR 217.

[8]A copy of this report is sent to the board of directors of the State member bank under examination, and another copy to the Division of Consumer Affairs at the Board.

Staff Economic Studies

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

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

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

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

STUDY SUMMARY

GREELEY IN PERSPECTIVE

PAUL SCHWEITZER AND JOSHUA GREENE—Staff, Board of Governors
Prepared as a staff paper in early 1977

The Greeley Bank case of 1973 (*United States v. First National Bancorp.*) was the first Supreme Court case to present the potential and probable future competition theories as grounds for challenging a bank holding company acquisition. These theories presuppose that the scale on which an organization enters a market significantly affects the subsequent concentration of industry resources in that market, with entry on a large scale having anticompetitive implications. While a number of studies have examined the effect of regulation on competition and entry into local banking markets, not much work has been done on the relationship between entry scale and subsequent market concentration, particularly in banking. Consequently, little evidence can be cited in support of this relationship, although the belief that entry scale *does* affect future market structure remains the fundamental basis for analyzing most probable future competition cases.

This study is an attempt to provide empirical evidence on the relationship between entry scale and the subsequent local market structure by tracing the changes in market structure that occurred in five secondary Colorado banking markets between the time when the *Greeley* applicant (First National Bancorp.) announced plans to acquire banks in those markets and June 1976—the most recent date for which reliable structure data were available. As all five of these acquisitions were announced between 1970 and 1972, this approach allowed us to control for three critical variables that could have important effects on structural change in local banking markets: holding company orientation, State regulatory policy, and general economic conditions. At the same time it enabled us to analyze in more depth cases that had occurred during the initial phase of rapid holding company expansion in Colorado. This period is the time when regulatory agencies have the greatest ability to influence local market structure, so events during this phase should be of particular importance for regulatory policy.

The results of the study indicate that, to the extent that we have held constant alternative explanatory variables, the scale on which a holding company enters a market *does* appear to affect the subsequent concentration of banking resources in the market. The study shows that the two markets that the applicant entered by acquiring relatively small banks experienced noticeable decreases in market concentration over the years following acquisition, while the three markets it entered by acquiring banks with much larger market shares exhibited either no change or a slight increase in deposit concentration. Although these results would not hold for all cases of entry into new markets, we believe they would hold for other States in which rapid holding company development is taking place. The study also indicates that relatively small-scale entry generated market deconcentration over and above any increase in the market share of the acquired bank. This finding would suggest that promoting small-scale entry may be a particularly effective means for deconcentrating local banking markets. □

The Importance of an Independent Central Bank

Today, I would like to talk to you about an issue that has been important throughout much of recorded history and which is certain to influence your lives—for better or worse. I refer to Government's management of money—a function that in our country is lodged by statute with the Federal Reserve System.

No nation whose history I am familiar with has succeeded in managing the stock of money perfectly. Few, indeed, have even managed it well. And those societies that have been least successful have paid dearly for their ineptitude. Debasement of the currency had a great deal to do with the destruction of the Roman Empire. In our own times, excessive creation of money has released powerful inflationary forces in many countries around the globe. And once a nation's money is debauched, economic stagnation and social and political troubles usually follow.

Each of you in this assemblage, whatever your age, has experienced at first hand some of the consequences of monetary stress. For a dozen years now, our Nation has been subjected to a relentless siege of inflation that has conferred undeserved windfall gains on some and undeserved hardships on others. In terms of social well-being, these capricious pluses and minuses by no means cancel out. Young people wanting to buy a home these days know that the price of decent shelter has soared almost out of reach. Parents across the country know the shocking extent to which tuition costs have ballooned. And woe to anyone who has major medical expenses and is not adequately insured.

Those, moreover, are merely among the most readily visible consequences of inflation. There are other less apparent effects that are even more pernicious. Once a nation's economy has been gripped by inflation, it becomes virtually impossible to maintain an environment in which jobs are plentiful and secure. The economic recession of 1974–75, in the course of which unemployment climbed to a level above 8 million persons, would not have been nearly so severe—and indeed might not have occurred at all—had it not been for the inflationary distortions of the preceding several years.

That is clear, I think, from the sequence of events. Double-digit inflation severely drained many family pocketbooks, reduced consumer confidence, and led to more cautious consumer spending. Businessmen, however, were slow in responding to the weakening of consumer markets. They seem to have been blinded by the dizzying advance of prices and by the effect of that advance on their nominal profits. They thus continued aggressive programs of inventory expansion and capital-goods expansion longer than was prudent, thereby causing economic imbalances to cumulate to major proportions. By the time the weakening of consumer markets was fully recognized by businessmen, the need to scale back had become enormous. The worst recession in a generation ensued.

The only positive aspect of that traumatic episode is that it finally opened the eyes of many economists and public officials to the fact that inflation and unemployment are not alternatives for our economy. The message is now clear that inflation in time causes serious unemployment. Understanding of that relationship is gradually tending, I believe, to make public policies more sensible.

NOTE.—Address by Arthur F. Burns, Chairman, Board of Governors of the Federal Reserve System, at Commencement Exercises of Jacksonville University, Jacksonville, Florida, August 13, 1977.

Some of you in this audience may be wondering, I suspect, whether the Federal Reserve may not have something to do with the inflation we have been experiencing. It may fairly be asked: Has not the Federal Reserve been creating too much money? And may not this be one of the causes of our inflation?

That question is, indeed, often put to me, and I welcome it because of the opportunity it affords to clarify the nature of the dilemma our country faces. Neither I nor, I believe, any of my associates would quarrel with the proposition that money creation and inflation are closely linked and that serious inflation could not long proceed without monetary nourishment. We well know—as do many others—that if the Federal Reserve stopped creating new money, or if this activity were slowed drastically, inflation would soon either come to an end or be substantially checked.

Unfortunately, knowing that truth is not so helpful as one might suppose. The catch is that nowadays there are tremendous nonmonetary pressures in our economy that are tending to drive costs and prices higher. This, I should note, applies not only to our country, nor is it any more just a phenomenon of wars and their aftermath as tended once to be the case. Rather, powerful upward pressures on costs and prices have become worldwide, and they persist tenaciously through peacetime periods as well as wars.

This inflationary bias reflects a wide range of developments that have been evolving over a span of decades in both governmental and private affairs. Foremost among these developments is the commitment of modern governments to full employment, to rapid economic growth, to better housing, to improved health, and to other dimensions of welfare. These are certainly laudable objectives, but they have too often caused governmental spending to outrun revenues. Other developments—such as the escalator arrangements that various economic groups have achieved through their efforts to escape the rigors of inflation—have speeded the transmission of inflationary impulses across the economy. What we as a people, along with other nations, have been tending to do is to subject available resources to increasingly intensive demands; but we at the same time have sought to insure that incomes do not get eroded when excessive pressures on resources generate inflation. This amounts, unfortunately, to creating upward pressures on costs and prices, and then arranging to perpetuate them. That is the awesome combination that fighters against inflation have to try to counter.

Theoretically, the Federal Reserve could thwart the nonmonetary pressures that are tending to drive costs and prices higher by providing substantially less monetary growth than would be needed to accommodate these pressures fully. In practice, such a course would be fraught with major difficulty and considerable risk. Every time our Government acts to enlarge the flow of benefits to one group or another, the assumption is implicit that the means of financing will be available. A similar tacit assumption is embodied in every pricing decision, wage bargain, or escalator arrangement that is made by private parties or government. The fact that such actions may in combination be wholly incompatible with moderate rates of monetary expansion is seldom considered by those who initiate them. If the Federal Reserve then sought to create a monetary environment that seriously fell short of accommodating the nonmonetary pressures that have become characteristic of our times, severe stresses could be quickly produced in our economy. The inflation rate would probably fall in the process but so, too, would production, jobs, and profits.

The tactics and strategy of the Federal Reserve System—as of any central bank—must be attuned to these realities. With sufficient courage and determination, it is nevertheless within our capacity to affect the inflation rate significantly. We may not, as a practical matter, be able to slow monetary growth drastically within any given short time span, but we do have considerable discretion in accommodating the pressures of the marketplace less than fully. We are, indeed, often engaged in probing and testing our capacity to do just that. And while we must be cautious about moving abruptly, my colleagues and I in the Federal Reserve System are firmly committed to a longer-term effort of gradual reduction in the rate of growth of money—something that is reflected in the progression of steps we have been taking to lower permissible growth ranges for the money supply. Slowly undernourishing inflation and thus weakening it seems the most realistic strategy open to us. We believe that such an effort—especially if the Congress becomes less tolerant of budget deficits—will ultimately create a much healthier environment for the determination of wages and prices.

The capacity of the Federal Reserve to maintain a meaningful anti-inflationary posture is made possible by the considerable degree of independence it enjoys within our Government. In most countries around the world, central banks are in effect instrumentalities of the executive branch of government—carrying out monetary policy according to the wishes of the head of government or the finance ministry. That is not the case in this country because the Congress across the decades has deliberately sought to insulate the Federal Reserve from the kind of political control that is typical abroad. The reason for this insulation is a very practical one, namely, recognition by the Congress that governments throughout history have had a tendency to engage in activities that outstrip the taxes they are willing or able to collect. That tendency has generally led to currency depreciation, achieved by stratagems ranging from clipping of gold or silver coins in earlier times to excessive printing of paper money or to coercing central banks to expand credit unduly in more modern times.

With a view to insuring that the power of money creation would not be similarly abused in our country, the Congress has given our central bank major scope for the independent exercise of its best judgment as to what monetary policy should be. In fact, the Congress has not only protected the Federal Reserve System from the influence of the executive branch; it also has seen fit to give the System a good deal of protection from transitory political pressures emanating from the Congress itself.

Probably the two most important elements making for Federal Reserve independence are the following: First, the seven members of the Federal Reserve Board serve long and staggered terms and can only be removed for "cause." This arrangement severely limits possibilities for any "packing" of the Board and enables members of the Board to act without special concern about falling out of grace politically. Second, the Federal Reserve System finances its activities with internally generated funds and therefore is not subject to the customary appropriations process. This arrangement is intended to assure that the congressional "power of the purse" will not be used in an effort to induce System officials to pursue policies that they otherwise might consider poorly suited to the Nation's needs.

The Federal Reserve has thus been able to fashion monetary policy in an impartial and objective manner—free from any sort of partisan or parochial influence. While the long history of the Federal Reserve is not faultless, its policies have consistently been managed by conscientious individuals seeking the Nation's permanent welfare—rather than today's fleeting benefit. Significantly, this country's record in dealing with inflation—albeit woefully insufficient—has been much better generally than the record of countries with weak central banks. Indeed, I would judge it no accident that West Germany and Switzerland, which in recent years also have managed their economy better than most others, happen to have strong and independent monetary authorities like ours.

The degree of independence that the Congress has conferred upon the Federal Reserve has been a source of frustration to some Government officials since the Federal Reserve Act first became law. Certainly, from the standpoint of the executive branch, it would at times—perhaps often—be more convenient to instruct the central bank what to do than to reckon with the System's independence. In the end, however, the country would not be so well served. The Federal Reserve, it needs to be emphasized, seeks earnestly to support or to reinforce governmental policies to the maximum extent permitted by its responsibilities. When the System's actions depart, as they occasionally have, from the way in which the executive branch would wish it to act, that is generally because the System tends to take a longer-range view of the Nation's welfare. Actually, most of the time, monetary and fiscal policies are well coordinated and mutually reinforcing; in other words, they are the product of continuing and fruitful discussions between members of the administration and Federal Reserve officials.

Not only is dialogue continuous with the executive branch of the Government, but Federal Reserve officials also appear frequently before congressional committees—something that works, on the one hand, to keep the Congress informed as to System activities and that, on the other, affords Senators and Congressmen an effective means of registering approval or disapproval of Federal Reserve policy. In practical terms, the economic policy dialogue that is always in process within our Government produces a thorough exploration of options. It may fairly be said, I believe, that the System's independence results in a more thorough discussion and thrashing out of public issues than would otherwise occur.

Despite the salutary influence that the Federal Reserve's independence has had on our Nation's economy, legislative proposals that would place the System under tighter rein keep being introduced in the Congress. The proposals that have been put forth over the years cover a wide range—for example, to enlarge the size of the Board, to shorten the terms of its members, to enable the President to remove Board members at will, to diminish or eliminate the role of Federal Reserve bank directors, and to subject the System to the congressional appropriations process or to audit by the Government Accounting Office. In recent years, there have also been proposals calling for numerical forecasts of interest rates or other sensitive magnitudes, which, if ever undertaken by the Federal Reserve, could unsettle financial markets besides misleading individuals who lack sophistication in financial matters.

The shortcomings of these individual proposals matter less, however, than what appears to be their common objective, namely, to reduce the Federal Reserve's independence and to restrict its scope for discretionary action. That, I believe, is the real thrust of the diverse efforts to "reform" the Federal Reserve System. It is perhaps of some significance that such proposals not infrequently come from individuals who are basically dissatisfied with what they regard as excessive Federal Reserve concern with battling inflation.

The element of populism in all this is strong—particularly the preoccupation with maintaining low interest rates. It makes no difference how often Federal Reserve officials repeat that the System's continuing objective is the lowest level of interest rates compatible with sound economic conditions. That is not enough. What is desired is assurance that interest rates will be kept permanently down, or at least not be allowed to rise significantly.

The Federal Reserve cannot, of course, give that kind of assurance. In a period of rising demands for funds, a determined effort by the System to keep interest rates down could quickly turn the Federal Reserve into something akin to the engine of inflation that it was during the early Korean war period when the System unwisely tried to keep interest rates down so that the cost of financing the Federal debt would not escalate. Actually, the consequences now would almost certainly be far worse than they were a quarter century ago because the public has become far more sensitive to inflation.

Long-term interest rates, in particular, tend to respond quickly nowadays to changing inflationary expectations. Once the financial community perceived that the Federal Reserve was pumping massive reserves into commercial banks with a view to creating monetary ease, fears of a new wave of inflation would quickly spread. Potential suppliers of long-term funds would then be inclined to demand higher interest rates as protection against the expected higher rate of inflation. Borrowers, on the other hand, would be more eager to acquire additional funds since they would expect to repay their loans in still cheaper dollars.

In short, heightened inflationary expectations would soon overwhelm markets in today's inflation-conscious environment by actually causing long-term interest rates—which are generally more important to the economy than short-term rates—to rise. The policy of seeking lower interest rates by flooding banks with reserves would thus be frustrated. And I need hardly add that adverse effects on production, employment, and the dollar's purchasing power would follow.

The Federal Reserve System, I assure you, will not be deterred by the drumbeat of dubious propositions concerning money and interest rates. We are determined to continue on a path of further gradual unwinding of the inflationary tendencies that have become so deeply embedded in our economic life. We are determined to continue promoting the expansion of our economy and yet control the supply of money so as to prevent a new wave of inflation. Such a policy, I firmly believe, is the only responsible option open to us.

I hope that I have succeeded today in conveying some sense of the importance to you as individuals and to the Nation generally of the Federal Reserve's role in our Government. Fortunately, despite the criticism that is not infrequently voiced by some of its members, the Congress as a whole has kept the Federal Reserve's role in a clear perspective and has fully protected the essentials of Federal Reserve independence. That will continue to be the case only if you who are graduating today and other citizens develop a full understanding of what is at stake. □

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

Growth in total time and savings deposits at all insured commercial banks slowed moderately during the 3-month period ending April 27, 1977. This article discusses changes in the composition of such deposits by using data from the latest quarterly survey of time and savings deposits, conducted jointly by the Federal Reserve System and the Federal Deposit Insurance Corporation.[1] Total time and savings deposits increased by almost $12 billion, or at a quarterly rate of about 2 per cent, not seasonally adjusted, compared with an increase of more than $15 billion, or a quarterly rate of 3 per cent, in the preceding 3 months. The moderation in growth was most evident among savings deposits, which rose by $8 billion in the interval from January to April, or 4 per cent at a quarterly rate, in contrast to the sharp $13 billion rise in the previous 3-month interval. Meanwhile, growth in small-denomination (less than $100,000) time deposits nearly kept pace with that of the preceding period, increasing about $5 billion, despite continued rate cutting in almost all maturity categories and rising market rates of interest on alternative investments. The outstanding volume of large-denomination ($100,000 and over) time deposits fell by almost $2 billion, prolonging the decline begun in early 1975.

SAVINGS DEPOSITS

Inflows to savings accounts at insured commercial banks totaled more than $8 billion, not seasonally adjusted, in the January to April period, bringing the outstanding volume of such deposits to $213 billion. Individuals and nonprofit organizations increased their holdings by more than $7 billion, accounting for 90 per cent of the expansion. Although substantial, this increase was nearly $3 billion less than that of the previous quarter, indicating that inflows may have been dampened by the high fuel bills resulting from severe weather conditions in early 1977. Businesses and domestic governmental units sharply reduced their savings deposit inflows. The extremely rapid growth rate in these deposits in previous quarters reflected initial build-ups in funds after these accounts first became available to governmental units in November 1974 and to businesses a year later.

During the January–April period, some small banks apparently reversed their recent reductions in offering rates on savings deposits of governmental units. Among banks with deposits of less than $100 million, the proportion paying the ceiling rate of interest on deposits of governmental units rose 4 percentage points to 86 per cent after falling 4 points in the preceding 3 months. In contrast,

NOTE.—Rebekah F. Wright and John R. Williams of the Board's Divison of Research and Statistics prepared this article.

[1]Surveys of time and savings deposits (STSD) at all member banks were conducted by the Board of Governors in late 1965, in early 1966, and quarterly in 1967. In January and July 1967 the surveys also included data for all insured nonmember banks collected by the Federal Deposit Insurance Corporation (FDIC). Since the beginning of 1968 the Board of Governors and the FDIC have conducted joint quarterly surveys to provide estimates for all insured commercial banks based on a probability sample of banks. The results of all earlier surveys have appeared in previous BULLETINS from 1966 to 1977, the most recent being June 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, October 27, 1976, January 26, 1977, and April 27, 1977

Type of deposit	Number of issuing banks			Deposits: In millions of dollars			Deposits: Percentage change	
	Oct. 27, 1976	Jan. 26, 1977	Apr. 27, 1977	Oct. 27, 1976	Jan. 26, 1977	Apr. 27, 1977	Oct. 27–Jan. 26	Jan. 26–Apr. 27
Total time and savings deposits	**14,384**	**14,376**	**14,352**	**477,722**	**492,813**	**504,343**	**3.2**	**2.3**
Savings	**14,384**	**14,376**	**14,352**	**191,388**	**204,603**	**212,824**	**6.9**	**4.0**
Issued to:								
Individuals and nonprofit organizations	14,384	14,373	14,352	179,695	189,829	197,199	5.6	3.9
Partnerships and corporations operated for profit (other than commercial banks)	8,146	8,497	8,961	7,555	8,869	9,154	17.4	3.2
Domestic governmental units	6,080	6,965	6,614	3,882	5,575	6,347	43.6	13.8
All other	748	714	730	256	329	124	28.4	62.2
Interest-bearing time deposits in denominations of less than $100,000	**14,080**	**14,072**	**14,057**	**152,436**	**157,643**	**162,252**	**3.4**	**2.9**
Issued to:								
Domestic governmental units	*10,407*	*10,351*	*10,497*	*4,174*	*4,306*	*4,743*	*3.2*	*10.1*
Accounts with original maturity of:								
30 up to 90 days	4,301	4,298	4,349	1,090	931	938	14.6	0.7
90 up to 180 days	7,499	8,036	8,333	1,219	1,458	1,658	19.6	13.8
180 days up to 1 year	4,375	4,251	4,049	688	651	838	5.4	28.8
1 year and over	7,787	8,258	8,109	1,177	1,269	1,308	7.8	3.1
Other than domestic governmental units	*14,049*	*14,043*	*14,028*	*148,262*	*153,334*	*157,509*	*3.4*	*2.7*
Accounts with original maturity of:								
30 up to 90 days	6,309	5,686	5,889	7,229	6,980	7,074	3.4	1.3
90 up to 180 days	11,535	11,091	11,747	30,164	31,105	31,526	3.1	1.4
180 days up to 1 year	8,911	8,540	8,493	4,368	4,535	4,087	3.8	9.9
1 up to 2½ years	13,553	13,622	13,674	34,002	33,979	33,836	0.1	0.4
2½ up to 4 years	*12,203*	*12,132*	*12,400*	*18,402*	*17,646*	*17,951*	*4.1*	*1.7*
4 up to 6 years	11,773	12,071	12,345	44,781	48,047	50,588	7.3	5.3
6 years and over	8,169	8,526	9,027	9,317	11,043	12,448	18.5	12.7
Interest-bearing time deposits in denominations of $100,000 or more	**11,186**	**10,980**	**11,190**	**127,137**	**124,719**	**122,903**	**1.9**	**1.5**
Non-interest-bearing time deposits	1,667	1,651	1,686	4,874	4,867	4,875	0.2	0.2
In denominations of:								
Less than $100,000	1,415	1,423	1,307	1,587	1,680	1,496	5.9	10.9
$100,000 or more	683	672	788	3,288	3,186	3,379	3.1	6.1
Club accounts (Christmas savings, vacation, or similar club accounts)	9,021	8,798	8,734	1,887	982	1,490	48.0	51.7

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.

at banks with total deposits over $100 million, the share paying the maximum rate on governmental savings deposits fell 2 percentage points to 82 per cent, following a decline of 10 percentage points between October and January. For savings accounts of businesses, the proportion of banks paying the maximum rate fell 1 percentage point in both size categories, to 89 per cent at small banks and to 87 per cent at large banks. And for savings accounts of individuals, the share of small banks paying the maximum rate was unchanged at 84 per cent and the share of large banks rose 1 percentage point, also to 84 per cent.

The average rate (weighted by the amount of deposits) paid at all banks on savings deposits acquired by individuals remained at 4.90 per cent. For businesses, the average rate fell 1 basis point to 4.93 per cent, while for governmental units the average rate increased 4 basis points to 4.94 per cent. As a result, the weighted-average rate paid on all new issues of savings deposits remained unchanged at 4.90 per cent.

SMALL-DENOMINATION TIME DEPOSITS

Although rates on intermediate-term market instruments had risen somewhat from their January levels, they remained below commercial bank rate ceilings for all time-deposit maturities. As a result, inflows to most maturity categories of small-denomination interest-bearing time accounts continued at a pace only moderately slower than in the preceding 3 months. Such deposits grew at a 3 per cent quarterly rate to a level of $162 billion.

2. Small-denomination time and savings deposits held by insured commercial banks on April 27 compared with January 26, 1977, by type of deposit, by most common rate paid on new deposits in each category, and by size of bank

Number of banks, or percentage distribution

Deposit group, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars): Less than 100		Size of bank (total deposits in millions of dollars): 100 and over	
	Apr. 27	Jan. 26	Apr. 27	Jan. 26	Apr. 27	Jan. 26
Savings deposits						
Individuals and nonprofit organizations						
Issuing banks	14.352	14,373	13,374	13.403	978	970
Distribution, total	100	100	100	100	100	100
4.00 or less	3.8	4.8	3.6	4.6	6.0	6.7
4.01 4.50	11.8	11.0	12.0	11.1	9.2	9.8
4.51–5.00	84.5	84.2	84.4	84.3	84.8	83.5
Paying ceiling rate [1]	**84.2**	**83.9**	**84.2**	**84.0**	**84.3**	**82.6**
Partnerships and corporations						
Issuing banks	8,961	8.497	7.997	7.540	964	957
Distribution, total	100	100	100	100	100	100
4.00 or less	1.5	1.7	1.5	1.6	1.2	2.2
4.01–4.50	9.3	7.8	9.0	7.7	11.5	9.1
4.51-5.00	89.2	90.5	89.4	90.7	87.3	88.7
Paying ceiling rate [1]	**88.6**	**90.0**	**88.8**	**90.3**	**86.5**	**87.7**
Domestic governmental units						
Issuing banks	6.614	6,965	5,994	6.361	620	604
Distribution, total	100	100	100	100	100	100
4.00 or less	3.0	5.0	3.2	5.2	1.3	2.5
4.01–4.50	10.6	12.3	10.1	12.2	15.6	12.6
4.51-5.00	86.4	82.8	86.7	82.6	83.1	84.9
Paying ceiling rate [1]	**85.8**	**82.3**	**86.2**	**82.1**	**82.1**	**83.9**
All other						
Issuing banks	730	714	641	629	89	85
Distribution, total	100	100	100	100	100	100
4.00 or less	12.0	12.3	13.2	13.6	3.2	3.2
4.01-4.50	(2)	(2)	(2)	(2)	(2)	(2)
4.51-5.00	88.0	87.7	86.8	86.4	96.8	96.8
Paying ceiling rate [1]	**87.7**	**87.7**	**86.8**	**86.4**	**95.7**	**96.8**
Time deposits in denominations of less than $100,000						
Domestic governmental units:						
Maturing in—						
30 up to 90 days						
Issuing banks	4,349	4.298	3.696	3.627	653	671
Distribution, total	100	100	100	100	100	100
4.50 or less	7.8	6.2	6.7	4.2	13.9	17.2
4.51 5.00	73.9	74.7	73.0	75.4	78.9	70.7
5.01-5.50	13.4	14.6	14.7	15.5	6.0	9.3
5.51–7.75	4.9	4.6	5.6	4.9	1.2	2.7
Paying ceiling rate [1]	(2)	(2)	(2)	(2)	(2)	(2)
90 up to 180 days						
Issuing banks	8,333	8,036	7,591	7,307	742	728
Distribution, total	100	100	100	100	100	100
4.50 or less	2.4	4.7	2.1	4.7	5.7	4.9
4.51-5.00	19.1	15.0	18.7	14.0	23.4	25.1
5.01 5.50	74.6	74.6	75.1	75.2	69.3	68.7
5.51-7.75	3.9	5.6	4.2	6.1	1.5	1.2
Paying ceiling rate [1]	(2)	(2)	(2)	(2)	(2)	(2)
180 days up to 1 year						
Issuing banks	4,049	4,251	3.482	3,700	567	551
Distribution, total	100	100	100	100	100	100
4.50 or less	2.4	5.0	2.1	5.2	4.4	3.9
4.51-5.00	13.6	9.1	12.2	7.0	22.0	23.8
5.01-5.50	72.4	66.4	73.4	66.6	66.5	64.7
5.51–7.75	11.6	19.5	12.3	21.3	7.1	7.6
Paying ceiling rate [1]	(2)	(2)	(2)	(2)	(2)	(2)
1 year and over						
Issuing banks	8,109	8.258	7,375	7,594	734	665
Distribution, total	100	100	100	100	100	100
5.00 or less	3.3	4.8	2.8	4.4	8.7	10.2
5.01–5.50	7.9	4.3	7.0	3.0	17.1	18.7
5.51–6.00	71.0	68.5	72.6	69.7	55.5	53.7
6.01–7.75	17.7	22.4	17.6	22.9	18.7	17.3
Paying ceiling rate [1]	(2)	(2)	(2)	(2)	.4	.4

Amount of deposits (in millions of dollars), or percentage distribution

Deposit group, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars): Less than 100		Size of bank (total deposits in millions of dollars): 100 and over	
	Apr. 27	Jan. 26	Apr. 27	Jan. 26	Apr. 27	Jan. 26
Savings deposits						
Individuals and nonprofit organizations						
Issuing banks	197,199	189,829	89.639	71,490	107.560	118.339
Distribution, total	100	100	100	100	100	100
4.00 or less	3.7	4.0	3.0	3.5	4.4	4.3
4.01 4.50	11.3	11.4	11.1	10.0	11.4	12.3
4.51–5.00	85.0	84.5	85.9	86.5	84.2	83.4
Paying ceiling rate [1]	**84.3**	**83.5**	**85.6**	**86.2**	**83.2**	**81.9**
Partnerships and corporations						
Issuing banks	9,154	8.869	3,269	2,527	5.885	6.343
Distribution, total	100	100	100	100	100	100
4.00 or less	.9	1.5	1.3	1.5	.6	1.5
4.01–4.50	11.9	8.7	9.3	5.2	13.4	10.0
4.51-5.00	87.2	89.8	89.5	93.2	86.0	88.4
Paying ceiling rate [1]	**84.8**	**87.8**	**89.3**	**93.2**	**82.3**	**85.7**
Domestic governmental units						
Issuing banks	6.347	5.575	2,925	1,924	3.422	3.651
Distribution, total	100	100	100	100	100	100
4.00 or less	.6	1.3	.1	1.9	1.0	1.0
4.01–4.50	10.2	15.7	5.2	11.0	14.5	18.2
4.51-5.00	89.2	83.0	94.7	87.1	84.5	80.8
Paying ceiling rate [1]	**87.8**	**81.4**	**94.6**	**87.0**	**82.0**	**78.5**
All other						
Issuing banks	121	329	22	28	99	301
Distribution, total	100	100	100	100	100	100
4.00 or less	1.5	.5	4.4	2.5	.8	.4
4.01-4.50	(2)	(2)	(2)	(2)	(2)	(2)
4.51-5.00	98.5	99.5	95.6	97.5	99.2	99.6
Paying ceiling rate [1]	**97.2**	**99.5**	**95.6**	**97.5**	**97.6**	**99.6**
Time deposits in denominations of less than $100,000						
Domestic governmental units:						
Maturing in—						
30 up to 90 days						
Issuing banks	938	931	593	564	345	368
Distribution, total	100	100	100	100	100	100
4.50 or less	6.7	13.2	2.4	4.5	14.0	26.4
4.51 5.00	67.7	60.7	73.8	72.9	57.4	42.0
5.01-5.50	14.9	18.2	8.9	11.9	25.1	27.9
5.51–7.75	10.7	7.9	14.9	10.7	3.5	3.7
Paying ceiling rate [1]	(2)	(2)	(2)	(2)	(2)	(2)
90 up to 180 days						
Issuing banks	1,658	1.457	1,179	924	479	534
Distribution, total	100	100	100	100	100	100
4.50 or less	2.3	3.2	2.3	3.6	2.3	2.4
4.51-5.00	15.6	15.6	13.8	11.0	20.0	23.7
5.01 5.50	79.1	76.2	80.5	78.3	75.7	72.6
5.51-7.75	3.0	5.0	3.4	7.1	2.0	1.3
Paying ceiling rate [1]	(2)	(2)	(2)	(2)	(2)	(2)
180 days up to 1 year						
Issuing banks	838	650	499	386	339	264
Distribution, total	100	100	100	100	100	100
4.50 or less	6.8	7.8	10.8	4.3	.8	12.9
4.51-5.00	37.9	14.2	14.0	2.0	73.1	32.0
5.01-5.50	37.8	59.8	48.4	66.0	22.3	50.9
5.51–7.75	17.5	18.2	26.8	27.8	3.8	4.2
Paying ceiling rate [1]	(2)	(2)	(2)	(2)	(2)	(2)
1 year and over						
Issuing banks	1,306	1,265	1.031	1,032	275	233
Distribution, total	100	100	100	100	100	100
5.00 or less	4.2	2.8	.9	2.1	16.6	6.2
5.01–5.50	12.7	13.0	5.6	4.3	39.3	51.3
5.51–6.00	70.2	68.0	78.9	75.5	37.6	35.0
6.01–7.75	12.9	16.2	14.7	18.1	6.4	7.5
Paying ceiling rate [1]	.1	(2)	(2)	(2)	.3	.2

TABLE 2—Continued

Deposit group, and distribution of deposits by most common rate	Number of banks, or percentage distribution: All banks, Apr. 27	All banks, Jan. 26	Size of bank (total deposits in millions of dollars): Less than 100, Apr. 27	Less than 100, Jan. 26	100 and over, Apr. 27	100 and over, Jan. 26	Amount of deposits (in millions of dollars), or percentage distribution: All banks, Apr. 27	All banks, Jan. 26	Size of bank (total deposits in millions of dollars): Less than 100, Apr. 27	Less than 100, Jan. 26	100 and over, Apr. 27	100 and over, Jan. 26
Time deposits in denominations of less than $100,000 (cont.)												
Other than domestic governmental units:												
Maturing in												
30 up to 90 days												
Issuing banks	5,889	5,686	5,039	4,836	850	850	7,053	6,955	1,368	1,351	5,684	5,604
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	3.7	4.3	2.0	3.0	14.0	11.6	12.7	18.0	6.7	9.3	14.1	20.1
4.51–5.00	96.3	95.7	98.0	97.0	86.0	88.4	87.3	82.0	93.3	90.7	85.9	79.9
Paying ceiling rate[1]	**92.7**	**92.7**	**95.8**	**95.2**	**74.6**	**78.6**	**80.3**	**75.8**	**88.6**	**86.7**	**78.3**	**73.1**
90 up to 180 days												
Issuing banks	11,747	11,091	10,786	10,139	961	951	31,509	31,042	12,632	12,423	18,877	18,619
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	.6	1.0	.5	.9	1.1	1.9	.1	.2	.1	(2)	.2	.4
4.51–5.00	13.1	10.6	13.0	10.5	14.1	12.1	15.7	16.8	8.6	10.3	20.5	21.2
5.01–5.50	86.3	88.4	86.5	88.6	84.8	86.0	84.1	83.0	91.3	89.7	79.3	78.4
Paying ceiling rate[1]	**85.3**	**88.1**	**85.9**	**88.6**	**79.3**	**82.5**	**81.0**	**80.3**	**90.4**	**89.7**	**74.8**	**74.0**
180 days up to 1 year												
Issuing banks	8,493	8,540	7,639	7,704	854	836	4,053	4,497	2,430	2,509	1,623	1,989
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	1.1	.6	.8	.4	2.9	3.0	.6	.3	.3	(2)	1.1	.6
4.51–5.00	10.1	8.8	9.9	8.4	12.4	13.1	10.0	10.0	7.4	4.3	13.9	17.3
5.01–5.50	88.8	90.5	89.3	91.3	84.7	83.9	89.3	89.7	92.2	95.7	85.0	82.1
Paying ceiling rate[1]	**87.1**	**89.2**	**88.3**	**90.5**	**76.5**	**76.8**	**85.1**	**84.6**	**92.2**	**95.7**	**74.6**	**70.7**
1 up to 2½ years												
Issuing banks	13,674	13,622	12,709	12,662	965	960	33,725	33,978	21,053	21,393	12,671	12,585
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	.7	.4	.7	.4	.5	.9	.2	1.7	.1	.3	.4	4.2
5.01–5.50	4.0	2.8	3.7	2.5	7.8	6.7	4.8	2.8	2.9	2.1	8.1	4.0
5.51–6.00	95.3	96.8	95.6	97.1	91.7	92.4	94.9	95.5	97.0	97.6	91.5	91.9
Paying ceiling rate[1]	**91.9**	**94.5**	**92.3**	**95.1**	**86.4**	**86.8**	**92.0**	**89.4**	**94.7**	**96.4**	**87.5**	**77.4**
2½ up to 4 years												
Issuing banks	12,400	12,132	11,463	11,199	937	933	17,840	17,565	10,417	10,316	7,423	7,248
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	5.3	2.6	4.9	1.9	10.4	10.6	9.0	5.9	6.3	2.0	12.7	11.5
6.01–6.50	94.7	97.4	95.1	98.1	89.6	89.4	91.0	94.1	93.7	98.0	87.3	88.5
Paying ceiling rate[1]	**92.6**	**97.1**	**93.2**	**98.1**	**85.0**	**85.8**	**89.5**	**92.9**	**93.0**	**98.0**	**84.7**	**85.7**
4 up to 6 years												
Issuing banks	12,345	12,071	11,419	11,143	926	928	49,718	47,581	25,144	24,003	24,574	23,578
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.50 or less	4.3	2.2	3.7	1.2	11.1	14.7	8.0	6.8	4.9	1.0	11.1	12.7
6.51–7.00	18.2	17.5	18.4	17.6	15.7	15.4	16.8	15.0	16.9	15.9	16.7	14.2
7.01–7.25	77.6	80.3	77.9	81.2	73.1	69.9	75.2	78.1	78.2	83.1	72.2	73.1
Paying ceiling rate[1]	**77.4**	**80.0**	**77.8**	**80.9**	**73.1**	**69.4**	**75.0**	**78.0**	**77.6**	**83.0**	**72.2**	**72.9**
6 years and over												
Issuing banks	9,027	8,526	8,215	7,717	812	809	12,293	10,886	5,262	4,625	7,031	6,261
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	.3	.1	.2	(2)	.8	.8	.1	.1	(2)	(2)	.2	.2
5.01–7.25	12.0	8.2	11.1	7.1	21.3	19.2	16.1	14.6	9.1	3.7	21.3	22.7
7.26–7.50	87.7	91.7	88.7	92.9	77.9	80.0	83.8	85.3	90.9	96.3	78.5	77.2
Paying ceiling rate[1]	**87.7**	**91.7**	**88.7**	**92.9**	**77.8**	**80.0**	**83.8**	**85.3**	**90.9**	**96.3**	**78.5**	**77.2**
Club accounts												
Issuing banks	8,734	8,798	7,998	8,076	736	721	1,392	944	657	544	735	400
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
0.00	48.7	49.8	50.6	51.8	27.2	27.7	21.1	14.6	28.9	15.3	14.2	13.6
0.01–4.00	15.2	12.6	15.3	12.5	14.2	13.7	16.1	11.4	18.9	9.9	13.5	13.3
4.01–4.50	8.5	6.9	8.5	6.6	8.2	9.6	13.5	11.0	13.8	6.8	13.3	16.7
4.51–5.50	**27.6**	**30.7**	**25.5**	**29.0**	**50.4**	**48.9**	**49.3**	**63.0**	**38.4**	**67.9**	**58.9**	**56.4**

[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.

Domestic governmental units increased their holdings of small-denomination time deposits in all maturity categories. The 3-month rise of more than $400 million, to a level of $4.7 billion, was more than double the rise of the preceding 3 months. Growth was concentrated primarily among deposits maturing in less than 1 year.

Despite modest reductions in offering rates on deposits in most maturity categories, holdings of small-denomination time deposits by nongovernment entities advanced more than $4 billion to a level of nearly $158 billion. Growth in deposits maturing in 4 years or more accounted for 95 per cent of all growth in nongovernmental small-denomination time

3. Average of most common interest rates paid on various categories of time and savings deposits at insured commercial banks on January 26, 1977, and April 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
	April 27, 1977						
Savings and small-denomination time deposits	5.50	5.66	5.59	5.49	5.42	5.46	5.44
Savings, total	4.90	4.94	4.88	4.94	4.90	4.84	4.91
Individuals and nonprofit organizations	4.90	4.94	4.88	4.94	4.90	4.84	4.91
Partnerships and corporations	4.93	4.96	4.90	4.97	4.94	4.86	4.91
Domestic governmental units	4.94	4.99	4.99	4.92	4.94	4.88	4.88
All other	4.96	4.30	5.00	5.00	4.94	5.00	4.99
Time deposits in denominations of less than $100,000, total	6.30	6.29	6.46	6.33	6.28	6.27	6.16
Domestic governmental units, total	5.47	5.56	5.61	5.45	5.31	5.12	5.18
Maturing in							
30 up to 90 days	5.09	5.34	4.95	4.92	5.18	4.85	4.81
90 up to 180 days	5.38	5.39	5.45	5.35	5.41	5.09	5.26
180 days up to 1 year	5.27	5.38	5.57	5.10	5.05	5.34	5.16
1 year and over	5.97	6.03	6.01	6.27	5.62	5.70	5.70
Other than domestic governmental units, total	6.32	6.33	6.49	6.35	6.31	6.29	6.17
Maturing in							
30 up to 90 days	4.91	4.98	5.00	4.92	4.96	4.93	4.85
90 up to 180 days	5.40	5.46	5.46	5.44	5.46	5.40	5.26
180 days up to 1 year	5.43	5.47	5.41	5.46	5.45	5.33	5.33
1 up to 2½ years	5.96	5.97	5.99	5.97	5.96	5.92	5.91
2½ up to 4 years	6.44	6.46	6.47	6.45	6.41	6.44	6.40
4 up to 6 years	7.12	7.18	7.16	7.11	7.10	7.13	7.05
Over 6 years	7.40	7.49	7.49	7.40	7.37	7.43	7.31
MEMO: Club accounts[1]	3.63	2.43	2.91	3.82	3.95	3.83	4.35
	January 26, 1977						
Savings and small-denomination time deposits	5.50	5.71	5.67	5.58	5.45	5.37	5.33
Savings, total	4.90	4.94	4.88	4.94	4.90	4.83	4.91
Individuals and nonprofit organizations	4.90	4.94	4.88	4.93	4.89	4.82	4.91
Partnerships and corporations	4.94	4.99	4.93	4.97	4.93	4.89	4.93
Domestic governmental units	4.90	4.92	4.96	4.89	4.94	4.90	4.86
All other	4.98	4.84	5.00	5.00	4.98	....	5.00
Time deposits in denominations of less than $100,000, total	6.28	6.28	6.45	6.35	6.26	6.22	6.12
Domestic governmental units, total	5.49	5.62	5.61	5.59	5.34	5.13	5.11
Maturing in							
30 up to 90 days	5.06	5.24	4.99	4.93	5.13	4.86	4.77
90 up to 180 days	5.37	5.45	5.33	5.43	5.41	5.15	5.15
180 days up to 1 year	5.36	5.38	5.60	5.66	5.10	5.27	5.14
1 year and over	6.02	6.06	6.06	6.26	5.74	5.66	5.65
Other than domestic governmental units, total	6.30	6.32	6.47	6.37	6.28	6.24	6.13
Maturing in–							
30 up to 90 days	4.88	4.88	5.00	4.92	4.95	4.87	4.82
90 up to 180 days	5.39	5.46	5.46	5.42	5.45	5.36	5.27
180 days up to 1 year	5.43	5.48	5.49	5.48	5.44	5.39	5.30
1 up to 2½ years	5.95	5.98	5.99	5.95	5.97	5.88	5.84
2½ up to 4 years	6.46	6.49	6.49	6.47	6.42	6.40	6.43
4 up to 6 years	7.13	7.19	7.17	7.22	7.08	7.11	7.06
Over 6 years	7.40	7.49	7.50	7.48	7.36	7.42	7.29
MEMO: Club accounts[1]	4.11	2.69	2.91	4.80	3.91	3.83	4.27

[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.

deposits. With about four-fifths of banks still paying the maximum rate on these long-maturity time deposits, the yields remained attractive relative to market alternatives.

OTHER TIME DEPOSITS

During the January to April period, the outstanding volume of large-denomination time deposits declined almost $2 billion to a level of $123 billion. The prolonged run-off of large-denomination time deposits reflects the ability of banks to finance expanding loan demands in early 1977 through increased use of other managed liabilities, such as Federal funds and repurchase agreements, and from inflows to savings and small-denomination time accounts. The level of non-interest-bearing time deposits—principally escrow accounts and compensating balances held against loans—remained essentially unchanged from the previous quarter at $4.9 billion.

APPENDIX TABLES

A1. Savings deposits issued to individuals and nonprofit organizations

Most common interest rates paid by insured commercial banks on new deposits, April 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	**14,352**	**539**	**1,690**	**12,123**	**12,090**	**197,199**	**7,386**	**22,203**	**167,610**	**166,257**
Size of bank (total deposits in millions of dollars):										
Less than 20	8,636	355	1,068	7,213	7,184	23,431	512	1,642	21,276	20,997
20-50	3,600	71	479	3,049	3,049	37,734	957	7,334	29,443	29,443
50-100	1,138	53	53	1,032	1,032	28,474	1,228	939	26,307	26,307
100-500	785	48	58	679	679	48,836	2,458	4,548	41,830	41,830
500-1,000	99	7	17	75	73	14,947	1,396	1,894	11,657	11,550
1,000 and over	94	4	15	75	73	43,777	835	5,844	37,098	36,131

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.

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

Most common interest rates paid by insured commercial banks on new deposits, January 26, 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	8,961	135	833	7,992	7,935	9,154	79	1,093	7,983	7,761
Size of bank (total deposits in millions of dollars):										
Less than 20	3,812	....	241	3,571	3,542	726	....	61	665	661
20-50	3,132	107	408	2,617	2,617	1,236	35	179	1,022	1,022
50-100	1,053	16	74	963	942	1,307	7	63	1,237	1,236
100-500	771	8	67	695	695	2,411	10	250	2,151	2,151
500-1,000	99	2	25	71	67	849	(2)	(2)	662	590
1,000 and over	94	1	18	75	72	2,625	(2)	(2)	2,245	2,100

A3. Savings deposits issued to domestic governmental units

Most common interest rates paid by insured commercial banks on new deposits, January 26, 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	6,614	198	704	5,712	5,677	6,347	38	647	5,661	5,571
Size of bank (total deposits in millions of dollars):										
Less than 20	3,641	154	239	3,248	3,219	1,199	1	14	1,184	1,180
20-50	1,788	36	315	1,437	1,437	922	2	11	909	909
50-100	566	....	53	513	513	804	....	127	677	677
100-500	480	3	60	417	417	1,681	(2)	(2)	1,492	1,492
500-1,000	69	2	20	46	40	430	(2)	(2)	368	282
1,000 and over	71	3	16	52	52	1,311	34	247	1,030	1,030

A4. Savings deposits issued to all others

Most common interest rates paid by insured commercial banks on new deposits, January 26, 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	730	88	....	642	641	121	2	....	119	118
Size of bank (total deposits in millions of dollars):										
Less than 20	268	85	....	183	183	3	1	....	3	3
20-50	315	....	....	315	315	4	....	....	4	4
50-100	58	....	....	58	58	15	....	....	15	15
100-500	67	3	....	64	64	41	1	....	40	40
500-1,000	3	....	....	3	3	(3)	....	....	(3)	(3)
1,000 and over	18	....	....	18	17	58	....	....	58	57

For notes, see p. 787.

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, April 27, 1977

Group	Total	Most common rate (per cent) 5.00 or less	5.01 to 5.50	5.51 to 7.75	Paying ceiling rate [1] (7.75 per cent)	Total	Most common rate (per cent) 5.00 or less	5.01 to 5.50	5.51 to 7.75	Paying ceiling rate [1] (7.75 per cent)
	Number of banks					Millions of dollars				
All banks	**4,349**	**3,552**	**584**	**213**	....	**938**	**698**	**140**	**100**	....
Size of bank (total deposits in millions of dollars):										
Less than 20	2,350	1,690	490	170	....	305	169	48	87	....
20–50	1,006	948	23	36	....	151	150	(3)	1	....
50–100	340	308	32	....	....	137	132	4	....	....
100–500	504	473	23	7	....	167	82	74	(2)	....
500–1,000	79	67	12	....	....	82	73	(2)	....	....
1,000 and over	71	66	4	1	....	96	91	(2)	(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, April 27, 1977

Group	Total	Most common rate (per cent) 5.00 or less	5.01 to 5.50	5.51 to 7.75	Paying ceiling rate [1] (7.75 per cent)	Total	Most common rate (per cent) 5.00 or less	5.01 to 5.50	5.51 to 7.75	Paying ceiling rate [1] (7.75 per cent)
	Number of banks					Millions of dollars				
All banks	**8,333**	**1,791**	**6,214**	**327**	....	**1,658**	**296**	**1,312**	**49**	....
Size of bank (total deposits in millions of dollars):										
Less than 20	4,749	920	3,675	154	....	763	127	608	29	....
20–50	2,318	517	1,655	146	....	284	32	243	10	....
50–100	524	138	370	16	....	131	31	99	1	....
100–500	584	124	453	7	....	272	26	239	7	....
500–1,000	83	49	31	2	....	58	28	(2)	(2)	....
1,000 and over	75	42	30	2	....	149	52	(2)	(2)	

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, April 27, 1977

Group	Total	Most common rate (per cent) 5.00 or less	5.01 to 5.50	5.51 to 7.75	Paying ceiling rate [1] (7.75 per cent)	Total	Most common rate (per cent) 5.00 or less	5.01 to 5.50	5.51 to 7.75	Paying ceiling rate [1] (7.75 per cent)
	Number of banks					Millions of dollars				
All banks	**4,049**	**648**	**2,932**	**469**	....	**838**	**374**	**317**	**146**	....
Size of bank (total deposits in millions of dollars):										
Less than 20	1,778	366	1,269	144	....	132	33	77	21	....
20–50	1,393	59	1,070	264	....	238	5	145	88	....
50–100	312	74	216	21	....	129	85	19	25	....
100–500	429	99	303	26	....	254	213	39	2	....
500–1,000	74	25	40	9	....	31	9	13	9	....
1,000 and over	65	25	34	5	....	54	29	24	2	....

For notes, see p. 787.

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, April 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	**8,109**	**268**	**644**	**5,761**	**1,437**	**3**	**1,306**	**55**	**165**	**917**	**169**	**1**
Size of bank (total deposits in millions of dollars):												
Less than 20	4,030	115	463	2,602	851	....	482	1	53	365	63	....
20–50	2,715	36	23	2,382	274	....	388	4	2	369	12	....
50–100	630	53	32	371	174	....	161	4	2	79	76	....
100–500	599	50	85	339	124	3	197	41	81	60	14	1
500–1,000	73	9	19	40	6	....	31	2	9	20	1	....
1,000 and over	63	5	22	28	7	....	47	3	19	23	3	....

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, April 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	**5,889**	**221**	**5,668**	**5,461**	**7,053**	**896**	**6,157**	**5,665**
Size of bank (total deposits in millions of dollars):								
Less than 20	2,639	29	2,611	2,553	261	3	258	249
20–50	1,644	36	1,608	1,608	363	1	362	362
50–100	756	37	719	666	745	88	657	601
100–500	669	70	599	527	1,617	53	1,564	1,399
500–1,000	93	25	68	56	1,172	121	1,052	977
1,000 and over	87	24	63	51	2,895	631	2,264	2,076

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, April 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)
		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	**11,747**	**68**	**1,537**	**10,142**	**10,025**	**31,509**	**44**	**4,962**	**26,502**	**25,536**
Size of bank (total deposits in millions of dollars):										
Less than 20	6,606	....	835	5,771	5,743	3,553	....	267	3,285	3,285
20–50	3,121	36	407	2,678	2,642	4,645	(3)	302	4,343	4,240
50–100	1,059	21	159	879	879	4,434	14	521	3,899	3,899
100–500	775	4	83	688	645	7,947	(2)	(2)	7,372	7,218
500–1,000	92	5	20	67	64	2,728	3	419	2,306	2,150
1,000 and over	94	2	32	60	54	8,202	(2)	(2)	5,298	4,745

For notes, see p. 787.

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, April 27, 1977

Group	Total	Most common rate (per cent) 4.50 or less	4.51 to 5.00	5.01 to 5.50	Paying ceiling rate [1] (5.50 per cent)	Total	Most common rate (per cent) 4.50 or less	4.51 to 5.00	5.01 to 5.50	Paying ceiling rate [1] (5.50 per cent)
	Number of banks					Millions of dollars				
All banks	**8,493**	**89**	**861**	**7,542**	**7,399**	**4,053**	**26**	**406**	**3,621**	**3,450**
Size of bank (total deposits in millions of dollars):										
Less than 20	4,757	29	567	4,161	4,161	1,434	(3)	72	1,362	1,362
20–50	2,052	36	82	1,934	1,898	468	8	67	393	392
50–100	830	....	106	724	687	527	....	41	486	486
100–500	674	13	71	589	544	612	2	45	565	539
500–1,000	92	10	13	69	60	288	(2)	(2)	223	207
1,000 and over	88	2	21	65	50	723	(2)	(2)	592	464

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, April 27, 1977

Group	Total	Most common rate (per cent) 5.00 or less	5.01 to 5.50	5.51 to 6.00	Paying ceiling rate [1] (6.00 per cent)	Total	Most common rate (per cent) 5.00 or less	5.01 to 5.50	5.51 to 6.00	Paying ceiling rate [1] (6.00 per cent)
	Number of banks					Millions of dollars				
All banks	**13,674**	**98**	**547**	**13,030**	**12,568**	**33,725**	**80**	**1,632**	**32,012**	**31,021**
Size of bank (total deposits in millions of dollars):										
Less than 20	8,016	58	356	7,602	7,362	9,413	23	394	8,995	8,750
20–50	3,577	36	46	3,495	3,362	8,162	1	63	8,097	7,989
50–100	1,117	....	69	1,048	1,011	3,479	....	147	3,331	3,194
100–500	775	....	53	722	679	5,186	....	256	4,930	4,711
500–1000	97	2	7	87	86	1,733	(2)	(2)	1,579	1,468
1,000 and over	93	2	15	76	69	5,752	(4)	(4)	5,080	4,909

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, April 27, 1977

Group	Total	Most common rate (per cent) 6.00 or less	6.01 to 6.50	Paying ceiling rate [1] (6.50 per cent)	Total	Most common rate (per cent) 6.00 or less	6.01 to 6.50	Paying ceiling rate [1] (6.50 per cent)
	Number of banks				Millions of dollars			
All banks	**12,400**	**662**	**11,738**	**11,485**	**17,840**	**1,604**	**16,236**	**15,971**
Size of bank (total deposits in millions of dollars):								
Less than 20	6,862	257	6,604	6,394	3,733	265	3,468	3,395
20–50	3,554	228	3,326	3,326	4,405	192	4,214	4,214
50–100	1,048	79	969	969	2,279	204	2,075	2,075
100–500	756	73	683	647	2,984	464	2,521	2,461
500–1,000	89	9	81	78	959	82	877	835
1,000 and over	91	16	75	71	3,480	398	3,082	2,991

For notes, see p. 787.

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, April 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	**12,345**	**529**	**2,242**	**9,574**	**9,558**	**49,718**	**3,967**	**8,339**	**37,412**	**37,277**
Size of bank (total deposits in millions of dollars):										
Less than 20	7,067	212	1,345	5,510	5,510	7,620	146	1,442	6,032	6,032
20–50	3,326	156	561	2,608	2,608	11,270	645	1,628	8,998	8,998
50–100	1,027	58	190	778	762	6,253	453	1,172	4,628	4,493
100–500	747	80	119	547	547	10,274	1,189	2,130	6,956	6,956
500–1,000	89	9	14	67	67	4,182	261	866	3,054	3,054
1,000 and over	90	14	12	64	64	10,118	1,274	1,101	7,743	7,743

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, April 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	**9,027**	**23**	**1,086**	**7,918**	**7,917**	**12,293**	**13**	**1,977**	**10,302**	**10,302**
Size of bank (total deposits in millions of dollars):										
Less than 20	4,761	....	607	4,154	4,154	1,025	....	47	978	978
20–50	2,486	....	154	2,332	2,332	2,394	....	56	2,338	2,338
50–100	969	16	153	799	799	1,843	2	374	1,467	1,467
100–500	639	4	133	502	502	2,651	([3])	569	2,081	2,081
500–1,000	84	1	18	64	64	1,164	([2])	([2])	1,030	1,030
1,000 and over	89	1	21	67	66	3,216	([2])	([2])	2,408	2,407

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

Most common interest rates paid by insured commercial banks on new deposits, April 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	**8,734**	**4,249**	**1,326**	**744**	**2,414**	**160**	**1,392**	**294**	**224**	**188**	**686**	**19**
Size of bank (total deposits in millions of dollars):												
Less than 20	4,722	2,737	605	463	918	....	189	86	28	29	47	....
20–50	2,407	1,037	517	152	702	133	205	55	63	32	55	6
50–100	869	275	100	79	424	....	263	49	33	30	150	....
100–500	602	165	88	38	312	25	413	67	72	45	229	11
500–1,000	67	14	12	9	31	2	88	14	21	([2])	41	([2])
1,000 and over	67	20	5	13	28	....	234	24	7	([2])	163	....

For notes, see p. 787.

Treasury and Federal Reserve Foreign Exchange Operations

This 31st joint interim report reflects the Treasury–Federal Reserve policy of making available additional information on foreign exchange operations from time to time. The Federal Reserve Bank of New York acts as agent for both the Treasury and the Federal Open Market Committee of the Federal Reserve System in the conduct of foreign exchange operations.

This report was prepared by Alan R. Holmes, Manager, System Open Market Account, and Executive Vice President in charge of the Foreign Function of the Federal Reserve Bank of New York, and by Scott E. Pardee, Deputy Manager for Foreign Operations of the System Open Market Account and a Vice President in the Foreign Function of the Federal Reserve Bank of New York. It covers the period February 1977 through July 1977. Previous reports have been published in the March and September BULLETINS *of each year beginning with September 1962.*

During the 6-month period under review the exchange markets were faced with a shifting configuration of payments balances at a time when the economy of the United States was expanding much more rapidly than those of other major industrial countries.

Several countries that had been in serious current-account deficit were making clear progress, mainly through stabilization programs, in reducing domestic inflation and restoring international balance. Growing evidence of improvement helped to bolster market confidence in their currencies—particularly the pound sterling, the Italian lira, and the French franc—stimulating reversals of earlier capital outflows and previously adverse leads and lags. With these currencies now in demand, the respective central banks took the opportunity to buy dollars in the market and to rebuild their international reserves. The stabilization measures in these countries remained in force into the summer, and domestic growth slowed significantly.

Major countries that had been in current-account surplus made little progress, however, toward their stated objective of reducing those surpluses. In particular, Japan's already massive current-account surplus widened even further in early 1977 and set the stage for a sharp rise of the yen in the exchanges. Germany's current-account surplus, while narrowing somewhat, remained large. But since it was roughly offset by capital outflows, the mark, which had already appreciated by 9 per cent since last summer, traded in a narrow range against the dollar through late spring. In general, the authorities

1. Federal Reserve reciprocal currency arrangements

In millions of dollars

Institution	Amount of facility, July 31, 1977
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
German Federal Bank	2,000
Bank of Italy	3,000
Bank of Japan	2,000
Bank of Mexico	360
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	1,400
Bank for International Settlements:	
Swiss francs/dollars	600
Other authorized European currencies/dollars	1,250
Total	20,160

2. Federal Reserve System transactions under reciprocal currency arrangements with the German Federal Bank

In millions of dollars equivalent; drawings, or repayments ( )

Commitments, Jan. 1, 1977	14.9
Transactions, 1977:	
Q1	14.9
Q2	....
July	35.4
Commitments, July 31, 1977	35.4

of surplus countries faced sluggish demand at home, and although they sought to promote more rapid expansion, they were reluctant to press too hard for fear of refueling inflation.

Meanwhile, the U.S. economy had moved into high gear in the early months of 1977. Our demand for foreign goods thus rose sharply at a time when foreign demand for American goods was growing only slightly. Consequently, our trade and current-account deficits, which emerged last year, deepened further. Inflationary pressures also picked up in the United States, although this partly reflected temporary factors like the cold weather last winter. Even so, market sentiment toward the dollar remained generally positive. Dealers responded to a continuing flow of favorable news about the underlying expansion of the U.S. economy. In addition, the market came to expect that short-term U.S. interest rates would be firming while interest rates elsewhere were flat or easing.

By the spring, however, the magnitude of the U.S. trade deficit, which reached $30 billion at an annual rate in the first half of 1977, was becoming a matter of broader concern. In part, the deficit reflected the increasing dependence of this country on foreign sources of oil, and the administration's energy proposals making their way through the Congress were partly designed to slow the growth of oil imports over the longer term. But the deficit also reflected special circumstances in other goods markets. In the context of a growing tendency toward trade restrictions abroad, the size of the deficit contributed to protectionist sentiment in many U.S. industries and labor unions. The administration resisted this approach to curbing the deficit. At the same time, it began to urge countries with large current-account surpluses to contribute more to the international adjustment process. In this effort, the administration put forward a broad range of possible approaches the others could take, including more rapid expansion of their economies, the opening-up of their domestic markets to foreign competition, and the elimination of controls or administrative practices that might distort currency relationships. In these discussions, it was stressed that exchange-rate appreciation for the currencies of countries in current-account surplus would contribute to international equilibrium. In the context of these discussions, the yen, in particular, staged its advance in the spring.

The markets for European currencies also responded nervously to comments on exchange policy by European or U.S. officials. But these tensions largely subsided following the London economic summit in early May since exchange rates were not mentioned in the communique. In late June, however, senior government officials meeting at the Organization for Economic Cooperation and Development (OECD) stated their agreement that countries with current-account surpluses should allow their currencies to appreciate. In subsequent interviews with the press, government officials in various countries were pressed on their interpretation of this agreement and on their views of the appropriateness of the current constellation of exchange rates. The responses of the U.S. authorities were framed in the context of the broad policy objective to achieve further payments adjustment, but as their remarks were reported

3. Federal Reserve System repayments under special swap arrangement with the Swiss National Bank

In millions of dollars equivalent

Commitments, Jan. 1, 1977	1,051.0
Repayments, 1977:	
Q1	-148.4
Q2	-143.6
July	-53.6
Commitments, July 31, 1977	705.4

NOTE.—Data are on a value-date basis with the exception of the last two entries, which include transactions executed in late July for the value after the reporting period.

4. Drawings and repayments by foreign central banks and the BIS under reciprocal currency arrangements

In millions of dollars; drawings, or repayments (-)

Banks drawing on System	Outstanding, Jan. 1, 1977	1977 Q1	1977 Q2	1977 July	Outstanding, July 31, 1977
Bank of Mexico	150.0	-150.0	....	....	....
BIS (against German marks)	....	....	35.0	....	....
			-35.0		
Total	150.0	....	35.0	....	....
	....	-150.0	-35.0		

and flashed around the world by the news services, the impression was left that a concerted effort was under way to lead the market.

By early July the dollar was coming heavily on offer not only against the currencies of countries in surplus but also against nearly all major currencies. As before, the central banks of the United Kingdom, Italy, and France mopped up dollars offered against their currencies, thereby limiting the rise in their exchange rates. Other currencies were bid up sharply, however, and in order to counter disorderly conditions several central banks—including those of Japan, Germany, and Switzerland—also bought dollars. The Federal Reserve intervened on several occasions in the New York market. After late June the yen advanced 3½ per cent before leveling off. In Europe, the mark and the currencies linked to it rose by 3 to 5 per cent through late July.

In the highly speculative atmosphere that developed, U.S. Treasury officials at first sought to avoid further comment on exchange rates, but as the press and market participants continued to rehash what had already been said or was thought to have been said, it became necessary to dispel the impression that the authorities had been deliberately talking the dollar down. The effort to clear the air began in late July, when Federal Reserve Chairman Burns and Treasury Secretary Blumenthal in several statements stressed their belief in the importance of a strong dollar for the United States and the world generally. These statements sparked a turnaround in market psychology. Moreover, interest rates in the United States began to firm, and by the end of July, dollar rates were being bid up from their latest lows against several major currencies.

In market intervention during the February–July period, the Federal Reserve sold a total of $209.1 million of German marks, of which $173.7 million was financed from balances and $35.4 million from swap drawings on the German Federal Bank, which were outstanding as of July 31. Total Federal Reserve purchases of marks from correspondents and in the market for balances amounted to $142.2 million equivalent. The System also sold $3.3 million of Dutch guilders out of balances and purchased $8.5 million equivalent from correspondents.

In addition, during the period the Federal Reserve repaid a further $287.1 million equivalent of special swap indebtedness in Swiss francs and the U.S. Treasury redeemed $171.7 million equivalent of franc-denominated securities. By July 31 the Federal Reserve's special swap debt to the Swiss National Bank had been reduced to $705.4 million equivalent, while the Treasury's

5. U.S. Treasury securities, foreign currency series issued to the Swiss National Bank

In millions of dollars equivalent; issues, or redemptions (-)

Commitments, Jan. 1, 1977	1,545.7
Transactions, 1977	
Q1	84.6
Q2	-85.8
July	-33.7
Commitments, July 31, 1977	1,341.5

NOTE. Because of rounding, figures do not add to totals.

Data are on a value-date basis except for last two entries, which include transactions executed in late July for value after the reporting period.

Swiss franc-denominated obligations had been lowered to $1,341.5 million equivalent.

As reported in June, from last year's operations the Bank of Mexico repaid in February a $150 million swap drawing on the Federal Reserve and prepaid in April $150 million drawn under the Exchange Stabilization Agreement with the Treasury.

Finally, in February the U.S. Treasury established short-term credit facilities for Portugal totaling $300 million. The Bank of Portugal subsequently drew the full amount of these facilities and repaid $85 million by August 1.

GERMAN MARK

Early in 1977 prospects for continued expansion of Germany's economy were uncertain. The worldwide lull in demand for capital goods, the deflationary measures taken in several of Germany's principal European markets, and the appreciation of the mark during 1976 had clouded the outlook for a further strong expansion in exports. At home, investment demand remained soft, and unemployment remained worrisomely high. Even so, a new round of wage negotiations had paved the way for pay increases above the government's target, and the authorities were reluctant to provide additional economic stimulus lest it be viewed as inflationary.

Meanwhile, with the relaxation of last year's tensions in the exchange markets, a flow of capital out of Germany was well under way, keeping the mark near the bottom of the European Community (EC) snake, following the October 1976 realignment, and on offer against many other currencies. The market nevertheless remained acutely sensitive to changing interest rate relationships—especially between Germany and the United States in view of the broader importance of the mark-dollar relationship in the international monetary system.

During February signs of congestion in the German capital market, generating expectations of a rise in German interest rates, coincided with concerns over the economic implications of the harsh winter in the United States. Thus, the mark came into demand and rose from $0.4157 on February 1 to as high as $0.4190 by the end of the month. To cushion the mark's advance, the German Federal Bank bought modest amounts of dollars in Frankfurt, while the Federal Reserve intervened on 3 days when trading became unsettled in New York, selling a total of $20.9 million equivalent of marks from balances.

In early March expectations of a further rise in German interest rates receded, after the German Federal Bank announced an increase in its commercial bank rediscount quotas. But concern over an unexpectedly sharp rise in the U.S. trade deficit, compared with Germany's continuing trade surplus, kept dealers cautious. The mark settled around the end-of-February levels against the dollar and remained near the lower limit of the EC band through the end of March. Then on Friday, April 1, when incomplete reports of an EC snake realignment reached the New York market after the European close but before the official announcement, trading became confused. The mark was abruptly bid up to as high as $0.4204. The Federal Reserve entered the market with moderate offers of marks, selling $15.3 million equivalent from balances.

While the immediate nervousness surrounding the snake realignment soon passed, the market had been reawakened to the possibility of further exchange-rate adjustments within Europe and elsewhere. In addition, rumors began to circulate in the market that the question of exchange rates, particularly relating to the mark and the yen, would be pursued at the economic summit meeting in London on May 7–8. With the yen having already advanced in recent weeks, the late-April announcements of a sharp widening of the U.S. trade deficit in March and an increased German trade surplus for that month reinforced expectations of a near-term rise in the mark rate as well.

Consequently, demand for marks against sales of dollars gathered momentum in late April and carried over into early May. Moreover, strong bidding for Dutch guilders at the top of the EC snake exerted an upward pull on the mark. As the German Federal Bank and the Netherlands Bank provided substantial support for the mark at its lower intervention limit against the guilder, the spot rate advanced to as high as $0.4266 in Frankfurt on May 5 just ahead of the summit. To counter disorderly conditions in New York, the Federal Reserve intervened on four trading days over the period from April 15 to May 4. In all, the System sold $34.8 million equivalent of marks. Since the mark was at the bottom of the EC snake at the time and the guilder at the top, the Federal Reserve supplemented its operations in marks with offers of guilders, selling $3.3 million equivalent of that currency.

The broad scope of the joint communique issued from the London summit meeting, containing no reference to exchange rates, relaxed previous market concerns. Consequently, although Germany's trade surplus remained strong, reflecting continued strength in German exports and a slowing of imports, the market's attention shifted back to an assessment of the relative economic performance and interest rate outlook for Germany and the United States. German short-term rates remained soft, after the German Federal Bank reduced commercial bank reserve requirements and raised rediscount quotas effective June 1 to help tide the money market over a period of anticipated seasonal tightness. By comparison, U.S. interest rates had firmed following Federal Reserve actions to counter a sharp rise in the U.S. monetary aggregates in April.

Thus, the market generally came into better balance during May and June. On May 12, however, the wire services highlighted one aspect of a speech by International Monetary Fund (IMF) Managing Director Witteveen stating that countries in a strong balance of payments position would have to permit their currencies to appreciate. These reports triggered a burst of demand for marks that unsettled the New York market, and the Federal Reserve intervened, selling $33.5 million equivalent of marks. Again on May 26, the announcement of another sizable U.S. trade deficit for April generated an abrupt bidding-up of the mark, and the Federal Reserve sold $6.4 million equivalent in steady trading. But apart from these two brief episodes, the mark traded quietly through mid-June at around $0.4240, some 2 per cent above the early-February levels, without intervention by either the Federal Reserve or the German Federal Bank. During May and June the Trading Desk bought from correspondents moderate amounts of marks to add to working balances.

In the weeks that followed, a number of press reports were interpreted by many market participants as implying that the U.S. Government was attempting to talk the dollar down. On June 24 when trading had thinned out after the European close, the New York market was suddenly upset when the international news services reported from the OECD ministerial meeting in Paris that member countries with strong external positions were ready to see a weakening of their current-account positions and an appreciation of their currencies in response to underlying market forces. This statement was viewed by the market as going beyond the results of the May summit and sparked an immediate rise in the mark as well as the yen. The demand gathered force once market professionals were free of their quarter-end positioning requirements, and by early July each successive advance of the yen in Tokyo was matched by a strong bidding-up of the mark rate in Europe as traders built up long positions in the German currency. By July 7 the mark had advanced more than 2¼ per cent to $0.4340, with the German Federal Bank returning to the market for the first time since March to buy dollars.

Following these operations and reports of forceful intervention by the Bank of Japan in Tokyo, the mark temporarily eased back. But market participants were soon caught up again in a crossfire of statements stemming from the news services and editorial comment on the worsening of the U.S. trade deficit, the decline of the dollar, and the administration's attitudes toward these developments. As this process was unfolding, dealers saw little immediate downside risk for the mark rate, with the result that demand for marks progressively intensified.

In this speculative atmosphere, the market largely ignored the German Federal Bank's announcement on July 14 that it was reducing its Lombard rate by ½ percentage point to 4 per cent and that it would be prepared to continue purchasing trade bills on a repurchase basis at a rate of 3¾ per cent. Instead, as generalized selling of dollars persisted, the mark was bid up to a 4-year high of $0.4455 by July 26 in trading that became increasingly disorderly. In response, the German Federal Bank gradually stepped up its intervention, with significant dollar purchases at the daily fixings in Frankfurt. For its part, the Federal Reserve intervened in New York on nine trading days between July 8 and July 26, selling $94.7 million equivalent of marks. The System financed these sales from existing balances and from $35.4 million equivalent of drawings under the swap line with the German Federal Bank.

Under these circumstances, senior U.S. financial officials sought to clarify U.S. exchange-rate policy. On July 26, in answer to questions before the House Banking Committee, Chairman Burns stressed the need "to protect the integrity of our money" and observed that "depreciation of the dollar means higher prices domestically" while having "serious international repercussions." Secretary Blumenthal, in a speech in Louisville, Kentucky, emphasized that "a strong dollar is of major importance not only to the United States but also to the rest of the world." In response, dealers began to cut back their long mark positions.

The dollar's recovery continued even after a record $2.8 billion U.S. trade deficit was announced for June. At the same time, moreover, U.S. interest rates had begun to firm as the Federal Reserve reacted to a sharp rise in the monetary aggregates in July. Thus, the mark began to move lower and reached $0.4378 by July 29, down 1¾ per cent from its peak 3 days earlier but still up more than 5 per cent on balance for the 6 months. In further operations in the New York market over the last days of July, the Federal Reserve sold $3.5 million equivalent of marks and purchased $14.8 million equivalent, on balance, gaining partial cover for the earlier $35.4 million of swap drawings on the German Federal Bank. Germany's official reserves rose by $848 million in July, for a net increase of $685 million over the 6-month period.

STERLING

Late in 1976 the British Government took further steps to curb Britain's inflation rate, which remained among the highest in Europe; to redress its persistently large current-account deficit; and to stabilize sterling following its protracted decline during much of the year.

The Bank of England moved to restrict monetary expansion, partly by raising its minimum lending rate to an unprecedented 15 per cent and by reimposing an increasing marginal reserve requirement, the so-called "corset." The authorities sealed off a gap in exchange-control regulations by prohibiting the use of the pound in financing third-country trade. And, in negotiating a $3.9 billion standby arrangement with the IMF, the government agreed to a package of fiscal restraint. As announced in December, this package included spending cuts, increased taxes, and the sale of part of the British Government's holdings in the British Petroleum Company—measures expected to reduce the public sector borrowing requirement as a share of gross domestic product from the existing 9 per cent to 6 per cent for the 1977–78 fiscal year. Meanwhile, the second 1-year phase of wage restraint, in place since July, was helping to slow the rise in labor costs.

These various measures were combined with a substantial bolstering of Britain's reserve position. The $3.9 billion IMF standby was formally approved in early January 1977. Shortly thereafter, the U.K. authorities reached agreement with the main industrial countries over a plan, including a $3 billion backstop facility administered by the Bank for International Settlements (BIS), to alleviate pressures on sterling from sudden shifts out of officially held balances and to reduce those balances over the near term. Late in January the British Government announced a new \$1.5 billion Euro-currency loan from a commercial banking syndicate.

Against this background, sterling staged a dramatic turnaround in the exchanges. Beginning in late 1976, the very indications that new fiscal and monetary restraints and international credit facilities were under serious consideration had prompted bidding for pounds. With sterling recovering, the high cost of funds in London began to squeeze out short positions and to encourage the unwinding of adverse leads and lags that had built up during months of demoralization over sterling's prospects. The running-off of outstanding third-country sterling trade credits gave an added impetus to net demand for the pound well into early 1977. The growing reflux of funds into sterling thus propelled the spot rate from its record low of \$1.55 in October 1976 to just under \$1.72 by early February 1977. By then, the Bank of England was absorbing large amounts of dollars from the market to add to reserves and to prevent sterling from rising to levels that it judged might prove unsustainable once the immediate demand pressures eased.

As trading conditions gradually settled down, dealers began to focus on the positive factors for sterling. By early 1977 the flow of North Sea oil was beginning to reach sizable proportions, giving credence to forecasts that the oil would provide the basis for a swing of the U.K. current account into substantial surplus over the years ahead. Moreover, as the sterling rate stabilized, market participants came to expect an easing of British interest rates away from crisis levels. Each new issue of government debt was met with reports of sizable bidding, from foreign as well as domestic sources, to take advantage of the currently high coupon rates and the potential for capital appreciation. Consequently, the British authorities were able to sell large amounts of government debt at progressively lower rates, and sterling remained in demand in the early spring. Through April the Bank of England was able to buy large amounts of dollars to replenish official reserves. On balance, U.K. reserves rose by some \$3 billion between the end of January and the end of April.

The movement of funds into sterling, while strong and persistent, was nevertheless interrupted by occasional outbursts of selling pressure. Thus, sterling came heavily on offer in mid-February, falling briefly to as low as \$1.6920 against the dollar, after news of a record trade deficit in January and widespread press coverage of trade union opposition to a third year of voluntary pay restraint. In mid-March another temporary spasm of selling pressure was triggered by political uncertainties that arose before the government narrowly survived a parliamentary vote of no-confidence. And in April signs of a stiffening of trade union opposition to continued wage restraint again spurred some selling of sterling. On each of these occasions, however, the Bank of England stepped in promptly to avoid a significant decline in the sterling rate. In the context of the government's broader policy commitments the market quickly stabilized. Consequently, by early May sterling continued to hold firm just below \$1.72.

In the meantime, the persistent domestic and foreign demand for British securities had resulted in a progressive decline of interest rates in London. In view of the continuing high rate of domestic inflation and the government's debt management objectives, the authorities had acted to slow the decline. Nevertheless, the drop was mirrored in successive reductions in the Bank of England's minimum lending rate to 8 per cent by mid-May—fully 7 percentage points below the crisis level of October 1976. With U.S. interest rates rising at the time, yield differentials favoring sterling placements had narrowed considerably, and the market found the scope for further capital gains on investments in British securities substantially reduced. Consequently, dealers became sensitive to the possibility of a sudden unwinding of previous capital inflows.

Moreover, the market was also aware that reversals of adverse leads and lags and unwinding of third-country trade finance that had buoyed the pound in previous months were by now largely completed. With sterling more vulnerable to selling pressure, concerns over the outlook for inflation surfaced again—following news of a sharp rise in retail prices in April and of the trade unions' adverse reaction to the Labor government's proposed formula, stated in the March 29 budget address, for a third year of pay restraint.

In this more bearish atmosphere the pound came under a burst of largely professional selling after mid-May, particularly on May 24. The Bank of England responded with forceful intervention to limit the decline in sterling, helping to relieve the immediate pressures. Then when Britain's reserve figures for May were published early the next month, the indicated size of official support impressed the market that the U.K. authorities were prepared to use their now ample resources to keep the exchange rate steady over the near term.

Meanwhile, recent statistics had revealed that Britain's current account was improving more rapidly than had been expected. The domestic economy remained depressed, leading to a leveling-off of imports. But, in addition, increased North Sea oil production and sharp rises in tourism receipts and other invisible earnings had brought the current account into near balance by the second quarter. Moreover, capital inflows had resumed, as interest yields again looked attractive to foreign investors compared with placements elsewhere. The British Government's sale on June 27 of a portion of its British Petroleum holdings, which in the end was nearly five times oversubscribed, also drew in sizable amounts of funds from abroad.

These factors contributed to an increasingly bullish atmosphere for the pound, which remained in demand. Consequently, when the dollar came on offer against other major currencies in late June and early July, market participants began to shift into sterling as well. In meeting this "hot money" inflow, the Bank of England allowed the spot rate to edge above $1.72, but it continued to absorb most of the excess demand through heavy purchases of dollars.

By early July, opposition within the trade unions to a third year of wage restraint had built up to the point where virtually no hope remained of winning voluntary support for a limit on negotiated wage increases for another year. The Labor government modified its wage restraint strategy to seek union agreement to space out pay negotiations over 12 months, while obtaining moderate wage increases within the public sector. This outcome led to only a brief bout of selling pressure. Instead, as the dollar continued on offer, these concerns receded into the background, and the movement of funds into sterling gathered renewed momentum.

As before, the Bank of England resumed purchases of dollars to avoid a rise of sterling, but the effect of this approach was to allow the pound to depreciate along with the dollar against the currencies of other major trading partners. Consequently, on July 27 the Bank of England shifted to an intervention approach keyed to a weighted average of major currencies.

As soon as market participants learned that the Bank of England was abandoning its strategy of holding the pound around the $1.72 level, there was an enormous rush to buy sterling, not only out of dollars but out of other currencies as well. The pound advanced to as high as $1.7420 against the dollar, for a net rise of about 1¼ per cent over early 1977 levels, and recouped part of its recent depreciation against other currencies. To limit the rise, the Bank of England made heavy purchases of dollars. Mainly as a result of these and earlier acquisitions by the central bank, Britain's external reserves rose $3.6 billion during the June–July period to a record $13.6 billion at the end of July, for an over-all rise of $6.4 billion over the 6-month period.

SWISS FRANC

Last winter the Swiss economy was pulling out of recession only slowly. The continued weakness of domestic demand was reflected in a further moderation of inflation and a trade surplus—the first in 20 years—which together with large interest earnings from abroad had boosted Switzerland's current-account surplus close to $3.5 billion for 1976. To stimulate a revival of business activity while also avoiding any upward pressure on the Swiss franc that might inhibit export demand, the Swiss National Bank had provided a more accommodative monetary policy. Also, to encourage a continuing outflow of capital, the authorities reinforced their capital export conversion program, whereby the proceeds of new foreign bond issues in Switzerland are immediately converted into foreign currency at the central bank.

As Swiss monetary conditions eased, interest rates moved to levels well below those in other major countries, prompting sizable outflows of capital from Switzerland. This process was magnified by a large-scale reversal of much of the "hot money" inflows of previous months, when funds had been shifted into Swiss francs out of those currencies—sterling, the French franc, and the Italian lira—that had been under pressure during 1976. Consequently, the Swiss franc had begun an across-the-board decline that continued well into early 1977.

In February the market's view that low interest rates would be maintained hardened after the Swiss National Bank provided support to an undersubscribed Swiss Government bond issue and released commercial bank minimum reserves and sterilized deposits. Foreign investors therefore continued to shift funds out of low-yielding franc assets into other currencies, now more stable and offering significantly greater rates of return. Private forecasts of a sharply lower Swiss franc over the medium term touched off further selling of francs. As a result, the Swiss franc dropped back to as low as $0.3893 by March 1, down by 2½ per cent against the dollar since the end of January and by 7¼ per cent from its record highs of June 1976. In the meantime, the franc also lost further ground against the German mark, for an over-all decline of 15 per cent since the June 1976 peaks.

In fact, however, the Swiss economy had begun hesitantly to respond to the stimulus of rising Swiss exports and the government's economic policies. Moreover, the Swiss monetary aggregates were growing faster than targeted. To avoid excessive monetary growth, the National Bank absorbed domestic liquidity through net dollar sales under its capital export conversion program. Early in March, it took the opportunity to sell a small amount of dollars in the exchange market. Then, as the end of the quarter approached, the central bank announced that it would provide only limited swap assistance to the commercial banks to satisfy window-dressing needs. In response, interest rates in Switzerland turned around toward the end of the month, capital outflows tapered off, and the Swiss franc began to firm in the exchanges. As it did, the Swiss National Bank resumed dollar purchases in the market to moderate the rise.

In April, demand for Swiss francs gathered strength as traders reacted to reports that countries, such as Switzerland, with large current-account surpluses were being urged to let their currencies appreciate in response to market forces. With concern also deepening over the widening trade deficit and potential for renewed inflation in the United States, the franc continued to move up.

The rise in the franc was briefly interrupted in an initial reaction to news in mid-April that the Swiss Credit Bank had sustained substantial losses at its Chiasso branch in connection with irregularities in the handling of fiduciary deposits from Italy. Concerned that this news, together with closure of two small private banks in Switzerland, might cloud the reputation of Swiss banking, the authorities and the major banks worked out an agreement by early June on practices for accepting funds and on bank secrecy. In the meantime, the major Swiss commercial banks resumed their bidding for francs to improve their liquidity positions, both in the wake of the Chiasso affair and also in response to further signs of a somewhat more restrictive monetary stance by the Swiss authorities. As Swiss interest rates were bid up and German interest rates drifted lower, dealers covered their long mark–short franc positions. Consequently, the franc advanced against both the mark and the dollar, reaching $0.4029 in Zurich on June

6 before the immediate demand for franc balances began to subside and Swiss money market rates eased.

In late June the Swiss franc was caught up in the general advance of European currencies against the dollar. Initially, after release of the OECD communique on June 24, it moved abruptly higher and then continued to rise during much of July, although at a somewhat slower pace than the mark. As the rate advanced, foreign companies with franc-denominated liabilities moved to acquire francs to prepay existing loans.

In order to moderate the rise in the franc, the Swiss National Bank bought substantial amounts of dollars in the market, more than offsetting dollar sales under the capital export conversion program. Also, on July 14, the Swiss authorities cut both the discount rate and the Lombard rate by ½ of a percentage point each, to 1½ per cent and 2½ per cent, respectively—a move that was timed to coincide with the German Federal Bank's ½-percentage-point reduction in its Lombard rate. Even so, the franc advanced to a record high of $0.4207 in European trading on July 26. Then, with the change in market sentiment toward the dollar that emerged and the firming of U.S. interest rates, the franc began easing back with other European currencies. It closed on July 29 at $0.4162, almost 7 per cent above its March low, for a net rise of 4¼ per cent since January 31.

Meanwhile, the Federal Reserve and the U.S. Treasury continued with the program agreed to last October for an orderly repayment of pre-August 1971 franc-denominated liabilities. The Federal Reserve repaid $287.1 million equivalent of special swap indebtedness and the Treasury redeemed $171.7 million of Swiss franc-denominated securities by the end of July.

Most of the francs for these repayments were acquired directly from the Swiss National Bank against dollars. But the Federal Reserve also bought francs from the National Bank against the sale of $58.9 million equivalent of German marks and $40.3 million equivalent of French francs, which were in turn either acquired in the market or drawn from existing balances. In addition, the System purchased $24.9 million equivalent of Swiss francs in the market or from other correspondents mostly in late February—early March, when the franc was weakening in the exchanges. By the end of July the Federal Reserve's special swap debt to the Swiss National Bank had been reduced to $705.4 million equivalent while the Treasury's Swiss franc-denominated obligations had been lowered to $1,341.5 million equivalent.

FRENCH FRANC

Following recurrent bouts of selling pressure on the French franc through much of last year, the market for francs came into better balance by early 1977.

Last September the French Government introduced a wide-ranging stabilization program to deal with the underlying payments imbalance and with the adverse market psychology that had weighed on the franc. Presented by newly designated Premier Barre, the plan represented a shifting of priorities away from immediate economic stimulus toward a concerted effort to curb inflation and stabilize the exchange rate. Specific measures included a 3-month price freeze, a call for wage restraint, curbs on bank lending, and a 1-percentage-point hike in the Bank of France's discount rate to 10½ per cent.

The market's initial response was hesitant, in view of the controversial nature of some of the measures. But by early winter the pace of price and wage increases in France had slowed markedly, and the trade deficit began to narrow. Also, tensions in markets for other major European currencies were easing, and traders became less fearful that a spillover of pressures from other currency markets would disrupt trading in francs. Consequently, as the market's previous extreme pessimism gradually lifted, market participants began bidding for francs to cover short positions or to reverse commercial leads and lags built up against the franc in previous months. The spot franc held firm around $0.2010 against the dollar through mid-February, while strengthening some 1½ per cent against the German mark and other currencies in the EC snake. In the meantime, the Bank of France took advantage of the opportunity to buy dollars to add to foreign currency reserves.

Nevertheless, dealers were sensitive to political developments in France before general elections in early 1978. With the approach of municipal elections in March, for which public opinion polls projected a swing in favor of the opposition parties of the Left, the market turned cautious and the franc again came on offer. To avoid a build-up of speculative pressures, the Bank of France resumed intervention in support of the franc, selling moderate amounts of both dollars and German marks, and operated to keep French interest rates firm in the domestic money market.

Against the dollar, the spot franc eased about ½ per cent from mid-February levels to almost $0.2000, while against the German mark and other EC snake currencies it declined about 1 per cent. Once the immediate uncertainties surrounding the municipal elections had passed, market nervousness receded and the franc gradually regained its previous buoyancy.

In the spring France's underlying payments position was clearly improving. Confidence in the country's external position was bolstered by the further favorable swing in the French trade account that nearly halved the late-1976 deficit and by expectations of a further moderation of inflation despite lifting of the price freeze. In this context, the high interest rates in France, compared with lower or declining interest rates elsewhere, attracted sizable inflows of interest-sensitive funds. Also, French public and private corporations continued to borrow abroad. At the same time, however, industrial production leveled off and unemployment rose somewhat.

Toward the end of April the market began to expect some easing of monetary policy, and the franc softened somewhat in the exchanges although the authorities introduced programs to increase employment in specific areas. These were to be financed by borrowings in the market, and interest rates were kept relatively firm. The franc quickly recovered and remained in strong demand through May and most of June. The spot rate edged up gradually against the dollar to $0.2025 by late June, with the Bank of France continuing to take dollars into reserves.

When the dollar came under generalized selling pressure in the exchange markets beginning in late June, the franc joined in the upswing of major European currencies. It was bid up a further 3 per cent to a late-July peak of $0.2086, some 3¾ per cent above early-February levels, even as the Bank of France continued to buy sizable amounts of dollars to moderate the rise of the franc rate. But as the franc did not keep pace with the continued advance of the German mark, the French central bank also sold modest amounts of marks to cushion the decline in the rate against the German currency.

Toward the end of July, however, the franc began to settle back against the dollar following statements by U.S. officials emphasizing the need for a strong dollar and Premier Barre's remarks that the dollar had become undervalued vis-a-vis the French franc and other European currencies. As a result, by the end of the month, the franc rate had eased to $0.2050, to close the 6-month period up 1⅞ per cent on balance against the dollar. Against the German mark, the franc regained some of the ground it had lost but still closed the period some 3½ per cent lower on balance.

ITALIAN LIRA

By early 1977 Italy's minority government had gathered sufficient support to implement many elements of its comprehensive stabilization program. Steps had been taken to bring the public sector deficit under control through spending cuts, tax increases, and higher prices for public services. The Bank of Italy had reinforced its restrictive monetary policy by raising its discount rate to 15 per cent and by imposing limits on bank lending. Even so, the authorities' efforts to negotiate modifications in Italy's wage indexation system—wages had risen more than 25 per cent in 1976, as against price rises of some 21 per cent—gained little headway. Consequently, negotiations with the IMF over a new standby arrangement, which would provide Italy with $530 million of new IMF credit and assure the availability of a further $500 million from the EC, were delayed until more of the government's anti-inflationary package was in place.

At first the lira had been stabilized by strict exchange controls as well as by a repatriation of funds in response to an amnesty on previous illegal outflows by Italian residents. Gradually, the tight credit conditions in Italy and the greater stability of the rate following the 25 per cent depreciation in 1976 also tended to encourage flows into the lira. As demand for lire mounted, the spot rate leveled off around $0.00134 (882 lire). The Italian authorities took the opportunity to buy dollars in the market to rebuild their foreign exchange reserves to $3.3 billion by the end of January.

While many of these demands for lire continued into February and March, the unwinding of a 50 per cent import-deposit scheme and the dismantling of other exchange controls imposed in 1976 exposed the lira to occasional selling pressures. In late March, following the outbreak of student rioting over government policies and of workers' strikes over proposed changes in the wage indexation system, the spot rate declined by about ½ per cent to $0.001127 (887 lire). To contain these pressures the Bank of Italy intervened forcefully. Its official dollar sales were partly reflected in a decline of about $300 million in exchange reserves through the end of March.

By this time the Italian Government had come closer to reaching agreement with the IMF on the terms of a letter of intent to support Italy's request for a standby facility. In this connection, the authorities extended commercial bank lending ceilings through March 1978, gained trade union and legislative approval for a compromise proposal for amending the wage indexation system, and raised indirect taxes to finance a reduction in employers' social security contributions. As released on April 14, the IMF letter of intent also projected further cuts in public spending to reduce the budget deficit, a lowering of the inflation rate to 13 per cent by March 1978, and a swing into current-account surplus next year.

This reinforcement of Italy's stabilization effort was welcomed in the market. In late April and May, reversals of previous outflows resumed. With domestic interest rates remaining high and regulations still in force encouraging Italian exporters to seek foreign sources of finance, Italian banks and companies increased their borrowings abroad. In addition, the net reflux of "hot money" increased sharply following disclosures by Swiss banks of irregularities in dealings with Italian residents' funds. The passing of the period of seasonal weakness in current payments gave additional buoyancy to the market. Taken together, these forces generated substantial bidding for lire. The spot rate rose only slightly, however, as the Bank of Italy continued on balance to buy substantial amounts of dollars to add to reserves.

By early June the stabilization measures were clearly taking hold. The rate of inflation had moderated. The current-account deficit had narrowed significantly, albeit at the expense of a considerable slowdown in the domestic economy. Moreover, tight controls on bank credit had kept domestic lending in check. Consequently, the Bank of Italy was able to begin easing domestic interest rates from crisis levels by cutting its discount rate by 2 percentage points to 13 per cent. Interest differentials nevertheless remained favorable for Italy and a net inflow of short-term funds continued. By then, the possibility of further declines in Italian interest rates was prompting some Italian residents to repatriate funds in anticipation of capital gains on new issues of Italian Treasury bills and notes.

Beginning in late June, demand for lire swelled further, partly on the seasonal rise in tourist receipts but also in connection with the general strengthening of European currencies against the dollar. The lira rate advanced only to $0.001135 (881 lire), however, as the Bank of Italy continued to absorb dollars. In all, from April through July, Italian exchange reserves rose by $4.1 billion to $7.1 billion, even with a repayment in July of previous drawings from the IMF.

EC SNAKE

Following recurrent episodes of heavy speculation throughout 1976, the countries participating in the European currency arrangement—Germany, the Benelux countries, Sweden, Denmark, and Norway—agreed in October on a realignment of exchange-rate parities whereby the German mark was adjusted upward by 2 per cent while the Scandinavian currencies were adjusted downward by 1 to 4 per cent. These readjustments to offset disparities in relative inflation rates and economic performance among the participating countries relieved market tensions and triggered a reversal of the earlier speculative flows. As a result, the German mark fell to the bottom of the EC snake, and through March 1977 the member currencies traded comfortably within the snake's 2¼ per cent limits without any particular strains.

By that time, however, the Swedish krona had eased to near the bottom of the band in response to Sweden's still relatively high inflation rate and deepening current-account deficit. As part of a program that the Swedish authorities adopted to reverse the decline in export competitiveness and to avoid an outbreak of speculative selling of Swedish kronor, a new realignment was agreed upon, implying a 6 per cent devaluation of the krona within the joint float.

As part of the realignment, the Danish and Norwegian kroner were also devalued, each by 3 per cent. When reports of this realignment leaked out on Friday afternoon, April 1, ahead of the official announcement, traders in New York were taken by surprise and became reluctant to make markets in these currencies until details of the parity changes were made available. Once trading resumed on Monday, April 4, however, the market easily adjusted to the new rate relationships. The Swedish krona, after depreciating somewhat less than the change in its central rate, began to benefit from inflows of funds and traded firmly near its new upper intervention limit against the mark, which remained at the bottom of the band. The Danish krone and Norwegian krone also stabilized in the upper half of the realigned band, pressing at times on their upper limits against the mark when conversions of external borrowings buoyed their exchange rates.

Market participants nevertheless remained sensitive to further possible changes in exchange-rate relationships within the snake. As the May 7–8 London economic summit drew closer, dealers came increasingly to believe that a readjustment might emerge as part of a more comprehensive agreement to allow currencies bolstered by strong current accounts to appreciate. Market attention focused on the Dutch guilder, which had traded near the top of the joint float since the previous autumn and was generally expected to firm in the exchanges. The guilder came into increasingly intense demand, frequently reinforced by foreign purchases of Dutch securities, which offered yields that were relatively favorable in comparison with those available in Germany.

By late April the guilder was being pressed at its upper intervention limit against the mark, even as the mark itself was rising against the dollar. To maintain the EC snake limits, the Netherlands Bank and the German Federal Bank bought sizable amounts of marks against sales of guilders in their respective markets. The Dutch central bank also bought a large amount of dollars in Amsterdam. Trading in New York also became unsettled at times, and on May 4 the Federal Reserve supplemented its intervention in marks by selling \$3.3 million equivalent of guilders from balances.

On the following day, the Netherlands Bank responded to the build-up of speculative demand for guilders by announcing a 1-percentage-point cut in its discount rate to 3½ per cent, a move immediately interpreted in the market as a signal of Dutch commitment to snake currency relationships at the time. Consequently, the pressures within the band began to recede. When the London summit meeting ended without any changes in exchange-rate relationships, the guilder backed away from its upper intervention limit against the mark. Later on, figures were released showing that the Netherlands' large current-account surplus had virtually disappeared during the first quarter of 1977. Signs of some acceleration of Dutch inflation also diminished bullish market sentiment toward the guilder. Thus, as short-term interest rates in the Netherlands continued to decline to levels well below comparable rates in Germany, the guilder eased against the mark, and the entire band contracted.

Tensions re-emerged within the snake during June and July, however. Following the outcome of protracted wage negotiations in Sweden, talk intensified of a further devaluation of the krona to offset the impact of rising unit labor costs on price competitiveness. Fairly heavy selling of the Swedish krona and other Scandinavian currencies built up—especially before each weekend. The sharp rise in the German mark against the dollar that quickly gathered momentum in late June and early July exceeded that of the other joint float currencies, and the mark soon moved up to the top of the band.

The guilder and the commercial Belgian franc, pulled up by the mark's rise, traded comfortably within the EC snake. But the Scandinavian currencies, while still rising against the dollar, lagged behind. To keep their currencies above the lower limit of the snake the central banks of Sweden, Denmark, and Norway therefore continued to intervene, principally through sales of dollars in the market. Nevertheless, these pressures persisted, leading ultimately to Sweden's withdrawal from the snake and to a further realignment of the remaining currencies late in August.

JAPANESE YEN

By early 1977 Japanese exports were again rising strongly as a result of the reacceleration of economic growth in the United States and buoyant demand elsewhere for Japanese products. However, demand within Japan remained generally weak. Business investment was particularly sluggish as Japanese industrialists, still trying to come to grips with the severe dislocations of recent years, viewed the longer-term outlook for economic growth with unusual caution. The actual and expected weakness in domestic demand, in turn, exerted a powerful drag on Japanese imports. The combination of strong exports and stagnant imports produced a further widening of Japan's trade and current-account surpluses, already at record levels last year.

The Japanese authorities had moved to stimulate the economy through some easing of fiscal policies, but they had proceeded with caution in view of the continuing high rate of domestic inflation, and the Bank of Japan had kept its discount rate at 6½ per cent. Once uncertainties in December over Japanese elections and the magnitude of a new Organization of Petroleum Exporting Countries (OPEC) oil price rise passed, market sentiment in the exchanges turned increasingly bullish toward the yen. Bolstered by the large current-account surplus and inflows of interest-sensitive funds from abroad, the yen rebounded sharply from its December lows. After having intervened forcefully to support the yen in its previous decline, the Japanese authorities refrained from intervention as the rate rose by about 3 per cent against the dollar to \$0.003470 (288 yen) at the end of January.

By early February the magnitude of Japan's current-account surplus was attracting international attention. Statements by Japanese government officials, as well as by economists and officials abroad, had already focused on the need for global adjustment of current-account imbalances. In addition, the press reported that some countries were taking steps to limit imports of specific Japanese products. In this environment dealers moved to lengthen yen positions, and commercial leads and lags shifted more heavily in Japan's favor on expectation of a further rise in the yen. As a result, the yen advanced strongly, breaking through the 280-yen level following the March 19–20 weekend meeting between Prime Minister Fukuda and President Carter. Further public statements by Japanese officials assured the market that the authorities would continue to intervene only to counter erratic fluctuations in the exchange rate. Consequently, the yen was bid up further, to as high as \$0.003700

(270.3 yen) by April 12, even as the Bank of Japan intervened increasingly forcefully.

With the yen now at a 3-year high, dealers became increasingly cautious. At that time, the U.S. Customs Court ordered the Treasury to impose import duties on Japanese electronic products (a decision that was appealed) and the British Government imposed a provisional tariff on certain types of steel from Japan. Moreover, the boost of the Japanese economy provided during the first quarter by the buoyant export sector had failed to spark a broadly based and self-sustaining recovery.

Consequently, when the Bank of Japan acted to provide further impetus to the economy by cutting the discount rate, for the second time in 2 months, to 5 per cent, effective April 19, dealers began to take profits on their yen positions. The subsequent lowering of short-term money market rates and commercial bank prime rates reduced incentives for further short-term flows into Japan. Commercial leads and lags were reversed, and Japanese borrowings abroad tapered off. Thus, the yen eased to as low as $0.003593 (278.3 yen) on April 26, while the Bank of Japan sold dollars to moderate the decline. The yen firmed slightly ahead of the May 7–8 London summit. Thereafter, with U.S. money market rates now having risen somewhat, the yen settled back in subdued trading through late May.

In June the Japanese Finance Ministry announced a gradual liberalization of Japanese exchange controls governing flows both into and out of Japan. With respect to inflows, the authorities eased limitations on conversions of foreign funds and increased the accessibility of the Japanese money market to foreign investors. With respect to outflows, controls were lifted on short-term overseas lending by Japanese banks and Japanese resident purchases of foreign currency bonds. The amount of foreign currency that Japanese tourists may take abroad was raised. Also, regulations governing foreign bond issues in Tokyo were liberalized. Initially, the market's response to the changes in capital controls was muted. But by mid-June Japanese interest rates had begun edging back up from the lows reached in May while U.S. short-term interest rates had leveled off. Thus, as the yen began to move up again, the market came to the view that the liberalization of exchange restrictions would permit larger inflows of capital to Japan.

Against this background, the OECD meeting and subsequent communique on June 24 provided the catalyst for a renewed surge in the yen rate. Reports that the finance ministers had agreed that countries with current-account surpluses were ready to see an appreciation of their currencies in response to underlying market forces triggered an immediate demand for yen. Subsequent statements by government officials in the United States and Japan were interpreted as confirming this view. In addition, rumors circulated in the Tokyo market that Japan might accept the U.S. Treasury's suggestion at the OECD meeting and sell its interest earnings on existing reserves in the exchanges.

Propelled by professional and commercial demand from around the world, the yen continued to advance through late June and early July to as high as $0.003800 (263 yen) on July 11. By that time, however, Japanese businessmen were expressing concern over the rise in the rate. Moreover, the Bank of Japan had re-entered the market to purchase a substantial amount of dollars to check a further sharp appreciation of the yen. Thereafter, the yen rate settled back in quieter trading to $0.003754 (266.4 yen) by the month-end, for a net rise of 8 per cent over the 6-month period and 11¾ per cent from its lows of last December. Japanese official reserves rose by some $1¼ billion to a level of nearly $18 billion from the end of January to the end of July.

CANADIAN DOLLAR

Throughout 1976 Canadian economic policy had been directed at curbing inflationary pressures, while permitting expansionary forces to work through the economy gradually. By early 1977 broad monetary and fiscal restraint, together with a wage-price control program, had helped to bring the underlying rate of inflation down toward the declared target of 6 per cent. But opposition to the government's wage-price program was gathering strength in both business and labor circles, and the immediate prospects for a further reduction in the inflation rate were clouded by sharply rising food prices.

At the same time, economic recovery in Canada had come to a virtual standstill. As a result, the rate of unemployment had begun to edge up again, particularly in areas like Quebec and the Maritime Provinces. Moreover, the growth in monetary aggregates had fallen below the Bank of Canada's targets and short-term interest rates were progressively lowered, narrowing the favorable interest rate differential relative to the United States. Successive cuts in the Bank of Canada's discount rate to 8 per cent by February 1 were viewed as confirming the downtrend in Canadian short-term interest rates.

In addition, the election last November of a Separatist Party government in Quebec committed to establishing independence for the French-speaking province raised doubts about the receptiveness of new Canadian bond issues, particularly those of Quebec, in international capital markets. Foreign placements had been expected to reach levels that would more than offset Canada's continuing current-account deficit of some $4 billion per annum. But in early 1977 the two major bond-rating agencies in the United States were reassessing their evaluations of certain Quebec borrowers. In the interim, some scheduled Canadian issues in the New York bond market were either withdrawn or postponed. With the prospects for conversions of borrowing proceeds correspondingly scaled down, the Canadian dollar became vulnerable to adverse swings in market sentiment.

In this unsettled market atmosphere, the Canadian dollar, which had already dropped some 4¼ per cent in just 3 months, again came on offer in late January and then fell off sharply during February. In the absence of any sizable conversions of foreign issues by Canadian borrowers, the decline met little resistance in the market. Thus, the downslide quickly accelerated as commercial leads and lags gradually shifted against the Canadian dollar, and market professionals built up substantial short positions against the currency. Concern that the government's April 1 budget would be more expansionary to address the unemployment problem and publication of private forecasts suggesting a sharply lower Canadian dollar rate magnified the selling pressure even more. Consequently, the Canadian dollar dropped 4 per cent, from $0.9825 at the end of January to as low as $0.9430 by April 1. The Bank of Canada intervened on both sides of the market to maintain orderly trading conditions, with official reserves declining by $585 million during February and March.

In April market pessimism lifted somewhat as it became clear from the Federal budget that the government was not significantly loosening the restrictive tone of fiscal policy. By this time, too, Moody's Investors Service had announced that it was maintaining its current rating on Quebec bonds. In the wake of that announcement, indications of a pickup in foreign borrowings by Canadian provinces and public authorities began to emerge, including a $300 million credit raised by the Province of Quebec in the Eurocurrency market.

In addition, figures were released showing a strong trade surplus for Canada in the first quarter, as Canadian exports benefited from the vigorous expansion of the U.S. economy. Thus, the Canadian dollar market gradually came into better balance. The spot rate edged up to trade narrowly around $0.9535 through mid-May. The Bank of Canada therefore operated less heavily than before, taking in dollars on balance as reflected in the $137 million reserve increase during April–May.

During the remainder of the period, however, underlying concerns over Canada's political outlook and economic performance dominated market psychology. Market participants followed closely the debate over the issue of Quebec separatism. At the same time, with the unemployment rate still hovering around 8 per cent, the market expected the Canadian authorities to adopt more stimulative policies even though inflation was starting to pick up again. Interest rate differentials favoring Canada had by then narrowed significantly following another ½-percentage-point cut in the Canadian discount rate and the run-up of short-term U.S. interest rates in early May. Moreover, estimates of the volume of new Canadian issues abroad were scaled down.

In this atmosphere a gradual build-up of professional selling, combined with the end-of-June clustering of royalty and debt service payments to nonresidents, pushed the spot rate down to $0.9425 where it traded somewhat unsteadily through mid-July. In late July the Canadian dollar again came on offer. By that time, U.S. short-term interest rates were beginning to rise. Moreover, on July 25, the Canadian Government indicated that its 6 per cent per annum target for inflation apparently would not be met. In a renewed burst of commercial and professional selling, the spot rate fell to just above $0.9350. On balance, the Canadian dollar declined by some 4¾ per cent between the end of January and the end of July, thereby extending the decline that had begun late in 1976 to 9 per cent. Over the 6 months, Canadian reserves had declined by a net $670 million.

MEXICAN PESO

By early 1977 Mexico was beginning to recover from the financial crisis of the previous autumn, which had resulted in a precipitous drop of the peso in the exchange markets. Following the inauguration of President Lopez Portillo in December, the new administration sought to revive public confidence, pledging to reduce the government deficit and to encourage the growth of the private sector. An important agreement that limited the rise in wages in 1977 was struck with the trade unions. The Mexican authorities also ratified the agreement made in October 1976 with the IMF that could provide Mexico with more than $600 million in credits over a period of 3 years.

These initial efforts were welcomed by the business and financial community in Mexico and abroad, leading to a reflux of funds into the peso. Nevertheless, the reversal was incomplete, as many market participants awaited firmer evidence of improvement in the underlying situation. By early February the peso had settled at around $0.0450 in New York, some 44 per cent below the prefloat level.

Coming into the spring, Mexico's economic indicators showed that the painful process of adjustment was under way. The burst of inflation of late last year, due in part to the sharp decline of the peso, was tapering down. Imports were at a lower level than before the peso depreciation, reflecting largely a contraction of industrial production and a slowdown in public investment spending.

At the same time, export receipts were rising in response to the speed-up of growth in the United States, the increasing flow of Mexican oil production into world markets, and higher coffee and other agricultural prices abroad. As a result, Mexico's trade and current-account deficits narrowed markedly, reducing the need for new international borrowing by Mexican entities. With the market thus in better balance, the peso continued to move narrowly. The Bank of Mexico liquidated at maturity the $150 million drawn under the swap line with the Federal Reserve in November 1976. In April it repaid the remaining $150 million in drawings under the Exchange Stabilization Agreement with the U.S. Treasury.

Through the spring and early summer, the Mexican authorities reinforced the stabilization program by means of a series of financial and administrative reforms to improve the efficiency of the banking system and to strengthen monetary control. In April the structure of differential reserve requirements was simplified, with the effect of lowering the net reserve requirement and providing the commercial banks with increased lending capacity.

In May the previous system of administered interest rates was replaced by rate ceilings, which were set above the earlier levels, and the Bank of Mexico pledged to seek to encourage interest rate levels compatible with underlying economic forces. In July the authorities began to introduce a program in which companies would be able to borrow pesos from Mexican commercial banks against the collateral of an interest-bearing dollar deposit with the lending bank. The central bank would impose a 100 per cent reserve requirement on this deposit while rediscounting the peso loan. This program was thus a means of expanding credit to the private sector and at the same time replenishing international reserves.

Meanwhile, although market concerns over the outlook for the peso surfaced from time to time, the exchange rate held fairly steady. By summer, Mexico's economic performance continued to show signs of improvement, as industrial production was beginning to revive and exports remained strong. Moreover, a scaling-up of estimates of Mexico's proven oil reserves strengthened expectations that rising oil exports would substantially improve Mexico's current-account position.

As investor caution gradually receded, new Mexican foreign borrowings linked to the development of oil resources were well received in international capital markets. Thus by the end of July the peso held at $0.0437 for little net change over the 6-month period. Reflecting the improving sentiment for the peso during that time, the discount on 3-month forward pesos in New York narrowed from some 37 per cent to 20 per cent. □

Statements to Congress

Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on International Finance of the Committee on Banking, Housing and Urban Affairs, U.S. Senate, August 29, 1977.

I appreciate this opportunity to present the views of the Board of Governors of the Federal Reserve System before your subcommittee on recent growth of international indebtedness and some of the possible implications of this growth. In this testimony, I shall focus primarily on: (1) the major characteristics of the growth in international indebtedness and its potential associated risks, with special reference to developing countries, (2) new sources of financing for future balance of payments needs of deficit countries, and (3) improvements in the assessment of country creditworthiness and in the supervision of U.S. bank lending to foreign countries.

DIMENSIONS OF INDEBTEDNESS

Recent large increases in global external indebtedness are in part traceable to the major oil-price increases in 1973 and 1974 and the associated need for many developed and developing countries to finance the resulting large expansion in their current-account deficits. But external indebtedness of many developing countries, in particular, has expanded also because they borrowed heavily during the commodity boom of the early 1970's to launch ambitious new development programs and later, to sustain these programs in the face of reduced export revenues during the 1974–75 recession.

The flow of official financing, for both balance of payments and aid purposes, has grown at a much slower pace than global current-account deficits. Consequently, a major portion of the increase in these deficits has been financed through private capital markets, particularly banks. The rapid change in the size and composition of external borrowing has given rise to concern about the ability of some borrowing countries to continue servicing their external indebtedness and about the corollary increase in risk for private lending institutions.

DEBT TO BANKS

Data on private bank foreign lending recently have been improved, although information on the current level of external indebtedness of many countries is still incomplete. According to figures compiled by the Bank for International Settlements (BIS), total short- and long-term commercial bank claims on countries other than the Group of Ten (G-10) major industrial countries and offshore banking centers reached \$193 billion at the end of the first quarter of 1977, an increase of \$44 billion or 30 per cent from a year earlier. During the same period, total U.S. bank claims on the same group of countries rose by \$18 billion to \$78 billion, or also a 30 per cent increase. (The share of U.S. bank claims in total claims on these countries is overstated by these statistics since the BIS data do not include claims held by non-U.S. bank branches operating in non-G-10 countries.)

GROUNDS FOR CONFIDENCE

It should be observed, in the first place, that world trade has increased at a rapid rate in recent years, although at a slower rate than the growth in recorded external indebtedness. As a result, debt service ratios (the ratios of interest and amortization payments to exports) hardly deteriorated in the aggregate over this period, although some deterioration may still lie ahead. Furthermore, these capital flows served to sustain productive investment in the recipient countries, which otherwise might have dropped significantly in the face of world recession. These developments were made possible by the great expansion of international capital markets, especially in the form of bank credit.

There are also substantial grounds for confidence concerning the recent increase in international indebtedness, particularly with respect to non-OPEC (Organization of Petroleum Exporting Countries) developing countries whose total external indebtedness has been estimated at between $140 billion and $180 billion at the end of 1976. Through a combination of improved export earnings and a slower growth of imports, non-OPEC developing countries reduced their current-account deficits in the aggregate by about $12 billion in 1976. Although their aggregate deficit in 1977 is expected to remain virtually unchanged from the approximately $26 billion deficit in 1976, the distribution of this deficit among debtor countries is expected to be more in keeping with these countries' financial strength. External credits arranged for non-OPEC developing countries in the first half of 1977 only moderately exceeded the volume of credits arranged for the same period a year earlier and were sharply lower than in the second half of 1976.

A significant portion of recent borrowing by non-OPEC less developed countries (LDC's), moreover, may have served the purpose of building up international reserves to meet future needs. In fact, the official international reserves of six major non-OPEC LDC borrowers—Argentina, Brazil, Mexico, the Philippines, South Korea, and Taiwan—that account for three-fourths of total claims of U.S. banks on all non-OPEC developing countries increased in 1976 by an amount equal to about two-thirds of the Euro-credits arranged for them in the same period. Their reserves appear to have risen substantially further in the first half of 1977.

Eastern bloc countries, whose total borrowings from banks are substantially less than those of non-OPEC developing countries and where the involvement of U.S. banks is relatively small, also have reduced somewhat their aggregate trade deficit and related external financing needs. In contrast, some smaller developed countries have increased their rate of external borrowing to finance expanding current-account deficits.

It is important to recognize that much of U.S. international bank lending has been financed through deposits and other funds from non-U.S. sources. In fact, the United States itself is currently a net borrower of foreign funds as evidenced by a net inflow of private and official capital in our international transactions.

NEW FINANCING FACILITIES

Despite recent improvements in the international debt situation, the need to finance current-account deficits will remain large at least until the OPEC surplus is significantly reduced. Recognition of this fact gave impetus to the Witteveen Facility, which Under Secretary Solomon has discussed in detail with you. Although commercial banks have provided large amounts of additional financing in recent years, increases in other sources of financing are desirable for several reasons.

Banks have tended to lend to industrial and higher-income developing countries, whereas many middle- to lower-income developing countries have had to rely mostly on official sources of development aid and balance of payments financing to cover their deficits.

In addition, developing countries have need for long-term capital that cannot be met by banks.

Some banks may have reached prudent limits in extending credits to individual countries and may be reluctant to increase their exposure in those countries further, although they may consider loans designed to achieve broader diversification as still appropriate.

Moreover, some countries have reached levels of debt where further increases in bank debt appear feasible only if accompanied by improved fiscal and monetary policies. Some countries have spontaneously adopted such policies—often followed by a notable improvement in their balance of payments. Some countries have taken appropriate measures in connection with International Monetary Fund (IMF) standby arrangements.

Commercial banks are not in as good a position as international agencies to influence the policies of countries suffering from current-account imbalances to bring about needed adjustment through improved economic and financial policies. International lending agencies can more appropriately exert such a constructive influence in conjunction with their lending activities.

Expansion of IMF Resources

In this regard, agreement on the IMF Supplementary Financing Facility (Witteveen Facility) is a most encouraging development supplementing the increase in IMF quotas approved by the Congress last fall and expected to become effective shortly. With substantial increases in its resources, the IMF will be better able to assist countries to meet their balance of payments needs. Moreover, these resources will lend the Fund's views greater force with members who in the past may have been reluctant to submit to IMF conditions because of the small amount of credit available to them from this source relative to their financing needs. The Board of Governors of the Federal Reserve System urges the Congress to give sympathetic and prompt attention to the legislation approving the U.S. contribution to the new IMF facility when it shortly comes before you.

Expansion in Resources of Other International Lending Agencies

Proposed increases in resources for the World Bank group and for the regional development banks should enhance the capacity of these institutions to meet the longer-run capital needs of developing countries on terms and maturities more suitable to prevailing conditions in those countries.

Moreover, these institutions, with specialized staffs and intimate knowledge of developing countries, can provide technical assistance and influence the formulation of sound projects and development programs in ways not available to commercial banks.

These institutions also finance projects yielding long-run benefits to borrowing countries that fall beyond the normal scope of private capital markets.

Cofinancing

Cofinancing is one new technique for cooperation between the World Bank and regional lending institutions, on the one hand, and private banks, on the other hand, that merits careful attention as a means of channeling additional financial resources to developing countries. Cofinancing encourages private banks to participate in the financing of projects in developing countries by giving them protection through cross-default clauses and providing them access to information that is available to these international lending institutions regarding the viability and risk associated with proposed projects. Such information is often very difficult or expensive for the commercial banks to develop on their own. Moreover, countries borrowing through cofinancing arrangements may obtain funds on more favorable terms, particularly with respect to maturities.

Another noteworthy recent development has been the reluctance of commercial banks to provide additional financing to countries with serious balance of payments problems in the absence of assurances that the borrowing country is following sound economic policies provided under an IMF standby arrangement. Thus, some countries are finding that IMF approval of their economic and financial policies through a standby arrangement is becoming a precondition for maintaining their access to private capital markets. This development has been salutory in reducing the possibility that bank lending could frustrate Fund efforts to encourage countries to adopt better stabilization policies. The Fund is also in a position to supply information to private lenders within the limits imposed by the confidentiality of its relations with member countries. There is no indication, however, that the Fund would be prepared to become directly involved in evaluating or approving private loans.

DEBT RENEGOTIATIONS

Despite the somewhat improved outlook for many countries that have incurred large increases in external indebtedness in recent years, some individual countries may encounter difficulties in servicing their external debt and may require some refinancing or rescheduling. This topic has been covered in greater detail in Under Secretary Cooper's testimony and I will only add a few general observations.

OFFICIAL RESCHEDULING

Reschedulings of debts of governments to other governments have taken place periodically since World War II under Paris Club and similar arrangements. Since 1956 there have been close to 40 international agreements providing debt relief for roughly a dozen countries. These exercises, which have been conducted under a case-by-case approach, have generally aimed at encouraging debtor countries to undertake measures to reduce the underlying sources of their difficulties while providing debt relief that would enable them to move toward financial recovery and permit a resumption of normal capital inflows. Private debts usually have not been rescheduled in this context, in part because the amounts involved have in the past been relatively small compared with official claims.

PRIVATE RESCHEDULING

Workouts of debt to private creditors have been much more infrequent and have tended to take the form of refinancing rather than rescheduling of existing debt. Nevertheless, as a consequence of the rapid expansion in international bank lending in recent years, banks now hold a growing proportion of the external debt of a larger number of borrowing countries, often in the form of syndicated credits. In the event that severe debt problems should precipitate debt renegotiations for any of these countries, care will have to be taken that private and official creditors receive equitable treatment. While governments should avoid exerting pressure on private banks to influence the outcome of the banks' negotiations with debtor countries, official debt relief should not be looked to as a bailout for private banks.

GENERALIZED DEBT RELIEF

Some developing countries have advocated the idea of generalized debt relief or automatic criteria for debt rescheduling as a method of dispensing aid. Such generalized debt rescheduling is highly undesirable. It would, for one thing, be certain to reduce the access of developing countries to private external capital by calling into question their future creditworthiness. Furthermore, proposals for generalized debt rescheduling, if implemented, would prove very inefficient economically since the aid they imply would be channeled on the basis of past borrowing rather than to countries with the greatest current needs. Finally, such a mechanism would create disincentives to the pursuit of economic and financial policies designed to promote economic stability and the most efficient utilization of resources.

ASSESSMENT OF COUNTRY RISK

Let me turn next to the problem of the assessment of creditworthiness of individual borrowing countries. Despite the rapid growth and current size of their international lending, U.S. banks' loss ratios on international credits have continued substantially below loss ratios on domestic credits. We know, however, that past history may be a poor guide to the future.

There are risks to be guarded against. Consequently, the Federal Reserve has been active in improving the flow of data needed by lending banks to assess creditworthiness of international borrowers and has been reviewing better ways to incorporate the concept of country risk into the supervisory process.

The Federal Reserve has taken several steps to provide new or improved sources of data useful for assessing country risk.

As part of a data-gathering operation sponsored by the BIS, the Federal Reserve conducted a special survey of foreign lending by U.S. banks at the end of 1976, which provided for the first time information on maturity structure, guarantee status, and commitments to lend by country. It is anticipated that the BIS effort will be repeated in December 1977.

The Federal Reserve is also cooperating with other U.S. bank regulatory agencies in collecting similar information on U.S. banks' country exposure as of June 1977. I should also note that in an ongoing revision of a number of Federal Reserve and Treasury reports received from banks, special attention has been given to improving the usefulness of international data derived from these reports.

In addition to the improvement in banking statistics, the BIS, at Chairman Burns' suggestion, is developing a list of information that borrowing countries would be encouraged to provide to commercial banks, and the banks would be encouraged to ask for, as an important step in loan negotiations. Work is now going forward in examining what types of information are most in need of improvement in order to serve banks in evaluating country risk. More complete data on the amount of external borrowing by the private sectors of individual countries should be one useful outcome of these efforts.

Information from International Lending Agencies

International lending agencies could also make a contribution to improving the flow and quality of economic and financial information on individual countries. The IMF and the World Bank, as well as regional lending organizations, have developed considerable knowledge about and expertise on individual countries. If some of this factual information, particularly of the kind contained in their country reviews, were to be made available to the private market on an up-to-date basis, it would represent an important contribution toward improving risk evaluations. Such sharing of information must be done in a way, however, that would not reveal sensitive material and judgments, or reduce the explicit and frank nature of the discussion and analysis. Otherwise, the usefulness of such reports for the countries and official lending institutions themselves might be impaired.

Federal Reserve System Committee on Foreign Lending

The Federal Reserve System Committee on Foreign Lending is considering the treatment of country risk in bank examinations. As part of its work, the Committee has conducted an informal survey of the methods used by major U.S. banks to define, monitor, and analyze country exposure. That survey indicated that while U.S. banks differ somewhat in their approaches to these questions, the major U.S. banks that are active in international lending have well-developed systems of country risk analysis. Moreover, these banks are devoting considerable resources to improving their country analysis.

Judging the degree of risk attached to foreign borrowers and making effective use of this judgment present problems for both banks and supervisory authorities. While it is important to delineate problem areas to banks in the examination process, bank regulators need to be sensitive to the fact that admonishments to banks can result in damages to the creditworthiness of borrowing countries. As a possible way of dealing with this potential problem, the Federal Reserve is exploring a supervisory approach that would focus on the degree of country concentration of foreign loans in portfolios of individual banks, and on the quality of information possessed by banks in assessing the degree of risk attached to their international loans.

PROPOSALS FOR LIMITING PAYMENTS IMBALANCES

In his statement announcing these hearings, Senator Stevenson has noted several possible methods by which international payments imbalances, which have given rise to the large accumulations of international debt over the past several years, might be reduced in the future.

Economic and Financial Policies

An essential first step in correcting imbalances is to ensure that countries with large balance of payments deficits move to adopt sound monetary, fiscal, and balance of payments policies. An important mechanism for encouraging countries to pursue policies that facilitate adjustment is the conditionality attached to drawings under IMF standby arrangements. And, as noted earlier, a substantial increase in IMF resources should enhance the Fund's leverage in encouraging better adjustment policies.

Exchange-Rate Policies

It should be recognized that realistic exchange rates are a necessary ingredient in balance of payments adjustment policies. Under the current exchange-rate regime, the IMF is charged with the responsibility for surveillance of individual countries' exchange-rate policies to discourage the maintenance of exchange rates at variance with underlying economic and financial conditions.

Substantial official intervention and capital market controls both tend to result in exchange rates different from those that would be determined by basic market forces. Some official intervention may reflect a desire on the part of authorities to counteract private speculation or, in some cases, may reflect commitments to the IMF. However, it must be recognized that private speculation often merely stems from an effort to avoid losses. Whatever its purpose, speculation that leads to greater stability in exchange rates should not be discouraged. The best means of achieving stable exchange rates is the pursuit of monetary and fiscal policies that contribute to domestic stability.

Trade Liberalization

A smoother, more effective adjustment process will also require that all countries avoid protectionist trade policies and restrictions that lead to global economic inefficiency and frustrate the adjustment process. Protectionism not only inhibits countries in deficit from expanding exports in order to reduce their current-account deficits but, in the form of capital controls, protectionism can also retard movements in foreign exchange rates that may be necessary to achieve and sustain a better global payments position.

Conclusion

In summary, the surge in external country indebtedness that has accompanied a large increase in world payments imbalances since 1973, while attracting substantial attention, does not seem to pose any imminent threat to the stability of the world economic and financial system. We must nevertheless take measures to meet evolving situations lest the potential sources of instability that exist eventually develop into real threats. The Federal Reserve, in exercising its supervisory role, must keep in mind both the necessity of a sound and stable U.S. banking system and the positive role our banks play in meeting the financing needs of other countries. The Federal Reserve will also maintain an active role in seeking greater cooperation between banks and official lending institutions and in supporting new mechanisms that can contribute to sound and lasting international economic growth and stability. □

Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, September 16, 1977.

I appreciate the opportunity to appear before this distinguished committee today to present the views of the Board of Governors of the Federal Reserve System on S. 684 and S. 711. My testimony will develop the reasons for the Board's unanimous support for S. 711, the bill that would establish a Federal Bank Examination Council, and for its unanimous opposition to the creation of a Federal Bank Commission as proposed in S. 684.

The establishment of a Federal Bank Examination Council, we believe, would represent a constructive evolutionary step toward formalizing the existing cooperative arrangements among the Federal bank regulatory agencies. But in the Board's judgment, complete centralization of bank supervision at the Federal level, as envisioned in S. 684, would constitute an unnecessary, disruptive, counterproductive change. In the short run it would almost certainly produce confusion and significant operating inefficiencies. And in the longer run it might adversely affect both the quality of banking supervision and the performance of the banking industry. Such a restructuring, moreover, would tend to isolate bank supervisory policy from the monetary policy function, to the detriment of both. In short, the Board can find no compelling arguments for the proposed regulation of the Nation's banks by a single Federal agency that overcome the practical shortcomings and prospective loss of policy integration that this approach entails.

The Board's position on these bills is founded on our belief that the banking system currently is in sound condition, which reflects in no small part the substantial efforts of both the bankers and the bank regulators over the last several difficult years. I make this statement even though it is well known that some banks encountered serious problems during the recent recession and that a few failed to weather the storm. The number of banks on the Federal agency "problem" lists—that is, banks requiring unusual amounts of supervisory attention—increased considerably over the 1975–76 period, and these included some of our very large banks. But continued favorable earnings flows, more conservative bank management policies, and effective supervisory oversight—all in the environment of an improving economy—combined to forestall any important adverse economic or financial developments that might have arisen.

Today it is apparent, even to the casual observer, that there has been a strengthening in the condition of the banking industry. The number of banks experiencing increased difficulties has declined dramatically over the past year or so. Total bank net income for 1976 rose by more than 8 per cent from the year before and was about 11 per cent above the 1974 level. The ratio of total bank capital to total assets improved to 7.15 per cent at year-end 1976 from 7.11 and 6.86 per cent, respectively, in the two preceding years. Banks also have buttressed their liquidity positions by adding greatly to their holdings of liquid assets and by paying off some money market sources of funds. In short, the financial position of banks has improved markedly over this period.

The volume of assets classified by examiners remains higher than any of us would like to see, although indications from 1977 examinations are that they are now beginning to decline. But bankers and regulators both learned hard lessons from the experience of the recession, and there is every prospect of continued good progress in the reduction of problem bank assets. The working out of problem loans is a lengthy and laborious process, so loan classifications are necessarily a lagging indicator of banking conditions. The improvement in financial ratios that I have noted, however, leaves little doubt that the Nation's banking system has been coping successfully with its problems and is in a favorable position to handle the credit needs of an expanding economy.

Against this record of achievement, it is not clear to the Board why consolidation of the three Federal bank regulators is now being proposed, for there appears to be no compelling reason to replace the present system with one that is untried and unproven. The existing structure of Federal supervision of the banking system has evolved over a very long period, dating from establishment of the Office of the Comptroller of the Currency in 1863, the Federal Reserve System in 1913, and the Federal Deposit Insurance Corporation in 1933. The division of duties and responsibilities among these agencies can seem confusing to the uninitiated and, at times, even to the well informed. But this structure of bank regulation has worked reasonably well, as evidenced by the stability of the U.S. banking system over the last several decades. During the recent period of severe economic and financial strains, the Federal bank supervisors, working together, were able to arrange takeovers of almost all of the failing banks by healthy ones, thereby permitting uninterrupted service to bank customers. Public confidence in the banking system has been maintained in no small part because of the combined efforts of the three Federal bank regulatory agencies.

These agencies have been criticized from time to time for not anticipating the banking problems of the 1970's and for failing to take measures to avoid them. As with any event, the advantage of hindsight always provides a much sharper perspective on alternative courses of action that might have been taken. But I believe that decisive efforts were made by the Federal Reserve as soon as the prospective problems were clearly identified. Our actions have been described to this committee in other testimony, and I will not dwell on them here. But I would note for the record that, beginning in April 1973, the Federal Reserve took steps to slow and discipline the unsustainable growth of banking assets and liabilities. It employed supervisory tools ranging from "moral suasion" concerning the lending practices of individual institutions to a "go-slow" policy regarding approvals for the expansion of bank holding company and international activities. These measures did have an impact and helped persuade many institutions to adopt more realistic plans for expansion. In their absence the recession might well have taken a greater toll on the Nation's banks.

To be sure, the supervisory system could have worked better in some respects, and our recent experience has helped identify areas of needed improvement. The banking agencies have recognized these needs and are taking appropriate steps to improve supervisory performance. We are now engaged in a re-evaluation and updating of examination procedures and other supervisory techniques, about which I will comment later in more detail. It must be recognized, however, that there will always be some banks that require special supervisory attention. Making loans is an inherently risky business, and banks must accept a measure of risk if they are to play their part in financing a dynamic growing economy. It should not be the purpose of bank supervision to prevent such functional risk-taking, but rather to guard against unusual or excessive risk concentrations and banking practices that may undermine an institution's viability. The bank supervisory agencies must also be alert to the spread of problems from one institution to another and must strive to prevent any large-scale adverse effects on either the local or the national economy. Viewed from this perspective, the Federal bank regulatory agencies have performed quite well.

Thus, before moving from the present structure of Federal bank regulation to the single agency concept proposed in S. 684, the Board would urge the Congress to weigh carefully the potential for damage that could accompany such wholesale reform. There are a variety of shortcomings and possible difficulties that we foresee.

First, it needs to be recognized that such an agency is unlikely to bring greater operating efficiencies. Indeed, after reviewing the existing structure of Federal bank regulation, the Comptroller General concluded in congressional testimony early this year that a single agency would not provide any cost savings.

Second, the creation of a single banking agency, whose mission is tied exclusively to a single industry, would increase the risk that regulatory policy could be shaped to an undue degree by the special interests of the industry. This has been a major congressional concern, at least in other sectors.

Third, with a single Federal bank supervisor, the banking industry could be more exposed to the possibility of extreme shifts in the regulatory climate. Continuous consultation and cooperation among the three independent Federal banking agencies, on the other hand, provides a system of checks and balances that tends to attenuate marked shifts in regulatory policy with their potentially destabilizing ramifications.

Fourth, centralization of the bank supervisory function could have the undesirable effect of suppressing innovation and healthy competition in the industry. Since FDIC insurance is a virtual necessity in today's environment, creation of a single Federal agency would mean that practically every bank in the country—whether nationally or State chartered—would have to follow the guidelines set forth by that one supervisor, and the impetus to effect changes could be stifled.

Fifth, there would undoubtedly be significant transition problems associated with the organization of a new agency. In the Board's judgment, the Nation should not be needlessly exposed to the risk of a discontinuity in bank supervision while a new Federal bank regulatory agency organized, grappled with the inevitable administrative problems, and began to establish its operating rationale.

Sixth, the proposed Federal Bank Commission at the regional level would supplant many of the regulatory functions now provided by the Federal Reserve Banks. The important role of these Banks in the supervisory process is, I believe, often overlooked. They contribute a depth of understanding of local and regional economic, banking, and financial conditions that is unlikely to be equaled by an agency devoted solely to bank regulation. And I find it doubtful that the authority of a regional administrator of the proposed Commission would often approach that of a Federal Reserve Bank president, who deals with local banking institutions over a wide-ranging variety of issues and has responsibilities on the national credit scene as well.

Finally, and most importantly, the Board remains gravely concerned that the removal of its supervisory and regulatory responsibilities, as called for in S. 684, would work adversely on the Board's effectiveness in carrying out its monetary policy function. We also believe that the quality of bank regulation would suffer. Our view continues to be that the conduct and formulation of monetary policy and the supervision and regulation of banking are so closely related functionally that they should not be determined in isolation. If supervisory standards for bank performance are independently set, there is the very real risk that bank regulation could frustrate the objectives of monetary policy. Above all, a recurrence of the situation of the mid-1930's is to be avoided, when overly conservative bank regulatory standards tended to inhibit needed extensions of credit by banks and thus to slow the financing of economic recovery.

Although S. 684 would place a Board member on the Federal Bank Commission, our judgment is that this would not provide adequate coordination with, or a sufficient depth of information to, the Board. All of the Board members are now involved on a continuing basis with both monetary policy formulation and the setting of bank supervisory policies. From this vantage point, the Board gains direct knowledge about how changes in monetary policy affect the condition of banks. And because of this dual responsibility, the Board members are well apprised of the impact of changing banking supervisory policies on banking and financial markets and the implications for monetary policy. With a Federal Reserve Board member on the commission, it is true that information could be transmitted back and forth. If the new system worked ideally, this would include not only data on statistical trends but also qualitative insights into new banking practices and procedures. Even so, the advantages currently gained from the deliberations of seven persons with first-hand knowledge in all of the relevant areas would be lost.

The benefits that flow from integration of the monetary policy and bank supervisory and regulatory policy functions may be illustrated by citing a few of the situations in which such integration is needed. For example, careful attention must be given to the financial strength of banks during periods when monetary restraint is being applied. In such periods interest rates typically are high, by historical standards, and trending upward. This can result in substantial declines in the market value of certain bank assets—among them long-term securities and mortgage loans—and place a premium on the maintenance of ample ready liquidity. In addition, a restrictive monetary policy often requires relatively substantial adjustments in certain sectors of the economy and in some local credit markets. As a result, bank loans in these sectors may be exposed to deterioration in quality. In implementing a restrictive monetary policy, therefore, consideration of the likely impact on the condition of banks and other financial intermediaries is essential.

Another source of potential difficulty in periods of high economic activity is the tendency to accumulate large backlogs of unused bank loan commitments—that is, promises to lend money on request—which are made chiefly to business customers. During the early 1970's, the bulge in bank loan commitments created problems for both monetary policy and bank regulation. It was clear that the overhang of outstanding commitments was slowing the restraining effects of monetary policy; and there was a danger that under continued conditions of monetary restraint, some banks might have insufficient liquidity to meet their commitments. Under those circumstances, the Federal Reserve—with responsibilities for both monetary and bank regulatory policy—took the lead in exerting pressure on bankers to bring their commitment activity under better control.

A traditional responsibility of the central bank is to serve as a lender of last resort. While the purpose of this function is to cushion the financial dislocation that might threaten when general monetary restraint reduces the over-all liquidity of the economy, its implementation involves actions to bolster the financial condition of individual banks—in particular their liquidity positions. In providing such support, the Federal Reserve draws heavily on the expertise provided by its staff of bank supervisors. If such expertise could be obtained only from a separate bank regulatory agency, the Federal Reserve might find it difficult to act quickly and appropriately to forestall a developing regional or national financial squeeze.

Finally, the supervision and regulation of international banking activities is an area that requires especially close coordination with monetary policy. U.S. banks are active participants in foreign exchange markets and international lending, and these activities influence foreign exchange rates, international capital flows, and trade balances, all of which are of direct concern to monetary policy. Also, Federal Reserve monetary actions may affect international financial markets, and these effects can have important implications for bank regulation and supervision, especially as they pertain to the operations of the Nation's largest banks. Through its contacts with foreign central banks and international institutions, the Federal Reserve has available more complete international economic information than would be likely for an agency whose sole responsibility is bank supervision. I cannot stress enough the importance of first-hand knowledge in this complex, critical area.

Just as bank supervision and regulation is interrelated with the monetary policy and credit functions of the Federal Reserve, so is it strongly related to the deposit insurance function of the FDIC and the national bank chartering function of the Comptroller of the Currency. Through cooperation and coordination among the three agencies, the examination and supervision of the Nation's banks has been divided so that each bank has only one primary Federal bank supervisor. Thus, duplication of effort on the part of both the banks and the agencies has been avoided, and a full exchange of information among the Federal bank regulators has been promoted.

The relationship of bank holding company supervision to the other functions of each of the three Federal bank supervisors is less well defined. A single primary Federal bank holding company supervisor is not always readily identifiable. For example, a holding company may have several bank subsidiaries, each of which is responsive to a different primary supervisor. Or it may have a variety of nonbank affiliates, the supervision of which is not readily integrated with the normal bank supervisory process.

The Board therefore would urge the Congress to maintain the bank holding company regulatory function in a single agency. Among the existing Federal bank supervisors, the central bank is best qualified to fill that role. In support of its monetary policy function, the System has insight into the operations of domestic and international financial markets and the workings of the economy generally. Such information is vital to the effective supervision of bank holding companies—and, in particular, to the regulation of nonbank affiliate activities at home and abroad.

With respect to its regulatory functions, I think the record shows that the System has not been a complacent supervisor, either of member banks or of bank holding companies. In testimony on S. 2298 before your Committee in December 1975, Governor Holland reported the major steps that the Federal Reserve had taken in recent years. Since that time improvements have been made in the training program for System bank examiners. Increased attention has been given to loan and credit analysis, as well as compliance with regulations. Special schools have been established for examiners in the area of consumer credit statutes and regulations and in the complexities of holding company supervision and regulation. In addition, a new bank holding company inspection report is being developed in order to standardize the examination process and to enhance the System's ability to identify and supervise those holding companies that fail to act as a source of strength to their subsidiaries. Improvements are also being made in our examinations of foreign branches and Edge Act corporations in order to better monitor and supervise the international activities of these banking organizations.

The Federal Reserve's supervisory capability is being augmented also by the development of a computer-based surveillance system, which screens information collected periodically from banks and bank holding companies for any signs indicating a deterioration in condition. Early identification of potential problem organizations should aid in the System's effort to give especially close supervisory attention where it appears most warranted.

In addition, I would note that the System has not hesitated to apply supervisory sanctions. In October 1974 the Board's request for cease-and-desist authority over bank holding companies was granted by the Congress. Since that time, 43 cease-and-desist orders have been issued or written agreements negotiated, and 29 of these involved bank holding companies. And of course there are literally hundreds of cases where bank holding companies and banks, in response to supervisory criticism, have committed themselves in writing to take appropriate corrective action.

The Federal bank regulatory agencies have a long history of cooperation and coordination on supervisory matters, and efforts are being made to strengthen the ties. A recent development is the establishment in February of this year of the Interagency Supervisory Committee. This new standing committee of agency officers will deal exclusively with bank supervisory matters of a technical nature. The Supervisory Committee's immediate mission is to achieve coordination among the agencies with respect to bank examination policies and procedures.

During this initial year, the Supervisory Committee has developed—and the agencies have adopted—uniform policies on the definition and identification of concentrations of credit. At the committee's recommendation, the agencies agreed to a survey of the level and types of risk being taken by U.S. banks as a result of their international lending. The committee is also studying the feasibility of adopting a uniform bank rating system and a uniform approach to the treatment of nonaccruing loans.

S. 711 has our full support because it would build upon these existing cooperative arrangements and would provide an evolutionary framework for more effective interaction and coordination among the three Federal banking agencies. This bill, which closely parallels legislation that the Board proposed earlier this year, would require a Federal Bank Examination Council to focus on the matters most in need of attention now—the development of better and more uniform standards and procedures for the examination of banks. The proposed council would conduct schools for examiners of all the Federal agencies, which would also be open to enrollment by employees of State bank supervisory agencies. The council would develop uniform reporting systems for banks, bank holding companies, and nonbank subsidiaries. The council would also be authorized to make recommendations for uniformity in other supervisory matters and would be provided with a forum—through its annual reports—to propose legislative initiatives to the Congress. These are all steps in the right direction.

In addition, the Board welcomes the provision of S. 711 for participation by State bank supervisors. Section 7 of the bill provides that the council shall establish a liaison committee, composed of five representatives of State bank supervisory agencies, that is to meet at least twice a year with the council. This arrangement would foster more coordination with the State agencies, with the prospect of developing uniformity in examinations on a mutually cooperative basis by State and Federal agencies.

In the Board's view, the council's responsibilities are modest but reasonable. Moreover, in the fulfillment of these responsibilities, significant progress could be made in a manner not disruptive to the continuing performance of the three existing agencies. Experience with the council might well lead to the conclusion that some further coordination among or consolidation of certain functions of the bank regulatory authorities would be desirable. But in that event, such a finding would be based on a practical awareness of the difficulties that would have to be overcome.

The Board believes that it is much the wiser course to proceed in this manner, on the basis of demonstrated need, and that S. 711—the Federal Bank Examination Council Act—provides just the mechanism for doing so.

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON JULY 19, 1977

Domestic Policy Directive

The information reviewed at this meeting suggested that growth in real output of goods and services in the second quarter had been close to the pace in the first quarter, indicated by estimates of the Commerce Department to have been at an annual rate of 6.9 per cent. The rise in average prices—as measured by the fixed-weighted price index for gross domestic business product—appeared to have been somewhat faster than the annual rate of 6.5 per cent estimated for the first quarter, owing in large part to substantial increases in prices of foods. Staff projections suggested that the rate of growth in real GNP would be less rapid in the second half of 1977 than in the first and that it would slow somewhat further into 1978. The projections also suggested that the rate of increase in prices would moderate from that in the first half but would remain high.

In the second quarter, according to the latest staff estimates for the expenditure components of real GNP, growth in personal consumption expenditures had slowed appreciably from the high rate in the first quarter. Moreover, expansion in business fixed investment had been substantially below the rapid pace in the first quarter, reflecting recovery from strikes. On the other hand, residential construction activity had expanded very sharply, in part because of recovery from the effects of severe winter weather in the first quarter; State and local government purchases of goods and services had turned up; and the rate of business inventory accumulation had increased considerably further.

Staff projections for the second half of the year were virtually the same as those made a month earlier. They suggested that growth in consumption expenditures would slow somewhat further and that the pace of expansion in residential construction would moderate. At the same time, however, it was expected that increases in Federal purchases of goods and services would be substantial; that growth in

State and local government purchases would be sustained at a high rate; that expansion of business investment would remain relatively strong; and that the rate of inventory accumulation would rise further, although by much less than in the first half.

In June industrial production rose 0.7 per cent, following gains of 0.7 and 1.0 per cent in April and May, respectively. Much of the June advance was accounted for by increases in output of automotive products—following 2 months of declines—and in production of business equipment and durable goods materials. Output of nondurable consumer goods and of nondurable goods materials changed little. Over the period from March to June, when the over-all index rose 2½ per cent, output of business equipment expanded about 5 per cent and production of consumer goods about 1¼ per cent.

The rate of capacity utilization for the materials-producing industries remained near 83 per cent in June, compared with about 81½ per cent in March. For durable goods materials and nondurable goods materials, respectively, the rates were about 80½ and 87½ per cent in June, compared with 78 and 87 per cent in March.

Expansion in employment moderated in June. Payroll employment in nonfarm establishments rose by 135,000 persons, less than half the average monthly increase in the preceding 5 months. Employment in manufacturing—after vigorous expansion earlier in the year—declined slightly in June, reflecting reductions in a number of nondurable goods industries. The unemployment rate rose from 6.9 to 7.1 per cent, reflecting an increase in the number of persons seeking part-time jobs—mainly teenagers and adult women. The civilian labor force continued to grow at a rapid pace. Since December 1976, when the unemployment rate was 7.8 per cent, the civilian labor force had risen by about 1¾ million persons. Teenagers and adult women accounted for about three-fourths of that increase.

Personal income expanded considerably less in April and May than in the preceding 2 months when increases had been especially large owing to the rebound in wage and salary payments from the weather-reduced level in January and to large increases in transfer payments. Wage and salary payments rose about 1 per cent in both April and May, close to the average monthly increase for the first quarter. For June the employment statistics suggested a smaller increase in wage and salary payments.

Retail sales in June remained at about the level reached in March; however, the total for the second quarter was about 2 per cent above the first-quarter level. In June sales declined at general merchandise stores for the second consecutive month and fell sharply at apparel stores, but they rose appreciably at furniture and appliance stores and continued to expand at food stores. Sales of new automobiles—at an advanced annual rate of 11.8 million units—were close to the level of April and May and about 5 per cent above the average for the first quarter.

The book value of inventories in manufacturing and trade rose sharply in May, and the rate of increase over the first 2 months of the second quarter was moderately higher than that for the first quarter. In manufacturing, the rate of increase over the April–May period was almost twice as fast as in the first quarter, and for nondurable goods industries alone it was more than three times as fast.

The number of private housing units started in June had not been made public by the time of this meeting. In April and May starts were at an annual rate of about 1.9 million units—about 10 per cent above the average for both the first quarter of 1977 and the fourth quarter of 1976. Sales of new homes declined in May for the third consecutive month and were 16 per cent below the advanced rate for the first quarter. However, sales of existing homes rose in May to a near-record rate that was 7 per cent above the first-quarter average.

New orders for nondefense capital goods were unchanged in May, after having expanded about 6 per cent on balance over the preceding 4 months. Shipments of such goods continued to change little in May, and unfilled orders rose further to a level nearly 4 per cent higher than at the end of 1976. Contract awards for commercial and industrial buildings—as measured in terms of floor space—fluctuated widely during the first 5 months of 1977, but the April–May average was about 3½ per cent higher than the average for the first quarter.

As had been reported before the June meeting of the Committee, the latest Commerce Department survey of business plans suggested that in the third and fourth quarters of 1977 increases in spending for plant and equipment would be small—perhaps no more than the rise in prices for such goods. According to the survey, businesses would spend 12.3 per cent more for plant and equipment in 1977 than they had in 1976.

The index of average hourly earnings for private nonfarm production workers rose at an annual rate of 3.7 per cent in June. The rate of advance over the first 6 months of 1977 was 6.7 per cent, compared with an increase of 6.9 per cent during 1976. Over the first half of 1977, however, relatively greater growth of employment in higher-wage industries and an increase in hours of overtime had resulted in a faster rate of advance in actual average hourly earnings than in the index, which is adjusted to exclude the effects of fluctuations in overtime in manufacturing and also the effects of changes in the proportion of workers in high-wage and low-wage industries.

The wholesale price index declined in June, after having risen much less in May than in the preceding 3 months. Average prices for farm products fell sharply further in June, and those for processed foods also declined. As in May, average prices of industrial commodities rose appreciably less than in earlier months of 1977.

The consumer price index rose 0.6 per cent in May—a little less than in April and the same as in March. Retail prices of foods increased 0.7 per cent in May—about half as much as in April—while commodities other than foods and services rose 0.4 per cent and 0.7 per cent, respectively.

The average value of the dollar against leading foreign currencies declined by more than 1 per cent over the inter-meeting period, following more than a year of relative stability. Over the 4-week period, moreover, foreign central banks intervened in the exchange markets to purchase, on balance, a substantial amount of dollars. The downward pressure on the dollar intensified at the end of June when public statements by some government officials fostered market expectations that the currencies of countries with large surpluses in their current accounts would appreciate. Declines in the dollar, which occurred against almost all major currencies, were especially marked against the Japanese yen, the German mark, and the Swiss franc.

The U.S. foreign trade deficit diminished somewhat in May from the high average during the preceding 4 months. In May imports of petroleum declined, and exports of agricultural commodities increased sharply, reflecting chiefly a rise in exports of soybeans. Exports of nonagricultural commodities were virtually unchanged; since the third quarter of 1976 they had been stable, on balance, in association with only moderate expansion in economic activity in major industrial countries marked by sluggishness in capital investment.

At U.S. commercial banks, growth in total credit slowed somewhat further in June and was slightly below the average for the first 5 months of the year. The slowing in June reflected declines in net acquisitions of Treasury and other securities. Growth of real estate loans accelerated to a near-record pace, and growth of most other major categories of loans was substantial. However, nonbank financial institutions reduced their outstanding bank loans, as they raised a record volume of funds in the commercial paper market.

Business credit demands—which had fallen off in May—rebounded in June, apparently in part because of borrowing by corporations to finance a record amount of Federal income tax payments due at midmonth. Business loans at banks and the outstanding volume of commercial paper issued by nonfinancial corporations both expanded at relatively high rates. Over the first half of the year, growth in business loans (excluding bankers acceptances) and in outstanding commercial paper was substantially faster than over the fourth quarter of 1976.

The narrowly defined money stock (*M*-1), after having risen at an exceptionally rapid rate in April and having increased little in May, grew at a moderate pace in June. On a quarterly-average basis, *M*-1 grew at an annual rate of 8.5 per cent in the second quarter, compared with 4.2 per cent in the first quarter.

Growth in the more broadly defined measures of money (*M*-2 and *M*-3) also was moderate in June. Inflows to banks of the time and savings deposits included in *M*-2 picked up somewhat, after having slackened for a number of months, and inflows to nonbank thrift institutions remained sizable. On a quarterly-average basis, *M*-2 and *M*-3, respectively, grew at annual rates of 9.2 and 10.0 per cent in the second quarter, compared with 9.9 and 11.3 per cent in the first quarter.

At its June meeting the Committee had decided that operations in the period immediately ahead should be directed toward maintaining about the prevailing money market conditions, as represented by a weekly-average Federal funds rate of 5⅜ per cent, provided that *M*-1 and *M*-2 appeared to be growing over the June–July period at annual rates within ranges of 2½ to 6½ per cent and 6 to 10 per cent, respectively. Throughout the inter-meeting period, incoming data suggested that over the June–July period M-1 and M-2 would grow at rates within those ranges. Accordingly, the Manager of the System Open Market Account sought to maintain the Federal funds rate around 5⅜ per cent.

In association with the stability in the Federal funds rate, market interest rates in general changed little during the inter-meeting period despite some increase in over-all credit demands. Rates on Treasury bills edged up—although the Treasury continued to redeem bills in its regular auctions—as the market apparently began to adjust to the anticipated near-term cessation of large redemptions. Changes in rates on private short-term instruments and on longer-term issues were small.

Treasury public sales and redemptions of securities were about in balance during the inter-meeting interval. For the second quarter as a whole, the Treasury made net repayments of marketable securities of $5 billion, in contrast with net borrowings of $14 billion during the first quarter. It was anticipated that the Treasury would raise a substantial amount of new money in conjunction with its mid-August refunding of $3.3 billion of maturing securities held by the public; it was expected that the terms of the financing would be announced on July 27.

In the corporate bond market the volume of new securities offered to the public increased in June, reflecting a relatively large volume of new issues by public utilities and financial concerns. For the second quarter as a whole, however, offerings were below the volume for the previous quarter, and those by industrial corporations were at the lowest level in more than 3 years.

Offerings of State and local government bonds rose to a record in June, raising the second-quarter volume to an unprecedented $13.4 billion, following $10.7 billion in the first quarter. As in other recent months, demands for these securities were strong from property-casualty insurance companies, commercial banks, and individuals—both directly and through municipal bond investment companies.

The volume of mortgage lending remained large in June at commercial banks as well as at savings and loan associations. Estimates for the second quarter indicated an acceleration from the high rate for the first quarter. While issues of GNMA-guaranteed, mortgage-backed securities declined from the strong first-quarter pace, net acquisitions of mortgages by FNMA expanded substantially. Average interest rates on new commitments for conventional home mortgages continued to edge higher in late June and early July, and yields in the secondary mortgage market changed little on balance.

In their discussion of the economic situation, members of the Committee agreed with the general outlines of the staff projections, which were described as presenting a fairly optimistic picture of prospective developments. Despite the broad consensus on the outlook, several members suggested that expansion in some sectors of demand might prove to be less strong than expected by the staff and that growth in real GNP was more likely to fall short of than to exceed the projected rates.

With respect to the immediate situation, attention was called to the rate at which inventories had accumulated in some sectors. The view was expressed that a minor adjustment of inventories—similar to although smaller than the one in the latter part of 1976—had been under way for the past 2 months or so and had already affected production and employment in nondurable goods industries. It was observed that businesses appeared to adjust inventory imbalances more promptly now than they had in the past; that such minor adjustments tended to forestall the development of a need for major adjustment; and that the adjustment that appeared to be in process was healthy in that it would serve to make the business expansion more sustainable. A question was raised as to whether the staff projections for the very near term adequately reflected the adjustment in inventories that appeared to be under way.

Questions were also raised about the staff projections for sales of new automobiles and for residential construction. It was suggested that auto sales might be reduced from the advanced level of recent months by two influences: one, increases in prices, not only for domestic models but also for imports because of the substantial appreciations of the Japanese yen and the German mark against the dollar; and two, the high level of consumer debt. With respect to residential construction, two members felt that the expansion in that sector might slow sooner than projected; in support of this view, it was suggested that the rise in prices for new homes had diminished the ability of consumers to buy them.

Despite the questions about certain aspects of the staff projections, a number of reasons were advanced for viewing the prospective course of economic activity with some confidence: The trend of retail sales was basically upward—even though sales had leveled off on a high plateau in recent months—and the minor inventory imbalance was being corrected; any falling off in sales of automobiles that might develop was likely to be accompanied—as often in the past—by more rapid growth in sales of consumer nondurable goods; the expansion in business capital expenditures was gaining momentum; and purchases of goods and services by State and local governments would be a source of increasing strength in over-all activity. It was suggested, moreover, that a gradual slowing of growth in real GNP toward its long-term trend was desirable as rates of resource utilization approached their practical limits.

Although the outlook for plant and equipment expenditures was viewed as favorable, concern was expressed that the lag in growth of productive facilities so far in this business expansion might result in the development of pressures against available capacity while the unemployment rate was still relatively high. At the same time, it was noted that economists in general believed that the unemployment rate consistent with the goal of full employment was appreciably higher now than it had been some years earlier. The observation was made that the unemployment rate had remained comparatively high despite the extraordinary growth in employment so far in this business expansion mainly because women—and to a lesser extent, teenagers—had entered the labor force in unusually large numbers. It was suggested that many women sought part-time jobs—in some cases because of the effects of inflation—and that even though businesses had been adapting to this change in the labor market, the increase in the number of part-time jobs available had been far from sufficient.

Some members commented on pending legislation to increase the minimum wage. The view was expressed that an increase in the minimum tended to raise the whole structure of wages and that it had adverse effects on employment, particularly of teenagers, and on prices.

Finally, some members of the Committee expressed concern about the possible effects of developments abroad on the U.S. economy. Specifically, they observed that in some major countries the outlook for economic activity did not appear to be particularly strong and that continued sluggishness abroad had adverse implications for the U.S. trade balance, already heavily in deficit.

At this meeting the Committee reviewed its 12-month ranges for growth in the monetary aggregates. At its April meeting the Committee had specified the following ranges for growth over the period from the first quarter of 1977 to the first quarter of 1978: *M*-1, 4½ to 6½ per cent; *M*-2, 7 to 9½ per cent; and *M*-3, 8½ to 11 per cent. The associated range for growth in the bank credit proxy was 7 to 10 per cent. The ranges being considered at this meeting were for the period from the second quarter of 1977 to the second quarter of 1978.

In the discussion of the ranges for growth in the aggregates over the year ahead, most members of the Committee expressed the belief that a small downward adjustment should be made. All but one of these members supported a proposal to reduce the lower limit of the range for *M*-1 by ½ of a percentage point while retaining the existing ranges for *M*-2 and *M*-3; one member favored small reductions in the ranges for *M*-2 and *M*-3 as well as the ½-point decrease in the lower limit of the range for *M*-1. Other Committee members advocated more of a downward adjustment in the ranges; specifically, they favored a reduction of ½ of a percentage point in both the upper and the lower limits of the range for *M*-1, and these members in general favored some decrease in the ranges for *M*-2 and *M*-3 as well.

In support of the proposal to make some downward adjustment, several Committee members suggested that it would be desirable to take another step in the gradual process of bringing the longer-run ranges for growth in the monetary aggregates down to rates compatible with general price stability. Moreover, it was observed that the annual rate of growth in *M*-1 from the first to the second quarter of 1977 had exceeded the range adopted by the Committee at its meeting in April; that despite the gradual reduction of projected ranges of growth for the aggregates during the past 2 years, no meaningful reduction had as yet occurred in actual rates of growth; that the outlook for growth in real GNP was relatively good; and that the rate of inflation had intensified somewhat during the first half of 1977.

One member of the Committee favored a reduction of ½ of a percentage point in the upper, as well as the lower, limit of the range for M-1 while retaining the existing ranges for M-2 and M-3, with the objective of realigning the ranges in view of the increasing importance of new means of payment as substitutes for demand deposits. Other members argued, on the other hand, that any downward adjustment in the range for M-1 should be limited to the lower limit. It was noted that while second-quarter growth for that aggregate had been relatively high, growth in the first quarter had been low in relation to the Committee's longer-run range. In view of prospective developments—including, specifically, increases in prices attributable to such exogenous forces as increases in energy costs and in the minimum wage—it was suggested that a reduction of ½ of a percentage point in the upper as well as in the lower limit of the range for M-1 might run the risk of undesirable pressures in financial markets, a principal effect of which would be to slow growth in real GNP more than projected.

Three members of the Committee advocated a reduction of ½ of a percentage point in both limits of the range for M-1 and also some reduction in the ranges for the broader monetary aggregates. Their reasons for this position are contained in the statements of dissent below.

At the conclusion of its discussion the Committee decided to reduce the lower limit of the range for M-1 by ½ of a percentage point and to retain the existing ranges for M-2 and M-3. The ranges thus were 4 to 6½ per cent for M-1, 7 to 9½ per cent for M-2, and 8½ to 11 per cent for M-3. The associated range for the rate of growth in commercial bank credit was 7 to 10 per cent.[1] 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. It was also understood that short-run factors might cause growth rates from month to month to fall outside the ranges contemplated for the year ahead.

The Committee adopted the following ranges for rates of growth in monetary aggregates for the period from the second quarter of 1977 to

[1]At this meeting the Committee decided to replace the bank credit proxy with a broader measure of all commercial bank credit. In recent years the proxy—which is based solely on data for member banks—has become increasingly less representative of total bank credit, in part because of the growth in importance of nonmember banks and in part because the proxy does not include certain borrowings by banks from the nonbank public.

the second quarter of 1978: *M*-1, 4 to 6½ per cent; *M*-2, 7 to 9½ per cent; and *M*-3, 8½ to 11 per cent.

> Votes for this action: Messrs. Burns, Volcker, Gardner, Guffey, Lilly, Mayo, Morris, Partee, and Wallich. Votes against this action: Messrs. Coldwell, Jackson, and Roos.

Mr. Coldwell dissented from this action because he thought that liquidity was high; that less rapid growth in real GNP was now necessary in order to sustain the expansion later on; and that action to reduce the rate of growth in the aggregates might lessen upward pressures on prices, improve the U.S. foreign trade position, and strengthen the dollar. Mr. Jackson dissented because he believed that it was important to reduce the upper limit of the range for *M*-1 so that the Committee would take action to avoid a higher rate of growth, and that it was a logical consequence of that position to favor reductions also in the ranges for the broader aggregates. Mr. Roos, who also dissented, held the view that the retention of the existing upper limit of the range for *M*-1 following the overshoot of growth in that aggregate from the first to the second quarter of 1977 might result in too rapid monetary growth over the five-quarter period ending in the second quarter of 1978 and therefore lead to a probable acceleration of the rate of inflation.

As to policy for the period immediately ahead, members of the Committee did not differ greatly in their preferences for ranges of growth for the monetary aggregates over the July–August period. Most of them favored ranges of 3½ to 7½ per cent and 6½ to 10½ per cent for the annual rates of growth in *M*-1 and *M*-2, respectively. One member suggested that the Committee specify somewhat wider ranges around the same midpoints of those ranges because of greater-than-usual uncertainty about projections of monetary growth for the period just ahead. Also, some sentiment was expressed for slightly higher, and some for slightly lower, ranges.

All members favored a return to basing decisions for open market operations in the period immediately ahead primarily on the behavior of the monetary aggregates. At its meeting in June the Committee had decided to give greater weight than usual to money market conditions in conducting operations in the period until this meeting.

Almost all members favored directing operations initially toward the objective of maintaining the Federal funds rate at its current level of 5⅜ per cent, but a few members suggested that operations be directed toward achieving a slightly higher rate within a short time. With respect to the degree of leeway for operations during the inter-meeting period should the aggregates appear to be deviating significantly from the midpoints of the specified ranges, most members advocated retaining the range for the Federal funds rate of 5¼ to 5¾ per cent that had been specified at the two preceding meetings. A few members suggested that it would be appropriate to specify a wider range for the funds rate in association with the return to conducting operations on the basis of the behavior of the monetary aggregates; ranges of 5¼ to 6 per cent, 5 to 6 per cent, and 5 to 5¾ per cent were suggested.

At the conclusion of the discussion the Committee decided that growth in *M*-1 and *M*-2 over the July–August period at annual rates within ranges of 3½ to 7½ per cent and 6½ to 10½ 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.

In the judgment of the Committee, such growth rates of the aggregates were likely to be associated with a weekly-average Federal funds rate of about 5⅜ per cent. The Committee agreed that if growth rates of the aggregates over the 2-month period appeared to be deviating significantly from the midpoints of the indicated ranges, the operational objective for the weekly-average Federal funds rate should be modified in an orderly fashion within a range of 5¼ to 5¾ per cent.[2] 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 grew in the second quarter at about the rapid

---

[2]Subsequently, as described on p. 836, the Committee modified the range by increasing the upper limit to 6 per cent.

rate of the first quarter. In June industrial output continued to expand at a substantial pace. The rise in employment moderated, and the unemployment rate edged up from 6.9 to 7.1 per cent. Total retail sales remained at about the level reached in March; for the second quarter as a whole, however, sales were moderately above the first-quarter level. The wholesale price index for all commodities declined in June, owing to sharp decreases among farm products and foods; as in May, average prices of industrial commodities rose appreciably less than in earlier months of 1977. The index of average hourly earnings rose over the first half of the year at about the same pace that it had on the average during 1976.

The average value of the dollar against leading foreign currencies has declined more than 1 per cent over the past month; the declines were especially marked against the Japanese, German, and Swiss currencies. In May the U.S. foreign trade deficit diminished somewhat from the high rate in the first 4 months of the year.

M-1, after rising at an exceptionally rapid rate in April, increased little in May and grew at a moderate pace in June. Growth in *M*-2 and *M*-3 also was moderate in June. Inflows to banks of time and savings deposits included in *M*-2 picked up somewhat, after having slackened for a number of months, and inflows to nonbank thrift institutions remained sizable. Business short-term borrowing expanded sharply in June. Market interest rates in general have changed little in recent weeks.

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

Growth in *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 July–August period to be within the ranges of 3½ to 7½ per cent for *M*-1 and 6½ to 10½ 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 5⅜ 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 5¼ to 5¾ 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, Lilly, Mayo, Morris, Partee, Roos, and Wallich. Votes against this action: None.

Subsequent to the meeting, on August 4, nearly final estimates indicated that in July M-1 had grown at an annual rate of about 18½ per cent and M-2 at a rate of about 16½ per cent. For the July–August period staff projections suggested that the annual rates of growth for both aggregates would be well above the upper limits of the ranges specified by the Committee in the next-to-last paragraph of the domestic policy directive issued at the July meeting.

The Federal funds rate had averaged 5.80 per cent in the statement week ended August 3, up from 5.45 per cent in the week ended July 27 and 5.35 per cent in the preceding 3 weeks. The Manager of the System Open Market Account was currently aiming at a funds rate of 5¾ per cent, the upper limit of the inter-meeting range specified in the directive.

Against that background, Chairman Burns recommended on August 4 that the upper limit of the range for the Federal funds rate be increased to 6 per cent so that the Manager might have some additional leeway for operations, while continuing to take account of the current Treasury financing and financial market developments. He further recommended that this additional leeway be used very gradually, and only in the event that the aggregates continued to register values far beyond the Committee's objectives.

On August 5, 1977, the Committee modified the inter-meeting range for the Federal funds rate specified in the next-to-last paragraph of the domestic policy directive issued on July 19, 1977, by increasing the upper limit from 5¾ to 6 per cent.

Votes for this action: Messrs. Burns, Jackson, Mayo, Morris, Partee, Roos, Wallich, Balles, and Timlen. Votes against this action: None. Absent and not voting: Messrs. Coldwell, Gardner, Guffey, Lilly, and Volcker. (Messrs. Balles and Timlen voted as alternates for Messrs. Guffey and Volcker, respectively.)

* * * * *

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

MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM

The Board of Governors has amended its Regulation H to require State member banks, and their subsidiaries, departments, and divisions, that are municipal securities dealers to file with the Board information about persons who are associated with them as municipal securities principals or municipal securities representatives.

Effective October 31, 1977, a new paragraph (j) is added to section 208.8 as set forth below.

Pursuant to sections 15B(c)(5), 17, and 23 of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78o-4(c)(5), 78q, and 78w and section 11(a) of the Federal Reserve Act (12 U.S.C. § 248(a)), the Board amends Regulation H (12 CFR 208) by adding a new paragraph (j) to section 208.8 as set forth below:

SECTION 208.8—BANKING PRACTICES

* * * * *

(g) [Reserved]

(h) [Reserved]

(i) [Reserved]

(j) STATE MEMBER BANKS, AND SUBSIDIARIES, DEPARTMENTS, AND DIVISIONS THEREOF, WHICH ARE MUNICIPAL SECURITIES DEALERS.

(1) For purposes of this paragraph, the terms herein have the meanings given them in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. § 78c(a)) and the rules of the Municipal Securities Rulemaking Board. The term *Act* shall mean the Securities Exchange Act of 1934 (15 U.S.C. § 78a et seq.).

(2) On and after October 31, 1977, a State member bank of the Federal Reserve System, or a subsidiary or a department or a division thereof, that is a municipal securities dealer shall not permit a person to be associated with it as a municipal securities principal or municipal securities representative unless it has filed with the Board an original and two copies of Form MSD-4, "Uniform Application for Municipal Securities Principal or Municipal Securities Representative Associated with a Bank Municipal Securities Dealer,"* completed in accordance with the instructions contained therein, for that person. Form MSD-4 is prescribed by the Board for purposes of paragraph (b) of Municipal Securities Rulemaking Board Rule G-7, "Information Concerning Associated Persons."

(3) Whenever a municipal securities dealer receives a statement pursuant to paragraph (c) of Municipal Securities Rulemaking Board Rule G-7, "Information Concerning Associated Persons," from a person for whom it has filed a Form MSD-4 with the Board pursuant to subparagraph (2) of this paragraph, such dealer shall, within ten days thereafter, file three copies of that statement with the Board accompanied by an original and two copies of a transmittal letter which includes the name of the dealer and a reference to the material transmitted identifying the person involved and is signed by a municipal securities principal associated with the dealer.

(4) Within thirty days after the termination of the association of a municipal securities principal or municipal securities representative with a municipal dealer that has filed a Form MSD-4 with the Board for that person pursuant to subparagraph (2) of this paragraph, such dealer shall file an original and two copies of a notification of termination with the Board on Form MSD-5, "Uniform Termination Notice for Municipal Securities Principal or Municipal Securities Representative Associated with a Bank Municipal Securities Dealer,"* completed in accordance with instructions contained therein.

(5) A municipal securities dealer that files a Form MSD-4, Form MSD-5, or statement with the Board under this paragraph shall retain a copy of

*Printed copies of Forms MSD-4 and MSD-5 are available from the Board of Governors or from the Federal Reserve Banks.

each such Form MSD-4, Form MSD-5, or statement until at least three years after the termination of the employment or other association with such dealer of the municipal securities principal or municipal securities representative to whom the form or statement relates.

(6) The date that the Board receives a Form MSD-4, Form MSD-5, or statement filed with the Board under this paragraph shall be the date of filing. Such a Form MSD-4, Form MSD-5, or statement which is not prepared and executed in accordance with the applicable requirements may be returned as unacceptable for filing. Acceptance for filing shall not constitute any finding that a Form MSD-4, Form MSD-5, or statement has been completed in accordance with the applicable requirements or that any information reported therein is true, current, complete, or not misleading. Every Form MSD-4, Form MSD-5, or statement filed with the Board under this paragraph shall constitute a filing with the Securities and Exchange Commission for purposes of section 17(c)(1) of the Act (15 U.S.C. § 78q(c)(1)) and a "report," "application," or "document" within the meaning of section 32(a) of the Act (15 U.S.C. § 78ff(a)). (15 U.S.C. §§ 78o-4(c)(5), 78q, and 78w and 12 U.S.C. § 248(a).)

The Board of Governors has also delegated certain of its functions in connection with the administration of Municipal Securities Rulemaking Board rules to the Director of the Division of Banking Supervision and Regulation. These delegations were made to expedite and facilitate the Board's administration of Municipal Securities Rulemaking Board rules.

Effective September 1, 1977, section 265.2 of the Board's Rules Regarding Delegation of Authority, is amended by adding a new subparagraph (24) to paragraph (c) as follows:

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

* * * * *

(c) THE DIRECTOR OF THE DIVISION OF BANKING SUPERVISION AND REGULATION (or, in the Director's absence, the Acting Director) is authorized:

* * * * *

(24) Pursuant to section 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78w) (i) to grant or deny requests for waiver of examination and waiting period requirements for municipal securities principals and municipal securities representatives under Municipal Securities Rulemaking Board Rule G-3, (ii) to grant or deny requests for a determination that a natural person or municipal securities dealer subject to a statutory disqualification is qualified to act as a municipal securities principal or municipal securities representative or municipal securities dealer under Municipal Securities Rulemaking Board Rule G-4, and (iii) to approve or disapprove clearing arrangements under Municipal Securities Rulemaking Board Rule G-8, in connection with the administration of Municipal Securities Rulemaking Board rules for municipal securities dealers for which the board is the appropriate regulatory agency under section 3(a)(34) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(34)). (15 U.S.C. 78w and 12 U.S.C. 248.)

TRUTH IN LENDING

The Board of Governors has postponed the October 28, 1977, date for full implementation of § 226.7(k)(3)(ii) of Regulation Z, as reflected in § 226.7(k)(7)(i), until March 28, 1978. During the period of the postponement a creditor may comply with the requirements for identifying nonsale credit transactions on or with open-end credit periodic statements either by use of the methods prescribed in § 226.7(k)(3), by use of the alternatives prescribed in § 226.7(k)(4) or § 226.7(k)(7)(i), or by use of a combination of those methods.

RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors has amended its Rules Regarding Delegation of Authority to expand the authority of the Secretary of the Board to approve on the Board's behalf certain applications to establish branches overseas.

Therefore, under the authority of 12 U.S.C. § 248(k), 12 CFR Part 265 is amended, effective immediately, by revising paragraph (a)(8) of § 265.2 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:

(8) Under the provisions of sections 25 and 25(a) of the Federal Reserve Act and Parts 211 and 213 of this chapter (Regulations K and M), to approve the establishment, directly or indirectly, of a foreign branch or agency by a member bank or corporation organized under section 25(a) (an "Edge" corporation) or operating under an agreement with the Board pursuant to section 25 (an "Agreement" corporation) if all the following conditions are met:

(i) the appropriate Reserve Bank recommends approval.

(ii) the relevant divisions of the Board's staff recommend approval.

(iii) no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(iv) the application is not one for the applicant's first full-service branch in a foreign country.

INTERPRETATION OF REGULATION B

In order to provide guidance concerning the intended coverage of § 202.8(a)[1] of Regulation B, the Board interprets a term used in that section as follows: A credit program is considered to be "expressly authorized by Federal or State law" if it is authorized by the terms of a Federal or State statute or by a regulation lawfully promulgated by the administering agency (i.e., the agency responsible for implementing the program).

It is the responsibility of the administering agency to ensure that implementing regulations are consistent with applicable Federal and State law. A creditor participating in a loan program expressly authorized by Federal or State law will not violate Regulation B by complying in good faith with the law authorizing a program or with a regulation promulgated by an administering agency to implement a program that the agency has determined is a special purpose credit program under § 202.8(a)(1) of Regulation B.

In addition, the Board announces that it will not make determinations as to whether particular programs benefit an "economically disadvantaged class of persons." The Board believes that such a determination is more properly made by the agency charged with the administration of the loan program.

[1]Standards for programs. Subject to the provisions of subsection (b), the Act and this Part are not violated if a creditor refuses to extend credit to an applicant solely because the applicant does not qualify under the special requirements that define eligibility for the following types of special purpose credit programs:

(1) any credit assistance program expressly authorized by Federal or State law for the benefit of an economically disadvantaged class of persons;

* * * * *

INTERPRETATION OF REGULATION Z

It has come to the Board's attention that certain credit cards are issued, the card issuer and the seller being the same person or related persons, in connection with which no finance charge is imposed and customers are billed in full for each use of the card on a transaction-by-transaction basis by means of an invoice or other statement reflecting each use of the card. No cumulative account which reflects the transactions by each customer during a period of time, such as a month, is maintained.

Section 103(f) of the Act requires *all* credit card issuers to comply with certain provisions, even though those provisions are generally applicable only to creditors of open-end credit plans, and requires the Board to apply these provisions to all card issuers "to the extent appropriate." The question arises as to which of those provisions, as implemented by this Part, appropriately apply to such card issuers.

Such card issuers may bill customers on a transaction-by-transaction basis and need not maintain a cumulative account for each customer for which a periodic statement must be sent.

Prior to the first use of the credit card, the card issuer shall provide the customer with a statement setting forth the disclosures required by § 226.7(a)(9) and, as applicable, § 226.7(a)(6) and § 226.7(a)(7). The disclosure required by § 226.7(a)(6) shall be limited to those charges that are or may be imposed as a result of the deferral of payment by use of the card, such as late payment or delinquency charges. Such card issuers need not provide the disclosure required by § 226.7(a)(8).

The disclosures required by § 226.7(b)(1)(i), (iii) and (ix) need not be given by such credit card issuers. The requirements of § 226.7(b)(1)(ii) and § 226.7(b)(1)(x) are applicable to such card issuers, and compliance may be achieved by placing the required disclosures on the invoice or statement sent to the customer for each transaction. Section 226.7(b)(2) does not apply to these credit card issuers.

The provisions of § 226.7(c), including those which permit certain required disclosures to be made other than on the front of a periodic statement, shall apply. All references to the "periodic statement" in § 226.7(c) shall be read to indicate the invoice or other billing document sent to the customer for each transaction.

The provisions of § 226.7(d) shall apply to such credit card issuers. Compliance therewith may be achieved (1) by mailing or delivering the statement required by § 226.7(a)(9) to each customer who receives a transaction invoice during a one-month period chosen by the card issuer which meets the timing requirements of § 226.7(d)(2), (3), and (4); or (2) by sending either the statement prescribed by § 226.7(a)(9) or the statement prescribed by § 226.7(d)(5) with each invoice sent to a customer.

The provisions of § 226.7(f) apply to these credit card issuers, except that (1) notice of the change in terms shall be given at least 15 days prior to the date upon which the change takes effect, rather than 15 days prior to the beginning date of the billing cycle in which it takes effect, and (2) the card issuer need notify cardholders in advance of only those changes in terms which, if undertaken by creditors of open-end credit plans generally, would necessitate notice to all customers prior to imposing the change on their accounts.

The provisions of § 226.7(g) shall apply to such credit card issuers if the credit card plan includes the possible imposition of a specific charge for late payment, default, or delinquency. Otherwise, they do not apply to such credit card issuers.

The provisions of § 226.7(h) shall apply to such credit card issuers, except that all requirements to credit amounts to an account may be complied with by other reasonable means, such as a credit memorandum. Since no periodic statements are provided or required for the credit card systems subject to this interpretation, a notice of excess payment should be sent to the customer within a reasonable period of time following its occurrence unless a refund of the excess payment is mailed or delivered to the customer within 5 business days of its receipt by the card issuer.

The card issuer shall comply with all the provisions of § 226.13, including § 226.13(i) and (j) to the extent that they are applicable to the credit card plan, except that § 226.13(k) is inapplicable.

The card issuer shall comply with the provisions of § 226.14, as applicable. All references in § 226.14 to the "periodic statement" shall be read to indicate the invoice or other statement for the relevant transaction. All actions referenced in § 226.14 with regard to correcting and adjusting a customer's account may be taken by issuing a refund or a new invoice, or by other appropriate means consistent with the purposes of the section.

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

ORDERS UNDER SECTION 3 OF BANK HOLDING COMPANY ACT

Ark Valley Bankshares, Inc., La Junta, Colorado

Order Approving Formation of Bank Holding Company

Ark Valley Bankshares, Inc., La Junta, Colorado, 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 83 per cent of the voting shares of The La Junta State Bank, La Junta, Colorado ("La Junta Bank"), and 56 per cent of the voting shares of The Empire State Bank, Rocky Ford, Colorado ("Empire 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 nonoperating corporation organized for the purpose of becoming a bank holding company. La Junta Bank and Empire Bank have aggregate deposits of $14.2 million, representing 0.17 per cent of the total deposits in commercial banks in Colorado.[1] Approval of the application would not increase significantly the concentration of banking resources in Colorado.

La Junta Bank ($9.2 million in deposits) is the second largest of seven banks operating in the relevant market, which is approximated by Otero County, while Empire Bank ($5.0 million in deposits), located 11 miles away in Rocky Ford, is the sixth largest bank in that same market. Applicant, upon consummation, would control approximately 24 per cent of total deposits in commercial banks in

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

the relevant market, and would be the second largest of the six remaining banking organizations.

No existing competition would be eliminated by this proposal, however. Both banks are commonly owned and managed by principals of Applicant, who purchased a majority of the shares of both banks during 1975. In a case where a prior purchase by an applicant's principals eliminates substantial competition between two banks, the Board is reluctant to approve the formation of a bank holding company, even though such a formation, on its face, would appear to eliminate no existing competition.[2] However, in this instance, the two banks have been under common ownership and control since the formation of Empire Bank in 1949, and therefore the 1975 purchase of both banks by principals of Applicant was not anticompetitive. While approval of the proposal would further solidify the long-existing relationship between these two banks and reduce the likelihood that they would become independent competitors in the future, it is the Board's view that consummation of this proposal would not have any significant adverse effect on existing or potential competition in view of the small size of Empire Bank and the significant number of remaining banking alternatives given the size of the market. Several principals of Applicant are also principals of G. S. Bancshares, Inc., Goodland, Kansas, a one-bank holding company; the bank controlled by that holding company does not compete in the Otero County banking market, and approval of this proposal would eliminate no existing competition among these three banks. Accordingly, on the basis of the facts of record, the Board concludes that consummation of the proposal would not have any significantly adverse effect on competition.

The financial and managerial resources and future prospects of Applicant and both banks are considered to be satisfactory and are consistent with approval of the application. Although Applicant will incur debt in connection with the proposal, it appears to have the necessary financial resources available to service the debt without impairing the financial condition of either bank. While there will be no immediate increase in the services offered by either bank as a result of the proposed transaction, the considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. It is the Board's judgment that the proposed transaction would be consistent with the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (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 August 10, 1977.

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

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

Central Bancompany,
Jefferson City, Missouri

Order Approving Acquisition of Bank

Central Bancompany, Jefferson City, Missouri, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of The First National Bank of Mexico, Mexico, Missouri ("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. In response to the large number of comments received in opposition to the application from various individuals including Bank's President ("Protestant"), the Board ordered an Oral Presentation which was held at the Federal Reserve Bank of St. Louis on June 14, 1977.[1] The Board has considered the application, all written comments received and the testimony presented at the Oral Presentation 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 Missouri, controls four banks with aggregate

[2] See the Board's Order of May 11, 1977, denying the application of Mahaska Investment Company, Oskaloosa, Iowa, to become a bank holding company (63 Federal Reserve BULLETIN 579 (1977)).

[1] See the Board's Order of April 11, 1977 (63 Federal Reserve BULLETIN 493).

deposits of $374.4 million, representing 2 per cent of the total deposits in commercial banks in the State.[2] Acquisition of Bank, which holds deposits of $15.2 million, would increase Applicant's share of Statewide commercial bank deposits by less than 0.1 per cent and would have no appreciable effect upon the concentration of banking resources in the State.

Bank is the third largest of six banking organizations in the Mexico banking market and controls approximately 17.1 per cent of the total deposits in commercial banks in the market.[3] Applicant's nearest subsidiary bank is located approximately 40 miles west of Bank. In view of the distance between Bank and Applicant's nearest banking subsidiary, and other facts of record, no significant competition exists between Bank and Applicant's banking subsidiaries.[4] Furthermore, the Mexico banking market is not considered attractive for *de novo* entry in view of the declining population within the market.[5] The deposits per banking office ratio of $9.1 million for the market is substantially below the State average of $16.6 million. Thus, competition does not appear likely to develop in the future.

Protestant claims that consummation of the proposal would result in 83 per cent of the total bank assets in Audrain County and 100 per cent of the bank assets in Mexico being owned by bank holding companies. Protestant contends that this would amount to an undue concentration of banking resources and a loss of competition within the relevant market.[6] The Board has reviewed the submissions and testimony of Protestant and is unable to agree with this conclusion.

Section 3(c) of the Act requires the Board to consider whether a proposed acquisition would have adverse effects upon competition within a relevant banking market. This analysis relates primarily to the number of existing or potential banking organizations competing in a market. There is nothing in the legislative history of the Act in this regard that indicates that the Board is to consider whether a banking organization is independently owned or owned by a multibank holding company to be in and of itself a competitive factor. Ownership and management do, of course, enter into the convenience and needs factors, as discussed below. It appears that the acquisition of Bank by Applicant would result in the introduction of a significant multibank holding company into the market and would stimulate competition between Bank and the two other banks in the market controlled by major bank holding companies.[7] Accordingly, the Board finds that consummation of the proposal would neither eliminate any significant existing or potential competition nor increase the concentration of banking resources in any relevant market and that competitive considerations are consistent with approval of the application.

Protestant maintains that the manner in which Applicant secured tender offers for a majority of Bank's stock reflects so adversely upon Applicant's management as to warrant denial of the application. As further support for a denial of the application due to managerial considerations, Protestant claims that the price Applicant offered for the shares of Bank was unconscionably low, that Applicant lacks the managerial resources to replace Bank's management which has threatened to resign if the application is approved, and that Applicant violated the Act when one of its subsidiary banks acquired sole discretionary authority to exercise voting rights with respect to 100 shares of Bank placed in trust with one of Applicant's subsidiary banks. On the basis of the complete record on the application, the Board makes the following findings.

The three largest shareholders of Bank are Bradford Brett, President of Bank and owner of 255 shares representing 25.5 per cent of Bank's stock; Ms. Anne Parry, a cousin of Bradford Brett and owner of 210 shares representing 21 per cent of Bank's stock, and Mrs. Miriam Edmonston, a sister of Anne Parry and owner of 240 shares representing 24 per cent of Bank's stock. During 1974 and 1975, Ms. Parry indicated to Mr. Brett that she and her

[2] All banking data are as of December 31, 1976.

[3] The Mexico market is approximated by Audrain County plus the town of Auxvasse in adjoining Callaway County.

[4] At the Oral Presentation, Bank's President conceded that there was no significant competiton between Bank and Applicant (Transcript p. 117-118).

[5] Population data and estimates from the Bureau of the Census show that the market population declined 2.7 per cent from 1960-70 relative to a gain of 8.3 per cent for the State and it is estimated that the market did not grow from 1970-74 (25,362 to 25,300), relative to an estimated gain of 2.1 per cent for the State during this period.

[6] Protestant contends that the fact that 83 per cent of the banking assets in the relevant market will be controlled by multibank holding companies constitutes an undue concentration of banking resources. This analysis is incorrect. The Board must consider the percentage of the market's banking deposits controlled by each banking organization, not by multibank holding companies as a group or independent banks as a group.

[7] We note as an aside that in any event, three independent banks will remain in the market as alternatives for those individuals who prefer to deal with a bank that is not affiliated with a holding company.

sister, Mrs. Edmonston, were considering selling their Bank stock and requested Mr. Brett's assistance in facilitating a sale. Ms. Parry indicated that she needed more income than the dividends paid on Bank's stock were providing her at that time. Ms. Parry indicated her belief that $1000 per share was an acceptable price for Bank's stock; however, Mr. Brett indicated to her that it was unlikely that he could obtain more than $600 per share for Bank's stock. Book value of the stock at that time was about $1200 per share. It appears that neither Ms. Parry nor Mrs. Edmonston was successful in selling her Bank stock.

On July 27, 1976, Mrs. Edmonston mentioned to Mr. R. B. Price, the President of Applicant's subsidiary bank located in Columbia, Missouri, that she and her sister were considering an offer by an individual in Seattle, Washington, to purchase their Bank stock for $1500 per share. On July 30, 1976, Mrs. Edmonston met with representatives of Applicant and Mr. Price to discuss a possible sale of her Bank stock to Applicant. Negotiations ensued and on August 1, Mrs. Edmonston, Ms. Parry, and another shareholder of Bank, Mr. Stephenson, tendered their shares representing a majority of Bank's stock to Applicant for $2000 per share. Mr. Brett was not consulted until August 2, 1976, when Mr. Quigg, representing Applicant, informed Mr. Brett of the tender offer and offered to purchase his shares of Bank. Shortly after the meeting, Mr. Brett undertook a campaign to rally public support for his opposition to the proposed acquisition. On August 16, 1976, representatives of Applicant met with the Board of Directors of Bank. A copy of the statement made by Applicant's representatives at that meeting shows that they expressed a desire to operate Bank as a local bank, to retain the officers and employees of Bank, to retain the directors of Bank and to purchase the outstanding shares of Bank at the same price per share that Applicant had agreed to pay for the controlling block of stock already tendered. Bank's Board of Directors apparently rejected Applicant's offers and threatened to resign *en masse* if the proposal were approved.

The Board is unable to agree with Protestant that Applicant's acquisition of tender offers for a majority of Bank's stock reflects adversely on managerial factors. It appears that the initial contact was initiated by Bank's majority shareholders. Further, Bank's remaining shareholders were offered the opportunity to sell their shares at the same price as Bank's majority shareholders. Applicant had no legal duty to inform the management of Bank that an offer for a majority of Bank's stock was outstanding. The majority shareholders of a bank do not have an obligation to perpetuate the management of a bank or advise management of plans to sell their stock. On the contrary, the obligations and responsibilities run in the opposite direction; management owes a fiduciary duty to all of the shareholders of a bank.

With respect to Protestant's assertion that the price of $2000 per share is so low as to be unconscionable, the Board notes that at the Oral Presentation Mr. Brett estimated that the shares of Bank stock were worth a minimum of $2500 (Transcript p. 98). This difference of $500 per share between Protestant's valuation and Applicant's offer does not appear to support Protestant's claim that $2000 is an unconscionably low offer in light of the fact that the $2000 per share price is 1.6 times the book value of Bank's stock and was freely arrived at by Bank's shareholders and Applicant after extensive negotiations.[8]

With respect to the threatened resignations of Bank's officers and directors, Applicant has indicated, and the Board finds, that Applicant has adequate experienced personnel to assume control of the daily operations and the management of Bank were such action necessary. Moreover, several of the directors who testified at the Oral Presentation, including Mr. Brett himself, indicated that they might remain as directors even if the application is approved and have indicated that they are aware of their fiduciary duties to the shareholders who elected them in the event minority shareholders remain.

Finally, Protestant contends that Applicant may have violated the Act when its subsidiary bank in Columbia, Missouri, established a trust for one of Bank's shareholders in December 1976, a part of the corpus of which was 100 shares of Bank. Applicant's subsidiary acquired sole discretionary voting authority over those Bank shares. Protestant contends alternatively that those shares of Bank were not acquired by Applicant's subsidiary bank in good faith, as required by § 3(a) of the Act, or if acquired in good faith, Applicant failed to make proper application to the Board within 90 days to

---

[8] It appears that in early 1976, Mr. Brett proposed an exchange of stock with Ms. Parry. Mr. Brett's own valuation of Ms. Parry's Bank stock for purposes of an exchange for unrelated securities held by Mr. Brett was $600 per share. Mr. Brett stated at the hearing that there were no changes that would give rise to a significant increase in the value of Bank's stock in the 18 months since Mr. Brett's exchange offer. (Transcript p. 120-121)

retain the shares as required in § 3(a) of the Act. On the basis of a review of the facts surrounding the formation of the trust, the documents evidencing the trust and the affidavits of the parties to the transaction, it appears that the transaction was not an attempt to evade the Act, that the Federal Reserve Bank of St. Louis was made fully aware of the circumstances surrounding creation of the trust within 90 days of Applicant's acquisition of sole discretionary voting authority over the shares of Bank, and that the shares of Bank were acquired in good faith in a fiduciary capacity. Applicant has indicated that if its present application is denied it will accept that determination by the Board as a determination that it may not retain the 100 shares of Bank's stock held in trust and will divest of those shares in compliance with the two-year statutory requirement in § 3(a) of the Act. In view of the foregoing, the Board finds that Applicant's conduct with respect to the shares held in trust has not been such as would require denial of this application.

Considerations relating to the financial resources of Bank and Applicant are consistent with approval of the application. The financial resources of Applicant and its subsidiaries are considered satisfactory. Although Applicant would incur some debt in connection with its acquisition of Bank, Applicant has stated that all indebtedness related to Bank's acquisition could be retired within four years.

Protestant contends that the future prospects of Bank and the convenience and needs of the community would be adversely affected by approval of this application. Protestant points to a petition signed by over 6000 local residents supporting Mr. Brett and his effort to keep Bank an "independent" bank. Protestant contends that the future prospects of Bank would be adversely affected by the combination of a loss of Bank's current management and a withdrawal of deposits by citizens opposing the acquisition. The Board has reviewed the complete record and finds that, although some of Bank's management may leave as a result of this acquisition, Applicant has sufficient managerial resources to fill any vacancies that may occur. Moreover, most of Bank's officers, including Mr. Brett, are over 65 years old and would be likely to retire soon in any case. Bank's management presently has no plans for management succession and to that end, Applicant's ability to provide successor management lends some weight toward approval of this application. In addition, the 6000 signatures Protestant has collected do not indicate an intent on the part of the signatories to terminate their business relationships with Bank. The petitions do not name Applicant or the proposed acquisition. The petitions merely express support for Mr. Brett to do his best to keep Bank an independent bank.

Protestant alleges that independent banks serve their communities better than banks owned by bank holding companies. Moreover, Protestant contends that people within a community should have a choice between doing business with an independent bank and a subsidiary bank of a bank holding company. The Board regards these arguments as being relevant only to the extent that they reflect upon the convenience and needs of the relevant community to be served in each application. The record in this application shows that the Mexico banking market is not a highly competitive banking market.[9] The Comptroller of the Currency has noted in his comments upon this application that "Applicant appears to possess the financial and managerial resources necessary to aid Bank in becoming a more aggressive competitor and a more meaningful banking alternative."

Applicant has stated that it will provide a variety of new or expanded services, including $200 minimum balance free checking, maximum interest rates on customers' savings, expanded operating hours, improved drive-in facilities, trust services, improved data processing services for Bank, direct equipment leasing and an automobile leasing program. Thus, considerations relating to the convenience and needs of the community to be served lend some weight toward approval of the application. The Board finds that approval of the proposed application would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective August 11, 1977.

---

[9] It appears that the other bank located in Mexico is the only subsidiary bank of the third largest holding company in Missouri that does not offer free checking services. Bank does not offer free checking services to its customers either.

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

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

Huntington Bancshares Incorporated,
Columbus, Ohio

Order Approving Acquisition of Bank

Huntington Bancshares Incorporated, Columbus, Ohio ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)) to acquire 100 per cent of the voting shares (less directors' qualifying shares) of the successor by merger to Bellefontaine National Bank, Bellefontaine, Ohio ("Bank"). The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Bank.

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

Applicant, the seventh largest banking organization in Ohio, controls twelve banking subsidiaries with aggregate deposits of approximately $1.4 billion, representing 4.1 per cent of total commercial bank deposits in Ohio.[1] Acquisition of Bank ($29.9 million in deposits) would increase Applicant's share of Statewide commercial bank deposits by only 0.2 per cent and would have no appreciable effect upon the concentration of banking resources in Ohio.

Bank is the largest of seven banking organizations located in the Logan County banking market,[2] and controls approximately 35.6 per cent of the total deposits in commercial banks in the market. Applicant's closest subsidiary bank, Huntington First National Bank of Kenton, ("Kenton Bank"), is located in the separate Hardin County banking market, which adjoins Logan County to the north. Bank operates four offices, the closest of which is located in Belle Center and is 13.3 miles from the nearest Kenton Bank office and in a different banking market. In light of all the evidence of record, including the fact that Bank and Kenton Bank are located in separate banking markets, it appears that no meaningful amount of existing competition would be eliminated. Furthermore, acquisition of Bank would not have any significant adverse effects upon potential competition, since it is unlikely Applicant would enter the Logan County banking market *de novo*, and after consummation of this proposal four independent banks would remain as entry vehicles for outside bank holding companies. Accordingly, on the basis of the above and other facts of record, it is concluded that consummation of the proposed transaction would not have any significant adverse competitive effect.

In arriving at this conclusion, the Board has also considered the comments by the Department of Justice that consummation would have adverse competitive effects. While consummation of the proposal may have some slight adverse effects on potential competition, in light of the Board's findings described above, it does not appear that such effects would be significant, and, balanced against the convenience and needs considerations discussed below, the Board is of the view that denial of the subject application is not warranted.

Considerations relating to the financial and managerial resources and future prospects of Bank and Applicant and its subsidiaries are regarded as satisfactory. Managerial succession at Bank will be furnished by Applicant; therefore, banking factors are consistent with approval.

Applicant has indicated that affiliation will enable Bank to increase services currently offered to its customers, including business checking accounts, expanded checking services to include Applicant's "All-in-One Account", bank credit card services, data processing services, and specialized commercial loan services and overdraft protection. Considerations relating to the convenience and needs of the community to be served lend some weight toward approval of the application and outweigh any slightly adverse competitive effects that approval may have. Accordingly, it has been determined that the proposed acquisition would be in the

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

[2] The relevant geographic market for purposes of analyzing the competitive effects of the proposed transaction is approximated by Logan County, Ohio.

public interest and that the application should be approved.

On the basis of the record, and for the reasons summarized above, the application is approved. 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 Cleveland pursuant to delegated authority.

By order of the Board of Governors, effective August 31, 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,
[SEAL] *Assistant Secretary of the Board.*

Manchester Financial Corp.,
St. Louis, Missouri

Order Approving Acquisition of Bank

Manchester Financial Corp., St. Louis, Missouri, 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 Manchester Bank West County, Maryland Heights, Missouri ("Bank"), a proposed *de novo* bank.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received including those of the Plaza Bank of West Port, St. Louis, Missouri ("Plaza Bank"), and of the Missouri Association of Community Organizations for Reform Now, in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant controls two banks with total deposits of $140.9 million, representing approximately 0.7 per cent of the total deposits in commercial banks in Missouri.[1] Since the application involves the acquisition of a proposed *de novo* bank, consummation of the proposal would not immediately increase Applicant's share of commercial bank deposits in Missouri.

Bank is to be located in the St. Louis banking market,[2] the same market in which Applicant's two existing subsidiary banks are located. Applicant is the thirteenth largest banking organization in the St. Louis banking market, with 1.7 per cent of total deposits in commercial banks in the market. Applicant's share in this banking market would not change initially as a result of approval. The proposed site of Bank is Maryland Heights, a suburban area in west St. Louis County, with the closest banking office of any subsidiary of Applicant[3] located approximately 17 miles southeast of Bank. The expected primary service area ("PSA") of Bank does not include any portion of the PSA's of Applicant's subsidiary banks, although the subsidiaries currently do derive some business from Bank's expected PSA. One other bank, Plaza Bank ($38.2 million in deposits), is located in Bank's PSA and seven other banks (none of them subsidiaries of Applicant) are located within six miles of Bank. Since Bank is a *de novo* bank, there will be no elimination of existing or potential competition. There would appear to be, therefore, no adverse competitive effects that would derive from consummation of this proposal.

The financial and managerial resources and future prospects of Applicant and its subsidiary banks are regarded as satisfactory. Bank, as a proposed *de novo* bank, has no financial or operating history; however, its prospects as a subsidiary of Applicant appear favorable.

Establishment of Bank would provide an additional source of banking service to the community. Bank would offer a full range of banking services, including data processing, commercial and consumer loans, construction and real estate loans, and savings plans. Bank will have access to Applicant's financial and managerial resources and the capability of selling loan participations in excess of $1,000,000 to Applicant's subsidiary banks, thereby meeting the larger credit needs of the community.

The Board has received comments in opposition to the proposal that relate to convenience and needs factors. Plaza Bank, the only other commercial bank located in Bank's projected primary service area, suggests that the growth of the proposed service area has leveled off since 1970 and that,

[1] All deposit data are as of December 31, 1976.

[2] The St. Louis banking market includes all of the city of St. Louis and St. Louis County, portions of St. Charles and Jefferson Counties in Missouri, and portions of Madison and St. Claire Counties in Illinois.

[3] The National Bank of Affton, Affton, Missouri.

therefore, the area cannot support a *de novo* bank at the present time. In support of this, Plaza Bank submitted economic statistics that forecast slower rates of growth for the proposed service area of the new bank by 1980.

Bank will be located in the St. Louis County portion of the St. Louis banking market. This area has been one of the fastest growing counties in the St. Louis Standard Metropolitan Statistical Area ("SMSA"). During the 1960-70 decade, the population of St. Louis County increased 35.3 per cent relative to an increase of 11.2 per cent for the St. Louis SMSA and 8.0 per cent for the State.[4] For the period 1970-75, the population of St. Louis County increased approximately 3.9 per cent relative to a 1.8 per cent increase for the population of the State. St. Louis County is projected to grow an additional 3.8 per cent in population by 1980.

The population growth of the proposed PSA of Bank exceeded that of St. Louis County from 1960 to 1975. For example, population for the PSA increased 168.3 per cent (12,300 to 33,000) from 1960 to 1970 and an additional 30.3 per cent (33,000 to 43,000) from 1970 to 1975. As Plaza Bank suggests, it may be difficult for this area to maintain this high rate of population growth in future years; however, there is nothing in the record to indicate that this area will not continue to experience growth or that the area is unable to support a new bank.

Bank will be located in a new shopping center, one mile west of the largest industrial district in northwest St. Louis County. It is estimated that there are approximately 1,100 firms in the PSA, employing 17,000 persons. In addition, a multifaceted business, retail, and entertainment complex lies within the PSA. There are no local conditions apparent at this time that would adversely affect the future of Bank.

From 1970 to 1976, total deposits increased 78.1 percent for the banks in St. Louis County relative to 56.5 per cent deposit growth for all the banks in the SMSA and 66.6 per cent for the State. In addition, Plaza Bank moved to its present location in April 1975, presumably finding that relocation, which is near the site of Bank and within Bank's PSA, to be responsive to a need for banking services in that area. From June 1975 to December 1976 in this new location, Plaza Bank's deposit base increased substantially and at a greater rate than the aggregate deposit growth of all banks in St. Louis County. In the Board's view, this area can support an additional bank and the Board, therefore, agrees with the Missouri Commissioner of Banking that the formation of a new bank in this area would significantly enhance the convenience and serve the needs of the community.

The Board has received the views of the Missouri Association of Community Organizations for Reform Now ("ACORN") relating to the convenience and needs of the communities to be served. ACORN asserts that Applicant's larger subsidiary bank, Manchester Bank of St. Louis, St. Louis, Missouri ("Manchester Bank", total deposits of $126.6 million) follows a practice of disinvestment in the city of St. Louis. Specifically, ACORN alleges that in 1975, the Manchester Bank made only 11 mortgage loans in the entire City of St. Louis, totalling $78,000 or 7.6 per cent of the total mortgage dollars lent by Manchester Bank, while "three wealthy suburbs received $539,000 in mortgage loans or 52.8 per cent of the 1975 total."

ACORN further alleges that during the period from January to June 1976, Manchester Bank made 20 home mortgage loans totalling $889,000, only four of which were made in the city, totalling $51,000, or less than 6 per cent of the total. From July to December of 1976, $851,100 in mortgage loans were made by Manchester Bank, nine of which (comprising 13 per cent of the total dollars) were made within the city, according to ACORN. Yet, during the year only two mortgage loans totalling $10,500 were made in "the Manchester-Tower Grove area" in which Manchester Bank is located, according to ACORN.

Finally, ACORN asserts that from July to December of 1976, Manchester Bank made 100 home improvement loans totalling $216,433 and that only two of these loans—totalling, $8,976—were made in the Bank's immediate area. ACORN urges the Board to consider the alleged community disinvestment practices of Manchester Bank in its decision on this application.

Applicant has responded to ACORN's assertions by citing Manchester Bank's "extensive involvement in recent years in efforts to redevelop areas of the City of St. Louis, including the area immediately surrounding the Bank. . . ."

In evaluating ACORN's comments, it is significant that it relates to only one type of banking service. An examination of one service alone does not produce an accurate view of a bank's overall

[4]All population data are from the Bureau of the Census. Population projections are from the St. Louis Chapter, American Statistical Association.

ability to meet the convenience and needs of its community. ACORN focuses primarily upon the origination of residential real estate loans, and ignores the many other types of services and loans offered by Manchester Bank. As of December 31, 1976, 11.5 per cent ($7.7 million) and 1.0 per cent ($0.7 million) of Manchester Bank's total loan portfolio were loans secured by mortgages on 1-4 family residential properties and home improvement loans, respectively. It appears from the record that Manchester Bank emphasizes loans to businesses, that is, commercial real estate loans ($8.7 million, 12.9 per cent of total loans) and commercial and industrial loans ($36.8 million, 54.5 per cent of total loans) over residential mortgage loans. The balance of Manchester Bank's loans are in the consumer area (approximately $13.6 million, 20.1 per cent). As the Board has indicated on previous occasions, commercial banks are multiproduct firms that offer a broad range of services to the community. As the Board has previously stated:

> "bank managements should and do have a range of discretion as to the types of loans they will make and the degree of risk they will assume." AS&T may reasonably choose to minimize or to emphasize a particular type of lending, and it would not be appropriate to assess AS&T's performance in satisfying the convenience and needs of the community by focusing on only two of the many services it offers.[5]

To evaluate a bank's performance with respect to serving the convenience and needs of the community solely on the basis of only one of the services a bank may offer overlooks entirely the interests of the many other customers a bank may serve through a broad range of services denominated as "commercial banking." For instance, it appears that Manchester Bank has invested more funds in redevelopment bonds than its total mortgage lending volume during the July to December 1976 period cited by ACORN. These bonds, issued by the Planned Industrial Expansion Authority of the City of St. Louis, Missouri, are earmarked for commercial development in the very area as to which ACORN has alleged disinvestment. Instead of this focus on a limited area, the Board looks to the aggregate of all the commercial banking services provided by a bank in evaluating what weight should be accorded the convenience and needs considerations in connection with a particular application.

In this case, the data submitted to the Board by ACORN, when considered in the context of Manchester Bank's aggregate investment and loan portfolio and the variety of other services offered by that institution, do not, in the Board's judgment, establish probable cause to believe that Manchester Bank has failed to serve the needs of the community in which it operates, nor that Bank, as a subsidiary of Applicant, will not be in a position to serve the convenience and needs of the community in which it will be operating.

Finally, Plaza Bank has argued here that the method of Bank's incorporation represents a violation of a provision of Missouri State law[6] that should prevent the Board from approving the proposal. Plaza's argument rests on two premises: (1) that the Board is required to consider issues of State law such as that presented by this proposal in deciding whether to approve or deny the subject application; and (2) that the chartering of Bank was invalid under § 362.015 of the Statutes of Missouri.[7]

Pursuant to the Supreme Court's holding in *Whitney National Bank of Jefferson Parish* v. *Bank of New Orleans and Trust Company*,[8] the Board may "not approve a holding company arrangement involving the organization and opening of a new bank if the opening of the bank, by reason of its ownership by a bank holding company, would be prohibited by a valid State law."[9] The *Whitney* case involved a bank holding company acquisition of a

[5] Board's Order of February 19, 1976 approving the application of American Security Corporation, to acquire the successor by merger to American Security and Trust Company, both of Washington, D.C., 62 Federal Reserve BULLETIN 255, 258 (1976), citing the Board's Order of November 19, 1975, approving the acquisition and merger applications of Marine Midland Bank, Inc., Buffalo, New York, 61 Federal Reserve BULLETIN 890, 893 (1975).

[6] MO. ANN. STAT § 362.015 (Vernon, 1968).

[7] Section 362.015 of the Statutes of Missouri (MO. ANN. STAT. § 362.015 (Vernon 1968)) provides that "any five or more persons who shall have associated themselves by articles of agreement in writing, as provided by law, for the purpose of establishing a bank or trust company may be incorporated under any name or title designating such business." This provision has been interpreted by Missouri State courts as prohibiting a corporation from acting as the principal named incorporator of a bank, *Mark Twain Cape Girardeau Bank* v. *State Banking Board*, 528 S.W. 2d 443 (Mo. App. 1975); *Mark Twain Bancshares, Inc.*, v. *Kostman*, 541 S.W. 2d (Mo. App. 1975). Plaza Bank contends that the five individual incorporators of Bank (who presently serve in the capacity of officers and/or directors in Applicant and/or Applicant's subsidiary banks) are not "persons" within the meaning of § 362.015 because, Plaza Bank argues, the individuals are acting in the capacity of agents of Applicant and a corporation should not be able to do indirectly what it is prohibited from doing directly.

[8] 379 U.S. 411 (1965).

[9] *Id.* at 419.

new bank that, the plaintiff contended, would in actuality function as a branch bank in a State in which branch banking was prohibited by State law. Thus, it was asserted, Board approval of an application to acquire such a bank would have enabled the bank holding company to enter into a *de facto* branch banking arrangement that was prohibited by State law and, in effect, would have constituted Board approval of unlawful conduct. Since the holding in *Whitney*, the Board has resolved issues of State law where they directly pertain to the question of whether the acquisition of a bank by a bank holding company would result in a violation of State law.[10] In the facts presented by the instant application, however, the violation, if any, of Missouri law occurred upon the issuance of the charter for Bank by the Missouri Commissioner of Finance. Approval of the instant application would constitute an approval of Applicant's acquisition of shares of Bank, not approval of the chartering of Bank. Thus, the Board, by approving the instant application, would not approve assertedly unlawful conduct.

The Board has never presumed to review the incorporation or chartering procedures defined by State statutes and administered by State banking officials. Instead, the Board merely requires evidence of the issuance of the necessary charter or its conditional or preliminary approval and solicits the comments of the appropriate banking authority.[11] Here, Bank's charter has been granted by the Missouri Finance Commissioner and, absent a judicial determination to the contrary, the Board presumes that the charter was granted lawfully. Since the effectiveness of the chartering action has not been stayed, the pending litigation in the Missouri State courts does not act as a bar to the Board's action on this application.[12]

[10] See Intermountain Bankshares Co., 61 Federal Reserve BULLETIN 442 (1975) (West Virginia statute arguably prohibiting the formation of bank holding companies in the State); Northwest Bancorporation, 38 *Fed. Reg.* 21530 (1973) (Iowa statute restricting acquisition of Iowa Bank by out-of-State bank holding companies); and Valley View Bancshares, Inc., 61 Federal Reserve BULLETIN 676 (1975) (Kansas statute prohibiting formation of multi-bank holding companies).

[11] The Board's practice of not examining the validity of State banking charters is consistent with Missouri State law which provides that the exclusive proceeding by which competing banks may challenge a bank charter is by appealing the issuance of that charter in State court, pursuant to §§ 361.094 and 361.095, Missouri Statutes.

[12] Plaza Bank has challenged the charter in several State admintrative and judicial actions, some of which are still pending; however, to date the Bank's charter has not been stayed. The Board's approval, of course, does not preclude Plaza Bank from continuing to pursue its remedies in the Missouri State courts.

Based on the foregoing and the facts of record, the Board concludes that there would be no adverse competitive effects resulting from consummation of the proposal and that considerations relating to banking factors and convenience and needs of the community to be served are consistent with approval of the application. It is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after that date, and (c) Manchester Bank of West County, Maryland Heights, Missouri, shall be opened for business not later than 6 months after the effective date of this Order. Each of the periods described in (b) and (c) may be extended for good cause by the Board, or by the Federal Reserve Bank of St. Louis, pursuant to delegated authority.

By order of the Board of Governors, effective August 15, 1977.

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

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

Metropolitan Bank and Trust Company,
Philippine Securities Corporation and
Tytana Corporation,
Makati, Rizal, Philippines

Order Approving
Formation of Bank Holding Companies

Metropolitan Bank and Trust Company ("Metropolitan"), Philippine Securities Corporation ("PSC"), and Tytana Corporation ("Tytana"), all of Makati, Rizal, Philippines (referred to collectively as "Applicants"), have 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 bank holding companies by acquiring directly or indirectly up to 35 per cent of the voting shares of International Bank of California, Los Angeles, California ("Bank").

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

Metropolitan (deposits of approximately $165.3 million)[1] was organized in 1962 as a Philippine commercial bank. It presently operates 86 branches in the Philippines, a branch in Taiwan, and an agency in Los Angeles, California. PSC is principally engaged in the real estate business as a direct investor and dealer. PSC's application to become a bank holding company is necessitated by the fact that it exercises a controlling influence over the management or policies of Metropolitan.[2] Tytana is a Philippine investment company that directly or indirectly owns 27.7 per cent of the voting shares of Metropolitan and thus is deemed to control Metropolitan pursuant to § 2(a)(2)(A) of the Act. With the exception of Metropolitan's Los Angeles agency, neither Metropolitan, PSC, nor Tytana is engaged in any activities directly or indirectly in the United States.

Bank (deposits of approximately $4.4 million)[3] ranks 96th out of 98 banking organizations in the relevant banking market and has only a .01 per cent share of market deposits.[4] Metropolitan's Los Angeles agency is not authorized to accept domestic deposits, and it does not appear from the facts of record that any meaningful competition between Bank and the agency would be eliminated as a result of this proposal. In view of Bank's size and its rank in the market, the Board believes that its acquisition by Metropolitan, a major Philippine commercial bank, should have a salutary effect on competition by enhancing Bank's competitive capabilities relative to the other banks in the market. Therefore, on the basis of the record, the Board concludes that consummation of the proposal would not have a significant adverse effect on existing or potential competition, nor would it have a significant effect on the concentration of banking resources, in any relevant area. Competitive considerations are, therefore, consistent with approval of the applications.

The financial and managerial resources and future prospects of Applicants are considered generally satisfactory; and, in view of Applicants' intention to strengthen the management of Bank, the same considerations appear to be generally satisfactory with respect to Bank. Accordingly, banking factors are consistent with approval of the subject applications. Although there would be no immediate increase in the services offered by Bank as a result of the proposed transaction, the considerations relating to the convenience and needs of the community to be served are consistent with approval of the applications. In particular, Bank's affiliation with Metropolitan will result in another international banking link between the Philippines and the United States. It is the Board's judgment that the proposed transactions would be consistent with the public interest and that the applications should be approved.

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

By order of the Board of Governors, effective August 10, 1977.

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

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

Northwest Bancorporation,
Minneapolis, Minnesota

Order Granting Reconsideration

Northwest Bancorporation, Minneapolis, Minnesota ("Northwest"), has requested reconsideration of the Order of May 2, 1977 (63 Federal Reserve BULLETIN 585 (1977)), whereby the Board

[1] As of January 31, 1977.

[2] PSC owns approximately 18.8 per cent of the voting shares of Metropolitan. In addition, PSC's principals own approximately 35.6 per cent of the voting shares of Metropolitan and three of PSC's officers or directors also serve as officers or directors of Metropolitan. PSC has previously been advised that in the view of the Board's staff the rebuttable presumption of control contained in § 225.2(b)(2) of Regulation Y [12 CFR § 225.2(b)(2)] would apply to PSC's relationship with Metropolitan if Metropolitan were to become a bank holding company. By virtue of its filing the subject application to become a bank holding company, PSC acknowledges that it would exercise a controlling influence over Metropolitan and thereby waives the notice and opportunity for hearing requirements of § 2(a)(2)(C) of the Act. In connection with its consideration of PSC's application, the Board has determined that PSC exercises a controlling influence over the management or policies of Metropolitan and thus would become a bank holding company upon consummation of the subject proposal.

[3] As of December 31, 1976.

[4] The relevant banking market is approximated by Orange and Los Angeles Counties.

of Governors denied the application of Northwest for prior approval of the acquisition of First National Bank, Fort Dodge, Iowa, pursuant to section 3(a)(3) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1842(a)(3)).

The request for reconsideration is filed pursuant to section 262.3(g)(5) of the Board's Rules of Procedure (12 CFR § 262.3(g)(5)), which provides that the Board will not grant any request for reconsideration "unless the request presents relevant facts that, for good cause shown, were not previously presented to the Board, or unless it otherwise appears to the Board that reconsideration would be appropriate." The Board finds that the request for reconsideration presents relevant facts and issues which appear appropriate in the public interest for the Board to consider. Accordingly, the request for reconsideration is hereby approved.

In order to facilitate such consideration, comments regarding the proposed acquisition may be filed with the Board not later than September 23, 1977. Communications should be addressed to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The application, as supplemented by Northwest's request for reconsideration, may be inspected at the offices of the Board of Governors or at the Federal Reserve Bank of Minneapolis.

By order of the Board of Governors, effective August 29, 1977.

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

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

Southern Bank Holding Company, Savannah, Georgia

Order Approving Formation of Bank Holding Company

Southern Bank Holding Company, Savannah, Georgia ("Applicant"), has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("Act") of the formation of a bank holding company through acquisition of 54.7 per cent or more of the voting shares of Southern Bank and Trust Company, Savannah, Georgia ("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 nonoperating corporation organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $3.9 million.[1] Upon acquisition of Bank, Applicant would control one of the smaller commercial banking organizations in the State of Georgia, holding approximately 0.03 per cent of total deposits in commercial banks in that State.

Bank is the 10th largest commercial banking organization in the relevant banking market and holds approximately 0.78 per cent of the total commercial bank deposits in the market.[2] Since Applicant has no subsidiaries and Applicant's principals do not control any other banks, it appears unlikely that consummation of the proposal would have any adverse effect upon existing or potential competition or increase the concentration of banking resources in any relevant area.[3] 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 and Bank are generally satisfactory. Since the proposed transaction will be accomplished through an exchange of stock, there is no acquisition debt associated with the proposal.

Bank was originally chartered as a building and loan association by the State of Georgia with the name Southern Savings and Loan Company ("Southern Savings"). Approximately 40 per cent of that institution's outstanding voting shares were owned directly and indirectly by Atlantic Insurance and Investment Company, Savannah, Georgia ("Atlantic"). Atlantic's principal officers are also principal officers of Applicant and Atlantic's five largest stockholders will become Applicant's principal owners as a result of the proposed transaction.[4]

---

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

[2] The relevant banking marked is approximated by all of Chatham and Effingham Counties, Georgia, and those portions of Liberty and Bryan Counties, Georgia, east of Fort Stewart.

[3] Applicant's principals do control several nonbanking corporations. However, none of these corporations is engaged to any significant extent in the provision of any of the services provided by Bank.

[4] Atlantic's direct and indirect interest in Bank will be transferred to Atlantic's shareholders as part of the proposed transaction. Atlantic's shareholders will then exchange those and other shares of Bank for the Applicant's shares. The Board's approval of the instant application does not represent a determination that the proposed transaction will terminate Atlantic's control of Bank.

In May of 1975 Southern Savings was granted a commercial banking charter by the State and its name was changed to that of Bank. The conversion of Southern Savings' charter may have caused Atlantic to become a bank holding company without the Board's prior approval in contravention of section 3(a)(1) of the Act. However, in a recently filed request for a "prior certification" under the Bank Holding Company Tax Act of 1976 (26 U.S.C. § 1101 *et seq.*), Atlantic contends that Southern Savings was a "bank" within the meaning of section 2(c) of the Act since at least as early as July 7, 1970. The Board does not decide this issue at this time, but rather reserves it for consideration in the context of Atlantic's tax certification request. In considering Applicant's managerial resources, the Board does note, however, that even Atlantic's view of the law and the facts would compel the conclusion that Atlantic has violated the Act in that it would have become a bank holding company upon the enactment of the 1970 amendments to the Act and thereafter have failed to register as a bank holding company as required by section 5(a) of the Act. Accordingly, the Board concludes that Atlantic has violated the Act without reaching the issue of whether section 3(a)(1) or section 5(a) of the Act has been violated.

It is the Board's view, however, on the basis of the facts and circumstances of the subject application, that Atlantic's violation of the Act was inadvertent. Additionally, the Board notes that Atlantic, upon becoming aware of the existence of the violation, took steps to conform its operations to the Act by agreeing to terminate its direct and indirect ownership of Bank's shares. The officers of Atlantic and Applicant have taken steps to prevent further violations from occurring by establishing procedures for centralized internal review of all of Applicant's and Atlantic's activities for compliance with the substantive and procedural requirements of the Act and the Board's Regulation Y. The Board expects that these actions will assist Applicant and Atlantic in avoiding a recurrence of similar violations. In consideration of the above and other information in the record of this application, the Board has determined that the circumstances of the above violations do not warrant denial of the application.

Considerations relating to the convenience and needs of the community to be served are consistent with approval. It is the Board's judgment that consummation of the proposed transaction would be consistent with the public interest and 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 Atlanta pursuant to delegated authority.

By order of the Board of Governors, effective August 31, 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,
[SEAL] *Assistant Secretary of the Board.*

ORDER UNDER SECTIONS 3 AND 4 OF THE BANK HOLDING COMPANY ACT

First Guthrie BancShares, Inc.,
Guthrie, Oklahoma

Order Approving
Formation of Bank Holding Company
and Engaging in Insurance Agency Activities

First Guthrie BancShares, Inc., Guthrie, Oklahoma, 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 First National Bank of Guthrie, Guthrie, Oklahoma ("Bank").

Applicant has also applied for the Board's approval, pursuant to § 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 100 per cent of the beneficial interest of a proposed business trust, First Guthrie Business Trust, Guthrie, Oklahoma, which will in turn own 100 per cent of First Guthrie Insurance Agency, Guthrie, Oklahoma ("Insurance"), a company that will engage in the activities of offering credit life insurance and credit accident and health insurance in connection with extensions of credit by Bank. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(9)).

Notice of the applications, affording opportunity for interested persons to submit comments and views on the applications, has been given in accordance with §§ 3 and 4 of the Act (42 *Federal Register* 31838). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in § 3(c) of the Act and the considerations specified in § 4(c)(8) of the Act.

Applicant is a non-operating corporation organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of \$24.7 million.[1] Upon acquisition of Bank, Applicant would control the 99th largest commercial banking organization in the State of Oklahoma and approximately 0.2 per cent of total deposits in commercial banks in that State.

Bank is the largest of seven banks in the relevant banking market, which is approximated by Logan County, and holds approximately 43.5 per cent of the total commercial bank deposits 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 and managerial resources and future prospects of Applicant, which are dependent upon those of Bank and Insurance, 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 adverse effects on the financial condition of either Bank or Insurance. 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 also 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.

In connection with its application to become a bank holding company, Applicant has also applied for approval to acquire 100 per cent of the beneficial interest in First Guthrie Business Trust, which in turn would own 100 per cent of the voting shares of Insurance. Insurance would engage *de novo* in the sale of credit life and credit accident and health insurance in connection with the extensions of credit by Bank. Under Oklahoma State law, financial institutions may not act as agent for the sale of credit-related insurance, nor may an insurance agency pass its income on to any corporation not licensed as an agent. The Oklahoma Attorney General has ruled, however, that the prohibition of Oklahoma insurance statutes do not apply to a business trust. Approval of the application would provide a convenient source of credit-related insurance, and the Board views this as being in the public interest. It does not appear that Applicant's engagement in these activities would have any significant adverse effects on competition. Furthermore, there is no evidence in the record indicating that consummation of the 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.

Based on the foregoing and other considerations reflected in the record, the Board has determined that the considerations affecting the competitive factors under § 3(c) of the Act and the balance of the public interest factors the Board must consider under § 4(c)(8) of the Act both favor approval of Applicant's proposals.

Accordingly, the applications are approved for the reasons summarized above. The acquisition of Bank shall not be made before the thirtieth calendar day following the effective date of this Order. The acquisition of Bank and the commencement of the above-described insurance agency activities 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 delegated authority. The approval of Applicant's credit-related insurance activities is subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require reports by, and make examinations of, holding companies and their subsidiaries and to require such modification or termination of the activities of a bank 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 August 23, 1977.

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

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

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

PETITION OF INVESTMENT COMPANY INSTITUTE FOR RECONSIDERATION AND RECISION OF A REGULATION OF THE BOARD, 12 CFR § 225.4(a)(5)(ii)

Order

On January 29, 1972, the Board promulgated a regulation, 12 C F R § 225.4(a)(5)(ii), and interpretive ruling, 12 C F R § 225.125, by which it determined that the activity of serving as an investment advisor, as defined in § 2(a)(20) of the Investment Company Act of 1940, to an investment company registered under that Act is closely related to banking and thus a permissible activity for bank holding companies to engage in, subject to the procedures set out in the Board's Regulation Y, 12 C F R § 225. 37 *Federal Register* 1463-1464 (1972). Notice of the rulemaking had been duly given in the *Federal Register* on August 25, 1971, 36 *Federal Register* 16695, and on September 1, 1971, 36 *Federal Register* 17514; and a public hearing on the matter was held on November 12, 1971.

On December 12, 1973, the Investment Company Institute ("ICI"), Washington, D.C., the national association for the American mutual fund industry, filed with the Board a petition for reconsideration and recision of 12 C F R § 225.4(a)(5)(ii). The Board duly considered ICI's petition and, by letter dated March 8, 1974, the Board denied the petition and responded in detail to the arguments that ICI had raised. ICI thereafter sought judicial review of the Board's order denying its petition for reconsideration. However, the United States District Court for the District of Columbia dismissed ICI's petition for review in an order dated July 30, 1975, 398 F. Supp. 725; and the Court of Appeals subsequently affirmed the District Court's order of dismissal for lack of subject matter jurisdiction, 551 F.2d 1270 (D.C. Cir. 1977). Nevertheless, the Court of Appeals, having determined that the state of the law of jurisdiction was not clear at the time ICI filed its previous petition, determined that ICI should have the opportunity to file a second petition for reconsideration and recision of the Board's regulation.

Pursuant to the Court's order ICI has filed a second petition for reconsideration and recision with the Board. The petition is accompanied by a memorandum containing ICI's legal arguments and by affidavits setting out facts in support of the petition. In addition, ICI has requested that the Board convene a formal hearing pursuant to the Administrative Procedure Act and that ICI's most recent petition be determined on the record of such a hearing. ICI has not protested or filed comments with respect to any application by a bank holding company for permission to engage in the activity described in 12 C F R § 225.4(a)(5)(ii).

The additional facts presented by ICI with the present petition are to the same effect as the facts presented with ICI's previous petition for reconsideration: A number of banking organizations are giving investment advice to investment companies registered under the Investment Company Act of 1940. However, as with ICI's previous petition to the Board, most of the investment advisors identified by ICI are commercial banks, as distinguished from bank holding companies, which did not seek the Board's prior approval pursuant to 12 U.S.C. § 1843(c)(8) and 12 C F R § 225 before commencing the subject investment advisory activities.[1] The Board's regulation governs the investment advisory activities of bank holding companies and their nonbanking subsidiaries. The conduct of commercial banks in this area is subject to administrative sanction at the Federal level by the Comptroller of the Currency (as to national banks) and the Board (as to State member banks); but such supervision is exercised without regard to the Bank Holding Company Act or the challenged regulation. ICI and courts before which ICI has argued have recognized these distinctions in *Investment Company Institute* v. *Camp*, 401 U.S. 617 (1971) and in *New York Stock Exchange and Investment Company Institute* v. *Robert Bloom*, No. 76-1235 (D.C. Cir., decided July 19, 1977). Although the national banking organizations in those cases, whose activities were alleged to be in violation of the Glass-Steagall Act, were holding company subsidiaries, it is clear that the courts as well as ICI viewed the Comptroller as the appropriate regulatory authority to consider the Glass-Steagall Act questions. Nevertheless, ICI asks the Board to rescind its regulation although the activity being complained of is being conducted chiefly by banks and the Board was not asked to approve, and in fact did not approve the activity pursuant to Regulation Y.[2]

[1]All seven of the open-end funds identified on page 12, footnote 6 of ICI's Memorandum are advised by banks; and the Board has no record of the filing of any application under the Bank Holding Company Act relating to these activities. In addition, 8 of 12 funds identified on page 7, footnote 2 of ICI's Memorandum are advised by banks or subsidiaries of banks.

[2]ICI claims that the Board's previously expressed position that the challenged regulation and interpretation do not cover the activities of commercial banks "involves, as a practical matter, an illusory distinction." However, as the United States Court of Appeals in the District of Columbia Circuit stated with respect to the Board's determination that a certain other activity is closely related to banking, "[t]he order under review does not itself authorize any particular bank holding company to engage in

ICI's most recent petition also suggests that the Board consider the circumstances surrounding the formation of certain open-end funds which purport to be sponsored by brokerage organizations and to receive only investment advice from various bank affiliates of bank holding companies; the circumstances surrounding the organization and subsequent open-end conversion of Advance Investors Corporation; the feasibility as a commercial matter that investment funds can and will select banks as advisors without bank participation in the creation of the fund; and the desirability of regulating and prohibiting certain relationships between bank holding company affiliates and firms which sponsor or administer funds, such as the placement of brokerage, extensions of credit, and business referrals.

In presenting the above suggestions of topics to be considered by the Board, ICI does not raise issues of material fact that are appropriate for resolution by the Board in this proceeding. ICI notes that at least seven open-end investment companies created since ICI's previous petition are advised by commercial banks and that such banks have undertaken to restrict their activities with respect to such funds to the giving of investment advice. But ICI, which suggests the banks may have illegally sponsored these funds and indicates the banks place brokerage with the nominal sponsors, does not indicate that these activities are being engaged in pursuant to the Board regulation here challenged by ICI. All seven investment advisors named are banks, and no applications for prior approval of these activities were filed with or considered by the Board under § 4(c)(8) of the Bank Holding Company Act and the related regulations.[3]

ICI also reiterates its previous position that bank holding companies should not be permitted to sponsor closed-end funds. However, in support of its contention ICI indicates that a certain closed-end fund recently converted itself into an open-end fund. ICI argues that if the bank sponsor intended to open-end the fund from the day the fund was created, sections 16 and 21 would have been violated; but ICI admits "we presently have no reason to suspect that the foregoing is what actually happened."

As set forth more fully below, the Board has determined that a formal hearing is not required or appropriate in the present case. Neither the Administrative Procedure Act, U.S.C. § 551, *et seq.*, nor the Bank Holding Company Act, 12 U.S.C. § 1841 *et seq.*, requires that the Board's rulemaking proceedings be governed by formal procedures such as those used in judicial trials and administrative adjudications. In fact the latter statute has been amended by Congress to provide that the Board's proceedings need not be held "on the record"; and this amendment has the effect of preserving the Board's ability to use informal rulemaking procedures. See, *e.g.*, *Independent Bankers Association of Georgia* v. *Board of Governors*, 516 F.2d 1206 (D.C. Cir. 1975).

The Board has also determined that informal hearing procedures, like those used by the Board when it considered adoption of the challenged regulation in 1971, are not required for full and fair disposition of ICI's most recent petition for reconsideration and recision of 12 CFR § 225.4(a)(5)(ii). ICI fully participated in the hearing held in this matter prior to adoption of the regulation. The question raised by ICI—whether the challenged regulation and interpretive ruling allow bank holding companies to violate sections 16 and 21 of the Glass-Steagall Act, 12 U.S.C. §§ 24 and 378—is a legal question and was considered in the Board's deliberations leading to adoption of the regulation and in response to ICI's previous petition for reconsideration. Finally, ICI has presented no new facts which raise issues of material fact for resolution by the Board; and as discussed hereinafter the Board has concluded that the factual inquiries suggested by ICI are best left for later adjudicatory proceedings which may, depending on the circumstances, require use of formal or informal hearing procedures. Such adjudicatory proceedings must be held before any bank holding company may engage in the activity described by 12 C F R § 225.4(a)(5)(ii). See generally 12 C F R § 225.4.

In support of its request for a hearing, ICI cites several judicial decisions in which courts of appeal

courier activities." *National Courier Association* v. *Board of Governors*, 516 F.2d 1229, 1233 n. 4 (D.C. Cir. 1975). To give investment advice *pursuant to the challenged regulation*, a company must file an application pursuant to 12 CFR § 225. That the commercial bank advisors identified by ICI have failed to do so merely evidences the fact that their activities are not subject to the regulation and are not being engaged in pursuant thereto. The fact that some of the investment funds thus advised cite the Board's interpretation in their securities registration statements may indicate an acceptance of the Board's distinction between open-end and closed-end companies for purposes of determining whether affiliated investment companies "engaged principally" or "primarily engaged" in the securities business and thus whether sections 20 and 32 of the Glass-Steagall Act were violated. The logic of ICI's position would require approval under the Bank Holding Company Act of almost all corporate activities carried out by banks directly. This Congress clearly did not intend.

[3]Although some of the named banks are State member banks, the Board has not been asked by ICI to determine whether such banks are violating the Glass-Steagall Act through the named activities, but only whether their activities can be viewed as closely related to banking under a statute, section 4(c)(8) of the Bank Holding Company Act, on which they have not relied in commencing these activities.

have determined that hearings were appropriate on applications by bank holding companies for permission to engage in activities previously determined by the Board to be closely related to banking. *Alabama Association of Insurance Agents* v. *Board of Governors*, 533 F.2d 224 (5th Cir., 1976); *Independent Bankers Association of Georgia* v. *Board of Governors*, 516 F.2d 1206 (D.C. Cir. 1975). ICI argues that it would be entitled to a hearing were it opposing such an application, and that it should have a hearing in this case because the Court of Appeals recognized that ICI's interest in the Board's regulation extends beyond the facts of any particular application. However, these cases and ICI's argument appear to support the Board's conclusion that ICI's proposed factual inquiries should be resolved in later adjudicatory proceedings.

ICI apparently recognizes that the Board must determine two questions with respect to section 4(c)(8) and that the second question, the "public benefits" question, is the one that creates the need for a factual inquiry. Memorandum in Support of Petition for Reconsideration, pp. 32-33. In discussing its proposed factual inquiries, ICI states:

> We submit, therefore, that Section 225.4(a)(5)(ii) requires reconsideration not only to prevent the direct sponsorship of closed-end funds in violation of the Glass-Steagall Act, as we have previously contended, but also to avoid another problem: that is, situations involving open-end funds which may not on their face demonstrate Glass-Steagall violations, but which *depending on the facts*, may indeed involve violations. In any event, these situations also present the possibility of a clear conflict with the Board's responsibilities under the Bank Holding Company Act to avoid 'undue concentration of resources, decreased or unfair competition [or] conflicts of interest. . .' 12 U.S.C. § 1843(c)(8) [Emphasis supplied]

Memorandum, pp. 20-21. It is thus clear that ICI is asking the Board to apply the "public benefits" test of section 4(c)(8) in the context of an industry-wide rulemaking. ICI's allegations, however, go to the facts of particular operations by individual companies and how they bear on the public benefits aspects. See *National Courier Association* v. *Board of Governors*, 516 F.2d at 1233. Moreover, it is not clear whether the banking organizations identified in ICI's most recent petition would intervene in any hearing convened by the Board at this time, since most such organizations are not engaging in investment advisory activities pursuant to 12 C F R § 225.4(a)(5)(ii); and it is not apparent how the factual inquiries proposed by ICI can be pursued absent such intervention. None of these organizations intervened in the lawsuit that preceded ICI's filing of the present petition. The present petition for reconsideration of a rule does not involve "resolution of conflicting private claims to a valuable privilege." *Action for Children's Television* v. *United States*, No. 74-2006 (D.C. Cir., decided July 1, 1977). For the foregoing reasons, the request for a hearing should be, and it hereby is, denied.[4]

The next question presented for the Board's consideration is whether the Board should reconsider and rescind 12 C F R § 225.4(a)(5)(ii). ICI argues that the challenged regulation and interpretation authorize bank holding companies to violate sections 16 and 21 of the Glass-Steagall Act. Among other things, ICI claims that bank holding companies and their banking subsidiaries are single entities, and that sections 16 and 21 are violated by the activities of such companies engaged in pursuant to the Board's regulations.

In its previous orders in this matter—37 *Federal Register* 1463-1464; letter of March 8, 1974, from the Board's Secretary to ICI's counsel—the Board dealt with ICI's contentions on the merits in considerable detail. After due consideration of the present petition and of those previous orders, and of the entire record that has been made in this proceeding, the Board believes its previous orders were legally and factually correct. Accordingly, the Board hereby reaffirms its previous orders in this matter and incorporates both orders by reference herein.

In what appears to be ICI's principal attempt to present "any relevant information which is developed in the interim" (since the Board's consideration of ICI's first petition for reconsideration), as suggested by the Court of Appeals, ICI alludes to information which suggests banks acting

---

[4]ICI indicates it is aware of the Board's weekly press release (Form H.2) and *Federal Register* notice summarizing each action taken and application received by the Board during the week covered by these notices. See above Memorandum in Support of Petition for Reconsideration, p. 10. ICI may challenge any application to the Board for permission to advise open-end or closed-end funds by responding to such notices or to the *Federal Register* or publication notices given on each such application to the Board. If any activity previously authorized by the Board has led to Glass-Steagall Act violations in spite of the safeguards and restrictions in 12 C F R § 225.125, ICI may petition the Board to institute cease and desist proceedings pursuant to 12 U.S.C. § 1818, or may refer alleged criminal violations of the Act directly to the appropriate United States Attorney, or may simply itself sue the offending banking organization. *New York Stock Exchange and Investment Company Institute* v. *Robert Bloom*, No. 76-1235 (D.C. Cir., decided July 19, 1977).

as investment advisors regularly place brokerage transactions with the brokerage houses which have been designated as the sponsors of the funds that they advise (Memorandum, pages 19-22). ICI then proceeds to argue that this may involve "undue concentration of resources, decreased or unfair competition [or] conflicts of interest. . ." which are factors that the Board must consider under section 4(c)(8). ICI thereupon states "If the Board were to prohibit or restrict the placement of brokerage by a bank holding company subsidiary with a firm which sponsors a mutual fund for which the subsidiary acts as investment advisor and otherwise regulate or prohibit transactions between the two entities, it would be possible to be far more confident that the selection and retention of banks as investment advisors to funds they allegedly do not 'sponsor' will be based upon proper competitive considerations."

In the Board's view ICI's argument in this regard is without merit. In the passage just cited, it would appear that ICI is admitting that the new open-end funds are sponsored and controlled by the brokerage firms, rather than the bank advisors.[5] Furthermore, the obligations of a fund's directors with respect to selection of its investment advisor are clearly spelled out in the Investment Company Act of 1940 and Congress recently considered at length and enacted legislation dealing with the question of selection of brokerage firms by money managers as part of the Securities Acts Amendments of 1975 (15 U.S.C. 28(e)(1)); (Sen. Rep. 94-75, pp. 69-71). Accordingly, the Board believes that this subject matter is fully covered by existing law and that it would serve no useful purpose to consider the matter at this time in discharging its responsibilities under the Bank Holding Company Act.

The Board has placed conditions upon the investment advisory activities of bank holding companies and their nonbanking subsidiaries designed to prevent the occurrence of Glass-Steagall Act violations as a result of such activities. 12 CFR § 225.125. For example, bank holding companies may advise but may not sponsor open-end investment companies because such companies may be said to be "engaged principally" or "primarily engaged" in the securities business through the issuance of securities on a more or less regular basis. Moreover, bank holding companies may affiliate with closed-end investment companies only "as long as such companies are not primarily or frequently engaged in the issuance, sale and distribution of securities." This is consistent with—and even stricter than—the provision of section 20 of the Glass-Steagall Act which merely prohibits affiliations with a member bank where a company is "engaged principally" in securities activities.

In addition, the Board stated in its interpretive ruling that the provisions of the Glass-Steagall Act are not affected by the Bank Holding Company Act Amendments of 1970 (84 Stat. 1760), and that the Board's regulation and the interpretive ruling are consistent "with the spirit and purpose of the Glass-Steagall Act. . . ."

> It is clear from the legislative history of the Bank Holding Company Act Amendments of 1970 (84 Stat. 1760) that the Glass-Steagall Act provisions were not intended to be affected thereby. Accordingly, the Board regards the Glass-Steagall Act provisions and the Board's prior interpretations thereof as applicable to a holding company's activities as an investment advisor. Consistently with the spirit and purpose of the Glass-Steagall Act, this interpretation applies to all bank holding companies registered under the Bank Holding Company Act irrespective of whether they have subsidiaries that are member banks.

12 CFR 225.125(b). The Board also stated that bank holding companies may not undertake any activity prohibited by the Glass-Steagall Act:

> The Board intends that a bank holding company may exercise all functions that are permitted to be exercised by an "investment advisor" under the Investment Company Act of 1940, except to the extent limited by the Glass-Steagall Act provisions, as described, in part, hereinafter.

12 CFR 225.125(d). Pursuant to U.S.C. § 1818, the Board may issue cease and desist orders to restrain violations of law by bank holding companies, including violations of the Glass-Steagall Act. The Board is prepared to use this authority where it appears that a bank holding company has violated or is violating 12 CFR § 225.4(a)(5)(ii) or any of the limitations on investment advisory activities specified in 12 CFR § 225.125. If ICI is aware of any such violations of law which merit investigation by the Board or the institution of cease and desist proceedings pursuant to 12 U.S.C. § 1818, it should

---

[5] In addition, on page 20 of its Memorandum, ICI also states "Thus, while the ranks of directors and officers of the new open-end funds may be dominated by personnel associated with the brokerage house and not with the bank, some doubt arises as to the practical likelihood that the decision to retain the bank as investment advisor to the fund will in all instances be made objectively on the basis of capabilities and performance, without consideration of the substantial benefits which the bank is in a position to confer upon the brokerage house."

advise the Board accordingly. In addition, ICI may seek intervention in any future proceeding arising out of an application by a bank holding company for permission to give investment advice pursuant to 12 CFR § 225.4(a)(5)(ii), if it believes the applicant bank holding company may violate the Glass-Steagall Act. ICI thus has the same remedies available to it in this case as it has with respect to the bank investment service activities that it challenged in *New York Stock Exchange and Investment Company Institute* v. *Robert Bloom*, No. 76-1235 (D.C. Cir., decided July 19, 1977), as well as the additional remedy of being able to seek intervention in future adjudicatory proceedings under the challenged regulation.

For the foregoing reasons, ICI's petition for reconsideration and recision of 12 CFR § 225.4(a)(5)(ii) should be, and it hereby is, denied.

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

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

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

ORDER UNDER BANK MERGER ACT

Davenport Bank and Trust Company,
Davenport, Iowa

Order Approving Acquisition of Assets

Davenport Bank and Trust Company, Davenport, Iowa, a State member bank of the Federal Reserve System, has applied, pursuant to the Bank Merger Act (12 U.S.C. 1828(c)), for the Board's prior approval to acquire certain assets and assume certain liabilities of Donahue Savings Bank, Donahue, Iowa ($5 million in deposits[1]), and, as an incident thereto, to operate the present office of Donahue Savings Bank as a branch office.

Published notice of the proposed acquisition of assets and assumption of liabilities and requests for reports on the competitive factors involved therein have been dispensed with as authorized by the Bank Merger Act.

The Board has considered all relevant material contained in the record in the light of the factors set forth in the Act, including the effect of the proposal on competition, the financial and managerial resources and prospects of the banks involved, and the convenience and needs of the communities to be served and finds that:

On the basis of the information before the Board, it is apparent that an emergency situation exists so as to require that the Board act immediately pursuant to the provisions of the Bank Merger Act in order to safeguard depositors of Donahue Savings Bank.

Such anticompetitive effects as may be attributable to consummation of the transaction are clearly outweighed in the public interest by considerations relating to and involved in the emergency situation found to exist. From the record in the case, it is the Board's judgment that any disposition of the application other than approval would be inconsistent with the best interests of the depositors of Donahue Savings Bank, and the Board concludes that the proposed transaction should be approved on a basis that would not delay consummation of the proposal.

It is hereby ordered, on the basis of the record, that the application be and hereby is approved and that the acquisition of assets and assumption of liabilities and the establishment of a branch office may be consummated immediately but in no event later than three months after the date of this Order unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Chicago pursuant to delegated authority.

By order of the Board of Governors, effective August 29, 1977.

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

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

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

Republic of Texas Corporation,
Dallas, Texas

[Docket No. TCR 76-107]

Republic of Texas Corporation, Dallas, Texas ("Republic") has requested a prior certification pursuant to § 6158(a) of the Internal Revenue Code (the "Code"), as amended by § 3(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that the proposed sale by The Howard

[1]Deposit data are as of December 31, 1976.

Corporation ("Howard") of certain of its nonbanking assets, which assets are described in Schedule A hereto (the "Howard Assets"), is necessary or appropriate to effectuate § 4 of the Banking Holding Company Act (12 U.S.C. § 1843) ("BHC Act").

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

1. On July 7, 1970, Republic National Bank of Dallas ("Old Republic Bank"), a national banking association, indirectly controlled 29.9 per cent of the voting shares of Oak Cliff Bank and Trust Company, Dallas, Texas ("Oak Cliff Bank").

2. On July 7, 1970, Old Republic Bank indirectly controlled, through Howard, a trusteed affiliate, property, including the Howard Assets, the disposition of which would have been necessary or appropriate to effectuate § 4 of the BHC Act if Old Republic Bank were to have continued to be a bank holding company beyond December 31, 1980, which property was "prohibited property" within the meaning of §§ 6158(f)(2) and 1103(c) of the Code.

3. Old Republic Bank became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its indirect control at that time of more than 25 per cent of the outstanding voting shares of Oak Cliff Bank, and it registered as such with the Board on September 24, 1971. Old Republic Bank 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 indirect control on that date of more than 25 per cent of the outstanding voting shares of Oak Cliff Bank.

4. Republic is a corporation that was organized under the laws of the State of Delaware on July 12, 1972, for the purpose of effecting the reorganization of Old Republic Bank into a subsidiary of Republic.

5. On September 10, 1973, the Board ruled that in the event Republic were to become a bank holding company through the acquisition of the successor by merger to Old Republic Bank, Republic would not be regarded as a "successor" to Old Republic Bank as defined in § 2(e) of the BHC Act for the purposes of § 2(a)(6) of the BHC Act, or as a "company covered in 1970," as that term is defined in the BHC Act, and that Republic was not entitled to the benefit of any grandfather privileges that Old Republic Bank may have possessed pursuant to the proviso in § 4(a)(2) of the BHC Act.

6. By Order dated October 25, 1973, the Board approved Republic's application under § 3(a)(1) of the BHC Act to become a bank holding company through the acquisition of 100 per cent of the voting shares (less directors' qualifying shares) of the successor by merger to Old Republic Bank and the indirect acquisition of control of 29.9 per cent of the voting shares of Oak Cliff Bank. Pursuant to the provisions of § 4(a)(2) of the BHC Act, Republic was required by that order to divest itself, within two years from the date as of which it would become a bank holding company, of the impermissible nonbanking interests that would be directly or indirectly controlled by the successor by merger to Old Republic Bank, including such impermissible interests held by Howard.

7. On May 9, 1974, in a transaction described in § 368(a)(1)(A) and § 368(a)(2)(D) of the Code, Old Republic Bank was merged into the present Republic National Bank of Dallas ("New Republic Bank"), a national banking association that was a wholly-owned subsidiary (except for directors' qualifying shares) of Republic. New Republic Bank thereby acquired substantially all of the properties of Old Republic Bank and Republic thereupon became a bank holding company. By virtue of two one-year extensions granted by the Board, Republic presently has until May 9, 1978, to complete the divestitures required by the Board's Order of October 25, 1973.

8. As part of the same transaction by which Republic became a bank holding company, in a transaction to which § 351 of the Code applied, Republic acquired beneficial interests in the shares of Howard held by trustees for the benefit of shareholders of New Republic Bank, which shares are shares described in § 2(g)(2) of the BHC Act.

9. The Howard Assets are a part of the property of Howard in which Republic acquired a beneficial interest pursuant to § 2(g)(2) of the BHC Act.

10. By a Purchase Agreement dated as of February 1, 1977 (the "Purchase Agreement"), Howard proposes to sell the Howard Assets, as well as certain other assets acquired by Howard after July 7, 1970, to AA Development Corporation ("Development"), a Texas consuming assets corporation. All of the outstanding voting shares of Development, consisting of 100,000 shares of common stock, are owned and controlled by American Airlines, Inc. ("AA"). As consideration for the pur-

[1] This information derives from Republic's correspondence with the Board concerning its request for this certification, Republic's Registration Statement filed with the Board pursuant to the BHC Act, as well as the Registration Statement of Republic National Bank and other records of the Board.

chase of the Howard Assets and the other assets to be sold pursuant to the Purchase Agreement, Development will pay Howard $52,825,654 in cash, and will assume various liabilities and obligations of Howard with respect to all the assets to be sold pursuant to the Purchase Agreement. As additional consideration for the purchase, Development will, simultaneously with the purchase of the Howard Assets, sell to Republic for $500,000 in cash a warrant to purchase all of the 5,000 authorized shares of Development's preferred stock (the "Warrant"). By its terms, the Warrant may be exercised for a period of 18 months after the occurrence of certain events specified in the Purchase Agreement. Simultaneously with the purchase of the Warrant by Republic, Data Center, Inc. ("Data"), a corporation formed under the laws of the State of Delaware all of the outstanding voting shares of which are owned and controlled by AA, will execute an Agreement for the Purchase and Sale of Warrant (the "Warrant Agreement"), under which, during the period the Warrant is exercisable, Republic will have the right to require Data to purchase the Warrant, and Data will have the right to require Republic to sell the Warrant to it. The purchase price to be paid for the Warrant by Data in the event either Republic or Data exercises its rights under the Warrant Agreement, is to be determined at a future date in accordance with a formula described in the Warrant Agreement. Republic has committed to the Board by letter dated May 24, 1977, that under no circumstances will it exercise the Warrant.

On the basis of the foregonig information, and in light of Republic's commitment to the Board with respect to the exercise of the Warrant, it is hereby certified that:

(A) Prior to May 9, 1974, Old Republic Bank was a "qualified bank holding corporation," within the meaning of subsection (b) of § 1103 of the Code, and satisfied the requirements of that subsection;

(B) New Republic Bank is a corporation that acquired substantially all of the properties of a qualified bank holding corporation, and as such is treated as a qualified bank holding corporation for the purposes of § 1103(b) and § 6158 of the Code, pursuant to § 3(d) of the Tax Act;

(C) Republic is a corporation in control (within the meaning of § 2(a)(2) of the BHC Act) of New Republic Bank, and as such is treated as a qualified bank holding corporation for the purposes of § 1103(b) and § 6158 of the Code, pursuant to § 3(d) of the Tax Act;

(D) Howard is a subsidiary (within the meaning of § 2(d) of the BHC Act) of Republic, and as such is treated as a qualified bank holding corporation for the purposes of § 1103(b) and § 6158 of the Code, pursuant to § 3(d) of the Tax Act;

(E) Each of the Howard Assets described in Schedule A hereto is "prohibited property" for the purposes of § 6158 of the Code; and

(F) The sale of each of the Howard Assets is necessary or appropriate to effectuate § 4 of the BHC Act.

This certification is based upon the representations and commitment made to the Board by Republic and upon the facts set forth above. In the event the Board should hereafter determine that facts material to this certificatin are otherwise than as represented by Republic, or that Republic has failed to disclose to the Board other material facts, or has failed to meet its commitment, 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 May 25, 1977.

(Signed) RUTH A. REISTER,
[SEAL] *Assistant Secretary of the Board.*

Schedule A
Republic of Texas Corporation
[Docket No. TCR 76-107]

The following is a summary description of the Howard Assets to be sold to AA to which this prior certification relates. These assets are described in detail in Schedule II to the Purchase Agreement,[2] and in an Instrument of Conveyance and Assignment dated as of May 26, 1977 from Howard to Development ("Conveyance Instrument"),[3] each of which is incorporated here to by reference insofar as it relates to the Howard Assets. For the purposes of this certification, the term "Howard Assets" refers to those assets described below only to the extent that such assets were either (1) acquired by Howard on or before July 7, 1970, or (2) acquired by Howard after July 7, 1970, under circumstances described in § 1101(c) of the Code such that the

[2]A complete copy of the Purchase Agreement and the Schedules thereto is on file with the Board.

[3]A complete copy of the Conveyance Instrument is on file with the Board.

assets could be distributed without recognition of gain pursuant to § 1101(a)(1) of the Code.

1. Certain oil and gas interests, each of which is more particularly described in the Conveyance Instrument.

2. Real property described in Schedule II to the Purchase Agreement (excluding Town and Country Shopping Center, Midland, Texas and Uptown Shopping Center, Shreveport, Louisiana for which prior certifications have already been issued in connection with sales to parties other than Development).

3. Properties known as "The Walker-Louisiana Properties" that are more particularly described in the Conveyance Instrument.

The Wachovia Corporation,
Winston-Salem, North Carolina
[Docket No. TCR 76-104]

The Wachovia Corporation, Winston-Salem, North Carolina ("Wachovia") has requested a prior certification pursuant to § 6158(a) of the Internal Revenue Code (the "Code"), as amended by § 3(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that its sale on April 30, 1976 of all the 20,000 issued and outstanding shares of common stock of Wachovia Insurance Agency, Inc., Winston-Salem, North Carolina ("Agency"), then held by Wachovia was necessary or appropriate to effectuate § 4 of the Bank Holding Company Act (12 U.S.C. § 1843) ("BHC Act"). The shares of Agency were sold by Wachovia to Alexander & Alexander, Inc., Baltimore, Maryland ("A&A"), in exchange for 130,000 shares of common stock of Alexander & Alexander Services, Inc. ("Services"), the parent company of A&A.[1]

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

1. Wachovia is a corporation organized under the laws of the State of North Carolina in September 1968 to acquire and hold all the shares of Wachovia Bank and Trust Company, N.A. ("Bank").

2. On December 31, 1968, Wachovia acquired ownership and control of all of the outstanding voting shares (less directors' qualifying shares) of Bank.

3. Wachovia became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and 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 January 20, 1972. Wachovia would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of its ownership and control on that date of more than 25 per cent of the voting shares of Bank. Wachovia presently owns and controls 100 per cent (less directors' qualifying shares) of the outstanding voting shares of Bank.

4. Agency was organized in January 1969 as a wholly-owned subsidiary of Wachovia to engage in the business of acting as agent for the sale of all types of insurance, including fire, casualty and marine insurance, fidelity and surety bonds and group accident and health coverage. On April 30, 1976 Wachovia owned and controlled the 20,000 issued and outstanding shares of common stock of Agency, all of which it acquired before July 7, 1970.

5. Wachovia did not file an application with the Board, and did not otherwise obtain the Board's approval, pursuant to § 4(c)(8) of the BHC Act to retain the shares of Agency or engage in the activities carried on by Agency.[3]

---

[1]Pursuant to § 3(c)(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 § 6158(a) shall be treated as made before the sale, if application for such certification was made before the close of December 31, 1976. Wachovia's application for such certification was received by the Board on November 19, 1976.

[2]This information derives from Wachovia's correspondence with the Board concerning its request fo this certification, Wachovia's Registration Statement filed with the Board pursuant to the BHC Act and other records of the Board.

[3]Although Wachovia did not seek Board approval to retain Agency, some or all of Agency's activities may be among those activities that the Board has previously determined to be closely related to banking, under § 4(c)(8). See 12 CFR §§ 225.4(a)(9) and 225.128; *Alabama Association for Insurance Agents et al.* v. *Board of Governors of the Federal Reserve System*, 544. 2d 572 (1977). Under the Board's present procedures, however, the question whether, or to what extent, Wachovia would have been permitted to retain these activities would not have been determinable unless and until Wachovia filed an application for permission to retain the activities. In passing upon such an application the Board would have been required to apply the second test set forth in § 4(c)(8) and to determine whether the performance of these activities by a subsidiary of Wachovia "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices." In the absence of favorable action on such an application Wachovia would have had no authority for retaining Agency beyond December 31, 1980, if it continued to be a bank holding company beyond that date. The legislative history of the Tax Act does not indicate a Congressional intent that

6. On April 30, 1976 Wachovia sold the shares of Agency to A&A in exchange for 130,000 shares of common stock of Services, which shares represented 2.4 per cent of the outstanding voting shares of Services. On August 2, 1976 Wachovia sold the Services shares and it presently holds no interest in Services or any subsidiary of Services.

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

(A) On April 30, 1976 Wachovia was a qualified bank holding corporation, within the meaning of § 6158(f)(1) and subsection (b) of section 1103 of the Code, and satisfied the requirements of that subsection;

(B) The shares of Agency that were sold by Wachovia on April 30, 1976 were "prohibited property" within the meaning of §§ 6158(f)(2) and 1103(c) of the Code; and

(C) The sale of the shares of Agency was necessary or appropriate to effectuate § 4 of the BHC Act.

This certification is based upon the representations made to the Board by Wachovia and upon the facts set forth above. In the event the Board should hereafter determine the facts material to this certification are otherwise than as represented by Wachovia, or that Wachovia 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 July 12, 1977.

(Signed) RUTH A. REISTER,

[SEAL] *Assistant Secretary of the Board.*

companies subject to such a divestiture requirement exhaust the possibilities for retaining the activity before being eligible for tax relief, and in view of the paramount purpose of § 4 of the BHC Act, that "banking and commerce should remain separate," S. Rep. No. 1084, 91st Cong., 2d Sess. 12 (1970), it would appear that the disposition of a potentially permissible activity, without first seeking approval for retention, is at least "appropriate" to effectuate § 4.

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

BY THE BOARD OF GOVERNORS

During August 1977, the Board of Governors approved the applications listed below. The orders have been published in the Federal Register, and copies are available upon request to Publications Services, Division of Administration Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	*Bank(s)*	*Board action (effective date)*	*Federal Register citation*
American State Bancshares, Inc., Osawatomie, Kansas	The American State Bank, Osawatomie, Kansas	8/31/77	42 F.R. 45031 9/8/77
Caprice Corporation, Red Lake Falls, Minnesota	Plummer State Bank, Plummer, Minnesota	8/10/77	42 F.R. 41664 8/18/77
The Central Bancorporation, Inc., Cincinnati, Ohio	First National Bank of Mercer County, Celina, Ohio	8/9/77	42 F.R. 41475 8/17/77

Section 3—Continued

Applicant	*Bank(s)*	*Board action (effective date)*	*Federal Register citation*
First Midwest Bancorp., Inc., St. Joseph, Missouri	The Farmers Bank of Gower, Gower, Missouri	8/1/77	42 F.R. 40049 8/8/77
First of Grandfield Corporation, Grandfield, Oklahoma	First State Bank, Grandfield, Oklahoma	8/19/77	42 F.R. 43121 8/26/77
Maryville Bancshares, Inc., Kansas City, Missouri	Citizens State Bank of Maryville, Maryville, Missouri	8/30/77	42 F.R. 45033 9/8/77
National City Corporation, Cleveland, Ohio	National Union Bank, Columbiana, Ohio	8/24/77	42 F.R. 43887 8/31/77

Sections 3 and 4

Applicant	*Bank(s)*	*Nonbanking company (or activity)*	*Reserve Bank*	*Effective date*	*Federal Register citation*
Ottawa Bancshares, Inc., Ottawa, Kansas	The Kansas State Bank, Ottawa, Kansas	sale of insurance directly related to extensions of credit	Kansas City	8/25/77	42 F.R. 45031 9/8/77

(Pending Cases Involving the Board of Governors to follow.)

PENDING CASES INVOLVING THE BOARD OF GOVERNORS*

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.

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 Farm, 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.

*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.

†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 the approval of actions by the directors of the Federal Reserve Banks of Philadelphia, Cleveland, Atlanta, Chicago, and St. Louis increasing the discount rate of those banks from 5¼ per cent to 5¾ per cent, effective August 30. Subsequently the Board announced the approval of similar actions by the directors of the Federal Reserve Banks of Richmond and Minneapolis effective August 30, by the directors of the Federal Reserve Bank of New York effective August 31, and by the directors of the Federal Reserve Banks of Boston, Kansas City, Dallas, and San Francisco effective September 2.

The Board's action was taken to reduce the incentive for member banks to borrow from the Federal Reserve. Such borrowing has increased rapidly in recent weeks.

The Board stated that this action is intended as a technical move for the purpose of bringing the discount rate into better alignment with other short-term interest rates and that it has no monetary policy implications.

In taking the action, the Board noted that member bank borrowings averaged about $1.7 billion in the statement week ending August 24 compared with $295 million 4 weeks earlier.

During this period, the Federal Reserve discount rate has remained at the 5¼ per cent level established in November 1976 while interest rates that banks must pay for other short-term money market funds have risen considerably. The discount rate is the interest rate charged member commercial banks when they borrow from their district Federal Reserve Bank.

In the Board's view the recent surge in member bank borrowing has resulted mainly from the divergence between the unchanged discount rate and current market interest rates.

Under the terms of the Board's Regulation A relating to extensions of credit by Federal Reserve Banks, member banks have ready access to the discount window if they have not recently made excessive use of this privilege. Because member bank borrowing was quite limited until early August, the vast majority of banks are now in this position. Of these, a small but increasing number of banks are meeting a larger share of their borrowing needs at the discount window in order to take advantage of the relatively low level of the discount rate.

CONSUMER ADVISORY COUNCIL: Meeting

The Board of Governors announced a meeting of its Consumer Advisory Council on September 15, 1977.

The Council considered consumer credit regulatory and legislative actions since its last meeting, June 2, and heard a staff report of proposals for joint action by the Federal Reserve Board, Comptroller of the Currency, Federal Home Loan Bank Board, and the Federal Deposit Insurance Corporation on compliance with consumer credit laws by financial institutions. The Council also discussed legislation that would prohibit discrimination in the granting of credit based upon residential location.

REGULATION Z: Interpretation and Action

The Board of Governors has approved an interpretation of Regulation Z (Truth in Lending) simplifying procedures for credit-card issuers that bill customers in full on a transaction-by-transaction basis and impose no finance charges.

Most credit cards extend open-end credit, such as the credit available with a bank credit card or a department store card, and customers are billed, usually monthly, for their purchases. A debt balance may be left after the customer makes a payment. Certain credit-card issuers, however, such as some automobile rental companies, require payment in full for each transaction, and send bills only when there has been a transaction. No finance charges are imposed.

The interpretation permits such credit-card issuers to continue sending bills to their customers only when a transaction has occurred. The interpretation also requires such card issuers to conform only to provisions of Regulation Z that are clearly consistent with their type of billing.

In addition the Board on September 2, 1977, announced that it had postponed the effective date of a section of Regulation Z (Truth in Lending) dealing with rules for the billing of credit transactions, such as cash advance checks.

The section of the regulation involved (226.7(k)(3)(ii)) had been scheduled to go into effect October 28, 1977. The date for full implementation of this section of the regulation has been postponed to March 28, 1978.

The announcement said the action was taken because the Board is considering proposals designed to facilitate compliance with the regulation by creditors, while maintaining requirements for description of transactions adequate to allow customers to identify them.

At present, full implementation of this part of Regulation Z calls for the creditor to send a bill to the customer showing the date of the transaction or the date on the credit document (such as a cash advance check), the amount of the transaction, and a statement as to what type of nonsale credit transaction is involved, such as a cash advance check, an overdraft credit, or other.

Until full implementation on March 28, 1978, creditors may substitute for the transaction date or the date on the credit document the date the transaction is debited to the customer's account, or the creditor may omit any of the required information that is not available and treat any resulting inquiry from the customer as a billing error, triggering the billing error requirements of Regulation Z.

CHANGES IN BOARD STAFF

The Board of Governors has announced the appointment of John L. Grizzard as Assistant Director in the Division of Administrative Services, effective September 19, 1977.

Mr. Grizzard, formerly Project Engineer with Deleuw, Cather & Company of Washington, D.C., holds a B.S. from Virginia Polytechnic Institute and is a graduate of the Industrial College of the Armed Forces.

The Board has also announced the promotion of John J. Mingo, Associate Research Division Officer, to Senior Research Division Officer in the Division of Research and Statistics, effective September 19, 1977, and the retirement of Reed J. Irvine, Senior International Division Officer, on September 30, 1977.

REVISED SERIES

The industrial production indexes have been revised back to January 1976. Revised data for this series and for capacity utilization appear in the Board's statistical releases G.12.3 (September 16, 1977) and G.3 (September 19, 1977). Tables 2.11 and 2.13 on pp. A46 and A48-49, respectively, incorporate these revisions.

System Membership: Admission of State Bank

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

Utah

Sandy------------------------------Sandy State Bank

Industrial Production

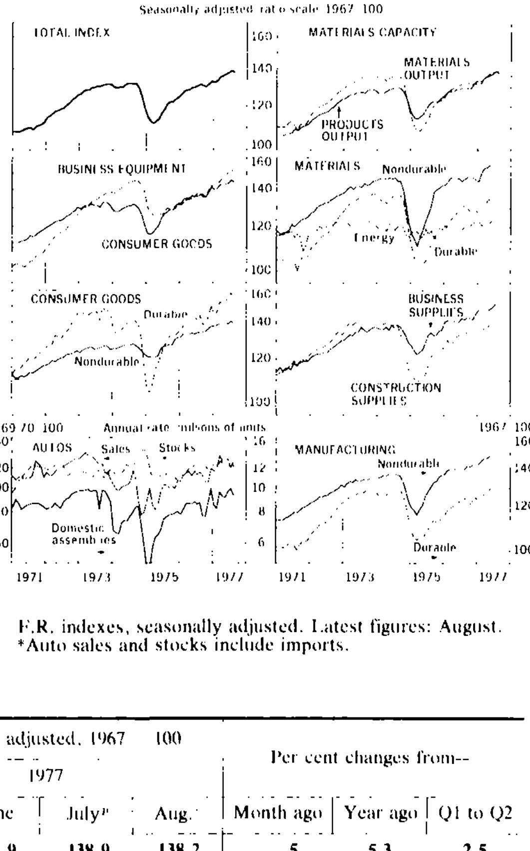
Released for publication September 16

Industrial production declined by an estimated 0.5 per cent in August to 138.2 per cent of the 1967 average. This was the first drop in the index since the weather-related reduction in January 1977. Declines in output were widespread but were concentrated in auto production and electric utility power generation, both of which had increased sharply in July. The drop in production was associated with declines in employment, with a generally shortened workweek in manufacturing industries, and to a limited extent, with a strike in the iron ore industry.

Output of consumer durable goods declined 1.7 per cent in August. Seasonally adjusted auto assemblies dropped to an annual rate of 9.4 million units, after allowance for model changeover, following the very high rate of 10.0 million units in July. Production of home goods such as appliances and furniture decreased slightly, while output of consumer nondurable goods declined 0.7 per cent. Production of business equipment was reduced 0.4 per cent.

Output of durable goods materials declined slightly, as small increases in raw steel and equipment parts were more than offset by strike-reduced iron ore production. Nondurable materials production was almost unchanged.

(Earlier published indexes for 1976 and 1977 have been revised. The new indexes are available in the Board's G.12.3 statistical release for September 16, 1977.)



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

Industrial production	Seasonally adjusted, 1967 = 100, 1977: May	June	July[p]	Aug.[e]	Per cent changes from-- Month ago	Year ago	Q1 to Q2
Total	**137.0**	**137.9**	**138.9**	**138.2**	**.5**	**5.3**	**2.5**
Products, total	136.5	137.5	138.8	137.9	.7	6.0	2.0
Final products	134.7	135.5	136.9	135.7	.9	6.0	2.2
Consumer goods	143.1	143.7	145.5	144.1	1.0	5.2	1.5
Durable goods	152.2	155.5	158.1	155.5	1.7	7.8	3.4
Nondurable goods	139.5	139.0	140.5	139.5	.7	3.9	.7
Business equipment	148.9	150.3	151.6	151.0	.4	9.7	3.7
Intermediate products	143.5	144.5	145.9	145.8	.1	5.3	1.1
Construction supplies	138.7	139.2	140.4	140.6	.1	4.2	1.7
Materials	137.8	138.5	138.9	138.7	.2	4.3	3.4

[p]Preliminary. [e]Estimated.

Financial and Business Statistics

CONTENTS

DOMESTIC FINANCIAL STATISTICS

POLICY INSTRUMENTS

FEDERAL RESERVE BANKS

MONETARY AND CREDIT AGGREGATES

COMMERCIAL BANK ASSETS AND LIABILITIES

WEEKLY REPORTING COMMERCIAL BANKS

FINANCIAL MARKETS

FEDERAL FINANCE

1.10 MONETARY AGGREGATES AND INTEREST RATES

	Item	1976 Q3	1976 Q4	1977 Q1	1977 Q2	1977 Apr.	1977 May	1977 June	1977 July	1977 Aug.
		Monetary and credit aggregates (annual rates of change, seasonally adjusted in per cent)[12]								
	Member bank reserves									
1	Total	2.7	4.4	2.7	3.0	13.0	1.5	4.8	16.9	....
2	Required	2.4	4.0	3.0	3.5	13.9	0.9	6.9	12.5	....
3	Nonborrowed	2.6	4.8	2.6	1.9	14.1	-3.1	2.9	14.9	....
	Concepts of money [1]									
4	*M*-1	4.4	6.5	4.2	r8.4	19.4	0.7	r4.5	18.3	....
5	*M*-2	9.1	12.5	9.9	r9.2	13.5	4.7	r8.1	16.6	....
6	*M*-3	11.4	14.4	11.3	10.0	12.4	7.3	r9.8	16.1	....
	Time and savings deposits									
	Commercial banks:									
7	Total	7.0	12.2	12.5	8.3	6.9	8.3	13.2	11.0	....
8	Other than large CD's	12.8	17.1	14.0	9.8	9.5	7.6	10.7	15.4	....
9	Thrift institutions [2]	14.8	17.3	13.4	11.1	10.5	r11.2	r12.0	15.5	....
10	Total loans and investments at commercial banks [3]	6.9	10.8	8.8	11.9	14.0	10.3	8.9	9.3	....
		Interest rates (levels, per cent per annum)								
	Short-term rates									
11	Federal funds [4]	5.28	4.88	4.66	5.16	4.73	5.35	5.39	5.42	5.90
12	Treasury bills (3-month market yield) [5]	5.15	4.67	3.63	4.84	4.54	4.96	5.02	5.19	5.49
13	Commercial paper (90- to 119-day) [6]	5.41	4.91	4.74	5.15	4.75	5.26	5.42	5.38	5.75
14	Federal Reserve discount [7]	5.50	5.39	5.25	5.25	5.25	5.25	5.25	5.25	....
	Long-term rates									
	Bonds:									
15	U.S. Govt.[8]	7.90	7.54	7.62	7.68	7.67	7.74	7.64	7.60	7.64
16	State and local government [9]	6.64	6.18	5.88	5.70	5.73	5.75	5.62	5.63	5.62
17	Aaa utility (new issue) [10]	8.48	8.15	8.17	r8.21	8.26	8.33	r8.08	8.14	5.04
18	Conventional mortgages [11]	9.03	8.95	8.82	8.95	8.90	8.95	9.00	9.00	....

[1] *M*-1 equals currency plus private demand deposits adjusted.
M-2 equals *M*-1 plus bank time and savings deposits other than large negotiable CD's.
M-3 equals *M*-2 plus deposits at mutual savings banks, savings and loan associations, and credit union shares.
[2] Savings and loan associations, mutual savings banks, and credit unions.
[3] Quarterly changes calculated from figures shown in Table 1.23.
[4] Seven-day averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).
[5] Quoted on a bank-discount rate basis.
[6] Most representative offering rate quoted by five dealers.
[7] Rate for the Federal Reserve Bank of New York.
[8] Market yields adjusted to a 20-year maturity by the U.S. Treasury.
[9] *Bond Buyer* series for 20 issues of mixed quality.
[10] 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.
[11] 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.
[12] 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, 1977: June	July	Aug.[p]	Weekly averages of daily figures for weeks ending—1977: July 20	July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24[p]	Aug. 31[p]
	SUPPLYING RESERVE FUNDS										
1	**Reserve Bank credit outstanding**	**109,453**	**113,886**	**111,036**	**113,109**	**112,220**	**113,786**	**110,232**	**110,161**	**111,237**	**110,781**
2	*U.S. Govt. securities*[1]	*95,337*	*98,359*	*95,977*	*96,869*	*97,338*	*98,300*	*95,177*	*95,201*	*96,162*	*96,626*
3	Bought outright	94,132	96,930	95,835	96,508	96,339	96,546	95,177	95,201	96,162	96,472
4	Held under repurchase agreement	1,205	1,429	142	361	999	1,754	....	....	....	154
5	*Federal agency securities*	*7,312*	*7,611*	*7,412*	*7,491*	*7,590*	*7,609*	*7,411*	*7,411*	*7,411*	*7,394*
6	Bought outright	7,176	7,423	7,403	7,423	7,423	7,420	7,411	7,411	7,411	7,372
7	Held under repurchase agreement	136	188	9	68	167	189	....	....	....	22
8	Acceptances	228	213	34	56	207	306	13	8	6	23
9	Loans	262	336	1,070	406	295	598	585	901	1,665	1,392
10	Float	3,432	4,005	3,693	4,875	3,589	3,613	3,815	3,745	3,607	2,877
11	Other Federal Reserve assets	2,882	3,362	2,850	3,412	3,201	3,360	3,231	2,896	2,386	2,469
12	Gold stock	11,628	11,609	11,595	11,605	11,605	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	11,099	11,141	11,191	11,151	11,153	11,149	11,176	11,191	11,196	11,207
	ABSORBING RESERVE FUNDS										
15	Currency in circulation	96,029	97,422	97,782	97,604	97,166	97,345	97,906	98,080	97,719	97,470
16	Treasury cash holdings	437	431	432	427	423	423	428	428	434	450
	Deposits, other than member bank reserves with F.R. Banks:										
17	Treasury	7,057	8,843	6,025	6,783	8,000	8,499	6,058	4,967	6,271	5,853
18	Foreign	277	324	310	330	256	393	270	284	325	367
19	Other[2]	675	759	607	1,025	638	687	551	607	599	604
20	Other F.R. liabilities and capital	3,260	3,395	3,341	3,328	3,431	3,496	3,196	3,271	3,369	3,541
21	Member bank reserves with F.R. Banks	25,646	26,663	26,523	27,569	26,265	26,887	25,796	26,510	26,511	26,499

		End-of-month figures, 1977: June	July	Aug.[p]	Wednesday figures, 1977: July 20	July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24[p]	Aug. 31[p]
	SUPPLYING RESERVE FUNDS										
22	**Reserve Bank credit outstanding**	**117,679**	**113,916**	**113,450**	**115,722**	**113,871**	**113,329**	**107,474**	**110,776**	**110,055**	**113,450**
23	*U.S. Govt. securities*[1]	*102,239*	*98,711*	*98,436*	*98,418*	*98,397*	*96,842*	*92,063*	*95,859*	*94,831*	*98,436*
24	Bought outright	98,163	96,381	97,357	95,891	96,834	96,842	92,063	95,859	94,831	97,357
25	Held under repurchase agreement	4,076	2,330	1,079	2,527	1,563	....	....	....	....	1,079
26	*Federal agency securities*	*8,033*	*7,768*	*7,505*	*7,896*	*7,628*	*7,411*	*7,411*	*7,411*	*7,411*	*7,505*
27	Bought outright	7,423	7,423	7,354	7,423	7,423	7,411	7,411	7,411	7,411	7,354
28	Held under repurchase agreement	610	345	151	473	205	....	....	....	....	151
29	Acceptances	621	393	131	211	268	17	9	7	6	131
30	Loans	260	788	1,267	220	514	605	917	1,010	2,323	1,267
31	Float	3,604	2,543	3,649	4,737	3,832	4,721	3,770	4,171	3,096	3,649
32	Other Federal Reserve assets	2,922	3,713	2,462	4,240	3,232	3,733	3,304	2,318	2,388	2,462
33	Gold stock	11,620	11,595	11,595	11,605	11,605	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	11,081	11,119	11,210	11,151	11,166	11,175	11,178	11,194	11,198	11,210
	ABSORBING RESERVE FUNDS										
36	Currency in circulation	96,652	97,047	97,982	97,564	97,422	97,834	98,349	98,178	97,776	97,982
37	Treasury cash holdings	440	426	450	427	421	422	427	430	428	450
	Deposits, other than member bank reserves with F.R. Banks:										
38	Treasury	15,183	8,789	6,115	7,220	8,616	7,195	4,523	6,516	6,562	6,115
39	Foreign	379	469	535	247	289	301	250	281	351	535
40	Other[2]	748	578	679	1,867	699	725	560	543	532	679
41	Other F.R. liabilities and capital	3,616	3,606	3,623	3,383	3,495	3,163	3,174	3,290	3,435	3,623
42	Member bank reserves with F.R. Banks	24,562	26,912	28,071	28,971	26,901	27,659	24,164	25,527	24,964	28,071

[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	1975 Dec.	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May	1977 June	1977 July	1977 Aug.p
	Monthly averages of daily figures										
	All member banks										
	Reserves:										
1	At F.R. Banks	27,215	26,430	27,229	25,725	25,849	26,096	25,970	25,646	26,663	26,523
2	Currency and coin	7,773	8,548	8,913	8,326	8,134	8,368	8,610	8,609	8,622	8,715
3	*Total held*[1]	*34,989*	*35,136*	*36,290*	*34,199*	*34,135*	*34,613*	*34,732*	*34,406*	*35,391*	*35,335*
4	Required	34,727	34,964	35,796	34,234	33,870	34,602	34,460	34,293	35,043	34,990
5	Excess[1]	262	172	494	-35	265	11	272	113	348	345
	Borrowings at F.R. Banks:[2]										
6	Total	127	62	61	79	110	73	200	262	336	1,070
7	Seasonal	13	12	8	12	13	14	31	55	60	101
	Large banks in New York City										
8	*Reserves held*	*6,812*	*6,520*	*7,076*	*6,442*	*6,331*	*6,264*	*6,310*	*6,241*	*6,359*	*6,238*
9	Required	6,748	6,602	6,948	6,537	6,259	6,351	6,279	6,188	6,342	6,247
10	Excess	64	-82	128	-95	72	87	31	53	17	9
11	Borrowings[2]	63	15	6	47	44	16	18	36	74	156
	Large banks in Chicago										
12	*Reserves held*	*1,740*	*1,632*	*1,731*	*1,624*	*1,610*	*1,629*	*1,637*	*1,662*	*1,573*	*1,647*
13	Required	1,758	1,641	1,698	1,624	1,611	1,634	1,634	1,627	1,606	1,621
14	Excess	-18	-9	33	....	-1	-5	3	35	-33	26
15	Borrowings[2]	....	4	2	....	3	*	4	15	6	5
	Other large banks										
16	*Reserves held*	*13,249*	*13,117*	*13,556*	*12,683*	*12,779*	*13,090*	*13,067*	*12,869*	*13,438*	*13,220*
17	Required	13,160	13,053	13,427	12,765	12,705	13,110	12,996	12,943	13,286	13,271
18	Excess	89	64	129	-82	74	-20	71	74	152	51
19	Borrowings[2]	26	14	25	4	29	23	62	80	79	531
	All other banks										
20	*Reserves held*	*13,158*	*13,867*	*13,927*	*13,450*	*13,415*	*13,630*	*13,718*	*13,634*	14,021	13,955
21	Required	13,061	13,668	13,723	13,308	13,295	13,507	13,551	13,535	13,809	13,851
22	Excess	127	199	204	142	120	123	167	99	212	104
23	Borrowings[2]	38	29	28	28	34	34	116	131	177	378

	Reserve classification	1977 June 29	July 6	July 13	July 20	July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24p	Aug. 31p
	Weekly averages of daily figures for weeks ending										
	All member banks										
	Reserves:										
24	At F.R. Banks	26,290	26,815	25,572	27,569	26,265	26,887	25,796	26,510	26,511	26,499
25	Currency and coin	8,623	8,676	8,964	7,849	8,829	8,932	8,993	8,789	8,222	8,764
26	*Total held*[1]	*35,064*	*35,619*	*34,635*	*35,519*	*35,195*	*35,919*	*34,890*	*35,401*	*34,826*	*35,356*
27	Required	34,914	35,125	34,371	35,307	35,121	35,495	34,787	35,199	34,789	34,969
28	Excess[1]	150	494	264	212	74	424	103	202	37	387
	Borrowings at F.R. Banks:[2]										
29	Total	334	265	160	406	295	598	585	901	1,665	1,392
30	Seasonal	70	61	51	56	68	69	72	99	116	131
	Large banks in New York City										
31	*Reserves held*	*6,394*	*6,368*	*6,297*	*6,392*	*6,296*	*6,468*	*6,386*	*6,306*	*6,062*	*6,159*
32	Required	6,315	6,438	6,211	6,473	6,205	6,439	6,270	6,428	6,110	6,099
33	Excess	79	-70	86	-81	91	31	116	-122	-48	60
34	Borrowings[2]	....	....	....	208	....	119	....	225	443	25
	Large banks in Chicago										
35	*Reserves held*	*1,629*	*1,665*	*1,542*	*1,664*	*1,571*	*1,631*	*1,611*	*1,659*	*1,533*	*1,710*
36	Required	1,637	1,626	1,568	1,642	1,582	1,618	1,623	1,645	1,585	1,631
37	Excess	-8	39	-26	22	-11	13	12	14	52	79
38	Borrowings[2]	....	....	25	....	....	21	....	....	....	....
	Other large banks										
39	*Reserves held*	*13,147*	*13,542*	*13,042*	*13,573*	*13,170*	*13,719*	*13,037*	*13,441*	*12,948*	*13,317*
40	Required	13,184	13,240	13,048	13,430	13,302	13,488	13,151	13,326	13,176	13,337
41	Excess	37	302	-6	143	-132	231	114	115	-228	20
42	Borrowings[2]	126	102	20	53	81	165	410	350	799	729
	All other banks										
43	*Reserves held*	*13,894*	*14,044*	*13,754*	*13,890*	*14,158*	*14,161*	*13,856*	*13,995*	*14,063*	*14,000*
44	Required	13,778	13,821	13,544	13,762	14,032	13,950	13,743	13,800	13,918	13,902
45	Excess	116	223	210	128	126	211	113	195	145	98
46	Borrowings[2]	208	163	115	145	214	293	175	326	423	836

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—								
		July 6	July 13	July 20	July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24	Aug. 31
		Total, 46 banks								
	Basic reserve position									
1	Excess reserves[1]	171	109	147	41	157	121	24	−38	156
	LESS:									
2	Borrowings at F.R. Banks	3	26	228	12	156	248	416	925	225
3	Net interbank Federal funds transactions	14,896	20,249	18,601	16,218	16,468	18,096	17,454	16,166	15,102
	EQUALS: Net surplus, or deficit (−):									
4	Amount	−14,728	−20,166	−18,683	−16,189	−16,467	−18,223	−17,847	−17,129	−15,171
5	*Per cent of average required reserves*	*97.4*	*136.4*	*121.9*	*108.9*	*107.7*	*122.3*	*117.4*	*116.5*	*102.2*
	Interbank Federal funds transactions									
	Gross transactions:									
6	Purchases	23,693	27,180	26,631	23,596	24,439	24,885	24,449	22,528	22,411
7	Sales	8,797	6,930	8,030	7,379	7,971	6,788	6,994	6,361	7,309
8	Two-way transactions[2]	5,822	4,971	6,489	4,990	5,187	4,738	5,536	4,857	4,788
	Net transactions:									
9	Purchases of net buying banks	17,871	22,209	20,142	18,606	19,252	20,147	18,912	17,671	17,624
10	Sales of net selling banks	2,974	1,960	1,541	2,388	2,784	2,050	1,458	1,505	2,522
	Related transactions with U.S. Govt. securities dealers									
11	Loans to dealers[3]	2,665	3,233	2,906	2,387	2,533	4,177	4,465	3,777	3,497
12	Borrowing from dealers[4]	1,715	998	1,386	1,644	2,019	2,122	2,231	1,921	1,629
13	Net loans	950	2,235	1,520	743	514	2,056	2,234	1,856	1,868
		8 banks in New York City								
	Basic reserve position									
14	Excess reserves[1]	−16	66	−20	71	24	122	−57	25	62
	LESS:									
15	Borrowings at F.R. Banks	....	....	208	....	107	....	225	430	26
16	Net interbank Federal funds transactions	5,873	7,698	5,847	5,806	6,591	6,579	5,252	4,564	4,927
	EQUALS: Net surplus, or deficit (−):									
17	Amount	−5,889	−7,632	−6,075	−5,735	−6,675	−6,458	−5,534	−4,969	−4,892
18	*Per cent of average required reserves*	*100.5*	*135.2*	*103.5*	*102.3*	*114.4*	*113.5*	*95.1*	*90.0*	*88.8*
	Interbank Federal funds transactions									
	Gross transactions:									
19	Purchases	7,335	8,427	7,685	6,534	7,525	7,446	6,498	5,582	5,835
20	Sales	1,462	728	1,838	728	934	866	1,246	1,018	908
21	Two-way transactions[2]	1,462	728	1,838	728	934	866	1,246	1,018	908
	Net transactions:									
22	Purchases of net buying banks	5,873	7,698	5,847	5,806	6,591	6,580	5,252	4,564	4,927
23	Sales of net selling banks	....	....	....	....	....	....	....	....	....
	Related transactions with U.S. Govt. securities dealers									
24	Loans to dealers[3]	1,369	1,937	1,620	1,190	1,282	2,464	2,408	1,990	1,690
25	Borrowing from dealers[4]	548	524	643	657	916	950	1,093	975	791
26	Net loans	821	1,414	977	533	366	1,515	1,315	1,015	899
		38 banks outside New York City								
	Basic reserve position									
27	Excess reserves[1]	188	43	167	−30	133	....	81	−63	95
	LESS:									
28	Borrowings at F.R. Banks	3	26	20	12	49	248	191	495	199
29	Net interbank Federal funds transactions	9,023	12,551	12,754	10,412	9,877	11,517	12,202	11,603	10,175
	EQUALS: Net surplus, or deficit (−):									
30	Amount	−8,839	−12,534	−12,608	−10,453	−9,792	−11,765	−12,313	−12,161	−10,279
31	*Per cent of average required reserves*	*95.5*	*137.1*	*133.4*	*112.8*	*103.6*	*127.8*	*131.2*	*132.5*	*110.1*
	Interbank Federal funds transactions									
	Gross transactions:									
32	Purchases	16,358	18,753	18,947	17,062	16,913	17,439	17,951	16,946	16,576
33	Sales	7,334	6,202	6,192	6,651	7,037	5,922	5,749	5,343	6,401
34	Two-way transactions[2]	4,360	4,243	4,651	4,263	4,253	3,872	4,291	3,839	3,880
	Net transactions:									
35	Purchases of net buying banks	11,998	14,511	14,295	12,800	12,661	13,567	13,660	13,107	12,696
36	Sales of net selling banks	2,974	1,960	1,541	2,388	2,784	2,050	1,458	1,505	2,522
	Related transactions with U.S. Govt. securities dealers									
37	Loans to dealers[3]	1,296	1,296	1,286	1,197	1,251	1,713	2,057	1,787	1,806
38	Borrowing from dealers[4]	1,167	475	743	987	1,103	1,172	1,138	947	837
39	Net loans	129	822	543	210	147	541	919	841	969

For notes see end of table.

1.13 Continued

	Type	1977, week ending Wednesday— July 6	July 13	July 20	July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24	Aub. 31
						5 banks in City of Chicago				
	Basic reserve position									
40	Excess reserves[1]	34	-7	59	13	16	-13	19	6	48
	LESS:									
41	Borrowings at F.R. Banks	....	25	....	....	21	....	....	....	....
42	Net interbank Federal funds transactions	4,874	6,552	6,770	5,964	5,578	5,833	6,403	5,854	5,614
	EQUALS: Net surplus, or deficit (−):									
43	Amount	−4,840	−6,583	−6,711	−5,951	−5,584	−5,846	−6,384	−5,848	−5,566
44	*Per cent of average required reserves*	318.3	449.6	439.0	403.3	*369.9*	*385.8*	*415.2*	*395.3*	*364.7*
	Interbank Federal funds transactions									
	Gross transactions:									
45	Purchases	5,988	7,444	7,812	7,108	6,786	6,923	7,599	6,873	6,763
46	Sales	1,114	892	1,042	1,144	1,208	1,090	1,196	1,019	1,149
47	Two-way transactions[2]	1,114	892	1,042	1,144	1,208	1,090	1,196	1,019	1,149
	Net transactions:									
48	Purchases of net buying banks	4,874	6,552	6,770	5,964	5,578	5,833	6,403	5,854	5,613
49	Sales of net selling banks	....	....	....	....	....	....	....	....	....
	Related transactions with U.S. Govt. securities dealers									
50	Loans to dealers[3]	289	385	258	220	188	265	343	292	281
51	Borrowing from dealers[4]	374	53	144	283	363	322	172	145	125
52	Net loans	−85	332	114	−63	−175	−57	172	147	156
						33 other banks				
	Basic reserve position									
53	Excess reserves[1]	153	50	108	−42	117	13	62	−69	47
	LESS:									
54	Borrowings at F.R. Banks	3	1	20	12	27	248	191	495	199
55	Net interbank Federal funds transactions	4,150	5,999	5,985	4,448	4,299	5,684	5,799	5,749	4,561
	EQUALS: Net surplus, or deficit (−):									
56	Amount	−3,999	−5,950	−5,897	−4,502	−4,208	−5,919	−5,928	−6,313	−4,713
57	*Per cent of average required reserves*	51.7	77.5	74.4	57.8	*53.0*	*76.9*	*75.5*	*82.0*	*60.3*
	Interbank Federal funds transactions									
	Gross transactions:									
58	Purchases	10,370	11,310	11,135	9,955	10,127	10,517	10,352	10,073	9,813
59	Sales	6,220	5,310	5,150	5,507	5,829	4,832	4,553	4,325	5,252
60	Two-way transactions[2]	3,246	3,351	3,609	3,118	3,045	2,782	3,095	2,820	2,730
	Net transactions:									
61	Purchases of net buying banks	7,124	7,959	7,526	6,836	7,083	7,734	7,257	7,253	7,083
62	Sales of net selling banks	2,974	1,960	1,541	2,388	2,784	2,050	1,458	1,505	2,522
	Related transactions with U.S. Govt. securities dealers									
63	Loans to dealers[3]	1,008	911	1,028	977	1,063	1,448	1,714	1,496	1,525
64	Borrowing from dealers[4]	793	422	599	704	740	850	967	802	713
65	Net loans	214	489	429	273	322	598	747	694	813

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

Current and previous levels

Federal Reserve Bank	Loans to member banks— Under Secs. 13 and 13a[1]			Under Sec. 10(b)[2] Regular rate			Under Sec. 10(b)[2] Special rate[3]			Loans to all others under Sec. 13, last par.[4]		
	Rate on 8/31/77	Effective date	Previous rate	Rate on 8/31/77	Effective date	Previous rate	Rate on 8/31/77	Effective date	Previous rate	Rate on 8/31/77	Effective date	Previous rate
Boston	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
New York	5¾	8/31/77	5¼	6¼	8/31/77	5¾	6¾	8/31/77	6¼	8¾	8/31/77	8¼
Philadelphia	5¾	8/30/77	5¼	6¼	8/30/77	5¾	6¾	8/30/77	6¼	8¾	8/30/77	8¼
Cleveland	5¾	8/30/77	5¼	6¼	8/30/77	5¾	6¾	8/30/77	6¼	8¾	8/30/77	8¼
Richmond	5¾	8/30/77	5¼	6¼	8/30/77	5¾	6¾	8/30/77	6¼	8¾	8/30/77	8¼
Atlanta	5¾	8/30/77	5¼	6¼	8/30/77	5¾	6¾	8/30/77	6¼	8¾	8/30/77	8¼
Chicago	5¾	8/30/77	5¼	6¼	8/30/77	5¾	6¾	8/30/77	6¼	8¾	8/30/77	8¼
St. Louis	5¾	8/30/77	5¼	6¼	8/30/77	5¾	6¾	8/30/77	6¼	8¾	8/30/77	8¼
Minneapolis	5¾	8/30/77	5¼	6¼	8/30/77	5¼	6¼	8/30/77	6¼	8¾	8/30/77	8¼
Kansas City	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Dallas	5¼	11/22/76	5½	5¼	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
San Francisco	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½

Range of rates in recent years[5]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1970	5½	5½	1973—Jan. 15	5	5	1975—Jan. 6	7¼–7¾	7¾
			Feb. 26	5–5½	5½	10	7¼–7¾	7¼
1971—Jan. 8	5¼–5½	5¼	Mar. 2	5½	5½	24	7¼	7¼
15	5¼	5¼	Apr. 23	5½–5¾	5½	Feb. 5	6¾–7¼	6¾
19	5 –5¼	5¼	May 4	5¾	5¾	7	6¾	6¾
22	5 –5¼	5	11	5¾–6	6	Mar. 10	6¼–6¾	6¼
29	5	5	18	6	6	14	6¼	6¼
Feb. 13	4¾–5	5	June 11	6–6½	6½	May 16	6–6¼	6
19	4¾	4¾	15	6½	6½	23	6	6
July 16	4¾–5	5	July 2	7	7			
23	5	5	Aug. 14	7–7½	7½	1976—Jan. 19	5½–6	5½
Nov. 11	4¾–5	5	23	7½	7½	23	5½	5½
19	4¾	4¾						
Dec. 13	4½–4¾	4¾	1974—Apr. 25	7½–8	8	Nov. 22	5¼–5½	5¼
17	4½–4¾	4½	30	8	8	26	5¼	5¼
24	4½	4½	Dec. 9	7¾–8	7¾			
			16	7¾	7¾	1977—Aug. 30	5¼–5¾	5¼
						31	5¼–5¾	5¾
						In effect Aug. 31, 1977	5¼–5¾	5¾

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 REQUIREMENTS[1]

Per cent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect August 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	11¾	12/30/76	12	2/13/75
100-400	12¾	12/30/76	13	2/13/75
Over 400	16¼	12/30/76	16½	2/13/75
Time:[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] 2½	1/8/76	3	3/16/67
4 years or more	[4] 1	10/30/75	3	3/16/67
Over 5, maturing in				
30-179 days	6	12/12/74	5	10/1/70
180 days to 4 years	[4] 2½	1/8/76	3	12/12/74
4 years or more	[4] 1	10/30/75	3	12/12/74

	Legal limits, August 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 August 31, 1977		Previous maximum		In effect August 31, 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]								
30–89 days:								
3 *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	[3] 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	[6]	5¾	1/21/70
8 2 to 2½ years[3]			5¾	1/21/70			6	1/21/70
9 2½ to 4 years[3]	6½	7/1/73	5¾	1/21/70	6¾	[6]	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						
					Jan.	Feb.	Mar.	Apr.	May	June	July
	U.S. GOVT. SECURITIES										
	Outright transactions (excl. matched sale-purchase transactions)										
	Treasury bills:										
1	Gross purchases	11,660	11,562	14,343	2,535	110	....	1,671	681	2,696	118
2	Gross sales	5,830	5,599	8,462	313	801	368	260	489	1,154	753
3	Redemptions	4,550	[2]6,431	[2]5,017	....	....	....	19	400	600	500
	Others within 1 year:[1]										
4	Gross purchases	450	3,886	472	45	107	41	20	....	89	....
5	Gross sales	....	....	....	....	....	....	....	....	....	....
6	Exchange, or maturity shift	−1,183	−4	792	252	63	−266	374	−1,209	478	238
7	Redemptions	131	3,549	....	....	....	....	....	....	....	....
	1 to 5 years:										
8	Gross purchases	797	[2]3,284	[2]3,202	475	348	174	327	....	200	....
9	Gross sales	....	....	177	....	....	....	....	....	....	....
10	Exchange, or maturity shift	697	3,854	2,588	−252	−880	266	−374	−865	−478	−238
	5 to 10 years:										
11	Gross purchases	434	1,510	1,048	128	151	46	104	....	68	....
12	Gross sales	....	....	....	....	....	....	....	....	....	....
13	Exchange, or maturity shift	1,675	−4,697	1,572	....	517	....	....	1,174	....	....
	Over 10 years:										
14	Gross purchases	196	1,070	642	48	81	37	38	....	114	....
15	Gross sales	....	....	....	....	....	....	....	....	....	....
16	Exchange, or maturity shift	205	848	225	....	300	....	....	900	....	....
	All maturities:[1]										
17	Gross purchases	13,537	[2]21,313	[2]19,707	3,229	797	298	2,160	681	3,167	118
18	Gross sales	5,830	5,599	8,639	313	801	368	260	489	1,154	753
19	Redemptions	4,682	[2]9,980	[2]5,017	....	....	....	19	400	600	500
	Matched sale-purchase transactions										
20	Gross sales	64,229	151,205	196,078	24,595	22,674	30,115	32,287	28,532	36,258	27,947
21	Gross purchases	62,801	152,132	196,579	22,544	23,447	30,828	32,852	27,306	36,449	27,301
	Repurchase agreements										
22	Gross purchases	71,333	140,311	232,891	23,820	13,853	14,368	13,397	29,308	14,748	13,973
23	Gross sales	70,947	139,538	230,355	27,573	12,921	14,860	11,862	30,448	11,506	15,719
24	Net change in U.S. Govt. securities	1,984	7,434	9,087	−2,887	1,702	151	3,980	−2,573	4,845	−3,528
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions:										
25	Gross purchases	3,087	1,616	891	....	....	....	346	....	380	....
26	Gross sales	....	....	....	....	....	....	....	....	....	....
27	Redemptions	322	246	169	4	24	36	....	*	33	....
	Repurchase agreements:										
28	Gross purchases	23,204	15,179	10,520	930	689	523	709	2,164	1,656	1,672
29	Gross sales	22,735	15,566	10,360	1,208	612	546	639	2,278	1,056	1,938
	BANKERS ACCEPTANCES										
30	Outright transactions, net	511	163	−545	−5	−18	−19	51	−45	−15	−24
31	Repurchase agreements, net	420	−35	410	−795	149	−23	653	−729	528	−204
32	**Net change in total System Account**	**6,149**	**8,539**	**9,833**	**−3,969**	**1,886**	**50**	**4,998**	**−3,461**	**6,305**	**−4,020**

[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; and 1976 to present, none.

[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		
		Aug. 3	Aug. 10	Aug. 17	Aug. 24p	Aug. 31p	June	July	Aug.p
		Consolidated condition statement							
	ASSETS								
1	Gold certificate account	11,595	11,595	11,595	11,595	11,595	11,620	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]	300	299	296	293	284	315	317	284
	Loans:								
4	Member bank borrowings	605	917	1,010	2,323	1,267	260	788	1,267
5	Other	...	...	...	...	...	...	...	...
	Acceptances:								
6	Bought outright	17	9	7	6	4	43	19	4
7	Held under repurchase agreements	...	...	...	...	127	578	374	127
	Federal agency obligations:								
8	Bought outright	7,411	7,411	7,411	7,411	7,354	7,423	7,423	7,354
9	Held under repurchase agreements	...	...	...	...	151	610	345	151
	U.S. Govt. securities								
	Bought outright:								
10	Bills	39,506	34,727	38,523	37,495	40,021	40,827	39,045	40,021
11	Certificates—Special	...	...	...	...	...	...	...	...
12	Other	...	...	...	...	...	...	...	...
13	Notes	49,088	49,088	48,963	48,963	48,963	49,088	49,088	48,963
14	Bonds	8,248	8,248	8,373	8,373	8,373	8,248	8,248	8,373
15	Total[2]	96,842	92,063	95,859	94,831	97,357	98,163	96,381	97,357
16	Held under repurchase agreements	...	...	...	...	1,079	4,076	2,330	1,079
17	**Total U.S. Govt. securities**	**96,842**	**92,063**	**95,859**	**94,831**	**98,436**	**102,239**	**98,711**	**98,436**
18	**Total loans and securities**	**104,875**	**100,400**	**104,287**	**104,571**	**107,339**	**111,153**	**107,660**	**107,339**
19	Cash items in process of collection	10,864	9,206	10,622	8,737	9,522	8,886	7,590	9,522
20	Bank premises	375	375	375	375	377	371	372	377
	Other assets:								
21	Denominated in foreign currencies	32	40	61	56	55	57	20	55
22	All other	3,326	2,889	1,882	1,957	2,030	2,494	3,321	2,030
23	**Total assets**	**132,567**	**126,004**	**130,318**	**128,784**	**132,402**	**136,096**	**132,075**	**132,402**
	LIABILITIES								
24	F.R. notes	87,381	87,897	87,710	87,299	87,506	86,326	86,674	87,506
	Deposits:								
25	Member bank reserves	27,659	24,164	25,527	24,964	28,071	24,562	26,912	28,071
26	U.S. Treasury—General account	7,195	4,523	6,516	6,562	6,115	15,183	8,789	6,115
27	Foreign	301	250	281	351	535	379	469	535
28	Other[3]	725	560	543	532	679	748	578	679
29	**Total deposits**	**35,880**	**29,497**	**32,867**	**32,409**	**35,400**	**40,872**	**36,748**	**35,400**
30	Deferred availability cash items	6,143	5,436	6,451	5,641	5,873	5,282	5,047	5,873
31	Other liabilities and accrued dividends	1,091	992	994	1,019	1,089	1,165	1,083	1,089
32	**Total liabilities**	**130,495**	**123,822**	**128,022**	**126,368**	**129,868**	**133,645**	**129,552**	**129,868**
	CAPITAL ACCOUNTS								
33	Capital paid in	1,006	1,008	1,012	1,011	1,011	1,000	1,006	1,011
34	Surplus	983	983	983	983	983	983	983	983
35	Other capital accounts	83	191	301	422	540	468	534	540
36	**Total liabilities and capital accounts**	**132,567**	**126,004**	**130,318**	**128,784**	**132,402**	**136,096**	**132,075**	**132,402**
37	MEMO: Marketable U.S. Govt. securities held in custody for foreign and intl. account	60,058	60,303	60,298	60,356	60,717	57,867	60,359	60,717
		Federal Reserve note statement							
38	F.R. notes outstanding (issued to Bank)	92,652	93,002	93,082	93,197	93,289	91,250	92,648	93,289
	Collateral held against notes outstanding:								
39	Gold certificate account	11,591	11,591	11,591	11,590	11,591	11,616	11,591	11,591
40	Special Drawing Rights certificate account	752	752	752	752	752	752	752	752
41	Acceptances	...	...	...	...	...	...	...	...
42	U.S. Govt. securities	81,585	81,785	81,785	81,885	82,135	80,015	81,585	82,135
43	**Total collateral**	**93,928**	**94,128**	**94,128**	**94,227**	**94,478**	**92,383**	**93,928**	**94,478**

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."

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday 1977 July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24	End of month 1977 June 30	July 31	Aug. 31
1 **Loans**	**514**	**605**	**916**	**1,011**	**2,323**	**258**	**788**	**1,267**
2 Within 15 days	508	567	872	979	2,286	236	768	1,224
3 16 days to 90 days	6	38	44	32	37	22	20	43
4 91 days to 1 year	....	....	....	....	....	....	....	....
5 **Acceptances**	**268**	**17**	**9**	**7**	**6**	**621**	**393**	**131**
6 Within 15 days	258	11	3	3	2	591	384	127
7 16 days to 90 days	9	6	6	4	4	26	8	4
8 91 days to 1 year	1	....	....	....	....	4	1	....
9 **U.S. Govt. securities**	**98,397**	**96,842**	**92,063**	**95,859**	**94,831**	**102,239**	**98,711**	**98,436**
10 Within 15 days[1]	4,887	4,016	4,623	4,012	1,732	6,195	4,849	3,989
11 16 days to 90 days	17,231	16,700	11,358	16,958	17,729	17,712	17,589	18,881
12 91 days to 1 year	28,928	28,948	28,904	30,047	30,528	30,981	28,922	30,774
13 Over 1 year to 5 years	29,652	29,479	29,479	27,800	27,800	29,652	29,652	27,750
14 Over 5 years to 10 years	11,233	11,233	11,233	10,451	10,451	11,233	11,233	10,451
15 Over 10 years	6,466	6,466	6,466	6,591	6,591	6,466	6,466	6,591
16 **Federal agency obligations**	**7,628**	**7,411**	**7,411**	**7,411**	**7,411**	**8,033**	**7,768**	**7,505**
17 Within 15 days[1]	235	....	135	186	186	657	375	305
18 16 days to 90 days	410	452	317	267	267	393	410	209
19 91 days to 1 year	1,000	976	976	979	979	1,025	1,000	915
20 Over 1 year to 5 years	3,648	3,648	3,648	3,644	3,644	3,636	3,648	3,711
21 Over 5 years to 10 years	1,512	1,512	1,512	1,512	1,512	1,499	1,512	1,542
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.

1.20 DEMAND DEPOSIT ACCOUNTS Debits and Rate of Turnover

Seasonally adjusted data

Standard metropolitan statistical area	1974	1975	1976	1977 Feb.	Mar.	Apr.	May	June
				Debits (billions of dollars)[2]				
1 All 233 SMSA's	**22,192.2**	**23,565.1**	**28,911.0**	**30,145.4**	**30,421.7**	**30,585.5**	**32,028.5**	**32,394.9**
2 New York City	9,931.8	10,970.9	13,835.0	14,898.0	14,612.1	14,988.9	15,739.7	15,516.6
3 *232 SMSA's*	*12,260.6*	*12,594.2*	*15,076.1*	*15,247.4*	*15,809.6*	*15,956.5*	*16,288.8*	*16,878.5*
4 6 leading SMSA's other than N.Y.C.[1]	5,152.7	4,937.5	5,917.1	5,887.1	6,155.7	6,055.5	6,420.4	6,213.1
5 226 others	7,107.9	7,661.8	9,159.0	9,360.2	9,653.9	9,541.1	9,868.4	10,665.4
				Turnover of deposits (annual rate)				
6 All 233 SMSA's	**128.0**	**131.0**	**153.5**	**153.3**	**155.2**	**158.2**	**160.2**	**160.6**
7 New York City	312.8	351.8	419.8	437.3	436.0	465.2	474.9	452.1
8 *232 SMSA's*	*86.6*	*84.7*	*97.0*	*93.8*	*97.3*	*96.3*	*97.7*	*100.8*
9 6 leading SMSA's other than N.Y.C.[1]	131.8	118.4	136.9	129.9	135.2	134.7	139.8	135.5
10 226 others	69.3	71.6	81.7	79.8	82.5	82.1	81.7	87.7

1 Boston, Philadelphia, Chicago, Detroit, San Francisco-Oakland, and Los Angeles-Long Beach.
2 Excludes interbank and U.S. Govt. demand deposit accounts.

NOTE.—Total SMSA's includes some cities and counties not designated as SMSA's.

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1973 Dec.	1974 Dec.	1975 Dec.	1976 Dec.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May	1977 June	1977 July
					Seasonally adjusted					
MEASURES[1]										
1 *M*-1	270.5	283.1	294.8	312.4	314.0	315.4	320.5	320.7	r321.9	326.8
2 *M*-2	571.4	612.4	664.3	740.3	750.7	756.1	764.6	767.6	r772.8	783.5
3 *M*-3	919.6	981.5	1,092.6	1,237.1	1,258.2	1,268.1	1,281.2	1,289.0	r1,299.5	1,316.9
4 *M*-4	634.4	701.4	746.5	803.5	814.0	818.2	826.2	829.9	836.8	846.3
5 *M*-5	982.5	1,070.5	1,174.7	1,300.3	1,321.5	1,330.3	1,342.8	1,351.3	1,363.4	1,379.7
COMPONENTS										
6 Currency	61.5	67.8	73.7	80.5	81.8	82.2	83.1	83.6	84.0	85.1
Commercial bank deposits:										
7 Demand	209.0	215.3	221.0	231.9	232.1	233.2	237.4	237.1	238.0	241.6
8 *Time and savings*	*363.9*	*418.3*	*451.7*	*491.1*	*500.0*	*502.8*	*505.7*	*509.2*	*514.8*	*519.5*
9 Negotiable CD's[2]	63.0	89.0	82.1	63.3	63.3	62.2	61.6	62.3	63.9	62.8
10 Other	300.9	329.3	369.6	427.9	436.7	440.6	444.1	446.9	450.9	456.7
11 Nonbank thrift institutions[3]	348.1	369.1	428.3	496.8	507.5	512.1	516.6	521.4	r526.6	533.4
					Not seasonally adjusted					
MEASURES[1]										
12 *M*-1	278.3	291.3	303.2	321.3	309.9	312.4	322.3	315.5	321.4	327.2
13 *M*-2	576.5	617.5	669.3	745.3	747.2	756.2	770.0	766.2	r774.5	784.0
14 *M*-3	921.8	983.8	1,094.3	1,237.9	1,253.1	1,269.8	1,290.2	1,290.3	r1,305.6	1,322.0
15 *M*-4	640.5	708.0	752.8	809.5	808.5	817.0	830.1	827.4	837.5	846.8
16 *M*-5	985.8	1,074.3	1,177.7	1,302.1	1,314.4	1,330.7	1,350.3	1,351.4	r1,368.6	1,384.8
COMPONENTS										
17 Currency	62.7	69.0	75.1	82.0	80.8	81.6	82.8	83.4	84.2	85.7
Commercial bank deposits:										
18 *Demand*	*215.7*	*222.2*	*228.1*	*239.3*	*229.1*	*230.9*	*239.6*	*232.1*	*r237.1*	*241.4*
19 Member	156.5	159.7	162.1	168.5	161.0	162.1	167.6	161.8	165.1	167.7
20 Domestic nonmember	56.3	58.5	62.6	67.3	64.6	65.2	68.3	66.6	68.3	69.5
21 *Time and savings*	*362.2*	*416.7*	*449.6*	*488.2*	*498.6*	*504.6*	*507.7*	*511.8*	*516.1*	519.6
22 Negotiable CD's[2]	64.0	90.5	83.5	64.3	61.3	60.8	60.1	61.2	63.0	62.8
23 Other	298.2	326.3	366.2	423.9	437.3	443.8	447.7	450.7	453.2	456.9
24 Nonbank thrift institutions[3]	345.3	366.3	424.9	492.6	505.9	513.6	520.2	524.1	r531.1	538.0
25 U.S. Govt. deposits (all commercial banks)	6.3	4.9	4.1	4.7	4.4	4.5	5.6	3.8	5.2	3.9

1 Composition of the money stock measures is as follows:

M-1: Averages of daily figures for (1) demand deposits of 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 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May	1977 June	1977 July
	Seasonally adjusted										
1 **Reserves** [1]	34.94	36.60	34.73	34.95	34.78	34.40	34.31	34.68	34.72	34.86	35.35
2 Nonborrowed	33.64	35.87	34.60	34.90	34.71	34.33	34,20	34.61	34.52	34.60	35.03
3 Required	34.64	36.34	34.47	34.68	34.51	34.20	34,09	34.49	34.51	34.71	35.08
4 **Deposits subject to reserve requirements** [2]	442.3	486.2	505.4	529.6	532.5	532.0	535.2	538.4	537.6	544.5	547.7
5 Time and savings	279.2	322.1	337.9	355.0	357.3	360.1	361.3	361.4	363.1	367.0	369.2
Demand:											
6 Private	158.1	160.6	164.5	171.4	172.5	169.5	171.1	173.4	172.3	173.8	175.8
7 U.S. Govt	5.0	3.5	3.0	3.2	2.7	2.5	2.8	3.6	2.1	3.7	2.8
	Not seasonally adjusted										
8 **Deposits subject to reserve requirements** [2]	447.5	491.8	510.9	534.8	537.7	528.7	534.0	541.3	535.8	544.5	547.6
9 Time and savings	278.5	321.7	337.2	353.6	357.0	358.4	361.7	362.3	364.7	367.8	369.5
Demand:											
10 Private	164.0	166.6	170.7	177.9	177.8	167.2	169.1	175.0	168.5	173.0	175.6
11 U.S. Govt	5.0	3.4	3.1	3.3	2.9	3.1	3.2	4.0	2.5	3.7	2.6

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 Mar. 30 p	1977 Apr. 27 p	1977 May 25 p	1977 June 30 p	1977 July 27 p	1977 Aug. 31 p
	Seasonally adjusted									
1 **Loans and investments** [1]	633.4	690.4	721.1	784.4	803.0	812.4	819.4	825.5	831.8	840.4
2 Including loans sold outright [2]	637.7	695.2	725.5	788.2	807.0	816.4	823.4	829.5	835.9	844.5
Loans:										
3 Total	449.0	500.2	496.9	538.9	551.0	557.7	562.1	567.0	574.5	582.4
4 Including loans sold outright [2]	453.3	505.0	501.3	542.7	555.0	561.7	566.1	571.0	578.6	586.5
5 Commercial and industrial [3]	156.4	183.3	176.0	179.5	182.9	184.9	185.9	188.3	189.6	191.6
6 Including loans sold outright [2,3]	159.0	186.0	178.5	181.9	185.6	187.7	188.7	191.1	192.4	194.4
Investments:										
7 U.S. Treasury	54.5	50.4	79.4	97.3	103.6	102.8	104.6	105.3	102.9	102.6
8 Other	129.9	139.8	144.8	148.2	148.4	151.9	152.7	153.2	154.4	155.4
	Not seasonally adjusted									
9 **Loans and investments** [1]	647.3	705.6	737.0	801.6	801.1	809.6	816.6	830.5	829.1	837.6
10 Including loans sold outright	651.6	710.4	741.4	805.4	805.1	813.6	820.6	834.5	833.2	841.7
Loans:										
11 Total [1]	458.5	510.7	507.4	550.2	547.7	553.5	561.3	574.4	575.4	583.6
12 Including loans sold outright [2]	462.8	515.5	511.8	554.0	551.7	557.5	565.3	578.4	579.5	587.7
13 Commercial and industrial [3]	159.4	186.8	179.3	182.9	182.8	185.1	186.1	190.7	189.6	190.6
14 Including loans sold outright [2,3]	162.0	189.5	181.8	185.3	185.5	187.9	188.9	193.5	192.4	195.4
Investments:										
15 U.S. Treasury	58.3	54.5	84.1	102.5	104.7	103.0	101.9	101.7	99.5	98.9
16 Other	130.6	140.5	145.5	148.9	148.7	153.1	153.4	154.4	154.2	155.1

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 Dec. 31	1976[3] Nov.	1976[3] Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.[p]	1977 May[p]	1977 June[p]	1977 July[p]	1977 Aug.
						All commercial						
1	**Loans and investments**	**775.8**	**817.6**	**846.4**	**824.2**	**831.6**	**840.4**	**846.5**	**853.1**	**864.5**	**866.2**	**877.8**
2	Loans, gross	546.2	571.0	594.9	575.3	580.4	587.0	590.4	597.8	609.5	612.5	623.8
	Investments:											
3	U.S. Treasury securities	84.1	98.0	102.5	101.1	102.6	104.7	103.0	101.9	101.3	99.5	98.9
4	Other	145.5	148.6	148.9	147.9	148.5	148.7	153.1	153.4	153.7	154.2	155.1
5	**Cash assets**	**133.6**	**127.0**	**136.1**	**120.1**	**127.1**	**122.8**	**122.7**	**119.4**	**124.5**	**124.7**	**134.0**
6	Currency and coin	12.3	11.9	12.1	12.8	12.5	12.9	13.3	13.1	13.6	13.3	13.6
7	Reserves with F.R. Banks	26.8	29.1	26.1	28.6	28.6	26.9	28.2	24.0	23.5	27.1	28.2
8	Balances with banks	47.3	42.5	49.6	39.2	41.5	41.9	40.1	41.3	42.9	40.4	44.0
9	Cash items in process of collection	47.3	43.5	48.4	39.6	44.4	41.1	41.0	41.0	44.4	43.9	48.3
10	**Total assets/total liabilities and capital**[1]	**964.9**	**995.7**	**1,030.7**	**996.7**	**1,011.6**	**1,018.2**	**1,024.8**	**1,026.9**	**1,044.9**	**1,047.4**	**1,068.2**
11	**Deposits**	**786.3**	**796.5**	**838.2**	**801.0**	**809.3**	**817.1**	**819.4**	**818.9**	**833.7**	**836.4**	850.5
	Demand:											
12	Interbank	41.8	39.1	45.4	35.3	36.6	37.6	33.9	35.2	37.3	37.7	39.0
13	U.S. Govt.	3.1	3.4	3.0	4.0	3.8	3.1	7.4	3.6	3.0	3.8	2.5
14	Other	278.7	264.0	288.4	260.6	264.5	263.1	267.9	262.8	272.5	272.3	282.7
	Time:											
15	Interbank	12.0	9.1	9.2	8.8	8.6	8.9	8.6	8.5	8.9	8.3	8.0
16	Other	450.6	481.0	492.2	492.3	495.9	504.4	501.6	508.8	511.9	514.4	518.4
17	Borrowings	60.2	84.6	80.2	82.5	87.6	84.5	88.2	87.6	90.2	90.6	93.1
18	***Total capital accounts***[2]	**69.1**	**74.8**	**78.1**	**76.3**	**76.8**	**77.1**	**77.5**	**78.1**	**78.7**	**78.9**	**79.4**
19	MEMO: Number of banks	14,633	14,674	14,671	14,667	14,688	14,685	14,690	14,695	14,702	14,709	14,702
						Member						
20	**Loans and investments**	**578.6**	**597.6**	**620.5**	**600.9**	**605.9**	**611.8**	**614.8**	**620.2**	**629.1**	**628.9**	**637.9**
21	Loans, gross	416.4	424.1	442.9	426.3	429.9	434.6	435.9	441.5	450.1	451.3	459.9
	Investments:											
22	U.S. Treasury securities	61.5	70.8	74.6	72.6	73.7	74.9	73.0	72.6	72.6	70.8	70.5
23	Other	100.7	102.7	103.1	102.0	102.3	102.3	105.8	106.1	106.4	106.7	107.5
24	**Cash assets, total**	**108.5**	**103.0**	**108.9**	**97.7**	**102.8**	**100.0**	**99.4**	**95.7**	**100.5**	**101.1**	**108.5**
25	Currency and coin	9.2	8.9	9.1	9.5	9.3	9.6	9.9	9.7	10.0	9.9	10.0
26	Reserves with F.R. Banks	26.8	29.1	26.0	28.6	28.6	26.9	28.2	24.0	23.5	27.1	28.2
27	Balances with banks	26.9	23.3	27.4	21.5	22.2	24.0	21.9	22.6	24.2	21.9	23.9
28	Cash items in process of collection	45.5	41.8	46.5	38.1	42.7	39.5	39.4	39.3	42.7	42.2	46.4
29	**Total assets/total liabilities and capital**[1]	**733.6**	**744.8**	**772.9**	**744.6**	**755.1**	**759.7**	**762.7**	**763.9**	**778.9**	**780.1**	**796.2**
30	***Deposits***	**590.8**	**584.8**	**618.7**	**587.0**	**592.0**	**598.1**	**597.8**	**597.4**	**609.4**	**610.6**	**622.1**
	Demand:											
31	Interbank	38.6	37.2	42.4	33.1	34.1	35.3	31.6	32.9	34.9	35.3	36.6
32	U.S. Govt.	3.2	2.4	2.1	3.0	2.7	2.1	5.9	2.7	2.2	2.8	1.7
33	Other	210.8	196.0	215.5	193.7	196.6	195.9	199.0	195.1	202.7	202.1	211.0
	Time:											
34	Interbank	10.0	7.0	7.2	6.8	6.6	6.9	6.6	6.5	6.9	6.3	6.0
35	Other	329.1	342.1	351.5	350.3	351.9	357.9	354.7	360.3	362.7	364.1	366.9
36	Borrowings	53.6	76.4	71.7	73.6	78.0	75.3	78.1	77.5	80.0	80.4	82.5
37	**Total capital accounts**[2]	**52.1**	**56.6**	**58.6**	**57.7**	**57.9**	**58.1**	**58.3**	**58.8**	**59.2**	**59.5**	**59.9**
38	MEMO: Number of banks	5,788	5,767	5,759	5,739	5,740	5,739	5,726	5,708	5,721	5,701	5,701

[1] Includes items not shown separately.

Effective Mar. 31, 1976, some of the item "reserve for loan losses" and all of the item "unearned income on loans" are no longer reported as liabilities. As of that date the "valuation" portion of "reserve for loan losses" and the "unearned income on loans" have been netted against "other assets," and against "total assets" as well.

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

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

[3] Figures partly estimated except on call dates.

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

Commercial banks: All such banks in the United States, including member and nonmember banks, stock savings banks, nondeposit trust companies, and U.S. branches of foreign banks, but excluding one national bank in Puerto Rico and one in the Virgin Islands.

Member banks: The following numbers of noninsured trust companies that are members of the Federal Reserve System are excluded from member banks in Tables 1.24 and 1.25 and are included with noninsured banks in Table 1.25: 1974—June, 2; December, 3; 1975—June and December, 4; 1976 (beginning month shown)—July, 5, December, 7; 1977—January 8.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars except for number of banks

	Account	1975 June 30	1975 Dec. 31	1976 June 30	1976 Dec. 31	1975 June 30	1975 Dec. 31	1976 June 30	1976 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]					Nonmember 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	3,033	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	*Trading-account securities*	*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	*Bank investment portfolios*	*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	*Real estate loans*	*153,309*	*106,810*	*9,315*	*1,966*	*38,372*	*57,156*	*46,499*
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*	*1,153*	*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	*Loans to financial institutions*	*33,501*	*31,511*	*11,103*	*4,254*	*13,380*	*2,774*	*1,990*
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 depositary 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 purch./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	*Instalment loans*	*95,312*	*66,110*	*4,339*	*1,029*	*23,584*	*37,158*	*29,201*
57	Passenger automobiles	41,171	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	1,015	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]					Nonmember 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	1,203	1,057	517	1	254	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	137	112	....	....	10	102	25
86	Mutual savings banks	352	331	128	43	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	536	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. Govt	6,294	4,540	539	82	1,076	2,844	1,754
97	All other	126	115	82	1	25	8	11
98	**Total deposits**	**823,090**	**612,081**	**104,006**	**25,063**	**215,676**	**267,336**	**211,027**
99	**Federal funds purchased and securities sold under agreements to repurchase**	73,846	70,496	15,854	9,249	35,905	9,489	3,350
100	Commercial banks	40,778	39,292	6,646	6,303	21,715	4,628	1,486
101	Brokers and dealers	8,472	8,145	1,454	1,335	4,484	870	327
102	Others	24,597	23,060	7,754	1,610	9,705	3,991	1,537
103	Other liabilities for borrowed money	5,229	4,977	2,373	102	2,119	383	252
104	Mortgage indebtedness	797	570	58	4	307	202	228
105	Bank acceptances outstanding	12,278	11,920	6,340	632	4,634	314	358
106	Other liabilities	17,433	15,097	4,939	807	6,049	3,303	2,442
107	**Total liabilities**	**932,674**	**715,142**	**133,570**	**35,856**	**264,689**	**281,027**	**217,656**
108	Subordinated notes and debentures	5,145	4,095	1,120	82	1,826	1,066	1,051
109	**Equity capital**	**73,662**	**55,436**	**11,315**	**2,638**	**18,628**	**22,855**	**18,236**
110	Preferred stock	67	25	....	....	2	23	42
111	Common stock	16,419	11,994	2,453	570	3,847	5,124	4,430
112	Surplus	29,165	21,497	4,230	1,243	7,686	8,338	7,671
113	Undivided profits	26,266	20,706	4,594	772	6,670	8,671	5,562
114	Other capital reserves	1,745	1,215	38	53	424	700	531
115	**Total liabilities and equity capital**	**1,011,482**	**774,673**	**146,005**	**38,576**	**285,143**	**304,948**	**236,942**
	MEMO ITEMS:							
116	Demand deposits adjusted[2]	231,519	165,830	24,269	5,588	57,408	78,564	65,690
	Average for last 15 or 30 days:							
117	Cash and due from bank	121,842	103,888	29,188	4,578	38,072	32,050	17,956
118	Federal funds sold and securities purchased under agreements to resell	42,908	33,274	3,121	1,384	16,897	11,873	9,675
119	Total loans	521,907	395,321	70,296	21,429	145,777	157,820	126,586
120	Time deposits of $100,000 or more	129,513	105,527	26,714	9,715	41,042	28,056	23,986
121	Total deposits	805,559	596,858	95,782	25,106	211,304	264,665	208,712
122	Federal funds purchased and securities sold under agreements to repurchase	76,919	73,461	19,126	9,305	35,188	9,842	3,458
123	Other liabilities for borrowed money	4,489	4,231	2,052	90	1,739	350	258
124	Standby letters of credit outstanding	12,593	11,931	6,925	996	3,242	768	662
125	Time deposits of $100,000 or more	131,851	107,632	26,650	9,501	42,859	28,621	24,219
126	Certificates of deposit	109,696	88,947	22,351	8,270	34,294	24,033	20,749
127	Other time deposits	22,155	18,685	4,299	1,231	8,565	4,589	3,470
128	Number of banks	14,405	5,737	12	9	154	5,562	8,678

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

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-premises subsidiaries and other significant majority-owned domestic subsidiaries. Securities are reported on a gross basis before deductions of valuation reserves. Holdings by type of security will be reported as soon as they become available.

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

1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1977							
	July 13	July 20	July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24	Aug. 31
1 **Total loans and investments**	**425,072**	**425,456**	**422,237**	**427,160**	**428,233**	**428,622**	**425,702**	**428,120**
Loans:								
2 *Federal funds sold*[1]	*23,170*	*22,840*	*21,614*	*24,359*	*25,638*	*24,096*	*22,960*	*24,007*
3 To commercial banks	18,063	18,304	16,914	18,755	17,218	17,121	16,864	18,331
To brokers and dealers involving—								
4 U.S. Treasury securities	3,062	2,253	2,543	2,809	4,964	3,779	3,289	2,989
5 Other securities	332	402	424	542	561	526	486	482
6 To others	1,713	1,881	1,733	2,253	2,895	2,670	2,321	2,205
7 *Other, gross*	*298,202*	*298,978*	*298,948*	*301,240*	*301,365*	*302,068*	*300,899*	*301,968*
8 Commercial and industrial	118,592	118,441	118,863	119,308	119,043	118,901	119,036	119,076
9 Agricultural	4,715	4,739	4,745	4,785	4,800	4,804	4,752	4,758
For purchasing or carrying securities:								
To brokers and dealers:								
10 U.S. Treasury securities	1,735	1,146	972	1,570	1,875	1,635	1,612	1,126
11 Other securities	8,576	9,306	8,841	9,458	9,057	9,414	8,471	9,031
To others:								
12 U.S. Treasury securities	77	73	72	70	70	83	74	74
13 Other securities	2,556	2,548	2,574	2,569	2,583	2,582	2,578	2,603
To nonbank financial institutions:								
14 *Personal and sales finance cos., etc.*	7,411	7,175	7,220	7,231	7,663	7,364	7,374	7,463
15 Other	15,362	15,305	15,295	15,230	15,302	15,250	14,941	15,022
16 Real estate	68,303	68,538	68,748	68,964	69,243	69,447	69,656	69,898
To commercial banks:								
17 Domestic	2,013	1,972	1,912	1,838	1,721	1,941	1,837	1,800
18 Foreign	5,765	6,152	5,911	6,156	5,784	5,834	5,851	6,056
19 Consumer instalment	41,849	42,018	42,265	42,380	42,557	42,748	43,024	43,195
20 Foreign governments, official institutions, etc.	1,539	1,538	1,624	1,564	1,632	1,574	1,560	1,590
21 All other loans	19,709	20,027	19,906	20,117	20,035	20,491	20,133	20,276
22 LESS: Loan loss reserve and unearned income on loans	8,996	9,050	9,082	9,099	9,180	9,227	9,265	9,282
23 *Other loans, net*	*289,206*	*289,928*	*289,866*	*292,141*	*292,185*	*292,841*	*291,634*	*292,686*
Investments:								
24 *U.S. Treasury securities*	*47,816*	*47,889*	*46,565*	*46,726*	*45,930*	*47,209*	*46,718*	*46,636*
25 Bills	8,885	8,886	8,060	8,025	7,813	8,094	8,285	8,245
Notes and bonds, by maturity:								
26 Within 1 year	9,113	9,283	9,233	9,248	9,175	9,010	8,921	9,094
27 1 to 5 years	25,667	25,680	25,331	25,679	25,244	26,000	25,546	25,222
28 After 5 years	4,151	4,040	3,941	3,774	3,698	4,105	3,966	4,075
29 *Other securities*	*64,880*	*64,799*	*64,192*	*63,934*	*64,480*	*64,476*	*64,390*	*64,791*
Obligations of States and political subdivisions:								
30 Tax warrants, short-term notes, and bills	9,234	8,865	8,662	8,624	9,272	9,050	8,885	9,008
31 All other	41,888	41,930	41,771	41,725	41,716	41,773	41,697	41,872
Other bonds, corporate stocks, and securities:								
32 Certificates of participation[2]	2,063	2,105	2,057	2,050	2,048	2,017	1,985	2,066
33 All other, including corporate stocks	11,695	11,899	11,702	11,535	11,444	11,636	11,823	11,845
34 Cash items in process of collection	38,665	41,353	38,362	40,722	35,519	37,922	34,544	41,051
35 Reserves with F.R. Banks	18,779	22,048	20,584	21,268	17,878	18,889	18,371	20,254
36 Currency and coin	6,047	5,945	6,028	5,152	5,710	5,862	6,013	6,060
37 Balances with domestic banks	12,785	12,976	12,603	13,024	12,741	12,977	12,661	13,854
38 Investments in subsidiaries not consolidated	2,672	2,738	2,767	2,771	2,688	2,308	2,326	2,325
39 Other assets	56,569	55,412	54,709	55,626	54,635	53,433	53,041	54,667
40 **Total assets/total liabilities**	**560,589**	**565,928**	**557,191**	**565,723**	**557,404**	**560,013**	**552,658**	**566,331**
Deposits:								
41 *Demand deposits*	*177,853*	*181,059*	*175,902*	*179,973*	*171,688*	*175,092*	*168,704*	*180,908*
42 Individuals, partnerships, and corporations	130,141	129,877	126,417	128,296	124,918	127,719	122,941	129,253
43 States and political subdivisions	5,634	5,966	5,815	6,079	5,361	5,740	5,495	6,065
44 U.S. Govt.	1,305	2,610	1,902	2,777	1,653	1,465	1,075	1,019
Domestic interbank:								
45 Commercial	25,410	25,374	25,088	26,049	24,341	25,137	24,394	26,645
46 Mutual savings	926	956	897	1,032	958	946	827	969
Foreign:								
47 Governments, official institutions, etc.	1,091	1,316	1,567	1,272	1,390	937	1,228	1,706
48 Commercial banks	6,145	6,814	7,044	6,651	6,018	6,091	6,190	6,589
49 Certified and officers' checks	7,201	8,145	7,172	7,817	7,049	6,967	6,554	8,662
50 *Time and savings deposits*[3]	*237,138*	*237,099*	*237,766*	*238,498*	*238,751*	*238,899*	*239,228*	*239,361*
51 Savings[4]	94,380	94,370	94,351	94,329	94,301	94,131	93,914	93,715
Time:	142,758	142,729	143,415	144,169	144,450	144,768	145,314	145,646
52 Individuals, partnerships, and corporations	108,996	109,268	109,651	110,462	110,807	111,353	111,785	111,938
53 States and political subdivisions	20,343	20,474	20,666	20,569	20,642	20,810	21,040	21,218
54 Domestic interbank	4,421	4,416	4,388	4,332	4,223	4,126	4,065	4,109
55 Foreign govts., official institutions, etc.	7,386	6,971	7,122	7,212	7,201	6,882	6,853	6,839
56 Federal funds purchased, etc.[5]	73,166	74,537	71,381	73,473	72,453	71,211	69,015	70,744
Borrowings from:								
57 F.R. Banks	263	68	289	435	736	738	1,938	858
58 Others	3,785	3,627	3,553	3,579	3,643	3,994	3,964	4,088
59 Other liabilities, etc.[6]	25,340	26,535	25,236	26,475	26,806	26,903	26,490	26,742
60 Total equity capital and subordinated notes/debentures[7]	43,044	43,003	43,064	43,290	43,327	43,266	43,319	43,630

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							
		July 13	July 20	July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24	Aug. 31
1	**Total loans and investments**	**92,160**	**92,739**	**90,171**	**92,099**	**92,150**	**93,331**	**91,490**	**92,806**
	Loans:								
2	*Federal funds sold* [1]	*3,417*	*3,760*	*2,761*	*3,966*	*4,657*	*4,909*	*4,109*	*4,803*
3	To commercial banks	1,906	2,339	1,465	1,992	2,295	2,586	2,468	3,303
	To brokers and dealers involving								
4	U.S. Treasury securities	884	469	636	835	1,056	1,146	714	674
5	Other securities	3	0	0	20	0	0	0	0
6	To others	624	952	660	1,119	1,306	1,177	927	826
7	*Other, gross*	*67,892*	*68,036*	*67,435*	*68,950*	*68,566*	*68,644*	*67,724*	*68,121*
8	Commercial and industrial	33,840	33,677	33,897	34,034	33,938	33,792	33,818	33,906
9	Agricultural	148	146	145	142	145	144	122	123
	For purchasing or carrying securities:								
	To brokers and dealers:								
10	U.S. Treasury securities	1,444	927	826	1,408	1,709	1,436	1,322	964
11	Other securities	4,324	4,920	4,557	5,190	4,780	5,136	4,596	4,906
	To others:								
12	U.S. Treasury securities	25	24	23	23	24	29	28	25
13	Other securities	347	341	376	375	378	383	380	383
	To nonbank financial institutions:								
14	Personal and sales finance cos., etc.	2,527	2,351	2,390	2,425	2,753	2,577	2,542	2,534
15	Other	4,727	4,747	4,758	4,745	4,757	4,739	4,655	4,667
16	Real estate	8,701	8,685	8,680	8,684	8,687	8,671	8,688	8,696
	To commercial banks:								
17	Domestic	752	743	708	635	543	631	614	603
18	Foreign	2,689	2,933	2,777	2,907	2,506	2,641	2,623	2,863
19	Consumer instalment	4,144	4,152	4,159	4,091	4,117	4,134	4,158	4,170
20	Foreign governments, official institutions, etc.	365	375	418	372	438	356	341	381
21	All other loans	3,859	4,015	3,721	3,919	3,791	3,975	3,837	3,900
22	LESS: Loan loss reserve and unearned income on loans	1,626	1,642	1,634	1,647	1,688	1,695	1,683	1,716
23	*Other loans, net*	*66,266*	*66,394*	*65,801*	*67,303*	*66,878*	*66,949*	*66,041*	*66,405*
	Investments:								
24	*U.S. Treasury securities*	*12,002*	*12,070*	*11,310*	*10,712*	*10,278*	*11,198*	*11,137*	*11,285*
25	Bills	3,686	3,739	3,083	2,669	2,529	3,024	3,166	3,184
	Notes and bonds, by maturity:								
26	Within 1 year	1,355	1,412	1,440	1,356	1,374	1,356	1,314	1,486
27	1 to 5 years	5,914	5,898	5,918	5,869	5,583	5,835	5,811	5,805
28	After 5 years	1,147	1,021	968	818	792	983	846	810
29	*Other securities*	*10,475*	*10,515*	*10,299*	*10,118*	*10,337*	*10,275*	*10,203*	*10,313*
	Obligations of States and political subdivisions:								
30	Tax warrants, short-term notes, and bills	2,525	2,443	2,334	2,259	2,565	2,431	2,320	2,319
31	All other	6,298	6,338	6,323	6,268	6,231	6,203	6,214	6,231
	Other bonds, corporate stocks, and securities:								
32	Certificates of participation [2]	200	196	195	194	194	193	193	193
33	All other, including corporate stocks	1,452	1,538	1,447	1,397	1,347	1,448	1,476	1,570
34	Cash items in process of collection	12,457	15,930	14,161	14,281	12,461	12,278	11,843	16,243
35	Reserves with F.R. Banks	5,871	5,134	5,288	6,306	5,810	5,318	6,228	5,687
36	Currency and coin	865	825	857	827	837	831	843	856
37	Balances with domestic banks	5,630	6,210	5,571	5,979	6,042	6,068	6,002	6,861
38	Investments in subsidiaries not consolidated	1,302	1,312	1,307	1,308	1,310	1,313	1,311	1,311
39	Other assets	20,170	20,096	20,212	19,707	19,069	17,910	17,809	18,774
40	**Total assets/total liabilities**	**138,455**	**142,246**	**137,567**	**140,507**	**137,679**	**137,049**	**135,526**	**142,538**
	Deposits:								
41	*Demand deposits*	*49,390*	*53,777*	*50,927*	*51,631*	*48,574*	*48,767*	*47,304*	*54,891*
42	Individuals, partnerships, and corporations	27,314	29,190	27,035	28,015	26,419	27,192	25,714	29,332
43	States and political subdivisions	491	519	474	499	485	531	497	840
44	U.S. Govt.	97	514	298	469	280	173	102	101
	Domestic interbank:								
45	Commercial	12,066	12,166	12,245	12,024	11,735	11,784	12,095	13,004
46	Mutual savings	496	510	480	550	533	514	432	531
	Foreign:								
47	Governments, official institutions, etc.	811	1,060	1,282	1,043	1,161	725	918	1,473
48	Commercial banks	4,598	5,369	5,544	5,169	4,584	4,666	4,596	4,993
49	Certified and officers' checks	3,517	4,449	3,569	3,862	3,377	3,182	2,950	4,617
50	*Time and savings deposits* [3]	*41,562*	*41,466*	*41,486*	*41,799*	*42,026*	*42,027*	*41,857*	*41,746*
51	Savings [4]	10,663	10,671	10,634	10,598	10,598	10,581	10,510	10,449
	Time:	30,899	30,795	30,852	31,201	31,428	31,446	31,347	31,297
52	Individuals, partnerships, and corporations	23,072	23,071	23,028	23,220	23,475	23,750	23,635	23,604
53	States and political subdivisions	1,256	1,281	1,303	1,369	1,410	1,452	1,451	1,403
54	Domestic interbank	1,636	1,613	1,587	1,585	1,549	1,512	1,516	1,547
55	Foreign govts., official institutions, etc.	4,060	3,969	4,071	4,162	4,139	3,862	3,902	3,899
56	Federal funds purchased, etc. [5]	22,267	21,054	20,130	20,810	20,785	20,035	19,376	19,815
	Borrowings from:								
57	F.R. Banks	...	...	...	...	...	...	1,018	...
58	Others	1,552	1,483	1,409	1,486	1,456	1,509	1,453	1,652
59	Other liabilities, etc. [6]	11,500	12,295	11,435	12,540	12,574	12,451	12,253	12,035
60	Total equity capital and subordinated notes/debentures [7]	12,184	12,171	12,180	12,241	12,264	12,260	12,265	12,399

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							
		July 13	July 20	July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24	Aug. 31
1	**Total loans and investments**	**332,912**	**332,717**	**332,066**	**335,061**	**336,083**	**335,291**	**334,122**	**335,314**
	Loans:								
2	*Federal funds sold*[1]	*19,753*	*19,080*	*18,853*	*20,393*	*20,981*	*19,187*	*18,851*	*19,204*
3	To commercial banks	16,157	15,965	15,449	16,763	14,923	14,535	14,396	15,028
	To brokers and dealers involving—								
4	U.S. Treasury securities	2,178	1,784	1,907	1,974	3,908	2,633	2,575	2,315
5	Other securities	329	402	424	522	561	526	486	482
6	To others	1,089	929	1,073	1,134	1,589	1,493	1,394	1,379
7	*Other, gross*	*230,310*	*230,942*	*231,513*	*232,290*	*232,799*	*233,424*	*233,175*	*233,847*
8	Commercial and industrial	84,752	84,764	84,966	85,274	85,105	85,109	85,218	85,170
9	Agricultural	4,567	4,593	4,600	4,643	4,655	4,660	4,630	4,635
	For purchasing or carrying securities:								
	To brokers and dealers:								
10	U.S. Treasury securities	291	219	146	162	166	199	290	162
11	Other securities	4,252	4,386	4,284	4,268	4,277	4,278	3,875	4,125
	To others:								
12	U.S. Treasury securities	52	49	49	47	46	54	46	49
13	Other securities	2,209	2,207	2,198	2,194	2,205	2,199	2,198	2,220
	To nonbank financial institutions:								
14	Personal and sales finance cos., etc.	4,884	4,824	4,830	4,806	4,910	4,787	4,832	4,929
15	Other	10,635	10,558	10,537	10,485	10,545	10,511	10,286	10,355
16	Real estate	59,602	59,853	60,068	60,280	60,556	60,776	60,968	61,202
	To commercial banks:								
17	Domestic	1,261	1,229	1,204	1,203	1,178	1,310	1,223	1,197
18	Foreign	3,076	3,219	3,134	3,249	3,278	3,193	3,228	3,193
19	Consumer instalment	37,705	37,866	38,106	38,289	38,440	38,614	38,866	39,025
20	Foreign governments, official institutions, etc.	1,174	1,163	1,206	1,192	1,194	1,218	1,219	1,209
21	All other loans	15,850	16,012	16,185	16,198	16,244	16,516	16,296	16,376
22	LESS: Loan reserve and unearned income on loans	7,370	7,408	7,448	7,452	7,492	7,532	7,582	7,566
23	*Other loans, net*	*222,940*	*223,534*	*224,065*	*224,838*	*225,307*	*225,892*	*225,593*	*226,281*
	Investments:								
24	*U.S. Treasury securities*	*35,814*	*35,819*	*35,255*	*36,014*	*35,652*	*36,011*	*35,581*	*35,351*
25	Bills	5,199	5,147	4,977	5,356	5,284	5,070	5,119	5,061
	Notes and bonds, by maturity:								
26	Within 1 year	7,758	7,871	7,793	7,892	7,801	7,654	7,607	7,608
27	1 to 5 years	19,853	19,782	19,512	19,810	19,661	20,165	19,735	19,417
28	After 5 years	3,004	3,019	2,973	2,956	2,906	3,122	3,120	3,265
29	*Other securities*	*54,405*	*54,284*	*53,893*	*53,816*	*54,143*	*54,201*	*54,187*	*54,478*
	Obligations of States and political subdivisions:								
30	Tax warrants, short-term notes, and bills	6,709	6,422	6,328	6,365	6,707	6,619	6,565	6,689
31	All other	35,590	35,592	35,448	35,457	35,485	35,570	35,483	35,641
	Other bonds, corporate stocks, and securities:								
32	Certificates of participation[2]	1,863	1,909	1,862	1,856	1,854	1,824	1,792	1,873
33	All other, including corporate stocks	10,243	10,361	10,255	10,138	10,097	10,188	10,347	10,275
34	Cash items in process of collection	26,208	25,423	24,201	26,441	23,058	25,644	22,701	24,808
35	Reserves with F. R. Banks	12,908	16,914	15,197	14,962	12,068	13,571	12,143	14,567
36	Currency and coin	5,182	5,120	5,171	4,325	4,873	5,031	5,170	5,204
37	Balances with domestic banks	7,155	6,766	7,032	7,045	6,699	6,909	6,659	6,993
38	Investments in subsidiaries not consolidated	1,370	1,426	1,460	1,463	1,378	995	1,015	1,014
39	Other assets	36,399	35,316	34,497	35,919	35,566	35,523	35,232	35,893
40	**Total assets/total liabilities**	**422,134**	**423,682**	**419,624**	**425,216**	**419,725**	**422,964**	**417,132**	**423,793**
	Deposits:								
41	*Demand deposits*	*128,463*	*127,282*	*124,975*	*128,342*	*123,114*	*126,235*	*121,400*	*126,017*
42	Individuals, partnerships, and corporations	102,827	100,687	99,382	100,281	98,499	100,527	97,227	99,921
43	States and political subdivisions	5,143	5,447	5,341	5,580	4,876	5,209	4,998	5,225
44	U.S. Govt.	1,208	2,096	1,604	2,308	1,373	1,292	973	918
	Domestic interbank:								
45	Commercial	13,344	13,208	12,843	14,025	12,606	13,353	12,299	13,641
46	Mutual savings	430	446	417	482	425	432	395	438
	Foreign:								
47	Governments, official institutions, etc.	280	256	285	229	229	212	310	233
48	Commercial banks	1,547	1,446	1,500	1,482	1,434	1,425	1,594	1,596
49	Certified and officers' checks	3,684	3,696	3,603	3,955	3,672	3,785	3,604	4,045
50	*Time and savings deposits*[3]	*195,576*	*195,633*	*196,280*	*196,699*	*196,725*	*196,872*	*197,371*	*197,615*
51	Savings[4]	83,717	83,699	83,717	83,731	83,703	83,550	83,404	83,266
	Time:	111,859	111,934	112,563	112,968	113,022	113,322	113,967	114,349
52	Individuals, partnerships, and corporations	85,924	86,197	86,623	87,242	87,332	87,603	88,150	88,334
53	States and political subdivisions	19,087	19,193	19,363	19,200	19,232	19,358	19,589	19,815
54	Domestic interbank	2,785	2,803	2,801	2,747	2,674	2,614	2,549	2,562
55	Foreign govts., official institutions, etc.	3,326	3,002	3,051	3,050	3,062	3,020	2,951	2,940
56	Federal funds purchased, etc.[5]	50,899	53,483	51,251	52,663	51,668	51,176	49,639	50,929
	Borrowings from:								
57	F. R. Banks	263	68	289	435	736	738	920	858
58	Others	2,233	2,144	2,144	2,093	2,187	2,485	2,511	2,436
59	Other liabilities, etc.[6]	13,840	14,240	13,801	13,935	14,232	14,452	14,237	14,707
60	Total equity capital and subordinated notes/debentures[7]	30,860	30,832	30,884	31,049	31,063	31,006	31,054	31,231

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							
		July 13	July 20	July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24	Aug. 31
	Total loans (gross) and investments, adjusted[1]								
1	*Large banks*	*413,992*	*414,230*	*412,493*	*415,666*	*415,474*	*418,787*	*416,266*	*417,271*
2	New York City banks	91,128	91,299	89,632	91,119	91,000	91,809	90,091	90,616
3	Banks outside New York City	322,864	322,931	322,861	324,547	327,474	326,978	326,175	326,655
	Total loans (gross), adjusted								
4	*Large banks*	*301,296*	*301,542*	*301,736*	*305,006*	*308,664*	*307,192*	*305,158*	*305,844*
5	New York City banks	68,651	68,714	68,023	70,289	70,385	70,336	68,751	69,018
6	Banks outside New York City	232,645	232,828	233,713	234,717	237,679	236,766	236,407	236,826
	Demand deposits, adjusted[2]								
7	*Large banks*	*112,473*	*111,722*	*110,550*	*110,425*	*110,175*	*110,478*	*108,691*	*112,193*
8	New York City banks	24,770	25,167	24,223	24,857	24,098	24,532	23,264	25,543
9	Banks outside New York City	87,703	86,555	86,327	85,568	86,077	85,946	85,427	86,650
	Large negotiable time CD's included in time and savings deposits[3]								
	Total:								
10	**Large banks**	**62,544**	**62,329**	**63,082**	**63,914**	**64,272**	**64,510**	**64,943**	**64,741**
11	New York City	20,056	19,976	20,018	20,232	20,455	20,466	20,428	20,251
12	Banks outside New York City	42,488	42,353	43,064	43,682	43,817	44,044	44,515	44,490
	Issued to IPC's:								
13	*Large banks*	*41,585*	*41,704*	*42,144*	*42,840*	*43,229*	*43,683*	*44,287*	*43,865*
14	New York City Banks	13,696	13,691	13,657	13,725	14,003	14,261	14,201	13,979
15	Banks outside New York City	27,889	28,013	28,487	29,115	29,226	29,422	29,886	29,886
	Issued to others:								
16	*Large banks*	*20,959*	*20,625*	*20,938*	*21,074*	*21,043*	*20,827*	*20,856*	*20,876*
17	New York City banks	6,360	6,285	6,361	6,507	6,452	6,205	6,227	6,272
18	Banks outside New York City	14,599	14,340	14,577	14,567	14,591	14,622	14,629	14,604
	All other large time deposits[4]								
	Total:								
19	**Large banks**	**26,788**	**26,999**	**27,098**	**27,060**	**26,965**	**26,983**	**27,130**	**27,419**
20	New York City banks	5,500	5,462	5,468	5,560	5,588	5,574	5,610	5,589
21	Banks outside New York City	21,288	21,537	21,630	21,500	21,377	21,409	21,520	21,830
	Issued to IPC's:								
22	*Large banks*	*14,761*	*14,927*	*14,997*	*15,128*	*15,087*	*15,099*	*15,173*	*15,347*
23	New York City banks	4,093	4,084	4,081	4,151	4,157	4,150	4,187	4,235
24	Banks outside New York City	10,668	10,843	10,916	10,977	10,930	10,949	10,986	11,112
	Issued to others:								
25	*Large banks*	*12,027*	*12,072*	*12,101*	*11,932*	*11,878*	*11,884*	*11,957*	*12,072*
26	New York City banks	1,407	1,378	1,387	1,409	1,431	1,424	1,423	1,354
27	Banks outside New York City	10,620	10,694	10,714	10,523	10,447	10,460	10,534	10,718
	Savings deposits, by ownership category								
	Individuals and nonprofit organizations:								
28	*Large banks*	*87,373*	*87,358*	*87,357*	*87,325*	*87,244*	*87,156*	*86,967*	*86,783*
29	New York City banks	9,734	9,733	9,720	9,690	9,686	9,679	9,648	9,583
30	Banks outside New York City	77,639	77,625	77,637	77,635	77,558	77,477	77,319	77,200
	Partnerships and corporations for profit:[5]								
31	*Large banks*	*5,077*	*5,086*	*5,132*	*5,108*	*5,167*	*5,158*	*5,191*	*5,163*
32	New York City banks	573	570	573	573	575	572	573	563
33	Banks outside New York City	4,504	4,516	4,559	4,535	4,592	4,586	4,618	4,600
	Domestic governmental units:								
34	*Large banks*	*1,886*	*1,884*	*1,820*	*1,856*	*1,828*	*1,760*	*1,712*	*1,723*
35	New York City banks	332	347	320	313	293	291	262	275
36	Banks outside New York City	1,554	1,537	1,500	1,543	1,535	1,469	1,450	1,448
	All other:[6]								
37	*Large banks*	*44*	*42*	*42*	*40*	*62*	*57*	*44*	*46*
38	New York City banks	24	21	21	22	44	39	27	28
39	Banks outside New York City	20	21	21	18	18	18	17	18
	Gross liabilities of banks to their foreign branches								
40	*Large banks*	*3,426*	*4,725*	*3,431*	*3,073*	*3,542*	*3,930*	*3,579*	*4,294*
41	New York City banks	2,160	3,083	1,613	1,844	2,007	2,070	1,922	2,322
42	Banks outside New York City	1,266	1,642	1,818	1,229	1,535	1,860	1,657	1,972
	Loans sold outright to selected institutions by all large banks[7]								
43	Commercial and industrial	2,827	2,829	2,839	2,839	2,832	2,807	2,851	N.A.
44	Real estate	195	209	196	211	212	215	217	N.A.
45	All other	1,011	1,006	1,015	1,019	1,013	1,014	1,025	N.A.

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 1977					Net change during— 1977		1977		
	Aug. 3	Aug. 10	Aug. 17	Aug. 24	Aug. 31	Q1	Q2	June	July	Aug.
	Total loans classified[2]									
1 **Total**	**97,030**	**96,812**	**96,703**	**96,864**	**96,868**	**−916**	**1,542**	**r1,542**	**602**	**213**
Durable goods manufacturing:										
2 Primary metals	2,308	2,316	2,406	2,389	2,392	377	−161	10	−93	69
3 Machinery	4,763	4,783	4,649	4,560	4,513	108	38	56	−60	−231
4 Transportation equipment	2,384	2,375	2,362	2,336	2,322	74	94	−18	23	−99
5 Other fabricated metal products	1,969	1,946	1,917	1,884	1,845	181	70	72	−25	91
6 Other durable goods	3,645	3,671	3,659	3,658	3,659	90	323	228	−65	57
Nondurable goods manufacturing:										
7 Food, liquor, and tobacco	3,179	3,202	3,300	3,319	3,302	−151	−21	43	−151	125
8 Textiles, apparel, and leather	4,076	4,122	4,036	4,031	4,035	381	475	226	−193	−10
9 Petroleum refining	2,693	2,655	2,650	2,682	2,702	−305	285	134	10	71
10 Chemicals and rubber	2,765	2,791	2,809	2,814	2,792	131	68	32	11	24
11 Other nondurable goods	2,098	2,129	2,087	2,091	2,091	147	−22	−33	−8	77
12 Mining, including crude petroleum and natural gas	8,128	8,129	8,179	8,175	8,182	94	767	403	−12	22
Trade:										
13 Commodity dealers	1,597	1,490	1,428	1,409	1,387	204	−434	−86	−207	−109
14 Other wholesale	6,786	6,771	6,676	6,692	6,735	465	36	−40	−31	5
15 Retail	7,159	7,088	7,040	7,149	7,141	405	380	140	282	−28
16 Transportation	4,911	4,918	4,947	4,992	4,978	−140	−128	27	−123	64
17 Communication	1,283	1,246	1,261	1,241	1,255	−10	−152	107	36	23
18 Other public utilities	5,250	5,130	5,129	5,141	5,128	−61	12	167	−314	−110
19 Construction	4,356	4,413	4,397	4,420	4,397	64	294	148	114	16
20 Services	11,202	11,157	11,168	11,149	11,159	398	331	23	−147	22
21 All other domestic loans	7,731	7,803	7,834	7,833	7,863	−303	105	69	−32	174
22 Bankers acceptances	3,567	3,521	3,605	3,688	3,770	−2,770	−263	6	11	79
23 Foreign commercial and industrial loans	5,180	5,156	5,164	5,211	5,220	−135	−545	−99	−14	−16
MEMO:										
24 Commercial paper included in total classified loans[1]					105	−216	−34	70	−75	−138
25 Total commercial and industrial loans of all large weekly reporting banks	119,308	119,043	118,901	119,036	119,076	203	2,648	1,819	−576	213
	1977					1977		1977		
	Apr. 27	May 25	June 29	July 27	Aug. 31	Q1	Q2	June	July	Aug.
	"Term" loans classified[3]									
26 **Total**	**45,893**	**46,107**	**46,516**	**45,901**	**46,009**	**630**	**675**	**409**	**−615**	**108**
Durable goods manufacturing:										
27 Primary metals	1,344	1,342	1,388	1,323	1,392	204	−133	46	−65	69
28 Machinery	2,499	2,490	2,520	2,414	2,303	−33	32	30	106	−111
29 Transportation equipment	1,383	1,386	1,382	1,404	1,382	−13	43	4	22	−22
30 Other fabricated metal products	841	826	832	813	784	44	12	6	−19	−29
31 Other durable goods	1,630	1,647	1,722	1,719	1,731	....	97	75	3	12
Nondurable goods manufacturing:										
32 Food, liquor, and tobacco	1,374	1,438	1,435	1,363	1,367	14	23	−3	72	4
33 Textiles, apparel, and leather	1,099	1,163	1,150	1,204	1,147	27	79	13	54	57
34 Petroleum refining	1,805	1,824	1,938	1,975	1,988	202	168	114	37	13
35 Chemicals and rubber	1,589	1,615	1,646	1,677	1,705	103	99	31	31	28
36 Other nondurable goods	1,101	1,172	1,128	1,118	1,083	78	96	44	10	−35
37 Mining, including crude petroleum and natural gas	6,015	6,043	6,375	6,250	6,295	173	519	332	−125	45
Trade:										
38 Commodity dealers	199	202	171	180	209	−1	−28	−31	9	29
39 Other wholesale	1,489	1,519	1,483	1,478	1,487	16	4	−36	−5	9
40 Retail	2,274	2,353	2,325	2,331	2,382	223	57	28	6	51
41 Transportation	3,695	3,604	3,649	3,607	3,627	164	−124	45	−42	20
42 Communication	802	793	748	764	781	−68	31	−45	16	17
43 Other public utilities	3,796	3,796	3,771	3,416	3,358	243	−136	25	−355	−58
44 Construction	1,720	1,722	1,833	1,873	1,895	32	172	111	40	22
45 Services	5,188	5,283	5,301	5,247	5,276	113	190	18	−54	29
46 All other domestic loans	2,408	2,465	2,432	2,464	2,699	−167	−1	−33	32	235
47 Foreign commercial and industrial loans	3,642	3,424	3,287	3,281	3,118	62	−399	−137	−6	−163

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 Dec.	1973 Dec.	1974 Dec.	1975 Dec.	1976				1977	
					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

Type of holder	At weekly reporting banks									
	1973 Dec.	1974 Dec.	1975 Dec.	1976 Dec.	1977					
					Feb.	Mar.	Apr.	May	June	July p
7 **All holders, IPC**	**118.1**	**119.7**	**124.4**	**128.5**	**123.0**	**124.7**	**127.5**	**124.4**	**128.7**	**131.0**
8 Financial business	14.9	14.8	15.6	17.5	15.6	16.7	16.7	17.0	17.8	18.9
9 Nonfinancial business	66.2	66.9	69.9	69.7	67.4	67.8	68.5	67.2	69.5	70.7
10 Consumer	28.0	29.0	29.9	31.7	31.1	31.5	33.5	31.5	32.3	32.6
11 Foreign	2.2	2.2	2.3	2.6	2.4	2.2	2.3	2.4	2.4	2.2
12 Other	6.8	6.8	6.6	7.1	6.5	6.5	6.6	6.4	6.7	6.7

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, IPC, 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 Dec.	1975 Dec.	1976 Dec.	1977						
				Jan.	Feb.	Mar.	Apr.	May	June	July
	Commercial paper (seasonally adjusted)									
1 **All issuers**	**49,742**	**48,145**	**52,623**	**52,778**	**52,775**	**54,546**	**56,715**	**57,434**	**61,237**	**60,323**
Financial companies:[1]										
Dealer-placed paper:[2]										
2 Total	4,599	6,220	7,271	7,053	6,931	7,196	7,286	7,555	8,196	8,261
3 Bank-related	1,814	1,762	1,900	1,895	1,929	1,839	1,778	1,805	1,894	1,744
Directly-placed paper:[3]										
4 Total	31,801	31,230	32,365	32,726	32,073	33,873	34,753	34,949	37,593	36,773
5 Bank-related	6,518	6,892	5,959	5,637	5,502	6,126	5,703	5,999	6,636	6,344
6 Nonfinancial companies[4]	13,342	10,695	12,987	12,999	13,771	13,475	14,676	14,930	15,538	15,289
	Dollar acceptances (not seasonally adjusted)									
7 **Total**	**18,484**	**18,727**	**22,523**	**22,362**	**22,187**	**22,694**	**22,899**	**23,201**	**23,440**	**23,499**
Held by:										
8 *Accepting banks*	*4,226*	*7,333*	10,442	*8,183*	*7,991*	7,787	*7,761*	*7,326*	7,630	7,601
9 Own bills	3,685	5,899	8,769	7,011	6,654	6,367	6,309	6,218	6,356	6,464
10 Bills bought	542	1,435	1,673	1,172	1,337	1,421	1,381	1,108	1,273	1,137
F.R. Banks:										
11 Own account	999	1,126	991	191	322	280	881	108	228	213
12 Foreign correspondents	1,109	293	375	374	440	435	394	385	360	296
13 Others	12,150	9,975	13,447	13,615	13,434	14,191	13,863	15,382	15,222	15,389
Based on:										
14 Imports into United States	4,023	3,726	4,992	4,992	5,138	4,983	5,114	5,124	5,635	5,570
15 Exports from United States	4,067	4,001	4,818	5,137	5,074	5,222	5,376	5,642	5,729	5,842
16 All other	10,394	11,000	12,713	12,233	11,974	12,489	12,410	12,436	12,076	12,088

[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—Jan. 12	7	1976—Nov. 1	6½	1976—June	7.20	1977—Jan.	6.25
21	6¾	Dec. 13	6¼	July	7.25	Feb.	6.25
June 1	7	1977—May 13	6½	Aug.	7.01	Mar.	6.25
7	7¼	31	6¾	Sept.	7.00	Apr.	6.25
Aug. 2	7	Aug. 22	7	Oct.	6.78	May	6.41
Oct. 4	6¾			Nov.	6.50	June	6.75
				Dec.	6.35	July	6.75
						Aug.	6.83

1.35 TERMS OF LENDING AT COMMERCIAL BANKS May 2–7, 1977, Survey

Per cent per annum

Item	All sizes	Size of loan (in thousands of dollars): 1–24	25–49	50–99	100–499	500–999	1,000 and over
Short-term commercial and industrial loans							
1 Amount of loans (thousands of dollars)	6,652,747	806,754	431,421	504,177	1,247,257	605,755	3,057,385
2 Number of loans	144,391	113,551	13,447	7,967	7,316	962	1,148
3 Weighted-average maturity (months)	2.9	3.2	3.7	3.8	2.7	2.7	2.7
4 Weighted-average interest rate (per cent)	7.37	9.04	8.39	8.04	7.57	7.11	6.65
5 Interquartile range [1]	6.40–8.14	8.03–9.50	7.71–9.20	7.25–8.97	6.50–8.30	6.40–7.54	6.25–6.92
Percentage of amount of loans:							
6 With floating rate	47.2	12.6	18.3	34.1	40.7	49.8	64.6
7 Made under commitment	52.4	23.0	33.5	36.1	51.3	61.0	64.2
Long-term commercial and industrial loans							
8 Amount of loans (thousands of dollars)	1,651,267	439,081	175,761	183,375	188,678	74,981	589,391
9 Number of loans	59,524	49,530	5,398	3,157	1,172	119	150
10 Weighted-average maturity (months)	35.0	18.8	23.1	46.8	49.1	42.9	41.5
11 Weighted-average interest rate (per cent)	8.24	9.31	8.95	8.71	8.03	8.03	7.18
12 Interquartile range [1]	7.20–9.25	7.50–9.50	7.26–9.38	7.25–10.20	6.98–9.00	6.84–8.84	6.51–7.45
Percentage of amount of loans:							
13 With floating rate	36.7	3.0	7.3	9.1	42.1	68.3	73.4
14 Made under commitment	45.1	9.4	8.5	19.0	37.3	68.9	90.2

Item	All sizes	1–24	25–49	50–99	100–499	500 and over
Construction and land development loans						
15 Amount of loans (thousands of dollars)	863,318	167,107	87,280	331,708	145,933	131,289
16 Number of loans	28,820	19,843	2,763	5,100	1,017	98
17 Weighted-average maturity (months)	7.5	8.0	5.7	4.8	9.5	12.7
18 Weighted-average interest rate (per cent)	8.72	9.28	8.95	8.79	8.46	7.97
19 Interquartile range [1]	8.16–9.25	8.25–9.92	8.00–9.73	8.71–8.71	8.00–9.00	7.43–8.91
Percentage of amount of loans:						
20 With floating rate	20.0	8.4	9.9	3.7	32.2	69.1
21 Secured by real estate	81.4	81.9	82.5	82.7	63.1	97.0
22 Made under commitment	39.4	46.4	56.3	13.6	45.5	77.4
23 Type of construction: 1–4-family	55.9	75.9	74.6	61.4	23.6	39.9
24 Multifamily	11.9	4.3	1.0	18.6	7.9	16.7
25 Nonresidential	32.2	19.8	24.4	20.0	68.5	43.4

Item	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
Loans to farmers							
26 Amount of loans (thousands of dollars)	924,826	196,521	212,922	140,441	145,491	102,271	127,180
27 Number of loans	77,543	56,467	13,784	4,109	2,219	765	199
28 Weighted-average maturity (months)	8.3	8.1	7.9	11.5	6.6	5.9	9.6
29 Weighted-average interest rate (per cent)	r8.72	9.06	8.98	r8.92	8.73	8.58	7.67
30 Interquartile range [1]	8.25–9.20	8.62–9.34	8.50–9.24	8.45–9.20	8.31–9.20	8.16–9.07	6.27–8.68
31 By purpose of loan:							
32 Feeder livestock	8.42	8.84	8.80	8.65	8.55	8.19	7.68
33 Other livestock	r8.14	8.89	8.91	r8.85	8.81	8.47	6.77
34 Other current operating expenses	8.84	9.01	8.95	8.81	8.91	8.59	8.01
35 Farm machinery and equipment	9.40	9.47	9.44	9.74	8.96	8.58	8.72
36 Other	8.82	9.04	8.90	9.04	8.66	8.73	8.78

1 Interest rate range that covers the middle 50 per cent of the total dollar amount of loans made.

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 May	1977 June	1977 July	1977 Aug.	1977, week ending— Aug. 6	Aug. 13	Aug. 20	Aug. 27	Sept. 3
	Money market rates												
	Prime commercial paper [1]												
1	90- to 119-day	10.05	6.26	5.24	5.26	5.42	5.38	5.75	5.54	5.65	5.88	5.88	5.88
2	4- to 6-month	9.87	6.33	5.35	5.35	5.49	5.41	5.84	5.61	5.75	5.95	5.95	6.00
3	Finance company paper, directly placed, 3- to 6-month [2]	8.62	6.16	5.22	5.13	5.38	5.38	5.71	5.50	5.53	5.83	5.88	5.88
4	Prime bankers acceptances, 90-day [3]	9.92	6.30	5.19	5.34	5.39	5.43	5.88	5.70	5.83	6.02	5.95	5.93
5	Federal funds [4]	10.51	5.82	5.05	5.35	5.39	5.42	5.90	5.80	5.70	5.94	5.99	6.02
	Large negotiable certificates of deposit												
6	3-month, secondary market [5]	10.27	6.43	5.26	5.20	5.42	5.46	5.91	5.76	5.97	6.01	5.98	5.97
7	3-month, primary market [6]	....	....	5.15	5.13	5.35	5.32	5.82	5.65	5.88	5.88	5.88	5.84
8	Euro-dollar deposits, 3-month [7]	10.96	6.97	5.57	5.70	5.78	5.80	6.30	6.14	6.29	6.45	6.34	6.11
	U.S. Govt. securities												
	Bills:[8]												
	Market yields:												
9	3-month	7.84	5.80	4.98	4.96	5.02	5.19	5.49	5.35	5.47	5.56	5.53	5.56
10	6-month	7.95	6.11	5.26	5.20	5.21	5.40	5.83	5.69	5.81	5.92	5.87	5.86
11	1-year	7.71	6.30	5.52	5.43	5.41	5.57	5.97	5.83	5.94	6.07	6.02	5.98
	Rates on new issue:												
12	3-month	7.886	5.838	4.989	4.942	5.004	5.146	5.500	5.424	5.353	5.669	5.553	5.574
13	6-month	7.926	6.122	5.266	5.193	5.198	5.351	5.810	5.691	5.679	5.978	5.891	5.849
	Notes and bonds maturing in												
14	9 to 12 months[9]	8.25	6.70	5.84	5.81	5.76	5.89	6.35	6.23	6.29	6.50	6.39	6.35
	Constant maturities:[10]												
15	1-year	8.18	6.76	5.88	5.84	5.80	r5.94	6.37	6.24	6.34	6.48	6.42	6.35
	Capital market rates												
	Government notes and bonds												
	U.S. Treasury:												
	Constant maturities:[10]												
16	2-year	....	....	6.31	6.25	6.13	6.27	6.61	6.52	6.60	6.70	6.64	6.56
17	3-year	7.82	7.49	6.77	6.55	6.39	6.51	6.79	6.74	6.81	6.85	6.78	6.72
18	5-year	7.80	7.77	7.18	6.94	6.76	6.84	7.03	7.03	7.06	7.08	7.00	6.93
19	7-year	7.71	7.90	7.42	7.26	7.05	7.12	7.24	7.27	7.30	7.29	7.18	7.11
20	10-year	7.56	7.99	7.61	7.46	7.28	7.33	7.40	7.43	7.45	7.44	7.34	7.27
21	20-year	8.05	8.19	7.86	7.74	7.64	7.60	7.64	7.66	7.69	7.68	7.58	7.52
22	30-year	....	....	....	7.80	7.64	7.64	7.68	7.71	7.73	7.72	7.63	7.59
	Notes and bonds maturing in[9]—												
23	3 to 5 years	7.81	7.55	6.94	6.76	6.58	6.67	6.90	6.86	6.90	6.97	6.89	6.84
24	Over 10 years (long-term)	6.99	6.98	6.78	7.17	6.99	6.97	7.00	7.03	7.04	7.03	6.95	6.90
	State and local:												
	Moody's series:[11]												
25	Aaa	5.89	6.42	5.66	5.23	5.21	5.21	5.28	5.25	5.30	5.30	5.27	5.27
26	Baa	6.53	7.62	7.49	6.23	6.05	6.00	5.95	6.00	5.95	5.95	5.90	5.85
27	*Bond Buyer* series [12]	6.17	7.05	6.64	5.75	5.62	5.63	5.62	5.63	5.63	5.63	5.58	5.54
	Corporate bonds												
	Seasoned issues [13]												
28	All industries	9.03	9.57	9.01	8.47	8.38	8.33	8.34	8.35	8.35	8.35	8.34	8.31
	By rating groups:												
29	Aaa	8.57	8.83	8.43	8.05	7.95	7.94	7.98	8.00	8.00	7.99	7.96	7.92
30	Aa	8.84	9.17	8.75	8.28	8.19	8.12	8.17	8.15	8.18	8.18	8.17	8.14
31	A	9.20	9.65	9.09	8.55	8.46	8.40	8.40	8.40	8.40	8.40	8.40	8.39
32	Baa	9.50	10.61	9.75	9.01	8.91	8.87	8.82	8.85	8.82	8.81	8.81	8.80
	Aaa utility bonds:[14]												
33	New issue	9.33	9.40	8.48	8.33	r8.08	8.14	8.04	......	8.07	8.11	8.01	7.97
34	Recently offered issues	9.34	9.41	8.49	8.31	8.12	8.12	8.05	8.10	8.05	8.04	8.03	8.02
	Dividend/price ratio												
35	Preferred stocks	8.23	8.38	7.97	7.63	7.62	7.51	7.55	7.52	7.57	7.41	7.64	7.60
36	Common stocks	4.47	4.31	3.77	4.39	4.60	4.59	4.72	4.68	4.67	4.72	4.75	4.72

1 Averages of the most representative daily offering rate 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 CD's 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	1974	1975	1976	1977 Feb.	1977 Mar.	1977 Apr.	1977 May	1977 June	1977 July	1977 Aug.
					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	54.93	54.67	53.92	53.96	54.31	54.94	53.51
2	Industrial	48.08	51.88	60.44	59.65	59.56	58.47	58.13	58.44	58.90	57.30
3	Transportation	31.89	30.73	39.57	40.59	40.52	41.51	43.25	43.29	43.52	41.04
4	Utility	29.82	31.45	36.97	40.86	40.18	40.24	41.14	41.59	42.44	41.50
5	Finance	49.67	46.62	52.94	55.65	54.84	54.30	54.80	55.15	57.29	56.52
6	**Standard & Poor's Corporation (1941–43 = 10)[1]**	**82.85**	**85.17**	**102.01**	**100.96**	**100.57**	**99.05**	**98.76**	**99.29**	**100.19**	**97.75**
7	**American Stock Exchange (Aug. 31, 1973 = 100)**	79.97	**83.15**	**101.63**	**112.17**	**111.77**	**111.70**	**113.72**	**116.28**	**122.03**	**119.33**
	Volume of trading (thousands of shares)[2]										
8	New York Stock Exchange	13,883	18,568	21,189	20,971	18,900	21,214	20,277	22,007	23,656	18,831
9	American Stock Exchange	1,908	2,150	2,565	2,830	2,580	2,500	2,440	2,720	2,880	2,140
					Customer financing (end-of-period balances, in millions of dollars)						
10	**Regulated margin credit at brokers/dealers and banks**[3]	**4,836**	**6,500**	**9,011**	**9,523**	**9,701**	**r9,885**	**10,068**	**10,255**	**10,490**	....
11	*Brokers, total*	*3,980*	*5,540*	*8,166*	*8,679*	*8,891*	*9,078*	*9,267*	*9,432*	*9,667*	....
12	Margin stock[4]	3,840	5,390	7,960	8,480	8,690	8,880	9,070	9,230	9,460	....
13	Convertible bonds	137	147	204	197	199	196	196	198	204	....
14	Subscription issues	3	3	2	2	2	2	1	4	3	....
15	*Banks, total*	*856*	*960*	*845*	*844*	*810*	*r807*	*801*	*823*	*823*	....
16	Margin stocks	815	909	800	799	767	r764	761	779	780	....
17	Convertible bonds	30	36	30	28	25	25	25	25	24	....
18	Subscription issues	11	15	15	17	18	18	15	19	19	....
19	**Unregulated nonmargin stock credit at banks**[5]	**2,064**	**2,281**	**2,817**	**r2,319**	**r2,312**	**r2,350**	**r2,345**	**2,403**	**2,419**	....
	MEMO: Free credit balances at brokers[6]										
20	Margin-account	410	475	585	605	605	615	625	595	600	....
21	Cash-account	1,425	1,525	1,855	1,815	1,720	1,715	1,710	1,805	1,860	....
					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	17.6	16.5	16.5	17.8	12.9	16.2	....
24	40–49	23.0	28.8	23.0	34.9	36.8	34.1	35.6	27.0	32.9	....
25	50–59	13.9	22.3	35.0	23.4	23.2	25.4	23.0	33.0	26.4	....
26	60–69	8.8	11.6	15.0	11.3	11.6	11.8	11.0	13.3	12.0	....
27	70–79	4.6	6.9	8.7	7.3	6.7	6.8	7.0	8.0	7.0	....
28	80 or more	4.3	5.3	6.0	5.5	5.3	5.4	5.0	5.8	5.5	....
					Special miscellaneous-account balances at brokers (end of period)						
29	Total balances (millions of dollars)[8]	7,010	7,290	8,776	9,170	9,350	9,300	9,360	9,470	9,730	....
	Distribution by equity status (per cent)										
30	Net credit status	41.1	43.8	41.3	42.9	42.3	41.4	41.0	41.0	40.9	....
	Debit status, equity of—										
31	60 per cent or more	32.4	40.8	47.8	45.5	46.0	46.3	46.3	47.8	47.1	....
32	Less than 60 per cent	26.5	15.4	10.9	11.6	11.7	12.4	12.6	11.2	12.0	....

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	1976 Nov.	1976 Dec.	1977 Jan	1977 Feb.	1977 Mar.	1977 Apr.	1977 May	1977 June	1977 July
						Savings and loan associations						
1 **Assets**	**295,545**	**338,233**	**391,999**	**389,173**	**391,999**	**398,299**	**403,591**	**409,357**	**414,436**	**421,865**	**427,041**	**433,822**
2 Mortgages	249,301	278,590	323,130	319,273	323,130	326,056	329,086	333,703	338,984	344,631	350,765	355,978
3 Cash and investment securities[1]	23,251	30,853	35,660	36,605	35,660	38,252	39,505	39,656	39,061	40,461	39,626	40,996
4 Other	22,993	28,790	33,209	33,295	33,209	33,991	35,000	35,998	36,391	36,773	36,650	36,848
5 **Liabilities and net worth**	**295,545**	**338,233**	**391,999**	**389,173**	**391,999**	**398,299**	**403,591**	**409,357**	**414,436**	**421,865**	**427,041**	**433,822**
6 Savings capital	242,974	285,743	336,030	329,833	336,030	341,211	344,616	352,194	354,318	357,965	364,349	368,520
7 *Borrowed money*	*24,780*	*20,634*	*19,087*	*18,715*	*19,087*	*18,455*	*18,256*	*18,283*	*18,880*	*19,804*	*20,558*	*20,961*
8 FHLBB	21,508	17,524	15,708	15,571	15,708	15,029	14,661	14,325	14,809	15,000	15,595	15,723
9 Other	3,272	3,110	3,379	3,144	3,379	3,426	3,595	3,958	4,071	4,804	4,963	5,238
10 Loans in process	3,244	5,128	6,836	6,753	6,836	6,718	6,783	7,351	7,899	8,505	9,123	9,329
11 Other	6,105	6,949	8,015	11,918	8,015	9,667	11,418	8,833	10,360	12,287	9,515	11,213
12 Net worth[2]	18,442	19,779	22,031	21,954	22,031	22,248	22,518	22,696	22,979	23,304	23,496	23,799
13 MEMO: Mortgage loan commitments outstanding[3]	7,454	10,673	14,828	15,467	14,828	15,079	16,796	19,304	21,242	22,274	22,037	21,916
						Mutual savings banks						
14 **Assets**	**109,550**	**121,056**	**134,812**	**133,361**	**134,812**	**135,906**	**137,307**	**138,901**	**139,496**	**140,593**	**141,657**	....
Loans:												
15 Mortgage	74,891	77,221	81,630	80,884	81,630	81,826	81,982	82,273	82,687	83,075	83,937	....
16 Other	3,812	4,023	5,183	5,801	5,183	5,956	6,254	6,389	6,050	6,650	6,818	....
Securities:												
17 U.S. Govt.	2,555	4,740	5,840	5,836	5,840	5,917	6,096	6,360	6,323	6,248	6,135	....
18 State and local government	930	1,545	2,417	2,466	2,417	2,295	2,366	2,431	2,504	2,539	2,546	....
19 Corporate and other[4]	22,550	27,992	33,793	33,074	33,793	34,475	35,088	35,928	36,322	36,455	36,420	....
20 Cash	2,167	2,330	2,355	1,668	2,355	1,800	1,835	1,823	1,900	1,922	2,083	....
21 Other assets	2,645	3,205	3,593	3,632	3,593	3,637	3,686	3,668	3,709	3,703	3,719	....
22 **Liabilities**	**109,550**	**121,056**	**134,812**	**133,361**	**134,812**	**135,906**	**137,307**	**138,901**	**139,496**	**140,593**	**141,657**	....
23 *Deposits*	*98,701*	*109,873*	*122,877*	*120,971*	*122,877*	*123,864*	*124,728*	*126,687*	*126,938*	*127,791*	*129,200*	....
24 Regular:[5]	98,221	109,291	121,961	120,125	121,961	122,874	123,721	125,624	125,731	126,587	127,955	....
25 Ordinary savings	64,286	69,653	74,535	73,857	74,535	74,621	75,038	76,260	76,336	76,384	76,976	....
26 Time and other	33,935	39,639	47,426	46,268	47,426	48,253	48,683	49,364	49,395	50,203	50,979	....
27 Other	480	582	916	846	916	989	1,007	1,063	1,207	1,204	1,245	....
28 Other liabilities	2,888	2,755	2,884	3,376	2,884	2,940	3,368	2,939	3,230	3,381	2,955	....
29 General reserve accounts	7,961	8,428	9,052	9,015	9,052	9,102	9,211	9,275	9,329	9,422	9,502	....
30 MEMO: Mortgage loan commitments outstanding[6]	2,040	1,803	2,439	2,553	2,439	2,584	2,840	3,161	3,287	3,521	4,079	....
						Life insurance companies						
31 **Assets**	**263,349**	**289,304**	**321,552**	**317,499**	**321,552**	**323,407**	**325,094**	**326,753**	**328,786**	**331,028**	**334,386**	....
Securities:												
32 *Government*	*10,900*	*13,758*	*17,942*	*18,390*	*17,942*	*18,198*	*18,443*	*18,470*	*18,500*	*18,475*	*18,579*	....
33 United States[7]	3,372	4,736	5,368	5,992	5,368	5,537	5,592	5,546	5,544	5,396	5,400	....
34 State and local	3,667	4,508	5,594	5,533	5,594	5,657	5,709	5,732	5,758	5,797	5,813	....
35 Foreign[8]	3,861	4,514	6,980	6,865	6,980	7,004	7,142	7,192	7,198	7,282	7,366	....
36 *Business*	*119,637*	*135,317*	*157,246*	*154,382*	*157,246*	*159,213*	*160,463*	*161,214*	*162,816*	*164,126*	*166,859*	....
37 Bonds	97,717	107,256	122,984	121,763	122,984	125,910	127,603	128,596	130,057	131,568	133,497	....
38 Stocks	21,920	28,061	34,262	32,619	34,262	33,303	32,860	32,618	32,759	32,558	33,362	....
39 Mortgages	86,234	89,167	91,552	90,794	91,552	91,566	91,585	91,786	92,200	92,358	92,854	....
40 Real estate	8,331	9,621	10,476	10,244	10,476	10,556	10,629	10,738	10,802	10,822	10,897	....
41 Policy loans	22,862	24,467	25,834	25,695	25,834	25,911	26,034	26,207	26,364	26,500	26,657	....
42 Other assets	15,385	16,971	18,502	17,994	18,502	17,963	17,940	18,338	18,104	18,747	18,540	....
						Credit unions						
43 **Total assets/liabilities and capital**	**31,948**	**38,037**	**44,897**	**44,089**	**44,835**	**44,906**	**45,798**	**47,111**	**47,348**	**48,322**	**49,479**	**49,501**
44 Federal	16,715	20,209	24,164	23,668	24,164	24,188	24,756	25,596	25,697	26,259	27,017	26,951
45 State	15,233	17,828	20,733	20,421	20,671	20,718	21,042	21,515	21,651	22,063	22,462	22,550
46 *Loans outstanding*	*24,432*	*28,169*	*34,633*	*33,732*	*34,293*	*34,188*	*34,549*	*35,411*	*36,019*	*36,936*	*38,134*	*38,597*
47 Federal	12,730	14,869	18,022	17,786	18,202	18,081	18,275	18,776	19,050	19,583	20,303	20,456
48 State	11,702	13,300	16,011	15,946	16,091	16,107	16,274	16,635	16,969	17,353	17,831	18,141
49 *Savings*	*27,518*	*33,013*	*39,264*	*38,281*	*38,968*	*39,344*	*39,981*	*41,161*	*41,394*	*42,125*	*43,196*	*43,294*
50 Federal (shares)	14,370	17,530	21,149	20,597	20,980	21,165	21,559	22,346	22,524	22,955	23,608	23,661
51 State (shares and deposits)	13,148	15,483	18,115	17,684	17,988	18,179	18,442	18,815	18,870	19,170	19,588	19,633

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

	Type of account or operation	Fiscal year 1975	Fiscal year 1976	Transition quarter (July–Sept. 1976)	Calendar year 1976 H1	Calendar year 1976 H2	Calendar year 1977 H1	Calendar year 1977 May	Calendar year 1977 June	Calendar year 1977 July
	U.S. Budget									
1	Receipts [1]	280,997	299,197	81,686	159,742	157,868	189,410	27,549	43,075	24,952
2	Outlays [1,2,3]	326,105	365,658	94,659	180,559	193,626	199,482	33,592	32,881	33,630
3	*Surplus, or deficit (–)*	*–45,108*	*–66,461*	*–12,973*	*–20,816*	*–35,758*	*–10,072*	*–6,043*	*10,194*	*–8,678*
4	Trust funds	7,419	2,409	–1,952	5,503	–4,621	7,332	7,542	1,829	–3,348
5	Federal funds [4]	–52,526	–68,870	–11,021	–26,320	–31,137	–17,405	–13,584	8,365	–5,330
	Off-budget entities surplus, or deficit (–)									
6	Federal Financing Bank outlays	–6,389	5,915	–2,575	–3,222	–5,176	–2,075	–299	45	–1,606
7	Other [2,5]	–1,652	–1,355	793	–1,119	3,809	–2,086	245	–262	–122
	U.S. Budget plus off-budget, including Federal Financing Bank									
8	*Surplus, or deficit (–)*	*–53,149*	*–73,731*	*–14,755*	*–25,158*	*–37,125*	*–14,233*	*–6,097*	*9,888*	*–10,406*
	Financed by:									
9	Borrowing from the public [3]	50,867	82,922	18,027	33,561	35,457	16,480	–2,871	518	1,803
10	Cash and monetary assets (decrease, or increase (–))	–320	–7,796	–2,899	–7,909	2,153	–4,666	11,268	–9,345	6,730
11	Other [6]	2,602	–1,396	–373	–495	–485	2,420	–2,300	–1,061	1,874
	MEMO items:									
12	**Treasury operating balance (level, end of period)**	**7,591**	**14,836**	**17,418**	**14,836**	**11,670**	**77,311**	**6,992**	**r16,255**	**10,154**
13	F.R. Banks	5,773	11,975	13,299	11,975	10,393	65,372	5,836	15,183	8,789
14	Tax and loan accounts	1,475	2,854	4,119	2,854	1,277	11,940	1,156	r1,072	1,365
15	Other demand accounts [7]	343	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 Stock of the Federal Home Loan Bank ~~Board (FHLBB)~~ is 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 1975	Fiscal year 1976	Transition quarter (July–Sept. 1976)	Calendar year 1976 H1	Calendar year 1976 H2	Calendar year 1977 H1	1977 May	1977 June	1977 July
	Receipts									
1	**All sources [1]**	**280,997**	**300,005**	**81,773**	**160,552**	**157,961**	**190,238**	**27,672**	**43,075**	**24,952**
2	*Individual income taxes, net*	*122,386*	*131,603*	*38,801*	*65,767*	*75,094*	*78,775*	*9,413*	*17,949*	*12,438*
3	Withheld	122,071	123,408	32,949	63,859	68,023	73,303	12,993	12,175	12,240
4	Presidential Election Campaign Fund	32	34	1	33	1	28	6	4	....
5	Nonwithheld	34,296	35,528	6,809	27,879	8,426	32,967	2,092	6,272	923
6	Refunds [1]	34,013	27,367	958	26,004	1,356	27,521	5,678	501	726
7	*Corporation income taxes:*									
8	Gross receipts	45,747	46,783	9,808	27,973	20,706	37,133	1,465	14,758	1,968
9	Refunds	5,125	5,374	1,348	2,639	2,886	2,324	369	379	430
10	*Social insurance taxes and contributions, net*	*86,441*	*92,714*	*25,760*	*51,828*	*47,596*	*58,098*	*14,203*	*7,696*	*7,961*
11	Payroll employment taxes and contributions [2]	71,789	76,391	21,534	40,947	40,427	45,241	9,912	6,709	6,725
12	Self-employment taxes and contributions [2]	3,417	3,518	269	3,250	286	3,688	248	335	....
13	Unemployment insurance	6,771	8,054	2,698	5,193	4,379	6,576	3,582	228	800
14	Other net receipts [3]	4,466	4,752	1,259	2,438	2,504	2,594	461	424	437
15	Excise taxes	16,551	16,963	4,473	8,204	8,910	8,431	1,485	1,530	1,567
16	Customs	3,676	4,074	1,212	2,147	2,361	2,518	427	504	446
17	Estate and gift	4,611	5,216	1,455	2,643	2,943	4,333	501	437	505
18	Miscellaneous receipts [4]	6,711	8,026	1,612	4,630	3,236	3,269	548	581	498
	Outlays									
19	**All types [1, 5]**	**326,105**	**366,466**	**94,746**	**181,369**	**193,719**	**200,310**	**33,715**	**32,881**	**33,630**
20	National defense	86,585	89,996	22,518	44,052	45,002	48,721	8,555	8,404	8,004
21	International affairs [5]	5,862	5,067	1,997	2,668	3,028	2,522	284	439	463
22	General science, space, and technology	3,989	4,370	1,161	1,708	2,377	2,108	350	362	357
23	Natural resources, environment, and energy	9,537	11,282	3,324	6,900	7,206	6,855	1,239	1,421	1,266
24	Agriculture	1,660	2,502	584	417	2,019	2,628	138	256	334
25	Commerce and transportation	16,010	17,248	4,700	5,766	9,643	5,945	1,586	1,419	978
26	Community and regional development	4,431	5,300	1,530	2,411	3,192	3,149	525	670	627
27	Education, training, employment, and social services	15,248	18,167	5,013	9,116	9,083	9,775	1,628	1,772	1,656
28	Health	27,647	33,448	8,720	17,008	19,329	18,654	3,317	3,398	3,115
29	Income security [1]	108,605	127,406	32,796	65,336	65,456	70,745	11,568	11,129	11,590
30	Veterans benefits and services	16,597	18,432	3,962	9,450	8,542	9,382	1,625	1,225	1,338
31	Law enforcement and justice	2,942	3,320	859	1,784	1,839	1,783	285	316	291
32	General government	3,089	2,927	878	870	1,734	1,587	488	324	198
33	Revenue sharing and general purpose fiscal assistance	7,005	7,119	2,024	3,664	4,729	4,333	45	47	2,257
34	Interest [6]	30,974	34,589	7,246	18,560	18,409	18,927	2,690	5,908	2,494
35	Undistributed offsetting receipts [6, 7]	−14,075	−14,704	−2,567	−8,340	−7,869	−6,803	−609	−4,211	−1,338

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

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

5 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.

6 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.

7 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 June 30	1974 Dec. 31	1975 June 30	1975 Dec. 31	1976 June 30	1976 Sept. 30	1976 Dec. 31	1977 Mar. 31	1977 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 MEMO: 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 Apr.	1977 May	1977 June	1977 July	1977 Aug.
1 **Total gross public debt**[1]	**469.9**	**492.7**	**576.6**	**653.5**	**671.0**	**672.1**	**674.4**	**673.9**	**685.2**
By type:									
2 **Interest-bearing debt**	**467.8**	**491.6**	**575.7**	**652.5**	**668.5**	**671.0**	**673.4**	**671.4**	**684.1**
3 *Marketable*	*270.2*	*282.9*	*363.2*	*421.3*	*434.1*	*431.5*	*431.1*	*430.2*	*438.1*
4 Bills	107.8	119.7	157.5	164.0	162.0	157.9	155.1	154.2	154.3
5 Notes	124.6	129.8	167.1	216.7	230.7	230.2	232.9	231.4	238.1
6 Bonds	37.8	33.4	38.6	40.6	41.4	43.3	43.2	44.7	45.8
7 *Nonmarketable*[2]	*197.6*	*208.7*	*212.5*	*231.2*	*234.4*	*239.5*	*242.2*	*241.1*	*245.9*
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	21.9	21.8	21.7	21.5	21.4
10 Savings bonds and notes	60.8	63.8	67.9	72.3	73.9	74.3	74.7	75.2	75.5
11 Govt. account series[5]	108.0	119.1	119.4	129.7	129.0	133.0	134.8	132.4	136.3
By holder:[6]									
12 U.S. Govt. agencies and trust funds	129.6	141.2	139.3	147.1	145.5	149.4	151.2	....	....
13 F.R. Banks	78.5	80.5	87.9	97.0	99.8	97.4	102.2	....	....
14 **Private investors**	**261.7**	**271.0**	**349.4**	**409.5**	**425.7**	**425.3**	**421.0**	....	....
15 Commercial banks	60.3	55.6	85.1	[r]103.8	103.5	102.2	104.9	....	....
16 Mutual savings banks	2.9	2.5	4.5	[r]5.7	6.2	[r]6.1	6.0	....	....
17 Insurance companies	6.4	6.1	9.3	[r]12.5	12.6	[r]12.9	14.2	....	....
18 Other corporations	10.9	11.0	20.2	[r]26.5	26.3	25.8	23.8	....	....
19 State and local governments	29.2	29.2	33.8	41.6	46.9	[r]49.1	48.4	....	....
Individuals:									
20 Savings bonds	60.3	63.4	67.3	72.0	73.2	73.7	74.0	....	....
21 Other securities	16.9	21.5	24.0	28.8	29.0	[r]29.0	29.0	....	....
22 Foreign and international[7]	55.5	58.4	66.5	78.1	85.9	86.0	86.8	....	....
23 Other miscellaneous investors[8]	19.3	23.2	38.6	[r]40.5	39.3	[r]40.7	33.8	....	....

1 Includes $1.1 billion of non-interest-bearing debt (of which $611 *million on August 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, depositary 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 certificates of indebtedness, notes, and bonds in the Treasury foreign series and foreign-currency 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 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 June	1977 July	1975	1976	1977 June	1977 July
	All maturities				1 to 5 years			
1 **All holders**	**363,191**	**421,276**	**431,149**	**430,248**	**112,270**	**141,132**	**144,503**	**141,650**
2 U.S. Govt. agencies and trust funds	19,397	16,485	15,425	15,425	7,058	6,141	5,949	5,951
3 F. R. Banks	87,934	96,971	102,239	98,646	30,518	31,249	31,554	30,443
4 *Private investors*	*255,860*	*307,820*	*313,485*	*316,357*	*74,694*	*103,742*	*107,000*	*105,256*
5 Commercial banks	64,398	78,262	79,059	75,749	29,629	40,005	41,725	39,389
6 Mutual savings banks	3,300	4,072	4,390	4,382	1,524	2,010	2,118	2,109
7 Insurance companies	7,565	10,284	11,372	11,196	2,359	3,885	4,274	4,358
8 Nonfinancial corporations	9,365	14,193	12,487	11,835	1,967	2,618	2,972	3,142
9 Savings and loan associations	2,793	4,576	4,827	5,069	1,558	2,360	2,588	2,648
10 State and local governments	9,285	12,252	14,522	14,064	1,761	2,543	3,826	3,794
11 All others	159,154	184,182	186,828	193,882	35,894	50,321	49,497	49,816
	Total, within 1 year				5 to 10 years			
12 **All holders**	**199,692**	**211,035**	**211,955**	**212,457**	**26,436**	**43,045**	**45,955**	**141,650**
13 U.S. Govt. agencies and trust funds	2,769	2,012	1,811	1,811	3,283	2,879	2,141	2,139
14 F. R. Banks	46,845	51,569	52,792	50,314	6,463	9,148	11,371	11,285
15 *Private investors*	*150,078*	*157,454*	*157,353*	*160,332*	*16,690*	*31,018*	*32,443*	*32,521*
16 Commercial banks	29,875	31,213	29,633	28,932	4,071	6,278	7,063	6,514
17 Mutual savings banks	983	1,214	1,319	1,297	448	567	662	662
18 Insurance companies	2,024	2,191	1,705	1,750	1,592	2,546	2,884	2,999
19 Nonfinancial corporations	7,105	11,009	9,064	8,186	175	370	262	310
20 Savings and loan associations	914	1,984	2,030	2,199	216	155	139	145
21 State and local governments	5,288	6,622	7,530	7,190	782	1,465	1,345	1,291
22 All others	103,889	103,220	106,071	110,777	9,405	19,637	20,086	20,600
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**157,483**	**163,992**	**155,064**	**154,227**	**14,264**	**11,865**	**11,607**	**13,076**
24 U.S. Govt. agencies and trust funds	207	449	270	270	4,233	3,102	3,102	3,102
25 F. R. Banks	38,018	41,279	42,388	39,700	1,507	1,363	1,413	1,534
26 *Private investors*	*119,258*	*122,264*	*112,406*	*114,257*	*8,524*	*7,400*	*7,092*	*8,440*
27 Commercial banks	17,481	17,303	11,669	10,883	552	339	314	585
28 Mutual savings banks	554	454	397	428	232	139	135	150
29 Insurance companies	1,513	1,463	732	773	1,154	1,114	1,577	1,255
30 Nonfinancial corporations	5,829	9,939	7,576	6,449	61	142	146	149
31 Savings and loan associations	518	1,266	1,013	1,090	82	64	56	63
32 State and local governments	4,566	5,556	5,886	5,645	896	718	634	620
33 All others	88,797	86,282	85,133	88,989	5,546	4,884	4,230	5,618
	Other, within 1 year				Over 20 years			
34 **All holders**	**42,209**	**47,043**	**56,891**	**58,230**	**10,530**	**14,200**	**17,129**	**17,119**
35 U.S. Govt. agencies and trust funds	2,562	1,563	1,541	1,541	2,053	2,350	2,421	2,421
36 F. R. Banks	8,827	10,290	10,404	10,614	2,601	3,642	5,110	5,070
37 *Private investors*	*30,820*	*35,190*	*44,947*	*46,075*	*5,876*	*8,208*	*9,598*	*9,628*
38 Commercial banks	12,394	13,910	17,964	18,049	271	427	324	329
39 Mutual savings banks	429	760	922	869	112	143	157	163
40 Insurance companies	511	728	973	977	436	548	931	835
41 Nonfinancial corporations	1,276	1,070	1,488	1,737	57	55	42	48
42 Savings and loan associations	396	718	1,017	1,109	22	13	13	13
43 State and local governments	722	1,066	1,644	1,545	558	904	1,186	1,169
44 All others	15,092	16,938	20,938	21,788	4,420	6,120	6,945	7,071

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 July 31, 1977: (1) 5,492 commercial banks, 466 mutual savings banks, and 727 insurance companies, each about 90 per cent; (2) 441 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 May	1977 June	1977 July	1977, week ending Wednesday— July 20	July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24
1 **U.S. Govt. securities**	**3,579**	**6,027**	**10,449**	**10,306**	**8,683**	**9,078**	**8,797**	**10,026**	**11,667**	**10,632**	**10,195**	**9,961**
By maturity:												
2 Bills	2,550	3,889	6,676	6,495	5,021	5,905	5,579	6,874	7,351	6,050	6,704	6,310
3 Other within 1 year	250	223	210	183	215	194	220	192	320	322	343	331
4 1–5 years	465	1,414	2,317	1,981	2,059	1,790	1,977	2,019	2,600	2,236	1,900	1,993
5 5–10 years	256	363	1,019	1,322	952	752	698	648	982	1,501	931	913
6 Over 10 years	58	138	229	325	436	438	322	293	414	524	318	413
By type of customer:												
7 U.S. Govt. securities dealers	652	885	1,360	1,059	1,030	962	899	1,047	975	1,052	914	1,116
8 U.S. Govt. securities brokers	965	1,750	3,407	3,975	2,529	3,007	2,690	3,355	4,110	3,799	3,831	3,015
9 Commercial banks	998	1,451	2,426	2,095	1,965	2,124	2,378	2,260	2,627	2,256	2,396	2,238
10 All others[1]	964	1,941	3,257	3,177	3,159	2,986	2,830	3,365	3,955	3,526	3,055	3,542
11 **Federal agency securities**	**965**	**1,043**	**1,548**	**1,786**	**2,138**	**1,540**	**1,697**	**1,404**	**1,180**	**1,481**	**1,499**	**2,642**

1 Includes—among others—all other dealers and brokers in commodities and securities, foreign banking agencies, and the F.R. System.

NOTE.—Averages for transactions are based on number of trading days in the period.

Transactions are market purchases and sales of U.S. Govt. securities dealers reporting to the F.R. Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. Govt. securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase, reverse repurchase (resale), or similar contracts.

1.45 U.S. GOVERNMENT SECURITIES DEALERS Positions and Sources of Financing

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

Item	1974	1975	1976	1977 May	1977 June	1977 July	1977, week ending Wednesday— June 22	June 29	July 6	July 13	July 20	July 27
	Positions[2]											
1 **U.S. Govt. securities**	**2,580**	**5,884**	**7,592**	**3,900**	**5,757**	**4,724**	**4,612**	**6,351**	**6,109**	**5,563**	**4,787**	**4,800**
2 Bills	1,932	4,297	6,290	3,786	5,538	5,034	4,528	5,081	5,617	5,675	5,196	5,468
3 Other within 1 year	−6	265	188	198	15	−7	−36	8	63	18	−40	−52
4 1–5 years	265	886	515	−101	82	−291	205	299	−13	−211	−117	−404
5 5–10 years	302	300	402	−70	23	−192	−30	146	1	−119	−308	−232
6 Over 10 years	88	136	198	87	99	181	−55	817	441	201	56	20
7 **Federal agency securities**	**1,212**	**943**	**729**	**539**	**1,027**	**766**	**848**	**1,276**	**734**	**971**	**827**	**793**
	Sources of financing[3]											
8 **All sources**	**3,977**	**6,666**	**8,715**	**9,351**	**10,791**	**9,532**	**10,489**	**8,781**	**10,118**	**10,156**	**10,092**	**8,826**
Commercial banks:												
9 New York City	1,032	1,621	1,896	881	1,583	1,289	1,492	692	1,436	2,086	1,533	960
10 Outside New York City	1,064	1,466	1,660	1,735	2,179	1,574	2,070	1,187	1,469	1,658	1,801	1,456
11 Corporations[1]	459	842	1,479	1,806	2,769	2,307	2,888	2,272	1,972	2,331	2,435	2,403
12 All others	1,423	2,738	3,681	4,929	4,261	4,361	4,038	4,631	5,241	4,080	4,324	4,007

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 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May	1977 June
1	**Federal and Federally sponsored agencies**	**71,594**	**89,381**	**97,680**	**103,489**	**102,961**	**103,673**	**105,579**	**105,823**	**107,152**
2	*Federal agencies*	*11,554*	*12,719*	*19,046*	*22,168*	*22,307*	*22,413*	*22,462*	*22,316*	*22,220*
3	Defense Department[1]	1,439	1,312	1,220	1,095	1,086	1,077	1,068	1,059	1,044
4	Export-Import Bank[2,3]	2,625	2,893	7,188	8,557	8,580	8,615	8,610	8,596	8,742
5	Federal Housing Administration[4]	415	440	564	579	581	592	598	594	588
6	Government National Mortgage Association participation certificates[5]	4,390	4,280	4,200	[3] 3,845	[3] 3,845	3,845	3,803	3,803	3,803
7	Postal Service[6]	250	721	1,750	2,998	2,998	2,998	2,998	2,856	2,431
8	Tennessee Valley Authority	2,435	3,070	3,915	4,985	5,005	5,070	5,155	5,175	5,370
9	United States Railway Association[6]	....	3	209	109	212	216	230	233	242
10	*Federally sponsored agencies*	*60,040*	*76,662*	*78,634*	*81,321*	*80,654*	*81,260*	*83,117*	*r84,248*	*84,932*
11	Federal home loan banks	15,362	21,890	18,900	16,805	16,587	16,626	16,678	16,851	16,921
12	Federal Home Loan Mortgage Corporation	1,784	1,551	1,550	1,350	957	957	957	r1,698	1,698
13	Federal National Mortgage Association	23,002	28,167	29,963	30,394	30,143	30,392	30,684	30,843	31,378
14	Federal land banks	10,062	12,653	15,000	17,304	17,304	17,304	18,137	18,137	18,137
15	Federal intermediate credit banks	6,932	8,589	9,254	10,631	10,556	10,670	10,990	11,174	11,418
16	Banks for cooperatives	2,695	3,589	3,655	4,425	4,695	4,899	5,254	5,113	4,948
17	Student Loan Marketing Association[7]	200	220	310	410	410	410	415	430	430
18	Other	3	3	2	2	2	2	2	2	2
	MEMO ITEMS:									
19	**Federal Financing Bank debt[6,8]**	....	**4,474**	**17,154**	**29,848**	**30,328**	**31,312**	**30,823**	**31,007**	**30,820**
	Lending to Federal and Federally sponsored agencies:									
20	Export-Import Bank[3]	....	....	4,595	5,208	5,237	5,273	5,273	5,273	5,420
21	Postal Service[6]	....	500	1,500	2,748	2,748	2,748	2,748	2,606	2,181
22	Student Loan Marketing Association[7]	....	220	310	410	410	410	415	430	430
23	Tennessee Valley Authority	....	895	1,840	3,160	3,180	3,245	3,330	3,350	3,545
24	United States Railway Association[6]	....	3	209	109	212	216	230	233	242
	Other lending:[9]									
25	Farmers Home Administration	....	2,500	7,000	11,450	11,450	11,750	11,750	12,250	12,900
26	Rural Electrification Administration	....	....	566	1,509	1,584	1,677	1,806	1,864	2,042
27	Other	....	356	1,134	5,254	5,507	5,993	5,271	5,001	4,060

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	6,566	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**	....	....
17	**Bonds**	**32,066**	**42,756**	**42,262**	**3,387**	**1,888**	**4,300**	**3,048**	....	....
	By type of offering:									
18	Public	25,903	32,583	26,453	2,786	1,102	2,610	1,961	....	....
19	Private placement	6,160	10,172	15,808	601	786	1,690	1,087	....	....
	By industry group:									
20	Manufacturing	9,867	16,980	13,243	817	568	1,049	1,128	....	....
21	Commercial and miscellaneous	1,845	2,750	4,361	743	346	454	180	....	....
22	Transportation	1,550	3,439	4,357	165	47	243	129	....	....
23	Public utility	8,873	9,658	8,297	634	210	756	602	....	....
24	Communication	3,710	3,464	2,787	50	290	808	324	....	....
25	Real estate and financial	6,218	6,469	9,222	979	426	991	684	....	....
26	**Stocks**	**6,247**	**10,863**	**11,094**	**602**	**820**	**1,195**	**591**	....	....
	By type:									
27	Preferred	2,253	3,458	2,789	103	128	520	163	....	....
28	Common	3,994	7,405	8,305	499	692	675	428	....	....
	By industry group:									
29	Manufacturing	544	1,670	2,237	89	175	76	220	....	....
30	Commercial and miscellaneous	940	1,470	1,183	136	94	114	114	....	....
31	Transportation	22	1	24	....	....	125	....	....	....
32	Public utility	3,964	6,235	6,101	352	225	842	172	....	....
33	Communication	217	1,002	776	....	267	....	10	....	....
34	Real estate and financial	562	488	771	25	60	38	75	....	....

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.

SOURCES.—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 Q2	1975 Q3	1975 Q4	1976 Q1	1976 Q2	1976 Q3	1976 Q4
All issues[1]										
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	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 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May	1977 June	1977 July
INVESTMENT COMPANIES excluding money market funds									
1 Sales of own shares[1]	3,302	4,226	655	423	463	558	421	r639	573
2 Redemptions of own shares[2]	3,686	6,802	628	463	553	468	531	510	515
3 Net sales	-384	2,496	141	-40	90	63	-110	r129	58
4 **Assets**[3]	**42,179**	**47,537**	**45,760**	**45,040**	**44,516**	**44,862**	**44,403**	**r46,255**	**45,651**
5 Cash position[4]	3,748	2,747	2,958	3,260	3,474	2,776	2,859	2,901	3,068
6 Other	38,431	44,790	42,802	41,780	41,042	42,086	41,544	r43,354	42,583

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 Q4	1976 Q1	1976 Q2	1976 Q3	1976 Q4	1977 Q1	1977 Q2^p
1 **Profits before tax**	**126.9**	**123.5**	**156.9**	**141.0**	**153.5**	**159.2**	**159.9**	**154.8**	**161.7**	**173.4**
2 Profits tax liability	52.4	50.2	64.7	57.9	63.1	66.1	65.9	63.9	64.4	69.3
3 Profits after tax	74.5	73.3	92.2	83.1	90.4	93.1	94.0	90.9	97.3	104.1
4 Dividends	31.0	32.4	35.8	32.5	33.6	35.0	36.0	38.4	38.4	40.3
5 Undistributed profits	43.5	40.9	56.4	50.6	56.8	58.1	58.0	52.5	58.9	63.8
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	160.9	167.3

SOURCE.—U.S. Dept. of Commerce, *Survey of Current Business.*

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, end of period

Account	1971	1972	1973	1974	1975 Q4	1976 Q1	1976 Q2	1976 Q3	1976 Q4	1977 Q1
1 **Current assets**	**529.4**	**574.4**	**643.2**	**712.2**	**731.6**	**753.5**	**775.4**	**791.8**	**816.8**	**845.3**
2 Cash	53.3	57.5	61.6	62.7	68.1	68.4	70.8	71.1	77.0	75.0
3 U.S. Govt. securities	11.0	10.2	11.0	11.7	19.4	21.7	23.3	23.9	26.4	27.3
4 *Notes and accounts receivable*	*221.1*	*243.4*	*269.6*	*293.2*	*298.2*	*310.9*	*321.8*	*328.5*	*328.2*	*346.6*
5 U.S. Govt.[1]	3.5	3.4	3.5	3.5	3.6	3.6	3.7	4.3	4.3	4.7
6 Other	217.6	240.0	266.1	289.7	294.6	307.3	318.1	324.2	323.9	342.0
7 Inventories	200.4	215.2	246.7	288.0	285.8	288.8	295.6	302.1	315.4	322.1
8 Other	43.8	48.1	54.4	56.6	60.0	63.6	63.9	66.3	69.8	74.3
9 **Current liabilities**	**326.0**	**352.2**	**401.0**	**450.6**	**457.5**	**465.9**	**475.9**	**484.1**	**499.9**	**516.6**
10 *Notes and accounts payable*	*220.5*	*234.4*	*265.9*	*292.7*	*288.0*	*286.9*	*293.8*	*291.7*	*302.9*	*309.0*
11 U.S. Govt.[1]	4.9	4.0	4.3	5.2	6.4	6.4	6.8	7.0	7.0	6.8
12 Other	215.6	230.4	261.6	287.5	281.6	280.5	287.0	284.7	295.9	302.2
13 Accrued Federal income taxes	13.1	15.1	18.1	23.2	20.7	23.9	22.0	24.9	26.8	28.6
14 Other	92.4	102.6	117.0	134.8	148.8	155.0	160.1	167.5	170.2	179.0
15 *Net working capital*	**203.6**	**222.2**	**242.3**	**261.5**	**274.1**	**287.6**	**299.5**	**307.7**	**316.9**	**328.7**

[1] Receivables from, and payables to, the U.S. Govt. exclude amounts offset against each other on corporations' books.

SOURCE.—Securities and Exchange Commission estimates published in the Commission's *Statistical Bulletin.*

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Industry	1975	1976	1975 Q4	1976 Q1	1976 Q2	1976 Q3	1976 Q4	1977 Q1	1977 Q2	1977 Q3
1 **All industries**	**112.75**	**120.82**	**111.80**	**114.72**	**118.12**	**122.55**	**125.22**	**130.16**	**134.46**	**136.91**
Manufacturing										
2 Durable goods industries	21.88	23.50	21.07	21.63	22.54	24.59	25.50	26.30	26.42	28.30
3 Nondurable goods industries	26.13	29.22	25.75	27.58	28.09	30.20	28.93	30.13	32.20	33.46
Nonmanufacturing										
4 Mining	3.80	3.98	3.82	3.83	3.83	4.21	4.13	4.24	4.42	4.54
Transportation:										
5 Railroad	2.56	2.35	2.39	2.08	2.64	2.69	2.63	2.71	2.69	2.37
6 Air	1.87	1.31	1.65	1.18	1.44	1.12	1.41	1.62	1.52	1.94
7 Other	3.03	3.56	3.56	3.29	4.16	3.44	3.49	2.96	2.39	2.43
Public utilities:										
8 Electric	16.99	18.90	17.92	18.56	18.82	18.22	19.49	21.19	21.09	21.58
9 Gas and other	3.14	3.47	3.00	3.36	3.03	3.45	3.96	4.16	4.56	4.14
10 Communication	12.76	12.93	12.22	12.54	12.62	13.64	14.30	14.19	39.16	38.14
11 Commercial and other[1]	20.61	20.87	20.44	20.68	20.94	20.99	21.36	22.67		

[1] Includes trade, service, construction, finance, and insurance.

NOTE.—Estimates for corporate and noncorporate business, excluding agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

SOURCE.—U.S. Dept. of Commerce, *Survey of Current Business.*

1.521 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

	Account	1972	1973	1974	1975	1976				1977	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
	ASSETS										
	Accounts receivable, gross										
1	Consumer	31.9	35.4	36.1	36.0	35.7	36.7	37.6	38.6	39.2	40.7
2	Business	27.4	32.3	37.2	39.3	41.2	42.4	42.4	44.7	47.5	50.4
3	*Total*	*59.3*	*67.7*	*73.3*	*75.3*	*76.9*	*79.2*	*80.0*	*83.4*	*86.7*	*91.2*
4	LESS: Reserves for unearned income and losses	7.4	8.4	9.0	9.4	9.4	9.8	10.2	10.5	10.6	11.1
5	Accounts receivable, net	51.9	59.3	64.2	65.9	67.4	69.4	69.9	72.9	76.1	80.1
6	Cash and bank deposits	2.8	2.6	3.0	2.9	2.8	2.7	2.6	2.6	2.7	2.5
7	Securities	.9	.8	.4	1.0	.8	.8	1.2	1.1	1.0	1.2
8	All other	10.0	10.6	12.0	11.8	12.5	12.4	12.7	12.6	13.0	13.7
9	**Total assets**	**65.6**	**73.2**	**79.6**	**81.6**	**83.5**	**85.3**	**86.4**	**89.2**	**92.8**	**97.5**
	LIABILITIES										
10	Bank loans	5.6	7.2	9.7	8.0	7.4	6.9	5.5	6.3	6.1	5.7
11	Commercial paper	17.3	19.7	20.7	22.2	22.2	22.2	21.7	23.7	24.8	27.5
	Debt:										
12	Short-term, n.e.c.	4.3	4.6	4.9	4.5	4.9	5.0	5.2	5.4	4.5	5.5
13	Long-term, n.e.c.	22.7	24.6	26.5	27.6	28.4	30.1	31.0	32.3	34.0	35.0
14	Other	4.8	5.6	5.5	6.8	7.8	7.8	9.5	8.1	9.5	9.4
15	Capital, surplus, and undivided profits	10.9	11.5	12.4	12.5	12.8	13.2	13.4	13.4	13.9	14.4
16	**Total liabilities and capital**	**65.6**	**73.2**	**79.6**	**81.6**	**83.5**	**85.3**	**86.4**	**89.2**	**92.8**	**97.5**

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 July 31, 1977[1]	Changes in accounts receivable during—			Extensions			Repayments		
			1977			1977			1977		
			May	June	July	May	June	July	May	June	July
1	Retail automotive (commercial vehicles)	10,988	229	340	296	943	1,042	1,030	714	702	734
2	Wholesale automotive	10,510	361	137	686	5,120	5,049	5,493	4,759	4,912	4,807
3	Retail paper on business, industrial, and farm equipment	12,911	113	238	197	731	694	788	618	456	591
4	Loans on commercial accounts receivable	3,921	37	115	28	2,333	2,483	2,301	2,296	2,368	2,273
5	Factored commercial accounts receivable	2,236	−14	−50	−120	1,541	1,347	1,261	1,555	1,397	1,381
6	All other business credit	10,063	273	202	16	1,392	1,346	1,279	1,119	1,144	1,263

1 Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

	Item	1974	1975	1976	1977 Feb.	1977 Mar.	1977 Apr.	1977 May	1977 June	1977 July
					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	53.1	53.8	53.4	52.8	r53.1	53.7
2	Amount of loan (thous. dollars)	29.8	33.3	35.9	39.3	40.9	39.6	39.9	r39.5	40.0
3	Loan/price ratio (per cent)	74.3	74.7	74.2	75.8	77.5	75.5	77.4	r76.0	76.2
4	Maturity (years)	26.3	26.8	27.2	27.8	28.0	27.3	27.9	r27.2	27.9
5	Fees and charges (per cent of loan amount)[2]	1.30	1.54	1.44	1.31	1.34	1.30	1.34	1.25	1.31
6	Contract rate (per cent per annum)	8.71	8.75	8.76	8.78	8.74	8.73	8.74	r8.78	8.79
	Yield (per cent per annum):									
7	FHLBB series[3]	8.92	9.01	8.99	8.99	8.95	8.94	8.96	8.98	9.00
8	HUD series[4]	9.22	9.10	8.99	8.80	8.85	8.90	8.95	9.00	9.00
	SECONDARY MARKETS									
	Yields (per cent per annum) on—									
9	FHA mortgages (HUD series)[5]	9.55	9.19	8.82	8.50	8.58	8.57	....	8.74	8.74
10	GNMA securities[6]	8.72	8.52	8.17	7.98	8.06	7.96	8.04	7.95	7.95
	FNMA auctions:[7]									
11	Government-underwritten loans	9.31	9.26	8.99	8.55	8.68	8.67	8.74	8.75	8.72
12	Conventional loans	9.43	9.37	9.11	8.86	8.91	8.97	9.08	9.12	9.07
					Activity in secondary markets					
	FEDERAL NATIONAL MORTGAGE ASSOCIATION									
	Mortgage holdings (end of period)									
13	Total	29,578	31,824	32,904	32,792	32,830	32,938	33,580	33,918	33,954
14	FHA-insured	19,189	19,732	18,916	18,771	18,739	18,745	18,939	18,974	18,887
15	VA-guaranteed	8,310	9,573	9,212	9,115	9,099	9,125	9,399	9,509	9,449
16	Conventional	2,080	2,519	4,776	4,906	4,992	5,069	5,241	5,435	5,618
	Mortgage transactions (during period)									
17	Purchases	6,953	4,263	3,606	150	283	391	947	656	322
18	Sales	4	2	86	....	....	....	7	....	....
	Mortgage commitments:[8]									
19	Contracted (during period)	10,765	6,106	6,247	968	1,119	716	1,452	999	357
20	Outstanding (end of period)	7,960	4,126	3,398	4,707	5,184	5,411	5,773	5,854	5,062
	Auction of 4-month commitments to buy—									
	Government-underwritten loans:									
21	Offered[9]	5,462.6	7,042.6	4,929.8	868.4	1,138.2	456.1	1,842.8	278.9	206.4
22	Accepted	2,371.4	3,848.3	2,787.2	484.7	612.0	269.8	1,027.4	127.8	131.4
	Conventional loans:									
23	Offered[9]	1,195.4	1,401.3	2,595.7	300.0	373.9	348.1	1,164.6	371.1	286.8
24	Accepted	656.5	765.0	1,879.2	235.8	268.1	280.7	751.7	263.0	184.4
	FEDERAL HOME LOAN MORTGAGE CORPORATION									
	Mortgage holdings (end of period)[10]									
25	Total	4,586	4,987	4,269	3,672	3,557	3,355	3,285	3,389	3,483
26	FHA/VA	1,904	1,824	1,618	1,580	1,564	1,542	1,523	r1,502	1,481
27	Conventional	2,682	3,163	2,651	2,092	1,993	1,813	c1,763	r1,887	2,001
	Mortgage transactions (during period)									
28	Purchases	2,191	1,716	1,175	98	200	235	310	r379	236
29	Sales	52	1,020	1,396	290	285	388	329	r336	79
	Mortgage commitments:[11]									
30	Contracted (during period)	4,553	982	1,477	170	459	606	525	r511	511
31	Outstanding (end of period)	2,390	111	333	533	760	1,112	1,314	r1,293	1,350

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 Q3	1976 Q4	1977 Q1	1977 Q2[p]
1	**All holders**	**603,417**	**682,321**	**r742,512**	**801,537**	**865,733**	**889,039**	**910,941**	**946,761**
2	1- to 4-family	r372,154	r416,211	r449,371	490,761	538,847	556,443	572,517	598,069
3	Multifamily	r82,840	r93,132	r99,976	100,601	103,882	104,283	104,342	106,057
4	Commercial	r112,294	r131,725	r146,877	159,298	167,539	171,259	174,763	181,216
5	Farm	35,758	41,253	46,288	50,877	55,465	57,054	59,319	61,419
6	**Major financial institutions**	**450,000**	**505,400**	**r542,560**	**581,193**	**630,103**	**647,627**	**662,272**	**687,968**
7	*Commercial banks*[1]	*99,314*	*119,068*	*132,105*	*136,186*	*147,805*	*151,208*	*154,510*	*161,109*
8	1- to 4-family	57,004	67,998	74,758	77,018	83,938	86,205	88,086	91,849
9	Multifamily	5,778	6,932	7,619	5,915	8,144	8,100	8,282	8,635
10	Commercial	31,751	38,696	43,679	46,882	49,160	50,175	51,266	53,456
11	Farm	4,781	5,442	6,049	6,371	6,563	6,728	6,876	7,169
12	*Mutual savings banks*	*67,556*	*73,230*	*74,920*	*77,249*	*80,249*	*81,734*	*82,273*	*83,469*
13	1- to 4-family	46,229	48,811	49,213	50,025	52,250	53,217	53,568	54,355
14	Multifamily	10,910	12,343	12,923	13,792	13,915	14,173	14,266	14,465
15	Commercial	10,355	12,012	12,722	13,373	14,028	14,287	14,381	14,590
16	Farm	62	64	62	59	56	57	58	59
17	*Savings and loan associations*	*206,182*	*231,733*	*r249,301*	*278,590*	*r311,847*	*323,130*	*333,703*	*350,777*
18	1- to 4-family	r166,410	r187,078	r200,987	223,903	251,629	260,895	270,100	283,920
19	Multifamily	r21,051	r22,779	r23,808	25,547	27,505	28,436	29,032	30,517
20	Commercial	r18,721	r21,876	r24,506	29,140	32,713	33,799	34,571	36,340
21	*Life insurance companies*	*76,948*	*81,369*	*86,234*	*89,168*	*90,202*	*91,555*	*91,786*	*92,613*
22	1- to 4-family	22,315	20,426	19,026	17,590	16,448	16,088	15,699	15,291
23	Multifamily	17,347	18,451	19,625	19,629	19,234	19,178	18,921	18,846
24	Commercial	31,608	36,496	41,256	45,196	47,336	48,864	49,526	50,616
25	Farm	5,678	5,996	6,327	6,753	7,184	7,425	7,640	7,860
26	**Federal and related agencies**	**40,157**	**46,721**	**58,320**	**66,891**	**67,314**	**66,753**	**66,248**	**68,609**
27	*Government National Mortgage Assn.*	*5,113*	*4,029*	*4,846*	*7,438*	*5,068*	*4,241*	*4,013*	3,912
28	1- to 4-family	2,513	1,455	2,248	4,728	2,486	1,970	1,670	1,654
29	Multifamily	2,600	2,574	2,598	2,710	2,582	2,271	2,343	2,258
30	*Farmers Home Admin.*	*1,019*	*1,366*	*1,432*	*1,109*	*1,355*	*1,064*	*590*	*1,043*
31	1- to 4-family	279	743	759	208	754	454	98	410
32	Multifamily	29	29	167	215	143	218	28	97
33	Commercial	320	218	156	190	133	72	64	126
34	Farm	391	376	350	496	325	320	310	410
35	*Federal Housing and Veterans Admin.*	*3,338*	*3,476*	*4,015*	*4,970*	*5,092*	*5,150*	*5,406*	*5,530*
36	1- to 4-family	2,199	2,013	2,009	1,990	1,716	1,676	1,732	1,706
37	Multifamily	1,139	1,463	2,006	2,980	3,376	3,474	3,674	3,824
38	*Federal National Mortgage Assn.*	*19,791*	*24,175*	*29,578*	*31,824*	*32,962*	*32,904*	*32,830*	*33,918*
39	1- to 4-family	17,697	20,370	23,778	25,813	27,030	26,934	26,836	27,933
40	Multifamily	2,094	3,805	5,800	6,011	5,932	5,970	5,994	5,985
41	*Federal land banks*	*9,107*	*11,071*	*13,863*	*16,563*	*18,568*	*19,125*	*19,942*	*20,818*
42	1- to 4-family	13	123	406	549	586	601	611	628
43	Farm	9,094	10,948	13,457	16,014	17,982	18,524	19,331	20,190
44	*Federal Home Loan Mortgage Corp.*	*1,789*	*2,604*	*4,586*	*4,987*	*4,269*	*4,269*	*3,557*	*3,388*
45	1- to 4-family	1,754	2,446	4,217	4,588	3,917	3,889	3,200	2,901
46	Multifamily	35	158	369	399	352	380	357	487
47	**Mortgage pools or trusts**[2]	**14,404**	**18,040**	**23,799**	**34,138**	**44,960**	**49,801**	**54,811**	**58,748**
48	*Government National Mortgage Assn.*	*5,504*	*7,890*	*11,769*	*18,257*	*26,725*	*30,572*	34,260	36,573
49	1- to 4-family	5,353	7,561	11,249	17,538	25,841	29,583	33,190	35,467
50	Multifamily	151	329	520	719	884	989	1,070	1,106
51	*Federal Home Loan Mortgage Corp.*	*441*	*766*	*757*	*1,598*	*2,506*	*2,671*	*3,570*	*4,460*
52	1- to 4-family	331	617	608	1,349	2,141	2,282	3,112	3,938
53	Multifamily	110	149	149	249	365	389	458	522
54	*Farmers Home Admin.*	*8,459*	*9,384*	*11,273*	*14,283*	*15,729*	*16,558*	*16,981*	*17,715*
55	1- to 4-family	5,017	5,458	6,782	9,194	9,587	10,219	10,423	10,814
56	Multifamily	131	138	116	295	535	532	530	777
57	Commercial	867	1,124	1,473	1,948	2,291	2,440	2,560	2,680
58	Farm	2,444	2,664	2,902	2,846	3,316	3,367	3,468	3,444
59	**Individuals and others**[3]	**98,856**	**112,160**	**117,833**	**119,315**	**123,356**	**124,858**	**127,610**	**131,436**
60	1- to 4-family	45,040	51,112	53,331	56,268	60,524	62,430	64,192	67,203
61	Multifamily	21,465	23,982	24,276	22,140	20,915	20,173	19,387	18,538
62	Commercial	19,043	21,303	23,085	22,569	21,878	21,622	22,395	23,408
63	Farm	13,308	15,763	17,141	18,338	20,039	20,633	21,636	22,287

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 and extrapolations where required, are estimated mainly by Federal Reserve. Multifamily debt refers to loans on structures of 5 or more units.

1.55 CONSUMER INSTALMENT CREDIT *Total Outstanding, and Net Change*

Millions of dollars

	Holder, and type of credit	1975	1976	1976	1977 Jan.	Feb.	Mar.	Apr.	May	June	July
	Amounts outstanding (end of period)										
1	**Total**	**164,955**	**185,489**	**185,489**	**184,597**	**184,504**	**186,379**	**189,187**	**192,143**	**196,157**	**198,973**
	By holder:										
2	Commercial banks	78,667	89,511	89,511	89,262	89,223	90,187	91,837	93,190	95,307	96,797
3	Finance companies	35,994	38,639	38,639	38,790	38,868	39,188	39,561	40,127	40,712	41,398
4	Credit unions	25,666	30,546	30,546	30,410	30,701	31,448	31,912	32,704	33,750	34,122
5	Retailers[1]	18,002	19,052	19,052	18,378	17,860	17,585	17,734	17,911	18,032	18,137
6	Others[2]	6,626	7,741	7,741	7,757	7,852	7,971	8,142	8,211	8,355	8,520
	By type of credit:										
7	*Automobile*	*55,879*	*66,116*	*66,116*	*65,874*	*66,361*	*67,678*	*69,064*	*70,557*	*72,459*	*73,863*
8	Commercial banks	31,553	37,984	37,984	37,948	38,170	38,962	39,940	40,760	41,937	42,770
9	Indirect	18,353	21,176	21,176	21,091	21,170	21,563	22,059	22,442	23,054	23,493
10	Direct	13,200	16,808	16,808	16,857	17,000	17,399	17,881	18,319	18,883	19,277
11	Finance companies	11,155	12,489	12,489	12,367	12,450	12,593	12,757	13,023	13,219	13,597
12	Credit unions	12,741	15,163	15,163	15,096	15,240	15,611	15,841	16,234	16,754	16,938
13	Others	430	480	480	464	501	513	525	540	549	558
	Mobile homes	*14,423*	*14,572*	*14,572*	*14,466*	*14,396*	*14,409*	*14,471*	*14,477*	*14,551*	*14,623*
14	Commercial banks	8,649	8,734	8,734	8,644	8,590	8,571	8,597	8,617	8,646	8,671
15	Finance companies	3,451	3,273	3,273	3,244	3,202	3,190	3,170	3,149	3,136	3,126
16	*Home improvement*	*9,405*	*10,990*	*10,990*	*10,948*	*10,962*	*11,097*	*11,287*	*11,465*	*11,742*	*11,964*
17	Commercial banks	4,965	5,554	5,554	5,510	5,474	5,510	5,594	5,702	5,838	5,960
	Revolving credit:										
18	Bank credit cards	9,501	11,351	11,351	11,269	11,090	10,971	11,149	11,205	11,462	11,634
19	Bank check credit	2,810	3,041	3,041	3,062	3,071	3,061	3,076	3,125	3,202	3,261
20	*All other*	*72,937*	*79,418*	*79,418*	*78,978*	*78,624*	*79,162*	*80,139*	*81,313*	*82,742*	*83,628*
21	Commercial banks, total	21,188	22,847	22,847	22,830	22,828	23,112	23,481	23,780	24,224	24,499
22	Personal loans	14,629	15,669	15,669	15,732	15,753	15,932	16,168	16,344	16,602	16,749
23	Finance companies, total	21,238	22,749	22,749	23,054	23,088	23,277	23,506	23,827	24,223	24,538
24	Personal loans	17,263	18,554	18,554	18,531	18,567	18,751	18,938	19,214	19,540	19,808
25	Credit unions	10,754	12,799	12,799	12,742	12,864	13,177	13,371	13,703	14,141	14,297
26	Retailers	18,002	19,052	19,052	18,378	17,860	17,585	17,734	17,911	18,032	18,137
27	Others	1,755	1,971	1,971	1,974	1,984	2,011	2,047	2,092	2,121	2,157
	Net change (during period)[3]										
28	**Total**	**7,504**	**20,533**	**2,442**	**1,990**	**1,824**	**2,848**	**2,770**	**2,519**	**2,282**	**2,319**
	By holder:										
29	Commercial banks	2,821	10,845	1,269	627	858	1,434	1,328	1,100	1,283	1,005
30	Finance companies	−90	2,644	409	627	349	585	392	460	182	524
31	Credit unions	3,771	4,880	511	501	517	611	634	665	519	368
32	Retailers	69	1,050	159	200	14	113	223	210	144	286
33	Others	933	1,115	94	35	86	106	192	84	154	136
	By type of credit:										
34	*Automobile*	*3,007*	*10,238*	*1,201*	*732*	*955*	*1,326*	*1,155*	*1,188*	*898*	*1,005*
35	Commercial banks	559	6,431	784	428	491	790	693	561	681	521
36	Indirect	−334	2,823	409	178	217	396	355	241	328	255
37	Direct	894	3,608	376	249	274	394	338	320	353	266
38	Finance companies	532	1,334	152	61	174	244	135	258	−28	275
39	Credit unions	1,872	2,422	259	250	266	294	298	352	244	208
40	Other	44	50	6	−7	24	−2	29	17	2	2
	Mobile homes	*−195*	*150*	*85*	*−48*	*−48*	*48*	*56*	*−18*	*23*	*45*
41	Commercial banks	−323	85	80	−54	−38	5	11	....	−7	7
42	Finance companies	−73	−177	−17	−18	−40	−1	−14	−24	−21	−12
43	*Home improvement*	*881*	*1,585*	*161*	*95*	*87*	*160*	*181*	*126*	*174*	*156*
44	Commercial banks	271	588	69	38	20	71	64	58	67	68
	Revolving credit:										
45	Bank credit cards	1,220	1,850	69	−10	186	245	259	173	219	164
46	Bank check credit	14	231	26	39	39	50	54	98	85	34
47	*All other*	*2,577*	*6,479*	*899*	*1,182*	*605*	*1,019*	*1,065*	*952*	*883*	*914*
48	Commercial banks, total	1,080	1,659	239	186	160	272	248	209	237	211
49	Personal loans	858	1,040	132	189	126	200	182	146	156	117
50	Finance companies, total	−348	1,509	274	585	212	341	270	227	226	260
51	Personal loans	279	1,290	128	185	178	280	219	184	185	228
52	Credit unions	1,580	2,045	206	204	204	264	281	258	239	129
53	Retailers	69	1,050	159	200	14	113	223	210	144	286
54	Others	196	217	20	7	15	29	43	48	36	28

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	1975	1976	1976	1977 Jan.	Feb.	Mar.	Apr.	May	June	July
						Extensions[3]					
1	**Total**	**164,169**	**193,328**	**17,677**	**17,072**	**17,418**	**18,351**	**18,609**	**18,322**	**18,613**	**18,416**
	By holder:										
2	Commercial banks	77,312	94,220	8,721	8,010	8,399	8,927	9,008	8,888	9,036	8,928
3	Finance companies	31,173	36,028	3,247	3,477	3,301	3,528	3,445	3,359	3,443	3,335
4	Credit unions	24,096	28,587	2,625	2,536	2,674	2,787	2,859	2,860	2,769	2,663
5	Retailers[1]	27,049	29,188	2,620	2,643	2,580	2,615	2,721	2,728	2,806	2,951
6	Others[2]	4,539	5,305	465	406	464	494	576	485	559	540
	By type of credit:										
7	*Automobile*	*51,413*	*62,988*	*5,869*	*5,440*	*5,747*	*6,135*	*6,037*	*5,973*	*5,978*	*5,877*
8	Commercial banks	28,573	36,585	3,476	3,115	3,278	3,563	3,462	3,341	3,442	3,464
9	Indirect	15,766	19,882	1,889	1,668	1,730	1,923	1,850	1,751	1,817	1,856
10	Direct	12,807	16,704	1,587	1,447	1,547	1,640	1,612	1,590	1,625	1,608
11	Finance companies	9,674	11,209	999	1,000	1,014	1,112	1,074	1,114	1,099	963
12	Credit unions	12,683	14,675	1,348	1,292	1,392	1,418	1,431	1,457	1,390	1,402
13	Others	483	518	46	33	64	42	70	60	47	48
	Mobile homes	*4,323*	*4,841*	*470*	*352*	*367*	*434*	*463*	*402*	*408*	*440*
14	Commercial banks	2,622	3,071	324	204	210	257	269	262	232	253
15	Finance companies	764	690	52	50	53	56	58	50	48	55
16	*Home improvement*	*5,556*	*6,736*	*624*	*558*	*564*	*638*	*660*	*627*	*677*	*661*
17	Commercial banks	2,722	3,245	306	274	262	310	308	308	319	320
	Revolving credit:										
18	Bank credit cards	20,428	25,862	2,297	2,166	2,384	2,381	2,547	2,589	2,604	2,525
19	Bank check credit	4,024	4,783	441	460	459	470	467	498	512	489
20	*All other*	*78,425*	*88,117*	*7,977*	*8,096*	*7,897*	*8,292*	*8,436*	*8,233*	*8,434*	*8,424*
21	Commercial banks, total	18,944	20,673	1,877	1,791	1,806	1,945	1,956	1,891	1,927	1,876
22	Personal loans	13,386	14,480	1,303	1,337	1,302	1,392	1,406	1,365	1,380	1,314
23	Finance companies, total	20,657	24,087	2,191	2,423	2,228	2,354	2,307	2,188	2,289	2,309
24	Personal loans	16,944	19,579	1,722	1,737	1,755	1,863	1,833	1,744	1,850	1,836
25	Credit unions	10,134	12,340	1,128	1,094	1,127	1,207	1,264	1,233	1,225	1,113
26	Retailers	27,049	29,188	2,620	2,643	2,580	2,615	2,721	2,728	2,806	2,951
27	Others	1,642	1,830	161	146	156	171	188	193	187	175
						Liquidations[3]					
28	**Total**	**156,665**	**172,795**	**15,236**	**15,082**	**15,594**	**15,503**	**15,840**	**15,803**	**16,331**	**16,098**
	By holder:										
29	Commercial banks	74,491	83,376	7,452	7,383	7,540	7,493	7,680	7,789	7,753	7,923
30	Finance companies	31,263	33,384	2,838	2,850	2,952	2,943	3,053	2,899	3,261	2,811
31	Credit unions	20,325	23,707	2,114	2,035	2,157	2,176	2,225	2,195	2,250	2,295
32	Retailers[1]	26,980	28,138	2,461	2,443	2,566	2,502	2,497	2,518	2,662	2,665
33	Others[2]	3,606	4,191	371	371	378	389	384	401	405	404
	By type of credit:										
34	*Automobile*	*48,406*	*52,750*	*4,667*	*4,708*	*4,792*	*4,809*	*4,882*	*4,785*	*5,080*	*4,871*
35	Commercial banks	28,014	30,154	2,692	2,688	2,787	2,773	2,769	2,780	2,761	2,943
36	Indirect	16,101	17,059	1,480	1,490	1,513	1,527	1,495	1,509	1,489	1,601
37	Direct	11,913	13,095	1,212	1,198	1,274	1,246	1,274	1,271	1,272	1,342
38	Finance companies	9,142	9,875	847	939	840	868	939	856	1,127	688
39	Credit unions	10,811	12,253	1,089	1,042	1,126	1,124	1,133	1,106	1,146	1,194
40	Others	439	468	40	40	40	44	41	43	45	46
	Mobile homes	4,517	4,691	385	400	415	386	407	420	385	395
41	Commercial banks	2,944	2,986	244	258	248	252	258	262	239	245
42	Finance companies	837	867	69	68	93	57	72	74	68	68
43	*Home improvement*	*4,675*	*5,151*	*463*	*463*	*477*	*478*	*479*	*501*	*503*	*504*
44	Commercial banks	2,451	2,657	236	237	241	238	244	250	252	252
	Revolving credit:										
45	Bank credit cards	19,208	24,012	2,228	2,176	2,198	2,136	2,288	2,416	2,385	2,361
46	Bank check credit	4,010	4,552	415	421	420	420	413	400	427	455
47	*All other*	*75,849*	*81,638*	*7,078*	*6,914*	*7,292*	*7,273*	*7,371*	*7,282*	*7,551*	*7,510*
48	Commercial banks, total	17,864	19,014	1,638	1,604	1,646	1,673	1,708	1,682	1,689	1,666
49	Personal loans	12,528	13,439	1,171	1,148	1,176	1,192	1,224	1,219	1,224	1,197
50	Finance companies, total	21,005	22,578	1,917	1,838	2,016	2,013	2,037	1,961	2,063	2,049
51	Personal loans	16,665	18,289	1,594	1,552	1,577	1,583	1,614	1,560	1,666	1,609
52	Credit unions	8,554	10,295	921	890	922	943	983	975	986	984
53	Retailers	26,980	28,138	2,461	2,443	2,566	2,502	2,497	2,518	2,662	2,665
54	Others	1,446	1,613	141	139	141	143	145	146	151	146

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 H1	1975 H2	1976 H1	1976 H2	
						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	1
2	*Excluding equities*	*142.1*	*167.2*	*194.3*	*185.8*	*195.5*	*257.8*	*170.3*	*220.8*	*241.1*	*274.4*	2
	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	3
4	Public debt securities	26.0	14.3	7.9	12.0	85.8	69.1	80.4	91.3	73.0	65.3	4
5	Agency issues and mortgages	−1.1	.8	.4	−.2	−.4	−.1	−.8	−.1	.1	−.3	5
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	6
7	Corporate equities	11.5	10.5	7.7	3.8	10.0	10.5	10.5	9.6	13.3	7.6	7
8	Debt instruments	117.2	152.2	186.1	174.0	110.1	188.8	90.7	129.6	168.0	209.5	8
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	9
10	Corporate equities	11.4	10.9	7.9	4.1	9.9	10.5	10.3	9.5	13.3	7.7	10
11	*Debt instruments*	*112.0*	*147.8*	*179.7*	*158.3*	*97.1*	*168.4*	*82.8*	*111.4*	*152.9*	*184.0*	11
12	*Debt capital instruments*	*86.8*	*102.3*	*105.0*	*98.7*	*95.8*	*122.7*	*93.8*	*97.8*	*111.7*	*133.7*	12
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	13
14	Corporate bonds	18.8	12.2	9.2	19.7	27.2	22.8	32.6	21.8	19.8	25.8	14
	Mortgages:											
15	Home	28.6	42.6	46.4	34.8	39.5	63.6	33.4	45.6	57.1	70.2	15
16	Multifamily residential	9.7	12.7	10.4	6.9	*	1.6	.4	−.4	.6	2.6	16
17	Commercial	9.8	16.5	18.9	15.1	11.0	13.4	9.4	12.6	13.9	12.9	17
18	Farm	2.4	3.6	5.5	5.0	4.6	6.1	5.1	4.0	5.0	7.3	18
19	*Other debt instruments*	*25.3*	*45.5*	*74.6*	*59.6*	*1.3*	*45.7*	*−11.0*	*13.6*	*41.2*	*50.3*	19
20	Consumer credit	13.1	18.9	22.0	10.2	9.4	23.6	2.2	16.6	22.9	24.2	20
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	21
22	Open market paper	−.4	.8	2.5	6.6	−2.6	4.0	−1.4	−3.8	6.4	1.6	22
23	Other	4.4	6.9	10.3	13.7	9.0	14.4	9.0	9.0	12.2	16.7	23
24	*By borrowing sector*	*123.5*	*158.7*	*187.5*	*162.4*	*107.0*	*179.0*	*93.1*	*120.9*	*166.2*	*191.7*	24
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	25
26	Households	45.2	66.6	79.0	49.2	48.6	89.8	37.3	59.9	83.9	95.6	26
27	Farm	4.5	5.8	9.7	7.9	8.7	11.0	8.7	8.8	10.6	11.6	27
28	Nonfarm noncorporate	11.6	14.1	12.9	7.4	2.0	5.2	−1.1	5.1	2.7	7.6	28
29	Corporate	44.5	57.7	72.7	81.8	36.6	58.3	38.3	34.8	56.1	60.5	29
30	**Foreign**	5.2	4.0	6.2	15.4	13.2	20.3	8.0	18.3	15.2	25.4	30
31	Corporate equities	*	−.4	−.2	−.2	.1	*	.1	.1	*	−.1	31
32	*Debt instruments*	*5.2*	*4.4*	*6.4*	*15.7*	*13.0*	*20.3*	*7.9*	*18.2*	*15.1*	*25.5*	32
33	Bonds	.9	1.0	1.0	2.1	6.2	8.4	5.7	6.8	7.3	9.5	33
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	34
35	Open market paper	.3	−1.0	.9	7.3	.3	1.9	−.8	1.4	1.5	2.4	35
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	36
						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	37
	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*	38
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	39
40	Mortgage pool securities	4.8	4.9	3.6	5.8	10.3	15.7	11.5	9.2	14.2	17.2	40
41	Loans from U.S. Govt.	....	....	....	.7	.9	−.4	1.1	.6	*	−.7	41
42	*Private financial sectors*	*9.5*	*19.9*	*31.7*	*16.3*	*.4*	*10.0*	*.6*	*.2*	*9.1*	*10.8*	42
43	Corporate equities	3.5	2.8	1.5	.3	*	.7	.1	−.1	−.7	2.2	43
44	*Debt instruments*	*6.0*	*17.1*	*30.2*	*16.0*	*.4*	*9.2*	*.6*	*.3*	*9.8*	*8.6*	44
45	Corporate bonds	3.8	5.1	3.5	2.1	2.9	5.8	2.3	3.5	7.0	4.5	45
46	Mortgages	2.1	1.7	−1.2	−1.3	2.3	2.1	1.4	3.2	1.4	2.8	46
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	47
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	48
49	Loans from FHLB's	−2.7	*	7.2	6.7	−4.0	−2.0	−6.6	−1.3	−1.6	−2.4	49
	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	50
51	Mortgage pools	4.8	4.9	3.6	5.8	10.3	15.7	11.5	9.2	14.2	17.2	51
52	*Private financial sectors*	*9.5*	*19.9*	*31.7*	*16.3*	*.4*	*10.0*	*.6*	*.2*	*9.1*	*10.8*	52
53	Commercial banks	2.4	4.8	8.1	−1.1	1.7	7.4	5.7	−2.3	9.0	5.9	53
54	Bank affiliates	−.4	.7	2.2	3.5	.3	−.8	.9	−.3	−1.3	−.3	54
55	Foreign banking agencies	1.6	.8	5.1	2.9	−.3	.4	−.9	.2	−1.5	2.4	55
56	Savings and loan associations	−.1	2.0	6.0	6.3	−2.2	*	−6.8	2.3	.5	−.5	56
57	Other insurance companies	.6	.5	.5	.9	1.0	1.0	.9	1.0	1.0	1.0	57
58	Finance companies	2.7	6.2	9.4	4.5	.5	6.4	−1.4	2.4	5.7	7.1	58
59	REIT's	2.9	6.3	6.5	.6	−2.0	−2.8	−2.0	−1.9	−2.5	−3.0	59
60	Open-end investment companies	1.3	−.5	−1.2	−.7	−.1	−1.0	.7	−.9	−2.5	.5	60
61	Money market funds	....	....	....	2.4	1.3	−.3	2.6	*	−.7	.2	61
						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	62
63	Investment company shares	1.3	−.5	−1.2	−.7	−.1	−1.0	.7	−.9	−2.5	.5	63
64	Other corporate equities	13.7	13.8	10.4	4.8	10.2	12.2	9.8	10.5	15.1	9.3	64
65	*Debt instruments*	*154.0*	*192.8*	*244.5*	*224.9*	*209.5*	*285.6*	*185.4*	*233.6*	*269.6*	*301.6*	65
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	66
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	67
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	68
69	Mortgages	52.6	77.0	79.9	60.5	57.2	86.8	49.5	65.0	77.9	95.7	69
70	Consumer credit	13.1	18.9	22.0	10.2	9.4	23.6	2.2	16.6	22.9	24.2	70
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	71
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	72
73	Other loans	3.5	8.4	19.1	22.7	8.7	15.3	6.9	10.5	13.4	17.2	73

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 H1	1975 H2	1976 H1	1976 H2	
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**	1
	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	2
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	3
4	Residential mortgages	7.0	7.0	8.2	14.7	16.2	12.8	16.9	15.5	12.1	13.5	4
5	FHLB advances to S&L's	-2.7	*	7.2	6.7	-4.0	-2.0	-6.6	-1.3	-1.6	-2.4	5
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	6
	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	7
8	Sponsored credit agencies	5.2	9.2	21.4	25.6	14.5	20.6	16.5	12.6	20.7	20.6	8
9	Monetary authorities	8.9	.3	9.2	6.2	8.5	9.8	7.6	9.5	14.5	5.2	9
10	Foreign	26.4	8.4	.6	11.2	6.1	15.2	15.0	-2.7	11.6	18.8	10
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	11
	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	12
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	13
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	14
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	15
16	Residential mortgages	31.2	48.2	48.4	26.9	23.2	52.4	16.7	29.6	45.5	59.2	16
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	17
18	LESS: FHLB advances	2.7	*	7.2	6.7	-4.0	-2.0	-6.6	-1.3	-1.6	-2.4	18
	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	19
20	Commercial banking	50.6	70.5	86.5	64.6	27.6	58.0	14.4	40.7	44.5	71.5	20
21	Savings institutions	39.9	48.2	36.9	26.9	52.0	71.9	48.5	55.4	71.8	72.0	21
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	22
23	Other finance	6.1	13.9	17.5	4.7	-1.1	9.9	-1.4	.7	3.4	16.3	23
24	*Sources of funds*	110.3	149.7	164.9	126.3	119.9	187.3	99.8	140.0	167.6	207.1	24
25	Private domestic deposits	89.4	100.8	86.5	69.4	90.9	123.0	90.3	91.5	106.1	139.8	25
26	Credit market borrowing	6.0	17.1	30.2	16.0	.4	9.2	.6	.3	9.8	8.6	26
27	*Other sources*	14.9	31.8	48.2	40.9	28.6	55.1	9.0	48.2	51.7	58.7	27
28	Foreign funds	-3.9	5.3	6.9	14.5	.4	3.1	5.6	4.8	-2.6	8.8	28
29	Treasury balances	2.2	.7	-1.0	5.1	-1.7	-.1	-3.5	.1	2.9	-3.1	29
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	30
31	Other, net	7.9	14.1	23.9	5.4	1.7	16.4	8.3	11.7	16.2	16.6	31
	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	32
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	33
34	State and local obligations	.8	3.0	5.4	10.0	6.3	4.7	7.2	5.5	3.9	5.5	34
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	35
36	Commercial paper	-1.1	2.9	12.5	4.8	3.1	4.0	1.5	4.7	6.7	1.3	36
37	Other	3.0	9.1	6.8	8.2	5.5	11.8	5.1	6.0	10.8	12.8	37
38	*Deposits and currency*	92.8	105.2	90.4	75.7	97.1	130.3	96.0	98.2	111.0	149.5	38
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	39
40	Large negotiable CD's	6.3	7.7	18.1	18.8	-14.0	-14.2	27.8	-.2	-18.0	10.4	40
41	Other at commercial banks	33.2	30.6	29.6	26.1	39.4	58.1	39.3	39.4	50.2	66.0	41
42	At savings institutions	39.6	45.4	28.5	21.8	59.4	69.1	61.5	57.4	66.1	72.1	42
43	*Money*	13.7	21.4	14.3	8.9	12.3	17.3	23.0	1.7	12.7	21.9	43
44	Demand deposits	10.4	17.0	10.3	2.6	6.1	10.0	17.3	-5.0	7.8	12.1	44
45	Currency	3.4	4.4	3.9	6.3	6.2	7.3	5.7	6.7	4.9	9.8	45
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**	46
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	47
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	48
49	Total foreign funds	22.5	13.7	7.5	25.7	5.8	18.3	9.4	2.1	9.0	27.6	49
	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**	50
51	Mutual fund shares	1.3	-.5	-1.2	-.7	-.1	-1.0	.7	.9	-2.5	.5	51
52	Other equities	13.7	13.8	10.4	4.8	10.2	12.2	9.8	10.5	15.1	9.3	52
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	53
54	Other net purchases	-4.3	-2.1	4.1	-1.6	.6	-1.1	-.2	1.4	*	-2.2	54

NOTES BY LINE NO.

1. Line 2 of p. A-44.
2. Sum of lines 3-6 or 7-10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by Federally sponsored credit agencies, and net issues of Federally related mortgage pool securities. Included below in lines 3, 13, and 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. Lines 39 plus 44.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. *Mainly retained earnings and net miscellaneous liabilities.*
32. Line 12 less line 19 plus line 26.
33–37. Lines 13-17 less amounts acquired by private finance. Line 37 includes mortgages.
45. Mainly an offset to line 9.
46. Lines 32 plus 38 or line 12 less line 27 plus line 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Lines 10 plus 28.
50, 52. Includes issues by financial institutions.

NOTE.—Full statements for sectors and transaction types quarterly, and annually for flows and for amounts outstanding, may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1967 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1974	1975	1976r	1977 Jan.r	Feb.r	Mar.r	Apr.r	Mayr	Juner	Julyr	Aug.
1 **Industrial production**	**129.3**	**117.8**	**129.8**	**132.3**	**133.2**	**135.3**	**136.1**	**137.0**	**137.9**	**138.9**	**138.2**
Market groupings:											
2 *Products, total*	*129.3*	*119.3*	*129.3*	*133.1*	*133.6*	*135.1*	*135.8*	*136.5*	*137.5*	*138.8*	*137.9*
3 Final, total	125.1	118.2	127.2	130.8	131.6	133.3	134.1	134.7	135.5	136.9	135.7
4 Consumer goods	128.9	124.0	136.2	139.9	140.5	142.9	142.9	143.1	143.7	145.5	144.1
5 Equipment	120.0	110.2	114.6	118.4	119.2	120.0	122.1	123.2	124.2	124.9	124.5
6 Intermediate	135.3	123.1	137.2	142.2	141.6	141.8	142.3	143.5	144.5	145.9	145.8
7 Materials	132.4	115.5	130.6	131.1	132.7	135.5	136.5	137.8	138.5	138.9	138.7
Industry groupings:											
8 Manufacturing	129.4	116.3	129.5	131.6	132.6	135.1	135.8	137.1	137.6	138.7	138.3
Capacity utilization (per cent)[1] in –											
9 Manufacturing	84.2	73.6	80.2	80.4	80.9	82.1	82.2	82.8	82.9	83.2	82.7
10 Industrial materials industries	87.7	73.6	80.4	79.4	80.2	81.6	82.1	82.7	82.9	82.9	82.7
11 Construction contracts[2]	173.9	162.3	190.2	203.0	r212.0	207.0	250.0	317.0	284.0	218.0	....
12 **Nonagricultural employment, total**[3]	**119.1**	**116.9**	**120.6**	**122.3**	**122.7**	**123.6**	**124.0**	**124.4**	**124.7**	**125.1**	**125.2**
13 *Goods-producing, total*	106.2	96.9	100.3	101.4	101.9	103.2	104.1	104.5	104.7	104.9	104.5
14 Manufacturing, total	103.1	94.3	97.5	98.8	98.9	99.8	100.4	100.8	100.9	101.1	100.8
15 Manufacturing, production-worker	102.1	91.3	95.2	96.5	96.5	97.6	98.3	98.9	98.9	99.0	98.3
16 Service-producing	126.1	127.8	131.7	133.8	134.1	134.8	134.9	135.3	135.6	136.1	136.5
17 **Personal income, total**[4]	**184.3**	**200.0**	**220.7**	**232.1**	**235.7**	**239.2**	**241.0**	**242.1**	**243.3**	**245.6**	**246.9**
18 Wages and salary disbursements	178.9	188.5	208.6	219.3	222.6	225.7	227.9	229.7	230.8	232.3	232.8
19 Manufacturing	157.6	157.3	177.7	186.7	190.4	194.4	196.0	198.5	200.4	201.2	200.8
20 Disposable personal income	180.8	199.2	217.8	....	235.4	....	....	239.4	....	....	....
21 **Retail sales**[5]	171.2	186.0	206.6	216.5	222.3	227.4	227.2	226.1	223.1	225.2	228.9
Prices:[6]											
22 Consumer	147.7	161.2	170.5	175.3	177.1	178.2	179.6	180.6	181.8	182.6	183.3
23 Wholesale	160.1	174.1	182.9	188.0	190.0	191.9	194.3	195.2	194.4	r194.9	194.6

1 Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.

2 Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Informations Systems Company, F. W. Dodge Division.

3 Based on data in *Employment and Earnings* (U.S. 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).

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	Output (1967 = 100) 1976r Q3	1976r Q4	1977r Q1	1977r Q2	Capacity (per cent of 1967 output) 1976 Q3	1976 Q4	1977 Q1	1977 Q2	Utilization rate (per cent) 1976r Q3	1976r Q4	1977r Q1	1977r Q2
1 **Manufacturing**	**130.8**	**131.2**	**133.1**	**136.8**	**r161.9**	**r162.8**	**r164.0**	**r165.6**	**80.8**	**80.6**	**81.2**	**82.6**
2 Primary processing	139.3	138.9	140.1	146.2	r167.6	r168.8	r170.2	r171.8	83.1	82.3	82.3	85.1
3 Advanced processing	126.3	127.2	129.4	132.0	r158.9	r159.6	r160.7	r162.2	79.5	79.7	80.5	81.3
4 **Materials**	**132.5**	**131.9**	**133.1**	**137.6**	**163.1**	**164.3**	**165.5**	**166.6**	**81.2**	**80.3**	**80.4**	**82.6**
5 Durable goods	130.8	128.4	129.2	135.0	166.7	167.8	169.0	170.3	78.4	76.5	76.5	79.3
6 Basic metal	117.4	107.4	108.6	116.4	143.7	144.4	144.8	145.1	81.7	74.4	75.0	80.2
7 Nondurable goods	146.3	146.9	149.5	154.7	172.5	174.1	175.6	177.2	84.8	84.4	85.1	87.3
8 Textile, paper, and chemical	150.8	151.4	153.9	160.1	180.1	182.0	183.6	185.4	83.7	83.2	83.8	86.3
9 Textile	115.1	112.1	111.3	110.9	139.8	140.6	141.4	141.9	82.4	79.7	78.7	78.1
10 Paper	130.8	130.2	131.7	134.3	146.7	147.9	148.9	150.1	89.2	88.1	88.4	89.4
11 Chemical	174.5	177.3	181.6	192.1	211.2	213.7	216.2	218.7	82.6	83.0	84.0	87.9
12 Energy	119.6	122.0	122.0	122.5	142.7	143.9	144.3	144.7	83.8	84.8	84.5	84.6

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1974	1975	1976	1977 Feb.	1977 Mar.	1977 Apr.	1977 May	1977 June	1977 July	1977 Aug.
	Household survey data									
1 **Noninstitutional population**[1]	**150,827**	**153,449**	**156,048**	**157,584**	**157,782**	**157,986**	**158,228**	**158,456**	**158,682**	**158,899**
2 **Labor force (including Armed Forces)**[1]	**93,240**	**94,793**	**96,917**	**98,282**	**98,677**	**98,892**	**99,286**	**99,770**	**99,440**	**99,834**
3 Civilian labor force	91,011	92,613	94,773	96,145	96,539	96,760	97,158	97,641	97,305	97,697
Employment:										
4 Nonagricultural industries[2]	82,443	81,403	84,188	85,872	86,359	86,763	87,022	87,341	87,348	87,519
5 Agriculture	3,492	3,380	3,297	3,090	3,116	3,260	3,386	3,338	3,213	3,252
Unemployment:										
6 Number	5,076	7,830	7,288	7,183	7,064	6,737	6,750	6,962	6,744	6,926
7 *Rate (per cent of civilian labor force)*	*5.6*	*8.5*	*7.7*	*7.5*	*7.3*	*7.0*	*6.9*	*7.1*	*6.9*	*7.1*
8 **Not in labor force**	**57,587**	**58,655**	**59,130**	**59,302**	**59,104**	**59,094**	**58,943**	**58,686**	**59,242**	**59,064**
	Establishment survey data									
9 **Nonagricultural payroll employment**[3]	**78,413**	**77,050**	**79,443**	**80,824**	**81,395**	**81,686**	**81,921**	**r82,121**	**82,356**	**82,448**
10 Manufacturing	20,046	18,347	18,958	19,233	19,404	19,528	r19,600	r19,622	19,666	19,602
11 Mining	694	745	783	823	842	847	r845	r855	827	819
12 Contract construction	3,957	3,515	3,593	3,645	3,759	3,842	r3,861	r3,876	3,916	3,886
13 Transportation and public utilities	4,696	4,499	4,508	4,553	4,568	4,575	r4,586	r4,579	4,569	4,567
14 Trade	17,017	16,997	17,694	18,067	18,189	18,203	r18,235	r18,247	18,295	18,359
15 Finance	4,208	4,222	4,315	4,431	4,453	4,463	r4,480	r4,489	4,505	4,525
16 Service	13,617	14,008	14,645	15,068	15,149	15,182	r15,197	r15,245	15,342	15,418
17 Government	14,177	14,773	14,947	15,004	15,031	15,046	r15,117	r15,208	15,236	15,272

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 pro-portion	1976 average[r]	1976[r] June	1976[r] July	1977 Jan.[r]	1977 Feb.[r]	1977 Mar	1977 Apr.[r]	1977 May	1977 June	1977 July[p]	1977 Aug.[e]
			Index (1967 = 100)										
	MAJOR MARKET												
1	**Total index**	**100.00**	**129.8**	**129.8**	**130.7**	**132.3**	**133.2**	**135.3**	**136.1**	**137.0**	**137.9**	**138.9**	**138.2**
2	**Products**	**60.71**	**129.3**	**129.0**	**129.7**	**133.1**	**133.6**	**135.1**	**135.8**	**136.5**	**137.5**	**138.8**	**137.9**
3	*Final products*	*47.82*	*127.2*	*126.8*	*127.4*	*130.8*	*131.6*	*133.3*	*134.1*	*134.7*	*135.5*	*136.9*	*135.7*
4	Consumer goods	27.68	136.2	136.0	136.1	139.9	140.5	142.9	142.9	143.1	143.7	145.5	144.1
5	Equipment	20.14	114.6	114.2	115.3	118.4	119.2	120.0	122.1	123.2	124.2	124.9	124.5
6	Intermediate products	12.89	137.2	136.7	138.4	142.2	141.6	141.8	142.3	143.5	144.5	145.9	145.8
7	**Materials**	**39.29**	**130.6**	**131.0**	**132.1**	**131.1**	**132.7**	**135.5**	**136.5**	**137.8**	**138.5**	**138.9**	**138.7**
	Consumer goods												
8	*Durable consumer goods*	*7.89*	*141.4*	*142.7*	*141.5*	*145.4*	*146.1*	*152.4*	*151.5*	*152.2*	*155.5*	*158.1*	*155.5*
9	Automotive products	2.83	154.8	155.9	156.1	164.2	161.7	178.3	173.9	172.8	179.5	185.3	178.5
10	Autos and utility vehicles	2.03	149.8	155.6	155.3	155.8	152.7	176.1	171.2	167.4	175.8	183.5	174.0
11	Autos	1.90	132.0	136.3	134.4	136.9	132.8	155.8	150.6	148.5	156.8	161.4	150.9
12	Auto parts and allied goods	.80	167.6	156.9	158.3	185.6	184.3	184.1	181.3	186.6	189.1	190.0	190.3
13	Home goods	5.06	133.9	135.3	133.4	134.8	137.3	137.9	138.8	140.6	142.1	142.8	142.7
14	Appliances, A/C, and TV	1.40	114.6	116.3	106.9	113.4	118.5	124.1	126.4	131.0	133.1	130.2	132.6
15	Appliances and TV	1.33	117.2	118.8	110.4	116.0	121.1	126.5	129.9	134.8	136.8	134.5	....
16	Carpeting and furniture	1.07	144.1	142.5	142.7	143.7	146.0	144.6	145.0	147.3	150.2	153.3	....
17	Misc. home goods	2.59	140.1	142.6	143.9	142.7	144.0	142.7	143.0	143.1	143.6	145.3	144.5
18	*Nondurable consumer goods*	*19.79*	*134.1*	*133.2*	*134.0*	*137.7*	*138.3*	*139.1*	*139.4*	*139.5*	*139.0*	*140.5*	*139.5*
19	Clothing	4.29	124.0	125.8	123.4	123.7	123.6	123.9	124.4	125.5	125.7	....	....
20	Consumer staples	15.50	136.9	135.4	136.9	141.7	142.2	143.3	143.6	143.4	142.7	144.4	143.6
21	Consumer foods and tobacco	8.33	130.7	129.1	131.6	131.5	133.3	136.0	136.1	135.0	135.0	136.9	....
22	Nonfood staples	7.17	144.1	142.8	143.2	153.4	152.6	151.8	152.5	153.2	151.7	153.2	152.0
23	Consumer chemical products	2.63	166.4	165.3	164.5	178.5	175.7	175.9	178.1	180.8	179.3	179.7	....
24	Consumer paper products	1.92	113.3	111.9	112.8	116.0	113.3	117.4	116.6	118.4	116.3	116.2	....
25	Consumer energy products	2.62	144.4	143.1	144.0	155.8	158.3	152.8	153.0	150.8	149.7	153.6	....
26	Residential utilities	1.45	151.1	147.6	150.7	166.7	167.1	....	....	....	....	....	....
	Equipment												
27	*Business equipment*	*12.63*	*136.3*	*136.2*	*137.9*	*142.3*	*143.5*	*144.8*	*147.1*	*148.9*	*150.3*	*151.6*	*151.0*
28	Industrial equipment	6.77	128.0	128.4	128.7	131.3	133.2	134.4	136.3	138.4	139.6	140.9	140.7
29	Building and mining equip	1.44	177.7	177.7	179.1	187.4	192.9	197.9	200.5	205.3	208.1	210.5	209.5
30	Manufacturing equipment	3.85	106.5	107.0	107.5	107.8	108.5	109.0	112.0	112.8	114.0	115.0	114.8
31	Power equipment	1.47	135.3	135.4	134.9	137.5	139.3	138.3	136.7	139.9	139.5	140.2	141.0
32	Commercial transit, farm equip	5.86	145.8	145.2	148.7	155.0	155.3	156.9	159.5	161.2	162.5	163.9	163.1
33	Commercial equipment	3.26	173.5	171.4	174.9	185.2	185.6	186.1	189.7	191.1	191.9	192.7	192.5
34	Transit equipment	1.93	104.1	106.1	108.4	108.4	108.7	113.0	115.2	116.5	119.7	122.0	119.7
35	Farm equipment	.67	131.4	131.0	137.5	142.5	142.5	141.8	141.0	144.4	143.2	144.7	....
36	*Defense and space equipment*	*7.51*	*78.4*	*77.5*	*77.5*	*78.0*	*78.5*	*78.5*	*79.9*	*80.0*	*80.3*	*80.2*	*80.1*
	Intermediate products												
37	Construction supplies	6.42	132.6	132.9	134.1	136.2	135.6	136.4	137.2	138.7	139.2	140.4	140.6
38	Business supplies	6.47	141.8	140.4	142.7	148.0	147.6	147.3	147.5	148.4	149.6	151.4	....
39	Commercial energy products	1.14	157.1	155.7	159.2	164.9	164.9	163.6	164.6	165.8	164.4	167.7	....
	Materials												
40	*Durable goods materials*	*20.35*	*126.8*	*128.0*	*131.0*	*127.4*	*128.4*	*131.9*	*133.8*	*135.2*	*136.1*	*136.6*	*136.4*
41	Durable consumer parts	4.58	121.6	123.1	126.1	121.8	124.1	126.8	129.4	132.0	132.6	135.3	134.1
42	Equipment parts	5.44	133.9	134.4	136.3	135.1	137.3	137.8	140.7	141.7	143.2	145.7	146.0
43	Durable materials n.e.c.	10.34	125.5	126.9	130.4	125.9	125.5	131.1	132.2	133.2	133.8	132.3	132.4
44	Basic metal materials	5.57	110.9	114.9	118.6	106.6	105.5	113.6	115.0	117.8	116.3	112.6	....
45	*Nondurable goods materials*	*10.47*	*146.3*	*146.5*	*145.1*	*144.8*	*150.4*	*153.3*	*153.7*	*155.4*	*155.1*	*155.1*	*154.9*
46	Textile, paper, and chem. mat	7.62	151.1	151.2	149.3	149.3	153.9	158.4	159.0	160.7	160.4	160.5	160.3
47	Textile materials	1.85	115.1	115.4	115.9	111.0	109.8	113.2	111.8	111.8	109.0	110.3	....
48	Paper materials	1.62	130.8	132.1	129.1	127.6	133.5	133.9	132.2	136.2	134.4	133.7	....
49	Chemical materials	4.15	175.1	174.5	172.2	175.1	181.6	188.0	190.6	192.2	193.6	193.4	....
50	Containers, nondurable	1.70	142.7	144.3	142.8	139.5	150.2	148.9	148.5	152.3	152.4	152.7	....
51	Nondurable materials n.e.c.	1.14	119.9	118.5	120.4	122.6	126.8	126.1	125.6	123.1	122.9	123.2	....
52	Energy materials	8.48	120.2	119.1	118.8	123.3	120.8	121.8	121.3	122.3	123.8	124.3	....
53	Primary energy	4.65	107.1	107.4	106.7	102.9	103.1	107.0	106.0	106.6	109.4	109.2	....
54	Converted fuel materials	3.82	136.2	133.4	133.5	148.1	142.4	139.9	140.1	141.4	141.2	142.6	....
	Supplementary groups												
55	Home goods and clothing	9.35	129.4	130.9	128.8	129.7	131.0	131.5	132.2	133.6	134.6	135.2	134.5
56	Energy, total	12.23	128.8	127.6	128.0	134.1	132.9	132.3	132.1	132.5	133.1	134.5	133.9
57	Products	3.76	148.2	146.8	148.5	158.5	160.3	156.0	156.5	155.3	154.2	157.8	....
58	Materials	8.48	120.2	119.1	118.8	123.3	120.8	121.8	121.3	122.3	123.8	124.3	....

For NOTE see opposite page.

2.13 Continued

	Grouping	SIC code	1967 proportion	1976 average r	1976 r June	1976 r July	1977 Jan. r	1977 Feb. r	1977 Mar. r	1977 Apr. r	1977 May	1977 June	1977 July p	1977 Aug. e
					Index (1967 = 100)									
	MAJOR INDUSTRY													
1	*Mining and utilities*	....	*12.05*	*131.6*	*130.8*	*130.3*	*137.0*	*137.1*	*136.6*	*135.7*	*137.1*	*138.8*	*139.3*	*136.7*
2	Mining	....	6.36	114.2	114.6	112.7	112.8	116.3	120.6	119.2	119.5	122.5	119.5	117.8
3	Utilities	....	5.69	151.0	148.7	150.0	163.8	160.3	154.8	154.0	156.7	157.1	161.5	158.0
4	Electric	....	3.88	167.6	165.1	166.8	183.6	179.1	....	....	....	....	....	....
5	*Manufacturing*	....	*87.95*	*129.5*	*129.8*	*130.7*	*131.6*	*132.6*	*135.1*	*135.8*	*137.1*	*137.6*	*138.7*	*138.3*
6	Nondurable	....	35.97	140.9	140.6	140.3	143.4	145.3	147.0	147.0	148.5	148.3	148.9	148.4
7	Durable	....	51.98	121.7	122.4	124.0	123.4	124.0	126.8	128.0	129.3	130.4	131.6	131.2
	Mining													
8	Metal mining	10	.51	122.8	120.6	124.2	130.6	128.5	133.8	126.1	120.5	121.3	101.7	....
9	Coal	11,12	.69	117.2	122.7	104.8	95.3	100.8	124.1	118.4	122.4	133.4	120.9	113.6
10	Oil and gas extraction	13	4.40	112.0	112.3	111.9	112.0	115.8	117.5	117.5	118.3	120.9	120.5	122.0
11	Stone and earth minerals	14	.75	118.3	116.5	116.5	121.6	124.9	126.1	124.0	123.0	122.5	125.6	....
	Nondurable manufactures													
12	Foods	20	8.75	132.3	131.4	134.5	134.2	136.4	138.7	138.0	138.3	136.5	138.0	....
13	Tobacco products	21	.67	117.9	122.4	114.5	114.8	116.8	104.3	112.1	105.2	119.7	....	....
14	Textile mill products	22	2.68	136.4	137.7	137.7	132.2	132.3	134.4	134.6	136.0	135.4	137.4	....
15	Apparel products	23	3.31	122.2	124.5	120.2	123.0	124.4	122.2	121.4	123.5	122.1	....	....
16	Paper and products	26	3.21	133.0	136.2	131.0	130.6	136.5	135.5	136.3	139.5	139.3	138.8	137.2
17	Printing and publishing	27	4.72	120.6	119.7	121.2	124.7	122.4	124.8	123.4	124.4	124.1	123.8	124.0
18	Chemicals and products	28	7.74	169.3	169.2	167.6	172.2	174.9	180.0	180.6	182.8	183.5	182.9	....
19	Petroleum products	29	1.79	133.1	135.0	134.1	139.7	145.2	143.3	143.4	142.4	140.1	140.9	139.4
20	Rubber & plastic products	30	2.24	200.2	189.1	191.2	218.9	220.3	225.6	226.0	232.4	234.4	237.1	....
21	Leather and products	31	.86	80.9	81.4	81.1	74.8	75.0	73.8	74.7	76.2	74.1	74.2	....
	Durable manufactures													
22	Ordnance, pvt. & govt	19,91	3.64	72.7	71.5	72.9	72.6	72.6	72.8	74.6	74.4	74.1	75.1	75.6
23	Lumber and products	24	1.64	125.1	120.3	124.6	132.7	132.2	132.1	130.6	133.0	131.3	134.5	....
24	Furniture and fixtures	25	1.37	132.7	130.1	131.6	135.1	137.1	135.1	135.4	137.5	139.9	141.0	....
25	Clay, glass, stone prod	32	2.74	137.1	138.9	137.5	137.1	139.0	143.7	145.0	145.0	147.6	147.0	....
26	Primary metals	33	6.57	108.9	113.5	117.7	100.8	100.2	108.3	112.2	117.1	114.7	114.7	115.3
27	Iron and steel	331,2	4.21	104.9	112.5	115.0	89.7	91.3	97.9	103.9	111.0	109.2	112.3	....
28	Fabricated metal prod	34	5.93	123.3	124.0	124.6	125.7	125.8	127.5	127.6	128.2	130.7	131.2	132.5
29	Nonelectrical machinery	35	9.15	135.0	134.1	137.9	139.9	139.8	139.8	142.9	142.6	144.0	146.0	145.8
30	Electrical machinery	36	8.05	131.6	131.5	131.4	134.0	137.6	137.6	139.6	141.8	142.6	143.8	145.0
31	Transportation equip	37	9.27	110.6	112.8	112.8	113.5	113.4	120.5	119.8	120.3	123.5	125.0	121.1
32	Motor vehicles & pts	371	4.50	140.7	146.9	147.5	145.5	145.4	161.2	158.1	157.7	162.6	166.3	159.9
33	Aerospace & misc. tr. eq	372-9	4.77	82.2	80.7	80.2	83.4	83.3	82.3	83.8	85.2	86.6	86.1	84.5
34	Instruments	38	2.11	148.2	149.5	151.3	153.7	157.0	156.9	157.8	157.4	158.2	159.5	158.5
35	Miscellaneous mfrs	39	1.51	143.5	145.9	148.4	147.8	147.9	147.4	145.6	148.0	148.4	149.6	149.0
					Gross value (billions of 1972 dollars, annual rates)									
	MAJOR MARKET													
36	**Products, total**	....	[1]507.4	**550.4**	**550.4**	**552.7**	**564.8**	**569.4**	**578.2**	**578.3**	**582.2**	**584.9**	**590.8**	**588.4**
37	*Final products*	....	[1]*390.9*	*425.7*	*425.9*	*427.1*	*436.7*	*441.1*	*449.0*	*448.5*	*451.0*	*453.8*	*458.3*	*455.2*
38	Consumer goods	....	[1]277.5	301.6	302.1	301.4	308.8	312.2	316.8	316.1	316.3	318.6	321.2	317.9
39	Equipment	....	[1]113.4	124.0	124.0	125.7	127.9	128.9	132.1	132.6	134.6	135.0	137.0	137.5
40	Intermediate products	....	[1]116.6	124.8	124.7	125.5	128.2	128.4	129.1	130.1	131.4	131.4	132.5	132.9

[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 Jan.r	Feb.r	Mar.r	Apr.r	Mayr	Juner	Julyp
	Private residential real estate activity (thousands of units)									
NEW UNITS										
1 *Permits authorized*	*1,074*	*927*	*r1,296*	*1,333*	*1,526*	*1,687*	*1,605*	*1,615*	*1,678*	*1,630*
2 1-family	644	669	r894	930	1,060	1,188	1,051	1,077	1,105	1,139
3 2-or-more-family	431	278	r402	403	466	499	554	538	573	491
4 *Started*	*1,338*	*1,160*	*1,540*	*1,384*	*1,802*	*2,089*	*1,880*	*1,937*	*1,910*	*2,064*
5 1-family	888	892	1,163	1,006	1,424	1,503	1,413	1,455	1,400	1,462
6 2-or-more-family	450	268	377	378	378	586	467	482	510	602
7 *Under construction, end of period* [1]	*1,189*	*1,003*	*1,157*	*1,198*	*1,215*	*1,237*	*1,268*	*1,303*	*1,329*	....
8 1-family	516	531	656	692	710	732	748	771	792	....
9 2-or-more-family	673	472	501	506	505	505	520	532	537	....
10 *Completed*	*1,692*	*1,297*	*1,362*	*1,416*	*1,637*	*1,707*	*1,540*	*1,524*	*1,620*	....
11 1-family	931	866	1,026	1,103	1,242	1,236	1,226	1,167	1,177	....
12 2-or-more-family	760	430	336	313	395	471	314	357	443	....
13 Mobile homes shipped	329	213	250	258	275	275	252	251	264	249
Merchant builder activity in 1-family units:										
14 Number sold	501	544	639	827	893	867	780	760	797	....
15 Number for sale, end of period [1]	407	383	433	431	434	435	441	442	444	....
Price (thous. of dollars) [2]										
Median:										
16 Units sold	35.9	39.3	44.2	45.5	47.4	46.2	48.8	49.5	49.0	....
17 Units for sale	36.2	38.9	41.6	41.9	42.1	42.9	43.3	43.9	44.4	....
Average:										
18 Units sold	38.9	42.5	48.1	50.7	52.6	51.6	54.6	54.5	54.3	54.4
EXISTING UNITS (1-family)										
19 Number sold	2,272	2,452	3,002	3,190	3,080	3,410	3,300	3,450	3,420	3,510
Price of units sold (thous. of dollars): [2]										
20 Median	32.0	35.3	38.1	39.6	40.7	41.0	42.0	42.2	43.4	43.7
21 Average	35.8	39.0	42.2	44.0	45.1	45.5	46.5	46.8	47.7	48.0
	Value of new construction [3] (millions of dollars)									
CONSTRUCTION										
22 **Total put in place**	**138,499**	**134,293**	**147,481**	**148,393**	**157,117**	**163,346**	**166,147**	**170,069**	**171,710**	**170,732**
23 *Private*	*100,165*	*93,624*	*109,499*	*116,410*	*122,634*	*127,942*	*129,963*	*131,647*	*132,363*	*132,099*
24 Residential	50,377	46,472	60,519	66,785	72,378	76,209	77,976	80,159	79,624	79,832
25 Nonresidential, total	49,788	47,152	48,980	49,625	50,256	51,733	51,987	51,488	52,739	52,267
Buildings:										
26 Industrial	7,902	8,017	7,182	6,157	6,262	7,162	7,279	7,184	7,066	6,893
27 Commercial	15,945	12,804	12,757	12,537	12,542	13,677	13,851	13,760	15,235	15,404
28 Other	5,797	5,585	6,155	6,068	6,061	5,850	6,271	6,077	6,206	6,528
29 Public utilities and other	20,144	20,746	22,886	24,863	25,391	25,044	24,586	24,467	24,232	23,442
30 *Public*	*38,333*	*40,669*	*37,982*	*31,983*	*34,483*	*35,403*	*36,184*	*38,423*	*39,348*	*38,633*
31 Military	1,188	1,392	1,508	1,498	1,552	1,452	1,494	1,642	1,561	1,537
32 Highway	12,066	10,861	9,756	7,191	8,416	9,153	9,052	9,533	....	....
33 Conservation and development	2,740	3,256	3,722	3,344	3,871	3,675	4,013	3,609	....	....
34 Other [4]	22,339	25,160	22,996	19,950	20,644	21,123	21,625	23,639	....	....

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— 1976 July	12 months to— 1977 July[1]	3 months (at annual rate) to— 1976 Sept.	1976 Dec.	1977 Mar.	1977 June	1 month to— 1977 Mar.	1977 Apr.	1977 May	1977 June	1977 July	Index level July 1977 (1967 = 100)[1]
						Consumer prices						
1 **All items**	**5.4**	**6.7**	**5.3**	**4.2**	**10.0**	**8.1**	**.6**	**.8**	**.6**	**.6**	**.4**	**182.6**
2 *Commodities*	*3.7*	*5.9*	*3.9*	*3.4*	*10.4*	*7.4*	*.5*	*.8*	*.5*	*.5*	*.1*	*175.8*
3 Food	2.0	6.9	1.6	....	14.6	12.7	.6	1.5	.7	.8	.1	194.6
4 Commodities less food	4.8	5.4	5.5	5.7	7.4	4.2	.4	.4	.4	.2	.1	165.6
5 Durable	6.1	5.5	5.0	6.0	10.5	2.5	.6	.5	.2	-.1	0.0	164.3
6 Nondurable	3.9	5.4	6.0	5.4	5.5	5.2	.3	.3	.5	.4	.3	166.6
7 *Services*	*8.5*	*8.1*	*7.5*	*5.1*	*9.8*	*9.4*	*.8*	*.8*	*.7*	*.8*	*.8*	*195.3*
8 Rent	5.6	5.9	5.4	5.3	6.3	6.3	.5	.7	.4	.5	.6	153.6
9 Services less rent	8.9	8.3	7.7	5.4	10.4	9.7	.8	.8	.7	.8	.8	202.8
Other groupings:												
10 All items less food[1]	6.5	6.7	7.4	5.3	6.9	7.8	.6	.7	.6	.6	.4	179.2
11 All items less shelter[1]	5.4	6.6	5.6	4.3	9.4	8.4	.6	.8	.5	.7	.3	180.2
12 Homeownership[1]	5.4	7.3	8.0	1.2	9.1	9.6	.6	.9	.6	.8	1.1	206.2
						Wholesale prices						
13 **All commodities**	**5.0**	**5.7**	**3.5**	**7.1**	**10.2**	**3.6**	**1.1**	**1.1**	**.4**	**.7**	**.1**	**194.9**
14 *Farm products, and processed foods and feeds*	-.1	.6	*12.0*	*6.6*	*19.1*	*-2.5*	*2.1*	*2.9*	*.3*	*-3.6*	*-2.1*	*189.3*
15 Farm products	1.7	-3.3	-11.9	5.8	26.0	21.6	2.5	3.4	-2.3	-6.8	-1.8	190.5
16 Processed foods and feeds	-1.1	2.8	11.8	6.5	15.6	10.8	1.9	2.5	1.8	-1.7	-2.4	187.8
17 *Industrial commodities*	*6.7*	*7.2*	*8.0*	*7.6*	*7.9*	*5.3*	*.8*	*.6*	*.4*	*.3*	*.5*	*195.8*
Materials, supplies, and components of which:												
18 Crude materials[2]	13.8	9.8	10.6	21.6	21.9	2.0	2.3	.3	.8	-1.6	0.0	279.2
19 Intermediate materials[3]	6.6	7.2	8.3	7.1	8.0	4.7	.9	.6	.3	.2	.6	203.7
Finished goods, excluding foods:												
20 Consumer	5.7	6.7	7.7	5.2	8.5	6.5	.8	.7	.5	.4	.2	172.4
21 Durable	4.5	5.4	5.1	3.3	7.0	6.0	.4	.7	.4	.3	.3	151.4
22 Nondurable	6.4	7.4	9.1	6.5	9.5	7.0	1.0	.7	.5	.5	.2	186.5
23 Producer	6.3	6.5	4.7	9.5	5.3	6.3	.4	.6	.6	.4	.4	183.8
MEMO:												
24 Consumer foods	1.4	5.5	-13.1	8.4	12.7	13.8	1.1	2.5	2.1	-1.3	-.7	192.3

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 Q1	1976 Q2	1976 Q3	1976 Q4	1977 Q1	1977 Q2
	Gross national product								
1 **Total**	**1,412.9**	**1,528.8**	**1,706.5**	**1,651.2**	**1,691.9**	**1,727.3**	**1,755.4**	**1,810.8**	**1,869.7**
By source:									
2 *Personal consumption expenditures*	*889.6*	*980.4*	*1,094.0*	*1,056.0*	*1,078.5*	*1,102.2*	*1,139.0*	*1,172.4*	*1,194.0*
3 Durable goods	122.0	132.9	158.9	153.3	156.7	159.3	166.3	177.0	178.6
4 Nondurable goods	376.3	409.3	442.7	430.4	437.1	444.7	458.8	466.6	474.4
5 Services	391.3	438.2	492.3	472.4	484.6	498.2	513.9	528.8	541.1
6 *Gross private domestic investment*	*214.6*	*189.1*	*243.3*	*231.3*	*244.4*	*254.3*	*243.4*	*271.8*	*294.9*
7 Fixed investment	205.7	200.6	230.0	216.8	226.1	232.8	244.3	258.0	273.2
8 *Nonresidential*	*150.6*	*149.1*	*161.9*	*155.4*	*159.8*	*164.9*	*167.6*	*177.0*	*182.4*
9 Structures	54.5	52.9	55.8	54.7	55.8	56.0	57.0	57.9	61.0
10 Producers' durable equipment	96.2	96.3	106.1	100.8	104.0	109.0	110.6	119.2	121.4
11 Residential structures	55.1	51.5	68.0	61.4	66.3	67.8	76.7	81.0	90.8
12 Nonfarm	52.7	49.5	65.7	58.9	64.1	65.7	74.3	78.5	88.2
13 Change in business inventories	8.9	11.5	13.3	14.5	18.3	21.5	.9	13.8	21.7
14 Nonfarm	10.8	-15.1	14.9	15.9	20.4	22.0	1.4	14.1	22.4
15 *Net exports of goods and services*	*6.0*	*2.0*	*7.8*	*10.2*	*10.2*	*7.9*	*3.0*	*-8.2*	*-9.8*
16 Exports	137.9	147.3	162.9	153.9	160.6	168.4	168.5	170.4	178.0
17 Imports	131.9	126.9	155.1	143.7	150.4	160.6	165.6	178.6	187.8
18 *Govt. purchases of goods and services*	*302.7*	*338.9*	*361.4*	*353.6*	*358.9*	*363.0*	*370.0*	*374.9*	*390.6*
19 Federal	111.1	123.3	130.1	127.6	128.5	130.2	134.2	136.3	143.6
20 State and local	191.5	215.6	231.2	225.9	230.4	232.7	235.8	238.5	247.0
By major type of product:									
21 Final sales, total	1,404.0	1,540.3	1,693.1	1,636.7	1,673.7	1,705.8	1,756.3	1,797.0	1,848.0
22 *Goods*	*638.6*	*686.2*	*764.2*	*744.6*	*761.7*	*746.0*	*774.7*	*805.9*	*827.1*
23 Durable goods	247.8	258.2	303.4	285.6	301.9	313.4	312.6	334.4	341.0
24 Nondurable	390.8	428.0	460.9	459.0	459.7	464.1	460.6	471.5	486.1
25 Services	626.8	699.2	782.0	751.6	770.8	791.8	813.8	833.7	855.2
26 *Structures*	147.4	143.5	160.2	155.0	159.4	159.6	166.9	171.2	187.5
27 Change in business inventories	8.9	-11.5	13.3	14.5	18.3	21.5	-.9	13.8	21.7
28 Durable goods	7.1	-9.2	4.1	-2.0	7.0	10.7	.6	7.8	11.5
29 Nondurable goods	1.8	-2.2	9.3	16.6	11.2	12.4	-3.1	6.0	10.2
30 **Memo: Total GNP in 1972 dollars**	**1,217.8**	**1,202.1**	**1,274.7**	**1,256.0**	**1,271.5**	**1,283.7**	**1,287.4**	**1,311.0**	**1,330.6**
	National income								
31 **Total**	**1,136.0**	**1,217.0**	**1,364.1**	**1,321.0**	**1,353.9**	**1,379.6**	**1,402.1**	**1,450.2**	**1,505.1**
32 Compensation of employees	875.8	930.3	1,036.3	999.6	1,024.9	1,046.5	1,074.2	1,109.9	1,144.7
33 *Wages and salaries*	*764.1*	*805.7*	*891.8*	*861.5*	*882.4*	*900.2*	*923.2*	*951.3*	*980.9*
34 Government and Government enterprises	160.0	175.4	187.2	182.7	185.4	188.2	192.5	194.8	197.2
35 Other	604.1	630.3	704.6	678.8	697.0	712.0	730.7	756.4	783.6
36 *Supplement to wages and salaries*	*111.7*	*124.6*	*144.5*	*138.1*	*142.5*	*146.3*	*150.9*	*158.6*	*163.8*
37 Employer contributions for social insurance	56.1	59.8	68.6	66.4	68.0	69.1	70.9	75.4	77.1
38 Other labor income	55.6	64.9	75.9	71.7	74.5	77.3	80.0	83.2	86.7
39 *Proprietors' income*[1]	*86.4*	*86.0*	*88.0*	*86.9*	*90.4*	*86.2*	*88.7*	*95.1*	*97.0*
40 Business and professional[1]	60.9	62.8	69.4	66.9	68.8	70.0	72.0	74.3	77.3
41 Farm[1]	25.4	23.2	18.6	20.0	21.6	16.2	16.6	20.7	19.7
42 Rental income of persons[2]	21.4	22.3	23.3	23.0	22.9	23.3	24.1	24.5	24.9
43 Corporate profits[1]	83.6	99.3	128.1	126.5	129.2	133.5	123.1	125.4	139.7
44 Profits before tax[3]	126.9	123.5	156.9	153.5	159.2	159.9	154.8	161.7	173.4
45 Inventory valuation adjustment	-40.4	-12.0	-14.1	-12.4	-15.5	-11.7	-16.9	-20.6	-17.8
46 Capital consumption adjustment	2.9	-12.2	-14.7	-14.6	-14.6	-14.7	14.8	15.6	-15.9
47 Net interest	69.0	79.1	88.4	85.0	86.5	90.1	92.0	95.3	98.9

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 Q1	1976 Q2	1976 Q3	1976 Q4	1977 Q1	1977 Q2
	Personal income and saving								
1 **Total personal income**	**1,154.9**	**1,253.4**	**1,382.7**	**1,338.1**	**1,366.7**	**1,393.9**	**1,432.2**	**1,476.8**	**1,517.2**
2 *Wage and salary disbursements*	*764.6*	*805.7*	*891.8*	*861.5*	*882.4*	*900.2*	*923.2*	*951.3*	*980.9*
3 Commodity-producing industries	274.6	275.0	308.4	298.6	306.7	310.8	317.7	328.9	345.4
4 Manufacturing	211.4	211.0	238.2	230.6	236.7	240.2	245.1	255.4	265.9
5 Distributive industries	184.3	195.4	217.1	208.2	213.7	220.2	226.4	234.5	240.5
6 Service industries	145.1	159.9	179.0	172.0	176.6	180.9	186.7	193.0	197.7
7 Government and government enterprises	160.5	175.4	187.2	182.7	185.4	188.2	192.5	194.8	197.2
8 Other labor income	55.6	64.9	75.9	71.7	74.5	77.3	80.0	83.2	86.7
9 *Proprietors' income*[1]	*86.2*	*86.0*	*88.0*	*86.9*	*90.4*	*86.2*	*88.7*	*95.1*	*97.0*
10 Business and professional[1]	60.9	62.8	69.4	66.9	68.8	70.0	72.0	74.3	77.3
11 Farm[1]	25.4	23.2	18.6	20.0	21.6	16.2	16.6	20.7	19.7
12 Rental income of persons[2]	21.4	22.3	23.3	23.0	22.9	23.3	24.1	24.5	24.9
13 Dividends	31.0	32.4	35.8	33.6	35.0	36.0	38.4	38.5	40.3
14 Personal interest income	103.0	115.6	130.3	125.0	127.5	132.2	136.4	140.3	145.4
15 Transfer payments	140.8	176.8	192.8	190.3	188.7	194.3	198.0	203.5	203.0
16 Old-age survivors, disability, and health insurance benefits	70.1	81.4	92.9	88.1	89.3	95.8	98.4	99.9	101.8
17 LESS: Personal contributions for social insurance	47.7	50.4	55.2	53.9	54.8	55.6	56.6	59.6	60.8
18 EQUALS: Personal income	1,154.9	1,253.4	1,382.7	1,338.1	1,366.7	1,393.9	1,432.2	1,476.8	1,517.2
19 LESS: Personal tax and nontax payments	170.3	169.0	196.9	184.8	192.6	200.6	209.5	224.4	224.8
20 EQUALS: Disposable personal income	984.6	1,084.4	1,185.8	1,153.3	1,174.1	1,193.3	1,222.6	1,252.4	1,292.5
21 LESS: Personal outlays	913.0	1,004.2	1,119.9	1,080.9	1,103.8	1,128.5	1,166.3	1,201.0	1,223.9
22 EQUALS: Personal saving	71.7	80.2	65.9	72.4	70.3	64.8	56.3	51.4	68.5
MEMO ITEMS: Per capita (1972 dollars):									
23 Gross national product	5,746	5,629	5,924	5,853	5,916	5,961	5,966	6,064	6,143
24 Personal consumption expenditures	3,589	3,629	3,817	3,761	3,794	3,820	3,892	3,934	3,943
25 Disposable personal income	3,973	4,014	4,137	4,107	4,130	4,135	4,177	4,202	4,268
26 Saving rate (per cent)	7.3	7.4	5.6	6.3	6.0	5.4	4.6	4.1	5.3
	Gross saving								
27 **Gross private saving**	**209.5**	**259.4**	**272.5**	**276.0**	**275.4**	**277.2**	**261.6**	**262.9**	**291.9**
28 Personal saving	71.7	80.2	65.9	72.4	70.3	64.8	56.3	51.4	68.5
29 Undistributed corporate profits[1]	.2	16.7	27.6	29.8	28.0	31.6	20.8	22.5	30.1
30 Corporate inventory valuation adjustment	-40.4	-12.0	14.1	-12.4	-15.5	-11.7	16.9	-20.6	-17.8
Capital consumption allowances:									
31 Corporate	84.6	101.7	111.8	108.7	110.4	112.9	115.2	117.6	119.4
32 Noncorporate	53.1	60.8	67.2	65.1	66.6	68.0	69.2	71.4	73.8
33 Wage accruals less disbursements									
34 *Government surplus, or deficit (−), national income and product accounts*	*3.2*	*-64.3*	*-35.6*	*-47.1*	*-33.3*	*-32.4*	*-29.4*	*-11.5*	*-15.2*
35 Federal	-10.7	-70.2	-54.0	-60.3	-46.2	-53.5	-55.9	-38.8	-40.6
36 State and local	7.6	5.9	18.4	13.3	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*	*233.1*	*246.5*	*252.8*	*237.5*	*254.7*	*276.0*
39 Gross private domestic	214.6	189.1	243.3	231.3	244.4	254.1	243.3	271.8	294.9
40 Net foreign	−4.5	11.8	−.9	1.8	2.2	-1.5	-5.9	-17.1	-18.9
41 Statistical discrepancy	5.8	5.9	5.5	4.2	4.5	8.0	5.3	3.3	−.7

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 Q1	1976 Q2	1976 Q3	1976 Q4	1977 Q1
1 Merchandise exports	98,306	107,088	114,700	26,998	28,379	29,603	29,720	29,476
2 Merchandise imports	103,673	98,043	123,917	28,324	29,914	32,387	33,292	36,456
3 Merchandise trade balance[2]	−5,367	9,045	−9,217	−1,326	−1,535	−2,784	3,572	−6,980
4 Military transactions, net	−2,083	876	366	65	−39	235	235	82
5 Investment income, net	8,744	5,954	9,808	2,437	2,280	2,667	2,424	3,170
6 Other service transactions, net	865	2,042	2,743	523	839	781	598	556
7 Balance on goods and services[3]	**2,160**	**16,164**	**3,699**	**1,569**	**1,545**	**889**	**−315**	**−3,172**
8 Remittances, pensions, and other transfers	−1,714	−1,719	−1,878	−485	−459	−461	−473	518
9 U.S. Govt. grants (excluding military)	5,475	−2,893	−3,146	−544	−556	−1,475	−572	−627
10 Balance on current account	**−5,028**	**11,552**	**−1,324**	**540**	**530**	**−1,037**	**−1,360**	**4,317**
11 *Not seasonally adjusted*				*1,475*	*661*	*−3,785*	*325*	*−3,622*
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	−895
13 *Change in U.S. official reserve assets (increase, −)*	*−1,434*	*−607*	*−2,530*	*−773*	*−1,578*	*−407*	*228*	*−388*
14 Gold								−58
15 SDR's	−172	66	78	−45	14	18	−29	
16 Reserve position in IMF	1,265	466	−2,212	−237	−798	−716	−461	389
17 Foreign currencies	3	−75	−240	−491	−794	327	718	59
18 Change in U.S. private assets abroad (increase, −)	**25,960**	**27,478**	**−36,216**	**−9,254**	**−7,257**	**−6,597**	**−13,108**	**1,734**
19 *Bank-reported claims*	*−19,516*	*−13,532*	*−20,904*	*−3,630*	*−4,754*	*−3,372*	*9,148*	*2,374*
20 Long-term	−1,183	−2,357	−2,124	−289	377	978	480	−541
21 Short-term	−18,333	11,175	18,780	3,341	4,377	−2,394	−8,668	3,815
22 *Nonbank-reported claims*	*−3,221*	*−1,447*	*−1,986*	*−738*	*−1,004*	*723*	*967*	*−359*
23 Long-term	−474	−432	10	−191	145	66	10	38
24 Short-term	−2,747	1,015	−1,996	547	−1,149	657	−957	−397
25 U.S. purchase of foreign securities, net	−1,854	−6,236	−8,730	−2,460	−1,357	−2,743	−2,171	−649
26 U.S. direct investments abroad, net	−1,368	6,264	4,596	−2,427	−142	1,205	−822	532
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*	*5,852*
28 U.S. Treasury securities	3,282	4,408	9,333	1,998	2,166	1,260	3,909	4,980
29 Other U.S. Govt. obligations	902	905	566	68	316	66	116	99
30 Other U.S. Govt. liabilities[4]	724	1,701	4,938	1,524	743	1,819	852	1,005
31 Other U.S. liabilities reported by U.S. banks	5,818	−2,158	893	−412	135	599	1,769	405
32 Other foreign official assets[5]	254	2,104	2,215	669	691	524	331	173
33 Change in foreign private assets in the United States (increase, +)	**22,631**	**7,376**	**16,575**	**3,009**	**3,333**	**5,131**	**5,102**	**2,785**
34 *U.S. bank-reported liabilities*	*16,017*	*628*	*10,982*	*672*	*3,528*	*1,774*	*5,008*	*5,249*
35 Long-term	9	−280	175	−105	16	75	221	96
36 Short-term	16,008	908	10,807	777	3,544	1,699	4,787	−5,345
37 *U.S. nonbank-reported liabilities*	*1,844*	*240*	*−616*	*161*	*238*	*297*	*242*	*433*
38 Long-term	−90	334	−947	233	−162	−241	−311	−238
39 Short-term	1,934	94	331	394	−76	−56	69	−195
40 Foreign private purchases of U.S. Treasury securities, net	697	2,590	2,783	437	−592	3,026	−88	1,191
41 Foreign purchases of other U.S. securities, net	378	2,503	1,250	1,030	131	68	21	879
42 Foreign direct investments in the United States, net	3,695	1,414	2,176	709	504	561	403	827
43 Allocations of SDR's								
44 *Discrepancy*	*−1,555*	*5,660*	*9,763*	*3,355*	*1,865*	*1,244*	*3,303*	*799*
45 Owing to seasonal adjustments				717	129	−2,622	1,780	470
46 Statistical discrepancy in recorded data before seasonal adjustment	−1,555	5,660	9,763	2,638	1,736	3,866	1,523	329
MEMO ITEMS:								
Changes in official assets:								
47 U.S. *official reserve assets (increase, −)*	−1,434	−607	−2,530	−773	−1,578	407	228	−388
48 Foreign official assets in the U.S. (increase, +)	10,257	5,259	13,007	2,323	3,308	1,251	6,125	4,847
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	3,178
50 Transfers under military grant programs (excluded from lines 1, 4, and 9 above)	1,817	2,217	386	50	86	156	94	32

[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 Jan.	Feb.	Mar.	Apr.	May	June	July
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	97,908	107,130	114,802	9,599	9,808	10,072	9,970	10,395	10,112	10,150
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	100,252	96,115	120,678	11,269	11,674	12,459	12,593	11,616	12,932	12,476
3 **Trade balance**	**-2,344**	**11,014**	**-5,876**	**1,670**	**-1,866**	**-2,387**	**-2,623**	**1,221**	**-2,820**	**2,326**

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.—U.S. Dept. of Commerce, Bureau of the Census, Summary of U.S. Export and Import Merchandise Trade (FT 900).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1974	1975	1976	1977 Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 **Total**	**15,883**	**16,226**	**18,747**	**19,122**	**19,120**	**18,868**	**19,195**	**19,156**	**18,927**	[3] **19,055**
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	2,383	2,389	2,384	2,470	2,486	2,498	[2] 2,483
4 Reserve position in International Monetary Fund	1,852	2,212	4,434	4,819	4,812	4,720	4,972	4,920	4,716	[3] 4,859
5 Convertible foreign currencies	5	80	320	262	261	106	95	92	55	55

[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 July amounted to $19,210; SDR holdings, $2,578, and reserve position in IMF, $4,919.

3.13 SELECTED U.S. LIABILITIES TO FOREIGNERS

Millions of dollars, end of period

Holder, and type of liability	1974	1975	1976 r	1977 Jan. r	Feb. r	Mar. r	Apr.	May	June p	July p
1 **Total**	**119,164**	**126,552**	**151,356**	**147,857**	**149,241**	**151,871**	**157,020**	**161,224**	**163,089**	**167,520**
2 **Foreign countries**	**115,842**	**120,929**	**142,873**	**139,938**	**141,256**	**143,770**	**149,306**	**152,532**	**154,906**	**161,099**
3 *Official institutions* [1]	*76,823*	*80,712*	*91,975*	*93,121*	*93,972*	*96,788*	*99,748*	*101,546*	*103,093*	*106,814*
4 Short-term, reported by banks in the United States. [2]	53,079	49,530	53,619	54,616	54,910	56,046	57,486	58,260	57,412	59,714
U.S. Treasury bonds and notes:										
5 Marketable [3]	5,059	6,671	11,788	12,017	12,725	13,772	14,694	15,846	17,808	18,856
6 Nonmarketable [4]	16,339	19,976	20,648	20,622	20,495	21,106	20,976	20,950	20,917	20,837
7 Other readily marketable liabilities [5]	2,346	4,535	5,920	5,866	5,842	5,864	6,592	6,490	6,956	7,407
Commercial banks abroad:										
8 Short-term, reported by banks in the United States [2,6]	30,106	29,516	37,329	33,384	33,116	32,816	35,356	36,239	36,677	39,330
9 *Other foreigners*	*8,913*	*10,701*	*13,569*	*13,433*	*14,141*	*14,166*	*14,202*	*14,747*	*15,136*	*14,955*
10 Short-term, reported by banks in the United States [2]	8,415	10,000	12,592	12,436	13,120	13,008	12,873	13,393	13,614	13,373
11 Marketable U.S. Treasury bonds and notes [3,7]	498	701	977	997	1,021	1,158	1,329	1,354	1,522	1,582
12 **Nonmonetary international and regional organization** [8]	**3,322**	**5,623**	**8,483**	**7,919**	**7,985**	**8,101**	**7,714**	**8,692**	**8,183**	**6,421**
13 Short-term, reported by banks in the United States [2]	3,171	5,292	5,450	4,625	3,918	4,282	5,287	6,557	5,727	3,835
14 Marketable U.S. Treasury bonds and notes [3]	151	331	3,033	3,294	4,067	3,819	2,427	2,135	2,456	2,586

[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 r	1977 Jan. r	Feb. r	Mar. r	Apr.	May	June p	July p
1 **Total**	**76,823**	**80,712**	**91,975**	**93,121**	**93,972**	**96,788**	**99,748**	**101,546**	**103,093**	**106,814**
2 Western Europe [1]	44,328	45,701	45,882	45,954	46,136	47,929	48,733	50,048	52,787	55,240
3 Canada	3,662	3,132	3,406	3,197	2,844	2,684	2,752	2,798	2,699	2,653
4 Latin American republics	4,419	4,450	4,906	4,599	4,595	4,834	4,396	4,672	4,238	4,338
5 Asia	18,627	22,551	34,108	35,553	36,474	37,730	39,946	40,331	39,830	41,098
6 Africa	3,160	2,983	1,893	1,757	1,770	1,628	1,883	1,821	1,938	2,168
7 Other countries [2]	2,627	1,895	1,780	2,061	2,153	1,983	2,038	1,876	1,601	1,370

[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[r]	1977 Jan.[r]	1977 Feb.[r]	1977 Mar.[r]	1977 Apr.[r]	1977 May	1977 June[p]	1977 July[p]
1	**All foreigners, excluding the International Monetary Fund**	**94,771**	**94,338**	**108,990**	**105,061**	**105,064**	**106,152**	**111,002**	**114,449**	**113,430**	**116,252**
2	*Payable in dollars*	*94,004*	*93,780*	*108,266*	*104,329*	*104,249*	*105,291*	*110,194*	*113,796*	*112,755*	*115,292*
	Deposits:										
3	Demand	14,051	13,564	16,803	15,314	16,098	15,101	15,382	16,732	16,126	17,129
4	Time[1]	9,932	10,250	11,316	11,415	11,319	11,244	11,282	11,612	12,098	11,889
5	U.S. Treasury bills and certificates[2]	35,662	37,414	40,744	41,275	42,669	43,498	44,661	45,463	44,110	44,417
6	Other short-term liabilities[3]	34,359	32,552	39,403	36,325	34,164	35,448	38,869	39,990	40,286	41,857
7	*Payable in foreign currencies*	*766*	*558*	*724*	*732*	*815*	*861*	*809*	*653*	*675*	*960*
8	**Nonmonetary international and regional organizations[4]**	**3,171**	**5,293**	**5,450**	**4,625**	**3,918**	**4,283**	**5,287**	**6,557**	**5,728**	**3,834**
9	*Payable in dollars*	*3,171*	*5,284*	*5,445*	*4,621*	*3,912*	*4,279*	*5,284*	*6,551*	*5,715*	*3,819*
	Deposits:										
10	Demand	139	139	290	166	216	203	119	172	228	122
11	Time[1]	111	148	205	230	237	241	207	167	156	154
12	U.S. Treasury bills and certificates	497	2,554	2,701	2,890	2,779	2,743	2,849	2,977	2,521	2,191
13	Other short-term liabilities[5]	2,424	2,443	2,250	1,335	680	1,093	2,109	3,234	2,811	1,352
14	*Payable in foreign currencies*		*8*	*5*	*4*	*6*	*3*	*3*	*6*	*13*	*15*
15	**Official institutions, banks, and other foreigners**	**91,600**	**89,046**	**103,540**	**100,436**	**101,146**	**101,870**	**105,715**	**107,892**	**107,703**	**112,417**
16	*Payable in dollars*	*90,834*	*88,497*	*102,821*	*99,709*	*100,337*	*101,012*	*104,910*	*107,246*	*107,040*	*111,473*
	Deposits:										
17	Demand	13,912	13,426	16,513	15,148	15,882	14,898	15,262	16,559	16,034	17,007
18	Time[1]	9,796	10,102	11,112	11,185	11,081	11,003	11,076	11,445	11,942	11,735
19	U.S. Treasury bills and certificates[2]	35,165	34,860	38,042	38,386	39,889	40,755	41,812	42,485	41,589	42,226
20	Other short-term liabilities[3]	31,961	30,109	37,153	34,990	33,484	34,355	36,760	36,756	37,475	40,505
21	*Payable in foreign currencies*	*766*	*549*	*719*	*728*	*809*	*858*	*805*	*647*	*662*	*945*
22	**Official institutions[6]**	**53,079**	**49,530**	**53,619**	**54,617**	**54,910**	**56,046**	**57,486**	**58,260**	**57,412**	**59,714**
23	*Payable in dollars*	*52,952*	*49,530*	*53,619*	*54,617*	*54,910*	*56,046*	*57,486*	*58,260*	*57,412*	*59,714*
	Deposits:										
24	Demand	2,951	2,644	3,394	2,931	2,406	2,638	2,747	2,676	2,703	3,285
25	Time[1]	4,167	3,423	2,321	2,488	2,408	2,266	2,335	2,441	2,506	2,401
26	U.S. Treasury bills and certificates[2]	34,656	34,199	37,725	38,081	39,559	40,399	41,508	42,197	41,322	41,926
27	Other short-term liabilities[5]	11,178	9,264	10,179	11,117	10,537	10,744	10,896	10,947	10,880	12,102
28	*Payable in foreign currencies*	*127*									
29	**Banks and other foreigners**	**38,520**	**39,515**	**49,921**	**45,820**	**46,236**	**45,824**	**48,230**	**49,362**	**50,291**	**52,704**
30	*Payable in dollars*	*37,881*	*38,966*	*49,202*	*45,092*	*45,427*	*44,966*	*47,424*	*48,985*	*49,629*	*51,759*
31	Banks[7]	29,467	28,966	36,610	32,656	32,307	31,958	34,551	35,592	36,015	38,386
	Deposits:										
32	Demand	8,231	7,534	9,104	8,475	9,385	8,392	8,712	9,772	9,542	10,128
33	Time[1]	1,885	1,856	2,267	2,062	1,797	1,742	1,675	1,808	2,144	1,886
34	U.S. Treasury bills and certificates	232	335	119	122	102	108	104	108	100	144
35	Other short-term liabilities[3]	19,119	19,241	25,120	21,997	21,023	21,716	24,060	23,904	24,229	26,229
36	Other foreigners	8,414	10,000	12,592	12,436	13,120	13,008	12,873	13,393	13,614	13,374
	Deposits:										
37	Demand	2,730	3,248	4,015	3,741	4,091	3,868	3,803	4,111	3,788	3,595
38	Time[1]	3,744	4,823	6,524	6,636	6,877	6,996	7,065	7,196	7,292	7,449
39	U.S. Treasury bills and certificates	277	325	198	183	229	248	201	180	167	156
40	Other short-term liabilities[5]	1,664	1,604	1,854	1,876	1,924	1,896	1,804	1,906	2,367	2,174
41	*Payable in foreign currencies*	*639*	*549*	*719*	*728*	*809*	*858*	805	647	662	945

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[r]	1977 Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May	June[p]	July[p]
1	**Total**	**94,771**	**94,338**	**108,990**	**105,061**	**105,064**	**106,152**	**111,002**	**114,449**	**113,430**	**116,252**
2	**Foreign countries**	**91,600**	**89,046**	**103,540**	**100,436**	**101,146**	**101,870**	**105,715**	**107,892**	**107,703**	**112,417**
3	*Europe*	*48,813*	*43,988*	*46,938*	*43,780*	*43,630*	*44,363*	*45,049*	*48,232*	*49,628*	*51,600*
4	Austria	607	754	348	373	401	499	506	409	465	455
5	Belgium-Luxembourg	2,506	2,898	2,275	2,383	2,419	2,566	2,609	2,641	2,673	2,822
6	Denmark	369	332	363	419	419	569	809	974	1,208	1,154
7	Finland	266	391	422	392	370	312	306	242	258	209
8	France	4,287	7,733	4,875	4,701	4,610	4,817	4,748	4,920	5,090	4,745
9	Germany	9,429	4,357	5,965	5,304	5,495	4,677	4,490	4,825	4,270	4,937
10	Greece	248	284	403	421	346	302	350	409	556	573
11	Italy	2,577	1,072	3,206	2,858	2,703	2,361	2,625	3,509	4,636	5,422
12	Netherlands	3,234	3,411	3,007	2,832	2,817	3,181	2,924	3,111	3,545	3,397
13	Norway	1,040	996	785	566	793	746	906	999	1,195	1,203
14	Portugal	310	195	239	172	228	209	184	238	163	222
15	Spain	382	426	561	488	542	555	501	586	667	642
16	Sweden	1,138	2,286	1,693	1,613	1,593	1,717	2,047	2,431	2,389	1,963
17	Switzerland	10,139	8,514	9,458	9,576	9,634	8,927	8,798	8,436	9,323	9,162
18	Turkey	152	118	166	85	82	88	81	68	127	101
19	United Kingdom	7,584	6,886	10,004	9,001	8,715	10,368	10,704	11,959	10,703	11,249
20	Yugoslavia	183	126	188	113	121	96	111	102	115	125
21	Other Western Europe[1]	4,073	2,970	2,672	2,263	2,136	2,144	2,132	2,136	2,009	1,970
22	U.S.S.R.	82	40	51	47	45	50	41	66	73	88
23	Other Eastern Europe	206	200	255	171	162	178	176	172	162	160
24	*Canada*	*3,520*	*3,076*	*4,784*	*4,460*	*4,815*	*4,324*	*4,823*	*4,869*	*4,255*	*4,456*
25	*Latin America*	*11,754*	*14,942*	*19,026*	*17,844*	*18,656*	*19,052*	*20,437*	*19,944*	*20,753*	*22,374*
26	Argentina	886	1,147	1,538	1,648	1,820	1,890	1,845	1,971	1,699	1,754
27	Bahamas	1,054	1,827	2,750	1,974	2,434	2,184	4,001	2,744	3,772	4,780
28	Brazil	1,034	1,227	1,432	1,292	1,272	1,108	1,225	1,175	1,357	1,393
29	Chile	276	317	335	325	302	403	329	432	393	373
30	Colombia	305	417	1,017	1,090	1,152	1,201	1,253	1,172	1,196	1,220
31	Cuba	7	6	6	6	6	6	6	8	7	6
32	Mexico	1,770	2,066	2,848	2,710	2,782	2,747	2,699	2,764	2,819	2,872
33	Panama	510	1,099	1,140	909	1,002	1,001	1,008	984	941	1,014
34	Peru	272	244	257	244	228	246	255	219	224	241
35	Uruguay	165	172	245	250	239	241	263	251	234	242
36	Venezuela	3,413	3,289	3,095	3,021	3,038	2,927	2,440	2,992	2,463	2,516
37	Other Latin American republics	1,316	1,494	2,081	2,056	2,258	2,429	2,284	2,270	2,376	2,238
38	Netherlands Antilles[2]	158	129	140	151	157	162	173	215	207	158
39	Other Latin America	589	1,507	2,142	2,167	1,966	2,508	2,656	2,745	3,066	3,567
40	*Asia*	*21,130*	*21,539*	*28,472*	*29,806*	*29,285*	*29,614*	*30,459*	*29,933*	*28,470*	*30,293*
41	China, People's Republic of (Mainland)	50	123	47	47	47	52	52	53	44	49
42	China, Republic of (Taiwan)	818	1,025	989	1,063	1,163	1,067	1,138	1,210	1,196	1,258
43	Hong Kong	530	623	892	941	1,039	1,018	993	950	931	1,028
44	India	261	126	648	508	558	537	648	721	814	746
45	Indonesia	1,221	369	340	695	546	480	887	531	282	782
46	Israel	389	386	391	442	559	509	436	503	547	484
47	Japan	10,931	10,218	14,380	14,481	13,358	13,271	13,071	12,481	12,383	12,838
48	Korea	384	390	437	448	483	382	430	472	551	626
49	Philippines	747	698	627	602	554	652	624	634	614	671
50	Thailand	333	252	275	301	313	312	308	275	257	281
51	Middle East oil-exporting countries[3]	4,623	6,461	8,073	9,030	9,287	9,988	10,399	10,447	9,283	9,961
52	Other[4]	844	867	1,372	1,246	1,377	1,346	1,473	1,655	1,568	1,568
53	*Africa*	*3,551*	*3,373*	*2,300*	*2,207*	*2,413*	*2,285*	*2,587*	*2,753*	*2,671*	*2,992*
54	Egypt	103	343	333	209	251	251	245	360	314	400
55	Morocco	38	68	88	97	105	94	91	93	81	73
56	South Africa	130	169	143	211	155	136	176	184	237	264
57	Zaire	84	63	35	48	41	39	28	30	30	40
58	Oil-exporting countries[5]	2,814	2,239	1,116	1,033	1,132	964	1,151	1,205	1,145	1,251
59	Other[4]	383	491	585	610	728	802	896	881	866	965
60	*Other countries*	*2,831*	*2,128*	*2,019*	*2,339*	*2,348*	*2,231*	*2,361*	*2,162*	*1,926*	*1,704*
61	Australia	2,742	2,014	1,911	2,224	2,231	2,101	2,223	2,026	1,800	1,553
62	All other	89	114	108	116	118	130	138	135	126	151
63	**Nonmonetary international and regional organizations**	**3,171**	**5,293**	**5,450**	**4,625**	**3,918**	**4,283**	**5,287**	**6,557**	**5,728**	**3,834**
64	International	2,900	5,064	5,091	4,275	3,599	3,960	4,995	6,230	5,365	3,484
65	Latin American regional	202	187	136	160	132	136	110	118	144	165
66	Other regional[6]	69	42	223	189	187	187	182	209	218	186

For notes see bottom of p. A59.

3.17 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

Supplemental "Other" Countries [1]

Millions of dollars, end of period

	Area and country	1975 Apr.	1975 Dec.	1976 Apr.	1976 Dec.	1977 Apr.
	Other Western Europe					
1	Cyprus	17	6	38	68	r58
2	Iceland	20	33	43	40	32
3	Ireland, Republic of	29	75	43	236	131
	Other Eastern Europe					
4	Bulgaria	13	19	14	34	11
5	Czechoslovakia	11	32	11	19	31
6	German Democratic Republic	18	17	3	11	.....
7	Hungary	11	13	11	18	16
8	Poland	42	66	74	75	64
9	Rumania	14	44	29	19	23
	Other Latin American republics					
10	Bolivia	93	110	117	121	135
11	Costa Rica	120	124	134	134	170
12	Dominican Republic	214	169	170	274	280
13	Ecuador	157	120	150	319	311
14	El Salvador	144	171	212	176	214
15	Guatemala	255	260	368	340	392
16	Haiti	34	38	48	46	68
17	Honduras	92	99	137	134	210
18	Jamaica	62	41	59	34	43
19	Nicaragua	126	133	158	113	133
20	Paraguay	38	43	50	47	60
21	Surinam [2]	.....	.....	13	29	17
22	Trinidad and Tobago	31	131	44	167	85
	Other Latin America:					
23	Bermuda	100	170	197	177	199
24	British West Indies	627	1,311	2,284	1,874	2,377
	Other Asia					
25	Afghanistan	19	41	57	55	90
26	Bangladesh	50	54	44	54	.....
27	Burma	49	31	34	13	.....
28	Cambodia	4	4	3	4	.....
29	Jordan	30	39	23	37	23
30	Laos	5	2	2	1	.....
31	Lebanon	180	117	132	140	133
32	Malaysia	92	77	130	394	511
33	Nepal	22	28	34	32	35
34	Pakistan	118	74	92	188	135
35	Singapore	215	256	344	280	300
36	Sri Lanka (Ceylon)	13	13	10	22	27
37	Vietnam	70	62	66	50	50
	Other Africa					
38	Ethiopia (incl. Eritrea)	76	60	72	41	48
39	Ghana	13	23	45	27	37
40	Ivory Coast	11	18	17	10	26
41	Kenya	32	19	39	46	185
42	Liberia	33	53	63	76	95
43	Southern Rhodesia	3	1	1	1	1
44	Sudan	14	12	17	22	30
45	Tanzania	21	30	20	48	57
46	Tunisia	23	29	34	19	15
47	Uganda	38	22	50	43	.....
48	Zambia	18	78	14	35	55
	All Other					
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	1976r	1977 Jan.r	1977 Feb.r	1977 Mar.r	1977 Apr.r	1977 May	1977 Junep	1977 Julyp
1	**Total**	**1,285**	**1,812**	**2,427**	**2,361**	**2,307**	**2,300**	**2,505**	**2,214**	**2,365**	**2,332**
2	**Nonmonetary international and regional organizations**	**822**	**415**	**264**	**263**	**258**	**267**	**250**	**261**	**274**	**269**
3	**Foreign countries**	**464**	**1,397**	**2,163**	**2,098**	**2,049**	**2,033**	**2,256**	**1,953**	**2,091**	**2,064**
4	Official institutions, including central banks	124	931	1,337	1,237	1,192	1,163	1,358	1,069	1,130	1,196
5	Banks, excluding central banks	261	366	621	637	627	648	631	615	650	538
6	Other foreigners	79	100	204	224	230	222	267	270	311	329
	Area or country:										
7	Europe	226	330	570	589	580	571	583	579	627	634
8	Germany	146	214	346	346	296	354	304	297	312	307
9	United Kingdom	59	66	124	135	122	103	131	133	147	162
10	Canada	19	23	29	31	29	37	35	34	35	33
11	Latin America	115	140	230	244	267	263	264	254	280	287
12	Middle East oil-exporting countries [1]	94	894	1,236	1,161	1,104	1,091	1,304	1,015	1,075	1,085
13	Other Asia [2]	7	8	96	67	67	67	68	69	68	18
14	African oil-exporting countries [3]	*	*	*	*	*	*	*	*	*	*
15	Other Africa [4]	1	1	*	1	1	2	2	2	6	6
16	All other countries	*	*	1	4	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^{r}	1977 Jan.^{r}	1977 Feb.^{r}	1977 Mar.^{r}	1977 Apr.	1977 May^{p}	1977 June^{r}	1977 July^{p}
1	**Total**	**39,056**	**50,231**	**68,908**	**63,699**	**63,191**	**65,156**	**65,874**	**68,160**	**70,554**	**68,237**
2	**Foreign countries**	**39,055**	**50,229**	**68,903**	**63,692**	**63,186**	**65,150**	**65,869**	**68,156**	**70,541**	**68,227**
3	*Europe*	*6,255*	*8,987*	*12,122*	*10,498*	*10,695*	*10,896*	*12,033*	*12,913*	*13,742*	*12,677*
4	Austria	21	15	44	41	42	58	63	43	53	63
5	Belgium-Luxembourg	384	352	662	554	611	570	470	589	759	505
6	Denmark	46	49	85	72	64	67	84	84	83	86
7	Finland	122	128	139	137	131	141	126	130	113	101
8	France	673	1,471	1,445	1,246	1,372	1,337	1,511	1,546	1,457	1,447
9	Germany	589	416	517	466	623	535	550	503	575	636
10	Greece	64	49	79	57	85	54	70	65	51	66
11	Italy	345	370	929	875	802	870	946	979	875	971
12	Netherlands	348	300	304	246	510	252	385	362	480	471
13	Norway	119	71	98	124	139	133	142	148	124	121
14	Portugal	20	16	65	81	90	98	90	100	97	110
15	Spain	196	249	373	303	315	291	363	302	284	319
16	Sweden	180	167	180	112	85	77	116	79	101	153
17	Switzerland	335	237	485	544	530	496	496	473	484	488
18	Turkey	15	86	176	199	207	274	291	322	333	333
19	United Kingdom	2,580	4,718	6,179	5,034	4,658	5,230	5,939	6,803	7,458	6,458
20	Yugoslavia	22	38	41	56	60	37	31	55	58	49
21	Other Western Europe	22	27	52	53	60	56	51	40	51	42
22	U.S.S.R.	46	103	99	82	95	104	108	82	90	88
23	Other Eastern Europe	131	108	171	218	215	218	203	209	216	169
24	*Canada*	*2,776*	*2,817*	*3,049*	*3,012*	*3,461*	*3,737*	*3,701*	*3,554*	*3,607*	*3,727*
25	*Latin America*	*12,377*	*20,532*	*34,039*	*31,363*	*31,391*	*32,017*	*31,789*	*32,560*	*33,432*	*32,157*
26	Argentina	720	1,203	964	938	867	914	873	886	906	842
27	Bahamas	3,405	7,570	15,336	13,848	14,099	15,431	14,157	15,127	16,074	13,835
28	Brazil	1,418	2,221	3,322	3,400	3,089	2,948	3,186	3,061	3,030	2,979
29	Chile	290	360	387	362	371	357	420	362	349	373
30	Colombia	713	689	586	596	598	544	565	503	495	513
31	Cuba	14	13	13	13	13	13	13	13	13	13
32	Mexico	1,972	2,80[illegible]	3,432	3,375	3,333	3,295	3,302	3,249	3,207	3,469
33	Panama	505	1,052	1,026	764	869	849	753	840	905	1,278
34	Peru	518	583	704	747	748	733	756	741	797	796
35	Uruguay	63	51	38	41	39	39	35	36	32	38
36	Venezuela	704	1,086	1,564	1,303	1,265	1,241	1,197	1,359	1,348	1,419
37	Other Latin American republics	852	967	1,125	1,115	1,108	1,132	1,079	1,176	1,144	1,181
38	*Netherlands Antilles*[1]	*62*	*49*	*40*	*45*	*41*	*41*	54	*36*	*67*	64
39	Other Latin America	1,142	1,885	5,503	4,817	4,953	4,482	5,401	5,170	5,065	5,356
40	*Asia*	*16,226*	*16,057*	*17,672*	*16,691*	*15,442*	*16,118*	*15,760*	*16,606*	*16,979*	*16,999*
41	China, People's Republic of (Mainland)	4	22	3	4	30	5	3	15	54	13
42	China, Republic of (Taiwan)	500	736	991	1,024	1,086	1,124	1,099	1,221	1,235	1,275
43	Hong Kong	223	258	271	229	265	317	337	298	337	357
44	India	14	21	41	28	23	32	24	34	39	25
45	Indonesia	*157*	*102*	*76*	54	55	53	41	39	72	65
46	Israel	255	491	551	341	334	328	287	280	334	311
47	Japan	12,518	10,776	10,997	10,608	9,471	9,486	9,397	9,591	9,936	9,694
48	Korea	955	1,561	1,714	1,698	1,562	1,736	1,807	1,912	1,861	1,959
49	Philippines	372	384	559	592	479	463	490	498	418	372
50	Thailand	458	499	422	421	446	491	468	519	558	584
51	Middle East oil-exporting countries[2]	330	524	1,312	982	1,040	1,389	1,170	1,469	1,275	1,476
52	Other[3]	441	684	735	708	651	693	638	730	860	866
53	*Africa*	*855*	*1,228*	*1,481*	*1,522*	*1,480*	*1,603*	*1,572*	*1,559*	*1,773*	*1,658*
54	Egypt	111	101	127	151	126	149	146	152	141	158
55	Morocco	18	9	13	19	13	26	35	34	36	46
56	South Africa	329	545	763	798	797	792	783	778	810	821
57	Zaire	98	34	29	16	11	10	8	7	9	8
58	Oil-exporting countries[4]	115	231	253	235	246	343	291	243	422	290
59	Other[3]	185	308	296	303	286	283	309	344	355	333
60	*Other countries*	*565*	*609*	*540*	*606*	*717*	*779*	*1,013*	*963*	*1,009*	*1,010*
61	Australia	466	535	441	500	592	663	894	846	877	861
62	All other	99	73	99	105	125	116	119	117	132	150
63	**Nonmonetary international and regional organizations**	*	1	5	7	5	6	5	4	13	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 r	1977 Jan. r	Feb. r	Mar. r	Apr.	May	June p	July p
1 **Total**	**39,056**	**50,231**	**68,908**	**63,699**	**63,191**	**65,156**	**65,874**	**68,160**	**70,554**	**68,237**
2 *Payable in dollars*	*37,859*	*r48,888*	*67,263*	*61,967*	*61,232*	*63,259*	*64,188*	*66,396*	*68,775*	*66,574*
3 *Loans, total*	*11,287*	*r13,200*	*18,141*	*15,928*	*15,989*	*15,766*	*16,396*	*16,647*	*16,105*	*17,564*
4 Official institutions, including central banks	381	613	1,448	1,256	943	784	741	967	986	852
5 Banks, excluding central banks	7,332	7,665	11,142	9,409	9,755	9,740	10,550	10,638	10,013	11,482
6 All other, including nonmonetary international and regional organizations	3,574	r4,921	5,552	5,263	5,291	5,241	5,105	5,041	5,105	5,230
7 Collections outstanding	5,637	5,467	5,756	5,833	5,868	6,190	6,316	6,317	6,414	6,350
8 Acceptances made for accounts of foreigners	11,237	11,147	12,358	12,047	12,009	12,790	12,976	13,045	13,166	13,390
9 Other claims[1]	9,694	r19,075	31,007	28,159	27,367	28,513	28,499	30,387	33,091	29,270
10 *Payable in foreign currencies*	*1,196*	*r1,342*	*1,645*	*1,732*	*1,959*	*1,897*	*1,686*	*1,764*	*1,779*	*1,663*
11 Deposits with foreigners	669	656	1,063	1,126	1,091	1,100	918	864	862	836
12 Foreign government securities, commercial and finance paper	289	r314	89	145	272	323	332	377	302	277
13 Other claims	238	372	493	460	596	474	436	522	614	550

[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 r	1977 Jan. r	Feb. r	Mar. r	Apr.	May	June p	July p
1 **Total**	**7,179**	**9,536**	**11,898**	**11,919**	**12,065**	**12,204**	**12,458**	**12,294**	**12,232**	**12,271**
By type:										
2 *Payable in dollars*	*7,099*	*9,419*	*11,750*	*11,735*	*11,855*	*12,015*	*12,257*	*12,091*	*12,032*	*12,069*
3 *Loans, total*	*6,490*	*8,316*	*10,097*	*10,119*	*10,329*	*10,411*	*10,534*	*10,399*	*10,339*	*10,366*
4 Official institutions, including central banks	1,324	1,351	1,407	1,404	1,531	1,625	1,647	1,642	1,645	1,671
5 Banks, excluding central banks	929	1,567	2,232	2,184	2,231	2,194	2,193	2,273	2,245	2,228
6 All other, including nonmonetary international and regional organizations	4,237	5,399	6,458	6,530	6,567	6,591	6,693	6,484	6,449	6,467
7 Other long-term claims	609	1,103	1,653	1,616	1,526	1,604	1,723	1,693	1,693	1,703
8 *Payable in foreign currencies*	*80*	*116*	*148*	*184*	*211*	*190*	*201*	*202*	*200*	*202*
By area or country:										
9 Europe	1,908	2,704	3,314	3,377	3,444	3,616	3,698	3,650	3,666	3,606
10 Canada	501	555	637	569	587	566	558	501	483	485
11 Latin America	2,614	3,468	4,870	4,923	4,966	4,911	4,990	5,042	5,079	5,104
12 *Asia*	*1,619*	*1,795*	*1,904*	*1,860*	*1,874*	*1,896*	*1,933*	*1,884*	*1,830*	*1,865*
13 Japan	258	296	382	382	367	417	416	420	409	420
14 Middle East oil-exporting countries[1]	384	220	146	123	133	152	149	149	151	156
15 Other Asia[2]	977	1,279	1,376	1,354	1,374	1,327	1,368	1,316	1,271	1,288
16 *Africa*	*366*	*747*	*890*	*856*	*875*	*890*	*953*	*898*	*860*	*857*
17 Oil-exporting countries[3]	62	151	271	209	210	211	228	213	213	191
18 Other[4]	305	596	619	647	665	678	725	685	647	666
19 All other countries[5]	171	267	282	333	319	327	327	319	313	353

[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	1973	1974	1975	1976 Dec. r	1977 Jan. r	Feb. r	Mar. r	Apr. r	May	June p
					All foreign countries					
1 **Total, all currencies**	**121,866**	**151,905**	**176,493**	**219,476**	**212,427**	**215,934**	**223,239**	**223,014**	**229,542**	**236,352**
2 *Claims on United States*	*5,091*	*6,900*	*6,743*	*7,999*	*6,529*	*7,031*	*7,267*	*8,830*	*7,359*	*7,442*
3 Parent bank	1,886	4,464	3,665	4,435	2,966	3,725	3,622	5,432	3,928	3,612
4 Other	3,205	2,435	3,078	3,564	3,563	3,306	3,645	3,398	3,430	3,830
5 *Claims on foreigners*	*111,974*	*138,712*	*163,391*	*204,433*	*198,285*	*201,466*	*208,552*	*207,211*	*214,786*	*221,496*
6 Other branches of parent bank	19,177	27,559	34,508	45,894	46,086	47,767	48,645	47,826	49,489	52,375
7 Other banks	56,368	60,283	69,206	83,765	77,415	77,923	81,668	79,756	83,912	86,753
8 Official institutions	2,693	4,077	5,792	10,609	10,837	11,190	11,768	12,400	12,728	13,197
9 Nonbank foreigners	33,736	46,793	53,886	64,164	63,947	64,587	66,471	67,230	68,657	69,171
10 Other assets	4,802	6,294	6,359	7,045	7,613	7,437	7,421	6,973	7,397	7,414
11 **Total payable in U.S. dollars**	**79,445**	**105,969**	**132,901**	**167,751**	**163,028**	**165,472**	**172,360**	**171,926**	**176,603**	**182,437**
12 *Claims on United States*	*4,599*	*6,603*	*6,408*	*7,705*	*6,250*	*6,743*	*6,868*	*8,456*	*6,949*	*7,026*
13 Parent bank	1,848	4,428	3,628	4,375	2,927	3,680	3,574	5,388	3,903	3,590
14 Other	2,751	2,175	2,780	3,330	3,323	3,063	3,293	3,068	3,047	3,435
15 *Claims on foreigners*	*73,018*	*96,209*	*123,496*	*156,842*	*152,866*	*155,106*	*161,966*	*160,167*	*166,162*	*172,010*
16 Other branches of parent bank	12,799	19,688	28,478	37,848	38,362	39,822	40,922	39,960	41,373	43,919
17 Other banks	39,527	45,067	55,319	66,331	60,816	60,909	64,591	63,037	66,297	68,687
18 Official institutions	1,777	3,289	4,864	9,018	9,469	9,854	10,470	11,056	11,364	11,891
19 Nonbank foreigners	18,915	28,164	34,835	43,645	44,219	44,521	45,983	46,113	47,128	47,513
20 Other assets	1,828	3,157	2,997	3,204	3,912	3,623	3,527	3,303	3,492	3,401
					United Kingdom					
21 **Total, all currencies**	**61,732**	**69,804**	**74,883**	**81,466**	**76,482**	**78,708**	**81,268**	**80,150**	**83,178**	**84,734**
22 *Claims on United States*	*1,789*	*3,248*	*2,392*	*3,354*	*2,262*	*1,772*	*2,311*	*2,541*	*2,714*	*2,450*
23 Parent bank	738	2,472	1,449	2,376	1,377	1,011	1,302	1,698	1,850	1,553
24 Other	1,051	776	943	978	885	761	1,009	843	863	897
25 *Claims of foreigners*	*57,761*	*64,111*	*70,331*	*75,859*	*71,995*	*74,713*	*76,865*	*75,559*	*78,333*	*80,087*
26 Other branches of parent bank	8,773	12,724	17,557	19,753	19,483	21,450	21,115	21,733	21,122	22,104
27 Other banks	34,442	32,701	35,904	38,089	34,827	35,517	37,074	35,559	38,635	39,174
28 Official institutions	735	788	881	1,274	1,377	1,615	1,606	1,611	1,631	1,764
29 Nonbank foreigners	13,811	17,898	15,990	16,743	16,309	16,130	17,070	16,656	16,945	17,045
30 Other assets	2,183	2,445	2,159	2,253	2,225	2,224	2,092	2,050	2,131	2,197
31 **Total payable in U.S. dollars**	**40,323**	**49,211**	**57,361**	**61,587**	**57,758**	**60,038**	**62,353**	**61,179**	**63,481**	**64,841**
32 *Claims on United States*	*1,642*	*3,146*	*2,273*	*3,275*	*2,185*	*1,684*	*2,173*	*2,430*	*2,590*	*2,338*
33 Parent bank	730	2,468	1,445	2,374	1,372	1,008	1,297	1,690	1,842	1,547
34 Other	912	678	828	902	813	676	876	740	748	791
35 *Claims on foreigners*	*37,817*	*44,694*	*54,121*	*57,488*	*54,735*	*57,492*	*59,342*	*57,894*	*60,030*	*61,582*
36 Other branches of parent bank	6,509	10,265	15,645	17,249	17,183	19,114	18,712	19,256	18,642	19,519
37 Other banks	23,389	23,716	28,224	28,983	26,184	26,767	28,352	26,917	29,498	29,949
38 Official institutions	510	610	648	846	1,110	1,340	1,310	1,297	1,306	1,437
39 Nonbank foreigners	7,409	10,102	9,604	10,410	10,258	10,271	10,968	10,424	10,584	10,676
40 Other assets	865	1,372	967	824	838	862	839	855	861	922
					Bahamas and Caymans					
41 **Total, all currencies**	**23,771**	**31,733**	**45,203**	**66,774**	**66,445**	**66,100**	**69,526**	**70,950**	**71,540**	**74,853**
42 *Claims on United States*	*2,210*	*2,464*	*3,229*	*3,506*	*3,158*	*3,687*	*3,409*	*4,996*	*3,540*	*3,966*
43 Parent bank	317	1,081	1,477	1,141	778	1,384	1,037	2,703	1,251	1,394
44 Other	1,893	1,383	1,752	2,365	2,381	2,303	2,372	2,293	2,290	2,572
45 *Claims on foreigners*	*21,041*	*28,453*	*41,040*	*62,050*	*61,539*	*60,999*	*64,783*	*64,654*	*66,581*	*69,532*
46 Other branches of parent bank	1,928	3,478	5,411	8,144	8,463	7,815	9,060	8,095	8,703	9,638
47 Other banks	9,895	11,354	16,298	25,354	23,836	23,435	25,339	25,234	25,588	27,344
48 Official institutions	1,151	2,022	3,576	7,101	7,004	7,225	7,495	7,784	8,062	8,348
49 Nonbank foreigners	8,068	11,599	15,756	21,451	22,236	22,523	22,890	23,540	24,228	24,202
50 Other assets	520	815	933	1,217	1,748	1,413	1,333	1,300	1,419	1,356
51 **Total payable in U.S. dollars**	**21,937**	**28,726**	**41,887**	**62,705**	**62,232**	**61,571**	**64,946**	**66,366**	**66,550**	**69,933**

3.22 Continued

	Liability account	1973	1974	1975	1976 Dec.[r]	1977 Jan.[r]	1977 Feb.[r]	1977 Mar.[r]	1977 Apr.[r]	1977 May	1977 June[p]
						All foreign countries					
52	**Total, all currencies**	**121,866**	**151,905**	**176,493**	**219,476**	**212,427**	**215,934**	**223,239**	**223,014**	**229,542**	**236,352**
53	*To United States*	*5,610*	*11,982*	*20,221*	*32,837*	*30,379*	*30,482*	*34,420*	*33,082*	*34,768*	*37,232*
54	Parent bank	1,642	5,809	12,165	19,895	18,696	19,229	21,017	18,312	20,497	22,821
55	Other	3,968	6,173	8,057	12,942	11,683	11,253	13,403	14,770	14,270	14,411
56	*To foreigners*	*111,615*	*132,990*	*149,815*	*179,893*	*175,155*	*178,570*	*181,926*	*182,966*	*187,537*	*191,707*
57	Other branches of parent bank	18,213	26,941	34,111	44,310	44,289	46,328	47,444	46,175	48,032	50,292
58	Other banks	65,389	65,675	72,259	83,878	79,512	78,320	80,046	82,668	84,143	84,173
59	Official institutions	10,330	20,185	22,773	25,829	25,771	26,631	26,418	26,125	27,298	28,167
60	Nonbank foreigners	17,683	20,189	20,672	25,877	25,583	27,291	28,018	27,998	28,065	29,075
61	Other liabilities	4,641	6,933	6,456	6,747	6,894	6,882	6,893	6,965	7,237	7,414
62	**Total payable in U.S. dollars**	**80,374**	**107,890**	**135,907**	**173,127**	**167,591**	**170,544**	**177,255**	**177,062**	**181,798**	**187,552**
63	*To United States*	*5,027*	*11,437*	*19,503*	*32,050*	*29,443*	*29,568*	*33,477*	*32,118*	*33,882*	*36,174*
64	Parent bank	1,477	5,641	11,939	19,681	18,447	18,983	20,764	18,067	20,241	22,378
65	Other	3,550	5,795	7,564	12,369	10,996	10,585	12,713	14,051	13,640	13,797
66	*To foreigners*	*73,189*	*92,503*	*112,879*	*137,550*	*134,375*	*137,313*	*140,179*	*141,220*	*144,098*	*147,211*
67	Other branches of parent bank	12,554	19,330	28,217	37,038	37,707	39,373	40,474	39,096	40,572	42,740
68	Other banks	43,641	43,656	51,583	60,617	56,791	56,116	57,770	60,513	60,960	60,207
69	Official institutions	7,491	17,444	19,982	22,878	23,038	23,599	23,630	23,216	24,324	25,219
70	Nonbank foreigners	9,502	12,072	13,097	17,017	16,838	18,225	18,305	18,395	18,242	19,045
71	Other liabilities	2,158	3,951	3,526	3,527	3,773	3,664	3,600	3,724	3,819	4,167
						United Kingdom					
72	**Total, all currencies**	**61,732**	**69,804**	**74,883**	**81,466**	**76,482**	**78,708**	**81,268**	**80,150**	**83,178**	**84,734**
73	*To United States*	*2,431*	*3,978*	*5,646*	*5,997*	*5,101*	*4,871*	*6,365*	*6,272*	*5,845*	*6,894*
74	Parent bank	136	510	2,122	1,198	1,211	1,191	1,537	1,515	1,460	2,150
75	Other	2,295	3,468	3,523	4,798	3,889	3,681	4,828	4,756	4,386	4,743
76	*To foreigners*	*57,311*	*63,409*	*67,240*	*73,228*	*69,202*	*71,523*	*72,665*	*71,787*	*75,145*	*75,683*
77	Other branches of parent bank	3,944	4,762	6,494	7,092	7,663	7,981	8,252	7,764	8,570	8,937
78	Other banks	34,979	32,040	32,964	36,259	32,336	32,097	33,830	33,747	35,932	34,959
79	Official institutions	8,140	15,258	16,553	17,273	16,975	18,204	17,711	17,260	17,538	18,086
80	Nonbank foreigners	10,248	11,349	11,229	12,605	12,228	13,242	12,872	13,016	13,106	13,701
81	Other liabilities	1,990	2,418	1,997	2,241	2,179	2,313	2,238	2,091	2,187	2,157
82	**Total payable in U.S. dollars**	**39,689**	**49,666**	**57,820**	**63,174**	**59,009**	**61,331**	**63,346**	**62,373**	**64,343**	**65,735**
83	*To United States*	*2,173*	*3,744*	*5,415*	*5,849*	*4,876*	*4,704*	*6,189*	*6,108*	*5,688*	*6,679*
84	Parent bank	113	484	2,083	1,182	1,195	1,166	1,506	1,498	1,438	2,083
85	Other	2,060	3,261	3,332	4,666	3,681	3,538	4,683	4,610	4,250	4,596
86	*To foreigners*	*36,646*	*44,594*	*51,447*	*56,372*	*53,230*	*55,675*	*56,283*	*55,390*	*57,720*	*58,136*
87	Other branches of parent bank	2,519	3,256	5,442	5,874	6,573	6,906	7,188	6,563	7,333	7,661
88	Other banks	22,051	20,526	23,330	25,527	22,137	22,211	23,841	23,815	25,171	24,134
89	Official institutions	5,923	13,225	14,498	15,423	15,184	16,345	15,817	15,394	15,674	16,301
90	Nonbank foreigners	6,152	7,587	8,176	9,547	9,336	10,213	9,437	9,617	9,541	10,040
91	Other liabilities	870	1,328	959	953	903	953	874	875	936	920
						Bahamas and Caymans					
92	**Total, all currencies**	**23,771**	**31,733**	**45,203**	**66,774**	**66,445**	**66,100**	**69,526**	**70,950**	**71,540**	**74,853**
93	*To United States*	*1,573*	*4,815*	*11,147*	*22,723*	*21,656*	*21,638*	*24,277*	*23,060*	*25,137*	*26,625*
94	Parent bank	307	2,636	7,628	16,163	15,157	15,207	17,110	14,514	16,426	18,366
95	Other	1,266	2,180	3,520	6,560	6,499	6,431	7,167	8,545	8,710	8,259
96	*To foreigners*	*21,747*	*26,140*	*32,949*	*42,897*	*43,376*	*43,166*	*43,863*	*46,641*	*45,054*	*46,476*
97	Other branches of parent bank	5,508	7,702	10,569	13,801	13,551	14,406	14,714	14,123	13,894	14,662
98	Other banks	14,071	14,050	16,825	21,758	22,256	21,006	20,475	23,780	22,326	22,668
99	Official institutions	492	2,377	3,308	3,573	3,607	3,314	3,520	3,892	4,100	4,186
100	Nonbank foreigners	1,676	2,011	2,248	3,765	3,963	4,439	5,155	4,845	4,734	4,960
101	Other liabilities	451	778	1,106	1,154	1,413	1,295	1,385	1,249	1,350	1,751
102	**Total payable in U.S. dollars**	**22,328**	**28,840**	**42,197**	**63,417**	**62,818**	**62,382**	**65,755**	**67,168**	**67,518**	**70,816**

3.23 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1975	1976	1977 Jan.–July^p	1977 Jan.	Feb.	Mar.	Apr.	May	June^p	July^p
	Holdings (end of period) [4]									
1 **Estimated total**	**7,703**	**15,798**	....	**16,307**	**17,813**	**18,748**	**18,450**	**19,335**	**21,787**	**23,024**
2 **Foreign countries**	**7,372**	**12,765**	....	**13,014**	**13,746**	**14,929**	**16,024**	**17,200**	**19,331**	**20,439**
3 *Europe*	*1,085*	*2,330*	....	*2,300*	*2,504*	*2,870*	*3,505*	*3,624*	*4,862*	*5,815*
4 Belgium-Luxembourg	13	14	....	14	14	14	14	16	18	19
5 Germany	215	764	....	764	789	894	1,112	1,112	1,262	1,266
6 Netherlands	16	288	....	287	367	388	388	418	492	503
7 Sweden	276	191	....	191	188	188	188	148	149	149
8 Switzerland	55	261	....	271	324	317	397	429	439	485
9 United Kingdom	363	485	....	476	512	713	1,069	1,181	2,190	3,068
10 Other Western Europe	143	323	....	293	306	354	332	316	312	322
11 Eastern Europe	4	4	....	4	4	4	4	4	4	4
12 Canada	395	256	....	256	261	270	268	271	279	283
13 Latin America	200	312	....	314	295	405	448	472	481	481
14 Venezuela	4	149	....	149	149	258	193	193	193	193
15 Other Latin America republics	29	35	....	21	21	26	21	21	18	18
16 Netherlands Antilles [1]	161	118	....	125	121	120	119	113	114	114
17 Asia	5,370	9,323	....	9,637	10,330	11,068	11,476	12,528	13,407	13,567
18 Japan	3,271	2,687	....	2,682	2,806	3,123	3,174	3,773	4,290	4,314
19 Africa	321	543	....	506	356	305	305	279	279	279
20 All other	*	*	....	*	*	11	23	27	23	13
21 **Nonmonetary international and regional organizations**	**331**	**3,033**	....	**3,294**	**4,068**	**3,819**	**2,426**	**2,135**	**2,456**	**2,586**
22 International	322	2,905	....	3,180	3,948	3,700	2,318	2,032	2,353	2,440
23 Latin American regional	9	128	....	114	119	118	108	103	103	146
	Transactions (net purchases, or sales (–), during period)									
24 **Total**	**1,994**	**8,095**	**7,227**	**510**	**1,505**	**936**	**298**	**885**	**2,451**	**1,238**
25 **Foreign countries**	**1,814**	**5,393**	**7,674**	**249**	**732**	**1,184**	**1,094**	**1,176**	**2,131**	**1,108**
26 Official institutions	1,612	5,116	7,033	229	709	1,047	922	1,152	1,927	1,048
27 Other foreign	202	276	640	21	23	137	172	24	203	60
28 **Nonmonetary international and regional organizations**	**180**	**2,702**	**–447**	**261**	**773**	**–248**	**–1,392**	**–291**	**321**	**130**
MEMO: Oil-exporting countries										
29 Middle East [2]	1,797	3,887	2,280	254	505	408	338	392	397	–14
30 Africa [3]	170	221	–264	–37	–150	–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 Feb.	Mar.	Apr.	May	June	July	Aug.
1 Deposits	418	353	352	361	349	305	436	379	468	534
Assets held in custody:										
2 U.S. Treasury securities [1]	55,600	60,019	66,532	68,653	71,435	73,261	73,964	74,098	75,443	75,976
3 Earmarked gold [2]	16,838	16,745	16,414	16,304	16,271	16,282	16,221	16,184	16,179	16,117

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[r]	1977 Jan.-July[p]	1977 Jan.[r]	Feb.	Mar.	Apr.	May	June[p]	July[p]
					U.S. corporate securities						
	Stocks										
1	Foreign purchases	15,347	18,227	8,599	1,425	1,162	1,101	1,135	1,207	1,196	1,373
2	Foreign sales	10,678	15,474	7,142	1,137	1,036	980	913	978	936	1,162
3	**Net purchases, or sales (−)**	**4,669**	**2,752**	**1,457**	**288**	**126**	**121**	**222**	**229**	**260**	**211**
4	**Foreign countries**	**4,651**	**2,740**	**1,436**	**290**	**124**	**116**	**222**	**209**	**266**	**209**
5	Europe	2,491	336	642	130	47	72	105	128	79	81
6	France	262	256	9	27	10	4	-6	3	21	24
7	Germany	251	68	97	1	7	4	38	37	12	20
8	Netherlands	359	-199	18	24	5	10	7	27	*	10
9	Switzerland	899	-100	119	39	23	30	38	4	20	5
10	United Kingdom	594	340	422	39	36	55	47	67	69	109
11	Canada	361	325	18	8	30	9	5	33	3	12
12	Latin America	7	155	91	4	14	14	21	17	17	4
13	Middle East[1]	1,640	1,803	635	100	50	17	97	92	160	119
14	Other Asia[2]	142	117	45	46	17	3	5	4	10	6
15	Africa	10	7	*	*	*	*	*	*	*	*
16	Other countries	15	4	6	2	1	1	1	1	2	*
17	**Nonmonetary international and regional organizations**	**18**	**12**	**20**	**2**	**1**	**5**	**1**	**20**	**7**	**2**
	Bonds[3]										
18	Foreign purchases	5,408	5,529	4,475	400	534	348	856	609	976	752
19	Foreign sales	4,642	4,322	2,000	322	214	208	245	332	394	285
20	**Net purchases, or sales (−)**	**766**	**1,207**	**2,475**	**78**	**320**	**140**	**611**	**277**	**582**	**467**
21	**Foreign countries**	**1,795**	**1,248**	**2,456**	**73**	**329**	**112**	**566**	**308**	**569**	**499**
22	Europe	113	92	1,109	8	281	75	100	99	314	232
23	France	82	40	-24	5	3	2	5	-7	3	1
24	Germany	-6	50	33	4	4	*	4	13	12	12
25	Netherlands	-8	29	30	2	2	-3	7	28	57	11
26	Switzerland	117	158	145	15	32	31	4	19	17	35
27	United Kingdom	-52	23	904	8	225	43	106	102	223	197
28	Canada	128	96	107	11	55	3	6	1	7	30
29	Latin America	31	94	21	-5	8	1	3	*	2	12
30	Middle East[1]	1,553	1,179	1,134	59	7	48	454	192	235	153
31	Other Asia[2]	-35	-165	90	1	8	6	4	17	10	72
32	Africa	5	-25	2	*	*	-2	*	*	*	*
33	Other countries	1	21	*	*	*	*	*	*	*	*
34	**Nonmonetary international and regional organizations**	**-1,030**	**-41**	**17**	**4**	**9**	**27**	**45**	**31**	**13**	**32**
					Foreign securities						
35	**Stocks, net purchases, or sales (−)**	**-189**	**-322**	**-551**	**-18**	**109**	**-62**	**40**	**7**	**56**	**259**
36	Foreign purchases	1,541	1,937	1,194	181	130	187	157	204	173	162
37	Foreign sales	1,730	2,259	1,744	199	238	249	197	211	229	421
38	**Bonds, net purchases, or sales (−)**	**-6,325**	**-8,729**	**3,050**	**-73**	**374**	**56**	**11**	**866**	**765**	**-905**
39	Foreign purchases	2,383	4,932	4,662	818	581	628	606	607	636	786
40	Foreign sales	8,708	13,661	7,712	891	955	684	617	1,473	1,401	1,691
41	**Net purchases, or sales (−) of stocks and bonds**	**-6,515**	**-9,050**	**3,601**	**-92**	**-483**	**118**	**51**	**873**	**821**	**-1,164**
42	**Foreign countries**	**-4,323**	**-7,155**	**-2,295**	**-382**	**-488**	**-149**	**4**	**201**	**-692**	**387**
43	Europe	-53	-844	834	-21	-207	54	2	124	271	267
44	Canada	-3,202	-5,246	1,445	-342	-265	-83	-94	128	292	-241
45	Latin America	-306	1	175	25	42	35	69	-13	-39	56
46	Asia	622	-700	-217	-53	61	-155	25	62	-94	59
47	Africa	15	48	5	-1	2	*	*	*	3	1
48	Other countries	155	416	21	9	1	*	2	2	2	5
49	**Nonmonetary international and regional organizations**	**-2,192**	**-1,898**	**1,307**	**290**	**5**	**31**	**55**	**673**	**129**	**-776**

[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
		Mar.	June	Sept.	Dec.	Mar.ᵖ	Mar.	June	Sept.	Dec.	Mar.ᵖ
		Liabilities to foreigners					Claims on foreigners				
1	**Total**	**6,365**	**6,307**	**6,449**	**6,654**	**6,632**	**12,699**	**13,847**	**13,172**	**14,188**	**14,956**
	By type:										
2	*Payable in dollars*	*5,715*	*5,683*	*5,715*	*5,943*	*5,871*	*11,712*	*12,850*	*12,111*	*13,205*	*14,004*
3	*Payable in foreign currencies*	*650*	*625*	*734*	*710*	*762*	*988*	*997*	*1,060*	*984*	*952*
4	Deposits with banks abroad in reporter's name	.....	.....	.....	.....	.....	480	558	592	442	387
5	Other	.....	.....	.....	.....	.....	508	439	468	541	565
	By area or country:										
6	**Foreign countries**	**6,146**	**6,061**	**6,263**	**6,445**	**6,441**	**12,697**	**13,846**	**13,170**	**14,187**	**14,953**
7	*Europe*	*2,337*	*2,271*	*2,386*	*2,227*	*2,124*	*4,932*	*5,326*	*5,151*	*5,271*	*5,217*
8	Austria	6	13	15	10	9	17	17	21	21	23
9	Belgium-Luxembourg	296	233	183	166	169	116	193	195	164	170
10	Denmark	12	12	13	7	15	35	30	26	56	49
11	Finland	5	1	17	2	2	31	131	135	77	40
12	France	205	159	185	200	163	355	363	413	426	422
13	Germany	152	228	256	174	173	305	358	492	378	366
14	Greece	25	29	28	48	80	41	47	56	51	90
15	Italy	125	116	148	131	135	406	335	358	384	473
16	Netherlands	162	170	141	141	168	176	146	142	166	172
17	Norway	23	22	24	29	37	58	52	43	51	42
18	Portugal	3	3	5	13	23	45	22	28	40	35
19	Spain	68	51	36	40	52	516	432	336	369	325
20	Sweden	25	24	35	34	35	80	84	62	90	92
21	Switzerland	162	213	243	190	214	207	270	253	241	154
22	Turkey	14	20	16	13	12	26	31	23	25	32
23	United Kingdom	924	837	888	879	689	2,282	2,602	2,365	2,445	2,476
24	Yugoslavia	91	108	113	123	113	30	28	30	26	30
25	Other Western Europe	6	7	8	7	6	18	14	17	20	18
26	U.S.S.R.	23	10	19	9	15	106	96	81	156	104
27	Other Eastern Europe	10	16	14	13	13	80	75	79	85	36
28	*Canada*	*315*	*373*	*328*	*380*	*404*	*2,234*	*2,202*	*2,197*	*2,465*	*2,428*
29	*Latin America*	*1,194*	*1,095*	*1,028*	*1,036*	*1,117*	*2,565*	*3,055*	*2,816*	*3,563*	*4,358*
30	Argentina	49	49	48	44	42	48	43	39	44	47
31	Bahamas	376	330	251	260	256	883	1,150	925	1,367	1,824
32	Brazil	97	97	58	72	49	475	462	417	683	536
33	Chile	11	15	16	17	16	27	46	26	34	35
34	Colombia	16	19	11	13	18	47	57	66	59	75
35	Cuba	*	*	*	*	*	1	1	1	1	1
36	Mexico	92	72	74	98	117	332	332	352	332	317
37	Panama	10	12	10	34	12	84	101	83	74	105
38	Peru	30	31	32	25	24	38	39	35	42	32
39	Uruguay	2	3	3	4	4	4	4	22	5	6
40	Venezuela	163	184	222	219	260	156	186	215	194	214
41	Other Latin American republics	75	99	104	141	101	170	184	179	276	234
42	Netherlands Antilles [1]	58	55	68	10	11	7	10	9	9	14
43	Other Latin America	214	130	129	100	160	294	440	447	441	918
44	*Asia*	*1,733*	*1,752*	*2,027*	*2,138*	*2,154*	*2,491*	*2,729*	*2,421*	*2,325*	*2,371*
45	China, People's Republic of (Mainland)	5	8	7	20	27	35	23	11	23	30
46	China, Republic of (Taiwan)	110	124	129	112	113	100	215	136	200	130
47	Hong Kong	23	28	33	40	42	66	104	88	96	107
48	India	9	10	11	23	39	60	51	53	55	36
49	Indonesia	141	133	144	134	137	155	160	193	210	246
50	Israel	26	34	32	39	37	42	53	48	41	50
51	Japan	307	290	275	229	206	1,163	1,170	1,010	908	963
52	Korea	53	62	85	77	97	105	131	142	118	130
53	Philippines	18	18	28	53	59	106	114	93	86	84
54	Thailand	18	11	23	24	19	20	19	23	22	26
55	Other Asia	1,022	1,035	1,260	1,385	1,378	638	691	624	566	566
56	*Africa*	*502*	*527*	*426*	*588*	*574*	*343*	*378*	*406*	*392*	*429*
57	Egypt	30	22	25	27	29	22	28	36	28	71
58	Morocco	7	32	42	43	27	10	12	9	10	12
59	South Africa	113	88	65	54	33	80	83	78	87	80
60	Zaire	7	12	24	36	39	23	25	28	21	17
61	Other Africa	345	372	270	429	446	207	230	255	247	249
62	*Other countries*	*65*	*44*	*67*	*76*	*68*	*133*	*155*	*178*	*172*	*150*
63	Australia	47	32	59	57	49	97	100	112	107	114
64	All other	18	12	18	19	19	36	56	67	65	36
65	**Nonmonetary international and regional organizations**	**219**	**246**	**186**	**208**	**192**	**1**	**1**	**1**	**1**	**2**

[1] Includes Surinam until 1976.

NOTE.—Reported by exporters, importers, and industrial and commercial concerns and other nonbanking institutions in the United States. Data exclude claims held through U.S. banks and intercompany accounts between U.S. companies and their affiliates.

3.27 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Large Nonbanking Concerns in the United States

Millions of dollars, end of period

	Type and country	1973	1974	1975	1976 Dec.	1977 Jan.	Feb.	Mar.	Apr.	May	June[p]
1	**Total**	**3,185**	**3,357**	**3,799**	**5,440**	**5,381**	**5,590**	**6,314**	**6,226**	**7,370**	**7,558**
	By type:										
2	*Payable in dollars*	*2,641*	*2,660*	*3,042*	*4,772*	*4,676*	*4,935*	*5,696*	*5,555*	*6,736*	*6,817*
3	Deposits	2,604	2,591	2,710	4,399	4,308	4,558	5,241	4,973	6,213	6,352
4	Short-term investments [1]	37	69	332	373	368	377	455	582	523	465
5	*Payable in foreign currencies*	*544*	*697*	*757*	*669*	*705*	*654*	*619*	*672*	*634*	*741*
6	Deposits	431	429	511	383	397	339	317	362	300	340
7	Short-term investments [1]	113	268	246	286	308	315	302	310	334	401
	By country:										
8	United Kingdom	1,128	1,350	1,306	1,837	1,854	1,846	1,879	1,713	1,889	2,252
9	Canada	775	967	1,156	1,539	1,292	1,338	1,468	1,503	1,642	1,650
10	Bahamas	597	391	546	1,247	1,320	1,412	1,709	1,649	2,350	2,064
11	Japan	336	398	343	113	130	165	147	155	158	178
12	All other	349	252	446	704	785	829	1,111	1,206	1,331	1,414

1 Negotiable and other readily transferable foreign obligations payable on demand or having a contractural maturity of not more than 1 year from the date on which the obligation was incurred by the foreigner.

NOTE.- Data represent the assets abroad of large nonbanking concerns in the United States. They are a portion of the total claims on foreigners reported by nonbanking concerns in the United States and are included in the figures shown in Table 3.26.

3.28 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 Mar.	June	Sept.	Dec.	1977 Mar.[p]	1976 Mar.	June	Sept.	Dec.	1977 Mar.[p]
		Liabilities to foreigners					Claims on foreigners				
1	**Total**	**4,064**	**3,928**	**3,718**	**3,508**	**3,438**	**5,178**	**5,037**	**4,974**	**4,979**	**4,936**
2	Europe	3,109	2,985	2,813	2,693	2,617	973	984	953	910	897
3	Germany	446	425	406	396	391	34	35	73	72	84
4	Netherlands	214	214	270	258	254	22	211	211	156	154
5	Switzerland	484	467	327	260	178	56	56	54	57	52
6	United Kingdom	1,572	1,486	1,445	1,409	1,372	349	365	298	297	257
7	Canada	144	166	111	89	82	1,468	1,511	1,507	1,530	1,470
8	Latin America	248	222	230	243	244	1,776	1,609	1,552	1,521	1,488
9	Bahamas	184	157	132	138	139	7	37	37	36	34
10	Brazil	5	5	5	5	5	183	165	172	133	124
11	Chile	1	1	1	1	1	312	306	244	248	210
12	Mexico	6	6	7	17	19	209	187	219	195	180
13	Asia	495	489	498	423	432	685	712	739	773	816
14	Japan	394	388	402	397	413	129	85	80	77	96
15	Africa	2	2	2	2	2	214	163	165	187	198
16	All other [1]	65	64	64	58	59	61	59	58	58	67

1 Includes nonmonetary international and regional organizations.

3.29 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

Country	Rate on Aug. 31, 1977 Per cent	Month effective	Country	Rate on Aug. 31, 1977 Per cent	Month effective	Country	Rate on Aug. 31, 1977 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	5.0	Apr. 1977	United Kingdom	7.0	Aug. 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 Mar.	1977 Apr.	1977 May	1977 June	1977 July	1977 Aug.
1 Euro-dollars	11.01	7.02	5.58	5.13	5.16	5.80	5.78	5.80	6.30
2 United Kingdom	13.34	10.63	11.35	10.31	8.59	7.63	7.81	7.77	6.91
3 Canada	10.47	8.00	9.39	7.63	7.58	7.44	7.16	7.27	7.44
4 Germany	9.80	4.87	4.19	4.70	4.57	4.43	4.24	4.20	4.04
5 Switzerland		3.01	1.45	2.88	2.61	3.98	3.80	3.01	2.41
6 Netherlands		5.17	7.02	5.73	4.89	3.03	2.84	3.05	3.48
7 France		7.91	8.65	9.87	9.33	9.13	9.01	8.67	8.51
8 Italy		10.37	16.32	16.57	16.26	15.49	14.65	14.09	13.94
9 Belgium		6.63	10.25	7.07	7.01	6.94	6.88	6.85	6.20
10 Japan		11.64	7.70	7.20	6.46	5.75	6.05	6.25	6.24

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 Mar.	1977 Apr.	1977 May	1977 June	1977 July	1977 Aug.
1 Australia/dollar	143.89	130.77	122.15	109.94	110.53	110.31	110.80	112.20	110.47
2 Austria/shilling	5.3564	5.7467	5.5744	5.8822	5.9252	5.9533	5.9647	6.1691	6.0792
3 Belgium/franc	2.5713	2.7253	2.5921	2.7258	2.7509	2.7700	2.7713	2.8208	2.8107
4 Canada/dollar	102.26	98.30	101.41	95.125	95.103	95.364	94.549	94.230	93.028
5 Denmark/krone	16.442	17.437	16.546	17.038	16.710	16.638	16.544	16.769	16.590
6 Finland/markka	26.565	27.285	25.938	26.296	24.899	24.530	24.524	24.902	24.801
7 France/franc	20.805	23.354	20.942	20.075	20.133	20.190	20.240	20.607	20.415
8 Germany/deutsche mark	38.723	40.729	39.737	41.812	42.119	42.394	42.453	43.827	43.168
9 India/rupee	12.460	11.926	11.148	11.313	11.310	11.320	11.286	11.342	11.465
10 Ireland/pound	234.03	222.16	180.48	171.74	171.90	171.85	171.91	172.26	173.97
11 Italy/lira	.15372	.15328	.12044	.11276	.11264	.11279	.11295	.11330	.11332
12 Japan/yen	.34302	.33705	.33741	.35687	.36339	.36046	.36652	.37756	.37499
13 Malaysia/ringgit	41.682	41.753	39.340	40.152	40.305	40.255	40.270	40.443	40.606
14 Mexico/peso	8.0000	8.0000	6.9161	4.3978	4.4076	4.3890	4.3582	4.3528	4.3629
15 Netherlands/guilder	37.267	39.632	37.846	40.079	40.464	40.7009	40.326	40.983	40.831
16 New Zealand/dollar	140.02	121.16	99.115	95.689	96.129	96.002	96.264	97.160	96.826
17 Norway/krone	18.119	19.180	18.327	19.035	18.909	18.956	18.915	19.023	18.863
18 Portugal/escudo	3.9506	3.9286	3.3159	2.5778	2.5752	2.5818	2.5802	2.5953	2.5678
19 South Africa/rand	146.98	136.47	114.85	115.00	114.93	115.00	114.88	114.98	115.00
20 Spain/peseta	1.7337	1.7424	1.4958	1.4530	1.4536	1.4491	1.4404	1.2382	1.1804
21 Sri Lanka/rupee	14.978	14.385	11.908	12.820	13.676	13.700	13.664	13.700	13.721
22 Sweden/krona	22.563	24.141	22.957	23.726	23.004	22.962	22.625	22.991	22.472
23 Switzerland/franc	33.688	38.743	40.013	39.209	39.582	39.694	40.170	41.487	41.523
24 United Kingdom/pound	234.03	222.16	180.48	171.74	171.90	171.85	171.91	172.26	173.97
MEMO:									
25 United States/dollar [1]	84.11	82.20	89.68	90.45	90.13	89.99	89.91	88.67	89.10

[1] Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. May 1970 parities = 100. Weights are 1972 global trade of each of the 10 countries.

NOTE.—Averages of certified noon buying rates in New York for cable transfers.

4.10 SALES, REVENUE, PROFITS, AND DIVIDENDS - Large Manufacturing Corporations

Millions of dollars

	Industry	1976	1975 Q1	1975 Q2	1975 Q3	1975 Q4	1976 Q1	1976 Q2	1976 Q3	1976 Q4	1977 Q1
	Total (170 corps.)										
1	Sales	667,821	138,392	145,898	148,008	154,650	159,311	166,452	161,596	180,462	177,473
2	Total revenue	676,596	140,482	147,811	149,841	157,203	161,461	168,958	164,631	181,546	178,822
3	Profits before taxes	71,885	12,925	14,875	15,507	17,049	17,502	18,902	16,894	18,587	18,456
4	Profits after taxes	34,707	5,566	6,715	7,102	7,657	8,621	9,532	8,442	8,113	8,594
5	MEMO: PAT unadj.[1]	36,016	5,682	6,603	7,054	8,471	8,636	9,490	8,550	9,340	8,642
6	Dividends	14,491	3,132	3,036	3,076	3,214	3,191	3,449	3,480	4,371	3,784
	Nondurable goods industries (86 corps.):[2]										
7	Sales	362,935	77,297	78,656	82,361	84,822	86,927	87,404	88,678	99,926	95,879
8	Total revenue	368,184	78,616	79,940	83,595	86,351	88,179	88,864	90,967	100,174	96,707
9	Profits before taxes	42,694	9,378	9,989	10,924	10,614	10,674	10,595	10,632	10,793	11,075
10	Profits after taxes	18,571	3,586	3,919	4,441	4,357	4,809	4,833	4,871	4,058	4,838
11	MEMO: PAT unadj.[1]	19,468	3,572	3,900	4,439	4,808	4,829	4,809	4,962	4,868	4,880
12	Dividends	7,910	1,815	1,784	1,803	1,826	1,879	1,947	1,990	2,094	2,140
	Durable goods industries (84 corps.):[3]										
13	Sales	304,886	61,095	67,242	65,647	69,828	72,384	79,048	72,918	80,536	81,594
14	Total revenue	308,412	61,866	67,871	66,246	70,852	73,282	80,094	73,664	81,372	82,115
15	Profits before taxes	29,191	3,547	4,886	4,583	6,435	6,828	8,307	6,262	7,794	7,381
16	Profits after taxes	16,136	1,980	2,796	2,661	3,300	3,812	4,699	3,571	4,055	3,756
17	MEMO: PAT unadj.[1]	16,548	2,110	2,703	2,615	3,663	3,807	4,681	3,588	4,472	3,762
18	Dividends	6,577	1,317	1,252	1,273	1,388	1,308	1,502	1,490	2,277	1,644
	Selected industries:										
	Food and kindred products (28 corps.):										
19	Sales	62,568	13,490	14,117	14,600	14,942	14,762	15,057	16,048	16,701	15,950
20	Total revenue	63,142	13,708	14,356	14,844	15,248	14,993	15,395	16,221	16,533	16,195
21	Profits before taxes	5,750	1,066	1,190	1,385	1,384	1,471	1,507	1,462	1,310	1,448
22	Profits after taxes	2,890	502	607	719	668	665	778	817	630	739
23	MEMO: PAT unadj.[1]	3,013	526	615	745	715	667	785	827	734	746
24	Dividends	1,259	268	271	274	287	307	325	309	318	340
	Chemical and allied products (22 corps.):										
25	Sales	64,125	13,618	14,329	14,660	15,128	15,756	16,081	15,878	16,410	17,103
26	Total revenue	64,837	13,756	14,503	14,791	15,326	15,899	16,242	16,084	16,612	17,271
27	Profits before taxes	8,197	1,647	1,622	1,858	1,955	2,179	2,117	2,008	1,893	2,115
28	Profits after taxes	4,511	932	929	1,035	993	1,244	1,208	1,130	929	1,195
29	MEMO: PAT unadj.[1]	4,622	927	937	1,028	1,123	1,225	1,153	1,163	1,081	1,181
30	Dividends	1,918	430	425	429	439	444	445	481	548	474
	Petroleum refining (15 corps.):										
31	Sales	196,154	41,988	41,342	43,873	45,442	46,656	46,065	46,923	56,510	52,340
32	Total revenue	199,688	42,851	42,100	44,633	46,331	47,407	46,888	48,744	56,649	52,891
33	Profits before taxes	25,857	6,227	6,612	6,961	6,505	6,254	6,210	6,559	6,834	6,746
34	Profits after taxes	9,555	1,905	2,078	2,300	2,268	2,481	2,383	2,606	2,085	2,497
35	MEMO: PAT unadj.[1]	10,168	1,871	2,040	2,268	2,533	2,512	2,404	2,635	2,617	2,546
36	Dividends	4,089	966	937	949	949	971	1,017	1,036	1,065	1,160
	Primary metals and products (23 corps.):										
37	Sales	54,044	12,482	12,393	12,274	11,429	12,733	14,441	13,751	13,119	13,773
38	Total revenue	54,825	12,782	12,604	12,479	11,669	12,904	14,650	13,958	13,313	13,963
39	Profits before taxes	2,834	1,015	711	487	708	633	924	701	576	516
40	Profits after taxes	1,652	633	478	396	315	409	603	513	127	260
41	MEMO: PAT unadj.[1]	1,947	639	485	381	498	416	610	521	400	274
42	Dividends	926	273	227	216	229	218	227	230	251	229
	Machinery (27 corps.):										
43	Sales	87,274	18,315	19,907	19,786	21,041	20,455	21,627	21,133	24,059	22,727
44	Total revenue	88,519	18,535	20,130	19,977	21,358	20,707	22,072	21,280	24,460	23,049
45	Profits before taxes	11,320	1,757	2,105	2,233	2,640	2,469	2,781	2,700	3,370	2,900
46	Profits after taxes	6,181	986	1,186	1,232	1,433	1,355	1,528	1,461	1,837	1,573
47	MEMO: PAT unadj.[1]	6,202	990	1,180	1,239	1,490	1,354	1,517	1,467	1,864	1,571
48	Dividends	2,383	487	489	523	532	537	581	602	663	708
	Motor vehicles and equipment (9 corps.):										
49	Sales	107,563	18,866	22,275	21,005	23,717	26,395	28,710	24,250	28,208	31,069
50	Total revenue	108,394	19,011	22,341	21,083	24,040	26,702	28,942	24,500	28,250	30,924
51	Profits before taxes	8,909	−98	854	590	1,731	2,494	3,056	1,272	2,087	2,513
52	Profits after taxes	4,870	−127	451	328	819	1,331	1,668	705	1,166	1,138
53	MEMO: PAT unadj.[1]	4,918	−12	455	280	881	1,337	1,658	704	1,219	1,138
54	Dividends	2,062	294	276	274	277	285	422	372	983	392

1 Profits after taxes unadjusted are as reported by the individual companies. These data are not adjusted to eliminate differences in accounting treatments of special charges, credits, and other nonoperating items.
2 Includes 21 corporations in groups not shown separately.
3 Includes 25 corporations in groups not shown separately.

NOTE.—Data are obtained from published reports of companies and reports made to the Securities and Exchange Commission. Sales are net of returns, allowances, and discounts, and exclude excise taxes paid directly by the company. Total revenue data include, in addition to sales, income from nonmanufacturing operations and nonoperating income. Profits are before dividend payments and have been adjusted to exclude special charges and credits to surplus reserves and extraordinary items not related primarily to the current reporting period. Income taxes (not shown) include Federal, State and local government, and foreign.

Previous series last published in June 1972 BULLETIN, p. A-50.

Board of Governors of the Federal Reserve System

ARTHUR F. BURNS, *Chairman*
STEPHEN S. GARDNER, *Vice Chairman*
HENRY C. WALLICH
PHILIP E. COLDWELL
PHILIP C. JACKSON, JR.
J. CHARLES PARTEE
DAVID M. LILLY

OFFICE OF STAFF DIRECTOR FOR MANAGEMENT

JOHN M. DENKLER, *Staff Director*
ROBERT J. LAWRENCE, *Deputy Staff Director*
DONALD E. ANDERSON, *Assistant Director for Construction Management*
GORDON B. GRIMWOOD, *Assistant Director and Program Director for Contingency Planning*

DIVISION OF DATA PROCESSING

CHARLES L. HAMPTON, *Director*
BRUCE M. BEARDSLEY, *Associate Director*
UYLESS D. BLACK, *Assistant Director*
GLENN L. CUMMINS, *Assistant Director*
ROBERT J. ZEMEL, *Assistant Director*

DIVISION OF PERSONNEL

DAVID L. SHANNON, *Director*
CHARLES W. WOOD, *Assistant Director*

OFFICE OF BOARD MEMBERS

THOMAS J. O'CONNELL, *Counsel to the Chairman*
MILTON W. HUDSON, *Assistant to the Chairman*
JOSEPH R. COYNE, *Assistant to the Board*
KENNETH A. GUENTHER, *Assistant to the Board*
JAY PAUL BRENNEMAN, *Special Assistant to the Board*
FRANK O'BRIEN, JR., *Special Assistant to the Board*
JOSEPH S. SIMS, *Special Assistant to the Board*
DONALD J. WINN, *Special Assistant to the Board*

LEGAL DIVISION

JOHN D. HAWKE, JR., *General Counsel*
BALDWIN B. TUTTLE, *Deputy General Counsel*
ROBERT E. MANNION, *Assistant General Counsel*
ALLEN L. RAIKEN, *Assistant General Counsel*
CHARLES R. MCNEILL, *Assistant to the General Counsel*

OFFICE OF STAFF DIRECTOR FOR MONETARY POLICY

STEPHEN H. AXILROD, *Staff Director*
ARTHUR L. BROIDA, *Deputy Staff Director*
MURRAY ALTMANN, *Assistant to the Board*
PETER M. KEIR, *Assistant to the Board*
STANLEY J. SIGEL, *Assistant to the Board*
NORMAND R. V. BERNARD, *Special Assistant to the Board*

DIVISION OF RESEARCH AND STATISTICS

JAMES L. KICHLINE, *Director*
JOSEPH S. ZEISEL, *Deputy Director*
EDWARD C. ETTIN, *Associate Director*
JOHN H. KALCHBRENNER, *Associate Director*
JOHN J. MINGO, *Senior Research Division Officer*
ELEANOR J. STOCKWELL, *Senior Research Division Officer*
JAMES R. WETZEL, *Senior Research Division Officer*
ROBERT A. EISENBEIS, *Associate Research Division Officer*
J. CORTLAND G. PERET, *Associate Research Division Officer*

OFFICE OF THE CONTROLLER

JOHN KAKALEC, *Controller*
TYLER E. WILLIAMS, JR., *Assistant Controller*

DIVISION OF ADMINISTRATIVE SERVICES

WALTER W. KREIMANN, *Director*
JOHN L. GRIZZARD, *Assistant Director*
JOHN D. SMITH, *Assistant Director*

OFFICE OF STAFF DIRECTOR FOR FEDERAL RESERVE BANK ACTIVITIES

WILLIAM H. WALLACE, *Staff Director*

DIVISION OF FEDERAL RESERVE BANK EXAMINATIONS AND BUDGETS

ALBERT R. HAMILTON, *Associate Director*
CLYDE H. FARNSWORTH, JR., *Assistant Director*
JOHN F. HOOVER, *Assistant Director*
P. D. RING, *Assistant Director*

DIVISION OF FEDERAL RESERVE BANK OPERATIONS

JAMES R. KUDLINSKI, *Director*
WALTER ALTHAUSEN, *Assistant Director*
BRIAN M. CAREY, *Assistant Director*
HARRY A. GUINTER, *Assistant Director*

DIVISION OF CONSUMER AFFAIRS

JANET O. HART, *Director*
NATHANIEL E. BUTLER, *Associate Director*
JERAULD C. KLUCKMAN, *Associate Director*

OFFICE OF THE SECRETARY

THEODORE E. ALLISON, *Secretary*
GRIFFITH L. GARWOOD, *Deputy Secretary*
*ROBERT E. MATTHEWS, *Assistant Secretary*

DIVISION OF BANKING SUPERVISION AND REGULATION

JOHN E. RYAN, *Director*
†FREDERICK C. SCHADRACK, *Deputy Director*
FREDERICK R. DAHL, *Associate Director*
WILLIAM W. WILES, *Associate Director*
JACK M. EGERTSON, *Assistant Director*
DON E. KLINE, *Assistant Director*
THOMAS E. MEAD, *Assistant Director*
ROBERT S. PLOTKIN, *Assistant Director*
THOMAS A. SIDMAN, *Assistant Director*
SAMUEL H. TALLEY, *Assistant Director*
WILLIAM TAYLOR, *Assistant Director*

*On loan from the Federal Reserve Bank of Philadelphia.
†On loan from the Federal Reserve Bank of New York.

‡HELMUT F. WENDEL, *Associate Research Division Officer*
JAMES M. BRUNDY, *Assistant Research Division Officer*
JARED J. ENZLER, *Assistant Research Division Officer*
ROBERT M. FISHER, *Assistant Research Division Officer*
RICHARD H. PUCKETT, *Assistant Research Division Officer*
STEPHEN P. TAYLOR, *Assistant Research Division Officer*
LEVON H. GARABEDIAN, *Assistant Director*

DIVISION OF INTERNATIONAL FINANCE

EDWIN M. TRUMAN, *Director*
JOHN E. REYNOLDS, *Counselor*
ROBERT F. GEMMILL, *Associate Director*
GEORGE B. HENRY, *Associate Director*
CHARLES J. SIEGMAN, *Associate Director*
~~REED~~ J. ~~IRVINE~~, ~~*Senior International Division Officer*~~
SAMUEL PIZER, *Senior International Division Officer*

‡On leave of absence.

Federal Open Market Committee

ARTHUR F. BURNS, *Chairman*

PAUL A. VOLCKER, *Vice Chairman*

PHILIP E. COLDWELL
STEPHEN S. GARDNER
ROGER GUFFEY
PHILIP C. JACKSON, JR.
DAVID M. LILLY
ROBERT P. MAYO
FRANK E. MORRIS
J. CHARLES PARTEE
LAWRENCE K. ROOS
HENRY C. WALLICH

ARTHUR L. BROIDA, *Secretary*
MURRAY ALTMANN, *Deputy Secretary*
NORMAND R. V. BERNARD, *Assistant Secretary*
THOMAS J. O'CONNELL, *General Counsel*
EDWARD G. GUY, *Deputy General Counsel*
BALDWIN B. TUTTLE, *Assistant General Counsel*
STEPHEN H. AXILROD, *Economist*

ANATOL BALBACH, *Associate Economist*
RICHARD G. DAVIS, *Associate Economist*
THOMAS DAVIS, *Associate Economist*
ROBERT EISENMENGER, *Associate Economist*
EDWARD C. ETTIN, *Associate Economist*
JAMES L. KICHLINE, *Associate Economist*
JOHN E. REYNOLDS, *Associate Economist*
KARL SCHELD, *Associate Economist*
EDWIN M. TRUMAN, *Associate Economist*
JOSEPH S. ZEISEL, *Associate Economist*

ALAN R. HOLMES, *Manager, System Open Market Account*
PETER D. STERNLIGHT, *Deputy Manager for Domestic Operations*
SCOTT E. PARDEE, *Deputy Manager for Foreign Operations*

Federal Advisory Council

RICHARD D. HILL, FIRST FEDERAL RESERVE DISTRICT, *President*
GILBERT F. BRADLEY, TWELFTH FEDERAL RESERVE DISTRICT, *Vice President*

WALTER B. WRISTON, SECOND FEDERAL RESERVE DISTRICT
ROGER S. HILLAS, THIRD FEDERAL RESERVE DISTRICT
M. BROCK WEIR, FOURTH FEDERAL RESERVE DISTRICT
JOHN H. LUMPKIN, FIFTH FEDERAL RESERVE DISTRICT
FRANK A. PLUMMER, SIXTH FEDERAL RESERVE DISTRICT

EDWARD BYRON SMITH, SEVENTH FEDERAL RESERVE DISTRICT
DONALD E. LASATER, EIGHTH FEDERAL RESERVE DISTRICT
RICHARD H. VAUGHAN, NINTH FEDERAL RESERVE DISTRICT
J. W. MCLEAN, TENTH FEDERAL RESERVE DISTRICT
BEN F. LOVE, ELEVENTH FEDERAL RESERVE DISTRICT

HERBERT V. PROCHNOW, *Secretary*
WILLIAM J. KORSVIK, *Associate Secretary*

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK, branch, *or facility*	Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*	02106	Louis W. Cabot Robert M. Solow	Frank E. Morris James A. McIntosh	
NEW YORK*	10045	Frank R. Milliken Robert H. Knight	Paul A. Volcker Thomas M. Timlen	
Buffalo	14240	Paul A. Miller		John T. Keane
PHILADELPHIA	19105	John W. Eckman Werner C. Brown	David P. Eastburn Richard L. Smoot	
CLEVELAND*	44101	Horace A. Shepard Robert E. Kirby	Willis J. Winn Walter H. MacDonald	
Cincinnati	45201	Lawrence H. Rogers, II		Robert E. Showalter
Pittsburgh	15230	G. Jackson Tankersley		Robert D. Duggan
RICHMOND*	23261	E. Angus Powell E. Craig Wall, Sr.	Robert P. Black George C. Rankin	
Baltimore	21203	I. E. Killian		Jimmie R. Monhollon
Charlotte	28230	Robert C. Edwards		Stuart P. Fishburne
Culpeper Communications and Records Center	*22701*			Albert D. Tinkelenberg
ATLANTA	30303	H. G. Pattillo Clifford M. Kirtland, Jr.	Monroe Kimbrel Kyle K. Fossum	
Birmingham	35202	William H. Martin, III		Hiram J. Honea
Jacksonville	32203	Gert H. W. Schmidt		Edward C. Rainey
Miami	33152	David G. Robinson		W. M. Davis
Nashville	37203	John C. Bolinger		Jeffrey J. Wells
New Orleans	70161	George C. Cortright, Jr.		George C. Guynn
CHICAGO*	60690	Peter B. Clark Robert H. Strotz	Robert P. Mayo Daniel M. Doyle	
Detroit	48231	Jordan B. Tatter		William C. Conrad
ST. LOUIS	63166	Edward J. Schnuck William B. Walton	Lawrence K. Roos Donald W. Moriarty	
Little Rock	72203	Ronald W. Bailey		John F. Breen
Louisville	40201	James C. Hendershot		Donald L. Henry
Memphis	38101	Frank A. Jones, Jr.		L. Terry Britt
MINNEAPOLIS	55480	James P. McFarland Stephen F. Keating	Mark H. Willes Clement A. Van Nice	
Helena	59601	Patricia P. Douglas		John D. Johnson
KANSAS CITY	64198	Harold W. Andersen Joseph H. Williams	Roger Guffey Henry R. Czerwinski	
Denver	80217	A. L. Feldman		Wayne W. Martin
Oklahoma City	73125	James G. Harlow, Jr.		William G. Evans
Omaha	68102	Durward B. Varner		Robert D. Hamilton
DALLAS	75222	Irving A. Mathews Charles T. Beaird	Ernest T. Baughman Robert H. Boykin	
El Paso	79999	Gage Holland		Fredric W. Reed
Houston	77001	Alvin I. Thomas		J. Z. Rowe
San Antonio	78295	Marshall Boykin, III		Carl H. Moore
SAN FRANCISCO	94120	Joseph F. Alibrandi Cornell C. Maier	John J. Balles John B. Williams	
Los Angeles	90051	Joseph R. Vaughan		Richard C. Dunn
Portland	97208	Loran L. Stewart		Angelo S. Carella
Salt Lake City	84110	Sam Bennion		A. Grant Holman
Seattle	98124	Lloyd E. Cooney		James J. Curran

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

Federal Reserve Board Publications

Available from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Where a charge is indicated, remittance should accompany request and be made payable to the order of the Board of Governors of the Federal Reserve System in a form collectible at par in U.S. currency. (Stamps and coupons are not accepted.)

THE FEDERAL RESERVE SYSTEM—PURPOSES AND FUNCTIONS. 1974. 125 pp.

ANNUAL REPORT

FEDERAL RESERVE BULLETIN. Monthly. $20.00 per year or $2.00 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $18.00 per year or $1.75 each. Elsewhere, $24.00 per year or $2.50 each.

BANKING AND MONETARY STATISTICS. 1914-1941. (Reprint of Part I only) 1976. 682 pp. $5.00.

BANKING AND MONETARY STATISTICS, 1941-1970. 1976. 1,168 pp. $15.00.

ANNUAL STATISTICAL DIGEST, 1970-75. 1976. 339 pp. $4.00 per copy for each paid subscription to Federal Reserve *Bulletin*. All others, $5.00 each.

FEDERAL RESERVE MONTHLY CHART BOOK. Subscription includes one issue of Historical Chart Book. $12.00 per year or $1.25 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $1.00 each. Elsewhere, $15.00 per year or $1.50 each.

HISTORICAL CHART BOOK. Issued annually in Sept. Subscription to Monthly Chart Book includes one issue. $1.25 each in the United States, its possessions, Canada, and Mexico; 10 or more to one address, $1.00 each. Elsewhere, $1.50 each.

CAPITAL MARKET DEVELOPMENTS. Weekly. $15.00 per year or $.40 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $13.50 per year or $.35 each. Elsewhere, $20.00 per year or $.50 each.

SELECTED INTEREST AND EXCHANGE RATES—WEEKLY SERIES OF CHARTS. Weekly. $15.00 per year or $.40 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $13.50 per year or $.35 each. Elsewhere, $20.00 per year or $.50 each.

THE FEDERAL RESERVE ACT, as amended through December 1971, with an appendix containing provisions of certain other statutes affecting the Federal Reserve System. 252 pp. $1.25.

REGULATIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

PUBLISHED INTERPRETATIONS OF THE BOARD OF GOVERNORS, as of June 30, 1976. $7.50.

INDUSTRIAL PRODUCTION—1971 EDITION. 1972. 383 pp. $4.00 each; 10 or more to one address, $3.50 each.

BANK CREDIT-CARD AND CHECK-CREDIT PLANS. 1968. 102 pp. $1.00 each; 10 or more to one address, $.85 each.

SURVEY OF FINANCIAL CHARACTERISTICS OF CONSUMERS. 1966. 166 pp. $1.00 each; 10 or more to one address, $.85 each.

SURVEY OF CHANGES IN FAMILY FINANCES. 1968. 321 pp. $1.00 each; 10 or more to one address, $.85 each.

REPORT OF THE JOINT TREASURY-FEDERAL RESERVE STUDY OF THE U.S. GOVERNMENT SECURITIES MARKET. 1969. 48 pp. $.25 each; 10 or more to one address, $.20 each.

JOINT TREASURY-FEDERAL RESERVE STUDY OF THE GOVERNMENT SECURITIES MARKET; STAFF STUDIES—PART 1. 1970. 86 pp. $.50 each; 10 or more to one address, $.40 each. PART 2. 1971. 153 pp. and PART 3. 1973. 131 pp. Each volume $1.00; 10 or more to one address, $.85 each.

OPEN MARKET POLICIES AND OPERATING PROCEDURES—STAFF STUDIES. 1971. 218 pp. $2.00 each; 10 or more to one address, $1.75 each.

REAPPRAISAL OF THE FEDERAL RESERVE DISCOUNT MECHANISM. **Vol. 1.** 1971. 276 pp. **Vol. 2.** 1971. 173 pp. **Vol. 3.** 1972. 220 pp. Each volume $3.00; 10 or more to one address, $2.50 each.

THE ECONOMETRICS OF PRICE DETERMINATION CONFERENCE, October 30-31, 1970, Washington, D.C. 1972. 397 pp. Cloth ed. $5.00 each; 10 or more to one address, $4.50 each. Paper ed. $4.00 each; 10 or more to one address, $3.60 each.

FEDERAL RESERVE STAFF STUDY: WAYS TO MODERATE FLUCTUATIONS IN HOUSING CONSTRUCTION. 1972. 487 pp. $4.00 each; 10 or more to one address, $3.60 each.

LENDING FUNCTIONS OF THE FEDERAL RESERVE BANKS. 1973. 271 pp. $3.50 each; 10 or more to one address, $3.00 each.

INTRODUCTION TO FLOW OF FUNDS. 1975. 64 pp. $.50 each; 10 or more to one address, $.40 each.

IMPROVING THE MONETARY AGGREGATES (Report of the Advisory Committee on Monetary Statistics). 1976. 43 pp. $1.00 each; 10 or more to one address, $.85 each.

ANNUAL PERCENTAGE RATE TABLES (Truth in Lending—Regulation Z) **Vol. I** (Regular Transactions). 1969. 100 pp. **Vol. II** (Irregular Transactions). 1969. 116 pp. Each volume $1.00, 10 or more of same volume to one address, $.85 each.

CONSUMER EDUCATION PAMPHLETS

(Short pamphlets suitable for classroom use. Multiple copies available without charge.)

THE EQUAL CREDIT OPPORTUNITY ACT AND . . . AGE
THE EQUAL CREDIT OPPORTUNITY ACT AND . . . DOCTORS, LAWYERS, SMALL RETAILERS, AND OTHERS WHO MAY PROVIDE INCIDENTAL CREDIT
THE EQUAL CREDIT OPPORTUNITY ACT AND . . . WOMEN
FAIR CREDIT BILLING
IF YOU BORROW TO BUY STOCK
U.S. CURRENCY
WHAT TRUTH IN LENDING MEANS TO YOU

STAFF ECONOMIC STUDIES

Studies and papers on economic and financial subjects that are of general interest in the field of economic research.

SUMMARIES ONLY PRINTED IN THE BULLETIN
(Limited supply of mimeographed copies of full text available upon request for single copies.)

THE GROWTH OF MULTIBANK HOLDING COMPANIES: 1956-73, by Gregory E. Boczar. Apr. 1976. 27 pp.
EXTENDING MERGER ANALYSIS BEYOND THE SINGLE-MARKET FRAMEWORK, by Stephen A. Rhoades. May 1976. 25 pp.
SEASONAL ADJUSTMENT OF M_1 CURRENTLY PUBLISHED AND ALTERNATIVE METHODS, by Edward R. Fry. May 1976. 22 pp.
EFFECTS OF NOW ACCOUNTS ON COSTS AND EARNINGS OF COMMERCIAL BANKS IN 1974-75, by John D. Paulus. Sept. 1976. 49 pp.
RECENT TRENDS IN LOCAL BANKING MARKET STRUCTURE, by Samuel H. Talley. May 1977. 26 pp.

PRINTED IN FULL IN THE BULLETIN

Staff Economic Studies shown in list below.

REPRINTS

(Except for Staff Papers, Staff Economic Studies, and some leading articles, most of the articles reprinted do not exceed 12 pages.)

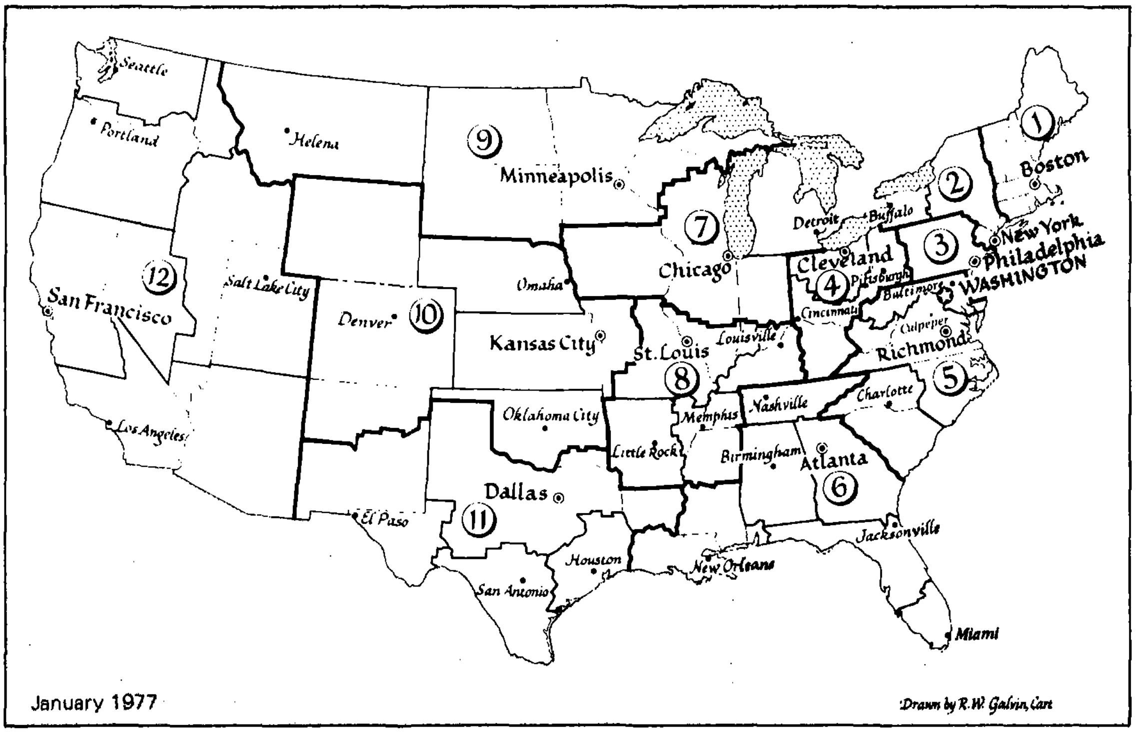
A REVISED INDEX OF MANUFACTURING CAPACITY, **Staff Economic Study** by Frank de Leeuw with Frank E. Hopkins and Michael D. Sherman. 11/66.
U.S. INTERNATIONAL TRANSACTIONS: TRENDS IN 1960-67. 4/68.
MEASURES OF SECURITY CREDIT. 12/70.
REVISED MEASURES OF MANUFACTURING CAPACITY UTILIZATION. 10/71.
REVISION OF BANK CREDIT SERIES. 12/71.
ASSETS AND LIABILITIES OF FOREIGN BRANCHES OF U.S. BANKS. 2/72.
BANK DEBITS, DEPOSITS, AND DEPOSIT TURNOVER—REVISED SERIES. 7/72.
YIELDS ON NEWLY ISSUED CORPORATE BONDS. 9/72.
RECENT ACTIVITIES OF FOREIGN BRANCHES OF U.S. BANKS. 10/72.
REVISION OF CONSUMER CREDIT STATISTICS. 10/72.
ONE-BANK HOLDING COMPANIES BEFORE THE 1970 AMENDMENTS. 12/72.
YIELDS ON RECENTLY OFFERED CORPORATE BONDS. 5/73.
CREDIT-CARD AND CHECK-CREDIT PLANS AT COMMERCIAL BANKS. 9/73.
RATES ON CONSUMER INSTALMENT LOANS. 9/73.
NEW SERIES FOR LARGE MANUFACTURING CORPORATIONS. 10/73.
U.S. ENERGY SUPPLIES AND USES, **Staff Economic Study** by Clayton Gehman. 12/73.
INFLATION AND STAGNATION IN MAJOR FOREIGN INDUSTRIAL COUNTRIES. 10/74.
THE STRUCTURE OF MARGIN CREDIT. 4/75.
NEW STATISTICAL SERIES ON LOAN COMMITMENTS AT SELECTED LARGE COMMERCIAL BANKS. 4/75.
RECENT TRENDS IN FEDERAL BUDGET POLICY. 7/75.
RECENT DEVELOPMENTS IN INTERNATIONAL FINANCIAL MARKETS. 10/75.
MINNIE: A SMALL VERSION OF THE MIT-PENN-SSRC ECONOMETRIC MODEL, **Staff Economic Study** by Douglas Battenberg, Jared J. Enzler, and Arthur M. Havenner. 11/75.
AN ASSESSMENT OF BANK HOLDING COMPANIES, **Staff Economic Study** by Robert J. Lawrence and Samuel H. Talley. 1/76.
INDUSTRIAL ELECTRIC POWER USE. 1/76.
REVISION OF MONEY STOCK MEASURES. 2/76.
SURVEY OF FINANCE COMPANIES, 1975. 3/76.
REVISED SERIES FOR MEMBER BANK DEPOSITS AND AGGREGATE RESERVES. 4/76.
INDUSTRIAL PRODUCTION—1976 Revision. 6/76.
FEDERAL RESERVE OPERATIONS IN PAYMENT MECHANISMS: A SUMMARY. 6/76.
RECENT GROWTH IN ACTIVITIES OF U.S. OFFICES OF BANKS. 10/76.
NEW ESTIMATES OF CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS. 11/76.
U.S. INTERNATIONAL TRANSACTIONS IN A RECOVERING ECONOMY. 4/77.
BANK HOLDING COMPANY FINANCIAL DEVELOPMENTS IN 1976. 4/77.
CHANGES IN BANK LENDING PRACTICES, 1976. 4/77.
SURVEY OF TERMS OF BANK LENDING—NEW SERIES. 5/77.
THE COMMERCIAL PAPER MARKET. 6/77.
THE PERFORMANCE OF BANK HOLDING COMPANY-AFFILIATED FINANCE COMPANIES, **Staff Economic Study** by Stephen A. Rhoades and Gregory E. Boczar. 8/77
GREELEY IN PERSPECTIVE, **Staff Economic Study** by Paul Schweitzer and Joshua Greene. 9/77.
CHANGES IN TIME AND SAVINGS DEPOSITS AT COMMERCIAL BANKS, Jan.-April 1977. 9/77.

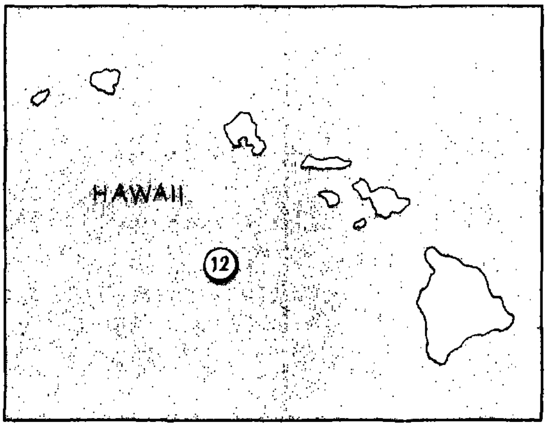
Index to Statistical Tables

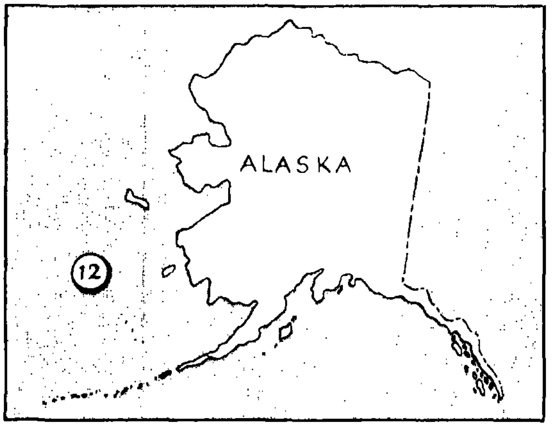
References are to pages A-3 through A-69 although the prefix "A" is omitted in this index

The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories







LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- *Federal Reserve Bank Facility*

Guide to Tabular Presentation and Statistical Releases

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

p	Preliminary
r	Revised
rp	Revised preliminary
e	Estimated
c	Corrected
n.e.c.	Not elsewhere classified
Rp's	Repurchase agreements
IPC's	Individuals, partnerships and corporations
SMSA's	Standard metropolitan statistical areas
REIT's	Real estate investment trusts
*	Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions)
......	(1) Zero, (2) no figure to be expected, or (3) figure delayed or, (4) no change (when figures are expected in percentages).

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. Govt. securities" may include guaranteed issues of U.S. Govt. agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local govt." also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

	Issue	*Page*
Anticipated schedule of release dates for individual releases	June 1977	A-78